

P R E S S R E L E A S E

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SALE OF PR TELEPHONE SHARES TO BENEFIT RETIREMENT SYSTEM

The Commonwealth of Puerto Rico sold its participation (28% in shares), which are worth \$529 million, in the Puerto Rico Telephone (PRT) to América Móvil S.A., pursuant to provisions of the stock purchase agreement signed in 1999 to channel these funds to other investment instruments with higher yields, announced the chairman of the Board of Directors of Puerto Rico Telephone Authority, Alfredo Salazar.

In this regard, the administrator of the Commonwealth's Retirement System Administration, Juan Cancel-Alegría sustained that "this transaction will provide the Retirement System a unique opportunity to receive a cash amount and channel it to other higher-yield instruments". The shares that the Commonwealth had retained were a property of the Retirement System.

"Historically, the yield of our shares in Telecomunicaciones de Puerto Rico (TELPRI, a subsidiary of the Puerto Rico Telephone Authority created in 1999) has ranged between 2% and 3%, while in the past years the assets of the Retirement Systems have had an 11% yield. This transaction will allow the Retirement Administration to reassign its investments in higher-yield instruments, which could represent approximately \$40 million in additional cash flow per year," he added.

This deal is closed just after the Federal Communications Commission (FCC) approved the transaction, and it guarantees a \$1 billion investment by América Móvil in technology and services provided by PRT.

On April 2, 2006, Verizon Communications Inc. announced that it had reached a final agreement with América Móvil to sell its interests in the telecommunications operations in the Caribbean and Latin America, which includes the Puerto Rico Telephone (PRT). In face of these events, the Board of Directors of the Puerto Rico Telephone Authority advised the Board of the Retirement System on the merits of

exercising its tag-along right to include the Commonwealth of Puerto Rico as a minority stockholder in the sale of the Verizon shares to guarantee the best interests of the Government,” Salazar said. “This is a provision contained in the original stockholder agreement subscribed in 1999 that allows minority stockholders to sell their shares at the same price as Verizon or remain as minority stockholders with the new owner,” explained Salazar, who also chairs the Government Development Bank Board of Directors.

On the other hand, Ricardo A. Rivera-Cardona, Secretary of Economic Development and Commerce, welcomed América Móvil to the Island and stated that “a \$1 billion investment in technological innovation in Puerto Rico will be very beneficial for the Island. The investment confirms that Puerto Rico is an ideal place to do business; it also reflects the confidence that foreign companies have on the Island, and, furthermore, will help improve our technologic infrastructure, which will in turn aid local entrepreneurs”.

América Móvil is one of the leading telecommunication companies in Latin America, with over 93.3 million cellular phone customers and over 2 million fixed phone line clients in Latin America.

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