MBIA Inc.
Quarterly Operating Supplement
June 30, 2018

Second Quarter 2018

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 insured 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 I, Item 1A included in the Annual Report on Form 10-K. The Company encourages readers to review these risk factors in their entirety.

MBIA Inc. (Consolidated)

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

	June 30, 2018	December 31, 2017
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $3,665 and $3,728)	$ 3,615	$ 3,712
Investments carried at fair value	225	200
Investments pledged as collateral, at fair value (amortized cost $37 and $147)	36	148
Short-term investments, at fair value (amortized cost $479 and $589)	478	589
Other investments (includes investments at fair value of $0 and $4)	1	6
Total investments	4,355	4,655
Cash and cash equivalents	179	122
Premiums receivable	349	369
Deferred acquisition costs	87	95
Insurance loss recoverable	1,359	511
Other assets	167	128
Assets of consolidated variable interest entities:		
Cash	18	24
Investments held-to-maturity, at amortized cost (fair value $892 and $916)	890	890
Investments carried at fair value	169	182
Loans receivable at fair value	683	1,679
Loan repurchase commitments	415	407
Other assets	28	33
Total assets	**$ 8,699**	**$ 9,095**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 678	$ 752
Loss and loss adjustment expense reserves	1,035	979
Long-term debt	2,184	2,121
Medium-term notes (includes financial instruments carried at fair value of $149 and $115)	761	765
Investment agreements	312	337
Derivative liabilities	189	262
Other liabilities	205	165
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $981 and $1,069)	2,220	2,289
Total liabilities	**7,584**	**7,670**
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--283,625,689 and 283,717,973	284	284
Additional paid-in capital	3,154	3,171
Retained earnings	1,018	1,095
Accumulated other comprehensive income (loss), net of tax of $7 and $16	(255)	(19)
Treasury stock, at cost--192,963,698 and 192,233,526 shares	(3,098)	(3,118)
Total shareholders' equity of MBIA Inc.	1,103	1,413
Preferred stock of subsidiary	12	12
Total equity	**1,115**	**1,425**
Total liabilities and equity	**$ 8,699**	**$ 9,095**

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

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 29	$ 28	$ 52	$ 56
Refunding premiums earned	7	16	24	37
Premiums earned (net of ceded premiums of $1, $1, $3 and $3)	36	44	76	93
Net investment income	34	37	65	89
Fees and reimbursements	-	6	6	8
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(25)	(3)	(44)	(34)
Unrealized gains (losses) on insured derivatives	18	6	32	(16)
Net change in fair value of insured derivatives	(7)	3	(12)	(50)
Net gains (losses) on financial instruments at fair value and foreign exchange	22	(61)	13	(44)
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	(54)	-	(54)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	(1)	43	(2)	41
Net investment losses related to other-than-temporary impairments	(1)	(11)	(2)	(13)
Net gains (losses) on extinguishment of debt	-	-	-	8
Other net realized gains (losses)	-	34	(1)	37
Revenues of consolidated variable interest entities:				
Net investment income	8	6	16	12
Net gains (losses) on financial instruments at fair value and foreign exchange	13	14	17	(19)
Other net realized gains (losses)	(93)	-	(93)	28
Total revenues	12	72	85	149
Expenses:				
Losses and loss adjustment	59	170	131	264
Amortization of deferred acquisition costs	4	8	8	15
Operating	19	32	39	61
Interest	52	50	103	98
Expenses of consolidated variable interest entities:				
Operating	3	3	5	5
Interest	21	19	41	36
Total expenses	158	282	327	479
Income (loss) before income taxes	(146)	(210)	(242)	(330)
Provision (benefit) for income taxes	-	1,019	2	971
Net income (loss)	**$ (146)**	**$ (1,229)**	**$ (244)**	**$ (1,301)**
Net income (loss) per common share:				
Basic	$ (1.64)	$ (9.78)	$ (2.75)	$ (10.13)
Diluted	$ (1.64)	$ (9.78)	$ (2.75)	$ (10.13)
Weighted average number of common shares outstanding:				
Basic	89,131,760	125,653,189	88,865,272	128,511,897
Diluted	89,131,760	125,653,189	88,865,272	128,511,897

MBIA Inc. and Subsidiaries
Adjusted Net Income (Loss) Reconciliation (Non-GAAP Basis) (1) (2)
(in millions except per share amounts)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income (loss)	$ (146)	$ (1,229)	$ (244)	$ (1,301)
Less: Adjusted Net Income (Loss) Adjustments				
Income (loss) before income taxes of Non-Core Operations (3)	(120)	(20)	(156)	(185)
Adjustments before income taxes (4):				
Mark-to-market gains (losses) on financial instruments (5)	5	(16)	27	16
Foreign exchange gains (losses) (5)	26	(32)	13	(39)
Net gains (losses) on sales of investments (5)	(6)	13	(11)	15
Net investment losses related to OTTI	(1)	(11)	(2)	(13)
Net gains (losses) on extinguishment of debt	-	-	-	8
Other net realized gains (losses)	-	(1)	(2)	(2)
Adjusted net income adjustment for income taxes (6)	1	(1,023)	(1)	(971)
Adjusted Net Income (loss)	$ (51)	$ (139)	$ (112)	$ (130)
Adjusted Net Income (loss) per diluted common share	$ (0.58)	$ (1.12)	$ (1.27)	$ (1.02)
Diluted Weighted Average Shares Outstanding	89.1	125.7	88.9	128.5

Adjusted Net Income (Loss) Trend (1) (2)

	2018 1st Qtr.	2018 2nd Qtr.	2018 3rd Qtr.	2018 4th Qtr.	2018 Year-to-date
Adjusted Net Income (loss)	$ (61)	$ (51)			$ (112)

	2017 1st Qtr.	2017 2nd Qtr.	2017 3rd Qtr.	2017 4th Qtr.	2017 Full Year
Adjusted Net Income (loss)	$ 9	$ (139)	$ (113)	$ (167)	$ (410)

(1) A non-GAAP measure. Please see glossary for an explanation of Adjusted Net Income (Loss).
(2) Totals may not add due to rounding.
(3) Non-Core Operations include 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.
(5) Gross amounts are reported with "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statements of operations.
(6) Reported within the "Provision (benefit) for income taxes" on the Company's consolidated statements of operations.

MBIA Inc.

Adjusted Book Value Per Share [1] [2]

		6/30/2018		12/31/2017
Book Value Per Share	$	12.16	$	15.44
Book value per share adjustments:				
Remove negative book value of the MBIA Corp. [3]		10.56		8.84
Remove net unrealized (gains) losses on available-for-sale securities included in other comprehensive income (loss)		0.63		0.26
Add net unearned premium revenue in excess of expected losses [4] [5]		3.89		4.23
Total book value adjustments		15.08		13.33
Adjusted Book Value Per Share	$	**27.24**	$	**28.77**
Shares outstanding in millions		90.7		91.5

(1) A non-GAAP measure; please see glossary for an explanation of ABV.
(2) We have modified our calculation of ABV as of 6/30/2018 and revised the prior year's calculation to conform to the current presentation. The net unearned premium revenue component of ABV has been adjusted to remove the amount of unearned premium revenue that is used in the GAAP calculation of our insurance loss reserves.
(3) The book value of the MBIA Corp. does not provide significant economic or shareholder value to MBIA Inc. The amounts being reversed exclude all deferred taxes available to MBIA Inc., net of valuation allowance.
(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 in excess of expected losses, net of the related deferred acquisition costs.

Securities Buyback Activity
(in millions)

2018	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 [1] [2]	$ 14.2	$ N/A	$ -	$ N/A					$ 14.2	$ N/A
Debt[4]										
MBIA Inc. Senior Unsecured	-	-	0.1	-					0.1	-
MBIA GFL MTNs[5]	20.0	0	-	-					20.0	0
Investment Agreements	-	-	-	-					-	-
MBIA Inc. (Consolidated)	$ 34.2	$ 0	$ 0.1	$ -					$ 34.3	$ 0

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	Full Year Cost	Full Year Gain/Value
Common Stock Repurchases [1] [3]	$ 40.0	$ N/A	$ 35.0	$ N/A	$ 25.4	$ N/A	$ 224.6	N/A	$ 325.0	$ N/A
Debt[4]										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-	-	-	-	-
MBIA GFL MTNs[5]	34.6	7.7	-	-	-	-	99.1	18.3	133.7	26.0
Investment Agreements	-	-	-	-	-	-	-	-	-	-
MBIA Inc. (Consolidated)	$ 74.6	$ 7.7	$ 35.0	$ -	$ 25.4	$ -	$ 323.7	$ 18.3	$ 458.7	$ 26.0

(1) Presented on a trade date basis.
(2) Purchased by National.
(3) National purchased $15 million, $25 million, and $225 million in the second, third and fourth quarters of 2017, respectively.
(4) Presented on a cash settlement basis.
(5) MBIA Global Funding LLC.

U.S. Public Finance Insurance Segment

(primarily National Public Finance Guarantee Corporation)

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

	June 30, 2018	December 31, 2017
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $2,877 and $3,115)	$ 2,748	$ 3,061
Investments carried at fair value	197	175
Investments pledged as collateral, at fair value (amortized cost $138 and $129)	132	126
Short-term investments at fair value (amortized cost $349 and $142)	349	142
Other investments (includes investments at fair value of $0 and $3)	1	5
Total investments	3,427	3,509
Cash and cash equivalents	101	54
Securities purchased under agreements to resell	130	124
Premiums receivable	165	167
Current income taxes	3	90
Deferred acquisition costs	116	127
Insurance loss recoverable	354	322
Receivable for investments sold	32	1
Deferred income taxes, net	44	2
Other assets	39	41
Total assets	**$ 4,411**	**$ 4,437**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 514	$ 564
Loss and loss adjustment expense reserves	600	503
Securities sold under agreements to repurchase	130	124
Payable for investments purchased	95	34
Derivative liabilities	2	2
Other liabilities	21	25
Total liabilities	**1,362**	**1,252**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,048	2,062
Retained earnings	1,092	1,145
Accumulated other comprehensive income (loss), net of tax of $28 and $20	(106)	(37)
Total equity	**3,049**	**3,185**
Total liabilities and equity	**$ 4,411**	**$ 4,437**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 11	$ 21	$ 26	$ 41
Refunding premiums earned	8	17	25	39
Premiums earned	19	38	51	80
Net investment income	29	30	56	60
Fees and reimbursements	-	-	1	1
Net gains (losses) on financial instruments at fair value and foreign exchange	(9)	14	(15)	18
Net investment losses related to other-than-temporary impairments	(1)	(11)	(2)	(13)
Other net realized gains (losses)	-	(1)	-	(1)
Total revenues	38	70	91	145
Expenses:				
Losses and loss adjustment	59	159	136	169
Amortization of deferred acquisition costs	4	10	11	18
Operating	11	22	22	40
Total expenses	74	191	169	227
Income (loss) before income taxes	(36)	(121)	(78)	(82)
Provision (benefit) for income taxes	(8)	(44)	(17)	(31)
Net income (loss)	**$ (28)**	**$ (77)**	**$ (61)**	**$ (51)**

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

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

	Ending Gross Par Outstanding	Ending Gross Debt Service Outstanding	Gross Unearned Premiums[1]	Expected Future Premiums Earnings[1][2]				Net Cash Premiums Collected and Expected [3]
				Upfronts	Installments	Accretion	Total	
2nd Qtr. 2018	64,473	122,026	516					1
3rd Qtr. 2018	62,340	118,565	503	11	2	1	14	4
4th Qtr. 2018	60,958	116,242	491	10	2	1	13	4
2019	55,890	107,185	442	39	10	5	54	12
2020	51,368	98,786	398	35	9	4	48	12
2021	46,717	90,573	357	32	9	4	45	12
2022	42,912	83,546	319	29	9	4	42	11
2023-2027	25,932	52,124	175	106	38	17	161	52
2028-2032	13,769	29,469	90	54	31	12	97	44
2033-2037	6,615	15,974	44	23	23	7	53	34
2038-2042	3,685	8,585	17	11	16	4	31	25
2043-2047	1,164	2,303	3	5	9	3	17	14
2048 and thereafter	-	-	-	1	2	-	3	3
Total				$356	$160	$62	$578	$227

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

Statutory Balance Sheets Summary

	6/30/2018	12/31/2017
Assets:		
Cash and Investments	$ 3,540	$ 3,502
Asset Swap Facility with MBIA Inc.	130	124
Other Assets	33	128
Total Assets	$ 3,703	$ 3,754
Liabilities:		
Unearned Premiums	543	585
Loss and LAE Reserves [1]	250	227
Contingency Reserve	561	594
Asset Swap Facility with MBIA Inc.	130	124
Other Liabilities	114	58
Total Liabilities	1,598	1,588
Total Policyholders' Surplus	2,105	2,166
Total Liabilities and Policyholders' Surplus	$ 3,703	$ 3,754

Claims-Paying Resources

	6/30/2018	12/31/2017
Policyholders' Surplus	$ 2,105	$ 2,166
Contingency Reserve	561	594
Statutory Capital	2,666	2,760
Unearned Premiums	543	585
Present Value of Installment Premiums [1]	162	164
Premium Resources [2]	705	749
Net Loss and LAE Reserves [1]	250	227
Salvage Reserve	430	387
Gross Loss and LAE Reserves	680	614
Total Claims-Paying Resources	$ 4,051	$ 4,123
Net Debt Service Outstanding	$ 118,158	$ 129,668
Capital Ratio	44:1	47:1
Claims-Paying Resources Ratio	30:1	33:1

(1) As of June 30, 2018 and December 31, 2017, the discount rate was 3.25%.
(2) Includes financial guarantee and insured credit derivative related premiums.

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)
Investment Portfolio Including Cash and Cash Equivalents
as of June 30, 2018
(dollars in millions)

GAAP Accounting Basis

Investments[1]		**Market Value**	**% of Market Value**		**Amortized Cost**	**% Book Yield**
Fixed-Maturity Securities:						
Long-Term Tax-Exempt [2]	$	305	10	$	252	4.54
Long-Term Taxable		2,576	87		2,763	4.11
Short-Term		86	3		86	2.24
Total Fixed Maturity		2,967	100	$	3,101	4.09
Cash and Cash Equivalents		101				
Total Fixed Income Including Cash and Cash Equivalents		3,068				
Investments Carried at Fair Value [3]		460				
Other		1				
Total	$	3,529				

Fixed Income Portfolio Including Cash and Cash Equivalents			
Corporate Obligations	$	1,537	50
State and Municipal Bonds		568	19
US Treasury		307	10
MBS		293	10
ABS		259	8
Cash and Cash Equivalents		101	3
Foreign Governments		3	-
Total	$	3,068	100

Effective Maturity Profile			
Cash and Cash Equivalents	$	101	3
≤ 1 yr		525	17
> 1 to 5 yrs		631	21
> 5 to 10 yrs		618	20
> 10 to 15 yrs		132	4
> 15 to 20 yrs		291	10
> 20 yrs		770	25
Total	$	3,068	100

Credit Quality Distribution of Long-Term Bonds Rating [4]			
Aaa	$	851	30
Aa		391	14
A		574	20
Baa		705	24
BIG		217	7
NR		143	5
	$	2,881	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 14.87 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.74 years

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of $130 million; total market value of encumbered assets total $132 million.
(2) Market value includes $171 million of Puerto Rico Sales Tax Finance Corporation bonds (insured by National), $62 million of Puerto Rico Electric Power Authority bonds (uninsured by National or MBIA) and $2 million of Puerto Rico Highway & Transportation bonds (insured by National).
(3) Includes money market securities.
(4) 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 investments wrapped by an MBIA insurance company if neither Moody's nor S&P's underlying ratings are available.

National Public Finance Guarantee Corporation

Liquidity Position (1)

(in millions)

2018	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Cash & Cash Equivalents(2)	**$ 115**	**$ 100**			**$ 115**
Net Investment Income	23	25			48
Other	2	1			3
Total Inflows	25	26			51
Gross Loss & LAE Payments	70	2			72
Operating & Other Expenses	11	12			23
Tax Payments	(46)	11			(35)
Total Outflows	35	25			60
Operating Cash Flow	(10)	1			(9)
Investing Activities	(5)	190			185
Net Cash Flow	(15)	191			176
Ending Cash & Cash Equivalents(2)	**$ 100**	**$ 291**			**$ 291**
Other Liquid Assets(3)	243	444			444
Ending Liquidity Position	**$ 343**	**$ 735**			**$ 735**

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents(2)	**$ 115**	**$ 41**	**$ 30**	**$ 30**	**$ 115**
Premiums and Fees	2	2	-	-	4
Net Investment Income	23	27	21	26	97
Other	-	-	1	-	1
Total Inflows	25	29	22	26	102
Gross Loss & LAE Payments	26	3	220	3	252
Operating & Other Expenses	21	16	18	19	74
Tax Payments	-	28	-	2	30
Total Outflows	47	47	238	24	356
Operating Cash Flow	(22)	(18)	(216)	2	(254)
Financing Activities	-	-	-	(118)	(118)
Investing Activities	(52)	7	216	201	372
Net Cash Flow	(74)	(11)	-	85	-
Ending Cash & Cash Equivalents(2)	**$ 41**	**$ 30**	**$ 30**	**115**	**$ 115**
Other Liquid Assets(3)	255	659	396	113	113
Ending Liquidity Position	**$ 296**	**$ 689**	**$ 426**	**$ 228**	**$ 228**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Liquidity Position excludes 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, 2018			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
United States				
California	$ 13,666	21.2	$ 28,421	23.3
New York	4,893	7.6	7,153	5.9
New Jersey	4,577	7.1	7,100	5.8
Illinois	4,098	6.4	11,797	9.7
Puerto Rico	3,402	5.3	8,117	6.7
Texas	2,851	4.4	4,868	4.0
Florida	2,797	4.3	3,550	2.9
Georgia	2,089	3.2	2,760	2.2
Hawaii	1,970	3.0	4,415	3.6
Massachusetts	1,780	2.8	2,711	2.2
Subtotal	42,123	65.3	80,892	66.3
Other States & Territories	19,346	30.0	34,637	28.4
Nationally Diversified	3,004	4.7	6,497	5.3
Total	$ 64,473	100.0	$ 122,026	100.0

By Bond Type

	Outstanding as of June 30, 2018			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
Bond Type				
General Obligation(2)	$ 19,626	30.4	$ 37,951	31.1
Tax-Backed	12,180	18.9	25,552	20.9
Municipal Utilities	10,557	16.4	15,645	12.8
Military Housing	7,272	11.3	16,058	13.2
Transportation	5,502	8.5	13,056	10.7
General Obligation - lease	3,457	5.4	4,668	3.8
Investor Owned Utilities(3)	1,851	2.9	2,950	2.4
Higher Education	1,835	2.8	2,746	2.3
Health Care	1,399	2.2	2,074	1.7
Other(4)	572	0.9	985	0.8
Municipal Housing	222	0.3	341	0.3
Total	$ 64,473	100.0	$ 122,026	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) 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.
(3) Includes Investor-Owned Utilities, Industrial Development and Pollution Control Revenue Bonds.
(4) 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, 2018
(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	bbb1	$ 1,284	$ 2,166
2	Oregon School Boards Association General Obligation	OR	aa3	1,225	1,975
3	Puerto Rico Electric Power Authority	PR	d	1,151	1,607
4	Army Hawaii Family Housing	HI	aa2	1,113	2,305
5	New Jersey Transportation Trust Fund Authority	NJ	bbb1	1,101	1,555
6	Camp Pendleton Quantico Housing Privatization	CA	aa2	1,037	2,212
7	San Diego Family Housing Privatization Military	CA	aa1	968	2,118
8	Puerto Rico General Obligation	PR	d	835	1,101
9	Ohana Military Communities, LLC	HI	aa3	829	2,074
10	Great River Energy Public Power	MN	a3	739	1,118
11	Illinois Regional Transportation Authority	IL	aa3	728	1,064
12	City of Chicago Board of Education	IL	bbb3	721	1,969
13	Massachusetts General Obligation	MA	a1	708	908
14	Puerto Rico Sales Tax Financing Corporation	PR	d	684	4,170
15	Atlantic Marine Corps Communities LLC	NC	aa3	650	1,414
16	Chicago General Obligation	IL	bbb2	641	1,517
17	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2	616	4,450
18	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1	608	968
19	Great Lakes Water Authority - Sewer System	MI	bbb1	597	769
20	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	558	996
21	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2	552	844
22	Navy Mid-Atlantic Family Housing LLC	VA	aa2	545	1,146
23	JFK International Air Terminal Airport	NY	bbb3	486	606
24	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3	475	1,421
25	Arapahoe County E-470 Toll Road	CO	bbb1	475	2,142
26	New York State Power Authority	NY	aa2	466	816
27	Sacramento County Sanitation District Finance Authority Sewer	CA	a1	444	678
28	City of Houston Combined Utility System Revenue Bonds	TX	a2	406	417
29	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	406	3,199
30	Navy Southeast	FL	bbb3	404	1,011
31	Phoenix Civic Improvement Corp State Payments	AZ	aa3	372	740
32	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	371	611
33	Santa Clara County Pension Obligation	CA	aa3	358	743
34	Sacramento County Water Financing Authority Water	CA	a2	343	524
35	New Jersey Economic Development Authority Lease	NJ	bbb1	339	463
36	Fort Drum Family Housing	NY	aa3	334	764
37	Georgia Municipal Electric Authority	GA	a3	318	360
38	Pedernales Electric Cooperative	TX	a2	313	480
39	Atlanta City Water & Sewer	GA	a3	310	375
40	Oglethorpe Power Corporation	GA	a3	300	549
41	New York City General Obligation	NY	aa3	298	369
42	San Francisco International Airport	CA	a2	295	336
43	Cincinnati City School District General Obligation	OH	aa3	294	415
44	Central Puget Sound Regional Transit Auth Sales	WA	aa2	293	371
45	San Mateo County Community College District GO	CA	aa1	284	834
46	New York City IDA (Yankee Stadium)	NY	bbb2	283	527
47	Kentucky Municipal Power Agency	KY	bbb1	280	484
48	Pacific Beacon LLC	CA	a1	275	659
49	Philadelphia City Auth Industrial Dev GO	PA	bbb2	274	429
50	Sacramento County Pension Obligation	CA	a3	269	372
		Total		$ 27,655	$ 59,141
	Total Portfolio Exposure			**$** 64,473	**$** 122,026
	50 Largest Credits as % of Total Portfolio			42.9%	48.5%

(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, 2018
(dollars in millions)

Credit Quality Distribution[1]

	Gross Par Outstanding [2] Amount	%	Gross Debt Service Outstanding [2] Amount	%
Public Finance				
AAA	$ 3,771	5.9%	$ 6,390	5.2%
AA	24,065	37.3%	42,342	34.7%
A	20,696	32.1%	36,604	30.0%
BBB	10,143	15.7%	20,165	16.5%
<BBB	5,798	9.0%	16,525	13.6%
Total	$ 64,473	100.0%	$ 122,026	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	$ 1,151	$ 1,607
2	Puerto Rico General Obligation	835	1,101
3	City of Chicago Board of Education	721	1,970
4	Puerto Rico Sales Tax Financing Corporation	684	4,170
5	Illinois Metropolitan Pier & Exposition Authority	616	4,450
6	Puerto Rico Highway and Transportation Authority Transportation Revenue	558	996
7	Virgin Islands Public Finance Authority Gross Receipts	193	259
8	Atlantic Marine Corp Communities LLC (Class IV)	143	288
9	Frontier Communications Corporation	139	223
10	Atlantic City Casino Reinvestment Development Authority Parking Fee	119	145
	Total Top 10 BIG Outstanding	$ 5,159	$ 15,209
	Total BIG Outstanding	$ 5,797	$ 16,525
	Total National Outstanding	$ 64,473	$ 122,026
	Top 10 BIG as % of National	**8.0%**	**12.5%**
	Total BIG as % of National	**9.0%**	**13.5%**
	Total BIG as % of National by National ratings	**7.0%**	**8.4%**

(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.

MBIA Insurance Corporation and Subsidiaries

MBIA Insurance Corporation
Statutory Balance Sheets
(in millions)

	June 30,2018	December 31, 2017
Assets		
Bonds	$ 87	$ 86
Cash and short-term investments	127	166
Investment in MBIA Mexico	6	6
Total investments	220	258
Interest and dividends accrued	1	1
Other assets	4	3
Total other assets	5	4
Total assets	**$ 225**	**$ 262**
Liabilities		
Unearned premiums	$ 177	$ 195
Contingency reserve	214	227
Borrowed money	405	386
Loss and LAE reserve (1)	(855)	(792)
Other liabilities	9	9
Total liabilities	**(50)**	**25**
Policyholders' Surplus		
Common stock	15	15
Preferred stock	276	276
Surplus Notes	953	953
Paid in Capital	783	783
Unassigned surplus	(1,752)	(1,790)
Total policyholders' surplus	**275**	**237**
Total liabilities and policyholders' surplus	**$ 225**	**$ 262**

(1) As of June 30, 2018 and December 31, 2017, the rate used to discount reserves was 5.20%.

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

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Gross premiums written	$ 20	$ 18	$ 27	$ 27
Ceded premiums written	(5)	(5)	(6)	(6)
Net premiums written	15	13	21	21
Underwriting income				
Net premiums earned	23	16	33	30
Losses and LAE incurred	(13)	8	(13)	98
Underwriting expenses incurred	3	-	2	6
Net investment gain (loss)	33	7	44	(74)
Investment income				
Net investment income earned	(12)	(13)	(24)	(8)
Net realized capital gains (losses)	-	(1)	-	263
Net investment gain (loss)	(12)	(14)	(24)	255
Other income (expense)				
Non-operating income (expense)	16	32	6	23
Income (loss) before taxes	37	25	26	203
Income tax provision (benefit)	-	-	-	-
Net income (loss)	**$ 37**	**$ 25**	**$ 26**	**$ 203**

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

2018	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Cash & Cash Equivalents (2)	**$ 26**	**$ 77**			**$ 26**
Premiums and Fees	13	19			32
Salvage Received	24	20			44
Net Investment Income	-	1			1
Other (3)	-	6			6
Total Inflows	37	46			83
Gross Loss & LAE Payments (3)	37	39			76
Operating & Other Expenses	18	16			34
Total Outflows	55	55			110
Operating Cash Flow	(18)	(9)			(27)
Investing Activities	69	(12)			57
Net Cash Flow	51	(21)			30
Ending Cash & Cash Equivalents (2)	**$ 77**	**$ 56**			**$ 56**
Other Liquid Assets (5)	53	49			49
Ending Liquidity Position	**$ 130**	**$ 105**			**$ 105**

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents (2)	**$ 194**	**$ 41**	**$ 21**	**$ 21**	**$ 194**
Premiums and Fees	9	17	11	18	55
Salvage Received	48	20	13	82	163
Net Investment Income	-	-	1	-	1
Other (3)	-	40	-	-	40
Total Inflows	57	77	25	100	259
Gross Loss & LAE Payments (3) (4)	825	65	37	30	957
Operating & Other Expenses	12	9	12	15	48
Total Outflows	837	74	49	45	1,005
Operating Cash Flow	(780)	3	(24)	55	(746)
Financing Activities	710	-	-	-	710
Investing Activities	(83)	(23)	24	(50)	(132)
Net Cash Flow	(153)	(20)	-	5	(168)
Ending Cash & Cash Equivalents (2)	**$ 41**	**$ 21**	**$ 21**	**$ 26**	**$ 26**
Other Liquid Assets (5)	70	94	72	119	119
Ending Liquidity Position	**$ 111**	**$ 115**	**$ 93**	**$ 145**	**$ 145**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Liquidity Position excludes 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) May include assets with stated maturities greater than 12 months that are deemed to be liquid.

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 Future Premium Earnings (2)(3)	Estimated Cash Receivable (4)	Total	Net Cash Premiums Collected and Expected (5)(6)
2nd Qtr. 2018	13,901	19,262	177				16
3rd Qtr. 2018	13,561	18,758	171	6	3	9	5
4th Qtr. 2018	13,145	18,127	162	9	3	12	9
2019	11,595	15,867	148	14	27	41	27
2020	9,803	13,443	128	20	28	48	26
2021	8,121	11,235	113	15	21	36	21
2022	6,049	8,760	97	16	18	34	17
2023-2027	3,530	4,996	29	68	75	143	74
2028-2032	1,947	2,713	-	29	40	69	38
2033-2037	818	1,214	-	-	15	15	15
2038 and thereafter	-	-	-	-	13	13	11
Total				$ 177	$ 243	$ 420	$ 243

(1) Excludes $39 million and $52 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.
(5) Represents installment-based future undiscounted collections net of amounts to be ceded to reinsurers.
(6) Based on the Company's estimate of the remaining life for its insured exposures.

Claims-Paying Resources

	6/30/2018	12/31/2017
Balance Sheet		
Policyholders' Surplus	$ 275	$ 237
Contingency Reserve	214	227
Statutory Capital	489	464
Unearned Premiums	177	195
Present Value of Installment Premiums (1)	176	192
Premium Resources (2)	353	387
Net Loss and LAE Reserves (1)	(855)	(792)
Salvage Reserves	1,419	1,428
Gross Loss and LAE Reserves	564	636
Total Claims-Paying Resources	$ 1,406	$ 1,487
Net Debt Service Outstanding	$ 18,501	$ 20,151
Capital Ratio	38:1	43:1
Claims-Paying Resources Ratio	13:1	14:1

(1) Calculated using a discount rate of 5.20% as of June 30, 2018 and December 31, 2017.
(2) The amounts consist of financial guarantee insurance premiums and insured credit derivative revenue.

MBIA Insurance Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of June 30, 2018
(dollars in millions)

Statutory Accounting Basis (Net Admitted)

Investments		Book/ Adjusted Carry Value	% Book Yield		Market Value	% of Market Value
Bonds						
Long-Term Tax-Exempt(1)	$	20	5.09	$	24	23
Long-Term Taxable		67	5.10		72	71
Short-Term		6	1.92		6	6
Total Bonds		93	4.88	$	102	100
Cash and Cash Equivalents		121				
Total Fixed Income Including Cash and Cash Equivalents		214				
Common Stocks		6				
Total	$	220				

Fixed Income Portfolio Including Cash and Cash Equivalents			% of Book/ Adjusted Carry Value
Cash and Cash Equivalents	$	121	56
State and Municipal Bonds(1)		68	32
US Treasury		15	7
MBS		10	5
Total	$	214	100
Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	121	56
≤ 1 yr		6	3
> 1 to 5 yrs(1)		10	5
> 10 to 15 yrs		2	1
> 15 to 20 yrs		42	20
> 20 yrs		33	15
Total	$	214	100
Credit Quality Distribution of Long-Term Bonds Rating (2)			
Aaa	$	15	17
Aa		49	56
A		12	14
C(1)		11	13
	$	87	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 5.27 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 4.39 years

(1) Includes $645 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, 2018 (1)(2)(3) Gross	%
Public Finance: Non-United States		
Transportation	$ 3,234	23.3
Sovereign and Sub-Sovereign (4)	2,602	18.7
International Utilities	1,354	9.7
Other (5)	107	0.8
Total Non-United States Public Finance	$ 7,297	52.5
Structured Finance - Global		
Mortgage Backed Residential	$ 3,263	23.5
Corporate Asset Backed (6)	2,094	15.1
Consumer Asset Backed	576	4.1
Collateralized Debt Obligations (7)	387	2.8
Mortgage Backed Commercial	284	2.0
Total Global Structured Finance	6,604	47.5
Grand Total	$ 13,901	100.0

Par Value by Geography

	Outstanding as of June 30, 2018 (1)(2)(3) Gross	%
United States	$ 5,915	42.6
Chile	1,932	13.9
Australia	1,914	13.8
Canada	1,293	9.3
United Kingdom	897	6.4
Mexico	855	6.1
Spain	417	3.0
Other (8)	495	3.6
Internationally Diversified	183	1.3
Total Non-United States	7,986	57.4
Total	$ 13,901	100.0

(1) Excludes $1.4 billion guaranteed by MBIA Insurance Corporation for MZ Funding notes, investment agreements, and medium notes issued by various affiliated companies.
(2) Includes consolidated insured Variable Interest Entities (VIEs) and insured Credit Derivatives.
(3) Excludes $39 million of gross par where MBIA Corp.'s insured exposure has been fully offset by way of loss remediation transactions.
(4) Includes Regions, Departments or their equivalent in each jurisdiction as well as sovereign owned entities that are Sovereign State, Region or Department.
(5) Includes municipal-owned entities backed by the sponsoring local government and a tax-backed transaction.
(6) Includes $1.1 billion of structured insurance securitizations.
(7) 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.
(8) Includes France, Ireland, New Zealand, 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 100-103		164
3	Private Sovereign and Sub-Sovereign 52,55-57,67,87-90		136
4	MS CDO 29		134
5	Private Transaction 6		117
6	Countrywide Home Equity Series 2007-S1/Second Lien RMBS		114
7	Countrywide Home Equity Master Trust Series 2006-S10		113
8	GMACM 2006-HE4		112
9	Private Secondary-Domestic RMBS Transaction		109
10	Deutsche Bank Alt-A Securities Trust 2007-AR3		102
	Total Top 10 Below Investment Grade	$	1,676
	Total BIG Gross Par Outstanding	$	4,534
	Total MBIA Gross Par Outstanding	$	13,901
	Top 10 BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding		**12.1%**
	Total BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding		**32.6%**

(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

2018	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Paid Claims [1]	$ 5	$ 2			$ 7
Collections on Paid Claims [2]	(14)	(15)			(29)
Paid LAE (net of collections)	2	1			3
Net Payments	$ (7)	$ (12)			$ (19)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Paid Claims [1]	$ 9	$ 15	$ 13	$ 8	$ 45
Collections on Paid Claims [2]	(43)	(11)	(11)	(72)	(137)
Paid LAE (net of collections)	2	(3)	2	2	3
Net Payments	$ (32)	$ 1	$ 4	$ (62)	$ (89)

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

(1) For a subset of the MBIA Corp.-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 Corp.-insured transactions, claims reimbursements are paid to MBIA even as MBIA continues to pay claims on the transactions.

MBIA Inc. (Parent Company)

MBIA Inc.

(in millions)

Corporate Segment Balance Sheets (1)

	6/30/2018	12/31/2017
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $844 and $674) (2)	$ 871	$ 719
Investments carried at fair value (amortized cost $30 and $29)	32	30
Investments pledged as collateral, at fair value (amortized cost $45 and $156) (3)	41	153
Short-term investments held as available-for-sale, at fair value (amortized cost $57 and $327)	57	327
Other investments	16	17
Total investments	1,017	1,246
Cash and cash equivalents	12	10
Other assets	71	56
Total Assets	**1,100**	**1,312**
Liabilities:		
Investment agreements (4)	312	337
Global Funding LLC, Medium-term Notes	761	765
MBIA Inc. Senior Unsecured	840	840
Income taxes (5)	116	234
Derivative liabilities	152	193
Other liabilities	60	74
Total Liabilities	**2,241**	**2,443**
Total Equity	**$ (1,141)**	**$ (1,131)**

(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 $199 million and $237 million posted to derivative counterparties as of June 30, 2018 and December 31, 2017, respectively.

(3) Represents assets of the tax escrow under the Company's tax sharing agreement, excluding MBIA Inc. shares.

(4) Fair value of securities and cash pledged as collateral for investment agreements were $328 million and $353 million as of June 30, 2018 and December 31, 2017, respectively.

(5) Primarily represents tax payments made by National that could be reclaimed by National under the terms of the Company's tax sharing agreement.

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

2018		1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.		Year-to-date
Beginning Liquidity Position	$	**419**	$	**419**					$	**419**
Total Cash Inflows		24		17						41
Operating & Other Expenses		9		5						14
MTN P&I Payments		23		21						44
Debt P&I Payments		8		20						28
Contributions to Subsidiaries		-		5						5
Total Cash Outflows		40		51						91
Investment and Other Activity		16		4						20
Change in Liquidity Position		-		(30)						(30)
Ending Liquidity Position	$	**419**	$	**389**					$	**389**

2017		1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.		Full Year
Beginning Liquidity Position	$	**403**	$	**340**	$	**287**	$	**294**	$	**403**
Total Cash Inflows		101		2		2		124		229
Operating & Other Expenses		9		7		5		12		33
MTN P&I Payments		69		3		-		106		178
Debt P&I Payments		8		15		8		20		51
Share Repurchases		28		32		-		-		60
Contributions to Subsidiaries		9		11		(5)		(10)		5
Total Cash Outflows		123		68		8		128		327
Investment and Other Activity		(41)		13		13		129		114
Change in Liquidity Position		(63)		(53)		7		125		16
Ending Liquidity Position	$	**340**	$	**287**	$	**294**	$	**419**	$	**419**

(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.
(2) Liquidity Position may include assets with stated maturities greater than 12 months that are deemed to be liquid.
(3) Excludes tax escrow investments held under the tax sharing agreement.

Glossary

Adjusted Book Value (ABV): Adjusted Book Value ("ABV") per share is a non-GAAP measure. We consider ABV a measure of fundamental value of the Company and the change in ABV an important measure of financial performance. ABV adjusts GAAP book value to remove the legal entity book value of MBIA Corp., but includes all deferred taxes available to the Company. As of June 30, 2017, the Company established a full valuation allowance against its net deferred tax asset which reduced its book value per share. In addition, ABV adjusts for certain items which the Company believes will reverse from GAAP book value through GAAP earnings and other comprehensive income, as well as to add in the impact of certain items which the Company believes will be realized in GAAP book value in future periods. The Company has limited such adjustments to those items that it deems to be important to fundamental value and performance and for which the likelihood and amount can be reasonably estimated. We have 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 and value. ABV is not a substitute for and should not be viewed in isolation of GAAP book value, and our definition of ABV may differ from that used by other companies.

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

Adjusted Net Income (Loss): Adjusted Net Income (Loss) is a useful measurement of performance because it measures income from the Company excluding its international and structured finance insurance segment, which is not part of our ongoing business strategy. Also excluded from Adjusted Net Income (Loss) are 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. Adjusted Net Income (Loss) eliminates the tax provision as a result of establishing a full valuation allowance against the Company's net deferred tax asset in 2017. Trends in the underlying profitability of the Company's businesses can be more clearly identified without the fluctuating effects of the excluded items previously noted. Adjusted Net Income (Loss) as defined by the Company does not include all revenues and expenses required by GAAP. Adjusted Net Income (Loss) is not a substitute for and should not be viewed in isolation from GAAP net income.

Adjusted Net Income (Loss) per share (previously referred to as combined operating income (loss) per diluted common share) represents that amount of Adjusted Net Income (Loss) allocated to each fully diluted weighted-average common share outstanding for the measurement period.

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 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.

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.

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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