



February 19, 2014

## GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO PROVIDES UPDATE ON FINANCING PLANS DURING INVESTOR WEBCAST

**San Juan** – Government Development Bank for Puerto Rico (GDB) hosted a webcast on February 18, 2014 to discuss the Commonwealth's fiscal and economic plans and progress, and provided an update on the Commonwealth's financing plans.

The speakers participating in yesterday's webcast were: Alejandro García Padilla, Governor of Puerto Rico; David Chafey, President of the Board of the GDB; Jose Pagán Beauchamp, Interim President of the GDB; Melba Acosta Febo, Secretary of Treasury; Carlos Rivas, Director of the Office of Management and Budget; Alberto Bacó, Secretary, Department of Economic Development and Commerce; Antonio Medina, Executive Director of the Puerto Rico Industrial Development Company; Jose Coleman-Tio, Executive Vice President and General Counsel of the GDB; and Natalia Guzman, Senior Vice President and Advisor to the President of the GDB.

The presentation used in yesterday's webcast is available on the GDB website: <http://www.gdb-pur.com>.

Key points addressed on yesterday's webcast included:

- General fund revenue collections, which are \$39 million above budgeted estimates for fiscal year 2014 year-to-date, together with expected expense reductions of \$170 million for fiscal year 2014, have further advanced the Commonwealth's progress towards a balanced budget. The Governor has pledged to submit a balanced budget for fiscal year 2015 to the legislature, improving the fiscal year 2015 budget outlook by approximately \$400 million.
  - The Commonwealth's 2014 Plan of Finance, which consists of a General Obligation bond issuance in par amount of up to \$3.5 billion, the principal purpose of which is to repay outstanding lines of credits with the GDB and refinance other outstanding debt, including approximately \$1.1 billion in short-term liabilities due during the next year. Additional transaction details will be announced shortly.
  - Puerto Rico's actions to address the Commonwealth's fiscal challenges, including a comprehensive reform of the Teacher's Retirement System, which is expected to eliminate approximately \$560 million of future annual pay-as-you-go contributions and ensure sufficient cash flow to pay pension obligations as they become due.
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- Newly-enacted legislation limiting GDB's ability to provide deficit financing, which is expected to result in additional fiscal discipline in public corporations.
- Legislative measures to increase COFINA's financial capacity, create a new financing entity ("COFIM") to issue debt backed by the municipal sales and use tax, and allow the GDB to transfer certain public funds to the GDB.
- Puerto Rico's continued progress on economic development and job creation initiatives are focused on expanding the Commonwealth's industrial base, attracting foreign investment and achieving a more diversified, knowledge-driven economy. The Administration's efforts have so far resulted in having more than 21,000 jobs committed by the end of 2013 and put the Island on track for its goal of having 48,700 jobs committed by 2016.

The Commonwealth has demonstrated it has the political will to address long-standing fiscal and economic challenges, and is nonetheless aware of the significant challenges that remain. The Commonwealth will continue on its aggressive agenda to balance the budget, make public corporations self-sufficient, create jobs, expand its industrial base and attract foreign investment in order to reshape and diversify the economy.

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### *Forward-Looking Statements*

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