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# Commonwealth of Puerto Rico Fiscal Plan

## *Appendix*

October 14, 2016

# Disclaimer

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- The following does not express any opinion or contain any analysis as to the priority or validity of the debt or any purported security interest described herein and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.



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## Acronyms

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Included below is a list of abbreviations/acronyms that may be used in the following document

**ADEA** – Agriculture Enterprises Development Administration

**AFICA** – Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority

**APLA** – Port of the Americas Authority

**ASEM** – Medical Services Administration

**ASES** – Health Insurance Administration

**ASSMCA** – Mental Health and Anti-Addiction Services Administration

**MBA** – Metropolitan Bus Authority

**CAE** – Additional Special Tax (Municipal Property Tax)

**COFINA** – Sales Tax Financing Corporation

**CTF** – Children’s Trust Fund

**ERS** – Employees Retirement System of the Government of Puerto Rico

**GDB** – Government Development Bank for Puerto Rico

**GO** – Direct General Obligation

**GSA** – General Services Administration

**HFA** – Housing Finance Authority

**HTA** – Highways and Transportation Authority

**JRS** – Judiciary Retirement System

**MFA** – Municipal Finance Agency

**PBA** – Public Buildings Authority

**PFC** – Public Finance Corporation

**PRASA** – Aqueduct and Sewer Authority

**PRCCDA** – Convention Center District Authority

**PREPA** – Electric Power Authority

**PRIDCO** – Industrial Development Company

**PRIFA** – Infrastructure Financing Authority

**PRIICO** – Industrial Investment Company

**SIF** – State Insurance Fund

**SRF** – State Revolving Fund

**TRS** – Teachers Retirement System

**UPR** – University of Puerto Rico





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## Additional Detail on Bonded Debt Stock

## Bond Issuer Detail Disclaimer

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### **The following slides provide summary information on the Commonwealth's debt issuers and their outstanding bonded debt**

- The following slides are provided for informational purposes only and no representation or warranty is made as to the accuracy or completeness of the information provided
  - In addition to the bonded debt shown herein, various issuers may have loans (held by third parties and/or other governmental entities), supplier indebtedness, or swap exposure, and other additional indebtedness not included herein
  - Note that the totals shown herein does not include indebtedness incurred by GDB subsidiaries such as the Tourism Development Fund (“TDF”) that were incurred either as a result of called guarantees or letters of credit. Diligence on such amounts remains ongoing
- The following does not express any opinion or contain any analysis as to the priority or validity of the debt or any purported security interest described herein and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding
- Key information necessary for reading and understanding financial information presented herein:
  - Information presented is provided as of July 2, 2016 (including debt balances and payment status)<sup>(1)</sup>
  - Note that payments in FY 2016 include principal and interest payments due on July 1, 2016
  - Amounts shown herein assume no default interest is payable and do not include payments made by insurers who may have subrogation claims against the Commonwealth for those payments. Additionally, the debt service schedules shown are based on contractual debt service and have not been adjusted for missed interest or principal payments or otherwise



<sup>(1)</sup> With the exception of loan balances, which are provided as of June 30, 2016

# General Obligation Bonds (GO)

## The following provides summary information for the Commonwealth of Puerto Rico's General Obligation ("GO") bonds

### Issuer Description

- The Commonwealth government assumes responsibility for police and fire protection, education, public health and welfare programs and economic development, and supervises municipal affairs
- Fiscal responsibility of the Commonwealth is shared by the Treasury Department ("Hacienda"), the Office of Management and Budget ("OMB"), and the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF")
  - AAFAF assumed the fiscal responsibility functions previously performed by Government Development Bank for Puerto Rico ("GDB")
- Bonds are issued by the Commonwealth and are unsecured. The Puerto Rican Constitution provides that GO bonds benefit from a pledge of the Commonwealth's full faith, credit, and taxing power. This summary distinguishes between "GO Bonds", which are bonded debt; "GO Notes", which are loans owed by the Commonwealth to GDB; and the GSA Loan, which is a secured loan incurred by the General Services Administration ("GSA") related to the purchase of police helicopters. Separately, the Puerto Rican Constitution provides that guaranteed debt issued by its public corporations benefits from a pledge of the Commonwealth's full faith, credit and taxing power to the payment thereof; such guaranteed debt is addressed herein along with the indebtedness of the underlying issuers
- The Commonwealth Constitution contains limitations on new GO issuances and new Commonwealth guarantees, including a restriction on new GO debt if the debt service on all GO bonds (including the new debt) due in any fiscal year, together with any amount paid by the Commonwealth on guaranteed debt in the preceding fiscal year, exceeds 15 percent of the Commonwealth's average annual internal revenues for the two preceding fiscal years, and similar restrictions on new GO guarantees

### Contractual Debt Service Schedule (\$ millions)

	GO Bonds			GO Notes			GSA <sup>(3)</sup>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
FY 2017	\$371	\$757	\$1,128	\$6	\$10	\$16	\$5	\$1	\$5
FY 2018	327	739	1,066	6	10	16	5	0	5
FY 2019	383	707	1,091	6	9	16	5	0	5
FY 2020	439	680	1,119	6	9	15	5	0	5
FY 2021	334	658	991	6	9	15	-	-	-
FY 2022	358	641	999	6	8	15	-	-	-
FY 2023	378	621	999	6	8	14	-	-	-
FY 2024	402	597	999	6	7	14	-	-	-
FY 2025	428	571	999	6	7	13	-	-	-
FY 2026+	8,624	4,406	13,030	111	61	172	-	-	-
<b>Total</b>	<b>\$12,045</b>	<b>\$10,375</b>	<b>\$22,420</b>	<b>\$168</b>	<b>\$138</b>	<b>\$306</b>	<b>\$19</b>	<b>\$1</b>	<b>\$20</b>
Unpaid (FY16)	\$426	\$353	\$779	\$1	\$10	\$11	-	-	-

### Debt Summary as of July 2, 2016 (\$ millions)

	GO Bonds	GO Notes	GSA Loan
<b>Total Debt</b>			
Principal Outstanding	\$12,519	\$169	\$24
Insured Debt <sup>(1)</sup>	18%	NA	0%
Taxable Debt	3%	NA	0%
<b>Weighted Average</b>			
Interest Rate	6.05%	6.00%	3.02%
Market Price <sup>(2)</sup>	68%	NA	NA
Maturity	FY 2031	FY 2030	FY 2020

### Payment Source<sup>(4)</sup>

- The Secretary of Hacienda is authorized and directed to pay the principal and interest on GO debt as they become due and payable from any funds available for such purpose at Hacienda in the fiscal year in which such payment is due
- Pursuant to several Commonwealth statutes and the Puerto Rican Constitution, the Commonwealth may clawback certain revenues assigned to various entities for the payment of their respective obligations and redirect such revenues for the payment of its GO debt if the Commonwealth's available resources are insufficient for such purposes. Entities that issued bonds pursuant to documents that explicitly stated the supporting revenues are clawbackable include, but are not limited to, PRIFA (e.g., federal rum excise taxes and petroleum products tax), HTA (e.g., petroleum products tax and gasoline and gas oil taxes), CCDA (e.g., hotel occupancy tax), and MBA (cigarette taxes)
- Commonwealth law previously provided for a special sinking fund for the set-asides to pay the GO Bonds; however, by law such set-asides were suspended as part of the extraordinary liquidity measures taken in FY 2016 and 2017

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond ("CAB") accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.  
 (2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.  
 (3) GSA debt service due semiannually on January 15 and July 15, payments made on July 15 are counted toward debt service due in the fiscal year ended June 30 (as with July 1 payments).  
 (4) Note that the information provided in the "Payment Source" section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.



## General Obligation Bonds (GO) (cont'd)

### The following discusses the current status of the GO bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ While there was an estimated \$149 million<sup>(1)</sup> of clawbackable funds<sup>(2)</sup> available in a segregated account at Banco Popular to partially make the contractual debt service payment due on July 1, 2016, these funds were not used and, therefore, the entirety of the July 1 contractual debt service payment was missed               <ul style="list-style-type: none"> <li>▪ The Commonwealth missed the entire \$779 million GO Bonds contractual debt service payment due July 1, 2016 (\$353 million in interest and \$426 million in principal)<sup>(3)</sup></li> <li>▪ The Commonwealth missed the entire \$11 million of GO Notes (or GO obligations owed to GDB) contractual debt service payment due July 1, 2016 (\$10 million in interest and \$1 million in principal)</li> </ul> </li> <li>▪ Executive Order 2016-30 implemented an emergency period for the Commonwealth and suspended the Commonwealth's payment obligations on its bonds (with an exception for debt owed to GDB, funds from which must be used by the relevant depositors to fund essential services)</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(4)</sup></b>	<ul style="list-style-type: none"> <li>▪ <u>GO Bonds:</u> <ul style="list-style-type: none"> <li>• January 1, 2017: \$360 million of interest</li> <li>• July 1, 2017: \$383 million of interest and \$371 million of principal</li> </ul> </li> <li>▪ <u>GO Notes:</u> <ul style="list-style-type: none"> <li>• July 1, 2017: \$10 million of interest and \$6 million of principal</li> </ul> </li> <li>▪ <u>GSA Loan:</u> <ul style="list-style-type: none"> <li>• January 1, 2017: \$293 thousand of interest</li> <li>• July 1, 2017: \$289 thousand of interest and \$5 million of principal</li> </ul> </li> </ul>
<b>Status of Financials and Related Reports</b>	<ul style="list-style-type: none"> <li>▪ Commonwealth Comprehensive Annual Financial Report ("CAFR") as of June 30, 2014</li> <li>▪ Commonwealth Financial Information and Operating Data Report dated November 6, 2015</li> <li>▪ Commonwealth FY 2017 General Fund Budget</li> <li>▪ The Commonwealth Report is forthcoming and is targeted to be published in the coming weeks.</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ The Commonwealth has been in negotiations with an ad hoc group of GO bondholders that has formed</li> <li>▪ A group of mutual funds has formed with substantial GO holdings (among other credits)</li> </ul>



(1) Clawback estimate provided by Conway Mackenzie, Hacienda and GDB.

(2) Meaning funds that were redirected by the Commonwealth from entities that, pursuant to executive order, issued bonds pursuant to documents that explicitly stated the supporting revenues are clawbackable.

(3) Missed GO contractual debt service payment is shown after a deduction for \$37.5 million of capitalized interest related to the 2014 GO issuance and \$314.4 million of escrowed funds held by BPPR that was set aside as part of the 2007A GO issuance. The \$779 million of total contractual debt service shown effectively represents the contractual obligation of the Commonwealth that would have been fulfilled using cash-on-hand.

(4) Excluding any missed principal or interest payments through July 1, 2016, if applicable.



# Sales Tax Financing Corporation (COFINA)

## The following provides summary information for the Puerto Rico Sales Tax Financing Corporation (“COFINA”) bonds

### Issuer Description

- COFINA is an independent instrumentality of the Commonwealth that was originally created in 2006 pursuant to the provisions of Act No. 91-2006, as amended, for the purpose of financing the payment of certain appropriation-backed debt outstanding as of June 30, 2006 payable to GDB and PFC, among other things
- In 2009, the Legislative Assembly of the Commonwealth expanded the purposes for which COFINA was created to include, among other things, the payment or financing of Commonwealth operational expenses for certain subsequent fiscal years
- COFINA Senior and First Subordinate bonds are secured by a net pledge of a portion of the Commonwealth’s sales and use tax (“SUT”) collections that are deposited in the Dedicated Sales Tax Fund, a special fund held and owned by COFINA separate from the Commonwealth’s General Fund
- COFINA offering statements explicitly warn bondholders of the risk that a Puerto Rico court could conclude that moneys deposited in the Dedicated Sales Tax Fund may constitute “available resources” of the Commonwealth

### Contractual Debt Service Schedule (\$ millions)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2017	\$19	\$690	\$709
FY 2018	48	689	737
FY 2019	80	687	767
FY 2020	99	700	799
FY 2021	120	711	831
FY 2022	159	705	864
FY 2023	182	716	899
FY 2024	194	740	934
FY 2025	183	789	972
FY 2026+	14,091	28,910	43,001
<b>Total</b>	<b>\$15,174</b>	<b>\$35,338</b>	<b>\$50,512</b>
<i>Unpaid (FY16)</i>	–	–	–


### Debt Summary as of July 2, 2016 (\$ millions)

	COFINA Senior			COFINA Sub			Total COFINA
	<u>CIB</u>	<u>CAB</u>	<u>Total Sr.</u>	<u>CIB</u>	<u>CAB</u>	<u>Total Sub</u>	<u>Total</u>
<b>Total Debt</b>							
Principal Outstanding	\$4,024	\$3,551	\$7,575	\$7,439	\$2,280	\$9,719	17,294
Insured Debt <sup>(1)</sup>	0%	66%	31%	3%	0%	3%	15%
Taxable Debt	54%	23%	39%	15%	39%	21%	29%
<b>Weighted Average</b>							
Interest Rate	5.63%	5.40%	5.52%	5.65%	6.80%	5.92%	5.75%
Market Price <sup>(2)</sup>	69%	56%	63%	47%	32%	43%	52%
Maturity	FY 2042	FY 2045	FY 2043	FY 2037	FY 2035	FY 2037	FY 2040

- COFINA statute provides that any debt service shortfall gets paid out of Hacienda’s share in the next fiscal year

### Payment Source<sup>(3)</sup>

- The first dollars of the 6.0% SUT collected in each year are deposited into the Dedicated Sales Tax Fund until a minimum fixed amount, referred to as the Pledged Sales Tax Base Amount (“PSTBA”), is reached
  - The PSTBA increases each year at a statutory rate of 4% up to \$1.85 billion; the PSTBA for FY 2017 is \$724 million
  - COFINA has normally received all SUT collected in the first half of the fiscal year (July through December), while the Commonwealth has collected SUT during the second half (January through June); however, in FY 2016, the PSTBA was reached later in the fiscal year
- Subsequent SUT is transferred to Hacienda up to an amount equal to the PSTBA; thereafter, all remaining proceeds are split 50/50 between COFINA and Hacienda
  - The COFINA statute requires that any insufficiency in the SUT flowing to COFINA be made up from the SUT that would otherwise go to Hacienda in the following fiscal year
- The SUT was recently increased from 7.0% to 11.5% (including 1.0% allocated to municipalities); however, the increase does not affect the SUT collected by COFINA
- Certain bonds benefit from federal subsidies that cover a portion of the interest payments due

 Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

# Sales Tax Financing Corporation (COFINA) (cont'd)

## The following discusses the current status of COFINA bonds

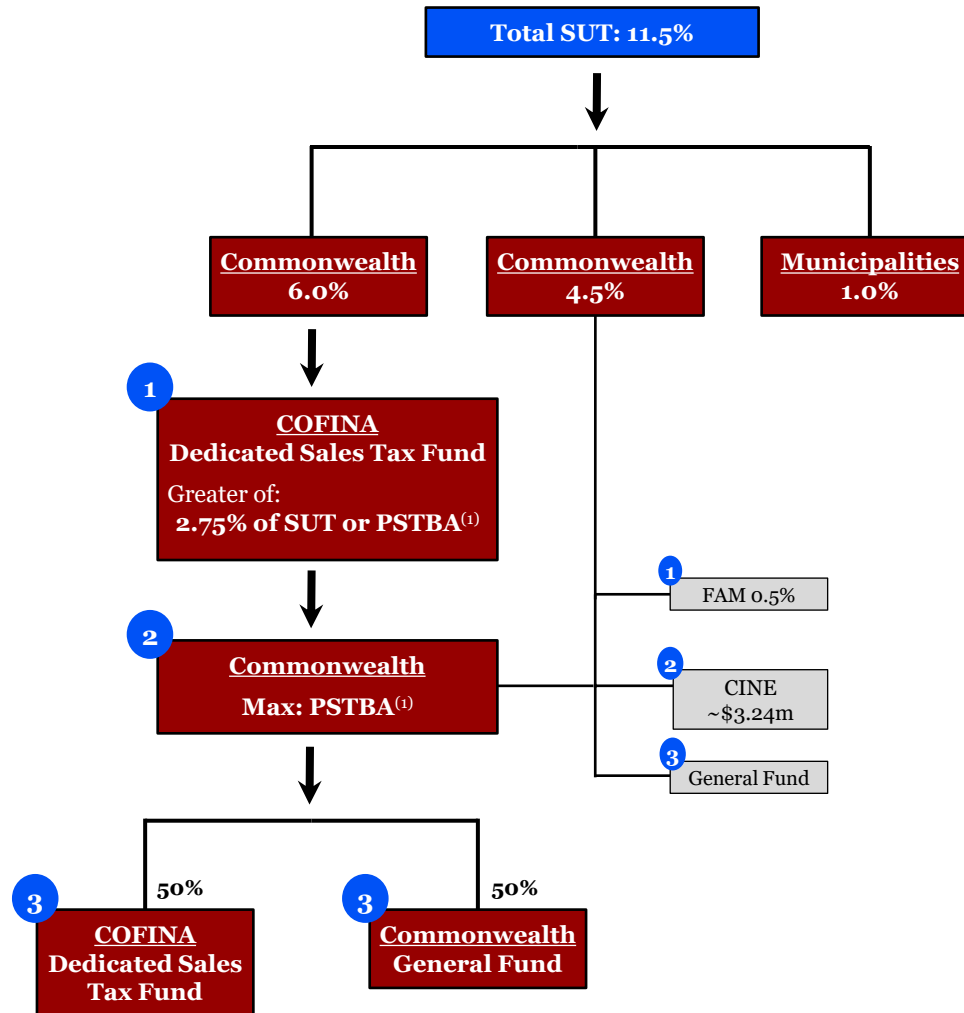
Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>All contractual debt service payments on the COFINA bonds have been made through July 1, 2016</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>February 1, 2017: \$259 million of interest</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>Basic Financial Statements and Required Supplementary Information for the Years ended June 30, 2014 and 2013</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>The Commonwealth has been in negotiations with an ad hoc group of COFINA senior bondholders as well as a group of mutual funds with substantial COFINA subordinated holdings and some holdings of COFINA senior bonds</li> <li>The Commonwealth has also been in negotiations with a large asset manager that holds COFINA bonds</li> </ul>


<sup>(1)</sup> Excluding any missed principal or interest payments through July 1, 2016, if applicable.



# Sales Tax Financing Corporation (COFINA) (cont'd)

The following shows the SUT allocation under newly increased rate of 11.5%



 (1) PSTBA for FY 2017 is \$724 million, which increases by 4% per year, with a maximum of \$1,850 million.

# Highways and Transportation Authority (HTA)

## The following provides summary information for the Highways and Transportation Authority (“HTA”) bonds

### Issuer Description

- HTA is a government instrumentality that is responsible for construction, operation and maintenance of Puerto Rico’s toll road network, major highways and mass transportation facilities and for providing safe, efficient and well maintained toll roads and highways throughout the island
- Revenue bonds, federal grants and specified net tax revenues provide the bulk of financing for the construction of HTA’s facilities. Toll revenues are derived from four toll roads: PR-20, PR-52, PR-53 and PR-66
- Highway Revenue Bonds were issued under the 1968 Resolution (“1968 Bonds”), while Transportation Revenue Bonds were issued under the 1998 Resolution (“1998 Bonds”, together the “Revenue Bonds”). HTA also entered into a concession agreement with a private entity to operate the Teodoro Moscoso bridge, for which it issued bonds (“Teodoro Moscoso”)
- HTA has concession agreements with private entities for the operation of certain of its toll roads (PR-5 and PR-22)

### Contractual Debt Service Schedule (\$ millions)

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY 2017	\$115	\$246	\$361
FY 2018	120	241	361
FY 2019	138	223	360
FY 2020	143	220	363
FY 2021	153	209	362
FY 2022	163	198	361
FY 2023	160	189	349
FY 2024	169	180	349
FY 2025	179	170	349
FY 2026+	2,909	1,273	4,182
<b>Total</b>	<b>\$4,249</b>	<b>\$3,148</b>	<b>\$7,397</b>
<i>Unpaid (FY16)</i>	<i>\$3</i>	<i>\$1</i>	<i>\$4</i>

### Debt Summary as of July 2, 2016 (\$ millions)

	HTA 1968 Resolution	HTA 1998 Resolution	Teodoro Moscoso	Total HTA
<b>Total Debt</b>				
Principal Outstanding <sup>(1)</sup>	\$815	\$3,361	\$140	\$4,316
Insured Debt <sup>(2)</sup>	67%	57%	0%	57%
Taxable Debt	0%	0%	100%	3%
<b>Weighted Average</b>				
Interest Rate	5.34%	5.52%	5.82%	5.49%
Market Price <sup>(3)</sup>	62%	49%	18%	51%
Maturity	FY 2029	FY 2031	FY 2023	FY 2031

### Payment Source<sup>(4)</sup>

- The 1968 Bonds are secured by, and payable from, pledged revenues including (i) gasoline taxes, (ii) gas oil and diesel taxes, and (iii) license fees. The bonds are also secured by the tolls or other charges imposed by HTA for the use of PR-20, PR-52 and PR-53
- The 1998 Bonds are secured by, and payable from, excess unencumbered revenues from the 1968 Bonds and other pledged revenues including pledged petroleum products taxes and tolls or other charges imposed by the authority for the use of PR-66
- Separately, HTA also receives additional pledged taxes from vehicle license fees, cigarette taxes and excess petroleum products taxes that are not assigned to any bonds (pursuant to Act 30/31)
- The tax revenues and license fees pledged to HTA’s Revenue Bonds are supported by clawbackable revenues<sup>(5)</sup>. Toll revenues are not clawbackable
- The Teodoro Moscoso bonds are secured by toll collections and, under certain circumstances, a subordinated pledge of HTA’s revenues

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Also excludes debt service on HTA Rural Development bonds (less than \$1 million outstanding as of 7/2/16). Includes Teodoro Moscoso bonds. Taxable information per Bloomberg.



- Including \$200m of VRDOs. Includes Rural Development bonds, which were issued under the 1968 Resolution, though not factored into weighted average calculations (less than \$1 million outstanding as of 7/2/16).
- Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.
- Pricing with the exception of Teodoro Moscoso bonds as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest. Pricing of Teodoro Moscoso bonds per Bloomberg as of 8/1/2016, reflective of MSRB pricing and excluding debt insured by MBIA and AG.
- Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.
- Meaning the bonds were issued pursuant to governing bond documents and statutes that state that those revenues are subject to being clawed back pursuant to Article VI, Section 8 of the Puerto Rico Constitution.

## Highways and Transportation Authority (HTA) (cont'd)

### The following discusses the current status of HTA bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ The tax revenues pledged to the Revenue Bonds were covered<sup>(1)</sup> by the clawback Executive Order in Dec. 2015</li> <li>▪ 1968 Bonds – all contractual debt service payments have been made through July 1, 2016, in part from reserves</li> <li>▪ 1998 Bonds (Senior) – all contractual debt service payments have been made through July 1, 2016, in part from reserves</li> <li>▪ 1998 Bonds (Subordinate) – all contractual debt service payments have been made through July 1, 2016 on the Series 2003 bonds (FY 2016 payment paid from reserves); however, the total contractual debt service payment due on July 1, 2016 for the Series 1998 bonds (\$4.5 million) was not made by HTA</li> <li>▪ Teodoro Moscoso bonds – all contractual debt service payments through July 1, 2016 have been made</li> <li>▪ Executive Order 2016-30 declared an emergency period for HTA and suspended HTA's payment obligations on its Revenue Bonds; Executive Order 2016-18 suspended HTA's obligation to transfer pledged revenues, including toll revenues (but excluding tolls from Teodoro Moscoso), to the fiscal agent</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>▪ January 1, 2017: \$99 million of interest               <ul style="list-style-type: none"> <li>▪ Interest: HTA '68 (\$21m), HTA '98 (\$78m)</li> </ul> </li> <li>▪ July 1, 2017: \$115 million of interest and \$107 million of principal               <ul style="list-style-type: none"> <li>▪ Interest: HTA '68 (\$21m), HTA '98 (\$94m)</li> <li>▪ Principal: HTA '68 (\$30m), HTA '98 (\$77m)</li> </ul> </li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Required Supplementary Information and Supplemental Schedules for the Years ended June 30, 2015 and 2014</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ The Commonwealth has been in negotiations with a group of mutual funds that is estimated to hold a portion of both the 1968 and 1998 Resolution bonds</li> </ul>



(1) Meaning the bonds were issued pursuant to governing bond documents and statutes that state that those revenues are subject to being clawed back pursuant to Article VI, Section 8 of the Puerto Rico Constitution.

(2) Excluding any missed principal or interest payments through July 1, 2016, if applicable. Also excludes VRDOs.

# Public Buildings Authority (PBA)

## The following provides summary information for the Public Buildings Authority (“PBA”) bonds

### Issuer Description

- PBA is an instrumentality of the Commonwealth that is responsible for the design and construction of office buildings, quarters, courts, warehouses, shops, schools, health facilities, social welfare facilities, and related facilities for lease to the Commonwealth and other governmental entities
- Government Facilities Revenue Bonds and Revenue Refunding Bonds (“Bonds”) were issued by PBA to finance office buildings and other facilities, which were then leased to various Commonwealth departments, agencies, instrumentalities and municipalities

### Debt Summary as of July 2, 2016 (\$ millions)

	PBA
<b>Total Debt</b>	
Principal Outstanding	\$4,005
Insured Debt <sup>(1)</sup>	8%
Taxable Debt	22%
<b>Weighted Average</b>	
Interest Rate	5.57%
Market Price <sup>(2)</sup>	60%
Maturity	FY 2031

### Contractual Debt Service Schedule (\$ millions)

	Principal	Interest	Total
FY 2017	\$91	\$186	\$277
FY 2018	66	186	253
FY 2019	70	183	252
FY 2020	74	179	253
FY 2021	100	175	274
FY 2022	102	168	270
FY 2023	96	163	259
FY 2024	103	157	260
FY 2025	107	151	258
FY 2026+	3,162	1,319	4,481
<b>Total</b>	<b>\$3,970</b>	<b>\$2,866</b>	<b>\$6,836</b>
<i>Unpaid (FY 16)</i>	\$25	–	\$25

### Payment Source<sup>(3)</sup>

- The Bonds were issued under two resolutions. The series under each resolution are separately payable from, and secured equally by a pledge of, rentals of the facilities leased by PBA to Commonwealth entities
- The enabling act provides that the Commonwealth guarantees the payment of rentals under any lease agreement with any Commonwealth entity
- The Bonds are additionally secured by a Commonwealth guaranty
  - The Commonwealth pledges to draw from any available funds in Treasury such sums as may be necessary to cover any deficiency in the amount required for the payment of principal of and interest on the Bonds and to cover deficiencies in reserve funds
- Certain bonds benefit from federal subsidies that cover a portion of the interest payments due

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.


(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.  
 (2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.  
 (3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.



## Public Buildings Authority (PBA) (cont'd)

### The following discusses the current status of PBA bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ PBA uses the lease payments made by the Commonwealth and its government entities and municipalities to fund its sinking fund account on a monthly basis to make upcoming contractual debt service payments; however, the Commonwealth and the majority of governmental entities stopped making transfers under the leases prior to the July 1, 2016 payment. As a result, PBA missed a portion of the \$178 million total contractual debt service payment due on July 1, 2016               <ul style="list-style-type: none"> <li>• Approximately \$153 million of the total contractual debt service due was paid out of existing set-aside funds from previous lease payments (\$92 million of interest, with interest paid in full, and \$61 million of principal)</li> <li>• The remaining \$25 million principal payment due was not paid</li> </ul> </li> <li>• Executive Order 2016-30 declared an emergency period for PBA and suspended PBA's payment obligations on its "Covered Obligations," including the bonds; EO 2016-30 also suspended PBA's obligation to transfer pledged revenues to the fiscal agent</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ January 1, 2017: \$89 million of interest</li> <li>▪ July 1, 2017: \$89 million of interest and \$91 million of principal</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Basic Financial Statements for the Fiscal Years ended June 30, 2014 and 2013</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ The GO Ad Hoc group (discussed in the GO slides) is also believed to own PBA debt, and the Commonwealth's advisors have been in contact with a group of mutual funds holding PBA debt and at least one other large institutional holder of PBA bonds</li> </ul>

 (1) Excluding any missed principal or interest payments through July 1, 2016, if applicable.

# Government Development Bank for Puerto Rico (GDB)

## The following provides summary information for the Government Development Bank for Puerto Rico (“GDB”) bonds

### Issuer Description

- GDB is a public corporation and government instrumentality of the Commonwealth
- GDB was created to serve as fiscal agent and financial advisor to the Commonwealth and its agencies, make loans and advances to public corporations and municipalities, act as a depository of Commonwealth funds, and promote the economic development of Puerto Rico
- Proceeds from the bonds issued were used in part to fund GDB’s lending activities with certain instrumentalities and municipalities
- GDB has traditionally held deposits from various instrumentalities, agencies and municipalities, along with certain private funds
- GDB’s current role has diminished, and it is no longer serving as fiscal agent, receiving new deposits or making new loans

### Contractual Debt Service Schedule (\$ millions)

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY 2017	\$309	\$163	\$472
FY 2018	277	140	417
FY 2019	848	123	971
FY 2020	432	79	512
FY 2021	434	55	488
FY 2022	143	46	189
FY 2023	47	43	91
FY 2024	541	18	559
FY 2025	–	16	16
FY 2026+	374	10	384
<b>Total</b>	<b>\$3,406</b>	<b>\$693</b>	<b>\$4,099</b>
<i>Unpaid (FY16)</i>	<i>\$360</i>	<i>–</i>	<i>\$360</i>

### Debt Summary as of July 2, 2016 (\$ millions)

	GDB Non-Guaranteed	GDB Guaranteed	Total GDB
<b>Total Debt</b>			
Principal Outstanding	\$3,656	\$110	\$3,766
Insured Debt <sup>(1)</sup>	0%	0%	0%
Taxable Debt	99%	100%	99%
<b>Weighted Average</b>			
Interest Rate	4.81%	8.00%	4.90%
Market Price <sup>(2)</sup>	29%	57%	30%
Maturity	FY 2020	FY 2019	FY 2020

### Payment Source<sup>(3)</sup>

- GDB bonds are general, unsecured obligations of GDB
  - One outstanding debt issue (Series 2013 B-1) is guaranteed by the Commonwealth; this issuance was purchased entirely by the Commonwealth’s State Insurance Fund
- GDB generates revenues primarily from interest and principal payments on the loans GDB makes to the Commonwealth and its various instrumentalities and agencies<sup>(4)</sup>
- Certain bonds benefit from federal subsidies that cover a portion of the interest payments due



Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg. Note that the total shown herein do not include indebtedness incurred by GDB subsidiaries such as the Tourism Development Fund (“TDF”) that were incurred either as a result of called guarantees or letters of credit. Diligence on such amounts remains ongoing.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

(4) GDB is also indebted to other government entities for deposits held at GDB



## Government Development Bank for Puerto Rico (GDB) (cont'd)

### The following discusses the current status of the GDB bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ Of the \$400 million principal payment due on May 1, 2016, GDB missed \$360 million after the Governor exercised his powers under Act 21-2016 (“Act 21”) and declared an emergency at GDB</li> <li>▪ Certain Cooperativas (local credit unions) agreed to extend the remaining \$40 million of the May 1, 2016 principal payment until May 1, 2017 through an exchange of their notes</li> <li>▪ All other debt service payments were made in full through July 1, 2016</li> <li>▪ GDB and the GDB Ad Hoc Group (defined below) reached an agreement in principle for a two-step exchange, the economic terms of which are detailed below; however a number of outstanding issues have prevented the deal from being completed               <ul style="list-style-type: none"> <li>• The first step (Interim Exchange) exchanges current GDB notes into new GDB notes at a rate of 56.25% of par collateralized by a first lien on the municipal CAE and IVU loans and maturing in FY 2040</li> <li>• The second step (Global Exchange) converts the GDB notes into a new security with a par value 47% of exchanged old GDB bonds with a 5.0% cash and PIK interest feature contingent upon 100% participation from GDB’s creditors</li> </ul> </li> <li>▪ Pursuant to Executive Orders 2016-10 and 2016-14, the Governor declared an emergency period for GDB and declared GDB’s bond obligations to be “Covered Obligations”, as well as suspended GDB’s payment obligations on any debt service obligation, except deposits and interest obligations that may be paid “in kind”               <ul style="list-style-type: none"> <li>• Deposit liabilities are subject to withdrawal and transfer restrictions</li> <li>• GDB may request the Governor’s authorization to pay interest on its bonds so long as its liquidity permits</li> </ul> </li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ December 1, 2016: \$11 million of interest and \$19 million of principal</li> <li>▪ February 1, 2017: \$28 million of interest and \$250 million of principal</li> <li>▪ Aside from the interest payments detailed above, GDB also makes monthly interest payments ranging from \$10-12 million through FY 2017</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Basic Financial Statements and Required Supplementary Information for the year ended June 30, 2014</li> <li>▪ Liquidity Position updates throughout 2015</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ The Commonwealth and GDB have been in negotiations with an ad hoc group of non-local GDB bondholders (the “GDB Ad Hoc Group”), with whom the Commonwealth and GDB agreed on an initial framework of terms on May 1, 2016</li> <li>▪ The Commonwealth and GDB have also been in negotiations with local Cooperativas holding GDB debt</li> </ul>

<sup>(1)</sup> Excluding any missed principal or interest payments through July 1, 2016, if applicable.



# Employees Retirement System (ERS)

## The following provides summary information for the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) bonds

### Issuer Description

- ERS is a trust created by law to provide pensions and other benefits to retired employees of the departments and agencies of the Commonwealth and its public corporations and municipalities (“Government Employers”)
- ERS issued Senior Pension Funding Bonds, the proceeds of which were used for purposes of increasing the funds currently available to pay pension benefits to certain of the system’s beneficiaries and reduce its unfunded accrued actuarial pension liability

### Debt Summary as of July 2, 2016 (\$ millions)

	ERS
<b>Total Debt</b>	
Principal Outstanding	\$3,141
Insured Debt <sup>(1)</sup>	0%
Taxable Debt	100%
<b>Weighted Average</b>	
Interest Rate	6.28%
Market Price <sup>(2)</sup>	37%
Maturity	FY 2040

### Contractual Debt Service Schedule (\$ millions)

	Principal	Interest	Total
FY 2017	–	\$167	\$167
FY 2018	–	167	167
FY 2019	–	167	167
FY 2020	–	167	167
FY 2021	50	167	217
FY 2022	70	164	234
FY 2023	80	159	239
FY 2024	19	155	174
FY 2025	22	154	176
FY 2026+	2,707	3,658	6,365
<b>Total</b>	<b>\$2,948</b>	<b>\$5,122</b>	<b>\$8,069</b>
<i>Unpaid (FY16)</i>	–	–	–

### Payment Source<sup>(3)</sup>

- The Senior Pension Funding Bonds are secured by, and payable solely from, contributions to the system made by Government Employers after the bond issuance, or “Employer Contributions”<sup>(4)</sup>
- Participating Government Employers are funded from several sources, including: Commonwealth income and other taxes, funds provided by the Federal government, and internally generated funds. Hacienda makes these contributions on behalf of certain Government Employers
- The General Fund budget provides for the majority of Employer Contributions to ERS

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.


(4) Currently paid at a rate of 15.525% of payroll for FY 2017.



## Employees Retirement System (ERS) (cont'd)

The following discusses the current status of ERS bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ All contractual debt service payments on the ERS bonds have been made through July 1, 2016</li> <li>▪ Executive Order 2016-31 declared an emergency period for ERS and declared ERS's payment obligations on its bonds to be "Covered Obligations", but did not suspend payment on the bonds</li> <li>▪ EO 2016-31 also permits the Commonwealth to offset the amount of debt service due on ERS's bonds during FY 2017 from the Commonwealth's employer contributions to the ERS; also suspends ERS' obligation to transfer employer contributions (or assets in lieu thereof) to the trustee</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ ERS has monthly interest payments of \$14 million through FY 2020 with no principal payments until FY 2021</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Basic Financial Statements and Required Supplementary Information for the Year ended June 30, 2014</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ A group of ERS bondholders has organized</li> </ul>

 (1) Excluding any missed principal or interest payments through July 1, 2016, if applicable.

# Infrastructure Financing Authority (PRIFA)

## The following provides summary information for the Puerto Rico Infrastructure Financing Authority (“PRIFA”) bonds

### Issuer Description<sup>(1)</sup>

- PRIFA is a public corporation and government instrumentality of the Commonwealth that has two principal functions: (1) to provide financial, administrative, and other types of assistance to political subdivisions, public corporations, instrumentalities, and municipalities of the Commonwealth that develop and operate infrastructure facilities, and (2) to provide an alternative means for directly financing those facilities. PRIFA issued various bonds for its own use, as well as for the benefit of entities receiving assistance from PRIFA, in the following series:
  - **PRIFA Special Tax Revenue Bonds** (“PRIFA Rum”) issued to fund various infrastructure and capital projects
    - ☞ Secured by a federal excise tax imposed on rum produced in Puerto Rico and sold in the United States. Rum excise taxes are clawbackable revenues<sup>(4)</sup>
  - **PRIFA Ports Authority Bonds** (“PRIFA Ports”) issued to prepay certain indebtedness of the Ports Authority to commercial lenders, as well as to GDB
    - ☞ Secured by loan payments from the Ports Authority
  - **PRIFA ASSMCA Bonds** (“PRIFA Mental”) issued to fund the acquisition of certain facilities to be leased to the Mental Health and Anti-Addiction Services Administration (“ASSMCA”)
    - ☞ Secured by lease payments made by ASSMCA and mortgages (and related notes) on the facilities
  - **PRIFA Bond Anticipation Notes** (“PRIFA BANs”) issued to redeem HTA 2013A BANs
    - ☞ Secured by the Petroleum Products Tax on Non-Diesel Products (or “crudita”) and rights to certain license fees under an assistance agreement with HTA. The crudita tax and license fees are clawbackable revenues<sup>(4)</sup>
    - ☞ Guaranteed by the Commonwealth

### Debt Summary as of July 2, 2016 (\$ millions)

	PRIFA Rum	PRIFA Ports	PRIFA Mental	PRIFA BANs
<b>Total Debt</b>				
Principal Outstanding	\$1,781	\$191	\$36	\$78
Insured Debt <sup>(2)</sup>	57%	0%	0%	0%
Taxable Debt	0%	0%	0%	0%
<b>Weighted Average</b>				
Interest Rate	5.08%	5.36%	6.44%	8.25%
Market Price <sup>(3)</sup>	48%	29%	51%	NA
Maturity	FY 2033	FY 2026	FY 2034	FY 2017

### Contractual Debt Service Schedule (\$ millions)

	PRIFA Rum, Ports & Mental			PRIFA BANs		
	Principal	Interest	Total	Principal	Interest	Total
FY 2017	\$46	\$82	\$128	\$74	\$2	\$76
FY 2018	48	80	127	-	-	-
FY 2019	50	77	127	-	-	-
FY 2020	51	75	126	-	-	-
FY 2021	54	72	126	-	-	-
FY 2022	62	69	130	-	-	-
FY 2023	86	65	151	-	-	-
FY 2024	64	61	125	-	-	-
FY 2025	73	57	131	-	-	-
FY 2026+	1,272	1,302	2,574	-	-	-
<b>Total</b>	<b>\$1,807</b>	<b>\$1,940</b>	<b>\$3,746</b>	<b>\$74</b>	<b>\$2</b>	<b>\$76</b>
Unpaid (FY16)	\$41	\$72	\$113	-	-	-

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Note that the information provided in the “Issuer Description” section shown above is derived from the language of the governing bond documentation and status and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

(2) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(3) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(4) Meaning the bonds were issued pursuant to governing bond documents and statutes that state that those revenues are subject to being clawed back pursuant to Article VI, Section 8 of the Puerto Rico Constitution.

## Infrastructure Financing Authority (PRIFA) (cont'd)

### The following discusses the current status of PRIFA bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ PRIFA Rum – pledged revenues covered by clawback Executive Order in Dec. 2015<sup>(1)</sup>. PRIFA has missed \$113 million of total contractual debt service payments due since January 2016 (\$72 million of missed interest payments and \$41 million of missed principal payments)</li> <li>▪ PRIFA BANs – pledged revenues covered by clawback Executive Order in Dec. 2015<sup>(1)</sup></li> <li>▪ PRIFA Ports – all contractual debt service payments due have been paid through July 1, 2016</li> <li>▪ PRIFA Mental – all contractual debt service payments due have been paid through July 1, 2016</li> <li>▪ Pursuant to Executive Orders 2016-14, 2016-27, 2016-30 and 2016-31, an emergency period was declared (and extended) for PRIFA, all PRIFA's debt obligations were declared "Covered Obligations," and PRIFA's payment obligations on its Rum Bonds and PRIFA BANs were suspended               <ul style="list-style-type: none"> <li>• The Executive Orders also suspended PRIFA's obligations to transfer pledged revenues to the trustee for its BANs and Ports Authority's obligation to transfer revenues to the PRIFA Series 2011B bond trustee</li> <li>• GDB's obligation to make payments on the letter of credit securing the Ports Authority bonds was also suspended</li> </ul> </li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>▪ PRIFA Rum – \$35 million interest payment due on January 1, 2017 and \$78 million total contractual debt service due on July 1, 2017 (\$35 million of interest and \$43 million of principal)</li> <li>▪ PRIFA BANs – roughly \$10 million total contractual debt service due monthly through March 2017 (\$76 million in total<sup>(3)</sup>)</li> <li>▪ PRIFA Ports – total contractual debt service of only \$12 million due over the course of FY 2017</li> <li>▪ PRIFA Mental – total contractual debt service of only \$3 million due over the course of FY 2017</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Basic Financial Statements and Required Supplementary Information for the Fiscal Year ended June 30, 2015</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ The Commonwealth has been in negotiations with a group of mutual funds that have cross-holdings that include PRIFA Rum bonds</li> <li>▪ The Commonwealth has also been in negotiations with a large financial services company that holds a significant portion of the PRIFA BANs</li> </ul>



(1) Meaning the bonds were issued pursuant to governing bond documents and statutes that state that those revenues are subject to being clawed back pursuant to Article VI, Section 8 of the Puerto Rico Constitution.  
 (2) Excluding any missed principal or interest payments through July 1, 2016, if applicable.  
 (3) Represents full par amount and does not account for redemption price.

# Public Finance Corporation (PFC)

## The following provides summary information for the Puerto Rico Public Finance Corporation (“PFC”) bonds

### Issuer Description

- PFC is a subsidiary corporation of GDB that provided agencies and instrumentalities of Puerto Rico with alternate means of meeting financing requirements
- Obligations of PFC are not obligations of GDB
- Proceeds from PFC’s bond issuances were used to fund the purchase of certain promissory notes issued in connection with the restructuring of various loans made by GDB to certain departments, agencies, instrumentalities and public corporations of the Commonwealth

### Contractual Debt Service Schedule (\$ millions)


	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2017	\$29	\$56	\$86
FY 2018	30	55	86
FY 2019	32	54	86
FY 2020	33	53	85
FY 2021	34	51	85
FY 2022	36	50	85
FY 2023	37	48	85
FY 2024	39	46	85
FY 2025	41	44	85
FY 2026+	743	154	897
<b>Total</b>	<b>\$1,054</b>	<b>\$610</b>	<b>\$1,665</b>
<i>Unpaid (FY16)</i>	<i>\$36</i>	<i>\$57</i>	<i>\$93</i>

### Debt Summary as of July 2, 2016 (\$ millions)

	PFC
<b><u>Total Debt</u></b>	
Principal Outstanding	\$1,091
Insured Debt <sup>(1)</sup>	0%
Taxable Debt	38%
<b><u>Weighted Average</u></b>	
Interest Rate	5.35%
Market Price <sup>(2)</sup>	12%
Maturity	FY 2027

### Payment Source<sup>(3)</sup>

- Principal and interest on the bonds are payable solely from underlying promissory notes owed by various governmental entities, the payment of which is in turn subject to budgetary appropriations made by the Legislature of Puerto Rico
- The Office of Management and Budget of Puerto Rico was required to include an appropriation for the payment of the principal and interest due on the bonds in the proposed budget for the Commonwealth submitted to the Legislature of Puerto Rico each fiscal year; such obligation was suspended pursuant to Executive Order 2016-30
- The Legislature of Puerto Rico is not legally bound to appropriate sufficient amounts to timely pay the principal and interest due on the bonds

 Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

## Public Finance Corporation (PFC) (cont'd)

### The following discusses the current status of PFC bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ Bonds have not been paid since the start of the Puerto Rico FY 2016 fiscal year as no appropriations have been made from the general fund                             <ul style="list-style-type: none"> <li>• PFC has missed a total of \$93 million of contractual debt service payments due through July 1, 2016 (\$36 million in principal and \$57 million in interest)</li> </ul> </li> <li>▪ Executive Order 2016-31 declared an emergency period for PFC and declared PFC's bonds to be "Covered Obligations", but did not suspend PFC's payment obligations on its bonds because no obligation exists since no appropriation was made for the payment of the underlying notes                             <ul style="list-style-type: none"> <li>• Executive Order 2016-30 also suspended the Commonwealth's obligations to include an appropriation for PFC in the proposed budget</li> </ul> </li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ February 1, 2017: \$21 million of interest</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Basic Financial Statements and Required Supplementary Information for the Year ended June 30, 2014<sup>(2)</sup></li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ The Commonwealth has been in negotiations with a group of mutual funds that have cross-holdings that include a significant portion of PFC debt</li> </ul>



<sup>(1)</sup> Excluding any missed principal or interest payments through July 1, 2016, if applicable.  
<sup>(2)</sup> PFC financial statements are included under GDB financials.

# University of Puerto Rico (UPR)

## The following provides summary information for the University of Puerto Rico (“UPR”) bonds

### Issuer Description

- The University of Puerto Rico is a government instrumentality of the Commonwealth, largely supported by substantial Commonwealth appropriations
- The University of Puerto Rico comprises three principal campuses and eight additional colleges located throughout the Island
- UPR issued University System Revenues Bonds, the proceeds of which were used to finance a portion of the costs of various projects included in the University’s capital improvement program and to repay a line of credit to GDB that was used to finance such costs initially

### Debt Summary as of July 2, 2016 (\$ millions)

UPR	
<b>Total Debt</b>	
Principal Outstanding <sup>(1)</sup>	\$432
Insured Debt <sup>(2)</sup>	0%
Taxable Debt	0%
<b>Weighted Average</b>	
Interest Rate	5.00%
Market Price <sup>(3)</sup>	41%
Maturity	FY 2026

### Contractual Debt Service Schedule (\$ millions)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2017	\$21	\$22	\$43
FY 2018	22	21	43
FY 2019	23	19	43
FY 2020	24	18	43
FY 2021	25	17	43
FY 2022	27	16	43
FY 2023	28	14	43
FY 2024	30	13	43
FY 2025	31	12	43
FY 2026+	201	55	256
<b>Total</b>	<b>\$432</b>	<b>\$207</b>	<b>\$639</b>
<i>Unpaid (FY16)</i>	-	-	-

### Payment Source<sup>(4)</sup>

- The University System Revenues Bonds are general obligations of UPR that are secured by revenues including: (i) tuition fees, (ii) student fees, (iii) rental and other charges for the right of use or occupancy of UPR’s facilities, and (iv) net bookstore receipts and other certain revenue sources, other than federal grants and Commonwealth appropriations
- However, in the event that the Pledged Revenues are insufficient to pay the principal of and the interest on the bonds, UPR is not prohibited from providing any required monies from other funds available, including funds appropriated by the Commonwealth
- Under the bond documentation, UPR also must set University fees so that the Pledged Revenues, together with any other funds available to pay the bonds, will be sufficient to pay principal and interest payments on the bonds

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.



(1) Excludes bonds issued by AFICA – Desarrollos Universitarios, a component unit of the University of Puerto Rico.

(2) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(3) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBIA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(4) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.



## University of Puerto Rico (UPR) (cont'd)

### The following discusses the current status of UPR bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ All contractual debt service payments due have been made through July 1, 2016</li> <li>▪ Executive Order 2016-31 declared an emergency period for UPR and declared UPR's payment obligations under the lease agreement with Desarrollos Universitarios and its bonds to be "Covered Obligations", but did not suspend UPR's payment obligations on its lease agreement or its bonds               <ul style="list-style-type: none"> <li>• EO 2016-31 also suspended UPR's obligation to transfer pledged revenues to the trustee of UPR bonds</li> </ul> </li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ December 1, 2016: \$11 million of interest</li> <li>▪ June 1, 2017: \$11 million of interest and \$21 million of principal</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Financial Statements, Required Supplementary Information and Supplemental Schedules for the Years ended June 30, 2014 and 2013</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ The Commonwealth has been in negotiations with a group of mutual funds that have cross-holdings that include UPR bonds</li> </ul>

<sup>(1)</sup> Excluding any missed principal or interest payments through July 1, 2016, if applicable.



# University Plaza Project (AFICA-UPP)

## The following provides summary information for the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (“AFICA”) Desarrollos Universitarios bonds (“AFICA-UPP”)

### Issuer Description

- AFICA is an instrumentality and an affiliate of GDB created to act as a conduit issuer of revenue bonds and to lend the proceeds thereof to finance the acquisition, construction, and equipping of industrial, tourist, educational, medical, and environmental control facilities
- AFICA issued bonds in 2000 to fund the construction of various buildings and parking facilities, called the University Plaza Project, that are leased to the University of Puerto Rico (“UPR”)
- AFICA then entered into a loan agreement with respect to the loan of the bond proceeds with Desarrollos Universitarios Inc., a not-for-profit Puerto Rico corporation and a component unit of UPR
- Desarrollos Universitarios separately entered into a lease agreement with UPR governing the lease of the University Plaza Project facilities

### Debt Summary as of July 2, 2016 (\$ millions)

	AFICA (UPP)
<b>Total Debt</b>	
Principal Outstanding	\$64
Insured Debt <sup>(1)</sup>	100%
Taxable Debt	0%
<b>Weighted Average</b>	
Interest Rate	5.08%
Market Price	NA
Maturity	FY 2030


### Contractual Debt Service Schedule (\$ millions)

	Principal	Interest	Total
FY 2017	\$2	\$3	\$6
FY 2018	3	3	6
FY 2019	3	3	6
FY 2020	3	3	6
FY 2021	3	3	6
FY 2022	3	3	6
FY 2023	3	2	6
FY 2024	4	2	6
FY 2025	4	2	6
FY 2026+	37	9	46
<b>Total</b>	<b>\$64</b>	<b>\$33</b>	<b>\$97</b>

Unpaid (FY16)                    -                    -                    -

### Payment Source<sup>(2)</sup>

- The bonds are limited obligations of AFICA that are payable solely from payments under the loan agreement and UPR lease agreement, and are secured by AFICA’s rights under the loan agreement, including the loan payments from Desarrollos
- Desarrollos assigned its scheduled lease payments from UPR to the AFICA bond trustee and as a result the bond trustee receives payments directly from UPR for payment on the bonds
- UPR’s payment obligations under the lease agreement are secured by a subordinate lien on revenues currently pledged to payment of UPR’s 2006 Revenue Bonds Series P and Q

 Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg. 25

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance. Insurance provided entirely by National.

(2) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

# Guaynabo Bonds (AFICA-Guaynabo)

The following provides summary information for the AFICA-Guaynabo bonds (“AFICA-Guaynabo”)

## Issuer Description

- AFICA issued two series of Guaynabo bonds to finance a portion of the cost of acquisition, construction and equipping of various warehouse, industrial and office buildings, and parking facilities (the “Projects”) for the government operations of the Municipality of Guaynabo (the “Municipality”)
- The proceeds from each issuance were loaned, under a loan agreement, to a not-for-profit corporation that assists the Municipality in developing facilities for the Municipality’s use
- The borrower not-for-profit under each loan agreement separately entered into a lease agreement with the Municipality governing the lease of the respective Projects

## Contractual Debt Service Schedule (\$ millions)


	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY 2017	\$2	\$1	\$2
FY 2018	2	1	2
FY 2019	2	1	2
FY 2020	2	0	2
FY 2021	2	0	2
FY 2022	2	0	2
FY 2023	1	0	1
FY 2024	1	0	1
FY 2025	–	–	–
FY 2026+	–	–	–
<b>Total</b>	<b>\$13</b>	<b>\$3</b>	<b>\$16</b>
<i>Unpaid (FY16)</i>	–	–	–

## Debt Summary as of July 2, 2016 (\$ millions)

	<b>AFICA Guaynabo</b>
<b>Total Debt</b>	
Principal Outstanding	\$13
Insured Debt <sup>(1)</sup>	–
Taxable Debt	–
<b>Weighted Average</b>	
Interest Rate	5.42%
Market Price	NA
Maturity	FY 2022

## Payment Source<sup>(2)</sup>

- The bonds are limited obligations of AFICA payable solely from payments under the loan agreements by the respective borrowers and under the lease agreements by the Municipality
- Additionally, the bonds are secured by a mortgage on the property constituting each respective Project, along with a pledge of the related mortgage note

 Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.  
<sup>(1)</sup> Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.  
<sup>(2)</sup> Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

# Convention Center District Authority (CCDA)

## The following provides summary information for the Puerto Rico Convention Center District Authority (“CCDA”) bonds

### Issuer Description

- CCDA is a corporation and governmental instrumentality that was created for the purpose of planning, developing, owning and/or operating the San Juan Convention Center and the José Miguel Agrelot Coliseum and related infrastructure improvements and facilities
- CCDA issued bonds in 2006 to refinance an interim financing used for the development and construction of the Convention Center

### Debt Summary as of July 2, 2016 (\$ millions)


CCDA	
<b>Total Debt</b>	
Principal Outstanding	\$386
Insured Debt <sup>(1)</sup>	100%
Taxable Debt	0%
<b>Weighted Average</b>	
Interest Rate	4.80%
Market Price <sup>(2)</sup>	78%
Maturity	FY 2029

### Contractual Debt Service Schedule (\$ millions)

	Principal	Interest	Total
FY 2017	\$12	\$19	\$30
FY 2018	12	18	30
FY 2019	13	17	30
FY 2020	14	17	30
FY 2021	14	16	30
FY 2022	15	15	30
FY 2023	16	15	30
FY 2024	17	14	30
FY 2025	17	13	30
FY 2026+	257	77	334
<b>Total</b>	<b>\$386</b>	<b>\$220</b>	<b>\$607</b>
<i>Unpaid (FY16)</i>	-	-	-

### Payment Source<sup>(3)</sup>

- The bonds are secured by, and payable solely from, the portion of the hotel room occupancy tax levied by the Puerto Rico Tourism Company and transferred to GDB, which GDB deposits with the bond trustee pursuant to a pledge and assignment agreement
- Pursuant to the governing bond documentation, the hotel occupancy tax revenues are considered “available revenues” under the Puerto Rico Constitution and may be clawbackable

 Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBLA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

## Convention Center District Authority (CCDA) (cont'd)

### The following discusses the current status of CCDA bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ All contractual debt service payments through July 1, 2016 have been made</li> <li>▪ Executive Order 2016-31 declared an emergency period for CCDA, declared CCDA's bonds to be "Covered Obligations," but did not suspend CCDA's payment obligations under the bonds. EO 2016-31 also suspended CCDA and Tourism Company's obligations to transfer pledged revenues to GDB and suspended GDB's obligation to transfer pledged revenues to the trustee</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ January 1, 2017: \$9 million of interest</li> <li>▪ July 1, 2017: \$9 million of interest and \$12 million of principal</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Basic Financial Statements, Required Supplementary Information and Supplemental Schedules for the Year ended June 30, 2015</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>

<sup>(1)</sup> Excluding any missed principal or interest payments through July 1, 2016, if applicable.



# Industrial Development Company (PRIDCO)

## The following provides summary information for the Puerto Rico Industrial Development Company (“PRIDCO”) bonds

### Issuer Description

- PRIDCO is a public corporation and governmental instrumentality created for the purposes of promoting foreign and native investment in Puerto Rico, including through overseeing special incentives programs and their related legislative appropriations
- PRIDCO also constructs and provides industrial facilities for lease or sale to qualified private industrial investors
- PRIDCO issued its General Purpose Revenue Bonds to repay capital improvements credit lines and finance the construction of additional industrial facilities

### Contractual Debt Service Schedule (\$ millions)

	Principal	Interest	Total
FY 2017	\$7	\$11	\$18
FY 2018	7	11	18
FY 2019	11	7	18
FY 2020	11	7	18
FY 2021	12	6	18
FY 2022	13	5	18
FY 2023	13	5	18
FY 2024	14	4	18
FY 2025	15	3	18
FY 2026+	50	5	54
<b>Total</b>	<b>\$154</b>	<b>\$64</b>	<b>\$218</b>
<i>Unpaid (FY16)</i>	–	–	–

### Debt Summary as of July 2, 2016 (\$ millions)

PRIDCO	
<b>Total Debt</b>	
Principal Outstanding	\$159
Insured Debt <sup>(1)</sup>	0%
Taxable Debt	100%
<b>Weighted Average</b>	
Interest Rate	5.40%
Market Price <sup>(2)</sup>	58%
Maturity	FY 2025
Payment Source <sup>(3)</sup>	

- The General Purpose Revenues Bonds are secured by the rentals derived from the leasing of certain industrial buildings built by PRIDCO and leased to private firms (“Trusted Properties”)
- Pursuant to the bond documentation, PRIDCO is required to contribute additional properties to the Trusted Properties if the projected revenues of the current Trusted Properties fall below a certain threshold. Further, PRIDCO is required to deposit funds with the trustee if funds on deposit with the trustee are insufficient to make debt service payments

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Pricing as provided by Citigroup as of July 1, 2016. Based on J.J. Kenney Drake pricing excluding debt insured by MBLA and AG. Calculated as a percentage of current par outstanding plus CAB accretion and estimated accrued interest.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

## Industrial Development Company (PRIDCO) (cont'd)

### The following discusses the current status of PRIDCO bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ All bond payments have been made through July 1, 2016</li> <li>▪ Executive Order 2016-31 declared an emergency period for PRIDCO and declared the bonds to be “Covered Obligations”, but did not suspend PRIDCO’s payment obligations under the bonds. EO 2016-31 also suspended PRIDCO’s obligation to transfer revenues from the Trusteed Properties to the trustee</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ Monthly interest payments totaling \$1 million through FY 2017 (except for July 1, 2017 which has a \$4 million interest payment)</li> <li>▪ January 1, 2017: \$1 million of interest and \$2 million of principal</li> <li>▪ July 1, 2017: \$4 million of interest and \$6 million of principal</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Basic Financial Statements and other Supplementary Information for the Year ended June 30, 2015</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>

<sup>(1)</sup> Excluding any missed principal or interest payments through July 1, 2016, if applicable.



# Electric Power Authority (PREPA)

## The following provides summary information for the Puerto Rico Electric Power Authority (“PREPA”) bonds

### Issuer Description

- PREPA is a public corporation that was originally created for the purpose of conserving, developing and utilizing the water and power resources of the Commonwealth in order to promote the general welfare of the Commonwealth
  - It supplies virtually all the electricity consumed in Puerto Rico and is one of the largest municipal utilities in the United States
- PREPA’s financial debt is comprised of Power Revenue Bonds and fuel line credit facilities
- PREPA has been in active discussions with creditors representing over 60% of its financial debt since the summer of 2014 and on December 2015 reached restructuring support agreement (“RSA”) to restructure its debt

### Contractual Debt Service Schedule (\$ millions)<sup>(3)</sup>

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY 2017	\$237	\$431	\$668
FY 2018	345	418	762
FY 2019	373	402	775
FY 2020	349	377	726
FY 2021	360	358	718
FY 2022	327	338	665
FY 2023	319	321	640
FY 2024	335	305	640
FY 2025	351	289	640
FY 2027 +	5,262	2,364	7,626
<b>Total</b>	<b>\$8,259</b>	<b>\$5,603</b>	<b>\$13,861</b>

Unpaid (FY16)                    –                    –                    –

### Debt Summary as of July 2, 2016 (\$ millions)

	<b>PREPA</b>
<b>Total Debt</b>	
Principal Outstanding	\$8,259
Insured Debt <sup>(1)</sup>	27%
Taxable Debt	14%
<b>Weighted Average</b>	
Interest Rate	5.4%
Market Price <sup>(2)</sup>	66%
Maturity	FY 2030

### Payment Source<sup>(4)</sup>

- The Power Revenue Bonds are secured by, payable solely from, the revenues of all the properties owned and operated by PREPA, as a single integrated system, in connection with the production, distribution or sale of electric energy, after payment of current expenses and any reserve thereof, and operating lines of credit
- Pursuant to the bond documents, PREPA must deposit in the sinking fund a sufficient amount of such revenues (after payment of current expenses) to pay the principal and interest on all Power Revenue Bonds and to provide a reserve therefor

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.  
 (2) Per Bloomberg as of 8/1/2016, reflective of MSRB pricing and excluding debt insured by MBIA and AG.  
 (3) Contractual debt service schedule shown reflects PREPA’s current contractual debt service obligations on all Power Revenue Bonds outstanding. PREPA’s contractual debt service profile will vary significantly upon commencement of its restructuring.  
 (4) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.





## Electric Power Authority (PREPA) (cont'd)

### The following discusses the current status of PREPA bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>Bonds are current</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>January 1, 2017: \$194 million of interest<sup>(2)</sup></li> <li>July 1, 2017: \$214 million of interest<sup>(2)</sup> and \$237 million of principal</li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>Financial Statements, Required Supplementary Information and Supplemental Schedules for the Years ended June 30, 2014 and 2013</li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>The Commonwealth has been in negotiations with an Ad Hoc Group of holders of uninsured bonds representing approximately \$3 billion of Power Revenue Bonds is party to the RSA</li> </ul>
<b>Restructuring Summary</b>	<ul style="list-style-type: none"> <li>The RSA provides PREPA with a 15% haircut and five-year principal holiday on its uninsured bonds</li> <li>The Ad Hoc Group and other uninsured bondholders will exchange their existing bonds for new securitization bonds at 85% of par</li> <li>Two large insurers will facilitate the Ad Hoc Group transaction by providing sureties to cover a portion of the debt service reserve needed for the securitization transaction, in exchange for receiving securitization revenues to cover their bonds in the form of “mirror bonds”</li> <li>Another large monoline insurer will provide PREPA with near-term relief on its 2017 debt service and facilitate capturing discount on its longer-dated exposures</li> </ul>



(1) Represents interest and principal contractually due on bonds if no restructuring is effectuated on December 15, 2016, as currently expected.  
 (2) Does not include default interest on fuel lines, which currently amounts to approximately \$4 million per month. Also does not reflect the restructuring.  
 (3) Excludes bonds owned by insurers as well as secondary insurance.

# Aqueduct and Sewer Authority (PRASA)

## The following provides summary information for the Puerto Rico Aqueduct and Sewer Authority (“PRASA”) bonds

### Issuer Description

- PRASA is a public corporation created for the purpose of owning, developing and operating the public water supply and wastewater systems in the Commonwealth. Such systems provide water services to nearly all of the Commonwealth’s population and wastewater services to over a majority of Puerto Ricans
- PRASA also manages a capital improvement program designed to improve the condition and operation of the systems and meet regulatory requirements
- The U.S. Department of Agriculture Rural Development Program assists PRASA in the financing and construction of aqueduct and sewer facilities in rural areas by purchasing bonds (the “Rural Development Bonds”) from PRASA, the proceeds of which are used to finance such projects

### Debt Summary as of July 2, 2016<sup>(1)</sup> (\$ millions)

	PRASA Non-GTD	PRASA GTD
<b>Total Debt</b>		
Principal Outstanding	\$3,298	\$679
Insured Debt <sup>(2)</sup>	11%	0%
Taxable Debt	8%	42%
<b>Weighted Average</b>		
Interest Rate	5.52%	4.81%
Market Pricing <sup>(3)</sup>	68%	60%
Maturity	FY 2035	FY 2032

### Contractual Debt Service Schedule<sup>(1)</sup> (\$ millions)

	PRASA Non-GTD			PRASA GTD		
	Principal	Interest	Total	Principal	Interest	Total
FY 2017	\$48	\$183	\$231	\$10	\$33	\$43
FY 2018	50	180	231	10	32	43
FY 2019	53	178	231	11	32	42
FY 2020	56	175	231	10	32	42
FY 2021	59	172	231	18	31	50
FY 2022	62	169	231	20	30	50
FY 2023	65	166	231	22	29	51
FY 2024	68	162	231	26	28	54
FY 2025	77	154	231	28	27	54
FY 2026+	2,733	1,879	4,612	519	219	739
<b>Total</b>	<b>\$3,270</b>	<b>\$3,420</b>	<b>\$6,690</b>	<b>\$674</b>	<b>\$493</b>	<b>\$1,167</b>
Unpaid (FY16)	–	–	–	\$5	\$8	\$13

### Payment Source<sup>(4)</sup>

- All of PRASA’s bonds are payable from, and secured by, PRASA’s revenues derived from its ownership and operation of its water and wastewater systems and grants from various federal agencies (the “Authority Revenues”)
  - PRASA’s Revenue Bonds were issued under its master Agreement of Trust and have a priority gross lien on the Authority Revenues
  - The 2008 Refunding Bonds and the Rural Development Bonds, which were issued outside the Master Agreement of Trust, are subordinated to the payment of PRASA’s outstanding Revenue Bonds and are payable from excess Authority Revenues remaining after the payment of the Revenue Bonds, operating expenses of the systems and the funding of certain reserves



Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are reported net of bond subsidies. Contractual debt service schedule excludes any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Includes only bonded debt and therefore excludes Drinking Water State Revolving Fund and Clean Water State Revolving Fund loans. Although unpaid FY 2016 payments were listed, PRASA Rural Development bonds reached a forbearance agreement ahead of its payment on July 1, 2016.

(2) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.


(3) Per Bloomberg as of 8/1/2016, reflective of MSRB pricing and excluding debt insured by MBIA and AG.

(4) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statuses and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

## Aqueduct and Sewer Authority (PRASA) (cont'd)

### The following discusses the current status of PRASA bonds

Category	Description
<b>Payment Status</b>	<ul style="list-style-type: none"> <li>▪ The 2008 and 2012 Senior Lien Bonds and 2008 Refunding Bonds (subordinated) are all current</li> <li>▪ PRASA did not make the approximately \$13 million contractual debt service payments due on July 1, 2016 on the Rural Development Bonds nor did it make the contractual debt service payments due on July 1, 2016 on its Drinking Water State Revolving Fund and Clean Water State Revolving Fund loans</li> <li>▪ Both the Rural Development Bonds and the State Revolving Fund loans were subject to forbearance agreements as of July 1, 2016</li> </ul>
<b>Material FY 2017 Contractual Debt Service Payments<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ January 1, 2017:               <ul style="list-style-type: none"> <li>• 2008 Senior Lien Bonds: \$37 million of interest</li> <li>• 2012 Senior Lien Bonds: \$48 million of interest</li> <li>• 2008 Refunding Bonds (subordinated): \$1 million of interest monthly</li> <li>• Rural Development Bonds: \$8 million of interest and \$5 million of principal</li> </ul> </li> </ul>
<b>Status of Financials</b>	<ul style="list-style-type: none"> <li>▪ Audited Financial Statements for the Years ended June 30, 2015, 2014 and 2013               <ul style="list-style-type: none"> <li>• 2015 financial statements received a Qualified Opinion due to lack of available audited pension information</li> </ul> </li> </ul>
<b>Bondholder Information</b>	<ul style="list-style-type: none"> <li>▪ A group of bondholders claiming to hold a portion of the senior bonds has formed</li> </ul>

 (1) Excluding any missed principal or interest payments through July 1, 2016, if applicable.

# Children’s Trust Fund (CTF)

## The following provides summary information for the Children’s Trust Fund (“CTF”) bonds

### Issuer Description

- CTF is a not-for-profit corporate entity established by the Commonwealth in 1999 with the monies from the settlement of claims (via the Master Settlement Agreement, or “MSA”) of various “Settling States” against the four largest US tobacco manufacturers
- CTF administers a broad-based program of special projects geared to improve the quality of life for young people and their families through sports, recreational, social and cultural activities
- Children’s Trust Fund is a public instrumentality of, but separate and apart from, the Commonwealth

### Contractual Debt Service Schedule (\$ millions)


	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2017	–	\$47	\$47
FY 2018	–	47	47
FY 2019	–	47	47
FY 2020	–	47	47
FY 2021	–	47	47
FY 2022	–	47	47
FY 2023	–	47	47
FY 2024	–	47	47
FY 2025	–	47	47
FY 2026+	1,151	11,362	12,513
<b>Total</b>	<b>\$1,151</b>	<b>\$11,782</b>	<b>\$12,933</b>
<i>Unpaid (FY16)</i>	–	–	–

### Debt Summary as of July 2, 2016 (\$ millions)

	CTF
<b>Total Debt</b>	
Principal Outstanding	\$1,439
Insured Debt <sup>(1)</sup>	0%
Taxable Debt	0%
<b>Weighted Average</b>	
Interest Rate	5.98%
Market Price <sup>(2)</sup>	77%
Maturity	FY 2043

### Payment Source<sup>(3)</sup>

- The MSA resolved all cigarette smoking-related litigation between certain U.S. states and jurisdictions (including Puerto Rico) and the manufacturers by releasing the manufacturers from past, present and future claims in exchange for payments to be made to the Settling States
- The Bonds are secured by and payable solely from settlement payments owed to the Commonwealth under the MSA, which the Commonwealth has assigned to CTF pursuant to statute
  - The proceeds of the bonds and other assets of the Trust are not pledged to the payment of, and are not available to the holders of, the bonds
- The 2008 Bonds are subordinated to the 2002 and 2005 Bonds, and the 2005 Bonds are subordinated to the 2002 Bonds
- All contractual debt service payments have been made through July 1, 2016

 Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Balance provided by GDB as of 5/15/2016.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.

# Municipal Finance Agency (MFA)

## The following provides summary information for the Puerto Rico Municipal Finance Agency (“MFA”) bonds

### Issuer Description

- MFA is a public corporation and governmental instrumentality created to allow the municipalities of Puerto Rico to access the capital markets in order to more effectively finance their public improvement programs
- The agency issued bonds for the purposes of (i) purchasing bonds and notes of municipalities and (ii) refunding certain outstanding MFA bonds

### Debt Summary as of July 2, 2016 (\$ millions)

	MFA
<b>Total Debt</b>	
Principal Outstanding	\$618
Insured Debt <sup>(1)</sup>	91%
Taxable Debt	0%
<b>Weighted Average</b>	
Interest Rate	4.65%
Market Price <sup>(2)</sup>	44%
Maturity	FY 2022

### Contractual Debt Service Schedule (\$ millions)

	Principal	Interest	Total
FY 2017	\$83	\$30	\$113
FY 2018	71	26	97
FY 2019	68	22	90
FY 2020	65	19	83
FY 2021	47	16	63
FY 2022	42	13	56
FY 2023	45	11	56
FY 2024	41	9	49
FY 2025	38	7	45
FY 2026+	118	12	130
<b>Total</b>	<b>\$618</b>	<b>\$164</b>	<b>\$782</b>
<i>Unpaid (FY16)</i>	-	-	-

### Payment Source<sup>(3)</sup>

- The bonds are secured by and payable from payments of principal and interest on a portfolio of municipal bonds held by MFA
- The municipal bonds are general obligations of a municipal issuer, secured by *ad valorem* taxation on all taxable property within the municipality. The full faith, credit and unlimited taxing power of each municipal issuer is pledged to the payment of its municipal bonds
- The Commonwealth transfers to MFA, on an annual basis, an amount necessary to maintain the respective reserve accounts in the required amount. This payment is subject to appropriation by the Legislature of Puerto Rico
- All contractual debt service payments due have been made through July 1, 2016

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.

(2) Per Bloomberg as of 8/1/2016, reflective of MSRB pricing and excluding debt insured by MBIA and AG.

(3) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and statutes and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.



# Housing Finance Authority (HFA)

## The following provides summary information for the Puerto Rico Housing Finance Authority (“HFA”) bonds

### Issuer Description

- HFA is a subsidiary of GDB and a government instrumentality of the Commonwealth, created for the purpose of financing the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income.
- Proceeds from its Single Family Mortgage Revenue Bonds and Mortgage-Backed Certificates (“MB Bonds”) were used to acquire mortgage certificates that are backed by mortgage loans made to low- and moderate-income families in Puerto Rico.
- HFA issued its Capital Fund Bonds as part of a financing plan to assist the Puerto Rico Public Housing Administration (“PHA”) in its efforts to rehabilitate and modernize public housing in the Commonwealth. Proceeds were lent to PHA and a separate LLC to fund these efforts.

### Contractual Debt Service Schedule (\$ millions)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2017	\$26	\$20	\$46
FY 2018	27	19	46
FY 2019	28	18	46
FY 2020	30	16	46
FY 2021	31	14	46
FY 2022	33	13	46
FY 2023	35	11	46
FY 2024	36	9	46
FY 2025	38	7	46
FY 2026+	127	10	137
<b>Total</b>	<b>\$411</b>	<b>\$138</b>	<b>\$549</b>
<i>Unpaid (FY16)</i>	–	–	–

### Debt Summary as of July 2, 2016 (\$ millions)

	HFA
<b>Total Debt</b>	
Principal Outstanding	\$411
Insured Debt <sup>(1)</sup>	0%
Taxable Debt <sup>(2)</sup>	0%
<b>Weighted Average</b>	
Interest Rate	4.69%
Market Price <sup>(3)</sup>	106%
Maturity	FY 2023

### Payment Source<sup>(4)</sup>

- The MB Bonds are secured by, and payable solely from, the underlying mortgage certificates and payments thereon
- The Capital Fund Bonds are secured by, and payable solely from, PHA’s annual “Public Housing Capital Funds” allocation from the U.S. Department of Housing and Development (“HUD”), as well as, in the case of the 2008 Capital Fund Bonds only, the promissory notes linked to the LLC loan
- The HUD funds are subject to appropriation by the U.S. Congress. Application of the HUD funds to the 2008 Capital Fund Bonds is subordinate to application to the 2003 Capital Fund Bonds
- All contractual debt service payments due have been made through July 1, 2016

Note: Debt outstanding shown as of July 2, 2016 and includes Capital Appreciation Bond (“CAB”) accretion as of July 2, 2016 (where applicable). Includes Capital Fund Program bonds and excludes Mortgage Revenue Bonds. Contractual debt service schedule shows CAB accretion as interest payments at maturity. CAB par at issuance is counted towards principal payments at maturity. All payments are also reported net of any bond subsidies. Contractual debt service schedule does not include any unpaid principal, unpaid interest (including unpaid CAB accretion) or accrued interest thereon. HFA interest includes Ongoing Fees. Taxable information per Bloomberg.

(1) Insurance information based on Bloomberg which uses insurance at time of issuance and does not adjust for trading of insurance exposure and/or secondary insurance.  
(2) Only inclusive of Capital Fund Program Bonds (Mortgage Revenue Bonds and Mortgage-Backed Certificates are excluded)  
(3) Per Bloomberg as of 8/1/2016, reflective of MSRB pricing and excluding debt insured by MBI and AG.  
(4) Note that the information provided in the “Payment Source” section shown above is derived from the language of the governing bond documentation and status and does not reflect any opinion by the Commonwealth on the validity or priority of any purported security interest described in this section and therefore is without prejudice to any legal or other argument that may now or in the future be asserted by the Commonwealth or any of its instrumentalities in any legal or other proceeding.





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## Summary of Creditor Negotiations to Date

## Introduction

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**Throughout FY 2016, the Commonwealth has engaged in a series of negotiations with its creditors in an effort to reach a consensual restructuring agreement to address Puerto Rico's debt burden and put the Commonwealth on a path toward economic stability and growth**

- The Commonwealth developed and published a Fiscal and Economic Growth Plan in September 2015 and updated it in January 2016 (together, the “FEGP”), to provide a framework for a voluntary restructuring agreement
- The FEGP shows long-term cash flows based on revenue and expense projections using a number of assumptions about economic growth and extensions of existing federal programs
  - ☞ These cash flows were projected for the entire Commonwealth with the exception of financially independent entities with no recourse to tax revenues. As a result, the only *excluded* bond issuers were PREPA, PRASA, CTF, HFA and MFA
    - This presentation is focused on the negotiations with the entities included in the FEGP, though notably a restructuring agreement was reached with PREPA creditors (and is addressed herein)
- Following the publication of the September 2015 FEGP, advisors to the creditor groups and certain bond insurers were provided the opportunity to conduct due diligence on the projections, including meeting with Commonwealth officials to discuss the plan assumptions, and were also provided with access to an electronic data room with nearly 10,000 pages of information pertaining to the FEGP. Such advisors participated in further diligence once the updated January 2016 FEGP was published.
- Based on the FEGP's projected cash flows, the Commonwealth identified the amount of fiscal surpluses that would be available to service debt, and its debt restructuring proposals were based on the size of those projected surpluses





## Introduction (cont'd)

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- The Commonwealth has multiple groups of creditors that have organized, and the Commonwealth has engaged in good faith negotiations with most of these groups as well as with certain bond insurers
  - Of the tax-supported debt stock (*i.e.*, the debt included in the FEGP), the GO, Commonwealth-Guaranteed and COFINA debt accounts for a majority, and the Commonwealth has made the most progress towards a Commonwealth-wide exchange with creditors of these issuers
  - The Commonwealth has made good faith efforts to engage with creditors of other entities included in the FEGP and, notably, reached an agreement with creditors holding over \$900 million of the debt of the Government Development Bank, providing a framework for the restructuring of that entity within the context of a Commonwealth-wide exchange
  - In addition, the Commonwealth engaged a bondholder search firm in an effort to identify the holders of the island's debt, and thus far has identified holders of a majority of such debt
- The information set forth herein is intended to provide the Oversight Board with background information about the negotiations that have taken place between the Commonwealth and its creditors, including the proposals that have been made by the Commonwealth in an effort to reach agreement with a majority of its creditors



# Major Organized Creditor Groups for Tax-Supported Debt

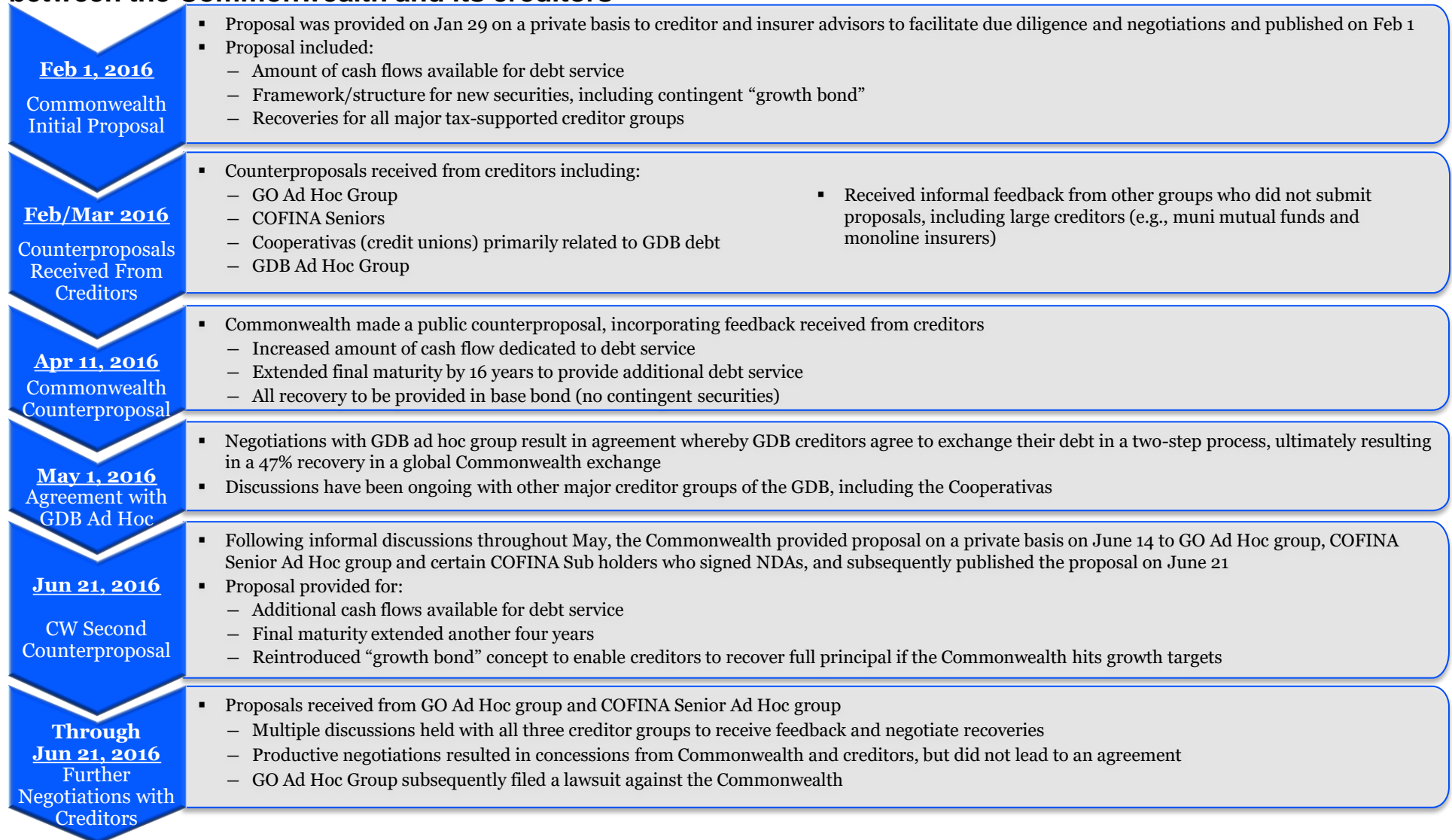
**Holders of a significant portion of the Commonwealth's tax-supported debt have organized into groups, with the support of the Commonwealth, to facilitate restructuring negotiations**

<b>GO Ad Hoc (Includes PBA-Guaranteed Debt)</b>	<ul style="list-style-type: none"><li>•An ad hoc group of holders of direct general obligation and certain Commonwealth-guaranteed indebtedness has formed and engaged in negotiations with the Commonwealth</li></ul>
<b>COFINA Senior Ad Hoc</b>	<ul style="list-style-type: none"><li>•An ad hoc group of holders of COFINA senior indebtedness has formed and engaged in negotiations with the Commonwealth</li></ul>
<b>GDB Ad Hoc Group</b>	<ul style="list-style-type: none"><li>•An ad hoc group of non-local holders of GDB indebtedness has formed and engaged in negotiations with the Commonwealth and GDB, resulting in an initial agreement for a two-step restructuring of GDB in May 2016</li></ul>
<b>Cooperativas (Credit Unions)</b>	<ul style="list-style-type: none"><li>•The Cooperativas, which hold bonds of various issuers, have organized and engaged in negotiations, as well as participated in a limited exchange of GDB debt</li></ul>
<b>Employees Retirement System Ad Hoc</b>	<ul style="list-style-type: none"><li>•An ad hoc group of holders of retirement system indebtedness has formed and engaged with the Commonwealth</li></ul>
<b>Individual Large Creditors with Cross-Holdings</b>	<ul style="list-style-type: none"><li>•Large individual creditors that have cross-holdings across various Commonwealth issuers have participated in negotiations with the Commonwealth</li></ul>
<b>Monoline Insurers</b>	<ul style="list-style-type: none"><li>•National Public Finance Guarantee</li><li>•Assured Guaranty</li><li>•AMBAC</li><li>•FGIC</li><li>•Syncora</li></ul>
<b>Bonistas Del Patio (Local Bondholders)</b>	<ul style="list-style-type: none"><li>•A self-funded non-profit organization representing local Puerto Rico bondholders has organized</li></ul>



# Consensual Negotiation Timeline

**After months of financial diligence with its creditors and insurers and the publication of the revised FEGP in January 2016, starting in February 2016 the Commonwealth began to engage in a series of good faith negotiations with its creditors holding tax-supported debt, working to bridge value and structure gaps between the Commonwealth and its creditors**

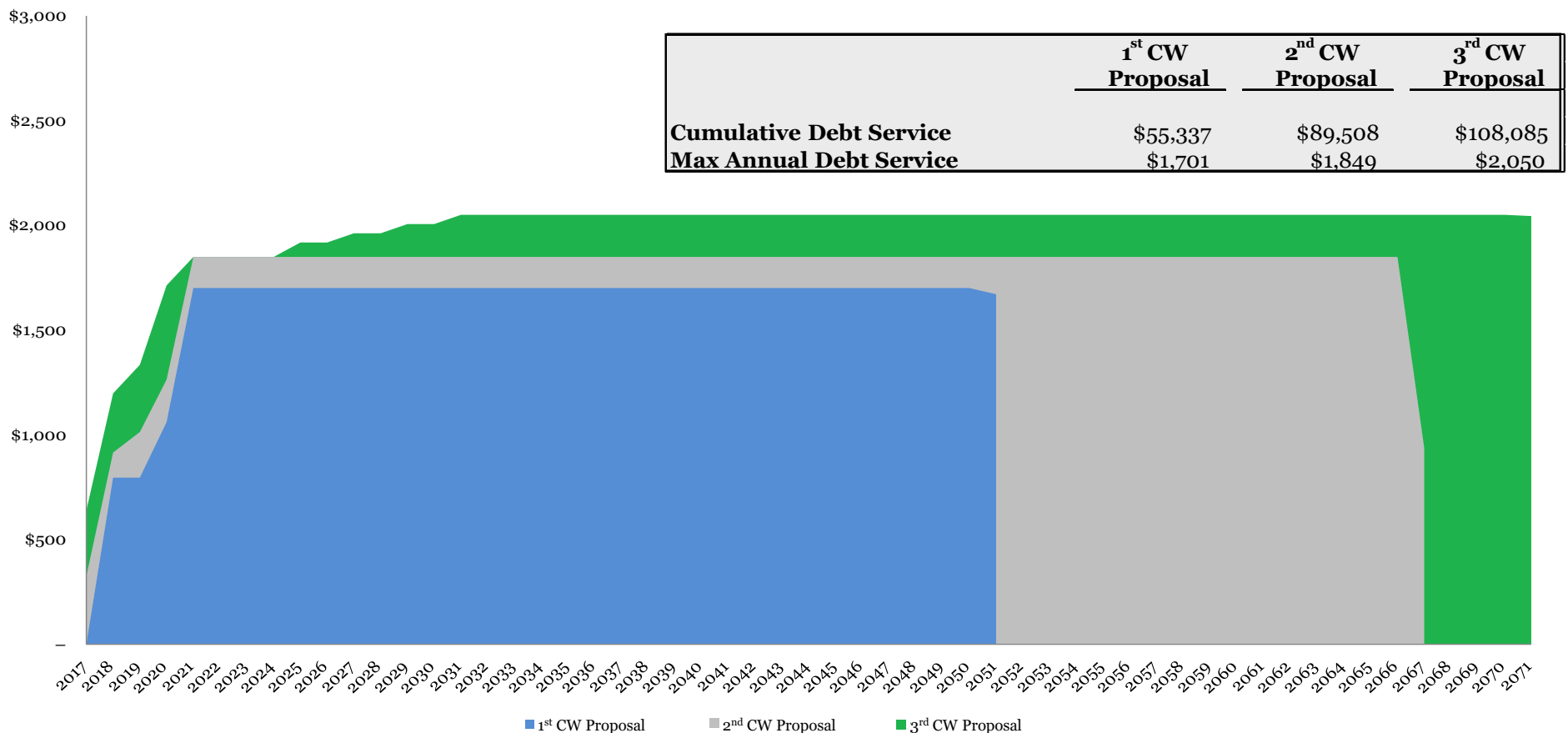


# The Commonwealth Made Numerous Attempts to Negotiate in Good Faith with Creditors to Address its Overwhelming Debt Burden

Public restructuring proposals were made on February 1, 2016 (the “1<sup>st</sup> CW Proposal”), April 11, 2016 (the “2<sup>nd</sup> CW Proposal”) and most recently on June 21, 2016 (the “3<sup>rd</sup> CW Proposal”).<sup>(1)</sup> Each offer has provided additional value to creditors in an effort to reach agreement

- The 3<sup>rd</sup> CW Proposal offers approximately \$18.6 billion more in mandatorily payable debt service than in the 2<sup>nd</sup> CW Proposal<sup>(2)</sup> and approximately \$52.7 billion more than in the 1<sup>st</sup> CW Proposal<sup>(3)</sup>

Annual Debt Service (\$ millions)



(1) The 3<sup>rd</sup> CW Proposal shown herein includes the 83.5% offer made to the GO and Commonwealth-Guaranteed holders on June 17, 2016. Note that the 3<sup>rd</sup> CW Proposal did not formally make an offer to the “Other” credits (i.e. credits included in the exchange that are not GO, CW-Guaranteed, or COFINA). However, the 3<sup>rd</sup> CW Proposal contemplates providing consideration to these credits in line with what was provided in the 2<sup>nd</sup> CW Proposal.


(2) As compared to the 2<sup>nd</sup> CW Proposal illustratively assuming certain local holders do not opt in to the “local option.”

(3) The 1<sup>st</sup> CW Proposal debt service shown herein includes only mandatorily payable debt and as such excludes the estimated growth bond payments.

# The Commonwealth's Most Recent Proposal (the June 21 Counterproposal) Provides a Framework for Reaching Agreement

The most recent Commonwealth proposal provided numerous benefits to both creditors and the Commonwealth, including:

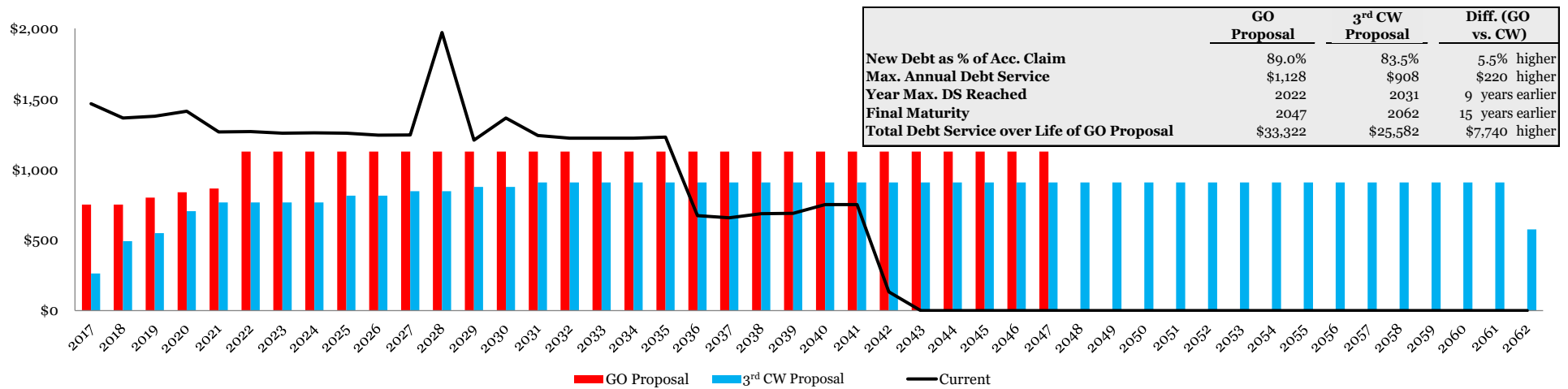
Key Benefits to the Commonwealth	Key Benefits to Creditors
<ul style="list-style-type: none"> <li>▪ Interest in the next four years is payable partially in kind, which provides the Commonwealth with the ability to:               <ul style="list-style-type: none"> <li>— Provide essential services to the people of Puerto Rico by eliminating vendor stoppages</li> <li>— Implement the FEGP's structural reforms and growth initiatives</li> <li>— Invest in the economy</li> </ul> </li> <li>▪ Debt service continues to grow but never exceeds 15% of Adjusted Revenues<sup>(1)</sup> in any projected year nor 18% of FY 2016 Adjusted Revenues               <ul style="list-style-type: none"> <li>— At this level the Commonwealth should have the financial flexibility to pay down suppliers and taxpayers whose amounts are overdue, make adequate pension contributions, support capital expenditures, and rebuild depleted cash resources, all benefitting the local economy</li> </ul> </li> <li>▪ Constitutional priorities are respected through differentials in recovery amounts (e.g., “constitutionally protected” GO bonds receive more than “moral obligation” PFC bonds)</li> <li>▪ All bonds included in the FEGP/all tax-supported debt are addressed and all bonds receive new par amounts in excess of current market values, making participation of all credits more likely and minimizing intercreditor disputes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Significantly more value than provided in prior proposals through:               <ul style="list-style-type: none"> <li>— An increase in the face amount of debt being offered (including 83.5% to GO Holders and 80% to COFINA Senior Holders), all of which is mandatorily payable</li> <li>— The addition of PIK interest in the early years</li> <li>— Incorporation of the potential for incremental Commonwealth revenues through the provision of annual mandatory debt service that grows over time <i>and</i> the potential for further upside through the provision of a growth bond</li> </ul> </li> <li>▪ Implementation of new restrictions on additional issuances of tax-supported debt so that Puerto Rico can avoid over-levering its tax revenues in the future</li> <li>▪ Sustainable debt levels, which should avoid the need for future restructurings</li> <li>▪ Respects existing priority as between issuers</li> <li>▪ Improvement of the market value of the new securities over time as the Puerto Rican economy grows and the Commonwealth's fiscal position improves</li> </ul>

 (1) Adjusted Revenues represents all revenues shown in the FEGP apart from Federal Transfers and GDB loan inflows and includes the impact of the earned income tax credit which is shown in the published FEGPs as a cost of the measures. For purposes of sizing the offer to creditors, a GNP growth rate of 0% and an inflation rate of 2% were assumed.

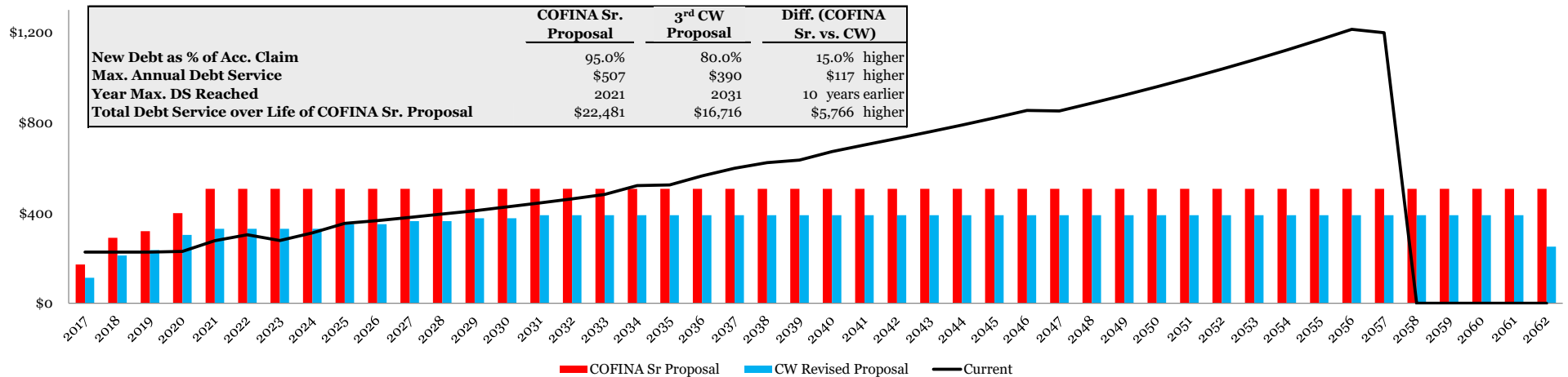
# Despite Significant Increases in Value Already Provided, the Creditors Continue to Seek Higher Recovery Values

The GO Holders' and COFINA Senior creditors' most recent proposals provide significantly less debt relief than the 3<sup>rd</sup> CW Proposal. Their proposals together call for an *additional* \$13.6 billion of debt service over the life of the respective proposals *in addition to* the 3<sup>rd</sup> CW Proposal

GO Proposal (June 20, 2016) vs. 3<sup>rd</sup> CW Proposal – Total GO Debt Service (\$ millions)<sup>(1)</sup>



COFINA Senior Proposal (June 17, 2016) vs. 3<sup>rd</sup> CW Proposal – Total COFINA Senior Debt Service (\$ millions)<sup>(2)</sup>



Note: The 3<sup>rd</sup> CW Proposal debt service shown herein as provided by Citigroup.

(1) Specific cash flows including the amortization schedule were not provided in the GO proposal; therefore certain assumptions were required to estimate the debt service requirements associated with the GO proposal. This analysis assumes level debt service would be provided each year and the final maturity would be five years after the current final maturity of GO and Commonwealth-guaranteed debt. The weighted average interest rate in year five prior to the first principal payment was assumed to stay constant over the remaining life of the outstanding GO and CW-guaranteed debt. No subsidy offsets to debt service are assumed under either proposal for illustrative purposes. This analysis does not include the impact of the Contingent Convertible Bonds contemplated in the GO Proposal. GO debt shown here includes CW-Guaranteed debt & excludes GSA for illustrative purposes.

(2) Note that cash flows and amortization schedules were not provided in the COFINA Senior proposal as interest rates for taxable debt were not specified. As such, certain assumptions were required to estimate the debt service requirements associated with the COFINA Senior proposal. Of particular note, it was assumed that taxable debt retained its existing interest rate (~6.1%). The final maturity was assumed to be the same year as that proposed in the 3<sup>rd</sup> CW Proposal.

## PREPA Restructuring Milestones

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**The Commonwealth has demonstrated its ability to negotiate in good faith with creditors. Following a series of negotiations with creditors of the Puerto Rico Electric Power Authority (“PREPA”), PREPA reached an agreement to restructure a majority of its debt (as detailed on the following page)**

- After reaching initial forbearance agreements, PREPA and creditors holding more than 70% of PREPA’s debt entered into a restructuring support agreement to provide a more sustainable capital structure
  - PREPA and its advisors have been working to implement the transaction
  - Key milestones achieved so far include adopting a business plan, obtaining legislative approval of the PREPA Revitalization Act (Act 4-2016), and obtaining Puerto Rico Energy Commission approval of a provisional rate increase, a transition charge for the new securitization bonds and a modified Integrated Resource Plan providing for significant capital investments
  - During the implementation phase, PREPA has also successfully completed a number of measures to preserve liquidity, including significant cost savings and negotiating short-term “relending” financings
  - Ongoing work streams include conducting a validation process for the new securitization bonds, obtaining final approval for the PREPA rate increase and applying for ratings from the ratings agencies, among other items



## PREPA Restructuring Milestones (cont'd)

**PREPA negotiated cooperatively with its creditors over many months, which resulted in an agreement with a majority of its creditors on a restructuring transaction**

Date	Event
August 14, 2014	<ul style="list-style-type: none"> <li>PREPA reaches forbearance agreements (the “Forbearance Agreements”) with the insurers of its outstanding Power Revenue Bonds (the “Monolines”), an ad hoc group of uninsured bondholders (the “Ad Hoc Group”) and PREPA’s revolving credit line lenders (the “Forbearing Lenders”), subsequently extended numerous times               <ul style="list-style-type: none"> <li>The Forbearance Agreements avoid default on debt, provide PREPA access to certain restricted cash accounts and relieve PREPA of obligation to make \$600 million in sinking fund payments</li> </ul> </li> </ul>
December 15, 2014	<ul style="list-style-type: none"> <li>PREPA provides creditors with a preliminary business plan based on its stage 1 integrated resource plan (“IRP”)</li> </ul>
June 1, 2015	<ul style="list-style-type: none"> <li>PREPA’s advisors present creditors with a recovery plan proposal based on stage 2 IRP</li> </ul>
July 1, 2015	<ul style="list-style-type: none"> <li>PREPA makes its ~\$415 million debt service payment, using funds in its debt service reserve accounts</li> <li>In connection with the payment, the Monolines agree to lend PREPA ~\$130 million in a short-term bond to address liquidity needs</li> </ul>
September 1, 2015	<ul style="list-style-type: none"> <li><b>PREPA reaches restructuring agreement with the Ad Hoc Group providing for an exchange of uninsured bonds into securitization bonds with a 15% haircut, 5-year principal holiday and reduced interest rate</b></li> <li>Transaction requires that all but \$700 million of uninsured bonds participate on similar terms</li> </ul>
September 22, 2015	<ul style="list-style-type: none"> <li><b>PREPA reaches an agreement with the Forbearing Lenders to either (i) repay them over 6 years at interest rate lower than current interest rate; or (ii) exchange principal into securitization bonds with the same terms as the Ad Hoc Group securitization bonds</b></li> </ul>
December 23, 2015	<ul style="list-style-type: none"> <li><b>PREPA signs amended Restructuring Support Agreement (the “RSA”) with the Monolines, Ad Hoc Group and Forbearing Lenders</b></li> <li>RSA provides for an agreement with PREPA’s largest Monolines, National Public Finance Guarantee (“National”), Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (together with Assured Guaranty Corp., “Assured”)               <ul style="list-style-type: none"> <li>Assured and National agree to facilitate the uninsured bond securitization transaction by providing up to ~\$460 million in surety policies to back a portion of a securitization debt service reserve</li> <li>PREPA agrees to use securitization revenues to make payments on PREPA legacy bonds insured by Assured and National</li> </ul> </li> <li>Ad Hoc Group, National and Assured agree to purchase \$115 million of relending bonds to facilitate PREPA’s payment of its ~\$211 million Jan 1, 2016 interest</li> </ul>
June 30, 2016	<ul style="list-style-type: none"> <li>PREPA supplements RSA to extend milestone dates and include agreement with Syncora Guarantee Inc. (“Syncora”), under which Syncora agrees to provide PREPA with near-term debt service relief and facilitate capturing discount on its longer-dated maturities</li> <li>Creditors purchase ~\$264 million in relending bonds to facilitate PREPA’s ~\$416 bond payment on July 1, 2016</li> </ul>





## Next Steps for Voluntary Creditor Negotiations

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**Now that PROMESA's restructuring framework is in place and the Oversight Board is fulfilling its mandate, the Commonwealth looks forward to working with the Oversight Board to advance a voluntary restructuring solution for all of the island's debt**

- After the Commonwealth and GDB reached an initial agreement with the GDB Ad Hoc Group in May and lead productive discussions with GO and COFINA creditors in June, further negotiations stalled at the end of June as creditors chose to focus on the imminent passage of PROMESA and their lawsuits against the Commonwealth
  - Major issues that the parties were still discussing include the following:
    - ☞ The appropriate level of annual debt service compared to annual revenues
    - ☞ The post-restructuring capital structure of the Commonwealth and its 18 debt issuers
    - ☞ The correct economic growth and market access assumptions to use as a baseline
    - ☞ The relative recoveries of credits (e.g., GO v. COFINA, COFINA Senior v. COFINA Sub)
  - Further detail on the last public proposals of key creditor groups is included on the following slides
- In the meantime, the Commonwealth and its advisors have been revising the FEGP and preparing the Fiscal Plan required under PROMESA
  - As part of this work, the Commonwealth is significantly revising its future cash flow assumptions based on new economic data. This includes revising (downwards) its assumptions of cash flow available to pay debt service
- Although no final agreement was reached with GO and COFINA creditors, the Commonwealth and its creditors were able to discuss areas of potential agreement should negotiations pick back up
  - The Commonwealth's advisors would be pleased to update the Oversight Board in further detail on where negotiations broke off and areas of potential movement as Puerto Rico prepares for re-engagement with its creditors




## Negotiations Summary – GO Holders

Following the presentation on a private basis of the CW's 3<sup>rd</sup> Counterproposal, the GO group and the Commonwealth traded two sets of proposals between June 14<sup>th</sup> and June 20<sup>th</sup>. The terms of the most recent proposals from the Commonwealth and the GO Ad Hoc Group are summarized in the table below

- Following initial feedback from the GO holders to the 3<sup>rd</sup> Counterproposal, the CW GO Response was provided to the GO Holders in order to convey willingness of the Commonwealth to engage and show movement and incentivize the GO Holders to continue negotiating
- The GO Proposal was provided on the evening of June 20, 2016, after the GO Ad Hoc Group had notified the Commonwealth it did not intend to extend its non-disclosure agreement to continue negotiations. On June 21, 2016 the GO Ad Hoc Group sued the Commonwealth.

	CW GO Response (June 17, 2016)	GO Proposal (June 20, 2016)
<b>Recovery<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li><b>83.5%</b> of Accrued Claims</li> </ul>	<ul style="list-style-type: none"> <li><b>89.0%</b> of Accrued Claims plus contingent convertible bond for 11.0% of Accrued Claims (possibility to receive <b>100%</b> recovery)</li> </ul>
<b>Interest</b>	<ul style="list-style-type: none"> <li>Same CW Revised Proposal, though keeping cash interest rates constant in the first four years would necessitate higher cash debt service given the increase in face amounts of debt</li> </ul>	<ul style="list-style-type: none"> <li>5.0% initially, increasing to contractual interest rates by 2021, subject to a cap of 7.0%                             <ul style="list-style-type: none"> <li>Weighted average interest rate of 5.6%</li> </ul> </li> </ul>
<b>Amortization</b>	<ul style="list-style-type: none"> <li>Same amortization term as in CW Revised Proposal, necessitating level debt service of approximately <b>\$910 million</b></li> </ul>	<ul style="list-style-type: none"> <li>Interest only through FY 2021</li> <li>Principal payments to begin in FY 2022</li> <li>Level total debt service of approximately <b>\$1.16 billion</b> per year</li> </ul>
<b>Final Maturity</b>	<ul style="list-style-type: none"> <li>Same as CW Revised Proposal</li> </ul>	<ul style="list-style-type: none"> <li>Five-year extension of maturities to FY 2047</li> </ul>
<b>Call Protection</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Non-call for five years; callable at 110% of face starting in year 6</li> </ul>
<b>Growth Bond</b>	<ul style="list-style-type: none"> <li>A growth bond with specific terms to be discussed</li> </ul>	<ul style="list-style-type: none"> <li>Contingent convertible bond for the difference between the base bond and par (11% of accrued claim)</li> <li>Various trigger events proposed that would convert the bond to a current pay instrument</li> </ul>


 (1) Percentages shown represent the allocation of Base Bond issued to the GO and CW-Guaranteed creditors as a percentage of the Accrued Claim. Accrued Claim is defined as par outstanding after adjusting for estimated principal payments to be made in July and August, plus estimated accretion on Capital Appreciation Bonds ("CABs") through July 1, 2016, and estimated accrued but unpaid interest through July 1, 2016 after adjusting for estimated interest payments that will be made out of existing reserves. Note that the Accrued Claim for GOs assumes \$145 million of interest is paid on July 1, 2016 (in addition to any capitalized interest reserves). Note also that the Accrued Claim amount has been adjusted to include PRIFA BANs. CW-Guaranteed debt held by other Commonwealth entities has been excluded for illustrative purposes as payments on that debt would flow to the Commonwealth. Depending on the structure that is used, this debt may be included in the ultimate exchange.

## Negotiations Summary – COFINA Senior

**Following the June 14<sup>th</sup> meeting when the Commonwealth’s advisors presented the CW Revised Proposal, the COFINA Senior advisors communicated a counterproposal (the “COFINA Sr. Counter”) on June 17, 2016, as summarized below**

- Note that the COFINA Sr. Counter was provided verbally and beyond the terms shown below, no cash flows were provided
- As shown below, the COFINA Sr. Counter contemplates a 5% haircut on the Accrued Claim, which is the first indication that has been provided by the COFINA Senior creditors of their willingness to take a haircut of any kind

	<b>CW Revised Proposal</b> (June 14, 2016)	<b>COFINA Sr. Counter</b> (June 17, 2016)
<b>Recovery<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ <b>80%</b> of Accrued Claims</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>95%</b> of Accrued Claims</li> </ul>
<b>Interest</b>	<ul style="list-style-type: none"> <li>▪ Interest will be paid in cash and in kind in the first five years in aggregate totaling <b>5.0%</b>; thereafter, cash interest of <b>5.0%</b> per year</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tax-exempt bonds would receive current interest (weighted average of <b>5.17%</b>) until the structure receives a BBB+ rating, at which time the interest rate would be reduced to 5.0%</li> <li>▪ Taxable bonds would receive an interest rate that would make them trade equivalently with the tax-exempt bonds (no rate was specified, but they indicated that the current weighted average taxable rate is ~<b>6.1%</b><sup>(2)</sup>)</li> </ul>
<b>Amortization</b>	<ul style="list-style-type: none"> <li>▪ Principal payments begin in FY 2021</li> <li>▪ Level debt service of approximately <b>\$389 million</b> per year until final maturity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Amortization schedule to mirror CW Revised Proposal (COFINA seniors amortizing in full before COFINA subs)</li> </ul>
<b>Final Maturity</b>	<ul style="list-style-type: none"> <li>▪ FY 2062</li> </ul>	<ul style="list-style-type: none"> <li>▪ Agreed to the maturity extension contemplated in the CW Revised Proposal</li> </ul>
<b>Growth Bond</b>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>▪ COFINA creditors to consensually allow the Commonwealth to access COFINA revenues during first half of fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>▪ Agreed to restructure the PSTBA to smooth the cash flows to assist the Commonwealth with intra-year cash flow needs, so long as there is a sufficient cushion embedded ; MFN with GO and 25 point premium to COFINA subordinated bonds</li> </ul>

 (1) Percentages shown represent the allocation of Base Bond issued to the COFINA senior creditors as a percentage of the Accrued Claim. Accrued Claim is defined as par outstanding after adjusting for estimated principal payments to be made in July and August, plus estimated accretion on Capital Appreciation Bonds (“CABs”) through July 1, 2016, and estimated accrued but unpaid interest through July 1, 2016 after adjusting for estimated interest payments that will be made out of existing reserves. Note that the Accrued Claim for COFINA credits assumes the August 2016 debt service payment is made in full.

(2) Interest rates shown in the COFINA Sr. Counter as provided by the advisors to the COFINA Senior holders. The COFINA Sr. advisors did not specify a rate and it could be higher (or lower) than the current taxable rate of, according to their calculations, 6.1%.

## Negotiations Summary – GDB Ad Hoc Group

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### **The Commonwealth and the GDB Ad Hoc Group (“AHG”) have reached an initial agreement whereby the AHG would accept a 47% recovery in a global Commonwealth-wide exchange**

- Since announcing the agreement on May 1, 2016, the Commonwealth has attempted to reengage with the GDB Ad Hoc Group to continue making progress toward a final agreement on the transaction
- The indicative terms disclosed on May 1 indicated that several key terms remained subject to further discussion, including the following:
  - Terms relating to the treatment of interest on the GDB bonds through closing of the interim exchange (i.e., an exchange of GDB bonds for interim GDB bonds prior to the global exchange) and treatment of PIK and accrued interest on the interim GDB bonds through the global exchange
  - Usage of excess cash flow from the collateral (i.e. municipal loans) and collection mechanisms for cash flow from the collateral (e.g., a third-party lock-box mechanism)
  - Terms and conditions for the ultimate exchange consideration to be offered to GDB bondholders in the global exchange
  - Terms and conditions for other consideration to be offered in the exchange to certain GDB creditors such as the Cooperativas
- The GDB Ad Hoc Group initially brought litigation against GDB but withdrew their request for a temporary restraining order once the provisions of Act 21-2016 were put in place to protect GDB’s liquidity. However, despite indications from the Commonwealth and GDB that it would be difficult for the Commonwealth and GDB to continue to engage in negotiations should the Ad Hoc Group continue its lawsuit, the Ad Hoc Group amended their complaint in late May to challenge the constitutionality of Act 21-2016 (as amended)
- On June 22, the Commonwealth and GDB sent their response to the various items that were left open in the indicative terms agreed on May 1. While both groups have indicated willingness to continue negotiations, the Commonwealth and GDB have not yet received a reply to this response

