MBIA Inc.
Quarterly Operating Supplement
December 31, 2018

Fourth Quarter 2018

(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 10K. 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)

	December 31, 2018	December 31, 2017
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $3,601 and $3,728)	$ 3,565	$ 3,712
Investments carried at fair value	222	200
Investments pledged as collateral, at fair value (amortized cost $46 and $147)	43	148
Short-term investments, at fair value (amortized cost $241 and $589)	241	589
Other investments (includes investments at fair value of $- and $4)	1	6
Total investments	4,072	4,655
Cash and cash equivalents	222	122
Premiums receivable	296	369
Deferred acquisition costs	74	95
Insurance loss recoverable	1,564	511
Other assets	122	128
Assets of consolidated variable interest entities:		
Cash	58	24
Investments held-to-maturity, at amortized cost (fair value $925 and $916)	890	890
Investments carried at fair value	157	182
Loans receivable and other instruments at fair value	172	1,679
Loan repurchase commitments	418	407
Other assets	31	33
Total assets	**$ 8,076**	**$ 9,095**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 587	$ 752
Loss and loss adjustment expense reserves	934	979
Long-term debt	2,249	2,121
Medium-term notes (includes financial instruments carried at fair value of $102 and $115)	722	765
Investment agreements	311	337
Derivative liabilities	199	262
Other liabilities	198	165
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $480 and $1,069)	1,744	2,289
Total liabilities	**6,944**	**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	3,025	3,171
Retained earnings	966	1,095
Accumulated other comprehensive income (loss), net of tax of $8 and $16	(156)	(19)
Treasury stock, at cost--193,803,976 and 192,233,526 shares	(3,000)	(3,118)
Total shareholders' equity of MBIA Inc.	1,119	1,413
Preferred stock of subsidiary	13	12
Total equity	**1,132**	**1,425**
Total liabilities and equity	**$ 8,076**	**$ 9,095**

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

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Years Ended December 31, 2018	Years Ended December 31, 2017
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 18	$ 25	$ 114	$ 107
Refunding premiums earned	6	30	48	94
Premiums earned (net of ceded premiums of $1, $1, $5 and $6)	24	55	162	201
Net investment income	34	32	130	154
Fees and reimbursements	2	6	25	15
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(7)	(10)	(56)	(51)
Unrealized gains (losses) on insured derivatives	(5)	10	31	-
Net change in fair value of insured derivatives	(12)	-	(25)	(51)
Net gains (losses) on financial instruments at fair value and foreign exchange	(35)	31	(17)	(24)
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	(21)	-	(101)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	(2)	(1)	(5)	(5)
Net investment losses related to other-than-temporary impairments	(2)	(22)	(5)	(106)
Net gains (losses) on extinguishment of debt	-	19	3	28
Other net realized gains (losses)	-	(5)	-	31
Revenues of consolidated variable interest entities:				
Net investment income	10	7	35	27
Net gains (losses) on financial instruments at fair value and foreign exchange	(4)	128	25	130
Other net realized gains (losses)	(45)	-	(171)	28
Total revenues	(28)	251	162	433
Expenses:				
Losses and loss adjustment	(114)	214	63	683
Amortization of deferred acquisition costs	3	-	20	23
Operating	14	24	71	106
Interest	51	49	206	197
Expenses of consolidated variable interest entities:				
Operating	3	2	11	10
Interest	24	20	87	75
Total expenses	(19)	309	458	1,094
Income (loss) before income taxes	(9)	(58)	(296)	(661)
Provision (benefit) for income taxes	(2)	(21)	-	944
Net income (loss)	**$ (7)**	**$ (37)**	**$ (296)**	**$ (1,605)**
Net income (loss) per common share:				
Basic	$ (0.08)	$ (0.39)	$ (3.33)	$ (13.50)
Diluted	$ (0.08)	$ (0.39)	$ (3.33)	$ (13.50)
Weighted average number of common shares outstanding:				
Basic	88,829,193	96,040,601	89,013,711	118,930,282
Diluted	88,829,193	96,040,601	89,013,711	118,930,282

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

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Net income (loss)	$ (7)	$ (37)	$ (296)	$ (1,605)
Less: Adjusted Net Income (Loss) Adjustments				
Income (loss) before income taxes of Non-Core Operations (3)	(88)	83	(278)	(185)
Adjustments before income taxes (4):				
Mark-to-market gains (losses) on financial instruments (5)	(29)	35	16	64
Foreign exchange gains (losses) (5)	6	(6)	21	(63)
Net gains (losses) on sales of investments (5)	(1)	-	(13)	14
Net investment losses related to OTTI	(2)	(22)	(5)	(106)
Net gains (losses) on extinguishment of debt	-	19	3	28
Other net realized gains (losses)	-	-	(2)	(3)
Adjusted net income adjustment for income taxes (6)	1	21	-	(944)
Adjusted Net Income (loss)	$ 106	$ (167)	$ (38)	$ (410)
Adjusted Net Income (loss) per diluted common share	$ 1.20	$ (1.73)	$ (0.42)	$ (3.45)
Diluted Weighted Average Shares Outstanding	88.8	96.0	89.0	118.9

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

	2018 1st Qtr.	2018 2nd Qtr.	2018 3rd Qtr.	2018 4th Qtr.	2018 Full Year
Adjusted Net Income (loss)	$ (61)	$ (51)	$ (32)	$ 106	$ (38)

	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)

	12/31/2018	12/31/2017
Book Value Per Share	$ 12.46	$ 15.44
Book value per share adjustments:		
Remove negative book value of the MBIA Corp. (3)	10.93	8.84
Remove net unrealized (gains) losses on available-for-sale securities included in other comprehensive income (loss)	0.46	0.26
Add net unearned premium revenue in excess of expected losses (4) (5)	3.53	4.23
Total book value adjustments	14.92	13.33
Adjusted Book Value Per Share	**$ 27.38**	**$ 28.77**
Shares outstanding in millions	89.8	91.5

(1) A non-GAAP measure; please see glossary for an explanation of ABV.
(2) We modified our calculation of ABV in the second quarter of 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 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)

	1st Qtr		2nd Qtr.		3rd Qtr.		4th Qtr.		Full Year	
2018	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**
Common Stock Repurchases (1) (2)	$ 14.2	$ N/A	$ -	$ N/A	$ -	$ N/A	$ 33.8	$ N/A	$ 48.0	$ N/A
Debt(4)										
MBIA Inc. Senior Unsecured	-	-	0.1	-	0.1	-	0.2	-	0.4	-
MBIA GFL MTNs(5)	20.2	0	-	-	29.9	5.3	19.5	3.4	69.6	8.7
Investment Agreements	-	-	-	-	-	-	-	-	-	-
MBIA Inc. (Consolidated)	$ 34.4	$ 0	$ 0.1	$ -	$ 30.0	$ 5.3	$ 53.5	$ 3.4	$ 118.0	$ 8.7

	1st Qtr		2nd Qtr.		3rd Qtr.		4th Qtr.		Full Year	
2017	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**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.

National Public Finance Guarantee Corporation

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

	December 31, 2018	December 31, 2017
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $2,829 and $3,115)	$ 2,710	$ 3,061
Investments carried at fair value	197	175
Investments pledged as collateral, at fair value (amortized cost $131 and $129)	127	126
Short-term investments at fair value (amortized cost $26 and $142)	25	142
Other investments (includes investments at fair value of $- and $3)	1	5
Total investments	3,060	3,509
Cash and cash equivalents	152	54
Securities purchased under agreements to resell	123	124
Premiums receivable	159	167
Current income taxes	-	90
Deferred acquisition costs	108	127
Insurance loss recoverable	559	322
Receivable for investments sold	2	1
Deferred income taxes, net	-	2
Other assets	40	41
Total assets	**$ 4,203**	**$ 4,437**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 471	$ 564
Loss and loss adjustment expense reserves	542	503
Securities sold under agreements to repurchase	123	124
Payable for investments purchased	80	34
Derivative liabilities	2	2
Other liabilities	44	25
Total liabilities	**1,262**	**1,252**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,014	2,062
Retained earnings	1,023	1,145
Accumulated other comprehensive income (loss), net of tax of $12 and $20	(111)	(37)
Total equity	**2,941**	**3,185**
Total liabilities and equity	**$ 4,203**	**$ 4,437**

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

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Years Ended December 31, 2018	Years Ended December 31, 2017
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 13	$ 17	$ 53	$ 77
Refunding premiums earned	7	32	42	97
Premiums earned	20	49	95	174
Net investment income	28	26	111	113
Fees and reimbursements	-	-	2	2
Net gains (losses) on financial instruments at fair value and foreign exchange	(7)	1	(21)	21
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	(21)	-	(101)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	(2)	(1)	(5)	(5)
Net investment losses related to other-than-temporary impairments	(2)	(22)	(5)	(106)
Other net realized gains (losses)	-	(3)	-	(4)
Total revenues	39	51	182	200
Expenses:				
Losses and loss adjustment	(93)	189	91	499
Amortization of deferred acquisition costs	4	11	21	39
Operating	10	16	41	69
Total expenses	(79)	216	153	607
Income (loss) before income taxes	118	(165)	29	(407)
Provision (benefit) for income taxes	72	(66)	52	(152)
Net income (loss)	**$ 46**	**$ (99)**	**$ (23)**	**$ (255)**

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) Upfronts	Installments	Accretion	Total	Net Cash Premiums Collected and Expected (3)
4th Qtr. 2018	57,865	111,543	473					4
1st Qtr. 2019	57,077	109,817	461	10	2	1	13	2
2nd Qtr. 2019	56,235	108,117	449	10	2	1	13	3
3rd Qtr. 2019	54,367	105,043	438	9	2	1	12	4
4th Qtr. 2019	53,006	102,863	427	9	2	1	12	4
2020	48,683	94,843	385	33	9	4	46	12
2021	44,301	87,053	346	30	9	4	43	11
2022	40,682	80,324	310	27	9	4	40	11
2023	37,452	74,025	277	25	8	4	37	11
2024-2028	20,954	44,315	151	89	37	16	142	50
2029-2033	11,291	25,386	77	44	30	11	85	42
2034-2038	5,912	14,211	37	19	21	7	47	32
2039-2043	3,176	7,155	12	10	15	3	28	23
2044-2048	783	1,647	2	3	7	2	12	12
2049 and thereafter	-	-	-	1	1	-	2	1
Total				$319	$154	$59	$532	$218

(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

	12/31/2018	12/31/2017
Assets:		
Cash and Investments	$ 3,179	$ 3,502
Asset Swap Facility with MBIA Inc.	123	124
Other Assets	29	128
Total Assets	$ 3,331	$ 3,754
Liabilities:		
Unearned Premiums	496	585
Loss and LAE Reserves (1)	71	227
Contingency Reserve	522	594
Asset Swap Facility with MBIA Inc.	123	124
Other Liabilities	121	58
Total Liabilities	1,333	1,588
Total Policyholders' Surplus	1,998	2,166
Total Liabilities and Policyholders' Surplus	$ 3,331	$ 3,754

Claims-Paying Resources

	12/31/2018	12/31/2017
Policyholders' Surplus	$ 1,998	$ 2,166
Contingency Reserve	522	594
Statutory Capital	2,520	2,760
Unearned Premiums	496	585
Present Value of Installment Premiums (1)	150	164
Premium Resources (2)	646	749
Net Loss and LAE Reserves (1)	71	227
Salvage Reserve	607	387
Gross Loss and LAE Reserves	678	614
Total Claims-Paying Resources	$ 3,844	$ 4,123
Net Debt Service Outstanding	$ 108,032	$ 129,668
Capital Ratio	42:1	47:1
Claims-Paying Resources Ratio	29:1	33:1

(1) Calculated using a discount rate of 3.67% and 3.25% as of December 31, 2018 and 2017, respectively.
(2) Includes financial guarantee and insured credit derivative related premiums.

National Public Finance Guarantee Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of December 31, 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]	$	337	12	$	252	4.61
Long-Term Taxable		2,500	87		2,708	3.88
Short-Term		25	1		26	2.30
Total Fixed Maturity		2,862	100	$	2,986	3.93
Cash and Cash Equivalents		152				
Total Fixed Income Including Cash and Cash Equivalents		3,014				
Investments Carried at Fair Value[3]		197				
Other		1				
Total	$	3,212				

Fixed Income Portfolio Including Cash and Cash Equivalents			
Corporate Obligations	$	1,451	48
State and Municipal Bonds		531	18
US Treasury		377	13
MBS		279	9
ABS		221	7
Cash and Cash Equivalents		152	5
Foreign Governments		3	-
Total	$	3,014	100

Effective Maturity Profile			
Cash and Cash Equivalents	$	152	5
≤ 1 yr		526	18
> 1 to 5 yrs		619	21
> 5 to 10 yrs		510	17
> 10 to 15 yrs		132	4
> 15 to 20 yrs		314	10
> 20 yrs		761	25
Total	$	3,014	100

Credit Quality Distribution of Long-Term Bonds Rating [4]			
Aaa	$	851	30
Aa		338	12
A		493	17
Baa		738	26
BIG		273	10
NR		144	5
	$	2,837	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 14.23 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.65 years

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of $123 million; total market value of encumbered assets total $127 million.
(2) Market value includes $182 million of Puerto Rico Sales Tax Finance Corporation bonds (insured by National), $87 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). Subsequent to December 31, 2018, as part of the Plan of Adjustment, National tendered and commuted $182 million market value of National insured COFINA bonds it owned for new uninsured COFINA bonds.
(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 MBIA wrapped investments 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.	Full Year
Beginning Cash & Cash Equivalents(2)	**$ 115**	**$ 100**	**$ 291**	**$ 55**	**$ 115**
Total Inflows(3)	25	26	17	27	95
Gross Loss & LAE Payments	70	2	210	3	285
Tax Payments (Refunds)	(46)	11	6	17	(12)
Other Payments	11	12	18	1	42
Total Outflows	35	25	234	21	315
Operating Cash Flow	(10)	1	(217)	6	(220)
Financing Activities	-	-	-	(108)	(108)
Investing Activities	(5)	190	(19)	134	300
Net Cash Flow	(15)	191	(236)	32	(28)
Ending Cash & Cash Equivalents(2)	**$ 100**	**$ 291**	**$ 55**	**$ 87**	**$ 87**
Other Liquid Assets(4)	243	444	553	401	401
Ending Liquidity Position	**$ 343**	**$ 735**	**$ 608**	**$ 488**	**$ 488**

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents(2)	**$ 115**	**$ 41**	**$ 30**	**$ 30**	**$ 115**
Total Inflows(3)	25	29	22	26	102
Gross Loss & LAE Payments	26	3	220	3	252
Tax Payments	-	28	-	2	30
Other Payments	21	16	18	19	74
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(4)	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 and cash equivalents of alternative investment strategies.

(3) Includes investment income, salvage, premium receipts and other.

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

National Public Finance Guarantee Corporation
Insured Portfolio Profile
(dollars in millions)

By Geography

	Outstanding as of December 31, 2018			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
United States				
California	$ 12,166	21.0	$ 25,853	23.2
New Jersey	4,454	7.7	6,826	6.1
New York	3,979	6.9	5,817	5.2
Illinois	3,698	6.4	11,098	9.9
Puerto Rico(2)	3,269	5.6	7,902	7.1
Texas	2,494	4.3	4,321	3.9
Florida	2,465	4.3	3,108	2.8
Georgia	2,021	3.5	2,648	2.4
Hawaii	1,934	3.3	4,324	3.9
Oregon	1,720	3.0	3,245	2.9
Subtotal	38,200	66.0	75,142	67.4
Other States & Territories	16,681	28.8	30,031	26.9
Nationally Diversified	2,984	5.2	6,370	5.7
Total	$ 57,865	100.0	$ 111,543	100.0

By Bond Type

	Outstanding as of December 31, 2018			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
Bond Type				
General Obligation(3)	$ 17,306	29.9	$ 34,219	30.7
Tax-Backed(2)	11,172	19.3	23,958	21.4
Municipal Utilities	9,500	16.4	14,149	12.7
Military Housing	7,221	12.5	15,801	14.2
Transportation	4,766	8.3	11,945	10.7
General Obligation - lease	2,944	5.1	3,996	3.6
Higher Education	1,695	2.9	2,521	2.2
Investor Owned Utilities(4)	1,343	2.3	2,015	1.8
Health Care	1,165	2.0	1,735	1.6
Other(5)	554	1.0	924	0.8
Municipal Housing	199	0.3	280	0.3
Total	$ 57,865	100.0	$ 111,543	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) As a result of the confirmation order for the COFINA Plan of Adjustment on February 4, 2019, National's total Puerto Rico gross par outstanding and debt service outstanding declined by approximately $211 million and $1.3 billion, respectively.
(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.

National Public Finance Guarantee Corporation
Insured Portfolio - 50 Largest Credits
By Gross Par Outstanding as of December 31, 2018
(dollars in millions)

	Obligor Name	State	Internal Rating(1)		Gross Par Outstanding(2)		Gross Par Plus CABs Accreted Interest		Gross Debt Service Outstanding(2)
1	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	bbb1	$	1,284	$	1,284	$	2,118
2	Oregon School Boards Association General Obligation	OR	aa3		1,225		1,477		1,945
3	Army Hawaii Family Housing	HI	aa2		1,107		1,107		2,270
4	New Jersey Transportation Trust Fund Authority	NJ	bbb1		1,101		1,187		1,528
5	Puerto Rico Electric Power Authority	PR	d		1,089		1,089		1,516
6	Camp Pendleton Quantico Housing Privatization	CA	aa2		1,031		1,031		2,176
7	San Diego Family Housing Privatization Military	CA	aa1		963		963		2,084
8	Ohana Military Communities, LLC	HI	aa3		821		900		2,043
9	Puerto Rico General Obligation	PR	d		779		787		1,011
10	Illinois Regional Transportation Authority	IL	aa3		691		691		1,005
11	Puerto Rico Sales Tax Financing Corporation	PR	d		684		1,204		4,170
12	Great River Energy Public Power	MN	a3		684		684		1,039
13	Atlantic Marine Corps Communities LLC	NC	aa3		647		647		1,392
14	City of Chicago Board of Education	IL	bbb3		635		1,296		1,840
15	Massachusetts General Obligation	MA	a1		617		617		797
16	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2		611		1,500		4,425
17	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1		598		598		937
18	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2		552		552		828
19	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d		549		549		973
20	Navy Mid-Atlantic Family Housing LLC	VA	aa2		542		542		1,129
21	Chicago General Obligation	IL	bbb2		528		818		1,327
22	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3		448		726		1,382
23	Arapahoe County E-470 Toll Road	CO	bbb1		438		1,165		2,053
24	JFK International Air Terminal Airport	NY	bbb3		436		436		542
25	New York State Power Authority	NY	aa2		427		427		765
26	Sacramento County Sanitation District Finance Authority Sewer	CA	a1		413		413		618
27	Navy Southeast	FL	bbb3		403		403		997
28	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3		398		1,042		3,076
29	Phoenix Civic Improvement Corp State Payments	AZ	aa3		370		370		727
30	Santa Clara County Pension Obligation	CA	aa3		352		412		724
31	Sacramento County Water Financing Authority Water	CA	a2		343		343		517
32	New Jersey Economic Development Authority Lease	NJ	bbb1		336		336		451
33	Fort Drum Family Housing	NY	a1		332		332		752
34	City of Houston Combined Utility System Revenue Bonds	TX	a2		330		330		331
35	Georgia Municipal Electric Authority	GA	a3		316		317		353
36	Pedernales Electric Cooperative	TX	a2		300		300		458
37	Oglethorpe Power Corporation	GA	a3		300		300		541
38	Great Lakes Water Authority - Sewer System	MI	bbb1		296		305		385
39	Central Puget Sound Regional Transit Auth Sales	WA	aa2		293		293		364
40	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1		293		293		472
41	New York City IDA (Yankee Stadium)	NY	bbb2		283		283		521
42	Cincinnati City School District General Obligation	OH	aa3		280		280		393
43	Atlanta City Water & Sewer	GA	a3		278		278		336
44	Kentucky Municipal Power Agency	KY	bbb1		278		278		476
45	San Mateo County Community College District GO	CA	aa1		276		502		820
46	Philadelphia City Auth Industrial Dev GO	PA	bbb2		274		274		422
47	Pacific Beacon LLC	CA	a1		272		295		650
48	Fort Dix/McGuire AFB Military Housing	NJ	aa2		260		260		576
49	Sacramento County Pension Obligation	CA	a3		246		246		332
50	Tierra Vista Communities LLC	CO	a1		246		246		610
		Total		$	26,255	$	31,008		57,197
	Total Portfolio Exposure			**$**	57,865	**$**	70,818		111,543
	50 Largest Credits as % of Total Portfolio				45.4%		43.8%		51.3%

(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 through to the current reporting period is included in gross par plus CABs accredited interest; interest accretion on CABs after the issuance of our insurance policy through to the final expected maturity of the exposure is included in debt service.

National Public Finance Guarantee Corporation
as of December 31, 2018
(dollars in millions)

Credit Quality Distribution[1]

	Gross Par Outstanding [2] Amount	%	Gross Debt Service Outstanding [2] Amount	%
Public Finance				
AAA	$ 3,108	5.4%	$ 5,598	5.0%
AA	22,162	38.3%	39,181	35.1%
A	18,495	32.0%	34,042	30.5%
BBB	9,166	15.8%	21,051	18.9%
<BBB	4,934	8.5%	11,671	10.5%
Total	$ 57,865	100.0%	$ 111,543	100.0%

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

	Obligor Name	Gross Par Outstanding [2]	Gross Par Plus CABs Accreted Interest	Gross Debt Service Outstanding [2]
1	Puerto Rico Electric Power Authority	$ 1,089	$ 1,089	$ 1,516
2	Puerto Rico General Obligation	779	787	1,011
3	Puerto Rico Sales Tax Financing Corporation[3]	684	1,204	4,170
4	City of Chicago Board of Education	635	1,296	1,840
5	Puerto Rico Highway and Transportation Authority Transportation Revenue	549	549	973
6	Virgin Islands Public Finance Authority Gross Receipts	190	190	251
7	Atlantic Marine Corp Communities LLC (Class IV)	142	142	283
8	Frontier Communications Corporation	139	139	219
9	Atlantic City Casino Reinvestment Development Authority Parking Fee	119	119	141
10	Capital Projects Finance Authority Florida Universities Student Housing 2000F-1	99	99	140
	Total Top 10 BIG Outstanding	$ 4,425	$ 5,614	$ 10,544
	Total BIG Outstanding	$ 4,934	$ 6,308	$ 11,671
	Total National Outstanding	$ 57,865	$ 70,818	$ 111,543
	Top 10 BIG as % of National	**7.6%**	**7.9%**	**9.5%**
	Total BIG as % of National	**8.5%**	**8.9%**	**10.5%**
	Total BIG as % of National by National ratings	**7.2%**	**6.9%**	**8.7%**

(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.

(3) As a result of the confirmation order for the COFINA Plan of Adjustment on February 4, 2019, COFINA's total gross par outstanding, gross par plus CABs accreted interest and gross debt service outstanding declined by approximately $211 million, $365 million and $1.3 billion, respectively.

MBIA Insurance Corporation and Subsidiaries

MBIA Insurance Corporation
Statutory Balance Sheets
(in millions)

	December 31, 2018	December 31, 2017
Assets		
Bonds	$ 86	$ 86
Cash and short-term investments	141	166
Investment in MBIA Mexico	6	6
Total investments	233	258
Interest and dividends accrued	1	1
Other assets	2	3
Total other assets	3	4
Total assets	**$ 236**	**$ 262**
Liabilities		
Unearned premiums	$ 109	$ 195
Contingency reserve	199	227
Borrowed money	429	386
Loss and LAE reserve (1)	(865)	(792)
Other liabilities	8	9
Total liabilities	**(120)**	**25**
Policyholders' Surplus		
Common stock	15	15
Preferred stock	3	276
Surplus Notes	953	953
Paid in Capital	1,056	783
Unassigned surplus	(1,671)	(1,790)
Total policyholders' surplus	**356**	**237**
Total liabilities and policyholders' surplus	**$ 236**	**$ 262**

(1) As of December 31, 2018 and 2017, the rate used to discount reserves was 5.17 % and 5.20%, respectively.

MBIA Insurance Corporation
Statutory Statements of Income
(in millions)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Years Ended December 31, 2018	Years Ended December 31, 2017
Gross premiums written	$ 15	$ 17	$ 70	$ 54
Ceded premiums written	(5)	(5)	(15)	(13)
Net premiums written	10	12	55	41
Underwriting income				
Net premiums earned	12	22	131	64
Losses and LAE incurred	(10)	24	(36)	186
Underwriting expenses incurred	1	2	(11)	12
Net underwriting income (loss)	21	(4)	178	(134)
Investment income				
Net investment income earned	(13)	(13)	(51)	(41)
Net realized capital gains (losses)	-	-	-	270
Net investment gain (loss)	(13)	(13)	(51)	229
Other income (expense)				
Non-operating income (expense)	4	(5)	7	11
Income (loss) before taxes	12	(22)	134	106
Income tax provision (benefit)	-	-	-	-
Net income (loss)	**$ 12**	**$ (22)**	**$ 134**	**$ 106**

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

2018	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Beginning Cash & Cash Equivalents [2]	**$ 26**	**$ 77**	**$ 56**	**$ 22**	**$ 26**
Premiums and Fees	13	19	52	14	98
Salvage Received	24	20	25	51	120
Net Investment Income	-	-	-	4	4
Other [3]	-	7	1	-	8
Total Inflows	37	46	78	69	230
Gross Loss & LAE Payments [3]	37	39	18	20	114
Other Payments [4]	18	16	9	62	105
Total Outflows	55	55	27	82	219
Operating Cash Flow	(18)	(9)	51	(13)	11
Investing Activities	69	(12)	(85)	15	(13)
Net Cash Flow	51	(21)	(34)	2	(2)
Ending Cash & Cash Equivalents [2]	**$ 77**	**$ 56**	**$ 22**	**$ 24**	**$ 24**
Other Liquid Assets [6]	53	49	135	121	121
Ending Liquidity Position	**$ 130**	**$ 105**	**$ 157**	**$ 145**	**$ 145**

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
Other [3]	-	40	1	-	40
Total Inflows	57	77	25	100	259
Gross Loss & LAE Payments [3] [5]	825	65	37	30	957
Other Payments	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 [6]	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 $38 million prepayment applied to MZ Funding Senior Notes, approved by NYSDFS in November of 2018.
(5) Includes $771 million Zohar II Note maturity.
(6) 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)
4th Qtr. 2018	11,896	16,526	109				9
1st Qtr. 2019	11,553	16,034	104	5	3	8	4
2nd Qtr. 2019	11,168	15,457	97	7	2	9	9
3rd Qtr. 2019	10,991	15,139	96	1	7	8	4
4th Qtr. 2019	10,463	14,440	91	5	5	10	8
2020	8,803	12,199	73	18	27	45	25
2021	7,213	10,123	60	13	21	34	20
2022	5,277	7,821	46	14	17	31	16
2023	4,754	7,015	38	8	14	22	14
2024-2028	2,869	4,116	4	34	48	82	45
2029-2033	1,745	2,413	1	3	24	27	23
2034-2038	646	1,001	-	1	13	14	13
2039 and thereafter	-	-	-	-	9	9	9
Total				$ 109	$ 190	$ 299	$ 190

(1) Excludes $38 million and $48 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

	12/31/2018	12/31/2017
Policyholders' Surplus	$ 356	$ 237
Contingency Reserve	199	227
Statutory Capital	555	464
Unearned Premiums	109	195
Present Value of Installment Premiums (1)	139	192
Premium Resources (2)	248	387
Net Loss and LAE Reserves (1)	(865)	(792)
Salvage Reserves	1,402	1,428
Gross Loss and LAE Reserves	537	636
Total Claims-Paying Resources	$ 1,340	$ 1,487
Net Debt Service Outstanding	$ 15,832	$ 20,151
Capital Ratio	29:1	43:1
Claims-Paying Resources Ratio	12:1	14:1

(1) Calculated using a discount rate of 5.17% and 5.2% as of December 31, 2018 and 2017, respectively.
(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 December 31, 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	26
Long-Term Taxable		66	5.03		70	74
Total Bonds		86	5.05	$	94	100
Cash and Cash Equivalents		141				
Total Fixed Income Including Cash and Cash Equivalents		227				
Common Stocks		6				
Total	$	233				

Fixed Income Portfolio Including Cash and Cash Equivalents			**% of Book/ Adjusted Carry Value**
Cash and Cash Equivalents	$	141	62
State and Municipal Bonds[(1)]		68	30
MBS		9	4
US Treasury		9	4
Total	$	227	100
Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	141	62
≤ 1 yr		6	2
> 1 to 5 yrs[(1)]		4	2
> 10 to 15 yrs		11	5
> 15 to 20 yrs		34	15
> 20 yrs		31	14
Total	$	227	100
Credit Quality Distribution of Long-Term Bonds Rating [(2)]			
Aaa	$	15	17
Aa		49	57
A		13	15
BIG[(1)]		9	11
	$	86	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 6.05 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 4.03 years

(1) Includes $581 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 December 31, 2018 (1)(2)(3)	
	Gross	%
Public Finance: Non-United States		
Sovereign and Sub-Sovereign (4)	$ 2,537	21.3
Transportation	2,501	21.0
International Utilities	1,191	10.0
Other (5)	103	0.9
Total Non-United States Public Finance	$ 6,332	53.2
Structured Finance - Global		
Mortgage Backed Residential	$ 2,539	21.3
Corporate Asset Backed (6)	1,969	16.6
Consumer Asset Backed	432	3.6
Collateralized Debt Obligations (7)	364	3.1
Mortgage Backed Commercial	260	2.2
Total Global Structured Finance	5,564	46.8
Grand Total	$ 11,896	100.0

Par Value by Geography

	Outstanding as of December 31, 2018 (1)(2)(3)	
	Gross	%
United States	$ 4,899	41.2
Australia	1,827	15.4
Canada	1,293	10.9
Chile	1,257	10.5
United Kingdom	857	7.2
Mexico	845	7.1
Spain	272	2.3
Other (8)	464	3.9
Internationally Diversified	182	1.5
Total Non-United States	6,997	58.8
Total	$ 11,896	100.0

(1) Excludes $1.4 billion guaranteed by MBIA Insurance Corporation for MZ Funding notes, investment agreements, and medium-term notes issued by various affiliated companies.
(2) Includes consolidated insured Variable Interest Entities (VIEs) and insured Credit Derivatives.
(3) Excludes $38 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 $1.0 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		139
3	Private Sovereign and Sub-Sovereign 52,55-57,67,87-90		133
4	MS CDO 29		131
5	Private Secondary-Domestic RMBS Transaction		109
6	Hipotecaria Su Casita 2007-2		101
7	Countrywide Home Equity Master Trust Series 2006-S10		99
8	Countrywide Home Equity Series 2007-S1/Second Lien RMBS		99
9	Private Sovereign and Sub-Sovereign Transportation Credit		94
10	Deutsche Bank Alt-A Securities Trust 2007-AR3		84
	Total Top 10 Below Investment Grade	$	1,564
	Total BIG Gross Par Outstanding	$	3,702
	Total MBIA Gross Par Outstanding	$	11,896
	Top 10 BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding		**13.1%**
	Total BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding		**31.1%**

(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.**		**Full Year**
Paid Claims (1)	$	5	$	2	$	1		1	$	9
Collections on Paid Claims (2)		(14)		(15)		(19)		(42)		(90)
Paid LAE (net of collections)		2		1		2		3		8
Net Payments	$	(7)	$	(12)	$	(16)		(38)	$	(73)

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][2]

	12/31/2018	12/31/2017
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $881 and $674)	$ 905	$ 719
Investments carried at fair value (amortized cost $29 and $29)	29	30
Investments pledged as collateral, at fair value (amortized cost $50 and $156) [3]	48	153
Short-term investments held as available-for-sale, at fair value (amortized cost $95 and $327)	95	327
Other investments	16	17
Total investments	1,093	1,246
Cash and cash equivalents	40	10
Other assets	59	56
Total Assets	**1,192**	**1,312**
Liabilities:		
Investment agreements [4]	311	337
Global Funding LLC, Medium-term Notes	722	765
MBIA Inc. Senior Unsecured	881	840
Income taxes [5]	140	234
Derivative liabilities	157	193
Other liabilities	64	74
Total Liabilities	**2,275**	**2,443**
Total Equity	**$ (1,083)**	**$ (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 $205 million and $237 million posted to derivative counterparties as of December 31, 2018 and 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 $314 million and $353 million as of December 31, 2018 and 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.	Full Year
Beginning Liquidity Position	**$ 419**	**$ 419**	**$ 389**	**$ 365**	**$ 419**
Total Cash Inflows	24	17	7	115	163
MTN P&I Payments	23	21	30	20	94
Debt P&I Payments	8	20	8	21	57
Contributions to Subsidiaries	-	5	5	10	20
Other Payments	9	5	7	8	29
Total Cash Outflows	40	51	50	59	200
Investment and Other Activity	16	4	19	36	75
Change in Liquidity Position	-	(30)	(24)	92	38
Ending Liquidity Position	**$ 419**	**$ 389**	**$ 365**	**$ 457**	**$ 457**

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
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
Other Payments	9	7	5	12	33
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 Appreciation Bonds: Long-term bonds which pay no current interest, but accrete or compound in value from the date of issuance to the date of maturity.

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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