



May 14, 2009

MBIA Statement Concerning Bank Group Lawsuit Against MBIA Inc., MBIA Insurance Corp., and MBIA Insurance Corp. of Illinois

MBIA believes that the litigation filed on May 13, 2009 by a group of banks challenging its recent Transformation, like substantially similar complaints that were filed by other parties in recent weeks, is without merit. The Transformation was completed in order to establish a domestic municipal bond insurance company to increase bond insurance capacity in the U.S. public finance market. It will also facilitate the issuance of municipal bonds at lower rates, benefiting municipalities, universities, hospitals and other municipal issuers. Taxpayers will also benefit, which is especially important at a time when they have already provided substantial assistance to some of the plaintiff banks.

All of MBIA's actions in regards to Transformation, including those challenged by the banks in their complaint, were approved by the New York State Insurance Department (NYSID) after a thorough examination, including an independent assessment by both the Company's outside advisers and the NYSID of MBIA's ability to meet its obligations to all policyholders. In addition, the Illinois Division of Insurance approved all transactions entered into by MBIA Insurance Corp. of Illinois (now named National Public Finance Guarantee Corporation) in connection with the Transformation.