

By Marathon Asset Management, LP solely in its capacity as Investment Advisor to the Fund(s)/Account(s) named in Schedule A of this Agreement

By: P-L Flynn

Name: PETER COPPA

Title: AUTHORIZED SIGNATORY

REDACTED

Schedule A:

MARATHON SPECIAL OPPORTUNITY FUND, LTD.

MARATHON CREDIT DISLOCATION FUND, LP

MARATHON LIQUID CREDIT LONG SHORT FUND

PENTELI MASTER FUND, LTD

MASTER SIF SICAV-SIF

MV CREDIT OPPORTUNITY FUND LP

KRTS CREDIT FUND LP

MARATHON CENTRE STREET PARTNERSHIP LP

BALDR MASON FUND, INC.

MARATHON LES GRANDES JORASSES MASTER FUND

MARATHON COURT SQUARE, LP

MARATHON STRATEGIC OPPORTUNITIES PROGRAM, LP

MARATHON CURRITUCK FUND, LP – SERIES C

OPPENHEIMERFUND, INC

By:



Name:

Daniel G Loughran

Title:

Senior Vice President

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

By: 

Name: Shi Nisman

Title: Authorized Signatory

REDACTED

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: 

Name: ROY PURCELL

Title: VICE PRESIDENT

BANCO POPULAR DE PUERTO RICO, as
Lender

By: _____

Name: _____

Title: _____

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: _____

Title: _____

[RSA – Signature Page]

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: _____

Name: _____

Title: _____

BANCO POPULAR DE PUERTO RICO, as
Lender

By: Juan Pablo Torres

Name: JUAN PABLO TORRES

Title: AVP

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: _____

Title: _____

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: _____

Name: _____

Title: _____

BANCO POPULAR DE PUERTO RICO, as
Lender

By: _____

Name: _____

Title: _____

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: _____

Title: _____

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: _____

Name: _____

Title: _____

BANCO POPULAR DE PUERTO RICO, as
Lender

By: _____

Name: _____

Title: _____

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: _____

Title: _____

SOLA LTD, as Lender and Holder

By: Solus Alternative Asset Management LP
Its Investment Advisor

Name: C. J. Lambtree

Title: Partner

Solus Opportunities Fund 5 LP, as Lender and
Holder

By: Solus Alternative Asset Management LP
Its Investment Advisor

Name: C. J. Lambtree

Title: Partner

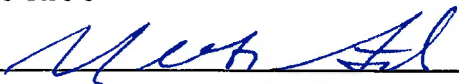
Ultra Master LTD, as Lender and Holder

By: Solus Alternative Asset Management LP
Its Investment Advisor

Name: C. J. Lambtree

Title: Partner

GOVERNMENT DEVELOPMENT BANK FOR
PUERTO RICO

By: 

Name: Melba Acosta Febo

Title: President

Annex A – Ad Hoc Group

AG MM, L.P.

AG CAPITAL RECOVERY PARTNERS VIII, L.P.

AG ELEVEN PARTNERS, L.P.

AG SUPER FUND INTERNATIONAL PARTNERS, L.P.

NUTMEG PARTNERS, L.P.

AG CENTRE STREET PARTNERSHIP, L.P.

AG PRINCESS, LP

AG SUPER FUND, L.P.

BLUEMOUNTAIN GUADALUPE PEAK FUND L.P.

BLUEMOUNTAIN FOINAVEN MASTER FUND L.P.

BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.

BLUEMOUNTAIN KICKING HORSE FUND L.P.

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.

BLUEMOUNTAIN TIMBERLINE LTD.

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF

BLUEMOUNTAIN CAPITAL MANAGEMENT, LLC

BLUEMOUNTAIN LOGAN OPPORTUNITIES MASTER FUND L.P.

CALIFORNIA INTERMEDIATE TERM TAX FREE INCOME FUND

CALIFORNIA HIGH YIELD MUNICIPAL BOND FUND

TENNESEE MUNICIPAL BOND FUND

CALIFORNIA TAX FREE INCOME FUND

NEW YORK TAX FREE INCOME FUND

FEDERAL TAX FREE INCOME FUND

DOUBLE TAX FREE INCOME FUND

COLORADO TAX FREE INCOME FUND

GEORGIA TAX FREE INCOME FUND

PENNSYLVANIA TAX FREE INCOME FUND

HIGH YIELD TAX FREE INCOME FUND

MISSOURI TAX FREE INCOME FUND

OREGON TAX FREE INCOME FUND

VIRGINIA TAX FREE INCOME FUND

FLORIDA TAX FREE INCOME FUND

LOUISIANA TAX FREE INCOME FUND

MARYLAND TAX FREE INCOME FUND

NORTH CAROLINA TAX FREE INCOME FUND

NEW JERSEY TAX FREE INCOME FUND

FRANKLIN STRATEGIC INCOME FUND UNITED STATES

FIST -FRANKLIN TOTAL RETURN FUND

FRANKLIN STRATEGIC INCOME FUND CANADA

FTIF- FRANKLIN US TOTAL RETURN FUND

FTVIP- FRANKLIN STRATEGIC INCOME VIP FUND

FDP SERIES FT TOTAL RETURN FDP FUND

FTIF- FRANKLIN STRATEGIC INCOME FUND

FT OPPORTUNISTIC DISTRESSED FUND, LTD.

GOLDMAN SACHS HIGH YIELD MUNICIPAL FUND, A SERIES OF THE GOLDMAN SACHS TRUST

GOLDMAN SACHS DYNAMIC MUNICIPAL INCOME FUND, A SERIES OF THE GOLDMAN SACHS TRUST

GOLDMAN SACHS SHORT DURATION TAX-FREE FUND, A SERIES OF THE
GOLDMAN SACHS TRUST

KNIGHTHEAD MASTER FUND, L.P.

KNIGHTHEAD ANNUITY & LIFE ASSURANCE COMPANY

LMA SPC FOR AND ON BEHALF OF THE MAP 84 SEGREGATED PORTFOLIO

KNIGHTHEAD (NY) FUND, L.P.

MARATHON CREDIT DISLOCATION FUND, LP

MARATHON STRATEGIC OPPORTUNITIES PROGRAM, LP

MARATHON COURT SQUARE, LP

MARATHON CENTRE STREET PARTNERSHIP, L.P.

KTRS CREDIT FUND, LP

MARATHON CURRITUCK FUND, LP – SERIES C

BALDR MASON FUND INC.

MARATHON CREDIT OPPORTUNITY MASTER FUND, LTD.

MARATHON SPECIAL OPPORTUNITY MASTER FUND, LTD

MARATHON LES GRANDES JORASSES MASTER FUND

PENTELI MASTER FUND, LTD

MASTER SIF SICAV SIF

MARATHON LIQUID CREDIT LONG SHORT FUND

OPPENHEIMER ROCHESTER AMT –FREE MUNICIPAL FUND

OPPENHEIMER ROCHESTER AMT –FREE NEW YORK MUNICIPAL FUND

OPPENHEIMER ROCHESTER CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MUNICIPAL FUND)

OPPENHEIMER ROCHESTER LIMITED TERM NEW YORK MUNICIPAL FUND (A
SERIES OF ROCHESTER PORTFOLIO SERIES)

OPPENHEIMER ROCHESTER NEW JERSEY MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER PENNSYLVANIA MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER HIGH YIELD MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER FUND MUNICIPALS

OPPENHEIMER ROCHESTER OHIO MUNICIPAL FUND

OPPENHEIMER ROCHESTER MICHIGAN MUNICIPAL FUND

OPPENHEIMER ROCHESTER MASSACHUSETTS MUNICIPAL FUND

OPPENHEIMER ROCHESTER VIRGINIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER ARIZONA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MARYLAND MUNICIPAL FUND

OPPENHEIMER ROCHESTER NORTH CAROLINA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MINNESOTA MUNICIPAL FUND

MASSMUTUAL INTERNATIONAL HOLDING MSC

MASSMUTUAL UNIFIED TRADITIONAL SEPARATE ACCOUNT

AMENDED AND RESTATED RESTRUCTURING SUPPORT AGREEMENT

THIS AMENDED AND RESTATED RESTRUCTURING SUPPORT AGREEMENT (including the annexes, exhibits and schedules attached hereto and as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, this “**Agreement**” or “**RSA**”), dated as of March 14, 2016, is entered into by and among Puerto Rico Electric Power Authority (“**PREPA**”), Puerto Rico Electric Power Authority Revitalization Corporation (the “**Securitization SPV**”), National Public Finance Guarantee Corporation (“**National**”), Assured Guaranty Corp., Assured Guaranty Municipal Corp. (together with Assured Guaranty Corp., “**Assured**”), Syncora Guarantee Inc. (“**Syncora**”), the undersigned members of the Ad Hoc Group of PREPA Bondholders identified on Annex A (the “**Ad Hoc Group**”), Scotiabank de Puerto Rico (in its capacity as administrative agent for the Scotiabank Lenders, “**Scotiabank**”), the lenders (the “**Scotiabank Lenders**”) under that certain Scotiabank Credit Agreement (as herein defined), Solus Opportunities Fund 5 LP, SOLA LTD and Ultra Master LTD (collectively, “**Solus**” or the “**Solus Lenders**” and together with Scotiabank, the Scotiabank Lenders and any persons who execute a joinder to this Agreement pursuant to section 18(b) hereof in the form of Annex B-2, the “**Credit Agreements Lenders**”), and Government Development Bank for Puerto Rico (“**GDB**”). National and Assured will be referred to herein collectively as the “**Insurers**,” and the Ad Hoc Group, together with persons who beneficially own or control Uninsured Bonds (as defined herein) and are party to this Agreement (including, for the avoidance of doubt, Solus) or execute a joinder to this Agreement pursuant to section 18(a) hereof in the form of Annex B-1, will be referred to herein collectively as the “**Holder**s,” and the Insurers, the Holders, Scotiabank, the Scotiabank Lenders, Solus and GDB will be referred to herein collectively as the “**Supporting Creditors**.” The Supporting Creditors, together with PREPA, Syncora and the Securitization SPV, will be referred to herein collectively as the “**Parties**.”

RECITALS

A. PREPA is the issuer of power revenue bonds (collectively, the “**Revenue Bonds**”) and power revenue refunding bonds (collectively with the Revenue Bonds, the “**Bonds**”) issued and outstanding pursuant to that certain Trust Agreement, dated as of January 1, 1974, as amended and supplemented through July 1, 2015, between PREPA and U.S. Bank National Association, as successor trustee (the “**Trustee**” and, with respect to said trust agreement, as amended, the “**Trust Agreement**”). Capitalized terms used but not defined in this Agreement shall have the meanings given to such terms in the Trust Agreement.

B. Each individual series of Bonds issued under the Trust Agreement was authorized pursuant to specific resolutions of PREPA authorizing the issuance of such series of Bonds.

C. In connection with the issuance of certain of the Bonds (such Bonds, the “**Insured Bonds**”), PREPA entered into various insurance agreements with the Trustee corresponding to insurance policies issued by various insurers including National, Assured and Syncora (such insurance policies to which any of National, Assured or Syncora or any other person that insures Bonds is currently a party, and the insurance agreements related thereto, collectively, the “**Bond Insurance Agreements**” and, together with the Trust Agreement, the Bonds, the resolutions approving the Bonds, and any other agreements, supplements, amendments, or other documents

executed or delivered in connection with the issuance or maintenance of the Bonds, including the TA Amendment (as defined herein), the “**Bond Documents**”). Any Bonds that are not Insured Bonds are referred to herein as “**Uninsured Bonds**.”

D. PREPA has requested, and the Insurers and Holders have agreed, subject to the terms and conditions of this Agreement, to consent to an amendment of the Trust Agreement in the form and substance reasonably acceptable to the Supermajority Holders, the Supermajority Insurers and the Supermajority Credit Agreement Lenders and consistent with the form attached hereto as Annex C (the “**TA Amendment**”).

E. The Bond Insurance Agreements provide the Insurers the sole right in lieu of the beneficial owners of the applicable Insured Bonds to consent to the TA Amendment in accordance with the terms of such Bond Insurance Agreements.

F. PREPA, Scotiabank and the Scotiabank Lenders have entered into that certain Credit Agreement, dated as of May 4, 2012 (as amended, restated, extended, supplemented or otherwise modified and in effect from time to time, the “**Scotiabank Credit Agreement**”), with Scotiabank as agent thereunder.

G. PREPA and the Solus Lenders are parties to that certain Trade Finance Facility Agreement, dated as of July 20, 2012 (as amended, restated, extended, supplemented or otherwise modified and in effect from time to time, the “**Solus Credit Agreement**” and together with the Scotiabank Credit Agreement, the “**Credit Agreements**”).

H. PREPA and GDB have entered into that certain Collateral Swap Loan Agreement, dated as of June 21, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time and currently in effect, together with any related documents, the “**Collateral Swap Loan Agreement**”).

I. PREPA and GDB have entered into that certain Isabela Dam Loan Agreement, dated as of March 26, 2004 (as amended, restated, extended, supplemented or otherwise modified from time to time and currently in effect, together with any related documents, the “**Isabela Dam Loan Agreement**” and together with the Collateral Swap Loan Agreement, the “**GDB Loan Agreements**”).

J. GDB is the fiscal agent under that certain Loan Agreement, dated as of September 6, 2012, by and between Puerto Rico Infrastructure Financing Authority, acting on behalf of the Commonwealth of Puerto Rico (“**PRIFA**”), and PREPA (as amended, restated, extended, supplemented or otherwise modified from time to time and currently in effect, together with any related documents, the “**Aguirre Loan Agreement**”).

K. GDB is the fiscal agent under that certain Financial Agreement, dated as of September 27, 2013, by and between PRIFA and PREPA (as amended, restated, extended, supplemented or otherwise modified from time to time and currently in effect, together with any related documents, the “**San Juan Water Financial Agreement**”).

L. As of the date hereof, the total outstanding principal amount of Bonds insured by National under the Bond Insurance Agreements is \$1,329,155,000, the total outstanding principal

amount of Insured Bonds that are beneficially owned by National is \$0 and the total outstanding amount of Uninsured Bonds that are beneficially owned by National is \$0.

M. As of the date hereof, the total outstanding principal amount of Bonds insured by Assured under the Bond Insurance Agreements is \$830,550,000, the total outstanding principal amount of Insured Bonds that are beneficially owned by Assured is \$0 and the total outstanding principal amount of Uninsured Bonds that are beneficially owned by Assured is \$0.

N. As of the date hereof, the total outstanding principal amount of Bonds insured by Syncora under the Bond Insurance Agreements is \$197,405,000, the total outstanding principal amount of Insured Bonds that are beneficially owned by Syncora and the total outstanding principal amount of Uninsured Bonds that are beneficially owned by Syncora are set forth on its respective signature page hereto .

O. PREPA and GDB have entered into certain depository and custodial agreements (as amended, restated, extended, supplemented or otherwise modified from time to time and currently in effect, together with any related documents, the “**Custodial Agreements**” and, together with the Collateral Swap Loan Agreement, the Isabela Dam Loan Agreement, the Aguirre Loan Agreement, and the San Juan Water Financial Agreement, the “**GDB Agreements**”).

P. As of the date hereof, \$8,107,995,000.00 in principal amount of Bonds is outstanding. The total outstanding principal amount of Bonds as of any date shall be known hereunder as the “**Bond Principal Amount**”.

Q. As of the date hereof, the total outstanding principal amount of Uninsured Bonds that are beneficially owned by each member of the Ad Hoc Group is set forth on their respective signature pages hereto.

R. As of the date hereof, the total outstanding principal amount of Uninsured Bonds that are beneficially owned by Solus is set forth on its respective signature page hereto.

S. The Insurers and the Holders collectively control more than 60% of the total outstanding principal amount of the Bonds for purposes of consenting to the TA Amendment.

T. As of the date hereof, there is \$549,950,000 in aggregate principal amount (the “**Scotiabank Principal Amount**”) (plus applicable accrued fees and interest) outstanding under the Scotiabank Credit Agreement (the loans outstanding thereunder, the “**Scotiabank Loans**”) and the total outstanding principal amount of Uninsured Bonds that are beneficially owned or controlled by Scotiabank and the Scotiabank Lenders is \$35,000.

U. As of the date hereof, there is \$146,041,914.24 in aggregate principal amount (the “**Solus Principal Amount**”, together with the Scotiabank Principal Amount, the “**Credit Agreements Principal Amount**,” and the Credit Agreements Principal Amount collectively with the Bond Principal Amount, the “**Outstanding Principal Amount**”) (plus applicable accrued fees and interest) outstanding under the Solus Credit Agreement (the loans outstanding thereunder, the “**Solus Loans**”).

V. PREPA, the Holders, the Credit Agreement Lenders and GDB entered into a Restructuring Support Agreement on November 5, 2015 (as amended, the “**Initial RSA**”).

W. PREPA, the Holders, the Credit Agreement Lenders, the GDB, National, Assured and Syncora entered into an Amended and Restated Restructuring Agreement dated as of December 23, 2015 (the “**December RSA**”) which amended and restated the Initial RSA in its entirety.

X. The December RSA terminated on January 23, 2016.

Y. PREPA, the Holders, the Credit Agreement Lenders, the GDB, National, Assured and Syncora entered into a new Restructuring Support Agreement dated as of January 27, 2016, which incorporated by reference the term and conditions of the December RSA, as expressly amended thereby (as amended by Amendment No. 1 dated as of February 19, 2016, the “**New RSA**”).

Z. On February 16, 2016, the Legislative Assembly of Puerto Rico enacted, and the Governor of Puerto Rico signed into law, Act 4-2016, known as the PREPA Revitalization Act (the “**Act**”). The Act has been deemed to be reasonably acceptable and in Acceptable Form, as applicable, to the Supporting Creditors for purposes of sections 13(e)(vi) and 13(e)(viii).

AA. After good faith, arm’s length negotiations, the Parties have agreed, subject to the terms and conditions of this Agreement, to amend and restate in its entirety the New RSA to support the Recovery Plan (as defined herein) as described in the Recovery Plan Term Sheet (as defined herein) attached hereto as Annex D, including, without limitation, the Consent Solicitation, the Exchange Offer and Credit Agreements Amendments (each as defined in the Recovery Plan Term Sheet).

NOW, THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Mutual Obligations and Acknowledgments.

- (a) During the period commencing on the Effective Date (as defined herein) and ending on the termination of this Agreement with respect to, or withdrawal from this Agreement by, such Party in accordance with the terms hereof (such period with respect to such Party, the “**Support Period**”), each Party shall work collaboratively and in good faith with the other Parties to finalize, document and implement a comprehensive recovery plan (including the incorporated terms and conditions below, the “**Recovery Plan**”) incorporating (i) the terms and conditions described on the Recovery Plan Term Sheet attached hereto as Annex D (including all schedules thereto, the “**Recovery Plan Term Sheet**”) (ii) the terms and conditions described on the January Payment Term Sheet (as defined herein) and (iii) such other terms, conditions and documents necessary to implement and effect the Recovery Plan based on, and consistent with, the Recovery Plan Term Sheet and this Agreement, including without limitation the definitive documentation relating to the transactions set forth in the January Payment Term Sheet and the New January Bond Purchase Agreement (as defined herein) (the

“January Payment Transactions”), the Exchange Offer, Cash Tender, Backstop Facility, Consent Solicitation, TA Amendment and Credit Agreements Amendments, the Securitization Documents and any bills or legislation to enact the Legislative Reform Package (each as defined herein or in the Recovery Plan Term Sheet) (such bills, legislations or documents, in Acceptable Form (as defined herein), collectively, the **“Recovery Plan Documents”**), which Recovery Plan Documents shall (A) contain the same economic terms as, and other terms consistent in all material respects with, the terms set forth in the Recovery Plan Term Sheet, (B) be consistent with this Agreement in all material respects and (C) not contain any material additional terms, elements or transactions that adversely affect any Supporting Creditor in its capacity as a PREPA creditor (any such bill, legislation, document, agreement, pleading or transaction that satisfies the standards described in the foregoing clauses (A)-(C) in this subsection shall be deemed to be in **“Acceptable Form”** as such term is used in this Agreement). For the avoidance of doubt, for purposes of this Agreement, if an event affects a Supporting Creditor in its capacity as a potential future surety provider or future holder of Securitization Bonds (as defined below), insurer of Securitization Bonds or Bonds defeased with Securitization Bonds, in each case pursuant to the Recovery Plan, then such event shall be deemed to affect such Supporting Creditor in its capacity as a PREPA creditor. **“Securitization Bonds”** refer to the bonds referred to as “Securitization Bonds” and “Restructuring Bonds” in the Recovery Plan Term Sheet, including, for the avoidance of doubt, in Schedules I-A, I-B and II thereto.

- (b) The Parties hereby mutually acknowledge and agree that nothing in this Agreement or in any forbearance agreement entered into between or among any of the Supporting Creditors and PREPA prior to the Effective Date (a **“Prior Forbearance Agreement”**) shall prejudice any of the Supporting Creditors’ right to contest or defend, formally or informally, the priority of repayments of the Scotiabank Loan Obligations (as such term is defined herein) and the Solus Loan Obligations (as such term is defined herein) relative to the Bonds. Notwithstanding the foregoing or anything herein to the contrary, the Supporting Creditors and PREPA agree not to contest or take any position, whether formally or informally, regarding the priority of repayments of the Scotiabank Loan Obligations or the Solus Loan Obligations relative to the Bonds on the basis of (x) any of the following actions or agreements by Scotiabank, the Scotiabank Lenders, or the Solus Lenders, as applicable, on or prior to the Effective Date and during the Support Period: (i) forbearing, delaying or failing to exercise remedies, (ii) agreeing to a postponement or delay in payment of interest or principal, (iii) granting an extension of any maturity date, (iv) not requiring the repayment or readvance of any loans under the Scotiabank Credit Agreement or Solus Credit Agreement or not requiring any loans under the Scotiabank Credit Agreement or Solus Credit Agreement to be revolving loans, (y) the inclusion in this Agreement as a Bond Potential Default, in any Prior Forbearance Agreement as a “Potential Default” (as defined therein), and in the Trust Agreement (as amended) as a “Potential Default” (as defined in the Trust Agreement, as amended), of PREPA’s use of monies from the General Fund (as defined in the

Trust Agreement) to service its debt under the Scotiabank Credit Agreement or Solus Credit Agreement, or (z) PREPA servicing its debt outstanding under the Credit Agreements or the Trust Agreement, including any payment of principal made on July 1, 2015, and none of the Supporting Creditors or PREPA shall (or shall, in the case of the Bonds, direct the Trustee to) use any such actions as a basis for contesting whether any expense, claim, liability or amount shall be construed as a “Current Expense” under the Trust Agreement by virtue of the foregoing or use any such actions in making any argument, filing any pleading or complaint, or supporting any other person in doing the same.

- (c) **“Securitization Documents”** means (A) all documents relating to the Securitization Bonds, including, without limitation and for the avoidance of doubt, (i) the Restructuring Resolution (as defined in the Recovery Plan Term Sheet), Securitization Trust Agreement (as defined below), and Servicing Agreement (as defined in the Recovery Plan Term Sheet), (ii) the governing documents of the Securitization SPV, (iii) the form of Securitization Bonds, (iv) any other agreements to be entered into, resolutions adopted or certificates delivered by the Securitization SPV that affect the holders of Securitization Bonds and (v) any documents executed or delivered pursuant to the Securitization Special Legislation (as defined in the Recovery Plan Term Sheet), and the forms of such documents and, without duplication, (B) all documents implementing the transactions contemplated by Schedule II to the Recovery Plan Term Sheet. The **“Securitization Trust Agreement”** refers to the Initial Trust Agreement (as defined in the Recovery Plan Term Sheet).

2. **PREPA’s Obligations.** During the Support Period, PREPA shall:

- (a) support and take any and all commercially reasonable, necessary or appropriate actions to facilitate, implement and consummate the Recovery Plan and the Recovery Plan Documents;
- (b) work cooperatively with the Securitization SPV, the Supporting Creditors and their advisors to prepare and execute any documentation necessary (including the Recovery Plan Documents), as well as to take such steps as are commercially reasonable, necessary or appropriate to implement and consummate the Recovery Plan;
- (c) refrain from (i) taking, recommending, proposing, supporting, soliciting, or participating in any action not required by law that is inconsistent in any material respect with, or that would materially delay or impede approval, execution of documentation for, or implementation or consummation of the Recovery Plan, or that is otherwise inconsistent in any material respect with the express terms of this Agreement, (ii) directly or indirectly, proposing, supporting, soliciting, or participating in the formulation of any plan or proposal to restructure PREPA other than the Recovery Plan, and (iii) initiating any proceeding under any bankruptcy or insolvency law, any suspension period or proceeding under the Recovery Act, or any other action or proceeding that seeks to adjust, extend or

challenge the claims of the Supporting Creditors pursuant to any federal, state or Puerto Rico statute, now or hereinafter enacted into law, except for any such proceeding to implement the Recovery Plan; provided that PREPA shall exercise commercially reasonable efforts to provide the Supporting Creditors' advisors with draft copies of the petition and all motions, applications, pleadings and other material documents that it intends to file with the applicable court or governmental authority in connection therewith, in each case at least five (5) business days before the filing date and in any event shall provide such drafts to the Supporting Creditors' advisors within at least three (3) business days before the filing date, and shall consult with, and consider in good faith any recommendations made by, the Supporting Creditors' advisors with respect to each such document; *provided* further that any such filed document shall be in Acceptable Form as determined in good faith by each Requisite Supporting Creditor Majority and Supermajority Insurers;

- (d) Refrain from directly or indirectly promoting or supporting any bill or legislation that is materially inconsistent with the Recovery Plan or this Agreement, that would materially and adversely affect the ability of PREPA or the Securitization SPV to comply with its obligations under this Agreement or under the Recovery Plan Documents, or that would materially and adversely affect any Supporting Creditor in its capacity as a PREPA creditor;
- (e) Refrain from filing any documents in or regarding any validation proceeding (a "***Validation Proceeding***") in respect of the Securitization Bonds, their issuance or the relevant authorizing legislation or publicly disclose (or permit to be publicly disclosed) any written legal opinions (from counsel for PREPA or the Securitization SPV, including, without limitation, bond counsel) regarding the validity of the securitization charge for the Securitization Bonds or the validity of the legislation authorizing the Securitization Bonds unless such documents or written legal opinions are reasonably acceptable to the Supermajority Holders and the Supermajority Insurers; *provided* however that, if PREPA or its legal advisors do not receive any written objection to any such document or written legal opinion from Holders of Uninsured Bonds holding at least 20% of principal amount of the Uninsured Bonds held by all Holders or from Insurers insuring at least 30% of principal amount of Insured Bonds within five (5) days after the legal advisors to the Holders and Insurers receive notice of and a copy of the final form of such document or written legal opinion (and, where all or a portion of such document or written legal opinion is not in English, an English translation of such document or written legal opinion), such document or written legal opinion shall be deemed to be reasonably acceptable to the Supermajority Holders and the Supermajority Insurers for purposes of this section 2(e); *provided* further that PREPA shall exercise commercially reasonable efforts to provide the Supporting Creditors' legal advisors with draft copies of the petition and all documents intended to be filed in any such Validation Proceeding and of any written legal opinions (from counsel for PREPA or the Securitization SPV, including, without limitation, bond counsel) intended to be obtained and publicly disclosed, in each case at least five (5) business days before the date such document is filed or

opinion is obtained or publicly disclosed, and shall consult with, and consider in good faith any recommendations made by, the Supporting Creditors' legal advisors with respect to each such document and opinion;

- (f) Other than as provided in section 9(c), refrain from entering into a restructuring support agreement or similar agreement related to the Recovery Plan or otherwise relating to a restructuring of all or a portion of the debt constituting the Outstanding Principal Amount with any Insurer, Syncora, any other person that insures Bonds, any Supporting Creditor or any other holder of such debt other than by means of an Amendment to this Agreement pursuant to section 17; and
- (g) Keep the Supporting Creditors' financial and legal advisors reasonably informed regarding the PREC Public Hearing (as defined herein), and consult with such advisors in good faith with respect to any documents that PREPA may file or publish (or which PREPA is assisting the SPV or other parties in filing or publishing) relating to the PREC Public Hearing.

Notwithstanding anything to the contrary herein but subject to section 22, nothing in this Agreement or the Recovery Plan shall limit or restrict PREPA from taking any action that PREPA shall deem necessary or appropriate to preserve, protect or defend any of its rights under this Agreement, the Recovery Plan or the Recovery Plan Documents.

Notwithstanding anything to the contrary contained herein, but subject to section 16, nothing in this Agreement shall limit or restrict PREPA from taking any action that PREPA may take under the Bond Documents, Credit Agreements and/or GDB Agreements, at law or in equity, that PREPA deems is necessary or appropriate to preserve, protect or defend (but not to enforce) any of PREPA's rights thereunder against any challenge, including, without limitation, (i) defending, intervening in or filing any legal proceedings relating to any such rights of PREPA, (ii) sending notices to any persons, governmental authorities or entities concerning the existence of any such rights of PREPA, or (iii) otherwise preserving any of the rights, remedies, positions or defenses of PREPA, all of which are hereby expressly reserved.

2.1. Securitization SPV's Obligations. During the Support Period, the Securitization SPV shall:

- (a) support and take any and all commercially reasonable, necessary or appropriate actions to facilitate, implement and consummate the Recovery Plan and the Recovery Plan Documents;
- (b) work cooperatively with PREPA, the Supporting Creditors and their advisors to prepare and execute any documentation necessary (including the Recovery Plan Documents), as well as to take such steps as are commercially reasonable, necessary or appropriate to implement and consummate the Recovery Plan;

- (c) refrain from (i) taking, recommending, proposing, supporting, soliciting, or participating in any action not required by law that is inconsistent in any material respect with, or that would materially delay or impede approval, execution of documentation for, or implementation or consummation of the Recovery Plan, or that is otherwise inconsistent in any material respect with the express terms of this Agreement and (ii) directly or indirectly, proposing, supporting, soliciting, or participating in the formulation of any plan or proposal to restructure PREPA other than the Recovery Plan;
- (d) Refrain from directly or indirectly promoting or supporting any bill or legislation that is materially inconsistent with the Recovery Plan or this Agreement, that would materially and adversely affect the ability of PREPA or the Securitization SPV to comply with its obligations under this Agreement or under the Recovery Plan Documents, or that would materially and adversely affect any Supporting Creditor in its capacity as a PREPA creditor;
- (e) Refrain from filing any documents in or regarding any Validation Proceeding in respect of the Securitization Bonds, their issuance or the relevant authorizing legislation or publicly disclose (or permit to be publicly disclosed) any written legal opinions (from counsel for PREPA or the Securitization SPV, including, without limitation, bond counsel) regarding the validity of the securitization charge for the Securitization Bonds or the validity of the legislation authorizing the Securitization Bonds unless such documents or written legal opinions are reasonably acceptable to the Supermajority Holders and the Supermajority Insurers; provided however that, if neither the Securitization SPV nor PREPA nor any of their legal advisors receive any written objection to any such document or written legal opinion from Holders of Uninsured Bonds holding at least 20% of principal amount of the Uninsured Bonds held by all Holders or from Insurers insuring at least 30% of principal amount of Insured Bonds within five (5) days after the legal advisors to the Holders and Insurers receive notice of and a copy of the final form of such document or written legal opinion (and, where all or a portion of such document or written legal opinion is not in English, an English translation of such document or written legal opinion), such document or written legal opinion shall be deemed to be reasonably acceptable to the Supermajority Holders and the Supermajority Insurers for purposes of this section 2.1(e); provided further that the Securitization SPV shall exercise commercially reasonable efforts to provide the Supporting Creditors' legal advisors with draft copies of the petition and all documents intended to be filed in any such Validation Proceeding and of any written legal opinions (from counsel for PREPA or the Securitization SPV, including, without limitation, bond counsel) intended to be obtained and publicly disclosed, in each case at least five (5) business days before the date such document is filed or opinion is obtained or publicly disclosed, and shall consult with, and consider in good faith any recommendations made by, the Supporting Creditors' legal advisors with respect to each such document and opinion;

- (f) Refrain from entering into a restructuring support agreement or similar agreement related to the Recovery Plan or otherwise relating to a restructuring of all or a portion of the debt constituting the Outstanding Principal Amount with any Insurer, Syncora, any other person that insures Bonds, any Supporting Creditor or any other holder of such debt other than by means of an Amendment to this Agreement pursuant to section 17; and
- (g) In the event PREPA initiates any proceeding under any bankruptcy or insolvency law, any suspension period or proceeding under the Recovery Act, or any other action or proceeding that seeks to adjust, extend or challenge the claims of the Supporting Creditors pursuant to any federal, state or Puerto Rico statute, now or hereinafter enacted into law, the Securitization SPV shall exercise commercially reasonable efforts to provide the Supporting Creditors' advisors with draft copies of all motions, applications, pleadings and other material documents that it intends to file with the applicable court or governmental authority in connection therewith, in each case at least five (5) business days before the filing date and in any event shall provide such drafts to the Supporting Creditors' advisors within at least three (3) business days before the filing date, and shall consult with, and consider in good faith any recommendations made by, the Supporting Creditors' advisors with respect to each such document; provided further that any such filed document shall be in Acceptable Form as determined in good faith by each Requisite Supporting Creditor Majority and Supermajority Insurers;
- (h) Keep the Supporting Creditors' financial and legal advisors reasonably informed regarding the PREC Public Hearing (as defined herein), and consult with such advisors in good faith with respect to any documents that the Securitization SPV may file or publish (or which the Securitization SPV is assisting PREPA or other parties in filing or publishing) relating to the PREC Public Hearing.

Notwithstanding anything to the contrary herein but subject to section 22, nothing in this Agreement or the Recovery Plan shall limit or restrict the Securitization SPV from taking any action that the Securitization SPV shall deem necessary or appropriate to preserve, protect or defend any of its rights under this Agreement, the Recovery Plan or the Recovery Plan Documents.

2.2 Additional Covenants by the Securitization SPV. The Securitization SPV hereby covenants as follows:

- (a) During the Support Period, the Securitization SPV shall provide the following to each Supporting Creditor or, if so directed by a Supporting Creditor in writing, such Supporting Creditor's financial and legal advisors, in each case, subject to an Acceptable NDA:
 - (i) To the extent not provided by PREPA pursuant to Section 9(a)(vii), copies of all documents filed or published by any person relating to the PREC Public Hearing (including any comment period), to the extent not publicly

available online and to the extent permissible under any relevant confidentiality obligation.

- (b) During the Support Period, the Securitization SPV shall (i) consult, in good faith, with the Supporting Creditors' financial and legal advisors with respect to (A) any material transactions other than the Securitization Documents (if any), (B) to the extent it is involved, any Rate Case to be submitted to the Energy Commission by PREPA (including with respect to the Rate Structure (as defined in the Recovery Plan Term Sheet)), and any substantive pleadings submitted by the Securitization SPV in connection with such Rate Case, (C) the SPV Petition and any substantive pleadings submitted to the Energy Commission in connection with the SPV Petition, (D) to the extent practicable, any amendments to the Act and any related legislation, (E) to the extent permissible under relevant confidentiality agreements with the rating agencies, any presentations provided to, or discussions or correspondence with, any rating agency in connection with PREPA's and the Securitization SPV's efforts to obtain a rating on the Securitization Bonds, and (F) the methodology and assumptions used in calculating present value debt service savings resulting from the Recovery Plan for purposes of determining if the present value debt service savings requirement set forth in the Act has been satisfied; (ii) consider, in good faith, any recommendations made by such advisors with respect to each of the foregoing; provided, that, with respect to item (B), (C), (D), (E) and (F) above (to the extent practicable for items (D) and (E), and for (E), only with respect to presentations provided to any rating agencies), the Securitization SPV shall provide a copy of each of the documents described therein to each of the Supporting Creditors' financial and legal advisors no later than five (5) business days prior to submission to the Energy Commission or a rating agency, as applicable (in each case, to the extent not provided by PREPA pursuant to Section 9(b)); and (iii) keep the Supporting Creditors' financial and legal advisors reasonably informed regarding any material developments with respect to the matters described in clauses (i)(A)-(F) of this subsection (in each case, to the extent not satisfied by PREPA pursuant to Section 9(b)).
- (c) It shall use reasonable commercial efforts to respond promptly to any reasonable written request for information concerning further diligence requests made by any Supporting Creditor (in each case, to the extent not provided by PREPA pursuant to Section 9(d));
- (d) Without limiting its other obligations hereunder, the Securitization SPV agrees to support and take any and all commercially reasonable, necessary or appropriate actions to facilitate, implement and consummate the transactions contemplated by the New January Bond Purchase Agreement; and
- (e) To the extent relevant information is not provided by PREPA, it shall provide to the Supporting Creditors and their advisors reasonable access to its advisors that are participating in the development of the Securitization Documents (and any related transactions, if any) from time to time, including, without limitation, if requested, weekly meetings and/or telephone conference calls with the financial

advisors to the Supporting Creditors to discuss, among other things, the information provided pursuant to section 2.2(a) of this Agreement.

3. Supporting Creditors' Obligations. During the Support Period, each Supporting Creditor (other than GDB) shall:

- (a) support and take any and all commercially reasonable, necessary or appropriate actions to facilitate, implement and consummate the Recovery Plan, including, without limitation, by working cooperatively with PREPA, the Securitization SPV, the other Supporting Creditors, and their respective advisors to prepare and execute any documentation necessary (including the Recovery Plan Documents) and by giving any notices, orders, instructions or directions that are commercially reasonable, necessary or appropriate to support, facilitate, implement or consummate, or otherwise give effect to the Recovery Plan; *provided, however*, that nothing in this Agreement shall require any Supporting Creditor to indemnify the Trustee;
- (b) refrain from (i) taking, recommending, proposing, supporting, soliciting, or participating in any action not required by law that is inconsistent in any material respect with, or that would materially delay or impede approval, execution of documentation for, or implementation or consummation of the Recovery Plan, or that is otherwise inconsistent in any material respect with the express terms of this Agreement, and (ii) directly or indirectly, proposing, supporting, soliciting, or participating in the formulation of any plan or proposal to restructure PREPA other than the Recovery Plan; and
- (c) Refrain from directly or indirectly promoting or supporting any bill or legislation that is materially inconsistent with the Recovery Plan or this Agreement, that would materially and adversely affect the ability of PREPA or the Securitization SPV to comply with its obligations under this Agreement or the Recovery Plan Documents including, without limitation, commencing any rate case with the Energy Commission, or that would materially and adversely affect any Supporting Creditor in its capacity as a PREPA creditor.

Notwithstanding anything in this Agreement, but subject to section 7 hereof, each Supporting Creditor is entitled to act to protect its interests as holders of other obligations issued by the Commonwealth of Puerto Rico or any of its instrumentalities (other than PREPA).

Except as expressly provided in this Agreement, including the Recovery Plan and any Recovery Plan Document, each Supporting Creditor shall in no way be required as a result of this Agreement to expend any cash resources or assume any additional risk or liability (including, for the avoidance of doubt, indemnifying the Trustee) in support of the Recovery Plan or this Agreement. Each Supporting Creditor acknowledges that PREPA has made no representations as to what actions, if any, PREPA will take after this Agreement terminates.

4. Insurers' and Holders' Obligations.

- (a) During the Support Period, the Ad Hoc Group and Solus shall:
- (i) negotiate with PREPA in good faith to provide a backstop for the financing of a Cash Tender (as defined in the Recovery Plan Term Sheet) for the Non-Forbearing Uninsured Holders (as defined in the Recovery Plan Term Sheet) on terms to be determined by mutual agreement between each Holder providing a portion of the backstop and PREPA (the “**Backstop Facility**”).
- (b) During the Support Period, each Holder shall:
- (i) tender any and all Uninsured Bonds (other than the January Payment Bonds) owned or controlled by such Holder in the Exchange Offer. Notwithstanding anything to the contrary in this Agreement, no Holder shall be required to tender into the Exchange Offer any of the Bonds sold by PREPA pursuant to the New January Bond Purchase Agreement (the “**January Payment Bonds**”) and the terms of any exchange of the January Payment Bonds shall be governed by the January Payment Term Sheet, the New January Bond Purchase Agreement, and the January Payment Bonds.
- (c) During the Support Period, National and Assured shall:
- (i) participate in purchasing the January Payment Bonds as set forth in section 8, and provide the DSRF sureties, in each case, subject to the terms and conditions set forth in Schedule II to the Recovery Plan Term Sheet (together, the “**Insurers' Transactions**”); *provided* that it shall be a condition precedent to each applicable Insurer's obligations hereunder and under Schedule II to the Recovery Plan Term Sheet that PREPA shall not have commenced or be subject to (a) any proceeding under bankruptcy or insolvency law, (b) any suspension period or proceeding under the Recovery Act, or (c) any other action or proceeding that seeks to adjust, extend or challenge the claims of the Supporting Creditors, in each case whether pursuant to any federal, state, Puerto Rico or other statute or law, now or hereinafter in effect.

For the avoidance of doubt, each applicable Insurer's obligation to participate in the Insurers' Transactions in accordance with the terms of Schedule II to the Recovery Plan Term Sheet shall be limited to the amounts of the Insurers' Transactions that are set forth in the letter agreement between National and Assured described in footnote three of Schedule II to the Recovery Plan Term Sheet, and no Insurer shall be obligated to participate in or perform the Insurers' Transactions in respect of amounts or obligations set forth in such letter or in Schedule II to the Recovery Plan Term Sheet with respect to the other Insurer.

- (ii) National agrees to seek approval of a stay and/or suspend all proceedings related to National's petition for a temporary rate increase filed before the Energy Commission on September 17, 2015, and the subsequent appeal of that action filed with the Puerto Rico Circuit Court of Appeals on October 30, 2015 (the "**Action**") until the earlier of the following occurs (such period, the "**Suspension Period**"): (x) termination of this Agreement and (y) National's withdrawal from or termination of this Agreement. PREPA agrees to support National's request for a stay or suspension, including by filing a formal pleading indicating its support. Such stay or suspension shall be without prejudice to any of the Parties' rights upon resumption of litigation in those proceedings after termination of the Suspension Period. Notwithstanding the foregoing, this Agreement shall not prohibit National from responding to any pleading, order, court communication, or notice as necessary to preserve National's Action and National's rights in the Action during the Suspension Period, or from unilaterally dismissing its appeal of the Action.
 - (iii) During the Suspension Period, except to the extent provided in the last two sentences of this paragraph, refrain from instituting, commencing, prosecuting, joining, supporting or otherwise participating directly or indirectly in any way in any legal or administrative proceedings regarding PREPA's rates other than the Rate Structure contemplated in the Recovery Plan. Nothing in this Agreement shall prohibit or limit in any way the Insurers' participation in the Integrated Resources Plan proceedings. Except with respect to the Action to the extent provided herein, this Agreement does not prohibit the Insurers from intervening in, filing pleadings or other documents with, or otherwise participating in any proceeding before the Energy Commission; *provided that*, during the Suspension Period, such intervention or filings shall in no way interfere with or delay PREPA's rate case related to the Rate Structure filed with the Energy Commission pursuant to the Recovery Plan.
- (d) During the Support Period, each of the Insurers and Holders shall:
 - (i) consent to the execution and delivery by PREPA and the Trustee of the TA Amendment, in compliance with the terms of the Trust Agreement;
 - (ii) in the case of a Holder, deliver consents with respect to any and all Uninsured Bonds owned or controlled by such Holder in the Consent Solicitation, and, in the case of an Insurer, deliver consents with respect to any and all Insured Bonds insured by such Insurer, as described in Schedule II to the Recovery Plan Term Sheet, in each case in accordance with the terms of the Bond Documents;
 - (iii) take all commercially reasonable and necessary actions to effectuate and/or implement the TA Amendment, the Insurers' Transactions, the Consent Solicitation and the Exchange Offer, as applicable, including,

without limitation, transmitting its consent direction to its Depository Trust Company participant or participants, and any other person whose action is required to effectuate and/or implement the TA Amendment, the Insurers' Transactions, the Consent Solicitation and the Exchange Offer, as applicable (but without any obligation under this Agreement to indemnify the Trustee); and

- (iv) forbear from exercising, or consenting to the exercise of, any right to direct the Trustee to enforce or exercise any rights or remedies available to the Trustee under the Trust Agreement or applicable law arising solely by reason of any default or event of default under any Bond Document that may have occurred or may subsequently occur as identified on Annex E attached hereto (the “**Bond Potential Defaults**”).
- (e) Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall limit or restrict any Holder or Insurer or the Trustee from taking any action that the Trustee or any such Holder or Insurer may take under its respective Bond Documents, at law or in equity, that the Trustee or any such Holder or Insurer deems necessary or appropriate to preserve, protect or defend (but not to enforce) any trust rights, security interests, collateral, pledges of assets, liens, any other property rights or any other rights under the Bond Documents for the benefit of the Trustee or the Bonds, either held directly by the Holders or Insurers or held through the Trustee (the “**Rights**”) against any challenge, infringement or assertion of priority, including, without limitation, (i) defending, intervening in or filing pleadings and other documents in any legal proceedings relating to any such Rights, (ii) sending notices to any persons, governmental authorities or entities concerning the existence of any such Rights, (iii) directing the Trustee to take any action to preserve, protect or defend any such Rights, (iv) appearing and participating as a party in interest in any matter to be adjudicated or decided in any bankruptcy or insolvency proceeding concerning PREPA, or (v) otherwise preserving any of the rights, remedies, positions or defenses of such Insurer or Holder or the Trustee, all of which are hereby expressly reserved.
- (f) Notwithstanding anything to the contrary herein but subject to section 22, nothing in this Agreement or the Recovery Plan shall limit or restrict any Insurer or Holder from taking any action that any such Insurer or Holder shall deem necessary or appropriate to preserve, protect or defend any of its rights under this Agreement, the Recovery Plan or the Recovery Plan Documents.
- (g) During the Support Period, (i) except as provided by the Recovery Plan, PREPA's obligations to pay any and all Principal and Interest Requirements when due in accordance with the terms of the Bond Documents shall continue, and (ii) the Insurers and Holders agree and acknowledge that PREPA shall not be required to make transfers to the Revenue Fund or the Sinking Fund pursuant to Sections 506 or 507 of the Trust Agreement.

- (h) Except as expressly provided herein or in the TA Amendment, none of (A) the existence, execution, delivery or performance of any term or provision of this Agreement or the TA Amendment, (B) any failure by any Holder or Insurer to object to any document or action contemplated by or taken under or in connection with this Agreement or the TA Amendment, or (C) any action taken under or in connection with this Agreement or the TA Amendment, including any approvals or consents to any action or document, shall (i) constitute a modification or relinquishment of any term or aspect of, or any right or remedy under or with respect to, the Bond Documents or any other document (other than this Agreement to the extent expressly provided herein) or under applicable law; (ii) constitute a consent to, waiver of, or admission of any default or event of default (or the absence of a default or event of default) in any of the Bond Documents; (iii) extend the due date of any obligations under the Bond Documents or otherwise affect the enforceability of such obligations; (iv) give rise to any obligation to extend, amend, waive or otherwise modify any term or condition of any of the applicable Bond Documents, or in the case of the Insurers and Holders, to direct the Trustee with respect to any of the foregoing; (v) give rise to any defenses or counterclaims to PREPA, the Insurers or the Holders, or to any right of the Insurers or Holders to direct the Trustee under the Bond Documents, to compel payment of the obligations under any of the applicable Bond Documents or to otherwise enforce rights or remedies thereunder or under applicable law; (vi) prohibit any Insurer or Holder from instituting, commencing, prosecuting, joining, interceding in, supporting or otherwise participating directly or indirectly in any way in any legal proceedings regarding the validity or enforceability of the Puerto Rico Public Corporation Debt Enforcement and Recovery Act, Act No. 71-2014 (as amended, supplemented, modified, superseded, or replaced with other legislation in respect of a restructuring of PREPA, the “**Recovery Act**”) or any provision thereof, or intervening or otherwise participating in any lawsuit filed by any party regarding the validity or enforceability of the Recovery Act (any such legal proceedings, actions or lawsuits, “**Recovery Act Legal Actions**”); or (vii) prejudice the rights of any party to the Recovery Act Legal Actions. Except as expressly limited herein, each Insurer, each Holder and PREPA hereby expressly reserves all of its rights, remedies, positions and defenses under or with respect to the Bond Documents and under applicable law, and waives none. From and after the termination of this Agreement as to any Insurer or Holder, (x) each such Insurer or Holder (each, a “**Terminated Insurer**” or “**Terminated Holder**”, respectively) shall be entitled to protect, defend, enforce and assert any of its rights, remedies, positions and defenses under or with respect to the Bond Documents, in accordance with their respective terms, or under applicable law, including without limitation, commencing legal proceedings and (y) PREPA shall, subject to its obligations under this Agreement to the remaining Parties, be entitled to protect, defend, enforce and assert any of its rights, remedies, positions and defenses under or with respect to the Bond Documents, in accordance with their respective terms, or under applicable law, including without limitation, commencing legal proceedings, solely against the Terminated Insurer or Terminated Holder, as

applicable. PREPA acknowledges that no Insurer or Holder has made any representations as to what actions, if any, any Holder or Insurer will take after this Agreement terminates as to such Holder or Insurer (including by withdrawal).

5. Scotiabank and the Scotiabank Lenders' Obligations.

- (a) Scotiabank and the Scotiabank Lenders shall (i) (A) consent to the Scotiabank Credit Agreement Amendments (as defined in the Recovery Plan Term Sheet) with respect to all or part of the Scotiabank Loans and/or (B) exchange all or part of the Scotiabank Loans in the Exchange Offer (as described in the Recovery Plan Term Sheet) and (ii) agree to take any and all reasonably necessary and appropriate action to effectuate the Scotiabank Credit Agreement Amendments and/or the Exchange Offer, as applicable, in each case so that the entirety of the Scotiabank Loans are either subject to the Scotiabank Credit Agreement Amendments or exchanged into the Exchange Offer (or a combination thereof).

- (b) PREPA, Scotiabank and the Scotiabank Lenders agree that the definition of "Maturity Date" under the Scotiabank Credit Agreement shall be amended in its entirety as follows:

“*Maturity Date*” means the date that certain Amended and Restated Restructuring Support Agreement (as amended, the “Restructuring Support Agreement”) between the Borrower and the Administrative Agent and the Scotiabank Lenders, among other parties, dated as of March 14, 2016, terminates with respect to the Administrative Agent and the Scotiabank Lenders, on the one hand, and the Borrower, on the other hand, or the Administrative Agent and the Scotiabank Lenders cease to be “Supporting Creditors” thereunder, in each case in accordance with the terms of the Restructuring Support Agreement.”

- (c) During the Support Period, subject to the terms and conditions set forth herein, Scotiabank and each of the Scotiabank Lenders agrees as follows:
- (i) With respect to the Scotiabank Credit Agreement, Scotiabank and each Scotiabank Lender will forbear from exercising, or consenting to the exercise of, any right to direct the Agent (as such term is defined in the Scotiabank Credit Agreement) to enforce or exercise any rights or remedies available to the Agent under the Scotiabank Credit Agreement or applicable law arising solely by reason of any Default or Event of Default (as such terms are defined in the Scotiabank Credit Agreement) that may have occurred or may subsequently occur as identified on Annex F attached hereto (the “*Scotiabank Potential Defaults*”); and
- (ii) Scotiabank and each Scotiabank Lender will forbear from enforcing or exercising any rights or remedies available under the Loan Documents (as such term is defined in the Scotiabank Credit Agreement) or applicable law in respect of the Scotiabank Potential Defaults.

- (d) Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall limit or restrict Scotiabank or any Scotiabank Lender from (i) taking any action that Scotiabank or any such Scotiabank Lender may take under the Loan Documents, at law or in equity, that Scotiabank or such Scotiabank Lender deems is necessary or appropriate to preserve, protect or defend (but not to enforce) any of the Scotiabank Priority Rights (as defined below) against any challenge, infringement or assertion of priority, including, without limitation, (A) defending, intervening in or filing any legal proceedings relating to any such Scotiabank Priority Rights, (B) sending notices to any persons, governmental authorities or entities concerning the existence of any such Scotiabank Priority Rights, or (C) otherwise preserving any of the rights, remedies, positions or defenses of Scotiabank or such Scotiabank Lender, all of which are hereby expressly reserved; (ii) defending, intervening in or filing pleadings and other documents in any legal proceedings relating to the validity, amount, priority, or other terms of the Scotiabank Credit Agreement or the Scotiabank Loan Obligations; (iii) intervening in, filing pleadings or other documents with, or otherwise participating in any proceeding before the Energy Commission; or (iv) appearing and participating as a party in interest in any matter to be adjudicated or decided in any bankruptcy or insolvency proceeding concerning PREPA, *provided* that the positions advocated in connection with such appearance are not materially inconsistent with the Recovery Plan and do not delay or hinder in any material respect, or prevent consummation of the Recovery Plan. For purposes hereof, “**Scotiabank Priority Rights**” shall mean the treatment of the Obligations (as such term is defined in the Scotiabank Credit Agreement, the “**Scotiabank Loan Obligations**”) as “Current Expenses” under the Trust Agreement.
- (e) PREPA shall continue to make scheduled payments of interest in cash under the Scotiabank Credit Agreement; *provided* that, notwithstanding anything to the contrary in the Scotiabank Credit Agreement, during the Support Period, interest shall accrue and be paid in cash on the Scotiabank Loan Obligations at a rate of 7.25% per annum on the first business day of each month. The Agent on behalf of the Scotiabank Lenders acknowledges and agrees that no default interest under the Scotiabank Credit Agreement will accrue or be paid during the Support Period.
- (f) Except as expressly provided herein, none of (A) the existence, execution, delivery or performance of any term or provision of this Agreement, (B) any failure by Scotiabank or any Scotiabank Lender to object to any document or action contemplated by or taken under or in connection with this Agreement, or (C) any action taken under or in connection with this Agreement, including any approvals or consents to any action or document, shall (i) constitute a modification or relinquishment of any term or aspect of, or any right or remedy under or with respect to, the Loan Documents or a direction to Scotiabank with respect to any of the foregoing; (ii) constitute a consent to, waiver of, or admission of any default or event of default (or the absence of a default or event of default) in any of the Loan Documents; (iii) extend the due date of any

obligations under the Loan Documents or otherwise affect the enforceability of such obligations; (iv) give rise to any obligation to extend, amend, waive or otherwise modify any term or condition of any of the applicable Loan Documents; (v) give rise to any defenses or counterclaims for PREPA, Scotiabank or the Scotiabank Lenders, or to any right of the Scotiabank Lenders to direct the Agent under the Loan Documents, to compel payment of the obligations under any of the applicable Loan Documents or to otherwise enforce rights or remedies thereunder; (vi) prohibit Scotiabank or the Scotiabank Lenders from instituting, commencing, prosecuting, joining, interceding in, supporting or otherwise participating directly or indirectly in any way in any legal proceedings regarding the validity, enforceability or application of the Recovery Act or any provision thereof, or intervening or otherwise participating in any Recovery Act Legal Action; or (vii) prejudice the rights of any party to the Recovery Act Legal Actions. Except as expressly limited herein, Scotiabank, each Scotiabank Lender and PREPA each hereby expressly reserve all of their respective rights, remedies, positions and defenses under or with respect to the Loan Documents and under applicable law, and waive none. From and after the termination of this Agreement as to Scotiabank and the Scotiabank Lenders, (x) Scotiabank and each Scotiabank Lender shall be entitled to protect, defend, enforce and assert any of their respective rights, remedies, positions and defenses under or with respect to the Loan Documents in accordance with their respective terms or under applicable law, including without limitation commencing legal proceedings, and (y) PREPA shall, subject to its obligations under this Agreement to the remaining Parties, be entitled to protect, defend, enforce and assert any of its respective rights, remedies, positions and defenses under or with respect to the Loan Documents in accordance with their respective terms or under applicable law, including without limitation commencing legal proceedings. PREPA acknowledges that none of Scotiabank and the Scotiabank Lenders have made any representations as to what actions, if any, Scotiabank and the Scotiabank Lenders will take after this Agreement terminates, and with respect thereto Scotiabank and the Scotiabank Lenders specifically reserve any and all rights, remedies, and claims Scotiabank and the Scotiabank Lenders have (after giving effect hereto) with respect to the Scotiabank Potential Defaults and each other Default (as such term is defined in the Scotiabank Credit Agreement) that may occur.

- (g) Notwithstanding anything to the contrary herein but subject to section 22, nothing in this Agreement or the Recovery Plan shall limit or restrict Scotiabank or any Scotiabank Lender from taking any action that Scotiabank or such Scotiabank Lender shall deem necessary or appropriate to preserve, protect or defend any of its rights under this Agreement, the Recovery Plan or the Recovery Plan Documents.

6. Solus and the Solus Lenders' Obligations.

- (a) Each Solus Lender (i) shall (A) consent to the Solus Credit Agreement Amendments (as defined in the Recovery Plan Term Sheet, together with the Scotiabank Credit Agreement Amendments, the "***Credit Agreements***

Amendments”) with respect to all or part of the Solus Loans and/or (B) exchange all or part of the Solus Loans in the Exchange Offer (as described in the Recovery Plan Term Sheet) and (ii) agrees to take any and all reasonably necessary and appropriate action to effectuate the Solus Credit Agreement Amendments and/or the Exchange Offer, as applicable, in each case so that the entirety of the Solus Loans are either subject to the Solus Credit Agreement Amendments or exchanged into the Exchange Offer (or a combination thereof).

- (b) During the Support Period, subject to the terms and conditions set forth herein, the Solus Lenders agree that, with respect to the Solus Credit Agreement, the Solus Lenders will forbear from enforcing or exercising any rights or remedies available to the Solus Lenders under the Solus Credit Agreement or applicable law arising solely by reason of any Default or Event of Default (as such terms are defined in the Solus Credit Agreement) that may have occurred or may subsequently occur as identified on Annex G attached hereto (the “***Solus Potential Defaults***”, and collectively with the Scotiabank Potential Defaults and Bond Potential Defaults, the “***Potential Defaults***”).
- (c) Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall limit or restrict Solus from (i) taking any action that Solus may take under the Facility Documents (as such term is defined in the Solus Credit Agreement), at law or in equity, that Solus deems is necessary or appropriate to preserve, protect or defend (but not to enforce) any of the Solus Priority Rights (as defined below) against any challenge, infringement or assertion of priority, including, without limitation, (A) defending, intervening in or filing pleadings and other documents in any legal proceedings relating to any such Solus Priority Rights, (B) sending notices to any persons, governmental authorities or entities concerning the existence of any such Solus Priority Rights, or (C) otherwise preserving any of the rights, remedies, positions or defenses of Solus, all of which are hereby expressly reserved; (ii) defending, intervening in or filing pleadings and other documents in any legal proceedings relating to the validity, amount, priority, or other terms of the Solus Credit Agreement or the Solus Loan Obligations; (iii) intervening in, filing pleadings or other documents with, or otherwise participating in any proceeding before the Energy Commission; or (iv) appearing and participating as a party in interest in any matter to be adjudicated or decided in any bankruptcy or insolvency proceeding concerning PREPA, *provided* that the positions advocated in connection with such appearance are not materially inconsistent with the Recovery Plan and do not delay or hinder in any material respect, or prevent consummation of the Recovery Plan. For purposes hereof, “***Solus Priority Rights***” shall mean the treatment of the Obligations (as such term is defined in the Solus Credit Agreement, the “***Solus Loan Obligations***”) as “Current Expenses” under the Trust Agreement.
- (d) PREPA shall continue to make scheduled payments of interest in cash under the Solus Credit Agreement; *provided* that notwithstanding anything to the contrary in the Solus Credit Agreement, during the Support Period, interest shall accrue and be paid in cash on the Solus Loan Obligations at a rate of 7.25% per annum

on the first business day of each month. Each of the Solus Lenders acknowledges and agrees that no default interest under the Solus Credit Agreement will accrue or be paid during the Support Period.

- (e) Except as expressly provided herein, none of (A) the existence, execution, delivery or performance of any term or provision of this Agreement, (B) any failure by any Solus Lender to object to any document or action contemplated by or taken under or in connection with this Agreement, or (C) any action taken under or in connection with this Agreement, including any approvals or consents to any action or document, shall (i) constitute a modification or relinquishment of any term or aspect of, or any right or remedy under or with respect to, the Facility Documents; (ii) constitute a consent to, waiver of, or admission of any default or event of default (or the absence of a default or event of default) in any of the Facility Documents; (iii) extend the due date of any obligations under the Facility Documents or otherwise affect the enforceability of such obligations; (iv) give rise to any obligation to extend, amend, waive or otherwise modify any term or condition of any of the applicable Facility Documents; (v) give rise to any defenses or counterclaims to PREPA or the Solus Lenders, or to any right of the Solus Lenders to compel payment of the obligations under any of the applicable Facility Documents or to otherwise enforce rights or remedies thereunder; (vi) prohibit the Solus Lenders from instituting, commencing, prosecuting, joining, interceding in, supporting or otherwise participating directly or indirectly in any way in any legal proceedings regarding the validity, enforceability or application of the Recovery Act or any provision thereof, or intervening or otherwise participating in any Recovery Act Legal Actions; or (vii) prejudice the rights of any party to the Recovery Act Legal Actions. Notwithstanding anything to the contrary, nothing in this Agreement shall amend or modify Sections 8.02 and 8.04 of the Solus Credit Agreement. Except as expressly limited herein, each Solus Lender and PREPA hereby expressly reserves all of its rights, remedies, positions and defenses under or with respect to the Facility Documents and under applicable law, and waives none. From and after the termination of this Agreement as to Solus, the Solus Lenders and PREPA shall, subject to PREPA's obligations under this Agreement to the remaining Parties, be entitled to protect, defend, enforce and assert any of their respective rights, remedies, positions and defenses under or with respect to the Loan Documents in accordance with their respective terms or under applicable law, including without limitation commencing legal proceedings. PREPA acknowledges that Solus has made no representations as to what actions, if any, Solus will take after this Agreement terminates as to Solus (including by withdrawal), and with respect thereto Solus hereby specifically reserves any and all rights, remedies, and claims it has (after giving effect hereto) with respect to the Solus Potential Defaults and each other Default (as such term is defined in the Solus Credit Agreement) that may occur.
- (f) Notwithstanding anything to the contrary herein but subject to section 22, nothing in this Agreement or the Recovery Plan shall limit or restrict Solus from taking any action that Solus shall deem necessary or appropriate to preserve, protect or

defend any of its rights under this Agreement, the Recovery Plan or the Recovery Plan Documents.

7. GDB's Obligations.

(a) During the Support Period:

- (i) GDB shall work cooperatively with PREPA, the Securitization SPV, the Supporting Creditors and their advisors to prepare and execute any documentation necessary (including the Recovery Plan Documents), as well as to take such steps as are commercially reasonable, necessary or appropriate to support, facilitate, implement and consummate the Recovery Plan;
- (ii) GDB (x) shall consent to the GDB Loan Amendments (as defined in the Recovery Plan Term Sheet) with respect to all or part of its indebtedness under the GDB Loan Agreements and/or (y) exchange all or part of its indebtedness under the GDB Loan Agreements in the Exchange Offer (as described in the Recovery Plan Term Sheet) and (z) agrees to take any and all reasonably necessary and appropriate action to effectuate the GDB Loan Amendments and/or the Exchange Offer, as applicable, in each case so that the entirety of its indebtedness under the GDB Loan Agreements is either subject to the GDB Loan Amendments or exchanged into the Exchange Offer (or a combination thereof);
- (iii) upon the request of PREPA, the Securitization SPV or the Supporting Creditors, GDB shall provide reasonable access to its management in connection with the documentation, execution, and implementation of the Recovery Plan in the form of regular meetings between and/or among such management, advisors to PREPA, the Securitization SPV and the Supporting Creditors and/or their advisors;
- (iv) upon the terms and subject to the conditions set forth herein, GDB shall not enforce any rights or remedies (including, without limitation, the commencement of any legal proceedings and the exercise of any right of setoff or recoupment) against PREPA or its assets in respect of GDB's rights or claims under the GDB Loan Agreements or GDB's pecuniary rights or claims to payment under any other contract or agreement between GDB and PREPA;
- (v) GDB shall refrain from directly or indirectly promoting or supporting any bill or legislation that is materially inconsistent with the Recovery Plan or this Agreement, that would materially and adversely affect the ability of PREPA or the Securitization SPV to comply with its obligations under this Agreement or under the Recovery Plan Documents, or that would materially and adversely affect any Supporting Creditor in its capacity as a PREPA creditor; and

- (vi) GDB shall refrain from (i) taking, recommending, proposing, supporting, soliciting, or participating in any action not required by law that is inconsistent in any material respect with, or that would materially delay or impede approval, execution of documentation for, or implementation or consummation of the Recovery Plan, or that is otherwise inconsistent in any material respect with the express terms of this Agreement, and (ii) directly or indirectly, proposing, supporting, soliciting, or participating in the formulation of any plan or proposal to restructure PREPA other than the Recovery Plan.
- (b) Nothing contained in this Agreement is intended, or shall be deemed or construed to (i) constitute a waiver of any term or provision of the GDB Agreements (other than waiver of the exercise of any rights or remedies, including any exercise of a setoff or recoup right, in each case during the Support Period) and any other agreements between GDB and PREPA or applicable law, (ii) establish a custom or course of dealing between PREPA, on the one hand, and GDB, on the other hand, or (iii) limit or restrict GDB's ability or right to exercise its duty to act as the fiscal agent to any other person.
- (c) Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall limit or restrict GDB from taking any action that GDB may take under the GDB Agreements, at law or in equity, that is necessary or appropriate to preserve, protect or defend (but not to enforce) any of GDB's rights thereunder against any challenge, including, without limitation, (i) defending, intervening in or filing any legal proceedings relating to any such GDB's rights, (ii) sending notices to any persons, governmental authorities or entities concerning the existence of any such GDB's rights, or (iii) otherwise preserving any of the rights, remedies, positions or defenses of GDB, all of which are hereby expressly reserved; *provided*, however that during the Support Period GDB shall not have the right to setoff against any of PREPA's moneys, notwithstanding if GDB has such rights under the GDB Loan Agreements or under any other applicable documents or law.
- (d) Upon termination of this Agreement, without the requirement of any notice to PREPA or any other person or Party: (i) all agreements set forth in section 7(a)(iv) of this Agreement shall terminate automatically and be of no further force or effect, and (ii) subject to the terms of the GDB Agreements and applicable law, except as otherwise required by this Agreement, GDB and PREPA shall be free in their sole and absolute discretion without limitation to proceed to enforce any or all of their respective rights and remedies set forth in the GDB Agreements and applicable law including, without limitation, commencing legal proceedings. Notwithstanding anything to the contrary herein but subject to section 22, nothing in this Agreement or the Recovery Plan shall limit or restrict GDB from taking any action that GDB shall deem necessary or appropriate to preserve, protect or defend any of its rights under this Agreement, the Recovery Plan or the Recovery Plan Documents.

- (e) GDB agrees that during the Support Period PREPA shall have no obligation to pay any principal or interest under the GDB Loan Agreements, *provided* that interest shall continue to accrue but shall not be payable unless and until all principal and interest due and payable to the Supporting Creditors shall have been paid; notwithstanding the foregoing, such GDB principal or interest payments may be made on a current basis to the extent paid out of funds disbursed by a federal or local governmental entity (other than PREPA) for the purpose of paying such amounts pursuant to a federal or local program or appropriation.
- (f) Except as expressly provided in this Agreement, including the Recovery Plan and any Recovery Plan Document, GDB shall in no way be required as a result of this Agreement to expend any cash resources or assume any additional risk or liability in support of the Recovery Plan or this Agreement. GDB acknowledges that PREPA and the Supporting Creditors have made no representations as to what actions, if any, PREPA or any of the Supporting Creditors will take after this Agreement terminates.

8. Additional Covenant by the Participating Holders, PREPA, and the Insurers. Each of the Participating Holders (as defined in the January Payment Term Sheet), PREPA and the applicable Insurers agree to execute a mutually agreeable bond purchase agreement, in accordance with and subject to the terms and conditions set forth in Annex H hereto (*“January Payment Term Sheet”*).

- 9. Additional Covenants by PREPA. PREPA hereby covenants as follows:
 - (a) During the Support Period, PREPA shall provide the following to each Supporting Creditor or, if so directed by a Supporting Creditor in writing, such Supporting Creditor’s financial and legal advisors, in each case, subject to an Acceptable NDA:
 - (i) Within two (2) business days after receipt, any default, event of default or termination notice received by PREPA under the Trust Agreement, the Credit Agreements, the GDB Loan Agreements or any other agreement under which PREPA owes or could owe more than \$10 million if a counterparty exercises remedies thereunder;
 - (ii) Within five (5) business days after the end of any month, a cash report showing account balances for the General Fund and the Construction Fund (as each term is defined in the Trust Agreement);
 - (iii) Within five (5) business days after execution by PREPA, copies of any agreements with vendors for the delivery of fuel oil or for the purchase of power with projected annual spend of greater than \$50 million;
 - (iv) Within five (5) business days after PREPA has proposed or received any proposal that it intends in good faith to consider, any such proposal (whether formal or informal) that concerns any new financing or loan facility or any proposed recovery program or debt enforcement plan;

- (v) Within five (5) business days after the Effective Date, a 13-week cash flow statement (the “**Initial 13-Week Cash Flow Statement**”) and weekly updates to the Initial 13-Week Cash Flow Statement (the “**Rolling 13-Week Cash Flow Statement**”);
 - (vi) No later than seven (7) business days prior to the end of the period covered by the Initial 13-Week Cash Flow Statement and each subsequent 13-week period, a budget covering the next 13-week period including the same categories as the Initial 13-Week Cash Flow Statement;
 - (vii) Copies of all documents filed or published by any person relating to the PREC Public Hearing (including any comment period), to the extent not publicly available online and to the extent permissible under any relevant confidentiality obligation; and
 - (viii) Written notice of any (A) default by any Party under this Agreement, or (B) Termination Event (as defined herein), and, in the case of clause (A), the waiver or cure of any such default, in each case within two (2) business days after the occurrence of such default, Termination Event, waiver, or cure, shall have been notified in writing to PREPA or PREPA shall have otherwise obtained actual knowledge of the occurrence of such default, Termination Event, waiver, or cure.
- (b) During the Support Period, PREPA shall (i) consult, in good faith, with the Supporting Creditors’ financial and legal advisors with respect to (A) any proposal that concerns any new financing or loan facility, (B) any proposed recovery program or debt enforcement plan, (C) any rate case (a “**Rate Case**”) to be submitted to the Energy Commission (including with respect to the Rate Structure (as defined in the Recovery Plan Term Sheet)), the initial petition and other substantive pleadings (excluding any pleadings responding to information requests) submitted to the Energy Commission, (D) any substantive pleadings (excluding any pleadings responding to information requests) submitted to the Energy Commission in connection with the SPV Petition, (E) to the extent practicable, any amendments to the Act and any related legislation, and (F) to the extent permissible under relevant confidentiality agreements with the rating agencies, any presentations provided to, or discussions or correspondence with, any rating agency in connection with PREPA’s efforts to obtain a rating on the Securitization Bonds; (ii) consider, in good faith, any recommendations made by such advisors with respect to each of the foregoing; *provided*, that, with respect to item (C), (D) and (F) above (to the extent practicable, and for (F), only with respect to presentations provided to any rating agencies), PREPA shall provide a copy of each of the documents described therein to each of the Supporting Creditors’ financial and legal advisors no later than five (5) business days prior to submission to the Energy Commission or a rating agency, as applicable; and (iii) keep the Supporting Creditors’ financial and legal advisors reasonably informed regarding any material developments with respect to (X) the matters described in clauses (i)(A)-(F) of this subsection, (Y) any power purchase

agreement or public-private partnership with PREPA, and (Z) any other material transaction outside the ordinary course of PREPA's business.

- (c) Except as provided by the Recovery Plan, PREPA shall not agree to any amendments, modifications, or supplements to the Bond Documents, Credit Agreements or GDB Loan Agreements (collectively, the “**Supporting Creditor Agreements**”) that (A) prejudice or impair any Supporting Creditors' rights (as applicable) under the applicable Supporting Creditor Agreements or are otherwise adverse to any Supporting Creditors in their capacity as PREPA creditors, (B) enhance the existing rights of the Insurers, Holders, Scotiabank, the Scotiabank Lenders, Solus or GDB (as applicable), or (C) without limiting the preceding clauses (A) or (B), modify any Supporting Creditor Agreement (as applicable) in any way that is adverse to any Supporting Creditor (in its capacity as a PREPA creditor) not party to such agreement or which enhances the rights of any Supporting Creditor under a Supporting Creditor Agreement, in the case of clauses (A), (B) and (C), without the written consent of the Requisite Supporting Creditors and Supermajority Insurers, counting, for purposes of clause (C) only, only those Supporting Creditors within each class of Supporting Creditors that are not parties to such Supporting Creditor Agreement.

Prior to entering into any amendment, modification or supplement to the Supporting Creditor Agreements, PREPA shall provide written notice of any such proposed amendment (each, a “**Proposed Amendment**”) to the financial and legal advisors of any Supporting Creditors not party to such Supporting Creditor Agreement no less than ten (10) business days prior to the effectiveness of such Proposed Amendment. If PREPA does not receive any written objection to a Proposed Amendment from counsel to any such Supporting Creditors within ten (10) business days after providing such notice, no consent of such Supporting Creditors shall be required pursuant to the preceding paragraph prior to PREPA's entry into the applicable Proposed Amendment;

- (d) It shall use reasonable commercial efforts to respond promptly to any reasonable written request for information concerning further diligence requests made by any Supporting Creditor;
- (e) It shall provide to the Supporting Creditors and their advisors reasonable access to its management and advisors that are participating in the development of the Recovery Plan from time to time, including, without limitation, if requested, weekly meetings and/or telephone conference calls with the financial advisors to the Supporting Creditors to discuss, among other things, any of the reports provided pursuant to section 9(a) of this Agreement;
- (f) It shall use commercially reasonable efforts to pursue any overdue accounts in respect of its accounts receivable from all of its customers (including, without limitation, all governmental entities and municipalities) and take all reasonable actions to seek to collect such Revenues;

- (g) It shall attempt, in good faith, to minimize potential setoff risks in conducting its cash management practices;
- (h) It shall satisfy, when due and in accordance with their terms, its payment obligations under (i) the interest rate swap transaction between PREPA and UBS AG, Stamford Branch, evidenced by a confirmation, dated April 18, 2007, as amended and supplemented from time to time; and (ii) the interest rate swap transaction between PREPA and JPMorgan Chase Bank, N.A., evidenced by a confirmation, dated April 27, 2007, as amended and supplemented from time to time (such swaps, the “**Assured Swaps**”);
- (i) PREPA shall record (i) revenue from municipalities and associated receivable balances on a gross basis, without reflecting any offset or accounting adjustment for Contributions in Lieu of Taxes (“**CILT**”); and (ii) CILT liabilities on a gross basis;
- (j) PREPA shall post the following to its publicly accessible website within two (2) business days after the date such documents are delivered to the Trustee (and shall make such delivery on a timely basis): (i) the annual report of the consulting engineers required under Section 706 of the Trust Agreement and (ii) the monthly statements under Section 710 of the Trust Agreement;
- (k) On the Effective Date, PREPA paid to each (x) Holder (or its designee) a support fee (the “**Holder Support Fee**”) in cash in an amount equal to its pro rata share (calculated based on the Bond Principal Amount held or controlled by all Holders) of \$1,250,000, and (y) Credit Agreements Lender (or its designee) a support fee (the “**Lender Support Fee**”) in cash in an amount equal to its pro rata share (calculated based on the Credit Agreements Principal Amount held or controlled by the Credit Agreements Lenders in their capacities as such) of \$400,000; in each case under clauses (x) and (y) above, upon PREPA’s receipt of a written certification by such Supporting Creditor (or its designee) that such pro rata share does not exceed, after giving effect to amounts reimbursed to their advisors from payments of prior fees made by PREPA under the Prior Forbearance Agreements, the aggregate amount of fees and expenses incurred by such Supporting Creditor relating to work performed in connection with PREPA’s restructuring, including the negotiation and documentation of this Agreement and the Recovery Plan and related diligence (but excluding, for the avoidance of doubt, any work related to litigation by such Supporting Creditor, or in which such Supporting Creditor participates, against PREPA or in respect of the Recovery Act or in respect of any rate case brought by such Supporting Creditor or in which such Supporting Creditor participates), which shall be creditable against any obligation of PREPA to pay any fees and expenses of such Supporting Creditor;
- (l) No later than the first (1st) business day of each month after the Effective Date during the Support Period, counsel to each Supporting Creditor that receives a payment pursuant to Sections 9(k), (l) and (m) shall, by written notice to

PREPA's counsel, subject to section 14, advise PREPA of any changes in the aggregate principal amount of Uninsured Bonds, Insured Bonds (solely in the case of the Insurers), Scotiabank Loans or Solus Loans (as applicable) beneficially owned, controlled or insured by its clients that are Supporting Creditors. On the fifteenth (15th) day of each calendar month (or the first business day thereafter), starting on the first such day after the Effective Date and through the Closing Date (as defined herein), PREPA shall pay, in arrears, a support fee to (x) each Holder that is a Party to this Agreement at such time (or its designee) equal to its pro rata share (calculated based on the aggregate principal amount of Uninsured Bonds held or controlled by all Holders Party to this Agreement at such time) of \$1,000,000, and (y) each Credit Agreements Lender that is a Party to this Agreement at such time (or its designee) equal to its pro rata share (calculated based on the Credit Agreements Principal Amount held or controlled by the Credit Agreements Lenders in their capacities as such) of \$250,000; in each case, upon PREPA's receipt of a written certification by such Supporting Creditor (or its designee) that such pro rata share does not exceed, after giving effect to amounts reimbursed to their advisors from payments of prior fees made by PREPA under the Prior Forbearance Agreements or otherwise, the aggregate amount of fees and expenses incurred by such Supporting Creditor relating to work performed in connection with PREPA's restructuring, including the negotiation and documentation of this Agreement and the Recovery Plan and related diligence (but excluding, for the avoidance of doubt, any work related to litigation by such Supporting Creditor, or in which such Supporting Creditor participates, against PREPA or in respect of the Recovery Act or in respect of any rate case brought by such Supporting Creditor or in which such Supporting Creditor participates), which shall be creditable against any obligation of PREPA to pay any fees and expenses of such Supporting Creditor;

- (m) On the December RSA Restatement Effective Date, PREPA paid to National and Assured (or any designee), each of whom are Supporting Creditor Parties, a support fee (the "***Schedule II Insurer Support Fee***"), which is separate and distinct from quarterly fees and premium described in Schedule II to the Recovery Plan Term Sheet, in cash in an amount equal to such Insurer's share (as set forth in the letter agreement between National and Assured described in footnote three of Schedule II of the Recovery Plan Term Sheet) of \$1,000,000. On the fifteenth (15th) day of each calendar month (or the first business day thereafter), starting on the first such day after the December RSA Restatement Effective Date and through the Closing Date (as defined herein), PREPA shall pay, in arrears, a support fee to National and Assured (or any designee), if such Insurer is a Party to this Agreement at such time, equal to such Insurer's share (as set forth in the letter agreement between National and Assured described in footnote three of Schedule II of the Recovery Plan Term Sheet) of \$1,000,000; upon PREPA's receipt of a written certification by National and Assured (or their designee) that such pro rata share does not exceed, after giving effect to amounts reimbursed to their advisors from payments of prior fees made by PREPA under the Prior Forbearance Agreements or otherwise, the aggregate amount of fees and expenses incurred by such Supporting Creditor relating to work performed in connection with PREPA's

restructuring, including the negotiation and documentation of this Agreement and the Recovery Plan and related diligence (but excluding, for the avoidance of doubt, any work related to litigation by such Supporting Creditor, or in which such Supporting Creditor participates, against PREPA or in respect of the Recovery Act or in respect of any rate case brought by such Supporting Creditor or in which such Supporting Creditor participates), which shall be creditable against any obligation of PREPA to pay any fees and expenses of such Supporting Creditor. In consideration of the fees set forth in this paragraph, notwithstanding any other contractual rights to the contrary, Assured and National shall not be entitled to any fees or expenses (including, for the avoidance of doubt, any fees and expenses of legal and financial advisors) incurred in connection with PREPA's restructuring other than the Schedule II Insurer Support Fee, the monthly fees payable hereunder, and the Quarterly Fee and the DSRF surety premiums described in Schedule II of the Recovery Plan Term Sheet;

- (n) PREPA shall include in the Consent Solicitation documents a description of the revised "Current Expenses" definition to be incorporated in the Trust Agreement pursuant to the Closing Date Trust Agreement Amendments (as described in the Recovery Plan Term Sheet), which definition in the Closing Date Trust Agreement Amendments shall expressly provide that the Scotiabank Loan Obligations and the Solus Loan Obligations shall constitute "Current Expenses" under the Trust Agreement, as provided in the Recovery Plan Term Sheet;
- (o) PREPA shall retain a recognized search firm with extensive experience in selecting executives and directors for electric utility companies (other than PREPA) of similar size, complexity and risks as PREPA (the "**Search Firm**") to conduct a search for independent directors as contemplated by the Act on or before February 26, 2016, and shall consult, in good faith, with the Supporting Creditors (subject to an Acceptable NDA) and the financial and legal advisors of the Supporting Creditors before retaining any search firm;
- (p) During the Support Period PREPA shall not institute, join or support any action or proceeding to challenge, modify, alter or otherwise take any public position regarding the treatment of the Solus Loan Obligations and the Scotiabank Loan Obligations as "Current Expenses" under the Trust Agreement;
- (q) PREPA and Syncora shall each negotiate in good faith to reach an agreement in principle with the Supporting Creditors with respect to Syncora's participation in the Recovery Plan on or prior to March 18, 2016; and
- (r) During the Support Period:
 - (i)(A) after the Amendment Effective Date (as defined in the TA Amendment) and not less than ten (10) business days before the first transfer of moneys from the General Fund to the Capital Improvement Fund pursuant to clause (4) of section 505 of the Trust Agreement to be added by Section 1.F of the TA Amendment, and (B) at any point thereafter during the Amendment Period (as

defined in the TA Amendment), at least ten (10) business days before the requested date of approval, in each case, PREPA shall submit to the Scotiabank Lenders and Solus Lenders or their respective advisors for approval the same schedule of expected costs of Improvements (and of extensions to the System) provided by PREPA to the Amending Creditors (as defined in the TA Amendment) pursuant to section 505(1)-(2) of the Trust Agreement to be added by Section 1.F of the TA Amendment.

- (ii) PREPA agrees that it shall not provide a certificate to the Trustee and the Amending Creditors or their respective advisors pursuant to section 505(3) of the Trust Agreement to be added by Section 1.F of the TA Amendment unless, in addition to the satisfaction of the conditions specified therein, (A) the Majority Scotiabank Lenders and Majority Solus Lenders shall have also delivered their written confirmations that such Proposed Improvements (as defined in the TA Amendment) are reasonably acceptable, or (B) such Proposed Improvements shall have been deemed to be reasonably acceptable to the Majority Scotiabank Lenders and Majority Solus Lenders on the same terms as those set forth in section 505(3) of the Trust Agreement to be added by Section 1.F of the TA Amendment with respect to the Amending Creditors.

10. Withdrawal. Any Supporting Creditor (other than GDB) may withdraw from this Agreement upon the occurrence of any of the following events (each, a “**Withdrawal Event**”) upon written notice to PREPA and the advisors to the other Supporting Creditors, in which case this Agreement will terminate as to such notifying Supporting Creditor (each a “**Withdrawing Creditor**”) and it will no longer be considered a Supporting Creditor as of the date of delivery of such written notice (or the expiration of any applicable cure period):

- (a) The TA Amendment is not effective on or before March 18, 2016;
- (b) PREPA does not receive from the U.S. Internal Revenue Service (the “**IRS**”), on or before May 30, 2016, a private letter ruling or a closing agreement in an Acceptable Form as determined in good faith by such Withdrawing Creditor; *provided*, that such failure has not been cured within ten (10) days after receipt of a written notice thereof from such Withdrawing Creditor; *provided* further that such notice may be provided no later than ten (10) days after the legal advisors to the Supporting Creditors receive notice of and an executed copy of such IRS private letter ruling or closing agreement (as applicable);
- (c) During the Support Period, any regulatory authority or court of competent jurisdiction appoints a receiver with respect to PREPA; unless such appointment has, prior to the withdrawal of such Withdrawing Creditor, been stayed, reversed or vacated;
- (d) Any of GDB, Scotiabank, the Scotiabank Lenders, the Solus Lenders, Holders of more than 15.0% in principal amount of the aggregate amount of the Uninsured Bonds beneficially owned or controlled by all the Holders at such time, or the individual Insurers (each, a “**Triggering Creditor**”), fail to comply with any of the

material terms, covenants, provisions, or conditions of this Agreement or any such material terms, provisions or conditions are otherwise subject to any breach, default or violation on the part of any Triggering Creditor, or any of the material representations or warranties of any Triggering Creditor as set forth in this Agreement is not true or accurate in any material respect at any time during the Support Period (each of the foregoing, a “**Default**”), which Default, if capable of being cured, is not cured within ten (10) days after receipt of a written notice thereof from such Withdrawing Creditor; *provided* that such Default materially and adversely affects the rights or interests of such Withdrawing Creditor under this Agreement;

- (e) Either of PREPA, the Securitization SPV or GDB breaches its obligations under sections 2(d), 2(f), 2.1(d), 2.1(f), or 7(a)(v), respectively; *provided* that such breach, if capable of being cured, is not cured within ten (10) days after receipt of a written notice thereof from such Withdrawing Creditor;
- (f) The Energy Commission or the Commonwealth orders or approves (i) a reduction in the base rates of PREPA or (ii) an adjustment in any rates of PREPA in a manner that adversely and materially affects the Supporting Creditors in their capacity as PREPA creditors as determined in good faith by such Withdrawing Creditor; *provided*, that, such order or approval has not been stayed, reversed or vacated within ten (10) days after receipt of a written notice thereof from such Withdrawing Creditor;
- (g) PREPA or the Securitization SPV files any document in or regarding any Validation Proceeding in respect of the Securitization Bonds, their issuance or the relevant authorizing legislation or publicly discloses (or permits to be publicly disclosed) any written legal opinions regarding the validity of the securitization charge for the Securitization Bonds or the validity of the legislation authorizing the Securitization Bonds that are not reasonably acceptable as determined in good faith by such Withdrawing Creditor; *provided* however that, if PREPA or its legal advisors do not receive any written objection to any such document or written legal opinion from counsel to the Supporting Creditor within five (5) days after providing such counsel with a copy of the final form of such document or written legal opinion (and where all or a portion of such document or written legal opinion is not in English, an English translation of such document or written legal opinion) accompanied by a notice stating the accompanying document or written legal opinion is in final form, such document or written legal opinion shall be deemed to be reasonably acceptable to such Supporting Creditor for purposes of this section 10(g);
- (h) An Amendment pursuant to section 17(e)(C) becomes effective without the consent of such Withdrawing Creditor; *provided* that a Supporting Creditor may only withdraw from this Agreement pursuant to this section 10(h) within ten (10) days after receipt of a notice pursuant to section 17 that such Amendment has been entered into;

- (i) An Amendment becomes effective without the consent of such Withdrawing Creditor which (x) effects a change in (A) the Exchange Offer exchange ratio, (B) the interest rates of the Securitization Bonds, (C) the Ratings Condition (as defined in the Recovery Plan Term Sheet) or (D) the date prior to which the optional redemption of the Securitization Bonds is not permitted, or (y) reflects an agreement with one or more Insurers (or Syncora or any other person that insures Bonds) with respect to any participation or change in participation for any Insurer (or Syncora or any other person that insures Bonds) in the Recovery Plan, including the terms set forth in Schedule II to the Recovery Plan Term Sheet; *provided* that a Supporting Creditor may only withdraw from this Agreement pursuant to this section 10(i) within ten (10) days after receipt of a notice pursuant to section 17 that such Amendment has been entered into;
- (j) PREPA or any other party acting on its behalf commences any proceeding under any bankruptcy or insolvency law, suspension period or proceeding under the Recovery Act or any other action or proceeding that seeks to adjust, extend or challenge the claims of the Supporting Creditors pursuant to any federal, state or Puerto Rico statute, now or hereinafter enacted into law, except for any such proceeding to implement the Recovery Plan in accordance with section 2(c); *provided* that each Supporting Creditor shall be deemed to have withdrawn automatically (without the requirement to deliver any written notice) upon commencement of any such proceeding, unless such Supporting Creditor shall have elected to expressly waive in writing its withdrawal right;
- (k) PREPA fails to make any required debt service payment on any of the Bonds;
- (l) Legislation containing substantive provisions that implements the Recovery Plan is not enacted into law on or before February 16, 2016;
- (m) An Amendment becomes effective without the consent of such Withdrawing Creditor which effects a change to (A) sections 13(e)(vi) or 13(e)(viii) or (B) notices delivered pursuant thereto, or any consequences of the notices contemplated thereby; *provided* that a Supporting Creditor may only withdraw from this Agreement pursuant to this section 10(m) within ten (10) days after receipt of a notice pursuant to section 17 that such Amendment has been entered into.

Once a Party is no longer a Party to this Agreement (including due to a withdrawal pursuant to section 10), such Party shall be entitled to exercise any rights or remedies it may have under or in respect of the Bond Documents, Loan Documents, Facility Documents or applicable law, at law or in equity, and any applicable statutes of limitation with respect to any such rights or remedies shall be tolled during the Support Period applicable to such Party; *provided* that in such event, PREPA or GDB shall, subject to their respective obligations under this Agreement to the remaining Parties, be entitled to protect, defend, enforce and assert any of its rights, remedies, positions and defenses or take any other action that PREPA or GDB may take under the Bond Documents, Loan Documents, Facility Documents, GDB Agreements (as applicable) or applicable law, at law or in equity, in connection thereto, in each case, solely

against Parties no longer Party to this Agreement, subject in all respects to section 16. The withdrawal of a Supporting Creditor from this Agreement shall be deemed a withdrawal from this Agreement with respect to all Bonds, Scotiabank Loans and Solus Loans (as applicable) held or insured by such Withdrawing Creditor. For the avoidance of doubt, a Supporting Creditor that only holds Uninsured Bonds that Transfers all of its Uninsured Bonds in compliance with this Agreement shall be deemed to have withdrawn from this Agreement and shall no longer be deemed a Supporting Creditor hereunder.

11. Conditions to Effectiveness. The Initial RSA was initially executed and became effective on November 5, 2015 (the “**Effective Date**”). The December RSA was initially executed on December 23, 2015 and became effective on December 28, 2015 (the “**December RSA Restatement Effective Date**”). The New RSA was initially executed on January 27, 2016, and became effective on February 3, 2016 (the “**New Effective Date**”). The amendment and restatement of the New RSA embodied herein shall become effective as of the date (the “**New Restatement Effective Date**”) that each of the following shall have occurred:

- (a) Each Party (including, for the avoidance of doubt, members of the Ad Hoc Group beneficially owning or controlling, in the aggregate, not less than 35% of the Bond Principal Amount) shall have duly delivered and executed a counterpart of this Agreement no later than 11:59 p.m. (prevailing Eastern Time) on March 14, 2016;
- (b) No proceeding pursuant to the Recovery Act or any other action or proceeding that seeks to adjust the claims of the Supporting Creditors pursuant to any federal, state, or Puerto Rico statute, now or hereinafter enacted into law, shall have been instituted by or on behalf of PREPA; and
- (c) PREPA shall, no later than March 24, 2016, have provided written confirmation to all Supporting Creditors of all approvals required to enter into and perform this Agreement, including, without limitation, (i) submission to the Supporting Creditors of resolutions duly adopted by the boards of directors of each of PREPA, the Securitization SPV and GDB, in each case authorizing PREPA, the Securitization SPV and GDB, respectively, to enter into and perform this Agreement, and (ii) submission of this Agreement for registration with the Office of the Comptroller of the Commonwealth of Puerto Rico pursuant to the provisions of Act. No. 18 of the Legislative Assembly of the Commonwealth, approved on October 30, 1975, as amended.

12. Representations.

- (a) Mutual Representations. Each Party hereby represents and warrants to the other as follows (each of which is a continuing representation and warranty, and shall be true during the Support Period):
 - (i) it has the legal right, power and authority to enter into this Agreement and consummate the transactions contemplated hereby;

- (ii) this Agreement is a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at equity or law));
 - (iii) (A) with respect to each of PREPA and the Securitization SPV, it is a public corporation of the Commonwealth of Puerto Rico, duly existing under the laws of the Commonwealth of Puerto Rico, and (B) with respect to each Party, it is duly organized and validly existing and in good standing under the laws of the jurisdiction of its organization with full power and authority to execute and deliver, and to perform and observe the terms and provisions of, this Agreement; and
 - (iv) the execution, delivery, performance and observance of this Agreement by such Party (A) have been duly authorized by all necessary action on the part of such Party, do not and will not conflict with, or result in a violation of, any law applicable to it, and do not require it to obtain any permit, consent, approval, order or authorization of, or provide notice to or make a filing with, any court, governmental or regulator agency or authority or other person or entity that has not been obtained, provided or made, as applicable, (B) (1) with respect to each of PREPA and the Securitization SPV, do not contravene, or constitute a default under, any provision of applicable law or regulation or of any agreement, judgment, injunction, order, decree or other instrument binding on PREPA or the Securitization SPV, as applicable and (2) with respect to each Party, do not and will not violate, conflict with or result in the breach of any provision of its organizational or governance documents and (C) do not and will not result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, any note, bond, mortgage, indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument or arrangement (including without limitation the Bond Documents, Loan Documents, Facility Documents and GDB Agreements) to which it is a party, which would materially adversely affect its ability to carry out its obligations under and otherwise observe this Agreement or cause the occurrence of a Termination Event.
- (b) Additional Representations of PREPA. PREPA hereby represents and warrants as follows (each of which is a continuing representation and warranty, and shall be true during the Support Period):
- (i) except to the extent that a Potential Default has occurred, no default under any Bond Document, Loan Document, Facility Document or GDB Agreement has occurred and is continuing to the best of its knowledge;

- (ii) it is in full compliance with, and no breach or default has occurred or is continuing in respect of, the covenants contained in Section 712 of the Trust Agreement; and
 - (iii) each of the representations in the Recitals set forth above as to PREPA is true and accurate as of the date hereof.
- (c) Additional Representations of the Insurers. Each of the Insurers hereby represents and warrants as follows (each of which is a continuing representation and warranty, and shall, subject to the provisions herein relating to Transfer (as defined in section 18(a) below) be true throughout the Support Period):
 - (i) with respect to the Insured Bonds identified on its respective signature page hereto, the applicable Insurer has the sole right in lieu of the beneficial owners of such Insured Bonds to consent to the TA Amendment and to deliver the consents set forth in the Schedule II to the Recovery Plan Term Sheet as part of the Consent Solicitation;
 - (ii) no default or event of default has occurred with respect to it under any Bond Insurance Agreement to which it is a party;
 - (iii) it has not transferred any voting, consent or direction rights related to the applicable Insured Bonds; and
 - (iv) each of the representations in the Recitals set forth above as to such Insurer is true and accurate as of the date hereof.
- (d) Additional Representations of the Holders. Each of the Holders hereby represents and warrants as follows (each of which is a continuing representation and warranty, and shall, subject to the provisions relating to Transfer (as defined in section 18(a) below) be true throughout the Support Period):
 - (i) it owns or has investment management responsibility for accounts that own Uninsured Bonds in the principal amounts set forth on its respective signature page hereto or joinder to this Agreement in the form of Annex B-1 (as applicable), and that it has not sold, assigned, transferred, participated or otherwise pledged such Bonds, or any voting, consent or direction rights related to such Bonds, to any other person or entity, in each case, except as permitted by section 18 of this Agreement; and
 - (ii) each of the representations in the Recitals set forth above as to the Holders is true and accurate as of the date hereof.
- (e) Additional Representations of Scotiabank and the Scotiabank Lenders. Each of Scotiabank and the Scotiabank Lenders hereby represents and warrants (which is a continuing representation and warranty, and shall, subject to the provisions herein relating to Transfer (as defined in section 18(a), below) be true throughout the Support Period) that each of the representations in the Recitals set forth above

as to Scotiabank and the Scotiabank Lenders is true and accurate as of the date hereof.

- (f) Additional Representations of Solus. Solus hereby represents and warrants (which is a continuing representation and warranty, and shall, subject to the provisions herein relating to Transfer (as defined in section 18(a), below) be true throughout the Support Period) that each of the representations in the Recitals set forth above as to Solus is true and accurate as of the date hereof.

13. Termination.

- (a) This Agreement shall terminate as to all Parties at 11:59 p.m. (prevailing Eastern Time) on June 30, 2016 (the “**Termination Date**”), unless terminated earlier in accordance with the terms of this Agreement.
- (b) In addition, this Agreement shall terminate as to all Parties automatically upon the occurrence of each of the following events (or the expiration of any applicable cure period) (each an “**Automatic Termination Date**”):
 - (i) [RESERVED];
 - (ii) PREPA does not initiate a rate approval process with respect to the Rate Structure on or before April 22, 2016;
 - (iii) The Securitization SPV does not file with the Energy Commission a petition (including the proposed Restructuring Resolution and other supporting documentation, the “**SPV Petition**”) for the approval of the calculation methodology for the Transition Charges and the Adjustment Mechanism (each as defined in the Recovery Plan Term Sheet) on or before March 23, 2016;
 - (iv) Legislation containing substantive provisions that implements the Recovery Plan is not enacted into law on or before February 16, 2016;
 - (v) The Energy Commission does not conduct a public hearing process to approve a revised rate structure (which may include a provisional rate in accordance with Schedule VI to the Recovery Plan Term Sheet) designed to implement the Recovery Plan as contemplated by, and in accordance with each deadline set forth in, the Act (the “**Rate Public Hearing**”);
 - (vi) The Energy Commission does not approve a revised rate, which may be a provisional rate, on or prior to June 10, 2016;
 - (vii) The Energy Commission does not conduct a public hearing process to approve the calculation methodology for the Transition Charges and the Adjustment Mechanism as contemplated by, and in accordance with each deadline set forth in, the Act (the “**SPV Public Hearing**”, and together with the Rate Public Hearing, the “**PREC Public Hearing**”);

- (viii) On or prior to the seventy-fifth (75th) day after the SPV Petition is filed with the Energy Commission, the Energy Commission has not issued the Restructuring Order (as defined in the Recovery Plan Term Sheet) or the calculation methodology for the Transition Charges and the Adjustment Mechanism have not otherwise been approved or deemed approved in accordance with the Act; provided that if within five (5) days from the date the SPV Petition is filed with the Energy Commission the Energy Commission notifies the Securitization SPV that the SPV Petition is incomplete and requires it to provide missing information, then this Agreement will only terminate pursuant to this section 13(b)(viii) if, on or prior to the eighty-second (82nd) day after the date of such notification, the Energy Commission has not issued the Restructuring Order (as defined in the Recovery Plan Term Sheet) or the calculation methodology for the Transition Charges and the Adjustment Mechanism have not otherwise been approved or deemed approved in accordance with the Act;
- (ix) PREPA does not commence the Exchange Offer, Consent Solicitation and Credit Agreements Amendment Solicitation (each as defined in the Recovery Plan Term Sheet) on or before June 15, 2016;
- (x) PREPA does not consummate the Exchange Offer, Consent Solicitation or Credit Agreements Amendments on or before forty-five (45) days after the commencement thereof, unless with respect to (x) the Exchange Offer and Consent Solicitation, each is extended with the consent of Majority Holders and Supermajority Insurers, or (y) the Credit Agreements Amendments, the Credit Agreements Amendment Solicitation is extended with the consent of Majority Scotiabank Lenders and Majority Solus Lenders;
- (xi) The Securitization SPV is not formed and its board is not appointed within three (3) business days after the Securitization Special Legislation is enacted into law;
- (xii) The Securitization SPV does not adopt the Restructuring Resolution by two (2) business days after the earlier of (A) the date the Energy Commission issues the Restructuring Order or (B) the date the calculation methodology for the Transition Charges and the Adjustment Mechanism have otherwise been approved or deemed approved in accordance with the Act;
- (xiii) Neither GDB nor the Securitization SPV publishes a notice to interested parties regarding challenges to the Securitization Special Legislation within three (3) business days after the Securitization Special Legislation is enacted into law;
- (xiv) The Securitization SPV does not publish a notice to interested parties regarding challenges to the Restructuring Resolution and the

Securitization Bonds within three (3) business day after the Restructuring Resolution is adopted;

- (xv) During the Support Period, except as expressly permitted under this Agreement and the Recovery Plan, PREPA makes any principal repayment of any outstanding indebtedness under the Bond Documents, the Credit Agreements or the GDB Loan Agreements, except with respect to the Series 2015A Bonds issued by PREPA on July 30, 2015;
 - (xvi) In the event that (x) the New January Bond Purchase Agreement shall have terminated as to any of the Purchasers (as defined in the New January Bond Purchase Agreement) or (y) any Purchaser (as defined in the New January Bond Purchase Agreement) does not pay its respective purchase price for the 2016 Bonds (as defined in the New January Bond Purchase Agreement) on or prior to the earlier of (i) the respective dates when due under the New January Bond Purchase Agreement and (ii) April 18, 2016; in the case of either clause (x) or clause (y), other than as a result of (A) the failure by PREPA to satisfy conditions set forth under Section 4(1)(a)-(c), (f)-(k), (l) or (o) and Section 4(2)(a)-(c), (f)-(k), (l), (m) or (o) (“Conditions of Purchasers’ Obligations to Purchase”) of the New January Bond Purchase Agreement, or (B) a decision by PREPA in its discretion to not issue the 2016 Bonds or any series thereof as described in Section 2(c) of the New January Bond Purchase Agreement; provided, however, that such termination or failure to make a payment is not cured, or is not otherwise waived by PREPA, within five (5) business days after receipt of a written notice by PREPA of such failure to fund. As used in this Section 13(b)(xvi), the term “**New January Bond Purchase Agreement**” refers to that certain Bond Purchase Agreement, dated as of January 27, 2016, by and among PREPA and the Purchasers defined therein, as amended from time to time (including by Amendment No. 1 dated as of February 19, 2016); or
 - (xvii) On the date on which each of the Exchange Offer, Consent Solicitation, Closing Date Trust Agreement Amendments and Credit Agreements Restructuring (each as defined in the Recovery Plan Term Sheet) closes and becomes effective (the “**Closing Date**”).
- (c) In addition, PREPA shall have the right, upon written notice to the Supporting Creditors, to terminate this Agreement upon the occurrence of any of the following events (each, a “**PREPA Termination Event**”):
- (i) Solely as to the applicable Supporting Creditor (a “**Defaulting Creditor**”), if such Defaulting Creditor fails to comply with any of the material terms, covenants, provisions, or conditions of this Agreement or any Recovery Plan Document or any such material terms, provisions or conditions are otherwise subject to any breach, default or violation on the part of such Defaulting Creditor, or any of the material representations or warranties of

such Defaulting Creditor as set forth in this Agreement is not true or accurate in any material respect at any time during the Support Period (each of the foregoing, a “**Supporting Creditor Default**”), which Supporting Creditor Default, if capable of being cured, is not cured within ten (10) days after receipt of a written notice thereof from PREPA;

- (ii) Either (a) the Ad Hoc Group, together with any direct or indirect Bond Qualified Transferee of any of the members of the Ad Hoc Group, ceases to beneficially own or control, in the aggregate, at least 30% of the Bond Principal Amount or (b) one or more members of the Ad Hoc Group that are signatories to this Agreement as of the date hereof cease to collectively beneficially own or control, in the aggregate, at least 40% in principal amount of the aggregate amount of the Uninsured Bonds collectively beneficially owned or controlled by the Ad Hoc Group as of the date hereof;
- (iii) PREPA’s governing board of directors adopts a resolution determining, after consultation with counsel, that materially changed circumstances exist warranting a termination of this Agreement as a result of the board’s fiduciary or statutory duties; *provided* that in such case, PREPA shall provide no less than three (3) business days’ prior written notice of such determination to the Supporting Creditors;
- (iv) In the event that (x) PREPA and the Supporting Creditors that intend to participate in the Backstop Facility have not held discussions regarding a general framework for the Backstop Facility on or prior to May 30, 2016, or (y) PREPA has not reached an agreement with the applicable Supporting Creditors as to a term sheet setting forth the basic terms of the Backstop Facility (a “**Backstop Term Sheet**”) on or prior to June 20, 2016;
- (v) [Reserved]
- (vi) In the event that the Requisite Supporting Creditors do not provide their written approval of the final version of a definitive document described in section 13(e)(xiv) within five (5) business days after PREPA has requested such written approval; or
- (vii) Solely as to the Defaulting Creditor, if such Defaulting Creditor breaches its obligations under section 3(c); *provided* that such breach, if capable of being cured, is not cured within ten (10) days after receipt of a written notice thereof from PREPA.

A PREPA Termination Event shall be deemed to have occurred as of the date and time when PREPA delivers such written notice (or after expiration of the relevant cure period or notice period) and shall terminate this Agreement with respect to all applicable Parties thereto.

- (d) In addition, PREPA, the Securitization SPV or any Supporting Creditor shall have the right, upon written notice to the other Parties, to terminate this Agreement in the event that (i) at any time, the Supporting Creditors beneficially own, hold, control or insure in the aggregate less than 50% of the Outstanding Principal Amount or (ii) a court, arbitral tribunal, administrative agency or commission or other governmental or regulatory agency or authority issues, enters, enacts, promulgates or enforces a statute, law, ordinance, rule or regulation, or judgment, injunction or order (that is final and non-appealable and that has not been vacated, withdrawn or overturned within thirty (30) days after notice thereof) enjoining, staying or otherwise prohibiting the transactions contemplated by this Agreement, including implementation of the Recovery Plan (each, a “**Mutual Termination Event**”). Such termination shall be deemed to have occurred as of the date and time when the notifying Party delivers such written notice.
- (e) In addition, this Agreement may be terminated as between:
- (1) the Holders, as a class, and the other Parties, by the delivery to PREPA and the other Supporting Creditors, of a written notice by the Holders that beneficially own or control at least 50.1% in principal amount of the aggregate amount of the Uninsured Bonds beneficially owned or controlled by all the Holders at such time (the “**Majority Holders**”); or
 - (2) one or more Insurers that beneficially control or insure at least 30% in principal amount of the aggregate amount of the Bonds beneficially controlled or insured by all the Insurers at such time (the “**Applicable Insurers**”), and the other Parties, by the delivery to PREPA and the other Supporting Creditors, of a written notice by such Applicable Insurers; or
 - (3) Scotiabank and the Scotiabank Lenders, as a class, and the other Parties, by the delivery to PREPA and the other Supporting Creditors, of a written notice by Scotiabank on behalf of the Scotiabank Lenders that hold or control at least 50.1% in principal amount of the Scotiabank Principal Amount held by them at such time (the “**Majority Scotiabank Lenders**”); or
 - (4) the Solus Lenders, as a class, and the other Parties, by the delivery to PREPA and the other Supporting Creditors, of a written notice by the Solus Lenders that hold or control at least 50.1% in principal amount of the Solus Principal Amount held by them at such time (the “**Majority Solus Lenders**”, and the Majority Holders, Applicable Insurers and Majority Scotiabank Lenders, or Majority Solus Lenders, as applicable in the context in which such term is used, each a “**Requisite Supporting Creditor Majority**” and collectively the “**Requisite Supporting Creditors**”);

in each case, in the exercise of their discretion upon the occurrence and continuation of any of the following events (each, a “**Creditor Termination**

Event”, and together with the Mutual Termination Events, the PREPA Termination Events, the Automatic Termination Dates or the Termination Date, each a “**Termination Event**”):

- (i) A default by PREPA or the Securitization SPV, as applicable, or an event of default (except for the Potential Defaults), has occurred and is continuing under any Bond Document, Recovery Plan Document, Loan Document or Facility Document and, if subject to a cure period, has not been cured by PREPA or the Securitization SPV, as applicable, within the applicable cure period;
- (ii) Any federal or Puerto Rico law is enacted into law or a legal action is commenced by a party other than such Supporting Creditors either of which has a material adverse effect on PREPA or the Securitization SPV or the rights or interests of such Supporting Creditors, in their capacity as creditors of PREPA; *provided*, that in no event shall a Recovery Act Legal Action constitute a material adverse effect on PREPA or the Supporting Creditors; *provided*, further, that if capable of being cured, such material adverse effect has not been cured within five (5) business days after receipt of a written notice thereof from such notifying Supporting Creditors;
- (iii) PREPA or the Securitization SPV fails to comply with any of the material terms, covenants, provisions, or conditions of this Agreement or any such material terms, covenants provisions or conditions are otherwise subject to any breach, default or violation on the part of PREPA or the Securitization SPV, or any of the material representations or warranties of PREPA or Securitization SPV as set forth in this Agreement is not true or accurate in any material respect at any time during the Support Period (each of the foregoing, a “**PREPA or SPV Support Agreement Default**”), which PREPA or SPV Support Agreement Default, if capable of being cured, is not cured within ten (10) days after receipt of a written notice thereof from such notifying Supporting Creditors;
- (iv) PREPA or the Securitization SPV seeks, or announces an intent, to effect a restructuring plan other than the plan contemplated by the Recovery Plan;
- (v) [Reserved]
- (vi) (A) The Legislative Reform Package (other than the Securitization Special Legislation) is not enacted into law in an Acceptable Form or (B) any amendment to the Legislative Reform Package (other than the Securitization Special Legislation) is enacted into law and such amendment is not in an Acceptable Form, in each case, as determined in good faith by the notifying Majority Holders or Applicable Insurers; *provided*, that, such failure (whether described in the preceding clause (A) or (B)) has not been cured within ten (10) days after receipt of a written

notice thereof from such notifying Majority Holders or Applicable Insurers; *provided* further that such notice may be provided no later than fifteen (15) days after the legal advisors to the Holders and Insurers receive notice of and a copy of the enacted legislation; and *provided* further that if a Holder or Insurer (or the Majority Holders or Applicable Insurers on its behalf) fails to deliver a notice of termination under this section 13(e)(vi) within the aforementioned fifteen (15) day period, the Legislative Reform Package (other than the Securitization Special Legislation) shall be deemed to be in Acceptable Form as to such Holder or Insurer for purposes of this section 13(e)(vi) and condition precedent (6) set forth in January Payment Term Sheet under “Conditions Precedent to Purchasers’ Obligations”;

- (vii) (A) The Legislative Reform Package (other than the Securitization Special Legislation) is not enacted into law in form and substance reasonably acceptable or (B) any amendment to the Legislative Reform Package (other than the Securitization Special Legislation) is enacted into law and such amendment is not in form and substance reasonably acceptable, in each case, as determined in good faith by the notifying Majority Scotiabank Lenders or Majority Solus Lenders; *provided*, that, such failure (whether described in the preceding clause (A) or (B)) has not been cured within ten (10) days after receipt of a written notice thereof from such notifying Majority Scotiabank Lenders or Majority Solus Lenders; *provided* further that such notice may be provided no later than fifteen (15) days after the legal advisors to the Scotiabank Lenders and Solus Lenders receive notice of and a copy of the enacted legislation;
- (viii) (A) The Securitization Special Legislation is not enacted into law in form and substance reasonably acceptable or (B) any amendment to the Securitization Special Legislation is enacted into law and such amendment is not in form and substance reasonably acceptable, in each case, as determined in good faith by the notifying Majority Holders or Applicable Insurers; *provided*, that, such failure (whether described in the preceding clause (A) or (B)) has not been cured within ten (10) days after receipt of a written notice thereof from such notifying Majority Holders or Applicable Insurers; *provided* further that such notice may be provided no later than fifteen (15) days after the legal advisors to the Holders and Insurers receive notice of and a copy of the enacted legislation; and *provided* further that if a Holder or Insurer (or the Majority Holders or Applicable Insurers on its behalf) fails to deliver a notice of termination under this section 13(e)(viii) within the aforementioned fifteen (15) day period, the Securitization Special Legislation shall be deemed to be reasonably acceptable as to such Holder or Insurer for purposes of this section 13(e)(viii) and condition precedent (6) set forth in January Payment Term Sheet under “Conditions Precedent to Purchasers’ Obligations”;

- (ix) (A) The Securitization Special Legislation is not enacted into law in an Acceptable Form or (B) any amendment to the Securitization Special Legislation is enacted into law and such amendment is not in an Acceptable Form, in each case, as determined in good faith by the notifying Majority Scotiabank Lenders or Majority Solus Lenders; *provided*, that, such failure (whether described in the preceding clause (A) or (B)) has not been cured within ten (10) days after receipt of a written notice thereof from such notifying Majority Scotiabank Lenders or Majority Solus Lenders; *provided* further that such notice may be provided no later than fifteen (15) days after the legal advisors to the Scotiabank Lenders and Solus Lenders receive notice of and a copy of the enacted legislation;
- (x) Any petition or substantive pleading (excluding any pleadings responding to information requests) filed by PREPA or the Securitization SPV with the Energy Commission in a Rate Case is not in an Acceptable Form as determined in good faith by the notifying Requisite Supporting Creditor Majority; *provided*, that, such failure has not been cured within ten (10) days after receipt of a written notice thereof from counsel to such Requisite Supporting Creditor Majority; *provided* further that such notice may be provided no later than (x) five (5) business days after the financial and legal advisors to the Supporting Creditors receive notice of and a copy of the filed petition or pleading in English (as applicable), and (y) fifteen (15) days after the financial and legal advisors to the Supporting Creditors receive notice of and a copy of the filed petition or pleading in Spanish (as applicable); *provided* further that, with respect to each Scotiabank Lender and each Solus Lender, any such petition or pleading that seeks a provisional rate that does not cover all operating costs, capital expenditures and debt costs (assuming a restructuring in accordance with the Recovery Plan) shall be deemed not to be in Acceptable Form;
- (xi) PREPA or the Securitization SPV supports or proposes any bill or legislation relating to the Legislative Reform Package (or, for the avoidance of doubt, any amendment to any such bill or legislation) which is not in an Acceptable Form as determined in good faith by the notifying Requisite Supporting Creditor Majority; *provided*, that, such failure has not been cured within ten (10) days after receipt of a written notice thereof from such Requisite Supporting Creditor Majority; *provided* further that such notice may be provided no later than fifteen (15) days after the legal advisors to the Supporting Creditors receive notice of and a copy of any such bill or legislation;
- (xii) The Energy Commission does not approve the Rate Structure in an Acceptable Form as determined in good faith by the notifying Majority Holders or Applicable Insurers; *provided*, that, such notice may be provided no later than fifteen (15) days after the legal advisors to the Holders and Insurers receive notice of and a copy of such approved Rate

Structure as well as, to the extent not publicly available online and to the extent permissible under any relevant confidentiality obligation, copies of all orders and regulations implementing such approved Rate Structure;

- (xiii) The Energy Commission does not approve the Rate Structure in form and substance reasonably acceptable as determined in good faith by the notifying Majority Scotiabank Lenders or Majority Solus Lenders; *provided*, that, such notice may be provided no later than fifteen (15) days after the legal advisors to the Scotiabank Lenders and Solus Lenders receive notice of and a copy of such approved Rate Structure as well as, to the extent not publicly available online and to the extent permissible under any relevant confidentiality obligation, copies of all orders and regulations implementing such approved Rate Structure;
- (xiv) Any of the definitive documentation (other than with respect to the Securitization Documents) relating to the Exchange Offer, Cash Tender, Backstop Facility, the January Payment Transactions, the Consent Solicitation, the TA Amendment, the Closing Date Trust Agreement Amendments, the Credit Agreements Amendments and the Credit Agreements Amendment Solicitation is not entered into or adopted in form and substance reasonably acceptable as determined in good faith by the notifying Requisite Supporting Creditor Majority; it being understood that any determination by a Requisite Supporting Creditor Majority that any such final definitive documentation is reasonably acceptable shall be evidenced by such Requisite Supporting Creditor Majority's written approval, which, in the case of the Insurers, for the avoidance of doubt, shall require the written approval of both National and Assured;
- (xv) PREPA enters into any new financing or loan facility, recovery program or debt enforcement plan, any power purchase agreement or public-private partnership or any other material transaction outside the ordinary course of PREPA's business which the notifying Requisite Supporting Creditor Majority determines in good faith is not in Acceptable Form; *provided* that such notice may be provided no later than ten (10) days after the financial and legal advisors to the Supporting Creditors receive notice of and a copy of such executed definitive documentation entered into in connection with the foregoing;
- (xvi) Any Securitization Documents are adopted, entered into or enacted into law in form or substance not reasonably acceptable as determined in good faith by the notifying Majority Holders or Applicable Insurers; *provided* however that, if neither PREPA nor the Securitization SPV receive any written objection to any such document from Majority Holders or Applicable Insurers within five (5) business days after such document has been adopted, entered into or enacted into law and a copy of such document was provided to the Holders' and the Insurers' legal advisors together with notice that such document has been adopted, entered into or

enacted into law, such document shall be deemed to be reasonably acceptable to each Holder and each Insurer for purposes of this section 13(e)(xvi);

- (xvii) Any Securitization Documents are not adopted, entered into or enacted into law in an Acceptable Form as determined in good faith by the notifying Majority Scotiabank Lenders or Majority Solus Lenders; *provided* however that, if neither PREPA nor the Securitization SPV receive any written objection to any such document from Majority Scotiabank Lenders or Majority Solus Lenders within five (5) business days after such document has been adopted, entered into or enacted into law and a copy of such document was provided to the Scotiabank Lenders' and Solus Lenders' legal advisors together with notice that such document has been adopted, entered into or enacted into law, such document shall be deemed to be in Acceptable Form to each Scotiabank Lender and Solus Lender for purposes of this section 13(e)(xvii);
- (xviii) PREPA does not launch the RFQ Process (as defined in the Recovery Plan Term Sheet) on or before June 15, 2016 in a manner and on terms consistent in all material respects with the Recovery Plan and this Agreement and which does not include any additional or inconsistent terms that materially and adversely affect such Supporting Creditor in its capacity as a PREPA creditor; *provided*, that, such failure has not been cured within ten (10) days after receipt of a written notice thereof from such notifying Requisite Supporting Creditor Majority;
- (xix) [Reserved]
- (xx) Prior to, or after, its entry into this Agreement, the Securitization SPV takes an action that materially and adversely affects any Supporting Creditor in its capacity as a creditor of PREPA; *provided*, that, such material adverse effect has not been cured within ten (10) days after receipt of a written notice thereof from the notifying Requisite Supporting Creditor Majority;
- (xxi) The Securitization SPV enters into any material transaction other than the Securitization Documents (if any) that is not reasonably acceptable to the Requisite Supporting Creditors;
- (xxii) In the event that (x) PREPA and the Supporting Creditors that intend to participate in the Backstop Facility have not held discussions regarding a general framework for the Backstop Facility on or prior to May 30, 2016, or (y) PREPA has not reached an agreement with the applicable Supporting Creditors as to a Backstop Term Sheet on or prior to June 20, 2016;

- (xxiii) In the event that (i) the SPV Petition, (ii) any other submissions or filings made by PREPA or the Securitization SPV in connection with the SPV Petition or (iii) the Restructuring Order is not reasonably acceptable as determined in good faith by the notifying Requisite Supporting Creditor Majority; *provided* that such notice may be provided no later than fifteen (15) days after the financial and legal advisors to the Supporting Creditors receive notice of and a copy of the document as filed with, submitted to or issued by the Energy Commission; *provided* further that if a Holder or Insurer (or the Majority Holders or Applicable Insurers on its behalf) fails to deliver a notice of termination under this section 13(e)(xxiii) with respect to the SPV Petition within the aforementioned fifteen (15) day period following receipt of the applicable notice required by this section 13(e)(xxiii), the SPV Petition shall be deemed to be reasonably acceptable as to such Holder or Insurer for purposes of this section 13(e)(xxiii) and the condition precedent set forth in Section 4(2)(n) of the New January Bond Purchase Agreement; or
- (xxiv) GDB breaches any material obligation under the Custodial Agreements to honor, within a commercially reasonable period of time, a duly authorized withdrawal request made by PREPA in the ordinary course of business.

Whenever a substantive provision of this Agreement requires that one or more Supporting Creditors be excluded in the determination of “Majority Solus Lenders”, “Majority Scotiabank Lenders”, “Applicable Insurers”, “Majority Holders”, “Requisite Supporting Creditor Majority” or “Requisite Supporting Creditors”, such defined term or terms shall be calculated after giving effect to the exclusion of such Supporting Creditors, and the exclusion of the principal amount of claims held or insured by them from both numerator and denominator in the calculation of any majority, in connection with the use thereof in such substantive provision.

- (f) In addition, this Agreement may be terminated as between Assured or National and the other Parties, by the delivery to PREPA and the other Supporting Creditors, of a written notice by such Insurer following a failure of PREPA to make required payments to holders of the Series 2015A Bonds, in which case such Insurer shall no longer be considered a Supporting Creditor as of the date of delivery of such written notice.
- (g) In addition, this Agreement may be terminated as between Assured and the other Parties, by the delivery to PREPA and the other Supporting Creditors, of a written notice by Assured in the event that PREPA fails to satisfy its payment obligations under the Assured Swaps, in which case Assured shall no longer be considered a Supporting Creditor as of the date of delivery of such written notice.
- (h) In addition, this Agreement shall automatically terminate (without the requirement to deliver any written notice) as between Syncora and the other Parties, in the event that PREPA and Syncora do not reach agreement in principle with the Supporting Creditors with respect to Syncora’s participation in the Recovery Plan on or prior to March 18, 2016.

If this Agreement is terminated as to the Solus Lenders as a class, this Agreement shall also terminate as to Solus in its capacity as a Holder (and the Bonds owned by Solus shall no longer be bound by this Agreement), and if this Agreement is terminated as to the Holders as a class, this Agreement shall also terminate as to the Solus Lenders as a class (and the Solus Loans owned by Solus shall no longer be bound by this Agreement), in either case without the need for any further approvals or consents.

14. Disclosure of Information.

- (a) Subject to section 14(c) below, PREPA and the Securitization SPV (to the extent not provided by PREPA) shall be required to provide to the Supporting Creditors' advisors any information reasonably necessary to understand the transactions contemplated in this Agreement.
- (b) Subject to section 14(c) below, during the Support Period, to the extent that a Supporting Creditor in good faith seeks any confidential information with respect to (i) a determination whether a basis exists for a Withdrawal Event, or (ii) a determination whether a basis exists for a Termination Event, PREPA (and, to the extent not provided by PREPA, the Securitization SPV) will provide such confidential information to the Supporting Creditor's advisors to the extent reasonably necessary to make such determination.
- (c) Notwithstanding anything herein to the contrary:
 - (i) PREPA and the Securitization SPV shall not be required to provide any documents or information that is confidential information to any Supporting Creditor or any of its advisors that is not party to (A) if the Supporting Creditor or advisor has signed a non-disclosure agreement with PREPA in the past (including, for the avoidance of doubt, pursuant to Section 6 of any Prior Forbearance Agreement), a non-disclosure agreement on the same or substantially similar terms and with an agreed-upon cleansing date and that has a term until at least December 31, 2016 or an extension to the term of its existing non-disclosure agreement through at least December 31, 2016, or (B) if the Supporting Creditor or advisor has not signed a non-disclosure agreement with PREPA in the past, a non-disclosure agreement on terms reasonably acceptable to PREPA and with an agreed-upon cleansing date and that has a term until at least December 31, 2016 (each non-disclosure agreement that meets conditions under preceding clauses (A) or (B), an "***Acceptable NDA***"); and
 - (ii) PREPA and the Securitization SPV may elect to designate as confidential information, including on an advisors-only basis, any document or information that (A) is not otherwise required to be provided to the Trustee under the Trust Agreement, any Bond Document or applicable law or (B) has not been transmitted to other entities without an Acceptable NDA.

- (d) Notwithstanding anything herein to the contrary, information concerning the Bonds beneficially owned or insured by the Supporting Creditors, including, without limitation, the description of such Bonds reflected on the signature pages hereto, the description of such Bonds on any documentation related to the TA Amendment, and information delivered pursuant to section 14(e), below, shall be confidential, and shall not be disclosed to any person without the prior written consent of the applicable Supporting Creditor, except to PREPA's, the Securitization SPV's and the other Supporting Creditors' attorneys or advisors (solely to the extent necessary for them to perform their obligations under this Agreement and the Trust Agreement) (collectively, the "**Authorized Persons**"); *provided, however*, that an Authorized Person that receives such confidential information shall be permitted to disclose such information (i) on an aggregate basis, the principal amount held by all Supporting Creditors collectively (without disclosing individual holdings), (ii) to the extent required by any law, rule or regulation or by any subpoena or similar judicial and/or administrative order, or other regulatory authority (including any self-regulatory organization having jurisdiction or claiming to have jurisdiction over such person), or (iii) to the extent that such information is or becomes generally available to the public other than as a result of disclosure by an Authorized Person; *provided further, however*, that an Authorized Person that receives such confidential information concerning the Bonds beneficially owned or insured by the Supporting Creditors shall be permitted to disclose to its respective clients the aggregate percentage of Bonds beneficially owned or insured by any group of Insurers or Holders, without disclosure of the amount or percentage of Bonds beneficially owned or insured by any individual Insurer or Holder.
- (e) PREPA authorizes the Trustee to disclose to a beneficial holder of Bonds, upon request of such holder, (i) any reports or certificates required to be filed with the Trustee under the following sections of the Trust Agreement: 502 (revisions of rates), 504 (annual and supplemental budgets), 505 (report of expenditure in excess of annual budget), 706 (report of the Consulting Engineers), 710 (monthly reports on income, expense and other matters set forth therein, annual audits and additional reports or audits required by law) and 712 (abandonment, sale or lease of any part of the System); and (ii) the balances in any funds or accounts held by the Trustee for the benefit of holders of Bonds.

15. Further Acquisition. This Agreement shall not limit, abridge, or otherwise impair, or be construed to preclude, the right of any Supporting Creditor to acquire additional Bonds or additional rights and obligations under any Credit Agreement; *provided* that any additional Uninsured Bonds or additional rights and obligations under any Credit Agreement acquired by any Party shall be, and shall automatically be deemed to be, subject to the terms and conditions of this Agreement.

16. Release of Claims and Waiver of Defenses.

- (a) In further consideration of the Supporting Creditors' entry into and performance under this Agreement, PREPA, on behalf of itself and its successors, assigns,

parents, subsidiaries, affiliates, officers, directors, employees, agents and attorneys hereby forever, fully, unconditionally and irrevocably waives and releases the Supporting Creditors (other than GDB) and their respective successors, assigns, parents, subsidiaries, affiliates, officers, directors, employees, attorneys, advisors and agents (collectively, the “**Releasees**”) from any and all claims, liabilities, obligations, debts, causes of action (whether at law or in equity or otherwise), defenses, counterclaims and setoffs of any kind, whether known or unknown, liquidated or unliquidated, matured or unmatured, fixed or contingent, or otherwise, directly or indirectly arising out of, connected with, resulting from or related to any act or omission by such Supporting Creditors or any other Releasee with respect to the Bond Documents, Loan Documents and Facility Documents, except to the extent that any such claims, liabilities, obligations, debts, causes of action, defenses, counterclaims and setoffs are found in a final, nonappealable judgment of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the applicable Releasees. Nothing in this Agreement shall (x) release any obligations of the Insurers (or Syncora or any other person insuring Bonds) under the Bond Insurance Agreements, or (y) release GDB or any of its affiliates, or any of their respective successors, assigns, officers, directors, employees, attorneys, or agents, from any claim, liability, obligation, debt, cause of action, defense, counterclaim, or setoff, except as provided in subsection 16(b) below.

- (b) In further consideration of GDB’s entry into and performance under this Agreement, upon the occurrence of the Closing Date, PREPA, on behalf of itself and its successors, assigns, parents, subsidiaries, affiliates, officers, directors, employees, agents and attorneys, shall forever, fully, unconditionally and irrevocably waive and release GDB and its Releasees from any and all claims, liabilities, obligations, debts, causes of action (whether at law or in equity or otherwise), defenses, counterclaims and setoffs of any kind, whether known or unknown, liquidated or unliquidated, matured or unmatured, fixed or contingent, or otherwise, directly or indirectly arising out of, connected with, resulting from or related to any act or omission by GDB or any other Releasee with respect to the Bond Documents and GDB Loan Agreements, except to the extent that any such claims, liabilities, obligations, debts, causes of action, defenses, counterclaims and setoffs are found in a final, nonappealable judgment of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of GDB or the applicable Releasees.

17. Amendments and Waivers. Once effective, this Agreement, including, for the avoidance of doubt, the Recovery Plan Term Sheet attached hereto as Annex D, may not be modified, amended, supplemented or otherwise altered (except as expressly provided herein), and no term or condition may be waived (such modification, amendment, supplement and waiver, referred to collectively as an “**Amendment**”), except in a writing signed by PREPA, the Securitization SPV and Majority Holders, Supermajority Insurers, Majority Scotiabank Lenders and Majority Solus Lenders; *provided, however*, that:

- (a) any Amendment to the terms described in Schedule I to the Recovery Plan Term Sheet (the “**Holders’ Terms**”), shall require the written consent of: (i) PREPA and the Securitization SPV, (ii) Holders that beneficially own or control at least 80.0% in principal amount of the aggregate amount of the Uninsured Bonds beneficially owned or controlled by all the Holders that are Supporting Creditors at such time (the “**Supermajority Holders**”) and (iii) (A) Supermajority Insurers, Majority Scotiabank Lenders and Majority Solus Lenders, if such Amendment (x) does not enhance or improve the Holders’ Terms and (y) does not materially and adversely affect any of the Insurers or the Credit Agreements Lenders, or (B) Insurers that beneficially control or insure at least 75.0% in principal amount of the aggregate amount of the Bonds beneficially controlled or insured by all the Insurers that are Supporting Creditors at such time (the “**Supermajority Insurers**”) if the conditions of either clause (x) or (y) above are not satisfied with respect to any Insurer and Supermajority Credit Agreements Lenders (as defined herein) if the conditions of either clause (x) or (y) above are not satisfied with respect to any Credit Agreements Lender;
- (b) any Amendment to the terms described in Schedule II to the Recovery Plan Term Sheet (the “**Insurers’ Terms**”), shall require the written consent of: (i) PREPA and the Securitization SPV, (ii) Supermajority Insurers and (iii) (A) Supermajority Holders, Majority Scotiabank Lenders and Majority Solus Lenders, if such Amendment (x) does not enhance or improve the Insurers’ Terms and (y) does not materially and adversely affect any of the Holders or the Credit Agreements Lenders, or (B) Supermajority Holders if the conditions of either clause (x) or (y) above are not satisfied with respect to any Holder and Supermajority Credit Agreements Lenders if the conditions of either clause (x) or (y) above are not satisfied with respect to any Credit Agreements Lender;
- (c) any Amendment to the terms described in Schedule III to the Recovery Plan Term Sheet (the “**Fuel Lines Lenders’ Terms**”), shall require the written consent of: (i) PREPA and the Securitization SPV, (ii) Solus Lenders holding at least 75.0% in principal amount of the Solus Principal Amount held by all Solus Lenders that are Supporting Creditors at such time and Scotiabank Lenders holding at least 75.0% in principal amount of the Scotiabank Principal Amount held by all Scotiabank Lenders that are Supporting Creditors at such time (the “**Supermajority Credit Agreements Lenders**”) and (iii) (A) Majority Holders and Supermajority Insurers, if such Amendment (x) does not enhance or improve the Credit Agreements Lenders’ Terms and (y) does not materially and adversely affect any of the Holders or the Insurers, or (B) Supermajority Holders if the conditions of either clause (x) or (y) above are not satisfied with respect to any Holder and Supermajority Insurers if the conditions of either clause (x) or (y) above are not satisfied with respect to any Insurer; or
- (d) any Amendment to the non-economic terms described in Schedules IV, VI, VII, VIII and IX to the Recovery Plan Term Sheet (the “**Non-Economic Terms**”), shall require the written consent of: (i) PREPA and the Securitization SPV,

(ii) Supermajority Holders, (iii) Supermajority Insurers and (iv) Supermajority Credit Agreements Lenders.

(e) Notwithstanding anything in this section 17,

- (A) any Amendment that alters the percentage of Bond Principal Amount, Solus Principal Amount or Scotiabank Principal Amount, as applicable, required for (i) determining consents, amendments, terminations, withdrawals, extensions or other actions hereunder (including, without limitation, this section 17), or (ii) determining the termination or withdrawal rights of such Supporting Creditors hereunder (including, without limitation, sections 10 or 13), in each case, shall not be effective unless in writing and signed by PREPA, the Securitization SPV and each Supporting Creditor affected by such Amendment;
- (B) any Amendment whose sole effect is to change one or more dates or deadlines set forth in sections 10 or 13 (other than as set forth in sections 13(a) and 10(l)) shall require the consent of PREPA, the Securitization SPV, GDB, Supermajority Insurers and the Requisite Supporting Creditors; and
- (C) other than as provided in sections 17(e)(A) and 17(e)(B), any Amendment that materially alters any provision relating to termination or extension of, or withdrawal from, this Agreement (including for the avoidance of doubt, an amendment to the dates set forth in sections 13(a) or 10(l)) shall not be effective unless in writing and signed by PREPA, the Securitization SPV, GDB, the Supermajority Holders, the Supermajority Insurers and the Supermajority Credit Agreements Lenders;

provided, that section 13(d) and this section 17 shall not be amended without the written consent of each Supporting Creditor that is a Party to this Agreement as of the date of such Amendment.

Notice of any Amendment pursuant to this section 17 shall be provided to each Supporting Creditor within two (2) business days of the date of such Amendment.

18. Assignment; Transfer Restrictions.

- (a) For the period commencing as of the date any Supporting Creditor executes this Agreement until the earliest to occur of (i) the fifteenth (15th) business day following such date if the New Restatement Effective Date has not occurred and (ii) termination of this Agreement as to such Supporting Creditor pursuant to the terms hereof (the “**Bond Transfer Limitation Period**”), such Supporting Creditor shall not sell, assign, transfer or otherwise pledge or dispose (“**Transfer**”) any Uninsured Bonds beneficially owned by such Supporting Creditor, or any voting, consent or direction rights related to such Uninsured Bonds, except such Transfer may be made (A) if the transferee is a Supporting Creditor at the time of the Transfer or (B) if the transferee is not a Supporting Creditor at the time of the

Transfer, such transferee (a transferee pursuant to this clause (B) or the immediately preceding clause (A), a “**Bond Qualified Transferee**”) delivers to each of the Supporting Creditors’ advisors and PREPA, at or prior to the time of the Transfer, the joinder attached hereto as Annex B-1, pursuant to which such transferee shall assume all obligations of such Supporting Creditor transferor hereunder (such transferee, if any, shall also be a “Supporting Creditor” hereunder). In addition, and without limiting the foregoing, each of the Insurers agrees that it will not transfer any voting, consent or direction rights related to Insured Bonds during the Bond Transfer Limitation Period unless the transferee agrees to be bound by the terms of this Agreement and delivers notice of such agreement to each of the Supporting Creditors and PREPA; provided that an Insurer may Transfer Insured Bonds beneficially owned by such Insurer if the Transfer is by an Insurer and the Bonds Transferred are Insured Bonds, and the representations and warranties of the applicable Insurer contained in section 12(c) hereof are true after giving effect to the Transfer with respect to such Bonds. To the extent that a Transfer violates the provisions of this section, the Transfer shall be void *ab initio* and the applicable Bonds and the Supporting Creditor attempting the Transfer of the Bonds shall continue to remain subject to the terms of this Agreement. This Agreement shall in no way be construed to preclude any of the Supporting Creditors from acquiring additional Bonds; *provided* that any such acquired Uninsured Bonds shall automatically and immediately upon acquisition by a Supporting Creditor be deemed subject to all of the terms of this Agreement.

- (b) For the period commencing as of the date any Supporting Creditor executes this Agreement until the earliest to occur of (i) the fifteenth (15th) business day following such date if the New Restatement Effective Date has not occurred and (ii) termination of this Agreement pursuant to the terms hereof (the “**Fuel Line Limitation Period**”), such Supporting Creditor shall not Transfer all or a portion of any of its rights and obligations under any Credit Agreement except such Transfer may be made (A) if the transferee is a Supporting Creditor at the time of the Transfer, or (B) if the transferee is not a Supporting Creditor at the time of the Transfer, such transferee (a “**Credit Agreement Qualified Transferee**”) delivers to each of the Supporting Creditors’ advisors and PREPA, at or prior to the time of the Transfer, the joinder attached hereto as Annex B-2, pursuant to which such transferee shall assume all obligations of such Supporting Creditor transferor hereunder (such transferee, if any, shall also be a “Supporting Creditor” hereunder). To the extent that a Transfer violates the provisions of this section, the Transfer shall be void *ab initio* and the applicable rights and obligations under the applicable Credit Agreement and the Supporting Creditor attempting the Transfer of such rights and obligations shall continue to remain subject to the terms of this Agreement. This Agreement shall in no way be construed to preclude any of the Supporting Creditors from acquiring additional rights and obligations under any Credit Agreement; *provided* that any such acquired rights and obligations under a Credit Agreement shall automatically and immediately upon acquisition by a Supporting Creditor be deemed subject to all of the terms of this Agreement.

- (c) Notwithstanding anything contained in this Agreement to the contrary, (i) a Supporting Creditor may Transfer any right, title or interest in the Uninsured Bonds, the Scotiabank Credit Agreement, or the Solus Credit Agreement to a Qualified Marketmaker, acting in its capacity as a Qualified Marketmaker, without the requirement that such Qualified Marketmaker be or become a Supporting Creditor; *provided* that such Qualified Marketmaker subsequently Transfers such right, title or interest in the Uninsured Bonds, the Scotiabank Credit Agreement or the Solus Credit Agreement to a Supporting Creditor, a Bond Qualified Transferee or a Credit Agreement Qualified Transferee within the earlier of (x) the date that is ten (10) days after such Qualified Marketmaker's acquisition of such right, title or interest and (y) in the event the transfer to the Qualified Marketmaker occurs prior to the record date set for the Exchange Offer and Consent Solicitation, the record date set for the Exchange Offer and Consent Solicitation; and (ii) to the extent that a Supporting Creditor is acting in its capacity as a Qualified Marketmaker, it may Transfer any right, title or interest in the Uninsured Bonds that the Qualified Marketmaker acquires from a holder of the Uninsured Bonds that is not a Supporting Creditor without the requirement that the transferee be or become a Supporting Creditor.
- (d) “**Qualified Marketmaker**” means an entity that (x) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers debt securities such as the Bonds or debt obligations such as the Scotiabank Loans and the Solus Loans or enter with customers into long and short positions in debt securities such as the Bonds, in its capacity as a dealer or market maker in such Bonds; (y) is in fact regularly in the business of making a market in debt securities or bank debt obligations; and (z) if transacting with respect to Bonds, is registered with the Securities and Exchange Commission and Financial Institutions Regulatory Authority.

No later than the first (1st) business day of each month, and upon PREPA's reasonable request, (i) each Holder shall disclose to PREPA a list of the principal amount of Uninsured Bonds beneficially owned by such Holder, and (ii) the Ad Hoc Group shall disclose to PREPA a list, by CUSIP number, of the aggregate principal amount of Uninsured Bonds collectively held by the Ad Hoc Group, which disclosures pursuant to the preceding clauses (i) and (ii) shall be treated as confidential information by PREPA and the Securitization SPV in accordance with section 14(d). The foregoing shall not prohibit PREPA from disclosing the aggregate holdings of the Ad Hoc Group or all Supporting Creditors collectively.

19. No Third Party Beneficiaries. The terms and conditions of this Agreement are intended solely for the benefit of the Parties and their respective successors and permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person; *provided* that beneficial holders of the January Payment Bonds shall be third-party beneficiaries of Section 2.2(d) of this Agreement and of Section 22 of this Agreement to the extent it relates to Section 2.2(d).

20. No Solicitation. The Parties acknowledge and agree that neither the negotiation nor the execution and delivery of this Agreement is, nor shall it be deemed to be, a solicitation within the meaning of any applicable state or federal securities laws.

21. Settlement Discussions. This Agreement is the product of negotiations among the Parties hereto and reflects various agreements and compromises to implement the Recovery Plan. Pursuant and subject to Federal Rule of Evidence 408 and any applicable state or Commonwealth rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement.

22. Remedies. The sole and exclusive remedy of any Party for any breach of this Agreement by any other Party shall be termination under section 13 or withdrawal under section 10, and such breach shall not give rise to any claims against any Party at law or in equity; *provided, however*, that notwithstanding the foregoing, the Parties agree that (i) irreparable damage would occur in the event that any Supporting Creditor breaches its obligations under sections 4(b)(i), 4(c)(i)-(iii), 4(d)(i)-(ii), 5(a)(i), 6(a)(i), 7(a)(ii)(x) and (y), 15 or 17(e) (the “**Specified Sections**”) of this Agreement, and accordingly PREPA shall be entitled to specific performance in the event of any breach of the Specified Sections in the Enforcement Court (as defined below) if such breach has not been cured within ten (10) days after receipt by the applicable Supporting Creditor of a written notice specifying such breach and requesting its cure; (ii) irreparable damage would occur in the event that PREPA or any Supporting Creditor breaches its obligations under sections 1(b) or 14 of this Agreement, and accordingly PREPA and each Supporting Creditor shall be entitled to specific performance in the event of any breach of sections 1(b) or 14 of this Agreement in the Enforcement Court; (iii) irreparable damage would occur in the event that the Securitization SPV breaches its obligations under section 2.2(d) of this Agreement, and accordingly PREPA and the holders of the January Payment Bonds shall be entitled to specific performance in the event of any breach of section 2.2(d) of this Agreement in the Enforcement Court; and (iv) specific performance in accordance with the preceding clauses (i) , (ii) and (iii) (as applicable), together with termination of this Agreement in accordance with section 13 and withdrawal from this Agreement in accordance with section 10, as applicable, shall be the sole remedies for any breach of the Specified Sections or sections 1(b), 14 or 2.2(d) of this Agreement. For the avoidance of doubt, no Party shall be entitled to monetary damages for any breach of any provision of this Agreement, including the Specified Sections. As used herein, the “**Enforcement Court**” refers to any federal court sitting in the Puerto Rico district and any appellate court from any thereof or, in the event such federal court does not have or accept jurisdiction, a Commonwealth court and any appellate court from any thereof.

For the avoidance of doubt, any consent right, termination right or withdrawal right provided to a Supporting Creditor under this Agreement shall be cumulative to, and not in lieu of, any other consent right, termination right or withdrawal right provided to such Supporting Creditor hereunder.

23. No Waiver. The failure or neglect by a Party to enforce any rights under this Agreement will not be deemed to be a waiver of that Party’s rights. No waiver of satisfaction or

nonperformance of an obligation under this Agreement will be effective unless in writing and signed by the Party granting the waiver.

24. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors, legal representatives and assigns. PREPA shall not assign or transfer its rights under this Agreement without the consent of each of the Supporting Creditors. No Supporting Creditor shall assign or transfer its rights under this Agreement other than in connection with a Transfer pursuant to section 18 of this Agreement. This Agreement is entered into for the exclusive benefit of the Parties hereto, no other person shall derive any rights or benefits herefrom, and all third-party beneficiary rights are hereby expressly disclaimed; *provided* that beneficial holders of the January Payment Bonds shall be third-party beneficiaries of Section 2.2(d) of this Agreement and of Section 22 of this Agreement to the extent it relates to Section 2.2(d).

25. Further Assurances. The parties hereto agree that upon the reasonable request of any other Party to this Agreement, each such Party will execute and deliver to the requesting Party such other additional instruments and documents or perform or cause to be performed such other and further acts and things, as may be reasonably necessary to more fully consummate the transactions as set forth in this Agreement; *provided, however*, that performance by any Party under this paragraph shall not create any new liability or obligation on the performing Party whatsoever.

26. Notice. All notices or demands given or made by one Party to the other relating to this Agreement shall be in writing and either (i) personally served or sent by registered or certified mail, postage paid, return receipt requested, overnight delivery service, in each case, with a copy by electronic mail transmission or (ii) by electronic mail transmission with a copy by first-class mail, and shall be deemed given for purposes of this Agreement on the earlier of the date of actual receipt or three (3) days after the deposit thereof in the mail; *provided, however*, that no notice or consent pursuant to any provision of this Agreement, including for the avoidance of doubt Sections 10, 13 and 17, shall be deemed to have been delivered by any Scotiabank Lender unless given by Scotiabank, in which case such notice or consent shall be deemed to have been given by, and be effective as to, all Scotiabank Lenders. Scotiabank and each Scotiabank Lender hereby agree, for the sole benefit of Scotiabank and each other Scotiabank Lender, as applicable, that Scotiabank shall give such notices and consents in accordance with and subject to the provisions of the Scotiabank Credit Agreement, including Section 9.02 thereof. Any notice required to be given by any Party hereunder may be delivered by such Party's counsel on such Party's behalf. Unless a different or additional address for subsequent notices is specified in a notice sent or delivered in accordance with this section, such notices or demands shall be sent solely to the notice addresses listed below for advisors to the Supporting Creditors and the other below-listed entities:

If to PREPA:

Richard J. Cooper, Esq. and
Sean A. O'Neal, Esq.
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza

If to GDB:

Alejandro Febres
Government Development Bank for Puerto
Rico
P.O. Box 42001

New York, NY 10006
rcooper@cgsh.com
soneal@cgsh.com

and

Puerto Rico Electric Power Authority
Attention: Office of the General Counsel
P.O. Box 364267
San Juan, Puerto Rico 00936-4267

If to Syncora:

Richard F. Hahn, Esq. and
My Chi To, Esq.
Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022
rfhahn@debevoise.com
mcto@debevoise.com

and

James W. Lundy, Jr.
Syncora Holdings Ltd.
135 W. 50th Street, 20th Floor
New York, New York 10020
James.lundy@scafg.com

If to the Ad Hoc Group:

Amy Caton, Esq.,
Alice J. Byowitz, Esq. and
Steven Segal, Esq.
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York NY 10036
acaton@kramerlevin.com
abyowitz@kramerlevin.com
ssegal@kramerlevin.com

and

San Juan, PR 00940-2001
Alejandro.Febres@bgfpr.com

If to National:

Marcia Goldstein, Esq.,
Joseph Smolinsky, Esq. and
Sara Coelho, Esq.
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Marcia.goldstein@weil.com
Joseph.Smolinsky@weil.com
Sara.coelho@weil.com

and

Patricia Ferrari and
Adam Bergonzi
National Public Finance Guarantee Corporation
1 Manhattanville Road, Suite 301
Purchase, NY 10577
Trish.Ferrari@mbia.com
Adam.bergonzi@nationalpfg.com

If to Assured:

Jorge Gana and
Kevin Lyons
Assured Guaranty Corp.
31 W. 52nd St
New York, NY 10019
jgana@assuredguaranty.com
klyons@assuredguaranty.com

and

Lary Stromfeld, Esq.
Howard Hawkins, Esq.

Ari Gabinet
Michael Sternhell
Oppenheimer Funds
Two World Financial Center
225 Liberty Street, New York, NY 10281
agabinet@ofiglobal.com
msternhell@ofiglobal.com

Mark Ellenberg, Esq. and
Ivan Loncar, Esq.
Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, NY 10281
lary.stromfeld@cwt.com
howard.hawkins@cwt.com
mark.ellenberg@cwt.com
ivan.loncar@cwt.com

If to Solus:

Stephen Blauner
Francis Blair
Solus Alternative Asset Management LP
410 Park Avenue
11th Floor
New York, NY 10022
sblauner@soluslp.com
fblair@soluslp.com

and

Steve Fuhrman
Nicholas Baker
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
sfuhrman@stblaw.com
nbaker@stblaw.com

If to the Securitization SPV:

Melba Acosta Febo
Chairman Board of Directors
Puerto Rico Electric Power Authority
Revitalization Corporation
c/o Government Development Bank for Puerto
Rico
Centro Gubernamental Roberto Sánchez
Vilella (Minillas)
Ave. De Diego, Parada 22
San Juan, PR 00907
c/o Melba.Acosta@bgfpr.com

If to Scotiabank:

Richard G. Mason,
Austin T. Witt and
Brian Bolin
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
rgmason@wlrk.com
awitt@wlrk.com
bbolin@wlrk.com

and

Roy Purcell
Scotiabank de Puerto Rico
Scotiabank Plaza
290 Jesus T. Pinero Avenue
8th Floor
San Juan, PR 00918
Roy.purcell@scotiabank.com

27. Governing Law. This Agreement, but for the avoidance of doubt, not the TA Amendment, shall be governed and construed and enforced in accordance with the laws of the State of New York. Terms used in the TA Amendment that are defined herein shall be construed in accordance with the last paragraph of Section 1301 of the Trust Agreement when interpreting the TA Amendment, and shall be construed in accordance with the laws of the State of New York when interpreting this Agreement.

28. Jurisdiction. Subject to section 22, any dispute arising under or in connection with this Agreement shall be brought in the exclusive jurisdiction and venue of the courts of the Commonwealth of Puerto Rico or the United States District Court for the District of Puerto Rico. For the avoidance of doubt, this section 28 shall not apply to any Recovery Plan Document and each such document shall be governed in accordance with its own terms.

29. WAIVER OF TRIAL BY JURY. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING SOLELY OUT OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF, WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY. For the avoidance of doubt, this section shall not apply to any definitive documentation relating to any Recovery Plan Document, the Exchange Offer, Consent Solicitation or Credit Agreements Amendments and such documentation shall be governed in accordance with its own terms.

30. Survival. Upon the termination of this Agreement as to a Party hereunder, (i) such Party shall cease to be a party to this Agreement and this Agreement shall be null and void and of no further force or effect with respect to such Party, except that, notwithstanding anything to the contrary in this Agreement, sections 1(b), 16, 19, 21, 22, 26 – 30 and 32 (and, in the event the Exchange Offer is consummated, Section 2.2(d)) shall survive and continue to be fully enforceable in accordance with their terms notwithstanding such termination, (ii) the applicable Party shall be free to enforce their respective rights and remedies under (A) the Bond Documents and applicable law, (B) the Loan Documents, the Facility Documents and applicable law, and (C) the GDB Agreements and applicable law, in each case as applicable, and (iii) nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, and the Parties expressly reserve any and all of their respective rights, subject to the terms of section 16.

31. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and either of the Parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed signature page of this Agreement by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

32. Business Day. The term “business day” means any day other than a Saturday, Sunday, or legal holiday on which the banking institutions in the Municipality of San Juan, Puerto Rico are authorized by law to be closed.

33. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any prior agreements, including any deemed agreements, among the Parties regarding the subject matter hereof other than the New January Bond Purchase Agreement.

34. Headings. The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

35. Deemed Amendment to Annex H. Annex H shall be deemed to be amended to conform to, and to incorporate, the terms of the New January Bond Purchase Agreement and all references in this Agreement to the bond purchase agreement contemplated by Annex H and to the bonds contemplated to be sold pursuant thereto shall be understood to include the New January Bond Purchase Agreement and the bonds sold pursuant thereto.

[Remainder of page intentionally blank; signature pages follow]

IN WITNESS WHEREOF, this Agreement 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

PUERTO RICO ELECTRIC POWER
AUTHORITY REVITALIZATION
CORPORATION

By: Melba Acosta Tebo

Name: Melba Acosta Tebo

Title: Chair-Board of Directors

AG MM, L.P.
AG CAPITAL RECOVERY PARTNERS VIII, L.P.
AG ELEVEN PARTNERS, L.P.
AG SUPER FUND INTERNATIONAL
PARTNERS, L.P.
NUTMEG PARTNERS, L.P.
AG CENTRE STREET PARTNERSHIP, L.P.
AG PRINCESS, LP
AG SUPER FUND, L.P.

By: Angelo, Gordon & Co., L.P., its manager or
advisor

By:



Name: _____

Title: _____

REDACTED

BLUEMOUNTAIN GUADALUPE PEAK FUND
L.P.
BLUEMOUNTAIN FOINAVEN MASTER FUND
L.P.
BLUEMOUNTAIN CREDIT OPPORTUNITIES
MASTER FUND I L.P.
BLUEMOUNTAIN KICKING HORSE FUND L.P.
BLUEMOUNTAIN STRATEGIC CREDIT
MASTER FUND L.P.
BLUEMOUNTAIN DISTRESSED MASTER
FUND L.P.
BLUEMOUNTAIN TIMBERLINE LTD.
BLUEMOUNTAIN CREDIT ALTERNATIVES
MASTER FUND L.P.
BLUEMOUNTAIN MONTENVERS MASTER
FUND SCA SICAV-SIF
BLUEMOUNTAIN LOGAN OPPORTUNITIES
MASTER FUND L.P.

By: BLUEMOUNTAIN CAPITAL
MANAGEMENT, LLC, ITS INVESTMENT
MANAGER

By: 

Name: DAVID O'MARA
Deputy General Counsel

Title: _____

REDACTED

FRANKLIN ADVISERS, INC. on behalf of the
following funds:

CALIFORNIA INTERMEDIATE TERM TAX
FREE INCOME FUND

CALIFORNIA HIGH YIELD MUNICIPAL BOND
FUND

TENNESEE MUNICIPAL BOND FUND

CALIFORNIA TAX FREE INCOME FUND

NEW YORK TAX FREE INCOME FUND

FEDERAL TAX FREE INCOME FUND

DOUBLE TAX FREE INCOME FUND

COLORADO TAX FREE INCOME FUND

GEORGIA TAX FREE INCOME FUND

PENNSYLVANIA TAX FREE INCOME FUND

HIGH YIELD TAX FREE INCOME FUND

MISSOURI TAX FREE INCOME FUND

OREGON TAX FREE INCOME FUND

VIRGINIA TAX FREE INCOME FUND

FLORIDA TAX FREE INCOME FUND

LOUISIANA TAX FREE INCOME FUND

MARYLAND TAX FREE INCOME FUND

NORTH CAROLINA TAX FREE INCOME
FUND

NEW JERSEY TAX FREE INCOME FUND

FRANKLIN STRATEGIC INCOME FUND –
UNITED STATES

FIST-FRANKLIN TOTAL RETURN FUND

FRANKLIN STRATEGIC INCOME FUND –
CANADA

FTIF – FRANKLIN US TOTAL RETURN FUND

FTVIP – FRANKLIN STRATEGIC INCOME VIP
FUND

FDP SERIES FT TOTAL RETURN FDP FUND

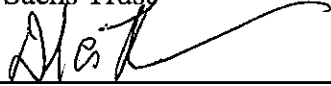
FTIF – FRANKLIN STRATEGIC INCOME
FUND

FT OPPORTUNISTIC DISTRESSED FUND,
LTD.

By: Sheila Amoroso
Name: Sheila Amoroso
Title: SVP

REDACTED

Goldman Sachs High Yield Municipal Fund, A
Series of the Goldman Sachs Trust; Goldman Sachs
Short Duration Tax-Free Fund, A Series of the
Goldman Sachs Trust; and Goldman Sachs
Dynamic Municipal Income Fund, A Series of the
Goldman Sachs Trust

By: _____

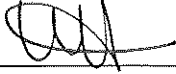
Name: David Fishman

Title: Assistant Secretary

REDACTED

KNIGHTHEAD ANNUITY & LIFE
ASSURANCE COMPANY

BY: Knighthead Capital Management, LLC, its
Investment Advisor

By:  _____


Name: _____
Laura Torrado

Title: _____
Authorized Signatory

REDACTED

KNIGHTHEAD (NY) FUND, L.P.

BY: Knighthead Capital Management, LLC, its
Investment Advisor

By: 

Name: Laura Torrado
Authorized Signatory

Title: _____

REDACTED

KNIGHTHEAD MASTER FUND, L.P.

BY: Knighthead Capital Management, LLC, its
Investment ~~Advisor~~ *Manager*

By: 

Name: Laura Torrado
Authorized Signatory

Title: _____

REDACTED

LMA SPC FOR AND ON BEHALF OF THE
MAP84 SEGREGATED PORTFOLIO

BY: Knighthead Capital Management, LLC, its
Investment Advisor

By: 

Name: Laura Torrado
Authorized Signatory

Title: _____

REDACTED

By Marathon Asset Management, LP solely in its capacity as Investment Advisor to the Fund(s)/Account(s) named in Schedule A of this Agreement

By: 

Name: PETER F COPPA

Title: AUTHORIZED SIGNATORY

REDACTED

OPPENHEIMERFUNDS, INC.

By: Scott Cottler

Name: Scott Cottler

Title: VP/PM

REDACTED

RSA – Signature Page

PFB 002095

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: Purcell

Name: ROY PURCELL

Title: VICE PRESIDENT

BANCO POPULAR DE PUERTO RICO, as
Lender

By: _____

Name: _____

Title: _____

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: _____

Title: _____

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: _____

Name: _____

Title: _____

BANCO POPULAR DE PUERTO RICO, as
Lender

By: Juan Pablo Torres

Name: Juan Pablo Torres

Title: Vice President

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: _____

Title: _____

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: _____

Name: _____

Title: _____

BANCO POPULAR DE PUERTO RICO, as
Lender

By: _____

Name: _____

Title: _____

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: _____

Title: _____

SCOTIABANK DE PUERTO RICO, as Agent and
as Lender

By: _____

Name: _____

Title: _____

BANCO POPULAR DE PUERTO RICO, as
Lender

By: _____

Name: _____

Title: _____

ORIENTAL BANK, as Lender

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FIRSTBANK PUERTO RICO, as Lender

By: _____

Name: MICHAEL M. DONARD

Title: BVP - BUSINESS GROUP

SOLA LTD, as Lender and Holder

By: Solus Alternative Asset Management LP
Its Investment Advisor

Name: C.J. Lanktree
Title: Partner

Solus Opportunities Fund 5 LP, as Lender and Holder

By: Solus Alternative Asset Management LP
Its Investment Advisor

Name: C.J. Lanktree
Title: Partner

Ultra Master LTD, as Lender and Holder

By: Solus Alternative Asset Management LP
Its Investment Advisor

Name: C.J. Lanktree
Title: Partner

GOVERNMENT DEVELOPMENT BANK FOR
PUERTO RICO

By: Melba Acosta Febo
Name: Melba Acosta Febo
Title: President

NATIONAL PUBLIC
FINANCE GUARANTEE
CORPORATION

By: 

Name: John J. Jordan

Title: Managing Director

ASSURED GUARANTY CORP.,

ASSURED GUARANTY MUNICIPAL CORP.

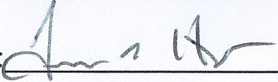
By: 

Name: HOLLY HORN

Title: CHIEF SURVEILLANCE OFFICER
PUBLIC FINANCE

REDACTED

SYNCORA GUARANTEE INC.

By: 

Name: FREDERICK B. HNAT

Title: MANAGING DIRECTOR + SENIOR COUNSEL

List of Annexes

Annex A - Ad Hoc Group Members

Annex B-1 – RSA Joinder Form (Bonds)

Annex B-2 – RSA Joinder Form (Credit Agreements)

Annex C – Trust Agreement Amendment

Annex D – Recovery Plan Term Sheet

Annex E - Bond Potential Defaults

Annex F – Scotiabank Potential Defaults

Annex G – Solus Potential Defaults

Annex H – January Payment Term Sheet

Annex A
Ad Hoc Group Members

AG MM, L.P.

AG CAPITAL RECOVERY PARTNERS VIII, L.P.

AG ELEVEN PARTNERS, L.P.

AG SUPER FUND INTERNATIONAL PARTNERS, L.P.

NUTMEG PARTNERS, L.P.

AG CENTRE STREET PARTNERSHIP, L.P.

AG PRINCESS, LP

AG SUPER FUND, L.P.

BLUEMOUNTAIN GUADALUPE PEAK FUND L.P.

BLUEMOUNTAIN FOINAVEN MASTER FUND L.P.

BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.

BLUEMOUNTAIN KICKING HORSE FUND L.P.

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.

BLUEMOUNTAIN TIMBERLINE LTD.

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF

BLUEMOUNTAIN CAPITAL MANAGEMENT, LLC

BLUEMOUNTAIN LOGAN OPPORTUNITIES MASTER FUND L.P.

CALIFORNIA INTERMEDIATE TERM TAX FREE INCOME FUND

CALIFORNIA HIGH YIELD MUNICIPAL BOND FUND

TENNESEE MUNICIPAL BOND FUND

CALIFORNIA TAX FREE INCOME FUND

NEW YORK TAX FREE INCOME FUND
FEDERAL TAX FREE INCOME FUND
DOUBLE TAX FREE INCOME FUND
COLORADO TAX FREE INCOME FUND
GEORGIA TAX FREE INCOME FUND
PENNSYLVANIA TAX FREE INCOME FUND
HIGH YIELD TAX FREE INCOME FUND
MISSOURI TAX FREE INCOME FUND
OREGON TAX FREE INCOME FUND
VIRGINIA TAX FREE INCOME FUND
FLORIDA TAX FREE INCOME FUND
LOUISIANA TAX FREE INCOME FUND
MARYLAND TAX FREE INCOME FUND
NORTH CAROLINA TAX FREE INCOME FUND
NEW JERSEY TAX FREE INCOME FUND
FRANKLIN STRATEGIC INCOME FUND UNITED STATES
FIST -FRANKLIN TOTAL RETURN FUND
FRANKLIN STRATEGIC INCOME FUND CANADA
FTIF- FRANKLIN US TOTAL RETURN FUND
FTVIP- FRANKLIN STRATEGIC INCOME VIP FUND
FDP SERIES FT TOTAL RETURN FDP FUND
FTIF- FRANKLIN STRATEGIC INCOME FUND
FT OPPORTUNISTIC DISTRESSED FUND, LTD.
GOLDMAN SACHS HIGH YIELD MUNICIPAL FUND, A SERIES OF THE GOLDMAN
SACHS TRUST

GOLDMAN SACHS DYNAMIC MUNICIPAL INCOME FUND, A SERIES OF THE
GOLDMAN SACHS TRUST

GOLDMAN SACHS SHORT DURATION TAX-FREE FUND, A SERIES OF THE
GOLDMAN SACHS TRUST

KNIGHTHEAD MASTER FUND, L.P.

KNIGHTHEAD ANNUITY & LIFE ASSURANCE COMPANY

LMA SPC FOR AND ON BEHALF OF THE MAP 84 SEGREGATED PORTFOLIO

KNIGHTHEAD (NY) FUND, L.P.

MARATHON CREDIT DISLOCATION FUND, LP

MARATHON STRATEGIC OPPORTUNITIES PROGRAM, LP

MARATHON COURT SQUARE, LP

MARATHON CENTRE STREET PARTNERSHIP, L.P.

KTRS CREDIT FUND, LP

MARATHON CURRITUCK FUND, LP – SERIES C

BALDR MASON FUND INC.

MARATHON CREDIT OPPORTUNITY MASTER FUND, LTD.

MARATHON SPECIAL OPPORTUNITY MASTER FUND, LTD

MARATHON LES GRANDES JORASSES MASTER FUND

PENTELI MASTER FUND, LTD

MASTER SIF SICAV SIF

MARATHON LIQUID CREDIT LONG SHORT FUND

MARATHON BLUE GRASS CREDIT FUND LP

OPPENHEIMER ROCHESTER AMT –FREE MUNICIPAL FUND

OPPENHEIMER ROCHESTER AMT –FREE NEW YORK MUNICIPAL FUND

OPPENHEIMER ROCHESTER CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MUNICIPAL FUND)

OPPENHEIMER ROCHESTER LIMITED TERM NEW YORK MUNICIPAL FUND (A
SERIES OF ROCHESTER PORTFOLIO SERIES)

OPPENHEIMER ROCHESTER NEW JERSEY MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER PENNSYLVANIA MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER HIGH YIELD MUNICIPAL FUND (A SERIES OF
OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER FUND MUNICIPALS

OPPENHEIMER ROCHESTER OHIO MUNICIPAL FUND

OPPENHEIMER ROCHESTER MICHIGAN MUNICIPAL FUND

OPPENHEIMER ROCHESTER MASSACHUSETTS MUNICIPAL FUND

OPPENHEIMER ROCHESTER VIRGINIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER ARIZONA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MARYLAND MUNICIPAL FUND

OPPENHEIMER ROCHESTER NORTH CAROLINA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MINNESOTA MUNICIPAL FUND

MASSMUTUAL INTERNATIONAL HOLDING MSC

MASSMUTUAL UNIFIED TRADITIONAL SEPARATE ACCOUNT

Annex B-1
RSA Joinder Form (Bonds)

FORM OF JOINDER

This Joinder to the Amended and Restated Restructuring Support Agreement (as amended, supplemented or otherwise modified from time to time, the “***Restructuring Support Agreement***”), dated as of [●], 2016 by and among: Puerto Rico Electric Power Authority (“***PREPA***”), the Puerto Rico Electric Power Authority Revitalization Corporation (the “Securitization SPV”), National Public Finance Guarantee Corporation (“***National***”), Assured Guaranty Corp., Assured Guaranty Municipal Corp. (together with Assured Guaranty Corp., “***Assured***”), Syncora Guarantee Inc. (“***Syncora***”), the members of the Ad Hoc Group of PREPA Bondholders identified on Annex A thereto (the “***Ad Hoc Group***”), Scotiabank de Puerto Rico (in its capacity as administrative agent for the Scotiabank Lenders, “***Scotiabank***”), the lenders (the “***Scotiabank Lenders***”) under that certain Scotiabank Credit Agreement, Solus Opportunities Fund 5 LP, Sola LTD and Ultra Master LTD (the “***Solus Lenders***” or “***Solus***”), and Government Development Bank for Puerto Rico (“***GDB***”), is executed and delivered by [_____] (the “***Joining Supporting Creditor***”). Each capitalized term used herein but not defined herein shall have the meaning set forth in the Restructuring Support Agreement.

1. Agreement to be Bound. The Joining Supporting Creditor hereby agrees to be bound by all of the terms of the Restructuring Support Agreement. The Joining Supporting Creditor shall hereafter be deemed to be a “Supporting Creditor” and a Party for all purposes under the Restructuring Support Agreement.

2. Representations and Warranties. With respect to the aggregate principal amount of Uninsured Bonds held by the Joining Supporting Creditor upon consummation of the Transfer of such Uninsured Bonds to the Joining Supporting Creditor, the Joining Supporting Creditor hereby makes, as of the date hereof, the representations and warranties of the Holders set forth in sections 12(a) and 12(d) of the Restructuring Support Agreement to each of the other Parties to the Restructuring Support Agreement.

3. Governing Law. Section 27 of the Restructuring Support Agreement is incorporated by reference as if set forth fully herein, except that any references to “Agreement” shall be replaced with references to “Joinder”.

* * * *

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Joining Supporting Creditor has caused this Joinder to be executed as of the date first written above.

Entity Name of Joining Supporting Creditor

Authorized Signatory:

By: _____

Name:

Title:

Address:

Principal amount of Uninsured Bonds beneficially owned by Joining Supporting Creditor, or beneficially owned by accounts for which Joining Supporting Creditor has investment management responsibility:

Annex B-2
RSA Joinder Form (Credit Agreements)

FORM OF JOINDER

This Joinder to the Amended and Restated Restructuring Support Agreement (as amended, supplemented or otherwise modified from time to time, the “***Restructuring Support Agreement***”), dated as of [●], 2016 by and among: Puerto Rico Electric Power Authority (“***PREPA***”), the Puerto Rico Electric Power Authority Revitalization Corporation (the “Securitization SPV”), National Public Finance Guarantee Corporation (“***National***”), Assured Guaranty Corp., Assured Guaranty Municipal Corp. (together with Assured Guaranty Corp., “***Assured***”), Syncora Guarantee Inc. (“***Syncora***”), the members of the Ad Hoc Group of PREPA Bondholders identified on Annex A thereto (the “***Ad Hoc Group***”), Scotiabank de Puerto Rico (in its capacity as administrative agent for the Scotiabank Lenders, “***Scotiabank***”), the lenders (the “***Scotiabank Lenders***”) under that certain Scotiabank Credit Agreement, Solus Opportunities Fund 5 LP, Sola LTD and Ultra Master LTD (the “***Solus Lenders***” or “***Solus***”), and Government Development Bank for Puerto Rico (“***GDB***”), is executed and delivered by [_____] (the “***Joining Supporting Creditor***”). Each capitalized term used herein but not defined herein shall have the meaning set forth in the Restructuring Support Agreement.

1. Agreement to be Bound. The Joining Supporting Creditor hereby agrees to be bound by all of the terms of the Restructuring Support Agreement. The Joining Supporting Creditor shall hereafter be deemed to be a “Supporting Creditor” and a Party for all purposes under the Restructuring Support Agreement.

2. Representations and Warranties. With respect to any rights and obligations under any Credit Agreement held by the Joining Supporting Creditor upon consummation of the Transfer of such rights and obligations to the Joining Supporting Creditor, the Joining Supporting Creditor hereby makes, as of the date hereof, the representations and warranties of (i) Scotiabank and the Scotiabank Lenders, set forth in sections 12(a) and 12(e) of the Restructuring Support Agreement, or (ii) Solus, set forth in sections 12(a) and 12(f) of the Restructuring Support Agreement, as applicable, to each of the other Parties to the Restructuring Support Agreement.

3. Governing Law. Section 27 of the Restructuring Support Agreement is incorporated by reference as if set forth fully herein, except that any references to “Agreement” shall be replaced with references to “Joinder”.

* * * *

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IN WITNESS WHEREOF, the Joining Supporting Creditor has caused this Joinder to be executed as of the date first written above.

Entity Name of Joining Supporting Creditor

Authorized Signatory:

By: _____

Name:

Title:

Address:

Principal amount under Scotiabank Credit Agreement and Solus Credit Agreement beneficially owned by Joining Supporting Creditor, or beneficially owned by accounts for which Joining Supporting Creditor has investment management responsibility:

Annex C
Trust Agreement Amendment

EIGHTEENTH SUPPLEMENTAL AGREEMENT

THIS EIGHTEENTH SUPPLEMENTAL AGREEMENT, dated for convenience of reference as of the 1st day of March, 2016, by and between

PUERTO RICO ELECTRIC POWER AUTHORITY,

a government instrumentality of the Commonwealth of Puerto Rico (formerly Puerto Rico Water Resources Authority), and

U.S. BANK NATIONAL ASSOCIATION,

a national banking association existing under the laws of the United States of America and having an office in the Borough of Manhattan, City and State of New York, which is authorized under such laws to exercise corporate trust powers and is subject to examination by federal authority, successor Trustee under the Agreement hereinafter referred to (hereinafter sometimes called the "Trustee"),

W I T N E S S E T H:

WHEREAS, Puerto Rico Electric Power Authority (hereinafter sometimes called the "Authority") and the Trustee have heretofore caused to be executed and delivered a Trust Agreement, dated as of January 1, 1974 (as amended from time to time, the "Agreement"), for the purpose of fixing and declaring the terms and conditions upon which revenue bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become owners thereof, and in order to secure the payment of all the bonds at any time issued and outstanding thereunder, and the interest thereon, according to their tenor, purport and effect; and

WHEREAS, Section 1102 of the Agreement provides that the Authority and the Trustee may, from time to time, enter into such agreements supplemental thereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to, repealing or rescinding, in any particular, any of the terms and conditions contained in the Agreement or in any supplemental agreement, with certain exceptions not here applicable, upon receipt of the written consent of the holders of not less than sixty percent (60%) in aggregate principal amount of the bonds then outstanding; and

WHEREAS, the Authority has determined that it is desirable to supplement the Agreement so as to make provision for certain actions to be undertaken consistent with the Restructuring Support Agreement, and all annexes, schedules and exhibits thereto, dated as of January 27, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "RSA"), by and among the Authority and the Supporting Creditors defined therein, and the Bond Purchase Agreement, and all annexes, schedules and exhibits thereto, dated as of January 27, 2016, by and among the Authority and the Purchasers defined therein (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "BPA"); true and complete copies of the RSA and BPA are respectively attached hereto as **Attachment A** and **Attachment B**; and

WHEREAS, the Trustee has received an opinion of counsel that (a) the Authority has the right, power and authority to enter into this Eighteenth Supplemental Agreement, (b) this Eighteenth Supplemental Agreement is duly authorized, executed and delivered by the Authority, and is enforceable against the Authority in accordance with its terms, (c) this Eighteenth Supplemental Agreement complies with the provisions of the Agreement, and that it is proper for the Trustee to join in the execution hereof under the provisions of Article XI of the Agreement with the written consent of the holders of at least sixty percent (60%) in aggregate principal amount of the outstanding bonds, and (d) all of the conditions precedent to the execution and delivery by the Trustee of this Eighteenth Supplemental Agreement, including such consents, have been satisfied; and

WHEREAS, the execution and delivery of this Eighteenth Supplemental Agreement have been duly authorized by the resolution of the Governing Board of the Authority, and the Authority has requested the Trustee to join with it in the execution of this Eighteenth Supplemental Agreement; and

WHEREAS, the notice and publication requirements of Section 1102 of the Agreement for this Eighteenth Supplemental Agreement have been satisfied; and

WHEREAS, the Authority has delivered to the Trustee written evidence of the consent of the holders or (without duplication) insurers of at least sixty percent (60%) in aggregate principal amount of the outstanding bonds in a form acceptable to the Trustee under Section 1001 of the Agreement; and

WHEREAS, all other acts, conditions and things required by the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth of Puerto Rico and by the rules and regulations of the Authority to happen, exist and be performed precedent to and in the execution and delivery of this Eighteenth Supplemental Agreement have happened, exist and have been performed as required, and the Authority has delivered to the Trustee a certificate dated the date of this Eighteenth Supplemental Agreement, representing the same; and

WHEREAS, the Trustee in reliance on the foregoing has accepted the trusts created by this Eighteenth Supplemental Agreement and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS EIGHTEENTH SUPPLEMENTAL AGREEMENT WITNESSETH, that in consideration of the premises and of the existing rights and duties of the parties under the Agreement, it is mutually agreed and covenanted by and between the parties hereto, as follows:

1. The Agreement is hereby amended and supplemented in the following respects:

A. Section 101 is hereby amended or modified for purposes of implementing this Eighteenth Supplemental Agreement by the addition of and changes to the following definitions in appropriate alphabetical order in said Section (and all capitalized terms that are used but not defined herein shall have the same meanings as given in the Agreement):

The term "Ad Hoc Group" shall mean such term as defined in the RSA.

The term “Amending Creditors” shall mean Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation, Solus (solely in its capacity as a bondholder), the Ad Hoc Group and any other Holder (as defined in the RSA) , including successors and assigns thereof. For purposes of this Agreement, the Trustee shall be entitled to rely on a certification of any person or entity that it is an Amending Creditor.

The term “Amendment Effective Date” shall mean March [●], 2016, being the effective date of the Eighteenth Amendment.

The term “Amendment Period” shall mean the period from the Amendment Effective Date until the Amendment Termination Date.

The term “Amendment Termination Date” shall mean the earliest of (a) the Scheduled Amendment Termination Date, (b) the date on which (i) the “Support Period” (as defined in the RSA) has expired or terminated in accordance with the terms of the RSA (including expiration or termination as a result of withdrawal by the relevant Supporting Creditors from the RSA) as to any Supporting Creditor Class or as to any Insurer (as defined in the RSA), and whether such termination or expiration occurred on, before or after the date of the Eighteenth Amendment, and (ii) the Trustee has received written notice from the Authority or any Supporting Creditor (as defined in the RSA) or former Supporting Creditor confirming the same, and (c) the filing of a proceeding by or on behalf of the Authority pursuant to the Puerto Rico Public Corporation Debt Enforcement and Recovery Act, title 11 of the U.S. Code, or any other any bankruptcy or insolvency law, or the commencement of any other action or proceeding that seeks to adjust, extend or challenge the claims of creditors pursuant to any federal, state or Puerto Rico statute, now in effect or hereinafter enacted. Upon the occurrence of the date described in clause (b)(i) of this definition, the Authority shall promptly, and in any event within 2 business days thereof, provide written notice to the Trustee confirming such occurrence. For purposes of this Agreement, the Trustee shall be entitled to rely on a certification of any person or entity that it is a Supporting Creditor or former Supporting Creditor, as applicable.

The term “Approved Costs of Improvements” shall mean the Approved Initial Costs of Improvements and any other costs of Improvements (and of extensions of the System) which the Required Amending Creditors or their respective advisors have confirmed are reasonably acceptable (or which have been deemed reasonably acceptable to the Required Amending Creditors in accordance with clause (3) of Section 505) and regarding which the Authority provided written certification to the Trustee and the Required Amending Creditors or their respective advisors, that such costs of Improvements (and of extensions of the System) are or are deemed to be reasonably acceptable to the Required Amending Creditors or their respective advisors.

The term “Approved Initial Costs of Improvements” shall mean the costs of Improvements (and of extensions of the System) specified in the initial schedule approved by the Required Amending Creditors pursuant to Section 505.

The term “BPA” shall have the meaning set forth in the third recital of the Eighteenth Amendment.

The term “Eighteenth Amendment” shall refer to the Eighteenth Supplemental Agreement, dated as of March 1, 2016, by and between the Authority and the Trustee.

The term “Initial Improvements Period” shall have the meaning given to it in Section 505.

The term “Potential Default” shall mean each of the events specified on Schedule 1, the occurrence of which would give rise to a default under this Agreement.

The term “Required Amending Creditor Group” refers individually to each of (i) Assured Guaranty Corp. and Assured Guaranty Municipal Corp., (ii) National Public Finance Guarantee Corporation, or, (iii) at any given time, Holders (as defined in the RSA) that (A) are party to the RSA, and (B) in the aggregate beneficially own a majority of the aggregate principal amount of Uninsured Bonds (as that term is defined in the RSA) beneficially owned by Holders (as defined in the RSA) then party to the RSA.

The term “Required Amending Creditors” shall mean (i) Assured Guaranty Corp. and Assured Guaranty Municipal Corp., (ii) National Public Finance Guarantee Corporation, and, (iii) at any given time, Holders (as defined in the RSA) that (A) are party to the RSA, and (B) in the aggregate beneficially own a majority of the aggregate principal amount of Uninsured Bonds (as that term is defined in the RSA) beneficially owned by Holders (as defined in the RSA) then party to the RSA.

The term “RSA” shall have the meaning set forth in the third recital of the Eighteenth Amendment.

The term “Scheduled Amendment Termination Date” shall mean 11:59 p.m. (prevailing Eastern Time) on June 30, 2016.

The term “Scotiabank Credit Agreement” shall mean that certain Credit Agreement, dated as of May 4, 2012, between the Authority, as borrower, the lenders party thereto, and Scotiabank de Puerto Rico, as administrative agent, as amended or otherwise modified from time to time.

The term “Series 2016 Bonds” shall mean collectively the Authority’s Power Revenue Bonds, Series 2016A, and Power Revenue Bonds, Series 2016B, issued at one time or at two separate times pursuant to Resolution 4___, adopted by the Authority on [●], 2016 and sold pursuant to the BPA.

The term “Solus” shall have the meaning given such term in the RSA.

The term “Solus Credit Agreement” shall mean that certain Trade Finance Facility Agreement, dated as of July 20, 2012, between the Authority and Citibank, N.A. or its transferees party thereto from time to time (including Solus), as applicable, as amended or otherwise modified from time to time.

The term “Solus/Scotiabank Lenders” shall mean Citibank, N.A. or its transferees (including Solus), as applicable, and the Lenders (as defined in the Scotiabank Credit Agreement).

The term “Solus/Scotiabank Lines of Credit” shall mean the Solus Credit Agreement and the Scotiabank Credit Agreement.

The term “Special Effective Date” shall mean the later of (i) the Amendment Effective Date and (ii) March 3, 2016.

The term “Special Period” shall mean the period from the Special Effective Date until the Amendment Termination Date.

The term “Supporting Creditor Class” refers to (i) GDB, (ii) the Holders, (iii) the Insurers, (iv) Solus or (v) Scotiabank and the Scotiabank Lenders, each as defined in the RSA.

The term “Validation Proceeding” shall mean any validation or other legal proceedings in which holders of bonds may have a right to participate under Section 35(c) or (d) of Act No. 4-2016 of the Legislature of Puerto Rico, approved on February 16, 2016 (as the same may be amended, the PREPA Revitalization Act).

B. The following sentence shall be added at the end of the definition of “Current Expenses” in Section 101:

“Notwithstanding the foregoing or anything herein to the contrary, none of the holders, the Trustee, and the Authority shall contest whether an expense, claim, liability, or amount shall be construed as a Current Expense under this Agreement based solely on (x) the Solus/Scotiabank Lenders’ actions on February 3, 2016 (the New Effective Date (as defined in the RSA)), during the Amendment Period, or during the time the Support Period (as defined in the RSA) is in full force and effect as to each Supporting Creditor Class other than GDB, including (i) forbearing, delaying or failing to exercise remedies, (ii) agreeing to a postponement or delay in payment of interest or principal, (iii) granting an extension of any maturity date, or (iv) not requiring the repayment or reborrowing of any loans or not requiring any loans to be revolving loans, or (y) the inclusion in this Agreement as a Potential Default, and the inclusion in the RSA as a “Potential Default” (as defined in the RSA) of the Authority’s use of moneys from the General Fund to service its debts under the Solus/Scotiabank Lines of Credit.”

C. Section 208 is hereby supplemented (1) by the addition of the following words in the fifth paragraph of said Section 208 immediately after the words “with the Trustee the following” and prior to the colon “; provided, however, that the certificate referred to in clause (c) below shall not be required to be delivered in connection with the issuance of the Series 2016 Bonds” and (2) by the addition in the third to last full paragraph immediately after the words “one hundred and twenty per centum (120%)” of the words “; provided, however, that such requirement shall not apply in connection with the issuance of the Series 2016 Bonds.”

D. Section 302 is hereby amended by adding the following language at the end of the first sentence of said Section: “; provided, however, that with respect to any

redemption of the Series 2016 Bonds or any portions thereof, the requirement for thirty (30) days' notice in this sentence shall be reduced to twenty (20) days' notice."

E. Section 502 is hereby amended by the addition of the following language in the fourth paragraph immediately before the period:

"; provided, however, that during the Special Period, the Trustee may institute and prosecute such suit, action or proceeding only upon the written request of the holders of not less than a majority in the aggregate principal amount of bonds then outstanding"

F. Section 505 is hereby amended by the addition of the following paragraphs immediately preceding Section 506:

"(1) After the Amendment Effective Date and not less than ten (10) business days before the first transfer of moneys from the General Fund to the Capital Improvement Fund pursuant to clause (4) of this Section 505, the Authority shall submit to the Amending Creditors or their respective advisors for approval a schedule of expected costs of Improvements (and of extensions to the System) during an initial period of not more than thirteen (13) weeks from the date of transfer of moneys from the General Fund to the Capital Improvement Fund (the "Initial Improvements Period") that itemizes and contains a brief description of Improvements (and of such extensions of the System) and the applicable project name or names assigned thereto by the Authority the costs of which are expected to be paid from moneys in the Capital Improvement Fund, the Reserve Maintenance Fund or the Construction Fund during such Initial Improvements Period, along with a monthly cost forecast for each such project during the Initial Improvements Period.

"(2) At any point thereafter during the Amendment Period, at least ten (10) business days before the requested date of approval, the Authority may submit to the Amending Creditors or their respective advisors for approval (i) a revised schedule of expected Improvements (and of extensions of the System) during the Initial Improvements Period or (ii) a schedule of expected Improvements (and of extensions of the System) during a subsequent thirteen (13) week period commencing on the date of delivery of such schedule (in each case that itemizes and specifies the expected costs of such Improvements (and of extensions of the System) during such period and contains a brief description of such Improvements (and of such extensions of the System) and the applicable project name or names assigned thereto by the Authority) the costs of which are expected to be paid from moneys in the Capital Improvement Fund, the Reserve Maintenance Fund or the Construction Fund during such period following the date of delivery of such schedule, along with a monthly cost forecast for each such project during such period.

"(3) Within not more than ten (10) business days after receipt of any such schedule referred to in clauses (1) or (2) above in this Section, the Required Amending Creditors or their respective advisors may deliver to the Authority written confirmation or confirmations that the costs of Improvements (and of extensions of the System) described in the applicable schedule (the "Proposed Improvements") are or are not reasonably acceptable. In addition, if within not more than ten (10) business days after receipt of any such schedule referred to in clauses (1) or (2) above in this Section, none of the Required Amending Creditor Groups nor any of their respective advisors objects in one or more writings to the Authority to any such schedule of

Proposed Improvements, such Proposed Improvements shall be deemed to be reasonably acceptable to the Required Amending Creditors for purposes of this Section 505. Upon receipt of written confirmation from each Required Amending Creditor Group or its advisor stating that such Proposed Improvements are acceptable or, to the extent a Required Amending Creditor Group or its advisor has not provided a written confirmation stating that such Proposed Improvements are acceptable, the expiration of such ten (10) business day period without the receipt by the Authority of any objection from such Required Amending Creditor Group or its advisors, the Authority shall provide a certificate to the Trustee and the Amending Creditors or their respective advisors, signed by the Executive Director or by any other officer or employee of the Authority with fiscal authority, attaching such schedule and certifying that it has received from each Required Amending Creditor Group or its advisor either (a) a written confirmation that the Proposed Improvements described in such schedule are reasonably acceptable or (b) no objection within the applicable time period described above and, as a result, that such Proposed Improvements are deemed to be reasonably acceptable to such Required Amending Creditor Group for purposes of this Section 505.

“(4) During the Amendment Period, and subject to the Authority’s compliance with the provisions of clauses (1) through (3) of this Section 505, the Authority may transfer moneys from the General Fund to the Capital Improvement Fund to be applied as provided in Section 512B of this Agreement to pay Approved Costs of Improvements, provided that:

- (a) immediately prior to any such transfer, the balance in the Construction Fund and the Capital Improvement Fund in the aggregate is less than \$75,000,000;
- (b) on the date of each such transfer and application the representations of the Authority given in Section 12(b) of the RSA are true and correct as of the date of any such transfer and as of the date of any application of such funds;
- (c) immediately following any such transfer, the aggregate amount of moneys transferred pursuant to this clause (4) plus the aggregate amount of moneys deposited in the Construction Fund after the date of the Eighteenth Amendment does not exceed the aggregate amount of Approved Costs of Improvements;
- (d) any moneys so transferred during the Amendment Period shall be applied by the Authority only to Approved Costs of Improvements and are applied in the manner required by the Agreement for application of moneys from the Construction Fund; and
- (e) on a quarterly basis, on the fifteenth (15th) day of the month, the Authority shall provide a certification to the Trustee and each Amending Creditor or its advisors for the three-month period preceding the first day of the month in which the certification is given, (i) indicating whether the Improvements on the schedules of Approved Costs of Improvements are complete, and, for any such Improvements that are not complete, an estimate of the percentage of completion of the project, (ii) containing an estimate of the actual costs towards which the moneys in the Construction Fund, Reserve Maintenance Fund and/or Capital Improvement Fund were applied during such three-month period on a project-level basis, and (iii)

stating that all funds withdrawn from the Construction Fund, Reserve Maintenance Fund and/or Capital Improvement Fund during such three-month period were applied to Approved Costs of Improvements (A) in a manner consistent with the required manner of application of moneys from the Construction Fund and (B) in compliance with the Eighteenth Amendment.

“(5) After the Amendment Period but subject to any obligation of the Authority to transfer funds to the Bond Service Account and the Redemption Account as and when required under Section 512B, for so long as moneys transferred to the Capital Improvement Fund pursuant to clause (4) remain in the Capital Improvement Fund, (i) the Authority may not apply such moneys for costs of Improvements (or of extensions of the System) other than Approved Costs of Improvements approved during the Amendment Period in accordance with the terms of this Section 505 and (ii) the Authority must provide the certification in clause (4)(e) following the expenditure of such funds; *provided, however*, that if the Authority decides not to apply such funds to such Approved Costs of Improvements, then it shall transfer such funds to the General Fund.

“(6) The Trustee shall have no duty to review any certification received pursuant to previous clauses (1)-(5) for any purpose, except to confirm that such certification has been delivered, and the Trustee shall be authorized to provide any requesting bondholder with a copy of any such certification.”

G. Section 506 is hereby amended by deleting the first word of the second sentence of said Section and replacing it with “Other than during the Special Period, after”.

H. Section 802(h) is hereby amended by the addition of the following language immediately prior to the semi-colon:

“; provided, however, that during the Special Period, the Trustee may give such notice only upon the written request of the holders of a majority in the aggregate principal amount of the bonds then outstanding”

I. The first paragraph of Section 804 is hereby amended by the addition of the following language in the last sentence immediately before the period:

“; and provided, further, however, that during the Special Period, the Trustee may proceed to take action pursuant to this paragraph only upon the written request of the holders of not less than a majority in the aggregate principal amount of bonds then outstanding”

J. A new Section 812 is hereby added to the Agreement as follows:

“Section 812. Rights of Holders Regarding Validation Proceeding. Nothing in this Agreement shall affect, limit or impair the rights of the holders of bonds to participate in any Validation Proceeding.”

2. The modifications to the Agreement contained in this Eighteenth Supplemental Agreement shall remain in effect only during the Amendment Period and shall terminate automatically on the Amendment Termination Date, except (i) Sections 1.B and any related

definitions, which will continue in effect until all series of bonds outstanding under the Agreement have been paid or deemed paid in full in accordance with the Agreement, (ii) Sections 1.C, 1.D and 1.J and any related definitions, which will continue in effect until the termination of the Agreement, and (iii) Section 1.F and any related terms and definitions will continue in effect solely as to clause (5) of Section 505, added to the Trust Agreement pursuant thereto, until all moneys transferred to the Capital Improvement Fund during the Amendment Period shall have been applied in accordance therewith and all related certifications have been made. The Authority shall, and the Trustee shall be authorized to, notify all holders of bonds of the Amendment Termination Date and the basis therefor.

3. The Authority hereby agrees to provide the Trustee with a copy of any amendments, supplements or waivers to the RSA or BPA (each herein a "Modification"), promptly after the effectiveness of any such Modification, and the Trustee (i) shall not be deemed to have knowledge of any Modification (or the terms and provisions thereof) prior to the Trustee's actual receipt of the same and (ii) may provide a copy thereof to any holder of bonds. It is understood by the Trustee that the Authority may redact information regarding individual holders (such as their identities, dollar amounts of holdings of bonds and purchase commitments) from any such Modification.

4. The recitals, statements and representations contained herein shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

5. The Authority hereby acknowledges and agrees that (i) the Trustee is not a party to the RSA or the BPA, and (ii) this Eighteenth Supplemental Agreement shall not be understood to incorporate the RSA and BPA into the Agreement, and no Modification shall be deemed to be an amendment of the Agreement or this Eighteenth Supplemental Agreement for purposes of Article XI of the Agreement.

6. This Eighteenth Supplemental Agreement may be amended and supplemented in accordance with the provisions of Article XI of the Agreement.

7. Except to the extent expressly modified herein, all terms and provisions of the Agreement shall remain in full force and effect.

8. This Eighteenth Supplemental Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument. Delivery of any executed signature page of this Eighteenth Supplemental Agreement by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

[Signature page follows.]

IN WITNESS WHEREOF, Puerto Rico Electric Power Authority has caused this Eighteenth Supplemental Agreement to be executed by its Executive Director and its corporate seal to be impressed hereon and attested by its Secretary or an Assistant Secretary, and U.S. Bank National Association, has caused this Eighteenth Supplemental Agreement to be executed in its behalf by one of its Assistant Vice Presidents and its corporate seal to be impressed hereon and attested by one of its Trust Officers, all as of the day and year first above written.

PUERTO RICO ELECTRIC POWER AUTHORITY

(SEAL)

By: _____
Executive Director

Attest:

Secretary

U.S.BANK NATIONAL ASSOCIATION,
as successor Trustee

By: _____
Vice President

Attest:

Trust Officer

COMMONWEALTH OF PUERTO RICO)
)
) SS.:
 MUNICIPALITY OF SAN JUAN)

On the _____ day of _____, in the year 2016, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he resides in the Municipality of _____, Puerto Rico; that he is the Executive Director of Puerto Rico Electric Power Authority, the body corporate described in and which executed the above instrument; that he knows the seal thereof; that the seal affixed to said instrument is the corporate seal of Puerto Rico Electric Power Authority; that it was so affixed by order of the Governing Board of Puerto Rico Electric Power Authority; and that he signed his name thereto by like order.

Affidavit # _____

NOTARY PUBLIC

My commission expires:

(SEAL)

STATE OF _____)
) SS.:
COUNTY OF _____)

On the _____ day of _____, in the year 2016, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that she/he resides at _____; that she/he is a Vice President of U.S. Bank National Association, the banking association described in and which executed the above instrument; that she/he knows the seal of said association; that the seal affixed to said instrument (if required by the association's organizational documents) is the corporate seal of said association and was so affixed by authority of Board of Directors of said association; and that she/he signed her/his name thereto by like authority.

NOTARY PUBLIC

My commission expires:

(SEAL)

Schedule 1

1. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to comply with or perform its obligations under section 501 of the Agreement insofar as such noncompliance or failure is a result of the Authority's failure to establish and enforce reasonable regulations in relation to the collection of bills for services and facilities provided by the Authority.

2. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to comply with or perform its obligations under section 502 of the Agreement insofar as such noncompliance or failure is a result of the Authority's failure to revise the rates and charges for the services and facilities furnished by the Authority, or the result of the Authority's failure to revise its regulations in relation to the collection of bills for such services and facilities.

3. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to comply with or perform its obligations under section 503 or section 505 of the Agreement, insofar as such noncompliance or failure is a result of the Authority's use of monies from the General Fund to service its debt under the Solus/Scotiabank Lines of Credit.

4. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to comply with or perform its obligations under section 504 of the Agreement, insofar as such noncompliance or failure is a result of the Authority's failure to adopt and file a budget that is consistent with the procedural and/or substantive requirements of section 504.

5. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to comply with or perform its obligations under section 506 of the Agreement, insofar as such noncompliance or failure is a result of the Authority's failure to transfer monies from the General Fund to the Revenue Fund in a manner consistent with section 506.

6. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to comply with or perform its obligations under section 507 of the Agreement, insofar as such noncompliance or failure is a result of the Authority's failure to transfer monies from the Revenue Fund to the Sinking Fund in a manner consistent with section 507.

7. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to comply with or perform its obligations under section 702 of the Agreement, insofar as such noncompliance or failure is a result of the Authority's failure to operate the System in an efficient and economical manner, maintain the System in good repair and sound operating condition (including by making all necessary repairs, renewals and replacements), or as a result of the Authority's employment of more persons than are necessary and noncompliance with all valid and applicable rules, regulations, and orders.

8. Any default or event of default under section 802(h) of the Agreement as a result of the Authority's failure to keep accurate records or complete and file its audited financial statements within the time periods specified in section 710 of the Agreement.

Attachment A

[RSA]

Attachment B

[BPA]

Annex D
Recovery Plan Term Sheet

ANNEX D

RECOVERY PLAN TERM SHEET

This Recovery Plan Term Sheet does not address all material terms that would be required in definitive documents and in order to consummate the transactions set forth in this Recovery Plan Term Sheet. This Recovery Plan Term Sheet does not constitute (nor shall it be construed as) an offer with respect to any securities.

*Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Restructuring Support Agreement. This Recovery Plan Term Sheet contemplates the enactment of legislative reform to implement the Recovery Plan. A summary of the legislative reform package is attached hereto as Schedule I-A (“**Securitization Special Legislation**”) and Schedule IX (collectively, the “**Legislative Reform Package**”).*

FORBEARING UNINSURED BONDS	<ul style="list-style-type: none"> Existing holders of uninsured power revenue and revenue refunding bonds (“Uninsured Bonds”) who are parties to the Restructuring Support Agreement (“Forbearing Uninsured Holders”) will participate in (a) a consent solicitation to amend the Trust Agreement (“Consent Solicitation”) to reflect agreed upon amendments, including amendments described in <u>Schedule II</u> hereto (“Closing Date Trust Agreement Amendments”), which amendments shall, among others, (A) expressly provide that (1) the Scotiabank Loan Obligations and the Solus Loan Obligations constitute “Current Expenses” under the Trust Agreement, (2) any amendments, waivers, modifications or supplements to the Trust Agreement that would amend, modify, or waive such status as “Current Expenses” shall require the prior written consent of the Scotiabank, the Scotiabank Lenders, and the Solus Lenders (or their respective successors and assigns, as applicable) and that Scotiabank, the Scotiabank Lenders, and the Solus Lenders (and their respective successors and assigns) are express third-party beneficiaries of the provisions of the Trust Agreement providing for such “Current Expense” status and consent rights, and (B) include the other amendments described in Schedule II hereto in the section titled “Exit Consents” and (b) an exchange offer (“Exchange Offer”) to exchange 100% of their Uninsured Bonds (other than the January Payment Bonds) for new securitization bonds (“Securitization Bonds”), at an exchange ratio of 85%, to be issued by a new bankruptcy-remote public corporation and governmental instrumentality of the Commonwealth, including the terms set forth in <u>Schedule I-B</u> hereto (“Securitization Term Sheet”).
NON-FORBEARING UNINSURED BONDS	<ul style="list-style-type: none"> Existing holders of uninsured power revenue and revenue refunding bonds (“Uninsured Bonds”) who are not parties to the Restructuring Support Agreement (“Non-Forbearing Uninsured Holders”) shall have the option to either (a) participate in the Consent Solicitation and participate in the Exchange Offer on the same terms as the Forbearing Uninsured Holders, or (b) participate in the Consent Solicitation and tender their bonds in a cash tender at a price to be determined in consultation with the parties providing the Backstop Facility, their advisors and PREPA’s advisors (“Cash Tender”).
INSURERS	<ul style="list-style-type: none"> The Insurers (other than Syncora) shall participate in purchasing the January Payment Bonds as set forth in section 8 of the RSA, and provide the DSRF sureties, in each case, subject to the terms and conditions set forth in <u>Schedule II</u> hereto.

	<ul style="list-style-type: none"> ▪ The Insured Bonds (other than the Insured Bonds insured by Syncora) shall receive the treatment provided for in <u>Schedule II</u> hereto.
CREDIT AGREEMENTS	<ul style="list-style-type: none"> ▪ Each Scotiabank Lender and Solus Lender under its Credit Agreements shall either (a) amend and restate the applicable Credit Agreement as set forth in <u>Schedule III</u> hereto (the “Solus Credit Agreement Amendment” and the “Scotiabank Credit Agreement Amendment”, together, the “Credit Agreements Amendments”, and the solicitation of consents with respect to the Credit Agreements Amendments, the “Credit Agreements Amendment Solicitation”) and/or (b) exchange all or a portion of its indebtedness under its Credit Agreement into Securitization Bonds, so that all of the outstanding indebtedness held by such Scotiabank Lender and Solus Lender shall be restructured or exchanged (together with the Credit Agreements Amendments, the “Credit Agreements Restructuring”).
GDB DEBT	<ul style="list-style-type: none"> ▪ Existing indebtedness owed to GDB will be subject to substantially the same treatment as the indebtedness under the Credit Agreements.
SWAP OBLIGATIONS	<ul style="list-style-type: none"> ▪ Swap obligations will be paid out in full on the current schedule.
NEW GOVERNANCE	<ul style="list-style-type: none"> ▪ Recovery Plan will provide for the establishment of a new governance structure for PREPA, with the purposes of promoting long-term planning and sustainability, reducing political interference and encouraging use of industry best practices. A summary of the governance changes, as required by the Act, is attached hereto as <u>Schedule IV</u> (“New Governance”).
OPERATIONAL IMPROVEMENTS	<ul style="list-style-type: none"> ▪ In connection with the Recovery Plan, PREPA will implement operational improvements with respect to, among others, procurement, fuel supply, customer service, collections and safety (“Operational Improvements”). A summary of Operational Improvements is attached hereto as <u>Schedule V</u>.
LABOR / PENSIONS	<ul style="list-style-type: none"> ▪ PREPA will implement initiatives (the “Labor Initiatives”) to achieve labor cost savings, including as set forth in <u>Schedule V</u>.
RATE STRUCTURE	<ul style="list-style-type: none"> ▪ PREPA will seek Energy Commission approval for a new rate structure (the “Rate Structure”) incorporating the elements set forth in <u>Schedule VI</u> hereto, including without limitation approval by the Energy Commission of the Rate Structure on an expedited basis.
CAPITAL PLAN	<ul style="list-style-type: none"> ▪ Recovery Plan will include a capital improvement plan intended to permit PREPA to achieve compliance with applicable environmental laws and regulations, including MATS and other standards, as well as enhance efficiency, reliability and flexibility of its power generation assets. A summary of the development plans for the Aguirre Offshore Gas Port (“AOGP”), PREPA’s generation assets (“Generation Assets”) and transmission and distribution network (“T&D Network”) is set forth in <u>Schedule VII</u> hereto (“Capital Plan”). ▪ In addition, in connection with the Recovery Plan, PREPA will conduct a competitive bidding process in accordance with applicable laws, as described in <u>Schedule VIII</u> hereto (“RFP Process”), to retain one or more private sector entities to carry out the Capital Plan with respect to certain Generation Assets. In the event that no acceptable bidders are identified and/or bids are submitted, PREPA shall carry out the Capital Plan through its available

	resources.
CONDITIONS PRECEDENT	<p>The closing of each of the Consent Solicitation, Closing Date Trust Agreement Amendments, Exchange Offer and Credit Agreements Restructuring (collectively, the “Restructuring Transactions”) will be conditioned on the prior or simultaneous closing of each of the other Restructuring Transactions. In addition, the closing of the Restructuring Transactions will be conditioned on the following, among other conditions:</p> <ul style="list-style-type: none"> ▪ Negotiation and execution of all documents and agreements necessary to consummate the Restructuring Transactions. ▪ Enactment of the Act 4-2016, known as the PREPA Revitalization Act. ▪ Energy Commission approval of the Rate Structure. ▪ After the participation of the Non-Forbearing Uninsured Holders as described above, no more than \$700 million (or such higher other amount determined at PREPA’s discretion) of Uninsured Bonds (other than the January Payment Bonds) shall be outstanding, subject to input from PREPA’s advisors. ▪ All substantial documentation, including without limitation required legislation, securitization documentation, new trust agreement documentation (regarding the PREPA Trust Agreement and the Securitization Bonds trust agreement), is subject to the Supporting Creditors’ consultation and, as applicable, consent, withdrawal and termination rights with respect thereto as provided in the Restructuring Support Agreement. ▪ Receipt of unqualified opinion of U.S. recognized bond counsel that interest on the Securitization Bonds and each of the Credit Agreements (after giving effect to the Credit Agreement Amendments), is excludable from gross income for federal income tax purposes and exempt from all state and Puerto Rico taxes. ▪ Appointment of a number of directors of the Board of PREPA that is sufficient for the Board to take any action in accordance with the Act, <i>provided</i> that at least 3 independent directors shall have been appointed. ▪ Implementation of the New Governance. ▪ Receipt of all necessary consents and internal approvals. ▪ Other customary conditions precedent to be discussed.

SCHEDULES

Schedule I-A	Securitization Special Legislation Outline
Schedule I-B	Securitization Term Sheet
Schedule II	Monoline Term Sheet
Schedule III	Credit Agreements Restructuring
Schedule IV	New Governance
Schedule V	Operational Improvements
Schedule VI	Rate Structure
Schedule VII	Capital Plan
Schedule VIII	REOI / RFQ / RFP Indicative Plan
Schedule IX	Legislative Reform Package

Schedule I-A

Securitization Special Legislation Outline

Section 1. Definitions. As used or referred to in this Act, unless a differing meaning clearly appears from the context:

“Adjustment Mechanism” means the formulaic adjustment mechanism contained in a Restructuring Resolution, and approved in a Restructuring Order, to be applied by the Corporation periodically, but not less often than semi-annually, to adjust the Transition Charges to ensure the collection of Transition Charge Revenues sufficient to provide for the timely payment of Ongoing Financing Costs, as further described in Section 4 of this Act. The Adjustment Mechanism and its implementation shall not be subject to legislative or any other governmental review or approval, except the approval of the Adjustment Mechanism in the Restructuring Order as provided in Section 5(b) of this Act and as provided in Section 4 of this Act regarding review by the Corporation for and correction of mathematical errors.

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

“Approved Restructuring Costs” means any or all of the following costs approved under a Restructuring Resolution: (a) the capital costs related to the construction and equipping of the Aguirre Offshore Gasport, subject to satisfaction of any conditions set forth in the applicable Trust Agreement for any outstanding Restructuring Bonds; (b) the costs of retiring [[or defeasing]]¹ all or a portion of PREPA’s debt obligations or the Restructuring Bonds; (c) rebate, yield reduction payments and any other amounts payable to the United States to preserve or protect the federal tax-exempt status of PREPA’s or the Corporation’s outstanding debt obligations; (d) deposits from proceeds of Restructuring Bonds to the credit of a capitalized interest fund or account, debt service reserve fund or account or operating expense reserve fund or account established in connection with such Restructuring Bonds and, solely in connection with the first issue of Restructuring Bonds, a deposit to the Self-Insurance Fund, established pursuant to the trust agreement, dated as of January 1, 1974, as amended, by and between PREPA and U.S. Bank National Association, as successor trustee, in an amount not to exceed \$100 million; and (e) subject to any limitations contained in this Act, Financing Costs.

“Board” means the board of directors of the Corporation established pursuant to Section 2 hereof.

“Cause” means with respect to a director of the Corporation, (i) acts or omissions by such director that constitute willful disregard of, or bad faith or gross negligence with respect to, such director duties under this Act and the Corporation’s other organizational documents; (ii) that such director has engaged in or has been charged with, or has been convicted of, fraud or other

[¹ NTD: Inclusion of double bracketed language dependent on whether agreement with monolines is reached]

acts constituting a crime under any law applicable to such director, (iii) that such director is unable to perform his or her duties as director due to death, disability or incapacity, (iv) that such director no longer meets the requirements of this Act, or (v) any other act or omission set forth in Section ___ of this Act.

“Commission” means the Puerto Rico Energy Commission established by Act No. 57 of the Legislative Assembly of Puerto Rico, approved on May 27, 2014, as amended.

“Corporation” means Puerto Rico Electric Power Authority Revitalization Corporation, a special purpose public corporation and a governmental instrumentality of the Commonwealth, established pursuant to Section 2 hereof.

“Court” has the meaning given to it in Section 5(c)(1) of this Act.

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

[[“Defeasance” means with respect to any debt, the legal or economic defeasance of such debt. “Defease” has a meaning correlative thereto.]]

“Financing Costs” means the costs to issue, service, repay or refinance Restructuring Bonds, whether incurred upon issuance of such Restructuring Bonds or over the life of the Restructuring Bonds, and approved for recovery in a Restructuring Resolution. Without limitation or duplication, “Financing Costs” may include, as applicable, any of the following:

- (a) principal, interest and redemption premiums payable on Restructuring Bonds;
- (b) any payment required under an Ancillary Agreement and any amount required to fund or replenish (or to reimburse a third party for replenishing) a debt service reserve fund or account, operating reserve fund or account or other fund or account established under a Trust Agreement, any Ancillary Agreement, resolution or other financing document relating to the Restructuring Bonds;
- (c) any federal or state taxes and charges, including federal or state payments or contributions in lieu of taxes, franchise fees or license fees imposed on Transition Charge Revenues (but excluding any Commonwealth or local taxes, fees or contributions or payments in lieu of taxes);
- (d) any cost related to obtaining a Restructuring Order, administering the Corporation, the Restructuring Bonds or the Restructuring Property, including the costs of implementing the Adjustment Mechanism, Trustee (and other similar fiduciary), legal, accounting and other consultants’, depository, calculation agent, manager, rating agency fees and expenses and Servicing Fees and expenses, in each case subject to the provisions of this Act;
- (e) any cost related to protecting the status of Restructuring Property and collecting Transition Charges, including any cost related to any judicial or similar proceedings that the

Corporation or the Trustee or any owner of all or a portion of Restructuring Property deems necessary to enforce or collect Transition Charge Revenues or protect the Restructuring Property or any other costs referred to in Section 8(a) of this Act, in each case subject to the provisions of this Act; and

(f) any other cost related to issuing Restructuring Bonds, administering and servicing Restructuring Property and Restructuring Bonds, including costs of calculating adjustments of Transition Charges, Servicing Fees and expenses, Trustee (or similar fiduciary) fees and expenses, legal fees and expenses, accounting fees and expenses, administration fees and expenses, placement fees and expenses, underwriting fees and expenses, printing and marketing fees, filing or listing fees, fees and expenses of the Corporation's other consultants, if any, rating agency fees and any other cost approved by the Board as necessary or desirable for the accomplishment of the purposes of this Act.

"Financing Entity" means any Servicer, Trustee (or similar fiduciary), collateral or escrow agent, or other Person acting for the benefit of owners of the Restructuring Bonds or the Corporation that may own Restructuring Property or have rights to receive proceeds of Restructuring Bonds.

"Interested Person" means (a) the trustee representing the owners of PREPA's outstanding bonds, (b) the securities depository, if any, at which any of such bonds shall be immobilized, (c) any owner of PREPA's outstanding debt obligations or any Person providing credit or liquidity support, including financial guaranty insurance, to any or all of such obligations, (d) any financial institution to which PREPA is indebted (other than through the securities depository) or otherwise obligated, (e) the Secretary of Justice of Puerto Rico, (f) any Customer, (g) any vendor of PREPA not included in clause (f) of this definition, (h) any Person who has filed with the secretary of the Board and PREPA a request to receive the notice set forth in Section 5(c)(2) or 5(d)(2) of this Act, (i) any Person who would otherwise be entitled to receive notice with respect to the adjustment of PREPA rates and charges and (j) any other Person interested in the matters raised in the proceedings provided for in Section 5(c) or 5(d) of this Act.

"Non-bypassable" means that the Transition Charge shall be paid by all Customers, even if the Customer elects to purchase electricity in whole or in part from an alternative electric supplier.

"Ongoing Financing Costs" means Financing Costs that are not Upfront Financing Costs and any excess of actual Upfront Financing Costs over the Corporation's estimate of Upfront Financing Costs to be paid from the proceeds of the Restructuring Bonds.

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

"PREPA" means Puerto Rico Electric Power Authority, a public corporation and governmental instrumentality established and existing by virtue of Act No. 83 of the Legislative Assembly of Puerto Rico, approved May 2, 1941, as amended, and any successor or successors thereto, including successors referred to in Section 5(l) of this Act.

“Restructuring Bonds” means bonds, notes, or other evidences of indebtedness that are issued by the Corporation pursuant to this Act, any Restructuring Resolution and the Trust Agreement related thereto (a) the [[payments on or]] proceeds of which are used, directly or indirectly, to finance or refinance Approved Restructuring Costs, (b) that are directly or indirectly secured by, or payable from, Restructuring Property, and (c) that have a term no longer than thirty-five years.

“Restructuring Order” means the irrevocable order of the Commission that is not subject to further Commission review or amendment approving the calculation methodology for the Transition Charges and the Adjustment Mechanism related thereto, as provided in this Act.

“Restructuring Property” means a Restructuring Resolution and the property rights and interests created thereby, including the right, title, and interest in and to: (a) the right to create and receive Transition Charges; (b) the Transition Charges, as adjusted from time to time in accordance with the Adjustment Mechanism, including any rights under a Servicing Agreement assigned pursuant to the related Trust Agreement or other security agreement; (c) all revenues, collections, claims, payments, money, or proceeds of or arising from the Transition Charges or constituting Transition Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are billed, received, collected or maintained by PREPA or by the Corporation together with or commingled with other revenues, collections, claims, payments, money or proceeds; (d) all rights to obtain adjustments to the Transition Charges pursuant to the terms of the Restructuring Resolution related thereto; and (e) all reserves established in connection with the Restructuring Bonds or the Restructuring Property. Upon the issuance of Restructuring Bonds, Restructuring Property shall constitute a vested, presently existing property right in the Corporation, as initial owner, subject to Section 8(c) and any pledge of Restructuring Property pursuant to this Act, notwithstanding the fact that the value of the property right will depend on further acts that have not yet occurred, including Customers remaining or becoming connected to the System Assets and taking or receiving electric service, the imposition and billing of Transition Charges, or PREPA performing services.

“Restructuring Resolution” means a resolution of the Board adopted in accordance with this Act, which resolution creates Restructuring Property, approves the imposition and collection of Transition Charges and the financing of Approved Restructuring Costs through the issuance of Restructuring Bonds and which resolution contains the related Adjustment Mechanism, all as provided in Section 4 of this Act.

“Servicer” means PREPA to the extent permitted by this Act, and if PREPA is replaced as Servicer pursuant to the Servicing Agreement, a Person or Persons authorized and required, by contract or otherwise, to impose, bill or collect Transition Charges, to prepare periodic reports regarding billings and collections of Transition Charges, to remit collections to or for the account of the Corporation or its assigns or pledgees, including a Financing Entity, and to provide other related services for the Corporation, which may include calculation of periodic adjustments to the Transition Charges or providing other services related to the Restructuring Property; and shall be deemed to include any co-Servicer, subservicer, backup servicer (including if it becomes a Servicer under a Servicing Agreement), replacement servicer or the successors of any of the foregoing, authorized to act as such under a Restructuring Resolution.

“Servicing Agreement” means the agreement or agreements between the Corporation and the Servicer providing for the administering and servicing of Restructuring Property, as the same may be amended from time to time by the parties thereto in a manner not prohibited by this Act.

“Servicing Fee” means the periodic amount paid to a Servicer for its services required in connection with the issuance of Restructuring Bonds and the administering and servicing of Restructuring Property.

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

“Third-party Biller” means any Person authorized to bill or collect transition charges other than the Corporation, PREPA or, if different, a Servicer.

“Transition Charge Revenues” means all money and other property received or to be received, directly or indirectly, on account of the Transition Charges, and all proceeds of the investment thereof.

“Transition Charges” means those rates and charges that are separate from rates of PREPA and that are imposed pursuant to a Restructuring Resolution on Customers to recover the Ongoing Financing Costs, and shall include a pro rata share of any late payment fee imposed in respect of any past-due bill for electric service that includes in such bill an amount for Transition Charges.

“Trust Agreement” means a trust agreement, trust indenture or similar agreement executed by the Corporation and the Trustee establishing the rights and responsibilities of the Corporation and of the owners of Restructuring Bonds issued thereunder and secured thereby.

“Trustee” means the trustee party to a Trust Agreement representing the owners of the Restructuring Bonds issued and secured thereunder.

“Upfront Financing Costs” means the costs associated with obtaining the Restructuring Order, the structuring, marketing, and issuance of Restructuring Bonds, not including scheduled debt service or other Ongoing Financing Costs, to the extent such Ongoing Financing Costs are payable from Transition Charge Revenues. Upfront Financing Costs include Trustee (or similar fiduciary) fees and expenses, legal fees and expenses, accounting fees and expenses, administration fees and expenses, placement fees and expenses, underwriting fees and expenses, printing and marketing fees, filing or listing fees and compliance fees, fees and expenses of the Corporation’s other consultants, if any, rating agency fees and any other cost approved by the Board as necessary or desirable for the accomplishment of the purposes of this Act and shall include reimbursement to any Person of amounts advanced for payment of such costs.

Section 2. Creation of Corporation. (a) A special purpose public corporation and governmental instrumentality of the Commonwealth is hereby created to be known as “Puerto Rico Electric Power Authority Revitalization Corporation,” which shall exercise essential governmental and public powers for the good of the public. The Corporation shall not be created or organized, and its operations shall not be conducted, for the purpose of making a profit. No part of the revenues or assets of the Corporation shall inure to the benefit of or be distributable to

its directors or officers or any other private Persons, except as herein provided for reasonable consideration for actual services rendered or property.

(b) (1) The Corporation shall be governed by a Board consisting of three directors. Until the Governor appoints the non-interim directors in accordance with paragraph (2) of this subsection (b), the President of Government Development Bank for Puerto Rico, the Executive Director of Puerto Rico Infrastructure Financing Authority and the Secretary of State of the Commonwealth shall serve as directors ex officio whose terms shall expire on the date that the Governor makes the appointments from the list referred to below in paragraph (2) of this subsection (b).

(2) The non-interim appointment of the directors shall be made in accordance with the procedures set forth in this paragraph (2). The non-interim appointment of the directors shall be made by the Governor after receiving input from the President of the Senate and the President of the House of Representatives not later than March 1, 2016. The directors so appointed by the Governor shall be selected from a list of at least ten (10) candidates prepared by a recognized firm in the field of search for executive candidates, according to objective criteria that take into account professional and educational backgrounds and delivered to the Governor. Such list must include at least two (2) Commonwealth residents. The Governor, in his/her discretion, shall evaluate the list of recommended candidates and choose three (3) individuals from the list. If the Governor does not appoint three directors from such list within twenty (20) days after such list's submission to the Governor, the above-mentioned search firm shall submit another list within the next thirty (30) days.

(3) The ex officio interim directors shall occupy their respective director positions as long as they serve in their current offices. Of the non-interim directors originally appointed by the Governor, one shall serve a term of four years from the date of appointment, one shall serve a term of five years from the date of appointment and one shall serve a term of six years from the date of appointment. Each director shall continue in office until his or her successor has been appointed and qualified. Except for the ex officio, interim directors, all Board members shall be obliged to comply with The New York Stock Exchange Corporate Governance Rules (NYSE Independent Director Rules) for director independence. Nothing in this Act shall preclude a Customer from being a director solely because such Person is a Customer. The ex officio interim directors shall not receive compensation for services provided as directors. The non-interim directors shall receive a market-based compensation comparable to that received by board members of local institutions of similar size, complexity and risks. No member of the Board shall receive more than fifty thousand dollars (\$50,000) annually, on such account.

(4) Any vacancy among the non-interim directors shall be filled by appointment by the Governor for the unexpired term of the original appointment and following the same procedures through which the original, non-interim appointments were made, and the Governor may use the most recent ten (10) candidate list submitted by the search firm described in the following sentence. Accordingly, the Governor shall elect from a list of at least ten (10) candidates submitted by a recognized firm in the field of search for executive candidates, which will be selected following objective criteria that take into account experience as well as professional and educational qualifications. Such list shall include at least two (2) residents of the Commonwealth. Upon expiration of their respective terms, the Governor shall appoint successors for a period of six (6) years following the same procedures by which the original,

non-interim appointments were made. No non-interim director may be designated for said position for more than two (2) terms. Directors may be removed by the Governor only for Cause. The process of selection of candidates performed by a recognized firm in the field of search for executive candidates shall be effective for a period of fifteen (15) years, after which the Legislative Assembly will evaluate the performance of the Corporation and the Board and determine whether or not it is appropriate to continue with said process of election. If the Legislative Assembly takes no action upon the expiration of the period described in the preceding sentence, the process for selecting directors shall continue in effect until the Legislative Assembly changes such process, subject to any requirements imposed by any Trust Agreement and laws applicable to the preservation of the tax-exempt or otherwise tax favored status of interest on any Restructuring Bonds.

(5) In addition to the other requirements established in this Section 2(b), no Person may become a non-interim director if he/she: (i) is an employee, retiree, or has any direct or indirect substantial economic interest in any private company with which the Corporation or PREPA has any contracts or with whom it engages in transactions of any kind, other than the purchase of electric service under generally applicable rates and tariffs; (ii) within two (2) years before holding office, has had a business relationship with or any interest in any private company with which the Corporation, PREPA, Government Development Bank for Puerto Rico or the Commonwealth has any contracts or with whom it engages in transactions of any kind, other than the purchase of electric service under generally applicable rates and tariffs; (iii) has been a member of a local or central directing body of a political party registered in the Commonwealth, during the year immediately preceding his/her appointment; (iv) is an employee, member, advisor, or contractor of PREPA's labor unions; or (v) has failed to provide the certification of having filed income tax returns during the five (5) preceding taxable years issued by the Department of the Treasury, the certification of having no debts outstanding with PREPA, the Criminal Record issued by the Puerto Rico Police Department, as well as negative certifications of the Child Support Administration (ASUME, Spanish acronym) and the Municipal Revenues Collection Center (CRIM, Spanish acronym).

(6) Except for the ex officio directors, no director shall be considered a public employee under the terms of Section 5.1 of Act 1-2012.

(7) Each director shall have a fiduciary duty to act in the best interests of the Corporation, including the owners of the Restructuring Bonds and its other creditors, and such other duties as may be specified in the organizational documents or other agreements of the Corporation.

(8) A majority of the directors at the time serving shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Corporation. The Board may delegate to one or more of its directors, or officers, agents and employees, such powers and duties as the Board may deem proper.

(c) Without impairing the rights pursuant to Section 3 of this Act, the Board and the officers, agents and employees of the Corporation shall not incur civil liability for any actions taken in good faith in the performance of their duties and responsibilities pursuant to the provisions of this Act, provided there has been no conduct that constitutes a crime, breach of duty of loyalty or gross negligence, and they shall be indemnified for any costs incurred in connection with any claim for which they enjoy immunity as provided hereunder. The Board, its

directors and any officers, agents or employees of the Corporation shall also be fully indemnified for any civil liability adjudicated under the laws of the United States of America. The governing board and individual directors, officers, agents and employees of any Servicer shall be entitled to the immunities from personal liability as shall be specified by law and if not so specified, to the immunities from personal liability as are specified in this Section 2(c) *mutatis mutandis*.

Section 3. Powers of the Corporation; No Merger. (a) The Corporation is hereby authorized to:

- (1) Adopt Restructuring Resolutions;
- (2) In consideration of providing financial assistance to PREPA by payment of Approved Restructuring Costs, impose and collect Transition Charges in connection with the financing of Approved Restructuring Costs through the issuance of Restructuring Bonds for the benefit of PREPA, including (i) making such Transition Charges Non-bypassable to Customers and (ii) approving an Adjustment Mechanism, subject to Commission approval in a Restructuring Order prior to the issuance of the related Restructuring Bonds;
- (3) Issue Restructuring Bonds contemplated by a Restructuring Resolution and pledge the Restructuring Property to the payment thereof;
- (4) Provide for and direct the use of proceeds of Restructuring Bonds on behalf of PREPA in accordance with a Restructuring Resolution and a Trust Agreement executed by the Corporation in connection with such Restructuring Bonds; and
- (5) Contract for administering and servicing of Restructuring Property and Restructuring Bonds and for administrative services, including by hiring a manager or administrator that is not an employee of PREPA.

(b) The Corporation shall have no authority to engage in other business activities; but shall, in connection with the powers specified in paragraph (a) of this Section 3, have the power to:

- (1) sue and be sued; and settle existing or threatened litigation on such terms as the Board may approve;
- (2) have a seal and alter the same at its pleasure;
- (3) make and alter by-laws for its organization and internal management and make and alter rules and regulations governing its operations and the use of its property, in each case in accordance with the limitations set forth in this Act;
- (4) make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this Act and to commence any action to protect or enforce any right conferred upon it by any law, contract or other agreement, including make and execute contracts with PREPA, any other Servicers, any Financing Entity or any other Person (public or private) to administer and service Restructuring Property, to service Restructuring Bonds issued by the Corporation and to provide services administering the Corporation, and to pay compensation for such services;
- (5) appoint officers, agents and employees, prescribe their duties and qualifications, fix their compensation and engage the services of consultants, accountants,

counsel and others on a contract basis for rendering professional and technical assistance and advice and pay compensation therefor;

(6) pay its operating expenses, scheduled debt service on Restructuring Bonds and other Ongoing Financing Costs;

(7) provide for the rights of the owners of the Restructuring Bonds;

(8) implement and enforce the implementation of the Adjustment Mechanism in accordance with the related Restructuring Resolution and Servicing Agreement;

(9) procure insurance against any loss in connection with its activities, properties and assets in such amount and from such insurers as it may deem desirable;

(10) invest any funds under its custody and control in investment securities or under any Ancillary Agreement;

(11) establish and maintain such reserves and special funds and accounts, to be held in trust or otherwise, as may be required by agreements made in connection with the Restructuring Bonds, or any agreement between itself and third parties;

(12) as security for the payment of the principal of and interest on any Restructuring Bonds issued by it pursuant to this Act, and any agreement made in connection therewith, pledge and create liens on all or any part of its revenues or assets, including Restructuring Property, unspent proceeds of its Restructuring Bonds, Transition Charge Revenues, and earnings from the investment and reinvestment of unspent proceeds of its Restructuring Bonds and Transition Charge Revenues; and

(13) exercise such other corporate powers not inconsistent herewith, as are conferred upon corporations by the laws of the Commonwealth and to exercise all its powers within and without the Commonwealth to the same extent as natural Persons might or could do and (without duplication) do any and all things necessary or convenient to carry out its purposes and exercise the powers expressly given and granted in this Section 3.

(c) So long as any Restructuring Bonds remain outstanding and any Financing Costs that have or may become due have not been paid in full, the Corporation shall not be authorized to dissolve, liquidate or transfer or sell all or substantially all of the Corporation's assets (except as expressly provided for in the applicable Trust Agreement), or merge or consolidate, directly or indirectly, with any Person. Additionally, the Corporation shall not have the power or authority to incur, guarantee or otherwise become obligated to pay any debt or other obligations other than Restructuring Bonds and Financing Costs unless otherwise permitted by a Restructuring Resolution. The Corporation shall not own any assets or property other than the Restructuring Property, incidental personal property necessary for the ownership and operation of the Restructuring Property and any investment-grade securities in accordance with the terms of the Restructuring Bonds. The Corporation shall keep its assets and liabilities separate and distinct from those of any other Person, including PREPA.

(d) The Corporation shall not pledge its assets to secure the obligations of any other Person or hold out its credit as being available to satisfy the obligations of any other Person.

(e) Each of the Corporation and PREPA shall maintain its books, financial records and accounts (including inter-entity transaction accounts) in a manner so as to identify separately the assets and liabilities of each such entity from those of any other Person; each shall observe all

applicable corporate procedures and formalities, including, where applicable, the holding of regular periodic and special meetings of governing bodies, the recording and maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if any, adopted at such meetings; and all transactions and agreements between and among the Corporation, PREPA and any Person will reflect the separate legal existence of each entity and shall be formally documented in writing. The Corporation shall not enter into any transaction with an affiliate of PREPA, the Corporation, Government Development Bank for Puerto Rico or the Commonwealth except on commercially reasonable terms similar to those available to unaffiliated Persons in an arm's length transaction.

(f) The Corporation and PREPA shall each have separate annual financial statements, prepared in accordance with generally accepted accounting principles, that reflect the separate assets and liabilities of each such entity and all transactions and transfers of funds involving each such entity, and each shall pay or bear the cost of the preparation of its own financial statements regardless of whether such statements (whether audited or unaudited) are prepared internally or by a certified public accounting firm that prepares or audits its financial statements.

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

(h) Each of the Corporation and PREPA shall not commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other Person. Each of them shall conduct all business between itself and third parties in its own name separate and distinct from the other and shall correct any known misunderstanding regarding its separate identity.

(i) Neither the assets nor the creditworthiness of PREPA shall be held out as being available for the payment of any liability of the Corporation, and vice versa. Assets shall not be transferred by PREPA to or from the Corporation inconsistently with this Act or with the intent to hinder, delay or defraud creditors.

(j) PREPA in its papers and the statements of its officials shall refer to the Corporation as a separate and distinct legal entity; and shall take no action that is inconsistent with this Act or that would give any of its creditors cause to believe either that any such obligations incurred by PREPA would be not only the obligation of PREPA, but also of the Corporation, or that PREPA were not or would not continue to remain an entity separate and distinct from the Corporation.

Section 4. Content of Restructuring Resolution. In connection with any issuance of Restructuring Bonds, the Restructuring Resolution related thereto, in addition to the other matters required to be included in such Restructuring Resolution by this Act, shall contain provisions, among others, (i) specifying the maximum amount of Restructuring Bonds authorized for issuance, including parameters or limitations for such maturities, scheduled maturities, interest rates or interest rate determination methods and other details of the Restructuring Bonds as the Board finds appropriate; (ii) a description of the Approved Restructuring Costs to be paid through the issuance of the Restructuring Bonds and recovered through Transition Charges; (iii) the qualitative or quantitative limitations on Financing Costs to

be recovered (not to impair the ability to pay and service the Restructuring Bonds in accordance with their terms); (iv) the calculation methodology for the Transition Charges; (v) a description of the Adjustment Mechanism to be applied based on the methodology for allocating Transition Charges to reconcile actual collections with forecasted collections on at least a semi-annual basis to ensure that the collections of Transition Charges are adequate to pay principal of and interest on the associated Restructuring Bonds when due pursuant to the expected amortization schedule, to fund all debt service reserve funds or accounts to the required levels and to pay when due all Ongoing Financing Costs; (vi) a description of the benefits to Customers and to PREPA that are expected to result from the issuance of Restructuring Bonds; (vii) a finding that the calculation methodology determined pursuant to clause (iv) and the Adjustment Mechanism described in clause (v) are fair and reasonable; (viii) authorizing the creation of the Restructuring Property and specifying that it will be created and vest in the Corporation upon the issuance of the Restructuring Bonds and addressing such other matters as may be necessary or desirable for the marketing or servicing of the Restructuring Bonds or the servicing of the Restructuring Property; (ix) authorizing the imposition, billing and collection of Transition Charges to pay debt service on the Restructuring Bonds and other Ongoing Financing Costs; (x) a description of the Restructuring Property that will be created pursuant to the Restructuring Resolution and vested upon the issuance of the Restructuring Bonds in the Corporation and that may be used to pay and secure the payment of the Restructuring Bonds; (xi) authorizing the execution and delivery by the Corporation of one or more servicing, billing or collection agreements with one or more Servicers and other agents and providing for the appointment of co-Servicer or subservicer upon the occurrence of such events as the Corporation, being advised by its consultants, determines enhances the marketability of the Restructuring Bonds; (xii) authorizing the execution and delivery by the Corporation of one or more depository, trust or escrow agreements with financial institutions or other Persons providing for the escrowing and allocation of the collections of Customer bills between PREPA and the Corporation, as the Corporation, in consultation with such advisers as it may deem appropriate, determines enhances the marketability of the Restructuring Bonds; (xiii) requiring the filing of such billing and collection reports relating to the Transition Charges as the Corporation may require from the Servicer (not less frequently than monthly); (xiv) authorizing the form of and the execution and delivery of a Trust Agreement; and (xv) such other findings, determinations and authorizations as the Corporation, being advised by its consultants, shall deem appropriate.

Each Restructuring Resolution, the Restructuring Property and the Adjustment Mechanism and all other obligations of the Corporation set forth in such Restructuring Resolution will be direct, explicit, irrevocable and unconditional upon issuance of the Restructuring Bonds, legally enforceable against the Commonwealth, PREPA, the Corporation and the Customers. Except for the requirements in Section 5(b) of this Act, the Transition Charges and the Adjustment Mechanism will not be subject to any other provision of law, including the provisions of Act No. 21 of the Legislature of Puerto Rico, approved May 31, 1985, Act No. 57 of the Legislature of Puerto Rico, approved May 27, 2014, as amended, and any other provision of law requiring or providing for the review (except by the Corporation as provided below) or approval of rates of any governmental entity, or the holding of public hearings or notification of rate changes of any governmental entity, including the Legislative Assembly or the Commission, and neither the Commission nor any other governmental entity shall adopt any regulations, rules or procedures or take any other action that would delay or adversely affect the implementation of the Adjustment Mechanism or collection of Transition

Charge Revenues. The Corporation's review of the periodic adjustment of Transition Charges pursuant to the Adjustment Mechanism shall be limited solely to the mathematical accuracy of the calculations of the amount of such adjustments, and in connection with each such review by the Corporation, it shall retain the services of one of more Persons with the necessary experience in reviewing such periodic adjustments for mathematical accuracy. If the Corporation determines that the calculation of any adjustment in Transition Charges was mathematically inaccurate, such adjustment shall be changed not later than the next succeeding application of the Adjustment Mechanism, and estimated over collections or under collections resulting from such mathematical inaccuracy shall be taken into account in connection therewith, but no Customer shall be entitled to a refund of Transition Charges or the retroactive application of the same by reason of mathematical inaccuracies in such periodic adjustments. No adjustment of Transition Charges pursuant to the Adjustment Mechanism shall in any way affect the irrevocability of the Restructuring Resolution related thereto. PREPA is authorized and directed to provide to the Corporation and its agents such information as may be required for the Corporation's calculation and review, and for a third-party calculation agent's review, of all such periodic adjustments.

Section 5. Restructuring Bonds. (a) Authorization to Issue Restructuring Bonds; Transition Charges. The Corporation is authorized, without review or approval by the Commission or any other governmental entity, to issue Restructuring Bonds [[which may include the issuance of Restructuring Bonds to defease all or any portion of PREPA's debt]] at one time or (subject to satisfying the conditions, if any, therefor set forth in any then existing Trust Agreement) from time to time for (i) Approved Restructuring Costs or (ii) refinancing Restructuring Bonds to achieve [[(without taking into account for purposes of calculating any such savings any Restructuring Bonds issued to defease all or any portion of PREPA's debt)]] net present value debt service savings. In connection with the adoption of the initial Restructuring Resolution and the Restructuring Bonds related thereto, the term Approved Restructuring Costs shall not include the purpose set forth in clause (a) of the definition thereof in Section 1 of this Act. After the date on which the initial series of Restructuring Bonds is issued, other series of Restructuring Bonds may be issued from time to time, provided that with respect to any Restructuring Bonds issued for the purpose described in clause (a) of the definition of Approved Restructuring Costs in Section 1 of this Act, any conditions for maintaining the credit rating on such initial series, as set forth in the related Trust Agreement, are satisfied.

(b) Approval Process. (i) Notwithstanding any other provision of law to the contrary, the Corporation shall submit a petition to the Commission accompanied by a proposed Restructuring Resolution and such other information as is required in [Article 17] of this Act. Pursuant to [Article 17] of this Act, the Commission will review the proposed form of Restructuring Resolution and such other information to determine whether the calculation methodology followed by the Corporation for the Transition Charges, and the Adjustment Mechanism to be applied to adjust the Transition Charges is consistent with the cost distribution and other standards set forth in [Article 17] of this Act and is not arbitrary or capricious. The Commission shall conduct one or more public hearings with respect to the same as provided in [Article 17] of this Act. The Corporation may not adopt a Restructuring Resolution unless the Commission has either approved a Restructuring Order or the Commission has lost jurisdiction in accordance with [Article 17] of this Act. The Corporation shall adopt a Restructuring Resolution within 5 business days after (A) approval by the Commission of the related

Restructuring Order or (B) the date on which the Commission has lost jurisdiction in accordance with [Article 17] of this Act.

(ii) Any judicial proceedings challenging a Restructuring Order or the findings and determinations in a Restructuring Resolution shall only be brought in accordance with the procedures set forth in subsection (d) of this Section 5, and the Court shall review such findings and determinations under the standard of whether the Commission or the Corporation acted in a manner that was arbitrary or capricious.

(c) Validation of Act. (1) Within seven (7) days after the effective date of this Act, the Corporation or Government Development Bank for Puerto Rico shall publish in the manner provided in paragraph (2) of this subsection (c) a notice inviting any Interested Person to bring an action in the Superior Court, San Juan Part (the “Court”), to determine, among other things:

(A) the validity of this Act;

(B) that any provision of this Act, including the imposition of Transition Charges, does not result in the breach or impairment of any contract or covenant made by the Commonwealth or PREPA to the bondholders or other creditors of PREPA, or in any taking of property by the Commonwealth without just compensation;

(C) that the money to be received by or on behalf of the Corporation or any Servicer from the related Transition Charge is revenue and income of the Corporation and not of PREPA or any other Person and is not available resources of the Commonwealth nor does the Transition Charge constitute a tax and that the right of the Corporation to impose and collect Transition Charges may not be revoked or rescinded;

(D) that the Transition Charge Revenues are not subject to any lien or charge of bondholders or other creditors of PREPA or any other Person other than the lien or charge of the applicable Trust Agreement to be entered into in connection with the issuance of the applicable Restructuring Bonds; and

(E) any or all other matters relating to the foregoing including any United States or Commonwealth Constitutional matters.

(2) The Corporation or Government Development Bank for Puerto Rico acting on behalf of the Corporation shall give notice to all Interested Persons of the passage of this Act and the opportunity to challenge its validity by publication once a week for three successive weeks in a newspaper of general circulation in the Commonwealth and in a newspaper of general circulation or a financial journal published or circulated in The City of New York. In addition, (i) the Corporation, Government Development Bank for Puerto Rico and PREPA shall post a copy of the notice on their websites, (ii) not more than five (5) days after the first such publication, the Corporation or Government Development Bank for Puerto Rico acting on behalf of the Corporation shall (A) to the extent known by the Corporation or Government Development Bank for Puerto Rico deliver, or cause to be delivered, a copy of the notice to those Interested Persons listed in clauses (a) through (e) of the definition of Interested Person in Section 1 of this Act and (B) file or cause PREPA to file a copy of the notice with the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board (or equivalent), (iii) PREPA shall deliver a copy of the notice referred to above to all Customers by means of (A) a direct mailing of such notice to such Customers not more than ten (10) days after the first such publication and (B) an insert included in the next billing statement distributed by it

after the first such publication and to all Interested Persons listed in clause (g) of the definition of said term, and (iv) not more than fifteen (15) days after the first such publication the Corporation or PREPA shall deliver a copy of the notice to any Interested Person listed in clauses (h) and, to the extent known by PREPA, clause (i) of the definition of such term in Section 1 of this Act.

(3) Upon the first publication of the notice in a newspaper of general circulation in the Commonwealth and in a newspaper of general circulation or a financial journal published or circulated in The City of New York, all Interested Persons will be deemed to know or have reason to know of the passage of this Act and any alleged injury or claims related to this Act. A 60-day term of repose [*caducidad*] to challenge this Act as set forth in paragraph 1 of this subsection (c) shall begin on the date of the first publication of such notice in a newspaper of general circulation in the Commonwealth and in a newspaper of general circulation or a financial journal published or circulated in The City of New York (and if not first published on the same date, the later date of the two publication dates shall be used for this purpose). The notice shall provide a detailed summary of the matter the Corporation seeks to validate. The notice shall be substantially similar to the form provided below:

Notice of Enactment of PREPA Revitalization Act

[On [insert date], Act No. __ of the Legislative Assembly of Puerto Rico, approved ____, 201[5], became effective. Any party interested may, not later than ____ [not more than 60 days after the first publication of notice], appear and contest in the Superior Court, San Juan Part, the legality or validity of said Act or any matter related thereto. No court shall have jurisdiction of any purported action relating to the aforementioned Act if such purported action is filed after the specified date. No contest except by the Corporation of any thing or matter under the aforementioned Act shall be made other than within the time and the manner herein specified.

[Detailed summary; additional information_____]

Puerto Rico Electric Power
Authority Revitalization Corporation

(4) Only the Court shall have jurisdiction over any purported action relating to the matters addressed in this subsection (c), and only if such challenge or contest is timely filed within the 60-day statute of repose [*caducidad*]. Any Interested Person may, within this 60-day period, appear and contest the legality or validity of any matter sought to be determined. No other court shall have jurisdiction of any purported action relating to any of the matters addressed in this subsection (c). The Court shall lack jurisdiction if such purported action is filed after this 60-day period.

(5) If more than one action is pending concerning similar contests which may be brought under this subsection, they shall be consolidated, and the Court may make such orders as may be necessary or proper to effect consolidation and as may tend to avoid unnecessary costs or delays. Such orders shall not be appealable to or reviewable by any court, except that they may be questioned on appeal of the final judgment as prescribed in paragraph (7) of subsection (d) of this Section. Actions brought pursuant to this Act shall be entitled to liberal joinder and cross-claim rules and given preference over all other civil actions before the court in the matter of setting the same for motions, pleadings, hearing or trial, and in hearing the same, to the end that such actions shall be speedily heard and determined.

(6) No contest except by the Corporation of any thing or matter under this subsection (c) shall be made other than within the time and the manner specified in this subsection (c), except for any contest permitted to be brought in accordance with subsection (d) of this Section 5. Nothing in subsections (c) and (d) of this Section 5 shall preclude the use by the Corporation of any other remedy to determine the validity of any thing or matter.

(7) An appeal from the final judgment of the trial court may only be taken directly to the Supreme Court of the Commonwealth, in the manner described in subsection (f)(2) below.

(d) Validation of Initial Issuance of Restructuring Bonds. (1) After the Commission has approved the initial Restructuring Order and the Corporation has approved the initial Restructuring Resolution and prior to the award of the first issue of Restructuring Bonds, the Corporation shall publish in the manner set forth in paragraph (2) of this subsection (d) a notice inviting any Interested Person to bring an action in the Court to determine, among other things:

(A) the validity of the Restructuring Order, the Corporation's approval of Restructuring Bonds, including provisions for the payment of such Restructuring Bonds, the validity of such Restructuring Bonds, the creation of Restructuring Property, the validity of the formula or formulae used to establish the amount of such Transition Charges for each Customer class, including the distribution of Financing Costs among Customer classes, and all proceedings of the Corporation related thereto;

(B) the validity and enforceability of the Transition Charges and the Adjustment Mechanism and that the right of the Corporation to impose and collect Transition Charges may not be revoked or rescinded;

(C) that neither the issuance of the Restructuring Bonds [[including the use of such Restructuring Bonds by PREPA to defease its outstanding debt]] nor the amount of the Transition Charge results in the breach of any contract or covenant made by the Commonwealth or PREPA to the bondholders or other creditors of PREPA, any fraudulent conveyance or any taking of property by the Commonwealth without just compensation or is otherwise subject to avoidance or rescission; and

(D) any or all other matters relating to the foregoing including any United States or Commonwealth Constitutional matters.

(2) The Corporation shall give notice to all Interested Persons of the adoption of the Restructuring Resolution and the authorization of the Restructuring Bonds and the opportunity to challenge their validity by publication of notice once a week for three successive weeks in a newspaper of general circulation in the Commonwealth and in a newspaper of general circulation or a financial journal published or circulated in The City of New York. In addition, (i) the Corporation, Government Development Bank for Puerto Rico and PREPA shall post a copy of the notice along with a copy of the Restructuring Resolution on their websites, (ii) not later than five (5) days after the first such publication, the Corporation or Government Development Bank for Puerto Rico acting on behalf of the Corporation shall (A) to the extent known by the Corporation or Government Development Bank for Puerto Rico deliver, or cause to be delivered, a copy of the notice to those Interested Persons listed in clauses (a) through (e) of the definition of Interested Person in Section 1 of this Act, and (B) file or cause PREPA to file a copy of the notice with the Electronic Municipal Market Access system maintained by the

Municipal Securities Rulemaking Board (or equivalent), (iii) PREPA shall deliver a copy of the Corporation's notice referred to above to all Customers by means of (A) a direct mailing of such notice to such Customers not more than ten (10) days after the first such publication and (B) an insert included in the next billing statement distributed by it after the first such publication and to all Interested Persons listed in clause (g) of said definition, and (iv) not more than fifteen (15) days after the first such publication the Corporation or PREPA shall deliver a copy of the notice to any Interested Person listed in clauses (h) and, to the extent known by PREPA, clause (i) of the definition of such term in Section 1 of this Act.

(3) Upon the first publication of the notice in a newspaper of general circulation in the Commonwealth and in a newspaper of general circulation or a financial journal published or circulated in The City of New York, all Interested Persons and any other Person interested in the matter will be deemed to know or have reason to know of the passage of this Act and any injury or claims related to this Act. A 45-day term of repose [*caducidad*] to challenge this Act as set forth in paragraph 1 of this subsection (d) shall begin to run at the time of the first publication of the notice in a newspaper of general circulation in the Commonwealth and in a newspaper of general circulation or a financial journal published or circulated in The City of New York (and if not first published on the same date, the later date of the two publication dates shall be used for this purpose). The notice shall provide a detailed summary of the matter the Corporation seeks to validate. The notice shall be substantially similar to the form provided below:

Notice of Puerto Rico Electric Power Authority Debt Restructuring

[On [insert date], Puerto Rico Electric Power Authority Revitalization Corporation (the "Corporation") approved Resolution No. __ (the "Restructuring Resolution") authorizing the issuance of not to exceed \$_____ principal amount of its [insert designation of Restructuring Bonds]. In connection with such issuance, the Corporation will, pursuant to authority granted under Act No. __ of the Legislative Assembly of Puerto Rico, approved _____, as amended, impose a Transition Charge of [insert amount and basis of calculation] on all Customers of Puerto Rico Electric Power Authority commencing [immediately after the issuance of said Restructuring Bonds; if different, add effective date].

Any party interested may, not later than _____ [not more than 45 days after the first publication of notice], appear and contest in the Superior Court, San Juan Part, the legality or validity of any matter sought to be determined. No court shall have jurisdiction of any purported action relating to the aforementioned Act, the Restructuring Resolution or any of the matters addressed in said Act if such purported action is filed after the specified date. No contest except by the Corporation of any thing or matter under the aforementioned Act shall be made other than within the time and the manner herein specified.

[Detailed summary; additional information_____]

Puerto Rico Electric Power
Authority Revitalization Corporation

(4) Only the Court shall have jurisdiction over any purported action relating to the matters addressed in this subsection (d), and only if such challenge or contest is timely filed within the 45-day statute of repose [*caducidad*]. Any Interested Person may, within this 45-day period, appear and contest the legality or validity of any matter sought to be determined. No