



COMMONWEALTH OF
PUERTO RICO

Government Development Bank
for Puerto Rico

PRESS RELEASE

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GOVERNOR GARCIA PADILLA AND GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO ANNOUNCE WORKING GROUP FOR THE ECONOMIC RECOVERY OF PUERTO RICO TO HOLD MEETING WITH INVESTORS

Dr. Anne Krueger to Present Findings of Report on the Commonwealth's Fiscal Condition to Bondholders

San Juan, P.R. – Governor García Padilla and the Government Development Bank for Puerto Rico (“GDB”) today announced that the Working Group for the Economic Recovery of Puerto Rico will host a meeting with Puerto Rico’s creditors on Monday, July 13th. This creditor meeting is part the Working Group’s comprehensive efforts to communicate the steps the Commonwealth is taking to address Puerto Rico’s fiscal condition and long-term economic growth.

At the meeting, former World Bank Chief Economist and former Deputy Director of the International Monetary Fund Dr. Anne Krueger, economist and American University Professor Dr. Andrew Wolfe, and Melba Acosta Febo, President of the GDB, will brief members of the investment community on Dr. Krueger and Dr. Wolfe’s recently published report on Puerto Rico’s fiscal condition.

“Ensuring the Commonwealth’s long-term economic health and sustainability will require a comprehensive set of solutions to the deep fiscal issues we currently face and we are committed to having honest conversations with all of the stakeholders with interests in the Island,” said Governor García Padilla. “The Working Group’s meeting with our investors is one of the first steps in that process and we look forward to beginning what we believe can be productive conversations for all involved.”

Advisors to the Working Group include Cleary Gottlieb Steen & Hamilton LLP (“Cleary”) and Millstein & Co. Cleary will act as legal adviser and Millstein & Co. will act as restructuring advisor. Citi, on the other hand, will act as lead broker-dealer with respect to potential liability management transactions.

Announced by Governor García Padilla last week, the Working Group, led by Victor Suarez, Melba Acosta, Cesar Miranda, and the Presidents of the Senate and House, Eduardo Bhatia and Jaime Perello, is tasked with preparing, in coordination with the legislative branch, a long-

term fiscal and economic development plan. The Working Group will establish the parameters of such plan with a view to balance government-wide budgets by the end of the adjustment period. Additionally, the plan will outline specific proposals to improve and diversify the Commonwealth's economy, reduce costs of doing business and ensure the long-term development of the Commonwealth's economy and the stability of its finances. This includes, but is not limited to, promoting collaborations with the private sector to provide services currently provided by the public sector, building on the success of the Teodoro Moscoso bridge, the Luis Muñoz Marín international airport, and highway PR-22; promoting structural fiscal and economic reforms designed to promote economic development, which may include changes to the labor and welfare laws of the Commonwealth; further revenue-enhancing reforms the tax system, including corporate and property tax regimes; and implementing additional cuts in spending.

The plan prepared by the Working Group will also seek to ensure that the aggregate debt burden of the Commonwealth is adjusted so it can be repaid on sustainable terms while ensuring pension obligations are honored over the long term and essential services for the people of Puerto Rico are maintained. The Working Group also bears responsibility for designing and creating a Fiscal Oversight Board which, outside political considerations, will guarantee the continuity and honor of the commitments agreed upon by the Commonwealth during the restructuring process. This board must carry out its responsibilities in an uninterrupted fashion and outside of electoral cycles.

A link to the live stream of the presentation will be available on the GDB's website: www.gdb-pur.com

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