



September 22, 2015

**PREPA Reaches Agreement with Fuel Line Lenders
Economic Terms Provide Meaningful Contribution Toward PREPA's Transformation**

San Juan, PR – The Puerto Rico Electric Power Authority (PREPA) announced today that it has reached an agreement in principle regarding the economic terms of a restructuring of approximately \$700 million in matured debt with all of its fuel line lenders.

PREPA's agreement in principle with the fuel line lenders marks another significant step in the utility's financial transformation. PREPA continues negotiating with its monoline bond insurers with the goal of reaching a consensual recovery plan among all of its major financial stakeholders.

Under the agreement in principle with the fuel line lenders, the fuel line lenders will have the following two options:

- Convert existing credit agreements into term loans, with a fixed interest rate of 5.75% per annum, to be repaid over 6 years in accordance with an agreed upon schedule; or
- Exchange all or part of principal due under existing credit agreements for new securitization bonds to be issued on the same terms as PREPA's agreement with the Ad Hoc Bondholder Group announced on September 1, 2015 (including a 15% principal reduction and 5-year principal holiday)

The agreement when implemented will allow PREPA to decrease the interest rate PREPA is paying on its fuel line debts from 7.25% to 5.75%. In addition, it will provide liquidity and financial flexibility by extending by at least 6 years the maturity dates for nearly \$700 million that originally came due during the summer of 2014.

"We are pleased with the agreement in principle reached with the fuel line lenders. We have made significant progress in PREPA's transformation. The best path forward for PREPA, as well as the creditors, involves sharing the burden among all stakeholders. We continue to negotiate with our monoline bond insurers in an effort to reach agreement that will allow PREPA to continue to implement its transformation," said Lisa Donahue, Chief Restructuring Officer.

In addition to its agreement in principle on economic terms with the fuel line lenders, PREPA announced an extension of its forbearance agreements through October 1, 2015 with the fuel line lenders.

APARTADO 364267 SAN JUAN, PUERTO RICO 00936-4267 / TELEFONO: (787) 521-4696 FAX: (787) 521-2337

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**COMUNICACIÓN
CORPORATIVA**

Bruni Torres
Administradora
787 -347-7192

Yohari Molina
Asesor Técnico
787 -909-6092

José D. Echevarría
Oficial de Prensa
787 -941-6399

“Every day we are making progress on transforming PREPA with the goal of creating a self-sustaining utility. The operational improvements we have made over the last year have produced significant savings. These lender agreements, when implemented, will create critical near-term liquidity relief for PREPA. The fuel line lenders, which include a syndicate composed of Puerto Rican banks and Solus, have shown a commitment to contribute to our transformation and a desire to be partners in that effort. We will continue to negotiate with our monoline bond insurers to achieve a consensual agreement for the benefit of the people and businesses of Puerto Rico,” said Harry Rodríguez, Chairman of the Board of Directors of PREPA.

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