



September 2, 2015

STATEMENT FROM THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO ON PREPA AGREEMENT WITH AD HOC GROUP

San Juan, P.R. – Today, the President of Government Development Bank for Puerto Rico (GDB), Melba Acosta-Febo issued the following statement in response to the Puerto Rico Electric Power Authority's (PREPA) announcement that it has reached an agreement with the Ad Hoc Group of PREPA bondholders (the Ad Hoc Group) – comprised of traditional municipal bond investors and hedge funds which hold approximately 35% of PREPA's outstanding bonds – regarding the economic terms of a restructuring of PREPA's Revenue Bonds:

“The economic terms agreed by PREPA and the Ad Hoc Group represent an important step forward in PREPA's restructuring process, and is an example of the promising results that can be achieved when the Commonwealth and its creditors work together. By engaging in a continuous and constructive dialogue, the Ad Hoc Group and PREPA have arrived at an agreement that reflects the type of equitable burden sharing that a final resolution of PREPA's restructuring will require and will, if and when implemented, contribute to the Commonwealth's ongoing economic recovery. Moving forward, the GDB remains committed to its near-term priorities to further de-leverage its balance sheet and strengthen its liquidity while supporting self-sufficiency at the Commonwealth's public corporations.”

PREPA also announced an extension of its forbearance agreements through September 18, 2015. PREPA will continue negotiating with its monoline bond insurers and revolving fuel line lenders, with the goal of reaching an agreement on a consensual recovery plan among all of its financial stakeholders. The forbearance agreements which include the terms of the agreement reached with the Ad Hoc Group as well as the conditions to its effectiveness, will be available in the GDB website.

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Forward-Looking Statements

The information included in this statement contains certain forward-looking statements. These forward looking statements may relate to the fiscal and economic condition, economic performance, plans and objectives of the Commonwealth of Puerto Rico or its agencies or instrumentalities. All statements contained herein that are not clearly historical in nature are forward looking.

This statement is not a guarantee of future performance and involves certain risks, uncertainties, estimates, and assumptions by the Commonwealth and/or its agencies or instrumentalities that are difficult to predict. The economic and financial condition of the Commonwealth and its agencies or instrumentalities is affected by various financial, social, economic, environmental, and political factors. These factors can be very complex, may vary from one fiscal year to the next, and are frequently the result of actions taken or not taken, not only by the Commonwealth and/or its agencies or instrumentalities, but also by entities such as the government of the United States of America or other nations that are not under the control of the Commonwealth. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be included in the assumptions underlying the Commonwealth's or its agencies or instrumentalities' projections.