AMENDMENT NO. 12 TO THE FORBEARANCE AGREEMENT

This Amendment No. 12, dated as of October 30, 2015 ("***Amendment No. 12***"), to the Forbearance Agreement, dated as of August 14, 2014 (as it may be amended, supplemented or otherwise modified from time to time, including by Amendment No. 1, dated March 30, 2015, Amendment No. 2, dated April 15, 2015, Amendment No. 3, dated April 30, 2015, Amendment No. 4, dated June 4, 2015, Amendment No. 5, dated June 18, 2015, Amendment No. 6, dated June 30, 2015, Amendment No. 7, dated September 1, 2015, Amendment No. 8, dated September 18, 2015, Amendment No. 9, dated October 1, 2015, Amendment No. 10, dated October 15, 2015, Amendment No. 11, dated October 22, 2015 and this Amendment No. 12, the "***Agreement***"), is entered into by and among PREPA, the Ad Hoc Group identified on Annex A (the "***Ad Hoc Group***") and the other undersigned parties (collectively, together with the Ad Hoc Group, the "***Forbearing Creditors***", and, collectively, together with PREPA, the "***Parties***").

RECITALS

WHEREAS, the Parties desire to amend the Agreement to (i) extend the term of the Agreement, and (ii) modify the terms of certain termination rights in accordance with the terms of this Amendment No. 12.

WHEREAS, as of the date hereof, $8,223,709,000 in principal amount of the Bonds is outstanding.

WHEREAS, as of the date hereof, the total outstanding principal amount of Bonds that are not Insured Bonds that are beneficially owned by each Holder is listed on each respective Holder's signature page to this Agreement.

WHEREAS, as of the date hereof, the total outstanding principal amount of Bonds that are not Insured Bonds that are beneficially owned by the Holders is approximately $2,979,675,000.

WHEREAS, the Forbearing Creditors agree to this Amendment No. 12 in exchange for the below terms and conditions.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Unless otherwise defined herein or amended hereby, capitalized terms used herein which are defined in the Agreement shall have the meanings ascribed to them in the Agreement.

1. Conditions to Effectiveness. This Amendment No. 12 shall become effective as of the date (the "***Amendment No. 12 Effective Date***") that each of the following shall have occurred:

(a) All Parties shall have duly executed a counterpart of this Amendment No. 12;

(b) PREPA shall have executed amendments to the Citibank/Scotiabank Forbearance Agreements in form and substance acceptable to the Forbearing Creditors;

(c) No proceeding pursuant to the Recovery Act or any other action or proceeding that seeks to adjust the claims of its creditors pursuant to any federal, state, or Puerto Rico statute, now or hereinafter enacted, has been instituted by or on behalf of PREPA; and

(d) PREPA shall have received and provided written confirmation to all Forbearing Creditors of all approvals required to enter into and perform the Agreement, as amended by this Amendment No. 12, including, without limitation, submission to the Forbearing Creditors of resolution(s) duly adopted by the board of directors of PREPA authorizing PREPA to enter into and perform the Agreement, as amended by this Amendment No. 12.

2. Representations of Holders. Each of the Holders hereby represents and warrants (which is a continuing representation and warranty, and shall, subject to the provisions of the Agreement relating to Transfer, be true throughout the Forbearance Period) that:

(a) it owns or has investment management responsibility for accounts that own Bonds (that are not Insured Bonds) in the principal amounts set forth on its respective signature page hereto or Forbearing Creditor Joinder (as applicable), and that it has not sold, assigned, transferred, participated or otherwise pledged such Bonds, or any voting consent or direction rights related to such Bonds, to any other person or entity, in each case, except as permitted by Section 7 of the Agreement; and

(b) each of the representations in the Recitals set forth above as to the Holders is true and accurate as of the date hereof.

3. Termination.

(a) Section 5(a) of the Agreement is hereby amended and restated in its entirety as follows:

> "This Agreement shall terminate at 8:00 p.m. (prevailing Eastern Time) on November 3, 2015, unless terminated earlier in accordance with the terms of this Agreement (in each such case, the "***Forbearance Termination Date***")."

4. Binding Effect. Notwithstanding anything to the contrary in the Agreement, the Agreement, as amended by this Amendment No. 12, shall continue to constitute a binding agreement among the Parties executing this Amendment No. 12. For the avoidance of doubt, the Parties acknowledge and agree that, any term set forth in this Agreement to the contrary notwithstanding, the terms and conditions of Amendment No. 12 are not binding upon, nor do they inure to the benefit of, any of the following: (i) any party to either (o) the original Agreement, dated as of August 14, 2014, (p) Amendment No. 1, (q) Amendment No. 2, (r) Amendment No. 3, (s) Amendment No. 4, (t) Amendment No. 5, (u) Amendment No. 6, (v) Amendment No. 7, (w) Amendment No. 8, (x) Amendment No.9, (y) Amendment No. 10 or (z) Amendment No. 11 that is not a party to this Amendment No. 12 or (ii) any person or entity not otherwise a party to this Amendment No. 12 who has entered into a valid and binding agreement prior to the Amendment No. 12 Effective Date to purchase Bonds from a Forbearing Creditor.

5. Effectiveness. On or after the Amendment No. 12 Effective Date, each reference in the Agreement to "this Agreement," "Forbearance Agreement," "hereunder," "hereof," herein," or words of like import referring to the Agreement shall mean and be a reference to the Agreement, as amended by this Amendment No. 12. Except as amended by this Amendment No. 12, the provisions of the Agreement are and shall remain in full force and effect. Except as provided in this Amendment No. 12, nothing in this Amendment No. 12 shall constitute a waiver of the rights or obligations of any of the Parties under the Agreement. Notwithstanding anything to the contrary set forth herein, this Agreement shall be deemed a new forbearance agreement on the same terms of the Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6, Amendment No. 7, Amendment No. 8, Amendment No. 9, Amendment No. 10, Amendment No. 11 and this Amendment No. 12.

6. Governing Law. This Amendment No. 12 shall be governed and construed and enforced in accordance with the laws of the State of New York.

7. Counterparts. This Amendment No. 12 may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties hereto may execute this Amendment No. 12 by signing any such counterpart. Delivery of an executed signature page of this Amendment No. 12 by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

8. Entire Agreement. This Amendment No. 12 constitutes the entire agreement among the Parties regarding the subject matter hereof and supersedes any prior agreements, including any deemed agreements, among the Parties regarding the subject matter hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment No. 12 has been duly executed as of the date first written above.

PUERTO RICO ELECTRIC POWER AUTHORITY

By: _____

Name: Javier Antonio Quintana Méndez

Title: Executive Director

AG MM, L.P.

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

AG CAPITAL RECOVERY PARTNERS VIII, L.P.

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

AG ELEVEN PARTNERS, L.P.

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

AG SUPER FUND INTERNATIONAL PARTNERS, L.P.

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

NUTMEG PARTNERS, L.P.

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

AG CENTRE STREET PARTNERSHIP, L.P.

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

AG PRINCESS, LP

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

AG SUPER FUND, L.P.

By: Angelo, Gordon & Co., L.P., its manager or advisor

By: _____

Name: Gavin Baiera

Title: Authorized Signatory

REDACTED

BLUEMOUNTAIN GUADALUPE PEAK FUND L.P.
BLUEMOUNTAIN FOINAVEN MASTER FUND L.P.
BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.
BLUEMOUNTAIN KICKING HORSE FUND L.P.
BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.
BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.
BLUEMOUNTAIN TIMBERLINE LTD.
BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.
BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF
BLUEMOUNTAIN LOGAN OPPORTUNITIES MASTER FUND L.P.

BY: BLUEMOUNTAIN CAPITAL MANAGEMENT, LLC, ITS INVESTMENT MANAGER

By: _____

Name: David M. O'Mara

Title: Deputy General Counsel

REDACTED

FRANKLIN ADVISERS, INC. on behalf of the following funds:

CALIFORNIA INTERMEDIATE TERM TAX FREE INCOME FUND

CALIFORNIA HIGH YIELD MUNICIPAL BOND FUN

TENNEESEE MUNICIPAL BOND FUND

CALIFORNIA TAX FREE INCOME FUND

NEW YORK TAX FREE INCOME FUND

FEDERAL TAX FREE INCOME FUND

DOUBLE TAX FREE INCOME FUND

COLORADO TAX FREE INCOME FUND

GEORGIA TAX FREE INCOME FUND

PENNSYLVANIA TAX FREE INCOME FUND

HIGH YIELD TAX FREE INCOME FUND

MISSOURI TAX FREE INCOME FUND

OREGON TAX FREE INCOME FUND

VIRGINIA TAX FREE INCOME FUND

FLORIDA TAX FREE INCOME FUND

LOUISIANA TAX FREE INCOME FUND

MARYLAND TAX FREE INCOME FUND

NORTH CAROLINA TAX FREE INCOME FUND

NEW JERSEY TAX FREE INCOME FUND

FRANKLIN STRATEGIC INCOME FUND – UNITED STATES

FIST-FRANKLIN TOTAL RETURN FUND

FRANKLIN STRATEGIC INCOME FUND – CANADA

FTIF – FRANKLIN US TOTAL RETURN FUND

FTVIP – FRANKLIN STRATEGIC INCOME VIP FUND

FDP SERIES FT TOTAL RETURN FDP FUND

FTIF – FRANKLIN STRATEGIC INCOME FUND

FT OPPORTUNISTIC DISTRESSED FUND, LTD.

By: Sheila Amoroso

Name: Sheila Amoroso

Title: SVP

REDACTED

GOLDMAN SACHS HIGH YIELD MUNICIPAL FUND, A SERIES OF THE GOLDMAN SACHS TRUST; GOLDMAN SACHS DYNAMIC MUNICIPAL INCOME FUND, A SERIES OF THE GOLDMAN SACHS TRUST; GOLDMAN SACHS SHORT DURATION TAX-FREE FUND, A SERIES OF THE GOLDMAN SACHS TRUST

By: _____

Name: James McCarthy

Title: Assistant Secretary

REDACTED

KNIGHTHEAD ANNUITY & LIFE ASSURANCE COMPANY

By: Knighthead Capital Management, LLC, its Investment Advisor

By: _____

Name: Thomas Wagner
Managing Member

Title: _____

REDACTED

LMA SPC FOR AND ON BEHALF OF THE
MAP84 SEGREGATED PORTFOLIO

By: Knighthead Capital Management, LLC, its
Investment Advisor

By: _____

Name: Thomas Wagner
Managing Member

Title: _____

REDACTED

KNIGHTHEAD (NY) FUND, L.P.

By: Knighthead Capital Management, LLC, its Investment Advisor

By: _____

Name: Thomas Wagner

Title: Managing Member

REDACTED

KNIGHTHEAD MASTER FUND, L.P.

By: Knighthead Capital Management, LLC, its Investment Manager

By: _____

Name: Thomas Wagner

Title: Managing Member

REDACTED

By: Marathon Asset Management, LP solely in its capacity as Investment Advisor to the Fund (s)/Accounts (s) named in Schedule A of this Agreement

Name: P.L. Flynn

Title: AUTHORIZED SIGNATORY

Schedule A:

Marathon Credit Dislocation Fund, LP
Marathon Strategic Opportunities Program, LP
Marathon Court Square, LP
Marathon Centre Street Partnership, L.P.
KTRS Credit Fund, LP
Marathon Currituck Fund, LP – Series C
Baldr Mason Fund, Inc.
Marathon Credit Opportunity Master Fund, Ltd.
MV Credit Opportunity Fund, L.P.
Marathon Special Opportunity Fund, Ltd.
Marathon Les Grandes Jorasses Master Fund
Penteli Master Fund, Ltd.
Master SIF SICAV-SIF
Marathon Liquid Credit Long Short Fund

REDACTED

OPPENHEIMER ROCHESTER AMT-FREE MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM NEW YORK MUNICIPAL FUND

OPPENHEIMER ROCHESTER AMT-FREE NEW YORK MUNICIPAL FUND

OPPENHEIMER ROCHESTER FUND MUNICIPALS

OPPENHEIMER ROCHESTER AMT-FREE MUNICIPAL FUND

OPPENHEIMER ROCHESTER NEW JERSEY MUNICIPAL FUND

OPPENHEIMER ROCHESTER MARYLAND MUNICIPAL FUND

OPPENHEIMER ROCHESTER OHIO MUNICIPAL FUND

OPPENHEIMER ROCHESTER MICHIGAN MUNICIPAL FUND

OPPENHEIMER ROCHESTER VIRGINIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MASSACHUSETTS MUNICIPAL FUND

OPPENHEIMER ROCHESTER ARIZONA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MINNESOTA MUNICIPAL FUND

OPPENHEIMER ROCHESTER NORTH CAROLINA MUNICIPAL FUND

OPPENHEIMER ROCHESTER PENNSYLVANIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER HIGH YIELD MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM MUNICIPAL FUND

By: _____

Name: Daniel G Loughran

Title: Vice President

OPPENHEIMERFUNDS, INC., as investment advisor for the following accounts:

MassMutual International Holding MSC and MassMutual Unified Traditional Separate Account

By: _____

Name: Daniel G. Loughran

Title: Senior Vice President

REDACTED

Annex A – Ad Hoc Group

AG MM, L.P.

AG CAPITAL RECOVERY PARTNERS VIII, L.P.

AG ELEVEN PARTNERS, L.P.

AG SUPER FUND INTERNATIONAL PARTNERS, L.P.

NUTMEG PARTNERS, L.P.

AG CENTRE STREET PARTNERSHIP, L.P.

AG PRINCESS, LP

AG SUPER FUND, L.P.

BLUEMOUNTAIN GUADALUPE PEAK FUND L.P.

BLUEMOUNTAIN FOINAVEN MASTER FUND L.P.

BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.

BLUEMOUNTAIN KICKING HORSE FUND L.P.

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.

BLUEMOUNTAIN TIMBERLINE LTD.

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF

BLUEMOUNTAIN CAPITAL MANAGEMENT, LLC

BLUEMOUNTAIN LOGAN OPPORTUNITIES MASTER FUND L.P.

CALIFORNIA INTERMEDIATE TERM TAX FREE INCOME FUND

CALIFORNIA HIGH YIELD MUNICIPAL BOND FUND

TENNEESEE MUNICIPAL BOND FUND

CALIFORNIA TAX FREE INCOME FUND

NEW YORK TAX FREE INCOME FUND

FEDERAL TAX FREE INCOME FUND

DOUBLE TAX FREE INCOME FUND

COLORADO TAX FREE INCOME FUND

GEORGIA TAX FREE INCOME FUND

PENNSYLVANIA TAX FREE INCOME FUND

HIGH YIELD TAX FREE INCOME FUND

MISSOURI TAX FREE INCOME FUND

OREGON TAX FREE INCOME FUND

VIRGINIATAX FREE INCOME FUND

FLORIDA TAX FREE INCOME FUND

LOUISIANA TAX FREE INCOME FUND

MARYLAND TAX FREE INCOME FUND

NORTH CAROLINA TAX FREE INCOME FUND

NEW JERSEY TAX FREE INCOME FUND

FRANKLIN STRATEGIC INCOME FUND UNITED STATES

FIST -FRANKLIN TOTAL RETURN FUND

FRANKLIN STRATEGIC INCOME FUND CANADA

FTIF- FRANKLIN US TOTAL RETURN FUND

FTVIP- FRANKLIN STRATEGIC INCOME VIP FUND

FDP SERIES FT TOTAL RETURN FDP FUND

FTIF- FRANKLIN STRATEGIC INCOME FUND

FT OPPORTUNISTIC DISTRESSED FUND, LTD.

GOLDMAN SACHS HIGH YIELD MUNICIPAL FUND, A SERIES OF THE GOLDMAN SACHS TRUST

GOLDMAN SACHS DYNAMIC MUNICIPAL INCOME FUND, A SERIES OF THE GOLDMAN SACHS TRUST

GOLDMAN SACHS SHORT DURATION TAX-FREE FUND, A SERIES OF THE GOLDMAN SACHS TRUST

KNIGHTHEAD MASTER FUND, L.P.

KNIGHTHEAD ANNUITY & LIFE ASSURANCE COMPANY

LMA SPC FOR AND ON BEHALF OF THE MAP 84 SEGREGATED PORTFOLIO

KNIGHTHEAD (NY) FUND, L.P.

MARATHON CREDIT DISLOCATION FUND, LP

MARATHON STRATEGIC OPPORTUNITIES PROGRAM, LP

MARATHON COURT SQUARE, LP

MARATHON CENTRE STREET PARTNERSHIP, L.P.

KTRS CREDIT FUND, LP

MARATHON CURRITUCK FUND, LP – SERIES C

BALDR MASON FUND INC.

MARATHON CREDIT OPPORTUNITY MASTER FUND, LTD.

MV CREDIT OPPORTUNITY FUND, L.P.

MARATHON SPECIAL OPPORTUNITY MASTER FUND, LTD

MARATHON LES GRANDES JORASSES MASTER FUND

PENTELI MASTER FUND, LTD

MASTER SIF SICAV SIF

MARATHON LIQUID CREDIT LONG SHORT FUND

OPPENHEIMER ROCHESTER AMT –FREE MUNICIPAL FUND

OPPENHEIMER ROCHESTER AMT –FREE NEW YORK MUNICIPAL FUND

OPPENHEIMER ROCHESTER CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM CALIFORNIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER LIMITED TERM MUNICIPAL FUND (A SERIES OF OPPENHEIMER MUNICIPAL FUND)

OPPENHEIMER ROCHESTER LIMITED TERM NEW YORK MUNICIPAL FUND (A SERIES OF ROCHESTER PORTFOLIO SERIES)

OPPENHEIMER ROCHESTER NEW JERSEY MUNICIPAL FUND (A SERIES OF OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER PENNSYLVANIA MUNICIPAL FUND (A SERIES OF OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER HIGH YIELD MUNICIPAL FUND (A SERIES OF OPPENHEIMER MULTI-STATE MUNICIPAL TRUST)

OPPENHEIMER ROCHESTER FUND MUNICIPALS

OPPENHEIMER ROCHESTER OHIO MUNICIPAL FUND

OPPENHEIMER ROCHESTER MICHIGAN MUNICIPAL FUND

OPPENHEIMER ROCHESTER MASSACHUSETTS MUNICIPAL FUND

OPPENHEIMER ROCHESTER VIRGINIA MUNICIPAL FUND

OPPENHEIMER ROCHESTER ARIZONA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MARYLAND MUNICIPAL FUND

OPPENHEIMER ROCHESTER NORTH CAROLINA MUNICIPAL FUND

OPPENHEIMER ROCHESTER MINNESOTA MUNICIPAL FUND

MASSMUTUAL INTERNATIONAL HOLDING MSC

MASSMUTUAL UNIFIED TRADITIONAL SEPARATE ACCOUNT