

**ALL DEPOSITORIES, NOMINEES, BROKERS AND OTHERS:  
PLEASE FACILITATE THE TRANSMISSION OF THIS NOTICE  
TO ALL BENEFICIAL OWNERS. ADDITIONAL COPIES OF  
THIS NOTICE ARE AVAILABLE FOR THIS PURPOSE UPON  
REQUEST AT THE ADDRESS SET FORTH BELOW.**

**NOTICE OF (I) EVENTS OF DEFAULT, (II) FAILURE TO MAKE  
SEPTEMBER 1, 2017 INTEREST PAYMENTS, (III) ENACTMENT OF  
LAW TO EXECUTE GDB PROPOSED RESTRUCTURING AND (IV)  
PRELIMINARY INJUNCTION REQUEST BY  
MUNICIPALITY OF SAN JUAN TO HALT SOLICITATION OF  
GDB PROPOSED RESTRUCTURING**

**TO THE HOLDERS (THE "HOLDERS") OF  
GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO  
SENIOR NOTES  
(THE "NOTES")**

**Affected CUSIP Nos.: See Appendix A\***

Ladies and Gentlemen:

Wilmington Trust, N.A., is the successor trustee (the "Trustee") under that certain indenture dated as of February 17, 2006 (the "Base Indenture") by and among the Trustee and the Government Development Bank for Puerto Rico ("GDB" or the "Bank"), a public corporation and government instrumentality for the Commonwealth of Puerto Rico. Capitalized terms used but not defined herein have the respective meanings given to them in the Indenture (defined herein).

**Events of Default**

The above-referenced Notes were issued pursuant to the Base Indenture, as supplemented by those certain supplemental indentures relating to each series of Notes (the Base Indenture, as so supplemented, the "Indenture").

The Trustee previously notified you of the occurrence and continuance of certain Events of Default arising from the GDB's failure to make scheduled payments of principal and/or interest on May 1, 2016, August 1, 2016, September 1, 2016, October 1, 2016, November 1, 2016, December 1, 2016, January 1, 2017, February 1, 2017, March 1, 2017, April 1, 2017, May

1, 2017, June 1, 2017, and July 1, 2017. Please refer to the Trustee's prior notices for more information regarding those Events of Default.

The Trustee hereby notifies you of the occurrence and continuance of additional Events of Default arising from the GDB's failure to cure the August 1, 2017 interest payment (the "August 1 Payment") default within thirty days.

### **Additional Defaults**

The Trustee hereby further notifies you that GDB failed to pay the interest due and owing as of September 1, 2017. Appendix A attached hereto identifies the specific notes affected by and the dates of the above-mentioned defaults.

### **Extension of Moratorium on Payment of Covered Obligations**

As you were previously notified, on April 30, 2017, Governor Rossello issued an executive order extending to August 1, 2017 the emergency period declared by the Puerto Rico Financial Emergency and Fiscal Responsibility Act (the "Debt Compliance Act"). In extending the emergency period, the Governor also extended for the same period the effectiveness of the moratorium on the payment of all of GDB's "covered obligations" except deposits and interest obligations that do not require payments in cash (the "moratorium"), including payment on the Notes identified on Appendix A hereto, established pursuant to certain executive orders issued under the April 6, 2016 Puerto Rico Emergency Moratorium and Financial Rehabilitation Act (the "Moratorium Act").

As you were also previously notified, on July 19, 2017, Governor Rossello signed legislation amending the Debt Compliance Act to extend the emergency period under the act and the related moratorium through December 31, 2017. The new law also grants the governor authority to further extend the emergency period and the moratorium by executive order for additional periods of no more than six months each for so long as the Oversight Board (defined below) remains in place.

### **PROMESA Oversight Board**

As you were previously notified, on June 30, 2016, former President Obama signed the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA") into law. Among other measures, PROMESA mandates the creation of a seven-member Finance Oversight and Management Board (the "Oversight Board"), tasked with managing Puerto Rico's debt restructuring. On August 31, 2016, former President Obama announced appointment of the seven (7) members of the Oversight Board.

Webcasts of the Oversight Board's public meetings and other information regarding the Oversight Board's activities are available on the Oversight Board's website: <http://www.juntasupervision.pr.gov/Oversightboard1/Pages/default.aspx>.

## **GDB Restructuring Support Agreement**

As you were previously notified, on May 15, 2017, GDB, the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”)<sup>1</sup> and certain holders of the Notes entered into a Restructuring Support Agreement (the “RSA”) pursuant to which the parties have agreed to undertake a financial restructuring of GDB (the “Proposed Restructuring”) on the terms and conditions set forth in a Restructuring Term Sheet attached to the RSA (the “Term Sheet”). Copies of the original and updated versions of the RSA, together with all exhibits and schedules thereto, are available on the special website established by the Trustee’s counsel described below. The parties to the RSA intend for the Proposed Restructuring to be effected through a Qualifying Modification pursuant to Title VI of PROMESA.

As you were also previously notified, on June 19, 2017, GDB and AAFAF announced that parties representing over 50% of GDB’s Participating Bond Claims had signed the RSA and that the RSA had become effective pursuant to its terms on May 17, 2017. Pursuant to the RSA, “Participating Bond Claims” include (i) all claims for principal and accrued interest in respect of the bonds (including the Notes that are the subject of this notice) issued pursuant to the Base Indenture, as supplemented from time to time, (ii) certain deposit claims against GDB identified on Schedule 1 to the Term Sheet, (iii) claims in respect of certain outstanding letters of credit issued by GDB as set forth on Schedule 2 to the Term Sheet, and (iv) claims in respect of certain outstanding guarantees issued by GDB as set forth on Schedule 3 to the Term Sheet.

On July 14, 2017, the Oversight Board announced that, upon AAFAF’s June 30, 2017 request, it authorized GDB to pursue the restructuring of its debts under Title VI of PROMESA and conditionally certified the RSA as a Qualifying Modification pursuant to Section 602(g) of PROMESA.

On August 24, 2017, Governor Rossello signed into law the GDB Debt Restructuring Act, Act No. 109-2017, the purpose of which is to implement and/or execute the Proposed Restructuring.

In a September 1, 2017 court filing, AAFAF and GDB indicated that as of August 28, 2017, approximately 390 creditors holding more than \$2.37 billion in claims had signed the RSA. In addition, according to the same court filing, nine depositors, including seven municipalities, holding approximately \$135 million in deposit claims, had signed the RSA as of the same date.

## **Title III Proceedings by the Commonwealth and Certain of Its Instrumentalities**

As you were previously notified, the Oversight Board has authorized and commenced Title III proceedings on behalf of the Commonwealth (filed May 3, 2017), Puerto Rico Sales Tax Financing Corporation (“COFINA”) (filed May 5, 2017), Puerto Rico Highways and

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<sup>1</sup> Pursuant to Act 2-2017, AAFAF has been given the sole responsibility to renegotiate, restructure and/or reach an agreement with creditors on all or part of the debt issued by any government instrumentality of the Commonwealth.

Transportation Authority (“HTA”) (filed May 21, 2017), Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (filed May 21, 2017) and Puerto Rico Electric Power Authority (“PREPA”) (filed July 2, 2017). Each of the Commonwealth, COFINA, HTA, ERS and PREPA seeks through its Title III proceeding to effect a court-ordered plan for the adjustment of its debt.

The Title III proceedings are pending in the United States District Court for the District of Puerto Rico (the “U.S. District Court”) and are being presided over by U.S. District Court Judge Laura Taylor Swain of the Southern District of New York, sitting by designation.

### **Update Regarding San Juan’s Lawsuit Challenging the Proposed Restructuring**

As you were previously notified, on July 26, 2017, the Municipality of San Juan (“San Juan”) commenced a law suit against the Oversight Board, GDB and AAFAF in the U.S. District Court alleging, among other things, that the Proposed Restructuring fails to comply with the requirements of PROMESA and the U.S. Constitution (Case No. 3:17-cv-2009-LTS (D.P.R.)).

On August 25, 2017, San Juan filed a motion for a preliminary injunction seeking to enjoin defendants from “1) initiating or continuing any process to solicit, collect or tabulate votes in connection with the [RSA]; and 2) making public any ongoing, preliminary or final voting results on the RSA” (the “Preliminary Injunction Motion”). On August 28, 2017, the U.S. District Court entered an order establishing a briefing schedule for San Juan’s Preliminary Injunction Motion and setting a date for the court to hear oral argument thereon for September 11, 2017 at 11:00 a.m. (Atlantic Standard Time).

### **Direction to the Trustee**

The Indenture provides that the holders of a majority in principal amount of each series Notes currently outstanding have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all proceedings by the Trustee to be taken in connection with the enforcement of the Noteholders’ or the Trustee’s rights and remedies under the Indenture, provided such direction is in accordance with law and the provisions of the Indenture. The Noteholders’ ability to direct the Trustee is further subject to the requirements of the Indenture (including, *inter alia*, Section 603 of the Indenture), which, among other things, state that the Trustee shall be under no obligation to institute any suit or to take any remedial action under the Indenture or any other documents relating to the Notes until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements and against all liability.

### **Trustee Reservation of Rights**

No delay or forbearance by the Trustee to exercise any right or remedy accruing upon the occurrence of a default, or otherwise under the terms of the Indenture or other documentation relating thereto or under applicable law, shall impair any such right or remedy or constitute a waiver thereof or acquiescence therein.

### **Website for Accessing Certain Publicly Available Information**

Certain publicly available information which may be of interest to Noteholders, as well as prior notices given to Noteholders by the Trustee, is available to Noteholders through a special link on the website of the Trustee's counsel. Noteholders wishing to access this information should go to the following web page: <http://www.drinkerbiddle.com/capabilities/services/bondholders/government-development-bank>.

### **Notice of Further Developments**

The Trustee will continue to provide information concerning this matter to the holders as it becomes available. In order to establish an orderly process for providing to you information concerning developments relating to the Notes and to receive input from you as such developments take place, we ask, if you have not already done so or your holdings of Notes have changed, that you please provide us with the information requested on the attached questionnaire and return the completed questionnaire to the Trustee at the address provided on the attached questionnaire.

### **Retention of Counsel**

The Trustee has retained the law firm of Drinker Biddle & Reath LLP and specifically, Kristin Going of that firm, to represent it in connection with the subject matter of this notice and the Notes generally. Ms. Going's address is Drinker Biddle & Reath LLP, 1500 K Street, N.W., Suite 1100, Washington, D.C. 20005 and her telephone number is 202-230-5177.

### **Communications with Trustee**

If you have any questions concerning this notice, inquiries may be directed to Jay Smith at Wilmington Trust, N.A. at (410) 545-2193 or [jhsmith@wilmingtontrust.com](mailto:jhsmith@wilmingtontrust.com), or to the Trustee's counsel: Kristin Going and Marita Erbeck at Drinker Biddle & Reath LLP at (202) 230-5177 (Going)/(973) 549-7076 (Erbeck) or [Kristin.Going@dbr.com](mailto:Kristin.Going@dbr.com)/[Marita.Erbeck@dbr.com](mailto:Marita.Erbeck@dbr.com). The Trustee may conclude, however, that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of information to all holders. Holders should not rely upon the Trustee as their sole source of information. This notice is provided for informational purposes only. The Trustee gives no legal, financial or tax advice regarding the Notes or the matters described herein. Holders should consult their own professionals regarding the Notes and the events described above.

Wilmington Trust, N.A., as Successor  
Trustee

Dated: September 7, 2017

\* The Trustee makes no representation as to the accuracy of the CUSIP number provided and used herein.

**Appendix A**

<u>CUSIP Number</u>	<u>Series</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Scheduled Debt Service Payment Dates for Which Payment Was Not Received</u>
745177CH6	2006B	5.00%	12/1/2016	12/1/2016
745177CJ2	2006B	5.00%	12/1/2017	12/1/2016, 6/1/2017
745177EN1	2010A	5.50%	8/1/2020	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177ET8	2010C	5.40%	8/1/2019	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FB6*	2011H	4.15%	8/1/2017	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017
745177FC4	2011H	4.50%	8/1/2019	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FD2	2011H	4.90%	8/1/2021	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FE0	2011H	4.95%	8/1/2022	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FF7	2011H	5.00%	8/1/2023	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FH3	2011H	5.20%	8/1/2026	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FK6	2011I	4.35%	8/1/2018	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017

745177FQ3	2013B-1	8.00%	12/1/2017	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FR1	2013B-1	8.00%	12/1/2018	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177FS9	2013B-1	8.00%	12/1/2019	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017
745177EP6	2010B	5.75%	8/1/2025	8/1/2016, 11/1/2016, 2/1/2017, 5/1/2017, 8/1/2017
745177EU5	2010D	5.75%	8/1/2025	8/1/2016, 11/1/2016, 2/1/2017, 5/1/2017, 8/1/2017
745177EX9	2011B	4.70%	5/1/2016	5/1/2016
745177FM2	2012A	3.88%	2/1/2017	8/1/2016, 2/1/2017
745177FN0	2012A	4.38%	2/1/2019	8/1/2016, 2/1/2017, 8/1/2017

**Government Development Bank for Puerto Rico Senior Notes  
(the "Notes")**

**NOTE HOLDER QUESTIONNAIRE**

Holder Legal Name(s) and Current Note Holdings. *Please provide full legal name(s) of each holder of Notes and list the amount(s) (expressed in dollars) of each holding. If more than one holder, please list each holding separately.*

<u>Name(s) of Holder(s) and DTC Participant #</u>	<u>Series of Notes Held</u>	<u>Amount(s) of Holding(s):</u>
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Contact Information of Individual(s) Representing Note Holder(s). *Please provide a current mailing address, telephone number, and email address for the individual(s) who may be contacted by the Trustee or its counsel concerning the bankruptcy proceedings relating to the Notes and who are authorized to represent the Holder. If you wish to provide information for more than one individual, please identify which individuals will serve as primary and secondary contacts for which holdings. If you have holdings under more than one legal name, and it is necessary for us to contact separate individuals for each holding, please indicate this in your response.*

Note Holder Representative(s):

Contact Information:

Please Return to:

Wilmington Trust, National Association  
Attn: Jay Smith IV – Government Development Bank for Puerto Rico  
Senior Notes due May 1, 2016  
25 South Charles Street-11<sup>th</sup> Floor  
Mail Code: MD2-CS58  
Baltimore, MD 21201  
[JHSmith@wilmingtontrust.com](mailto:JHSmith@wilmingtontrust.com)