



official statement

PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

June 26, 2023

Statement by AAFAF executive director Omar Marrero regarding the decision on the estimation of unsecured claims of the Puerto Rico Electric Power Authority (PREPA) bondholders

Vindicating the positions of Governor Pierluisi's Administration, today, Judge Laura Taylor Swain ruled that PREPA's bondholders have an unsecured claim against PREPA for \$2.388 billion-not the approximately \$9 billion bondholders claimed - a reduction in the value of their claim of approximately 75%. This is the Government's second crucial victory against PREPA's bondholders; earlier this year, Judge Swain ruled that the bondholders have no secured claims against PREPA or its future revenues because of the lien challenge litigation brought by AAFAF and the Fiscal Oversight Board.

Judge Swain's opinion is the result of a careful evaluation of the legal and factual arguments that AAFAF - and other relevant parties - presented to the Court. The Judge in today's decision emphasized that AAFAF understands Puerto Rico, its regulatory regime, and PREPA's circumstances, which the bondholders completely abstracted from in their calculations and positions.

This determination would not have been possible had the Pierluisi Administration withheld the crucial decision to terminate PREPA's 2019 Restructuring Support Agreement in March 2022 (known as the "RSA"). Today's opinion will have far-reaching consequences for PREPA's restructuring and demonstrates the diligence and zeal with which the Pierluisi Administration has represented and fought for the well-being of PREPA's customers and the people of Puerto Rico. Although the process is not over, today's determination

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is an important step in advocating for a restructured PREPA as a tool for economic development.



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