

P R E S S R E L E A S E

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ELECTRIC POWER AUTHORITY SUCCESSFULLY PLACES \$822 MILLION BOND SALE

San Juan, P.R. – On March 24 and 25, the Puerto Rico Electric Power Authority (PREPA) sold its Series XX bond issue in the U.S. tax-exempt market for \$822 million. Carlos M. García, President of the Government Development Bank (GDB), and Miguel Cordero, Executive Director of the public corporation, announced. This is the first of a series of four bond issues scheduled for sale during 2010, which will total approximately \$2 billion. This bond issue generated a strong demand from retail and institutional investors, exceeding the expectations of GDB and PREPA.

“We are very pleased by how well this issue was received in the market. The proceeds from this transaction will repay several interim financings that were used to finance PREPA’s capital improvements program, thus enabling the necessary investment to improve the capacity and reliability of the services rendered. The total success of this issue shows that PREPA has taken the necessary steps management-wise to continue having access to the capital markets in a cost-effective manner that will allow it to keep investing to improve the electrical system, García said.

Orders from retail and institutional investors exceeded \$1.8 million, which was far over the initial expectation. The bonds placed have yields from 4.76 percent and the approximate average interest cost of the transaction was 5.43 percent. The bonds sold to institutional investors were oversubscribed twofold, with the support of 55 investor firms.

Miguel Cordero said he was pleased for having achieved such a successful bond placing. “The purpose of this issue is to develop a modern and efficient infrastructure for the benefit of all of PREPA’s subscribers,” Cordero remarked.

The bonds received an “A3” rating from Moody’s Investors Service, “BBB+” from Standard & Poor’s, and “BBB+” from Fitch Ratings, all with a stable outlook.

“This issue is an acknowledgement by investors to the fact that the Stabilization Plan implemented by PREPA’s executive director is being effective in restoring the Authority’s credit quality and liquidity,” García concluded.

The bond issues for the second, third and fourth series are programmed to go to the market between April and June of 2010.

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