



**national  
public finance  
guarantee**



# Third Quarter 2015 Operating Supplement

## **Table of Contents**

Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Net Income (Loss) Reconciliation to Operating Income (Loss)	4
Net Premiums Earned, Rollforward of Gross Premium Receivable	5
Amortization of Gross Par, Gross Debt Service, Net Unearned Premium and Cash Premiums Collected and Expected	5
Investment Portfolio Including Cash and Cash Equivalents	6
Insured Portfolio Losses – Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable	7
Liquidity Position	8
Statutory Balance Sheets Summary, Claims-Paying Resources	9
Insured Portfolio Profile by Geography and Bond Type	10
Insured Portfolio - 50 Largest Credits Gross Par Outstanding	11
Credit Quality Distribution, Top 10 Below Investment Grade (BIG) Credits	12

(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, including, among other risks and uncertainties; increased credit losses or impairments on public finance obligations we insure issued by state, local and territorial governments and finance authorities that are experiencing fiscal stress; the possibility that MBIA Insurance Corporation will have inadequate liquidity to pay expected claims as a result of increased losses on certain structured finance transactions, in particular residential mortgage-backed securities transactions that include a substantial number of ineligible mortgage loans, or a delay or failure in collecting expected recoveries; 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 capital and our exposure to significant fluctuations in liquidity and asset values within 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 ratings for National Public Finance Guarantee Corporation and generate investor demand for our financial guarantees; deterioration in the economic environment and financial markets in the United States (“U.S.”) or abroad, and adverse developments in European sovereign credit performance, real estate market performance, credit spreads, interest rates and foreign currency levels; the effects of governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules; and uncertainties that have not been identified at this time. 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.

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

	September 30, 2015	December 31, 2014
<b>Assets</b>		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$3,805 and \$3,545)	\$ 3,787	\$ 3,553
Investments carried at fair value	134	143
Investments pledged as collateral, at fair value (amortized cost \$227 and \$459)	228	458
Short-term investments held as available-for-sale, at fair value (amortized cost \$368 and \$490)	368	490
Other investments (includes investments at fair value of \$9 and \$9)	12	12
Total investments	4,529	4,656
Cash and cash equivalents	59	70
Securities purchased under agreements to resell	218	443
Premiums receivable	201	213
Deferred acquisition costs	221	267
Assets held for sale	-	26
Other assets	64	75
<b>Total assets</b>	<b>\$ 5,292</b>	<b>\$ 5,750</b>
<b>Liabilities and Equity</b>		
Liabilities:		
Unearned premium revenue	\$ 1,044	\$ 1,269
Loss and loss adjustment expense reserves	31	45
Securities sold under agreements to repurchase	218	443
Current income taxes	11	9
Deferred income taxes, net	130	152
Payable for investments purchased	18	42
Other liabilities	29	29
<b>Total liabilities</b>	<b>1,481</b>	<b>1,989</b>
Equity:		
Common stock, par value \$30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,276	2,342
Retained earnings	1,530	1,390
Accumulated other comprehensive income (loss), net of tax of \$6 and \$2	(10)	5
Total shareholder's equity	3,811	3,752
Noncontrolling interest	-	9
<b>Total equity</b>	<b>3,811</b>	<b>3,761</b>
<b>Total liabilities and equity</b>	<b>\$ 5,292</b>	<b>\$ 5,750</b>

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>				
Premiums earned:				
Scheduled premiums earned	\$ 28	\$ 38	\$ 96	\$ 120
Refunding premiums earned	39	34	129	80
Premiums earned	67	72	225	200
Net investment income	30	30	86	90
Fees, reimbursements and other	-	2	2	6
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	-	-	-	1
Net change in fair value of insured derivatives	-	-	-	1
Net gains (losses) on financial instruments at fair value and foreign exchange	1	3	4	21
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	(93)	(9)	(93)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	(3)	79	-	79
Net investment losses related to other-than-temporary impairments	(3)	(14)	(9)	(14)
Other net realized gains (losses)	-	18	(4)	18
Total revenues	95	111	304	322
<b>Expenses:</b>				
Losses and loss adjustment	(7)	(8)	(5)	(5)
Amortization of deferred acquisition costs	15	13	49	42
Operating	17	14	47	42
Total expenses	25	19	91	79
Income (loss) before income taxes	70	92	213	243
Provision (benefit) for income taxes	24	37	73	88
<b>Net income (loss)</b>	<b>\$ 46</b>	<b>\$ 55</b>	<b>\$ 140</b>	<b>\$ 155</b>

**U.S. Public Finance Insurance**  
**Net Income (Loss) Reconciliation to Operating Income (Loss)**  
(dollars in millions)

	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
<b>Revenues:</b>						
Net premiums earned	\$ 68	\$ -	\$ 68	\$ 226	\$ -	\$ 226
Net investment income	29	-	29	86	-	86
Fees and reimbursements	1	-	1	2	-	2
Net gains (losses) on financial instruments at fair value and foreign exchange	1	-	1	4	3	1
Net investment losses related to other-than-temporary impairments	(3)	(3)	-	(9)	(9)	-
Other net realized gains (losses)	-	-	-	(4)	-	(4)
Total revenues	96	(3)	99	305	(6)	311
<b>Expenses:</b>						
Losses and loss adjustment	(7)	-	(7)	(5)	-	(5)
Amortization of deferred acquisition costs	15	-	15	49	-	49
Operating	17	-	17	47	-	47
Total expenses	25	-	25	91	-	91
<b>Income (loss) before income taxes</b>	<b>71</b>	<b>(3)</b>	<b>74</b>	<b>214</b>	<b>(6)</b>	<b>220</b>
Provision (benefit) for income	25	(1)	26	74	(2)	76
<b>Net income (loss) before minority interest</b>	<b>\$ 46</b>	<b>\$ (2)</b>	<b>\$ 48</b>	<b>\$ 140</b>	<b>\$ (4)</b>	<b>\$ 144</b>

	Three Months Ended September 30, 2014			Nine Months Ended September 30, 2014		
	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income	GAAP Income Statement	Less: Operating Income Adjustments	Non-GAAP Operating Income
<b>Revenues:</b>						
Net premiums earned	\$ 74	\$ -	\$ 74	\$ 206	\$ -	\$ 206
Net investment income	30	-	30	90	-	90
Fees and reimbursements	3	-	3	6	-	6
Net change in fair value of insured credit derivatives	-	-	-	1	-	1
Net gains (losses) on financial instruments at fair value and foreign exchange	2	2	-	21	14	7
other-than-temporary impairments	(14)	(14)	-	(14)	(14)	-
Other net realized gains (losses)	18	-	18	18	-	18
Total revenues	113	(12)	125	328	-	328
<b>Expenses:</b>						
Losses and loss adjustment	(8)	-	(8)	(5)	-	(5)
Amortization of deferred acquisition costs	14	-	14	43	-	43
Operating	13	-	13	42	-	42
Total expenses	19	-	19	80	-	80
<b>Income (loss) before income taxes</b>	<b>94</b>	<b>(12)</b>	<b>106</b>	<b>248</b>	<b>-</b>	<b>248</b>
Provision (benefit) for income	38	2	36	90	6	84
<b>Net income (loss) before minority interest</b>	<b>\$ 56</b>	<b>\$ (14)</b>	<b>\$ 70</b>	<b>\$ 158</b>	<b>\$ (6)</b>	<b>\$ 164</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>2015</b>					
Scheduled Premiums Earned	\$ 35,192	\$ 32,500	28,122		\$ 95,814
Refunded Premiums Earned	50,016	40,237	39,108		129,361
Total	\$ 85,208	\$ 72,737	67,230		\$ 225,175
<b>2014</b>					
Scheduled Premiums Earned	\$ 42,544	\$ 39,670	\$ 38,415	\$ 38,407	\$ 159,036
Refunded Premiums Earned	22,461	27,918	35,961	43,346	129,686
Total	\$ 65,005	\$ 67,588	\$ 74,376	\$ 81,753	\$ 288,722

(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)**

<b>Premium Receivable as of December 31, 2014</b>	<b>Premium Payments Received</b>	<b>Premium from New Business Written</b>	<b>Changes in Expected Term of Policies</b>	<b>Accretion of Premium Receivable Discount</b>	<b>Other</b>	<b>Premium Receivable as of September 30, 2015</b>
\$213,419	\$(12,200)	\$3,290	\$(7,595)	\$4,609	\$(700)	\$200,823

(1) Excludes insured derivative premiums.

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

	<b>Gross Par Outstanding</b>	<b>Debt Service Outstanding</b>	<b>Unearned Premiums<sup>(1)</sup></b>	<b>Expected Future Premium Earnings <sup>(1)(2)</sup></b>				<b>Cash Premiums Collected and Expected <sup>(3)</sup></b>
				<b>Upfront</b>	<b>Installments</b>	<b>Accretion</b>	<b>Total</b>	
3rd Qtr. 2015	177,355	291,976	1,047					5
4th Qtr. 2015	171,359	283,683	1,020	24	3	2	29	4
2016	151,876	254,922	918	90	12	6	108	13
2017	137,702	232,044	827	80	11	6	97	13
2018	127,622	214,331	744	72	11	5	88	13
2019	118,143	197,564	668	66	10	5	81	13
2020-2024	77,256	126,562	371	250	47	23	320	58
2025-2029	41,863	59,787	187	145	39	17	201	52
2030-2034	18,505	33,485	85	71	31	12	114	45
2035-2039	7,265	15,566	37	26	22	7	55	37
2040-2044	3,344	6,973	11	11	15	3	29	27
2045-2049	476	1,162	2	3	6	1	10	11
2050-2054	10	169	-	1	1	-	2	1
2055 and thereafter	-	-	-	-	-	-	-	-
Total				\$839	\$208	\$87	\$1,134	\$292

(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 September 30, 2015**  
**(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	\$ 190	4	\$ 183	5.16 %
Long-Term Taxable	3,824	87	3,849	3.42 %
Short-Term	369	9	368	2.04 %
Total Fixed-Maturity	4,383	100	\$ 4,400	3.37 %
Cash and Cash Equivalents	60			
Total Fixed Income Including Cash and Cash Equivalents	4,443			
Investments Carried at Fair Value	134			
Other	12			
Total	\$ 4,589			

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

State and Municipal Bonds	\$ 1,504	34
Corporate Obligations	1,161	26
MBS	1,052	24
US Treasury	422	10
ABS	224	5
Cash and Cash Equivalents	60	1
Foreign Governments	20	-
Total	\$ 4,443	100

**Effective Maturity Profile**

Cash and Cash Equivalents	\$ 60	1
≤ 1 yr	369	8
> 1 to 5 yrs	982	22
> 5 to 10 yrs	1,062	24
> 10 to 15 yrs	409	9
> 15 to 20 yrs	328	8
> 20 yrs	1,233	28
Total	\$ 4,443	100

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

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

Aaa	\$ 1,698	42
Aa	1,298	33
A	736	18
Baa	119	3
BIG	146	4
NR	17	-
Total	\$ 4,014	100

*Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 10.09 years*

*Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 5.63 years*

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of \$219 million; the total market value of encumbered assets totals \$228 million.

(2) 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 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)

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Gross Loss and LAE Reserves	\$ 45	\$ 35	\$ 42		\$ 45
Beginning Gross Insurance Loss Recoverable	(4)	(4)	(1)		(4)
Beginning Gross Reserves	41	31	41		41
Ceded Reserves	-	-	-		-
Net Reserves	41	31	41		41
Increase (Decrease) in Expected Payments	(5)	4	(5)		(6)
(Increase) Decrease in Expected Salvage	(1)	4	(2)		1
Net (Payments), Collections and Other <sup>(1)</sup>	(4)	2	(3)		(5)
Net Reserves	31	41	31		31
Ceded Reserves	-	-	-		-
Gross Reserves	31	41	31		31
Gross Loss and LAE Reserves	35	42	31		31
Gross Insurance Loss Recoverable	\$ (4)	\$ (1)	\$ -		\$ -

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Gross Loss and LAE Reserves	\$ 86	\$ 61	\$ 70	\$ 62	\$ 86
Beginning Gross Insurance Loss Recoverable	(13)	(9)	(14)	(11)	(13)
Beginning Gross Reserves	73	52	56	51	73
Ceded Reserves	-	-	-	-	-
Net Reserves	73	52	56	51	73
Increase (Decrease) in Expected Payments	(25)	23	(24)	(4)	(30)
(Increase) Decrease in Expected Salvage	11	(6)	16	(1)	20
Net (Payments), Collections and Other <sup>(1)</sup>	(7)	(13)	3	(5)	(22)
Net Reserves	52	56	51	41	41
Ceded Reserves	-	-	-	-	-
Gross Reserves	52	56	51	41	41
Gross Loss and LAE Reserves	61	70	62	45	45
Gross Insurance Loss Recoverable	\$ (9)	\$ (14)	\$ (11)	\$ (4)	\$ (4)

(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)

2015	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
<b>Beginning Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 174	\$ 83	\$ 135		\$ 174
Premiums and Fees	1	3	4		8
Net Investment Income	26	35	25		86
Other	2	27	-		29
Total Inflows	29	65	29		123
Gross Loss & LAE Payments	5	4	3		12
Operating & Other Expenses	19	14	15		48
Tax Payments	-	56	25		81
Total Outflows	24	74	43		141
Operating Cash Flow	5	(9)	(14)		(18)
Investing Activities	(96)	61	(81)		(116)
Net Cash Flow	(91)	52	(95)		(134)
<b>Ending Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 83	\$ 135	\$ 40		\$ 40
Other Liquid Assets <sup>(3)</sup>	342	294	347		347
<b>Ending Liquidity Position</b>	\$ 425	\$ 429	\$ 387		\$ 387

2014	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
<b>Beginning Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 181	\$ 23	\$ 107	\$ 385	\$ 181
Premiums and Fees	3	2	9	3	17
Net Investment Income	33	35	27	35	130
Other	5	23	32	5	65
Total Inflows	41	60	68	43	212
Gross Loss & LAE Payments	11	14	3	18	46
Operating & Other Expenses	27	12	20	11	70
Tax Payments	-	51	-	29	80
Total Outflows	38	77	23	58	196
Operating Cash Flow	3	(17)	45	(15)	16
Financing Activities	-	-	-	(220)	(220)
Investing Activities	(161)	101	233	24	197
Net Cash Flow	(158)	84	278	(211)	(7)
<b>Ending Cash &amp; Cash Equivalents<sup>(2)</sup></b>	\$ 23	\$ 107	\$ 385	\$ 174	\$ 174
Other Liquid Assets <sup>(3)</sup>	592	466	162	338	338
<b>Ending Liquidity Position</b>	\$ 615	\$ 573	\$ 547	\$ 512	\$ 512

(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) May include 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>9/30/2015</b>	<b>12/31/2014</b>
<b>Assets:</b>		
Cash and Investments	\$ 4,520	\$ 4,644
Asset Swap Facility with MBIA Inc.	219	443
Other Assets	50	55
<b>Total Assets</b>	<b>\$ 4,789</b>	<b>\$ 5,142</b>
<b>Liabilities:</b>		
Unearned Premiums	1,134	1,375
Loss and LAE Reserves <sup>(1)</sup>	(20)	(13)
Contingency Reserve	960	1,076
Asset Swap Facility with MBIA Inc.	219	443
Other Liabilities	51	71
<b>Total Liabilities</b>	<b>2,344</b>	<b>2,952</b>
<b>Total Policyholders' Surplus</b>	<b>2,445</b>	<b>2,190</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 4,789</b>	<b>\$ 5,142</b>

**Claims-Paying Resources**

	<b>9/30/2015</b>	<b>12/31/2014</b>
<b>Balance Sheet</b>		
Policyholders' Surplus	\$ 2,445	\$ 2,190
Contingency Reserve	960	1,076
Statutory Capital	3,405	3,266
Unearned Premium Reserve	1,134	1,375
Present Value of Installment Premiums <sup>(1)</sup>	203	216
Premium Resources <sup>(2)</sup>	1,337	1,591
Net Loss and LAE Reserves <sup>(1)</sup>	(20)	(13)
Salvage Reserve	100	106
Gross Loss and LAE Reserves	80	93
<b>Total Claims-Paying Resources</b>	<b>\$ 4,822</b>	<b>\$ 4,950</b>
<b>Net Debt Service Outstanding</b>	<b>\$ 283,648</b>	<b>\$ 352,033</b>
<b>Capital Ratio</b>	<b>83:1</b>	<b>108:1</b>
<b>Claims-Paying Resources Ratio</b>	<b>65:1</b>	<b>80:1</b>

(1) As of September 30, 2015 and December 31, 2014, the discount rate was 2.90%.

(2) The amounts consist of primarily 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 September 30, 2015

	Par Outstanding <sup>(1) (2)</sup>				Debt Service Outstanding			
	Gross		Net		Gross		Net	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>United States</b>								
California	\$ 33,478	18.9	\$ 32,673	18.9	\$ 59,501	20.4	\$ 57,915	20.4
New York	16,889	9.5	16,341	9.5	25,325	8.7	24,442	8.6
Florida	11,574	6.5	11,480	6.6	16,898	5.8	16,774	5.9
Illinois	10,892	6.1	10,603	6.1	22,637	7.7	21,940	7.7
Texas	10,195	5.8	9,999	5.8	15,883	5.4	15,178	5.4
New Jersey	9,117	5.1	9,012	5.2	14,306	4.9	14,110	5.0
Michigan	6,476	3.7	6,121	3.6	9,926	3.4	9,248	3.3
Colorado	4,463	2.5	4,436	2.6	7,611	2.6	7,482	2.7
Pennsylvania	4,439	2.5	4,308	2.5	7,311	2.5	7,088	2.5
Puerto Rico	4,290	2.4	4,174	2.4	9,622	3.3	9,465	3.3
Subtotal	111,813	63.0	109,147	63.2	189,020	64.7	183,642	64.8
Other States & Territories	62,381	35.2	60,584	35.0	95,789	32.8	92,854	32.7
Nationally Diversified	3,161	1.8	3,154	1.8	7,167	2.5	7,152	2.5
Total	\$ 177,355	100.0	\$ 172,885	100.0	\$ 291,976	100.0	\$ 283,648	100.0

**By Bond Type**

Outstanding as of September 30, 2015

	Par Outstanding <sup>(1) (2)</sup>				Debt Service Outstanding			
	Gross		Net		Gross		Net	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Bond Type</b>								
General Obligation	\$ 61,049	34.4	\$ 59,673	34.5	\$ 96,200	32.9	93,756	33.1
Municipal Utilities	30,563	17.2	29,970	17.3	46,059	15.8	45,006	15.9
Tax-Backed	24,435	13.8	23,828	13.8	44,509	15.2	43,140	15.2
Transportation	17,341	9.8	16,778	9.7	32,410	11.1	31,131	11.0
General Obligation - lease	15,514	8.8	14,659	8.5	22,411	7.7	21,002	7.4
Higher Education	10,627	6.0	10,420	6.0	16,156	5.5	15,801	5.6
Military Housing	7,526	4.2	7,517	4.4	17,492	6.0	17,473	6.2
Health Care	4,476	2.5	4,356	2.5	7,287	2.5	7,087	2.5
Investor Owned Utilities <sup>(3)</sup>	3,517	2.0	3,393	2.0	5,696	2.0	5,522	1.9
Municipal Housing	1,401	0.8	1,396	0.8	2,206	0.8	2,198	0.7
Other <sup>(4)</sup>	906	0.5	895	0.5	1,550	0.5	1,532	0.5
Total	\$ 177,355	100.0	\$ 172,885	100.0	\$ 291,976	100.0	\$ 283,648	100.0

(1) Net of refunded issues and reinsurance.

(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.

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

(4) 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 September 30, 2015**  
(dollars in millions)

	Obligor Name	State	Internal Rating <sup>(1)</sup>	Gross Par Outstanding <sup>(2)</sup>	Gross Debt Service Outstanding
1	California General Obligation	CA	a2	\$ 1,950	\$ 2,792
2	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	a3	1,409	2,924
3	Massachusetts General Obligation	MA	a1	1,397	1,845
4	New Jersey Transportation Trust Fund Authority	NJ	a3	1,369	2,005
5	Puerto Rico Electric Power Authority	PR	d	1,354	1,994
6	Oregon School Boards Association General Obligation	OR	aa3	1,348	2,436
7	Long Island Power Authority Electric	NY	a3	1,249	1,700
8	Chicago O'Hare General Airport	IL	a2	1,237	1,928
9	Army Hawaii Family Housing	HI	aa2	1,145	2,510
10	City of Chicago Board of Education	IL	bbb3	1,074	2,503
11	Camp Pendleton Quantico Housing Privatization	CA	aa2	1,072	2,430
12	Illinois Regional Transportation Authority	IL	aa3	1,059	1,639
13	Chicago General Obligation	IL	bbb2	1,037	2,236
14	New York City Transitional Finance Authority State Bld Aid Appropriation	NY	a2	1,037	1,720
15	City of Detroit Sewage Disposal System	MI	bbb1	1,027	1,713
16	San Diego Family Housing Privatization Military	CA	aa1	994	2,291
17	Puerto Rico General Obligation	PR	bb1	985	1,402
18	Arapahoe County E-470 Toll Road	CO	bbb2	936	2,848
19	New York State Thruway Authority	NY	a2	880	1,265
20	Ohana Military Communities, LLC	HI	aa3	879	2,259
21	Indiana Finance Authority Highway Lease	IN	aa2	864	1,211
22	Michigan State Building Authority Lease	MI	a1	846	1,759
23	New York City General Obligation	NY	aa3	839	1,024
24	Great River Energy Public Power	MN	a3	837	1,339
25	Los Angeles Unified School District General Obligation	CA	a1	811	1,139
26	MTA Commuter & Transit Transportation Revenue	NY	a2	810	1,422
27	South Carolina Public Service Authority Santee Cooper Public Power	SC	aa2	800	900
28	New Jersey Economic Development Authority Motor Vehicle Bonds	NJ	a3	796	1,350
29	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	b3	783	1,471
30	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb2	783	1,145
31	Wayne County Airport Authority	MI	a2	720	1,132
32	City of Houston Combined Utility System Revenue Bonds	TX	aa2	686	772
33	Puerto Rico Sales Tax Financing Corporation	PR	a3	684	4,170
34	Denver City and County Airport System	CO	a1	680	959
35	California State Public Works Board Lease	CA	bbb1	677	849
36	San Francisco International Airport	CA	a2	670	866
37	Atlantic Marine Corps Communities LLC 0 Lejeune Cherry Point	NC	aa3	669	1,542
38	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2	661	4,993
39	LCOR Alexandria L.L.C. Federal Lease	NC	bbb1	654	1,133
40	District of Columbia General Obligation	DC	aa2	650	1,185
41	Honolulu City & County Sewer	HI	a1	649	1,008
42	Metropolitan Washington Airports Authority	DC	aa3	629	1,129
43	Springfield City Public Utilities Board Combined Utility	MO	aa2	623	656
44	New York State Thruway Authority Dedicated Highway & Bridge Trust	NY	aa3	621	664
45	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2	619	990
46	JFK International Air Terminal Airport	NY	bbb3	619	835
47	The Port Authority of New York and New Jersey	NY	a1	617	978
48	North Texas Tollway Authority Dallas North Tollway	TX	a2	611	1,112
49	New York State Lease	NY	a2	591	730
50	Metropolitan Transportation Authority Dedicated Tax Fund	NY	aa3	588	951
	<b>Total</b>			<b>\$ 44,525</b>	<b>\$ 81,854</b>
	<b>Total Portfolio Exposure</b>			<b>\$ 177,355</b>	<b>\$ 291,976</b>
	<b>50 Largest Credits as % of Total Portfolio</b>			<b>25.1%</b>	<b>28.0%</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 symbologies 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 September 30, 2015**  
(dollars in millions)

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

	Gross Par Outstanding		Gross Debt Service Outstanding	
	Amount	%	Amount	%
<b>Public Finance</b>				
AAA	\$ 7,711	4.3%	\$ 10,953	3.8%
AA	85,770	48.4%	131,717	45.1%
A	61,428	34.6%	100,505	34.4%
BBB	15,371	8.7%	33,732	11.5%
<BBB	7,075	4.0%	15,069	5.2%
Total	\$ 177,355	100.0%	\$ 291,976	100.0%

**Top 10 Below Investment Grade (BIG) Credits <sup>(1)</sup>**

Obligor Name	Gross Par Outstanding <sup>(2)</sup>	Gross Debt Service Outstanding
1 Puerto Rico Electric Power Authority	\$ 1,354	\$ 1,994
2 City of Chicago Board of Education	1,074	2,503
3 Puerto Rico General Obligation	985	1,402
4 Puerto Rico Highway and Transportation Authority Transportation Revenue	783	1,471
5 Puerto Rico Sales Tax Financing Corporation	684	4,170
6 Puerto Rico Government Development Bank General Obligation	267	273
7 Atlantic City Casino Reinvestment Development Authority Parking Fee	178	229
8 Fresno City Pension Obligation	146	227
9 North Las Vegas Water & Sewer	123	196
10 Wayne Charter County General Obligation	117	173
<b>Total Top 10 BIG Outstanding</b>	<b>\$ 5,711</b>	<b>\$ 12,638</b>
Total BIG Outstanding	\$ 7,075	\$ 15,069
Total National Outstanding	\$ 177,355	\$ 291,976
<b>Top 10 BIG as % of National</b>	<b>3.2%</b>	<b>4.3%</b>
<b>Total BIG as % of National</b>	<b>4.0%</b>	<b>5.2%</b>
<b>Total BIG as % of National by National ratings</b>	<b>2.5%</b>	<b>2.4%</b>

(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) 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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