MBIA Inc.
Quarterly Operating Supplement
June 30, 2017

Second Quarter 2017

MBIA Inc. and Subsidiaries
Quarterly Operating Supplement [1]

(1) This report is unaudited.

Safe Harbor Disclosure

This Operating Supplement of MBIA Inc., together with its consolidated subsidiaries, (collectively, "MBIA", the "Company", "we", "us" or "our") 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. MBIA cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. We undertake no obligation to publicly correct or update any forward-looking statement if the Company later becomes aware that such result is not likely to be achieved.

The following are some of the general 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:

- increased credit losses or impairments on public finance obligations that National Public Finance Guarantee Corporation ("National") insures issued by state, local and territorial governments and finance authorities and other providers of public services, located in the U.S. or abroad, that are experiencing fiscal stress;
- 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 the capital markets and our exposure to significant fluctuations in liquidity and asset values in the global credit markets as a result of collateral posting requirements;
- our ability to fully implement our strategic plan;
- the possibility that MBIA Insurance Corporation will have inadequate liquidity or resources to timely pay claims as a result of higher than expected losses on certain structured finance transactions or as a result of a delay or failure in collecting expected recoveries, which could lead the New York State Department of Financial Services ("NYSDFS") to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding under Article 74 of the New York Insurance Law and/or take such other actions as the NYSDFS may deem necessary to protect the interests of MBIA Insurance Corporation's policyholders;
- deterioration in the economic environment and financial markets in the United States or abroad, real estate market performance, credit spreads, interest rates and foreign currency levels; and
- the effects of changes to governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules.

The above factors provide a summary of and are qualified in their entirety by the risk factors discussed under "Risk Factors" in Part II Other Information, Item 1A included in this Quarterly Report on Form 10-Q. In addition, refer to "Note 1: Business Developments and Risks and Uncertainties" in the Notes to Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for a discussion of certain risks and uncertainties related to our financial statements.

MBIA Inc. (Consolidated)

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

	June 30, 2017	December 31, 2016
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $4,208 and $4,713)	$ 4,176	$ 4,694
Investments carried at fair value	154	146
Investments pledged as collateral, at fair value (amortized cost $168 and $234)	169	233
Short-term investments held as available-for-sale, at fair value (amortized cost $767 and $552)	768	552
Other investments (includes investments at fair value of $3 and $5)	5	8
Total investments	5,272	5,633
Cash and cash equivalents	143	163
Premiums receivable	384	409
Deferred acquisition costs	104	118
Insurance loss recoverable	483	504
Assets held for sale	-	555
Deferred income taxes, net	-	970
Other assets	106	113
Assets of consolidated variable interest entities:		
Cash	21	24
Investments held-to-maturity, at amortized cost (fair value $894 and $876)	890	890
Investments carried at fair value	241	255
Loans receivable at fair value	1,690	1,066
Loan repurchase commitments	407	404
Other assets	26	33
Total assets	**$ 9,767**	**$ 11,137**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 861	$ 958
Loss and loss adjustment expense reserves	714	541
Long-term debt	2,061	1,986
Medium-term notes (includes financial instruments carried at fair value of $123 and $101)	876	895
Investment agreements	365	399
Derivative liabilities	293	299
Liabilities held for sale	-	346
Other liabilities	175	233
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $1,261 and $1,351)	2,466	2,241
Total liabilities	**7,811**	**7,898**
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--283,997,527 and 283,989,999	284	284
Additional paid-in capital	3,168	3,160
Retained earnings	1,399	2,700
Accumulated other comprehensive income (loss), net of tax of $15 and $37	(39)	(128)
Treasury stock, at cost--158,175,472 and 148,789,168 shares	(2,868)	(2,789)
Total shareholders' equity of MBIA Inc.	1,944	3,227
Preferred stock of subsidiary	12	12
Total equity	**1,956**	**3,239**
Total liabilities and equity	**$ 9,767**	**$ 11,137**

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

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 28	$ 44	$ 56	$ 89
Refunding premiums earned	16	29	37	59
Premiums earned (net of ceded premiums of $1, $2, $3 and $3)	44	73	93	148
Net investment income	37	37	89	76
Fees and reimbursements	6	1	8	2
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(3)	(2)	(34)	(16)
Unrealized gains (losses) on insured derivatives	6	(6)	(16)	(20)
Net change in fair value of insured derivatives	3	(8)	(50)	(36)
Net gains (losses) on financial instruments at fair value and foreign exchange	(61)	14	(44)	(55)
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	(54)	-	(54)	(1)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	43	-	41	-
Net investment losses related to other-than-temporary impairments	(11)	-	(13)	(1)
Net gains (losses) on extinguishment of debt	-	3	8	5
Other net realized gains (losses)	34	-	37	(1)
Revenues of consolidated variable interest entities:				
Net investment income	6	5	12	20
Net gains (losses) on financial instruments at fair value and foreign exchange	14	(7)	(19)	(8)
Other net realized gains (losses)	-	-	28	-
Total revenues	72	118	149	150
Expenses:				
Losses and loss adjustment	170	77	264	99
Amortization of deferred acquisition costs	8	10	15	20
Operating	32	30	61	65
Interest	50	49	98	99
Expenses of consolidated variable interest entities:				
Operating	3	3	5	7
Interest	19	4	36	16
Total expenses	282	173	479	306
Income (loss) before income taxes	(210)	(55)	(330)	(156)
Provision (benefit) for income taxes	1,019	(28)	971	(51)
Net income (loss)	**$ (1,229)**	**$ (27)**	**$ (1,301)**	**$ (105)**
Net income (loss) per common share:				
Basic	$ (9.78)	$ (0.20)	$ (10.13)	$ (0.78)
Diluted	$ (9.78)	$ (0.20)	$ (10.13)	$ (0.78)
Weighted average number of common shares outstanding:				
Basic	125,653,189	132,677,066	128,511,897	134,245,952
Diluted	125,653,189	132,677,066	128,511,897	134,245,952

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

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Combined				
GAAP consolidated net income (loss)	$ (1,229)	$ (27)	$ (1,301)	$ (105)
Less: Operating Income Adjustments				
Pre-tax income (loss) of Non-Core Operations (3)	(20)	(92)	(185)	(148)
Pre-tax adjustments to U.S. Public Finance and Corporate (4):				
Mark-to-market gains (losses) on financial instruments	(16)	(11)	16	(59)
Foreign exchange gains (losses)	(32)	10	(39)	(18)
Net gains (losses) on sales of investments	13	13	15	19
Net investment losses related to OTTI	(11)	-	(13)	(1)
Net gains (losses) on extinguishment of debt	-	3	8	5
Other net realized gains (losses)	(1)	(1)	(2)	(2)
Operating income adjustment for income taxes	(1,023)	36	(971)	68
Total operating income adjustments, net of tax	(1,090)	(42)	(1,171)	(136)
Combined Operating Income (loss)	$ (139)	$ 15	$ (130)	$ 31
Combined Operating Income (loss) per share	$ (1.09)	$ 0.12	$ (1.02)	$ 0.24
U.S. Public Finance Insurance (National)				
GAAP net income (loss)	$ (77)	$ 50	$ (50)	$ 91
Less: Operating Income Adjustments				
Mark-to-market gains (losses) on financial instruments	2	-	4	-
Net gains (losses) on sales of investments	12	24	14	30
Net investment losses related to OTTI	(11)	-	(13)	-
Operating income adjustment for income taxes	(2)	(8)	(2)	(10)
Operating Income (loss)	$ (78)	$ 34	$ (53)	$ 71
Corporate				
GAAP net income (loss)	$ (1,144)	$ (20)	$ (1,134)	$ (104)
Less: Operating Income Adjustments				
Mark-to-market gains (losses) on financial instruments	(18)	(11)	12	(59)
Foreign exchange gains (losses)	(32)	10	(39)	(18)
Net gains (losses) on sales of investments	1	(11)	1	(11)
Net investment losses related to OTTI	-	-	-	(1)
Net gains (losses) on extinguishment of debt	-	3	8	5
Other net realized gains (losses)	(1)	(1)	(2)	(2)
Operating income adjustment for income taxes	(1,066)	9	(1,070)	22
Operating Income (loss)	$ (28)	$ (19)	$ (44)	$ (40)
Diluted Weighted Average Shares Outstanding	125.7	133.1	128.5	134.8

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

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
U.S. Public Finance Insurance (National)	$ 25	$ (78)			$ (53)
Corporate	(16)	(28)			(44)
Eliminations	-	(33)			(33)
Combined	$ 9	$ (139)			$ (130)

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

(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 June 30, 2017			
	GAAP MBIA Inc. Consolidated	**Less: Non-Core Operations & Eliminations [1]**	**Less: Adjustments to Core Operations**	**Non-GAAP Operating Income**
Revenues:				
Net premiums earned	$ 44	$ 6	$	$ 38
Net investment income	37	-		37
Fees and reimbursements	6	1		5
Net change in fair value of insured credit derivatives	3	3		-
Net gains (losses) on financial instruments at fair value and foreign exchange	(61)	(20)	(35)	(6)
Net investment losses related to other-than-temporary impairments	(11)		(11)	-
Net gains (losses) on extinguishment of debt	-		-	-
Other net realized gains (losses)	34	35	(1)	-
VIE Revenues	20	20		-
Total revenues	72	45	(47)	74
Expenses:				
Losses and loss adjustment	170	12		158
Amortization of deferred acquisition costs	8	(2)		10
Operating	32	3		29
Interest	50	30		20
VIE expenses	22	22		-
Total expenses	282	65	-	217
Income (loss) before income taxes	**(210)**	**(20)**	**(47)**	**(143)**
Provision (benefit) for income taxes	1,019	(12)	1,035	(4)
Net income (loss)	**$ (1,229)**	**$ (8)**	**$ (1,082)**	**$ (139)**

	Three Months Ended June 30, 2016			
	GAAP MBIA Inc. Consolidated	**Less: Non-Core Operations & Eliminations [1]**	**Less: Adjustments to Core Operations**	**Non-GAAP Operating Income**
Revenues:				
Net premiums earned	$ 73	$ 17	$ -	$ 56
Net investment income	37	2	-	35
Fees and reimbursements	1	(4)	-	5
Net change in fair value of insured credit derivatives	(8)	(8)	-	-
Net gains (losses) on financial instruments at fair value and foreign exchange	14	8	12	(6)
Net investment losses related to other-than-temporary impairments	-	-	-	-
Net gains (losses) on extinguishment of debt	3	-	3	-
Other net realized gains (losses)	-	1	(1)	-
VIE Revenues	(2)	(2)	-	-
Total revenues	118	14	14	90
Expenses:				
Losses and loss adjustment	77	68	-	9
Amortization of deferred acquisition costs	10	(2)	-	12
Operating	30	6	-	24
Interest	49	27	-	22
VIE expenses	7	7	-	-
Total expenses	173	106	-	67
Income (loss) before income taxes	**(55)**	**(92)**	**14**	**23**
Provision (benefit) for income taxes	(28)	(35)	(1)	8
Net income (loss)	**$ (27)**	**$ (57)**	**$ 15**	**$ 15**

(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)

	Six Months Ended June 30, 2017			
	GAAP MBIA Inc. Consolidated	Less: Non-Core Operations & Eliminations (1)	Less: Adjustments to Core Operations	Non-GAAP Operating Income
Revenues:				
Net premiums earned	$ 93	$ 14	$	$ 79
Net investment income	89	15		74
Fees and reimbursements	8	(6)		14
Net change in fair value of insured credit derivatives	(50)	(50)		-
Net gains (losses) on financial instruments at fair value and foreign exchange	(44)	(23)	(8)	(13)
Net investment losses related to other-than-temporary impairments	(13)		(13)	-
Net gains (losses) on extinguishment of debt	8		8	-
Other net realized gains (losses)	37	39	(2)	-
VIE Revenues	21	21		-
Total revenues	149	10	(15)	154
Expenses:				
Losses and loss adjustment	264	95		169
Amortization of deferred acquisition costs	15	(3)		18
Operating	61	4		57
Interest	98	58		40
VIE expenses	41	41		-
Total expenses	479	195	-	284
Income (loss) before income taxes	**(330)**	**(185)**	**(15)**	**(130)**
Provision (benefit) for income taxes	971	(68)	1,039	-
Net income (loss) before minority interest	**$ (1,301)**	**$ (117)**	**$ (1,054)**	**$ (130)**

	Six Months Ended June 30, 2016			
	GAAP MBIA Inc. Consolidated	Less: Non-Core Operations & Eliminations (1)	Less: Adjustments to Core Operations	Non-GAAP Operating Income
Revenues:				
Net premiums earned	$ 148	$ 34	$ -	$ 114
Net investment income	76	4	-	72
Fees and reimbursements	2	(10)	-	12
Net change in fair value of insured credit derivatives	(36)	(36)	-	-
Net gains (losses) on financial instruments at fair value and foreign exchange	(55)	14	(58)	(11)
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	(2)	-
VIE Revenues	12	12	-	-
Total revenues	150	19	(56)	187
Expenses:				
Losses and loss adjustment	99	81	-	18
Amortization of deferred acquisition costs	20	(4)	-	24
Operating	65	11	-	54
Interest	99	56	-	43
VIE expenses	23	23	-	-
Total expenses	306	167	-	139
Income (loss) before income taxes	**(156)**	**(148)**	**(56)**	**48**
Provision (benefit) for income taxes	(51)	(56)	(12)	17
Net income (loss) before minority interest	**$ (105)**	**$ (92)**	**$ (44)**	**$ 31**

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

MBIA Inc. and Subsidiaries

Adjusted Book Value [1]

		6/30/2017		12/31/2016
Reported Book Value	$	15.45	$	23.87
Reverse book value of the MBIA Corp. legal entity [2]		6.39		5.07
Book value after MBIA Corp. legal entity adjustment		**21.84**		**28.94**
Other book value adjustments:				
Reverse net unrealized (gains) losses included in OCI		0.34		0.24
Add net unearned premium revenue [3] [4]		4.08		4.31
Add tax effect on unrealized (gains) losses and unearned premium revenue [5]		-		(1.61)
Adjusted Book Value	$	**26.26**	$	**31.88**
Shares Outstanding in millions		125.8		135.2

(1) A non-GAAP measure; please see glossary for an explanation of ABV. Includes deferred tax assets of consolidated MBIA Inc.
(2) 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.
(3) The discount rate on financial guarantee installment premiums was the risk-free rate as defined by GAAP for financial guarantee insurance contracts.
(4) The amounts consist of financial guarantee premiums, net of their deferred acquisition costs.
(5) As of June 30, 2017, ABV per share was adjusted by applying a zero effective tax rate to the book value adjustments.

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, 2017		December 31, 2016	
Assets				
Investments:				
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $3,415 and $3,855)	$	3,348	$	3,806
Investments carried at fair value		125		120
Investments pledged as collateral, at fair value (amortized cost $131 and $131)		129		131
Short-term investments held as available-for-sale, at fair value (amortized cost $511 and $104)		511		104
Other investments (includes investments at fair value of $2 and $3)		4		6
Total investments		4,117		4,167
Cash and cash equivalents		49		75
Securities purchased under agreements to resell		127		129
Premiums receivable		176		190
Current income taxes		86		-
Deferred acquisition costs		146		162
Insurance loss recoverable		179		162
Other assets		48		47
Total assets	**$**	**4,928**	**$**	**4,932**
Liabilities and Equity				
Liabilities:				
Unearned premium revenue	$	659	$	745
Loss and loss adjustment expense reserves		253		96
Securities sold under agreements to repurchase		127		129
Current income taxes		-		6
Deferred income taxes, net		85		60
Payable for investments purchased		17		32
Other liabilities		33		30
Total liabilities		**1,174**		**1,098**
Equity:				
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000		15		15
Additional paid-in capital		2,312		2,327
Retained earnings		1,472		1,523
Accumulated other comprehensive income (loss), net of tax of $24 and $17		(45)		(31)
Total equity		**3,754**		**3,834**
Total liabilities and equity	**$**	**4,928**	**$**	**4,932**

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

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 21	$ 27	$ 41	$ 53
Refunding premiums earned	17	28	39	60
Premiums earned	38	55	80	113
Net investment income	30	29	60	60
Fees and reimbursements	-	-	1	1
Net gains (losses) on financial instruments at fair value and foreign exchange	14	25	18	34
Net investment losses related to other-than-temporary impairments	(11)	-	(13)	-
Other net realized gains (losses)	(1)	-	(1)	-
Total revenues	70	109	145	208
Expenses:				
Losses and loss adjustment	159	9	169	18
Amortization of deferred acquisition costs	10	12	18	24
Operating	22	15	40	30
Total expenses	191	36	227	72
Income (loss) before income taxes	(121)	73	(82)	136
Provision (benefit) for income taxes	(44)	24	(31)	46
Net income (loss)	**$ (77)**	**$ 49**	**$ (51)**	**$ 90**

National Public Finance Guarantee Corporation and Subsidiaries
(dollars in millions)

Amortization of Gross Par, Gross Debt Service, Net Unearned Premium and Cash Premiums Collected and Expected

	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. 2017	94,049	166,326	661					5
3rd Qtr. 2017	89,370	159,768	644	14	3	1	18	4
4th Qtr. 2017	86,318	155,341	627	14	3	1	18	4
2018	79,125	142,965	565	52	10	5	67	13
2019	72,922	131,862	508	47	10	5	62	13
2020	66,966	121,161	456	42	10	5	57	12
2021	61,248	111,089	408	39	9	4	52	12
2022-2026	38,522	69,988	222	145	41	18	204	55
2027-2031	19,667	38,006	112	77	33	13	123	46
2032-2036	8,399	19,074	52	35	25	8	68	37
2037-2041	4,477	10,361	21	14	17	5	36	27
2042-2046	1,721	3,058	5	6	10	2	18	16
2047 and thereafter	144	546	-	2	3	-	5	5
Total				$487	$174	$67	$728	$244

(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.

Statutory Balance Sheets Summary

	6/30/2017	12/31/2016
Assets:		
Cash and Investments	$ 4,092	$ 4,184
Asset Swap Facility with MBIA Inc.	127	129
Other Assets	130	42
Total Assets	$ 4,349	$ 4,355
Liabilities:		
Unearned Premiums	700	786
Loss and LAE Reserves (1)	142	(98)
Contingency Reserve	690	745
Asset Swap Facility with MBIA Inc.	127	129
Other Liabilities	46	62
Total Liabilities	1,705	1,624
Total Policyholders' Surplus	2,644	2,731
Total Liabilities and Policyholders' Surplus	$ 4,349	$ 4,355

Claims-Paying Resources

	6/30/2017	12/31/2016
Policyholders' Surplus	$ 2,644	$ 2,731
Contingency Reserve	690	745
Statutory Capital	3,334	3,476
Unearned Premiums	700	786
Present Value of Installment Premiums (1)	174	187
Premium Resources (2)	874	973
Net Loss and LAE Reserves (1)	142	(98)
Salvage Reserve	257	256
Gross Loss and LAE Reserves	399	158
Total Claims-Paying Resources	$ 4,607	$ 4,607
Net Debt Service Outstanding	$ 161,082	$ 185,099
Capital Ratio	48:1	53:1
Claims-Paying Resources Ratio	37:1	43:1

(1) As of June 30, 2017 and December 31, 2016, the discount rate was 3.18%.
(2) The amounts primarily consist of financial guarantee insurance premiums.

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)
Investment Portfolio Including Cash and Cash Equivalents
as of June 30, 2017
(dollars in millions)

Investments [1]		**Market Value**	**% of Market Value**		**Amortized Cost**	**% Book Yield**
Fixed-Maturity Securities:						
Long-Term Tax-Exempt [2]	$	300	8	$	323	5.87
Long-Term Taxable		3,177	80		3,224	3.37
Short-Term		511	12		511	0.43
Total Fixed-Maturity		3,988	100	$	4,058	3.20
Cash and Cash Equivalents		50				
Total Fixed Income Including Cash and Cash Equivalents		4,038				
Investments Carried at Fair Value		126				
Other		3				
Total	$	4,167				
Fixed Income Portfolio Including Cash and Cash Equivalents						
Corporate Obligations	$	1,303	32			
State and Municipal Bonds		918	23			
MBS		769	19			
US Treasury		510	13			
Money Markets		254	6			
ABS		231	6			
Cash and Cash Equivalents		50	1			
Foreign Governments		3	-			
Total	$	4,038	100			
Effective Maturity Profile						
Cash and Cash Equivalents	$	50	1			
≤ 1 yr		676	17			
> 1 to 5 yrs		1,050	26			
> 5 to 10 yrs		618	15			
> 10 to 15 yrs		238	6			
> 15 to 20 yrs		248	6			
> 20 yrs		1,158	29			
Total	$	4,038	100			
Credit Quality Distribution of Long-Term Fixed-Maturity Securities						
Rating [3]						
Aaa	$	1,474	42			
Aa		684	20			
A		874	25			
Baa		172	5			
BIG		150	4			
NR		123	4			
	$	3,477	100			

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 12.29 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 5.89 years

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of $127 million; the total market value of encumbered assets totals $129 million.
(2) Includes $136 million of Puerto Rico Sales Tax Finance Corporation bonds (insured by National), $85 million of Puerto Rico Electric Power Authority bonds (uninsured) and $210 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)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Gross Loss and LAE Reserves	$ 96	$ 105			$ 96
Beginning Gross Insurance Loss Recoverable	(162)	(185)			(162)
Beginning Gross Reserves	(66)	(80)			(66)
Ceded Reserves	-	-			-
Net Reserves	(66)	(80)			(66)
Increase (Decrease) in Expected Payments	35	151			186
(Increase) Decrease in Expected Salvage	(24)	7			(17)
Net (Payments), Collections and Other (1)	(25)	(5)			(30)
Net Reserves	(80)	73			73
Ceded Reserves	-	1			1
Gross Reserves	(80)	74			74
Gross Loss and LAE Reserves	105	253			253
Gross Insurance Loss Recoverable	$ (185)	$ (179)			$ (179)

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)

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

National Public Finance Guarantee Corporation
Liquidity Position [1]
(dollars in millions)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Cash & Cash Equivalents[2]	**$ 115**	**$ 41**			**$ 115**
Premiums and Fees	2	2			4
Net Investment Income	23	27			50
Total Inflows	25	29			54
Gross Loss & LAE Payments	26	3			29
Operating & Other Expenses	21	16			37
Tax Payments	-	28			28
Total Outflows	47	47			94
Operating Cash Flow	(22)	(18)			(40)
Investing Activities	(52)	7			(45)
Net Cash Flow	(74)	(11)			(85)
Ending Cash & Cash Equivalents[2]	**$ 41**	**$ 30**			**$ 30**
Other Liquid Assets[3]	255	659			659
Ending Liquidity Position	**$ 296**	**$ 689**			**$ 689**

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**

(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.

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

By Geography

	Outstanding as of June 30, 2017							
	Par Outstanding (1)				Debt Service Outstanding (1)			
	Gross Amount	%	Net Amount (2)	%	Gross Amount	%	Net Amount (2)	%
United States								
California	$ 20,072	21.3	$ 19,592	21.4	$ 38,210	23.0	$ 37,198	23.1
New York	8,890	9.5	8,461	9.3	13,091	7.9	12,408	7.7
New Jersey	6,756	7.2	6,663	7.3	10,527	6.3	10,370	6.4
Illinois	5,611	6.0	5,340	5.8	14,364	8.6	13,720	8.5
Florida	5,309	5.6	5,238	5.7	7,029	4.2	6,936	4.3
Texas	4,692	5.0	4,532	5.0	7,807	4.7	7,184	4.4
Puerto Rico	3,544	3.8	3,471	3.8	8,438	5.1	8,332	5.2
Massachusetts	2,928	3.1	2,618	2.9	4,314	2.6	3,793	2.4
Georgia	2,389	2.5	2,259	2.5	3,217	1.9	2,994	1.9
Hawaii	2,366	2.5	2,360	2.6	5,092	3.1	5,085	3.2
Subtotal	62,557	66.5	60,534	66.3	112,089	67.4	108,020	67.1
Other States & Territories	28,418	30.2	27,739	30.4	47,492	28.5	46,330	28.7
Nationally Diversified	3,074	3.3	3,068	3.3	6,745	4.1	6,732	4.2
Total	$ 94,049	100.0	$ 91,341	100.0	$ 166,326	100.0	$ 161,082	100.0

By Bond Type

	Outstanding as of June 30, 2017							
	Par Outstanding (1)				Debt Service Outstanding (1)			
	Gross Amount	%	Net Amount (2)	%	Gross Amount	%	Net Amount (2)	%
Bond Type								
General Obligation(3)	$ 31,016	33.0	$ 30,190	33.0	$ 54,290	32.7	$ 52,798	32.8
Municipal Utilities	15,530	16.5	15,208	16.7	23,173	13.9	22,579	14.0
Tax-Backed	15,339	16.3	14,867	16.3	30,643	18.4	29,512	18.3
Transportation	9,120	9.7	8,733	9.6	18,596	11.2	17,622	10.9
General Obligation - lease	7,029	7.5	6,588	7.2	9,545	5.7	8,886	5.5
Military Housing	7,367	7.8	7,358	8.1	16,568	10.0	16,550	10.3
Higher Education	2,896	3.1	2,817	3.1	4,321	2.6	4,215	2.6
Health Care	2,428	2.6	2,327	2.5	3,719	2.2	3,552	2.2
Investor Owned Utilities(4)	2,202	2.3	2,141	2.3	3,514	2.1	3,427	2.1
Municipal Housing	298	0.3	297	0.3	451	0.3	449	0.3
Other(5)	824	0.9	815	0.9	1,506	0.9	1,492	1.0
Total	$ 94,049	100.0	$ 91,341	100.0	$ 166,326	100.0	$ 161,082	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 June 30, 2017
(dollars in millions)

	Obligor Name	State	Internal Rating (1)	Gross Par Outstanding (2)	Gross Debt Service Outstanding (2)
1	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	a3	$ 1,284	$ 2,261
2	Oregon School Boards Association General Obligation	OR	aa3	1,266	2,136
3	Puerto Rico Electric Power Authority	PR	d	1,249	1,789
4	Massachusetts General Obligation	MA	a1	1,210	1,544
5	New Jersey Transportation Trust Fund Authority	NJ	a3	1,156	1,666
6	Army Hawaii Family Housing	HI	aa2	1,124	2,373
7	Camp Pendleton Quantico Housing Privatization	CA	aa2	1,050	2,285
8	New York City Transitional Finance Authority State Bld Aid Appropriation	NY	a2	1,021	1,630
9	Illinois Regional Transportation Authority	IL	aa3	983	1,465
10	San Diego Family Housing Privatization Military	CA	aa1	979	2,187
11	Chicago General Obligation	IL	bbb2	901	1,949
12	Puerto Rico General Obligation	PR	d	853	1,179
13	City of Chicago Board of Education	IL	bbb3	853	2,163
14	Ohana Military Communities, LLC	HI	aa3	847	2,136
15	New York State Thruway Authority	NY	a2	800	1,128
16	California General Obligation	CA	a1	789	1,012
17	Great River Energy Public Power	MN	a3	788	1,214
18	New Jersey Economic Development Authority Motor Vehicle Bonds	NJ	a3	752	1,245
19	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb2	739	1,048
20	Puerto Rico Sales Tax Financing Corporation	PR	d	684	4,170
21	Atlantic Marine Corps Communities LLC 0 Lejeune Cherry Point	NC	aa3	657	1,458
22	Long Island Power Authority Electric	NY	a3	654	782
23	Great Lakes Water Authority - Sewer System	MI	bbb1	631	941
24	Los Angeles Unified School District General Obligation	CA	a1	628	889
25	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1	628	1,030
26	New Jersey Turnpike Authority	NJ	a2	595	738
27	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2	592	4,738
28	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2	575	898
29	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	563	1,028
30	Navy Mid-Atlantic Family Housing LLC	VA	aa2	551	1,181
31	JFK International Air Terminal Airport	NY	bbb3	533	682
32	Arapahoe County E-470 Toll Road	CO	bbb1	521	2,222
33	New York State Power Authority	NY	aa2	501	878
34	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3	500	1,470
35	City of Houston Combined Utility System Revenue Bonds	TX	a2	477	497
36	New York City General Obligation	NY	aa3	465	570
37	Sacramento County Sanitation District Finance Authority Sewer	CA	a1	454	707
38	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	416	3,287
39	Oglethorpe Power Corporation	GA	a3	410	747
40	Navy Southeast	FL	bbb3	407	1,039
41	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	397	672
42	Houston City Airport System	TX	a1	392	533
43	Great Lakes Water Authority - Water System	MI	a3	390	530
44	Massachusetts Water Resources Authority Water & Sewer	MA	aa3	381	558
45	Los Angeles Community College District General Obligation	CA	aa2	376	605
46	Santa Clara County Pension Obligation	CA	aa3	362	769
47	Oakland Port and Airport Revenue	CA	a1	360	450
48	New Jersey Economic Development Authority Lease	NJ	a3	359	503
49	Sacramento County Water Financing Authority Water	CA	a2	352	550
50	Denver City and County Airport System	CO	a1	352	496
		Total		$ 33,807	$ 68,028
	Total Portfolio Exposure			**$** 94,049	**$** 166,326
	50 Largest Credits as % of Total Portfolio			35.9%	40.9%

(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 June 30, 2017
(dollars in millions)

Credit Quality Distribution[1]

	Gross Par Outstanding [2]		Gross Debt Service Outstanding [2]	
	Amount	**%**	**Amount**	**%**
Public Finance				
AAA	$ 4,440	4.7%	$ 7,181	4.3%
AA	40,014	42.6%	65,164	39.2%
A	30,666	32.6%	51,532	31.0%
BBB	12,684	13.5%	24,864	14.9%
<BBB	6,245	6.6%	17,585	10.6%
Total	$ 94,049	100.0%	$ 166,326	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	$ 1,789
2 Puerto Rico General Obligation	853	1,179
3 City of Chicago Board of Education	853	2,163
4 Puerto Rico Sales Tax Financing Corporation	684	4,170
5 Illinois Metropolitan Pier & Exposition Authority	592	4,738
6 Puerto Rico Highway and Transportation Authority Transportation Revenue	563	1,028
7 Virgin Islands Public Finance Authority Gross Receipts	197	272
8 Atlantic City Casino Reinvestment Development Authority Parking Fee	139	173
9 Frontier Communications Corporation	139	232
10 North Las Vegas Water & Sewer	116	178
Total Top 10 BIG Outstanding	$ 5,385	$ 15,922
Total BIG Outstanding	$ 6,245	$ 17,585
Total National Outstanding	$ 94,049	$ 166,326
Top 10 BIG as % of National	**5.7%**	**9.6%**
Total BIG as % of National	**6.6%**	**10.6%**
Total BIG as % of National by National ratings	**4.9%**	**6.2%**

(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)

	June 30,2017	December 31, 2016
Assets		
Bonds	$ 81	$ 91
Cash and short-term investments	140	221
Investment in MBIA UK	-	194
Investment in MBIA Mexico	6	6
Total investments	228	512
Interest and dividends accrued	1	1
Other assets	4	2
Total other assets	5	3
Total assets	**233**	**515**
Liabilities		
Unearned premiums	211	215
Contingency reserve	246	254
Borrowed money	370	-
Loss and LAE reserve [1]	(908)	(207)
Accrued expenses	2	13
Other liabilities	10	2
Total liabilities	**(69)**	**277**
Capital and Surplus		
Common stock	15	15
Preferred stock	276	276
Surplus Notes	953	953
Paid in Capital	783	783
Unassigned surplus	(1,725)	(1,788)
Total capital and surplus	**302**	**238**
Total liabilities and capital and surplus	**$ 233**	**$ 515**

(1) As of June 30, 2017 and December 31, 2016, the discount rate was 5.15%.

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

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Underwriting income				
Gross premiums written	$ 18	$ 21	$ 27	$ 35
Ceded premiums written	(5)	(4)	(6)	(5)
Net premiums written	13	17	21	30
Net premiums earned	16	20	30	39
Losses and LAE incurred	8	60	98	120
Underwriting expenses incurred	-	7	6	13
Net underwriting loss	7	(47)	(74)	(94)
Investment income				
Net investment gain	(13)	1	(8)	2
Net realized gain (loss)	(1)	(1)	263	(1)
Net investment gain (loss)	(14)	-	255	1
Other income (expense)				
Non-operating income (expense)	32	(2)	23	(11)
Income (loss) before taxes	25	(49)	203	(104)
Income tax provision	-	-	-	-
Net income (loss)	**$ 25**	**$ (49)**	**$ 203**	**$ (104)**

MBIA Insurance Corporation
(dollars in millions)

Claims-Paying Resources

	6/30/2017	12/31/2016
Balance Sheet		
Policyholders' Surplus	$ 302	$ 238
Contingency Reserve	246	254
Statutory Capital (1) (2)	548	492
Unearned Premiums	211	319
Present Value of Installment Premiums (3)	202	424
Premium Resources (4)	413	743
Net Loss and LAE Reserves (3)	(908)	(207)
Salvage Reserves	1,538	917
Gross Loss and LAE Reserves	630	710
Total Claims-Paying Resources	$ 1,591	$ 1,945
Net Debt Service Outstanding	$ 23,217	$ 43,215
Capital Ratio	42:1	88:1
Claims-Paying Resources Ratio	16:1	26:1

(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 were additional accounting adjustments associated with its sale in the first quarter of 2017, which resulted in a $133 million increase to statutory capital. The impact of the sale of MBIA UK, giving full effect over the two quarters, resulted in a net increase of $32 million to statutory capital.

(2) Includes a $112 million reduction to policyholders' surplus as of December 31, 2016 related to the NYIL 1408 penalty; there was no NYIL 1408 penalty as of June 30, 2017 as a result of the sale of MBIA UK.

(3) As of June 30, 2017 and December 31, 2016, the discount rate was 5.15%.

(4) The amounts consist of Financial Guarantee insurance premiums and Insured Credit Derivative revenue.

MBIA Insurance Corporation (excluding Subsidiaries)

Liquidity Position (1)

(dollars in millions)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to- date
Beginning Cash & Cash Equivalents (2)	$ 194	$ 41			$ 194
Premiums and Fees	9	17			26
Other (3)	48	60			108
Total Inflows	57	77			134
Gross Loss & LAE Payments (3) (4)	825	65			890
Operating & Other Expenses	12	9			21
Total Outflows	837	74			911
Operating Cash Flow	(780)	3			(777)
Financing Activities	710	-			710
Investing Activities	(83)	(23)			(106)
Net Cash Flow	(153)	(20)			(173)
Ending Cash & Cash Equivalents (2)	$ 41	$ 21			$ 21
Other Liquid Assets (5)	70	94			94
Ending Liquidity Position	$ 111	$ 115			$ 115

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 (3)	41	45	91	49	226
Operating & Other Expenses	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

(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) May include payments/reinsurance recoveries on U.S. Public Finance transactions insured by MBIA Insurance Corporation that have been reinsured by National Public Finance Guarantee Corporation.

(4) Includes $771 million Zohar II Note maturity.

(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)

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

	Ending Gross Par Outstanding (1)	Ending Gross Debt Service Outstanding (1)	Net Unearned Premiums (2)	Expected Premium Earnings (2)(3)	Estimated Cash Receivable (4)	Total
2nd Qtr. 2017	17,427	24,067	211			
3rd Qtr. 2017	16,526	22,955	205	6	4	10
4th Qtr. 2017	15,640	21,802	193	12	6	18
2018	14,068	19,371	180	13	30	43
2019	12,492	17,018	167	13	27	40
2020	10,007	13,882	145	22	28	50
2021	8,320	11,669	131	14	22	36
2022-2026	3,824	5,494	33	98	82	180
2027-2031	2,159	3,034	1	32	47	79
2032-2036	1,155	1,598	-	1	18	19
2037 and thereafter	1,164	1,529	-	-	15	15
Total				$ 211	$ 279	$ 490

(1) Excludes $42 million and $55 million of gross par and gross debt service, respectively, where MBIA Corp. insured exposure has been fully offset by way of loss remediation transactions.
(2) Statutory accounting basis.
(3) Actual future premium earnings will differ from the current projection due to changes in prepayment speeds, settlements and terminations.
(4) 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)
2nd Qtr. 2017	$ 23
2017	17
2018	31
2019	26
2020	27
2021	21
2022-2026	80
2027-2031	45
2032-2036	17
2037 and thereafter	15
Total Future Premiums	$ 279

(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.

MBIA Insurance Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of June 30, 2017
(dollars in millions)

Statutory Accounting Basis

Investments		**Book/ Adjusted Carry Value**	**% Book Yield**		**Market Value**	**% of Market Value**
Bonds						
Long-Term Tax-Exempt(1)	$	20	5.23	$	24	19
Long-Term Taxable		62	5.39		68	53
Short-Term		35	0.76		35	28
Total Fixed-Maturity		117	3.96	$	127	100
Cash and Cash Equivalents		105				
Total Fixed Income Including Cash and Cash Equivalents		222				
Common Stocks		6				
Total	$	228				

Fixed Income Portfolio Including Cash and Cash Equivalents			**% of Book/ Adjusted Carry Value**
Cash and Cash Equivalents	$	105	47
State and Municipal Bonds(1)		68	31
Money Markets		35	16
MBS		10	4
US Treasury		4	2
Total	$	222	100
Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	105	47
≤ 1 yr		35	16
> 1 to 5 yrs		4	2
> 5 to 10 yrs (1)		1	-
> 10 to 15 yrs		1	-
> 15 to 20 yrs		28	13
> 20 yrs		48	22
Total	$	222	100
Credit Quality Distribution of Long-Term Bonds			
Rating(2)			
Aaa	$	9	11
Aa		50	61
A		12	15
C(1)		11	13
	$	82	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 5.90 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 4.37 years

(1) Includes $448 thousand of Puerto Rico Sales Tax Finance Corporation bonds (uninsured), a NAIC designated 6 security, carried at market value.
(2) 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.

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

Par Value by Bond Type

	Outstanding as of June 30, 2017[1] [2] [3]			
	Gross	%	Net[4]	%
Public Finance: Non-United States				
Transportation	$ 3,691	21.2	$ 3,388	20.1
Sovereign and Sub-Sovereign [5]	2,777	15.9	2,636	15.7
International Utilities	1,659	9.5	1,659	9.9
Other [6]	114	0.7	114	0.6
Total Non-United States Public Finance	$ 8,241	47.3	$ 7,797	46.3
Structured Finance - Global				
Mortgage Backed Residential	$ 4,075	23.4	$ 4,067	24.2
Corporate Asset Backed [7]	2,576	14.8	2,486	14.8
Collateralized Debt Obligations [8]	1,343	7.7	1,337	7.9
Consumer Asset Backed	861	4.9	817	4.9
Mortgage Backed Commercial	331	1.9	320	1.9
Total Global Structured Finance	9,186	52.7	9,027	53.7
Grand Total	$ 17,427	100.0	$ 16,824	100.0

Par Value by Geography

	Outstanding as of June 30, 2017[1] [2] [3]			
	Gross	%	Net[4]	%
United States	$ 8,442	48.4	$ 8,332	49.5
Australia	2,211	12.7	2,211	13.2
Chile	1,992	11.4	1,689	10.0
Canada	1,283	7.4	1,282	7.6
United Kingdom	1,153	6.6	1,142	6.8
Mexico	1,030	5.9	898	5.3
Spain	568	3.3	562	3.3
Subtotal	$ 8,237	47.3	$ 7,784	46.2
Other [9]	564	3.2	564	3.4
Internationally Diversified	184	1.1	144	0.9
Total Non-United States	8,985	51.6	8,492	50.5
Total	$ 17,427	100.0	$ 16,824	100.0

(1) Excludes $1.2 billion relating to investment agreements and medium term notes issued by various affiliated companies and guaranteed by MBIA Insurance Corporation.
(2) Includes consolidated insured Variable Interest Entities (VIEs) and insured Credit Derivatives.
(3) Excludes $42 million of gross and net par where MBIA Corp.'s insured exposure has been fully offset by way of loss remediation transactions.
(4) Net of reinsurance and other contractual agreements.
(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 and a tax-backed transaction.
(7) Includes $1.2 billion of structured insurance securitizations.
(8) Includes a transaction (represented by a structured pool of commercial real estate assets) that does not include typical CDO structuring characteristics, cash flow waterfalls, or interest and over-collateralization coverage tests.
(9) Includes France, Ireland, New Zealand, Trinidad and Tobago, and Turkey.

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

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

	Obligor Name	Gross Par Outstanding
1	Structured Insurance Securitization Private 13-16	$ 575
2	Private Sovereign and Sub-Sovereign 48,49,52,55-57,67,76,86-90	256
3	Private Sovereign and Sub-Sovereign 100-103	193
4	GMACM 2006-HE4	165
5	Countrywide Home Equity Series 2007-S1/Second Lien RMBS	154
6	Countrywide Home Equity Master Trust Series 2006-S10	150
7	Structured CMBS Pool 28	144
8	MS CDO 29	140
9	Deutsche Bank Alt-A Securities Trust 2007-AR3	129
10	GMACM Home Equity Loan Trust 2007-HE1	125
	Total Top 10 Below Investment Grade	**$ 2,031**
	Total BIG Gross Par Outstanding	$ 5,531
	Total MBIA Gross Par Outstanding	$ 17,427
	Top 10 BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding	**11.7%**
	Total BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding	**31.7%**

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

Net Payment Activity on Second-lien RMBS Exposure

2017	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Year-to-date**
Paid Claims [1]	$ 9	$ 15			$ 24
Collections on Paid Claims [2]	(43)	(11)			(54)
Paid LAE (net of collections)	2	(3)			(1)
Net Payments	$ (32)	$ 1			$ (31)

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)

(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, subsequent recoveries and proceeds from sales of previously charged-off loans, 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 Inc. (Parent Company)

MBIA Inc.

(dollars in millions)

Corporate Segment Balance Sheets [1]

	6/30/2017	12/31/2016
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $731 and $746) [2]	$ 786	$ 788
Investments carried at fair value (amortized cost $31 and $28)	34	31
Investments pledged as collateral, at fair value (amortized cost $176 and $243) [3]	175	238
Short-term investments held as available-for-sale, at fair value (amortized cost $155 and $287)	155	287
Other investments	17	18
Total investments	1,167	1,362
Cash and cash equivalents	41	13
Deferred income taxes, net	-	1,073
Other assets	25	31
Total Assets	**1,233**	**2,479**
Liabilities:		
Investment agreements [4]	365	399
Global Funding LLC, Medium-term Notes	875	895
MBIA Inc. Senior Unsecured	712	712
Income taxes [5]	742	712
Derivative liabilities	207	213
Other liabilities	90	124
Total Liabilities	**2,991**	**3,055**
Total Equity	**$ (1,758)**	**$ (576)**

(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 $262 million and $276 million posted to derivative counterparties as of June 30, 2017 and December 31, 2016, respectively.

(3) Represents a portion of the tax escrow account under the Company's tax sharing agreement.

(4) Fair value of securities and cash pledged as collateral for investment agreements were $387 million and $422 million as of June 30, 2017 and December 31, 2016, respectively.

(5) 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 or MBIA Inc. have taxable earnings.

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

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Liquidity Position	**$ 403**	**$ 340**			**$ 403**
Total Cash Inflows	101	2			103
Operating & Other Expenses	9	7			16
MTN P&I Payments	69	3			72
Debt P&I Payments	8	15			23
Share Repurchases	28	32			60
Contributions to Subsidiaries	9	11			20
Total Cash Outflows	123	68			191
Investment and Other Activity	(41)	13			(28)
Change in Liquidity Position	(63)	(53)			(116)
Ending Liquidity Position	**$ 340**	**$ 287**			**$ 287**

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**

(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)

2017	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	Year-to-date Cost	Year-to-date Gain/ Value
Common Stock Repurchases (2)	$ 40.0	$ 122.1	$ 35.0	$ 75.8					$ 75.0	$ 197.9
Debt										
MBIA Inc. Senior Unsecured									-	-
MBIA GFL MTNs(3)	34.6	7.7	-	-					34.6	7.7
Investment Agreements									-	-
MBIA Inc. (Consolidated)	$ 74.6	$ 129.8	S 35.0	$ 75.8					$ 109.6	$ 205.6

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

(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. May include purchases made by National.

(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 (Loss) is a useful measurement of performance because it measures income from the Company's 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 (Loss) also excludes net income of the Company's international and structured finance insurance. 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 (Loss) 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 (Loss) as defined by the Company does not include all revenues and expenses required by GAAP. Operating Income (Loss) is not a substitute for and should not be viewed in isolation from GAAP net income.

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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