



**national
public finance
guarantee**

Operating Supplement

Second Quarter 2011

Table of Contents ⁽¹⁾

Adjusted Book Value	3
Net Premiums Written, Net Premiums Earned, Refundings and Other Accelerations	4
Net Unearned Premium Amortization and Premiums Collected and Expected (Cash)	5
Rollforward of Financial Guarantee Gross Premium Receivable	5
Reservoir of Future Net Premium Earnings, Net Future Annual Premium Earnings	6
Investment Portfolio Including Cash and Cash Equivalents	7
Insured Portfolio Losses, Insured Credit Derivatives Mark-to-Market	8
Cash Flow	9
Insurance Expenses	10
Statutory Balance Sheets Summary, Financial and Ratio Information	11
Insured Portfolio Profile Par Value by Bond Type	12
Insured Portfolio Profile Par Value by Geography	13
Insured Portfolio -50 Largest Credits Gross Par Outstanding	14
Credit Quality Distribution, Top 10 Below Investment Grade (BIG) Credits	15
Gross Par - Scheduled Amortization, Gross Debt Service - Scheduled Amortization	16

⁽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, 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, 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 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, 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
(National Public Financial Guarantee Corporation)
Adjusted Book Value

	6/30/11	12/31/10	Change Per Share
	Per Share	Per Share	
Reported Book Value	\$ 16.96	\$ 15.48	\$ 1.48
Reverse: Unrealized (Gains) Losses Included in OCI	(0.09)	0.21	(0.30)
Plus: Net Unearned Premium Revenue, After Tax ^{(1) (2)}	7.13	7.54	(0.41)
Adjusted Book Value ⁽³⁾	\$ 24.00	\$ 23.23	\$ 0.77
MBIA Inc. Common Shares Outstanding (000)	196,780	199,746	

Change by Component

Component	Change
12/31/2010	23.23
Revenue Items	0.52
Operating Expenses	(0.12)
Insurance Loss Estimates	0.02
All Other Changes	0.35
6/30/2011	24.00

(1) As of June 30, 2011 and December 31, 2010, the discount rate on Financial Guarantee insurance installment premiums was the risk-free rate as defined by GAAP insurance contracts.

(2) The amounts consist of Financial Guarantee insurance premiums, net of Deferred Acquisition Costs.

(3) A non-GAAP measure.

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

**Net Premiums Written ⁽¹⁾
(dollars in thousands)**

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
2011					
Financial Guarantee	\$ (228)	\$ (2,976)			\$ (3,204)
Insured Derivatives	-	-	-	-	-
Total	\$ (228)	\$ (2,976)	\$ -	\$ -	\$ (3,204)
2010					
Financial Guarantee	\$ 3,910	\$ (58)	\$ 84,108	\$ (5,532)	\$ 82,428
Insured Derivatives	93	-	1,960	-	2,053
Total	\$ 4,003	\$ (58)	\$ 86,068	\$ (5,532)	\$ 84,481

**Net Premiums Earned
(dollars in thousands)**

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
2011					
Financial Guarantee	\$ 88,976	\$ 106,138	\$ -	\$ -	\$ 195,114
Insured Derivatives	122	1,461	-	-	1,583
Total	\$ 89,098	\$ 107,599	\$ -	\$ -	\$ 196,697
2010					
Financial Guarantee	\$ 114,291	\$ 119,287	\$ 100,171	\$ 111,894	\$ 445,643
Insured Derivatives	102	103	155	122	482
Total	\$ 114,393	\$ 119,390	\$ 100,326	\$ 112,016	\$ 446,125

**Refundings and Other Accelerations
(dollars in thousands)**

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
2011					
Financial Guarantee	\$ 12,486	\$ 30,942	\$ -	\$ -	\$ 43,428
Insured Derivatives	-	1,347	-	-	1,347
Total	\$ 12,486	\$ 32,289	\$ -	\$ -	\$ 44,775
2010					
Financial Guarantee	\$ 26,753	\$ 33,026	\$ 18,304	\$ 32,146	\$ 110,229
Insured Derivatives	-	-	22	-	22
Total	\$ 26,753	\$ 33,026	\$ 18,326	\$ 32,146	\$ 110,251

⁽¹⁾ Net premiums written (NPW) represents premiums received or due in the current period on upfront policies and the present value of installment premiums expected to be collected in future periods on policies closed in the current period. NPW also reflects changes in actual or expected installment premium collections for policies written in prior periods.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Net Unearned Premium Amortization
and Premiums Collected and Expected (Cash)
As of June 30, 2011
(dollars in millions)

Financial Guarantee and Insured Derivative Premium Amortization

	Net Unearned Premiums	Expected Future Premium Earnings ⁽¹⁾				Total	Premiums Collected and Expected (Cash) ⁽²⁾
		Upfront	Installments	Accretion			
2nd Qtr. 2011	\$ 2,728					5	
3rd Qtr. 2011	2,656	68	4	2	74	6	
4th Qtr. 2011	2,586	66	4	2	72	8	
2012	2,324	245	17	9	271	22	
2013	2,086	221	17	8	246	19	
2014	1,869	200	17	8	225	19	
2015	1,671	182	16	8	206	19	
2016-2020	917	683	71	33	787	88	
2021-2025	457	403	57	26	486	74	
2026 and thereafter	-	332	125	41	498	187	
Total		\$ 2,400	\$ 328	\$ 137	\$ 2,865	\$ 447	

⁽¹⁾ Actual future premium earnings will differ from the current projection due to the addition of new business and refundings.

⁽²⁾ Represents installment-based future net, undiscounted collections.

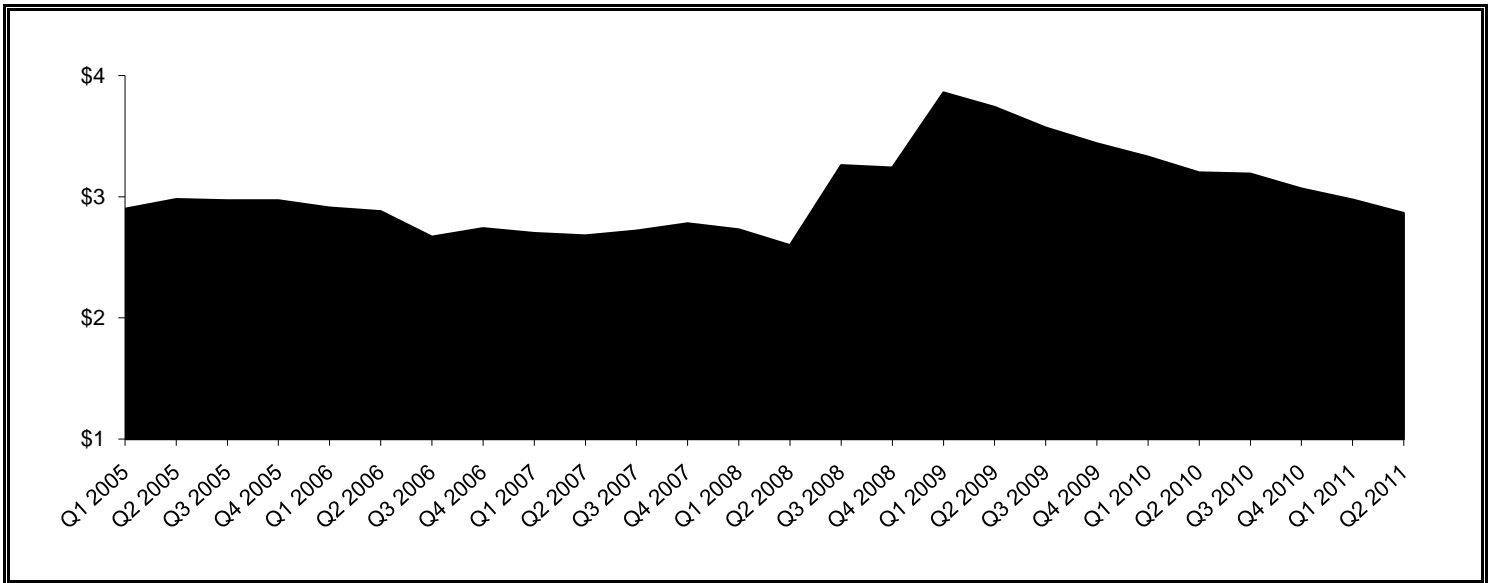
Rollforward of Financial Guarantee Gross Premium Receivable

As of June 30, 2011

(dollars in millions)

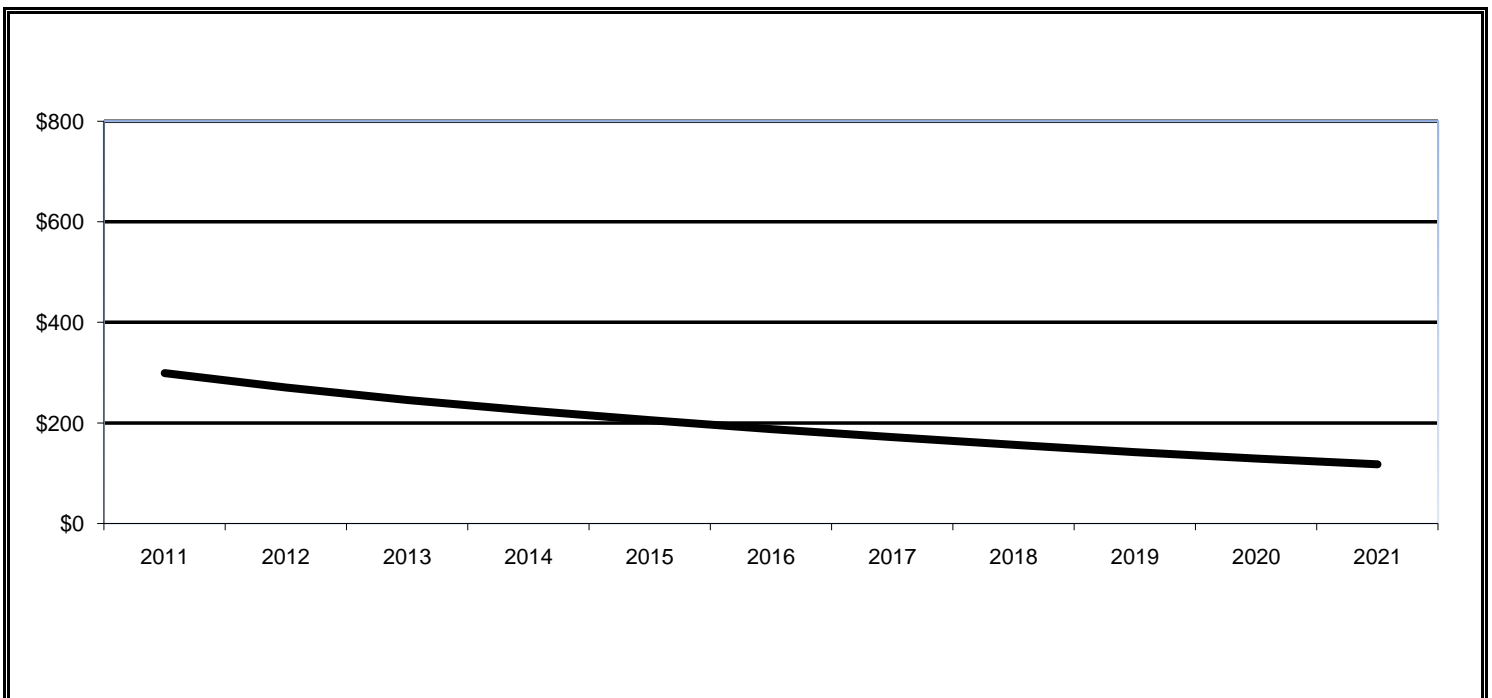
Premium Receivable as of December 31, 2010	Premium Payments Received	Premium from New Business Written	Adjustments			Premium Receivable as of June 30, 2011	Reinsurance Premium Payable as of June 30, 2011
			Changes in Expected Term of Policies	Accretion of Premium Receivable Discount	Other		
\$ 319	\$ (8)	\$ -	\$ (7)	\$ 4	\$ (3)	\$ 305	\$ -

**U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Reservoir of Future Net Premium Earnings ⁽¹⁾⁽²⁾
As of June 30, 2011
(dollars in billions)**



(1) Proforma U.S. Public Finance insurance premium earnings prior to 2/17/09 Transformation.
(2) Non-GAAP measure.

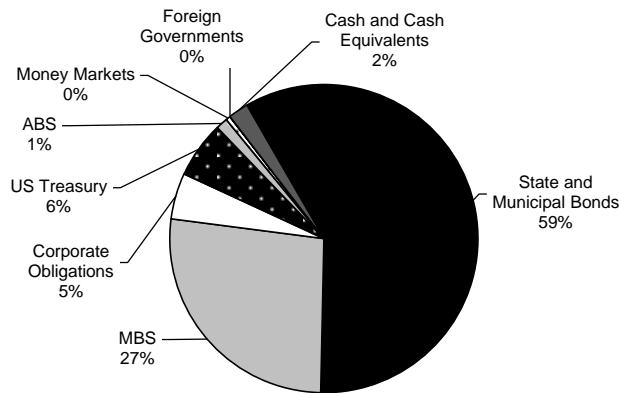
**Net Future Annual Premium Earnings
As of June 30, 2011
(dollars in millions)**



U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Investment Portfolio Including Cash and Cash Equivalents
As of June 30, 2011
(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	\$2,523,646	49%	\$ 2,542,824	4.35%
Taxable	2,307,086	45	2,262,924	4.30
Short-Term	286,876	6	285,300	2.76
Total	5,117,608	100%	\$ 5,091,048	4.24%
Cash and Cash Equivalents	110,373			
Total Fixed Income Including Cash and Cash Equivalents	5,227,981			
Investments Held as Trading	157,387			
Other	9,769			
Total	\$5,395,137			

Total Fixed Income Investments
Including Cash and Cash Equivalents
Market Value Outstanding \$5,227,981



<u>Maturity Profile</u>		<u>Market Value</u>	<u>% of Market Value</u>	<u>Quality Distribution of Long-Term Investments</u>	
Cash and Cash Equivalents	\$ 110,373	2.1%			
Within 1 Year	286,875	5.5%			
1 to 5 Years	499,500	9.6%			
5 to 10 Years	673,560	12.9%			
10 to 15 Years	478,353	9.1%			
15 to 20 Years	684,706	13.1%			
More than 20 Years	2,494,614	47.7%			
Total Fixed Income Including Cash and Cash Equivalents	\$5,227,981	100.0%			
				<u>Rating</u>	<u>% of Market Value</u>
				Aaa	47%
				Aa	40
				A	11
				Baa	2
					100%

Long-Term average maturity: 11.69 years

Duration: 6.18 years

⁽¹⁾ Includes Asset Swap with notional amount of \$1.575 billion; the total market value of encumbered assets totals \$1.628 billion.

National Public Finance Guarantee Corporation
Insured Portfolio Losses
(dollars in thousands)

2011	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable					
Beginning Gross Loss and LAE Reserves	\$ 214,653	\$ 196,928	\$ -	\$ -	\$ 214,653
Beginning Gross Insurance Loss Recoverable	(70,529)	(72,392)	-	-	(70,529)
Beginning Gross Reserves	144,124	124,536	-	-	144,124
Ceded Reserves	-	-	-	-	-
Net Reserves	144,124	124,536	-	-	144,124
Change in Actual and Expected Payments	5,812	5,160	-	-	10,972
Change in Actual and Expected Salvage	(2,467)	(13,940)	-	-	(16,407)
Net (Payments), Collections and Other	(22,933)	(21,592)	-	-	(44,525)
Net Reserves	124,536	94,164	-	-	94,164
Ceded Reserves	-	-	-	-	-
Gross Reserves	124,536	94,164	-	-	94,164
Gross Loss and LAE Reserves	196,928	179,338	-	-	179,338
Gross Insurance Loss Recoverable	\$ (72,392)	\$ (85,174)	\$ -	\$ -	\$ (85,174)

2010	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable					
Beginning Gross Loss and LAE Reserves	\$ 172,879	\$ 208,042	\$ 217,360	\$ 223,085	\$ 172,879
Beginning Gross Insurance Loss Recoverable	(31,049)	(16,497)	(16,621)	(68,021)	(31,049)
Beginning Gross Reserves	141,830	191,545	200,739	155,064	141,830
Ceded Reserves	-	-	-	-	-
Net Reserves	141,830	191,545	200,739	155,064	141,830
Change in Actual and Expected Payments	43,198	13,998	57,122	38,812	153,130
Change in Actual and Expected Salvage	(17,303)	(3,736)	(51,536)	(8,033)	(80,608)
Net (Payments), Collections and Other	23,820	(1,068)	(51,261)	(41,719)	(70,228)
Net Reserves	191,545	200,739	155,064	144,124	144,124
Ceded Reserves	-	-	-	-	-
Gross Reserves	191,545	200,739	155,064	144,124	144,124
Gross Loss and LAE Reserves	208,042	217,360	223,085	214,653	214,653
Gross Insurance Loss Recoverable	\$ (16,497)	\$ (16,621)	\$ (68,021)	\$ (70,529)	\$ (70,529)

Insured Credit Derivatives Mark-to-Market
(dollars in thousands)

2011	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Insured Credit Derivatives Mark-to-Market					
Beginning Net Derivative Asset/(Liability)	\$ (10,252)	\$ (10,211)	\$ -	\$ -	\$ (10,252)
Derivative Gain (Loss)	(7)	-	-	-	(7)
Unrealized Gain (Loss) - Ceded from MBIA Corp.	(74)	(3)	-	-	(77)
Credit Impairments	-	-	-	-	-
Income Statement Mark-to-Market	(81)	(3)	-	-	(84)
Unearned Premium Revenue	122	1,460	-	-	1,582
Ending Net Derivative Asset/(Liability)	\$ (10,211)	\$ (8,754)	\$ -	\$ -	\$ (8,754)

2010	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Insured Credit Derivatives Mark-to-Market					
Beginning Net Derivative Asset/(Liability)	\$ (8,667)	\$ (8,742)	\$ (8,592)	\$ (10,416)	\$ (8,667)
Derivative Gain (Loss)	(9)	6	(2)	10	5
Unrealized Gain (Loss) - Ceded from MBIA Corp.	(75)	41	(17)	33	(18)
Credit Impairments	-	-	-	-	-
Income Statement Mark-to-Market	(84)	47	(19)	43	(13)
Unearned Premium Revenue	9	103	(1,805)	121	(1,572)
Ending Net Derivative Asset/(Liability)	\$ (8,742)	\$ (8,592)	\$ (10,416)	\$ (10,252)	\$ (10,252)

National Public Finance Guarantee Corporation

Cash Flow ⁽¹⁾
(dollars in millions)

2011	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Cash & Cash Equivalents:	\$ 9	\$ 95			\$ 9
Premiums	2	2	-	-	4
Net Investment Income	63	56	-	-	119
Other	-	1	-	-	1
Total Inflows	<u>65</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>124</u>
Gross Loss & LAE Payments	22	23	-	-	45
Operating & Other Expenses ⁽²⁾	<u>143</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>205</u>
Total Outflows	<u>165</u>	<u>85</u>	<u>-</u>	<u>-</u>	<u>250</u>
Operating Cash Flow	(100)	(26)	-	-	(126)
Financing Activities	(11)	11	-	-	-
Investing Activities	<u>197</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>226</u>
Net Cash Flow	86	14	-	-	100
Ending Cash & Cash Equivalents:	<u>\$ 95</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109</u>
Other Liquid Assets ⁽³⁾	<u>281</u>	<u>224</u>	<u>-</u>	<u>-</u>	<u>224</u>
Total Liquidity Position	<u>\$ 376</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333</u>

2010	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents:	\$ 28	\$ 3	\$ 255	\$ 44	\$ 28
Premiums	5	13	65	7	90
Net Investment Income	70	64	68	63	265
Other	1	27	-	5	33
Total Inflows	<u>76</u>	<u>104</u>	<u>133</u>	<u>75</u>	<u>388</u>
Gross Loss & LAE Payments	8	6	52	49	115
Operating & Other Expenses	<u>26</u>	<u>11</u>	<u>12</u>	<u>27</u>	<u>76</u>
Total Outflows	<u>34</u>	<u>17</u>	<u>64</u>	<u>76</u>	<u>191</u>
Operating Cash Flow	42	87	69	(1)	197
Financing Activities	-	(8)	8	-	-
Investing Activities	<u>(67)</u>	<u>173</u>	<u>(288)</u>	<u>(34)</u>	<u>(216)</u>
Net Cash Flow	(25)	252	(211)	(35)	(19)
Ending Cash & Cash Equivalents:	<u>\$ 3</u>	<u>\$ 255</u>	<u>\$ 44</u>	<u>\$ 9</u>	<u>\$ 9</u>
Other Liquid Assets ⁽³⁾	<u>326</u>	<u>200</u>	<u>404</u>	<u>281</u>	<u>281</u>
Total Liquidity Position	<u>\$ 329</u>	<u>\$ 455</u>	<u>\$ 448</u>	<u>\$ 290</u>	<u>\$ 290</u>

(1) Represents cash flow presented on a direct cash flow basis; whereas, the Company's GAAP financial statements are reported on an indirect cash flow basis.

(2) During the first six months of 2011, National paid \$164 million to MBIA Inc. pursuant to the company's tax sharing agreement.

(3) May include money market funds, commercial paper and other investments due within 12 months.

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

**Insurance Expenses
(dollars in thousands)**

2011	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Compensation	\$ 2,677	\$ 3,343	\$ -	\$ -	\$ 6,020
Fees and Professional Services	12,461	12,769			25,230
Building and Equipment	2,709	2,432	-	-	5,141
Other	<u>716</u>	<u>784</u>	-	-	<u>1,500</u>
Gross Insurance Expenses	18,563	19,328	-	-	37,891
Ceding Commissions (Received)/Paid	<u>654</u>	<u>1,593</u>	-	-	<u>2,247</u>
Net Insurance Expenses	19,217	20,921	-	-	40,138
Deferred Acquisition (Costs)	<u>(715)</u>	<u>(1,600)</u>	-	-	<u>(2,315)</u>
Operating Expenses	<u>\$ 18,502</u>	<u>\$ 19,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,823</u>

2010	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Compensation	\$ 2,504	\$ 3,869	\$ 2,525	\$ 2,815	\$ 11,714
Fees and Professional Services	8,188	9,195	10,885	11,620	39,888
Building and Equipment	1,474	2,814	2,767	1,817	8,872
Other	<u>801</u>	<u>982</u>	<u>788</u>	<u>752</u>	<u>3,323</u>
Gross Insurance Expenses	12,967	16,860	16,965	17,004	63,797
Ceding Commissions (Received)/Paid	<u>3,082</u>	<u>1,652</u>	<u>18,598</u>	<u>754</u>	<u>24,085</u>
Net Insurance Expenses	16,049	18,512	35,563	17,758	87,882
Deferred Acquisition (Costs)	<u>(3,100)</u>	<u>(1,657)</u>	<u>(18,599)</u>	<u>(757)</u>	<u>(24,113)</u>
Operating Expenses	<u>\$ 12,949</u>	<u>\$ 16,855</u>	<u>\$ 16,964</u>	<u>\$ 17,001</u>	<u>\$ 63,769</u>

National Public Finance Guarantee Corporation
Statutory Balance Sheets Summary
(dollars in millions)

	6/30/2011	12/31/2010
Assets:		
Cash and Investments	\$ 5,343	\$ 5,446
Asset Swap Facility	1,575	1,775
Other Assets	75	69
Total Assets	\$ 6,993	\$ 7,290
Liabilities:		
Unearned Premiums	2,743	2,873
Loss and LAE Reserves ⁽¹⁾	89	96
Contingency Reserve	1,504	1,473
Asset Swap Facility	1,575	1,775
Other Liabilities	27	165
Total Liabilities	5,938	6,382
Total Policyholders' Surplus	1,055	908
Total Liabilities and Policyholders' Surplus	\$ 6,993	\$ 7,290

Financial and Ratio Information
(dollars in millions)

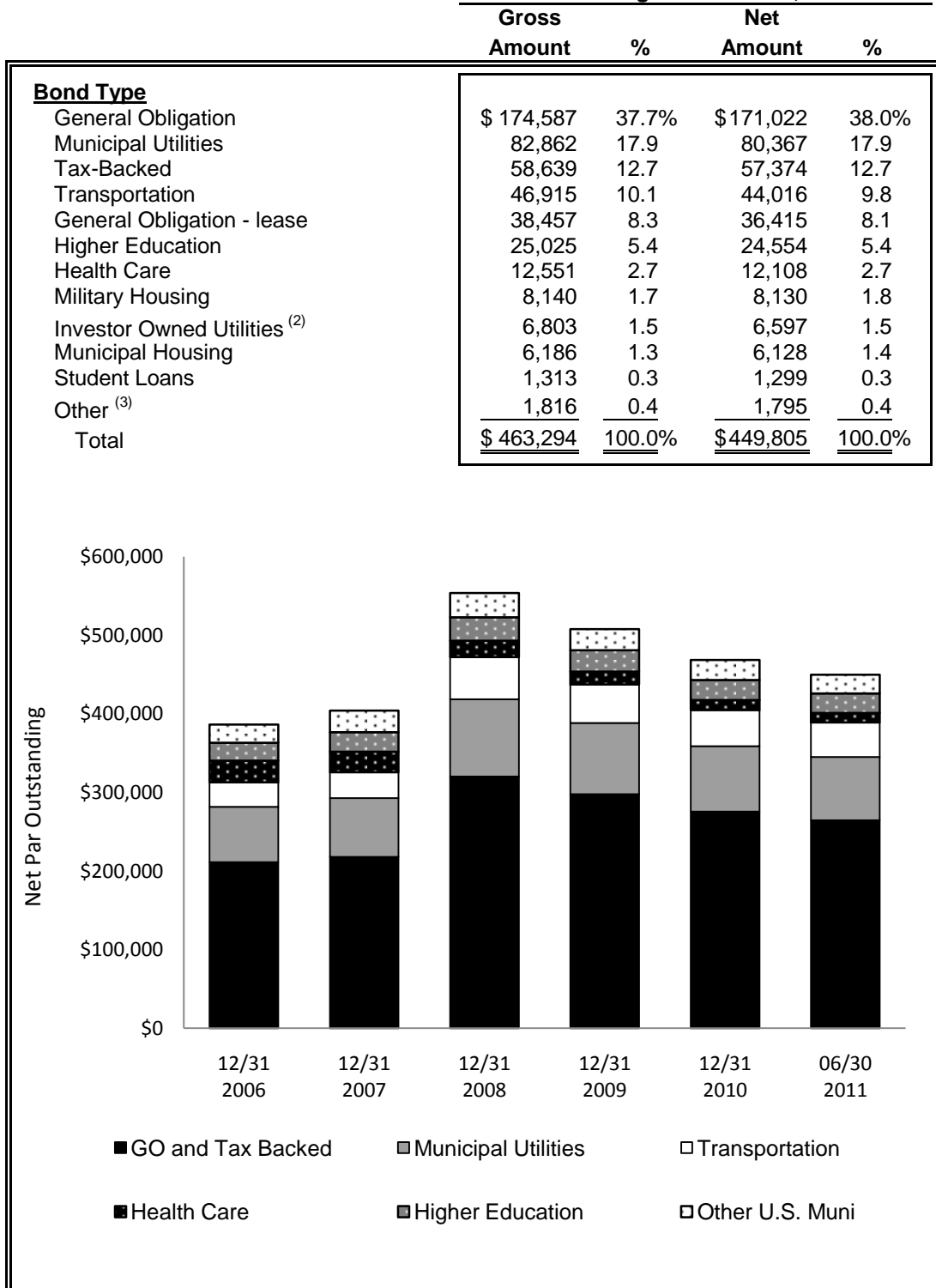
Statutory Basis		
	6/30/2011	12/31/2010
Balance Sheet		
Policyholders' Surplus	\$ 1,055	\$ 908
Contingency Reserve	1,504	1,473
Statutory Capital	2,559	2,381
Unearned Premium Reserve	2,743	2,873
Present Value of Installment Premiums ⁽¹⁾	269	282
Premium Resources ⁽²⁾	3,012	3,155
Loss and LAE Reserves ⁽¹⁾	89	96
Total Claims-Paying Resources	\$ 5,660	\$ 5,632
Net Debt Service Outstanding	\$ 715,720	\$ 752,420
Capital Ratio	280:1	316:1
Claims-Paying Resources Ratio	155:1	166:1

⁽¹⁾ At June 30, 2011 and December 31, 2010, the discount rate was 4.19%.

⁽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 June 30, 2011⁽¹⁾



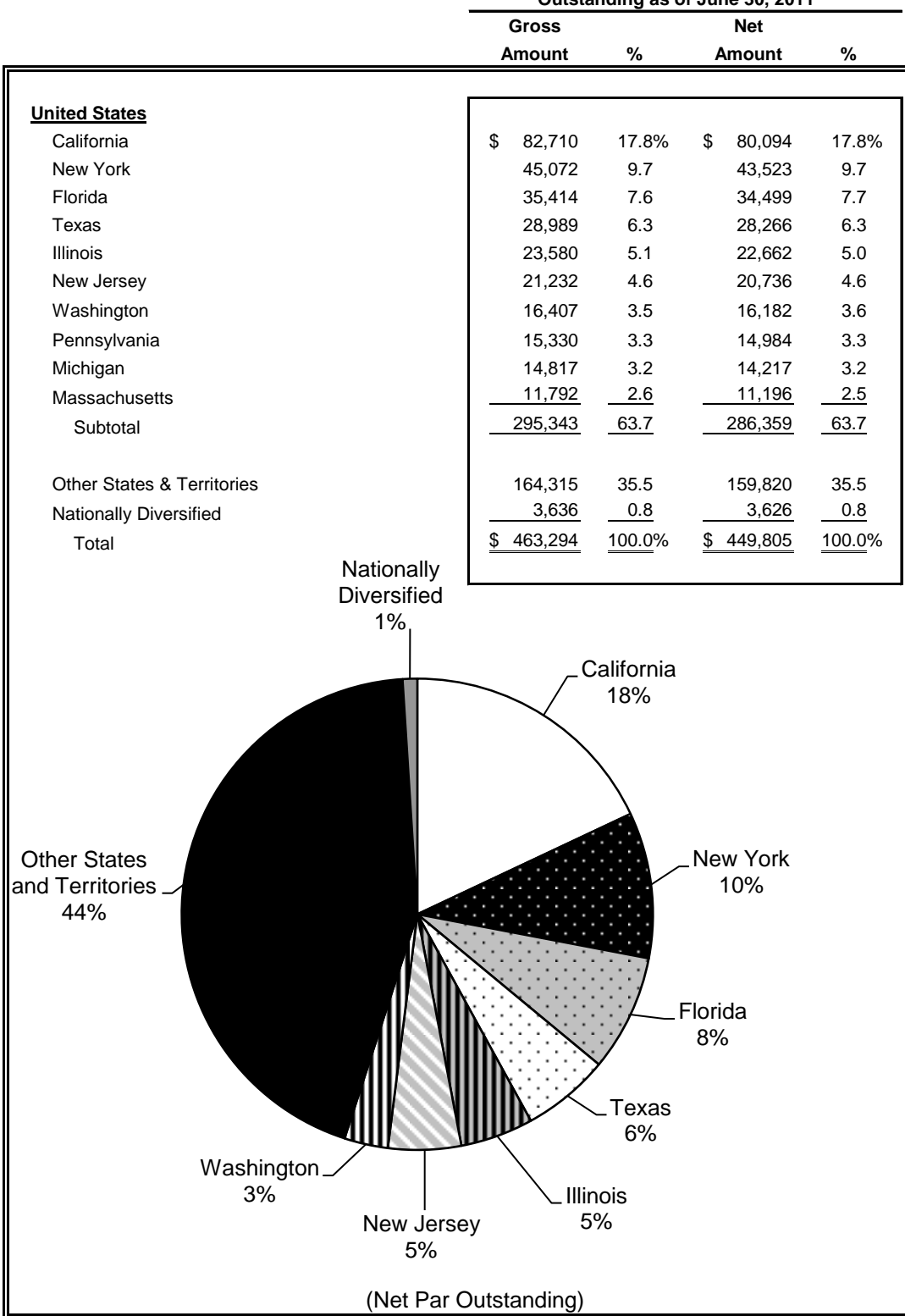
(1) Net of refunded issues and reinsurance; including \$10.2 billion of reinsurance ceded by FGIC to third parties.

(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 June 30, 2011 ⁽¹⁾



⁽¹⁾ Net of refunded issues and reinsurance; including \$10.2 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 June 30, 2011
(dollars in millions)

	Obligor Name	State	Internal Rating ⁽¹⁾	Gross Par Outstanding
1	California General Obligation	CA	a3	\$ 4,907
2	Massachusetts General Obligation	MA	aa3	3,503
3	New York State Lease	NY	aa3	2,902
4	Illinois General Obligation	IL	a3	2,853
5	New Jersey Transportation Trust Fund Authority	NJ	aa3	2,603
6	State of Washington General Obligation	WA	aa2	2,544
7	MTA Commuter & Transit Transportation Revenue	NY	a2	2,538
8	New York City General Obligation	NY	aa3	2,422
9	The Port Authority of New York & New Jersey	NY	a1	2,249
10	Florida State General Obligation	FL	aa1	2,101
11	Puerto Rico General Obligation	PR	bbb3	2,094
12	City of Houston Combined Utility System Revenue Bonds	TX	a3	2,081
13	Connecticut General Obligation	CT	aa3	2,068
14	Wisconsin General Obligation	WI	aa3	2,064
15	Miami-Dade County Airport	FL	a3	1,997
16	Chicago O'Hare General Airport	IL	a2	1,987
17	Long Island Power Authority Electric	NY	a3	1,925
18	Chicago General Obligation	IL	a2	1,881
19	State of California Economic Recovery Bonds	CA	a3	1,868
20	Dallas-Fort Worth International Airport	TX	a1	1,820
21	San Francisco International Airport	CA	a2	1,774
22	Puerto Rico Electric Power Authority	PR	bbb1	1,761
23	Metropolitan Washington Airports Authority	DC	aa3	1,706
24	Triborough Bridge & Tunnel Authority	NY	a1	1,660
25	New York City Water	NY	aa2	1,657
26	Oregon School Boards Association General Obligation	OR	aa3	1,633
27	Regents of the University of California	CA	aa3	1,607
28	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	aa2	1,579
29	Wayne County Airport Authority	MI	a2	1,568
30	Pennsylvania General Obligation	PA	aa3	1,553
31	City of Chicago Board of Education	IL	a2	1,532
32	New York State Local Government Assistance Corporation	NY	a2	1,500
33	Los Angeles Unified School District General Obligation	CA	aa3	1,496
34	Clark County School District General Obligation	NV	aa2	1,481
35	Seattle Port and Airport Revenue	WA	aa3	1,473
36	Illinois Regional Transportation Authority	IL	aa2	1,461
37	New York State Thruway Authority Dedicated Highway & Bridge Trust	NY	aa3	1,431
38	Illinois Metropolitan Pier & Exposition Authority	IL	aa3	1,411
39	Oakland Port and Airport Revenue	CA	a1	1,392
40	Army Hawaii Family Housing	HI	aa2	1,348
41	California State Public Works Board Lease	CA	bbb3	1,342
42	Florida Department of Natural Resources Preservation	FL	a1	1,339
43	New York City Transitional Finance Authority Sales Tax	NY	aa2	1,328
44	City of Detroit Sewage Disposal System	MI	a2	1,300
45	Honolulu City and County General Obligation	HI	aa3	1,294
46	New Jersey Turnpike Authority	NJ	a2	1,279
47	Denver City & County Airport System	CO	a1	1,222
48	Detroit City Water System	MI	a3	1,213
49	Los Angeles City Water & Power	CA	aa3	1,146
50	New York State Dormitory State Personal Income Tax	NY	aa2	1,145
		Total		<u>\$ 92,038</u>
		Total Portfolio Exposure		\$ 463,294
	50 Largest Credits Gross Par Outstanding as % of Total Portfolio			19.9%

⁽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 anytime 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 June 30, 2011
(dollars in millions)

	Gross Par Outstanding	
	Amount	%
<u>Public Finance</u>		
AAA	\$ 25,004	5.4%
AA	210,095	45.3%
A	180,261	38.9%
BBB	44,924	9.7%
<BBB	3,010	0.7%
Total	\$ 463,294	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⁾

Obligor Name	Below Investment Grade (BIG) Exposure (Gross)
1 San Joaquin Hills Transportation Corridor Agency Toll Road	\$ 609
2 Harris County-Houston Sports Authority	436
3 AHERF Delaware Valley Obligated Group	152
4 Capital Projects Fin Auth FL Universities Student Hsg 2001F-1	131
5 Basketball Properties Ltd Miami Heat	126
6 George L. Smith Georgia World Congress Center Auth	122
7 Detroit City GO	115
8 Pace University	113
9 Mashantucket Western Pequot Tribe Casino Revenues	100
10 Jefferson County GO	96
	\$ 2,000
Total BIG Gross Par Exposure	\$ 3,010
Total National Gross Par Outstanding	\$ 463,294
Top 10 BIG Gross Par Exposure as % of National Gross Par Outstanding	0.4%
Total BIG Gross Par Exposure as % of National Gross Par Outstanding	0.6%
Total BIG Gross Par Exposure as % of National Gross Par Outstanding by National ratings	0.5%

⁽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.

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

Gross Par - Scheduled Amortization

As of June 30, 2011
(dollars in millions)

	Scheduled Gross Par Amortization	Ending Gross Par Outstanding
2nd Qtr. 2011		\$ 463,294
3rd Qtr. 2011	9,524	453,770
4th Qtr. 2011	7,538	446,232
1st Qtr. 2012	5,414	440,818
2nd Qtr. 2012	6,444	434,374
3rd Qtr. 2012	9,047	425,327
4th Qtr. 2012	7,063	418,264
2013	26,922	391,342
2014	25,302	366,040
2015	24,987	341,053
2016-2020	115,881	225,172
2021-2025	94,031	131,141
2026-2030	69,281	61,860
2031 and thereafter	<u>61,860</u>	-
Total	<u>\$ 463,294</u>	

Gross Debt Service - Scheduled Amortization

As of June 30, 2011
(dollars in millions)

	Scheduled Gross Debt Service Amortization	Ending Gross Debt Service Outstanding
2nd Qtr. 2011		\$ 739,381
3rd Qtr. 2011	15,632	723,749
4th Qtr. 2011	13,119	710,630
1st Qtr. 2012	11,077	699,553
2nd Qtr. 2012	11,617	687,936
3rd Qtr. 2012	14,870	673,066
4th Qtr. 2012	12,356	660,710
2013	47,947	612,763
2014	45,176	567,587
2015	43,679	523,908
2016-2020	193,125	330,783
2021-2025	144,692	186,091
2026-2030	99,982	86,109
2031 and thereafter	<u>86,109</u>	-
Total	<u>\$ 739,381</u>	

Investor Relations Contacts

Chris Young
Managing Director
Chief Financial Officer
(914) 765-3121
chris.young@nationalpfg.com

Nick Sourbis
Managing Director
Fixed Income Investor Relations
(914) 765-3385
nicholas.sourbis@nationalpfg.com