



NEWS RELEASE

MBIA Inc. Reports 39 Percent Decrease in Nine Months Net Income Per Share; Operating Income Per Share Down 2 Percent for the Quarter

10/25/2007

ARMONK, N.Y.--(BUSINESS WIRE)--

MBIA Inc. (NYSE: MBI), the holding company for MBIA Insurance Corporation, today reported that net income per share for the first nine months of 2007 was \$2.84, compared with \$4.67 during the same period of 2006. In the first nine months of 2007, net income was \$373.8 million, down 41 percent compared with \$638.3 million in the same period last year.

The decline was due to a pre-tax net loss of \$352.4 million, or \$1.80 per share, that the Company recorded in the third quarter on financial instruments at fair value ("marked-to-market") and foreign exchange. The loss was a consequence of wider spreads affecting the valuation of the Company's structured credit derivatives portfolio. Compared with the previous quarter, spreads widened significantly on Commercial Mortgage-Backed Securities (CMBS) collateral and on other asset-backed collateral in the Company's structured credit derivatives portfolio. The Company believes that the "mark-to-market" loss does not reflect material credit impairment.

Operating income per share, a non-GAAP measure (which is defined in the attached Explanation of Non-GAAP Financial Measures), for the first nine months of 2007 was \$4.57 compared with \$4.50 in 2006. After-tax operating income for the first nine months of 2007 was down 2 percent to \$600.7 million from \$614.5 million in the same period of 2006. Excluding accelerated income from refunded issues, operating income per share was \$4.09, up 4

percent in the first nine months of the year from \$3.94 in the same period of 2006.

For the third quarter of 2007, net loss per share was \$0.29 compared with net income per share of \$1.59 in the third quarter of 2006. Net loss for the third quarter of 2007 was \$36.6 million compared with net income of \$217.9 million in the same period last year.

Operating income per share was \$1.52 for the third quarter of 2007, compared with \$1.55 for the third quarter of 2006. After-tax operating income for the third quarter of 2007 was down 9 percent to \$192.6 million from \$212.4 million in the third quarter of 2006. Excluding accelerated income from refunded issues, operating income per share in the third quarter increased to \$1.43 from the prior year's third quarter at \$1.37.

Diluted earnings per share information

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Net income (loss)	(\$0.29)	\$ 1.59	\$ 2.84	\$ 4.67
Income from discontinued operations	0.00	0.01	0.00	0.03
Net income (loss) from continuing operations	(0.29)	1.58	2.84	4.64
Net realized gains	0.00	0.03	0.13	0.10
Net gains (losses) on financial instruments at fair value and foreign exchange	(1.80)	0.00	(1.86)	0.05
Operating income	\$ 1.52	\$ 1.55	\$ 4.57	\$ 4.50

(Numbers may not add due to rounding)

Gary Dunton, MBIA Chairman and Chief Executive Officer, said, "Spreads widened significantly across the market in the third quarter and caused our insured credit derivatives portfolio to generate a large "mark-to-market" loss, which we do not believe accurately reflects the economics of our business. The "mark-to-market" loss is not an actual loss, nor is it indicative of future claims. We remain comfortable that our insured credit derivatives portfolio

will not result in material credit losses. More important, wider spreads contributed to a substantially better pricing environment for our insurance and asset/liability management products. From an Adjusted Direct Premium production standpoint, the third quarter was outstanding - the Company's second best quarter ever and the best quarter for our structured finance business. Pricing was strong across many sectors, and the credit quality of our new business was very high."

Insurance Operations

For the first nine months of 2007, Adjusted Direct Premium (ADP), a non-GAAP measure (which is defined in the attached Explanation of Non-GAAP Financial Measures), grew 103 percent to \$1,234.5 million from \$609.6 million in the same period of 2006. For the third quarter, ADP was \$514.2 million, an increase of 145 percent compared with \$210.1 million in the third quarter of 2006.

Adjusted Direct Premiums (dollars in millions)

	Three Months			Nine Months		
	Ended September 30			Ended September 30		
	2007	2006	% Change	2007	2006	% Change
Global Public Finance						
United States	\$109.6	\$ 67.5	62%	\$ 259.1	\$189.2	37%
Non-United States	66.9	31.6	112%	187.7	133.8	40%
Total	176.5	99.1	78%	446.8	323.0	38%
Global Structured Finance						
United States	291.0	73.8	294%	612.5	163.4	275%
Non-United States	46.7	37.2	26%	175.2	123.2	42%
Total	337.7	111.0	204%	787.7	286.6	175%
Total	\$514.2	\$210.1	145%	\$1,234.5	\$609.6	103%

For the first nine months of the year, MBIA's global public finance production increased 38 percent over the same period in 2006. U.S. public finance was up 37 percent compared with the same period in 2006, and non-U.S. public finance was up 40 percent.

For the third quarter of 2007, MBIA's global public finance ADP was up 78 percent compared with the same period last year. U.S. production and non-U.S. production were up 62 percent and 112 percent, respectively. Transactions in the utilities and transportation sectors made large contributions to the increase in global public finance production during the third quarter. Financings for two French toll roads, an electric utility in Australia and a second transaction for Comision Federal de Electricidad, a government-owned electric company in Mexico, as well as a large sales tax revenue transaction in Puerto Rico, were among the highest ADP deals for global public finance in the quarter.

MBIA's global structured finance ADP was up 175 percent for the first nine months of the year. Third quarter production for MBIA's global structured finance was the highest quarterly structured finance ADP production in the Company's history, rising 204 percent compared with the third quarter of 2006. Both volume and pricing contributed to the increase.

In the third quarter, U.S. structured finance ADP increased 294 percent compared with 2006, and non-U.S. structured finance production was up 26 percent. Several sectors contributed to the increase in global structured finance production, with particularly strong increases from CMBS pools, Collateralized Debt Obligations (CDOs) of investment grade corporate credits, commercial mortgage-backed securities pools and multi-sector CDOs, as well as a whole business securitization, which generated the largest ADP for the quarter.

Total premiums earned, which include scheduled premiums earned and refunding premiums earned, for the first nine months of the year were essentially level with the same period of 2006, from \$635.0 million in 2006 to \$634.4 million in 2007. Total premiums earned in the third quarter of 2007 decreased 4 percent to \$203.2 million, down from \$212.3 million in the same period of 2006. Scheduled premiums earned in the first nine months of 2007 increased 5 percent to \$530.5 million from \$507.0 million for the first nine months of 2006; and increased by 9 percent to \$185.0 million in the third quarter of 2007 from \$170.1 million in the third quarter of 2006. Earned premiums from refundings declined 19 percent in the first nine months of the year at \$103.9 million compared with \$128.0 million in the same period of 2006 and were down 57 percent for the quarter at \$18.2 million compared with \$42.2 million in the third quarter of 2006.

In the first nine months of 2007, pre-tax net investment income decreased 2 percent to \$437.7 million from \$447.9 million in the same period of 2006. Pre-tax net investment income was \$145.5 million for the third quarter of 2007, an 11 percent decline from last year's third quarter. The decrease was due to lower average invested assets resulting from \$1.0 billion of dividends paid by the insurance company to the holding company from December 2006 through April 2007. In addition, last year's third quarter benefited from interest received from the Northwest Airlines remediation, which contributed \$13.4 million to net investment income in the third quarter of 2006.

MBIA's fees and reimbursements were down 33 percent for the first nine months of 2007 to \$19.7 million from \$29.2 million during the first nine months of 2006. Fees and reimbursements for the third quarter of 2007 were \$4.9 million, down 71 percent compared with \$17.0 million for the third quarter of 2006. Last year's third quarter benefited from two large expense reimbursements.

For the first nine months of the year, total insurance expenses remained level with the same period of 2006, at \$273.9 million compared with \$274.5 million in the same period of 2006. In the third quarter of 2007, total insurance expenses decreased 9 percent to \$88.3 million from \$96.8 million in the third quarter of 2006, and is primarily due to lower operating expenses.

Gross insurance expenses, which are prior to any expense deferrals, were down 3 percent for the first nine months of the year to \$183.5 million from \$189.0 million for the first nine months of 2006. Gross insurance expenses for the quarter were down 6 percent to \$59.4 million from \$63.4 million for the same period last year.

The Company incurred \$63.7 million in loss and loss adjustment expenses (LAE) in the first nine months of 2007, a 5 percent increase over the \$60.8 million in last year's first nine months, which corresponds to the growth in scheduled premiums earned. The Company incurred \$22.2 million in loss and LAE in the third quarter of 2007 compared with \$20.4 million for the prior year's third quarter. Loss and LAE incurred is based on the Company's formula of reserving 12 percent of scheduled premiums earned. During the third quarter of 2007, the net effect of MBIA's formula-based loss reserving combined with its case loss reserve activity resulted in a \$10.5 million increase to its unallocated loss reserve. The Company's unallocated loss reserve was \$213.7 million at September 30, 2007, level with \$213.3 million at December 31, 2006.

The overall credit quality of the insured portfolio remained high with 82 percent of the total book of business rated A or better as of September 30, 2007. The percentage of the portfolio rated below investment grade on an S&P priority basis decreased to 1.4 percent as of September 30, 2007 from 2.2 percent as of September 30, 2006. The largest reduction in the below-investment-grade rated portion of the insured portfolio resulted from the retirement of MBIA's \$1.6 billion Eurotunnel exposure.

MBIA's pre-tax operating income from insurance operations for the first nine months, which excludes the effects of net realized gains and losses and net gains and losses on financial instruments at fair value and foreign exchange, was 2 percent lower at \$817.9 million compared with \$837.6 million in the same period of 2006. For the third quarter of 2007, pre-tax operating income from insurance operations decreased 11 percent to \$265.2 million compared with \$296.8 million in the third quarter of 2006.

Investment Management Services

For the first nine months of 2007, pre-tax operating income for Investment Management Services was up 8 percent, from \$75.4 million to \$81.6 million. For the third quarter of 2007, pre-tax operating income increased 20 percent to \$30.7 million versus \$25.6 million in 2006. The growth in income was due to higher assets under management, primarily attributable to strong growth in the asset/liability products segment. The average market value of assets under management for the first nine months of 2007, including conduit assets of \$4.3 billion, was \$66.5 billion, up 23 percent from \$54.2 billion for same period last year.

Ending assets under management at September 30, 2007 include \$1.8 billion in a structured investment vehicle (SIV) named Hudson-Thames, which MBIA manages in its Advisory Services segment. Hudson-Thames is actively seeking alternative solutions to address its financing needs, given the challenges in the structured finance and asset-backed commercial paper markets. MBIA invested \$15.8 million in the capital notes of the Hudson-Thames SIV, which is 12% of the capital notes. MBIA has no obligation to provide liquidity support or credit guarantees to Hudson-Thames.

Corporate

For the first nine months of 2007, pre-tax operating losses increased 3 percent to \$63.2 million from \$61.1 million for the comparable period in 2006. For the third quarter of 2007, pre-tax operating losses for the Corporate segment grew 17 percent to \$26.0 million from \$22.2 million in the third quarter of 2006. The increased operating loss for the third quarter of 2007 reflects reduced investment income due to a \$3.0 million loss attributable to a holding in the Company's alternative investment portfolio. It also reflects a \$1.8 million increase in Corporate expenses due to increases in intercompany interest expense and costs allocated from the insurance company to the holding company, partially offset by a reduction in expenses related to the regulatory investigations. For the first nine months of 2007, the Company received \$6.4 million in insurance recoveries. The insurance recoveries represent payments under the Company's directors' and officers' insurance policies, which reimbursed MBIA for a portion of the expenses it has incurred for the regulatory investigations and related litigation.

Gains and Losses

In the first nine months of 2007, MBIA recorded net realized gains of \$27.3 million for all business operations, compared with net realized gains of \$20.5 million in the first nine months of 2006. For the third quarter of 2007, MBIA recorded a net realized loss of \$0.3 million compared with a net realized gain of \$5.4 million for the third quarter of 2006. The year-over-year change was primarily due to customary activity associated with the management of the Company's investment portfolio.

The Company recorded pre-tax net losses on financial instruments at fair value and foreign exchange of \$376.4 million for all business operations in the first nine months of 2007, compared with pre-tax net gains of \$10.5 million

in the first nine months of 2006. For the third quarter of 2007, pre-tax net losses on financial instruments at fair value and foreign exchange were \$352.4 million compared with pre-tax net gains of \$1.0 million in the third quarter of 2006.

Most of the third quarter's \$352.4 million loss is attributable to MBIA's insured credit derivatives portfolio. When MBIA writes credit protection in the form of a credit default swap, the Company accounts for the transaction under the requirements of FAS 133, "Accounting for Derivative Instruments and Hedging Activities." Under FAS 133, these transactions must be "marked-to-market" and the change in fair value recorded in the Company's income statement. The majority of these credit default swaps provide guarantees for structured finance transactions with underlying collateral of commercial real estate securities (structured CMBS pools) and CDOs backed by various assets including residential mortgage-backed securities (RMBS), other asset-backed securities, corporate bonds and loans. These transactions are usually underwritten at or beyond a Triple-A shadow rating level. With the recent turbulence in the structured finance markets, MBIA's third quarter "mark-to-market" of its structured credit derivatives portfolio resulted in a \$342.1 million pre-tax loss. The drivers were significant increases in spreads on CMBS collateral and, to a lesser extent, spread increases on other asset-backed and corporate collateral including RMBS in multi-sector CDOs. The Company believes there has been no material credit deterioration in this portfolio and, therefore, the "mark-to-market" is not a good indication of future claims. These derivative contracts have similar terms and conditions to the Company's insurance contracts, and the Company is not required to post collateral to a counterparty, thereby avoiding the liquidity risks more typical of the standard derivative market. MBIA manages its structured credit derivatives portfolio the way it manages its insurance contracts, including the same monitoring process to detect impairment, and would disclose any credit impairment recorded as part of the "mark-to-market" on these positions. Since MBIA insures these contracts to scheduled maturity and has experienced no material credit deterioration, it expects that the current negative "mark-to-market" will be reversed over time.

Operating Return On Equity

MBIA's operating return on equity, a non-GAAP measure (which is defined in the attached Explanation of Non-GAAP Financial Measures), was 11.8 percent at September 30, 2007 and 12.6 percent at September 30, 2006.

Book Value and Adjusted Book Value

MBIA's book value per share at the end of the first nine months of 2007 decreased to \$52.09 from \$53.43 at December 31, 2006, which includes a \$1.77 impact from the third quarter's "mark-to-market" result from the Company's structured credit derivatives portfolio. Adjusted book value (ABV) per share at September 30, 2007 rose 6 percent to \$80.08 from \$75.72 at December 31, 2006. ABV is a non-GAAP measure (which is defined in the attached Explanation of Non-GAAP Financial Measures).

Share Repurchase

During the third quarter of 2007, on a trade date basis, the Company repurchased approximately 1.0 million shares at an average price of \$61.23. Approximately \$340 million remains available under the Company's \$1 billion share buyback program, which was authorized by the Company's board of directors in February 2007.

Conference Call

MBIA will host a conference call for investors today at 11 a.m. EDT. The conference call will consist of brief comments by Mr. C. Edward Chaplin, MBIA Chief Financial Officer, followed by a question and answer session with Mr. Chaplin. The dial-in number for the call is (877) 694-4769 in the U.S. and (973) 582-2849 from outside the U.S. The conference call code is 9332992. A live broadcast of the conference call will also be accessible via **www.mbia.com**. A replay of the conference call will be available from 1:00 p.m. on October 25 until 5:00 p.m. on November 8 by dialing (877) 519-4471 in the U.S. or (973) 341-3080 from outside the U.S. The replay call code is also 9332992. In addition, a recording of the call will be available on MBIA's Web site approximately two hours after the completion of the conference call.

MBIA Inc., through its subsidiaries, is a leading financial guarantor and provider of specialized financial services. MBIA's innovative and cost-effective products and services meet the credit enhancement, financial and investment needs of its public and private sector clients, domestically and internationally. MBIA Inc.'s principal operating subsidiary, MBIA Insurance Corporation, has a financial strength rating of Triple-A from Moody's Investors Service, Standard & Poor's Ratings Services, Fitch Ratings, and Rating and Investment Information, Inc. Please visit MBIA's Web site at **www.mbia.com**.

This news release contains forward-looking statements. Important factors such as general market conditions and the competitive environment could cause actual results to differ materially from those projected in these forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements to reflect changes in events or expectations.

Explanation of Non-GAAP Financial Measures

The following are explanations of why MBIA believes that the non-GAAP financial measures typically used in the Company's press releases, which serve to supplement GAAP information, are meaningful to investors.

Operating Income (Loss) and Operating Income (Loss) Per Share: The Company believes operating income (loss) and operating income (loss) per share are useful measurements of performance because they measure income

from operations, unaffected by investment portfolio realized gains and losses, gains and losses on financial instruments at fair value and foreign exchange and other non-operating items. Operating income (loss) and operating income (loss) per share are also provided to assist research analysts and investors who use this information in their analysis of the Company.

Adjusted Direct Premiums (ADP): The Company believes adjusted direct premiums are a meaningful measure of the total value of the insurance business written during a reporting period since it represents the present value of all premiums collected and expected to be collected on policies closed during the period. As such, it gives investors an opportunity to measure the value of new business activities in a given period and compare it to new business activities in other periods. Other measures, such as premiums written and premiums earned, include the value of premiums resulting from business closed in prior periods and do not provide the same information to investors.

Operating Return on Equity (ROE): The Company believes operating return on equity is a useful measurement of performance because it measures return on equity based upon income from operations and shareholders' equity, unaffected by investment portfolio realized gains and losses, gains and losses on financial instruments at fair value and foreign exchange, unrealized gains and losses, and non-recurring items. Operating return on equity is also provided to assist research analysts and investors who use this information in their analysis of the Company.

Adjusted Book Value (ABV): The Company believes the presentation of adjusted book value, which includes items that are expected to be realized in future periods, provides additional information that gives a comprehensive measure of the value of the Company. Since the Company expects these items to affect future results and, in general, they do not require any additional future performance obligation on the Company's part, ABV provides an indication of the Company's value in the absence of any new business activity. ABV is not a substitute for GAAP book value but does provide investors with additional information when viewed in conjunction with GAAP book value.

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

September 30, December 31,
2007 2006

Assets

Investments:

Fixed-maturity securities held as

available-for-sale, at fair value (amortized cost \$31,325,147 and \$27,327,315)(2007 includes hybrid financial instruments at fair value \$736,881)	\$ 31,316,347	\$ 27,755,667
Investments held-to-maturity, at amortized cost (fair value \$5,646,839 and \$5,187,766)	5,666,153	5,213,464
Investment agreement portfolio pledged as collateral, at fair value (amortized cost \$787,595 and \$176,179)	785,676	175,834
Short-term investments, at amortized cost (which approximates fair value)	3,552,769	2,960,646
Other investments	858,523	971,707
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Total investments	42,179,468	37,077,318

Cash and cash equivalents	365,829	269,277
Accrued investment income	614,712	526,468
Deferred acquisition costs	466,927	449,556
Prepaid reinsurance premiums	331,036	363,140
Reinsurance recoverable on unpaid losses	50,673	46,941
Goodwill	79,406	79,406
Property and equipment (net of accumulated depreciation)	98,555	105,950
Receivable for investments sold	209,164	77,593
Derivative assets	749,779	521,278
Other assets	183,457	246,103
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Total assets	\$ 45,329,006	\$ 39,763,030
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Liabilities and Shareholders' Equity

Liabilities:		
Deferred premium revenue	\$ 3,117,699	\$ 3,129,620
Loss and loss adjustment expense reserves	545,079	537,037
Investment agreements	15,063,102	12,482,976
Commercial paper	848,353	745,996
Medium-term notes (2007 includes hybrid financial instruments at fair value \$371,494)	13,643,860	10,951,378
Variable interest entity floating rate notes	1,372,470	1,451,928
Securities sold under agreements to repurchase	727,613	169,432
Short-term debt	13,383	40,898

Long-term debt	1,220,736	1,215,289	
Current income taxes	11,268	6,970	
Deferred income taxes, net	232,054	476,189	
Deferred fee revenue	14,496	14,862	
Payable for investments purchased	520,223	319,640	
Derivative liabilities	922,104	400,318	
Other liabilities	545,211	616,243	

Total liabilities	38,797,651	32,558,776	
Shareholders' Equity:			
Common stock	160,225	158,330	
Additional paid-in capital	1,639,206	1,533,102	
Retained earnings	6,640,072	6,399,333	
Accumulated other comprehensive income	54,598	321,293	
Treasury stock	(1,962,746)	(1,207,804)	

Total shareholders' equity	6,531,355	7,204,254	
Total liabilities and shareholders' equity	\$ 45,329,006	\$ 39,763,030	
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MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts)

Three Months Ended September 30		Nine Months Ended September 30	
2007	2006	2007	2006
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Insurance operations				
Revenues:				
Gross premiums written	\$249,535	\$202,178	\$714,723	\$626,526
Ceded premiums	(24,459)	(26,461)	(72,353)	(77,532)
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Net premiums written	225,076	175,717	642,370	548,994

Scheduled premiums earned	185,024	170,112	530,457	506,957
Refunding premiums earned	18,169	42,215	103,901	128,005
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Premiums earned	203,193	212,327	634,358	634,962
Net investment income	145,458	164,134	437,749	447,886
Fees and reimbursements	4,879	17,046	19,681	29,239
Net realized gains (losses)	6,411	4,195	38,455	12,566
Net gains (losses) on financial instruments at fair value and foreign exchange	(335,317)	(4,706)	(347,528)	1,356
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Total insurance revenues	24,624	392,996	782,715	1,126,009
Expenses:				
Losses and loss adjustment	22,203	20,414	63,655	60,835
Amortization of deferred acquisition costs	16,052	16,774	50,114	50,162
Operating	30,517	37,344	98,129	109,568
Interest expense	19,514	22,225	61,961	53,929
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Total insurance expenses	88,286	96,757	273,859	274,494
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Insurance income (loss)	(63,662)	296,239	508,856	851,515
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Investment management services				
Revenues	434,872	308,473	1,187,281	860,978
Net realized gains (losses)	(5,973)	361	(1,949)	5,594
Net gains (losses) on financial instruments at fair value and foreign exchange	(17,407)	5,415	(29,024)	8,723
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Total investment management services revenues	411,492	314,249	1,156,308	875,295
Interest expense	378,787	263,804	1,034,796	730,472
Expenses	25,425	19,062	70,883	55,113
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Total investment management services expenses	404,212	282,866	1,105,679	785,585
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Investment management services income	7,280	31,383	50,629	89,710
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Corporate				
Net investment income	721	2,675	14,450	9,747
Insurance recoveries	-	-	6,400	-
Net realized gains (losses)	(749)	866	(9,244)	2,333
Net gains (losses) on financial instruments at fair value and foreign				

exchange	317	297	151	435
Interest expense	20,186	20,195	60,547	60,496
Corporate expenses	6,544	4,711	23,460	10,379

Corporate loss	(26,441)	(21,068)	(72,250)	(58,360)
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Income (loss) from continuing operations before income taxes	(82,823)	306,554	487,235	882,865
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Provision (benefit) for income taxes	(46,183)	89,981	113,433	248,166
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Income (loss) from continuing operations	(36,640)	216,573	373,802	634,699
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Income (loss) from discontinued operations, net of tax	-	1,374	-	3,604
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Net income (loss)	(\$36,640)	\$217,947	\$373,802	\$638,303
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Net income (loss)
per common share:

Basic	(\$0.30)	\$1.64	\$2.93	\$4.81
Diluted	(\$0.29)	\$1.59	\$2.84	\$4.67

Weighted-average
number of common
shares
outstanding:

Basic	123,705,544	132,794,395	127,658,105	132,759,336
Diluted	127,129,044	136,739,403	131,537,515	136,676,944

Reconciliation of Adjusted Direct Premiums to Gross Premiums Written

(dollars in millions)

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Adjusted direct premiums (1)	\$514.2	\$210.1	\$1,234.5	\$609.6
Adjusted assumed premiums	0.0	5.7	0.0	5.7
Adjusted gross premiums	514.2	215.8	1,234.5	615.3
Present value of estimated future installment premiums (2)	(414.9)	(157.0)	(943.4)	(381.3)
Gross upfront premiums written	99.3	58.8	291.1	234.0
Gross installment premiums written	150.2	143.4	423.6	392.5
Gross premiums written	\$249.5	\$202.2	\$714.7	\$626.5

(1) A non-GAAP measure.

(2) At September 30, 2007, June 30, 2007 and March 31, 2007 the discount rate was 5.13%, 5.13% and 5.10%, respectively, and at September 30, 2006, June 30, 2006 and March 31, 2006 the discount rate was 5.03%, 5.00% and 5.02%, respectively.

Components of Net Income per Share

(1)

Three Months

	Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Net income (loss)		(\$0.29)	\$1.59	\$2.84 \$4.67
Income (loss) from discontinued operations		0.00	0.01	0.00 0.03
Net income (loss) from continuing operations		(0.29)	1.58	2.84 4.64
Net realized gains (losses)		0.00	0.03	0.13 0.10
Net gains (losses) on financial instruments at fair value and foreign exchange		(1.80)	0.00	(1.86) 0.05
Operating income (2)		\$1.52	\$1.55	\$4.57 \$4.50

(1) May not add due to rounding.

(2) A non-GAAP measure.

MBIA INC. AND SUBSIDIARIES

Components of Adjusted Book Value per Share

	September 30, 2007	December 31, 2006
Book value	\$52.09	\$53.43
After-tax value of:		
Deferred premium revenue	16.16	15.09
Prepaid reinsurance premiums	(1.72)	(1.75)
Deferred acquisition		

costs	(2.42)	(2.17)
	-----	-----
Net deferred premium revenue	12.02	11.17
Present value of installment premiums (1)	13.58	11.13
Asset/liability products adjustment	5.75	2.92
Loss provision (2)	(3.36)	(2.93)
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Adjusted book value (3)	\$80.08	\$75.72
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(1) At September 30, 2007 and December 31, 2006 the discount rate was 5.13% and 5.10%, respectively.

(2) The loss provision is calculated by applying 12% to the following items on an after-tax basis:

(a) deferred premium revenue; (b) prepaid reinsurance premiums; and, (c) the present value of installment premiums.

(3) A non-GAAP measure.

CONSOLIDATED INSURANCE OPERATIONS

Selected Financial Data Computed on a Statutory Basis

(dollars in millions)

	September 30, 2007	December 31, 2006
	-----	-----
Capital and surplus	\$4,190.6	\$4,080.7
Contingency reserve	2,634.4	2,478.0
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Capital base	6,825.0	6,558.7
Unearned premium reserve	3,716.2	3,507.2
Present value of installment premiums (1)	2,618.8	2,309.5
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Premium resources	6,335.0	5,816.7

Loss and loss adjustment expense reserves	165.2	100.6
Soft capital credit facilities	850.0	850.0
	-----	-----
 Total claims-paying resources	 \$14,175.2	 \$13,326.0
	=====	=====
 Net debt service outstanding	 \$1,008,575.3	 \$939,969.0
 Capital ratio (2)	 148:1	 143:1
 Claims-paying ratio (3)	 84:1	 83:1

(1) At September 30, 2007 and December 31, 2006 the discount rate was 5.13% and 5.10%, respectively.

(2) Net debt service outstanding divided by the capital base.

(3) Net debt service outstanding divided by the sum of the capital base, unearned premium reserve (after-tax), present value of installment premiums (after-tax), loss and loss adjustment expense reserves and soft capital credit facilities.

Source: MBIA Inc.

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