COMISIÓN DE ENERGÍA DE PUERTO RICO
Recibido por: _____
Fecha: _____ Hora: _____

COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

IN RE: PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, Petitioner.	NO. CEPR-AP-2016-0001 **SUBJECT:** Informative Motion by the Puerto Rico Electric Power Authority Revitalization Corporation to Provide Adopted Restructuring Resolution

INFORMATIVE MOTION BY THE PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION TO PROVIDE ADOPTED RESTRUCTURING RESOLUTION

TO THE HONORABLE PUERTO RICO ENERGY COMMISSION:

Comes now the Puerto Rico Electric Power Authority Revitalization Corporation (the "Corporation"), a special purpose public corporation and instrumentality of the Government of the Commonwealth of Puerto Rico (the "Commonwealth"), and submitting to the honorable Puerto Rico Energy Commission (the "Commission") the attached information, states as follows:

1. On June 21, 2016, the Commission issued its Restructuring Order approving the Corporation's Verified Petition, making certain findings including those required by Article 6.25A of Act 57-2014, added by Article 20 of the PREPA Revitalization Act, Act 4-2016 (the "Revitalization Act"), and authorizing the Corporation to adopt a Restructuring Resolution consistent with the requirements of the Revitalization Act and the Restructuring Order.

2. On June 28, 2016, the Board of the Corporation met and adopted the Restructuring Resolution.

3. For the Commission's information, the Corporation hereby submits a copy of the adopted Restructuring Resolution and appendices thereto as Attachment A.

WHEREFORE, the Puerto Rico Electric Power Authority Revitalization Corporation respectfully requests that the honorable Commission accept this filing.

WE HEREBY CERTIFY that the foregoing Compliance Submission was sent via email to: Jose Perez-Velez, Esq., (jperez@oipc.pr.gov); Coral M. Odiot-Rivera, Esq., (codiot@oipc.pr.gov); Marc G. Roumain Prieto, Esq., (mgrprcorp@gmail.com); Fernando Agrait, Esq., (agraitfe@agraitlawpr.com); Edwin J. Quinones Porrata, Esq., (edwin.quinones@aee.pr.gov); Jose G. Maeso Gonzalez, Esq. (jose.maeso@aae.pr.gov); Victor Luis Gonzalez, Esq., (victorluisgonzalez@yahoo.com); Alicia P. Perez Caballero, Esq., (aperez@fgrlaw.com); and Melissa Hernandez Carrasquillo, Esq. (mehernandez@fgrlaw.com); and Dr. Guillermo M. Riera, PE (guillermo.m.riera@gmail.com).

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 11TH DAY OF JULY, 2016

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION

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By: _____

By: _____

COMMONWEALTH OF
PUERTO RICO
Puerto Rico Electric Power Authority
Revitalization Corporation

CERTIFICATE AS TO RESOLUTION

I, MINIA GONZÁLEZ-ÁLVAREZ, Assistant Secretary of the Board of Directors of the Puerto Rico Electric Power Authority Revitalization Corporation, **DO HEREBY CERTIFY,** that attached hereto is a true and correct copy of **Resolution 2016-09** which was duly adopted by the Board of Directors of this Corporation on June 28, 2016. Said Resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect.

RESOLUTION 2016-09
(Restructuring Resolution)

This restructuring resolution (this "Restructuring Resolution") is adopted by Puerto Rico Electric Power Authority Revitalization Corporation (the "Corporation") pursuant to Act No. 4-2016 of the Legislature of Puerto Rico, approved February 16, 2016 (the "Act") to authorize and approve, among other things, (a) the issuance by the Corporation of Restructuring Bonds in an aggregate principal amount not to exceed the principal amounts hereinafter set forth (the Restructuring Bonds approved pursuant to this Restructuring Resolution are hereinafter defined as the "Bonds"); (b) the Approved Restructuring Costs to be paid through the issuance of the Bonds and recovered from authorized Transition Charges; (c) the creation of the Restructuring Property described in this Restructuring Resolution including, without limitation, the right to impose, bill and collect the Transition Charges described in this Restructuring Resolution, as adjusted from time to time in accordance with the Adjustment Mechanism adopted by this Restructuring Resolution; (d) the imposition, billing and collection of such Transition Charges from Customers as approved in this Restructuring Resolution; (e) the execution and delivery of an initial servicing agreement with Puerto Rico Electric Power Authority ("PREPA"), as the initial servicer, and of a trust agreement, a calculation agent agreement, a depository agreement and other agreements related to the Bonds; and (f) other related matters as required in accordance with the Act.

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PREPARC

Capitalized terms used, but not defined, herein shall have the meanings given such terms in Chapter IV of the Act (the "Securitization Chapter").

STATUTORY OVERVIEW AND HISTORY

PREPA was created in 1941 as a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the "Commonwealth") by Act No. 83 of the Legislature of Puerto Rico, approved May 2, 1941, as amended (the "Act"). PREPA supplies the great majority of the electric power consumed in the Commonwealth and owns all transmission and distribution facilities and most of the generating facilities that constitute Puerto Rico's electric power system. PREPA is one of the largest publicly-owned utilities in the United States.

Faced with a growing challenge to pay its obligations as they became due, in August 2014, PREPA entered into forbearance agreements with certain beneficial owners and insurers of PREPA revenue bonds ("PREPA Bonds"), banks that provided revolving lines of credit used to pay for fuel and other expenses and Government Development Bank for Puerto Rico ("GDB"). During the term of the forbearance agreements, PREPA engaged in substantive discussions with the forbearing creditors to negotiate the terms of a broad, consensual financial settlement. On January 27, 2016, PREPA entered into a restructuring support agreement (including the annexes, exhibits and schedules attached thereto and as it may be amended, restated or reinstated from time to time, the "RSA") with creditors (such creditors, the "Supporting Creditors") that sets forth the material terms of a financial settlement, which was predicated, in part, upon the establishment of the Corporation as an entity separate and distinct from PREPA and the issuance by the Corporation of the Bonds, in exchange for or to legally or economically defease PREPA Bonds beneficially owned or insured by the parties to the RSA. Certain material terms of the RSA required action by the Legislative Assembly, including the enactment of the Act. Further, the Corporation was required to, and did, become a party to the RSA not later than twenty five days after passage of the Act.

In passing the Act, the Legislative Assembly allowed for the creation of the Corporation and the issuance of Bonds to help PREPA become financially sound and be able to meet its obligations to its stakeholders. Moreover, the legal protections set forth in the Act are intended to permit the Corporation to access the capital markets to fulfill the economic terms of the RSA. These legal protections include, inter alia, provisions which authorized (a) a formulaic adjustment mechanism, called an Adjustment Mechanism, to be applied by the Corporation (or by a Servicer on behalf of the Corporation) to adjust the Transition Charge, no less often than semi-annually, to ensure that Transition Charge revenues are sufficient to provide for the timely payment of the Bonds and related Ongoing Financing Costs, (b) provisions to make the Transition Charge Non-bypassable to Customers, and (c) the statutory agreements, covenants and pledges of the Commonwealth

including, inter alia, providing that the Commonwealth shall not limit, alter, reduce, impair, postpone or terminate the rights conferred in the Act, any restructuring resolution and related agreements, including the requirements of the Securitization Chapter.

On February 16, 2016, the Legislative Assembly adopted the Act and the Governor signed the Act into law. As required by Article 35(c)(1) and (2) of the Act, for once a week for three successive weeks after the effective date of the Act, GDB published a notice of passage of the Act, which notice explained, among other things, the opportunity for interested parties to challenge its validity. As required by Article 35(c)(2) of the Act, notice of passage of the Act was also posted on the websites of the Corporation, GDB and PREPA, and was delivered to those Interested Persons identified in the Securitization Chapter and filed by PREPA on February 24, 2016 with the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board, each in accordance with the timelines set forth in the Securitization Chapter.

On April 7, 2016, the Corporation authorized the filing of a petition (the "Petition") with the Puerto Rico Energy Commission ("PREC" or the "Commission") for approval of the calculation methodology for the Transition Charges, and the Adjustment Mechanism to be applied to adjust the Transition Charges from time to time, together with related matters, as required by Article 6.25A of Act No. 57-2014, as amended. On May 6, 2016, the Corporation, PREPA, and the Commission published on their respective websites a summary of the Petition prepared by the Corporation.

On April 7, 2016, the Petition was deemed to be complete (such date referred to as the "Corporation Petition Date").

On June 21, 2016, PREC issued Order No. CEPR-AP-2016-0001 (the "Restructuring Order") that, inter alia, approved the Petition, as supplemented by testimony presented by the Corporation during the hearings ("Testimony"), and found, inter alia and subject to certain modifications, that the calculation methodology for the Transition Charges and the Adjustment Mechanism related thereto, each as proposed in the Petition, are consistent with the cost distribution and other standards set forth in Article 6.25A of Act 57-2014, as amended. As a result, pursuant to Article 35 (b)(i) of the Act, the Corporation is required to issue this Restructuring Resolution by June 28, 2016.

If the Bonds authorized by this Restructuring Resolution are approved and issued by the Corporation, PREPA, as the initial Servicer shall, on behalf of the Corporation, service, bill and collect from Customers the Transition Charges, as adjusted from time to time in accordance with the Adjustment Mechanism set forth in this Restructuring Resolution, until the principal of and interest on the Bonds and the related Ongoing Financing Costs have been paid in full.

FINDINGS OF FACT

The Corporation hereby makes the findings of fact listed below.

Issuance of Bonds by Corporation:

1. It is in the best interests of the Corporation and the Commonwealth to authorize this issuance of Bonds under the Act in furtherance of the provisions of the RSA (including as it may be amended), at one or more times, in one or more series, for the following authorized purposes under the Act:

   (i) One or more series of Bonds to be issued on the date (the "Closing Date") on which the Exchange Offer Bonds described in clause (i) (such bonds collectively referred to herein as the "Closing Date Bonds") are issued for the following purposes:

   (A) Bonds, in an initial aggregate principal amount not to exceed $4.97 billion (the "Exchange Offer Bonds"), to be issued to the beneficial owners of PREPA Bonds that are not insured PREPA Bonds ("Uninsured PREPA Bonds"), in exchange for such Uninsured PREPA Bonds (i) at an exchange ratio (principal to principal) of 85% and (ii) may also be issued in an amount equal to and in satisfaction of any accrued and unpaid interest owing on such Uninsured PREPA Bonds at the time of such exchange;

   (B) Bonds, in an initial aggregate principal amount not to exceed $2.086 billion (the "Monoline Mirror Bonds"), to be deposited in an irrevocable escrow to solely legally or economically defease the PREPA Bonds insured by the monoline bond insurers (the "Insured PREPA Bonds") that have signed the RSA and are participating in the transactions set forth in Schedule II to Annex D to the RSA (the "Monoline Insurers"), and (ii) Bonds, in an initial aggregate principal amount not to exceed $750 million (the "Other Mirror Bonds" and together with the Monoline Mirror Bonds, the "Mirror Bonds") to be deposited in an irrevocable escrow to solely legally or economically defease the PREPA Bonds issued in 2016 or 2017 (the "2016 PREPA Bonds");

   (C) Bonds, in a principal amount not in excess of the sum of 6.25% of the Closing Date Bonds described in clauses (A), (B), (D), (E), (F) and (G) plus 6.25% of the Post-Closing Date Bonds, to fund or, in the case of (ii) to be provided in whole or in part as payment for, (i) one or more debt service reserve or operating funds or accounts to secure payment of all or

a portion of the Bonds, and (ii) all Upfront Financing Costs incurred in connection with the issuance of all Closing Date Bonds or the Post-Closing Date Bonds, as the case may be; plus (iii) the costs of any payment to the IRS (as described in clause (f) of Finding of Fact 4 below);

(D) Bonds, in an initial aggregate principal amount not in excess of $50 million, to fund a deposit to the PREPA Self Insurance Fund described in Finding of Fact 4(g) below (Bonds issued for purposes described in this clause (D) and the preceding clause (C) are collectively referred to as "New Money Bonds");

(E) Bonds, in an initial aggregate principal amount not exceeding $2.6 billion ("Cash Offer Bonds"), for the purpose of funding the costs to refund, redeem or purchase, directly or indirectly, Uninsured PREPA Bonds with the goal of increasing the exchange offer participation levels;

(F) Bonds, in an initial aggregate principal amount not exceeding $625 million (the "Lender Bonds"), issued to the Supporting Creditors (i) in exchange for the extinguishment of the obligations due and owing under the Credit Agreements (the "Credit Agreements") between such Supporting Creditors and PREPA, at an exchange ratio (principal to principal) of 85% and (ii) to reimburse such Supporting Creditors for certain fees and expenses in an amount not to exceed $1 million; and

(G) Bonds, in a principal amount not exceeding $240 million, to be issued to (i) restructure, refund, redeem, defease (legally or economically through the issuance of additional mirror bonds or otherwise) or purchase PREPA Bonds insured by, or issued to, Syncora Guarantee Inc. and/or an affiliate thereof ("Syncora") or (ii) fund any debt service reserve fund related to such Bonds, as required to implement the economic terms of the RSA, as it may be amended (the "Closing Date Syncora Bonds").

(ii) One or more series of Bonds to be issued after the Closing Date (such bonds collectively referred to herein as the "Post-Closing Date Bonds") are issued for the following purposes:

(A) One or more series of Bonds, in an initial aggregate principal amount not to exceed $750 million to one or more holders of 2016 PREPA Bonds, at an exchange ratio of 100%, in voluntary exchange for such 2016 PREPA Bonds. If any 2016 PREPA Bonds are exchanged for Post-Closing Date Bonds, the corresponding Mirror Bonds will be cancelled;

(B) One or more series of Bonds in a principal amount not exceeding $240 million, to be issued to (i) restructure, refund, redeem, defease

(legally or economically through the issuance of mirror bonds or otherwise) or purchase PREPA Bonds (or any interest payment related thereto) insured by, or issued to, Syncora or (ii) fund any debt service reserve fund related to such Bonds, as required to implement the economic terms of the RSA, as it may be amended (the "Post-Closing Date Syncora Bonds" and, together with the Closing Date Bonds, the "Syncora Bonds"); provided that the total principal amount of Syncora Bonds issued shall not exceed $240 million; and

(C) New Money Bonds with respect to Post-Closing Date Bonds, as described in and to the extent not previously issued pursuant to clause 1(i)(C) above to pay the Upfront Financing Costs described therein.

2. Post-Closing Date Bonds shall be payable, on a parity with all Closing Date Bonds, from, and secured, equally and ratably with all Closing Date Bonds, by, the Restructuring Property pledged to the payment of the Bonds in the Trust Agreement (as hereinafter defined).

3. Nothing in this Restructuring Resolution shall preclude the Corporation from authorizing additional "Restructuring Bonds" (in addition to the Bonds) secured by "Restructuring Property" (other than the Restructuring Property created pursuant to this Restructuring Resolution) under one or more "Restructuring Resolutions" (in addition to this Restructuring Resolution) so long as such issuance is consistent with the terms of the Act, the Trust Agreement securing any outstanding Bonds and the RSA.

Approved Restructuring Costs:

4. The Approved Restructuring Costs to be paid through the issuance of the Bonds and recovered through Transition Charges shall include the costs of (a) retiring the PREPA Bonds in exchange for the Exchange Offer Bonds or the 2016 PREPA Bonds in exchange for Post-Closing Date Bonds; (b) legally or economically defeasing Insured PREPA Bonds and 2016 PREPA Bonds through the issuance of Mirror Bonds and the payment of such Mirror Bonds; (c) restructuring, refunding, redeeming, defeasing (legally or economically through the issuance of additional mirror bonds or otherwise), or purchasing PREPA Bonds insured by, or issued to, Syncora through the issuance of Syncora Bonds; (d) the retirement of the obligations due and owing by PREPA under the Credit Agreements through the issuance of the Lender Bonds; (e) funding or replenishing any debt service reserve fund or account or any other restricted accounts or subaccounts required to be established by the Trust Agreement, and to the extent permitted in the Trust Agreement, any Ancillary Agreement, including an additional reserve fund, to its required level, as provided in the Trust Agreement and, to the extent

permitted in the Trust Agreement, any Ancillary Agreement (as the case may be), to secure payment of all or a portion of the Bonds; (f) funding any payment to the Internal Revenue Service (the "IRS") in accordance with any PREPA agreement with the IRS under the voluntary closing agreement or similar program; (g) funding a deposit to the self-insurance fund (the "PREPA Self Insurance Fund"), established pursuant to the trust agreement, dated as of January 1, 1974, as amended, by and between PREPA and U.S. Bank National Association, as successor trustee, in an amount not to exceed $50 million; (h) paying Financing Costs, including the Upfront Financing Costs, in connection with any issuance of Bonds and approved for recovery in this Restructuring Resolution; and (i) refunding, redeeming or purchasing Uninsured PREPA Bonds.

5. The Exchange Offer Bonds, the Monoline Mirror Bonds, the New Money Bonds which may be issued on the Closing Date, the Cash Offer Bonds, the Lender Bonds and the Syncora Bonds were all contemplated by the RSA, and, accordingly, the costs of legally or economically defeasing, exchanging for, refunding, redeeming, purchasing, funding, retiring or extinguishing, as applicable, Uninsured PREPA Bonds, Insured PREPA Bonds and PREPA Bonds insured by, or issued to, Syncora, funding a deposit to the PREPA Self Insurance Fund and retiring the obligations under the Credit Agreements may be included as Approved Restructuring Costs.

6. The PREPA Bonds issued in 2016 to be legally or economically defeased, exchanged for, refunded, redeemed or purchased, do not exceed an aggregate principal amount of $535,000,000 and accordingly may be included as Approved Restructuring Costs.

Terms of Bonds:

7. In no event are Bonds to be issued during the pendency of any action brought pursuant to Article 35(c), (d) or (f)(2) of the Act, nor later than five years from the date of adoption of this Restructuring Resolution.

8. The Bonds of any issue (i) may be issued in one or more tranches or series, at one or more times, (ii) may be issued as any combination of serial and term Bonds and as Bonds paying current interest ("Current Interest Bonds") and Bonds accreting interest for a period of no more than 4 ½ years to 5 ½ years after their issue date and paying cash interest thereafter ("Convertible Capital Appreciation Bonds" or "Convertible CABs"), (iii) may have (A) a scheduled maturity date or dates (including scheduled mandatory sinking fund redemption dates), which will be a date or dates by which such series or tranche is to be amortized in principal amounts set forth therein for such date or dates and with Transition Charges set at sufficient levels to generate receipts to enable such amortization on such date or dates, and (B) a legal maturity date or dates (including legal mandatory sinking fund redemption dates), which will be a date or dates by which such series or tranche must be amortized in principal amounts set forth therein in order to avoid a default under the transaction documents and which is

expected to be two years after the related scheduled maturity date, provided that the legal maturity date for any series or tranche of the Bonds shall be no less than one year and no more than thirty-five years after the date of issuance of the Bonds, and (iv) shall have such other terms and details, consistent with this Restructuring Resolution and as contained in the applicable Trust Agreement as executed and delivered, subject to the following additional limitations for the Closing Date Bonds and the Post-Closing Date Bonds, respectively.

Closing Date Bonds:

(A) The terms of the Exchange Offer Bonds will result in the satisfaction of the Savings Test described in Finding of Fact 22, to be conclusively confirmed by the Designee Certificate of Determination and Approval in the form attached hereto as **Appendix 1** (the "Designee Certificate") to be submitted to the Secretary of the Board and to the Commission not later than three (3) business days following the pricing of the Bonds;

(B) The terms of the Monoline Mirror Bonds and the Other Mirror Bonds will mirror the economic terms (i.e., the principal amount, payment dates, interest rate (except as described in the proviso to this sentence) and maturity date and shall not accelerate as a result of acceleration of the Insured PREPA Bonds or 2016 PREPA Bonds) of the Insured PREPA Bonds and the 2016 PREPA Bonds, respectively, as described in the RSA (including as it may be amended); provided, however, subject to the agreement of the parties to the RSA, certain interest payments on the Monoline Mirror Bonds or Other Mirror Bonds, as applicable, may be subject to additional terms that provide for additional sources of payment or defer the timing of payment of such interest payments for the purpose of better matching expected Transition Charge revenues with debt service requirements;

(C) The interest rate or rates on the New Money Bonds will not exceed the maximum rate of interest permitted by applicable law as of the date hereof;

(D) The terms of the Cash Offer Bonds will result in the satisfaction of the Savings Test described in Finding of Fact 22, to be conclusively confirmed by the Designee Certificate;

(E) The issuance of New Money Bonds to fund the PREPA Self Insurance Fund will not have a material adverse impact on the pricing of the Exchange Offer Bonds or the Cash Offer Bonds, to be conclusively evidenced by the Designee Certificate; and

(F) The terms of any Syncora Bonds will be described in an amended RSA. To the extent the Savings Test described in Finding of Fact 22 applies to the Syncora Bonds, the terms of the Syncora Bonds will result in the satisfaction of the Savings Test, to be conclusively confirmed by the Designee Certificate.

Post-Closing Date Bonds:

(A) The interest rate or rates on any Post-Closing Date Bonds described in clause (ii) of Finding of Fact 1 will not exceed the maximum rate of interest permitted by applicable law as of the date hereof.

9. The final terms of the Closing Date Bonds, consistent with the terms of this Restructuring Resolution, shall be approved by the Corporation either solely by act of the Corporation Designee, as evidenced by the execution of the Designee Certificate, or in the discretion of the Board, through an award resolution (an "Award Resolution") which the Board may adopt to approve the final pricing and terms of the Closing Date Bonds. In either such case, the approval of the final terms of the Closing Date Bonds shall be conclusively evidenced by the execution and delivery by the Corporation Designee of the Designee Certificate and the applicable Trust Agreement. The final terms of the Post-Closing Date Bonds, consistent with the terms of this Restructuring Resolution, at the option of the Board, shall be approved by the Board in an Award Resolution adopted at the time the Board approves the final pricing and terms of the Post-Closing Date Bonds, and again will be conclusively evidenced by the execution and delivery by the Corporation Designee of the Designee Certificate and the applicable Trust Agreement or supplement thereto.

Upfront Financing Costs:

10. The issuance of any series of Bonds may require the payment of the Upfront Financing Costs described as follows (the "Upfront Financing Costs"), which costs are recoverable from the Bond proceeds or Transition Charges, as applicable:

(i) expenses of the Corporation associated with the petition to and proceedings before the Commission;

(ii) the funding of any debt service reserve fund or account or any other restricted accounts or subaccounts required to be established by the Trust Agreement, and to the extent permitted in the Trust Agreement, any Ancillary Agreement, including an additional reserve fund, to its required level, as provided in the Trust Agreement and, to the extent permitted in the Trust Agreement, any Ancillary Agreement (as the case may be), to be held under the Trust Agreement securing the Bonds;

(iii) fees and expenses associated with the structuring, marketing, and issuance of the Bonds, including without limitation

(A) attorneys' fees and expenses and advisors' fees and expenses payable by the Corporation directly or indirectly;

(B) fees and expenses associated with the issuance of surety bonds for deposit to one or more reserve funds or accounts established under the Trust Agreement by the Monoline Insurers (each such bond, a "Surety Bond");

(C) fees and expenses of any broker-dealer engaged to assist in any tender and exchange of PREPA Bonds;

(D) fees and expenses payable to underwriters in connection with the sale of the Bonds;

(E) administration fees and expenses and any cost related to obtaining a Restructuring Order;

(F) original issue discount;

(G) rating agency fees;

(H) Trustee (or similar fiduciary) fees and expenses (including attorneys' fees and expenses);

(I) the fees and expenses relating to the solicitation and engagement of any Depository or Depositories or other administrator or fiduciary (as described in Finding of Fact 52);

(J) accounting and auditing fees and expenses;

(K) the fees and expenses related to the solicitation and engagement of any Calculation Agent or other administrator or fiduciary (as described in Finding of Fact 40);

(L) printing and marketing expenses;

(M) compliance fees;

(N) filing or listing fees;

(O) fees and expenses of the Corporation's other consultants, if any;

(P) initial fees and expenses (or set-up) of the Servicer;

(Q) any fee or expense incurred to directly or indirectly facilitate the purchase of Uninsured PREPA Bonds, including any fees or expenses incurred to secure any commitments;

(R) placement fees and expenses; and

(S) any other cost approved by the Board as necessary or desirable for the accomplishment of the purposes of the Act.

Upfront Financing Costs include the reimbursement of PREPA or any other Person of amounts advanced for the payment of Upfront Financing Costs.

11. The Corporation has provided to the Commission in Attachment 2.01 to the Petition an estimate of the Upfront Financing Costs that are expected to be incurred in connection with the delivery of the Closing Date Bonds and the Post-Closing Date Bonds, based upon, in part, estimates from counsel, advisors, underwriters, rating agencies, the Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information at the time of the submission of the Petition.

12. In the Restructuring Order, the Commission found and determined that the Upfront Financing Costs proposed to be recovered by the Corporation are consistent with Article 6.25A of Act 57-2014, as amended, and Chapter IV of the Act.

13. The precise amount of Upfront Financing Costs for the Closing Date Bonds and the Post-Closing Date Bonds cannot be ascertained with certainty until the respective Bonds have been priced and issued, and the final Upfront Financing Costs for the Closing Date Bonds should be subject to approval by the Corporation Designee or through an Award Resolution, in either case as conclusively evidenced in the Designee Certificate. If the total amount of Upfront Financing Costs exceeds the estimate of total Upfront Financing Costs presented to the Board, such excess, as well as the final Upfront Financing Costs to be incurred for the Post-Closing Date Bonds, shall be subject to approval by the Board.

14. Upfront Financing Costs shall be paid from the proceeds of the New Money Bonds or the Cash Offer Bonds (as the case may be), provided that any Upfront Financing Costs approved for recovery (as described in Finding of Fact 10) that cannot be paid from the proceeds of the sale of the Bonds shall be recoverable as an Ongoing Financing Cost, as provided in the Designee Certificate or any Award Resolution of the Board (as applicable).

15. References in this Restructuring Resolution to the payment, funding or recovery of Upfront Financing Costs through the Closing Date, whether from Bond proceeds or otherwise, shall be deemed to include, without limitation, the payment of such Upfront Financing Costs by the delivery of New Money Bonds as payment of such Upfront Financing Costs as well as funding of such Upfront Financing Costs through any contributions or advances received from PREPA. Nothing in this Restructuring Resolution shall prevent the payment or funding of Upfront Financing Costs with a contribution or advance from PREPA.

Ongoing Financing Costs:

16. The terms of each issuance of Bonds may require the payment of the following

Ongoing Financing Costs from the proceeds of the Transition Charges and any other moneys available under the Trust Agreement securing the Bond issuance (the "Ongoing Financing Costs") which costs are recoverable from the Transition Charges:

(i) principal, interest and redemption premiums payable on the Bonds;

(ii) any payment required under any bond insurance policy, surety bond, reimbursement agreement or any agreement entered into in connection therewith or other Ancillary Agreement, or any amount required to fund or replenish (or to reimburse a third party for replenishing) any debt service reserve fund or account or any other fund or account established under the Trust Agreement and, to the extent permitted by the Trust Agreement, any Financing Document (as hereinafter defined) or under any other financing document related to the Bonds, including an additional reserve fund;

(iii) any taxes and charges, including payments or contributions in lieu of taxes, franchise fees or license fees imposed on Transition Charge Revenues;

(iv) any cost related to administering the Corporation, the Bonds or the Restructuring Property, including the costs of calculating adjustments of Transition Charges and implementing the Adjustment Mechanism, the fees and expenses of the initial Servicer and any replacement servicer, the fees and expenses of the Calculation Agent (hereafter defined) employed to verify the calculation of any adjustment to the Transition Charges, the costs of all Depositories (hereinafter defined) or other collection agents employed to assure the collection, segregation and remittance of Transition Charge Revenues to the Trustee, the costs of the Trustee and any other fiduciaries appointed to secure or facilitate payment of the Bonds, and all legal, accounting and other advisors' or consultants' fees and expenses incurred in connection with the foregoing;

(v) all rating agency fees and expenses incurred to obtain and/or maintain ratings on the Bonds;

(vi) any cost related to protecting the status of Restructuring Property and collecting Transition Charges, including any cost related to any judicial or similar proceedings that the Corporation or the Trustee or any owner of all or a portion of Restructuring Property deems necessary to enforce or collect Transition Charge Revenues or protect the Restructuring Property or any other costs referred to in Article 38(a) of the Act, in each case subject to the provisions of the Act;

(vii) any ongoing filing or listing fees for the Bonds;

(viii) the fees and expenses of any auditor;

(ix) without duplication, any indemnity payments required to be paid by the Corporation to the Trustee, any Servicer, Calculation Agent, or Depository, the

underwriters, the broker-dealers, the parties to any Ancillary Agreements (including any Surety Bond or Surety Bond reimbursement agreement) or other persons pursuant to agreements entered into in connection with the Bonds;

(x) any indemnity or other payments or costs required to be paid to the Board or its individual directors, or officials, agents and employees of the Corporation as provided in Article 35(q) of the Act; and

(xi) any other cost related to issuing Bonds, administering and servicing Restructuring Property and Bonds payable under the Financing Documents (as described in Finding of Fact 62), including the payment of any Upfront Financing Costs not paid from the proceeds of the Bonds and any other cost approved in a Designee Certificate or approved by the Board as necessary or desirable for the accomplishment of the purposes of the Act.

17. Expenses corresponding to most categories of Ongoing Financing Costs will continue to be incurred while Bonds remain outstanding, and the total amount of most Ongoing Financing Costs will not be known until after this Restructuring Resolution is adopted, e.g., the expected principal and interest payable on the Bonds will not be known until the Bonds are priced, certain Ongoing Financing Costs consisting of fees may be estimated at the time the Bonds are issued but will likely change over the life of the Bonds, the expenses will vary from year to year depending upon what services or activities are required to be performed in each year, and some possible Ongoing Financing Costs may not be known at the time of issuance of the Bonds, including the costs of funding or replenishing any debt service reserve fund or account or any other restricted accounts or subaccounts required to be established by the Trust Agreement, and to the extent permitted in the Trust Agreement, any Ancillary Agreement, including an additional reserve fund, to its required level, as provided in the Trust Agreement and, to the extent permitted in the Trust Agreement, any Ancillary Agreement (as the case may be). Additionally, certain possible Ongoing Financing Costs depend upon contingencies that may never happen.

18. The Corporation has provided to the Commission in Attachment 2.02 to the Petition an estimate of the annual Ongoing Financing Costs to be incurred for the first annual period following the delivery of the Closing Date Bonds and the Post-Closing Date Bonds and during the life of such Bonds.

19. In the Restructuring Order, the Commission found and determined that the Ongoing Financing Costs proposed to be recovered by the Corporation are consistent with Article 6.25A of Act 57-2014, as amended, and Chapter IV of the Act.

20. The Corporation Designee will include in the Designee Certificate a final estimate of

the Ongoing Financing Costs for the first annual period following issuance of the Closing Date Bonds or Post-Closing Date Bonds, as well as an estimate of the Ongoing Financing Costs for the term of such Bonds.

21. The Corporation will recover, from Transition Charge Revenues, all Ongoing Financing Costs as incurred by the Corporation, without limitation as to amount, and the Transition Charges shall be imposed and collected from all Customers until all such Ongoing Financing Costs are paid in full.

Required Statutory Savings; Customer Benefits:

22. Pursuant to Article 33(a)(3) of the Act, the Corporation may issue the Exchange Offer Bonds, the Cash Offer Bonds and Syncora Bonds (if issued in a manner such that the Savings Test would apply to such Syncora Bonds pursuant to the Act) only if, as a result of the issuance of such Bonds, the present value of the debt service in respect of all such Bonds is at least $725 million lower than the present value of the debt service of all of such PREPA Bonds refinanced by such issue of Bonds (calculated using the yield on such issue of Bonds then being issued as determined by the Corporation and using such other customary assumptions as the Corporation in consultation with its advisors shall determine) (the "Savings Test").

23. The Savings Test is not applicable to other Bonds to be issued on the Closing Date or to Post-Closing Date Bonds.

24. In the Petition, the Corporation has provided to the Commission evidence and calculations demonstrating that the issuance of the Exchange Offer Bonds, the Cash Offer Bonds and Syncora Bonds (if issued in a manner such that the Savings Test would apply to such Syncora Bonds pursuant to the Act) is anticipated to satisfy the Savings Test and will satisfy the Savings Test as conclusively evidenced by the Designee Certificate.

25. Compliance with the Savings Test shall be conclusively confirmed by the delivery of the Designee Certificate.

26. The issuance of the Bonds will result in Customer benefits, including cost savings (compared to the current present value of PREPA's avoided debt service revenue requirements).

Transition Charge Allocation Methodology and Adjustment Mechanism:

27. In the Petition and Testimony, the Corporation has submitted a formulaic methodology for distributing the responsibility for Financing Costs among Customer classes and Customers, and for calculating and adjusting from time to time the Transition Charge (collectively, the "Adjustment Mechanism"), which is appended to this Restructuring Resolution as **Appendix 2** hereto, together with supporting evidence which:

(i) determines that all Customers should be responsible for the payment of a uniform, per kWh Transition Charge, subject to limited exemptions for usage described in clause (iii) below;

(ii) provides that the Transition Charge shall be applied to the gross kWh consumption, based upon the most recent 12-month historical energy usage (kWh) for which data are available, without regard to any offset for net-metering and adjusted for estimated generation consumption "behind the meter" (whether or not metered, "behind the meter"), except as described in clause (iii) below. In accordance with Section 31 of the Act, usage of municipal Customers will be included only to the extent that the dollar value of such usage for electric service, including in determining such dollar value both Transition Charges which would otherwise be imposed on such municipality and PREPA charges, in any fiscal year exceeds the dollar value owed by PREPA to such municipality as a contribution in lieu of taxes for such fiscal year, as provided in the Act and the Restructuring Resolution.

(iii) exempts certain usage from the Transition Charge as follows: (a) Customers who under Article 3.9(b) of Law 22-2016 and under PREPA's tariffs implementing said Article 3.9(b), pay a fixed charge for its applicable consumption-based block of electricity, in each case as such blocks are established as of the date on which the Commission approves the Restructuring Order and as they may be adjusted from time to time as provided in Article 3.9(b)(4) of Law 22-2016, will pay the Transition Charge on consumption in excess of the block and (b) certain net metered Customers (whether Residential, Non-Residential or Governmental, as specified) eligible under Law 4-2016 will pay Transition Charges based upon net metered consumption, as further described in Finding of Fact 28;

(iv) provides that delinquencies of any class of Customers will be distributed among all Customer classes as provided in Article 6.25A(e)(1)(v) of Act 57-2014, as amended; and

(v) provides that estimated load served by net metering or estimated distributed generation ("behind the meter") will be included in its determination of energy usage in clauses (i) and (ii) as described in Finding of Fact 28 below.

28. The Corporation has determined that estimated load served by net metering or estimated distributed generation ("behind the meter") should be included in the determination of energy usage which is subject to the Transition Charge under clauses 27(i) and 27(ii) above by adjusting customer usage to reflect gross usage (without regard to net metered credits) and by estimating "behind the meter" usage; provided that, (a) certain Customers who under Article 3.9(b) of Law 22-2016 and under PREPA's tariffs implementing said Article 3.9(b), pay a fixed charge for its applicable consumption-based block of electricity, in each case as such blocks are established as

of the date on which the Commission approves the Restructuring Order and as they may be adjusted from time to time as provided in Article 3.9(b)(4) of Law 22-2016, will pay the Transition Charge on consumption in excess of the block and (b) certain "grandfathered" net metered Customers (whether Residential, Non-Residential or Governmental, as specified) eligible under Law 4-2016 will pay Transition Charges based upon net metered consumption. "Behind the meter" usage subject to the Transition Charge will be estimated as practicable. Initially the load will be estimated by eliminating any subtraction from load for the amount of electricity generated "behind the meter" and delivered to the grid. As it becomes practicable and meter data measuring the output of the distributed generation becomes available, the load of such customers for these purposes will no longer exclude the output of the distributed generation not delivered to the grid. The Corporation has further determined that this approach will not render the resulting Transition Charges impracticable to administer and that the resulting Transition Charges will ensure the full and timely payment of the Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Bonds. PREPA can practically determine total load, including estimated load served by net metering and distributed generation, in the calculation of Transition Charges, as described above. The approach of the Corporation also limits the exemptions for usage subject to the Transition Charge to Customers eligible for the exemption under Law 22-2016 and certain net metered Customers (whether Residential, Non-Residential or Governmental, as specified) eligible under Law 4-2016. These limited exemptions assure that there is only a limited shift of payment responsibility to other Customers to satisfy requirements of existing law. Further these limitations on usage subject to the Transition Charge will not impair the collection of Transition Charges or impair the full and timely payment of the Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Bonds.

29. The Corporation has determined that the distribution and calculation methodologies described in clauses (i) through (v) of Finding of Fact 27 are practicable to administer, and ensure the full and timely payment of the Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Bonds.

30. The Corporation has determined that the exclusion from the Transition Charge of certain grandfathered net metered generation and certain block usage, as well as the inclusion of estimated "behind the meter" load served by distributed generation in the energy usage, as and to the extent set forth in Findings of Fact 27 and 28 above will not render the resulting Transition Charges impracticable to administer and that the resulting Transition Charges will ensure the full and timely payment of the Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Bonds.

31. The Adjustment Mechanism (a) has been approved by the Commission in the Restructuring Order, (b) is practical to administer and ensures the full and timely payment of (i) the Bonds in accordance with their terms and (ii) all other Ongoing Financing Costs, and (c) should be approved by the Corporation.

Calculation and Adjustment of Transition Charges:

32. The Corporation will apply, or cause the Servicer to apply, the Adjustment Mechanism to adjust the Transition Charge no less often than quarterly to ensure the full and timely payment of the Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Bonds.

33. The Corporation will deliver, or cause the Servicer to deliver, to the Commission, notice of the proposed adjustment to the Transition Charges (a "True-Up Adjustment Letter"), including the data and work papers used to calculate the Transition Charges, at least thirty (30) days prior to the effective date of each proposed adjustment, provided that the information related to the initial Transition Charge with respect to any issuance of Bonds shall be provided to the Commission by the Corporate Designee (in the Designee Certificate or a True-Up Adjustment Letter) not later than three business days following the pricing or award of the Bonds and such initial Transition Charge shall be effective on the issuance date of the Bonds.

34. Each True-Up Adjustment Letter shall be substantially in the form attached hereto as Exhibit F to the Initial Servicing Agreement (approved pursuant to Finding of Fact 45).

35. The Commission's review of the initial Transition Charge or any adjustment to the Transition Charge shall be limited to verifying the mathematical accuracy of the calculation of the initial Transition Charge or subsequent Transition Charge resulting from the application of the Adjustment Mechanism (as the case may be).

36. If the Commission has reason to believe that there is a mathematical error in the calculation of the Transition Charge before issuing an order requiring the Corporation to correct such error, the Commission will, to the extent it finds practical, provide a preliminary finding to the Servicer and the Calculation Agent. Any adjustment to correct a mathematical error, if ordered by the Commission, shall be made by the Corporation (or the Servicer on its behalf) not later than the next succeeding application of the Adjustment Mechanism on which such adjustment can practically be implemented. In no event shall the Commission's inquiries into any such mathematic error or the implementation of a Commission order correcting any mathematical error result in the delay of the implementation of an adjustment to the Transition Charges from the effective date stated in the True-Up Adjustment Letter.

37. Any estimated over-collections or under-collections resulting from such mathematical inaccuracy shall be credited or added in connection with such succeeding application

of the Adjustment Mechanism, but no Customer shall be entitled to a refund of Transition Charges or the retroactive application of the same by reason of mathematical inaccuracies corrected in periodic adjustments.

38. No adjustment of Transition Charges pursuant to the Adjustment Mechanism shall in any way affect the irrevocability of this Restructuring Resolution.

39. There shall be no cap on the Transition Charge calculated pursuant to the Adjustment Mechanism.

Calculation Agent:

40. The Corporation with the approval of the Trustee, or the Trustee, in each case as and to the extent provided in the Trust Agreement, is authorized pursuant to Article 35 (i) of the Act to retain the services of a third party calculation agent unrelated to GDB or PREPA and acceptable to the Trustee (a "Calculation Agent"), to confirm the calculation of the Transition Charges prepared by the Servicer. The use of a Calculation Agent will enhance the marketability of the Bonds and the Corporation Designee should be authorized to execute and deliver a calculation agent agreement substantially in form of Appendix 3 hereto (a "Calculation Agent Agreement"), with such changes, omissions or alterations as the Corporation shall approve in an Award Resolution or a Corporate Designee shall approve, with the advice of financing counsel to the Corporation, the execution by the Corporation Designee being conclusive proof of the approval of any such changes, omissions or alterations. In the event that the Calculation Agent should resign or be discharged, the Corporation with the approval of the Trustee, or the Trustee, in each case as and to the extent provided in the Trust Agreement, shall be authorized to take all necessary action to cause a new Calculation Agent to be appointed.

41. In the event of a dispute between the Servicer and the Calculation Agent, the Corporation, as and to the extent provided in any Trust Agreement, shall promptly appoint an independent third party expert to resolve the matter. In the event that the Corporation shall fail to appoint or retain a Calculation Agent acceptable to the Trustee (the initial Calculation Agent named in Finding of Fact 40 shall be deemed to be acceptable) or to appoint an expert to resolve any conflicts, the Trustee, as and to the extent provided in the Trust Agreement, should be authorized to appoint a Calculation Agent or expert. Any costs of the Calculation Agent (or any expert) shall be Ongoing Financing Costs and shall be recovered from Transition Charge Revenues.

Restructuring Property:

42. The Restructuring Property created by this Restructuring Resolution shall include this Restructuring Resolution and the property rights and interests created hereby, including the right, title, and interest in and to: (a) the right to create and receive Transition Charges in amounts sufficient to pay the Bonds and all related Ongoing Financing

Costs in full and on a timely basis; (b) the Transition Charges, as adjusted from time to time in accordance with the Adjustment Mechanism, including any rights under the Servicing Agreement, the Calculation Agent Agreement, the Depository Agreement (as hereinafter defined) or other agreement assigned pursuant to the Trust Agreement; (c) all revenues, collections, claims, payments, moneys, or proceeds of or arising from the Transition Charges or constituting Transition Charges, regardless of whether such revenues, collections, claims, payments, moneys, or proceeds are imposed, billed, received, accrued, collected or maintained by PREPA, any other Servicer or by the Corporation, together with or commingled with other revenues, collections, claims, payments, money or proceeds; (d) all rights to obtain adjustments to the Transition Charges pursuant to the terms of the Adjustment Mechanism, the Restructuring Order and this Restructuring Resolution; and (e) all reserves, Surety Bonds, or other collateral accounts established in connection with the Bonds or the Restructuring Property or otherwise pledged to the payment of the Bonds under the Trust Agreement.

43. Upon the issuance of any series of Bonds, the Restructuring Property shall constitute a vested, presently existing property right in the Corporation, as initial owner, subject to the pledge of Restructuring Property pursuant to the Trust Agreement and subject to the transfer, sale, conveyance or assignment upon an event of default under the Trust Agreement, notwithstanding the fact that the value of the property right will depend on further acts that have not yet occurred, including Customers remaining or becoming connected to the Electric System Assets and taking or receiving electric service, the imposition and billing of Transition Charges, or the Servicer performing services. "Electric System Assets" shall mean the electric generation, transmission and distribution facilities (and other general property and equipment used in connection therewith), whether now existing or hereafter acquired, owned or used by PREPA as of the effective date of this Act or thereafter acquired for use by PREPA, including any successor electric utility, in providing electric service to Customers, including any transmission and distribution service.

Servicing:

44. The Corporation is authorized pursuant to Article 35(i) of the Act to enter into a servicing agreement with PREPA, as the initial Servicer (the "Initial Servicer") to perform such duties of the Servicer as may be required or permitted by the Act, including to provide for the servicing, billing and collection of the Transition Charges.

45. The terms of the initial servicing agreement with PREPA, substantially in the form of **Appendix 4** hereto (the "Initial Servicing Agreement"), are consistent with the Act and enhance the marketability of the Bonds, and should be approved. Accordingly, the Corporation Designee should be authorized to execute and deliver the Initial Servicing Agreement, with such changes, omissions or alterations as the Corporation shall approve in an Award Resolution or the Corporate Designee shall approve, upon the

advice of financing counsel to the Corporation, other than changes to the Servicing Agreement which alter the fees payable to the Servicer, his or her execution of the same being conclusive proof of the approval of such changes, omissions or alterations.

46. The Servicing Agreement shall provide that the Corporation or the Trustee will have the ability to replace Servicer after an event of default under the Servicing Agreement. In the event that PREPA fails to comply with its obligation under the Initial Servicing Agreement, (i) the Corporation, at the direction of the Commission pursuant to an order in accordance with the Act based upon substantial evidence (but subject to the next sentence), or upon the direction of the Trustee or the Bondholders, as and to the extent provided in the Trust Agreement, or (ii) upon the occurrence of an event of default under the Trust Agreement or an Ancillary Agreement, the Trustee, in either case, as and to the extent provided in the Trust Agreement, shall be authorized to replace PREPA as Servicer, as long as the naming of said substitute Servicer complies with the requirements and other conditions of the Servicing Agreement. As provided in paragraph (g) of Article 6.25A of Act 57-2014, as amended, the Commission's rights to replace the Servicer shall not diminish the rights of the Trustee, holders or beneficial owners of the Bonds (the "Bondholders") or any party to an Ancillary Agreement, to replace the Servicer under the terms of the Trust Agreement or any Financing Document relating to the Bonds.

47. The Corporation has submitted to the Commission an estimate, together with supporting documentation prepared by PREPA, of PREPA's costs to serve as Initial Servicer under the Initial Servicing Agreement.

48. In the Restructuring Order, the Commission has determined that the proposed initial annual servicing fee to be paid to PREPA, in the amount of 0.05% of the initial principal amount of the Bonds, to be increased on each anniversary date by the year-over-year percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) (not seasonally adjusted) for the most recently completed twelve-month period for which such data is available, is necessary, reasonable and sufficient to compensate PREPA for the incremental costs of performing such servicing functions, provided that the entire excess of the servicing fee over PREPA's servicing cost shall be credited by PREPA to ratepayers when PREPA establishes its revenue requirement. Accordingly, the Corporation should approve the initial annual servicing fee.

49. In the event a successor Servicer must be appointed by the Corporation, or by the Trustee on behalf of the Bondholders in accordance with the terms of the Servicing Agreement, the Trust Agreement or any Ancillary Agreement, the annual fee of a successor Servicer may not exceed 1% of the initial principal amount of all series of

Bonds; provided, however, that the Corporation must select any successor Servicer in a manner consistent with the expectations set forth in the Restructuring Order. Any fee in excess of such amount is subject to the prior approval of the Commission.

50. The fees and expenses of any Servicer (including any successor Servicer) shall be Ongoing Financing Costs (except for any set-up costs paid as Upfront Financing Costs) and shall be recovered from Transition Charge Revenues.

51. The Servicer shall be required to terminate service to each Customer that is delinquent in the payment of its Transition Charge on the same basis as termination of service is permitted for nonpayment of electric or other rates by PREPA, but none of the Corporation, the Trustee and the Bondholders may directly terminate service to any Customer.

Depositories:

52. The Corporation is authorized pursuant to Article 34 of the Act to enter into one or more depository, trust or escrow agreements with financial institutions or other Persons (each, a "Depository") providing for the escrowing and allocation of collections from Customers' bills between PREPA and the Corporation, as the Corporation, in consultation with such advisers as it may deem appropriate, determines enhances the marketability of the Bonds.

53. Any Depository shall be a bank organized under and subject to regulation by the laws of the United States or any state thereof (and licensed to operate in the Commonwealth) selected by the Corporation (except as provided in Finding of Fact 55) and not related to PREPA or the Commonwealth or under the control of PREPA or the Commonwealth.

54. The terms of the depository agreement substantially in the form of **Appendix 5** hereto (the "Depository Agreement"), by and among PREPA, the PREPA Bond trustee, the Corporation, the Trustee and a Depository, are consistent with the Act and the RSA and are designed to enhance the marketability of the Bonds, and should be approved. Accordingly, the Corporation Designee should be authorized to execute and deliver the Depository Agreement, with such changes, omissions or alterations as the Corporation or a Corporation Designee shall approve upon the advice of financing counsel to the Corporation, the execution by the Corporation Designee being conclusive proof of the approval of such changes, omissions or alterations.

55. In the event that the Depository should resign or be discharged, the Corporation and the Trustee, each as and to the extent provided in the Trust Agreement, shall be authorized to take all necessary action to cause a new Depository to be appointed.

56. The costs of the Depository shall be Ongoing Financing Costs and should be recovered from Transition Charge Revenues.

Trust Agreement:

57. The Corporation will enter into a Trust Agreement (the "Trust Agreement"), substantially in the form of **Appendix 6** attached hereto, but subject to such changes as approved in an Award Resolution or by the Corporation Designee (as described below), with a bank or trust company acceptable to the Corporation or Corporation Designee (the "Trustee") pursuant to which the Closing Date Bonds and any Post-Closing Date Bonds may be issued and secured.

58. As provided in Article 35(m) of the Act, the Corporation, by its execution and delivery of a Trust Agreement, will pledge the Restructuring Property to secure the payment of Bonds, amounts payable to Financing Entities, and other Ongoing Financing Costs. While the Restructuring Property remains pledged to secure such payments, revenues from the collection of Transition Charges shall be applied solely to pay Ongoing Financing Costs.

59. Following the award or pricing of any issue of Bonds, consistent with Finding of Fact 1 of this Restructuring Resolution, the Corporation Designee should be authorized to execute and deliver the Trust Agreement, together with any supplements thereto consistent with the terms of the Trust Agreement, with such changes, omissions or alterations, consistent with terms of this Restructuring Resolution, as the Corporation in any Award Resolution or the Corporation Designee shall approve, upon the advice of financing counsel to the Corporation, the execution of the Corporation Designee being conclusive proof of the approval **of such changes, omissions or alterations.**

Surety Bonds; Insurance Agreements:

60. The RSA contemplates that each series of the Bonds shall be secured by separate or a common debt service reserve funds or accounts in a manner to be set forth in the Trust Agreement, and certain portions of the debt service reserve requirement shall be provided through a Surety Bond provided by one or more of the Monoline Insurers. The Corporation, acting through its Corporation Designee, should be authorized to negotiate the terms of any such Surety Bond, consistent with the terms of the RSA, and to execute and deliver any commitments or agreements relating to securing such Surety Bonds. The terms of the Surety Bonds (or any related commitments or agreements) may provide that (a) prior to an acceleration of the Bonds, the payment of amounts due and owing under Surety Bonds shall be subordinated to debt service on the Bonds, and (b) and upon an acceleration of the Bonds, the payment of amounts due and owing under Surety Bonds shall be payable on parity with the principal of and interest on the Bonds.

61. The Corporation, acting through the Corporation Designee, should be authorized to establish such additional reserve or collateral accounts under the Trust Agreement (including, without limitation, any restricted accounts or subaccounts required to be

established by the Trust Agreement, and to the extent permitted in the Trust Agreement, any Ancillary Agreement, including an additional reserve fund to provide sufficient reserves to account for miscalculations in the collection curve and other short term deficiencies in revenue collection), as shall enhance the marketability and/or credit rating of the Bonds or serve such other purpose as may be agreed to by the required parties under the RSA such as mitigating the risk of a draw on the debt service reserve fund.

Additional Financing Documents:

62. In addition to the Trust Agreement, the Initial Servicing Agreement, the Depository Agreement(s), and the Calculation Agent Agreement (the "Basic Documents"), the Corporation will be required, in connection with the issuance of any issue of Bonds, to execute one or more additional financing agreements or documents, including, without limitation, agreements with any Surety Bond provider, an administration agreement, agreements with any underwriter and any dealer manager of any tender offer, and continuing disclosure undertakings. These additional financing agreements ("Additional Financing Documents", and together with the Basic Documents, the "Financing Documents") will be subject to approval in an Award Resolution.

Award Resolution for Closing Date and Post-Closing Date Bonds:

63. The final terms of the issuance of Closing Date or Post-Closing Date Bonds, consistent with the terms of this Restructuring Resolution, including the substantially final forms of the Financing Documents, shall be determined by the Board at or about the time of pricing of such Closing Date or Post-Closing Date Bonds, as the case may be. At the time of the submission of the Award Resolution to the Board for approval, there will be filed with the Board by the Corporation Designee, inter alia, (i) a savings calculation consistent with the Act and Finding of Fact No. 22, (ii) an estimate of Upfront Financing Costs expected to be incurred, (iii) a recommendation of whether any Upfront Financing Costs should be paid as Ongoing Financing Costs, and (iv) an estimate of Ongoing Financing Costs for the initial year following issuance, it being understood that all Ongoing Financing Costs shall be recoverable from Transition Charge Revenues regardless of their amounts, as set forth in Finding of Fact 16.

Governing Law; Jurisdiction:

64. The Corporation deems it necessary for the issuance of the Bonds to include in this Restructuring Resolution an authorization to the irrevocable submission and waiver of any objection by the Corporation to the nonexclusive, in personam jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and to the application of the

laws of the State of New York, with respect to any claim related to the Bonds (including, without limitation, any claims arising under the Restructuring Resolution and the Financing Documents, including, to the extent permitted by law, the Initial Servicing Agreement).

65. The Corporation deems it necessary for the issuance of the Bonds to include in this Restructuring Resolution an authorization for the Corporation to include in the Trust Agreement, any Servicing Agreement, any Ancillary Agreement and any other Financing Documents a provision to the effect that such agreement will be governed by New York law as if each such agreement were executed in and to be performed entirely within the state of New York. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth (including the Act) and this Restructuring Resolution, all rights of the Corporation or the Servicer against any Customer by virtue of the Act, and the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth.

Commitments of the Corporation:

66. Resolution 19 of this Restructuring Resolution sets forth all commitments of the Corporation required by the Act that are enforceable against the Corporation by the Commission under Article 6.25A of Act 57-2014, as amended.

Transition Charges Non-bypassable:

67. The Corporation has made the Transition Charges Non-bypassable to Customers in this Restructuring Resolution in accordance with Article 33(a)(2)(i) of the Act.

Corporation Designee:

68. As the final terms of the Closing Date Bonds and Post-Closing Date Bonds, certain details ancillary thereto, including (without limitation) the mechanics of how the Mirror Bonds will serve to legally or economically defease the related PREPA Bonds, and the final form of the Financing Documents cannot be known as of the date of adoption of this Restructuring Resolution, and certain actions after the date of adoption of this Restructuring Resolution or any Award Resolution may require expedited approval or other action by the Corporation in order to accomplish the purposes of this Restructuring Resolution, the Corporation deems it reasonable to appoint the Chairperson and the Vice Chairperson of the Corporation, either of whom may act (each a "Corporation Designee"), on behalf of the Corporation, to approve the final terms of each issuance of Bonds, to execute and deliver the Designee Certificate related to such Bonds, to file with the Commission the True-Up Adjustment Letter with respect to the initial Transition Charge, to execute and deliver the Financing Documents, and such other documents, certificates or agreements as are required under any of the Financing Documents or otherwise, and take such other actions as are necessary and

appropriate to cause the issuance of the Bonds and the fulfillment of any commitments to the Commission, all in a manner consistent with this Restructuring Resolution.

Corporation Designee:

69. The Corporation acknowledges that the transactions contemplated by this Resolution are subject to the provisions of the RSA and nothing contained herein shall be construed as a waiver of any rights by any party to the RSA or any term thereof.

CONCLUSIONS OF LAW

The Corporation hereby makes the conclusions of law listed below.

Compliance with the Securitization Chapter:

1. The structure of the Bonds is consistent with the Securitization Chapter, and the Bonds are "Restructuring Bonds" under the Securitization Chapter.
2. The Approved Restructuring Costs are "Approved Restructuring Costs" under the Securitization Chapter. Without limiting the generality of the foregoing, the Upfront Financing Costs and Ongoing Financing Costs to be recovered from the proceeds of the Bonds or the Transition Charge Revenues are consistent with Article 6.25A of Act 57-2014, as amended, and the Securitization Chapter.
3. The Restructuring Property is "Restructuring Property" under the Securitization Chapter.
4. The Transition Charges are "Transition Charges" under the Securitization Chapter.
5. This Restructuring Resolution meets the requirements of a "Restructuring Resolution" under the Securitization Chapter. Without limiting the generality of the foregoing, the provisions of this Restructuring Resolution, including the calculation methodology for the Transition Charges and the Adjustment Mechanism related to the Bonds as described herein, are consistent with the criteria set forth in Article 6.25A(d) of Act 57-2014, as amended, and are sufficient for, and provide for the proper protection for, full and timely payment of the Bonds, in accordance with their terms and other Ongoing Financing Costs.

Restructuring Resolution:

6. As provided in Article 34 of the Act, this Restructuring Resolution, the Restructuring Property, the Adjustment Mechanism and all other obligations of the Corporation set forth in this Restructuring Resolution will be direct, explicit, irrevocable and unconditional upon issuance of the Bonds, legally enforceable against PREPA and the Corporation.

No Cap on Transition Charges:

7. Neither the Act nor this Restructuring Resolution imposes a cap on the Transition Charge calculated pursuant to the Adjustment Mechanism.

Irrevocability of Restructuring Resolution:

8. As provided in Article 35(h) of the Act, upon the issuance of the Bonds, this Restructuring Resolution, the related Transition Charges, including their Non-bypassability and the procedures for the Adjustment Mechanism shall be irrevocable, final, non-discretionary and effective without further action by the Corporation or any other Person. No adjustment of the Transition Charges pursuant to the Adjustment Mechanism or any other action or inaction whatsoever by the Corporation, Servicer or any other Person shall in any way affect the irrevocability of this Restructuring Resolution.

Non-bypassability:

9. As provided in Article 35(i) of the Act, for so long as the Bonds are outstanding, and the Approved Restructuring Costs (including any payments that have or are to become due under Ancillary Agreements) have not been paid in full, the Transition Charges authorized and imposed by the Act shall be obligatory, Non-bypassable and shall apply to all Customers, provided that certain usage of Grandfathered Net Metered and Fixed Block Public Housing Customers will be exempted from the Transition Charge, to the extent provided in the Restructuring Order.

10. As provided in Article 35(h) of the Act and Conclusion of Law 8, the Non-bypassability of the Transition Charges is irrevocable, final, non-discretionary and effective without further action by the Corporation or any other Person.

11. As provided in Article 31(19) of the Act, Non-bypassable ["Inevitable"] means that the Transition Charges shall be paid by all Customers, even if the Customer elects to purchase electricity in whole or in part from an alternative electric supplier or obtain electricity from a generation source "behind the meter", provided that certain usage of Grandfathered Net Metered and Fixed Block Public Housing Customers will be exempted from the Transition Charge, to the extent provided in the Restructuring Order.

Customers:

12. Customer means any Person that is connected to or takes or receives electric service within the Commonwealth by means of the electric generation, transmission or distribution facilities constituting part of Electric System Assets whether or not those electric generation, transmission or distribution facilities are owned by PREPA. PREPA shall not be a Customer. Each municipality in the Commonwealth shall be a Customer to the extent that the dollar value of its usage of electric service

(including in determining such dollar value of Transition Charges which would otherwise be imposed on such municipality and PREPA charges) in any fiscal year exceeds the dollar value owed by PREPA to such municipality as a contribution in lieu of taxes for such fiscal year. Electric System Assets shall mean the electric generation, transmission and distribution facilities (and other general property and equipment used in connection therewith), whether now existing or hereafter acquired, owned or used by PREPA as of the effective date of the Act or thereafter acquired for use by PREPA, including any successor electric utility, in providing electric service to Customers, including any transmission and distribution service. For purposes hereof, electric generation, transmission or distribution facilities (and other general property and equipment used in connection therewith) are deemed to be "acquired for use" by PREPA (or any successor electric utility) if they are used by PREPA (or any successor electric utility) even if they are not owned by PREPA (or any successor electric utility) or even if they are leased by PREPA (or any successor electric utility) to a third party.

13. Customers include recipients of load served by net metering, purchase power or other distributed generation.

Adjustment Mechanism:

14. The Adjustment Mechanism is consistent with the requirements of the Securitization Chapter.

15. Pursuant to Article 34 of the Act, except for the requirements in the Securitization Chapter, the Transition Charges and the Adjustment Mechanism will not be subject to any other provision of law, including the provisions of Act No. 21, approved May 31, 1985, the Act or any other provision of law requiring or providing for the review (except by the Corporation as in Article 34 of the Act) or approval of rates of any governmental entity, or the holding of public hearings (except by the Commission as provided in subsection (b) of Article 35 of the Act) or notification of rate changes of any governmental entity, including the Legislative Assembly or the Commission. Neither the Commission nor any other governmental entity shall adopt any regulations, rules or procedures or take any other action that would delay or adversely affect the implementation of the Adjustment Mechanism or collection of Transition Charge Revenues.

16. Pursuant to Article 34 of the Act, the Commission's review of the initial Transition Charge or any adjustment of the Transition Charges shall be limited to verifying the mathematical accuracy of the calculation of the initial Transition Charge or subsequent Transition Charges resulting from the application of the Adjustment Mechanism (as the case may be). If the Commission has reason to believe that there is a mathematical error in the calculation of the Transition Charges, before issuing an order requiring the Corporation to correct such error, the Commission

will, to the extent it finds practical, provide a preliminary finding to the Servicer and the Calculation Agent. Any adjustment to correct the mathematical inaccuracy, if ordered by the Commission, shall be made by the Corporation (or the Servicer on its behalf) not later than the next succeeding application of the Adjustment Mechanism on which such adjustment can practically be implemented. In no event shall the Commission's inquiries into any such mathematic error or the implementation of a Commission order correcting any error result in the delay of the implementation of an adjustment to the Transition Charges on the effective date stated in the True-Up Adjustment Letter. The adjustment of the Transition Charge shall not be subject to any approval or review except for the review for mathematical accuracy by the Commission described above.

17. The adjustment of the Transition Charges is a ministerial act of the Corporation and Servicer and should the Corporation or the Servicer fail in any respect with respect to their respective duties to establish or adjust the Transition Charges at any time, the Trustee, the Bondholders, the Corporation or the Servicer shall be entitled upon application or petition therefor, to a writ of mandamus requiring the Corporation or the Servicer, as the case may be, to establish or adjust the Transition Charges in accordance with this Restructuring Resolution.

Taxation of Restructuring Property and Bonds:

18. As provided in Article 35(o)(1) of the Act, neither the Restructuring Property, nor the Transition Charge and Transition Charge Revenues, regardless of whether the Corporation is the owner of the Restructuring Property, shall be subject to any fees, taxes, special ad valorem levies or assessments of any kind, including income taxes, franchise taxes, sales taxes or other taxes or payments or contributions in lieu of taxes.

19. As provided in Article 35(o)(2) of the Act, the Bonds and the income therefrom and all revenues, money, and other property pledged to pay or to secure the payment of such Bonds shall at all times be free from taxation; and this covenant may be included in the Bonds.

Indemnities:

20. Any indemnity payments required to be paid by the Corporation to PREPA, the Trustee, the underwriters or other persons pursuant to the Securitization Chapter or agreements entered into in connection with the sale of the Bonds will be Ongoing Financing Costs recoverable pursuant to this Restructuring Resolution and the Securitization Chapter.

Partial Payments:

21. As provided in Article 35(k)(1) of the Act, to the extent that any Customer makes

a partial payment of a bill containing both Transition Charge and any other charges, such payment shall be allocated pro rata between the Transition Charges and the other charges.

Pledge of Restructuring Property:

22. As provided in Article 35(m) of the Act, the Corporation, by its execution and delivery of the Trust Agreement, pledges the Restructuring Property to secure the payment of the Bonds issued pursuant to the Trust Agreement, amounts payable to Financing Entities, and other Ongoing Financing Costs. While the Restructuring Property remains pledged to secure such payments, revenues from the collection of Transition Charges shall be applied solely to pay Ongoing Financing Costs.

Existence of Restructuring Property:

23. As provided in Article 31(28) of the Act (definition of "Restructuring Property" ["Propiedad de Reestructuración"]), upon the issuance of the Bonds, the Restructuring Property created pursuant to this Restructuring Resolution shall constitute a vested, presently existing property right in the Corporation, as initial owner, subject to any pledge of Restructuring Property pursuant to the Act, notwithstanding the fact that the value of the property right will depend on further acts that have not yet occurred, including Customers remaining or becoming connected to the Electric System Assets and taking or receiving electric service, the imposition and billing of Transition Charges, or the Servicer performing services.

24. As provided in Article 35(j)(1) of the Act, the Restructuring Property shall constitute an existing, present and continuing property right for all purposes whether or not the revenues and proceeds arising with respect thereto have accrued and notwithstanding the fact that the imposition and collection of Transition Charges will depend on further future acts, including: (a) PREPA delivering services, (b) the Servicer performing billing and collection functions of Transition Charges, and (c) the level of future consumption of such service. Restructuring Property shall exist whether or not Transition Charges have been imposed, billed, accrued or collected and notwithstanding the fact that the value or amount of the Restructuring Property is dependent on the future provision of service to Customers. Subject to applicable law and regulations, the timely payment in full of all Transition Charges shall be a condition of receiving service from PREPA.

25. As provided in Article 35(j)(2) of the Act, all Restructuring Property shall continue to exist until the Bonds and all Ongoing Financing Costs relating to the Bonds have been paid in full.

Statutory Lien:

26. As provided in Article 35(k)(2) of the Act, the Bonds and obligations of the Corporation under Ancillary Agreements, including any Surety Bond

reimbursement agreement, shall be secured by a statutory lien on the Restructuring Property in favor of the Bondholders and the parties to such Ancillary Agreements. The lien shall automatically arise upon issuance of the Bonds without the need for any action or authorization by the Corporation or the Board. The lien shall be valid and binding from the time the Bonds or Ancillary Agreements, including any Surety Bond reimbursement agreement, are executed and delivered. The Restructuring Property shall be immediately subject to the lien, which shall be effective, binding, and enforceable against the Corporation, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those Persons have notice of the lien and without the need for any physical delivery, recordation, filing, or further act. The lien, although created by the Act and not by any security agreement, may be enforced by a Trustee or other fiduciary, and such other parties as provided for under the terms of the Trust Agreement for the owners or beneficial owners of Bonds and other secured parties.

27. As provided in Article 35(k)(2) of the Act, the statutory lien is a continuously perfected security interest and has priority over any other lien, created by law or otherwise, that may subsequently attach to the Restructuring Property or any proceeds thereof, unless the Bondholders have as specified in the Trust Agreement agreed in writing otherwise. The statutory lien is a lien on Transition Charges and all Transition Charge Revenues or other proceeds that are deposited in any deposit account or other account of the Servicer or other Person in which Transition Charge Revenues or other proceeds have been commingled with other funds. Without limiting the effectiveness of the statutory lien created by the Act, any other security interest that may apply to Transition Charge Revenues shall be considered cancelled when such revenues or proceeds are transferred to a segregated account for an assignee or a Financing Entity in compliance with the terms of any trust agreement. No application of the Adjustment Mechanism shall affect the validity, perfection, or priority of the statutory lien created by the Act. The Transition Charge Revenues mingled with other funds subject to any lien shall be administered in a manner that allows for the identification within the Transition Charge Revenues and such other funds.

28. As provided in Article 35(k)(3) of the Act, the statutory lien or its priority shall not be affected or impaired by, among other things, the commingling of Transition Charge Revenues or other proceeds from Transition Charges with other amounts regardless of the Person holding such amounts.

No Conflicting Liens:

29. The Transition Charge Revenues are not subject to any lien or charge of

Bondholders or other creditors of PREPA or of any other Person other than the lien or charge imposed by the Trust Agreement in favor of the Bondholders or under any Ancillary Agreement as and to extent provided therein.

Revenues Solely of the Corporation:

30. The Transition Charge Revenues are revenue and income of the Corporation and not of PREPA or any other Person and are not available resources of the Commonwealth nor do the Transition Charges constitute a tax and the right of the Corporation to impose and collect Transition Charges may not be revoked or rescinded.

31. As more fully provided in Article 35(i) of the Act, (i) as soon as possible after receipt, all Transition Charge Revenues and PREPA charges shall be paid or deposited to a special collection account at the Depository, and (ii) such revenues shall be distributed among, and remitted to, the Corporation or its assigns or pledgees and to PREPA or its assigns or pledgees on a daily basis in accordance with their respective interests.

32. As provided in Article 35(i) of the Act, under no circumstances shall the Transition Charges imposed or Restructuring Property created by the Corporation to secure the Bonds be deemed as raised by taxation, nor deemed to be PREPA or Commonwealth revenue nor be deemed received as a result of PREPA's ownership or operation of the Electric System Assets.

33. As provided in Article 35(i) of the Act, PREPA, in servicing and collecting any Transition Charges, shall be deemed to be acting solely as an agent of the Corporation and not as principal, any such Transition Charges to be received in trust for the exclusive benefit of the Corporation, the Bondholders and Persons entitled to receive payment therefrom for any Financing Costs. Transition Charges shall not lose their character as Transition Charges by virtue of any possession by PREPA.

Servicing:

34. As provided in Article 35(i) of the Act, the Corporation, PREPA and the Servicer (in case the latter is different from PREPA) shall have the following duties: (i) impose, adjust, bill and collect to all the Customers any applicable Transition Charges, including in each bill the applicable Transition Charge as a separate item; (ii) distribute pro rata between the Corporation and PREPA the partial payments made by the customers as provided in subsection (k)(1) of Article 35 of the Act; (iii) take any actions permitted by the law to collect unpaid bills; (iv) exercise all the collection rights of the holders or pledgees of the Restructuring Property in benefit of such holders or pledgees; and (v) shall transfer any Transition Charge Revenues to the holders or pledgees of Restructuring Property.

35. As provided in Article 35(i) of the Act, PREPA, upon the Servicer's request, shall terminate or suspend service to non-paying Customers on the same basis as termination or suspension of service is permitted for nonpayment of electric or other rates by PREPA. Neither the Corporation, nor other holder of the Restructuring Property or the Trustee may directly suspend or terminate the electric service to any Customer.

36. As provided in Article 31(22) of the Act (definition of "Servicer" ["Manejador"]), the term Servicer shall be deemed to include any subservicer, backup servicer (including if it becomes a Servicer under a Servicing Agreement), replacement servicer or the successors of any of the foregoing, authorized to act as such under a Restructuring Resolution.

Successor Owners:

37. As provided in Article 35(l) of the Act, PREPA, any successor or assign of PREPA or any other Person with any operational control of any portion of the Electric System Assets, whether as owner, lessee, licensee or otherwise and any Servicer successor, shall be bound by the requirements of the Act and the Restructuring Order and shall perform and satisfy all obligations imposed pursuant thereto in the same manner and to the same extent as did its predecessor, including the obligation to bill, adjust and enforce the payment of Transition Charges.

Commonwealth No Bankruptcy Covenant:

38. The Commonwealth has covenanted with the Bondholders and parties to any Ancillary Agreements in Article 41 of the Act that the Commonwealth will not limit or alter the provision of Article 41 of the Act that provides that prior to the date that is one year and one day after the Corporation no longer has any "Restructuring Bonds" outstanding, including the Bonds, or any Ancillary Agreement, including any Surety Bond reimbursement agreement, with payment obligations that have or may become due thereunder, the Corporation shall have no authority to file a petition for relief as a debtor under any chapter of the federal bankruptcy code or any other bankruptcy, insolvency, debt composition, moratorium, receiver or similar federal laws or any other bankruptcy, insolvency, debt composition, moratorium, receiver or similar federal laws or any Commonwealth bankruptcy, moratorium, debt adjustment, composition or similar laws permitting stay or delay of payment or discharge or reduction in amount owed on any "Restructuring Bonds", including the Bonds, as may, from time to time, be in effect, and no public officer, organization, entity or other Person shall authorize the Corporation to be or become a debtor under chapter 9 of the Federal Bankruptcy Act or similar federal law or any such Commonwealth law during such period. As provided in Article 41

of the Act, the Corporation is authorized and directed as agent of the Commonwealth to include this covenant as an agreement of the Commonwealth in the Bonds and in any contract with the Bondholders or such Ancillary Agreement parties.

Commonwealth Non-Dilution Covenant:

39. Article 41 of the Act contains the covenant of the Commonwealth, made to the holders of any "Restructuring Bonds", including the Bonds, and with those Persons that enter into contracts with the Corporation, including parties to any Ancillary Agreement, including any Surety Bond reimbursement agreement, pursuant to the provisions of the Act, that after the issuance of the Bonds, the Commonwealth will not authorize the issuance of debt by any public corporation and governmental instrumentality of the Commonwealth or any other Person which indebtedness is secured by Restructuring Property or any other rights and interests in rates, charges, taxes or assessments that are separate from rates and charges of PREPA and that are imposed upon Customers to recover the ongoing financing costs of such debt, if upon the issuance of such debt the security for any "Restructuring Bonds", including the Bonds, or any Ancillary Agreements shall be materially impaired. It shall be presumed that such security shall not be materially impaired if upon the issuance of such debt, the credit ratings for the then-outstanding Bonds (without regard to any third-party credit enhancement) shall not have been reduced or withdrawn. As provided by Article 41 of the Act, the Corporation is authorized and directed as agent of the Commonwealth to include this covenant as an agreement of the Commonwealth in the Bonds and in any contract with the Bondholders or such Persons.

Setoff, Counterclaim or Defense:

40. As provided Article 35(k)(1) of the Act, the Restructuring Property, Transition Charges, Transition Charge Revenues, and the interests of a bondholder, Financing Entity or any other Person in Restructuring Property or in Transition Charge Revenues are not subject to set-off, counterclaim, surcharge or defense by a Servicer, any Customer, the Corporation, PREPA, holders of any other debt issued by PREPA (or any other creditors of PREPA) or any other Person or in connection with any default, bankruptcy, reorganization or other insolvency proceeding of any of the foregoing Persons.

Corporation:

41. The Corporation has been duly created by Article 32(a) of the Act.

Exercise of Remedies:

42. As provided in Article 35(j)(3) of the Act, if the Servicer defaults in the obligations contained in the Act or through a contract related to the Transition Charge

Revenues' required remittances, the Corporation, the Trustee or the holders or pledgees of the Restructuring Property may resort to any court, including any federal court, to require an order of seizure and payment of the Transition Charge Revenues, or any other applicable remedy. If such court determines that such default existed, it shall issue the requested seizure and payment order. The order shall remain valid notwithstanding any bankruptcy, reorganization, or any other insolvency procedure with respect to the Servicer, the Corporation, PREPA or any other Person.

43. As provided in Article 38(a) of the Act, subject to the limitations contained in this Restructuring Resolution or the Trust Agreement, the Corporation or any other holder of Restructuring Property, or the applicable Trustee, (1) are authorized to hire consultants, attorneys and other Persons and enter into such agreements as the Corporation, other holder of Restructuring Property or the Trustee deems necessary to require and collect payment of the Transition Charge Revenues or protect the Restructuring Property and include the cost thereof as a Financing Cost, and notwithstanding any other provision of law, and (2) are expressly permitted to (i) bring actions against any owner of the Electric System Assets, any Servicer, or any other Person authorized to bill or collect Transition Charges, any Customers or any other Person for failure to impose, bill, pay or collect any Transition Charges constituting part of the Restructuring Property then pledged as security for such Bonds, (ii) enforce any other provision of the Act or action taken by the Corporation in respect thereof, (iii) take any other action as the Corporation, other holder of Restructuring Property or the Trustee may deem necessary to enforce and collect the Transition Charge Revenues or (iv) protect the Restructuring Property in accordance with the terms of the Restructuring Resolution related thereto and the Bonds, regardless of whether an event default has occurred in respect of the Bonds.

44. As provided in Article 38(a) of the Act, no action may be brought by the Corporation, the Trustee or the party to any Ancillary Agreement or on their behalf (other than through PREPA or any successor Servicer) against any Customer for its failure to pay any Transition Charges so long as PREPA or any Servicer is complying with its obligations, pursuant to the Servicing Agreement, to collect charges (including Transition Charges) due from such Customer.

45. As provided in Article 31(13)(e) of the Act ("Financing Costs" ["Costos de Financiamiento"]), any cost related to protecting the status of Restructuring Property and collecting Transition Charges, including any cost related to any judicial or similar proceedings that the Corporation or the Trustee or any holder of all or a portion of Restructuring Property deems necessary to enforce or collect Transition Charge Revenues or protect the Restructuring Property or any other costs referred to in Article 38(a) of the Act is a Financing Cost approved for recovery in the Restructuring Resolution.

46. As provided in Article 38(b) of the Act, any court shall have jurisdiction over any actions for failure to bill, pay or collect any Transition Charges or for enforcement of any provision of the Act.

47. As provided in Article 38(c) of the Act, the Restructuring Property may be transferred, sold, conveyed or assigned (including by an action to foreclose on the Restructuring Property) to any Person after an event of default has occurred, subject to the terms of the Trust Agreement in case the same is still in effect regarding the Bonds.

48. Pursuant to Article 35(i) of the Act, none of the Corporation, any other holder of the Restructuring Property or the Trustee may directly suspend or terminate the electric service to any customer.

Additional Commonwealth Covenants:

49. As provided in Article 41 of the Act, the Commonwealth has covenanted, pledged and agreed with the holders of any "Restructuring Bonds", including the Bonds, issued under the Act and with those Persons that enter into other contracts with the Corporation, including parties to any Ancillary Agreement, pursuant to the provisions of the Act, that it shall not limit, alter, impair, postpone or terminate the rights conferred in the Act, any Restructuring Resolution and related agreements, including the requirements in Articles 34 and 35 as well as the Securitization Chapter, until any "Restructuring Bonds", including the Bonds, and the interest thereon are paid or legally defeased in accordance with their terms and such other contracts are fully performed and honored on the part of the Corporation. As provided by Article 41 of the Act, the Corporation is authorized and directed as agent of the Commonwealth to include this covenant as an agreement of the Commonwealth in the Bonds and in any contract with the Bondholders or such other Persons.

50. As provided in Article 41 of the Act, the Commonwealth has covenanted, pledged and agreed with the holders of any "Restructuring Bonds", including the Bonds, issued under the Act and with those Persons that enter into other contracts with the Corporation, pursuant to the provisions of the Act, that after the issuance of any "Restructuring Bonds", including the Bonds, neither the Commonwealth nor any agency, public corporation, municipality or instrumentality thereof (including the Commission) shall take or permit any action to limit, alter, reduce, impair, postpone or terminate the rights conferred in any Restructuring Resolution, including those relating to Transition Charges and the related Adjustment Mechanism, as the same may be adjusted from time to time pursuant to the Restructuring Resolution in a manner that impairs the rights or remedies of the Corporation or the holders of any "Restructuring Bonds", including the Bonds, parties to any Ancillary Agreement, including any Surety Bond reimbursement agreement, or any Financing Entity or

the security for the "Restructuring Bonds", including the Bonds, or Ancillary Agreements, including any Surety Bond reimbursement agreement, or that impairs the Restructuring Property or the billing or collection of Transition Charge Revenues. Nor shall the amount of revenues arising with respect to Restructuring Property be subject in any way to limitation, alteration, reduction, impairment, postponement or termination by the Commonwealth or any agency, public corporation, municipality or instrumentality thereof except as contemplated by the Adjustment Mechanism. As provided by Article 41 of the Act, the Corporation is authorized and directed as agent of the Commonwealth to include this covenant as an agreement of the Commonwealth in the Bonds and in any contract with the Bondholders or such Ancillary Agreement parties.

Not Debt of the Commonwealth:

51. As provided in Article 35(q) of the Act, the Bonds shall not be a debt of the Commonwealth, nor shall they be payable from funds other than those of the Corporation; and such Bonds shall contain on the face thereof a statement to that effect.

Legal Investments:

52. As provided in Article 35(n) of the Act, the Bonds are securities in which all public officers and bodies of the Commonwealth and all public corporations, municipalities and instrumentalities, all insurance companies and associations and other Persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations including savings and loan associations, building and loan cooperatives, investment companies and other Persons carrying on a banking business, all administrators, conservators, guardians, executors, trustees and other fiduciaries, and all other Persons now or hereafter authorized to invest in bonds or in other obligations of the Commonwealth, may invest funds in their control or belonging to them. The Bonds may be deposited with and may be received by all public officers and bodies of the Commonwealth and all municipalities, public corporations and instrumentalities for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may hereafter be authorized.

Governing Law:

53. The Corporation may include in this Restructuring Resolution an authorization for the Corporation to include in the Trust Agreement, any Servicing Agreement, any Ancillary Agreement and any other Financing Document a provision to the effect that such agreement will be governed by New York law as if each such agreement were executed in and to be performed entirely within the state of New York. Notwithstanding the foregoing, all matters of the constitutional and statutory law

of the Commonwealth (including the Act) and this Restructuring Resolution, all rights of the Corporation or the Servicer against any Customer by virtue of the Act, and the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth.

54. The Corporation may irrevocably submit and waive any objection to the nonexclusive, in personam jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, with respect to any claim related to the Bonds (including, without limitation, any claims arising under this Restructuring Resolution or under any Financing Document, including, to the extent permitted by law, the Initial Servicing Agreement). Notwithstanding the foregoing, any proceeding commenced and undertaken pursuant to the provisions of Articles 35(c) or 35(d) of the Act must be filed in the Superior Court, San Juan Part, and follow the procedures established therein.

Additional Restructuring Bonds:

55. The Corporation may issue one or more series of "Restructuring Bonds," in addition to the Bonds, secured by "Restructuring Property" created pursuant to one or more additional "Restructuring Resolutions" (other than the Restructuring Resolution attached to the Petition as Attachment 1.00) so long as such issuance is consistent with the terms of the Act, the Trust Agreement securing any outstanding Bonds, and with the terms of the RSA.

Commission Approvals; Paramount Bondholder Rights:

56. As provided in Article 31(14) of the Act, the Restructuring Order is irrevocable and not subject to further review or amendment by the Commission.

57. Except as set forth in Finding of Fact 36 relating to verification of the mathematical accuracy of the Transition Charges, nothing in the Act shall authorize the Commission to approve, modify or alter any Transition Charge, or to approve, reduce, or alter any Upfront Financing Cost or Ongoing Financing Cost or interfere with the payment thereof.

58. Pursuant to sub-section (g) of Article 6.25A, the Commission is authorized to direct the Corporation to replace PREPA as Servicer, motu proprio, pursuant to an order based on substantial evidence or at the request of the Trustee or the Bondholders, in accordance with the Trust Agreement, if PREPA fails to comply with its obligations under the Servicing Agreement, as long as the naming of said substitute Servicer complies with the requirements and other conditions of the Servicing Agreement. No such Commission action shall diminish the rights of the Trustee,

the Bondholders or any credit enhancer of the Bonds to replace the Servicer under the terms of any trust agreement or any other financing document relating to the Bonds.

59. Any Financing Document approved in this Restructuring Resolution shall be subject to change and completion without Commission approval, provided that no change to the compensation payable to PREPA as the initial Servicer shall be made without approval of the Commission; and provided further that the fee of any successor Servicer shall be subject to the provisions of the Restructuring Order.

60. Any projections, estimates or calculations provided in the Petition or included in any document supporting such Petition are in all cases non-binding and any failure to realize any projections or estimates shall not affect the Restructuring Resolution or Restructuring Order.

61. Article 4 of Law No. 114-2007, as amended, is consistent with and does not limit the ability to impose Transition Charges on net-metering or distributed generation Customers, other than to the extent provided in the Restructuring Order, Grandfathered Net Metered Customers, as proposed in the Petition.

62. Resolution 19 of this Restructuring Resolution, the Restructuring Order and Article 6.25A of Act 57-2014 together set forth all commitments of the Corporation under the Act that are enforceable against the Corporation by the Commission under Article 6.25A of Act 57-2014, as amended, through judicial action by the Commission under such Article 6.25A.

63. Nothing in the Restructuring Order prevents the Bondholders or the Corporation from asserting their rights under the Act.

General:

64. Neither the Servicing Agreement, nor any obligation or duty of the Authority thereunder, is, nor may it be classified as, an enumerated obligation as defined in Act No. 21-2016 of the Legislature of Puerto Rico, enacted April 6, 2016.

65. For the avoidance of doubt, Approved Restructuring Costs includes the cost of retiring any PREPA debt incurred in 2017 or thereafter which has been included in the RSA.

BE IT RESOLVED BY THE CORPORATION AS FOLLOWS:

1. **RESOLVED**, The Corporation authorizes and approves the issuance and sale of Bonds in the maximum principal amounts set forth in Finding of Fact 1, for the purposes described in this Restructuring Resolution. The final terms of the Bonds, consistent with the terms of this Restructuring Resolution, shall be approved by the Corporation Designee pursuant to Finding of Fact 68 and Ordering Paragraph 14

below, or in the case of Closing Date Bonds or Post-Closing Date Bonds, by the Board pursuant to the Award Resolution and any Designee Certificate. In no event are Bonds to be issued during the pendency of any action brought pursuant to Article 35(c), (d) or (f)(2) of the Act.

2. **RESOLVED**, The Corporation authorizes and approves the recovery of the Approved Restructuring Costs described in this Restructuring Resolution through the issuance of the Bonds.

3. **RESOLVED**, The Corporation authorizes the creation of the Restructuring Property, as described in Findings of Fact 42 and 43 and hereby specifies that it will be created and vest in the Corporation upon the issuance of any Bonds.

4. **RESOLVED**, The Restructuring Property, as described in Findings of Fact 42 and 43, shall be pledged to, and shall be used solely for the purpose of, paying and securing the payment of the Bonds and other Ongoing Financing Costs.

5. **RESOLVED**, Regardless of whether the Corporation is the owner of the Restructuring Property, neither the Restructuring Property, the Transition Charges, nor the Transition Charge Revenues shall be subject to any fees, taxes, special ad valorem levies or assessments of any kind, including income taxes, franchise taxes, sales taxes or other taxes or payments or contributions in lieu of taxes. The Bonds, other Ongoing Financing Costs and the income therefrom and all revenues, money, and other property pledged to pay or to secure the payment of such Bonds and other Ongoing Financing Costs shall at all times be free from taxation; and this covenant shall be included in the Bonds.

6. **RESOLVED**, The Corporation authorizes and approves the recovery and payment of all Upfront Financing Costs described in this Restructuring Resolution from the proceeds of the New Money Bonds, the Cash Offer Bonds or Post-Closing Date Bonds or through delivery of New Money Bonds as payment or from an advance or contribution from PREPA, provided that, to the extent provided in the Designee Certificate or any Award Resolution), any Upfront Financing Costs in excess of available Bond proceeds not otherwise paid for, shall be paid as Ongoing Financing Costs from Transition Charges.

7. **RESOLVED**, The Corporation approves the recovery and payment of all Ongoing Financing Costs, regardless of the amount, from the collections of the Transition Charges as described in this Restructuring Resolution.

8. **RESOLVED**, The Corporation approves the calculation methodology for the Transition Charges and the Adjustment Mechanism described in Finding of Fact 27 and authorizes its use for the calculation and adjustment of the Transition Charges.

9. **RESOLVED**, The Corporation shall adjust, or shall cause the Servicer to adjust, the Transition Charges, no less often than quarterly, as described in Findings of Fact 32 through 39.

10. **RESOLVED**, There shall be no cap on the Transition Charge calculated pursuant to the Adjustment Mechanism.

11. **RESOLVED**, The Corporation authorizes the imposition, adjustment in accordance with the calculation methodology for the Transition Charges and the Adjustment Mechanism and the billing and collection of the Transition Charges to recover from Customers the principal and interest payable on the Bonds and the other Ongoing Financing Costs. The Transition Charges shall be in an amount sufficient at all times to provide for the full payment of principal of the Bonds at their scheduled maturity dates, the timely payment of interest on the Bonds and the timely payment and recovery of other Ongoing Financing Costs. The Transition Charges shall be separate from rates and charges of PREPA appearing as a separate line item on each Customer bill.

12. **RESOLVED**, Upon the issuance of the Bonds, this Restructuring Resolution and the Transition Charges, including their Non-bypassability and the Adjustment Mechanism described herein, shall be irrevocable, final, non-discretionary and effective without further action by the Corporation or any other Person.

13. **RESOLVED**, The Corporation Designee is hereby authorized and directed to file, not later than the third business day following the pricing of any issue of Bonds, the Designee Certificate with the Clerk of the Board and the Commission (for information purposes).

14. **RESOLVED**, The Corporation approves the forms of the Basic Documents and authorizes the Corporation Designee to execute and deliver the Basic Documents, with such changes, consistent with this Restructuring Resolution and any Award Resolution, as the Corporation Designee, upon the advice of its financing counsel, may approve, such approval to be conclusively evidenced by the execution of such Basic Documents by the Corporation Designee, as described in Finding of Fact 68. The execution of the Basic Documents, or of any Additional Financing Documents approved in an Award Resolution, by the Corporation Designee shall constitute the final and irrevocable approval of the Board of the terms of such Basic Documents and the Bonds, or of any Additional Financing Documents approved in an Award Resolution, which approval shall not be subject to any further review or approval of the Corporation except as provided by the terms of such Basic Documents or Additional Financing Documents (as the case may be). Nothing herein shall prevent the Corporation from approving any amendments to the Financing

Documents, or the execution of any other security or financing document not inconsistent with the terms of this Restructuring Resolution through an Award Resolution.

15. **RESOLVED**, The Corporation authorizes the appointment of the Trustee, the Servicer, the Depository and the Calculation Agent in accordance with the terms of this Restructuring Resolution.

16. **RESOLVED**, The Corporation is hereby authorized to contract with PREPA as Initial Servicer, for an initial annual servicing fee of 0.05% of the initial principal amount of the Bonds, to be increased on each anniversary date by the year-over-year percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) (not seasonally adjusted) for the most recently completed twelve-month period for which such data is available. The Corporation or the Trustee is hereby authorized to contract with a successor Servicer, as and to the extent provided in the Basic Documents, or any Additional Financing Documents approved in an Award Resolution. In the event that a successor Servicer must be appointed, the fee of the successor Servicer may not exceed 1% of the initial principal amount of all series of Bonds without the approval of the Commission, provided that the Corporation must select any successor Servicer in a manner consistent with the expectations set forth in the Restructuring Order. Any fees of a Servicer shall be recovered from Transition Charge Revenues. Any sub servicer, backup servicer (including if it becomes a Servicer under a Servicing Agreement), replacement servicer or the successors of any of the foregoing, appointed by the Corporation under a Servicing Agreement shall be authorized to act as Servicer under this Restructuring Resolution.

17. **RESOLVED**, The Corporation shall cause the Servicer to file monthly with the Corporation, the Commission and the Trustee a report showing the billing and collection of Transition Charges, and remittances to the Trustee.

18. **RESOLVED**, In the event that the Depository or the Calculation Agent should resign or be discharged, the Corporation or the Trustee may, in accordance with the provisions of the Trust Agreement, take all necessary action to cause a new Depository or Calculation Agent to be appointed, as described in Findings of Fact 52 and 40, respectively. Any costs of the Depository or Calculation Agent shall be recovered from Transition Charge Revenues as an Ongoing Financing Cost.

19. **RESOLVED**, The Corporation makes the following commitments to the Commission, each of which commitments will be enforceable by the Commission through judicial action:

    (i) Not later than ten (10) days following any issuance of Bonds, the Corporation shall file, or cause the Servicer to file, with the Commission, for informational

purposes only, a report detailing the final terms of the Bonds, and setting forth a final estimate of the Upfront Financing Costs and the estimated Ongoing Financing Costs for the term of the Bonds. All or portions of such information may be provided in the Designee Certificate;

(ii) (A) the Corporation shall provide to the Commission a copy of any successor Servicing Agreement, for informational purposes only, and (B) the Corporation shall file, or cause the Servicer to file, with the Commission, all Servicer reports, including any notice of any proposed adjustment of the Transition Charge, at the same time as such notice is submitted to the Corporation (such report to show in detail all Ongoing Financing Costs which are being paid from Transition Charges on an ongoing basis);

(iii) any reports required to be filed with the Corporation by any Trustee for the Bonds shall also be filed with the Commission at the same time as such reports are filed with the Corporation;

(iv) (A) the Corporation and the Servicer shall jointly submit a report to the Commission, not later than March 1 of each year, setting forth with respect to the prior calendar year, the outstanding principal amount of the Bonds, the amount paid on such Bonds in such calendar year and the Ongoing Financing Costs paid in such prior year; and (B) after final payment of the Bonds and any associated Financing Costs in full, the Transition Charge Revenues on deposit with, or thereafter received by, the Trustee will be credited back to Customers in a manner directed by the Commission, and the Corporation will issue such final accounting reports as directed by the Commission;

(v) each notice of a proposed adjustment to the Transition Charges, including the data or work papers used to calculate the Transition Charges, will be delivered and will take effect as described in Finding of Fact 33;

(vi) the Corporation shall retain an independent auditor, subject to approval by the Commission, and the Corporation shall cause such auditor to deliver to the Corporation and to the Commission, no later than August 15 of each year, a report that shall include a verification that the Upfront Financing Costs and Ongoing Financing Costs paid from Transition Charge Revenues within the preceding calendar year to the date of such report are consistent with the Financing Documents. In addition, at the discretion of the Commission, the Corporation shall retain an independent entity (which may be the same auditor), subject to the approval of the Commission, which entity shall deliver to the Corporation and the Commission, no later than August 15 of each year, an assessment of the reasonableness of the costs listed in Article 31(13) (definition of "Financing Costs" ["Costos de Financiamiento"]) of the Act incurred in the preceding year; and

(vii) the Corporation shall comply with the informational requirements set forth in paragraph 335 of the Restructuring Order.

20. **RESOLVED**, The Trustee, as and to the extent provided in the Trust Agreement, shall be entitled to enforce the obligations of the Depository under the Depository Agreement, the obligations of the Calculation Agent under the Calculation Agent Agreement, and the obligations of the Servicer under any Servicing Agreement, in each case, in accordance with the Trust Agreement.

21. **RESOLVED**, If a requisite number of Bondholders are entitled to act in lieu of the Trustee and on behalf of all Bondholders under the Trust Agreement or any other Financing Document (herein, the "Requisite Bondholders"), then the Requisite Bondholders shall be entitled to take all actions the Trustee would be entitled to take, as and to the extent provided under the Trust Agreement.

22. **RESOLVED**, The Corporation authorizes the Corporation Designee and the other directors and officers of the Corporation to take such further actions, including without limitation the execution of such agreements, certificates and documents, as they deem necessary or appropriate, to cause the issuance of the Bonds and the fulfillment of all commitments to the Commission, consistent with the terms of this Restructuring Resolution and any Award Resolution, as further described in Finding of Fact 68. All such prior actions of the Corporation Designee or any other trustee or officer of the Corporation are hereby ratified and approved.

23. **RESOLVED**, Neither the directors or officers of the Corporation nor any Person executing Bonds shall be liable personally thereon or be subject to any personal or corporate liability or accountability solely by reason of the issuance thereof. The Bonds shall not be a debt of the Commonwealth, nor shall they be payable out of any funds other than those of the Corporation; and the Bonds shall contain on the face thereof a statement to that effect.

24. **RESOLVED**, The Bonds shall be without recourse to the credit or any assets of the Corporation other than the Restructuring Property and any other collateral for the Bonds described in the Trust Agreement.

25. **RESOLVED**, This Restructuring Resolution shall not be interpreted to alter or limit the rights vested in PREPA to establish sufficient rates to pay and perform all of its obligations and contracts with its Bondholders and other creditors in accordance with their respective terms, nor to interfere with or diminish the lien upon PREPA revenues imposed under the Trust Agreement or other documents securing the PREPA Bonds and other obligations.

26. **RESOLVED**, With respect to any claim related to the Bonds (including claims arising under this Restructuring Resolution or under the Financing Documents and, to the extent permitted by law, the Initial Servicing Agreement), the Corporation

hereby irrevocably submits and waives any objection to the non-exclusive, in person am jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and to the application of the laws of the State of New York, and agrees to maintain contacts with the State of New York sufficient to give the courts located therein personal jurisdiction over the Corporation. Notwithstanding the foregoing, any proceeding commenced and undertaken pursuant to the provisions of Articles 35(c) or 35(d) of the Act must be filed in the Superior Court, San Juan Part, and follow the procedures established therein.

27. **RESOLVED**, The Corporation shall include in the Trust Agreement, any Servicing Agreement, any Ancillary Agreement and any other Financing Document, a provision to the effect that such agreement will be governed by New York law as if such agreement were executed in and to be performed entirely within the state of New York. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth (including the Act) and this Restructuring Resolution, all rights of the Corporation or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth.

28. **RESOLVED**, If an event of default with respect to the Bonds has occurred and is continuing, the transfer of the Restructuring Property to a third party as and to the extent provided in the Trust Agreement is hereby approved.

29. **RESOLVED**, This Restructuring Resolution may be amended by the Corporation prior to the issuance of any Bonds without the approval of the Commission; provided, however, that no such amendment may alter in any material respect the Calculation Methodology for the initial Transition Charge or the Adjustment Mechanism, or diminish in any respect the powers and rights of the Commission under the Restructuring Order, or alter the fee of the Initial Servicer or increase the maximum fee of any successor Servicer from the amounts approved in the Restructuring Order.

30. **RESOLVED**, In compliance with paragraph 335(a) of the Restructuring Order, the Corporation shall file with the Commission a final copy of this Restructuring Resolution, marked to show changes from the Restructuring Resolution most recently provided to the Commission, as revised, not later than two (2) days' after approval by the Board.

31. **RESOLVED**, This Restructuring Resolution shall be effective upon its approval, and, on and after the date the Bonds are issued, shall not be subject to amendment and shall be irrevocable.

IN WITNESS WHEREOF I SET my hand and the corporate seal of the Puerto Rico Electric Power Authority Revitalization Corporation, this 29th day of June, 2016.

(SEAL)

MINIA GONZÁLEZ-ÁLVAREZ
ASSISTANT SECRETARY

APPENDIX 1

CORPORATION DESIGNEE CERTIFICATION OF DETERMINATION

Pursuant to the Restructuring Resolution No. _____ (the "Restructuring Resolution") adopted by the Corporation on _____, 2016, _____, the Corporation Designee hereby reports and certifies to the Board and the Commission the final terms of the Bonds issued on _____, 20__ (the "Closing Date") in the aggregate principal amount of $_____ and other information required by the Restructuring Resolution. Any capitalized terms not defined in this Certificate shall have the meanings ascribed to them in the Restructuring Resolution.

PURPOSE:

This filing sets forth the following:

(a) Terms of Issuance, including principal amount, interest rate, and other terms and details of the Bonds, including the Exchange Offer Bonds, the Mirror Bonds, the New Money Bonds, the Cash Offer Bonds [and Syncora Bonds (if issued in a manner such that the Savings Test would apply to such Syncora Bonds pursuant to the Act)] and the Lender Bonds;

(b) A description of the PREPA Bonds which were exchanged for the Exchange Offer Bonds, the PREPA Bonds insured or held by the Monoline Insurers or holders of 2016 PREPA Bonds to be legally or economically defeased by the Mirror Bonds, the PREPA Bonds which were [defeased, redeemed, purchased] with the proceeds of the Cash Offer Bonds, [the PREPA Bonds which were restructured, refunded, redeemed, defeased or purchased through the issuance of Syncora Bonds] and the obligations under the Credit Agreements to be extinguished in exchange for the Lender Bonds;

(c) The application of the net proceeds from the sale of the New Money Bonds and the Cash Offer Bonds;

(d) The estimated Upfront Financing Costs to be paid with the proceeds of the New Money Bonds or through the delivery of Bonds in payment thereof;

(e) Estimated Ongoing Financing Costs for the first ____-month period following the Closing Date;

(f) Calculation of the expected savings from the issuance of the Exchange Offer Bonds, the Cash Offer Bonds [and the Syncora Bonds]; and

(g) The initial Transition Charge and its effective date (previously reported on _____, 20__ pursuant to the initial True Up Adjustment Letter), and the estimated Transition Charges over the life of the Bond issuance.

This Certificate is provided for information purposes only, except that the initial Transition Charge shall be subject to mathematical verification as provided in Finding of Fact 35 of the Restructuring Resolution.

(a) FINAL TERMS OF ISSUANCE:

All Bonds:

Total Amount Issued (Taxable):

Total Amount Issued (Non-Taxable):

Trustee: [*]

Sale Date: [*]

Closing Date:

Bond Ratings: [*]

Bonds by Type:

Exchange Offer Bonds:

Total Amount Issued (Taxable):	$[ ]
Total Amount Issued (Non-Taxable):	$[ ]
Bond Ratings:[*]	
Interest Rates, Scheduled and Legal Maturities, [Prices or Yields] Target Amortization Schedule: [*]	See Schedule A-1.
Call Provisions:[*]	
Payments to Holders:[*]	Semiannually, Beginning on [ ]
Required Reserve Level	$[ ]

Mirror Bonds

Total Amount Issued (Taxable):	$[ ]
Total Amount Issued (Non-Taxable):	$[ ]
Bond Ratings: [*]	

Interest Rates, Scheduled and Legal Maturities, [Prices or Yields] Target Amortization Schedule: [*]	See Schedule A-2.
Call Provisions:[*]	
Payments to Holders:[*]	Semiannually, Beginning on [ ]
Required Reserve Level	$[]

Cash Offer Bonds

Total Amount Issued (Taxable):	$[ ]
Total Amount Issued (Non-Taxable):	$[ ]
Bond Ratings: [*]	
Interest Rates, Scheduled and Legal Maturities, [Prices or Yields] Target Amortization Schedule: [*]	See Schedule A-3.
Call Provisions:[*]	
Payments to Holders:[*]	Semiannually, Beginning on [ ]
Required Reserve Level	$[]

New Money Bonds

Total Amount Issued (Taxable):	$[ ]
Total Amount Issued (Non-Taxable):	$[ ]
Bond Ratings: [*]	
Interest Rates, Scheduled and Legal Maturities, [Prices or Yields] Target Amortization Schedule: [*]	See Schedule A-3.
Call Provisions:[*]	
Payments to Holders:[*]	Semiannually, Beginning on [ ]

Required Reserve Level	$[]
Lender Bonds:	
Total Amount Issued (Taxable):	$[ ]
Total Amount Issued (Non-Taxable):	$[ ]
Bond Ratings: [*]	
Interest Rates, Scheduled and Legal Maturities, [Prices or Yields] Target Amortization Schedule: [*]	See Schedule A-4.
Call Provisions:[*]	
Payments to Holders:[*]	Semiannually, Beginning on [ ]
Required Reserve Level:	$[]
Syncora Bonds:	
Total Amount Issued (Taxable):	$[ ]
Total Amount Issued (Non-Taxable):	$[ ]
Bond Ratings: [*]	
Interest Rates, Scheduled and Legal Maturities, [Prices or Yields] Target Amortization Schedule: [*]	See Schedule A-4.
Call Provisions:[*]	
Payments to Holders:[*]	Semiannually, Beginning on [ ]
Required Reserve Level:	$[]

Each of the Bonds has a legal maturity no less than one year and no more than 35 years from the date of its issuance.

(b) DESCRIPTION OF RETIRED PREPA BONDS

A description of terms and debt service schedule on the PREPA Bonds to be exchanged for the Exchange Offer Bonds, the Insured PREPA Bonds or 2016 PREPA Bonds to be legally or economically defeased by the Mirror Bonds, the PREPA Bonds which were [defeased, redeemed, purchased] with the proceeds of the Cash Offer Bonds, the PREPA Bonds which were restructured, refunded, redeemed, defeased or purchased through the issuance of Syncora Bonds, and the obligations under the Credit Agreements to be extinguished in exchange for the Lender Bonds

[Schedules B-1 through B-___].

(c) APPLICATION OF PROCEEDS OF THE NEW MONEY BONDS AND CASH EXCHANGE BONDS

The proceeds from the sale of the New Money Bonds were applied as follows:

	AMOUNT
-Defeasance, redemption purchase of PREPA Bonds	
-Cost of Issuance Account (to pay Upfront Financing Costs-see attached Schedule D-1)	
-Deposit to Debt Service Reserve Funds {list subaccounts}	
-Deposit to PREPA Self Insurance Fund	
-IRS payment	

(d) ESTIMATED UPFRONT FINANCING COSTS

The estimated Upfront Financing Costs to be paid with the proceeds of the New Money Bonds or any New Money Bonds issued as payment of Upfront Financing Costs are set forth in Schedule D-1.

(e) ESTIMATED ONGOING FINANCING COSTS;

The estimated Ongoing Financing Costs for the Bonds (exclusive of debt service on the Bonds) for the initial period ending _____, 2017 are shown on Schedule E-1.

(f) EXPECTED SAVINGS:

The expected net present value savings, calculated using the assumptions set forth in the Petition and the Restructuring Resolution, including Schedule F thereto, based upon the scheduled payments on the Bonds specified in Schedules A-1 through A-___ hereto, the expected other Ongoing Financing Costs specified in Schedule E-___, and debt service schedule on the PREPA Bonds to be exchanged for the Exchange Offer Bonds specified in Schedule B-___, are shown below and calculated as shown in Schedule F-1[1]:

	Uninsured PREPA Bonds Debt Service	**Restructuring Bond Debt Service**	**Expected Savings**
Net Present Value	$_____	$_____	$_____

(g) INITIAL TRANSITION CHARGE:

The initial Transition Charge, calculated pursuant Appendix ____ to the Restructuring Resolution, is: $_____-kWh.

The calculations are shown in the work papers attached to the Initial True-Up Adjustment Letter. As stated in the Initial True-Up Adjustment Letter, the initial Transition Charge will be effective on and after _____, until adjusted in accordance with the Restructuring Resolution.

FINANCING DOCUMENTS:

Attached to this Certificate are the substantially final forms of the Financing Documents which have been or will be executed and delivered by the Corporation Designee at or about the time of delivery of the Bonds. Executed documents will be filed with the Clerk of the Board and with the Commission no later than ten (10) days following the closing.

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[1] To include Syncora Bonds as well if Savings Test applies.

Respectfully submitted:

By: _____
[Title]
Corporation Designee

SCHEDULE A-1

Interest Rates, Scheduled and Legal Maturities[2]

[2] So long as the related interest rate swap agreement remains in effect, the interest rate for Monoline Mirror Bonds that legally or economically defease variable rate Insured PREPA Bonds shall bear interest at the fixed rate payable by PREPA under the applicable interest rate swap agreement. In such case, the Monoline Mirror Bonds will secure both debt service on the related Insured PREPA Bonds and the applicable interest rate swap. If the related interest rate swap agreement expires or terminates, the interest rate for Monoline Mirror Bonds that legally or economically defease variable rate Insured PREPA Bonds shall be identical to the interest rate borne by such variable rate Insured PREPA Bonds.

SCHEDULE B-1

PREPA DEBT TO BE EXCHANGED AND RETIRED BY EXCHANGE OFFER BONDS

Description	Amount to be Retired	Total Outstanding Principal Amount	Current Maturity	Interest Rate

SCHEDULE B-2

PREPA DEBT TO BE LEGALLY OR ECONOMICALLY DEFEASED BY MIRROR BONDS

Description	Amount to be Defeased	Total Outstanding Principal Amount	Current Maturity	Interest Rate

SCHEDULE B-3

PREPA DEBT TO BE DEFEASED, REDEEMED, PURCHASED FROM THE PROCEEDS OF CASH OFFER BONDS

Description	Amount to be Defeased, Redeemed, Purchased	Total Outstanding Principal Amount	Current Maturity	Interest Rate

SCHEDULE B-4

CREDIT AGREEMENT DEBT TO BE EXTINGUISHED/DEFEASED BY LENDER BONDS

Description	Amount to be Defeased	Total Outstanding Principal Amount	Current Maturity	Interest Rate

SCHEDULE B-5

SYNCORA INSURED AND OWNED PREPA BONDS TO BE DEFEASED, REDEEMED, PURCHASED FROM THE PROCEEDS OF CASH OFFER BONDS

Description	Amount to be Defeased, Redeemed, Purchased	Total Outstanding Principal Amount	Current Maturity	Interest Rate

SCHEDULE D

UPFRONT FINANCING COSTS:

The following shows the estimated Upfront Financing Costs (excluding Debt Service):

		AMOUNT
1	Accountant's / Auditor's Fees	
2	Legal Fees and Expenses	
	-- Issuer's Counsel (Norton Rose)	
	-- Local Counsel (PMA)	
	-- Regulatory Counsel (R3)	
	-- Underwriter's Counsel (Orrick)	
	-- Trustee's Counsel (TBD)	
	--[other]	
3	Printing & Filing Costs	
4	Advisor Fees	
	-- Restructuring Advisor (AlixPartners)	
	-- Restructuring Advisor (Millstein)	
	-- Municipal Advisor (PFM)	
	--[other]	
5	Rate Consultant Fees (Navigant)	
6	Rating Agency Fees	
7	Reserve Account Deposit	
8	Reserve Surety Premium	
9	Calculation Agent Set-Up Costs	
10	Servicer Set-up Costs	
11	Custodian / Depository Agent [Fees and Expenses]	
12	Information Agent (Bondcom) [Fees and Expenses]	
13	Trustee Fees	
14	Underwriting / Exchange Agent Fees (Bankers)	
15	Solicitation Agent Retail Fees	
16	Underwriting Expenses	
17	Miscellaneous / Other	
18	Original Issue Discount / Original Issue Premium	
19	[other]	
	Total estimated Upfront Financing Costs (Sum of Lines 1 through __)	

SCHEDULE E

ESTIMATED OTHER ONGOING FINANCING COSTS
(for period ending _____, 20___)

	ANNUAL AMOUNT
Servicing Fee (Paid to PREPA)	
Administration Fees and Expenses	
Directors Liability Insurance	
Surety Fees -- Quarterly Fees -- Annual Premium (c)	
Trustee Fees and Expenses	
Legal Fees	
Accounting Fees	
Calculation Agent Fee	
Custodian / Depository Agent Fee	
Rating Agency Fees	
Miscellaneous / Other	
TOTAL ESTIMATED OTHER ONGOING FINANCING COSTS	

The Ongoing Financing Costs detailed in the table above are authorized by the Restructuring Resolution and approved by the Corporation Designee.

Note: The amounts shown for each category of Ongoing Financing Costs on this attachment are the expected expenses for the first year following issuance of the Bonds/Post-Closing Date Bonds. Charges will be adjusted at least quarterly to reflect any changes in Ongoing Financing Costs through the Adjustment Mechanism described in the Restructuring Resolution.

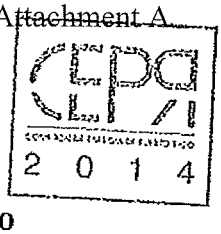
SCHEDULE F

CALCULATION OF SAVINGS

APPENDIX 2

CALCULATION METHODOLOGY AND ADJUSTMENT MECHANISM

Attachment A



Appendix A – Calculation Methodology and Adjustment Mechanism to Establish and Adjust the Transition Charge

The Corporation will, or will cause the Servicer on behalf of the Corporation to, calculate the initial Transition Charge and to adjust the Transition Charge in accordance with the following procedure. PREPA, as the initial Servicer pursuant to the Servicing Agreement, or any successor Servicer will make adjustments to the Transition Charge (a) quarterly, beginning no more than three (3) months from issuance of the Bonds and continuing until the Bonds and all Ongoing Financing Costs are paid or deemed paid in full, and (b) at any other time if the Servicer, the Calculation Agent, the Trustee or Requisite Bondholders (as and to the extent provided in the Trust Agreement) or any party to an Ancillary Agreement (as and to the extent provided in an Ancillary Agreement) determines that such adjustment is required to assure the timely payment of the principal of and interest on the Bonds and all other Ongoing Financing Costs. Such adjustments are referred to herein as Quarterly and Optional True-Up Adjustments, respectively, and, collectively, as "True-Up Adjustments." Capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed to them in the Restructuring Resolution.

To initiate any True-Up Adjustment, the Servicer will make a preliminary calculation of the True-Up Adjustment and will prepare and submit to the Calculation Agent a draft request for adjustment (a "True-Up Letter"). The Calculation Agent will review the draft True-Up Letter, including the mathematical calculations related to the proposed True-Up Adjustment, and forward any corrections or modifications to the Servicer. The Servicer will then file the True-Up Letter, reflecting any such corrections or modifications, with the Corporation, the Commission and the Trustee, not later than 30 days prior to the proposed effective date of the adjustment set forth in the True-Up Letter (such effective date being referred to as the "True-Up Adjustment Date").

Each True-Up Adjustment will be designed (i) to correct for any over-collections or under-collections of the Transition Charge through the proposed True-Up Adjustment Date and (ii) to ensure that expected Transition Charge Revenues remitted or to be remitted to the Trustee, after taking into account assumed charge-offs and payment delays, are adequate (A) to pay timely principal of (in accordance with the scheduled maturity date or dates (including scheduled mandatory sinking fund redemption dates)) and interest on the Bonds on each of the Payment Dates that occurs during the related Annual Calculation Period (defined below), (B) to fund or replenish any debt service reserve fund or account (or any other restricted accounts or subaccounts required to be established by the Trust Agreement or any Ancillary Agreement as an additional reserve fund) to its required level, as provided in the Trust Agreement or the Ancillary Agreement (as the case may be), and (C) to make timely payment of all other Ongoing Financing Costs during the related Annual Calculation Period.

In estimating the expected receipts of Transition Charge Revenues for any period the Servicer will apply a "collection curve" reflecting the most recent 12-month history of collections for which data are available. In connection with each True-Up Adjustment filing, the Servicer will develop one collection curve reflecting payment history for all Customers (the

"Composite Collection Curve"). A collection curve is data reflecting the timing of payments of outstanding bills during a 12-month period, adjusted to assume that any Transition Charges which are not collected within 120 days of billing are written off. Each month's billings are divided into aging buckets based on the number of days for which such billings have been outstanding (e.g., 0 to 29 days, 30 to 59 days, 60 to 89 days, and 90 to 119 days outstanding). The aging buckets are then used to estimate the dollar amount of each month's billings collected within 30, 60, 90 and 120 days, as well as the dollar amount not collected within 120 days (amount written off) for the 12-month period. For such 12-month period, the collection curve is calculated by dividing each of the total dollar amount of billings collected within 30, 60, 90, and 120 days by the total dollar amount of billings collected within 120 days. The Composite Collection Curve will also be used to calculate the Days Sales Outstanding referred to in Annex 3 to the Servicing Agreement.

As used herein, unless otherwise defined, capitalized terms shall have the following meanings:

"Actual kWh Usage" means, for any period and for any Customer, Class or Classes, the gross kWh consumption, measured, as and to the extent provided in the Restructuring Resolution, without regard to any offset for net-metering and adjusted for estimated generation consumption "behind the meter" (whether or not metered, "behind the meter"). Usage of municipal Customers will be included only to the extent that the dollar value of such usage for electric service, including in determining such dollar value both Transition Charges which would otherwise be imposed on such municipality and PREPA charges, in any fiscal year exceeds the dollar value owed by PREPA to such municipality as a contribution in lieu of taxes for such fiscal year, as provided in the Act and the Restructuring Resolution.

"Aggregated Actual kWh Usage" means, for any period, the sum of the Actual kWh Usage for all Customers.

"Annual Calculation Period" means the 12-month period beginning on (but not including) a True-Up Adjustment Date and ending on (and including) a date which is 12-months later.

"Base Residential Customers" means all Residential Customers except Grandfathered Net Metered Customers and Fixed Block Public Housing Customers.

"Base Non-Residential and Governmental Customers" means all Non-Residential or Governmental Customers except Grandfathered Net Metered Non-Residential and Grandfathered Net Metered Governmental Customers.

"Bond Payment Date" means each consecutive Bond payment date (whether for principal or interest) following a True-Up Adjustment Date. As an illustration, the "First Bond Payment Date" means the first Bond Payment Date following a True-Up Adjustment Date; the "Second Bond Payment Date" means the second Bond Payment Date following the True-Up Adjustment Date; etc.

"Class" means each of the Residential Customers, the Non-Residential Customers and the Government Customers, respectively, and, collectively, the "Classes." For the avoidance of

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doubt, the Non-Residential Customers and the Government Customers together constitute a single Class.

"Collection Period" means, for the purposes of any True-Up Adjustment, the period which commences on a True-Up Adjustment Date and which ends five (5) Business Days prior to a designated Bond Payment Date. As an illustration, the "First Collection Period" means the period which commences on a True-Up Adjustment Date and which ends five (5) Business Days prior to the First Bond Payment Date following such True-Up Adjustment Date; the "Second Collection Period" means the period which commences on the same True-Up Adjustment Date and which ends five (5) Business Days prior to the Second Bond Payment Date following such True-Up Adjustment Date; etc.

"Eligible kWh Usage" means, for any period, the sum of the Eligible Non-Residential and Governmental kWh Usage and the Eligible Residential kWh Usage.

"Eligible Residential kWh Usage" means, for any period, the sum of the (i) Actual kWh Usage for Base Residential Customers, (ii) the Grandfathered Net Metered Customer Usage for Residential Customers and (iii) the Fixed Block Public Housing Customer Usage.

"Eligible Non-Residential and Governmental kWh Usage" means, for any period, the sum of the (i) Actual kWh Usage for Base Non-Residential and Governmental Customers and (ii) the Grandfathered Net Metered Customer Usage for Non-Residential and Governmental Customers.

"Fixed Block Public Housing Customer" means a Customer who under Article 3.9(b) of Law 22-2016 and under PREPA's tariffs implementing said Article 3.9(b), pays a fixed charge for its applicable consumption-based block of electricity, in each case as such blocks are established as of the date on which the Commission approves the Restructuring Order and as they may be adjusted from time to time as provided in Article 3.9(b) of Law 22-2016.

"Fixed Block Public Housing Customer Usage" means the kWh usage beyond the Fixed Block Public Housing Customer's permitted block of electricity pursuant to Article 3.9(b)(4) of Law 22-2016.

"Government Customers" means any Customer that is an agency, public corporation, office, municipality, or instrumentality of the Commonwealth of Puerto Rico, or an agency, public corporation, office, department or instrumentality of the United States.

"Grandfathered Net Metered Customer" is (1) a Customer (whether Residential, Non-Residential or Governmental, as specified) who had a net-metering agreement that satisfies the requirements of Law 4-2016 with PREPA as of February 16, 2016 when Law 4-2016 became effective, or (2) a Customer who enters with PREPA into a net-metering agreement for a new project after February 16, 2016 satisfying the conditions of Article 4 of Act 114-2007 as amended by Article 29 of Law 4-2016 (as enacted), i.e., a Customer (a) who submitted or submits a net-metering application for a new project between February 16, 2016 and the date on which the Restructuring Bonds are issued, (b) has submitted or submits the required deposit to PREPA in accordance with Law 4-2016, (c) completes the project and certifies its installation within the required 270 days, all as provided in Article 29 of the Law 4-2016 and (d) otherwise

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complies with Article 29 of Act 4-2016. For the avoidance of doubt, any customer that increases the capacity of the renewable energy system by more than 20 percent, as provided in Law 4-2016, shall cease to be considered a Grandfathered Net Metered Customer from the moment the increase in capacity to PREPA's system was completed, in conformity with the terms of Article 29 Act 4-2016.

"Grandfathered Net Metered Customer Usage" means the net energy kWh usage (*i.e.*, excluding behind–the–meter output—whether consumed by the Customer or exported to PREPA) of the Grandfathered Net Metered Customer (whether Residential, Non-Residential or Governmental, as specified).

"Gross Billing Requirement" shall have the meaning set forth in clause (4) below.

"Net Revenue Requirement" shall have the meaning set forth in clause (3) below.

"Non-Residential Customers" means the rate classes identified in the Tariff Class column in Corporation Exhibit 6.02 as classes other than "Residential" or "PREPA Use" classes, as such rate classes may be changed from time to time based upon Customer characteristics.

"Residential Customers" means the rate classes identified in the Tariff Class column in Corporation Exhibit 6.02 as the "Residential" classes, as such rate classes may be changed from time to time based upon Customer characteristics.

The calculation methodology and adjustment mechanism to establish and adjust the Transition Charge shall be as follows:

(1) Project the Transition Charge Revenues (including any interest earnings on such amounts) expected to be held by the Trustee on the proposed True-Up Adjustment Date after payment of Ongoing Financing Costs due on or prior to such date (but excluding amounts held or to be held on such date by the Trustee in any debt service reserve fund or account, or in any other restricted accounts or subaccounts required to be established by the Trust Agreement or any Ancillary Agreement as an additional reserve fund), and add to that amount the Transition Charge Revenues expected to be received by the Trustee after the True-Up Adjustment Date and during the First Collection Period from bills rendered prior to the True-Up Adjustment Date based on the Transition Charges then or previously in effect, including projected interest earnings on such amounts.

(2) Calculate the sum of (a) principal of (in accordance with the scheduled maturity date or dates (including scheduled mandatory sinking fund redemption dates)) and interest on the Bonds when due and as accruing through and including the First Bond Payment Date, (b) any amount necessary or expected to be necessary to fund or replenish any debt service reserve fund or account, or any other restricted accounts or subaccounts required to be established by the Trust Agreement or any Ancillary Agreement as an additional reserve fund, to their required level, as and to the extent such funding or replenishment is required by the Trust Agreement or any Ancillary Agreement (as the case may be) on or prior to the First Bond

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Payment Date, and (c) all other Ongoing Financing Costs required to be paid or deposited on or prior to the First Bond Payment Date.

(3) Subtract the amount in clause (1) from the amount in clause (2) to determine the "Net Revenue Requirement" for the First Collection Period.

(4) Adjust (or gross up) the Net Revenue Requirement to give effect to the number of billing cycles, the Composite Collection Curve and the write-off assumption, to ensure that the Transition Charge Revenues expected to be remitted to the Trustee during the First Collection Period will satisfy the Net Revenue Requirement for the First Collection Period on a timely basis and will result in the Excess Funds Account held under the Trust Agreement to be zero by the First Bond Payment Date. The result will be the "Gross Billing Requirement" for the First Collection Period.

(5) Divide the Gross Billing Requirement by the Eligible kWh Usage in the prior 12-month period for which data are available (i.e., the calendar dates one year prior to the calendar dates in the First Collection Period), to produce a $/kWh Transition Charge. Subject to clause (7) below, the result will be the first possible Transition Charge to be imposed upon all Customers using Eligible kWh Usage, on a per kWh basis, commencing on the True-Up Adjustment Date.

(6) Repeat the calculations described in clauses (1) through (5), inclusive, to determine the Transition Charge necessary to satisfy the revenue requirement for each consecutive Collection Period which ends during the Annual Calculation Period, replacing "First Bond Payment Date" with "Second Bond Payment Date" and "First Collection Period" with "Second Collection Period," etc. through the Third and Fourth Collection Periods (if any), respectively.

(7) The highest Transition Charge resulting from the calculations in clause (5) or (6) will be the Transition Charge to be effective on the True-Up Adjustment Date.

The Corporation will adjust the Transition Charge as requested in each True-Up Letter, and such Transition Charge will be effective on the date specified in the True-Up Letter, so long as such effective date is at least 30 days after the filing with the Commission of such True-Up Letter, subject only to the correction of any mathematical errors by the Commission as set forth in the next sentence. Any adjustment to correct the mathematical inaccuracy, if ordered by the Commission, shall be made by the Servicer no later than the next succeeding True-Up Adjustment on which such adjustment can practically be made without delaying the effective date set forth in the True-Up Letter.

APPENDIX 3

FORM OF CALCULATION AGENT AGREEMENT

CALCULATION AGENT AGREEMENT

This CALCULATION AGENT AGREEMENT (this "Agreement") made this _____ day of _____, 2016, by and among (a) Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the "Corporation"), as issuer of the Bonds (the "Issuer"), (b) Puerto Rico Electric Power Authority, a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico ("PREPA"), as servicer under the Servicing Agreement described below (the "Servicer"), and (c) [CALCULATION AGENT], as calculation agent hereunder (the "Calculation Agent").

W I T N E S S E T H:

WHEREAS, the Corporation and the Servicer have entered into a Servicing Agreement, dated as of _____, ___ (the "Servicing Agreement") pursuant to which the Servicer is required to calculate and adjust from time to time a Transition Charge imposed on Customers pursuant to the terms of an Adjustment Mechanism;

WHEREAS, the Issuer and the Servicer wish to engage the Calculation Agent to perform certain calculation and verification services in connection with the Initial Transition Charge and the application of the Adjustment Mechanism; and

WHEREAS, the Calculation Agent is willing to perform such services, subject to and in accordance with the provisions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Definitions

Capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed thereto in the Trust Agreement dated as of _____, 2016 between the Issuer and the Trustee (the "Trust Agreement") or, if not defined in the Trust Agreement, shall have the same meanings ascribed thereto in the Servicing Agreement dated as of _____, 2016 between the Issuer and the Servicer.

2. Appointment of the Calculation Agent

The Issuer hereby appoints the Calculation Agent to confirm the calculation of the Transition Charges prepared by the Servicer and the application of the Adjustment Mechanism for the period and on the terms and conditions set forth in this Agreement. The Calculation Agent hereby accepts such appointment and agrees during such period to render such services and to assume the obligations set forth herein.

The Calculation Agent shall at all times be a corporation organized and doing business under the laws of the United States or of any State thereof or of the District of

Columbia, and shall not be under the control of, or have any fiduciary relationship with, the Government of Puerto Rico or its instrumentalities, public corporations or municipalities, the Government Development Bank for Puerto Rico, the Corporation, PREPA, any affiliates thereof or any of their respective successors.

3. Duties of Calculation Agent

The Calculation Agent shall perform the following duties of the Calculation Agent contemplated by the Trust Agreement and the Servicing Agreement:

(i) Review each draft True-Up Letter prepared by the Servicer and submitted to the Calculation Agent, with respect to any Quarterly True-Up Adjustment or Optional True-Up Adjustment, pursuant to Section 4.01, 4.02 or 4.03 of the Servicing Agreement to confirm and verify the mathematical calculations made in such True-Up Letter and provide the Servicer with any comments, corrections or modifications not later than (a) 10 days prior to any Quarterly Filing Date and (b) not later than five Business Days following receipt of the True-Up Letter in connection with any Optional True-Up Adjustment;

(ii) following the filing of a True-Up Letter with the Commission, advise and assist the Commission, the Servicer and the Issuer, as applicable, in the review of the True-Up Letter and with the correction of any mathematical inaccuracies in the calculation of the True-Up Adjustment pursuant to Section 4.01(c) of the Servicing Agreement; and

(iii) if the Calculation Agent requests the Servicer to initiate an Optional True-Up Adjustment pursuant to Section 4.03 of the Servicing Agreement, provide notice of such request to the Servicer, the Issuer, the Trustee and the Ancillary Agreement Providers; and

(iv) [confirm calculations to be made in any Quarterly Reconciliation Certificate [to the Depository] prior to delivery of such Quarterly Reconciliation Certificate to the Depository, the Trustee, the Calculation Agent, Ancillary Agreement Providers, the Issuer and the Commission, pursuant to Section 3.03(f) of the Servicing Agreement and Section 6(d) of Annex 3 of the Servicing Agreement.]

The Issuer and the Servicer agree to provide to the Calculation Agent any information required to perform the duties described above.

4. Limits of Calculation Agent's Responsibility

The Calculation Agent, its directors, officers, shareholders and employees and its affiliates shall not be liable to the Issuer, the Servicer, the Trustee, the Ancillary Agreement Providers, the Depository or others for actions or omissions in the performance of their duties hereunder in compliance with the terms of this Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, negligence or reckless disregard of their duties (the "Standard of Care"). The Calculation Agent assumes no responsibility under this Agreement other than to render the services called for hereunder in accordance with the Standard of Care.

5. Term of Agreement; Termination

Unless previously terminated in accordance with this Section, this Agreement will terminate when the Bonds have been retired, redeemed, defeased or deemed paid in full and all other Financing Costs have been paid in full. The Issuer, the Trustee or the Holders of a majority of the principal amount of the Eligible Bonds may terminate this Agreement or remove the Calculation Agent at any time upon [30] days' prior written notice to the other parties to this Agreement, to the Trustee, the Ancillary Agreement Providers, and the Rating Agencies (collectively, the "Notice Parties"), upon the conditions set forth in the Trust Agreement. The Calculation Agent may resign its duties hereunder by providing the Issuer, the Servicer and the Trustee with at least 60 days' written notice, provided that a successor Calculation Agent, reasonably acceptable to the Issuer, the Servicer and the Trustee, has agreed in writing to assume all of the obligations and duties of the Calculation Agent hereunder, and provided further, that the Calculation Agent may assign its rights and delegate its obligations hereunder pursuant to Section 12 hereof. In the event that the Calculation Agent should resign or be discharged, the Issuer shall with the approval of the Trustee, or the Trustee may, and at the direction of the Requisite Bondholders, shall, take all necessary action to cause a new Calculation Agent to be appointed in accordance with the provisions of Section 3.07(b) of the Trust Agreement.

6. Non-Exclusivity

The nature of the duties of the Calculation Agent hereunder shall not preclude the Calculation Agent from providing services of a like nature to any other person, firm or corporation.

7. Fees and Expenses

The Issuer agrees to pay an [annual] fee for all obligations performed by the Calculation Agent under this Agreement, which shall be [____% of the aggregate initial principal amount of the Bonds in each calendar year].

The Issuer shall pay all reasonable expenses of the Calculation Agent in connection with its activities hereunder as Ongoing Financing Costs, which shall be recovered from Transition Charge Revenues pursuant to Section 3.07([e]) of the Trust Agreement.

8. Disputes

Pursuant to Section 3.07(c) of the Trust Agreement, in the event of a dispute between the Servicer and the Calculation Agent, the Issuer shall promptly appoint an independent third party expert acceptable to the Trustee (a "dispute calculation agent") to resolve the matter. In the event that the Issuer shall fail to appoint or retain a dispute calculation agent acceptable to the Trustee or to appoint an expert to resolve any conflicts, the Trustee may, and upon the direction of the Requisite Bondholders, the Trustee shall, be authorized to appoint a dispute calculation agent. The Calculation Agent shall cooperate with the dispute calculation agent, and provide such information as the dispute calculation agent shall request.

9. Notices

Any direction, notice, report or other communication required or permitted hereunder shall be furnished or given in English and in writing and such direction, notice, report or other communication may be given by United States mail, reputable overnight courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or reputable overnight courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such direction, notice, report or other communication shall be effective when delivered or transmitted, or if mailed, five days after deposit in the United States mail with proper postage for ordinary mail prepaid:

If to the Issuer, to:

Puerto Rico Electric Power Authority Revitalization Corporation
_____
San Juan, Puerto Rico _____
Attention: _____
Telephone: (___) _____
Telecopy: (___) _____
Email: _____

If to the Servicer, to:

Puerto Rico Electric Power Authority
[P.O. Box 364267
San Juan, Puerto Rico 00936-4267]
Attention: [Office of the General Counsel]
Telephone: (___) _____
Telecopy: (___) _____
Email: _____

If to the Trustee, to:

[TRUSTEE]
_____
New York, New York _____
Attention: _____
Telephone: (___)_____
Telecopy: (___) _____
Email: _____

If to the Ancillary Agreement Providers [TO COME]

If to the Commission:

If to the Calculation Agent, to:

[CALCULATION AGENT]
_____
_____
Attention: _____
Telephone: _____
Telecopy: (___) _____
E-mail: _____

10. Entire Agreement; Trustee shall be entitled to enforce Agreement

This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and

contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

The Trustee shall be entitled to enforce the obligations of the Calculation Agent under this Agreement. Nothing herein shall diminish or adversely affect the rights of Holders of the Eligible Bonds under Section 3.19(c)(i) of the Restructuring Bond Trust Agreement. The Requisite Bondholders may, subject only to any limitations set forth in the Act, direct or act in lieu of the Trustee under this Agreement, including, but not limited to, enforcing this Agreement against the Calculation Agent. Certain actions of the Trustee hereunder may be subject to Negative Bondholder Approval pursuant to the Restructuring Bond Trust Agreement.

11. Amendment

This Agreement may not be modified or amended other than in accordance with the applicable provisions of the Trust Agreement, including Sections 3.05(c) and 3.07(g) of the Trust Agreement and by an agreement in writing signed by each party hereto.

12. Assignment; Successors and Assigns

This Agreement shall inure to the benefit of and bind the parties hereto and their respective successors and assigns, the Trustee, the Bondholders and the Ancillary Party Providers; provided that the Calculation Agent may not assign its rights and delegate its obligations hereunder without the prior written consent of each of the Issuer, the Servicer and the Trustee unless such assignment is to a wholly-owned, direct or indirect subsidiary of [CALCULATION AGENT], which shall not require the consent of the Issuer, the Servicer , the Trustee or any Bondholder.

13. Execution, Delivery and Performance by Calculation Agent

The execution, delivery and performance of this Agreement, to the best of the knowledge of the Calculation Agent, after reasonable investigation, will not conflict with or constitute a default under any order, judgment, decree, agreement, injunction or other instrument binding on or affecting the property or assets of the Calculation Agent.

14. Governing Law

This Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Restructuring Resolution, all rights of the Issuer or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico. To the extent permitted by law, the Issuer, the Servicer and the Calculation Agent hereby submit to, and waive any objection

to, venue in any federal or state court located in the Borough of Manhattan, City of New York, New York.

With respect to any claim related to the Bonds (including claims arising under the Restructuring Resolution or under the Basic Documents, including this Agreement, and, to the extent permitted by law, the Initial Servicing Agreement), the Corporation and the Calculation Agent each hereby irrevocably submit and waive any objection to the non-exclusive, *in personam* jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and to the application of the laws of the State of New York, and agree to maintain contacts with the State of New York sufficient to give the courts located therein personal jurisdiction over the Corporation and Calculation Agent.

15. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

16. Waiver of Jury Trial

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the parties hereto have caused this Calculation Agent Agreement to be duly executed as of the day and year first above written.

PUERTO RICO ELECTRIC POWER AUTHORITY
REVITALIZATION CORPORATION

By: _____
Name:
Title:

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____
Name:
Title:

[CALCULATION AGENT]

By: _____
Name:
Title:

Acknowledged:

[TRUSTEE]

By: _____
Name:
Title:

APPENDIX 4

FORM OF INITIAL SERVICING AGREEMENT

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION

as Issuer

AND

PUERTO RICO ELECTRIC POWER AUTHORITY

as Servicer

RESTRUCTURING PROPERTY SERVICING AGREEMENT

Dated as of [_____, 2016]

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APPENDICES

Appendix A	Definitions

This RESTRUCTURING PROPERTY SERVICING AGREEMENT, dated as of [_____, 2016], is between Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the "Corporation"), as issuer of the Bonds (the "Issuer"), and Puerto Rico Electric Power Authority, a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico ("PREPA"), as servicer (the "Servicer").

RECITALS

WHEREAS the Servicer is willing to service the Restructuring Property created by the Restructuring Resolution and owned by the Issuer; and

WHEREAS the Issuer, in connection with ownership of Restructuring Property, desires to engage the Servicer to carry out the functions described herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Capitalized terms used but not otherwise defined herein have the respective meanings assigned to them in Appendix A hereto, and if not defined therein, in the Trust Agreement.

Section 1.02 Other Definitional Provisions.

(a) "Agreement" means this Restructuring Property Servicing Agreement, together with all Exhibits, Schedules, Appendices and Annexes hereto, as the same may be amended, supplemented or otherwise modified from time to time as herein permitted.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule, Exhibit, Appendix and Annex references contained in this Agreement are references to Sections, Schedules, Exhibits, Appendices and Annexes in or to this Agreement unless otherwise specified; and the term "including" shall mean "including without limitation."

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter forms of such terms.

ARTICLE II

APPOINTMENT AND AUTHORIZATION

Section 2.01 Appointment of Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, and the Servicer hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Agreement on behalf of and for the benefit of the Issuer in accordance with the terms of this Agreement. This appointment and the Servicer's acceptance thereof may not be revoked except in accordance with the express terms of this Agreement.

Section 2.02 Authorization. Subject to the provisions of this Agreement and subject to any direction given in accordance with the Trust Agreement, with respect to all or any portion of the Restructuring Property, the Servicer is hereby authorized and empowered by the Issuer to:

(a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and

(b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any governmental authorities, including with the Commission.

Subject to the provisions of this Agreement and subject to any direction given in accordance with the Trust Agreement, (i) the Issuer shall execute and deliver to the Servicer such documents as have been prepared by the Servicer for execution by the Issuer, and such other documents as may be in the Issuer's possession, as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder and (ii) upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

Section 2.03 Dominion and Control Over the Restructuring Property. Notwithstanding any other provision herein to the contrary, the Issuer shall have ownership, dominion and control over the Restructuring Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Restructuring Property and the Restructuring Property Documentation. The Servicer shall not take any action with respect to the Restructuring Property that is not authorized by this Agreement or that impairs the rights of the Issuer, the Trustee, the Bondholders or the parties to the Ancillary Agreements in, or the rights of an owner of, the Restructuring Property.

ARTICLE III

BILLING SERVICES

Section 3.01 Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer will manage, service, administer and make collections in respect of the Transition Charges. The Servicer's duties will be to and the Servicer shall:

(i) impose the Transition Charges on all Customers and adjust them as more fully set forth herein;

(ii) exercise all the collection rights of the holders or pledgees of the Restructuring Property for the benefit of such holders or pledgees as more fully set forth herein;

(iii) transfer any Transition Charge Revenues to the holders or pledgees of Restructuring Property as more fully set forth herein;

(iv) obtain meter reads, calculate electricity usage, maintain record of service agreements, calculate the periodic adjustments to the Transition Charges, bill the Transition Charges to the Customers as a separate line item on PREPA's Bills, separate from all PREPA Charges, and collect (from Customers and Third Party Billers, as applicable) all Transition Charge Collections, all in accordance with the Restructuring Resolution, the Trust Agreement and this Agreement;

(v) estimate the energy use of Customers for the purpose of calculating Transition Charges in a manner that includes load served by net metering or estimated distributed generation ("behind the meter") in accordance with the terms of the Restructuring Resolution and Annex 3 herein;

(vi) respond to inquiries by Customers, Third Party Billers, the Commission, the Trustee, the Bondholders, any party to an Ancillary Agreement or inquiries by any federal, local or other Commonwealth governmental authority, with respect to the Transition Charges;

(vii) deliver Bills to Customers and Third Party Billers, account for Transition Charge Collections, investigate and resolve delinquencies, process and deposit collections, make periodic remittances and furnish periodic reports to the Issuer, the Commission, the Calculation Agent, the Trustee and the Rating Agencies;

(viii) sell, as the agent for the Issuer, as its interest may appear, defaulted or written off accounts in accordance with the Servicer's usual and customary practices for accounts of Customers for Rates;

(ix) take action in connection with True-Up Adjustments as is set forth herein;

(x) take any action necessary to direct (a) all Customers that do not pay their Bills in person, and (b) Third Party Billers or any other Person that hold Transition Charge Collections and PREPA Charges, to remit their payments or turn over all such Transition Charge Collections and PREPA Charges directly to the Depository [this may be Depositories] for deposit into the Allocation Account;

(xi) promptly, and in any event as soon as reasonably possible after receipt of the same, cause all Transition Charge Collections and all PREPA Charges not otherwise deposited with or paid to the Depository to be paid to the Depository for deposit into the Allocation Account held thereunder, as further provided in Sections 3.03 and 5.11;

(xii) take any actions permitted by the law to collect unpaid bills and terminate service to Customers who are delinquent in the payment of their Transition Charge on the same basis as termination of service is permitted for nonpayment of electric or other rates by PREPA, and which would otherwise be consistent with Best Efforts, but none of the Issuer, the Trustee, the Bondholders or any party to an Ancillary Agreement may directly terminate service to any Customer; and

(xiii) administer Transition Charge Revenues mingled with other funds of the Servicer in a manner that allows for the distinct identification of the Transition Charge Revenues and such other funds, respectively.

Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities set forth in Annex 3 which, among other things, relate to data acquisition, usage and bill calculation, billing, Customer service functions, collections, payment processing and remittance.

(b) Notification of Laws and Regulations. The Servicer shall promptly notify the Issuer, the Commission, the Trustee and the Rating Agencies in writing of any laws or Commission Regulations hereafter promulgated that have an adverse effect on the Servicer's ability to perform its duties under this Agreement.

(c) Other Information. Upon the request of the Issuer, the Commission, the Trustee, the Administrator, the Calculation Agent, any party to an Ancillary Agreement or any Rating Agency, the Servicer shall provide to the Issuer, the Commission, the Trustee, the Administrator, such party to an Ancillary Agreement or the Rating Agencies, as the case may be, any financial information in respect of the Servicer, or any material information regarding the Restructuring Property, as may be necessary and permitted by law or as may be required by any other agreement, including the Trust Agreement, for the Issuer, the Commission, the Calculation Agent, the Administrator, the Trustee or the Rating Agencies to monitor the Servicer's performance hereunder. In addition, so long as any of the Bonds of any Tranche are outstanding, or the Issuer's obligations under any Ancillary Agreement have not been performed in full, the Servicer shall provide to the Issuer, the Commission, the Calculation Agent, the Administrator, any party to an Ancillary Agreement and the Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by the Servicer that is necessary to perform their respective duties, to determine compliance by the

Servicer with this Agreement, to calculate the Transition Charges, or perform the Adjustment Mechanism. To the extent permitted by the Trust Agreement, the Trustee shall be authorized to provide any information received under this Agreement to Bondholders.

Section 3.02 Collection of the Transition Charges.

(a) Subject to Section 3.01(a)(x), the Servicer shall use Best Efforts to collect all amounts owed in respect of the Transition Charges as and when the same shall become due and shall follow such collection procedures as it applies with respect to collection activities that the Servicer conducts for itself or others, provided that such collection procedures shall be consistent with Best Efforts. The Servicer shall not change the amount of or reschedule the due date of any scheduled payment of the Transition Charges, except as contemplated in this Agreement and as permitted by the Trust Agreement or as required by law or Commission or court order as authorized under the law; provided, however, that the Servicer may take any of the foregoing actions to the extent that any such action taken would be in accordance with its customary billing and collection practices for Rates and treats the Transition Charges in the same manner as other PREPA charges, provided that such actions and practices are consistent with Best Efforts. The Servicer shall enforce the obligations of any Third Party Billers providing billing and collection services with respect to the Transition Charges and shall require that all such agreements with Third Party Billers provide for the right of the Trustee to enforce such obligations.

(b) As specified in the Act, the Restructuring Resolution and the Trust Agreement, any amounts received from or on behalf of a Customer that represent a partial payment of a Bill containing both Transition Charges and PREPA Charges shall be allocated *pro rata* between the Transition Charges and PREPA Charges set forth on such Bill.

Section 3.03 Transfer of Customer Revenues to Trustee; Allocation and Transfer of Transition Charge Collections and PREPA Charge Collections.

(a) The parties recognize that the Customer Revenues must be allocated between PREPA and the Corporation in a manner which respects their respective interests. Accordingly, on each Business Day, commencing on the Business Day following the expiration of a period, which period shall commence on the issue date of the Bonds, consisting of the number of days set forth in the last sentence of definition of Days Sales Outstanding (the "Deposit Commencement Date"; each such day being referred to as a "Deposit Date"), the Servicer shall remit all Customer Revenues received by the Servicer to the Depository for deposit into the Allocation Account. Customer Revenues shall be remitted to the Depository by the Servicer as soon as possible following receipt, but in any event no more than two Business Days after receipt by the Servicer. Under no circumstance shall the Servicer act as the Depository in respect of the Transition Charges.

(b) On each Deposit Date, the Depository shall be required to inform the Servicer of any Customer Revenues received by it directly.

(c) On each Deposit Date, the Servicer (a) shall calculate, according to the procedures set forth in Annex 3, the Estimated Transition Charge Collections deemed to have been received by the Servicer on behalf of the Issuer on such Deposit Date and for each day or days

immediately preceding such Deposit Date which are not Business Days, and (b) not later than [9:00 a.m. New York time] on each Deposit Date, shall file with the Depository, the Trustee, the Calculation Agent and the Issuer a Daily Remittance Certificate showing the amount of Estimated Transition Charge Collections which the Depository is required to remit to the Collection Account on such date (*i.e.*, the Daily Remittance) and the remaining amount of the Customer Revenues which the Depository is required to remit to or for the account of PREPA.

(d) The Servicer shall also promptly, but no less frequently than once each Business Day, remit to the Trustee for deposit to the Collection Account any other proceeds of the Collateral that the Servicer may have received from time to time on behalf of the Issuer.

(e) The Servicer agrees and acknowledges that: (i) it shall be deemed to be acting solely as an agent of the Issuer and not as principal, (ii) it holds all Transition Charge Collections collected by it, and any other proceeds of the Collateral received by it, in trust for the exclusive benefit of the Trustee, the Bondholders and parties to Ancillary Agreements, as their interests may appear, (iii) it holds no interest in the Transition Charges or the Transition Charge Collections and (iv) all such collected or received amounts will be remitted to the Trustee for deposit to the Collection Account or to the Depository for deposit to the Allocation Account without any surcharge, fee, offset, charge or other deduction. The Servicer further agrees not to make any claim or assert any right to set-off to reduce any Transition Charge Collections collected by it or deposited into the Allocation Account or the Collection Account.

(f) Not later than fifteen days following each calendar quarter, commencing [xx 15, xxxx], the Servicer (a) shall calculate the amount, if any, by which the aggregate of the Estimated Transition Charge Collections were less than or exceeded Actual Transition Charge Collections deposited into the Allocation Account during the preceding calendar quarter, and (b) shall file with the Depository, the Trustee, the Calculation Agent, the parties to the Ancillary Agreements and the Issuer, and submit to the Commission for informational purposes only, a "Quarterly Reconciliation Certificate," substantially in the form attached as Exhibit B to this Servicing Agreement. If the certificate shows that a Remittance Shortfall exists, the Servicer shall direct the Depository to make a supplemental remittance from the Allocation Account to the Collection Account. If the certificate shows that an Excess Remittance exists, the Servicer shall cause such Excess Remittance to be corrected as soon as practicable (i) by directing the Depository, in one or more Daily Remittance Certificates, to reduce the amount of each Daily Remittance from the Allocation Account until the balance of such Excess Remittance has been reduced to zero, or (ii) only if and to the extent necessary, following two Business Days' prior written notice to the Trustee, by causing payment of the amount of such Excess Remittance to or for the account of PREPA from the General Subaccount or the Excess Funds Subaccount in the Collection Account.

(g) Transition Charge Collections received by the Servicer shall not lose their character as revenues of the Corporation by virtue of possession by the Servicer or any other party, including any Third Party Biller.

Section 3.04 Servicing and Maintenance Standards. The Servicer shall, on behalf of the Issuer:

(a) manage, service, administer and make collections in respect of the Restructuring Property with reasonable care and in compliance with applicable law, including all applicable Commission Regulations, using at least the same degree of care and diligence that the Servicer exercises with respect to billing and collection activities that the Servicer conducts for itself and others, subject to paragraph (b) below;

(b) use Best Efforts to bill and collect all Transition Charges;

(c) with respect to its obligations under this Agreement, the Servicer shall act in a manner consistent with customary electric utility practices in the United States;

(d) enforce and maintain the rights of the Issuer, the Trustee, the parties to the Ancillary Agreements and the Bondholders in respect of the Restructuring Property, and the rights of an owner of the Restructuring Property in respect thereof, including, but not limited to, taking such action the Servicer may deem necessary or desirable to enforce collection of the Transition Charge, subject to paragraph (b) above;

(e) calculate the Transition Charges and Adjustment Mechanism in compliance with the Act and the Restructuring Resolution; and

(f) invoice Customers in accordance with the procedures set forth in Annex 3, except where the failure to comply with any of the foregoing would not adversely affect the rights of the Issuer, the Trustee, any party to an Ancillary Agreement or the Bondholders in respect of the Restructuring Property or the rights of an owner of the Restructuring Property in respect thereof. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of the Restructuring Property, which, in the Servicer's judgment, may include the taking of legal action pursuant to Section 3.10 or otherwise; provided, however, that the Servicer's customary and usual practices and procedures as they relate to the billing and collection of Transition Charges shall be consistent with Best Efforts; and provided further that the Servicer shall not change its customary and usual practices and procedures, unless such change is consistent with customary electric utility practices in the United States, in any manner which would adversely affect the rights of the Issuer, the Trustee or any party to an Ancillary Agreement, or the Bondholders in respect of the Restructuring Property or the rights of an owner of the Restructuring Property in respect thereof, unless it shall have provided the Issuer, the Trustee, the parties to the Ancillary Agreements and the Rating Agencies with prior written notice describing such adverse change and the Rating Agency Condition shall have been satisfied.

Section 3.05 Servicer's Reports and Certificates. The Servicer will provide to the Issuer, the Commission, the Calculation Agent, the parties to the Ancillary Agreements and the Trustee the statements and certificates specified in Annex 2. The Issuer shall file, or shall cause the Servicer to file, with the Commission and the Calculation Agent, any Servicer report, certificate or True-Up Letter at the same time as such report, certificate or True-Up Letter is submitted to the Corporation. Each Semiannual Servicer Certificate will show in detail all Ongoing Financing Costs which are being paid from Transition Charges on an ongoing basis.

Section 3.06 Annual Statement as to Compliance. The Servicer shall deliver to the Issuer, the Commission, the Trustee, the Calculation Agent, each party to an Ancillary Agreement and each Rating Agency, and submit to the Commission for informational purposes only, on or before [_____] of each year beginning [_____, xxxx] to and including [_____] succeeding the Final Maturity Date of the Bonds or the final payment of any other Ongoing Financing Costs, whichever is later, an Officer's Certificate, substantially in the form of Exhibit E hereto, stating:

(a) that a review of the activities of the Servicer (including any party to which the Servicer has subcontracted services under this Agreement) during the preceding calendar year (or relevant portion thereof in the case of the first such Officer's Certificate) and of its performance under this Agreement has been made, and

(b) whether to the best of such officers' knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such period and, if there has been a default in the fulfillment of any such obligation, describing each such default and its status.

Section 3.07 Annual Independent Registered Public Accountants' Report; Annual Assessment.

(a) The Servicer shall cause [INSERT NAME] or another firm of Independent Registered Public Accountants (which may provide other services to the Servicer or its affiliates) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Trustee, the Calculation Agent, the Rating Agencies, and the Commission, on or before August 15 of each year, commencing with [2017] to and including the August 15 succeeding the date on which both (i) Final Maturity Date of the Bonds shall have occurred and (ii) all obligations under the Bonds and the Ancillary Agreements have been paid in full, a report addressed to the Servicer (the "Annual Accountant's Report"), which may be included as part of the Servicer's customary auditing activities, to the effect that such firm has performed certain procedures, agreed upon by the Servicer and such accountants, in connection with the Servicer's compliance with its obligations under this Agreement during the preceding twelve months ended [December 31] (or, in the case of the first Annual Accountant's Report to be delivered on or before [_____, 2017], the period of time from the date of this Agreement until [December 31, 2016]), identifying the results of such procedures and including any exceptions noted. The Annual Accountant's Report shall include a verification that the Upfront Financing Costs and Ongoing Financing Costs paid from the Transition Charge Revenues are consistent with the requirements of the Trust Agreement, the Restructuring Resolution and this Agreement. In the event such accounting firm requires the Trustee to agree or consent to the procedures performed by such firm, the Issuer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee may deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer, and the Trustee is not required to make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

(b) The Annual Accountant's Report shall also indicate that the accounting firm providing such report is Independent of the Servicer, the Government Development Bank for

Puerto Rico and the Commonwealth of Puerto Rico in accordance with the Code of Professional Ethics of the American Institute of Certified Public Accountants, as then in effect.

(c) At the direction of the Commission, the Servicer, on behalf of the Corporation, will retain an Independent entity (which may be the Independent registered public accountants preparing the annual audit) to prepare an assessment of the reasonableness of the Financing Costs incurred in the preceding year.

Section 3.08 Restructuring Property Documentation. To ensure uniform quality in servicing the Restructuring Property and to reduce administrative costs, the Servicer shall keep on file, in accordance with its customary procedures, all Restructuring Property Documentation, it being understood that the Servicer is acting solely as the servicing agent and custodian for the Issuer with respect to the Restructuring Property Documentation. Such Restructuring Property Documentation shall be open to the inspection of, and shall be provided up request of, the Issuer, the Trustee or any Person with rights to receive such Restructuring Property Documentation pursuant to the Trust Agreement or any Ancillary Agreement.

Section 3.09 Computer Records: Audits of Documentation.

(a) Safekeeping. The Servicer shall maintain accurate and complete accounts, records and computer systems pertaining to the Restructuring Property and the Restructuring Property Documentation in accordance with generally accepted accounting principles (GAAP) and in sufficient detail to permit reconciliation between Estimated Transition Charge Collections and Actual Transition Charges, whether remitted directly to the Depository by Customers or by the Servicer, so as to enable the Issuer to comply with this Agreement, the Depository Agreement, the Restructuring Resolution and the Trust Agreement. The Servicer shall conduct, or cause to be conducted, periodic audits of the Restructuring Property Documentation held by it under this Agreement and of the related accounts, records and computer systems, in such a manner as shall enable the Issuer, the Commission, the Trustee, the Depository and the Calculation Agent to verify the accuracy of the Servicer's record keeping. The Servicer shall promptly report to the Issuer, the Commission, the Calculation Agent, the Administrator and the Trustee any failure on the Servicer's part to hold the Restructuring Property Documentation and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Trustee of the Restructuring Property Documentation. The Issuer and the Trustee shall have the right to conduct any such review, and the Requisite Bondholders or any party to an Ancillary Agreement may initiate such review, as and to the extent set forth in the Trust Agreement and any Ancillary Agreement; provided, however, that the Servicer shall not pay for any costs related to such review unless it is in default under this Agreement. The Servicer's duties to hold the Restructuring Property Documentation on behalf of the Issuer set forth in Sections 3.08 and 3.09, to the extent such Restructuring Property Documentation has not been previously transferred to a successor Servicer, shall terminate three years after the earlier of the date on which (i) the Servicer is succeeded by a successor Servicer pursuant to the provisions of this Agreement and (ii) no Bonds of any Tranche are outstanding and no other Ongoing Financing Costs remain unpaid.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Restructuring Property Documentation at [ADDRESS], or at such other office as shall be specified by the Servicer to the Issuer, the Commission, the Depository, the Calculation Agent, the Administrator and the Trustee by written notice not later than 30 days prior to any change in location. The Servicer shall permit the Issuer, the Commission, the Calculation Agent, the Administrator and the Trustee or their respective duly authorized representatives, attorneys, agents or auditors at any time during normal business hours to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Restructuring Property, the Transition Charges and the Restructuring Property Documentation, except that the failure of the Servicer to provide access to information relating to individual customers as a result of an obligation or applicable law (including Commission Regulations) prohibiting disclosure of information regarding Customers shall not constitute a breach of this Section 3.09(b); provided, however, that (i) such exception shall only apply to the specific information that violates the law and (ii) the Servicer shall provide access to such information or portion thereof that may be disclosed, including information redacted to protect privacy rights.

Section 3.10 Defending Restructuring Property Against Claims. The Servicer shall institute in its own name and the name of the Issuer, and maintain, any action or proceeding necessary to compel performance by the Commission or the Commonwealth of any of their obligations or duties under the Act, the Restructuring Resolution or the Restructuring Order with respect to the Restructuring Property, and the Servicer agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be necessary to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act, the Restructuring Resolution, the Trust Agreement or the Restructuring Order, as the case may be, or the rights of holders of Restructuring Property that would be adverse to Bondholders. The costs of any such action reasonably allocated by the Servicer to the Restructuring Property shall be payable from Transition Charge Collections as an Ongoing Financing Cost in accordance with the Trust Agreement.

The Servicer's obligations pursuant to this Section 3.10 shall survive and continue notwithstanding the fact that the payment of Ongoing Financing Costs pursuant to the Trust Agreement may be delayed (it being understood that the Servicer may be required to advance its own funds to satisfy its obligations under this Section 3.10).

ARTICLE IV

SERVICES RELATED TO TRUE-UP ADJUSTMENTS

Section 4.01 True-Up Adjustments-General.

(a) The Servicer, on behalf of the Issuer, will cause the Transition Charges to be adjusted (i) quarterly, beginning in XX, XX, as described below (the "Quarterly True-Up Adjustments"), and (ii) at any other time if the Servicer, the Calculation Agent, the Trustee or the Requisite Bondholders (as and to the extent provided in the Trust Agreement) or any party to an Ancillary Agreement (as and to the extent provided in an Ancillary Agreement) determines that such adjustment is required to ensure the timely payment of the principal of and interest on the

Bonds and all other Ongoing Financing Costs (the "Optional True-Up Adjustments" and together with the Quarterly True-Up Adjustments, the "True-Up Adjustments").

(b) To initiate any True-Up Adjustment, the Servicer will make a preliminary calculation of the True-Up Adjustment and will prepare and submit to the Calculation Agent a draft direction pursuant Section 4.02 or a request pursuant to Section 4.03 for adjustment (a "True-Up Letter"), which in either case shall specify the proposed effective date of the True-Up Adjustment (the "True-Up Adjustment Date"), and shall be provided to the Calculation Agent in the case of a Quarterly True-Up Adjustment at the time specified in Section 4.02 and in the case of an Optional True-Up Adjustment [__] days prior to the True-Up Adjustment Date. Each True-Up Letter will be substantially in the form of Exhibit F hereto. The Issuer will cause the Calculation Agent to review the draft True-Up Letter, including the proposed True-Up Adjustment, and to provide the Servicer with any corrections or modifications, which shall be within the time specified in Section 4.02 with respect to a Quarterly True-Up Adjustment, so that the Servicer can file the True-Up Letter, as corrected and confirmed, with the Issuer, the Commission and the Trustee not later than the Quarterly Filing Date in the case of a Quarterly True-Up Adjustment or 30 days prior to the True-Up Adjustment Date in the case of an Optional True-Up Adjustment. The Issuer shall also cause the Trustee to provide to the Servicer, the parties to the Ancillary Agreements and the Calculation Agent any information required to prepare and verify the accuracy of the True-Up Letter. Concurrently with the filing of any True-Up Letter with the Commission, the Servicer shall provide a copy of the True-Up Letter to the Issuer, the Calculation Agent, the Commission, the Trustee, the parties to the Ancillary Agreements, the Rating Agencies, and any other party that has filed with the Secretary of the Issuer a request to receive a copy of such filing.

(c) The Servicer shall ensure that each True-Up Adjustment will be designed (i) to correct for any over-collections or under-collections of Transition Charges through the proposed True-Up Adjustment Date and (ii) to ensure that expected Transition Charge Revenues remitted or to be remitted to the Trustee, after taking into account assumed charge-offs and payment delays, are adequate (A) to pay timely principal of (in accordance with the Expected Amortization Schedule) and interest on the Bonds on the Payment Dates that occur during the related Annual Calculation Period, (B) to fund or replenish any debt service reserve fund or account or any other restricted accounts or subaccounts required to be established by the Trust Agreement and, to the extent permitted in the Trust Agreement, any Ancillary Agreement, including as an additional reserve fund, in each case to its required level, as provided in the Trust Agreement and, to the extent permitted in the Trust Agreement, any Ancillary Agreement (as the case may be), no later than the corresponding date or dates specified in the True-Up Letter, and (C) to make timely payment of all other Ongoing Financing Costs during the related Annual Collection Period.

(d) If the Commission determines, in consultation with the Calculation Agent, that the calculation of any adjustment to the Transition Charges is mathematically inaccurate, then, promptly upon receipt of notice of such determination from the Commission, the Servicer, on behalf of the Corporation, shall correct the True-Up Adjustment calculations and submit the corrected True-Up Letter to the Issuer and the Calculation Agent for review. If the Servicer, in consultation with the Issuer and the Calculation Agent, determines that the True-Up Letter can be corrected and filed with the Commission not later than the True-Up Adjustment Date, the

Servicer shall proceed to make such corrected True-Up Letter filing with the Commission (so long as such corrected charge is effective upon filing). Otherwise, the Servicer shall take the corrections into account not later than the next succeeding True-Up Adjustment filing with the Commission on which such adjustment can practically be made without delaying the effective date set forth in the True-Up Letter.

(e) The Servicer agrees to abide by the recommendation of any dispute calculation agent or expert appointed pursuant to Section 3.07(c) of the Trust Agreement.

Section 4.02 Quarterly True-Up Adjustments. The Servicer, on behalf of the Issuer, shall file a True-Up Letter for a Quarterly True-Up Adjustment with the Commission not later than ____, _____, _____, and _____ of each year (each a "Quarterly Filing Date"). Each True-Up Letter shall specify the applicable True-Up Adjustment Date, which shall be not earlier than 30 days, nor later than 45 days following the corresponding Quarterly Filing Date. Not later than 60 days prior to each Quarterly Filing Date, the Servicer shall prepare and file with the Issuer, the Trustee and the Calculation Agent a proposed, completed True-Up Letter for review. Not later than 10 days prior to the Quarterly Filing Date, the Issuer shall provide, or shall cause the Calculation Agent to provide, the Servicer with any comments and corrections to the proposed form of the True-Up Letter.

Section 4.03 Optional True-Up Adjustments. The Servicer, on behalf of the Issuer, shall file a True-Up Letter at any time if (1) the Servicer, on its own volition, determines, or (2) the Calculation Agent, on behalf of the Issuer, determines, or (3) the Servicer is otherwise advised by the Commission or the Calculation Agent, or (4) if the Servicer is in default under this Agreement, the Trustee or any party to an Ancillary Agreement determines in any of the preceding instances that such Optional True-Up Adjustment is required to ensure the timely payment of the principal of and interest on the Bonds and all other Ongoing Financing Costs. If the Calculation Agent requests the Servicer to initiate an Optional True-Up Adjustment, it shall give the Servicer, as well as the Issuer and the Trustee notice of such request. Upon receipt of such request, or on its own volition, the Servicer shall prepare and file with the Issuer, the Trustee and the Calculation Agent a proposed, completed True-Up Letter for review, which shall specify a True-Up Adjustment Date not earlier than 30 days after the date that the True-Up Letter is filed with the Corporation and the Commission. The Issuer, the Trustee and the Calculation Agent shall promptly review the True-Up Letter, and provide any comments within five Business Days of receipt. The Servicer shall file the True-Up Letter, as reviewed, with the Commission not later than 30 days prior to the True-Up Adjustment Date set forth in the True-Up Letter.

ARTICLE V

THE SERVICER

Section 5.01 Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Closing Date, upon which the Issuer has and will rely in entering into this Agreement, relating to the servicing of the Restructuring Property. The representations and warranties shall survive the execution and delivery of this Agreement and the pledge thereof to the Trustee pursuant to the Trust Agreement.

(a) Organization. The Servicer is a duly organized public corporation and governmental instrumentality of the Commonwealth, established and existing by virtue of Act No. 83 of the Legislative Assembly of Puerto Rico, approved May 2, 1941, as amended, reenacted and supplemented, with the requisite power and authority to own its properties as such properties are currently owned and to conduct its business as such business is now conducted by it, to service the Restructuring Property and to hold the Restructuring Property and Restructuring Property Documentation as custodian.

(b) Power and Authority. The Servicer has the requisite power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Servicer.

(c) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Servicer, enforceable against the Servicer in accordance with its terms.

(d) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not: (i) conflict with or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the bylaws of the Servicer, the PREPA Trust Agreement, the Amended and Restated Restructuring Support Agreement, dated as of January 27, 2016, by and among the Servicer and the Supporting Creditors (as therein defined), as the same may be amended, modified or supplemented as therein permitted (the "Restructuring Support Agreement"), or any other material indenture, agreement or other instrument to which the Servicer is a party or by which it is bound or to which it or any of its property or other assets are otherwise subject; (ii) result in the creation or imposition of any Lien upon any of the Servicer's properties pursuant to the terms of the PREPA Trust Agreement and Restructuring Support Agreement and any such other indenture, agreement or other instrument; or (iii) violate any existing law or any existing order, rule or regulation applicable to the Servicer of any federal, state (to the best of its knowledge and after due inquiry) or Commonwealth court or regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties or other assets.

(e) Approvals. No approval, authorization, consent, order or other action of, or registration or other filing with, any federal, state (to the best of the Servicer's knowledge and after due inquiry) or Commonwealth court, regulatory body including the Commission, administrative agency or other governmental instrumentality is required in connection with the execution and delivery by the Servicer of this Agreement, the performance by the Servicer of the transactions contemplated hereby or the fulfillment by the Servicer of the terms hereof, except those that have been obtained or made and those that the Servicer is required to make in the future pursuant to Article III or IV hereof.

(f) No Proceedings. There are no proceedings pending and, to the Servicer's knowledge, there are no proceedings threatened and no investigations pending or threatened, before any federal, state or Commonwealth court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties or other assets involving or relating to the Servicer, the Commission or the Issuer or, to the Servicer's

knowledge, any other Person (nor to the knowledge of the Servicer is there any basis therefor): (i) asserting the invalidity of this Agreement; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement; or (iii) seeking any determination or ruling that might materially adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability against the Servicer of, this Agreement.

(g) Reports and Certificates. Each report and certificate delivered by the Servicer to the Issuer, the Calculation Agent, the Depository or the Commission, with respect to the Transition Charges, Estimated Transition Charge Collections, Transition Charge Revenues or True-Up Adjustments, will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; but to the extent any such report or certificate is based in part upon or contains estimates, assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such estimates are made in good faith and such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and in either case are based on facts known to the Servicer on the date such report or certificate is delivered).

(h) No Sovereign Immunity. Under existing law, the Servicer is not entitled to raise the defense of sovereign immunity in connection with any legal proceeding relating to this Agreement.

Section 5.02 Indemnities of Servicer.

(a) The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement.

(b) The Servicer shall indemnify the Issuer, the Calculation Agent, the Depository, the Trustee (for itself and on behalf of the Bondholders), and the Bondholders and each of their respective trustees, members, managers, officers, directors, employees and agents for, and defend and hold harmless each such Person (each, an "Indemnified Person") from and against, any and all Losses that may be imposed upon, incurred by or asserted against any such Person as a result of:

(i) the Servicer's negligence or willful misconduct in the performance of its duties or observance of its covenants under this Agreement or the Servicer's reckless disregard of its obligations and duties under this Agreement;

(ii) the Servicer's breach of any of its representations or warranties in this Agreement;

(iii) litigation and related expenses relating to its status and obligations as Servicer; and

(iv) litigation and related expenses relating to or arising out of any negligent act by Third Party Billers employed or used by the Servicer to perform any of its obligations under this Agreement;

provided, however, that the Servicer shall not be liable to an Indemnified Person for any Losses (i) resulting from the willful misconduct or gross negligence of such Indemnified Person pursuant to this Section 5.02, or (ii) resulting from a breach of a representation, warranty, covenant or agreement made by such Indemnified Person in any of the Basic Documents that gives rise to the Servicer's breach; and provided, further, however, if the indemnification provided for in this Section 5.02 is unavailable to an Indemnified Person in respect of any Losses, for any reason, then the Servicer, to the extent permitted under applicable law, in lieu of indemnifying such Indemnified Person hereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Servicer on the one hand and of the Indemnified Person on the other. Amounts payable by PREPA to an Indemnified Person on account of Losses pursuant to this Section 5.02 shall be payable as set forth in the PREPA Trust Agreement.

Promptly after receipt by an Indemnified Person of notice of its involvement in any action, proceeding or investigation, such Indemnified Person shall, if a claim for indemnification in respect thereof is to be made against the Servicer under this Section 5.02, notify the Servicer in writing of such involvement. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.02 only to the extent of the actual prejudice suffered by the Servicer as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.02, the Servicer shall be entitled to assume the defense of any such action, proceeding or investigation. Upon assumption by the Servicer of the defense of any such action, proceeding or investigation, the Indemnified Person shall have the right to participate in such action or proceeding and to retain its own counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel. Unless a Servicer Default has occurred and is continuing, the Indemnified Person shall not settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 5.02 (whether or not the Servicer is an actual or potential party to such claim or action) unless the Servicer agrees in writing to such settlement, compromise or consent and such settlement, compromise or consent includes an unconditional release of the Servicer from all liability arising out of such claim, action, suit or proceeding. The Servicer shall not settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 5.02 (whether or not the Servicer is an actual or potential party to such claim or action) unless the Indemnified Person agrees in writing to such settlement, compromise or consent.

(c) The Servicer shall indemnify the Trustee and its officers, directors and agents for, and defend and hold harmless each such Person from and against, any and all Losses that may be imposed upon, incurred by or asserted against any such Person as a result of the acceptance or performance of the trusts and duties contained herein and in the Trust Agreement, except to the extent that any such Loss is due to the willful misconduct, bad faith or gross negligence of such Person; provided, however, that the indemnity under this Section 5.02(c) is extended to the Trustee solely in its individual capacity and not for the benefit of the Bondholders or any other Person. Such amounts with respect to the Trustee shall be deposited and distributed in accordance with the Trust Agreement.

(d) The Servicer's indemnification obligations under Section 5.02(b)-(c) for events occurring prior to the removal or resignation of the Trustee or the termination of this Agreement shall survive the resignation or removal of the Trustee or the termination of this Agreement and shall include reasonable costs, fees and expenses of investigation and litigation (including the Issuer's and the Trustee's reasonable attorneys' fees and expenses).

(e) Except to the extent expressly provided for in the Basic Documents (including the Servicer's claims with respect to the Servicing Fees), the Servicer hereby releases and discharges the Issuer (including its trustees, officers, employees and agents, if any), the Trustee (including its officers, directors and agents) and the Bondholders (including their respective trustees, officers, employees and agents, if any) (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, which the Servicer shall or may have against any such Person relating to the Restructuring Property or the Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) The Servicer will not indemnify any Person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Bonds or for any consequential damages, including any loss of market value of the Bonds, resulting solely from any downgrade of the ratings on the Bonds.

(g) Notwithstanding the indemnification provisions contained in any agreements entered into by the Servicer with any Third Party Billers, the Servicer shall not be relieved of its obligations to indemnify each Indemnified Person as provided in this Section 5.02.

Section 5.03 Merger or Consolidation of, or Assumption of the Obligations of, Servicer. Any Person (a) into which the Servicer may be merged or consolidated, (b) that may result from any merger or consolidation to which the Servicer shall be a party or (c) that may succeed to a substantial portion of the Electric System Assets of the Servicer, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Servicer under this Agreement, shall be the successor to the Servicer under this Agreement without the execution or filing of any document or any further act by any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 5.01 shall have been breached and no Servicer Default and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, and the Rating Agency Condition shall have been satisfied, (ii) the Servicer shall have delivered to the Issuer and the Trustee an Officer's Certificate stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent provided for in this Agreement relating to such transaction have been complied with, (iii) the Servicer shall have delivered to the Issuer and the Trustee an Opinion of Counsel either (A) stating that, in the opinion of such counsel, all statutory filings to be made by the Servicer, including filings with the Commission pursuant to the Act and any filings under the applicable UCC, that are necessary fully to preserve and protect the interests in the Restructuring Property of the Issuer, the Trustee, the Bondholders or any Person with any such interest in the Restructuring Property have been executed and filed and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action is necessary to preserve and protect such interests, (iv) the Servicer

shall have delivered to the Issuer, the Commission and the Trustee an opinion of Bond Counsel (as selected by, and in form and substance reasonably satisfactory to, the Servicer, and which may be based on a ruling from the Internal Revenue Service) to the effect that, for federal income tax purposes, such consolidation or merger or assumption of the obligations will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes, and (v) a copy of the agreement of assumption shall have been delivered to the Commission.

The Servicer shall not consummate any transaction referred to in subclauses (a), (b) or (c) above except upon execution of the above-described agreement of assumption and compliance with subclauses (i), (ii), (iii), (iv) and (v) above. When any Person acquires the a substantial portion of the Electric System Assets of the Servicer, and becomes the successor to the Servicer in accordance with the terms of this Section 5.03, then upon satisfaction of all of the other conditions of this Section 5.03, such successor Servicer shall be the Servicer for all purposes hereunder; provided, however, that the Servicer covenants and agrees with the Issuer and the Trustee that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, necessary to assist the successor Servicer in performing its obligations hereunder.

Section 5.04 Assignment. If permissible under Section 5.06, the Servicer may assign any or all of its obligations hereunder to any successor if either (i) the Rating Agency Condition and any other condition specified in the Restructuring Resolution or the Trust Agreement have been satisfied or (ii) the Servicer is replaced by a successor pursuant to Section 5.03 hereof. In either such case, a copy of any servicing agreement or agreement of assumption shall be promptly delivered to the Commission upon execution by the applicable parties.

Section 5.05 Limitation on Liability of Servicer and Others. The Servicer shall not be liable to the Issuer, the Calculation Agent, the Depository or the Trustee, except as provided under this Agreement, for any action taken or for refraining from the taking of any action pursuant to this Agreement or for errors in judgment; provided, however, that this provision shall not protect the Servicer against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of its duties or by reason of reckless disregard of its obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel reasonably acceptable to the Trustee or on any document of any kind, *prima facie* properly executed and submitted by any Person, respecting any matters arising under this Agreement. Except as provided in this Agreement, the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action incidental to its duties to service the Restructuring Property in accordance with this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability for which it has not been reasonably indemnified.

Section 5.06 PREPA Not to Resign as Servicer. Subject to the provisions of Sections 5.03 and 5.04, PREPA shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement except upon a final, non-appealable determination that PREPA's performance of its duties under this Agreement shall no longer be permissible under applicable law. Notice of any such determination permitting the resignation of PREPA shall be communicated to the Issuer, the Commission, the Depository, the Calculation Agent, the Trustee

and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Commission, the Calculation Agent, the Depository and the Trustee concurrently with or promptly after such notice. No such resignation shall become effective until a successor Servicer has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 6.04.

Section 5.07 Servicing Fee. The Issuer agrees to pay the Servicer an annual servicing fee (the "Servicing Fee") for all obligations to be performed by the Servicer under this Agreement. For so long as PREPA is the Servicer, the initial Servicing Fee shall be 0.05% of the initial principal amount of the Bonds. Such Servicing Fee shall be increased on each anniversary date by the year-over-year percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) (not seasonally adjusted) for the most recently completed twelve-month period for which such data are available. The foregoing fee constitutes a fair and reasonable price for the obligations to be performed by the Servicer and is not less than the estimated incremental cost of performing the services required by this Agreement exclusive of the expenses payable under Section 5.08.

Section 5.08 Servicer Expenses. Except as otherwise expressly provided herein and to the extent not included in the calculation of the Servicing Fee, the Issuer shall pay all reasonable third party expenses incurred by the Servicer in connection with its activities hereunder (including any fees to and disbursements by accountants, counsel, or any other Person, and any expenses incurred in connection with reports to Bondholders, subject to the priorities set forth in Section [8.02(e)] of the Trust Agreement).

Section 5.09 Subservicing. The Servicer may at any time contract with a subservicer to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition and any other condition set forth in the Trust Agreement shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable to the Issuer, the Depository, the Calculation Agent, the Trustee, the Bondholders, the parties to the Ancillary Agreements and any owner of the Restructuring Property for the servicing and administering of the Restructuring Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such subservicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Restructuring Property. The fees and expenses of the subservicer shall be as agreed between the Servicer and its subservicer from time to time, and none of the Issuer, the Trustee, the Bondholders, the parties to the Ancillary Agreements or the owner of Restructuring Property shall have any responsibility therefor. Any such appointment shall not constitute a Servicer resignation under Section 5.06. In addition to the foregoing, the Issuer may, upon being advised by its consultants, appoint one or more subservicers or co-servicers, if the Issuer determines that such appointment is likely to (i) prevent or delay an imminent negative ratings action by any Rating Agency, (ii) facilitate a reversal of any such negative ratings action, or (iii) result in a positive ratings action by any Rating Agency. The Issuer may also appoint one or more back-up servicers.

Section 5.10 Servicer Advances. PREPA, in its capacity as Servicer hereunder, shall have the option to make advances to the Issuer, upon request by the Issuer or the Trustee, with respect to Transition Charge Revenues, provided that such advances are made on an arm's length basis. The parties agree that Estimated Transition Charge Collections represent a good faith estimate of actual collections of Transition Charges received by the Servicer and do not represent an advance or borrowing by the Servicer. Prior to making any advance to the Issuer, the Servicer shall provide notice to the Commission of the amounts, the terms, the accounting treatment and the reasons for the advance.

Section 5.11 Remittances. As soon as possible but no later than the second Business Day following receipt by the Servicer, the Servicer shall cause all Customer Revenues, including without limitation all Transition Charge Collections (from whatever source), to be deposited into the Allocation Account held by the Depository. As provided in Section 3.03 hereof, the Servicer shall cause the Depository to remit the Daily Remittances to the Trustee for deposit into the Collection Account.

In the event of any change of account or change of the Depository or the Trustee or any other institution affecting the remittances of Transition Charges, the Issuer shall provide written notice thereof to the Servicer by the earlier of: (A) five Business Days from the effective date of such change, and (B) five Business Days prior to the next applicable Deposit Date.

Section 5.12 Protection of Title. The Servicer shall execute and file such filings and cause to be executed and filed such filings, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interests of the Issuer, the Trustee, the Bondholders or any owner of the Restructuring Property in the Restructuring Property, as their interests may appear, including all filings, if any, required under the UCC or the Act relating to the security interest granted by the Issuer to the Trustee and the Bondholders in the Restructuring Property and the liens granted for the benefit of the Trustee under the Depository Agreement. The Servicer shall deliver (or cause to be delivered) to the Issuer, the Commission and the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The costs of any such action reasonably allocated by the Servicer to the Restructuring Property shall be payable from Transition Charge Collections as an Ongoing Financing Cost in accordance with the Trust Agreement. The Servicer's obligations pursuant to this Section 5.12 shall survive and continue notwithstanding the fact that the payment of Ongoing Financing Costs pursuant to the Trust Agreement may be delayed (it being understood that the Servicer may be required to advance its own funds to satisfy its obligations under this Section 5.12).

Section 5.13 Tax-Exempt Bonds. The Servicer shall comply with the tax certificates to be executed and delivered by it in connection with the issuance of the Bonds and with letters of instruction, if any, delivered by Bond Counsel in connection with the issuance of the Bonds, as such tax certificates and letters may be amended from time to time. Notwithstanding anything else in this Agreement to the contrary, the covenants of this Section 5.13 shall survive the payment, redemption or defeasance of the Bonds and the termination of this Agreement.

Section 5.14 Compliance with Article 33 of the Act. The Issuer and the Servicer each agree to comply with the provisions of Article 33 of the Act so as to maintain the separateness of the Issuer and the Servicer, including the following:

(a) Pursuant to Article 33(e) of the Act, each of the Issuer and the Servicer shall maintain its books, financial records and accounts (including inter-entity transaction accounts) in a manner so as to identify separately the assets and liabilities of each such entity from those of any other Person; each shall observe all applicable corporate procedures and formalities, including, where applicable, the holding of regular periodic and special meetings of governing bodies, the recording and maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if any, adopted at such meetings; and all transactions and agreements between and among the Issuer, the Servicer and any Person will reflect the separate legal existence of each entity and shall be formally documented in writing. The Issuer shall not enter into any transaction with an affiliate of the Servicer, the Issuer, Government Development Bank for Puerto Rico or the Commonwealth, except on terms similar to those available to unaffiliated Persons in an arm's length transaction.

(b) Pursuant to Article 33(f) of the Act, the Issuer and the Servicer shall each have separate annual financial statements, prepared in accordance with generally accepted accounting principles, that reflect the separate assets and liabilities of each such entity and all transactions and transfers of funds involving each such entity, and each shall pay or bear the cost of the preparation of its own financial statements regardless of whether such public accounting firm prepares or audits the financial statements of the Issuer or the Servicer.

(c) Pursuant to Article 33(g) of the Act, the Issuer and the Servicer shall pay their respective liabilities and losses from their own respective separate assets. In furtherance of the foregoing, the Issuer shall compensate all employees, consultants, independent contractors and agents from its own funds for services provided to it by such employees, consultants, independent contractors and agents. The Issuer shall maintain sufficient employees in light of its contemplated business purpose.

(d) Pursuant to Article 33(h) of the Act, each of the Issuer and the Servicer shall maintain its assets, funds and liabilities separate and apart from the assets, funds and liabilities of any other Person, and will conduct all business between either the Issuer or the Servicer and third parties in their own name separate and distinct from the other. Both entities shall correct any known misunderstanding regarding its separate identity.

(e) Pursuant to Article 33(i) of the Act, neither the assets nor the creditworthiness of the Servicer shall be held out as being available for the payment of any liability of the Issuer, and vice versa. Assets shall not be transferred between the Servicer and the Issuer inconsistently with the Act or with the intent to hinder or defraud creditors.

(f) Pursuant to Article 33(j) of the Act, the Servicer in its papers and the statements of its officials shall refer to the Issuer as a separate and distinct legal entity; and shall take no action that is inconsistent with the Act or that would give any of its creditors cause to believe either that any such obligations incurred by the Servicer are also obligations of the Issuer, or that

the Servicer were not or would not continue to remain an entity separate and distinct from the Issuer.

Section 5.15 Servicer's Obligations Under the Act. The Servicer shall comply with all of its obligations under the Act.

ARTICLE VI

DEFAULT

Section 6.01 Servicer Default. If any one of the following events (each a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to cause all Customer Revenues, including all Transition Charge Collections (from whatever source), received by the Servicer to be deposited into the Allocation Account as provided in Sections 3.03 and 5.11 or any failure by the Servicer to cause the Depository to transfer to the Trustee any required Daily Remittance and cause other amounts received from Collateral to be deposited to the Collection Account pursuant to Sections 3.03 and Section 5.11 hereof that shall continue unremedied for a period of five (5) Business Days after written notice of such failure is received by the Servicer from the Issuer, the Trustee or any party to an Ancillary Agreement; or

(b) any failure of the Servicer to provide information to the Calculation Agent in connection with the verification of a True-Up Adjustment [or a Quarterly Reconciliation Certificate] within five Business Days unless such period is impracticable and a larger period, not exceeding 10 Business Days has been requested by the Servicer after written notice thereof from the Calculation Agent, the Issuer, the Trustee or any party to an Ancillary Agreement; or

(c) any failure by the Servicer duly to observe or perform in any material respect any other covenant or agreement of the Servicer set forth in this Agreement, and continues unremedied for a period of 30 days after written notice of such failure has been given to the Servicer by the Issuer, the Commission, the Depository, the Calculation Agent, the Administrator, the Trustee or any party to an Ancillary Agreement or after discovery of such failure by an officer of the Servicer;

(d) any representation or warranty made by the Servicer in this Agreement proves to have been incorrect when made, which has an adverse effect on the Issuer or the Bondholders, or the rights of the Issuer, Bondholders or parties to Ancillary Agreements in the Restructuring Property, and which adverse effect continues unremedied for a period of 45 days after the date on which written notice thereof has been given to the Servicer by the Issuer, the Commission, the Trustee or any party to an Ancillary Agreement or after discovery of such failure by an officer of the Servicer, as the case may be;

(e) an Insolvency Event occurs with respect to the Servicer; or

(f) a moratorium, a stay or an emergency period which prevents the Servicer from being able to perform any of its obligations under this Agreement (or exempts the Servicer from

performing any such obligations) is declared under (i) Act 21 of 2016 or (ii) any federal or other Commonwealth law or order;

then, and in each and every case, so long as the Servicer Default shall be continuing, either the Issuer or the Trustee may, or, upon the written direction of the Commission acting in accordance with the Act, Restructuring Order and Restructuring Resolution, shall by notice then given in writing to the Servicer (and to the Trustee if given by the Bondholders or a party to such Ancillary Agreement) (a "Termination Notice") terminate all the rights and obligations of the Servicer under this Agreement (other than the Servicer's indemnification obligations set forth in Section 5.02 hereof and the Servicer's obligation under Section 6.04 to continue performing its functions as Servicer until a successor Servicer is appointed, which obligations shall remain ongoing). In the event of any conflict between the direction of the Commission and the designation of the Trustee, the holders of the Bonds or a party to any Ancillary Agreement, and the Trustee or such other party shall determine that the Commission's direction would impair or would not adequately protect the rights of such party, such party shall so inform the Commission in writing of such determination and the basis therefor, and upon such communication, the designation of the Trustee, holders or such party, as the case may be, shall control.

In addition upon a Servicer Default, the Issuer and the Trustee may as against the Servicer:

(A) apply to any court of competent jurisdiction for an order of seizure or sequestration and payment of revenues arising with respect to the Restructuring Property or any other applicable remedy;

(B) seek a writ of mandamus as specified in Section 7.03 hereof;

(C) resort to any court, including any federal court, to require, an order of seizure and payment of the Transition Charge Revenues, or any other applicable remedy. If such court determines that such Servicer Default exists, it shall issue the requested seizure and payment order. The order shall remain valid notwithstanding any bankruptcy, reorganization, or any other insolvency procedure with respect to the Servicer, the Issuer, PREPA or any other Person; or

(D) exercise the remedies set forth in Section 7.04 hereof.

In addition, any party to an Ancillary Agreement may seek a writ of mandamus as specified in Section 7.03 hereof. Nothing in this Section 6.01 shall permit the Issuer or the Trustee to directly initiate or maintain any action to suspend or terminate the electric service of any Customer.

On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Restructuring Property, the Transition Charges or otherwise, shall, upon appointment of a successor Servicer pursuant to Section 6.04, without further action, pass to and be vested in such successor Servicer and, without limitation, the Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the

Restructuring Property Documentation and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Trustee, the Issuer and the Depository in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Restructuring Property or the Transition Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Restructuring Property Documentation to the successor Servicer. All reasonable costs and expenses (including attorneys' fees and expenses) incurred in connection with transferring the Restructuring Property Documentation to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this Section 6.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses.

Section 6.02 Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Commission, the Trustee, the Calculation Agent, the Depository and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice in an Officer's Certificate of any event or circumstance which with the giving of notice or passage of time, or both, would become a Servicer Default under Section 6.01.

Section 6.03 Waiver of Past Defaults. The Trustee, with the consent of the Requisite Bondholders and the party (other than the Trustee) to each Ancillary Agreement, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. The Servicer shall provide notice of any such waivers to the Commission and each Rating Agency, promptly after its receipt thereof from the Trustee. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon. Any waiver by the Trustee shall be effective, regardless of any prior instruction or order of the Commission to the contrary effect.

Section 6.04 Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 6.01 or the Servicer's resignation in accordance with the terms of this Agreement, the Servicer shall continue to perform its functions as Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee and reimbursement of expenses as provided herein, until a successor Servicer is qualified and has assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer, at the direction of the Commission, subject to the prior consent or contrary direction of the Trustee, or the Trustee, shall designate a successor Servicer, provided that if the Issuer is in default on its obligation under the Trust Agreement, either the Commission, subject to the prior consent or contrary direction of the Trustee, or the Trustee shall appoint a successor Servicer; provided further that in the event of any conflict between the direction of the Commission and the direction of the Trustee, the direction of the Trustee shall control. If within 30 days after the delivery of the Termination Notice, a new Servicer has not accepted such

appointment, the Trustee may petition a court of competent jurisdiction to appoint a successor Servicer under this Agreement. If within 60 days after the delivery of the Termination Notice, a new Servicer has not accepted such appointment and the Trustee has not petitioned a court of competent jurisdiction in accordance with the immediately preceding sentence, a party to any Ancillary Agreement in respect of which an Ancillary Agreement Event has occurred and is continuing and/or the Requisite Bondholders may petition a court of competent jurisdiction to appoint a successor Servicer under this Agreement. A Person shall qualify as a successor Servicer only if (i) such Person is not prohibited from performing the duties of the Servicer pursuant to the Act, the Restructuring Resolution, the Trust Agreement and this Agreement, (ii) the Rating Agency Condition has been satisfied and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Agreement.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer under this Agreement and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

(c) The successor Servicer may resign only in accordance with Section 5.06 of this Agreement.

(d) The Issuer shall provide to the Commission a copy of any successor Servicing Agreement for informational purposes.

Section 6.05 Cooperation with Successor. The Servicer covenants and agrees with the Issuer and the Trustee that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, necessary to assist the successor Servicer in performing its obligations hereunder and under any successor servicing agreement.

ARTICLE VII

THIRD PARTY BENEFICIARY PROVISIONS

Section 7.01 Trustee, Bondholders, parties to Ancillary Agreements Third Party Beneficiaries. The Trustee, the Bondholders and parties to Ancillary Agreements are express and intended third party beneficiaries under this Agreement. The Trustee, or a party to any Ancillary Agreement shall be entitled to enforce this Agreement against the Servicer, as and to the extent provided herein or the Trust Agreement, to the same extent as if the Trustee and such parties were parties hereto. Nothing expressed in or to be implied from this Agreement is intended to give, or shall be construed to give, any Person, other than the parties hereto and their permitted successors and assigns hereunder, the Trustee, the Bondholders, parties to Ancillary Agreements and their respective permitted successors and assigns, any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement or under or by virtue of any provision herein.

Section 7.02 Commission Action. Any action taken by the Issuer, at the direction of the Commission or otherwise, with respect to the Servicer, including (subject to the provisions of

Section 6.01 hereof) the replacement of the Servicer, is subject to the prior consent of or contrary direction of the Trustee on behalf of the Bondholders or as directed by Requisite Bondholders and/or parties to an Ancillary Agreement, in accordance with the terms of the Trust Agreement.

Section 7.03 Mandamus. The adjustment of the Transition Charges is a ministerial act of the Servicer and should the Servicer fail in any respect with respect to its duties to establish or adjust the Transition Charges at any time, the Trustee, a party to any Ancillary Agreement or the Issuer shall be entitled, upon application or petition therefor, to a writ of mandamus requiring the Servicer to establish or adjust the Transition Charges in accordance with this Agreement and the Restructuring Resolution.

Section 7.04 Rights and Remedies. As and to the extent as provided in the Trust Agreement or any Ancillary Agreement, as the case may be, any owner of Restructuring Property, the Trustee, or any party to any Ancillary Agreement may exercise any rights and remedies provided in such Trust Agreement and Ancillary Agreement and, as to the Trustee and any owner of the Restructuring Property, any rights and remedies provided in the Act.

Section 7.05 Actions in Lieu of the Trustee. The Requisite Bondholders or the parties to the Ancillary Agreement, as applicable, may act in lieu of the Trustee under this Agreement, as and to the extent permitted under the Act, the Trust Agreement and the Ancillary Agreements.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01 Amendment.

(a) This Agreement may be amended by the Servicer and the Issuer, with the consent of the Trustee and the satisfaction of the Rating Agency Condition, provided that any such amendment is not prohibited by the Act or the Restructuring Resolution. Promptly after the execution of any such amendment or consent, the Issuer shall furnish written notification of the substance of such amendment or consent to each of the Rating Agencies and to the Commission.

Prior to the execution of any amendment to this Agreement, the Issuer and the Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement and the Opinion of Counsel referred to in Section 5.06. The Issuer and the Trustee may, but shall not be obligated to, enter into any such amendment which affects their own rights, duties or immunities under this Agreement or otherwise.

(b) The Servicer shall promptly provide each of the Rating Agencies and the Commission with a copy of any amendment to this Agreement or of any successor Servicer Agreement.

(c) Notwithstanding the foregoing, no amendment or modification of this Agreement shall be effective without the prior written consent of each party to Ancillary Agreements that is materially adversely affected by such amendment or modification.

Section 8.02 Notices. Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, reputable overnight courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or reputable overnight courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered or transmitted, or if mailed, five days after deposit in the United States mail with proper postage for ordinary mail prepaid:

(a) if to the Servicer, to:

Puerto Rico Electric Power Authority
[P.O. Box 364267
San Juan, Puerto Rico 00936-4267]
Attention: [Office of the General Counsel]
Telephone: (___) _____
Telecopy: (___) _____
Email: _____

(b) if to the Issuer, to:

Puerto Rico Electric Power Authority Revitalization Corporation
_____
_____
_____
Attention: _____
Telephone: (___) _____
Telecopy: (___) _____
Email: _____

(c) if to the Trustee, to:

_____
_____
Attention: _____
Telephone: (___) _____
Telecopy: (___)_____
Email: _____

(d) if to the Commission, to:

Puerto Rico Energy Commission
_____
_____
Attention: _____
Telephone: (___) _____

Telecopy: (___)_____
Email: _____

(e) if to Moody's, to:

Moody's Investors Service, Inc.
7 World Trade Center, 250 Greenwich Street, 25th Floor,
New York, New York 10007
Attention: ABS/RMBS Monitoring Department
E-mail: ServicerReports@moodys.com

(f) if to Standard & Poor's, to:

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attention: Structured Credit Surveillance
E-mail: servicer-report@standardandpoors.com
Telephone: (212) 438-8991

(g) if to Fitch, to:

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Attention: ABS Surveillance
Email: surveillance-abs-other@fitchratings.com
Telephone: (212) 908-0500

(h) if to the Calculation Agent:

(i) if to the Depository:

(j) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

Section 8.03 Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicer, the Issuer, the Commission, the Depository, the Calculation Agent, the parties to the Ancillary Agreements, the Bondholders, the Trustee, any party to an Ancillary Agreement and the other Persons expressly referred to herein and such Persons shall have the right to enforce the relevant provisions of this Agreement, except that the Bondholders shall be entitled to enforce their rights against the Servicer under this Agreement solely through a cause of action brought for their benefit by the Trustee or as set forth in the Trust Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Restructuring Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

Section 8.04 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.05 Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of any executed signature page of this Agreement by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 8.06 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 8.07 Governing Law. This Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Restructuring Resolution, all rights of the Issuer or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico. To the extent permitted by law, the Servicer hereby submits to, and waives any objection to, venue in any federal or state court located in the Borough of Manhattan, City of New York, New York.

Section 8.08 Collateral Assignment to Trustee. The Servicer hereby acknowledges the grant of a security interest and collateral assignment by the Issuer pursuant to the Trust Agreement of all of the Issuer's rights hereunder to the Trustee for the benefit of the Bondholders and the Trustee, and the parties to any Ancillary Agreement. The Trustee shall succeed to all of the Issuer's rights in the manner set forth in the Trust Agreement.

Section 8.09 Nonpetition Covenant. Notwithstanding any prior termination of this Agreement or the Trust Agreement, but subject to the right of a court of competent jurisdiction to order the sequestration and payment of revenues arising with respect to the Restructuring Property and notwithstanding any bankruptcy, reorganization or other insolvency proceedings with respect to any person or entity permitted pursuant to Section 41 of the Act, the Servicer shall not, prior to the date which is one year and one day after no Bonds are outstanding or any Ancillary Agreement with payment obligations that have or may become due thereunder are owing by the Issuer, petition or otherwise invoke or cause the Issuer to invoke the process of any court or governmental authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or Commonwealth bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or, to the fullest extent permitted by law, ordering the winding up or liquidation of the affairs of the Issuer.

Section 8.10 Termination. This Agreement shall terminate when all Bonds have been retired, redeemed, defeased or paid or deemed paid in full and all other Ongoing Financing Costs have been paid in full and the Servicer has disposed of all remaining Transition Charges in the manner required by the Restructuring Resolution and the Trust Agreement; provided, however, that this Section 8.10 shall not apply to those rights and/or obligations set forth in this Agreement that expressly survive the termination of this Agreement. Termination pursuant to this Section 8.10 or otherwise provided herein shall be without prejudice to any rights of the Issuer, the Trustee, the Bondholders, any party to an Ancillary Agreement, the Servicer or any other Person which may have accrued through the date of termination hereunder.

Section 8.11 Rule 17g-5 Compliance. The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Agreement or any other Basic Document to which it is a party for the purposes of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds with any Rating Agency, shall be, substantially concurrently, posted by the Servicer on the 17g-5 Website.

Section 8.12 Continuing Disclosure Under Rule 15c2-12. The Servicer shall prepare and provide to the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access system ("EMMA"), in the format prescribed by the Municipal Securities Rulemaking Board, the reports, certificates and notices required of it under the Continuing Disclosure Agreement.

Section 8.13 No Set-off, Counterclaim or Defense. The Restructuring Property, Transition Charges, Transition Charge Revenues, and the interests of a Bondholder, any party to an Ancillary Agreement, Financing Entity or any other Person in Restructuring Property or in Transition Charge Revenues are not subject to set-off, counterclaim, surcharge or defense by the Servicer, the Issuer, PREPA, holders of any other debt issued by PREPA (or any other creditors of PREPA) or in connection with any default, bankruptcy, reorganization or other insolvency proceeding of any of the foregoing Persons.

Section 8.14 Third Party Billers.

(a) If at any time in the future the Commonwealth takes any action to amend the Act, or the Commission takes any action to adopt, supplement or amend Commission Regulations, in either case, to permit the billing and/or collecting of Transition Charges by Third Party Billers, the Servicer, for the benefit of the Bondholders, shall take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be necessary to (A) if the Servicer, any party to an Ancillary Agreement, the Trustee or Requisite Bondholders reasonably believe that such action could result in a downgrade of the Bonds or is otherwise contrary to the Act or the Restructuring Resolution, block or overturn such action of the Commonwealth or the Commission, as the case may be, including by asserting that such action violates the Commonwealth Pledge (as defined in the Trust Agreement); and (B) if such challenge or opposition fails, compel performance by the Commission or the Commonwealth, as the case may be, of their obligations and duties under the Act or the Restructuring Resolution, as applicable, with respect to Third Party Billers, including but not limited to ensuring that the implementation of any such amendment, supplement, rule or

regulation does not result in a downgrade in the credit ratings assigned to the Bonds and otherwise conforms with the matters referenced in Annex 1 hereto;

(i) the Servicer, for the benefit of the Bondholders, will take reasonable steps to monitor on an ongoing basis proceedings in the legislature of the Commonwealth and at the Commission for proposed legislation, rules, regulations or other initiatives that could reasonably result in the taking by the Commonwealth or the Commission of any action referenced in this paragraph (a); and

(ii) the costs of any action taken by, and the obligations of, the Servicer under this Section shall be treated in the same manner as expenses under Section 5.08.

(b) Should the laws of the Commonwealth be changed to permit the billing and/or collecting of Rates and Transition Charges by Third Party Billers, the Servicer shall, using the same degree of care and diligence that it exercises with respect to payments owed to it for its own account, implement such procedures and policies as would be necessary to properly enforce the obligations of each Third Party Biller to remit Rates and Transition Charges, in accordance with the terms and provisions of the Restructuring Resolution.

IN WITNESS WHEREOF, the parties hereto have caused this Restructuring Property Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer

By:_____
Name:
Title:

PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer

By:_____
Name:
Title:

Acknowledgement of Section 7.01 hereof.

[TRUSTEE], as Trustee under the Trust Agreement

By:_____
Name:
Title:

ANNEX 2

CERTIFICATES AND ADJUSTMENTS

The Servicer agrees to comply with the following with respect to the Issuer:

SECTION 1. Definitions. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Restructuring Property Servicing Agreement dated as of [_____, 2016], between the Issuer and PREPA, as Servicer (the "Servicing Agreement").

SECTION 2. Monthly Servicer Certificates. On or before the [15th] Business Day following the end of each calendar month, commencing with [_____ 2016], the Servicer will deliver to the Depository, the Issuer, the Administrator, the Calculation Agent, the Trustee each Rating Agency, and, for informational purposes, the Commission a monthly certificate in substantially the form of Exhibit C hereto (the "Monthly Servicer Certificate") showing: (a) the total amount of Customer Revenues deposited into the Allocation Account, either by the Servicer, directly by Customers or otherwise, during the month and through the end of the current Collection Period (b) the Estimated Transition Charge Collections transferred to the Collection Account during the month and through the end of the current Collection Period, (c) the PREPA Charges transferred to PREPA during the month and through the end of the current Collection Period and (d) the amount of any transfers or reductions in respect of Excess Remittances or the Remittance Shortfalls required pursuant to Section 3.03(f) of the Servicing Agreement.

SECTION 3. Semiannual Servicer Certificates. At least one Business Day before each Payment Date, the Servicer shall provide the Issuer, the Trustee, the Administrator, each Rating Agency, the Calculation Agent and, for informational purposes, the Commission, with a certificate in substantially the form of Exhibit D hereto (the "Semiannual Servicer Certificate") showing, *inter alia*, the amounts to be paid to Bondholders on such Payment Date, the amounts to be paid with respect to other Ongoing Financing Costs (in reasonable detail) on or following such Payment Date, and all transfers required to be made into the various funds and accounts held under the Trust Agreement.

SECTION 4. Annual Statement of Compliance. The Servicer shall provide the Certificate of Compliance required by Section 3.06 of the Servicing Agreement in substantially the form of Exhibit E hereto to the Issuer, the Trustee, the Administrator, each Rating Agency, the Calculation Agent and, for informational purposes, the Commission.

SECTION 5. Post-Issuance Report. If the estimates of Upfront Financing Costs or Ongoing Financing Costs need to be updated from the information provided in the Designee Certificate, the Servicer shall prepare, on behalf of the Issuer, and deliver to the Commission, the Issuer and the Administrator a post-issuance report, which shall update such information in a revised form of the Designee Certificate, not later than ten (10) days following the issuance date of the Bonds. This updated certificate shall be provided to the Commission for informational purposes only.

SECTION 6. Annual Report to Commission. The Servicer shall prepare and provide on behalf of itself and the Issuer a joint report to the Commission, in substantially the form of Exhibit G hereto, not later than March 1 of each year, setting forth with respect to the prior calendar year, the outstanding principal amount of the Bonds at the close of such calendar year [(taking into account any principal payment made on such Bonds on or about January 1 immediately succeeding such calendar year close),] the amount paid on such Bonds in respect of such calendar year, the Ongoing Financing Costs (in detail) paid in such prior year and the remaining Ongoing Financing Costs payable in the current year.

SECTION 7. Final Accounting Report. Not later than 120 days following final payment of the Bonds and any associated Financing Costs, the Servicer shall prepare and provide to the Commission a final accounting report showing the Transition Charge Revenues on deposit with the Trustee and the method, approved by the Commission, by which such charges will be credited back to Customers.

ANNEX 3

SERVICING PROCEDURES

The Servicer agrees to comply with the following servicing procedures:

SECTION 1. Definitions.

(a) Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Restructuring Property Servicing Agreement, dated as of [_____, 2016], between the Issuer and PREPA, as Servicer (the "Servicing Agreement").

(b) Whenever used in this Annex 3, the following words and phrases shall have the following meanings:

"Applicable MDMA" means, with respect to each Customer, the meter data management agent or other person providing meter reading services for that Customer's account.

"Applicable Third Party" means, with respect to each Customer, the Third Party Biller, if any, providing billing or metering services to that Customer.

"Billed Charges" means the amounts of Transition Charges billed to Customers, whether billed directly to such Customers by the Servicer or indirectly through a Third Party Biller pursuant to Consolidated Third Party Billing.

"Bills" means each of the regular monthly bills, summary bills and other bills issued to Customers for Rates provided by the Servicer or by a Third Party Biller.

["Budget Payment Plan" means a levelized payment plan offered by PREPA, which, if elected by a Customer, provides for level monthly Bill charges to such Customer. For residential Customers, this charge is calculated by calculating actual electricity usage for the previous 12 months, multiplying that usage by the applicable rates and adding non-usage sensitive charges and dividing this amount by twelve. The number which results from this calculation is charged to the residential Customer each month. In the twelfth month, PREPA bills the residential Customer for actual use in that month, adjusted for any excess or deficit the Customer has paid PREPA over the prior eleven months. If the Customer owes PREPA [$4] or more over the normal budget amount, that Customer has the option repaying the full amount in the twelfth month, or spreading the amount of this deficit in equal installments over the first four months of the Customer's next budget year. The procedure is similar for small industrial and commercial Customers.][Note: Conform to PREPA's Budget Payment Plan.]

"Charge Effective Date" means the date on which the initial Transition Charge goes into effect as provided in this Agreement.

"Closing Bill" means the final bill issued to a Customer at the time service is terminated.

"Consolidated Third Party Billing" means the billing option available to Customers served by a Third Party Biller pursuant to which such Third Party Biller will be responsible for

billing and collecting all charges to Customers electing such billing option, including the Transition Charges, and will become obligated to the Servicer for the Billed Charges, all in accordance with applicable Commission Regulations and the Restructuring Order.

"Days Sales Outstanding" means the average number of days that monthly Bills to Customers remain outstanding during the calendar year immediately preceding the calculation of projected lags in collection of Billed Charges pursuant to Annex 1 of the Servicing Agreement. The initial Days Sales Outstanding shall be ___ days until updated pursuant to this Annex 3.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under this Annex 3, the policies and practices applicable to such duties that the Servicer (or its sub-servicer) follows with respect to the Rates.

SECTION 2. Data Acquisition.

(a) Installation and Maintenance of Meters. Except to the extent that a Third Party Biller is responsible for such services, the Servicer shall use commercially reasonable efforts to cause to be installed, replaced and maintained meters in such places and in such condition as will enable the Servicer to obtain usage measurements for each Customer approximately every 30 days or as provided in the applicable Rate tariff.

(b) Meter Reading. At least once each Billing Period, the Servicer shall obtain usage measurements from the Applicable MDMA for each Customer; provided, however, that the Servicer may determine any Customer's usage on the basis of estimates.

(c) Cost of Metering. The Issuer shall not be obligated to pay any costs associated with the metering duties set forth in this Section 2, including, but not limited to, the costs of installing, replacing and maintaining meters, nor shall the Issuer be entitled to any credit against the Servicing Fee for any cost savings realized by the Servicer or any Third Party Biller as a result of new metering and/or billing technologies.

SECTION 3. Usage and Bill Calculation.

The Servicer shall obtain or calculate each Customer's usage which is subject to the Transition Charge (which usage may be based on data obtained from such Customer's meter read, from PREPA records, or on usage estimates determined in accordance with the Restructuring Resolution and, if applicable, Commission Regulations) at least once each Billing Period and shall determine therefrom the Transition Charge in accordance with the Restructuring Resolution, the Adjustment Mechanism and this Agreement.

SECTION 4. Billing.

The Servicer shall implement the Transition Charges as of the Transition Charges Effective Date and shall thereafter bill each Customer or the Applicable Third Party for the each Customer's outstanding current and past due charges relating to the Transition Charges, accruing until all payments of principal of and interest on the Bonds and all other Ongoing Financing Costs have been paid in accordance with the Trust Agreement, all in accordance with the following:

(a) Frequency of Bills; Billing Practices. In accordance with the Servicer's then-existing Servicer Policies and Practices, as such Servicer Policies and Practices may be modified from time to time, the Servicer shall generate and issue a Bill to each Customer, or, in the case of a Customer who has elected Consolidated Third Party Billing, to an Applicable Third Party, for such Customer's Rates and Transition Charges as a general practice once approximately every 30 days or such other time period as allowed by the Commission, at the same time, with the same frequency and on the same Bill as that containing Rates to such Customer or Third Party Biller, as the case may be. In the event that the Servicer makes any material modification to these practices, it shall notify the Issuer, the Trustee, the parties to the Ancillary Agreements, the Depository and the Rating Agencies as soon as practicable, and in no event later than 60 Business Days after such modification goes into effect; provided, however, that the Servicer may not make any modification that will adversely affect the Bondholders.

(b) Format.

(i) Pursuant to the Restructuring Resolution, each Bill will identify the Transition Charges included in such Bill as a separate line item, and will include a statement, by means of a footnote or otherwise, to the effect that the Transition Charges belong to the Issuer.

(ii) In the case of each Customer that has elected Consolidated Third Party Billing, the Servicer shall deliver to the Applicable Third Party itemized charges for such Customer including the amount of such Customer's Rates and text identifying the Issuer as the owner of such Charge.

(c) Delivery. The Servicer shall deliver all Bills to Customers

(i) by United States mail in such class or classes as are consistent with the Servicer Policies and Practices followed by the Servicer with respect to the Rates or

(ii) by any other means, whether electronic or otherwise, that the Servicer may from time to time uses to bill the Rates to Customers. In the case of Customers that have elected Consolidated Third Party Billing, the Servicer shall deliver all Bills to the applicable Third Party Billers by such means as are prescribed by applicable Commission Regulations, or if not prescribed by applicable Commission Regulations, by such means as are mutually agreed upon by the Servicer and the Applicable Third Party and are consistent with Commission Regulations. The Servicer or a Third Party Biller, as applicable, shall pay from its own funds all costs of issuance and delivery of all Bills, including but not limited to printing and postage costs as the same may increase or decrease from time to time.

SECTION 5. Customer Service Functions.

The Servicer shall handle all Customer inquiries and other Customer service matters according to the same procedures it uses to service Customers with respect to the Rates.

SECTION 6. Collections; Payment Processing; Remittances.

(a) Collection Efforts, Policies, Procedures.

(i) The Servicer shall use Best Efforts to collect all Billed Charges from Customers and Third Party Billers as and when the same become due and, subject to its obligations under Section 3.04 of the Servicing Agreement, shall follow such collection procedures as it follows with respect to the Rates, including, as follows:

(A) The Servicer shall prepare and deliver overdue notices to Customers and Third Party Billers in accordance with applicable Commission Regulations and the Servicer Policies and Practices.

(B) The Servicer shall apply late payment charges to outstanding Customer and Third Party Biller balances on the same basis as it applies late charges on its Rates.

(C) The Servicer shall deliver verbal and written final call notices in accordance with [applicable Commission Regulations and] Servicer Policies and Practices.

(D) The Servicer shall adhere to and carry out disconnection policies in accordance with the Act, other applicable law and Commission Regulations and Servicer Policies and Practices.

(E) The Servicer may employ the assistance of collections agents in accordance with [applicable Commission Regulations and] Servicer Policies and Practices.

(F) The Servicer shall apply Customer and Third Party Biller deposits, Customers' letters of credit and Customer posted surety bonds to the payment of delinquent accounts in accordance with applicable Commission Regulations and Servicer Policies and Practices and according to the priorities set forth in Section 6(b)(ii), (iii) and (iv) of this Annex 3.

(G) The Servicer shall promptly take all necessary action in accordance with applicable Commission Regulations to terminate billing of Rates by Third Party Billers whose payments are delinquent and to collect the Billed Charges directly from the applicable Customers.

(H) The Servicer shall make use of any intercept provisions for non-payment of electric or other rates by any public agency, municipality, public corporation or other governmental entity or Governmental Authority that is applicable to non-payment of electric or other rates charged by the Servicer, to the extent such intercept provisions are permitted under applicable laws, orders and regulations.

(ii) The Servicer shall impose late charges for any Transition Charges on the same basis as it imposes late charges for its Rates. The Servicer shall not waive any late payment charge or any other fee or charge relating to delinquent payments, if any, or waive, vary or modify any terms of payment of any amounts payable by a Customer, in each case unless such waiver or action:

(A) would be in accordance with the Servicer's customary practices or those of any successor Servicer with respect to other Customer Charges that it services for itself and for others;

(B) would not materially adversely affect the rights of the Bondholders; and

(C) would comply with applicable law; provided, however, that notwithstanding anything in the Servicing Agreement, including this Annex 3, to the contrary, the Servicer is authorized to write off any Billed Charges in accordance with its Servicer Policies and Practices that remain outstanding for more than 120 days and shall for the purpose of any True-Up Adjustment calculation, assume that any delinquency after 120 days is written off and uncollectible.

(iii) The Servicer shall accept payment from Customers in respect of Billed Charges in such forms, by such methods and at such times and places as it accepts payment of the Rates. The Servicer shall accept payment from Third Party Billers in respect of Billed Charges in such forms, by such methods and at such times and places as the Servicer and each Third Party Biller shall mutually agree in accordance with applicable Commission Regulations.

(iv) The Servicer shall terminate service to non-paying Customers on the same basis as termination of service is permitted for nonpayment of electric or other rates by PREPA.

(b) Payment Processing; Allocation; Priority of Payments.

(i) The Servicer shall post all payments received to Customer accounts as promptly as practicable, and, in any event, substantially all payments shall be posted no later than two Business Days after receipt.

(ii) Subject to clause (iii) below, the Servicer shall apply payments received to each Customer's or Third Party Biller's account in the same proportion that the Transition Charges contained in the outstanding Bill to such Customer or Third Party Biller bears to any other charges contained in such Bill.

(iii) Any amounts collected by the Servicer that represent partial payments of the total Bill to a Customer or Third Party Biller shall be allocated *pro rata* in accordance with Section 3.02(b) of the Servicing Agreement.

(iv) The Servicer shall cause all over-payments to be deposited into the Allocation Account and shall allocate such funds in accordance with clauses (ii) and (iii).

(v) [For Customers on a Budget Payment Plan, the Servicer shall treat Transition Charge Collections received from such Customers as if such Customers had been billed for the Transition Charges in the absence of the Budget Payment Plan. Partial payment of a Budget Payment Plan payment shall be allocated according to clause (iii) above, and overpayment of a Budget Payment Plan payment shall be allocated according to clause (iv) above.]

(c) Accounts; Records.

(i) The Servicer shall maintain accounts and records as to the Restructuring Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between payments or recoveries with respect to the Restructuring

Property and the amounts from time to time remitted to the Collection Account in respect of the Restructuring Property.

(ii) The Servicer shall maintain accounts and records as to Third Party Billers performing Consolidated Third Party Billing for Customers accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between payments or recoveries with respect to the Restructuring Property and amounts owed by such Customers in respect of the Transition Charges.

(d) Calculation of Daily Remittances, Excess Remittances and Remittance Shortfalls.

1. For purposes of calculating the Daily Remittance, (i) all Billed Charges shall be estimated to be collected the same number of days after billing as is equal to the Days Sales Outstanding then in effect (or, if such day is not a Business Day, on the next Business Day) and (ii) the Servicer will, on each Business Day, cause the Depository to remit to the Trustee for deposit into the Collection Account an amount equal to the product of the Billed Charges estimated to be collected on such Business Day multiplied by the difference of one hundred percent and [the percentage of projected uncollectibles used by the Servicer to calculate the most recent True-Up Adjustment pursuant to Annex 1 of the Servicing Agreement [and in the case of the first calculation, the percentage of projected uncollectibles identified in the initial True-Up Letter or Designee Certificate]. Such product shall constitute the amount of Estimated Transition Charge Collections for such Business Day.

2. Pursuant to Section 3.03(f) of the Servicing Agreement, not later than fifteen days following each calendar quarter, commencing [xx 15, xxxx], the Servicer (a) shall calculate the amount, if any, by which Estimated Transition Charge Collections were less than or exceeded Actual Transition Charge Collections deposited into the Allocation Account, and (b) shall file with the Depository, the Trustee, the Calculation Agent and the Issuer a Quarterly Reconciliation Certificate, substantially in the form attached as Exhibit B to the Servicing Agreement. The calculations made in the Quarterly Reconciliation Certificate shall be confirmed to the Depository by the Calculation Agent prior to delivery to the parties, as evidenced by the signature of the Calculation Agent. Actual Transition Charge Collections will be calculated using actual data, including actual electricity consumption, actual uncollectibles and actual lags in collection for the Reconciliation Period. If Third Party Billers are authorized to bill, collect and remit Rates and Transition Charges, the Servicer shall be allowed to use the reimbursement or credit of any Excess Remittance to reimburse or credit any Third Party Billers for the excess of their remittances over actual Transition Charge Collections received by such Third Party Billers in accordance with the terms of Commission Regulations.

3. Prior to the filing for any Quarterly True-Up Adjustment, the Servicer shall update the Days Sales Outstanding, the projected lags in collection of Billed Charges and the projected uncollectibles to more accurately calculate such True-Up Adjustment and the Daily Remittances for the next Reconciliation Period.

4. The Servicer's calculations of collections, updates of the Days Sales Outstanding, the projected lags in collection of billed Transition Charges, the projected uncollectibles and any changes in procedures used to calculate the Estimated Transition Charge Collections pursuant to this Section 6(d) shall be made in good faith, and in the case of any update pursuant to Section 6(d)(3) above, in a manner reasonably intended to provide estimates and calculations that are at least as accurate as those that were provided on the Closing Date utilizing the initial procedures for calculation Estimated Transition Charge Collections and reconciling such collections with actual receipts.

(e) Remittances.

1. The Servicer shall make or cause payments to be made to the Collection Account or the Allocation Account in accordance with Section 3.03 and this Annex 3 of the Servicing Agreement.

2. In the event of any change of account or change of the Depository or the Trustee or any other institution affecting the remittances of Transition Charges, the Issuer shall provide written notice thereof to the Servicer by the earlier of:

(A) five Business Days from the effective date of such change, and

(B) five Business Days prior to the next applicable Deposit Date.

EXHIBIT A

FORM OF DAILY REMITTANCE CERTIFICATE

Puerto Rico Electric Power Authority Revitalization Corporation Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of [_____, 2016] (the "Servicing Agreement"), between PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer (the "Servicer"), and PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer of the Bonds (the "Issuer"), the undersigned on behalf of the Servicer does hereby certify, for _____, 20___ (the "Business Day"), as follows:

Any capitalized terms not defined in this Certificate shall have the respective meanings ascribed to them in the Servicing Agreement.

(a) Total Customer Revenues on deposit in the Allocation Account: $

(b) Estimated Transition Charge Collections to be remitted to the Collection Account: $

(Billed Charges estimated to be collected on such Business Day x (100% - the projected percentage of uncollectibles used by Servicer to calculate most recent adjustment pursuant to the Adjustment Mechanism))

(c) Remaining Customer Revenues to be remitted to PREPA : $

(d) [Other Proceeds of Collateral (if any) to be remitted to the Collection Account: $]

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Daily Remittance Certificate this _____ day of _____, 20____.

[Name of Entity]

By _____
Name:
Title:

EXHIBIT B

FORM OF QUARTERLY RECONCILIATION CERTIFICATE

Puerto Rico Electric Power Authority Revitalization Corporation Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of [_____, 2016] (the "Servicing Agreement"), between PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer, and PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer, the undersigned does hereby certify, for the quarter ended _____, 20__, as follows:

Any capitalized terms not defined in this Certificate shall have the respective meanings ascribed to them in the Servicing Agreement.

(a) Actual Transition Charge Collections deposited into Allocation Account during the preceding calendar quarter: $

(b) Estimated Transition Charge Collections remitted to Collection Account during the preceding calendar quarter: $

(c) Difference between (a) – (b): $

(d) Total Excess Remittance: $

(e) Total Remittance Shortfall: $

The calculations made herein were confirmed by the Calculation Agent prior to delivery of this Quarterly Reconciliation Certificate.

[Add instructions to Trustee and Depository regarding how Excess Remittance or Remittance or shortfall will be remedied.]

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Quarterly Reconciliation Certificate this _____ day of _____, 20_____.

[Name of Entity]

By _____
Name:
Title:

Confirmed by

[Name of Calculation Agent]

By _____
Name:
Title:

EXHIBIT C

FORM OF MONTHLY SERVICER CERTIFICATE

Puerto Rico Electric Power Authority Revitalization Corporation Restructuring Bonds

Servicer: Puerto Rico Electric Power Authority

Pursuant to the Restructuring Property Servicing Agreement, dated as of [_____, 2016] (the "Servicing Agreement"), between PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer, and PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer, the undersigned does hereby certify to the Issuer, the Commission and the Trustee as follows, in each case with respect to the preceding calendar month ([MONTH], 20___):

Capitalized terms used herein shall have the respective meanings given to them in the Servicing Agreement, or if not defined in the Servicing Agreement, in the Trust Agreement. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Trust Agreement, as the context indicates.

Current Collection Period: [_____] through [_____]

Next Bond Payment Date: [_____]

Date of Certification [_____]

Cut-Off Date (not more than ten days prior to the Date of Certification): [_____]

(a) Deposits of Customer Revenues in Allocation Account

- through Month: $_____

-through Collection Period: $_____

(b) Estimated Transition Charge Collections transferred into the Collection Account:

- through Month: $_____

-through Collection Period: $_____

(c) PREPA Charge remitted to PREPA:

- through Month: $_____

-through Collection Period: $_____

(d) Any Excess Remittances or Remittance Shortfalls during Collection Period:

-Total Remittance Shortfall instructed to be transferred to Collection Account during Collection Period: $

-Total Excess Remittance instructed to be deducted from future Daily Remittances during Collection Period: $

-Total Excess Remittance to be paid or transferred from the Collection Account or Excess Funds Subaccount during Collection Period: $

(i) [To the undersigned's knowledge, the Servicer has fulfilled its obligations in all material respects under Section 3.03 of the Servicing Agreement throughout the current Collection Period [, except _____].]

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate this _____ day of _____, 20____.

[Name of Entity]

By _____
Name:
Title:

EXHIBIT D

FORM OF SEMIANNUAL SERVICER CERTIFICATE

Puerto Rico Electric Power Authority Revitalization Corporation Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of [_____, 2016] (the "Servicing Agreement"), between PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer, and PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer, the undersigned does hereby certify, for the _____, 20__ Payment Date (the "Current Payment Date"), as follows:

Capitalized terms used herein shall have the respective meanings given to them in the Servicing Agreement, or if not defined in the Servicing Agreement, in the Trust Agreement. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Trust Agreement, as the context indicates.

Current Payment Date: [_____]

Date of Certificate: [_____]

Cut-Off Date (not more than three days prior to the date hereof): [_____]:

(a) Available Amounts on Deposit in Collection Account (including Excess Funds Subaccount) as of Cut-Off Date: $

(b) Actual or Estimated Remittances from the [Cut-Off Date?] through the Servicer Business Day preceding Current Payment Date: $

(c) Total Amounts Available to Trustee for Payment of Bonds and Other Ongoing Financing Costs: $

(d) Allocation of Available Amounts as of Current Payment Date allocable to payment of principal and interest on Bonds on Current Payment Date:

Principal

Aggregate

Total

Interest

Aggregate

Total

(e) Outstanding Amount of Bonds prior to, and after giving effect to the payment on the Current Payment Date and the difference, if any, between the Outstanding Amount

specified in the Expected Amortization Schedule (after giving effect to payments to be made on such Payment Date set forth above) and the Principal Balance to be Outstanding (following payment on Current Payment Date):

Principal Balance Outstanding (as of the date of this certification):

Total

Principal Balance to be Outstanding (following payment on Current Payment Date):

Total

(f) Difference between (e) above and Outstanding Amount specified in the Expected Amortization Schedule:

Total

(g) All other transfers to be made on the Current Payment Date, including amounts to be paid to the Trustee and to the Servicer pursuant to [Section 8.02(e)] of the Trust Agreement:

Ongoing Financing Costs:

Trustee Fees and Expenses:
Servicer Fees and Expenses:
Calculation Agent Fees and Expenses:
Depository Fees and Expenses:
Administration Fees and Expenses:
Rating Agency Fees:
Accounting Fees:
Legal Fees
Surety Bond Issuers Fees and Expenses
Directors Liability Insurance
Miscellaneous/Other
Funding of Reserve Subaccount (to required amount):

Total:

(h) Estimated amounts on deposit in the Reserve Subaccount and Excess Funds Subaccount after giving effect to the foregoing payments:

Reserve Subaccount

Total:

Excess Funds Subaccount

Total:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Semiannual Servicer Certificate this ___ day of _____, 20__.

[Name of Entity]

By _____
Name:
Title:

EXHIBIT E

CERTIFICATE OF COMPLIANCE

Puerto Rico Electric Power Authority Revitalization Corporation Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of [_____, 2016] (the "Servicing Agreement"), between PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer, and PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer, the undersigned does hereby certify, for the _____, 20_ Payment Date (the "Current Payment Date"), as follows:

The undersigned is the duly elected and acting [_____] of [_____] and:

1. A review of the activities of the Servicer and any of its subcontractors and of its performance under the Servicing Agreement during the twelve months ended [_____], [20__] has been made under the supervision of the undersigned pursuant to Section 3.06 of the Servicing Agreement; and

2. To the undersigned's knowledge, based on such review, the Servicer has fulfilled its obligations in all material respects under the Servicing Agreement throughout the twelve months ended [_____], [20__], except _____.

Executed as of this _____ day of _____, 20__.

_____
Name:
Title:

EXHIBIT F

TRUE-UP LETTER

Puerto Rico Energy Commission
500 Avenue Roberto H. Todd (Parada 18 – Santurce)
San Juan, Puerto Rico 00907

Pursuant to Article 6.25A of Act 57-2014, enacted May 27, 2014, as amended ("Article 6.25A"), the Restructuring Resolution adopted by PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION (the "Issuer") on XX, 20XX (the "Restructuring Resolution"), and the Restructuring Property Servicing Agreement, dated as of [_____, 2016] (the "Servicing Agreement"), between PUERTO RICO ELECTRIC POWER AUTHORITY ("PREPA"), as Servicer, and the Issuer, the undersigned, as Servicer, does hereby provide notice of an adjustment to the Transition Charge to take effect on the True-Up Adjustment Date specified below (which is more than 30-days from the date of this True-Up Letter). Capitalized terms used herein, unless otherwise defined herein, shall have the respective meanings given to them in the Servicing Agreement.

True-Up Adjustment Date:

Pursuant to the Article 6.25A and the Restructuring Resolution, the review by the Puerto Rico Energy Commission (the "Commission") of the Transition Charge is limited to verifying the mathematical accuracy of the calculation of the Transition Charges resulting from the application of the Adjustment Mechanism. If the Commission determines that the calculation of the adjustment to the Transition Charges is mathematically inaccurate, the Commission will notify the Issuer and PREPA in writing not later than five Business Days after the date of this letter of any adjustment necessary to correct such mathematical inaccuracy, and such correction ordered by the Commission shall be made by the Issuer not later than the next succeeding application of the Adjustment Mechanism.

The table below shows the current assumptions for variables used in the adjustment to the Transition Charge. All capitalized terms used below and not otherwise defined in this Agreement shall have the meaning set forth in the Adjustment Mechanism.

Input Values For Transition Charge
First Collection period: from _____, _____ to _____, _____
Second Collection period: from _____, _____ to _____, _____

(a) Eligible kWh Usage to all Customers during prior [six month/twelve month] period ending [(b) plus (f)]: (b) Eligible kWh Residential kWh Usage [(c) plus (d) plus (e)]: (c) Actual kWh Usage for Base Residential Customers: (d) Residential Grandfathered Net Metered Customer Usage: (e) Fixed Block Public Housing Customer Usage: (f) Eligible Non-Residential and Governmental kWh Usage [(g) plus (h)]: (g) Actual kWh Usage for Base Non-Residential and Governmental Customers (includes Governmental Usage in excess of CILT): (h) Non-Residential and Governmental Grandfathered Net Metered Customer Usage:	
Net Revenue Requirement for First/Second etc. Collection Period (See Schedule 2)	
Residential Charge-Off Factor: Non-Residential Charge-Off Factor: Governmental Charge-Off Factor: (See Schedule 3)	
Gross Billing Requirement for First/Second etc. Collection Period: (See Schedule 4)	
Transition Charge (per kWh charge on all Eligible kWh Usage (See Schedule 5)	

The work papers showing the calculation of the Transition Charge are attached as Exhibit A.

Executed as of this _____ day of _____, 20__

By:_____
Name:
Title:

EXHIBIT G

FORM OF ANNUAL REPORT TO COMMISSION

Puerto Rico Electric Power Authority Revitalization Corporation Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of [_____, 2016], (the "Servicing Agreement"), between PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer (the "Servicer"), and PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer of the Bonds (the "Issuer"), and Restructuring Resolution No. _____ adopted by the Issuer on _____, 2016 (the "Restructuring Resolution"), the undersigned on behalf of the Issuer and the Servicer do hereby certify, as follows:

Any capitalized terms not defined in this Certificate shall have the respective meanings ascribed to them in the Servicing Agreement and the Restructuring Resolution, as the case may be.

They are the duly elected and acting [____] of the Issuer and [_____] of the Servicer, respectively, and further, with respect to the prior calendar year:

1. The outstanding principal amount of the Bonds is as follows:

Exchange Offer Bonds: $

Mirror Bonds: $

Cash Offer Bonds: $

New Money Bonds: $

Lender Bonds: $

Post Closing Date Bonds: $

All Bonds: $

2. The amount paid on the Bonds in such calendar year is as follows:

Exchange Offer Bonds: $

Mirror Bonds: $

Cash Offer Bonds: $

New Money Bonds: $

Lender Bonds: $

Post Closing Date Bonds: $

All Bonds: $

3. The remaining Ongoing Financing Costs payable in such calendar year is as follows [see attached schedule]:

Executed as of this _____ day of _____, __.

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as Issuer

By: _____
Name:
Title:

PUERTO RICO ELECTRIC POWER AUTHORITY, as Servicer

By: _____
Name:
Title:

SCHEDULE 1

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE PER TRANCHE

APPENDIX A

DEFINITIONS

Whenever used in this Agreement, the following words and phrases shall have the following meanings:

"Act" means the Revitalization Act, Law No. 4-2016, enacted on February 16, 2016, as amended to the date hereof.

"Actual Transition Charge Collections" means the Transition Charge Collections that have been collected from Customers and deposited into the Allocation Account (whether directly by Customers or by the Servicer) during the applicable period.

"Adjustment Mechanism" means the formulaic adjustment mechanism applied to Transition Charges contained in a Restructuring Resolution, as approved in a Restructuring Order pursuant to Article 35 of the Act and Section 6.25A of Act 57-2014, enacted May 27, 2014, as amended, to be applied by the Servicer, on behalf of the Issuer, periodically, but not less often than quarterly, to ensure the collection of Transition Charge Revenues sufficient to provide for the timely payment of Ongoing Financing Costs. The establishment and adjustment of the Transition Charges made by the Servicer, on behalf of the Issuer, in relation to the Adjustment Mechanism shall not be subject to legislative or any other governmental review or approval, except as provided in Article 34 of the Act regarding the review by the Commission to correct mathematical errors made by the Issuer, and Article 6.25A of Act 57-2014, enacted May 27, 2014, as amended, and Article 35(b) of the Act with respect to the approval of the Adjustment Mechanism in the Restructuring Resolution through the issuance of the Restructuring Order. The Adjustment Mechanism is attached as Annex 1 hereto.

"Administration Agreement" means the administration agreement, dated as of _____, 20__, by and between _____ and the Issuer relating to the provisions of administration services by PREPA to the Issuer.

"Administrator" means _____, as administrator under the Administration Agreement, or any successor thereto.

"Allocation Account" means the deposit account or accounts designated by the Issuer from time to time and controlled by a Depository, into which all Customer Revenues are required to be deposited pursuant to Section 3.03 of the Servicing Agreement. Initially, the Allocation Account shall refer to the clearing account that has been established by the Issuer with [DEPOSITORY].

"Ancillary Agreement" means any bond insurance agreement or policy, letter of credit, reserve account, surety bond, swap arrangement, hedging arrangement, liquidity or credit support arrangement or other arrangement designed to promote the credit quality and marketability of Bonds or to mitigate the risk of a change in interest rates.

"Ancillary Agreement Event" means, with respect to any Ancillary Agreement that was entered into in order to satisfy all or part of any Required Debt Service Reserve Level with

respect to any Debt Service Reserve Subaccount, that either (i) the Corporation has failed to reimburse or otherwise pay within any applicable grace period for the occurrence of an Ancillary Agreement Event resulting from this clause (i) that is set forth in such Ancillary Agreement a party to such Ancillary Agreement when due, or (ii) the Corporation has failed to fund with cash the applicable Debt Service Reserve Subaccount in accordance with the schedule for the replacement of such Ancillary Agreement that is set forth in such Ancillary Agreement.

"Annual Accountant's Report" has the meaning set forth in Section 3.07 of the Servicing Agreement.

"Annual Calculation Period" means the 12-month period beginning on (but not including) a True-Up Adjustment Date and ending on (and including) a date which is 12 months later.

"Basic Documents" means the Basic Documents as defined in the Restructuring Resolution.

"Best Efforts" means reasonable best efforts consistent with customary electric utility practices in the United States.

"Billing Month" means a calendar month during which the Transition Charges are billed to Customers.

"Billing Period" means the period during which the electric transmission and distribution services reflected on a Customer's Bill were received by such Customer. [Note: Needs to be updated for Puerto Rico to reflect full service.]

"Bills" means each of the regular monthly bills, summary bills and other bills issued to Customers for Rates provided by the Servicer or by a Third Party Biller.

"Board" means the board of directors of the Issuer established pursuant to the Act.

"Bondholder" or "Holder" means any Person in whose name a Bond is registered on the registration books maintained by the Issuer or the Trustee under the Trust Agreement or, if the Person in whose name a Bond is registered on such registration books is a securities depository, the beneficial owner.

"Bond Balance" means, as of any date, the aggregate Outstanding Amount of all Bonds on such date.

"Bond Counsel" means a firm of attorneys with nationally recognized expertise regarding the issuance of bonds the interest on which is excluded from gross income for federal income tax purposes, which counsel shall be reasonably acceptable to the party receiving such opinion(s) of counsel.

"Bonds" means, to the extent issued, the Closing Date Bonds and Post Closing Date Bonds, as defined in the Restructuring Resolution.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York, New York or in San Juan, Puerto Rico, are authorized or obligated by law, regulation or executive order to remain closed.

"Calculation Agent" means a third-party calculation agent appointed and retained by or with the approval of the Trustee to confirm the Servicer's calculation of the Transition Charges and the application of the Adjustment Mechanism. The initial Calculation Agent shall be _____.

"Certificate of Compliance" means the certificate referred to in Section 3.06 of this Agreement.

"CILT" means Contributions In Lieu of Taxes determined in accordance with the Act.

"Closing Date" means [_____, 2016].

"Collateral" has the meaning specified in Section 1.01 of the Trust Agreement.

"Collection Account" means the account established and maintained by the Trustee in accordance with Section [8.02(a)] of the Trust Agreement and any subaccounts contained therein.

"Collection Period" means the period from and including the first day of a calendar month to but excluding the first day of the next calendar month.

"Commission" means the Puerto Rico Energy Commission established by Act No. 57 of the Legislative Assembly of Puerto Rico, approved on May 27, 2014, as amended, or any successor thereto.

"Commission Regulations" means all regulations, rules, tariffs and laws applicable to Rates and promulgated by the Commission.

"Commonwealth" means Commonwealth of Puerto Rico.

"Continuing Disclosure Agreement" means _____.

"Court" has the meaning given to it in Article 32 of the Act.

"Customer" means any Person that is connected to or takes or receives electric service within the Commonwealth by means of the electric generation, transmission or distribution facilities constituting part of Electric System Assets, whether or not those electric generation, transmission or distribution facilities are owned by PREPA. PREPA shall not be a Customer. Each municipality in the Commonwealth shall be a Customer to the extent that the dollar value of its usage of electric service (including in determining such dollar value of Transition Charges which would otherwise be imposed on such municipality and PREPA Charges) in any fiscal year exceeds the dollar value owed by PREPA to such municipality as a CILT for such fiscal year.

"Customer Revenues" means all payments made by or on behalf of Customers, including, without limitation, all Rates and all Transition Charges.

"Daily Remittance" means each remittance of Estimated Transition Charge Collections or Actual Transition Charge Collections required to be remitted by the Depository to the Trustee pursuant to Section 3.03 of the Servicing Agreement.

"Daily Remittance Certificate" means the daily remittance certificate, substantially in the form attached as Exhibit A to this Agreement.

"Days Sales Outstanding" shall have the meaning set forth in Annex 3.

"Debt Service Payment Default" means that an event of default has occurred with respect to the Bonds as a result of the failure of the Corporation to pay interest on or principal of the Bonds when due.

"Deposit Commencement Date" has the meaning set forth in Section 3.03 of the Servicing Agreement.

"Deposit Date" has the meaning set forth in Section 3.03 of the Servicing Agreement.

"Depository" means a third-party collection agent and financial institution reasonably acceptable to the Servicer and the Issuer that is (i) organized under and subject to the regulations and laws of the United States or any state and licensed to operate in the Commonwealth, (ii) neither affiliated with PREPA, the Commonwealth or its instrumentalities, public corporations, or municipalities, nor located in the Commonwealth, and (iii) holds its accounts, including the Allocation Account, in New York, New York pursuant to the Trust Agreement and the Depository Agreement. PREPA is expressly prohibited from acting as Depository. Initially, the Depository shall be _____.

"Depository Agreement" means the depository agreement by and among [TO COME].

"Designee Certificate" has the meaning set forth in the Restructuring Resolution.

"Electric System Assets" means the electric generation, transmission and distribution facilities (and other general property and equipment used in connection therewith), whether now existing or hereafter acquired, used or acquired for use by PREPA as of the effective date of the Act or thereafter used or acquired for use by it, including any successor electric utility, in providing electric service to Customers, including any transmission and distribution service.

"EMMA" has the meaning specified in Section 8.12 of the Servicing Agreement.

"Estimated Transition Charge Collections" means the estimated Transition Charge Collections calculated as provided in Annex 3 of this Agreement and required to be remitted on a daily basis to the Trustee pursuant to Section 3.03(b) of this Agreement.

"Estimated PREPA Collections" means estimated PREPA Charges required to be remitted on a daily basis to the PREPA Trustee pursuant to Section 3.03(b) of this Agreement.

"Excess Remittance" means the amount, if any, calculated for a particular Reconciliation Period, by which Estimated Transition Charge Collections remitted to the Collection Account during such Reconciliation Period exceed Actual Transition Charge Collections received during such Reconciliation Period.

"Excess Funds Subaccount" means any residual or excess funds subaccount of the Collection Account other than the Reserve Subaccount.

"Expected Amortization Schedule" means the Expected Amortization Schedule attached to this Agreement.

"Expected Final Payment Date" means the Payment Date on which all of the Bonds are scheduled to be paid in full.

"Final Maturity Date" means, with respect to any Tranche of Bonds, the date by which all principal and interest on that Tranche is required to be paid, as specified in the Trust Agreement.

"Financing Costs" has the meaning assigned to that term in the Restructuring Resolution and the Act; provided, however, that Financing Costs shall not include any amount, if any, that may be required to be paid by the Servicer (i) in settlement of, or as the result of a judgment against the Servicer arising from, any action with respect to the matters set forth in Section 5.02(b)(i), (ii), (iii) or (iv) hereof, or (ii) in the case of any judgment against the Servicer arising from any such action, any attorneys' fees or other expenses of the Servicer in connection therewith.

"Fitch" means Fitch, Inc. or its successor.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency, or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.

"Independent" has the meaning specified in Section 1.01 of the Trust Agreement.

"Independent Registered Public Accountants" means [TO COME].

"Initial Restructuring Resolution" means the Restructuring Resolution adopted by the Issuer on _____, 2016.

"Insolvency Event" means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal, Commonwealth or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal, Commonwealth or state bankruptcy, insolvency or other similar law now or

hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due.

"Interested Person" means (a) the trustee representing the holders of PREPA's outstanding bonds, (b) the securities depositary, if any, at which any of such bonds shall be deposited, (c) any holders of PREPA's outstanding debt obligations or any Person that provides credit or liquidity support, including financial guaranty insurance, to any or all of such obligations, (d) any financial institution to which PREPA is indebted (other than through the securities depositary) or is otherwise obligated, (e) the Secretary of Justice of the Commonwealth of Puerto Rico, (f) any Customer, (g) any vendor of PREPA that is not a Customer of PREPA as defined in this law, (h) any Person who has filed with the secretary of the Board and PREPA a request to receive the notice set forth in Article 35 of the Act, (i) any Person who would otherwise be entitled to receive notice with respect to the adjustment of PREPA rates and charges and (j) any other Person interested in the matters raised in the proceedings provided for in Article 35 of the Act.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Issuer" means Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and a governmental instrumentality of the Commonwealth, created pursuant to Article 30 of the Act.

"Lien" has the meaning specified in Section 1.01 of the Trust Agreement.

"Losses" means collectively, any and all liabilities, obligations, losses, damages, payments, costs or expenses of any kind whatsoever.

"Monthly Servicer Certificate" has the meaning assigned to that term in Annex 2 of this Agreement.

"Moody's" means Moody's Investors Service Inc. or its successor.

"Officer's Certificate" means a certificate of the Servicer signed by a Responsible Officer.

"Ongoing Financing Costs" has the meaning assigned to that term in Restructuring Resolution and the Act; provided, however, that Ongoing Financing Costs shall not include any amount, if any, that may be required to be paid by the Servicer in settlement of, or as the result of a judgment against the Servicer arising from, any action with respect to the matters set forth in Section 5.02(b)(i), (ii), (iii) or (iv) hereof, or, in the case of any judgment against the Servicer arising from any such action, any attorneys' fees or other expenses of the Servicer in connection therewith.

"Opinion of Counsel" means one or more written opinions of Bond Counsel, which counsel shall be reasonably acceptable to the party receiving such opinion(s) of counsel.

"Optional True-up" has the meaning assigned to that term in Annex 1.

"Outstanding" has the meaning specified in Section 1.01 of the Trust Agreement.

"Outstanding Amount" has the meaning specified in Section 1.01 of the Trust Agreement.

"Payment Date" means, with respect to any Tranche of Bonds, each dates specified in the Trust Agreement for the payment of interest on the Bonds; or if any such date is not a Business Day, the next Business Day.

"Person" means any natural or juridical person, including any local agency, or any individual, firm, partnership, joint venture, trust, joint stock company, association or public or private corporation, municipality, organized or existing under the laws of the Commonwealth, the United States of America or any state, any agency or instrumentality of the United States, or any combination of the above.

"PREPA" means Puerto Rico Electric Power Authority, a public corporation and governmental instrumentality established and existing by virtue of Act No. 83 of the Legislative Assembly of Puerto Rico, approved May 2, 1941, as amended, and any successor or successors thereto, including successors referred to in Article 35 of the Act.

"PREPA Charges" means all charges on a Customer Bill other than Transition Charges.

"PREPA Bond Trustee" means U.S. Bank National Association, as trustee with respect to the PREPA Bonds (together with any successors and assigns), under the PREPA Trust Agreement.

"PREPA Trust Agreement" means the Trust Agreement, dated as of January 1, 1974, as amended, between PREPA and the PREPA Bond Trustee.

"Principal Balance" means, as of any Payment Date, the sum of the respective outstanding principal amounts of the Bonds.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Principal Balance" means, as of any Payment Date, the sum of the respective projected outstanding principal amounts of the Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Quarterly Reconciliation Certificate" has the meaning specified in Section 3.03 of this Agreement.

"Rates" means the rates and charges for electric generation, transmission and distribution services in the Service Area. "Rates" do not include Transition Charges.

"Rating Agency" has the meaning specified in Section 1.01 of the Trust Agreement.

"Rating Agency Condition" has the meaning specified in Section 1.01 of the Trust Agreement.

"Reconciliation Period" means the twelve-month period ending the last day of the Collection Period preceding the calculation of Remittance Shortfalls or Excess Remittances under Section 3.03(f) this Agreement. The initial Reconciliation Period shall commence on the Closing Date and may be less than twelve months.

"Remittance" means each transfer hereunder of Estimated Transition Charge Collections or Remittance Shortfalls from the Allocation Account to the Collection Account.

"Remittance Shortfall" means the amount, if any, calculated for a particular Reconciliation Period, by which Actual Transition Charge Collections during such Reconciliation Period exceed all Estimated Transition Charge Collections remitted to the Collection Account during such Reconciliation Period.

"Required Debt Service Reserve Level" has the meaning specified in Section 1.01 of the Trust Agreement.

"Required Reserve Level" has the meaning specified in Section 1.01 of the Trust Agreement.

"Requisite Bondholders" means Bondholders who, legally or beneficially own at least the percentage of the aggregate principal amount (and/or of the aggregate accreted value, in the case of Bonds on which, by their terms, interest is to be paid, if at all, less frequently than semiannually) of Bonds necessary to approve or consent, to give direction or to take action under the Trust Agreement, as such percentage is specified in the Trust Agreement.

"Reserve Subaccount" has the meaning specified in Section 1.01 of the Trust Agreement.

"Responsible Officer" means the chief executive officer, the president, any vice president, the treasurer, any assistant treasurer, the secretary, any assistant secretary, the controller or the director of finance or any equivalent position of the Servicer.

"Restructuring Order" means the Restructuring Order approving the calculation methodology for the Transition Charges and the Adjustment Mechanism related thereto, as provided in the Act. The "Restructuring Order" shall be irrevocable and will not be subject to further review or amendment by the Commission.

"Restructuring Property" means the Restructuring Property as defined in the Restructuring Resolution.

"Restructuring Property Documentation" means all documents relating to Restructuring Property, including copies of the Restructuring Resolution, Restructuring Order and all documents filed with the Commission in connection with any True-Up Letter.

"Restructuring Resolution" means an Issuer resolution adopted in accordance with the Act, which resolution creates Restructuring Property, approves the imposition and collection of Transition Charges and the financing of Approved Restructuring Costs through the issuance of Bonds and which resolution contains the related Adjustment Mechanism, all as provided in Articles 34 and 35 of the Act.

"Retirement of the Bonds" means the day on which the final payment is made to the Trustee in respect of the last outstanding Bond.

"Rule 15c2-12" or the "Rule" means Rule 15c2-12 of the SEC under the Securities Exchange Act of 1934, as amended.

"Scheduled Maturity Date" has the meaning specified in Section 1.01 of the Trust Agreement.

"SEC" means the U.S. Securities and Exchange Commission.

"Semiannual Servicer Certificate" has the meaning assigned to that term in Annex 2 to this Agreement.

"Service Area" means the geographical area within which PREPA provided electric delivery services as of _____, 20___.

"Servicer" means PREPA, as the servicer of the Restructuring Property, or each successor (in the same capacity) pursuant to Section 5.03 or 6.04 of this Agreement.

"Servicer Default" means an event specified in Section 6.01 of this Agreement.

"Servicing Agreement" means this Agreement between the Issuer and the Servicer providing for the administering and servicing of Restructuring Property, as the same may be amended from time to time by the parties hereto in a manner not prohibited by the Act.

"Servicing Fee" has the meaning set forth in Section 5.07 of this Agreement.

"17g-5 Website" has the meaning specified in Section 1.01 of the Trust Agreement.

"Standard & Poor's" means Standard & Poor's, a division of Standard & Poor's Financial Services LLC or its successor.

"Termination Notice" has the meaning assigned to that term in Section 6.01 of this Agreement.

"Third Party Biller" means any Person authorized to bill or collect Transition Charges other than the Issuer, PREPA or, if different, a Servicer.

"Tranche" or "Tranche of Bonds" has the meaning specified in Section 1.01 of the Trust Agreement.

"Transition Charge Collections" means the payments of the Transition Charges by or on behalf of Customers.

"Transition Charge Revenues" means all money received or to be received, directly or indirectly, on account of the Transition Charges, and all proceeds of the investment thereof.

"Transition Charges" means those rates and charges that are separate from rates and charges of PREPA and that are imposed pursuant to a Restructuring Resolution on Customers to recover the Ongoing Financing Costs, and shall include a *pro rata* share of any late payment fee imposed in respect of any past-due bill for electric service.

"True-Up Adjustment" means each adjustment to the Transition Charges made in accordance with Annex 1 of this Agreement.

"True-Up Adjustment Date" means the date specified in a True-Up Letter on which the adjusted Transition Charge described in such True-Up Letter shall take effect.

"True-Up Letter" means the filing to be made with the Commission by the Servicer on behalf of the Issuer to set or adjust the Transition Charges, including the Designee Certificate. The form of the True-Up Letter is attached as Exhibit F hereto.

"Trust Agreement" means the Trust Agreement, dated as of [_____, 2016], between the Issuer and the Trustee, as the same may be amended and supplemented from time to time as provided therein, establishing the rights and responsibilities of the Issuer and of the beneficial owners of Bonds issued thereunder and secured thereby.

"Trustee" has the meaning specified in Section [___] of the Trust Agreement.

"Upfront Financing Costs" has the meaning assigned to that term in the Restructuring Resolution and the Act.

"Written Notice", "written notice" or "notice in writing" means notice in writing which may be delivered by hand or first-class mail or other recognized method of delivery and also means electronic transmission.

APPENDIX 5

FORM OF DEPOSITORY AGREEMENT

DEPOSITORY AGREEMENT

_____, 2016

[DEPOSITORY]

_____
New York, New York _____

Attention: _____

Re: Allocation Account in the joint names of the Puerto Rico Electric Power Authority Revitalization Corporation and Puerto Rico Electric Power Authority at [DEPOSITORY], a national banking association, identified in Exhibit A, subject to security interests in favor of [TRUSTEE] and [PARTIES TO ANCILLARY AGREEMENT]

Dear Sirs/Madams:

This Depository Agreement (this "*Agreement*") is entered into by and among (i) the Puerto Rico Electric Power Authority Revitalization Corporation (the "*Corporation*"), as issuer of the bonds identified as Restructuring Bonds in Exhibit A attached hereto (the "*Restructuring Bonds*"), (ii) the Puerto Rico Electric Power Authority ("*PREPA*"), as servicer with respect to the Restructuring Bonds (the "*Servicer*"), and (iii) _____, as trustee with respect to the Restructuring Bonds (together with any successors and assigns, the "*Restructuring Bonds Trustee*" or the "*Trustee*"), pursuant to a Trust Agreement dated as of _____, 2016, as amended and supplemented from time to time (the "*Restructuring Bond Trust Agreement*") between the Corporation and the Trustee, and [Ancillary Agreement Providers-TO BE DISCUSSED].

All capitalized terms used but not defined herein shall have the meanings given to such terms in the Restructuring Property Servicing Agreement, dated as of _____, 2016, together with all Exhibits, Schedules, Appendices and Annexes hereto, as the same may be amended, supplemented or otherwise modified from time to time as therein permitted (the "*Servicing Agreement*") between the Corporation and PREPA, as the initial Servicer, and attached hereto as Exhibit C or, if not defined therein, the Restructuring Bond Trust Agreement.

[PREPA and the Corporation are each referred to as an "*Account Party*" and collectively as "*Account Parties*", and the Trustee for itself and the benefit of the Holders of the Bonds, [and name of Ancillary Agreement Providers], as their respective interest may appear, are each referred to as a "*Secured Party*" and collectively as the "*Secured Parties.*"]

Pursuant to Article 35(i) of Chapter IV of the Act, all payments made by or on behalf of Customers, including without limitation all Transition Charge Revenues ("Customer Revenues"), received by PREPA are to be paid or deposited by PREPA to a special collection account at a bank organized under and subject to the regulations and the laws of the United States or any State thereof and licensed to operate in the Commonwealth, selected by the Corporation and not related to PREPA or the Commonwealth or under the control of PREPA. Customer Revenues must be distributed among, and remitted to, the Corporation or its assigns or pledgees, and to PREPA or

its assigns or pledgees, as applicable, on a daily basis in accordance with the Servicing Agreement, including Section 3.03, Section 5.11 and Section 6(d) of Annex 3 of the Servicing Agreement.

The Corporation, PREPA and the Secured Parties hereby request that the Depository open a special collection account pursuant to the Act and this Agreement to provide for the receipt and custody of all Customer Revenues and for the daily disbursement of such Customer Revenues to the Corporation or its assigns or pledgees and to PREPA or its assigns or pledgees, as applicable, on a daily basis in accordance with the Servicing Agreement, including Section 3.03, Section 5.11 and Section 6(d) of Annex 3 of the Servicing Agreement. The Depository confirms that it has established, in the name of the Account Parties (as their interests may appear) an account, referred to herein as the "Allocation Account," and shall maintain such account in New York, New York until the termination of this Agreement or the appointment of a successor Depository in accordance with the Restructuring Bond Trust Agreement and Servicing Agreement.

The Depository shall at all times be a third-party collection agent and Mainland financial institution acceptable to the Trustee and the Corporation that (i) is organized under and subject to the regulations and laws of the United States or any State thereof and licensed to operate in the Commonwealth, (ii) is neither affiliated with PREPA, the Commonwealth or its instrumentalities, public corporations, or municipalities, nor located in the Commonwealth, (iii) holds its accounts, including the Allocation Account, in New York, New York, and (iv) has a capital and surplus of not less than $1 billion.

The Corporation hereby notifies the Depository, PREPA and the Secured Parties of the Grant by the Corporation pursuant to the Restructuring Bond Trust Agreement, with respect to the Restructuring Property, including the Transition Charges, as to, among other things, (a) all checks, drafts, wires, cash and other items (collectively "*deposits*") now or hereafter deposited into the Allocation Account representing payments by Customers made in respect to the Transition Charges ("Transition Charge Revenues") as collateral security for the Parity Obligations, whether now existing or hereafter arising. The Depository acknowledges being so notified.

The Corporation, after consultation with such advisers as it has deemed appropriate, hereby determines that this Agreement enhances the marketability of the Bonds.

Nothing herein shall diminish or adversely affect the rights of Holders of the Eligible Bonds under Section 3.19(c)(i) of the Restructuring Bond Trust Agreement. The Requisite Bondholders may, subject only to any limitations set forth in the Act, direct or act in lieu of the Trustee under this Agreement, including, but not limited to, enforcing this Agreement against the Depository. Certain actions of the Trustee hereunder may be subject to Negative Bondholder Approval pursuant to the Restructuring Bond Trust Agreement.

The Secured Parties, PREPA, the Corporation and the Depository further agree with respect to the Allocation Account as follows:

Section 1. Allocation Account. The Depository hereby agrees and confirms to the Corporation and the Secured Parties that (a) the Depository has no notice of any other assignment, lien or security interest in respect of the Allocation Account, and the Depository will not consent

to any other assignment, lien or security interest in respect of the Allocation Account without the prior written consent of PREPA, the Corporation and the Secured Parties, and (b) the Depository shall comply with instructions from the Servicer or the Secured Parties as provided in Sections 3(b) or 13 without further consent of the Corporation or PREPA, unless PREPA shall no longer be the Servicer, in which case with the consent of PREPA.

Section 2. Deposits to the Allocation Account; Allocation of the Transition Charges and the PREPA Charges in the Allocation Account; Directions; Investment.

(a) Pursuant to Sections 3.01(a)(x) and 3.03 of Servicing Agreement, PREPA has agreed to direct the Customers to make payment of all Charges and Transition Charges on Bills issued on and after the Deposit Commencement Date to the Allocation Account.

(b) Pursuant to Section 3.03(a) of the Servicing Agreement, PREPA has agreed that, on each Deposit Date, commencing on the Deposit Commencement Date, the Servicer will remit all Customer Revenues received by PREPA to the Depository as soon as possible following receipt, but in any event no more than two Business Days of receipt of such Customer Revenues.

(c) In accordance with Section 3.03(c) of the Servicing Agreement, not later than 9:00 a.m. New York time, on each Deposit Date, PREPA, as Servicer, has agreed (1) to calculate the total Transition Charge Revenues estimated to have been received from or on behalf of Customers on such Deposit Date and for each day or days immediately preceding such Deposit Date which are not Business Day(s) ("Estimated Transition Charge Collections") and (2) to file with the Depository a Daily Remittance Certificate, in the form of Exhibit A to the Servicing Agreement, showing the amount that the Depository is required to remit to the Collection Account held by the Restructuring Bonds Trustee (i.e., the Daily Remittance) and the remaining amount of such Customer Revenues which the Depository is required to remit to PREPA, all as calculated by the Servicer in accordance with the procedures set forth in the Servicing Agreement. If the Depository shall fail to receive from the Servicer a Daily Remittance Certificate when due, the Depository shall immediately give notice of such failure to PREPA, the Corporation, the Trustee, Bondholders, the Ancillary Agreement Providers and the Commission.

(d) The parties acknowledge that any amounts received by the Servicer from or on behalf of a Customer that represent a partial payment of unpaid Transition Charges and any PREPA Charges will be allocated pro rata between the Transition Charges and the PREPA Charges, as provided in Section 3.02(b) of the Servicing Agreement.

(e) The parties acknowledge that the Servicer, in servicing and collecting any Transition Charges, shall be deemed to be acting solely as an agent of the Corporation and not as principal.

(f) If any direction or instruction other than as provided in Sections 3(b) or 13 of this Agreement is received by the Depository hereunder or is necessary or desirable to effect the purposes of this Agreement, the Depository shall notify the Trustee thereof in writing and any such direction or instruction, other than a direction or instruction received from the Holders of Eligible Bonds representing not less than a [majority] of the Outstanding Amount of the Eligible

Bonds, shall be subject to approval of the Trustee (which shall be subject to Negative Bondholder Approval under the Restructuring Bond Trust Agreement).

Section 3. Transfer of Transition Charge Revenues to Trustee and PREPA Charges to PREPA Trustee.

(a) Not later than one Business Day following receipt of a Daily Remittance Certificate, the Depository shall remit to the Trustee the amount of Estimated Transition Charge Revenues, subject to any reconciliation adjustment for over or under remittance as described in clause (b), and shall remit to PREPA the remaining PREPA Charge, all in accordance with the instructions in such Daily Remittance Certificate,

(b) Pursuant to Section 3.03 of the Servicing Agreement, the Servicer, not later than fifteen days following each calendar quarter, commencing [xx 15, xxxx], has agreed to (1) calculate the amount, if any, by which Estimated Transition Charge Revenues were less than or exceeded Actual Transition Charge Collections deposited to the Allocation Account during the preceding calendar quarter, and (2) to file with the Depository, the Secured Parties, the Calculation Agent, the Corporation and any Ancillary Agreement Providers and, for informational purposes only, to the Commission, a Quarterly Reconciliation Certificate substantially in the form attached as Exhibit B to the Servicing Agreement. If a Remittance Shortfall exists, the Depository shall make one or more supplemental remittances from the Allocation Account to the Restructuring Bonds Trustee, as directed by the Servicer in a Daily Remittance Certificate for deposit into the Collection Account. If an Excess Remittance exists, the Servicer shall either (i) direct the Depository, in one or more Daily Remittance Certificates, to reduce the amount of each Daily Remittance(s) from the Allocation Account to the Restructuring Bonds Trustee until the balance of such Excess Remittance has been reduced to zero or (ii) only if and to the extent necessary, following two Business Days' prior notice to the Trustee, direct the Trustee to cause payment of the amount of such Excess Remittance to PREPA from the General Subaccount or the Excess Funds Subaccount in the Collection Account held under the Restructuring Bond Trust Agreement.

Section 4. Limited Liability of the Depository and the Corporation; Indemnity.

(a) As the Allocation Account has been established at the request of the Corporation, the Corporation shall at all times remain liable to the Depository to pay all fees and charges of the Depository hereunder, except fees and charges for which PREPA is liable as provided in clauses (b), (d) and (e) below. The Corporation and the Depository have in place a side agreement that provides for assessment and payment of the Depository's fees and charges as Depository hereunder and that is consistent with the provisions of this subsection 4(a).

(b) The Corporation and PREPA shall be, and at all times remain, severally and not jointly liable for (i) all returned items and chargebacks for uncollected checks and funds transfers deposited in the Allocation Account, and (ii) checks and other items subject to a claim against the Depository for breach of transfer, presentment, encoding, retention or other warranty under Federal Reserve Regulations or Operating Circulars, ACH or other clearing house rules, or applicable law. Such liability shall be allocated to the Corporation and to PREPA, as determined

by the Servicer, based upon the percentage of Customer Charges which represent Transition Charges and PREPA Charges, as the case may be (referred to herein as their "assigned liability").

(c) The Depository shall have no liability to the Corporation, PREPA, the Secured Parties, or their respective successors and assigns, for any loss or damage that it may claim to have suffered or incurred, either directly or indirectly, by reason of this Agreement, or any transaction or service contemplated by the provisions hereof, unless the Depository's actions or omissions are due to gross negligence or willful misconduct. Furthermore, in no event will the Depository be liable for any special, indirect, exemplary, or consequential damages, including but not limited to lost profits or claims of wrongful dishonor.

(d) Each of PREPA and the Corporation, severally and not jointly in accordance with their assigned liability, hereby agrees to indemnify and hold the Depository and the Trustee, the Bondholders and each Ancillary Agreement Provider, harmless from and against any and all liabilities, losses, costs, and expenses (including reasonable attorneys' fees and disbursements) which the Depository, the Trustee, any Bondholder or any Ancillary Agreement Provider, as the case may be, suffers or incurs as a result of the assertion of any claim arising out of, or otherwise related to, any transaction conducted or service provided through the use of the Allocation Account pursuant to the procedures provided for or contemplated by this Agreement, the Restructuring Bond Trust Agreement and the Servicing Agreement, other than claims ultimately determined to be founded on such indemnified party's gross negligence or willful misconduct;

(e) The Servicer shall indemnify the Depository, the Trustee and Corporation as and to the extent provided in Section 5.02 of the Servicing Agreement.

(f) The Depository shall be entitled to rely upon any communication it receives from a Secured Party, a Bondholder, PREPA or the Corporation in connection with this Agreement or that the Depository shall believe in good faith to be a communication received from a Secured Party, a Bondholder, PREPA or the Corporation in connection with this Agreement, and the Depository shall have no obligation to investigate or verify the authenticity or correctness of any such communication.

(g) The Depository shall have no liability to the Corporation, PREPA or the Secured Parties for (i) honoring or following any instruction the Depository shall receive from (or shall believe in good faith to be from) the Servicer or a Secured Party or a Bondholder in accordance with this Agreement and (ii) not honoring or following any instruction the Depository shall receive from (or shall believe in good faith to be from) the Corporation in accordance with this Agreement. The Depository shall not be responsible for the validity, priority or enforceability of PREPA's and the Corporation's respective ownership interest or a Secured Party's security interest in the Allocation Account.

(h) The Corporation's liability to the Depository and the Trustee, the Bondholders and any Ancillary Agreement Providers under this Agreement is limited to funds available to the Corporation under the terms of the Restructuring Bond Trust Agreement and the Servicing Agreement, including, but not limited to, the priority of disbursement of amounts on

deposit in the Collection Account in accordance with Section 8.02(e) of the Restructuring Bond Trust Agreement.

(i) In the event that the Depository has or subsequently obtains by agreement, operation of law or otherwise, a security interest in the Allocation Account or any funds from time to time credited thereto, the Depository hereby agrees that such security interest shall be subordinate to the ownership interest of the Corporation, PREPA or the security interest of the Trustee, any Bondholder and any Ancillary Agreement Provider, as their interests may appear. The Depository hereby waives any right it now has, or at any time in the future may have, whether by contract, operation of law or otherwise, to exercise any right of deduction, set-off, banker's lien, recoupment or any other similar right against the Allocation Account, or any funds from time to time credited thereto.

Section 5. Termination; Replacement. The Corporation, the Trustee or the Requisite Bondholders may terminate this Agreement or remove the Depository at any time upon [30] days' prior written notice to the other parties to this Agreement, to the Trustee, the Ancillary Agreement Providers, and the Rating Agencies. No notice of termination or removal given by the Corporation shall be effective until consented to in writing by the Trustee or the Requisite Bondholders. No notice of termination or removal given by the Depository shall be effective until a successor depository has been designated as provided herein and in the Restructuring Bond Trust Agreement. In the event that the Depository should resign or be discharged, the Corporation shall with the approval of the Trustee, or the Trustee may, and at the direction of the Requisite Bondholders, shall, take all necessary action to cause a new Depository to be appointed. Upon the appointment of a successor Depository by the Corporation or the Trustee, as the case may be, such party shall give notice to the other parties and to the Administrator, the Servicer, the Ancillary Agreement Providers, the Rating Agencies and the Commission of such appointment and shall not be effective until the Rating Agency Condition is satisfied. Section 5 of this Agreement shall survive termination of this Agreement, the assignment of this Agreement by the Depository, or the resignation or removal of the Depository.

Section 6. Bankruptcy. Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against the Corporation or PREPA, or in the event of commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against the Corporation or PREPA, the Depository may act as the Depository reasonably deems necessary to comply with applicable law and court orders.

Section 7. Legal Process. If the Depository receives or has actual notice of any claim, notice, legal process, garnishment, or court order relating to the Allocation Account, and to the extent not otherwise prohibited by law or court or administrative order, the Depository will notify each of the Corporation, PREPA, the Servicer (if not PREPA), the Trustee, the Bondholders and any Ancillary Agreement Provider. Each of the Secured Parties, PREPA and the Corporation understands and agrees that the Depository will comply with any such legal process, legal notice, or court order it receives if the Depository determines, in its sole discretion, that such legal process, legal notice, or court order is legally binding on it.

Section 8. Notices.

(a) Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered, or if mailed, three (3) days after deposit in the United States mail with proper postage for ordinary mail prepaid,

If to the Depository:

If to PREPA and the Servicer:

If to the Corporation, to:

Puerto Rico Electric Power Authority Revitalization Corporation
[c/o PREPA, as Administrator]
_____
San Juan, Puerto Rico _____
Attention: _____
Telephone: (___) _____
Telecopy: (___) _____
Email: _____

if to the Trustee, to:

[TRUSTEE]
_____
New York, New York _____
Attention: _____
Telephone: (___)_____
Telecopy: (___) _____
Email: _____

If to [name other Secured Parties]

If to the Commission:

if to the Rating Agencies, to:

[Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attention: Structured Credit Surveillance
Telephone: 212-438-8991
E-mail: servicer-report@standardandpoors.com

and

Moody's Investors Service, Inc.
25th Floor, 7 World Trade Center, 250 Greenwich Street
New York, New York 10007
Attention: ABS/RMBS Monitoring Department
E-mail: ServicerReports@moodys.com

and

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Attention: ABS Surveillance
Telephone: 212-908-0500
E-mail: surveillance-abs-other@fitchratings.com]

or in each case at such other address as shall be designated to the Depository by any such party.

Section 9. Accounts. Any transfer by the Depository to the Trustee or to PREPA shall be made to the following accounts, or to such other account as shall be designated by the Trustee or PREPA as the case may be:

[INSERT ACCOUNT INFORMATION]

Section 10. Disputes; Remedies. Each party acknowledges that, as to any and all disputes that may arise between any of the parties regarding this Agreement, the commercial nature of the transactions out of which this Agreement arises makes such dispute unsuitable for trial by jury. ACCORDINGLY, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY AS TO ANY AND ALL DISPUTES THAT MAY ARISE RELATING TO THIS AGREEMENT OR TO ANY OF THE DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT.

(a) Each party agrees that if there is any dispute regarding the allocation of Customer Revenues under this Agreement, PREPA, the Trustee, the Holders of a Majority Principal Amount of Eligible Bonds, or any Ancillary Agreement Provider may appoint the Calculation Agent, or if the Calculation Agent is unwilling or unable to perform such obligations, the Independent Auditor under the Servicing Agreement, or another Independent nationally recognized accounting firm to audit the records of the Servicer and the Depository and to determine whether any calculations or remittances were correct. If such dispute is raised by the Trustee, any Bondholders or an Ancillary Agreement Provider and such dispute is not resolved in favor of the Trustee, Bondholders or Ancillary Agreement Provider, the costs of any such audit and determination shall be borne by the Trustee, such Bondholders or Ancillary Agreement Provider, as the case may be, subject to the right to indemnity from the Servicer in accordance with Section 4(d); otherwise such cost shall be an Ongoing Financing Cost. If such dispute is raised by PREPA, the costs of any such audit and determination shall be borne by PREPA. The parties agree to comply with the determinations of such audit.

(b) If any party shall fail to comply with the procedures in this Section 10, then any party to this Agreement may (i) seek a writ of mandamus to compel performance or (ii) resort to any court, including any federal court, to require performance or any other applicable remedy.

(c) No party's failure or delay in exercising any right or remedy under this Agreement will operate as a waiver of such right or remedy; and no single or partial exercise by a party of any right or remedy under this Agreement will preclude any additional or further exercise of such right or remedy or the exercise of any other right. Even if a provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the other provisions of this Agreement will not be affected or impaired by such holding.

(d) The Trustee shall be entitled to enforce the obligations of the Depository under this Agreement.

Section 11. Governing Law; Venue; No Contest. This Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Restructuring Resolution, all rights of the Corporation, the Servicer or the Secured Parties against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.

(a) With respect to any claim related to the Bonds (including claims arising under the Restructuring Resolution or under the Basic Documents, including this Agreement, and, to the extent permitted by law, the Initial Servicing Agreement), each party to this Agreement, to the extent permitted by law, hereby irrevocably submits and waives any objection to the non-exclusive, *in personam* jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and to the application of the laws of the State of New York, and agrees to maintain contacts with the State of

New York sufficient to give the courts located therein personal jurisdiction over the Corporation. Notwithstanding the foregoing, any proceeding commenced and undertaken pursuant to the provisions of Articles 35(c) or 35(d) of the Act must be filed in the Superior Court, San Juan Part, and follow the procedures established therein.

(b) Each of the Corporation, PREPA, the Servicer and the Secured Parties agrees that it will not (and hereby waives any right to) question or contest or support any other Person in contesting, in any proceeding (including any bankruptcy, insolvency, receivership or similar proceeding), the perfection, priority, validity, attachment or enforceability of a security interest held by or on behalf of any of the Secured Parties in all or any part of the Allocation Account, or the provisions of this Agreement; provided that nothing in this Agreement shall be construed to prevent or impair the rights of the Trustee or the Requisite Bondholders to enforce this Agreement.

Section 12. Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the Secured Parties, Bondholders, or a Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 13. Investments. Amounts held in the Allocation Account will be held in cash and not invested, or invested in Eligible Investments, in all cases at the direction of the Corporation; provided that any investment shall be made in a manner that will permit the transfers required by Section 3(a). Without limiting the foregoing, no funds shall be invested in any certificates of deposit or other obligations of the GDB, FAFAA or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities or deposited in or with the GDB, FAFAA or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities.

Section 14. Miscellaneous. No provision of this Agreement may be changed except by a writing signed by the Depository, the Secured Parties, PREPA and the Corporation, nor may compliance with any provision be waived, by course of dealing or otherwise, except by a writing signed by the party or parties sought to be charged with such waiver.

(a) This Agreement shall inure to the benefit of and bind the parties hereto and their respective successors and assigns, the Trustee, the Bondholders and the Ancillary Party Providers; provided that the Depository may not assign its rights and delegate its obligations hereunder without the prior written consent of each of the Corporation, the Servicer and the Trustee unless such assignment is to a wholly-owned, direct or indirect subsidiary of [DEPOSITORY], which assignment shall not require the consent of the Corporation, the Servicer, the Trustee or any Bondholder. Any assignee of the Trustee, any Bondholder or any Ancillary Agreement Provider, shall be entitled to all the benefits afforded such Secured Party under the Restructuring Bond Trust Agreement and this Agreement.

(b) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same agreement.

(c) [The parties acknowledge and agree that all deposit account agreements, wire transfer agreements, Business Online agreements, electronic payment authorization agreements, Business Security Suite Authorization Agreements, and other agreements now *or hereafter related to the* Allocation Account or to services provided by Depository in connection with the Allocation Account (collectively, the "*Allocation Account Agreements*") will continue in full force and effect, except that in the event of any conflict between this Agreement (or any portion thereof) and any Allocation Account Agreement now existing or hereafter entered into, the terms of this Agreement shall prevail.]

(d) In any case where the last date for the payment of any amount or the performance of any act or the exercising of any right, as provided in this Agreement, is not a Business Day (as defined in the Restructuring Bond Trust Agreement), such payment may be made, any act may be performed and such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the date on which nominally required.

[SIGNATURE PAGES TO FOLLOW]

This Depository Agreement is entered into as of the date and year first above written.

[TRUSTEE], as Secured Party [Add Other Secured Parties if necessary]

By: _____
Name:
Title:
Address:

Attention
Telecopy:
Telephone

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, as the Corporation

By: _____
Name:
Title:
Address:

Attention
Telecopy:
Telephone

PUERTO RICO ELECTRIC POWER AUTHORITY, as PREPA

By: _____
Name:
Title:
Address:

Attention
Telecopy:
Telephone

Accepted and agreed this _____ day of _____, 2016.

[DEPOSITORY]

By: _____
Name:
Title:
Address:

Attention
Telecopy:
Telephone

With a copy to:

Address:

Attention
Telecopy:
Telephone

EXHIBIT A

ALLOCATION ACCOUNT AND ITS NUMBER

Pursuant to the Agreement, there is thereby created on the books of the Depository, for the benefit of a special account to be known as the "Puerto Rico Electric Power Authority/ Revitalization Corporation Allocation Account" (the "*Allocation Account*"), a/k/a the _____.

The Depository is designated by the Corporation and PREPA to be the depository of the Allocation Account, and the Depository has created the Allocation Account on its books as the "Allocation Account" and assigned the following number thereto, to wit: #_____.

EXHIBIT B

LIST OF BONDS

Restructuring Bonds

PREPA Bonds

EXHIBIT C

SERVICING AGREEMENT

APPENDIX A

FORM OF REPORT

APPENDIX 6

FORM OF TRUST AGREEMENT

TRUST AGREEMENT

Dated as of _____, 2016

between

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION

as Issuer

and

[TRUSTEE],

as Trustee

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TRUST AGREEMENT dated and effective as of _____, 2016, between PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the "Corporation," and including any successor thereto, the "Issuer"), and [TRUSTEE], a national banking association existing under the laws of the United States of America and having an office in the Borough of Manhattan, City and State of New York, which is authorized under such laws to exercise corporate trust powers and is subject to examination by federal authority (including any successor thereto, the "Trustee").

RECITALS

The Issuer has the power under Article 33(a)(3) of Act No. 4 of the Legislature of Puerto Rico, approved February 16, 2016, as amended (the "Act"), to issue its restructuring bonds and to pledge as security for the payment of the principal of and interest on such restructuring bonds restructuring property created pursuant to the Act and a restructuring resolution adopted pursuant to the Act;

The Issuer adopted a restructuring resolution on XX (the "Restructuring Resolution"), pursuant to which the Issuer, inter alia, has authorized the creation of restructuring property, the issuance of restructuring bonds in a principal amount not to exceed the amount specified in the Restructuring Resolution, the pledge of such restructuring property to the payment of the restructuring bonds; and the execution and delivery of this Trust Agreement to order for provide for the issuance of such restructuring bonds and the payment thereof.

GRANTING CLAUSE

The Issuer hereby Grants to the Trustee at the Initial Issuance Date, as Trustee for the benefit of the Holders of the Bonds, the Ancillary Agreement Providers and the Trustee, all of the Issuer's right, title and interest in and to (a) the Restructuring Property (created pursuant to Article 33(a)(3) of the Act and Ordering Paragraph 3 of the Restructuring Resolution) and all proceeds thereof, including the Transition Charges as estimated, determined and adjusted from time to time pursuant to the Servicing Agreement and in accordance with the Restructuring Resolution and the Restructuring Order, (b) the Servicing Agreement, (c) the Depository Agreement and all of the Corporation's rights in and to the Allocation Account, (d) the Calculation Agent Agreement, (e) subject to provisions of Section 8.07, the Collection Account (including all Subaccounts thereof) and all amounts or investment property on deposit therein or credited thereto from time to time, (f) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, securities accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind, and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing and (g) all proceeds of the foregoing (collectively, the "Collateral"; it being understood that none of the following constitute Collateral: (1) to the extent payable to the Issuer, amounts released in accordance with the terms hereof as a result of the exercise of the right to recover Operating Costs; (2) the amounts applied, or to be applied, to pay Upfront Financing Costs with respect to the Bonds as deposited into the Upfront Financing Costs Subaccount (together with any interest earnings thereon); or (3) any restructuring property created pursuant to any restructuring resolution other than the Restructuring Resolution (unless provided otherwise in the restructuring resolution relating to such restructuring property).

The foregoing Grants are made to the Trustee in trust to secure the payment of principal of, interest on, and all other amounts owing in respect of the Bonds and Ancillary Agreements, including all

amounts payable to the Trustee under this Trust Agreement and the other Financing Documents and all amounts payable to the Ancillary Agreement Providers under the Ancillary Agreements, this Trust Agreement or otherwise, equally and ratably without prejudice, priority or distinction, except as expressly provided in this Trust Agreement (including, for the avoidance of doubt, the priority of payment provisions hereof), and to secure compliance with the provisions of this Trust Agreement with respect to the Bonds, all as provided in this Trust Agreement (collectively, the "Secured Obligations").

The foregoing Grants of the Issuer's right, title and interest in and to the Collateral (i) are supplemental to the Statutory Lien, (ii) shall not affect the validity or perfection of the Statutory Lien, and (iii) shall be effective with respect to any portion of the Collateral only to the extent the Statutory Lien is not effective to create a valid and perfected first-priority Lien in such portion of the Collateral that secures all Secured Obligations so that such Grants create a valid and perfected first-priority Lien in such portion of the Collateral that secures all Secured Obligations that are not secured by such Statutory Lien.

The Trustee, as trustee on behalf of the Holders of the Bonds and the Ancillary Agreement Providers and as agent for itself, acknowledges such Grants, accepts the trusts hereunder in accordance with the provisions hereof and agrees to perform its duties specifically required herein.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Bonds are to be issued, countersigned and delivered and that all of the Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Trustee and its successors in said trust, for the benefit of the Holders, the Ancillary Agreement Providers and the Trustee, as follows:

ARTICLE I
Definitions and Incorporation by Reference

Section 1.01. Definitions.

Except as otherwise specified herein or as the context may otherwise require, the following terms have the respective meanings set forth below for all purposes of this Trust Agreement.

"Accreted Value" means, with respect to any Capital Appreciation Bond, an amount equal to the initial principal amount of such Bond, plus interest accrued thereon from its date compounded on each Distribution Date, commencing on the first Distribution Date after its issuance (through the date such Capital Appreciation Bond is paid in full or in the case of a Convertible Bond, through the applicable Conversion Date) at the Accretion Interest Rate for such Bond; provided, however, that the Trustee shall calculate or cause to be calculated the Accreted Value on any date other than a Distribution Date set forth in the applicable Supplemental Trust Agreement by straight line interpolation of the Accreted Values as of the immediately preceding and succeeding Distribution Date. In performing such calculation, the Trustee shall be entitled to engage and rely upon a firm of nationally recognized accountants, consultants or financial advisors with appropriate knowledge and experience.

"Accretion Interest Rate" has the meaning, with respect to any Capital Appreciation Bond, set forth in the applicable Supplemental Trust Agreement.

"Act" means Act No. 4 of the Legislature of Puerto Rico, approved February 16, 2016, as amended to the date hereof, and known as the "PREPA Revitalization Act."

"Act of the Bondholders" has the meaning specified in Section 7.01(a).

"Additional Bonds" means any Bonds issued after the Initial Issuance Date pursuant to Section 3.09(b).

"Adjustment Mechanism" means the formulaic adjustment mechanism set forth in Annex 1 of the Servicing Agreement that is applied to Transition Charges, contained in the Restructuring Resolution, and approved in the Restructuring Order, to be applied by the Servicer, on behalf of the Issuer periodically, but not less often than quarterly to ensure the collection of Transition Charge Revenues sufficient to provide for the timely payment of all Ongoing Financing Costs.

"Administration Agreement" means the Administration Agreement dated as of _____, 2016, between _____, as Administrator, and the Issuer, as the same may be amended and supplemented from time to time.

"Administration Fee" means annual fees and expenses of the Administrator not to exceed $_____ unless approved by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

"Administrator" means [_____], or any successor Administrator under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Aggregate Scheduled Debt Service" means, for any period and as of any date of calculation, an amount equal to the principal of and interest on any Outstanding Bonds scheduled to be payable during such period, in accordance with the Expected Amortization Schedule.

"Ancillary Agreement" means any bond insurance policy, letter of credit, reserve account surety bond, or similar credit support arrangement. As of the Initial Issuance Date, the Ancillary Agreements consist of the Surety Bond Agreements and the Surety Bonds.

"Ancillary Agreement Providers" means the counterparties to any Ancillary Agreement. As of the Initial Issuance Date, the Ancillary Agreement Providers consist of: Assured and National.

"AOGP" means Aguirre Offshore Gas Port.

"Applicable Percentage" means with respect to the portion of the Required Debt Service Reserve Levels for Additional Bonds issued pursuant to Section 3.09(b)(i) to be provided by Ancillary Agreements, or any surety bonds to be provided in connection with Other Restructuring Bonds issued pursuant to Section 3.09(c)(iii), the percentage of the amount of such Ancillary Agreement or surety bonds to be provided by Assured or National as provided in the Assured Commitments and the National Commitments, as the case may be.

"Approved Restructuring Costs" has the meaning set forth in Finding of Fact 4 of the Restructuring Resolution.

"Assured" means either Assured Guaranty Corp. or Assured Guaranty Municipal Corp., or both, as appropriate, their respective successors and their assigns.

"Assured Commitments" means binding commitments of Assured to provide an Ancillary Agreement or Ancillary Agreements (a) in an amount equal to its Applicable Percentage of an amount equal to (i) 9% of the Outstanding Amount of the Additional Bonds to be issued pursuant to Section 3.09(b)(i) less (ii) the amount of any Ancillary Agreement transferred from the Mirror Bond Debt Service Reserve Subaccount (Assured) to the Common Debt Service Reserve Subaccount pursuant to Section 8.07(c)(ii) in connection with the issuance of the Additional Bonds, and (b) in an amount equal to its Applicable Percentage of 9% of the Outstanding Amount of the Other Restructuring Bonds to be issued pursuant to Section 3.09(c)(i) and (c)(iii).

"Assured Escrow Agreement" means the Escrow Agreement among the Issuer, _____ and Assured dated as of _____, 2016 with respect to the Assured Mirror Bonds.[1]

"Assured Legacy Policy" means Assured's municipal bond insurance policy insuring the Assured Legacy PREPA Bonds.

"Assured Legacy PREPA Bonds" means the PREPA Bonds economically defeased by the Assured Mirror Bonds.

"Assured Mirror Bonds" means Bonds which are deposited in an irrevocable escrow to solely economically defease PREPA Bonds insured by Assured.

"Authorized Officer" means, with respect to the Issuer, any officer of the Issuer who is authorized to act for the Issuer in matters relating to the Issuer and who is identified on the list of Authorized Officers delivered by the Issuer to the Trustee on the Initial Issuance Date (as such list may be modified or supplemented by the Issuer from time to time thereafter).

"Board" means the board of directors of the Corporation.

"Bond Agreement" means a bond purchase agreement or underwriting agreement, or any tender or exchange agreement pursuant to which a Series of Bonds are delivered, as identified in an Supplemental Trust Agreement pursuant to which such Bonds are executed and delivered.

"Bond Interest Rate" means, with respect to any Series and Tranche of Bonds, the Bond Interest Rate therefor as specified in the applicable Supplemental Trust Agreement.

"Bond Register" and "Bond Registrar" have the respective meanings specified in Section 2.05.

"Bondholder" or "Holder" means any Person in whose name a Bond is registered on the registration books maintained by the Issuer or the Trustee under this Trust Agreement, provided that for the purpose of exercising rights and taking actions hereunder or any request, demand, authorization, direction, notice, consent or waiver or other action by Bondholders hereunder or under any Financing Document, "Bondholder" or "Holder" means the beneficial owner of such Bond.

"Bonds" means any bonds issued pursuant to the Restructuring Resolution and this Trust Agreement.

"Book-Entry Bonds" means, with respect to any Bond, a beneficial interest in such Bond, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 2.16.

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[1] Additional changes may be required throughout the Trust Agreement to address mechanics of the economic defeasance of PREPA legacy bonds that are insured pursuant to secondary market insurance policies.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York, New York are authorized or obligated by law, regulation or executive order to remain closed.

"Calculation Agent" means a third-party calculation agent (not affiliated with the Commonwealth or its instrumentalities, public corporations or municipalities) appointed and retained to confirm the Servicer's calculation of the Transition Charges and the application of the Adjustment Mechanism. The initial Calculation Agent shall be _____. "Calculation Agent" shall include any successor or replacement appointed pursuant to Section 3.07(b).

"Calculation Agent Agreement" means the Calculation Agent Agreement dated as of _____, 20___ among the Issuer, the Servicer and the Calculation Agent, and acknowledged by the Trustee.

"Calculation Agent Fee" means annual fees and expenses of the Calculation Agent not to exceed $_____ unless approved by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

"Capital Appreciation Bond" means a Bond (including, as the context requires, a Convertible Bond prior to the applicable Conversion Date), the interest on which is payable at maturity (or, in the case of a Convertible Bonds, the interest on which accrues until the Conversion Date) and compounded semiannually on each Distribution Date to the Scheduled Maturity Date, Conversion Date or redemption date thereof, as the case may be.

"Clear Market Period" means the period commencing on the Initial Issuance Date and ending three-years (thirty-six (36) months) thereafter.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

"Collateral" has the meaning specified in the Granting Clause of this Trust Agreement.

"Collection Account" has the meaning specified in Section 8.02(a).

"Commission" means Puerto Rico Energy Commission established by Act No. 57 of the Legislative Assembly of Puerto Rico, approved on May 27, 2014, as amended.

"Common Debt Service Reserve Subaccount" has the meaning specified in Section 8.07(a).

"Common Debt Service Reserve Subaccount Surety Bonds" means [Describe National and Assured Surety Bonds].

"Common Reserve Bonds" means all Bonds other than Mirror Bonds.

"Commonwealth Pledge" has the meaning specified in Section 2.13.

"Conversion Date" means the date set forth in the applicable Supplemental Trust Agreement on and after which a Convertible Bond is deemed to be a Current Interest Bond.

"Convertible Bond" means a Capital Appreciation Bond which by its terms will be a Current Interest Bond on and after the applicable Conversion Date.

"Corporate Trust Office" means the Mainland office of the Trustee at which at any particular time this Trust Agreement shall be administered, which office at the date of the execution of this Trust Agreement is located at [ADDRESS, Attention: _____] or at such other address as the Trustee may designate from time to time by notice to the Bondholders and the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Bondholders and the Issuer).

"Corporation" means Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and a governmental instrumentality of the Commonwealth of Puerto Rico, established pursuant to Article 32(a) of the Act.

"Current Interest Bond" means a Bond (including, as the context requires, a Convertible Bond on and after the applicable Conversion Date), the interest on which is payable on each Payment Date.

"Customer" has the meaning specified in the Restructuring Resolution.

"Debt Service Reserve Subaccounts" has the meaning set forth in Section 8.02(a).

"Debt Service Subaccounts" has the meaning set forth in Section 8.02(a).

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Default Rate" means, with respect to any Bond, an interest rate per annum equal to the interest rate on such Bond plus _____%. Any reference to interest shall include, as applicable, interest at the Default Rate.

"Defeasance" means with respect to any Bonds, the defeasance of such Bonds in accordance with Article IV.

"Defeasance Securities" mean direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America.

"Defeased Assured PREPA Bonds" means the PREPA Bonds economically defeased by the deposit of the Assured Mirror Bonds pursuant to the Assured Escrow Agreement.

"Defeased National PREPA Bonds" means the PREPA Bonds economically defeased by the deposit of the National Mirror Bonds pursuant to the National Escrow Agreement.

"Definitive Bonds" has the meaning set forth in Section 2.16(a).

"Depository" means a third-party collection agent and Mainland financial institution that (i) is organized under and subject to the regulations and laws of the United States or any State and licensed to operate in the Commonwealth, (ii) is neither affiliated with PREPA, the Commonwealth or its instrumentalities, public corporations, or municipalities, nor located in the Commonwealth, (iii) holds its

accounts, including the Allocation Account, in New York, New York pursuant to this Trust Agreement and the Depository Agreement and (iv) has a capital and surplus of not less than $1 billion. PREPA, GDB and FAFAA are expressly prohibited from acting as Depository. Initially, the Depository shall be _____. " Depository" shall include any successor or replacement appointed pursuant to Section 3.06(b).

"Depository Agreement" means the Depository Agreement by and among the Depository, PREPA, the Issuer and the Trustee.

"Depository Fee" means annual fees and expenses of the Depository not to exceed $_____ unless approved by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

"Distribution Date" means each _____ and _____, commencing with _____, 20___.

"DTC" means The Depository Trust Company, as securities depository for the Bonds, or its successor or any successor securities depository.

"Electric System Assets" has the meaning specified in the Restructuring Resolution.

"Eligible Account" means a segregated trust account with an Eligible Institution.

"Eligible Bonds" means Outstanding Bonds other than (a) Bonds beneficially held by the Issuer, PREPA, the Commonwealth, or its instrumentalities, public corporations, or municipalities, or any subsidiary or affiliate of any of them, including, but not limited to GDB and FAFAA, (b) Assured Mirror Bonds during the period when Assured is in default under the Assured Legacy Policy, or (c) National Mirror Bonds during the period when National is in default under the National Legacy Policy.

"Eligible Institution" means (a) the corporate trust department of the Trustee so long as any securities of the Trustee have either a short-term credit rating from Moody's of at least "P-1" or a long-term unsecured debt rating from Moody's of at least "A2" and have a credit rating from each other rating agency in one of its generic categories which signifies Investment Grade, or (b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), (i) which has either (A) a long-term issuer rating of "AA-" or higher by Standard & Poor's and "A2" or higher by Moody's, and, if rated by Fitch, the equivalent of the lower of those two ratings by Fitch, or (B) a short-term issuer rating of "A-1+" or higher by Standard & Poor's and "P-1" or higher by Moody's, and, if Fitch provides a rating thereon, "F1+" by Fitch, or any other long-term, short-term or certificate of deposit rating acceptable to Standard & Poor's and Moody's and (ii) whose deposits are insured by the FDIC. If so qualified under clause (b) above, the Trustee may be considered an Eligible Institution for the purposes of the definition of Eligible Account. "Eligible Institution" shall not include the GDB, or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities or any affiliate thereof.

"Eligible Investments" means either cash or obligations of or backed by the full faith and credit of the United States Government. Without limiting the foregoing, no funds shall be invested by the Trustee or the Depository in any certificates of deposit or other obligations of the GDB or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities or any affiliate thereof or deposited in or with the GDB or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities or any affiliate thereof.

"Event of Default" has the meaning specified in Section 5.01.

"Excess Funds Subaccount" has the meaning specified in Section 8.02(a).

"Excess Surety Amount" means, as of any day, the aggregate principal amount of Refinanced Insured Bonds outstanding on such day.

"Excess Surety Event" means that, as of any day, there is an Excess Surety Amount greater than zero on such day.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Offer Bonds" means Bonds issued on Initial Issuance Date in exchange for PREPA Bonds held by parties to the RSA.

"Expected Amortization Schedule" means a schedule specifying for each Tranche the initial principal amount, Bond Interest Rate, Scheduled Maturity Date and Legal Maturity Date, including the Expected Sinking Fund Schedule for Term Bonds and the matters specified in the definition thereof, in each case as provided in the applicable Supplemental Trust Agreement.

"Expected Sinking Fund Schedule" means a schedule specifying for any Term Bonds the Scheduled Sinking Fund Redemption Dates, Scheduled Outstanding Amounts, Scheduled Sinking Fund Payments and Minimum Remaining Outstanding Amounts, in each case as provided in the applicable Supplemental Trust Agreement.

"FAFAA" means the Fiscal Agency and Financial Advisory Authority, or any successor or successors thereto.

"FDIC" means the Federal Deposit Insurance Corporation or any successor.

"Financing Costs" has the meaning specified in the Restructuring Resolution and consists of Upfront Financing Costs and Ongoing Financing Costs.

"Financing Documents" means, collectively, this Trust Agreement, the Servicing Agreement, the Depository Agreement, the Calculation Agent Agreement, Ancillary Agreements, Bond Purchase Agreement, Tender Agent Agreement, Dealer/Manager Agreement, Continuing Disclosure Agreement, and any other document or agreement included in the definition of Financing Documents in the Restructuring Resolution.

"Financing Entity" has the meaning specified in Article 31(17) of the Act.

"Fitch" means Fitch Ratings, or its successor. References in this Trust Agreement to Fitch, as applied to the Bonds, shall be effective only if Fitch becomes a Rating Agency.

"GDB" means the Government Development Bank for Puerto Rico, or any successor or successors thereto.

"General Subaccount" has the meaning set forth in Section 8.02(a).

"Grant" means mortgage, pledge, collaterally assign and grant a Lien upon and a security interest pursuant to this Trust Agreement. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments

in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Independent" means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor upon the Bonds, the Servicer and any Affiliate of any of the foregoing Persons in accordance with the New York Stock Exchange Corporate Governance Rules, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, the Servicer, any such other obligor, or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

"Independent Certificate" means a certificate or opinion to be delivered to the Trustee, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Trustee, and such opinion or certificate shall state that the signer has read the definition of "Independent" in this Trust Agreement and that the signer is Independent within the meaning thereof.

"Initial Issuance Date" means the date on which the first Series of Bonds were issued and delivered hereunder.

"Initial Servicing Agreement" means the Restructuring Property Servicing Agreement dated as of _____, 2016, between the Issuer and PREPA, as Servicer, as the same may be amended and supplemented from time to time in accordance with Section 8.01 thereof.

"Issuance Date" the date of the issuance and delivery of any Series of Bonds, as set forth in the applicable Supplemental Trust Agreement.

"Investment Grade" means a rating of at least "BBB–" (minus) by S&P, "Baa3" by Moody's, or "BBB–" (minus) by Fitch.

"Issuer" means the Corporation.

"Issuer Order" and "Issuer Request" means a written order or request signed in the name of the Issuer by any one of its Authorized Officers, or by the Administrator on its behalf, and delivered to the Trustee.

"Legal Defeasance" has the meaning specified in Section 4.01(b).

"Legal Maturity Date" means, with respect to any Tranche of Bonds, the respective Legal Maturity Date therefor, which shall include legal mandatory sinking fund and all other scheduled mandatory redemption dates, in each case as provided in the applicable Supplemental Trust Agreement.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim, or encumbrance of any kind.

"Mainland" means headquartered and maintaining its financial operations and accounts relating to the Bonds within any of the 48 contiguous States.

"Minimum Denomination", with respect to any Series of Bonds, means $5,000 or integral multiples thereof, or such higher amount set forth in any Supplemental Trust Agreement.

"Mirror Bond Debt Service Reserve Subaccount (Assured)" has the meaning specified in Section 8.07(a).

"Mirror Bond Debt Service Reserve Subaccount (National)" has the meaning specified in Section 8.07(a).

"Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds)" has the meaning specified in Section 8.07(a).

"Mirror Bond Surety Bonds" means [To Come].

"Mirror Bonds" means the Assured Mirror Bonds, the National Mirror Bonds, and the 2016 PREPA Mirror Bonds.

"Moody's" means Moody's Investors Service Inc. or its successor.

"National" means National Public Finance Guarantee Corporation, its successors and their assigns.

"National Commitments" means binding commitments of National to provide an Ancillary Agreement or Ancillary Agreements (a) in an amount equal to its Applicable Percentage of an amount equal to (i) 9% of the Outstanding Amount of the Additional Bonds to be issued pursuant to Section 3.09(b)(i) less (ii) the amount of any Ancillary Agreement transferred from the Mirror Bond Debt Service Reserve Subaccount (National) to the Common Debt Service Reserve Subaccount pursuant to Section 8.07(c)(ii) in connection with the issuance of the Additional Bonds, and (b) in an amount equal to its Applicable Percentage of 9% of the Outstanding Amount of the Other Restructuring Bonds to be issued pursuant to Section 3.09(c)(i) and (c)(iii).

"National Escrow Agreement" means the Escrow Agreements among the Issuer, _____ and National dated as of _____, 2016 with respect to the National Mirror Bonds.

"National Legacy Policy" means National's municipal bond insurance policy insuring the National Legacy PREPA Bonds.

"National Legacy PREPA Bonds" means the PREPA Bonds economically defeased by the National Mirror Bonds.

"National Mirror Bonds" means Bonds which are deposited in an irrevocable escrow to solely economically defease PREPA Bonds insured by National.

"Negative Bondholder Approval" means the procedure for permitting the Trustee to give certain consents, directions or approvals hereunder as set forth in Section 3.19(d).

"Officer's Certificate" means a certificate signed by any Authorized Officer of the Issuer.

"Ongoing Financing Costs" means:

(A) principal, interest and redemption premiums payable on the Bonds;

(B) any payment required under any bond insurance policy, surety bond, reimbursement agreement or any agreement entered into in connection therewith or other Ancillary Agreement, or any amount required to fund or replenish (or to reimburse a third party for

replenishing) any debt service reserve fund or account or any other fund or account established under the Trust Agreement and, to the extent permitted by the Trust Agreement, any Financing Document or under any other financing document related to the Bonds, or any additional reserve fund (including the Overcollateralization Subaccount);

(C) any taxes and charges, including payments or contributions in lieu of taxes, franchise fees or license fees imposed on Transition Charge Revenues;

(D) any cost related to administering the Issuer, the Bonds or the Restructuring Property, including the costs of calculating adjustments of Transition Charges and implementing the Adjustment Mechanism, the fees and expenses of the Initial Servicer and any Successor Servicer, the fees and expenses of the Calculation Agent and any third party appointed under the Calculation Agent Agreement, the fees and expenses of the Depository or other collection agents employed to assure the collection, segregation and remittance of Transition Charge Revenues to the Trustee, the fees and expenses of the Trustee and any other fiduciaries, including any Registrar or Paying Agent, appointed to secure or facilitate payment of the Bonds, and all legal, accounting and other advisors' or consultants' fees and expenses incurred in connection with the foregoing;

(E) all rating agency fees and expenses incurred to obtain and/or maintain ratings on the Bonds;

(F) any cost related to protecting the status of Restructuring Property and collecting Transition Charges, including any cost related to any judicial or similar proceedings that the Issuer or the Trustee or any owner of all or a portion of Restructuring Property deems necessary to enforce or collect Transition Charge Revenues or protect the Restructuring Property or any other costs referred to in Article 38(a) of the Act, in each case subject to the provisions of the Act;

(G) any ongoing filing or listing fees for the Bonds;

(H) the fees and expenses of the Independent Auditor;

(I) without duplication, any indemnity payments required to be paid by the Issuer to the Trustee, any Servicer, the Calculation Agent, or the Depository, the underwriters, the broker-dealers, the parties to any Ancillary Agreements or other persons pursuant to agreements entered into in connection with the Bonds;

(J) any indemnity or other payments or costs required to be paid to the Board or its individual directors, or officials, agents and employees of the Corporation as provided in Article 35(q) of the Act;

(K) any rebate expenses payable to the Federal Government to maintain the tax free status of the Bonds; and

(L) any other cost related to issuing Bonds, administering and servicing Restructuring Property and Bonds payable under the Financing Documents, including (without limitation) the payment of any Upfront Financing Costs not paid from the proceeds of the Bonds, in accordance with any Supplemental Trust Agreement.

"Operating Expenses" means all Ongoing Financing Costs other than (i) principal (including amortization, sinking fund or redemption payments), redemption premium, if any, and interest on the Bonds, (ii) amounts required to fund or replenish the Debt Service Reserve Subaccounts and any Overcollateralization Subaccount, or (iii) any Reimbursement Obligations with respect to any Surety Bonds or pursuant to any other Ancillary Agreement.

"Opinion of Counsel" means one or more written opinions of counsel who may, except as otherwise expressly provided in this Trust Agreement, be an employee of or counsel to the Issuer and who shall be reasonably satisfactory to the Trustee, and which opinion or opinions shall be addressed to the Trustee, and shall be in form and substance reasonably satisfactory to the Trustee.

"Other Restructuring Bonds" means any bonds, notes, or other evidences of indebtedness (other than the Bonds) that are issued by the Issuer pursuant to the Act, a trust agreement (other than this Trust Agreement) and a restructuring resolution (other than the Restructuring Resolution), to the extent permitted by Section 3.09(c) hereof.

"Outstanding" means, as of the date of determination, all Bonds theretofore authenticated and delivered under this Trust Agreement except:

(a) Bonds theretofore cancelled by the Bond Registrar or delivered to the Bond Registrar for cancellation;

(b) Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Holders of such Bonds;

(c) Bonds in exchange for or in lieu of other Bonds which have been authenticated and delivered pursuant to this Trust Agreement unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser; and

(d) Mirror Bonds deemed to be no longer Outstanding pursuant to Section 4.05;

provided, however, that in determining whether the Holders of the requisite Outstanding Amount of the Bonds or any Series or Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Financing Document, Bonds owned by the Issuer, PREPA, the Servicer (if different from PREPA), the Commonwealth, or any Affiliate of any of the foregoing Persons, including but not limited to, GDB and FAFAA, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that the Trustee actually knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer, any other obligor upon the Bonds, or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Bonds, or if the context requires, all Bonds of a Series or of a Tranche, Outstanding at the date of determination.

"Overcollateralization Subaccount" has the meaning set forth in Section 8.02(a).

"Parity Obligations" means the Bonds and any Parity Reimbursement Obligation.

"Parity Reimbursement Obligation" means a Reimbursement Obligation with respect to (a) the Surety Bonds or (b) pursuant to any other Ancillary Agreement in accordance with Section 3.09(d), in either case the payment of which is secured by a pledge of, and a Lien on, the Collateral in accordance with the terms of, and subject to the priority of payments set forth in, this Trust Agreement.

"Parity Payment Obligations" means the payment when due of principal of and interest on the Bonds, any reimbursement amount payable under a Parity Reimbursement Obligation or any amount payable under any other Parity Obligation.

"Paying Agent" means the Trustee or any other Person that meets the eligibility standards for the Trustee specified in Section 6.11 and is authorized by the Issuer to make payment of principal or Accreted Value of or interest on the Bonds on behalf of the Issuer.

"Payment Date" has the meaning specified in the applicable Supplemental Trust Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization, or any government or any agency, instrumentality or political subdivision thereof.

"Predecessor Bond" means, with respect to any particular Bond, every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for the purpose of this definition, any Bond authenticated and delivered under Section 2.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Bond.

"PREPA" means Puerto Rico Electric Power Authority, a public corporation and governmental instrumentality established and existing by virtue of Act No. 83 of the Legislative Assembly of Puerto Rico, approved May 2, 1941, as amended, and any successor or successors thereto, including successors referred to in Article 35(l) of the Act.

"PREPA Bonds" means revenue bonds issued by PREPA pursuant to PREPA Trust Agreement.

"PREPA Trust Agreement" means the Trust Agreement, dated as of January 1, 1974, as amended and supplemented, by and between PREPA and U.S. Bank National Association, as successor trustee.

"Principal" or "principal" means the Outstanding Amount of Bonds and, as appropriate, the Accreted Value of all Capital Appreciation Bonds.

"Priority Payment Cap Amount" means all amounts payable pursuant to Section 8.02(e)(i) through (vi) in any calendar year not to exceed $_____.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Principal Balance" means, as of any Payment Date for any Tranche of the Bonds, the initial principal amount of such Tranche for such Payment Date as set forth in the Expected Amortization Schedule.

"Rating Agency" means, with respect to any Bond, any nationally recognized statistical rating organization that assigns (or has assigned) its rating or ratings to such Bond at the request of the Issuer at the time of issuance thereof (or subsequently assigns a rating or ratings to such Bond at the request of the Issuer). If any such organization or its successor is no longer in existence, "Rating Agency" shall mean a

nationally recognized statistical rating organization designated by the Issuer with the written consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and each Surety Provider, notice of which designation and consent shall be given to the Trustee, the Commission and the Servicer.

"Rating Agency Condition" means, with respect to any action, (i) not less than ten Business Days' prior written notification by the Issuer regarding such action to each Rating Agency, (ii) written confirmation from each such Rating Agency to the Servicer, the Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then-current rating assigned by such Rating Agency to any Bond and (iii) that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then-current rating assigned to any Bonds; provided, however, that if prior to the relevant action, any of the Bonds are not rated by a Rating Agency, or if any of the Bonds have a rating from a Rating Agency below the rating initially assigned by such Rating Agency, then the Rating Agency Condition shall only be deemed satisfied with respect to such Rating Agency with the written consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and each Surety Agreement Provider. If within such ten Business Day period, any Rating Agency (other than Standard & Poor's) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (y) the Issuer shall be required to obtain confirmation in writing that such Rating Agency has received the Rating Agency Condition notification described in (i) above and, if such Rating Agency has received such notification, the Issuer shall promptly request the related Rating Agency Condition written confirmation described in (ii) above, and (z) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such Issuer request in clause (y) above, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency, but only if waived in writing by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and each Surety Provider. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent). If any ratings on the Bonds are below Investment Grade (or if the Bonds are not rated by any Rating Agency), the Rating Agency Condition requirement shall also include the written consent of the Trustee, each Surety Provider and the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds to the relevant action in the manner provided herein.

"Record Date" means, with respect to a Payment Date or a Distribution Date, the close of business on the Business Day next preceding such Payment Date or Distribution Date; provided however, that if Definitive Bonds are issued, the Record Date shall mean the last Business Day of the calendar month immediately preceding such Payment Date or Distribution Date, as applicable.

"Redemption Price" means, with respect to any Bonds to be redeemed, the principal amount of such Bonds or percentage thereof specified for such redemption in the applicable Supplemental Trust Agreement.

"Refinanced Insured Bonds" means the callable and non-callable PREPA Bonds insured by Assured and National not to exceed $_____ that may be refinanced as described in Section 3.09(c)(iii) hereof.

"Refinancing Period" the six (6) months following the expiration of the Clear Market Period.

"Registered Holder" means the Person in whose name a Bond is registered on the Bond Register on the applicable Record Date.

"Reimbursement Obligation" means the obligation of the Issuer to reimburse an Ancillary Agreement Provider for amounts advanced under an Ancillary Agreement held for the credit of a Reserve Subaccount.

"Replacement Servicer" means [_____]

"Required Common Debt Service Reserve Level" means, as of any date of calculation, an amount equal to 10.0% of the aggregate principal amount of the Common Reserve Bonds then Outstanding.

"Required Debt Service Reserve Level" means the sum of the Required Common Debt Service Reserve Level and the Required Mirror Bond Debt Service Reserve Level.

"Required Mirror Bond Debt Service Reserve Level" means, as of any date of calculation,

(a) for the Mirror Bond Debt Service Reserve Subaccount (Assured), 3.5% of the Outstanding aggregate principal amount of the Assured Mirror Bonds, provided that if at any time from and after the Initial Issuance Date to and including _____, the Assured Mirror Bonds are not rated at least Investment Grade by S&P and Moody's, Assured may increase the Required Debt Service Reserve Levels for the Mirror Bond Debt Service Reserve Subaccount (Assured) to an amount not to exceed 10% of the Outstanding Amount of the Assured Mirror Bonds, by delivering to the Trustee (i) written notice of the revised amount of the Required Debt Service Reserve Levels for the Mirror Bond Debt Service Reserve Subaccount (Assured) and (ii) an Ancillary Agreement in an amount which, together with any other Ancillary Agreement on deposit in Mirror Bond Debt Service Reserve Subaccount (Assured), equals 90% of such revised Required Debt Service Reserve Level,

(b) for the Mirror Bond Debt Service Reserve Subaccount (National), 3.5% of the Outstanding aggregate principal amount of the National Mirror Bonds, provided that if at any time from and after the Initial Issuance Date to and including _____, the National Mirror Bonds are not rated at least Investment Grade by S&P and Moody's, National may increase the Required Debt Service Reserve Levels for the Mirror Bond Debt Service Reserve Subaccount (National) to an amount not to exceed 10% of the Outstanding aggregate principal amount of the National Mirror Bonds, by delivering to the Trustee (i) written notice of the revised amount of the Required Debt Service Reserve Levels for the Mirror Bond Debt Service Reserve Subaccount (National) and (ii) an Ancillary Agreement in an amount which, together with any other Ancillary Agreement on deposit in Mirror Bond Debt Service Reserve Subaccount (National), equals 90% of such revised Required Debt Service Reserve Level, and

(c) for the Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds), 3.5% of the Outstanding aggregate principal amount of 2016 PREPA Mirror Bonds.

"Reserve Subaccount" has the meaning set forth in Section 8.02(a).

"Responsible Officer" means, with respect to the Trustee, any officer assigned to the Corporate Trust Office, including any Vice President, Assistant Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers, in each case having direct responsibility for the administration of this Trust Agreement.

"Restructuring Order" means the order adopted by the Commission pursuant to Article 6.25A of Act 57-2014, as added by Article 20 of the Act, and in response to a Petition filed with the Commission on April ___, 2016, by the Issuer pursuant to the Act.

"Restructuring Property" means the Restructuring Resolution and the property rights and interests created thereby, including the right, title, and interest in and to: (a) the right to create and receive Transition Charges in amounts sufficient to pay the Bonds and all related Ongoing Financing Costs in full and on a timely basis; (b) the Transition Charges, as adjusted from time to time in accordance with the Adjustment Mechanism, including any rights under the Servicing Agreement, the Calculation Agent Agreement, the Depository Agreement or other agreement assigned pursuant to this Trust Agreement; (c) all revenues, collections, claims, payments, moneys, or proceeds of or arising from the Transition Charges or constituting Transition Charges, regardless of whether such revenues, collections, claims, payments, moneys, or proceeds are imposed, billed, received, accrued, collected or maintained by PREPA, any other Servicer or by the Issuer, together with or commingled with other revenues, collections, claims, payments, money or proceeds; (d) all rights to obtain adjustments to the Transition Charges pursuant to the terms of the Adjustment Mechanism, the Restructuring Order and the Restructuring Resolution; and (e) all reserves, Surety Bonds, or other collateral accounts established in connection with the Bonds or the Restructuring Property or otherwise pledged to the payment of the Bonds under this Trust Agreement. Upon the issuance of Bonds, Restructuring Property shall constitute a vested, presently existing property right in the Issuer, as initial owner, subject to any pledge of Restructuring Property pursuant to this Act, notwithstanding the fact that the value of the property right will depend on further acts that have not yet occurred, including Customers remaining or becoming connected to the Electric System Assets and taking or receiving electric service, the imposition and billing of Transition Charges, or PREPA performing services. The concept of "Restructuring Property" shall not include real estate properties of PREPA nor any real rights created over such real estate properties.

"Restructuring Resolution" means Restructuring Resolution No. 1 of the Board adopted in accordance with the Act, on _____, 2016.

"RSA" means the Restructuring Support Agreement dated as of January 27, 2016 among the parties named therein, as amended, supplemented or reinstated from time to time.

"Scheduled Maturity Date" means, with respect to any Tranche of Bonds, the respective Scheduled Maturity Date therefor, which shall include scheduled mandatory sinking fund and all other scheduled mandatory redemption dates, in each case as provided in the applicable Supplemental Trust Agreement.

"Scheduled Sinking Fund Payment" means, with respect to any Term Bonds, the Scheduled Sinking Fund Payment therefor as specified in the Expected Sinking Fund Schedule set forth in the applicable Supplemental Trust Agreement.

"Scheduled Sinking Fund Redemption Date" means, with respect to any Term Bonds, the Scheduled Sinking Fund Redemption Date therefor as specified in the Expected Sinking Fund Schedule set forth in the applicable Supplemental Trust Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Intermediary" means [_____], a national banking association existing under the laws of the United States of America, solely in its capacity as a "securities intermediary" as defined in Section 8-102(a)(14) of the UCC, or any successor securities intermediary.

"Semiannual Interest" has the meaning specified in the applicable Supplemental Trust Agreement.

"Semiannual Principal" means, with respect to any Payment Date and any Series and Tranche of Bonds, (i) for any Serial Bonds, the amount required to be paid to the Holders pursuant to the applicable Supplemental Trust Agreement, and (ii) for any Term Bonds, the amount required to be redeemed and paid to the Holders pursuant to the applicable Supplemental Trust Agreement.

"Serial Bonds" means Bonds which are not Term Bonds.

"Series" or "Series of Bonds" or "Bonds of a Series" means all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Trust Agreement.

"Servicer" means PREPA, as Servicer under the Initial Servicing Agreement, any Successor Servicer or any Replacement Servicer under any replacement Servicing Agreement which may contract with others for the performance of some duties under the Servicing Agreement as provided therein.

"Servicing Agreement" means the Initial Servicing Agreement or any replacement servicing agreement with a successor servicer, as the same may be amended from time to time by the parties thereto in accordance therewith and in a manner not prohibited by the Act.

"Sinking Fund Payment" means a payment upon redemption of Term Bonds on a Payment Date as specified in the Expected Sinking Fund Schedule applicable thereto, or with respect to any Tranche a payment without redemption prior to maturity that reduces the Outstanding Amount thereof to zero.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor.

"State" means any one of the states of the United States of America or the District of Columbia. The term "State" shall not include the Commonwealth.

"Statutory Lien" means the Lien on the Restructuring Property created by Article 33(b)(12) and Article 35(k)(2) of the Act and the Restructuring Resolution.

"Subaccounts" means, collectively, the General Subaccount, the Debt Service Subaccounts, the Excess Funds Subaccount, the Debt Service Reserve Subaccounts and the Upfront Financing Costs Subaccount in the Collection Account.

"Successor Servicer" has the meaning specified in Section 3.05(d).

"Supplemental Trust Agreement" means any supplement to this Trust Agreement.

"Surety Bond Agreements" means the Ancillary Agreements between the Surety Providers and the Issuer pursuant to which the Surety Bonds are issued.

"Surety Bonds" means, collectively, the Mirror Bond Surety Bonds and the Common Debt Service Reserve Subaccount Surety Bonds.

"Surety Providers" means any Ancillary Agreement counterparty (including, without limitation, Assured and National) providing one or more Surety Bonds that in the aggregate have a face amount

exceeding $_____ to support a Reserve Subaccount, in each case so long as such Surety Bond(s) remain in effect and so long as a monetary default by such counterparty under the related Surety Bond shall not have occurred and be continuing.

"Tax-exempt Bonds" means Bonds the interest on which is excludable from gross income for federal income taxation purposes under applicable provisions of the Code.

"Term Bonds" means Bonds the retirement of which shall be provided for from scheduled periodic redemptions prior to maturity.

"Tranche" or "Tranche of Bonds" or "Bonds of a Tranche" or of a particular Series means all Bonds designated as being of the same Series and tranche issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Trust Agreement.

"Trust Agreement" or "this Trust Agreement" means this instrument as originally executed and, as from time to time supplemented or amended by one or more trust agreements supplemental hereto entered into pursuant to the applicable provisions hereof, as so supplemented or amended, or both, and shall include the forms and terms of the Bonds established hereunder.

"Trustee" means [TRUSTEE], as Trustee under this Trust Agreement, or any successor Trustee under this Trust Agreement, provided that any Trustee shall be a Mainland financial institution that at the time of appointment is acceptable to the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

"2016 PREPA Bond Purchase Agreements" means [BPAs for 2016A Bonds, 2016B Bonds, 2016C Bonds].

"2016 PREPA Bonds" means [2016A Bonds, 2016B Bonds, 2016C Bonds, 2016D Bonds].

"2016 PREPA Bonds Escrow Agreement" means the Escrow Agreement between the Issuer and _____ dated as of _____, 2016 with respect to the 2016 PREPA Mirror Bonds.

"2016 PREPA Mirror Bonds" means Bonds which are deposited in an irrevocable escrow to solely economically defease 2016 PREPA Bonds.

"UCC" means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the State of New York, as amended from time to time.

"Underwriters" means the underwriters who purchase the Bonds from the Issuer and sell the Bonds pursuant to the Bond Purchase Agreement.

"Upfront Financing Costs Subaccount" has the meaning set forth in Section 8.02(a).

"Upfront Financing Costs" has the meaning specified in the Act and the Restructuring Resolution.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or

instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged.

"17g-5 Website" has the meaning specified in Section 11.15.

"Yield Requirement" means the requirement that any Additional Bonds or Other Restructuring Bonds, as the case may be, be issued at a yield equal to or lower than the interest rate of the Exchange Offer Bonds having the same weighted average maturity as such Additional Bonds or Other Restructuring Bonds.

Except as otherwise specified herein or as the context may otherwise require, the following terms have the respective meanings set forth in Appendix A to the Servicing Agreement as in effect on the Issuance Date for all purposes of this Trust Agreement, and the definitions of such terms are equally applicable both to the singular and plural forms of such terms:

Allocation Account
Annual Accountant's Report
Bill
Commission
Excess Remittance
Principal Balance
Monthly Servicer Certificate
PREPA Charges
Restructuring Property Documentation
Semiannual Servicer Certificate
Servicer Default
Servicing Fee
Transition Charge Revenues
Transition Charges
True-Up Adjustment

Section 1.02. Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time;

(c) "or" is not exclusive;

(d) "including" means including without limitation;

(e) words in the singular include the plural and words in the plural include the singular;

(f) words of the masculine gender shall mean and include correlative words of the feminine and neuter genders;

(g) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons, and shall include successors and assigns;

(h) each time of day shall be local time in The City of New York, New York, except as otherwise specified herein;

(i) each reference to Bonds includes portions thereof in Minimum Denominations;

(j) unless otherwise noted herein as referring only to Current Interest Bonds, each reference to the terms "principal" or "principal amount" shall include Accreted Value of any Capital Appreciation Bonds or Convertible Bonds;

(k) unless otherwise noted herein, each reference to the term "Payment Date" shall include the "Distribution Date" with respect to any Capital Appreciation Bond or Convertible Bond;

(l) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or other subdivision;

(m) all references in this Trust Agreement to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Trust Agreement; and

(n) except as otherwise specified herein, UCC terms shall have the meanings given to such terms in the UCC.

ARTICLE II
The Bonds

Section 2.01. Authorization of Bonds. There are hereby authorized to be issued pursuant to and for the purposes specified in the Act and the Restructuring Resolution multiple Series of Bonds, not to exceed the principal amount set forth in the Restructuring Resolution.

Section 2.02. Terms of Bonds. The Bonds may be issued in one or more Series, each consisting of one or more Tranches, and shall be designated generally as the "Restructuring Bonds" of the Issuer, with such further particular designations added or incorporated in such title for the Bonds of any particular Series and Tranche as provided in any Supplemental Trust Agreement. Each Bond shall bear the designation so selected for the Series and Tranche to which it belongs. All Bonds of any Series or Tranche shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, except as otherwise provided in this Trust Agreement.

The Bonds of each Series shall be created by the Supplemental Trust Agreement authorized by an Authorized Officer of the Issuer, which Supplemental Trust Agreement shall specify and establish the terms and provisions thereof, including the following (which terms and provisions may differ as between Series and Tranches):

(a) designation of any Series and any Tranches thereof;

(b) the principal amount of each Series (and, if more than one Tranche is issued, the respective principal amounts of such Tranches);

(c) the Bond interest rate or interest rate computation method;

(d) the Payment Dates for interest on and/or principal or Redemption Price of the Bonds;

(e) the Scheduled Maturity Date and Legal Maturity Date for each Tranche of a Series of the Bonds; provided that the period between the Scheduled Maturity Date and the Legal Maturity Date for each such Tranche will be two years;

(f) the Expected Amortization Schedule and Expected Sinking Fund Schedule for any Term Bonds;

(g) the Issuance Date;

(h) the Authorized Denominations;

(i) any additional redemption provisions for the Bonds;

(j) the place or places for the payment of interest, principal and premium, if any;

(k) whether or not the Bonds are to be book-entry Bonds and the extent to which Section 2.16 should apply;

(l) the forms of the Bonds;

(m) provisions relating to whether such Bonds are secured by the Common Debt Service Reserve Subaccount or the Mirror Debt Service Reserve Subaccount, the establishment or funding of any existing or newly created Debt Service Reserve Subaccount, or the payment of any Surety Provider; and

(n) any other terms of the Bonds (or Tranches thereof) that are not inconsistent with the provisions of this Trust Agreement, the Act, the Restructuring Order or the Restructuring Resolution and, except with respect to the Initial Issuance Date, as to which the Rating Agency Condition is satisfied.

Section 2.03. Form.

The Bonds and the Trustee's certificate of authentication shall be in substantially the forms attached hereto as Exhibits A, B and C, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Trust Agreement and more particularly set forth in the applicable Supplemental Trust Agreement. The Bonds may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their execution of such Bonds.

The Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing such Bonds, as evidenced by their execution of such Bonds.

Pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Bonds. The Bonds may bear such endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Unless otherwise directed by the Issuer, the Bonds of each Series shall be numbered from R-1 upward, unless otherwise determined by the Trustee and approved by the Issuer.

The Bonds shall contain a statement to the following effect: "The Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer."

Section 2.04. Execution, Authentication and Delivery.

The Bonds shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Bonds may be manual or facsimile.

Bonds bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time after the execution and delivery of this Trust Agreement, the Issuer may deliver Bonds executed by the Issuer to the Trustee pursuant to an Issuer Order for authentication; and the Trustee shall authenticate and deliver such Bonds as provided in this Trust Agreement and not otherwise.

No Bond shall be entitled to any benefit under this Trust Agreement or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder.

Section 2.05. Registration; Registration of Transfer and Exchange.

The Issuer shall cause to be kept a register (the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Bonds and the registration of transfers and exchanges of Bonds. The Issuer shall cause the Bond Registrar to designate, by a written notification to the Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept.

The Trustee shall be "Bond Registrar" for the purpose of registering Bonds and transfers of Bonds as herein provided. Upon any resignation of any Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Bond Registrar. Any Person other than the Trustee undertaking to act as Bond Registrar shall first execute a written agreement, in form satisfactory to the Trustee, to perform the duties of a Bond Registrar under this Trust Agreement, which agreement shall be filed with the Trustee.

If a Person other than the Trustee is appointed by the Issuer as Bond Registrar, the Issuer will give the Trustee prompt written notice of the appointment of such Bond Registrar and of the location, and any change in the location, of the Bond Register, and the Trustee shall have the right to inspect the Bond Register at all reasonable times and to obtain copies thereof, and the Trustee shall have the right to rely upon a certificate executed on behalf of the Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders of the Bonds and the principal amounts and number of such Bonds.

Upon surrender for registration of transfer of any Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, the Issuer shall execute, and the Trustee shall authenticate and the Bondholder shall obtain from the Trustee, in the name of the designated transferee or transferees, one or more new Bonds in any Minimum Denominations, of a like Series and Tranche and aggregate principal amount; provided, however, if any such surrendered Bond shall have become or within 15 days shall be due and payable, instead of issuing a replacement Bond, the Trustee may pay such surrendered Bond when so due and payable without surrender thereof.

At the option of the Holder, Bonds may be exchanged for other Bonds in any Minimum Denominations, of a like Series and Tranche and aggregate principal amount, upon surrender of the Bonds to be exchanged at the designated office of the Bond Registrar or its agent. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and the Bondholder shall obtain from the Trustee, the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Trust Agreement, as the Bonds surrendered upon such registration of transfer or exchange.

Every Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by (a) a written instrument of transfer in form satisfactory to the Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Bonds, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Bonds.

The preceding provisions of this Section notwithstanding, the Issuer shall not be required to make and the Bond Registrar need not register transfers or exchanges of any Bond during the period from and including the Record Date for any payment with respect to the Bond to and excluding such payment date.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Bonds.

If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to hold the Issuer and the Trustee harmless, then, in the absence of notice to the Issuer, the Bond Registrar or the Trustee that such Bond has been acquired by a protected purchaser, the Issuer shall execute and, upon its request, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a replacement Bond of like Series, Tranche, tenor and principal amount, bearing a number not contemporaneously Outstanding; provided, however, that if any such destroyed, lost or stolen Bond, but not a mutilated Bond, shall have become or within seven (7) days shall be due and payable, instead of issuing a replacement Bond, the Issuer may pay such destroyed, lost or stolen Bond when so due or payable, without surrender thereof. If, after the delivery of such replacement Bond or payment of a destroyed, lost or stolen Bond pursuant to the proviso to the preceding sentence, a protected purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such replacement Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Bond from such Person to whom such replacement Bond was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

Upon the issuance of any replacement Bond under this Section, the Issuer may require the payment by the Holder of such Bond of a sum sufficient to cover any tax or other governmental charge

that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.

Every replacement Bond issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Trust Agreement equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 2.07. Persons Deemed Owner.

Prior to due presentment for registration of transfer of any Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name any Bond is registered (as of the day of determination) as the owner of such Bond for the purpose of receiving payments of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

Section 2.08. Payment of Principal and Interest; Interest on Overdue Principal; Principal and Interest Rights Preserved.

(a) Any installment of interest or principal payable on any Bond which is punctually paid or duly provided for by the Issuer on the Payment Date shall be paid to the Person in whose name such Bond (or one or more Predecessor Bonds) is registered on the Record Date for such Payment Date by check mailed first-class, postage prepaid to such Person's address as it appears on the Bond Register on such Record Date; provided, however, that (i) upon application to the Trustee by any Holder owning Bonds of any Series in the principal amount of $10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) with respect to Book-Entry Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Bond and as required by the operational rules and procedures of the Clearing Agency unless and until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above) and except for the final installment of principal payable with respect to such Bond on a Payment Date, which shall be payable as provided below. The funds represented by any such checks returned undelivered shall be held in accordance with Section 3.03.

(b) The principal of each Bond of any Series and Tranche shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date. Notwithstanding the foregoing, installments of principal not paid or redeemed when scheduled to be paid or redeemed in accordance with the Expected Amortization Schedule or Expected Sinking Fund Schedule shall be paid or redeemed upon receipt of money available for such purpose, on the next Payment Date, to the Registered Holder on the applicable Record Date, in the order set forth in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as the case may be, subject to the general priority of payment of principal set forth, and subject to prior redemption as provided, in the applicable Supplemental Trust Agreement. No Tranches shall receive principal payments until all Tranches with earlier Scheduled Maturity Dates have been paid in full, unless (i) a failure to fully retire Bonds on the Legal Maturity Date occurs with respect to two or more Tranches, in which case a principal payment shall be made pro rata with respect to such Tranches, or (ii) there is an acceleration of the Bonds following an Event of Default

in accordance with Article V in which case principal of all Tranches will be paid on a pro rata basis. Subject to the provisions below, failure to pay principal or, with respect to Bonds constituting Term Bonds, Redemption Price in accordance with such Expected Amortization Schedule or Expected Sinking Fund Schedule, as the case may be, because money is not available pursuant to Section 8.02 to make such payments shall not constitute an Event of Default under this Trust Agreement; provided, however, that, except as provided in Section 5.02 hereof, failure to pay the entire unpaid principal amount of the Bonds of any Series or Tranche upon the Legal Maturity Date of such Series or Tranche shall constitute an Event of Default, and the entire unpaid principal amount of the Bonds shall be due and payable, if not previously paid, on any other date on which an Event of Default shall have occurred and be continuing, if the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal on the Bonds shall be made *pro rata* to the Holders entitled thereto unless otherwise provided herein with respect to any Tranche. The Trustee shall notify the Person in whose name a Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Bond will be paid. Such notice shall be mailed by first class mail, postage prepaid, no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Bond and shall specify the place where such Bond may be presented and surrendered for payment of such installment.

(c) Interest shall continue to accrue on each overdue and unpaid installment of principal on any Bond until such overdue installment of principal is paid.

(d) If the Issuer defaults in a payment of interest on the Bonds when due, the Issuer shall be required to pay such defaulted interest (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Bondholders on a subsequent special record date, which date shall be at least five (5) Business Days prior to the payment date. The Issuer shall fix or cause to be fixed any such special record date and payment date, and, at least 20 days before any such special record date, the Trustee shall mail to each affected Bondholder, by first class mail, postage prepaid, a notice that states the special record date, the payment date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

Section 2.09. Cancellation.

All Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bonds shall be authenticated in lieu of or in exchange for any Bonds cancelled as provided in this Section, except as expressly permitted by this Trust Agreement. All cancelled Bonds may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time.

Section 2.10. Authentication and Delivery of Bonds.

On any Issuance Date, the Bonds shall be executed by the Issuer and delivered to the Trustee for authentication and thereupon the same shall be authenticated and delivered by the Trustee upon Issuer Request and upon receipt by the Trustee (or other satisfaction) of the following upon which the Trustee may conclusively rely to the extent permitted to so rely under Article VI hereof:

(a) Issuer Action; Application of Proceeds of Bonds and Other Moneys. An Issuer Order authorizing and directing the Trustee to authenticate and deliver Common Reserve Bonds, each to be registered in the name of Cede & Co., as nominee of DTC, and to confirm its custody of the Bonds to DTC in New York, New York, so that the Bonds may be credited to or upon the order of the Holder or the Underwriters named in said Order, upon, (i) payment of any purchase price specified therein, (ii) deposit of the Assured Mirror Bonds under the Assured Escrow Agreement, National Mirror Bonds under the National Escrow Agreement, and the 2016 PREPA Mirror Bonds under the 2016 PREPA Bonds Escrow Agreement or (iii) the receipt and cancellation of any PREPA Bond, and directing the application of any proceeds of any Series of Bonds to the payment of Approved Restructuring Costs and if applicable, Upfront Financing Costs authorized by the Restructuring Resolution, all as may be further provided in any Supplemental Trust Agreement.

(b) Certificates of the Issuer.

(i) An Officer's Certificate from the Issuer, dated as of the Issuance Date:

(A) to the effect that the Issuer has duly authorized the execution and delivery of this Trust Agreement and the applicable Supplemental Trust Agreement and the execution, authentication and delivery of the Bonds, and the principal amount of the Bonds does not exceed the maximum amount of Bonds authorized to be issued pursuant to the Restructuring Resolution;

(B) to the effect that the Issuer is not in Default under this Trust Agreement or any Supplemental Trust Agreement, and that the issuance of the Bonds applied for will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the PREPA Trust Agreement or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its property is bound (including without limitation the RSA) or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject that would, or could be expected to, have a material adverse effect on the Bonds; and that all conditions precedent provided in this Trust Agreement and the applicable Supplemental Trust Agreement relating to the authentication and delivery of the Bonds have been complied with;

(C) to the effect that all instruments furnished to the Trustee pursuant to this Trust Agreement and the applicable Supplemental Trust Agreement conform to the requirements set forth in this Trust Agreement and such Supplemental Trust Agreement and constitute all of the documents required to be delivered hereunder and thereunder for the Trustee to authenticate and deliver the Bonds applied for, and all conditions precedent provided for in this Trust Agreement and the applicable Supplemental Trust Agreement relating to the authentication and delivery of the Bonds have been complied with;

(D) to the effect that the Issuer has not assigned any interest or participation in the Collateral except for the Lien of this Trust Agreement and of the Act; the Issuer has the power and right to Grant the Collateral to the Trustee as security hereunder; and the Issuer; subject to the terms of this Trust Agreement, has Granted to the Trustee a first priority Lien in all of its right, title and interest in and to such Collateral free and clear of any Lien, mortgage, pledge, charge, security interest, adverse claim or other encumbrance, except the Lien of this Trust Agreement and of the Act;

(E) to the effect that the Issuer has appointed a firm of Independent certified public accountants as contemplated in Section 8.06;

(F) to the effect that attached thereto are duly executed, true and complete copies of the Servicing Agreement, Depository Agreement, and the Calculation Agent Agreement, and that such agreements have not been further amended or supplemented; and

(G) to the effect that the attached copy of the Restructuring Order, the Restructuring Resolution, and any Award Resolution and the Designee Certificate (as such terms are defined in the Restructuring Resolution) are true and correct and have not been further amended or supplemented by the Commission or the Issuer, as the case may be, and are in full force and effect and are final and not appealable.

(c) Opinion of Counsel. An Opinion of Counsel from a nationally recognized bond counsel, dated the Issuance Date, in each case subject to customary exceptions, qualifications and assumptions contained therein (and upon which the Trustee shall be entitled to rely), to the collective effect that:

(i) the Issuer is duly organized and is validly existing as a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico and has the power and authority to execute and deliver this Trust Agreement, the applicable Supplemental Trust Agreement and the other Financing Documents and to issue the Bonds;

(ii) this Trust Agreement and the applicable Supplemental Trust Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer, enforceable in accordance with their respective terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought;

(iii) the Bonds have been duly authorized and executed and, when authenticated in accordance with the provisions of the Restructuring Resolution, the Trust Agreement and the applicable Supplemental Trust Agreement and when delivered against payment or exchange as provided in the Supplemental Trust Agreement, will constitute legal, valid and binding obligations of the Issuer, entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, as the enforceability thereof may subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought; by operation of Article 35(k)(2) of the Act, the provisions of this Trust Agreement create a first priority Statutory Lien on the Collateral in favor of the Trustee for the benefit of the Bondholders and the Ancillary Agreement Providers, and the Statutory Lien is valid, perfected and enforceable against the Issuer and all third parties without any further public notice;

(iv) the Bonds are exempt from the registration requirements under the Securities Act; and

(v) (A) the Restructuring Order has been duly authorized and issued by the Commission in accordance with all applicable Commonwealth of Puerto Rico laws, rules and regulations, including the Act; (B) the Restructuring Order and the process by which it was issued comply with all applicable Commonwealth of Puerto Rico laws, rules and regulations, including the Act; (C) the Restructuring Order is in full force and effect and is final and not appealable; (D) the Restructuring Resolution has been duly authorized and issued by the Issuer in accordance with all applicable Commonwealth of Puerto Rico laws, rules and regulations, including the Act; (E) the Restructuring Resolution and the process by which it was issued comply with all applicable Commonwealth of Puerto Rico laws, rules and regulations, including the Act; (F) the Restructuring Resolution is in full force and effect and has not been amended or modified; (G) any authorization by, registration with, consent of, or approval by, any governmental agency, board, or commission that is necessary for the execution, delivery and issuance by the Issuer of the Bonds, and the execution and delivery by the Issuer of the Trust Agreement and the applicable Supplemental Trust Agreement, and the other Financing Documents, has been obtained; (H) as of the issuance of the Bonds, the Bonds are entitled to the protections provided under the Act the Restructuring Order and the Restructuring Resolution, and (I) the Servicer is authorized to file True-Up Adjustments to the Transition Charges pursuant to the Adjustment Mechanism to the extent necessary to ensure the timely recovery of revenues sufficient to provide for the payment of all principal and interest on the Bonds and all other Financing Costs.

(d) Opinion of Counsel. An Opinion of Counsel, portions of which may be delivered by counsel for the Issuer, by counsel for the Servicer, or by other counsel satisfactory to the Trustee, dated the Issuance Date, in each case subject to customary exceptions, qualifications and assumptions contained therein (and upon which the Trustee shall be entitled to rely), to the collective effect that:

(i) the Issuer is not an "investment company" or under the "control" of an "investment company" as such terms are defined under the Investment Company Act of 1940, as amended, or is exempt pursuant to Section 2(b) thereof;

(ii) the Servicing Agreement is the legal, valid and binding agreement of the parties thereto enforceable in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought;

(iii) the Depository Agreement is the legal, valid and binding agreement of PREPA and the Corporation enforceable in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought; and

(iv) the Calculation Agent Agreement is the legal, valid and binding agreement of PREPA and the Corporation enforceable in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether

theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought.

(e) Accountant's Letter. Such letter or letters of a firm of Independent certified public accountants of recognized national reputation as may be required by any Bond Agreement.

(f) Debt Service Reserve Subaccounts. On the Initial Issuance Date, the deposits into the Debt Service Reserve Subaccounts of cash and Surety Bonds in an amount equal to the related Required Debt Service Reserve Levels, shall be made as follows:

(i) Common Debt Service Reserve Subaccount:

(1) cash or proceeds of Bonds in an amount equal to 1% of the Outstanding Amount of the Common Reserve Bonds;

(2) an Assured Ancillary Agreement in the amount equal to __% of 9% of the Outstanding Amount of the Common Reserve Bonds; and

(3) a National Ancillary Agreement in the amount equal to __% of 9% of the Outstanding Amount of the Common Reserve Bonds.

(ii) Mirror Bond Debt Service Reserve Subaccount (Assured):

(1) cash or proceeds of Bonds in an amount equal to 1% of the Outstanding Amount of the Assured Mirror Bonds; and

(2) an Assured Ancillary Agreement in the amount of 2.5% of the Outstanding Amount of the Assured Mirror Bonds.

(iii) Mirror Bond Debt Service Reserve Subaccount (National)

(1) cash or proceeds of Bonds in an amount equal to 1% of the Outstanding Amount of the National Mirror Bonds; and

(2) a National Ancillary Agreement in the amount of 2.5% of the Outstanding Amount of the National Mirror Bonds.

(iv) Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds):

(1) cash or proceeds of Bonds in an amount equal to 1% of the Outstanding Amount of the 2016 PREPA Mirror Bonds;

(2) an Assured Ancillary Agreement in the amount equal to __% of 2.5% of the Outstanding Amount of the 2016 PREPA Mirror Bonds; and

(3) a National Ancillary Agreement in the amount equal to __% of 2.5% of the Outstanding Amount of the 2016 PREPA Mirror Bonds.

Any Ancillary Agreement provided pursuant to (f)(i)(2) and (3), (f)(ii)(2), (f)(iii)(2) and (f)(iv)(2) and (3) shall provide that the amount of such Ancillary Agreement may be reduced pursuant to

Section 8.07(d) only upon and to the extent of the deposit of cash in a Debt Service Reserve Subaccount in which such Ancillary Agreement is on deposit in an amount equal to the amount of such reduction, which deposit must be in addition to amounts of cash already on deposit in a Debt Service Reserve Subaccount.

Any Ancillary Agreement provided pursuant to (f)(iv)(2) and (3) shall provide that such Ancillary Agreement shall also apply to Additional Bonds issued pursuant to Section 3.09(b)(i) upon the issuance thereof and that any Ancillary Agreement on deposit in the Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds) may be transferred to the Common Debt Service Reserve Subaccount upon the issuance of such Additional Bonds. Such Ancillary Agreements shall also provide that if only a portion of the 2016 PREPA Mirror Bonds are exchanged for Additional Bonds pursuant to Section 3.09(b)(i), a ratable portion of the Ancillary Agreement on deposit in the Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds) may be transferred to the Common Debt Service Reserve Subaccount.

In the case of Additional Bonds, the deposits into the Debt Service Reserve Subaccounts of cash and Surety Bonds shall be made in an amount equal to the related Required Debt Service Reserve Levels.

(g) Upfront Financing Costs Subaccount. The deposit into the Upfront Financing Costs Subaccount of cash in an amount equal to the Upfront Financing Costs specified in the Supplemental Trust Agreement or Issuance Order.

(h) Assured Escrow Agreement, On the Initial Issuance Date, each of Assured, the Issuer and escrow agent shall have delivered an executed Assured Escrow Agreement to the Trustee.

(i) National Escrow Agreement. On the Initial Issuance Date, each of National, the Issuer and the escrow agent shall have delivered an executed Escrow Agreement to the Trustee.

(j) 2016 PREPA Bonds Escrow Agreement. On the Initial Issuance Date, an executed 2016 PREPA Bonds Escrow Agreement shall have delivered to PREPA.

(k) Additional Bonds. In the case of any Additional Bonds, the requirements of Section 3.09(b) shall have been satisfied with respect to such Additional Bonds.

(l) Assured Commitments. On the Initial Issuance Date, Assured shall have delivered to the Issuer the Assured Commitments.

(m) National Commitments. On the Initial Issuance Date, National shall have delivered to the Issuer the National Commitments.

(n) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as may be required by any Supplemental Trust Agreement, or by the Issuer in its discretion or as the Trustee may reasonably require.

Section 2.11. Release of Collateral.

The Trustee shall release property from the Lien of this Trust Agreement only as specified in Section 8.04.

Section 2.12. Tax Withholding.

Amounts properly withheld under the Code or other tax laws by any Person from a payment to any Holder of interest or principal shall be considered as having been paid by the Issuer to such Holder for all purposes of this Trust Agreement.

Section 2.13. Covenants of the Commonwealth; Related Representations and Warranties.

The Issuer is authorized and directed as agent of the Commonwealth to include the covenants in (a) through (e) below (the "Commonwealth Pledge") in the Bonds and as an agreement of the Commonwealth in this Trust Agreement.

(a) Bonds Free from Taxation. Pursuant to Article 35(o)(1) of the Act, neither the Restructuring Property, nor the Transition Charges and Transition Charges Revenues, regardless of whether the Issuer is the owner of the Restructuring Property, shall be subject to any fees, taxes, special ad valorem levies or assessments of any kind, including income taxes, franchise taxes, sales taxes or other taxes or payments or contributions in lieu of taxes. Pursuant to Article 35(o)(2) of the Act, the Commonwealth covenants with the purchasers and with all subsequent owners and transferees of Bonds, in consideration of the acceptance of and payment for the Bonds, that the Bonds and the income therefrom and all revenues, money, and other property pledged to pay or to secure the payment of such Bonds shall at all times be free from taxation.

(b) Limitations on Bankruptcy and other Insolvency Proceedings. Pursuant to Article 41 of the Act, notwithstanding any provision of the Act or any other law of the Commonwealth to the contrary, prior to the date that is one year and one day after the Issuer no longer has any Bonds Outstanding or any Ancillary Agreement with payment obligations that have or may become due thereunder, the Issuer shall have no authority to file, and shall not file, a petition for relief as a debtor under any chapter of the federal bankruptcy code or any other bankruptcy, insolvency, debt composition, moratorium, receiver or similar federal laws or any Commonwealth bankruptcy, moratorium, debt adjustment, composition or similar laws permitting stay or delay of payment or discharge or reduction in amount owed on any Bonds as may, from time to time, be in effect, and no public officer, organization, entity or other Person shall authorize the Issuer to be or become a debtor under chapter 9 of the Federal Bankruptcy Act or similar federal law or any such Commonwealth law during such period. The Commonwealth hereby covenants with the holders of the Parity Obligations that the Commonwealth will not limit or alter the denial of authority under Article 41 of the Act during the period referred to in the preceding sentence.

(c) No Issuance of Additional Debt Secured by the Restructuring Property. Pursuant to Article 41 of the Act, the Commonwealth further covenants, pledges and agrees with the holders of any Bonds and with those Persons that enter into contracts with the Issuer, including parties to any Ancillary Agreement, pursuant to the provisions of the Act, that after the issuance of Bonds, the Commonwealth will not authorize the issuance of debt by any public corporation and governmental instrumentality of the Commonwealth or any other Person which indebtedness is secured by the Restructuring Property or any other rights and interests in rates, charges, taxes or assessments that are separate from rates and charges of PREPA and that are imposed upon Customers to recover the ongoing financing costs of such debt, if upon the issuance of such debt the security for the Bonds or such Ancillary Agreements shall be materially impaired. It shall be presumed that such security shall not be materially impaired if upon the issuance of such debt, the credit ratings for the then Outstanding Bonds (without regard to any third-party credit enhancement) shall not have been reduced or withdrawn.

(d) No Limitation on Rights Conferred in the Act. Pursuant to Article 41 of the Act, the Commonwealth further covenants, pledges and agrees with the holders of any Bonds issued under the Act

and with those Persons that enter into other contracts with the Issuer, including parties to any Ancillary Agreement, pursuant to the provisions of the Act, that it shall not limit, alter, impair, postpone or terminate the rights conferred in the Act, the Restructuring Resolution and related agreements, including the requirements in Articles 34 and 35 as well as Chapter IV of the Act, until the Bonds and the interest thereon are paid or legally defeased in accordance with their terms and such other contracts are fully performed and honored on the part of the Issuer.

(e) No Action to Limit Rights under Restructuring Resolution. Pursuant to Article 41 of the Act, the Commonwealth also covenants, pledges and agrees with the holders of the Bonds and with those Persons that enter into other contracts with the Issuer, pursuant to the provisions of the Act, that after the issuance of the Bonds, neither the Commonwealth nor any agency, public corporation, municipality or instrumentality thereof (including the Commission) shall take or permit any action to limit, alter, reduce, impair, postpone or terminate the rights conferred in the Restructuring Resolution, including those relating to the Transition Charges and the Adjustment Mechanism, as the same may be adjusted from time to time pursuant to the Restructuring Resolution in a manner that impairs the rights or remedies of the Issuer or the holders of the Bonds, parties to any Ancillary Agreement or any Financing Entity or the security for the Bonds or Ancillary Agreements, or that impairs the Restructuring Property or the billing or collection of Transition Charge Revenues, nor shall the amount of revenues arising with respect to Restructuring Property be subject in any way to limitation, alteration, reduction, impairment, postponement or termination by the Commonwealth or any agency, public corporation, municipality or instrumentality thereof except as contemplated by the Adjustment Mechanism.

(f) Reliance on Pledge by the Commonwealth. Pursuant to Article 41 of the Act, the Issuer hereby acknowledges that the purchase of any Bond by a Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee's obligations to perform hereunder are made in reliance on such agreements and pledges by the Commonwealth of Puerto Rico.

(g) Issuer Representation. The Issuer hereby represents and warrants to the Trustee, for the benefit of the Bondholders and the Ancillary Agreement Providers, that the Bonds constitute "restructuring bonds" under Article 31(18) of the Act, that the Bonds are entitled to the protections provided in Article ___ of the Act, and that the Holder of the Bonds shall be, to the extent permitted by Commonwealth and federal law and this Trust Agreement, entitled to enforce such sections of the Act.

Section 2.14. Security Interest.

The Issuer hereby makes the following representations: (a) Other than the Lien of this Trust Agreement, it has not pledged, granted, sold, conveyed or otherwise assigned any interest or security interest in the Collateral, (b) the Bonds and the obligations of the Issuer under any Ancillary Agreements are secured by the Statutory Lien in favor of the Holders of the Bonds and parties to such Ancillary Agreements, (c) the Lien on the Collateral, which is a first lien, continuously perfected security interest, will arise upon issuance of the Bonds without the need for any action or authorization by the Issuer or the Board of the Issuer, and no financing or continuation statements or other filings need to be filed in order to perfect such security interest (d) the Lien on the Collateral is valid and binding from the time the Bonds or Ancillary Agreements, as applicable, are executed and delivered. The Collateral shall be immediately subject to the Lien, and the Lien shall immediately attach to the Collateral and be effective, binding, and enforceable against the Servicer, its creditors, their successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those Persons have notice of the Lien and without the need for any physical delivery, recordation, filing, or further act.

The Issuer represents that the Lien of this Trust Agreement is (i) supplemental to the Statutory Lien, (ii) shall not affect the validity or perfection of the Statutory Lien, and (iii) shall be effective with

respect to any portion of the Collateral only to the extent the Statutory Lien is not effective to create a valid and perfected first-priority Lien in such portion of the Collateral so that the Lien created by this Trust Agreement creates a valid and perfected first-priority Lien in such portion of the Collateral that is not secured by the Statutory Lien. The Statutory Lien is created by the Act and not by any security agreement and may be enforced by the Trustee, the Holders of the Bonds and the Ancillary Agreement Providers, as provided in this Trust Agreement.

Notwithstanding the foregoing, the Issuer shall file any initial financing statements, and the Trustee hereby agrees to file any necessary continuation statements, which in the case of the Collateral shall be for informational purposes only describing the pledge and referring to the Restructuring Resolution and the Restructuring Property and Collateral described therein under Article 9 of the UCC.

Section 2.15. Limitation of Liability for Payments.

All payments or distributions made to Holders of Bonds under this Trust Agreement, of Operating Expenses and of any expenses of the Issuer to be paid or incurred that are not specifically denominated as an Operating Expense shall be made only from the Collateral and only to the extent that the Trustee shall have sufficient income or proceeds from the Collateral to make such payments in accordance with the terms of Article VIII of this Trust Agreement. Except as otherwise provided in this Trust Agreement, each Holder of a Bond, by acceptance of such Bond, agrees that it will look solely to the income and proceeds from the Collateral to the extent available for payment and distribution to such Holder as provided in this Trust Agreement.

As provided in Article 4(g) of Act 83 dated May 2, 1941, as amended, neither the directors of the Issuer nor any Person executing the Bonds shall be liable personally thereon or be subject to any personal or corporate liability or accountability solely by reason of the issuance thereof. The Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer.

Section 2.16. Book-Entry and Definitive Bonds.

(a) The Bonds may be issued in the form of one or more typewritten certificates representing Book-Entry Bonds, to be delivered to The Depository Trust Company, the initial Clearing Agency, by, or on behalf of, the Issuer. In such case, the Bonds delivered to The Depository Trust Company shall initially be registered on the Bond Register in the name of Cede & Co., the nominee of the initial Clearing Agency, and no Bondholder will receive a definitive Bond representing such Bondholder's interest in the Bonds, except as provided in Section 2.16(f). Unless and until definitive, fully registered Bonds ("Definitive Bonds") have been issued pursuant to Section 2.16(f):

(i) the provisions of this Section 2.16(a) shall be in full force and effect with respect to the Bonds;

(ii) the Issuer, the Paying Agent, the Bond Registrar and the Trustee may deal with the Clearing Agency for all purposes (including without limitation the making of payments and distributions on the Bonds and giving notices of redemption) as the authorized representative of the Bondholders and in accordance with the Clearing Agency's rules and procedures;

(iii) to the extent that the provisions of this Section 2.16 conflict with any other provisions of this Trust Agreement, the provisions of this Section 2.16 shall control;

(iv) the rights of Bondholders shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Bondholders and the Clearing Agency Participants; and until Definitive Bonds are issued pursuant to Section 2.16(e), the Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit payments and distributions of principal of and interest on the Bonds to such Clearing Agency Participants; and

(v) whenever this Trust Agreement requires or permits actions to be taken based upon instructions or directions of Bondholders holding Bonds representing a specified percentage of the aggregate Outstanding Amount of Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received written instructions to such effect from Bondholders or Clearing Agency Participants owning or representing, respectively, Bonds representing such percentage of the aggregate Outstanding Amount of Bonds, and has delivered such instructions to the Trustee; the Trustee shall have no obligation to determine whether the Clearing Agency has in fact received any such instructions.

(b) Whenever notice or other communication to the Holders of Bonds issued in the form of Book-Entry Bonds is required under this Trust Agreement and the applicable Supplemental Trust Agreement, unless and until Definitive Bonds shall have been issued pursuant to Section 2.16(e), the Trustee shall give all such notices and communications specified herein to be given to Holders of Bonds to the Clearing Agency.

(c) Except in the case of payment upon maturity or redemption if the book-entry system is not in effect, any provision of this Trust Agreement and the applicable Supplemental Trust Agreement permitting or requiring the delivery of Bonds shall, while the book-entry system is in effect, be satisfied by the notation on the books of the Clearing Agency, of the transfer of the beneficial owner's interest in such Bond.

(d) With respect to Bonds registered in the name of a Clearing Agency (or its nominee) neither the Trustee nor the Issuer shall have any obligation to any of its members or participants or to any Person on behalf of whom an interest is held in the Bonds.

(e) So long as the book-entry system is in effect, the Trustee and Paying Agents shall comply with the terms of all agreements with and operational requirements of DTC.

(f) If (i) a Clearing Agency advises the Trustee in writing that a Clearing Agency is no longer willing or able to properly discharge its responsibilities with respect to the Bonds, and the Trustee or the Issuer is unable to locate a qualified successor, (ii) the Issuer at its option advises the Trustee in writing that it elects to terminate the book-entry system through a Clearing Agency with respect to the Bonds, subject to applicable policies of such Clearing Agency, or (iii) after the occurrence of an Event of Default, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds advise the Clearing Agency and the Trustee in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Bondholders, then the Clearing Agency shall notify all Bondholders and the Trustee of the occurrence of any such event and of the availability of Definitive Bonds to Bondholders requesting the same. Upon surrender to the Trustee of the typewritten certificate or certificates representing the Book-Entry Bonds by the Clearing Agency, accompanied by registration instructions, and upon written direction by the Issuer and delivery to the Trustee by the Issuer of executed Definitive Bonds, the Trustee shall authenticate such Definitive Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the Bond Registrar or the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on,

and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Bonds, the Trustee shall recognize the Holders of the Definitive Bonds as Bondholders.

ARTICLE III
Covenants

Section 3.01. Payment of Principal and Interest.

The Issuer will duly and punctually pay the principal of and redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Trust Agreement and the applicable Supplemental Trust Agreement.

Section 3.02. Maintenance of Agent for Registration of Exchanges and Transfers.

The Issuer hereby appoints the Trustee as its agent to receive all Bonds that are surrendered for registration of transfer or exchange. Such surrenders shall be received at the Corporate Trust Office of the Trustee.

Section 3.03. Money for Payments To Be Held in Trust.

As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(e) shall be made on behalf of the Issuer by the Trustee or by another Paying Agent, and no amounts so withdrawn from the Collection Account for payments of Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

The Issuer will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee (and if the Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of amounts due with respect to the Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(b) give the Trustee notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Bonds;

(c) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent;

(d) immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of Bonds if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and

(e) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Trust Agreement or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as

those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds, any money held by the Trustee or any Paying Agent in trust for the payment of any amount due with respect to the principal of or interest on any Bond and remaining unclaimed for two (2) years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request and, subject to Section 11.16, the Holder of such Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer and forming a part of the Collateral), and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Paying Agent, at the last address of record for each such Holder).

Section 3.04. Protection of Collateral.

The Issuer will from time to time execute and deliver all such supplements and amendments hereto and except to the extent required to be made by the Servicer, make all such filings pursuant to the Act, the Restructuring Order and the Restructuring Resolution], instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(a) maintain or preserve the Lien and security interest (and the priority thereof) of this Trust Agreement or carry out more effectively the purposes hereof;

(b) perfect the security interest of this Trust Agreement to the extent such security interest is perfectible pursuant to the UCC and any other provisions of applicable law;

(c) publish notice of or protect the validity of any Grant made or to be made by this Trust Agreement;

(d) enforce any of the Collateral;

(e) preserve and defend title to the Collateral and the rights of the Trustee and the Bondholders in such Collateral against the claims of all Persons and parties, including without limitation the challenge by any party to the validity or enforceability of the Restructuring Resolution, the Restructuring Order, any Adjustment Notice or the Restructuring Property or any proceeding relating thereto and institute any action or proceeding necessary to compel performance by the Commonwealth of Puerto Rico, the Authority or the Commission of any of their respective obligations or duties under the Act, the Restructuring Resolution, the Restructuring Order or any Adjustment Notice or under the Financing Documents; or

(f) pay any and all taxes levied or assessed against all or any part of the Collateral.

The Issuer hereby designates the Trustee its agent and attorney-in-fact with authorization to execute and/or file on behalf of the Issuer, except to the extent required to be filed or furnished by the Servicer, any filings pursuant to the Restructuring Resolution or the Restructuring Order or other instrument required by the Trustee pursuant to this Section, it being understood that the Trustee shall have no such obligation.

Section 3.05. Performance of Obligations; Certain Filings; Servicing.

(a) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its reasonable efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly permitted in this Trust Agreement, the Servicing Agreement or such other instrument or agreement.

(b) The Issuer may contract with other Persons to assist it in performing its duties under this Trust Agreement and any applicable Supplemental Trust Agreement, and any performance of such duties by a Person identified to the Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer; provided, for the avoidance of doubt, no such contract or arrangement shall relieve the Issuer of any of its obligations under this Trust Agreement or any Supplemental Trust Agreement. Initially, the Issuer has contracted with the Administrator and the Servicer to assist the Issuer in performing its duties under this Trust Agreement and the applicable Supplemental Trust Agreement.

(c) The Issuer will punctually perform and observe, or cause the Administrator or the Servicer to punctually perform and observe, all of its obligations and agreements contained in this Trust Agreement and the applicable Supplemental Trust Agreement, in the Financing Documents and in the instruments and agreements included in the Collateral, including filing or causing to be filed all filings pursuant to the Act, the Restructuring Order or the Restructuring Resolution required to be filed by it by the terms of this Trust Agreement, the applicable Supplemental Trust Agreement and or the Financing Documents in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly permitted therein, the Issuer shall not waive, amend, modify, supplement or terminate any Financing Document or any provision thereof without the written consent of the Trustee (subject to Negative Bondholder Approval, such consent shall not be withheld if (i) the Trustee shall have received an Officer's Certificate stating that such waiver, amendment, modification, supplement or termination shall not adversely affect in any respect the interests of the Bondholders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto) or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

(d) The Issuer shall enforce the Servicer's compliance with all of the Servicer's obligations under the Servicing Agreement, including, but not limited to causing the Servicer to obtain meter reads, calculate electricity usage, maintain record of service agreements, calculate the initial Transition Charge, calculate the periodic adjustments to the Transition Charges, bill the Transition Charges to the Customers as a separate line item on PREPA's bills and collect (from Customers and Third Party Billers, as applicable) all Transition Charge Collections, all in accordance with the Restructuring Resolution, the Restructuring Order, this Trust Agreement and the Servicing Agreement. If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, the Issuer shall promptly give written notice thereof to the Trustee, the Commission, the Ancillary Agreement Providers, and the Rating Agencies, and shall specify in such notice the action, if any, the Issuer is taking with respect of such default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the Restructuring Property,

including the Transition Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

(i) If the Commission issues an order pursuant to Article 6.25A of the Act directing the Issuer to replace the Servicer or purporting to direct the Issuer to take other remedial action, the Issuer shall give notice of such Commission order to the Trustee, the Bondholders, the Ancillary Agreement Providers, and to the Rating Agencies. As provided in paragraph (g) of Article 6.25A of Act 57-2014, as amended, the Commission's rights to replace the Servicer shall not diminish the rights of the Trustee, the Bondholders or any party to an Ancillary Agreement, to replace the Servicer under the terms of this Trust Agreement or any Financing Document relating to the Bonds.

(ii) As promptly as possible after the giving of notice to the Servicer and the Trustee of termination of the Servicer's rights and powers pursuant to Section 6.01 of the Servicing Agreement, whether pursuant to a Commission Order or otherwise, the Issuer, subject to certain conditions set forth in the Servicing Agreement, shall appoint a successor Servicer (the "Successor Servicer") with the Trustee's prior written consent thereto (subject to Negative Bondholder Approval, such consent shall not be unreasonably withheld and shall be given upon the written direction of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds) and the prior written consent of each Surety Provider, and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Trustee. If within 30 days after the delivery of the notice referred to above, the Issuer shall not have obtained such a Successor Servicer, the Trustee, at the expense of the Issuer, may petition a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, the Issuer may make such arrangements for the compensation of such successor as it and such Successor Servicer shall agree, subject to the limitations set forth in the Restructuring Order and the Restructuring Resolution, and to the limitations set forth in Article VIII herein and to the limitations set forth in the Servicing Agreement, and in accordance and in compliance with Section 6.04 of the Servicing Agreement, the Issuer shall enter into an agreement with such successor for the servicing of the Restructuring Property (such agreement to be in form and substance satisfactory to the Trustee).

(e) The Issuer will, or will cause the Servicer on behalf of the Issuer to, calculate the initial Transition Charge and to adjust the Transition Charges at any time if the Trustee or the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds determines that such adjustment is required to assure the timely payment of the principal of and interest on the Bonds and all other Ongoing Financing Costs; provided, however, that no such adjustment shall delay any True-Up Adjustment already in progress.

(f) Any amounts received from or on behalf of a Customer that represent a partial payment of a Bill containing both Transition Charges and PREPA Charges shall be allocated *pro rata* between the Transition Charges and PREPA Charges set forth on such Bill.

(g) The Trustee may (subject to Negative Bondholder Approval) enforce the obligations of the Servicer under the Servicing Agreement.

(h) Any assignment by the Servicer of any or all of its obligations under the Servicing Agreement to any successor pursuant to Section 5.04(i) of the Servicing Agreement upon satisfaction of the Rating Agency Condition shall also be subject to the consent of (i) the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and (ii) each Surety Provider.

(i) Any prior written consent of the Trustee required under the Servicing Agreement shall be subject to Negative Bondholder Approval in accordance with this Trust Agreement.

(j) If a Servicer Default has occurred and is continuing and (x) no Debt Service Payment Default (as defined in the Servicing Agreement) has occurred and is continuing and (y) an Ancillary Agreement Event (as defined in the Servicing Agreement) has occurred and is continuing, the Trustee shall, at the direction of any Surety Provider, terminate the Servicer in accordance with Section 6.01 of the Servicing Agreement.

(k) The Trustee is authorized to take any and all actions under Section 6.04 of the Servicing Agreement regarding a successor Servicer.

(l) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Trustee shall promptly notify the Issuer, the Bondholders, the Ancillary Agreement Providers and the Rating Agencies. As soon as a Successor Servicer is appointed, the Issuer shall notify the Trustee, the Bondholders, the Ancillary Agreement Providers and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(m) Without derogating from the absolute nature of the assignment granted to the Trustee under this Trust Agreement or the rights of the Trustee hereunder, the Issuer agrees that it will not, without the prior written consent of the Trustee (which shall be subject to Negative Bondholder Approval) or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds (and the consent of any Surety Provider with respect to any change that would adversely affect such Surety Provider's rights or obligations under its Ancillary Agreement or hereunder), amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any Collateral or the Financing Documents, or waive timely performance or observance of any term by the Servicer under the Servicing Agreement; provided, however, that no such consent of any such party shall be required with respect to any agreements between the Servicer and others for the performance of duties under the Servicing Agreement, upon satisfaction of the Rating Agency Condition, if applicable, and any other applicable requirements of Section 3.09(b) of this Trust Agreement, to accommodate the issuance of Additional Bonds. If any such amendment, modification, supplement or waiver shall be so consented to by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds (and the consent of any Surety Provider with respect to any change that would adversely affect such Surety Provider's rights or obligations under its Ancillary Agreement or hereunder), the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances. The Issuer agrees that no such amendment, modification, supplement or waiver shall adversely affect the Holders of the Bonds Outstanding or any Surety Provider at the time of any such amendment, modification, supplement or waiver, except as otherwise agreed to by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and each Surety Provider. For the avoidance of doubt, the provisions of this paragraph shall not limit, and shall be subject to, Section 9.02 of this Trust Agreement.

(n) Upon the consent of (i) the Trustee (which shall be subject to Negative Bondholder Approval) or (ii) the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and each Surety Provider the Issuer may enter into one or more servicing, billing or collection agreements with one or more servicers and other agents and provide for the appointment of co-servicer or sub-servicer upon the occurrence of such events as the Issuer, being advised by its consultants, determines enhances the marketability of the Bonds or as the Corporation or

the Trustee deems appropriate to ensure the timely and full payment of the Bonds and all Ongoing Financing Costs.

Section 3.06. Depository.

(a) So long as any Bonds are Outstanding and any Financing Costs have not been paid, the Issuer shall ensure that a depository arrangement, substantially identical to the Depository Agreement, remains in effect to provide for the escrowing and allocation of collections from Customers between PREPA and the Issuer, as authorized by Article 34 of the Act. The Issuer covenants that the Depository shall at all times be a third-party collection agent and Mainland financial institution acceptable to the Trustee and the Issuer that is (i) organized under and subject to the regulations and laws of the United States or any State, (ii) neither affiliated with PREPA, the Commonwealth or its instrumentalities, public corporations, or municipalities, nor located in the Commonwealth, and (iii) holds its accounts, including the Allocation Account, in New York, New York, and shall have a capital and surplus of not less than $1 billion. In the event that the Depository is discharged or shall no longer satisfy these requirements, or shall give notice of its intention to resign, the Issuer shall promptly give notice of such events to the Trustee, the Ancillary Agreement Providers, the Rating Agencies and the Commission.

(b) The Issuer, the Trustee (subject to Negative Bondholder Approval) or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may terminate the Depository Agreement or remove the Depository at any time upon 30 days' prior written notice to the other parties to the Depository Agreement, to the Trustee, the Ancillary Agreement Providers, and the Rating Agencies. In the event that the Depository should resign or be discharged, the Issuer shall with the approval of the Trustee (which shall be subject to Negative Bondholder Approval), or the Trustee may (subject to Negative Bondholder Approval), and at the direction of the Holders of the Eligible Bonds representing not less than twenty-five percent (25%) of the Outstanding Amount of the Eligible Bonds, shall, take all necessary action to cause a new Depository to be appointed. Upon the appointment of a successor Depository by the Issuer or the Trustee, as the case may be, such party shall give notice to the other party and to the Administrator, the Servicer, the Ancillary Agreement Providers, the Rating Agencies and the Commission of such appointment and shall not be effective until the Rating Agency Condition is satisfied.

(c) The Trustee (subject to Negative Bondholder Approval) shall be entitled to enforce the obligations of the Depository under the Depository Agreement.

(d) The consent of the Trustee (subject to Negative Bondholder Approval) shall be required for any assignment or amendment of the Depository Agreement.

(e) The Issuer will pay, but solely from the Collateral, all costs of the Depository as Ongoing Financing Costs, and shall include such costs in any True-Up Adjustments.

(f) The Issuer shall not amend or modify the Depository Agreement in any manner adverse to the interests of the Bondholders or any Surety Provider without the consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and such Surety Provider.

Section 3.07. Calculation Agent.

(a) So long as any Bonds are Outstanding and any Financing Costs have not been paid, the Issuer shall retain the services of a calculation agent to confirm the calculation of the Transition Charges prepared by the Servicer in accordance with the Servicing Agreement and the Calculation Agent

Agreement. Any Calculation Agent shall be an Independent financial, consulting or auditing firm with expertise in utility finances, and shall be acceptable to the Trustee, provided that the initial Calculation Agent is deemed to be acceptable to the Trustee.

(b) The Issuer, the Trustee (subject to Negative Bondholder Approval) or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may terminate the Calculation Agent Agreement or remove the Calculation Agent at any time upon 30 days' prior written notice to the other parties to the Calculation Agent Agreement, to the Trustee, the Ancillary Agreement Providers, and the Rating Agencies. In the event that the Calculation Agent should resign or be discharged, the Issuer shall with the approval of the Trustee (subject to Negative Bondholder Approval), or the Trustee may (subject to Negative Bondholder Approval), and at the direction of the Holders of the Eligible Bonds representing not less than twenty-five percent (25%) of the Outstanding Amount of the Eligible Bonds, shall, take all necessary action to cause a new Calculation Agent to be appointed. Upon any appointment, the Issuer or the Trustee, as the case may be, shall give notice to the Issuer, the Trustee, the Servicer, the Ancillary Agreement Providers, the Rating Agencies and the Commission of such appointment.

(c) In the event of a dispute between the Servicer and the Calculation Agent, the Issuer shall promptly appoint an independent third party expert (a "dispute calculation agent") to resolve the matter. In the event that the Issuer shall fail to appoint or retain a dispute calculation agent acceptable to the Trustee (which determination shall be subject to Negative Bondholder Approval) or to appoint an expert to resolve any conflicts, the Trustee may (subject to Negative Bondholder Approval), and upon the direction of the Holders of the Eligible Bonds representing not less than twenty-five percent (25%) of the Outstanding Amount of the Eligible Bonds, the Trustee shall, be authorized to appoint a dispute calculation agent. Notice of such appointment shall be promptly given to the Issuer, the Trustee, the Servicer, the Ancillary Agreement Providers, the Rating Agencies and the Commission of such appointment. The Issuer and the Trustee agree to abide by the recommendation of the Calculation Agent or expert.

(d) The Trustee (subject to Negative Bondholder Approval) shall be entitled to enforce the obligations of the Calculation Agent under the Calculation Agent Agreement.

(e) The consent of the Trustee (subject to Negative Bondholder Approval) shall be required for any assignment or amendment of the Calculation Agent Agreement.

(f) The Issuer will pay, but solely from the Collateral, all costs of the Calculation Agent (or any expert) as Ongoing Financing Costs and shall be recovered from Transition Charge Revenues

(g) The Issuer shall not amend or modify the Calculation Agent Agreement in any manner adverse to the interests of the Bondholders or any Surety Provider without the consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and such Surety Provider.

Section 3.08. Negative Covenants.

So long as any Bonds are Outstanding and any Financing Costs that have or may become due have not been paid in full, the Issuer shall not:

(a) except as expressly permitted by this Trust Agreement, sell, transfer, exchange or otherwise Grant or dispose of any of, or assign any interest in, the Collateral, unless directed to do so by the Trustee in accordance with Article V;

(b) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Bonds (other than amounts properly withheld from such payments under the Code or other tax law) or assert any claim against any present or former Bondholder by reason of the payment of the taxes levied or assessed upon any part of the Collateral;

(c) take any action to dissolve, liquidate, in whole or in part, transfer or sell all or substantially all of its assets, or merge or consolidate, directly or indirectly, with any Person;

(d) take any action to terminate its existence unless adequate provision has been made for the payment of the Issuer's Outstanding Bonds, notes or other obligations;

(e) own any assets or property other than the Restructuring Property, incidental personal property necessary for the ownership and operation of the Restructuring Property and any Investment Grade securities in accordance with the terms of the Bonds;

(f) (i) permit the validity or effectiveness of this Trust Agreement to be impaired, or permit the Lien of this Trust Agreement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Bonds under this Trust Agreement except as may be expressly permitted hereby, (ii) permit any Lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the Lien of this Trust Agreement and the Statutory Lien) to be created by the Issuer on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof, except as permitted by this Trust Agreement or (iii) subject to the Statutory Lien, permit the Lien of this Trust Agreement not to constitute a valid first priority security interest in the Collateral;

(g) prior to the date that is one year and one day after the Issuer no longer has any Bonds Outstanding or any Ancillary Agreement with payment obligations that have or may become due thereunder, file or allow the filing of a petition for relief as a debtor under any chapter of the federal bankruptcy code or any other bankruptcy, insolvency, debt composition, moratorium, receiver or similar federal laws or any Commonwealth bankruptcy, moratorium, debt adjustment, composition or similar laws permitting stay or delay of payment or discharge or reduction in amount owed on any Bonds as may, from time to time, be in effect, and no public officer, organization, entity or other Person shall authorize the Issuer to be or become a debtor under chapter 9 or similar federal law or any such Commonwealth law during such period; or

(h) take any action which is subject to a Rating Agency Condition without satisfying the Rating Agency Condition.

Section 3.09. No Borrowing; Additional Bonds; Other Restructuring Bonds and Parity Reimbursement Obligations.

(a) The Issuer shall not have the power or the authority to issue, incur, assume, guarantee or otherwise become obligated or liable, directly or indirectly, for any indebtedness or other obligations except as expressly set forth in this Section 3.09.

(b) Additional Bonds.

(i) The Issuer may issue one or more Series of Additional Bonds at any time after the Initial Issuance Date to one or more holders of 2016 PREPA Bonds, at an exchange ratio of 100%, in voluntary exchange for such 2016 PREPA Bonds pursuant to the terms of the 2016 PREPA Bond Purchase Agreements without meeting the Yield Requirement or Rating Agency Condition. If any 2016 PREPA

Bonds are exchanged for Additional Bonds, the corresponding 2016 PREPA Mirror Bonds will be cancelled.

(ii) The Issuer may issue one or more Series of Additional Bonds after the Initial Issuance Date to refund Outstanding Bonds for net present value savings to the Issuer, provided (1) an Event of Default shall not have occurred and be continuing, and (2) the issuance of such Additional Bonds meet both the (A) Yield Requirement, and (B) the Rating Agency Condition.

All Additional Bonds shall be issued as Common Reserve Bonds and shall bear interest at fixed interest rates.

(c) Other Restructuring Bonds.

(i) Provided that an Event of Default shall not have occurred and be continuing, the Issuer may issue Other Restructuring Bonds after the Initial Issuance Date and prior to the end of the Clear Market Period in an aggregate principal amount, together with any Other Restructuring Bonds issued pursuant to Section 3.09(c)(iii)(B), not to exceed $62,000,000 to fund tender of non-callable PREPA Bonds insured by Assured and National, provided that the issuance of such Other Restructuring Bonds meet both the (1) Yield Requirement, and (2) Rating Agency Condition.

(ii) Provided that an Event of Default shall not have occurred and be continuing, the Issuer may issue Other Restructuring Bonds after the end of the Clear Market Period in an aggregate principal amount not to exceed $500,000,000 to fund AOGP, provided the issuance of such Other Restructuring Bonds meet both the (1) Yield Requirement and (2) the Rating Agency Condition.

(iii) Provided that an Event of Default shall not have occurred and be continuing, the Issuer may issue Other Restructuring Bonds after the end of the Clear Market Period and prior to the end of the Refinancing Period (A) in an aggregate principal amount not to exceed $345,000,000 to refinance the callable PREPA Bonds insured by Assured and National and (B) in an aggregate principal amount, together with any Other Restructuring Bonds issued pursuant to Section 3.09(c)(i), not to exceed $62,000,000 to fund tender of non-callable PREPA Bonds insured by Assured and National, in either case, without meeting either the Yield Requirement or Rating Agency Condition.

(iv) Provided that an Event of Default shall not have occurred and be continuing, the Issuer may issue Other Restructuring Bonds after the end of the Refinancing Period to refund PREPA Bonds insured by National or Assured for net present value savings, provided that the issuance of such Other Restructuring Bonds meets the Rating Agency Condition. Net present value savings in the case of a refunding of PREPA Bonds pursuant to this (c)(iv) shall be calculated based on aggregate net present value savings to the Issuer and PREPA collectively.

(v) All other Restructuring Bonds shall bear interest at fixed interest rates and the period between the scheduled maturity date and legal maturity date for each tranche of such other Restructuring Bonds shall not be less than two years.

(d) Parity Reimbursement Obligations.

The Issuer may incur Parity Reimbursement Obligations; provided, however, that the incurring of a Parity Reimbursement Obligation pursuant to any Ancillary Agreement (other than the Surety Bonds and the Surety Bond Agreements delivered on the Initial Issuance Date), and the execution of any Ancillary Agreement after the Initial Issuance Date (other than the Surety Bonds and the Surety Bond Agreements that are issued or entered into in accordance with the Assured Commitments and the National

Commitments), shall be subject to (i) the Rating Agency Condition and (ii) shall require the prior written consent of the Trustee (which shall be subject to Negative Bondholder Approval).

Section 3.10. Guarantees, Loans, Advances and Other Liabilities.

Except as otherwise contemplated by the Servicing Agreement or this Trust Agreement, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

Section 3.11. Issuer Assets.

The Issuer shall not own any assets or property other than the Restructuring Property (as defined by the Act), incidental personal property necessary for the ownership and operation of the Restructuring Property and any Investment Grade securities in accordance with the terms of this Trust Agreement and the Bonds. The Issuer shall keep its assets and liabilities separate and distinct from those of any other Person, including the Servicer, as provided in Section 3.17 hereof.

Section 3.12. Capital Expenditures.

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

Section 3.13. Notice of Events of Default.

The Issuer agrees to give the Trustee, each Ancillary Agreement Provider, the Commission and the Rating Agencies prompt written notice of each Event of Default hereunder as provided in Section 5.01, or waiver thereof and each default on the part of the Servicer of its obligations under the Servicing Agreement.

Section 3.14. Further Instruments and Acts.

Upon request of the Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Trust Agreement and maintain a first priority perfected security interest in the Collateral in favor of the Trustee.

Section 3.15. Tax Covenants.

The Issuer covenants that it shall comply with the applicable provisions of the Code relating to the exclusion of the interest on the Tax-exempt Bonds from gross income for federal income taxation purposes.

In furtherance of the foregoing covenant:

(i) The Issuer shall not take or cause to be taken, or permit to be taken, any action or actions with respect to the application and investment of any proceeds of the Tax-exempt Bonds or any other funds from whatever source derived which would cause any Tax-exempt Bonds to be

"arbitrage bonds" within the meaning of Section 148 of the Code or "private activity bonds" within the meaning of Section 141 of the Code. The Issuer covenants not to consent to any amendment to, or waive performance of, any covenant of the Commission or the Servicer relating to the use, ownership or management of the projects or any portion thereof financed or refinanced by the Tax-exempt Bonds in the tax agreements or certificates entered into by the Commission and the Servicer in connection with the Tax-exempt Bonds unless the Issuer has received an Opinion of Counsel from a nationally recognized bond counsel to the effect that such amendment or waiver would not, by itself, cause any Tax-exempt Bonds to be "private activity bonds" within the meaning of Section 141 of the Code or otherwise cause interest on the Tax-exempt Bonds to be included in gross income for federal income tax purposes.

(ii) The Issuer shall comply with the tax agreements executed and delivered by it and the letter of instructions, if any, delivered by bond counsel, in connection with the issuance of the Tax-exempt Bonds as to compliance with applicable provisions of the Code, as such tax covenants and agreements and letter may be amended from time to time, as a source of guidance for achieving compliance with the Code, including, without limitation, timely payments of all rebate or other amounts to the United States Department of the Treasury under Section 148 of the Code.

Notwithstanding anything else in this Trust Agreement to the contrary, including without limitation Article IV, the covenants of this Section shall survive the payment or defeasance of the Tax-exempt Bonds.

Section 3.16. [Reserved].

Section 3.17. Separateness from PREPA; Compliance with Article 33 of the Act. The Issuer shall keep its assets and liabilities separate and distinct from those of any other Person, including PREPA. Without limiting the foregoing, the Issuer agrees to comply with the provisions of Article 33 of the Act so as to maintain the separateness of the Issuer from PREPA or any other party, including the following:

(a) To maintain its books, financial records and accounts (including inter-entity transaction accounts) in a manner so as to identify its assets and liabilities separate and apart from PREPA, to observe all applicable corporate procedures and formalities, including, where applicable, the holding of regular periodic and special meetings of governing bodies, the recording and maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if any, adopted at such meetings; and all transactions and agreements between and among the Issuer and PREPA , will reflect the separate legal existence of each such entity and shall be formally documented in writing. The Issuer shall not enter into any transaction with an affiliate of the PREPA, the Issuer, Government Development Bank for Puerto Rico or the Commonwealth, except on terms similar to those available to unaffiliated Persons in an arm's length transaction.

(b) To prepare annual financial statements separate and apart from PREPA, prepared in accordance with generally accepted accounting principles, that reflect its separate assets and liabilities and all transactions and transfers of funds involving PREPA , and to pay or bear the cost of the preparation of its own financial statements regardless of whether such public accounting firm prepares or audits the financial statements of PREPA.

(c) To pay its liabilities and losses from its own separate assets. In furtherance of the foregoing, the Issuer shall compensate all employees, consultants, independent contractors and agents from its own funds for services provided to it by such employees, consultants, independent contractors and agents. The Issuer shall maintain sufficient employees in light of its contemplated business purpose.

(d) To maintain its assets, funds and liabilities separate and apart from the assets, funds and liabilities of any other Person, including PREPA, and to conduct all business with PREPA or third parties in its own name separate and distinct from any other Person, and to promptly correct any known misunderstanding regarding its separate identity from PREPA.

(e) To ensure that neither the assets nor the creditworthiness of PREPA shall be held out as being available for the payment of any liability of the Issuer, and vice versa, and to prevent the transfer of assets between PREPA and the Issuer inconsistently with the Act or with the intent to hinder or defraud creditors.

Section 3.18. Compliance with the Act, Restructuring Resolution and Restructuring Order. The Issuer shall comply with the Act, including in particular, but not limited to, Article 6.25A thereof, the Restructuring Resolution and the Restructuring Order and take all steps necessary to enforce the provisions thereof.

Section 3.19. Actions by Trustee or Bondholders.

Notwithstanding any other provisions of this Trust Agreement or any other Financing Document, and in addition to the rights that the Trustee or the Holders of the Eligible Bonds may have under any other provision of this Trust Agreement or any other Financing Document, including, but not limited to, Article V hereof, the Trustee and the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may take any of the following actions, regardless of whether a Default or Event of Default has occurred or is continuing:

(a) Actions by the Trustee or Bondholders. The Trustee or Holders of Eligible Bonds may:

(i) Take any and all actions permitted by Article 38 of the Act, subject to any limitation set forth therein.

(ii) Seek a writ of mandamus requiring the Servicer to establish or adjust the Transition Charges in accordance with Section 7.03 of the Servicing Agreement and the Restructuring Resolution.

(b) Actions by the Trustee. The Trustee may:

(i) Protect the Restructuring Property in accordance with the terms of the Restructuring Resolution and the Bonds.

(ii) Enforce the Servicing Agreement against the Servicer, the Calculation Agent Agreement against the Calculation Agent and the Depository Agreement against the Depository.

(c) Actions by Holders of Eligible Bonds. The Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may:

(i) Subject only to any limitations set forth in the Act, direct or act in lieu of the Trustee under this Trust Agreement, the Servicing Agreement, the Depository Agreement, the Calculation Agent Agreement or any other Financing Document, including, but not limited to, enforcing the Servicing Agreement against the Servicer, the Calculation Agent Agreement against the Calculation Agent and the Depository Agreement against the Depository and consenting to actions as

provided in the definition of Rating Agency Condition and in Section 3.05(j) and (k).

(ii) Direct or act in lieu of the Trustee to replace the Servicer or consent to or give contrary direction with respect to any action taken by the Issuer, at the direction of the Commission or otherwise, or by the Commission with respect to the Servicer, including the replacement of the Servicer.

(d) Notification of Actions by the Trustee; Negative Bondholder Approval. The Trustee shall provide written notice to the Bondholders of any consent, direction or approval to be given by the Trustee under this Trust Agreement at least [__] Business Days prior to giving any such consent, direction or approval, which notice shall set forth in detail the consent, direction or approval requested or required. If the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds fail to provide written objection to the Trustee providing any such consent, direction or approval within [__] Business Days after such notice is given, the Trustee will be permitted to give such consent, direction or approval. If the Trustee receives written objection to the Trustee providing such consent, direction or approval from the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds within [__] Business Days after such notice is given, the Trustee shall not give such consent, direction or approval without approval of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

Notwithstanding Sections 3.19(a), 3.19(b) and 3.19(c) above, any legal or enforcement action taken by Bondholders, any Ancillary Agreement Provider or their representatives, in the absence of the occurrence of an Event of Default (as defined herein) and unless permitted in the case of an Event of Default, will not be reimbursable, unless (i) such action ripens into an actual Event of Default or (ii) such reimbursement is so ordered by a court of competent jurisdiction (whether or not an Event of Default has occurred).

Section 3.20. Ratings Maintenance.

The Issuer agrees that it shall request and diligently pursue and maintain ratings from Moody's and Standard and Poor's on each of the Bonds.

ARTICLE IV
Satisfaction and Discharge; Defeasance

Section 4.01. Satisfaction and Discharge of Trust Agreement; Defeasance.

(a) This Trust Agreement shall cease to be of further effect with respect to the Bonds and the Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute such instruments as the Issuer reasonably requests acknowledging satisfaction and discharge of this Trust Agreement with respect to the Bonds, when

(i) either

(A) all Bonds theretofore authenticated and delivered (other than (1) Bonds that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the

Issuer or discharged from such trust, as provided in Section 3.03) have been delivered to the Trustee for cancellation; or

(B) the final Payment Date has occurred with respect to all Bonds not theretofore delivered to the Trustee for cancellation and the Issuer has irrevocably deposited or caused to be irrevocably deposited with the Trustee, in trust for such purpose, cash in an amount sufficient to pay and discharge the entire indebtedness on such Bonds not theretofore delivered to the Trustee for cancellation on the final Payment Date therefor;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(iii) the Issuer has delivered to the Trustee an Officer's Certificate, an Opinion of Counsel and (if required by the Trustee) an Independent Certificate from a firm of certified public accountants, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Trust Agreement with respect to the Bonds have been complied with.

(b) Notwithstanding Section 4.01(a), but subject to Sections 4.01(c) and 4.02, the Issuer at any time may terminate all its obligations under this Trust Agreement with respect to the Bonds (a "Legal Defeasance"). In the event of a Legal Defeasance, the maturity of the Bonds defeased pursuant to such Legal Defeasance may not be accelerated because of an Event of Default.

Upon satisfaction of the conditions set forth herein to a Legal Defeasance, the Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute such instruments as the Issuer reasonably requests acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Sections 4.01(a) and 4.01(b) above, (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Bonds, (iii) rights of Bondholders to receive payments of principal and interest, (iv) Sections 4.03 and 4.04, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under Section 6.07 and the obligations of the Trustee under Section 4.03) and (vi) the rights of Bondholders as beneficiaries hereof with respect to the property deposited with the Trustee payable to all or any of them, shall survive until the Bonds, as to which this Trust Agreement or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or 4.01(b), have been paid in full. Thereafter, the obligations in Sections 4.04 and 6.07 shall survive.

(d) For the avoidance of doubt, notwithstanding any other provision of this Trust Agreement, this Trust Agreement and the Lien on Collateral securing any Ancillary Agreement shall continue to be in full force and effect, and shall not be discharged, unless (i) each Ancillary Agreement is terminated and all amounts payable thereunder are paid in full in accordance with the terms of such Ancillary Agreement, or (ii) each Ancillary Agreement Provider consents to such discharge.

Section 4.02. Conditions to Defeasance.

The Issuer may exercise a Legal Defeasance of Bonds only if:

(a) the Issuer irrevocably deposits or causes to be irrevocably deposited with the Trustee, in trust solely for the benefit of the Bonds being Defeased, cash or non-callable Defeasance Securities for

the payment of principal or Redemption Price of and interest on each such Serial Bond to the Scheduled Maturity Date (or, if applicable, at the election of the Issuer, any earlier optional redemption date) and Term Bond to the Scheduled Sinking Fund Redemption Date (or, if applicable, any earlier optional redemption date), cash or non-callable Defeasance Securities for the payment of principal or Redemption Price of and interest on each such Serial Bond to the Redemption Date set forth in the written notice provided by the Issuer pursuant to Section 10.03;

(b) the Issuer delivers to the Trustee a certificate from a nationally recognized firm of Independent certified public accountants expressing its opinion that the payments of principal and interest when due and without reinvestment on the deposited Defeasance Securities plus any deposited cash without investment will provide cash at such times and in such amounts (but not substantially more than such amounts) as will be sufficient to pay in respect of the Bonds (i) principal on the Scheduled Maturity Date in accordance with the Expected Amortization Schedule therefor (or, if applicable, at the election of the Issuer, any earlier optional redemption date) or Redemption Price on the Scheduled Sinking Fund Redemption Date in accordance with the Expected Sinking Fund Schedule therefor (or, if applicable, at the election of the Issuer, any earlier optional redemption date), as applicable, and (ii) interest when due;

(c) if an election is made to redeem any such Bonds prior to maturity, the Issuer irrevocably designates such Bonds for redemption on the redemption date and proper notice of redemption shall have been made or provision satisfactory to the Trustee shall have been irrevocably made for the giving of such notice;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) the Issuer shall have delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that, based upon the matters described in clauses (a) through (c) above and assuming compliance by the Trustee or such agent with its undertaking described in Section 4.03 below, no further action by or on the part of the Issuer will be required under the applicable requirements of the Code to maintain the Federal income tax exclusion from gross income of the interest on the Bonds.

(f) the Issuer delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the satisfaction and discharge of the Bonds to the extent contemplated by this Article IV have been complied with.

Section 4.03. Application of Trust Money.

All moneys or Defeasance Securities deposited with the Trustee pursuant to Section 4.01 or 4.02 hereof shall be held in trust and applied by it, in accordance with the provisions of the Bonds and this Trust Agreement and the applicable Supplemental Trust Agreement, to the payment, either directly or through any Paying Agent, as the Trustee may determine, to the Holders of the particular Bonds for the payment of which such moneys or Defeasance Securities have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest, but such moneys need not be segregated from other funds except to the extent required herein or in the Servicing Agreement or required by law. Notwithstanding anything to the contrary in this Article IV, the Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any money or Defeasance Securities held by it pursuant to Section 4.02 which, in the opinion of a nationally recognized firm of Independent certified public accountants expressed in a written certification thereof delivered to the Trustee (and not at the cost or expense of the Trustee), are in excess of the amount thereof which would be required to be deposited for the purpose for which such moneys or Defeasance Securities were deposited.

Section 4.04. Repayment of Moneys Held by Paying Agent.

In connection with the satisfaction and discharge of this Trust Agreement or a Legal Defeasance with respect to the Bonds, all moneys then held by any Paying Agent other than the Trustee under the provisions of this Trust Agreement with respect to such Bonds shall, upon demand of the Issuer, be paid to the Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

Section 4.05. Mirror Bonds Deemed no longer Outstanding.

Notwithstanding any other provision of this Trust Agreement:

(a) the 2016 PREPA Mirror Bonds shall be cancelled and deemed to be no longer Outstanding upon exchange thereof for Additional Bonds issued pursuant to Section 3.09(b)(i);

(b) The principal amount of Assured Mirror Bonds shall be reduced and deemed to be no longer Outstanding in an amount equal to the principal amount of Defeased Assured PREPA Bonds paid or deemed paid, together with all interest then due and payable thereon, by PREPA (other than such principal and interest actually paid by PREPA with Net Revenues, as defined in the PREPA Trust Agreement) in accordance with the PREPA Trust Agreement or refinanced with Other Securitization Bonds; and

(c) The principal amount of National Mirror Bonds shall be reduced and deemed to be no longer Outstanding in an amount equal to the principal amount of Defeased National PREPA Bonds paid or deemed paid, together with all interest then due and payable thereon, by PREPA (other than such principal and interest actually paid by PREPA with Net Revenues, as defined in the PREPA Trust Agreement) in accordance with the PREPA Trust Agreement or refinanced with Other Securitization Bonds.

ARTICLE V
Remedies

Section 5.01. Events of Default.

"Event of Default", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest or redemption premium on any Bond, or a default in the payment of any amount due on an Ancillary Agreement, in either case when the same becomes due and payable; or

(b) default in the payment of the then unpaid principal of any Bond of any Tranche on the Legal Maturity Date of such Tranche; or

(c) default in the observance or performance in any respect of any covenant or agreement of the Issuer made in this Trust Agreement (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with), any Ancillary Agreement,

or any representation or warranty of the Issuer made in this Trust Agreement, any Ancillary Agreement or in any certificate or other writing delivered pursuant hereto or thereto or in connection herewith or therewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and, if such default is capable of cure, such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of thirty (30) days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least twenty-five percent (25%) of the Outstanding Amount of the Bonds or a Surety Provider, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder or (ii) the date the Issuer has actual knowledge of the default; or

(d) a Servicer Default by any party under the Servicing Agreement; or

(e) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Collateral in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Collateral, or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or

(f) the commencement by the Issuer of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing; or

(g) any act or failure to act by the Commonwealth of Puerto Rico or any of its agencies (including, for the avoidance of doubt and without limitation, the Issuer and the Commission), officers or employees that violates or is not in accordance with the Restructuring Resolution, the Restructuring Order or the Commonwealth Pledge; or

(h) If the Commonwealth (either directly or through any of its public corporations, agencies, instrumentalities, or municipalities, or any affiliate thereof) (i) issues debt (other than debt of the Issuer, including the Additional Bonds or Other Restructuring Bonds permitted by Section 3.09 or debt of PREPA payable from and/or secured by the net revenues of PREPA's enterprise) secured by restructuring property or any other rights and interests in rates, charges, taxes or assessments that are separate from rates and charges of PREPA and that are imposed upon Customers (in their capacity as Customers) to recover the ongoing financing costs of such debt, or (ii) creates or imposes, or permits to be created or imposed, a tax or similar charge upon electric service within the Commonwealth by means of any facilities constituting part of Electric System Assets, unless prior to any issuance of debt described in clause (i) above or the creation or imposition of a tax or charge described in clause (ii) above, the Trustee shall have been provided with written confirmation that upon each such issuance, or creation or imposition, as the case may be, the Rating Agency Condition shall have been satisfied.

The Issuer shall deliver to a Responsible Officer of the Trustee, the Ancillary Agreement Providers and the Rating Agencies, within five (5) days after an Authorized Officer has knowledge of the occurrence thereof, written notice in the form of an Officer's Certificate of any event (i) which is an

Event of Default under clause (a), (b), (d), (e), (f), (g) or (h), or (ii) which with the giving of notice, the lapse of time, or both would become an Event of Default under clause (a) or (c), including, in each case, the status of such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

Notwithstanding anything in this Section 5.01, a default in the payment of principal at legal maturity or interest on 2016 PREPA Mirror Bonds will not constitute an Event of Default hereunder until the aggregate amount of interest on an 2016 PREPA Mirror Bond and principal of 2016 PREPA Mirror Bonds that has not been paid is greater than an amount equal to (a) 10% of the Outstanding Amount of 2016 PREPA Mirror Bonds Outstanding less (ii) Required Mirror Bond Debt Service Reserve Level for the Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds).

Notwithstanding anything in this Section 5.01, a default in the payment of principal at legal maturity or interest on Assured Mirror Bonds will not constitute an Event of Default hereunder until the aggregate amount of interest on an Assured Mirror Bond and principal of Assured Mirror Bonds that has not been paid is greater than an amount equal to (a) 10% of the Outstanding Amount of Assured Mirror Bonds Outstanding less (ii) Required Mirror Bond Debt Service Reserve Level for the Mirror Bond Debt Service Reserve Subaccount (Assured).

Notwithstanding anything in this Section 5.01, a default in the payment of principal at legal maturity or interest on National Mirror Bonds will not constitute an Event of Default hereunder until the aggregate amount of interest on an National Mirror Bond and principal of National Mirror Bonds that has not been paid is greater than an amount equal to (a) 10% of the Outstanding Amount of National Mirror Bonds Outstanding less (ii) Required Mirror Bond Debt Service Reserve Level for the Mirror Bond Debt Service Reserve Subaccount (National).

Section 5.02. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default should occur and be continuing, then and in every such case the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may declare all the Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Trustee if given by Bondholders), and upon any such declaration the unpaid principal amount of the Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if

(a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

(ii) all payments of principal of and interest on all Bonds and all other amounts that would then be due hereunder or upon such Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(b) all Events of Default, other than the nonpayment of the principal of the Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

Section 5.03. Collection of Indebtedness and Suits for Enforcement by Trustee.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on any Bond when the same becomes due and payable, or (ii) default is made in the payment of the then unpaid principal of any Bond on the Legal Maturity Date for such Bond, the Issuer will, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Bonds and the Ancillary Agreement Providers (for the avoidance of doubt, subject to the priority of payments set forth in this Trust Agreement), the whole amount then due and payable on such Bonds for principal and interest, with interest upon the overdue principal and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Bonds of the applicable Tranche and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) Subject to Sections 11.10 and 11.11, in case the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Issuer or other obligor upon such Bonds and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Bonds, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Trustee may, as more particularly provided in Section 5.04, in its discretion, proceed to protect and enforce its rights and the rights of the Bondholders, by such appropriate Proceedings as the Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Trust Agreement or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Trust Agreement or by law.

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Bonds or any Person having or claiming an ownership interest in the Collateral, Proceedings under any applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to the Issuer or other obligor upon the Bonds, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of any Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of (A) the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or

willful misconduct), (B) the Bondholders and (C) each Person for whom a claim may be made under this Trust Agreement allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Bondholder in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf;

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Trustee or the Bondholders allowed in any judicial proceeding relative to the Issuer, its creditors and its property; and

(v) to participate as a member, voting or otherwise, of any official committee of creditors appointed in such matter;

and any trustee, receiver, liquidator, assignee, sequestrator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Bondholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to such Bondholders, to pay to the Trustee (or such other beneficiary under this Trust Agreement) such amounts as shall be sufficient to cover reasonable compensation and other amounts owing hereunder to the Trustee or such Person, each predecessor Trustee and their respective agents, attorneys and counsel, and all other reasonable expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Trust Agreement, or under any of the Bonds, may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other Proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Bonds.

(g) In any Proceedings brought by the Trustee (and also any Proceedings involving the interpretation of any provision of this Trust Agreement to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Bonds, and it shall not be necessary to make any Bondholder a party to any such Proceedings.

Section 5.04. Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing, the Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Bonds or under this Trust Agreement with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such Bonds moneys adjudged due;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Trust Agreement with respect to the Collateral;

(iii) exercise any remedies of a secured party under the Act or other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Holders of the Bonds and the Ancillary Agreement Providers;

(iv) sell the Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law or transfer, convey or assign the Collateral to any Person as specified in Article 38(c) of the Act, and no provision hereof shall constitute a waiver of any rights granted in Article 38(c);

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Servicer under or in connection with, and pursuant to the terms of, the Servicing Agreement, as more fully set forth herein and in Section 5.16, or against the Depository under and in connection with and pursuant to the terms of the Depository Agreement;

(vi) seek a writ of mandamus requiring the Servicer to establish or adjust the Transition Charges in accordance with Section 7.03 of the Servicing Agreement and the Restructuring Resolution;

(vii) exercise remedies under the Servicing Agreement as provided therein and in Section 5.16(b); and

(viii) exercise such other remedies as are described in clause (c) below;

provided, however, that the Trustee may not sell or otherwise liquidate (or otherwise cease to maintain possession of) any portion of the Collateral following an Event of Default, other than an Event of Default described in Section 5.01(a) or (b) unless (A) the Holders of the Eligible Bonds representing one hundred percent (100%) of the Outstanding Amount of the Eligible Bonds and each Ancillary Agreement Provider consents thereto, (B) the proceeds of such sale or liquidation distributable to the Bondholders are sufficient to discharge in full (i) all amounts then due and unpaid upon such Bonds for principal and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) and (ii) all amounts due and payable under each Ancillary Agreement or (C) the Trustee determines that the Collateral will not continue to provide sufficient funds for all payments on the Bonds as they would have become due if the Bonds had not been declared immediately due and payable, and the Trustee obtains the written consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds and each Surety Provider. In determining such sufficiency or insufficiency with respect to clause (B) and (C), the Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

(b) If the Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

(c) If an Event of Default exists and is continuing hereunder, in addition to the foregoing remedies, the Issuer and the Trustee may, and upon the direction of the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds, the Trustee shall (1) hire such consultants, attorneys and other Persons and enter into such agreements as the Issuer, the Trustee or the Bondholders (as the case may be) deem necessary to enforce and collect the Transition Charge Revenues or protect the Restructuring Property and include the cost thereof as an Ongoing Financing Cost, provided that copies of such agreements shall be promptly filed with the Commission and the Issuer, and (2) (i) bring actions against any owner of the Electric System Assets, any Servicer, or any other Person authorized to bill or collect Transition Charges, any Customers or any other Person for failure to impose, bill, pay or collect any Transition Charges constituting part of the Restructuring Property or for enforcement of any other provision of the Act or action taken by the Issuer in respect thereof or (ii) take any other action as the Issuer, the Trustee or the Bondholders may deem necessary to enforce and collect the Transition Charge Revenues or protect the Restructuring Property in accordance with the terms of the Restructuring Resolution, the Bonds and the Financing Documents, but, notwithstanding anything herein to the contrary, no action may be brought by the Issuer, the Trustee or the party to any Ancillary Agreement or on their behalf (other than through PREPA or any successor Servicer) against any Customer for its failure to pay any Transition Charge so long as PREPA or any successor Servicer is complying with its obligations under the Servicing Agreement with respect to the enforcement of any collection of charges (including Transition Charges) due from such Customer.

(d) The Issuer shall, within three Business Days of demand, pay to the Trustee, any Holder of Bonds or any Ancillary Agreement Provider, as applicable, the amount of all costs and expenses (including legal fees) incurred by such party in connection with the enforcement of, or the preservation of any rights under, this Trust Agreement.

Section 5.05. Optional Possession of the Collateral.

If the Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may (subject to contrary direction in accordance with the terms of this Trust Agreement), but need not, elect to maintain possession of the Collateral. It is the desire of the parties hereto, the Bondholders and the Surety Bond Providers that there be at all times sufficient funds for the payment of principal of and interest on the Bonds and amounts due and payable under Surety Bond Agreements, and the Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral or sell or liquidate the same, the Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or certified public accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose. For the avoidance of doubt, any determination by the Trustee to elect to sell, liquidate or otherwise cease to maintain possession of any portion of the Collateral must be made in compliance with the other provisions of this Trust Agreement, including the proviso at the end of Section 5.04(a) hereof.

Section 5.06. Limitation of Suits.

Each Holder agrees, by its acceptance of any Bond, to the fullest extent permitted by law, that no Holder of any Bond shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Trust Agreement, or to avail itself of the right to foreclose on the Collateral or otherwise enforce the Lien and the security interest on the Collateral with respect to this Trust Agreement, or to avail itself of any remedies in the Act or to utilize or enforce the Statutory Lien, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder previously has given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds have made written request to the Trustee to institute such Proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds;

it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Trust Agreement to affect, disturb or prejudice the rights of any other Holders of Bonds or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Trust Agreement, except in the manner herein provided.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders of Eligible Bonds, the Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Trust Agreement.

Nothing in this Section 5.06 shall limit the rights of the Bondholders under Section 3.19.

Section 5.07. Unconditional Rights of Bondholders To Receive Principal and Interest.

Notwithstanding any other provisions in this Trust Agreement, the Holder of any Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Bond on or after the due dates thereof expressed in such Bond or in this Trust Agreement or (ii) the unpaid principal, if any, of such Bonds on or after the Legal Maturity Date therefor and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 5.08. Restoration of Rights and Remedies.

If the Trustee or any Bondholder has instituted any Proceeding to enforce any right or remedy under this Trust Agreement and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Bondholder, then and in every such case the Issuer, the Trustee and the Bondholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Bondholders shall continue as though no such Proceeding had been instituted.

Section 5.09. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.10. Delay or Omission Not a Waiver.

No delay or omission of the Trustee or any Bondholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee or to the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

Section 5.11. Control by Bondholders.

The Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of the Bonds (or, if less than all Tranches are affected, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of the affected Tranche or Tranches) shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Trustee with respect to the Bonds of such Tranche or Tranches or exercising any trust or power conferred on the Trustee with respect to such Tranche or Tranches; provided, however, that

(a) such direction shall not be in conflict with any rule of law or with this Trust Agreement;

(b) subject to the express terms of Section 5.04, any direction to the Trustee to sell or liquidate the Collateral shall be by the Holders of Bonds representing not less than one hundred percent (100%) of the Outstanding Amount of the Bonds;

(c) if the conditions set forth in Section 5.05 have been satisfied and the Trustee elects to retain the Collateral pursuant to such Section 5.05, then any direction to the Trustee by Holders of Bonds representing less than 100 percent of the Outstanding Amount of the Bonds to sell or liquidate the Collateral shall be of no force and effect; and

(d) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

provided, however, that, subject to Section 6.01, the Trustee (x) need not take any action that it determines might involve it in liability and (y) shall not take any action that would adversely and disproportionately affect the rights of any Bondholders or any Ancillary Agreement Provider not consenting to such action. Furthermore and without limiting the foregoing, the Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liability. Nothing in this Section 5.11 shall limit the rights of the Bondholders under Section 3.19.

Section 5.12. Waiver of Past Defaults.

Prior to the declaration of the acceleration of the maturity of the Bonds as provided in Section 5.02, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of the Bonds (or, if less than all Tranches are affected, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of the affected Tranche or Tranches in the aggregate) may, by written notice to the Trustee, waive any past Default or Event of Default and its consequences, except a Default (a) in payment of principal of or interest on any of the Bonds or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Bond of all Tranches affected. In the case of any such waiver, the Issuer, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Trust Agreement; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Section 5.13. Undertaking for Costs.

All parties to this Trust Agreement agree, and each Holder of any Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Trust Agreement, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion, subject to applicable law, assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided, however, that the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by any Bondholder, or group of Bondholders, in each case holding in the aggregate more than ten percent (10%) of the Outstanding Amount of the Bonds, or (c) any suit instituted by any Bondholder for the enforcement of the payment of (i) interest on any Bond on or after the due dates expressed in such Bond and in this Trust Agreement or (ii) the unpaid principal, if any, of any Bond on or after the Legal Maturity Date therefor; and provided, further, that in no event shall payment be required of any party litigant in respect of the undertaking described in this Section 5.13 unless and until there shall have been a final, nonappealable judgment entered against such party litigant in all respects by a court of competent jurisdiction.

Section 5.14. Waiver of Stay or Extension Laws.

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Trust Agreement; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.15. Action on Bonds.

The Trustee's right to seek and recover judgment on the Bonds or under this Trust Agreement shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Trust Agreement. Neither the Lien of this Trust Agreement nor any rights or remedies of the Trustee or the Bondholders shall be impaired by the recovery of any judgment by the Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Issuer.

Section 5.16. No Limitation of Rights.

No provision of this Article V limits, or shall be deemed to limit, any rights granted to Bondholders, Ancillary Agreement Providers or the Trustee pursuant to any other provisions of this Trust Agreement.

ARTICLE VI
The Trustee, Paying Agents

Section 6.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Trust Agreement and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement; however, the Trustee shall examine the certificates and opinions to determine whether or not they appear on their face to conform to the requirements of this Trust Agreement.

(c) The Trustee may not be relieved from liability for its own negligence or willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Trust Agreement that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 6.01.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Trust Agreement or the Servicing Agreement.

(g) No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the Trust Indenture Act.

(i) In the event that the Trustee is also acting as Paying Agent or Bond Registrar hereunder, this Article VI shall also be afforded to such Paying Agent or Bond Registrar.

(j) Under no circumstances shall the Trustee be liable for any indebtedness of the Issuer or the Servicer evidenced by or arising under the Bonds, any Financing Document or the Bond Purchase Agreement.

(k) Promptly following a request from the Trustee to do so and at the Issuer's expense (as an Ongoing Financing Cost), and whether or not an Event of Default has occurred and is continuing, the Issuer agrees to take all such lawful action as the Trustee may reasonably request to compel or secure the performance and observance by the Servicer of its obligations to the Issuer under or in connection with the Servicing Agreement in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Servicing Agreement to the extent and in the manner directed by the Trustee, including the transmission of notices of default on the part of the Servicer thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by the Servicer of its obligations under the Servicing Agreement.

(l) Whether or not an Event of Default has occurred, the Trustee may, and, at the written direction of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds shall, subject to Article VI, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Servicer under or in connection with the Servicing Agreement, including the right or power to take any action to compel or secure performance or observance by the Servicer of its obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Servicing Agreement, and any right of the Issuer to take such action shall be suspended. In addition, the Trustee shall be authorized to replace PREPA as Servicer, and to direct the Corporation to enter into such other servicing, billing and collection agreements as the Corporation or the Trustee deems appropriate to ensure the timely and full payment of the Bonds and all Ongoing Financing Costs. The Trustee may also consent to or give contrary direction with respect to any action taken by the Issuer, at the direction of the Commission or otherwise, or by the Commission with respect to the Servicer, including the replacement of the Servicer, as provided in this Section and Section 3.05(d)(i). The Trustee (which shall be subject to Negative Bondholder Approval) or Holders of Eligible Bonds may exercise their rights to consent to or give contrary direction with respect to any action taken by the Issuer, at the direction of the Commission or otherwise, or by the Commission with respect to the Servicer, including the replacement of the Servicer, resulting from an action taken by the Commission *motu proprio*. Notwithstanding anything in this Trust Agreement, no action may be brought by the Issuer,

the Trustee or the party to any Ancillary Agreement or on their behalf (other than through PREPA or any successor Servicer) against any Customer for its failure to pay any Transition Charge so long as PREPA or any successor Servicer is complying with its obligations under the Servicing Agreement with respect to the enforcement of any collection of charges (including Transition Charges) due from such Customer.

Section 6.02. Rights of Trustee.

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, paper or other document believed by it to be genuine and to have been signed or presented by the proper party or parties and the Trustee need not investigate any matter or fact stated in such document;

(b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request;

(c) before the Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel of external counsel of the Issuer (at no cost or expense to the Trustee) that such action is required or permitted hereunder. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(d) the Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Trust Agreement and the Bonds shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement or to institute, conduct or defend any litigation hereunder or in relation hereto at the request or direction of any of the Bondholders pursuant to this Trust Agreement, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the cost, expenses (including reasonable legal fees and expenses) and liabilities that might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, paper or other document;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, custodian or nominee appointed with due care by it hereunder; and the Trustee shall give prompt written notice to the Rating Agencies of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Trust Agreement; provided, that the Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the Bonds or insolvency of the Issuer has occurred and is continuing.

(h) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement;

(i) the Trustee shall not be required to expend or risk its own funds in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk is not reasonably assured to it;

(j) the Trustee shall not be personally liable for any action taken or suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith;

(k) in the event that the Trustee is also acting as Paying Agent or Bond Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article VI shall also be afforded to such Paying Agent, authenticating agent or Bond Registrar;

(l) the Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer obtains actual knowledge of such event or the Trustee receives written notice of such event from the Issuer, the Servicer or any Holder;

(m) without limiting its rights under bankruptcy law, when the Trustee incurs expenses or renders services in connection with the insolvency or bankruptcy of any party hereto or with the Financing Documents to which it is a party such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy or insolvency law;

(n) the Trustee shall not be required to give any bond or surety in respect of the execution of the trust created herby or the power granted hereunder;

(o) in no event shall the Trustee be liable for special, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(p) the right of the Trustee to perform any discretionary act enumerated in this Trust Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of any such act;

(q) the Trustee shall have no duty to file any financing statement or continuation statement evidencing a security interest or to maintain any such filing, other than to file continuation statements pursuant to Section 2.14, or to maintain any insurance; and

(r) the Trustee shall have no obligation to supervise the Servicer or act as successor Servicer, and shall not be liable for any default or misconduct of the Servicer.

Section 6.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or its affiliates with the same rights it would have if it were not

Trustee. Any Paying Agent, Bond Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 6.11 and 6.12.

Section 6.04. Trustee's Disclaimer.

Except as set forth in Section 6.13, the Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Trust Agreement or the Bonds, it shall not be accountable for the Issuer's use of the proceeds from the Bonds, and it shall not be responsible for any statement of the Issuer in the Trust Agreement or in any document issued in connection with the sale of the Bonds or in the Bonds other than the Trustee's certificate of authentication. The Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the Collateral, for the validity, priority or perfection of any Lien or security interest granted to it hereunder (except to the extent impaired by action or omission constituting negligence or willful misconduct on the part of the Trustee, or for or in respect of the Bonds (other than the certificate of authentication for the Bonds) or the Financing Documents and the Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Trust Agreement. The Trustee shall not be liable for the default or misconduct of the Issuer or the Servicer under the Financing Documents or otherwise, and the Trustee shall have no obligation or liability to perform the obligations of such Persons.

Section 6.05. Notice of Defaults.

If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall transmit to each Holder of Bonds, each Ancillary Agreement Provider and to the Rating Agencies notice of the Default within 30 days after actual notice of such Default was received by a Responsible Officer of the Trustee (provided that the Trustee shall give the Rating Agencies prompt written notice of any payment Default in respect of the Bonds). Except in the case of a Default in payment of principal of or interest on any Bond, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that prompt notice of the Default is not likely to be material to Holders and the Default is likely to be cured and therefore that withholding the notice is in the interests of Bondholders.

Section 6.06. Reports by Trustee to Holders.

(a) So long as the Trustee is the Bond Registrar and Paying Agent, upon the written request of a current or former Bondholder or the Issuer, the Trustee shall deliver to such Bondholder, within the prescribed period of time for tax reporting purposes after the end of each calendar year, such information in its possession as may be required to enable such Holder to prepare its federal and any applicable state or local income tax returns. If the Bond Registrar and Paying Agent is other than the Trustee, such Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its federal income and any applicable state or local tax returns.

(b) On or prior to each Payment Date therefor, the Trustee will provide to each Holder of Bonds and each Ancillary Agreement Provider on such Payment Date a statement prepared by the Servicer and provided to the Trustee which will include (to the extent applicable) the following information as to the Bonds with respect to such Payment Date or the period since the previous Payment Date, as applicable:

(i) the amount of the payment to Bondholders allocable to principal;

(ii) the amount of the payment to Bondholders allocable to interest;

(iii) the Outstanding Amount, before and after giving effect to payments allocated to principal reported under clause (i) above;

(iv) the difference, if any, between the Outstanding Amount and the Projected Principal Balance as of such Payment Date, after giving effect to payments to be made on such Payment Date;

(v) the amount on deposit in the Overcollateralization Subaccount as of the Payment Date;

(vi) the amount on deposit in the Debt Service Reserve Subaccounts as of the Payment Date;

(vii) the amount, if any, on deposit in the Excess Funds Subaccount as of the Payment Date;

(viii) the amount paid to the Trustee since the previous Payment Date;

(ix) the amount paid to the Servicer since the previous Payment Date;

(x) the amount paid to the Administrator since the previous Payment Date;

(xi) the amount paid to the Depository since the previous Payment Date;

(xii) the amount paid to the Calculation Agent since the previous Payment Date;

(xiii) any other transfers and payments to be made pursuant to the Trust Agreement since the previous Payment Date.

(c) The Issuer shall send a copy of each Certificate of Compliance delivered to it pursuant to Section 3.06 of the Servicing Agreement and Annual Accountant's Report delivered to it pursuant to Section 3.07 of the Servicing Agreement to the Trustee, the Bondholders, each Ancillary Agreement Provider and the Rating Agencies and to the Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 of the Commission.

Section 6.07. Compensation and Indemnity.

Subject to Section 8.02(e), the Issuer shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

Subject to Section 8.02(e), the Issuer shall reimburse the Trustee for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. Subject to Section 8.02(e), the Issuer shall indemnify, defend and hold harmless the Trustee and any of its affiliates, officials, officers, directors, employees, consultants, counsel and agents (the "Indemnified Persons") from and against any and all losses, claims, actions, suits, taxes, damages, expenses (including, without limitation, reasonable legal fees and expenses) and liabilities (including liabilities under state or federal

securities laws) of any kind and nature whatsoever (collectively, "Expenses"), to the extent that such Expenses arise out of or are imposed upon or asserted against such Indemnified Persons with respect to the creation, administration, operation or termination of this trust and the performance by the Trustee of its duties hereunder, the failure of the Issuer or any other Person (other than the Person being indemnified) to perform its obligations hereunder or under any of the Financing Documents or the Bond Purchase Agreement, or otherwise in connection with the Financing Documents, the Bond Purchase Agreement or the transactions contemplated by any of them; provided, however, that the Issuer is not required to indemnify any Indemnified Person for any Expenses that result from the willful misconduct or negligence of such Indemnified Person. The willful misconduct or negligence of any Trustee shall not affect the rights of any predecessor or successor Trustee hereunder. The Indemnified Person shall notify the Issuer as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indemnified Person to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim and the Indemnified Person may have separate counsel and the Issuer shall pay the fees and expenses of such counsel. The Issuer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.07, (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim, action, suit or proceeding.

The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Trust Agreement or the earlier resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of an Event of Default specified in Section 5.01(d) or (e) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title II of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

Section 6.08. Replacement of Trustee.

The Trustee may resign at any time by so notifying the Issuer, provided, however, that no such resignation shall be effective until either (a) the Collateral has been completely liquidated and the proceeds of the liquidation distributed to the Bondholders or (b) a successor trustee having the qualifications set forth in Section 6.11 has been designated and has accepted such trusteeship. The Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, with the prior written consent of each Surety Provider, may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Issuer shall remove the Trustee if:

(a) the Trustee fails to comply with Section 6.11;

(b) the Trustee is adjudged a bankrupt or insolvent;

(c) a receiver or other public officer takes charge of the Trustee or its property; or

(d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Trust

Agreement. The successor Trustee shall mail a notice of its succession to Bondholders and to the Rating Agencies. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or any Holder of Eligible Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 6.11, any Bondholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Trustee.

Section 6.09. Successor Trustee by Merger.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Trustee. The successor Trustee shall mail a notice of its merger, conversion, consolidation or transfer to the Rating Agencies.

In case at the time such successor or successors by merger, conversion, consolidation or transfer to the Trustee shall succeed to the trusts created by this Trust Agreement any of the Bonds shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Bonds so authenticated; and in case at that time any of the Bonds shall not have been authenticated, any successor to the Trustee may authenticate such Bonds either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall be valid for all purposes hereunder and under the Bonds.

Section 6.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Trust Agreement, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located or to address divergent or conflicting interests among Holders of Bonds of separate Series or Tranches of Bonds as a result of variations in terms of the respective underlying Bonds of corresponding Series or Tranches, the Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Bondholders and the Ancillary Agreement Providers, such title to the Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Bondholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08 hereof. Notice of any such appointment shall be promptly given to each Rating Agency by the Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Trust Agreement and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Trust Agreement, specifically including every provision of this Trust Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Trust Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11. Eligibility; Disqualification.

The Trustee shall at all times be a corporation organized and doing business under the laws of the United States or of any State which (i) is authorized under such laws to exercise corporate trust powers, and (ii) is subject to supervision or examination by federal or State authority. The Trustee shall have a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition and it shall have a long term debt rating of at least "A" (or the equivalent thereof) or better by each of the Rating Agencies.

Section 6.12. Representations and Warranties of Trustee.

The Trustee hereby represents and warrants that:

(a) the Trustee is a national banking association validly existing in good standing under the laws of the United States of America and having an office in the Borough of Manhattan, City and State of New York; and

(b) the Trustee has full power, authority and legal right to execute, deliver and perform this Trust Agreement and the Financing Documents to which the Trustee is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Trust Agreement and such Financing Documents.

Section 6.13. The Paying Agents.

(a) Each Paying Agent other than the Trustee shall execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee (and if the Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 6.13, that such Paying Agent will:

(i) hold all sums held by it on the Mainland for the payment of amounts due with respect to the Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee written notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Bonds;

(iii) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination;

(v) comply with all requirements of the Code and other tax laws with respect to the withholding from any payments made by it on any Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; and

(vi) keep such books and records as shall be consistent with prudent corporate trust industry practice and to make such books and records available for inspection by the Issuer, the Trustee and the Bondholders at all reasonable times.

(b) The Paying Agent shall be a Mainland financial institution duly organized under the laws of the United States of America or any State thereof, or a bank or trust company having a combined capital stock, surplus and undivided profits of at least $50,000,000 and authorized by law to perform all the duties imposed upon it by this Trust Agreement. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving at least 60 days' notice to the Issuer and the Trustee. In the event that the Issuer shall fail to appoint a successor Paying Agent, upon the resignation or removal of the Paying Agent, the Trustee shall either appoint a Paying Agent or itself act as Paying Agent until the appointment of a successor Paying Agent. Any successor Paying Agent shall have a long term debt rating of at least "A" by the Rating Agencies. The Paying Agent may be removed at any time by an instrument signed by the Issuer filed with the Trustee. The Issuer will remove a Paying Agent upon written direction from the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

(c) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any Bonds and money held by it in such capacity to its successor or, if there is no successor, to the Trustee.

Section 6.14. Custody of Collateral.

The Trustee shall hold such of the Collateral (and any other collateral that may be granted to the Trustee) as consists of instruments, deposit accounts, securities accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Trustee shall hold such of the Collateral as constitutes investment property through the Securities Intermediary (which, as of the date hereof, is [TRUSTEE]). The initial Securities Intermediary hereby agrees (and each future Securities Intermediary shall agree) with the Trustee that (a) such investment property shall at all times be credited to a securities account of the Trustee, (b) the Securities Intermediary shall treat the Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Trustee without the further consent of any other Person, (e) the Securities Intermediary will not agree with any Person other than the Trustee to comply with entitlement orders originated by such other Person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Trustee), and (g) such securities accounts shall be governed by the internal laws of the State of New York. Terms used in the preceding sentence that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.14, or elsewhere in this Trust Agreement, the Trustee shall not hold Collateral through an agent or a nominee.

ARTICLE VII
The Bondholders

Section 7.01. Acts of the Bondholders; Evidence of Ownership.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Trust Agreement to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act of the Bondholders" signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Trust Agreement and (subject to Section 6.01) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section 7.01.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved in any manner that the Trustee deems sufficient.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Bonds shall bind the Holder of every Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 7.02. Notice to Bondholders.

Where this Trust Agreement provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Bondholder affected by such event, at such Bondholder's address as it appears on the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Bondholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Trust Agreement provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Bondholders when such notice is required to be given pursuant to any provision of this Trust Agreement, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Where this Trust Agreement provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

Section 7.03. Issuer to Furnish Trustee Names and Addresses of Bondholders.

Unless the Trustee is the Bond Registrar, the Issuer shall furnish or cause to be furnished to the Trustee (a) not more than five (5) days after the earlier of (i) each Record Date and (ii) six (6) months after the last Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Record Date, and (b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 10 days prior to the time such list is furnished. The Trustee shall be the initial Bond Registrar hereunder.

Section 7.04. Preservation of Information; Communications to Bondholders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Trustee as provided in Section 7.03 and the names and addresses of Holders received by the Trustee in its capacity as Bond Registrar. The Trustee may destroy any list furnished to it as provided in such Section 7.03 upon receipt of a new list so furnished.

(b) Upon the written request of any Holder or group of Holders, each of whom has held its Bond for at least six (6) months, the Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders of the Bonds, for purposes of communicating with other Holders with respect to their rights hereunder. The Trustee may elect not to afford the requesting Holders access to the list of Holders of the Bonds if it agrees to mail the desired communication or proxy, on behalf and at the expense of the requesting Holders, to all Holders of the Bonds.

Section 7.05. Provision of Information; Servicer Reports.

(a) The Trustee shall be authorized to provide any information received under the Servicing Agreement to Bondholders.

(b) The Trustee may, and, upon the direction of the any Holder of the Eligible Bonds representing not less than $1,000,000 Outstanding Amount of the Eligible Bonds, shall, request the Servicer to provide to the Trustee any financial information in respect of the Servicer, or any information regarding the Restructuring Property, as may be necessary and permitted by law to monitor the Servicer's performance under the Servicing Agreement. In addition, so long as any of the Bonds are Outstanding, or the Issuer's obligations under any Ancillary Agreement have not been performed in full, the Trustee may, and, upon the direction of any Holder of the Eligible Bonds representing not less than $1,000,000 Outstanding Amount of the Eligible Bonds, shall, request the Servicer to provide to the Trustee any information available to the Servicer or reasonably obtainable by the Servicer that is necessary to perform the Trustee's duties under this Trust Agreement, and to determine compliance by the Servicer with the Servicing Agreement, including calculation of the Transition Charges or performance of the Adjustment Mechanism.

(c) The Restructuring Property Documentation shall be open to the inspection of, and shall be provided upon request to any Bondholder or any Surety Provider. The Trustee, upon the direction of any Bondholder or any Surety Provider, shall request that such Restructuring Property Documentation be provided to such Bondholder or Surety Provider.

(d) The Trustee shall have the right to conduct any review permitted by Section 3.09 of the Servicing Agreement, and the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds may initiate or direct the Trustee to initiate such review.

(e) Upon the written request of any Bondholder, any Surety Provider or any Rating Agency to the Trustee addressed to the Corporate Trust Office, the Bond Registrar, or in its absence or failure the Paying Agent, shall provide such requesting party, the Trustee and the Paying Agent or Bond Registrar, as applicable, with a copy of any Semiannual Servicer Certificate, Annual Accountant's Report and any other report of the Servicer referred to in the Servicing Agreement.

Section 7.06. Persons Excluded From Holding the Bonds.

The Issuer, the Servicer, the Commonwealth, or its instrumentalities, public corporations, or municipalities, or any subsidiary or affiliate of any of them, including, but not limited to, GDB and FAFAA, are hereby prohibited from directly or indirectly holding, voting or controlling the Bonds.

Section 7.07. Assured, National and Holders of 2016 PREPA Bonds Treated as Bondholders.

(a) For all purposes of this Trust Agreement or any other Financing Document, including for the purposes of the definition of Eligible Bonds as applied in this Trust Agreement or any other Financing Document:

(i) Assured [and the holders of the Defeased Assured PREPA Bonds, as applicable,][2] shall be recognized as the Holders of the Assured Mirror Bonds for the purposes of exercising any and all of the rights and privileges of the Holders of the Assured Mirror Bonds (including, without limitation, the right to provide any consent or direction with respect

[2] NTD: Under discussion between AHG and monolines.

to the Assured Mirror Bonds or institute any suit, action or proceeding at law or equity under the same terms as Holder of the Assured Mirror Bonds, in accordance with this Trust Agreement, any Financing Document or otherwise) as [and to the extent] provided in the Assured Escrow Agreement[3] with respect to the Defeased Assured PREPA Bonds.

(ii) National [and the holders of the Defeased National PREPA Bonds, as applicable,][4] shall be recognized as the Holders of the National Mirror Bonds for the purposes of exercising any and all of the rights and privileges of the Holders of the National Mirror Bonds (including, without limitation, the right to provide any consent or direction with respect to the Assured Mirror Bonds or institute any suit, action or proceeding at law or equity under the same terms as Holder of the Assured Mirror Bonds, in accordance with this Trust Agreement, any Financing Document or otherwise) as [and to the extent] provided in the National Escrow Agreement[5] with respect to the Defeased National PREPA Bonds.

(b) For all purposes of this Trust Agreement or any other Financing Document, including for the purposes of the definition of Eligible Bonds as applied in this Trust Agreement or any other Financing Document, the beneficial owners of the 2016 PREPA Bonds shall be treated as the Holders of the 2016 PREPA Mirror Bonds and shall be entitled to exercise the rights of the Holders of the 2016 PREPA Mirror Bonds as and to the extent provided in the 2016 PREPA Bonds Escrow Agreement.

ARTICLE VIII
Accounts, Disbursements and Releases

Section 8.01. Collection of Money.

Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Trust Agreement, the Depository Agreement and the other Financing Documents. The Trustee shall apply all such money received by it as provided in this Trust Agreement. Except as otherwise expressly provided in this Trust Agreement, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Collateral, the Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and

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[3] Assured Escrow Agreement to provide that (a) Assured will be entitled to exercise voting and enforcement rights with respect to the Assured Mirror Bonds as long as Assured is entitled to exercise voting and enforcement rights with respect to the Defeased Assured PREPA Bonds in accordance with the terms of the applicable insurance agreement, [and (b) holders of such Defeased Assured PREPA Bonds will be entitled to exercise voting and enforcement rights with respect to the Assured Mirror Bonds whenever Assured is not entitled to exercise voting and enforcement rights with respect to the Defeased Assured PREPA Bonds in accordance with the terms of the applicable insurance agreement. If there is a dispute between Assured and the holders of such Defeased Assured PREPA Bonds as to whether Assured is entitled to exercise such voting and enforcement rights, then it will be deemed for purposes of the Assured Escrow Agreement and this Trust Agreement that Assured is entitled to exercise such voting and enforcement rights if it delivers a certification to that effect to the Trustee.] Bracketed text under discussion by AHG and monolines.

[4] NTD: Under discussion between AHG and monolines.

[5] National Escrow Agreement to provide that (a) National will be entitled to exercise voting and enforcement rights with respect to the National Mirror Bonds as long as National is entitled to exercise voting and enforcement rights with respect to the Defeased National PREPA Bonds in accordance with the terms of the applicable insurance agreement, [and (b) holders of such Defeased National PREPA Bonds will be entitled to exercise voting and enforcement rights with respect to the National Mirror Bonds whenever National is not entitled to exercise voting and enforcement rights with respect to the Defeased National PREPA Bonds in accordance with the terms of the applicable insurance agreement. If there is a dispute between National and the holders of such Defeased National PREPA Bonds as to whether National is entitled to exercise such voting and enforcement rights, then it will be deemed for purposes of the National Escrow Agreement and this Trust Agreement that National is entitled to exercise such voting and enforcement rights if it delivers a certification to that effect to the Trustee.] Bracketed text under discussion by AHG and monolines.

prosecution of appropriate Proceedings to enforce the provisions of the Servicing Agreement or the Depository Agreement. Any such action shall be without prejudice to any right to assert a Default or Event of Default under this Trust Agreement and any right to proceed thereafter as provided in Article V.

Section 8.02. Collection Account.

(a) Prior to the Issuance Date, the Trustee shall establish or cause to be established at the Trustee's Corporate Trust Office, or at another Eligible Institution, one or more segregated trust accounts at a branch located in New York, New York, in the Trustee's name for the deposit of Restructuring Property and other amounts remitted under the Servicing Agreement, the Depository Agreement or otherwise received with respect to the Collateral (collectively, the "Collection Account"). The Trustee shall hold the Collection Account for the benefit of Bondholders, the Ancillary Agreement Providers, the Trustee and the other Persons indemnified hereunder. The Collection Account will consist of five Subaccounts: a general subaccount (the "General Subaccount"), a debt service reserve subaccount (the "Debt Service Reserve Subaccount"), an overcollateralization subaccount (the "Overcollateralization Subaccount"), an excess funds subaccount (the "Excess Funds Subaccount"), and a Up-Front Financing Costs subaccount (the "Upfront Financing Costs Subaccount").

Within the General Subaccount, one or more sub-subaccounts may be established under a Supplemental Trust Agreement with respect to each Series of Bonds (the "Debt Service Subaccounts").

Subaccounts will be established in the Debt Service Reserve Subaccount as provided in Section 8.07(a).

For administrative purposes, the Subaccounts, including, without limitation, any sub- subaccounts may be established by the Trustee as separate accounts. All references to the Collection Account shall be deemed to include reference to all Subaccounts.

(i) Concurrently with the issuance of any Series of Bonds, there shall be deposited into the Upfront Financing Costs Subaccount the proceeds of any Series of Bonds in an amount specified in the related Trust Agreement Supplement. Moneys in the Upfront Financing Costs Subaccount shall be applied to pay Upfront Financing Costs related to such Bonds as directed by an Issuer Order. Any amounts remaining in the Upfront Financing Costs Subaccount 180 days following the Issuance Date shall be transferred to the General Subaccount or as otherwise directed in an Issuer Order.

(ii) The Collection Account shall at all times be maintained as an Eligible Account and only the Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with this Trust Agreement. Funds in the Collection Account shall not be commingled with any other moneys. Except as provided in Section 8.03, all moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Trust Agreement, and all investments made in Eligible Investments with such moneys, including all income or other gain from such investments, shall be held by the Trustee in the Collection Account as part of the Collateral as herein provided.

(iii) The Lien of this Trust Agreement is pursuant to, in accordance with and governed by Article 35(k)(2) of the Act. The following provisions of this paragraph are included only to the extent Article 8 of the UCC is deemed to apply to any part of the Collateral, in addition to, and not as a qualification or limitation of, the preceding sentence. The Securities Intermediary hereby confirms that (A) the Collection Account is, or at inception will be

established as, a "securities account" as such term is defined in Section 8-501(a) of the UCC, (B) it is a "securities intermediary" (as such term is defined in Section 8-102(a) (14) of the UCC) and is acting in such capacity with respect to such accounts, and (C) the Trustee for the benefit of the Bondholders and the Ancillary Agreement Providers is the sole "entitlement holder" (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and no other Person shall have the right to give "entitlement orders" (as such term is defined in Section 8-102(a)(8)) with respect to such accounts, and agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the Collection Account and shall be treated by it as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC. Notwithstanding anything to the contrary, New York State shall be deemed to be the jurisdiction of the Securities Intermediary for purposes of Section 8-110 of the UCC, and the Collection Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

(b) The Trustee shall have sole dominion and exclusive control over all moneys in the Collection Account and shall apply such amounts therein as provided in this Section 8.02.

(c) All remittances to the Trustee as provided in Sections 3.03 and 5.11 and Annex 3 of the Servicing Agreement and Section 3 of the Depository Agreement shall be deposited in the General Subaccount. All deposits to and withdrawals from the Collection Account and all allocations to the Subaccounts of the Collection Account shall be made by the Trustee in accordance with the written instructions provided by the Servicer in the Semiannual Servicer Certificate or as otherwise provided in the Servicing Agreement or herein. To the extent that the Trustee shall receive from the Servicer or the Depository an amount not constituting Collateral, other than as Excess Remittances to be repaid as contemplated by the last paragraph of Section 8.02(e) below, the Trustee shall promptly notify the Issuer, the Depository and the Servicer and remit such amount to the Depository.

(d) On any Business Day upon which the Trustee receives a written request from the Servicer or Administrator stating that any Operating Expense payable by the Issuer (but only as described in clauses (i) through (vi) of Section 8.02(e) below) will become due and payable prior to the next succeeding Payment Date, and setting forth the amount and nature of such Operating Expenses, as well as any supporting documentation that the Trustee may reasonably request, the Trustee, upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Overcollateralization Subaccount, in that order and only to the extent required to make such payment. In no event shall amounts on deposit in the Debt Service Reserve Subaccounts be applied to pay Operating Expenses or to any purpose other than the payment of amounts payable under clauses (vii) through (ix) of Section 8.02(e) below.

(e) On each Payment Date, or for any amount payable under clauses (i) through (vi) below on any Business Day pursuant to Section 8.02(d), the Trustee shall apply, at the direction of the Servicer, all amounts on deposit in the Collection Account (other than amounts on deposit in the Debt Service Reserve Subaccounts which shall be applied solely to amounts payable under clauses (vii) through (ix) below), including all earnings thereon, to allocate or pay the following amounts, in accordance with the Semiannual Servicer Certificate, in the following priority:

(i) all fees, costs, expenses (including legal fees and expenses) and, to the extent not in excess of $___,000 in each calendar year, indemnity amounts owed by the Issuer to the Trustee under the applicable Financing Documents shall be paid to the Trustee; provided, however, that in the event of an Event of Default the provisions of Sections 5.13 and 6.01(g) shall apply;

(ii) subject to the Priority Payment Cap Amount, the Depository Fee and all unpaid Depository Fees from prior Payment Dates shall be paid to the Depository;

(iii) subject to the Priority Payment Cap Amount, the Servicing Fee for such Payment Date, and all unpaid Servicing fees from prior Payment Dates, [to the extent of Servicing Fees not in excess of _____% of the aggregate initial principal amount of the Bonds in each calendar year shall be paid to the Servicer;]

(iv) subject to the Priority Payment Cap Amount, the Calculation Agent Fee for such Payment Date, and all unpaid Calculation Agent Fees from prior Payment Dates, shall be paid to the Calculation Agent;

(v) subject to the Priority Payment Cap Amount, the Administration Fee and all unpaid Administration Fees from prior Payment Dates shall be paid to the Administrator;

(vi) (A) first, subject to the Priority Payment Cap Amount, the payment of all other Operating Expenses (other than as provided by clauses (x), (xii), (xvi) and (xvii) below) for such Payment Date shall be paid to the Persons entitled thereto and (B) second, any premium payment or other periodic fee payable in the ordinary course to a Surety Provider under a Surety Bond Agreement on or prior to such Payment Date that is not paid under clause (vi)(A);

(vii) (A) first, any overdue interest (together with, to the extent lawful, interest on such overdue interest at the applicable Bond Interest Rate) and (B) second, interest for such Payment Date shall be paid to the Bondholders;

(viii) principal due and payable on the Bonds pro rata across all Series and Tranches as a result of an Event of Default (assuming the Bonds have been declared immediately due and payable) or on or after the Legal Maturity Date of a Tranche of a Series of the Bonds, shall be paid to the Bondholders, provided that if the Bonds have been declared immediately due and payable, amounts owed by the Issuer to any Surety Provider in satisfaction of the Reimbursement Obligation in respect of any Surety Bond Agreement held to the credit of the Debt Service Reserve Subaccount will also be paid *pro rata* with the Bonds, [and provided further that (i) Assured Mirror Bonds shall not be paid pursuant to this clause (viii) until the conditions set forth in the penultimate paragraph of Section 5.01 are satisfied, (ii) the National Mirror Bonds shall not be paid pursuant to this clause (viii) until the conditions set forth in the last paragraph of Section 5.01 are satisfied and (iii) the 2016 Mirror Bonds shall be paid pursuant to this clause (viii) until the conditions set forth in the third to last paragraph of Section 5.01 are satisfied;][6]

(ix) any unpaid principal (assuming the Bonds have not been declared immediately due and payable) and principal for such Payment Date shall be paid to Holders of a Tranche of a Series of Bonds in respect of which a Scheduled Maturity Date has occurred on or prior to such Payment Date in accordance with the priorities of Section 2.08(b) hereof and the applicable Supplemental Trust Agreement, as described in the second succeeding paragraph;

(x) indemnity amounts owed by the Issuer to the Trustee under the applicable Financing Documents, to the extent in excess of $___,000 in each calendar year, shall be paid to the Trustee and premiums for directors' and officers' liability insurance for trustees and officers of the Issuer shall be paid to the provider of such insurance or, if such premium is paid by the

[6] Under discussion

Administrator pursuant to Section 1.03(a) of the Administration Agreement, the amount of such premium shall be paid to the Administrator in reimbursement thereof;

(xi) the amount owed by the Issuer in satisfaction of the Reimbursement Obligation under any Ancillary Agreement held to the credit of a Debt Service Reserve Subaccount that is not paid under clause (viii) above;

(xii) the Servicing fee for such Payment Date, and all unpaid Servicing fees from prior Payment Dates, to the extent of Servicing fees in excess of _____% of the aggregate initial principal amount of the Bonds in each calendar year shall be paid to the Servicer;

(xiii) the amount, if any, by which a Required Debt Service Reserve Level exceeds the amount in the related Debt Service Reserve Subaccount as of such Payment Date shall be paid or allocated to such Debt Service Reserve Subaccount;

(xiv) the amount, if any, required in order for the Issuer to timely replace the Surety Bonds with cash in the respective Debt Service Reserve Subaccounts pursuant to Section 8.07(d) hereof with such amount to be allocated on a pro rata basis among such Debt Service Reserve Subaccounts;

(xv) amounts payable pursuant to Section 8.02(e)(ii) through (vi) in excess of the Priority Payment Cap Amount (and in the order of priority therein provided);

(xvi) the amount, if any, paid pursuant to clause (I) or (J) of the definition of Ongoing Financing Costs that is not paid under clauses (i) or (x) above;

(xvii) to the maximum extent permitted by law, any fines, penalties, sanctions, assessments, judgments, damages or other monetary impositions or recoveries paid or payable by the Corporation;

(xviii) any amounts required to be deposited into any Overcollateralization Subaccount created pursuant to any Supplemental Trust Agreement in accordance with the terms of such Supplemental Trust Agreement or Surety Bond Agreement; and

(xix) the balance, if any, shall be paid or allocated to the Excess Funds Subaccount for distribution on subsequent Payment Dates.

The entire amount on deposit, first, in the Excess Funds Subaccount and, second, in the Overcollateralization Subaccount, shall be used to the extent practicable to make all or a portion of the last remaining payments contemplated by clauses (vii), (viii) and (ix) above and any unpaid Operating Expenses. When no Bonds remain Outstanding and all Ongoing Financing Costs (including any rebate or other amounts payable to the United States of America under Section 148 of the Code) have been paid, or their payment provided for, in full, then the balance, if any, in the Collection Account (including all Subaccounts therein) shall be paid to or at the direction of the Issuer and applied to Customer refunds in a manner directed by the Commission in accordance with the Restructuring Resolution.

All partial payments of interest pursuant to clause (vii) shall be allocated among each Tranche of each Series of Bonds *pro rata* based upon the respective amounts of interest owed on the Bonds of each Tranche, and allocated and paid to Holders within each Tranche of each Series *pro rata* based upon the respective amount of interest owed on the Bonds held. All partial payments of principal pursuant to clause (viii) shall be made to such Holders *pro rata* based on the respective principal amounts of Bonds held by

such Holders. All payments of principal or Redemption Price pursuant to clause (ix) above with respect to each Tranche of each Series shall be made to the Holders of the Tranche then entitled to payment, based upon, in the case of Serial Bonds, the Outstanding Amount of such Bonds and, in the case of Term Bonds, the Scheduled Sinking Fund Payment of such Bonds, all in accordance with the priorities of Section 2.08(b) hereof and the applicable Supplemental Trust Agreement.

Amounts on deposit in the General Subaccount or the Excess Funds Subaccount if necessary shall be applied, at the direction of the Servicer, to pay Excess Remittances to the Servicer pursuant to Section 3.03(f) of the Servicing Agreement.

(f) If on any Payment Date, or for any amounts payable under clauses (i) through (vi) above, on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated by clauses (i) through (xi) of Section 8.02(e), the Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount and (ii) second, draw from amounts on deposit in the Overcollateralization Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by clauses (i) through (xi) of Section 8.02(e). In addition, if on any Payment Date, funds on deposit in the General Subaccount (including in the Debt Service Subaccounts), together with moneys available in the Excess Funds Subaccount and the Overcollateralization Subaccount, are insufficient to make the payments contemplated by clauses (vii) through (ix) of Section 8.02(e), the Trustee shall then, in accordance with the provisions of Section 8.07, draw (A) from amounts on deposit in the Common Debt Service Reserve Subaccount, up to the amount of such shortfall in order to make the payments contemplated by such clause[s] (vii)[, (viii) and (ix)][7] of Section 8.02(e) on the Common Reserve Bonds and (B) from amounts on deposit in a particular Mirror Bond Debt Service Reserve Subaccount, up to the amount of such shortfall in order to make the payments contemplated by such clauses (vii) through (ix) of Section 8.02(e) on the Mirror Bonds for which such Mirror Bond Debt Service Reserve Subaccount has been established. If on any Payment Date funds on deposit in the Collection Account are insufficient to make the transfers contemplated by clause (vii), (viii) or (ix) of Section 8.02(e), the Trustee will allocate the funds drawn pursuant to the first sentence of this paragraph among the Tranches *pro rata* as provided in Section 8.02(e).

(g) Eligible Investments shall, for purposes of determining the amount on deposit in any Subaccount, be valued at par or maturity value.

Section 8.03. General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Trustee at the written direction provided by or on behalf of the Issuer, upon Issuer Order; provided, however, that, except with respect to moneys in the Debt Service Reserve Subaccount, (i) such Eligible Investments shall mature or be redeemable at the option of the holder on or prior to the Business Day next preceding the next Payment Date or, if applicable, special payment date pursuant to Section 2.08(c), and (ii) such Eligible Investment shall not be sold, liquidated or otherwise disposed of at a loss prior to the maturity or redemption date thereof. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Trustee in the Collection Account, and any loss resulting from such investments shall be charged to the Collection Account. Eligible Investments in any Debt Service Reserve Subaccount may mature or be redeemable as provided in any Supplemental Trust Agreement. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or date of redemption the failure of the Issuer to

[7] NTD: Monolines and ad-hoc group to discuss whether draws can be made on Common Debt Service Reserve Subaccount for the payment of principal prior to the Legal Maturity Date.

provide timely written investment direction. The Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order. If the rating of the Eligible Institution, which may be the Trustee's Corporate Trust Office, falls below the rating requirements set forth in clause (b) of the definition of Eligible Institution, the Issuer shall, within one (1) month after notice of such rating change, cause the Collection Account to be transferred to an institution meeting the requirements set forth in clause (b) of the definition of "Eligible Institution."

(b) Subject to Section 6.01(c), the Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Trustee's failure to make payments on such Eligible Investments issued by the Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Trustee by 11:00 am. Eastern Time (or such other time as may be agreed by the Issuer and Trustee) on any Business Day or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Bonds but the Bonds shall not have been declared immediately due and payable pursuant to Section 5.02, then the Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Collection Account in U.S. Treasury Securities specified in the most recent investment directions delivered by the Issuer to the Trustee with respect to such type of Eligible Investments.

Section 8.04. Release of Collateral.

(a) So long as the Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Trustee or the Holders, but only as and to the extent permitted by the Financing Documents. All proceeds of such collections, sales or dispositions that are allocable to Transition Charges shall become Collateral and be deposited with the Trustee for deposit into the General Subaccount pursuant to the Servicing Agreement. Without limiting the foregoing, the Issuer, through the Servicer, may at any time and from time to time without any notice to, or release or consent by, the Trustee or the Holders, sell or otherwise dispose of any Collateral which is part of a utility bill previously written-off as a defaulted or uncollectible account in accordance with the Servicing Agreement and the requirements of the immediately preceding sentence.

(b) The Trustee may, and when required by the provisions of this Trust Agreement shall, but only to the extent expressly permitted hereunder, execute instruments to release property from the Lien of this Trust Agreement, or convey the Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Trust Agreement. No party relying upon an instrument executed by the Trustee as provided in this Article VIII shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(c) The Trustee shall, at such time as there are no Bonds Outstanding and all other Ongoing Financing Costs have been paid, release any remaining portion of the Collateral that secured the Bonds from the Lien of this Trust Agreement upon receipt of an Issuer Order.

Section 8.05. Opinion of Counsel.

The Trustee shall receive at least seven (7) days' notice when requested by the Issuer to take any action pursuant to Section 8.04(b), accompanied by copies of any instruments involved, and the Trustee

shall also require, as a condition to such action, an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not adversely impair the security for the Bonds or the rights of the Bondholders in contravention of the provisions of this Trust Agreement; provided, however that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

Section 8.06. Reports by Independent Registered Accountants.

As of the Issuance Date, the Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Trust Agreement. Upon any resignation by such firm the Issuer shall provide written notice thereof to the Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned within fifteen (15) days after such resignation, the Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten (10) days thereafter the Trustee shall promptly appoint a successor firm of Independent registered public accountants of recognized national reputation; provided, however, that the Trustee shall have no liability with respect to such appointment if the Trustee acted with due care with respect thereto. The fees of such Independent registered public accountants and its successor shall be payable by the Issuer.

Section 8.07. Debt Service Reserve Subaccounts.

(a) Within the Debt Service Reserve Subaccount, there are hereby established and shall be maintained the following subaccounts therein:

(i) the "Common Debt Service Reserve Subaccount," which shall serve as a reserve solely for the Common Reserve Bonds.

(ii) the "Mirror Bond Debt Service Reserve Subaccount (Assured)," which shall serve as a reserve solely for the Assured Mirror Bonds.

(iii) the "Mirror Bond Debt Service Reserve Subaccount (National)," which shall serve as a reserve solely for the National Mirror Bonds.

(iv) the "Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds)," which shall serve as a reserve solely for the 2016 PREPA Mirror Bonds.

One or more additional sub-subaccounts within the Debt Service Reserve Subaccount may be established as provided in any Supplemental Trust Agreement.

(b) After each Debt Service Reserve Subaccount is initially funded in accordance with subsection Section 2.10(f), there shall thereafter be maintained in each Debt Service Reserve Subaccount an amount equal to the Required Debt Service Reserve Levels. [The Common Debt Service Reserve Subaccount shall be disbursed solely for the purpose of paying principal on and after the [Scheduled][Legal[8] Maturity Date] of, and interest on, Bonds of the Series for which such Common Debt

[8] Under discussion between AHG and Monolines

Service Reserve Subaccount was established for the payment of which there shall be insufficient money in the General Subaccount (including in the Debt Service Subaccounts), the Excess Funds Subaccount and the Overcollateralization Subaccount, and the holders of any other Series of Bonds shall have no right to payment of principal of or interest on Bonds from, and shall have no Lien on, amounts on deposit in such account.][9] [Each Mirror Bond Debt Service Reserve Subaccount shall be disbursed solely for the purpose of paying principal (on and after the Scheduled Maturity Date) of, and interest on, Bonds of the Series for which such Mirror Bond Debt Service Reserve Subaccount was established for the payment of which there shall be insufficient money in the General Subaccount (including in the Debt Service Subaccounts), the Excess Funds Subaccount and the Overcollateralization Subaccount, and the holders of any other Series of Bonds shall have no right to payment of principal of or interest on Bonds from, and shall have no Lien on, amounts on deposit in such account.]

(c) (i) Disbursement from each Debt Service Reserve Subaccount shall be made in the following order of priority:

(A) cash on deposit in such Debt Service Reserve Subaccount,

(B) amounts drawn on an Ancillary Agreement on deposit in such Debt Service Reserve Subaccount, and ratably among Ancillary Agreements.

(ii) Upon issuance of Additional Bonds pursuant to Section 3.09(b)(i):

(A) cash and Surety Bonds on deposit in the Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds) shall be transferred to the Common Debt Service Reserve Subaccount. If only a portion of the 2016 PREPA Mirror Bonds are exchanged for Additional Bonds pursuant to Section 3.09(b)(i), a ratable portion of the cash and Surety Bonds on deposit in the Mirror Bond Debt Service Reserve Subaccount (2016 PREPA Bonds) shall be transferred to the Common Debt Service Reserve Subaccount,

(B) the Issuer shall cause Ancillary Agreements to be delivered by Assured pursuant to the Assured Commitment in accordance with clause (a) of the definition thereof and by National pursuant to the National Commitment in accordance with clause (a) of the definition thereof which shall be deposited in the Common Debt Service Reserve Subaccount.

(C) Surety Bonds transferred pursuant to Section 8.06(c)(ii)(A) and Ancillary Agreements delivered pursuant to Section 8.06 (c)(ii)(A) shall aggregate 9% of the Outstanding Amount of the Additional Bonds issued pursuant to Section 3.09(b)(i).

(d) All Assured and National Surety Bonds on deposit in each Debt Service Reserve Subaccount on the Initial Issuance Date (the "Target Surety Bonds") shall be subject to the following:

(i) The Target Surety Bonds shall be replaced by the Issuer using cash over seven (7) years beginning in year seven (7) following the Initial Issuance Date, to be funded as an Ongoing Financing Cost in equal amounts each year.

[9] Under discussion between AHG and monolines as to whether Common DSRF should cover principal and sinking fund installments on Scheduled Maturity Dates and Legal Maturity Dates, or just on Legal Maturity Dates.

(ii) If an Excess Surety Event exists as of the date that is two (2) years after the Initial Issuance Date, then the percentage of the Target Surety Bonds equal to the Excess Surety Amount shall be replaced by the Issuer using cash over nine (9) years to be funded as an Ongoing Financing Cost in equal amounts beginning with the next adjustment to the Transition Charges following the 25th month after the Initial Issuance Date and the first cash replacement shall occur on the 31st month after the Initial Issuance Date.

(iii) Notwithstanding (d)(ii) above, if an Excess Surety Event exists as of the date that is two (2) years after the Initial Issuance Date, but ceases to exist at any time thereafter, then any remaining amount of the Target Surety Bonds shall be replaced by the Issuer using cash over seven (7) years beginning in year seven (7), to be funded as an Ongoing Financing Cost in equal amounts each year.

(iv) The existence of an Excess Surety Event will not result in an Event of Default hereunder or any liability of the Issuer other than accelerated replacement of all Target Surety Bonds referenced in this subsection (d).

(v) Reductions between or among Ancillary Agreements shall be ratable based on the Excess Surety Amount applicable to Assured and the Excess Surety Amount applicable to National.

(vi) In applying the provisions of this subsection (d), the following procedures shall apply:

[procedures to come]

ARTICLE IX
Supplemental Trust Agreements

Section 9.01. Supplemental Trust Agreements Without Consent of Bondholders.

Notwithstanding any other provision of this Trust Agreement, including, but not limited to Section 3.05(m), without the consent of the Holders of any Bonds but with prior notice to the Rating Agencies, the Issuer, the Surety Providers and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more trust agreements supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes provided that such action does not adversely affect the interests of the Holders of the Bonds or the Ancillary Agreement Providers:

(i) to correct or amplify the description of any property, including without limitation the Collateral, at any time subject to the Lien of this Trust Agreement, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the Lien of this Trust Agreement, or to subject to the Lien of this Trust Agreement additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Bonds contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Holders of the Bonds and the Ancillary Agreement Providers, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental Trust Agreement which may be inconsistent with any other provision herein or in any supplemental Trust Agreement or to make any other provisions with respect to matters or questions arising under this Trust Agreement or in any supplemental Trust Agreement;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Bonds and to add to or change any of the provisions of this Trust Agreement as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Trust Agreement to such extent as shall be necessary to effect the qualification of this Trust Agreement under the Trust Indenture Act or under any similar federal statute hereafter enacted and to add to this Trust Agreement such other provisions as may be expressly required by the Trust Indenture Act;

(viii) to qualify the Bonds of any Tranche for listing on a securities exchange or registration with a Clearing Agency;

(ix) to satisfy any Rating Agency requirements or criteria or to maintain, or improve upon, the existing ratings on the Bonds; or

(x) to provide for the issuance of Series of Bonds in compliance with the provisions of this Trust Agreement.

The Trustee is hereby authorized to join in the execution of any such supplemental Trust Agreement and to make any further appropriate agreements and stipulations that may be therein contained.

Section 9.02. Supplemental Trust Agreements with Consent of Bondholders and Ancillary Agreement Providers.

The Issuer and the Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of each Tranche to be affected and each Ancillary Agreement Provider to be affected, by Act of such Holders delivered to the Issuer and the Trustee, enter into a trust agreement or trust agreements supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Trust Agreement or of modifying in any manner the rights of the Holders of the Bonds under this Trust Agreement; provided, however, that no such supplemental Trust Agreement shall, without the consent of the Holder of each Outstanding Bond of each Tranche affected thereby:

(i) change the date of payment of any installment of principal of or interest on any Bond, or reduce the principal amount thereof or the interest rate thereon, change the provisions of this Trust Agreement relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on the Bonds, or change any place of payment where, or the coin or currency in which, any Bond or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of this Trust Agreement requiring the

application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Bonds on or after the respective due dates thereof;

(ii) reduce the percentage of the Outstanding Amount of the Bonds or of a Series or a Tranche thereof, the consent of the Holders of which is required for any such supplemental Trust Agreement, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Trust Agreement or certain defaults hereunder and their consequences provided for in this Trust Agreement;

(iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(iv) reduce the percentage of the Outstanding Amount of the Bonds required to direct the Trustee to direct the Issuer to sell or liquidate the Collateral pursuant to Section 5.04;

(v) modify any provision of this Section 9.02 except to increase any percentage specified herein or to provide that certain additional provisions of this Trust Agreement or the other Financing Documents cannot be modified or waived without the consent of the Holder of each Outstanding Bond affected thereby;

(vi) modify any of the provisions of this Trust Agreement in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedules, Expected Sinking Fund Schedule or Legal Maturity Dates of any Series or Tranche of Bonds;

(vii) decrease the Required Debt Service Reserve Level or Required Overcollateralization Level ;

(viii) modify the provisions of this Trust Agreement regarding the voting of the Bonds held by the Issuer, the Servicer or any Affiliate of any of the foregoing Persons;

(ix) decrease the percentage of the aggregate principal amount of Bonds or affected Tranche required to amend the sections of this Trust Agreement which specify applicable percentages of the aggregate principal amount of the Bonds necessary to amend any Financing Document;

(x) cause a violation of Section 3.16; or

(xi) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Trust Agreement with respect to any part of the Collateral, other than as contemplated by Section 3.09(b) or (d), or except as otherwise permitted or contemplated herein, terminate the Lien of this Trust Agreement on any property at any time subject hereto or deprive the Holder of any Bond of the security provided by the Lien of this Trust Agreement.

The Trustee may in its discretion determine whether or not any Bonds of a Series or a Tranche would be affected by any supplemental Trust Agreement and any such determination shall be conclusive upon the Holders of all Bonds of such Series or Tranche, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for any Act of Bondholders under this Section 9.02 to approve the particular form of any proposed supplemental Trust Agreement, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental Trust Agreement pursuant to this Section 9.02, the Issuer shall send or cause to be sent to the Rating Agencies, Ancillary Agreement Providers and the Holders of the Bonds to which such amendment or supplemental Trust Agreement relates either a copy of such supplemental Trust Agreement or a notice setting forth in general terms the substance of such supplemental Trust Agreement. Any failure of the Trustee to send such copy or notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental Trust Agreement.

Notwithstanding anything in this Trust Agreement to the contrary, no amendment, modification or waiver of any provision of this Trust Agreement that adversely affects the interests of any Surety Provider shall be effective without the prior written consent of such Surety Provider; provided that if a Surety Provider states in writing that an amendment, modification or waiver does not adversely affect its interests, then such Surety Provider shall be deemed to have consented to such amendment, modification or waiver for purposes of this paragraph.

Section 9.03. Execution of Supplemental Trust Agreements.

In executing any supplemental Trust Agreement permitted by this Article IX or the modifications thereby of the trusts created by this Trust Agreement, the Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental Trust Agreement is authorized or permitted by this Trust Agreement. The Trustee may, but shall not be obligated to, enter into any such supplemental Trust Agreement that affects the Trustee's own rights, duties, liabilities or immunities under this Trust Agreement or otherwise.

Any supplemental Trust Agreement shall be accompanied by an Opinion of Counsel to the effect that it does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 9.04. Effect of Supplemental Trust Agreement.

Upon the execution of any supplemental Trust Agreement pursuant to the provisions hereof, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith with respect to each Tranche of Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Trust Agreement of the Trustee, the Issuer and the Holders of the Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental Trust Agreement shall be and be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes. If required by the Trustee, Bonds may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental Trust Agreement. If the Issuer or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Issuer, to any such supplemental Trust Agreement may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE X
Redemption of Bonds

Section 10.01. Redemption by Issuer.

This Trust Agreement does not permit redemption of Bonds prior to maturity under any circumstances, except as required or permitted by the applicable Supplemental Trust Agreement, and in each case pursuant to this Article X.

Section 10.02. Privilege of Redemption and Redemption Price.

Bonds of a Tranche of a Series subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article X, at the times and at the Redemption Prices specified in the applicable Supplemental Trust Agreement.

Section 10.03. Redemption at the Direction of the Issuer.

In the case of any redemption of Bonds at the direction of the Issuer, the Issuer shall give written notice to the Trustee of its direction so to redeem, of the redemption date, of the Tranche and of the principal amounts of the Bonds of each maturity of such Tranche and of the Bonds of each interest rate within a maturity to be redeemed (which Tranche, Series, maturities and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in this Trust Agreement). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been provided pursuant to Section 10.06, there shall be paid prior to the redemption date to the appropriate Paying Agent an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Issuer shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent other than the Trustee.

Section 10.04. Redemption Otherwise Than at the Issuer's Direction.

Whenever by the terms of this Trust Agreement the Trustee is required or authorized to redeem Bonds otherwise than at the direction of the Issuer, the Trustee shall (i) select the Bonds to be redeemed, (ii) give the notice of redemption for and on behalf of and at the expense of the Issuer, and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article X.

Section 10.05. Selection of Bonds to be Redeemed.

If fewer than all of the Bonds of like Tranche shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that for any Bond of a denomination of more than the Minimum Denomination, the portion of such Bond to be redeemed shall be in a principal amount equal to such Minimum Denomination, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Minimum Denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of such Minimum Denomination.

Section 10.06. Notice of Redemption.

(a) When the Trustee shall receive notice from the Issuer of its election or direction to redeem Bonds pursuant to Section 10.03, and when redemption of Bonds is authorized or required pursuant to Section 10.04, the Trustee shall give notice, in the name of, on behalf of and at the expense of the Issuer, of the redemption of such Bonds, which notice shall specify the Series, CUSIP number, if any, maturities and interest rates within maturities, if any, of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like Tranche, Series, maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, subject to Section 10.06(b) below. Such notice shall be mailed by the Trustee, postage prepaid, not less than 30 days before the redemption date, to the Registered Holders of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the Bond Register, subject to Section 2.16(b), and also promptly shall be given to the Rating Agencies.

(b) Any notice of optional redemption of Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

(c) Failure of the Registered Holder of any Bond which is to be redeemed to receive any notice given pursuant to subsection (a) or (b) of this Section 10.06 shall not affect the sufficiency or validity of the proceedings contemplated thereby.

Section 10.07. Payment of Redeemed Bonds.

Notice having been given in the manner provided in Section 10.06, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, if presentation and surrender thereof are required hereby, upon presentation and surrender thereof at the office specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, if presentation and surrender thereof are required hereby, the Issuer shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, at the option of the owner thereof, Bonds of like Tranche, Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Tranche, maturity, or of like interest rate within a maturity, to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Tranche, Series, maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not

be so available on the redemption date, such Bonds or portions thereof shall continue to bear or accrete interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE XI
Miscellaneous

Section 11.01. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Issuer or the Administrator, stating that the information with respect to such factual matters is in the possession of the Servicer, the Issuer or the Administrator, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever in this Trust Agreement, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Trust Agreement, they may, but need not, be consolidated and form one instrument.

Section 11.02. Notices.

(a) Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Trust Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered, or if mailed, three (3) days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Issuer, to:

Puerto Rico Electric Power Authority Revitalization Corporation
c/o _____, as Administrator
_____
San Juan, Puerto Rico _____
Attention: _____
Telephone: (___) _____
Telecopy: (___) _____
Email: _____

if to the Trustee, to:

[TRUSTEE]
_____
New York, New York _____
Attention: _____
Telephone: (___)_____
Telecopy: (___) _____
Email: _____

if to the Servicer, to:

Puerto Rico Electric Power Authority
P.O. Box 364267
San Juan, Puerto Rico 00936-4267
Attention: Office of the General Counsel
Telephone: (___) _____
Telecopy: (___) _____
Email: _____

if to the Rating Agencies, to:

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attention: Structured Credit Surveillance
Telephone: 212-438-8991
E-mail: servicer-report@standardandpoors.com

and

Moody's Investors Service, Inc.
25th Floor, 7 World Trade Center, 250 Greenwich Street
New York, New York 10007
Attention: ABS/RMBS Monitoring Department
E-mail: ServicerReports@moodys.com

and

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Attention: ABS Surveillance
Telephone: 212-908-0500
E-mail: surveillance-abs-other@fitchratings.com

If to the Ancillary Agreement Providers, then to the address set forth for such Ancillary Agreement Provider in the applicable Ancillary Agreement.

or in each case at such other address as shall be designated to the Issuer and the Trustee.

Section 11.03. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 11.04. Successors and Assigns.

All covenants and agreements in this Trust Agreement and the Bonds by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Trust Agreement shall bind its successors.

Section 11.05. Severability.

In case any provision in this Trust Agreement or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.06. Benefits of Trust Agreement.

Nothing in this Trust Agreement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Bondholders, and any other party secured hereunder (including, without limitation, each Ancillary Agreement Provider), and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Trust Agreement.

Section 11.07. Legal Holidays.

In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Bonds or this Trust Agreement) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date. In any case where the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, is not a Business Day, such act may be performed and such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the date on which nominally required.

Section 11.08. Governing Law.

(a) This Trust Agreement shall be governed by the law of New York and shall be construed in accordance with the substantive laws of the State of New York, applied as if this Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. All rights of the holders of the Bonds shall be governed by the laws of the State of New York. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Restructuring Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.

(b) With respect to any claim related to the Bonds (including claims arising under the Restructuring Resolution or under the Financing Documents and, to the extent permitted by law, the Initial Servicing Agreement), the Issuer hereby irrevocably submits and waives any objection to the non-exclusive, *in personam* jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and to the application of the laws of the State of New York, and agrees to maintain contacts with the State of New York sufficient to give the courts located therein personal jurisdiction over the Corporation. Notwithstanding the foregoing, any proceeding commenced and undertaken pursuant to the provisions of Articles 33(c) or 33(d) of the Act must be filed in the Superior Court, San Juan Part, and follow the procedures established therein.

Section 11.09. Counterparts.

This Trust Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.10. No Recourse to Trustees, Etc., and Shareholders, Etc.

No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Bonds or under this Trust Agreement or any certificate or other writing delivered in connection herewith or therewith, against (i) any trustee, director, officer, employee, agent or attorney of the Issuer or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the Trustee. Each Bondholder by accepting a Bond specifically confirms the non-recourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for issuance of the Bonds.

Section 11.11. No Recourse to Issuer, Commission or PREPA.

Notwithstanding any provision of this Trust Agreement or any supplemental Trust Agreement to the contrary, Bondholders and the Trustee shall have no recourse to the credit or any assets of the Commission, the Servicer or the Issuer (other than, in the case of the Issuer, the Collateral), but shall look only to the Collateral, with respect to any amounts due to the Bondholders hereunder and under the Bonds and to the Trustee. Each Bondholder by accepting a Bond, and the Trustee, specifically confirms the non-recourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for issuance of the Bonds.

Section 11.12. Inspection.

The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by Independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Trustee's officers, employees, and Independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. The Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by the Trustee from sources other than the Issuer, provided such parties are rightfully in possession of such information and do not have an obligation of confidentiality, (ii) disclosure of any and all information (A) if required to do so by any applicable act, law, rule or regulation, (B) pursuant to any subpoena, civil investigative demand or similar demand or regulatory authority exercising its proper jurisdiction, (C) in any preliminary or final official statement, or contract or other document pertaining to the transactions contemplated by this Trust Agreement or the other Financing Documents approved in advance by the Issuer or (D) to any affiliate, independent or internal auditor, agent, employee or attorney of the Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 11.12, or (iii) any other disclosure authorized by the Issuer.

Section 11.13. Trustee Capacity.

Each of the Bondholders by accepting the Bonds shall be deemed to acknowledge and consent to [TRUSTEE] acting in the capacity of Trustee.

Section 11.14. Waiver of Jury Trial.

EACH OF THE ISSUER AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS TRUST AGREEMENT, THE BONDS OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.15. Rule 17g-5 Compliance.

(a) The Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Trustee to any Rating Agency under this Trust Agreement or any other Financing Document to which it is a party for the purpose of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds shall be provided, substantially concurrently, to the Servicer for posting on a password-protected website (the "17g-5 Website"). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Trust Agreement, Rule 17g-5 or any other law or regulation. In no event shall the Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Trust Agreement, Rule 17g-5 or any other law or regulation. The Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to

the Bonds or for the purposes of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds with any Rating Agency or any of its respective officers, directors or employees. The Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization ("NRSRO"), any of their respective agents or any other party. Additionally, the Trustee shall not be liable for the use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

Section 11.16. Actions by Issuer.

Any action required to be taken by the Issuer may be taken by the Administrator on its behalf, unless the Servicer is in default under the Initial Servicing Agreement; provided, for the avoidance of doubt, such arrangement shall not relieve the Issuer of any of its obligations.

[Balance of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, Puerto Rico Electric Power Authority Revitalization Corporation has caused this Trust Agreement to be executed by its _____ and its corporate seal to be impressed hereon and attested by its _____, and [TRUSTEE], has caused this Trust Agreement to be executed in its behalf by one of its _____ and its corporate seal to be impressed hereon and attested by one of its _____, all as of the day and year first above written.

PUERTO RICO ELECTRIC POWER AUTHORITY
REVITALIZATION CORPORATION

(SEAL)

By: _____
Its:

Attest:

_____
Its:

[TRUSTEE],
as Trustee

By: _____
Its:

Attest:

_____
Its:

COMMONWEALTH OF PUERTO RICO)
) ss.:
MUNICIPALITY OF SAN JUAN)

On the _____ day of _____, in the year 20___, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that [s]he resides in the Municipality of _____, Puerto Rico; that [s]he is the _____ of the Puerto Rico Electric Power Authority Revitalization Corporation, the body corporate described in and which executed the above instrument; that [s]he knows the seal thereof; that the seal affixed to said instrument is the corporate seal of Puerto Rico Electric Power Authority Revitalization Corporation; that it was so affixed by order of the Governing Board of the Puerto Rico Electric Power Authority Revitalization Corporation; and that [s]he signed [his][her] name thereto by like order.

/s/_____
NOTARY PUBLIC

Affidavit #_____

My commission expires: N/A

(SEAL)

STATE OF _____)
) ss.:
COUNTY OF _____)

On the _____ day of _____, in the year 20___, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that [s]he resides at _____; that [s]he is a _____ of [TRUSTEE], the banking association described in and which executed the above instrument; that [s]he knows the seal of said association; that the seal affixed to said instrument is the corporate seal of said association; that it was so affixed by authority of Board of Directors of said association; and that [s]he signed [her][his] name thereto by like authority.

/s/_____
NOTARY PUBLIC

My commission expires: _____, 20___

(SEAL)

EXHIBIT A
CURRENT INTEREST BOND

[TO BE CONFORMED TO FINAL BOND TERMS]

REGISTERED NO. [ ] $[ ]

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR BONDS IN DEFINITIVE REGISTERED FORM, THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE CLEARING AGENCY TO THE NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY OR BY THE CLEARING AGENCY OR ANY SUCH NOMINEE TO A SUCCESSOR CLEARING AGENCY OR A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS TRANCHE [-] BOND WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS TRANCHE [-] BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE COLLATERAL, AS DESCRIBED IN THE TRUST AGREEMENT, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE [-] BOND UNDER THE TERMS OF THE TRUST AGREEMENT WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE TRUST AGREEMENT.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

RESTRUCTURING BONDS

SERIES [_____]

TRANCHE [-] BOND

Interest Rate	Legal Maturity Date	Original CUSIP
[ ]%		

Original Principal Amount:

Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein referred to as the "Issuer" or the "Corporation"), for value received, hereby promises to pay to [_____], or registered assigns, the Original Principal Amount shown above in semiannual installments on the Payment Dates and in the amounts specified in the Trust Agreement hereinafter mentioned in each year, commencing on the date determined pursuant to Section [___] of the Supplemental Trust Agreement and ending on or before the Legal Maturity Date (if this Tranche [-] Bond has a Legal Maturity Date on and after _____, subject to redemption prior to maturity as described below) and to pay interest on the principal amount of this Tranche [-] Bond, at the Interest Rate shown above, on each [_____ and _____] (each a "Payment Date"), commencing on _____, 2016, or if any such day is not a Business Day, the next succeeding Business Day, and continuing until the later of the payment of the principal hereof or the Legal Maturity Date. Interest on this Tranche [-] Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from _____, 2016. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on this Tranche [-] Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche [-] Bond shall be applied first to interest due and payable on this Tranche [-] Bond as provided above and then to the unpaid principal of this Tranche [-] Bond, all in the manner set forth in Section 8.02 of the Trust Agreement.

This Tranche [-] Bond is one of a duly authorized issue of Common Reserve Bonds of the Issuer, designated as its Restructuring Bonds, Series 20[____] (herein called the "Bonds"), issuable in one or more Series and Tranches, and further designated as a Tranche [-] Bond (collectively with all other Tranche [-] Bonds of this Series, the "Tranche [-] Bonds"), all issued or to be issued under a Trust Agreement dated as of _____, 2016 (the "Trust Agreement"), as supplemented by a [First] Supplemental Trust Agreement, dated as of _____, 2016, each by and between the Issuer and [TRUSTEE], as Trustee (the "Trustee," which term includes any successor trustee under the Trust Agreement), to which Trust Agreement and all trust agreements supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Holders of the Bonds. All terms used in this Tranche [-] Bond that are defined in the Trust Agreement, as supplemented or amended, shall have the meanings assigned to them in the Trust Agreement, as supplemented or amended.

The Tranche [-] Bonds and the other Series and Tranches of Bonds issued and to be issued by the Issuer are and will be equally and ratably secured by the Collateral, as provided in the Trust Agreement.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

The principal of this Tranche [-] Bond shall be payable on each Payment Date until the Outstanding Amount thereof on such Payment Date (after giving effect to all payments of principal, if any, made on such Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as applicable, which is included in Section [____] of the Supplemental Trust Agreement, unless payable earlier either because an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Eligible Bonds

representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement) or, if this Tranche [-] Bond is subject to optional redemption prior to maturity, because this Tranche [-] Bond has been redeemed prior to maturity. However, actual principal payments shall be determined pursuant to Section 8.02 of the Trust Agreement. [The entire unpaid principal amount of this Tranche [-] Bond shall be due and payable on the Legal Maturity Date hereof, and if not paid on such date, shall remain due and payable and interest shall continue to accrue thereon.] Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement). Interest shall continue to accrue on any principal declared due and payable in accordance with the preceding sentence. All principal payments on the Tranche [-] Bonds shall be made pro rata to the Tranche [-] Bondholders entitled thereto based on the respective principal amounts of the Tranche [-] Bonds held by them.

Payments of interest on this Tranche [-] Bond due and payable on each Payment Date, together with the installment of principal shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Tranche [-] Bond (or one or more Predecessor Bonds) on the Bond Register as of the close of business on the Record Date, except that (i) upon application to the Trustee by any Holder owning Tranche [-] Bonds in the principal amount of $10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) if this Tranche [-] Bond is a Book-Entry Bond, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Bond evidencing this Tranche [-] Bond unless and as required by the operational rules and procedures of the Clearing Agency until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above), and except for the final installment of principal payable with respect to this Tranche [-] Bond on a Payment Date which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Bond Register as of the applicable Record Date without requiring that this Tranche [-] Bond be submitted for notation of payment. Any reduction in the principal amount of this Tranche [-] Bond (or any one or more Predecessor Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Trust Agreement, for payment in full of the then remaining unpaid principal amount of this Tranche [-] Bond on a Payment Date, then the Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche [-] Bond and shall specify the place where this Tranche [-] Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest and principal at the Bond Interest Rate to the extent lawful.

[If this Tranche [-] Bond has [a Legal Maturity Date] on or after _____, it shall be subject to redemption from time to time prior to maturity at a Redemption Price of 100% of the principal amount of such Tranche [-] Bonds to be redeemed.] Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount of all Bonds and accrued interest thereon has been

declared to be due and payable, on each Payment Date, the Trustee shall redeem such Tranche [-] Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche [-] Bonds has been reduced to zero; provided, however, that any payment that reduces the Outstanding Amount to zero shall be applied as a payment of a maturity of such Tranche [-] Bonds and not as a redemption prior to maturity; provided further, however, that no Sinking Fund Payment shall be made prior to the first Scheduled Sinking Fund Redemption Date specified in the Expected Sinking Fund Schedule included in Section [___] of the Supplemental Trust Agreement and on any Payment Date in an amount that reduces the Outstanding Amount of such Tranche [-] Bonds below the Minimum Remaining Outstanding Amount specified in the Expected Sinking Fund Schedule included in Section [___] of the Supplemental Trust Agreement; and provided further, however, that any Tranche [-] Bonds presented to the Trustee for cancellation on or before forty-five (45) days prior to a Payment Date shall reduce the amount to be redeemed on such Payment Date by a like principal amount.

If this Tranche [-] Bond has [a Legal Maturity Date] on or after _____, 20__, it shall be subject to optional redemption by the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20__, upon payment of the Redemption Price of 100% of the principal amount of the Tranche [-] Bonds to be redeemed, together with accrued interest to the redemption date.

[At Par Mandatory Redemption]

Notice of redemption of Tranche [-] Bonds shall be given as provided by Section 10.06 of the Trust Agreement not less than 30 days before the redemption date to the Registered Holders of the Tranche [-] Bonds to be redeemed, at their last addresses, if any, appearing on the Bond Register; provided, however, that if this Tranche [-] Bond is a Book-Entry Bond, such notice shall be given to the Clearing Agency. Failure of the Registered Holder of any Tranche [-] Bond which is to be redeemed to receive any notice of redemption shall not affect the sufficiency or validity of the proceedings for the redemption thereof.

Any notice of optional redemption of Tranche [-] Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

As provided in the Trust Agreement and subject to certain limitations set forth therein, the transfer of this Tranche [-] Bond may be registered on the Bond Register upon surrender of this Tranche [-] Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Trust Agreement, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Trustee duly executed by the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require, and thereupon one or more new Tranche [-] Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche [-] Bond, but

the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Prior to the due presentment for registration of transfer of this Tranche [-] Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Tranche [-] Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and interest on this Tranche [-] Bond and for all other purposes whatsoever, whether or not this Tranche [-] Bond be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Trust Agreement at any time by the Issuer with the consent of the Holders of Bonds representing a majority of the Outstanding Amount of all Bonds at the time Outstanding of each Tranche to be affected. The Trust Agreement also contains provisions permitting the Holders of Bonds representing specified percentages of the Outstanding Amount of the Bonds, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain provisions of the Trust Agreement and certain past defaults under the Trust Agreement and their consequences. Any such consent or waiver by the Holder of this Tranche [-] Bond (or any one of more Predecessor Bonds) shall, if valid and binding under the Trust Agreement, be conclusive and binding upon such Holder and upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche [-] Bond. The Trust Agreement also permits the Trustee to amend or waive certain terms and conditions set forth in the Trust Agreement without the consent of Holders of the Bonds issued thereunder.

The Trust Agreement contains provisions for defeasance at any time of the indebtedness of the Issuer on this Tranche [-] Bond upon compliance by the Issuer with certain conditions set forth in the Trust Agreement.

The term "Issuer" as used in this Tranche [-] Bond includes any successor to the Issuer under the Trust Agreement.

The Tranche [-] Bonds are issuable only in registered form in Minimum Denominations as provided in the Trust Agreement, subject to certain limitations therein set forth.

This Tranche [-] Bond and the Trust Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Bond and the Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. [Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Restructuring Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.]

No reference herein to the Trust Agreement and no provision of this Tranche [-] Bond or of the Trust Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Tranche [-] Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Holder of this Tranche [-] Bond by acceptance hereof agrees to be bound by the terms of the Trust Agreement. Further, the Holder of this Tranche [-] Bond by acceptance hereof agrees that, notwithstanding any provision of the Trust Agreement to the contrary, the Holder shall have no recourse against the Issuer, but shall look only to the Collateral, with respect to any amounts due to the Holder under this Tranche [-] Bond.

Pursuant to Article 41 of the Act, the Issuer hereby acknowledges that the purchase of this Bond by the Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee's obligations to perform under the Trust Agreement are made in reliance on the covenants, agreements and pledges by the Commonwealth of Puerto Rico under the Act and recited in the Trust Agreement and, by this reference, incorporated herein.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Tranche [-] Bond and the series of which it is one have happened, do exist and have been performed in regular and due time, form and manner as required by law; that this Tranche [-] Bond and the series of which it is one do not exceed any constitutional or statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Tranche [-] Bond and the series of which it is one as provided in the Trust Agreement.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears in the Trustee's Certificate of Authentication below by manual signature, this Tranche [-] Bond shall not be entitled to any benefit under the Trust Agreement, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____, 2016]

PUERTO RICO ELECTRIC POWER
AUTHORITY REVITALIZATION
CORPORATION

By: _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: [_____, 2016]

This is one of the Tranche [-] Bonds described in the within-mentioned Trust Agreement.

[TRUSTEE],
as Trustee

By: _____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche [-] Restructuring Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	_____ Custodian _____ (Custodian) (minor) Under Uniform Gifts to Minor Act (_____) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

_____

_____

(name and address of assignee)

the within Tranche [-] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said Tranche [-] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

_____

_____

Signature Guaranteed:

_____

_____

* NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche [-] Bond in every particular, without alteration, enlargement or any change whatsoever.

* NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Trustee.

EXHIBIT B
FORM OF CONVERTIBLE BOND

[TO BE CONFORMED TO FINAL BOND TERMS]

ACCRETED VALUE AT
CONVERSION DATE
$[ ]

REGISTERED NO. [ ]

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR BONDS IN DEFINITIVE REGISTERED FORM, THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE CLEARING AGENCY TO THE NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY OR BY THE CLEARING AGENCY OR ANY SUCH NOMINEE TO A SUCCESSOR CLEARING AGENCY OR A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE ACCRETED VALUE OF THIS TRANCHE [-] BOND WILL BE PAID AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING ACCRETED VALUE OF THIS TRANCHE [-] BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE COLLATERAL, AS DESCRIBED IN THE TRUST AGREEMENT, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE [-] BOND UNDER THE TERMS OF THE TRUST AGREEMENT WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE TRUST AGREEMENT.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

RESTRUCTURING BONDS

SERIES [_____]
(Convertible Capital Appreciation Bond)

TRANCHE [-] BOND

Accretion Interest Rate	Legal Maturity Date	Original CUSIP
[ ]%		

Original Principal Amount: _____ DOLLARS

Accreted Value at Conversion Date: _____ DOLLARS

Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein referred to as the "Issuer" or the "Corporation"), for value received, hereby promises to pay to [_____], or registered assigns, the Accreted Value (as that term is defined in the Trust Agreement hereinafter referred to, and herein the "Accreted Value") at the Conversion Date specified below (which amount represents the initial principal amount hereof, together with accrued interest on such initial principal amount from the date hereof until _____, 20__ (the "Conversion Date") at the Accretion Interest Rate specified above, compounded on _____, 20__, and semiannually thereafter on _____ and _____ of each year (each, a "Distribution Date") until the Conversion Date), together with interest on the Accreted Value at the Conversion Date paid at the Accretion Interest Rate specified above from the Conversion Date or from the most recent payment date to which interest has been paid. If the date of authentication of this Bond is after the Record Date immediately preceding an interest payment date, interest will be paid from such interest payment date and if no interest has been paid on this Bond, interest will be paid from the Conversion Date. Interest after the Conversion Date at such rate will be paid currently on each Distribution Date following the Conversion Date, and at the Legal Maturity Date, as set forth herein, by wire transfer, at the corporate trust office of _____, as Trustee (the "Trustee") or by check mailed on the applicable Distribution Date to the address of the registered owner hereof as shown on the registration books of the Issuer as maintained by the Trustee as of the close of business on the Record Date immediately preceding the applicable Distribution Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Accreted Value and applicable premium, if any, and interest after the Conversion Date on this Tranche [-] Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche [-] Bond shall be applied first to interest due and payable on this Tranche [-] Bond as provided above and then to the unpaid principal of this Tranche [-] Bond, all in the manner set forth in Section 8.02 of the Trust Agreement.

This Tranche [-] Bond is one of a duly authorized issue of Common Reserve Bonds of the Issuer, designated as its Restructuring Bonds, Series [____] (herein called the "Bonds"), issuable in one or more Series and Tranches, and further designated as a Tranche [-] Bond (collectively with all other Tranche [-] Bonds of this Series, the "Tranche [-] Bonds"), all issued or to be issued under a Trust Agreement dated as of [_____, 2016] (the "Trust Agreement"), as supplemented by a [First] Supplemental Trust Agreement, dated as of [_____, 2016], each by and between the Issuer and [TRUSTEE], as Trustee (the "Trustee," which term includes any successor trustee under the Trust Agreement), to which Trust Agreement and all trust agreements supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Holders of the Bonds. All terms used in this Tranche [-] Bond that are defined in the Trust Agreement, as supplemented or amended, shall have the meanings assigned to them in the Trust Agreement, as supplemented or amended.

The Tranche [-] Bonds and the other Series and Tranches of Bonds issued and to be issued by the Issuer are and will be equally and ratably secured by the Collateral, as provided in the Trust Agreement.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer.

The Accreted Value and applicable premium, if any, of this Tranche [-] Bond shall be payable on each Distribution Date only to the extent that amounts in the Collection Account are available therefor, and only until the Outstanding Amount thereof on such Distribution Date (after giving effect to all payments of principal, if any, made on such Distribution Date) has been reduced to the principal balance specified in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as applicable, which is included in Section [___] of the Supplemental Trust Agreement, unless payable earlier either because an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement) or, if this Tranche [-] Bond is subject to optional redemption prior to maturity, because this Tranche [-] Bond has been redeemed prior to maturity. However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Trust Agreement. The entire unpaid principal amount of this Tranche [-] Bond shall be due and payable on the Legal Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement). All principal payments on the Tranche [-] Bonds shall be made pro rata to the Tranche [-] Bondholders entitled thereto based on the respective principal amounts of the Tranche [-] Bonds held by them.

Payments of interest after the Conversion Date on this Tranche [-] Bond due and payable on each Distribution Date, together with the installment of principal shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Tranche [-] Bond (or one or more Predecessor Bonds) on the Bond Register as of the close of business on the Record Date, except that (i) upon application to the Trustee by any Holder owning Tranche [-] Bonds in the principal amount of $10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) if this Tranche [-] Bond is a Book-Entry Bond, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Bond evidencing this Tranche [-] Bond unless and as required by the operational rules and procedures of the Clearing Agency until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above), and except for the final installment of principal payable with respect to this Tranche [-] Bond on a Distribution Date which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Bond Register as of the applicable Record Date without requiring that this Tranche [-] Bond be submitted for notation of payment. Any reduction in the principal amount of this Tranche [-] Bond (or any one or more Predecessor Bonds) effected by any payments made on any Distribution Date shall be binding upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Trust Agreement, for payment in full of the then remaining unpaid principal amount of this Tranche [-] Bond on a Distribution Date, then the Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Distribution Date by notice mailed no later than five days prior to such final Distribution Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche [-] Bond and shall specify the place where this Tranche [-] Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Default Rate to the extent lawful.

If this Tranche [-] Bond has a Legal Maturity Date on or after _____, it shall be subject to redemption from time to time prior to maturity at a Redemption Price of 100% of the principal amount or Accreted Value of such Tranche [-] Bonds to be redeemed. Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount or Accreted Value of all Bonds and accrued interest thereon to the Conversion Date to the date fixed for redemption without premium has been declared to be due and payable, on each Distribution Date, the Trustee shall redeem such Tranche [-] Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche [-] Bonds has been reduced to zero; provided, however, that any payment that reduces the Outstanding Amount to zero shall be applied as a payment of a maturity of such Tranche [-] Bonds and not as a redemption prior to maturity; provided further, however, that no Sinking Fund Payment shall be made prior to the first Scheduled Sinking Fund Redemption Date specified in the Expected Sinking Fund Schedule included in Section [___] of the Supplemental Trust Agreement and on any Distribution Date in an amount that reduces the Outstanding Amount of such Tranche [-] Bonds below the Minimum Remaining Outstanding Amount specified in the Expected Sinking Fund Schedule included in Section [___] of the Supplemental Trust Agreement; and provided further, however, that any Tranche [-] Bonds presented to the Trustee for cancellation on or before forty-five (45) days prior to a Distribution Date shall reduce the amount to be redeemed on such Distribution Date by a like principal amount.

If this Tranche [-] Bond has a Legal Maturity Date on or after _____, 20__, it shall be subject to optional redemption by the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20___, upon payment of the Redemption Price of 100% of the principal amount or Accreted Value of the Tranche [-] Bonds to be redeemed, together with accrued interest to the Conversion Date to the date fixed for redemption without premium.

[At Par Mandatory Redemption]

Notice of redemption of Tranche [-] Bonds shall be given as provided by Section 10.06 of the Trust Agreement not less than 30 days before the redemption date to the Registered Holders of the Tranche [-] Bonds to be redeemed, at their last addresses, if any, appearing on the Bond Register; provided, however, that if this Tranche [-] Bond is a Book-Entry Bond, such notice shall be given to the Clearing Agency. Failure of the Registered Holder of any Tranche [-] Bond which is to be redeemed to receive any notice of redemption shall not affect the sufficiency or validity of the proceedings for the redemption thereof.

Any notice of optional redemption of Tranche [-] Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

As provided in the Trust Agreement and subject to certain limitations set forth therein, the transfer of this Tranche [-] Bond may be registered on the Bond Register upon surrender of this Tranche [-] Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Trust Agreement, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory

to the Trustee duly executed by the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require, and thereupon one or more new Tranche [-] Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche [-] Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Prior to the due presentment for registration of transfer of this Tranche [-] Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Tranche [-] Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and interest on this Tranche [-] Bond and for all other purposes whatsoever, whether or not this Tranche [-] Bond be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Trust Agreement at any time by the Issuer with the consent of the Holders of Bonds representing a majority of the Outstanding Amount of all Bonds at the time Outstanding of each Tranche to be affected. The Trust Agreement also contains provisions permitting the Holders of Bonds representing specified percentages of the Outstanding Amount of the Bonds, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain provisions of the Trust Agreement and certain past defaults under the Trust Agreement and their consequences. Any such consent or waiver by the Holder of this Tranche [-] Bond (or any one of more Predecessor Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche [-] Bond. The Trust Agreement also permits the Trustee to amend or waive certain terms and conditions set forth in the Trust Agreement without the consent of Holders of the Bonds issued thereunder.

The Trust Agreement contains provisions for defeasance at any time of the indebtedness of the Issuer on this Tranche [-] Bond upon compliance by the Issuer with certain conditions set forth in the Trust Agreement.

The term "Issuer" as used in this Tranche [-] Bond includes any successor to the Issuer under the Trust Agreement.

The Tranche [-] Bonds are issuable only in registered form in Minimum Denominations as provided in the Trust Agreement, subject to certain limitations therein set forth.

This Tranche [-] Bond and the Trust Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Bond and the Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Restructuring Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of

the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.

No reference herein to the Trust Agreement and no provision of this Tranche [-] Bond or of the Trust Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Accreted Value and interest on this Tranche [-] Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Holder of this Tranche [-] Bond by acceptance hereof agrees to be bound by the terms of the Trust Agreement. Further, the Holder of this Tranche [-] Bond by acceptance hereof agrees that, notwithstanding any provision of the Trust Agreement to the contrary, the Holder shall have no recourse against the Issuer, but shall look only to the Collateral, with respect to any amounts due to the Holder under this Tranche [-] Bond.

Pursuant to Article 41 of the Act, the Issuer hereby acknowledges that the purchase of this Bond by the Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee's obligations to perform under the Trust Agreement are made in reliance on the covenants, agreements and pledges by the Commonwealth of Puerto Rico under the Act and recited in the Trust Agreement and, by this reference, incorporated herein.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Tranche [-] Bond and the series of which it is one have happened, do exist and have been performed in regular and due time, form and manner as required by law; that this Tranche [-] Bond and the series of which it is one do not exceed any constitutional or statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Tranche [-] Bond and the series of which it is one as provided in the Trust Agreement.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears in the Trustee's Certificate of Authentication below by manual signature, this Tranche [-] Bond shall not be entitled to any benefit under the Trust Agreement, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____, 2016]

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION

By: _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: [_____, 2016]

This is one of the Tranche [-] Bonds described in the within-mentioned Trust Agreement.

[TRUSTEE],
as Trustee

By: _____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche [-] Restructuring Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	_____ Custodian _____ (Custodian) (minor) Under Uniform Gifts to Minor Act (_____) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

_____

_____

(name and address of assignee)

the within Tranche [-] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said Tranche [-] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

_____

_____

Signature Guaranteed:

_____

_____

* NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche [-] Bond in every particular, without alteration, enlargement or any change whatsoever.

* NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Trustee.

EXHIBIT C
FORM OF CAPITAL APPRECIATION BOND

[TO BE CONFORMED TO FINAL BOND TERMS]

ACCRETED VALUE AT
SCHEDULED MATURITY DATE
$[ ]

REGISTERED NO. [ ]

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR BONDS IN DEFINITIVE REGISTERED FORM, THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE CLEARING AGENCY TO THE NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY OR BY THE CLEARING AGENCY OR ANY SUCH NOMINEE TO A SUCCESSOR CLEARING AGENCY OR A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE ACCRETED VALUE OF THIS TRANCHE [-] BOND WILL BE PAID AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING ACCRETED VALUE OF THIS TRANCHE [-] BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE COLLATERAL, AS DESCRIBED IN THE TRUST AGREEMENT, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE [-] BOND UNDER THE TERMS OF THE TRUST AGREEMENT WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE TRUST AGREEMENT.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

RESTRUCTURING BONDS

SERIES [_____]
(Capital Appreciation Bond)

TRANCHE [-] BOND

Accretion Interest Rate	Scheduled Maturity Date	Legal Maturity Date	Original CUSIP
[ ]%			

Original Principal Amount: _____ DOLLARS

Accreted Value at Scheduled Maturity Date: _____ DOLLARS

Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein referred to as the "Issuer" or the "Corporation"), for value received, hereby promises to pay to [_____], or registered assigns, on the payment date determined pursuant to the below-described Trust Agreement, the original principal amount set forth above, together with interest accrued thereon to the Scheduled Maturity Date identified above or such earlier redemption date at the Accretion Interest Rate set forth above from the date of authentication and delivery of this Bond, compounded semiannually on _____ and _____ of each year, beginning _____, 20___ (the "Accreted Value"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.]

The Accreted Value and applicable premium, if any, on this Tranche [-] Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche [-] Bond shall be applied first to interest due and payable on this Tranche [-] Bond as provided above and then to the unpaid principal of this Tranche [-] Bond, all in the manner set forth in Section 8.02 of the Trust Agreement.

This Tranche [-] Bond is one of a duly authorized issue of [Common Reserve] Bonds of the Issuer, designated as its Restructuring Bonds, Series [____] (herein called the "Bonds"), issuable in one or more Series and Tranches, and further designated as a Tranche [-] Bond (collectively with all other Tranche [-] Bonds of this Series, the "Tranche [-] Bonds"), all issued or to be issued under a Trust Agreement dated as of [_____, 2016] (the "Trust Agreement"), as supplemented by a [First] Supplemental Trust Agreement, dated as of [_____, 2016], each by and between the Issuer and [TRUSTEE], as Trustee (the "Trustee," which term includes any successor trustee under the Trust Agreement), to which Trust Agreement and all trust agreements supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Holders of the Bonds. All terms used in this Tranche [-] Bond that are defined in the Trust Agreement, as supplemented or amended, shall have the meanings assigned to them in the Trust Agreement, as supplemented or amended.

The Tranche [-] Bonds and the other Series and Tranches of Bonds issued and to be issued by the Issuer are and will be equally and ratably secured by the Collateral, as provided in the Trust Agreement.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer.

The Accreted Value and applicable premium, if any, of this Tranche [-] Bond shall be payable on each Distribution Date only to the extent that amounts in the Collection Account are available therefor, and only until the Outstanding Amount thereof on such Distribution Date (after giving effect to all payments of principal, if any, made on such Distribution Date) has been reduced to the principal balance specified in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as applicable, which is included in Section [___] of the Supplemental Trust Agreement, unless payable earlier either because an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds

have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement) or, if this Tranche [-] Bond is subject to optional redemption prior to maturity, because this Tranche [-] Bond has been redeemed prior to maturity. However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Trust Agreement. The entire unpaid principal amount of this Tranche [-] Bond shall be due and payable on the Legal Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Holders of the Eligible Bonds representing not less than a [majority] of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement). All principal payments on the Tranche [-] Bonds shall be made pro rata to the Tranche [-] Bondholders entitled thereto based on the respective principal amounts of the Tranche [-] Bonds held by them.

Interest on any unpaid Accreted Value of the Bonds will continue to accrete and be compounded semi-annually at their respective rates corresponding to the increases in Accreted Value shown on the Accreted Value Tables attached as Exhibit 1 to the applicable Supplemental Trust Agreement until the Scheduled Maturity Date, and thereafter such Bond shall be interest at ____% (the "Default Rate").

If this Tranche [-] Bond has a Legal Maturity Date on or after _____, it shall be subject to redemption from time to time prior to maturity at a Redemption Price of 100% of the principal amount or Accreted Value of such Tranche [-] Bonds to be redeemed. Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount or Accreted Value to the date fixed for redemption without premium has been declared to be due and payable, on each Distribution Date, the Trustee shall redeem such Tranche [-] Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche [-] Bonds has been reduced to zero; provided, however, that any payment that reduces the Outstanding Amount to zero shall be applied as a payment of a maturity of such Tranche [-] Bonds and not as a redemption prior to maturity; provided further, however, that no Sinking Fund Payment shall be made prior to the first Scheduled Sinking Fund Redemption Date specified in the Expected Sinking Fund Schedule included in Section [___] of the Supplemental Trust Agreement and on any Distribution Date in an amount that reduces the Outstanding Amount of such Tranche [-] Bonds below the Minimum Remaining Outstanding Amount specified in the Expected Sinking Fund Schedule included in Section [___] of the Supplemental Trust Agreement; and provided further, however, that any Tranche [-] Bonds presented to the Trustee for cancellation on or before forty-five (45) days prior to a Distribution Date shall reduce the amount to be redeemed on such Distribution Date by a like principal amount.

If this Tranche [-] Bond has a Legal Maturity Date on or after _____, 20__, it shall be subject to optional redemption by the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20___, upon payment of the Redemption Price of 100% of the principal amount or Accreted Value of the Tranche [-] Bonds to be redeemed, together with accrued interest to the Conversion Date to the date fixed for redemption without premium.

[At Par Mandatory Redemption]

Notice of redemption of Tranche [-] Bonds shall be given as provided by Section 10.06 of the Trust Agreement not less than 30 days before the redemption date to the Registered Holders of the Tranche [-] Bonds to be redeemed, at their last addresses, if any, appearing on the Bond Register; provided, however, that if this Tranche [-] Bond is a Book-Entry Bond, such notice shall be given to the

Clearing Agency. Failure of the Registered Holder of any Tranche [-] Bond which is to be redeemed to receive any notice of redemption shall not affect the sufficiency or validity of the proceedings for the redemption thereof.

Any notice of optional redemption of Tranche [-] Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price of 100 percent of the Accreted Value to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

As provided in the Trust Agreement and subject to certain limitations set forth therein, the transfer of this Tranche [-] Bond may be registered on the Bond Register upon surrender of this Tranche [-] Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Trust Agreement, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Trustee duly executed by the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require, and thereupon one or more new Tranche [-] Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche [-] Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Prior to the due presentment for registration of transfer of this Tranche [-] Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Tranche [-] Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and interest on this Tranche [-] Bond and for all other purposes whatsoever, whether or not this Tranche [-] Bond be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Trust Agreement at any time by the Issuer with the consent of the Holders of Bonds representing a majority of the Outstanding Amount of all Bonds at the time Outstanding of each Tranche to be affected. The Trust Agreement also contains provisions permitting the Holders of Bonds representing specified percentages of the Outstanding Amount of the Bonds, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain provisions of the Trust Agreement and certain past defaults under the Trust Agreement and their consequences. Any such consent or waiver by the Holder of this Tranche [-] Bond (or any one of more Predecessor Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche [-] Bond. The Trust Agreement also permits the Trustee to amend or waive certain terms and conditions set forth in the Trust Agreement without the consent of Holders of the Bonds issued thereunder.

The Trust Agreement contains provisions for defeasance at any time of the indebtedness of the Issuer on this Tranche [-] Bond upon compliance by the Issuer with certain conditions set forth in the Trust Agreement.

The term "Issuer" as used in this Tranche [-] Bond includes any successor to the Issuer under the Trust Agreement.

The Tranche [-] Bonds are issuable only in registered form in Minimum Denominations as provided in the Trust Agreement, subject to certain limitations therein set forth.

This Tranche [-] Bond and the Trust Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Bond and the Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Restructuring Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.

No reference herein to the Trust Agreement and no provision of this Tranche [-] Bond or of the Trust Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Accreted Value on this Tranche [-] Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Holder of this Tranche [-] Bond by acceptance hereof agrees to be bound by the terms of the Trust Agreement. Further, the Holder of this Tranche [-] Bond by acceptance hereof agrees that, notwithstanding any provision of the Trust Agreement to the contrary, the Holder shall have no recourse against the Issuer, but shall look only to the Collateral, with respect to any amounts due to the Holder under this Tranche [-] Bond.

Pursuant to Article 41 of the Act, the Issuer hereby acknowledges that the purchase of this Bond by the Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee's obligations to perform under the Trust Agreement are made in reliance on the covenants, agreements and pledges by the Commonwealth of Puerto Rico under the Act and recited in the Trust Agreement and, by this reference, incorporated herein.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Tranche [-] Bond and the series of which it is one have happened, do exist and have been performed in regular and due time, form and manner as required by law; that this Tranche [-] Bond and the series of which it is one do not exceed any constitutional or statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Tranche [-] Bond and the series of which it is one as provided in the Trust Agreement.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears in the Trustee's Certificate of Authentication below by manual signature, this Tranche [-] Bond shall not be entitled to any benefit under the Trust Agreement, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____, 2016]

PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION CORPORATION

By: _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: [_____, 2016]

This is one of the Tranche [-] Bonds described in the within-mentioned Trust Agreement.

[TRUSTEE],
as Trustee

By: _____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche [-] Restructuring Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	_____ Custodian _____ (Custodian) (minor) Under Uniform Gifts to Minor Act (_____) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

_____

_____

(name and address of assignee)

the within Tranche [-] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said Tranche [-] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

_____

_____

Signature Guaranteed:

_____

_____

* NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche [-] Bond in every particular, without alteration, enlargement or any change whatsoever.

* NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Trustee.

EXHIBIT D
FORMS OF MIRROR BOND

[TO COME]