



## **National Public Finance Guarantee Corporation Takes Legal Action to Lift the PROMESA Stay to Seek the Appointment of a Receiver and Compel a Rate Increase in Accordance with Puerto Rico law and PREPA’s Trust Agreement**

*Due to the Rejection of the RSA, Debt Savings Are Also Lost*

*PREPA Payment Default Could Have Been Avoided*

PURCHASE, N.Y.--(BUSINESS WIRE)-- National Public Finance Guarantee Corporation (“National”), an indirect subsidiary of MBIA Inc. (NYSE:MBI), today announced that National, along with the Ad Hoc Group of PREPA bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp. and Syncora Guarantee Inc. (“the Creditor Group”), has filed a motion in the U.S. District Court for the District of Puerto Rico to lift the PROMESA stay to seek to enforce its right to compel the appointment of an independent receiver in order to pursue increased rates and to oversee certain operations of the Puerto Rico Electric Power Authority (“PREPA”).

“As PREPA’s single largest creditor, we worked tirelessly for several years with all stakeholders on a comprehensive restructuring that the Oversight Board forced off the table in violation of PROMESA. As a result of the default precipitated by the Oversight Board’s unlawful action, we now have little option but to enforce our legal and contractual rights, and to ensure PREPA sets rates and charges that are sufficient to meet its financial obligations,” said Bill Fallon, CEO of National Public Finance Guarantee Corporation. “We cannot allow PREPA to continue to ignore its obligations under Puerto Rico law and the terms of our Trust Agreement. Given PREPA’s lengthy history of mismanagement and cronyism and the inherent conflicts of interest ignored by the Governor and the Oversight Board, an independent receiver will provide much-needed protection for PREPA, the citizens of Puerto Rico and its creditors. It is

imperative that the rule of law is recognized and that the political manipulation of PREPA is halted. We continue to support the utility's long-term viability and access to the capital markets.”

Puerto Rico law and the PREPA Trust Agreement require PREPA to set electricity rates at amounts sufficient to enable PREPA to pay its debts, which include approximately \$8.3 billion of outstanding bond debt. Accordingly, today's motion seeks to lift the stay under the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) so that the Creditor Group can enforce their rights under Puerto Rico law and the Trust Agreement following the payment default by PREPA earlier this month.

Bondholders holding at least 25 percent in principal amount of the PREPA bonds outstanding have a statutory right to the appointment of a receiver following an event of default. National, along with rest of the Creditor Group, represent almost 70 percent of the outstanding bonds.

In addition, National has filed an amended complaint in its lawsuit against the Oversight Board in the U.S. District Court for the District of Puerto Rico, asking the court to award National damages for the Oversight Board's unlawful rejection of the RSA.

### **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 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, headquartered in Purchase, New York is the world's largest U.S. public finance-only financial guarantee insurance company, with offices in New York and San Francisco. Please visit National's website at [www.nationalpfg.com](http://www.nationalpfg.com).

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