

FOURTH AMENDING AGREEMENT
TO
CREDIT AGREEMENT

This Fourth Amending Agreement (the "Fourth Amending Agreement") to that certain Credit Agreement dated as of May 4, 2012 (the "Original Credit Agreement"), by and among PUERTO RICO ELECTRIC POWER AUTHORITY (the "Borrower"), the LENDERS party thereto, and SCOTIABANK DE PUERTO RICO, both as Lender and as Administrative Agent, made as of August 14, 2013 and effective August 15, 2013,

WITNESSETH:

WHEREAS, the Borrower, the Lenders and the Agent entered into the Credit Agreement, pursuant to which the Lenders granted to the Borrower a certain revolving credit facility; and

WHEREAS, the Credit Agreement was amended by a *First Amending Agreement to Credit Agreement* dated October 23, 2012 (the "First Amending Agreement"), by a *Second Amending Agreement* dated April 25, 2013 (the "Second Amending Agreement") and by a *Third Amending Agreement* dated June 28, 2013. The Original Credit Agreement, the First Amending Agreement, the Second Amending Agreement and the Third Amending Agreement are herein collectively referred to as the "Credit Agreement"; and

WHEREAS, all capitalized terms used herein and not otherwise defined, are used with the same meanings given to such terms in the Credit Agreement; and

WHEREAS, the parties have agreed to amend further the Credit Agreement, all as more fully set out below;

NOW THEREFORE, in consideration of the premises, the parties hereby execute this Fourth Amending Agreement under the following:

TERMS AND CONDITIONS

1. Definition of "Applicable Margin" and "Applicable Spread."

The definition of the term "Applicable Margin" in Section 1.01 of the Credit Agreement is amended to read as follows:

"Applicable Margin" and "Applicable Spread," used interchangeably, shall be that to be determined based on the following grid, as per the lower of the long term ratings issued and in effect at the applicable time by Moody's and S&P for Senior Debt:

<u>Moody's</u>	<u>S&P</u>	<u>Advances up to 90 days</u>	<u>Rollover Premium</u>
Baa2	BBB	275 basis points	+50 basis points
Baa3	BBB-	300 basis points	+50 basis points
Ba1	BB+	475 basis points	+75 basis points.

2. Definition of "Default Rate."

The definition of the term "Default Rate" in Section 1.01 of the Credit Agreement is amended to read as follows:

"Default Rate" has the meaning set forth in Section 2.09(c).

3. Definition of "Event of Taxability."

The definition of the term "Event of Taxability" in Section 1.01 of the Credit Agreement is amended to read as follows:

"Event of Taxability" shall mean with respect to the Advances: (i) the enactment of any federal legislation or the promulgation of any federal rule or regulation after the Closing Date, which would have the effect of causing the interest on such Advances to be or become includable in gross income of the recipients thereof for Federal income tax purposes; (ii) any portion of the interest on the Advances paid or payable by the Borrower is (A) not excludable from the gross income of any of the Lenders for Commonwealth income tax purposes or (B) subject to the payment of municipal license taxes or sales and use taxes imposed by the Commonwealth or any of its municipalities; or (C) the Notes cease to be exempt in whole or in part from Commonwealth property taxes.

4. Definition of "Event Taxes."

The following definition of "Event Taxes" is added to Section 1.01 of the Credit Agreement:

"Event Taxes" shall mean additional Taxes resulting from the occurrence of an Event of Taxability."

5. Definition of "GDB Resolution."

The definition of the term "GDB Resolution" in Section 1.01 of the Credit Agreement is amended to read as follows:

“GDB Resolution” means such resolutions adopted by the Board of Directors or the Executive Committee of the Government Development Bank for Puerto Rico, authorizing the Advances as set forth in the Agreement.

6. Definition of “Maturity Date.”

The definition of the term “Maturity Date” in Section 1.01 of the Credit Agreement is amended to read as follows:

“Maturity Date” means August 14, 2014.

7. Definition of “Resolution.”

The definition of “Resolution” in Section 1.01 of the Credit Agreement is amended to read as follows:

“Resolution” means, collectively, such resolutions and certificates of determination of the Borrower authorizing the Borrowings and providing, among other things, that the Borrowings shall constitute Current Expenses under the Trust Agreement.

8. Definition of “Taxes.”

The definition of “Taxes” in Section 1.01 of the Credit Agreement is amended to read as follows:

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority, including Other Taxes.

9. Interest.

9.1. Section 2.09(b) of the Credit Agreement is amended to read as follows:

(b) ABR Advances. ABR Advances shall bear interest at a fluctuating rate per annum equal at all times to the Alternate Base Rate plus the Applicable Spread.

9.2. Section 2.09(c) of the Credit Agreement is amended to read as follows:

(c) Default Rate. Anything hereunder to the contrary notwithstanding, and without prejudice to any remedies of the Administrative Agent or the Lenders provided hereunder or at law or in equity, the interest rate

applicable to the outstanding principal amount of the Advances during any period—

(i) when an Event of Default shall have occurred and be continuing, and/or

(ii) when and for so long as Moody's long term rating for Senior Debt is lower than Ba1 or S&P's long term rating for Senior Debt is lower than BB+,

shall be four percent (4%) over the Alternate Base Rate (the "Default Rate").

10. Taxes.

10.1. Section 2.11(a) of the Credit Agreement is amended to read as follows:

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

10.2. The following subsection is added immediately after Section 2.11(f) of the Credit Agreement:

(g) Upon occurrence of an Event of Taxability, Event Taxes that were considered Excluded Taxes prior thereto shall be considered to be Indemnified Taxes.

11. Effective Date.

Section 4.01(d) of the Credit Agreement is amended to read as follows:

(d) The Administrative Agent shall have received a certificate, dated the Effective Date, and again as of the date of the Fourth Amending Agreement, signed by the Executive Director, a Vice President or a Financial Officer of the Borrower confirming (i) compliance with the conditions set forth in paragraphs (b), (c) and (d) of Section 4.02 and

(ii) the long term ratings in effect for the Senior Debt by Moody's and S&P is no less than Baa3 and BBB, respectively.

12. Deletion of Sections.

12.1. The title and text of Section 5.10 of the Credit Agreement are deleted, and Section 5.10 is marked "Reserved."

12.2. The text of clause (o) in Article VII of the Credit Agreement is deleted, and clause (o) is marked "Reserved."

13. Notes.

Concurrently herewith the Borrower has executed and delivered to the Administrative Agent four Notes substantially in the form of *Exhibit A* to this Fourth Amending Agreement, each made payable to the order of one Lender. The Agent shall forthwith deliver each Note to its corresponding Lender. Concurrently herewith each Lender holding a Note made by the Borrower pursuant to the Original Credit Agreement returns (through the Administrative Agent) said Note to the Borrower for cancellation.

14. Lender Commitments.

The Lender commitments are hereby restructured as per new *Schedule 2.01* attached hereto. Consequently, *Schedule 2.01* to the Credit Agreement is replaced thereby.

15. Additional Reporting Requirement:

The Borrower shall furnish to the Administrative Agent (for delivery to each Lender) a notification of any filing pertaining to any planned bond issue and continuing disclosure pursuant to Municipal Securities Rulemaking Board requirements.

16. Structuring Fee.

The Borrower shall pay to the Administrative Agent a structuring fee of \$150,000.

17. All Other Provisions Applicable.

The Credit Agreement, as changed, altered, amended or modified by this Fourth Amending Agreement, shall continue in full force and effect, and is hereby in all respects ratified and confirmed, and the rights and obligations of all parties thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein. All terms, conditions, covenants and undertakings of the Loan Documents and all other instruments executed and delivered in connection therewith, not expressly amended, substituted or otherwise revoked by the terms hereof, remain in full force and effect.

18. References to Agreement.

All references in the Credit Agreement to the "Agreement" shall now mean the Credit Agreement, as amended by the First Amending Agreement, the Second Amending Agreement, the Third Amending Agreement and this Fourth Amending Agreement; and all references to the "Credit Documents" shall now include this Fourth Amending Agreement.

19. No Novation.

The terms and conditions of this Fourth Amending Agreement shall not be construed as, nor do they constitute, an extinctive novation of the Borrower's obligations under the Credit Agreement.

20. Inconsistent Terms.

If any provision of this Fourth Amending Agreement is inconsistent or conflicts with any provision of the Credit Agreement, the relevant provision of this Fourth Amending Agreement shall prevail and be paramount.

21. Execution in Counterparts.

This Fourth Amending Agreement may be executed by its signatories in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amending Agreement to be duly executed by their respective authorized officers as of the date first above written.

Puerto Rico Electric Power Authority
as Borrower

Scotiabank de Puerto Rico
as Lender and Administrative Agent

by:


Juan F. Alicea Flores:
Executive Director:

by:

Name:
Title:

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Puerto Rico Electric Power Authority
as Borrower

Scotiabank de Puerto Rico
as Lender and Administrative Agent

by:

by:

Name:

Name:

Title:

Title:



JOSE MALDONADO

VICE PRESIDENT

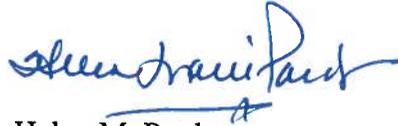
Oriental Bank
as Lender

by:



Name: Patrick J. Haggarty
Title: Senior Vice President

by:



Name: Helen M. Pardo
Title: Senior Vice President

Banco Popular de Puerto Rico
as Lender

by:

Name:
Title:

FirstBank Puerto Rico
as Lender

by:

Name:
Title:

Oriental Bank
as Lender

by:

Name:
Title:

by:

Name:
Title:

Banco Popular de Puerto Rico
as Lender

by: 

Name: Adlin M. Rodríguez González
Title: Assistant Vice-President

FirstBank Puerto Rico
as Lender

by:

Name:
Title:

Oriental Bank
as Lender

by:

Name:
Title:

by:

Name:
Title:

Banco Popular de Puerto Rico
as Lender

by:

Name:
Title:

FirstBank Puerto Rico
as Lender

by:



Name: Felipe Lebron
Title: Vice President

Exhibit A

PUERTO RICO ELECTRIC POWER AUTHORITY

NOTE

DATED: August 15, 2013

Maturity Date: August 15, 2014

Principal Amount
Not to Exceed:

MILLION DOLLARS (\$)

FOR VALUE RECEIVED, the undersigned, PUERTO RICO ELECTRIC POWER AUTHORITY, a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the "Borrower"), hereby unconditionally promises to pay to the order of (the "Lender") in lawful money of the United States of America and in immediately available funds, the principal amount of MILLION DOLLARS (\$) or, if less, the aggregate unpaid and outstanding principal amount of the Advances made by the Lender pursuant to the Credit Agreement, dated as of May 4, 2012, as amended (the "Credit Agreement"), among the Borrower, the lenders party thereto, and Scotiabank de Puerto Rico, as Administrative Agent, plus any interest, any other amounts due and payable to the Lender pursuant to and as described in the Credit Agreement (collectively, the "Obligations").

This promissory note is one of the Notes referred to in the Credit Agreement and is entitled to the benefits, and subject to the terms, of the Credit Agreement. Capitalized terms used herein without definition have the meanings assigned to them in the Credit Agreement.

This Note shall not be deemed to constitute a debt or obligation of the Commonwealth of Puerto Rico or any of its municipalities or other political subdivisions other than the Borrower, and neither the Commonwealth of Puerto Rico nor any such municipalities or other political subdivisions other than the Borrower are liable for the payment of this Note or interest thereon or any amounts due under the Credit Agreement, but this Note and the interest thereon and amounts due under the Credit Agreement shall be payable as provided in the Credit Agreement, the Resolution (hereinafter defined) and the Trust Agreement (hereinafter defined).

The principal amount hereof is payable on the Maturity Date and otherwise in accordance with the Credit Agreement. This Note is subject to prepayment as provided in the Credit Agreement.

The Borrower further agrees to pay, in lawful money of the United States of America and in immediately available funds, interest from the date hereof on the unpaid and outstanding principal amount hereof until such unpaid and outstanding principal amount shall become due and payable (whether at stated maturity, by acceleration or otherwise) at the rate or rates and at the times set forth in the Credit Agreement, and the Borrower agrees to pay other Obligations as provided in the Credit Agreement.

The date, amount and interest rate of each Advance, and each payment made on account thereof, shall be evidenced by records maintained by the Administrative Agent in the ordinary course of its business. Such records maintained by the Agent shall constitute *prima facie* evidence of the accuracy of the information so recorded in the absence of manifest error, provided that the failure to make such recordation or any error therein shall not limit or otherwise affect the obligations of the Borrower hereunder or under the Credit Agreement in respect of the Advances. The holder of this Note may, at its option, also record the date and amount of the Advances, the date and amount of each prepayment of principal thereof and the amount of unpaid principal with respect thereto on Schedule 1 annexed hereto and constituting a part hereof, and any such recordation shall constitute *prima facie* evidence of the accuracy of the information so recorded in the absence of manifest error, provided that the failure of the holder of this Note to make such recordation or any error therein shall not limit or otherwise affect the obligations of the Borrower hereunder or under the Credit Agreement in respect of the Advances.

In case an Event of Default shall occur and be continuing, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, as provided in the Credit Agreement, without presentment, demand for payment, protest or notice of any kind, all of which are expressly waived by Borrower.

The Borrower agrees to pay all costs and expenses, including reasonable attorneys' fees incurred in connection with the interpretation or enforcement of this Note, as permitted by and in accordance with the Credit Agreement.

This Note is payable by the Borrower as a "Current Expense" under the Trust Agreement dated as of January 1, 1974, as amended and supplemented, by and between the Borrower and U.S. Bank National Association, as successor trustee (the "Trust Agreement"), pursuant to Resolution No. 3909 adopted by the Borrower on April 12, 2012 and a Certificate of Determination dated May 4, 2012, executed by the Executive Director of the Authority (collectively, the "Resolution"), and is subject to the terms and provisions set forth in the Trust Agreement relating to Current Expenses.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF PUERTO RICO.

IN WITNESS WHEREOF, Puerto Rico Electric Power Authority has caused this Note to bear the manual signatures of the Executive Director and the Secretary of the Authority and its corporate seal to be imprinted hereon, all of the date first set forth above.

PUERTO RICO ELECTRIC POWER
AUTHORITY

[Corporate Seal]

By: _____
Executive Director

By: _____
Secretary

SCHEDULE 1
TO NOTE
ADVANCES AND PAYMENTS

Date	Amount of Advances	Amount of Principal Repaid	Unpaid Principal Balance of Advance	Notation Made By
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Schedule 2.01

COMMITMENTS

Scotiabank de Puerto Rico	\$200,000,000	
Oriental Bank	\$200,000,000	
Banco Popular de Puerto Rico	\$75,000,000	
FirstBank Puerto Rico	\$75,000,000	
Total		\$550,000,000