



E X P E R I E N C E C O M M I T M E N T S T R E N G T H

July 1, 2015

National Public Finance Guarantee Corporation Announces Various Puerto Rico Obligors Made All Required Principal and Interest Payments due July 1, 2015 on National-insured Bonds; No Claims on Insurance Policies

National Among a Group of Insurers Providing Short-Term Bridge Financing to the Puerto Rico Electric Power Authority (PREPA)

PURCHASE, N.Y. -- (BUSINESS WIRE) -- National Public Finance Guarantee Corporation (National), an indirect subsidiary of MBIA Inc. (NYSE: MBI), today announced that the Puerto Rico Electric Power Authority (PREPA) and all other Puerto Rico-related obligors with National-insured debt service payments due July 1, 2015, made such payments as scheduled. As a result, there were no claims on any of National's insurance policies.

By honoring its legal obligations to bondholders, PREPA can return its full attention to addressing its operational and financial challenges. National looks forward to continuing what has been an active and constructive dialogue on how to best position PREPA to meet its goals while respecting the interests of all stakeholders. Importantly, in order to strengthen PREPA's liquidity position while these vital negotiations continue, the forbearing bond insurers, including National, have agreed to provide \$128 million of short-term bridge financing through the execution of a Bond Purchase Agreement and committing to purchase interest-bearing securities scheduled to mature on January 1, 2016. National's share of the total \$128 million of short-term financing is \$45 million. These securities are being issued under PREPA's existing Power Revenue Bond Trust Agreement as parity indebtedness with the same terms and rights to repayment as PREPA's existing revenue debt. The forbearing bond insurers have also agreed to extend the forbearance agreement to September 15, 2015 subject to certain milestones that creditors and PREPA have agreed upon.

Excluding National's commitment to provide \$45 million in short-term financing to PREPA, its total Puerto Rico exposure declined by \$250.2 million as a result of the July 1 payments. These credits include the Commonwealth of Puerto Rico (\$128.0 million of principal reduction), PREPA (\$68.4 million of principal reduction), the Puerto Rico Highway and Transportation Authority (\$48.8 million of principal reduction), the Puerto Rico Industrial Development Company (\$2.7

million of principal reduction) and the University of Puerto Rico (\$2.2 million of principal reduction).

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, including the ability to maintain high stable ratings for National and generate investor demand for National’s financial guarantees; 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.

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