MBIA INC
Form DEF 14A
March 28, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

MBIA Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

MBIA Inc.
113 King Street
Armonk, NY 10504
914-273-4545

Joseph W. Brown
Chairman and Chief Executive Officer

March 28, 2008

Dear Owners:

We are pleased to invite you to the annual meeting of MBIA shareholders on Thursday, May 1, 2008. The meeting will be held at our office located at 113 King Street, Armonk, New York, at 10:00 a.m.

Our formal agenda for this year s meeting is 1) to vote on the election of Directors, 2) to approve the right to exercise certain warrants issued to Warburg Pincus Private Equity X, L.P. and its affiliate for shares of MBIA Inc. common stock, 3) to approve restricted stock awards to Joseph W. Brown and 4) to ratify the selection of independent auditors for 2008. After the formal agenda is completed, I will answer any questions you may have.

Whether or not you plan to attend the meeting, your vote on these matters is important to us. Please complete, sign and return the enclosed proxy card in the envelope provided. Alternatively, you can vote your proxy by telephone or through the Internet by following the instructions on the enclosed proxy card.

We appreciate your continued support on these matters and look forward to seeing you at the meeting.

Very truly yours,

Joseph W. Brown
Chairman and Chief Executive Officer

MBIA INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We will hold the annual meeting of MBIA Inc. (MBIA or the Company) shareholders at the Company s offices located at 113 King Street, Armonk, New York, on Thursday, May 1, 2008 at 10:00 a.m. EDT in order:

1. To elect ten directors for a term of one year, expiring at the 2009 Annual Meeting;

2. To approve the right to exercise certain warrants issued to Warburg Pincus Private Equity X, L.P. and its affiliates for shares of MBIA Inc. common stock;

3. To approve restricted stock awards for Joseph W. Brown;

4. To ratify the selection of PricewaterhouseCoopers LLP, certified public accountants, as independent auditors for the Company for the year 2008; and

5. To transact any other business as may properly come before the meeting.

These items are more fully described in the following pages. You may vote your shares either in person at the meeting or by mailing the completed proxy card, provided you were a shareholder of record at the close of business on March 17, 2008. You may also vote your shares if you were a shareholder of record at the close of business on March 17, 2008 by telephone or through the Internet by following the instructions on the enclosed proxy card.

Shareholders are reminded that shares cannot be voted unless the signed proxy card is returned, or other arrangements have been made to have the shares represented at the meeting, or unless they vote their shares by telephone or Internet as described on the proxy card.

Sincerely,

Ram D. Wertheim
Secretary

113 King Street

Armonk, New York 10504

March 28, 2008

MBIA INC.

PROXY STATEMENT

Purpose of the Proxy. This proxy statement and the enclosed proxy card are being mailed to you on or about April 1, 2008 because MBIA s Board of Directors (the Board of Directors or the Board) is soliciting your vote at the 2008 annual meeting of shareholders. MBIA s 2007 Annual Report is included in this package as well, and together this material should give you enough information to allow you to make an informed vote.

How it Works. If you owned MBIA common stock at the close of business on March 17, 2008, you are entitled to vote. On that date, there were 235,886,195 shares of MBIA common stock (which is our only class of voting stock) outstanding. You have one vote for each share of MBIA common stock you own.

Please fill in your proxy card and send it to us before the date of our annual meeting or vote by telephone or over the Internet. If you do not specify how your proxy is to be voted, it will be voted as recommended by the Board of Directors. You can revoke your proxy at any time before the annual meeting if, for example, you would like to vote in person at the meeting.

If you abstain from voting, or if your shares are held in the name of your broker and your broker does not vote on any of the proposals, your proxy will be counted simply to calculate the number of shares represented at the meeting. It will not be counted as a vote on any proposal.

Voting by Telephone or via the Internet. The Company has arranged to allow you to vote your shares of common stock by telephone or via the Internet. You may also vote your shares by mail. Please see the proxy card accompanying this proxy statement for specific instructions on how to cast your vote by any of these methods.

In order to vote your shares by telephone or via the Internet, your vote must be received by 4:00 p.m. EDT on April 30, 2008. Submitting your vote by telephone or via the Internet will not affect your right to vote in person should you decide to attend the annual meeting.

The telephone and Internet voting procedures are designed to authenticate shareholders identities, to allow shareholders to give their voting instructions and to confirm that shareholders instructions have been recorded properly. We have been advised that the Internet voting procedures that have been made available to you are consistent with the requirements of applicable law. If you decide to vote your shares via the Internet, there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies that you will have to bear.

Dissenters Rights. Under Connecticut law, dissenters rights are not available with respect to the matters included in the formal agenda for the 2008 annual meeting of shareholders.

Miscellaneous. The cost to prepare and mail these proxy materials will be borne by the Company. Proxies may be solicited by mail, in person or by telephone by directors, officers and regular employees of the Company without extra compensation and at the Company s expense. The Company will also ask bankers and brokers to solicit proxies from their customers and will reimburse them for reasonable expenses. In addition, the Company has engaged MacKenzie Partners, Inc. of New York City to assist in soliciting proxies for a fee of approximately $6,000 plus reasonable out-of-pocket expenses.

A copy of the Company s Annual Report on Form 10-K to the Securities and Exchange Commission is available on the Company s website at www.mbia.com or by writing to the Corporate Communications Department, MBIA Inc., 113 King Street, Armonk, New York 10504.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors supervises the overall affairs of the Company. To assist it in carrying out these responsibilities, the Board has delegated authority to six Committees, described below. The Board of Directors met six times in regular sessions during 2007. In addition to its regular sessions, the Board met eleven times in special sessions during 2007 primarily in connection with the Company s capital raising initiatives. The Board of Directors has regularly scheduled non-management director meetings. The Company s policy on Board attendance, which is contained in the MBIA Inc. Board Corporate Governance Practices and can be found on the Company s website, www.mbia.com, requires that each Director attend at least 75% of all Board meetings and Committee meetings of which that Director is a member. All of the Directors met this requirement in 2007.

Regular Board Committees

Each Board committee has a charter, which can be found on the Company s website, www.mbia.com and are available in print to any shareholder who requests a copy by writing to the Corporate Communications Department, MBIA Inc., 113 King Street, Armonk, New York 10504. The committees are as follows:

The **Executive Committee**, which at year-end consisted of Messrs. Dunton (Chair), Clapp, and Kearney, met once during 2007. This Committee is authorized to exercise powers of the Board during intervals between Board meetings, subject to limitations set forth in the By-Laws of the Company. As of the date of this proxy, the members of the Executive Committee are Messrs. Brown (Chair), Clapp, Coulter and Kearney.

The **Finance Committee**, which at year-end consisted of Messrs. Rolls (Chair) and Walker, Dr. Meyer and Ms. Perry, met four times in regular sessions during 2007. Mr. Brown served as Chair and as a member of the Committee until May 3, 2007, at which time Gary Dunton was elected as Chair and as a member of the Committee. Mr. Dunton served as Chair and as a member of the Committee until November 8, 2007, at which time Mr. Rolls was elected Chair of the Committee. This Committee approves and monitors the Company s investment policies, activities and portfolio holdings, and reviews investment performance and asset allocation. As of the date of this proxy, the members of the Finance Committee are Messrs. Rolls (Chair), Brown, Lee, and Dr. Meyer.

The **Credit Risk Committee**, which at year-end consisted of Dr. Meyer (Chair), Messrs. Kearney and Moffett and Ms. Perry, met four times in regular sessions during 2007. Mr. Brown served as a member of the Committee until May 3, 2007 and Mr. Moffett was elected as a member of the Committee effective on May 3, 2007. This Committee monitors the underwriting process to ensure compliance with guidelines, and reviews proposed changes to underwriting policy and guidelines. It also reviews the Company s exposure guidelines for the insurance portfolio and the Company s overall portfolio analyses. As of the date of this proxy, the members of the Credit Risk Committee are Dr. Meyer (Chair), and Messrs. Coulter, Kearney and Moffett.

The **Compensation and Organization Committee**, which at year-end consisted of Mr. Kearney (Chair), Dr. Gaudiani, and Messrs. Rolls, Vaughan and Yabuki, met five times during 2007. Mr. Vaughan was elected as a member of the Committee effective on August 3, 2007. This Committee reviews and approves overall policy with respect to compensation matters. The Committee reviews the performance of the Chairman and Chief Executive Officer and makes recommendations to the Board on his compensation. The Committee approves senior officer compensation and reviews significant organizational changes and executive succession planning. As of the date of this proxy, the members of the Compensation and Organization Committee are Messrs. Kearney (Chair), Coulter, Rolls, Vaughan and Yabuki and Dr. Gaudiani.

The **Audit Committee**, which at year-end consisted of Mr. Moffett (Chair), Ms. Perry and Messrs. Rolls, Vaughan and Yabuki, met five times in regular sessions during 2007 and once in a special session. Messrs. Moffett and Vaughan were elected as members of the Committee on May 3, 2007 and August 3, 2007, respectively. Mr. Rolls served as Chair of the Committee until November 8, 2007, at which time Mr. Moffett was elected Chair of the Committee. This Committee reviews the Company s annual and quarterly financial statements, reviews the reports of the Company s independent auditors and the performance of those auditors. The Committee also reviews the qualifications of the Company s Internal Audit Department. In accordance with the Audit Committee Charter and the listing standards of the New York Stock Exchange, each of the Audit Committee members is independent. In addition, the Board has designated Messrs. Moffett, Rolls, Vaughan and Yabuki as the audit committee financial experts (as defined under applicable Securities and Exchange Commission rules) on the Audit Committee. As of the date of this proxy, the members of the Audit Committee are Mr. Moffett (Chair) and Messrs. Rolls, Vaughan and Yabuki.

The **Nominating/Corporate Governance Committee**, which at year-end consisted of Dr. Gaudiani (Chair) and Messrs. Clapp, Kearney and Walker, met six times during 2007. The Committee is responsible for MBIA s Corporate Governance Practices, which establish corporate governance guidelines and principles with respect to the role of the Board of Directors, meetings of the Board of Directors, Board structure, policy on Board attendance and committees of the Board. This Committee also makes recommendations to the Board on Director nominees and on the size and composition of the Board. It also recommends guidelines and criteria for the selection of nominees. All members of the Nominating/Corporate Governance Committee are Independent Directors as required by the listing standards of the New York Stock Exchange and the Company s Corporate Governance Practices. As of the date of this proxy, the members of the Nominating/Corporate Governance Committee are Dr. Gaudiani (Chair), and Messrs. Clapp, Kearney and Lee.

Role of the Compensation and Organization Committee

MBIA s Compensation and Organization Committee (for purposes of this section, the Committee) is made up of six independent members of the Board of Directors who are not current or former employees of the Company and are not eligible to participate in any of the programs that it administers. The Compensation and Organization Committee sets the overall compensation principles of the Company and evaluates the Company s entire compensation program at least once a year. As part of its specific responsibilities (i) it reviews for approval the recommendations of the Chief Executive Officer (the CEO), for the aggregate level of compensation to be paid to all employees of the Company, (ii) it reviews the recommendations of the CEO for the individual compensation levels for members of the senior leadership team, which includes the Company s senior management team (which, excluding Jay Brown, are referred to in this section as Executives), and (iii) it establishes and recommends to the Board the compensation level of the CEO. The Board approves the CEO s and Executives compensation levels.

Since 2005, the Committee has retained Frederic W. Cook & Co., a compensation consulting firm, to assist and advise it in conducting a periodic comprehensive review of the Company s compensation plans for appropriateness and to assess the competitiveness of the Company s compensation levels for its insurance operations relative to market practice. In particular in 2007, the Committee directed the compensation consultant to review and advise it with respect to the terms of employment of Jay Brown, the terms of the severance paid to Mr. Dunton, the bonus payouts paid to the named executive officers and other senior executives of the Company for 2007 and the special retention and incentive programs instituted for the named executives officers and employees of the Company. In 2007, the compensation consultant had contact with the Company s Chief Executive Officer, its Chief Administrative Officer and the Compensation Committee Chair and Committee members during the year in performing their work.

Process for Director Searches

Potential Director nominees are selected in light of the Board s needs at the time of recommendation. The Nominating/Corporate Governance Committee has engaged a third-party search firm to assist in identifying and evaluating potential nominees. The Committee assesses potential nominees on various criteria, such as relevant business and other skills and experience, personal character and judgment and diversity of experience. The Committee also considers the ability of potential nominees to devote significant time to Board activities. The independence and financial literacy of potential nominees, as well as their knowledge of and familiarity with the Company s businesses, are additional considerations in the Committee s selection process. Potential nominees are reviewed and evaluated first by the third-party search firm, which then forwards all nominees for review and evaluation by the Chair of the Committee and then, at the Chair s discretion, by the entire Committee, which decides whether to recommend a candidate for consideration by the full Board. Potential nominees are interviewed by each member of the Committee and by the Chairman and the Chief Executive Officer.

The Nominating/Corporate Governance Committee would evaluate potential nominees suggested by shareholders on the same basis as all other potential nominees. Shareholders may recommend a potential nominee by sending a letter to the Company s Corporate Secretary at MBIA Inc., 113 King Street, Armonk, New York 10504. No potential nominees were recommended by shareholders in 2007.

Directors Compensation

Independent Directors Retainer and Meeting Fees. In 2007, the Company paid Directors who are not Executive Officers an annual retainer fee of $40,000, plus an additional $2,000 for attendance at each Board meeting and each meeting of each Committee on which they served (and $1,000 for each special telephonic meeting). The Company also paid each Committee Chair an annual Committee Chair retainer of $15,000, and the Lead Director an annual Lead Director retainer of $25,000. New board members are paid a $2,000 orientation fee.

An eligible Director may elect annually to be paid the retainer and meeting fees either in cash on a quarterly basis with no deferral of income, or to defer receipt of all or a portion of such compensation until a time following termination of such Director s service on the Board. A Director electing to defer compensation may choose to allocate deferred amounts to either a hypothetical investment account (the Investment Account), or a hypothetical share account (the Share Account), which have been set up to credit such deferred payments. Until December 31, 2004, such deferral election was made under the Company s Amended and Restated Deferred Compensation and Stock Ownership Plan for Non-Employee Directors, which was approved by the Board and the shareholders in 2002. As of January 1, 2005, deferral elections are made under the MBIA Inc. 2005 Non-employee Director Deferred Compensation Plan (which plan is substantially similar to the Amended and Restated Deferred Compensation and Stock Ownership Plan for Non-Employee Directors, but is designed to comply with the requirements of Section 409A of the Code for amounts deferred on or after January 1, 2005). The total number of shares reserved under the plans may not exceed 100,000 shares, subject to adjustment in the event of any stock dividend or stock split, recapitalization, merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than ordinary cash dividends), exchange of shares, rights offering to purchase Common Stock at a price substantially below fair market value or other similar corporate change.

Amounts allocated to the Investment Account are credited to a hypothetical money market account earning hypothetical interest based on the Lehman Brothers Government/Corporate Bond Index. Amounts allocated to the Director s Share Account are converted into units with each such unit representing the right to receive a share of common stock at the time or times distributions are made under the plan. Dividends are paid as stock units each quarter. Distributions of amounts allocated to the Share Account are made in shares of common stock. No transfers are permitted between the accounts. As of year-end, all of the non-employee Directors, except for one Director, deferred at least a portion of their 2007 retainer and meeting fees into the Share Account, with one Director receiving retainer and meeting fees as cash payments.

Independent Directors Restricted Stock Grants. In addition to the annual cash fees payable to Directors for 2007, the Company also granted non-employee Directors an award of restricted stock in 2007 with a value of $50,000 under the MBIA Inc. 2005 Omnibus Incentive Plan (the Omnibus Plan), which was approved by the Board and the shareholders in 2005. New directors elected to the Board also receive a one-time grant of restricted stock under the Omnibus Plan with a value of $75,000 instead of $50,000. Messrs. Moffett and Vaughan received such a grant in 2007.

The restricted stock granted to Directors under the Omnibus Plan are subject to forfeiture restrictions and restrictions on transferability. The period of restriction generally continues until the 10th anniversary of the date of the restricted stock grant. The restriction period applicable to a restricted stock award will lapse and the shares of restricted stock will become freely transferable prior to the 10th anniversary of the date of the restricted stock grant upon the earlier of: (i) the death or disability of a participating Director, (ii) a change of control in the Company as defined in the Omnibus Plan, (iii) the Company s failure to nominate a participating Director for re-election, or (iv) the failure of the shareholders to elect a participant Director at any shareholders meeting. Unless otherwise approved by the Compensation and Organization Committee of the Board, if a participating Director leaves the Board for any reason other than the foregoing at any time prior to the 10th anniversary of the date of the restricted stock grant, all unvested shares will revert back to the Company. During the restricted period, a participating Director receives dividends with respect to, and may vote, the restricted shares.

Under the Omnibus Plan, the Compensation and Organization Committee of the Board of Directors has the discretionary authority to determine the Directors to whom restricted stock will be granted and the terms and conditions of such restricted stock, including the number of shares of restricted stock to be granted, the time or times at which the restricted stock will vest, whether any restriction shall be modified or waived after the date of grant, and the rights of a participant with respect to the restricted stock following the participant s termination of service as Director.

Independent Directors Total Compensation Summary. Independent Directors compensation for 2007 consisted of the following components.

2007 Compensation Components	**Amount**
Board Retainer	$ 40,000
Committee Chair Retainer	$ 15,000
Lead Director Retainer	$ 25,000
Board & Committee Meeting Fee (per meeting)	$ 2,000
Special Telephonic Meeting Fee (per meeting)	$ 1,000
New Board Member Orientation Fee (per day)	$ 2,000
Annual Restricted Stock Grant	$ 50,000
New Director Restricted Stock Grant	$ 75,000

Independent Directors Total Compensation Paid in 2007. The following table is a summary of total compensation paid and recognized in 2007 for each of the Independent Directors. We do not provide perquisites to our directors.

Name (a)	**Retainer and Meeting Fees ($) (b)**	**Stock Awards ($) (c) (1)**	**All Other Compensation ($) (d) (2)**	**Total Compensation ($) (e)**
David C. Clapp	100,000	28,343	34,231	162,575
Claire L. Gaudiani	98,000	28,343	27,856	154,200
Daniel P. Kearney	106,000	28,343	34.925	169,269
Laurence H. Meyer	92,000	20,838	10,468	123,306
David M. Moffett	60,000	5,002	721	65,723
Debra J. Perry	90,000	20,840	11,364	122,204
John A. Rolls	103,000	28,343	36,954	168,298
Richard C. Vaughan	39,000	3,126	502	42,628
Richard H. Walker	82,000	10,839	3,296	96,136
Jeffery W. Yabuki	75,000	15,839	5,736	96,575

(1) The amounts shown represent the dollar amount of stock compensation expense recognized in 2007 under FAS 123R (excluding any reduction with respect to the risk of forfeitures), and includes compensation costs associated with stock awards granted in previous years as well as any stock awards granted in 2007. For a

discussion of valuation assumptions, see Note 24 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2007. Following is the grant date fair value of the individual stock awards granted on May 3, 2007 for each Director. Mr. Clapp received $50,000, Dr. Gaudiani received $50,000, Mr. Kearney received $50,000, Dr. Meyer received $50,000, Ms. Perry received $50,000, Mr. Rolls received $50,000, Mr. Walker received $50,000 and Mr. Yabuki received $50,000. The number of shares awarded was based on the share price of $70.78 on the date of grant. Mr. Moffett received a new director stock award on May 3, 2007 in the amount of $75,000 with the number of shares awarded based on the share price of $70.78 on the date of grant. Mr. Vaughan received a new director stock award on August 3, 2007 in the amount of $75,000 with the number of shares awarded based on the share price of $50.83 on the date of grant.

(2) The amounts shown represent hypothetical dividends on retainer and fees that are deferred into the Share Account and dividends paid on restricted stock and restricted stock units. See the table below for details.

Directors Other Compensation Paid in 2007 and Deferred Compensation Balances and Equity Award Holdings as of Year-end. The following table represents Directors dividend and dividend equivalents paid in 2007 and account balances under the Share Account (deferred retainer & meeting fees) and restricted stock holdings as of December 31, 2007. As described under Independent Directors Retainer and Meeting Fees above, a Director may choose to allocate deferred amounts to either an Investment Account or a Share Account. There are no Directors who have deferred their compensation into an Investment Account and, therefore, there are no investment account balances to disclose as of December 31, 2007.

	Share Account Dividends Paid in 2007 ($)	Restricted Stock Dividends Paid in 2007 ($)	Restricted Stock Unit Dividends Paid in 2007 ($)	Share Account Balance as of Dec. 31, 2007 ($)	Restricted Stock Holdings as of Dec. 31, 2007 ($)	Restricted Stock Unit Holdings as of Dec. 31, 2007 ($)
David C. Clapp	22,593	7,008	4,630	327,475	104,607	65,042
Claire L. Gaudiani	16,218	7,008	4,630	227,841	104,607	65,042
Daniel P. Kearney	23,287	7,008	4,630	338,041	104,607	65,042
Laurence H. Meyer	5,867	4,601	0	91,742	70,887	0
David M. Moffett	0	721	0	0	19,748	0
Debra J. Perry	6,848	4,516	0	104,953	69,695	0
John A. Rolls	25,316	7,008	4,630	366,162	104,607	65,042
Richard C. Vaughan	0	502	0	0	27,498	0
Richard H. Walker	1,214	2,082	0	25,055	35,602	0
Jeffery W. Yabuki	2,485	3,251	0	40,300	51,978	0

Executive Officer Directors. Mr. Brown served as a Director through May 3, 2007 and received no compensation for his services during 2007 as Director. Upon his retirement from the Board, Mr. Brown received a distribution of the shares of stock underlying the hypothetical stock units granted to Mr. Brown during his service with the Board prior to his becoming an executive officer of the Company. Mr. Dunton served as Director through December 31, 2007 and received no compensation for his services as Director.

ENHANCEMENTS/CHANGES TO BY-LAWS AND CORPORATE GOVERNANCE PRACTICES

The Board of Directors approved an amendment to the By-Laws of the Company on January 11, 2007 in order to make the common stock of MBIA Inc. eligible to participate in a direct registration system, as required by changes to the New York Stock Exchange Listed Company Manual approved by the Securities and Exchange Commission on August 8, 2006.

The Board also approved an amendment to the By-Laws of the Company on May 3, 2007 providing for a majority voting standard in uncontested Director elections, subject to applicable law, and for the tender of resignation by any Director failing to receive a majority of votes cast for him or her in such an election. The Board also approved on the same date, an amendment to the MBIA Inc. Board Corporate Governance Practices implementing the By-Law amendment.

The Board also approved an amendment to the By-Laws of the Company on January 25, 2008 in order to fix the maximum number of Directors constituting the entire Board at 13, effective as of the closing of the Investment Agreement between the Company and Warburg Pincus Private Equity X, L.P., which closed on January 30, 2008.

The current By-Laws, as amended, were filed as an exhibit to the Form 8-K filed on January 31, 2008 and both the By-Laws and the Corporate Governance Practices can be found on the Company s website, www.mbia.com, and are available in print to any shareholder who requests a copy by writing to the Corporate Communications Department, MBIA Inc., 113 King Street, Armonk, New York 10504.

COMPANY STANDARD OF CONDUCT

The Company has adopted a Standard of Conduct that applies to all Directors, Executive Officers, employees and certain third parties. The Standard of Conduct, which also constitutes a code of ethics as that term is defined in Item 406(b) of Regulation S-K, can be found on the Company s website, www.mbia.com, and is available in print to any shareholder who requests a copy by writing to the Corporate Communications Department, MBIA Inc., 113 King Street, Armonk, New York 10504. The Company amended its Standard of Conduct effective January 1, 2008. The amendments do not represent substantive amendments or material departures from the existing provisions of the Standard of Conduct.

REPORT OF THE AUDIT COMMITTEE

To: **The MBIA Inc. Board of Directors**
From: **The Audit Committee:**
Mr. David M. Moffett (Chair)
Ms. Debra J. Perry
Mr. John A. Rolls
Mr. Richard C. Vaughan
Mr. Jeffery W. Yabuki

The Audit Committee is composed of five Independent Directors who are not employees or officers of the Company. In the business judgment of the Board, these Directors are free of any relationship that would interfere with their independent judgments as members of the Audit Committee.

This report of the Audit Committee covers the following topics:

1. **Respective Roles of the Audit Committee, Company Management and the Independent Registered Public Accounting Firm (Independent Auditors)**

2. **2007 Activities**

3. **Limitations of the Audit Committee**

1. ***Respective Roles of the Audit Committee, Company Management and the Independent Auditors***

We are appointed by the Board of Directors of the Company to assist the Board of Directors in monitoring (1) the integrity of the financial statements of the Company and of other material financial disclosures made by the Company, (2) the qualifications and independence of the Company s independent auditor, (3) the performance of the Company s internal audit function and independent auditor, (4) the Company s compliance policies and procedures and its compliance with legal and regulatory requirements and (5) the performance of the Company s operational risk management function. We also recommend to the Board of Directors the selection of the Company s outside auditors.

The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company s financial statements. Management and the Company s Internal Audit Department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

The independent auditors, PricewaterhouseCoopers LLP (PwC), are responsible for performing an independent audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and expressing an opinion with respect to the fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted in the United States of America and the effectiveness of internal control over financial reporting.

2. ***2007 Activities***

In performing our oversight role for 2007, we have:

considered and discussed the audited financial statements for 2007 with management and the independent auditors;

discussed and reviewed all communication with the auditors, as required by Statement on Auditing Standards No. 61, Communications with Audit Committees. We have received a letter from the independent auditors as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. In connection with this requirement, PwC has not provided to the Company any information technology consulting services relating to financial information systems design and implementation;

considered the other non-audit services by the Company s independent auditors and concluded that such services were not incompatible with maintaining their independence;

held special meetings in connection with the Company s capital raising initiatives;

oversaw and discussed with management and PwC the Company s establishment of unallocated loss and case basis reserves and its mark to market adjustments

performed other functions as set forth in the Audit Committee Charter.

Based on the reviews and discussions we describe in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to below and in the Charter, we recommended to the Board of Directors that the Company s audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

3. ***Limitations of the Audit Committee***

As members of the Audit Committee, we are not employees of the Company nor are we professionally engaged in, nor experts in the practices of, auditing or accounting. Nor are we experts with respect to determining auditor independence. We rely on the information, representations, opinions, reports or statements, including financial statements and other financial data prepared or presented by officers or employees of the Company, its legal counsel, independent accountants or other persons with professional or expert competence. Therefore, we do not assure that the audit of the Company s financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that PwC is in fact independent. Furthermore, the Audit Committee has not conducted independent procedures to ensure that management has maintained appropriate accounting and financial reporting principles or internal controls designed to assure compliance with accounting standards and applicable laws and regulations.

Date: March 14, 2008

This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis discusses the Company s (we and our also refer to the Company) compensation programs as they applied to the named executive officers (the Executives) for 2007, and certain compensation actions taken in respect of 2008 as a result of events that adversely affected the Company s stock price and book value during the fourth quarter of 2007. These events had a material impact on the compensation payable to our executive officers in respect of 2007, and in the judgment of our management and the Compensation and Organization Committee (the Compensation Committee), made it necessary to implement interim retention and incentive programs. They have also led us to reevaluate our compensation programs for 2008 and future years.

The Company was adversely affected by market-driven events beginning in the fourth quarter of 2007 which essentially overrode what had otherwise been a year of strong performance. For example:

- the Company s 2007 revenues increased in both the insurance and asset management operations;

- scheduled earned premiums increased, quarter over quarter, in each of the four quarters of 2007 (which had not occurred since 2003); and

- several significant remediations were successfully and favorably completed, which presented a portfolio with minimal exposure coming into the period of mortgage market dislocations.

The adverse market-driven events led to significant declines in our stock value and in our book value. These declines significantly impacted our shareholders, as well as our Executives, who due to a combination of factors, including our share ownership guidelines and the heavy emphasis in our compensation programs on performance based equity compensation, had substantial holdings in, or compensation valued by reference to, our stock.

As mentioned above, these market-driven events also materially affected the compensation payable to our executive officers in respect of their 2007 services. As is described in greater detail below, (1) annual bonuses were paid to these officers at 40% of their target bonus awards, the lowest level of payment in the Company s history and (2) the long-term performance awards for the 2005-2007 performance period (our so-called MBV Restricted Stock) produced a zero payment for all participants. Moreover, we currently believe that the effect of these events on the performance formula will likely result in the forfeiture of a substantial portion, if not all, of similar MBV Restricted Stock granted for the performance periods 2006-2008 and 2007-2009.

Faced with a situation where (1) the compensation of the executive officers for 2007 was significantly reduced from competitive levels, as well as from prior periods, (2) outstanding retention and incentive awards were likely to be ineffective, and (3) it was deemed critical to retain the services of these executives over the next 12 month period, the Compensation Committee, at the suggestion of Mr. Jay Brown, our new Chairman and Chief Executive Officer, decided to institute special retention and incentive programs designed to retain the services of key executives through February 2009. These arrangements are described in greater detail below.

The Compensation Committee also determined to postpone making annual compensation awards, traditionally made in February, and to reevaluate the design of such programs and the applicable performance measures, in light of the Company s current circumstances. As an interim step, however, the Compensation Committee made some salary adjustments in March 2008, reflecting the fact that, for some officers, the existing annual bonus program incorporated amounts that the Compensation Committee concluded should more properly be characterized as base salary. These actions are also described in greater detail below.

In February 2008, Gary Dunton resigned as Chief Executive Officer, and the Board determined to bring Jay Brown back into that position. In connection with this action, the Company entered into a special incentive arrangement with Mr. Brown, and a separation package with Mr. Dunton. The Company s motivation and intent in the structure of these arrangements are described below in the Compensation Discussion and Analysis, and further detail on the terms of these arrangements is provided elsewhere in this proxy statement.

1. The Role of the Compensation Committee, the Consultant and the Executive Officers in Setting Compensation

The Compensation Committee is responsible for overseeing the Company s compensation programs generally and for all significant decisions regarding the Executives compensation. The Compensation Committee is assisted in making its determinations by its independent consultant, Frederic W. Cook & Co. Inc. (Cook). Aside from its role as the Compensation Committee s independent consultant, Cook provides no services to the Company.

Cook assists the Compensation Committee in evaluating the competitiveness of our programs, in reviewing the recommendations made by management, and in designing and structuring specific compensation awards to effect the objectives that the Compensation Committee seeks to achieve. When making compensation decisions, the Compensation Committee also considers recommendations of our Chief Executive Officer (except with respect to the Chief Executive Officer s compensation), as well as information provided by Kevin Silva, our Chief Administrative Officer, who administers our compensation and benefits programs. In fulfilling its duties, and developing its recommendations, to the Compensation Committee, Cook will consult with our Chief Executive Officer, Mr. Silva and others, as it deems necessary or appropriate. Among other things, such consultation enables Cook to understand the business objectives targeted by management s recommendations on compensation and the data upon which management recommendations have been developed.

2. Guiding Principles of Compensation

The fundamental goal of the Company s compensation program is to attract and retain a highly skilled team of executives and employees who will achieve superior performance that builds shareholder value. The Company s compensation program is significantly linked to shareholder interests as our emphasis is and has always been on pay for performance, with individual and corporate performance rewarded on a short term and long term basis. In addition, in taking actions in 2008, both with respect to compensation for 2007 and thereafter, the Compensation Committee has taken into account extraordinary, market-driven events that have adversely affected both our Company and the compensation of our employees. As is described below, the Compensation Committee has taken steps to assure that the Company can retain and properly motivate our highly qualified team of executives and employees.

Specifically, the principles that guide our compensation program include:

Pay Competitively. It has been our consistent policy that compensation should be competitive with organizations with comparable business profiles and similar financial performance to enable the Company to attract and retain top talent. At least once a year, the Compensation Committee compares executive target and actual compensation with data from a group of peer companies, the composition of which we also review periodically. Cook assists the Compensation Committee in evaluating the competitiveness of our program and provides comparative benchmark data.

The Executives total compensation (including base salary, annual bonus and long-term incentive compensation) is targeted to range from the 50^{th} to 75^{th} percentile of the peer companies total compensation for each job, given Company, business unit and individual performance in any given year. Actual compensation may fall above or below the target based on actual performance during the period. For example, the compensation actually realized for 2007 for each of our Executives was well below targeted compensation.

The benchmark group used by the Compensation Committee to determine 2007 compensation consisted of a broad group of 16 companies representing insurance, financial guaranty and other relevant businesses. Individual peer companies are also selected based on comparable size measures relative to the Company such as net income, assets and market capitalization. The companies included in the benchmark group were: ACE Limited, Chubb, Fidelity National Financial, Genworth Financial, Lincoln National, Old Republic International, PartnerRe Limited, Safeco, Everest Re Group, Ambac Financial Group, MGIC Investment, Radian Corp., Security Capital Assistance (XL Capital), Moody s, Franklin Resources and T. Rowe Price.

Pay for Performance. We believe that an executive s compensation should generally reflect his or her achievement of agreed upon short-term and long-term individual goals; where appropriate, the performance of the executive s unit, as determined by the unit s achievement of specified unit goals; and the performance of the Company as a whole, based on the achievement by the Company of goals determined by the Compensation Committee.

Align Employee and Shareholder Interests. We have historically designed our programs so that, as an executive assumes greater seniority and responsibility, his or her compensation should have a greater emphasis on long-term incentives that encourage superior performance that builds long-term value for the Company and its shareholders. This emphasis is intended to further align the executive s interests with the interests of both the Company and its shareholders. This has been accomplished by increasing the percentage that long-term incentives represent of an Executive s overall compensation as the Executive s responsibility increases.

3. Components of Total Compensation

The Company has generally compensated our executives utilizing a program comprised of three main elements: base salary, annual bonus and long-term incentive awards. In establishing total compensation, the greatest emphasis has historically been placed on variable, performance based compensation, with long-term incentive compensation generally representing the greatest percentage of each Executive s compensation. As noted above, the Compensation Committee and management also believe that the percentage of total compensation comprised of long-term incentive elements should rise as an Executive s level of responsibility increases. Thus, in 2007 and prior years, for persons serving as executive officers, base salary was targeted to account for between 10% and 20%, annual cash bonus opportunities were targeted to be between 25% and 30%, and long-term incentive compensation opportunities were designed to represent between 55% and 65% of such annual total compensation opportunities.

As noted above, the business conditions facing the Company beginning in the fourth quarter of 2007 have caused the Compensation Committee to make adjustments in our compensation programs to reflect and to react appropriately to the circumstances currently prevailing. In late 2007 and early 2008, the Company found itself facing a significant need for new capital due largely to the rapid decline in the U.S. residential real estate market, and the near total collapse in global liquidity for structured financial products. We have taken significant steps to address these needs, raising in excess of $2.6 billion in capital in the first quarter of 2008. Such circumstances also required a re-focus of management s efforts on critical and immediate initiatives, and have led to a re-evaluation by the Compensation Committee and management of what kinds of incentives are appropriate for management over the medium to long-term. Accordingly, in February 2008, when we would have ordinarily made long-term incentive awards based on 2007 performance, the Compensation Committee, with advice and assistance from Cook and the Compensation Committee s independent legal counsel, instead approved the special one-year retention and performance awards described in greater detail below. The Compensation Committee, working with Cook and management of the Company, is reviewing: (1) what kinds of long-term incentive awards would be appropriate for 2008, (2) what annual bonus targets should be used for 2008 as well as (3) all aspects of the of three main elements of our program: base salary, annual bonus and long-term incentive awards for 2008 and going forward.

Fixed Compensation (Salary)

Salary levels for the Executives are generally based on the job content of each position and on competitive salaries for comparable positions. From time to time adjustments are made based on the Executive s experience, performance and potential. For 2007, we targeted base salaries for Executives at close to the median salary of executives in similar positions in the benchmark group described above. The Compensation Committee determined to increase Mr. Dunton s base salary for 2007 from $825,000 to $960,000 in connection with its decision to lower Mr. Dunton s total compensation by lowering his long-term incentive opportunity and slightly increasing his annual cash opportunity (including base salary and bonus). No adjustments were made in respect of 2007 to reflect individual factors for any of the Executives.

The Compensation Committee approved salary increases for 2008 that, for Messrs. Chaplin, Corso, and Sonkin, as well as for certain other executive officers, reflect a realignment of annual cash compensation opportunities between base salary and annual bonus. In taking such action, the Compensation Committee concluded that prior compensation practices have generally included as part of the annual bonuses amounts that were, in fact, part of an Executive s basic compensation.

Annual Variable Compensation (Performance Bonus)

The annual performance cash bonus component of incentive compensation is designed to compensate Executives for overall Company performance, the performance of their unit (to the extent applicable) and their individual performance in the relevant year. For 2007, bonus targets ranged up to 200% of base salary for Executives other than our Chief Executive Officer, based on the Executive s role within the Company. Mr. Dunton s (our former Chief Executive Officer) target bonus was changed from 250% of base salary for 2006 to 265% of base salary for 2007, in connection with the Compensation Committee s decision to lower Mr. Dunton s total compensation by lowering his long-term incentive opportunity and slightly increasing his annual cash opportunity.

The performance objectives for 2007 established in the beginning of the year consisted of (1) Company financial goals (including criteria related to modified book value, adjusted book value, operating return on equity, operating earnings per share, risk adjusted return on equity, net present value NIACC, credit quality, gross insurance company expense and asset management operating income), (2) risk management (including underwriting and pricing discipline and completing key remediations including Eurotunnel and Royal), (3) expanding the Company s business by increasing products, clients, and geographic credit risk management and (4) continuing to develop the best talent in the industry to deliver shareholder value. As noted above, due to the impact of mark to market changes on the performance criteria established by the Compensation Committee for 2007, the performance measurements based on Company financial results overwhelmed the other criteria used by the Compensation Committee to measure performance and would have resulted in no bonuses for 2007.

Because of the need to retain critical personnel in the current environment and to reflect achievement of positive performance in 2007 in other aspects of the Company s business, based on its subjective judgment and the recommendation of Mr. Brown, the Compensation Committee approved 2007 bonus payouts for all executive officers who were in office at the end of 2007 at 40% of their target annual bonus awards. No adjustments were made to reflect individual or unit performance. This action resulted in a significant decrease (for some Executives, more than a 50% decrease) in the annual bonus payable as compared to 2006 levels. These amounts represented the lowest annual bonus payout in the Company s history, as bonus payouts over the last ten years have ranged from 75% to 90% of the targeted awards. Bonuses for the Company s other employees were approved at three levels: managing directors were paid at 65% of target, vice presidents and directors were paid at 75% of target and AVPs and below were paid at 85% of target.

Long-Term Incentive Awards

Actions Pertaining to 2007 Compensation. Starting with long-term incentive awards made in 2005 for the 2004 performance year, the Company made awards to Executives in the form of restricted stock that would generally vest three years after the grant date, subject to the achievement of a specified level of growth in modified book value (MBV) per share over such three-year period. The number of shares of MBV restricted stock that would vest at the end of each three-year performance period was to depend on growth in MBV over the three-year period, but could not exceed the number of shares granted. For example, if MBV grew by 30% or more over the three-year period, then 100% of the MBV restricted stock was to vest. If MBV growth over the three-year period was lower than 30%, the number of shares of MBV restricted stock that was to vest at the end of the three-year period was to be adjusted downward in proportion to the amount by which actual growth in MBV over the three-year period was below 30%. MBV restricted stock continues to vest as if the employee continued to be employed under certain conditions, including termination of employment without cause, death or disability or a change of control of the Company.

Consistent with our usual practices, in early 2007, the Compensation Committee granted MBV restricted stock awards to each of the Executives (other than Messrs. Brown and Budnick, each of whom was scheduled to retire in 2007). The target number of MBV restricted stock that could be earned by Executives in respect of the awards granted in 2007 was based on their compensation band at the time of grant. The number of shares granted to Mr. Dunton in 2007 had a grant date value based on 194% of the sum of his prior year s base salary plus his bonus for the prior year. This percentage was a reduction from that in effect for prior years (Mr. Dunton s grant in 2006 was based on 235% of the sum of his prior year s base salary plus his bonus for the prior year), reflecting the Compensation Committee s decision to reduce Mr. Dunton s total compensation opportunities. The number of shares that the other Executive s were granted as 2007 awards was based on a grant date value ranging from 100% to 140% of the sum of the prior year s base salary plus bonus. These ranges were established to reflect market practices and each Executive s position with the Company and to deliver a large component of pay in long-term incentive awards.

In addition to the MBV Restricted Stock awards granted in February 2007, the Compensation Committee awarded a one-time restricted stock award on August 3, 2007 to Mr. Sonkin in recognition of his critical role in the success of the Eurotunnel credit, its remediation and the recovery of all fees and expenses at no loss to the Company. The value of the award was one million dollars on the grant date (valued at the closing share price on that date), with 50% of the restricted stock vesting on the second anniversary of the grant date and 50% of the restricted stock vesting on the fourth anniversary of the grant date.

As a result of the impact of market conditions on the Company s performance, the MBV Restricted Stock awards made in 2005 for the 2005-2007 period were not earned, and were forfeited. Additionally, the value of the existing award cycles for 2006-2008 and 2007-2009 are substantially lower than expected and may not be earned because of the impact on the MBV formula of the Company s recent performance. The effect of such performance on such incentives, and the absence of otherwise effective retention and incentive tools in large part prompted the adoption of the retention and Success Bonus arrangements described below.

Retention Awards and Special Payments. As noted above, unlike prior years, long-term incentive awards were not granted in February 2008 in respect of 2007 performance. The Compensation Committee concluded that a re-evaluation of the Company s long-term incentive program was needed prior to being able to consider granting such awards. However, because of the need to emphasize immediate objectives and to assure that the Company retains the services of key executives during the next year, which will be a critical period for the Company, in late February 2008, the Compensation Committee approved cash retention awards for each of the Company s current executive officers, other than Mr. Brown (whose compensation arrangements are described below). The Compensation Committee also approved cash retention awards for all other active employees of the Company. Payment of these retention awards is generally conditioned upon the recipient s continuous employment with the Company through February 28, 2009, except that the full award will be payable if employment is involuntarily terminated prior to that date by the Company without cause, or due to death or disability.

Additionally, the Compensation Committee also approved the granting of certain cash success awards (the Success Bonus) for certain executive officers (*i.e.*, Messrs. Chaplin, Corso, Fallon, Sonkin and Wertheim), that will become payable, if at all, if the Company achieves predetermined goals to be established by the Compensation Committee. It is expected that the payment of the Success Bonus will be based on the attainment of certain goals during the period commencing in the fall of 2007 and continuing until December 31, 2008, including the successful conclusion of the Company s capital strengthening plan, the achievement of financial stability, and the achievement and stability of its ratings.

In determining to implement these retention arrangements and make available the Success Bonuses, the Committee took into consideration that, as a result of a combination of factors, including our share ownership guidelines and our heavy emphasis on equity based compensation, our executive officers suffered along with our shareholders as a result of the decline in the value of our stock (as is illustrated in the table set forth below under Item 6, Stock Ownership Guidelines).

Future Awards. Also as noted above, the Compensation Committee, in consultation with Cook and Mr. Brown, is evaluating the design of our long-term incentive compensation awards in conjunction with its review of salary levels and annual bonuses. The values of outstanding MBV restricted stock awards granted in 2006 and 2007 have been diminished, and will likely not be earned (or earned at low levels) because the 2007 mark to market results noted above will affect the performance vesting targets. The Compensation Committee has determined that it would not be appropriate to adjust such performance criteria merely to eliminate the effects of mark to market adjustments that reduce book value, despite the fact that such effects had been inconsequential and largely irrelevant in respect of performance periods ending prior to 2007. Nonetheless, the Company and the Compensation Committee believe that appropriately designed long-term incentive compensation awards continue to be an essential, and should be the principal, component of our management compensation program. This reassessment of the appropriate kind of long-term incentive award is consistent with our practice of trying to align these awards with our business needs and objectives.

4. Compensation Discussions Pertaining to Mr. Dunton

As noted above, Mr. Dunton terminated employment as Chief Executive Officer in February 2008. However, Mr. Dunton s compensation for his services in 2007 was paid in a manner consistent with that described above for the other Executives in office through the end of 2007, that is, his 2007 annual bonus of $1,017,600 equaled 40% of target bonus (*i.e.*, the same percentage as the other Executives), and his 2005 MBV Restricted Stock award was forfeited because performance vesting targets were not achieved.

Additionally, in recognition of his efforts in respect to the Company s capital raising efforts that were effected in the first quarter of 2008, the Compensation Committee authorized payment to Mr. Dunton of a special bonus equal to one year s base salary, or $960,000.

Pursuant to the agreement entered into when he became Chief Executive Officer in 2004, in connection with his resignation in February 2008, the vesting and exercisability of Mr. Dunton s outstanding option awards will be determined in accordance with the terms of the agreement and his outstanding shares of time vested restricted stock awards will vest. Additionally, all of his outstanding MBV Restricted Stock awards will continue to be outstanding and will become vested, if at all, in accordance with the otherwise applicable MBV vesting schedules. Under his 2004 agreement, the Company also agreed that, upon an involuntary termination of his employment (including certain constructive terminations) without cause, it would pay Mr. Dunton severance benefits at a level to be determined by the Compensation Committee in its discretion, taking into account the Company s prior practices for its executive officers. Consistent with this obligation, the Compensation Committee approved the payment to Mr. Dunton of (1) a pro-rated bonus for his services in 2008 based on the average the annual bonuses payable to him in respect of his 2006 and 2007 services (or $241,050); (2) a cash payment equal to 50% of the grant date value of the long-term incentive award that, in accordance with the Company s ordinary practices, would have been made to him in early 2008 in connection with his 2007 services (or $2,550,000); (3) continued medical benefits coverage (i) until he attains age 55 on the same terms as would have applied had he continued to be an employee and (ii) thereafter on the same terms as apply to other retirees of the Company; (4) payment of his legal fees, up to a maximum of $30,000, incurred in connection with the negotiation and review of his separation arrangements, which include a release and non-competition agreement in favor of the Company, and (5) nine months outplacement services. In addition, Mr. Dunton agreed to continue providing consulting services through April 30, 2008 to assist with transition issues, and will receive a fee for such consulting services in an amount equal to the base salary that he would have received had he remained employed through April 30, 2008. In connection with his separation, Mr. Dunton agreed not to compete with the Company for two years and not to solicit employees or clients of the Company for three years.

The following table sets forth the current (or, where appropriate, estimated) cash value of the above described benefits other than the opportunity to vest in outstanding MBV restricted stock awards and stock options.

Cash Severance	$ 2,791,000	
Accelerated Vesting of Restricted Stock	$ 1,095,332	
Consulting Fees	$ 200,000	
Medical Benefits, Legal Fees and Outplacement Services	$ 180,000	
Total Value of Termination Benefits		$ 4,266,332
Special Recognition Bonus	$ 960,000	
Total of All Payments		$ 5,226,332

5. Compensation Decisions for Mr. Jay Brown

On February 16, 2008, the Board elected Joseph W. Brown, 59, to the Board and the offices of Chairman, President and Chief Executive Officer of the Company. The Board determined Mr. Brown to be singularly qualified to lead the Company during what it believes to be the most serious challenge in its 34-year history. The Board came to this view because of Mr. Brown s deep understanding of the Company he was an original shareholder board member in 1986 when MBIA became a monoline and thereafter served as an independent director or management director until the shareholders meeting in May 2007, when he retired. From January 1999 through May 2004, Mr. Brown served as Chief Executive Officer of the Company, and was the executive Chairman of the Company from May 2004 to May 2007. Thus, Mr. Brown held a senior executive position with the Company for a total of eight years. Since his retirement in May 2007, he has continued to review and monitor the Company s performance as a significant shareholder. The Board concluded that these varied roles, and Mr. Brown s long history of involvement with the Company, gave him a unique vantage point from which to assess what has worked and what has not worked over the history of the Company. Moreover, the Board was cognizant of the fact that he had previously provided proven leadership to the Company, including in other difficult times.

To induce Mr. Brown to return, the Compensation Committee determined that it needed to offer Mr. Brown a market-competitive compensation package that provided him appropriate economic incentives for enhancing shareholder value over a substantial period of time. Mr. Brown, in turn, was willing to accept a below market level of fixed compensation with the opportunity to earn substantial compensation based on appropriate performance objectives. In consultation with Cook, the Compensation Committee recommended, and the Board approved, a five year employment arrangement for Mr. Brown. The principal element of this arrangement is a long-term incentive award in the form of restricted stock, which will be granted, subject to shareholder approval, in two parts, and which has an aggregate value, at grant, of $25 million. In partial consideration of receiving the restricted stock award, Mr. Brown also agreed to cancel his 2,500,000 outstanding stock options, thereby offsetting a portion of the value of his new long-term incentive opportunity. To further align the interests of management with those of shareholders, Mr. Brown has requested that the 2,500,000 options he has agreed to cancel be made available for additional stock awards to other key members of management.

Under this award, Mr. Brown will receive an initial restricted stock award of 1,634,000 shares, with an additional award to be granted on February 18, 2009. These 1,634,000 shares represent an aggregate value of $20 million, based on the closing price of the Company s Stock on February 15, 2008, which was the last business day prior to the date Mr. Brown was re-elected as chief executive officer of the Company. The second part of this award will have a value of $5 million (based on the average closing prices of the Company s stock for the 20 days prior to that date).

To align Mr. Brown s interests with those of shareholders and to provide material incentives for him to perform, both of these restricted stock awards will become vested on or before February 18, 2013 only if the Company s average closing share price over a 20 business day period equals or exceeds $40. If the stock price does not achieve this level prior to February 18, 2013, or if Mr. Brown s employment is involuntarily terminated before that date and before achieving this stock price target, the shares subject to these awards will vest, if at all, on February 18, 2013, on a pro rata basis by linear interpolation, to the extent that the average closing share price over the prior 20 business days is between $16.20 and $40.00 per share. (The $16.20 threshold figure is adjusted to the higher of $16.20 and the Company s average closing share price over the 20 business days preceding February 18, 2009 with respect to the second part of the grant). Vesting of these shares will also occur in the event of a change in control of the Company prior to February 18, 2013, with the number of shares vesting on the date of the change in control being determined based on the stock price immediately prior to the change in control, and any shares that do not vest upon the change in control continuing to vest through February 18, 2013 based on the stock price through that date as described above.

Once any such shares subject to these awards are vested, Mr. Brown may not dispose of the shares until the later of (i) February 18, 2013 and (ii) one year after he ceases to be an employee of the Company. As an additional condition to his receipt of the restricted stock award and further evidence of Mr. Brown s long-term commitment to the Company, Mr. Brown agreed not to compete with the Company, both during his employment with the Company and for five years following his termination of employment for any reason.

During his prior tenure with the Company, a substantial portion of Mr. Brown s long-term incentive awards took the form of performance-based restricted stock awards. The Company and Mr. Brown believed that such awards aligned his interests with those of shareholders, by rewarding him for continued and sustained growth that enhanced shareholder value. As a factual matter, Mr. Brown never exercised any option granted to him by the Company and did not sell any Company stock during his service from 1999-2007, demonstrating his commitment to having his personal interests aligned with other owners of the Company. Indeed, as the inducement and incentive for Mr. Brown to remain as executive Chairman from 2004 through May 2007, the Company granted him a single, substantial MBV restricted stock award in lieu of annual long-term awards during such three year period of service. The restricted stock award granted as an inducement for him to return is therefore generally consistent with these prior practices.

Nevertheless, to avoid any question as to appropriateness of this compensation package relative to his services, Mr. Brown insisted that the terms and conditions of the restricted stock awards be presented to the Company s stockholders for approval. A proposal with regard to such restricted stock awards is set forth on page 51 of this proxy statement.

Mr. Brown has also committed to purchase 359,000 shares of the Company s Common Stock with his own funds by June 30, 2008. In connection with Mr. Brown s purchase commitment, the Compensation Committee agreed to issue an option which expires on June 30, 2008 for 359,000 shares at an exercise price of $ 12.15, which was the per share price paid by investors in connection with our secondary offering of common stock, consummated on February 13, 2008, in which we received proceeds of approximately $1.1 billion.

Mr. Brown will also receive an annual salary of $500,000, and a maximum annual incentive bonus of $2,000,000, to be payable based on the following performance conditions, as approved by the Compensation Committee: (1) 50% of the bonus will be payable based on the same performance objectives as the Success Bonus objectives; (2) 15% of the bonus will be payable based on financial goals for the Company s entire operation, budget expenses for the insurance operations and the normal business plan for asset management; (3) 15% of the bonus will be payable based on completing a 5-year transformation plan for the Company; (4) 10% of the bonus will be payable based on establishing a plan to have in place a senior management team for the 5-year transformation and a succession plan for the senior team; and (5) 10% of the bonus will be payable based on successfully lobbying the U.S. Congress to close the affiliate reinsurance tax loophole or having a plan in place to for Company to lower and optimize the Company s U.S. taxes under current law. Mr. Brown will not be eligible for any other long-term incentive awards during this 5 year period. Mr. Brown will not have an employment or severance agreement and, except with respect to his award of restricted stock described in more detail on page 51 of this proxy statement, will have no benefits or other payments payable in connection with any change of control of the Company.

6. Stock Ownership Guidelines

The Company has stock ownership guidelines to align senior management s interests with those of shareholders. These ownership guidelines are separate and distinct from the obligations undertaken by our executive officers to purchase a stated dollar amount of stock to induce Warburg Pincus to enter into the Investment Agreement with the Company. Pursuant to those commitments, the shares purchased by such officers are subject to investment limitations and restrictions comparable to those applicable to Warburg Pincus. Satisfaction of these commitments initially was to be effected by stock purchases from the Company at the same price per share paid by Warburg Pincus under the Investment Agreement ($31 per share). However, in March 2008, reflecting the fact that Warburg Pincus had purchased additional common stock at $12.15 per share, Warburg Pincus agreed that all of the Executives (except Mr. Dunton, in whose case the commitment was waived in its entirety) could instead satisfy their commitments by purchasing in the market common stock having an aggregate purchase price equal to each officer s aggregate investment commitment. As of the date hereof, all of the Executives have purchased such shares except for Mr. Weeks.

Under our stock ownership guidelines, our Chief Executive Officer is expected to own Company stock with a value equal to approximately five times his annual salary, and the other Executives are expected to own Company stock with a value of approximately three or four times their annual salary, depending on their job and title. This includes stock owned directly and stock held in retirement plans and does not include the value of restricted stock or stock options.

As of January 1, 2007, Messrs. Dunton, Silva, Brown and Budnick were in compliance with these guidelines and Messrs. Chaplin, Sonkin and Corso had not yet achieved the expected holdings. However, the following table illustrates (amounts shown are in $000s, with stock values based on the closing value of a share of stock on the stated date or the immediately prior trading date) the significant decline these Executives suffered during 2007 in the value of their holdings in, or their compensation valued by reference to, our stock:

Executives Equity Holdings

Values as of 1/1/2007 and 12/31/2007 ($,000)

	January 1, 2007 ($73.06 Share Price)					
Executive	**Options ($)**	**MBV Restricted Stock ($)**	**Restricted Stock ($)**	**Directly Owned ($)**	**Total ($)**	**Number of Directly Owned Shares**
C Edward Chaplin	583	913	2,287	513	4,296	7,020
Mitchell I. Sonkin	1,221	1,770	367	0	3,358	
Clifford D. Corso	2,366	2,236	292	649	5,543	8,887
Kevin D. Silva	8,937	1,808	750	1,572	13,067	21,516
Joseph W. Brown	72,651	23,890	0	46,174	142,715	632,000

	December 31, 2007 ($18.63 Share Price)					
Executive	**Options ($)**	**MBV Restricted Stock ($)**	**Restricted Stock ($)**	**Directly Owned ($)**	**Total ($)**	**Number of Directly Owned Shares**
C Edward Chaplin	0	609	583	168	1,360	9,020
Mitchell I. Sonkin	0	793	460	0	1,253	
Clifford D. Corso	0	984	75	166	1,225	8,887
Kevin D. Silva	0	732	60	370	1,162	19,857
Joseph W. Brown	0	0	0	11,521	11,521	618,433

The Company has had stock ownership guidelines since 1999 for the sale of stock acquired upon exercise of stock options and the sale of restricted stock that becomes vested. Under these guidelines, as modified in 2006, Executives are expected to retain 50% (and our Chief Executive Officer 75%) of the shares of restricted stock that becomes vested and of shares acquired upon the exercise of stock options, net of any sales needed to pay taxes upon vesting, until they meet the general ownership guidelines described above. Once the ownership guidelines are met, our Chief Executive Officer is expected to retain 50% and Executives are expected to retain 25% of the shares of restricted stock that become vested and shares acquired upon the exercise of stock options, net of any sales needed to pay taxes upon vesting, until they own twice the value as set forth in the ownership guidelines, after which there are no restrictions on sales.

The stock ownership guidelines and the guidelines for the sale of stock acquired upon exercise of stock options and the sale of restricted stock that becomes vested in each case as described above are expected to be evaluated in connection with the evaluation of the Company s long-term incentive award program.

7. Pension Plans, Benefit Plans and Executive Perquisites

The Company offers the Executives the same benefits offered to the general employee population. This includes participation in the Company s healthcare benefits, where the Company shares in the cost of employee health insurance coverage with the amount of an employee s contribution rising in proportion to the employee s base salary; supplemental disability insurance in order to bring the income replacement benefit to a level equivalent to 70% of base salary; and contributions to defined contribution retirement programs based on a stated percentage of the employee s compensation.

The Company s retirement program includes two qualified defined contribution plans and a non-qualified retirement plan. The Company does not maintain any defined benefit retirement plans. The qualified retirement plans include (i) a money purchase pension plan whereby the Company contributes each year an amount equal to ten percent of earned salary and annual bonus and (ii) a 401(k) plan whereby plan participants can contribute up to ten percent (changed to 25% as of January 1, 2008) of earned salary and annual bonus on a pre-tax basis, and the Company will match participants contributions on a dollar-for-dollar basis up to five percent of earned salary and annual bonus. All employees, including Executives, receive the same Company contribution percentages. The Company s non-qualified deferred compensation and excess benefit retirement plan provides plan participants with benefits that are in excess of those amounts than can be provided within the qualified plans or that otherwise do not meet IRS requirements. Participant contributions to this plan are tax deferred until the time of distribution. The Company affords executives the benefit of this non-qualified plan because it believes that all eligible employees should be afforded proportionate contributions to its pension and retirement plans.

With respect to Executive perquisites, the Executives are provided with Company paid annual Executive physical examinations at a cost of $2,500 each. Except for this medical benefit, the Company does not provide any Executive perquisites to its Executives. The Company also does not provide any Executive perquisites in connection with any severance or retirement agreements.

8. Tax and Accounting Aspects of Executive Compensation

In designing our executive compensation plans and programs, we considered the tax and accounting aspects of such awards. The accounting costs associated with stock options was one of several factors that led us to reevaluate the nature of our long-term incentive awards. Our plans have generally been designed, where appropriate, so that amounts paid under the plans are deductible for Federal income tax purposes despite the limits imposed under Section 162(m) of the Code, including by qualifying the compensation payable under such plans as performance-based compensation within the meaning of Section 162(m) of the Code or by paying compensation that does not materially exceed the $1 million annual cap imposed by Section 162(m) of the Code. Although the Company believes that tax deductibility is an important factor in making compensation decisions, it reserves the right to pay amounts that are not deductible in appropriate circumstances. For example, the special retention awards will not be exempt from the limitation in Section 162(m) and, therefore, a portion of these payments may not be deductible for Federal income tax purposes. Where relevant, we have also designed our plans and programs to comply with, or to be exempt from the application of, Section 409A of the Code.

9. Change of Control Arrangements

In November 2006, the Compensation Committee adopted, and the Board approved, a Key Employee Employment Protection Plan (the KEEP Plan), which superseded then existing individual key employee employment protection agreements. The Executives (other than Mr. Dunton and Mr. Budnick, who have already terminated employment) are covered under the KEEP Plan. Mr. Brown is not eligible for the plan nor does he have any comparable arrangements except with respect to his restricted stock award as described on page 51 of this proxy statement. The purpose of the KEEP Plan is to assure the Company of the services of key executives during any change in ownership or control of the Company and to provide such executives certain financial assurances to enable them to perform the responsibilities of their positions without undue distraction and to exercise their judgment without bias due to personal circumstances. The terms and conditions of the KEEP Plan are comparable in many respects to the individual agreements it replaced, but the terms that had been applicable under those agreements were modified to reflect changes in market practices that had been recommended by Cook. The net effect of these revisions was to lower the level of benefits that would be payable to the covered executives in the event of a change of control.

On December 21, 2007, as an inducement to Warburg Pincus to enter into the Investment Agreement, the Company amended the KEEP Plan and other plans and arrangements that used a similar definition of a change in control to provide that neither (a) the consummation of the transactions contemplated by the Investment Agreement nor (b) any future acquisitions of Company common stock by Warburg Pincus or its affiliates would constitute a Change of Control with respect to such officer under the terms of such plan. Each of the Executives in office at the date the Investment Agreement with Warburg Pincus specifically consented to these amendments.

REPORT OF THE COMPENSATION AND ORGANIZATION COMMITTEE

ON EXECUTIVE COMPENSATION

To: **The MBIA Inc. Board of Directors**
From: **The Compensation and Organization Committee:**
Mr. Daniel P. Kearney, Chair
Mr. David A. Coulter
Dr. Claire L. Gaudiani
Mr. John A. Rolls
Mr. Richard C. Vaughan
Mr. Jeffery W. Yabuki

The Compensation and Organization Committee has reviewed the Compensation Discussion and Analysis and has discussed the disclosures contained therein with key members of the Company s management team including the Chairman and Chief Executive Officer, the Chief Financial Officer and the Chief Administrative Officer. Based on our knowledge of the Company s compensation program, we believe that the CD&A fairly and accurately discloses the practices, policies and objectives of the Company with respect to Executive compensation for the year 2007. Based upon this review and discussion, we have recommended to the Company s Board of Directors that the CD&A as presented to us be included in this proxy statement and in the Company s Form 10-K filing with the Securities and Exchange Commission.

MBIA INC.

SUMMARY COMPENSATION TABLE FOR 2007

Name & Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d) (4)	Stock Award ($) (e) (5)	Option Awards ($) (f) (6)	Non Equity Incentive Plan Compensation ($) (g) (7)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (h) (8)	All Other Compensation ($) (i) (9)	Total Compensation ($) (j) (10)
Gary C. Dunton (1)	2007	960,000		7,140,154	1,603,548	1,017,600		853,741	11,575,042
Chairman, Chief Executive Officer and President	2006	825,000		5,669,998	3,376,916	3,645,450		774,583	14,291,947
C. Edward Chaplin	2007	500,000		1,256,412	134,147	300,000		632,837	2,823,396
Vice President and Chief Financial Officer	2006	250,000	500,000	364,796	67,073	815,325		44,855	2,042,049
Mitchell I. Sonkin	2007	450,000		1,166,143	428,747	270,000		205,148	2,520,038
Vice President and Head of Insured Portfolio Management	2006	408,333		480,693	425,478	1,012,000		149,220	2,475,724
Clifford D. Corso	2007	441,667		1,116,659	382,782	315,000		218,279	2,474,388
Vice President, Chief Investment Officer and President of MBIA Asset Management	2006	400,000		642,376	405,669	900,000		169,439	2,517,484
Kevin D. Silva	2007	375,000		839,218	420,186	225,000		181,454	2,040,858
Vice President and Chief Administrative Officer	2006	375,000		563,861	445,742	1,004,000		161,029	2,549,632
Joseph W. Brown (2)	2007	180,000	576,000	5,904,401				692,631	7,353,032
Former Executive Chairman	2006	540,000		5,449,605	3,000,864	1,728,000		899,009	11,617,558
Neil G. Budnick (3)	2007	200,000	320,000	2,521,325	1,317,712			1,411,363	5,770,400
Former President of MBIA Insurance Corp.	2006	600,000		2,491,093	1,511,495	1,917,000		393,077	6,912,665

(1) Mr. Dunton resigned as Chairman, Chief Executive Officer and President on February 16, 2008.

(2) Mr. Brown retired from the Company in May 2007 as executive Chairman. On February 16, 2008, Mr. Brown was re-employed by the Board as Chairman, Chief Executive Officer and President.

(3) Mr. Budnick retired as President of MBIA Insurance Corp. on April 30, 2007.

(4) This column represents bonuses paid at the Company s discretion, outside of any non-equity incentive plan. With respect to Mr. Brown, the amount shown represents a 2007 pro-rated bonus of $576,000 that was paid in connection with his retirement. With respect to Mr. Budnick, the amount shown represents a 2007 cash bonus of $320,000 that was paid in connection with his retirement.

(5) The amounts shown represent the dollar amount of stock compensation expense recognized for financial accounting purposes in 2007 under FAS 123R (excluding any reduction with respect to the risk of forfeitures related to service-based vesting conditions), and includes compensation costs associated with stock awards granted in previous years as well as any stock awards granted in 2007. For a discussion of valuation assumptions, see Note 24 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2007. Individual awards granted in 2007 for each of the named executives are included in the Grants of Plan-based Awards table and footnotes.

(6) The amounts shown represent the dollar amount of option compensation expense recognized for financial accounting purposes in 2007 under FAS 123R (excluding any reduction with respect to the risk of forfeitures related to service-based vesting conditions), and includes compensation costs associated with option awards granted in previous years as well as any option awards granted in 2007. For a discussion of valuation assumptions, see Note 24 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2007. Individual awards granted in 2007 for each of the named executives are included in the Grants of Plan-based Awards table and described in the accompanying footnotes. On December 11, 2007, Mr. Corso forfeited 2,670 stock options with an exercise price of $42.79. These options expired unexercised.

(7) For 2007, the amounts shown represent cash bonuses for the 2007 performance year. The bonus amounts represent payment, in the case of each named executive officer, of 40% of his target bonus. See the Compensation Discussion and Analysis for a full explanation of 2007 bonus payments. For 2006, the amounts shown represent the cash bonuses for the 2006 performance year and the amounts also include the cash payment of MBV cash awards, which vested in February 2007 (for the 2003-2006 performance period). The following table shows specific information with respect to the 2006 cash bonus and the MBV cash award vesting, which were both paid in 2007.

Non-Equity Incentive Plan Compensation in 2007

Name	2006 Cash Performance Bonus	MBV Cash Payout
Gary C. Dunton	1,875,000	1,770,450
C. Edward Chaplin	600,000	215,325
Mitchell I. Sonkin	550,000	462,000
Clifford D. Corso	650,000	250,000
Kevin D. Silva	500,000	504,000
Joseph W. Brown	1,728,000	
Neil G. Budnick	960,000	957,000

(8) MBIA does not maintain a qualified or non-qualified defined benefit retirement plan. The Company does maintain a non-qualified defined contribution retirement plan. MBIA credits amounts to this plan that it is precluded from contributing to the pension and 401(k) plans because of Internal Revenue Code limitations. With respect to the non-qualified retirement plan, there were no earnings credited in 2007 that were above the federal long-term interest rates for the applicable period. In 2007, the following interest rates were credited for the first, second, third and fourth quarters: 5.38%, 5.30%, 5.69% and 5.72% respectively. See the Non-qualified Deferred Compensation table for details regarding contributions and earnings in 2007.

(9) The amounts shown consist of (i) company contributions made in 2007 to the qualified defined contribution pension and 401(k) plans, (ii) company credits made in 2007 to the non-qualified retirement plan and (iii) dividends paid in 2007 on unvested restricted stock. There were no perquisites paid on behalf of the Executives in 2007 that exceeded $10,000. Each executive receives an annual physical examination, which costs the Company $2,500 for each examination. With respect to Mr. Chaplin, the amount shown also includes an aggregate cost of $249,000 to the Company in connection with his relocation. With respect to Mr. Budnick, the amount shown represents company reimbursements for legal and outplacement fees incurred in connection with his retirement of $55,000 in addition to a cash payment in lieu of an LTI award of $1,000,000 in connection with his retirement. The following table shows specific information with respect to all other compensation amounts paid in 2007.

Dividends Paid and Retirement Plan Contributions in 2007

Name	Dividends Paid in 2007 ($)	Company Qualified Contributions in 2007 ($)	Company Non-Qualified Contributions in 2007 ($)	Retirement Payments ($)	Legal Fees ($)	Outplacement Fees ($)	Relocation Benefits ($)	All Other Compensation in 2007 ($)
Gary C. Dunton	464,491	30,625	358,625					853,741
C. Edward Chaplin	78,837	33,250	271,750				249,000	632,837
Mitchell I. Sonkin	64,315	29,250	111,583					205,148
Clifford D. Corso	68,696	29,250	120,333					218,279
Kevin D. Silva	54,204	29,250	98,000					181,454
Joseph W. Brown	370,431	33,250	288,950					692,631
Neil G. Budnick	142,363	29,500	184,500	1,000,000	30,000	25,000		1,411,363

(10) The amounts shown represent the sum of the amounts shown in all of the other columns in the Summary Compensation Table. The total compensation amounts include equity compensation costs from prior years and do not directly represent the compensation paid to the executives for the 2007 performance year. Moreover, as discussed in the Compensation Discussion and Analysis, the MBV restricted stock awards made in 2005 (for the 2005-2007 period) were forfeited because of MBV performance in 2007, resulting in a reversal of expense associated with such awards. The table below shows the total annual cash compensation paid for 2007 (including salary and 2007 bonus) for each named executive, as well as the net expense recognized by the Company for stock awards in 2007, after giving effect to the forfeiture of the MBV restricted stock awards for the 2005-2007 performance period:

Name	Annual Cash Compensation ($)	Adjusted Stock Expense ($)
Gary C. Dunton	1,977,600	5,040,154
C. Edward Chaplin	800,000	947,962

Mitchell I. Sonkin	720,000	726,137
Clifford D. Corso	756,667	646,645
Kevin D. Silva	600,000	369,204
Joseph W. Brown	180,000	5,904,401
Neil G. Budnick	200,000	1,001,328

MBIA INC.

GRANTS OF PLAN-BASED AWARDS IN 2007

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares/ Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name (a)	**Grant Date (b) (1)**	**Threshold ($) (c)**	**Target ($) (d) (2)**	**Maximum ($) (e)**	**Threshold (#) (f)**	**Target (#) (g)**	**Maximum (#) (h) (3)**	**(#) (i) (4)**	**(#) (j) (5)**	**($/Share) (k)**	**($) (l) (6)**
Gary C. Dunton			2,544,000								
	Feb 15, 2007					74,090	74,090				5,250,000
	Dec 20, 2007								40,000	31.00	
C. Edward Chaplin			750,000								
	Feb 15, 2007					20,181	20,181				1,430,000
	Dec 20, 2007								2,725	31.00	
Mitchell I. Sonkin			675,000								
	Feb 15, 2007					18,347	18,347				1,300,000
	Aug 3, 2007							19,673			1,000,000
	Dec 20, 2007								2,725	31.00	
Clifford D. Corso			675,000								
	Feb 15, 2007					22,227	22,227				1,575,000
	Dec 20, 2007								2,725	31.00	
Kevin D. Silva			562,500								
	Feb 15, 2007					14,550	14,550				1,031,000
	Dec 20, 2007								2,725	31.00	
Joseph W. Brown											
Neil G. Budnick	Apr 30, 2007							23,396			1,627,431

(1) The equity grant date in each case is the date the Board or Compensation Committee approved the equity award.

(2) As described in the Compensation Discussion and Analysis, the Compensation Committee approved target bonus opportunities under the Company s Annual Incentive Plan expressed as a percentage of salary for our named executives for 2007. Bonus amounts up to target could have been paid for maximum performance based upon the achievement of Company, business unit and individual performance objectives. The bonus amounts shown reflect the 2007 target bonus opportunities and do not reflect the actual bonuses paid to the named executives for 2007. Actual bonuses were paid for 2007 at 40% of target, and are reported in the Summary Compensation Table under the Non-Equity Incentive Compensation column.

(3) The amounts shown for Messrs. Dunton, Chaplin, Sonkin, Corso and Silva represent the value of performance-based long-term incentive awards (i.e., MBV restricted stock) granted under the Company s Omnibus Incentive Plan on February 15, 2007 for the 2006 performance year (performance period is December 31, 2006 through December 31, 2009). MBV restricted stock awards vest three years after grant date, with the number of shares that vest depending on MBV growth over the three year performance period. If MBV grows 30% or more over the three-year period, then 100% of the stock will vest. If growth is less than 30%, the number of shares that will vest will be adjusted downward. MBV restricted stock awards are granted at the maximum number of shares that will vest. Dividends are paid on all restricted stock at the same rate payable to shareholders from the date of grant.

(4) Mr. Sonkin received a special restricted stock award under the Company s Omnibus Incentive Plan at mid-year in recognition of his performance. This award will vest 50% on the second anniversary of the grant date with the remaining 50% vesting on the fourth anniversary of the grant date. With respect to Mr. Budnick and in connection with his retirement in 2007, he was awarded a vested stock unit grant pursuant to the Retirement Program term as described in the Post-Termination section of this proxy.

(5) On December 20, 2007, the Compensation Committee awarded Messrs. Dunton, Chaplin, Sonkin, Corso and Silva stock options under the Company s Omnibus Incentive Plan with an exercise price of $31.00 per share (a 3% premium of the share price on the date of grant) in order to facilitate each such officer s ability to satisfy a commitment to purchase a specified dollar amount of stock entered into to induce Warburg Pincus to enter into the Investment Agreement with Company. The options were fully vested at grant and were to expire within 60 days following the closing of Warburg Pincus s investment (March 30, 2008). In part due to the fact that Warburg Pincus was able to effect an additional purchase of common stock from the Company at $12.15 per share as part of the Company s secondary offering, Warburg agreed to allow the executives to fulfill this commitment by buying shares on the open-market at no less than $12.15 per share. As this eliminated the need for the Company to sell the requisite amount of stock to the executives, these options were all cancelled in March 2008.

(6) The amounts shown reflect the grant fair values of each of the equity awards listed in the table as determined in accordance with FAS 123R, except that no discount has been taken with respect to any service vesting award in respect of the risk that such award could be forfeited.

MBIA INC.

OUTSTANDING EQUITY AWARDS AS OF DECEMBER 31, 2007

	Option Awards					Stock Awards			
Name (a)	**Number of Securities Underlying Unexercised Options Exercisable (#) (b)**	**Number of Securities Underlying Unexercised Options Unexercisable (#) (c)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)**	**Option Exercise Price ($) (e)**	**Option Expiration Date (f)**	**Number of Shares or Units of Stock That Have Not Vested (#) (g)**	**Market Value of Shares or Units of Stock That Have Not Vested ($) (h) (1)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j) (2)**
Gary C. Dunton	75,000			43.00	Jan 9, 2008				
	24,000			42.50	Dec 9, 2008				
	300,000			45.25	Jan 7, 2009				
	110,655			32.54	Dec 9, 2009				
	112,500			44.63	Jan 11, 2011				
	200,000			52.81	Feb 7, 2012				
	200,000			36.69	Feb 12, 2013				
				64.84	Feb 10, 2014				
		200,000(6)	200,000(5)	58.84	Feb 16, 2015				
	40,000(7)			31.00	March 30, 2008				
						28,532(8)	531,551	35,690(9)	0
						30,262(10)	563,781	97,252(11)	0
								74,090(12)	0
C. Edward Chaplin	2,725(7)	37,500(13)		57.51	June 26, 2016				
				31.00	March 30, 2008				
						31,299(14)	583,101	5,000(15)	0
								7,500(16)	0
								20,181(12)	0
Mitchell I. Sonkin	12,000	75,000(17)		62.47	Mar. 29, 2014				

	2,725(7)	18,000(18)	58.84	Feb. 16, 2015				
			31.00	March 30, 2008				
					5,026(19)	93,634	7,478(9)	0
					19,673(20)	366,508	16,753(11)	0
							18,347(12)	0
Clifford D. Corso (3)	3,015		42.50	Dec. 9, 2008				
	2,712		32.54	Dec. 9, 2009				
	6,345		48.58	Dec. 12, 2010				
	7,000		52.81	Feb. 7, 2012				
	5,600	1,400(21)	36.69	Feb. 12, 2013				
	4,200	2,800(22)	64.84	Feb. 10, 2014				
	0	60,000(23)	55.60	June 9, 2014				
	12,000	18,000(18)	58.84	Feb. 16, 2015				
	2,725(7)		31.00	March 30, 2008				
					4,000(8)	74,520	7,988(9)	0
							22,617(11)	0
							22,227(12)	0
Kevin D. Silva	30,000		42.50	Dec. 9, 2008				
	11,730		42.50	Dec. 9, 2008				
	112,500		45.25	Jan. 7, 2009				
	32,280		32.54	Dec. 9, 2009				
	30,000		44.63	Jan. 11, 2011				
	30,000		52.81	Feb. 7, 2012				
	24,000	6,000(21)	36.69	Feb 12, 2013				
	18,000	12,000(22)	64.84	Feb. 10, 2014				
	12,000	18,000(18)	58.84	Feb 16, 2015				
	2,725(7)		31.00	March 30, 2008				
					3,210(8)	59,802	7,988(9)	0
							16,753(11)	0
							14,550(12)	0
Joseph W. Brown (4)	1,200,000		45.25	Jan. 7, 2009				
	246,000		32.54	Dec. 9, 2009				
	375,000		44.63	Jan. 11, 2011				

	375,000	52.81	Feb. 7, 2012					
	304,000	36.69	Feb. 12, 2013					
Neil G. Budnick				N.A.	23,396(24)	435,867	21,244(25)	0
							40,208(26)	0

(1) For time-based stock awards, the amounts shown are based on $18.63 per share, the closing fair market value of the shares on December 31, 2007.

(2) For the performance-based MBV restricted stock awards, there is no value shown in the table. Based on MBV growth calculations determined at December 31, 2007, no portion of any of the outstanding MBV restricted stock awards would be earned because the minimum required MBV growth had not been met due to the mark to market results in 2007. The vesting terms of these awards are as follows. The number of shares that will vest at the end of the three-year vesting period will depend on growth in MBV over the three-year period, but cannot exceed the number of shares granted. If MBV grows by 30% or more over the three-year period, then 100% of the MBV Restricted Stock will vest. If MBV growth over the three-year period is lower than 30%, the number of shares of MBV Restricted Stock that will vest at the end of the three-year period will be adjusted downward in proportion to the amount by which actual growth in MBV over the three-year period is below 30%. If MBV growth is flat or negative, no portion of the MBV restricted stock awards will vest.

(3) On December 11, 2007, Mr., Corso forfeited 2,670 stock options with an exercise price of $42.79. These options expired underwater.

(4) On February 16, 2008, the board re-employed Mr. Brown as Chairman, President and CEO. In connection with his re-employment, Mr. Brown will receive one-time restricted stock awards that are subject to shareholder approval in May 2008. Mr. Brown s outstanding stock options as shown were cancelled in connection with his execution of his restricted stock award agreement. For additional information, see the discussion of this award under the heading, Compensation Decisions for Mr. Jay Brown in the Compensation Discussion and Analysis, and the discussion of Proposal No. 3, entitled Approval of Restricted Stock Awards to Joseph W. Brown . In addition, in connection with his appointment as Chief Executive Officer, Mr. Brown was granted a short-term stock option (expiring June 30, 2008) to purchase 359,000 shares of common stock at $12.15 per share.

(5) Stock options vest on the last day of a period of ten consecutive trading days in which MBIA shares have traded at least $90 at any point during each trading day. If the trading target is not met, options will fully vest on February 10, 2013.

(6) Stock options vest on February 16, 2010.

(7) On December 20, 2007, the Compensation Committee awarded Messrs. Dunton, Chaplin, Sonkin, Corso and Silva stock options with an exercise price of $31.00 per share in connection with the Warburg Pincus Investment Agreement. The options were fully vested at grant and were to expire within 60 days following the closing of Warburg Pincus s initial investment under the Investment Agreement with the Company. These options were subsequently cancelled in March 2008.

(8) Restricted stock vests on February 10, 2008.

(9) MBV restricted stock granted in 2005, which would have vested on February 16, 2008 had the applicable performance vesting conditions been satisfied, in whole or in part. As these conditions were not satisfied, all of these shares of MBV restricted stock were forfeited in 2008 upon the Compensation Committee s certification of the performance results.

(10) Restricted stock vests on February 16, 2009.

(11) MBV restricted stock that may vest on February 27, 2009, subject to the same MBV growth and vesting terms as described in footnote (2).

(12) MBV restricted stock that may vest on February 15, 2010, subject to the same MBV growth and vesting terms as described in footnote (2).

(13) Stock options vest on June 26, 2011.

(14) Restricted stock was granted on June 26, 2006 with 50% vesting on the second anniversary of the grant date and the remaining 50% vesting on the fourth anniversary of the grant date.

(15) MBV restricted stock granted in 2005 that would have vested on February 16, 2008 had the applicable performance vesting conditions been satisfied, in whole or in part. As these conditions were not satisfied, all of these shares of MBV restricted stock were forfeited in 2008 upon the Compensation Committee s certification of the performance results.

(16) MBV restricted stock that may vest on February 27, 2009. This grant was made in connection with Mr. Chaplin s hire and is subject to the same MBV growth and vesting terms as described in footnote (2).

(17) Stock options will fully vest on March 29, 2009.

(18) Stock options will fully vest on February 16, 2010 with gradual vesting as follows: 40% of the options shall become exercisable on the second anniversary of the grant date and the remaining 60% of the options shall become exercisable in equal 20% installments on each of the third, fourth and fifth anniversaries of the grant date.

(19) Restricted stock vests on February 27, 2010.

(20) Restricted stock was granted on August 3, 2007 with 50% vesting on the second anniversary of the grant date and the remaining 50% vesting on the fourth anniversary of the grant date.

(21) Stock options will fully vest on February 12, 2008 with gradual vesting as follows: 40% of the options shall become exercisable on the second anniversary of the grant date and the remaining 60% of the options shall become exercisable in equal 20% installments on each of the third, fourth and fifth anniversaries of the grant date.

(22) Stock options will fully vest on February 10, 2009 with gradual vesting as follows: 40% of the options shall become exercisable on the second anniversary of the grant date and the remaining 60% of the options shall become exercisable in equal 20% installments on each of the third, fourth and fifth anniversaries of the grant date.

(23) Stock options will fully vest on June 9, 2009.

(24) Restricted stock units vest on April 30, 2010. In connection with his retirement, Mr. Budnick was awarded vested Restricted Stock Units under the Company s Retirement Program (described in the Post Termination section).

(25) MBV restricted stock granted in 2005 that would have vested on February 16, 2008 had the applicable performance vesting conditions been satisfied, in whole or in part. As these conditions were not satisfied, all of these shares of MBV restricted stock were forfeited in 2008 upon the Compensation Committee s certification of the performance results.

(26) MBV restricted stock that may vest on February 27, 2009. In connection with his retirement, Mr. Budnick s MBV restricted stock awards continue to vest in accordance with the original MBV growth and vesting terms as described in footnote (2).

MBIA INC.

OPTION EXERCISES AND STOCK VESTED IN 2007

Name	Option Awards		Stock Awards	
(a)	Number of Shares Acquired on Exercise (#) (b) (1)	Value Realized on Exercise ($) (c) (2)	Number of Shares Acquired on Vesting (#) (d) (3)	Value Realized on Vesting ($) (e) (4)
Gary C. Dunton	0	0	157,775	10,077,641
C. Edward Chaplin	0	0	0	0
Mitchell I. Sonkin	0	0	0	0
Clifford D. Corso	0	0	0	0
Kevin D. Silva	0	0	7,059	488,130
Joseph W. Brown	0	0	327,000	20,434,230
Neil G. Budnick	658,860	13,491,398	76,585	5,321,154

(1) There were no option exercises in 2007 from the named executives except for Mr. Budnick, who exercised options in 2007 prior to and in connection with his retirement.

(2) The value shown is equal to the closing share price on the date of exercise, less the exercise price, times the number of shares acquired.

(3) Messrs. Dunton, Silva and Budnick had restricted shares that vested on February 12, 2007, upon the completion of the restriction period. Messrs. Dunton and Brown had performance-based restricted shares that vested on August 8, 2007 because a target 50% growth in MBV was achieved on that date. Mr. Budnick also had restricted shares that vested on April 30, 2007 in connection with his retirement.

(4) The value of stock awards upon vesting is equal to the number of shares vested times the closing share price on the date of vesting.

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NON-QUALIFIED DEFERRED COMPENSATION IN 2007

Name (a)	Executive Contributions in 2007 ($) (b) (1)	Company Contributions in 2007 ($) (c) (1)	Earnings in 2007 ($) (d) (2)	Withdrawals/ Distributions ($) (e) (3)	Balance as of 12/31/07 ($) (f)
Gary C. Dunton	268,000	358,625	238,998	0	4,607,195
C. Edward Chaplin	94,500	271,750	17,565	0	412,485
Mitchell I. Sonkin	84,500	111,583	24,603	0	514,054
Clifford D. Corso	39,083	120,333	66,164	0	1,275,093
Kevin D. Silva	72,000	98,000	101,535	0	1,940,331
Joseph W. Brown	175,300	288,950	227,816	0	4,322,694
Neil G. Budnick	100,500	184,500	190,119	4,336,684	0

(1) MBIA maintains a non-qualified defined contribution retirement plan. Under this plan, MBIA credits amounts that it is precluded from contributing to the money purchase and 401(k) plans because of Internal Revenue Code limitations. The amounts credited include both company and employee contributions. The amounts shown in column (b) represent employee compensation deferrals and the amount shown in column (c) represent company matching and money purchase contributions, in each case in excess of the amounts that may be contributed to the Company s tax-qualified retirement plans. Executives become fully vested in Company contributions on the fifth year of participation in the plan. Beginning in 2007, Mr. Chaplin will receive five annual credits to the non-qualified retirement plan in the amount of $140,000 per year to partially offset the value of the pension benefit he would have earned from his prior employer.

The employee contribution amounts reported in column (b) above are included in the Salary columns of the Summary Compensation Table and the Company contribution amounts reported in column (c) above are included in the All Other Compensation column of the Summary Compensation Table. The earning amounts reported in column (d) above have not been included in the Summary Compensation because they do not represent above-market earnings. Amounts reported in the aggregate balance at last fiscal year end (column (f)) previously were reported as compensation to the Executives in the Company s Summary Compensation Table for 2006 under the Salary and Non-Equity Incentive Plan Compensation columns in respect of employee contributions ($232,500 for Mr. Dunton, $18,750 for Mr. Chaplin, $211,800 for Mr. Brown and $141,000 for Mr. Budnick) and the All Other Compensation column in respect of employer contributions ($342,125 for Mr. Dunton, $10,417 for Mr. Chaplin, $287,850 for Mr. Brown and $203,500 for Mr. Budnick).

Compensation that may be deferred under the plan includes the aggregate salary and bonus paid to the Executive in any plan year (including amounts that would have been paid to him but for his election to defer part or all of such amounts under the non-qualified plan or any other plan of deferred compensation of the Company) for services rendered as an employee. The Company makes a matching contribution on behalf of the Executive in the amount of one dollar for each dollar deferred, up to (and not exceeding) five percent of the Executive s compensation for such payroll period minus the amount contributed on the Executive s behalf under the Company s 401(k) plan.

(2) The non-qualified retirement plan earnings are based upon the Lehman Brothers Government/Corporate Bond Index. For interest rates credited in 2007, see footnote (8) in the Summary Compensation Table.

(3) The vested account balances are distributed following termination of employment as a lump sum payment or in annual installments up to 10 years, as previously elected by the recipient and in all cases in accordance with the requirements of Section 409A of the Internal Revenue Code. In connection with his retirement, Mr. Budnick received a distribution from the non-qualified retirement plan. This amount was paid in a lump sum on October 31, 2007, six months after his separation from service.

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RETIREMENTS DURING 2007

Mr. Budnick retired from the Company in April 2007. In connection with his retirement, Mr. Budnick became entitled to receive any vested benefits to which he was entitled under the Company s pension and profit sharing plans as of his retirement date. He also qualified for a 2006 performance bonus and a payout of his 2003 MBV award, subject to Company performance. In consideration for Mr. Budnick agreeing to a three year non-compete and non-solicit of the Company s employees and customers, Mr. Budnick received or became entitled to:

- a prorated performance bonus for 2007 that was equivalent to the average of the 2006 and 2005 performance bonuses ($320,000), paid in a lump sum shortly following his retirement;

- his outstanding unvested stock options (133,000 stock options) immediately vested and remained exercisable until the later of 90 days from his retirement date or December 31, 2007 (not to exceed an options original expiration date);

- all of his outstanding MBV restricted stock will continue to vest in accordance with the original performance-based vesting terms, subject to actual MBV performance for the relevant 3 year performance period, with the provision that the 35,000 shares of MBV restricted stock awarded to him on February 16, 2005 fully vested on his retirement date;

- a grant of 23,396 restricted stock units (with a grant date value of $1,627,431) that will become transferable on April 30, 2010 pursuant to the Company s retirement program as described on page 32;

- his previously outstanding unvested time-based restricted stock (26,710 shares of restricted stock) immediately vested on his retirement date;

- he and his eligible dependents are permitted to continue participation and coverage until his 55th birthday in the Company medical and dental insurance plans offered to active employees of the Company in accordance with the terms of such plans as they may be in effect from time to time, with the same level of Company subsidy as provided to active employees as may be in effect from time to time and, upon reaching age 55, Mr. Budnick will be eligible to participate in the Company s retiree medical and dental plans, in accordance with the terms of such plans as they may be in effect from time to time at his own cost or at such subsidized cost as may be made available to any other former officer of the Company (this benefit had a value at his retirement date of $19,680);

- a cash payment in the amount of $1,000,000 in lieu of a long-term incentive grant for the 2006 performance year, paid shortly following his retirement date;

- executive outplacement counseling for a period of six months and at the conclusion of the six months, an additional three months of outplacement counseling (a value of $25,000);

- Payment of legal fees of up to $30,000.

Mr. Brown retired in May 2007 as executive Chairman and was re-employed by the Board on February 18, 2008 as Chairman, Chief Executive Officer and President. In connection with his retirement, Mr. Brown received and became entitled to a 2007 cash bonus ($576,000) which represented the average of annual bonus paid to Mr. Brown for 2005 and 2006 and prorated for service up to his retirement date, the issuance of restricted shares he earned when he was a member of the board, the continued vesting of outstanding MBV restricted stock awards based on the performance targets establish at the time of grant (50% MBV growth target from the beginning of the performance period) and outstanding stock options, which were fully vested at the time of retirement, remained exercisable up to an option s expiration date.

As discussed in the CD&A, Mr. Brown does not have an employment agreement, severance agreement or change in control arrangements, except with respect to his new restricted stock awards which are described in greater detail with regard to Proposal No. 3, Approval of Restricted Stock Awards to Joseph W. Brown, on page 51 of this proxy statement.