PRESS RELEASE

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GDB Government Development Bank for Puerto Rico
COMMONWEALTH OF PUERTO RICO

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PUERTO RICO ELECTRIC POWER AUTHORITY PLACES $1.945 BILLION IN BOND SALE, GENERATING $645 MILLION FOR IMPROVEMENTS

SAN JUAN, PUERTO RICO, April 18, 2007 -- The Puerto Rico Electric Power Authority (PREPA) today successfully sold $1.945 billion in bonds in the U.S. tax-exempt market, the largest bond transaction in the market this week, including $645 million for its improvement program and achieving $75 million in savings through the refinancing of $1,300 million in debt, it was announced by Alfredo Salazar, Chairman of the Government Development Bank for Puerto Rico ("GDB").

"Investors reacted with great enthusiasm to this bond issue, which was oversubscribed threefold," Mr. Salazar said. "The oversubscription is evidence of the municipal market investor's confidence in Puerto Rico's paper, and it was noteworthy that we also received orders from new buyers that had not previously bought Puerto Rico bonds, underscoring the acceptance of this transaction. This is another good sign of the credit quality of our issuers."

"PREPA," Mr. Salazar commented, "stands out for its sound fiscal and financial management, and is the Commonwealth public corporation with the best credit rating among those accessing the municipal market."

Yields for the issue ranged between 3.88% for the shortest maturity (2010) and 4.20% for the longest (2037). It achieved a total interest cost of 4.46%, one of the lowest attained in PREPA's history, made possible through the use of insurance from CIFG Assurance NA, Financial Security Assurance Inc. and MBIA Insurance Corp., said Jorge Irizarry, GDB's Executive Vice President of Financing. Mr. Irizarry emphasized that in this transaction PREPA achieved savings of 5.8%, a figure he called "unprecedented."

Jorge Rodríguez, PREPA's Executive Director, said that "our plan is to take the Authority to the next level in worldwide quality while also producing very positive results. This historical achievement in the securities market gives our working team a decisive thrust to meet the objectives that we have outlined for PREPA; i.e., reducing our dependency on crude oil, diversifying our sources of energy, increasing the efficiency and productivity of the Authority and getting to the point where our clients will pay less for the electric power we supply them."

Moody's Investors Service reaffirmed its A3 rating for PREPA and improved the outlook to stable, and the Authority received for the first time an A- rating with a stable outlook from Fitch Ratings. In February, Standard & Poor's had revised its rating for PREPA, eliminating it from the credit alert list and the negative outlook, and assigning the Authority a BBB+ rating with stable outlook.

"Going to the market with two A ratings enabled us to reduce interest costs for the issue and generate a greater demand among bond buyers," Mr. Salazar said. "With this transaction we move forward in our agenda to continue investing in the development of Puerto Rico's infrastructure to provide our people electric power at a competitive cost and to strengthen the necessary infrastructure to foster economic development."

This is the first bond issue sold by PREPA since it placed $993 million in the municipal market in March 2005, and is the largest transaction the public corporation has structured. The new funds generated from the bonds will be invested in PREPA's Capital Improvement Program.

The issue was underwritten by JP Morgan as lead manager, with UBS Investment and Wachovia Bank as co-managers.