MBIA Inc.
Quarterly Operating Supplement
December 31, 2016

Fourth Quarter 2016

(1) This report is unaudited.

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,” “estimate”, “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 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 credit 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 changes to 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)

	December 31, 2016	December 31, 2015
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $4,713 and $5,483)	$ 4,694	$ 5,474
Investments carried at fair value	146	177
Investments pledged as collateral, at fair value (amortized cost $234 and $322)	233	291
Short-term investments held as available-for-sale, at fair value (amortized cost $552 and $392)	552	392
Other investments (includes investments at fair value of $5 and $13)	8	16
Total investments	5,633	6,350
Cash and cash equivalents	163	464
Premiums receivable	409	792
Deferred acquisition costs	118	168
Insurance loss recoverable	504	577
Assets held for sale	555	-
Deferred income taxes, net	970	951
Other assets	113	156
Assets of consolidated variable interest entities:		
Cash	24	58
Investments held-to-maturity, at amortized cost (fair value $876 and $2,401)	890	2,689
Fixed-maturity securities at fair value	255	932
Loans receivable at fair value	1,066	1,292
Loan repurchase commitments	404	396
Other assets	33	11
Total assets	**$ 11,137**	**$ 14,836**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 958	$ 1,591
Loss and loss adjustment expense reserves	541	516
Long-term debt	1,986	1,889
Medium-term notes (includes financial instruments carried at fair value of $101 and $161)	895	1,016
Investment agreements	399	462
Derivative liabilities	299	314
Liabilities held for sale	346	-
Other liabilities	233	211
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $1,351 and $2,362)	2,241	5,051
Derivative liabilities	-	45
Total liabilities	**7,898**	**11,095**
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--283,989,999 and 281,833,618	284	282
Additional paid-in capital	3,160	3,138
Retained earnings	2,700	3,038
Accumulated other comprehensive income (loss), net of tax of $37 and $51	(128)	(61)
Treasury stock, at cost--148,789,168 and 130,303,241 shares	(2,789)	(2,668)
Total shareholders' equity of MBIA Inc.	3,227	3,729
Preferred stock of subsidiary	12	12
Total equity	**3,239**	**3,741**
Total liabilities and equity	**$ 11,137**	**$ 14,836**

MBIA Inc. and Subsidiaries
Consolidated Statements of Operations
(dollars in millions except share and per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 37	$ 46	$ 168	$ 199
Refunding premiums earned	38	50	132	173
Premiums earned (net of ceded premiums of $2, $2, $7 and $9)	75	96	300	372
Net investment income	37	40	152	152
Fees and reimbursements	4	2	28	6
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(20)	2	(40)	(28)
Unrealized gains (losses) on insured derivatives	21	36	21	157
Net change in fair value of insured derivatives	1	38	(19)	129
Net gains (losses) on financial instruments at fair value and foreign exchange	101	43	84	63
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	(2)	(1)	(12)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	(4)	(1)	(4)	(1)
Net investment losses related to other-than-temporary impairments	(4)	(3)	(5)	(13)
Net gains (losses) on extinguishment of debt	-	-	5	(1)
Other net realized gains (losses)	(279)	(1)	(282)	17
Revenues of consolidated variable interest entities:				
Net investment income	6	49	31	86
Net gains (losses) on financial instruments at fair value and foreign exchange	-	33	-	42
Total revenues	(59)	297	294	853
Expenses:				
Losses and loss adjustment	71	44	220	123
Amortization of deferred acquisition costs	10	13	40	50
Operating	40	38	137	140
Interest	49	50	197	199
Expenses of consolidated variable interest entities:				
Operating	4	3	14	13
Interest	5	10	25	39
Total expenses	179	158	633	564
Income (loss) before income taxes	(238)	139	(339)	289
Provision (benefit) for income taxes	27	57	(1)	109
Net income (loss)	**$ (265)**	**$ 82**	**$ (338)**	**$ 180**
Net income (loss) per common share:				
Basic	$ (2.01)	$ 0.54	$ (2.54)	$ 1.06
Diluted	$ (2.01)	$ 0.54	$ (2.54)	$ 1.06
Weighted average number of common shares outstanding:				
Basic	131,906,086	147,099,167	133,001,088	163,936,318
Diluted	131,906,086	147,955,862	133,001,088	164,869,788

MBIA Inc. and Subsidiaries
Operating Income (Loss) Reconciliation [1] [2]
(dollars in millions except per share amounts)

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015
Combined				
GAAP consolidated net income (loss)	$ (265)	$ 82	$ (338)	$ 180
Less: Operating Income Adjustments				
Pre-tax income (loss) of Non-Core Operations [3]	(339)	70	(475)	12
Pre-tax adjustments to U.S. Public Finance and Corporate [4]:				
Mark-to-market gains (losses) on financial instruments	62	16	12	39
Foreign exchange gains (losses)	34	15	11	60
Net gains (losses) on sales of investments	9	13	60	20
Net investment losses related to OTTI	(4)	(3)	(5)	(13)
Net gains (losses) on extinguishment of debt	-	-	5	(1)
Other net realized gains (losses)	(1)	(1)	(5)	21
Operating income adjustment for income taxes	(20)	(38)	29	(45)
Total operating income adjustments, net of tax	(259)	72	(368)	93
Combined Operating Income (loss)	$ (6)	$ 10	$ 30	$ 87
Combined Operating Income (loss) per share	$ (0.05)	$ 0.07	$ 0.23	$ 0.52
U.S. Public Finance Insurance (National)				
GAAP net income (loss)	$ 41	$ 51	$ 176	$ 191
Less: Operating Income Adjustments				
Net gains (losses) on sales of investments	7	11	68	14
Net investment losses related to OTTI	(4)	(1)	(4)	(10)
Operating income adjustment for income taxes	13	(3)	(8)	(1)
Operating Income (loss)	$ 25	$ 44	$ 120	$ 188
Corporate				
GAAP net income (loss)	$ 26	$ (15)	$ (93)	$ (21)
Less: Operating Income Adjustments				
Mark-to-market gains (losses) on financial instruments	62	16	12	39
Foreign exchange gains (losses)	34	15	11	60
Net gains (losses) on sales of investments	2	2	(8)	6
Net investment losses related to OTTI	-	(2)	(1)	(3)
Net gains (losses) on extinguishment of debt	-	-	5	(1)
Other net realized gains (losses)	(1)	(1)	(5)	21
Operating income adjustment for income taxes	(40)	(11)	(17)	(42)
Operating Income (loss)	$ (31)	$ (34)	$ (90)	$ (101)
Diluted Weighted Average Shares Outstanding	131.9	148.0	133.4	164.9

Operating Income (Loss) Trend [1] [2]

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
U.S. Public Finance Insurance (National)	$ 37	$ 34	$ 24	25	$ 120
Corporate	(21)	(19)	(19)	(31)	(90)
Combined	$ 16	$ 15	$ 5	(6)	$ 30

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
U.S. Public Finance Insurance (National)	$ 56	$ 40	$ 48	$ 44	$ 188
Corporate	(22)	(21)	(24)	(34)	(101)
Combined	$ 34	$ 19	$ 24	$ 10	$ 87

(1) A non-GAAP measure; please see glossary for an explanation of Operating Income.
(2) Totals may not add due to rounding.
(3) Non-Core Operations comprises the International and Structured Finance Insurance Segment and eliminations.
(4) Adjustments exclude the International and Structured Finance segment and eliminations and include select mark-to-market gains/losses on financial instruments in the U.S. Public Finance and Corporate segments.

MBIA Inc. and Subsidiaries
Net Income (Loss) Reconciliation to Combined Operating Income (Loss)
(dollars in millions)

	Three Months Ended December 31, 2016			
	GAAP MBIA Inc. Consolidated	**Less: Non-Core Operations & Eliminations (1)**	**Less: Adjustments to Core Operations**	**Non-GAAP Operating Income**
Revenues:				
Net premiums earned	$ 75	$ 13	$ -	$ 62
Net investment income	37	2	-	35
Fees and reimbursements	4	(4)	-	8
Net change in fair value of insured credit derivatives	1	1	-	-
Net gains (losses) on financial instruments at fair value and foreign exchange	101	3	105	(7)
Net investment losses related to other-than-temporary impairments	(4)	-	(4)	-
Other net realized gains (losses)	(279)	(280)	(1)	2
VIE Revenues	6	6	-	-
Total revenues	(59)	(259)	100	100
Expenses:				
Losses and loss adjustment	71	43	-	28
Amortization of deferred acquisition costs	10	(3)	-	13
Operating	40	2	-	38
Interest	49	29	-	20
VIE expenses	9	9	-	-
Total expenses	179	80	-	99
Income (loss) before income taxes	**(238)**	**(339)**	**100**	**1**
Provision (benefit) for income taxes	27	(7)	27	7
Net income (loss)	**$ (265)**	**$ (332)**	**$ 73**	**$ (6)**

	Three Months Ended December 31, 2015			
	GAAP MBIA Inc. Consolidated	**Less: Non-Core Operations & Eliminations (1)**	**Less: Adjustments to Core Operations**	**Non-GAAP Operating Income**
Revenues:				
Net premiums earned	$ 96	$ 18	$ -	$ 78
Net investment income	40	2	-	38
Fees and reimbursements	2	(5)	-	7
Net change in fair value of insured credit derivatives	38	38	-	-
Net gains (losses) on financial instruments at fair value and foreign exchange	43	10	44	(11)
Net investment losses related to other-than-temporary impairments	(3)	-	(3)	-
Other net realized gains (losses)	(1)	-	(1)	-
VIE Revenues	82	82	-	-
Total revenues	297	145	40	112
Expenses:				
Losses and loss adjustment	44	34	-	10
Amortization of deferred acquisition costs	13	(3)	-	16
Operating	38	6	-	32
Interest	50	25	-	25
VIE expenses	13	13	-	-
Total expenses	158	75	-	83
Income (loss) before income taxes	**139**	**70**	**40**	**29**
Provision (benefit) for income taxes	57	24	14	19
Net income (loss)	**$ 82**	**$ 46**	**$ 26**	**$ 10**

(1) Non-Core Operations includes the International and Structured Finance Insurance Segment.

MBIA Inc. and Subsidiaries

Net Income (Loss) Reconciliation to Combined Operating Income (Loss)

(dollars in millions)

	Twelve Months Ended December 31, 2016			
	GAAP MBIA Inc. Consolidated	Less: Non-Core Operations & Eliminations (1)	Less: Adjustments to Core Operations	Non-GAAP Operating Income
Revenues:				
Net premiums earned	$ 300	$ 64	$ -	$ 236
Net investment income	152	9	-	143
Fees and reimbursements	28	2	-	26
Net change in fair value of insured credit derivatives	(19)	(19)	-	-
Net gains (losses) on financial instruments at fair value and foreign exchange	84	26	83	(25)
Net investment losses related to other-than-temporary impairments	(5)	-	(5)	-
Net gains (losses) on extinguishment of debt	5	-	5	-
Other net realized gains (losses)	(282)	(279)	(5)	2
VIE Revenues	31	31	-	-
Total revenues	294	(166)	78	382
Expenses:				
Losses and loss adjustment	220	146	-	74
Amortization of deferred acquisition costs	40	(9)	-	49
Operating	137	19	-	118
Interest	197	114	-	83
VIE expenses	39	39	-	-
Total expenses	633	309	-	324
Income (loss) before income taxes	**(339)**	**(475)**	**78**	**58**
Provision (benefit) for income taxes	(1)	(54)	25	28
Net income (loss) before minority interest	**$ (338)**	**$ (421)**	**$ 53**	**$ 30**

	Twelve Months Ended December 31, 2015			
	GAAP MBIA Inc. Consolidated	Less: Non-Core Operations & Eliminations (1)	Less: Adjustments to Core Operations	Non-GAAP Operating Income
Revenues:				
Net premiums earned	$ 372	$ 68	$ -	$ 304
Net investment income	152	9	-	143
Fees and reimbursements	6	(20)	-	26
Net change in fair value of insured credit derivatives	129	129	-	-
Net gains (losses) on financial instruments at fair value and foreign exchange	63	(15)	119	(41)
Net investment losses related to other-than-temporary impairments	(13)	-	(13)	-
Net gains (losses) on extinguishment of debt	(1)	-	(1)	-
Other net realized gains (losses)	17	-	21	(4)
VIE Revenues	128	128	-	-
Total revenues	853	299	126	428
Expenses:				
Losses and loss adjustment	123	118	-	5
Amortization of deferred acquisition costs	50	(15)	-	65
Operating	140	25	-	115
Interest	199	107	-	92
VIE expenses	52	52	-	-
Total expenses	564	287	-	277
Income (loss) before income taxes	**289**	**12**	**126**	**151**
Provision (benefit) for income taxes	109	2	43	64
Net income (loss) before minority interest	**$ 180**	**$ 10**	**$ 83**	**$ 87**

(1) Non-Core Operations includes the International and Structured Finance Insurance Segment.

MBIA Inc. and Subsidiaries

Adjusted Book Value (1) (2)

		12/31/2016		12/31/2015
Reported Book Value	$	23.87	$	24.61
Reverse book value of the MBIA Corp. legal entity (3)		5.07		0.86
Book value after MBIA Corp. legal entity adjustment		**28.94**		**25.47**
Other book value adjustments:				
Reverse net unrealized (gains) losses included in OCI		0.24		0.40
Add net unearned premium revenue (4) (5)		4.31		5.02
Add tax effect on unrealized (gains) losses and unearned premium revenue		(1.61)		(1.91)
Adjusted Book Value	$	**31.88**	$	**28.98**
Shares Outstanding in millions		135.2		151.5

(1) A non-GAAP measure; please see glossary for an explanation of ABV. Includes deferred tax assets of consolidated MBIA Inc.

(2) We have refined our calculation of ABV as of 12/31/2016 and have conformed the prior year's calculation to the current presentation. ABV now adjusts GAAP book value to remove the legal entity book value of MBIA Corp., but continues to include all deferred taxes available to the Company. Previously, ABV adjusted GAAP book value to remove the book value of our international and structured finance insurance segment, and included all deferred income taxes available to the Company.

(3) The book value of the MBIA Corp. legal entity does not provide significant economic or shareholder value to MBIA Inc. The amounts being reversed exclude all deferred taxes available to MBIA Inc.

(4) The discount rate on financial guarantee installment premiums was the risk-free rate as defined by GAAP for financial guarantee insurance contracts.

(5) The amounts consist of financial guarantee premiums, net of their deferred acquisition costs.

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)

	December 31, 2016	December 31, 2015
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $3,855 and $4,048)	$ 3,806	$ 3,990
Investments carried at fair value	120	133
Investments pledged as collateral, at fair value (amortized cost $131 and $204)	131	203
Short-term investments held as available-for-sale, at fair value (amortized cost $104 and $79)	104	79
Other investments (includes investments at fair value of $3 and $9)	6	12
Total investments	4,167	4,417
Cash and cash equivalents	75	51
Securities purchased under agreements to resell	129	199
Premiums receivable	190	198
Deferred acquisition costs	162	206
Insurance loss recoverable	162	4
Other assets	47	47
Total assets	**$ 4,932**	**$ 5,122**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 745	$ 967
Loss and loss adjustment expense reserves	96	45
Securities sold under agreements to repurchase	129	199
Deferred income taxes, net	60	100
Other liabilities	68	81
Total liabilities	**1,098**	**1,392**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,327	2,286
Retained earnings	1,523	1,466
Accumulated other comprehensive income (loss), net of tax of $17 and $20	(31)	(37)
Total equity	**3,834**	**3,730**
Total liabilities and equity	**$ 4,932**	**$ 5,122**

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

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 22	$ 28	$ 98	$ 124
Refunding premiums earned	40	50	136	179
Premiums earned	62	78	234	303
Net investment income	29	30	119	116
Fees and reimbursements	-	1	2	3
Net gains (losses) on financial instruments at fair value and foreign exchange	6	10	72	14
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	-	-	(9)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	(4)	-	(4)	-
Net investment losses related to other-than-temporary impairments	(4)	-	(4)	(9)
Other net realized gains (losses)	2	-	2	(4)
Total revenues	95	119	425	423
Expenses:				
Losses and loss adjustment	28	10	74	5
Amortization of deferred acquisition costs	13	16	49	65
Operating	15	15	60	62
Total expenses	56	41	183	132
Income (loss) before income taxes	39	78	242	291
Provision (benefit) for income taxes	(1)	27	67	101
Net income (loss)	**$ 40**	**$ 51**	**$ 175**	**$ 190**

U.S. Public Finance Insurance
Net Income (Loss) Reconciliation to Operating Income (Loss)
(dollars in millions)

	Three Months Ended December 31, 2016			Twelve Months Ended December 31, 2016		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
Revenues:						
Net premiums earned	$ 62	$ -	$ 62	$ 236	$ -	$ 236
Net investment income	29	-	29	119	-	119
Fees and reimbursements	-	-	-	2	-	2
Net gains (losses) on financial instruments at fair value and foreign exchange	7	7	-	72	68	4
Net investment losses related to other-than-temporary impairments	(4)	(4)	-	(4)	(4)	-
Other net realized gains (losses)	2	-	2	2	-	2
Total revenues	96	3	93	427	64	363
Expenses:						
Losses and loss adjustment	28	-	28	74	-	74
Amortization of deferred acquisition costs	13	-	13	49	-	49
Operating	15	-	15	60	-	60
Total expenses	56	-	56	183	-	183
Income (loss) before income taxes	**40**	**3**	**37**	**244**	**64**	**180**
Provision (benefit) for income taxes	(1)	(13)	12	68	8	60
Net income (loss)	**$ 41**	**$ 16**	**$ 25**	**$ 176**	**$ 56**	**$ 120**

	Three Months Ended December 31, 2015			Twelve Months Ended December 31, 2015		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
Revenues:						
Net premiums earned	$ 78	$ -	$ 78	$ 304	$ -	$ 304
Net investment income	30	-	30	116	-	116
Fees and reimbursements	1	-	1	3	-	3
Net gains (losses) on financial instruments at fair value and foreign exchange	10	11	(1)	14	14	-
Net investment losses related to other-than-temporary impairments	(1)	(1)	-	(10)	(10)	-
Other net realized gains (losses)	-	-	-	(4)	-	(4)
Total revenues	118	10	108	423	4	419
Expenses:						
Losses and loss adjustment	10	-	10	5	-	5
Amortization of deferred acquisition costs	16	-	16	65	-	65
Operating	15	-	15	62	-	62
Total expenses	41	-	41	132	-	132
Income (loss) before income taxes	**77**	**10**	**67**	**291**	**4**	**287**
Provision (benefit) for income taxes	26	3	23	100	1	99
Net income (loss)	**$ 51**	**$ 7**	**$ 44**	**$ 191**	**$ 3**	**$ 188**

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

Net Premiums Earned (1)(2)
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
2016					
Scheduled Premiums Earned	$ 26,100	$ 27,002	$ 23,584	$ 21,894	$ 98,580
Refunded Premiums Earned	32,085	29,076	35,428	40,559	137,148
Total	$ 58,185	$ 56,078	$ 59,012	$ 62,453	$ 235,728
2015					
Scheduled Premiums Earned	$ 35,192	$ 32,500	$ 28,122	$ 28,656	$ 124,470
Refunded Premiums Earned	50,016	40,237	39,108	49,957	179,318
Total	$ 85,208	$ 72,737	$ 67,230	$ 78,613	$ 303,788

(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.
(2) Excludes insured derivative premiums.

Rollforward of Gross Premium Receivable (1)
(dollars in thousands)

Premium Receivable as of December 31, 2015	Premium Payments Received	Premium from New Business Written	Changes in Expected Term of Policies	Accretion of Premium Receivable Discount	Other	Premium Receivable as of December 31, 2016
$197,699	$(20,924)	$10,466	$(2,490)	$5,727	$(474)	$190,004

(1) Excludes insured derivative premiums.

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)
4th Qtr. 2016	110,367	191,515	747					7
1st Qtr. 2017	107,576	186,939	727	17	3	1	21	2
2nd Qtr. 2017	104,410	182,393	708	16	3	1	20	3
3rd Qtr. 2017	99,706	175,704	690	15	3	1	19	4
4th Qtr. 2017	96,597	171,085	672	15	3	1	19	4
2018	88,879	157,699	605	56	11	5	72	13
2019	82,012	145,462	545	50	10	5	65	13
2020	75,450	133,717	489	46	10	5	61	12
2021	69,082	122,581	438	41	10	5	56	12
2022-2026	43,399	76,863	240	155	43	20	218	55
2027-2031	22,533	41,829	122	83	35	15	133	49
2032-2036	9,484	20,584	58	37	27	10	74	42
2037-2041	5,029	11,129	23	15	20	6	41	33
2042-2046	2,242	3,590	5	6	12	3	21	22
2047 and thereafter	143	544	-	2	3	-	5	5
Total				$554	$193	$78	$825	$269

(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 December 31, 2016
(dollars in millions)

Investments (1)		Market Value	% of Market Value		Amortized Cost	% Book Yield
Fixed-Maturity Securities:						
Long-Term Tax-Exempt (2)	$	375	9	$	340	5.79
Long-Term Taxable		3,562	88		3,646	3.30
Short-Term		104	3		104	0.35
Total Fixed-Maturity		4,041	100	$	4,090	3.43
Cash and Cash Equivalents		76				
Total Fixed Income Including Cash and Cash Equivalents		4,117				
Investments Carried at Fair Value		120				
Other		6				
Total	$	4,243				

Fixed Income Portfolio Including Cash and Cash Equivalents			
Corporate Obligations	$	1,301	32
State and Municipal Bonds		1,185	29
MBS		904	22
US Treasury		379	9
ABS		184	4
Money Markets		85	2
Cash and Cash Equivalents		76	2
Foreign Governments		3	-
Total	$	4,117	100

Effective Maturity Profile			
Cash and Cash Equivalents	$	76	2
≤ 1 yr		367	9
> 1 to 5 yrs		1,142	28
> 5 to 10 yrs		766	19
> 10 to 15 yrs		203	5
> 15 to 20 yrs		276	6
> 20 yrs		1,287	31
Total	$	4,117	100

Credit Quality Distribution of Long-Term Fixed-Maturity Securities

Rating (3)			
Aaa	$	1,706	43
Aa		934	24
A		845	21
Baa		136	4
BIG		141	4
NR		175	4
	$	3,937	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 11.49 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.08 years

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of $129 million; the total market value of encumbered assets totals $131 million.
(2) Includes $144 million of Puerto Rico Sales Tax Finance Corporation bonds (insured by National), $144 million of Puerto Rico Electric Power Authority bonds (uninsured) and $213 thousand of Puerto Rico Municipal Finance Agency Bonds (insured by Assured Guaranty Municipal Corp.) at fair value.
(3) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the Moody's Priority Method; where Moody's underlying rating is used, when available, S&P's underlying rating is used if the Moody's underlying rating is not available and an internal underlying rating is used for MBIA wrapped investments if neither Moody's nor S&P's underlying ratings are available.

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

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Gross Loss and LAE Reserves	$ 45	$ 52	$ 58	$ 72	$ 45
Beginning Gross Insurance Loss Recoverable	(4)	(3)	(2)	(163)	(4)
Beginning Gross Reserves	41	49	56	(91)	41
Ceded Reserves	-	-	-	-	-
Net Reserves	41	49	56	(91)	41
Increase (Decrease) in Expected Payments	19	9	188	21	237
(Increase) Decrease in Expected Salvage	(10)	-	(160)	7	(163)
Net (Payments), Collections and Other (1)	(1)	(2)	(175)	(3)	(181)
Net Reserves	49	56	(91)	(66)	(66)
Ceded Reserves	-	-	-	-	-
Gross Reserves	49	56	(91)	(66)	(66)
Gross Loss and LAE Reserves	52	58	72	96	96
Gross Insurance Loss Recoverable	$ (3)	$ (2)	$ (163)	$ (162)	$ (162)

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Gross Loss and LAE Reserves	$ 45	$ 35	$ 42	$ 31	$ 45
Beginning Gross Insurance Loss Recoverable	(4)	(4)	(1)	-	(4)
Beginning Gross Reserves	41	31	41	31	41
Ceded Reserves	-	-	-	-	-
Net Reserves	41	31	41	31	41
Increase (Decrease) in Expected Payments	(5)	4	(5)	14	8
(Increase) Decrease in Expected Salvage	(1)	4	(2)	(4)	(3)
Net (Payments), Collections and Other (1)	(4)	2	(3)	-	(5)
Net Reserves	31	41	31	41	41
Ceded Reserves	-	-	-	-	-
Gross Reserves	31	41	31	41	41
Gross Loss and LAE Reserves	35	42	31	45	45
Gross Insurance Loss Recoverable	$ (4)	$ (1)	$ -	$ (4)	$ (4)

(1) Amounts are included in change in expected payments and expected salvage.

National Public Finance Guarantee Corporation

Liquidity Position (1)

(dollars in millions)

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents(2)	**$ 32**	**$ 27**	**$ 288**	**$ 65**	**$ 32**
Premiums and Fees	5	2	2	3	12
Net Investment Income	21	32	21	29	103
Other	1	2	2	1	6
Total Inflows	27	36	25	33	121
Gross Loss & LAE Payments	5	2	176	-	183
Operating & Other Expenses	18	14	13	15	60
Tax Payments	-	20	28	31	79
Total Outflows	23	36	217	46	322
Operating Cash Flow	4	-	(192)	(13)	(201)
Financing Activities	-	-	-	(118)	(118)
Investing Activities	(9)	261	(31)	181	402
Net Cash Flow	(5)	261	(223)	50	83
Ending Cash & Cash Equivalents(2)	**$ 27**	**$ 288**	**$ 65**	**$ 115**	**$ 115**
Other Liquid Assets(3)	317	153	245	251	251
Ending Liquidity Position	**$ 344**	**$ 441**	**$ 310**	**$ 366**	**$ 366**

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents(2)	**$ 174**	**$ 83**	**$ 135**	**$ 40**	**$ 174**
Premiums and Fees	1	3	4	7	15
Net Investment Income	26	35	25	34	120
Other	2	27	-	-	29
Total Inflows	29	65	29	41	164
Gross Loss & LAE Payments	5	4	3	1	13
Operating & Other Expenses	19	14	15	14	62
Tax Payments	-	56	25	25	106
Total Outflows	24	74	43	40	181
Operating Cash Flow	5	(9)	(14)	1	(17)
Financing Activities	-	-	-	(14)	(14)
Investing Activities	(96)	61	(81)	5	(111)
Net Cash Flow	(91)	52	(95)	(8)	(142)
Ending Cash & Cash Equivalents(2)	**$ 83**	**$ 135**	**$ 40**	**$ 32**	**$ 32**
Other Liquid Assets(3)	342	294	347	304	304
Ending Liquidity Position	**$ 425**	**$ 429**	**$ 387**	**$ 336**	**$ 336**

(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) Includes 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 Sheets Summary

	12/31/2016	12/31/2015
Assets:		
Cash and Investments	$ 4,184	$ 4,437
Asset Swap Facility with MBIA Inc.	129	199
Other Assets	42	41
Total Assets	$ 4,355	$ 4,677
Liabilities:		
Unearned Premiums	786	1,042
Loss and LAE Reserves (1)	(98)	(30)
Contingency Reserve	745	910
Asset Swap Facility with MBIA Inc.	129	199
Other Liabilities	62	78
Total Liabilities	1,624	2,199
Total Policyholders' Surplus	2,731	2,478
Total Liabilities and Policyholders' Surplus	$ 4,355	$ 4,677

Claims-Paying Resources

	12/31/2016	12/31/2015
Balance Sheet		
Policyholders' Surplus	$ 2,731	$ 2,478
Contingency Reserve	745	910
Statutory Capital	3,476	3,388
Unearned Premium Reserve	786	1,042
Present Value of Installment Premiums (1)	187	197
Premium Resources (2)	973	1,239
Net Loss and LAE Reserves (1)	(98)	(30)
Salvage Reserve	256	102
Gross Loss and LAE Reserves	158	72
Total Claims-Paying Resources	$ 4,607	$ 4,699
Net Debt Service Outstanding	$ 185,099	$ 259,436
Capital Ratio	53:1	77:1
Claims-Paying Resources Ratio	43:1	61:1

(1) As of December 31, 2016 and 2015, the discount rate were 3.18% and 3.04%, respectively.
(2) The amounts primarily consist of financial guarantee insurance premiums.

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

By Geography

	Outstanding as of December 31, 2016							
	Par Outstanding (1)				Debt Service Outstanding (1)			
	Gross Amount	%	Net Amount (2)	%	Gross Amount	%	Net Amount (2)	%
United States								
California	$ 22,911	20.8	$ 22,236	20.8	$ 42,684	22.3	$ 41,356	22.3
New York	10,751	9.7	10,253	9.6	16,286	8.5	15,491	8.4
New Jersey	7,270	6.6	7,173	6.7	11,524	6.0	11,355	6.1
Florida	6,369	5.8	6,292	5.9	8,753	4.6	8,651	4.7
Illinois	6,239	5.7	5,962	5.6	15,349	8.0	14,687	7.9
Texas	5,687	5.1	5,520	5.1	9,085	4.8	8,438	4.6
Puerto Rico	3,606	3.3	3,533	3.3	8,588	4.5	8,479	4.6
Massachusetts	3,130	2.8	2,813	2.6	4,676	2.4	4,137	2.2
Michigan	2,962	2.7	2,846	2.7	4,191	2.2	4,008	2.2
Georgia	2,861	2.6	2,729	2.5	3,901	2.0	3,672	2.0
Subtotal	71,786	65.1	69,357	64.8	125,037	65.3	120,274	65.0
Other States & Territories	35,472	32.1	34,550	32.3	59,610	31.1	57,970	31.3
Nationally Diversified	3,109	2.8	3,102	2.9	6,868	3.6	6,855	3.7
Total	$ 110,367	100.0	$ 107,009	100.0	$ 191,515	100.0	$ 185,099	100.0

By Bond Type

	Outstanding as of December 31, 2016							
	Par Outstanding (1)				Debt Service Outstanding (1)			
	Gross Amount	%	Net Amount (2)	%	Gross Amount	%	Net Amount (2)	%
Bond Type								
General Obligation(3)	$ 38,306	34.7	$ 37,149	34.7	$ 64,557	33.7	$ 62,496	33.8
Municipal Utilities	17,352	15.7	16,935	15.8	26,046	13.6	25,259	13.6
Tax-Backed	16,690	15.1	16,209	15.1	33,017	17.2	31,862	17.2
Transportation	11,056	10.0	10,586	9.9	21,748	11.4	20,639	11.1
General Obligation - lease	8,698	7.9	8,247	7.7	12,238	6.4	11,558	6.2
Military Housing	7,410	6.7	7,401	6.9	16,821	8.8	16,803	9.1
Higher Education	4,466	4.0	4,270	4.0	6,800	3.6	6,477	3.5
Health Care	2,735	2.5	2,632	2.5	4,191	2.2	4,017	2.2
Investor Owned Utilities(4)	2,280	2.1	2,219	2.1	3,737	1.9	3,648	2.0
Municipal Housing	439	0.4	437	0.4	699	0.4	695	0.4
Other(5)	935	0.9	924	0.9	1,661	0.8	1,645	0.9
Total	$ 110,367	100.0	$ 107,009	100.0	$ 191,515	100.0	$ 185,099	100.0

(1) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy, interest accretion on CABs after the issuance of our insurance policy is included in debt service.

(2) Net of reinsurance.

(3) Includes general obligation unlimited and limited (property) tax bonds, general fund obligation bonds and pension obligation bonds of states, cities, counties, schools and special districts.

(4) Includes Investor-Owned Utilities, Industrial Development and Pollution Control Revenue Bonds.

(5) 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
By Gross Par Outstanding as of December 31, 2016
(dollars in millions)

	Obligor Name	State	Internal Rating (1)	Gross Par Outstanding (2)	Gross Debt Service Outstanding (2)
1	California General Obligation	CA	a1	$ 1,553	$ 2,035
2	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	a3	1,348	2,583
3	Oregon School Boards Association General Obligation	OR	aa3	1,307	2,260
4	Puerto Rico Electric Power Authority	PR	d	1,249	1,820
5	Massachusetts General Obligation	MA	a1	1,221	1,585
6	New Jersey Transportation Trust Fund Authority	NJ	a3	1,156	1,694
7	Army Hawaii Family Housing	HI	aa2	1,130	2,407
8	Camp Pendleton Quantico Housing Privatization	CA	aa2	1,056	2,321
9	New York City Transitional Finance Authority State Bld Aid Appropriation	NY	a2	1,021	1,654
10	Illinois Regional Transportation Authority	IL	aa3	1,003	1,514
11	San Diego Family Housing Privatization Military	CA	aa1	984	2,222
12	Chicago General Obligation	IL	bbb2	977	2,073
13	City of Chicago Board of Education	IL	bbb3	876	2,199
14	Puerto Rico General Obligation	PR	d	855	1,203
15	Ohana Military Communities, LLC	HI	aa3	855	2,166
16	Arapahoe County E-470 Toll Road	CO	bbb1	852	2,718
17	New York State Thruway Authority	NY	a2	841	1,188
18	Great River Energy Public Power	MN	a3	788	1,238
19	New Jersey Economic Development Authority Motor Vehicle Bonds	NJ	a3	752	1,262
20	Long Island Power Authority Electric	NY	a3	747	909
21	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb2	739	1,065
22	Puerto Rico Sales Tax Financing Corporation	PR	bbb3	684	4,170
23	Atlantic Marine Corps Communities LLC 0 Lejeune Cherry Point	NC	aa3	660	1,479
24	District of Columbia General Obligation	DC	aa2	642	1,132
25	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1	637	1,061
26	City of Detroit Sewage Disposal System	MI	bbb1	631	956
27	Los Angeles Unified School District General Obligation	CA	a1	628	903
28	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	619	1,113
29	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2	617	4,828
30	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2	598	936
31	New Jersey Turnpike Authority	NJ	a2	594	746
32	New York City General Obligation	NY	aa3	560	692
33	Navy Mid-Atlantic Family Housing LLC	VA	aa2	554	1,199
34	JFK International Air Terminal Airport	NY	bbb3	533	697
35	The Port Authority of New York and New Jersey	NY	a1	521	796
36	New York State Power Authority	NY	aa2	501	891
37	Alameda Corridor Transportation Authority Port Rev	CA	a3	500	1,483
38	Hudson Yards Infrastructure Corporation	NY	a3	500	1,186
39	City of Houston Combined Utility System Revenue Bonds	TX	a2	498	521
40	Sacramento County Sanitation District Finance Authority Sewer	CA	a1	454	717
41	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	439	3,426
42	Kentucky Property & Buildings Commission Lease	KY	aa3	437	488
43	Georgia Municipal Electric Authority	GA	a2	435	499
44	Oglethorpe Power Corporation	GA	a3	410	755
45	Navy Southeast	FL	bbb3	409	1,054
46	Oakland Port and Airport Revenue	CA	a1	402	540
47	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	399	685
48	San Francisco International Airport	CA	a2	396	458
49	Houston City Airport System	TX	a1	392	540
50	Detroit City Water System	MI	a3	390	533
		Total		$ 36,350	$ 72,600
	Total Portfolio Exposure			**$** 110,367	**$** 191,515
	50 Largest Credits as % of Total Portfolio			32.9%	37.9%

(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.).

(2) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy; interest accretion on CABs after the issuance of our insurance policy is included in debt service.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
as of December 31, 2016
(dollars in millions)

Credit Quality Distribution[1]

	Gross Par Outstanding [2]		Gross Debt Service Outstanding [2]	
	Amount	%	Amount	%
Public Finance				
AAA	$ 5,167	4.7%	$ 7,586	4.0%
AA	49,466	44.8%	79,131	41.3%
A	34,544	31.3%	56,928	29.7%
BBB	15,120	13.7%	34,392	18.0%
<BBB	6,070	5.5%	13,478	7.0%
Total	$ 110,367	100.0%	$ 191,515	100.0%

Top 10 Below Investment Grade (BIG) Credits by Gross Par Outstanding [1]

	Obligor Name	Gross Par Outstanding [2]	Gross Debt Service Outstanding [2]
1	Puerto Rico Electric Power Authority	$ 1,249	$ 1,820
2	City of Chicago Board of Education	876	2,199
3	Puerto Rico General Obligation	855	1,203
4	Puerto Rico Sales Tax Financing Corporation	684	4,170
5	Puerto Rico Highway and Transportation Authority Transportation Revenue	619	1,113
6	Virgin Islands Public Finance Authority Gross Receipts	197	277
7	Atlantic City Casino Reinvestment Development Authority Parking Fee	159	197
8	Frontier Communications Corporation	139	238
9	Fresno City Pension Obligation	139	206
10	North Las Vegas Water & Sewer	117	180
	Total Top 10 BIG Outstanding	$ 5,034	$ 11,603
	Total BIG Outstanding	$ 6,070	$ 13,478
	Total National Outstanding	$ 110,367	$ 191,515
	Top 10 BIG as % of National	**4.6%**	**6.1%**
	Total BIG as % of National	**5.5%**	**7.0%**
	Total BIG as % of National by National ratings	**3.4%**	**3.2%**

(1) Ratings are as of the end of the period, as last provided by the rating agencies and 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.

(2) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy; interest accretion on CABs after the issuance of our insurance policy is included in debt service.

International and Structured Finance Insurance Segment

(MBIA Insurance Corporation and Subsidiaries)

MBIA Insurance Corporation
Statutory Balance Sheets
(dollars in millions)

	December 31, 2016	December 31, 2015
Assets		
Bonds	$ 91	$ 93
Cash and short-term investments	221	299
Investment in MBIA UK	194	389
Investment in MBIA Mexico	6	11
Total investments	512	792
Interest and dividends accrued	1	1
Other assets	2	4
Total other assets	3	5
Total assets	**515**	**797**
Liabilities		
Unearned premiums	215	229
Contingency reserve	254	276
Loss and LAE reserve (1)	(207)	(331)
Accrued expenses	13	4
Other liabilities	2	10
Total liabilities	**277**	**188**
Capital and Surplus		
Common stock	15	15
Preferred stock	276	276
Surplus Notes	953	953
Paid in Capital	783	783
Unassigned surplus	(1,789)	(1,418)
Total capital and surplus	**238**	**609**
Total liabilities and capital and surplus	**$ 515**	**$ 797**

(1) As of December 31, 2016 and 2015, the discount rate was 5.15% and 5.18%, respectively.

MBIA Insurance Corporation (excluding subsidiaries)
Statutory Statements of Income
(dollars in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Underwriting income				
Gross premiums written	$ 19	$ 37	$ 67	$ 104
Ceded premiums written	(5)	(6)	(15)	(17)
Net premiums written	14	31	52	87
Net premiums earned	16	52	74	128
Losses and LAE incurred	71	(32)	265	105
Underwriting expenses incurred	-	4	-	22
Net underwriting loss	(55)	80	(191)	1
Investment income				
Net investment gain	1	1	4	3
Net realized gain (loss)	(113)	-	(114)	(3)
Net investment gain (loss)	(112)	1	(110)	-
Other income (expense)				
Non-operating income (expense)	(12)	(1)	(22)	24
Income (loss) before taxes	(179)	80	(323)	25
Income tax provision	-	-	-	-
Net income (loss)	**$ (179)**	**$ 80**	**$ (323)**	**$ 25**

International and Structured Finance Insurance
(primarily MBIA Insurance Corporation and Subsidiaries)
(dollars in millions)

Amortization of Gross Par, Gross Debt Service and Net Unearned Premium and Future Premiums (1)

	Ending Gross Par Outstanding (2)	Ending Gross Debt Service Outstanding (2)	Net Unearned Premiums (3)	Expected Premium Earnings (3)(4)	Estimated Cash Receivable (5)	Total
4th Qtr. 2016	30,858	44,384	319			
2017	26,743	38,807	283	36	46	82
2018	24,800	35,555	267	16	54	70
2019	22,887	32,434	249	18	50	68
2020	20,504	28,945	225	24	48	72
2021	18,025	25,490	208	17	43	60
2022-2026	11,124	15,157	96	112	175	287
2027-2031	6,677	8,744	50	46	111	157
2032 and thereafter	-	-	-	50	75	125
Total				$ 319	$ 602	$ 921

(1) Includes MBIA UK gross par outstanding of $12.0 billion, gross debt service of $18.6 billion and net unearned premiums of $104 million at year-end 2016.
(2) Excludes $44 million and $58 million of gross par and gross debt service, respectively, where MBIA Corp. insured exposure has been fully offset by way of loss remediation transactions.
(3) Statutory accounting basis.
(4) Actual future premium earnings will differ from the current projection due to the addition of new business, changes in prepayment speeds, settlements and terminations.
(5) Undiscounted, based on the Company's estimate of the remaining life for its insured exposures.

Net Cash Premiums Collected and Expected (1)

	MBIA Insurance Corporation (2)	Subsidiaries of MBIA Corp. (3)	MBIA Insurance Corporation Including Subsidiaries
4th Qtr. 2016	32	8	40
2017	37	24	61
2018	31	23	54
2019	26	23	49
2020	23	23	46
2021	21	22	43
2022-2026	79	92	171
2027-2031	45	62	107
2032 and thereafter	32	39	71
Total Future Premiums	$ 294	$ 308	$ 602

(1) Represents installment-based future undiscounted collections net of amounts to be ceded to reinsurers.
(2) Based on the Company's estimate of the remaining life for its insured exposures.
(3) Represents MBIA UK.

MBIA Insurance Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of December 31, 2016
(dollars in millions)

Statutory Accounting Basis

Investments		**Book/ Adjusted Carry Value**	**% Book Yield**		**Market Value**	**% of Market Value**
Bonds						
Long-Term Tax-Exempt[(1)]	$	21	5.24	$	25	10
Long-Term Taxable		70	5.00		74	29
Short-Term		159	0.28		159	61
Total Fixed-Maturity		250	2.03	$	258	100
Cash and Cash Equivalents		62				
Total Fixed Income Including Cash and Cash Equivalents		312				
Common Stocks[(2)]		200				
Total	$	512				

Fixed Income Portfolio Including Cash and Cash Equivalents			**% of Book/ Adjusted Carry Value**
Money Markets	$	159	51
State and Municipal Bonds[(1)]		69	21
Cash and Cash Equivalents		62	20
US Treasury		11	4
MBS		11	4
Total	$	312	100
Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	62	20
≤ 1 yr		165	52
> 1 to 5 yrs		11	4
> 5 to 10 yrs [(1)]		9	3
> 10 to 15 yrs		2	1
> 15 to 20 yrs		29	9
> 20 yrs		34	11
Total	$	312	100
Credit Quality Distribution of Long-Term Bonds			
Rating[(3)]			
Aaa	$	18	20
Aa		49	54
A		12	13
C[(1)]		12	13
	$	91	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 5.80 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 3.08 years

(1) Includes $555 thousand of Puerto Rico Sales Tax Finance Corporation bonds (uninsured), a NAIC designated 6 security, carried at market value.
(2) Represents investment in wholly-owned insurance subsidiaries MBIA UK Holdings Ltd. and MBIA Mexico carried at statutory equity basis, subject to limits ascribed by New York State Insurance law. Includes $194 million of MBIA UK Holdings Ltd. which sold its operating subsidiary, MBIA UK, to Assured on January 10, 2017.
(3) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the Moody's Priority Method; where Moody's underlying rating is used, when available, S&P's underlying rating is used if the Moody's underlying rating is not available and an internal underlying rating is used for MBIA wrapped investments if neither Moody's nor S&P's underlying ratings are available.

MBIA Insurance Corporation (excluding Subsidiaries)

Liquidity Position (1)

(dollars in millions)

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents (2)	**$ 257**	**$ 50**	**$ 201**	**$ 45**	**$ 257**
Premiums and Fees	39	20	32	20	111
Net Investment Income	1	-	1	1	3
Other (3)	24	43	28	16	111
Total Inflows	64	63	61	37	225
Gross Loss & LAE Payments (4)	41	45	91	49	226
Operating & Other Expenses (3)	10	7	19	24	60
Total Outflows	51	52	110	73	286
Operating Cash Flow	13	11	(49)	(36)	(61)
Investing Activities	(220)	140	(107)	185	(2)
Net Cash Flow	(207)	151	(156)	149	(63)
Ending Cash & Cash Equivalents (2)	**$ 50**	**$ 201**	**$ 45**	**$ 194**	**$ 194**
Other Liquid Assets (5)	228	87	193	7	7
Ending Liquidity Position	**$ 278**	**$ 288**	**$ 238**	**$ 201**	**$ 201**

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents (2)	**$ 432**	**$ 386**	**$ 324**	**$ 343**	**$ 432**
Premiums and Fees	6	31	19	28	84
Net Investment Income	-	-	-	3	3
Other	33	29	24	39	125
Total Inflows	39	60	43	70	212
Gross Loss & LAE Payments	42	34	56	176	308
Operating & Other Expenses	19	18	12	18	67
Total Outflows	61	52	68	194	375
Operating Cash Flow	(22)	8	(25)	(124)	(163)
Investing Activities	(24)	(70)	44	38	(12)
Net Cash Flow	(46)	(62)	19	(86)	(175)
Ending Cash & Cash Equivalents (2)	**$ 386**	**$ 324**	**$ 343**	**$ 257**	**$ 257**
Other Liquid Assets (5)	29	88	56	7	7
Ending Liquidity Position	**$ 415**	**$ 412**	**$ 399**	**$ 264**	**$ 264**

(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 Corporation.

(2) Reported for NY operations of MBIA Corp.

(3) Includes $10.7 million of third-party reinsurance recoveries on a US Public Finance transaction that were received by MBIA Insurance Corporation and paid to National.

(4) The third quarter of 2016 includes $59 million of claims paid on second-lien RMBS, which primarily represent previously non-charged off defaulted mortgage loans that have been included in previous quarters' loss reserves.

(5) 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
(dollars in millions)

Summary of Statutory Loss and LAE Reserves (excluding Subsidiaries)

	As of 12/31/2016			
		Salvage		
	Case	Put-Backs	Other	Net
First-Lien Mortgage	$ 235	$ -	$ (53)	$ 182
Second-Lien Mortgage	79	(404)	(301)	(626)
CDO	355	-	(154)	201
Other	41	-	(5)	36
Total	$ 710	$ (404)	$ (513)	$ (207)

Claims-Paying Resources

	Including Subsidiaries		Stand-alone	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Balance Sheet				
Policyholders' Surplus	$ 238	$ 609	$ 238	$ 609
Contingency Reserve	254	276	254	276
Statutory Capital (1)(2)	492	885	492	885
Unearned Premium Reserve	319	356	215	229
Present Value of Installment Premiums (3)	424	520	212	256
Premium Resources (4)	743	876	427	485
Net Loss and LAE Reserves (3)	(207)	(332)	(207)	(331)
Salvage Reserve	917	994	917	992
Gross Loss and LAE Reserves	710	662	710	661
Total Claims-Paying Resources	$ 1,945	$ 2,423	$ 1,629	$ 2,031
Net Debt Service Outstanding	$ 43,215	$ 57,682	$ 24,881	$ 35,199
Capital Ratio	88:1	65:1	51:1	40:1
Claims-Paying Resources Ratio	26:1	27:1	17:1	19:1

(1) The 2016 results included a loss of $114 million to adjust the carrying value of MBIA UK to its estimated fair value less costs to sell. As the sale of MBIA UK was completed in the first quarter of 2017, there will be additional accounting adjustments associated with its sale in the first quarter of 2017, which will result in a $130 million increase to statutory capital. The impact of the sale of MBIA UK, giving full effect over the two quarters, will result in a net increase of $29 million to statutory capital.
(2) Excludes the non-admitted portion of MBIA UK's ending equity of $112 million and $75 million, as of December 31, 2016 and 2015, respectively.
(3) As of December 31, 2016 and 2015, the discount rate was 5.15% and 5.18%, respectively.
(4) The amounts consist of Financial Guarantee insurance premiums and Insured Credit Derivative revenue.

Net Realized Gain (Loss)

Sale of MBIA UK	4Q 2016	1Q 2017	Total
Previous carrying amount of MBIA UK	$ 412	$ -	$ 412
Fair Value Calculation			
Zohar II Notes ($347 million @ $94.81)	329	18 (1)	347
Cash payment to Assured	(23)	-	(23)
Total expected consideration for MBIA UK (Fair value)	306	18	324
Less costs to sell	(8)	-	(8)
Net fair value of MBIA UK, less costs to sell	298	18	316
Loss recorded on adjustment of carrying value to fair value less costs to sell	(114)	18	(96)
Reversal of 1408 penalty	13	112	125
Recognition of inception to date equity pickups	-	258	258
Reversal of inception to date unrealized equity pickups	-	(258)	(258)
Net (decrease) increase in policyholders' surplus	$ (101)	$ 130	$ 29

(1) The appreciation is recorded through Net Realized Gains and (Losses).

International and Structured Finance Insurance
(MBIA Insurance Corporation and Subsidiaries)
Insured Portfolio Profile
(dollars in millions)

Par Value by Bond Type

	Outstanding as of December 31, 2016[(1) (2) (3) (4) (5)]			
	Gross	%	Net	%
Public Finance: Non-United States				
Sovereign and Sub-Sovereign [(6)]	$ 7,490	24.3	$ 7,285	24.2
International Utilities	6,523	21.1	6,421	21.4
Transportation	5,247	17.0	4,943	16.4
Local Governments [(7)]	106	0.3	104	0.4
Tax-Backed	80	0.3	80	0.3
Total Non-United States Public Finance	$ 19,446	63.0	$ 18,833	62.7
Structured Finance - Global				
Mortgage Backed Residential	$ 4,721	15.3	$ 4,706	15.7
Corporate Asset Backed [(8)]	2,856	9.3	2,744	9.1
Collateralized Debt Obligations [(9)]	2,550	8.3	2,544	8.4
Consumer Asset Backed	940	3.0	893	3.0
Mortgage Backed Commercial	345	1.1	334	1.1
Total Global Structured Finance	11,412	37.0	11,221	37.3
Grand Total	$ 30,858	100.0	$ 30,054	100.0

Par Value by Geography

	Outstanding as of December 31, 2016[(1) (2) (3) (4) (5)]			
	Gross	%	Net	%
United States	$ 10,529	34.1	$ 10,396	34.6
United Kingdom	10,851	35.2	10,678	35.6
Australia	2,083	6.8	2,083	6.9
Chile	2,017	6.5	1,712	5.7
Canada	1,334	4.3	1,333	4.4
France	1,233	4.0	1,232	4.1
Mexico	1,011	3.3	875	2.9
Spain	581	1.9	575	1.9
Malaysia	350	1.1	350	1.2
New Zealand	244	0.8	244	0.8
Ireland	185	0.6	185	0.6
Subtotal	$ 19,889	64.5	$ 19,267	64.1
Other	216	0.7	212	0.7
Internationally Diversified	224	0.7	179	0.6
Total Non-United States	20,329	65.9	19,658	65.4
Total	$ 30,858	100.0	$ 30,054	100.0

(1) Net of refunded issues, reinsurance and other contractual agreements.
(2) Excludes $1.3 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) Excludes $44 million of gross and net par where MBIA Corp.'s insured exposure has been fully offset by way of loss remediation transactions.
(5) Includes $12.0 billion gross par outstanding and $11.9 billion net par outstanding insured by MBIA UK Insurance Limited, a subsidiary company of MBIA Insurance Corporation.
(6) 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.
(7) Includes municipal-owned entities backed by the sponsoring local government.
(8) Includes $1.3 billion of structured insurance securitizations.
(9) Includes transactions (represented by structured pools of commercial real estate assets) that do not include typical CDO structuring characteristics, cash flow waterfalls, or interest and over-collateralization coverage tests.

International and Structured Finance Insurance
(MBIA Insurance Corporation and Subsidiaries)
Insured Portfolio Profile
(dollars in millions)

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

	Obligor Name	Gross Par Outstanding
1	HY CDO 23	$ 770
2	Structured Insurance Securitization Private 13-16	575
3	Coventry and Rugby Hospital Company plc (2)	523
4	Private Sovereign and Sub-Sovereign 48,49,52,55-57,67,76,86-90	243
5	GMACM 2006-HE4	213
6	Private Sovereign and Sub-Sovereign Transportation Credit (2)	212
7	Private Sovereign and Sub-Sovereign 100-103	189
8	Structured CMBS Pool 28	188
9	Private Sovereign and Sub-Sovereign Transportation Credit (2)	185
10	Countrywide Home Equity Series 2007-S1/Second Lien RMBS	180
	Total Top 10 Below Investment Grade	**$ 3,278**
	Total BIG Gross Par Outstanding	$ 7,823
	Total MBIA Gross Par Outstanding	$ 30,858
	Top 10 BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding	**10.6%**
	Total BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding	**25.4%**

(1) MBIA internal ratings are as of the end of the period and determined before giving effect to MBIA's guarantee.
(2) Insured by MBIA UK Insurance Limited, a subsidiary company of MBIA Insurance Corporation.

Net Payment Activity on Second-lien RMBS Exposure

2016	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Paid Claims (1)	$ 10	$ 22	$ 59	$ 12	$ 103
Collections on Paid Claims (2)	(20)	(38)	(13)	(12)	(83)
Paid LAE (net of collections)	2	3	3	2	10
Net Payments	$ (8)	$ (13)	$ 49	$ 2	$ 30

2015	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Paid Claims (1)	$ 16	$ 13	$ 18	$ 7	$ 54
Collections on Paid Claims (2)	(27)	(20)	(22)	(19)	(88)
Paid LAE (net of collections)	1	4	5	4	14
Net Payments	$ (10)	$ (3)	$ 1	$ (8)	$ (20)

2014	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Paid Claims (1)	$ 31	$ 27	$ 4	$ 13	$ 75
Collections on Paid Claims (2)	(17)	(46)	(26)	(26)	(115)
Paid LAE (net of collections)	15	3	4	6	28
Net Payments	$ 29	$ (16)	$ (18)	$ (7)	$ (12)

(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 and mortgage insurance 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.

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

	2012	2013	2014	2015	2016
Gross Par Outstanding (end of period)[2]					
Second-Lien RMBS	$ 6,550	$ 5,295	$ 4,476	$ 3,629	$ 2,741
Other[3]	105,823	75,104	50,712	38,015	28,117
Total	$ 112,373	$ 80,399	$ 55,188	$ 41,644	$ 30,858
Gross Loss Payments					
Second-Lien RMBS	$ 507	$ 252	$ 75	$ 54	$ 103
Other[3] [4]	685	1,802	566	237	283
Total Gross Loss Payments	$ 1,192	$ 2,054	$ 641	$ 291	$ 386
Recoveries received					
Second-Lien RMBS	$ 27	$ 3,773	$ 115	$ 88	$ 83
Other[3] [5]	194	179	66	14	202
Total Recoveries	$ 221	$ 3,952	$ 181	$ 102	$ 285
Net Loss Payments / (Recoveries)					
Second-Lien RMBS	$ 480	$ (3,521)	$ (40)	$ (34)	$ 20
Other[3]	491	1,623	500	223	81
Total Net Loss Payments	$ 971	$ (1,898)	$ 460	$ 189	$ 101

(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 $137 million, $135 million, $19 million, $2 million and $13 million for 2012, 2013, 2014, 2015 and 2016, respectively.
(5) Includes full recoveries of gross loss payments made by MBIA Corp. on behalf of National totaling $137 million, $135 million, $19 million, $2 million and $13 million for 2012, 2013, 2014, 2015 and 2016, respectively, in addition to recoveries from third-party reinsurers.

MBIA Inc. (Parent Company)

MBIA Inc.

(dollars in millions)

Corporate Segment Balance Sheets [1]

	12/31/2016	12/31/2015
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $746 and $749) [2]	$ 788	$ 801
Investments carried at fair value (amortized cost $28 and $49)	31	48
Investments pledged as collateral, at fair value (amortized cost $243 and $330) [3]	238	296
Short-term investments held as available-for-sale, at fair value (amortized cost $287 and $284)	287	284
Other investments	18	20
Total investments	1,362	1,449
Cash and cash equivalents	13	43
Deferred income taxes, net	1,073	1,058
Other assets	31	49
Total Assets	**2,479**	**2,599**
Liabilities:		
Investment agreements	399	462
Global Funding LLC, Medium-term Notes	895	1,016
MBIA Inc. Senior Unsecured	712	711
Income taxes [4]	712	588
Derivative liabilities [5]	213	209
Other liabilities	124	93
Total Liabilities	**3,055**	**3,079**
Total Equity	**$ (576)**	**$ (480)**

(1) In addition to the assets and liabilities included in the Corporate segment, MBIA Inc. has investments in subsidiaries not included in the Corporate segment balance sheets.
(2) Includes securities at fair value of $276 million and $259 million posted to derivative counterparties as of December 31, 2016 and 2015, respectively
(3) Represents a portion of the tax escrow account under the Company's tax sharing agreement.
(4) Represents cumulative cash receipts (net of refunds) which are to be paid in accordance with the Company's tax sharing agreement when MBIA Insurance Corporation has taxable earnings.
(5) Amounts are net of cash collateral posted of $31 million as of December 31, 2015.

Corporate
Net Income (Loss) Reconciliation to Operating Income (Loss)
(dollars in millions)

	Three Months Ended December 31, 2016			Twelve Months Ended December 31, 2016		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
Revenues:						
Net Investment income	$ 8	$ -	$ 8	$ 33	$ -	$ 33
Fees and reimbursements	14	-	14	49	-	49
Net gains (losses) on financial instruments at fair value and foreign exchange	91	98	(7)	(14)	15	(29)
Net investment losses related to other-than-temporary impairments	-	-	-	(1)	(1)	-
Net gains (losses) on extinguishment of debt	-	-	-	5	5	-
Other net realized gains (losses)	(1)	(1)	-	(5)	(5)	-
Total revenues	112	97	15	67	14	53
Expenses:						
Operating	29	-	29	83	-	83
Interest	22	-	22	92	-	92
Total expenses	51	-	51	175	-	175
Income (loss) before income taxes	**61**	**97**	**(36)**	**(108)**	**14**	**(122)**
Provision (benefit) for income taxes	35	40	(5)	(15)	17	(32)
Net income (loss)	**$ 26**	**$ 57**	**$ (31)**	**$ (93)**	**$ (3)**	**$ (90)**

	Three Months Ended December 31, 2015			Twelve Months Ended December 31, 2015		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
Revenues:						
Net Investment income	$ 10	$ -	$ 10	$ 36	$ -	$ 36
Fees and reimbursements	13	-	13	52	-	52
Net gains (losses) on financial instruments at fair value and foreign exchange	23	33	(10)	64	105	(41)
Net investment losses related to other-than-temporary impairments	(2)	(2)	-	(3)	(3)	-
Net gains (losses) on extinguishment of debt	-	-	-	(1)	(1)	-
Other net realized gains (losses)	(1)	(1)	-	21	21	-
Total revenues	43	30	13	169	122	47
Expenses:						
Operating	24	-	24	82	-	82
Interest	27	-	27	101	-	101
Total expenses	51	-	51	183	-	183
Income (loss) before income taxes	**(8)**	**30**	**(38)**	**(14)**	**122**	**(136)**
Provision (benefit) for income taxes	7	11	(4)	7	42	(35)
Net income (loss)	**$ (15)**	**$ 19**	**$ (34)**	**$ (21)**	**$ 80**	**$ (101)**

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

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Liquidity Position	**$ 416**	**$ 371**	**$ 295**	**$ 237**	**$ 416**
Total Cash Inflows	110	16	19	145	290
Operating & Other Expenses	9	6	6	5	26
MTN P&I Payments	2	56	71	6	135
Debt P&I Payments	8	15	8	20	51
Share Repurchases	97	9	-	-	106
Contributions to Subsidiaries	45	5	5	(45)	10
Total Cash Outflows	161	91	90	(14)	328
Investment and Other Activity	6	(1)	13	7	25
Change in Liquidity Position	(45)	(76)	(58)	166	(13)
Ending Liquidity Position	**$ 371**	**$ 295**	**$ 237**	**$ 403**	**$ 403**

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Liquidity Position	**$ 498**	**$ 567**	**$ 497**	**$ 306**	**$ 498**
Total Cash Inflows	275	4	33	21	333
Operating & Other Expenses	12	2	7	6	27
MTN P&I Payments	31	38	55	2	126
Debt P&I Payments	19	15	8	15	57
Share Repurchases	75	32	123	3	233
Contributions to Subsidiaries	57	-	20	12	89
Total Cash Outflows	194	87	213	38	532
Investment and Other Activity	(12)	13	(11)	127	117
Change in Liquidity Position	69	(70)	(191)	110	(82)
Ending Liquidity Position	**$ 567**	**$ 497**	**$ 306**	**$ 416**	**$ 416**

(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 for investment agreements.
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 that are not readily available for sale, such as pledged assets for investment agreements.

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

MBIA Inc.
Securities Buyback Activity (1)
(dollars in millions)

2016	1st Qtr Cost	1st Qtr Gain/ Value	2nd Qtr. Cost	2nd Qtr. Gain/ Value	3rd Qtr. Cost	3rd Qtr. Gain/ Value	4th Qtr. Cost	4th Qtr. Gain/ Value	Full Year Cost	Full Year Gain/ Value
Common Stock Repurchases (2)	$ 93.7	$ 378.8	$ 11.8	$ 42.5	$ -	$ -	$ -	-	$ 105.5	$ 421.3
Debt										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-	-	-	-	-
MBIA GFL MTNs(3)	0.3	-	1.7	0.2	3.3	-	4.3	-	9.6	0.2
Investment Agreements	4.3	2.0	6.0	2.6	-	-	-	-	10.3	4.6
MBIA Inc. (Consolidated)	$ 98.3	$ 380.8	$ 19.5	$ 45.3	$ 3.3	$ -	$ 4.3	-	$ 125.4	$ 426.1

2015	1st Qtr Cost	1st Qtr Gain/ Value	2nd Qtr. Cost	2nd Qtr. Gain/ Value	3rd Qtr. Cost	3rd Qtr. Gain/ Value	4th Qtr. Cost	4th Qtr. Gain/ Value	Full Year Cost	Full Year Gain/ Value
Common Stock Repurchases (2)	$ 75.6	$ 145.3	$ 101.6	$ 211.7	$ 119.9	$ 434.7	$ 6.3	$ 22.4	$ 303.4	$ 814.1
Debt										
MBIA Inc. Senior Unsecured	10.0	(0.5)	-	(0.1)	-	-	-	-	10.0	(0.6)
MBIA GFL MTNs(3)	26.4	0.2	10.2	(0.2)	3.2	0.1	-	-	39.8	0.1
Investment Agreements	-	-	-	-	-	-	-	-	-	-
MBIA Inc. (Consolidated)	$ 112.0	$ 145.0	$ 111.8	$ 211.4	$ 123.1	$ 434.8	$ 6.3	$ 22.4	$ 353.2	$ 813.6

(1) Presented on a cash settlement rather than trade date basis, except where noted.

(2) Presented on a trade date basis. Gains calculated based on cost versus adjusted book value.

(3) Global Funding LLC.

Glossary

Adjusted Book Value (ABV): Adjusted Book Value ("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 by removing the GAAP book value amounts for items that are not expected to impact shareholder value and 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 per share represents that amount of ABV allocated to each common share outstanding at the measurement date

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.

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.

Combined Operating Income: The sum of Operating Income of U.S. Public Finance Insurance (National) and Corporate Segments net of eliminations. See "Operating Income" definition.

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.

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.

Operating Income: Operating Income is a useful measurement of performance because it measures income from our core operating segments, unaffected by investment portfolio realized gains and losses, gains and losses on financial instruments at fair value and foreign exchange, and realized gains and losses on extinguishment of debt. Operating Income also excludes net income of our non-core operating segments. Our non-core segments include the activities of our international and structured finance insurance, advisory services and conduit segments. Our Combined Operating Income represents the operating income of our U.S. Public Finance Insurance segment and our Corporate segment. Trends in the underlying profitability of the Company's businesses can be more clearly identified without the fluctuating effects of the excluded items noted above. Operating Income is disclosed on an after-tax basis and adjustments to net income are typically tax-effected at 35% unless a specific adjustment, or component thereof, is not taxable. Operating Income as defined by MBIA does not include all revenues and expenses required by GAAP.

Operating Income per share represents that amount of Operating Income allocated to each fully diluted weighted-average common share outstanding for the measurement period.

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 debt obligation whose cash flows come from residential debt, such as mortgages, home-equity loans and subprime mortgages. A residential mortgage-backed security is comprised of a pool of mortgage loans created by banks and other financial institutions. The cash flows from each of the pooled mortgages is packaged by a special purpose entity into classes and tranches, which then issues securities and can be purchased by investors.

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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