



Capital Strength. Triple-A Performance.

# MBIA Inc. Quarterly Operating Supplement

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December 31, 2006



Fourth Quarter 2006

**MBIA INC. AND SUBSIDIARIES**  
**QUARTERLY OPERATING SUPPLEMENT <sup>(1)</sup>**

**Fourth Quarter 2006**

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(1) This report is unaudited.

**Consolidated Balance Sheets**  
(dollars in thousands)

|   | <u>December 31, 2006</u> | <u>December 31, 2005 <sup>(1)</sup></u> |
|---|--------------------------|---|
| <b><u>Assets</u></b>  |                          |   |
| <b>Investments:</b>   |                          |   |
| Fixed-Maturity Securities Held as Available-for-Sale, at Fair Value<br>(Amortized Cost \$27,327,315 and \$22,337,916) | \$27,755,667             | \$22,876,751                            |
| Investments Held-To-Maturity, at Amortized Cost<br>(Fair Value \$5,187,766 and \$5,734,335)                           | 5,213,464                | 5,765,182                               |
| Investment Agreement Portfolio Pledged as Collateral,<br>at Fair Value (Amortized Cost \$176,179 and \$712,054)       | 175,834                  | 729,072                                 |
| Short-Term Investments, at Amortized Cost   | 2,960,646                | 1,649,690                               |
| Other Investments <sup>(2)</sup>  | 971,707                  | 1,129,160                               |
| <b>Total Investments</b>  | <b>37,077,318</b>        | <b>32,149,855</b>                       |
| Cash and Cash Equivalents   | 269,277                  | 221,710                                 |
| Accrued Investment Income   | 526,468                  | 396,048                                 |
| Deferred Acquisition Costs  | 449,556                  | 427,111                                 |
| Prepaid Reinsurance Premiums  | 363,140                  | 407,614                                 |
| Reinsurance Recoverable on Unpaid Losses  | 46,941                   | 58,965                                  |
| Goodwill  | 79,406                   | 79,406                                  |
| Property and Equipment (Net of Accumulated Depreciation)  | 105,950                  | 107,763                                 |
| Receivable for Investments Sold   | 77,593                   | 74,787                                  |
| Derivative Assets   | 521,278                  | 326,867                                 |
| Other Assets  | 246,103                  | 311,268                                 |
| <b>Total Assets</b>   | <b>\$39,763,030</b>      | <b>\$34,561,394</b>                     |
| <br><b><u>Liabilities and Shareholders' Equity</u></b>  |                          |   |
| <b>Liabilities:</b>   |                          |   |
| Deferred Premium Revenue  | \$ 3,129,620             | \$ 3,185,200                            |
| Loss and Loss Adjustment Expense Reserves   | 537,037                  | 721,502                                 |
| Investment Agreements   | 12,357,754               | 10,806,277                              |
| Commercial Paper  | 745,996                  | 859,997                                 |
| Medium-Term Notes   | 11,076,600               | 7,542,416                               |
| Variable Interest Entity Floating Rate Notes  | 1,451,928                | 1,280,160                               |
| Securities Sold Under Agreements to Repurchase  | 169,432                  | 646,343                                 |
| Short-Term Debt   | 40,898                   | 58,745                                  |
| Long-Term Debt  | 1,215,289                | 1,205,855                               |
| Current Income Taxes  | 6,970                    | ---                                     |
| Deferred Income Taxes, Net  | 476,189                  | 569,536                                 |
| Deferred Fee Revenue  | 14,862                   | 20,379                                  |
| Payable for Investments Purchased   | 319,640                  | 83,369                                  |
| Derivative Liabilities  | 400,318                  | 384,561                                 |
| Other Liabilities   | 616,243                  | 605,410                                 |
| <b>Total Liabilities</b>  | <b>32,558,776</b>        | <b>27,969,750</b>                       |
| <b>Shareholders' Equity:</b>  |                          |   |
| Common Stock  | 158,330                  | 156,602                                 |
| Additional Paid-in Capital  | 1,533,102                | 1,435,590                               |
| Retained Earnings   | 6,399,333                | 5,747,171                               |
| Accumulated Other Comprehensive Income  | 321,293                  | 399,381                                 |
| Treasury Stock  | (1,207,804)              | (1,147,100)                             |
| <b>Total Shareholders' Equity</b>   | <b>7,204,254</b>         | <b>6,591,644</b>                        |
| <b>Total Liabilities and Shareholders' Equity</b>   | <b>\$39,763,030</b>      | <b>\$34,561,394</b>                     |

<sup>(1)</sup> The Municipal Services segment has been reported as a discontinued operation and its assets and liabilities are included in "Other Assets" and "Other Liabilities."

<sup>(2)</sup> At December 31, 2006, perpetual securities with a fair value of \$805 million are included in "Other Investments." At December 31, 2005, perpetual securities with a fair value of \$894 million have been reclassified from "Fixed-Maturity Securities Held as Available-for-Sale" and from "Short-Term Investments" to "Other Investments."

**Consolidated Statements of Income<sup>(1)</sup>**  
(dollars in thousands except per share)

|  | Three Months Ended December 31 |                   | Years Ended December 31 |                   |
|--|--------------------------------|-------------------|-------------------------|-------------------|
|  | 2006                           | 2005              | 2006                    | 2005              |
| <b>Insurance Operations</b>  |                                |                   |                         |                   |
| Revenues:  |                                |                   |                         |                   |
| Gross Premiums Written   | \$ 269,732                     | \$ 232,354        | \$ 896,258              | \$ 984,908        |
| Ceded Premiums   | (21,059)                       | (28,751)          | (98,591)                | (127,107)         |
| Net Premiums Written   | 248,673                        | 203,603           | 797,667                 | 857,801           |
| Scheduled Premiums Earned  | 167,121                        | 174,320           | 674,078                 | 702,284           |
| Refunding Premiums Earned  | 33,510                         | 40,120            | 161,515                 | 140,458           |
| Premiums Earned  | 200,631                        | 214,440           | 835,593                 | 842,742           |
| Net Investment Income <sup>(2)</sup>                                 | 150,227                        | 136,656           | 598,113                 | 514,311           |
| Fees and Reimbursements <sup>(3)</sup>                               | 4,259                          | 8,067             | 33,498                  | 28,235            |
| Total Insurance Revenues   | 355,117                        | 359,163           | 1,467,204               | 1,385,288         |
| Expenses:  |                                |                   |                         |                   |
| Losses and Loss Adjustment   | 20,054                         | 20,919            | 80,889                  | 84,274            |
| Amortization of Deferred Acquisition Costs                           | 15,850                         | 16,941            | 66,012                  | 66,577            |
| Operating  | 46,295                         | 41,878            | 155,863                 | 141,164           |
| Interest Expense <sup>(2)</sup>                                      | 22,561                         | 6,242             | 76,490                  | 26,109            |
| Total Insurance Expenses   | 104,760                        | 85,980            | 379,254                 | 318,124           |
| Insurance Income   | 250,357                        | 273,183           | 1,087,950               | 1,067,164         |
| <b>Investment Management Services</b>                                |                                |                   |                         |                   |
| Revenues   | 340,680                        | 247,705           | 1,201,658               | 866,154           |
| Interest Expense   | 294,431                        | 204,361           | 1,024,903               | 705,340           |
| Expenses   | 20,424                         | 22,386            | 75,537                  | 74,194            |
| Investment Management Services Income                                | 25,825                         | 20,958            | 101,218                 | 86,620            |
| <b>Corporate</b>   |                                |                   |                         |                   |
| Net Investment Income  | 3,715                          | (468)             | 13,462                  | 16,646            |
| Interest Expense   | 20,189                         | 24,858            | 80,685                  | 90,999            |
| Corporate Expenses   | 8,235                          | 5,014             | 18,614                  | 97,500            |
| Corporate Loss   | (24,709)                       | (30,340)          | (85,837)                | (171,853)         |
| <b>Gains and Losses</b>  |                                |                   |                         |                   |
| Net Realized Gains (Losses)  | (5,055)                        | 1,084             | 15,438                  | (2,870)           |
| Net Gains (Losses) on Derivative Instruments<br>and Foreign Exchange | 3,980                          | (3,926)           | 14,494                  | 38,122            |
| Net Gains and Losses   | (1,075)                        | (2,842)           | 29,932                  | 35,252            |
| Income from Continuing Operations before Income Taxes                | 250,398                        | 260,959           | 1,133,263               | 1,017,183         |
| Provision for Income Taxes   | 71,914                         | 76,844            | 320,080                 | 304,185           |
| Income from Continuing Operations                                    | 178,484                        | 184,115           | 813,183                 | 712,998           |
| Income (Loss) from Discontinued Operations, Net of Tax               | 2,472                          | (1,394)           | 6,076                   | (2,012)           |
| Gain on Sale of Discontinued Operations, Net of Tax                  | 29                             | -                 | 29                      | -                 |
| <b>Net Income</b>  | <b>\$ 180,985</b>              | <b>\$ 182,721</b> | <b>\$ 819,288</b>       | <b>\$ 710,986</b> |
| <b>Net Income per Common Share:</b>                                  |                                |                   |                         |                   |
| Basic  | \$ 1.36                        | \$ 1.38           | \$ 6.17                 | \$ 5.30           |
| Diluted  | \$ 1.32                        | \$ 1.34           | \$ 5.99                 | \$ 5.18           |
| Weighted-Average Number of Common Shares Outstanding:                |                                |                   |                         |                   |
| Basic  | 132,898,187                    | 132,640,767       | 132,794,334             | 134,098,392       |
| Diluted  | 137,042,313                    | 135,871,235       | 136,694,798             | 137,220,731       |
| <b>Net Income Per Share Information<sup>(4)</sup></b>                |                                |                   |                         |                   |
| <b>Net Income</b>  | <b>\$ 1.32</b>                 | <b>\$ 1.34</b>    | <b>\$ 5.99</b>          | <b>\$ 5.18</b>    |
| Income (Loss) from Discontinued Operations                           | 0.02                           | (0.01)            | 0.04                    | (0.01)            |
| Net Income from Continuing Operations                                | 1.30                           | 1.36              | 5.95                    | 5.20              |
| Penalties and Disgorgement   | -                              | -                 | -                       | (0.52)            |
| Net Realized Gain (Losses)   | (0.02)                         | 0.01              | 0.07                    | (0.01)            |
| Net Gains (Losses) on Derivative Instruments<br>and Foreign Exchange | 0.02                           | (0.02)            | 0.07                    | 0.18              |
| Operating Income   | 1.31                           | 1.37              | 5.81                    | 5.55              |
| Earnings from Refunded Issues  | 0.15                           | 0.18              | 0.71                    | 0.61              |
| Operating Income Excluding Refundings                                | <b>\$ 1.16</b>                 | <b>\$ 1.19</b>    | <b>\$ 5.10</b>          | <b>\$ 4.94</b>    |
| <b>Income and Expenses</b>   |                                |                   |                         |                   |
| Gross Revenues from Continuing Operations                            | \$ 698,437                     | \$ 603,558        | \$ 2,712,256            | \$ 2,303,340      |
| Gross Expenses from Continuing Operations                            | \$ 448,039                     | \$ 342,599        | \$ 1,578,993            | \$ 1,286,157      |
| Pre-tax Operating Income   | \$ 251,473                     | \$ 263,801        | \$ 1,103,331            | \$ 1,056,931      |
| After-tax Operating Income   | \$ 179,183                     | \$ 185,962        | \$ 793,727              | \$ 761,584        |

(1) The results of the Municipal Services segment have been reported within discontinued operations for all periods presented.

(2) Variable interest entity interest expense, previously reported within "Net Investment Income", has been reclassified to "Interest Expense" for all periods.

(3) Previously reported as "Advisory Fees."

(4) Based on weighted-average diluted common shares.

**Summary Financial Information**  
(dollars in thousands except per share)

| GAAP Basis   | 4th Quarter |         | Year-to-date |         |
|--|-------------|---------|--------------|---------|
|  | 2006        | 2005    | 2006         | 2005    |
| <u>Financial Ratios</u>                              |             |         |              |         |
| Loss and LAE Ratio                                   | 10.0%       | 9.8%    | 9.7%         | 10.0%   |
| Underwriting Expense Ratio                           | 31.0%       | 27.4%   | 26.6%        | 24.7%   |
| Combined Ratio                                       | 41.0%       | 37.2%   | 36.3%        | 34.7%   |
| <u>Share Data</u>                                    |             |         |              |         |
| Book Value   | \$53.43     | \$49.17 | \$53.43      | \$49.17 |
| Deferred Premium Revenue                             | 15.09       | 15.45   | 15.09        | 15.45   |
| Prepaid Reinsurance Premiums                         | (1.75)      | (1.98)  | (1.75)       | (1.98)  |
| Deferred Acquisition Costs                           | (2.17)      | (2.07)  | (2.17)       | (2.07)  |
| Net Deferred Premium Revenue                         | 11.17       | 11.40   | 11.17        | 11.40   |
| Present Value of Installment Premiums <sup>(1)</sup> | 11.13       | 10.53   | 11.13        | 10.53   |
| Asset/Liability Products Adjustment                  | 2.92        | 2.40    | 2.92         | 2.40    |
| Loss Provision <sup>(2)</sup>                        | (2.93)      | (2.88)  | (2.93)       | (2.88)  |
| Adjusted Book Value                                  | \$75.72     | \$70.62 | \$75.72      | \$70.62 |
| Dividends:   |             |         |              |         |
| Declared   | \$0.310     | \$0.280 | \$1.240      | \$1.120 |
| Paid   | \$0.310     | \$0.280 | \$1.210      | \$1.080 |
| <u>Common Shares Outstanding</u>                     |             |         |              |         |
| Weighted-Average (Diluted) (000)                     | 137,042     | 135,871 | 136,695      | 137,221 |
| Actual (000)   | 134,835     | 134,047 | 134,835      | 134,047 |
| <u>Effective Tax Rates for Continuing Operations</u> |             |         |              |         |
| Net Investment Income <sup>(3)</sup>                 | 22.8%       | 23.2%   | 23.6%        | 23.2%   |
| Underwriting and Other Income                        | 38.6%       | 39.5%   | 35.0%        | 40.0%   |
| Total Income   | 28.7%       | 29.4%   | 28.2%        | 29.9%   |

| Statutory Basis                                      | 4th Quarter       |                   | Year-to-date |       |
|--|-------------------|-------------------|--------------|-------|
|  | 2006              | 2005              | 2006         | 2005  |
| <u>Financial Ratios</u>                              |                   |                   |              |       |
| Loss and LAE Ratio                                   | 43.7%             | 41.4%             | 13.0%        | 25.5% |
| Underwriting Expense Ratio                           | 30.8%             | 22.5%             | 29.8%        | 21.9% |
| Combined Ratio                                       | 74.5%             | 63.9%             | 42.8%        | 47.4% |
| <u>Balance Sheet</u>                                 |                   |                   |              |       |
|  | <b>12/31/2006</b> | <b>12/31/2005</b> |              |       |
| Capital and Surplus                                  | \$4,080,756       | \$3,800,399       |              |       |
| Contingency Reserve                                  | 2,478,064         | 2,768,992         |              |       |
| Capital Base   | 6,558,820         | 6,569,391         |              |       |
| Unearned Premium Reserve                             | 3,507,229         | 3,508,128         |              |       |
| Present Value of Installment Premiums <sup>(1)</sup> | 2,309,433         | 2,171,063         |              |       |
| Premium Resources                                    | 5,816,662         | 5,679,191         |              |       |
| Loss and LAE Reserves                                | 100,645           | 317,783           |              |       |
| Soft Capital Credit Facilities                       | 850,000           | 850,000           |              |       |
| Total Claims-Paying Resources                        | \$13,326,127      | \$13,416,365      |              |       |
| Net Debt Service Outstanding                         | \$939,968,993     | \$889,018,859     |              |       |
| Capital Ratio <sup>(4)</sup>                         | 143:1             | 135:1             |              |       |
| Claims-Paying Ratio <sup>(5)</sup>                   | 83:1              | 78:1              |              |       |

(1) At December 31, 2006 and December 31, 2005, the discount rate was 5.1% and 5.0%, respectively.

(2) The loss provision is calculated by applying 12% to the following items on an after-tax basis: (a) deferred premium revenue; (b) prepaid reinsurance premiums; and, (c) the present value of installment premiums.

(3) Includes net investment income and net realized gains and losses from the Insurance, Investment Management Services and Corporate operations.

(4) Net debt service outstanding divided by the capital base.

(5) Net debt service outstanding divided by the sum of the capital base, unearned premium reserve (after-tax), present value of installment premiums (after-tax), loss and LAE reserves, and soft capital credit facilities.

**Annual Financial and Statistical Data <sup>(1)</sup>**  
**(dollars in millions except per share amounts)**

|  | 2006       | 2005       | 2004       | 2003       | 2002       |
|--|------------|------------|------------|------------|------------|
| <b>GAAP Summary Income Statement Data</b>                              |            |            |            |            |            |
| Insurance  |            |            |            |            |            |
| Gross Premiums Written   | \$ 896     | \$ 985     | \$ 1,117   | \$ 1,269   | \$ 952     |
| Premiums Earned  | 836        | 843        | 850        | 773        | 618        |
| Net Investment Income <sup>(2)</sup>                                   | 598        | 514        | 501        | 460        | 433        |
| Total Insurance Expenses <sup>(2)</sup>                                | 379        | 318        | 301        | 278        | 217        |
| Insurance Income (excluding net gains and losses)                      | 1,088      | 1,067      | 1,092      | 1,014      | 886        |
| Investment Management Services Income (excluding net gains and losses) | 101        | 87         | 61         | 47         | 37         |
| Income From Continuing Operations Before Income Taxes                  | 1,133      | 1,017      | 1,171      | 1,162      | 788        |
| Net Income   | 819        | 711        | 843        | 825        | 585        |
| Net Income Per Common Share:   |            |            |            |            |            |
| Basic  | \$ 6.17    | \$ 5.30    | \$ 5.94    | \$ 5.75    | \$ 3.99    |
| Diluted  | \$ 5.99    | \$ 5.18    | \$ 5.82    | \$ 5.69    | \$ 3.96    |
| Gross Revenues From Continuing Operations <sup>(2)</sup>               | \$ 2,712   | \$ 2,303   | \$ 2,055   | \$ 1,881   | \$ 1,432   |
| <b>GAAP Summary Balance Sheet Data</b>                                 |            |            |            |            |            |
| Total Investments  | \$ 37,077  | \$ 32,150  | \$ 30,614  | \$ 28,248  | \$ 17,091  |
| Total Assets   | 39,763     | 34,561     | 33,036     | 30,301     | 18,796     |
| Deferred Premium Revenue   | 3,130      | 3,185      | 3,211      | 3,080      | 2,755      |
| Loss and LAE Reserves  | 537        | 722        | 749        | 712        | 638        |
| Investment Agreements  | 12,358     | 10,806     | 8,679      | 6,959      | 6,388      |
| Commercial Paper   | 746        | 860        | 2,599      | 2,640      | --         |
| Medium-Term Notes  | 11,077     | 7,542      | 6,944      | 7,092      | 842        |
| Long-Term Debt   | 1,215      | 1,206      | 1,327      | 1,016      | 1,028      |
| Shareholders' Equity   | 7,204      | 6,592      | 6,559      | 6,150      | 5,369      |
| Book Value Per Share   | 53.43      | 49.17      | 47.05      | 42.75      | 37.10      |
| Dividends Declared Per Common Share                                    | \$ 1.240   | \$ 1.120   | \$ 0.960   | \$ 0.800   | \$ 0.680   |
| <b>Statutory Data</b>  |            |            |            |            |            |
| Net Income   | \$ 668     | \$ 633     | \$ 769     | \$ 669     | \$ 618     |
| Capital and Surplus  | 4,081      | 3,800      | 3,280      | 3,715      | 3,158      |
| Contingency Reserve  | 2,478      | 2,769      | 2,705      | 2,368      | 2,277      |
| Capital Base   | 6,559      | 6,569      | 5,985      | 6,083      | 5,435      |
| Unearned Premium Reserve   | 3,507      | 3,508      | 3,391      | 3,067      | 2,774      |
| Present Value of Installment Premiums                                  | 2,309      | 2,171      | 2,170      | 2,158      | 1,394      |
| Premium Resources  | 5,816      | 5,679      | 5,561      | 5,225      | 4,168      |
| Loss and LAE Reserves  | 101        | 318        | 272        | 200        | 245        |
| Soft Capital Credit Facilities   | 850        | 850        | 1,100      | 1,236      | 1,261      |
| Total Claims-Paying Resources  | 13,326     | 13,416     | 12,918     | 12,744     | 11,109     |
| <b>Financial Ratios</b>  |            |            |            |            |            |
| <u>GAAP</u>  |            |            |            |            |            |
| Loss and LAE Ratio   | 9.7%       | 10.0%      | 10.0%      | 10.0%      | 10.5%      |
| Underwriting Expense Ratio   | 26.6       | 24.7       | 21.5       | 22.2       | 22.9       |
| Combined Ratio   | 36.3       | 34.7       | 31.5       | 32.2       | 33.4       |
| <u>Statutory</u>   |            |            |            |            |            |
| Loss and LAE Ratio   | 13.0       | 25.5       | 17.1       | 9.2        | 9.4        |
| Underwriting Expense Ratio   | 29.8       | 21.9       | 17.9       | 12.8       | 16.8       |
| Combined Ratio   | 42.8       | 47.4       | 35.0       | 22.0       | 26.2       |
| <b>Other Financial Information</b>                                     |            |            |            |            |            |
| Adjusted Book Value Per Share  | \$ 75.72   | \$ 70.62   | \$ 66.34   | \$ 59.84   | \$ 51.76   |
| Net Debt Service Outstanding   | \$ 939,969 | \$ 889,019 | \$ 890,222 | \$ 835,774 | \$ 781,589 |
| Net Par Amount Outstanding   | \$ 617,553 | \$ 585,003 | \$ 585,575 | \$ 541,026 | \$ 497,343 |

<sup>(1)</sup> All periods presented exclude discontinued operations, where applicable.

<sup>(2)</sup> Variable interest entity interest expense, previously reported within "Net Investment Income", has been reclassified to "Total Insurance Expenses" for all periods.

**Direct Par Value and Adjusted Direct Premiums <sup>(1) (2)</sup>**  
(dollars in millions)

|  | 4th Quarter |          | Year-to-Date |           |
|--|-------------|----------|--------------|-----------|
|  | 2006        | 2005     | 2006         | 2005      |
| <b>Global Public Finance</b>           |             |          |              |           |
| <b>United States</b>                   |             |          |              |           |
| Par Value Insured                      | \$16,560    | \$15,080 | \$46,627     | \$63,337  |
| ADP                                    | \$130.9     | \$105.9  | \$320.1      | \$487.6   |
| <b>Non-United States</b>               |             |          |              |           |
| Par Value Insured                      | 3,089       | 1,141    | 7,162        | 3,934     |
| ADP                                    | 125.0       | 24.2     | 258.8        | 92.8      |
| <b>Total Global Public Finance</b>     |             |          |              |           |
| Par Value Insured                      | 19,649      | 16,221   | 53,789       | 67,271    |
| ADP                                    | 255.9       | 130.1    | 578.9        | 580.4     |
| <b>Global Structured Finance</b>       |             |          |              |           |
| <b>United States</b>                   |             |          |              |           |
| Par Value Insured                      | 18,233      | 12,836   | 45,767       | 35,092    |
| ADP                                    | 126.7       | 78.9     | 290.1        | 310.2     |
| <b>Non-United States</b>               |             |          |              |           |
| Par Value Insured                      | 8,998       | 4,522    | 21,955       | 23,936    |
| ADP                                    | 38.6        | 12.4     | 161.8        | 210.6     |
| <b>Total Global Structured Finance</b> |             |          |              |           |
| Par Value Insured                      | 27,231      | 17,358   | 67,722       | 59,028    |
| ADP                                    | 165.3       | 91.3     | 451.9        | 520.8     |
| <b>United States</b>                   |             |          |              |           |
| Par Value Insured                      | 34,793      | 27,916   | 92,394       | 98,429    |
| ADP                                    | 257.6       | 184.8    | 610.2        | 797.8     |
| <b>Non-United States</b>               |             |          |              |           |
| Par Value Insured                      | 12,087      | 5,663    | 29,117       | 27,870    |
| ADP                                    | 163.6       | 36.6     | 420.6        | 303.4     |
| <b>Grand Totals</b>                    |             |          |              |           |
| Par Value Insured                      | \$46,880    | \$33,579 | 121,511      | 126,299   |
| ADP                                    | \$421.2     | \$221.4  | \$1,030.8    | \$1,101.2 |

**Reconciliation of Adjusted Direct Premiums to Net Premiums Earned**  
(dollars in millions)

|  | 4th Quarter |         | Year-to-Date |           |
|--|-------------|---------|--------------|-----------|
|  | 2006        | 2005    | 2006         | 2005      |
| Adjusted direct premiums (1)                               | \$421.2     | \$221.4 | \$1,030.8    | \$1,101.2 |
| Adjusted assumed premiums                                  | 0.8         | 5.0     | 6.5          | 6.7       |
| Adjusted gross premiums                                    | 422.0       | 226.4   | 1,037.3      | 1,107.9   |
| Present value of estimated future installment premiums (2) | (305.3)     | (108.5) | (686.6)      | (633.4)   |
| Gross upfront premiums written                             | 116.7       | 117.9   | 350.7        | 474.5     |
| Gross installment premiums written                         | 153.0       | 114.5   | 545.6        | 510.4     |
| Gross premiums written                                     | 269.7       | 232.4   | 896.3        | 984.9     |
| Ceded premium written                                      | (21.0)      | (28.8)  | (98.6)       | (127.1)   |
| Net premiums written                                       | 248.7       | 203.6   | 797.7        | 857.8     |
| Change in unearned premium reserve (3)                     | (48.1)      | 10.8    | 37.9         | (15.1)    |
| Net premiums earned  | \$200.6     | \$214.4 | \$835.6      | \$842.7   |

(1) Adjusted direct premiums, a Non-GAAP measure, represents upfront premiums and the estimated present value of current and future installment premiums for policies issued in the period.

(2) At December 31, 2006 the discount rate was 5.10% and at December 31, 2005 the discount rate was 5.00%.

(3) The change in the unearned premium reserve is the amount by which current period deferred premiums are greater than or less than previously deferred premiums that are now being amortized into earned premium.

**Gross Premiums Written**  
(dollars in millions)

|  | 4th Quarter  |              | Full Year    |              |
|--|--------------|--------------|--------------|--------------|
|  | 2006         | 2005         | 2006         | 2005         |
| <b>Global Public Finance</b>           |              |              |              |              |
| <b>United States</b>                   |              |              |              |              |
| Upfront                                | \$ 85.5      | \$ 98.0      | \$ 257.1     | \$ 424.3     |
| Installments                           | <u>16.4</u>  | <u>6.9</u>   | <u>36.4</u>  | <u>25.5</u>  |
| Total Gross Premiums                   | 101.9        | 104.9        | 293.5        | 449.8        |
| <b>Non-United States</b>               |              |              |              |              |
| Upfront                                | 31.2         | 19.5         | 93.3         | 41.0         |
| Installments                           | <u>42.9</u>  | <u>11.3</u>  | <u>124.7</u> | <u>78.2</u>  |
| Total Gross Premiums                   | 74.1         | 30.8         | 218.0        | 119.2        |
| <b>Total Global Public Finance</b>     |              |              |              |              |
| Upfront                                | 116.7        | 117.5        | 350.4        | 465.3        |
| Installments                           | <u>59.3</u>  | <u>18.2</u>  | <u>161.1</u> | <u>103.7</u> |
| Total Gross Premiums                   | 176.0        | 135.7        | 511.5        | 569.0        |
| <b>Global Structured Finance</b>       |              |              |              |              |
| <b>United States</b>                   |              |              |              |              |
| Upfront                                | -            | 0.3          | 0.4          | 1.1          |
| Installments                           | <u>63.9</u>  | <u>61.7</u>  | <u>254.4</u> | <u>258.9</u> |
| Total Gross Premiums                   | 63.9         | 62.0         | 254.8        | 260.0        |
| <b>Non-United States</b>               |              |              |              |              |
| Upfront                                | -            | -            | -            | 8.1          |
| Installments                           | <u>29.8</u>  | <u>34.7</u>  | <u>130.0</u> | <u>147.8</u> |
| Total Gross Premiums                   | 29.8         | 34.7         | 130.0        | 155.9        |
| <b>Total Global Structured Finance</b> |              |              |              |              |
| Upfront                                | -            | 0.3          | 0.4          | 9.2          |
| Installments                           | <u>93.7</u>  | <u>96.4</u>  | <u>384.4</u> | <u>406.7</u> |
| Total Gross Premiums                   | 93.7         | 96.7         | 384.8        | 415.9        |
| <b>United States</b>                   |              |              |              |              |
| Upfront                                | 85.5         | 98.3         | 257.5        | 425.4        |
| Installments                           | <u>80.3</u>  | <u>68.6</u>  | <u>290.8</u> | <u>284.4</u> |
| Total Gross Premiums                   | 165.8        | 166.9        | 548.3        | 709.8        |
| <b>Non-United States</b>               |              |              |              |              |
| Upfront                                | 31.2         | 19.5         | 93.3         | 49.1         |
| Installments                           | <u>72.7</u>  | <u>46.0</u>  | <u>254.7</u> | <u>226.0</u> |
| Total Gross Premiums                   | 103.9        | 65.5         | 348.0        | 275.1        |
| <b>Grand Totals</b>                    |              |              |              |              |
| Upfront                                | 116.7        | 117.8        | 350.8        | 474.5        |
| Installments                           | <u>153.0</u> | <u>114.6</u> | <u>545.5</u> | <u>510.4</u> |
| Total Gross Premiums                   | \$ 269.7     | \$ 232.4     | \$ 896.3     | \$ 984.9     |

**Debt Service and Premiums**  
(dollars in millions)

|                      | <b>Insured</b>       |              |            | <b>Net Retired</b> | <b>Ending Net Outstanding</b> |
|----------------------|----------------------|--------------|------------|--------------------|-------------------------------|
|                      | <b>Gross</b>         | <b>Ceded</b> | <b>Net</b> |                    |                               |
|                      | <b>4th Qtr. 2006</b> | \$70,277     | \$6,247    |                    |                               |
| 3rd                  | 46,188               | 2,842        | 43,346     | 38,268             | 900,350                       |
| 2nd                  | 51,035               | 4,198        | 46,837     | 28,632             | 895,272                       |
| 1st                  | 20,847               | 1,279        | 19,568     | 31,520             | 877,067                       |
| <b>4th Qtr. 2005</b> | 47,990               | 4,624        | 43,366     | 37,869             | 889,019                       |
| 3rd                  | 39,414               | 3,044        | 36,370     | 38,293             | 883,522                       |
| 2nd                  | 48,208               | 6,613        | 41,595     | 42,393             | 885,445                       |
| 1st                  | 43,438               | 4,747        | 38,691     | 42,670             | 886,243                       |
| 2006                 | 188,347              | 14,566       | 173,781    | 122,831            | 939,969                       |
| 2005                 | 179,050              | 19,028       | 160,022    | 161,225            | 889,019                       |
| 2004                 | 155,334              | 4,627        | 150,707    | 96,259             | 890,222                       |
| 2003                 | 175,008              | 19,200       | 155,808    | 101,623            | 835,774                       |
| 2002                 | 198,624              | 36,643       | 161,981    | 102,800            | 781,589                       |
| 2001                 | 171,044              | 27,623       | 143,421    | 101,891            | 722,408                       |
| 2000                 | 157,821              | 30,969       | 126,852    | 81,857             | 680,878                       |
| 1999                 | 151,122              | 37,175       | 113,947    | 73,959             | 635,883                       |
| 1998                 | 183,547              | 40,400       | 143,147    | 60,988             | 595,895                       |
| 1997                 | 157,224              | 18,561       | 138,663    | 59,344             | 513,736                       |
| 1996                 | 129,715              | 14,605       | 115,110    | 39,868             | 434,417                       |

|                      | <b>Written</b>       |                            |                          | <b>Net Earned<sup>(1)</sup></b> | <b>Ending Net Unearned<sup>(2)</sup></b> |
|----------------------|----------------------|----------------------------|--------------------------|---------------------------------|--|
|                      | <b>Gross</b>         | <b>Ceded<sup>(1)</sup></b> | <b>Net<sup>(1)</sup></b> |                                 |  |
|                      | <b>4th Qtr. 2006</b> | \$269.8                    | \$21.1                   |                                 |  |
| 3rd                  | 202.1                | 26.4                       | 175.7                    | 212.4                           | 2,711.0                                  |
| 2nd                  | 251.5                | 27.2                       | 224.3                    | 216.7                           | 2,737.4                                  |
| 1st                  | 172.9                | 23.9                       | 149.0                    | 205.9                           | 2,721.9                                  |
| <b>4th Qtr. 2005</b> | 232.4                | 28.8                       | 203.6                    | 214.4                           | 2,777.6                                  |
| 3rd                  | 221.0                | 34.6                       | 186.4                    | 204.1                           | 2,790.8                                  |
| 2nd                  | 249.0                | 31.7                       | 217.3                    | 213.4                           | 2,809.8                                  |
| 1st                  | 282.5                | 32.0                       | 250.5                    | 210.8                           | 2,811.8                                  |
| 2006                 | 896.3                | 98.6                       | 797.7                    | 835.6                           | 2,766.5                                  |
| 2005                 | 984.9                | 127.1                      | 857.8                    | 842.7                           | 2,777.6                                  |
| 2004                 | 1,116.9              | 158.8                      | 958.1                    | 849.7                           | 2,776.2                                  |
| 2003                 | 1,268.8              | 193.9                      | 1,074.9                  | 773.0                           | 2,689.1                                  |
| 2002                 | 951.9                | 150.0                      | 801.9                    | 618.5                           | 2,376.5                                  |
| 2001                 | 865.2                | 188.4                      | 676.8                    | 546.9                           | 2,182.5                                  |
| 2000                 | 687.4                | 153.4                      | 534.0                    | 464.8                           | 2,055.6                                  |
| 1999                 | 624.9                | 108.0                      | 516.9                    | 457.1                           | 1,990.7                                  |
| 1998                 | 677.1                | 117.9                      | 559.2                    | 428.7                           | 1,932.6                                  |
| 1997                 | 653.8                | 116.5                      | 537.3                    | 351.5                           | 1,800.9                                  |
| 1996                 | 535.3                | 70.0                       | 465.3                    | 294.0                           | 1,618.8                                  |

(1) Includes the reversal of amounts ceded to Channel Re in proportion to MBIA's ownership interest, which is carried on an equity accounting basis.

(2) Equals deferred premium revenue less prepaid reinsurance premiums.

**Net Debt Service Amortization**

**As of December 31, 2006**

**(dollars in millions)**

|                     | <b>Scheduled Net<br/>Debt Service<br/>Amortization</b> | <b>Ending Net<br/>Debt Service<br/>Outstanding</b> |
|---------------------|--|--|
| 4th Qtr. 2006       |  | \$ 939,969   |
| 1st Qtr. 2007       | 15,228   | 924,741  |
| 2nd Qtr. 2007       | 22,452   | 902,289  |
| 3rd Qtr. 2007       | 23,830   | 878,459  |
| 4th Qtr. 2007       | 17,523   | 860,936  |
| 2008                | 61,087   | 799,849  |
| 2009                | 63,435   | 736,414  |
| 2010                | 57,747   | 678,667  |
| 2011                | 65,588   | 613,079  |
| 2012-2016           | 193,233  | 419,846  |
| 2017-2021           | 168,582  | 251,264  |
| 2022-2026           | 114,419  | 136,845  |
| 2027 and thereafter | <u>136,845</u>   | -  |
| Total               | <u>\$ 939,969</u>                                      |  |

**Net Unearned Premium Amortization  
and Estimated Future Installment Premiums**

**As of December 31, 2006**

**(dollars in millions)**

|                     | <b>Net Unearned<br/>Premiums <sup>(1)</sup></b> | <b>Net Unearned Premium Amortization</b> |                     | <b>Expected<br/>Installments <sup>(2)</sup></b> | <b>Total<br/>Premium<br/>Earnings <sup>(3)</sup></b> |
|---------------------|---|--|---------------------|---|--|
|                     |   | <b>Upfront</b>                           | <b>Installments</b> |   |  |
| 4th Qtr. 2006       | \$ 2,766.5                                      |  |                     |   |  |
| 1st Qtr. 2007       | 2,650.8   | 66.2                                     | 49.5                | 52.9  | 168.6  |
| 2nd Qtr. 2007       | 2,572.8   | 64.3                                     | 13.7                | 90.0  | 168.0  |
| 3rd Qtr. 2007       | 2,503.3   | 61.8                                     | 7.7                 | 94.9  | 164.4  |
| 4th Qtr. 2007       | 2,437.9   | 60.0                                     | 5.4                 | 93.2  | 158.6  |
| 2008                | 2,192.0   | 227.5                                    | 18.4                | 347.0   | 592.9  |
| 2009                | 1,966.7   | 208.8                                    | 16.5                | 296.3   | 521.6  |
| 2010                | 1,760.5   | 191.7                                    | 14.5                | 256.4   | 462.6  |
| 2011                | 1,572.4   | 175.0                                    | 13.1                | 227.1   | 415.2  |
| 2012-2016           | 970.6   | 559.7                                    | 42.1                | 637.1   | 1,238.9  |
| 2017-2021           | 483.2   | 451.0                                    | 36.4                | 456.5   | 943.9  |
| 2022-2026           | 209.5   | 250.8                                    | 22.9                | 335.2   | 608.9  |
| 2027 and thereafter | -   | <u>193.1</u>                             | <u>16.4</u>         | <u>448.7</u>                                    | <u>658.2</u>   |
| Total               |   | <u>\$ 2,509.9</u>                        | <u>\$ 256.6</u>     | <u>\$ 3,335.3</u>                               | <u>\$ 6,101.8</u>                                    |

(1) Equals deferred premium revenue less prepaid reinsurance premiums.

(2) Represents installment-based future undiscounted collections.

(3) Actual future premium earnings will differ from the current projection due to the addition of new business, changes in prepayment speeds, early terminations and refundings.

**Premiums Earned Analysis**  
(dollars in thousands)

| 2006                                   | 1st<br>Qtr.    | 2nd<br>Qtr.    | 3rd<br>Qtr.    | 4th<br>Qtr.   | Full Year      |
|--|----------------|----------------|----------------|---------------|----------------|
| <b>Global Public Finance</b>           |                |                |                |               |                |
| <b>United States</b>                   |                |                |                |               |                |
| Upfront                                | \$84,336       | \$94,276       | \$95,193       | \$89,731      | \$363,536      |
| Installment                            | <u>6,286</u>   | <u>6,266</u>   | <u>6,615</u>   | <u>6,789</u>  | <u>25,956</u>  |
| Total                                  | 90,622         | 100,542        | 101,808        | 96,520        | 389,492        |
| <b>Non-United States</b>               |                |                |                |               |                |
| Upfront                                | 9,347          | 19,337         | 7,336          | 9,092         | 45,112         |
| Installment                            | <u>17,254</u>  | <u>17,335</u>  | <u>18,624</u>  | <u>15,952</u> | <u>69,165</u>  |
| Total                                  | 26,601         | 36,672         | 25,960         | 25,044        | 114,277        |
| <b>Total Global Public Finance</b>     |                |                |                |               |                |
| Upfront                                | 93,683         | 113,613        | 102,529        | 98,823        | 408,648        |
| Installment                            | <u>23,540</u>  | <u>23,601</u>  | <u>25,239</u>  | <u>22,741</u> | <u>95,121</u>  |
| Total                                  | 117,223        | 137,214        | 127,768        | 121,564       | 503,769        |
| <b>Global Structured Finance</b>       |                |                |                |               |                |
| <b>United States</b>                   |                |                |                |               |                |
| Upfront                                | 1,447          | 1,653          | 1,067          | 1,369         | 5,536          |
| Installment                            | <u>54,438</u>  | <u>52,561</u>  | <u>56,121</u>  | <u>52,335</u> | <u>215,455</u> |
| Total                                  | 55,885         | 54,214         | 57,188         | 53,704        | 220,991        |
| <b>Non-United States</b>               |                |                |                |               |                |
| Upfront                                | 2,857          | 927            | 870            | 902           | 5,556          |
| Installment                            | <u>29,934</u>  | <u>24,381</u>  | <u>26,501</u>  | <u>24,461</u> | <u>105,277</u> |
| Total                                  | 32,791         | 25,308         | 27,371         | 25,363        | 110,833        |
| <b>Total Global Structured Finance</b> |                |                |                |               |                |
| Upfront                                | 4,304          | 2,580          | 1,937          | 2,271         | 11,092         |
| Installment                            | <u>84,372</u>  | <u>76,942</u>  | <u>82,622</u>  | <u>76,796</u> | <u>320,732</u> |
| Total                                  | 88,676         | 79,522         | 84,559         | 79,067        | 331,824        |
| <b>Grand Totals</b>                    |                |                |                |               |                |
| Upfront                                | 97,987         | 116,193        | 104,466        | 101,094       | 419,740        |
| Installment                            | <u>107,912</u> | <u>100,543</u> | <u>107,861</u> | <u>99,537</u> | <u>415,853</u> |
| Total                                  | \$205,899      | \$216,736      | \$212,327      | \$200,631     | \$835,593      |

| 2005                                   | 1st<br>Qtr.    | 2nd<br>Qtr.    | 3rd<br>Qtr.    | 4th<br>Qtr.    | Full Year      |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Global Public Finance</b>           |                |                |                |                |                |
| <b>United States</b>                   |                |                |                |                |                |
| Upfront                                | \$93,006       | \$89,548       | \$87,968       | \$89,370       | \$359,892      |
| Installment                            | <u>6,508</u>   | <u>7,179</u>   | <u>6,966</u>   | <u>8,089</u>   | <u>28,742</u>  |
| Total                                  | 99,514         | 96,727         | 94,934         | 97,459         | 388,634        |
| <b>Non-United States</b>               |                |                |                |                |                |
| Upfront                                | 9,697          | 9,565          | 9,449          | 9,284          | 37,995         |
| Installment                            | <u>14,381</u>  | <u>17,652</u>  | <u>16,347</u>  | <u>19,392</u>  | <u>67,772</u>  |
| Total                                  | 24,078         | 27,217         | 25,796         | 28,676         | 105,767        |
| <b>Total Global Public Finance</b>     |                |                |                |                |                |
| Upfront                                | 102,703        | 99,113         | 97,417         | 98,654         | 397,887        |
| Installment                            | <u>20,889</u>  | <u>24,831</u>  | <u>23,313</u>  | <u>27,481</u>  | <u>96,514</u>  |
| Total                                  | 123,592        | 123,944        | 120,730        | 126,135        | 494,401        |
| <b>Global Structured Finance</b>       |                |                |                |                |                |
| <b>United States</b>                   |                |                |                |                |                |
| Upfront                                | 792            | 1,318          | 1,445          | 2,008          | 5,563          |
| Installment                            | <u>58,006</u>  | <u>56,865</u>  | <u>54,718</u>  | <u>55,932</u>  | <u>225,521</u> |
| Total                                  | 58,798         | 58,183         | 56,163         | 57,940         | 231,084        |
| <b>Non-United States</b>               |                |                |                |                |                |
| Upfront                                | 629            | 1,152          | 1,302          | 1,266          | 4,349          |
| Installment                            | <u>27,826</u>  | <u>30,106</u>  | <u>25,877</u>  | <u>29,099</u>  | <u>112,908</u> |
| Total                                  | 28,455         | 31,258         | 27,179         | 30,365         | 117,257        |
| <b>Total Global Structured Finance</b> |                |                |                |                |                |
| Upfront                                | 1,421          | 2,470          | 2,747          | 3,274          | 9,912          |
| Installment                            | <u>85,832</u>  | <u>86,971</u>  | <u>80,595</u>  | <u>85,031</u>  | <u>338,429</u> |
| Total                                  | 87,253         | 89,441         | 83,342         | 88,305         | 348,341        |
| <b>Grand Totals</b>                    |                |                |                |                |                |
| Upfront                                | 104,124        | 101,583        | 100,164        | 101,928        | 407,799        |
| Installment                            | <u>106,721</u> | <u>111,802</u> | <u>103,908</u> | <u>112,512</u> | <u>434,943</u> |
| Total                                  | \$210,845      | \$213,385      | \$204,072      | \$214,440      | \$842,742      |

**Effect of Refundings and Other Accelerations**  
(dollars in thousands except per share)

|                                    | 1st<br>Qtr. | 2nd<br>Qtr. | 3rd<br>Qtr. | 4th<br>Qtr. | Full Year  |
|------------------------------------|-------------|-------------|-------------|-------------|------------|
| <b>2006</b>                        |             |             |             |             |            |
| Refunding Premiums Earned          | \$ 38,184   | \$ 47,606   | \$ 42,215   | \$ 33,510   | \$ 161,515 |
| Net Income Effect <sup>(1)</sup>   | 22,859      | 28,499      | 25,272      | 20,061      | 96,691     |
| Net Income Per Common Share Effect | \$ 0.17     | \$ 0.21     | \$ 0.18     | \$ 0.15     | \$ 0.71    |
| <b>2005</b>                        |             |             |             |             |            |
| Refunding Premiums Earned          | \$ 37,085   | \$ 32,483   | \$ 30,770   | \$ 40,120   | \$ 140,458 |
| Net Income Effect <sup>(1)</sup>   | 22,201      | 19,446      | 18,420      | 24,017      | 84,084     |
| Net Income Per Common Share Effect | \$ 0.16     | \$ 0.14     | \$ 0.13     | \$ 0.18     | \$ 0.61    |

(1) Net of deferred acquisition costs and taxes.

**Investment Portfolio**  
As of December 31, 2006  
(dollars in thousands)

| <u>Investments</u>                          | <u>Market Value</u>  | <u>% of Market Value</u> | <u>Amortized Cost</u> | <u>Pre-tax Yield</u> <sup>(2)</sup> | <u>Annualized Income</u> <sup>(3)</sup> |
|---|----------------------|--------------------------|-----------------------|-------------------------------------|---|
| <b>Fixed-Income Securities:</b>             |                      |                          |                       |                                     |   |
| Tax Exempt                                  | \$ 5,251,780         | 48%                      | \$ 5,061,649          | 4.82%                               | \$ 243,971                              |
| Taxable                                     | 4,088,246            | 38                       | 4,037,967             | 5.49                                | 221,684                                 |
| Short-Term                                  | <u>1,488,975</u>     | <u>14</u>                | <u>1,488,975</u>      | <u>5.02</u>                         | <u>74,755</u>                           |
| Total Insurance Fixed Income                | 10,829,001           | 100%                     | <u>\$ 10,588,591</u>  | 5.10%                               | <u>\$ 540,410</u>                       |
| Other <sup>(1)</sup>                        | <u>971,707</u>       |                          |                       |                                     |   |
|   | 11,800,708           |                          |                       |                                     |   |
| Total Other Fixed Income <sup>(4)</sup>     | 20,063,146           |                          |                       |                                     |   |
| Investments Held-to-Maturity <sup>(5)</sup> | <u>5,213,464</u>     |                          |                       |                                     |   |
| Total Investments                           | <u>\$ 37,077,318</u> |                          |                       |                                     |   |

  

| <u>Maturity</u>              | <u>Market Value</u>  | <u>% of Market Value</u> |
|------------------------------|----------------------|--------------------------|
| Within 1 Year                | \$ 1,488,975         | 13.8%                    |
| 1 to 5 Years                 | 3,969,802            | 36.7                     |
| 5 to 10 Years                | 3,331,193            | 30.8                     |
| 10 to 15 Years               | 485,187              | 4.5                      |
| 15 to 20 Years               | 207,825              | 1.9                      |
| More than 20 Years           | <u>1,346,019</u>     | <u>12.3</u>              |
| Total Insurance Fixed Income | <u>\$ 10,829,001</u> | <u>100.0%</u>            |

*Long-Term average maturity: 5.83 years*  
*Duration: 4.93 years*

| <u>Quality Distribution of Long-Term Fixed Income Investments</u> |                          |
|---|--------------------------|
| <u>Rating</u>   | <u>% of Market Value</u> |
| Aaa   | 67%                      |
| Aa  | 24                       |
| A   | 8                        |
| Baa   | <u>1</u>                 |
|   | <u>100%</u>              |

(1) Primarily equity investments.

(2) Estimated pre-tax yield on assets (based on amortized cost) at the end of the reporting period.

(3) Before taxes, if applicable, based on indicated yields.

(4) Includes investment agreement and medium-term note portfolios.

(5) Represents conduit and variable interest entity investments at amortized cost.

**Insurance Operations Net Investment Income**  
(dollars in thousands)

|  | 1st<br>Qtr.       | 2nd<br>Qtr.       | 3rd<br>Qtr.       | 4th<br>Qtr.       | Full Year         |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>2006</b>                                    |                   |                   |                   |                   |                   |
| Investment income                              | 126,842           | 127,941           | 129,862           | 131,617           | 516,262           |
| VIE and other investment income <sup>(1)</sup> | <u>12,274</u>     | <u>16,695</u>     | <u>34,272</u>     | <u>18,610</u>     | <u>81,851</u>     |
| Net investment income                          | <u>\$ 139,116</u> | <u>\$ 144,636</u> | <u>\$ 164,134</u> | <u>\$ 150,227</u> | <u>\$ 598,113</u> |
| <b>2005</b>                                    |                   |                   |                   |                   |                   |
| Investment income                              | 118,515           | 120,406           | 121,906           | 128,176           | 489,003           |
| VIE and other investment income <sup>(1)</sup> | <u>4,304</u>      | <u>5,111</u>      | <u>7,413</u>      | <u>8,480</u>      | <u>25,308</u>     |
| Net investment income                          | <u>\$ 122,819</u> | <u>\$ 125,517</u> | <u>\$ 129,319</u> | <u>\$ 136,656</u> | <u>\$ 514,311</u> |

(1) Includes interest received on variable interest entities, assets received in connection with remediations, and on reimbursed expenses.

## Return on Equity

| <u>Quarter Ended</u> | <u>Reported</u> <sup>(1)</sup> | <u>Operating</u> <sup>(2)</sup> |
|----------------------|--------------------------------|---------------------------------|
| December 31, 2006    | 11.9%                          | 12.1%                           |
| September 30         | 12.1%                          | 12.6%                           |
| June 30              | 11.2%                          | 12.4%                           |
| March 31             | 10.7%                          | 12.4%                           |
| December 31, 2005    | 10.8%                          | 12.5%                           |
| September 30         | 11.7%                          | 12.9%                           |
| June 30              | 12.5%                          | 13.1%                           |
| March 31             | 13.1%                          | 13.7%                           |
| December 31, 2004    | 13.3%                          | 13.4%                           |
| December 31, 2003    | 14.3%                          | 13.7%                           |
| December 31, 2002    | 11.7%                          | 13.7%                           |

(1) Trailing twelve months of Net Income divided by average Shareholders' Equity.

(2) Trailing twelve months of Operating Income divided by average Shareholders' Equity (excluding non-operating items). All periods presented exclude the results of discontinued operations.

## Average Assets Under Management<sup>(1)</sup> (dollars in thousands)

|                   | <u>Conduits</u> |                     | <u>Asset Management</u> |                     |
|-------------------|-----------------|---------------------|-------------------------|---------------------|
|                   | <u>Quarter</u>  | <u>Year-to-Date</u> | <u>Quarter</u>          | <u>Year-to-Date</u> |
| December 31, 2006 | \$ 3,831,317    | \$ 3,863,602        | \$ 57,489,290           | \$ 52,126,843       |
| September 30      | \$ 3,707,714    | \$ 3,874,364        | \$ 52,501,181           | \$ 50,348,343       |
| June 30           | \$ 3,782,249    | \$ 3,957,689        | \$ 50,306,497           | \$ 49,148,194       |
| March 31          | \$ 4,133,129    | \$ 4,133,129        | \$ 47,493,339           | \$ 47,493,339       |
| December 31, 2005 | 4,837,827       | 5,665,435           | 44,230,723              | 43,508,483          |
| September 30      | 5,563,236       | 5,941,304           | 44,219,259              | 43,250,495          |
| June 30           | 5,806,589       | 6,130,338           | 43,531,957              | 42,766,114          |
| March 31          | 6,454,086       | 6,454,086           | 41,569,852              | 41,569,852          |
| December 31, 2004 |                 | 6,904,694           |                         | 37,408,105          |
| December 31, 2003 |                 | 8,760,814           |                         | 32,675,546          |
| December 31, 2002 |                 |                     |                         | 29,441,386          |
| December 31, 2001 |                 |                     |                         | 27,166,925          |
| December 31, 2000 |                 |                     |                         | 22,289,303          |
| December 31, 1999 |                 |                     |                         | 18,297,254          |
| December 31, 1998 |                 |                     |                         | 15,740,664          |
| December 31, 1997 |                 |                     |                         | 12,326,177          |
| December 31, 1996 |                 |                     |                         | 10,238,784          |
| December 31, 1995 |                 |                     |                         | 4,782,308           |
| December 31, 1994 |                 |                     |                         | 3,094,391           |
| December 31, 1993 |                 |                     |                         | 1,182,125           |
| December 31, 1992 |                 |                     |                         | 630,803             |
| December 31, 1991 |                 |                     |                         | 166,437             |
| January 17, 1991  |                 |                     |                         | inception           |

<sup>(1)</sup> The Conduits were acquired in September 2003.

**Loss and Loss Adjustment Expense (LAE) Reserves**  
(dollars in thousands)

| 2006                                  | 1st<br>Qtr.       | 2nd<br>Qtr.             | 3rd<br>Qtr.       | 4th<br>Qtr.                     | Full<br>Year      |
|---------------------------------------|-------------------|-------------------------|-------------------|---------------------------------|-------------------|
| Beginning Unallocated Reserves        | \$ 208,614        | \$ 217,885              | \$ 256,548        | \$ 259,371                      | \$ 208,614        |
| Formula Provision <sup>(1)</sup>      | 20,126            | 20,295                  | 20,414            | 20,054                          | 80,889            |
| Channel Re Elimination <sup>(2)</sup> | (205)             | (363)                   | (321)             | (290)                           | (1,179)           |
| Case Activity                         | <u>(10,650)</u>   | <u>18,731</u>           | <u>(17,270)</u>   | <u>(65,816)</u>                 | <u>(75,005)</u>   |
| Ending Unallocated Reserves           | <u>217,885</u>    | <u>256,548</u>          | <u>259,371</u>    | <u>213,319</u>                  | <u>213,319</u>    |
| Beginning Case Reserves               | 453,923           | 453,143                 | 407,273           | 419,256                         | 453,923           |
| Case Activity                         | 10,650            | (18,731) <sup>(3)</sup> | 17,270            | 65,816                          | 75,005            |
| Net (Payments) Recoveries             | <u>(11,430)</u>   | <u>(27,139)</u>         | <u>(5,287)</u>    | <u>(208,295)</u> <sup>(4)</sup> | <u>(252,151)</u>  |
| Ending Case Reserves                  | <u>453,143</u>    | <u>407,273</u>          | <u>419,256</u>    | <u>276,777</u>                  | <u>276,777</u>    |
| Net Loss and LAE Reserves             | 671,028           | 663,821                 | 678,627           | 490,096                         | 490,096           |
| Ceded Loss and LAE Reserves           | <u>59,324</u>     | <u>44,472</u>           | <u>47,002</u>     | <u>46,941</u>                   | <u>46,941</u>     |
| Gross Loss and LAE Reserves           | <u>\$ 730,352</u> | <u>\$ 708,293</u>       | <u>\$ 725,629</u> | <u>\$ 537,037</u>               | <u>\$ 537,037</u> |

| 2005                                  | 1st<br>Qtr.       | 2nd<br>Qtr.                     | 3rd<br>Qtr.       | 4th<br>Qtr.           | Full<br>Year      |
|---------------------------------------|-------------------|---------------------------------|-------------------|-----------------------|-------------------|
| Beginning Unallocated Reserves        | \$ 313,945        | \$ 314,903                      | \$ 318,463        | \$ 287,144            | \$ 313,945        |
| Formula Provision <sup>(1)</sup>      | 20,851            | 21,708                          | 20,796            | 20,919                | 84,274            |
| Channel Re Elimination <sup>(2)</sup> | (172)             | (286)                           | (281)             | (261)                 | (1,000)           |
| Case Activity Incurred                | <u>(19,721)</u>   | <u>(17,862)</u>                 | <u>(51,834)</u>   | <u>(99,188)</u>       | <u>(188,605)</u>  |
| Ending Unallocated Reserves           | <u>314,903</u>    | <u>318,463</u>                  | <u>287,144</u>    | <u>208,614</u>        | <u>208,614</u>    |
| Beginning Case Reserves               | 400,314           | 429,070                         | 330,667           | 378,602               | 400,314           |
| Case Activity                         | 19,721            | 17,862                          | 51,834            | 99,188 <sup>(5)</sup> | 188,605           |
| Net (Payments) Recoveries             | <u>9,035</u>      | <u>(116,265)</u> <sup>(6)</sup> | <u>(3,899)</u>    | <u>(23,867)</u>       | <u>(134,996)</u>  |
| Ending Case Reserves                  | <u>429,070</u>    | <u>330,667</u>                  | <u>378,602</u>    | <u>453,923</u>        | <u>453,923</u>    |
| Net Loss and LAE Reserves             | 743,973           | 649,130                         | 665,746           | 662,537               | 662,537           |
| Ceded Loss and LAE Reserves           | <u>34,091</u>     | <u>41,671</u>                   | <u>45,677</u>     | <u>58,965</u>         | <u>58,965</u>     |
| Gross Loss and LAE Reserves           | <u>\$ 778,064</u> | <u>\$ 690,801</u>               | <u>\$ 711,423</u> | <u>\$ 721,502</u>     | <u>\$ 721,502</u> |

(1) Represents the Company's provision for losses calculated as 12% of scheduled net earned premium.

(2) Represents the amount of losses and LAE incurred that have been eliminated in proportion to MBIA's ownership interest, which is carried on an equity method accounting basis.

(3) Includes a reduction of case reserves related to Northwest Airlines.

(4) Includes payments related to insured notes backed by tax liens originated by Capital Asset and a CDO transaction for which reserves were previously established.

(5) Includes the establishment of case reserves related to Northwest Airlines.

(6) Includes payments related to Fort Worth Osteopathic Hospital and estimated recoveries for AHERF reclassified from "Other Assets."

**Insurance Expense Analysis <sup>(1)</sup>**  
(dollars in thousands)

| 2006                           | 1st<br>Qtr. | 2nd<br>Qtr. | 3rd<br>Qtr. | 4th<br>Qtr. | Full<br>Year |
|--------------------------------|-------------|-------------|-------------|-------------|--------------|
| Compensation                   | \$ 36,665   | \$ 40,568   | \$ 39,593   | \$ 49,414   | \$ 166,240   |
| Fees and Professional Services | 5,810       | 5,033       | 4,441       | 5,985       | 21,269       |
| Building and Equipment         | 6,165       | 6,475       | 6,149       | 6,503       | 25,292       |
| Loss Prevention Expenses       | 2,954       | 1,078       | 3,759       | 5,064       | 12,855       |
| Premium Taxes                  | 3,752       | 4,021       | 4,021       | 4,967       | 16,761       |
| Other                          | 6,485       | 6,597       | 5,439       | 7,416       | 25,937       |
| Gross Insurance Expenses       | 61,831      | 63,772      | 63,402      | 79,349      | 268,354      |
| Ceding Commissions (Received)  | (6,503)     | (7,018)     | (5,911)     | (5,506)     | (24,938)     |
| Net Insurance Expenses         | 55,328      | 56,754      | 57,491      | 73,843      | 243,416      |
| Deferred Acquisition Costs     | (18,789)    | (21,070)    | (20,146)    | (27,548)    | (87,553)     |
| Operating Expenses             | \$ 36,539   | \$ 35,684   | \$ 37,345   | \$ 46,295   | \$ 155,863   |

| 2005                           | 1st<br>Qtr. | 2nd<br>Qtr. | 3rd<br>Qtr. | 4th<br>Qtr. | Full<br>Year |
|--------------------------------|-------------|-------------|-------------|-------------|--------------|
| Compensation                   | \$ 38,051   | \$ 38,590   | \$ 39,653   | \$ 39,474   | \$ 155,768   |
| Fees and Professional Services | 4,260       | 5,927       | 6,002       | 6,841       | 23,030       |
| Building and Equipment         | 6,546       | 6,516       | 6,151       | 6,703       | 25,916       |
| Loss Prevention Expenses       | 1,774       | 3,257       | 5,428       | 5,330       | 15,789       |
| Premium Taxes                  | 5,283       | 6,122       | 2,776       | 4,357       | 18,538       |
| Other                          | 6,190       | 5,990       | 5,088       | 7,581       | 24,849       |
| Gross Insurance Expenses       | 62,104      | 66,402      | 65,098      | 70,286      | 263,890      |
| Ceding Commissions (Received)  | (5,465)     | (6,655)     | (8,179)     | (15,560)    | (35,859)     |
| Net Insurance Expenses         | 56,639      | 59,747      | 56,919      | 54,726      | 228,031      |
| Deferred Acquisition Costs     | (27,931)    | (27,788)    | (18,300)    | (12,848)    | (86,867)     |
| Operating Expenses             | \$ 28,708   | \$ 31,959   | \$ 38,619   | \$ 41,878   | \$ 141,164   |

**Deferred Expenses to Deferred Premiums Ratio**  
(dollars in thousands)

|  | 2003         | 2004         | 2005         | 2006         |
|--|--------------|--------------|--------------|--------------|
| Deferred Acquisition Costs                   | \$ 373,032   | \$ 406,035   | \$ 427,111   | \$ 449,556   |
| Deferred Premium Revenue                     | 3,079,851    | 3,211,181    | 3,185,200    | 3,129,620    |
| Prepaid Reinsurance Premiums                 | (390,771)    | (434,968)    | (407,614)    | (363,140)    |
| Present Value of Future Installment Premiums | 2,158,078    | 2,170,189    | 2,171,064    | 2,309,433    |
| Adjusted Deferred Premiums                   | \$ 4,847,158 | \$ 4,946,402 | \$ 4,948,650 | \$ 5,075,913 |
| Ratio  | 7.7%         | 8.2%         | 8.6%         | 8.9%         |

<sup>(1)</sup> All periods presented exclude the results of discontinued operations.

## Schedule of Outstanding Stock Options

| Year of Expiration                       | Outstanding<br>as of 9/30/06 | Granted | Exercised | Cancelled | Outstanding<br>as of 12/31/06 | Exercisable as of 12/31/06 |               |
|--|------------------------------|---------|-----------|-----------|-------------------------------|----------------------------|---------------|
|  |                              |         |           |           |                               | Number                     | Average Price |
| <b>Executive Officers <sup>(1)</sup></b> |                              |         |           |           |                               |                            |               |
| 2006                                     | 29,454                       | -       | 29,454    | -         | -                             | -                          | \$ -          |
| 2007                                     | 57,305                       | -       | 21,038    | -         | 36,267                        | 36,267                     | 45.54         |
| 2008                                     | 186,615                      | -       | 11,850    | -         | 174,765                       | 174,765                    | 42.71         |
| 2009                                     | 2,454,357                    | -       | 58,835    | -         | 2,395,522                     | 2,395,522                  | 42.57         |
| 2010                                     | 98,415                       | -       | -         | -         | 98,415                        | 98,415                     | 35.76         |
| 2011                                     | 716,500                      | -       | -         | -         | 716,500                       | 716,500                    | 44.79         |
| 2012                                     | 1,098,400                    | -       | -         | -         | 1,098,400                     | 1,042,820                  | 48.11         |
| 2013                                     | 404,500                      | -       | -         | -         | 404,500                       | 322,700                    | 36.69         |
| 2014                                     | 621,000                      | -       | -         | -         | 621,000                       | 79,200                     | 64.73         |
| 2015                                     | 652,000                      | -       | -         | -         | 652,000                       | -                          | -             |
| 2016                                     | 37,500                       | -       | -         | -         | 37,500                        | -                          | -             |
| Total                                    | 6,356,046                    | -       | 121,177   | -         | 6,234,869                     | 4,866,189                  | \$ 43.95      |
| <b>Others</b>                            |                              |         |           |           |                               |                            |               |
| 2006                                     | 127,091                      | -       | 107,391   | 19,700    | -                             | -                          | \$ -          |
| 2007                                     | 467,124                      | -       | 96,759    | -         | 370,365                       | 333,765                    | 42.90         |
| 2008                                     | 98,394                       | -       | 5,370     | -         | 93,024                        | 93,024                     | 42.50         |
| 2009                                     | 458,038                      | -       | 15,444    | 1,500     | 441,094                       | 404,094                    | 41.07         |
| 2010                                     | 221,331                      | -       | 12,672    | 540       | 208,119                       | 208,119                    | 46.54         |
| 2011                                     | 164,500                      | -       | 100,000   | -         | 64,500                        | 64,500                     | 54.24         |
| 2012                                     | 455,373                      | -       | 16,150    | 2,000     | 437,223                       | 256,623                    | 52.20         |
| 2013                                     | 297,909                      | -       | 57,225    | 3,900     | 236,784                       | 137,981                    | 37.80         |
| 2014                                     | 236,221                      | -       | 3,776     | 8,356     | 224,089                       | 106,003                    | 64.35         |
| 2015                                     | 104,000                      | -       | -         | 3,500     | 100,500                       | -                          | -             |
| Total                                    | 2,629,981                    | -       | 414,787   | 39,496    | 2,175,698                     | 1,604,109                  | \$ 45.79      |
| <b>Total</b>                             |                              |         |           |           |                               |                            |               |
| 2006                                     | 156,545                      | -       | 136,845   | 19,700    | -                             | -                          | \$ -          |
| 2007                                     | 524,429                      | -       | 117,797   | -         | 406,632                       | 370,032                    | 43.16         |
| 2008                                     | 285,009                      | -       | 17,220    | -         | 267,789                       | 267,789                    | 42.64         |
| 2009                                     | 2,912,395                    | -       | 74,279    | 1,500     | 2,836,616                     | 2,799,616                  | 42.36         |
| 2010                                     | 319,746                      | -       | 12,672    | 540       | 306,534                       | 306,534                    | 43.08         |
| 2011                                     | 881,000                      | -       | 100,000   | -         | 781,000                       | 781,000                    | 45.57         |
| 2012                                     | 1,553,773                    | -       | 16,150    | 2,000     | 1,535,623                     | 1,299,443                  | 48.92         |
| 2013                                     | 702,409                      | -       | 57,225    | 3,900     | 641,284                       | 460,681                    | 36.96         |
| 2014                                     | 857,221                      | -       | 3,776     | 8,356     | 845,089                       | 185,203                    | 64.51         |
| 2015                                     | 756,000                      | -       | -         | 3,500     | 752,500                       | -                          | -             |
| 2016                                     | 37,500                       | -       | -         | -         | 37,500                        | -                          | -             |
| Total                                    | 8,986,027                    | -       | 535,964   | 39,496    | 8,410,567                     | 6,470,298                  | \$ 44.40      |

(1) Certain Executive Officers of the Company have exercised stock options under the Company's net settlement procedure and may do so in the future. Under this procedure, executive officers purchase the underlying stock, net of shares necessary to pay the option exercise price and meet tax withholding requirements, in order to increase their ownership position in MBIA.

**Insured Portfolio Profile By Bond Type**

**Par Value  
(dollars in millions)**

(1) (2)

|                                      | Insured in 2006  |               |                  |               | Outstanding as of December 31, 2006 |               |                  |               |
|--------------------------------------|------------------|---------------|------------------|---------------|-------------------------------------|---------------|------------------|---------------|
|                                      | Gross Amount     | %             | Net Amount       | %             | Gross Amount                        | %             | Net Amount       | %             |
| <b>Global Public Finance</b>         |                  |               |                  |               |                                     |               |                  |               |
| <u>United States</u>                 |                  |               |                  |               |                                     |               |                  |               |
| General Obligation                   | \$20,816         | 17.1%         | \$20,777         | 18.4%         | \$173,235                           | 25.1%         | \$165,008        | 26.6%         |
| Utilities                            | 8,957            | 7.3           | 8,727            | 7.8           | 76,023                              | 10.9          | 70,153           | 11.4          |
| Special Revenue                      | 7,278            | 6.0           | 7,059            | 6.3           | 50,039                              | 7.2           | 46,524           | 7.5           |
| Transportation                       | 2,007            | 1.6           | 1,972            | 1.8           | 36,205                              | 5.2           | 31,256           | 5.1           |
| Health Care                          | 1,320            | 1.1           | 1,196            | 1.1           | 32,697                              | 4.7           | 27,615           | 4.5           |
| Higher Education                     | 2,890            | 2.4           | 2,865            | 2.6           | 23,562                              | 3.4           | 22,585           | 3.7           |
| Housing                              | 3,102            | 2.5           | 3,004            | 2.7           | 16,291                              | 2.3           | 15,481           | 2.5           |
| Investor-Owned Utilities (3)         | 257              | 0.2           | 257              | 0.2           | 8,565                               | 1.2           | 7,727            | 1.3           |
| Total United States                  | <u>46,627</u>    | <u>38.2</u>   | <u>45,857</u>    | <u>40.9</u>   | <u>416,617</u>                      | <u>60.0</u>   | <u>386,349</u>   | <u>62.6</u>   |
| <u>Non-United States</u>             |                  |               |                  |               |                                     |               |                  |               |
| Sovereign                            | 3,706            | 3.1           | 3,541            | 3.1           | 14,527                              | 2.1           | 12,156           | 2.0           |
| Transportation                       | 1,708            | 1.4           | 1,620            | 1.4           | 14,871                              | 2.1           | 10,762           | 1.7           |
| Utilities                            | 857              | 0.7           | 854              | 0.8           | 7,285                               | 1.0           | 5,273            | 0.9           |
| Investor-Owned Utilities (3)         | 891              | 0.7           | 842              | 0.8           | 5,062                               | 0.7           | 4,141            | 0.7           |
| Sub-Sovereign                        | -                | -             | -                | -             | 1,203                               | 0.2           | 747              | 0.1           |
| Health Care                          | -                | -             | -                | -             | 365                                 | 0.1           | 264              | -             |
| Housing                              | -                | -             | -                | -             | 184                                 | -             | 170              | -             |
| Higher Education                     | -                | -             | -                | -             | 59                                  | -             | 55               | -             |
| Total Non-United States              | <u>7,162</u>     | <u>5.9</u>    | <u>6,857</u>     | <u>6.1</u>    | <u>43,556</u>                       | <u>6.2</u>    | <u>33,568</u>    | <u>5.4</u>    |
| Total Global Public Finance          | <u>53,789</u>    | <u>44.1</u>   | <u>52,714</u>    | <u>47.0</u>   | <u>460,173</u>                      | <u>66.2</u>   | <u>419,917</u>   | <u>68.0</u>   |
| <b>Global Structured Finance</b>     |                  |               |                  |               |                                     |               |                  |               |
| <u>United States</u>                 |                  |               |                  |               |                                     |               |                  |               |
| Collateralized Debt Obligations      | 22,980           | 18.9          | 18,952           | 16.9          | 59,407                              | 8.5           | 50,717           | 8.1           |
| Mortgage Backed                      |                  |               |                  |               |                                     |               |                  |               |
| Home Equity                          | 10,237           | 8.4           | 9,695            | 8.6           | 21,942                              | 3.2           | 20,108           | 3.3           |
| Other                                | 384              | 0.3           | 356              | 0.3           | 5,485                               | 0.8           | 4,942            | 0.8           |
| First Mortgage                       | 991              | 0.8           | 987              | 0.9           | 3,132                               | 0.5           | 2,976            | 0.5           |
| Asset Backed                         |                  |               |                  |               |                                     |               |                  |               |
| Other (4)                            | 1,992            | 1.6           | 1,886            | 1.7           | 13,229                              | 1.9           | 12,136           | 2.0           |
| Auto                                 | 6,263            | 5.1           | 5,808            | 5.2           | 10,557                              | 1.5           | 9,454            | 1.5           |
| Credit Cards                         | -                | -             | -                | -             | 2,200                               | 0.3           | 1,659            | 0.3           |
| Leasing                              | (47)             | -             | (40)             | -             | 504                                 | 0.1           | 459              | 0.1           |
| Pooled Corp. Obligations & Other (5) | 3,072            | 2.5           | 2,404            | 2.1           | 21,789                              | 3.1           | 17,594           | 2.8           |
| Financial Risk                       | 319              | 0.3           | 322              | 0.3           | 1,617                               | 0.2           | 1,568            | 0.3           |
| Total United States                  | <u>46,191</u>    | <u>37.9</u>   | <u>40,370</u>    | <u>36.0</u>   | <u>139,862</u>                      | <u>20.1</u>   | <u>121,613</u>   | <u>19.7</u>   |
| <u>Non-United States</u>             |                  |               |                  |               |                                     |               |                  |               |
| Collateralized Debt Obligations      | 15,598           | 12.8          | 13,571           | 12.0          | 57,131                              | 8.2           | 44,344           | 7.2           |
| Mortgage Backed                      |                  |               |                  |               |                                     |               |                  |               |
| First Mortgage                       | 646              | 0.5           | 598              | 0.5           | 15,264                              | 2.2           | 13,596           | 2.2           |
| Other                                | 1,658            | 1.4           | 1,530            | 1.4           | 5,347                               | 0.8           | 4,547            | 0.7           |
| Home Equity                          | 1,525            | 1.3           | 1,407            | 1.3           | 2,158                               | 0.3           | 1,868            | 0.3           |
| Pooled Corp. Obligations & Other (5) | 1,629            | 1.3           | 1,209            | 1.1           | 7,748                               | 1.1           | 5,963            | 1.0           |
| Asset Backed                         |                  |               |                  |               |                                     |               |                  |               |
| Other (4)                            | 900              | 0.7           | 816              | 0.7           | 4,845                               | 0.7           | 3,952            | 0.6           |
| Leasing                              | -                | -             | -                | -             | 724                                 | 0.1           | 671              | 0.1           |
| Auto                                 | -                | -             | -                | -             | 372                                 | 0.1           | 348              | 0.1           |
| Credit Cards                         | -                | -             | -                | -             | -                                   | -             | -                | -             |
| Financial Risk                       | -                | -             | -                | -             | 1,298                               | 0.2           | 734              | 0.1           |
| Total Non-United States              | <u>21,956</u>    | <u>18.0</u>   | <u>19,131</u>    | <u>17.0</u>   | <u>94,887</u>                       | <u>13.7</u>   | <u>76,023</u>    | <u>12.3</u>   |
| Total Global Structured Finance      | <u>68,147</u>    | <u>55.9</u>   | <u>59,501</u>    | <u>53.0</u>   | <u>234,749</u>                      | <u>33.8</u>   | <u>197,636</u>   | <u>32.0</u>   |
| Total                                | <u>\$121,936</u> | <u>100.0%</u> | <u>\$112,215</u> | <u>100.0%</u> | <u>\$694,922</u>                    | <u>100.0%</u> | <u>\$617,553</u> | <u>100.0%</u> |

(1) Net of refunded issues, reinsurance and other contractual agreements.

(2) Excludes \$20.7 billion relating to investment agreements and medium term notes issued by affiliates of MBIA Asset Management and guaranteed by MBIA Insurance Corporation.

(3) Includes Investor-Owned Utilities, Industrial Development and Pollution Control Revenue bonds.

(4) Includes Student Loans, Franchise, Consumer and Trade Receivables.

(5) Includes Direct Corporates, Corporate Pools and Conduit Exposure.

**Insured Portfolio Profile By Geographic Distribution**  
**Par Value**  
(dollars in millions)

Insured in 2006

Outstanding as of December 31, 2006 <sup>(1) (2)</sup>

|                             | Insured in 2006  |               |                  |               | Outstanding as of December 31, 2006 <sup>(1) (2)</sup> |               |                  |               |
|-----------------------------|------------------|---------------|------------------|---------------|--|---------------|------------------|---------------|
|                             | Gross Amount     | %             | Net Amount       | %             | Gross Amount   | %             | Net Amount       | %             |
| <b>United States</b>        |                  |               |                  |               |  |               |                  |               |
| California                  | \$6,897          | 5.7%          | \$6,771          | 6.0%          | \$73,539   | 10.6%         | \$68,265         | 11.1%         |
| New York                    | 3,975            | 3.3           | 3,856            | 3.4           | 42,471   | 6.1           | 39,237           | 6.4           |
| Florida                     | 4,582            | 3.8           | 4,455            | 4.0           | 29,550   | 4.3           | 27,595           | 4.5           |
| Texas                       | 2,939            | 2.4           | 2,921            | 2.6           | 23,493   | 3.4           | 21,491           | 3.5           |
| New Jersey                  | 2,242            | 1.8           | 2,213            | 2.0           | 20,411   | 2.9           | 18,909           | 3.1           |
| Illinois                    | 2,320            | 1.9           | 2,251            | 2.0           | 19,198   | 2.8           | 17,869           | 2.9           |
| Pennsylvania                | 1,009            | 0.8           | 991              | 0.9           | 14,112   | 2.0           | 13,173           | 2.1           |
| Massachusetts               | 354              | 0.3           | 354              | 0.3           | 14,879   | 2.1           | 13,068           | 2.1           |
| Washington                  | 1,683            | 1.4           | 1,683            | 1.5           | 13,672   | 2.0           | 12,706           | 2.1           |
| Michigan                    | 954              | 0.8           | 954              | 0.9           | 12,575   | 1.8           | 11,635           | 1.9           |
| Subtotal                    | <u>26,955</u>    | <u>22.2</u>   | <u>26,449</u>    | <u>23.6</u>   | <u>263,900</u>   | <u>38.0</u>   | <u>243,948</u>   | <u>39.7</u>   |
| Other States & Territories  | 19,849           | 16.2          | 19,590           | 17.4          | 157,763  | 22.7          | 147,048          | 23.7          |
| Nationally Diversified      | <u>46,015</u>    | <u>37.7</u>   | <u>40,188</u>    | <u>35.8</u>   | <u>134,816</u>   | <u>19.4</u>   | <u>116,966</u>   | <u>18.9</u>   |
| Total United States         | <u>92,819</u>    | <u>76.1</u>   | <u>86,227</u>    | <u>76.8</u>   | <u>556,479</u>   | <u>80.1</u>   | <u>507,962</u>   | <u>82.3</u>   |
| <b>Non-United States</b>    |                  |               |                  |               |  |               |                  |               |
| United Kingdom              | 4,239            | 3.5           | 4,066            | 3.6           | 29,044   | 4.2           | 24,148           | 3.9           |
| Germany                     | 3,718            | 3.0           | 3,500            | 3.2           | 11,786   | 1.7           | 10,114           | 1.6           |
| Australia                   | 1,091            | 0.9           | 1,028            | 0.9           | 8,594  | 1.2           | 6,144            | 1.0           |
| France                      | 980              | 0.8           | 904              | 0.8           | 3,034  | 0.4           | 2,402            | 0.4           |
| Italy                       | 767              | 0.6           | 715              | 0.6           | 2,271  | 0.3           | 2,171            | 0.3           |
| Chile                       | 249              | 0.2           | 249              | 0.2           | 2,933  | 0.4           | 1,939            | 0.3           |
| Japan                       | 400              | 0.3           | 385              | 0.4           | 2,457  | 0.4           | 1,805            | 0.3           |
| Turkey                      | 1,083            | 0.9           | 808              | 0.7           | 2,471  | 0.4           | 1,730            | 0.3           |
| South Korea                 | 859              | 0.7           | 811              | 0.7           | 1,901  | 0.3           | 1,641            | 0.3           |
| Spain                       | -                | -             | -                | -             | 2,156  | 0.3           | 1,575            | 0.3           |
| Subtotal                    | <u>13,386</u>    | <u>10.9</u>   | <u>12,466</u>    | <u>11.1</u>   | <u>66,647</u>  | <u>9.6</u>    | <u>53,669</u>    | <u>8.7</u>    |
| Other (3)                   | 1,281            | 1.1           | 1,232            | 1.1           | 8,992  | 1.3           | 7,398            | 1.1           |
| Internationally Diversified | <u>14,450</u>    | <u>11.9</u>   | <u>12,290</u>    | <u>11.0</u>   | <u>62,804</u>  | <u>9.0</u>    | <u>48,524</u>    | <u>7.9</u>    |
| Total Non-United States     | <u>29,117</u>    | <u>23.9</u>   | <u>25,988</u>    | <u>23.2</u>   | <u>138,443</u>   | <u>19.9</u>   | <u>109,591</u>   | <u>17.7</u>   |
| Total                       | <u>\$121,936</u> | <u>100.0%</u> | <u>\$112,215</u> | <u>100.0%</u> | <u>\$694,922</u>                                       | <u>100.0%</u> | <u>\$617,553</u> | <u>100.0%</u> |

(1) Net of refunded issues, reinsurance and other contractual agreements.

(2) Excludes \$20.7 billion relating to investment agreements and medium term notes issued by affiliates of MBIA Asset Management and guaranteed by MBIA Insurance Corporation.

(3) Includes some domestic risk denominated in other than U.S.dollars.

**Insured Portfolio - 25 Largest Public Finance Credits**

Net Par Outstanding as of December 31, 2006

(dollars in millions)

|    | Obligor Name   | Country | MBIA Rating <sup>(1)</sup> | Net Par Outstanding |
|----|--|---------|----------------------------|---------------------|
| 1  | California General Obligation  | USA     | a1                         | \$ 3,455            |
| 2  | New York City General Obligation                                     | USA     | a2                         | 2,938               |
| 3  | Sydney Airport Corporation Limited                                   | AUS     | bbb2                       | 2,587               |
| 4  | Massachusetts General Obligation                                     | USA     | aa3                        | 2,384               |
| 5  | Illinois General Obligation  | USA     | aa3                        | 2,367               |
| 6  | Puerto Rico General Obligation                                       | USA     | bbb2                       | 2,230               |
| 7  | Long Island Power Authority Electric                                 | USA     | a3                         | 2,023               |
| 8  | Wisconsin General Obligation   | USA     | aa3                        | 1,930               |
| 9  | Southern Water Services Limited                                      | GBR     | a3                         | 1,924               |
| 10 | Connecticut General Obligation                                       | USA     | aa3                        | 1,881               |
| 11 | New York State Lease   | USA     | a2                         | 1,860               |
| 12 | Citizens Property Insurance Corp                                     | USA     | a3                         | 1,827               |
| 13 | State of Washington General Obligation                               | USA     | aa2                        | 1,772               |
| 14 | Chicago O'Hare General Airport                                       | USA     | a2                         | 1,737               |
| 15 | Los Angeles Unified School District General Obligation               | USA     | aa3                        | 1,695               |
| 16 | Puerto Rico Electric Power Authority                                 | USA     | a3                         | 1,629               |
| 17 | State of California Economic Recovery Bonds                          | USA     | aa3                        | 1,582               |
| 18 | New Jersey Transportation Trust Fund Authority                       | USA     | aa3                        | 1,579               |
| 19 | Pennsylvania General Obligation                                      | USA     | aa3                        | 1,574               |
| 20 | New York City Water  | USA     | aa2                        | 1,476               |
| 21 | MTA Commuter & Transit Transportation Revenue                        | USA     | a2                         | 1,469               |
| 22 | City of Houston Combined Utility System Revenue Bonds                | USA     | a3                         | 1,386               |
| 23 | New Jersey Economic Development Authority State Pension Oblig. Lease | USA     | aa2                        | 1,385               |
| 24 | New York State Local Government Assistance Corporation               | USA     | a2                         | 1,378               |
| 25 | New York State Mental Health Services Lease                          | USA     | a2                         | 1,358               |
|    | <b>Total</b>   |         |                            | <b>\$ 47,426</b>    |
|    | <b>Total Portfolio Exposure</b>                                      |         |                            | <b>\$ 617,553</b>   |
|    | <b>% of Total Portfolio</b>  |         |                            | <b>7.7%</b>         |

**Insured Portfolio - 25 Largest Structured Finance Credits**

Net Par Outstanding as of December 31, 2006

(dollars in millions)

|    | Obligor Name   | Country | MBIA Rating <sup>(1)</sup> | Net Par Outstanding |
|----|--|---------|----------------------------|---------------------|
| 1  | Prime UK Residential Mortgage Super Senior Credit Default Swap | GBR     | aaa                        | \$ 3,340            |
| 2  | Global Super Senior Managed Synthetic CDO                      | GLB     | aaa                        | 2,391               |
| 3  | Global Super Senior Credit Default Swap Synthetic CLO          | GLB     | aaa                        | 2,326               |
| 4  | Super Senior Static Synthetic CRE CDO                          | USA     | aaa                        | 2,292               |
| 5  | Super Senior Synthetic Pooled CMBS                             | USA     | aaa                        | 2,175               |
| 6  | Overture CDO I   | GLB     | aaa                        | 2,169               |
| 7  | Super Senior Credit Default Swap Synthetic CDO                 | DEU     | aaa                        | 2,088               |
| 8  | Capital One Auto Finance trust 2006-B                          | USA     | bbb2                       | 2,020               |
| 9  | Hertz Vehicle Financing LLC                                    | USA     | bbb2                       | 1,963               |
| 10 | Prime UK Residential Mortgage Super Senior Credit Default Swap | GBR     | aaa                        | 1,955               |
| 11 | Global Super Senior Managed Synthetic CLO                      | GLB     | aaa                        | 1,849               |
| 12 | Investment Grade Synthetic CDO                                 | GLB     | aaa                        | 1,831               |
| 13 | Super Senior Synthetic CDO                                     | GLB     | aaa                        | 1,801               |
| 14 | Synthetic Residential Mortgage Backed Securities               | GBR     | aaa                        | 1,784               |
| 15 | Global Super Senior Managed Synthetic CDO                      | GLB     | aaa                        | 1,616               |
| 16 | ARG Funding Corporation  | USA     | bbb2                       | 1,582               |
| 17 | Super Senior Static Synthetic CRE CDO                          | USA     | aaa                        | 1,554               |
| 18 | Countrywide Home Equity Master Trust Series 2006-S10           | USA     | bbb2                       | 1,523               |
| 19 | German Residential Mortgage Synthetic CDS                      | DEU     | aaa                        | 1,507               |
| 20 | Global Super Senior Managed Synthetic CDO                      | GLB     | aaa                        | 1,483               |
| 21 | Super Senior Synthetic CDO                                     | GLB     | aaa                        | 1,473               |
| 22 | Meridian Funding Company, LLC                                  | JPN     | bbb1                       | 1,469               |
| 23 | German Multifamily Housing Synthetic CDS                       | DEU     | aaa                        | 1,460               |
| 24 | AESOP Funding II LLC   | USA     | bbb2                       | 1,396               |
| 25 | Global Super Senior Managed Synthetic CDO                      | GLB     | aaa                        | 1,396               |
|    | <b>Total</b>   |         |                            | <b>\$ 46,443</b>    |
|    | <b>Total Portfolio Exposure</b>                                |         |                            | <b>\$ 617,553</b>   |
|    | <b>% of Total Portfolio</b>                                    |         |                            | <b>7.5%</b>         |

(1) Internal MBIA credit ratings contained in this Operating Supplement are provided solely to indicate the underlying credit quality of guaranteed obligations based on the view of MBIA Insurance Corporation. They are subject to revision at anytime and do not constitute investment advice. MBIA ratings symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g. aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.).

**Top 15 Structured Finance Servicer Exposures <sup>(1)</sup>**

as of September 30, 2006

(dollars in millions)

| Servicer Name <sup>(2)</sup>        | Net Par<br>Outstanding |
|-------------------------------------|------------------------|
| 1 Countrywide Financial Corporation | \$ 9,780               |
| 2 Capital One Financial Corporation | 4,600                  |
| 3 Residential Capital Corp.         | 3,906                  |
| 4 AmeriCredit Corporation           | 2,964                  |
| 5 HSBC Holdings P.L.C.              | 2,152                  |
| 6 GreenTree/Fortress                | 2,025                  |
| 7 Hertz Corporation, The            | 2,000                  |
| 8 Wells Fargo & Company             | 1,601                  |
| 9 KeyCorp                           | 1,599                  |
| 10 Vanguard Car Rental USA Inc.     | 1,582                  |
| 11 Cendant Corp                     | 1,508                  |
| 12 Zions Bancorp                    | 1,494                  |
| 13 NELnet Inc.                      | 1,454                  |
| 14 J.P. Morgan Chase & Co.          | 1,380                  |
| 15 Wachovia Corporation             | 1,173                  |
| <b>Total</b>                        | <b>\$ 39,218</b>       |

(1) Excludes servicers where all of the exposure is subject to confidentiality agreements.

(2) Servicer may be an operating subsidiary of the named entity.

**Summary of Top 10 Below-Investment Grade Credits <sup>(1) (2)</sup>**

as of December 31, 2006

(dollars in millions)

| Obligor Name   | Below-Investment Grade<br>Exposure (Net) |
|--|--|
| 1 ARG Funding Corporation Vanguard Car Rental 2005-1         | \$ 1,582                                 |
| 2 Eurotunnel Fixed-Link Finance 2 B.V. Junior Debt           | 802                                      |
| 3 Cendant Rental Car Funding (AESOP) LLC                     | 760                                      |
| 4 Orkney Holdings LLC  | 600                                      |
| 5 San Joaquin Hills Transportation Corridor Agency Toll Road | 432                                      |
| 6 Metris Master Trust  | 412                                      |
| 7 Eurotunnel Fixed-Link Finance B.V. Senior G2               | 373                                      |
| 8 Hertz Vehicle Financing LLC                                | 366                                      |
| 9 Student Finance Corporation/Royal Indemnity                | 352                                      |
| 10 Eurotunnel Fixed-Link Finance B.V. G1                     | 267                                      |
| <b>Total</b>   | <b>\$ 5,946</b>                          |
| <br>Total Below-Investment Grade Exposure                    | <br>\$ 11,952                            |
| Total MBIA Net Par Outstanding                               | \$ 617,553                               |
| <br><b>Top 10 as % of MBIA Net Par Outstanding</b>           | <br><b>1.0%</b>                          |
| <b>Total BIG as % of MBIA Net Par Outstanding</b>            | <b>1.9%</b>                              |

(1) All ratings are current. Ratings are derived using the S&P Priority Method. If credits are not rated by S&P, a Moody's equivalent rating is used. If credits are not rated by either agency, an MBIA equivalent rating is used.

(2) Amounts may not match other exposure data, as only the below-investment grade portion of a credit's total exposure is shown here.

**Credit Quality Distribution <sup>(1)</sup>**  
**as of December 31, 2006**  
(dollars in millions)

|                                  | <u>Net Par Insured in 2006 <sup>(2)</sup></u> |               | <u>Net Par Outstanding</u> |               |
|----------------------------------|---|---------------|----------------------------|---------------|
|                                  | Amount  | %             | Amount                     | %             |
| <b>Global Public Finance</b>     |   |               |                            |               |
| United States                    |   |               |                            |               |
| AAA                              | \$ 578  | 1.3%          | \$ 6,076                   | 1.6%          |
| AA                               | 22,595  | 49.6%         | 158,465                    | 41.0%         |
| A                                | 18,536  | 40.7%         | 164,544                    | 42.6%         |
| BBB                              | 3,727   | 8.2%          | 53,757                     | 13.9%         |
| <BBB                             | 85  | 0.2%          | 3,506                      | 0.9%          |
| Total                            | <u>\$ 45,521</u>                              | <u>100.0%</u> | <u>\$ 386,348</u>          | <u>100.0%</u> |
| Non-United States                |   |               |                            |               |
| AAA                              | \$ 0  | 0.0%          | \$ 498                     | 1.5%          |
| AA                               | 0   | 0.0%          | 4,581                      | 13.6%         |
| A                                | 2,102   | 30.6%         | 11,506                     | 34.3%         |
| BBB                              | 4,780   | 69.4%         | 15,304                     | 45.6%         |
| <BBB                             | 0   | 0.0%          | 1,680                      | 5.0%          |
| Total                            | <u>\$ 6,882</u>                               | <u>100.0%</u> | <u>\$ 33,569</u>           | <u>100.0%</u> |
| <b>Global Structured Finance</b> |   |               |                            |               |
| United States                    |   |               |                            |               |
| AAA                              | \$ 21,431                                     | 52.0%         | \$ 58,464                  | 48.1%         |
| AA                               | 1,944   | 4.7%          | 9,416                      | 7.7%          |
| A                                | 1,640   | 4.0%          | 14,398                     | 11.9%         |
| BBB                              | 16,174  | 39.3%         | 32,563                     | 26.8%         |
| <BBB                             | 0   | 0.0%          | 6,682                      | 5.5%          |
| Total                            | <u>\$ 41,189</u>                              | <u>100.0%</u> | <u>\$ 121,523</u>          | <u>100.0%</u> |
| Non-United States                |   |               |                            |               |
| AAA                              | \$ 16,219                                     | 83.8%         | \$ 63,666                  | 83.6%         |
| AA                               | 602   | 3.1%          | 1,713                      | 2.3%          |
| A                                | 1,289   | 6.7%          | 7,357                      | 9.7%          |
| BBB                              | 1,240   | 6.4%          | 3,293                      | 4.3%          |
| <BBB                             | 0   | 0.0%          | 84                         | 0.1%          |
| Total                            | <u>\$ 19,350</u>                              | <u>100.0%</u> | <u>\$ 76,113</u>           | <u>100.0%</u> |
| <b>Grand Totals</b>              |   |               |                            |               |
| AAA                              | \$ 38,228                                     | 33.7%         | \$ 128,705                 | 20.9%         |
| AA                               | 25,141  | 22.3%         | 174,175                    | 28.2%         |
| A                                | 23,567  | 20.9%         | 197,805                    | 32.0%         |
| BBB                              | 25,921  | 23.0%         | 104,916                    | 17.0%         |
| <BBB                             | 85  | 0.1%          | 11,952                     | 1.9%          |
| Total                            | <u>\$ 112,942</u>                             | <u>100.0%</u> | <u>\$ 617,553</u>          | <u>100.0%</u> |

<sup>(1)</sup> All ratings are current. Ratings are derived using the S&P Priority Method. If credits are not rated by S&P, a Moody's equivalent rating is used. If credits are not rated by either agency, an MBIA equivalent rating is used.

<sup>(2)</sup> May not agree to the par amounts on the Insured Portfolio Profile by Bond Type and by Geographic Distribution exhibits since only transactions in the current period are reported in this exhibit.

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Listed on the New York Stock Exchange  
--- Ticker Symbol --- *MBI*

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