

**FIRST AMENDMENT TO TRADE FINANCE FACILITY AGREEMENT**

dated

July 20, 2012

between

**PUERTO RICO ELECTRIC POWER AUTHORITY**

and

**CITIBANK, N.A.**

May 13, 2013

**THIS FIRST AMENDMENT** (this “First Amendment”) to that certain **TRADE FINANCE FACILITY AGREEMENT** dated July 20, 2012, between **PUERTO RICO ELECTRIC POWER AUTHORITY** (the “Borrower”), and **CITIBANK, N.A.**, (the “Bank”), is made this 13th day of May, 2013.

**WHEREAS**, the parties hereto have previously entered into a Trade Finance Facility Agreement, dated July 20, 2012 (the “Original Agreement,” and, collectively with this First Amendment, the “Agreement”), pursuant to which the Bank agreed from time to time to make Advances to the Borrower on an uncommitted basis in the Facility Amount subject to the terms and conditions set forth therein;

**WHEREAS**, the unpaid principal amount of the Advances outstanding under the Agreement as of the date of this First Amendment is \$250,000,000; and

**WHEREAS**, the parties now desire to extend the Availability Period and the Maturity Date, and modify certain of the terms and conditions of the Agreement as set forth in this First Amendment.

**The parties hereto agree as follows:**

**Section 1.** Capitalized terms used herein without definition shall have the meaning assigned to such terms in the Agreement. The rules of interpretation set forth in the Agreement shall apply to this First Amendment.

**Section 2.** The definition of “Agreement” set forth in Section 1.01 of the Agreement is hereby amended in its entirety as follows:

“Agreement” means this Trade Finance Facility Agreement, as amended.

**Section 3.** The definition of “Applicable Spread” set forth in Section 1.01 of the Agreement is hereby amended in its entirety as follows:

“Applicable Spread” means an amount equal to +250 basis points; provided that the Applicable Spread shall be increased by the number of basis points set forth in the table below, effective as of the date a downgrade is made by either Moody’s or S&P to the long term ratings for Senior Debt, as follows:

<u>Rating</u>	<u>Spread</u>
Moody’s Baa3 S&P BBB-	+30 basis points
Moody’s Below Baa3 S&P Below BBB-	+50 basis points

**Section 4.** The Definition of “Availability Period” set forth in Section 1.01 of the Agreement is hereby amended in its entirety as follows:

“Availability Period” means, the period from and including the Effective Date to and including the earliest of (i) January 10, 2014 or (ii) the date of termination of the Facility.

**Section 5.** The definition of “Effective Date” set forth in Section 1.01 of the Agreement is hereby amended in its entirety as follows:

“Effective Date” means, for purposes of this First Amendment, the date that the First Amendment is approved by the Borrower, the Government Development Bank for Puerto Rico and the Bank, and is fully executed.

**Section 6.** The definition of “Facility Documents” set forth in Section 1.01 of the Agreement is hereby amended in its entirety to read as follows:

“Facility Documents” means this Agreement, the First Amendment, the Note, the Resolution, the GDB Resolution and all other documents, instruments and agreements delivered in connection with the foregoing, as amended or otherwise modified from time to time.

**Section 7.** The definition of “First Amendment” set forth below is hereby added to Section 1.01 of the Agreement:

“First Amendment” means that certain First Amendment to Trade Finance Facility Agreement dated May 13, 2013, between the Borrower and the Bank.

**Section 8.** The definition of “GDB Resolution” set forth in Section 1.01 of the Agreement is hereby amended in its entirety as follows:

“GDB Resolution” means, collectively, Resolution EC-2012-63, adopted on July 9, 2012 by the Government Development Bank for Puerto Rico, authorizing this Agreement, the Facility and the Advances and providing, among other things, that obligations of the Borrower with respect to the Facility constitute Current Expenses under the Trust Agreement; and Resolution 10028, adopted on May 2, 2013 by the Government Development Bank for Puerto Rico approving the First Amendment.

**Section 9.** The definition of “Maturity Date” set forth in Section 1.01 of the Agreement is hereby amended in its entirety to read as follows:

“Maturity Date” means for purposes of this First Amendment, October 7, 2014.

**Section 10.** The definition of “Resolution” as set forth in Section 1.01 of the Agreement is hereby amended in its entirety to read as follows:

“Resolution” means, collectively, Resolution No. 3936 of the Borrower, approved on June 29, 2012, and a Certificate of Determination dated the date hereof, signed by the Executive Director of the Authority, authorizing the terms and conditions of this Agreement, the Facility and the Advances, and providing, among other things, that the Facility and the Advances shall constitute Current Expenses under the Trust Agreement; and Resolution No. 4022 of the Borrower authorizing the execution of the First Amendment.

**Section 11.** Section 2.07 is hereby amended in its entirety as follows:

Section 2.07. Extension. Not less than 210 nor more than 240 days after the Effective Date, the Bank may consider conducting an internal review, on and subject to its then prevailing standards, practices and guidelines, of the general financial condition of the Borrower and as a result of such review, may, in its sole and absolute discretion, determine to extend the Availability Period or the Maturity Date, or both, in each case for such additional period as the Bank may determine at the time. The Bank may condition any extension as aforesaid on receipt by the Bank of such documents, certificates, resolutions and opinions of counsel (all in form and substance acceptable to the Bank and its counsel) as the Bank deems necessary in connection with any such extension. The Borrower expressly acknowledges and agrees that the Bank has no obligation to conduct an internal review and further if such review is undertaken, has no obligation to extend the Availability Period or the Maturity Date and may determine not to do so for any or no reason.

**Section 12.** The introductory sentence of Section 4.02 is hereby amended in its entirety as follows:

“An Advance may be made only during the Availability Period and, further, is subject to the satisfaction of the following additional conditions:”

**Section 13.** Section 5.12 as set forth below is hereby added to Article V of the Agreement:

**Section 5.12. Parity Covenant.** In the event that the Borrower has entered into, is simultaneously entering into or shall at any time, directly or indirectly, enter into or otherwise consent to any contract or agreement (or any amendment, supplement or modification thereto) under which, directly or indirectly, any Person or Persons (each, an “Other Credit Provider”) undertakes to purchase any Indebtedness of the Borrower or to make, loan or provide funds, liquidity or credit enhancement to the Borrower with respect to any such Indebtedness, or under which, directly or indirectly, the obligation of the Borrower to reimburse such Other Credit Provider is secured by the Indebtedness of the Borrower (each, an “Other Facility”), which Other Facility (or amendment, supplement or modification thereto) gives or grants to any Other Credit Provider (a) covenants (including, without limitation, all other covenants such as financial covenants, financial covenant levels or financial covenant testing periods) or events of default which are more restrictive or more favorable to such Other Credit Provider which is a party to such Other Facility or (b) additional or greater rights or remedies (including, without limitation, more stringent or shorter periods of time that must elapse prior to such Other Credit Provider’s right to exercise remedies under such Other Facility upon the occurrence of a default or event of default thereunder) and/or a shorter amortization period for bonds or other securities purchased pursuant to a draw upon a liquidity or credit facility (such more favorable covenants or greater rights or remedies in (a) and (b), each a “More Favorable Provision”), in each case than are given or granted to the Bank hereunder, then simultaneously with the execution of such Other Facility, the Borrower shall provide the Bank a copy of the Other Facility and the More Favorable Provision(s), and such More Favorable Provision(s) shall automatically be incorporated into this Agreement for so long as such Other Facility remains in effect. The Borrower shall promptly enter into an amendment to this Agreement to include such More Favorable Provision(s) for so long as such Other Facility remains in effect (provided that the Bank shall maintain the benefit of the More Favorable Provision(s) even if the Borrower fails to provide such amendment.)

**Section 14.** The Borrower shall pay an amount not to exceed (\$25,000) in respect of fees and expenses of the legal counsel to the Bank incurred in connection with this First Amendment and the transactions contemplated hereby, including the mandatory prepayment of the Advances.

**Section 15.** This First Amendment shall not become effective until such time as the Borrower satisfies each of following conditions:

(a) The Bank (or its counsel) shall have received from each party hereto either (i) a counterpart of this First Amendment or (ii) written evidence satisfactory to the Bank (which may include telecopy transmission of a signed signature page of this First Amendment) that such party has signed a counterpart of this First Amendment.

(b) The Bank shall have received a favorable written opinion (addressed to the Bank and dated as of the date of this First Amendment) of (i) the general counsel to the Borrower and (ii) Nixon Peabody LLP, special counsel to the Borrower (the "Special Counsel"), each in form and substance satisfactory to the Bank.

(c) The Bank shall have received (i) copies of the Resolution of the Borrower and of the Government Development Bank for Puerto Rico relating to the authorization of this First Amendment and the transactions contemplated hereby and (ii) such other documents and certificates as the Bank or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of this First Amendment and the transactions contemplated hereby, and any other legal matters relating to the Borrower, this First Amendment or the transactions contemplated hereby, all in form and substance satisfactory to the Bank and its counsel.

(d) The Bank shall have received a certificate, dated as of the date of the First Amendment and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the following conditions:

(i) The representations and warranties of the Borrower set forth in the Agreement shall be true and correct on and as of the date of the First Amendment, except to the extent such representations and warranties expressly relate to an earlier date in which case they shall have been true and correct on and as of such earlier date. For the avoidance of doubt, the representations and warranties contained in Section 3.04(b) of the Agreement shall relate to the most recent audited financial statements delivered to the Bank immediately prior to the First Amendment.

(ii) As of the effective date of the First Amendment, no Default under the Agreement or any default, event of default or event which, with notice or lapse of time or both, would constitute a default or an event of default under any other Facility Document shall have occurred and be continuing.

(e) The Bank shall have received all fees and other amounts due and payable on or prior to the date of the First Amendment, including (i) to the extent invoiced,

reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower under the Agreement and (ii) all fees and expenses of the legal counsel to the Bank incurred in connection with this First Amendment and the transactions contemplated hereby.

(f) All actions under the Act which, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated by the First Amendment shall have been duly taken and shall be in full force and effect.

(g) Between the Effective Date and the date of this First Amendment, (i) there shall not have been a Determination of Taxability, an Event of Taxability, or Final Determination, (ii) there is no Legal Proceeding pending, and (iii) there shall not have been a Change in Law which would prohibit the Bank from lawfully making its Advances or would make the Borrower's execution of the First Amendment or use of the proceeds of any Advance illegal or have the retroactive effect of making such use illegal.

(h) The Bank shall have received official evidence of the filing of the final and fully executed First Amendment to the Trade Facility Agreement within the Office of the Comptroller of Puerto Rico as established by local law.

**Section 16.** Other than the terms and provisions of the Agreement modified by this First Amendment, all other provisions of the Agreement shall remain unchanged and shall continue in full force and effect.

**Section 17.** Upon satisfaction of all conditions set forth in Section 13 above, this First Amendment shall become effective on the date of execution and delivery hereof by the parties.

**Section 18.** This First Amendment may be signed in counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

PUERTO RICO ELECTRIC POWER  
AUTHORITY, as Borrower

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

Name: Juan F. Alicea-Flores

Title: Executive Director

Sworn and subscribed before me by; Juan F. Alicea-Flores, as the Executive Director of the Puerto Rico Electric Power Authority, of legal age, [married/single], resident of [town], Puerto Rico and who I have identified by his Commonwealth of Puerto Rico Driver's License# \_\_\_\_\_ in San Juan Puerto Rico this \_\_th day of May of 2013.

\_\_\_\_\_  
Notary Public

CITIBANK, N.A., as Bank

By: \_\_\_\_\_  
Name: [\_\_\_\_\_]   
Title: [\_\_\_\_\_]

Sworn and subscribed before me by; [Name], as [Title] of Citibank, N.A., of legal age, [married/single], resident of [town], Puerto Rico and who is personally known to me, this \_\_\_th of May of 2013.

\_\_\_\_\_  
Notary Public

[Signature Page to First Amendment to Trade Finance Facility Agreement]