



**national  
public finance  
guarantee**

# **Operating Supplement**

**Third Quarter 2010**

**Safe Harbor Disclosure**

This Operating Supplement contains forward-looking statements. Important factors such as general market conditions and the competitive environment could cause actual results to differ materially from those projected in these forward-looking statements. Risk factors are detailed in our 10-K, which is available on our website, [www.mbia.com](http://www.mbia.com). The company undertakes no obligation to revise or update any forward-looking statements to reflect changes in events or expectations.

In addition, the definitions of the non-GAAP terms that are included in this Operating Supplement may be found on our website at [www.mbia.com](http://www.mbia.com).

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**National Public Financial Guarantee Corporation**  
**Adjusted Book Value**

	09/30 2010	12/31 2009	Change Per Share
	Per Share	Per Share	Per Share
<b>Reported Book Value</b>	\$ 15.80	\$ 13.52	\$ 2.28
Reverse: Unrealized (Gains) Losses Included in OCI	(0.48)	(0.05)	(0.43)
<b>Analytic Book Value</b>	<u>15.32</u>	<u>13.47</u>	<u>1.85</u>
Plus: Net Unearned Premium Revenue, After Tax <sup>(1) (2)</sup>	7.85	8.32	(0.47)
Plus: Loss Provision <sup>(3)</sup>	(1.05)	(1.09)	0.04
<b>Adjusted Book Value <sup>(4)</sup></b>	<u><b>\$ 22.12</b></u>	<u><b>\$ 20.70</b></u>	<u><b>\$ 1.42</b></u>
MBIA Inc. Common Shares Outstanding (000)	199,852	204,668	

**Change by Component**

Component	Change
12/31/2009	20.70
Revenue Items	0.88
Operating Expenses	(0.15)
Insurance Loss Estimates	(0.07)
All Other Changes	0.76
9/30/2010	22.12

- (1) At September 30, 2010 and December 31, 2009, the discount rate on Financial Guarantee insurance installment premiums was the weighted-average risk free rate as defined by applicable GAAP accounting principles.
- (2) The amounts consist of Financial Guarantee insurance premiums.
- (3) The loss provision is calculated by assuming a 12% loss rate on the stream of future premium earnings, as estimated by the Company.
- (4) A non-GAAP measure.

**National Public Finance Guarantee Corporation**

**Net Premiums Written** <sup>(1)</sup>

(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
<b>2010</b>					
Financial Guarantee	\$ 3,910	\$ (58)	\$ 84,108		\$ 87,960
Insured Derivatives	93	-	1,960		2,053
Total	\$ 4,003	\$ (58)	\$ 86,068	\$ -	\$ 90,013
<b>2009</b>					
Financial Guarantee	\$ 3,866,164	\$ 8,633	\$ (16,058)	\$ (11,183)	\$ 3,847,556
Insured Derivatives	4,851	33	4,570	-	9,454
Total	\$ 3,871,015	\$ 8,666	\$ (11,488)	\$ (11,183)	\$ 3,857,010

**Net Premiums Earned**

(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
<b>2010</b>					
Financial Guarantee	\$ 114,291	\$ 119,287	\$ 100,171		\$ 333,749
Insured Derivatives	102	103	155		360
Total	\$ 114,393	\$ 119,390	\$ 100,326	\$ -	\$ 334,109
<b>2009</b>					
Financial Guarantee	\$ 149,846	\$ 133,000	\$ 142,857	\$ 137,016	\$ 562,719
Insured Derivatives	56	129	200	543	928
Total	\$ 149,902	\$ 133,129	\$ 143,057	\$ 137,559	\$ 563,647

**Refundings and Other Accelerations**

(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
<b>2010</b>					
Financial Guarantee	\$ 26,753	\$ 33,026	\$ 18,304		\$ 78,083
Insured Derivatives	-	-	22		22
Total	\$ 26,753	\$ 33,026	\$ 18,326	\$ -	\$ 78,105
<b>2009</b>					
Financial Guarantee	\$ 36,147	\$ 29,028	\$ 46,494	\$ 41,949	\$ 153,618
Insured Derivatives	-	25	78	438	541
Total	\$ 36,147	\$ 29,053	\$ 46,572	\$ 42,387	\$ 154,159

<sup>(1)</sup> 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.

**National Public Finance Guarantee Corporation**  
**Net Unearned Premium Amortization**  
**and Premiums Collected and Expected (Cash)**

As of September 30, 2010  
(dollars in millions)

**Financial Guarantee and Insured Derivative Premium Amortization**

	Net Unearned Premiums	Expected Future Premium Earnings <sup>(1)</sup>				Total	Premiums Collected and Expected (Cash) <sup>(2)</sup>
		Upfront	Installments	Accretion			
3rd Qtr. 2010	\$ 3,045					5	
4th Qtr. 2010	2,965	75	5	2	82	6	
2011	2,665	281	19	9	309	21	
2012	2,395	252	18	9	279	22	
2013	2,149	228	18	8	254	20	
2014	1,925	207	17	8	232	20	
2015-2019	1,067	779	79	34	892	94	
2020-2024	543	461	63	26	550	80	
2025 and thereafter	-	403	140	44	587	205	
Total		\$ 2,686	\$ 359	\$ 140	\$ 3,185	\$ 473	

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

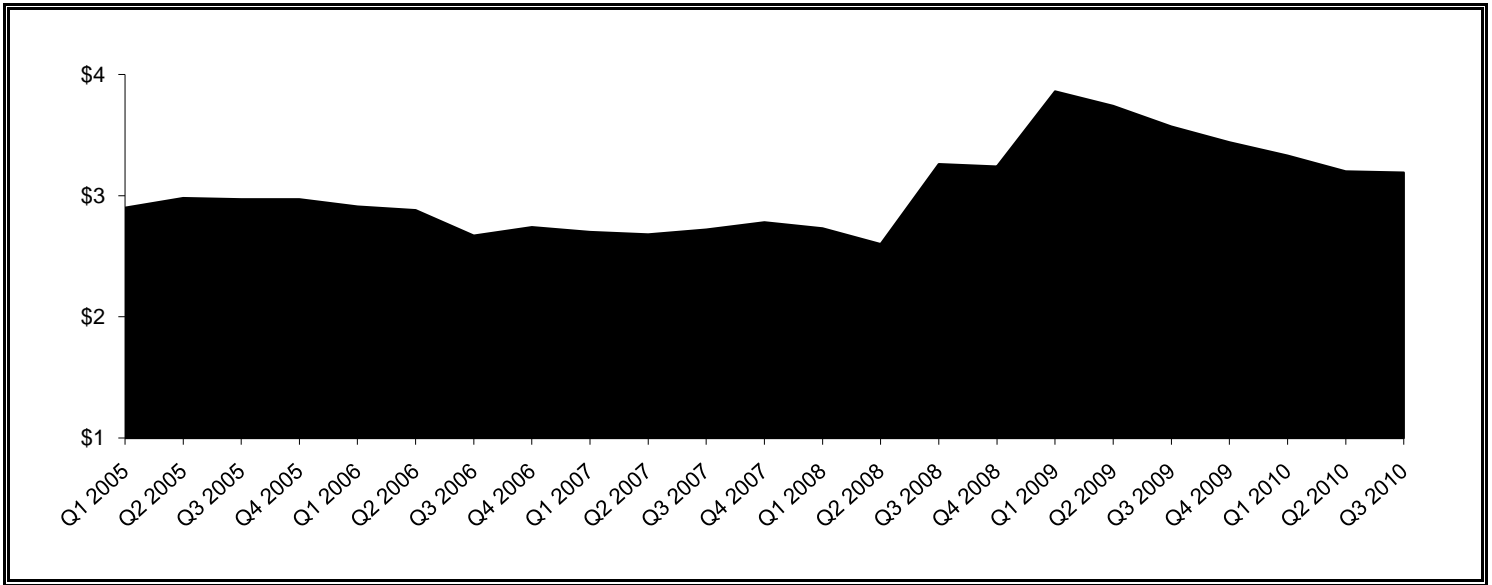
<sup>(2)</sup> Represents installment-based future net, undiscounted collections.

**Rollforward of Financial Guarantee Gross Premium Receivable**

As of September 30, 2010  
(dollars in millions)

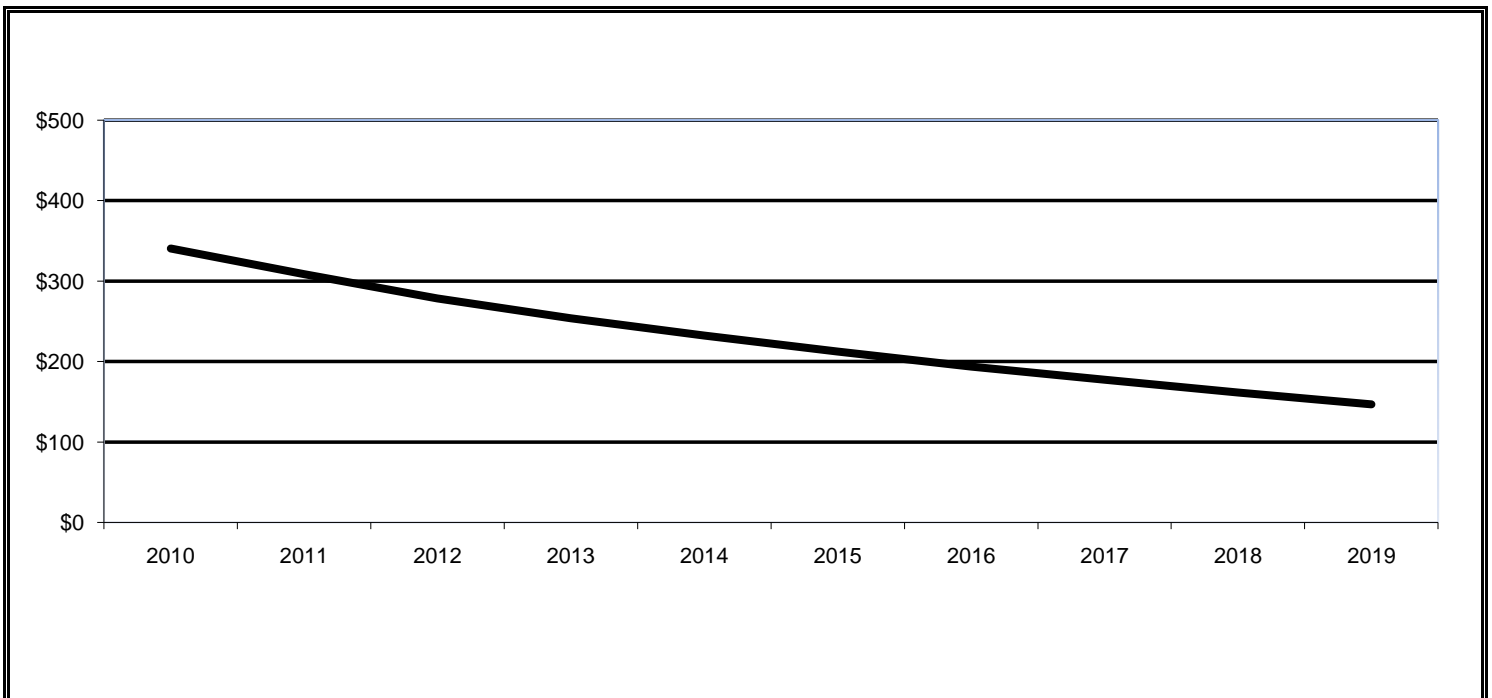
Premium Receivable as of December 31, 2009	Premium Payments Received	Premium from New Business Written	Adjustments			Premium Receivable as of September 30, 2010	Reinsurance Premium Payable as of September 30, 2010
			Changes in Expected Term of Policies	Accretion of Premium Receivable Discount	Other		
\$ 345	\$ (14)	\$ -	\$ (7)	\$ 7	\$ (3)	\$ 328	\$ -

**National Public Finance Guarantee Corporation**  
**Reservoir of Future Net Premium Earnings <sup>(1)(2)</sup>**  
**As of September 30, 2010**  
**(dollars in billions)**



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

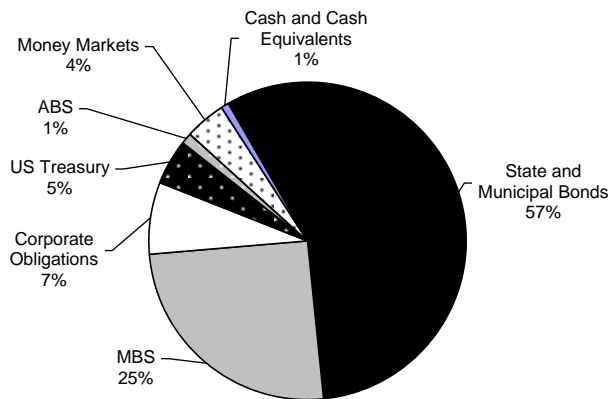
**Net Future Premium Earnings**  
**As of September 30, 2010**  
**(dollars in millions)**



**National Public Finance Guarantee Corporation**  
**Investment Portfolio Including Cash and Cash Equivalents**  
**As of September 30, 2010**  
**(dollars in thousands)**

<u>Investments</u>	<u>Market Value</u>	<u>% of Market Value</u>	<u>Amortized Cost</u>	<u>Yield to Maturity<sup>(1)</sup></u>
Fixed-Maturity Securities:				
Tax Exempt	\$ 2,684,576	48%	\$ 2,605,584	4.38%
Taxable	2,429,775	43	2,365,219	4.10
Short-Term	<u>501,007</u>	<u>9</u>	<u>497,870</u>	2.21
Total US Public Finance Insurance Fixed Income	5,615,358	<u>100%</u>	<u>\$ 5,468,673</u>	4.06%
Cash and Cash Equivalents	<u>43,513</u>			
Total US Public Finance Insurance Fixed Income Including Cash and Cash Equivalents	5,658,871			
Other	<u>2,735</u>			
Total	<u>\$ 5,661,606</u>			

**Total U.S. Public Finance Insurance Fixed Income Investments**  
**Including Cash and Cash Equivalents**  
**Market Value Outstanding \$5,658,871**



<u>Maturity Profile</u>	<u>Market Value</u>	<u>% of Market Value</u>	<u>Quality Distribution of Long-Term Investments</u>	
			<u>Market Value Outstanding \$5,114,351</u>	
Cash and Cash Equivalents	\$ 43,513	0.8%		
Within 1 Year	501,007	8.8%		
1 to 5 Years	840,740	14.9%		
5 to 10 Years	349,084	6.2%		
10 to 15 Years	504,743	8.9%		
15 to 20 Years	519,893	9.2%		
More than 20 Years	<u>2,899,891</u>	<u>51.2%</u>		
Total Investments Including Cash and Cash Equivalents	<u>\$ 5,658,871</u>	<u>100.0%</u>		
			<u>Rating</u>	<u>% of Market Value</u>
			Aaa	46%
			Aa	41
			A	10
			Baa	2
			Not Rated	<u>1</u>
				<u>100%</u>

Long-Term average maturity: 11.65 years

Duration: 5.89 years

<sup>(1)</sup> Estimated pre-tax yields on assets (based on amortized cost) at the end of the reporting quarter.



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

2010	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year <sup>(1)</sup>
<b>Loss and Loss Adjustment Expense (LAE) Reserves</b>					
Beginning Net Case Reserves	\$ 172,879	\$ 208,042	\$ 217,360	\$ -	\$ 172,879
Case Activity	25,895	10,262	5,586	-	41,744
Net Payments	(6,957)	(1,068)	(51,261)	-	(59,287)
Expected Recoveries on Paid Losses	16,225	124	51,400	-	67,749
Ending Net Case Reserves	<u>208,042</u>	<u>217,360</u>	<u>223,085</u>	<u>-</u>	<u>223,085</u>
Net Loss and LAE Reserves	208,042	217,360	223,085	-	223,085
Ceded Loss and LAE Reserves	-	-	-	-	-
Gross Loss and LAE Reserves	<u>\$ 208,042</u>	<u>\$ 217,360</u>	<u>\$ 223,085</u>	<u>\$ -</u>	<u>\$ 223,085</u>

2009	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
<b>Loss and Loss Adjustment Expense (LAE) Reserves</b>					
Beginning Net Case Reserves	\$ 185,485	\$ 239,583	\$ 194,244	\$ 219,036	\$ 185,485
Case Activity	57,748	5,250	28,708	2,195	93,901
Net Payments	(3,707)	(81,568)	(9,368)	(42,633)	(137,276)
Expected Recoveries on Paid Losses	57	30,979	5,452	(5,719)	30,769
Ending Net Case Reserves	<u>239,583</u>	<u>194,244</u>	<u>219,036</u>	<u>172,879</u>	<u>172,879</u>
Net Loss and LAE Reserves	239,583	194,244	219,036	172,879	172,879
Ceded Loss and LAE Reserves	-	-	-	-	-
Gross Loss and LAE Reserves	<u>\$ 239,583</u>	<u>\$ 194,244</u>	<u>\$ 219,036</u>	<u>\$ 172,879</u>	<u>\$ 172,879</u>

<sup>(1)</sup> Totals may not add due to rounding.

**National Public Finance Guarantee Corporation**  
**Insured Credit Derivatives Mark-to-Market**  
(dollars in thousands)

2010	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD
<b>Insured Credit Derivatives Mark-to-Market</b>					
Beginning Net Derivative Asset/(Liability)	\$ (8,667)	\$ (8,742)	\$ (8,592)	\$ -	\$ (8,667)
Unrealized Gain (Loss) - Ceded/Assigned from MBIA Corp.	(84)	47	(19)	-	(56)
Credit Impairments	-	-	-	-	-
Income Statement Mark-to-Market	(84)	47	(19)	-	(56)
Unearned Premium Revenue	9	103	(1,805)	-	(1,693)
Ending Net Derivative Asset/(Liability)	<u>\$ (8,742)</u>	<u>\$ (8,592)</u>	<u>\$ (10,416)</u>	<u>\$ -</u>	<u>\$ (10,416)</u>

2009	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
<b>Insured Credit Derivatives Mark-to-Market</b>					
Beginning Net Derivative Asset/(Liability)	\$ -	\$ (5,129)	\$ (5,840)	\$ (9,246)	\$ -
Unrealized Gain (Loss) - Ceded/Assigned from MBIA Corp.	(355)	188	(11)	35	(143)
Credit Impairments	-	-	-	-	-
Income Statement Mark-to-Market	(355)	188	(11)	35	(143)
Unearned Premium Revenue	(4,774)	(899)	(3,395)	544	(8,524)
Ending Net Derivative Asset/(Liability)	<u>\$ (5,129)</u>	<u>\$ (5,840)</u>	<u>\$ (9,246)</u>	<u>\$ (8,667)</u>	<u>\$ (8,667)</u>

**National Public Finance Guarantee Corporation**

**Cashflow <sup>(1)</sup>**  
**(dollars in millions)**

2010	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
<b>Beginning Cash &amp; Cash Equivalents: <sup>(2)</sup></b>	\$ 103	\$ 189	\$ 301	\$ -	\$ 103
Premiums	5	13	65	-	83
Net Investment Income	70	64	68	-	202
Other	1	27	-	-	28
Total Inflows	<u>76</u>	<u>104</u>	<u>133</u>	<u>-</u>	<u>313</u>
Gross Loss & LAE Payments	8	6	52	-	66
Operating & Other Expenses	26	11	12	-	49
Total Outflows	<u>34</u>	<u>17</u>	<u>64</u>	<u>-</u>	<u>115</u>
Operating Cash Flow	42	87	69	-	198
Financing Activities	-	(8)	8	-	-
Investing Activities	44	33	(94)	-	(17)
Net Cash Flow	86	112	(17)	-	181
<b>Ending Cash &amp; Cash Equivalents: <sup>(2)</sup></b>	<u>\$ 189</u>	<u>\$ 301</u>	<u>\$ 284</u>	<u>\$ -</u>	<u>\$ 284</u>

2009	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
<b>Beginning Cash &amp; Cash Equivalents: <sup>(2)</sup></b>	\$ 5	\$ 307	\$ 401	\$ 320	\$ 5
Premiums	-	12	44	9	65
Net Investment Income	15	63	65	68	211
Other	-	1	-	-	1
Total Inflows	<u>15</u>	<u>76</u>	<u>109</u>	<u>77</u>	<u>277</u>
Gross Loss & LAE Payments	-	91	18	62	171
Operating & Other Expenses	2	19	18	5	44
Total Outflows	<u>2</u>	<u>110</u>	<u>36</u>	<u>67</u>	<u>215</u>
Operating Cash Flow	13	(34)	73	10	62
Financing Activities	228	5	-	-	233
Investing Activities	61	123	(154)	(227)	(197)
Net Cash Flow	302	94	(81)	(217)	98
<b>Ending Cash &amp; Cash Equivalents: <sup>(2)</sup></b>	<u>\$ 307</u>	<u>\$ 401</u>	<u>\$ 320</u>	<u>\$ 103</u>	<u>\$ 103</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes cash, cash equivalents and money market mutual funds.

**National Public Finance Guarantee Corporation**

**Insurance Expenses**  
(dollars in thousands)

<b>2010</b>	<b>1st Qtr.</b>	<b>2nd Qtr.</b>	<b>3rd Qtr.</b>	<b>4th Qtr.</b>	<b>Year to Date</b>
Compensation	\$ 2,504	\$ 3,869	\$ 2,525	\$ -	\$ 8,898
Fees and Professional Services	8,188	9,195	10,885	-	28,268
Building and Equipment	1,474	2,814	2,767	-	7,055
Other	<u>801</u>	<u>982</u>	<u>788</u>	<u>-</u>	<u>2,571</u>
Gross Insurance Expenses	12,967	16,860	16,965	-	46,793
Ceding Commissions (Received)	<u>3,082</u>	<u>1,652</u>	<u>18,598</u>	<u>-</u>	<u>23,331</u>
Net Insurance Expenses	16,049	18,512	35,563	-	70,124
Deferred Acquisition (Costs) Expenses	<u>(3,100)</u>	<u>(1,657)</u>	<u>(18,599)</u>	<u>-</u>	<u>(23,356)</u>
Operating Expenses	<u>\$ 12,949</u>	<u>\$ 16,855</u>	<u>\$ 16,964</u>	<u>\$ -</u>	<u>\$ 46,768</u>

<b>2009</b>	<b>1st Qtr.</b>	<b>2nd Qtr.</b>	<b>3rd Qtr.</b>	<b>4th Qtr.</b>	<b>Year to Date</b>
Compensation	\$ 2,715	\$ 4,367	\$ 4,588	\$ 5,129	\$ 16,799
Fees and Professional Services	4,445	14,574	5,017	12,846	36,882
Building and Equipment	199	486	511	475	1,671
Other	<u>431</u>	<u>1,147</u>	<u>899</u>	<u>580</u>	<u>3,057</u>
Gross Insurance Expenses	7,790	20,574	11,015	19,030	58,409
Ceding Commissions (Received)	<u>764,898</u>	<u>3,279</u>	<u>2,102</u>	<u>1,745</u>	<u>772,024</u>
Net Insurance Expenses	772,688	23,853	13,117	20,775	830,433
Deferred Acquisition (Costs) Expenses	<u>(764,898)</u>	<u>(3,279)</u>	<u>(2,102)</u>	<u>(1,751)</u>	<u>(772,030)</u>
Operating Expenses	<u>\$ 7,790</u>	<u>\$ 20,574</u>	<u>\$ 11,015</u>	<u>\$ 19,024</u>	<u>\$ 58,403</u>

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

	<b>9/30/2010</b>	<b>12/31/2009</b>
<b>Assets:</b>		
Cash and Investments	\$ 5,451	\$ 5,205
Asset Swap Facility	1,775	1,675
Other Assets	87	95
<b>Total Assets</b>	<b>\$ 7,313</b>	<b>\$ 6,975</b>
<b>Liabilities:</b>		
Unearned Premiums	2,959	3,126
Loss and LAE Reserves <sup>(1)</sup>	82	136
Contingency Reserve	1,463	1,404
Asset Swap Facility	1,775	1,675
Other Liabilities	197	43
<b>Total Liabilities</b>	<b>6,476</b>	<b>6,384</b>
<b>Total Policyholders' Surplus</b>	<b>837</b>	<b>591</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 7,313</b>	<b>\$ 6,975</b>

**Financial and Ratio Information**  
(dollars in millions)

<b>Statutory Basis</b>	<b>9/30/2010</b>	<b>12/31/2009</b>
<b>Balance Sheet</b>		
Policyholders' Surplus	\$ 837	\$ 591
Contingency Reserve	1,463	1,404
Statutory Capital	2,300	1,995
Unearned Premium Reserve	2,959	3,126
Present Value of Installment Premiums <sup>(1)</sup>	261	270
Premium Resources <sup>(2)</sup>	3,220	3,396
Loss and LAE Reserves <sup>(1)</sup>	82	136
<b>Total Claims-Paying Resources</b>	<b>\$ 5,602</b>	<b>\$ 5,527</b>
Net Debt Service Outstanding	\$ 773,607	\$ 821,688
Capital Ratio <sup>(3)</sup>	336:1	412:1
Claims-Paying Resources Ratio <sup>(4)</sup>	173:1	189:1

<sup>(1)</sup> At September 30, 2010 and December 31, 2009, the discount rate was 5.09%.

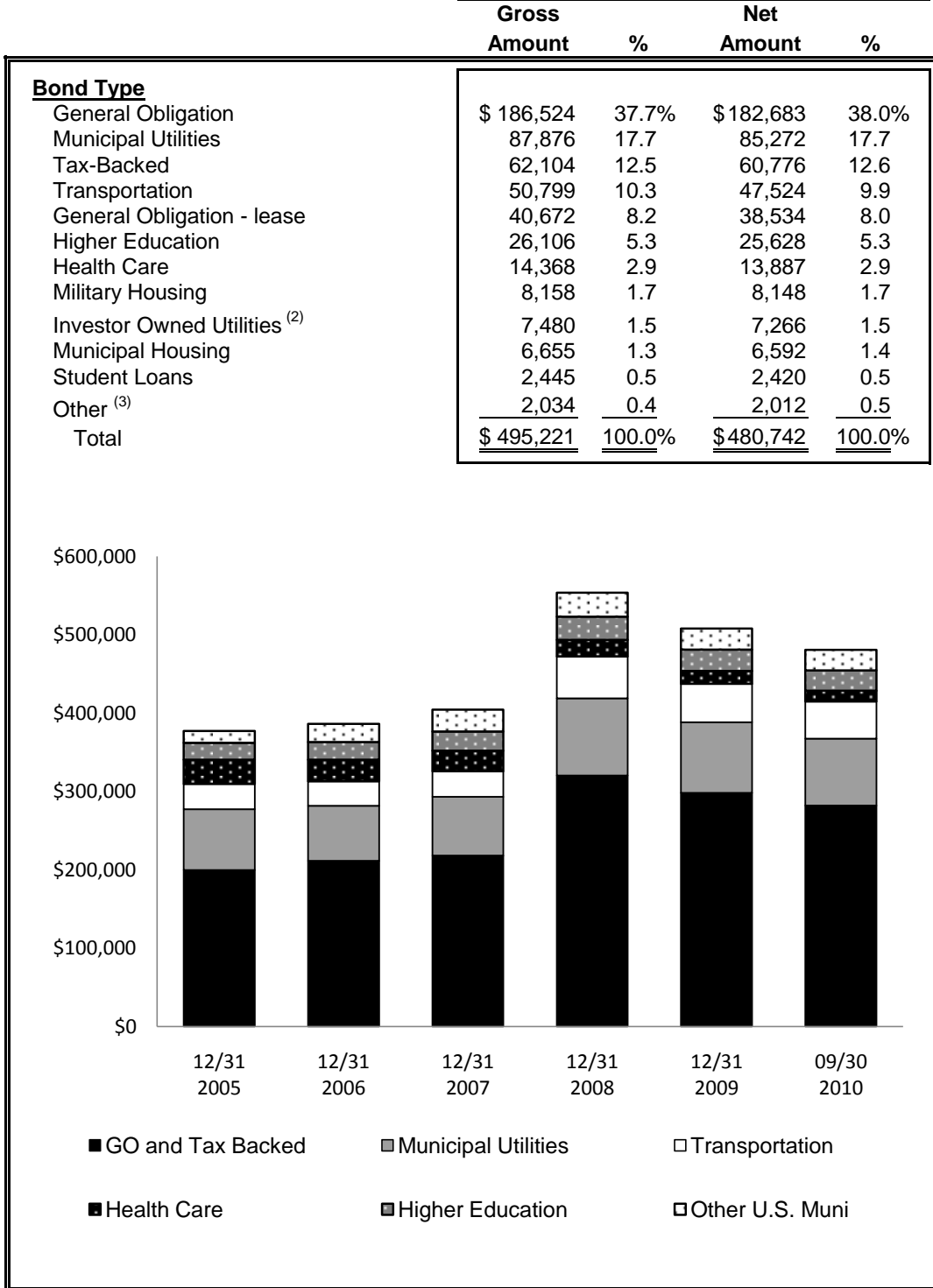
<sup>(2)</sup> The amounts consist of Financial Guarantee insurance premiums and Insured Derivative revenue.

<sup>(3)</sup> Net debt service outstanding divided by statutory capital.

<sup>(4)</sup> Net debt service outstanding divided by the sum of statutory capital, unearned premium reserve (after-tax), present value of installment premiums (after-tax) and loss and LAE reserves.

**National Public Finance Guarantee Corporation**  
**Insured Portfolio Profile**  
**Par Value by Bond Type**  
(dollars in millions)

**Outstanding as of September 30, 2010 <sup>(1)</sup>**



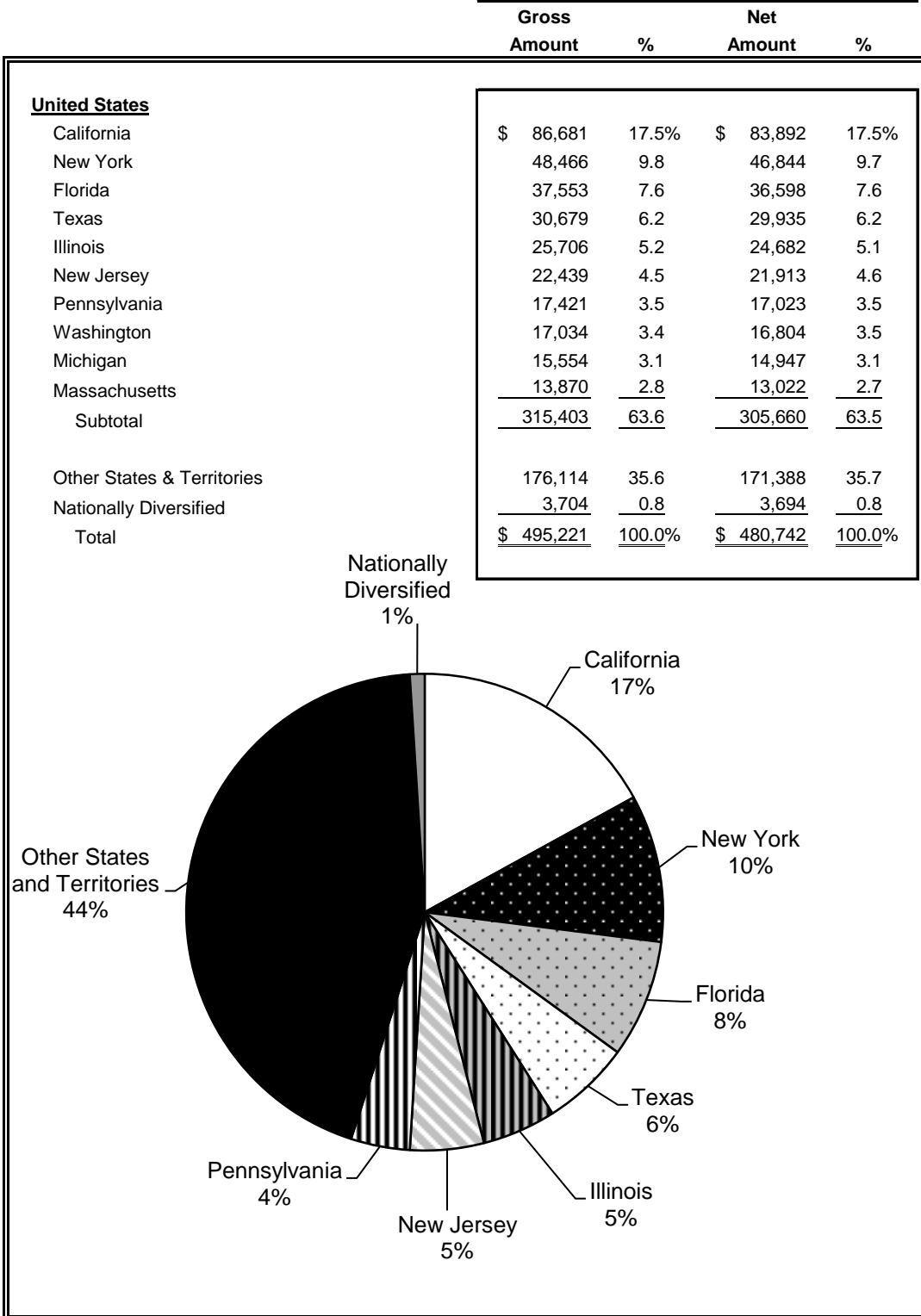
<sup>(1)</sup> Net of refunded issues and reinsurance.

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

<sup>(3)</sup> Includes certain non-profit enterprises and stadium related financings.

**National Public Finance Guarantee Corporation**  
**Insured Portfolio Profile**  
**Par Value by Geography**  
(dollars in millions)

Outstanding as of September 30, 2010 <sup>(1)</sup>



<sup>(1)</sup> Net of refunded issues and reinsurance.

**National Public Finance Guarantee Corporation**

**Insured Portfolio - 50 Largest Credits**

**Net Par Outstanding as of September 30, 2010**

(dollars in millions)

	Obligor Name	State	Internal Rating <sup>(1)</sup>	Net Par Outstanding
1	California General Obligation	CA	a3	\$ 5,094
2	Massachusetts General Obligation	MA	aa3	3,335
3	New York State Lease	NY	aa3	3,096
4	Illinois General Obligation	IL	aa3	2,951
5	New Jersey Transportation Trust Fund Authority	NJ	aa3	2,681
6	State of Washington General Obligation	WA	aa2	2,622
7	New York City General Obligation	NY	aa3	2,496
8	MTA Commuter & Transit Transportation Revenue	NY	a2	2,415
9	Connecticut General Obligation	CT	aa3	2,234
10	Florida State General Obligation	FL	aa1	2,155
11	Wisconsin General Obligation	WI	aa3	2,113
12	City of Houston Combined Utility System Revenue Bonds	TX	a3	2,072
13	Long Island Power Authority Electric	NY	a3	2,060
14	Chicago O'Hare General Airport	IL	a2	2,056
15	Puerto Rico General Obligation	PR	bbb3	2,051
16	The Port Authority of New York and New Jersey	NY	a1	1,999
17	Miami-Dade County Airport	FL	a3	1,945
18	State of California Economic Recovery Bonds	CA	a3	1,885
19	Metropolitan Washington Airports Authority	DC	aa3	1,849
20	Illinois Metropolitan Pier & Exposition Authority	IL	aa3	1,826
21	New York City Water	NY	aa2	1,786
22	Puerto Rico Electric Power Authority	PR	bbb1	1,745
23	Dallas-Fort Worth International Airport	TX	a1	1,741
24	Triboro Bridge & Tunnel Authority	NY	a1	1,677
25	Pennsylvania General Obligation	PA	aa3	1,661
26	San Francisco International Airport	CA	a2	1,650
27	New York State Thruway Authority Dedicated Highway & Bridge Trust	NY	aa3	1,638
28	City of Chicago Board of Education	IL	a2	1,636
29	Oregon School Boards Association General Obligation	OR	aa3	1,626
30	New York State Local Government Assistance Corporation	NY	a2	1,558
31	Chicago General Obligation	IL	a2	1,542
32	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	aa2	1,534
33	Regents of the University of California	CA	aa3	1,525
34	Los Angeles Unified School District General Obligation	CA	aa3	1,489
35	Los Angeles City Water and Power	CA	aa3	1,479
36	Seattle Port and Airport Revenue	WA	aa3	1,478
37	Wayne County Airport Authority	MI	a2	1,462
38	Illinois Regional Transportation Authority	IL	aa2	1,443
39	Oakland Port and Airport Revenue	CA	a1	1,377
40	Clark County School District General Obligation	NV	aa2	1,374
41	New York City Transitional Finance Authority Sales Tax	NY	aa2	1,374
42	Army Hawaii Family Housing	HI	aa2	1,348
43	Florida Department of Natural Resources Preservation	FL	a1	1,317
44	New York State Dormitory State Personal Income Tax	NY	aa2	1,291
45	California State Public Works Board Lease	CA	bbb3	1,281
46	Metropolitan Transportation Authority Dedicated Tax Fund	NY	aa3	1,261
47	Honolulu City and County General Obligation	HI	aa3	1,250
48	Massachusetts Turnpike Authority	MA	bbb1	1,243
49	City of Detroit Sewage Disposal System	MI	a2	1,210
50	Arapahoe County E-470 Toll Road	CO	bbb2	1,196
		<b>Total</b>		<b>\$ 93,127</b>
		<b>Total Portfolio Exposure</b>		<b>\$ 480,742</b>
		<b>50 Largest Credits Net Par Outstanding as % of Total Portfolio</b>		<b>19.4%</b>

(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.).

**National Public Finance Guarantee Corporation**  
**Credit Quality Distribution** <sup>(1)</sup>  
**as of September 30, 2010**  
**(dollars in millions)**

	<b>Net Par Outstanding</b>	
	Amount	%
<b>Public Finance</b>		
AAA	\$ 27,797	5.8%
AA	222,594	46.3%
A	182,423	38.0%
BBB	44,920	9.3%
<BBB	3,008	0.6%
Total	\$ 480,742	100.0%

<sup>(1)</sup> 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** <sup>(1) (2)</sup>

<b>Obligor Name</b>	<b>Below Investment Grade (BIG) Exposure (Net)</b>
1 San Joaquin Hills Transportation Corridor Agency Toll Road	\$ 455
2 Saint Barnabas Health Care System	328
3 Brazos Higher Education Authority Series 1999A1-6	179
4 AHERF Delaware Valley Obligated Group	160
5 Capital Projects Finance Auth FL Universities Student Hsg 2001F-1	132
6 Detroit City GO	129
7 Basketball Properties Ltd Miami Heat	126
8 George L. Smith Georgia World Congress Center Auth	120
9 Pace University	118
10 American Housing Foundation	98
	\$ 1,845
Total BIG Net Par Exposure	\$ 3,008
Total National Net Par Outstanding	\$ 480,742
Top 10 BIG Net Par Exposure as % of National Net Par Outstanding	<b>0.4%</b>
<b>Total BIG Net Par Exposure as % of National Net Par Outstanding</b>	<b>0.6%</b>
<b>Total BIG Net Par Exposure as % of National Net Par Outstanding by National ratings</b>	<b>0.6%</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> During the 3rd quarter, Capital Projects Finance Auth FL Universities Student Hsg 2001F-1 was added to the Top 10 list which eliminated Mashantucket Western Pequot Tribe Casino Revenues from the list.



**National Public Finance Guarantee Corporation**  
**Net Par - Scheduled Amortization**  
As of September 30, 2010  
(dollars in millions)

	<b>Scheduled Net Par Amortization</b>	<b>Ending Net Par Outstanding</b>
3rd Qtr. 2010	-	\$ 480,742
4th Qtr. 2010	6,364	474,378
1st Qtr. 2011	4,870	469,508
2nd Qtr. 2011	5,892	463,616
3rd Qtr. 2011	8,456	455,160
4th Qtr. 2011	6,688	448,472
2012	25,601	422,871
2013	26,460	396,411
2014	25,612	370,799
2015-2019	123,201	247,598
2020-2024	100,279	147,319
2025-2029	76,085	71,234
2030 and thereafter	<u>71,234</u>	-
Total	<u>\$ 480,742</u>	

**Net Debt Service - Scheduled Amortization**  
As of September 30, 2010  
(dollars in millions)

	<b>Scheduled Net Debt Service Amortization</b>	<b>Ending Net Debt Service Outstanding</b>
3rd Qtr. 2010	-	\$ 773,607
4th Qtr. 2010	12,202	761,405
1st Qtr. 2011	10,951	750,454
2nd Qtr. 2011	11,443	739,011
3rd Qtr. 2011	14,553	724,458
4th Qtr. 2011	12,284	712,174
2012	47,649	664,525
2013	47,694	616,831
2014	45,706	571,125
2015-2019	206,510	364,615
2020-2024	155,426	209,189
2025-2029	110,029	99,160
2030 and thereafter	<u>99,160</u>	-
Total	<u>\$ 773,607</u>	