WISDOM IN ACTION

MBIA Inc.
Quarterly Operating Supplement
June 30, 2014

Second Quarter 2014

MBIA Inc. and Subsidiaries
Quarterly Operating Supplement [1]

(1) This report is unaudited.

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Quarterly Operating Supplement [1]

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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 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)

	June 30, 2014	December 31, 2013
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $5,235 and $5,064)	$ 5,340	$ 4,987
Investments carried at fair value	244	204
Investments pledged as collateral, at fair value (amortized cost $370 and $483)	341	424
Short-term investments held as available-for-sale, at fair value (amortized cost $1,218 and $1,203)	1,219	1,204
Other investments (includes investments at fair value of $13 and $11)	17	16
Total investments	7,161	6,835
Cash and cash equivalents	534	1,161
Premiums receivable	975	1,051
Deferred acquisition costs	243	260
Insurance loss recoverable	624	694
Assets held for sale	29	29
Deferred income taxes, net	986	1,109
Other assets	243	222
Assets of consolidated variable interest entities:		
Cash	66	97
Investments held-to-maturity, at amortized cost (fair value $2,780 and $2,651)	2,787	2,801
Investments held as available-for-sale, at fair value (amortized cost $0 and $136)	-	136
Fixed-maturity securities at fair value	474	587
Loans receivable at fair value	1,539	1,612
Loan repurchase commitments	363	359
Total assets	**$ 16,024**	**$ 16,953**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 2,251	$ 2,441
Loss and loss adjustment expense reserves	554	641
Investment agreements	660	700
Medium-term notes (includes financial instruments carried at fair value of $217 and $203)	1,286	1,427
Long-term debt	1,755	1,702
Derivative liabilities	449	1,152
Other liabilities	313	294
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $2,150 and $2,356)	4,937	5,286
Derivative liabilities	11	11
Total liabilities	**12,216**	**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 — 281,359,451 and 277,812,430	281	278
Additional paid-in capital	3,118	3,115
Retained earnings	2,665	2,289
Accumulated other comprehensive income (loss), net of tax of $20 and $54	56	(86)
Treasury stock, at cost — 86,924,313 and 85,562,546 shares	(2,333)	(2,318)
Total shareholders' equity of MBIA Inc.	3,787	3,278
Preferred stock of subsidiary and noncontrolling interest	21	21
Total equity	**3,808**	**3,299**
Total liabilities and equity	**$ 16,024**	**$ 16,953**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 63	$ 77	$ 132	$ 156
Refunding premiums earned	26	47	45	88
Premiums earned (net of ceded premiums of $2, $2, $5, $10)	89	124	177	244
Net investment income	42	38	92	76
Fees and reimbursements	4	6	8	12
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(24)	(1,532)	(393)	(1,520)
Unrealized gains (losses) on insured derivatives	(23)	1,350	815	1,277
Net change in fair value of insured derivatives	(47)	(182)	422	(243)
Net gains (losses) on financial instruments at fair value and foreign exchange	61	(6)	6	57
Net gains (losses) on extinguishment of debt	2	39	3	43
Other net realized gains (losses)	-	-	1	-
Revenues of consolidated VIEs:				
Net investment income	13	14	25	30
Net gains (losses) on financial instruments at fair value and foreign exchange	23	78	26	111
Net gains (losses) on extinguishment of debt	-	-	4	-
Other net realized gains (losses)	-	1	-	1
Total revenues	187	112	764	331
Expenses:				
Losses and loss adjustment	12	188	62	(6)
Amortization of deferred acquisition costs	8	11	18	27
Operating	49	103	95	209
Interest	52	60	106	120
Expenses of consolidated VIEs:				
Operating	1	2	4	6
Interest	10	12	20	24
Total expenses	132	376	305	380
Income (loss) before income taxes	$ 55	$ (264)	$ 459	$ (49)
Provision (benefit) for income taxes	(65)	(86)	83	(35)
Net income (loss)	$ 120	$ (178)	$ 376	$ (14)

MBIA Inc. and Subsidiaries
Adjusted Pre-tax Income (Loss)
(dollars in millions)

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

MBIA Inc. and Subsidiaries (Consolidated)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Adjusted pre-tax income (loss)	$ 39	$ (160)	$ (60)	$ (180)
Additions to adjusted pre-tax income (loss):				
Impact of consolidating certain VIEs	(1)	(20)	18	(2)
Mark-to-market gains (losses) on insured credit derivatives	(24)	1,350	814	1,277
Subtractions from adjusted pre-tax income (loss):				
Impairments on insured credit derivatives and LAE	(41)	1,434	313	1,144
Pre-tax income (loss)	$ 55	$ (264)	$ 459	$ (49)

Structured Finance & International Insurance (MBIA Corp.)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Adjusted pre-tax income (loss)	$ (28)	$ (93)	$ ($138)	$ ($190)
Additions to adjusted pre-tax income (loss):				
Impact of consolidating certain VIEs	(1)	(79)	17	(63)
Mark-to-market gains (losses) on insured credit derivatives	(24)	1,350	814	1,277
Subtractions from adjusted pre-tax income (loss):				
Impairments on insured credit derivatives and LAE	(41)	1,434	313	1,144
Pre-tax income (loss)	$ (12)	$ (256)	$ 380	$ (120)

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

	2014 1st Qtr.	2014 2nd Qtr.	2014 3rd Qtr.	2014 4th Qtr.	Year-to-date
MBIA Inc. (Consolidated)	$ (99)	$ 39			$ (60)
Structured Finance & International Insurance (MBIA Corp.)	$ (110)	$ (28)			$ (138)

	2013 1st Qtr.	2013 2nd Qtr.	2013 3rd Qtr.	2013 4th Qtr.	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)

	June 30, 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	$20.62	$ 4.67 (2)	$0.11	($2.89)	($3.03)	$19.48 (3)
Reverse Net Unrealized (Gains) Losses Included in OCI	(0.15)	0.03	-	(0.04)	(0.16)	(0.32)
Add Net Unearned Premium Revenue (4) (5)	3.73	3.26	-	-	-	6.99
Reverse Cumulative Net Loss from Consolidating Certain VIEs (6)	-	0.30	-	-	-	0.30
Reverse Cumulative Unrealized Loss on Insured Credit Derivatives	-	1.11	-	-	-	1.11
Subtract Cumulative Impairments on Insured Credit Derivatives (5)	-	(0.51)	-	-	-	(0.51)
Adjusted Book Value	**$24.20**	**$ 8.86** (7)(8)	**$0.11**	**($2.93)**	**($3.19)**	**$27.05** (8)(9)

	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 (2)	$0.12	($2.89)	($3.49)	$17.05 (3)
Reverse Net Unrealized (Gains) Losses Included in OCI	0.34	(0.06)	-	0.08	0.01	0.37
Add Net Unearned Premium Revenue (4) (5)	4.15	3.55	-	-	-	7.70
Reverse Cumulative Net Loss from Consolidating Certain VIEs (6)	-	0.38	-	-	-	0.38
Reverse Cumulative Unrealized Loss on Insured Credit Derivatives	-	3.87	-	-	-	3.87
Subtract Cumulative Impairments on Insured Credit Derivatives (5)	-	(1.59)	-	-	-	(1.59)
Adjusted Book Value	**$24.32**	**$9.63** (7)(8)	**$0.12**	**($2.81)**	**($3.48)**	**$27.78** (8)(9)

(1) A non-GAAP measure; please see glossary for an explanation of adjusted book value (after-tax).
(2) Includes a deferred tax asset of $5.47 and $6.04 as of June 30, 2014 and December 31, 2013, respectively.
(3) Includes a deferred tax asset of $5.07 and $5.77 as of June 30, 2014 and December 31, 2013, respectively.
(4) The amounts consist of installment and upfront financial guarantee insurance premiums, insured derivative revenue and deferred commitment/ structuring fees, net of deferred acquisition costs.
(5) 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%.
(6) Represents the impact on consolidated total equity of VIEs that are not considered business enterprises of the Company.
(7) Includes a deferred tax asset of $3.36 and $2.92 as of June 30, 2014 and December 31, 2013, respectively.
(8) Principal outstanding plus accrued interest on surplus notes totaled $6.07 and $5.85 of adjusted book value (after-tax) as of June 30, 2014 and December 31, 2013, respectively.
(9) Includes a deferred tax asset of $1.05 and $0.09 as of June 30, 2014 and December 31, 2013, respectively.

Adjusted Book Value - Historical Trend (1)

		Year Ended December 31			
	June 30, 2014	2013	2012	2011	2010 (2)
Adjusted Book Value Per Share	$ 27.05	$ 27.78	$ 30.68	$ 34.50	$ 36.81
Actual Common Shares Outstanding	194,435	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)

National Public Finance Guarantee Corporation and Subsidiaries
Consolidated Balance Sheets
(dollars in millions except share and per share amounts)

	June 30, 2014	December 31, 2013
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $3,597 and $3,653)	$ 3,642	$ 3,559
Investments carried at fair value	138	129
Investments pledged as collateral, at fair value (amortized cost $490 and $476)	488	465
Short-term investments held as available-for-sale, at fair value (amortized cost $528 and $616)	528	617
Other investments (includes investments at fair value of $8 and $7)	12	11
Total investments	4,808	4,781
Cash and cash equivalents	134	47
Securities purchased under agreements to resell	472	447
Premiums receivable	216	228
Deferred acquisition costs	298	326
Assets held for sale	29	29
Other assets	101	63
Total assets	**$ 6,058**	**$ 5,921**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 1,413	$ 1,552
Loss and loss adjustment expense reserves	70	86
Securities sold under agreements to repurchase	472	447
Deferred income taxes, net	185	95
Other liabilities	30	49
Total liabilities	**2,170**	**2,229**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,342	2,342
Retained earnings	1,493	1,393
Accumulated other comprehensive income (loss), net of tax of $16 and $36	29	(67)
Total shareholder's equity	3,879	3,683
Noncontrolling interest	9	9
Total equity	**3,888**	**3,692**
Total liabilities and equity	**$ 6,058**	**$ 5,921**

National Public Finance Guarantee Corporation and Subsidiaries
Consolidated Statements of Operations
(dollars in millions)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 39	$ 53	$ 82	$ 108
Refunding premiums earned	24	48	46	94
Premiums earned	63	101	128	202
Net investment income	26	35	60	84
Fees, reimbursements and other	2	1	4	3
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	-	-	1	-
Net change in fair value of insured derivatives	-	-	1	-
Net gains (losses) on financial instruments at fair value and foreign exchange	15	(2)	18	30
Total revenues	106	135	211	319
Expenses:				
Losses and loss adjustment	17	66	3	70
Amortization of deferred acquisition costs	14	21	28	43
Operating	16	35	29	52
Total expenses	47	122	60	165
Income (loss) before income taxes	59	13	151	154
Provision (benefit) for income taxes	20	4	51	52
Net income (loss)	**39**	**9**	**100**	**102**

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)

Net Premiums Earned (1)
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
2014					
Financial Guarantee	$ 65,005	$ 67,588			$ 132,593
Insured Derivatives	979	116			1,095
Total	$ 65,984	$ 67,704			$ 133,688
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 (1)
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
2014					
Financial Guarantee	$ 22,461	$ 27,918			$ 50,379
Insured Derivatives	915	63			978
Total	$ 23,376	27,981			51,357
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)
2nd Qtr. 2014	254,013	410,221	1,416					4
3rd Qtr. 2014	245,205	397,688	1,379	34	3	2	39	4
4th Qtr. 2014	237,900	387,327	1,344	32	3	2	37	5
2015	214,736	351,840	1,211	121	12	6	139	14
2016	197,807	323,490	1,091	108	12	6	126	14
2017	182,991	297,753	982	98	11	6	115	14
2018	170,026	274,913	881	90	11	5	106	14
2019-2023	111,891	175,947	489	342	50	24	416	64
2024-2028	62,094	97,707	244	203	42	19	264	57
2029 and thereafter	-	-	-	158	86	27	271	137
Total				$ 1,186	$ 230	$ 97	$ 1,513	$ 327

(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 June 30, 2014
(dollars in millions)

Investments (1)		Market Value	% of Market Value		Amortized Cost	Book Yield
Fixed-Maturity Securities:						
Long-Term Tax-Exempt	$	88	2	$	83	3.70
Long-Term Taxable		4,042	87		4,003	3.29
Short-Term		528	11		528	0.78
Total Fixed-Maturity		4,658	100	$	4,614	3.01
Cash and Cash Equivalents		135				
Total Fixed Income Including Cash and Cash Equivalents		4,793				
Investments Held as Trading		135				
Other		15				
Total	$	4,943				
Fixed Income Portfolio Including Cash and Cash Equivalents						
Corporate Obligations	$	1,623	34			
State and Municipal Bonds		1,335	28			
MBS		1,160	24			
US Treasury		386	8			
Cash and Cash Equivalents		135	3			
ABS		133	3			
Foreign Governments		20	-			
Other		1	-			
Total	$	4,793	100			
Effective Maturity Profile						
Cash and Cash Equivalents	$	135	3			
≤ 1 yr		528	11			
> 1 to 5 yrs		1,014	21			
> 5 to 10 yrs		1,014	21			
> 10 to 15 yrs		476	10			
> 15 to 20 yrs		262	5			
> 20 yrs		1,364	29			
Total	$	4,793	100			
Credit Quality Distribution of Long-Term Fixed-Maturity Securities						
Rating						
Aaa	$	1,762	43			
Aa		1,312	32			
A		641	15			
Baa		144	3			
BIG		156	4			
NR		115	3			
	$	4,130	100			

Average maturity: 7.40 years(2)
Duration: 5.25 years(2)

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of $472 million; the total market value of encumbered assets totals $488 million.
(2) Population represents 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	$ 61			$ 86
Beginning Gross Insurance Loss Recoverable	(13)	(9)			(13)
Beginning Gross Reserves	73	52			73
Ceded Reserves	-	-			-
Net Reserves	73	52			73
Increase (Decrease) in Expected Payments	(25)	23			(2)
(Increase) Decrease in Expected Salvage	11	(6)			5
Net (Payments), Collections and Other (1)	(7)	(13)			(20)
Net Reserves	52	56			56
Ceded Reserves	-	-			-
Gross Reserves	52	56			56
Gross Loss and LAE Reserves	61	70			70
Gross Insurance Loss Recoverable	$ (9)	$ (14)			$ (14)

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**	**$ 23**			**$ 181**
Premiums and Fees	3	2			5
Net Investment Income	33	35			68
Other	5	23			28
Total Inflows	41	60			101
Gross Loss & LAE Payments	11	14			25
Operating & Other Expenses	27	12			39
Tax Payments	-	51			51
Total Outflows	38	77			115
Operating Cash Flow	3	(17)			(14)
Investing Activities	(161)	101			(60)
Net Cash Flow	(158)	84			(74)
Ending Cash & Cash Equivalents[(2)]	**$ 23**	**$ 107**			**$ 107**
Other Liquid Assets[(4)]	592	466			466
Ending Liquidity Position	**$ 615**	**$ 573**			**$ 573**

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
(dollars in millions)

Statutory Balance Sheet Summary

	6/30/2014	12/31/2013
Assets:		
Cash and Investments	$ 4,801	$ 4,820
Asset Swap Facility with MBIA Inc.	472	446
Other Assets	98	74
Total Assets	$ 5,371	$ 5,340
Liabilities:		
Unearned Premiums	1,548	1,678
Loss and LAE Reserves (1)	(24)	(87)
Contingency Reserve	1,148	1,172
Asset Swap Facility	472	446
Other Liabilities	20	45
Total Liabilities	3,164	3,254
Total Policyholders' Surplus	2,207	2,086
Total Liabilities and Policyholders' Surplus	$ 5,371	$ 5,340

Claims-Paying Resources

	6/30/2014	12/31/2013
Balance Sheet		
Policyholders' Surplus	$ 2,207	$ 2,086
Contingency Reserve	1,148	1,172
Statutory Capital	3,355	3,258
Unearned Premium Reserve	1,548	1,678
Present Value of Installment Premiums (1)	221	226
Premium Resources (2)	1,769	1,904
Net Loss and LAE Reserves (1)	(24)	(87)
Salvage Reserve	140	177
Gross Loss and LAE Reserves	116	90
Total Claims-Paying Resources	$ 5,240	$ 5,252
Net Debt Service Outstanding	$ 400,366	$ 435,194
Capital Ratio	119:1	134:1
Claims-Paying Resources Ratio	87:1	95:1

(1) At June 30, 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
(dollars in millions)

Par Value by Geography

	Outstanding as of June 30, 2014[1]			
	Gross Amount	%	Net Amount	%
United States				
California	$ 49,289	19.4	$ 48,211	19.4
New York	22,963	9.0	22,278	9.0
Florida	18,376	7.2	18,124	7.3
Texas	15,647	6.2	15,460	6.2
Illinois	14,339	5.7	13,980	5.6
New Jersey	12,021	4.7	11,907	4.8
Michigan	9,146	3.6	8,746	3.5
Washington	6,599	2.6	6,569	2.6
Pennsylvania	6,596	2.6	6,454	2.6
Colorado	5,972	2.4	5,941	2.4
Subtotal	160,948	63.4	157,670	63.4
Other States & Territories	89,873	35.4	87,765	35.3
Nationally Diversified	3,192	1.2	3,184	1.3
Total	$ 254,013	100.0	$ 248,619	100.0

Par Value by Bond Type

	Outstanding as of June 30, 2014[1]			
	Gross Amount	%	Net Amount	%
Bond Type				
General Obligation	$ 91,554	36.0	$ 90,044	36.2
Municipal Utilities	45,922	18.1	45,122	18.2
Tax-Backed	35,964	14.2	35,302	14.2
Transportation	23,395	9.2	22,548	9.1
General Obligation - lease	21,645	8.5	20,604	8.3
Higher Education	14,326	5.6	14,101	5.7
Military Housing	7,821	3.1	7,811	3.1
Health Care	5,384	2.1	5,241	2.1
Investor Owned Utilities[2]	3,721	1.5	3,597	1.4
Municipal Housing	2,809	1.1	2,794	1.1
Other[3]	1,472	0.6	1,455	0.6
Total	$ 254,013	100.0	$ 248,619	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, stadium related financings and student loans.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio - 50 Largest Credits
Gross Par Outstanding as of June 30, 2014
(dollars in millions)

	Obligor Name	State	Internal Rating(1)	Gross Par Outstanding
1	California General Obligation	CA	a3	$ 2,431
2	Massachusetts General Obligation	MA	a1	1,678
3	New Jersey Transportation Trust Fund Authority	NJ	a3	1,669
4	Puerto Rico Electric Power Authority	PR	d	1,531
5	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	a3	1,469
6	Long Island Power Authority Electric	NY	a3	1,419
7	Oregon School Boards Association General Obligation	OR	aa3	1,388
8	Army Hawaii Family Housing	HI	aa2	1,348
9	Chicago General Obligation	IL	bbb1	1,332
10	New York State Local Government Assistance Corporation	NY	a2	1,297
11	Chicago O'Hare General Airport	IL	a2	1,294
12	Puerto Rico General Obligation	PR	bbb3	1,238
13	City of Chicago Board of Education	IL	bbb2	1,218
14	The Port Authority of New York and New Jersey	NY	a1	1,200
15	City of Detroit Sewage Disposal System	MI	bb2	1,197
16	New York City General Obligation	NY	aa3	1,186
17	Illinois Regional Transportation Authority	IL	aa3	1,131
18	Los Angeles Unified School District General Obligation	CA	a1	1,086
19	Camp Pendleton Quantico Housing Privatization	US	aa2	1,082
20	Wisconsin General Obligation	WI	aa2	1,075
21	New York City Transitional Finance Authority State Bld Aid Appropriation	NY	a2	1,066
22	Miami-Dade County Airport	FL	a3	1,022
23	Detroit City Water System	MI	bb2	1,020
24	Arapahoe County E-470 Toll Road	CO	bbb2	1,015
25	San Diego Family Housing Privitization Military	US	aa1	1,007
26	California State Public Works Board Lease	CA	bbb2	982
27	South Carolina Public Service Authority Santee Cooper Public Power	SC	aa2	943
28	Great River Energy Public Power	MN	a3	939
29	New York State Thruway Authority	NY	a2	917
30	Louisiana Gasoline & Fuels Tax	LA	aa3	917
31	Clark County School District General Obligation	NV	a2	915
32	New York City Water	NY	aa2	901
33	Michigan State Building Authority Lease	MI	a1	894
34	Ohana Military Communities, LLC	HI	aa2	892
35	Indiana Finance Authority Highway Lease	IN	aa2	887
36	New Jersey Economic Development Authority Motor Vehicle Bonds	NJ	a3	887
37	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb3	861
38	MTA Commuter & Transit Transportation Revenue	NY	a2	855
39	Metropolitan Washington Airports Authority	DC	aa3	846
40	Honolulu City & County Sewer	HI	a1	838
41	New York State Lease	NY	aa3	812
42	Puerto Rico Highway and Transportation Authority Oil Tax	PR	bb3	801
43	Sacramento County Sanitation District Finance Authority Sewer	CA	a1	798
44	Wayne County Airport Authority	MI	a2	741
45	California Department of Water Resources Central Valley	CA	aa2	736
46	Illinois Municipal Electric Agency Power Supply System	IL	a1	734
47	Honolulu City and County General Obligation	HI	aa3	733
48	San Francisco International Airport	CA	a2	727
49	Denver City and County Airport System	CO	a1	707
50	City of Houston Combined Utility System Revenue Bonds	TX	a2	701
		Total		$ 53,363
		Total Portfolio Exposure		**$** 254,013
		50 Largest Credits Gross Par Outstanding as % of Total Portfolio		21.0%

(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)
as of June 30, 2014
(dollars in millions)

Credit Quality Distribution [(1)]

	Gross Par Outstanding	
	Amount	%
Public Finance		
AAA	$ 14,613	5.8%
AA	121,137	47.7%
A	91,844	36.1%
BBB	17,315	6.8%
<BBB	9,104	3.6%
Total	$ 254,013	100.0%

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

	Obligor Name	Gross Par Outstanding
1	Puerto Rico Electric Power Authority	$ 1,531
2	Puerto Rico General Obligation	1,238
3	City of Detroit Sewage Disposal System	1,197
4	Detroit City Water System	1,020
5	Puerto Rico Highway and Transportation Authority Oil Tax	801
6	San Joaquin Hills Transportation Corridor Agency Toll Road	563
7	Harris County-Houston Sports Authority	351
8	Puerto Rico Government Development Bank General Obligation	267
9	Navy Mid-Atlantic Family Housing LLC	223
10	Puerto Rico Highway & Transportation Authority Highway Bonds	173
	Total Top 10 BIG Gross Par Outstanding	$ 7,364
	Total BIG Gross Par Outstanding	$ 9,104
	Total National Gross Par Outstanding	$ 254,013
	Top 10 BIG Gross Par Outstanding as % of National Gross Par Outstanding	**2.9%**
	Total BIG Gross Par Outstanding as % of National Gross Par Outstanding	**3.6%**
	Total BIG Gross Par Outstanding as % of National Gross Par Outstanding by National ratings	**2.6%**

(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)

MBIA Insurance Corporation and Subsidiaries
Consolidated Balance Sheets
(dollars in millions except share and per share amounts)

	June 30, 2014	December 31, 2013
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $512 and $321)	$ 528	$ 328
Investments carried at fair value	32	5
Short-term investments held as available-for-sale, at fair value (amortized cost $411 and $348)	411	349
Other investments (includes investments at fair value of $2 and $1)	2	29
Total investments	973	711
Cash and cash equivalents	310	930
Premiums receivable	975	1,051
Deferred acquisition costs	380	416
Prepaid reinsurance premiums	1,041	1,131
Insurance loss recoverable	624	694
Deferred income taxes, net	1,038	1,139
Other assets	96	121
Assets of consolidated variable interest entities:		
Cash	66	97
Investments held-to-maturity, at amortized cost (fair value of $2,780 and $2,651)	2,787	2,801
Fixed-maturity securities at fair value	474	587
Loans receivable at fair value	1,539	1,612
Loan repurchase commitments	363	359
Total assets	**$ 10,666**	**$ 11,649**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 1,949	$ 2,105
Loss and loss adjustment expense reserves	538	629
Reinsurance premiums payable	265	280
Long-term debt	1,180	1,125
Deferred fee revenue	305	334
Derivative liabilities	368	1,151
Other liabilities	96	60
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $2,202 and $2,430)	4,989	5,231
Derivative liabilities	11	11
Total liabilities	**9,701**	**10,926**
Equity:		
Series A non-cumulative perpetual preferred stock, par value $1,000 per share, liquidation value $100,000 per share, authorized - 4,000, issued and outstanding - 2,759	28	28
Common stock, par value $220.80 per share; authorized, issued and outstanding - 67,936 shares	15	15
Additional paid-in capital	977	980
Retained earnings (deficit)	(82)	(319)
Accumulated other comprehensive income (loss), net of tax of $3 and $2	27	19
Total equity	**965**	**723**
Total liabilities and equity	**$ 10,666**	**$ 11,649**

MBIA Insurance Corporation and Subsidiaries
Consolidated Statements of Operations
(dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 31	$ 35	$ 64	$ 72
Refunding premiums earned	4	1	4	2
Premiums earned (net of ceded premiums of $37, $56, $81 and $118)	35	36	68	74
Net investment income	4	2	7	6
Fees and reimbursements	16	23	30	45
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(24)	(1,532)	(394)	(1,520)
Unrealized gains (losses) on insured derivatives	(24)	1,350	814	1,277
Net change in fair value of insured derivatives	(48)	(182)	420	(243)
Net gains (losses) on financial instruments at fair value and foreign exchange	1	12	(2)	34
Other net realized gains (losses)	(1)	-	(1)	-
Revenues of consolidated variable interest entities:				
Net investment income	13	12	25	25
Net gains (losses) on financial instruments at fair value and foreign exchange	23	73	24	104
Other net realized gains (losses)	-	1	-	1
Total revenues	43	(23)	571	46
Expenses:				
Losses and loss adjustment	(5)	122	59	(76)
Amortization of deferred acquisition costs	17	24	36	57
Operating	15	35	31	61
Interest	27	41	55	99
Expenses of consolidated variable interest entities:				
Operating	2	2	5	7
Interest	9	10	19	20
Total expenses	65	234	205	168
Income (loss) before income taxes	(22)	(257)	366	(122)
Provision (benefit) for income taxes	(7)	(124)	129	(95)
Net income (loss)	**$ (15)**	**(133)**	**237**	**(27)**

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	$ 34,064			$ 70,709
VIE Eliminations	3,821	3,484			7,305
Net Premiums Earned [2]	32,824	30,580			63,404
Financial Guarantee VIE Premiums	3,821	3,484			7,305
Insured Derivatives [3]	3,782	4,486			8,268
Total [4]	40,427	38,550			78,977
Memo:					
Non-U.S. Public Finance	22,224	20,515			42,739
Global Structured Finance	18,203	18,035			36,238
Total	$ 40,427	$ 38,550			$ 78,977

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
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)
(dollars in millions)

Amortization of Gross Par, Gross Debt Service, Net Unearned Premium

	Ending Gross Par Outstanding	Ending Gross Debt Service Outstanding	Net Unearned Premiums	Expected Future Premium Earnings[1] [2]			
				Upfront	Installments	Accretion	Total
2nd Qtr. 2014	68,951	94,372	908				
3rd Qtr. 2014	68,161	92,924	883	5	20	5	30
4th Qtr. 2014	66,701	90,783	858	5	20	5	30
2015	56,107	77,570	764	18	76	18	112
2016	50,692	69,776	677	16	71	16	103
2017	40,142	57,087	599	14	64	15	93
2018	34,935	50,064	531	13	55	14	82
2019-2023	19,820	28,029	274	44	213	51	308
2024-2028	13,372	17,793	123	20	131	26	177
2029 and thereafter	-	-	-	36	87	17	140
Total				$ 171	$ 737	$ 167	$ 1,075

(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]

	Financial Guarantee	Insured Credit Derivatives	Insured Consolidated VIEs	MBIA Corp. Including Subsidiaries	Subsidiaries of MBIA Corp.	MBIA Corp. Excluding Subsidiaries
2nd Qtr. 2014	37	4	4	45	19	26
3rd Qtr. 2014	21	5	4	30	10	20
4th Qtr. 2014	21	4	4	29	4	25
2015	86	15	14	115	35	80
2016	81	7	13	101	35	66
2017	72	3	12	87	34	53
2018	62	1	11	74	34	40
2019-2023	245	4	41	290	152	138
2024-2028	173	2	26	201	121	80
2029 and thereafter	120	1	50	171	98	73
Total	$ 918	$ 46	$ 179	$ 1,143	$ 542	$ 601

(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 June 30, 2014
(dollars in millions)

Investments [1]		**Market Value**	**% of Market Value**		**Amortized Cost**	**Book Yield**
Fixed-Maturity Securities:						
Long-Term Tax-Exempt	$	27	3	$	26	5.64
Long-Term Taxable		537	55		522	2.35
Short-Term		416	42		416	0.51
Total Fixed-Maturity		980	100	$	964	1.65
Cash and Cash Equivalents		319				
Total Fixed Income Including Cash and Cash Equivalents		1,299				
Investments Held as Trading		22				
Other		35				
Total	$	1,356				

Fixed Income Portfolio Including Cash and Cash Equivalents			
Corporate Obligations	$	521	40
Cash and Cash Equivalents		319	25
Foreign Governments		291	22
State and Municipal Bonds		90	7
ABS		42	3
MBS		24	2
US Treasury		11	1
Other		1	-
Total	$	1,299	100

Effective Maturity Profile			
Cash and Cash Equivalents	$	319	25
≤ 1 yr		416	32
> 1 to 5 yrs		384	29
> 5 to 10 yrs		73	6
> 10 to 15 yrs		15	1
> 15 to 20 yrs		11	1
> 20 yrs		81	6
Total	$	1,299	100

Credit Quality Distribution of Long-Term Fixed-Maturity Securities

Rating			
Aaa	$	175	31
Aa		266	47
A		90	16
Baa		27	5
BIG		6	1
NR		-	-
	$	564	100

Average maturity: 3.74 years[2]
Duration: 2.01 years[2]

(1) Includes MBIA U.K and MBIA Mexico investments and cash and cash equivalents of $776 million.
(2) Population represents 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	$ 591			$ 629
Beginning Gross Insurance Loss Recoverable	(694)	(671)			(694)
Beginning Gross Reserves	(65)	(80)			(65)
Ceded Reserves (affiliated)	(62)	(42)			(62)
Ceded Reserves (unaffiliated)	(2)	(1)			(2)
Beginning Net Reserves	(129)	(123)			(129)
Increase (Decrease) in Expected Payments	47	(43)			4
(Increase) Decrease in Expected Salvage	17	38			55
Net (Payments), Collections and Other (1)	(58)	1			(57)
Net Loss and LAE Reserves	(123)	(127)			(127)
Ceded Reserves (affiliated)	42	40			40
Ceded Reserves (unaffiliated)	1	1			1
Gross Reserves	(80)	(86)			(86)
Gross Loss and LAE Reserves	591	538			538
Gross Insurance Loss Recoverable	$ (671)	$ (624)			$ (624)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Financial Guarantee Consolidated Insured Variable Interest Entities (VIEs) Credit Impairments (2)					
Beginning Gross VIE Impairments Reserves	$ 271	$ 273			$ 271
Beginning Gross VIE Salvage Reserves	(540)	(531)			(540)
Beginning Gross Reserves	(269)	(258)			(269)
Increase (Decrease) in Expected Payments (3)	19	(11)			8
(Increase) Decrease in Expected Salvage (3)	1	(2)			(1)
Gross (Payments), Collections and Other (1)	(9)	(3)			(12)
Gross Reserves	(258)	(274)			(274)
Gross VIE Impairments Reserves	273	253			253
Gross VIE Salvage Reserves	$ (531)	$ (527)			$ (527)

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Insured Credit Derivative Credit Impairments and LAE (4)(5)					
Beginning Gross Derivatives Impairments and LAE Reserves	$ 476	$ 154			$ 476
Beginning Gross Derivatives Salvage Reserves	(21)	(21)			(21)
Beginning Gross Reserves	455	133			455
Ceded Reserves (unaffiliated)	-	-			-
Beginning Net Reserves	455	133			455
Increase (Decrease) in Expected Payments (2)	18	64			82
(Increase) Decrease in Expected Salvage (2)	2	(2)			-
LAE on Insured Credit Derivatives	-	-			-
Net (Payments), Collections and Other (1)	(342)	(17)			(359)
Net Reserves	133	178			178
Ceded Reserves (unaffiliated)	-	-			-
Gross Reserves	133	178			178
Gross Derivatives Impairments and LAE Reserves	154	187			187
Gross Derivatives Salvage Reserves	$ (21)	$ (9)			$ (9)

(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)

2013	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)

2013	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**	**$ 226**			**$ 636**
Premiums and Fees	23	37			60
Net Investment Income	-	3			3
Other (3)	37	76			113
Total Inflows	60	116			176
Gross Loss & LAE Payments	431	79			510
Operating & Other Expenses (3)	33	34			67
Total Outflows	464	113			577
Operating Cash Flow	(404)	3			(401)
Investing Activities	(6)	(28)			(34)
Net Cash Flow	(410)	(25)			(435)
Ending Cash & Cash Equivalents (2)	**$ 226**	**$ 201**			**$ 201**
Other Liquid Assets (4)	197	226			226
Ending Liquidity Position	**$ 423**	**$ 427**			**$ 427**

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)
(dollars in millions)

Statutory Balance Sheet Summary

	6/30/2014	12/31/2013
Assets:		
Cash and Investments (1)	$ 876	$ 1,274
Other Assets	5	6
Total Assets	$ 881	$ 1,280
Liabilities:		
Unearned Premiums	361	375
Loss and LAE Reserves (2)	(268)	40
Contingency Reserve	387	422
Other Liabilities	30	40
Total Liabilities	510	877
Total Policyholders' Surplus	371	403
Total Liabilities and Policyholders' Surplus	$ 881	$ 1,280

Summary of Statutory Loss and LAE Reserves (excluding Subsidiaries)

	As of 6/30/2014			
		Salvage		
	Case	Put-Backs	Other	Net
Second-Lien Mortgage	159	(357)	(655)	(853)
CDO	399	-	(9)	390
Other	225	-	(30)	195
Total	$ 783	$ (357)	$ (694)	$ (268)

Claims-Paying Resources

	Including Subsidiaries		Stand-alone	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Balance Sheet				
Policyholders' Surplus	$ 371	$ 403	$ 371	$ 403
Contingency Reserve	387	422	387	422
Statutory Capital	758	825	758	825
Unearned Premium Reserve	526	535	361	375
Present Value of Installment Premiums (2)	771	850	424	495
Premium Resources (3)	1,297	1,385	785	870
Net Loss and LAE Reserves (2)	(235)	103	(268)	40
Salvage Reserve	1,051	1,148	1,051	1,148
Gross Loss and LAE Reserves	816	1,251	783	1,188
Total Claims-Paying Resources	$ 2,871	$ 3,461	$ 2,326	$ 2,883
Net Debt Service Outstanding	$ 92,278	$ 106,385	$ 63,272	$ 77,349
Capital Ratio	122:1	129:1	83:1	94:1
Claims-Paying Resources Ratio	38:1	36:1	31:1	27:1

(1) Includes equity investments in subsidiaries of $311 million and $309 million at June 30, 2014 and December 31, 2013, respectively.
(2) At June 30, 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
(dollars in millions)

Par Value By Geography

	Outstanding as of June 30, 2014(1) (2) (3)			
	Gross	%	Net	%
United States	$ 30,190	43.8	$ 29,909	44.2
United Kingdom	15,859	23.0	15,612	23.1
Australia	5,180	7.5	5,180	7.7
Chile	2,575	3.7	2,207	3.3
France	1,588	2.3	1,585	2.3
Mexico	1,518	2.2	1,365	2.0
Canada	1,498	2.2	1,495	2.2
Spain	921	1.3	912	1.4
New Zealand	569	0.8	569	0.8
Portugal	411	0.6	397	0.6
Malaysia	350	0.5	350	0.5
Subtotal	30,469	44.1	29,672	43.9
Other (4)	1,146	1.7	1,141	1.7
Internationally Diversified	7,146	10.4	6,918	10.2
Total Non-United States	38,761	56.2	37,731	55.8
Total	$ 68,951	100.0	$ 67,640	100.0

Par Value by Bond Type

	Outstanding as of June 30, 2014(1) (2) (3)			
	Gross	%	Net	%
Public Finance: Non-United States				
Sovereign and Sub-Sovereign (5)	$ 10,912	15.8	$ 10,643	15.7
International Utilities	10,018	14.5	9,881	14.6
Transportation	8,824	12.8	8,456	12.5
Local Governments (6)	309	0.5	305	0.5
Tax-Backed	80	0.1	80	0.1
Total Non-United States Public Finance	30,143	43.7	29,365	43.4
Structured Finance - Global				
Collateralized Debt Obligations (7)	20,913	30.3	20,866	30.9
Mortgage Backed Residential	7,946	11.5	7,921	11.7
Mortgage Backed Commercial	693	1.0	670	1.0
Consumer Asset Backed:				
Student Loans - Structured Finance	310	0.4	300	0.4
Manufactured Housing	1,074	1.6	1,016	1.5
Other Consumer Asset Backed	4	-	4	-
Corporate Asset Backed:				
Operating Assets (8)	2,322	3.4	2,190	3.2
Structured Insurance Securitizations	3,460	5.0	3,453	5.1
Franchise Assets	553	0.8	551	0.8
Future Flow	105	0.2	105	0.2
Other Corporate Asset Backed	1,428	2.1	1,199	1.8
Total Global Structured Finance	38,808	56.3	38,275	56.6
Grand Total	$ 68,951	100.0	$ 67,640	100.0

(1) Net of refunded issues, reinsurance and other contractual agreements.
(2) Excludes $1.9 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 $1.1 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)
As of June 30, 2014

CDO Exposure - Underlying Asset Types - Gross Par Outstanding (1)(2)(3)
(dollars in billions)

Collateral Type	Total		Financial Guarantee Insurance Policy		Insured Credit Default Swap	
	Gross par	% of Total	Gross par	% of Total	Gross par	% of Total
Investment Grade Corporate Pools(1)	$ 11.2	54	$ -	-	$ 11.2	71
High Yield Corporate CDOs	4.0	19	4.0	77	-	-
Multi-Sector CDOs	1.3	6	0.9	17	0.4	3
Structured CMBS Pools(1)	3.5	17	0.2	4	3.3	21
CRE CDOs	0.9	4	0.1	2	0.8	5
Total	$ 20.9	100	$ 5.2	100	$ 15.7	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) Gross Par Outstanding includes committed insured amounts.

Direct RMBS Exposure (1)
(dollars in billions)

	Gross Par 6/30/2014	% Total	Gross Par 12/31/2013	% Total
HELOCs	$ 2.5	31	$ 2.7	31
Closed-End-Seconds (CES)	2.4	30	2.6	30
U.S. Subprime	0.9	11	1.1	13
International Prime 1st Mortgage	0.6	8	0.6	7
U.S. Alt-A	1.4	18	1.6	18
U.S. Prime 1st Mortgage	0.2	3	0.2	2
Total Direct RMBS	$ 8.0	100	$ 8.8	100

(1) Includes $1.8 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	838
3	Sociedad Concessionaria Vespucio Norte Express S.A.	667
4	Structured CMBS Pool 46	649
5	Structured Insurance Securitization Private 13-16	575
6	CP--Comboios de Portugal, E.P.E.	411
7	Operating Assets-Aircraft Portfolio Lease Securitizations Private 5	398
8	GMACM 2006-HE4	382
9	Punch Taverns Finance B Limited	354
10	Structured CMBS Pool 28	350
	Total Top 10 Below Investment Grade	**$ 5,509**
	Total BIG Gross Par Outstanding	$ 15,077
	Total MBIA Gross Par Outstanding	$ 68,951
	Top 10 BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding	**8.0%**
	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)
Gross Par Outstanding as of June 30, 2014
(dollars in millions)

Top 15 Servicer Exposures for Residential Mortgage Backed Securities and Consumer Asset Backed

	Servicer Name (1)		Gross Par Outstanding
1	Bank of America Corporation	$	2,391
2	Specialized Loan Servicing, LLC		1,445
3	Fortress Investment Group LLC		1,350
4	Walter Investment Management		1,201
5	Wells Fargo & Company		840
6	Ocwen Financial Corporation		587
7	KeyCorp		260
8	JP Morgan Chase & Co.		257
9	Patrimonio, S.A. de C.V., Sociedad Financiera de Objeto Limitado		248
10	Hungarian Mortgage Bank		129
11	Proyectos Adamantine S.A. de CV SOFOM, ENR		106
12	Litton Loan Servicing, L.P.		92
13	OTP Bank Plc.		85
14	First Horizon National Corporation		46
15	HealthMarkets, Inc.		41
	Total	$	9,078

(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	Southern Cross Airports Corporation Pty Limited	AUS	bbb2		2,458
3	IG CDO 29-Monotranche	GLB	bbb3		2,434
4	Southern Water Services (Finance) Limited	GBR	a3		2,239
5	IG CDO 24-Monotranche	GLB	bbb3		2,022
6	Dwr Cymru (Financing) Limited (Welsh Water)	GBR	a2		1,749
7	Anglian Water Services Financing plc	GBR	a3		1,674
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	a1		1,310
11	Aspire Defence (Allenby & Connaught Military Housing PFI)	GBR	bbb2		1,251
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		1,047
15	IG CDO 36	USA	aaa		1,040
16	Structured CMBS Pool 42	USA	aaa		917
17	Autopista del Maipo Sociedad Concesionaria S.A.	CHL	bbb2		915
18	NATS (En Route) plc	GBR	a3		905
19	Private Transaction 24	FRA	bbb1		890
20	Structured CMBS Pool 26	USA	d		885
21	Structured Insurance Securitization Private 5-9	USA	a3		850
22	HY CDO 23	USA	bb2		838
23	Private Transaction 116	GBR	bbb1		804
24	IG CDO 34	USA	aaa		802
25	Autopista Central S.A.	CHL	bbb1		793
	Total			$	33,804
	Total Portfolio Exposure			$	68,951
	25 Largest Credits Gross Par Outstanding as % of Total Portfolio				49.0%

(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	$ 27			$ 58
Collections on Paid Claims [2]	(17)	(46)			(63)
Paid LAE (net of collections)	15	3			18
Net Payments	$ 29	$ (16)			$ 13

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	$ 4,877
Other[3]	180,267	133,323	105,823	75,104	64,074
Total	$ 190,186	$ 141,362	$ 112,373	$ 80,399	$ 68,951
Net Par Outstanding (end of period)					
Second-Lien RMBS	$ 9,901	$ 8,028	$ 6,542	$ 5,290	$ 4,873
Other[3]	178,383	131,694	104,320	73,718	62,767
Total	$ 188,284	$ 139,722	$ 110,862	$ 79,008	$ 67,640
Gross Loss Payments					
Second-Lien RMBS	$ 1,460	$ 754	$ 507	$ 252	$ 58
Other[3] [4]	2,157	2,688	685	1,802	449
Total Gross Loss Payments	$ 3,617	$ 3,442	$ 1,192	$ 2,054	$ 507
Recoveries received					
Second-Lien RMBS	$ 36	$ 123	$ 27	$ 3,773	$ 63
Other[3] [5]	1,740	196	194	179	34
Total Recoveries	$ 1,776 [6]	$ 319	$ 221	$ 3,952	$ 97
Net Loss Payments / (Recoveries)					
Second-Lien RMBS	$ 1,424	$ 631	$ 480	$ (3,521)	$ (5)
Other[3]	417	2,492	491	1,623	415
Total Net Loss Payments	$ 1,841	$ 3,123	$ 971	$ (1,898)	$ 410

(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 $17 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

June 30, 2014

(dollars in billions)

	Third-Party		MBIA Affiliates[1]		Conduits		Total	
	QTD	YTD	QTD	YTD	QTD	YTD	QTD	YTD
June 30, 2014	$ 12.5	$ 12.7	$ 10.6	$ 10.6	$ -	$ 0.1	$ 23.1	$ 23.4
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**	**$ 443**			**$ 307**
Total Cash Inflows	188	41			229
Operating & Other Expenses	20	9			29
Debt Service	8	15			23
Contributions to Subsidiaries	24	143			167
Total Cash Outflows	52	167			219
Net Cash Flow	136	(126)			10
Ending Liquidity Position	**443**	**317**			**317**
ALM Liquidity Position	56	48			48
Total MBIA Inc. Liquidity Position	**$ 499**	**$ 365**			**$ 365**

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.
June 30, 2014
(dollars in millions)

Selected Assets and Selected Liabilities of the Corporate and Asset/Liability Products Segments

	6/30/2014	12/31/2013
Selected Assets:		
Cash [1]	$ 153	$ 321
Investments, at Amortized Cost [2]	1,477	1,564
Receivable for investments sold and counterparty collateral	40	20
Current and Deferred Income Taxes, Net	69	1
Total Selected Assets	**1,739**	**1,906**
Selected Liabilities:		
Investment Agreements [3]	635	673
Global Funding LLC, Medium-term Notes [3]	1,281	1,441
Long-term Debt	728	728
Payables for investments purchased	8	-
Intercompany (receivables) payables	19	(10)
Derivative Liabilities, Net [4]	65	123
Total Selected Liabilities	**2,736**	**2,955**
Total	**$ (997)**	**$ (1,049)**

(1) Amounts include $82 million and $160 million as of June 30, 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

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 [1]	$ -	$ -	$ 9.3	$ 13.5					$ 9.3	$ 13.5
Debt [2]	0.1	-	0.1	-					0.2	-
ALM Liabilities Extinguishment	27.0	0.8	92.1	2.0					119.1	2.8
Conduit Debt Extinguishment	99.8	4.2	25.0	-					124.8	4.2
MBIA Inc. (Consolidated)	$ 126.9	$ 5.0	$ 126.5	$ 15.5					$ 253.4	$ 20.5

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 [2]	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) Gains estimated versus adjusted book value.
(2) 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.

Corporate Headquarters

MBIA Inc.
113 King Street
Armonk, NY 10504
914-273-4545
www.mbia.com

Investor Relations Contacts

Chuck Chaplin
President
Chief Financial Officer
914-765-3925
chuck.chaplin@OptinuityAR.com

Greg Diamond
Managing Director Investor Relations
914-765-3190
greg.diamond@OptinuityAR.com

Common Stock:

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

Transfer Agent and Dividend Disbursing Agent:

Transfer Agent
Wells Fargo Bank, N.A. P.O. Box 64854
St. Paul, MN 55164-0854
1-800-468-9716 www.wellsfargo.com/shareholders