NEWS RELEASE

MBIA Comments on Moody's May 12, 2008 U.S. Subprime Second Lien RMBS Rating Actions Update, and Potential Impact on Financial Guarantor Ratings

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ARMONK, N.Y.--(BUSINESS WIRE)--

MBIA (NYSE:MBI) learned yesterday with the market that Moody's is again revising its assumptions on 2005-2007 vintage subprime second lien mortgage products and their potential impact on financial guarantors.

While it is unclear what impact, if any, the revised assumptions may have on MBIA, we believe that there are significant differences between subprime second lien pools referenced in Moody's report and the prime second lien securitizations we have guaranteed. As we discussed on our earnings call on Monday, May 12, we have modeled our portfolio on a deal by deal basis using issuer specific data and we are comfortable with the resulting loss reserves and stress analysis we reported to the market. MBIA has provided the rating agencies its stress test and loss reserve analysis on its prime second lien portfolio.

Loans with lower FICO scores and limited documentation within our securitizations have driven losses to-date, but those lower FICO borrowers represent a small part of the collateral in our deals which largely comprise prime quality borrowers. In addition, we also noted that MBIA has begun the process of putting back a significant number of loans to the originators which do not meet the criteria for prime credits as represented by originators. Ultimately, we believe that our remediation efforts will have a material positive effect on the outcome of this portfolio's performance. However, we have given no credit to remediation or recoveries in our analysis or loss

reserving process.

Moody's assumptions regarding losses indicate that actual current losses to date for 2006-2007 subprime second liens average 13.8 percent and 7.1 percent, respectively. While our portfolio is experiencing stress and we have a few deals that could ultimately experience cumulative losses greater than 40%, the weighted average cumulative losses to-date on our Closed End Second ("CES") portfolio equals approximately 3.5 percent, significantly inside Moody's average loss rates to-date, which demonstrates that there are differences in the subprime second liens that are the subject of Moody's report and prime second lien deals we insure, and therefore differences in ultimate average cumulative loss expectations.

We expect that Moody's will take these factors into consideration when it analyzes each of our Home Equity Line of Credit and CES transactions and will provide us the loss assumptions they are using to arrive at expected and stress losses for each transaction. Based on our analysis, we continue to believe that our direct Residential Mortgage Backed Securities expected losses are modestly above Moody's expected losses and significantly less than their stress loss estimates based on their transaction level review in February of 2008. We are not aware of any changes to capital requirements for our deals nor do we believe any is warranted based on deal performance or expected losses.

Forward-Looking Statements

This release contains statements about future results that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that these statements are not guarantees of future performance. There are a variety of factors, many of which are beyond MBIA's control, which affect the operations, performance, business strategy and results and could cause its actual results to differ materially from the expectations and objectives expressed in any forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date they are made. MBIA does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made. The reader should, however, consult any further disclosures MBIA may make in its future filings of its reports on Form 10-K, Form 10-Q and Form 8-K.

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