

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor: **PUERTO RICO INFRASTRUCTURE FINANCING AUTHORITY**

Obligations: **Consisting of:**
(AS FURTHER DESCRIBED ON THE REVERSE HEREOF)

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

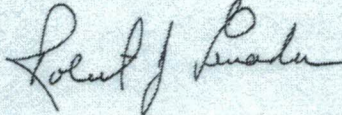
In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

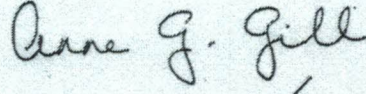
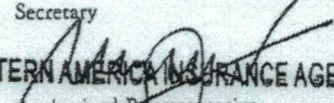
As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.


President

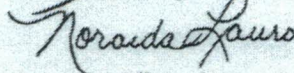



Secretary

EASTERN AMERICA INSURANCE AGENCY, INC.
Authorized Representative

Effective Date: **June 16, 2005**

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

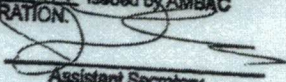

Authorized Officer of Insurance Trustee

Obligations: \$115,993,063.65 of \$309,102,577.35 in aggregate principal amount of Special Tax Revenue Bonds, Series 2005A, dated June 16, 2005 with \$23,779,963.20 Capital Appreciation Bonds maturing on July 1, 2029; \$18,448,735.05 Capital Appreciation Bonds maturing on July 1, 2034; \$17,566,407.30 Capital Appreciation Bonds maturing on July 1, 2035; \$16,774,069.95 Capital Appreciation Bonds maturing on July 1, 2036; \$11,460,988.15 Capital Appreciation Bonds maturing on July 1, 2037; \$14,311,260.00 Capital Appreciation Bonds maturing on July 1, 2043; \$13,651,640.00 Capital Appreciation Bonds maturing on July 1, 2044; and

\$535,650,338.80 of \$699,235,338.80 in aggregate principal amount of Special Tax Revenue Refunding Bonds, Series 2005C, dated June 16, 2005 with \$238,650,000 in aggregate principal amount of Serial Bonds maturing on July 1 in the years 2011 through 2018, both inclusive; \$283,465,000 in aggregate principal amount of Serial Bonds maturing on July 1 in the years 2023 through 2028, both inclusive; and \$13,535,338.80 Capital Appreciation Bonds maturing on July 1, 2028.

The Paying Agent is U.S. Bank Trust National Association, New York, New York.

The undersigned hereby certifies that this document is a true and correct copy of the Financial Guaranty Insurance Policy. Policy No. 241218 issued by AMBAC ASSURANCE CORPORATION.


Assistant Secretary

Date June 15, 2005

NEW ISSUE**Book-Entry Only****\$1,332,962,916.15****PUERTO RICO INFRASTRUCTURE FINANCING AUTHORITY****\$309,102,577.35 Special Tax Revenue Bonds, Series 2005A****\$324,625,000 Special Tax Revenue Bonds, Series 2005B****\$699,235,338.80 Special Tax Revenue Refunding Bonds, Series 2005C**

The \$309,102,577.35 Special Tax Revenue Bonds, Series 2005A, the \$324,625,000 Special Tax Revenue Bonds, Series 2005B, and the \$699,235,338.80 Special Tax Revenue Refunding Bonds, Series 2005C, are being issued by Puerto Rico Infrastructure Financing Authority pursuant to a Trust Agreement, dated as of October 1, 1988, as amended, with U.S. Bank Trust National Association, successor trustee.

The Series 2005 Bonds, together with any outstanding bonds that the Authority has issued and may issue from time to time under said Trust Agreement, are payable solely from and secured by a pledge of the revenues of the Authority, consisting of a specified amount of the first proceeds received by the Commonwealth of Puerto Rico of federal excise taxes imposed on rum and other articles produced in Puerto Rico and sold in the United States, which taxes are collected by the United States Treasury and returned to the Commonwealth, and other moneys deposited in the Sinking Fund established under the Trust Agreement. If the federal excise taxes returned to the Commonwealth in any fiscal year fall below such specified amount, the deficiency shall be payable from appropriations which the Legislature of Puerto Rico may, but is not legally required to, make upon request by the Authority. Such federal excise taxes, however, are subject to being applied first to the payment of general obligation debt of and debt guaranteed by the Commonwealth, if other Commonwealth revenues are not sufficient therefor.

The Series 2005 Bonds will have the following characteristics:

- The Series 2005 Bonds will be dated their date of delivery.
- The Series 2005 Bonds will be registered under The Depository Trust Company's book-entry only system. Purchasers of the Series 2005 Bonds will not receive definitive Series 2005 Bonds.
- Interest on the Series 2005 Bonds (other than the Capital Appreciation Bonds identified on the inside cover page) will be payable on January 1 and July 1 of each year, commencing January 1, 2006 and, in the case of the Series 2005C Bonds, July 1, 2005. Interest on the Capital Appreciation Bonds will accrue but will not be paid semi-annually. Instead, it will be paid at maturity or earlier redemption as part of the Bonds' Accreted Value.
- The Series 2005 Bonds are subject to redemption as described herein.
- The inside cover page contains information concerning the maturity schedule, interest rates, and yields of the Series 2005 Bonds.
- Payment of the principal of and interest on the Series 2005A Bonds, certain Series 2005B Bonds and the Series 2005C Bonds when due will be insured by bond insurance policies as indicated on the inside cover page and as described herein.
- The issuance of the Series 2005 Bonds and the purchase of the Series 2005 Bonds by the Underwriters are subject to approval and legality by Sidley Austin Brown & Wood LLP, New York, New York, Bond Counsel, and certain conditions.
- In the opinion of Bond Counsel, under existing federal laws and regulations, interest on the Series 2005 Bonds will not be includable in gross income for federal income tax purposes and the Series 2005 Bonds and interest thereon will be exempt from state, Commonwealth and local income taxation. However, see *Tax Matters*, beginning on page 27 of this Official Statement, for alternative minimum tax consequences with respect to interest on the Series 2005 Bonds, a description of certain rules that must be complied with to preserve federal tax exemption of interest, and other tax considerations.
- McConnell Valdés, San Juan, Puerto Rico, will pass upon certain legal matters for the Underwriters.
- It is expected that settlement for the Series 2005 Bonds will occur on or about June 16, 2005.

UBS FINANCIAL SERVICES INC. BANC OF AMERICA SECURITIES LLC**Citigroup****Lehman Brothers****Samuel A. Ramírez & Co.****June 2, 2005****Goldman, Sachs & Co.****Morgan Stanley****MERRILL LYNCH & CO.****JP Morgan****Raymond James & Associates, Inc.****Wachovia Bank, National Association**

\$309,102,577.35
Special Tax Revenue Bonds, Series 2005A

\$81,920,000 Serial Bonds*

Maturity July 1,	Principal Amount	Interest Rate	Yield	Maturity July 1,	Principal Amount	Interest Rate	Yield
2014	\$3,890,000	4.50%	3.49%	2022	\$5,525,000	5.50%	3.93%
2015	4,065,000	4.50%	3.57%	2023	5,835,000	5.50%	3.94%
2016	4,245,000	4.00%	3.64%	2024	6,155,000	5.50%	3.96%
2017	4,415,000	4.00%	3.71%	2025	6,495,000	5.50%	3.98%
2018	4,600,000	4.00%	3.78%	2026	6,850,000	5.50%	4.01%
2019	4,780,000	4.00%	3.83%	2027	7,230,000	5.50%	4.02%
2020	4,970,000	5.50%	3.87%	2028	7,625,000	5.50%	4.03%
2021	5,240,000	5.50%	3.91%				

Capital Appreciation Bonds

\$227,182,577.35

\$23,779,963.20 Capital Appreciation Bonds due July 1, 2029 - Yield 4.56%†
 \$22,510,254.90 Capital Appreciation Bonds due July 1, 2030 - Yield 4.60%*
 \$21,400,138.95 Capital Appreciation Bonds due July 1, 2031 - Yield 4.62%*
 \$20,336,424.30 Capital Appreciation Bonds due July 1, 2032 - Yield 4.64%*
 \$19,318,407.90 Capital Appreciation Bonds due July 1, 2033 - Yield 4.66%*
 \$18,448,735.05 Capital Appreciation Bonds due July 1, 2034 - Yield 4.66%†
 \$17,566,407.30 Capital Appreciation Bonds due July 1, 2035 - Yield 4.67%†
 \$16,774,069.95 Capital Appreciation Bonds due July 1, 2036 - Yield 4.67%†
 \$11,460,988.15 Capital Appreciation Bonds due July 1, 2037 - Yield 4.67%†
 \$15,001,840.00 Capital Appreciation Bonds due July 1, 2042 - Yield 4.77%*
 \$14,311,260.00 Capital Appreciation Bonds due July 1, 2043 - Yield 4.77%†
 \$13,651,640.00 Capital Appreciation Bonds due July 1, 2044 - Yield 4.77%†
 \$12,622,447.65 Capital Appreciation Bonds due July 1, 2045 - Yield 4.77%*

\$324,625,000

Special Tax Revenue Bonds, Series 2005B

\$10,780,000 Serial Bonds*

Maturity July 1,	Principal Amount	Interest Rate	Yield
2011	\$3,455,000	4.00%	3.16%
2012	3,590,000	4.00%	3.28%
2013	3,735,000	4.00%	3.39%

\$20,000,000 - 5.00% Term Bonds due July 1, 2037 - Yield 4.50% (approx. price to call 104.001%)
 \$293,845,000 - 5.00% Term Bonds due July 1, 2041 - Yield 4.54% (approx. price to call 103.674%)

\$699,235,338.80

Special Tax Revenue Refunding Bonds, Series 2005C

\$685,700,000 Serial Bonds

Maturity July 1,	Principal Amount	Interest Rate	Yield	Maturity July 1,	Principal Amount	Interest Rate	Yield
2011	\$24,550,000†	5.50%	3.16%	2020	\$39,745,000*	5.50%	3.87%
2012	25,900,000†	5.50%	3.28%	2021	41,930,000*	5.50%	3.91%
2013	27,325,000†	5.50%	3.39%	2022	44,240,000*	5.50%	3.93%
2014	28,825,000†	5.50%	3.49%	2023	46,670,000†	5.50%	3.94%
2015	30,410,000†	5.50%	3.57%	2024	49,235,000†	5.50%	3.96%
2016	32,085,000†	5.50%	3.64%	2025	51,945,000†	5.50%	3.98%
2017	33,850,000†	5.50%	3.71%	2026	54,800,000†	5.50%	4.01%
2018	35,705,000†	5.50%	3.78%	2027	57,815,000†	5.50%	4.02%
2019	37,670,000*	5.50%	3.83%	2028	23,000,000†	5.50%	4.03%

\$13,535,338.80 Capital Appreciation Bonds due July 1, 2028 - Yield 4.53%†

* Insured by Financial Guaranty Insurance Company

† Insured by Ambac Assurance Corporation

Requirements on account of all Bonds and Debt Service Components Outstanding for each applicable Fiscal Year following the issuance of such refunding bonds are equal to or less than the Principal and Interest Requirements for each such Fiscal Year on account of all Bonds and Debt Service Components Outstanding immediately prior to such issuance of such refunding Bonds; or (ii) the maximum aggregate Principal and Interest Requirements for any Fiscal Year thereafter on account of the Bonds and Debt Service Components Outstanding after the issuance of such refunding Bonds shall be equal to or less than the maximum aggregate Principal and Interest Requirements for any Fiscal Year thereafter on account of the Bonds and Debt Service Components Outstanding prior to the issuance of such refunding Bonds.

BOND INSURANCE

Ambac Insured Bonds

The following information has been furnished by Ambac Assurance for use in this Official Statement. Reference is made to Appendix VI to this Official Statement for a specimen of the Ambac Insurance Policy. No representation is made by the Authority or the Underwriters as to the accuracy or completeness of this information.

Payment Pursuant to Ambac Insurance Policy. Ambac Assurance has made a commitment to issue the Ambac Insurance Policy relating to the Ambac Insured Bonds effective as of the date of issuance of the Ambac Insured Bonds. Under the terms of the Ambac Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Ambac Insured Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Ambac Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Ambac Insured Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Ambac Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Ambac Insured Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Ambac Insured Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Ambac Insured Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Ambac Insured Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on an Ambac Insured Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Ambac Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Ambac Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; or
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee.

and Interest Requirements for any Fiscal Year thereafter on account of all Bonds and Debt Service Components Outstanding prior to the issuance of such refunding Bonds.

Investment of Moneys

Moneys in the Bond Service Account and the Redemption Account shall, to the extent possible, be continuously invested at the written direction of the Authority, in Government Obligations that shall mature, or that shall be subject to redemption at the option of the holder thereof, not later than the respective dates when moneys held for the credit of said accounts will be required for the purposes intended.

Any investment earnings and profit or loss realized on the sale or maturity of such Obligations shall be credited or debited to the holding fund or account. If the required deposit to any account in the Sinking Fund has been made for the current Fiscal Year, investment earnings on moneys in such account shall be deposited to any other account of the Sinking Fund for which a required deposit has not been made, in the order provided above (see "Sinking Fund and Accounts"), and thereafter shall be credited to the Puerto Rico Infrastructure Fund.

No Impairment

So long as any of the Bonds shall be Outstanding, none of the Pledged Revenues will be used for any purpose other than as provided in the Trust Agreement, and no contract or contracts will be entered into or any action taken by which the rights of the Trustee or of the holders to such Pledged Revenues might be impaired or diminished.

Inclusion of Shortfall in Budget; Request for Advances

If the amount of projected Special Tax Revenues in any fiscal year of the Commonwealth is less than the maximum amount required to be so deposited under the Act, the Authority shall request the Director of the Office of Budget and Management of the Commonwealth to include in the budget the necessary appropriations to cover such deficiency. If in any fiscal year the amount of Special Tax Revenues deposited to the credit of the Infrastructure Fund are insufficient to permit the Authority to make the required deposits into the Sinking Fund, the Authority shall immediately notify the Secretary of the Treasury of the amount of such insufficiency and shall request said Secretary to make in accordance with the Act one or more advances to the Authority aggregating the amount of such insufficiency from and to the extent of any available funds under the control of said Secretary. The Authority shall deposit all such advances as and if received to the credit of the appropriate accounts in the Sinking Fund.

Enforcement of Remedies

There are no events of default under the Trust Agreement and the principal of the Bonds Outstanding is not subject to acceleration. At the request of the holders of not less than twenty percent (20%) of the aggregate principal amount of Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the holders under the laws of the Commonwealth or under the Trust Agreement.

Supplemental Agreements Without Bondholder's Consent

The Authority and the Trustee may from time to time and at any time, enter into agreements supplemental to the Trust Agreement, as shall not be inconsistent with the terms and provisions thereof, for the following purposes, among others:

(a) to cure any ambiguity or formal defect or omission in the Trust Agreement or to correct or supplement any provision contained therein that may be defective or inconsistent with any other provisions contained therein; or

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee; or

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

PUERTO RICO INFRASTRUCTURE FINANCING
AUTHORITY,

Applicant.

PROMESA
Title VI

No. _____

**QUALIFYING MODIFICATION PURSUANT TO PROMESA TITLE VI FOR THE
PUERTO RICO INFRASTRUCTURE FINANCING AUTHORITY**

PROSKAUER ROSE LLP

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*Attorneys for Puerto Rico Infrastructure
Financing Authority as Issuer and AAFAF as
Fiscal Agent for the Issuer*

Dated: October 5, 2021

PRIFA TITLE VI PROCEEDINGS

Bondholders Request Certification of Qualifying Modification

On August 13, 2021, Ambac Assurance Corporation (“Ambac”) and Financial Guaranty Insurance Company (“FGIC”), pursuant to PROMESA § 601(i), proposed a “Modification” of the Bonds under Title VI of PROMESA, and requested that the Oversight Board, as Administrative Supervisor, certify the Modification as a “Qualifying Modification” under Section 601(g)(2)(A) of PROMESA (the “Certification Request”).

In the Certification Request, Ambac and FGIC submitted that the requirements of Section 601(g)(2)(A) had been satisfied because:

- The requirement of PROMESA Section 104(i)(2) that a majority in amount of impacted creditors are parties to the Voluntary Agreement is satisfied because Ambac and FGIC hold in excess of a majority.
- The requirement of PROMESA Section 104(i)(2) that the Oversight Board, in its sole discretion, find that the Modification “provides . . . for a sustainable level of debt of such . . . covered territorial instrumentality” is met because the proposed modification executes the terms of the PRIFA Related Plan Support Agreement, which the Oversight Board joined as a signatory, and thus has the support of the Oversight Board
- Finally, the Same Consideration Requirement required under PROMESA Section 601(g)(1)(B) is met as there is only one Pool, with all holders in such Pool offered the same consideration.

Certification of the Qualifying Modification

On August 27, 2021, the Oversight Board issued a resolution (the “Certification Resolution”):

- authorizing PRIFA, pursuant to Section 601(e) of PROMESA, to avail itself of Title VI of PROMESA;
- certifying the PRIFA Related Plan Support Agreement as a Voluntary Agreement under Section 104(i)(1) of PROMESA; and
- certifying the PRIFA Related Plan Support Agreement as a Qualifying Modification pursuant to Section 601(g)(2)(A) of PROMESA.

Establishment of a Pool

On September 24, 2021, the Oversight Board issued a resolution certifying the Participating Bond Claims as the only Pool pursuant to Section 601(d) of PROMESA.

Satisfaction of the Information Delivery Requirement

On September 28, 2021, the Oversight Board acknowledged receipt of the Information Delivery Requirement pursuant to Section 601(f) of PROMESA. The Oversight Board has not confirmed the accuracy or determined the adequacy of such information.