



## **Principles and Decisions Guiding MBIA's Transformation** **February 25, 2008**

MBIA has successfully raised over \$2.6 billion in new capital and preserved over \$500 million in a two-month period as part of the Company's effort to build a framework for its long-term success. The following are principles and decisions that will help guide the MBIA's transformation going forward:

1. We are committed to protect all of MBIA's policyholders
2. We will have separate legal operating entities for MBIA's public, structured and asset management businesses as soon as feasible, but no later than five years.
3. We will not insure new credit derivative transactions.
4. We intend to retain the highest ratings that we can for both our public and structured finance businesses.
5. We will restructure our business after careful consideration of the impact to all constituents, including policyholders, financial institutions, shareholders and others.
6. We will amplify our campaign against the ability of U.S. financial guarantors to reinsure U.S. domestic financial guarantee transactions with foreign affiliates without paying U.S. corporate tax rates.
7. Our dividend has been eliminated to provide an additional \$174 million of capital flexibility each year.
8. We will move to an annual dividend declaration, if any, in the first quarter of each year.
9. Effective immediately, we will suspend for an estimated six months the writing of all new structured finance business in order to both increase capital safety margins and allow us to evaluate and revise our credit appetite for the future.
10. We believe strongly that shareholders should have a "Say on Pay." Starting in 2009, shareholders will be able to vote their support for the significant decisions their board makes on executive pay. In addition, our CEO's restricted stock award is subject to shareholder approval at the 2008 annual meeting.

MBIA's transformation will demonstrate our commitment  
to building long-term shareholder value.