

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

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## **GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO TEMPORARILY POSTPONES PENSION BOND ISSUE DUE TO TURBULENT INTERNATIONAL MARKET CONDITIONS**

SAN JUAN, PUERTO RICO, February 22, 2008 -- The Government Development Bank for Puerto Rico (GDB) has temporarily postponed the global offering of its Pension Obligation Bonds, previously scheduled for next week, it was announced by Jorge Irizarry, GDB President.

The decision to delay the global segment of the current offering was based on tumultuous conditions in the bond market, where volume has declined sharply and credit spreads have widened further, Mr. Irizarry said.

“Our underwriters concur in this decision,” he added. “Taxable market volume has declined 75% since January 31, and already high credit spreads widened another 20 basis points in the past two weeks. Although we have indications of interest in the issue from investors throughout the world, this is the prudent course for now given the level of interest rates and market activity. We will continuously monitor the market in order to offer the bonds when conditions improve.”

In late January the GDB successfully sold to strong demand in the local market, \$1.6 billion of the Pension Obligation Bonds. The remainder of the initial \$4 billion issue was slated to be offered internationally the week of February 25, 2008. The Retirement System’s Plan of Finance contemplates issuing up to \$7 billion bonds during this year.

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“We are committed to the financial plan we have outlined for the Pension System, especially the sale of the Pension Obligation bonds, which are paid from statutory employer contributions. However, we must protect the interests of the System’s beneficiaries and are not going to offer the bonds under less than adequate conditions” the GDB executive said.

He added, “On the other hand, we will continue with our planned tax exempt bond issues for the Aqueduct and Sewers Authority and the Tourism Company in the next few weeks.”

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