



**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 ENACTMENT OF PUERTO RICO OVERSIGHT,  
MANAGEMENT AND ECONOMIC STABILITY ACT**

**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 "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.

**Puerto Rico Oversight, Management and Economic Stability Act**

On June 30, 2016, 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 federal oversight board, the Finance Oversight and Management Board (the "Oversight Board"), tasked with managing Puerto Rico's debt restructuring. The Oversight Board, whose seven members will be appointed by the President with congressional input, is expected to be in place by September 30, 2016.

The crux of PROMESA is to provide the Commonwealth of Puerto Rico with a bankruptcy-like debt restructuring process (each, a "Restructuring Proceeding"), which will be managed by the Oversight Board. As such, PROMESA incorporates by reference certain provisions applicable under chapter 9 of title 11 of the United States Code (the "Bankruptcy Code"). Unless the Oversight Board makes a determination that venue in another jurisdiction is appropriate, all Restructuring Proceedings will take place in the United States District Court in Puerto Rico. Under PROMESA, any municipality or instrumentality of Puerto Rico may be a debtor. An instrumentality is defined to include any political subdivision, public agency, instrumentality (including a bank), or a public corporation. While each instrumentality and

municipality may be its own individual debtor under PROMESA, only the Oversight Board (1) may seek protection on behalf of the instrumentality and/or municipality, (2) has the authority to file a petition for relief or (3) file a plan of adjustment in the Restructuring Proceeding. Additionally, before the Oversight Board can file a petition on behalf of a debtor, it must first determine that the debtor has (1) made a good-faith effort to reach a consensual compromise of the entity's debts with its creditors; and (2) has sufficient procedures in place to ensure the timely delivery of audited financial statements.

In addition, any plan of adjustment proposed in the course of a Restructuring Proceeding must meet the requirements of section 1129(a) of the Bankruptcy Code in order to be confirmed by the court. In determining whether to confirm a debtor's plan of adjustment, PROMESA directs the relevant court to consider whether the plan of adjustment is consistent with the applicable fiscal plan required by PROMESA itself. The district court also has the authority to determine the feasibility of a plan of adjustment, whether a plan of adjustment is in the best interest of creditors, and whether creditors could achieve a greater recovery through the use of non-bankruptcy laws.

Section 405 of PROMESA creates an automatic stay (the "Stay"), which prevents the commencement or continuation of any litigation by creditors. The Stay became effective immediately upon the President's signature and will remain in effect until the later of February 15, 2017 or six months after the appointment of the Oversight Board. Any party seeking to have the stay lifted must file a motion with the district court. In addition, section 204(c)(3) of PROMESA prohibits Puerto Rico from enacting any laws that would transfer any funds or assets outside the ordinary course of business.

The Stay does not relieve Puerto Rico or any municipality or instrumentality of Puerto Rico of its obligation to make interest payments on outstanding indebtedness when the same come due, to the extent the Oversight Board, in its sole discretion, determines such payments are feasible. Until the Oversight Board is in place, whether and to what extent Puerto Rico or any municipality or instrumentality thereof will make interest payments is uncertain.

### **July 1 Payment**

On July 1, 2016, the Trustee received interest payments then due and owing for the Notes identified in Appendix A.

### **Direction to the Trustee**

The Indenture provides that the holders of a majority in principal amount of each series of the 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.

### **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 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: July 14, 2016

\* 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>July 1 Payment</u> |
|---------------------|---------------|----------------------|----------------------|-----------------------|
| 745177CH6           | 2006B         | 5.00%                | 12/1/2016            | N/A                   |
| 745177CJ2           | 2006B         | 5.00%                | 12/1/2017            | N/A                   |
| 745177EN1           | 2010A         | 5.50%                | 8/1/2020             | Yes                   |
| 745177ET8           | 2010C         | 5.40%                | 8/1/2019             | Yes                   |
| 745177FB6           | 2011H         | 4.15%                | 8/1/2017             | Yes                   |
| 745177FC4           | 2011H         | 4.50%                | 8/1/2019             | Yes                   |
| 745177FD2           | 2011H         | 4.90%                | 8/1/2021             | Yes                   |
| 745177FE0           | 2011H         | 4.95%                | 8/1/2022             | Yes                   |
| 745177FF7           | 2011H         | 5.00%                | 8/1/2023             | Yes                   |
| 745177FH3           | 2011H         | 5.20%                | 8/1/2026             | Yes                   |
| 745177FK6           | 2011I         | 4.35%                | 8/1/2018             | Yes                   |
| 745177FQ3           | 2013 B-1      | 8.00%                | 12/1/2017            | Yes                   |
| 745177FR1           | 2013 B-1      | 8.00%                | 12/1/2018            | Yes                   |
| 745177FS9           | 2013 B-1      | 8.00%                | 12/1/2019            | Yes                   |
| 745177EP6           | 2010B         | 5.75%                | 8/1/2025             | N/A                   |
| 745177EU5           | 2010D         | 5.75%                | 8/1/2025             | N/A                   |

|           |       |       |          |     |
|-----------|-------|-------|----------|-----|
| 745177EX9 | 2011B | 4.70% | 5/1/2016 | N/A |
| 745177FM2 | 2012A | 3.88% | 2/1/2017 | N/A |
| 745177FN0 | 2012A | 4.38% | 2/1/2019 | N/A |

**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<br/>Participant #</u> | <u>Series of Notes Held</u> | <u>Amount(s) of Holding(s):</u> |
|---|-----------------------------|---------------------------------|
|---|-----------------------------|---------------------------------|

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)