



**national
public finance
guarantee**



Revised on 5/10/2016 to correct two numbers in the bottom table on page 5.

First Quarter 2016 Operating Supplement

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(1) This report is unaudited.

Safe Harbor Disclosure

This Operating Supplement includes statements that are not historical or current facts and are “forward- looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “believe,” “anticipate,” “project,” “plan,” “expect,” “estimate”, “intend,” “will likely result,” “looking forward” or “will continue,” and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected, including, among other risks and uncertainties; increased credit losses or impairments on public finance obligations we insure issued by state, local and territorial governments and finance authorities that are experiencing fiscal stress; the possibility that MBIA Insurance Corporation will have inadequate liquidity to pay expected claims as a result of increased losses on certain structured finance transactions, in particular residential mortgage-backed securities transactions that include a substantial number of ineligible mortgage loans, or a delay or failure in collecting expected recoveries; the possibility that loss reserve estimates are not adequate to cover potential claims; a disruption in the cash flow from our subsidiaries or an inability to access capital and our exposure to significant fluctuations in liquidity and asset values within the global credit markets as a result of collateral posting requirements; our ability to fully implement our strategic plan, including our ability to maintain high stable credit ratings for National Public Finance Guarantee Corporation and generate investor demand for our financial guarantees; deterioration in the economic environment and financial markets in the United States (“U.S.”) or abroad, and adverse developments in European sovereign credit performance, real estate market performance, credit spreads, interest rates and foreign currency levels; the effects of changes to governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules; and uncertainties that have not been identified at this time. These and other factors that could affect financial performance or could cause actual results to differ materially from estimates contained in or underlying the Company’s forward-looking statements are discussed under the “Risk Factors” section in MBIA Inc.’s most recent Annual Report on Form 10-K, which may be updated or amended in the Company’s subsequent filings with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. The Company undertakes no obligation to publicly correct or update any forward-looking statement if it later becomes aware that such result is not likely to be achieved.

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

	March 31, 2016	December 31, 2015
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$3,894 and \$3,824)	\$ 3,913	\$ 3,767
Investments carried at fair value	136	133
Investments pledged as collateral, at fair value (amortized cost \$134 and \$204)	134	203
Short-term investments held as available-for-sale, at fair value (amortized cost \$316 and \$303)	316	302
Other investments (includes investments at fair value of \$4 and \$9)	7	12
Total investments	4,506	4,417
Cash and cash equivalents	38	51
Securities purchased under agreements to resell	130	199
Premiums receivable	197	198
Deferred acquisition costs	195	206
Other assets	58	51
Total assets	\$ 5,124	\$ 5,122
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	\$ 912	\$ 967
Loss and loss adjustment expense reserves	52	45
Securities sold under agreements to repurchase	130	199
Deferred income taxes, net	133	100
Other liabilities	76	81
Total liabilities	1,303	1,392
Equity:		
Common stock, par value \$30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,286	2,286
Retained earnings	1,507	1,466
Accumulated other comprehensive income (loss), net of tax of \$7 and \$20	13	(37)
Total equity	3,821	3,730
Total liabilities and equity	\$ 5,124	\$ 5,122

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

	<u>Three Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Premiums earned:		
Scheduled premiums earned	\$ 26	\$ 35
Refunding premiums earned	<u>32</u>	<u>50</u>
Premiums earned	58	85
Net investment income	31	29
Fees and reimbursements	1	1
Net gains (losses) on financial instruments at fair value and foreign exchange	9	3
Other net realized gains (losses)	<u>-</u>	<u>(4)</u>
Total revenues	99	114
Expenses:		
Losses and loss adjustment	9	(6)
Amortization of deferred acquisition costs	12	18
Operating	<u>15</u>	<u>16</u>
Total expenses	<u>36</u>	<u>28</u>
Income (loss) before income taxes	63	86
Provision (benefit) for income taxes	<u>22</u>	<u>29</u>
Net income (loss)	<u>\$ 41</u>	<u>\$ 57</u>

U.S. Public Finance Insurance
Net Income (Loss) Reconciliation to Operating Income (Loss)
(dollars in millions)

	Three Months Ended March 31, 2016		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
Revenues:			
Net premiums earned	\$ 58	\$ -	\$ 58
Net investment income	31	-	31
Fees and reimbursements	1	-	1
Net gains (losses) on financial instruments at fair value and foreign exchange	9	6	3
Total revenues	99	6	93
Expenses:			
Losses and loss adjustment	9	-	9
Amortization of deferred acquisition costs	12	-	12
Operating	15	-	15
Total expenses	36	-	36
Income (loss) before income taxes	63	6	57
Provision (benefit) for income taxes	22	2	20
Net income (loss)	\$ 41	\$ 4	\$ 37

	Three Months Ended March 31, 2015		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
Revenues:			
Net premiums earned	\$ 85	\$ -	\$ 85
Net investment income	29	-	29
Fees and reimbursements	1	-	1
Net gains (losses) on financial instruments at fair value and foreign exchange	3	1	2
Other net realized gains (losses)	(4)	-	(4)
Total revenues	114	1	113
Expenses:			
Losses and loss adjustment	(6)	-	(6)
Amortization of deferred acquisition costs	18	-	18
Operating	16	-	16
Total expenses	28	-	28
Income (loss) before income taxes	86	1	85
Provision (benefit) for income taxes	29	-	29
Net income (loss)	\$ 57	\$ 1	\$ 56

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)

Net Premiums Earned ⁽¹⁾⁽²⁾
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
2016					
Scheduled Premiums Earned	\$ 26,100				26,100
Refunded Premiums Earned	32,085				32,085
Total	\$ 58,185				\$ 58,185
2015					
Scheduled Premiums Earned	\$ 35,192	\$ 32,500	\$ 28,122	\$ 28,656	\$ 124,470
Refunded Premiums Earned	50,016	40,237	39,108	49,957	179,318
Total	\$ 85,208	\$ 72,737	\$ 67,230	\$ 78,613	\$ 303,788

(1) Premiums earned differ from amounts reported for National Public Finance Guarantee Corporation due to U.S. public finance policies that were subsequently determined to have refunded prior to the reinsurance agreement with MBIA Insurance Corporation that became effective on 1/1/09. The premiums associated with those refunded issues were returned to MBIA Insurance Corporation.

(2) Excludes insured derivative premiums.

Rollforward of Gross Premium Receivable ⁽¹⁾
(dollars in thousands)

Premium Receivable as of December 31, 2015	Premium Payments Received	Premium from New Business Written	Changes in Expected Term of Policies	Accretion of Premium Receivable Discount	Other	Premium Receivable as of March 31, 2016
\$197,699	\$(3,035)	\$1,295	\$(35)	\$1,466	\$(10)	\$197,380

(1) Excludes insured derivative premiums.

Amortization of Gross Par, Gross Debt Service, Net Unearned Premium and Cash Premiums Collected and Expected
(dollars in millions)

	Gross Par Outstanding	Debt Service Outstanding	Unearned Premiums ⁽¹⁾	Expected Future Premium Earnings ⁽¹⁾⁽²⁾				Cash Premiums Collected and Expected ⁽³⁾
				Upfront	Installments	Accretion	Total	
1st Qtr. 2016	149,829	250,174	915					3
2nd Qtr. 2016	145,515	244,048	891	21	3	2	26	3
3rd Qtr. 2016	138,814	234,890	868	20	3	1	24	4
4th Qtr. 2016	134,294	228,399	846	19	3	1	23	4
2017	121,217	207,508	762	73	11	6	90	13
2018	112,119	191,559	686	65	11	5	81	13
2019	103,720	176,684	617	59	10	5	74	13
2020	95,617	162,368	553	54	10	5	69	12
2021-2025	60,758	102,169	304	204	45	22	271	57
2026-2030	31,948	55,666	154	112	38	16	166	51
2031-2035	13,470	26,630	71	54	29	11	94	43
2036-2040	5,943	13,325	31	20	20	6	46	35
2041-2045	2,772	5,019	8	9	14	3	26	25
2046-2050	245	785	1	2	5	-	7	8
2051-2055	5	85	-	1	-	-	1	-
2056 and thereafter	-	-	-	-	-	-	-	-
Total				\$713	\$202	\$83	\$998	\$284

(1) Includes financial guarantee and insured derivative premiums.

(2) Actual future premium earnings will differ from the current projection due to the addition of new business and refundings.

(3) Represents installment-based future net, undiscounted collections.

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)
Investment Portfolio Including Cash and Cash Equivalents
as of March 31, 2016
(dollars in millions)

Investments ⁽¹⁾	Market Value	% of Market Value	Amortized Cost	% Book Yield
Fixed-Maturity Securities:				
Long-Term Tax-Exempt	\$ 190	4	\$ 181	5.26
Long-Term Taxable	3,836	88	3,825	3.34
Short-Term	338	8	338	0.88
Total Fixed-Maturity	4,364	100	\$ 4,344	3.23
Cash and Cash Equivalents	39			
Total Fixed Income Including Cash and Cash Equivalents	4,403			
Investments Carried at Fair Value	136			
Other	6			
Total	\$ 4,545			

Fixed Income Portfolio Including Cash and Cash Equivalents

State and Municipal Bonds	\$ 1,376	31
Corporate Obligations	1,153	26
MBS	991	23
US Treasury	539	12
ABS	284	7
Cash and Cash Equivalents	39	1
Money Markets	18	-
Foreign Governments	3	-
Total	\$ 4,403	100

Effective Maturity Profile

Cash and Cash Equivalents	\$ 39	1
≤ 1 yr	338	8
> 1 to 5 yrs	1,132	26
> 5 to 10 yrs	988	22
> 10 to 15 yrs	364	8
> 15 to 20 yrs	277	6
> 20 yrs	1,265	29
Total	\$ 4,403	100

Credit Quality Distribution of Long-Term Fixed-Maturity Securities

Rating ⁽²⁾

Aaa	\$ 1,773	44
Aa	1,221	30
A	723	18
Baa	137	4
BIG	152	4
NR	20	-
Total	\$ 4,026	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 10.43 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 5.72 years

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of \$130 million; the total market value of encumbered assets totals \$134 million.

(2) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the Moody's Priority Method; where Moody's underlying rating is used, when available, S&P's underlying rating is used if the Moody's underlying rating is not available and an internal underlying rating is used for MBIA wrapped investments if neither Moody's nor S&P's underlying ratings are available.

National Public Finance Guarantee Corporation
Insured Portfolio Losses
Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable
(dollars in millions)

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Gross Loss and LAE Reserves	\$ 45				\$ 45
Beginning Gross Insurance Loss Recoverable	(4)				(4)
Beginning Gross Reserves	41				41
Ceded Reserves	-				-
Net Reserves	41				41
Increase (Decrease) in Expected Payments	19				19
(Increase) Decrease in Expected Salvage	(10)				(10)
Net (Payments), Collections and Other ⁽¹⁾	(1)				(1)
Net Reserves	49				49
Ceded Reserves	-				-
Gross Reserves	49				49
Gross Loss and LAE Reserves	52				52
Gross Insurance Loss Recoverable	\$ (3)				\$ (3)

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Gross Loss and LAE Reserves	\$ 45	\$ 35	\$ 42	\$ 31	\$ 45
Beginning Gross Insurance Loss Recoverable	(4)	(4)	(1)	-	(4)
Beginning Gross Reserves	41	31	41	31	41
Ceded Reserves	-	-	-	-	-
Net Reserves	41	31	41	31	41
Increase (Decrease) in Expected Payments	(5)	4	(5)	14	8
(Increase) Decrease in Expected Salvage	(1)	4	(2)	(4)	(3)
Net (Payments), Collections and Other ⁽¹⁾	(4)	2	(3)	-	(5)
Net Reserves	31	41	31	41	41
Ceded Reserves	-	-	-	-	-
Gross Reserves	31	41	31	41	41
Gross Loss and LAE Reserves	35	42	31	45	45
Gross Insurance Loss Recoverable	\$ (4)	\$ (1)	\$ -	\$ (4)	\$ (4)

(1) Amounts are included in change in expected payments and expected salvage.

National Public Finance Guarantee Corporation

Liquidity Position ⁽¹⁾

(dollars in millions)

	1st	2nd	3rd	4th	Year-to-date
2016	Qtr.	Qtr.	Qtr.	Qtr.	
Beginning Cash & Cash Equivalents⁽²⁾	\$ 32				\$ 32
Premiums and Fees	5				5
Net Investment Income	21				21
Other	1				1
Total Inflows	<u>27</u>				<u>27</u>
Gross Loss & LAE Payments	5				5
Operating & Other Expenses	18				18
Total Outflows	<u>23</u>				<u>23</u>
Operating Cash Flow	4				4
Investing Activities	(9)				(9)
Net Cash Flow	<u>(5)</u>				<u>(5)</u>
Ending Cash & Cash Equivalents⁽²⁾	\$ 27				\$ 27
Other Liquid Assets ⁽³⁾	317				317
Ending Liquidity Position	\$ 344				\$ 344

	1st	2nd	3rd	4th	Full Year
2015	Qtr.	Qtr.	Qtr.	Qtr.	
Beginning Cash & Cash Equivalents⁽²⁾	\$ 174	\$ 83	\$ 135	\$ 40	\$ 174
Premiums and Fees	1	3	4	7	15
Net Investment Income	26	35	25	34	120
Other	2	27	-	-	29
Total Inflows	<u>29</u>	<u>65</u>	<u>29</u>	<u>41</u>	<u>164</u>
Gross Loss & LAE Payments	5	4	3	1	13
Operating & Other Expenses	19	14	15	14	62
Tax Payments	-	56	25	25	106
Total Outflows	<u>24</u>	<u>74</u>	<u>43</u>	<u>40</u>	<u>181</u>
Operating Cash Flow	5	(9)	(14)	1	(17)
Financing Activities	-	-	-	(14)	(14)
Investing Activities	(96)	61	(81)	5	(111)
Net Cash Flow	<u>(91)</u>	<u>52</u>	<u>(95)</u>	<u>(8)</u>	<u>(142)</u>
Ending Cash & Cash Equivalents⁽²⁾	\$ 83	\$ 135	\$ 40	\$ 32	\$ 32
Other Liquid Assets ⁽³⁾	342	294	347	304	304
Ending Liquidity Position	\$ 425	\$ 429	\$ 387	\$ 336	\$ 336

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Ending Liquidity Position excludes assets that are not readily available for sale such as cash & cash equivalents and assets designated to alternative investment strategy portfolios.

(2) Represents management's view of cash and cash equivalents; will not agree with National's Consolidated GAAP financial results which include other cash & cash equivalents of alternative investment strategies.

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

National Public Finance Guarantee Corporation
(dollars in millions)

Statutory Balance Sheets Summary

	3/31/2016	12/31/2015
Assets:		
Cash and Investments	\$ 4,440	\$ 4,437
Asset Swap Facility with MBIA Inc.	130	199
Other Assets	45	41
Total Assets	\$ 4,615	\$ 4,677
Liabilities:		
Unearned Premiums	982	1,042
Loss and LAE Reserves ⁽¹⁾	1	(30)
Contingency Reserve	879	910
Asset Swap Facility with MBIA Inc.	130	199
Other Liabilities	73	78
Total Liabilities	2,065	2,199
Total Policyholders' Surplus	2,550	2,478
Total Liabilities and Policyholders' Surplus	\$ 4,615	\$ 4,677

Claims-Paying Resources

	3/31/2016	12/31/2015
Balance Sheet		
Policyholders' Surplus	\$ 2,550	\$ 2,478
Contingency Reserve	879	910
Statutory Capital	3,429	3,388
Unearned Premium Reserve	982	1,042
Present Value of Installment Premiums ⁽¹⁾	197	197
Premium Resources ⁽²⁾	1,179	1,239
Net Loss and LAE Reserves ⁽¹⁾	1	(30)
Salvage Reserve	101	102
Gross Loss and LAE Reserves	102	72
Total Claims-Paying Resources	\$ 4,710	\$ 4,699
Net Debt Service Outstanding	\$ 242,156	\$ 259,436
Capital Ratio	71:1	77:1
Claims-Paying Resources Ratio	56:1	61:1

(1) As of March 31, 2016 and December 31, 2015, the discount rate was 3.04%.

(2) The amounts primarily consist of financial guarantee insurance premiums.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio Profile
(dollars in millions)

By Geography

Outstanding as of March 31, 2016

	Par Outstanding ^{(1) (2)}				Debt Service Outstanding			
	Gross Amount	%	Net Amount	%	Gross Amount	%	Net Amount	%
United States								
California	\$ 29,713	19.8	\$ 28,923	19.9	\$ 53,525	21.4	\$ 51,975	21.5
New York	14,007	9.4	13,461	9.3	21,007	8.4	20,139	8.3
Florida	9,741	6.5	9,649	6.6	13,910	5.6	13,790	5.7
Texas	8,265	5.5	8,088	5.6	13,155	5.3	12,476	5.1
Illinois	8,193	5.5	7,910	5.4	18,393	7.4	17,713	7.3
New Jersey	8,156	5.4	8,060	5.5	12,815	5.1	12,635	5.2
Michigan	5,112	3.4	4,762	3.3	7,509	3.0	6,906	2.9
Puerto Rico	3,860	2.6	3,778	2.6	8,903	3.5	8,782	3.6
Colorado	3,816	2.6	3,789	2.6	6,802	2.7	6,674	2.8
Massachusetts	3,775	2.5	3,454	2.4	5,594	2.2	5,042	2.1
Subtotal	94,638	63.2	91,874	63.2	161,613	64.6	156,132	64.5
Other States & Territories	52,050	34.7	50,472	34.7	81,506	32.6	78,983	32.6
Nationally Diversified	3,141	2.1	3,134	2.1	7,055	2.8	7,041	2.9
Total	\$ 149,829	100.0	\$ 145,480	100.0	\$ 250,174	100.0	\$ 242,156	100.0

By Bond Type

Outstanding as of March 31, 2016

	Par Outstanding ^{(1) (2)}				Debt Service Outstanding			
	Gross Amount	%	Net Amount	%	Gross Amount	%	Net Amount	%
Bond Type								
General Obligation	\$ 52,009	34.7	\$ 50,688	34.8	\$ 83,569	33.4	\$ 81,228	33.6
Municipal Utilities	24,957	16.7	24,378	16.8	37,512	15.0	36,488	15.1
Tax-Backed	20,747	13.9	20,150	13.9	39,086	15.6	37,743	15.6
Transportation	13,913	9.3	13,362	9.2	26,434	10.6	25,183	10.4
General Obligation - lease	13,356	8.9	12,511	8.6	19,021	7.6	17,703	7.3
Higher Education	8,413	5.6	8,206	5.7	12,951	5.2	12,602	5.2
Military Housing	7,481	5.0	7,472	5.1	17,234	6.9	17,216	7.1
Health Care	4,077	2.7	3,960	2.7	6,554	2.6	6,360	2.6
Investor Owned Utilities ⁽³⁾	3,054	2.0	2,946	2.0	4,860	1.9	4,705	1.9
Municipal Housing	938	0.6	934	0.6	1,455	0.6	1,447	0.6
Other ⁽⁴⁾	884	0.6	873	0.6	1,498	0.6	1,481	0.6
Total	\$ 149,829	100.0	\$ 145,480	100.0	\$ 250,174	100.0	\$ 242,156	100.0

(1) Net of refunded issues and reinsurance.

(2) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy.

(3) Includes Investor-Owned Utilities, Industrial Development and Pollution Control Revenue Bonds.

(4) Includes certain non-profit enterprises, stadium related financings and student loans.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio - 50 Largest Credits
By Gross Par Outstanding as of March 31, 2016
(dollars in millions)

	Obligor Name	State	Internal Rating ⁽¹⁾	Gross Par Outstanding ⁽²⁾	Gross Debt Service Outstanding
1	California General Obligation	CA	a2	\$ 1,760	\$ 2,499
2	Puerto Rico Electric Power Authority	PR	d	1,354	1,960
3	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	a3	1,348	2,631
4	Oregon School Boards Association General Obligation	OR	aa3	1,348	2,406
5	Massachusetts General Obligation	MA	a1	1,327	1,745
6	New Jersey Transportation Trust Fund Authority	NJ	a3	1,265	1,866
7	Long Island Power Authority Electric	NY	a3	1,249	1,671
8	Army Hawaii Family Housing	HI	aa2	1,140	2,476
9	Camp Pendleton Quantico Housing Privatization	CA	aa2	1,067	2,394
10	Illinois Regional Transportation Authority	IL	aa3	1,054	1,603
11	New York City Transitional Finance Authority State Bld Aid Appropriation	NY	a2	1,037	1,695
12	Chicago General Obligation	IL	bbb2	994	2,115
13	San Diego Family Housing Privatization Military	CA	aa1	989	2,256
14	Puerto Rico General Obligation	PR	d	985	1,337
15	City of Chicago Board of Education	IL	bbb3	976	2,358
16	Arapahoe County E-470 Toll Road	CO	bbb1	936	2,840
17	Ohana Military Communities, LLC	HI	aa3	871	2,228
18	Michigan State Building Authority Lease	MI	a1	844	1,486
19	New York State Thruway Authority	NY	a2	841	1,206
20	Indiana Finance Authority Highway Lease	IN	aa2	841	1,168
21	Great River Energy Public Power	MN	a3	837	1,313
22	New York City General Obligation	NY	aa3	825	989
23	City of Detroit Sewage Disposal System	MI	bbb1	820	1,305
24	Los Angeles Unified School District General Obligation	CA	a1	811	1,120
25	New Jersey Economic Development Authority Motor Vehicle Bonds	NJ	a3	796	1,333
26	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb2	783	1,127
27	Puerto Rico Sales Tax Financing Corporation	PR	a3	684	4,170
28	San Francisco International Airport	CA	a2	670	852
29	Atlantic Marine Corps Communities LLC 0 Lejeune Cherry Point	NC	aa3	666	1,520
30	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2	656	4,973
31	District of Columbia General Obligation	DC	aa2	650	1,170
32	Honolulu City & County Sewer	HI	a1	649	992
33	LCOR Alexandria L.L.C. Federal Lease	NC	bbb1	645	1,102
34	Denver City and County Airport System	CO	a1	644	905
35	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	628	1,137
36	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2	598	953
37	Springfield City Public Utilities Board Combined Utility	MO	aa2	588	602
38	JFK International Air Terminal Airport	NY	bbb3	577	775
39	Los Angeles City Municipal Improvement Corporation Lease	CA	a3	571	905
40	Navy Mid-Atlantic Family Housing LLC	VA	aa2	556	1,216
41	University of California Regents	CA	aa3	551	1,041
42	City of Houston Combined Utility System Revenue Bonds	TX	a2	550	609
43	Wisconsin General Obligation	WI	aa2	544	649
44	New York State Power Authority	NY	aa2	537	955
45	Alameda Corridor Transportation Authority Port Rev	CA	a3	523	1,533
46	The Port Authority of New York and New Jersey	NY	a1	522	818
47	Kentucky Property & Buildings Commission Lease	KY	aa3	518	609
48	Hudson Yards Infrastructure Corporation	NY	a3	500	1,198
49	Illinois General Obligation	IL	bbb1	495	702
50	Florida State Department of Transportation Turnpike	FL	aa3	495	528
	Total			\$ 41,115	\$ 77,041
	Total Portfolio Exposure			\$ 149,829	\$ 250,174
	50 Largest Credits as % of Total Portfolio			27.4%	30.8%

(1) Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbolologies used by S&P and Moody's (e.g. aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.).

(2) For exposure classified as Capital Appreciation Bonds (CABs) by the Company, gross par reflects the par amount at the time of issuance of the insurance policy; interest accretion on CABs after the issuance of our insurance policy is included in debt service.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
as of March 31, 2016
(dollars in millions)

Credit Quality Distribution⁽¹⁾

	Gross Par Outstanding		Gross Debt Service Outstanding	
	Amount	%	Amount	%
Public Finance				
AAA	\$ 6,325	4.2%	\$ 8,961	3.6%
AA	71,948	48.0%	112,189	44.8%
A	51,404	34.4%	83,757	33.5%
BBB	13,800	9.2%	31,346	12.5%
<BBB	6,352	4.2%	13,921	5.6%
Total	\$ 149,829	100.0%	\$ 250,174	100.0%

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

Obligor Name	Gross Par Outstanding ⁽²⁾	Gross Debt Service Outstanding
1 Puerto Rico Electric Power Authority	\$ 1,354	\$ 1,960
2 Puerto Rico General Obligation	985	1,337
3 City of Chicago Board of Education	976	2,358
4 Puerto Rico Sales Tax Financing Corporation	684	4,170
5 Puerto Rico Highway and Transportation Authority Transportation Revenue	628	1,138
6 Atlantic City Casino Reinvestment Development Authority Parking Fee	177	224
7 Philadelphia School District GO	146	250
8 Fresno City Pension Obligation	146	222
9 North Las Vegas Water & Sewer	120	189
10 Capital Projects Finance Authority Florida Universities Student Housing 2000F-1	113	170
Total Top 10 BIG Outstanding	\$ 5,329	\$ 12,018
Total BIG Outstanding	\$ 6,352	\$ 13,922
Total National Outstanding	\$ 149,829	\$ 250,174
Total Top 10 BIG as % of National	3.6%	4.8%
Total BIG as % of National	4.2%	5.6%
Total BIG as % of National by National ratings	2.6%	2.5%

(1) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the S&P Priority Method; where S&P's underlying rating is used, when available, Moody's underlying rating is used if the S&P underlying rating is not available and an internal underlying rating is used if neither S&P's nor Moody's underlying ratings are available. For credits where National has insured a credit that was already insured by another bond insurer, the underlying rating used is the higher of the underlying rating of the uninsured credit or the bond insurer's credit rating.

(2) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy; interest accretion on CABs after the issuance of our insurance policy is included in debt service.

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