Working Group for the Fiscal and Economic Recovery of Puerto Rico

Puerto Rico Restructuring Counterproposal

April 11, 2016

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Executive Summary

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On March 23, the Commonwealth met with advisors to the Commonwealth's creditor groups to discuss a revised proposal (the "Counterproposal") that updates certain terms of the proposal previously delivered to the creditors in January (the "Original Proposal")

- The Counterproposal is agnostic with respect to the structure of the ultimate exchange currency provided to creditors
- The presentation assumes 100% participation in the proposed exchange. If 100% participation is achieved through the availability of an effective restructuring regime, the Commonwealth believes that the nature and structure of the securities provided to creditors could be improved to the benefit all stakeholders

Debt Service Amount and Profile	▪ The aggregate amount of revenues available for debt service is held constant throughout the new amortization schedule at 15% of projected FY 2021 Base Adjusted Revenues[1] ▪ This results in an increase in revenues available for debt service of approximately $149 million per year, from $1.7 billion in the Original Proposal to $1.85 billion
CAB (Non-Local)	▪ In place of the Original Proposal's "Growth Bond," the Counterproposal includes a mandatorily payable capital appreciation bond ("CAB") ▪ The CAB would accrue interest at a rate of 5.0% over 49 years (assuming certain locals opt in[2][3]), to a value that equals the difference between Base Bond par and Current Par (i.e., the foregone par); CAB repayment to begin after Base Bond is fully repaid
Local Treatment Option	▪ Local holders[2] to be offered the option to receive an amount of Base Bond equal to the current par value of their holdings (i.e., no discount), such Base Bonds to have a long-dated maturity (maturing after the CAB is fully repaid) and an interest rate that is fixed at 2.0% per year ▪ If local holders do not opt in to the local treatment, they will receive the same consideration as non-local holders ▪ The Commonwealth is evaluating other means of providing relief to those Puerto Ricans who live day-to-day off of their interest payments
Interest (Non-Local)	▪ No interest holiday and interest will be paid at higher rates than those contemplated in the Original Proposal

Note: For illustrative purposes, analysis assumes 100% participation in an exchange.
(1) Base Adjusted Revenues represent projected revenues shown in the updated FEGP (published January 18, 2016), excluding federal transfers and GDB loan inflows, and includes the estimated cost of the Earned Income Tax Credit ("EITC") assuming 0.0% real / 2.0% nominal GNP growth from FY 2018 onwards.
(2) Diligence remains ongoing as to the precise level of local holdings and is subject to material change. It is assumed that local holders of GO, CW-guaranteed and COFINA Senior bonds do not opt in.
(3) Approximately 51 years if certain locals do not opt in.

Executive Summary (cont'd)

The Counterproposal addresses the expressed concerns of creditors with the Original Proposal while continuing to achieve the Commonwealth's goals

- The Counterproposal is a response to written proposals received from the GO and COFINA creditor groups, as well as verbal feedback received from numerous other creditors and their advisors

Creditors' Concerns	Commonwealth Response
▪ Increase amount of revenues dedicated to debt service from the Original Proposal ▪ Provide for interest payments to begin immediately and at higher rates than contemplated in the Original Proposal	▪ Debt service increased to $1.85 billion annually (15% of FY 2021 Base Adjusted Revenues) ▪ Interest from FY 2017 – FY 2020 increased, based on the amount of cash flows available in FEGP ▪ Supports incremental Base Bond of $8.1 billion (assuming certain local holders select the local option)
▪ Reduce the required haircut on mandatorily payable debt ▪ Increase the certainty of payment on the newly issued debt ▪ Increase the certainty of the tax-exempt status of any instrument provided as part of the voluntary exchange	▪ Counterproposal includes a new capital appreciation bond in place of the Growth Bond from the Original Proposal ▪ This new instrument provides for: – Greater certainty of payment – More likely to achieve tax exempt status – Smaller haircut on debt
▪ Protect local holders to prevent further strain on the Commonwealth economy, with an emphasis on continued interest payments to the local holders	▪ Local holders will have the option to receive a new security that repays full principal amount at a 2.0% interest rate
▪ Respect constitutional and/or structural priorities	▪ Counterproposal does not prescribe any particular credit structure

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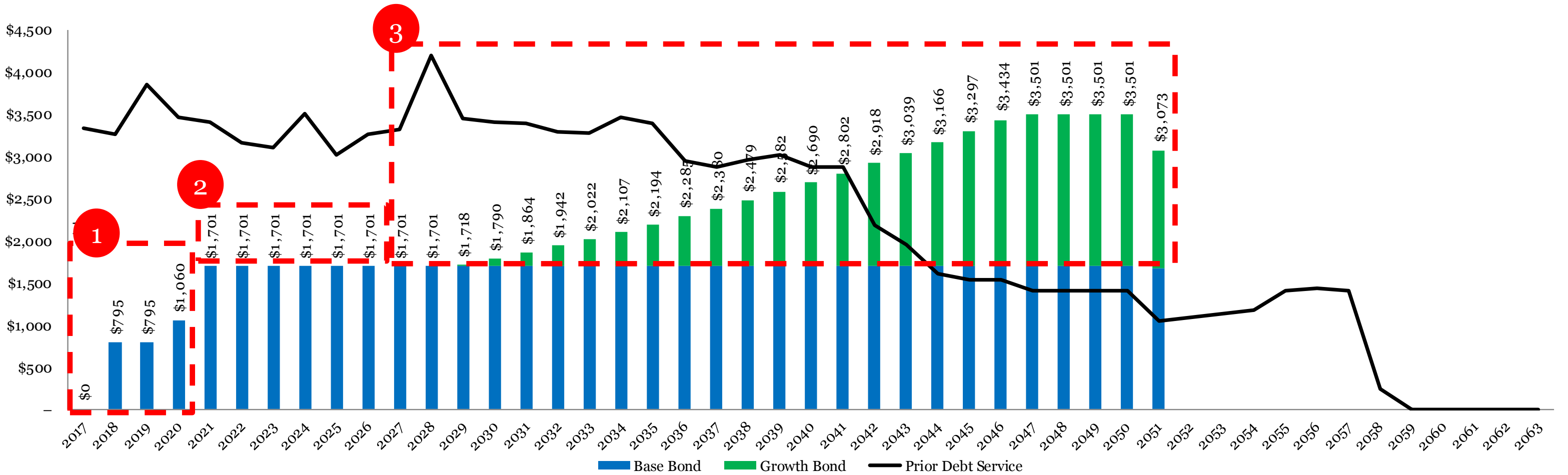
Counterproposal Summary

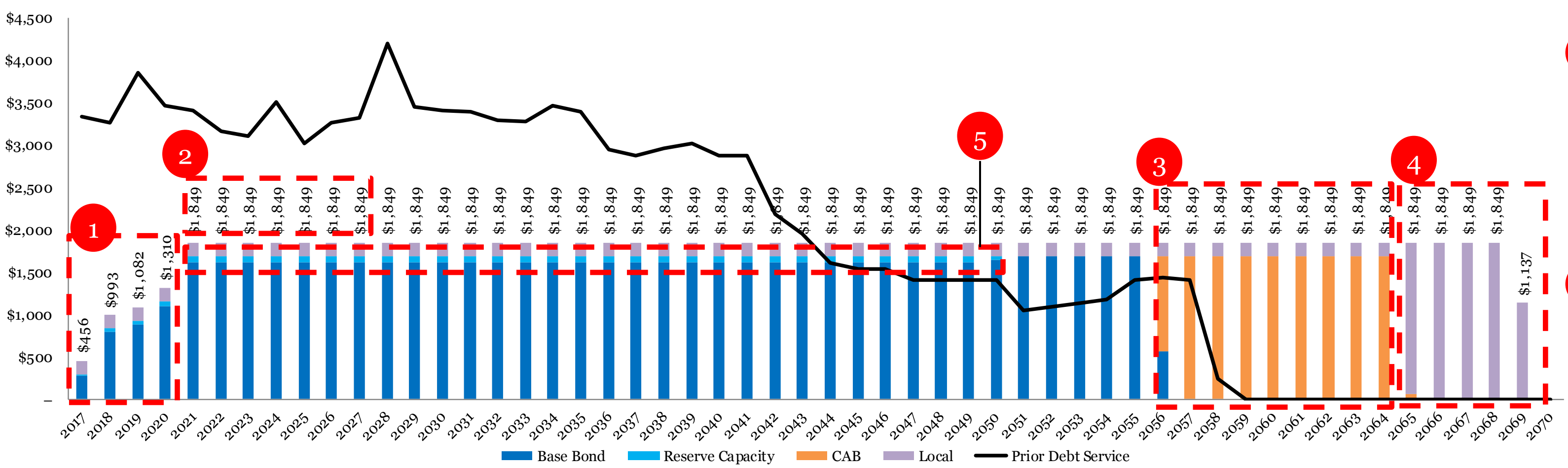
The following is a comparison of the debt service schedule of the Original Proposal and the Counterproposal, illustratively assuming certain local holders select the local treatment

- For illustrative purposes, the presentation herein assumes 100% participation

Original Proposal(1) ($ millions)



Counterproposal ($ millions)



Updates to Original Proposal

1. Interest – Interest payments have increased and begin one year earlier
2. Level Debt Service – Increased from $1.7 billion to $1.85 billion (an increase of $149 million per year)
3. CAB – The Growth Bond has been replaced with a mandatorily payable CAB
4. Local Treatment – Local holders have the option to receive a par Base Bond with a long-dated maturity and a 2.0% interest rate
5. Reserve Capacity – An additional Base Bond in the amount of $1.2 billion may be issued for agreed upon purposes

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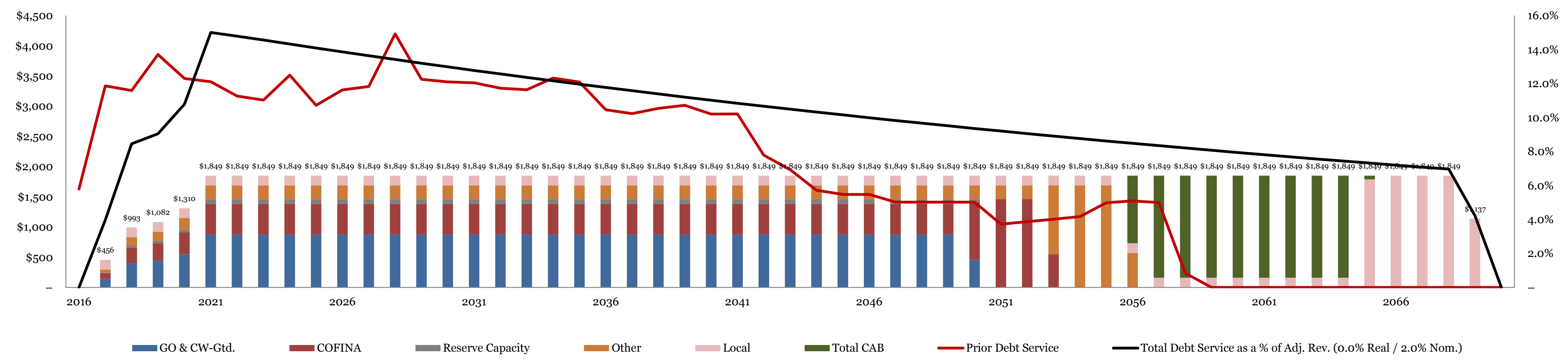
Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals. The estimate of local holders that will select the local treatment is an assumption for illustrative purposes only and diligence as to the precise level of local holdings is ongoing, and, as a result, the numbers shown above could change materially.

(1) Growth Bond payments based on 2.5% real / 4.5% nominal GNP growth starting in FY 2022+.

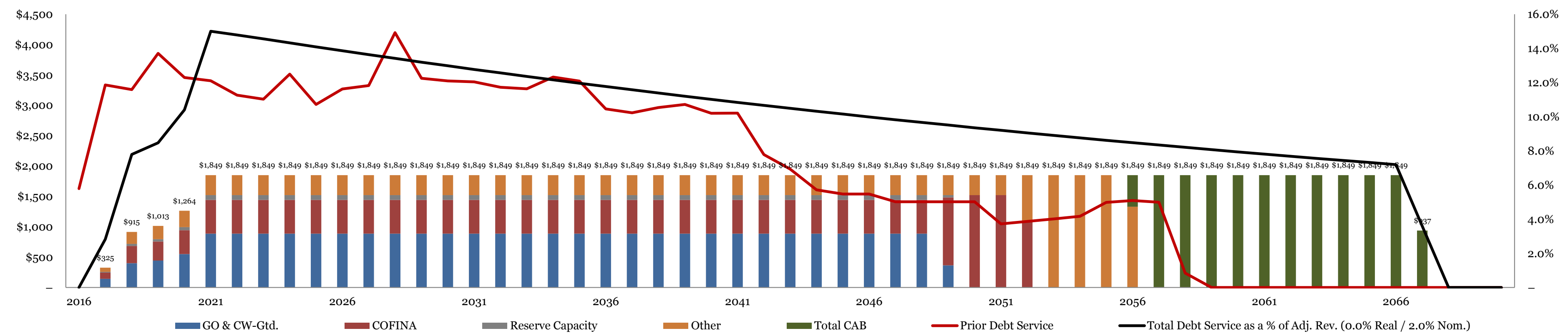
Counterproposal – Debt Service Details

The charts below provide debt service details by credit for the Counterproposal, assuming either the local holders opt in or they do not opt in to the local treatment

Counterproposal – Local Opt In ($ millions)



Counterproposal – No Local Opt In ($ millions)



Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals. The estimate of local holders that will select the local treatment is an assumption for illustrative purposes only and diligence as to the precise level of local holdings is ongoing, and, as a result the numbers shown above could change materially.

Counterproposal – Key Economics

The summary below compares the key economics of the Original Proposal and the Counterproposal

	Original			Counterproposal (Illustrative Local Opt In)				
				Amount				
	Amount		Final	At Close		Fully Accreted		Final
Mandatorily Payable Debt	$	% of Par	Maturity	$	% of Total Par	$	% of Total Par	Maturity
Current Int. Exchange Bond[1]	$26,509	54%	2051	$27,751	55%	$27,751	55%	2056
Current Int. at 2% Exchange Bond	–	–	–	8,011	16%	8,011	16%	2069
Capital Appreciation Bond	–	–	–	1,657	3%	14,690	29%	2065
Total Mandatorily Payable	**$26,509**	**54%**		**$37,419**	**74%**	**$50,452**	**100%**	
Contingent Debt	**22,705**	**46%**	**2051**	–	–	–	–	–
Total Debt	**$49,214**	**100%**		**$37,419**	**74%**	**$50,452**	**100%**	

Memo: Debt Service [2]	Original	Counterproposal (Fully Accreted)
Mandatorily Payable Debt Service	*$55,337*	*$93,729*
Total Debt Service (incl. Growth Bond)	*78,042*	*93,729*
Annual Level Debt Service	*1,701*	*1,849*

Note that total debt shown is inclusive of the $1.2 billion of reserve capacity

Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals. The estimate of local holders that will select the local treatment is an assumption for illustrative purposes only and diligence as to the precise level of local holdings is ongoing, and, as a result, the numbers shown above could change materially.

(1) Counterproposal Base Bond par amounts includes the illustrative reserve capacity.

(2) Mandatorily payable debt in the Original Proposal consists of only the Base Bond, whereas mandatorily payable debt in the Counterproposal consists of both the Base Bond and the CAB.

Key Benefits of Counterproposal

The Counterproposal provides numerous benefits to the Commonwealth and its residents

- Implementation of the Counterproposal will enable the Commonwealth to **continue to provide essential goods and services** to the people of Puerto Rico
- Provides time and capital necessary to **implement the FEGP to benefit the Puerto Rico economy:**

	Description	Aggregate Investment in first five years
Enact Structural Reforms and Growth Initiatives	▪ The FEGP identified areas to improve tax revenue generation and cut expenses that will take time, as well as additional funds, to fully implement	▪ $10.9 billion including transition to VAT and excluding growth Capex (see below)
Pay Down Overdue Suppliers and Tax Payers	▪ Includes estimated repayment to suppliers in order to reach 35 days payable outstanding, other instrumentalities such as PREPA and PRASA, as well as potential police officer pay	▪ $2.3 billion
Adequate Pension Contributions	▪ Additional Uniform Contributions ("AUC") and catch-up payments are needed in order to fund the retirement systems and maintain a healthy asset base	▪ $2.4 billion
Make Capital Expenditures ("Capex")	▪ Includes Capex funding for maintenance and repairs, regulatory compliance, construction in progress, emergency, and capex related to economic growth	▪ $2.4 billion in non-growth Capex ▪ $970 million in growth Capex
Rebuild Depleted Cash Resources	▪ Represents the replenishment of funds necessary to grow the Treasury Single Account ("TSA") to $1.5 billion	▪ $1.5 billion target

- Achieves **sustainable debt structure** for the long term and facilitates regaining market access over time
  - Addresses all debt throughout the Commonwealth rather than focusing selectively on interests of one particular credit or another in a piecemeal manner
  - Debt service never exceeds 15% of projected FY 2021 Base Adjusted Revenues[(1)] (a percentage that is consistent with the one contemplated in the Puerto Rico constitution) and the Commonwealth maintains the benefits from economic growth
- **Total debt service is reduced** by $13.4 billion (if certain local holders select the local option[(2)])
- **Priorities are respected** through differentials in recovery percentages
- All bonds **receive an increase over their current market value**, minimizing intercreditor disputes[(3)]

Note: For illustrative purposes, analysis assumes 100% participation in an exchange.
(1) Base Adjusted Revenues represent projected revenues shown in the updated FEGP (published January 18, 2016), excluding federal transfers and GDB loan inflows, and includes the estimated cost of the Earned Income Tax Credit ("EITC") assuming 0.0% real / 2.0% nominal GNP growth from FY 2018 onwards.
(2) If local holders do not accept local option, Commonwealth would achieve $17.6 billion reduction of debt service
(3) Assumes 5.0% discount rate.

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Key Benefits of Counterproposal (cont'd)

The Counterproposal also provides numerous benefits to creditors

- Implementation of new **restrictions on additional issuances** of tax-supported debt so that Puerto Rico can avoid over-levering its tax revenues in the future
- Sustainable debt levels should **avoid the need for future restructurings**
- **Respects existing priority** between issuers
- Incorporates **incremental revenue potential** of the Commonwealth
- Provides for an **increase in Base Bond** principal
- Provides **greater certainty of payment** through the provision of the CAB which should be tax-exempt
- **Local holder** option to receive **par** (but at a lower interest rate than that applicable to the Base Bond**)**
- **Improvement of market value** of the new securities over time as the Puerto Rican economy grows and the Commonwealth's fiscal position improves

Note: For illustrative purposes, analysis assumes 100% participation in an exchange.

GO Proposal Issues

On April 5, the Ad Hoc Group of GO bondholders publicly released a GO restructuring proposal (the "GO Proposal"), which contemplates a deferral of principal for the next five years, continued interest payments at contractual rates, and [$750 million] of new financing[(1)]

- While the GO Proposal defers principal repayments, the required contractual interest payments would result in cash shortfalls in the early years, even after accounting for the New Money component
  - Furthermore, *no surplus* remains to pay *any other* credits (including COFINA, even though sales tax revenues are included in the surplus before debt service shown below)

Pro Forma Financing Surplus/(Gap) ($ millions)

	2017P	2018P	2019P	2020P	Total
Fin. Surplus (0% Real/2.0% Nom. GNP Growth Beg. in 2018) [(2)]	$95	$950	$1,082	$1,399	$3,527
Pro Forma GO & CW-Gtd. Debt Service	(957)	(957)	(957)	(957)	(3,829)
Interest on New Money	(53)	(53)	(53)	(53)	(210)
New Money	750	–	–	–	750
Assumed GO & GDB CW-Gtd. FY 2016 Interest paid by New Money [(3)]	(357)	–	–	–	(357)
Financing Surplus/(Gap)	**($521)**	**($59)**	**$73**	**$389**	**($119)**
Memo: Cumulative Financing Surplus/(Gap)	*(521)*	*(581)*	*(508)*	*(119)*	*(119)*

Even with the New Money component, the GO Proposal still results in a shortfall in the first two years and leaves no excess to pay *any* other creditors

- Once principal payments on the GO resume in FY 2021, the remaining capacity under the 15% of 2021 Adjusted Revenues target cap implies a 27% recovery (at a 5% yield) for the remaining ~$32 billion of debt outstanding[(4)]
- Without legislation, the GO Proposal cannot be implemented as it requires 100% participation from many holders who are not members of the group that have made the proposal
- Finally, other credits have already indicated that such a result is unacceptable and would result in extended litigation; for example, a group of COFINA Senior bondholders made a public proposal calling for a minimum of $600 million per year of debt service for COFINA Seniors alone, which, when combined with the GO Proposal debt service, would easily exceed the 15% cap, before *any other creditor payments*

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(1) No actual commitment for new financing has yet to be provided.
(2) Financing surplus based on 0% real/2% nominal GNP growth from FY 2018 onwards, assuming a continuation/replacement of ACA funding and before the payment of debt service. Includes the addback of PBA principal payment previously assumed to be made in July 2016 which in turn had decreased the amount of the assumed expenses extended from FY 2016 to later years (see footnote 1 on page 19 of the Puerto Rico Restructuring Proposal published February 1, 2016).
(3) FY 2016 interest on GO and certain GO-guaranteed debt that was previously assumed to not be paid and to participate in the Commonwealth's exchange proposal. Note that this excludes interest paid to PBA which was already assumed to be paid out of the ongoing debt service set-asides.
(4) Including accreted interest on capital appreciation bonds ("CABs") as well as estimated accrued and unpaid interest and incorporating estimated principal payments that will be made out of existing reserves. Balance excludes PRIFA BANs and GSA debt for illustrative purposes. Note that this figure does not include debt excluded from the FEGP, such as PREPA, PRASA, Children's Trust, HFA and MFA, among other excluded debt and also includes GDB bonds while excluding GDB loans to other issuers included in the FEGP. Note that the analysis shown above assumes that FY 2016 GO and CW-guaranteed debt interest is paid in full .

COFINA Senior Proposal Issues

On February 4th, the COFINA Senior bondholders publicly released a proposal that would restructure the COFINA credit by presumably enabling the COFINA Senior bondholders to accelerate their debt and be repaid in full before any payments of principal or interest to subordinated bondholders, many of whom are Puerto Rico residents

- In order to restructure the COFINA credit, the COFINA Seniors suggested that COFINA would default on its debt, facilitating an acceleration of all of the COFINA Senior debt ahead of any payments to the subordinated notes
- Senior debt would agree to a one-year interest and principal holiday, followed by a gradual step-up in payments to FY 2021, at which point the COFINA structure would receive 2.5% of the SUT, subject to a floor of $600 million per year until fully repaid
- No haircut on COFINA Senior debt and suspension of principal and interest payments to COFINA Subordinated bonds until seniors are paid in full in approximately 25 years (assuming the Base Case)
- While the proposal would facilitate a restructuring of the COFINA cash flows and enable the Commonwealth to access a portion of those cash flows for working capital purposes, it would do so by placing the entire burden on the COFINA Subordinated bonds
- The implementation of this proposal would invite litigation by COFINA Subordinated bondholders
- While the COFINA Senior proposal provides the Commonwealth with liquidity relief through FY 2021, it does not address the repayment of the Commonwealth's remaining ~$42 billion of tax-supported debt and subjects the Commonwealth to significant spikes in debt service, thereby hampering its ability to repay its remaining debt obligations
- Like other proposals provided to the Commonwealth, the COFINA Senior proposal attempts to give full recovery to one class of holders by placing the entirety of the burden on other classes; the Commonwealth believes that any proposal must comprehensively address all credits in order to be successful

Economics of COFINA Proposal(1)

	Growth Assumption		COFINA Sr.	Cumulative Nominal Relief Through		
Growth Cases	**Real**	**Nominal**	**Repayment Year**	**FY 2021**	**FY 2026**	**FY 2050**
Zero Growth Case	(2.0%)	0.0%	2047	$2.1 BN	$3.7 BN	$19.5 BN
Base Case	(1.0%)	1.0%	2041	2.1 BN	3.4 BN	8.6 BN
High Case	2.5%	4.5%	2034	2.0 BN	2.6 BN	N/A

Lower growth results in greater debt relief as debt service is capped at $600 million until COFINA Senior bonds are repaid

Source: Proposal submitted by COFINA Senior lien advisors on February 4, 2016. Note that evaluation of COFINA Senior advisor math remains ongoing; the numbers presented are based on the proposal made to the Commonwealth.
(1) Assumes FY 2016 6.0% SUT collections of $1.4 billion and no benefit from VAT conversion.

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Detailed Counterproposal Terms

Key Proposal Terms – Mandatorily Payable Bonds

<table>
<tr><th></th><th>Original Proposal</th><th>Counterproposal</th></tr>
<tr><td>Mandatory Debt</td><td>All targeted issuers will be allocated a portion of the Base Bond such that, in the Base Bond alone, the total Base Bond allocated to each issuer equals the current market value of the debt of that issuer at a 5.0% required yield,(1) which translates to gross base bond allocations of:
GO: 74% of Current Par(2)
CW-Guaranteed: 65% of Current Par
COFINA: 49% of Current Par
Other : 39% of Current Par
Note that estimated locals receive ~32% of Current Par on an aggregate basis
Exchanging creditors will receive Base Bonds in one of 4 tranches</td><td>All targeted issuers will be allocated two mandatory debt service instruments composed of:
A Base Bond with mandatorily payable principal and interest; total Base Bond face amount allocated to each issuer equals:<table><tr><th>Credit</th><th>Local Opt In</th><th>No Local Opt in</th></tr><tr><td>GO</td><td>80%</td><td>80%</td></tr><tr><td>CW-Guaranteed</td><td>71%</td><td>71%</td></tr><tr><td>COFINA</td><td>57%</td><td>57%</td></tr><tr><td>Other</td><td>50%</td><td>50%</td></tr><tr><td>Local</td><td>100%</td><td>35%</td></tr></table>
A new CAB that will accrete, at 5.0%, to the difference between Current Par and the Base Bond allocated to each credit; the CAB will mature after all Base Bond has been repaid</td></tr>
<tr><td>Maximum Debt Service</td><td>Once principal payments begin in FY 2021, total debt service is held fixed at approximately $1.70 billion (14.7% of FY 2016 projected Base Adjusted Revenues)
“Base Adjusted Revenues,” which represent the minimum level of growth achieved before any incremental payments on account of the Growth Bond may be made, have been sized based on 0% assumed real GNP growth after FY 2017 and 2.0% inflation (such amounts translate in the FEGP model to long-term Base Adjusted Revenue growth of approximately 1.6%, as certain revenues are not projected to grow with GNP)</td><td>Once principal payments begin in FY 2021, total Base Bond and CAB debt service in any year is held fixed at approximately $1.85 billion (15% of FY 2021 projected Base Adjusted Revenues)
“Base Adjusted Revenues” has the same definition as in the original proposal</td></tr>
<tr><td>Principal</td><td>Scheduled amortization begins in FY 2021</td><td>Base Bond (non-local) – scheduled amortization begins in FY 2021
Base Bond (local) – using current assumptions for local holders, scheduled amortization begins in FY 2065, after the CAB is fully repaid
CAB – scheduled amortization begins in FY 2056, after the Base Bond is fully repaid</td></tr>
</table>

Note: Diligence remains ongoing as to the precise level of local holdings and is subject to material change. For illustrative purposes, analysis assumes 100% participation in an exchange.

(1) Market value shall be adjusted to account for accreted and accrued interest, with Base Bonds distributed on account of the interest determined assuming the market prices as a % of par (the remainder distributed in the Growth Bond). Bonds insured by MBIA and Assured Guaranty (“AG”) will receive the market pricing for the bonds not insured by MBIA and AG. In the case of MBIA- and AG-insured COFINA capital appreciation bonds (“CABs”), the market value shall be determined based on the pricing of CABs not insured by MBIA and AG.

(2) Current Par is defined as par plus CAB accretion and accrued interest (as of the estimated time of the exchange). The percentages shown represent the percentage of Base Bond principal allocated to each credit.

Key Proposal Terms – Mandatorily Payable Bonds (cont'd)

	Original Proposal	Counterproposal
Interest	▪ Interest payments begin in FY 2018, starting at 3.0% , staying at 3.0% in FY 2019, increasing to 4.0% in FY 2020, and 5.0% in FY 2021 and thereafter	▪ Non-Local interest begins immediately at 1.1% in FY 2017, 3.0% in FY 2018, 3.3% in FY 2019, 4.1% in FY 2020 and 5.0% thereafter ▪ Local interest begins immediately at 2.0% per annum ▪ The CAB accretes at 5.0% such that total payments equate to forgone par
Final Maturity	▪ GO – FY 2037 ▪ CW-Guaranteed – FY 2040 ▪ COFINA – FY 2048 ▪ Others – FY 2051	(see table below)

Base Bond	Local Opt In	No Local Opt in
GO	2046	2045
CW-Guaranteed	2050	2049
COFINA	2053	2052
Other	2056	2056
Local	2069	2056
CAB	*2065*	*2067*

Note: Diligence remains ongoing as to the precise level of local holdings and is subject to material change. For illustrative purposes, analysis assumes 100% participation in an exchange.

Key Proposal Terms – Contingent Value Component

	Original Proposal	Counterproposal
Exchange Ratio and Tranches	▪ Growth Bond distributions will be based on the difference between current par plus accreted and accrued interest and the Base Bond par amount ▪ Growth Bond will be issued in a single Tranche	▪ NA
Maximum Payments	▪ Total payment due in any year based on the least of: • 10.5% of Adjusted Revenues two years prior less Base Bond debt service two years prior; • 25.0% split of the amount above the Base Adjusted Revenues two years prior; – Commonwealth is entitled to the first 1.0% of Base Adjusted Revenues before the split is applied • $1.8 billion ▪ Payment of amounts due (if any) will be suspended in certain events such as certain extraordinary or unforeseen budgetary expenses or reductions or discontinuations of certain federal assistance to the Commonwealth ▪ Any amounts deferred due to suspension events or hitting the annual cap will be rolled over until paid in full (subject to the final maturity of the Growth Bond) ▪ No interest accrues on the Growth Bond and all payments go to reduce the face amount of Growth Bond outstanding	▪ NA
Maturity	▪ Coterminous with the Base Bond (call provisions TBD)	▪ NA
Commonwealth Guarantee	▪ The payment of the Growth Bond, in the event a payment is owed, will be guaranteed by the Commonwealth ▪ In the event the Commonwealth experiences no revenue growth above the Base Adjusted Revenues, the Growth Bond will be retired without ever receiving a payment and there shall be nothing owed on the guarantee	▪ NA
Collateral	▪ Payments on the Growth Bond will be unsecured	▪ NA

Note: Diligence remains ongoing as to the precise level of local holdings and is subject to material change.

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Counterproposal Key Economics – Local Opt In

The summary below provides a comparison of the key economics of the Original Proposal as compared to the Counterproposal, assuming certain local holders select the local option

Original Proposal ($ millions)

	Current Structure			Base Bond			Growth Bond[1]		Total (Base + Growth)		
	Par + Accreted & Accrued Int.[2]	Market Price[3] (1/28)	Total Debt Service	Base Bond Par	Base Bond % of Par + Accrued	Total Debt Service	Growth Bond Par	Total Debt Service	Total Par	Total % of Par + Accrued	Total Debt Service
GO	$12,913	66.8%	$23,237	$9,583	74.2%	$15,371	$3,330	$3,330	$12,913	100.0%	$18,701
CW Guaranteed	4,096	58.5%	6,879	2,661	65.0%	5,441	1,435	1,435	4,096	100.0%	6,876
COFINA Non-Local	15,175	45.5%	43,434	7,669	50.5%	17,640	7,506	7,506	15,175	100.0%	25,146
Other Non-Local	9,019	40.0%	15,016	4,012	44.5%	10,109	5,008	5,008	9,019	100.0%	15,117
Total Non-Local	**$41,203**	**52.3%**	**$88,565**	**$23,925**	**58.1%**	**$48,561**	**$17,278**	**$17,278**	**$41,203**	**100.0%**	**$65,840**
Assumed Local[4]	$8,011	29.0%	$18,529	$2,584	32.3%	$6,776	$5,427	$5,427	$8,011	100.0%	$12,202
Total	**$49,214**	**48.5%**	**$107,094**	**$26,509**	**53.9%**	**$55,337**	**$22,705**	**$22,705**	**$49,214**	**100.0%**	**$78,042**
Reserve Capacity	–	–	–	–	–	–	–	–	–	–	–
Total (w/ Res. Cap)	**$49,214**	**48.5%**	**$107,094**	**$26,509**	**53.9%**	**$55,337**	**$22,705**	**$22,705**	**$49,214**	**100.0%**	**$78,042**

Memo Items:
Reduction in Mandatorily Payable Debt *$22,705*
Reduction in Mandatorily Payable Debt Service *$51,757*

Counterproposal ($ millions)

	Current Structure			Base Bond			CAB		Total (Base + CAB)		
	Par + Accreted & Accrued Int.[2]	Market Price[3] (3/17)	Total Debt Service	Base Bond Par	Base Bond % of Par + Accrued	Total Debt Service	CAB Initial Value	CAB Maturity Value	Initial Total Par	Total % of Par + Accrued	Total Debt Service
GO	$12,913	65.4%	$23,237	$10,394	80.5%	$19,926	$284	$2,519	$10,678	82.7%	$22,445
CW Guaranteed	4,096	57.4%	6,879	2,891	70.6%	7,304	136	1,205	3,027	73.9%	8,509
COFINA Non-Local	15,175	46.7%	43,434	8,721	57.5%	20,299	728	6,454	9,449	62.3%	26,753
Other Non-Local	9,056	40.7%	15,016	4,545	50.2%	12,883	509	4,512	5,054	55.8%	17,395
Total Non-Local	**$41,240**	**52.3%**	**$88,565**	**$26,551**	**64.4%**	**$60,412**	**$1,657**	**$14,690**	**$28,208**	**68.4%**	**$75,103**
Assumed Local[4]	$8,011	28.0%	$18,529	$8,011	100.0%	$16,163	–	–	$8,011	100.0%	$16,163
Total	**$49,251**	**48.4%**	**$107,094**	**$34,562**	**70.2%**	**$76,575**	**$1,657**	**$14,690**	**$36,219**	**73.5%**	**$91,266**
Reserve Capacity	NA	NA	–	$1,200	NA	$2,464	–	–	$1,200	NA	$2,464
Total (w/ Reserve Capacity)	**$49,251**	**NA**	**$107,094**	**$35,762**	**NA**	**$79,039**	**$1,657**	**$14,690**	**$37,419**	**NA**	**$93,729**

Memo Items:
Reduction in Mandatorily Payable Debt *$11,832*
Reduction in Mandatorily Payable Debt Service *$13,365*

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Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals. The estimate of local holders that will select the local treatment is an assumption for illustrative purposes only and diligence as to the precise level of local holdings is ongoing, and, as a result the numbers shown above could change materially.

(1) Based on 2.5% Real / 4.0% Nominal Growth Starting in FY 2022+.
(2) Including accretion of interest on capital appreciation bonds ("CABs") and estimated accrued and unpaid interest at the estimated time of the exchange, as well as estimated principal payments that will be made out of existing reserves.
(3) Market prices are illustratively shown as a percentage of current par plus accreted and accrued interest of all debt excluding debt insured by Assured/National. Pricing based on JJ Kenney pricing (with the exception of GDB guaranteed notes which are assumed to be priced similar to PBA), though JJ Kenney pricing is quoted based on the fully accreted value of CABs. In the actual exchange offer, exchange ratios will account for accrued interest, but may be quoted solely on a par basis.
(4) Local participation from the Original Proposal has been illustratively assumed to have had the same weighted average pricing of the relevant credit. Specific CUSIPs have not been allocated in all cases of assumed local holdings.

Counterproposal Key Economics – Local Opt In (cont'd)

The table below provides a summary of the difference between the Original Proposal and the Counterproposal, assuming certain local holders select the local option

Difference (Counterproposal vs. Original) ($ millions)

	Difference (Counter Base vs. Original Base)			Difference (Counter Base + CAB vs. Original Base)		
	Total Par	Total % of Par + Accrued	Total Debt Service	Total Par	Total % of Par + Accrued	Total Debt Service
GO	$811	6.3%	$4,555	$1,095	8.5%	$7,074
CW Guaranteed	230	5.6%	1,863	366	8.9%	3,068
COFINA Non-Local	1,052	6.9%	2,659	1,780	11.7%	9,113
Other Non-Local	533	5.7%	2,774	1,042	11.3%	7,286
Total Non-Local	**$2,626**	**6.3%**	**$11,851**	**$4,283**	**10.3%**	**$26,542**
Assumed Local	$5,427	67.7%	$9,387	$5,427	67.7%	$9,387
Total	**$8,053**	**16.3%**	**$21,239**	**$9,710**	**19.7%**	**$35,929**
Reserve Capacity	$1,200	NA	$2,464	$1,200	NA	$2,464
Total (w/ Res. Cap)	**$9,253**	**NA**	**$23,702**	**$10,910**	**NA**	**$38,393**

Memo Items:

Difference in Mandatorily Payable Debt	*$10,910*
Difference in Mandatorily Payable Debt Service	*$38,393*

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Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals. The estimate of local holders that will select the local treatment is an assumption for illustrative purposes only and diligence as to the precise level of local holdings is ongoing, and, as a result the numbers shown above could change materially.

Counterproposal Key Economics – No Local Opt In

The summary below provides a comparison of the key economics of the Original Proposal as compared to the Counterproposal, assuming local holders do *not* select the local option

Original Proposal ($ millions)

	Current Structure			Base Bond			Growth Bond[1]		Total (Base + Growth)		
	Par + Accreted & Accrued Int.[2]	Market Price[3] (1/28)	Total Debt Service	Base Bond Par	Base Bond % of Par + Accrued	Total Debt Service	Growth Bond Par	Total Debt Service	Total Par	Total % of Par + Accrued	Total Debt Service
GO	$12,913	66.8%	$23,237	$9,583	74.2%	$15,371	$3,330	$3,330	$12,913	100.0%	$18,701
CW Guaranteed	4,096	58.5%	$6,879	2,661	65.0%	5,441	1,435	1,435	4,096	100.0%	6,876
COFINA	17,198	48.6%	$50,498	8,355	48.6%	19,283	8,843	8,843	17,198	100.0%	28,126
Other	15,008	35.5%	26,480	5,910	39.4%	15,241	9,098	9,098	15,008	100.0%	24,339
Total	**$49,214**	**48.5%**	**$107,094**	**$26,509**	**53.9%**	**$55,337**	**$22,705**	**$22,705**	**$49,214**	**100.0%**	**$78,042**
Reserve Capacity	–	–	–	–	–	–	–	–	–	–	–
Total (w/ Res. Cap)	**$49,214**	**48.5%**	**$107,094**	**$26,509**	**53.9%**	**$55,337**	**$22,705**	**$22,705**	**$49,214**	**100.0%**	**$78,042**
Memo Items:											
Reduction in Mandatorily Payable Debt				*$22,705*							
Reduction in Mandatorily Payable Debt Service				*$51,757*							

Counterproposal ($ millions)

	Current Structure			Base Bond			CAB		Total (Base + CAB)		
	Par + Accreted & Accrued Int.[2]	Market Price[3] (3/17)	Total Debt Service	Base Bond Par	Base Bond % of Par + Accrued	Total Debt Service	CAB Initial Value	CAB Maturity Value	Initial Total Par	Total % of Par + Accrued	Total Debt Service
GO	$12,913	65.4%	$23,237	$10,394	80.5%	$19,550	$266	$2,519	$10,660	82.6%	$22,069
CW Guaranteed	4,096	57.4%	6,879	2,891	70.6%	7,147	127	1,205	3,018	73.7%	8,352
COFINA	17,198	44.7%	50,498	9,464	55.0%	21,898	816	7,734	10,280	59.8%	29,632
Other	15,044	35.4%	26,480	6,557	43.6%	18,552	895	8,487	7,453	49.5%	27,040
Total	**$49,251**	**48.4%**	**$107,094**	**$29,306**	**59.5%**	**$67,147**	**$2,104**	**$19,946**	**$31,410**	**63.8%**	**$87,093**
Reserve Capacity	NA	NA	–	$1,200	NA	$2,415	–	–	$1,200	NA	$2,415
Total (w/ Reserve Capacity)	**$49,251**	**NA**	**$107,094**	**$30,506**	**NA**	**$69,562**	**$2,104**	**$19,946**	**$32,610**	**NA**	**$89,508**
Memo Items:											
Reduction in Mandatorily Payable Debt				*$16,641*							
Reduction in Mandatorily Payable Debt Service				*$17,586*							

Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals.

(1) Based on 2.5% Real / 4.0% Nominal Growth Starting in FY 2022+.

(2) Including accretion of interest on capital appreciation bonds ("CABs") and estimated accrued and unpaid interest at the estimated time of the exchange, as well as estimated principal payments that will be made out of existing reserves.

(3) Market prices are illustratively shown as a percentage of current par plus accreted and accrued interest of all debt excluding debt insured by Assured/National. Pricing based on JJ Kenney pricing (with the exception of GDB guaranteed notes which are assumed to be priced similar to PBA), though JJ Kenney pricing is quoted based on the fully accreted value of CABs. In the actual exchange offer, exchange ratios will account for accrued interest, but may be quoted solely on a par basis.

Counterproposal Key Economics – No Local Opt In (cont'd)

The table below provides a summary of the difference between the Original Proposal and the Counterproposal, assuming local holders do *not* select the local option

Difference (Counterproposal vs. Original) ($ millions)

	Difference (Counter Base vs. Original Base)			Difference (Counter Base + CAB vs. Original Base)		
	Initial Total Par	Total % of Par + Accrued	Total Debt Service	Initial Total Par	Total % of Par + Accrued	Total Debt Service
GO	$811	6.3%	$4,178	$1,077	8.3%	$6,697
CW Guaranteed	230	5.6%	1,707	357	8.7%	2,911
COFINA	1,109	6.4%	2,615	1,925	11.2%	10,349
Other	647	4.2%	3,311	1,543	10.2%	11,798
Total	**$2,797**	**5.6%**	**$11,811**	**$4,901**	**9.9%**	**$31,756**
Reserve Capacity	$1,200	NA	$2,415	$1,200	NA	$2,415
Total (w/ Res. Cap)	**$3,997**	**NA**	**$14,226**	**$6,101**	**NA**	**$34,171**

Memo Items:

Difference in Mandatorily Payable Debt	*$6,101*
Difference in Mandatorily Payable Debt Service	*$34,171*

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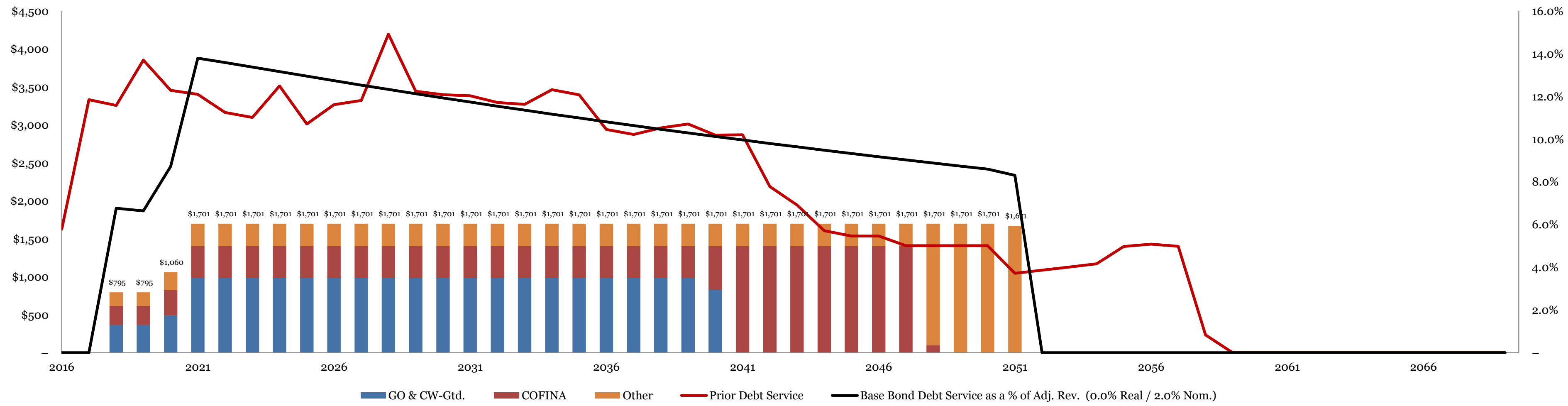
Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals.

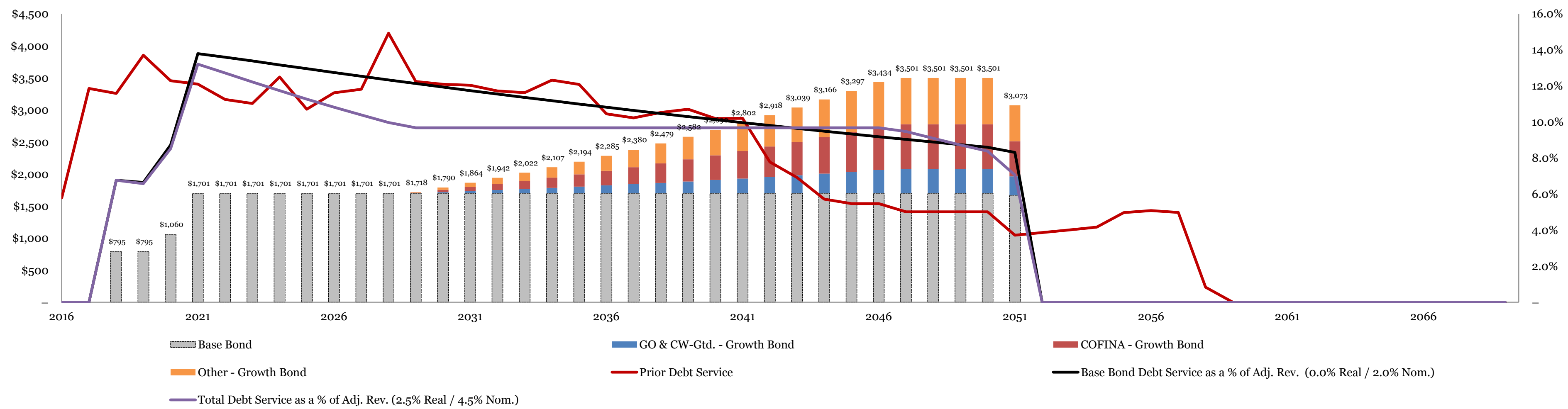
Original Proposal – Debt Service Details

The charts below provide debt service details broken down by credit for the Original Proposal

Base Bond Only ($ millions)



Base Bond + Growth Bond ($ millions)

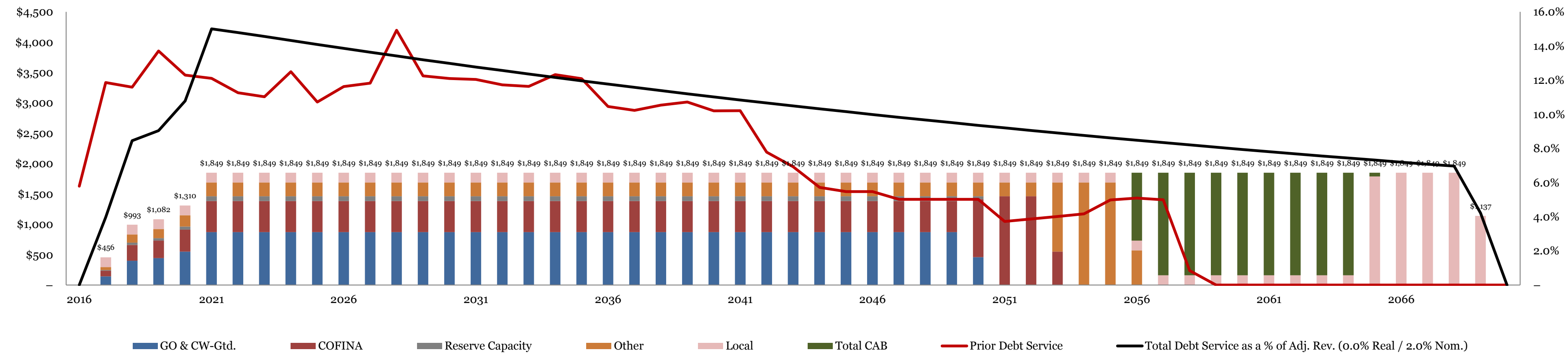


Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange.

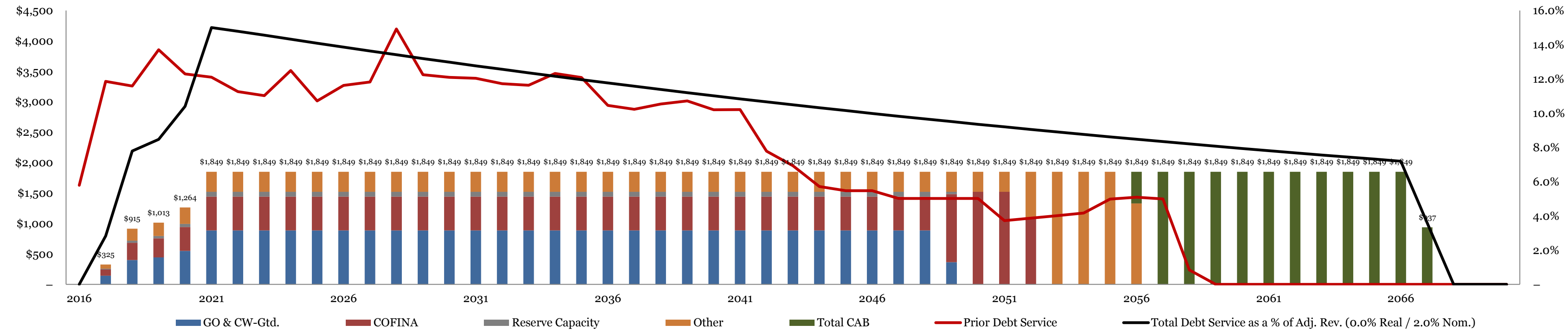
Counterproposal – Debt Service Details

The charts below provide debt service details by credit for the Counterproposal, assuming either the local holders opt in or they do not opt in to the local treatment

Counterproposal – Local Opt In ($ millions)



Counterproposal – No Local Opt In ($ millions)



Note: Analysis as provided by Citigroup. For illustrative purposes, analysis assumes 100% participation in an exchange. Estimated starting par plus accrued and accreted balances at the time of the illustrative exchange have changed minimally since previous proposals. The estimate of local holders that will select the local treatment is an assumption for illustrative purposes only and diligence as to the precise level of local holdings is ongoing, and, as a result the numbers shown above could change materially.

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