

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

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PUERTO RICO ELECTRIC POWER AUTHORITY RAISES \$700 MILLION IN INVESTMENT GRADE BONDS FOR CAPITAL IMPROVEMENT PROGRAM

SAN JUAN, PUERTO RICO, June 17, 2008 – The Puerto Rico Electric Power Authority (PREPA), which supplies electricity throughout the Commonwealth, today sold to strong institutional demand \$700 million of investment grade rated revenues bonds, with the funds designated principally for the utility capital improvement program, it was announced today by Jorge Irizarry, President of the Government Development Bank for Puerto Rico, and Jorge A. Rodríguez-Ruiz, PREPA’s Executive Director.

“This is a significant development for Puerto Rico, as it provides important financing for new construction by the Authority under its far-ranging five-year \$2.1 billion capital improvement program, with the objective of making PREPA’s operation more fuel efficient,” said Mr. Irizarry.

“We are very pleased with the reception of the bonds, and the availability of these funds to finance the capital program of the utility, which exclusively supplies power to approximately 1.4 million residential and business customers throughout the island,” Mr. Rodríguez said. “Projects underway include the Mayagüez combustion turbines, the conversion of the Aguirre combined cycle units to natural gas, and several transmission and distribution projects, among which is the 230kV Transmission Line between Guayanilla and Aguas Buenas, and the conservation program of the electrical system.”

“The development of these projects will push forward the implementation of PREPA’s strategic plan to reduce our dependency on oil and reduce the cost of electricity, while we continue to diversify our sources of energy and increase PREPA’s efficiency,” Mr. Rodríguez added.

The true interest cost of the bond issue was 5.31%. “The transaction was oversubscribed by two and a half, with the participation of 18 institutional investors,” commented Luis Alfaro, GDB Executive Vice President for Financing. “Receiving this volume of orders in such volatile market conditions is without question evidence of the quality of PREPA’s credit.”

The bonds were rated A3 by Moody’s Investors Service, BBB+ by Standard & Poor’s, and A- by Fitch Ratings. “Receiving such high ratings when the market is so unstable reflects the managing and operational excellence at the utility in spite of the high operational costs it is facing,” Mr. Irizarry said.

J.P. Morgan & Company was the lead underwriter, with Wachovia and Morgan Stanley as senior co-managers.

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