


courts, and waive, to the fullest extent permitted by law, the right to move to dismiss or transfer any suit, action or proceedings brought in such court on the basis of any objections as to venue or inconvenient forum or on the basis of any objection to personal jurisdiction. The Parties waive, to the fullest extent permitted by law, any right to trial by jury.

12. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any prior agreements, including any deemed agreements, between the Parties regarding the subject matter hereof.

13. Interpretation; Headings. The term "person" as used in this Agreement shall be broadly interpreted to include, without limitation, any individual, corporation, company, partnership or other entity. The headings set forth in this Agreement are included solely for the purpose of identification and shall not be used for the purpose of construing the meaning of the provisions of this Agreement.

14. Severability. If any portion of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect.

 15. Counterparts. This Agreement may be signed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

16. Amendment; Waiver. This Agreement shall not be amended, modified or waived except by a separate written agreement signed by each of the Parties. No course of dealing between the Parties shall be deemed to modify or amend any provision of this Agreement, and no delay by the Parties in the exercise (or partial exercise) of each of their rights and remedies shall operate as a waiver thereof.

17. No Implied Agreement. The Parties understand and agree that this Agreement is not intended to, and does not, constitute an agreement that either Party will consent to any Possible Transaction or take any other steps, including, without limitation, the preparation or filing of any documents with respect to any related transaction involving the Company. The Parties further understand and agree that each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to the Possible Transaction or any other transaction between the Parties, and to terminate Discussions and negotiations at any time.

18. Reservation of Rights. Nothing contained herein or otherwise shall operate to restrict, inhibit, limit or prohibit any Party or its designees from exercising any right or remedy available to it while the Discussions contemplated by this Agreement are pending. Nothing in this Agreement shall be construed as a waiver of a Party's right under applicable law or contract, and all such rights and remedies are hereby reserved.

[Signature pages follow]

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name: Juan F. Alicea Flores

Title: Executive Director

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: _____

Title: _____

[] BlueMountain Capital Management, LLC

By: _____

Name: Eric M. Albert_____

Title: Associate General Counsel_____

EXHIBIT A

Confidential Information

The information included in that certain presentation entitled “Confidential Information for Restricted PREPA Power Revenue Bondholders”, dated as of March 4, 2015, that was delivered on March 4, 2015 by Millstein & Co., on behalf of the Puerto Rico Electric Authority (the “Authority”), to Kramer Levin Naftalis & Frankel LLP and Houlihan Lokey Capital, Inc., in their capacity as advisors to the certain power revenue bondholders that executed confidentiality agreements with the Authority.

ADDENDUM A

JOINDER TO CONFIDENTIALITY AGREEMENT

WHEREAS, reference is made to that certain *Confidentiality Agreement Dated March 3, 2015 By And Among The Puerto Rico Electric Power Authority and BlueMountain Capital Management, LLC* (the "Agreement"). Each capitalized term used but not defined herein shall have the meaning given to it in the Agreement.

WHEREAS, the undersigned has read the Agreement in its entirety and understands all of the provisions therein.

WHEREAS, the undersigned acknowledges that it is an External Representative of [•] (the "Recipient") and desires to obtain Confidential Information to advise and assist the Recipient in evaluating the Possible Transaction.

NOW, THEREFORE, the undersigned agrees that by executing this joinder, it and its employees and agents, shall become bound by all of the terms of the Agreement and agrees to keep the Confidential Information confidential in the same manner and to the same extent as the Recipient, as set forth in the Agreement.

By: _____

Date: _____


Title: _____

Company: _____

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the "Agreement") is made as of June 1, 2015 (the "Effective Date") by and between: (i) the Puerto Rico Electric Power Authority (the "Company") and (ii) BlueMountain Capital Management, LLC (the "Creditor"). For purposes of this Agreement, the Company and the Creditor are referred to, individually, each as a "Party," and collectively, as the "Parties." As used herein, the term "Recipient" shall mean either Party to the extent it receives Confidential Information (as defined below) of the other Party.

WHEREAS, reference is made to (i) that certain lawsuit styled as *Franklin California Tax-Free Trust et al. v. The Commonwealth of Puerto Rico et al.*, Case No. 14-1518 (D. P.R.) (such lawsuit, together with any appeals thereof, the "Franklin Litigation"), (ii) that certain lawsuit styled as *BlueMountain Capital Management, LLC v. Garcia-Padilla*, in his official capacity as Governor of the Commonwealth of Puerto Rico et al, Case No. 14-1569 (D. P.R.) (such lawsuit, together with any appeals thereof, the "BlueMountain Litigation"), and collectively with the Franklin Litigation, the "Existing Litigation"), and (iii) any future or existing lawsuit against the Company, any "Commonwealth Entity," or any "enumerated entity" (as such terms are defined and understood in the Puerto Rico Public Corporation Debt Enforcement and Recovery Act (Law No. 71-2014) (the "Recovery Act")) arising out of, or related to, the Recovery Act or the same facts and circumstances alleged in the Existing Litigation (the "Future Litigation," and with the Existing Litigation, the "Litigation"), whether or not commenced by the Creditor.

 WHEREAS, the Company and certain holders of power revenue bonds issued by the Company pursuant to that certain Trust Agreement by and between the Company and State Street Bank and Trust Company, N.A. as of January 1, 1974 (as amended), entered into that certain Forbearance Agreement, dated as of August 14, 2014 (as it may be amended from time to time, the "Forbearance Agreement").


WHEREAS, the Parties desire to engage in discussions (including without limitation, the contents, timing, and status thereof, to the extent constituting Confidential Information, the "Discussions") and exchange information about the Company's financial condition and a potential consensual restructuring of the Company's outstanding debt obligations (collectively, the "Possible Transaction"), and each Party may provide to the other Party certain Confidential Information (such providing entity, a "Disclosing Party," and collectively, the "Disclosing Parties").

NOW THEREFORE, in consideration of the covenants and conditions set forth in this Agreement and the Recipient's receipt of Confidential Information, it is agreed as follows:

1. Confidentiality of the Confidential Information, Including But Not Limited to the Discussions. As a condition to a Recipient engaging in the Discussions regarding a Possible Transaction and receiving any Confidential Information from another Party, Recipient agrees (i) to use all Confidential Information solely for purposes of a Possible Transaction and evaluating a Possible Transaction and to not use it, directly or indirectly, for any other purpose, including but not limited to in the Litigation or any other legal proceeding, it being understood that a purchase or sale of the Company's or other securities that is not in violation of the applicable Federal

securities laws shall not be deemed a use of the Confidential Information in violation of the provisions of this Section 1; (ii) to not refer to or otherwise disclose, directly or indirectly, the Discussions in any Litigation or other legal proceeding; (iii) to treat as confidential any Confidential Information, including without limitation the Discussions, that is furnished by or on behalf of any Disclosing Party to such Recipient or its Representatives (as defined below) except as permitted hereunder and undertake commercially reasonable precautions to safeguard and protect the confidentiality of the Confidential Information commensurate with those such Recipient employs for the protection of corresponding sensitive information of its own; and (iv) not to disclose, in any manner whatsoever, directly or indirectly, in whole or in part, such Confidential Information, except as is permitted hereunder.

2. Confidential Information.




(a) The term "Confidential Information" shall mean the documents described on Exhibit A, and such other documents, if any, as are consented to in writing by Kramer Levin Naftalis & Frankel LLP and the Company, and the terms and conditions of the recovery plan proposed by the Company prior to the Disclosure Date. Notwithstanding the foregoing, Confidential Information also includes the nature, substance, status, and terms of any Discussions or negotiations that have taken place or are taking place between the Company and the Creditor concerning the Company and a Possible Transaction, and any information disclosed by the Company or its Representatives to the Creditor pursuant to Section 5(d). The term "Confidential Information" does not include information which: (i) is, was or becomes available to the public other than as a result of a disclosure by the Recipient or any of its Representatives in violation of this Agreement; (ii) was or is independently developed by the Recipient or its Representatives without using Confidential Information; (iii) was or becomes available to the Recipient or any of its Representatives on a non-confidential basis from a source other than the Disclosing Party and that is not subject to an agreement of confidentiality with the Disclosing Party; (iv) was already in the possession of the Recipient or its Representatives prior to the date of this Agreement on a non-confidential basis; (v) is determined by a court of competent jurisdiction not to be Confidential Information; or (vi) is agreed in writing by the Disclosing Party not to be subject to a confidentiality restriction. In addition, the term "Internal Representatives" shall mean a Party's or a Party's affiliate and its or its affiliates' managers, directors, officers, members, partners, associates, or employees; the term "External Representatives" shall mean a Party's or its affiliates' attorneys, subcontractors, consultants, accountants, auditors, advisors, agents, representatives, co-investors or potential financing sources; the term "Representatives" shall mean Internal Representatives and External Representatives, as applicable; and in regards to the Company, the term "affiliates" shall include the Commonwealth of Puerto Rico (the "Commonwealth") and the Government Development Bank for Puerto Rico.

(b) The Creditor acknowledges that the Company and certain advisors of the Creditor have executed a confidentiality agreement relating to the exchange of non-public information between such parties and that certain non-public information disclosed to such advisors may not be disclosed to the Creditor without prior written consent of the Company.

(c) Nothing in this Agreement shall require the Creditor to receive Confidential Information.

3. Litigation and Admissibility. Recipient shall not refer to, disclose or use, directly or indirectly, in the Litigation or any other legal proceedings (other than a legal proceeding to enforce this Agreement) the Discussions or any other Confidential Information provided by a Disclosing Party or its Representatives. Furthermore, Confidential Information received by Recipient from a Disclosing Party or its Representatives shall not be admissible in the Litigation or any other legal proceeding. Recipient agrees that the Discussions and all other Confidential Information provided by a Disclosing Party or its Representatives are in the nature of settlement Discussions that shall not be admissible for any purpose, including but not limited to pursuant to Rule 408 of the Federal Rules of Evidence (or any state or Commonwealth law equivalent). None of the Parties shall seek to cause any other party or directly cooperate with any other party in its efforts to admit in the Litigation or any other legal proceeding the Discussions or any other Confidential Information received by Recipient from a Disclosing Party or its Representatives. Nothing contained herein shall limit (i) any rights of the Creditor or its Representatives to obtain discovery through judicial or other process of any information relating to the Company and to introduce the same as evidence in any proceeding, provided that the Recipient is not disclosing Confidential Information received under this Agreement (but excluding any Confidential Information that is obtained through a discovery process) in violation of this Agreement, (ii) the Company's right to object to such discovery or introduction or its right to seek to have any such Confidential Information introduced under seal, or (iii) the rights of any Recipient and its Representatives to object to the sealing of such information.


4. Permitted Disclosures.

 Notwithstanding anything to the contrary in this Agreement, the Recipient may disclose the Discussions or any other Confidential Information: (i) with the prior written consent of the Disclosing Party; (ii) to any of the Recipient's Internal Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who are advised, prior to receipt of such information, by the Recipient of the existence of this Agreement and have agreed or are under an obligation not to disclose the Discussions or any other Confidential Information; (iii) to any of the Recipient's External Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who have executed and delivered to the Disclosing Party, prior to receipt of such information, a joinder to this Agreement, substantially in the form attached hereto as Addendum A; or (iv) in the event that the Recipient or its Representatives are requested or required by law, rule, regulation or governmental, regulatory or self-regulatory body (including by deposition, interrogatory, request for documents, subpoena, civil investigative demand, legal, regulatory or similar process) (collectively, "Law") to disclose all or any portion of the Discussions or Confidential Information; provided that the Recipient shall, with respect to a request made under this Section 4(iv) of this Agreement, to the extent practicable and permitted by applicable Law, promptly notify the Disclosing Party of such request so that the Disclosing Party, at the Disclosing Party's sole cost and expense, may intervene to take legally available steps to resist or narrow such request, including the Disclosing Party's efforts to seek a protective order or other appropriate remedy. In addition, each Recipient and its Representatives agree that they will not oppose, and, to the extent requested by the Disclosing Party and at the Disclosing Party's sole cost and expense, will use commercially reasonable efforts to cooperate with the Disclosing Party with regard to any reasonable action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that

confidential treatment will be accorded to the Discussions and any other Confidential Information or to resist or narrow the request or requirement for information. In addition, the Creditor may disclose the Discussions or any other Confidential Information it received from the Company to Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation and their respective advisors which have executed a confidentiality agreement (the "Other NDA Parties") with the Company for so long as such Other NDA Parties are engaged in discussions with the Company concerning a Possible Transaction subject to such confidentiality agreement, and, with the prior written consent of the Company, to any other person that is engaged in discussions with the Company concerning a Possible Transaction subject to a confidentiality agreement concerning the Discussions or any other Confidential Information on substantially the same terms as this Agreement. Each Recipient shall be liable for the breach of this Agreement by any of its Representatives to which it discloses the Discussions or any other Confidential Information. For the avoidance of doubt, the Recipient may disclose this Agreement to its Representatives for the purpose of obtaining acknowledgements as provided for in clauses (ii) and (iii) of this Section 4.

5. Disclosure of Confidential Information.

(a) For purposes of this Agreement, "Disclosure Date" means July 1, 2015 at 10:00 a.m., which date may be extended by written consent of the Creditor and each other creditor who has executed a substantially similar agreement.




(b) On or before the Disclosure Date, the Company shall issue a press release making publicly available the Cleansing Material (as defined herein). "Cleansing Material" means, collectively, the following: (i) the fact that negotiations between the Company and third parties concerning a Possible Transaction have taken place; (ii) whether such negotiations are or are not continuing; (iii) that the Company or its Representatives has provided the Creditor with Confidential Information; (iv) if an agreement has been reached concerning the material terms of a Possible Transaction, a description of such terms; (v) if an agreement has not been reached concerning the material terms of a Transaction, the last term sheet or similar document or verbal transmission, or summary thereof (a "Proposal") by each of the Company, the Creditor, and any Representatives of the foregoing parties; (vi) whether (and to what extent) the Company will make the principal and interest payments on the power revenue bonds scheduled for July 1, 2015; and (vii) any other portions of the Confidential Information disclosed by the Company and/or its Representatives to the Creditor through the period ending on the Disclosure Date, to the extent not theretofore publicly disclosed, which would reasonably be expected to be material to an investor making an investment decision with respect to the purchase or sale of the Company's securities. For the avoidance of any doubt, Cleansing Material will not include any information provided to Creditor's Representatives on a basis that could not be shared with Creditor, as described in Section 2(b) of this Agreement.

(c) In the event that the Company shall fail to disclose any portion of Cleansing Material on or before the Disclosure Date pursuant to the terms set forth herein, the Creditor may seek specific performance of the Company's obligations hereunder, or in the alternative the Creditor is authorized to disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Cleansing Material (the "Creditor Disclosure Right"); provided, however, that prior to exercising its Creditor Disclosure

Right, the Recipient shall provide the Company with (i) written notice (the "Notice of Insufficiency Objection") of its breach or failure to disclose the Cleansing Material pursuant to this Section 5, which notice shall include a description of the Cleansing Material the Creditor intends to disclose and (ii) at least two (2) days' notice of its intention to make such disclosure in order to permit the Company to make such disclosures (the "Cure Time"). During the Cure Time, the Company and the Creditor and its Representatives shall attempt in good faith to resolve the Creditor's objection. If the Company does not fully disclose all such Cleansing Material by the Cure Time, the Creditor may, in its sole discretion, disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Cleansing Material at any time after the Cure Time. The Company further agrees and acknowledges that the Recipient will not violate any confidentiality terms hereof as a result of making public Confidential Information pursuant to this Section 5.

(d) Prior to a Termination Event (as defined in the Forbearance Agreement), and for so long as the Forbearance Agreement remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for delivery of a Withdrawal Notice (as defined in the Forbearance Agreement), or a decision of whether to provide a Withdrawal Notice, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent necessary under Section 5 of this Agreement.



6. No Representation or Warranty. The Recipient acknowledges and agrees that none of the Disclosing Party nor its Representatives is making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and none of the Disclosing Party nor its Representatives, nor any of their respective officers, directors, employees, representatives, stockholders, owners, affiliates, advisors or agents, will have any liability to the Recipient or any other person resulting from the use of Confidential Information by the Recipient or any of its Representatives.

7. Return or Destruction of Documents. Upon the Disclosing Party's written request upon or after ten (10) business days following the Disclosure Date, each Recipient shall promptly return or, at Recipient's sole election, destroy all written Confidential Information without retaining, in whole or in part, any copies, extracts or other reproductions (whatever the form or storage medium) of such materials, and, if requested by the Disclosing Party, the Recipient shall confirm the destruction of such materials in writing to the Disclosing Party. Notwithstanding the foregoing sentence, each Recipient may retain: (i) that portion of the Confidential Information that is memorialized in notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient or any of its advisors, (ii) copies of Confidential Information in databases or automatic electronic back-up systems in accordance with internal record-keeping policies and procedures implemented by the Recipient, (iii) Confidential Information necessary to be retained, as deemed by the Recipient, to comply with applicable legal or regulatory requirements and its internal document retention policies and which information retention shall be for recordkeeping purposes only and not for any other use, and (iv) any portions of the Confidential Information that have been disclosed to the public other

than through a breach of this Agreement by such Recipient or any other substantially similar confidentiality agreement, or by a third party that, to the Recipient's knowledge, was not under an obligation of nondisclosure to the Disclosing Party.

8. Acknowledgements.

(a) The Parties acknowledge that the dissemination of Confidential Information may be governed by applicable securities law or regulations that prohibit the purchase and sale of securities by persons, including individuals, who possess certain material nonpublic information.

(b) Each Disclosing Party acknowledges and agrees that the Recipient may maintain or establish an information-blocking device or "Ethical Wall" between its employees who receive the Confidential Information and its other employees.

9. Legal Liability and Remedies. The Parties acknowledge that money damages may not be a sufficient remedy for any breach of this Agreement and that the Parties shall be entitled to seek, in addition to all other remedies, specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach to the extent permitted by law. Unless otherwise expressly provided in this Agreement, in the event that such equitable relief is granted, such remedy or remedies shall not be deemed to be the exclusive remedy or remedies for breach of this Agreement but shall be in addition to all other remedies available at law or equity. The Parties agree not to resist such application for relief on the basis that the Disclosing Party or the Recipient, as applicable, has an adequate remedy at law and agrees to waive any requirement for securing or posting any bond in connection with such remedy.

Without limiting the foregoing, in the event of a public disclosure by a Party or its Representatives constituting a breach of this Agreement (such Party or its Representative, a "Breaching Party"), if the other Party (the "Notifying Party") determines reasonably and in good faith that it is necessary to correct (or render not materially misleading) the disclosures of the Breaching Party, the Notifying Party shall so notify the Breaching Party of such breach and propose a disclosure to correct (or render not materially misleading) the Breaching Party's disclosure. Upon such notification by the Notifying Party, the Breaching Party shall have no fewer than three (3) days to correct the public disclosure giving rise to the breach. If the Breaching Party has not corrected the public disclosure giving rise to the breach within such three (3) day period, the Notifying Party shall be entitled to make such public disclosure as it determines reasonably and in good faith, following consultation with counsel, is necessary to correct (or render not materially misleading) the disclosure by the Breaching Party in breach of this Agreement. Any Party making a public disclosure pursuant to this provision shall be liable for a breach of this Agreement to the extent such public disclosure discloses any information beyond what it has determined reasonably and in good faith is necessary to correct (or render not materially misleading) any prior disclosure by the Breaching Party. No disclosure made pursuant to this paragraph shall relieve a Breaching Party of liability for its breach of this Agreement.


10. Termination. Unless the term of this Agreement is extended in writing by the Parties, this Agreement and the restrictions imposed on the Recipient and its Representatives by

this Agreement shall terminate twelve (12) months from the date hereof, provided that the obligations set forth by Section 3 (*Litigation and Admissibility*), Sections 7 (*Return or Destruction of Documents*), 8 (*Acknowledgments*), 9 (*Legal Liability and Remedies*), and 11-18 shall survive the termination of this Agreement.

11. Choice of Law. This Agreement (i) is for the benefit of the Parties and (ii) is governed by the laws of the Commonwealth. Any suit, action or proceeding brought in connection with this Agreement shall be brought in the Court of First Instance for the Commonwealth, San Juan, or the United States District Court for the District of Puerto Rico sitting in San Juan and the Parties hereby irrevocably consent to the exclusive jurisdiction of such courts, agree not to commence any suit, action, or proceeding relating thereto except in such courts, and waive, to the fullest extent permitted by law, the right to move to dismiss or transfer any suit, action or proceedings brought in such court on the basis of any objections as to venue or inconvenient forum or on the basis of any objection to personal jurisdiction. The Parties waive, to the fullest extent permitted by law, any right to trial by jury.

12. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any prior agreements, including any deemed agreements, between the Parties regarding the subject matter hereof.

13. Interpretation; Headings. The term "person" as used in this Agreement shall be broadly interpreted to include, without limitation, any individual, corporation, company, partnership or other entity. The headings set forth in this Agreement are included solely for the purpose of identification and shall not be used for the purpose of construing the meaning of the provisions of this Agreement.



14. Severability. If any portion of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect.

15. Counterparts. This Agreement may be signed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

16. Amendment; Waiver. This Agreement shall not be amended, modified or waived except by a separate written agreement signed by each of the Parties. No course of dealing between the Parties shall be deemed to modify or amend any provision of this Agreement, and no delay by the Parties in the exercise (or partial exercise) of each of their rights and remedies shall operate as a waiver thereof.

17. No Implied Agreement. The Parties understand and agree that this Agreement is not intended to, and does not, constitute an agreement that either Party will consent to any Possible Transaction or take any other steps, including, without limitation, the preparation or filing of any documents with respect to any related transaction involving the Company. The Parties further understand and agree that each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to

the Possible Transaction or any other transaction between the Parties, and to terminate Discussions and negotiations at any time.

18. Reservation of Rights. Nothing contained herein or otherwise shall operate to restrict, inhibit, limit or prohibit any Party or its designees from exercising any right or remedy available to it while the Discussions contemplated by this Agreement are pending. Nothing in this Agreement shall be construed as a waiver of a Party's right under applicable law or contract, and all such rights and remedies are hereby reserved.

[Signature pages follow]



IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name:

Juan F. Alicpa

Title:

Executive Director

BlueMountain Capital Management

PFB 001034

BlueMountain Capital Management, LLC

By: David M. O'Mara

Name: David M. O'Mara

Title: Assistant General Counsel & Vice
President

JD

EXHIBIT A

Confidential Information

gms

ADDENDUM A

JOINDER TO CONFIDENTIALITY AGREEMENT

WHEREAS, reference is made to that certain *Confidentiality Agreement Dated June 1, 2015 By And Among The Puerto Rico Electric Power Authority and BlueMountain Capital Management, LLC* (the "Agreement"). Each capitalized term used but not defined herein shall have the meaning given to it in the Agreement.

WHEREAS, the undersigned has read the Agreement in its entirety and understands all of the provisions therein.

WHEREAS, the undersigned acknowledges that it is an External Representative of BlueMountain Capital Management, LLC (the "Recipient") and desires to obtain Confidential Information to advise and assist the Recipient in evaluating the Possible Transaction.

NOW, THEREFORE, the undersigned agrees that by executing this joinder, it and its employees and agents, shall become bound by all of the terms of the Agreement and agrees to keep the Confidential Information confidential in the same manner and to the same extent as the Recipient, as set forth in the Agreement.

By: _____

Date: _____

Title: _____

Company: _____



AMENDMENT NO. 1 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 1, dated as of June 30, 2015 (the “Amendment”), to the Confidentiality Agreement, dated as of June 1, 2015 (as it may be amended, supplemented or otherwise modified from time to time, including by this Amendment, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) BlueMountain Capital Management LLC (the “Creditor”).

This Amendment amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “July 1, 2015 at 10:00 a.m.” with “July 22, 2015 at 11:59 p.m.”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

Accepted and agreed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name:

Carlos J. Castro Montalvo

Title:

Acting, Executive Director

BlueMountain Capital Management LLC

By: 

Name: David M. O'Mara
Assistant GC/VP

Title: _____

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the “Agreement”) is made as of August 17, 2015 (the “Effective Date”) by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) BlueMountain Capital Management, LLC (the “Creditor”). For purposes of this Agreement, the Company and the Creditor are referred to, individually, each as a “Party,” and collectively, as the “Parties.” As used herein, the term “Recipient” shall mean either Party to the extent it receives Confidential Information (as defined below) of the other Party.

WHEREAS, reference is made to (i) that certain lawsuit styled as *Franklin California Tax-Free Trust et al. v. The Commonwealth of Puerto Rico et al.*, Case No. 14-1518 (D. P.R.) (such lawsuit, together with any appeals thereof, the “Franklin Litigation”), (ii) that certain lawsuit styled as BlueMountain Capital Management, LLC v. Garcia-Padilla, in his official capacity as Governor of the Commonwealth of Puerto Rico et al, Case No. 14-1569 (D. P.R.) (such lawsuit, together with any appeals thereof, the “BlueMountain Litigation”, and collectively with the Franklin Litigation, the “Existing Litigation”), and (iii) any future or existing lawsuit against the Company, any “Commonwealth Entity,” or any “enumerated entity” (as such terms are defined and understood in the Puerto Rico Public Corporation Debt Enforcement and Recovery Act (Law No. 71-2014) (the “Recovery Act”)) arising out of, or related to, the Recovery Act or the same facts and circumstances alleged in the Existing Litigation (the “Future Litigation,” and with the Existing Litigation, the “Litigation”), whether or not commenced by the Creditor.

WHEREAS, the Company and certain holders of power revenue bonds issued by the Company pursuant to that certain Trust Agreement by and between the Company and State Street Bank and Trust Company, N.A. as of January 1, 1974 (as amended), entered into that certain Forbearance Agreement, dated as of August 14, 2014 (as it may be amended from time to time, the “Forbearance Agreement”).

WHEREAS, the Parties desire to engage in discussions (including without limitation, the contents, timing, and status thereof, to the extent constituting Confidential Information, the “Discussions”) and exchange information about the Company’s financial condition and a potential consensual restructuring of the Company’s outstanding debt obligations (collectively, the “Possible Transaction”), and each Party may provide to the other Party certain Confidential Information (such providing entity, a “Disclosing Party,” and collectively, the “Disclosing Parties”).

NOW THEREFORE, in consideration of the covenants and conditions set forth in this Agreement and the Recipient’s receipt of Confidential Information, it is agreed as follows:

1. Confidentiality of the Confidential Information, Including But Not Limited to the Discussions. As a condition to a Recipient engaging in the Discussions regarding a Possible Transaction and receiving any Confidential Information from another Party, Recipient agrees (i) to use all Confidential Information solely for purposes of a Possible Transaction and evaluating a Possible Transaction and to not use it, directly or indirectly, for any other purpose, including but not limited to in the Litigation or any other legal proceeding, it being understood that a purchase or sale of the Company’s or other securities that is not in violation of the applicable Federal

securities laws shall not be deemed a use of the Confidential Information in violation of the provisions of this Section 1; (ii) to not refer to or otherwise disclose, directly or indirectly, the Discussions in any Litigation or other legal proceeding; (iii) to treat as confidential any Confidential Information, including without limitation the Discussions, that is furnished by or on behalf of any Disclosing Party to such Recipient or its Representatives (as defined below) except as permitted hereunder and undertake commercially reasonable precautions to safeguard and protect the confidentiality of the Confidential Information commensurate with those such Recipient employs for the protection of corresponding sensitive information of its own; and (iv) not to disclose, in any manner whatsoever, directly or indirectly, in whole or in part, such Confidential Information, except as is permitted hereunder.

2. Confidential Information.

(a) The term “Confidential Information” shall mean the documents described on Exhibit A, and such other documents, if any, as are consented to in writing by Kramer Levin Naftalis & Frankel LLP and the Company, and the terms and conditions of the recovery plan proposed by the Company prior to the Disclosure Date. Notwithstanding the foregoing, Confidential Information also includes the nature, substance, status, and terms of any Discussions or negotiations that have taken place or are taking place between the Company and the Creditor concerning the Company and a Possible Transaction, and any information disclosed by the Company or its Representatives to the Creditor pursuant to Section 5(d). The term “Confidential Information” does not include information which: (i) is, was or becomes available to the public other than as a result of a disclosure by the Recipient or any of its Representatives in violation of this Agreement; (ii) was or is independently developed by the Recipient or its Representatives without using Confidential Information; (iii) was or becomes available to the Recipient or any of its Representatives on a non-confidential basis from a source other than the Disclosing Party and that is not subject to an agreement of confidentiality with the Disclosing Party; (iv) was already in the possession of the Recipient or its Representatives prior to the date of this Agreement on a non-confidential basis; (v) is determined by a court of competent jurisdiction not to be Confidential Information; or (vi) is agreed in writing by the Disclosing Party not to be subject to a confidentiality restriction. In addition, the term “Internal Representatives” shall mean a Party’s or a Party’s affiliate and its or its affiliates’ managers, directors, officers, members, partners, associates, or employees; the term “External Representatives” shall mean a Party’s or its affiliates’ attorneys, subcontractors, consultants, accountants, auditors, advisors, agents, representatives, co-investors or potential financing sources; the term “Representatives” shall mean Internal Representatives and External Representatives, as applicable; and in regards to the Company, the term “affiliates” shall include the Commonwealth of Puerto Rico (the “Commonwealth”) and the Government Development Bank for Puerto Rico.

(b) The Creditor acknowledges that the Company and certain advisors of the Creditor have executed a confidentiality agreement relating to the exchange of non-public information between such parties and that certain non-public information disclosed to such advisors may not be disclosed to the Creditor without prior written consent of the Company.

(c) Nothing in this Agreement shall require the Creditor to receive Confidential Information.

3. Litigation and Admissibility. Recipient shall not refer to, disclose or use, directly or indirectly, in the Litigation or any other legal proceedings (other than a legal proceeding to enforce this Agreement) the Discussions or any other Confidential Information provided by a Disclosing Party or its Representatives. Furthermore, Confidential Information received by Recipient from a Disclosing Party or its Representatives shall not be admissible in the Litigation or any other legal proceeding. Recipient agrees that the Discussions and all other Confidential Information provided by a Disclosing Party or its Representatives are in the nature of settlement Discussions that shall not be admissible for any purpose, including but not limited to pursuant to Rule 408 of the Federal Rules of Evidence (or any state or Commonwealth law equivalent). None of the Parties shall seek to cause any other party or directly cooperate with any other party in its efforts to admit in the Litigation or any other legal proceeding the Discussions or any other Confidential Information received by Recipient from a Disclosing Party or its Representatives. Nothing contained herein shall limit (i) any rights of the Creditor or its Representatives to obtain discovery through judicial or other process of any information relating to the Company and to introduce the same as evidence in any proceeding, provided that the Recipient is not disclosing Confidential Information received under this Agreement (but excluding any Confidential Information that is obtained through a discovery process) in violation of this Agreement, (ii) the Company's right to object to such discovery or introduction or its right to seek to have any such Confidential Information introduced under seal, or (iii) the rights of any Recipient and its Representatives to object to the sealing of such information.

4. Permitted Disclosures.

Notwithstanding anything to the contrary in this Agreement, the Recipient may disclose the Discussions or any other Confidential Information: (i) with the prior written consent of the Disclosing Party; (ii) to any of the Recipient's Internal Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who are advised, prior to receipt of such information, by the Recipient of the existence of this Agreement and have agreed or are under an obligation not to disclose the Discussions or any other Confidential Information; (iii) to any of the Recipient's External Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who have executed and delivered to the Disclosing Party, prior to receipt of such information, a joinder to this Agreement, substantially in the form attached hereto as Addendum A; or (iv) in the event that the Recipient or its Representatives are requested or required by law, rule, regulation or governmental, regulatory or self-regulatory body (including by deposition, interrogatory, request for documents, subpoena, civil investigative demand, legal, regulatory or similar process) (collectively, "Law") to disclose all or any portion of the Discussions or Confidential Information; provided that the Recipient shall, with respect to a request made under this Section 4(iv) of this Agreement, to the extent practicable and permitted by applicable Law, promptly notify the Disclosing Party of such request so that the Disclosing Party, at the Disclosing Party's sole cost and expense, may intervene to take legally available steps to resist or narrow such request, including the Disclosing Party's efforts to seek a protective order or other appropriate remedy. In addition, each Recipient and its Representatives agree that they will not oppose, and, to the extent requested by the Disclosing Party and at the Disclosing Party's sole cost and expense, will use commercially reasonable efforts to cooperate with the Disclosing Party with regard to any reasonable action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that

confidential treatment will be accorded to the Discussions and any other Confidential Information or to resist or narrow the request or requirement for information. In addition, the Creditor may disclose the Discussions or any other Confidential Information it received from the Company to Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation and their respective advisors which have executed a confidentiality agreement (the “Other NDA Parties”) with the Company for so long as such Other NDA Parties are engaged in discussions with the Company concerning a Possible Transaction subject to such confidentiality agreement, and, with the prior written consent of the Company, to any other person that is engaged in discussions with the Company concerning a Possible Transaction subject to a confidentiality agreement concerning the Discussions or any other Confidential Information on substantially the same terms as this Agreement. Each Recipient shall be liable for the breach of this Agreement by any of its Representatives to which it discloses the Discussions or any other Confidential Information. For the avoidance of doubt, the Recipient may disclose this Agreement to its Representatives for the purpose of obtaining acknowledgements as provided for in clauses (ii) and (iii) of this Section 4.

5. Disclosure of Confidential Information.

(a) For purposes of this Agreement, “Disclosure Date” means the earlier of (i) 11:59 p.m. on September 15, 2015, and (ii) (x) 8:00 a.m. on the day following the termination or expiration of the Forbearance Agreement (as such termination or expiration may be extended or amended in accordance with the terms of the Forbearance Agreement, provided that the Creditor shall have agreed to any such extension or amendment), provided that any written notice (if such notice is required under the Forbearance Agreement) of such termination shall have been received by the Company by no later than 7:00 p.m. on the date of such termination or (y) 5:00 p.m. on the day following such termination if such notice is received by the Company after 7:00 p.m. on the date of such termination. The Disclosure Date may be extended by written consent of the Creditor and each other creditor who has executed a substantially similar agreement.

(b) On or before the Disclosure Date, the Company shall issue a press release making publicly available the Cleansing Material (as defined herein). “Cleansing Material” means, collectively, the following: (i) the fact that negotiations between the Company and third parties concerning a Possible Transaction have taken place; (ii) whether such negotiations are or are not continuing; (iii) that the Company or its Representatives has provided the Creditor with Confidential Information; (iv) if an agreement has been reached concerning the material terms of a Possible Transaction, a description of such terms; (v) if an agreement has not been reached concerning the material terms of a Transaction, the last term sheet or similar document or verbal transmission, or summary thereof (a “Proposal”) by each of the Company, the Creditor, and any Representatives of the foregoing parties; and (vi) any other portions of the Confidential Information disclosed by the Company and/or its Representatives to the Creditor through the period ending on the Disclosure Date, to the extent not theretofore publicly disclosed, which would reasonably be expected to be material to an investor making an investment decision with respect to the purchase or sale of the Company’s securities. For the avoidance of any doubt, Cleansing Material will not include any information provided to Creditor’s Representatives on a basis that could not be shared with Creditor, as described in Section 2(b) of this Agreement.

(c) In the event that the Company shall fail to disclose any portion of Cleansing Material on or before the Disclosure Date pursuant to the terms set forth herein, the Creditor may seek specific performance of the Company's obligations hereunder, or in the alternative the Creditor is authorized to disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Cleansing Material (the "Creditor Disclosure Right"); provided, however, that prior to exercising its Creditor Disclosure Right, the Recipient shall provide the Company with (i) written notice (the "Notice of Insufficiency Objection") of its breach or failure to disclose the Cleansing Material pursuant to this Section 5, which notice shall include a description of the Cleansing Material the Creditor intends to disclose and (ii) at least two (2) days' notice of its intention to make such disclosure in order to permit the Company to make such disclosures (the "Cure Time"). During the Cure Time, the Company and the Creditor and its Representatives shall attempt in good faith to resolve the Creditor's objection. If the Company does not fully disclose all such Cleansing Material by the Cure Time, the Creditor may, in its sole discretion, disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Cleansing Material at any time after the Cure Time. The Company further agrees and acknowledges that the Recipient will not violate any confidentiality terms hereof as a result of making public Confidential Information pursuant to this Section 5.

(d) Prior to a Termination Event (as defined in the Forbearance Agreement), and for so long as the Forbearance Agreement remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for delivery of a Withdrawal Notice (as defined in the Forbearance Agreement), or a decision of whether to provide a Withdrawal Notice, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent necessary under Section 5 of this Agreement.

6. No Representation or Warranty. The Recipient acknowledges and agrees that none of the Disclosing Party nor its Representatives is making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and none of the Disclosing Party nor its Representatives, nor any of their respective officers, directors, employees, representatives, stockholders, owners, affiliates, advisors or agents, will have any liability to the Recipient or any other person resulting from the use of Confidential Information by the Recipient or any of its Representatives.

7. Return or Destruction of Documents. Upon the Disclosing Party's written request upon or after ten (10) business days following the Disclosure Date, each Recipient shall promptly return or, at Recipient's sole election, destroy all written Confidential Information without retaining, in whole or in part, any copies, extracts or other reproductions (whatever the form or storage medium) of such materials, and, if requested by the Disclosing Party, the Recipient shall confirm the destruction of such materials in writing to the Disclosing Party. Notwithstanding the foregoing sentence, each Recipient may retain: (i) that portion of the Confidential Information that is memorialized in notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient or any of its advisors, (ii) copies of

Confidential Information in databases or automatic electronic back-up systems in accordance with internal record-keeping policies and procedures implemented by the Recipient, (iii) Confidential Information necessary to be retained, as deemed by the Recipient, to comply with applicable legal or regulatory requirements and its internal document retention policies and which information retention shall be for recordkeeping purposes only and not for any other use, and (iv) any portions of the Confidential Information that have been disclosed to the public other than through a breach of this Agreement by such Recipient or any other substantially similar confidentiality agreement, or by a third party that, to the Recipient's knowledge, was not under an obligation of nondisclosure to the Disclosing Party.

8. Acknowledgements.

(a) The Parties acknowledge that the dissemination of Confidential Information may be governed by applicable securities law or regulations that prohibit the purchase and sale of securities by persons, including individuals, who possess certain material nonpublic information.

(b) Each Disclosing Party acknowledges and agrees that the Recipient may maintain or establish an information-blocking device or "Ethical Wall" between its employees who receive the Confidential Information and its other employees.

9. Legal Liability and Remedies. The Parties acknowledge that money damages may not be a sufficient remedy for any breach of this Agreement and that the Parties shall be entitled to seek, in addition to all other remedies, specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach to the extent permitted by law. Unless otherwise expressly provided in this Agreement, in the event that such equitable relief is granted, such remedy or remedies shall not be deemed to be the exclusive remedy or remedies for breach of this Agreement but shall be in addition to all other remedies available at law or equity. The Parties agree not to resist such application for relief on the basis that the Disclosing Party or the Recipient, as applicable, has an adequate remedy at law and agrees to waive any requirement for securing or posting any bond in connection with such remedy.

Without limiting the foregoing, in the event of a public disclosure by a Party or its Representatives constituting a breach of this Agreement (such Party or its Representative, a "Breaching Party"), if the other Party (the "Notifying Party") determines reasonably and in good faith that it is necessary to correct (or render not materially misleading) the disclosures of the Breaching Party, the Notifying Party shall so notify the Breaching Party of such breach and propose a disclosure to correct (or render not materially misleading) the Breaching Party's disclosure. Upon such notification by the Notifying Party, the Breaching Party shall have no fewer than three (3) days to correct the public disclosure giving rise to the breach. If the Breaching Party has not corrected the public disclosure giving rise to the breach within such three (3) day period, the Notifying Party shall be entitled to make such public disclosure as it determines reasonably and in good faith, following consultation with counsel, is necessary to correct (or render not materially misleading) the disclosure by the Breaching Party in breach of this Agreement. Any Party making a public disclosure pursuant to this provision shall be liable for a breach of this Agreement to the extent such public disclosure discloses any information beyond what it has determined reasonably and in good faith is necessary to correct (or render

not materially misleading) any prior disclosure by the Breaching Party. No disclosure made pursuant to this paragraph shall relieve a Breaching Party of liability for its breach of this Agreement.

10. Termination. Unless the term of this Agreement is extended in writing by the Parties, this Agreement and the restrictions imposed on the Recipient and its Representatives by this Agreement shall terminate twelve (12) months from the date hereof, provided that the obligations set forth by Section 3 (*Litigation and Admissibility*), Sections 7 (*Return or Destruction of Documents*), 8 (*Acknowledgments*), 9 (*Legal Liability and Remedies*), and 11-18 shall survive the termination of this Agreement.

11. Choice of Law. This Agreement (i) is for the benefit of the Parties and (ii) is governed by the laws of the Commonwealth. Any suit, action or proceeding brought in connection with this Agreement shall be brought in the Court of First Instance for the Commonwealth, San Juan, or the United States District Court for the District of Puerto Rico sitting in San Juan and the Parties hereby irrevocably consent to the exclusive jurisdiction of such courts, agree not to commence any suit, action, or proceeding relating thereto except in such courts, and waive, to the fullest extent permitted by law, the right to move to dismiss or transfer any suit, action or proceedings brought in such court on the basis of any objections as to venue or inconvenient forum or on the basis of any objection to personal jurisdiction. The Parties waive, to the fullest extent permitted by law, any right to trial by jury.

12. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any prior agreements, including any deemed agreements, between the Parties regarding the subject matter hereof.

13. Interpretation; Headings. The term “person” as used in this Agreement shall be broadly interpreted to include, without limitation, any individual, corporation, company, partnership or other entity. The headings set forth in this Agreement are included solely for the purpose of identification and shall not be used for the purpose of construing the meaning of the provisions of this Agreement.

14. Severability. If any portion of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect.

15. Counterparts. This Agreement may be signed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

16. Amendment; Waiver. This Agreement shall not be amended, modified or waived except by a separate written agreement signed by each of the Parties. No course of dealing between the Parties shall be deemed to modify or amend any provision of this Agreement, and no delay by the Parties in the exercise (or partial exercise) of each of their rights and remedies shall operate as a waiver thereof.

17. No Implied Agreement. The Parties understand and agree that this Agreement is not intended to, and does not, constitute an agreement that either Party will consent to any Possible Transaction or take any other steps, including, without limitation, the preparation or filing of any documents with respect to any related transaction involving the Company. The Parties further understand and agree that each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to the Possible Transaction or any other transaction between the Parties, and to terminate Discussions and negotiations at any time.

18. Reservation of Rights. Nothing contained herein or otherwise shall operate to restrict, inhibit, limit or prohibit any Party or its designees from exercising any right or remedy available to it while the Discussions contemplated by this Agreement are pending. Nothing in this Agreement shall be construed as a waiver of a Party's right under applicable law or contract, and all such rights and remedies are hereby reserved.

[Signature pages follow]

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 


Name: JAVIER A. QUINTANA MENDEZ

Title: EXECUTIVE DIRECTOR

BLUE MOUNTAIN

PFB 001049

BlueMountain Capital Management, LLC

By: 

Name: David M. O'Mara

Title: Assistant General Counsel

EXHIBIT A

Confidential Information

ADDENDUM A

JOINDER TO CONFIDENTIALITY AGREEMENT

WHEREAS, reference is made to that certain *Confidentiality Agreement Dated August 17, 2015 By And Among The Puerto Rico Electric Power Authority and []* (the “Agreement”). Each capitalized term used but not defined herein shall have the meaning given to it in the Agreement.

WHEREAS, the undersigned has read the Agreement in its entirety and understands all of the provisions therein.

WHEREAS, the undersigned acknowledges that it is an External Representative of [●] (the “Recipient”) and desires to obtain Confidential Information to advise and assist the Recipient in evaluating the Possible Transaction.

NOW, THEREFORE, the undersigned agrees that by executing this joinder, it and its employees and agents, shall become bound by all of the terms of the Agreement and agrees to keep the Confidential Information confidential in the same manner and to the same extent as the Recipient, as set forth in the Agreement.

By: _____ Date: _____

Title: _____

Company: _____

AMENDMENT NO. 1 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 1, dated as of October 5, 2015 (the “Amendment No. 1”), to the Confidentiality Agreement, dated as of August 17, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) BlueMountain Capital Management, LLC (the “Creditor”).

This Amendment No. 1 amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “11:59 p.m. on September 15, 2015” with “11:59 p.m. on October 15, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 1 has been duly executed as of the date first written above.

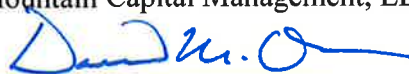
PUERTO RICO ELECTRIC POWER AUTHORITY

By:  _____

Name: Javier A. Quintana Méndez

Title: Executive Director

BlueMountain Capital Management, LLC

By: 

Name: David M. O'Mara

Title: Deputy General Counsel

AMENDMENT NO. 2 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 2, dated as of October 15, 2015 (the “Amendment No. 2”), to the Confidentiality Agreement, dated as of August 17, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) BlueMountain Capital Management, LLC (the “Creditor”).

This Amendment No. 2 amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “11:59 p.m. on October 15, 2015” with “8:00 p.m. on October 22, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 2 has been duly executed as of the date first written above.


PUERTO RICO ELECTRIC POWER AUTHORITY

By:  _____

Name: Javier A. Quintana Méndez

Title: Executive Director

BlueMountain Capital Management, LLC

By: 

Name: David M. O'Mara

Title: Deputy General Counsel

AMENDMENT NO. 3 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 3, dated as of October 22, 2015 (the "Amendment No. 3"), to the Confidentiality Agreement, dated as of August 17, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the "Agreement"), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the "Company") and (ii) BlueMountain Capital Management, LLC (the "Creditor").

This Amendment No. 3 amends the Agreement as follows:

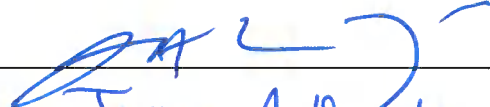
1. Section 5(a) is amended to replace the phrase "8:00 p.m. on October 22, 2015" with "8:00 p.m. on October 30, 2015"

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 3 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

BlueMountain Capital Management, LLC

By: 

Name: David M. O'Mara

Title: Deputy General Counsel

AMENDMENT NO. 4 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 4, dated as of October 30, 2015 (the “Amendment No. 4”), to the Confidentiality Agreement, dated as of August 17, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) BlueMountain Capital Management, LLC (the “Creditor”).

This Amendment No. 4 amends the Agreement as follows:

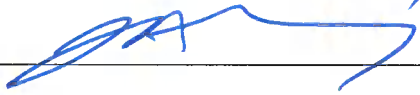
1. Section 5(a) is amended to replace the phrase “8:00 p.m. on October 30, 2015” with “8:00 p.m. on November 3, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 4 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: Javier Antonio Quintana Méndez

Title: Executive Director

BlueMountain Capital Management, LLC

By: 

Name: David M. O'Mara

Title: Deputy General Counsel

AMENDMENT NO. 5 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 5, dated as of November 3, 2015 (the “Amendment No. 4”), to the Confidentiality Agreement, dated as of August 17, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) BlueMountain Capital Management, LLC (the “Creditor”).

This Amendment No. 5 amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “8:00 p.m. on November 3, 2015” with “8:00 p.m. on November 5, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 5 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

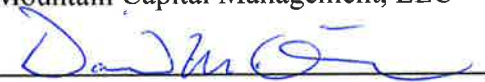
By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

BONDS NDA

BlueMountain Capital Management, LLC

By: 

Name: David M. O'Mara

Title: Deputy General Counsel

AMENDMENT NO. 6 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 6, dated as of December 17, 2015 (the “Amendment No. 6”), to the Confidentiality Agreement, dated as of August 17, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) BlueMountain Capital Management, LLC (the “Creditor”).

This Amendment No. 6 amends the Agreement as follows:

1. The first recital is hereby amended and restated in its entirety as follows:

“WHEREAS, the Company, the Creditor and certain other parties have entered into that certain Restructuring Support Agreement, dated as of November 5, 2015 (as amended, restated, extended, supplemented or otherwise modified and in effect from time to time, the “RSA”).”

2. Section 5(a) of the Agreement is hereby amended and restated in its entirety as follows:

“For purposes of this Agreement, “Disclosure Date” means the earlier of (i) 8:00 p.m. on December 22, 2015, and (ii) (x) 8:00 a.m. on the day following the termination or expiration of the RSA as to the Creditor (as such termination or expiration may be extended or amended in accordance with the terms of the RSA, provided that the Creditor shall have agreed to any such extension or amendment), provided that any written notice (if such notice is required under the RSA) of such termination shall have been received by the Company by no later than 7:00 p.m. on the date of such termination or (y) 5:00 p.m. on the day following such termination if such notice is received by the Company after 7:00 p.m. on the date of such termination; provided, however, that the Company may publicly disclose any of its proposals relating to the Possible Transaction at any time before December 22, 2015. The Disclosure Date may be extended by written consent of the Creditor and each other creditor who has executed a substantially similar agreement.”

3. Section 5(d) of the Agreement is hereby amended and restated in its entirety as follows:

“Prior to a Termination Event (as defined in the RSA), and for so long as the RSA remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for a Withdrawal Event (as defined in the RSA), or a decision whether to provide written notice of such Withdrawal Event, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent required under Section 5 of this Agreement.”

4. Section 10 of the Agreement is hereby amended to add the words “on December 31, 2016” immediately following the words “this agreement shall terminate” and in place of the words (which are hereby deleted) “twelve (12) months from the date hereof.”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment No. 6 may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 6 has been duly executed as of the date first written above.

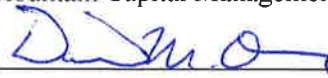
PUERTO RICO ELECTRIC POWER AUTHORITY

By:  _____

Name: Javier A. Quintana Méndez

Title: Executive Director

BlueMountain Capital Management, LLC

By: 

Name: David M. O'Mara

Title: Deputy General Counsel

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the "Agreement") is made as of March 3, 2015 (the "Effective Date") by and between: (i) the Puerto Rico Electric Power Authority (the "Company") and (ii) D.E. Shaw Galvanic Portfolios, L.L.C. (the "Creditor"). For purposes of this Agreement, the Company and the Creditor are referred to, individually, each as a "Party," and collectively, as the "Parties." As used herein, the term "Recipient" shall mean either Party to the extent it receives Confidential Information (as defined below) of the other Party.

WHEREAS, reference is made to (i) that certain lawsuit styled as *Franklin California Tax-Free Trust et al. v. The Commonwealth of Puerto Rico et al.*, Case No. 14-1518 (D. P.R.) (such lawsuit, together with any appeals thereof, the "Franklin Litigation"), (ii) that certain lawsuit styled as *BlueMountain Capital Management, LLC v. Garcia-Padilla*, in his official capacity as Governor of the Commonwealth of Puerto Rico et al, Case No. 14-1569 (D. P.R.) (such lawsuit, together with any appeals thereof, the "BlueMountain Litigation"), and collectively with the Franklin Litigation, the "Existing Litigation"), and (iii) any future or existing lawsuit against the Company, any "Commonwealth Entity," or any "enumerated entity" (as such terms are defined and understood in the Puerto Rico Public Corporation Debt Enforcement and Recovery Act (Law No. 71-2014) (the "Recovery Act")) arising out of, or related to, the Recovery Act or the same facts and circumstances alleged in the Existing Litigation (the "Future Litigation," and with the Existing Litigation, the "Litigation"), whether or not commenced by the Creditor.

WHEREAS, the Company and certain holders of power revenue bonds issued by the Company pursuant to that certain Trust Agreement by and between the Company and State Street Bank and Trust Company, N.A. as of January 1, 1974 (as amended), entered into that certain Forbearance Agreement, dated as of August 14, 2014 (as it may be amended from time to time, the "Forbearance Agreement").

WHEREAS, the Parties desire to engage in discussions (including without limitation, the contents, timing, and status thereof, to the extent constituting Confidential Information, the "Discussions") and exchange information about the Company's financial condition and a potential consensual restructuring of the Company's outstanding debt obligations (collectively, the "Possible Transaction"), and each Party may provide to the other Party certain Confidential Information (such providing entity, a "Disclosing Party," and collectively, the "Disclosing Parties").

NOW THEREFORE, in consideration of the covenants and conditions set forth in this Agreement and the Recipient's receipt of Confidential Information, it is agreed as follows:

1. Confidentiality of the Confidential Information, Including But Not Limited to the Discussions. As a condition to a Party engaging in the Discussions regarding a Possible Transaction and/or a Recipient receiving any Confidential Information from another Party, such Party and/or Recipient agrees (i) to use all Confidential Information solely for purposes of a Possible Transaction and evaluating a Possible Transaction and to not use it, directly or indirectly, for any other purpose, including but not limited to in the Litigation or any other legal proceeding, it being understood that a purchase or sale of the Company's or other securities that

is not in violation of the applicable Federal securities laws shall not be deemed a use of the Confidential Information in violation of the provisions of this Section 1; (ii) to not refer to or otherwise disclose, directly or indirectly, the Discussions in any Litigation or other legal proceeding; (iii) to treat as confidential any Confidential Information, including without limitation the Discussions, that is furnished by or on behalf of any Disclosing Party to such Recipient or its Representatives (as defined below) except as permitted hereunder and undertake commercially reasonable precautions to safeguard and protect the confidentiality of the Confidential Information commensurate with those such Recipient employs for the protection of corresponding sensitive information of its own; and (iv) not to disclose, in any manner whatsoever, directly or indirectly, in whole or in part, such Confidential Information, except as is permitted hereunder.

2. Confidential Information.

gmr (a) The term "Confidential Information" shall mean the documents set forth on Exhibit A, and such other documents, if any, as are consented to in writing by Kramer Levin Naftalis & Frankel LLP and the Company. Notwithstanding the foregoing, Confidential Information also includes this Agreement, the existence of and Discussions related to this Agreement, the Discussions, any Possible Transaction itself, the nature, existence, substance, status, and terms of any Discussions or negotiations that have taken place or are taking place between the Company and the Creditor concerning the Company and a Possible Transaction, and any information disclosed by the Company or its Representatives to the Creditor pursuant to Section 5(e). The term "Confidential Information" does not include information which: (i) is, was or becomes available to the public other than as a result of a disclosure by the Recipient or any of its Representatives in violation of this Agreement; (ii) was or is independently developed by the Recipient or its Representatives without using Confidential Information; (iii) was or becomes available to the Recipient or any of its Representatives on a non-confidential basis from a source other than the Disclosing Party and that is not subject to an agreement of confidentiality with the Disclosing Party; (iv) was already in the possession of the Recipient or its Representatives prior to the date of this Agreement on a non-confidential basis; (v) is determined by a court of competent jurisdiction not to be Confidential Information; or (vi) is agreed in writing by the Disclosing Party not to be subject to a confidentiality restriction. In addition, the term "Internal Representatives" shall mean a Party's or a Party's affiliate and its or its affiliates' managers, directors, officers, members, partners, associates, or employees; the term "External Representatives" shall mean a Party's or its affiliates' attorneys, subcontractors, consultants, accountants, auditors, advisors, agents, representatives, co-investors or potential financing sources; the term "Representatives" shall mean Internal Representatives and External Representatives, as applicable; and in regards to the Company, the term "affiliates" shall include the Commonwealth of Puerto Rico (the "Commonwealth") and the Government Development Bank for Puerto Rico.

(b) The Creditor acknowledges that the Company and certain advisors of the Creditor have executed a confidentiality agreement relating to the exchange of non-public information between such parties and that certain non-public information disclosed to such advisors may not be disclosed to the Creditor without prior written consent of the Company.

(c) Nothing in this Agreement shall require the Creditor to receive Confidential

Information.

3. Litigation and Admissibility. Recipient shall not refer to, disclose or use, directly or indirectly, in the Litigation or any other legal proceedings (other than a legal proceeding to enforce this Agreement) the Discussions or any other Confidential Information provided by a Disclosing Party or its Representatives. Furthermore, Confidential Information received by Recipient from a Disclosing Party or its Representatives shall not be admissible in the Litigation or any other legal proceeding. Recipient agrees that the Discussions and all other Confidential Information provided by a Disclosing Party or its Representatives are in the nature of settlement Discussions that shall not be admissible for any purpose, including but not limited to pursuant to Rule 408 of the Federal Rules of Evidence (or any state or Commonwealth law equivalent). None of the Parties shall seek to cause any other party or directly cooperate with any other party in its efforts to admit in the Litigation or any other legal proceeding the Discussions or any other Confidential Information received by Recipient from a Disclosing Party or its Representatives. Nothing contained herein shall limit (i) any rights of the Creditor or its Representatives to obtain discovery through judicial or other process of any information relating to the Company and to introduce the same as evidence in any proceeding, provided that the Recipient is not disclosing Confidential Information received under this Agreement (but excluding any Confidential Information that is obtained through a discovery process) in violation of this Agreement, (ii) the Company's right to object to such discovery or introduction or its right to seek to have any such Confidential Information introduced under seal, or (iii) the rights of any Recipient and its Representatives to object to the sealing of such information.

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4. Permitted Disclosures.

Notwithstanding anything to the contrary in this Agreement, the Recipient may disclose the Discussions or any other Confidential Information: (i) with the prior written consent of the Disclosing Party; (ii) to any of the Recipient's Internal Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who are advised, prior to receipt of such information, by the Recipient of the existence of this Agreement and have agreed or are under an obligation not to disclose the Discussions or any other Confidential Information; (iii) to any of the Recipient's External Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who have executed and delivered to the Disclosing Party, prior to receipt of such information, a joinder to this Agreement, substantially in the form attached hereto as Addendum A; or (iv) in the event that the Recipient or its Representatives are requested or required by law, rule, regulation or governmental, regulatory or self-regulatory body (including by deposition, interrogatory, request for documents, subpoena, civil investigative demand, legal, regulatory or similar process) (collectively, "Law") to disclose all or any portion of the Discussions or Confidential Information; provided that the Recipient shall, with respect to a request made under this Section 4(iv) of this Agreement, to the extent practicable and permitted by applicable Law, promptly notify the Disclosing Party of such request so that the Disclosing Party, at the Disclosing Party's sole cost and expense, may intervene to take legally available steps to resist or narrow such request, including the Disclosing Party's efforts to seek a protective order or other appropriate remedy. In addition, each Recipient and its Representatives agree that they will not oppose, and, to the extent requested by the Disclosing Party and at the Disclosing Party's sole cost and expense, will use commercially

reasonable efforts to cooperate with the Disclosing Party with regard to any reasonable action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded to the Discussions and any other Confidential Information or to resist or narrow the request or requirement for information. Each Recipient shall be liable for the breach of this Agreement by any of its Representatives to which it discloses the Discussions or any other Confidential Information. For the avoidance of doubt, the Recipient may disclose this Agreement to its Representatives for the purpose of obtaining acknowledgements as provided for in clauses (ii) and (iii) of this Section 4.

5. Disclosure of Confidential Information.

(a) For purposes of this Agreement, "Disclosure Date" means the earlier of (i) March 31, 2015 at 11:59 p.m., which date may be extended by written consent of the Creditor and each other creditor who has executed a substantially similar agreement, and (ii) one (1) business day after termination or expiration of the Forbearance Agreement (as such termination or expiration may be extended or amended in accordance with the terms of the Forbearance Agreement), provided, however, if the Company makes a public announcement describing the terms of the Company's proposal, or any portion thereof, for a debt restructuring that does not have the prior written consent of the holders of two-thirds of the Bonds subject to the Forbearance Agreement, the Disclosure Date shall be one (1) business day after the date of such public announcement.


910 (b) On or before the Disclosure Date, the Company shall issue a press release making publicly available the portions of the Confidential Information disclosed by the Company and/or its Representatives to the Creditor through the period ending on the Disclosure Date, to the extent not theretofore publicly disclosed, which would reasonably be expected to be material to an investor making an investment decision with respect to the purchase or sale of the Company's securities (such information, "Disclosed Information"). For the avoidance of any doubt, Disclosed Information will not include any information provided to Creditor's Representatives on a basis that could not be shared with Creditor, as described in Section 2(b) of this Agreement.

(d) In the event that the Company shall fail to disclose the Disclosed Information on or before the Disclosure Date pursuant to the terms set forth herein, the Creditor may seek specific performance of the Company's obligations hereunder, or in the alternative the Creditor is authorized to disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Disclosed Information (the "Creditor Disclosure Right"); provided, however, that prior to exercising its Creditor Disclosure Right, the Recipient shall provide the Company with (i) written notice (the "Notice of Insufficiency Objection") of its breach or failure to disclose the Disclosure Information pursuant to this Section 5, which notice shall include a description of the Disclosure Information the Creditor intends to disclose and (ii) at least two (2) days' notice of its intention to make such disclosure in order to permit the Company to make such disclosures (the "Cure Time"). During the Cure Time, the Company and the Creditor and its Representatives shall attempt in good faith to resolve the Creditor's objection. If the Company does not fully disclose all such Disclosure Information by the Cure Time, the Creditor may, in its sole discretion, disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Disclosed Information at any time after the Cure Time. The Company

further agrees and acknowledges that the Recipient will not violate any confidentiality terms hereof as a result of making public Confidential Information pursuant to this Section 5.

(e) Prior to a Termination Event (as defined in the Forbearance Agreement), and for so long as the Forbearance Agreement remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for delivery of a Withdrawal Notice (as defined in the Forbearance Agreement), or a decision of whether to provide a Withdrawal Notice, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent necessary under Section 5 of this Agreement.

6. No Representation or Warranty. The Recipient acknowledges and agrees that none of the Disclosing Party nor its Representatives is making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and none of the Disclosing Party nor its Representatives, nor any of their respective officers, directors, employees, representatives, stockholders, owners, affiliates, advisors or agents, will have any liability to the Recipient or any other person resulting from the use of Confidential Information by the Recipient or any of its Representatives.

 7. Return or Destruction of Documents. Upon the Disclosing Party's written request upon or after ten (10) business days following the Disclosure Date, each Recipient shall promptly return or, at Recipient's sole election, destroy all written Confidential Information without retaining, in whole or in part, any copies, extracts or other reproductions (whatever the form or storage medium) of such materials, and, if requested by the Disclosing Party, the Recipient shall confirm the destruction of such materials in writing to the Disclosing Party. Notwithstanding the foregoing sentence, each Recipient may retain: (i) that portion of the Confidential Information that is memorialized in notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient or any of its advisors, (ii) copies of Confidential Information in databases or automatic electronic back-up systems in accordance with internal record-keeping policies and procedures implemented by the Recipient, (iii) Confidential Information necessary to be retained, as deemed by the Recipient, to comply with applicable legal or regulatory requirements and its internal document retention policies and which information retention shall be for recordkeeping purposes only and not for any other use, and (iv) any portions of the Confidential Information that have been disclosed to the public other than through a breach of this Agreement by such Recipient or any other substantially similar confidentiality agreement, or by a third party that, to the Recipient's knowledge, was not under an obligation of nondisclosure to the Disclosing Party.

8. Acknowledgements.

(a) The Parties acknowledge that the dissemination of Confidential Information may be governed by applicable securities law or regulations that prohibit the purchase and sale of securities by persons, including individuals, who possess certain material nonpublic information.

(b) Each Disclosing Party acknowledges and agrees that the Recipient may maintain or establish an information-blocking device or "Ethical Wall" (an "Ethical Wall") between its employees who receive the Confidential Information and its other employees.

9. Legal Liability and Remedies. The Parties acknowledge that money damages may not be a sufficient remedy for any breach of this Agreement and that the Parties shall be entitled to seek, in addition to all other remedies, specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach to the extent permitted by law. Unless otherwise expressly provided in this Agreement, in the event that such equitable relief is granted, such remedy or remedies shall not be deemed to be the exclusive remedy or remedies for breach of this Agreement but shall be in addition to all other remedies available at law or equity. The Parties agree not to resist such application for relief on the basis that the Disclosing Party or the Recipient, as applicable, has an adequate remedy at law and agrees to waive any requirement for securing or posting any bond in connection with such remedy.

Without limiting the foregoing, in the event of a public disclosure by a Party or its Representatives constituting a breach of this Agreement (such Party or its Representative, a "Breaching Party"), if the other Party (the "Notifying Party") determines reasonably and in good faith that it is necessary to correct (or render not materially misleading) the disclosures of the Breaching Party, the Notifying Party shall so notify the Breaching Party of such breach and propose a disclosure to correct (or render not materially misleading) the Breaching Party's disclosure. Upon such notification by the Notifying Party, the Breaching Party shall have no fewer than three (3) days to correct the public disclosure giving rise to the breach. If the Breaching Party has not corrected the public disclosure giving rise to the breach within such three (3) day period, the Notifying Party shall be entitled to make such public disclosure as it determines reasonably and in good faith, following consultation with counsel, is necessary to correct (or render not materially misleading) the disclosure by the Breaching Party in breach of this Agreement. Any Party making a public disclosure pursuant to this provision shall be liable for a breach of this Agreement to the extent such public disclosure discloses any information beyond what it has determined reasonably and in good faith is necessary to correct (or render not materially misleading) any prior disclosure by the Breaching Party. No disclosure made pursuant to this paragraph shall relieve a Breaching Party of liability for its breach of this Agreement.

10. Termination. Unless the term of this Agreement is extended in writing by the Parties, this Agreement and the restrictions imposed on the Recipient and its Representatives by this Agreement shall terminate twelve (12) months from the date hereof, provided that the obligations set forth by Section 3 (*Litigation and Admissibility*), Sections 7 (*Return or Destruction of Documents*), 8 (*Acknowledgments*), 9 (*Legal Liability and Remedies*), and 11-18 shall survive the termination of this Agreement.

11. Choice of Law. This Agreement (i) is for the benefit of the Parties and (ii) is governed by the laws of the Commonwealth. Any suit, action or proceeding brought in connection with this Agreement shall be brought in the Court of First Instance for the Commonwealth, San Juan, or the United States District Court for the District of Puerto Rico sitting in San Juan and the Parties hereby irrevocably consent to the exclusive jurisdiction of such courts, agree not to commence any suit, action, or proceeding relating thereto except in such

courts, and waive, to the fullest extent permitted by law, the right to move to dismiss or transfer any suit, action or proceedings brought in such court on the basis of any objections as to venue or inconvenient forum or on the basis of any objection to personal jurisdiction. The Parties waive, to the fullest extent permitted by law, any right to trial by jury.

12. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any prior agreements, including any deemed agreements, between the Parties regarding the subject matter hereof.

13. Interpretation; Headings. The term "person" as used in this Agreement shall be broadly interpreted to include, without limitation, any individual, corporation, company, partnership or other entity. The headings set forth in this Agreement are included solely for the purpose of identification and shall not be used for the purpose of construing the meaning of the provisions of this Agreement.

14. Severability. If any portion of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect.

15. Counterparts. This Agreement may be signed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

16. Amendment; Waiver. This Agreement shall not be amended, modified or waived except by a separate written agreement signed by each of the Parties. No course of dealing between the Parties shall be deemed to modify or amend any provision of this Agreement, and no delay by the Parties in the exercise (or partial exercise) of each of their rights and remedies shall operate as a waiver thereof.

17. No Implied Agreement. The Parties understand and agree that this Agreement is not intended to, and does not, constitute an agreement that either Party will consent to any Possible Transaction or take any other steps, including, without limitation, the preparation or filing of any documents with respect to any related transaction involving the Company. The Parties further understand and agree that each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to the Possible Transaction or any other transaction between the Parties, and to terminate Discussions and negotiations at any time.

18. Reservation of Rights. Nothing contained herein or otherwise shall operate to restrict, inhibit, limit or prohibit any Party or its designees from exercising any right or remedy available to it while the Discussions contemplated by this Agreement are pending. Nothing in this Agreement shall be construed as a waiver of a Party's right under applicable law or contract, and all such rights and remedies are hereby reserved.

[Signature pages follow]

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name: Juan F. Alicea Flores

Title: Executive Director

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: _____

Title: _____

D. E. SHAW GAWANIC PORTFOLIOS, L.L.C.

By: Douglas J. Widman

Name: DOUGLAS J. WIDMAN

Title: AUTHORIZED SIGNATORY

EXHIBIT A

Confidential Information

The information included in that certain presentation entitled “Confidential Information for Restricted PREPA Power Revenue Bondholders”, dated as of March 4, 2015, that was delivered on March 4, 2015 by Millstein & Co., on behalf of the Puerto Rico Electric Authority (the “Authority”), to Kramer Levin Naftalis & Frankel LLP and Houlihan Lokey Capital, Inc., in their capacity as advisors to the certain power revenue bondholders that executed confidentiality agreements with the Authority.

ADDENDUM A

JOINDER TO CONFIDENTIALITY AGREEMENT

WHEREAS, reference is made to that certain *Confidentiality Agreement Dated March 3, 2015 By And Among The Puerto Rico Electric Power Authority and D.E. Shaw Galvanic Portfolios, L.L.C.* (the "Agreement"). Each capitalized term used but not defined herein shall have the meaning given to it in the Agreement.

WHEREAS, the undersigned has read the Agreement in its entirety and understands all of the provisions therein.

WHEREAS, the undersigned acknowledges that it is an External Representative of [•] (the "Recipient") and desires to obtain Confidential Information to advise and assist the Recipient in evaluating the Possible Transaction.

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NOW, THEREFORE, the undersigned agrees that by executing this joinder, it and its employees and agents, shall become bound by all of the terms of the Agreement and agrees to keep the Confidential Information confidential in the same manner and to the same extent as the Recipient, as set forth in the Agreement.

By: _____

Date: _____

Title: _____

Company: _____

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the “Agreement”) is made as of October 12, 2015 (the “Effective Date”) by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the “Creditor”). For purposes of this Agreement, the Company and the Creditor are referred to, individually, each as a “Party,” and collectively, as the “Parties.” As used herein, the term “Recipient” shall mean either Party to the extent it receives Confidential Information (as defined below) of the other Party.

WHEREAS, reference is made to (i) that certain lawsuit styled as *Franklin California Tax-Free Trust et al. v. The Commonwealth of Puerto Rico et al.*, Case No. 14-1518 (D. P.R.) (such lawsuit, together with any appeals thereof, the “Franklin Litigation”), (ii) that certain lawsuit styled as *BlueMountain Capital Management, LLC v. Garcia-Padilla*, in his official capacity as Governor of the Commonwealth of Puerto Rico et al, Case No. 14-1569 (D. P.R.) (such lawsuit, together with any appeals thereof, the “BlueMountain Litigation”, and collectively with the Franklin Litigation, the “Existing Litigation”), and (iii) any future or existing lawsuit against the Company, any “Commonwealth Entity,” or any “enumerated entity” (as such terms are defined and understood in the Puerto Rico Public Corporation Debt Enforcement and Recovery Act (Law No. 71-2014) (the “Recovery Act”)) arising out of, or related to, the Recovery Act or the same facts and circumstances alleged in the Existing Litigation (the “Future Litigation,” and with the Existing Litigation, the “Litigation”), whether or not commenced by the Creditor.

WHEREAS, the Company and certain holders of power revenue bonds issued by the Company pursuant to that certain Trust Agreement by and between the Company and State Street Bank and Trust Company, N.A. as of January 1, 1974 (as amended), entered into that certain Forbearance Agreement, dated as of August 14, 2014 (as it may be amended from time to time, the “Forbearance Agreement”).

WHEREAS, the Parties desire to engage in discussions (including without limitation, the contents, timing, and status thereof, to the extent constituting Confidential Information, the “Discussions”) and exchange information about the Company’s financial condition and a potential consensual restructuring of the Company’s outstanding debt obligations (collectively, the “Possible Transaction”), and each Party may provide to the other Party certain Confidential Information (such providing entity, a “Disclosing Party,” and collectively, the “Disclosing Parties”).

NOW THEREFORE, in consideration of the covenants and conditions set forth in this Agreement and the Recipient’s receipt of Confidential Information, it is agreed as follows:

1. Confidentiality of the Confidential Information, Including But Not Limited to the Discussions. As a condition to a Recipient engaging in the Discussions regarding a Possible Transaction and receiving any Confidential Information from another Party, Recipient agrees (i) to use all Confidential Information solely for purposes of a Possible Transaction and evaluating a Possible Transaction and to not use it, directly or indirectly, for any other purpose, including but not limited to in the Litigation or any other legal proceeding, it being understood that a purchase or sale of the Company’s or other securities that is not in violation of the applicable Federal

securities laws shall not be deemed a use of the Confidential Information in violation of the provisions of this Section 1; (ii) to not refer to or otherwise disclose, directly or indirectly, the Discussions in any Litigation or other legal proceeding; (iii) to treat as confidential any Confidential Information, including without limitation the Discussions, that is furnished by or on behalf of any Disclosing Party to such Recipient or its Representatives (as defined below) except as permitted hereunder and undertake commercially reasonable precautions to safeguard and protect the confidentiality of the Confidential Information commensurate with those such Recipient employs for the protection of corresponding sensitive information of its own; and (iv) not to disclose, in any manner whatsoever, directly or indirectly, in whole or in part, such Confidential Information, except as is permitted hereunder.

2. Confidential Information.

(a) The term “Confidential Information” shall mean the documents described on Exhibit A, and such other documents, if any, as are consented to in writing by Kramer Levin Naftalis & Frankel LLP and the Company, and the terms and conditions of the recovery plan proposed by the Company prior to the Disclosure Date. Notwithstanding the foregoing, Confidential Information also includes the nature, substance, status, and terms of any Discussions or negotiations that have taken place or are taking place between the Company and the Creditor concerning the Company and a Possible Transaction, and any information disclosed by the Company or its Representatives to the Creditor pursuant to Section 5(d). The term “Confidential Information” does not include information which: (i) is, was or becomes available to the public other than as a result of a disclosure by the Recipient or any of its Representatives in violation of this Agreement; (ii) was or is independently developed by the Recipient or its Representatives without using Confidential Information; (iii) was or becomes available to the Recipient or any of its Representatives on a non-confidential basis from a source other than the Disclosing Party and that is not subject to an agreement of confidentiality with the Disclosing Party; (iv) was already in the possession of the Recipient or its Representatives prior to the date of this Agreement on a non-confidential basis; (v) is determined by a court of competent jurisdiction not to be Confidential Information; or (vi) is agreed in writing by the Disclosing Party not to be subject to a confidentiality restriction. In addition, the term “Internal Representatives” shall mean a Party’s or a Party’s affiliate and its or its affiliates’ managers, directors, officers, members, partners, associates, or employees; the term “External Representatives” shall mean a Party’s or its affiliates’ attorneys, subcontractors, consultants, accountants, auditors, advisors, agents, representatives, co-investors or potential financing sources; the term “Representatives” shall mean Internal Representatives and External Representatives, as applicable; and in regards to the Company, the term “affiliates” shall include the Commonwealth of Puerto Rico (the “Commonwealth”) and the Government Development Bank for Puerto Rico.

(b) The Creditor acknowledges that the Company and certain advisors of the Creditor have executed a confidentiality agreement relating to the exchange of non-public information between such parties and that certain non-public information disclosed to such advisors may not be disclosed to the Creditor without prior written consent of the Company.

(c) Nothing in this Agreement shall require the Creditor to receive Confidential Information.

3. Litigation and Admissibility. Recipient shall not refer to, disclose or use, directly or indirectly, in the Litigation or any other legal proceedings (other than a legal proceeding to enforce this Agreement) the Discussions or any other Confidential Information provided by a Disclosing Party or its Representatives. Furthermore, Confidential Information received by Recipient from a Disclosing Party or its Representatives shall not be admissible in the Litigation or any other legal proceeding. Recipient agrees that the Discussions and all other Confidential Information provided by a Disclosing Party or its Representatives are in the nature of settlement Discussions that shall not be admissible for any purpose, including but not limited to pursuant to Rule 408 of the Federal Rules of Evidence (or any state or Commonwealth law equivalent). None of the Parties shall seek to cause any other party or directly cooperate with any other party in its efforts to admit in the Litigation or any other legal proceeding the Discussions or any other Confidential Information received by Recipient from a Disclosing Party or its Representatives. Nothing contained herein shall limit (i) any rights of the Creditor or its Representatives to obtain discovery through judicial or other process of any information relating to the Company and to introduce the same as evidence in any proceeding, provided that the Recipient is not disclosing Confidential Information received under this Agreement (but excluding any Confidential Information that is obtained through a discovery process) in violation of this Agreement, (ii) the Company's right to object to such discovery or introduction or its right to seek to have any such Confidential Information introduced under seal, or (iii) the rights of any Recipient and its Representatives to object to the sealing of such information.

4. Permitted Disclosures.

Notwithstanding anything to the contrary in this Agreement, the Recipient may disclose the Discussions or any other Confidential Information: (i) with the prior written consent of the Disclosing Party; (ii) to any of the Recipient's Internal Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who are advised, prior to receipt of such information, by the Recipient of the existence of this Agreement and have agreed or are under an obligation not to disclose the Discussions or any other Confidential Information; (iii) to any of the Recipient's External Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who have executed and delivered to the Disclosing Party, prior to receipt of such information, a joinder to this Agreement, substantially in the form attached hereto as Addendum A; or (iv) in the event that the Recipient or its Representatives are requested or required by law, rule, regulation or governmental, regulatory or self-regulatory body (including by deposition, interrogatory, request for documents, subpoena, civil investigative demand, legal, regulatory or similar process) (collectively, "Law") to disclose all or any portion of the Discussions or Confidential Information; provided that the Recipient shall, with respect to a request made under this Section 4(iv) of this Agreement, to the extent practicable and permitted by applicable Law, promptly notify the Disclosing Party of such request so that the Disclosing Party, at the Disclosing Party's sole cost and expense, may intervene to take legally available steps to resist or narrow such request, including the Disclosing Party's efforts to seek a protective order or other appropriate remedy. In addition, each Recipient and its Representatives agree that they will not oppose, and, to the extent requested by the Disclosing Party and at the Disclosing Party's sole cost and expense, will use commercially reasonable efforts to cooperate with the Disclosing Party with regard to any reasonable action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that

confidential treatment will be accorded to the Discussions and any other Confidential Information or to resist or narrow the request or requirement for information. In addition, the Creditor may disclose the Discussions or any other Confidential Information it received from the Company to Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation and their respective advisors which have executed a confidentiality agreement (the “Other NDA Parties”) with the Company for so long as such Other NDA Parties are engaged in discussions with the Company concerning a Possible Transaction subject to such confidentiality agreement, and, with the prior written consent of the Company, to any other person that is engaged in discussions with the Company concerning a Possible Transaction subject to a confidentiality agreement concerning the Discussions or any other Confidential Information on substantially the same terms as this Agreement. Each Recipient shall be liable for the breach of this Agreement by any of its Representatives to which it discloses the Discussions or any other Confidential Information. For the avoidance of doubt, the Recipient may disclose this Agreement to its Representatives for the purpose of obtaining acknowledgements as provided for in clauses (ii) and (iii) of this Section 4.

5. Disclosure of Confidential Information.

(a) For purposes of this Agreement, “Disclosure Date” means the earlier of (i) 11:59 p.m. on October 15, 2015, and (ii) (x) 8:00 a.m. on the day following the termination or expiration of the Forbearance Agreement (as such termination or expiration may be extended or amended in accordance with the terms of the Forbearance Agreement, provided that the Creditor shall have agreed to any such extension or amendment), provided that any written notice (if such notice is required under the Forbearance Agreement) of such termination shall have been received by the Company by no later than 7:00 p.m. on the date of such termination or (y) 5:00 p.m. on the day following such termination if such notice is received by the Company after 7:00 p.m. on the date of such termination. The Disclosure Date may be extended by written consent of the Creditor and each other creditor who has executed a substantially similar agreement.

(b) On or before the Disclosure Date, the Company shall issue a press release making publicly available the Cleansing Material (as defined herein). “Cleansing Material” means, collectively, the following: (i) the fact that negotiations between the Company and third parties concerning a Possible Transaction have taken place; (ii) whether such negotiations are or are not continuing; (iii) that the Company or its Representatives has provided the Creditor with Confidential Information; (iv) if an agreement has been reached concerning the material terms of a Possible Transaction, a description of such terms; (v) if an agreement has not been reached concerning the material terms of a Transaction, the last term sheet or similar document or verbal transmission, or summary thereof (a “Proposal”) by each of the Company, the Creditor, and any Representatives of the foregoing parties; and (vi) any other portions of the Confidential Information disclosed by the Company and/or its Representatives to the Creditor through the period ending on the Disclosure Date, to the extent not theretofore publicly disclosed, which would reasonably be expected to be material to an investor making an investment decision with respect to the purchase or sale of the Company’s securities. For the avoidance of any doubt, Cleansing Material will not include any information provided to Creditor’s Representatives on a basis that could not be shared with Creditor, as described in Section 2(b) of this Agreement.

(c) In the event that the Company shall fail to disclose any portion of Cleansing Material on or before the Disclosure Date pursuant to the terms set forth herein, the Creditor may seek specific performance of the Company's obligations hereunder, or in the alternative the Creditor is authorized to disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Cleansing Material (the "Creditor Disclosure Right"); provided, however, that prior to exercising its Creditor Disclosure Right, the Recipient shall provide the Company with (i) written notice (the "Notice of Insufficiency Objection") of its breach or failure to disclose the Cleansing Material pursuant to this Section 5, which notice shall include a description of the Cleansing Material the Creditor intends to disclose and (ii) at least two (2) days' notice of its intention to make such disclosure in order to permit the Company to make such disclosures (the "Cure Time"). During the Cure Time, the Company and the Creditor and its Representatives shall attempt in good faith to resolve the Creditor's objection. If the Company does not fully disclose all such Cleansing Material by the Cure Time, the Creditor may, in its sole discretion, disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Cleansing Material at any time after the Cure Time. The Company further agrees and acknowledges that the Recipient will not violate any confidentiality terms hereof as a result of making public Confidential Information pursuant to this Section 5.

(d) Prior to a Termination Event (as defined in the Forbearance Agreement), and for so long as the Forbearance Agreement remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for delivery of a Withdrawal Notice (as defined in the Forbearance Agreement), or a decision of whether to provide a Withdrawal Notice, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent necessary under Section 5 of this Agreement.

6. No Representation or Warranty. The Recipient acknowledges and agrees that none of the Disclosing Party nor its Representatives is making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and none of the Disclosing Party nor its Representatives, nor any of their respective officers, directors, employees, representatives, stockholders, owners, affiliates, advisors or agents, will have any liability to the Recipient or any other person resulting from the use of Confidential Information by the Recipient or any of its Representatives.

7. Return or Destruction of Documents. Upon the Disclosing Party's written request upon or after ten (10) business days following the Disclosure Date, each Recipient shall promptly return or, at Recipient's sole election, destroy all written Confidential Information without retaining, in whole or in part, any copies, extracts or other reproductions (whatever the form or storage medium) of such materials, and, if requested by the Disclosing Party, the Recipient shall confirm the destruction of such materials in writing to the Disclosing Party. Notwithstanding the foregoing sentence, each Recipient may retain: (i) that portion of the Confidential Information that is memorialized in notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient or any of its advisors, (ii) copies of

Confidential Information in databases or automatic electronic back-up systems in accordance with internal record-keeping policies and procedures implemented by the Recipient, (iii) Confidential Information necessary to be retained, as deemed by the Recipient, to comply with applicable legal or regulatory requirements and its internal document retention policies and which information retention shall be for recordkeeping purposes only and not for any other use, and (iv) any portions of the Confidential Information that have been disclosed to the public other than through a breach of this Agreement by such Recipient or any other substantially similar confidentiality agreement, or by a third party that, to the Recipient's knowledge, was not under an obligation of nondisclosure to the Disclosing Party.

8. Acknowledgements.

(a) The Parties acknowledge that the dissemination of Confidential Information may be governed by applicable securities law or regulations that prohibit the purchase and sale of securities by persons, including individuals, who possess certain material nonpublic information.

(b) Each Disclosing Party acknowledges and agrees that the Recipient may maintain or establish an information-blocking device or "Ethical Wall" between its employees who receive the Confidential Information and its other employees.

9. Legal Liability and Remedies. The Parties acknowledge that money damages may not be a sufficient remedy for any breach of this Agreement and that the Parties shall be entitled to seek, in addition to all other remedies, specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach to the extent permitted by law. Unless otherwise expressly provided in this Agreement, in the event that such equitable relief is granted, such remedy or remedies shall not be deemed to be the exclusive remedy or remedies for breach of this Agreement but shall be in addition to all other remedies available at law or equity. The Parties agree not to resist such application for relief on the basis that the Disclosing Party or the Recipient, as applicable, has an adequate remedy at law and agrees to waive any requirement for securing or posting any bond in connection with such remedy.

Without limiting the foregoing, in the event of a public disclosure by a Party or its Representatives constituting a breach of this Agreement (such Party or its Representative, a "Breaching Party"), if the other Party (the "Notifying Party") determines reasonably and in good faith that it is necessary to correct (or render not materially misleading) the disclosures of the Breaching Party, the Notifying Party shall so notify the Breaching Party of such breach and propose a disclosure to correct (or render not materially misleading) the Breaching Party's disclosure. Upon such notification by the Notifying Party, the Breaching Party shall have no fewer than three (3) days to correct the public disclosure giving rise to the breach. If the Breaching Party has not corrected the public disclosure giving rise to the breach within such three (3) day period, the Notifying Party shall be entitled to make such public disclosure as it determines reasonably and in good faith, following consultation with counsel, is necessary to correct (or render not materially misleading) the disclosure by the Breaching Party in breach of this Agreement. Any Party making a public disclosure pursuant to this provision shall be liable for a breach of this Agreement to the extent such public disclosure discloses any information beyond what it has determined reasonably and in good faith is necessary to correct (or render

not materially misleading) any prior disclosure by the Breaching Party. No disclosure made pursuant to this paragraph shall relieve a Breaching Party of liability for its breach of this Agreement.

10. Termination. Unless the term of this Agreement is extended in writing by the Parties, this Agreement and the restrictions imposed on the Recipient and its Representatives by this Agreement shall terminate twelve (12) months from the date hereof, provided that the obligations set forth by Section 3 (*Litigation and Admissibility*), Sections 7 (*Return or Destruction of Documents*), 8 (*Acknowledgments*), 9 (*Legal Liability and Remedies*), and 11-18 shall survive the termination of this Agreement.

11. Choice of Law. This Agreement (i) is for the benefit of the Parties and (ii) is governed by the laws of the Commonwealth. Any suit, action or proceeding brought in connection with this Agreement shall be brought in the Court of First Instance for the Commonwealth, San Juan, or the United States District Court for the District of Puerto Rico sitting in San Juan and the Parties hereby irrevocably consent to the exclusive jurisdiction of such courts, agree not to commence any suit, action, or proceeding relating thereto except in such courts, and waive, to the fullest extent permitted by law, the right to move to dismiss or transfer any suit, action or proceedings brought in such court on the basis of any objections as to venue or inconvenient forum or on the basis of any objection to personal jurisdiction. The Parties waive, to the fullest extent permitted by law, any right to trial by jury.

12. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any prior agreements, including any deemed agreements, between the Parties regarding the subject matter hereof.

13. Interpretation; Headings. The term "person" as used in this Agreement shall be broadly interpreted to include, without limitation, any individual, corporation, company, partnership or other entity. The headings set forth in this Agreement are included solely for the purpose of identification and shall not be used for the purpose of construing the meaning of the provisions of this Agreement.

14. Severability. If any portion of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect.

15. Counterparts. This Agreement may be signed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

16. Amendment; Waiver. This Agreement shall not be amended, modified or waived except by a separate written agreement signed by each of the Parties. No course of dealing between the Parties shall be deemed to modify or amend any provision of this Agreement, and no delay by the Parties in the exercise (or partial exercise) of each of their rights and remedies shall operate as a waiver thereof.

17. No Implied Agreement. The Parties understand and agree that this Agreement is not intended to, and does not, constitute an agreement that either Party will consent to any Possible Transaction or take any other steps, including, without limitation, the preparation or filing of any documents with respect to any related transaction involving the Company. The Parties further understand and agree that each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to the Possible Transaction or any other transaction between the Parties, and to terminate Discussions and negotiations at any time.

18. Reservation of Rights. Nothing contained herein or otherwise shall operate to restrict, inhibit, limit or prohibit any Party or its designees from exercising any right or remedy available to it while the Discussions contemplated by this Agreement are pending. Nothing in this Agreement shall be construed as a waiver of a Party's right under applicable law or contract, and all such rights and remedies are hereby reserved.

[Signature pages follow]

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

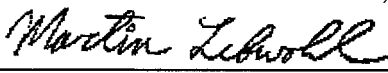
PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: _____

Title: _____

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: 

Name: Martin Lebwohl

Title: Authorized Signatory

EXHIBIT A

Confidential Information

ADDENDUM A

JOINDER TO CONFIDENTIALITY AGREEMENT

WHEREAS, reference is made to that certain *Confidentiality Agreement Dated October 12, 2015 By And Among The Puerto Rico Electric Power Authority and []* (the "Agreement"). Each capitalized term used but not defined herein shall have the meaning given to it in the Agreement.

WHEREAS, the undersigned has read the Agreement in its entirety and understands all of the provisions therein.

WHEREAS, the undersigned acknowledges that it is an External Representative of [•] (the "Recipient") and desires to obtain Confidential Information to advise and assist the Recipient in evaluating the Possible Transaction.

NOW, THEREFORE, the undersigned agrees that by executing this joinder, it and its employees and agents, shall become bound by all of the terms of the Agreement and agrees to keep the Confidential Information confidential in the same manner and to the same extent as the Recipient, as set forth in the Agreement.

By: _____

Date: _____

Title: _____

Company: _____

AMENDMENT NO. 1 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 1, dated as of October 15, 2015 (the “Amendment No. 1”), to the Confidentiality Agreement, dated as of October 12, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the “Creditor”).

This Amendment No. 1 amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “11:59 p.m. on October 15, 2015” with “8:00 p.m. on October 22, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 1 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: Javier A. Quintana Méndez

Title: Executive Director

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: Martin Lebwohl

Name: Martin Lebwohl

Title: Authorized Signatory

AMENDMENT NO. 2 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 2, dated as of October 22, 2015 (the “Amendment No. 2”), to the Confidentiality Agreement, dated as of October 12, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the “Creditor”).

This Amendment No. 2 amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “8:00 p.m. on October 22, 2015” with “8:00 p.m. on October 30, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 2 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: Martin Lebowitz

Name: MARTIN LEBOVITZ

Title: AUTHORIZED SIGNATORY

AMENDMENT NO. 3 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 3, dated as of October 30, 2015 (the “Amendment No. 3”), to the Confidentiality Agreement, dated as of October 12, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the “Creditor”).

This Amendment No. 3 amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “8:00 p.m. on October 30, 2015” with “8:00 p.m. on November 3, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 3 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: Javier Antonio Quintana Méndez

Title: Executive Director

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: Martin Leiswohl

Name: MARTIN LEISWOHL

Title: AUTHORIZED SIGNATORY

AMENDMENT NO. 4 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 4, dated as of November 3, 2015 (the “Amendment No. 4”), to the Confidentiality Agreement, dated as of October 12, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the “Creditor”).

This Amendment No. 4 amends the Agreement as follows:

1. Section 5(a) is amended to replace the phrase “8:00 p.m. on November 3, 2015” with “8:00 p.m. on November 5, 2015”

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 4 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

D E SHAW NDA

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: Martin Lebowitz

Name: MARTIN LEBOWITZ

Title: AUTHORIZED SIGNATORY

AMENDMENT NO. 5 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 5, dated as of December 7, 2015 (the "Amendment No. 5"), to the Confidentiality Agreement, dated as of October 12, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the "Agreement"), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the "Company") and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the "Creditor").

This Amendment No. 5 amends the Agreement as follows:

1. The first recital is hereby amended and restated in its entirety as follows:

"WHEREAS, the Company, the Creditor and certain other parties have entered into that certain Restructuring Support Agreement, dated as of November 5, 2015 (as amended, restated, extended, supplemented or otherwise modified and in effect from time to time, the "RSA")."

2. Section 5(a) of the Agreement is hereby amended and restated in its entirety as follows:

"For purposes of this Agreement, "Disclosure Date" means the earlier of (i) 8:00 p.m. on December 11, 2015, and (ii) (x) 8:00 a.m. on the day following the termination or expiration of the RSA as to the Creditor (as such termination or expiration may be extended or amended in accordance with the terms of the RSA, provided that the Creditor shall have agreed to any such extension or amendment), provided that any written notice (if such notice is required under the RSA) of such termination shall have been received by the Company by no later than 7:00 p.m. on the date of such termination or (y) 5:00 p.m. on the day following such termination if such notice is received by the Company after 7:00 p.m. on the date of such termination; provided, however, that the Company may publicly disclose any of its proposals relating to the Possible Transaction at any time before December 11, 2015. The Disclosure Date may be extended by written consent of the Creditor and each other creditor who has executed a substantially similar agreement."

3. Section 5(d) of the Agreement is hereby amended and restated in its entirety as follows:

"Prior to a Termination Event (as defined in the RSA), and for so long as the RSA remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for a Withdrawal Event (as defined in the RSA), or a decision whether to provide written notice of such Withdrawal Event, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent required under Section 5 of this Agreement."

4. Section 10 of the Agreement is hereby amended to add the words "on December 31, 2016" immediately following the words "this agreement shall terminate" and in place of the words (which are hereby deleted) "twelve (12) months from the date hereof."

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment No. 5 may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 5 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By:  _____

Name: Javier A. Quintana Méndez

Title: Executive Director

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: Martin Ledwith

Name: MARTIN LEDWITH

Title: AUTHORIZED SIGNATORY

AMENDMENT NO. 6 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 6, dated as of December 11, 2015 (the "Amendment No. 6"), to the Confidentiality Agreement, dated as of October 12, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the "Agreement"), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the "Company") and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the "Creditor").

This Amendment No. 6 amends the Agreement as follows:

1. Section 5(a) is hereby amended to replace any references to "December 11, 2015" with "December 17, 2015".

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment No. 6 may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 6 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: Martin Lebowitz

Name: MARTIN LEOWITZ

Title: Authorized Signatory

AMENDMENT NO. 7 TO CONFIDENTIALITY AGREEMENT

This Amendment No. 7, dated as of December 17, 2015 (the “Amendment No. 7”), to the Confidentiality Agreement, dated as of October 12, 2015 (as it may be amended, supplemented or otherwise modified from time to time, the “Agreement”), is entered into by and between: (i) the Puerto Rico Electric Power Authority (the “Company”) and (ii) D. E. Shaw Galvanic Portfolios, L.L.C. (the “Creditor”).

This Amendment No. 7 amends the Agreement as follows:

1. Section 5(a) is hereby amended to replace any references to “December 17, 2015” with “December 22, 2015”.

Except as amended hereby, the Agreement shall continue to be and shall remain in full force and effect in accordance with its terms. This Amendment No. 7 may be executed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 7 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: Javier A. Quintana Méndez

Title: Executive Director

PREPA BONDS

D. E. SHAW GALVANIC PORTFOLIOS, L.L.C.

By: Martin Lebowitz

Name: MARTIN LEBOWITZ

Title: AUTHORIZED SIGNATORY

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the "Agreement") is made as of August 26, 2014 (the "Effective Date") by and between: (i) the Puerto Rico Electric Power Authority (the "Company") and (ii) Franklin Advisers, Inc. (the "Creditor"). For purposes of this Agreement, the Company and the Creditor are referred to, individually, each as a "Party," and collectively, as the "Parties." As used herein, the term "Recipient" shall mean either Party to the extent it receives Confidential Information (as defined below) of the other Party.

WHEREAS, reference is made to (i) that certain lawsuit styled as *Franklin California Tax-Free Trust et al. v. The Commonwealth of Puerto Rico et al.*, Case No. 14-1518 (D. P.R.) (the "Franklin Litigation"), (ii) that certain lawsuit styled as BlueMountain Capital Management, LLC v. Garcia-Padilla, in his official capacity as Governor of the Commonwealth of Puerto Rico et al, Case No. 14-1569 (D. P.R.) (the "BlueMountain Litigation"), and collectively with the Franklin Litigation, the "Existing Litigation"), and (iii) any future or existing lawsuit against the Company, any "Commonwealth Entity," or any "enumerated entity" (as such terms are defined and understood in the Puerto Rico Public Corporation Debt Enforcement and Recovery Act (Law No. 71-2014) (the "Recovery Act")) arising out of, or related to, the Recovery Act or the same facts and circumstances alleged in the Existing Litigation (the "Future Litigation," and with the Existing Litigation, the "Litigation"), whether or not commenced by the Creditor.


9/18 WHEREAS, the Parties desire to engage in discussions (including without limitation, the contents, timing, and status thereof, to the extent constituting Confidential Information, the "Discussions") and exchange information about the Company's financial condition and a potential consensual restructuring of the Company's outstanding debt obligations (collectively, the "Possible Transaction"), and each Party may provide to the other Party certain Confidential Information (such providing entity, a "Disclosing Party," and collectively, the "Disclosing Parties").

NOW THEREFORE, in consideration of the covenants and conditions set forth in this Agreement and the Recipient's receipt of Confidential Information, it is agreed as follows:

1. Confidentiality of the Confidential Information, Including But Not Limited to the Discussions. As a condition to a Party engaging in the Discussions regarding a Possible Transaction and/or a Recipient receiving any Confidential Information from another Party, such Party and/or Recipient agrees (i) to use all Confidential Information solely for purposes of a Possible Transaction and evaluating a Possible Transaction and to not use it, directly or indirectly, for any other purpose, including but not limited to in the Litigation or any other legal proceeding, it being understood that a purchase or sale of the Company's securities that is not in violation of the applicable Federal securities laws shall not be deemed a use of the Confidential Information in violation of the provisions of this Section 1; (ii) to not refer to or otherwise disclose, directly or indirectly, the Discussions in any Litigation or other legal proceeding; (iii) to treat as confidential any Confidential Information, including without limitation the Discussions, that is furnished by or on behalf of any Disclosing Party to such Recipient or its Representatives (as defined below) except as permitted hereunder and undertake commercially reasonable precautions to safeguard and protect the confidentiality of the Confidential Information commensurate with those such Recipient employs for the protection of corresponding sensitive

information of its own; and (iv) not to disclose, in any manner whatsoever, directly or indirectly, in whole or in part, such Confidential Information, except as is permitted hereunder.

2. Confidential Information.

 (a) The term "Confidential Information" shall mean all the Discussions, documents, information, and other materials about the Disclosing Party, present or future laws, regulations and proceedings applicable to Disclosing Party or a Possible Transaction that (a) are designated as "Confidential Information" by the Disclosing Party, (b) are furnished orally or in writing hereunder by a Disclosing Party to the Recipient or its Representatives on or after the date of this Agreement, and (c) are non-public, confidential, or proprietary in nature, including, without limitation, non-public, confidential, or proprietary information related to accounting, financial matters, tax, legal and operational information whether oral, written or electronic communications, and including confidential memoranda, and presentations prepared by the Disclosing Party or any of such Disclosing Party's affiliates and its or its affiliates' managers, directors, officers, members, partners, associates, or employees (collectively, and as the same may apply to a Disclosing Party or the Recipient, the "Internal Representatives") or such Disclosing Party's or its affiliates' attorneys, subcontractors, consultants, accountants, auditors, advisors, agents, representatives, co-investors or potential financing sources (and collectively, and as the same may apply to a Disclosing Party or the Recipient, the "External Representatives," and together with the Internal Representatives, the "Representatives"). In regards to the Company, the term "affiliates" shall include the Commonwealth of Puerto Rico (the "Commonwealth") and the Government Development Bank for Puerto Rico. Confidential Information also includes this Agreement, the existence of and Discussions related to this Agreement, the Discussions, any Possible Transaction itself, and the nature, existence, substance, status, and terms of any Discussions or negotiations that have taken place or are taking place between the Company and the Creditor concerning the Company and a Possible Transaction. The term "Confidential Information" does not include information which: (i) is, was or becomes available to the public other than as a result of a disclosure by the Recipient or any of its Representatives in violation of this Agreement; (ii) was or is independently developed by the Recipient or its Representatives without using Confidential Information; (iii) was or becomes available to the Recipient or any of its Representatives on a non-confidential basis from a source other than the Disclosing Party and that is not subject to an agreement of confidentiality with the Disclosing Party; (iv) was already in the possession of the Recipient or its Representatives prior to the date of this Agreement on a non-confidential basis; (v) is determined by a court of competent jurisdiction not to be Confidential Information; or (vi) is agreed in writing by the Disclosing Party not to be subject to a confidentiality restriction.

(b) The Creditor acknowledges that the Company and certain advisors of the Creditor have executed a confidentiality agreement relating to the exchange of non-public information between such parties and that certain non-public information disclosed to such advisors may not be disclosed to the Creditor without prior written consent of the Company.

(c) Nothing in this Agreement shall require Creditor to receive Confidential Information.

3. Litigation and Admissibility. Recipient shall not refer to, disclose or use, directly or indirectly, in the Litigation or any other legal proceedings (other than a legal proceeding to enforce this Agreement) the Discussions or any other Confidential Information provided by a Disclosing Party or its Representatives. Furthermore, Confidential Information received by Recipient from a Disclosing Party or its Representatives shall not be admissible in the Litigation or any other legal proceeding. Recipient agrees that the Discussions and all other Confidential Information provided by a Disclosing Party or its Representatives are in the nature of settlement Discussions that shall not be admissible for any purpose, including but not limited to pursuant to Rule 408 of the Federal Rules of Evidence (or any state or Commonwealth law equivalent). None of the Parties shall seek to cause any other party or directly cooperate with any other party in its efforts to admit in the Litigation or any other legal proceeding the Discussions or any other Confidential Information received by Recipient from a Disclosing Party or its Representatives. Nothing contained herein shall limit (i) any rights of the Creditor or its Representatives to obtain discovery through judicial or other process of any information relating to the Company and to introduce the same as evidence in any proceeding, provided that the Recipient is not disclosing Confidential Information received under this Agreement (but excluding any Confidential Information that is obtained through a discovery process) in violation of this Agreement, (ii) the Company's right to object to such discovery or introduction or its right to seek to have any such Confidential Information introduced under seal, or (iii) the rights of any Recipient and its Representatives to object to the sealing of such information.


4. Permitted Disclosures.

Notwithstanding anything to the contrary in this Agreement, the Recipient may disclose the Discussions or any other Confidential Information: (i) with the prior written consent of the Disclosing Party; (ii) to any of the Recipient's Internal Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who are advised, prior to receipt of such information, by the Recipient of the existence of this Agreement and have agreed or are under an obligation not to disclose the Discussions or any other Confidential Information; (iii) to any of the Recipient's External Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who have executed and delivered to the Disclosing Party, prior to receipt of such information, a joinder to this Agreement, substantially in the form attached hereto as Addendum A; or (iv) in the event that the Recipient or its Representatives are requested or required by law, rule, regulation or governmental, regulatory or self-regulatory body (including by deposition, interrogatory, request for documents, subpoena, civil investigative demand, legal, regulatory or similar process) (collectively, "Law") to disclose all or any portion of the Discussions or Confidential Information; provided that the Recipient shall, with respect to a request made under this Section 4(iv) of this Agreement, to the extent practicable and permitted by applicable Law, promptly notify the Disclosing Party of such request so that the Disclosing Party, at the Disclosing Party's sole cost and expense, may intervene to take legally available steps to resist or narrow such request, including the Disclosing Party's efforts to seek a protective order or other appropriate remedy. In addition, each Recipient and its Representatives agree that they will not oppose, and, to the extent requested by the Disclosing Party and at the Disclosing Party's sole cost and expense, will use commercially reasonable efforts to cooperate with the Disclosing Party with regard to any reasonable action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that

confidential treatment will be accorded to the Discussions and any other Confidential Information or to resist or narrow the request or requirement for information. Each Recipient shall be liable for the breach of this Agreement by any of its Representatives to which it discloses the Discussions or any other Confidential Information. For the avoidance of doubt, the Recipient may disclose this Agreement to its Representatives for the purpose of obtaining acknowledgements as provided for in clauses (ii) and (iii) of this Section 4.

5. Disclosure of Confidential Information.


(a) For purposes of this Agreement, (i) "First Disclosure Date" means the earliest of (a) the effective date of any agreement between the Creditor and the Company under which the Creditor forbears from exercising rights (a "Forbearance Agreement"), (b) 5:30 p.m. prevailing Eastern time on August 18, 2014, and (c) the date of any petition, filing, or other request seeking to commence any case, proceeding, or other action under any bankruptcy, insolvency, reorganization, liquidation, winding up, arrangement, composition, adjustment, custodianship, receivership, or other similar federal, state, or non-U.S. law or rule, including, without limitation, the Recovery Act, in respect of the Company (a "Debt Proceeding"); and (ii) "Second Disclosure Date" means the earliest of (a) the termination of a Forbearance Agreement, (b) 5:30 p.m. prevailing Eastern time on March 15, 2015, and (c) the date of commencement of any Debt Proceeding; provided that in each case such date may be extended by written consent of the Creditor.

 (b) On or before the First Disclosure Date, the Company shall issue a press release making publicly available the portions of the Confidential Information disclosed by the Company and/or its Representatives to the Creditor through the period ending on the First Disclosure Date, to the extent not theretofore publicly disclosed, which would reasonably be expected to be material to an investor making an investment decision with respect to the purchase or sale of the Company's securities (such information, "First Disclosed Information").

(c) On or before the Second Disclosure Date, the Company shall issue a press release making publicly available the portions of the Confidential Information disclosed by the Company and/or its Representatives to the Creditor during the period commencing on the effective date of a Forbearance Agreement and ending on the Second Disclosure Date, to the extent not theretofore publicly disclosed, which would reasonably be expected to be material to an investor making an investment decision with respect to the purchase or sale of the Company's securities (such information, "Second Disclosed Information," and together with the First Disclosed Information, the "Disclosed Information"). For the avoidance of any doubt, Disclosed Information will not include any information provided to Creditor's Representatives on a basis that could not be shared with Creditor, as described in Section 2(b) of this Agreement.

(d) In the event that the Company shall fail to disclose the Disclosed Information on or before the First Disclosure Date or the Second Disclosure Date, as applicable, pursuant to the terms set forth herein, the Creditor may seek specific performance of the Company's obligations hereunder, or in the alternative the Creditor is authorized to disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Disclosed Information (the "Creditor Disclosure Right"); provided, however, that prior to exercising its Creditor Disclosure Right, the Recipient shall provide the

Company with (i) written notice (the "Notice of Insufficiency Objection") of its breach or failure to disclose the Disclosure Information pursuant to this Section 5, which notice shall include a description of the Disclosure Information the Creditor intends to disclose and (ii) at least two (2) days' notice of its intention to make such disclosure in order to permit the Company to make such disclosures (the "Cure Time"). During the Cure Time, the Company and the Creditor and its Representatives shall attempt in good faith to resolve the Creditor's objection. If the Company does not fully disclose all such Disclosure Information by the Cure Time, the Creditor may, in its sole discretion, disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Disclosed Information at any time after the Cure Time. The Company further agrees and acknowledges that the Recipient will not violate any confidentiality terms hereof as a result of making public Confidential Information pursuant to this Section 5.

 (e) Prior to a Termination Event (as defined in the Forbearance Agreement), and for so long as the Forbearance Agreement remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for delivery of a Withdrawal Notice (as defined in the Forbearance Agreement), or a decision of whether to provide a Withdrawal Notice, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent necessary under Section 5 of this Agreement. The Company will consult in good faith with Representatives of the Creditor so as to achieve the exchange of information regarding a consensual restructuring contemplated by the second recital paragraph of this Agreement, which information could be made public in the circumstances contemplated by Section 5 of this Agreement.

6. No Representation or Warranty. Although the Disclosing Party will endeavor to provide Confidential Information known to it which it believes to be relevant for the purpose of the Discussions relating to valuation and consideration of a Possible Transaction, the Recipient acknowledges and agrees that none of the Disclosing Party nor its Representatives is making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and none of the Disclosing Party nor its Representatives, nor any of their respective officers, directors, employees, representatives, stockholders, owners, affiliates, advisors or agents, will have any liability to the Recipient or any other person resulting from the use of Confidential Information by the Recipient or any of its Representatives.

7. Return or Destruction of Documents. Upon the Disclosing Party's written request, each Recipient shall promptly return or, at Recipient's sole election, destroy all written Confidential Information without retaining, in whole or in part, any copies, extracts or other reproductions (whatever the form or storage medium) of such materials, and, if requested by the Disclosing Party, the Recipient shall confirm the destruction of such materials in writing to the Disclosing Party. Notwithstanding the foregoing sentence, each Recipient may retain: (i) that portion of the Confidential Information that is memorialized in notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient or any of its advisors, (ii) copies of Confidential Information in databases or automatic electronic back-up systems in

accordance with internal record-keeping policies and procedures implemented by the Recipient, (iii) Confidential Information necessary to be retained, as deemed by the Recipient, to comply with applicable legal or regulatory requirements and which information retention shall be for recordkeeping purposes only and not for any other use, and (iv) any portions of the Confidential Information that have been disclosed to the public other than through a breach of this Agreement by such Recipient or any other substantially similar confidentiality agreement, or by a third party that, to the Recipient's knowledge, was not under an obligation of nondisclosure to the Disclosing Party.

8. Acknowledgements.

(a) The Parties acknowledge that the dissemination of Confidential Information may be governed by applicable securities law or regulations that prohibit the purchase and sale of securities by persons, including individuals, who possess certain material nonpublic information.

(b) Each Disclosing Party acknowledges and agrees that the Recipient may maintain or establish an information-blocking device or "Ethical Wall" (an "Ethical Wall") between its employees who receive the Confidential Information and its other employees.

9. Legal Liability and Remedies. The Parties acknowledge that money damages may not be a sufficient remedy for any breach of this Agreement and that the Parties shall be entitled to seek, in addition to all other remedies, specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach to the extent permitted by law. Unless otherwise expressly provided in this Agreement, in the event that such equitable relief is granted, such remedy or remedies shall not be deemed to be the exclusive remedy or remedies for breach of this Agreement but shall be in addition to all other remedies available at law or equity. The Parties agree not to resist such application for relief on the basis that the Disclosing Party or the Recipient, as applicable, has an adequate remedy at law and agrees to waive any requirement for securing or posting any bond in connection with such remedy.

10. Termination. Unless the term of this Agreement is extended in writing by the Parties, this Agreement and the restrictions imposed on the Recipient and its Representatives by this Agreement shall terminate twelve (12) months from the date hereof, provided that the obligations set forth by Section 3 (*Litigation and Admissibility*), Sections 7 (*Return or Destruction of Documents*), 8 (*Acknowledgments*), 9 (*Legal Liability and Remedies*), and 11-18 shall survive the termination of this Agreement.

11. Choice of Law. This Agreement (i) is for the benefit of the Parties and (ii) is governed by the laws of the Commonwealth. Any suit, action or proceeding brought in connection with this Agreement shall be brought in the Court of First Instance for the Commonwealth, San Juan, or the United States District Court for the District of Puerto Rico sitting in San Juan and the Parties hereby irrevocably consent to the exclusive jurisdiction of such courts, agree not to commence any suit, action, or proceeding relating thereto except in such courts, and waive, to the fullest extent permitted by law, the right to move to dismiss or transfer any suit, action or proceedings brought in such court on the basis of any objections as to venue or


inconvenient forum or on the basis of any objection to personal jurisdiction. The Parties waive, to the fullest extent permitted by law, any right to trial by jury.

12. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any prior agreements, including any deemed agreements, between the Parties regarding the subject matter hereof.

13. Interpretation; Headings. The term "person" as used in this Agreement shall be broadly interpreted to include, without limitation, any individual, corporation, company, partnership or other entity. The headings set forth in this Agreement are included solely for the purpose of identification and shall not be used for the purpose of construing the meaning of the provisions of this Agreement.

14. Severability. If any portion of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall be unaffected thereby and shall remain in full force and effect.

15. Counterparts. This Agreement may be signed in one or more counterparts (including by means of facsimile or PDF signature pages), each of which need not contain the signature of all Parties hereto, and all of such counterparts taken together shall constitute a single agreement.

 16. Amendment; Waiver. This Agreement shall not be amended, modified or waived except by a separate written agreement signed by each of the Parties. No course of dealing between the Parties shall be deemed to modify or amend any provision of this Agreement, and no delay by the Parties in the exercise (or partial exercise) of each of their rights and remedies shall operate as a waiver thereof.

17. No Implied Agreement. The Parties understand and agree that this Agreement is not intended to, and does not, constitute an agreement that either Party will consent to any Possible Transaction or take any other steps, including, without limitation, the preparation or filing of any documents with respect to any related transaction involving the Company. The Parties further understand and agree that each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to the Possible Transaction or any other transaction between the Parties, and to terminate Discussions and negotiations at any time.

18. Reservation of Rights. Nothing contained herein or otherwise shall operate to restrict, inhibit, limit or prohibit any Party or its designees from exercising any right or remedy available to it while the Discussions contemplated by this Agreement are pending. Nothing in this Agreement shall be construed as a waiver of a Party's right under applicable law or contract, and all such rights and remedies are hereby reserved.

[Signature pages follow]

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date and year first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: J. F. Aliaga

Name: Juan F. Aliaga - Flores

Title: Executive Director

FRANKLIN ADVISERS, INC., as investment manager
on behalf of certain funds

By: Sheila Amoroso

Name: Sheila Amoroso

Title: Senior Vice President

ADDENDUM A

JOINDER TO CONFIDENTIALITY AGREEMENT

WHEREAS, reference is made to that certain *Confidentiality Agreement Dated August 26, 2014 By And Among The Puerto Rico Electric Power Authority and Franklin Advisers, Inc.* (the "Agreement"). Each capitalized term used but not defined herein shall have the meaning given to it in the Agreement.

WHEREAS, the undersigned has read the Agreement in its entirety and understands all of the provisions therein.

WHEREAS, the undersigned acknowledges that it is an External Representative of [●] (the "Recipient") and desires to obtain Confidential Information to advise and assist the Recipient in evaluating the Possible Transaction.

NOW, THEREFORE, the undersigned agrees that by executing this joinder, it and its employees and agents, shall become bound by all of the terms of the Agreement and agrees to keep the Confidential Information confidential in the same manner and to the same extent as the Recipient, as set forth in the Agreement.

By: _____ Date: _____

Title: _____

Company: _____

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the "Agreement") is made as of March 3, 2015 (the "Effective Date") by and between: (i) the Puerto Rico Electric Power Authority (the "Company") and (ii) Franklin Advisers, Inc. (the "Creditor"). For purposes of this Agreement, the Company and the Creditor are referred to, individually, each as a "Party," and collectively, as the "Parties." As used herein, the term "Recipient" shall mean either Party to the extent it receives Confidential Information (as defined below) of the other Party.

WHEREAS, reference is made to (i) that certain lawsuit styled as *Franklin California Tax-Free Trust et al. v. The Commonwealth of Puerto Rico et al.*, Case No. 14-1518 (D. P.R.) (such lawsuit, together with any appeals thereof, the "Franklin Litigation"), (ii) that certain lawsuit styled as *BlueMountain Capital Management, LLC v. Garcia-Padilla*, in his official capacity as Governor of the Commonwealth of Puerto Rico et al, Case No. 14-1569 (D. P.R.) (such lawsuit, together with any appeals thereof, the "BlueMountain Litigation"), and collectively with the Franklin Litigation, the "Existing Litigation"), and (iii) any future or existing lawsuit against the Company, any "Commonwealth Entity," or any "enumerated entity" (as such terms are defined and understood in the Puerto Rico Public Corporation Debt Enforcement and Recovery Act (Law No. 71-2014) (the "Recovery Act")) arising out of, or related to, the Recovery Act or the same facts and circumstances alleged in the Existing Litigation (the "Future Litigation," and with the Existing Litigation, the "Litigation"), whether or not commenced by the Creditor.

WHEREAS, the Company and certain holders of power revenue bonds issued by the Company pursuant to that certain Trust Agreement by and between the Company and State Street Bank and Trust Company, N.A. as of January 1, 1974 (as amended), entered into that certain Forbearance Agreement, dated as of August 14, 2014 (as it may be amended from time to time, the "Forbearance Agreement").

WHEREAS, the Parties desire to engage in discussions (including without limitation, the contents, timing, and status thereof, to the extent constituting Confidential Information, the "Discussions") and exchange information about the Company's financial condition and a potential consensual restructuring of the Company's outstanding debt obligations (collectively, the "Possible Transaction"), and each Party may provide to the other Party certain Confidential Information (such providing entity, a "Disclosing Party," and collectively, the "Disclosing Parties").

NOW THEREFORE, in consideration of the covenants and conditions set forth in this Agreement and the Recipient's receipt of Confidential Information, it is agreed as follows:

1. Confidentiality of the Confidential Information, Including But Not Limited to the Discussions. As a condition to a Party engaging in the Discussions regarding a Possible Transaction and/or a Recipient receiving any Confidential Information from another Party, such Party and/or Recipient agrees (i) to use all Confidential Information solely for purposes of a Possible Transaction and evaluating a Possible Transaction and to not use it, directly or indirectly, for any other purpose, including but not limited to in the Litigation or any other legal proceeding, it being understood that a purchase or sale of the Company's or other securities that

is not in violation of the applicable Federal securities laws shall not be deemed a use of the Confidential Information in violation of the provisions of this Section 1; (ii) to not refer to or otherwise disclose, directly or indirectly, the Discussions in any Litigation or other legal proceeding; (iii) to treat as confidential any Confidential Information, including without limitation the Discussions, that is furnished by or on behalf of any Disclosing Party to such Recipient or its Representatives (as defined below) except as permitted hereunder and undertake commercially reasonable precautions to safeguard and protect the confidentiality of the Confidential Information commensurate with those such Recipient employs for the protection of corresponding sensitive information of its own; and (iv) not to disclose, in any manner whatsoever, directly or indirectly, in whole or in part, such Confidential Information, except as is permitted hereunder.

2. Confidential Information.

910 (a) The term "Confidential Information" shall mean the documents set forth on Exhibit A, and such other documents, if any, as are consented to in writing by Kramer Levin Naftalis & Frankel LLP and the Company. Notwithstanding the foregoing, Confidential Information also includes this Agreement, the existence of and Discussions related to this Agreement, the Discussions, any Possible Transaction itself, the nature, existence, substance, status, and terms of any Discussions or negotiations that have taken place or are taking place between the Company and the Creditor concerning the Company and a Possible Transaction, and any information disclosed by the Company or its Representatives to the Creditor pursuant to Section 5(e). The term "Confidential Information" does not include information which: (i) is, was or becomes available to the public other than as a result of a disclosure by the Recipient or any of its Representatives in violation of this Agreement; (ii) was or is independently developed by the Recipient or its Representatives without using Confidential Information; (iii) was or becomes available to the Recipient or any of its Representatives on a non-confidential basis from a source other than the Disclosing Party and that is not subject to an agreement of confidentiality with the Disclosing Party; (iv) was already in the possession of the Recipient or its Representatives prior to the date of this Agreement on a non-confidential basis; (v) is determined by a court of competent jurisdiction not to be Confidential Information; or (vi) is agreed in writing by the Disclosing Party not to be subject to a confidentiality restriction. In addition, the term "Internal Representatives" shall mean a Party's or a Party's affiliate and its or its affiliates' managers, directors, officers, members, partners, associates, or employees; the term "External Representatives" shall mean a Party's or its affiliates' attorneys, subcontractors, consultants, accountants, auditors, advisors, agents, representatives, co-investors or potential financing sources; the term "Representatives" shall mean Internal Representatives and External Representatives, as applicable; and in regards to the Company, the term "affiliates" shall include the Commonwealth of Puerto Rico (the "Commonwealth") and the Government Development Bank for Puerto Rico.

(b) The Creditor acknowledges that the Company and certain advisors of the Creditor have executed a confidentiality agreement relating to the exchange of non-public information between such parties and that certain non-public information disclosed to such advisors may not be disclosed to the Creditor without prior written consent of the Company.

(c) Nothing in this Agreement shall require the Creditor to receive Confidential

Information.


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3. Litigation and Admissibility. Recipient shall not refer to, disclose or use, directly or indirectly, in the Litigation or any other legal proceedings (other than a legal proceeding to enforce this Agreement) the Discussions or any other Confidential Information provided by a Disclosing Party or its Representatives. Furthermore, Confidential Information received by Recipient from a Disclosing Party or its Representatives shall not be admissible in the Litigation or any other legal proceeding. Recipient agrees that the Discussions and all other Confidential Information provided by a Disclosing Party or its Representatives are in the nature of settlement Discussions that shall not be admissible for any purpose, including but not limited to pursuant to Rule 408 of the Federal Rules of Evidence (or any state or Commonwealth law equivalent). None of the Parties shall seek to cause any other party or directly cooperate with any other party in its efforts to admit in the Litigation or any other legal proceeding the Discussions or any other Confidential Information received by Recipient from a Disclosing Party or its Representatives. Nothing contained herein shall limit (i) any rights of the Creditor or its Representatives to obtain discovery through judicial or other process of any information relating to the Company and to introduce the same as evidence in any proceeding, provided that the Recipient is not disclosing Confidential Information received under this Agreement (but excluding any Confidential Information that is obtained through a discovery process) in violation of this Agreement, (ii) the Company's right to object to such discovery or introduction or its right to seek to have any such Confidential Information introduced under seal, or (iii) the rights of any Recipient and its Representatives to object to the sealing of such information.

4. Permitted Disclosures.

Notwithstanding anything to the contrary in this Agreement, the Recipient may disclose the Discussions or any other Confidential Information: (i) with the prior written consent of the Disclosing Party; (ii) to any of the Recipient's Internal Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who are advised, prior to receipt of such information, by the Recipient of the existence of this Agreement and have agreed or are under an obligation not to disclose the Discussions or any other Confidential Information; (iii) to any of the Recipient's External Representatives who have a need to know of the Discussions or any other Confidential Information, for the purpose of a Possible Transaction, who have executed and delivered to the Disclosing Party, prior to receipt of such information, a joinder to this Agreement, substantially in the form attached hereto as Addendum A; or (iv) in the event that the Recipient or its Representatives are requested or required by law, rule, regulation or governmental, regulatory or self-regulatory body (including by deposition, interrogatory, request for documents, subpoena, civil investigative demand, legal, regulatory or similar process) (collectively, "Law") to disclose all or any portion of the Discussions or Confidential Information; provided that the Recipient shall, with respect to a request made under this Section 4(iv) of this Agreement, to the extent practicable and permitted by applicable Law, promptly notify the Disclosing Party of such request so that the Disclosing Party, at the Disclosing Party's sole cost and expense, may intervene to take legally available steps to resist or narrow such request, including the Disclosing Party's efforts to seek a protective order or other appropriate remedy. In addition, each Recipient and its Representatives agree that they will not oppose, and, to the extent requested by the Disclosing Party and at the Disclosing Party's sole cost and expense, will use commercially

reasonable efforts to cooperate with the Disclosing Party with regard to any reasonable action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded to the Discussions and any other Confidential Information or to resist or narrow the request or requirement for information. Each Recipient shall be liable for the breach of this Agreement by any of its Representatives to which it discloses the Discussions or any other Confidential Information. For the avoidance of doubt, the Recipient may disclose this Agreement to its Representatives for the purpose of obtaining acknowledgements as provided for in clauses (ii) and (iii) of this Section 4.

5. Disclosure of Confidential Information.

 (a) For purposes of this Agreement, "Disclosure Date" means the earlier of (i) March 31, 2015 at 11:59 p.m., which date may be extended by written consent of the Creditor and each other creditor who has executed a substantially similar agreement, and (ii) one (1) business day after termination or expiration of the Forbearance Agreement (as such termination or expiration may be extended or amended in accordance with the terms of the Forbearance Agreement), provided, however, if the Company makes a public announcement describing the terms of the Company's proposal, or any portion thereof, for a debt restructuring that does not have the prior written consent of the holders of two-thirds of the Bonds subject to the Forbearance Agreement, the Disclosure Date shall be one (1) business day after the date of such public announcement.

(b) On or before the Disclosure Date, the Company shall issue a press release making publicly available the portions of the Confidential Information disclosed by the Company and/or its Representatives to the Creditor through the period ending on the Disclosure Date, to the extent not theretofore publicly disclosed, which would reasonably be expected to be material to an investor making an investment decision with respect to the purchase or sale of the Company's securities (such information, "Disclosed Information"). For the avoidance of any doubt, Disclosed Information will not include any information provided to Creditor's Representatives on a basis that could not be shared with Creditor, as described in Section 2(b) of this Agreement.

(d) In the event that the Company shall fail to disclose the Disclosed Information on or before the Disclosure Date pursuant to the terms set forth herein, the Creditor may seek specific performance of the Company's obligations hereunder, or in the alternative the Creditor is authorized to disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Disclosed Information (the "Creditor Disclosure Right"); provided, however, that prior to exercising its Creditor Disclosure Right, the Recipient shall provide the Company with (i) written notice (the "Notice of Insufficiency Objection") of its breach or failure to disclose the Disclosure Information pursuant to this Section 5, which notice shall include a description of the Disclosure Information the Creditor intends to disclose and (ii) at least two (2) days' notice of its intention to make such disclosure in order to permit the Company to make such disclosures (the "Cure Time"). During the Cure Time, the Company and the Creditor and its Representatives shall attempt in good faith to resolve the Creditor's objection. If the Company does not fully disclose all such Disclosure Information by the Cure Time, the Creditor may, in its sole discretion, disclose and make generally available to the public through the issuance of a press release or similar form of public communication such Disclosed Information at any time after the Cure Time. The Company

further agrees and acknowledges that the Recipient will not violate any confidentiality terms hereof as a result of making public Confidential Information pursuant to this Section 5.

(e) Prior to a Termination Event (as defined in the Forbearance Agreement), and for so long as the Forbearance Agreement remains in effect, to the extent that the Creditor in good faith seeks Confidential Information with respect to (i) a determination whether a basis exists for delivery of a Withdrawal Notice (as defined in the Forbearance Agreement), or a decision of whether to provide a Withdrawal Notice, or (ii) a determination whether a basis exists for a Termination Event, or a decision to exercise a Termination Event, the Company will provide such Confidential Information to Creditor to the extent reasonably necessary, after good faith consultation with its Representatives, to make such determination or decision, with the understanding that such Confidential Information shall be made public to the extent necessary under Section 5 of this Agreement.

6. No Representation or Warranty. The Recipient acknowledges and agrees that none of the Disclosing Party nor its Representatives is making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and none of the Disclosing Party nor its Representatives, nor any of their respective officers, directors, employees, representatives, stockholders, owners, affiliates, advisors or agents, will have any liability to the Recipient or any other person resulting from the use of Confidential Information by the Recipient or any of its Representatives.

7. Return or Destruction of Documents. Upon the Disclosing Party's written request upon or after ten (10) business days following the Disclosure Date, each Recipient shall promptly return or, at Recipient's sole election, destroy all written Confidential Information without retaining, in whole or in part, any copies, extracts or other reproductions (whatever the form or storage medium) of such materials, and, if requested by the Disclosing Party, the Recipient shall confirm the destruction of such materials in writing to the Disclosing Party. Notwithstanding the foregoing sentence, each Recipient may retain: (i) that portion of the Confidential Information that is memorialized in notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient or any of its advisors, (ii) copies of Confidential Information in databases or automatic electronic back-up systems in accordance with internal record-keeping policies and procedures implemented by the Recipient, (iii) Confidential Information necessary to be retained, as deemed by the Recipient, to comply with applicable legal or regulatory requirements and its internal document retention policies and which information retention shall be for recordkeeping purposes only and not for any other use, and (iv) any portions of the Confidential Information that have been disclosed to the public other than through a breach of this Agreement by such Recipient or any other substantially similar confidentiality agreement, or by a third party that, to the Recipient's knowledge, was not under an obligation of nondisclosure to the Disclosing Party.

8. Acknowledgements.

(a) The Parties acknowledge that the dissemination of Confidential Information may be governed by applicable securities law or regulations that prohibit the purchase and sale of securities by persons, including individuals, who possess certain material nonpublic information.