COMMONWEALTH OF
PUERTO RICO
Government Development Bank
for Puerto Rico

PRESS RELEASE

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August 26, 2013

GDB ACTING PRESIDENT EXPRESSES CONFIDENCE ABOUT THE FISCAL STABILIZATION AND ECONOMIC DEVELOPMENT STRATEGIES OF THE COMMONWEALTH

San Juan, P.R.- José V. Pagán, Acting President of the Government Development Bank for Puerto Rico (GDB), said today that Puerto Rico has made significant progress in addressing its financial challenges and continues to focus on taking aggressive action to achieve fiscal stability and promote economic growth.

"When this administration took office," Pagán said, "Puerto Rico had an insolvent pension system, a nearly $2.2 billion budget deficit, and public corporations in crisis. Since then Puerto Rico has moved diligently to correct the problems that were weakening our credit rating and restraining Puerto Rico from sustainable economic growth."

He continued, "The actions of this administration have been recognized by the rating agencies and the financial community. Specifically, we have delivered on our long-standing promise of enacting a meaningful and comprehensive pension reform that is sensible to the needs of our retirees and eliminates an unsustainable burden for the General Fund. We have approved a responsible budget that significantly reduces our budget deficit and we have begun transforming our public corporations, including the Puerto Rico Aqueduct and Sewers Authority and the Puerto Rico Highways and Transportation Authority, to make them self sufficient."

Pagán noted that an article recently published by Barron's, a financial weekly publication, accurately reported that the financial community and the major rating agencies have recognized the progress made by the Puerto Rico government in addressing its financial challenges. In fact, the Commonwealth's recent bond offering was oversubscribed by investors and all three rating agencies have recognized that the measures taken to rescue the Pension System are a significant step for Puerto Rico's credit and for cutting short its fiscal challenges.

However, the Barron's article failed to give a balanced or accurate portrayal of the Island's financial and economic situation, Pagán said. Specifically, the article contained misleading information as to the magnitude of Puerto Rico's debt per capita because it did not include each state's portion of the U.S. federal debt in its comparison. "In fact, the total federal, state and local debt per capita in the states for fiscal year 2011 was approximately $57,000, which is more than three times the public debt per capita in Puerto Rico," Pagán said.

With respect to the economy, Pagán said, "One of the main goals of this Administration is to create jobs and get Puerto Rico's economy back on track to short- and long-term sustainable economic growth. We are executing a plan to accomplish this goal. Puerto Rico's human capital and industrial development history are enviable. We have a very strong infrastructure in the pharmaceutical, biotechnology, medical devices, as well as biocides industries. In addition, Puerto Rico is a competitive jurisdiction for emerging industries, such as aerospace, outsourcing, and information technology. We will be leveraging our infrastructure and ensuring that we succeed in growing these emerging sectors."

The Commonwealth published its preliminary 2012 Financial Statements on August 15, 2013 as scheduled, and still expects to publish the 2012 Financial Statements by September 16, 2013, consistent with years in which there was a government transition.

Pagán concluded, "We have been in constant contact with investors and rating agencies to keep them abreast of the actions we are taking. We remain committed to providing greater transparency and believe investors are gaining confidence in Puerto Rico's efforts to achieve fiscal reform and fuel economic growth."

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