PREPA Agrees to Financial Restructuring Plan With Major Financial Creditors
PREPA Has Reached a Turning Point
Path Forward Clear and Within Reach

Following months of negotiations, PREPA and creditors holding approximately 70% of its financial debt reached a milestone agreement that is in the best interests of all of Puerto Rico.

With this financial restructuring, PREPA benefits from:

• Five-year debt service relief of more than $700 million
• Principal debt reduction of more than $600 million
• Refund of $115 million of January 1, 2016 interest payment
• Up to $462 million surety provided by monolines significantly eliminating need for PREPA to raise cash to fund debt service reserve funds at closing

With financial framework in place, PREPA to continue transforming by:

• Reducing expenses
• Depoliticizing governance
• Investing in critical projects by leveraging third-party expertise
• Stabilizing rates
• Introducing a balanced rates structure

Agreement provides debt relief that supports a rate structure whereby consumers will not be responsible for covering the entire rate gap.

Next steps: Need legislative action to achieve a balanced solution for all consumers.
Creditors are Making Meaningful Contributions

<table>
<thead>
<tr>
<th>Amended Restructuring Support Agreement Provides Financial Framework that Allows PREPA to Move Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ad Hoc Group &amp; Uninsured Bondholders</strong></td>
</tr>
<tr>
<td>Provide PREPA deleveraging and cash flow relief</td>
</tr>
<tr>
<td>• Principal reduction in excess of $600 million</td>
</tr>
<tr>
<td>• Cumulative debt service relief of more than $700 million during the first five years – represents almost 50% reduction in annual debt service</td>
</tr>
<tr>
<td>• Reduced interest rates</td>
</tr>
<tr>
<td>• Incremental relief can be achieved if more than 75% of non-forbearing holders participate</td>
</tr>
<tr>
<td>• Will refinance $65 million of January 1, 2016 interest payment</td>
</tr>
<tr>
<td><strong>Fuel Line Lenders &amp; GDB LOC</strong></td>
</tr>
<tr>
<td>Facilitate rate stability and provide lower interest costs</td>
</tr>
<tr>
<td>• Allows PREPA to repay $730 million of past due debt over a 6 year period which is mostly owed to local banks</td>
</tr>
<tr>
<td>• Reduced interest rate by ~150 basis points</td>
</tr>
<tr>
<td><strong>Monolines</strong></td>
</tr>
<tr>
<td>Facilitate execution of securitization transaction required in ad hoc and fuel line agreements</td>
</tr>
<tr>
<td>• Provide sureties of up to $462 million significantly eliminating need for PREPA to raise additional funds to fund debt service reserve funds at closing</td>
</tr>
<tr>
<td>• Will refinance $50 million January 1, 2016 interest payment</td>
</tr>
</tbody>
</table>
Execution of the Recovery Plan Would Narrow Current Projected Cash Deficit Over Next Three Years by More Than $675 Million

Addressed over 50% of projected 2017-19 average annual $1.3 billion cash deficit

$375M+ including DSRF benefit

$300M+

Remaining Gap
~$600M

Creditor Contributions

PREPA Operational Improvements

Potential levers to address portion of remaining gap

Remaining Gap
~$600M

- Fuel line lender contribution
- Uninsured bond holder contribution
- Monoline contribution (DSRF/Surety)

- ~$160 million operational improvements achieved to date
- Improvements still being executed
- ~$140M largely contingent on approval of proposed legislative changes

- Optional Monoline tender / call
- Potential incremental PREPA savings
- Potential financing of planned Capex investments through third party investment
- Incremental fuel line lender relief should Solus opt for ad-hoc structure

(1) Assumes that Franklin and Oppenheimer exchange 100% and 70% of their bonds into convertible CABS, respectively.
(2) Includes impacts of reduced interest rate plus incremental debt service relating to 2016 refinancings.
Continued Financial & Operational Restructuring Will Generate Significant Cash Savings in Future

The Financial Restructuring and Operational Improvements PREPA Implements Today Will Save Money Tomorrow and Benefit Consumers for Years to Come

5 year cumulative cash savings if deal is implemented

Cumulative cash savings of $1.1 billion from uninsured bond deal

Cumulative cash savings of $1.6 billion from operational improvements
Next Steps: Making PREPA’s Transformation a Reality for Puerto Rico

**Today**

- Facilitate passage of effective legislation that provides PREPA the ability to implement necessary changes

**Completion of PREPA Transformation**

- Approval of revised rate schedule by the Energy Commission
- Completion of successful exchange offer with minimal holdouts
- Obtain investment grade rating for new securitization bonds
- Validation of new securitization bonds through judicial process
- Leverage private sector expertise through RFP process
- Continue to implement savings and make cultural and safety changes across PREPA
- Approval of revised rate schedule by the Energy Commission
- Obtain investment grade rating for new securitization bonds
- Validation of new securitization bonds through judicial process
- Leverage private sector expertise through RFP process
- Continue to implement savings and make cultural and safety changes across PREPA