MBIA Inc.
Quarterly Operating Supplement
March 31, 2014

First Quarter 2014

(1) This report is unaudited.

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Safe Harbor Disclosure

This Operating Supplement includes statements that are not historical or current facts and are “forward- looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “believe,” “anticipate,” “project,” “plan,” “expect,” “intend,” “will likely result,” “looking forward” or “will continue,” and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected, including, among other risks and uncertainties; increased credit losses or impairments on public finance obligations we insure issued by state, local and territorial governments and finance authorities that are experiencing unprecedented fiscal stress; the possibility that MBIA Insurance Corporation will have inadequate liquidity to pay expected claims as a result of increased losses on certain structured finance transactions, in particular residential mortgage-backed securities transactions that include a substantial number of ineligible mortgage loans, or a delay or failure in collecting expected recoveries; the possibility that loss reserve estimates are not adequate to cover potential claims; a disruption in the cash flow from our subsidiaries or an inability to access capital and our exposure to significant fluctuations in liquidity and asset values within the global credit markets as a result of collateral posting requirements; our ability to fully implement our strategic plan, including our ability to achieve and maintain high stable ratings for National Public Finance Guarantee Corporation and generate investor demand for our financial guarantees; deterioration in the economic environment and financial markets in the United States (“U.S.”) or abroad, and adverse developments in European sovereign credit performance, real estate market performance, credit spreads, interest rates and foreign currency levels; the effects of governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules; and uncertainties that have not been identified at this time. These and other factors that could affect financial performance or could cause actual results to differ materially from estimates contained in or underlying the Company’s forward-looking statements are discussed under the “Risk Factors” section in MBIA Inc.’s most recent Annual Report on Form 10-K, which may be updated or amended in the Company’s subsequent filings with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. The Company undertakes no obligation to publicly correct or update any forward-looking statement if it later becomes aware that such result is not likely to be achieved.

MBIA Inc. (Consolidated)

MBIA Inc. and Subsidiaries
Consolidated Balance Sheets
(dollars in millions except share and per share amounts)

	March 31, 2014	December 31, 2013
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $5,173 and $5,064)	$ 5,200	$ 4,987
Investments carried at fair value	212	204
Investments pledged as collateral, at fair value (amortized cost $329 and $483)	278	424
Short-term investments held as available-for-sale, at fair value (amortized cost $1,318 and $1,203)	1,319	1,204
Other investments (includes investments at fair value of $12 and $11)	16	16
Total investments	7,025	6,835
Cash and cash equivalents	679	1,161
Premiums receivable	1,009	1,051
Deferred acquisition costs	250	260
Insurance loss recoverable	671	694
Assets held for sale	29	29
Deferred income taxes, net	917	1,109
Other assets	200	222
Assets of consolidated variable interest entities:		
Cash	54	97
Investments held-to-maturity, at amortized cost (fair value $2,695 and $2,651)	2,793	2,801
Investments held as available-for-sale, at fair value (amortized cost $35 and $136)	35	136
Fixed-maturity securities at fair value	504	587
Loans receivable at fair value	1,557	1,612
Loan repurchase commitments	364	359
Total assets	**$ 16,087**	**$ 16,953**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 2,337	$ 2,441
Loss and loss adjustment expense reserves	602	641
Investment agreements	689	700
Medium-term notes (includes financial instruments carried at fair value of $215 and $203)	1,418	1,427
Long-term debt	1,731	1,702
Derivative liabilities	381	1,152
Other liabilities	287	294
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $2,194 and $2,356)	5,012	5,286
Derivative liabilities	5	11
Total liabilities	**12,462**	**13,654**
Equity:		
Preferred stock, par value $1 per share; authorized shares—10,000,000; issued and outstanding—none	-	-
Common stock, par value $1 per share; authorized shares—400,000,000; issued shares — 281,291,579 and 277,812,430	281	278
Additional paid-in capital	3,115	3,115
Retained earnings	2,545	2,289
Accumulated other comprehensive income (loss), net of tax of $16 and $54)	(13)	(86)
Treasury stock, at cost — 86,086,648 and 85,562,546 shares	(2,324)	(2,318)
Total shareholders' equity of MBIA Inc.	3,604	3,278
Preferred stock of subsidiary and noncontrolling interest	21	21
Total equity	**3,625**	**3,299**
Total liabilities and equity	**$ 16,087**	**$ 16,953**

MBIA Inc. and Subsidiaries
Consolidated Statement of Operations
(dollars in millions)

	Three Months Ended March 31,	
	2014	2013
Revenues:		
Premiums earned:		
Scheduled premiums earned	$ 69	$ 79
Refunding premiums earned	19	41
Premiums earned (net of ceded premiums of $2 and $2)	88	120
Net investment income	50	38
Fees and reimbursements	4	6
Change in fair value of insured derivatives:		
Realized gains (losses) and other settlements on insured derivatives	(369)	12
Unrealized gains (losses) on insured derivatives	838	(73)
Net change in fair value of insured derivatives	469	(61)
Net gains (losses) on financial instruments at fair value and foreign exchange	(55)	63
Net gains (losses) on extinguishment of debt	1	4
Other net realized gains (losses)	1	-
Revenues of consolidated VIEs:		
Net investment income	12	16
Net gains (losses) on financial instruments at fair value and foreign exchange	3	33
Net gains (losses) on extinguishment of debt	4	-
Total revenues	577	219
Expenses:		
Losses and loss adjustment	50	(194)
Amortization of deferred acquisition costs	10	16
Operating	46	106
Interest	54	60
Expenses of consolidated VIEs:		
Operating	3	4
Interest	10	12
Total expenses	173	4
Income (loss) before income taxes	$ 404	$ 215
Provision (benefit) for income taxes	148	51
Net income (loss)	$ 256	$ 164

MBIA Inc. and Subsidiaries

Adjusted Pre-tax Income (Loss) Reconciliation (1)

(dollars in millions)

MBIA Inc. and Subsidiaries (Consolidated)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Adjusted pre-tax income (loss)	$ (99)	$ (20)
Additions to adjusted pre-tax income (loss):		
Impact of consolidating certain VIEs	19	18
Mark-to-market gains (losses) on insured credit derivatives	838	(73)
Subtractions from adjusted pre-tax income (loss):		
Impairments on insured credit derivatives and LAE	354	(290)
Pre-tax income (loss)	$ 404	$ 215

Structured Finance & International Insurance (MBIA Corp.)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Adjusted pre-tax income (loss)	$ (110)	$ (97)
Additions to adjusted pre-tax income (loss):		
Impact of consolidating certain VIEs	18	16
Mark-to-market gains (losses) on insured credit derivatives	838	(73)
Subtractions from adjusted pre-tax income (loss):		
Impairments on insured credit derivatives and LAE	354	(290)
Pre-tax income (loss)	$ 392	$ 136

Adjusted Pre-tax Income (Loss) Trend (1) (2)

(dollars in millions)

	2014				
	03/31	06/30	09/30	12/31	Full Year
MBIA Inc. (Consolidated)	$ (99)	$ -	$ -	$ -	$ (99)
Structured Finance & International Insurance (MBIA Corp.)	$ (110)	$ -	$ -	$ -	$ (110)
	2013				
	03/31	**06/30**	**09/30**	**12/31**	**Full Year**
MBIA Inc. (Consolidated)	$ (20)	$ (160)	$ (188)	$ (84)	$ (452)
Structured Finance & International Insurance (MBIA Corp.)	$ (97)	$ (93)	$ (167)	$ (159)	$ (516)

(1) A non-GAAP measure; please see glossary for an explanation of Adjusted Pre-tax Income.

(2) Totals may not add due to rounding.

MBIA Inc. and Subsidiaries
Adjusted Book Value (1)

GAAP Basis	March 31, 2014					
	U.S. Public Finance Insurance (National)	Structured Finance & International Insurance (MBIA Corp.)	Advisory Services (Cutwater)	Corporate	Wind-down Operations	Consolidated
Share Data						
Reported Book Value	$20.12	$4.69	$0.11	($2.97)	($3.49)	$18.46
Reverse Net Unrealized (Gains) Losses Included in OCI	0.07	(0.05)	-	0.06	(0.09)	(0.01)
Add Net Unearned Premium Revenue (2) (3)	3.91	3.32	-	-	-	7.23
Reverse Cumulative Net Loss from Consolidating Certain VIEs (4)	-	0.32	-	-	-	0.32
Reverse Cumulative Unrealized Loss on Insured Credit Derivatives	-	1.02	-	-	-	1.02
Subtract Cumulative Impairments on Insured Credit Derivatives (3)	-	(0.38)	-	-	-	(0.38)
Adjusted Book Value	**$24.10**	**$8.92**	**$0.11**	**($2.91)**	**($3.58)**	**$26.64**

	December 31, 2013					
	U.S. Public Finance Insurance (National)	Structured Finance & International Insurance (MBIA Corp.)	Advisory Services (Cutwater)	Corporate	Wind-down Operations	Consolidated
Share Data						
Reported Book Value	$19.83	$3.48	$0.12	($2.89)	($3.49)	$17.05
Reverse Net Unrealized (Gains) Losses Included in OCI	0.34	(0.06)	-	0.08	0.01	0.37
Add Net Unearned Premium Revenue (2) (3)	4.15	3.55	-	-	-	7.70
Reverse Cumulative Net Loss from Consolidating Certain VIEs (4)	-	0.38	-	-	-	0.38
Reverse Cumulative Unrealized Loss on Insured Credit Derivatives	-	3.87	-	-	-	3.87
Subtract Cumulative Impairments on Insured Credit Derivatives (3)	-	(1.59)	-	-	-	(1.59)
Adjusted Book Value	**$24.32**	**$9.63**	**$0.12**	**($2.81)**	**($3.48)**	**$27.78**

(1) A non-GAAP measure; please see glossary for an explanation of adjusted book value (after-tax).

(2) The amounts consist of installment and upfront financial guarantee insurance premiums, insured derivative revenue and deferred commitment/structuring fees, net of deferred acquisition costs.

(3) The discount rate on financial guarantee insurance installment premiums was the risk-free rate as defined by GAAP for financial guarantee insurance contracts and the discount rate on insured derivative installment revenue and impairments was 5%.

(4) Represents the impact on consolidated total equity of VIEs that are not considered business enterprises of the Company.

Adjusted Book Value (1)
Historical Trend

	March 31, 2014	Year Ended December 31 2013	2012	2011	2010(2)
Adjusted Book Value Per Share	$ 26.64	$ 27.78	$ 30.68	$ 34.50	$ 36.81
Actual Common Shares Outstanding	195,205	192,250	195,672	193,143	199,746

(1) A non-GAAP measure; please see glossary for an explanation of adjusted book value (after-tax).

(2) Revised to reflect the current calculation of adjusted book value.

U.S. Public Finance Insurance Segment

(primarily National Public Finance Guarantee Corporation)

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)
Net Premiums Earned and Refundings and Other Accelerations (1)
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
2014					
Financial Guarantee	$ 65,005				$ 65,005
Insured Derivatives	979				979
Total	$ 65,984				$ 65,984
2013					
Financial Guarantee	$ 102,365	$ 102,604	$ 75,792	$ 85,579	$ 366,340
Insured Derivatives	98	108	104	2,686	2,996
Total	$ 102,463	$ 102,712	$ 75,896	88,265	$ 369,336

Refundings and Other Accelerations

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
2014					
Financial Guarantee	$ 22,461				$ 22,461
Insured Derivatives	915				915
Total	$ 23,376				23,376
2013					
Financial Guarantee	$ 46,869	$ 49,432	$ 27,320	$ 45,565	$ 169,186
Insured Derivatives	-	10	9	2,607	2,626
Total	$ 46,869	$ 49,442	$ 27,329	$ 48,172	$ 171,812

(1) Premiums earned differ from amounts reported for National Public Finance Guarantee Corporation due to U.S. public finance policies that were subsequently determined to have refunded prior to the reinsurance agreement with MBIA Insurance Corporation that became effective on 1/1/09. The premiums associated with those refunded issues were returned to MBIA Insurance Corporation.

Amortization of Gross Par, Gross Debt Service, Net Unearned Premium and Cash Premiums Collected and Expected
(dollars in millions)

	Gross Par Outstanding	Debt Service Outstanding	Unearned Premiums(1)	Expected Future Premium Earnings(1) (2) Upfront	Installments	Accretion	Total	Cash Premiums Collected and Expected(3)
1st Qtr. 2014	267,514	430,213	1,491					2
2nd Qtr. 2014	260,763	420,286	1,451	37	3	2	42	4
3rd Qtr. 2014	251,935	407,680	1,413	35	3	2	40	4
4th Qtr. 2014	244,495	397,076	1,376	34	3	2	39	5
2015	221,672	361,615	1,239	125	12	6	143	14
2016	204,571	332,769	1,115	112	12	6	130	14
2017	189,202	306,169	1,002	101	12	6	119	14
2018	175,518	282,324	899	92	11	6	109	14
2019-2023	115,071	180,010	496	350	53	24	427	64
2024-2028	63,060	98,868	246	207	43	19	269	57
2029 and thereafter	-	-	-	159	87	27	273	137
Total				$ 1,252	$ 239	$ 100	$ 1,591	$ 329

(1) Includes financial guarantee and insured derivative premiums.
(2) Actual future premium earnings will differ from the current projection due to the addition of new business and refundings.
(3) Represents installment-based future net, undiscounted collections.

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)
Investment Portfolio Including Cash and Cash Equivalents
As of March 31, 2014
(dollars in millions)

Investments [1]		Market Value	% of Market Value		Amortized Cost	Book Yield
Fixed-Maturity Securities:						
Long-Term Tax-Exempt	$	311	7	$	301	3.82
Long-Term Taxable		3,747	79		3,780	3.34
Short-Term		654	14		653	0.52
Total Fixed-Maturity		4,712	100	$	4,734	2.98
Cash and Cash Equivalents		36				
Total Fixed Income Including Cash and Cash Equivalents		4,748				
Investments Held as Trading		130				
Other		13				
Total	$	4,891				

Fixed Income Portfolio Including Cash and Cash Equivalents

State and Municipal Bonds	$	1,482	31
Corporate Obligations		1,429	30
MBS		1,122	24
US Treasury		332	7
Money Markets		170	4
ABS		144	3
Cash and Cash Equivalents		36	1
Other		33	-
Total	$	4,748	100

Effective Maturity Profile

Cash and Cash Equivalents	$	36	1
≤ 1 yr		654	14
> 1 to 5 yrs		961	20
> 5 to 10 yrs		915	19
> 10 to 15 yrs		540	11
> 15 to 20 yrs		274	6
> 20 yrs		1,368	29
Total	$	4,748	100

Credit Quality Distribution of Long-Term Fixed-Maturity Securities

Rating			
Aaa	$	1,733	43
Aa		1,324	33
A		589	14
Baa		138	3
BIG		158	4
NR		116	3
	$	4,058	100

Average maturity: 7.84 years[2]
Duration: 5.25 years[2]

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of $470 million; the total market value of encumbered assets totals $480 million.
(2) Population includes total fixed income investments including cash and cash equivalents.

National Public Finance Guarantee Corporation
Insured Portfolio Losses
Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable
(dollars in millions)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Gross Loss and LAE Reserves	$ 86				$ 86
Beginning Gross Insurance Loss Recoverable	(13)				(13)
Beginning Gross Reserves	73				73
Ceded Reserves	-				-
Net Reserves	73				73
Increase (Decrease) in Expected Payments	(25)				(25)
(Increase) Decrease in Expected Salvage	11				11
Net (Payments), Collections and Other (1)	(7)				(7)
Net Reserves	52				52
Ceded Reserves	-				-
Gross Reserves	52				52
Gross Loss and LAE Reserves	61				61
Gross Insurance Loss Recoverable	$ (9)				$ (9)

2013	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Gross Loss and LAE Reserves	$ 152	$ 160	$ 218	$ 93	$ 152
Beginning Gross Insurance Loss Recoverable	(249)	(254)	(173)	(17)	(249)
Beginning Gross Reserves	(97)	(94)	45	76	(97)
Ceded Reserves	-	-	-	-	-
Net Reserves	(97)	(94)	45	76	(97)
Increase (Decrease) in Expected Payments	5	105	(24)	(56)	30
(Increase) Decrease in Expected Salvage	(1)	(39)	59	56	75
Net (Payments), Collections and Other (1) (2)	(1)	73	(4)	(3)	65
Net Reserves	(94)	45	76	73	73
Ceded Reserves	-	-	-	-	-
Gross Reserves	(94)	45	76	73	73
Gross Loss and LAE Reserves	160	218	93	86	86
Gross Insurance Loss Recoverable	$ (254)	$ (173)	$ (17)	$ (13)	$ (13)

(1) Amounts are included in change in actual and expected payments and salvage.
(2) Third quarter of 2013 includes the payment associated with the redemption of $118 million gross insured par associated with Allegheny Health, Education and Research Foundation bonds redeemed at par value plus accrued interest, offset by the receipt of marketable securities in connection with the restructuring of a remedial credit related to a gaming revenue transaction. The securities are held in National's investment portfolio.

National Public Finance Guarantee Corporation

Liquidity Position (1)

(dollars in millions)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Cash & Cash Equivalents(2)	**$ 181**				**$ 181**
Premiums and Fees	3				3
Net Investment Income	33				33
Other	5				5
Total Inflows	41				41
Gross Loss & LAE Payments	11				11
Operating & Other Expenses	27				27
Total Outflows	38				38
Operating Cash Flow	3				3
Investing Activities	(161)				(161)
Net Cash Flow	(158)				(158)
Ending Cash & Cash Equivalents(2)	**$ 23**				**$ 23**
Other Liquid Assets(4)	592				592
Ending Liquidity Position	**$ 615**				**$ 615**

2013	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents(2)	**$ 231**	**$ 187**	**$ 359**	**$ 495**	**$ 231**
Premiums and Fees	4	2	5	4	15
Net Investment Income	21	27	23	32	103
Other	-	85	-	5	90
Total Inflows	25	114	28	41	208
Gross Loss & LAE Payments	2	11	121	9	143
Operating & Other Expenses	20	24	30	13	87
Tax Payments(3)	17	62	18	11	108
Total Outflows	39	97	169	33	338
Operating Cash Flow	(14)	17	(141)	8	(130)
Financing Activities	-	-	-	(214)	(214)
Investing Activities	(30)	155	277	(108)	294
Net Cash Flow	(44)	172	136	(314)	(50)
Ending Cash & Cash Equivalents(2)	**$ 187**	**$ 359**	**$ 495**	**$ 181**	**$ 181**
Other Liquid Assets(4)	253	1,546	979	419	419
Ending Liquidity Position	**$ 440**	**$ 1,905**	**$ 1,474**	**$ 600**	**$ 600**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Ending Liquidity Position excludes assets that are not readily available for sale such as cash & cash equivalents and assets designated to alternative investment strategy portfolios.

(2) Represents management's view of cash and cash equivalents; will not agree with National's Consolidated GAAP financial results which include other cash & cash equivalents of alternative investment strategies.

(3) National made $169 million of tax payments to the MBIA Inc. Tax Escrow account during the year of which $108 million was paid in cash and $61 million was paid with marketable securities.

(4) May include other assets with expected maturities of less than 12 months deemed to be liquid but not included in cash and cash equivalents.

National Public Finance Guarantee Corporation
Statutory Balance Sheet Summary
(dollars in millions)

	3/31/2014	12/31/2013
Assets:		
Cash and Investments	$ 4,798	$ 4,820
Asset Swap Facility with MBIA Inc.	470	446
Other Assets	76	74
Total Assets	$ 5,344	$ 5,340
Liabilities:		
Unearned Premiums	1,613	1,678
Loss and LAE Reserves (1)	(101)	(87)
Contingency Reserve	1,168	1,172
Asset Swap Facility	470	446
Other Liabilities	29	45
Total Liabilities	3,179	3,254
Total Policyholders' Surplus	2,165	2,086
Total Liabilities and Policyholders' Surplus	$ 5,344	$ 5,340

Claims-Paying Resources
(dollars in millions)

	3/31/2014	12/31/2013
Balance Sheet		
Policyholders' Surplus	$ 2,165	$ 2,086
Contingency Reserve	1,168	1,172
Statutory Capital	3,333	3,258
Unearned Premium Reserve	1,613	1,678
Present Value of Installment Premiums (1)	223	226
Premium Resources (2)	1,836	1,904
Net Loss and LAE Reserves (1)	(101)	(87)
Salvage Reserve	167	177
Gross Loss and LAE Reserves	66	90
Total Claims-Paying Resources	$ 5,235	$ 5,252
Net Debt Service Outstanding	$ 420,078	$ 435,194
Capital Ratio	126:1	134:1
Claims-Paying Resources Ratio	91:1	95:1

(1) At March 31, 2014 and December 31, 2013, the discount rate was 3.14%.
(2) The amounts consist of primarily financial guarantee insurance premiums.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio Profile Par Value by Geography
(dollars in millions)

	Outstanding as of March 31, 2014[(1)]			
	Gross Amount	%	Net Amount	%
United States				
California	$ 50,644	18.9	$ 49,556	18.9
New York	24,072	9.0	23,378	8.9
Florida	18,921	7.1	18,660	7.1
Texas	17,068	6.4	16,868	6.4
Illinois	14,518	5.4	14,157	5.4
New Jersey	12,585	4.7	12,455	4.8
Michigan	10,065	3.8	9,664	3.7
Washington	7,083	2.7	7,044	2.7
Pennsylvania	6,952	2.6	6,808	2.6
Massachusetts	5,990	2.2	5,629	2.2
Subtotal	167,898	62.8	164,219	62.7
Other States & Territories	96,411	36.0	94,546	36.1
Nationally Diversified	3,205	1.2	3,197	1.2
Total	$ 267,514	100.0	$ 261,962	100.0

Insured Portfolio Profile Par Value by Bond Type

	Outstanding as of March 31, 2014[(1)]			
	Gross Amount	%	Net Amount	%
Bond Type				
General Obligation	$ 97,312	36.4	$ 95,757	36.6
Municipal Utilities	48,541	18.1	47,716	18.2
Tax-Backed	37,473	14.0	36,785	14.0
Transportation	24,247	9.1	23,393	8.9
General Obligation - lease	22,772	8.5	21,713	8.3
Higher Education	15,252	5.7	15,022	5.7
Military Housing	7,837	2.9	7,827	3.0
Health Care	5,617	2.1	5,471	2.1
Investor Owned Utilities[(2)]	4,040	1.5	3,889	1.5
Municipal Housing	2,896	1.1	2,880	1.1
Student Loans	331	0.1	328	0.1
Other[(3)]	1,196	0.5	1,181	0.5
Total	$ 267,514	100.0	$ 261,962	100.0

(1) Net of refunded issues and reinsurance
(2) Includes Investor-Owned Utilities, Industrial Development and Pollution Control Revenue Bonds.
(3) Includes certain non-profit enterprises and stadium related financings.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio - 50 Largest Credits
Gross Par Outstanding as of March 31, 2014
(dollars in millions)

	Obligor Name	State	Internal Rating(1)	Gross Par Outstanding
1	California General Obligation	CA	a3	$ 2,487
2	City of Houston Combined Utility System Revenue Bonds	TX	a2	1,776
3	Massachusetts General Obligation	MA	a1	1,711
4	New Jersey Transportation Trust Fund Authority	NJ	a3	1,669
5	Puerto Rico Electric Power Authority	PR	bb1	1,531
6	Wisconsin General Obligation	WI	aa2	1,488
7	New Jersey Economic Development Authority State Pension Obligation	NJ	a3	1,469
8	Oregon School Boards Association General Obligation	OR	aa3	1,427
9	Long Island Power Authority Electric	NY	a3	1,424
10	Army Hawaii Family Housing	HI	aa2	1,348
11	Chicago General Obligation	IL	bbb1	1,332
12	New York State Local Government Assistance Corporation	NY	a2	1,301
13	Chicago O'Hare General Airport	IL	a2	1,294
14	Miami-Dade County Airport	FL	a3	1,278
15	Puerto Rico General Obligation	PR	bbb3	1,238
16	New York City General Obligation	NY	aa3	1,237
17	City of Chicago Board of Education	IL	bbb2	1,219
18	The Port Authority of New York and New Jersey	NY	a1	1,200
19	City of Detroit Sewage Disposal System	MI	bb2	1,197
20	Connecticut General Obligation	CT	a3	1,164
21	Illinois Regional Transportation Authority	IL	aa3	1,143
22	Camp Pendleton Quantico Housing Privatization	CA	aa2	1,087
23	Los Angeles Unified School District General Obligation	CA	a1	1,086
24	New York City Transitional Finance Authority State Bld Aid Appropriation	NY	a2	1,066
25	Detroit City Water System	MI	bb2	1,020
26	Clark County School District General Obligation	NV	a2	1,013
27	San Diego Family Housing Privitization Military	CA	aa1	1,007
28	California State Public Works Board Lease	CA	bbb2	995
29	South Carolina Public Service Authority Santee Cooper Public Power	SC	aa2	943
30	Great River Energy Public Power	MN	a3	939
31	Louisiana Gasoline & Fuels Tax	LA	aa3	920
32	New York State Thruway Authority	NY	a2	917
33	New York City Water	NY	aa2	910
34	Indiana Finance Authority Highway Lease	IN	aa2	899
35	Ohana Military Communities, LLC	HI	aa2	898
36	Michigan State Building Authority Lease	MI	a1	894
37	New Jersey Economic Development Authority Motor Vehicle Bonds	NJ	a3	887
38	Arapahoe County E-470 Toll Road	CO	bbb2	872
39	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb3	861
40	MTA Commuter & Transit Transportation Revenue	NY	a2	856
41	Metropolitan Washington Airports Authority	DC	aa3	846
42	New York State Lease	NY	aa3	844
43	Puerto Rico Highway and Transportation Authority Oil Tax	PR	bb2	838
44	Honolulu City & County Sewer	HI	a1	836
45	Sacramento County Sanitation District Finance Authority Sewer	CA	a1	798
46	New Jersey Economic Development Authority Lease	NJ	a3	782
47	New York State Thruway Authority Dedicated Highway & Bridge Trust	NY	aa3	771
48	San Francisco International Airport	CA	a2	766
49	Wayne County Airport Authority	MI	a2	741
50	Honolulu City and County General Obligation	HI	aa3	740
		Total		$ 55,965
	Total Portfolio Exposure			**$** 267,514
	50 Largest Credits Gross Par Outstanding as % of Total Portfolio			20.9%

(1) Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating 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.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted or is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Credit Quality Distribution[(1)]
as of March 31, 2014
(dollars in millions)

	Gross Par Outstanding	
	Amount	%
Public Finance		
AAA	$ 15,637	5.9%
AA	129,454	48.4%
A	95,837	35.8%
BBB	19,258	7.2%
<BBB	7,328	2.7%
Total	$ 267,514	100.0%

Top 10 Below Investment Grade (BIG) Credits[(1)]
(dollars in millions)

	Obligor Name	Gross Par Outstanding
1	Puerto Rico General Obligation	$ 1,238
2	City of Detroit Sewage Disposal System	1,197
3	Detroit City Water System	1,020
4	Puerto Rico Highway and Transportation Authority Oil Tax	838
5	San Joaquin Hills Transportation Corridor Agency Toll Road	563
6	Harris County-Houston Sports Authority	363
7	Puerto Rico Government Development Bank General Obligation	267
8	Navy Mid-Atlantic Family Housing LLC	223
9	Fresno City Pension Obligation	158
10	Puerto Rico Highway & Transportation Authority Highway Bonds	135
	Total Top 10 BIG Gross Par Outstanding	$ 6,002
	Total BIG Gross Par Outstanding	$ 7,328
	Total National Gross Par Outstanding	$ 267,514
	Top 10 BIG Gross Par Outstanding as % of National Gross Par Outstanding	**2.2%**
	Total BIG Gross Par Outstanding as % of National Gross Par Outstanding	**2.7%**
	Total BIG Gross Par Outstanding as % of National Gross Par Outstanding by National ratings	**2.4%**

(1) Ratings as of the end of the period, as last provided by the rating agencies, which may be out-of-date. Ratings are derived using the S&P Priority Method; where S&P's underlying rating is used, when available, Moody's underlying rating is used if the S&P underlying rating is not available and an internal underlying rating is used if neither S&P's nor Moody's underlying ratings are available. For credits where National has insured a credit that was already insured by another bond insurer, the underlying rating used is the higher of the underlying rating of the uninsured credit or the bond insurer's credit rating.

Structured Finance and International Insurance Segment

(primarily MBIA Insurance Corporation and Subsidiaries)

Structured Finance and International Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
Net Premiums Earned (1)
(dollars in thousands)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Net Premiums Earned (1)					
Financial Guarantee	$ 36,645				$ 36,645
VIE Eliminations	3,821				3,821
Net Premiums Earned (2)	32,824				32,824
Financial Guarantee VIE Premiums	3,821				3,821
Insured Derivatives (3)	3,782				3,782
Insured Derivatives VIE Premiums (3)	-				-
Total (4)	40,427				40,427
Memo:					
Non-U.S. Public Finance	22,224				22,224
Global Structured Finance	18,203				18,203
Total	$ 40,427				$ 40,427

2013	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Net Premiums Earned (1)					
Financial Guarantee	$ 39,659	$ 38,552	$ 43,487	$ 36,408	$ 158,106
VIE Eliminations	3,636	3,602	3,577	3,818	14,633
Net Premiums Earned (2)	36,023	34,950	39,910	32,590	143,473
Financial Guarantee VIE Premiums	3,636	3,602	3,577	3,818	14,633
Insured Derivatives (3)	11,579	10,139	6,444	6,253	34,415
Insured Derivatives VIE Premiums (3)	-	-	-	-	-
Total (4)	51,238	48,691	49,931	42,661	192,521
Memo:					
Non-U.S. Public Finance	20,207	20,045	26,119	20,073	86,444
Global Structured Finance	31,031	28,646	23,812	22,588	106,077
Total	$ 51,238	$ 48,691	$ 49,931	$ 42,661	$ 192,521

(1) Premiums earned differ from amounts reported for MBIA Insurance Corporation due to U.S. public finance policies that were subsequently determined to have refunded prior to the reinsurance agreement with National Public Finance Guarantee Corporation that became effective on 1/1/09. The premiums associated with those refunded issues were returned to MBIA Insurance Corporation.

(2) Reported as "Total premiums earned" in the Structured Finance and International segment of the income statement.

(3) Reported within "Realized gains (losses) and other settlements on insured derivatives" in the Structured Finance and International segment of the income statement.

(4) Total management premiums earned not consistent with GAAP accounting standards; equivalent of total premiums earned on all insurance contracts regardless of GAAP premium earnings.

Structured Finance and International Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
Amortization of Gross Par, Gross Debt Service, Net Unearned Premium
(dollars in millions)

	Ending Gross Par Outstanding	Ending Gross Debt Service Outstanding	Net Unearned Premiums	Expected Future Premium Earnings[1] [2]			
				Upfront	Installments	Accretion	Total
1st Qtr. 2014	70,291	96,393	927				
2nd Qtr. 2014	68,828	94,236	901	5	21	5	31
3rd Qtr. 2014	68,007	92,764	876	5	20	5	30
4th Qtr. 2014	66,581	90,673	852	5	19	5	29
2015	56,047	77,373	757	18	77	18	113
2016	50,470	69,335	670	16	71	16	103
2017	39,868	56,607	592	14	64	15	93
2018	34,638	49,574	524	13	55	14	82
2019-2023	19,567	27,650	269	44	211	50	305
2024-2028	13,144	17,491	120	19	130	25	174
2029 and thereafter	-	-	-	35	85	18	138
Total				$ 174	$ 753	$ 171	$ 1,098

(1) Excludes premiums on insured credit derivatives and consolidated insured VIEs in accordance with GAAP Accounting standards.

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

Net Collected and Expected Cash Receipts[1]
(dollars in millions)

	Financial Guarantee	Insured Credit Derivatives	Insured Consolidated VIEs	MBIA Corp. Including Subsidiaries	Subsidiaries of MBIA Corp.	MBIA Corp. Excluding Subsidiaries
1st Qtr. 2014	14	6	4	24	2	22
2nd Qtr. 2014	39	5	4	48	19	29
3rd Qtr. 2014	20	5	4	29	9	20
4th Qtr. 2014	22	4	4	30	4	26
2015	87	15	14	116	35	81
2016	81	7	13	101	34	67
2017	72	3	12	87	34	53
2018	62	1	11	74	33	41
2019-2023	244	4	40	288	150	138
2024-2028	171	1	26	198	119	79
2029 and thereafter	117	1	51	169	96	73
Total	$ 929	$ 52	$ 183	$ 1,164	$ 535	$ 629

(1) Represents installment-based future net, undiscounted collections.

Structured Finance and International Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
Investment Portfolio Including Cash and Cash Equivalents
As of March 31, 2014
(dollars in millions)

Investments [1]		**Market Value**	**% of Market Value**		**Amortized Cost**	**Book Yield**
Fixed-Maturity Securities:						
Long-Term Tax-Exempt	$	7	1	$	7	6.82
Long-Term Taxable		503	59		486	2.42
Short-Term		345	40		344	0.47
Total Fixed-Maturity		855	100	$	837	1.65
Cash and Cash Equivalents		444				
Total Fixed Income Including Cash and Cash Equivalents		1,299				
Other		30				
Total	$	1,329				
Fixed Income Portfolio Including Cash and Cash Equivalents						
Cash and Cash Equivalents	$	444	34			
Corporate Obligations		315	24			
Foreign Governments		254	20			
Money Markets		111	9			
State and Municipal Bonds		87	7			
US Treasury		47	4			
MBS		26	2			
Other		15	-			
Total	$	1,299	100			
Effective Maturity Profile						
Cash and Cash Equivalents	$	444	34			
≤ 1 yr		345	27			
> 1 to 5 yrs		312	24			
> 5 to 10 yrs		73	6			
> 10 to 15 yrs		18	1			
> 15 to 20 yrs		4	-			
> 20 yrs		103	8			
Total	$	1,299	100			
Credit Quality Distribution of Long-Term Fixed-Maturity Securities						
Rating						
Aaa	$	165	32			
Aa		235	46			
A		66	13			
Baa		22	4			
BIG		18	4			
NR		4	1			
	$	510	100			

Average maturity: 5.09 years[2]
Duration: 1.64 years[2]

(1) Includes MBIA U.K and MBIA Mexico investments and cash and cash equivalents of $785 million.
(2) Population includes total fixed income investments including cash and cash equivalents.

MBIA Insurance Corporation and Subsidiaries
Insured Portfolio Losses
(dollars in millions)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable					
Beginning Gross Loss and LAE Reserves	$ 629				$ 629
Beginning Gross Insurance Loss Recoverable	(694)				(694)
Beginning Gross Reserves	(65)				(65)
Ceded Reserves (affiliated)	(62)				(62)
Ceded Reserves (unaffiliated)	(2)				(2)
Beginning Net Reserves	(129)				(129)
Increase (Decrease) in Expected Payments	47				47
(Increase) Decrease in Expected Salvage	17				17
Net (Payments), Collections and Other (1)	(58)				(58)
Net Loss and LAE Reserves	(123)				(123)
Ceded Reserves (affiliated)	42				42
Ceded Reserves (unaffiliated)	1				1
Gross Reserves	(80)				(80)
Gross Loss and LAE Reserves	591				591
Gross Insurance Loss Recoverable	$ (671)				$ (671)
Financial Guarantee Consolidated Insured Variable Interest Entities (VIEs) Credit Impairments (2)					
Beginning Gross VIE Impairments Reserves	$ 271				$ 271
Beginning Gross VIE Salvage Reserves	(540)				(540)
Beginning Gross Reserves	(269)				(269)
Increase (Decrease) in Expected Payments (3)	19				19
(Increase) Decrease in Expected Salvage (3)	1				1
Gross (Payments), Collections and Other (1)	(9)				(9)
Gross Reserves	(258)				(258)
Gross VIE Impairments Reserves	273				273
Gross VIE Salvage Reserves	$ (531)				$ (531)
Insured Credit Derivative Credit Impairments and LAE (4)(5)					
Beginning Gross Derivatives Impairments and LAE Reserves	$ 476				$ 476
Beginning Gross Derivatives Salvage Reserves	(21)				(21)
Beginning Gross Reserves	455				455
Ceded Reserves (unaffiliated)	-				-
Beginning Net Reserves	455				455
Increase (Decrease) in Expected Payments (2)	18				18
(Increase) Decrease in Expected Salvage (2)	2				2
Net (Payments), Collections and Other (1)	(342)				(342)
Net Reserves	133				133
Ceded Reserves (unaffiliated)	-				-
Gross Reserves	133				133
Gross Derivatives Impairments and LAE Reserves	154				154
Gross Derivatives Salvage Reserves	$ (21)				$ (21)

(1) Amounts are included in change in expected payments and salvage and also in LAE on insured credit derivatives.
(2) Includes consolidated insured Variable Interest Entities (VIEs) which are eliminated in consolidation under GAAP accounting standards and excludes LAE.
(3) Represents estimated credit impairments on Variable Interest Entities (VIEs) which are representative of the Company's GAAP loss estimates for the credits notwithstanding GAAP accounting standards.
(4) Insured credit derivative impairments and LAE are calculated based on Statutory accounting methodology.
(5) Includes consolidated insured Variable Interest Entities (VIEs) for insurance contracts executed via credit default swaps.

MBIA Insurance Corporation and Subsidiaries
Insured Portfolio Losses
(dollars in millions)

2013	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable					
Beginning Gross Loss and LAE Reserves	$ 846	$ 770	$ 756	$ 675	$ 846
Beginning Gross Insurance Loss Recoverable	(3,648)	(3,877)	(907)	(742)	(3,648)
Beginning Gross Reserves	(2,802)	(3,107)	(151)	(67)	(2,802)
Ceded Reserves (affiliated)	104	110	(27)	(64)	104
Ceded Reserves (unaffiliated)	(1)	(1)	(3)	(1)	(1)
Beginning Net Reserves	(2,699)	(2,998)	(181)	(132)	(2,699)
Increase (Decrease) in Expected Payments	(1)	102	18	(51)	68
(Increase) Decrease in Expected Salvage	(197)	20	45	76	(56)
Net (Payments), Collections and Other (1)	(101)	2,695	(14)	(22)	2,558
Net Loss and LAE Reserves	(2,998)	(181)	(132)	(129)	(129)
Ceded Reserves (affiliated)	(110)	27	64	62	62
Ceded Reserves (unaffiliated)	1	3	1	2	2
Gross Reserves	(3,107)	(151)	(67)	(65)	(65)
Gross Loss and LAE Reserves	770	756	675	629	629
Gross Insurance Loss Recoverable	$ (3,877)	$ (907)	$ (742)	$ (694)	$ (694)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Financial Guarantee Consolidated Insured Variable Interest Entities (VIEs) Credit Impairments (2)					
Beginning Gross VIE Impairments Reserves	$ 293	$ 324	$ 249	$ 240	$ 293
Beginning Gross VIE Salvage Reserves	(1,338)	(1,392)	(1,322)	(1,315)	(1,338)
Beginning Gross Reserves	(1,045)	(1,068)	(1,073)	(1,075)	(1,045)
Increase (Decrease) in Expected Payments (3)	38	(29)	(6)	39	42
(Increase) Decrease in Expected Salvage (3)	(33)	(71)	18	(12)	(98)
Gross (Payments), Collections and Other (1)	(28)	95	(14)	779	832
Gross Reserves	(1,068)	(1,073)	(1,075)	(269)	(269)
Gross VIE Impairments Reserves	324	249	240	271	271
Gross VIE Salvage Reserves	$ (1,392)	$ (1,322)	$ (1,315)	$ (540)	$ (540)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Insured Credit Derivative Credit Impairments and LAE (4)(5)					
Beginning Gross Derivatives Impairments and LAE Reserves	$ 1,458	$ 1,748	$ 314	$ 368	$ 1,458
Beginning Gross Derivatives Salvage Reserves	(31)	(31)	(30)	(30)	(31)
Beginning Gross Reserves	1,427	1,717	284	338	1,427
Ceded Reserves (unaffiliated)	-	-	-	1	-
Beginning Net Reserves	1,427	1,717	284	339	1,427
Increase (Decrease) in Expected Payments (2)	291	124	80	109	604
(Increase) Decrease in Expected Salvage (2)	(1)	(19)	8	(3)	(15)
LAE on Insured Credit Derivatives	1	(1)	-	4	4
Net (Payments), Collections and Other (1)	(1)	(1,537)	(33)	6	(1,565)
Net Reserves	1,717	284	339	455	455
Ceded Reserves (unaffiliated)	-	-	(1)	-	-
Gross Reserves	1,717	284	338	455	455
Gross Derivatives Impairments and LAE Reserves	1,748	314	368	476	476
Gross Derivatives Salvage Reserves	$ (31)	$ (30)	$ (30)	$ (21)	$ (21)

(1) Amounts are included in change in expected payments and salvage and also in LAE on insured credit derivatives.
(2) Includes consolidated insured Variable Interest Entities (VIEs) which are eliminated in consolidation under GAAP accounting standards and excludes LAE.
(3) Represents estimated credit impairments on Variable Interest Entities (VIEs) which are representative of the Company's GAAP loss estimates for the credits notwithstanding GAAP accounting standards.
(4) Insured credit derivative impairments and LAE are calculated based on Statutory accounting methodology.
(5) Includes consolidated insured Variable Interest Entities (VIEs) for insurance contracts executed via credit default swaps.

MBIA Insurance Corporation (excluding Subsidiaries)
Liquidity Position [1]
(dollars in millions)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Cash & Cash Equivalents [2]	**$ 636**				**$ 636**
Premiums and Fees	23				23
Other [3]	37				37
Total Inflows	60				60
Gross Loss & LAE Payments	431				431
Operating & Other Expenses [3]	33				33
Total Outflows	464				464
Operating Cash Flow	(404)				(404)
Investing Activities	(6)				(6)
Net Cash Flow	(410)				(410)
Ending Cash & Cash Equivalents [2]	**$ 226**				**$ 226**
Other Liquid Assets [4]	197				197
Ending Liquidity Position	**$ 423**				**$ 423**

2013	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents [2]	**$ 78**	**$ 101**	**$ 51**	**$ 70**	**$ 78**
Premiums and Fees	39	43	23	34	139
Net Investment Income	3	2	-	-	5
Other	25	2,839	147	848	3,859
Total Inflows	67	2,884	170	882	4,003
Gross Loss & LAE Payments	145	1,513	82	70	1,810
Operating & Other Expenses	26	54	133	28	241
Interest Expense	-	1	3	3	7
Total Outflows	171	1,568	218	101	2,058
Operating Cash Flow	(104)	1,316	(48)	781	1,945
Financing Activities	-	(1,608)	50	(50)	(1,608)
Investing Activities	127	242	17	(165)	221
Net Cash Flow	23	(50)	19	566	558
Ending Cash & Cash Equivalents [2]	**$ 101**	**$ 51**	**$ 70**	**$ 636**	**$ 636**
Other Liquid Assets [4]	157	41	27	191	191
Ending Liquidity Position	**$ 258**	**$ 92**	**$ 97**	**$ 827**	**$ 827**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Ending Liquidity Position excludes short-term assets of branches and subsidiaries, which are not readily available to MBIA Insurance Corp.
(2) Reported for NY operations of MBIA Corp; will not agree with MBIA Corp. Consolidated GAAP financial results which include cash & cash equivalents of consolidated VIE's and foreign subsidiaries and branches.
(3) Includes gross claims payments related to U.S. Public Finance Transactions made on behalf of National.
(4) Includes other assets with expected maturities of less than 12 months deemed to be liquid but not included in cash and cash equivalents.

MBIA Insurance Corporation (excluding Subsidiaries)
Statutory Balance Sheet Summary
(dollars in millions)

	3/31/2014	12/31/2013
Assets:		
Cash and Investments [1]	$ 876	$ 1,274
Other Assets	6	6
Total Assets	$ 882	$ 1,280
Liabilities:		
Unearned Premiums	361	375
Loss and LAE Reserves [2]	(303)	40
Contingency Reserve	386	422
Other Liabilities	37	40
Total Liabilities	481	877
Total Policyholders' Surplus	401	403
Total Liabilities and Policyholders' Surplus	$ 882	$ 1,280

Summary of Statutory Loss and LAE Reserves (excluding Subsidiaries)
(dollars in millions)

	As of 3/31/2014			
		Salvage		
	Case	Put-Backs	Other	Net
Second-Lien Mortgage	197	(355)	(719)	(877)
CDO	384	-	(21)	363
Other	237	-	(26)	211
Total	$ 818	$ (355)	$ (766)	$ (303)

MBIA Insurance Corporation
Claims-Paying Resources
(dollars in millions)

	Including Subsidiaries		Stand-alone	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Balance Sheet				
Policyholders' Surplus	$ 401	$ 403	$ 401	$ 403
Contingency Reserve	386	422	386	422
Statutory Capital	787	825	787	825
Unearned Premium Reserve	523	535	361	375
Present Value of Installment Premiums [2]	798	850	449	495
Premium Resources [3]	1,321	1,385	810	870
Net Loss and LAE Reserves [2]	(239)	103	(303)	40
Salvage Reserve	1,121	1,148	1,121	1,148
Gross Loss and LAE Reserves	882	1,251	818	1,188
Total Claims-Paying Resources	$ 2,990	$ 3,461	$ 2,415	$ 2,883
Net Debt Service Outstanding	$ 94,254	$ 106,385	$ 65,563	$ 77,349
Capital Ratio	120:1	129:1	83:1	94:1
Claims-Paying Resources Ratio	37:1	36:1	31:1	27:1

(1) Includes equity investments in subsidiaries of $314 million and $309 million at March 31, 2014 and December 31, 2013, respectively.
(2) At March 31, 2014 and December 31, 2013, the discount rate was 5.09%.
(3)The amounts consist of Financial Guarantee insurance premiums and Insured Credit Derivative revenue.

Structured Finance and International Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
Insured Portfolio Profile Par Value by Geography
(dollars in millions)

	Outstanding as of March 31, 2014[1] [2] [3]			
	Gross	%	Net	%
United States	$ 31,230	44.4	$ 30,923	44.8
United Kingdom	15,486	22.0	15,246	22.1
Australia	5,080	7.2	5,080	7.4
Chile	2,575	3.7	2,209	3.2
France	1,603	2.3	1,600	2.3
Mexico	1,534	2.2	1,378	2.0
Canada	1,496	2.1	1,492	2.2
Spain	955	1.4	945	1.4
New Zealand	564	0.8	564	0.8
Portugal	500	0.7	485	0.7
South Korea	358	0.5	349	0.5
Subtotal	30,151	42.9	29,348	42.6
Other [4]	1,249	1.8	1,245	1.8
Internationally Diversified	7,661	10.9	7,432	10.8
Total Non-United States	39,061	55.6	38,025	55.2
Total	$ 70,291	100.0	$ 68,948	100.0

Insured Portfolio Profile Par Value by Bond Type

	Outstanding as of March 31, 2014[1] [2] [3]			
	Gross	%	Net	%
Public Finance: Non-United States				
Sovereign and Sub-Sovereign [5]	$ 10,972	15.6	$ 10,692	15.5
International Utilities	9,811	14.0	9,677	14.0
Transportation	8,741	12.4	8,374	12.2
Local Governments [6]	317	0.5	313	0.5
Tax-Backed	80	0.1	80	0.1
Total Non-United States Public Finance	29,921	42.6	29,136	42.3
Structured Finance - Global				
Collateralized Debt Obligations [7]	21,837	31.1	21,777	31.6
Mortgage Backed Residential	8,230	11.7	8,204	11.9
Mortgage Backed Commercial	696	1.0	674	1.0
Consumer Asset Backed:				
Student Loans - Structured Finance	404	0.6	393	0.5
Manufactured Housing	1,107	1.6	1,047	1.5
Other Consumer Asset Backed	4	-	4	-
Corporate Asset Backed:				
Operating Assets [8]	2,485	3.5	2,346	3.4
Structured Insurance Securitizations	3,482	4.9	3,474	5.0
Franchise Assets	563	0.8	560	0.8
Future Flow	114	0.2	114	0.2
Other Corporate Asset Backed	1,448	2.0	1,219	1.8
Total Global Structured Finance	40,370	57.4	39,812	57.7
Grand Total	$ 70,291	100.0	$ 68,948	100.0

(1) Net of refunded issues, reinsurance and other contractual agreements.
(2) Excludes $2.1 billion relating to investment agreements and medium term notes issued by various affiliated companies and guaranteed by MBIA Insurance Corporation.
(3) Includes consolidated insured Variable Interest Entities (VIEs) and insured Credit Derivatives.
(4) Includes domestic risk denominated in currency other than U.S. dollars.
(5) Includes Regions, Departments or their equivalent in each jurisdiction as well as sovereign owned entities that are supported by a Sovereign State, Region or Department.
(6) Includes municipal-owned entities backed by the sponsoring local government.
(7) Includes transactions (represented by structured pools of primarily investment grade corporate credit risks or commercial real estate assets) that do not include typical CDO structuring characteristics, such as tranched credit risk, cash flow waterfalls, or interest and over-collateralization coverage tests.
(8) Includes $1.3 billion of Aircraft Portfolio Lease Securitizations, $1.1 billion of Secured Airline Equipment Securitizations, and $0.1 billion of Other Operating Assets.

Structured Finance and International Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
CDO Exposure(1) (2)
As of March 31, 2014
(dollars in billions)

Underlying Asset Types - Gross Par Outstanding(4)

Collateral Type	Total			Financial Guarantee Insurance Policy(5)			Insured Credit Default Swap(6)		
		Gross par	% of Total		Gross par	% of Total		Gross par	% of Total
Investment Grade Corporate Pools (1)	$	11.7	54	$	-	-	$	11.7	72
High Yield Corporate CDOs		4.1	19		4.1	75		-	-
Multi-Sector CDOs		1.4	6		1.0	18		0.4	2
Structured CMBS Pools (1)		3.7	17		0.2	5		3.5	21
CRE CDOs		0.9	4		0.1	2		0.8	5
Total	$	21.8	100	$	5.4	100	$	16.4	100

(1) Includes transactions represented by structured pools of primarily investment grade corporate credit risks or commercial real estate assets that do not include typical CDO structuring characteristics, such as cash flow waterfalls or interest and over-collateralization coverage tests.
(2) Includes $0.7 billion of insured consolidated Variable Interest Entity (VIE) obligations.
(3) All ratings are the most current available. Ratings are derived using the most conservative rating from Moody's, S&P or internal.
(4) Gross Par Outstanding includes committed insured amounts.
(5) 100% managed portfolios.
(6) 34% managed portfolios, 66% static portfolios.

Direct RMBS Exposure (1)
(dollars in billions)

		Gross Par 3/31/2014	% Total		Gross Par 12/31/2013	% Total
HELOCs	$	2.6	32	$	2.7	31
Closed-End-Seconds (CES)		2.5	30		2.6	30
U.S. Subprime		0.9	11		1.1	12
International Prime 1st Mortgage		0.6	7		0.6	7
U.S. Alt-A		1.4	18		1.6	18
U.S. Prime 1st Mtge		0.2	2		0.2	2
Total Direct RMBS	$	8.2	100	$	8.8	100

(1) Includes $1.9 billion of consolidated insured Variable Interest Entities (VIEs).

Top 10 Below Investment Grade (BIG) Credits(1)
(dollars in millions)

	Obligor Name		Gross Par Outstanding
1	Structured CMBS Pool 26	$	885
2	HY CDO 23		861
3	Sociedad Concessionaria Vespucio Norte Express S.A.		662
4	Structured CMBS Pool 46		649
5	Structured Insurance Securitization Private 13-16		575
6	CP--Comboios de Portugal, E.P.E.		500
7	Operating Assets-Aircraft Portfolio Lease Securitizations Private 5		424
8	GMACM 2006-HE4		395
9	Structured CMBS Pool 28		378
10	Punch Taverns Finance B Limited		352
	Total Top 10 Below Investment Grade	$	5,681
	Total BIG Gross Par Outstanding	$	15,366
	Total MBIA Gross Par Outstanding	$	70,291
	Top 10 BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding		**8.1%**
	Total BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding		**21.9%**

(1) MBIA internal ratings are as of the end of the period and determined before giving effect to MBIA's guarantee.

Structured Finance and International Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
Top 15 Servicer Exposures for Residential Mortgage Backed Securities and Consumer Asset Backed
Gross Par Outstanding as of March 31, 2014
(dollars in millions)

	Servicer Name [1]		Gross Par Outstanding
1	Bank of America Corporation	$	2,471
2	Specialized Loan Servicing, LLC		1,505
3	Fortress Investment Group LLC		1,420
4	Walter Investment Management		1,240
5	Wells Fargo & Company		854
6	Ocwen Financial Corporation		612
7	KeyCorp		350
8	JP Morgan Chase & Co.		265
9	Patrimonio, S.A. de C.V., Sociedad Financiera de Objeto Limitado		251
10	Hungarian Mortgage Bank		131
11	Proyectos Adamantine S.A. de CV SOFOM, ENR		106
12	Litton Loan Servicing, L.P.		95
13	OTP Bank Plc.		86
14	First Horizon National Corporation		49
15	HealthMarkets, Inc.		43
	Total	$	9,478

(1) Servicer may be an operating subsidiary of or owned by the named entity.

Insured Portfolio - 25 Largest Credits

	Obligor Name	Country	Internal Rating[1]	Gross Par Outstanding
1	HY CDO 19	USA	aa2	$ 3,000
2	IG CDO 29-Monotranche	GLB	bbb3	2,450
3	Southern Cross Airports Corporation Pty Limited	AUS	bbb2	2,409
4	Southern Water Services (Finance) Limited	GBR	a3	2,183
5	IG CDO 24-Monotranche	GLB	bbb3	2,036
6	Dwr Cymru (Financing) Limited (Welsh Water)	GBR	a2	1,705
7	Anglian Water Services Financing plc	GBR	a3	1,633
8	IG CDO 39	GLB	aaa	1,369
9	IG CDO 38	USA	aaa	1,352
10	Juturna (European Loan Conduit No.16) plc	GBR	aa3	1,282
11	Aspire Defence (Allenby & Connaught Military Housing PFI)	GBR	bbb2	1,220
12	IG CDO 23	USA	aaa	1,200
13	IG CDO 28	USA	aaa	1,060
14	Structured Insurance Securitization Private 3, 4, and 21-26	USA	a3	1,053
15	IG CDO 36	USA	aaa	1,040
16	Structured CMBS Pool 42	USA	aaa	926
17	Autopista del Maipo Sociedad Concesionaria S.A.	CHL	bbb2	914
18	Private Transaction 24	FRA	a3	896
19	Structured CMBS Pool 26	USA	d	885
20	NATS (En Route) plc	GBR	a3	882
21	HY CDO 23	USA	bb2	861
22	Structured Insurance Securitization Private 5-9	USA	a3	850
23	IG CDO 34	USA	aaa	802
24	Autopista Central S.A.	CHL	bbb1	791
25	Private Transaction 116	GBR	bbb1	784
	Total			$ 33,583
	Total Portfolio Exposure			$ 70,291
	25 Largest Credits Gross Par Outstanding as % of Total Portfolio			47.8%

(1) Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating 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.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted or is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Structured Finance and International Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
Net Payment Activity on Second-lien RMBS Exposure

(dollars in millions)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Paid Claims [1]	$ 31				$ 31
Collections on Paid Claims [2]	(17)				(17)
Paid LAE (net of collections)	15				15
Net Payments	$ 29				$ 29

2013	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Paid Claims [1]	$ 121	$ 64	$ 29	$ 38	$ 252
Collections on Paid Claims [2]	(16)	(9) (3)	(14)	(13) (4)	(52) (3)(4)
Paid LAE (net of collections)	6	19	4	7	36
Net Payments	$ 111	$ 74	$ 19	$ 32	$ 236

2012	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Paid Claims [1]	$ 169	$ 139	$ 107	$ 92	$ 507
Collections on Paid Claims [2]	(7)	(6)	(6)	(8)	(27)
Paid LAE (net of collections)	14	35	29	37	115
Net Payments	$ 176	$ 168	$ 130	$ 121	$ 595

(1) For a subset of the MBIA-insured second-lien RMBS transactions, MBIA's gross claim payment is net of excess spread generated by the transaction.

(2) Includes excess spread collected by the insured transactions that were paid to MBIA for reimbursements of paid claims. For a subset of the MBIA-insured transactions, claims reimbursements are paid to MBIA even as MBIA continues to pay claims on the transactions.

(3) Excludes settlements with Bank of America and Flagstar Bank.

(4) Excludes settlements with ResCap.

MBIA Insurance Corporation and Subsidiaries (1)
Historical Exposure Outstanding and Statutory Loss Payments and Recoveries
(dollars in millions)

	2010	2011	2012	2013	Year-to-date 2014
Gross Par Outstanding (end of period)(2)					
Second-Lien RMBS	$ 9,919	$ 8,039	$ 6,550	$ 5,295	$ 5,099
Other(3)	180,267	133,323	105,823	69,810	62,689
Total	$ 190,186	$ 141,362	$ 112,373	$ 75,105	$ 67,788
Net Par Outstanding (end of period)					
Second-Lien RMBS	$ 9,901	$ 8,028	$ 6,542	$ 5,290	$ 5,094
Other(3)	178,383	131,694	104,320	68,428	61,352
Total	$ 188,284	$ 139,722	$ 110,862	$ 73,718	$ 66,446
Gross Loss Payments					
Second-Lien RMBS	$ 1,460	$ 754	$ 507	$ 252	$ 31
Other(3) (4)	2,157	2,688	685	1,802	393
Total Gross Loss Payments	$ 3,617	$ 3,442	$ 1,192	$ 2,054	$ 424
Recoveries received					
Second-Lien RMBS	$ 36	$ 123	$ 27	$ 3,773	$ 17
Other(3) (5)	1,740	196	194	179	10
Total Recoveries	$ 1,776 (6)	$ 319	$ 221	$ 3,952	$ 27
Net Loss Payments / (Recoveries)					
Second-Lien RMBS	$ 1,424	$ 631	$ 480	$ (3,521)	$ 14
Other(3)	417	2,492	491	1,623	383
Total Net Loss Payments	$ 1,841	$ 3,123	$ 971	$ (1,898)	$ 397

(1) Table excludes loss adjustment expense and includes MBIA UK Limited payments that are excluded from MBIA Insurance Corporation's Statutory filings because MBIA Insurance Corporation's ownership of MBIA UK Limited is presented on an equity basis.
(2) Excludes exposure related to U.S. Public Finance.
(3) Includes all MBIA Insurance Corporation and Subsidiaries insured policies excluding second-lien transactions.
(4) Includes gross claim payments related to U.S. Public Finance transactions made on behalf of National totaling $98 million, $129 million, $137 million, $135 million and $8 million for 2010, 2011, 2012, 2013 and 2014, respectively.
(5) Includes full recoveries of gross loss payments made by MBIA Corp. on behalf of National (see amounts in footnote 4) in addition to recoveries from third-party reinsurers.
(6) Includes assets received in connection to the Channel Re commutation based upon Channel Re's loss reserve established for the previously reinsured credits.

Advisory Services Segment

(Cutwater Asset Management)

Advisory Services (Cutwater Asset Management)
Average Assets Under Management
March 31, 2014
(dollars in billions)

	Third-Party		MBIA Affiliates(1)		Conduits		Total	
	QTD	YTD	QTD	YTD	QTD	YTD	QTD	YTD
March 31, 2014	$ 12.7	$ 12.7	$ 10.8	$ 10.8	$ 0.1	$ 0.1	$ 23.6	$ 23.6
December 31, 2013	13.2	15.9	10.8	11.0	0.1	0.4	24.1	27.3
September 30, 2013	15.9	16.8	10.7	11.1	0.2	0.5	26.8	28.4
June 30, 2013	17.2	17.4	11.0	11.3	0.6	0.6	28.8	29.3
March 31, 2013	17.7	17.7	11.4	11.4	0.7	0.7	29.8	29.8
December 31, 2012	17.5	19.1	11.7	12.7	0.7	1.0	29.9	32.8
September 30, 2012	18.1	19.7	12.2	12.8	0.8	1.1	31.1	33.6
June 30, 2012	20.0	20.5	13.5	13.2	1.0	1.2	34.5	34.9
March 31, 2012	21.0	21.0	13.1	13.1	1.5	1.5	35.6	35.6
December 31, 2011	23.0	24.9	10.8	12.2	1.6	1.6	35.4	38.7
September 30, 2011	25.0	25.6	11.9	12.6	1.6	1.6	38.5	39.8
June 30, 2011	25.5	25.8	12.7	13.0	1.6	1.6	39.8	40.4
March 31, 2011	26.2	26.2	13.2	13.2	1.6	1.6	41.0	41.0

(1) Effective for the period ended March 31, 2012, derivatives are included in average assets under management.

MBIA Inc. (Parent Company)

MBIA Inc. (Parent Company)
Liquidity Position (1)(2)(3)
(dollars in millions)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
MBIA Holdco. Activities					
Beginning Liquidity Position	**$ 307**				**$ 307**
Total Cash Inflows	188				188
Operating & Other Expenses	20				20
Debt Service	8				8
Contributions to Subsidiaries	24				24
Total Cash Outflows	52				52
Net Cash Flow	136				136
Ending Liquidity Position	**443**				**443**
ALM Liquidity Position	56				56
Total MBIA Inc. Liquidity Position	**$ 499**				**$ 499**

2013	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
MBIA Holdco. Activities					
Beginning Liquidity Position	**$ 170**	**$ 317**	**$ 278**	**$ 228**	**$ 170**
Total Cash Inflows	164	10	22	233	429
Operating & Other Expenses	8	9	26	5	48
Debt Service	9	17	8	16	50
Contributions to Subsidiaries	-	23	38	133	194
Total Cash Outflows	17	49	72	154	292
Net Cash Flow	147	(39)	(50)	79	137
Ending Liquidity Position	**317**	**$ 278**	**$ 228**	**$ 307**	**$ 307**
ALM Liquidity Position	56	49	54	52	52
Total MBIA Inc. Liquidity Position	**$ 373**	**$ 327**	**$ 282**	**$ 359**	**$ 359**

(1) Presented on a direct cash flow basis for transactions settled within the reported periods. Liquidity Position excludes assets that are not readily available for sale, such as pledged assets held by MBIA Inc.'s Asset-Liability Management business. Liquidity Positions shown for prior periods are lower than earlier reported Liquidity Positions for the same periods, as the definition of Liquidity Position has been modified to exclude certain assets that were previously included in Liquidity Position.

(2) Liquidity Position consists of cash and other liquid assets with expected maturities less than 12 months deemed to be liquid but not included in cash and cash equivalents. Excludes funds placed in escrow until the expiration of National's two-year net operating loss carry-back period.

(3) Excludes tax escrow investments held under the tax sharing agreement.

MBIA Inc.
Selected Assets and Selected Liabilities of the Corporate and Asset/Liability Products Segments
March 31, 2014
(dollars in millions)

	3/31/2014	12/31/2013
Selected Assets:		
Cash [1]	$ 309	$ 321
Investments, at Amortized Cost [2]	1,498	1,564
Current and Deferred Income Taxes, Net	13	1
Total Selected Assets	**1,820**	**1,886**
Selected Liabilities:		
Investment Agreements [3]	665	674
Global Funding LLC, Medium-term Notes [3]	1,418	1,441
Long-term Debt	731	728
Derivative Liabilities, Net [4]	99	123
Total Selected Liabilities	**2,913**	**2,966**
Total	**$ (1,093)**	**$ (1,080)**

(1) Amounts include $115 million and $160 million as of March 31, 2014 and December 31, 2013, respectively, of cash collateral posted to derivative counterparties.

(2) Amounts include tax escrow investments held under the tax sharing agreement.

(3) Amounts exclude accrued interest and are shown at principal value at the respective reported periods.

(4) Amounts are shown net of any derivative assets. For GAAP purposes, derivative liabilities and cash collateral pledged to derivative counterparties are shown net in Other Assets. For purposes of this presentation, derivative liabilities are shown separately and cash collateral pledged to derivative counterparties is included in Cash.

Securities Buyback Activity
(dollars in millions)

2014	1st Qtr Cost	1st Qtr Gain/ Value Added	2nd Qtr. Cost	2nd Qtr. Gain/ Value Added	3rd Qtr. Cost	3rd Qtr. Gain/ Value Added	4th Qtr. Cost	4th Qtr. Gain/ Value Added	Year-to-date Cost	Year-to-date Gain/ Value Added
Common Stock Repurchases	$ -	$ -							$ -	$ -
Debt [1]	0.1								0.1	-
ALM Liabilities Extinguishment	26.9	0.8							26.9	0.8
Conduit Debt Extinguishment	99.8	4.2							99.8	4.2
MBIA Inc. (Consolidated)	$ 126.8	$ 5.0							$ 126.8	$ 5.0

2013	1st Qtr Cost	1st Qtr Gain/ Value Added	2nd Qtr. Cost	2nd Qtr. Gain/ Value Added	3rd Qtr. Cost	3rd Qtr. Gain/ Value Added	4th Qtr. Cost	4th Qtr. Gain/ Value Added	Full Year Cost	Full Year Gain/ Value Added
Common Stock Repurchases	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt [1]	1.3	-	1.5	-	0.4	-	0.2	-	3.4	-
ALM Liabilities Extinguishment	28.3	4.5	21.7	-	45.2	5.9	101.5	11.4	196.7	21.8
Conduit Debt Extinguishment	-	-	335.8	-	150.4	-	19.0	1.0	505.2	1.0
MBIA Inc. (Consolidated)	$ 29.6	$ 4.5	$ 359.0	$ -	$ 196.0	$ 5.9	$ 120.7	$ 12.4	$ 705.3	$ 22.8

(1) Presented on a cash settlement rather than trade date basis.

Glossary

Adjusted Book Value (ABV): ABV, a non-GAAP measure, is used by the Company to supplement its analysis of GAAP book value. The Company uses ABV as a measure of fundamental value and considers the change in ABV an important measure of periodic financial performance. ABV adjusts GAAP book value to remove the impact of certain items which the Company believes will reverse over time, as well as to add in the impact of certain items which the Company believes will be realized in GAAP book value in future periods. The Company has limited such adjustments to those items that it deems to be important to fundamental value and performance and which the likelihood and amount can be reasonably estimated. ABV assumes no new business activity. The Company has presented ABV to allow investors and analysts to evaluate the Company using the same measure that MBIA's management regularly uses to measure financial performance. ABV is not a substitute for and should not be viewed in isolation from GAAP book value.

ABV is calculated on a consolidated basis and a segment basis. ABV by segment provides information about each segment's contribution to consolidated ABV and is calculated using the same formula.

ABV per share represents that amount of ABV allocated to each common share outstanding at the measurement date.

Adjusted Pre-tax Income (Loss): a non-GAAP measure, is used by the Company to supplement its analysis of GAAP pre-tax income (loss). The Company uses adjusted pre-tax income (loss) as a measure of fundamental periodic financial performance. Adjusted pre-tax income (loss) adjusts GAAP pre-tax income (loss) to remove the effects of consolidating insured VIEs and unrealized gains and losses related to fair valuing insured credit derivatives, which the Company believes will reverse over time, and adds in changes in the present value of insurance claims the Company expects to pay on insured credit derivatives, including those related to consolidated VIEs, based on its ongoing insurance loss monitoring and loss adjustment expenses. Adjusted pre-tax income (loss) is not a substitute for and should not be viewed in isolation from GAAP pre-tax income (loss) and the Company's definition of adjusted pre-tax income (loss) may differ from that used by other companies.

Aircraft Portfolio Lease Securitization: Transactions secured by operating leases on fleets of commercial aircraft. The leases generally are diversified pools of international airlines. MBIA has the right to liquidate or re-lease the aircraft upon an Event of Default.

Alt-A Mortgage Loans: An Alt-A mortgage, short for Alternative A-paper, is a type of U.S. mortgage that, for various reasons, is considered riskier than A-paper, or "prime", and less risky than "subprime," mortgage loans. Traditionally Alt-A mortgages are defined as loans lacking full documentation. Alt-A mortgages are typically characterized by borrowers with lower credit scores, higher loan-to-values and/or more investment properties than prime borrowers. Alt-A mortgages may have excellent credit but may not meet prime borrower underwriting criteria for other reasons.

Amortized Cost: The purchase price of a fixed-maturity security, net of any discount received or premium paid. Amortized cost is adjusted each reporting period to reflect the repayment of principal (par) by the issuer of a security and the accretion of a discount or the amortization of a premium.

Below Investment Grade (BIG): Any security rated below BBB- by Fitch and S&P or Baa3 by Moody's or bbb- by MBIA.

Book Yield: Yield of fixed-maturity investment based upon the purchase price or book value of a bond and the timing of future cash flows. The book yield includes appreciation (depreciation) on current amortized cost amounts for fixed-maturity investments purchased at a discount (premium).

Capital Ratio: Net debt service outstanding divided by statutory capital.

Collateralized Debt Obligations (CDO): A debt instrument that is secured (collateralized) by a pool of other securities, typically loans and bonds. CDOs can include all types of loans and bonds, including high-yield bonds, emerging market bonds, asset-backed transactions and middle-market bank loans. Collateralized Bond Obligations (CBOs), Collateralized Loan Obligations (CLOs), and Collateralized Mortgage Obligations (CMOs) are types of CDOs.

CDO-Commercial Real Estate (CRE): Transactions secured by a diversified pool of commercial real estate-oriented loans and/or bonds. Transactions are actively managed pools of collateral with a Collateralized Debt Obligation (CDO) structure with first loss positions provided by subordinated tranches. Transactions are usually managed pools with reinvestment permitted subject to Eligibility Criteria.

CDO-High Yield Corporate: High Yield Corporate Collateralized Debt Obligations (CDOs) are transactions that contain high yield, usually non-investment grade corporate collateral.

CDO-Investment Grade Corporate Pools: Investment Grade Corporate Collateralized Debt Obligations (CDOs) are transactions that contain pools of investment grade corporate collateral.

CDO-Structured CMBS Pools: Transactions containing pools of commercial mortgage securitizations that represent mortgage loans for non-residential properties such as office buildings, retail stores, etc. The majority of MBIA's insured structured CMBS pools are comprised of similarly rated underlying tranches.

Claims-paying Resources (CPR): CPR is a key measure of the resources available to National and MBIA Corp. to pay claims under their respective insurance policies. CPR consists of total financial resources and reserves calculated on a statutory basis. CPR has been a common measure used by financial guarantee insurance companies to report and compare resources and continues to be used by MBIA's management to evaluate changes in such resources. The Company has provided CPR to allow investors and analysts to evaluate National and MBIA Corp. using the same measure that MBIA's management uses to evaluate their resources to pay claims under their respective insurance policies. There is no directly comparable GAAP measure.

Claims-paying Resources Ratio: Net debt service outstanding divided by the sum of the capital base, unearned premium reserve (after-tax), present value of installment premiums (after-tax) and gross loss and loss adjustment expense (LAE) reserves.

Closed-End Second Mortgage (CES): An additional mortgage taken out on property, where the priority in claim settlements is given to the earlier mortgage. The rate for a second mortgage is fixed and the loan amount is determined at the time of application. After approval, the borrower will receive the funds in one lump sum.

Controlling Financial Interest: A controlling financial interest identifies the holder of a variable interest in a Variable Interest Entity (VIE) that has both (i) the power to direct the activities that most significantly impact the economic performance of the VIE, and (ii) the obligation to absorb losses or receive benefits from the VIE. The holder of a controlling financial interest in a VIE is required to consolidate the VIE. An assessment of controlling financial interest is continuously performed based on any substantive changes in facts and circumstances involving the VIE and its variable interests, and such changes may result in a VIE being consolidated or deconsolidated.

Consolidated Insured Variable Interest Entity (VIE): A Variable Interest Entity (VIE) that is consolidated by MBIA Corp. or National as a result of issuing a financial guarantee insurance contract insuring the assets and/or liabilities of the VIE. Based on facts and circumstances, the financial guarantee insurance contract resulted in the Company having a controlling financial interest in the VIE. The holder of a controlling financial interest is required to consolidate the VIE. Refer to Controlling Financial Interest.

Commercial Mortgage Backed Securities (CMBS): A type of mortgage-backed security, the word is used to distinguish it from residential mortgage-backed securities (RMBS). Commercial mortgages represent mortgage loans for non-residential properties such as office buildings, retail stores, etc.

Credit Impairment (Insured Credit Derivatives): Credit impairments on insured derivatives represent actual net payments for the period plus the present value of the Company's estimate of expected future claim payments for such transactions, using a discount rate required by statutory accounting principles, plus loss adjustment expenses. Since the Company's insured credit derivatives have similar terms, conditions, risks, and economic profiles to its financial guarantee insurance policies, the Company evaluates them for impairment periodically in the same way that it estimates loss and LAE for its financial guarantee insurance policies. Credit impairments on insured derivatives are equal to the Company's statutory losses and loss adjustment expenses for such contracts.

Credit impairments on insured derivatives may differ from the fair values recorded in the Company's financial statements. The Company expects that the majority of its exposure written in derivative form will not be settled at fair value. The fair value of an insured derivative contract will be influenced by a variety of market and transaction- specific factors that may be unrelated to potential future claim payments. In the absence of credit impairments or the termination of derivatives at losses, the cumulative unrealized losses recorded from fair valuing insured derivatives should reverse before or at the maturity of the contracts. Contracts also may be settled prior to maturity at amounts that may be more or less than their recorded fair values. Those settlements can result in realized gains or losses, and the reversal of unrealized losses. For these reasons, the Company believes its disclosure of credit impairments on insured derivatives provides additional meaningful information to investors about potential realized losses on these contracts.

Deferred Acquisition Cost (DAC): Deferred acquisition costs include those expenses that relate primarily to, and vary with, the acquisition of new insurance business. The Company periodically conducts a study to determine which operating costs have been incurred to acquire new insurance business and qualify for deferral. For business produced directly by National or MBIA Corp., such costs include compensation of employees involved in underwriting and deferred issuance functions, certain rating agency fees, state premium taxes and certain other underwriting expenses, reduced by ceding commission income on premiums ceded to reinsurers. DAC also include ceding commissions paid by the Company in connection with assuming business from other financial guarantors. DAC, net of ceding commissions received, related to non-derivative insured financial guarantee transactions are deferred and amortized over the period in which the related premiums are earned. Acquisition costs related to insured derivative transactions are expensed as incurred.

Excess Spread: A type of internal credit enhancement used in asset securitization that represents the positive difference between the interest rate received on the underlying asset and the coupon rate paid to investors.

Franchise Assets (Commercial Real Estate Secured): Bonds or financial obligations secured by a diverse pool of loans, leases, and/or receivables to small businesses. Security will include mortgages over commercial real estate. These pools may include franchise loans, but only when secured by the commercial real estate. The underlying debt obligations will be "small ticket" in nature and the pools will be granular. Credit enhancement will be found in the form initial equity underpinning the real estate, overcollateralization and/or excess spread.

Franchise Assets (Not Commercial Real Estate Secured): Bonds or financial obligations secured by pools of loans, leases and/or receivables where the obligors are small businesses, and the credit obligations are not secured by commercial real estate. These pools may include franchise loans (where security is not commercial real estate, but rather equipment and intellectual property). Credit enhancement will be found in the form overcollateralization and/or excess spread.

Future Flows: Bonds secured by loans, leases, and/or receivables to be generated some time in the future by a large bank or global commodities exporter.

Home Equity Line of Credit (HELOC): Loan in which the lender agrees to lend a maximum amount within an agreed period (called a term), where the collateral is the borrower's equity in his/her home. A HELOC differs from a conventional home equity loan in that the borrower is not advanced the entire sum up front, but uses a line of credit to borrow sums that total no more than the credit limit, similar to a credit card. HELOC funds can be borrowed, repaid and reborrowed during the "draw period" (typically 5 to 25 years). A HELOC may have a minimum monthly payment requirement (often "interest only"); however, the debtor may make a repayment of any amount so long as it is greater than the minimum payment. At the end of the draw period, the outstanding principal amount may be due as a lump- sum balloon payment or, more typically, the loan begins to amortize according to a predetermined schedule.

Par Value: Par Value is the principal (par) amount of the debt. Capital appreciation bonds are reported at the par amount at the time of issuance of the insurance policy.

Residential Mortgage Backed Securities (RMBS): A type of mortgage-backed security composed of a wide array of different noncommercial mortgage debts. It securitizes the mortgage payments of noncommercial real estate. Different residential mortgages with varying credit ratings are pooled together and sold in tranches to investors looking to diversify their portfolios or hedge against certain types of risks.

Secured Airline Equipment Securitization (EETC): A structured transaction that pools senior tranches of leases on specific airplanes. The airplanes may be operated by a single airline or be leases with a number of airlines. The enhanced nature refers to the special treatment such leases get in any bankruptcy proceeding of an airline.

Structured Insurance Securitizations: Bonds secured by the future earnings from pools of various types of insurance/reinsurance policies. These pools specifically include insurance or annuity policies as well as policies issued by property & casualty insurers/reinsurers. Performance analysis of the pools of policies must conform to standard and recognized actuarial techniques.

Variable Interests: Variable interests are contractual, ownership, or other economic interests in a Variable Interest Entity (VIE) designed to absorb expected losses or receive residual returns. An instrument that absorbs or receives variability is a variable interest, including equity, debt, guarantees of the value of the assets or liabilities of a VIE, derivatives instruments that absorb or receive variability, and commitments to provide liquidity to a VIE.

Variable Interest Entity (VIE): A VIE is a legal entity, such as a Special Purpose Entity, trust, limited liability corporation, partnership, or corporation, that has (i) insufficient equity to finance its activities without additional subordinated financing, or (ii) in which the equity holders do not have the power, through voting rights or otherwise, to direct the economic activities or do not absorb losses or receive residual returns of the entity, or (iii) in which the voting rights of some investors are not proportional to their obligation to absorb losses or receive residual returns and substantially all the entity's activities are conducted on behalf of an investor with disproportionately few voting rights. Refer to Controlling Financial Interest.

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