



Thursday, December 20, 2018

AAFAF and COFINA Announce the Launch of the Solicitation of Votes to Accept or Reject COFINA's Second Amended Title III Plan of Adjustment

(San Juan, P.R.) - Today, the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF,” by its Spanish acronym) and the Puerto Rico Sales Tax Financing Corporation (“COFINA,” by its Spanish acronym) announced that the solicitation of votes (the “**Solicitation**”) to accept or reject the *Second Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* dated November 26, 2018 (the “**Plan of Adjustment**”) commenced on December 6, 2018.

Commencing the solicitation process for COFINA builds on the positive momentum generated from entry into the Amended and Restated Plan Support Agreement among AAFAF, COFINA, the Financial Oversight and Management Board for Puerto Rico (the “**Oversight Board**”), certain holders and insurers of COFINA’s existing senior and first subordinate bonds, and *Bonistas del Patio*. It represents an important step toward restructuring nearly 24% of Puerto Rico’s debt and providing COFINA with more than \$17 billion in debt service savings. It also represents an important milestone in the ultimate resolution of the dispute between the Commonwealth and COFINA regarding ownership of the sales and use taxes purportedly transferred by the Commonwealth to COFINA to secure payment of COFINA’s existing senior and first subordinate bonds. The Title III Court will hold a hearing on confirmation of the Plan of Adjustment and the proposed settlement of the Commonwealth-COFINA dispute shortly after the conclusion of the solicitation period in January 2019.

The Solicitation.

On November 26, 2018, the Oversight Board, as representative of COFINA in its Title III case, filed the *Disclosure Statement for the Second Amended Title III Plan of Adjustment of the Debts of Puerto Rico Sales Tax Financing Corporation* (the “**Disclosure Statement**”).

By order entered November 29, 2018 (the “**Disclosure Statement Order**”), the United States District Court for the District of Puerto Rico (the “**Title III Court**”) determined that the Disclosure Statement contains adequate information under applicable law and may be sent to holders of claims against COFINA to solicit their



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votes on, and elections of the form of distribution to be received under, the Plan of Adjustment.

All holders of claims entitled to vote on the Plan of Adjustment or make an election thereunder are encouraged to read and carefully consider the entire Disclosure Statement, including the risk factors cited therein, before voting to accept or reject the Plan of Adjustment or making an election thereunder.

The Disclosure Statement is provided solely for purposes of soliciting holders of claims entitled to vote to accept or reject, or to elect the form of distribution pursuant to, the Plan of Adjustment. The contents of the Disclosure Statement shall not be deemed as providing any legal, financial, securities, tax, business, or other advice. Each holder of a claim is encouraged to consult with its own advisors with respect to any such legal, financial, securities, tax, business, or other advice in reviewing the Disclosure Statement and the Plan of Adjustment.

Plan Materials.

Prime Clerk LLC (“**Prime Clerk**”) is the solicitation and balloting agent for the Solicitation. The Disclosure Statement Order requires Prime Clerk to mail the following materials (collectively, the “**Plan Materials**”), as appropriate, to the voting classes under the Plan of Adjustment:

- the Disclosure Statement;
- the Plan of Adjustment;
- a notice regarding, among other things, approval of the Disclosure Statement and the hearing on confirmation of the Plan of Adjustment;
- if the recipient is entitled to vote on the Plan of Adjustment, a ballot;
- if the recipient is entitled to make an election of the form of distribution under the Plan of Adjustment, an election notice; and
- and certain other materials for holders of claims in Class 6, Class 8, and Class 9.

The Plan Materials and such other information with respect to the Plan of Adjustment are available on Prime Clerk’s website: <https://cases.primeclerk.com/puertorico/>.

Eligibility to Vote.

Not all holders of claims are eligible to vote on the Plan of Adjustment. Plan Materials will include a ballot only if the recipient is entitled to vote to accept or reject the Plan of Adjustment. The record date for purposes of determining creditors



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entitled to vote on the Plan of Adjustment is November 20, 2018. Only the following holders of claims will receive a ballot to vote on the Plan of Adjustment:

- Holders of Senior COFINA Bond Claims (Class 1);
- Holders of Junior COFINA Bond Claims (Class 5);
- Holders of the GS Derivative Claim (Class 8); and
- Holders of General Unsecured Claims (Class 9).

Each holder of a claim classified in Class 1 or Class 5 under the Plan of Adjustment will receive a *Ballot for Beneficial Owners* (each, a “**Beneficial Owner Ballot**”) and is asked to complete, sign, and date its Beneficial Owner Ballot and return the Beneficial Owner Ballot to its broker, bank, commercial bank, trust company, dealer, or other agent or nominee (each, a “**Nominee**”) (or otherwise follow the instructions from its Nominee) to permit its Nominee to complete and return a *Master Ballot for Beneficial Owners of Claims* (each, a “**Master Ballot**”) so that the Master Ballot is actually received by Prime Clerk on or before **6:00 p.m. (Atlantic Standard Time) on January 8, 2019** (the “**Voting Deadline**”). Each holder of claims in Class 1 and Class 5 is encouraged to contact its Nominee with any questions regarding the date its Nominee needs to receive Beneficial Owner Ballots in order to timely submit its Master Ballot to Prime Clerk by the Voting Deadline.

Eligibility to Elect an Alternative Form of Distribution.

Not all holders of claims are eligible to elect to receive an alternative form of distribution under the Plan of Adjustment. Plan Materials will include an election notice only if the recipient holds a claim in any of the following classes:

- Holders of Senior COFINA Bond Claims (Class 1);
- Holders of Senior COFINA Bond Claims (Ambac) (Class 2);
- Holders of Senior COFINA Bond Claims (National) (Class 3); and
- Holders of Junior COFINA Bond Claims (Class 5).

With respect to holders of claims in Class 1 and Class 5, only certain holders are entitled to make an election if they meet certain requirements described in the election notice and Disclosure Statement.

The deadline to make an election is **6:00 p.m. (Atlantic Standard Time) on January 8, 2019** (the “**Election Expiration Deadline**”). The election notices and the Disclosure Statement provide detailed instructions on how to submit a valid election form by the Election Expiration Deadline.



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Confirmation Hearing.

The Title III Court has scheduled a hearing on confirmation of the Plan of Adjustment for **January 16, 2019, at 9:30 a.m. (Atlantic Standard Time)** in San Juan, Puerto Rico. The confirmation hearing will be continued, if necessary, on **January 17, 2019, at 9:30 a.m. (Atlantic Standard Time)**, in San Juan, Puerto Rico.

The deadline to file and serve objections to confirmation is **January 2, 2019, at 5:00 p.m. (Atlantic Standard Time)**.

Where You Can Find More Information.

Again, the Plan Materials and such other information with respect to the Plan of Adjustment are available on Prime Clerk's website: <https://cases.primeclerk.com/puertorico/>.

If you have any questions regarding the proper completion of your ballot, please contact Prime Clerk by telephone at (844) 822-9231 (toll free for U.S. and Puerto Rico) or (646) 486-7944 (for international callers), available 10:00 a.m. to 7:00 p.m. (Atlantic Standard Time) (Spanish available), or by email at puertoricoballots@primeclerk.com.

If you have any questions regarding your election notice, please contact Prime Clerk by telephone at (844) 822-9231 (toll free for U.S. and Puerto Rico) or (646) 486-7944 (for international callers), available 10:00 a.m. to 7:00 p.m. (Atlantic Standard Time) (Spanish available), or by email at puertoricoballots@primeclerk.com and reference "COFINA Distribution Election" in the subject line.

A "Plan Supplement" containing draft or final versions of primary documents required to consummate the transactions contemplated by the Plan of Adjustment will be filed with the Clerk of the Title III Court as soon as practicable (but in no event later than seven (7) days) prior to the Voting Deadline, or on such other date as the Title III Court establishes. The Plan Supplement will be deemed incorporated into and part of the Plan of Adjustment. The Plan Supplement will be available on Prime Clerk's website once the Plan Supplement is filed with the Title III Court.

Further, claimholders seeking assistance may contact COFINA and AAFAP's lead dealer manager, BofA Merrill Lynch, by telephone at (888) 292-0070 (toll free for U.S. and Puerto Rico) or (646) 855-8988 (for international callers) (Spanish available). Claimholders seeking assistance also may contact COFINA and AAFAP's co-dealer managers: Barclays Capital Inc., by telephone at (866) 744-4575 (toll free for U.S. and Puerto Rico) or (212) 528-1115 (for international



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callers) (Spanish available); Jefferies LLC, by telephone at (800) 567-8567 (toll free for U.S. and Puerto Rico) or (212) 336-7154 (for international callers) (Spanish available); and J.P. Morgan Securities LLC, by telephone at (800) 214-5801 (toll free for U.S. and Puerto Rico) or (212) 834-3261 (for international callers).

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This press release is not a solicitation of votes, an offer to sell, or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation, or sale in any jurisdiction in which such offering, solicitation, or sale would be unlawful.