



COMMONWEALTH OF  
PUERTO RICO

Government Development Bank  
for Puerto Rico

**P R E S S   R E L E A S E**

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**STATEMENT BY THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO  
IN LIGHT OF THE RECENT EXPRESSIONS MADE BY THE  
AD HOC GROUP OF BONDHOLDERS**

**San Juan, P.R.** – Melba Acosta-Febo, President of the Government Development Bank for Puerto Rico, issued the following statement in response to statements made by advisors to the Ad Hoc Group of Bondholders regarding their proposals:

“Recent public statements issued by advisors to the Ad Hoc Group of Bondholders of the General Obligation Bonds of the Commonwealth of Puerto Rico (the Commonwealth) indicate that they prefer to conduct restructuring negotiations through the media, and not at the negotiating table. This strategy is similar to the one used—unsuccessfully—during the first stages of the Puerto Rico Electric Power Authority’s restructuring negotiations. The fact is that in PREPA’s case it was only when all parties sat down to negotiate that an agreement was achieved.

“On February 1, 2016, the Commonwealth disclosed to a wide group of creditors a comprehensive integrated proposal to manage the \$48 billion in total debt of the central government. Afterwards, we held numerous meetings, both with consultants and with the creditors directly, during which we discussed the financial information considered for the proposal, and the various alternate options they brought to the table. The three proposals reported in the media were constructive counterproposals to our first proposal. However, these do not solve the overall non-sustainability of the total debt. Furthermore, they do not solve the current issue regarding the payment of the GDB Notes on May 1<sup>st</sup>, which is the reason we are conducting further conversations with the creditors of the GDB Notes.”

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“The Commonwealth has a limited amount of resources to dedicate to debt service. It is our duty to distribute these resources among all types of debt, so that, while adhering to the differences between them, it can be equitably distributed among all bondholders, including the thousands of local bondholders. What we are trying to achieve is a comprehensive, and above all, equitable, solution for all the diverse bondholders, one very similar to the one proposed in the recent bill introduced by Congress. The Commonwealth proposal respects the differences between the different types of debts, while trying to be equitable by also considering the bonds held by Puerto Rican bondholders.”

“Given the many meetings with the groups that submitted the three cited proposals, and with others, on March 23, 2016 the Commonwealth made a counterproposal to the advisors of the creditors, which took into account many aspects raised and discussed by these groups. Since we agreed to continue negotiating privately, this proposal was not made public. However, given the recent publication of the counterproposals made by these three groups, the Commonwealth will disclose its counterproposal, with certain modifications in the near future. The Commonwealth’s counterproposal contains the most beneficial offer for the different debt holding groups, most of which are Puerto Rican bondholders. We appreciate all counterproposals and trust that we can continue the negotiations that are already underway. Puerto Rico needs a long lasting solution, to simplify what is a now a very complicated structure with 18 different issuers, which will help this administration and those coming in the future to reconstruct our Island. That is what we are trying to achieve.”

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