

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

For immediate release

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ELECTRIC POWER AUTHORITY'S SUCCESSFUL BOND SALE EXCEEDS \$1.3 BILLION

PREPA's Financing Program on a steady path, after generating savings of \$32 million in interests

San Juan, P.R.- The Puerto Rico Electric Power Authority (PREPA) successfully sold three bond issues for an excess of \$1.3 billion as part of its Financing Program, announced today Carlos M. García, President of the Government Development Bank for Puerto Rico, and Miguel Cordero, PREPA's Executive Director. "These issues generated great demand from retail and institutional investors, which allows us to negotiate much lower interest rates for the benefit of Puerto Rico. Approximately \$1.13 billion or 86 percent of the proceeds from these issues will be used to refinance bonds and lines of credit currently at higher interest rates. The aggregated amount of refinanced transactions resulted in savings in interests costs at current value of approximately \$32 million. The remaining 14 percent of the proceeds will be used to finance PREPA's Permanent Improvements Plan," García commented.

"The Series YY, ZZ, and AA bond issues are part of the series of four issues that were scheduled for sale in 2010 and which totaled nearly \$2.4 billion. These three issues received orders in excess of \$1.9 billion, way over our expectations," García stated.

On the other hand, Miguel Cordero said he was pleased with the achievement attained with these bond issues. "The excellent structure developed by the GDB for this Financing Plan provides us with a solid base to achieve savings for PREPA and generate the capital to develop the projects and improvements that Puerto Rico needs," he commented.

Series YY Bond Issue

The total amount of the Series YY bonds issued under the **Build America Bonds** federal program was \$320,175,000, which were all sold in Puerto Rico. The issue received orders for approximately \$600 million. The interest of these bonds is 6.125 percent. With the subsidy provided by this federal program, the true interest cost for PREPA is under 4.00 percent. "This bond sale shows the support of local investors to the work plan we have established to put the financial house in order," García stated.

Proceeds from the Series YY bonds will be used mainly to repay several lines of credit and as construction funds for the PREPA's Capital Improvements Program, among other uses.

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Series ZZ Bond Issue

The *Power Revenue Bonds Series ZZ* was sold for the amount of \$631,160,000. This issue received orders in excess of \$1.3 billion. The average interest for these bonds is 4.19 percent.

Proceeds from the Series ZZ bonds will be used primarily to refinance several outstanding PREPA bond series, repay a PREPA operational loan, and to make a deposit in an interest capitalization fund.

Series AAA Bond Issue

As for Series AAA, PREPA swapped variable bonds that were attached to an interest rate swap agreement and issued \$363,075,000 at fixed rate in exchange for cancelling \$434,190,000 in variable rate debt, plus the swap agreement attached to it. This transaction generated savings (after the swap cancellation cost) of \$24,500,998, equivalent to 5.6% in term of present value. The interest paid by these bonds is 5.04 percent.

All series obtained an “A3” rating from Moody’s Investors Service, a “BBB+” rating from Standard & Poor’s, and a “BBB+” rating from Fitch Ratings, with a stable outlook from all three rating agencies.

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