MBIA INC. BOARD

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of MBIA Inc. has developed and adopted a set of corporate governance practices to provide the framework for the governance of the corporation and to assist the Board in the exercise of its responsibilities. These guidelines reflect the Board's commitment to monitoring the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing shareholder value over the long term. These guidelines are in addition to, and are not intended to change or interpret, any federal or state law or regulation, including the Connecticut Business Corporation Act, or the corporation's By-laws, as amended from time to time. The Board may amend these practices from time to time in its discretion and consistent with its duties and responsibilities to the corporation and its shareholders. These guidelines are posted on the corporation's website, and are intended to comply with the corporate governance guidelines requirements of the New York Stock Exchange.

A. <u>THE ROLE OF THE BOARD OF DIRECTORS</u>

1. <u>Direct the Affairs of the Corporation for the Benefit of Shareholders</u>

The primary responsibility of a director is to oversee the affairs of the corporation in the best interests of the stockholders, while day-to-day operation of the corporation is the responsibility of management. The directors and management have a primary responsibility to the shareholders of the corporation in carrying out their fiduciary duties. Each also must consider the responsibility of the corporation to the beneficiaries of the insurance policies issued by its insurance subsidiaries. Additionally, the directors should be sensitive to the needs of stakeholders such as employees, customers, creditors, suppliers, regulators and the community in evaluating the affairs of the corporation.

In keeping with these responsibilities, the Board should also interface with shareholders, as appropriate, and consider shareholder views in connection with any proposed transaction in which the interests of shareholders and those of management may not be entirely aligned, including certain takeover proposals.

2. <u>Advise and Participate in Strategy Development</u>

Board members provide advice to management on matters relating to the corporation's business at Board meetings and in other less formal settings, such as telephone calls and small meetings.

Long-range strategic issues, including the material risks associated with strategic initiatives, should be discussed as a matter of course at regular Board meetings, but given the complexity of the organization and the level of change in the industry, it is important to hold periodic multi-day meetings devoted primarily to discussion of strategic issues. The frequency of such meetings will vary with changes in the business environment and the organization, but it is the current view of the Board that such meetings should be held approximately every two years, subject to the needs of management or the Board.

3. <u>Oversee Corporate Risk</u>

   The Board and its committees oversee the corporation's risk management processes and controls, while management is charged with the day-to-day management of the corporation's risks. The Board should regularly evaluate and discuss risks associated with strategic initiatives. On an annual basis, the Board should evaluate and approve the corporation's Risk Tolerance Guidelines. The purpose of the Risk Tolerance Guidelines is to delineate the types of risks considered tolerable and justifiable within the corporation and to provide the basis upon which risk criteria and procedures are developed and applied consistently across the corporation. The Board has delegated responsibility to the Audit Committee to oversee risk management processes and controls associated with financial and other reporting, auditing, legal and regulatory compliance, and risks that may otherwise result from the corporation's operations, and the Board has delegated responsibility to the Finance and Risk Committee to oversee risk management processes and controls associated with the corporation's credit risk governance framework, market risk, liquidity risk and other material financial risks.

4. <u>Review and Approve Financial Goals/Performance</u>

   The Board reviews and approves the corporation's operating and strategic plan and its specific goals at the start of the fiscal year. The plan will contain quarterly financial performance goals that will be reviewed several times per year versus results and where appropriate, financial performance will also be assessed relative to peer companies and the economy as a whole. The Board also believes it is important to establish and evaluate longer-term objectives so as not to overly emphasize short-term performance. The plan will discuss material risks consistent with the Board approved Risk Tolerance Guidelines. The Board has delegated responsibility to the Audit Committee to review the Company's financial statements and certain other public disclosures.

5. Ethical Business Environment/Compliance with Legal and Regulatory Mandates

   The long-term success of the corporation is dependent upon the maintenance of an ethical business environment that focuses on adherence to both the letter and the spirit of regulatory and legal mandates. The Audit Committee receives reports from internal and external auditors and compliance officers on these matters, as well as other reports from management, as appropriate. The Board receives reports from the Audit Committee and from management periodically. The Board expects that Board and committee agendas and materials and other information will be provided to the Board and will be established with legal/regulatory requirements in mind.

6. CEO Performance Evaluation

   CEO performance should be evaluated annually.

   The evaluation process is led by the Chair of the Compensation and Governance Committee who solicits information from all directors. In addition, the Compensation and Governance Committee reviews the CEO's salary, variable compensation and other compensation against market standards. The Compensation and Governance Committee recommends the appropriate level of such items to the Board for approval in the absence of the CEO, at the same meeting as the CEO evaluation discussion takes place.

   The evaluation of the CEO should be a comprehensive process, based on both qualitative and quantitative factors, including actual performance of the business, accomplishment of long-term business and financial goals, positioning of the corporation for the future, promoting the highest level of governance, risk management and business practices (including compliance with all laws and regulations), development of management, stewardship of the enterprise and effective Board communication and interaction.

7. Succession Planning/Compensation of Key Executive Officers/Corporate Compensation and Benefits

   The Board and the Compensation and Governance Committee share these responsibilities. The Board has delegated responsibility to the Compensation and Governance Committee to review and advise on management succession (excluding CEO succession which is done by the Board) issues. The Compensation and Governance Committee annually reviews the performance and commensurate compensation of the senior management team and makes recommendations to the full Board. The Board has an established practice of having the CEO review with the Compensation and Governance Committee every year, the abilities of key senior managers, the CEO's views on management succession (excluding CEO succession) and the CEO's views on the program for management development. The Compensation and Governance Committee then reports to the Board. Appointments to the CEO's senior management team are reviewed by the Compensation and Governance Committee of the Board.

To the extent permitted by law, the Compensation and Governance Committee establishes, amends, modifies and administers compensation and benefit plans for the corporation. It also sets general parameters of compensation levels and benefits for all employees and reviews and recommends compensation and benefits for officers on the CEO's senior management team to the Board, as recommended by the CEO, which considers the Compensation and Governance Committee's recommendation for approval. The Compensation and Governance Committee also assesses the corporation's compensation policies and practices to evaluate whether they create risks that are reasonably likely to have a material adverse effect on the corporation. The Compensation and Governance Committee should ensure that shareholders are given an opportunity to vote on all equity-based compensation plans and material amendments to those plans, to the extent required by applicable laws and regulations. The Compensation and Governance Committee will endeavor to ensure that all plans and policies comply with applicable laws and regulations, in particular those promulgated by the Securities and Exchange Commission and the New York Stock Exchange.

In making compensation decisions the Board shall consider the results of the most recent advisory shareholder vote on executive compensation and in deciding on the frequency of any such advisory shareholder vote the Board shall consider the results of each shareholder vote on the frequency of such advisory shareholder vote conducted in accordance with applicable laws and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act.

8. <u>Designation of Chairman of the Board, CEO and Lead Director</u>

The role of the Chairman of the Board and CEO shall be separate, unless the Board determines at any time that, in light of new or special circumstances, it is in the best interest of the corporation for the roles of the Chairman of the Board and CEO to be combined. If the Chairman of the Board is also the CEO or is otherwise an employee of the corporation, the Board will also designate a Lead Director as described below.

9. Roles of CEO, Chairman and Lead Director

CEO. The CEO's role is to formulate policy and strategic direction for the corporation, to execute the corporation's business plan and strategy under plans approved by the Board, to provide management of the corporation's day-to-day operations, to hire, direct and retain senior management and to serve as spokesperson for the corporation.

Chairman of the Board. The Chairman of the Board's role is to be responsible for coordinating the activities of the Board, ensuring the review of both short and long term areas of interest to shareholders. The Chairman of the Board will work with the CEO to develop board agendas, set the schedule for Board meetings and determine the quality, quantity and timeliness of information from management. The Chairman will preside over Board meetings and, unless there is a Lead Director, develop agendas for and moderate executive sessions of the non-management and independent directors and discuss executive session subjects with the CEO. The Chairman facilitates communication among the directors and between the Board and management and, as required, serves as a representative of the Board with management and, if required, the public. The Chairman is expected to attend meetings of all Board Committees periodically.

Lead Director. In the event the Chairman of the Board is also the CEO (or otherwise an employee of the corporation), the Compensation and Governance Committee shall recommend and the Board shall appoint a candidate for the position of Lead Director from among the Board's independent directors for a specified term of at least one year, to provide independent leadership to the Board and to coordinate the activities of the other non-management directors. The Lead Director will develop the agendas for and serve as Chairman of the executive sessions of the Board's non-management and independent directors. The Lead Director provides the CEO and Chairman with input as to the preparation of the agendas for the Board of Directors' meetings and advises the CEO and Chairman as to the non-management directors' views concerning the quality, quantity, and timeliness of the information submitted by the corporation's management that is necessary or appropriate for the non-management directors to effectively and responsibly perform their duties. The Lead Director is expected to attend meetings of all Board Committees periodically. The Lead Director also serves as a representative of the Board with management and, if required, the public.

B. MEETINGS OF THE BOARD OF DIRECTORS

1. Frequency of Meetings

The Board should meet frequently, given the size and complexity of the business, regulatory mandates for director review of various matters, and the industry environment. The number of scheduled Board meetings should vary with circumstances and special meetings should be called as necessary. As a general matter a meeting schedule of five to six times per year, as determined by the Board and management, is appropriate. While the Board recognizes that directors discharge their duties in a variety of ways, including personal meetings and telephone contact with management and others regarding the business and affairs of the corporation, it is the responsibility of individual directors to make themselves available to attend both scheduled and special Board and committee meetings on a consistent basis with the expectation that each director shall attend at least 75% of all Board meetings and committee meetings of which that director is a member on a combined basis. In addition, directors are required to attend annual shareholder meetings, barring unusual circumstances.

2. Executive Sessions

Independent directors should meet in executive session regularly. Some of the executive sessions should be with the CEO, and some should be in the absence of the CEO and any other management directors or management officials. It is the intent of the Board to hold executive sessions in conjunction with most Board meetings. It is the policy of the Board for independent directors to meet in executive session, in the absence of the CEO, and such executive sessions should occur at least three times a year.

All of the committees may meet in executive session, as circumstances warrant. At the committee's discretion, the CEO or other members of management may be requested to meet with the committee during these executive sessions. At least once a year, the Audit Committee meets in executive session with the outside auditors, without the presence of management.

3. Attendance of Non-Directors at Meeting

The CEO’s senior management team and outside professional advisors may be invited to attend all or part of any Board or committee meeting. The CEO should have discretion to invite additional members of management to the meetings of the Board.

4. Agendas and Presentations

The agenda for each Board meeting should be established by the Chairman of the Board and the agenda for each committee meeting should be established by the Chair of each committee. The CEO and other senior managers should facilitate the setting of the agenda taking into account suggestions of Board members. Board members are encouraged to suggest the inclusion of particular items on such agendas, and the Chairman from time to time, should ask directors for their suggestions or opinions on possible agenda items. The CEO and senior managers should determine the form of each presentation to the Board and the person to make such presentation. However, it is important that line and support unit managers make presentations to the Board from time to time, to permit the Board to meet these officers in person.

5. Information Flow

The Board should receive information that would facilitate understanding presentations, discussions and issues covered at each meeting, in writing and sufficiently in advance of the meeting to permit appropriate review.

6. Orientation of New Directors

A newly elected director shall be provided with an orientation program designed to educate the new director about the corporation, its policies and procedures and its business activities. As part of the orientation, the new director should meet with the CEO, the senior management team, the Compensation and Governance Committee and other selected senior managers of the corporation.

7. Board Effectiveness Review

The Board should review annually its own effectiveness and the effectiveness of its committees and these corporate governance practices. The Compensation and Governance Committee will generally assume this responsibility and report to the Board the results of its analysis and any recommendations following each such review. All directors are free to suggest improvements to the Board's practices at any time and are encouraged to do so. In addition, at least once every five years, the Board will retain the services of an outside expert that specializes in corporate governance to evaluate the Board’s effectiveness as a Board, including its corporate governance policies and practices.

8. Access to Management and Independent Advisors

The directors should have access to management and, with the approval of the majority of the Board, the majority of any committee of the Board or by the Chairman or Lead Director, as applicable, shall be able to retain independent advisors at the corporation's expense.

C. BOARD STRUCTURE

1. Majority of Independent Directors

The Board shall consist of a significant majority of independent directors. Independent director means a director who:

- is not a member of management or an employee and has not been a member of management or an employee within the last five years;
- has no close family or similar relationship with a member of key management;
- is not a lawyer, advisor or consultant to the corporation or its subsidiaries and does not have any personal service contracts with the corporation or its subsidiaries;
- does not have any other relationship with the corporation or its subsidiaries either personally or through his or her employer which, in the opinion of the Board, would adversely affect the director's ability to exercise his or her independent judgment as a director;
- is not currently or has not been for five years a former employee of the independent auditor;
- is not currently or has not been for five years an employee of any company whose compensation committee includes an officer of MBIA;
- is not an immediate family member (i.e., spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law or anyone (other than a domestic employee) who shares a person's home) of either of the two previous categories.

Because the corporation is a major financial institution, outside directors or the companies they are affiliated with will sometimes have a business relationship with the corporation or its subsidiaries. Directors and companies with which they are affiliated are not given special treatment in these relationships. The Board believes that the existence of a business relationship is not, in and of itself, sufficient to disqualify a director from being considered an independent director. The materiality of the relationships and the director's own ability to exercise independent judgment should be evaluated, and external criteria for independence, such as those promulgated by the Securities and Exchange Commission and the New York Stock Exchange should be considered.

To help maintain the independence of the Board, all directors are expected to deal at arm's length with the corporation and its subsidiaries and to disclose circumstances material to the director which might be perceived as a conflict of interest. The corporation shall disclose publicly, as required by law, its compliance with the requirement that a majority of its Board is comprised of independent directors.

The Board will make independence determinations on an annual basis prior to approving the director nominees for inclusion in the corporation’s proxy statement and, if an individual is to be elected to the Board other than at an annual meeting, prior to such election. Each director and nominee for director shall provide the corporation with full information regarding his or her business and other affiliations for purposes of evaluating the director’s independence,

2. <u>Size of the Board</u>

The size of the Board will be increased or decreased to reflect the workload of the Board and the availability of qualified directors but will stay within the range of eight to 12 members.

3. <u>Director Appointments</u>

Directors should be recommended for Board nomination by the Compensation and Governance Committee, consisting entirely of independent directors. Director candidates may also be identified by other members of the Board or a corporation shareholder. Before election to the Board, a candidate for election to the Board should meet with the members of Compensation and Governance Committee, the Chairman, the CEO and other appropriate individuals to obtain information about the corporation. A candidate for election to the Board should also be provided with and review carefully all relevant public information about the corporation.

Directors should be individuals with substantial accomplishments, who have been associated with institutions noted for excellence, and who have broad experience and the ability to exercise sound business judgment. In selecting directors, the Board generally seeks a combination of active or former senior business executives of major complex businesses (from different industry sectors), leading academics, and individuals with substantial records of business achievement or government service or other leadership roles in the not-for-profit sector including individuals with specific knowledge and experience relevant to the corporation's business. Board selections should reflect sensitivity to diversity. Directors who change their primary job responsibilities are required to offer to resign from the Board, but should not necessarily be required to resign. Such an offer of resignation will be reviewed by the Compensation and Governance Committee, with a recommendation from the Chairman.

4. Election of Directors

Any resignation tendered by a director in accordance with Section 2.04 of the MBIA By-Laws shall be tendered in writing to the Corporate Secretary of the Company and the Board and will be reviewed by the Compensation and Governance Committee, with a recommendation from the Chairman, for the purposes of making a recommendation to the Board on whether a compelling reason exists for not accepting such resignation. In considering whether a compelling reason exists for not accepting the tendered resignation, the Committee will consider all factors deemed relevant to its members. The independent members of the Board will take action on the Compensation and Governance Committee's recommendation within 90 days following the submission of the director's resignation. In considering the Committee's recommendation, the Board will consider the factors considered by the Committee and such additional information and factors the Board believes to be appropriate and, absent a compelling reason, shall accept the resignation.

Any director who tenders his or her resignation as set forth above will not participate in the Compensation and Governance Committee recommendation or Board action relating to the resignation. If a majority of the Committee or Board members tender their resignations, then the remaining independent directors will consider such resignations and recommend action to the disinterested members of the Board. If no director receives a majority of the votes for his or her election, the three directors receiving the greatest number of votes for his or her election shall review and consider the resignations tendered by the other directors for purposes of this provision and shall not be required to resign unless and until new independent directors are elected to the Board.

5. Service of Former MBIA Management on the Board

Retired officers of MBIA should not serve on its Board absent a compelling reason in the view of the Board. However, upon a management director retiring from the corporation, the Board may defer such director's resignation from the Board for a period of time as it deems appropriate.

6. Director Evaluation

The Compensation and Governance Committee should review incumbent directors as part of the annual nomination process and in the context of the committee's overall review of the strengths and weaknesses of the Board as a whole. The Compensation and Governance Committee will review each individual incumbent director with respect to a variety of factors, including his or her attendance, participation in the work of the Board and overall contribution to the Board. As part of this review, at least once every two years, each Director shall be required to provide an evaluation of each other Director in the manner prescribed by the Compensation and Governance Committee. The Compensation and Governance Committee will take appropriate action to effect changes in incumbent directors if, in the opinion of the Compensation and Governance Committee after discussion with the Chairman, any director is not contributing to the work of the Board.

7. Director Compensation

The level of director compensation should generally be competitive with that paid to directors of similarly sized and situated corporations in the United States. The Compensation and Governance Committee is responsible for making recommendations to the full Board with respect to director compensation. The full Board approves director compensation and benefits programs.

8. Stock Ownership

Within four years of first being elected, a director is expected to own that number of shares of common stock of the corporation having a value of approximately five times their annual base retainer fee, including shares owned pursuant to the MBIA Inc. 2005 Non-Employee Director Deferred Compensation Plan or under the MBIA Inc. 2005 Omnibus Incentive Plan

or any successor plans. The Board may temporarily waive these guidelines if compliance is materially impacted by stock price volatility.

9. Other Directorships

In order to ensure that Directors can dedicate an appropriate amount of time to their responsibilities as directors, unless otherwise approved by the Board due to special circumstances, Directors can only serve on two additional Boards as long as they are employed on a full-time basis or otherwise on four additional Boards (in each case not including philanthropic or not-for-profit Boards).

10. Director Training.

Each Director is required to participate periodically in relevant training programs, which may include training in topics related to corporate governance or in topics that are otherwise relevant to the corporation's business.

D. COMMITTEES OF THE BOARD

1. Number and Types of Committees

Committees should be created and disbanded depending on the particular needs of the Board, issues facing the corporation, and regulatory/legal requirements. The current standing committees of the Board are the Executive Committee, the Finance and Risk Committee, the Compensation and Governance Committee and the Audit Committee. The Chairman is responsible for making recommendations to the Compensation and Governance Committee regarding the committee structure, but directors are free to make suggestions of committees at any time and are encouraged to do so. The Board also expects that the committee structure would be one of the matters considered by the Compensation and Governance Committee from time to time as part of its review of overall Board effectiveness. Any Audit Committee member who serves on three other non-affiliated audit committees must be approved by the Board. This status must be disclosed in the annual Proxy Statement. Audit Committee members may receive only director fees as compensation from the corporation. Their director fees may be greater than those of other Board members to compensate them for the significant time and effort of serving on the committee. Board members associated with major stockholders may not chair or be a member of the Audit Committee. Major stockholders are defined as owning 20% of the corporation’s equity.

2. Assignment and Rotation of Committee Members/Independent Directors on Certain Committees

The Chairman should recommend committee appointments to the Compensation and Governance Committee, which will then submit recommendations for approval to the full Board. The Board expects that assignments should be rotated periodically. The Audit Committee and the Compensation and Governance Committee should be comprised solely of independent directors, as defined in Item C.1 of these Corporate Governance Practices.

3. Committee Meetings

   In consultation with each committee Chair, the Chairman will recommend a yearly committee meeting schedule for all standing committees and agendas for each meeting. The schedule and meeting content are expected to assure that the committees meet regularly and as needed to accomplish their responsibilities.

4. Committee Reports

   A report of each committee meeting will be presented to the full Board at the Board meeting subsequent to each committee meeting.

Revised August 2, 2012