



**national
public finance
guarantee**

Operating Supplement

First Quarter 2012

MBIA Inc. and Subsidiaries
Quarterly Operating Supplement ⁽¹⁾

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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,” “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, uncertainty regarding whether the Company will realize, or will be delayed in realizing, insurance loss recoveries expected in disputes with sellers/servicers of RMBS transactions at the levels recorded in its financial statements, the possibility that the Company will experience severe losses or liquidity needs due to increased deterioration in its insurance portfolios and in particular, due to the performance of CDOs including multi-sector, CMBS and CRE CDOs and RMBS, failure to obtain regulatory approval to implement our risk reduction and liquidity strategies, the possibility that loss reserve estimates are not adequate to cover potential claims, the Company’s ability to access capital and the Company’s exposure to significant fluctuations in liquidity and asset values within the global credit markets, in particular in the ALM business, the Company’s ability to fully implement its strategic plan, including its ability to achieve high stable ratings for National or any other insurance subsidiaries, and the Company’s ability to commute certain of its insured exposures, including as a result of limited available liquidity, the Company’s ability to favorably resolve litigation claims against the Company, and changes in general economic and competitive conditions. 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.

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)
Net Premiums Earned and Refundings and Other Accelerations ⁽¹⁾
(dollars in thousands)

| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Full Year |
|-------------------------------------------|-------------|-------------|-------------|-------------|------------|
| Net Premiums Earned | | | | | |
| 2012 | | | | | |
| Financial Guarantee | \$ 106,596 | | | | \$ 106,596 |
| Insured Derivatives | 105 | | | | 105 |
| Total | \$ 106,701 | | | | \$ 106,701 |
| 2011 | | | | | |
| Financial Guarantee | \$ 88,887 | \$ 105,785 | \$ 147,155 | \$ 112,260 | \$ 454,087 |
| Insured Derivatives | 122 | 1,461 | 110 | 166 | 1,859 |
| Total | \$ 89,009 | \$ 107,246 | \$ 147,265 | \$ 112,426 | \$ 455,946 |
| Refundings and Other Accelerations | | | | | |
| 2012 | | | | | |
| Financial Guarantee | \$ 47,321 | | | | \$ 47,321 |
| Insured Derivatives | - | | | | - |
| Total | \$ 47,321 | | | | \$ 47,321 |
| 2011 | | | | | |
| Financial Guarantee | \$ 12,446 | \$ 30,595 | \$ 78,751 | \$ 49,372 | \$ 171,164 |
| Insured Derivatives | - | 1,346 | - | - | 1,346 |
| Total | \$ 12,446 | \$ 31,941 | \$ 78,751 | \$ 49,372 | \$ 172,510 |

⁽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.

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

| | Ending Gross Par Outstanding | Ending Gross Debt Service Outstanding | Net Unearned Premiums ⁽¹⁾ | Expected Future Premium Earnings ⁽¹⁾⁽²⁾ | | | | Cash Premiums Collected and Expected ⁽³⁾ |
|---------------------|------------------------------------|---------------------------------------------|--------------------------------------------|----------------------------------------------------|--------------|-----------|----------|--------------------------------------------------------------|
| | | | | Upfront | Installments | Accretion | Total | |
| 1st Qtr. 2012 | \$ 397,993 | \$ 633,547 | \$ 2,336 | | | | | 3 |
| 2nd Qtr. 2012 | 390,995 | 621,849 | 2,274 | 58 | 4 | 2 | 64 | 7 |
| 3rd Qtr. 2012 | 381,613 | 607,231 | 2,215 | 55 | 4 | 2 | 61 | 5 |
| 4th Qtr. 2012 | 374,352 | 595,210 | 2,157 | 54 | 4 | 2 | 60 | 7 |
| 2013 | 347,147 | 549,197 | 1,940 | 201 | 16 | 8 | 225 | 18 |
| 2014 | 323,620 | 507,994 | 1,744 | 181 | 15 | 8 | 204 | 18 |
| 2015 | 301,771 | 469,576 | 1,564 | 165 | 15 | 7 | 187 | 17 |
| 2016 | 281,011 | 433,157 | 1,400 | 150 | 14 | 7 | 171 | 17 |
| 2017-2021 | 185,546 | 273,488 | 768 | 567 | 65 | 30 | 662 | 80 |
| 2022-2026 | 107,503 | 152,679 | 377 | 338 | 53 | 23 | 414 | 67 |
| 2027 and thereafter | - | - | - | 267 | 110 | 36 | 413 | 170 |
| Total | | | | \$ 2,036 | \$ 300 | \$ 125 | \$ 2,461 | \$ 409 |

⁽¹⁾ Includes financial guarantee and insured derivative premiums.

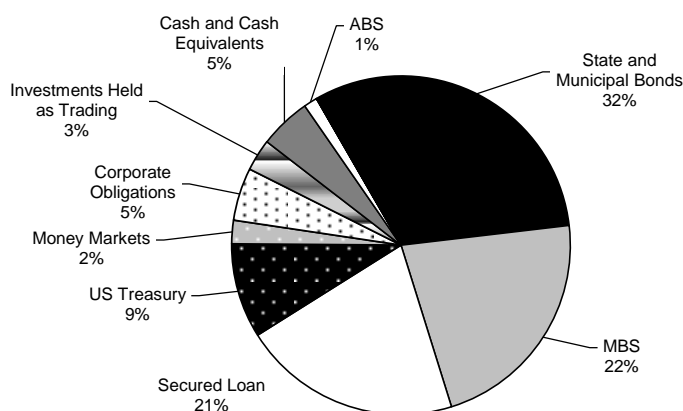
⁽²⁾ Actual future premium earnings will differ from the current projection due to the addition of new business and refundings.

⁽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 and Secured Loan
As of March 31, 2012
(dollars in thousands)

| <u>Investments</u> ⁽¹⁾ | <u>Market Value</u> | <u>% of Market Value</u> | <u>Amortized Cost</u> | <u>Book Yield</u> |
|--------------------------------------------------------|---------------------|--------------------------|-----------------------|-------------------|
| Fixed-Maturity Securities: | | | | |
| Tax Exempt | \$1,026,830 | 27% | \$ 982,114 | 4.01% |
| Taxable | 2,191,429 | 58 | 2,118,067 | 3.66 |
| Short-Term | 549,631 | 15 | 548,676 | 0.75 |
| Total | <u>3,767,890</u> | <u>100%</u> | <u>\$ 3,648,857</u> | 3.32% |
| Cash and Cash Equivalents | <u>239,494</u> | | | |
| Total Fixed Income Including Cash and Cash Equivalents | 4,007,384 | | | |
| Secured Loan to MBIA Corp. ⁽²⁾ | 1,130,000 | | | |
| Investments Held as Trading | 165,286 | | | |
| Other | <u>15,985</u> | | | |
| Total | <u>\$5,318,655</u> | | | |

Total Investment Portfolio
Including Cash and Cash Equivalents and Secured Loan
Market Value Outstanding \$5,318,655.



| <u>Effective Maturity Profile</u> | | <u>Market Value</u> | <u>% of Market Value</u> | <u>Quality Distribution of Long-Term Fixed-Maturity Securities</u> | |
|-------------------------------------------------------------------------|--------------------|---------------------|--------------------------|--------------------------------------------------------------------|--------------------------|
| | | | | <u>Market Value Outstanding \$ 3,218,259</u> | |
| Cash and Cash Equivalents | \$ 239,494 | | 4.6% | <u>Rating</u> | <u>% of Market Value</u> |
| Within 1 Year | 549,631 | | 10.6% | Aaa | 56% |
| 1 to 5 Years ⁽³⁾ | 1,445,983 | | 28.5% | Aa | 31 |
| 5 to 10 Years | 582,974 | | 11.3% | A | 8 |
| 10 to 15 Years | 274,309 | | 5.3% | Baa | 4 |
| 15 to 20 Years | 388,146 | | 7.5% | | |
| More than 20 Years | <u>1,656,847</u> | | <u>32.2%</u> | | |
| Total Fixed Income Including Cash and Cash Equivalents and Secured Loan | <u>\$5,137,384</u> | | <u>100.0%</u> | BIG | <u>1</u> |
| | | | | | <u>100.0%</u> |

Long-Term average maturity: 8.12 years
Duration: 1.63 years

⁽¹⁾ Includes Asset Swap between National and MBIA Inc. with notional amount of \$999 million; the total market value of encumbered assets totals \$1.045 billion.

⁽²⁾ On April 1, 2012 the secured loan balance was increased by \$24 million due to unpaid accrued interest.

⁽³⁾ Includes \$1.130 billion of secured loan due from MBIA Insurance Corp. to National, which matures in Dec. 2016.

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

| 2012 | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Year-to-date |
|--------------------------------------------|--------------|-------------|-------------|-------------|--------------|
| Beginning Gross Loss and LAE Reserves | \$ 162 | | | | \$ 162 |
| Beginning Gross Insurance Loss Recoverable | <u>(150)</u> | | | | <u>(150)</u> |
| Beginning Gross Reserves | 12 | | | | 12 |
| Ceded Reserves | <u>-</u> | | | | <u>-</u> |
| Net Reserves | 12 | | | | 12 |
| Change in Actual and Expected Payments | 22 | | | | 22 |
| Change in Actual and Expected Salvage | (8) | | | | (8) |
| Net (Payments), Collections and Other | <u>(12)</u> | | | | <u>(12)</u> |
| Net Reserves | 14 | | | | 14 |
| Ceded Reserves | <u>-</u> | | | | <u>-</u> |
| Gross Reserves | <u>14</u> | | | | <u>14</u> |
| Gross Loss and LAE Reserves | 175 | | | | 175 |
| Gross Insurance Loss Recoverable | \$ (161) | | | | \$ (161) |

| 2011 | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Full Year |
|--------------------------------------------|-------------|-------------|-------------|--------------|--------------|
| Beginning Gross Loss and LAE Reserves | \$ 215 | \$ 197 | \$ 179 | \$ 182 | \$ 215 |
| Beginning Gross Insurance Loss Recoverable | <u>(71)</u> | <u>(72)</u> | <u>(85)</u> | <u>(143)</u> | <u>(71)</u> |
| Beginning Gross Reserves | 144 | 125 | 94 | 39 | 144 |
| Ceded Reserves | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Reserves | 144 | 125 | 94 | 39 | 144 |
| Change in Actual and Expected Payments | (156) | 17 | 54 | (4) | (89) |
| Change in Actual and Expected Salvage | 160 | (26) | (44) | 3 | 93 |
| Net (Payments), Collections and Other | <u>(23)</u> | <u>(22)</u> | <u>(65)</u> | <u>(26)</u> | <u>(136)</u> |
| Net Reserves | 125 | 94 | 39 | 12 | 12 |
| Ceded Reserves | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Gross Reserves | <u>125</u> | <u>94</u> | <u>39</u> | <u>12</u> | <u>12</u> |
| Gross Loss and LAE Reserves | 197 | 179 | 182 | 162 | 162 |
| Gross Insurance Loss Recoverable | \$ (72) | \$ (85) | \$ (143) | \$ (150) | \$ (150) |

National Public Finance Guarantee Corporation

Liquidity Position
(dollars in millions)

| 2012 | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Full Year |
|--------------------------------------------------------------|---------------|-------------|-------------|-------------|---------------|
| Beginning Cash & Cash Equivalents ⁽¹⁾: | \$ 117 | | | | \$ 117 |
| Premiums ⁽²⁾ | (5) | | | | (5) |
| Net Investment Income | 35 | | | | 35 |
| Other | - | | | | - |
| Total Inflows | <u>30</u> | | | | <u>30</u> |
| Gross Loss & LAE Payments | 13 | | | | 13 |
| Operating & Other Expenses | 21 | | | | 21 |
| Tax Payments | <u>35</u> | | | | <u>35</u> |
| Total Outflows | <u>69</u> | | | | <u>69</u> |
| Operating Cash Flow | (39) | | | | (39) |
| Financing Activities | - | | | | - |
| Investing Activities | <u>113</u> | | | | <u>113</u> |
| Net Cash Flow | 74 | | | | 74 |
| Ending Cash & Cash Equivalents ⁽¹⁾: | <u>\$ 191</u> | | | | <u>\$ 191</u> |
| Other Liquid Assets ⁽³⁾ | 499 | | | | 499 |
| Ending Liquidity Position | <u>\$ 690</u> | | | | <u>\$ 690</u> |

| 2011 | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Full Year |
|--------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Cash & Cash Equivalents ⁽¹⁾: | \$ 7 | \$ 24 | \$ 97 | \$ 54 | \$ 7 |
| Premiums ⁽²⁾ | 2 | 2 | 8 | (111) | (99) |
| Net Investment Income | 63 | 56 | 58 | 51 | 228 |
| Other | - | 1 | - | 7 | 8 |
| Total Inflows | <u>65</u> | <u>59</u> | <u>66</u> | <u>(53)</u> | <u>137</u> |
| Gross Loss & LAE Payments | 22 | 23 | 68 | 46 | 159 |
| Operating & Other Expenses | 29 | 12 | 21 | 31 | 93 |
| Tax Payments | <u>114</u> | <u>50</u> | <u>30</u> | <u>65</u> | <u>259</u> |
| Total Outflows | <u>165</u> | <u>85</u> | <u>119</u> | <u>142</u> | <u>511</u> |
| Operating Cash Flow | (100) | (26) | (53) | (195) | (374) |
| Financing Activities | (11) | 11 | 11 | - | 11 |
| Investing Activities | <u>128</u> | <u>88</u> | <u>(1)</u> | <u>258</u> | <u>473</u> |
| Net Cash Flow | 17 | 73 | (43) | 63 | 110 |
| Ending Cash & Cash Equivalents ⁽¹⁾: | <u>\$ 24</u> | <u>\$ 97</u> | <u>\$ 54</u> | <u>\$ 117</u> | <u>\$ 117</u> |
| Other Liquid Assets ⁽³⁾ | 352 | 236 | 91 | 586 | 586 |
| Ending Liquidity Position | <u>\$ 376</u> | <u>\$ 333</u> | <u>\$ 145</u> | <u>\$ 703</u> | <u>\$ 703</u> |

⁽¹⁾ Presented on a direct cash flow basis for transactions settled within the reporting periods. Represents management's view of cash and cash equivalents; will not agree with National's Consolidated GAAP financial results which include other cash and cash equivalents of alternative investment strategies, subsidiaries and cash collateral.

⁽²⁾ Net of refunded premiums to MBIA Corp. of \$6mm in first quarter 2012 and \$116mm in fourth quarter 2011.

⁽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
Statutory Balance Sheets Summary
(dollars in millions)

| | 3/31/2012 | 12/31/2011 |
|-----------------------------------------------------|------------------|-------------------|
| Assets: | | |
| Cash and Investments | \$ 4,136 | \$ 4,130 |
| Secured Loan with MBIA Corp. | 1,130 | 1,130 |
| Asset Swap Facility with MBIA Inc. | 999 | 1,335 |
| Other Assets | 104 | 61 |
| Total Assets | \$ 6,369 | \$ 6,656 |
| Liabilities: | | |
| Unearned Premiums | 2,397 | 2,485 |
| Loss and LAE Reserves ⁽¹⁾ | (2) | (3) |
| Contingency Reserve | 1,378 | 1,385 |
| Asset Swap Facility | 999 | 1,335 |
| Other Liabilities | 109 | 30 |
| Total Liabilities | 4,881 | 5,232 |
| Total Policyholders' Surplus | 1,488 | 1,424 |
| Total Liabilities and Policyholders' Surplus | \$ 6,369 | \$ 6,656 |

Claims-Paying Resources
(dollars in millions)

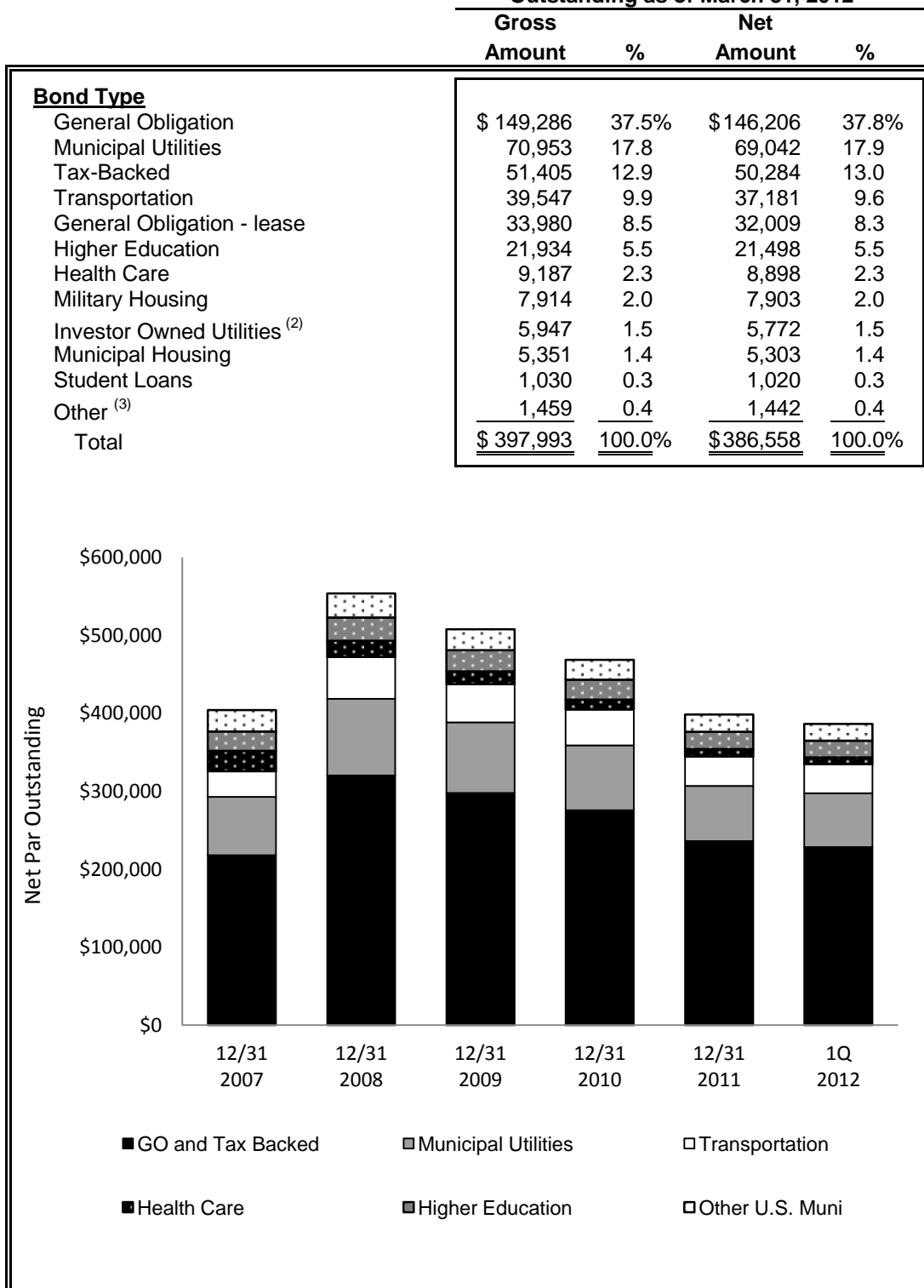
| Statutory Basis | 3/31/2012 | 12/31/2011 |
|------------------------------------------------------|-------------------|-------------------|
| Balance Sheet | | |
| Policyholders' Surplus | \$ 1,488 | \$ 1,424 |
| Contingency Reserve | 1,378 | 1,385 |
| Statutory Capital | 2,866 | 2,809 |
| Unearned Premium Reserve | 2,397 | 2,485 |
| Present Value of Installment Premiums ⁽¹⁾ | 234 | 239 |
| Premium Resources ⁽²⁾ | 2,631 | 2,724 |
| Net Loss and LAE Reserves ⁽¹⁾ | (2) | (3) |
| Salvage Reserve | 172 | 161 |
| Gross Loss and LAE Reserves | 170 | 158 |
| Total Claims-Paying Resources | \$ 5,667 | \$ 5,691 |
| Net Debt Service Outstanding | \$ 613,203 | \$ 635,653 |
| Capital Ratio | 214:1 | 226:1 |
| Claims-Paying Resources Ratio | 129:1 | 134:1 |

⁽¹⁾ At March 31, 2012 and December 31, 2011, the discount rate was 4.77%.

⁽²⁾ The amounts consist of Financial Guarantee insurance premiums and Insured Credit Derivative revenue.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio Profile
Par Value by Bond Type
(dollars in millions)

Outstanding as of March 31, 2012⁽¹⁾



(1) Net of refunded issues and reinsurance; including \$9.0 billion of reinsurance ceded by FGIC to third parties.

(2) Includes Investor-Owned Utilities, Industrial Development and Pollution Control Revenue bonds.

(3) Includes certain non-profit enterprises and stadium related financings.

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

| Outstanding as of March 31, 2012 ⁽¹⁾ | | | | | |
|-------------------------------------------------|----|------------|--------|--------|-------------------|
| | | Gross | | | Net |
| | | Amount | % | Amount | % |
| <u>United States</u> | | | | | |
| California | \$ | 72,007 | 18.1% | \$ | 69,785 18.1% |
| New York | | 39,086 | 9.8 | | 37,617 9.7 |
| Florida | | 29,730 | 7.5 | | 28,973 7.5 |
| Texas | | 24,882 | 6.2 | | 24,306 6.3 |
| Illinois | | 20,929 | 5.3 | | 20,187 5.2 |
| New Jersey | | 19,048 | 4.8 | | 18,634 4.8 |
| Washington | | 13,917 | 3.5 | | 13,730 3.6 |
| Michigan | | 13,117 | 3.3 | | 12,545 3.2 |
| Pennsylvania | | 11,444 | 2.9 | | 11,161 2.9 |
| Massachusetts | | 9,754 | 2.4 | | 9,216 2.4 |
| Subtotal | | 253,914 | 63.8 | | 246,154 63.7 |
| Other States & Territories | | 140,670 | 35.3 | | 137,004 35.4 |
| Nationally Diversified | | 3,409 | 0.9 | | 3,400 0.9 |
| Total | | \$ 397,993 | 100.0% | | \$ 386,558 100.0% |

⁽¹⁾ Net of refunded issues and reinsurance; including \$9.0 billion of reinsurance ceded by FGIC to third parties.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio - 50 Largest Credits
Gross Par Outstanding as of March 31, 2012
(dollars in millions)

| | Obligor Name | State | Internal Rating ⁽¹⁾ | Gross Par Outstanding |
|----|--------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------|-----------------------|
| 1 | California General Obligation | CA | a3 | \$ 4,092 |
| 2 | Massachusetts General Obligation | MA | a1 | 3,070 |
| 3 | New Jersey Transportation Trust Fund Authority | NJ | aa3 | 2,457 |
| 4 | MTA Commuter & Transit Transportation Revenue | NY | a2 | 2,418 |
| 5 | Illinois General Obligation | IL | a3 | 2,217 |
| 6 | New York State Lease | NY | aa3 | 2,161 |
| 7 | The Port Authority of New York and New Jersey | NY | a1 | 2,078 |
| 8 | State of Washington General Obligation | WA | aa2 | 2,071 |
| 9 | Wisconsin General Obligation | WI | aa3 | 2,045 |
| 10 | Chicago O'Hare General Airport | IL | a2 | 1,979 |
| 11 | Miami-Dade County Airport | FL | a3 | 1,961 |
| 12 | Connecticut General Obligation | CT | a3 | 1,942 |
| 13 | Long Island Power Authority Electric | NY | a3 | 1,922 |
| 14 | City of Houston Combined Utility System Revenue Bonds | TX | a3 | 1,882 |
| 15 | Florida State General Obligation | FL | aa2 | 1,838 |
| 16 | New York City General Obligation | NY | aa3 | 1,765 |
| 17 | Puerto Rico General Obligation | PR | bbb3 | 1,694 |
| 18 | Dallas-Fort Worth International Airport | TX | a1 | 1,662 |
| 19 | Oregon School Boards Association General Obligation | OR | aa3 | 1,633 |
| 20 | Puerto Rico Electric Power Authority | PR | bbb1 | 1,627 |
| 21 | Regents of the University of California | CA | aa3 | 1,603 |
| 22 | New Jersey Economic Development Authority State Pension Obligation Lease | NJ | aa2 | 1,579 |
| 23 | Chicago General Obligation | IL | a2 | 1,569 |
| 24 | City of Chicago Board of Education | IL | a2 | 1,471 |
| 25 | New York State Local Government Assistance Corporation | NY | a2 | 1,434 |
| 26 | Los Angeles Unified School District General Obligation | CA | aa3 | 1,416 |
| 27 | New York State Thruway Authority Dedicated Highway & Bridge Trust | NY | aa3 | 1,399 |
| 28 | Metropolitan Washington Airports Authority | DC | aa3 | 1,395 |
| 29 | Illinois Metropolitan Pier & Exposition Authority | IL | aa3 | 1,391 |
| 30 | State of California Economic Recovery Bonds | CA | a3 | 1,380 |
| 31 | Clark County School District General Obligation | NV | aa3 | 1,378 |
| 32 | Army Hawaii Family Housing | HI | aa2 | 1,348 |
| 33 | Illinois Regional Transportation Authority | IL | aa2 | 1,324 |
| 34 | Pennsylvania General Obligation | PA | aa2 | 1,314 |
| 35 | Wayne County Airport Authority | MI | a2 | 1,313 |
| 36 | New York City Water | NY | aa2 | 1,313 |
| 37 | Seattle Port and Airport Revenue | WA | aa3 | 1,312 |
| 38 | City of Detroit Sewage Disposal System | MI | a2 | 1,274 |
| 39 | New Jersey Turnpike Authority | NJ | a2 | 1,273 |
| 40 | Triboro Bridge & Tunnel Authority | NY | a1 | 1,247 |
| 41 | San Francisco International Airport | CA | a2 | 1,237 |
| 42 | California State Public Works Board Lease | CA | bbb3 | 1,228 |
| 43 | Honolulu City and County General Obligation | HI | aa3 | 1,201 |
| 44 | New York City Transitional Finance Authority Sales Tax | NY | aa2 | 1,180 |
| 45 | Detroit City Water System | MI | a2 | 1,175 |
| 46 | Atlanta City Water & Sewer | GA | a3 | 1,110 |
| 47 | Michigan State Building Authority Lease | MI | a1 | 1,106 |
| 48 | Camp Pendleton Quantico Housing Privatization | CA | aa2 | 1,105 |
| 49 | NYC Transitional Fin Auth State Bld Aid Appropriation | NY | aa3 | 1,093 |
| 50 | Denver City and County Airport System | CO | a1 | 1,086 |
| | | Total | | \$ 81,768 |
| | | Total Portfolio Exposure | | \$ 397,993 |
| | | 50 Largest Credits Gross Par Outstanding as % of Total Portfolio | | 20.5% |

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

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Credit Quality Distribution ⁽¹⁾
as of March 31, 2012
(dollars in millions)

| | Gross Par Outstanding | |
|------------------------------|------------------------------|----------|
| | Amount | % |
| <u>Public Finance</u> | | |
| AAA | \$ 22,249 | 5.6% |
| AA | 182,866 | 46.0% |
| A | 151,355 | 38.0% |
| BBB | 38,674 | 9.7% |
| <BBB | 2,849 | 0.7% |
| Total | \$ 397,993 | 100.0% |

⁽¹⁾ Ratings as of the end of the period, as last provided by the rating agencies, which 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.

Top 10 Below Investment Grade (BIG) Credits ⁽¹⁾
(dollars in millions)

| Obligor Name | Below Investment Grade (BIG) Exposure (Gross) |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1 San Joaquin Hills Transportation Corridor Agency Toll Road | \$ 594 |
| 2 Harris County-Houston Sports Authority | 419 |
| 3 AHERF Delaware Valley Obligated Group | 136 |
| 4 Capital Projects Finance Authority FL Universities Student Hsg 2000F-1 | 128 |
| 5 Basketball Properties Ltd Miami Heat | 121 |
| 6 Detroit City GO | 115 |
| 7 Pace University | 111 |
| 8 Jefferson County GO | 96 |
| 9 Contra Costa County PFA Multiple Project Areas | 80 |
| 10 Citrus Valley Health Partners, Inc. | 72 |
| | \$ 1,872 |
| Total BIG Gross Par Exposure | \$ 2,849 |
| Total National Gross Par Outstanding | \$ 397,993 |
| Top 10 BIG Gross Par Exposure as % of National Gross Par Outstanding | 0.5% |
| Total BIG Gross Par Exposure as % of National Gross Par Outstanding | 0.7% |
| Total BIG Gross Par Exposure as % of National Gross Par Outstanding by National ratings | 0.6% |

⁽¹⁾ Ratings as of the end of the period, as last provided by the rating agencies, which 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.

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