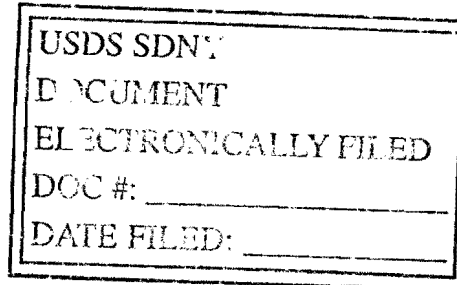


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



IN RE MBIA, INC., SECURITIES  
LITIGATION

File No. 08-CV-264-KMK

**JUDGMENT APPROVING CLASS ACTION SETTLEMENT**

WHEREAS, Lead Plaintiff the Teachers' Retirement System of Oklahoma, on behalf of itself and the Class (defined below), and Defendants MBIA Inc. ("MBIA" or the "Company"), Gary C. Dunton and C. Edward Chaplin (together, the "Individual Defendants"; and together with MBIA, the "Defendants"; and together with Lead Plaintiff, the "Parties") have entered into a Stipulation and Agreement of Settlement dated September 6, 2011 (the "Stipulation"), that provides for a complete dismissal with prejudice of the claims asserted in the above-referenced litigation (the "Action") against Defendants on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (the "Settlement");

WHEREAS, unless otherwise defined in this Judgment, the capitalized terms herein shall have the same meaning as they have in the Stipulation;

WHEREAS, by Order dated September 20, 2011 (the "Preliminary Approval Order"), this Court (a) preliminarily approved the Settlement; (b) certified the Class solely for purposes of effectuating the Settlement; (c) ordered that notice of the proposed Settlement be provided to potential Class Members; (d) provided Class Members with the opportunity either to exclude themselves from the Class or to object to the proposed Settlement, and (e) scheduled a hearing regarding final approval of the Settlement;

WHEREAS, due and adequate notice has been given to the Class;

WHEREAS, pursuant to the terms of the Stipulation, on September 26, 2011, Lead Plaintiff filed a notice of voluntary dismissal with prejudice of claims asserted in the Complaint against the Individual Defendants based on the agreement of those defendants that they would be reinstated without objection as defendants in the Action should the Settlement not be approved or the Effective Date otherwise does not occur;

WHEREAS, the Court conducted a hearing on December 15, 2011 (the "Settlement Hearing") to consider, among other things, (i) whether the terms and conditions of the Settlement are fair, reasonable, and adequate and should therefore be approved; and (ii) whether a judgment should be entered dismissing the Action with prejudice as against Defendants; and

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WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed and proceedings held herein in connection with the Settlement, all oral and written comments received regarding the proposed Settlement, and the record in the Action, and good cause appearing therefor;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. **Jurisdiction:** The Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties and each of the Class Members.
2. **Incorporation of Settlement Documents:** This Judgment incorporates and makes a part hereof: (a) the Stipulation filed with the Court on September 6, 2011; and (b) the Notice and the Summary Notice, both of which were filed with the Court on November 10, 2011.
3. **Class Certification for Settlement Purposes:** The Court hereby affirms its determinations in the Preliminary Approval Order certifying, for the purposes of the Settlement only, the Action as a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of all persons and entities who purchased or otherwise acquired MBIA common

stock during the period from July 2, 2007 through and including January 9, 2008 (the "Class Period"), and were damaged thereby (the "Class"). 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. Also excluded from the Class are the persons and entities who timely and validly requested exclusion from the Class, as listed on Exhibit A hereto.

4. **Adequacy of Representation:** Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the Court hereby affirms its determinations in the Preliminary Approval Order certifying Lead Plaintiff as Class Representative for the Class and appointing Lead Counsel as Class Counsel for the Class. Lead Plaintiff and Lead Counsel have fully and adequately represented the Class both in terms of litigating the Action and for purposes of entering into and implementing the Settlement and have satisfied the requirements of Federal Rules of Civil Procedure 23(a)(4) and 23(g), respectively.

5. **Notice:** The Court finds that the dissemination of the Notice and the publication of the Summary Notice: (i) were implemented in accordance with the Preliminary Approval Order; (ii) constituted the best notice reasonably practicable under the circumstances; (iii) constituted notice that was reasonably calculated, under the circumstances, to apprise Class Members of the pendency of the Action, of the effect of the Settlement (including the releases provided for therein), of Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, of their right to object to the Settlement, the Plan of Allocation and/or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses, of their right to exclude themselves from the Class,

and of their right to appear at the Settlement Hearing; (iv) constituted due, adequate, and sufficient notice to all persons or entities entitled to receive notice of the proposed Settlement; and (v) satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(a)(7), and all other applicable law and rules.

6. **Final Settlement Approval and Dismissal of Claims:** Pursuant to, and in accordance with, Rule 23 of the Federal Rules of Civil Procedure, this Court hereby fully and finally approves the Settlement set forth in the Stipulation in all respects (including, without limitation, the amount of the Settlement; the releases provided for therein, including the release of the Settled Claims as against the Released Parties; and the dismissal with prejudice of claims against Defendants), and finds that the Settlement is, in all respects, fair, reasonable, and adequate, and is in the best interests of Lead Plaintiff and the Class. The Parties are directed to implement, perform, and consummate the Settlement in accordance with the terms and provisions of the Stipulation.

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7. As of the Effective Date, (a) the Action and all of the claims against MBIA by Lead Plaintiff and Class Members are hereby dismissed on the merits and with prejudice, and (b) the prior dismissal with prejudice of claims against the Individual Defendants, which pursuant to the aforementioned Notice of Voluntary Dismissal was subject to possible reinstatement of the claims, is made irrevocable. The Parties shall bear their own costs and expenses, except as otherwise expressly provided in the Stipulation.

8. **Binding Effect:** The terms of the Stipulation and of this Judgment shall be forever binding on Defendants, Lead Plaintiff and all Class Members (regardless of whether or not any individual Class Member submits a Claim Form or seeks or obtains a distribution from the Net

Settlement Fund), as well as their respective heirs, executors, administrators, predecessors, successors, and assigns. KMK

9. **Releases:** The releases as set forth in Paragraphs 4, 5 and 6 of the Stipulation (the "Releases"), together with the definitions contained in Paragraph 1 of the Stipulation relating thereto, are expressly incorporated herein in all respects. The Releases are effective as of the Effective Date. Accordingly, this Court orders that, as of the Effective Date:

(a) Lead Plaintiff and each of the other members of the Class 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, and shall forever be enjoined from prosecuting any or all Settled Claims, against any Released Party; and KMK  
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(b) 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 each and every of the Released Parties' Claims, and shall forever be enjoined from prosecuting any or all of the Released Parties' 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. KMK  
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10. **Rule 11 Findings:** The Court finds and concludes that the Parties and their respective counsel have complied in all respects with the requirements of Rule 11 of the Federal Rules of Civil Procedure in connection with the commencement, maintenance, prosecution, defense, and settlement of the Action. KMK

11. **No Admissions:** Neither this Judgment, the Stipulation, any of their terms and provisions, any of the negotiations, proceedings, or agreements connected therewith, nor any matters arising in connection with the settlement negotiations, proceedings, or agreement:

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(a) shall be offered or received against any of the Released Parties as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Released Parties with respect to the truth of any fact alleged by Lead Plaintiff or the validity of any claim that was or could have been asserted against any of the Released Parties in this Action or in any litigation, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Released Parties;

(b) shall be offered or received against any of the Released Parties as evidence of a presumption, concession or admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by any of the Released Parties, or against Lead Plaintiff or any other Class Members as evidence of any infirmity in the claims of Lead Plaintiff or the other Class Members;

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(c) shall be offered or received against any of the Released Parties, or against Lead Plaintiff or any other Class Members, as evidence of a presumption, concession, or admission with respect to any liability, negligence, fault, or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Released Parties, or against Lead Plaintiff or any other Class Members in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; provided, however, that Defendants, any other Released Parties, Lead Plaintiff, and the other Class Members may refer to the Stipulation to effectuate the protections from liability granted thereunder or otherwise to enforce the terms of the Settlement;

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(d) shall be construed against any of the Released Parties, Lead Plaintiff, or any other Class Members as an admission, concession, or presumption that the consideration to be given under the Settlement represents the amount which could be or would have been recovered after trial; nor

(e) shall they be construed against Lead Plaintiff or any other Class Members as an admission, concession, or presumption that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

12. **Retention of Jurisdiction:** Without affecting the finality of this Judgment in any way, this Court retains continuing and exclusive jurisdiction over: (a) the Parties for purposes of the administration, interpretation, implementation, and enforcement of the Settlement; (b) the disposition of the Settlement Fund; (c) any motion for an award of attorneys' fees and/or Litigation Expenses by Lead Counsel in the Action that will be paid from the Settlement Fund; (d) any motion to approve the Plan of Allocation; (e) any motion to approve the Class Distribution Order; and (f) the Class Members for all matters relating to the Action. KMK

13. Separate orders shall be entered regarding approval of a plan of allocation and the motion of Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses. Such orders shall in no way affect or delay the finality of this Judgment and shall not affect or delay the Effective Date of the Settlement.


14. **Modification of Settlement Agreement:** Without further approval from the Court, Lead Plaintiff and Defendants are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation or any exhibits attached thereto to effectuate this Settlement that: (i) are not materially inconsistent with this Judgment; and (ii) do not materially limit the rights of Class

Members in connection with the Settlement. Without further order of the Court, Lead Plaintiff and Defendants may agree to reasonable extensions of time to carry out any provisions of the Settlement.

15. **Termination:** If the Effective Date does not occur or the Settlement is terminated as provided in the Stipulation, then this Judgment (and any orders of the Court relating to the Settlement) shall be vacated, rendered null and void, and be of no further force or effect, except as otherwise provided by the Stipulation. KMK

16. **Entry of Final Judgment:** There is no just reason to delay entry of this Judgment as a final judgment as against Defendants. Accordingly, the Clerk of the Court is expressly directed to immediately enter this final judgment as against Defendants.

SO ORDERED this 19<sup>th</sup> day of December, 2011.

  
The Honorable Kenneth M. Karas  
United States District Judge



**Exhibit A**

A. Lou Benassi, Individually and as Trustee of the  
Benassi & Benassi, PC. Profit Sharing Plan Dated 7/01/1994  
Peoria, IL

Robert J. Faeser  
Surprise, AZ

P. Susan Steele  
Mill Valley, CA