



July 1, 2015

**PREPA ANNOUNCED ALL PRINCIPAL AND INTEREST DUE HAS BEEN PAID TO
BONDHOLDERS**

San Juan, PR – The Puerto Rico Electric Power Authority (PREPA) announced today that all principal and interest due today under its power revenue bonds has been paid.

PREPA is funding the \$415 million payment with approximately \$153 million of cash out of its General Fund and the remainder from its debt service reserve accounts. To provide liquidity for working capital and other purposes, certain insurers of PREPA's power revenue bonds have agreed to purchase \$128 million of new short-term bridge bonds scheduled to be paid in full by December 15, 2015.

"We are pleased we were able to reach an agreement that allowed us to make the payment to our bondholders today and avoid a default. Today's outcome would not have been possible without the support of the insurers and other creditors," said Lisa Donahue Chief Restructuring Officer. "As a result of these agreements, we have preserved our cash position as we continue PREPA's transformation."

In addition to making the principal and interest payment, PREPA announced an extension of the forbearance agreement with its creditors to September 15, 2015. The agreement includes several milestones that have been agreed to by all parties, including the execution of the Restructuring Support Agreement (RSA) by September 1, 2015.

"Today's actions show the forward momentum of the negotiations and the willingness of all parties to work together to provide the time necessary to continue discussions and come to a consensual agreement," commented Ms. Donahue. "Timing has always been a key factor in PREPA's transformation and all the parties seemed to realize that working together was a step in the right direction."

"PREPA will continue to implement its operational changes which have already realized \$350 million in value," said Harry Rodríguez, President of PREPA's Governing Board. "Management and employees will remain focused on the financial restructuring along with the CRO team, which will ultimately provide the people of Puerto Rico with a self-sustaining utility that provides clean, safe electricity to its customers."

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