



National Public Finance Guarantee Corporation Files Adversary Complaint to Compel PREPA to Deposit Pledged Special Revenues with Bond Trustee

Failure to Remit Funds is a Violation of PREPA Trust Agreement, PROMESA and the U.S. Constitution

PURCHASE, N.Y.--(BUSINESS WIRE)-- National Public Finance Guarantee Corporation (“National”), an indirect subsidiary of MBIA Inc. (NYSE:MBI), said today that National and other creditors (“the Creditor Group”) have filed an Adversary Complaint in the U.S. District Court for the District of Puerto Rico seeking to compel the Puerto Rico Electric Power Authority (“PREPA”) to deposit revenues with the bond Trustee as required by the terms of the PREPA Trust Agreement, PROMESA and the U.S. Constitution.

“PREPA has a clear and unambiguous legal obligation to turn over pledged revenues to the bond Trustee, and that obligation holds during a Title III proceeding,” said Bill Fallon, CEO of National Public Finance Guarantee Corporation. “PREPA’s obligation to remit these funds resumed upon PREPA’s and the Oversight Board’s decisions to walk away from a consensual agreement that was supported by almost 70 percent of its creditors. National intends to hold PREPA accountable for its actions.”

PROMESA protects revenue bondholders by specifically incorporating the special revenue protections of the U.S. Bankruptcy Code into Title III. These protections guarantee that the Creditor Group receives the benefit of its bargain by protecting its lien after a Title III filing, and by ensuring the payment of debt service on their bonds without interference from the automatic stay.

Mr. Fallon continued, “The PREPA special revenue bonds benefit from well-established distinctive protections under bankruptcy law, and National intends to vigorously exercise its rights and remedies as an insurer of those bonds.”

Forward-Looking Statements

This release includes statements that are not historical or current facts and are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “believe,” “anticipate,” “project,” “plan,” “expect,” “estimate,” “intend,” “will,” “will likely result,” “looking forward” or “will continue,” and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected, including, among other factors, the possibility that MBIA Inc. or National will experience increased credit losses or impairments on public finance obligations issued by state, local and territorial governments and finance authorities that are experiencing unprecedented fiscal stress; the possibility that loss reserve estimates are not adequate to cover potential claims; MBIA Inc.’s or National’s ability to fully implement their strategic plan; and changes in general economic and competitive conditions. These and other factors that could affect financial performance or could cause actual results to differ materially from estimates contained in or underlying MBIA Inc.’s or National’s forward-looking statements are discussed under the “Risk Factors” section in MBIA Inc.’s most recent Annual Report on Form 10-K, which may be updated or amended in MBIA Inc.’s subsequent filings with the Securities and Exchange Commission. MBIA Inc. and National caution readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. National and MBIA Inc. undertake no obligation to publicly correct or update any forward-looking statement if it later becomes aware that such result is not likely to be achieved.

National Public Finance Guarantee Corporation, an indirect subsidiary of MBIA Inc. (NYSE: MBI), is headquartered in Purchase, New York and provides financial guarantee insurance for the U.S. public finance market. Please visit National's website at www.nationalpfg.com.

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