



NEWS RELEASE

MBIA Says Ackman Proposal For Restructuring Guarantors No More Credible Than Flawed Open Source Model

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

MBIA Inc. (NYSE:MBI) said today that an initial review of the recommendations for a restructuring of the financial guarantors as prepared by Mr. William A. Ackman of Pershing Square Capital Management, L.P. and presented to the New York State Insurance Department (NYSID) is no more credible than his flawed open source model. (The text of a letter MBIA sent to New York Superintendent of Insurance, Eric Dinallo, and other regulators addressing concerns raised by the Open Source Model is posted on its Web site at www.mbia.com.)

"Like Mr. Ackman's open source model, his statements in the media and the barrage of letters he has sent to regulators and the rating agencies -- which contain half truths, innuendo and faulty analysis -- this proposal is simply a continuation of Mr. Ackman's campaign to profit from his short positions and credit default swaps in the bond insurance industry," the company said.

A spokesman for the NYSID recently told the media that: "Mr. Ackman's plan splits the company and would likely lead to a substantial downgrade for the structured side, which would be bad for the banks." He said, "We would prefer a transaction that maintains a top rating for the entire book, and that is what we continue to work towards."

MBIA said it agrees with the NYSID spokesman who said Mr. Ackman's proposal is not good for one group of

policyholders. "Our preference, like the regulators, continues to be finding a solution that would be in the best interest of all policyholders," the company said.

MBIA said that Mr. Ackman's proposed structure appears to be designed to benefit one person: Mr. Ackman and the bearish bets made on the stock of MBIA Inc. and its credit derivatives by depriving the holding company of access to the cash necessary to service its obligations, including its publicly outstanding debt. "We believe his proposed structure is also an attempt to find some way to make true his predictions that the holding companies are or will soon become insolvent," the company said.

MBIA said that it continues to work with Superintendent Dinallo of the NYSID and his advisors to evaluate options for maintaining the highest ratings for its policyholders. The company said that it is receptive to reviewing proposals from regulators, as well as responsible and objective analysts throughout the industry.

The management and board of MBIA have been proactive leaders in addressing the need for additional capital within the bond insurance industry, raising over \$2.65 billion in less than 60 days during one of the most volatile credit markets in history, while increasing its total capital position by over \$3.2 billion during that same period. The company said that it is confident in its ability, working with its advisors and the NYSID, to develop and execute a solution that meets the needs of its policyholders, investors and the market at large.

MBIA said that there is one conclusion in Mr. Ackman's proposal with which it agrees. "One of the stated goals of his proposal is to protect municipal policyholders and the Triple-A rating of outstanding municipal bonds," the company said. "We appreciate the fact that Mr. Ackman has changed his opinion and that he now acknowledges the value of bond insurance for the municipal market. That is a conclusion with which we obviously agree."

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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needs of its public and private sector clients, domestically and internationally. MBIA Inc.'s principal operating subsidiary, MBIA Insurance Corporation, has the following financial strength ratings: Triple-A from Fitch Ratings with ratings on Rating Watch Negative; Triple-A on CreditWatch with negative implications from Standard & Poor's Ratings Services; and Triple-A on review for possible downgrade from Moody's Investors Service. Please visit MBIA's Web site at **www.mbia.com**.

Source: MBIA Inc.

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