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## THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO REACHES AGREEMENT FOR TITLE VI RESTRUCTURING WITH ITS MAJOR CREDITORS

**(May 15, 2017 - San Juan)** Puerto Rico's Governor Ricardo Rosselló Nevares announced that the Fiscal Agency and Financial Advisory Authority (AAFAF, for its Spanish acronym), and the Government Development Bank of Puerto Rico (GDB) have entered into a restructuring support agreement (RSA) with a significant portion of the GDB's major stakeholders. Pursuant to Title VI of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), the RSA terms will be consummated pursuant to a Title VI consensual restructuring plan for GDB. Once approved by the requisite creditors of GDB, the Financial Oversight and Management Board for Puerto Rico and the United States District Court for the District of Puerto Rico, the plan as implemented will provide for GDB's financial creditors, including holders of bonds and depositors, to exchange their claims against GDB for one of three tranches of bonds issued by a new municipal entity, at each creditor's election. The tranches of new bonds will have varying principal amounts, interest rates, collateral priority, and other payment terms. GDB's financial creditors have agreed to substantial discounts to principal and the restructuring does not depend on any funds from the Commonwealth's general fund. The RSA also contemplates a cash payment to Puerto Rico's municipalities on account of certain accounts at GDB.

"This transaction is the result of extensive, good faith negotiations and underscores the Administration's committed policy of reaching consensual agreements with creditors," emphasized Gerardo Portela Franco, Executive Director of AAFAF.

"On behalf of AAFAF and the Administration, I want to express my gratitude to GDB and its major constituents for working tirelessly to reach a consensual deal. The successful restructuring of GDB's obligations as provided for in the RSA represents significant progress in Puerto Rico's economic recovery," added Portela.

The RSA has been negotiated by representatives of, and approved by (among others), (i) the Ad Hoc Group of Bondholders, comprised of funds managed or advised by Avenue Capital Management II, L.P., Brigade Capital Management, LP, Fir Tree Partners and Solus Alternative Asset Management LP, (ii) credit cooperativas of Alianza de Cooperativistas (Alianza) and of Grupo ES (which together are composed of more than 40 credit cooperativas) and (iii) Bonistas del Patio.

AAFAF and GDB were assisted in the negotiations by O'Melveny & Myers LLP, as legal advisor, Rothschild & Co., as investment banker, Ankura Consulting Group, as financial advisor, and Bank of America Merrill Lynch, as dealer manager. The Ad Hoc Group of Bondholders was assisted in the negotiations by Davis, Polk & Wardwell LLP, as legal advisor, and Ducera Partners LLC, as financial advisor. Atlas Asset Management, LLC is the financial advisor to both Alianza and Grupo ES. Marichal, Hernández, Santiago & Juarbe, LLC are attorneys for Grupo ES, González Torres & Co., CPA, PSC are accounting advisors for Alianza and HRML & Asociados, LLC and Nevares, Sánchez Alvarez and Cancel, PSC are legal counsel for Alianza. Bonistas del Patio was advised by Pico & Blanco, LLC, as legal advisor, and Jorge Irizarry and Carlos Rodriguez as financial advisors.

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