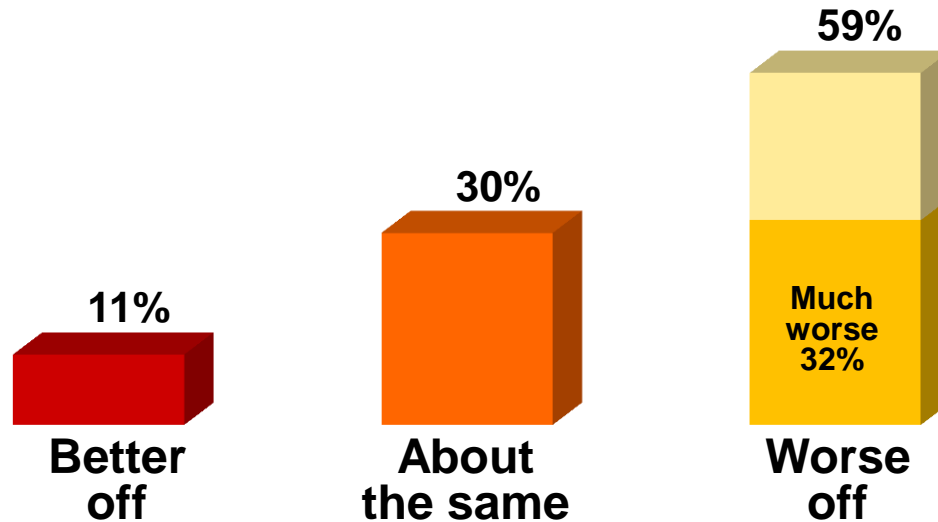


The 2016 Campaign and the Road Ahead

Most believe that they are doing worse than they were four years ago.

My family's situation today, compared with four years ago is:
(October 2015)



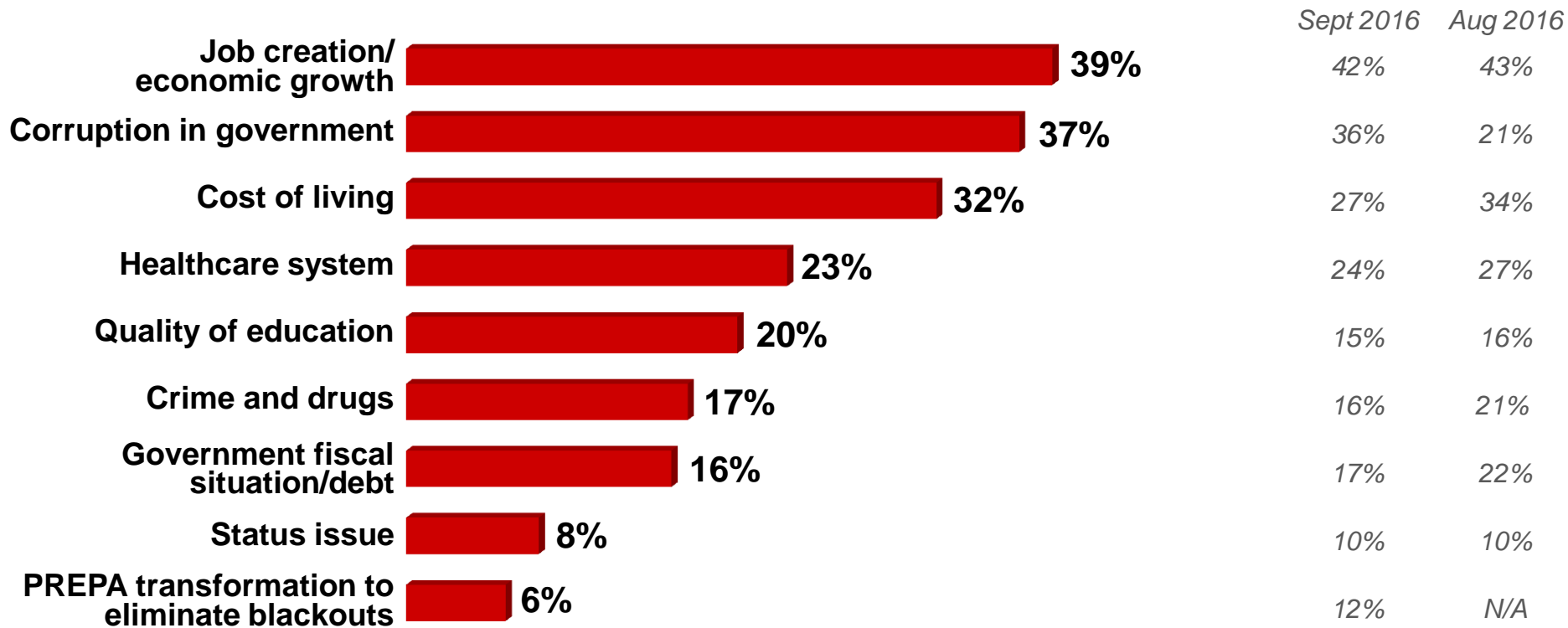
Cost of living is the MAJOR reason why people believe their situation is worse off.

(Among respondents who say their situation is worse off)

Things are more expensive, everything is too expensive, cost of living	47%
Taxes are too high, IVA is killing us	19%
There is no work, there are no jobs	17%
The economy is in bad shape, terrible	17%
The cost of electricity has increased	11%

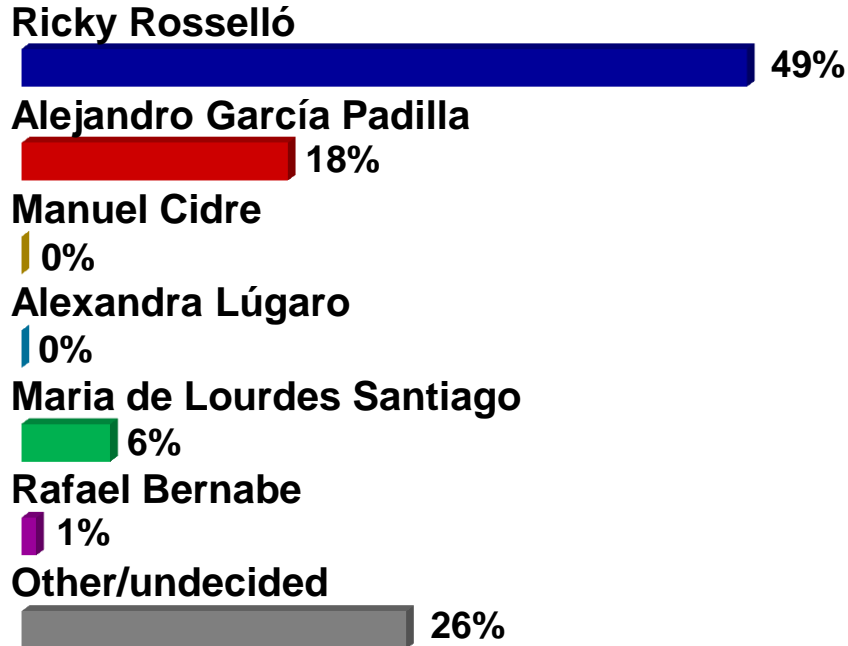
Economic and cost of living rank at the top of issues to address, while corruption continues to rise.

Two most important issues for government to improve the situation in Puerto Rico

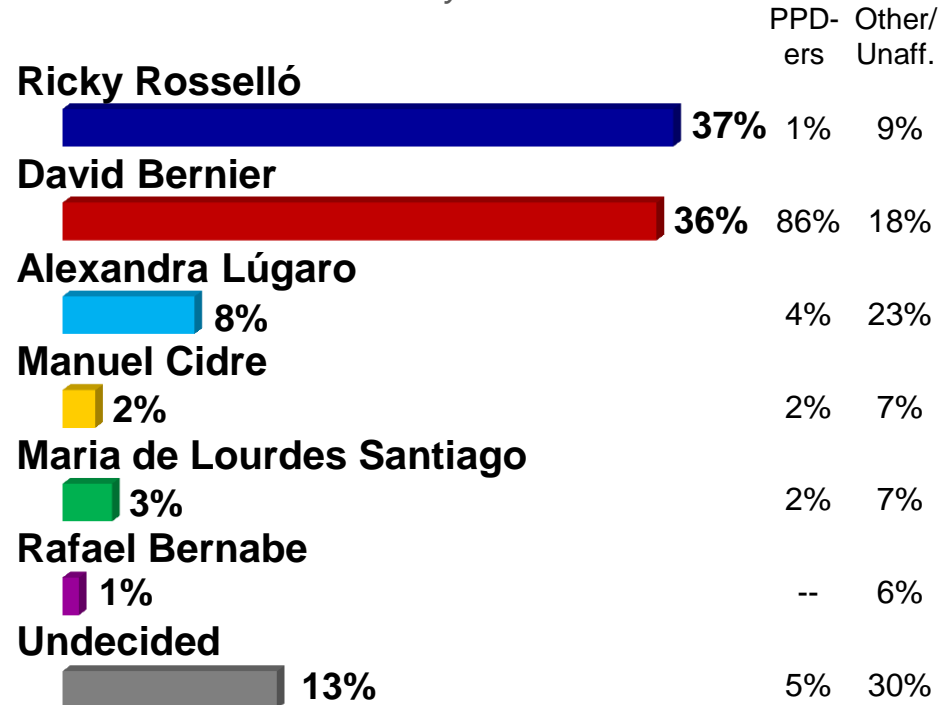


Bernier's candidacy made the race very competitive.

October 2015 (El Nuevo Dia)

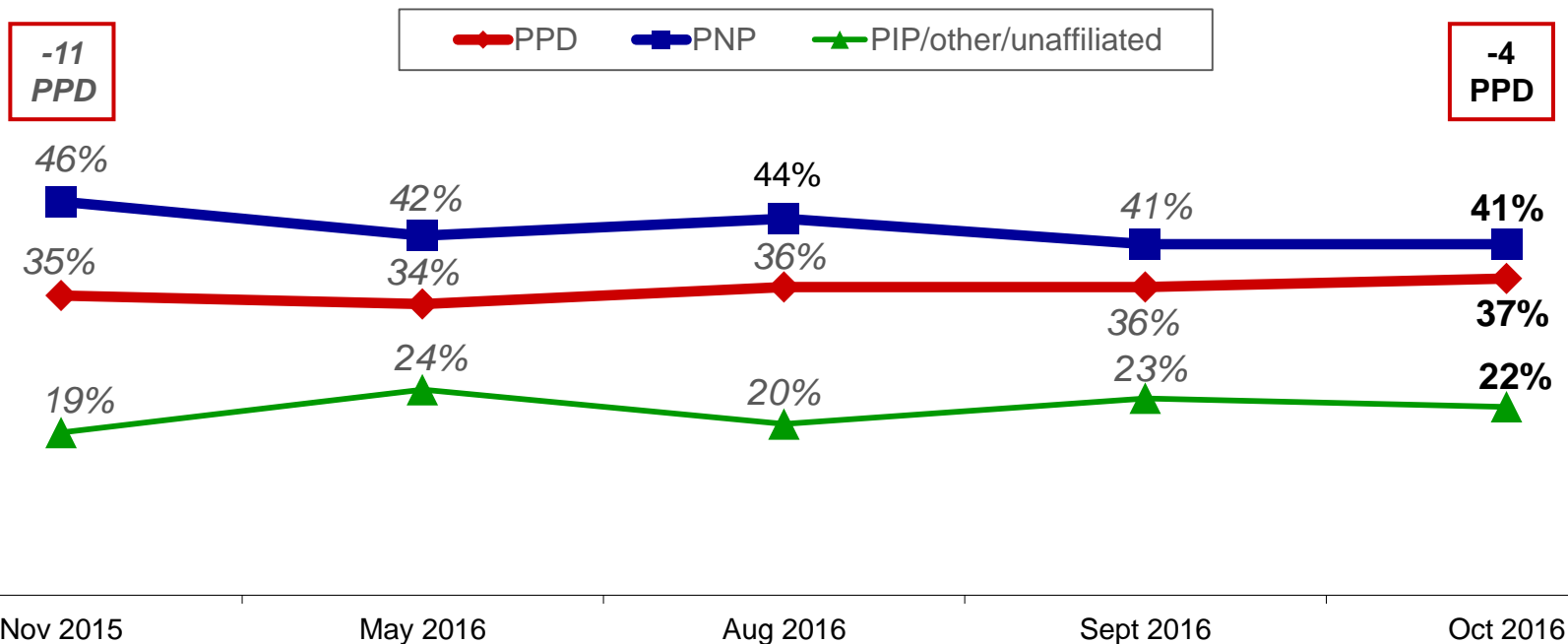


May 2016

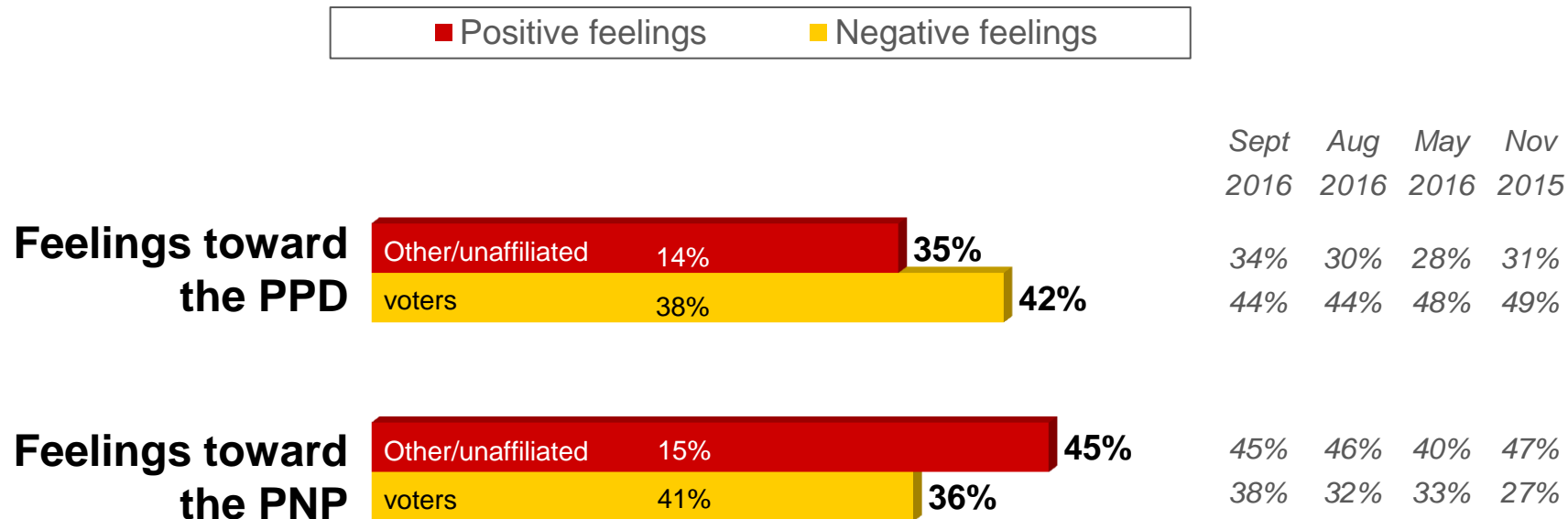


Over the course of the campaign, the PPD closed the partisan gap but still trailed the PNP.

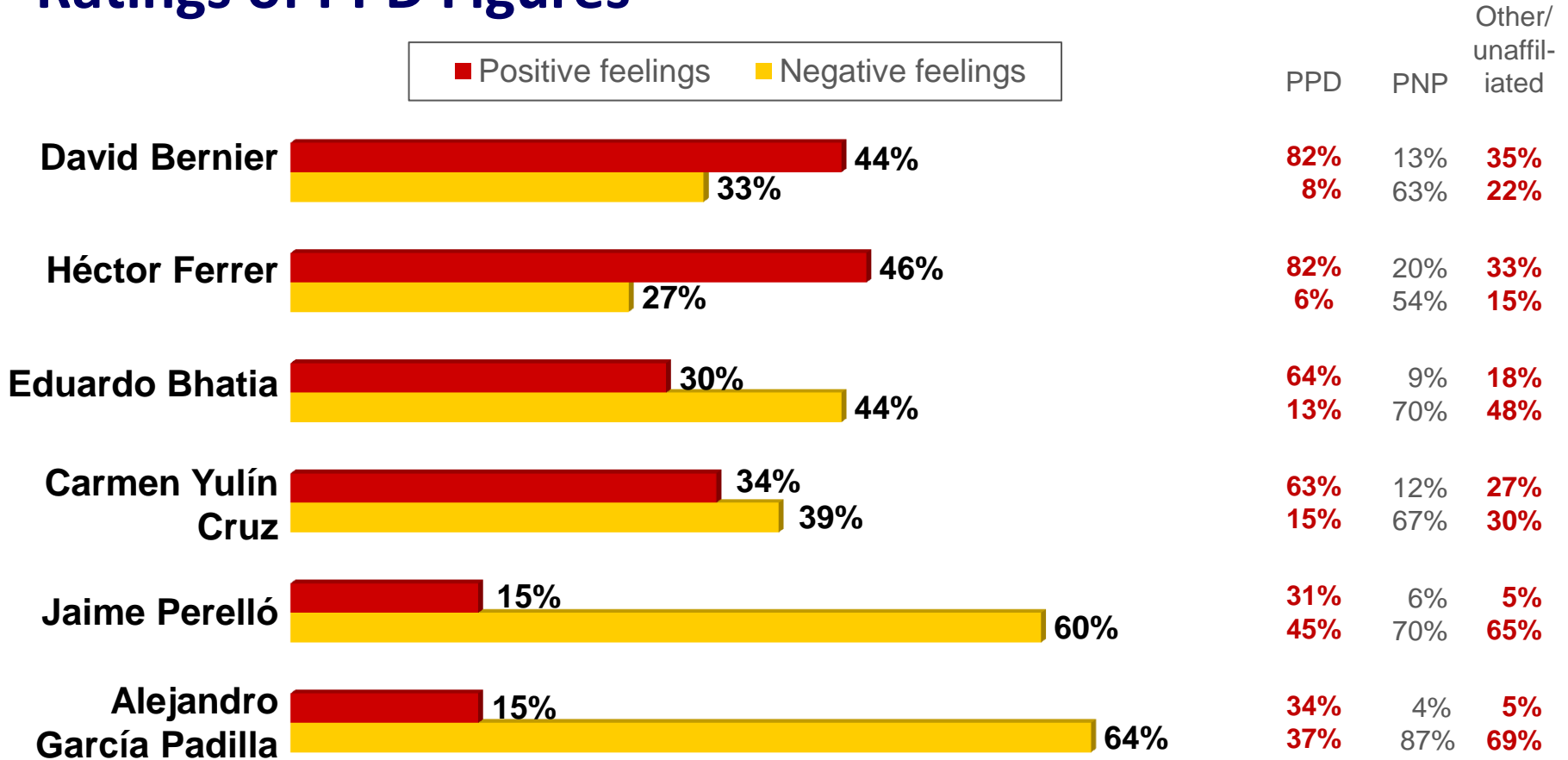
Political Party Identification



While the PPD's ratings improved over the course of the campaign, they remained in net negative terrain.

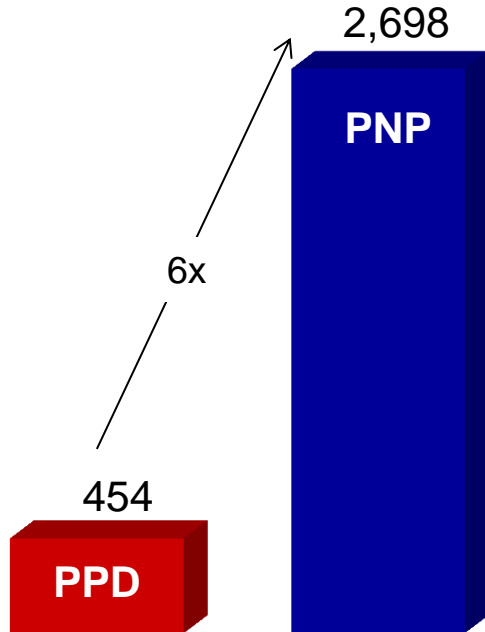


Ratings of PPD Figures

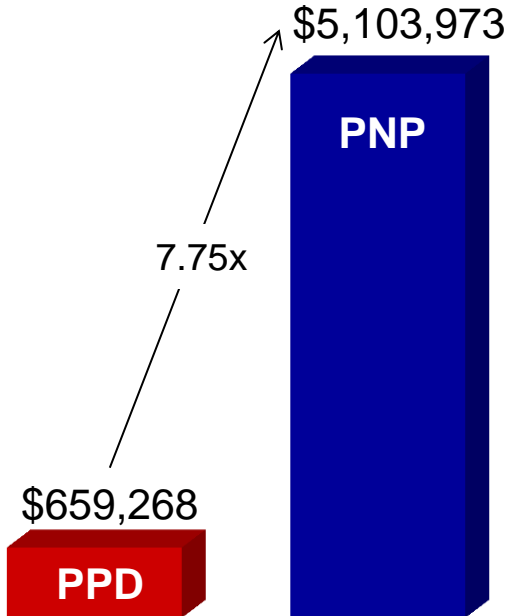


Paid media overwhelming favored the PNP.

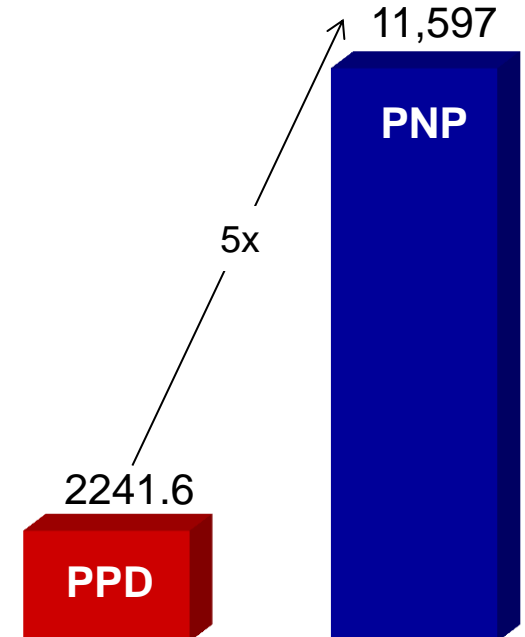
Number of Ads



Money Spent



GRPs



But voters remained unclear on whether Bernier would bring the change needed in government.

David Bernier served as secretary of state in the García Padilla administration but resigned at the end of 2015. Which best describes your feelings about the kind of governor that Bernier would be?

Bernier would bring the change needed in government



Sept 2016 Aug 2016 May 2016

43% 48% 45%

Bernier would NOT bring the change needed in government



48% 43% 42%

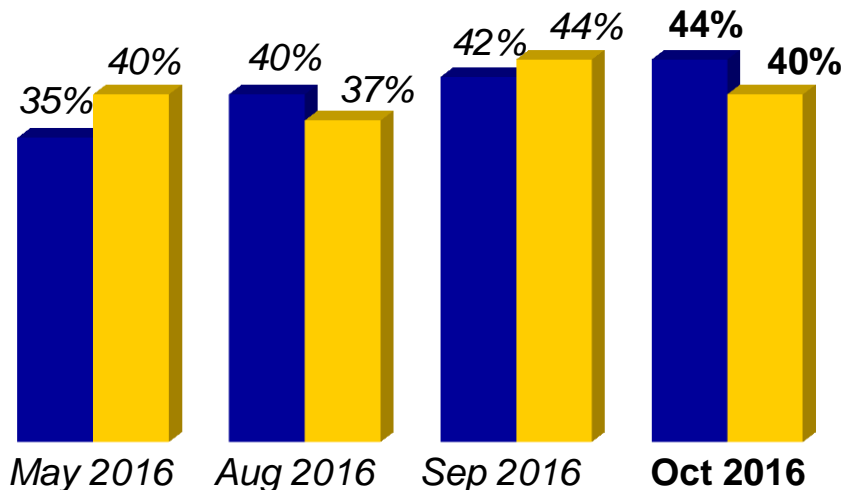
Other/Unaffiliated Voters

Bernier would bring change	38%
Bernier would NOT bring change	34%
Not sure	28%

Despite being outspent by a wide margin, Bernier was able to maintain a positive personal image.

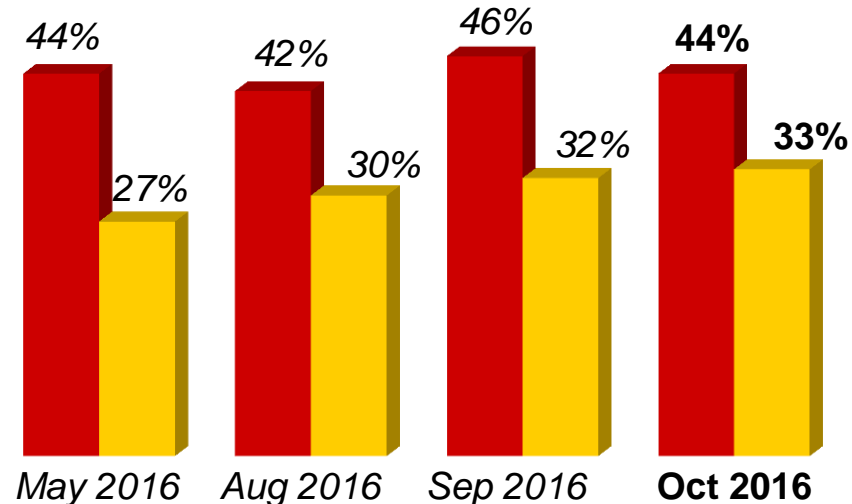
Feelings toward Ricky Rosselló

■ Positive feelings ■ Negative feelings



Feelings toward David Bernier

■ Positive feelings ■ Negative feelings



Voters were more likely to see PPD as weak and in decline, while PNP is seen as strong and vibrant.

Overall View of PPD/PNP (May 2016)

PPD

Strong and vibrant and represents a clear vision for Puerto Rico today

28%

net -31

Weak and in decline and does not represent a clear vision for Puerto Rico today

59%

Not sure

13%

PNP

Strong and vibrant and represents a clear vision for Puerto Rico today

47%

net +11

Weak and in decline and does not represent a clear vision for Puerto Rico today

36%

Not sure

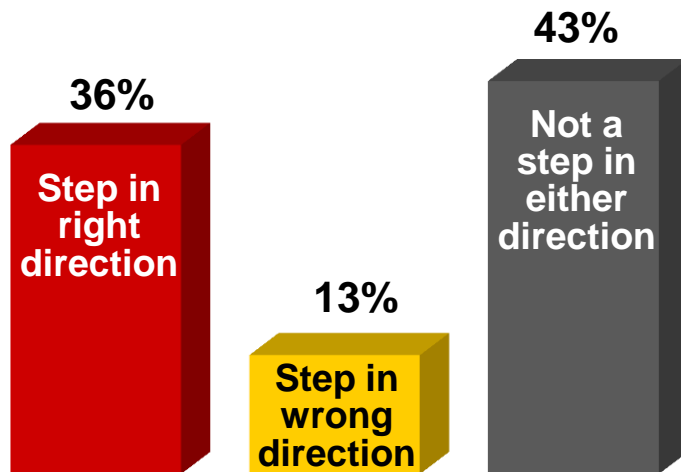
17%

Voters believed PPD changes were headed in the right direction, BUT not enough changes were made.

Information prior to question: The president of the PPD, David Bernier, recently announced plans to build a new Partido Popular Democrático that is more inclusive and better represents a vision for the country's future. As part of this, the party presented a new logo that displays both a man and a woman on it instead of just a man, and updates the values of the party by replacing bread, land, and liberty with unity, work, and prosperity.

Attitude toward Bernier's plan for a new PPD

(August 2016)



	Right direction	Wrong direction	Not a step
All PPDers	67%	7%	19%
Strong PPDers	71%	7%	18%
Soft PPDers	62%	7%	21%
Other/unaffiliated	33%	5%	53%

Focus Groups: View of the Partido Popular Democrático

- The PPD is seen as divided and having lost its way, in part due to recent decisions by the federal government, but it goes far beyond that.
- Voters see little unity within the PPD and believe that the Party is not working together.
- Some do understand that the PPD is making changes, and they like the changes but they are looking for far more.
- Fundamentally, Puerto Ricans want a more inclusive, transparent, and non-ideological Partido Popular Democrático that is for good government and is fiscally responsible.

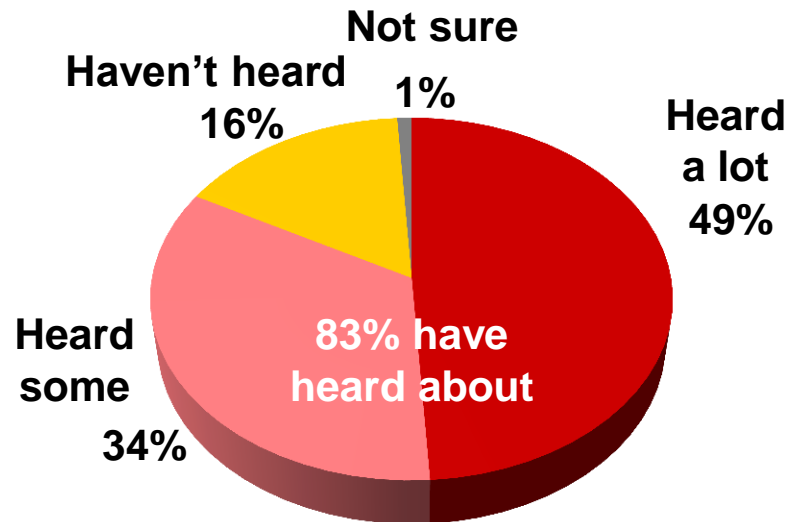
Focus Groups: Respondents viewed many potential reforms in a positive light.

Reforms receiving ratings of 80 to 100 (major change/causes me to rethink my view of PPD)

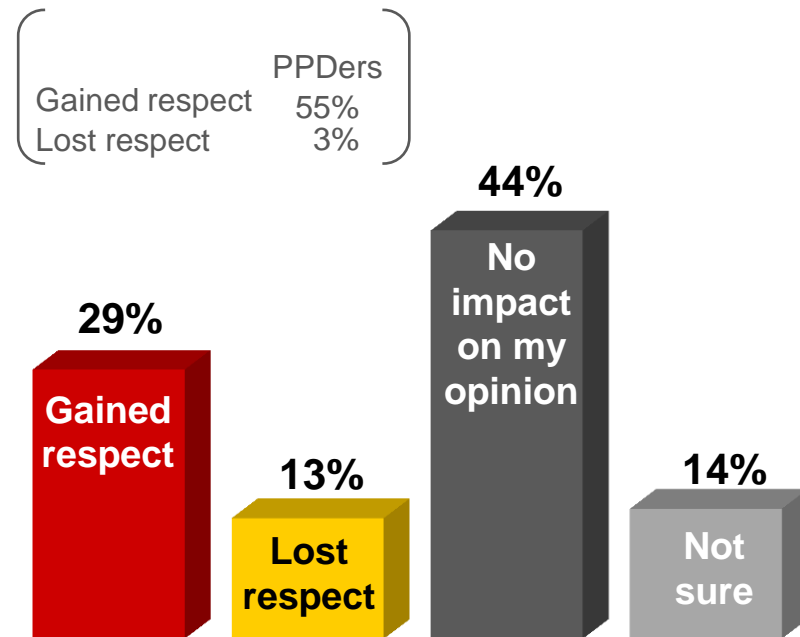
- ✓ Sharing PPD's ideas on matters of public policy for public comment and debate across Puerto Rico for all regardless of party to inform the PPD platform and promote unity/consensus across party lines
- ✓ Redefining PPD's core mission away from focus on political status, back to what it was originally founded upon, a new way to do politics that is inclusive and works to unify the country
- ✓ Creation of Economic Development Committees to address major public policy proposals in areas such as tourism, infrastructure, PPP, and promoting local small businesses
- ✓ A code of ethics with a zero tolerance policy for candidates running for office who must step down immediately if they are indicted
- ✓ Equal participation of women and men in all district delegate positions
- ✓ Greater transparency in the operations of PPD, including broadcasting meetings on the Internet
- ✓ Full participation of members from the private sector – LGBTT/religious/veterans/etc.
- ✓ Stating as public policy that PPD administrators will govern in a fiscally responsible manner, propose budgets that do not increase the country's debt

Voters followed the Anaudi case and gained respect for Bernier because of it.

How much have you heard about the recent trial of businessman Anaudi Hernández Pérez, alleged to have made political contributions to elected officials of the PPD in exchange for government contracts?



Impact of David Bernier's handling of this case on my opinion of him:



Bernier received support for his actions related to the Anaudi case.

■ Strongly favor Bernier's action ■ Somewhat favor Bernier's action

After trial testimony implicated Senator Mari Tere González, Bernier demanded that she resign from the Legislature, which she did

PPDers
who favor
each



After president of the House Jaime Perelló was mentioned in court testimony, Bernier demanded that he resign as president, which he did



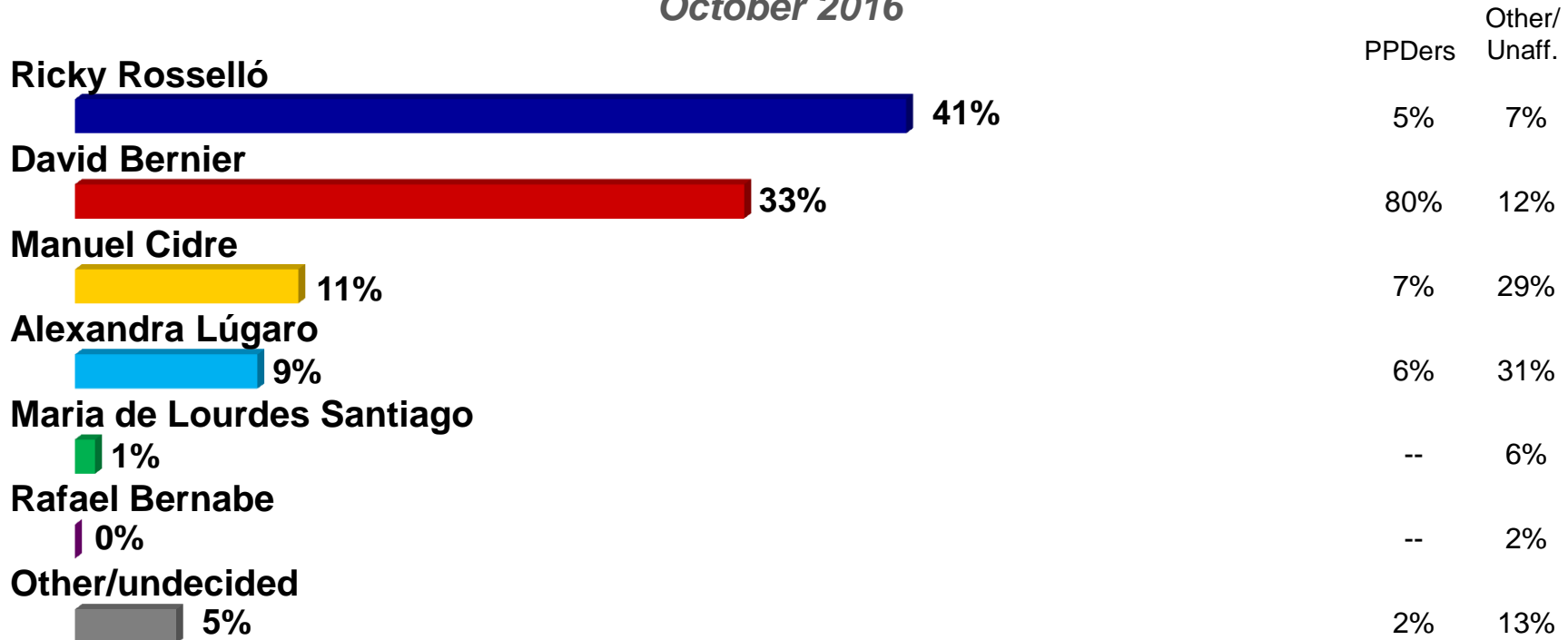
After Bernier asked that Perelló not run for reelection, Perelló refused saying he has not been accused of anything illegal; Bernier is asking PPDers not to vote for Perelló



71%

Not offering enough change from the PPD of the past increased support for independent candidates whose supporters liked Bernier but not Rosselló or either party.

October 2016



Support for New Majority Proposals

■ Would improve things a great deal ■ Would improve things quite a bit

Attack corruption in government, create culture of zero tolerance for public corruption



Invest in local companies, including agriculture: more self-sufficient, create jobs/keep money here



New tax incentive like Section 936 to promote investment in PR manufacturing, create jobs



Create open government with greater transparency so all citizens, not just contributors, have voice



Economic development committee of citizens/business leaders to address major policy proposals



Support for New Majority Proposals *(continued)*

■ Would improve things a great deal ■ Would improve things quite a bit

Reform tax system: committee of economists, consumers, business; focus on fairness, consistency



Change legislature from two-house body to unicameral legislature



Modernize gov't accounting so PR finances transparent, leaders make decisions on accurate info



Amend electoral law: businesses contributing to campaigns prohibited from receiving gov't contracts



Amend electoral law: permit political alliances, allow candidates to receive support of multiple parties

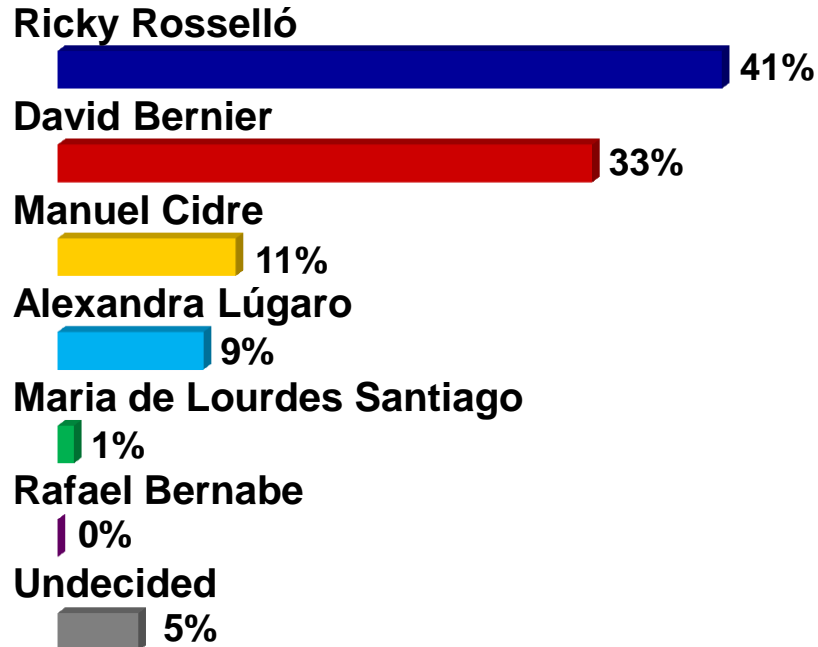


Reorganize municipal gov't: eight regions/maintain 78 existing municipalities, less central gov't/redundancy

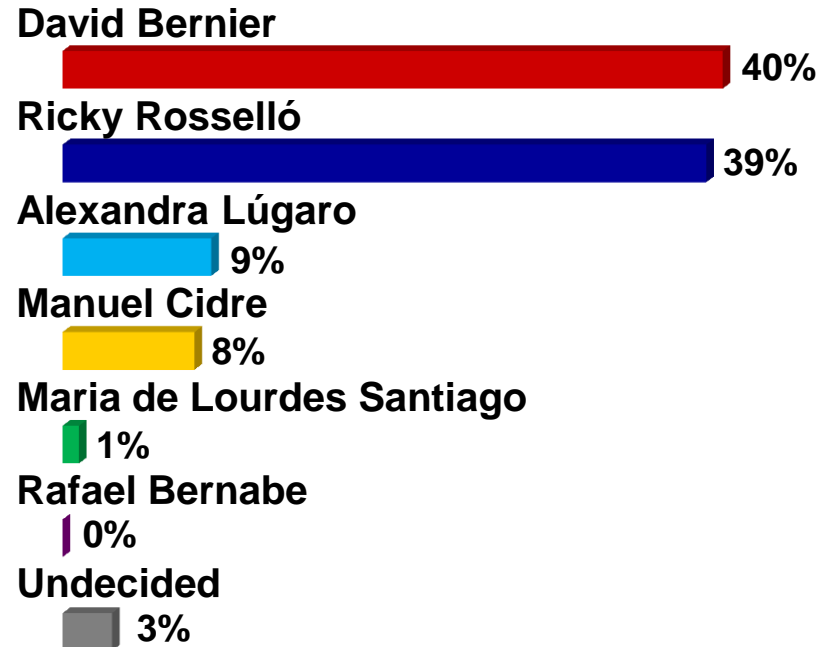


After New Majority proposals, Bernier leads by one point.

Initial Trial Heat for Governor



Post-New Majority Trial Heat for Governor



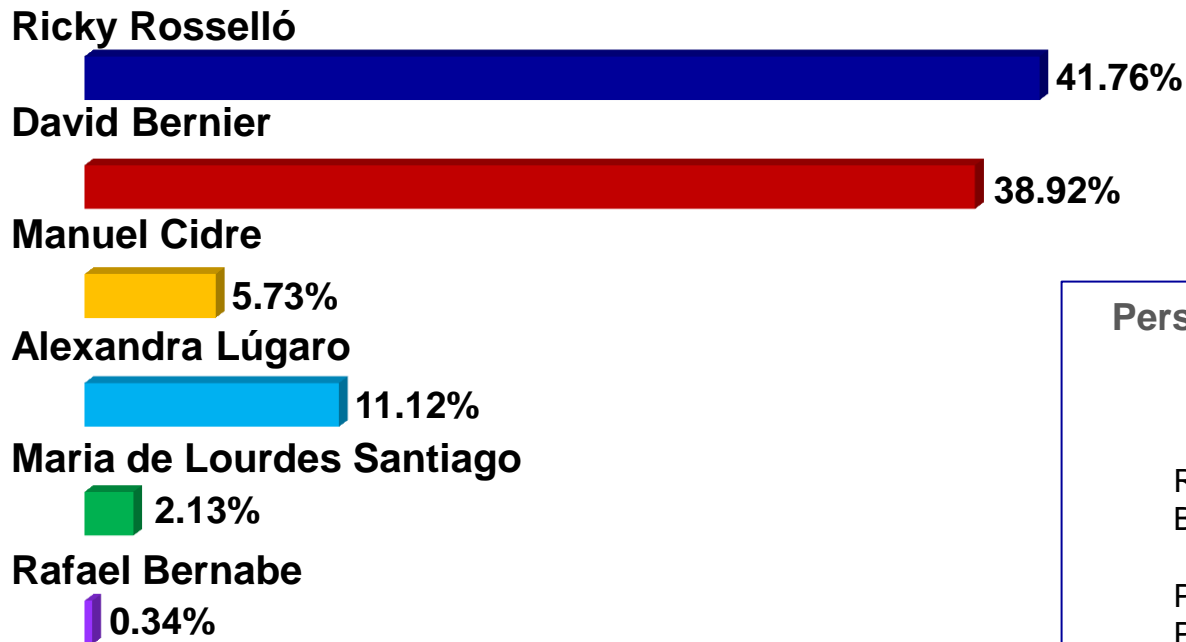
Race for Governor: Impact of New Majority Proposals

Bernier Vote

	Initial	Post-New Majority	Gain		Initial	Post-New Majority	Gain
All voters	33%	40%	+7	Less than superior ed	37%	40%	+3
Most likely voters	36%	43%	+7	Superior education	36%	40%	+4
				University/more ed	27%	40%	+13
Men age 18 to 49	26%	32%	+6	Poor	33%	42%	+9
Men age 50/older	37%	45%	+8	Working class/not saving	31%	40%	+9
Women age 18 to 49	33%	40%	+7	Working class/saving	34%	45%	+11
Women age 50/older	36%	42%	+6	Middle/upper class	36%	35%	-1
San Juan Metro	28%	36%	+8	PPD	80%	88%	+8
East	40%	45%	+5	PNP	0%	6%	+6
South/West	32%	41%	+9	Other/unaffiliated	12%	24%	+12
Age 18 to 34	25%	34%	+9	Strong PPDers	90%	91%	+1
Age 35 to 49	34%	40%	+6	Soft PPDers	64%	82%	+18
Age 50 to 64	36%	44%	+8	Lúgaro voters	--	19%	+19
Age 65/older	38%	43%	+5	Cidre voters	--	24%	+24

After release of New Majority, Election Day result was much closer, but independent candidates received far too much of the vote, even though their voters liked Bernier.

Actual Result of Election



Personal Ratings: Positive-Negative

	<u>Cidre voters</u>	<u>Lúgaro voters</u>
Rosselló	-38	-40
Bernier	+14	+2
PPD	-25	-21
PNP	-15	-25