

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE MBIA, INC., SECURITIES  
LITIGATION

File No. 08-CV-264-KMK

**STIPULATION AND AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement (the “Stipulation”) is entered into by and among the Teachers’ Retirement System of Oklahoma, Lead Plaintiff in the above-captioned consolidated class action (the “Action”), on behalf of itself and the Class (as hereinafter defined) and Defendants MBIA Inc. (“MBIA” or the “Company”), Gary C. Dunton (“Dunton”) and C. Edward Chaplin (“Chaplin”) (together, the “Individual Defendants”; and together with MBIA, the “Defendants”; and together with Lead Plaintiff, the “Parties”), by and through their respective counsel, is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure, and is subject to approval of the Court.<sup>1</sup> Subject to the terms and conditions set forth herein and approval by the Court, the Settlement is intended to settle and release all claims that were asserted in the Action against Defendants.

WHEREAS:

A. Beginning on January 11, 2008, three class action complaints were filed in the United States District Court for the Southern District of New York, styled *Schmalz v. MBIA, Inc., et al.*, Case No. 08-CV-264 (KMK), *Teamsters Local 807 Labor Management Pension Fund v.*

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<sup>1</sup> All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in paragraph 1 herein.

*MBIA Inc., et al.*, Case No. 08-CV-1845 (KMK), and *Kosseff v. MBIA, Inc., et al.*, Case No. 08-CV-2362 (KMK).

B. In its Case Management Order No. 1 dated July 7, 2008, the Court ordered that the 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 for the Class.

C. Prior to filing a consolidated complaint, 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.

D. 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, *inter alia*, 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.

E. On January 30, 2009, Defendants served a motion to dismiss the Consolidated Complaint; on March 16, 2009, Lead Plaintiff served its opposition brief; and on April 7, 2009, Defendants served and filed their reply brief. 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 Dunton and Chaplin had acted with the requisite scienter. The Court also dismissed, with leave to amend, claims against all Defendants regarding misstatements or omissions about MBIA's control rights and payment obligations regarding the CDOs.

F. On April 30, 2010, Lead Plaintiff filed its Second Consolidated Amended Class Action Complaint (the "Complaint" or the "SAC"). The SAC, like the Consolidated Complaint, asserted claims against all Defendants under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The SAC 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.

G. On September 3, 2010, the Individual Defendants filed a Renewed Motion to Dismiss the SAC. On October 8, 2010, Lead Plaintiff filed its opposition to the motion, and on October 29, 2010, the Individual Defendants filed their reply brief. The Court scheduled oral argument on the motion for July 28, 2011.

H. In early 2011, the Parties agreed to explore the possibility of reaching a settlement agreement. The Parties agreed to engage in mediation and, on April 1, 2011, Lead Plaintiff, Lead Counsel and Defendants, through counsel, participated in a full-day mediation session before Judge Daniel Weinstein (Ret.). In advance of that session, the Parties exchanged detailed mediation statements, which addressed the issues of both liability and damages. The session was also attended by the Parties' respective damages experts. The session ended without any agreement being reached.

I. Over the course of the next few months, Judge Weinstein conducted further separate discussions with the Parties and, in June, a second mediation session was scheduled for July. In advance of the second session, the Parties exchanged detailed supplemental mediation statements. The supplemental statements addressed both liability and damages.

J. On July 7, 2011, the second mediation session with Judge Weinstein was held. In addition to Lead Plaintiff and counsel for the Parties, their respective damages experts also attended. At this session, Defendants made a presentation on liability and damages. After a full day of negotiations, the Parties reached an agreement in principle to settle the Action, which was memorialized in a Term Sheet executed that day.

K. 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.

L. 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 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.

M. Based upon their investigation and prosecution of the Action, Lead Plaintiff and Lead Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to Lead Plaintiff and the other members of the Class, and in their best interests. Based on Lead Plaintiff's direct oversight of the prosecution of this matter along with the input of Lead Counsel, Lead Plaintiff has agreed to settle the claims raised in the Action pursuant to the terms and provisions of this Stipulation, after considering (a) the substantial benefits that Lead Plaintiff and the other members of the Class will receive from the resolution of the Action, (b) the attendant risks of litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation. This Stipulation shall not be construed or deemed to be a concession by Lead Plaintiff of any infirmity in the claims asserted in the Action.

N. Each of the Defendants expressly denies any wrongdoing, and this Stipulation shall in no event be construed as or deemed to be evidence of or an admission or concession on the part of any of the Defendants with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants have, or

could have asserted. Defendants expressly deny that Lead Plaintiff has asserted a valid claim as to any of them and deny any and all allegations of fault, liability, wrongdoing, or damages whatsoever. The Parties recognize, however, that the litigation has been filed and prosecuted by Lead Plaintiff in good faith and defended by Defendants in good faith, that the litigation is being voluntarily settled with the advice of counsel, and that the terms of the Settlement are fair, adequate and reasonable.

NOW THEREFORE, without any admission or concession on the part of Lead Plaintiff of any lack of merit of the Action whatsoever, and without any admission or concession of any liability or wrongdoing or lack of merit in the defenses whatsoever by Defendants, it is hereby STIPULATED AND AGREED, by and among Lead Plaintiff and Defendants, through their respective attorneys, subject to approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Parties from the Settlement, that all Settled Claims as against the Released Parties and all Released Parties' Claims shall be compromised, settled, released and dismissed with prejudice, upon and subject to the following terms and conditions:

#### **DEFINITIONS**

1. As used in this Stipulation, the following terms shall have the following meanings:

(a) "Action" means *In re MBIA, Inc., Securities Litigation*, Case No. 08-CV-264-KMK, and includes all actions consolidated therein pursuant to the Court's July 7, 2008 order.

(b) “Alternative Judgment” means a form of final judgment that may be entered by the Court herein but in a form other than the form of Judgment provided for in this Stipulation.

(c) “Authorized Claimant” means a Class Member who submits a timely and valid Proof of Claim Form to the Claims Administrator, in accordance with the requirements established by the Court, that is approved for payment from the Net Settlement Fund.

(d) “Claim” means a Proof of Claim Form submitted to the Claims Administrator.

(e) “Claim Form” or “Proof of Claim Form” means the form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, that a Claimant or Class Member must complete in order for that Claimant or Class Member to be eligible to share in a distribution of the Net Settlement Fund.

(f) “Claimant” means a person or entity that submits a Claim Form to the Claims Administrator seeking to share in the proceeds of the Settlement Fund.

(g) “Claims Administrator” means the firm retained by Lead Plaintiff and Lead Counsel, subject to approval of the Court, to provide all notices approved by the Court to potential Class Members and to administer the Settlement.

(h) “Class” means 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 who were damaged thereby (the “Class”). Excluded from the Class are 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 any persons or entities who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in the Notice.

(i) “Class Distribution Order” means an order entered by the Court authorizing and directing that the Net Settlement Fund be distributed, in whole or in part, to Authorized Claimants.

(j) “Class Member” means a person or entity that is a member of the Class and does not exclude himself, herself or itself by filing a request for exclusion in accordance with the requirements set forth in the Notice.

(k) “Class Period” means the period from July 2, 2007 through and including January 9, 2008.

(l) “Complaint” or “SAC” means the Second Consolidated Amended Class Action Complaint filed by Lead Plaintiff in the Action on April 30, 2010.

(m) “Court” means the United States District Court for the Southern District of New York.

(n) “Defendants” means MBIA Inc., Gary C. Dunton and C. Edward Chaplin.

(o) “Defendants’ Counsel” means Debevoise & Plimpton LLP.

(p) “Effective Date” means the first date by which all of the events and conditions specified in ¶ 30 of the Stipulation have been met and have occurred.

(q) “Escrow Account” means an account maintained at Valley National Bank, Wayne, New Jersey Branch, to hold the Settlement Fund, which account, subject to the Court’s supervisory authority, shall be under the control of Lead Counsel.

(r) “Escrow Agent” means Valley National Bank.

(s) “Escrow Agreement” means the agreement between Lead Counsel and the Escrow Agent setting forth the terms under which the Escrow Agent shall maintain the Escrow Account.

(t) “Final,” with respect to any order or judgment, including the Judgment or, if applicable, the Alternative Judgment means: (a) if no appeal is filed, the expiration date of the time provided for filing or noticing of any appeal under the Federal Rules of Civil Procedure, i.e., thirty (30) days after entry of the order or judgment; or (b) if there is an appeal from the order or judgment, the date of (i) final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise to review the order or judgment, or (ii) the date the order or judgment is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or other form of review of the order or judgment, and, if certiorari or other form of review is granted, the date of final affirmance of the order or judgment following review pursuant to that grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to (i) attorneys’ fees, costs or expenses, or (ii) the plan of allocation, shall not in any way delay or preclude the Judgment or, if applicable, the Alternative Judgment from becoming Final

(u) “Immediate Family” means an individual’s spouse, parents, siblings, children, grandparents, grandchildren; the spouses of his or her parents, siblings and children; and the parents and siblings of his or her spouse, and includes step and adoptive relationships. In this paragraph, “spouse” shall mean a husband, a wife, or a partner in a state-recognized domestic partnership or civil union.

(v) “Individual Defendants” means Gary C. Dunton and C. Edward Chaplin.

(w) “Judgment” means the final judgment, substantially in the form attached hereto as Exhibit B, to be entered by the Court approving the Settlement.

(x) “Lead Counsel” means the law firm of Bernstein Litowitz Berger & Grossmann LLP.

(y) “Lead Plaintiff” means the Teachers’ Retirement System of Oklahoma.

(z) “Litigation Expenses” means costs and expenses incurred in connection with commencing and prosecuting the Action (which may include the costs and expenses of Lead Plaintiff directly related to its representation of the Class), for which Lead Counsel intends to apply to the Court for reimbursement from the Settlement Fund.

(aa) “MBIA” or the “Company” means MBIA Inc.

(bb) “Net Settlement Fund” means the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; and (iv) any attorneys’ fees awarded by the Court.

(cc) “Notice” means the Notice of Pendency of Class Action and Proposed Settlement, Settlement Fairness Hearing, and Motion for Attorneys’ Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 1 to Exhibit A, which is to be sent to members of the Class.

(dd) “Notice and Administration Costs” means the costs, fees and expenses that are incurred by the Claims Administrator and/or Lead Counsel in connection with (i) providing notice to the Class; and (ii) administering the Claims process, as well as the costs, fees and expenses incurred in connection with the Escrow Account.

(ee) “Parties” means Defendants and Lead Plaintiff, on behalf of itself and the Class.

(ff) “Plan of Allocation” means the proposed plan of allocation of the Net Settlement Fund set forth in the Notice.

(gg) “Preliminary Approval Order” means the order, substantially in the form attached hereto as Exhibit A, to be entered by the Court preliminarily approving the Settlement and directing notice be provided to the Class.

(hh) “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.

(ii) “Released Parties’ 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 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), except for claims relating to enforcement of the Settlement. For the avoidance of doubt, the Released Parties’ Claims do not include any other claims by MBIA against Class Members with whom MBIA currently has a dispute and the release of the Released Parties’ Claims will not release or otherwise impact such claims.

(jj) “Section 16 Officers” means all persons covered by the definition of “officer” under Rule 16a-1(f) of the Securities Exchange Act of 1934.

(kk) “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.

(ll) “Settlement” means the proposed settlement as set forth in this Stipulation.

(mm) “Settlement Amount” means the sum of sixty-eight million dollars (\$68,000,000) in cash.

(nn) “Settlement Fund” means the Settlement Amount plus any and all interest earned thereon.

(oo) “Settlement Hearing” means the hearing to be set by the Court under Rule 23(e)(2) of the Federal Rules of Civil Procedure to consider final approval of the Settlement.

(pp) “Summary Notice” means the Summary Notice of Pendency of Class Action and Proposed Settlement, Settlement Fairness Hearing, and Motion for Attorneys’ Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 3 to Exhibit A, to be published as set forth in the Preliminary Approval Order.

(qq) “Taxes” means: (i) all federal, state and/or local taxes of any kind on any income earned by the Settlement Fund; and (ii) the expenses and costs incurred by Lead Counsel in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including, without limitation, expenses of tax attorneys and accountants).

(rr) “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.

### **CLASS CERTIFICATION**

2. Solely for purposes of the Settlement and for no other purpose, Defendants stipulate and agree to: (a) certification of the Action as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Class; (b) certification of Lead

Plaintiff the Teachers' Retirement System of Oklahoma as Class Representative; and (c) appointment of Lead Counsel as Class Counsel pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

**PRELIMINARY APPROVAL OF SETTLEMENT**

3. Lead Plaintiff will move for preliminary approval of the Settlement and certification of the Class for settlement purposes only, which motion shall be unopposed by Defendants. In connection with the motion for preliminary approval, Lead Plaintiff shall apply to the Court for, and Defendants shall agree to, entry of the Preliminary Approval Order, substantially in the form attached hereto as Exhibit A.

**RELEASE OF CLAIMS**

4. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Action as against Defendants, and shall fully and finally release any and all Settled Claims as against all Released Parties and shall also release any and all Released Parties' Claims as 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.

5. Pursuant to the Judgment, upon the Effective Date, 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.

6. Pursuant to the Judgment, upon the Effective Date, 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.

#### **THE SETTLEMENT CONSIDERATION**

7. In consideration of the Settlement of the Settled Claims against Defendants and the other Released Parties, Defendants shall pay or cause to be paid, by one or more checks or wire transfers, a total of sixty-eight million dollars (\$68,000,000) in cash, such amount to be deposited into the Escrow Account within the later of twenty (20) business days of (a) entry of the Preliminary Approval Order, or (b) receipt by Defendants' Counsel from Lead Counsel of wiring or other instructions necessary for such payment, an executed W-9 for the Settlement Fund and payee name and address for delivery of payment by check. Receipt of a check within the twenty-day period shall be deemed compliant, notwithstanding that there may be a subsequent period of time before a check clears.

#### **VOLUNTARY DISMISSAL OF CLAIMS**

8. Within three (3) business days of entry of the Preliminary Approval Order, Lead Plaintiff shall file a notice of voluntary dismissal with prejudice of claims asserted in the Complaint against the Individual Defendants substantially in the form attached as Exhibit C (the

“Notice of Dismissal”). In consideration of the filing of the Notice of Dismissal, the Individual Defendants hereby agree that any statute of limitations, statute of repose or other time-related defense, whether statutory, contractual or otherwise, with respect to any and all claims that were asserted, or could have been asserted against them in the Action, is tolled from the date of filing of the Notice of Dismissal and, should the Settlement not be approved or the Effective Date otherwise fail to occur, the Individual Defendants shall be reinstated without objection as Defendants in the Action and they and Lead Plaintiff shall revert to their respective positions in the Action immediately prior to July 7, 2011. In the event that the Individual Defendants are reinstated as Defendants and, if their Renewed Motion to Dismiss the Complaint has been removed from the docket, Lead Plaintiff agrees that it will not object to reinstatement of the motion. For the avoidance of doubt, notwithstanding anything to the contrary in this Stipulation, the terms of this paragraph shall survive and be enforceable in the event that the Settlement is not approved or the Effective Date of the Settlement otherwise fails to occur.

**USE OF SETTLEMENT FUND**

9. The Settlement Fund shall be used to pay: (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court; and (d) any attorneys’ fees awarded by the Court. The balance remaining in the Settlement Fund, that is, the Net Settlement Fund, shall be distributed to Authorized Claimants as provided below

10. Except as provided herein or pursuant to orders of the Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the Court. The Escrow Agent shall invest

any funds in the Escrow Account in United States Treasury Bills (or a mutual fund invested solely in such instruments) and shall collect and reinvest all interest accrued thereon, except that any residual cash balances of less than \$250,000 may be invested in money market mutual funds comprised exclusively of investments secured by the full faith and credit of the United States. In the event that the yield on United States Treasury Bills is negative, in lieu of purchasing such Treasury Bills, all or any portion of the funds held by the Escrow Agent may be deposited in a non-interest bearing account that is fully insured by the FDIC.

11. The Parties agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed all informational and other tax returns as may be necessary or appropriate (including, without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the Settlement Fund. Such returns shall be consistent with this paragraph and in all events shall reflect that all taxes on the income earned on the Settlement Fund shall be paid out of the Settlement Fund as provided below. Lead Counsel shall also be responsible for causing payment to be made from the Settlement Fund of any Taxes owed with respect to the Settlement Fund. Upon written request, Defendants will provide promptly to Lead Counsel the statement described in Treasury Regulation § 1.468B-3(e). Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a “relation back election,” as described in Treasury Regulation § 1.468B-1(j), to cause the Qualified Settlement Fund to come into existence at the

earliest allowable date, and shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith.

12. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid by the Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement, and without prior Order of the Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with the previous paragraph and in all events shall reflect that all Taxes (including any interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. Defendants and their insurers shall be indemnified out of the Settlement Fund for any tax liability they may have in connection with the Settlement Fund.

13. This is not a claims-made settlement. Upon the occurrence of the Effective Date, neither Defendants, their insurance carriers, nor any other person or entity who or which paid any portion of the Settlement Amount on Defendants' behalf, shall have any right to the return of the Settlement Fund or any portion thereof irrespective of the number of Claims filed, the collective amount of losses of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

14. The Claims Administrator shall discharge its duties under Lead Counsel's supervision and subject to the jurisdiction of the Court. Except as otherwise provided herein, the Released Parties shall have no responsibility whatsoever for the administration of the Settlement, and shall have no liability whatsoever to any person, including, but not limited to, the Class Members, in connection with any such administration. Lead Counsel shall cause the Claims Administrator to mail the Notice and Proof of Claim to those members of the Class at the address of each such person or entity as set forth in the records of MBIA or its transfer agent(s), or who

otherwise may be identified through further reasonable effort. Lead Counsel will cause to be published the Summary Notice pursuant to the terms of the Preliminary Approval Order or whatever other form or manner might be ordered by the Court. For the purpose of identifying and providing notice to the Class, within five (5) business days of the date of entry of the Preliminary Approval Order, MBIA shall provide or cause to be provided to the Claims Administrator (at no cost to the Settlement Fund, Lead Plaintiff, Lead Counsel or the Claims Administrator) its shareholder records (consisting of shareholder names and addresses), in electronic form.

15. Lead Counsel may pay from the Settlement Fund, without further approval from Defendants or further order of the Court, all Notice and Administration Costs actually incurred up to the amount of \$250,000. Such costs and expenses shall include, without limitation, the actual costs of printing and mailing the Notice and publishing the Summary Notice, reimbursements to nominee owners for forwarding the Notice to the beneficial owners of MBIA common stock, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing Notice and processing the submitted Claims, and the fees, if any, of the Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs paid or incurred, including any related fees, shall not be returned or repaid to Defendants or to any other person or entity who or which paid any portion of the Settlement Amount on their behalf.

**ATTORNEYS' FEES AND LITIGATION EXPENSES**

16. Lead Counsel will apply to the Court for an award of attorneys' fees in an amount not to exceed 22% of the Settlement Fund. Lead Counsel also will apply to the Court for reimbursement of Litigation Expenses. No Defendant nor any other Released Party shall take

any position with respect to Lead Counsel's application for an award of attorneys' fees and/or Litigation Expenses. Such matters are not the subject of any agreement between Defendants and Lead Plaintiff other than what is set forth in this Stipulation.

17. Any attorneys' fees and Litigation Expenses that are awarded by the Court shall be paid to Lead Counsel immediately upon the latter of entry of final judgment or entry of an order awarding attorneys' fees and expenses, notwithstanding the existence of any timely filed objections or the potential for appeal therefrom or collateral attack on the Settlement or any part thereof, subject to Lead Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed. Lead Counsel shall make the appropriate refund or repayment in full no later than thirty (30) days after receiving from Defendants' Counsel or from a court of appropriate jurisdiction notice of the termination of the Settlement or notice of any reduction of the award of attorneys' fees and/or Litigation Expenses. An award of attorneys' fees and/or Litigation Expenses is not a necessary term of this Stipulation and is not a condition of this Stipulation. Lead Plaintiff and Lead Counsel may not cancel or terminate the Stipulation or the Settlement based on this Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses. Lead Counsel and all its partners agree to be subject to the Court's continuing jurisdiction with respect to any obligation to repay fees, and agree jointly and severally to repay all fees advanced to them in the event of an order to that approval of the Settlement is reversed on appeal or otherwise overturned or subjected to a successful collateral attack.

**CLAIMS ADMINISTRATOR**

18. The Claims Administrator shall administer the process of receiving, reviewing and approving or denying claims under Lead Counsel's supervision and subject to the jurisdiction of the Court. Other than MBIA's obligation to provide its shareholder records as provided herein, none of the Defendants shall have any responsibility whatsoever for the administration of the Settlement or the claims process and shall have no liability whatsoever to any person, including, but not limited to, Lead Plaintiff, any other Class Members or Lead Counsel in connection with such administration. Defendants' Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

19. The Claims Administrator shall receive Claims and determine first, whether the Claim is a valid Claim, in whole or part, and second, each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim compared to the total Recognized Claims of all Authorized Claimants (as set forth in the Plan of Allocation set forth in the Notice attached hereto as Exhibit 1 to Exhibit A, or in such other plan of allocation as the Court approves).

20. The Plan of Allocation proposed in the Notice is not a necessary term of this Stipulation and it is not a condition of this Stipulation that any particular plan of allocation be approved by the Court. Lead Plaintiff and Lead Counsel may not cancel or terminate the Stipulation or the Settlement based on this Court's or any appellate court's ruling with respect to the Plan of Allocation or any plan of allocation in this Action. No Defendant nor any other Released Party shall have any involvement in or responsibility or liability whatsoever for the Plan of Allocation or the allocation of the Net Settlement Fund.

21. Any Class Member who does not submit a valid Claim Form will not be entitled to receive any distribution from the Net Settlement Fund but will otherwise be bound by all of the terms of this Stipulation and Settlement, including the terms of the Judgment or, if applicable, the Alternative Judgment to be entered in the Action and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against any Released Party concerning any Settled Claim.

22. Lead Counsel shall be responsible for supervising the administration of the Settlement and the disbursement of the Net Settlement Fund. No Defendant nor any other Released Party shall have any liability, obligation or responsibility whatsoever for the administration of the Settlement or disbursement of the Net Settlement Fund. No Defendant nor any other Released Party shall be permitted to review, contest or object to any Claim Form or any decision of the Claims Administrator or Lead Counsel with respect to accepting or rejecting any Claim Form or Claim for payment by a Class Member. Lead Counsel shall have the right, but not the obligation, to waive what it deems to be formal or technical defects in any Claim Forms submitted in the interests of achieving substantial justice.

23. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

a. Each Class Member shall be required to submit a Claim Form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, supported by such documents as are designated therein, including proof of the Claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

b. All Claim Forms must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice, unless such deadline is extended by

Order of the Court. Any Class Member who fails to submit a Claim Form by such date shall be forever barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless, by Order of the Court, late-filed Claim Forms are accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or, if applicable, the Alternative Judgment and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any Released Party concerning any Settled Claim. Provided that it is received before the motion for the Class Distribution Order is filed, a Claim Form shall be deemed to be submitted when mailed, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator;

c. Each Claim Form shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with this Stipulation the extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below;

d. Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Claims Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose Claim is to be rejected has the right to a

review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below;

e. If any Claimant whose Claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court; and

f. The administrative determinations of the Claims Administrator accepting and rejecting Claims shall be presented to the Court, on notice to Defendants' Counsel, for approval by the Court in the Class Distribution Order.

24. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that Claimant's status as a Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or this Settlement in connection with the processing of Claim Forms.

25. Lead Counsel will apply to the Court, on notice to Defendants' Counsel, for a Class Distribution Order: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; (b) approving payment of any administration fees and expenses associated with the administration of the

Settlement from the Escrow Account, and (c) if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants from the Escrow Account.

26. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Class Members. All Class Members whose Claims are not approved by the Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or, if applicable, the Alternative Judgment to be entered in this Action and the releases provided for therein, and will be permanently barred and enjoined from bringing any action against any and all Released Parties concerning any and all of the Settled Claims.

27. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court.

#### **TERMS OF THE JUDGMENT**

28. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel and Defendants' Counsel shall request that the Court enter a Judgment, substantially in the form annexed hereto as Exhibit B.

#### **DUE DILIGENCE**

29. The Settlement is subject to the completion of reasonable due diligence by Lead Plaintiff. In connection with this due diligence, among other things, Defendants shall produce documents and information regarding the allegations and claims asserted in the Complaint to Lead Counsel, and Defendants (as well as other MBIA employees or other persons within Defendants' control) shall also sit for interviews with Lead Counsel if requested. The due diligence shall be for the sole purpose of assessing the reasonableness and adequacy of the

Settlement, the scope and timing of which shall be reasonable and mutually agreed upon by the Parties. Lead Plaintiff, by and through Lead Counsel, shall have 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 the information produced during the due diligence renders the proposed Settlement unfair, unreasonable and inadequate. In the event of such withdrawal, Lead Counsel shall provide written notice to Defendants and the termination provisions set forth below shall apply, unless otherwise agreed to by the Parties.

**CONDITIONS OF SETTLEMENT AND EFFECT OF TERMINATION**

30. The Effective Date of the Stipulation shall be conditioned on the occurrence or waiver of all of the following events:

(a) the Court has entered the Preliminary Approval Order, substantially in the form set forth in Exhibit A annexed hereto;

(b) the Settlement Amount has been deposited in the Escrow Account in accordance with the provisions of ¶ 7 hereof;

(c) Defendants have not exercised their right to terminate the Stipulation pursuant to ¶¶ 31 or 32 hereof;

(d) Lead Plaintiff has not exercised its right to terminate the Stipulation pursuant to ¶¶ 29 or 31; and

(e) the Court has entered a Judgment, substantially in the form set forth in Exhibit B annexed hereto, and the Judgment has become Final, or the Court has entered an Alternative Judgment and none of the Parties elect to terminate the Settlement and the Alternative Judgment has become Final.

31. Defendants, provided they unanimously agree, and Lead Plaintiff shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so (“Termination Notice”) to the other parties to this Stipulation within thirty (30) days of: (a) the Court’s declining to enter the Preliminary Approval Order in any material respect; (b) the Court’s refusal to approve this Stipulation or any part of it that materially affects any party’s rights or obligations hereunder; (c) the Court’s declining to enter the Judgment in any material respect; (d) the date upon which the Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court; or (e) the date upon which an Alternative Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. However, any decision with respect to an application for attorneys’ fees or Litigation Expenses, or with respect to any plan of allocation, shall not be considered material to the Settlement, shall not affect the finality of the Judgment or Alternative Judgment and shall not be grounds for termination.

32. In addition to the grounds set forth in ¶ 31, Defendants, provided they unanimously agree, shall have the option to terminate the Settlement and this Stipulation in the event that Class Members requesting exclusion from the Class meet the conditions set forth in a confidential supplemental agreement between the Parties that is being executed concurrently with this Stipulation (the “Supplemental Agreement”). The Supplemental Agreement shall not be filed with the Court and its terms shall not be disclosed in any other manner (other than the statements herein and in the Notice) unless and until the Court requires the Parties to file the Supplemental Agreement or disclose its terms or a dispute arises between Lead Plaintiff and Defendants concerning its interpretation or application. If submission of the Supplemental

Agreement is required for resolution of a dispute or is otherwise ordered by the Court, the Parties will undertake to have the Supplemental Agreement submitted to the court *in camera*.

33. Except as otherwise provided herein, in the event that the Settlement is terminated, the Settlement and this Stipulation shall be null and void, and without prejudice, and none of their terms shall be effective or enforceable and the fact of the Settlement shall not be admissible in any trial of this Action, and the Parties shall be deemed to have reverted to their respective status in this Action immediately prior to July 7, 2011 and, except as otherwise expressly provided, the Parties shall proceed in all respects as if this Stipulation and any related orders had not been entered, and any portion of the Settlement consideration previously paid or caused to be paid by Defendants, together with any interest earned thereon, less any Taxes paid or due with respect to such income, and less any Notice and Administration Costs actually incurred and paid or payable, shall be returned to the persons or entities that funded the Settlement within fifteen (15) business days after joint written notification of such event by Defendants' Counsel and Lead Counsel to the Escrow Agent pursuant to the terms of the Escrow Agreement.

**NO ADMISSION OF WRONGDOING**

34. This Stipulation, whether or not consummated, and any proceedings taken pursuant to it:

a. shall not 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 not 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;

c. shall not 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 this Stipulation; provided, however, that if this Stipulation is approved by the Court, Defendants, any other Released Parties, Lead Plaintiff and the other Class Members may refer to it to effectuate the protections from liability granted hereunder or otherwise to enforce the terms of the Settlement;

d. shall not 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 hereunder represents the amount which could be or would have been recovered after trial; and

e. shall not 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.

**MISCELLANEOUS PROVISIONS**

35. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

36. Each of the Defendants warrants that, as to the payments made or to be made by or on behalf of him or it, at the time of entering into this Stipulation and at the time of such payment he or it was not insolvent, nor will the payment required to be made by or on behalf of him or it render him or it insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by each of the Defendants and not by their counsel.

37. If a case is commenced in respect of any of the Defendants or any other person or entity contributing funds to the Settlement Fund on behalf of Defendants under Title 11 of the United States Code (Bankruptcy), or if a trustee, receiver, conservator or other fiduciary is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of Defendants to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then, at the election of Lead Plaintiff, the Parties shall jointly move the Court to vacate and set aside the releases given and the Judgment or, if applicable, the Alternative Judgment, entered in favor of Defendants and the other Released Parties pursuant to this Stipulation, which releases and Judgment, or Alternative Judgment, shall

be null and void, and the parties shall be restored to their respective positions in the Action immediately prior to July 7, 2011, and any cash amounts in the Settlement Fund shall be returned as provided in ¶ 33 above.

38. The Parties intend this Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Lead Plaintiff, any other Class Members and their attorneys against all Released Parties with respect to all Settled Claims. Accordingly, Lead Plaintiff and its counsel and each Defendant and their counsel agree not to assert in any forum that this Action was brought by Lead Plaintiff or defended by Defendants in bad faith or without a reasonable basis. The Parties shall assert no claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the prosecution, defense, or settlement of this Action. The Parties agree that the amount paid and the other terms of this Settlement were negotiated at arm's-length in good faith by the Parties, including at a mediation conducted by a former judge, and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

39. While retaining their right to deny that the claims asserted in the Action were meritorious, Defendants, including their counsel, in any statement made to any media representative (whether or not for attribution) will not assert that the Action was commenced or prosecuted in bad faith nor will they deny that the Action was commenced and prosecuted in good faith and that it is being settled voluntarily after consultation with competent legal counsel. Likewise, Lead Plaintiff and its counsel, in any statement made to any media representative (whether or not for attribution) will not assert that the Action was defended in bad faith nor will they deny that it was defended in good faith and that it is being settled voluntarily after consultation with competent counsel. In all events, Lead Plaintiff, including its counsel, and

Defendants, including their counsel, shall not make any accusations of wrongful or actionable conduct by either party concerning the prosecution, defense and resolution of the Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

40. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all signatories hereto or their successors-in-interest.

41. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

42. The administration and consummation of this Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses to Lead Counsel and enforcing the terms of this Stipulation.

43. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

44. This Stipulation, its exhibits and the Supplemental Agreement constitute the entire agreement among the Parties concerning this Settlement, and no representations, warranties, or inducements have been made by any party hereto concerning this Stipulation, its exhibits and the Supplemental Agreement other than those contained and memorialized in such documents.

45. This Stipulation may be executed in one or more original and/or faxed or emailed counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument provided that counsel for the signatories of this Stipulation shall exchange among themselves original signed counterparts.

46. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties.

47. The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by the internal laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

48. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that the Stipulation is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of this Stipulation.

49. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

50. Lead Counsel and Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order, the Stipulation and this Settlement, and to use best efforts to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement.

51. If any party is required to give notice to another party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand

delivery or facsimile transmission with confirmation of receipt. Notice shall be provided as follows:

If to Lead Plaintiff:  
or Lead Counsel

Bernstein Litowitz Berger & Grossmann LLP  
1285 Avenue of the Americas  
New York, New York 10019  
Telephone: (212) 554-1400  
Facsimile: (212) 554-1444  
Attn: Steven B. Singer, Esq.

If to Defendants MBIA,  
Dunton or Chaplin:

Debevoise & Plimpton LLP  
919 Third Avenue  
New York, New York 10022  
Telephone: (212) 909-6000  
Facsimile: (212) 909-6836  
Attn: Robert N. Shwartz, Esq.

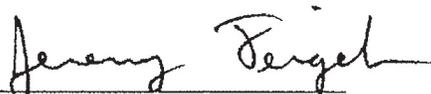
DATED: New York, New York  
September 6, 2011

**BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP**

By:   
Steven B. Singer  
Beata Gocyk-Farber  
Kurt Hunciker  
John Rizio-Hamilton  
1285 Avenue of the Americas  
New York, New York 10019  
Telephone: (212) 554-1400  
Facsimile: (212) 554-1444

*Lead Counsel for Lead Plaintiff  
and the Class*

**DEBEVOISE & PLIMPTON LLP**

By: 

Robert N. Shwartz  
Jeremy Feigelson  
919 Third Avenue  
New York, New York 10022  
Telephone: (212) 909-6000  
Facsimile: (212) 909-6836

*Counsel for Defendants MBIA, Gary C. Dunton  
and C. Edward Chaplin*

# 561760