



**national  
public finance  
guarantee**



# First Quarter 2017 Operating Supplement

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(1) This report is unaudited.

## Safe Harbor Disclosure

This Operating Supplement includes statements that are not historical or current facts and are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “believe”, “anticipate”, “project”, “plan”, “expect”, “estimate”, “intend”, “will likely result”, “looking forward”, or “will continue” and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. MBIA cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. We undertake no obligation to publicly correct or update any forward-looking statement if the Company later becomes aware that such result is not likely to be achieved.

The following are some of the general 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:

- increased credit losses or impairments on public finance obligations that National Public Finance Guarantee Corporation (“National”) insures issued by state, local and territorial governments and finance authorities and other providers of public services, located in the U.S. or abroad, that are experiencing fiscal stress;
- the possibility that loss reserve estimates are not adequate to cover potential claims;
- a disruption in the cash flow from our subsidiaries or an inability to access the capital markets and our exposure to significant fluctuations in liquidity and asset values in the global credit markets as a result of collateral posting requirements;
- our ability to fully implement our strategic plan, including our ability to maintain high stable credit ratings for National and generate investor demand for our financial guarantees;
- the possibility that MBIA Insurance Corporation will have inadequate liquidity or resources to timely pay claims as a result of higher than expected losses on certain structured finance transactions or as a result of a delay or failure in collecting expected recoveries, which could lead the New York State Department of Financial Services (“NYSDFS”) to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding under Article 74 of the New York Insurance Law and/or take such other actions as the NYSDFS may deem necessary to protect the interests of MBIA Insurance Corporation’s policyholders;
- deterioration in the economic environment and financial markets in the United States or abroad, real estate market performance, credit spreads, interest rates and foreign currency levels; and
- the effects of changes to governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules.

The above factors provide a summary of and are qualified in their entirety by the risk factors discussed under “Risk Factors” in Part I, Item 1A of MBIA Inc.’s Annual Report on Form 10-K which may be updated or amended in the Company’s subsequent filings with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. The Company undertakes no obligation to publicly correct or update any forward-looking statement if it later becomes aware that such result is not likely to be achieved.

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

	March 31, 2017	December 31, 2016
<b>Assets</b>		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$3,913 and \$3,855)	\$ 3,862	\$ 3,807
Investments carried at fair value	123	120
Investments pledged as collateral, at fair value (amortized cost \$126 and \$131)	125	131
Short-term investments held as available-for-sale, at fair value (amortized cost \$68 and \$104)	68	104
Other investments (includes investments at fair value of \$2 and \$3)	4	5
Total investments	4,182	4,167
Cash and cash equivalents	45	75
Securities purchased under agreements to resell	124	129
Premiums receivable	190	190
Deferred acquisition costs	154	162
Insurance loss recoverable	185	162
Receivable for investments sold	50	-
Other assets	52	47
<b>Total assets</b>	<b>\$ 4,982</b>	<b>\$ 4,932</b>
<b>Liabilities and Equity</b>		
Liabilities:		
Unearned premium revenue	\$ 705	\$ 745
Loss and loss adjustment expense reserves	105	96
Securities sold under agreements to repurchase	124	129
Current income taxes	18	6
Deferred income taxes, net	59	60
Payable for investments purchased	88	32
Other liabilities	25	30
<b>Total liabilities</b>	1,124	1,098
Equity:		
Common stock, par value \$30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,327	2,327
Retained earnings	1,549	1,523
Accumulated other comprehensive income (loss), net of tax of \$18 and \$17	(33)	(31)
<b>Total equity</b>	3,858	3,834
<b>Total liabilities and equity</b>	<b>\$ 4,982</b>	<b>\$ 4,932</b>

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

	Three Months Ended March 31,	
	2017	2016
<b>Revenues:</b>		
Premiums earned:		
Scheduled premiums earned	\$ 20	\$ 26
Refunding premiums earned	21	32
Premiums earned	41	58
Net investment income	31	31
Fees and reimbursements	1	1
Net gains (losses) on financial instruments at fair value and foreign exchange	4	9
Net investment losses related to other-than-temporary impairments	(2)	-
Total revenues	75	99
<b>Expenses:</b>		
Losses and loss adjustment	11	9
Amortization of deferred acquisition costs	8	12
Operating	17	15
Total expenses	36	36
Income (loss) before income taxes	39	63
Provision (benefit) for income taxes	12	22
<b>Net income (loss)</b>	<b>\$ 27</b>	<b>\$ 41</b>

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

**Net Premiums Earned <sup>(1)(2)</sup>**  
**(dollars in thousands)**

	<u>1st</u> <u>Qtr.</u>	<u>2nd</u> <u>Qtr.</u>	<u>3rd</u> <u>Qtr.</u>	<u>4th</u> <u>Qtr.</u>	<u>Year-to-date</u>
<b>2017</b>					
Scheduled Premiums Earned	\$ 20,836	\$	\$	\$	\$ 20,836
Refunded Premiums Earned	20,995				20,995
Total	\$ 41,831	\$ -	\$ -	\$ -	\$ 41,831
<b>2016</b>					
Scheduled Premiums Earned	\$ 26,100	\$ 27,002	\$ 23,584	\$ 21,894	\$ 98,580
Refunded Premiums Earned	32,085	29,076	35,428	40,559	137,148
Total	\$ 58,185	\$ 56,078	\$ 59,012	\$ 62,453	\$ 235,728

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

(2) Excludes insured derivative premiums.

**Rollforward of Gross Premium Receivable <sup>(1)</sup>**

**(dollars in thousands)**

Premium Receivable as of December 31, 2016	Premium Payments Received	Premium from New Business Written	Changes in Expected Term of Policies	Accretion of Premium Receivable Discount	Other	Premium Receivable as of March 31, 2017
\$190,004	\$(3,129)	\$1,451	\$(215)	\$1,405	\$(5)	\$189,511

(1) Excludes insured derivative premiums.

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

	Gross Par Outstanding	Debt Service Outstanding	Unearned Premiums <sup>(1)</sup>	Expected Future Premium Earnings <sup>(1)(2)</sup>				Cash Premiums Collected and Expected <sup>(3)</sup>
				Upfront	Installments	Accretion	Total	
1st Qtr. 2017	102,232	178,961	707					3
2nd Qtr. 2017	99,084	174,477	688	16	3	1	20	3
3rd Qtr. 2017	94,392	167,880	670	15	3	1	19	4
4th Qtr. 2017	91,305	163,332	654	14	2	2	18	4
2018	83,845	150,455	589	54	11	5	70	13
2019	77,363	138,848	531	48	10	5	63	13
2020	71,134	127,660	477	44	10	5	59	12
2021	65,152	117,123	427	40	10	5	55	12
2022-2026	41,132	73,842	234	150	43	20	213	55
2027-2031	21,455	40,403	120	79	35	15	129	49
2032-2036	8,991	19,931	57	36	27	10	73	41
2037-2041	4,953	10,958	23	14	20	6	40	33
2042-2046	2,218	3,566	5	6	12	2	20	22
2047-2051	143	544	-	2	3	-	5	
2052 and thereafter	-	-	-	-	-	-	-	6
Total				\$518	\$189	\$77	\$784	\$267

(1) Includes financial guarantee and insured derivative premiums.

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

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

**U.S. Public Finance Insurance**  
**(primarily National Public Finance Guarantee Corporation)**  
**Investment Portfolio Including Cash and Cash Equivalents**  
**as of March 31, 2017**  
**(dollars in millions)**

<b>Investments <sup>(1)</sup></b>	<b>Market Value</b>	<b>% of Market Value</b>	<b>Amortized Cost</b>	<b>% Book Yield</b>
Fixed-Maturity Securities:				
Long-Term Tax-Exempt <sup>(2)</sup>	\$ 355	9	\$ 338	5.83
Long-Term Taxable	3,633	90	3,701	3.25
Short-Term	68	1	68	0.64
Total Fixed-Maturity	4,056	100	\$ 4,107	3.42
Cash and Cash Equivalents	46			
Total Fixed Income Including Cash and Cash Equivalents	4,102			
Investments Carried at Fair Value	123			
Other	4			
Total	\$ 4,229			

**Fixed Income Portfolio Including Cash and Cash Equivalents**

Corporate Obligations	\$ 1,393	34
State and Municipal Bonds	1,164	29
MBS	836	20
US Treasury	407	10
ABS	241	6
Cash and Cash Equivalents	46	1
Money Markets	12	-
Foreign Governments	3	-
Total	\$ 4,102	100

**Effective Maturity Profile**

Cash and Cash Equivalents	\$ 46	1
≤ 1 yr	372	9
> 1 to 5 yrs	1,207	29
> 5 to 10 yrs	773	19
> 10 to 15 yrs	187	5
> 15 to 20 yrs	285	7
> 20 yrs	1,232	30
Total	\$ 4,102	100

**Credit Quality Distribution of Long-Term Fixed-Maturity Securities**

**Rating <sup>(3)</sup>**

Aaa	\$ 1,672	42
Aa	963	24
A	857	22
Baa	175	4
BIG	148	4
NR	173	4
Total	\$ 3,988	100

*Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 13.42 years*

*Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.27 years*

- (1) Includes Asset Swap between National and MBIA Inc. with notional amount of \$124 million; the total market value of encumbered assets totals \$125 million.
- (2) Includes \$138 million of Puerto Rico Sales Tax Finance Corporation bonds (insured by National), \$133 million of Puerto Rico Electric Power Authority bonds (uninsured) and \$211 thousand of Puerto Rico Municipal Finance Agency Bonds (insured by Assured Guaranty Municipal Corp.) at fair value.
- (3) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the Moody's Priority Method; where Moody's underlying rating is used, when available, S&P's underlying rating is used if the Moody's underlying rating is not available and an internal underlying rating is used for MBIA wrapped investments if neither Moody's nor S&P's underlying ratings are available.

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

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Gross Loss and LAE Reserves	\$ 96				\$ 96
Beginning Gross Insurance Loss Recoverable	(162)				(162)
Beginning Gross Reserves	(66)				(66)
Ceded Reserves	-				-
Net Reserves	(66)				(66)
Increase (Decrease) in Expected Payments	35				35
(Increase) Decrease in Expected Salvage	(24)				(24)
Net (Payments), Collections and Other <sup>(1)</sup>	(25)				(25)
Net Reserves	(80)				(80)
Ceded Reserves	-				-
Gross Reserves	(80)				(80)
Gross Loss and LAE Reserves	105				105
Gross Insurance Loss Recoverable	\$ (185)				\$ (185)

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Gross Loss and LAE Reserves	\$ 45	\$ 52	\$ 58	\$ 72	\$ 45
Beginning Gross Insurance Loss Recoverable	(4)	(3)	(2)	(163)	(4)
Beginning Gross Reserves	41	49	56	(91)	41
Ceded Reserves	-	-	-	-	-
Net Reserves	41	49	56	(91)	41
Increase (Decrease) in Expected Payments	19	9	188	21	237
(Increase) Decrease in Expected Salvage	(10)	-	(160)	7	(163)
Net (Payments), Collections and Other <sup>(1)</sup>	(1)	(2)	(175)	(3)	(181)
Net Reserves	49	56	(91)	(66)	(66)
Ceded Reserves	-	-	-	-	-
Gross Reserves	49	56	(91)	(66)	(66)
Gross Loss and LAE Reserves	52	58	72	96	96
Gross Insurance Loss Recoverable	\$ (3)	\$ (2)	\$ (163)	\$ (162)	\$ (162)

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



**National Public Finance Guarantee Corporation**

**Liquidity Position <sup>(1)</sup>**

(dollars in millions)

	1st	2nd	3rd	4th	
2017	Qtr.	Qtr.	Qtr.	Qtr.	Year-to-date
<b>Beginning Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 115				\$ 115
Premiums and Fees	2				2
Net Investment Income	23				23
Total Inflows	25				25
Gross Loss & LAE Payments	26				26
Operating & Other Expenses	21				21
Total Outflows	47				47
Operating Cash Flow	(22)				(22)
Investing Activities	(52)				(52)
Net Cash Flow	(74)				(74)
<b>Ending Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 41				\$ 41
Other Liquid Assets <sup>(3)</sup>	255				255
<b>Ending Liquidity Position</b>	\$ 296				\$ 296

	1st	2nd	3rd	4th	
2016	Qtr.	Qtr.	Qtr.	Qtr.	Full Year
<b>Beginning Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 32	\$ 27	\$ 288	\$ 65	\$ 32
Premiums and Fees	5	2	2	3	12
Net Investment Income	21	32	21	29	103
Other	1	2	2	1	6
Total Inflows	27	36	25	33	121
Gross Loss & LAE Payments	5	2	176	-	183
Operating & Other Expenses	18	14	13	15	60
Tax Payments	-	20	28	31	79
Total Outflows	23	36	217	46	322
Operating Cash Flow	4	-	(192)	(13)	(201)
Financing Activities	-	-	-	(118)	(118)
Investing Activities	(9)	261	(31)	181	402
Net Cash Flow	(5)	261	(223)	50	83
<b>Ending Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 27	\$ 288	\$ 65	\$ 115	\$ 115
Other Liquid Assets <sup>(3)</sup>	317	153	245	251	251
<b>Ending Liquidity Position</b>	\$ 344	\$ 441	\$ 310	\$ 366	\$ 366

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

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

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

**National Public Finance Guarantee Corporation**  
(dollars in millions)

**Statutory Balance Sheets Summary**

	<b>3/31/2017</b>	<b>12/31/2016</b>
<b>Assets:</b>		
Cash and Investments	\$ 4,220	\$ 4,184
Asset Swap Facility with MBIA Inc.	124	129
Other Assets	46	42
<b>Total Assets</b>	<b>\$ 4,390</b>	<b>\$ 4,355</b>
<b>Liabilities:</b>		
Unearned Premiums	741	786
Loss and LAE Reserves <sup>(1)</sup>	(106)	(98)
Contingency Reserve	717	745
Asset Swap Facility with MBIA Inc.	124	129
Other Liabilities	126	62
<b>Total Liabilities</b>	<b>1,602</b>	<b>1,624</b>
<b>Total Policyholders' Surplus</b>	<b>2,788</b>	<b>2,731</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 4,390</b>	<b>\$ 4,355</b>

**Claims-Paying Resources**

	<b>3/31/2017</b>	<b>12/31/2016</b>
<b>Balance Sheet</b>		
Policyholders' Surplus	\$ 2,788	\$ 2,731
Contingency Reserve	717	745
Statutory Capital	3,505	3,476
Unearned Premiums	741	786
Present Value of Installment Premiums <sup>(1)</sup>	186	187
Premium Resources <sup>(2)</sup>	927	973
Net Loss and LAE Reserves <sup>(1)</sup>	(106)	(98)
Salvage Reserve	279	256
Gross Loss and LAE Reserves	173	158
<b>Total Claims-Paying Resources</b>	<b>\$ 4,605</b>	<b>\$ 4,607</b>
<b>Net Debt Service Outstanding</b>	<b>\$ 172,947</b>	<b>\$ 185,099</b>
<b>Capital Ratio</b>	<b>49:1</b>	<b>53:1</b>
<b>Claims-Paying Resources Ratio</b>	<b>40:1</b>	<b>43:1</b>

(1) As of March 31, 2017 and December 31, 2016, the discount rate was 3.18%.

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

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

**By Geography**

Outstanding as of March 31, 2017

	Par Outstanding <sup>(1)</sup>				Debt Service Outstanding <sup>(1)</sup>			
	Gross Amount	%	Net Amount <sup>(2)</sup>	%	Gross Amount	%	Net Amount <sup>(2)</sup>	%
<b>United States</b>								
California	\$ 21,653	21.2	\$ 21,099	21.3	\$ 40,476	22.6	\$ 39,375	22.8
New York	10,175	10.0	9,678	9.8	15,388	8.6	14,602	8.4
New Jersey	7,008	6.9	6,913	7.0	10,895	6.1	10,736	6.2
Illinois	5,739	5.6	5,466	5.5	14,659	8.2	14,010	8.1
Florida	5,709	5.6	5,633	5.7	7,689	4.3	7,588	4.4
Texas	4,732	4.6	4,567	4.6	7,896	4.4	7,252	4.2
Puerto Rico	3,606	3.5	3,533	3.5	8,513	4.8	8,406	4.9
Massachusetts	2,966	2.9	2,655	2.7	4,375	2.4	3,852	2.2
Michigan	2,858	2.8	2,742	2.7	4,037	2.3	3,857	2.2
Georgia	2,577	2.5	2,446	2.5	3,480	1.9	3,256	1.9
Subtotal	67,023	65.6	64,732	65.3	117,408	65.6	112,934	65.3
Other States & Territories	32,122	31.4	31,257	31.6	54,732	30.6	53,206	30.8
Nationally Diversified	3,087	3.0	3,081	3.1	6,821	3.8	6,807	3.9
Total	\$ 102,232	100.0	\$ 99,070	100.0	\$ 178,961	100.0	\$ 172,947	100.0

**By Bond Type**

Outstanding as of March 31, 2017

	Par Outstanding <sup>(1)</sup>				Debt Service Outstanding <sup>(1)</sup>			
	Gross Amount	%	Net Amount <sup>(2)</sup>	%	Gross Amount	%	Net Amount <sup>(2)</sup>	%
<b>Bond Type</b>								
General Obligation <sup>(3)</sup>	\$ 34,735	34.0	\$ 33,588	33.9	\$ 59,498	33.2	\$ 57,469	33.2
Municipal Utilities	16,334	16.0	15,968	16.1	24,452	13.7	23,769	13.8
Tax-Backed	16,008	15.7	15,534	15.7	31,863	17.8	30,723	17.8
Transportation	9,870	9.6	9,406	9.5	19,830	11.1	18,737	10.8
General Obligation - lease	8,250	8.1	7,803	7.9	11,588	6.5	10,921	6.3
Military Housing	7,394	7.2	7,385	7.4	16,725	9.3	16,707	9.7
Higher Education	3,593	3.5	3,512	3.5	5,331	3.0	5,222	3.0
Health Care	2,555	2.5	2,454	2.5	3,914	2.2	3,745	2.2
Investor Owned Utilities <sup>(4)</sup>	2,219	2.2	2,158	2.2	3,587	2.0	3,499	2.0
Municipal Housing	352	0.3	351	0.3	543	0.3	540	0.3
Other <sup>(5)</sup>	922	0.9	911	1.0	1,630	0.9	1,615	0.9
Total	\$ 102,232	100.0	\$ 99,070	100.0	\$ 178,961	100.0	\$ 172,947	100.0

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

(2) Net of reinsurance.

(3) Includes general obligation unlimited and limited (property) tax bonds, general fund obligation bonds and pension obligation bonds of states, cities, counties, schools and special districts.

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

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

**U.S. Public Finance Insurance**  
**(National Public Finance Guarantee Corporation)**  
**Insured Portfolio - 50 Largest Credits**  
**By Gross Par Outstanding as of March 31, 2017**  
(dollars in millions)

	Obligor Name	State	Internal Rating <sup>(1)</sup>	Gross Par Outstanding <sup>(2)</sup>	Gross Debt Service Outstanding <sup>(2)</sup>
1	California General Obligation	CA	a1	\$ 1,484	\$ 1,941
2	Oregon School Boards Association General Obligation	OR	aa3	1,307	2,260
3	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	a3	1,284	2,261
4	Puerto Rico Electric Power Authority	PR	d	1,249	1,789
5	Massachusetts General Obligation	MA	a1	1,212	1,562
6	New Jersey Transportation Trust Fund Authority	NJ	a3	1,156	1,694
7	Army Hawaii Family Housing	HI	aa2	1,130	2,407
8	Camp Pendleton Quantico Housing Privatization	CA	aa2	1,056	2,321
9	New York City Transitional Finance Authority State Bld Aid Appropriation	NY	a2	1,021	1,630
10	Illinois Regional Transportation Authority	IL	aa3	1,003	1,492
11	San Diego Family Housing Privatization Military	CA	aa1	979	2,187
12	Chicago General Obligation	IL	bbb2	901	1,949
13	Puerto Rico General Obligation	PR	d	855	1,179
14	Ohana Military Communities, LLC	HI	aa3	855	2,166
15	City of Chicago Board of Education	IL	bbb3	853	2,172
16	New York State Thruway Authority	NY	a2	800	1,128
17	Great River Energy Public Power	MN	a3	788	1,214
18	New Jersey Economic Development Authority Motor Vehicle Bonds	NJ	a3	752	1,245
19	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb2	739	1,047
20	Puerto Rico Sales Tax Financing Corporation	PR	b1	684	4,170
21	Long Island Power Authority Electric	NY	a3	683	825
22	Atlantic Marine Corps Communities LLC 0 Lejeune Cherry Point	NC	aa3	659	1,477
23	District of Columbia General Obligation	DC	aa2	642	1,132
24	City of Detroit Sewage Disposal System	MI	bbb1	631	943
25	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1	628	1,040
26	Los Angeles Unified School District General Obligation	CA	a1	628	888
27	Arapahoe County E-470 Toll Road	CO	bbb1	625	2,414
28	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	619	1,097
29	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2	617	4,828
30	New Jersey Turnpike Authority	NJ	a2	594	737
31	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2	575	898
32	Navy Mid-Atlantic Family Housing LLC	VA	aa2	551	1,181
33	JFK International Air Terminal Airport	NY	bbb3	533	697
34	The Port Authority of New York and New Jersey	NY	a1	516	787
35	New York City General Obligation	NY	aa3	516	627
36	New York State Power Authority	NY	aa2	501	891
37	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3	500	1,483
38	Hudson Yards Infrastructure Corporation	NY	a3	500	1,175
39	City of Houston Combined Utility System Revenue Bonds	TX	a2	498	521
40	Sacramento County Sanitation District Finance Authority Sewer	CA	a1	454	717
41	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	416	3,287
42	Oglethorpe Power Corporation	GA	a3	410	747
43	Navy Southeast	FL	bbb3	409	1,054
44	Oakland Port and Airport Revenue	CA	a1	398	534
45	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	397	672
46	San Francisco International Airport	CA	a2	396	458
47	Houston City Airport System	TX	a1	392	533
48	Detroit City Water System	MI	a3	390	530
49	Massachusetts Water Resources Authority Water & Sewer	MA	aa3	381	558
50	Los Angeles Community College District General Obligation	CA	aa2	376	606
	<b>Total</b>			<b>\$ 35,543</b>	<b>\$ 71,151</b>
	<b>Total Portfolio Exposure</b>			<b>\$ 102,232</b>	<b>\$ 178,961</b>
	<b>50 Largest Credits as % of Total Portfolio</b>			<b>34.8%</b>	<b>39.8%</b>

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

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

**U.S. Public Finance Insurance**  
**(National Public Finance Guarantee Corporation)**  
**as of March 31, 2017**  
(dollars in millions)

**Credit Quality Distribution<sup>(1)</sup>**

	<u>Gross Par Outstanding <sup>(2)</sup></u>		<u>Gross Debt Service Outstanding <sup>(2)</sup></u>	
	Amount	%	Amount	%
<b><u>Public Finance</u></b>				
AAA	\$ 4,938	4.8%	\$ 7,883	4.4%
AA	45,135	44.1%	72,350	40.4%
A	31,993	31.3%	54,338	30.4%
BBB	14,368	14.1%	31,353	17.5%
<BBB	5,798	5.7%	13,037	7.3%
Total	<u>\$ 102,232</u>	<u>100.0%</u>	<u>\$ 178,961</u>	<u>100.0%</u>

**Top 10 Below Investment Grade (BIG) Credits by Gross Par Outstanding<sup>(1)</sup>**

Obligor Name	Gross Par Outstanding <sup>(2)</sup>	Gross Debt Service Outstanding <sup>(2)</sup>
1 Puerto Rico Electric Power Authority	\$ 1,249	\$ 1,789
2 Puerto Rico General Obligation	855	1,179
3 City of Chicago Board of Education	853	2,172
4 Puerto Rico Sales Tax Financing Corporation	684	4,170
5 Puerto Rico Highway and Transportation Authority Transportation Revenue	619	1,097
6 Virgin Islands Public Finance Authority Gross Receipts	197	277
7 Atlantic City Casino Reinvestment Development Authority Parking Fee	159	197
8 Frontier Communications Corporation	139	237
9 North Las Vegas Water & Sewer	116	180
10 Capital Projects Finance Authority Florida Universities Student Housing 2000F-1	109	160
<b>Total Top 10 BIG Outstanding</b>	<u>\$ 4,980</u>	<u>\$ 11,458</u>
Total BIG Outstanding	\$ 5,798	\$ 13,037
Total National Outstanding	\$ 102,232	\$ 178,961
<b>Top 10 BIG as % of National</b>	<b>4.9%</b>	<b>6.4%</b>
<b>Total BIG as % of National</b>	<b>5.7%</b>	<b>7.3%</b>
<b>Total BIG as % of National by National ratings</b>	<b>4.4%</b>	<b>5.7%</b>

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

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

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