

Operating Supplement

Revised on 6-4-2010 to reflect the changes to National Public Finance Guarantee Corporation's statutory financial statements as reported in the 8-K dated 6-4-2010.

First 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. 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 slide deck may be found on our website at www.mbia.com.

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National Public Financial Guarantee Corporation Adjusted Book Value

March 31. 2010

| | | | st Qtr. 2010 | 4th 20 | | | |
|-----------------------------------|---|----------|-----------------|--------|--------|----------|---------------|
| | | Pe | er Share | Per S | Share | | ange Share |
| Reported Book Value | | \$ | 14.05 | \$ | 13.52 | \$ | 0.53 |
| Plus: Cumulative Unre | alized Loss on Insured Credit Derivatives, Afte | er Tax | 0.00 | | 0.00 | | 0.00 |
| Less: Cumulative Impa | irments on Insured Credit Derivatives, After T | ax | 0.00 | | 0.00 | | 0.00 |
| Reverse: Unrealized (G | ains) Losses Included in OCI | | (0.14) | | (0.05) | | (0.09) |
| Analytic Book Value | | _ | 13.91 | | 13.47 | | 0.44 |
| Plus: Net Unearned Pr | emium Revenue, After Tax (1) (2) | | 8.02 | | 8.32 | | (0.30) |
| | rations Future Spread Adjustment | | 0.00 | | 0.00 | | 0.00 |
| Plus: Loss Provision (3) | | | (1.06) | | (1.09) | | 0.03 |
| Adjusted Book Value | (4) | • | 20.87 | \$ 2 | 20.70 | \$ | 0.17 |
| | | | | | | <u> </u> | 0.17 |
| MIRIA INC. L.OMMON SN: | ares Outstanding (000) | | 204,926 | 204 | 4,668 | | |
| MBDV IIIG. GOIIIIIGII GII | and Calcianang (600) | | | | | | |
| MBN THE COMMON CIT | Change by Compone | ent | | | | | |
| \$22 | | ent | | | | | |
| | | ent | | | | | |
| \$22 | Change by Compone | | (0.04) | | 20.87 | | |
| \$22 | Change by Compone | | (0.04) | | 20.87 | | |
| \$22 | Change by Compone | | (0.04) | | 20.87 | | |
| \$22 \$21 - 20.70 | Change by Compone | | (0.04) | | 20.87 | | |
| \$22 \$21 - 20.70 | Change by Compone | | (0.04) | | 20.87 | | |
| \$22 \$21 - 20.70 | Change by Compone | | (0.04) | | 20.87 | | |
| \$22 \$21 - 20.70 \$20 - | Change by Compone | - | (0.04) | | 20.87 | | |

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

National Public Finance Guarantee Corporation Net Premiums Written (1)(2)

(dollars in thousands)

| | 1st | | 2nd | 3rd | 4th | | |
|---------------------|-------------|--------|-------|-------------|-------------|-----|------------|
| | Qtr. | | Qtr. | Qtr. | Qtr. | Yea | ar-to-Date |
| 2010 | | | | | | | |
| Financial Guarantee | \$ 3,91 | 0 | | | | \$ | 3,910 |
| Insured Derivatives | Ş | 93 | | | | | 93 |
| Total | \$ 4,00 |)3 \$ | - | \$ - | \$ - | \$ | 4,003 |
| 2009 | | | | | | | |
| Financial Guarantee | \$ 3,866,16 | \$4 \$ | 8,633 | \$ (16,058) | \$ (11,183) | \$ | 3,847,556 |
| Insured Derivatives | 4,85 | 51 | 33 | 4,570 | | | 9,454 |
| Total | \$ 3,871,01 | 5 \$ | 8,666 | \$ (11,488) | \$ (11,183) | \$ | 3,857,010 |

Net Premiums Earned (2) (dollars in thousands)

| | 1st | 2nd | 3rd | 4th | | |
|---------------------|---------------|------------|------------|------------|-----|-----------|
| | Qtr. | Qtr. | Qtr. | Qtr. | Yea | r-to-Date |
| 2010 | | | | | | |
| Financial Guarantee | \$ 114,291 | | | | \$ | 114,291 |
| Insured Derivatives | 102 | | | | | 102 |
| Total | \$ 114,393 | \$ - | \$ - | \$ - | \$ | 114,393 |
| 2009 | | | | | | |
| Financial Guarantee | \$ 149,846 | \$ 133,000 | \$ 142,857 | \$ 137,016 | \$ | 562,719 |
| Insured Derivatives | 56 | 129 | 200 | 543 | | 929 |
| Total | \$ 149,902 | \$ 133,129 | \$ 143,057 | \$ 137,559 | \$ | 563,648 |

Net Effect of Refundings and Other Accelerations (2) (dollars in thousands)

| | 1st | 2nd | 3rd | 4th | | |
|---------------------|--------------|--------------|--------------|--------------|-----|-----------|
| | Qtr. | Qtr. | Qtr. | Qtr. | Yea | r-to-Date |
| 2010 | | | | | | |
| Financial Guarantee | \$ 26,753 | | | | \$ | 26,573 |
| Insured Derivatives | - | | | | | |
| Total | \$ 26,753 | \$ - | \$ - | \$ - | \$ | 26,573 |
| 2009 | | | | | | |
| Financial Guarantee | \$ 36,147 | \$ 29,028 | \$ 46,494 | \$ 41,949 | \$ | 153,618 |
| Insured Derivatives | - | 25 | 78 | 438 | | 54 |
| Total | \$ 36,147 | \$ 29,053 | \$ 46,572 | \$ 42,387 | \$ | 154,159 |

⁽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.

⁽²⁾ Reflects the January 1, 2009 adoption of accounting principles for financial guarantee insurance and reinsurance contracts.

Net Unearned Premium Amortization

and Premiums Collected and Expected (Cash)

As of March 31, 2010 (dollars in millions)

Financial Guarantee and Insured Derivative Premium Amortization

| | Ur | Net nearned | | Expecte | d Futur | e Prem | ium Earni | ings ⁽¹⁾ | | Co | Premiums ollected and Expected |
|---------------------|-----|----------------|-------------|----------|---------|--------|-----------|---------------------|-------|-------|--------------------------------------|
| | Pro | emiums | Upfront | Installm | | | retion | | Total | | (Cash) (2) |
| 1st Qtr. 2010 | \$ | 3,179 | | | | | | | | | |
| 2nd Qtr. 2010 | | 3,095 | 79 | | 5 | | 3 | | 87 | | |
| 3rd Qtr. 2010 | | 3,014 | 76 | | 5 | | 2 | | 83 | | |
| 4th Qtr. 2010 | | 2,935 | 74 | | 5 | | 2 | | 81 | | |
| 2011 | | 2,638 | 278 | | 19 | | 9 | | 306 | | : |
| 2012 | | 2,370 | 250 | | 18 | | 9 | | 277 | | 2 |
| 2013 | | 2,127 | 226 | | 17 | | 8 | | 251 | | 2 |
| 2014 | | 1,904 | 206 | | 17 | | 8 | | 231 | | 2 |
| 2015-2019 | | 1,055 | 772 | | 77 | | 34 | | 883 | | (|
| 2020-2024 | | 536 | 456 | | 63 | | 26 | | 545 | | 8 |
| 2025 and thereafter | | - | 396 | | 140 | | 44 | | 580 | I | 20 |
| Total | | | \$ 2,813 | \$ | 366 | \$ | 145 | \$ | 3,324 | \$ | 48 |
| Total | | | \$ 2,813 | \$ | 366 | \$ | 145 | \$ | ; | 3,324 | 3,324 |

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

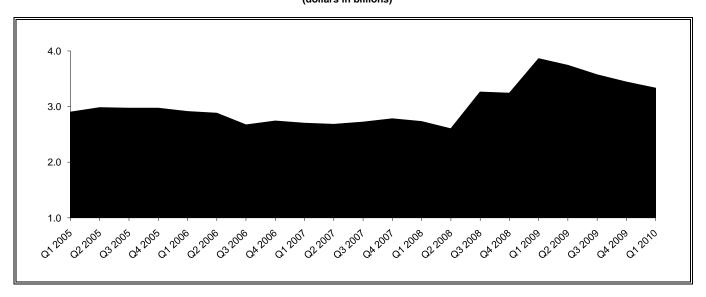
Rollforward of Financial Guarantee Premium Receivable

As of March 31, 2010 (dollars in millions)

| | | | | | _ | | Adjı | ıstment | s | | | | | | | |
|------------------|---------------------------------------|------|------------------------|-------------------------------------|------------|---------------------------------|--------|---------------------------------|---------------|----|-----|------|---|----|---|---------|
| Receiva Decen | mium able as of nber 31, 009 | Payn | nium nents eived | Premium fr New Busine Written | ess E | Change Expected T Policio | erm of | Accret Pren Recei Disc | nium vable | Ot | her | Rece | Premium eivable as of ch 31, 2010 | Pa | einsurance Premium ayable as c arch 31, 20 | of |
| \$ | 345 | \$ | (3) | \$ | <u>-</u> - | \$ | | \$ | 2 | \$ | (7) | \$ | 337 | \$ | | <u></u> |

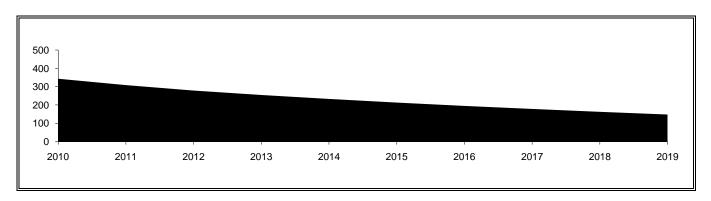
 $^{\,^{(2)}}$ Represents installment-based future net, undiscounted collections.

National Public Finance Guarantee Corporation Reservoir of Future Net Premium Earnings (1)(2)(3) As of March 31, 2010 (dollars in billions)



- $^{(1)}$ Proforma U.S. Public Finance insurance premium earnings prior to 2/17/09 Transformation.
- (2) Non-GAAP measure.
- (3) Includes deferred premium revenue net of reinsurance plus the undiscounted value of future installment revenue from insured credit derivatives.

Net Future Premium Earnings (1) As of March 31, 2010 (dollars in millions)



⁽¹⁾ Includes deferred premium revenue net of reinsurance plus the undiscounted value of future installment revenue from insured credit derivatives.

Investment Portfolio
As of March 31, 2010
(dollars in thousands)

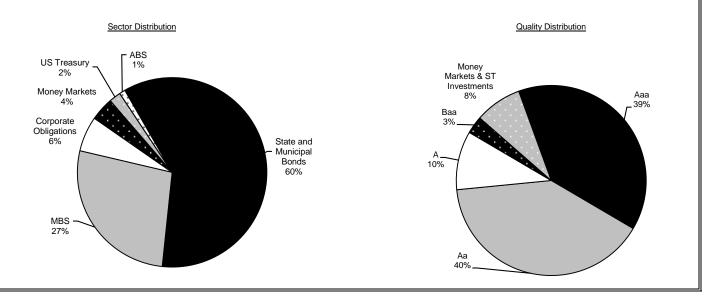
| Investments | Market Value | % of Market Value | , | Amortized Cost | Pre-tax <u>Yield</u> ⁽¹⁾ | | nnualized Income ⁽²⁾ |
|--|-----------------|----------------------|----|-------------------|--|----|------------------------------------|
| Fixed-Maturity Securities: | | · | | | | • | |
| Tax Exempt | \$ 2,716,301 | 51% | \$ | 2,722,734 | 4.30% | \$ | 117,004 |
| Taxable | 2,205,797 | 41 | | 2,159,508 | 5.04 | | 108,931 |
| Short-Term | 421,119 | 8 | _ | 417,868 | 2.34 | _ | 9,770 |
| Total US Public Finance Insurance Fixed Income (3) | \$ 5,343,217 | 100% | \$ | 5,300,110 | 4.45% | \$ | 235,705 |

US Public Finance Insurance Fixed Income Investments (3) Market Value Outstanding \$5,343,217

| | Market | % of | | |
|--|--------------|--------------|-----------|---------------------------|
| Maturity Profile | <u>Value</u> | Market Value | Quality I | Distribution of Long-Term |
| Within 1 Year | \$ 421,119 | 7.9% | | % of |
| 1 to 5 Years | 542,674 | 10.2 | Rating | Market Value |
| 5 to 10 Years | 242,015 | 4.5 | Aaa | 44% |
| 10 to 15 Years | 373,416 | 7.0 | Aa | 43 |
| 15 to 20 Years | 604,049 | 11.3 | Α | 10 |
| More than 20 Years | 3,159,944 | 59.1 | Baa | 3 |
| Total US Public Finance Insurance Fixed Income | \$ 5,343,217 | 100.0% | | 100% |

Long-Term average maturity: 13.68 years

Duration: 6.44 years



 $^{^{(1)}}$ Estimated pre-tax yield on assets (based on amortized cost) at the end of the reporting quarter.

⁽²⁾ Before taxes, if applicable, based on indicated yields.

⁽³⁾ Excludes cash of \$2,898 thousand.

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

| 2010 | | 1st Qtr. | | 2nd Qtr. | | Brd Qtr. | | 4th Qtr. | Full Year |
|--|----------|-------------|----|-------------|----|-------------|----|-------------|--------------|
| Loss and Loss Adjustment Expense (LAE) Res | serves_ | | | | | | | | |
| Beginning Net Case Reserves | \$ | 172,879 | \$ | | \$ | | \$ | | \$ 172,879 |
| Case Activity | Ť | 25,895 | • | _ | • | _ | • | _ | 25,895 |
| Net Payments | | (6,957) | | - | | - | | - | (6,957) |
| Expected Recoveries on Paid Losses | | 16,225 | | | | | | | 16,225 |
| Ending Net Case Reserves | _ | 208,042 | | - | | | | | 208,042 |
| Net Loss and LAE Reserves | | 208,042 | | - | | - | | - | 208,042 |
| Ceded Loss and LAE Reserves | <u>_</u> | | | | | | | | |
| Gross Loss and LAE Reserves | \$ | 208,042 | \$ | - | \$ | - | \$ | - | \$ 208,042 |

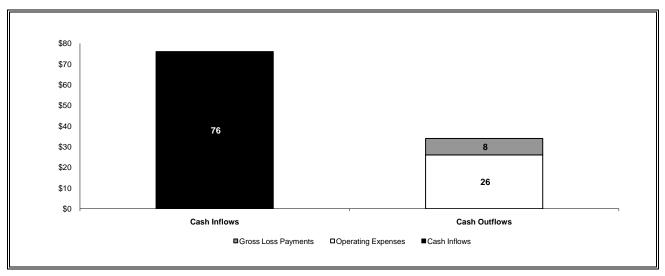
| oss and Loss Adjustment Expense (LAE) R | eserves_ | | | | | |
|---|----------|---------|---------------|---------------|---------------|------------|
| | | | | | | |
| Beginning Net Case Reserves | \$ | 185,485 | \$ 239,583 | \$ 194,244 | \$ 219,036 | \$ 185,485 |
| Case Activity | | 57,748 | 5,250 | 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 | _ | 239,583 | 194,244 | 219,036 | 172,879 | 172,879 |
| 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 | \$ | 239,583 | \$ 194,244 | \$ 219,036 | \$ 172,879 | \$ 172,879 |

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

| 2010 | | 1st Qtr. | | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Full Year |
|--|----------|-------------|----|-------------|-------------|-------------|--------------|
| nsured Derivatives Mark-to-Market | | | | | | | |
| Beginning Net Derivative Asset/(Liability) | \$ | (8,667) | \$ | - | \$ - | \$ - | \$(8,667) |
| Unrealized Gain (Loss) - Ceded/Assigned from MBIA Corp | | (84) | | - | - | - | (84) |
| Credit Impairments | | - | | - | | | |
| Income Statement Mark-to-Market | | (84) | | - | - | - | (84) |
| Unearned Premium Revenue | | 9 | | - | - | - | 9 |
| Ending Net Derivative Asset/(Liability) | \$ | (8,742) | \$ | | \$ | \$ | \$(8,742) |
| | <u> </u> | | | | | | |
| | | 1st | : | 2nd | 3rd | 4th | Full |

| 2009 | 1st Qtr. | | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Full Year | |
|--|---------------|----|-------------|---------------|---------------|--------------|--|
| Insured Derivatives Mark-to-Market | | | | | | | |
| 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) | \$ (5,129) | \$ | (5,840) | \$ (9,246) | \$ (8,667) | \$(8,667) | |
| | | | | | | | |
| | | | | | | | |

Operating Cash Flow (1) Three Months Ended March 31, 2010 (dollars in millions)



Not consistent with GAAP accounting standards; Represents operating cash flow using the direct method, however, the Company's GAAP presentations use the indirect method.

Insurance Expenses

| | | - | | _ |
|-----|----------|-------|--------|------|
| - (| dallard | · in | thousa | ande |
| · | uviiai s | , ,,, | uious | มเนอ |

| | | 1st | 2nd | 3rd | | 4th | | |
|---------------------------------------|------------|---------|---------|-----|---|---------|-----|-----------|
| 2010 | | Qtr. | Qtr. | Qtr | | Qtr. | Yea | r to Date |
| | | | | | | | | |
| Compensation | \$ | 2,504 | \$ - | \$ | - | \$ - | \$ | 2,504 |
| Fees and Professional Services | | 8,188 | - | | - | - | | 8,188 |
| Building and Equipment | | 1,474 | - | | - | - | | 1,474 |
| Premium Taxes | | 18 | - | | - | - | | 18 |
| Other | <u> </u> | 783 | | | | | | 783 |
| Gross Insurance Expenses | | 12,967 | - | | - | - | | 12,967 |
| Ceding Commissions (Received) | | 3,082 | | | | | | 3,082 |
| Net Insurance Expenses | | 16,049 | - | | - | - | | 16,049 |
| Deferred Acquisition (Costs) Expenses | l <u> </u> | (3,100) | | | | | | (3,100) |
| Operating Expenses | \$ | 12,949 | \$ | \$ | | \$ | \$ | 12,949 |
| | | | | | | | | |
| | | | | | | | | |

| 2009 | 1st Qtr. | | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Y | ear to Date |
|--|-----------------|---------------|-------------------|-------------------------|-------------------------|----|---------------------|
| Compensation Fees and Professional Services | \$ 2,71 4,44 | | 4,367 14,574 | \$ 4,588 5,017 | \$ 5,129 12,846 | \$ | 16,799 36,882 |
| Building and Equipment | 19 | 9 | 486 | 511 | 475 | | 1,671 |
| Premium Taxes Other | 43 | - <u>1</u> | 2 1,145 | 897 | 2 578 | | 6 3,051 |
| Gross Insurance Expenses Ceding Commissions (Received) | 7,79 764,89 | | 20,574 3,279 | 11,015 2,102 | 19,030 1,745 | | 58,409 772,024 |
| Net Insurance Expenses | 772,68 | | 23,853 | 13,117 | 20,775 | | 830,433 |
| Deferred Acquisition (Costs) Expenses Operating Expenses | \$ 7,79 | | (3,279) 20,574 | \$ (2,102) 11,015 | \$ (1,751) 19,024 | \$ | (772,030) 58,403 |

Deferred Expenses to Unearned Premiums Ratio

(dollars in thousands)

| 2010 | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | |
|---|---|-----------------------|-----------------------|-----------------------------|--|
| Deferred Acquisition Costs Unearned Premiums Revenue Prepaid Reinsurance Premiums Adjusted Unearned Premiums Ratio | \$ 642,471 3,170,581 (8) \$ 3,170,573 20.3% | \$ - - - 5 - | \$ - - - 5 - | \$ - - - - \$ - | |

| 2009 | st tr. | 2nd Qtr. | 3rd Qtr. | | 4th Qtr. | |
|---|------------------------------------|--------------------------------|-------------|--------------------------|-------------------------------|--|
| Deferred Acquisition Costs | \$ 736,641 \$ | 711,427 | \$ 68 | 6,313 \$ | 661,790 | |
| Unearned Premiums Revenue Prepaid Reinsurance Premiums Adjusted Unearned Premiums | 698,198 (112) 698,086 \$ | 3,570,674 (29) 3,570,645 | | 0,222 (9) 0,213 \$ | 3,280,962 (8) 3,280,954 | |
| Ratio | 19.9% | 19.9% | : | 20.1% | 20.2% | |

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

| | 3/31/2010 (unaudited) | 12/31/2009 (audited) |
|--|--------------------------|-------------------------|
| Assets: | | |
| Cash and Investments | 5,257 | 5,205 |
| Asset Swap Facility | 1,675 | 1,675 |
| Other Assets | 110 | 95 |
| Total Assets | 7,042 | 6,975 |
| Liabilities: | | |
| Unearned Premiums | 3,050 | 3,126 |
| Loss and LAE Reserves | 152 | 136 |
| Contingency Reserve | 1,425 | 1,404 |
| Asset Swap Facility | 1,675 | 1,675 |
| Other Liabilities | 72 | 43 |
| Total Liabilities | 6,374 | 6,384 |
| Total Policyholders' Surplus | 668 | 591 |
| Total Liabilities and Policyholders' Surplus | 7,042 | 6,975 |

Financial and Ratio Information (dollars in millions)

| Statutory Basis | | |
|--|-------------|-------------|
| otatutory basis | 3/31/2010 | 12/31/2009 |
| Balance Sheet | 3/3 1/2010 | 12/31/2003 |
| Policyholders' Surplus | 668 | 591 |
| Contingency Reserve | 1,425 | 1,404 |
| Statutory Capital | 2,093 | 1,995 |
| Unearned Premium Reserve | 3,050 | 3,126 |
| | 265 | 270 |
| Present Value of Installment Premiums (1) Premium Resources (2) | 3,315 | 3,396 |
| | · · | , i |
| Loss and LAE Reserves | 152 | 136 |
| Total Claims-Paying Resources | 5,560 | 5,527 |
| | | |
| Net Debt Service Outstanding | 804,773 | 821,688 |
| Capital Ratio (3) | 385:1 | 412:1 |
| Claims-Paying Resources Ratio (4) | 183:1 | 189:1 |
| , 3 | | |
| | 1st Quarter | 1st Quarter |
| Statutory Financial Ratios | 2010 | 2009 |
| Loss and LAE Ratio | 21.7% | 53.8% |
| Underwriting Expense Ratio | 110.8% | 22.2% |
| Combined Ratio | 132.5% | 76.0% |
| | | |

 $^{^{\}mbox{\scriptsize (1)}}$ At March 31, 2010 and December 31, 2009, the discount rate was 5.09%.

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

⁽³⁾ Net debt service outstanding divided by statutory capital.

⁽⁴⁾ 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)

| | | | iding as of | March 31, 201 | 0 ⁽¹⁾ |
|------------------------------------|----------------|-------|----------------|---------------|-------------------------|
| | Gros | | • | Net | • |
| | Amou | ınt | % | Amount | % |
| Bond Type | | | | | |
| General Obligation | \$ 195, | ,803 | 37.5% | \$ 189,649 | 38.0% |
| Municipal Utilities | | ,183 | 17.8 | 88,896 | 17.8 |
| Tax-Backed | 64, | ,975 | 12.5 | 62,591 | 12.5 |
| Transportation | 53, | ,500 | 10.2 | 48,740 | 9.8 |
| General Obligation - lease | | ,123 | 8.3 | 40,258 | 8.1 |
| Higher Education | 27, | ,913 | 5.3 | 27,092 | 5.4 |
| Health Care | | ,773 | 3.2 | 15,409 | 3.1 |
| Military Housing | | ,450 | 1.6 | 8,322 | 1.7 |
| Investor Owned Utilities (2) | 7, | ,808, | 1.5 | 7,335 | 1.5 |
| Municipal Housing | | ,953 | 1.3 | 6,782 | 1.3 |
| Student Loans | | ,126 | 0.4 | 2,055 | 0.4 |
| Other (3) | 2, | ,156 | 0.4 | 2,083 | 0.4 |
| Total | <u>\$ 522,</u> | ,763 | <u>100.0</u> % | \$ 499,212 | <u>100.0</u> % |
| Health Care 3% Transportation 10% | | | | | |
| Muni Utilities | | | | GO and Ta | |
| | | | | | |

⁽¹⁾ Net of refunded issues and reinsurance.

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

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

National Public Finance Guarantee Corporation Insured Portfolio Profile Par Value by Geography

(dollars in millions)

| Gros | | nding as of | | Net | |
|-------------|---|---|---|--|--|
| Amou | | % | A | mount | % |
| | | | | | |
| . 04 | 045 | 47.00/ | Φ. | 07.400 | 47.50/ |
| | | | \$ | | 17.5% |
| | | | | | 9.7 |
| | | | | | 7.7 |
| | | | | | 6.2 |
| | | | | | 5.0 |
| | | | | | 4.5 |
| | | | | | 3.7 |
| | | | | | 3.5 |
| | | | | | 3.1 |
| | | | | | 2.7 |
| 333, | 212 | 63.7 | | 317,485 | 63.6 |
| 185. | 566 | 35.5 | | 177,894 | 35.6 |
| | | 0.8 | | | 0.8 |
| | | | \$ | | 100.0% |
| d | | | | | |
| | | 3% _New Yo | | | |
| | 51, 40, 31, 26, 23, 18, 17, 16, 14, 333, | 51,204 40,066 31,996 26,500 23,654 18,878 17,696 16,434 14,869 333,212 185,566 3,985 \$ 522,763 | 51,204 9.8 40,066 7.7 31,996 6.1 26,500 5.1 23,654 4.5 18,878 3.6 17,696 3.4 16,434 3.1 14,869 2.8 333,212 63.7 185,566 35.5 3,985 0.8 \$ 522,763 100.0% | 51,204 9.8 40,066 7.7 31,996 6.1 26,500 5.1 23,654 4.5 18,878 3.6 17,696 3.4 16,434 3.1 14,869 2.8 333,212 63.7 185,566 35.5 3,985 0.8 \$ 522,763 100.0% \$ | 51,204 9.8 48,523 40,066 7.7 38,564 31,996 6.1 30,821 26,500 5.1 25,029 23,654 4.5 22,633 18,878 3.6 18,289 17,696 3.4 17,195 16,434 3.1 15,591 14,869 2.8 13,434 333,212 63.7 317,485 185,566 35.5 177,894 3,985 0.8 3,833 \$ 522,763 100.0% \$ 499,212 |

⁽¹⁾ Net of refunded issues and reinsurance.

Insured Portfolio - 50 Largest Credits Net Par Outstanding as of March 31, 2010

(dollars in millions)

| | Obligor Name | State | Internal Rating ⁽¹⁾ | | Net Par tstanding |
|----|--|--------------------|-----------------------------------|----|----------------------|
| 1 | California General Obligation | CA | a3 | \$ | 5,047 |
| 2 | Massachusetts General Obligation | MA | aa3 | | 3,199 |
| 3 | New York State Lease | NY | aa3 | | 3,101 |
| 4 | Illinois General Obligation | IL | aa3 | | 3,024 |
| 5 | New Jersey Transportation Trust Fund Authority | NJ | aa3 | | 2,638 |
| 6 | State of Washington General Obligation | WA | aa2 | | 2,633 |
| 7 | New York City General Obligation | NY | aa3 | | 2,610 |
| 8 | MTA Commuter & Transit Transportation Revenue | NY | a2 | | 2,395 |
| 9 | Florida State General Obligation | FL | aa1 | | 2,259 |
| 10 | Connecticut General Obligation | CT | aa3 | | 2,253 |
| 11 | State of California Economic Recovery Bonds | CA | a3 | | 2,227 |
| 12 | Wisconsin General Obligation | WI | aa3 | | 2,217 |
| 13 | Long Island Power Authority Electric | NY | a3 | | 2,144 |
| 14 | City of Houston Combined Utility System Revenue Bonds | TX | a3 | | 2,065 |
| 15 | Puerto Rico General Obligation | PR | bbb3 | | 2,053 |
| 16 | Chicago O'Hare General Airport | IL | a2 | | 2,021 |
| 17 | The Port Authority of New York and New Jersey | NY | a1 | | 2,014 |
| 18 | New York City Water | NY | aa2 | | 1,990 |
| 19 | Miami-Dade County Airport | FL | a3 | | 1,918 |
| 20 | San Francisco International Airport | CA | a2 | | 1,909 |
| 21 | Puerto Rico Electric Power Authority | PR | bbb1 | | 1,898 |
| 22 | Illinois Metropolitan Pier & Exposition Authority | IL | aa3 | | 1,843 |
| 23 | Metropolitan Washington Airports Authority | DC | aa3 | | 1,820 |
| 24 | New York State Thruway Authority Dedicated Highway & Bridge Trust | NY | aa3 | | 1,728 |
| 25 | Pennsylvania General Obligation | PA | aa3 | | 1,695 |
| 26 | Dallas-Fort Worth International Airport | TX | a1 | | 1,691 |
| 27 | Oregon School Boards Association General Obligation | OR | aa3 | | 1,663 |
| 28 | City of Chicago Board of Education | IL | a2 | | 1,615 |
| 29 | Los Angeles Unified School District General Obligation | CA | aa3 | | 1,569 |
| 30 | Los Angeles City Water and Power | CA | aa3 | | 1,550 |
| 31 | Triboro Bridge & Tunnel Authority | NY | aa3 | | 1,543 |
| 32 | New York State Local Government Assistance Corporation | NY | a2 | | 1,536 |
| 33 | Wayne County Airport Authority | MI | a2 | | 1,535 |
| 34 | Chicago General Obligation | IL | a2 | | 1,534 |
| 35 | Seattle Port and Airport Revenue | WA | aa3 | | 1,492 |
| 36 | Clark County School District General Obligation | NV | aa2 | | 1,484 |
| 37 | New Jersey Economic Development Authority State Pension Obligation Lease | NJ | aa2 | | 1,473 |
| 38 | Florida Department Natural Resources Preservation 2000 Sales Tax | FL | a1 | | 1,446 |
| 39 | Illinois Regional Transportation Authority | IL | aa2 | | 1,441 |
| 40 | New York City Transitional Finance Authority Sales Tax | NY | aa2 | | 1,439 |
| 41 | Oakland Port and Airport Revenue | CA | a1 | | 1,418 |
| 42 | Army Hawaii Family Housing | HI | aa2 | | 1,326 |
| 43 | Regents of the University of California | CA | aa3 | | 1,323 |
| 44 | Florida Board of Education Lottery Revenue | FL | aa3 | | 1,293 |
| 45 | Honolulu City and County General Obligation | HI | aa3 | | 1,289 |
| 46 | New York State Dormitory State Personal Income Tax | NY | aa2 | | 1,279 |
| 47 | Metropolitan Transportation Authority Dedicated Tax Fund Bonds | NY | aa3 | | 1,246 |
| 48 | California State Public Works Board Lease | CA | bbb3 | | 1,220 |
| 49 | City of Detroit Sewage Disposal System | MI | a2 | | 1,202 |
| 50 | Detroit City Water System | MI | a3 | | 1,169 |
| | | Total | | \$ | 94,477 |
| | Total Po | ortfolio Exposure | | \$ | 499,212 |
| | | • | | Ψ | 18.9% |
| | 50 Largest Credits Net Par Outstanding as % o | UI TULAI FULTIUIIU | | | 10.9% |

⁽¹⁾ Internal credit ratings contained in this Operating Supplement 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.).

Credit Quality Distribution (1) as of March 31, 2010 (dollars in millions)

| Net Par Ou | itstanding |
|------------|------------|
|------------|------------|

| | Amount | % | |
|---|------------|--------|--|
| Public Finance | | | |
| AAA | \$ 26,742 | 5.4% | |
| AA | 228,383 | 45.7% | |
| A | 193,812 | 38.8% | |
| BBB | 47,461 | 9.5% | |
| <bbb< td=""><td>2,814</td><td>0.6%</td><td></td></bbb<> | 2,814 | 0.6% | |
| Total | \$ 499,212 | 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) (2)

Below Investment Grade (BIG) Exposure (Net)

| | Obligor Name | (BIG) Exposure (Net) |
|----|---|----------------------|
| | | |
| 1 | San Joaquin Hills Transportation Corridor Agency Toll Road | \$ 433 |
| 2 | Saint Barnabas Health Care System | 258 |
| 3 | Brazos Higher Education Authority Series 1999A1-6 | 203 |
| 4 | AHERF Delaware Valley Obligated Group | 160 |
| 5 | Detroit City GO | 140 |
| 6 | Mashantucket Western Pequot Tribe Casino Revenues | 136 |
| 7 | Basketball Properties Ltd Miami Heat | 129 |
| 8 | George L. Smith Georgia World Congress Center Auth | 123 |
| 9 | Pace University | 119 |
| 10 | Jefferson County GO | 99 |
| | | \$ 1,800 |
| To | otal BIG Net Par Exposure | \$ 2,814 |
| To | otal National Public Finance Guarantee Corporation (National) Net Par Outstanding | \$ 499,212 |
| To | op 10 BIG Net Par Exposure as % of National Net Par Outstanding | 0.4% |
| To | otal BIG Net Par Exposure as % of National Net Par Outstanding | 0.6% |
| To | otal BIG Net Par Exposure as % of National Net Par Outstanding by National | |
| ra | tings | 0.4% |

⁽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.

⁽²⁾ During the 1st quarter, Mashantucket Western Pequot Tribe Casino Revenues was added to the Top 10 list and American Housing Foundation fell off the list.

Net Par - Scheduled Amortization

As of March 31, 2010 (dollars in millions)

| | Scheduled Net Par Amortization | Ending Net Par Outstanding |
|---------------------|--------------------------------------|----------------------------------|
| | | |
| 1st Qtr. 2010 | | \$ 499,212 |
| 2nd Qtr. 2010 | 5,680 | 493,532 |
| 3rd Qtr. 2010 | 8,349 | 485,183 |
| 4th Qtr. 2010 | 6,440 | 478,743 |
| 1st Qtr. 2011 | 4,906 | 473,837 |
| 2nd Qtr. 2011 | 5,960 | 467,877 |
| 3rd Qtr. 2011 | 8,616 | 459,261 |
| 4th Qtr. 2011 | 6,734 | 452,527 |
| 2012 | 25,996 | 426,531 |
| 2013 | 26,775 | 399,756 |
| 2014 | 26,046 | 373,710 |
| 2015-2019 | 124,773 | 248,937 |
| 2020-2024 | 101,533 | 147,404 |
| 2025-2029 | 76,373 | 71,031 |
| 2030 and thereafter | 71,031 | - |
| Total | \$ 499,212 | |

Net Debt Service - Scheduled Amortization As of March 31, 2010 (dollars in millions)

| | Scheduled Net Debt Service Amortization | Ending Net Debt Service Outstanding |
|---------------------|---|---|
| 1st Qtr. 2010 | | \$ 804,773 |
| 2nd Qtr. 2010 | 11,495 | 793,278 |
| 3rd Qtr. 2010 | 14,739 | 778,539 |
| 4th Qtr. 2010 | 12,362 | 766,177 |
| 1st Qtr. 2011 | 11,019 | 755,158 |
| 2nd Qtr. 2011 | 11,576 | 743,582 |
| 3rd Qtr. 2011 | 14,747 | 728,835 |
| 4th Qtr. 2011 | 12,404 | 716,431 |
| 2012 | 48,223 | 668,208 |
| 2013 | 48,106 | 620,102 |
| 2014 | 46,216 | 573,886 |
| 2015-2019 | 208,267 | 365,619 |
| 2020-2024 | 156,654 | 208,965 |
| 2025-2029 | 110,226 | 98,739 |
| 2030 and thereafter | 98,739 | - |
| Total | <u>\$ 804,773</u> | |