



NEWS RELEASE

MBIA Announces Settlement with Flagstar Bank

5/2/2013

ARMONK, N.Y.--(BUSINESS WIRE)-- MBIA Inc. (NYSE: MBI) (the Company) today announced that its wholly-owned subsidiary, MBIA Insurance Corporation (MBIA Corp.) has entered into an agreement (the Settlement Agreement) to settle the lawsuit filed by MBIA Corp. on January 11, 2013 against Flagstar Bank and certain affiliated entities (Flagstar). The lawsuit related to approximately \$1.1 billion of securitization transactions backed by second-lien mortgages which were insured by MBIA Corp. in 2006 and 2007. Under the terms of the Settlement Agreement, MBIA Corp. will terminate its pending lawsuit against Flagstar and in exchange will receive \$110.0 million in cash and other consideration. MBIA Corp. will use the cash received to repay a portion of its secured loan from National Public Finance Guarantee Corp. in accordance with its terms.

"We are pleased to have reached a settlement with Flagstar that brings an end to our litigation without further delay and expense and results in cash and other consideration to MBIA Insurance Corp. in an amount consistent with our recovery expectations," said Jay Brown, MBIA CEO. "We will continue to focus on resolving our remaining litigation with other parties so that National Public Finance Guarantee Corp., our U.S. muni-only insurer, can resume its role as a leader in the U.S. public finance insurance market."

Forward-Looking Statements

The information contained in this press release should be read in conjunction with our filings made with the Securities and Exchange Commission. 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 and uncertainties, whether the Company will realize, or will be delayed in realizing, insurance loss recoveries expected in disputes with sellers/servicers of RMBS transactions at the levels recorded in its financial statements, the possibility that the Company will experience severe losses or liquidity needs due to increased deterioration in its insurance portfolios and in particular, due to the performance of CDOs including multi-sector, CMBS and CRE CDOs and RMBS, the failure to obtain regulatory approval to implement our risk reduction and liquidity strategies, the possibility that loss reserve estimates are not adequate to cover potential claims, the risk that MBIA Insurance Corporation will be placed in a rehabilitation or liquidation proceeding by the NYSDFS, the Company’s ability to access capital and the Company’s exposure to significant fluctuations in liquidity and asset values within the global credit markets, in particular in the ALM business, the Company’s ability to fully implement its strategic plan, including its ability to achieve high stable ratings for National or any other insurance subsidiaries, and the Company’s ability to commute certain of its insured exposures, including as a result of limited available liquidity, the Company’s ability to favorably resolve litigation claims against the Company, 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 and Quarterly Report on Form 10-Q, 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, as well as related reinsurance, advisory and portfolio services, for the public and structured finance markets, and asset management advisory services. The Company services its clients around the globe with offices in New York, Denver, San Francisco, Paris, London, Madrid and Mexico City. Please visit MBIA's website at www.mbia.com.

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