



NEWS RELEASE

MBIA Announces Restructuring of Its Asset Management Subsidiary

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Cutwater Asset Management Will Focus On Growth Opportunities in Fixed-Income Markets

ARMONK, N.Y.--(BUSINESS WIRE)-- MBIA Inc. (NYSE: MBI) announced today that it has restructured its fixed-income asset management subsidiary. The firm, now known as Cutwater Asset Management, will operate under the MBIA corporate umbrella as a separate operating company focused on fixed-income asset management.

Cutwater's origins date to 1991 when MBIA Asset Management was created to offer investment products to institutional clients. It now manages \$42 billion in assets on a fee- for-service basis for clients that include local governments, pension funds, Taft-Hartley plans, corporations, endowments, financial institutions and insurance companies.

Cutwater is now focused exclusively on its third-party advisory business, maintaining a separate operating structure and reporting its financial results as a stand-alone segment of MBIA Inc. It will continue to manage MBIA's \$16.7 billion in proprietary portfolios on a fee-for-services basis. In connection with the restructuring, a number of MBIA employees were transferred to Cutwater in order to enhance its in-house IT, legal, marketing and accounting infrastructure. Cutwater now has turnkey operational capabilities through its own staffing of over 120 employees and maintains separate capitalization appropriate for its business.

The announcement comes as part of MBIA's overall transformation effort to create a traditional holding company structure in which its individual business units operate as separate entities.

"With MBIA's public finance and structured finance insurance businesses already operating as separate legal entities, today's announcement reflects the next logical step in implementing the transformation strategy that we began pursuing nearly two years ago," said Bill Fallon, MBIA President and Chief Operating Officer. "From its modest beginnings in the early 1990s, Cutwater has grown to become one of the 50 largest fixed-income asset managers in the world and a full-service provider of fixed-income products and strategies to its diverse client base. By providing it with a greater level of financial and operational independence, we have now positioned it to accelerate the solid growth it has achieved over the past two decades."

Cutwater will continue to be led by its current management team, including Clifford D. Corso, who was named President and Chief Investment Officer of Cutwater. Mr. Corso had been President and Chief Investment Officer of MBIA Asset Management and helped establish the asset management platform, building it into one of the largest fixed-income managers in the world. He joined MBIA in 1994.

"We have built an experienced team and investment philosophy focused on the goal of consistently producing top-tier investment performance through any market cycle," said Mr. Corso. "The establishment of Cutwater formalizes our existing separation from an operational and financial perspective, and enables us to more effectively meet the needs of a widening array of institutional investors. We chose the name 'Cutwater', a stainless steel strip that protects the bow of a boat, to convey a guiding principle that defines our investment philosophy - successfully navigating our clients through turbulent waters while focusing on the long-term horizon and maximizing investment performance."

The restructuring follows an extremely successful year of growth and performance for Cutwater during a period of accelerating growth in fixed-income investing by institutional investors seeking to diversify their portfolios. "Higher allocations in fixed-income combined with widespread consolidation in the industry are creating opportunities for firms such as Cutwater to deliver strong performance and innovative solutions," Mr. Corso continued. "Operating more clearly as a separate asset manager will provide institutional investors with a better opportunity to evaluate Cutwater on the most important criteria: product innovation, service quality and consistent performance over the long-term. By applying these core principles, we have delivered top quartile performance in our core offerings over the past decade."

Cutwater is headquartered in Armonk, New York and maintains regional offices throughout the United States and in London. It employs over 120 people, including portfolio managers, credit and risk analysts and back-office support. Additional information about the company and its products and services can be found on Cutwater's website at www.cutwater.com or by calling (866) 766-3030.

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," "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 risks, the possibility that the Company will experience severe losses due to increased deterioration in its insurance portfolios; significant fluctuations in liquidity and asset values with the global credit markets; the Company's ability to fully implement its Strategic Plan as outlined in the Company's most recent Annual Report on Form 10-K; the Company's ability to favorably resolve regulatory proceedings and litigation claims against the Company and legal actions initiated by the Company in connection with potential insurance loss recoveries; an inability to achieve high, stable credit ratings; 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 the Company'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 the Company's subsequent filings with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. The Company undertakes 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.

MBIA Inc., headquartered in Armonk, New York is a holding company whose subsidiaries provide financial guarantee insurance, fixed-income asset management, and other specialized financial services. The Company services its clients around the globe, with offices in New York, Denver, San Francisco, Paris, London, Madrid, Mexico City and Sydney. Please visit MBIA's Web site at www.mbia.com.

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