

BOND PURCHASE AGREEMENT

Among

Puerto Rico Electric Power Authority,

Assured Guaranty Corp.,

Assured Guaranty Municipal Corp.,

National Public Finance Guarantee Corporation,

and

Syncora Guarantee Inc.

and

U.S. Bank National Association, successor trustee

Dated as of June 30, 2015

Puerto Rico Electric Power Authority
Power Revenue Bonds, Series 2015A

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BOND PURCHASE AGREEMENT

This BOND PURCHASE AGREEMENT, dated for convenience of reference as of June 30, 2015 (this "Agreement"), by and among Puerto Rico Electric Power Authority, a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (hereinafter sometimes called the "Authority"), Assured Guaranty Corp. ("AGC"), Assured Guaranty Municipal Corp. (together with AGC, "Assured"), National Public Finance Guarantee Corporation ("National"), and Syncora Guarantee Inc. ("Syncora") (with Assured and National the "Purchasers" and individually, a "Purchaser"), and U.S. Bank National Association, successor trustee,

WITNESSETH:

WHEREAS, by Act No. 83 of the Legislature of Puerto Rico, approved May 2, 1941, as amended, reenacted and supplemented (the "Authority Act"), the Authority was created a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico; and

WHEREAS, the Authority owns and operates an integrated system for the generation, transmission and distribution of electricity throughout the Commonwealth of Puerto Rico (the "Commonwealth"), and for the purpose of providing funds, with other available funds, for refunding certain outstanding bonds and paying the cost of a capital improvement program to provide additional generating capacity for the System (as defined in the Trust Agreement (hereinafter mentioned)) and necessary extensions of the transmission and distribution lines of the System and other improvements, the Authority has heretofore issued and there are currently outstanding \$8,322,405,000 aggregate principal amount of its Puerto Rico Electric Power Authority Power Revenue and Revenue Refunding Bonds, under and pursuant to the provisions of a trust agreement, dated as of the first day of January, 1974, as amended (said trust agreement as so amended, together with all future amendments and all agreements supplemental thereto as therein permitted, being herein called the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, successor trustee; and

WHEREAS, the Authority expects to apply its working capital funds to pay a portion of the principal of the bonds maturing July 1, 2015; and

WHEREAS, by virtue of the Authority Act, the Authority is authorized pursuant to Section 209 of the Trust Agreement to issue its revenue bonds for any lawful purpose of the Authority, to enter into and perform its duties and obligations in connection therewith and to do or cause to be done all the acts and things herein provided or required to be done by the Authority as hereinafter covenanted; and

WHEREAS, the Authority has determined to issue its revenue bonds to restore the working capital funds it used to pay such portion of principal; and

WHEREAS, said bonds will be secured by and payable as provided in the Trust Agreement; and

WHEREAS, the Authority is entering into this Bond Purchase Agreement for the purpose of authorizing \$130,714,000 principal amount of its Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2015A (the “Bonds”), to be dated as of the date of delivery of and payment therefor, and issued and secured under and as provided in the Trust Agreement; and

WHEREAS, the Authority has determined that the Bonds shall be substantially in the form attached as Exhibit A hereto, with such variations, omissions and insertions as are required or permitted by this Agreement; and

WHEREAS, the execution and delivery of this Agreement have been duly authorized by resolution of the Authority;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. Unless otherwise required by the context, all terms used herein shall have the meanings assigned to such terms in the Trust Agreement, as further amended or supplemented from time to time, as set forth in the preamble hereof or below:

“Agreement” means this Bond Purchase Agreement, dated as of June 30, 2015, together with all agreements supplemental hereto as herein permitted.

“Board” means the governing board of the Authority, or, if said board shall be abolished, the board, body or officers succeeding to the principal functions thereof.

“Bonds” has the meaning given to it in the preamble to this Agreement.

“Closing Time” means the Closing Time specified in accordance with Section 2 of this Agreement.

“deposit date” has the meaning given to it in Section 6.

“deposit failure” has the meaning given to it in Section 6.

“Forbearance Agreement” means the Forbearance Agreement, dated as of August 14, 2014, as amended, supplemented or otherwise modified from time to time, including by Amendment No. 1, dated March 30, 2015, Amendment No. 2, dated April 15, 2015, Amendment No. 3, dated April 30, 2015, Amendment No. 4, dated June 4, 2015, Amendment No. 5, dated June 18, 2015 and Amendment No. 6, dated on or after the date hereof, by and among the Authority and the Forbearing Creditors defined therein.

“Optional Redemption Price” means in respect of any optional redemption of Bonds on the first business day of August, September, October, November and December, 2015, \$5,000,000 plus (x) accrued interest to the date fixed for redemption and (y) an amount that would result in a 12% yield assuming a principal amount of Bonds equal to \$5,000,000 (and after taking into account the original issue discount and the interest rate on the Bonds), from the date of the issuance of the Bonds through the applicable date of optional redemption.

“Purchase Price” has the meaning given to it in Section 2.

“Purchasers” has the meaning given to it in the preamble hereto.

“Resolution” has the meaning given to it in Section 3(b).

“Seventeenth Supplemental Agreement” means the seventeenth supplemental agreement, dated as of July 1, 2015, modifying and amending certain provisions of the Trust Agreement, by and between the Authority and the Trustee, as the same may be amended as provided in the Trust Agreement.

“SRF” has the meaning given to it in Section 6.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, “Bond”, “owner”, “holder” and “person” shall include the plural as well as the singular number, “person” shall mean any individual, corporation, partnership, joint-venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, and “holder” or “Bondholder” when used herein with respect to the Bonds shall mean the owner of the Bonds.

Section 2. Issuance and Purchase of the Bonds; Security Therefor; Payment. The Authority shall issue the Bonds substantially in the form attached as Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Agreement. The Bonds shall be serial bonds in the aggregate principal amount of \$130,714,000, shall be designated “Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2015A”, shall be dated the date of delivery of and payment therefor, shall bear interest at the rate of 7¼% per annum from their date until payment, such interest to the maturity thereof being payable monthly on the 1st day of each month commencing August 1, 2015, and shall mature, subject to the right of prior redemption, on January 1, 2016, all as set forth in the Bonds. The Bonds will be payable and secured equally and ratably with all other outstanding bonds issued under the Trust Agreement.

In reliance upon the representations, warranties and agreements contained herein, and subject to the conditions herein set forth, at the Closing Time the Authority agrees to issue and sell the Bonds to the Purchasers, and each Purchaser agrees severally to purchase the Bonds from the Authority (such Purchaser’s principal amount of Bonds purchased shown on its signature page hereto) at an aggregate purchase price equal to \$128,000,000 (representing a discount to the aggregate principal amount of the Bonds such that the discount, together with the interest to accrue on the Bonds, shall result in a yield to maturity of 12% per annum, the “Purchase Price”). Payment of the Purchase Price for the Bonds shall be made at 10:00 A.M., prevailing Eastern time, at New York, New York, on July 31, 2015 or at such other earlier or later time, date and place as may be mutually agreed upon by the parties hereto (the “Closing Time”).

The obligations of each Purchaser hereunder to purchase the Bonds are several and not joint. No Purchaser shall be responsible for the failure of any other Purchaser to purchase its Bonds.

Section 3. Representations, Warranties and Agreements of the Authority.

The Authority hereby represents and warrants to, and agrees with, the Purchasers as follows:

(a) The Authority is a duly organized public corporation and governmental instrumentality of the Commonwealth, is validly existing under the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth, including the Authority Act, and is authorized and empowered under the Authority Act and the other laws of the Commonwealth (i) to operate the System, fix, charge and collect sufficient rates and charges for the use of the System to meet in accordance with and carry out its obligations under the provisions of the Trust Agreement and conduct the business thereof as set forth in and contemplated by the Trust Agreement, (ii) to issue the Bonds for the purposes described herein and (iii) to secure the Bonds as provided herein and in the Trust Agreement.

(b) The Authority has full legal right, power and authority (i) to adopt the resolution by the Board of the Authority on or prior to the date hereof authorizing the issuance and sale of the Bonds (the "Resolution"), (ii) to enter into this Agreement and the Forbearance Agreement, and (iii) to carry out and consummate all of the transactions to be carried out and consummated by it as provided in each of the instruments referred to in clauses (i) and (ii) above; and the Authority has complied with the provisions of the Authority Act in all matters relating to such transactions.

(c) The Authority has duly authorized (i) the execution, delivery and performance of this Agreement and the Bonds and (ii) the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated by this Agreement and the Bonds.

(d) The Resolution has been duly adopted and this Agreement and the Trust Agreement have been duly authorized, executed and delivered by the Authority and each is in full force and effect, this Agreement has been duly executed and delivered by the Authority, and each such instrument constitutes a legally valid and binding obligation of the Authority.

(e) When delivered to and paid for by the Purchasers at the Closing Time in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute legally valid and binding obligations of the Authority in conformity with, and entitled to the benefit and security of, the Trust Agreement.

(f) The Authority will not create or suffer to be created any lien or charge upon the System or any part thereof or upon the Revenues ranking equally with or prior to the Bonds, except the lien and charge of the 1947 Indenture Bonds and the bonds secured hereby upon the Revenues and except as otherwise permitted in the Trust Agreement.

(g) Other than any approvals that might be required under the securities laws of any state, and other than the approval of Government Development Bank for Puerto Rico, which approval will be evidenced by an officially authenticated resolution delivered to the Purchasers at or prior to the Closing Time, no approval, permit, consent or authorization of, or registration or filing with, any governmental or public agency or authority not already obtained

or made is required by the Authority in connection with the issuance and sale of the Bonds, or the execution or adoption and delivery by the Authority of, or the due performance of its obligations under, this Agreement, the Bonds, the Resolution and the Trust Agreement, and any such approvals, permits, consents or authorizations so obtained are in full force and effect.

(h) Except as described in Schedule I hereto, the Authority is not in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the Commonwealth or the United States, the Resolution, the by-laws of the Authority, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or by which it is bound or to which the Authority or any of its property or assets is otherwise subject and that could have a material adverse effect on the business or operations of the Authority, and no event has occurred and is continuing that with the passage of time or the giving of notice, or both, would constitute a default under any such instrument.

(i) The adoption by the Authority of the Resolution, the execution and delivery by the Authority of this Agreement and the Bonds (and any other agreement or instrument to which the Authority is a party used or contemplated for use in the consummation of the transactions contemplated hereby or by the Resolution) and the transactions contemplated hereby and thereby will not conflict with or constitute a breach of, or default under, the Trust Agreement, any other indenture, commitment, agreement or other instrument to which the Authority is a party or by which it is bound, or under any provision of the Constitution of the Commonwealth or any existing law, rule, regulation, ordinance, judgment, order or decree to which the Authority (or any of its directors or officers in their respective capacities as such) or its properties is subject.

(j) Except as described in Schedule II, there is no action, suit, proceeding or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Authority, threatened against or affecting the Authority, nor to the knowledge of the Authority is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement, or which, in any way, would adversely affect the validity of the Bonds, the Trust Agreement, this Agreement, or any other agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(k) Any certificates signed by an authorized officer of the Authority and delivered to the Purchasers shall be deemed to be a representation and warranty by the Authority to each of the Purchasers as to the statements made therein.

(l) The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in the Bonds, and in all proceedings of the Authority pertaining thereto. The Authority covenants that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Authority Act, to issue the Bonds, to enter into this Agreement and to pledge moneys and investments in the Sinking Fund in the manner and to the extent set forth in the Trust Agreement; that action on its part for the issuance of the Bonds and the execution and delivery of this Agreement has been duly and effectively taken; and that the

Bonds in the hands of the owners thereof are and will be the valid and enforceable obligations of the Authority according to the tenor and import thereof.

Section 4. Conditions of Purchaser's Obligations to Purchase. The Purchasers shall accept delivery of the Bonds only upon the following conditions:

(a) This Agreement, the Bonds and the Seventeenth Supplemental Agreement shall have been duly authorized, executed and delivered by the Authority, all in form satisfactory to the Purchasers.

(b) The Closing Time shall have occurred on or before 10:00 A.M., prevailing Eastern time, at New York, New York on July 31, 2015, unless such later time is agreed to by the Authority and the Purchasers.

(c) Amendment No. 6 to the Forbearance Agreement shall have been duly authorized, executed and delivered by the Authority, substantially in the form attached hereto.

(d) [Reserved]

(e) The Trustee and the Insurers (as defined in the Forbearance Agreement) shall have agreed on a form of irrevocable instructions from the Authority to the Trustee (the "Irrevocable Instructions") as set forth in Schedule III, and the Trustee shall have acknowledged receipt of the Irrevocable Instructions, directing the Trustee to transfer monies in the Self-insurance Fund to the credit of the SRF in order to satisfy any deposit failure on a deposit date, or on December 15, 2015, as the case may be.

(f) The Purchasers shall have received (i) evidence, reasonably satisfactory to the Purchasers, of the due authorization, execution and delivery of the documents mentioned in clauses (a) through (d) of this Section 4 by the parties thereto, (ii) the Opinion of Counsel (such opinion also to provide in substance that a financing statement under the Uniform Commercial Code of the Commonwealth (the "Financing Statement") in legally sufficient form has been duly authorized by the Authority and has been effectively filed in the proper place of filing so as to perfect a security interest under the Uniform Commercial Code of the Commonwealth in the Revenues of the Authority, subject to the application of such Revenues as provided therefor in the Trust Agreement, and except for the Financing Statement and such other financing statements filed in connection with the issuance of any other bonds, there are no effective financing statements under the Uniform Commercial Code of the Commonwealth filed in the Office of the Secretary of State of the Commonwealth, purporting to perfect a security interest in the Revenues (such opinion may be qualified as to the priority of the security interest in the Revenues perfected by the filing of the Financing Statement to the extent that such security interest may be in conflict with or inferior to security interests, liens, charges, rights, and encumbrances arising under laws other than the Uniform Commercial Code of the Commonwealth or arising under the Uniform Commercial Code of the Commonwealth and deemed to be, or actually, perfected without necessity of filing a financing statement or otherwise giving notice of such interest)), and (iii) and appropriate certificates reasonably satisfactory to the Purchasers covering litigation, compliance with laws and prior agreements and the securing and fulfilling of all necessary permits and requirements.

(g) The Purchasers shall have received a copy, duly certified by the Secretary of the Authority, of the resolution referred to in Section 3(b) hereof.

(h) There shall not have been the commencement of any bankruptcy proceeding, insolvency proceeding, proceeding under the Puerto Rico Public Corporation Debt Enforcement and Recovery Act, No. 71-2014 (the “Recovery Act”), or any similar proceeding with respect to the Authority and no proceeding pursuant to the Recovery Act or any other action or proceeding that seeks to adjust the claims of its creditors pursuant to any federal, state, or Puerto Rico statute, law or regulation now or hereinafter enacted or applicable, has been instituted by or on behalf of Authority.

(i) No decision of any Federal, state or Commonwealth court and no statute, ruling or regulation (final, temporary or proposed) of the Congress, the Legislative Assembly of the Commonwealth of Puerto Rico, the Securities and Exchange Commission or any other governmental agency shall have been made or issued to the effect that (1) the Bonds or any other securities of the Authority or of any similar body of the type contemplated by this Bond Purchase Agreement, the obligations of Authority under the Bonds are subject to registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), or (2) the qualification of the Trust Agreement or any of the documents, instruments or agreements executed in connection therewith (collectively, the “Bond Documents”) or any such securities is required under the Trust Indenture Act of 1939, as amended.

(j) No federal, state, or Puerto Rico statute hereafter enacted shall have the effect of adversely affecting in any material respect the rights or remedies of the Bonds or their validity or enforceability.

(k) The representations and warranties of the Authority contained herein shall be true, complete and correct on the date hereof and as of the Closing Time and the Authority shall not have breached any of the agreement or covenants of the Authority contained herein as of the Closing Time.

(l) The Purchasers shall have received the customary opinions of Sidley Austin LLP, Bond Counsel, and the director of legal affairs of the Authority, as to the validity and enforceability of the Bonds, that such Bonds do not violate any statute or agreement to which the Authority is a party and as to the effectiveness of the Seventeenth Supplemental Agreement, in each case, with customary assumptions, qualifications and exceptions and in form and substance satisfactory to the Purchasers and the Authority.

(m) The Bonds shall be issued in book-entry form through DTC.

(n) On or before July 1, 2015, the Authority shall have transferred to the Reserve Account in the Sinking Fund under the Trust Agreement the amount of \$153,000,000.

Section 5. Purchase For Investment Only; Independent Investigation. Each Purchaser represents and covenants to the Authority that it is purchasing its Bonds for cash at the Purchase Price thereof for its own account for investment only and not with a view to distribute or sell any or all of the Bonds or any interest therein, other than any sale of the Bonds to a “qualified institutional buyer, as defined in Rule 144A of the Securities Act (hereinafter

mentioned). Notwithstanding the foregoing, future sales are permissible, and should any Purchaser distribute or sell any or all of its Bonds or any interest therein, such Purchaser recognizes that any such distribution or sale must be pursuant to a transaction exempt from registration under the Securities Act.

The Purchasers understand that the Bonds have not been registered under the Securities Act. Each Purchaser is relying solely on statements and representations of the Authority and on its own knowledge and investigation of the facts and circumstances relating to the purchase of the Bonds.

In connection with its business, each Purchaser has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing the Bonds.

Each Purchaser represents that it has made its evaluation of the creditworthiness of the Authority. The Authority has made available to each Purchaser during the course of the transaction and prior to the purchase of the Bonds the opportunity to ask questions and receive answers concerning the terms and conditions of the Bonds and to obtain any additional information relative to the financial data and business of the parties involved.

Each Purchaser represents that it is an Accredited Investor as defined in Rule 501 of Regulation D under the Securities Act.

Each Purchaser may elect to have the Bonds beneficially owned by such Purchaser insured, with the premium to be agreed upon between the Purchaser and the insurer (such premium to be paid by the Purchaser from interest on the Bonds).

Section 6. Redemption.

(a) The Bonds shall not be subject to prior redemption except as provided therein.

(b) There is hereby created a special redemption fund designated “Puerto Rico Electric Power Authority 2015 Bonds Special Redemption Fund” (the “SRF”) to be held in trust by the Trustee for the benefit of the Purchasers and not for the holders of any of the Authority’s other outstanding bonds or indebtedness. Moneys in the SRF shall be applied to the payment of the Bonds on January 1, 2016, unless the Authority elects to redeem the Bonds in part on the first business day of August, September, October, November and December, 2015 at a redemption price equal to the Optional Redemption Price, or in whole on December 15, 2015 at a redemption price equal to the principal amount of the then outstanding Bonds plus accrued interest to the date fixed for redemption, without premium, in which case such moneys shall be applied to such optional redemption. Monies held in the SRF pending such application shall be invested by the Trustee in Government Obligations that mature or that are subject to redemption at the option of the Trustee not later than the respective dates on which such moneys are to be applied as aforesaid. The Authority shall on the first business day of July, August, September, October and November, 2015 (each such first business day, a “deposit date”), withdraw from the General Fund and irrevocably deposit to the credit of the SRF an amount, together with the balance then to the credit of the SRF, equal to \$5,000,000 plus (x) an amount that would result in a 12% yield,

assuming a principal amount of Bonds equal to \$5,000,000 (and after taking into account the original issue discount and the interest on such principal amount) from the date of the issuance of the Bonds through December 31, 2015 and (y) the amount of interest that would accrue on the outstanding Bonds as of the immediately following deposit date (and for the November 2, 2015 deposit date, the amount of interest that would accrue to (and including) December 31, 2015). On the earlier of (i) December 15, 2015 and (ii) the effective date of any restructuring with respect to all or substantially all of the outstanding indebtedness of the Authority in which Purchasers participate, the Authority shall deposit to the credit of the SRF an amount, together with the balance then to the credit of the SRF, as shall equal the principal amount of the Bonds outstanding plus accrued interest through (x) December 31, 2015, in the case of clause (i), and (y) the effective date of such restructuring, in the case of clause (ii). Upon the occurrence of the effective date of any of the events set forth in clause (ii) of the preceding sentence, the Authority shall redeem all of the outstanding Bonds at a redemption price equal to the principal amount of the then outstanding Bonds plus accrued interest to the date fixed for redemption, without premium. In the event the Authority fails to make any deposit on or prior to 11 A.M., prevailing Eastern time on the deposit date or on December 15, 2015 to the credit of the SRF in full or in part (a "deposit failure"), the Trustee has been irrevocably instructed by the Authority to withdraw from the Self-insurance Fund under the Trust Agreement and irrevocably deposit to the credit of the SRF an amount equal to such deposit failure by the Authority on the deposit date. The portion of Bonds redeemed in part by and at the option of the Authority shall be allocated among the Purchasers (or their respective successor(s) in interest) pro rata based on their respective holdings (in principal amount).

A redemption in part shall be made at the discretion of the Authority in principal amounts such that any remaining Bonds outstanding are in at least the minimum denomination.

Notice of redemption shall be given in the manner and subject to the terms and conditions of the Trust Agreement. In addition, any notice of redemption at the option of the Authority may state that the redemption to be effected is, and such redemption shall be, conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds or portion thereof to be redeemed and that if such moneys are not so received, such notice shall be of no force or effect and the Bonds or portion thereof shall not be redeemed.

Section 7. Notation of Payments. Each Purchaser shall permit the Trustee and the Authority, at any time during regular business hours, to make at such Purchaser's office an appropriate notation or notations on its Bond of payments of principal thereon, if at least five days prior thereto the Trustee and the Authority shall have given written notice of its intention to do so and it shall not have received from the applicable Purchaser a written confirmation that the requested notation or notations shall have been made by that Purchaser. In the event that a Bond shall be transferred by its Purchaser as permitted by Section 5 hereof, the Purchaser will make or cause to be made notations thereon of all payments of principal with respect to which no prior notations have been made and of the date to which interest thereon has been paid.

Section 8. Disposition of Proceeds. The proceeds of the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds to the credit of the General Fund established under the Trust Agreement.

Section 9. Alterations of Documents. Alterations and modifications of this Agreement or of any supplements hereto may be made only with the written consent of all the parties hereto.

Section 10. Limitation of Liability of Members etc., of Authority. All covenants, stipulations, obligations and agreements of the Authority contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by the laws of the Commonwealth, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Authority in his individual capacity, and neither the members of the Authority or of any other agency of the Commonwealth nor any officer thereof or of the Authority, present or future, executing the bonds shall be liable personally on the bonds or be subject to any personal liability or responsibility by reason of the issuance thereof.

Section 11. Miscellaneous. (a) The Authority agrees to pay (i) all costs and expenses incidental to the financing hereunder and the issuance of the Bonds including the costs of producing the documents referred to herein; (ii) all taxes, if any, upon any documents or transactions pursuant to this Agreement; (iii) all expenses incidental to all filings or recordings pursuant to this Agreement; and (iv) all costs of collection (including reasonable counsel fees) in the event the payment of the principal of or premium, if any, or interest on the Bonds or other charges payable under this Agreement are not paid when due.

(b) This Agreement shall be binding upon and inure to the benefit of the Authority, the Purchasers and their respective successors and assigns.

(c) In the event of the dissolution of the Authority, all of the covenants, stipulations, obligations and agreements contained in this Agreement by or on behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or successors of the Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(d) Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Authority, the Purchasers or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if delivered by hand or overnight courier service, mailed by certified or registered mail, return receipt requested, postage prepaid, or sent by email, addressed as follows:

If to the Authority: Puerto Rico Electric Power Authority
1110 Avenida Ponce de Leon
San Juan, Puerto Rico 00907

Attention: Executive Director
e-mail:

If to the Purchasers: As set forth on the signature page for each
Purchaser

If to the Trustee: As set forth on the signature page of the Trustee

The Authority, the Purchasers and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(e) Except as herein otherwise expressly provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto, and the holders from time to time of the Bonds.

(f) The terms of this Agreement shall survive following the execution and delivery of the Bonds to the Purchasers against the purchase price therefor. Furthermore, the representations, warranties and covenants of the parties hereto shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Purchasers and shall survive execution, delivery and acceptance of, and payment for the Bonds.

(g) The Authority acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Authority and the Purchasers, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Purchasers are and have been acting solely as principals and are not acting as the agents or fiduciaries of the Authority, (iii) the Purchasers have not assumed an advisory (and are not acting on behalf of, either a "municipal entity" or "obligated person" (in each case as defined in Section 15B of the Securities Exchange Act of 1934 and the rules adopted by the Securities and Exchange Commission with respect to municipal advisor registration)) or fiduciary responsibility in favor of the Authority with respect to the issuance and purchase of the Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchasers have provided other services or are currently providing other services to the Authority on other matters) and the Purchasers have no obligation to the Authority with respect to the issuance and purchase of the Bonds contemplated hereby except the obligations expressly set forth in this Agreement and (iv) the Authority has consulted with its legal, financial and other advisors to the extent it has deemed appropriate. The Authority agrees that it will not claim that the Purchasers have rendered advisory services of any nature or respect or owes a fiduciary or similar duty to the Authority in connection with such transaction or the process leading thereto.

(h) In case any one or more of the provisions of this Agreement or of the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Agreement or of the Bonds, but this Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

(i) Nothing in the Bonds or in this Agreement shall be deemed to constitute the bonds a debt or obligation of the Commonwealth or any of its municipalities or other political subdivisions (other than the Authority), and neither the Commonwealth nor any such municipalities or other political subdivisions (other than the Authority) shall be liable for the payment of the principal of or the interest on the Bonds.

(j) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth, except that the rights, limitations of rights, immunities, duties and obligations of the Trustee shall be governed by the laws of the State of New York.

(k) 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.

(l) 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.

(m) Unless otherwise provided for in the Trust Agreement and applicable to any action taken hereunder, if the date for making payment, or the last date for performance of any act or the exercising of any right, as provided in this Agreement or the Bonds, shall be a legal holiday or a day on which banking institutions in the Commonwealth or in the State of New York are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions in the Commonwealth or such State are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement or the Bonds, and no interest shall accrue for the period after such nominal date.

(n) This 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 Agreement by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

(o) Any headings preceding the text of the several sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, and they shall not affect its meaning, construction or effect.

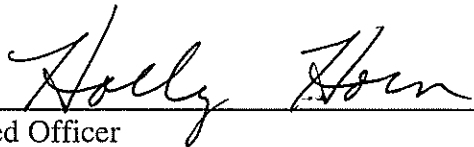
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed
all as of the date first above written.

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: 
Executive Director

June 30, 2015

ASSURED GUARANTY MUNICIPAL CORP.

By: 

Authorized Officer

Principal amount of Bonds:

Notice information:

Holly Horn

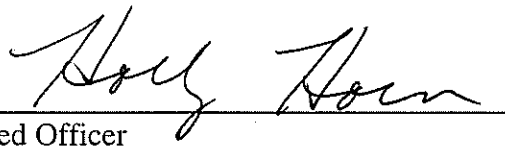
Chief Surveillance Officer, Public Finance

31 West 52nd St

New York, NY 10019-602631

Email: hhorn@assuredguaranty.com

ASSURED GUARANTY CORP.

By: 

Authorized Officer

Principal amount of Bonds:

Notice information:

Holly Horn

Chief Surveillance Officer, Public Finance

31 West 52nd St

New York, NY 10019-602631

Email: hhorn@assuredguaranty.com

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed all as of the date first above written.

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: _____
Executive Director

NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION

By:  _____
Authorized Officer

Principal amount of Bonds:


Notice information:

National Public Finance Guarantee
1 Manhattanville Road, Suite 301
Purchase, NY 10577
Attention: Trish Ferrari and Adam Bergonzi
trish.ferrari@mbia.com
adam.bergonzi@nationalpfg.com

U.S. BANK NATIONAL ASSOCIATION,
successor trustee

By: _____
Authorized Officer

SYNCORA GUARANTEE INC.

By: 

Authorized Officer

Principal amount of Bonds:

Notice information:

Syncora Guarantee Inc.

135 West 50th Street

New York, New York 10020

Attention: General Counsel

Email: Fred.Hnat@scafg.com;

james.lundy@scafg.com;

Susan.Comparato@scafg.com;

Scott.Beinhacker@scafg.com

U.S. BANK NATIONAL ASSOCIATION,
successor trustee

By: _____
Authorized Officer

[Form of Bond]

• \$

• No. R15-____

UNITED STATES OF AMERICA
COMMONWEALTH OF PUERTO RICO

PUERTO RICO ELECTRIC POWER AUTHORITY

Power Revenue Bonds, Series 2015A

Interest Rate
7¼%

Maturity Date
January 1, 2016

CUSIP No.

- Registered Owner
- Principal Amount

Dollars

Puerto Rico Electric Power Authority, a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein sometimes called the "Authority"), for value received, hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to the Registered Owner mentioned above or registered assigns or legal representative, on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the corporate trust office of the Trustee (hereinafter mentioned), the Principal Amount set forth above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, to the person in whose name this bond (or one or more predecessor bonds, as defined in the Agreement hereinafter mentioned) is registered at the close of business on the 15th day of the month next preceding an interest payment date, by check mailed to the Registered Owner at his address as it appears on the bond registration books of the Authority, interest on said Principal Amount from the date hereof or from the interest payment date next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a January 1 or July 1, in which case, from such date, monthly on the first day of each month, commencing August 1, 2015, in like coin or currency, at the Interest Rate shown above until payment of said Principal Amount.

This bond shall not be deemed to constitute a debt or obligation of the Commonwealth of Puerto Rico or any of its municipalities or other political subdivisions (other than the Authority), and neither the Commonwealth of Puerto Rico nor any such municipalities or other political subdivisions (other than the Authority) are liable for the payment of this bond or the interest hereon, but this bond shall be payable as to both principal and interest solely from the special fund provided therefor as hereinafter set forth.

This bond is one of a duly authorized series of bonds known as “Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2015A”, dated the date hereof, maturing on the 1st day of January, 2016, and issued for the purpose of making a deposit to the credit of the General Fund established under the Agreement in order to restore the working capital funds the Authority used to make the payment of a portion of the principal amount of its bonds that matured on July 1, 2015. The Authority has entered into a Bond Purchase Agreement, dated as of June 30, 2015 (the “Purchase Agreement”) with _____ in connection with the issuance of the bonds of the series of which this is one.

All of the bonds are issued under and pursuant to a trust agreement, as amended (said agreement, together with all agreements supplemental thereto as therein permitted, being herein called the “Agreement”), dated as of the 1st day of January, 1974, by and between the Authority and U.S. Bank National Association, in the Borough of Manhattan, City and State of New York (said banking association and any bank or trust company becoming successor trustee under the Agreement being herein called the “Trustee”), an executed counterpart of which Agreement is on file at the corporate trust office of the Trustee. Reference is hereby made to the Agreement for the provisions, among others, with respect to the custody and application of the proceeds of bonds issued under the Agreement, the collection and disposition of revenues, the fund charged with and pledged to the payment of the interest on and the principal of the bonds, the nature and extent of the security, the terms and conditions on which the bonds of each series are or may be issued, the rights, duties and obligations of the Authority and of the Trustee and the rights of the holders of the bonds, and, by the acceptance of this bond, the holder hereof assents to all of the provisions of the Agreement.

The Agreement provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional series of bonds (such bonds and the bonds of the series of which this is one being herein collectively called the “bonds”).

This bond is issued and the Agreement was made and entered into under and pursuant to the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth of Puerto Rico, including Act No. 83 of the Legislature of Puerto Rico, approved May 2, 1941, as amended, reenacted and supplemented (the “Authority Act”), and under and pursuant to resolutions duly adopted by the Authority.

The Agreement provides for the fixing, charging and collecting by the Authority of reasonable rates and charges for the use of the services and facilities furnished by the electric power properties owned and operated by the Authority as a single integrated system, together with all improvements, renewals and replacements thereof and extensions and additions thereto financed or refinanced under the provisions of the Agreement (being herein called the “System”) sufficient to provide for the payment of the expenses of the Authority incurred in the repair, maintenance and operation of the System and for the payment of the principal of and the interest on the bonds as the same become due and payable, including reserves for such purposes. The Agreement provides for the creation of a special fund designated “Puerto Rico Electric Power Authority Power Revenue Bonds Interest and Sinking Fund” (herein called the “Sinking Fund”) and for the deposit to the credit of the Sinking Fund of a sufficient amount of the revenues of the System over and above such expenses of repair, maintenance and operation, to pay the principal of and the interest on all bonds issued under the Agreement as the same become due and payable

and to create a reserve for such purpose, which special fund is pledged to and charged with the payment of the principal of and the interest on the bonds.

The bonds of this series are issuable as registered bonds without coupons in denominations of \$100,000 or any multiple of \$1,000 in excess thereof. At the corporate trust office of the Trustee, in the manner and subject to the limitations and conditions provided in the Agreement and without cost except for any tax or other governmental charge, definitive bonds may be exchanged for an equal aggregate principal amount of bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The bonds of this series at the time outstanding may be redeemed prior to their maturity, at the option of the Authority, in whole or in part on the first business day of August, September, October, November and December from moneys deposited by the Authority into a special redemption fund held by the Trustee as further described in the Purchase Agreement at a redemption price equal to the Optional Redemption Price as defined in the Purchase Agreement.

The bonds of this series at the time outstanding may be redeemed prior to their maturity, at the option of the Authority, in whole on December 15, 2015 from moneys deposited by the Authority into said special redemption fund held by the Trustee at a redemption price equal to the principal amount of the bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, without premium.

Notwithstanding the foregoing redemption provisions, no redemption of this bond in whole or in part shall occur if it would cause the yield to maturity hereon, calculated in accordance with the provisions of Act No. 14 of the Legislature of Puerto Rico, approved April 17, 1972, as amended, to exceed twelve per centum (12%) per annum.

The moneys in the Sinking Fund available for the purchase or redemption of bonds shall be allocated to all series of bonds outstanding under the Agreement in the manner provided in the Agreement.

If less than all of the bonds of any one maturity of a series shall be called for redemption, the particular bonds or portions of registered bonds without coupons to be redeemed from such series and maturity shall be selected by the Trustee as provided in the Agreement.

Any such redemption, either in whole or in part, shall be made in the manner and under the terms and conditions provided in the Agreement. With respect to any notice of redemption of bonds of the series of which this is one at the option of the Authority, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of and interest on such bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect and the Authority shall not be required to redeem such bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

On the date designated for redemption, notice having been given as provided in the Agreement, the bonds or portions thereof so called for redemption shall become and be due and payable at the redemption price provided for redemption of such bonds or such portions thereof on such date, and, if moneys for payment of the redemption price and the accrued interest are held by the Trustee, as provided in the Agreement, interest on such bonds or such portions thereof so called for redemption shall cease to accrue, such bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Agreement, and the registered owners thereof shall have no rights in respect of such bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest so held by the Trustee. If a portion of this bond shall be called for redemption, a new bond or bonds of the same series and maturity in principal amount equal to the unredeemed portion of this bond will be issued to the registered owner upon the surrender thereof.

The owner of this bond shall have no right to enforce the provisions of the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Agreement.

In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the principal of all the bonds then outstanding under the Agreement may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Agreement or of any agreement supplemental thereto may be made by the Authority and the Trustee only to the extent and in the circumstances permitted by the Agreement.

The transfer of this bond is registrable by the registered owner thereof in person or by his attorney or legal representative at the principal office of the Trustee but only in the manner and subject to the limitations and conditions provided in the Agreement and upon surrender and cancellation of this bond. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for this bond a new definitive bond or bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate.

As declared by the Authority Act, this bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Agreement, shall at all times be, and shall be understood to be, a negotiable instrument for all purposes.

This bond is issued with the intent that the laws of the Commonwealth of Puerto Rico shall govern its construction.

All acts, conditions and things required by the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth of Puerto Rico and the rules and regulations of the Authority to happen, exist and be performed precedent to and in the issuance of this bond

and the execution of the Agreement have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Agreement until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, Puerto Rico Electric Power Authority has caused this bond to bear the facsimile signatures of the Executive Director and the Secretary of the Authority, and a facsimile of its corporate seal to be imprinted hereon, all as of the __ day of __, 201__.

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: [Facsimile signature]
Executive Director

[Facsimile signature]
Secretary

[Corporate Seal]

[To be endorsed on all bonds]

CERTIFICATE OF AUTHENTICATION

This is one of the bonds of the series designated therein and issued under the provisions of the within mentioned Agreement.

U.S. BANK NATIONAL ASSOCIATION,
successor trustee

By: _____
Authorized Officer

Date of authentication: _____

[Form of Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ [Please Print or Typewrite Name and Address of Transferee] the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed by*: _____, New York, New York

*Such signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE I

Trust Agreement

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), between Citibank, N.A. and the Authority

Credit Agreement, dated as of May 4, 2012 (as amended, restated, extended, supplemented or otherwise modified and in effect from time to time) by and among Scotiabank de Puerto Rico, as agent for the lenders thereunder and the Authority

SCHEDULE II

None.

SCHEDULE III

June 30, 2015

U.S. Bank National Association
100 Wall Street, 18th Floor
New York, New York 10005

Re: Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2015A

Ladies and gentlemen:

Reference is made to (a) that certain trust agreement, dated as of January 1, 1974, as amended (the "Agreement") between us (the "Authority") and you, as successor trustee thereunder (in such capacity, the "Trustee") and (b) to the Bond Purchase Agreement, dated as of July 1, 2015 (the "Purchase Agreement"), among the Authority and the Purchasers defined therein. Terms not defined in this letter shall have the respective meanings given to them in the Purchase Agreement.

You are hereby irrevocably instructed to carry out the procedures set forth in the Purchase Agreement on each deposit day described therein and on December 15, 2015 to withdraw from the Self-insurance Fund established under the Agreement and deposit to the credit of the Series 2015A Bonds Special Redemption Fund established under the Agreement an amount equal to any deposit failure, as described in the Purchase Agreement, if applicable. The instructions in this paragraph shall go into effect on the date upon which the Bonds are issued pursuant to the terms of the Purchase Agreement and shall remain in effect until the earlier of the date as of which all such deposits have been made and the date on which the Bonds have been paid or deemed paid in full.

In addition, to induce the Trustee to use certain proceeds from the Reserve Fund (in conjunction with certain other funds to be deposited by the Authority with the Trustee) to complete the required debt service payments on the Bonds (as defined in the Trust Agreement) due on July 1, 2015, you are hereby irrevocably instructed to deposit from the proceeds of the issuance of the Bonds pursuant to the Purchase Agreement an amount of not more than \$3,000,000 to the credit of the Reserve Account as a reserve for payment of Trustee costs and expenses pursuant to Section 902 of the Trust Agreement. In the event that such Bonds are not issued or the Trustee has not received the proceeds thereof on or before July 24, 2015, you are hereby irrevocably instructed without further authorization or condition of any kind to transfer an amount of not more than \$3,000,000 from the Self-insurance Fund to the credit of the Reserve Account for the same purpose described in the immediately preceding sentence, in which case the instruction set forth in the immediately preceding sentence shall no longer apply. The instructions in this paragraph shall be effective immediately, regardless of whether the Bonds are issued or the Bond Purchase Agreement becomes effective, and are separate and independent of the instructions set forth in the second paragraph.

Nothing in this letter shall restrict, limit or impair any rights or remedies of the Trustee with respect to the Self Insurance Fund under the Agreement or applicable law. The undersigned represents and warrants that he has full power and authority to execute and deliver this instruction for and on behalf of the Authority and the same constitutes a valid and binding agreement of the Authority.

BOND PURCHASE AGREEMENT

Among

Puerto Rico Electric Power Authority,

Assured Guaranty Corp.,

Assured Guaranty Municipal Corp.,

National Public Finance Guarantee Corporation,

and

Certain members of the Ad Hoc Group (the “Participating Holders”)

Dated as of January 27, 2016

Puerto Rico Electric Power Authority
Power Revenue Bonds, Series 2016A and Series 2016B

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EXECUTION

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1 **BOND PURCHASE AGREEMENT**

2 This BOND PURCHASE AGREEMENT, dated for convenience of reference as of
3 January 27, 2016 (this "Agreement"), by and among Puerto Rico Electric Power Authority, a
4 body corporate and politic constituting a public corporation and governmental instrumentality of
5 the Commonwealth of Puerto Rico (hereinafter sometimes called the "Authority"), Assured
6 Guaranty Corp. ("AGC"), Assured Guaranty Municipal Corp. (together with AGC, "Assured"),
7 National Public Finance Guarantee Corporation ("National"), and the undersigned members of
8 the Ad Hoc Group of Bondholders identified on their respective signature pages hereto (each a
9 "Participating Holder", and together with Assured and National, the "Purchasers" and
10 individually, a "Purchaser"),

11 **W I T N E S S E T H:**

12 WHEREAS, by Act No. 83 of the Legislature of Puerto Rico, approved May 2, 1941, as
13 amended, reenacted and supplemented (the "Authority Act"), the Authority was created a body
14 corporate and politic constituting a public corporation and governmental instrumentality of the
15 Commonwealth of Puerto Rico; and

16 WHEREAS, the Authority owns and operates an integrated system for the generation,
17 transmission and distribution of electricity throughout the Commonwealth of Puerto Rico (the
18 "Commonwealth"), and for the purpose of providing funds, with other available funds, for
19 refunding certain outstanding bonds and paying the cost of a capital improvement program to
20 provide additional generating capacity for the System (as defined in the Trust Agreement
21 (hereinafter mentioned)) and necessary extensions of the transmission and distribution lines of
22 the System and other improvements, the Authority has heretofore issued and there are currently
23 outstanding \$8,107,995,000 aggregate principal amount of its Puerto Rico Electric Power
24 Authority Power Revenue and Revenue Refunding Bonds (together, the "Existing Bonds"),
25 under and pursuant to the provisions of a trust agreement, dated as of the first day of January,
26 1974, as amended (said trust agreement as so amended, together with all future amendments and
27 all agreements supplemental thereto as therein permitted, being herein called the "Trust
28 Agreement"), by and between the Authority and U.S. Bank National Association, successor
29 trustee (the "Trustee"); and

30 WHEREAS, by virtue of the Authority Act, the Authority is authorized pursuant to
31 Section 209 of the Trust Agreement to issue its revenue bonds for any lawful purpose of the
32 Authority, to enter into and perform its duties and obligations in connection therewith and to do
33 or cause to be done all the acts and things herein provided or required to be done by the
34 Authority as hereinafter covenanted; and

35 WHEREAS, the Authority has determined to issue its revenue bonds for its lawful
36 purposes; and

37 WHEREAS, said bonds will be secured by and payable as provided in the Trust
38 Agreement; and

39 WHEREAS, the Authority is entering into this Bond Purchase Agreement for the purpose
40 of authorizing its Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016A

and its Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016B, to be dated as of the respective dates of delivery of and payment therefor, and issued and secured under and as provided in the Trust Agreement; and

WHEREAS, the Authority has determined that the 2016 Bonds shall be substantially in the form attached as Exhibit A hereto, with such variations, omissions and insertions as are required or permitted by this Agreement and as approved by the Authority, the Trustee, and the Purchasers; and

WHEREAS, the execution and delivery of this Agreement have been duly authorized by resolution of the Authority;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. Unless otherwise required by the context, all terms used herein shall have the meanings assigned to such terms in the Trust Agreement or the Restructuring Support Agreement, as applicable, each as further amended or supplemented from time to time, as set forth in the preamble hereof or below:

“2016 Bonds” means the 2016A Bonds and the 2016B Bonds.

“2016A Bonds” means Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016A issued in accordance with the terms of this Agreement.

“2016B Bonds” means Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016B issued in accordance with the terms of this Agreement.

“2016A Closing Date” means the business day agreed to as the 2016A Closing Date in accordance with Section 2(b).

“2016B Closing Date” means the business day on or after the 2016A Closing Date agreed to as to the 2016B Closing Date in accordance with Section 2(e).

“2016A Outside Date” means March 22, 2016.

“2016B Outside Date” means March 28, 2016.

“2016A Purchase Price” has the meaning given to it in Section 2(b).

“2016B Purchase Price” has the meaning given to it in Section 2(e).

“2016B Termination Notice” has the meaning given to it in Section 2(c).

“Agreement” means this Bond Purchase Agreement, dated as of January 27, 2016, together with all agreements supplemental hereto as herein permitted.

“Alternative Proposal Period I” has the meaning given to it in Section 6(d)(ii).

“Alternative Proposal Period II” has the meaning given to it in Section 6(d)(iv).

73 “Board” means the governing board of the Authority, or, if said board shall be
74 abolished, the board, body or officers succeeding to the principal functions thereof.

75 “Calculation Agent” means Goldman, Sachs & Co. or such other entity mutually
76 selected by the Authority, National, Assured and the Majority Participating Holders to determine
77 the Offered Securitization Rate in accordance with the Rate Calculation Methodology.

78 “Defeased Bonds” has the meaning given to it in Section 6(c).

79 “Determining Bank” means Citibank Capital Markets or such other entity
80 mutually selected by the Authority, National, Assured and the Majority Participating Holders to
81 take the actions of the Determining Bank set forth in Section 6 in respect of the Rate Calculation
82 Methodology.

83 “DTC” means The Depository Trust Company.

84 “Eighteenth Supplemental Agreement” means the eighteenth supplemental
85 agreement modifying and amending certain provisions of the Trust Agreement consistent with
86 the Restructuring Support Agreement, by and between the Authority and the Trustee, in form and
87 substance reasonably acceptable to the Authority, the Trustee, and the Purchasers, as the same
88 may be amended as provided in the Trust Agreement.

89 “Election Date” has the meaning given to it Section 6(f) hereof.

90 “Existing Bonds” has the meaning given to it in the preamble hereof.

91 “January RSA” means the Restructuring Support Agreement, and all annexes,
92 schedules and exhibits thereto, dated as of January 27, 2016, without amendment, by and among
93 the Authority and the Supporting Creditors defined therein.

94 “Legislative Reform Package” has the meaning given to it in the January RSA.

95 “Majority Participating Holders” means the Participating Holders committing to
96 purchase not less than a majority in aggregate principal amount of the 2016 Bonds to be
97 purchased by all Participating Holders.

98 “Mirror Bonds” has the meaning given to it in the January RSA.

99 “Mirror Bond Defeasance” has the meaning given to it in Section 6(c).

100 “Offered Securitization Bonds” means the Securitization Bonds to be offered to
101 the holders of the Defeased Bonds in exchange for the Defeased Bonds pursuant to Section 6(f)
102 hereof.

103 “Offered Securitization Rate” has the meaning given to it in Section 6(d).

104 “PREPA Legislation” means the Legislative Reform Package and the
105 Securitization Special Legislation.

“Principal Purchaser Party” means each of National, Assured or the Majority Participating Holders.

“Purchasers” has the meaning given to it in the preamble hereto.

“Rate Calculation Methodology” has the meaning given to it in Section 6(d).

“Recovery Plan” has the meaning given to it in the January RSA.

“Resolution” has the meaning given to it in Section 3(b).

“Restructuring Support Agreement” means the January RSA, as amended, supplemented or otherwise modified from time to time.

“RSA Closing Date” means the “Closing Date” as defined in Section 13(b)(xvii) of the January RSA.

“Securities Act” means the Securities Act of 1933, as amended.

“Securitization Bonds” has the meaning given to it in the January RSA.

“Securitization Special Legislation” has the meaning given to it in the January RSA.

“SPV Petition” has the meaning given to it in the January RSA.

“Termination Notice” has the meaning given to it in Section 2(c).

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, “Bond”, “owner”, “holder” and “person” shall include the plural as well as the singular number, “person” shall mean any individual, corporation, partnership, joint-venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, and “holder” or “Bondholder” when used herein with respect to the 2016 Bonds shall mean an owner of the 2016 Bonds.

Section 2. Issuance and Purchase of the 2016 Bonds; Security Therefor; Payment.

(a) The Authority shall issue the 2016A Bonds substantially in the form attached as Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Agreement and approved by the Authority, the Trustee, and the Purchasers. The 2016A Bonds shall be serial bonds in the aggregate principal amount not to exceed the sum of the respective principal amounts set forth on the signature pages of the Purchasers, shall be designated “Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016A”, shall be dated the date of delivery of and payment therefor, shall bear interest at the rate of 10% per annum from their date until payment, such interest to the maturity thereof being payable semiannually on January 1 and July 1 of each year, commencing July 1, 2016, and

shall mature on July 1, 2019, subject to the right of prior redemption, all as set forth in the 2016A Bonds, the Eighteenth Supplemental Agreement and this Agreement. The 2016A Bonds will be payable and secured equally and ratably with all other outstanding bonds issued under the Trust Agreement.

(b) In reliance upon the representations, warranties and agreements contained herein, and subject to the conditions herein set forth, and unless this Agreement shall be earlier terminated as provided herein, at 10:00 A.M., prevailing Eastern time, at New York, New York, on the 2016A Closing Date the Authority agrees to issue and sell the 2016A Bonds to the Purchasers, and each Purchaser agrees severally to purchase the 2016A Bonds from the Authority (such Purchaser's principal amount of 2016A Bonds purchased shown on its signature page hereto) at an aggregate purchase price equal to the aggregate principal amount thereof (the "2016A Purchase Price"). "2016A Closing Date" means a business day mutually agreed upon by the Authority and the Principal Purchaser Parties that is no earlier than nine (9) calendar days after the date (including for purposes of such calculation such date) on which all the conditions precedent to the delivery of the 2016A Bonds set forth herein shall have been satisfied or waived (other than conditions which may only be satisfied or waived at a later date certain or on the 2016A Closing Date), but if there is no such agreement, the 2016A Outside Date, subject to compliance with the conditions to closing set forth herein and unless this Agreement shall have been earlier terminated in accordance with its terms.

(c) Notwithstanding anything in this Agreement to the contrary, (i) prior to the issuance of the 2016A Bonds, the Authority may elect not to issue the 2016 Bonds by delivering written notice (a "Termination Notice") of such election to each Purchaser, whereupon this Agreement shall terminate and be of no further force and effect and (ii) after the issuance of the 2016A Bonds, the Authority may elect not to issue the 2016B Bonds by delivering written notice (a "2016B Termination Notice") of such election to each Purchaser, whereupon the Authority's obligation to issue the 2016B Bonds and the Purchaser's obligation to purchase the 2016B Bonds shall terminate automatically; *provided*, that the delivery of such Termination Notice or 2016B Termination Notice shall not terminate the Restructuring Support Agreement under Section 13(b)(xvi) thereof on the basis that the Purchasers have not purchased the 2016 Bonds or any series thereof. A Termination Notice may be delivered at any time, but in any event no later than three (3) business days prior to the 2016A Closing Date, and a 2016B Termination Notice may be delivered at any time, but in any event no later than three (3) business days prior to the 2016B Closing Date (excluding for purposes of such calculation the 2016A Closing Date and 2016B Closing Date, respectively), and the Termination Notice or the 2016B Termination Notice shall be irrevocable upon delivery.

(d) The Authority shall issue the 2016B Bonds substantially in the form attached as Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Agreement and approved by the Authority, the Trustee, and the Purchasers. The 2016B Bonds shall be serial bonds in the aggregate principal amount not to exceed the sum of the respective principal amounts set forth on the signature pages of the Purchasers, shall be designated "Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016B", shall be dated the date of delivery of and payment therefor, shall bear interest at the rate of 10% per annum from their date until payment, such interest to the maturity thereof being payable semiannually on January 1 and July 1 of each year, commencing July 1, 2016, and

shall mature on July 1, 2019, subject to the right of prior redemption, all as set forth in the 2016B Bonds, the Eighteenth Supplemental Agreement and this Agreement. The 2016B Bonds will be payable and secured equally and ratably with all other outstanding bonds issued under the Trust Agreement.

(e) In reliance upon the representations, warranties and agreements contained herein, and subject to the conditions herein set forth, and unless this Agreement shall be earlier terminated as provided herein, at 10:00 A.M., prevailing Eastern time, at New York, New York, on the 2016B Closing Date the Authority agrees to issue and sell the 2016B Bonds to the Purchasers, and each Purchaser agrees severally to purchase the 2016B Bonds from the Authority (such Purchaser's principal amount of 2016B Bonds purchased shown on its signature page hereto) at an aggregate purchase price equal to the aggregate principal amount thereof (the "2016B Purchase Price"). Notwithstanding the prior sentence, if (A) the sum of the 2016A Purchase Price and 2016B Purchase Price set forth on such Purchaser's signature page exceeds (B) the amount paid on January 4, 2016 in respect of interest accrued through December 31, 2015 on the Existing Bonds (other than the Authority's Power Revenue Bonds, Series 2015A) held by a Purchaser as of December 29, 2015 less the sum of (x) any amount of such interest payment funded from the 2013 Capitalized Interest Account or from Federal Subsidies each held by the Trustee and (y) any Federal Subsidies received by the Authority or the Trustee following such interest payment but prior to the 2016B Closing Date in respect of the January 4, 2016 interest payment date on any Federally Subsidized Bonds held by such Purchaser as of December 29, 2015, then the 2016B Purchase Price to be paid by such Purchaser and the aggregate principal amount of 2016B Bonds to be purchased by such Purchaser shall be reduced by the excess. "2016B Closing Date" means a business day mutually agreed upon by the Authority and the Principal Purchaser Parties that is no earlier than nine (9) calendar days after the date (including for purposes of such calculation such date) on which all the conditions precedent to the delivery of the 2016B Bonds set forth herein shall have been satisfied or waived (other than conditions which may only be satisfied or waived at a later date certain or on the 2016B Closing Date), but if there is no such agreement, the 2016B Outside Date, subject to compliance with the conditions to closing set forth herein and unless this Agreement shall have been earlier terminated in accordance with its terms.

(f) The obligations of each Purchaser hereunder to purchase the 2016 Bonds are several and not joint. No Purchaser shall be responsible for the failure of any other Purchaser to purchase its 2016 Bonds, and no Purchaser may transfer its obligation hereunder to purchase the 2016 Bonds except (i) to a member of such Purchaser's affiliate group provided that such member executes the Restructuring Support Agreement and the original Purchaser remains obligated to perform hereunder in the event the transferee does not perform or (ii) to any other person with the consent of the Authority. Each Purchaser covenants that, on or before February 26, 2016 and provided that the Trustee, the Authority and the Purchasers have agreed on the form of the Eighteenth Supplemental Agreement as provided herein, it will execute a consent to the execution of the Eighteenth Supplemental Agreement, which consent shall be in form and substance reasonably acceptable to the Authority, the Trustee, and such Purchaser.

Section 3. Representations, Warranties and Agreements of the Authority.
The Authority hereby represents and warrants to, and agrees with, the Purchasers as follows:

(a) The Authority is a duly organized public corporation and governmental instrumentality of the Commonwealth, is validly existing under the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth, including the Authority Act, and is authorized and empowered under the Authority Act and the other laws of the Commonwealth (i) to operate the System, fix, charge and collect sufficient rates and charges for the use of the System to meet in accordance with and carry out its obligations under the provisions of the Trust Agreement and conduct the business thereof as set forth in and contemplated by the Trust Agreement, (ii) to issue the 2016 Bonds for the purposes described herein and (iii) to secure the 2016 Bonds as provided herein and in the Trust Agreement.

(b) The Authority has full legal right, power and authority to adopt the resolution by the Board of the Authority on or prior to the 2016A Closing Date (the "Resolution") authorizing (i) the issuance and sale of the 2016 Bonds, (ii) the Authority to enter into this Agreement, the Eighteenth Supplemental Agreement, and the Restructuring Support Agreement, and (iii) the Authority to carry out and consummate all of the transactions to be carried out and consummated by it as provided in each of the instruments referred to in clauses (i) and (ii) above; and the Authority has complied or will comply with the provisions of the Authority Act in all matters relating to such transactions.

(c) The Authority has duly authorized the execution, delivery and performance of and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated by this Agreement, and prior to the 2016A Closing Date will have duly authorized the execution, delivery and performance of the Eighteenth Supplemental Agreement, and the 2016 Bonds, and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated by the Eighteenth Supplemental Agreement and the 2016 Bonds.

(d) The Resolution will prior to the 2016A Closing Date be duly adopted and this Agreement and the Trust Agreement have been duly authorized, executed and delivered by the Authority and each is in full force and effect, this Agreement has been duly executed and delivered by the Authority, and each such instrument constitutes (or will prior to the 2016A Closing Date in respect of the Resolution, constitute) a legally valid and binding obligation of the Authority.

(e) The 2016 Bonds have been structured in conformity with the requirements of Section 103 and related provisions of the Internal Revenue Code, including the timely filing of one or more Forms 8038-G, so as to enable Sidley Austin LLP, in its capacity as Bond Counsel, to deliver its opinion, retroactive to the applicable date of issuance of the 2016 Bonds, that the interest on the 2016 Bonds is excludable from gross income for Federal income tax purposes and exempt from Puerto Rico and state and local income taxes promptly following the issuance by the Internal Revenue Service of letter rulings favorably addressing, among other matters, the changes to the governance of the Authority effected by the Legislative Reform Package and subject to change in law risks and the delivery of customary certificates in support of its opinion. The Authority hereby agrees to make prompt application for, and diligently pursue, such letter rulings and to cause said Bond Counsel to deliver such opinion upon the issuance of such letter ruling.

(f) (1) When delivered to and paid for by the Purchasers on the 2016A Closing Date in accordance with the provisions of this Agreement, the 2016A Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute legally valid and binding obligations of the Authority in conformity with, and entitled to the benefit and security of, the Trust Agreement on a parity with the outstanding Existing Bonds. (2) When delivered to and paid for by the Purchasers on the 2016B Closing Date in accordance with the provisions of this Agreement, the 2016B Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute legally valid and binding obligations of the Authority in conformity with, and entitled to the benefit and security of, the Trust Agreement on a parity with the outstanding Existing Bonds and the 2016A Bonds.

(g) The Authority covenants that it will not create or suffer to be created any lien or charge upon the System or any part thereof or upon the Revenues ranking equally with or prior to the lien and charge securing all bonds or other obligations under the Trust Agreement, including without limitation the 2016 Bonds, except as explicitly permitted under the provisions of the Trust Agreement.

(h) Other than any approvals that might be required under the securities laws of any state, and other than the approval of Government Development Bank for Puerto Rico, which approval will be evidenced by an officially authenticated resolution delivered to the Purchasers on or prior to the 2016A Closing Date, no approval, permit, consent or authorization of, or registration or filing with, any governmental or public agency or authority not already obtained or made is required by the Authority in connection with the issuance and sale of the 2016 Bonds, or the execution or adoption and delivery by the Authority of, or the due performance of its obligations under, this Agreement, the 2016 Bonds, the Resolution, the Trust Agreement, the Eighteenth Supplemental Agreement, and the Restructuring Support Agreement, and any such approvals, permits, consents or authorizations so obtained are in full force and effect.

(i) Except for defaults of the type described in Annexes E, F and G to the January RSA, the Authority is not in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the Commonwealth or the United States, the Resolution, the by-laws of the Authority, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or by which it is bound or to which the Authority or any of its property or assets is otherwise subject and that could have a material adverse effect on the business or operations of the Authority, and no event has occurred and is continuing that with the passage of time or the giving of notice, or both, would constitute a default under any such instrument.

(j) The adoption by the Authority of the Resolution, the execution and delivery by the Authority of this Agreement, the 2016 Bonds, the Eighteenth Supplemental Agreement, and the Restructuring Support Agreement (and any other agreement or instrument to which the Authority is a party used or contemplated for use in the consummation of the transactions contemplated hereby or by the Resolution) and the transactions contemplated hereby and thereby will not conflict with or constitute a breach of, or default under, the Trust Agreement, any other indenture, commitment, agreement or other instrument to which the Authority is a party or by which it is bound, or under any provision of the Constitution of the

Commonwealth or any existing law, rule, regulation, ordinance, judgment, order or decree to which the Authority (or any of its directors or officers in their respective capacities as such) or its properties is subject.

(k) There is no action, suit, proceeding or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Authority, threatened against or affecting the Authority, nor to the knowledge of the Authority is there any basis therefor, (i) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement, (ii) which, in any way, would adversely affect the validity of the 2016 Bonds, the Trust Agreement, the Eighteenth Supplemental Agreement, the Restructuring Support Agreement, or this Agreement, or any other agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby, or (iii) which if determined adversely to the Authority could reasonably be expected to have a material adverse effect on the business or operations of the Authority.

(l) Any certificates signed by an authorized officer of the Authority and delivered to the Purchasers shall be deemed to be a representation and warranty by the Authority to each of the Purchasers as to the statements made therein.

(m) The Authority covenants that it shall negotiate in good faith with the Purchasers regarding the calculation methodology for determining the Offered Securitization Rate.

(n) The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in the 2016 Bonds, in the Eighteenth Supplemental Agreement, in the Restructuring Support Agreement, and in all proceedings of the Authority pertaining thereto. The Authority covenants that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Authority Act, to issue the 2016 Bonds, to enter into this Agreement and to pledge moneys and investments in the Sinking Fund in the manner and to the extent set forth in the Trust Agreement; that action on its part for the issuance of the 2016 Bonds and the execution and delivery of this Agreement has been duly and effectively taken; and that the 2016 Bonds in the hands of the owners thereof are and will be the valid and enforceable obligations of the Authority in accordance with the terms thereof.

(o) The Authority shall deliver written notice to all Purchasers of the enactment into law of the PREPA Legislation (and any amendment thereto) no later than one (1) business day following the date of such enactment into law (excluding, for purposes of such calculation, the date of such enactment). The notice shall attach the full text of the PREPA Legislation (and any amendment thereto) in the form enacted into law or direct the Purchasers to a publicly available copy thereof. The Authority shall deliver written notice to all Purchasers of the filing of the SPV Petition and of any supplemental filings thereto no later than one (1) business day following the date of any such filing (excluding, for purposes of such calculation, the date of such filing). The notice shall attach the full text of the SPV Petition or any supplemental filings thereto, as applicable, in the form filed or direct the Purchasers to a publicly available copy thereof.

(p) The Authority shall not make any offer to, or enter into any agreements or arrangements with, any Purchaser or any of its affiliates relating to the 2016 Bonds that is not provided for in this Agreement, whether before or after the 2016A Closing Date or the 2016B Closing Date, unless such offer, agreement or arrangement is made to or with all of the Purchasers.

(q) The Authority shall engage the Calculation Agent pursuant to an agreement which shall provide for the performance by the Calculation Agent of its duties under this Agreement, and which shall further provide for the payment of the fees and expenses of the Calculation Agent by the Authority, and the indemnification and exculpation by the Authority to the extent permitted by law of the Calculation Agent and its officers, directors, employees, agents and affiliates, on customary terms.

Section 4. Conditions of Purchaser's Obligations to Purchase. (1) The obligation of each Purchaser to pay the 2016A Purchase Price for, and accept delivery of, the 2016A Bonds, shall be subject to the following conditions being fully satisfied, or otherwise waived by such Purchaser (such waiver to be granted or denied in each Purchaser's sole and absolute discretion) as of the 2016A Closing Date:

(a) All representations and warranties of the Authority set forth in this Agreement shall be true, complete, and correct as of the 2016A Closing Date, and all agreements and covenants of the Authority to be performed prior to the 2016A Closing Date pursuant to this Agreement shall have been performed in accordance with the terms of this Agreement, and the Authority shall have delivered to the Purchasers a certification to that effect on the 2016A Closing Date of an authorized officer of the Authority dated as of the 2016A Closing Date. Such certification shall attach a true, complete, and correct copy of the Resolution and any other resolution adopted by the Authority regarding the transactions contemplated by this Agreement, the 2016A Bonds or the Eighteenth Supplemental Agreement, which Resolution, and other resolutions, if applicable, shall be in form and substance reasonably acceptable to the Purchasers.

(b) All representations and warranties of the Authority set forth in the Restructuring Support Agreement shall be true, complete, and correct, and all agreements and covenants required of the Authority to be performed on or prior to the 2016A Closing Date pursuant to the Restructuring Support Agreement shall have been performed, and the Authority shall deliver to the Purchasers a certification of an authorized officer of the Authority to that effect on the 2016A Closing Date from the Authority.

(c) (I) The 2016A Bonds shall be in the form attached to this Agreement and the Eighteenth Supplemental Agreement shall be in form and substance reasonably acceptable to the Authority, the Trustee, and the Purchasers; (II) the 2016A Bonds, this Agreement and the Eighteenth Supplemental Agreement shall have been duly authorized, executed and delivered by the Authority; and (III) the Purchasers shall have received an Opinion of Counsel to the Authority, in form and substance reasonably acceptable to the Purchasers, including an opinion to the effect that (A) the Trust Agreement, as supplemented and amended by the Eighteenth Supplemental Agreement, and this Agreement have been duly authorized, executed and delivered by the Authority and are legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms (such opinion to

include customary assumptions, qualifications and exceptions relating to the foregoing), and (B) the 2016A Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable in accordance with their terms.

(d) The issuance and sale of the 2016A Bonds and the closing of the transactions contemplated by this Agreement shall have occurred on or before 10:00 A.M., prevailing Eastern time, at New York, New York, on the 2016A Outside Date.

(e) Such Purchaser shall not have withdrawn from the Restructuring Support Agreement as permitted in accordance with its terms, the Restructuring Support Agreement shall not have been terminated by or on behalf of such Purchaser in accordance with its terms, and the Restructuring Support Agreement shall be in full force and effect as to such Purchaser; *provided*, that solely for purposes of establishing compliance with this Section 4(1)(e), the sale of all of its Existing Bonds by such Purchaser shall not in and of itself constitute a withdrawal from or termination of the Restructuring Support Agreement with respect to such Purchaser; and *provided*, further, that if such Purchaser has sold all of its Existing Bonds prior to the 2016A Closing Date, and subsequent to such sale, (A) an event occurs which, had the applicable Purchaser remained party to the Restructuring Support Agreement, would have allowed such applicable Purchaser to withdraw from the Restructuring Support Agreement pursuant to Section 10 thereof; (B) an event occurs, which, had such Purchaser remained party to the Restructuring Support Agreement, would have resulted in the termination of the Restructuring Support Agreement as to such Purchaser pursuant to Section 13 thereof; or (C) the Restructuring Support Agreement is terminated pursuant to Section 13 thereof as to each class of Supporting Creditors to which the applicable Purchaser formerly belonged, then the condition set forth in this Section 4(1)(e) shall not be deemed satisfied as to such Purchaser.

(f) The Purchasers shall have received (i) evidence, reasonably satisfactory to the Purchasers, of the due authorization, execution, and delivery of the documents mentioned in clause (c) of this Section 4(1) by the parties thereto, (ii) the Opinion of Counsel (such opinion also to provide in substance that a financing statement under the Uniform Commercial Code of the Commonwealth (the "2016A Financing Statement") in legally sufficient form has been duly authorized by the Authority and has been effectively filed in the proper place of filing so as to perfect a security interest under the Uniform Commercial Code of the Commonwealth in the Revenues of the Authority, subject to the application of such Revenues as provided therefor in the Trust Agreement, and except for the 2016A Financing Statement and such other financing statements filed in connection with the issuance of any Existing Bonds and the 2016B Bonds, there are no effective financing statements under the Uniform Commercial Code of the Commonwealth filed in the Office of the Secretary of State of the Commonwealth, purporting to perfect a security interest in the Revenues (except that such opinion may be qualified as to the priority of the security interest in the Revenues perfected by the filing of the 2016A Financing Statement to the extent that such security interest may be in conflict with or inferior to security interests, liens, charges, rights, and encumbrances arising under laws other than the Uniform Commercial Code of the Commonwealth or arising under the Uniform Commercial Code of the Commonwealth and deemed to be, or actually, perfected without necessity of filing a financing statement or otherwise giving notice of such interest), and (iii) an appropriate certificate of an authorized officer of the Authority reasonably satisfactory to the Purchasers covering litigation,

compliance with laws and prior agreements and the securing and fulfilling of all necessary permits and requirements.

(g) No bankruptcy proceeding, insolvency proceeding, proceeding under the Puerto Rico Public Corporation Debt Enforcement and Recovery Act, No. 71-2014 (the “Recovery Act”), title 11 of the United States Code, or any similar action or proceeding that seeks to adjust, extend, or challenge the claims of its creditors or institute any suspension period pursuant to any federal, state, or Puerto Rico statute, law or regulation now or hereinafter enacted or applicable, shall have been instituted by or on behalf of Authority.

(h) No receiver shall have been appointed with respect to the Authority, unless such appointment shall have, prior to the 2016A Closing Date, been reversed, stayed, or vacated.

(i) No decision of any Federal, state or Commonwealth court and no statute, ruling or regulation (final, temporary or proposed) of the Congress, the Legislative Assembly of the Commonwealth, the Securities and Exchange Commission or any other governmental agency shall have been made or issued to the effect that (i) the 2016A Bonds or any other securities of the Authority or of any similar body of the type contemplated by this Agreement, and the obligations of the Authority under the 2016A Bonds are subject to the registration requirements of the Securities Act, or (ii) the qualification of the Trust Agreement or any of the documents, instruments or agreements executed in connection therewith or any such securities is required under the Trust Indenture Act of 1939, as amended.

(j) No federal, state, or Puerto Rico statute hereafter enacted shall have the effect of adversely affecting in any material respect the rights or remedies of the 2016A Bonds or their validity or enforceability.

(k) The Purchasers shall have received the customary opinions of Sidley Austin LLP, Bond Counsel, and the director of legal affairs of the Authority, (1) as to the validity and enforceability of the 2016A Bonds and that such 2016A Bonds do not violate any statute or agreement to which the Authority is a party and as to the effectiveness of the Eighteenth Supplemental Agreement, (2) the 2016A Bonds are not subject to the registration requirements of the Securities Act, and (3) the Trust Agreement and the Eighteenth Supplemental Agreement are exempt from qualification as indentures pursuant to the Trust Indenture Act of 1939, as amended, in each case with customary assumptions, qualifications and exceptions, and in form and substance reasonably acceptable to each Purchaser. Such opinion from Bond Counsel shall expressly provide that it expresses no opinion regarding the treatment of interest on the 2016A Bonds for Federal income tax purposes.

(l) The 2016A Bonds shall be issued in book-entry form through DTC.

(m) Legislation containing substantive provisions that implements the Recovery Plan is enacted into law on or before February 16, 2016.

(n) The Authority shall have given written notice of the enactment into law of the PREPA Legislation no later than one day after the date of such enactment into law (the “Enactment Notice”) (and, excluding, for purposes of such calculation such date of enactment)

and (i) within fifteen (15) calendar days after the date of delivery of the Enactment Notice (and, excluding, for purposes of such calculation, such date of delivery), the Authority shall not have received a notice in response from the Majority Participating Holders, Assured, or National stating that either:

(x) The Securitization Special Legislation as enacted into law is not reasonably acceptable to the noticing Purchaser, or

(y) The Legislative Reform Package (other than the Securitization Special Legislation) as enacted into law is not in Acceptable Form (as defined in the Restructuring Support Agreement); and

in either case, stating its objection to the PREPA Legislation (such notice, the “Deficiency Notice”), or (ii) if the Authority has received a Deficiency Notice, any deficiencies shall have been cured within ten (10) calendar days to the satisfaction of each of the Authority, the Majority Participating Holders, National, and Assured; *provided* that if a Purchaser (or if applicable, the Majority Holders (as defined in the Restructuring Support Agreement) on such Purchaser’s behalf) has not delivered a notice of termination pursuant to Sections 13(e)(vi) or (viii) of the Restructuring Support Agreement and within the time set forth therein, then for purposes of this paragraph (n), (A) the Securitization Special Legislation shall be deemed reasonably acceptable as to such Purchaser, and (B) the Legislative Reform Package (other than the Securitization Special Legislation) shall be deemed in Acceptable Form as to such Purchaser.

(o) No event of default shall have occurred and be continuing under the Trust Agreement except events of default subject to forbearance pursuant to the Restructuring Support Agreement, or such Purchaser (in its sole discretion) has waived the breach or event of default after written notice thereof.

(2) The obligation of each Purchaser to pay the 2016B Purchase Price for, and accept delivery of, the 2016B Bonds, shall be subject to the following conditions being fully satisfied, or otherwise waived by such Purchaser (such waiver to be granted or denied in each Purchaser’s sole and absolute discretion) as of the 2016B Closing Date:

(a) All representations and warranties of the Authority set forth in this Agreement shall be true, complete, and correct as of the 2016B Closing Date, and all agreements and covenants of the Authority to be performed prior to the 2016B Closing Date pursuant to this Agreement shall have been performed in accordance with the terms of this Agreement, and the Authority shall have delivered to the Purchasers a certification to that effect on the 2016B Closing Date of an authorized officer of the Authority dated as of the 2016B Closing Date. Such certification shall attach a true, complete, and correct copy of the Resolution and any other resolution adopted by the Authority regarding the transactions contemplated by this Agreement, the 2016B Bonds or the Eighteenth Supplemental Agreement, which Resolution, and other resolutions, if applicable, shall be in form and substance reasonably acceptable to the Purchasers.

(b) All representations and warranties of the Authority set forth in the Restructuring Support Agreement shall be true, complete, and correct, and all agreements and covenants required of the Authority to be performed on or prior to the 2016B Closing Date

pursuant to the Restructuring Support Agreement shall have been performed, and the Authority shall deliver to the Purchasers a certification of an authorized officer of the Authority to that effect on the 2016B Closing Date from the Authority.

(c) (I) The 2016B Bonds shall be in the form attached to this Agreement and the Eighteenth Supplemental Agreement shall be in form and substance reasonably acceptable to the Authority, the Trustee, and the Purchasers; (II) the 2016B Bonds, this Agreement and the Eighteenth Supplemental Agreement shall have been duly authorized, executed and delivered by the Authority; and (III) the Purchasers shall have received an Opinion of Counsel to the Authority, in form and substance reasonably acceptable to the Purchasers, including an opinion to the effect that (A) the Trust Agreement, as supplemented and amended by the Eighteenth Supplemental Agreement, and this Agreement have been duly authorized, executed and delivered by the Authority and are legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms (such opinion to include customary assumptions, qualifications and exceptions relating to the foregoing), and (B) the 2016B Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable in accordance with their terms.

(d) The issuance and sale of the 2016B Bonds and the closing of the transactions contemplated by this Agreement shall have occurred on or before 10:00 A.M., prevailing Eastern time, at New York, New York, on the 2016B Outside Date.

(e) Such Purchaser shall not have withdrawn from the Restructuring Support Agreement as permitted in accordance with its terms, the Restructuring Support Agreement shall not have been terminated by or on behalf of such Purchaser in accordance with its terms, and the Restructuring Support Agreement shall be in full force and effect as to such Purchaser; *provided*, that solely for purposes of establishing compliance with this Section 4(2)(e), the sale of all of its Existing Bonds by such Purchaser shall not in and of itself constitute a withdrawal from or termination of the Restructuring Support Agreement with respect to such Purchaser; and *provided*, further, that if such Purchaser has sold all of its Existing Bonds prior to the 2016B Closing Date, and subsequent to such sale, (A) an event occurs which, had the applicable Purchaser remained party to the Restructuring Support Agreement, would have allowed such applicable Purchaser to withdraw from the Restructuring Support Agreement pursuant to Section 10 thereof; (B) an event occurs, which, had such Purchaser remained party to the Restructuring Support Agreement, would have resulted in the termination of the Restructuring Support Agreement as to such Purchaser pursuant to Section 13 thereof; or (C) the Restructuring Support Agreement is terminated pursuant to Section 13 thereof as to each class of Supporting Creditors to which the applicable Purchaser formerly belonged, then the condition set forth in this Section 4(2)(e) shall not be deemed satisfied as to such Purchaser.

(f) The Purchasers shall have received (i) evidence, reasonably satisfactory to the Purchasers, of the due authorization, execution, and delivery of the documents mentioned in clause (c) of this Section 4(2) by the parties thereto, (ii) the Opinion of Counsel (such opinion also to provide in substance that a financing statement under the Uniform Commercial Code of the Commonwealth (the "2016B Financing Statement") in legally sufficient form has been duly authorized by the Authority and has been effectively filed in the proper place of filing so as to perfect a security interest under the Uniform Commercial Code of the Commonwealth in the

Revenues of the Authority, subject to the application of such Revenues as provided therefor in the Trust Agreement, and except for the 2016B Financing Statement and such other financing statements filed in connection with the issuance of any Existing Bonds and the 2016A Bonds, there are no effective financing statements under the Uniform Commercial Code of the Commonwealth filed in the Office of the Secretary of State of the Commonwealth, purporting to perfect a security interest in the Revenues (except that such opinion may be qualified as to the priority of the security interest in the Revenues perfected by the filing of the 2016B Financing Statement to the extent that such security interest may be in conflict with or inferior to security interests, liens, charges, rights, and encumbrances arising under laws other than the Uniform Commercial Code of the Commonwealth or arising under the Uniform Commercial Code of the Commonwealth and deemed to be, or actually, perfected without necessity of filing a financing statement or otherwise giving notice of such interest), and (iii) an appropriate certificate of an authorized officer of the Authority reasonably satisfactory to the Purchasers covering litigation, compliance with laws and prior agreements and the securing and fulfilling of all necessary permits and requirements.

(g) No bankruptcy proceeding, insolvency proceeding, proceeding under the Recovery Act, title 11 of the United States Code, or any similar action or proceeding that seeks to adjust, extend, or challenge the claims of its creditors or institute any suspension period pursuant to any federal, state, or Puerto Rico statute, law or regulation now or hereinafter enacted or applicable, shall have been instituted by or on behalf of Authority.

(h) No receiver shall have been appointed with respect to the Authority, unless such appointment shall have, prior to the 2016B Closing Date, been reversed, stayed, or vacated.

(i) No decision of any Federal, state or Commonwealth court and no statute, ruling or regulation (final, temporary or proposed) of the Congress, the Legislative Assembly of the Commonwealth, the Securities and Exchange Commission or any other governmental agency shall have been made or issued to the effect that (i) the 2016B Bonds or any other securities of the Authority or of any similar body of the type contemplated by this Agreement, and the obligations of the Authority under the 2016B Bonds are subject to the registration requirements of the Securities Act, or (ii) the qualification of the Trust Agreement or any of the documents, instruments or agreements executed in connection therewith or any such securities is required under the Trust Indenture Act of 1939, as amended.

(j) No federal, state, or Puerto Rico statute hereafter enacted shall have the effect of adversely affecting in any material respect the rights or remedies of the 2016B Bonds or their validity or enforceability.

(k) The Purchasers shall have received the customary opinions of Sidley Austin LLP, Bond Counsel, and the director of legal affairs of the Authority, (1) as to the validity and enforceability of the 2016B Bonds and that such 2016B Bonds do not violate any statute or agreement to which the Authority is a party and as to the effectiveness of the Eighteenth Supplemental Agreement, (2) the 2016B Bonds are not subject to the registration requirements of the Securities Act, and (3) the Trust Agreement and the Eighteenth Supplemental Agreement are exempt from qualification as indentures pursuant to the Trust Indenture Act of 1939, as

amended, in each case with customary assumptions, qualifications and exceptions, and in form and substance reasonably acceptable to each Purchaser. Such opinion from Bond Counsel shall expressly provide that it expresses no opinion regarding the treatment of interest on the 2016B Bonds for Federal income tax purposes.

(l) The 2016B Bonds shall be issued in book-entry form through DTC.

(m) The Corporation shall have filed the SPV Petition with the Energy Commission on or before March 1, 2016.

(n) The Authority shall have given written notice of the filing of the SPV Petition no later than one day after the date of such filing (the "Filing Notice") (and, excluding, for purposes of such calculation such date of filing) and within fifteen (15) calendar days after the date of delivery of the Filing Notice (and, excluding, for purposes of such calculation, such date of delivery), the Authority shall not have received a notice in response from the Majority Participating Holders, Assured, or National stating that the SPV Petition, as filed, is not reasonably acceptable to the noticing Purchaser; *provided* that if a Purchaser (or if applicable, the Majority Holders (as defined in the Restructuring Support Agreement) on such Purchaser's behalf) has not delivered a notice of termination pursuant to Sections 13(e)(xxiii) of the Restructuring Support Agreement and within the time set forth therein, then for purposes of this paragraph (n), the SPV Petition shall be deemed reasonably acceptable as to such Purchaser.

(o) No event of default shall have occurred and be continuing under the Trust Agreement except events of default subject to forbearance pursuant to the Restructuring Support Agreement, or such Purchaser (in its sole discretion) has waived the breach or event of default after written notice thereof.

(p) The 2016A Closing Date shall have occurred prior to or simultaneously with the 2016B Closing Date after satisfaction of the conditions precedent thereto.

Section 5. Purchase For Investment Only; Independent Investigation; Covenant as to Calculation Methodology. Each Purchaser represents and covenants to the Authority, as to itself only, as follows:

(a) Such Purchaser is purchasing its Bonds for its own account, for investment only and not with a view to distribute or sell any or all of the 2016 Bonds or any interest therein in violation of the Securities Act. Such Purchaser may, however, sell or transfer any or all of the 2016 Bonds that it acquired pursuant to this Agreement, or any interest therein, if such sale or transfer is made in a transaction exempt from registration under the Securities Act and in accordance with the terms of the Restructuring Support Agreement.

(b) Such Purchaser understands that the 2016 Bonds have not been registered under the Securities Act.

(c) Such Purchaser is relying solely on statements and representations of the Authority and on its own knowledge and investigation of the facts and circumstances relating to the purchase of the 2016 Bonds.

(d) In connection with its business, such Purchaser has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing the 2016 Bonds.

(e) Such Purchaser has made its evaluation of the creditworthiness of the Authority. The Authority has made available to such Purchaser during the course of the transaction and prior to the purchase of the 2016 Bonds the opportunity to ask questions and receive answers concerning the terms and conditions of the 2016 Bonds and to obtain any additional information relative to the financial data and business of the parties involved.

(f) Such Purchaser is either (i) an Accredited Investor, as defined in Rule 501 of Regulation D under the Securities Act, or (ii) a Qualified Institutional Buyer, as defined in Rule 144A under the Securities Act.

(g) Each Purchaser covenants that it shall negotiate in good faith regarding the calculation methodology for determining the Offered Securitization Rate.

Section 6. Redemption and Defeasance.

(a) The 2016 Bonds shall not be subject to redemption prior to maturity except as provided herein, and the Eighteenth Supplemental Agreement and the Resolution shall provide the same.

(b) Unless the 2016 Bonds have been previously economically defeased as provided in Section 6(c), the 2016 Bonds at the time outstanding shall be redeemed in whole at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, not later than twenty (20) days after the effective date of the termination of the Restructuring Support Agreement (excluding, for purposes of such calculation, such effective date of termination) in accordance with its terms as to any Applicable Insurer or the Holders (as defined in the Restructuring Support Agreement) as a class. If the Restructuring Support Agreement shall be terminated as aforesaid prior to July 1, 2016, the redemption shall occur on the later of (i) July 1, 2016 and (ii) twenty (20) days after the date of termination of the Restructuring Support Agreement as aforesaid (excluding, for purposes of such calculation, such effective date of termination). Notice of redemption shall be given in the manner and subject to the terms and conditions of the Trust Agreement or as otherwise provided in the Eighteenth Supplemental Agreement.

(c) If the 2016 Bonds have not been called for redemption in accordance with Section 6(b), then on the RSA Closing Date the 2016 Bonds shall be economically defeased by Mirror Bonds on terms set forth in Annex H to the January RSA (such economic defeasance, the "Mirror Bond Defeasance"; and such 2016 Bonds following such economic defeasance, the "Defeased Bonds").

(d) If the 2016A Bonds are issued on the 2016A Closing Date, the calculation methodology (the "Rate Calculation Methodology") for the interest rate of the Offered Securitization Bonds, consistent with the provisions of Annex H to the January RSA (the "Offered Securitization Rate") shall be determined in accordance with the following provisions:

(i) No later than thirty (30) days after the 2016A Closing Date (excluding, for purposes of such calculation, such 2016A Closing Date), the Authority shall send to each of the Purchasers a description of its proposal for the Rate Calculation Methodology.

(ii) If within fifteen (15) days after the date that the Authority delivers its Rate Calculation Methodology to the Purchasers (such 15-day period, "Alternative Proposal Period I" and excluding, for purposes of such calculation, such date of delivery) no Principal Purchaser Party shall deliver to the Authority and each of the other Purchasers an alternative Rate Calculation Methodology, the Rate Calculation Methodology proposed by the Authority shall be used to calculate the Offered Securitization Rate.

(iii) If any Principal Purchaser Party (or more than one) shall deliver an alternative Rate Calculation Methodology within Alternative Proposal Period I, the Authority and each Principal Purchaser Party delivering an alternative Rate Calculation Methodology shall negotiate with respect to a mutually agreeable Rate Calculation Methodology.

(iv) If the Authority and each Principal Purchaser Party delivering an alternative Rate Calculation Methodology agree upon a Rate Calculation Methodology, then no later than fifteen (15) days after the end of Alternative Proposal Period I (such 15-day period, "Alternative Proposal Period II" and excluding, for purposes of such calculation, the last day of Alternative Proposal Period I), the Authority shall send a description of such Rate Calculation Methodology to each of the Purchasers.

(v) If the Authority shall not send a description of a Rate Calculation Methodology to the Purchasers within Alternative Proposal Period II, the Rate Calculation Methodologies proposed by the Authority and by any Principal Purchaser Party pursuant to clause (iii) above shall be promptly submitted to the Determining Bank. The Determining Bank shall choose, within fifteen (15) days of submission to it (and excluding, for purposes of such calculation such day of submission), which one of the Methodologies so submitted it determines in its sole discretion and without liability to any person is more likely to reflect the weighted average market yield of the Securitization Bonds to be outstanding following the RSA Closing Date, taking into account the weighted average maturity of the Mirror Bonds to be issued to economically defease the 2016 Bonds consistent with the provisions of Annex H to the January RSA. If any Principal Purchaser Party shall withdraw its proposed Rate Calculation Methodology, its methodology shall not be considered by the Determining Bank. The Rate Calculation Methodology so chosen shall be used by the Calculation Agent to determine the Offered Securitization Rate.

(vi) If the Authority shall send a description of a Rate Calculation Methodology to the Purchasers within Alternative Proposal Period II as provided in clause (iv), and no Principal Purchaser Party that did not submit an alternative Rate Calculation Methodology in accordance with clause (iii) sends to the Authority and each of the Purchasers an objection to such Rate Calculation Methodology within fifteen (15) days after the end of Alternative Proposal Period II (and excluding, for purposes of such calculation, the last day of the Alternative Proposal Period II), the Rate Calculation Methodology sent to the Purchasers in accordance clause (iv) above shall be used by the Calculation Agent to determine the Offered Securitization Rate.

(vii) If the Authority shall send a description of a Rate Calculation Methodology to the Purchasers during Alternative Proposal Period II as provided in clause (iv), and at least one Principal Purchaser Party that did not submit an alternative Rate Calculation Methodology in accordance with clause (iii) sends to the Authority and each of the Purchasers an objection to such Rate Calculation Methodology within fifteen (15) days after the end of Alternative Proposal Period II (and excluding, for purposes of such calculation, the last day of the Alternative Proposal Period II), the Rate Calculation Methodology originally proposed by the Authority and the Methodology whose description was sent to the Purchasers in accordance with clause (iv) above shall be promptly submitted to the Determining Bank. The Determining Bank shall choose, within fifteen (15) days of submission to it (and excluding, for purposes of such calculation, the date of such submission), which one of the Methodologies so submitted it determines in its sole discretion and without liability to any person is more likely to reflect the weighted average market yield of the Securitization Bonds to be outstanding following the RSA Closing Date, taking into account the weighted average maturity of the Mirror Bonds to be issued to defease the 2016 Bonds consistent with the provisions of Annex H to the January RSA. The Rate Calculation Methodology so chosen shall be used by the Calculation Agent to determine the Offered Securitization Rate.

(viii) Promptly after the Rate Calculation Methodology has been determined in accordance with these procedures, the Authority shall deliver notice of the Rate Calculation Methodology to the Calculation Agent, and shall post a description of the Rate Calculation Methodology to the Electronic Municipal Market Access website ("EMMA").

(ix) The choice made by the Determining Bank in accordance with this Section shall be binding upon the parties to this Agreement, and the reasonable and documented fees of the parties participating in the selection by the Determining Bank of the Rate Calculation Methodology to be used by the Calculation Agent to determine the Offered Securitization Rate, including reasonable counsel fees of all Principal Purchaser Parties, shall be paid promptly by the Authority.

(e) If the Mirror Bond Defeasance shall occur, the Calculation Agent shall determine the Offered Securitization Rate as promptly as practicable after the notification to the Calculation Agent of the Rate Calculation Methodology and the lapse of any trading period required under such methodology for the determination of the Offered Securitization Rate, and shall provide prompt notice of its determination of the Offered Securitization Rate to the Authority together with supporting computational detail. Promptly thereafter, the Authority shall post to EMMA the Offered Securitization Rate, together with the supporting computations received from the Calculation Agent in reasonable detail.

(f) In addition, as promptly as practicable after the determination of the Offered Securitization Rate, the Authority shall send notice to all holders of the Defeased Bonds of the Offered Securitization Rate and of their right to elect to exchange their Defeased Bonds for Securitization Bonds having the terms prescribed in Annex H to the January RSA, which notice shall include the ratings assigned to such Securitization Bonds by each rating agency having rated the Securitization Bonds issued on the RSA Closing Date. It shall be a condition to the exchange that such ratings shall have been assigned and shall be no lower than the respective ratings assigned at the time to the earliest maturing Securitization Bonds issued on the RSA

Closing Date; *provided* that such condition may be waived by each holder of the Defeased Bonds in such holder's sole discretion.

Upon the giving of such notice by the Authority, each such holder may elect, subject to satisfaction or waiver of the aforesaid condition, to exchange its Defeased Bonds for such Securitization Bonds. Such election shall be made by written notice to the Authority in the manner prescribed in the notice of the Authority no later than fifteen (15) days after the date of the notice of the Authority (such election deadline, the "Election Date") (excluding for purposes of such calculation the date of such notice). If any holder of Defeased Bonds shall properly exercise its election to exchange its Defeased Bonds for Securitization Bonds as aforesaid, the Authority shall cause such Defeased Bonds to be exchanged for Securitization Bonds not later than the thirtieth (30th) day following the Election Date (excluding for purposes of such calculation the Election Date) together with payment in cash of all accrued and unpaid interest on such Defeased Bonds to the date of such exchange, without any further action on the part of the holder of such Defeased Bonds. If the Authority shall fail to effect such exchange with respect to any Defeased Bonds of a holder that has properly elected such exchange in accordance with this Section 6(f), the holder shall have the right at any time thereafter to require the Authority to redeem for cash such Defeased Bonds at a price equal to the principal amount thereof plus interest accrued to the date of redemption, without premium.

Section 7. Insurance. Each Purchaser may elect to have the 2016 Bonds beneficially owned by such Purchaser insured, with the premium to be agreed upon by the Purchaser and the insurer (such premium to be paid solely by the Purchaser from interest received on the 2016 Bonds or other funds of the Purchaser).

Section 8. Notation of Payments. Unless the 2016 Bonds are issued in book-entry form in DTC, the holder thereof shall permit the Trustee and the Authority, at any time during regular business hours, to make at such holder's office an appropriate notation or notations on its 2016 Bond of payments of principal thereon, if at least five days prior thereto the Trustee and the Authority shall have given written notice of its intention to do so and it shall not have received from the applicable holder a written confirmation that the requested notation or notations shall have been made by that holder. In the event that a 2016 Bond shall be transferred by its holder as permitted by Section 5 hereof, the holder shall make or cause to be made notations thereon of all payments of principal with respect to which no prior notations have been made and of the date to which interest thereon has been paid.

Section 9. Disposition of Proceeds. (1) The proceeds of the sale of the 2016A Bonds shall be deposited simultaneously with the delivery of the 2016A Bonds to the credit of the fund or account established under the Trust Agreement and for the purpose set forth in the Resolution or Eighteenth Supplemental Agreement, and shall be consistent with tax-exemption of interest on the 2016A Bonds and Securitization Bonds issued in exchange for all or any portion of the 2016A Bonds.

(2) The proceeds of the sale of the 2016B Bonds shall be deposited simultaneously with the delivery of the 2016B Bonds to the credit of the fund or account established under the Trust Agreement and for the purpose set forth in the Resolution or Eighteenth Supplemental Agreement, and shall be consistent with tax-exemption of interest on

809 the 2016B Bonds and Securitization Bonds issued in exchange for all or any portion of the
810 2016B Bonds.

811 Section 10. Limitation of Liability of Members etc., of Authority. All
812 covenants, stipulations, obligations and agreements of the Authority contained in this Agreement
813 shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the
814 full extent authorized or permitted by the laws of the Commonwealth, and all such covenants,
815 stipulations, obligations and agreements shall be binding upon the successor or successors
816 thereof from time to time and upon any officer, board, body or commission to whom or to which
817 any power or duty affecting such covenants, stipulations, obligations and agreements shall be
818 transferred by or in accordance with law.

819 No covenant, stipulation, obligation or agreement herein contained shall be deemed to be
820 a covenant, stipulation, obligation or agreement of any present or future member, agent or
821 employee of the Authority in his individual capacity, and neither the members of the Authority
822 or of any other agency of the Commonwealth nor any officer thereof or of the Authority, present
823 or future, executing the 2016 Bonds shall be liable personally on the 2016 Bonds or be subject to
824 any personal liability or responsibility by reason of the issuance thereof.

825 Section 11. Amendment.

826 Once effective, this Agreement, including any exhibits, annexes, or supplements hereto,
827 may not be modified, amended, supplemented or otherwise altered (except as expressly provided
828 herein), and no term or condition may be waived (such modification, amendment, supplement
829 and waiver, referred to collectively as an "Amendment"), except in a writing signed by the
830 Authority and each Purchaser to be bound thereby. No party shall be bound by any Amendment
831 unless such party shall have consented in writing thereto.

832 Section 12. Termination.

833 This Agreement shall immediately terminate as to the Purchasers and the Authority
834 without the action of any party, and shall be of no further force and effect, if prior to the 2016A
835 Closing Date, any of the following shall occur:

836 (a) The Restructuring Support Agreement shall have terminated as to all
837 Purchasers.

838 (b) The Securitization Special Legislation and the Legislative Reform
839 Package (other than the Securitization Special Legislation) shall not have been enacted into law
840 on or before February 16, 2016.

841 (c) The Authority shall have sent a Termination Notice to the Purchasers.

842 (d) The issuance and sale of the 2016A Bonds and the consummation of the
843 transactions contemplated in this Agreement with respect to the 2016A Bonds shall not have
844 occurred on or before 10:00 A.M., prevailing Eastern time, at New York, New York, on the
845 2016A Outside Date.

(e) Any bankruptcy proceeding, insolvency proceeding, proceeding under the Recovery Act, any title of the United States Code, or any similar action or proceeding with respect to the Authority or any other proceeding pursuant to the Recovery Act or any other action or proceeding that seeks to adjust the claims of its creditors pursuant to any federal, state, or Puerto Rico statute, law or regulation now or hereinafter enacted or applicable, shall have been instituted by or on behalf of Authority.

(f) A receiver shall have been appointed with respect to the Authority, and such appointment shall not have been reversed, stayed or vacated within twenty (20) calendar days thereof.

Without limiting the foregoing, if

(i) any of the events described in any of the above clauses (a), (e) or (f) occurs on or after the 2016A Closing Date,

(ii) the issuance and sale of the 2016B Bonds and the consummation of the transactions contemplated in this Agreement with respect to the 2016B Bonds shall not have occurred on or before 10:00 A.M., prevailing Eastern time, at New York, New York, on the 2016B Outside Date, or

(iii) the Corporation shall not have filed the SPV Petition with the Energy Commission on or before March 1, 2016,

then, in any such case, the obligations of the Purchasers to purchase, and the obligation of the Authority to issue, the 2016B Bonds on the 2016B Closing Date shall immediately terminate without the action of any party.

Section 13. Miscellaneous.

(a) The Authority agrees to pay (i) all reasonable and documented¹ costs and expenses incidental to the financing hereunder and the issuance of the 2016 Bonds (including of the Purchasers) including, without limitation, reasonable attorneys' fees and expenses, the costs of producing this Agreement, the January Payment Term Sheet (as defined in the Restructuring Support Agreement) (including, for the avoidance of doubt, the costs of producing that certain Bond Purchase Agreement dated as of December 29, 2015 by and among the Authority and the purchasers party thereto and Annex H to that certain Amended and Restated Restructuring Support Agreement dated as of December 23, 2015 by and among the Authority and the other parties thereto) and the costs of determining the Rate Calculation Methodology; (ii) all taxes, if any, upon any documents or transactions pursuant to this Agreement or upon any expenses to be paid by the Authority for the account of the Purchasers hereunder (including, without limitation, such attorneys' fees and expenses as aforesaid in this paragraph (a)); (iii) all expenses incidental to all filings or recordings pursuant to this Agreement; and (iv) all costs of collection (including reasonable counsel fees) in the event the payment of the principal of or premium, if any, or

¹ Reasonable and documented fees and expenses shall not include time detail but will contain a summary of estimated hours by attorney and total fees and expenses.

882 interest on the 2016 Bonds or other charges payable under this Agreement are not paid when
883 due.

884 (b) This Agreement shall be binding upon and inure to the benefit of the
885 Authority, the Purchasers and their respective successors and assigns.

886 (c) In the event of the dissolution of the Authority, all of the covenants,
887 stipulations, obligations and agreements contained in this Agreement by or on behalf of or for the
888 benefit of the Authority shall bind or inure to the benefit of the successor or successors of the
889 Authority from time to time and any officer, board, commission, authority, agency or
890 instrumentality to whom or to which any power or duty affecting such covenants, stipulations,
891 obligations and agreements shall be transferred by or in accordance with law.

892 (d) Any notice, demand, direction, request or other instrument authorized or
893 required by this Agreement to be given to or filed with the Authority or the Purchasers shall be
894 deemed to have been sufficiently given or filed for all purposes of this Agreement if delivered by
895 hand or overnight courier service, mailed by certified or registered mail, return receipt requested,
896 postage prepaid, or sent by email (and in any event with a copy by e-mail), addressed as follows:

897 If to the Authority: Puerto Rico Electric Power Authority
898 1110 Avenida Ponce de Leon
899 San Juan, Puerto Rico 00907
900

901 Attention: Executive Director
902 e-mail: javier.quintana@prepa.com

903 with a copy to:

904 Sidley Austin LLP
905 787 Seventh Avenue
906 New York, New York 10019

907 Attention: Lawrence A. Bauer, Esq.
908 e-mail: lbauer@sidley.com

909 and

910 Cleary Gottlieb Steen & Hamilton LLP
911 1 Liberty Plaza
912 New York, New York 10006

913 Attention: Sean O'Neal, Esq.
914 e-mail: soneal@cgsh.com

915 If to the Purchasers: As set forth on the signature page for each
916 Purchaser, and if such Purchaser shall be a member
917 of the Ad Hoc Group (as defined in the
918 Restructuring Support Agreement), with a copy to:

919 Kramer Levin Naftalis & Frankel LLP
920 1177 Avenue of the Americas
921 New York, NY 10036

922 Attention: Amy Caton, Esq.; Alice J. Byowitz,
923 Esq.; and Steven Segal, Esq.
924 e-mail: acaton@kramerlevin.com,
925 abyowitz@kramerlevin.com, and
926 ssegal@kramerlevin.com
927

928 The Authority and the Purchasers may, by notice given hereunder, designate any
929 further or different addresses to which subsequent notices, certificates or other communications
930 shall be sent.

931 (e) Except as herein otherwise expressly provided, nothing in this Agreement
932 expressed or implied is intended or shall be construed to confer upon any person, firm or
933 corporation other than the parties hereto any right, remedy or claim, legal or equitable, under or
934 by reason of this Agreement or any provision hereof, this Agreement and all of its provisions
935 being intended to be and being for the sole and exclusive benefit of the parties hereto, and the
936 holders from time to time of the 2016 Bonds.

937 (f) The terms of this Agreement shall survive following the execution and
938 delivery of the 2016 Bonds or any series thereof to the Purchasers against the respective
939 purchase prices therefor. Furthermore, the representations, warranties and covenants of the
940 parties hereto shall remain operative and in full force and effect regardless of any investigation
941 made by or on behalf of the Purchasers and shall survive execution, delivery and acceptance of,
942 and payment for the 2016 Bonds.

943 (g) The Authority acknowledges and agrees that (i) each purchase and sale of
944 the 2016 Bonds pursuant to this Agreement is an arm's-length commercial transaction between
945 the Authority and the Purchasers, (ii) in connection therewith and with the discussions,
946 undertakings and procedures leading up to the consummation of such transaction, the Purchasers
947 are and have been acting solely as principals and are not acting as the agents or fiduciaries of the
948 Authority, (iii) the Purchasers have not assumed an advisory (and are not acting on behalf of,
949 either a "municipal entity" or "obligated person" (in each case as defined in Section 15B of the
950 Securities Exchange Act of 1934, as amended, and the rules adopted by the Securities and
951 Exchange Commission with respect to municipal advisor registration)) or fiduciary responsibility
952 in favor of the Authority with respect to the issuance and purchase of the 2016 Bonds
953 contemplated hereby or the discussions, undertakings and procedures leading thereto
954 (irrespective of whether the Purchasers have provided other services or are currently providing
955 other services to the Authority on other matters) and the Purchasers have no obligation to the
956 Authority with respect to the issuance and purchase of the 2016 Bonds contemplated hereby
957 except the obligations expressly set forth in this Agreement and (iv) the Authority has consulted
958 with its legal, financial and other advisors to the extent it has deemed appropriate. The Authority
959 agrees that it will not claim that the Purchasers have rendered advisory services of any nature or
960 respect or owes a fiduciary or similar duty to the Authority in connection with such transaction
961 or the process leading thereto.

(h) In case any one or more of the provisions of this Agreement or of the 2016 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Agreement or of the 2016 Bonds, but this Agreement and the 2016 Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the 2016 Bonds or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

(i) Nothing in the 2016 Bonds or in this Agreement shall be deemed to constitute a debt or obligation of the Commonwealth or any of its municipalities or other political subdivisions (other than the Authority), and neither the Commonwealth nor any such municipalities or other political subdivisions (other than the Authority) shall be liable for the payment of the principal of or the interest on the 2016 Bonds.

(j) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

(k) Any dispute arising under or in connection with this Agreement shall be brought in the exclusive jurisdiction and venue of the federal courts sitting in the Puerto Rico district and appellate court therefrom, or if such federal court does not have or accept jurisdiction, a court in the Commonwealth and any appellate court therefrom.

(l) 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.

(m) Unless otherwise provided for in the Trust Agreement and applicable to any action taken hereunder, if the date for making payment, or the last date for performance of any act or the exercising of any right, as provided in this Agreement or the 2016 Bonds, shall be a legal holiday or a day on which banking institutions in the Commonwealth or in the State of New York are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions in the Commonwealth or such State are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement or the 2016 Bonds, and no interest shall accrue for the period after such nominal date.

(n) This 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

1003 and the same instrument. Delivery of any executed signature page of this Agreement by
1004 facsimile or email transmission shall be effective as delivery of a manually executed counterpart
1005 hereof.

1006 (o) Any headings preceding the text of the several sections hereof, and any
1007 table of contents appended to copies hereof, shall be solely for convenience of reference and
1008 shall not constitute a part of this Agreement, and they shall not affect its meaning, construction
1009 or effect.

1010 **[Signature pages follow.]**
1011

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed all as of the date first above written.


PUERTO RICO ELECTRIC POWER
AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

ASSURED GUARANTY MUNICIPAL CORP.

By: 
Authorized Officer

Principal amount of 2016A Bonds: See annex to
Assured signature page

Principal amount of 2016B Bonds: See annex to
Assured signature page

Notice information:

Assured Guaranty Municipal Corp.

Holly Horn
Chief Surveillance Officer, Public Finance
31 West 52nd St
New York, NY 10019-602631
Email: hhorn@assuredguaranty.com

ASSURED GUARANTY CORP.

By: 
Authorized Officer

Principal amount of 2016A Bonds: See annex to
Assured signature page

Principal amount of 2016B Bonds: See annex to
Assured signature page

Notice information:

Assured Guaranty Corp.

Holly Horn
Chief Surveillance Officer, Public Finance
31 West 52nd St
New York, NY 10019-602631
Email: hhorn@assuredguaranty.com

ANNEX TO ASSURED SIGNATURE PAGE

REDACTED

NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION

By: 
Authorized Officer
REDACTED

Notice information:

National Public Finance Guarantee Corp.
1 Manhattanville Road
Suite 301
Purchase, NY 10577
(914) 273-4545
Email: Patricia Ferrari (trish.ferrari@mbia.com)
Adam Bergonzi (adam.bergonzi@nationalpfg.com)

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: _____

Authorized Officer

REDACTED

Notice information:

Angelo, Gordon & Co., L.P.
Attn: Gavin Baiera
245 Park Avenue, 26th Floor
New York, NY 10167
gbaiera@angelogordon.com

Annex to Signature Page to Bond Purchase Agreement

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: 
Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

BLUEMOUNTAIN CAPITAL MANAGEMENT, LLC
Attn: General Counsel
280 Park Ave., 12th Floor
New York, NY 10017
LegalNotices@bmcm.com

Annex to Signature Page to Bond Purchase Agreement
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: 

Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

FRANKLIN ADVISERS, INC.

Attn: Sheila Amoroso

One Franklin Parkway

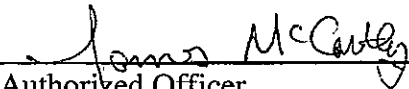
San Mateo, CA 94403

sheila.amoroso@franklintempleton.com

Annex to Signature Page to Bond Purchase Agreement

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: 
Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

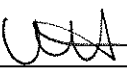
Goldman Sachs Asset Management
Attn: David Alter
200 West St., 35th Floor
New York, NY 10282
David.alter@gs.com

Annex to Signature Page to Bond Purchase Agreement

REDACTED

LMA SPC FOR AND ON BEHALF OF MAP84
SEGREGATED PORTFOLIO

By: Knighthead Capital Management, LLC, its Investment
Advisor

By:  Laura Torrado
Authorized Officer Authorized Signatory
Principal amount of 2016A Bonds: \$ See attached appendix.
Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:


Knighthead Capital Management, LLC
Attn: Laura L. Torrado
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthead.com

and

Knighthead Capital Management, LLC
Attn: Andrew Shannahan
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthead.com

KNIGHTHEAD ANNUITY & LIFE ASSURANCE
COMPANY

By: Knighthead Capital Management, LLC, its Investment
Advisor

By:  Laura Torrado
Authorized Officer ~~Authorized Signatory~~
Principal amount of 2016A Bonds: \$ See attached appendix.
Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

Knighthead Capital Management, LLC
Attn: Laura L. Torrado
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthead.com

and

Knighthead Capital Management, LLC
Attn: Andrew Shannahan
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthead.com

KNIGHTHEAD MASTER FUND, LP

By: Knighthead Capital Management, LLC, its Investment
Adviser Manager

By: USTA Laura Torrado
Authorized Officer Authorized Signatory
Principal amount of 2016A Bonds: \$ See attached appendix.
Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:


Knighthead Capital Management, LLC
Attn: Laura L. Torrado
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthead.com

and

Knighthead Capital Management, LLC
Attn: Andrew Shannahan
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthead.com

KNIGHTHEAD (NY) FUND, LP

By: Knighthead Capital Management, LLC, its Investment Advisor

By:  Laura Torrado
Authorized Officer Authorized Signatory
Principal amount of 2016A Bonds: \$ See attached appendix.
Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

Knighthead Capital Management, LLC
Attn: Laura L. Torrado
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthead.com

and

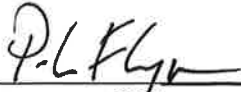
Knighthead Capital Management, LLC
Attn: Andrew Shannahan
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthead.com

Annex to Signature Page to Bond Purchase Agreement

REDACTED

Signature Page To Bond Purchase Agreement

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: 
Authorized Officer
Principal amount of 2016A Bonds: \$ See attached appendix.
Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

Marathon Asset Management, LP
Attn: Peter Coppa
1 Bryant Park, 38th Floor
New York, NY 10036
pcoppa@marathonfund.com

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 OPPORTUNIES PROGRAM, LP
MARATHON CURRITUCK FUND, LP – SERIES C

Annex to Signature Page to Bond Purchase Agreement

REDACTED

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

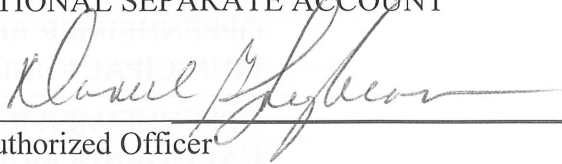
OPPENHEIMER ROCHESTER NORTH CAROLINA
MUNICIPAL FUND

OPPENHEIMER ROCHESTER MINNESOTA MUNICIPAL
FUND,

and

OPPENHEIMER FUNDS, INC., as investment advisor for the following accounts: MASSMUTUAL INTERNATIONAL HOLDING MSC, and MASSMUTUAL UNIFIED TRADITIONAL SEPARATE ACCOUNT

By:



Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

OPPENHEIMER FUNDS, INC.

Attn: Troy Willis

350 Linden Oaks, Rochester, NY 14625

twillis@ofiglobal.com

Annex to Signature Page to Bond Purchase Agreement

REDACTED

[Form of 2016 Bond]

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IN CONNECTION THEREWITH IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

[If insured, add appropriate statement(s) of insurance]

• \$

• No. R_16-____

UNITED STATES OF AMERICA
COMMONWEALTH OF PUERTO RICO

PUERTO RICO ELECTRIC POWER AUTHORITY

Power Revenue Bonds, Series 2016_

Interest Rate

10%

Maturity Date

July 1, 2019

CUSIP No.

• Registered Owner

• Principal Amount

Dollars

Puerto Rico Electric Power Authority, a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein sometimes called the “Authority”), for value received, hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to the Registered Owner mentioned above or registered assigns or legal representative, on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the corporate trust office of the Trustee (hereinafter mentioned), the Principal Amount set forth above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, to the person in whose name this bond (or one or more predecessor bonds, as defined in the Agreement hereinafter mentioned) is registered at the close of business on the 15th

day of the month next preceding an interest payment date, by check mailed to the Registered Owner at his address as it appears on the bond registration books of the Authority, interest on said Principal Amount from the date hereof or from the interest payment date next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a January 1 or July 1, in which case, from such date, semiannually on January 1 and July 1 of each year, commencing July 1, 2016, in like coin or currency, at the Interest Rate shown above until payment of said Principal Amount. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

This bond shall not be deemed to constitute a debt or obligation of the Commonwealth of Puerto Rico or any of its municipalities or other political subdivisions (other than the Authority), and neither the Commonwealth of Puerto Rico nor any such municipalities or other political subdivisions (other than the Authority) are liable for the payment of this bond or the interest hereon, but this bond shall be payable as to both principal and interest solely from the special fund provided therefor as hereinafter set forth.

This bond is one of a duly authorized series of bonds known as “Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016_”, dated the date hereof, maturing on the 1st day of July, 2019 (the “2016_ Bonds”). The Authority has entered into a Bond Purchase Agreement, dated as of January __, 2016 (the “Purchase Agreement”), with the purchasers party thereto (the “Purchasers”) in connection with the issuance of the 2016_ Bonds. [Insert in 2016A Bond form: The Purchase Agreement contemplates the issuance under and secured by the Agreement of Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016B, in the aggregate principal amount of \$_____ (the “2016B Bonds”) upon the satisfaction simultaneously with or subsequent to the delivery of the 2016A Bonds of certain conditions set forth in the Purchase Agreement. The 2016A Bonds and the 2016B Bonds are herein called collectively the “2016 Bonds”.] [Insert in 2016B Bond form: The Authority has heretofore issued (or is issuing simultaneously with the issuance of the 2016B Bonds) in accordance with the Purchase Agreement and the Agreement its Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016A (the “2016A Bonds”). The 2016A Bonds and the 2016B Bonds are herein called collectively the “2016 Bonds”.] Capitalized terms used herein not otherwise defined have the meanings given to them in the Purchase Agreement.

All of the bonds are issued under and pursuant to a trust agreement, as amended (said agreement, together with all agreements supplemental thereto as therein permitted, being herein called the “Agreement”), dated as of the 1st day of January, 1974, by and between the Authority and U.S. Bank National Association, in the Borough of Manhattan, City and State of New York (said banking association and any bank or trust company becoming successor trustee under the Agreement being herein called the “Trustee”), an executed counterpart of which Agreement is on file at the corporate trust office of the Trustee. Reference is hereby made to the Agreement for the provisions, among others, with respect to the custody and application of the proceeds of bonds issued under the Agreement, the collection and disposition of revenues, the fund charged with and pledged to the payment of the interest on and the principal of the bonds, the nature and extent of the security, the terms and conditions on which the bonds of each series are or may be issued, the rights, duties and obligations of the Authority and of the Trustee and the rights of the holders of the bonds, and, by the acceptance of this bond, the holder hereof assents to all of the provisions of the Agreement.

The Agreement provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional series of bonds (such bonds and the 2016 Bonds being herein collectively called the “bonds”).

This bond is issued and the Agreement was made and entered into under and pursuant to the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth of Puerto Rico, including Act No. 83 of the Legislature of Puerto Rico, approved May 2, 1941, as amended, reenacted and supplemented (the “Authority Act”), and under and pursuant to resolutions duly adopted by the Authority.

The Agreement provides for the fixing, charging and collecting by the Authority of reasonable rates and charges for the use of the services and facilities furnished by the electric power properties owned and operated by the Authority as a single integrated system, together with all improvements, renewals and replacements thereof and extensions and additions thereto financed or refinanced under the provisions of the Agreement (being herein called the “System”) sufficient to provide for the payment of the expenses of the Authority incurred in the repair, maintenance and operation of the System and for the payment of the principal of and the interest on the bonds as the same become due and payable, including reserves for such purposes. The Agreement provides for the creation of a special fund designated “Puerto Rico Electric Power Authority Power Revenue Bonds Interest and Sinking Fund” (herein called the “Sinking Fund”) and for the deposit to the credit of the Sinking Fund of a sufficient amount of the revenues of the System over and above such expenses of repair, maintenance and operation, to pay the principal of and the interest on all bonds issued under the Agreement as the same become due and payable and to create a reserve for such purpose, which special fund is pledged to and charged with the payment of the principal of and the interest on the bonds.

The 2016 Bonds are issuable as registered bonds without coupons in denominations of \$1.00 and any integral multiple thereof. At the corporate trust office of the Trustee, in the manner and subject to the limitations and conditions provided in the Agreement and without cost except for any tax or other governmental charge, definitive bonds may be exchanged for an equal aggregate principal amount of bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The 2016 Bonds shall not be subject to prior redemption except as provided herein, in the Purchase Agreement and in the Eighteenth Supplemental Agreement.

Unless the 2016 Bonds have been previously economically defeased as provided in Section 6(c) of the Purchase Agreement, the 2016 Bonds at the time outstanding shall be redeemed in whole at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, not the later than twenty (20) days after the effective date of the termination of the Restructuring Support Agreement (excluding, for purposes of such calculation, such effective date of termination) in accordance with its terms as to any Applicable Insurer or the Holders (as defined in the Restructuring Support Agreement) as a class. If the Restructuring Support Agreement shall be terminated as aforesaid prior to July 1, 2016, the redemption shall occur on the later of (i) July 1, 2016 and (ii) twenty (20) days after the termination of the Restructuring Support Agreement as aforesaid (excluding, for purposes of such calculation, such effective date of termination). Notice of redemption shall be given in the

manner and subject to the terms and conditions of the Trust Agreement or as otherwise provided in the Eighteenth Supplemental Agreement.

The Restructuring Support Agreement and the Purchase Agreement contain provisions related to the economic defeasance of the 2016 Bonds under certain circumstances. Nothing in this bond is intended to limit the obligation of the Authority to the Purchasers in respect of the Restructuring Support Agreement or the Purchase Agreement or the rights of the Purchasers thereunder, and all rights of the Purchasers under the Restructuring Support Agreement and the Purchase Agreement are preserved and are not intended to be limited by this bond.

If in accordance with the Restructuring Support Agreement and the Purchase Agreement (a) a holder of a 2016 Bond duly elects to exchange all or any portion of its 2016 Bond and (b) the Authority fails to effect such exchange, then such holder shall have the right to require the Authority upon 20 days' prior notice to have such 2016 Bond redeemed, in whole or in part corresponding to the principal amount elected to be exchanged, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for such redemption, without premium. If pursuant to the Restructuring Support Agreement and the Purchase Agreement or any related agreement, the holder of a 2016 Bond exchanges such 2016 Bond or the Authority redeems such 2016 Bond, the 2016 Bond so exchanged or redeemed shall be surrendered to the Trustee for cancellation and shall no longer be outstanding under the Agreement.

The moneys in the Sinking Fund available for the purchase or redemption of bonds shall be allocated to all series of bonds outstanding under the Agreement in the manner provided in the Agreement.

If less than all of the bonds of any one maturity of a series shall be called for redemption, the particular bonds or portions of registered bonds without coupons to be redeemed from such series and maturity shall be selected by the Trustee as provided in the Agreement.

Any such redemption, either in whole or in part, shall be made in the manner and under the terms and conditions provided in the Purchase Agreement and the Agreement.

On the date designated for redemption, notice having been given as provided in the Agreement or the Eighteenth Supplemental Agreement, the bonds or portions thereof so called for redemption shall become and be due and payable at the redemption price provided for redemption of such bonds or such portions thereof on such date, and, if moneys for payment of the redemption price and the accrued interest are held by the Trustee, as provided in the Agreement, interest on such bonds or such portions thereof so called for redemption shall cease to accrue, such bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Agreement, and the registered owners thereof shall have no rights in respect of such bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest so held by the Trustee. If a portion of this bond shall be called for redemption, a new bond or bonds of the same series and maturity in principal amount equal to the unredeemed portion of this bond will be issued to the registered owner upon the surrender thereof.

The owner of this bond shall have no right to enforce the provisions of the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Agreement; *provided*, that the owner of this bond shall have the right to enforce the Purchase Agreement.

In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the principal of all the bonds then outstanding under the Agreement may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Agreement or of any agreement supplemental thereto may be made by the Authority and the Trustee only to the extent and in the circumstances permitted by the Agreement.

The transfer of this bond is registrable by the registered owner thereof in person or by his attorney or legal representative at the principal office of the Trustee but only in the manner and subject to the limitations and conditions provided in the Agreement and upon surrender and cancellation of this bond. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for this bond a new definitive bond or bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate.

As declared by the Authority Act, this bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Agreement, shall at all times be, and shall be understood to be, a negotiable instrument for all purposes.

This bond is issued with the intent that the laws of the Commonwealth of Puerto Rico shall govern its construction.

All acts, conditions and things required by the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth of Puerto Rico and the rules and regulations of the Authority to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Agreement have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Agreement until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, Puerto Rico Electric Power Authority has caused this bond to bear the facsimile signatures of the Executive Director and the Secretary of the Authority, and a facsimile of its corporate seal to be imprinted hereon, all as of the __ day of __, 201__.

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: [Facsimile signature]
Executive Director

[Facsimile signature]
Secretary

[Corporate Seal]

[To be endorsed on all bonds]

CERTIFICATE OF AUTHENTICATION

This is one of the bonds of the series designated therein and issued under the provisions of the within mentioned Agreement.

U.S. BANK NATIONAL ASSOCIATION,
successor trustee

By: _____
Authorized Officer

Date of authentication: _____

[Form of Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ [Please Print or Typewrite Name and Address of Transferee] the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed by*: _____, New York, New York

*Such signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

AMENDMENT NO. 1 TO BOND PURCHASE AGREEMENT

This Amendment No. 1, dated as of February 19, 2016 (“***Amendment No. 1***”), to the Bond Purchase Agreement dated as of January 27, 2016 (as it may be amended, supplemented or otherwise modified from time to time, the “***Agreement***”), is made by and among Puerto Rico Electric Power Authority (the “***Authority***”), National Public Finance Guarantee Corporation (“***National***”), Assured Guaranty Corp. (“***AGC***”), Assured Guaranty Municipal Corp. (together with AGC, “***Assured***”), and the undersigned members of the Ad Hoc Group of Bondholders identified on Annex A (each a “***Participating Holder***”, and together with Assured and National, the “***Purchasers***” and individually, a “***Purchaser***”),

W I T N E S S E T H:

WHEREAS, the Authority and the Purchasers (collectively, the “***Parties***”) entered into that certain Bond Purchase Agreement, dated as of January 27, 2016 (as it may be amended, supplemented or otherwise modified from time to time, the “***Agreement***”),

WHEREAS, the Parties desire to amend the Agreement to extend certain deadlines, including for the Corporation to file the SPV Petition with the Energy Commission and the outside dates for funding under the Agreement;

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:

Unless otherwise defined herein or amended hereby, capitalized terms used herein which are defined in the Agreement shall have the meanings ascribed to them in the Agreement.

1. Conditions to Effectiveness. This Amendment No. 1 shall become effective as of the date (the “***Amendment No. 1 Effective Date***”) that each of the following shall have occurred:

(a) All Parties shall have duly executed a counterpart of this Amendment No. 1; and

(b) PREPA shall have received and provided written confirmation to all Supporting Creditors of all approvals required to enter into and perform the Agreement, as amended by this Amendment No. 1, including, without limitation, submission to the Supporting Creditors of resolution(s) duly adopted by the board of directors of PREPA authorizing PREPA to enter into and perform the Agreement, as amended by this Amendment No. 1.

2. Amendment. This Amendment No. 1 amends the Agreement as follows:

(a) The definition of “2016A Outside Date” in Section 1 is amended to replace the words “March 22, 2016” with “March 25, 2016”.

(b) The definition of “2016B Outside Date” in Section 1 is amended to replace the words “March 28, 2016” with “April 18, 2016”.

(c) Section **2(f)** is amended to replace the words “February 26, 2016” with “March 16, 2016”.

(d) Sections **4(2)(m) and 12(iii)** are amended to replace the words “March 1, 2016” with “March 22, 2016”.

3. Effectiveness. On or after the Amendment No. 1 Effective Date, each reference in the Agreement to “this Agreement,” “Bond Purchase Agreement,” “hereunder,” “hereof,” “herein,” or words of like import referring to the Agreement shall mean and be a reference to the Agreement, as amended by this Amendment No. 1. Except as expressly amended by this Amendment No. 1, the provisions of the Agreement, including, without limitation, all other dates and deadlines provided for in the Agreement, are and shall remain in full force and effect without modification.

4. Governing Law. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the Commonwealth.

5. Counterparts. This Amendment No. 1 may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties hereto may execute this Amendment No. 1 by signing any such counterpart. Delivery of an executed signature page of this Amendment No. 1 by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

[Signature Pages Follow]

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

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: 

Name: Javier A. Quintana Méndez


Title: Executive Director

NATIONAL PUBLIC FINANCE GUARANTEE
CORPORATION

By: _____

Name: _____

Title: _____


John Jordan
Managing Director

ASSURED GUARANTY CORP.,

ASSURED GUARANTY MUNICIPAL CORP.

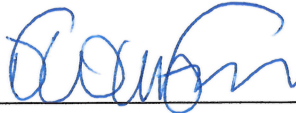
By: Jorge Gana

Name: Jorge GANA

Title: Managing Director

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: Kirk Wickman

Authorized Signatory

Title: _____

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** _____

Title: _____ **Deputy General Counsel** _____


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

CALIFORNIA HIGH YIELD MUNICIPAL BOND
FUND

HIGH YIELD TAX FREE INCOME FUND

By: Sherla Amoros
Name: Sherla Amoros
Title: SVP

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: BEN BARBER

Title: Portfolio Manager

LMA SPC FOR AND ON BEHALF OF MAP 84
SEGREGATED PORTFOLIO

By: Knighthood Capital Management, LLC, its
Investment Advisor

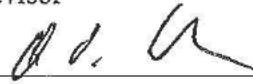
By:  _____

Name: Ara Cohen
Managing Member

Title: _____

KNIGHTHEAD MASTER FUND, LP

By: Knighthead Capital Management, LLC, its
Investment Advisor

By: 

Name: Ara Cohen
Managing Member

Title: _____

KNIGHTHEAD ANNUITY & LIFE ASSURANCE
COMPANY

By: Knighthead Capital Management, LLC, its
Investment Advisor

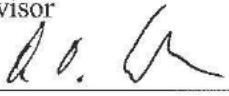
By:  _____

Name: Ara Cohen
Managing Member

Title: _____

KNIGHTHEAD (NY) FUND, LP

By: Knighthead Capital Management, LLC, its
Investment Advisor

By: 

Name: Ara Cohen
Managing Member

Title: _____

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. F. G. /

Name: PETER COPPA

Title: AUTHORIZED SIGNATORY

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

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,

and

OPPENHEIMER FUNDS, INC., as investment advisor
for the following accounts: MASSMUTUAL
INTERNATIONAL HOLDING MSC, and
MASSMUTUAL UNIFIED TRADITIONAL
SEPARATE ACCOUNT

By: 

Name: CHARLES POLIRE

Title: PORTFOLIO MANAGER

Annex A – Participating Holders

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 HIGH YIELD MUNICIPAL BOND FUND

HIGH YIELD TAX FREE INCOME FUND

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

AMENDMENT NO. 2 TO BOND PURCHASE AGREEMENT

This Amendment No. 2, dated as of March 14, 2016 (“**Amendment No. 2**”), to the Bond Purchase Agreement dated as of January 27, 2016 (as it may be amended, supplemented or otherwise modified from time to time, including by Amendment No. 1 dated February 19, 2016, the “**Agreement**”), is made by and among Puerto Rico Electric Power Authority (the “**Authority**”), National Public Finance Guarantee Corporation (“**National**”), Assured Guaranty Corp. (“**AGC**”), Assured Guaranty Municipal Corp. (together with AGC, “**Assured**”), and the undersigned members of the Ad Hoc Group of Bondholders identified on Annex A (each a “**Participating Holder**”, and together with Assured and National, the “**Purchasers**” and individually, a “**Purchaser**”),

W I T N E S S E T H:

WHEREAS, the Authority and the Purchasers (collectively, the “**Parties**”) entered into that certain Bond Purchase Agreement, dated as of January 27, 2016 (as it may be amended, supplemented or otherwise modified from time to time, including by Amendment No. 1 dated February 19, 2016, the “**Agreement**”),

WHEREAS, the Parties desire to amend the Agreement in various respects, including to extend certain deadlines such as the deadline for the Corporation to file the SPV Petition with the Energy Commission and an outside date for funding under the Agreement;

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:

Unless otherwise defined herein or amended hereby, capitalized terms used herein which are defined in the Agreement shall have the meanings ascribed to them in the Agreement.

1. Conditions to Effectiveness. This Amendment No. 2 shall become effective as of the date (the “**Amendment No. 2 Effective Date**”) that each of the following shall have occurred:

(a) All Parties shall have duly executed a counterpart of this Amendment No. 2; and

(b) PREPA shall have received and provided written confirmation to all Supporting Creditors of all approvals required to enter into and perform the Agreement, as amended by this Amendment No. 2, including, without limitation, submission to the Supporting Creditors of resolution(s) duly adopted by the board of directors of PREPA authorizing PREPA to enter into and perform the Agreement, as amended by this Amendment No. 2.

2. Amendment. This Amendment No. 2 amends the Agreement as follows:

(a) The definition of “2016A Outside Date” in Section 1 is amended to replace the words “March 25, 2016” with “March 29, 2016”.

(b) Sections **4(2)(m)** and **12(iii)** are amended to replace the words “March 22, 2016” with “March 23, 2016”.

(c) Section **6(b)** is amended to replace both instances of the words “twenty (20) days” with the words “twenty-five (25) days”.

(d) The following new clause (**r**) is added to Section **3** immediately after Section 3(q):

“As promptly as is reasonably practicable after the execution and delivery of any amendment to this Agreement or the Restructuring Support Agreement, the Authority shall cause a complete copy of such amendment to be posted on “Electronic Municipal Market Access” (“EMMA”) (www.emma.msrb.org) for all of the Authority’s outstanding bonds; provided that the Authority shall redact information regarding individual Supporting Creditors and Purchasers (such as dollar amounts of holdings of bonds and purchase commitments) from any such posted amendment.”

(e) Section **2(f)** is amended to replace the words “March 16, 2016” with “March 18, 2016”.

(f) Exhibit **A** to the Agreement is deleted and replaced with Exhibit A to this Amendment No. 2.

3. Effectiveness. On or after the Amendment No. 2 Effective Date, each reference in the Agreement to “this Agreement,” “Bond Purchase Agreement,” “hereunder,” “hereof,” “herein,” or words of like import referring to the Agreement shall mean and be a reference to the Agreement, as amended by this Amendment No. 2. Except as expressly amended by this Amendment No. 2, the provisions of the Agreement, including, without limitation, all other dates and deadlines provided for in the Agreement, are and shall remain in full force and effect without modification.

4. Governing Law. This Amendment No. 2 shall be governed by and construed in accordance with the laws of the Commonwealth.

5. Counterparts. This Amendment No. 2 may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties hereto may execute this Amendment No. 2 by signing any such counterpart. Delivery of an executed signature page of this Amendment No. 2 by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

[Signature Pages Follow]

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

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

NATIONAL PUBLIC
FINANCE GUARANTEE
CORPORATION

By: 

Name: John J. Jordan

Title: Managing Director

ASSURED GUARANTY CORP.,

ASSURED GUARANTY MUNICIPAL CORP.

By: 

Name: HOLLY HORN
CHIEF SURVEILLANCE OFFICER

Title: PUBLIC FINANCE

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: _____

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: _____

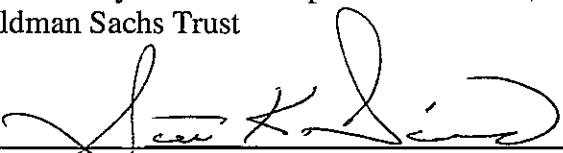
FRANKLIN ADVISERS, INC. on behalf of the
following funds:

CALIFORNIA HIGH YIELD MUNICIPAL BOND
FUND

HIGH YIELD TAX FREE INCOME FUND

By: Sheila Amoroso
Name: Sheila Amoroso
Title: VP

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: 
Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.


Notice information:

Goldman Sachs Asset Management
Attn: David Alter
200 West St., 35th Floor
New York, NY 10282
David.alter@gs.com

REDACTED

KNIGHTHEAD MASTER FUND, LP

By: Knighthead Capital Management, LLC, its
Investment Advisor ~~Manager~~

By:  _____

Name: _____ Laura Torrado
Authorized Signatory

Title: _____

LMA SPC FOR AND ON BEHALF OF MAP 84
SEGREGATED PORTFOLIO

By: Knighthood Capital Management, LLC, its
Investment Advisor

By:  _____

Name: Laura Torrado
Authorized Signatory

Title: _____

KNIGHTHEAD ANNUITY & LIFE ASSURANCE
COMPANY

By: Knighthead Capital Management, LLC, its
Investment Advisor

By:  _____

Name: Laura Torrado
Authorized Signatory

Title: _____

KNIGHTHEAD (NY) FUND, LP

By: Knighthead Capital Management, LLC, its
Investment Advisor

By:  _____

Name: Laura Torrado
Authorized Signatory

Title: _____

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. Flier

Name: PETER CORRA

Title: AUTHORIZED SIGNATORY

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

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,

and

OPPENHEIMER FUNDS, INC., as investment advisor
for the following accounts: MASSMUTUAL
INTERNATIONAL HOLDING MSC, and
MASSMUTUAL UNIFIED TRADITIONAL
SEPARATE ACCOUNT

By: Scott Cottier

Name: Scott Cottier

Title: VP/PM

Annex A – Participating Holders

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 HIGH YIELD MUNICIPAL BOND FUND

HIGH YIELD TAX FREE INCOME FUND

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

[Form of 2016 Bond]

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IN CONNECTION THEREWITH IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

\$

No. R_16-____

UNITED STATES OF AMERICA
COMMONWEALTH OF PUERTO RICO

PUERTO RICO ELECTRIC POWER AUTHORITY

Power Revenue Bonds, Series 2016_

Interest Rate
10%

Maturity Date
July 1, 2019

CUSIP No.

Registered Owner

Principal Amount

Dollars

Puerto Rico Electric Power Authority, a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein sometimes called the “Authority”), for value received, hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to the Registered Owner mentioned above or registered assigns or legal representative, on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the corporate trust office of the Trustee (hereinafter mentioned), the Principal Amount set forth above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, to the person in whose name this bond (or one or more predecessor bonds, as defined in the Agreement hereinafter mentioned) is registered at the close of business on the 15th day of the month next preceding an interest payment date, by check mailed to the Registered Owner at his address as it appears on the bond registration books of the Authority, interest on said Principal Amount from the date hereof or from the interest payment date next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is

a January 1 or July 1, in which case, from such date, semiannually on January 1 and July 1 of each year, commencing July 1, 2016, in like coin or currency, at the Interest Rate shown above until payment of said Principal Amount. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

This bond shall not be deemed to constitute a debt or obligation of the Commonwealth of Puerto Rico or any of its municipalities or other political subdivisions (other than the Authority), and neither the Commonwealth of Puerto Rico nor any such municipalities or other political subdivisions (other than the Authority) are liable for the payment of this bond or the interest hereon, but this bond shall be payable as to both principal and interest solely from the special fund provided therefor as hereinafter set forth.

This bond is one of a duly authorized series of bonds known as “Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016_”, dated the date hereof, maturing on the 1st day of July, 2019 (the “2016_ Bonds”), and issued under the Agreement for the purpose of paying the cost of acquiring or constructing capital improvements to the electric power properties of the Authority (the electric power properties owned and operated by the Authority as a single integrated system, together with all improvements, renewals and replacements thereof and extensions and additions thereto financed or refinanced under the provisions of the Agreement being herein called the “System”). The Authority has also entered into a Bond Purchase Agreement, dated as of January 27, 2016 (as amended from time to time, the “Purchase Agreement”), with the purchasers party thereto (the “Purchasers”) in connection with the issuance of the 2016_ Bonds, a true and correct copy of which Purchase Agreement is attached to the Eighteenth Supplemental Agreement (as herein defined).

[Insert in 2016A Bond form: The Purchase Agreement contemplates the issuance under and secured by the Agreement of Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016B, in the aggregate principal amount of \$_____ (the “2016B Bonds”) upon the satisfaction simultaneously with or subsequent to the delivery of the 2016A Bonds of certain conditions set forth in the Purchase Agreement. The 2016A Bonds and the 2016B Bonds are herein called collectively the “2016 Bonds”.] [Insert in 2016B Bond form: The Authority has heretofore issued (or is issuing simultaneously with the issuance of the 2016B Bonds) in accordance with the Agreement and as contemplated by the Purchase Agreement and its Puerto Rico Electric Power Authority Power Revenue Bonds, Series 2016A (the “2016A Bonds”). The 2016A Bonds and the 2016B Bonds are herein called collectively the “2016 Bonds”.] Capitalized terms used herein not otherwise defined have the meanings given to them in the Purchase Agreement or if not defined therein, then in the Agreement.

All of the bonds are issued under and pursuant to a trust agreement, as amended (said agreement, together with all agreements supplemental thereto as therein permitted, including that certain Eighteenth Supplemental Agreement, dated as of March __, 2016 (the “Eighteenth Supplemental Agreement”), being herein called the “Agreement”), dated as of the 1st day of January, 1974, by and between the Authority and U.S. Bank National Association, in the Borough of Manhattan, City and State of New York (said banking association and any bank or trust company becoming successor trustee under the Agreement being herein called the “Trustee”), an executed counterpart of which Agreement is on file at the corporate trust office of the Trustee. Reference is hereby made to the Agreement for the provisions, among others, with

respect to the custody and application of the proceeds of bonds issued under the Agreement, the collection and disposition of revenues, the fund charged with and pledged to the payment of the interest on and the principal of the bonds, the nature and extent of the security, the terms and conditions on which the bonds of each series are or may be issued, the rights, duties and obligations of the Authority and of the Trustee and the rights of the holders of the bonds, and, by the acceptance of this bond, the holder hereof assents to all of the provisions of the Agreement.

The Agreement provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional series of bonds (such bonds and the 2016 Bonds being herein collectively called the “bonds”).

This bond is issued and the Agreement was made and entered into under and pursuant to the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth of Puerto Rico, including Act No. 83 of the Legislature of Puerto Rico, approved May 2, 1941, as amended, reenacted and supplemented (the “Authority Act”), and under and pursuant to resolutions duly adopted by the Authority.

The Agreement provides for the fixing, charging and collecting by the Authority of reasonable rates and charges for the use of the services and facilities furnished by the System sufficient to provide for the payment of the expenses of the Authority incurred in the repair, maintenance and operation of the System and for the payment of the principal of and the interest on the bonds as the same become due and payable, including reserves for such purposes. The Agreement provides for the creation of a special fund designated “Puerto Rico Electric Power Authority Power Revenue Bonds Interest and Sinking Fund” (herein called the “Sinking Fund”) and for the deposit to the credit of the Sinking Fund of a sufficient amount of the revenues of the System over and above such expenses of repair, maintenance and operation, to pay the principal of and the interest on all bonds issued under the Agreement as the same become due and payable and to create a reserve for such purpose, which special fund is pledged to and charged with the payment of the principal of and the interest on the bonds.

The 2016 Bonds are issuable as registered bonds without coupons in denominations of \$1.00 and any integral multiple thereof. At the corporate trust office of the Trustee, in the manner and subject to the limitations and conditions provided in the Agreement and without cost except for any tax or other governmental charge, definitive bonds may be exchanged for an equal aggregate principal amount of bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The 2016 Bonds shall not be subject to prior redemption except as provided herein and in the Agreement.

Unless the 2016 Bonds have been previously economically defeased as provided in Section 6(c) of the Purchase Agreement, the 2016 Bonds at the time outstanding shall be redeemed in whole at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, not later than twenty-five (25) days after the effective date of the termination of the Restructuring Support Agreement (excluding, for purposes of such calculation, such effective date of termination) in accordance with its terms as to any Applicable Insurer or the Holders (as defined in the Restructuring Support Agreement) as

a class. If the Restructuring Support Agreement shall be terminated as aforesaid prior to July 1, 2016, the redemption shall occur on the later of (i) July 1, 2016 and (ii) twenty-five (25) days after the termination of the Restructuring Support Agreement as aforesaid (excluding, for purposes of such calculation, such effective date of termination). Notice of redemption shall be given in the manner and subject to the terms and conditions of the Agreement. Notice of the termination of the Restructuring Support Agreement as aforesaid shall be given to the Trustee by the Authority within one (1) business day thereafter and may be given by any Applicable Insurer or any beneficial holder of 2016 Bonds, and the Trustee shall be obligated to give notice of redemption within two (2) business days following Trustee's receipt of any such notice of termination. For purposes of determining whether the Restructuring Support Agreement has terminated as aforesaid, the Trustee shall be entitled to rely on a certification of any entity that it is an Applicable Insurer or a beneficial holder of 2016 bonds.

The Authority hereby acknowledges and agrees that the Restructuring Support Agreement and the Purchase Agreement contain provisions related to the economic defeasance of the 2016 Bonds under certain circumstances. Nothing in this bond is intended to (a) limit the obligation of the Authority to the Purchasers in respect of the Restructuring Support Agreement or the Purchase Agreement or the rights of the Purchasers thereunder, or (b) make the Trustee a party to the Purchase Agreement or the Restructuring Support Agreement or require the Trustee to undertake any duties under the Purchase Agreement or Restructuring Support Agreement, and all rights of the Purchasers under the Restructuring Support Agreement and the Purchase Agreement are preserved and are not intended to be limited by this bond.

If in accordance with the Restructuring Support Agreement and the Purchase Agreement (a) a holder of a 2016 Bond duly elects to exchange all or any portion of its 2016 Bond for Securitization Bonds and (b) the Authority fails to effect such exchange, then such holder shall have the right under this bond at any time thereafter to require the Authority upon 20 days' prior written notice given to the Authority and the Trustee by such holder to have such 2016 Bond redeemed for cash, in whole or in part corresponding to the principal amount elected to be exchanged as specified in its notice, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for such redemption, without premium. If pursuant to the Restructuring Support Agreement and the Purchase Agreement or any related agreement, the holder of a 2016 Bond exchanges such 2016 Bond or the Authority redeems such 2016 Bond, the 2016 Bond so exchanged or redeemed shall be surrendered to the Trustee for cancellation and shall no longer be outstanding under the Agreement. If an offer shall not be made to the holders of Series 2016 Bonds to exchange the Series 2016 Bonds for Securitization Bonds in accordance with the terms and conditions set forth in Section 6 of the Purchase Agreement, then for purposes of satisfying the condition set forth in clause (a) above with respect to a holder's right of redemption contained in this paragraph (and in Section 6(f) of the Purchase Agreement), each holder shall be deemed to have properly elected such exchange.

The moneys in the Sinking Fund available for the purchase or redemption of bonds shall be allocated to all series of bonds outstanding under the Agreement in the manner provided in the Agreement.

If less than all of the bonds of any one maturity of a series shall be called for redemption, the particular bonds or portions of registered bonds without coupons to be redeemed from such series and maturity shall be selected by the Trustee as provided in the Agreement.

Any redemption of this bond, either in whole or in part, shall be made in the manner and under the terms and conditions provided herein and in the Agreement.

On the date designated for redemption, notice having been given as provided in the Agreement (except as otherwise modified by the terms of this bond), the bonds or portions thereof so called for redemption shall become and be due and payable at the redemption price provided for redemption of such bonds or such portions thereof on such date, and, if moneys for payment of the redemption price and the accrued interest are held by the Trustee, as provided in the Agreement, interest on such bonds or such portions thereof so called for redemption shall cease to accrue, such bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Agreement, and the registered owners thereof shall have no rights in respect of such bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest so held by the Trustee. If a portion of this bond shall be called for redemption, a new bond or bonds of the same series and maturity in principal amount equal to the unredeemed portion of this bond will be issued to the registered owner upon the surrender thereof.

The owner of this bond shall have no right to enforce the provisions of the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Agreement; *provided*, that the owner of this bond shall have the right to enforce the Purchase Agreement.

In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the principal of all the bonds then outstanding under the Agreement may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Agreement or of any agreement supplemental thereto may be made by the Authority and the Trustee only to the extent and in the circumstances permitted by the Agreement.

The transfer of this bond is registrable by the registered owner thereof in person or by his attorney or legal representative at the principal office of the Trustee but only in the manner and subject to the limitations and conditions provided in the Agreement and upon surrender and cancellation of this bond. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for this bond a new definitive bond or bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate.

As declared by the Authority Act, this bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Agreement, shall at all times be, and shall be understood to be, a negotiable instrument for all purposes.

This bond is issued with the intent that the laws of the Commonwealth of Puerto Rico shall govern its construction.

All acts, conditions and things required by the Puerto Rican Federal Relations Act and the Constitution and laws of the Commonwealth of Puerto Rico and the rules and regulations of the Authority to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Agreement have happened, exist and have been performed as so required.

This bond is issued pursuant to the Authority Act and is conclusively deemed to be valid and to have been issued in conformity with the provisions of the Authority Act.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Agreement until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, Puerto Rico Electric Power Authority has caused this bond to bear the facsimile signatures of the Executive Director and the Secretary of the Authority, and a facsimile of its corporate seal to be imprinted hereon, all as of the __ day of __, 2016.

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: [Facsimile signature]
Executive Director

[Facsimile signature]
Secretary

[Corporate Seal]

[To be endorsed on all bonds]

CERTIFICATE OF AUTHENTICATION

This is one of the bonds of the series designated therein and issued under the provisions of the within mentioned Agreement.

U.S. BANK NATIONAL ASSOCIATION,
successor trustee

By: _____
Authorized Officer

Date of authentication: _____

[Form of Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ [Please Print or Typewrite Name and Address of Transferee] the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed by*: _____, New York, New York

*Such signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

AMENDMENT NO. 3 TO BOND PURCHASE AGREEMENT

This Amendment No. 3, dated as of March 23, 2016 (“***Amendment No. 3***”), to the Bond Purchase Agreement dated as of January 27, 2016 (as it may be amended, supplemented or otherwise modified from time to time, including by Amendment No. 1 dated February 19, 2016 and Amendment No. 2 dated March 14, 2016, the “***Agreement***”), is made by and among Puerto Rico Electric Power Authority (the “***Authority***”), National Public Finance Guarantee Corporation (“***National***”), Assured Guaranty Corp. (“***AGC***”), Assured Guaranty Municipal Corp. (together with AGC, “***Assured***”), and the undersigned members of the Ad Hoc Group of Bondholders identified on Annex A (each a “***Participating Holder***”, and together with Assured and National, the “***Purchasers***” and individually, a “***Purchaser***”),

W I T N E S S E T H:

WHEREAS, the Authority and the Purchasers (collectively, the “***Parties***”) desire to amend the Agreement in various respects, including to extend certain deadlines such as the deadline for the Corporation to file the SPV Petition with the Energy Commission and an outside date for funding under the Agreement;

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:

Unless otherwise defined herein or amended hereby, capitalized terms used herein which are defined in the Agreement shall have the meanings ascribed to them in the Agreement.

1. Conditions to Effectiveness. This Amendment No. 3 shall become effective as of the date (the “***Amendment No. 3 Effective Date***”) that each of the following shall have occurred:

(a) All Parties shall have duly executed a counterpart of this Amendment No. 3; and

(b) PREPA shall have received and provided written confirmation to all Supporting Creditors of all approvals required to enter into and perform the Agreement, as amended by this Amendment No. 3, including, without limitation, submission to the Supporting Creditors of resolution(s) duly adopted by the board of directors of PREPA authorizing PREPA to enter into and perform the Agreement, as amended by this Amendment No. 3.

2. Amendment. This Amendment No. 3 amends the Agreement as follows:

(a) The definition of “2016B Outside Date” in Section 1 is amended to replace the words “April 18, 2016” with “April 25, 2016; provided that if (i) the SPV Petition is filed with the Energy Commission on or prior to March 30, 2016 and (ii) the Proposed Restructuring Order (as defined herein) is not submitted to the Energy Commission as part of the SPV Petition, the 2016B Outside Date shall be May 3, 2016”.

(b) Sections 4(2)(m) and 12(iii) are amended to replace the words “March 23, 2016” with “March 30, 2016”.

(c) The following new subsection (q) is added immediately after Section 4(2)(p):

“(q) If the SPV Petition filed with the Energy Commission does not include a proposed form of Restructuring Order (the “Proposed Restructuring Order”), the Authority shall have (i) submitted the Proposed Restructuring Order to the Energy Commission on or before April 8, 2016, and (ii) given written notice of the filing of the Proposed Restructuring Order no later than one day after the date of such filing (the “Proposed Restructuring Order Filing Notice”) (and, excluding, for purposes of such calculation such date of filing) and within fifteen (15) calendar days after the date of delivery of the Proposed Restructuring Order Filing Notice (and, excluding, for purposes of such calculation, such date of delivery), the Authority shall not have received a notice in response from the Majority Participating Holders, Assured, or National stating that the Proposed Restructuring Order, as filed, is not reasonably acceptable to the noticing Purchaser; *provided* that if a Purchaser (or if applicable, the Majority Holders (as defined in the Restructuring Support Agreement) on such Purchaser’s behalf) has not delivered a notice of termination pursuant to Sections 13(e)(xxiii) of the Restructuring Support Agreement and within the time set forth therein, then for purposes of this paragraph (q), the Proposed Restructuring Order shall be deemed reasonably acceptable as to such Purchaser.”

3. Effectiveness. On or after the Amendment No. 3 Effective Date, each reference in the Agreement to “this Agreement,” “Bond Purchase Agreement,” “hereunder,” “hereof,” “herein,” or words of like import referring to the Agreement shall mean and be a reference to the Agreement, as amended by this Amendment No. 3. Except as expressly amended by this Amendment No. 3, the provisions of the Agreement, including, without limitation, all other dates and deadlines provided for in the Agreement, are and shall remain in full force and effect without modification.

4. Governing Law. This Amendment No. 3 shall be governed by and construed in accordance with the laws of the Commonwealth.

5. Counterparts. This Amendment No. 3 may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties hereto may execute this Amendment No. 3 by signing any such counterpart. Delivery of an executed signature page of this Amendment No. 3 by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

[Signature Pages Follow]

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

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director



NATIONAL PUBLIC FINANCE GUARANTEE
CORPORATION

By: 

Name: John Jordan

Title: Managing Director

ASSURED GUARANTY CORP.,

ASSURED GUARANTY MUNICIPAL CORP.


By: Holly Horn

Name: HOLLY HORN
CHIEF SURVEILLANCE OFFICER
PUBLIC FINANCE

Title: _____

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: Gavin Bai era

Title: Authorized Signatory

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: _____

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

CALIFORNIA HIGH YIELD MUNICIPAL BOND
FUND

HIGH YIELD TAX FREE INCOME FUND

By: 
Name: Rafael R Costas 
Title: Vice President

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: David Alter

Name: David Alter

Title: Managing Director

LMA SPC FOR AND ON BEHALF OF MAP84
SEGREGATED PORTFOLIO

By: Knighthead Capital Management, LLC, its Investment
Advisor

By: 

Authorized Officer
Principal amount of 2016A Bonds: \$ See attached appendix.
Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:


Knighthead Capital Management, LLC
Attn: Laura L. Torrado
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthead.com

and

Knighthead Capital Management, LLC
Attn: Andrew Shannahan
Knighthead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthead.com

KNIGHTHEAD MASTER FUND, LP

By: Knighthead Capital Management, LLC, its Investment Manager

By: 
Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

Knighthhead Capital Management, LLC
Attn: Laura L. Torrado
Knighthhead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthhead.com

and

Knighthhead Capital Management, LLC
Attn: Andrew Shannahan
Knighthhead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthhead.com

KNIGHTHEAD ANNUITY & LIFE ASSURANCE
COMPANY

By: Knighthead Capital Management, LLC, its Investment
Advisor

By: 

Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

Knighthhead Capital Management, LLC
Attn: Laura L. Torrado
Knighthhead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthhead.com

and

Knighthhead Capital Management, LLC
Attn: Andrew Shannahan
Knighthhead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthhead.com

KNIGHTHEAD (NY) FUND, LP

By: Knighthead Capital Management, LLC, its Investment
Advisor

By: 

Authorized Officer

Principal amount of 2016A Bonds: \$ See attached appendix.

Principal amount of 2016B Bonds: \$ See attached appendix.

Notice information:

Knighthhead Capital Management, LLC
Attn: Laura L. Torrado
Knighthhead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ltorrado@knighthhead.com

and

Knighthhead Capital Management, LLC
Attn: Andrew Shannahan
Knighthhead Capital Management, LLC
1140 Avenue of Americas, 12th Floor
New York, NY 10036
ashannahan@knighthhead.com

Annex to Signature Page

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: P-L Flynn

Name: Peter Flynn

Title: Authorized Signatory

REDACTED

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,

and

OPPENHEIMER FUNDS, INC., as investment advisor
for the following accounts: MASSMUTUAL
INTERNATIONAL HOLDING MSC, and
MASSMUTUAL UNIFIED TRADITIONAL
SEPARATE ACCOUNT

By: Scott Cottier

Name: Scott Cottier

Title: VP/PM

Annex A – Participating Holders

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 HIGH YIELD MUNICIPAL BOND FUND

HIGH YIELD TAX FREE INCOME FUND

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

AMENDMENT NO. 4 TO BOND PURCHASE AGREEMENT

This Amendment No. 4, dated as of March 29, 2016 (“**Amendment No. 4**”), to the Bond Purchase Agreement dated as of January 27, 2016 (as it may be amended, supplemented or otherwise modified from time to time, including by Amendment No. 1 dated February 19, 2016, Amendment No. 2 dated March 14, 2016 and Amendment No. 3 dated March 23, 2016, the “**Agreement**”), is made by and among Puerto Rico Electric Power Authority (the “**Authority**”), National Public Finance Guarantee Corporation (“**National**”), Assured Guaranty Corp. (“**AGC**”), Assured Guaranty Municipal Corp. (together with AGC, “**Assured**”), and the undersigned members of the Ad Hoc Group of Bondholders identified on Annex A (each a “**Participating Holder**”, and together with Assured and National, the “**Purchasers**” and individually, a “**Purchaser**”),

W I T N E S S E T H:

WHEREAS, the Authority and the Purchasers (collectively, the “**Parties**”) desire to amend the Agreement in various respects, including to extend certain deadlines such as the deadline for the Corporation to file the SPV Petition with the Energy Commission and the outside dates for funding under the Agreement;

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:

Unless otherwise defined herein or amended hereby, capitalized terms used herein which are defined in the Agreement shall have the meanings ascribed to them in the Agreement.

1. Conditions to Effectiveness. This Amendment No. 4 shall become effective as of the date (the “**Amendment No. 4 Effective Date**”) that each of the following shall have occurred:

(a) All Parties shall have duly executed a counterpart of this Amendment No. 4; and

(b) PREPA shall have received and provided written confirmation to all Supporting Creditors of all approvals required to enter into and perform the Agreement, as amended by this Amendment No. 4, including, without limitation, submission to the Supporting Creditors of resolution(s) duly adopted by the board of directors of PREPA authorizing PREPA to enter into and perform the Agreement, as amended by this Amendment No. 4.

2. Amendment. This Amendment No. 4 amends the Agreement as follows:

(a) The definition of “2016A Outside Date” in Section 1 is amended to replace the words “March 29, 2016” with “April 7, 2016”.

(b) The definition of “2016B Outside Date” in Section 1 is amended to (i) replace the words “April 25, 2016” with “May 2, 2016”, and (ii) replace the words “March 30, 2016” with “April 7, 2016”.

(c) Sections **4(2)(m) and 12(iii)** are amended to replace the words “March 30, 2016” with “April 7, 2016”.

3. Effectiveness. On or after the Amendment No. 4 Effective Date, each reference in the Agreement to “this Agreement,” “Bond Purchase Agreement,” “hereunder,” “hereof,” “herein,” or words of like import referring to the Agreement shall mean and be a reference to the Agreement, as amended by this Amendment No. 4. Except as expressly amended by this Amendment No. 4, the provisions of the Agreement, including, without limitation, all other dates and deadlines provided for in the Agreement, are and shall remain in full force and effect without modification.

4. Governing Law. This Amendment No. 4 shall be governed by and construed in accordance with the laws of the Commonwealth.

5. Counterparts. This Amendment No. 4 may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties hereto may execute this Amendment No. 4 by signing any such counterpart. Delivery of an executed signature page of this Amendment No. 4 by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

[Signature Pages Follow]

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

PUERTO RICO ELECTRIC POWER
AUTHORITY

By: 

Name: Javier A. Quintana Méndez

Title: Executive Director

[Amendment No. 4 to BPA]

PFB 002483

NATIONAL PUBLIC FINANCE GUARANTEE
CORPORATION

By:  _____

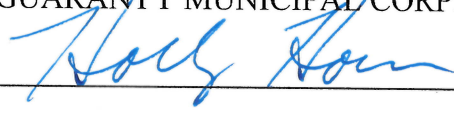
Name: John Jordan

Title: Managing Director

ASSURED GUARANTY CORP.,

ASSURED GUARANTY MUNICIPAL CORP.

By:



Name:

HOLLY HORN

**CHIEF SURVEILLANCE OFFICER
PUBLIC FINANCE**

Title: