MBIA Inc. and Subsidiaries
Quarterly Operating Supplement
June 30, 2021

Second Quarter 2021

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 National 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;
- the impact on our insured portfolios or business operations caused by the global spread of the novel coronavirus COVID-19;
- deterioration in the economic environment and financial markets in the United States or abroad, real estate market performance, credit spreads, interest rates and foreign currency levels; and
- the effects of changes to governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules.

The above factors provide a summary of and are qualified in their entirety by the risk factors discussed under "Risk Factors" in Part II, Other Information, Item 1A included in the Quarterly Report on Form 10-Q. 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, 2021	December 31, 2020
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $2,016 and $2,078)	$ 2,154	$ 2,257
Investments carried at fair value	223	196
Investments pledged as collateral, at fair value (amortized cost $2 and $6)	2	1
Short-term investments, at fair value (amortized cost $418 and $281)	418	282
Total investments	2,797	2,736
Cash and cash equivalents	342	158
Premiums receivable (net of allowance for credit losses $5 and $5)	206	216
Deferred acquisition costs	46	50
Insurance loss recoverable	1,561	1,677
Other assets	82	84
Assets of consolidated variable interest entities:		
Cash	5	9
Investments carried at fair value	63	77
Loans receivable at fair value	129	120
Loan repurchase commitments	-	604
Other assets	21	20
Total assets	**$ 5,252**	**$ 5,751**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 372	$ 405
Loss and loss adjustment expense reserves	954	990
Long-term debt	2,283	2,229
Medium-term notes (includes financial instruments carried at fair value of $105 and $110)	638	710
Investment agreements	269	269
Derivative liabilities	140	215
Other liabilities	169	161
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $321 and $350)	450	623
Total liabilities	**5,275**	**5,602**
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--283,186,115 and 283,186,115	283	283
Additional paid-in capital	2,934	2,962
Retained earnings (deficit)	(180)	(13)
Accumulated other comprehensive income (loss), net of tax of $8 and $8	103	115
Treasury stock, at cost--228,780,540 and 229,508,967 shares	(3,176)	(3,211)
Total shareholders' equity of MBIA Inc.	(36)	136
Preferred stock of subsidiary	13	13
Total equity	**(23)**	**149**
Total liabilities and equity	**$ 5,252**	**$ 5,751**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 12	$ 15	$ 27	$ 31
Refunding premiums earned	2	4	7	8
Premiums earned (net of ceded premiums of $1, $1, $2 and $2)	14	19	34	39
Net investment income	14	20	29	43
Fees and reimbursements	1	-	1	-
Net gains (losses) on financial instruments at fair value and foreign exchange	(20)	24	31	(39)
Net gains (losses) on extinguishment of debt	14	-	14	-
Revenues of consolidated variable interest entities:				
Net investment income	-	5	-	13
Net gains (losses) on financial instruments at fair value and foreign exchange	-	23	(14)	38
Other net realized gains (losses)	(5)	23	(5)	14
Total revenues	18	114	90	108
Expenses:				
Losses and loss adjustment	9	136	107	379
Amortization of deferred acquisition costs	3	3	5	5
Operating	21	22	47	40
Interest	41	45	82	92
Expenses of consolidated variable interest entities:				
Operating	1	1	3	3
Interest	4	13	13	28
Total expenses	79	220	257	547
Income (loss) before income taxes	(61)	(106)	(167)	(439)
Provision (benefit) for income taxes	-	-	-	-
Net income (loss)	**$ (61)**	**$ (106)**	**$ (167)**	**$ (439)**
Net income (loss) per common share:				
Basic	$ (1.23)	$ (1.69)	$ (3.38)	$ (6.51)
Diluted	$ (1.23)	$ (1.69)	$ (3.38)	$ (6.51)
Weighted average number of common shares outstanding:				
Basic	49,488,368	62,605,656	49,373,883	67,347,335
Diluted	49,488,368	62,605,656	49,373,883	67,347,335

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, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net income (loss)	$ (61)	$ (106)	$ (167)	$ (439)
Less: Adjusted Net Income (Loss) Adjustments				
Income (loss) before income taxes of our international and structured finance insurance segment and eliminations	(99)	(59)	(143)	(279)
Adjustments before income taxes (3):				
Mark-to-market gains (losses) on financial instruments (4)	(9)	17	29	(60)
Foreign exchange gains (losses) (4)	(4)	(8)	13	-
Net gains (losses) on sales of investments (4)	-	16	(1)	19
Net gains (losses) on extinguishment of debt	14	-	14	-
Adjusted net income adjustment for income taxes	-	-	-	-
Adjusted Net Income (loss)	$ 37	$ (72)	$ (79)	$ (119)
Adjusted Net Income (loss) per diluted common share	$ 0.76	$ (1.15)	$ (1.60)	$ (1.77)
Diluted Weighted Average Shares Outstanding	49.5	62.6	49.4	67.3

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

	2021 1st Qtr.	2021 2nd Qtr.	2021 3rd Qtr.	2021 4th Qtr.	2021 Year-to-Date
Adjusted Net Income (loss)	$ (116)	37			$ (79)

	2020 1st Qtr.	2020 2nd Qtr.	2020 3rd Qtr.	2020 4th Qtr.	2020 Full Year
Adjusted Net Income (loss)	$ (47)	$ (72)	$ (18)	$ (36)	$ (173)

(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) Adjustments exclude the International and Structured Finance Insurance segment and eliminations and include certain mark-to-market gains/losses on financial instruments in the U.S. Public Finance Insurance and Corporate segments.
(4) Gross amounts are reported within "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statements of operations.

MBIA Inc.

Book Value Adjustments Per Share [1]

	6/30/2021	12/31/2020
Book Value Per Share	$ (0.66)	$ 2.55
Management's book value per share adjustments:		
Remove negative book value of MBIA Corp. [2]	(33.51)	(31.97)
Remove net unrealized gains (losses) on available-for-sale securities included in other comprehensive income (loss)	2.01	2.86
Include net unearned premium revenue in excess of expected losses [3] [4]	3.87	4.29
Shares outstanding in millions	54.4	53.7

(1) Please see glossary for an explanation of book value adjustments.
(2) The book value of MBIA Corp. does not provide significant economic or shareholder value to MBIA Inc.
(3) The discount rate on financial guarantee installment premiums was the risk-free rate as defined by GAAP for financial guarantee insurance contracts.
(4) The amounts consist of financial guarantee premiums 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.		Year-to-Date	
2021	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**
Common Stock Repurchases [1] [2]	$ -	$ N/A	$ -	$ N/A					$ -	$ N/A
Debt[3]										
MBIA Inc. Senior Unsecured	-	-	-	-					-	-
MBIA GFL MTN's[4]	-	-	49.1	14.2					49.1	14.2
MBIA Inc. (Consolidated)	$ -	$ -	$ 49.1	$ 14.2					$ 49.1	$ 14.2

	1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.		Full Year	
2020	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**
Common Stock Repurchases [1] [2]	$ 64.6	$ N/A	$ 71.5	$ N/A	$ 62.0	$ N/A	$ -	$ N/A	$ 198.1	$ N/A
Debt[3]										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-	114.7	-	114.7	-
MBIA Inc. (Consolidated)	$ 64.6	$ -	$ 71.5	$ -	$ 62.0	$ -	$ 114.7	$ -	$ 312.8	$ -

(1) Presented on a trade date basis.
(2) Purchased by National.
(3) Presented on a cash settlement basis.
(4) MBIA Global Funding LLC.

National Public Finance Guarantee Corporation

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

	June 30, 2021	December 31, 2020
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $1,405 and $1,574)	$ 1,465	$ 1,623
Investments carried at fair value	170	158
Investments pledged as collateral, at fair value (amortized cost $101 and $101)	103	103
Short-term investments at fair value (amortized cost $22 and $103)	22	103
Total investments	1,760	1,987
Cash and cash equivalents	295	106
Securities purchased under agreements to resell	101	101
Premiums receivable	134	136
Current income taxes	-	10
Deferred acquisition costs	76	81
Insurance loss recoverable	1,180	1,176
Other assets	47	48
Total assets	**$ 3,593**	**$ 3,645**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 302	$ 328
Loss and loss adjustment expense reserves	482	468
Securities sold under agreements to repurchase	101	101
Payable for investments purchased	9	7
Other liabilities	36	37
Total liabilities	**930**	**941**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	1,665	1,675
Retained earnings	908	952
Accumulated other comprehensive income (loss), net of tax of $12 and $12	75	62
Total equity	**2,663**	**2,704**
Total liabilities and equity	**$ 3,593**	**$ 3,645**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 9	$ 11	$ 19	$ 22
Refunding premiums earned	2	4	9	8
Premiums earned	11	15	28	30
Net investment income	14	19	28	40
Fees and reimbursements	2	-	2	1
Net gains (losses) on financial instruments at fair value and foreign exchange	3	25	-	7
Total revenues	30	59	58	78
Expenses:				
Losses and loss adjustment	(42)	72	67	120
Amortization of deferred acquisition costs	3	4	7	7
Operating	12	10	26	23
Total expenses	(27)	86	100	150
Income (loss) before income taxes	57	(27)	(42)	(72)
Provision (benefit) for income taxes	1	(23)	2	(79)
Net income (loss)	**$ 56**	**$ (4)**	**$ (44)**	**$ 7**

National Public Finance Guarantee Corporation

(in millions)

GAAP Amortization of Gross Par, Gross Debt Service, Gross Unearned Premium and Net Cash Premiums Collected and Expected as of June 30, 2021

	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. 2021	39,535	77,388	302					2
3rd Qtr. 2021	38,047	74,854	294	6	2	1	9	3
4th Qtr. 2021	36,914	73,045	286	6	2	1	9	4
2022	33,783	67,133	256	22	8	4	34	10
2023	30,981	61,574	229	20	7	4	31	10
2024	28,340	56,312	203	18	8	3	29	10
2025	25,741	51,155	179	16	8	3	27	10
2026-2030	13,380	28,113	96	52	31	13	96	43
2031-2035	7,092	14,745	48	23	25	9	57	36
2036-2040	4,066	7,158	22	8	18	5	31	28
2041-2045	2,016	3,506	7	4	11	2	17	18
2046-2050	246	786	1	2	4	-	6	7
2051 and thereafter	-	-	-	1	-	-	1	-
Total				$178	$124	$45	$347	$179

(1) Excludes insured derivative premiums of $1 million.
(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

	6/30/2021	12/31/2020
Assets:		
Cash and Investments	$ 1,986	$ 2,021
Asset Swap Facility with MBIA Inc.	101	101
Other Assets	12	23
Total Assets	$ 2,099	$ 2,145
Liabilities:		
Unearned Premiums	$ 338	$ 355
Loss and LAE Reserves (1)	(322)	(301)
Contingency Reserve	428	445
Asset Swap Facility with MBIA Inc.	101	101
Other Liabilities	20	19
Total Liabilities	565	619
Total Policyholders' Surplus	1,534	1,526
Total Liabilities and Policyholders' Surplus	$ 2,099	$ 2,145

Claims-Paying Resources

	6/30/2021	12/31/2020
Policyholders' Surplus	$ 1,534	$ 1,526
Contingency Reserve	428	445
Statutory Capital	1,962	1,971
Unearned Premiums	338	355
Present Value of Installment Premiums (1)	128	129
Premium Resources (2)	466	484
Net Loss and LAE Reserves (1)	(322)	(301)
Salvage Reserves on Paid Claims (1)	1,000	961
Gross Loss and LAE Reserves	678	660
Total Claims-Paying Resources	$ 3,106	$ 3,115
Net Debt Service Outstanding	$ 75,092	$ 79,074
Gross Par Outstanding	$ 39,535	$ 41,856
Capital Ratio	38:1	40:1
Claims-Paying Resources Ratio	24:1	25:1
Leverage Ratio	20:1	21:1

(1) Calculated using a discount rate of 3.49% as of June 30, 2021 and December 31, 2020.
(2) The amounts consist of financial guarantee insurance premiums and insured credit derivative revenue.

National Public Finance Guarantee Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of June 30, 2021
(in millions)

GAAP Accounting Basis

Investments[1]		Market Value	% of Market Value		Amortized Cost	% Book Yield
Fixed-Maturity Securities:						
Long-Term Tax-Exempt	$	2	-	$	2	6.23
Long-Term Taxable		1,566	99		1,504	3.61
Short-Term		12	1		12	0.57
Total Fixed Maturity		1,580	100	$	1,518	3.59
Cash and Cash Equivalents		295				
Total Fixed Income Including Cash and Cash Equivalents		1,875				
Investments Carried at Fair Value		180				
Total	$	2,055				

Fixed Income Portfolio Including Cash and Cash Equivalents

Corporate Obligations	$	922	49
Cash and Cash Equivalents		295	16
MBS		250	13
ABS		178	10
US Treasury		165	9
State and Municipal Bonds		59	3
Foreign Governments		6	-
Total	$	1,875	100

Effective Maturity Profile

Cash and Cash Equivalents	$	295	16
≤ 1 yr		175	9
> 1 to 5 yrs		344	18
> 5 to 10 yrs		301	16
> 10 to 15 yrs		370	20
> 15 to 20 yrs		79	4
> 20 yrs		311	17
Total	$	1,875	100

Credit Quality Distribution of Long-Term Bonds Rating [2]

Aaa	$	527	34
Aa		125	8
A		237	15
Baa		297	19
BIG		372	23
NR		10	1
	$	1,568	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 13.08 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.33 years

(1) Includes Asset Swap between National and MBIA Inc. with a notional amount of $101 million and a market value of $103 million of encumbered assets.
(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.

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

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Cash (2)	**$ 82**	**$ 10**			**$ 82**
Total Inflows(3)	12	19			31
Gross Loss & LAE Payments	53	7			60
Tax Payments	-	2			2
Other Payments	17	8			25
Total Outflows	70	17			87
Operating Cash Flow	(58)	2			(56)
Investing Activities	(14)	267			253
Net Cash Flow	(72)	269			197
Ending Cash (2)	**$ 10**	**$ 279**			**$ 279**
Other Liquid Assets(4)	288	117			117
Ending Liquidity Position	**$ 298**	**$ 396**			**$ 396**

2020	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash (2)	**$ 30**	**$ 71**	**$ 372**	**$ 30**	**$ 30**
Total Inflows(3)	20	31	40	18	109
Gross Loss & LAE Payments	68	33	338	4	443
Other Payments	15	8	10	9	42
Total Outflows	83	41	348	13	485
Operating Cash Flow	(63)	(10)	(308)	5	(376)
Financing Activities	-	-	-	(81)	(81)
Investing Activities	104	311	(34)	128	509
Net Cash Flow	41	301	(342)	52	52
Ending Cash (2)	**$ 71**	**$ 372**	**$ 30**	**$ 82**	**$ 82**
Other Liquid Assets(4)	328	186	317	277	277
Ending Liquidity Position	**$ 399**	**$ 558**	**$ 347**	**$ 359**	**$ 359**

(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; will not agree with National's Consolidated GAAP financial results which includes cash 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
(in millions)

By Geography

	Outstanding as of June 30, 2021					
	Par Outstanding (1)			Debt Service Outstanding (1)		
		Gross Amount	%		Gross Amount	%
United States						
California	$	8,438	21.3	$	19,112	24.7
New Jersey		3,462	8.8		5,099	6.6
Illinois		2,431	6.1		8,653	11.2
Puerto Rico		2,044	5.2		2,871	3.7
Texas		1,852	4.7		3,265	4.2
Hawaii		1,847	4.7		3,986	5.2
New York		1,790	4.5		2,634	3.4
Georgia		1,573	4.0		2,005	2.6
Florida		1,355	3.4		1,611	2.1
Oregon		1,344	3.4		2,353	3.0
Subtotal		26,136	66.1		51,589	66.7
Other States & Territories		10,563	26.7		20,034	25.9
Nationally Diversified		2,836	7.2		5,765	7.4
Total	$	39,535	100.0	$	77,388	100.0

By Bond Type

	Outstanding as of June 30, 2021					
	Par Outstanding (1)			Debt Service Outstanding (1)		
		Gross Amount	%		Gross Amount	%
Bond Type						
General Obligation(2)	$	11,593	29.3	$	23,925	30.9
Tax-Backed		7,586	19.2		15,167	19.6
Military Housing		6,952	17.6		14,534	18.8
Municipal Utilities		6,550	16.5		9,396	12.1
Transportation		2,931	7.4		8,938	11.6
General Obligation - lease		1,525	3.9		2,027	2.6
Higher Education		1,005	2.5		1,429	1.9
Health Care		801	2.0		1,153	1.5
Investor Owned Utilities(3)		500	1.3		700	0.9
Other(4)		92	0.3		119	0.1
Total	$	39,535	100.0	$	77,388	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 stadium related financings, municipal housing and certain non-profit enterprises.

National Public Finance Guarantee Corporation
Insured Portfolio - 50 Largest Credits
By Gross Par Outstanding as of June 30, 2021[1]

(in millions)

	Obligor Name	State	Internal Rating[2]	Gross Par Outstanding	Gross Par Plus CABs Accreted Interest	Gross Debt Service Outstanding
1	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	bbb2	$ 1,284	$ 1,284	$ 1,880
2	Army Hawaii Family Housing	HI	aa2	1,075	1,075	2,099
3	Oregon School Boards Association General Obligation	OR	aa3	1,071	1,173	1,446
4	Camp Pendleton Quantico Housing Privatization	CA	aa2	996	996	1,994
5	San Diego Family Housing Privitization Military	CA	aa1	931	931	1,911
6	Puerto Rico Electric Power Authority	PR	d	903	903	1,202
7	New Jersey Transportation Trust Fund Authority	NJ	bbb2	788	898	1,095
8	Ohana Military Communities, LLC	HI	aa3	771	875	1,887
9	Atlantic Marine Corps Communities LLC	VA	NA[3]	627	627	1,284
10	Great River Energy Public Power	MN	a3	580	580	835
11	Illinois Regional Transportation Authority	IL	a2	571	571	789
12	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	549	549	903
13	Illinois Metropolitan Pier & Exposition Authority	IL	bbb3	549	1,540	4,161
14	LCOR Alexandria L.L.C. Federal Lease	NC	bbb1	534	534	776
15	Navy Mid-Atlantic Family Housing LLC	VA	aa2	525	525	1,041
16	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	bbb2	480	480	684
17	Puerto Rico General Obligation	PR	d	459	459	587
18	City of Chicago Board of Education	IL	bbb3	457	1,135	1,519
19	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3	410	728	1,268
20	Navy Southeast	FL	bbb3	394	394	926
21	Phoenix Civic Improvement Corp State Payments	AZ	bbb1	364	364	671
22	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	363	1,087	2,845
23	Santa Clara County Pension Obligation	CA	aa3	341	406	658
24	New Jersey Economic Development Authority Lease	NJ	bbb2	336	336	405
25	Fort Drum Family Housing	NY	a2	323	323	700
26	Arapahoe County E-470 Toll Road	CO	a3	320	994	1,581
27	City of Houston Combined Utility System Revenue Bonds	TX	a2	306	306	306
28	Oglethorpe Power Corporation	GA	a3	300	300	499
29	Kentucky Municipal Power Agency	KY	bbb1	269	269	434
30	Pacific Beacon LLC	CA	a1	257	286	601
31	San Mateo County Community College District GO	CA	aa1	257	523	781
32	Fort Dix/McGuire AFB Military Housing	NJ	aa2	253	253	533
33	Cincinnati City School District General Obligation	OH	aa3	248	248	326
34	Philadelphia City Auth Industrial Dev GO	PA	bbb1	243	243	353
35	Tierra Vista Communities LLC	CO	a1	241	241	568
36	Sacramento County Water Financing Authority Water	CA	a2	229	229	350
37	Great Lakes Water Authority - Sewer System	MI	bbb1	227	232	280
38	New York State Power Authority	NY	aa2	226	226	412
39	Central Puget Sound Regional Transit Auth Sales	WA	aa2	224	224	265
40	Fresno County Pension Obligation	CA	aa3	216	441	634
41	Georgia Municipal Electric Authority	GA	a2	211	211	227
42	Atlanta City Water & Sewer	GA	a2	210	210	236
43	Fort Hood Family Housing	TX	a1	210	210	334
44	San Joaquin Hills Transportation Corridor Agency Toll Road	CA	bbb2	198	742	1,213
45	Pacific Northwest Communities, LLC	WA	aa3	197	197	392
46	Massachusetts General Obligation	MA	a1	196	196	269
47	City of Bridgeport (CT) General Obligation	CT	bbb2	195	195	276
48	Detroit City Water System	MI	bbb1	185	185	215
49	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	183	183	275
50	Sacramento County Pension Obligation	CA	a3	179	179	207
				$ 21,461	$ 26,296	$ 45,133
	Total Portfolio Exposure			**$** 39,535	**$** 51,085	**$** 77,388
	50 Largest Credits as % of Total Portfolio			54.3%	51.5%	58.3%

(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 through to the current reporting period is included in gross par plus CABs accreted 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.

(2) 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.).

(3) Credit Rating Not Applicable. Credit consists of four classes of bonds which are independently rated as follows: Class I rated a1; Class II rated a3; Class III rated a3; and Class IV rated bb1.

National Public Finance Guarantee Corporation
as of June 30, 2021
(in millions)

Credit Quality Distribution[1][2]

	Gross Par Outstanding		Gross Debt Service Outstanding	
	Amount	**%**	**Amount**	**%**
Public Finance				
AAA	$ 2,028	5.1%	$ 4,003	5.2%
AA	16,167	40.9%	28,556	36.9%
A	11,060	28.0%	22,073	28.5%
BBB	6,753	17.1%	14,173	18.3%
<BBB	3,527	8.9%	8,583	11.1%
Total	$ 39,535	100.0%	$ 77,388	100.0%

Top 10 Below Investment Grade (BIG) Credits by Gross Par Outstanding [1][2]

	Obligor Name	Gross Par Outstanding	Gross Par Plus CABs Accreted Interest	Gross Debt Service Outstanding
1	Puerto Rico Electric Power Authority	$ 903	$ 903	$ 1,202
2	Puerto Rico Highway and Transportation Authority Transportation Revenue	549	549	903
3	Puerto Rico General Obligation	459	459	587
4	City of Chicago Board of Education	457	1,135	1,519
5	Toll Road Investors Partnership II L.P. Dulles Greenway Project	363	1,087	2,845
6	Virgin Islands Public Finance Authority Gross Receipts	170	170	209
7	Atlantic Marine Corps Communities LLC (Class IV)	137	137	259
8	Frontier Communications OPCO	115	115	164
9	Harris County-Houston Sports Authority	77	233	488
10	University of Puerto Rico System Revenue	73	73	96
	Total Top 10 BIG Outstanding	**$ 3,303**	**$ 4,861**	**$ 8,272**
	Total BIG Outstanding	$ 3,527	$ 5,118	$ 8,583
	Total National Outstanding	$ 39,535	$ 51,085	$ 77,388
	Top 10 BIG as % of National	**8.4%**	**9.5%**	**10.7%**
	Total BIG as % of National	**8.9%**	**10.0%**	**11.1%**
	Total BIG as % of National by National ratings	**6.6%**	**5.4%**	**5.3%**

(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.

(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 accreted 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.

MBIA Insurance Corporation and Subsidiary

MBIA Insurance Corporation
Statutory Balance Sheets
(in millions)

	June 30, 2021	December 31, 2020
Assets		
Bonds	$ 183	$ 84
Cash, cash equivalents and short-term investments	398	127
Investment in MBIA Mexico	10	7
Total investments	591	218
Other assets	4	3
Total assets	**$ 595**	**$ 221**
Liabilities		
Unearned premiums	$ 72	$ 79
Contingency reserve	42	167
Borrowed money	198	339
Loss and LAE reserve (1)	151	(478)
Other liabilities	14	8
Total liabilities	**477**	**115**
Policyholders' Surplus		
Common stock	15	15
Preferred stock	3	3
Surplus notes	953	953
Gross paid in and contributed surplus	1,056	1,056
Unassigned surplus (deficit)	(1,909)	(1,921)
Total policyholders' surplus	**118**	**106**
Total liabilities and policyholders' surplus	**$ 595**	**$ 221**

(1) Calculated using a discount rate of 5.10% as of June 30, 2021 and December 31, 2020.

MBIA Insurance Corporation
Statutory Statements of Income
(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Gross premiums written	$ 10	$ 11	$ 14	$ 15
Ceded premiums written	(4)	(3)	(5)	(4)
Net premiums written	6	8	9	11
Underwriting income				
Net premiums earned	9	10	16	16
Losses and LAE incurred	33	16	60	121
Underwriting expenses incurred	4	5	9	11
Net underwriting income (loss)	(28)	(11)	(53)	(116)
Investment income				
Net investment income earned	(4)	(9)	(13)	(16)
Net realized capital gains (losses)	-	1	-	-
Net investment gain (loss)	(4)	(8)	(13)	(16)
Other income (expense)	(6)	(4)	(6)	19
Income (loss) before income taxes	(38)	(23)	(72)	(113)
Provision (benefit) for income taxes	-	-	-	-
Net income (loss)	**$ (38)**	**$ (23)**	**$ (72)**	**$ (113)**

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

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Cash	**$ 13**	**$ 55**			**$ 13**
Premiums and Fees	4	9			13
Salvage Received (2)	616	75			691
Net Investment Income	1	1			2
Other (3)	-	1			1
Total Inflows	621	86			707
Gross Loss & LAE Payments (3)	54	66			120
Other Payments	14	17			31
Total Outflows	68	83			151
Operating Cash Flow	553	3			556
Loan Payments (4)	(150)	-			(150)
Investing Activities	(361)	(45)			(406)
Net Cash Flow	42	(42)			-
Ending Cash	**$ 55**	**$ 13**			**$ 13**
Other Liquid Assets (5)	448	448			448
Ending Liquidity Position	**$ 503**	**$ 461**			**$ 461**

2020	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash	**$ 17**	**$ 28**	**$ 13**	**$ 12**	**$ 17**
Premiums and Fees	4	11	6	11	32
Salvage Received	10	11	12	16	49
Net Investment Income	-	1	-	-	1
Other (3)	-	-	32	2	34
Total Inflows	14	23	50	29	116
Gross Loss & LAE Payments (3)	9	8	9	11	37
Other Payments	13	13	40	18	84
Total Outflows	22	21	49	29	121
Operating Cash Flow	(8)	2	1	-	(5)
Investing Activities	19	(17)	(2)	1	1
Net Cash Flow	11	(15)	(1)	1	(4)
Ending Cash	**$ 28**	**$ 13**	**$ 12**	**$ 13**	**$ 13**
Other Liquid Assets (5)	92	110	117	117	117
Ending Liquidity Position	**$ 120**	**$ 123**	**$ 129**	**$ 130**	**$ 130**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Liquidity Position excludes assets of branch and subsidiary, which are not readily available to MBIA Insurance Corporation.
(2) Includes $600 million Credit Suisse recoverable received in February.
(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) Optional prepayment made on MZ Funding senior notes.
(5) May include assets with stated maturities greater than 12 months that are deemed to be liquid.

MBIA Insurance Corporation
(in millions)

Statutory Amortization of Gross Par, Gross Debt Service and Net Unearned Premium and Future Premiums as of June 30, 2021 (1)

	Ending Gross Par Outstanding (2)	Ending Gross Debt Service Outstanding (2)	Net Unearned Premiums (3)	Expected Future Premium Earnings (3)	Expected Future Earnings on Premiums Not Yet Received (4)	Total	Net Cash Premiums Collected and Expected (5)
2nd Qtr. 2021	6,328	8,208	72				6
3rd Qtr. 2021	6,258	8,054	69	3	1	4	2
4th Qtr. 2021	5,871	7,566	61	8	2	10	5
2022	4,055	5,450	47	14	16	30	16
2023	3,577	4,756	39	8	11	19	10
2024	3,111	4,105	29	10	9	19	9
2025	2,656	3,494	20	9	8	17	7
2026-2030	1,334	1,675	2	18	21	39	19
2031-2035	819	911	1	1	9	10	9
2036-2040	68	91	-	1	2	3	2
Total				$ 72	$ 79	$ 151	$ 79

(1) Actual future premium earnings will differ from the current projection due to changes in prepayment speeds, settlements and terminations. In the third quarter of 2021, $441 million and $519 million of gross par and gross debt service, respectively, were eliminated as a result of the termination of an international public finance insurance policy (for which the amounts have not been adjusted). As a result of this policy termination, in the reporting for the third quarter of 2021, the Company will earn $17 million of unearned premiums collected in prior periods and $7 million of premiums collected subsequent to June 30, 2021.
(2) Excludes $34 million and $43 million of gross par and gross debt service, respectively, where MBIA Corp. insured exposure has been fully offset by way of loss remediation transactions.
(3) Statutory accounting basis.
(4) 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 which is based on the Company's estimate of the remaining life for its insured exposures.

Claims-Paying Resources

	6/30/2021	12/31/2020
Policyholders' Surplus	$ 118	$ 106
Contingency Reserve	42	167
Statutory Capital	160	273
Unearned Premiums	72	79
Present Value of Installment Premiums (1)	64	73
Premium Resources (2)	136	152
Net Loss and LAE Reserves (1)	151	(478)
Salvage Reserves on Paid Claims (1)	339	1,045
Gross Loss and LAE Reserves	490	567
Total Claims-Paying Resources	$ 786	$ 992
Net Debt Service Outstanding	$ 7,707	$ 9,327
Capital Ratio	48:1	34:1
Claims-Paying Resources Ratio	10:1	9:1

(1) Calculated using a discount rate of 5.10% as of June 30, 2021 and December 31, 2020.
(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, 2021
(in millions)

Statutory Accounting Basis

Investments		Book/ Adjusted Carry Value	% Book Yield		Market Value	% of Market Value
Bonds						
Long-Term Tax-Exempt	$	22	4.68	$	31	9
Long-Term Taxable		161	3.14		175	48
Short-Term		157	0.06		157	43
Total Bonds		340	1.82	$	363	100
Cash and Cash Equivalents		241				
Total Fixed Income Including Cash and Cash Equivalents		581				
Common Stocks		10				
Total	$	591				

Fixed Income Portfolio Including Cash and Cash Equivalents			% of Book/ Adjusted Carry Value
Cash and Cash Equivalents	$	241	42
US Treasury		101	17
ABS		77	13
State and Municipal		69	12
Corporate Obligations		65	11
MBS		28	5
Total	$	581	100

Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	241	42
≤ 1 yr		224	39
> 1 to 5 yrs		8	1
> 5 to 10 yrs		10	2
> 10 to 15 yrs		18	3
> 15 to 20 yrs		60	10
> 20 yrs		20	3
Total	$	581	100

Credit Quality Distribution of Long-Term Bonds Rating (1)			
Aaa	$	18	10
Aa		115	63
A		7	4
Baa		10	5
BIG		28	15
NR		5	3
	$	183	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 4.56 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 2.67 years

(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 Moody's Priority Method; where Moody's underlying rating is used, when available, S&P's underlying rating is used if the Moody's underlying rating is not available and an internal underlying rating is used for MBIA wrapped investments if neither Moody's nor S&P's underlying ratings are available.

MBIA Insurance Corporation and Subsidiary
Insured Portfolio Profile
(in millions)

Par Value by Bond Type

	Outstanding as of June 30, 2021 (1)(2)(3)(7) Gross	%
Public Finance: Non-United States		
Sovereign and Sub-Sovereign (4)	$ 1,818	28.7
Transportation	1,726	27.3
International Utilities	486	7.7
Other (5)	94	1.5
Total Non-United States Public Finance	$ 4,124	65.2
Structured Finance - Global		
Mortgage Backed Residential	$ 1,092	17.3
Corporate Asset Backed	453	7.1
Collateralized Debt Obligations	234	3.7
Consumer Asset Backed	217	3.4
Mortgage Backed Commercial	208	3.3
Total Global Structured Finance	2,204	34.8
Grand Total	$ 6,328	100.0

Par Value by Geography

	Outstanding as of June 30, 2021 (1)(2)(3)(7) Gross	%
United States	$ 1,586	25.1
Australia	1,199	18.9
Chile	928	14.7
Canada	789	12.4
Mexico	765	12.1
United Kingdom	580	9.2
Spain	122	1.9
Other (6)	188	3.0
Internationally Diversified	171	2.7
Total Non-United States	4,742	74.9
Total	$ 6,328	100.0

(1) Excludes $1.1 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 $34 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 supported by a Sovereign State, Region or Department.
(5) Includes municipal-owned entities backed by the sponsoring local government and a tax-backed transaction.
(6) Includes France and Ireland.
(7) In the third quarter of 2021, $441 million of gross par was eliminated as a result of the termination of an international public finance insurance policy (for which the amounts have not been adjusted).

MBIA Insurance Corporation and Subsidiary
Top 10 Below Investment Grade (BIG) Credits (1)
(in millions)

	Obligor Name		Gross Par Outstanding as of June 30, 2021
1	MS CDO 29	$	125
2	Private Sovereign and Sub-Sovereign 55, 56, 67, 88, 89, 90		122
3	Private Secondary-Domestic RMBS Transaction		102
4	Hipotecaria Su Casita 2007-2		98
5	MS CDO 27		69
6	RMBS Secondary		61
7	GMAC Financiera Grupo Financiero HSBS 2007-1		57
8	RMBS Secondary Domestic 26		52
9	Deutsche Bank Alt-A Securities Trust 2007-AR3		49
10	Hipotecaria Su Casita 2007-1		49
	Total Top 10 Below Investment Grade	$	784
	Total BIG Gross Par Outstanding	$	1,427
	Total MBIA Corp. Gross Par Outstanding	$	6,328
	Top 10 BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**12.4%**
	Total BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**22.6%**

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

MBIA Inc. (Parent Company)

MBIA Inc.
(in millions)

Corporate Segment Balance Sheets [1]

	6/30/2021	12/31/2020
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $653 and $692) [2]	$ 727	$ 791
Investments carried at fair value	45	40
Investments pledged as collateral, at fair value (amortized cost $1 and $11) [3]	1	6
Short-term investments at fair value (amortized cost $5 and $38)	5	38
Other investments	16	16
Total investments	795	891
Cash and cash equivalents	24	29
Other assets	33	34
Total Assets	**852**	**954**
Liabilities:		
Investment agreements [4]	269	269
Global Funding LLC, Medium-term Notes	638	710
MBIA Inc. Senior Unsecured	619	619
Income taxes	3	15
Derivative liabilities	139	164
Other liabilities	65	67
Total Liabilities	**1,733**	**1,844**
Total Equity	**$ (881)**	**$ (890)**

(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 $166 million and $214 million posted to derivative counterparties as of June 30, 2021 and December 31, 2020, respectively.
(3) Represents assets of the tax escrow under the Company's tax sharing agreement, excluding MBIA Inc. common shares.
(4) Fair value of securities pledged as collateral for investment agreements were $279 million and $282 million as of June 30, 2021 and December 31, 2020, respectively.

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

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Liquidity Position	**$ 294**	**$ 298**			**$ 294**
Total Cash Inflows	5	5			10
MTN P&I Payments	1	3			4
Debt P&I Payments	4	16			20
Debt Buybacks	-	49			49
Other Payments	6	1			7
Total Cash Outflows	11	69			80
Investment and Other Activity	10	4			14
Change in Liquidity Position	4	(60)			(56)
Ending Liquidity Position	**$ 298**	**$ 238**			**$ 238**

2020	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Liquidity Position	**$ 375**	**$ 314**	**$ 325**	**$ 335**	**$ 375**
Total Cash Inflows	7	25	4	85	121
MTN P&I Payments	1	3	-	1	5
Debt P&I Payments	5	18	6	133	162
Contributions to Subsidiaries	67	(21)	(10)	(5)	31
Other Payments	9	3	3	3	18
Total Cash Outflows	82	3	(1)	132	216
Investment and Other Activity	14	(11)	5	6	14
Change in Liquidity Position	(61)	11	10	(41)	(81)
Ending Liquidity Position	**$ 314**	**$ 325**	**$ 335**	**$ 294**	**$ 294**

(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 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, comprising the results of MBIA Corp. which given its capital structure and business prospects, we do not expect its financial performance to have a material economic impact on MBIA Inc. 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. The Company applies a zero effective tax rate for federal income tax purposes to its pre-tax adjustments, if applicable. 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 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 Value Adjustments: Management adjusts GAAP book value to remove the book value of MBIA Corp. and for certain items which the Company believes will reverse from GAAP book value through GAAP earnings and comprehensive income, as well as 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 when measuring financial performance and for which the likelihood and amount can be reasonably estimated. The following provides a description of management's adjustments to GAAP book value:

- *Negative Book value of MBIA Corp.* – We remove the negative book value of MBIA Corp. based on our view that given MBIA Corp.'s current financial condition, the regulatory regime in which it operates, the priority given to its policyholders, surplus note holders and preferred stock holders with respect to the distribution of assets, and its legal structure, it is not and will not likely be in a position to upstream any economic benefit to MBIA Inc. Further, MBIA Inc. does not face any material financial liability arising from MBIA Corp.

- *Net unrealized (gains) losses on available-for-sale ("AFS") securities excluding MBIA Corp.* – We remove net unrealized gains and losses on AFS securities recorded in accumulated other comprehensive income since they will reverse from GAAP book value when such securities mature. Gains and losses from sales and impairments of AFS securities are recorded in book value through earnings.

- *Net unearned premium revenue in excess of expected losses of National* - We include net unearned premium revenue in excess of expected losses. Net unearned premium revenue in excess of expected losses consists of the financial guarantee unearned premium revenue of National in excess of expected insurance losses, net of reinsurance and deferred acquisition costs. In accordance with GAAP, a loss reserve on a financial guarantee policy is only recorded when expected losses exceed the amount of unearned premium revenue recorded for that policy. As a result, we only add to GAAP book value the amount of unearned premium revenue in excess of expected losses for each policy in order to reflect the full amount of our expected losses. The Company's net unearned premium revenue will be recognized in GAAP book value in future periods, however, actual amounts could differ from estimated amounts due to such factors as credit defaults and policy terminations, among others.

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.

Leverage Ratio: Gross par outstanding divided by statutory capital (policyholders' surplus plus contingency reserve).

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.

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