

FSA Code of Conduct

The success of any business, particularly a financial guaranty company that lends its name to securities in the marketplace, is dependent upon maintaining a high level of public confidence. Because the preservation of that confidence is of paramount importance, the activities of Financial Security Assurance Holdings Ltd., including Financial Security Assurance Inc. and its other direct and indirect subsidiaries (collectively referred to as “**FSA**”) and their respective officers and other employees (collectively referred to as “**employees**”), must be conducted at all times in accordance with the highest principles of honesty and integrity.

FSA is a member of the Dexia group of companies and therefore it and its employees are also subject to the **Dexia Code of Ethics**. FSA is subject to certain regulatory requirements resulting from its ownership by Dexia, as discussed in **Regulatory Requirements Attributable to Dexia Ownership**. FSA is committed to complying fully with the letter and spirit of these requirements and to refraining from any activity that would risk putting Dexia or FSA in violation of such requirements.

The provisions of this Code of Conduct and the attached Statements of Corporate Policy (collectively referred to as the “**Code**”) apply to all FSA employees worldwide. The Code identifies the particular responsibilities that employees must assume so that FSA can earn the public’s confidence, in such a manner so as to not unduly restrict employees’ personal affairs. No concise set of rules, of course, can detail every circumstance in which the Code may apply. But the Code does provide essential guideposts for day-to-day direction and is to be applied on a consistent basis by all of FSA’s employees.

The Code has been distributed to every FSA employee and is given to each new employee. All employees are expected to read the Code carefully and to certify to their compliance with the Code on an annual basis. Compliance with the Code by each individual is critically important.

1. Confidential Information

Safeguarding confidential information is essential for the conduct of FSA’s business. In the course of their work, employees may learn confidential information concerning the financial results and business transactions of FSA, corporate clients or other participants in transactions with FSA (collectively referred to as “**Participants**”), as well as of fellow FSA employees or directors. **FSA employees may not communicate, in any fashion, material non-public information about FSA, any Participant or any other employees to persons not employed by FSA, except in accordance with the guidelines set out in the Code.**

While as a general matter FSA’s activities require a free flow of information throughout FSA, non-public confidential information should be communicated to other personnel only when there is a legitimate business need to know. Communication of confidential information is subject to the **FSA Information Barrier Procedures**.

Key Terms

For these purposes, “**material information**” about a company means any information that a reasonable investor would be likely to consider important in a decision to buy, hold or sell that company’s securities (or securities that rely on that company’s credit). If the disclosure of the information would be viewed by a reasonable investor as having significantly altered the “total mix” of public information about a company, or if its disclosure would be reasonably certain to affect the price of a company’s securities, the information is material, irrespective of whether the information is positive or negative.

“**Non-public,**” or “**inside**” information about a company is information that is not generally known to the public. Although non-public information generally comes directly from the relevant company, it may originate from other parties. Information becomes “**public**” when it is broadly and non-exclusively distributed, such as by being published in The New York Times, The Wall Street Journal or some other publication of general interest to the investment community, by announcement via press release and posting on the FSA website, or by being published on significant internet websites or on the Dow Jones tape.

Under the relevant law, confidential information regarding individuals is called “**nonpublic personal information,**” and includes all personally identifiable financial information, such as addresses, phone numbers, social security numbers and payment and credit history. Even information that is actually public is considered nonpublic unless the person having access to the information has confirmed that the information is public. Accordingly, FSA personnel having access to any information that can be associated with an identifiable FSA employee or other individual should assume that the information is nonpublic personal information and treat the information in accordance with the requirements of the **Corporate Policy on Personal Information.**

Sharing Information about FSA

FSA is subject to the U.S. securities law requirements regarding the disclosure of non-public information about FSA. It is FSA’s policy to provide full, fair, timely and understandable disclosure in reports and documents filed with the Securities and Exchange Commission (the “**SEC**”) and in its other communications to the public. No director, officer, employee or other person acting on FSA’s behalf may selectively disclose to third parties material non-public information about FSA.

To ensure FSA’s compliance with this policy, employees must follow the procedures described in the **Corporate Policy on Fair Disclosure,** including the following general guidelines.

General Guidelines for Disclosure of Information About FSA

*See the **Corporate Policy on Fair Disclosure** for more detail regarding these guidelines.*

1. Only members of the Executive Management Committee and designated members of the Corporate Communications Department (collectively, “**Senior Officials**”) may disclose non-public information regarding FSA or FSA’s quarterly or annual results of operations or financial condition to securities market professionals or FSA’s security holders.
2. Any brochure, slide presentation, report, pitch book or other prepared written presentation in respect of FSA must be submitted to the Chief Compliance Officer before being used, together with the form in Annex A to the Corporate Policy on Fair Disclosure, allowing a reasonable time for review.
 - This requirement does not apply to routine announcements of closed transactions, such as tombstone advertisements, routine personnel releases, or materials generally describing FSA’s programs or products.
3. Employees must immediately inform the General Counsel or Chief Compliance Officer of:
 - any material event that might trigger an SEC reporting obligation or
 - any non-intentional disclosure of information in violation of guideline 1.
4. No Senior Official of FSA shall disclose non-public FSA information to securities market professionals or FSA’s security holders, or FSA historical earnings information generally, unless the Legal Department has reviewed the relevant disclosure for compliance with Regulation FD and the Form 8-K current report requirements.

Sharing Information about Participants

Non-public information concerning Participants in FSA’s transactions may be communicated to third parties that seek such information only if there exists a legitimate business or legal reason and the recipient of the information is either subject to a confidentiality undertaking or is a regulator or rating agency. An employee must promptly refer to the General Counsel or the Chief Compliance Officer any request to release or decision to release non-public information concerning Participants, whether or not pursuant to a legal process (such as a subpoena or court order). **The employee may not release information or contact the Participant involved without the approval of the Chief Executive Officer, the Chief Operating Officer or the General Counsel.** Failure to follow these procedures could result in penalties against FSA and liability of the employee.

Employees that work on securitization transactions or oversight in the consumer lending business areas may have access to personal information about individual consumers that is subject to special confidentiality restrictions. See the **Corporate Policy on Personal Information**.

Sharing Information about other Employees

FSA employees have the right to expect that their colleagues will respect their privacy. Accordingly, employees may not report on, parody or otherwise discuss FSA or FSA’s

employees, either by name or through the use of identifiable facts or traits, in any public forum, including on Internet “blogs,” without the prior written approval of the Chief Compliance Officer. For further guidelines on handling non-public confidential information, see the **Corporate Policy on Personal Information**.

General Guidelines

In order to assist in complying with FSA’s policy regarding confidential information, in addition to the guidelines and restrictions set forth above, the following general guidelines apply:

| General Guidelines for Confidential Information |
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| <ol style="list-style-type: none">1. Employees may not disclose or use for their personal advantage or profit material non-public information acquired by reason of their relationship with FSA. See “Restrictions on Personal Investing; Prohibition on Insider Trading,” below.2. Supervisory officers have the responsibility of ensuring that all members of their staff are familiar with FSA’s entire policy on the use of confidential information, including the Corporate Policy on Fair Disclosure and Corporate Policy on Personal Information.3. All employees are required to become familiar with FSA’s basic procedures and controls for the protection of information, including the FSA Information Barrier Procedures and FSA’s controls to protect automated information on, and policies regarding authorized use of, FSA’s computer systems and networks, as set out in the Corporate Policy on the Use of Information Resources.4. In order to safeguard the confidentiality of material inside information, employees must protect such information from misuse or improper modification, protect it from unauthorized disclosure, and ensure that employees do not interfere with its access by its proper users. Employees should not leave sensitive materials in places where they may be read by others and should avoid discussing such information in public places or where they may be overheard, such as in hallways and elevators.5. An employee who becomes aware of a possible leak of information or violation of FSA’s policies should immediately inform his or her supervising officer or the Chief Compliance Officer. Depending on the specific facts of the case, FSA may be required to take certain protective measures. |

2. Restrictions on Personal Investing; Prohibition on Insider Trading

Federal law prohibits buying or selling securities (including, but not limited to, FSA securities and Participant securities) based on material inside information. In view of the serious repercussions that may develop as a result of trading on material inside information, employees are cautioned to avoid even the appearance of impropriety. Since it is often difficult to determine what constitutes material inside information, employees should assume that all confidential information is material inside information.

Transactions that may seem necessary or justifiable for independent reasons, such as emergency expenditures, are not an exception to these guidelines. Even the appearance of an improper transaction must be avoided to preserve FSA's reputation for adhering to the highest standards of conduct.

All employees are subject to the following investment guidelines. For purposes of these guidelines, an employee's "**immediate family**" includes his or her spouse, minor natural, adoptive and step-children, dependents, any other individual residing in the same household as the employee and any individual or organization that represents or acts as an agent or fiduciary for such individuals. An "**organization**" means any corporation, partnership, association, joint venture, club, or other society or entity, either formal or otherwise.

Limits on Personal Investing

The following guidelines apply to employees, their family members and any other individuals living in their households.

1. **No employee may disclose or use for his or her personal advantage or profit material non-public information acquired by reason of his or her relationship with FSA.** Accordingly, any employee that has material non-public information regarding FSA, a current or proposed Participant or any other company may not:
 - buy or sell securities of FSA, the current or proposed Participant or other company, as the case may be, or change standing buy or sell orders,
 - recommend or suggest that anyone else (including family, household members, or friends) buy, sell or retain such securities, or
 - engage in any other action to take advantage of the information.
2. **Investments in Clients.** Each employee of FSA must report in writing to the Chief Compliance Officer any purchase or sale of securities of any clients and any other holding of such securities not previously reported, with the exception that, so long as they are not in possession of relevant material non-public information, employees are not required to report purchases or sales of, or holdings in:
 - municipal bonds; or
 - substantial financial institutions with whom FSA does business, such as Goldman Sachs, AIG or Citigroup.
3. **Prior Investments:** If an employee has an existing investment in a person or entity that subsequently becomes a client of FSA, the employee must disclose the investment to the General Counsel or the Chief Compliance Officer upon becoming aware of this, unless the client falls within the scope of the exceptions in guideline 2, above.
 - If an employee is not sure whether an entity is a client, he or she should check with the Chief Compliance Officer.
4. **Trading in Client and Dexia Options.** Because of the particular potential for abuse of material non-public information in connection with trading in options on stock, (a) no FSA director or employee may trade in options on stock of Dexia and (b) no FSA employee may

trade in options on stock of any client without the prior approval of the Executive Management Committee.

5. Short Sales of Dexia and Client Securities. A short sale is the sale of securities that the seller does not own and where delivery on the sale is made with borrowed or subsequently purchased securities. Short sales of Dexia or client securities by any employee are prohibited without the prior approval of the Executive Management Committee, as a matter of Dexia policy.
6. Investments in Other Transaction Participants. Employees and their immediate families should avoid investing in securities of a Participant that is not an FSA client:
 - if the securities are not registered on a national securities exchange or otherwise widely traded; or
 - if they regularly deal with such Participants, even if the securities are widely traded, in particular if the investment is of such magnitude in relation to personal net worth that it raises a question whether, as a consequence of such investment, the employee's decisions or judgments on behalf of FSA would be influenced.
7. Dexia Blackout Periods. Trading in Dexia shares by employees is subject to certain "blackout" periods preceding quarterly earnings releases, which are announced by the Chief Compliance Officer. In addition, persons holding "Sensitive Posts" may not enter into transactions in Dexia securities without prior written permission from the Chief Compliance Officer. All employees must respect the blackout requirements.

Example

An employee issued an instruction a week before a blackout period to sell 1,000 of her Dexia shares if the shares reached a determined price. She changed her mind during the blackout period, before the transaction was executed, and decided not to sell the shares. Does she need to ask for an exception from the Chief Compliance Officer?

- *Yes. Ordering, modifying or canceling a share transaction during a blackout period requires prior authorization.*

Pursuant to these guidelines, an employee that invests in a company, whether it is a Participant or not, may not buy or sell its securities while in possession of inside information regarding the company even if the employee would have made the trade irrespective of the information. Similarly, an employee who knows that FSA is about to proceed with or decline a transaction that could affect the price of a Participant's or other company's securities may not buy or sell the securities until the information becomes public.

Example

While conducting due diligence on Company A, an FSA employee learns that it intends to acquire a second company, Company B. Company B does not know about the proposed acquisition, and the employee thinks that the value of its stock will rise when the acquisition is announced. Can he make an investment in Company B's stock, since it is not doing any business with FSA?

- *No. He is in possession of material inside information, and so the trade would be illegal. That Company B does not know the information and that FSA is not doing business with it is irrelevant.*

3. Conflicts of Interest

A conflict of interest, or the appearance of a conflict of interest, may arise in a variety of circumstances. FSA's guidelines regarding personal investments and business gifts and entertainment are in place in part to avoid such conflicts of interest, but it is still possible for conflicts to arise. Accordingly, FSA directors and officers are subject to the guidelines set out in the **Corporate Policy for Directors and Officers on Conflicts of Interest**. All employees, however, are subject to the following:

General Guidelines for Conflicts of Interest

1. **Potential Conflicts.** Employees must report potential conflicts of interest to the General Counsel or the Chief Compliance Officer.
2. **Personal Investment in Client Securities.** If an employee is involved in a pending transaction involving a client and the employee holds securities of that client, he or she must ensure that the holding is disclosed to the MRC or MUNC, as applicable, when such transaction is presented for credit approval.
3. **Recusal.** When a member of the MRC or MUNC has a material investment in a client, he or she shall disclose the investment and shall recuse himself or herself from voting on any transaction involving the client.

4. Business Gifts and Entertainment

In the business context, FSA employees may receive gifts, invitations for events or other items of value, or may wish to give business gifts, invite clients, other Participants or prospective Participants to events, or otherwise provide them with items of value. In addition to gifts and invitations to events, items of value might include, for example, a gratuity, favor, service, loan, legacy (except from a relative), fee or compensation. Employees must consult the following guidelines before accepting or offering such items of value.

Accepting Gifts, Invitations or Other Items of Value

Employees must use special care in determining whether accepting a proposed gift, invitation or other item of value is permissible under these guidelines. Any question as to whether a particular benefit might be construed as improperly influencing an employee's duties or whether

it falls into one of the below categories must be referred promptly to the General Counsel or the Chief Compliance Officer.

Limits on Accepting Gifts, Invitations or Other Items of Value

1. Employees and their immediate families may not solicit, accept or retain an item of value from any client, other Participant or any other person or entity doing business with FSA, or any individual or organization doing or seeking to do business with FSA, unless both of the following criteria are met:
 - a. there is no, and there appears to be no, reasonable likelihood of improper influence in the performance of duties on behalf of FSA, and
 - b. the item of value falls into at least one of the following categories:
 - normal business courtesies, such as a meal or golf game, involving no more than ordinary amenities;
 - client-sponsored entertainment at which the client is present or, if the client is not present, for which approval has been granted by an employee's manager;
 - paid trips or guest accommodations that involve formal representation of FSA or that can be and are reciprocated on a personal basis;
 - non-cash gifts of nominal value, such as are received at holiday time;
 - unsolicited advertising and promotional materials of nominal value;
 - gifts received because of kinship, marriage or social relationships entirely beyond and apart from any business relationship; and
 - fees or other compensation received from an organization in which membership or an official position is held as approved by FSA.
2. In some circumstances transaction group members are required to clear client entertainment with their group head, including, as noted above, to attend client-sponsored entertainment at which the client is not present.
3. If an employee receives an item of value that does not fall within the scope of guideline 1, the employee must report it to the General Counsel or the Chief Compliance Officer, who will consult with the recipient as to appropriate action.
4. Under the New York Insurance Law, no officer or employee of Financial Security Assurance Inc. or any other subsidiary insurance company can receive any money or valuable thing, in addition to his or her fixed salary or compensation, for negotiating, procuring, recommending or aiding in any purchase or sale of property or loan made by such insurer or any affiliate or subsidiary. Any one who solicits or accepts any payment or other benefit from a person with the understanding that such benefit will influence that individual's conduct in relation to the affairs of FSA may be guilty of a criminal offense in New York State as well as other jurisdictions.

Offering or Giving Gifts, Invitations or Other Items of Value: Anti-Bribery Guidelines

While conducting FSA’s business, **no bribes, kickbacks or similar remuneration or consideration of any kind are to be offered to any individual or organization for the purpose of influencing them in obtaining or retaining business for, or directing business to, FSA.** It is FSA’s policy to comply with the letter and the spirit of applicable legal requirements. Accordingly, FSA employees are subject to the following guidelines:

Limits on Offering or Giving Gifts, Invitations or Other Items of Value

1. FSA’s directors and employees and their immediate families must comply with the applicable legal requirements and must not make any payment of any commission or any gift of money, property or other item of value to any potential purchaser (or any employee, agent or representative of any purchaser) of a financial guaranty insurance policy as an inducement to purchase such policy.
2. Any representative of FSA who would like to make a payment or give any item of value to a **government official, political candidate or officer of a public international institution**, including invitations to business events, must have that payment or gift authorized by the Chief Executive Officer, Chief Operating Officer or General Counsel **before** making or promising the gift, irrespective of the amount or circumstance. See the **Corporate Policy on Anti-Bribery Laws and the Foreign Corrupt Practices Act**.
 - It is important to note that in this context “**government official**” has a very broad meaning, and includes any officer or employee of a foreign government, any department, agency or instrumentality of a foreign government, or anyone acting in an official capacity on behalf of one or more of these entities.
3. Any representative of FSA who would like to give any item of value to a client or other Participant who is **not** a government official, political candidate or officer of a public international institution, including invitations to business events, must have that gift authorized by his or her group head before making or promising the gift.
4. FSA’s directors and employees, including their immediate families, must not make any gifts or payments that could bear the appearance of impropriety.

5. Political Contributions and Solicitations

FSA employees are subject to significant limits on personal contributions to political candidates. These limits have been adopted to ensure that FSA complies with regulations that prohibit it or anyone acting on its behalf from making an expenditure or contribution of cash or anything else of monetary value in connection with an election to political office, as well as to prevent any fraudulent or manipulative acts, and to comply with both the letter and the spirit of the applicable legal requirements by avoiding even the appearance of impropriety.

Accordingly, all FSA employees, their spouses and all household members must comply with applicable law and the following guidelines when making political contributions and solicitations. Note that which of the following guidelines apply depends on whether a proposed contribution or solicitation is at the federal or state and municipal level.

For these purposes, “**contribution**” is defined broadly and means any gift, subscription, loan, advance, or deposit of money or anything of value made:

- for the purpose of influencing any election for federal, state or local office;
- to pay debt incurred in connection with any such election;
- to a political party, a partisan association or a political action committee; or
- for transition or inaugural expenses incurred by the successful candidate for state or local office.

Example

Contributions covered by FSA’s guidelines include:

- *making a payment to attend a political fund raising barbecue*
- *using your home to host a political fund raising event*
- *sending a check to a political campaign*

For the purposes of these guidelines, an “**official**” is any person (including any election committee for such person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for an elective office, and “**municipal securities business**” means the provision of financial guaranty or financial product services to or on behalf of an issuer with respect to a primary or secondary offering of municipal securities.

Limits on Contributions and Solicitations at the State and Municipal Level

The following guidelines apply to every FSA employee, their spouse and all household members, and apply to contributions to:

- *any state, state agency or state instrumentality,*
- *any political subdivision of a state, such as a municipality, or an agency or instrumentality of a subdivision, or*
- *any municipal corporate instrumentality of one or more states.*

These limits do not apply to contributions to candidates for federal office.

1. No FSA employee, their spouse or household member may make any contribution to an official at the state or municipal level unless **all three** of the following conditions are met:
 - a. the employee is entitled to vote for the official of the issuer;
 - b. the contributions that the employee, his or her spouse and all other household members, taken together, make for each official are no more than **\$250**, measured per election; **and**
 - c. the contribution otherwise complies with the general guidelines set forth below.
2. No FSA employee, their spouse or household member may solicit any person or political action committee to make any contribution to, or coordinate any contributions to, any official at the state or municipal level with which FSA is engaging or is seeking to engage in municipal securities business.
3. No FSA employee, their spouse or household member may, by acting through or by any other person or means, do any act that, if done directly by the employee, would result in a

violation of the previous guidelines.

Limits on Contributions and Solicitations at the Federal, State and Municipal Level

The following general guidelines apply to every FSA employee, their spouse and all household members, and apply to contributions at the federal, state or municipal level.

1. Employees, their spouses and household members may not make political contributions with the purpose of obtaining or retaining business or unlawfully influencing an official decision.
2. FSA may not reimburse or compensate employees, their spouses or their household members for individual political contributions in any way, and no employee may seek reimbursement or compensation for individual political contributions from any source.
3. FSA employees with supervisory responsibilities may not solicit political contributions from anyone they supervise. All other solicitation of FSA employees for political contributions requires prior written approval from the Chief Compliance Officer.
4. Employees, their spouses or their household members may not “bundle” political contributions by either (a) collecting and forwarding contributions to campaigns or (b) providing stamped or addressed envelopes in which to send contributions. Political contributions should be sent directly to the intended recipient and not through an FSA employee.
5. FSA employees, their spouses or their household members may not direct or solicit others to make political contributions that these rules prohibit them from making.

In addition, directors and senior officers of Financial Security Assurance Inc. may be subject to disclosure requirements and restrictions on donations in specific states, including Connecticut and New Jersey.

Any employee may make a request to the Chief Compliance Officer for an exception to the guidelines regarding contributions for contributions made by the employee’s spouse or other household members. Requests for such Spousal Exemptions will be considered by the Executive Management Committee on a case-by-case basis.

6. Business Conduct

FSA’s activities must always be in full compliance with applicable laws and regulations of the states and countries in which FSA does business. Employees are expected to read all such materials when issued and should periodically review such material. Advice of legal counsel should be sought when a question arises regarding any law or regulation.

Books, Records and Accounts

The integrity of the accounting records of FSA is essential. All receipts and expenditures, therefore, must be supported by documents that properly describe such entries. Employees responsible for keeping any books, records and accounts for FSA are required to record all

entries based upon proper supporting documents so that the accounting records of FSA are maintained in reasonable detail, reflecting accurately and fairly all transactions concerning FSA as well as the disposition of its assets and liabilities. The falsification of any book, record or account of FSA is unlawful.

Employees are prohibited by federal securities laws from coercing, manipulating, misleading or fraudulently influencing FSA's independent auditors for the purpose of rendering FSA's financial statements misleading. Prohibited actions include, among other things, causing an auditor:

- to issue or to reissue a report on FSA's financial statements that is not warranted in the circumstances;
- not to perform audit, review or other procedures required by accounting standards;
- not to withdraw an issued report that the auditor believes should be withdrawn; or
- not to communicate matters to FSA's audit committee.

Limits on Authority

Employees may not sign any document on behalf of FSA or in any way represent or exercise authority on behalf of FSA unless specifically authorized to do so by FSA.

Employees may not use any FSA property for personal purposes and may not use FSA's name or any of its resources to enhance their own opportunities in personal transactions or outside relationships.

Cooperation and Candor

All employees are required to cooperate fully in any internal and/or government investigation that involves FSA in any manner. Once an investigation has commenced and a litigation hold announced, special care must be taken to respect any litigation hold implemented, including through the prevention of the destruction of any documents, including e-mails, drafts, notes, floppy discs or cd-roms, that would be relevant to the investigation.

All employees are required to keep their supervisory officers fully informed of all matters pertinent to FSA's affairs and business activities with the view to ensuring that senior management will be fully informed on a timely basis as to all such matters. Complete candor is essential in dealing with FSA's internal and independent auditors and attorneys.

Competition

In its many business activities, FSA engages in vigorous, but fair and ethical, competition. FSA does not engage in practices that are considered to be anticompetitive or unethical. Employees in the Financial Products group are referred to the "**Guidelines for the Submission of Bids by FSA for Guaranteed Investment Contracts for the Investment of Proceeds of Municipal Bonds**" as well as this Code of Conduct.

Absent approval of the General Counsel, FSA employees may not enter into discussions or agreements, oral or written, with competitors concerning competitive information, practices or strategy, including discussions or agreements regarding:

- pricing, terms or conditions of insurance;
- competitive plans;
- dividing customers or instituting territorial restrictions;
- the denial or extension of particular policy coverage;
- boycotting, injuring or otherwise taking joint action regarding a competitor, supplier or customer; or
- tying or bundling separate products.

Example

An employee working on a potential insurance transaction gets a call from his counterpart at FSA's chief competitor. The counterpart says "of course I would never ask what price you're planning to bid, but I was wondering what kind of covenants you are looking to add." Can the FSA employee respond?

- *No. He cannot discuss competitive information with competitors, and that includes the terms and conditions of insurance, not just the pricing.*

Prior to agreeing to work jointly with a competitor, the client must be advised that competitors are proposing to work jointly and, absent the approval of the General Counsel, the client's consent to or acknowledgement of the joint activity should be obtained.

Employees that participate in a joint venture or joint transaction involving FSA and one or more competitors may discuss and agree on legitimate business matters related to the venture, including pricing, terms and conditions of dealing and other elements normally forbidden to competitors. However, outside the project, the members remain competitors, and must act accordingly, including by not discussing the specifics of any other transactions on which the members might remain competitors. Outside the venture, each company should make its unilateral, self-interested decision on any business matter, including pricing and terms and conditions.

Each employee must take care to ensure that competitive information is not discussed in meetings of trade associations and other insurance groups. In this regard, the employee is encouraged to review with the Chief Compliance Officer the rules or regulations of any group, association or trade organization that the employee or FSA is requested to join.

Anti-money Laundering Measures

FSA is committed to complying fully with all applicable U.S. and foreign anti-money laundering laws. It is committed to establishing, maintaining and, on an ongoing basis as necessary,

improving a program of policies, procedures and internal controls reasonably designed to prevent FSA from being used to facilitate money laundering or the financing of terrorist or other illegal activities. Employees are subject to the guidelines regarding anti-money laundering measures set out in the **Corporate Policy on Anti-Money Laundering Measures**.

The Equator Principles

FSA has implemented internal policies and procedures consistent with the Equator Principles, as set out in the **Corporate Policy on the Equator Principles**.

7. Outside Employment and Other Professional Activities

FSA prohibits outside employment except in special instances. Except for non-profit entities (including homeowner and condominium associations and coop boards) and social and religious organizations, employees are not to act as an officer or other official of an outside organization without the approval of a member of the Executive Management Committee, and are not to become a director or a trustee of an outside organization without the approval of the Chief Executive Officer, Chief Operating Officer or General Counsel.

Employees are not to act as a candidate for public office, elected or appointed, without the approval of a member of the Executive Management Committee.

Activities such as lecturing and participating in industry seminars are ordinarily encouraged, as they enhance FSA's reputation and the skills of its personnel. However, any such activities should be approved in advance by a member of the Executive Management Committee to be sure, among other things, that appropriate personnel are attending the given event on FSA's behalf and that views presented either reflect FSA's views or are clearly identified as representing the views of the presenter as opposed to FSA.

In all cases, no outside activities will be approved that might subject FSA to criticism or that will encroach upon working time, interfere with regular duties or necessitate such long hours as to affect working effectiveness.

8. Whistleblower Hotline and Fraud Reporting Procedures

Any FSA employee may submit a good faith complaint regarding FSA's disclosure, accounting or auditing matters to FSA management, including the members of the Audit Committee of the Board of Directors, the CEO, CFO, General Counsel and Chief Compliance Officer, directly or through the FSA hotline, without fear of dismissal or retaliation of any kind. Employees providing good faith allegations of improprieties with respect to the securities laws, financial information or alleged fraud against investors are offered protection by U.S. law. FSA and its officers, employees, contractors or agents will not discharge, demote, suspend, threaten, harass or in any other manner discriminate against an employee for:

- providing information or assisting in an investigation regarding violations of securities laws, other federal or state law or fraud against investors when the information or assistance is provided to, or the investigation is conducted by, a federal or state

regulatory or law enforcement agency, any member or committee of Congress or a person with supervisory authority over the employee, including senior management; or

- filing, testifying, participating in or otherwise assisting in a proceeding filed or to be filed relating to an alleged violation of the securities laws, other federal or state laws or fraud against investors.

The FSA Whistleblower Hotline

To comply with applicable legal requirements and to facilitate the reporting of employee concerns and complaints regarding potential improprieties, FSA has established a reporting “hotline” for the confidential, anonymous submission of:

- concerns and complaints regarding accounting, internal accounting controls and auditing matters (“**Accounting Matters**”);
- other matters regarding the adequacy of disclosure in public documents filed by FSA;
- employment-related issues, including issues related to harassment or bias; and
- any other conduct related to FSA that is unethical, illegal or otherwise inappropriate.

Any FSA employee who has a concern or complaint may reach the hotline on the internet at www.compliance—helpline.com (username: **FSA**; password: **hotline**) or, from within the United States, by phone at **1-888-475-8376**. The FSA Resources worksite and the FSA intranet have links to the hotline internet site.

Upon reaching the hotline, the reporting employee will be asked to provide information regarding his or her concern or complaint, and will be given a reference number, so that he or she may call back or log in at a later time to provide additional information, respond to questions management may ask regarding the report or obtain information regarding the issue’s resolution.

Reporting employees may elect whether to reveal their identity or remain anonymous. If an employee elects to remain anonymous, FSA will respect that choice. The hotline is provided by a third party and FSA will not receive tapes of telephone calls or direct copies of web logins. Anonymous submissions will receive the same attention as complaints made by identified employees. Persons who are the subject of an allegation will be informed of the allegation and given an opportunity to respond to it, to the extent that so doing will not impair the investigation of the complaint.

As described in more detail below, special restrictions dictated by French law apply to complaints submitted from, or in respect of employees in, France.

Complaints submitted through the hotline will be reviewed under Audit Committee direction and oversight by the General Counsel, Chief Internal Audit Officer, Director of Human Resources, Chief Compliance Officer or such other persons as the Audit Committee determines to be appropriate. Prompt and appropriate corrective action will be taken when and as warranted in

the judgment of the Audit Committee or senior management, as applicable. **FSA will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment with respect to good faith reporting of complaints.** Please note, however, that persons submitting bad faith complaints may be subject to disciplinary action.

Matters to Report

Employees may submit to the hotline any concern or complaint that they believe is material, subject to the limitations set out under “Hotline for FSA-France,” below. In particular, an employee should submit information to the hotline or, if they so elect, report directly to the General Counsel or Chief Compliance Officer, if they have reason to believe or suspect that:

- an SEC report filed or proposed to be filed by FSA or any other public disclosure of information by FSA contains misstatements of any material facts, omits to state any material facts necessary to make the statements therein not misleading under the circumstances, or includes inaccurate or misleading financial information or financial statements;
- there has been fraud or deliberate error in the preparation, evaluation, review or audit of FSA financial statements or in the recording or maintaining of FSA’s financial records;
- there are deficiencies in or noncompliance with FSA’s internal accounting controls;
- there has been a misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in FSA’s financial records, financial reports or audit reports or other deviation from full and fair reporting of FSA’s financial condition; or
- there has been any illegal or unethical action on the part of FSA or its employees, including any unlawful harassment or discrimination.

Hotline for FSA-France

Concerns or complaints may be submitted by, or in respect of, FSA employees in France only so long as they address financial controls, accounting and auditing matters. Employees wishing to submit reports regarding such matters must record them in writing and submit them by mail or overnight courier to the following address: Chief Compliance Officer, 31 West 52nd Street, New York, NY 10019, USA. Such reports will be reviewed in a manner consistent with submissions made through the internet and telephone hotline but will not be subject to automated processing.

Employees in France who are the subject of whistleblower complaints will be immediately notified of that fact.

9. Administration of the Code

Employees are encouraged to seek guidance regarding the interpretation or applicability of any provision of the Code from the General Counsel or Chief Compliance Officer.

If an employee has reason to believe that any provision of the Code has been violated, whether by that employee or by another, the matter must be reported promptly, either through the whistleblower hotline or directly to his or her manager, the General Counsel, an FSA Human Resources professional, the Chief Compliance Officer or one of the other FSA compliance resources.

Violation of any provision of the Code by any employee may constitute grounds for disciplinary action, including dismissal.

Any approval referenced in the Code should be obtained in writing.

10. Equal Employment Opportunity; Employment Law

FSA provides equal employment opportunity to all qualified persons regardless of race, color, religion, sex, age, national origin, disability, or any other legally protected status, under applicable local, state or federal law.

Nothing in this Code of Conduct and the attached Statements of Corporate Policy is intended or should be construed to restrict an employee's rights under any federal, state or local employment law.

11. Certification

Each employee is requested to sign the Certification delivered with this Code of Conduct, so FSA may have a record that each employee has read and agrees to abide by this Code of Conduct.

Annex to Code of Conduct:

Relevant Parties

1. **Members of the Audit Committee of the Board of Directors:**

James H. Ozanne (Chairman)

John W. Everets

Roger K. Taylor

2. **Members of the Executive Management Committee:**

Robert P. Cochran, Chief Executive Officer and Chairman

Seán W. McCarthy, President and Chief Operating Officer

Bruce E. Stern, General Counsel

Russell B. Brewer II, Chief Risk Management Officer

Joseph W. Simon, Chief Financial Officer

3. **Chief Compliance Officer:** Martha M. Redding

4. **Director of Human Resources:** Cheryl Lavery

Code of Conduct Certification

The following certification may be provided to the Chief Compliance Officer in writing or via email.

I am an employee of Financial Security Assurance Holdings Ltd. and/or Financial Security Assurance Inc. or its other direct and indirect subsidiaries (collectively referred to as “**FSA**”).

I acknowledge that I have received a copy of the FSA Code of Conduct and the attached Statements of Corporate Policy (collectively referred to as the “**Code**”). I have read the Code and I understand its terms. To the best of my knowledge, I have complied, and I will endeavor to continue to comply, with all applicable terms of the Code, including the policies contained therein.

When I have a concern about a possible violation of the Code or any FSA policy, I understand that I am required to raise the concern to my manager, the General Counsel, an FSA Human Resources professional, the Chief Compliance Officer, the Employee Hotline or one of the other FSA compliance resources.

I understand that I am prohibited from taking any retaliatory or other adverse action against anyone for raising or helping to resolve a compliance concern.

I understand that if I fail to observe my responsibilities under the Code, I will be subject to disciplinary action up to and including termination of employment and, if applicable, to civil or criminal proceedings.

This certification covers the period from January 1, 2007 to the present or, if shorter, the period during which I have been an employee of FSA.

Name: _____
(Please print)

(Signature)

Date: _____