

**AMENDMENT NO. 7 TO THE FORBEARANCE AGREEMENT**

This Amendment No. 7, dated as of September 1, 2015 (“***Amendment No. 7***”), to the Forbearance Agreement, dated as of August 14, 2014 (as it may be 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, Amendment No. 6, dated June 30, 2015, and this Amendment No. 7, the “***Agreement***”), is entered into by and among PREPA, Assured, Syncora, the Ad Hoc Group identified on Annex A (the “***Ad Hoc Group***”) and the other undersigned parties (collectively, together with Assured, Syncora and the Ad Hoc Group, the “***Forbearing Creditors***”, and, collectively, together with PREPA, the “***Parties***”).

**RECITALS**

**WHEREAS**, the Parties desire to amend the Agreement to (i) extend the term of the Agreement, (ii) modify the terms of certain termination rights in accordance with the terms of this Amendment No. 7, and (iii) modify certain covenants of the Parties in accordance with the terms of this Amendment No. 7.

**WHEREAS**, PREPA and the Forbearing Creditors have consented to the execution by PREPA and the Trustee of the seventeenth supplemental agreement to the Trust Agreement (the “***June 2015 Supplemental Agreement***”).

**WHEREAS**, as of August 31, 2015 \$8,238,709,000 in principal amount of the Bonds is outstanding.

**WHEREAS**, as of August 31, 2015, the total outstanding principal amount of Bonds insured by Assured under the Bond Insurance Agreements is \$904,652,224.

**WHEREAS**, as of the date hereof, the total outstanding principal amount of Bonds insured by Syncora under the Bond Insurance Agreements is \$197,405,000.

**WHEREAS**, as of the date hereof, the total outstanding principal amount of Bonds that are not Insured Bonds that are beneficially owned by each Holder is listed on each respective Holder’s signature page to this Agreement.

**WHEREAS**, as of the date hereof, the total outstanding principal amount of Bonds that are not Insured Bonds that are beneficially owned by the Holders is approximately \$3,061,802,000.

**WHEREAS**, the Forbearing Creditors agree to this Amendment No. 7 in exchange for the below terms and conditions.

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

1. Definitions. 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. From and after the Amendment No. 7 Effective Date (as defined below), (i) the terms “Parties,” “Ad Hoc Group,” and “Forbearing Creditors,” as used in the Agreement, shall have the meanings assigned to such terms in this Amendment No. 7; and (ii) the phrase “the Bonds outstanding subject to this Agreement,” as used in the Agreement, shall be interpreted by reference to the Agreement as amended by this Amendment No. 7.

2. Conditions to Effectiveness. This Amendment No. 7 shall become effective as of the date (the “***Amendment No. 7 Effective Date***”) that each of the following shall have occurred:

(a) All Parties shall have duly executed a counterpart of this Amendment No. 7;

(b) PREPA shall have executed amendments to the Citibank/Scotiabank Forbearance Agreements in form and substance acceptable to the Forbearing Creditors;

(c) 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, now or hereinafter enacted, has been instituted by or on behalf of PREPA; and

(d) PREPA shall have received and provided written confirmation to all Forbearing Creditors of all approvals required to enter into and perform the Agreement, as amended by this Amendment No. 7, including, without limitation, submission to the Forbearing 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. 7.

3. Representations.

(a) Representations of Insurers. Each of Assured and Syncora (collectively, the “***Insurers***”) hereby represents and warrants (which is a continuing representation and warranty, and shall be true throughout the Forbearance Period) that the representations in the Recitals set forth above as to each of Assured and Syncora is true and accurate as of the date hereof.

(b) Representations of the Holders. Each of the Holders hereby represents and warrants (which is a continuing representation and warranty, and shall, subject to the provisions of the Agreement relating to Transfer, be true throughout the Forbearance Period) that:

(i) it owns or has investment management responsibility for accounts that own Bonds (that are not Insured Bonds) in the principal amounts set forth on its respective signature page hereto or Forbearing Creditor Joinder (as applicable), and that it has not sold, assigned, transferred, participated or otherwise pledged such Bonds, or any voting consent or direction rights related to such Bonds, to any other person or entity, in each case, except as permitted by Section 7 of the Agreement; and

- (ii) each of the representations in the Recitals set forth above as to the Holders is true and accurate as of the date hereof.

4. Covenants by PREPA.

(a) Section 4 (u) of the Agreement is hereby amended and restated in its entirety as follows:

“Not later than the first (1st) business day of each month after the date on which the June 2015 Supplemental Agreement becomes effective pursuant to its terms, counsel for any Forbearing Creditor shall, by written notice to all Parties, subject to the confidentiality provisions in Section 6(b), advise PREPA of any changes in the aggregate principal amount of Bonds insured or beneficially owned by its clients that are Forbearing Creditors. On September 15, 2015, PREPA shall pay an amendment fee to each Forbearing Creditor that is a Forbearing Creditor at such time (or such Forbearing Creditor’s designee) equal to its pro rata share (based on the aggregate principal amount of Bonds insured or beneficially owned subject to the Agreement at such time) of the sum of \$1,000,000, which shall be creditable against any obligation of PREPA to pay any fees and expenses of such Forbearing Creditor.”

(b) Section 4 of the Agreement shall be amended to delete the word “and” immediately after clause (t), to add the word “and” immediately after clause (u), and to add (immediately following clause (u) and immediately prior to Section 5), the following:

“PREPA and the Ad Hoc Group shall each work collaboratively and in good faith to reach agreement on a recovery plan incorporating the terms described on the Recovery Plan Term Sheet attached hereto as Annex B. For the avoidance of doubt, the Recovery Plan Term Sheet shall not bind any Insurer, and PREPA shall continue to work collaboratively and in good faith with the Insurers on a recovery plan addressing the bonds insured by the Insurers.”

5. Termination.

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

“This Agreement shall terminate at 11:59 p.m. (prevailing Eastern Time) on September 18, 2015, unless terminated earlier in accordance with the terms of this Agreement (in each such case, the “**Forbearance Termination Date**”).”

(b) Section 5(b) of the Agreement shall be amended to add the word “or” immediately after clause (i), and delete clause (iii) and clause (iv) in their entirety.

(c) Section 5(g) of the Agreement shall be amended and restated in its entirety as follows:

“In addition, (A) Forbearing Creditors holding beneficially or insuring at least 25% of the principal amount of Bonds outstanding subject to this Agreement, shall have the right,

upon written notice to PREPA and the other Forbearing Creditors, to terminate this Agreement at any time during the Forbearance Period (each, a “**25% Termination Event**”); and (B) any Forbearing Creditor shall have the right, upon written notice to PREPA and the other Forbearing Creditors, to terminate this Agreement upon the exercise of remedies against PREPA by National Public Finance Guarantee Corporation. The Forbearance Termination Date shall be deemed to have occurred as of the date and time when any such Forbearing Creditor or Creditors deliver such written notice.”

6. Binding Effect. Notwithstanding anything to the contrary in the Agreement, the Agreement, as amended by this Amendment No. 7, shall continue to constitute a binding agreement among the Parties executing this Amendment No. 7. For the avoidance of doubt, the Parties acknowledge and agree that, any term set forth in this Agreement to the contrary notwithstanding, the terms and conditions of Amendment No. 7 are not binding upon, nor do they inure to the benefit of, any of the following: (i) any party to either (t) the original Agreement, dated as of August 14, 2014, (u) Amendment No. 1, (v) Amendment No. 2, (w) Amendment No. 3, (x) Amendment No. 4, (y) Amendment No. 5 or (z) Amendment No. 6 that is not a party to this Amendment No. 7 or (ii) any person or entity not otherwise a party to this Amendment No. 7 who has entered into a valid and binding agreement prior to the Amendment No. 7 Effective Date to purchase Bonds from a Forbearing Creditor.

7. Effectiveness. On or after the Amendment No. 7 Effective Date, each reference in the Agreement to “this Agreement,” “Forbearance 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. 7. Except as amended by this Amendment No. 7, the provisions of the Agreement are and shall remain in full force and effect. Except as provided in this Amendment No. 7, nothing in this Amendment No. 7 shall constitute a waiver of the rights or obligations of any of the Parties under the Agreement. Notwithstanding anything to the contrary set forth herein, this Agreement shall be deemed a new forbearance agreement on the same terms of the Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6 and this Amendment No. 7.

8. Governing Law. This Amendment No. 7 shall be governed and construed and enforced in accordance with the laws of the State of New York.

9. Counterparts. This Amendment No. 7 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. 7 by signing any such counterpart. Delivery of an executed signature page of this Amendment No. 7 by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

10. Entire Agreement. This Amendment No. 7 constitutes the entire agreement among the Parties regarding the subject matter hereof and supersedes any prior agreements, including any deemed agreements, among the Parties regarding the subject matter hereof.

[Signature Pages Follow]

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

PUERTO RICO ELECTRIC POWER  
AUTHORITY

By: \_\_\_\_\_

Name: Javier A. Quintana Méndez

Title: Executive Director

ASSURED GUARANTY MUNICIPAL CORP.

By: Holly Horn

Name: \_\_\_\_\_

Title: HOLLY HORN  
CHIEF SURVEILLANCE OFFICER  
PUBLIC FINANCE

ASSURED GUARANTY CORP.

By: Holly Horn

Name: \_\_\_\_\_

Title: HOLLY HORN  
CHIEF SURVEILLANCE OFFICER  
PUBLIC FINANCE

SYNCORA GUARANTEE INC.

By:  \_\_\_\_\_

Name: FREDERICK B. HNAT

Title: MANAGING DIRECTOR & SENIOR COUNSEL

SOLUS SENIOR HIGH INCOME FUND LP

BY: SOLUS ALTERNATIVE ASSET MANAGEMENT LP

ITS INVESTMENT ADVISOR

By:                     J. Sack                    

Name: Joshua Sack

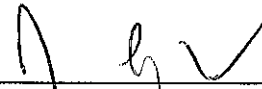
Title: Managing Director

Redacted

SOLUS OPPORTUNITIES FUND 5 LP

BY: SOLUS ALTERNATIVE ASSET MANAGEMENT LP

ITS INVESTMENT ADVISOR

By: 

Name: Joshua Sock

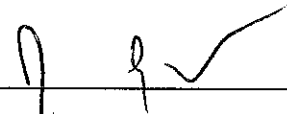
Title: Managing Director

Redacted

SOLA LTD

BY: SOLUS ALTERNATIVE ASSET MANAGEMENT LP

ITS INVESTMENT ADVISOR

By:  \_\_\_\_\_

Name: Joshua Sack

Title: Managing Director

Redacted

ULTRA MASTER LTD

BY: SOLUS ALTERNATIVE ASSET MANAGEMENT LP

ITS INVESTMENT ADVISOR

By:  \_\_\_\_\_

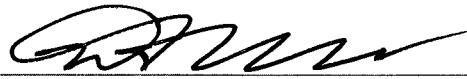
Name: Joshua Sork

Title: Managing Director

Redacted

AG MM, L.P.

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

By: \_\_\_\_\_

Name: D. Forest Wolfe

Title: General Counsel

REDACTED

AG CAPITAL RECOVERY PARTNERS VIII,  
L.P.

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

By: \_\_\_\_\_

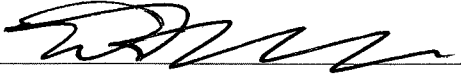
Name: D. Forest Wolfe

Title: General Counsel

REDACTED

AG ELEVEN PARTNERS, L.P.

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

By: \_\_\_\_\_

Name: D. Forest Wolfe

Title: General Counsel

REDACTED

AG SUPER FUND INTERNATIONAL  
PARTNERS, L.P.

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

By: \_\_\_\_\_

Name: D. Forest Wolfe

Title: General Counsel

REDACTED

NUTMEG PARTNERS, L.P.

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

By: \_\_\_\_\_


Name: D. Forest Wolfe

Title: General Counsel

REDACTED

AG CENTRE STREET PARTNERSHIP, L.P.

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

By: \_\_\_\_\_

Name: D. Forest Wolfe

Title: General Counsel

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AG PRINCESS, LP

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

By: \_\_\_\_\_

Name: D. Forest Wolfe

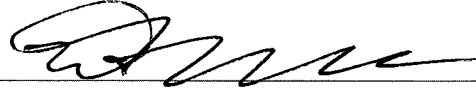
Title: General Counsel

REDACTED

AG SUPER FUND, L.P.

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

By:

A handwritten signature in black ink, appearing to read 'D. Forest Wolfe', is written over a horizontal line.

Name: D. Forest Wolfe

Title: General Counsel

REDACTED

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

BY: BLUEMOUNTAIN CAPITAL  
MANAGEMENT, LLC, ITS INVESTMENT  
MANAGER

By: 

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

Title: \_\_\_\_\_

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

CALIFORNIA INTERMEDIATE TERM TAX FREE INCOME FUND

CALIFORNIA HIGH YIELD MUNICIPAL BOND FUN

TENNEESEE 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:



Name:

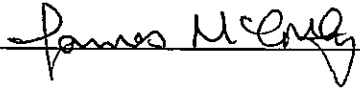
Thomas Walsh

Title:

SVP

REDACTED

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

By: 

Name: James McCarthy

Title: Assistant Secretary

REDACTED

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

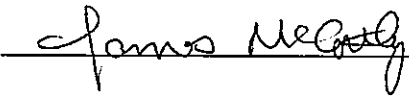
By: James McCarthy

Name: James McCarthy

Title: Assistant Secretary

REDACTED

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

By: 

Name: James McCarthy

Title: Assistant Secretary

REDACTED

KNIGHTHEAD (NY) FUND, L.P.

By: Knighthead Capital Management, LLC, its  
Investment Advisor

By: \_\_\_\_\_

Name: \_\_\_\_\_

**Thomas Wagner**  
**Managing Member**

Title: \_\_\_\_\_

REDACTED

LMA SPC FOR AND ON BEHALF OF THE  
MAP84 SEGREGATED PORTFOLIO

By: Knighthood Capital Management, LLC, its  
Investment Advisor

By: \_\_\_\_\_

Name: **Thomas Wagner**

**Managing Member**

Title: \_\_\_\_\_

REDACTED

KNIGHTHEAD ANNUITY & LIFE ASSURANCE  
COMPANY

By: Knighthead Capital Management, LLC, its  
Investment Advisor

By:  \_\_\_\_\_

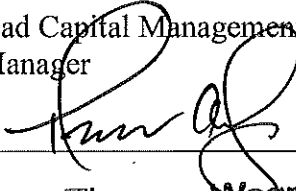
Name: Thomas Wagner  
Managing Member

Title: \_\_\_\_\_

REDACTED

KNIGHTHEAD MASTER FUND, L.P.

By: Knighthead Capital Management, LLC, its  
Investment Manager

By:  \_\_\_\_\_

Name: **Thomas Wagner**  
**Managing Member**

Title: \_\_\_\_\_

REDACTED

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

Name: 

Title: Partner

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

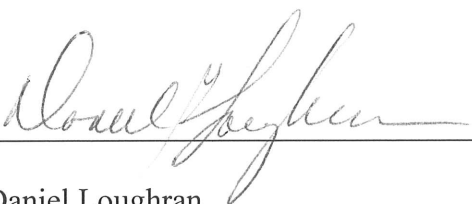
OPPENHEIMER ROCHESTER ARIZONA  
MUNICIPAL FUND

OPPENHEIMER ROCHESTER MARYLAND  
MUNICIPAL FUND

OPPENHEIMER ROCHESTER NORTH  
CAROLINA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MINNESOTA  
MUNICIPAL FUND

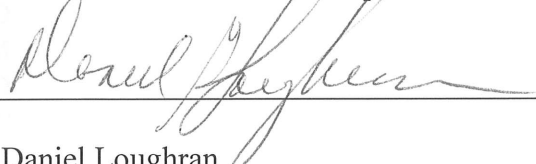
OPPENHEIMER ROCHESTER SHORT TERM  
MUNICIPAL FUND

By:   
Name: Daniel Loughran

Title: Vice President

**OPPENHEIMERFUNDS, INC.**, as investment  
adviser for the following investment accounts:

MassMutual International Holding MSC and  
MassMutual Unified Traditional Separate Account:

By:   
Name: Daniel Loughran

Title: Senior Vice President

**Annex A – Ad Hoc Group**

AG MM, L.P.

AG CAPITAL RECOVERY PARTNERS VIII, L.P.

AG ELEVEN PARTNERS, L.P.

AG SUPER FUND INTERNATIONAL PARTNERS, L.P.

NUTMEG PARTNERS, L.P.

AG CENTRE STREET PARTNERSHIP, L.P.

AG PRINCESS, LP

AG SUPER FUND, L.P.

BLUEMOUNTAIN GUADALUPE PEAK FUND L.P.

BLUEMOUNTAIN FOINAVEN MASTER FUND L.P.

BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.

BLUEMOUNTAIN KICKING HORSE FUND L.P.

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.

BLUEMOUNTAIN TIMBERLINE LTD.

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF

BLUEMOUNTAIN CAPITAL MANAGEMENT, LLC

BLUEMOUNTAIN LOGAN OPPORTUNITIES MASTER FUND L.P.

CALIFORNIA INTERMEDIATE TERM TAX FREE INCOME FUND

CALIFORNIA HIGH YIELD MUNICIPAL BOND FUND

TENNESEE MUNICIPAL BOND FUND

CALIFORNIA TAX FREE INCOME FUND

NEW YORK TAX FREE INCOME FUND

FEDERAL TAX FREE INCOME FUND

DOUBLE TAX FREE INCOME FUND

COLORADO TAX FREE INCOME FUND

GEORGIA TAX FREE INCOME FUND

PENNSYLVANIA TAX FREE INCOME FUND

HIGH YIELD TAX FREE INCOME FUND

MISSOURI TAX FREE INCOME FUND

OREGON TAX FREE INCOME FUND

VIRGINIA TAX FREE INCOME FUND

FLORIDA TAX FREE INCOME FUND

LOUISIANA TAX FREE INCOME FUND

MARYLAND TAX FREE INCOME FUND

NORTH CAROLINA TAX FREE INCOME FUND

NEW JERSEY TAX FREE INCOME FUND

FRANKLIN STRATEGIC INCOME FUND UNITED STATES

FIST -FRANKLIN TOTAL RETURN FUND

FRANKLIN STRATEGIC INCOME FUND CANADA

FTIF- FRANKLIN US TOTAL RETURN FUND

FTVIP- FRANKLIN STRATEGIC INCOME VIP FUND

FDP SERIES FT TOTAL RETURN FDP FUND

FTIF- FRANKLIN STRATEGIC INCOME FUND

FT OPPORTUNISTIC DISTRESSED FUND, LTD.

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

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

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

KNIGHTHEAD MASTER FUND, L.P.

KNIGHTHEAD ANNUITY & LIFE ASSURANCE COMPANY

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

KNIGHTHEAD (NY) FUND, L.P.

MARATHON CREDIT DISLOCATION FUND, LP

MARATHON STRATEGIC OPPORTUNITIES PROGRAM, LP

MARATHON COURT SQUARE, LP

MARATHON CENTRE STREET PARTNERSHIP, L.P.

KTRS CREDIT FUND, LP

MARATHON CURRITUCK FUND, LP – SERIES C

BALDR MASON FUND INC.

MARATHON CREDIT OPPORTUNITY MASTER FUND, LTD.

MV CREDIT OPPORTUNITY FUND, L.P.

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

OPPENHEIMER ROCHESTER SHORT TERM MUNICIPAL FUND

MASSMUTUAL INTERNATIONAL HOLDING MSC

MASSMUTUAL UNIFIED TRADITIONAL SEPARATE ACCOUNT

**Annex B**

**Recovery Plan Term Sheet**

<b>Ad Hoc Group Exchange</b>	Ad Hoc Group shall commit to exchange all of their unwrapped bonds for either of the options outlined below. Ad Hoc Group must hold minimum of 35% of the outstanding bonds. Ad Hoc Group will remain bound by same restrictions in the Forbearance Agreement and Forbearance and Amendment period shall be extended through consummation of the deal, subject to an early drop dead date to be discussed.	
	<b>Option A</b>	<b>Option B</b>
<b>Security</b>	Current interest securitization paper to be issued by a new bankruptcy-remote PRIFA subsidiary or new bankruptcy-remote special purpose vehicle, subject to approval by the Ad Hoc Group. Securitization paper to be supported by non-bypassable adjustable charge with semi-annual true-up	Convertible Capital Appreciation securitization paper to be issued by a new bankruptcy-remote PRIFA subsidiary or new bankruptcy-remote special purpose vehicle, subject to approval by the Ad Hoc Group. Securitization paper to be supported by non-bypassable adjustable charge with semi-annual true-up. Converts from a capital appreciation bond to current interest five years after issuance
<b>Exchange Ratio</b>	85.0%	85.0%
<b>Interest Rate</b>	<ul style="list-style-type: none"><li>Weighted average interest rate across maturities (based on yield curve) shall be fixed at the specified rates (BBB- and above) subject to the final investment grade rating, as follows:  AAA: 4.00% AA+/AA/AA-: 4.25% A+/A/A-: 4.50% BBB+/BBB/BBB-: 4.75%</li></ul>	<ul style="list-style-type: none"><li>Weighted average interest / accretion rate across maturities (based on yield curve) shall be fixed at the specified rates (BBB- and above) subject to the final investment grade rating, as follows: AAA: 4.50% AA+/AA/AA-: 4.75% A+/A/A-: 5.25% BBB+/BBB/BBB-: 5.50%</li></ul>

<b>Call</b>	Non-call for ten years, callable at par thereafter	Non-call for ten years after conversion, callable at par thereafter
<b>Ranking</b>	<ul style="list-style-type: none"> <li>• Pari-passu with securitization paper issued to fund the cash tender</li> <li>• Revenue collections to be distributed pro rata to the securitization vehicle and PREPA</li> <li>• Future additional indebtedness allowed subject to (i) confirmation of outstanding ratings after giving effect to new issuance or (ii) being secured by a new or additional surcharge, subject to rating agency feedback</li> </ul>	
<b>Amortization and Maturity</b>	<ul style="list-style-type: none"> <li>• Securitization bonds shall receive interest (in cash or capital appreciation) only for the first five years following issuance</li> <li>• Level debt service thereafter</li> <li>• Scheduled maturity in 2043; final legal maturity at least two years after scheduled maturity, or such length of time as is required to obtain investment grade rating</li> </ul>	
<b>Rating</b>	Securitization shall receive investment grade rating from at least one of the three major rating agencies but PREPA may approach multiple agencies as part of the process	
<b>Debt Service Reserve</b>	Securitization shall have a debt service reserve of up to 10% as required to receive an investment grade rating. Size of the reserve shall be determined by PREPA in consultation with the ratings agencies and the Ad Hoc Group, and shall be sized such that, together with net interest cost on the securitization bonds, PREPA minimizes its funding costs. Reserve to be funded from bond proceeds, a surety policy, and/or deposits over time.	
<b>Backstop Facility</b>	Ad Hoc Group shall negotiate with PREPA in good faith to provide a backstop for the financing of a cash tender for the Non-Forbearing Unwrapped Holders (as described below). Terms of Backstop Facility and the Backstop Fee TBD.	
<b>Backstop Fee</b>	TBD	
<b>Non-Forbearing Unwrapped Bondholders:</b>	<ul style="list-style-type: none"> <li>• Non-Forbearing Unwrapped Holders shall have the option to participate in the same exchange as the Ad Hoc Group, or to tender their bonds at a price to be determined in consultation with the backstop parties and investment bankers</li> <li>• Requires participation from the Non-Forbearing Unwrapped Bondholders such that no more than \$700 million of the legacy unwrapped revenue bonds are outstanding, subject to input from investment bankers which rate may be altered at PREPA's discretion</li> </ul>	

<b>Treatment of Monolines</b>	TBD
<b>Treatment of Fuel Lines</b>	TBD
<b>Conditions to Consummation</b>	<ul style="list-style-type: none"> <li>• Receipt of investment grade rating from at least one of the three major rating agencies (but PREPA may seek rating from more than one rating agency)</li> <li>• Obtaining legislative authority for issuance of the securitization and other legislative changes related to restructuring of PREPA</li> <li>• Amendment of governance provisions to make PREPA a more independent, non-political utility</li> <li>• Successful exchange offer (100% of ad hoc group shall exchange, and no more than \$700 million of the legacy unwrapped revenue bonds are outstanding)</li> <li>• The amount of current interest bond and convertible capital appreciation bond issuance shall be determined based on the elections of each holder, subject to any caps necessary to ensure compliance with the ratings condition</li> <li>• Any restructuring support agreement entered into by the parties will contain customary plan support and termination rights, including with respect to insolvency related proceedings</li> </ul>