

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

For immediate release

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GDB Successfully Sells COFINA Bonds

Impressive demand from retail and institutional investors results in savings of \$34 million in interest for Puerto Rico; previous debt is repaid and the Fortuño Administration's Fiscal Reconstruction Plan is kept in line.

SAN JUAN, PR - The President of the Government Development Bank (GDB), Carlos M. Garcia, announced today that the GDB successfully sold \$1,824 million in bonds of the Puerto Rico Sales Tax Financing Corporation (known by its Spanish acronym COFINA) in the United States municipal market. The issue generated a very strong demand on the part of thousands of individual investors and 74 institutional investors, amply exceeding GDB's expectations as to the cost and total amount of the issue.

"This is another important accomplishment for Puerto Rico... and yet another example of the fact that our fiscal reconstruction plan is going in the right direction. It is precisely due to the measures we have taken that we have regained the trust of investors in Puerto Rico's future. The market's strong demand for these Puerto Rico bonds is evidence of that trust," García said.

"The financial market's impressive response to these Puerto Rico bonds allows us to repay the previous more costly debt that the Government of Puerto Rico had, and to provide funds to complete the local Stimulus Plan and the Fiscal Stabilization Fund, among others. In addition, this strong demand resulted in a reduction of over \$34 million in the cost of interest during the life of these bonds," added the President of the GDB.

Investors orders exceeded \$2,100 million, well above the initial expectation of \$1,400 million. The bonds were offered to retail investors during Monday, January 25 and Tuesday, January 26 of this week and to institutional investors, yesterday, Wednesday, January 27.

The bond placements have yields starting at 3.375 percent, and the average cost of the transaction is approximately 5.81 percent, well under initial expectations and the cost of the last COFINA issue in the U.S., which was 6.20 percent. The

bonds for several maturities had threefold demands, supported by 19 investors with orders exceeding \$10 million each and three investors whose orders exceeded \$200 million each. This strong demand allowed reducing the cost of interest by approximately 15 basis points, which represents considerable savings for Puerto Rico.

COFINA is a GDB affiliate that serves as a financing vehicle for the issuance of debt of the Government of Puerto Rico backed by the income generated from the general sales and use tax, or SUT.

“Through this transaction we increase the government cash flow, which allows us to continue fully implementing the Fiscal Reconstruction Plan. At the same time, the market’s trust in Governor Luis Fortuño’s Administration and Reconstruction Plan for Puerto Rico is reaffirmed,” concluded the president of the GDB.

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