

January 26, 2018

Corporate Update

Governor Ricardo Rosselló announces a plan to transform and modernize the power generation system in Puerto Rico.

On January 22, 2018, the Governor of Puerto Rico, Ricardo Rosselló, made a public announcement regarding this Administration's plan to transform Puerto Rico's electrical system through the sale of the Puerto Rico Electric Power Authority's ("PREPA") generating system assets.

The Governor informed the public that the proposed transformation shall be completed in three phases:

- **Phase 1:** The creation of a new legal framework to establish the rules for participating in the competitive process and allow interested companies to participate in this process.
- **Phase 2:** The receipt and evaluation of offers, according to the established technical, financial and economic standards.
- **Phase 3:** Awarding and contracting process.

Governor Rosselló understands that the transformation of PREPA's generating system will allow Puerto Rico to overcome its challenges in terms of power generation, and will result in an innovative, sustainable, financially viable, and resilient energy model.

On July 3, 2017, the Financial Oversight and Management Board of Puerto Rico filed a voluntary petition for restructuring PREPA's debt under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"). It is yet to be determined how the Administration's plan to sell PREPA's generating system assets will be implemented under the Title III proceeding.

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