March 17, 2017

SAN JUAN, P.R. — The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF", per its Spanish acronym) and the Ad Hoc Group of General Obligation Bondholders (the “GO Bondholders”) announced a significant step forward today toward establishing a stabilized environment for commencing good-faith negotiations toward a consensual restructuring under Title VI of PROMESA. The discussions between AAFAF and the GO Bondholders are intended to provide the basis for reaching a broad resolution of the issues raised by the GO Bondholders in connection with their asserted constitutional and contractual rights and remedies. The parties are hopeful that these talks will lead to a resolution concerning the potential treatment of Constitutional Debt, and ultimately, comprehensive talks involving other creditors and stakeholders, with the objective of achieving a conclusive and binding agreement on all participating parties.

As a result of discussions between Gerardo Portela Franco, Executive Director of AAFAF, and representatives of GO Bondholders, the Government of Puerto Rico will seek the prompt and expeditious resolution of the claims asserted by the GO Bondholders regarding the constitutionality of COFINA in the litigation pending before Judge Francisco Besosa in the United States District Court for the District of Puerto Rico as Lex Claims LLC, et al. v. Garcia-Padilla, et al., No. 16-2374. While the Government is not taking a definitive position on the merits of the constitutional questions at this time, it will analyze the constitutional issues raised by the GO Bondholders. In addition, the Government will urge Judge Besosa to decide the issues raised by the GO Bondholders by April 30, 2017, and not support any efforts to defer or delay the resolution of the constitutional questions raised by the GO Bondholders until after the PROMESA litigation stay expires. The Commonwealth acknowledges that prompt resolution of the Lex Claims litigation will foster negotiations among all creditors.

“We consider resolution of the constitutional questions to be essential for establishing ground rules for a negotiated resolution outside of Title III, said Andrew Rosenberg, a representative of the GO Bondholders. “It is commendable that the Governor is focusing significant attention and resources on trying to achieve a negotiated resolution.”

Mr. Portela said, “The discussions we anticipate having with the GO Bondholders reaffirm the Government’s commitment to pursuing an orderly resolution of the financial issues affecting Puerto Rico, and we emphasize that all creditors and stakeholders must be ready to move forward with good faith negotiations toward a consensual restructuring under Title VI of PROMESA.”

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