

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

For immediate release

CONTACT: ANA MARÍA GREGORIO

Tel. (787) 728-9200 • (787) 722-2525 exts. 2013 y 2014

Cel. (787) 415-1231 • ana.m.gregorio@bgf.gobierno.pr • www.gdbpr.com



February 27, 2009

S&P's Decision to Downgrade Bonds of the P.R. Highways and Transportation Authority worries Government Development Bank

San Juan, P.R.- Carlos M. García, President of the Government Development Bank for Puerto Rico (GDB) and Chairman of the GDB Board of Directors, received with concern today's decision by credit rating agency Standard & Poor's to downgrade several bonds of the Puerto Rico Highways and Transportation Authority (PRHTA). García reiterated that the Commonwealth of Puerto Rico and PRHTA will take all the measures at their disposal to stabilize the public corporation's finances and prevent any further downgrading. In turn, he cautioned that S&P's actions today are a warning of what could happen to the Commonwealth of Puerto Rico's credit if appropriate measures are not taken to stabilize the Island's fiscal situation.

The bonds that were downgraded were:

- Highways Revenue Bonds, from A- to BBB+
- Senior Transportation Revenue Bonds, from BBB+ to BBB
- Subordinate Transportation Revenue Bonds, from BBB to BBB-

"It's worrisome that two public corporations have received a credit downgrading in less than a week: the Ports Authority on Wednesday, and Highways and Transportation today. Standard and Poor's actions by are a forceful sign that the

credit rating agencies will continue watching with a stern eye the steps that this government takes in relation to its fiscal matters. It is imperative for the government to immediately take all the measures necessary to control and stabilize the fiscal situation of both the Commonwealth of Puerto Rico and PRHTA.”

The main reason Standard & Poor’s downgraded these bonds is the increase in operational costs versus the slow growth in revenues. In addition, PRHTA depends on interim lines of credit that have been provided by GDB.

On the other hand, Standard & Poor’s also classified these bonds as *stable* with the expectation that the new administration will evaluate PRHTA’s operation and will make the requisite adjustments to ensure the stability of this public corporation. Nevertheless, they were also clear in stating that if PRHTA does not strengthen its situation, the bonds could be further downgraded.

“An additional downgrade of these bonds would put at risk our Island’s development. New roads, bridges and mass transportation projects depend on the stability of these bonds. The Government of Puerto Rico is going to act and will put in motion its plans of fiscal discipline in order to stabilize and improve the operation of both PRHTA and the Government as a whole. Our future is in our hands,” García concluded.

###