

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

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## **MOODY'S REMOVES PUERTO RICO'S CREDIT FROM WATCHLIST**

Moody's Investors Service credit rating agency removed from its Watchlist the ratings of the Commonwealth GO's and some \$25 billion of outstanding Puerto Rico debt, and confirmed the Baa3 rating for said debt, announced today the Chairman of the Government Development Bank for Puerto Rico Board of Directors, Alfredo Salazar.

“Moody's report confirming that it maintains Puerto Rico's credit in an investment grade rating matches the determination issued yesterday by Standard & Poor's, which eliminates all obstacles that caused uncertainty during the past months and finally will allow us to continue steadfastly moving on our working agenda,” Salazar said.

Moody's coincides with S&P in the reasons to remove Puerto Rico's credit from its Watchlist when it states that the determination reflects the recent passage of legislation authorizing a sales tax and mandating spending controls, as well as a balanced budget for the current fiscal year. In this regards, the report states that these actions represent a positive effort to address the government's multi-year trend of large budget deficits and deficit borrowings.

Moody's alerts in its report that a delay in beginning to collect the sales tax in November due to the potential of political opposition or a legal action would cause a

credit downgrade. By the same token, it indicates that sustained economic growth coupled with successful spending controls that lead to significantly improved budgetary results, as well as an improvement in the fiscal condition of the pension system, would produce a rating upgrade. In this sense, Salazar said that “now that we have achieved the removal of our credit from the Watchlist we will focus on eliminating the negative outlook by working towards eliminating the structural deficit and implementing spending control to end the current fiscal year without shortfalls.”

“With this determination, the Commonwealth \$1.1 billion GO bond issue, of which \$675 million will be directed to developing public works in the municipalities and agencies, receives a Baa3 investment grade rating and allows us to take it to the market next August 2”, Salazar concluded.

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