



COMMONWEALTH OF PUERTO RICO
FISCAL UPDATE

November 5, 2008

Puerto Rico Election Results and GDB Transition Planning

Luis Fortuño was elected yesterday as the new Governor of the Commonwealth of Puerto Rico and will take office on January 1, 2009. As prescribed by law, the transition process formally begins on Monday November 10, between the transition committees appointed by the incumbent and the governor elect, respectively. Beginning next week, cabinet appointments may be announced by the new administration and will be communicated to the investment community as information becomes available.

As regards the Board of Directors of the Government Development Bank, the Commonwealth's fiscal agent, same is appointed by the sitting Governor. As such, it is expected that a new Board will be installed by Governor-elect Fortuño once he assumes office. The GDB Board, in turn, appoints the President of the Bank.

The transition to the new GDB Administration, as is the case for the transition of the Government in general, is regulated by an Act passed by the Legislature in 2002 that details the requirements for an orderly transition process (Act No. 197 of August 18, 2002).

Toward that end, the present Administration of GDB, led by Jorge Irizarry, is firmly committed to a

seamless transition. An in-house group formed for such purpose is expected to present its report shortly to the Transition Committee on the transition process as it relates to GDB.

Current Agenda

Through the end of the year, the current GDB Administration expects to continue its agenda, given the recent strength in the municipal market. Plans are for several new issues, which had previously been deferred and the immediate calendar includes:

TRANS – Thursday, November 6 – \$1 billion

Puerto Rico Municipal Finance Agency (MFA)
– November 19 – \$400 million

Going Forward

In line with GDB's commitment to maintain strong communications with the investment community, the Bank will, as appropriate, inform you of developments relating to our activities. Commonwealth financial and economic information can continue to be accessed via our website, at <http://www.gdbpr.com>, and, of course, you can contact us directly with any questions you may have.

Contacts:

Maria S. Rosario – (787) 728-9200 or maria.s.rosario@bgf.gobierno.pr

Steven Anreder and Gary Fishman, Anreder & Company – (212) 532-3232

or steven.anreder@anreder.com gary.fishman@anreder.com