



COMMONWEALTH OF
PUERTO RICO

Government Development Bank
for Puerto Rico

PRESS RELEASE

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PREPA SUCCESSFULLY RETURNS TO MUNICIPAL BOND MARKET

San Juan, P.R.- Government Development Bank for Puerto Rico (GDB) Acting President José Pagán Beauchamp announced that a \$673.1 million municipal bond transaction was completed today. The offering was planned for \$600 million, but due to strong investor demand the amount of the deal was increased.

This issue is the first financing brought to the U.S. municipal bond market by a Commonwealth issuer in over one year. It was two times oversubscribed with orders totaling over \$1.5 billion. Given the strong demand, some of the long-term, higher-coupon paying bonds were successfully reallocated to shorter, lower-coupon paying maturities to reduce the total cost of the financing. In addition, yields were reduced up to three basis points to achieve a 6.73% yield on the shorter maturity bonds (2030) and 7.12% on the longer maturity bonds (2043). The bonds are rated “Baa3”, “BBB” and “BBB-” by Moody’s, S&P and Fitch, respectively. Morgan Stanley was the book-running manager and Wells Fargo acted as co-lead manager.

“We are very pleased with the investor reception for this transaction. We are excited to be back in the municipal bond market as we make way to execute the next transactions in our financing plan. The success of this issue reflects the importance of meeting with investors to explain PREPA’s strategic plan and maintaining the fiscal transparency of the government. We must underscore that this deal will improve the liquidity of the Commonwealth’s bonds in the secondary market,” Pagán-Beauchamp stated.

Even though the transaction took place in a very volatile market environment, marked by a lower demand for municipal bonds due to significant bond fund outflows and in the shadow of Detroit’s bankruptcy, it was successfully received by investors. “Investor’s support and enthusiasm for this issue prove investors back Puerto Rico’s credit and the fiscal measures implemented by this administration. Over 60 institutional investors as well as retail investors bought PREPA bonds, clearly demonstrating market access for Commonwealth issuers,” Pagán-Beauchamp said.

The funding is strictly for PREPA's Capital Improvements Program and ensures the continuance of much needed infrastructure investments. Investing in infrastructure will strengthen the service provided by PREPA and will create jobs. It also allows PREPA to continue its plan to switch generation to LNG and reduce the cost of electricity for consumers. This is another positive factor that will improve economic activity, which is key to our fiscal health and credit," Pagán-Beauchamp concluded.

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