

**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
FIRST AMENDMENT TO RESTRUCTURING SUPPORT AGREEMENT

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 (the "Commonwealth"). The 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"). Capitalized terms used but not defined herein have the respective meanings given to them in the Indenture (defined herein).

Events of Default

As set forth in the Trustee's prior notices, various Events of Default have occurred and are continuing with respect to the Notes. Payment on the Notes remains subject to a moratorium imposed by certain Executive Orders issued by the Governor of Puerto Rico beginning in April 2016.

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.

GDB Restructuring Support Agreement

As you were previously notified, on May 15, 2017, GDB, the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”)¹ 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”). The parties to the RSA intend for the Proposed Restructuring to be effected through a Qualifying Modification pursuant to Title VI of PROMESA, which provides a mechanism for a territorial issuer and its creditors to effect a voluntary restructuring of the issuer’s bond debt.

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.

The Oversight Board conditionally certified the RSA as a Qualifying Modification pursuant to Section 602(g) of PROMESA on July 14, 2017 and authorized GDB to pursue the Proposed Restructuring under Title VI of PROMESA. During a special legislative session in August 2017, the Puerto Rico Legislative Assembly passed legislation to implement the Proposed Restructuring.

First Amendment to RSA

On October 20, 2017, AAFAF and GDB entered into a First Amendment to the RSA (the “First Amendment”), extending by sixty (60) days certain milestones in the RSA, including the deadline to complete solicitation of the Qualifying Modification and the deadline for entry of an order approving the Qualifying Modification by the U.S. District Court for the District of Puerto Rico (the “District Court”). As established by the First Amendment, the current deadline to complete solicitation of the Qualifying Modification is December 20, 2017 and the current deadline for entry of an approval order by the District Court is January 9, 2018. Pursuant to its terms, the First Amendment shall become effective once executed by the Requisite

¹ 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.

Bondholders.² A copy of the First Amendment is appended to this notice as well as being available on the special website established by the Trustee's counsel described below.

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

² "Requisite Bondholders" is defined in the RSA as GDB bondholders party to the RSA (the "Supporting Bondholders") collectively holding at least (a) a majority of the outstanding principal amount of GDB Bonds (defined in the RSA to include the Notes and certain other bonds issued pursuant to the Base Indenture) held by Supporting Bondholders that are "cooperativas" insured by the Corporation for the Supervision and Insurance of Cooperatives in the Commonwealth of Puerto Rico, (b) a majority of the outstanding principal amount of GDB Bonds held by Supporting Bondholders domiciled in the Commonwealth other than those described in clause (a), and (c) a majority of the outstanding principal amount of GDB Bonds held by all Supporting Bondholders other than those described in clauses (a) and (b).

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, 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/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: October 27, 2017

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

Appendix A

CUSIP Numbers

745177CH6

745177CJ2

745177EN1

745177ET8

745177FB6

745177FC4

745177FD2

745177FE0

745177FF7

745177FH3

745177FK6

745177FQ3

745177FR1

745177FS9

745177EP6

745177EU5

745177EX9

745177FM2

745177FN0

**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-11th Floor
Mail Code: MD2-CS58
Baltimore, MD 21201
JHSmith@wilmingtontrust.com

THIS FIRST AMENDMENT TO RESTRUCTURING SUPPORT AGREEMENT, dated as of October 20, 2017 (this "**Amendment**"), is among the Government Development Bank for Puerto Rico ("**GDB**"), the Puerto Rico Fiscal Agency and Financial Advisory Authority ("**AAFAF**"), and the Supporting Bondholders (as such term is defined in that certain Restructuring Support Agreement dated as of May 15, 2017 (as amended by this Amendment and as amended or otherwise modified prior to the date hereof, the "**Agreement**")).

Each of the signatories hereto shall be referred to herein as a "**Party**" (and collectively referred to herein as the "**Parties**").

RECITALS

WHEREAS, (a) at least a majority of the outstanding principal amount of the GDB Bonds held by Supporting Bondholders that are "cooperativas" insured by the Corporation for the Supervision and Insurance of Cooperatives in the Commonwealth of Puerto Rico as of the Amendment Effective Date (as defined below); (b) at least a majority of the outstanding principal amount of the GDB Bonds held by Supporting Bondholders domiciled in the Commonwealth of Puerto Rico of the Amendment Effective Date other than those described in the foregoing clause (a); (c) at least a majority of the outstanding principal amount of the GDB Bonds held by all Supporting Bondholders as of the Amendment Effective Date other than those described in the foregoing clauses (a) and (b); (d) GDB; and (e) AAFAF have agreed to amend the Agreement on the terms described in Sections 2 of this Amendment in accordance with Section 10 of the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

SECTION 1. Certain Defined Terms. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Agreement.

SECTION 2. Amendment to the Restructuring Support Agreement. On the Amendment Effective Date, the Agreement is hereby amended as follows:

(a) Clause 4(b)(i) of the Agreement is hereby amended to add the following sentence to the end of the clause as the final sentence of the clause:

"Notwithstanding the foregoing or anything to the contrary contained herein, any Transfer by any Supporting Bondholder, and any subsequent Transfer thereafter, prior to November 1, 2017 shall be valid and binding upon the parties thereto, and shall not be deemed void *ab initio*, so long as the ultimate transferee thereof, regardless of whether there were previous transferees in the chain of title thereof, has duly executed and delivered a Joinder Agreement to any of the Notice Parties prior to such date."

(b) Clauses 6(a)(iii) and 6(b)(v) of the Agreement are hereby amended and restated in their entirety to each read as follows:

“(iii) At 11:59 p.m. Eastern Time on December 20, 2017 unless solicitation of the Qualifying Modification has been completed in accordance with section 601(h)(1) of PROMESA.”

(c) Clauses 6(a)(iv) and 6(b)(vi) of the Agreement are hereby amended and restated in their entirety to each read as follows:

“(iv) At 11:59 p.m. Eastern Time on January 9, 2018, unless the District Court shall have entered the Confirmation Order in form and substance reasonably satisfactory to GDB, AAFAF, and the Requisite Bondholders.”

(d) The final paragraph at the end of Section 6(a) of the Agreement is hereby amended to add the following phrase immediately following the definition of Non-Extending Bondholder:

“provides written notice to the Notice Parties within five (5) business days after the effective date of such extension that such Supporting Bondholder”

(e) Section 10 of the Agreement is hereby amended to add the following sentence to the end of the section as the final sentence of the section:

“Notwithstanding the foregoing, any amendment to any of Sections 6(a)(iii), 6(a)(iv), 6(a)(v), 6(b)(v), 6(b)(vi) and 6(b)(vii) of this Agreement shall be deemed accepted by the Requisite Bondholders upon the consent of each of the advisors of any Material GDB Bondholder Group.”

SECTION 3. Conditions Precedent to Effectiveness of This Amendment. This Amendment shall become effective as of the date (the “**Amendment Effective Date**”) when GDB and AAFAF shall have received executed signature pages to this Amendment from the Requisite Bondholders.

SECTION 4. Representations and Warranties. Each of the Parties hereby represents and warrants as to itself only that:

(a) As of the date hereof and after giving effect to this Amendment, the representations and warranties made in the Agreement are true and correct in all material respects as if made on the date hereof (other than any such representations and warranties that, by their terms, expressly refer to being made only as of a date other than the date hereof).

(b) This Amendment has been duly executed and delivered by each Party and is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally.

SECTION 5. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Amendment shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the State of New York and PROMESA, without giving effect to the conflict of laws principles thereof; provided that any issues addressing the fiduciary or statutory duties of GDB or its governing board shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico. Each of the Parties irrevocably agrees that any legal action, suit, or proceeding arising out of or relating to this Amendment (or the transactions contemplated hereby) brought by any Party or its successors or assigns shall be brought in any federal district court sitting in Puerto Rico and any appellate court from any thereof or, in the event such federal court does not have or accept jurisdiction, a Commonwealth court and any appellate court from any thereto (collectively, the "Puerto Rico Courts"), and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the Puerto Rico Courts for itself and with respect to its property, generally and unconditionally, with regard to any such proceeding arising out of or relating to this Amendment and the Restructuring. Each of the Parties agrees not to commence any proceeding relating hereto or thereto except in any federal district court sitting in Puerto Rico, other than proceedings in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any Puerto Rico Court. Each of the Parties further agrees that notice as provided in Section 24 of the Agreement shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient. Each of the Parties hereby irrevocably and unconditionally waives and agrees not to assert that (i) a proceeding in any federal court sitting in the Puerto Rico district is brought in an inconvenient forum, (ii) the venue of such proceeding is improper or (iii) that any federal district court sitting in Puerto Rico and any appellate court from any thereof lacks jurisdiction over such proceeding or any party thereto. For the avoidance of doubt, the GDB Parties submit to the jurisdiction of any federal district court sitting in Puerto Rico and any appellate court from any thereof and irrevocably waive any immunity from suit in federal court that they may have for any action or proceeding arising out of or relating to this Amendment and the Restructuring.

(b) Each Party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Amendment or the transactions contemplated hereby (whether based on contract, tort or any other theory).

SECTION 6. Execution of Agreement. This Amendment may be executed and delivered in any number of counterparts and by way of electronic signature and delivery, each such counterpart, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Amendment, each individual executing this Amendment on behalf of a Party has been duly authorized and empowered to execute and deliver this Amendment on behalf of such Party.

SECTION 7. Headings. The headings of all sections of this Amendment are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

SECTION 8. Continuing Effectiveness, etc. After giving effect to this Amendment, the Agreement shall remain in full force and effect and is hereby ratified, approved and confirmed in each and every respect. The amendments set forth herein are limited as written, and except as specifically provided in this Amendment, no other amendments, waivers, revisions or changes to the terms of the Agreement shall be made or permitted hereby. Upon the effectiveness of this Amendment, each reference in the Agreement to "this Agreement," "hereunder," "hereof," or words of similar import shall mean and be a reference to the Agreement as amended hereby.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed and delivered by their respective duly authorized officers, solely in their respective capacities as officers of the undersigned and not in any other capacity, as of the date first set forth above.

**GOVERNMENT DEVELOPMENT BANK FOR
PUERTO RICO**

By: 

Name: Christian Sobrino Vega

Title: President

**PUERTO RICO FISCAL AGENCY &
FINANCIAL ADVISORY AUTHORITY,**

By: _____

Name: Gerardo José Portela Franco

Title: Executive Director

SUPPORTING BONDHOLDERS

[SUPPORTING BONDHOLDER]

By: _____

Name: _____

Title: _____

[Principal Amount of GDB Bonds: \$_____]

Notice Address:

Fax: _____

Attention: _____

Email: _____