

Bring COMMON SENSE to Puerto Rico's Recovery

A MESSAGE FROM ASSURED GUARANTY

Assured Guaranty helps provide funding for public projects such as the construction of hospitals, schools, roads and bridges. We have done this in Puerto Rico and in cities and communities across America. Our goal is to help municipal governments gain access to funding for essential public projects at more affordable rates.

Assured Guaranty has a long-term involvement in the bonds used to fund many Puerto Rico projects, and we share an interest in the Commonwealth's economic recovery.

But major obstacles must be resolved.

HERE ARE THE FACTS:

The decisions made now will determine whether or not the Commonwealth can recover from its fiscal distress.

- Puerto Rico's long-term economic sustainability depends on future investment and access to capital markets.
- Investors will not be willing to make those investments if previous agreements are not honored.
- The latest estimates show that ample funds are available for both essential public services *and* debt repayment.
- Recovery plans have been developed without transparency or meaningful dialogue with all stakeholders, including creditors.
- The Commonwealth is proposing to spend \$1.4 billion for litigation expenses and consultant fees without providing for debt service.
- The Commonwealth apparently would rather litigate than work cooperatively with creditors and other stakeholders to develop a realistic solution.

Puerto Rico's laws and constitutional provisions relating to its debt were written to attract investors to Puerto Rico and provide those investors with assurances that Puerto Rico's debts would be paid.

- Puerto Rico law and its constitution clearly state that general obligation debt must be paid first, before any other expenses.
- The Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) requires that fiscal plans must respect contractual liens and constitutional priorities established under Commonwealth law.
- Hundreds of thousands of individuals in Puerto Rico and across the United States invested in reliance on these laws.
- These bondholders are U.S. citizens, taxpayers and voters, and the bonds they own generally were not, as is often suggested, purchased at steep discounts.
- Congress specified an explicit dual purpose for PROMESA and the Oversight Board: to establish fiscal responsibility and access to the capital markets.
- Violating investors' rights will erode their trust in Puerto Rico and shake investor confidence across the U.S. municipal bond market.

Assured Guaranty believes Puerto Rico's recovery is only possible with the creation of fiscal plans that:

- Comply with PROMESA and the constitutions and laws of Puerto Rico and the United States;
- Make possible future capital market access by reassuring investors;
- And, most importantly, assure a sustainable economic future for the people of Puerto Rico.

We believe if Puerto Rico and the Oversight Board make the right decisions now, the island can rebuild its economy, and we can play a constructive role in the recovery. Before certification of fiscal plans, we ask that the Commonwealth and Oversight Board open constructive negotiations with creditors and stakeholders. We remain willing and ready.

ONLY A FAIR, CONSENSUAL RESTRUCTURING THAT HONORS THE RULE OF LAW CAN GIVE PUERTO RICO A SUSTAINABLE ECONOMIC FUTURE