

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

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STANDARD & POOR'S RECOGNIZES IMPROVED EXPENDITURE CONTROLS IN MAINTAINING INVESTMENT GRADE RATING FOR COMMONWEALTH DEBT

San Juan, Puerto Rico, March 18, 2008 – Standard & Poor's, in its report issued yesterday, reaffirmed the investment grade credit rating of the Commonwealth's outstanding bonds and acknowledged improvements made by the Central Government since 2006 in expenditure controls, it was announced by Jorge Irizarry, President of the Government Development Bank for Puerto Rico (GDB).

S&P pointed out that in the late 1990s and early 2000s the budget deficit was primarily the result of "lax expenditure controls and a ballooning payroll." However, the report noted, that with "the adoption of the Fiscal Reform Law of 2006, expenditure controls have improved." It also said that the budget proposed for Fiscal Year 2008-2009 will be the third consecutive year in which budgeted expenditures are below the Fiscal 2006 level.

The S&P report was published after the Commonwealth's financial team met with representatives of the rating agencies to discuss details of the Fiscal 2009 proposed budget, which was announced last Thursday night.

Mr. Irizarry explained that after evaluating the proposed budget for fiscal year 2008-2009, S&P maintained its rating for general obligation bonds of the Government of Puerto Rico at BBB- with a stable outlook.

