



January 15, 2010

GOVERNMENT OF PUERTO RICO

Cash Flow Projection

Fiscal year 2009-2010

As of December 31, 2009

Disclaimer

The Cash Flow Projection of the Government of Puerto Rico for Fiscal Year 2009-2010 includes all government receipts, including general fund revenues as well as other collections that do not impact the general fund and is based on currently available information and expectations of the Department of the Treasury and Government Development Bank for Puerto Rico, and is subject to risks and uncertainties. Actual cash flow of the Government of Puerto Rico for the Fiscal Year 2009-2010 may vary from those set forth in the published projection. The Government of Puerto Rico, the Department of the Treasury and Government Development Bank for Puerto Rico do not undertake to update its projection to reflect the impact of circumstances or events that may arise after the date of publication.



Government of Puerto Rico
Cash Flow Projection
Fiscal Year 2009-2010
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Cash Flow Summary for the quarter ended Dec. 31, 2009:

- Ending cash balance of \$204MM was above the \$113MM projected in the previously published quarterly cash flow projection of 9/30/2009
- Collections and receipts for the 3-month period ending on 12/31/2009 were \$3,204MM, a 7.7% increase when compared to the \$2,975MM projection as of 9/30/2009 for the quarter ending 12/31/2009, mostly resulting from:
 - An increase in the rate of reimbursements and transfers from government agencies such as the Retirement System
- Expenses including debt service were \$97MM or 2.4% less than projected as of 9/30/2009 mainly as a result of:
 - Reduction of operating expenses including a decrease in payroll expenses of \$138MM or 7.5%
- Total financing activity was \$8MM or 14.5% less than projected as of 9/30/2009



Government of Puerto Rico

Cash Flow Projection

Fiscal Year 2009-2010

As of December 31, 2009

(Million \$)	ACTUAL as of 12/31/09						PROJECTED					
	Jul.	Ago.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.
Beginning Balance	39	144	81	140	136	126	204	165	143	81	130	(16)
Collection and Receipts	1,003	821	948	953	825	1,426	1,009	897	1,046	1,424	1,209	1,236
Expenses Incl. Debt Service	1,375	1,475	1,192	1,168	1,432	1,369	1,444	1,192	1,212	1,197	1,227	1,197
Total Financing Activity	477	411	60	(17)	9	(39)	169	(12)	(12)	(317)	(317)	(317)
Total Stabilization Funds	-	180	244	228	588	61	227	284	114	139	189	214
Ending Cash Balance	144	81	140*	136	126	204	165	143	81	130	(16)	(79)
Reconstruction Plan Initiatives	-	-	-	-	-	-	18	18	22	34	34	34
Cummulative Effect of Initiatives	-	-	-	-	-	-	18	35	57	90	124	157
Cash available after Reconstruction Plan Initiatives	144	81	140	136	126	204	182	178	137	220	108	78

Summary of Quarter ended 12/31/09**	Actual	Projected as of 9/30/09 without Initiatives	Reconstruction Initiatives	Projected as of 9/30/09 with Initiatives	\$ Change	% Change
Beginning Balance	140	110		110	30	27.3%
Collection and Receipts	3,204	2,975		2,975	229	7.7%
Expenses Incl. Debt Service	3,970	4,217	150	4,067	(97)	-2.4%
Financing Activity	(47)	(55)		(55)	8	-14.5%
Stabilization Funds	877	1,150		1,150	(273)	-23.7%
Ending Cash Balance	204	(37)	150	113	91	80.5%

*Ending cash balance for Sept was adjusted by \$30MM as a result of end of month reconciliation.

**Some numbers may differ due to rounding.

Source: Department of the Treasury and Government Development Bank for Puerto Rico



Cash Flow Line Item Description

Line Item	Description
Collections and Receipts	Includes all revenues collected by the Department Treasury, including, but not limited to, internal revenues, such as income taxes, employee withholding taxes (net of refunds), sales and use taxes, among others. Also includes collections that are received by the Department of Treasury that are not part of the General Fund, such as vehicle licenses, traffic tickets and other fines and mandatory car insurance. Federal transfer payments, federal reimbursement for excise taxes on rum shipments and transfers and reimbursements from other government agencies are also included, among others. In addition, it includes reconstruction plan initiatives to increase revenues already implemented.
Expenses Including Debt Service	Includes disbursements of government and federal program expenses, including payroll, payments to suppliers and other agencies, such as the government health insurance program (ASES, by its Spanish acronym), and legislative appropriations, among others. Also includes reimbursements of revenue collections that are not part of the General Fund, such as motor vehicle mandatory insurance premiums, motor vehicle accident compensation fees, vehicle licenses fees, traffic tickets and other fines. In addition, it includes reconstruction plan initiatives to reduce operating expenses already implemented.
Total Financing Activity	Includes financial transactions such as interim credit lines, bond issuances, tax anticipation notes and other financing transactions between the Treasury Department and the GDB.
Total Stabilization Funds	Includes funds received from the 2009 COFINA bond issue to cover operating expenses of Fiscal Year 2010 and expenses related to the Transition Fund. Also includes ARRA state stabilization funds received by the Government of Puerto Rico.
Reconstruction Plan Initiatives	Fiscal measures to be implemented by the Government of Puerto Rico to reduce expenses and increase revenues.