



## **National Criticizes Puerto Rico Oversight Board For Its Improper and Unfortunate Decision to Authorize Title III Bankruptcy Filing for PREPA**

### ***National Believes Oversight Board has Violated PROMESA and Caused Dire Consequences For Commonwealth***

PURCHASE, N.Y.--(BUSINESS WIRE)--National Public Finance Guarantee Corporation (“National”), an indirect subsidiary of MBIA Inc. (NYSE:MBI), said today it believes the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) has violated the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) by authorizing a Title III bankruptcy filing by the Puerto Rico Electric Power Authority (“PREPA”).

“We believe the Oversight Board’s decision to authorize a Title III filing for PREPA is ill-advised, improper, and could well have dire consequences for Puerto Rico,” said Bill Fallon, CEO of National Public Finance Guarantee Corporation. “The Oversight Board has violated PROMESA and is now pursuing an agenda that unnecessarily and inappropriately throws away PREPA’s carefully constructed Restructuring Support Agreement. That Agreement was reached after three years of negotiations, has broad creditor support and has been approved by all required parties, including two governors and the Puerto Rico legislature. Creditors, along with PREPA, completed an immense amount of underlying work to understand the utility’s business and proposed significant concessions that would lead to a successful solution for PREPA’s debt problems. A Title

III bankruptcy filing could cause lengthy litigation in which creditors would assert all of their rights to achieve payment in full and could result in rate increases that would leave PREPA years away from attracting the private investment necessary to modernize. The RSA was the essential first step to achieve viability for PREPA.”

As previously reported, National and other supporting creditors offered to take action that would have provided additional time for discussions to avoid a Title III bankruptcy filing by PREPA, but those actions were rebuffed by Puerto Rico Governor Ricardo Rosselló, PREPA and the Puerto Rico Fiscal Agency & Financial Advisory Authority.

Mr. Fallon continued, “The Oversight Board chairman asserted in today’s public hearing that this week, the Oversight Board offered PREPA’s creditors, including insurers and banks, a similar economic deal as contained in the RSA, but with additional provisions for Title III, but that is simply not true. The proposal had significantly different terms for the monolines, and we believe it was designed to fail, given the timing of the proposal being made immediately before the payment date. We also strongly take issue with the Oversight Board’s determination that the RSA is not a pre-existing agreement under PROMESA. This determination fails to consider the statute and the facts in order to justify the Board’s clear failure to comply with its obligations under PROMESA.”

### **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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