Puerto Rico: A Path Forward
An Overview of the Commonwealth Plan of Adjustment
Debt Restructuring Overview
### Benefits of the Commonwealth Plan of Adjustment

The Plan of Adjustment will allow Puerto Rico to move forward from bankruptcy

<table>
<thead>
<tr>
<th><strong>Reduces Total Debt</strong></th>
<th>Total debt at the Commonwealth of ~$34 billion prior to Title III will be reduced to only ~$7.4 billion after Plan effectiveness (a total debt reduction percentage of 78%).</th>
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<tbody>
<tr>
<td><strong>Reduces Debt Service</strong></td>
<td>The Plan of Adjustment reduces maximum annual debt service, inclusive of COFINA, from $4.2 billion to $1.15 billion (a total debt service reduction of 73%).</td>
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<td><strong>New Bond Structure Mitigates Risk</strong></td>
<td>The Commonwealth will only have to pay out to creditors on part of the new bonds if the economy outperforms the projections in the Certified Fiscal Plans.</td>
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<td><strong>Ends PR Bankruptcy</strong></td>
<td>Exiting bankruptcy paves the way for the elimination of the Oversight Board.</td>
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<td><strong>Future Investment</strong></td>
<td>Restructuring the debt provides certainty to investors and will be a catalyst for incremental investment in Puerto Rico’s economic development.</td>
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<tr>
<td><strong>Protects Retirees</strong></td>
<td>The plan of adjustment does not include pension cuts to retirees.</td>
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Commonwealth Plan of Adjustment-Reduction in Debt

The Commonwealth POA represents an important step towards restructuring Puerto Rico’s debt, ending the bankruptcy and re-establishing access to the capital markets, all of which are required for the termination of the FOMB’s presence in Puerto Rico.

- Reduces over ~$34 billion of claims to ~$7 billion in pro-forma debt at the Commonwealth.

Notes: (a) Estimated Pre-POA Commonwealth Claims includes original issue discount. Includes GO and GO Guaranteed, Clawback, MBA, ERS, and other estimated general unsecured claims. (b) Includes current interest and capital appreciation bonds. Excludes contingent value instrument and new debt at HTA.
Puerto Rico Debt Reduction – Key Benchmarks

The Plan of Adjustment results in a significant decrease in the Debt per Capita and Debt to GNP for Puerto Rico.

Notes: (a) Assumes 2017 Nominal GNP of $69.05 billion, per World Bank, to illustrate ratio to GNP at the time. Includes ~$70 billion of pre-petition indebtedness. (b) Assumes 2019 (latest reported) Nominal GNP of $70.78 billion, per World Bank. Post-PSA debt includes reductions of debt on account of the Commonwealth PSA, GDB Qualifying Modification, PRIFA RSA, PRIDCO RSA, COFINA POA, and PREPA RSA. (c) Assumes 2017 population of 3.33 million, per World Bank. (d) Assumes 2019 (latest reported) population of 3.19 million, per World Bank.
Debt Sustainability

The Plan of adjustment reduces debt service to sustainable levels. Before, 28 cents of every dollar were spent on debt service. Going forward, only 8 cents will be needed to service debt service.

Pre-Petition Debt Service and Plan Debt Service Comparison (Debt Service as % of OSR)

Example: Under the 2021 PSA, for every $100 the Government receives in revenues, it pays $7.60 in General Obligation and COFINA debt service.

Debt Restructurings – Completed

The Government and the Oversight Board have shown the willingness and ability to reach consensual deals, having restructured over $23 billion of existing indebtedness through the various mechanisms available under PROMESA, resulting in a ~30% reduction in debt across GDB, PRIFA-PORTS, COFINA and PRASA.

**Completed Debt Restructurings ($ in millions)**

- **GDB**
  - Pre-Restructuring Claim Amt.: $4,723
  - Post-Restructuring Claim Amt.: $2,598
  - Savings: 45%

- **PRIFA-Ports**
  - Pre-Restructuring Claim Amt.: $219
  - Post-Restructuring Claim Amt.: $181
  - Savings: 17%

- **COFINA**
  - Pre-Restructuring Claim Amt.: $17,637
  - Post-Restructuring Claim Amt.: $12,803
  - Savings: 27%

- **PRASA**
  - Pre-Restructuring Claim Amt.: $982
  - Post-Restructuring Claim Amt.: $982
  - Savings: 0%

Restructuring resulted in the termination of 100% of CW Guarantee and amended terms favorable to PRASA.
Commonwealth claims (excluding pensions) reduced from ~$34 billion to ~$7 billion after Plan effectiveness.

Overall Debt Drastically Reduced and Made More Affordable

Notes: (a) Claims include ~$2 billion PRIFA and ~$400 million CCDA and MBA. (b) Includes GO/PBA claims of ~$19 billion, estimated GUCs of $2.75 billion, other miscellaneous claims of ~$1 billion, and ERS claims of ~$3 billion. (c) Still in process. PREPA is not yet restructured and is currently subject to executing the 2019 PREPA RSA. Assuming maximum haircut of 32.5%, as contemplated in the May 2019 PREPA RSA.