



January 31, 2014

VIA E-MAIL (P-ALVAREZ-DFIN@AEEPR.COM)

Puerto Rico Electric Power Authority
1110 Ponce de Leon Avenue
San Juan, Puerto Rico 00909-3802
Attention: Mr. Pablo Alvarez, Acting Treasurer

Re: Section 2.07 of the Trade Finance Facility Agreement dated July 20, 2012 and First Amendment dated May 13, 2013 between Puerto Rico Electric Power Authority and Citibank, N.A.

Dear Mr. Alvarez:

Pursuant to the Trade Finance Facility Agreement dated July 20, 2012 (the "Original Agreement") and First Amendment dated May 13, 2013 (the "First Amendment"), (collectively the "Agreement"), between Puerto Rico Electric Power Authority (the "Borrower") and Citibank, N.A. (the "Bank"), the Bank agreed from time to time to make Advances to the Borrower during the Availability Period. Terms used in this letter and not otherwise defined shall have the definitions assigned to such terms in the Agreement.

Pursuant to Section 2.07 of the Agreement, the Bank also agreed to conduct an internal review of the general financial condition of the Borrower and following such review, to determine, in its sole and absolute discretion, whether to extend the Availability Period and the Maturity Date. The Bank has now completed its internal review and based on the results of such review, the Bank is willing to extend the Maturity Date to January 9, 2015 (the "Extension") on the following terms and conditions:

1. The Effective Date of the Extension shall be the date that a Second Amendment to the Agreement, satisfactory in all respects to the Bank and its counsel, is signed by the Borrower and the Bank and all required legal documents are fully executed.
2. The definition of "Facility Amount" will be amended to provide for an automatic reduction to \$200,000,000 no later than May 31, 2014 and a reduction to \$150,000,000 no later than June 30, 2014. Notwithstanding the foregoing, the



Borrower will continue to have the obligation to pay the outstanding Advances on the Advance Due Date according to Section 2.05 of the Agreement.

3. The term "Availability Period" will be amended to mean the period from and including the Effective Date to but not including June 30, 2014. The Bank will not make any new Advance until the Facility Amount has been reduced to \$150,000,000.
4. The term "Advance Due Date" will be amended to mean, with respect to a particular new Advance, the 180th day after the date upon which the Advance is funded.
5. The Bank shall conduct and complete by June 30, 2014, an internal review, on and subject to its then prevailing standards, practices and guidelines, of the general financial condition of the Borrower and as a result of such review may, in its sole and absolute discretion, determine to extend the Availability Period and the Maturity Date. The Bank may condition any extension of the Availability Period and the Maturity Date as aforesaid on receipt by the Bank of such documents, certificates, resolutions and opinions of counsel (all in form and substance acceptable to the Bank and its counsel) as the Bank deems necessary in connection with any such extension. If the Bank determines to extend the Availability Period and the Maturity Date as aforesaid, it shall provide written notice of such extension to the Borrower within ten (10) Business Days. The Borrower expressly acknowledges and agrees that the Bank has no obligation to extend the Availability Period or the Maturity Date and may determine not to do so for any or no reason.
6. The definition of the term "Applicable Spread" in the Agreement, for all purposes of the Agreement shall be modified, effective on February 7, 2014, to an amount equal to 400 basis points. For the avoidance of doubt, the Applicable Spread, modified, shall be applied to all new Advances made after February 7, 2014 and to all currently outstanding Advances, including those having an Advance Due Date that occurs after the February 7, 2014.
7. The definition of the term "LIBOR Rate" shall mean, on any day (the "Calculation Date"), an interest rate per annum equal to the offered quotation for the rate of interest (expressed out to the fifth decimal place and truncated thereafter) on 90 day deposits of U.S. Dollars in the London Interbank Market, (the "LIBOR") as published by the British Bankers Association at approximately 11:00 AM (London time) on such Calculation Date, as published by nationally recognized financial information services such as Moneyline Telerate, Bloomberg LP and Reuters. The LIBOR Rate for any Calculation Date shall be determined by the Bank. If, as of Calculation Date, the LIBOR Rate cannot be ascertained on the foregoing basis, such rate shall be the Bank's offered quotation to leading banks in the LIBOR for deposits of U.S. dollars for a period equal to 90 days at 11:00 AM (London time) on such Calculation Date.

8. The defined term under the Agreement of "LIBOR Floating Pool Rate" shall be substituted everywhere it appears by the term "LIBOR Rate."
9. The definition of the term "Default Rate" means a rate of interest equal to the sum of the following: (i) three percent (3%) above the LIBOR Rate and (ii) the Applicable Spread.
10. Please indicate your agreement and acceptance of the terms and conditions as set forth in this letter by signing below on or before February 7, 2014 when the offer made pursuant to this letter will expire.
11. Upon acceptance of the terms and conditions included in this letter, the Bank and the Borrower will agree on final legal documents, including but not limited to said Second Amendment, to be executed on or before February 28, 2014.
12. The Borrower shall pay an amount not to exceed \$25,000 to the Bank for out-of-pocket expenses (including legal expenses) incurred by the Bank and its affiliates (whether or not the transaction contemplated hereby shall be consummated).

Very truly yours,
CITIBANK, N.A.


Abigail Ayala
Vice President

Accepted and Agreed to by:
PUERTO RICO ELECTRIC POWER AUTHORITY

By _____
Name _____
Title _____