

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE MBIA, INC., SECURITIES LITIGATION

File No. 08-CV-264-KMK

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED  
SETTLEMENT, SETTLEMENT FAIRNESS HEARING, AND MOTION  
FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

**A Federal Court authorized this Notice. This is not a solicitation from a lawyer.**

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by a class action lawsuit (the "Action") pending in the United States District Court for the Southern District of New York (the "Court") if, during the period from July 2, 2007 through and including January 9, 2008 (the "Class Period"), you purchased or otherwise acquired the common stock of MBIA Inc. ("MBIA" or the "Company") and were damaged thereby.

**NOTICE OF SETTLEMENT:** Please also be advised that the Court-appointed Lead Plaintiff, the Teachers' Retirement System of Oklahoma ("Lead Plaintiff"), on behalf of itself and the Class (as defined in ¶ 26 below), has reached a proposed settlement of the Action for a total of \$68 million in cash that, if approved, will resolve all claims in the Action.<sup>1</sup>

**PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a Class Member, your legal rights will be affected whether or not you act.**

1. **Description of the Action and Class:** This Notice relates to a proposed Settlement of claims in a pending class action lawsuit brought by investors alleging that the price of MBIA common stock was artificially inflated during the Class Period as a result of allegedly material false statements and omissions by Defendant MBIA and the Individual Defendants Gary C. Dunton and C. Edward Chaplin (together with MBIA, the "Defendants") regarding the nature and extent of MBIA's exposure to certain collateralized debt obligations. The proposed Settlement, if approved by the Court, will settle claims of all persons and entities who purchased or otherwise acquired MBIA common stock during the Class Period (i.e., from July 2, 2007 through and including January 9, 2008), and who were damaged thereby (the "Class"), except for certain persons and entities who are excluded from the Class by definition (see ¶ 26 below) or who validly elect to exclude themselves from the Class (see ¶¶ 76-79 below).

2. **Statement of Class's Recovery:** Subject to Court approval, and as described more fully below, Lead Plaintiff, on behalf of itself and the Class, has agreed to settle all claims based on the purchase or acquisition of MBIA common stock that were or could have been asserted against Defendants in the Action in exchange for a settlement payment of \$68,000,000 in cash (the "Settlement Amount") to be deposited into an interest-bearing escrow account (the "Settlement Fund"). The Net Settlement Fund (the Settlement Fund less Taxes, Notice and Administration Costs, and attorneys' fees and Litigation Expenses awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Class. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages 7-10 below.

3. **Estimate of Average Amount of Recovery Per Share:** Lead Plaintiff's damages expert estimates that approximately 95,879,000 shares of MBIA common stock purchased during the Class Period may have been affected by the conduct at issue in the Action. If all Class Members elect to participate in the Settlement, the estimated average recovery per affected share of MBIA common stock would be approximately \$0.71 before deduction of Court-awarded attorneys' fees and expenses and the costs of providing notice and administering the Settlement. Class Members should note, however, that this is only an estimate based on the overall number of potentially affected shares. Some Class Members may recover more or less than the estimated amount per share.

4. **Statement of Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail in the Action. Defendants do not agree with the assertion that they engaged in any actionable conduct under the federal securities laws or that any damages were suffered by any members of the Class as a result of their conduct.

<sup>1</sup> All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation and Agreement of Settlement dated September 6, 2011 (the "Stipulation"), which is available on the website established for the Settlement at [www.mbiasecuritieslitigationsettlement.com](http://www.mbiasecuritieslitigationsettlement.com) and on Lead Counsel's website [www.blbgilaw.com](http://www.blbgilaw.com).

5. **Statement of Attorneys' Fees and Expenses Sought:** The Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, which has been prosecuting the Action on a wholly contingent basis since its inception in 2008, has not received any payment of attorneys' fees for its representation of the Class and has advanced the funds to pay expenses necessarily incurred to prosecute the Action. Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in the amount of 22% of the Settlement Fund. In addition, Lead Counsel also will apply for the reimbursement of Litigation Expenses paid or incurred in connection with the prosecution and resolution of the Action, in an amount not to exceed \$750,000, which may include the reasonable costs and expenses of Lead Plaintiff directly related to the representation of the Class. If the Court approves Lead Counsel's fee and expense application, the average cost per affected share of MBIA common stock will be approximately \$0.16.

6. **Identification of Attorneys' Representative:** Lead Plaintiff and the Class are being represented by Steven B. Singer, Esq., of Bernstein Litowitz Berger & Grossmann LLP. Any questions regarding the Settlement should be directed to Mr. Singer at Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496, [blbg@blbglaw.com](mailto:blbg@blbglaw.com).

7. **Reasons for the Settlement:** Lead Plaintiff's principal reason for entering into the Settlement is the substantial cash benefit payable to the Class now, without further risk or the delays inherent in further litigation. The significant cash benefit under the Settlement must be considered against the significant risk that a smaller recovery – or, indeed, no recovery at all – might be achieved after contested motions, trial and likely appeals, a process that could last several years into the future. For Defendants, who deny all allegations of wrongdoing or liability whatsoever, the principal reason for entering into the Settlement is to eliminate the expense, risks, and uncertainty of further litigation.

| <b>YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:</b>                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN FEBRUARY 9, 2012</b>                                                                                                | This is the only way to be eligible to get a payment from the Settlement. If you are a Class Member and you remain in the Class, you will be bound by the Settlement as approved by the Court and you will give up any Settled Claims (as defined in ¶ 67 below) that you have against Defendants and the other Released Parties (defined in ¶ 68 below), so, if you remain in the Class, it is in your interest to submit a Claim Form. |
| <b>EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS <i>RECEIVED</i> NO LATER THAN NOVEMBER 25, 2011.</b>                 | If you exclude yourself from the Class, you will not be eligible to get any payment from the Settlement Fund. This is the only option that allows you to ever be part of any other lawsuit against any of the Defendants or the other Released Parties concerning the Settled Claims.                                                                                                                                                    |
| <b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS <i>RECEIVED</i> NO LATER THAN NOVEMBER 25, 2011.</b>                                    | If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request, unless you are a Class Member and do not exclude yourself.                                                                   |
| <b>GO TO THE HEARING ON DECEMBER 15, 2011 AT 2:00 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS <i>RECEIVED</i> NO LATER THAN NOVEMBER 25, 2011.</b> | Filing a written objection and notice of intention to appear by November 25, 2011 allows you to speak in Court about the fairness of the proposed Settlement, the Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses. If you submit a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objection.                                                  |
| <b>DO NOTHING.</b>                                                                                                                                                  | If you are a member of the Class and you do not submit a Claim Form postmarked by February 9, 2012, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.                  |

## WHAT THIS NOTICE CONTAINS

|                                                                                                                                                                                  |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Why Did I Get This Notice? .....                                                                                                                                                 | Page 3  |
| What Is This Case About? What Has Happened So Far? .....                                                                                                                         | Page 4  |
| How Do I Know If I Am Affected By The Settlement? .....                                                                                                                          | Page 5  |
| What Are Lead Plaintiff's Reasons For The Settlement? .....                                                                                                                      | Page 5  |
| What Might Happen If There Were No Settlement? .....                                                                                                                             | Page 6  |
| How Much Will My Payment Be? .....                                                                                                                                               | Page 6  |
| What Rights Am I Giving Up By Remaining In The Class? .....                                                                                                                      | Page 10 |
| What Payment Are The Attorneys For The Class Seeking? How Will The Lawyers Be Paid? .....                                                                                        | Page 11 |
| How Do I Participate In The Settlement? What Do I Need To Do? .....                                                                                                              | Page 11 |
| What If I Do Not Want To Participate In The Settlement? How Do I Exclude Myself? .....                                                                                           | Page 11 |
| When And Where Will The Court Decide Whether To Approve The Settlement?<br>Do I Have To Come To The Hearing? May I Speak At The Hearing If I<br>Don't Like The Settlement? ..... | Page 12 |
| What If I Bought Shares On Someone Else's Behalf? .....                                                                                                                          | Page 13 |
| Can I See The Court File? Whom Should I Contact If I Have Questions? .....                                                                                                       | Page 13 |

## WHY DID I GET THIS NOTICE?

8. This Notice is being sent to you pursuant to an Order of the United States District Court for the Southern District of New York (the "Court") because you or someone in your family or an investment account for which you serve as custodian may have purchased or otherwise acquired MBIA common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the Court rules on the proposed settlement of this case. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, the claims administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. In a class action lawsuit, the Court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Action, the Court has appointed the Teachers' Retirement System of Oklahoma to serve as "Lead Plaintiff" under a federal law governing lawsuits such as this one, and has approved Lead Plaintiff's selection of the law firm of Bernstein Litowitz Berger & Grossmann LLP to serve as Lead Counsel in the Action. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the Court must resolve all issues on behalf of the class members, except for any persons who choose to exclude themselves from the class. (For more information on excluding yourself from the Class, please read "What If I Do Not Want To Participate In The Settlement? How Do I Exclude Myself?," on page 11 below.)

10. The Court in charge of this case is the United States District Court for the Southern District of New York, and the case is known as *In re MBIA, Inc., Securities Litigation*, File No. 08-CV-264-KMK. The Judge presiding over this case is The Honorable Kenneth M. Karas, United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the plaintiff is referred to as the Lead Plaintiff, on behalf of itself and the Class and the Defendants are MBIA and the Individual Defendants. If the Settlement is approved, it will resolve all claims in the Action by Class Members against Defendants and will bring the Action to an end.

11. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Class if you wish to do so. It also is being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing").

12. The Settlement Hearing will be held on December 15, 2011 at 2:00 p.m., before The Honorable Kenneth M. Karas, at The Hon. Charles L. Brieant Jr. Federal Building and United States Courthouse, 300 Quarropas Street, White Plains, New York, 10601 to determine:

- (a) whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court;
- (b) whether the Settled Claims against the Defendants and the other Released Parties should be dismissed with prejudice as set forth in the Stipulation;
- (c) whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court; and
- (d) whether Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved by the Court.

13. This Notice does not express any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

|                                                    |
|----------------------------------------------------|
| WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR? |
|----------------------------------------------------|

14. The Action is a class action alleging violations of federal securities law by Defendants.

15. Beginning on January 11, 2008, three class action complaints were filed in the United States District Court for the Southern District of New York, entitled *Schmalz v. MBIA, Inc., et al.*, Case No. 08-CV-264 (KMK), *Teamsters Local 807 Labor Management Pension Fund v. MBIA Inc., et al.*, Case No. 08-CV-1845 (KMK), and *Kosseff v. MBIA, Inc., et al.*, Case No. 08-CV-2362 (KMK). In July 2008, the Court ordered that these cases be consolidated and recaptioned as *In re MBIA, Inc., Securities Litigation*, Case No. 08-CV-264-KMK; appointed the Teachers' Retirement System of Oklahoma as Lead Plaintiff for the Action; and approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel.

16. Lead Counsel conducted an investigation that included, among other things, a review of MBIA's filings with the United States Securities and Exchange Commission, analyst research reports, investor presentations, news articles concerning MBIA and other public data; interviews of former MBIA employees; and legal analysis of the claims against Defendants and their potential defenses.

17. On October 17, 2008, Lead Plaintiff filed its Consolidated Amended Class Action Complaint (the "Consolidated Complaint") asserting claims against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Consolidated Complaint alleged that Defendants made materially false and misleading statements and omissions about, among other things, the nature and extent of MBIA's exposure to collateralized debt obligations ("CDOs") containing residential mortgage-backed securities ("RMBS"), including MBIA's exposure to CDOs comprised of other CDOs (so-called "CDO-squared securities") containing RMBS. The Consolidated Complaint further alleged that the price of MBIA common stock was artificially inflated as a result of Defendants' allegedly false and misleading statements and omissions, and declined when the truth about MBIA's exposure to the CDO-squared securities in its portfolio was revealed.

18. On January 30, 2009, the Defendants moved to dismiss the Consolidated Complaint. The motion was fully briefed, and following a hearing on March 5, 2010, the Court issued an Opinion and Order on March 31, 2010 denying in part and granting in part Defendants' motion to dismiss. The Court largely sustained Lead Plaintiff's claim under Section 10(b) of the Exchange Act against MBIA, but dismissed, with leave to amend, the claims against the Individual Defendants on the grounds that Lead Plaintiff had not sufficiently pled particular facts alleging that the Individual Defendants had acted with the intent or recklessness required by the statute. The Court also dismissed, with leave to amend, certain claims against all Defendants regarding misstatements or omissions about MBIA's control rights and payment obligations on the CDOs.

19. On April 30, 2010, Lead Plaintiff filed its Second Consolidated Amended Class Action Complaint (the "Complaint"). Like the Consolidated Complaint, the Complaint asserted claims against MBIA and the Individual Defendants under Section 10(b) of the Exchange Act and Rule 10b-5, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Complaint alleged claims substantially similar to those in the Consolidated Complaint but asserted several new allegations regarding the Individual Defendants' alleged recklessness in failing to disclose MBIA's exposure to the CDOs.

20. On September 3, 2010, the Individual Defendants filed a Renewed Motion to Dismiss the Complaint, which Lead Plaintiff opposed on October 8, 2010.

21. On April 1, 2011, Lead Plaintiff, Lead Counsel and Defendants, through counsel, participated in a full-day mediation session before Judge Daniel Weinstein (Ret.). No settlement was reached at the conclusion of that April 1, 2011 session. On July 7, 2011, the Parties participated in a second mediation session with Judge Weinstein. After a full day of negotiations, the Parties reached an agreement in principle to settle the Action.

22. As part of the agreement to settle, Lead Plaintiff obtained Defendants' agreement to provide due diligence discovery and reserved the right to withdraw from the proposed Settlement at any time prior to filing its motion for final approval of the proposed Settlement if, in its good faith discretion, it determines that information produced during the due diligence renders the proposed Settlement unfair, unreasonable or inadequate.

23. Lead Plaintiff through Lead Counsel has conducted an investigation into the claims asserted in the Complaint, and is pursuing due diligence discovery relating to the claims and the underlying events and transactions alleged in the Complaint. Lead Counsel has analyzed the evidence adduced during its investigation, including numerous witness interviews with former MBIA employees and others, and has researched the applicable law with respect to the claims of Lead Plaintiff and the other members of the Class against Defendants and the potential defenses thereto. Additionally, the multiple mediation statements prepared and exchanged as well as the Parties' respective presentations concerning liability and damages have provided Lead Plaintiff with a detailed basis upon which to assess the relative strengths and weaknesses of its position and Defendants' position.

24. On September 21, 2011, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

25. On September 26, 2011, pursuant to the terms of the Stipulation, Lead Plaintiff filed a notice of voluntary dismissal with prejudice of the claims asserted in the Complaint against the Individual Defendants (the "Notice of Dismissal"). In consideration of the filing of the Notice of Dismissal, the Individual Defendants agreed to, among other things, their reinstatement without objection as defendants in the Action, if the Settlement is not approved by the Court or the Effective Date otherwise does not occur.

#### HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

26. If you are a member of the Class, you are subject to the Settlement unless you timely request to be excluded. The Class consists of:

All persons or entities who purchased or otherwise acquired MBIA common stock during the period from July 2, 2007 through and including January 9, 2008 and who were damaged thereby.

Excluded from the Class are the Defendants; the members of each Individual Defendant's Immediate Family; MBIA's current or former Section 16 Officers or directors; MBIA's past or present parents, subsidiaries or affiliates and each of their current or former Section 16 Officers, directors, partners, or members; any entity in which any Defendant has or had a controlling interest; and the legal representatives, heirs, beneficiaries, successors or assigns of any such excluded party. The Class also does not include those persons and entities who timely request exclusion from the Class pursuant to this Notice (see "What If I Do Not Want To Participate In The Settlement? How Do I Exclude Myself?," on page 11 below).

**PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN FEBRUARY 9, 2012.**

#### WHAT ARE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

27. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims against Defendants through trial and appeals, as well as the difficulties in establishing liability and damages at trial that this Action presented. Lead Plaintiff and Lead Counsel have taken into account the possibility that claims asserted in the Complaint might have been dismissed in response to the Individual Defendants' renewed motion to dismiss or Defendants' anticipated motions for summary judgment, and have also considered issues that would have been decided by a jury in the event of a trial of the Action, including whether Defendants acted with the requisite mental state to mislead investors, and whether all of the Class Members' losses were caused by the alleged misrepresentations and the amount of damages. Lead Plaintiff and Lead Counsel considered arguments advanced by Defendants including that all required disclosures had been made; that if there were any omissions it was the result of negligence as opposed to an intent to defraud; and, that even if liability were established, the amount of damages that could be attributed to the misrepresentations would be hotly contested.

28. Lead Plaintiff and Lead Counsel also considered there to be a substantial risk that, even if they were successful in establishing liability at trial and prevailed on the appeals that were certain to be taken, Defendants would not have been able to pay an amount significantly larger than the Settlement Amount or even as much as the Settlement Amount. Defendants' ability to pay an amount significantly larger than the Settlement Amount, or even as much as the Settlement Amount, years into the future after a trial and all appeals were resolved was a particularly significant risk in this Action because MBIA lost its triple-A rating in 2008 and the insurance coverage available to satisfy a judgment in the Action was a wasting asset that would have been seriously depleted, if not exhausted, by the continuing costs of this Action and the other litigation involving MBIA.

29. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to the Class, namely \$68,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future.

30. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any Defendant's wrongdoing.

#### WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

31. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of its claims, neither Lead Plaintiff nor the other members of the Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

#### HOW MUCH WILL MY PAYMENT BE?

32. At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement.

33. Pursuant to the Settlement, Defendants have agreed to pay or cause to be paid sixty-eight million dollars (\$68,000,000) in cash. The Settlement Amount will be deposited into an interest-bearing escrow account. The Settlement Amount plus all interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (a) all federal, state and local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing Notice to Class Members and administering the Settlement on behalf of Class Members; and (c) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to Class Members as set forth in the proposed plan of allocation (the "Plan of Allocation") or such other plan as the Court may approve.

34. The Net Settlement Fund will not be distributed until the Court has approved a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

35. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalves are entitled to get back any portion of the Settlement Fund once the Court's Order or Judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.

36. Approval of the Settlement is independent from approval of the plan of allocation. Any determination with respect to the plan of allocation will not affect the Settlement, if approved.

37. Only those Class Members who purchased or otherwise acquired MBIA common stock during the Class Period **AND WERE DAMAGED AS A RESULT OF SUCH PURCHASES OR ACQUISITIONS** will be eligible to share in the distribution of the Net Settlement Fund. Each person or entity wishing to participate in the distribution must timely submit a valid Claim Form establishing membership in the Class, and including all required documentation, postmarked on or before February 9, 2012 to the address set forth in the Claim Form that accompanies this Notice.

38. Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked on or before February 9, 2012 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Class Member releases the Settled Claims (as defined in paragraph 67 below) against the Released Parties (as defined in paragraph 68 below) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Settled Claims against any of the Released Parties regardless of whether or not such Class Member submits a Claim Form.

39. Information Required on the Claim Form: Among other things, each Claim Form must state and provide sufficient documentation for the Claimant's position in MBIA common stock as of the beginning of the Class Period, all transactions in MBIA common stock during the Class Period, and the Claimant's closing position in MBIA common stock on the date specified in the Claim Form.

40. Participants and beneficiaries in the MBIA Inc. Employee 401(k) Plan and the MBIA Inc. Employees Pension Plan (the "MBIA ERISA Plans") should not include any information relating to their transactions within the plan in any Claim Form that they may submit in this Action. Claims based on the MBIA ERISA Plans' purchases or acquisitions of MBIA Common Stock during the Class Period may be made by the plans' trustees. To the extent any of the Defendants or any of the other persons or entities excluded from the Class are participants in the plans, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from the Settlement by the MBIA ERISA Plans.

41. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Class Member.

42. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her or its Claim Form.

43. Persons and entities that are excluded from the Class by definition or that exclude themselves from the Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

#### **PROPOSED PLAN OF ALLOCATION**

44. The objective of the Plan of Allocation is to equitably distribute the settlement proceeds to those Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. In developing the Plan of Allocation, Lead Plaintiff's damages expert calculated the amount of estimated alleged artificial inflation in the per share closing prices of MBIA Common Stock which purportedly was proximately caused by the alleged fraud. In calculating the estimated alleged artificial inflation, Lead Plaintiff's damages expert considered price changes of MBIA common stock in reaction to certain public announcements regarding MBIA, adjusting for price changes that were attributable to market or industry forces, and the allegations in the Complaint and the evidence developed in support thereof, as advised by Lead Counsel.

45. For purposes of this Plan of Allocation, Lead Plaintiff's damages expert has estimated the alleged artificial inflation in MBIA common stock as shown in Table A set forth at the end of this Notice.

46. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

47. The Plan of Allocation generally measures the amount of loss that a Class Member can claim for purposes of making *pro rata* allocations of the cash in the Net Settlement Fund to Authorized Claimants. The Plan of Allocation is not a formal damage analysis. Recognized Loss Amounts are based primarily on the change in the level of alleged artificial inflation in the price of MBIA common stock at the time of purchase or acquisition and at the time of sale. In this case, Lead Plaintiff alleges that Defendants made false statements and omitted material facts between July 2, 2007 through and including January 8, 2008, which had the effect of artificially inflating the prices of MBIA common stock.

48. In order to have recoverable damages, disclosure of the alleged misrepresentations must be the cause of the decline in the price of the MBIA common stock. Alleged corrective disclosures removed artificial inflation from the prices of the common stock on December 20, 2007, January 8, 2008 and January 9, 2008. Accordingly, in order to have a Recognized Loss Amount:

- (a) MBIA common stock purchased or otherwise acquired from July 2, 2007 through December 19, 2007 must be held at least through the close of trading on December 19, 2007, which was prior to the first corrective disclosure;
- (b) MBIA common stock purchased or otherwise acquired on December 20, 2007 through and including January 7, 2008, must be held at least through the close of trading on January 7, 2008, the day before the next corrective disclosure; and
- (c) MBIA common stock purchased or otherwise acquired on January 8, 2008 must be held at least through the close of trading on January 8, 2008, the day before the last corrective disclosure.

49. To the extent a Claimant does not satisfy one of the conditions set forth in the preceding paragraph, his, her or its Recognized Loss Amount for those transactions will be zero.

#### **CALCULATION OF RECOGNIZED LOSS AMOUNTS**

50. Based on the formula set forth below, a "Recognized Loss Amount" shall be calculated for each purchase or acquisition of MBIA common stock during the Class Period that is listed in the Proof of Claim form and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

51. For each share of MBIA common stock purchased or acquired from July 2, 2007 through January 8, 2008, inclusive, and:

- (a) Sold prior to the close of trading on December 19, 2007, the Recognized Loss Amount is \$0.00.
- (b) Sold at a loss from December 20, 2007 through the close of trading on January 8, 2008, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase minus the amount of artificial inflation per share as set forth in Table A on the date of the sale; or (ii) purchase/acquisition price minus the sale price.
- (c) Sold at a loss from January 9, 2008 through the close of trading on April 7, 2008, the Recognized Loss Amount shall be **the least of:** (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase; (ii) the purchase/acquisition price minus the sale price; or (iii) the purchase/acquisition price minus the average closing price between January 9, 2008 and the date of sale as shown on Table B.
- (d) Held as of the close of trading on April 7, 2008, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase; or (ii) the purchase/acquisition price minus \$13.29, the average closing price for the Common Stock between January 9, 2008 and April 7, 2008 (the last entry on Table B).

52. For each share of MBIA common stock purchased or otherwise acquired on January 9, 2008, the Recognized Loss Amount shall be \$0.00.

#### **ADDITIONAL PROVISIONS**

53. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$20.00 or greater.

54. Each Authorized Claimant shall recover his, her or its Recognized Claim (the total of his, her or its Recognized Loss Amounts). If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, however, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

55. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

56. If the prorated payment to any Authorized Claimant calculates to less than \$20.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

57. If a Class Member has more than one purchase/acquisition or sale of MBIA common stock during the Class Period, all purchases/acquisitions and sales shall be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any MBIA common stock held at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

58. Purchases or acquisitions and sales of MBIA common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of MBIA common stock during the Class Period shall not be deemed a purchase, acquisition or sale of these shares of MBIA common stock for the calculation of an Authorized Claimant's Recognized Claim nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such shares of MBIA common stock unless (i) the donor or decedent purchased or otherwise acquired such shares of MBIA common stock during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of MBIA common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

59. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of MBIA common stock. The date of a "short sale" is deemed to be the date of sale of MBIA common stock. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero. In the event that a Claimant has an opening short position in MBIA common stock, the earliest Class Period purchases or acquisitions shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

60. MBIA common stock is the only security eligible for recovery under the Plan of Allocation. Option contracts are not securities eligible to participate in the Settlement. With respect to MBIA common stock purchased or sold through the exercise of an option, the purchase/sale date of the MBIA common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

61. To the extent a Claimant had a market gain with respect to his, her or its overall transactions in MBIA common stock during the Class Period, the value of his, her or its Recognized Claim will be zero. Such Claimants will in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her or its overall transactions in MBIA common stock during the Class Period, but that market loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

62. For purposes of determining whether a Claimant had a market gain with respect to his, her or its overall transactions in MBIA common stock during the Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount<sup>2</sup> and (ii) the sum of the Sales Proceeds<sup>3</sup> and the Holding Value.<sup>4</sup> This difference will be deemed a Claimant's market gain or loss with respect to his, her or its overall transactions in MBIA common stock during the Class Period.

63. If any funds remain in the Net Settlement Fund because of uncashed distributions or other reasons, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distribution checks, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be redistributed to Authorized Claimants who have cashed their initial distribution and who would receive at least \$20.00 from such redistribution, after payment of any unpaid costs or fees incurred in administering the funds, including for such redistribution. Additional redistributions to Authorized Claimants who have cashed their prior distribution checks and who would receive at least \$20.00 on such additional redistributions, subject to the conditions previously noted, may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional redistribution, after the deduction of any additional fees and expenses that would be incurred with respect to such redistributions, would be cost-effective. At such time as it is determined that the redistribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance of the Net Settlement Fund shall be contributed to non-sectarian, not-for-profit 501(c)(3) organizations recommended by Lead Counsel and approved by the Court.

---

<sup>2</sup> The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for all MBIA common stock purchased or acquired during the Class Period.

<sup>3</sup> The Claims Administrator shall match any sales of MBIA common stock during the Class Period, first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received for sales of the remaining MBIA common stock sold during the Class Period is the "Sales Proceeds."

<sup>4</sup> The Claims Administrator shall ascribe a value of \$13.40 per share for MBIA common stock purchased or acquired during the Class Period and still held as of the close of business on January 9, 2008 (the "Holding Value").

64. Payment pursuant to the Plan of Allocation, or such other plan as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, Defendants, Defendants' Counsel or any of the other Released Parties, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further orders of the Court. Lead Plaintiff, Defendants, Defendants' Counsel, and the other Released Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

65. The Plan of Allocation set forth herein is the plan that is being proposed by Lead Plaintiff and Lead Counsel to the Court for approval. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any orders regarding a modification of the Plan of Allocation will be posted to the settlement website, [www.mbiasecuritieslitigationsettlement.com](http://www.mbiasecuritieslitigationsettlement.com).

|                                                       |
|-------------------------------------------------------|
| WHAT RIGHTS AM I GIVING UP BY REMAINING IN THE CLASS? |
|-------------------------------------------------------|

66. If you remain in the Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiff and all other Class Members, on behalf of themselves, their heirs, executors, administrators, predecessors, successors and assigns, shall be deemed by operation of law to have released, waived, discharged, and dismissed each and every Settled Claim (as defined in paragraph 67 below) against any Released Parties (as defined in paragraph 68 below) and shall forever be enjoined from prosecuting any or all Settled Claims against any Released Party.

67. "Settled Claims" means all claims and causes of action of every nature and description, including both known claims and Unknown Claims, whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Class (a) asserted in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase or acquisition of MBIA common stock during the Class Period. The Settled Claims do not include claims relating to the enforcement of the Settlement.

68. "Released Parties" means any and all of the Defendants; MBIA's predecessors, successors, past, present or future parents and subsidiaries, and each of their and MBIA's respective past or present officers, directors, partners, principals, members, and employees; the Individual Defendants' respective Immediate Family members, heirs, executors, personal representatives, estates and administrators; and all of the Defendants' respective assigns, attorneys, auditors, accountants, insurers, and representatives.

69. "Unknown Claims" means any Settled Claims which Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Parties' Claims which any Released Party does not know or suspect to exist in his, her or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Settled Claims and Released Parties' Claims, the Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and each of the Defendants shall expressly waive, and each of the other Class Members and each of the other Released Parties shall be deemed to have waived, and by operation of the Judgment or, if applicable, the Alternative Judgment, shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff and each of the Defendants acknowledge, and each of the other Class Members and each of the other Released Parties shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

70. The Judgment also will provide that, upon the Effective Date of the Settlement, each of the Defendants and each of the other Released Parties, on behalf of themselves, their heirs, executors, administrators, predecessors, successors and assigns, shall be deemed by operation of law to have released, waived, discharged and dismissed all claims and causes of action of every nature and description, including both known claims and Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution or settlement of the claims against the Defendants in the Action (including in the cases consolidated in the Action), and shall forever be enjoined from prosecuting any or all such claims, against Lead Plaintiff, Lead Counsel, all other plaintiffs in the cases consolidated in the Action, their respective attorneys, and any other Class Members in their capacity as shareholders of the Company with respect to the institution, prosecution or settlement of the claims against the Defendants in the Action and/or the losses alleged therein.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

71. Lead Counsel has not received any payment to date for its services in pursuing claims against the Defendants on behalf of the Class, nor has Lead Counsel been reimbursed for its out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in the amount of 22% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for the reimbursement of Litigation Expenses in an amount not to exceed \$750,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiff directly related to its representation of the Class. The Court will determine the amount of the award.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

72. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than February 9, 2012**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, [www.mbiasecuritieslitigationsettlement.com](http://www.mbiasecuritieslitigationsettlement.com), or from Lead Counsel's website, [www.blbgllaw.com](http://www.blbgllaw.com), or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-888-624-6717. If you request exclusion from the Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund. Please retain all records of your ownership of and transactions in MBIA common stock, as they may be needed to document your Claim.

73. As a Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

74. If you are a Class Member and do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled, "What If I Do Not Want To Participate In The Settlement? How Do I Exclude Myself?," below.

75. If you are a Class Member and you wish to object to the Settlement, the proposed Plan of Allocation, or Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?

76. Each Class Member will be bound by all determinations and judgments in this lawsuit, including those concerning the Settlement, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Class, addressed to *In re MBIA Inc. Securities Litigation* - EXCLUSIONS, c/o GCG, Inc., P.O. Box 9810, Dublin, Ohio 43017-5710. The exclusion request must be **received no later than November 25, 2011**. You will not be able to exclude yourself from the Class after that date. Each Request for Exclusion must (a) state the name, address and telephone number of the person or entity requesting exclusion; (b) state that such person or entity "requests exclusion from the Class in *In re MBIA Inc. Securities Litigation*, File No. 08-CV-264-KMK"; (c) state the number of shares of MBIA common stock that the person or entity requesting exclusion purchased/acquired and/or sold during the Class Period, as well as the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

77. If you do not want to be part of the Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Settled Claim against any of the Released Parties.

78. If you ask to be excluded from the Class, you will not be eligible to receive any payment out of the Net Settlement Fund or any other benefit provided for in the Stipulation.

79. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Class in an amount that exceeds an amount agreed to by Lead Plaintiff and Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?  
DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

80. **Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.**

81. The Settlement Hearing will be held on December 15, 2011 at 2:00 p.m. before the Honorable Kenneth M. Karas, at The Hon. Charles L. Brieant Jr. Federal Building and United States Courthouse, 300 Quarropas Street, White Plains, New York, 10601. The Court reserves the right to approve the Settlement and/or the Plan of Allocation at or after the Settlement Hearing without further notice to the members of the Class.

82. Any Class Member who does not request exclusion may object to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Southern District of New York at the address set forth below on or before November 25, 2011. You must also serve the papers on Lead Counsel for the Class and Defendants' Counsel at the addresses set forth below so that the papers are **received on or before November 25, 2011**.

**Clerk's Office**

United States District Court  
For The Southern District Of New York  
Clerk of the Court  
The Hon. Charles L. Brieant Jr. Federal  
Building and U.S. Courthouse  
300 Quarropas Street  
White Plains, NY 10601

**Lead Counsel for the Class**

Steven B. Singer, Esq.  
Bernstein Litowitz Berger  
& Grossmann LLP  
1285 Avenue of the Americas  
New York, NY 10019

**Defendants' Counsel**

Robert N. Shwartz, Esq.  
Debevoise & Plimpton LLP  
919 Third Avenue  
New York, NY 10022

83. Any objection to the Settlement (a) must contain a statement of the Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Class Member wishes to bring to the Court's attention; and (b) must include documents sufficient to prove the number of shares of MBIA common stock that the objecting Class Member purchased/acquired and/or sold during the Class Period, as well as the dates and prices of each such purchase/acquisition and sale. You may not object to the Settlement, the Plan of Allocation or the motion for attorneys' fees and reimbursement of expenses if you excluded yourself from the Class or if you are not a member of the Class.

84. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

85. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of expenses, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth above so that it is **received on or before November 25, 2011**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

86. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. If you decide to hire an attorney, which will be at your own expense, however, he or she must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel so that the notice is **received** on or before November 25, 2011.

87. The Settlement Hearing may be adjourned by the Court without further written notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

**Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of expenses. Class Members do not need to appear at the hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

88. If you purchased or otherwise acquired MBIA common stock during the Class Period for the beneficial interest of a person or entity other than yourself, you must either (a) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *In re MBIA Inc. Securities Litigation*, c/o GCG, Inc., P.O. Box 9810, Dublin, Ohio 43017-5710. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from website maintained by the Claims Administrator, [www.mbiasecuritieslitigationsettlement.com](http://www.mbiasecuritieslitigationsettlement.com), by calling the Claims Administrator toll-free at 1-888-624-6717, or from Lead Counsel's website, [www.blbglaw.com](http://www.blbglaw.com).

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

89. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Southern District of New York, The Hon. Charles L. Brieant Jr. Federal Building and United States Courthouse, 300 Quarropas Street, White Plains, New York, 10601. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, [www.mbiasecuritieslitigationsettlement.com](http://www.mbiasecuritieslitigationsettlement.com). All inquiries concerning this Notice or the Claim Form should be directed to:

*In re MBIA Inc. Securities Litigation*  
c/o GCG, Inc.  
P.O. Box 9810  
Dublin, Ohio 43017-5710  
(888) 624-6717

[www.mbiasecuritieslitigationsettlement.com](http://www.mbiasecuritieslitigationsettlement.com)

**OR**

Steven B. Singer, Esq.  
BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP  
1285 Avenue of the Americas  
New York, NY 10019  
(800) 380-8496  
[blbg@blbglaw.com](mailto:blbg@blbglaw.com)

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.**

Dated: October 12, 2011

By Order of the Clerk of Court  
United States District Court  
for the Southern District of New York

**TABLE A**  
**MBIA Common Stock Estimated Alleged Artificial Inflation Per Share**

| <b>Date of Purchase/Acquisition or Sale</b> | <b>Estimated Alleged Artificial Inflation Per Share</b> |
|---------------------------------------------|---------------------------------------------------------|
| July 2, 2007 – December 19, 2007            | \$6.60                                                  |
| December 20, 2007 – January 7, 2008         | \$0.47                                                  |
| January 8, 2008                             | \$0.12                                                  |
| January 9, 2008 and after                   | \$0.00                                                  |

**TABLE B**  
**MBIA Common Stock Average Closing Price From January 9, 2008 to April 7, 2008**

| <b>Sale Date</b> | <b>Closing Price</b> | <b>Average Closing Price</b> |
|------------------|----------------------|------------------------------|
| 1/9/2008         | \$13.40              | \$13.40                      |
| 1/10/2008        | \$14.11              | \$13.76                      |
| 1/11/2008        | \$16.59              | \$14.70                      |
| 1/14/2008        | \$17.05              | \$15.29                      |
| 1/15/2008        | \$16.05              | \$15.44                      |
| 1/16/2008        | \$13.40              | \$15.10                      |
| 1/17/2008        | \$9.22               | \$14.26                      |
| 1/18/2008        | \$8.55               | \$13.55                      |
| 1/22/2008        | \$12.53              | \$13.43                      |
| 1/23/2008        | \$16.61              | \$13.75                      |
| 1/24/2008        | \$14.40              | \$13.81                      |
| 1/25/2008        | \$14.20              | \$13.84                      |
| 1/28/2008        | \$14.85              | \$13.92                      |
| 1/29/2008        | \$15.98              | \$14.07                      |
| 1/30/2008        | \$13.96              | \$14.06                      |
| 1/31/2008        | \$15.50              | \$14.15                      |
| 2/1/2008         | \$16.36              | \$14.28                      |
| 2/4/2008         | \$15.39              | \$14.34                      |
| 2/5/2008         | \$14.90              | \$14.37                      |
| 2/6/2008         | \$14.28              | \$14.37                      |
| 2/7/2008         | \$14.20              | \$14.36                      |
| 2/8/2008         | \$14.60              | \$14.37                      |
| 2/11/2008        | \$13.58              | \$14.34                      |
| 2/12/2008        | \$11.50              | \$14.22                      |
| 2/13/2008        | \$11.64              | \$14.11                      |
| 2/14/2008        | \$12.62              | \$14.06                      |
| 2/15/2008        | \$12.24              | \$13.99                      |
| 2/19/2008        | \$11.70              | \$13.91                      |
| 2/20/2008        | \$12.18              | \$13.85                      |
| 2/21/2008        | \$11.90              | \$13.78                      |
| 2/22/2008        | \$12.18              | \$13.73                      |
| 2/25/2008        | \$14.58              | \$13.76                      |
| 2/26/2008        | \$15.28              | \$13.80                      |
| 2/27/2008        | \$14.85              | \$13.83                      |
| 2/28/2008        | \$14.06              | \$13.84                      |
| 2/29/2008        | \$12.97              | \$13.82                      |
| 3/3/2008         | \$12.62              | \$13.78                      |
| 3/4/2008         | \$12.98              | \$13.76                      |
| 3/5/2008         | \$12.18              | \$13.72                      |
| 3/6/2008         | \$11.60              | \$13.67                      |
| 3/7/2008         | \$11.99              | \$13.63                      |
| 3/10/2008        | \$10.77              | \$13.56                      |
| 3/11/2008        | \$12.14              | \$13.53                      |
| 3/12/2008        | \$11.55              | \$13.48                      |
| 3/13/2008        | \$11.57              | \$13.44                      |
| 3/14/2008        | \$10.94              | \$13.39                      |
| 3/17/2008        | \$10.80              | \$13.33                      |
| 3/18/2008        | \$12.31              | \$13.31                      |
| 3/19/2008        | \$12.03              | \$13.28                      |
| 3/20/2008        | \$12.77              | \$13.27                      |
| 3/24/2008        | \$14.17              | \$13.29                      |
| 3/25/2008        | \$14.13              | \$13.31                      |
| 3/26/2008        | \$13.24              | \$13.31                      |
| 3/27/2008        | \$12.50              | \$13.29                      |
| 3/28/2008        | \$11.99              | \$13.27                      |
| 3/31/2008        | \$12.22              | \$13.25                      |
| 4/1/2008         | \$13.48              | \$13.25                      |
| 4/2/2008         | \$13.76              | \$13.26                      |
| 4/3/2008         | \$14.29              | \$13.28                      |
| 4/4/2008         | \$13.61              | \$13.28                      |
| 4/7/2008         | \$13.59              | \$13.29                      |