

Section 1: 10-Q (FORM 10-Q)

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United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 1-9583

MBIA INC.

(Exact name of registrant as specified in its charter)

Connecticut
(State of incorporation)

06-1185706
(I.R.S. Employer
Identification No.)

113 King Street, Armonk, New York
(Address of principal executive offices)

10504
(Zip Code)

Registrant's telephone number, including area code: (914) 273-4545

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the Registrant is shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 7, 2013, 192,247,762 shares of Common Stock, par value \$1 per share, were outstanding.

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PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements

MBIA INC. AND SUBSIDIARIES **CONSOLIDATED BALANCE SHEETS (Unaudited)** (In millions except share and per share amounts)

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$4,516 and \$4,347)	\$ 4,505	\$ 4,485
Fixed-maturity securities at fair value	249	244
Investments pledged as collateral, at fair value (amortized cost \$407 and \$489)	347	443
Short-term investments held as available-for-sale, at fair value (amortized cost \$1,377 and \$662)	1,378	669
Other investments (includes investments at fair value of \$10 and \$12)	16	21
Total investments	6,495	5,862
Cash and cash equivalents	1,057	814
Premiums receivable	1,085	1,228
Deferred acquisition costs	270	302
Insurance loss recoverable	742	3,648
Property and equipment, at cost (less accumulated depreciation of \$87 and \$146)	37	69
Deferred income taxes, net	1,243	1,199
Other assets	247	268
Assets of consolidated variable interest entities:		
Cash	46	176
Investments held-to-maturity, at amortized cost (fair value \$2,566 and \$2,674)	2,809	2,829
Investments held as available-for-sale, at fair value (amortized cost \$156 and \$637)	156	625
Fixed-maturity securities at fair value	626	1,735
Loans receivable at fair value	1,704	1,881
Loan repurchase commitments	1,116	1,086
Other assets	-	2
Total assets	\$ 17,633	\$ 21,724
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	\$ 2,544	\$ 2,938
Loss and loss adjustment expense reserves	688	853
Investment agreements	760	944
Medium-term notes (includes financial instruments carried at fair value of \$204 and \$165)	1,554	1,598
Long-term debt	1,677	1,732
Derivative liabilities	1,370	2,934
Other liabilities	439	245
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of \$2,426 and \$3,659)	5,385	7,124
Derivative liabilities	15	162
Total liabilities	14,432	18,530
Commitments and contingencies (See Note 14)		
Equity:		
Preferred stock, par value \$1 per share; authorized shares—10,000,000; issued and outstanding—none	-	-
Common stock, par value \$1 per share; authorized shares—400,000,000; issued shares—277,804,062 and 277,405,039	278	277
Additional paid-in capital	3,113	3,076
Retained earnings	2,157	2,039
Accumulated other comprehensive income (loss), net of tax of \$30 and \$21	(50)	56
Treasury stock, at cost—85,551,418 and 81,733,530 shares	(2,318)	(2,275)
Total shareholders' equity of MBIA Inc.	3,180	3,173
Preferred stock of subsidiary and noncontrolling interest	21	21
Total equity	3,201	3,194
Total liabilities and equity	\$ 17,633	\$ 21,724

The accompanying notes are an integral part of the consolidated financial statements.

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MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In millions except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues:				
Premiums earned:				
Scheduled premiums earned	\$ 80	\$ 85	\$ 236	\$ 291
Refunding premiums earned	24	70	112	173
Premiums earned (net of ceded premiums of \$2, \$3, \$7 and \$12)	104	155	348	464
Net investment income	42	50	118	172
Fees and reimbursements	5	20	17	47
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(28)	12	(1,548)	(420)
Unrealized gains (losses) on insured derivatives	285	(33)	1,562	1,473
Net change in fair value of insured derivatives	257	(21)	14	1,053
Net gains (losses) on financial instruments at fair value and foreign exchange	5	7	62	(18)
Investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	(3)	-	(58)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	-	(5)	-	(47)
Net investment losses related to other-than-temporary impairments	-	(8)	-	(105)
Net gains (losses) on extinguishment of debt	6	-	49	-
Other net realized gains (losses)	(29)	1	(29)	7
Revenues of consolidated variable interest entities:				
Net investment income	13	17	43	51
Net gains (losses) on financial instruments at fair value and foreign exchange	17	44	128	(17)
Net gains (losses) on extinguishment of debt	-	16	-	49
Other net realized gains (losses)	-	-	1	-
Total revenues	420	281	751	1,703
Expenses:				
Losses and loss adjustment	98	171	92	330
Amortization of deferred acquisition costs	9	8	36	36
Operating	71	72	280	307
Interest	59	69	179	214
Expenses of consolidated variable interest entities:				
Operating	2	5	8	14
Interest	10	13	34	43
Total expenses	249	338	629	944
Income (loss) before income taxes	171	(57)	122	759
Provision (benefit) for income taxes	39	(64)	4	161
Net income (loss)	\$ 132	\$ 7	\$ 118	\$ 598
Net income (loss) per common share:				
Basic	\$ 0.68	\$ 0.04	\$ 0.61	\$ 3.09
Diluted	\$ 0.67	\$ 0.04	\$ 0.60	\$ 3.07
Weighted average number of common shares outstanding:				
Basic	192,711,608	193,879,994	193,440,078	193,760,654
Diluted	196,746,771	194,977,642	197,762,488	194,835,537

The accompanying notes are an integral part of the consolidated financial statements.

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income (loss)	\$ 132	\$ 7	\$ 118	\$ 598
Other comprehensive income (loss):				
Unrealized gains (losses) on available-for-sale securities:				
Unrealized gains (losses) arising during the period	(15)	75	(155)	236
Provision (benefit) for income taxes	(6)	18	(55)	70
Total	(9)	57	(100)	166
Reclassification adjustments for (gains) losses included in net income (loss)	13	(8)	(6)	84
Provision (benefit) for income taxes	5	(3)	(2)	29
Total	8	(5)	(4)	55
Available-for-sale securities with other-than-temporary impairments:				
Other-than-temporary impairments and unrealized gains (losses) arising during the period	8	2	15	40
Provision (benefit) for income taxes	2	1	6	14
Total	6	1	9	26
Reclassification adjustments for (gains) losses included in net income (loss)	(1)	6	(5)	52
Provision (benefit) for income taxes	(1)	2	(2)	18
Total	-	4	(3)	34
Foreign currency translation:				
Foreign currency translation gains (losses)	32	(7)	(7)	(18)
Provision (benefit) for income taxes	1	(4)	1	(3)
Total	31	(3)	(8)	(15)
Total other comprehensive income (loss)	36	54	(106)	266
Comprehensive income (loss)	\$ 168	\$ 61	\$ 12	\$ 864

The accompanying notes are an integral part of the consolidated financial statements.

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
For The Nine Months Ended September 30, 2013
(In millions except share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity of MBIA Inc.	Preferred Stock of Subsidiary and Noncontrolling Interest		Total Equity
	Shares	Amount				Shares	Amount		Shares	Amount	
Balance, December 31, 2012	277,405,039	\$ 277	\$ 3,076	\$2,039	\$ 56	(81,733,530)	\$(2,275)	\$ 3,173	1,315	\$ 21	\$3,194
Net income (loss)	-	-	-	118	-	-	-	118	-	-	118
Other comprehensive income (loss)	-	-	-	-	(106)	-	-	(106)	-	-	(106)
Share-based compensation net of tax of \$4	399,023	1	37	-	-	(3,817,888)	(43)	(5)	-	-	(5)
Balance, September 30, 2013	277,804,062	\$ 278	\$ 3,113	\$2,157	\$ (50)	(85,551,418)	\$(2,318)	\$ 3,180	1,315	\$ 21	\$3,201

The accompanying notes are an integral part of the consolidated financial statements.

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MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities:		
Premiums, fees and reimbursements received	\$ 143	\$ 223
Investment income received	326	459
Insured derivative commutations and losses paid	(453)	(463)
Financial guarantee losses and loss adjustment expenses paid	(382)	(620)
Proceeds from recoveries and reinsurance	1,797	131
Operating and employee related expenses paid	(227)	(300)
Interest paid, net of interest converted to principal	(170)	(377)
Income taxes (paid) received	(1)	(8)
Net cash provided (used) by operating activities	<u>1,033</u>	<u>(955)</u>
Cash flows from investing activities:		
Purchase of fixed-maturity securities	(2,704)	(2,032)
Sale and redemption of fixed-maturity securities	3,444	4,283
Proceeds from paydowns on variable interest entity loans	211	203
Redemptions of held-to-maturity investments	20	828
Sale (purchase) of short-term investments, net	(665)	335
Sale (purchase) of other investments, net	5	109
Consolidation (deconsolidation) of variable interest entities, net	(26)	(51)
(Payments) proceeds for derivative settlements	(51)	(266)
Collateral (to) from swap counterparty	65	(298)
Capital expenditures	(2)	(5)
Net cash provided (used) by investing activities	<u>297</u>	<u>3,106</u>
Cash flows from financing activities:		
Proceeds from investment agreements	25	52
Principal paydowns of investment agreements	(218)	(629)
Proceeds from medium-term notes	-	18
Principal paydowns of medium-term notes	(77)	(74)
Principal paydowns of variable interest entity notes	(1,001)	(1,059)
Payments for securities sold under agreements to repurchase	-	(287)
Proceeds from secured loan	50	-
Payments for retirement of debt	(3)	(364)
Change in noncontrolling interest and redemption of subsidiary preferred stock, net	-	(1)
Restricted stock awards settlements, net	-	1
Net cash provided (used) by financing activities	<u>(1,224)</u>	<u>(2,343)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>7</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	113	(192)
Cash and cash equivalents—beginning of period	990	633
Cash and cash equivalents—end of period	<u>\$ 1,103</u>	<u>\$ 441</u>
Reconciliation of net income (loss) to net cash provided (used) by operating activities:		
Net income (loss)	\$ 118	\$ 598
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Change in:		
Premiums receivable	138	98
Deferred acquisition costs	32	35
Unearned premium revenue	(392)	(443)
Loss and loss adjustment expense reserves	(169)	109
Insurance loss recoverable	2,802	(270)
Accrued interest payable	82	-
Accrued expenses	54	(40)
Net investment losses related to other-than-temporary impairments	-	105
Unrealized (gains) losses on insured derivatives	(1,562)	(1,473)
Net (gains) losses on financial instruments at fair value and foreign exchange	(190)	35
Other net realized (gains) losses	28	(7)
Deferred income tax provision (benefit)	2	163
(Gains) losses on extinguishment of debt	(49)	(49)
Interest on variable interest entities, net	65	114
Other operating	74	70
Total adjustments to net income (loss)	<u>915</u>	<u>(1,553)</u>
Net cash provided (used) by operating activities	<u>\$ 1,033</u>	<u>\$ (955)</u>

The accompanying notes are an integral part of the consolidated financial statements.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 1: Business Developments and Risks and Uncertainties

Summary

MBIA Inc., together with its consolidated subsidiaries, (collectively, "MBIA" or the "Company") operates one of the largest financial guarantee insurance businesses in the industry and is a provider of asset management and advisory services. These activities are managed through three business segments: United States ("U.S.") public finance insurance; structured finance and international insurance; and advisory services. The Company's U.S. public finance insurance business is primarily operated through National Public Finance Guarantee Corporation and its subsidiaries ("National"), its structured finance and international insurance business is primarily operated through MBIA Insurance Corporation and its subsidiaries ("MBIA Corp."), and its asset management and advisory services business is primarily operated through Cutwater Holdings, LLC and its subsidiaries ("Cutwater"). The holding company, MBIA, and certain of its subsidiaries also manage certain other business activities, the results of which are reported in its corporate, asset/liability products, and conduit segments. The corporate segment includes revenues and expenses that arise from general corporate activities. While the asset/liability products and conduit businesses represent separate business segments, they may be referred to collectively as "wind-down operations" as the funding programs managed through those businesses are in wind-down. Refer to "Note 11: Business Segments" for further information about the Company's reporting segments.

Business Developments

Operating Cost Reductions

In order to better position the Company for future business opportunities, in the third quarter of 2013, the Company initiated cost reduction measures focused on its legal, consulting, staffing and head office occupancy costs. As a result, expenses for net compensation costs related to staff reductions totaled \$18 million and were recorded primarily during the third quarter of 2013. These expenses are included in "Operating expenses" on the Company's consolidated statements of operations. These staff reductions reduced its worldwide June 30, 2013 headcount by approximately 21%. As a result of the potential sale of the office used in its operations, the Company recorded an impairment charge of \$29 million on its Armonk, New York facility. The carrying value of the facility was adjusted to its fair market value, which was determined based on an independent third-party appraisal of the facility. This impairment charge is reflected in the results of the Company's U.S. public finance insurance segment and is reported within "Other net realized gains (losses)" on the Company's consolidated statements of operations.

In addition, during the nine months ended September 30, 2013, the Company incurred operating expenses of approximately \$89 million related to settlement, consulting and legal expenses associated with the resolution of the litigation matters with Bank of America Corporation, Societe Generale, and Flagstar Bank. Refer below for discussions related to these settlements.

Bank of America Settlement

In May of 2013, MBIA Inc., together with its subsidiaries MBIA Corp. and National, entered into a comprehensive settlement agreement and related agreements (the "BofA Settlement Agreement") with Bank of America Corporation and certain of its subsidiaries (collectively, "Bank of America"). As a result of the BofA Settlement Agreement, the repayment of MBIA Insurance Corporation's secured loan from National (the "National Secured Loan") and recent credit ratings upgrades, the Company is currently evaluating strategies for re-entry into the U.S. public finance market. As of September 30, 2013, National was rated A with a stable outlook by Standard & Poor's Financial Services LLC ("S&P") and Baa1 with a positive outlook by Moody's Investors Service, Inc. ("Moody's"). As of September 30, 2013, MBIA Insurance Corporation was rated B with a stable outlook by S&P and B3 with a positive outlook by Moody's. The Company is considering obtaining ratings for National from additional rating agencies.

Under the terms of the BofA Settlement Agreement, MBIA Corp. received a payment of approximately \$1.7 billion, consisting of \$1.6 billion of cash and \$136 million principal amount of MBIA Inc.'s 5.70% Senior Notes due 2034. In exchange for such payment, MBIA Corp. agreed to dismiss the litigation commenced in September 2008 against Countrywide Home Loans, Inc. ("Countrywide"), among other parties, and later amended to include claims against Bank of America, relating to breaches of representations and warranties on certain MBIA-insured securitizations sponsored by Countrywide. Bank of America and MBIA also agreed to the commutation of all of the MBIA Corp. policies held by Bank of America, which had a notional insured amount of approximately \$7.4 billion, of which \$6.1 billion were policies insuring credit default swaps ("CDS") held by Bank of America referencing commercial real estate ("CRE") exposures. MBIA Corp. has no further payment obligations under the commuted policies. The New York State Department of Financial Services ("NYSDFS") advised MBIA Corp. that the NYSDFS did not object to the BofA Settlement Agreement. The \$1.6 billion of cash received in connection with the BofA Settlement Agreement is included in "Proceeds from recoveries and reinsurance" presented under the heading "Cash flows from operating activities" on the Company's consolidated statements of cash flows.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 1: Business Developments and Risks and Uncertainties (continued)

Under the terms of the BofA Settlement Agreement, Blue Ridge Investments, L.L.C. ("Blue Ridge"), an affiliate of Bank of America, received a five-year warrant to purchase 9.94 million shares of MBIA common stock at a price of \$9.59 per share. Bank of America has also agreed to dismiss the pending litigation between the parties concerning the restructuring transactions announced by MBIA on February 18, 2009 (the "Transformation") and the pending litigation between the parties concerning the senior debt consent solicitation completed by MBIA in the fourth quarter of 2012. In addition, Bank of America agreed to withdraw the purported "notice of default" it sent in connection with such consent solicitation.

Under the terms of the BofA Settlement Agreement, the dismissals of the litigations referenced above are initially being filed on a "without prejudice" basis. The parties will refile such dismissals on a "with prejudice" basis provided that, within the one-year period following execution of the BofA Settlement Agreement, none of the claims released pursuant to the BofA Settlement Agreement are reinstated and neither party is required to make a payment on any such released claims. The Company views the likelihood of such an event as remote, and thus expects that the litigation dismissals will be filed on a "with prejudice" basis at the expiration of such one-year period.

MBIA Corp.'s policies insuring the residential mortgage-backed securities ("RMBS") securitizations originated by Countrywide will continue to be in full force and effect, and MBIA Corp. will continue to make timely payments of principal and interest if there are shortfalls when due under such policies. Bank of America will have no further representation and warranty liability with respect to the origination of the mortgage loans in the MBIA-insured Countrywide and certain other securitizations.

In addition, MBIA Insurance Corporation has entered into a \$500 million three-year secured revolving credit agreement with Blue Ridge (the "Blue Ridge Secured Loan"). During the third quarter of 2013, MBIA Insurance Corporation borrowed \$50 million under this agreement. Refer to "Note 9: Debt" for a discussion of the Blue Ridge Secured Loan.

The payment from Bank of America, including the MBIA Inc. notes, was used by MBIA Corp. to repay the outstanding balance and accrued interest on the National Secured Loan. The National Secured Loan balance of \$1.7 billion as of March 31, 2013 was reduced to approximately \$1.6 billion prior to the Bank of America settlement as a result of the receipt of \$110 million in settlement of Flagstar Bank's put-back obligation.

The value of the settlement is consistent with amounts recorded on MBIA Corp.'s statutory balance sheet as of December 31, 2012. MBIA Corp.'s liquidity and capital risk profile has substantially improved as a result of the settlement.

Pursuant to the anti-dilution provisions of warrants that were issued by MBIA to Warburg Pincus Private Equity X, L.P. and certain of its affiliates ("Warburg Pincus") pursuant to an Investment Agreement, dated as of December 10, 2007, as amended and restated as of February 6, 2008, by and between MBIA and Warburg Pincus, the exercise price under such warrants was decreased and the aggregate number of shares of MBIA common stock to be issued upon exercise of such warrants was increased, in each case as a result of the issuance of the warrant to Blue Ridge. The adjustments to the exercise price and number of such underlying shares did not have a material dilutive effect on the MBIA common stock. In addition, under the Investment Agreement, Warburg Pincus has certain gross up rights that are triggered in connection with the offering by the Company of any equity securities. As such, in August of 2013, MBIA issued Warburg Pincus a five-year warrant to purchase 1.91 million shares of MBIA common stock at an exercise price of \$9.59 per share.

Societe Generale Settlement

In May of 2013, the Company entered into an agreement with Societe Generale pursuant to which the Company commuted \$4.2 billion of gross insured exposure comprising asset-backed securities ("ABS") collateralized debt obligations ("CDOs"), structured commercial mortgage-backed securities ("CMBS") pools and CRE CDOs. The amount MBIA paid to Societe Generale in consideration of commuting its insured exposure is consistent with MBIA Corp.'s December 31, 2012 aggregate statutory loss reserves for the exposures commuted. Also, pursuant to the agreement, Societe Generale agreed to dismiss the pending litigation between the parties concerning the Transformation, which includes any appeals of the decision denying the Article 78 petition and the plenary case.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 1: Business Developments and Risks and Uncertainties (continued)

Residential Capital LLC Agreement

In May of 2013, the Company and the other Consenting Claimants, Residential Capital LLC ("ResCap") and Ally Financial Inc. ("Ally"), agreed to the terms of a comprehensive plan agreement to support ResCap's Chapter 11 plan. The confirmation of ResCap's Chapter 11 plan would resolve MBIA Corp.'s claims against the Residential Funding Company, LLC ("RFC"), GMAC Mortgage LLC ("GMAC") and ResCap estates, and Ally. In June of 2013, the bankruptcy court issued a Memorandum Opinion approving the Plan Support Agreement (the "Plan"). The Plan is now subject to voting by creditors as well as a confirmation hearing by the bankruptcy court. All creditor ballots were due back by October 21, 2013 and as of the date of this report, the results had not been tallied. There can be no assurance that the Plan will be confirmed. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" for a discussion of the ResCap agreement.

Transformation Litigation

Subsequent to the BofA Settlement Agreement and the Societe Generale settlement, all litigation brought originally by the group of eighteen domestic and international financial institutions relating to the establishment of National has been resolved.

Other

As of September 30, 2013, the liquidity position of MBIA Inc., which consists of the liquidity positions of the Company's corporate segment and asset/liability products segment, was \$282 million compared with \$239 million as of December 31, 2012. Subsequent to September 30, 2013, National declared and paid a dividend of \$214 million to its ultimate parent, MBIA Inc. During the nine months ended September 30, 2013, \$115 million was released from an escrow account under the MBIA group's tax sharing agreement (the "Tax Escrow Account"), which resulted in an increase to MBIA's liquidity position. Management believes that MBIA can support its operating needs for the foreseeable future primarily from its existing liquidity position, expected subsidiary dividends and additional anticipated releases of assets from the Tax Escrow Account, which releases are subject to the risks of National incurring net tax losses in the future and/or declines in the value of the assets held in the Tax Escrow Account. As of September 30, 2013 and December 31, 2012, MBIA Corp.'s cash and liquid assets, that were immediately available, totaled \$97 million and \$345 million, respectively. The Company believes MBIA Corp.'s current liquidity position, together with future cash inflows and amounts available under the Blue Ridge Secured Loan, is adequate to make expected future claim payments.

The combination of commutation payments to reduce liabilities and claim payments have placed liquidity pressure on MBIA Corp. MBIA Corp. continues to seek to reduce both the absolute amount and the volatility of its obligations and potential future claim payments through the execution of commutations of insurance policies. During the nine months ended September 30, 2013, MBIA Corp. commuted \$19.9 billion of gross insured exposure, primarily comprising structured CMBS pools, investment grade CDOs, ABS CDOs, first-lien subprime RMBS, high yield corporate CDOs, CRE CDOs, structured insurance securities, and first-lien alternative A-paper ("Alt-A") RMBS.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 1: Business Developments and Risks and Uncertainties (continued)

Risks and Uncertainties

The Company's financial statements include estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The outcome of certain significant risks and uncertainties could cause the Company to revise its estimates and assumptions or could cause actual results to differ from the Company's estimates. While the Company believes it continues to have sufficient capital and liquidity to meet all of its expected obligations, if one or more possible adverse outcomes were to be realized, its statutory capital, financial position, results of operations and cash flows could be materially and adversely affected. Significant risks and uncertainties that could affect amounts reported in the Company's financial statements in future periods include, but are not limited to, the following:

- The amount and timing of potential claims from the Company's second-lien RMBS and remaining insured CMBS pools are potentially volatile, as are the projected collections of excess spread and the remaining put-back recoverables. However, management's expected liquidity and capital forecasts for MBIA Corp., which include expected availability of draws under the Blue Ridge Secured Loan and expected recoveries from the ResCap agreement, reflect adequate resources to pay expected claims. Further, the remaining insured portfolio, aside from these exposures, could deteriorate and result in loss reserves and claim payments. While management believes MBIA Corp. will have adequate resources to pay expected claims, if MBIA Corp. experiences higher than expected claim payments or is unable to commute the remaining exposures that represent substantial risk to the Company, MBIA Corp. may ultimately have insufficient resources to continue to pay claims, which could cause the NYSDFS to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" for information about MBIA Corp.'s reserves and recoveries.
- The Company's ability to commute insured transactions is limited by available liquidity, including the availability of the Blue Ridge Secured Loan, recoveries from the ResCap agreement and the use of other available financing structures and liquidity, some of which could be subject to regulatory approval by the NYSDFS and/or the United Kingdom's ("U.K.") Prudential Regulation Authority. The Company's primary strategy for managing its CMBS pool and ABS CDO exposures has been commutations. There can be no assurance that the Company will be able to fund further commutations through borrowings or otherwise. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" for information about the Company's estimate of losses on its exposures.
- As of September 30, 2013, MBIA Insurance Corporation was not in compliance with a requirement under the New York Insurance Law ("NYIL") to hold qualifying assets in an amount necessary to satisfy its contingency reserves. MBIA Insurance Corporation has reported the deficit to the NYSDFS. In addition, as of September 30, 2013, MBIA Insurance Corporation exceeded its aggregate risk limits and reported an overage related to its single risk limits under NYIL. MBIA Insurance Corporation plans to notify the NYSDFS of these overages and submit a plan to achieve compliance with its limits. While the NYSDFS has not taken action against MBIA Insurance Corporation, the NYSDFS may impose remedial actions for failing to meet these requirements.
- MBIA Inc. continues to have liquidity risk. If invested asset performance deteriorates, or the flow of dividends from subsidiaries is interrupted, its liquidity position would be eroded over time. However, management believes that MBIA Inc. has sufficient liquidity resources to meet all of its obligations for the foreseeable future. In order to meet its liquidity requirements, MBIA Inc. may use free cash or other assets or use its ability to finance through intercompany or third-party facilities, although there can be no assurance that these strategies will be available or adequate. A failure by MBIA Inc. to settle liabilities that are also insured by MBIA Corp. could result in claims on MBIA Corp.
- Changes in fair value of insured credit derivatives can be caused by general market conditions, volatility in MBIA Corp.'s credit spreads and volatility on the underlying collateral assets on insured credit derivatives. This may result in significant unrealized gains and losses in the Company's reported results of operations. Refer to "Note 6: Fair Value of Financial Instruments" for information about the Company's valuation of insured credit derivatives.

Note 2: Significant Accounting Policies

The Company has disclosed its significant accounting policies in "Note 2: Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The following significant accounting policies provide an update to those included in the Company's Annual Report on Form 10-K.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 2: Significant Accounting Policies (continued)

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and, accordingly, do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual periods. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2012. The accompanying consolidated financial statements have not been audited by an independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board (U.S.), but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the Company's consolidated financial position and results of operations. All material intercompany balances and transactions have been eliminated.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. As additional information becomes available or actual amounts become determinable, the recorded estimates are revised and reflected in operating results.

The results of operations for the three and nine months ended September 30, 2013 may not be indicative of the results that may be expected for the year ending December 31, 2013. The December 31, 2012 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP for annual periods. Certain amounts have been reclassified in the prior year's financial statements to conform to the current presentation. This includes the reclassification of accrued interest on surplus notes and senior notes from "Other liabilities" to "Long-term debt" on the Company's consolidated balance sheets. Refer to "Note 9: Debt" for information about the amounts of this reclassification. These reclassifications had no impact on total revenues, expenses, assets, liabilities, shareholders' equity, operating cash flows, investing cash flows, or financing cash flows for all periods presented.

Note 3: Recent Accounting Pronouncements

Recently Adopted Accounting Standards

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02)

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-02, "Comprehensive Income (Topic 220)—Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" that requires an entity to present information about the amounts reclassified out of accumulated other comprehensive income ("AOCI") by component and to present significant amounts reclassified out of AOCI by the respective line items of net income. The amendment only affects the Company's disclosures and does not affect the Company's consolidated balance sheets, results of operations, or cash flows. The Company adopted this standard in the first quarter of 2013.

Disclosures about Offsetting Assets and Liabilities (ASU 2011-11)

In December 2011, the FASB issued ASU 2011-11, "Balance Sheet (Topic 210)—Disclosures about Offsetting Assets and Liabilities". ASU 2011-11 creates new disclosure requirements about the nature of the Company's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. This amendment does not change the existing offsetting eligibility criteria or the permitted balance sheet presentation for those instruments that meet the eligibility criteria. The disclosure requirement was effective for the Company beginning in the first quarter of 2013. In January 2013, the FASB issued ASU 2013-01, "Balance Sheet (Topic 210)—Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities". ASU 2013-01 clarifies that ASU 2011-11 applies only to derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with specific criteria contained in the FASB Accounting Standards Codification or subject to a master netting arrangement or similar agreement. These standards only affect the Company's disclosures and do not affect the Company's consolidated balance sheets, results of operations, or cash flows. The Company adopted this standard in the first quarter of 2013.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 3: Recent Accounting Pronouncements (continued)

Recent Accounting Developments

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11)

In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740)—Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists". ASU 2013-11 requires presentation of an unrecognized tax benefit ("UTB") as a reduction to a deferred tax asset when a net operating loss ("NOL") carryforward, a similar tax loss, or a tax credit carryforward exists in the same tax year and jurisdiction as the UTB. ASU 2013-11 does not affect the recognition or measurement of uncertain tax positions under "Income Taxes (Topic 740)" and does not affect any related tax disclosures. ASU 2013-11 is effective for interim and annual periods beginning January 1, 2014 with early adoption permitted. The Company currently presents any UTBs as a reduction to a deferred tax asset in accordance with ASU 2013-11 as all of its UTBs relate to the same tax years and jurisdictions in which NOLs exist, therefore, this standard will not affect the Company's consolidated balance sheets, results of operations, or cash flows.

Note 4: Variable Interest Entities

Structured Finance and International Insurance

Through MBIA's structured finance and international insurance segment, the Company provides credit protection to issuers of obligations that may involve issuer-sponsored special purpose entities ("SPEs"). An SPE may be considered a variable interest entity ("VIE") to the extent the SPE's total equity at risk is not sufficient to permit the SPE to finance its activities without additional subordinated financial support or its equity investors lack any one of the following characteristics: (i) the power to direct the activities of the SPE that most significantly impact the entity's economic performance or (ii) the obligation to absorb the expected losses of the entity or the right to receive the expected residual returns of the entity. A holder of a variable interest or interests in a VIE is required to assess whether it has a controlling financial interest, and thus is required to consolidate the entity as primary beneficiary. An assessment of a controlling financial interest identifies the primary beneficiary as the variable interest holder that has both of the following characteristics: (i) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE. An ongoing reassessment of controlling financial interest is required to be performed based on any substantive changes in facts and circumstances involving the VIE and its variable interests.

The Company evaluates issuer-sponsored SPEs initially to determine if an entity is a VIE, and is required to reconsider its initial determination if certain events occur. For all entities determined to be VIEs, MBIA performs an ongoing reassessment to determine whether its guarantee to provide credit protection on obligations issued by VIEs provides the Company with a controlling financial interest. Based on its ongoing reassessment of controlling financial interest, the Company determines whether a VIE is required to be consolidated or deconsolidated.

The Company makes its determination for consolidation based on a qualitative assessment of the purpose and design of a VIE, the terms and characteristics of variable interests of an entity, and the risks a VIE is designed to create and pass through to holders of variable interests. The Company generally provides credit protection on obligations issued by VIEs, and holds certain contractual rights according to the purpose and design of a VIE. The Company may have the ability to direct certain activities of a VIE depending on facts and circumstances, including the occurrence of certain contingent events, and these activities may be considered the activities of a VIE that most significantly impact the entity's economic performance. The Company generally considers its guarantee of principal and interest payments of insured obligations, given nonperformance by a VIE, to be an obligation to absorb losses of the entity that could potentially be significant to the VIE. At the time the Company determines it has the ability to direct the activities of a VIE that most significantly impact the economic performance of the entity based on facts and circumstances, MBIA is deemed to have a controlling financial interest in the VIE and is required to consolidate the entity as primary beneficiary. The Company performs an ongoing reassessment of controlling financial interest that may result in consolidation or deconsolidation of any VIE.

Wind-down Operations

In its asset/liability products segment, the Company invests in obligations issued by issuer-sponsored SPEs which are included in fixed-maturity securities held as available-for-sale ("AFS"). The Company evaluates issuer-sponsored SPEs to determine if the entity is a VIE. For all entities determined to be VIEs, the Company evaluates whether its investment is determined to have both of the characteristics of a controlling financial interest in the VIE. The Company performs an ongoing reassessment of controlling financial interests in issuer-sponsored VIEs based on investments held. MBIA's wind-down operations do not have a controlling financial interest in any issuer-sponsored VIEs and are not the primary beneficiary of any issuer-sponsored VIEs.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 4: Variable Interest Entities (continued)

In the conduit segment, the Company has managed and administered two conduits that invested primarily in debt securities and were funded through the issuance of VIE notes and long-term debt. MBIA Corp. insures the debt obligations of the conduits, and provides credit protection on certain assets held by the conduits. The conduits are VIEs and are consolidated by the Company as primary beneficiary. In 2012, all debt securities held by one of the conduits were entirely repaid, and the proceeds were used to repay all outstanding long-term debt of this conduit. The Company subsequently dissolved this conduit, and no longer provides any related credit protection.

Nonconsolidated VIEs
Insurance

The following tables present the total assets of nonconsolidated VIEs in which the Company holds a variable interest as of September 30, 2013 and December 31, 2012, through its insurance operations. The following tables also present the Company's maximum exposure to loss for nonconsolidated VIEs and carrying values of the assets and liabilities for its interests in these VIEs as of September 30, 2013 and December 31, 2012. The Company has aggregated nonconsolidated VIEs based on the underlying credit exposure of the insured obligation. The nature of the Company's variable interests in nonconsolidated VIEs is related to financial guarantees, insured CDS contracts and any investments in obligations issued by nonconsolidated VIEs.

In millions	September 30, 2013							
	Carrying Value of Assets					Carrying Value of Liabilities		
	VIE Assets	Maximum Exposure to Loss	Investments ⁽¹⁾	Premiums Receivable ⁽²⁾	Insurance Loss Recoverable ⁽³⁾	Unearned Premium Revenue ⁽⁴⁾	Loss and Loss Adjustment Expense Reserves ⁽⁵⁾	Derivative Liabilities ⁽⁶⁾
Insurance:								
Global structured finance:								
Collateralized debt obligations	\$ 13,564	\$ 7,972	\$ 118	\$ 45	\$ 5	\$ 38	\$ 26	\$ 94
Mortgage-backed residential	22,400	9,915	11	57	696	56	374	5
Mortgage-backed commercial	2,010	1,102	-	1	-	1	-	-
Consumer asset-backed	6,788	2,888	9	21	-	20	17	-
Corporate asset-backed	14,258	7,817	-	87	19	103	-	-
Total global structured finance	59,020	29,694	138	211	720	218	417	99
Global public finance	51,060	20,258	-	205	-	250	5	-
Total insurance	<u>\$110,080</u>	<u>\$ 49,952</u>	<u>\$ 138</u>	<u>\$ 416</u>	<u>\$ 720</u>	<u>\$ 468</u>	<u>\$ 422</u>	<u>\$ 99</u>

(1) - Reported within "Investments" on MBIA's consolidated balance sheets.

(2) - Reported within "Premiums receivable" on MBIA's consolidated balance sheets.

(3) - Reported within "Insurance loss recoverable" on MBIA's consolidated balance sheets.

(4) - Reported within "Unearned premium revenue" on MBIA's consolidated balance sheets.

(5) - Reported within "Loss and loss adjustment expense reserves" on MBIA's consolidated balance sheets.

(6) - Reported within "Derivative liabilities" on MBIA's consolidated balance sheets.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 4: Variable Interest Entities (continued)

In millions	December 31, 2012							
	Carrying Value of Assets					Carrying Value of Liabilities		
	VIE Assets	Maximum Exposure to Loss	Investments ⁽¹⁾	Premiums Receivable ⁽²⁾	Insurance Loss Recoverable ⁽³⁾	Unearned Premium Revenue ⁽⁴⁾	Loss and Loss Adjustment Expense Reserves ⁽⁵⁾	Derivative Liabilities ⁽⁶⁾
Insurance:								
Global structured finance:								
Collateralized debt obligations	\$ 16,925	\$ 10,873	\$ -	\$ 62	\$ 5	\$ 55	\$ 37	\$ 74
Mortgage-backed residential	34,061	13,075	11	77	3,278	75	440	4
Mortgage-backed commercial	4,801	2,432	-	2	-	2	-	-
Consumer asset-backed	5,820	3,086	10	19	-	19	21	-
Corporate asset-backed	19,980	9,981	-	123	13	140	-	-
Total global structured finance	81,587	39,447	21	283	3,296	291	498	78
Global public finance	39,259	21,346	-	220	-	267	4	-
Total insurance	<u>\$120,846</u>	<u>\$ 60,793</u>	<u>\$ 21</u>	<u>\$ 503</u>	<u>\$ 3,296</u>	<u>\$ 558</u>	<u>\$ 502</u>	<u>\$ 78</u>

(1) - Reported within "Investments" on MBIA's consolidated balance sheets.

(2) - Reported within "Premiums receivable" on MBIA's consolidated balance sheets.

(3) - Reported within "Insurance loss recoverable" on MBIA's consolidated balance sheets.

(4) - Reported within "Unearned premium revenue" on MBIA's consolidated balance sheets.

(5) - Reported within "Loss and loss adjustment expense reserves" on MBIA's consolidated balance sheets.

(6) - Reported within "Derivative liabilities" on MBIA's consolidated balance sheets.

The maximum exposure to loss as a result of MBIA's variable interests in VIEs is represented by insurance in force. Insurance in force is the maximum future payments of principal and interest, net of cessions to reinsurers, which may be required under commitments to make payments on insured obligations issued by nonconsolidated VIEs.

Other

During the first quarter of 2013, Trifinium Advisors (UK) Limited ("Trifinium") began managing a VIE that issues notes for the purpose of funding loans to the U.K. social housing sector. Assets of the VIE totaled approximately \$144 million as of September 30, 2013. Trifinium holds de minimis variable interests in the VIE, has no obligation or commitment to provide the financial support or liquidity to the VIE, and is not the primary beneficiary.

Consolidated VIEs

The carrying amounts of assets and liabilities of consolidated VIEs were \$6.4 billion and \$5.4 billion, respectively, as of September 30, 2013, and \$8.3 billion and \$7.3 billion, respectively, as of December 31, 2012. The carrying amounts of assets and liabilities are presented separately in "Assets of consolidated variable interest entities" and "Liabilities of consolidated variable interest entities" on the Company's consolidated balance sheets. Additional VIEs are consolidated or deconsolidated based on an ongoing reassessment of controlling financial interest, when events occur or circumstances arise, and whether the ability to exercise rights that constitute power to direct activities of any VIEs are present according to the design and characteristics of these entities. No additional VIEs were consolidated during the nine months ended September 30, 2013 and 2012. There were no net realized gains or losses recorded in the three months ended September 30, 2013 and 2012. During the nine months ended September 30, 2013, the Company recorded a net realized gain of \$1 million related to the deconsolidation of VIEs. There were no net realized gains or losses recorded in the nine months ended September 30, 2012.

Holders of insured obligations of issuer-sponsored VIEs related to the Company's structured finance and international insurance segment do not have recourse to the general assets of MBIA. In the event of nonpayment of an insured obligation issued by a consolidated VIE, the Company is obligated to pay principal and interest, when due, on the respective insured obligation only. The Company's exposure to consolidated VIEs is limited to the credit protection provided on insured obligations and any additional variable interests held by MBIA. Creditors of the conduits do not have recourse to the general assets of MBIA apart from the financial guarantee insurance policies provided by MBIA Corp. on insured obligations issued by the conduits.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves

Loss and Loss Adjustment Expense Process

U.S. Public Finance

U.S. public finance insured transactions consist of municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utility districts, airports, health care institutions, higher educational facilities, student loan issuers, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. The Company estimates future losses by utilizing probability-weighted scenarios that are customized to each insured transaction. Future loss estimates consider debt service due for each insured transaction, which includes par outstanding and interest due.

The Company has established loss and loss adjustment expense ("LAE") reserves and an insurance loss recoverable of \$94 million and \$17 million, respectively, as of September 30, 2013. During the nine months ended September 30, 2013, losses and LAE was \$105 million, primarily related to certain general obligation bonds and the loss related to the difference in the value of the salvage receivable previously recorded and the fair market value of the marketable securities received in connection with the restructuring of a gaming revenue transaction.

Certain local governments remain under extreme financial and budgetary stress and several have filed for protection under the United States Bankruptcy Code, or have entered into state statutory proceedings established to assist municipalities in managing through periods of severe fiscal stress. This could lead to an increase in defaults by such entities on the payment of their obligations and losses or impairments on a greater number of the Company's insured transactions. The Company monitors and analyzes these situations closely, however, the overall extent and duration of such events are uncertain. As of September 30, 2013, the Company had \$131.5 billion of gross par outstanding on general obligations, of which \$251 million was reflected on the Company's "Classified List." Capital appreciation bonds are reported at the par amount at the time of issuance of the insurance policy.

Structured Finance and International

As of September 30, 2013, the majority of the structured finance and international insurance segment's case basis reserves and insurance loss recoveries recorded in accordance with GAAP were related to insured second-lien and first-lien RMBS transactions. These reserves and recoveries do not include estimates for policies insuring credit derivatives and do not include losses and recoveries on financial guarantee VIEs that are eliminated in consolidation. Policies insuring credit derivative contracts are accounted for as derivatives and carried at fair value under GAAP. The fair values of insured derivative contracts are influenced by a variety of market and transaction-specific factors that may be unrelated to potential future claim payments under the Company's insurance policies. In the absence of credit impairments on insured derivative contracts or the early termination of such contracts at a loss, the cumulative unrealized losses recorded from fair valuing these contracts should reverse before or at the maturity of the contracts.

Notwithstanding the difference in accounting under GAAP for financial guarantee policies and the Company's insured derivatives, insured derivatives have similar terms, conditions, risks, and economic profiles to financial guarantee insurance policies, and therefore, are evaluated by the Company for loss (referred to as credit impairment herein) and LAE periodically in a manner similar to the way that loss and LAE reserves are estimated for financial guarantee insurance policies. Credit impairments represent actual payments and collections plus the present value of estimated expected future claim payments, net of recoveries. MBIA Insurance Corporation's expected future claim payments for insured derivatives were discounted using a rate of 5.72%, the same rate it used to calculate its statutory loss reserves as of September 30, 2013. These credit impairments, calculated in accordance with statutory accounting principles ("U.S. STAT"), differ from the fair values recorded in the Company's consolidated financial statements. The Company considers its credit impairment estimates as critical information for investors as it provides information about loss payments the Company expects to make on insured derivative contracts. As a result, the following loss and LAE process discussion includes information about loss and LAE activity recorded in accordance with GAAP for financial guarantee insurance policies and credit impairments estimated in accordance with U.S. STAT for insured derivative contracts. Refer to "Note 6: Fair Value of Financial Instruments" included herein for additional information about the Company's insured credit derivative contracts.

To date, the Company has resolved or agreed to resolve substantially all of its contract claims (referred to as "put-back" claims) related to those mortgage loans whose inclusion in insured securitizations failed to comply with representations and warranties ("ineligible loans"), with the exception of those ineligible loans securitized by Credit Suisse 2007-2 in the home equity mortgage trust ("HEMT") securitization. Credit Suisse has challenged the Company's assessment of the ineligibility of individual mortgage loans and the dispute is the subject of litigation for which there is no assurance that the Company will prevail.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

RMBS Case Basis Reserves and Recoveries (Financial Guarantees)

The Company's RMBS reserves and recoveries relate to financial guarantee insurance policies. The Company calculated RMBS case basis reserves as of September 30, 2013 for both second-lien and first-lien RMBS transactions using a process called the "Roll Rate Methodology." The Roll Rate Methodology is a multi-step process using a database of loan level information, a proprietary internal cash flow model, and a commercially available model to estimate expected ultimate cumulative losses on insured bonds. "Roll Rate" is defined as the probability that current loans become delinquent and that loans in the delinquent pipeline are charged-off or liquidated. Generally, Roll Rates are calculated for the previous three months and averaged. The loss reserve estimates are based on a probability-weighted average of three scenarios of loan losses (base case, stress case, and an additional stress case).

In calculating ultimate cumulative losses for RMBS, the Company estimates the amount of loans that are expected to be charged-off (deemed uncollectible by servicers of the transactions) or liquidated in the future. The Company assumes that charged-off loans have zero recovery values.

Second-lien RMBS Reserves

The Company's second-lien RMBS case basis reserves as of September 30, 2013 relate to RMBS backed by home equity lines of credit ("HELOC") and closed-end second mortgages ("CES").

The Roll Rates for 30-59 day delinquent loans and 60-89 day delinquent loans are calculated on a transaction-specific basis. The Company assumes that the Roll Rate for 90+ day delinquent loans, excluding foreclosures and Real Estate Owned ("REO") is 95%. The Roll Rates are applied to the amounts in the respective delinquency buckets based on delinquencies as of August 31, 2013 to estimate future losses from loans that are delinquent as of the current reporting period.

Roll Rates for loans that are current as of August 31, 2013 ("Current Roll to Loss") are also calculated on a transaction-specific basis. A proportion of loans reported current as of August 31, 2013 is assumed to become delinquent every month, at a Current Roll to Loss rate that persists at a high level for a time and subsequently starts to decline. A key assumption in the model is the period of time in which the Company projects high levels of Current Roll to Loss to persist. The Company runs multiple scenarios, each with varying periods of time, for which the high levels of Current Roll to Loss rates persist. Loss reserves are calculated by using a weighted average of these scenarios, with the majority of the probability assigned to stressful scenarios where the high levels of Current Roll to Loss rates persist for six or twenty four months before reverting to historic levels. In the base case scenario, the Company assumes that the Current Roll to Loss begins to decline immediately and continues to decline over the next six months to 25% of their levels as of August 31, 2013. For example, in the base case, as of August 31, 2013, if the amount of current loans which become 30-59 days delinquent is 10%, and recent performance suggests that 30% of those loans will be charged-off, the Current Roll to Loss for the transaction is 3%. In the base case, it is then assumed that the Current Roll to Loss will reduce linearly to 25% of its original value over the next six months (i.e., 3% will linearly reduce to 0.75% over the six months from September 2013 to February 2014). After that six-month period, the Company further reduces the Current Roll to Loss to 0% by early to mid-2014 with the expectation that the performing seasoned loans will eventually result in loan performance reverting to lower levels of default consistent with history.

In addition, in the Company's loss reserve models for transactions secured by HELOCs, the Company considers borrower draw and prepayment rates and factors that could affect the excess spread generated by current loans, which offsets losses and reduces payments. For HELOCs, the current three-month average draw rate is generally used to project future draws on the line. For HELOCs and transactions secured by fixed-rate CES, the three-month average conditional prepayment rate is generally used to start the projection for trends in voluntary principal prepayments. Due to the current volatility in mortgage prepayment rates, which influence mortgage refinancing and voluntary principal prepayment rates, the Company used historical average mortgage rates to model its loss reserves in the third quarter of 2013. Projected cash flows are also based on an assumed constant basis spread between floating rate assets and floating rate insured debt obligations (the difference between prime and London Interbank Offered Rate ("LIBOR") interest rates, minus any applicable fees). For all transactions, cash flow models consider allocations and other structural aspects of the transactions, including managed amortization periods, rapid amortization periods and claims against MBIA Corp.'s insurance policy consistent with such policy's terms and conditions. In developing multiple loss scenarios, stress is applied by elongating the Current Roll to Loss rate for various periods, simulating a slower improvement in the transaction performance. The estimated net claims from the procedure above are then discounted using a risk-free rate to a net present value reflecting MBIA's general obligation to pay claims over time and not on an accelerated basis. The above assumptions represent MBIA's probability-weighted estimates of how transactions will perform over time.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The Company monitors portfolio performance on a monthly basis against projected performance, reviewing delinquencies, Roll Rates, and prepayment rates (including voluntary and involuntary). However, loan performance remains difficult to predict and losses may exceed expectations. In the event of a material deviation in actual performance from projected performance, the Company would increase or decrease the case basis reserves accordingly. If actual performance were to remain at the peak levels for six additional months compared to the probability-weighted outcome currently used by the Company, the addition to the case basis reserves would be approximately \$85 million.

Second-lien RMBS Recoveries

The Company primarily records two types of recoveries related to insured second-lien RMBS exposures; recoveries related to put-back claims on ineligible mortgages and excess spread that is generated from performing loans in the insured transactions.

Ineligible Mortgage Loans

As of September 30, 2013, the Company recorded estimated recoveries of \$1.1 billion, gross of income taxes, related to second-lien RMBS put-back claims on ineligible mortgage loans, consisting of \$18 million included in "Insurance loss recoverable" and \$1.1 billion included in "Loan repurchase commitments" presented under the heading "Assets of consolidated variable interest entities" on the Company's consolidated balance sheets. As of September 30, 2013 and December 31, 2012, the Company's estimated recoveries after income taxes calculated at the federal statutory rate of 35%, were \$737 million and \$2.3 billion, respectively, which was 23% and 73% of the consolidated total shareholders' equity of MBIA, excluding preferred stock of subsidiaries and noncontrolling interests, respectively. As of September 30, 2013, the remaining estimated recoveries relate to the Company's claims based on ineligible mortgage loans asserted against Credit Suisse and the agreed to claims and recoveries against the bankruptcy estates of RFC, GMAC and ResCap as reflected in a disclosure statement filed in August of 2013.

On May 14, 2012, ResCap and its wholly-owned subsidiary companies, RFC and GMAC, each filed *for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code*. MBIA asserted claims based on the inclusion of ineligible loans against RFC, GMAC and ResCap, based upon the direct contractual relationship between the Company, RFC and GMAC.

As of May 23, 2013, Ally, ResCap, RFC, GMAC and the Consenting Claimants (which includes MBIA), among other parties, executed a term sheet and supplemental term sheet agreeing to, among other things, a settlement amount of \$796 million to be paid to MBIA as part of a proposed plan to resolve claims against Ally and RFC, GMAC and ResCap. In August of 2013, a disclosure statement filed indicated an increased expected recovery for MBIA of approximately \$828 million. The increased recovery was primarily due to the favorable disposition of assets and settlements of claims. The settlement and anticipated recoveries are consistent with the put-back recoveries recorded by the Company. The agreement will be implemented through a plan of reorganization in ResCap's Chapter 11 cases, subject to bankruptcy court approval. In June of 2013, the bankruptcy court issued a Memorandum Opinion approving the Plan. The Plan is subject to confirmation by the bankruptcy court, with confirmation hearings currently scheduled in November 2013. MBIA anticipates an initial distribution of funds to the Company and other claimants in late 2013 or early 2014. This anticipated timeline may change due to developments related to the Junior Secured Note litigation, which occurred in October of 2013, or other matters that develop in the course of events in the bankruptcy court plan confirmation process.

The Company continues to refine the indicative scenarios used to calculate put-back recoveries for ResCap based upon information received during the bankruptcy process. The Company has made additional adjustments to its recovery calculations related to ResCap in consideration of the agreed upon recovery amount as described in the executed term sheet, supplemental term sheet and plan support agreement submitted in motions filed in May of 2013. During the third quarter of 2013, MBIA made additional refinements to the probability assumptions utilized to calculate the Company's expected recoveries. The revisions were based upon the submission of documents related to the Plan.

In addition, the Company believes that it will prevail in enforcing its contractual put-back rights against Credit Suisse. Based on the Company's assessment of the strength of these claims, the Company believes it is entitled to collect the full amount of its incurred losses, and interest on amounts paid. However, uncertainty remains with respect to the ultimate outcome of the litigation with Credit Suisse, which is contemplated in the scenario based-modeling the Company utilizes. The Credit Suisse recovery scenarios are based on the amount of incurred losses measured against certain probabilities of ultimate resolution of the dispute with Credit Suisse over the inclusion of ineligible mortgage loans in the HEMT securitization. Most of the probability weight is assigned to partial recovery scenarios.

Expected cash inflows from put-back recoveries are discounted using the current risk-free discount rates associated with the underlying transaction's cash flows which ranged from 1.4% to 2.7%, depending upon the transaction's expected average life, which ranged from 5.0 years to 10.4 years.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The Company consistently reviews the approach and assumptions it applies to calculate put-back recoveries. The same transactional documents that provide the Company with its put-back rights against Credit Suisse also provide that the Company is entitled to reimbursement of interest on paid claims at a prescribed interest rate. Following Judge Jed Rakoff's decision on February 7, 2013 in the Assured Guaranty v. Flagstar case (Assured Guaranty Municipal Corp. v. Flagstar Bank, 11-cv-02375, U.S. District Court, Southern District of New York (Manhattan)), in which he confirmed Assured Guaranty's analogous right to recover contractual interest in addition to claims paid, the Company has refined its put-back recovery assumptions against Credit Suisse to increase the probability that it will be reimbursed for contractual interest owed on paid claims. Consistent with the Company's probability based put-back recovery calculations, it has determined the interest owed contemplating litigation risk and repayment risk, as well as the potential value in the context of a settlement. The Company continues to maintain that in the context of its put-back litigation, the Company is entitled to receive interest at the New York State statutory rate. However, the Company currently calculates its put-back recoveries using the contractual interest rate, which is lower than the New York State statutory rate.

To date, MBIA has either settled or agreed to settle the majority of the Company's put-back claims, with only Credit Suisse remaining as an outstanding dispute. The settlement amounts have been consistent with the put-back recoveries previously included in the Company's financial statements. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the BofA Settlement Agreement. Additional information on the status of the litigation against Credit Suisse can be found in the "Recovery Litigation" discussion within "Note 14: Commitments and Contingencies."

The Company's assessment of the remaining unsettled recoveries related to insured Credit Suisse second-lien RMBS is principally based on the following factors:

1. the settlement of the majority of the Company's put-back claims with sellers/servicers, including those with Bank of America and Flagstar Bank in May of 2013;
2. Assured Guaranty's favorable court ruling in its put-back litigation against Flagstar Bank, awarding it the vast majority of the claims paid on the relevant transactions plus interest, fees and expenses, as well as their subsequent settlement with Flagstar Bank, which resolved Assured Guaranty's put-back claims; and
3. the court rulings in MBIA's put-back litigations.

The Company continues to consider all relevant facts and circumstances, including the factors described above, in developing its assumptions on expected cash inflows, probability of potential recoveries (including the outcome of litigation) and recovery period. The estimated amount and likelihood of potential recoveries are expected to be revised and supplemented to the extent there are developments in the pending litigation and/or changes to the financial condition of Credit Suisse. While the Company believes it will be successful in realizing recoveries from contractual claims, the ultimate amounts recovered may be materially different from those recorded by the Company given the inherent uncertainty of the manner of resolving the claims (e.g., litigation) and the assumptions used in the required estimation process for accounting purposes which are based, in part, on judgments and other information that are not easily corroborated by historical data or other relevant benchmarks.

All of the Company's policies insuring second-lien RMBS for which litigation has been initiated against sellers/servicers are in the form of financial guarantee insurance contracts. In accordance with GAAP, the Company has not recorded a gain contingency with respect to pending litigation.

Excess Spread

As of September 30, 2013, the Company recorded estimated recoveries of \$756 million in reimbursement of past and future expected claims through excess spread in insured second-lien RMBS transactions. Of the expected reimbursement from excess spread, \$669 million is included in "Insurance loss recoverable" and \$87 million is included in "Loss and loss adjustment expense reserves" on the Company's consolidated balance sheets. Excess spread is generated by performing loans within insured RMBS securitizations and is the difference between interest inflows on mortgage loan collateral and interest outflows on insured beneficial interests. The amount of excess spread depends on the future delinquency and loss trends, future prime and LIBOR interest rates and borrower refinancing behavior, which results in voluntary prepayments.

First-lien RMBS Reserves

The Company's first-lien RMBS case basis reserves as of September 30, 2013, which primarily relate to RMBS backed by Alt-A and subprime mortgage loans, were determined using the Roll Rate Methodology. The Company assumes that the Roll Rate for loans in foreclosure, REO and bankruptcy are 90%, 90% and 75%, respectively. Roll Rates for current, 30-59 day delinquent loans, 60-89 day delinquent loans and 90+ day delinquent loans are calculated on a transaction-specific basis. The Current Roll to Loss rates stay at the August 31, 2013 level for one month before declining to 25% of this level over a 24-month period.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The Company estimates future losses by utilizing three different probability-weighted scenarios: base; stress; and additional stress. The three scenarios differ in the roll rates to loss of 90+ day delinquent loans. In the base scenario, the Company uses deal-specific roll rates obtained from historic loan level roll rate data. In the stress scenario, the Company assumes a 90% roll rate for all 90+ day delinquent loans. In the additional stress scenario, the roll rates for each deal are an average of the deal-specific roll rate used in the base scenario and the 90% rate. The Roll Rates are applied to the amounts in each deal's respective 90+ delinquency bucket based on delinquencies as of August 31, 2013 in order to estimate future losses from loans that are delinquent as of September 30, 2013.

In calculating ultimate cumulative losses for first-lien RMBS, the Company estimates the amount of loans that are expected to be liquidated through foreclosure or short sale. The time to liquidation for a defaulted loan is specific to the loan's delinquency bucket with the latest three-month average loss severities generally used to start the projection for trends in loss severities at loan liquidation. The loss severities are reduced over time to account for reduction in the amount of foreclosure inventory, anticipated future increases in home prices, principal amortization of the loan and government foreclosure moratoriums.

ABS CDOs (Financial Guarantees and Insured Derivatives)

MBIA's insured ABS CDOs are transactions that include a variety of collateral ranging from corporate bonds to structured finance assets (which includes but are not limited to RMBS related collateral, ABS CDOs, corporate CDOs and collateralized loan obligations). These transactions were insured as either financial guarantee insurance policies or credit derivatives with the majority currently insured in the form of financial guarantees. Since the fourth quarter of 2007, MBIA's insured par exposure within the ABS CDO portfolio has been substantially reduced through a combination of terminations and commutations. Accordingly, as of September 30, 2013, the insured par exposure of the ABS CDO financial guarantee insurance policies and credit derivatives portfolio has declined by approximately 96% of the insured amount as of December 31, 2007.

The Company's ABS CDOs originally benefited from two sources of credit enhancement. First, the subordination in the underlying securities collateralizing the transaction must be fully eroded and second, the subordination below the insured tranche in the CDO transaction must be fully eroded before the insured tranche is subject to a claim. The Company's payment obligations after a default are timely interest and ultimate principal.

The primary factor in estimating reserves on insured ABS CDO policies written as financial guarantee insurance policies and in estimating impairments on insured ABS CDO credit derivatives is the losses associated with the underlying collateral in the transactions. MBIA's approach to establishing reserves or impairments in this portfolio employs a methodology which is similar to other structured finance asset classes insured by MBIA. The Company utilizes up to a total of four probability-weighted scenarios in order to estimate its reserves or impairments for ABS CDOs.

As of September 30, 2013, the Company established loss and LAE reserves totaling \$87 million related to ABS CDO financial guarantee insurance policies after the elimination of \$196 million as a result of consolidating VIEs. For the nine months ended September 30, 2013, the Company had a benefit of \$47 million of losses and LAE recorded in earnings related to ABS CDO financial guarantee insurance policies after the elimination of a \$39 million benefit as a result of consolidating VIEs. In the event of further deteriorating performance of the collateral referenced or held in ABS CDO transactions, the amount of losses estimated by the Company could increase substantially.

Credit Impairments Related to Structured CMBS Pools, CRE CDOs and CRE Loan Pools (Financial Guarantees and Insured Derivatives)

Most of the structured CMBS pools, CRE CDOs and CRE loan pools insured by MBIA are accounted for as insured credit derivatives and are carried at fair value in the Company's consolidated financial statements. Since the Company's insured credit derivatives have similar terms, conditions, risks, and economic profiles to its financial guarantee insurance policies, the Company evaluates them for impairment in the same way that it estimates loss and LAE for its financial guarantee policies. The following discussion provides information about the Company's process for estimating credit impairments on these contracts using its statutory loss reserve methodology, determined as the present value of the probability-weighted potential future losses, net of estimated recoveries, across multiple scenarios, plus actual payments and collections.

The Company has developed multiple scenarios to consider the range of potential outcomes in the CRE market and their impact on MBIA. The approaches require substantial judgments about the future performance of the underlying loans, and include the following:

- The first approach considers the range of commutation agreements achieved over the past several years with multiple counterparties and results in an estimated price to commute the remaining policies. It is customized by counterparty and is dependent upon the level of dialogue with the counterparty and the credit quality and payment profile of the underlying exposure.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

- The second approach considers current delinquency rates and uses current and projected net operating income ("NOI") and capitalization rates ("Cap Rates") to project losses under two scenarios. These scenarios assume that property performance remains flat for the near term and then improves gradually. Additionally, certain large loans are reviewed individually so that performance and loss severity can be more accurately determined. Other loans are reviewed for factors that may mitigate potential performance. This approach utilizes two scenarios which vary in the levels of expected future defaults.
- The last approach is based on a proprietary model developed by reviewing performance data on over 80,000 securitized CRE loans originated between 1992 and 2011. The time period covered during the performance review includes the years 2006 through 2011 because they encompass a period of extreme stress in the economy and the CRE markets. The Company found property type and the debt service coverage ratio to be the most significant determinants of a loan's average annual default probability, and developed a model based on these factors. The Company then ran Monte Carlo simulations to estimate the timing of defaults and losses at the property level by applying property type-based Cap Rates to estimate the property's NOI.

The loss severities projected by these scenarios vary widely, from moderate to substantial losses. Actual losses will be a function of the proportion of loans in the pools that are foreclosed and liquidated and the loss severities associated with those liquidations. If the deductibles in the Company's insured transactions and underlying referenced CMBS transactions are fully eroded, additional property level losses upon foreclosures and liquidations could result in substantial losses for MBIA. Ultimate loss rates remain uncertain because many loans are still delinquent and have not yet been resolved, others have been modified and others do not mature for another three to four years at which time they will face the need to refinance. The Company assigns a wide range of probabilities to these scenarios and incorporates views that liquidations will continue to be mitigated by loan extensions and modifications, and that property values and NOIs have bottomed for many sectors and markets in the U.S. The weightings are customized for each counterparty. If macroeconomic stress were to increase or the U.S. enters into a recession, higher delinquencies, liquidations and/or higher severities of loss upon liquidation may result and the Company may incur substantial additional losses. The foreclosure and REO pipelines are still relatively robust, with several restructurings and liquidations yet to occur, so the range of possible outcomes is wider than those for the Company's exposures to ABS CDOs and second-lien RMBS. Prior to June 30, 2013, the Company incorporated an additional approach based on recent Roll Rates experienced within each of the commercial mortgage-backed index series. This actuarial approach was eliminated as a result of more emphasis being placed on loan-specific scenarios.

In the CRE CDO portfolio, transaction-specific structures require certain reporting and management protocols and often require the Company to incorporate these structural distinctions into its models. None of the CRE CDOs insured by the Company allow for reinvesting at this time, and many of the senior bonds have begun to amortize.

For the nine months ended September 30, 2013, the Company had a benefit of \$28 million of losses and LAE recorded in earnings related to CRE CDO financial guarantee insurance policies. For the nine months ended September 30, 2013, additional credit impairments and LAE for insured derivatives on structured CMBS pools, CRE CDOs and CRE loan pools were estimated to be \$487 million as a result of additional delinquencies and loan level liquidations, as well as continued refinements of MBIA's assessment of various commutation possibilities. The cumulative credit impairments and LAE on structured CMBS pools, CRE CDOs and CRE loan pools were estimated to be \$4.1 billion through September 30, 2013. Though the pace of increases in the delinquency rate has slowed, many loans are being modified and liquidations continue to take place. Loan level losses have ranged from 1% to 2%, to near complete losses, and in a few cases severities exceeded 100%. These liquidations have led to bond level losses which have reduced the level of enhancement to the individual CMBS bonds referenced by the insured structured CMBS pools and in certain cases have resulted in deductible erosion. Bond level enhancement and pool level deductibles are structural features intended to mitigate losses to the Company, however, some of the transactions reference similar rated subordinate tranches of CMBS bonds. When there are broad-based declines in property performance, this leverage can result in rapid deterioration in pool performance. Beginning in the second quarter of 2013, the Company paid claims on a CMBS pool transaction that experienced deterioration such that all remaining deductible was eliminated.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 5: Loss and Loss Adjustment Expense Reserves (continued)
Loss and LAE Activity
Financial Guarantee Insurance Losses (Non-Derivative)

The Company's financial guarantee insurance losses and LAE for the nine months ended September 30, 2013 are presented in the following table:

Losses and LAE

In millions	Nine Months Ended September 30, 2013			
	Second-lien RMBS	First-lien RMBS	Other ⁽¹⁾	Total
Losses and LAE related to actual and expected payments	\$ 85	\$ 12	\$ 108	\$ 205
Recoveries of actual and expected payments	(177)	(11)	76	(112)
Gross losses incurred	(92)	1	184	93
Reinsurance	-	-	(1)	(1)
Losses and LAE	<u>\$ (92)</u>	<u>\$ 1</u>	<u>\$ 183</u>	<u>\$ 92</u>

(1) - Includes ABS CDOs, CMBS, U.S. public finance and other issues.

The losses and LAE related to actual and expected payments included in the preceding table primarily related to \$108 million in other exposures, including \$86 million of losses related to U.S. public finance transactions primarily related to certain general obligation issues. The second-lien RMBS losses and LAE related to actual and expected payments comprise net increases of previously established reserves. The recoveries of actual and expected payments were primarily related to second-lien RMBS recoveries of \$177 million, including \$316 million in recoveries primarily resulting from ineligible mortgage loans included in insured exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgages, partially offset by a \$139 million reduction in excess spread. Partially offsetting increases in second-lien RMBS recoveries of actual and expected payments were decreases of \$76 million related to other issues primarily resulting from a reversal of recoveries related to high yield corporate CDOs.

The following table provides information about the financial guarantees and related claim liability included in each of MBIA's surveillance categories as of September 30, 2013:

\$ in millions	Surveillance Categories				
	Caution List Low	Caution List Medium	Caution List High	Classified List	Total
Number of policies	89	20	6	192	307
Number of issues ⁽¹⁾	31	15	5	135	186
Remaining weighted average contract period (in years)	10.8	5.3	9.6	9.6	9.8
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$5,686	\$1,099	\$ 65	\$ 8,332	\$15,182
Interest	3,998	279	32	4,819	9,128
Total	<u>\$9,684</u>	<u>\$1,378</u>	<u>\$ 97</u>	<u>\$13,151</u>	<u>\$24,310</u>
Gross claim liability	\$ -	\$ -	\$ -	\$ 1,504	\$ 1,504
Less:					
Gross potential recoveries	-	-	-	1,264	1,264
Discount, net	-	-	-	272	272
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32)</u>	<u>\$ (32)</u>
Unearned premium revenue	\$ 129	\$ 20	\$ 1	\$ 101	\$ 251

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by MBIA.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The following table provides information about the financial guarantees and related claim liability included in each of MBIA's surveillance categories as of December 31, 2012:

\$ in millions	Surveillance Categories				
	Cautious List Low	Cautious List Medium	Cautious List High	Classified List	Total
Number of policies	54	25	10	206	295
Number of issues ⁽¹⁾	29	15	10	136	190
Remaining weighted average contract period (in years)	8.1	4.0	7.6	9.5	8.7
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$4,250	\$1,176	\$ 373	\$ 9,458	\$15,257
Interest	2,721	256	120	5,264	8,361
Total	<u>\$6,971</u>	<u>\$1,432</u>	<u>\$ 493</u>	<u>\$14,722</u>	<u>\$23,618</u>
Gross claim liability	\$ -	\$ -	\$ -	\$ 1,589	\$ 1,589
Less:					
Gross potential recoveries	-	-	-	4,109	4,109
Discount, net	-	-	-	229	229
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,749)</u>	<u>\$ (2,749)</u>
Unearned premium revenue	\$ 142	\$ 11	\$ 3	\$ 122	\$ 278

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by MBIA.

The gross claim liability as of September 30, 2013 and December 31, 2012 in the preceding tables represents the Company's estimate of undiscounted probability-weighted future claim payments, which principally relate to insured first and second-lien RMBS transactions and U.S. public finance transactions. The gross potential recoveries represent the Company's estimate of undiscounted probability-weighted recoveries of actual claim payments and recoveries of estimated future claim payments, and principally relate to insured second-lien RMBS transactions and U.S. public finance transactions. The Company's recoveries have been, and remain based on either salvage rights, the rights conferred to MBIA through the transactional documents (inclusive of the insurance agreement), or subrogation rights embedded within financial guarantee insurance policies. Expected salvage and subrogation recoveries, as well as recoveries from other remediation efforts, reduce the Company's claim liability. Once a claim payment has been made, the claim liability has been satisfied and MBIA's right to recovery is no longer considered an offset to future expected claim payments, it is recorded as a salvage asset. The amount of recoveries recorded by the Company is limited to paid claims plus the present value of projected future claim payments. As claim payments are made, the recorded amount of potential recoveries may exceed the remaining amount of the claim liability for a given policy. The gross claim liability and gross potential recoveries reflect the elimination of claim liabilities and potential recoveries related to VIEs consolidated by the Company.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The following table presents the components of the Company's loss and LAE reserves and insurance loss recoverable as reported on the Company's consolidated balance sheets as of September 30, 2013 and December 31, 2012 for insured obligations within MBIA's "Classified List." The loss reserves (claim liability) and insurance claim loss recoverable included in the following table represent the present value of the probability-weighted future claim payments and recoveries reported in the preceding tables.

In millions	As of September 30, 2013	As of December 31, 2012
Loss reserves (claim liability)	\$ 635	\$ 790
LAE reserves	53	63
Loss and LAE reserves	\$ 688	\$ 853
Insurance claim loss recoverable	\$ (737)	\$ (3,610)
LAE insurance loss recoverable	(5)	(38)
Insurance loss recoverable	\$ (742)	\$ (3,648)
Reinsurance recoverable on unpaid losses	\$ 7	\$ 14
Reinsurance recoverable on paid losses	-	1
Reinsurance recoverable on paid and unpaid losses	\$ 7	\$ 15

As of September 30, 2013, loss and LAE reserves include \$1.0 billion of reserves for expected future payments offset by expected recoveries of such future payments of \$326 million. As of December 31, 2012, loss and LAE reserves included \$1.2 billion of reserves for expected future payments offset by expected recoveries of such future payments of \$332 million. As of September 30, 2013, the insurance loss recoverable principally related to expected future recoveries on second-lien RMBS transactions resulting from expected excess spread generated by performing loans in such transactions. As of December 31, 2012, the insurance loss recoverable principally related to estimated recoveries of payments made by the Company resulting from ineligible mortgage loans in certain insured second-lien residential mortgage loan securitizations that are subject to a contractual obligation by the sellers/servicers to repurchase or replace the ineligible mortgage loans and expected future recoveries on second-lien RMBS transactions resulting from expected excess spread generated by performing loans in such transactions.

To date, as a result of the Bank of America and Flagstar Bank settlements, as well as the agreement between Consenting Claimants, ResCap and Ally, in the ResCap bankruptcy proceeding discussed above, the Company expects to be reimbursed for the majority of its potential recoveries related to ineligible mortgage loans by the end of 2013 or early 2014, which are primarily included in "Loan repurchase commitments" presented under the heading "Assets of consolidated variable interest entities" on the Company's consolidated balance sheets.

For the nine months ended September 30, 2013, the Company collected approximately \$2.9 billion, net of reinsurance, of which \$2.8 billion, net of reinsurance, related to insured second-lien RMBS transactions. The Company made payments of \$372 million, of which \$166 million related to insured second-lien RMBS transactions and \$134 million related to U.S. public finance issues.

For the nine months ended September 30, 2013, the decrease in insurance loss recoverable related to paid losses totaled \$2.9 billion, and primarily resulted from the collections of previously established recoveries related to the settlement with Bank of America on the ineligible mortgage loans related to insured second-lien RMBS transactions.

The following table presents the amounts of the Company's second-lien RMBS exposure, gross undiscounted claim liability and potential recoveries related to non-consolidated VIEs and consolidated VIEs, included in the Company's "Classified List," as of September 30, 2013.

Second-lien RMBS Exposure		Outstanding		Gross Undiscounted	
\$ in billions	Issues	Gross Principal	Gross Interest	Claim Liability	Potential Recoveries
Non-consolidated VIEs	23	\$ 3.6	\$ 1.3	\$ 0.2	\$ 0.9
Consolidated VIEs	11	\$ 1.8	\$ 0.7	\$ 0.1	\$ 1.4

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The following table presents changes in the Company's loss and LAE reserves for the nine months ended September 30, 2013. Changes in the loss and LAE reserves attributable to the accretion of the claim liability discount, changes in discount rates, changes in the timing and amounts of estimated payments and recoveries, changes in assumptions and changes in LAE reserves are recorded in "Losses and loss adjustment" expenses in the Company's consolidated statements of operations. As of September 30, 2013, the weighted average risk-free rate used to discount the Company's loss reserves (claim liability) was 2.11%. LAE reserves are expected to be settled within a one-year period and are not discounted.

In millions	Changes in Loss and LAE Reserves for the Nine Months Ended September 30, 2013							Gross Loss and LAE Reserves as of September 30, 2013
	Gross Loss and LAE Reserves as of December 31, 2012	Loss Payments for Cases with Reserves	Accretion of Claim Liability Discount	Changes in Discount Rates	Changes in Assumptions	Changes in Unearned Premium Revenue	Changes in LAE Reserves	Other ⁽¹⁾
	\$ 853	\$ (293)	\$ 10	\$ (71)	\$ 116	\$ 2	\$ (10)	\$ 81
								\$ 688

(1) - Primarily changes in amount and timing of payments.

The decrease in the Company's gross loss and LAE reserves reflected in the preceding table was primarily due to a decrease in reserves related to loss payments on insured first and second-lien RMBS securitizations and U.S. public finance issues, partially offset by changes in assumptions.

Current period changes in the Company's estimate of potential recoveries may be recorded as an insurance loss recoverable asset, netted against the gross loss and LAE reserve liability, or both. The following table presents changes in the Company's insurance loss recoverable and changes in recoveries on unpaid losses reported within the Company's claim liability for the nine months ended September 30, 2013. Changes in insurance loss recoverable attributable to the accretion of the discount on the recoverable, changes in discount rates, changes in the timing and amounts of estimated collections, changes in assumptions and changes in LAE recoveries are recorded in "Losses and loss adjustment" expenses in the Company's consolidated statements of operations.

In millions	Changes in Insurance Loss Recoverable and Recoveries on Unpaid Losses for the Nine Months Ended September 30, 2013							Gross Reserve as of September 30, 2013
	Gross Reserve as of December 31, 2012	Collections for Cases with Recoveries	Accretion of Recoveries	Changes in Discount Rates	Changes in Assumptions	Changes in LAE Recoveries	Other ⁽¹⁾	
Insurance loss recoverable	\$ 3,648	\$ (2,981)	\$ 16	\$ (25)	\$ 129	\$ (33)	\$ (12)	\$ 742
Recoveries on unpaid losses	332	-	4	(27)	15	2	-	326
Total	\$ 3,980	\$ (2,981)	\$ 20	\$ (52)	\$ 144	\$ (31)	\$ (12)	\$ 1,068

(1) Primarily changes in amount and timing of collections.

The Company's insurance loss recoverable decreased during 2013 primarily due to recoveries associated with issues outstanding as of December 31, 2012, which related to the settlement with Bank of America on the ineligible mortgage loans included in insured second-lien residential mortgage securitization exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgages. Recoveries on unpaid losses decreased primarily due to changes in discount rates, partially offset by changes in assumptions.

The following table presents the Company's total estimated recoveries from ineligible mortgage loans included in certain insured second-lien mortgage loan securitizations as of September 30, 2013. The total estimated recoveries from ineligible mortgage loans of \$1.1 billion include \$18 million recorded as "Insurance loss recoverable" and \$1.1 billion recorded as "Loan repurchase commitments" presented under the heading "Assets of consolidated variable interest entities" on the Company's consolidated balance sheets.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

In millions						
Total Estimated Recoveries from Ineligible Mortgage Loans as of December 31, 2012	Accretion of Future Collections	Changes in Discount Rates	Recoveries (Collections)	Changes in Assumptions	Other ⁽¹⁾	Total Estimated Recoveries from Ineligible Mortgage Loans as of September 30, 2013
\$ 3,583	\$ 20	\$ (7)	\$ (2,897)	\$ 433	\$ 1	\$ 1,133

(1) Primarily changes in amount and timing of collections.

The decrease in the Company's total estimated recoveries from ineligible mortgage loans in the preceding table primarily resulted from the collections of previously established recoveries related to the settlement with Bank of America and Flagstar Bank on the ineligible mortgage loans related to insured second-lien RMBS securitizations.

Remediation actions may involve, among other things, waivers or renegotiations of financial covenants or triggers, waivers of contractual provisions, the granting of consents, transfer of servicing, consideration of restructuring plans, acceleration, security or collateral enforcement, actions in bankruptcy or receivership, litigation and similar actions. The types of remedial actions pursued are based on the insured obligation's risk type and the nature and scope of the event giving rise to the remediation. As part of any such remedial actions, MBIA seeks to improve its security position and to obtain concessions from the issuer of the insured obligation. From time to time, the issuer of an MBIA-insured obligation may, with the consent of MBIA, restructure the insured obligation by extending the term, increasing or decreasing the par amount or decreasing the related interest rate, with MBIA insuring the restructured obligation.

Costs associated with remediating insured obligations assigned to the Company's "Caution List—Low," "Caution List—Medium," "Caution List—High" and "Classified List" are recorded as LAE. LAE is primarily recorded as part of the Company's provision for its loss reserves and included in "Losses and loss adjustment" expenses on the Company's consolidated statements of operations. The following table presents the gross expenses related to remedial actions for insured obligations:

In millions	Nine Months Ended September 30,	
	2013	2012
Loss adjustment expense incurred, gross	\$ 31	\$ 113

Note 6: Fair Value of Financial Instruments

Fair Value Measurement

Fair value is a market-based measure considered from the perspective of a market participant. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those which it believes market participants would use in pricing an asset or liability at the measurement date. The fair value measurements of financial instruments held or issued by the Company are determined through the use of observable market data when available. Market data is obtained from a variety of third-party sources, including dealer quotes. If dealer quotes are not available for an instrument that is infrequently traded, the Company uses alternate valuation methods, including either dealer quotes for similar instruments or modeling using market data inputs. The use of alternate valuation methods generally requires considerable judgment in the application of estimates and assumptions and changes to such estimates and assumptions may produce materially different fair values.

The accounting guidance for fair value measurement establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available and reliable. Observable inputs are those the Company believes that market participants would use in pricing an asset or liability based on available market data. Unobservable inputs are those that reflect the Company's beliefs about the assumptions market participants would use in pricing an asset or liability based on the best information available. The fair value hierarchy is broken down into three levels based on the observability and reliability of inputs, as follows:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company can access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail any degree of judgment.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 2 assets include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, securities which are priced using observable inputs and derivative contracts whose values are determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3—Valuations based on inputs that are unobservable and supported by little or no market activity and that are significant to the overall fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques where significant inputs are unobservable, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The availability of observable inputs can vary from product to product and period to period and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the product. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the Company assigns the level in the fair value hierarchy for which the fair value measurement in its entirety falls, based on the least observable input that is significant to the fair value measurement.

Financial Assets (excluding derivative assets)

Financial assets, excluding derivative assets, held by the Company primarily consist of investments in debt securities. Substantially all of the Company's investments are priced by independent third parties, including pricing services and brokers. Typically the Company receives one pricing service value or broker quote for each instrument, which represents a non-binding indication of value. The Company reviews the assumptions, inputs and methodologies used by pricing services and brokers to obtain reasonable assurance that the prices used in its valuations reflect fair value. When the Company believes a third-party quotation differs significantly from its internally developed expectation of fair value, whether higher or lower, the Company reviews its data or assumptions with the provider. This review includes comparing significant assumptions such as prepayment speeds, default ratios, forward yield curves, credit spreads and other significant quantitative inputs to internal assumptions, and working with the price provider to reconcile the differences. The price provider may subsequently provide an updated price. In the event that the price provider does not update its price, and the Company still does not agree with the price provided, the Company will try to obtain a price from another third-party provider, such as a broker, or use an internally developed price which it believes represents the fair value of the investment. The fair values of investments for which internal prices were used were not significant to the aggregate fair value of the Company's investment portfolio as of September 30, 2013 or December 31, 2012. All challenges to third-party prices are reviewed by staff of the Company with relevant expertise to ensure reasonableness of assumptions.

In addition to challenging pricing assumptions, the Company obtains reports from the independent accountants for significant third-party pricing services attesting to the effectiveness of the controls over data provided to the Company. These reports are obtained annually and are reviewed by the Company to ensure key controls are applied by the pricing services, and that appropriate user controls are in place at the third-party pricing services organization to ensure proper measurement of the fair values of its investments. In the event that any controls in these reports are deemed as ineffective by independent accountants, the Company will take the necessary actions to ensure that internal user controls are in place to mitigate the control risks. No deficiencies were noted for significant third-party pricing services used.

Financial Liabilities (excluding derivative liabilities)

Financial liabilities, excluding derivative liabilities, issued by the Company primarily consist of investment agreements and medium-term notes ("MTNs") within its wind-down operations, debt issued for general corporate purposes and debt in VIEs. Investment agreements, MTNs, and corporate debt are typically recorded at face value adjusted for premiums or discounts. Financial liabilities that the Company has elected to fair value or that require fair value reporting or disclosures are valued based on the estimated value of the underlying collateral, the Company's or a third-party's estimate of discounted cash flow model estimates, or quoted market values for similar products. These valuations include adjustments for expected nonperformance risk of the Company.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 6: Fair Value of Financial Instruments (continued)

Derivative Liabilities

The Company's derivative liabilities are primarily insured credit derivatives that reference structured pools of cash securities and CDSs. The Company generally insured the most senior liabilities of such transactions, and at the inception of transactions its exposure generally had more subordination than needed to achieve triple-A ratings from credit rating agencies. The types of collateral underlying its insured derivatives consist of cash securities and CDSs referencing primarily corporate, asset-backed, residential mortgage-backed, commercial mortgage-backed, CRE loans, and CDO securities.

The Company's insured credit derivative contracts are non-traded structured credit derivative transactions. Since insured derivatives are highly customized and there is generally no observable market for these derivatives, the Company estimates their fair values in a hypothetical market based on internal and third-party models simulating what a similar company would charge to assume the Company's position in the transaction at the measurement date. This pricing would be based on the expected loss of the exposure. The Company reviews its valuation model results on a quarterly basis to assess the appropriateness of the assumptions and results in light of current market activity and conditions. This review is performed by internal staff with relevant expertise. If live market spreads or securities prices are observable for similar transactions, those spreads are an integral part of the analysis. New insured transactions that resemble existing (previously insured) transactions, if any, would be considered, as well as negotiated settlements of existing transactions.

The Company may from time to time make changes in its valuation techniques if the change results in a measurement that it believes is equally or more representative of fair value under current circumstances.

Internal Review Process

All significant financial assets and liabilities, including derivative assets and liabilities, are reviewed by committees created by the Company to ensure compliance with the Company's policies and risk procedures in the development of fair values of financial assets and liabilities. These valuation committees review, among other things, key assumptions used for internally developed prices, significant changes in sources and uses of inputs, including changes in model approaches, and any adjustments from third-party inputs or prices to internally developed inputs or prices. The committees also review any significant impairment or improvements in fair values of the financial instruments from prior periods. From time to time, these committees will reach out to the Company's valuation experts to better understand key methods and assumptions used for the determination of fair value, including understanding significant changes in fair values. These committees are comprised of senior finance team members with the relevant experience in the financial instruments their committee is responsible for. For each quarter, these committees document their agreement with the fair values developed by management of the Company as reported in the quarterly and annual financial statements.

Valuation Techniques

Valuation techniques for financial instruments measured at fair value or disclosed at fair value are described below.

Fixed-Maturity Securities (including short-term investments) Held as Available-For-Sale, Fixed-Maturity Securities at Fair Value, Investments Pledged as Collateral, Investments Held-to-Maturity, and Other Investments

Fixed-maturity securities (including short-term investments) held as AFS, fixed-maturity securities at fair value, investments pledged as collateral, and other investments include investments in U.S. Treasury and government agencies, foreign governments, corporate obligations, mortgage-backed securities ("MBS") and ABS (including CMBS and CDOs), state and municipal bonds and perpetual debt and equity securities (including money market mutual funds).

These investments are generally valued based on recently executed transaction prices or quoted market prices. When quoted market prices are not available, fair value is generally determined using quoted prices of similar investments or a valuation model based on observable and unobservable inputs. Inputs vary depending on the type of investment. Observable inputs include contractual cash flows, interest rate yield curves, CDS spreads, prepayment and volatility scores, diversity scores, cross-currency basis index spreads, and credit spreads for structures similar to the financial instrument in terms of issuer, maturity and seniority. Unobservable inputs include cash flow projections and the value of any credit enhancement.

The fair value of the held-to-maturity ("HTM") investments is determined using discounted cash flow models. Key inputs include unobservable cash flows projected over the expected term of the investment discounted using observable interest rate yield curves of similar securities.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Investments based on quoted market prices of identical investments in active markets are classified as Level 1 of the fair value hierarchy. Level 1 investments generally consist of U.S. Treasury and foreign government and agency investments. Quoted market prices of investments in less active markets, as well as investments which are valued based on other than quoted prices for which the inputs are observable, such as interest rate yield curves, are categorized in Level 2 of the fair value hierarchy. Investments that contain significant inputs that are not observable are categorized as Level 3.

Cash and Cash Equivalents, Receivable for Investments Sold, Net Cash Collateral Pledged to Swap Counterparties, Payable for Investments Purchased, Secured Loan and Accrued Investment Income

The carrying amounts of cash and cash equivalents, receivable for investments sold, net cash collateral pledged to swap counterparties, payable for investments purchased, secured loan and accrued investment income approximate fair values due to the short-term nature and credit worthiness of these instruments.

Loans Receivable at Fair Value

Loans receivable at fair value are comprised of loans held by consolidated VIEs consisting of residential mortgage loans, commercial mortgage loans and other whole business loans. Fair values of residential mortgage loans are determined using quoted prices for MBS issued by the respective VIE and adjustments for the fair values of the financial guarantees provided by MBIA Corp. on the related MBS. Fair values of commercial mortgage loans and other whole business loans are valued based on quoted prices of similar collateralized MBS. Loans receivable at fair value are categorized in Level 3 of the fair value hierarchy.

Loan Repurchase Commitments

Loan repurchase commitments are obligations owed by the sellers/servicers of mortgage loans to either MBIA as reimbursement of paid claims or to the RMBS trusts as defined in the transaction documents. Loan repurchase commitments are assets of the consolidated VIEs. This asset represents the rights of MBIA against the sellers/servicers for breaches of representations and warranties that the securitized residential mortgage loans sold to the trust to comply with stated underwriting guidelines and for the sellers/servicers to cure, replace, or repurchase mortgage loans. Fair value measurements of loan repurchase commitments represent the amounts owed by the sellers/servicers to MBIA as reimbursement of paid claims. Loan repurchase commitments are not securities and no quoted prices or comparable market transaction information are observable or available. Loan repurchase commitments at fair value are categorized in Level 3 of the fair value hierarchy. Fair values of loan repurchase commitments are determined using discounted cash flow techniques based on inputs including:

- breach rates representing the rate at which the sellers/servicers failed to comply with stated representations and warranties;
- recovery rates representing the estimates of future cash flows for the asset, including estimates about possible variations in the amount of cash flows expected to be collected;
- expectations about possible variations in the timing of collections of the cash flows; and
- time value of money, represented by the rate on risk-free monetary assets.

Investment Agreements

The fair values of investment agreements are determined using discounted cash flow techniques based on contractual cash flows and observable interest rates currently being offered for similar agreements with comparable maturity dates. Investment agreements contain collateralization and termination agreements that substantially mitigate the nonperformance risk of the Company. As the terms of the notes are private, and the contract cash flows are not observable, these investment agreements are categorized as Level 3 of the fair value hierarchy.

Medium-Term Notes

The fair values of certain MTNs are based on quoted market prices provided by third-party sources, where available. When quoted market prices are not available, the Company applies a matrix pricing grid based on the quoted market prices received and the MTNs' stated maturity and interest rate to determine fair value. Nonperformance risk is included in the quoted market prices and the matrix pricing grid.

The Company has elected to record these MTNs at fair value as they contain embedded derivatives which cannot accurately be separated from the host debt instrument and fair valued separately, therefore, these MTNs are carried at fair value with changes in fair value reflected in earnings. The remaining MTNs, which are not carried at fair value, do not contain embedded derivatives.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

As these MTNs are illiquid and the prices reflect significant unobservable inputs, they are categorized as Level 3 of the fair value hierarchy.

Variable Interest Entity Notes

The fair values of VIE notes are determined based on recently executed transaction prices or quoted prices where observable. When position-specific quoted prices are not observable, fair values are based on quoted prices of similar securities. Fair values based on quoted prices of similar securities may be adjusted for factors unique to the securities, including any credit enhancement. When observable quoted prices are not available, fair value is determined based on discounted cash flow techniques of the underlying collateral using observable and unobservable inputs. Observable inputs include interest rate yield curves and bond spreads of similar securities. Unobservable inputs include the value of any credit enhancement. VIE notes are categorized in Level 2 or Level 3 of the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety.

Long-term Debt

Long-term debt consists of notes, debentures, surplus notes and accrued interest on this debt. The fair value of long-term notes, debentures and surplus notes are estimated based on quoted prices for the identical or similar securities. The fair value of the accrued interest expense on the surplus notes due 2033 is determined based on the scheduled interest payments discounted by the market's perception of the credit risk related to the repayment of the surplus notes. The credit risk related to the repayment of the surplus notes is based on recent trades of the surplus notes. The deferred interest payment will be due on the first business day on or after which the Company obtains approval to make such payment.

The carrying amounts of accrued interest expense on all other long-term debt approximate fair value due to the short-term nature of these instruments.

Derivatives—Asset/Liability Products

The asset/liability products business has entered into derivative transactions primarily consisting of interest rate swaps, cross currency swaps, and CDS contracts. Fair values of over-the-counter derivatives are determined using valuation models based on observable inputs, nonperformance risk of the Company's own credit and nonperformance risk of the counterparties. Observable and market-based inputs include interest rate yields, credit spreads and volatilities. These derivatives are categorized in Level 2 or Level 3 of the fair value hierarchy based on the input that is significant to the fair value measurement in its entirety.

The Company has policies and procedures in place regarding counterparties, including review and approval of the counterparty and the Company's exposure limit, collateral posting requirements, collateral monitoring and margin calls on collateral. The Company manages counterparty credit risk on an individual counterparty basis through master netting arrangements covering derivative transactions in the asset/liability products and corporate segments. These agreements allow the Company to contractually net amounts due from a counterparty with those amounts due to such counterparty when certain triggering events occur. The Company only executes swaps under master netting agreements, which typically contain mutual credit downgrade provisions that generally provide the ability to require assignment or termination in the event either the Company or the counterparty is downgraded below a specified credit rating. The netting agreements minimize the potential for losses related to credit exposure and thus serve to mitigate the Company's nonperformance risk under these derivatives.

In certain cases, the Company also manages credit risk through collateral agreements that give the Company the right to hold or the obligation to provide collateral when the current market value of derivative contracts exceeds an exposure threshold. Under these arrangements, the Company may provide U.S. Treasury and other highly rated securities or cash to secure the derivative. The delivery of high-quality collateral can minimize credit exposure and mitigate the potential for nonperformance risk impacting the fair values of the derivatives.

Derivatives—Insurance

The derivative contracts insured by the Company cannot be legally traded and generally do not have observable market prices. The Company determines the fair values of insured credit derivatives using valuation models. The fair valuation models are consistently applied from period to period, with refinements to the fair value estimation approach being applied as and when the information becomes available. Negotiated settlements are also considered when determining fair value to provide the best estimate of how another market participant would evaluate fair value.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 6: Fair Value of Financial Instruments (continued)

Approximately 98% of the balance sheet fair value of insured credit derivatives as of September 30, 2013 was valued based on the Binomial Expansion Technique ("BET") Model. Approximately 2% of the balance sheet fair value of insured credit derivatives as of September 30, 2013 was valued based on the internally developed Direct Price Model and the dual-default model. The valuation of insured derivatives includes the impact of its credit standing. All of these derivatives are categorized as Level 3 of the fair value hierarchy as their fair value is derived using significant unobservable inputs.

Description of the BET Model

1. Valuation Model Overview

The BET Model estimates what a bond insurer would charge to guarantee a transaction at the measurement date, based on the market-implied default risk of the underlying collateral and the remaining structural protection in a deductible or subordination.

Inputs to the process of determining fair value for structured transactions using the BET Model include estimates of collateral loss, allocation of loss to separate tranches of the capital structure, and calculation of the change in value.

- Estimates of aggregated collateral losses are calculated by reference to the following (described in further detail under "BET Model Inputs" below):
 - credit spreads of underlying collateral based on actual spreads or spreads on similar collateral with similar ratings, or in some cases, are benchmarked; for collateral pools where the spread distribution is characterized by extremes, each segment of the pool is modeled separately instead of using an overall pool average;
 - diversity score of the collateral pool as an indication of correlation of collateral defaults; and
 - recovery rate for all defaulted collateral.
- Allocation of losses to separate tranches of the capital structure according to priority of payments in a transaction.
- The inception-to-date unrealized gain or loss on a transaction is the difference between the original price of the risk (the original market-implied expected loss) and the current price of the risk based on the assumed market-implied expected losses derived from the model.

Additional structural assumptions of the BET Model are:

- Default probabilities are determined by three factors: MBIA Corp.'s credit spread, MBIA Corp.'s recovery rate after default, and the time period under risk;
- Frequencies of defaults are modeled evenly over time;
- Collateral assets are generally considered on an average basis rather than being modeled on an individual basis; and
- Collateral asset correlation is modeled using a diversity score which is calculated based on industry or sector concentrations. Recovery rates are based on historical averages and updated based on market evidence.

2. BET Model Inputs

a. Credit spreads

The average spread of collateral is a key input as the Company assumes credit spreads reflect the market's assessment of default probability for each piece of collateral. Spreads are obtained from market data sources published by third parties (e.g., dealer spread tables for assets most closely resembling collateral within the Company's transactions) as well as collateral-specific spreads on the underlying reference obligations provided by trustees or market sources. Also, when these sources are not available, the Company benchmarks spreads for collateral against market spreads or prices. This data is reviewed on an ongoing basis for reasonableness and applicability to the Company's derivative portfolio. The Company also calculates spreads based on quoted prices and on internal assumptions about expected life, when pricing information is available and spread information is not.

The Company uses the spread hierarchy listed below in determining which source of spread information to use, with the rule being to use CDS spreads where available and cash security spreads as the next alternative.

Spread Hierarchy:

- Collateral-specific credit spreads when observable;
- Sector-specific spread tables by asset class and rating;

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 6: Fair Value of Financial Instruments (continued)

- Corporate spreads, including Bloomberg spread tables based on rating; and
- Benchmark from most relevant market source when corporate spreads are not directly relevant.

There were some transactions where the Company incorporated multiple levels within the hierarchy, including using actual collateral-specific credit spreads in combination with a calculated spread based on an assumed relationship. In those cases, MBIA classified the transaction as being benchmarked from the most relevant spread source even though the majority of the average spread was from actual collateral-specific spreads. As of September 30, 2013, sector-specific spreads were used in 8% of the transactions valued using the BET Model. Corporate spreads were used in 50% of the transactions and spreads benchmarked from the most relevant spread source were used for 42% of the transactions. The spread source can also be identified by whether or not it is based on collateral weighted average rating factor ("WARF"). No collateral-specific spreads are based on WARF. Sector-specific spreads, corporate spreads and some benchmarked spreads are based on WARF. WARF-sourced and/or ratings-sourced credit spreads were used for 76% of the transactions.

Over time, the data inputs change as new sources become available, existing sources are discontinued or are no longer considered to be reliable or the most appropriate. It is always the Company's objective to use more observable spread hierarchies defined above. However, the Company may on occasion move to less observable spread inputs due to the discontinuation of data sources or due to the Company considering certain spread inputs no longer representative of market spreads.

b. Diversity Scores

Diversity scores are a means of estimating the diversification in a portfolio. The diversity score estimates the number of uncorrelated assets that are assumed to have the same loss distribution as the actual portfolio of correlated assets. While diversity score is a required input into the BET model, due to current high levels of default within the collateral of the structures, diversity score does not have a significant impact on valuation.

c. Recovery Rate

The recovery rate represents the percentage of par expected to be recovered after an asset defaults, indicating the severity of a potential loss. MBIA generally uses rating agency recovery assumptions which may be adjusted to account for differences between the characteristics and performance of the collateral used by the rating agencies and the actual collateral in MBIA-insured transactions. The Company may also adjust rating agency assumptions based on the performance of the collateral manager and on empirical market data.

d. Nonperformance Risk

The Company's valuation methodology for insured credit derivative liabilities incorporates MBIA Corp.'s own nonperformance risk. The Company calculates the fair value by discounting the market value loss estimated through the BET Model at discount rates which include MBIA Corp.'s CDS spreads as of September 30, 2013. The CDS spreads assigned to each deal are based on the weighted average life of the deal. The Company limits the nonperformance impact so that the derivative liability could not be lower than MBIA Corp.'s recovery derivative price multiplied by the unadjusted derivative liability.

Overall Model Results

As of September 30, 2013 and December 31, 2012, the Company's net insured derivative liability was \$1.4 billion and \$2.9 billion, respectively, and was primarily related to the fair values of insured credit derivatives, based on the results of the aforementioned pricing models. In the current environment, the most significant driver of changes in fair value is MBIA Corp.'s nonperformance risk. In aggregate, the nonperformance calculation resulted in a pre-tax net insured derivative liability that was \$548 million and \$4.4 billion lower than the net liability that would have been estimated if MBIA Corp. excluded nonperformance risk in its valuation as of September 30, 2013 and December 31, 2012, respectively. Nonperformance risk is a fair value concept and does not contradict MBIA Corp.'s internal view, based on fundamental credit analysis of MBIA Corp.'s economic condition, that MBIA Corp. will be able to pay all claims when due.

Warrants

Stock warrants issued by the Company are recorded at fair value based on a modified Black-Scholes model. Inputs into the warrant valuation include interest rates, stock volatilities and dividend data. As all significant inputs are market-based and observable, warrants are categorized in Level 2 of the fair value hierarchy.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Financial Guarantees

Gross Financial Guarantees—The fair value of gross financial guarantees is determined using discounted cash flow techniques based on inputs that include (i) assumptions of expected losses on financial guarantee policies where loss reserves have not been recognized, (ii) amount of losses expected on financial guarantee policies where loss reserves have been established, net of expected recoveries, (iii) the cost of capital reserves required to support the financial guarantee liability, (iv) operating expenses, and (v) discount rates. The MBIA Corp. CDS spread and recovery rate are used as the discount rate for MBIA Corp., while the CDS spread and recovery rate of a similar municipal bond insurance company are used as the discount rate for National, as National does not have a published CDS spread and recovery rate.

The carrying value of the Company's gross financial guarantees consists of unearned premium revenue and loss and LAE reserves, net of the insurance loss recoverable as reported on MBIA's consolidated balance sheets.

Ceded Financial Guarantees—The fair value of ceded financial guarantees is determined by applying the percentage ceded to reinsurers to the related fair value of the gross financial guarantees. The carrying value of ceded financial guarantees consists of prepaid reinsurance premiums and reinsurance recoverable on paid and unpaid losses as reported within "Other assets" on the Company's consolidated balance sheets.

Significant Unobservable Inputs

The following tables provide quantitative information regarding the significant unobservable inputs used by the Company for assets and liabilities measured at fair value on a recurring basis as of September 30, 2013 and December 31, 2012. These tables exclude inputs used to measure fair value that are not developed by the Company, such as broker prices and other third-party pricing service valuations.

In millions	Fair Value as of September 30, 2013	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Assets of consolidated VIEs:				
Loans receivable at fair value	\$ 1,704	Quoted market prices adjusted for financial guarantees provided to VIE obligations	Impact of financial guarantee	0% -17% (4%)
Loan repurchase commitments	1,116	Discounted cash flow	Recovery rates	0% - 98% (81%)
Liabilities of consolidated VIEs:				
Variable interest entity notes	745	Quoted market prices of VIE assets adjusted for financial guarantees provided	Impact of financial guarantee	0% - 27% (10%)
Credit derivative liabilities, net:				
CMBS	956	BET Model	Recovery rates	25% - 90% (60%)
			Nonperformance risk	12% - 57% (28%)
			Weighted average life (in years)	1.4 - 28.3 (3.5)
			CMBS spreads	1% - 27% (13%)
Multi-sector CDO	16	Direct Price Model	Nonperformance risk	57% - 57% (57%)
Other	391	BET Model	Recovery rates	42% - 70% (46%)
			Nonperformance risk	18% - 31% (27%)
			Weighted average life (in years)	0.2 - 3.8 (2.2)

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value as of December 31, 2012	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Assets of consolidated VIEs:				
Loans receivable at fair value	\$ 1,881	Quoted market prices adjusted for financial guarantees provided to VIE obligations	Impact of financial guarantee	0% - 14% (3%)
Loan repurchase commitments	1,086	Discounted cash flow	Recovery rates Breach rates	10% - 75% (47%) 66% - 94% (78%)
Liabilities of consolidated VIEs:				
Variable interest entity notes	1,932	Quoted market prices of VIE assets adjusted for financial guarantees provided	Impact of financial guarantee	0% - 23% (6%)
Credit derivative liabilities, net:				
CMBS	1,590	BET Model	Recovery rates Nonperformance risk Weighted average life (in years) CMBS spreads	21% - 90% (51%) 19% - 59% (58%) 0.1 - 5.6 (4.4) 1% - 23% (13%)
Multi-sector CDO	525	Direct Price Model	Nonperformance risk	59% - 59% (59%)
Other	806	BET Model	Recovery rates Nonperformance risk Weighted average life (in years)	42% - 75% (47%) 42% - 59% (58%) 0.1 - 19.6 (3.0)

Sensitivity of Significant Unobservable Inputs

The significant unobservable input used in the fair value measurement of the Company's loans receivable at fair value of consolidated VIEs is the impact of the financial guarantee. The fair value of loans receivable is calculated by subtracting the value of the financial guarantee from the market value of VIE liabilities. The value of a financial guarantee is estimated by the Company as the present value of expected cash payments under the policy. As expected cash payments provided by the Company under the insurance policy increase, there is a lower expected cash flow on the underlying loans receivable of the VIE. This results in a lower fair value of the loans receivable in relation to the obligations of the VIE.

The significant unobservable inputs used in the fair value measurement of the Company's loan repurchase commitments of consolidated VIEs are the recovery rates. Recovery rates reflect the estimates of future cash flows reduced for litigation delays and risks and/or potential financial distress of the sellers/servicers. The estimated recoveries of the loan repurchase commitments may differ from the actual recoveries that may be received in the future. Significant increases or decreases in the recovery rates would result in significantly higher or lower fair values of the loan repurchase commitments, respectively. Additionally, changes in the legal environment and the ability of the counterparties to pay would impact the recovery rate assumptions, which could significantly impact the fair value measurement.

The significant unobservable input used in the fair value measurement of the Company's VIE notes of consolidated VIEs is the impact of the financial guarantee. The fair value of VIE notes is calculated by adding the value of the financial guarantee to the market value of VIE assets. The value of a financial guarantee is estimated by the Company as the present value of expected cash payments under the policy. As the value of the guarantee provided by the Company to the obligations issued by the VIE increases, the credit support adds value to the liabilities of the VIE. This results in an increase in the fair value of the liabilities of the VIE.

The significant unobservable inputs used in the fair value measurement of MBIA Corp.'s CMBS credit derivatives, which are valued using the BET Model, are CMBS spreads, recovery rates, nonperformance risk and weighted average life. The CMBS spread is an indicator of credit risk of the collateral securities. The recovery rate represents the percentage of notional expected to be recovered after an asset defaults, indicating the severity of a potential loss. The nonperformance risk is an assumption of MBIA Corp.'s own ability to pay and whether MBIA Corp. will have the necessary resources to pay the obligations as they come due. Weighted average life is based on the Company's estimate of when the principal of the underlying collateral of the CMBS structure will be repaid. A significant increase or decrease in CMBS spreads would result in an increase or decrease in the fair value of the derivative liability, respectively. A significant increase in weighted average life can result in an increase or decrease in the fair value of the derivative liability, depending on the discount rate and the timing of significant losses. Any significant increase or decrease in recovery rates, or MBIA Corp.'s nonperformance risk would result in a decrease or increase in the fair value of the derivative liabilities, respectively. CMBS spreads, recovery rates, nonperformance risk and weighted average lives are determined independently. Changes in one input will not necessarily have any impact on the other inputs.

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Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

The significant unobservable input used in the fair value measurement of MBIA Corp.'s multi-sector CDO credit derivatives, which are valued using the Direct Price Model, is nonperformance risk. The nonperformance risk is an assumption of MBIA Corp.'s own ability to pay and whether MBIA Corp. will have the necessary resources to pay the obligations as they come due. Any significant increase or decrease in MBIA Corp.'s nonperformance risk would result in a decrease or increase in the fair value of the derivative liabilities, respectively.

The significant unobservable inputs used in the fair value measurement of MBIA Corp.'s other credit derivatives, which are valued using the BET Model, are recovery rates, nonperformance risk and weighted average life. The recovery rate represents the percentage of notional expected to be recovered after an asset defaults, indicating the severity of a potential loss. The nonperformance risk is an assumption of MBIA Corp.'s own ability to pay and whether MBIA Corp. will have the necessary resources to pay the obligations as they come due. Weighted average life is based on MBIA Corp.'s estimate of when the principal of the underlying collateral will be repaid. A significant increase in weighted average life can result in an increase or decrease in the fair value of the derivative liability, depending on the discount rate and the timing of significant losses. Any significant increase or decrease in recovery rates or MBIA Corp.'s nonperformance risk would result in a decrease or increase in the fair value of the derivative liabilities, respectively. Recovery rates, nonperformance risk and weighted average lives are determined independently. Changes in one input will not necessarily have any impact on the other inputs.

Fair Value Measurements

The following tables present the fair value of the Company's assets (including short-term investments) and liabilities measured and reported at fair value on a recurring basis as of September 30, 2013 and December 31, 2012:

In millions	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Counterparty and Cash Collateral Netting	Balance as of September 30, 2013
Assets:					
Fixed-maturity investments:					
U.S. Treasury and government agency	\$ 424	\$ 137	\$ -	\$ -	\$ 561
State and municipal bonds	-	1,551	62 ⁽¹⁾	-	1,613
Foreign governments	87	109	5 ⁽¹⁾	-	201
Corporate obligations	-	1,717	47 ⁽¹⁾	-	1,764
Mortgage-backed securities:					
Residential mortgage-backed agency	-	945	17 ⁽¹⁾	-	962
Residential mortgage-backed non-agency	-	79	-	-	79
Commercial mortgage-backed	-	26	14 ⁽¹⁾	-	40
Asset-backed securities:					
Collateralized debt obligations	-	70	88 ⁽¹⁾	-	158
Other asset-backed	-	89	57 ⁽¹⁾	-	146
Total fixed-maturity investments	511	4,723	290	-	5,524
Money market securities	910	3	-	-	913
Perpetual debt and equity securities	27	14	11 ⁽¹⁾	-	52
Cash and cash equivalents	1,057	-	-	-	1,057
Derivative assets:					
Non-insured derivative assets:					
Interest rate derivatives	-	57	-	(53)	4
Total derivative assets	-	57	-	(53)	4

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Counterparty and Cash Collateral Netting	Balance as of September 30, 2013
Assets of consolidated VIEs:					
Corporate obligations	-	46	48 ⁽¹⁾	-	94
Mortgage-backed securities:					
Residential mortgage-backed non-agency	-	255	4 ⁽¹⁾	-	259
Commercial mortgage-backed	-	103	2 ⁽¹⁾	-	105
Asset-backed securities:					
Collateralized debt obligations	-	33	20 ⁽¹⁾	-	53
Other asset-backed	-	65	50 ⁽¹⁾	-	115
Money market securities	156	-	-	-	156
Cash	46	-	-	-	46
Loans receivable	-	-	1,704	-	1,704
Loan repurchase commitments	-	-	1,116	-	1,116
Total assets	\$ 2,707	\$ 5,299	\$ 3,245	\$ (53)	\$ 11,198
Liabilities:					
Medium-term notes	\$ -	\$ -	\$ 204 ⁽¹⁾	\$ -	\$ 204
Derivative liabilities:					
Insured derivatives:					
Credit derivatives	-	7	1,363	-	1,370
Non-insured derivatives:					
Interest rate derivatives	-	195	-	(195)	-
Currency derivatives	-	1	-	(1)	-
Other liabilities:					
Warrants	-	48	-	-	48
Liabilities of consolidated VIEs:					
Variable interest entity notes	-	1,681	745	-	2,426
Derivative liabilities:					
Currency derivatives	-	-	15 ⁽¹⁾	-	15
Total liabilities	\$ -	\$ 1,932	\$ 2,327	\$ (196)	\$ 4,063

(1) - Unobservable inputs are either not developed by the Company or do not significantly impact the overall fair values of the aggregate financial assets and liabilities.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Counterparty and Cash Collateral Netting	Balance as of December 31, 2012
Assets:					
Fixed-maturity investments:					
U.S. Treasury and government agency	\$ 784	\$ 100	\$ -	\$ -	\$ 884
State and municipal bonds	-	1,429	103 ⁽¹⁾	-	1,532
Foreign governments	86	107	3 ⁽¹⁾	-	196
Corporate obligations	-	1,140	76 ⁽¹⁾	-	1,216
Mortgage-backed securities:					
Residential mortgage-backed agency	-	988	-	-	988
Residential mortgage-backed non-agency	-	94	4 ⁽¹⁾	-	98
Commercial mortgage-backed	-	20	28 ⁽¹⁾	-	48
Asset-backed securities:					
Collateralized debt obligations	-	65	31 ⁽¹⁾	-	96
Other asset-backed	-	119	26 ⁽¹⁾	-	145
Total fixed-maturity investments	870	4,062	271	-	5,203
Money market securities	585	8	-	-	593
Perpetual debt and equity securities	23	20	14 ⁽¹⁾	-	57
Cash and cash equivalents	814	-	-	-	814
Derivative assets:					
Non-insured derivative assets:					
Interest rate derivatives	-	89	5 ⁽¹⁾	(90)	4
Total derivative assets	-	89	5	(90)	4

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Counterparty and Cash Collateral Netting	Balance as of December 31, 2012
Assets of consolidated VIEs:					
State and municipal bonds	-	41	-	-	41
Corporate obligations	-	215	78 ⁽¹⁾	-	293
Mortgage-backed securities:					
Residential mortgage-backed non-agency	-	869	6 ⁽¹⁾	-	875
Commercial mortgage-backed	-	410	7 ⁽¹⁾	-	417
Asset-backed securities:					
Collateralized debt obligations	-	215	125 ⁽¹⁾	-	340
Other asset-backed	-	120	64 ⁽¹⁾	-	184
Money market securities	210	-	-	-	210
Cash	176	-	-	-	176
Loans receivable	-	-	1,881	-	1,881
Loan repurchase commitments	-	-	1,086	-	1,086
Total assets	\$ 2,678	\$ 6,049	\$ 3,537	\$ (90)	\$ 12,174
Liabilities:					
Medium-term notes	\$ -	\$ -	\$ 165 ⁽¹⁾	\$ -	\$ 165
Derivative liabilities:					
Insured derivatives:					
Credit derivatives	-	13	2,921	-	2,934
Non-insured derivatives:					
Interest rate derivatives	-	287	4 ⁽¹⁾	(293)	(2)
Currency derivatives	-	1	1 ⁽¹⁾	-	2
Other liabilities:					
Warrants	-	6	-	-	6
Liabilities of consolidated VIEs:					
Variable interest entity notes	-	1,727	1,932	-	3,659
Derivative liabilities:					
Interest rate derivatives	-	141	-	-	141
Currency derivatives	-	-	21 ⁽¹⁾	-	21
Total liabilities	\$ -	\$ 2,175	\$ 5,044	\$ (293)	\$ 6,926

(1) - Unobservable inputs are either not developed by the Company or do not significantly impact the overall fair values of the aggregate financial assets and liabilities.

Level 3 assets at fair value, as of September 30, 2013 and December 31, 2012 represented approximately 29% of total assets measured at fair value. Level 3 liabilities at fair value, as of September 30, 2013 and December 31, 2012 represented approximately 57% and 73%, respectively, of total liabilities measured at fair value.

The following tables present the fair values and carrying values of the Company's assets and liabilities that are disclosed at fair value but not reported at fair value on the Company's consolidated balance sheets as of September 30, 2013 and December 31, 2012:

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Balance as of September 30, 2013	Carry Value Balance as of September 30, 2013
Assets:					
Other investments	\$ -	\$ -	\$ 6	\$ 6	\$ 6
Accrued investment income ⁽¹⁾	44	-	-	44	44
Receivable for investments sold ⁽¹⁾	23	-	-	23	23
Net cash collateral pledged ⁽¹⁾	62	-	-	62	62
Assets of consolidated VIEs:					
Investments held-to-maturity	-	-	2,566	2,566	2,809
Total assets	\$ 129	\$ -	\$ 2,572	\$ 2,701	\$ 2,944
Liabilities:					
Investment agreements	\$ -	\$ -	\$ 902	\$ 902	\$ 760
Medium-term notes	-	-	1,035	1,035	1,350
Long-term debt	10	1,282	-	1,292	1,677
Payable for investments purchased ⁽²⁾	150	-	-	150	150
Secured loan ⁽²⁾	-	-	50	50	50
Liabilities of consolidated VIEs:					
Variable interest entity notes	-	-	2,689	2,689	2,959
Total liabilities	\$ 160	\$ 1,282	\$ 4,676	\$ 6,118	\$ 6,946
Financial Guarantees:					
Gross	\$ -	\$ -	\$ 3,097	\$ 3,097	\$ 2,490
Ceded	-	-	69	69	77

(1) - Reported within "Other assets" on MBIA's consolidated balance sheets.

(2) - Reported within "Other liabilities" on MBIA's consolidated balance sheets.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Balance as of December 31, 2012	Carry Value Balance as of December 31, 2012
Assets:					
Other investments	\$ -	\$ -	\$ 9	\$ 9	\$ 9
Accrued investment income ⁽¹⁾	43	-	-	43	43
Receivable for investments sold ⁽¹⁾	17	-	-	17	17
Net cash collateral pledged ⁽¹⁾	66	-	-	66	66
Assets of consolidated VIEs:					
Investments held-to-maturity	-	-	2,674	2,674	2,829
Total assets	\$ 126	\$ -	\$ 2,683	\$ 2,809	\$ 2,964
Liabilities:					
Investment agreements	\$ -	\$ -	\$ 1,175	\$ 1,175	\$ 944
Medium-term notes	-	-	860	860	1,433
Long-term debt	9	702	-	711	1,732
Payable for investments purchased ⁽²⁾	50	-	-	50	50
Liabilities of consolidated VIEs:					
Variable interest entity notes	-	-	3,147	3,147	3,465
Total liabilities	\$ 59	\$ 702	\$ 5,182	\$ 5,943	\$ 7,624
Financial Guarantees:					
Gross	\$ -	\$ -	\$ 650	\$ 650	\$ 143
Ceded	-	-	97	97	91

(1) - Reported within "Other assets" on MBIA's consolidated balance sheets.

(2) - Reported within "Other liabilities" on MBIA's consolidated balance sheets.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

The following tables present information about changes in Level 3 assets (including short-term investments) and liabilities measured at fair value on a recurring basis for the three months ended September 30, 2013 and 2012:

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2013

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets still held as of September 30, 2013
Assets:													
Foreign governments	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3)	\$ -	\$ 5	\$ -	\$ 5	\$ -
Corporate obligations	63	(7)	1	7	2	-	-	(14)	(6)	1	-	47	1
Residential mortgage-backed agency	3	-	-	-	-	-	-	-	-	17	(3)	17	-
Residential mortgage-backed non- agency	1	-	-	-	-	-	-	-	-	-	(1)	-	-
Commercial mortgage-backed	13	-	-	-	-	-	-	(1)	-	2	-	14	-
Collateralized debt obligations	85	-	-	7	-	-	-	(3)	-	10	(11)	88	-
Other asset-backed	64	-	-	(5)	-	-	-	(4)	-	3	(1)	57	-
State and municipal bonds	63	-	-	-	-	-	-	(1)	-	-	-	62	-
Perpetual debt and equity securities	10	-	-	-	1	-	-	-	-	-	-	11	-
Assets of consolidated VIEs:													
Corporate obligations	48	-	-	-	-	-	-	-	-	-	-	48	-
Residential mortgage-backed non- agency	2	-	-	-	-	-	-	-	-	2	-	4	-
Commercial mortgage-backed	4	-	(1)	-	-	-	-	(1)	-	-	-	2	-
Collateralized debt obligations	35	-	1	-	-	-	-	(4)	-	-	(12)	20	(1)
Other asset-backed	63	-	(7)	-	-	-	-	(1)	-	1	(6)	50	(1)
Loans receivable	1,790	-	(12)	-	-	-	-	(74)	-	-	-	1,704	(12)
Loan repurchase commitments	1,115	-	1	-	-	-	-	-	-	-	-	1,116	1
Total assets	\$ 3,362	\$ (7)	\$ (17)	\$ 9	\$ 3	\$ -	\$ -	\$ (106)	\$ (6)	\$ 41	\$ (34)	\$ 3,245	\$ (12)

In millions	Balance, Beginning of Period	Realized (Gains) / Losses	Unrealized (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized (Gains) Losses for the Period Included in Earnings for Liabilities still held as of September 30, 2013
Liabilities:													
Medium-term notes	\$ 188	\$ -	\$ 9	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204	\$ 17
Credit derivatives, net	1,648	28	(285)	-	-	-	-	(28)	-	-	-	1,363	(285)
Interest rate derivatives, net	-	-	-	-	-	-	-	-	-	-	-	-	(15)
Liabilities of consolidated VIEs:													
VIE notes	824	-	(6)	-	-	-	-	(73)	-	-	-	745	(6)
Currency derivatives, net	16	-	-	-	(1)	-	-	-	-	-	-	15	(1)
Total liabilities	\$ 2,676	\$ 28	\$ (282)	\$ -	\$ 6	\$ -	\$ -	\$ (101)	\$ -	\$ -	\$ -	\$ 2,327	\$ (290)

(1) - Transferred in and out at the end of the period.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)
Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2012

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets still held as of September 30, 2012
Assets:													
Foreign governments	\$ 12	\$ -	\$ -	\$ -	\$ 1	\$ 9	\$ -	\$ (10)	\$ -	\$ -	\$ -	\$ 12	\$ -
Corporate obligations	98	-	4	(2)	-	2	-	(13)	-	10	(8)	91	3
Residential mortgage-backed agency	4	-	-	-	-	-	-	(1)	-	-	(3)	-	-
Residential mortgage-backed non- agency	33	(1)	-	2	-	-	-	(5)	-	1	(23)	7	-
Commercial mortgage-backed	27	-	-	1	-	1	-	-	-	1	-	30	-
Collateralized debt obligations	29	(4)	-	9	-	-	-	(4)	-	4	(4)	30	-
Other asset-backed	69	(2)	-	2	-	1	-	(1)	-	4	-	73	-
State and municipal bonds	25	-	-	-	-	-	-	(2)	-	71	-	94	-
Perpetual debt and equity securities	13	-	1	-	-	-	-	-	-	-	-	14	-
Assets of consolidated VIEs:													
Corporate obligations	95	-	(10)	-	-	-	-	(2)	-	3	(3)	83	1
Residential mortgage-backed non- agency	10	-	-	-	-	-	-	(1)	-	2	(3)	8	-
Commercial mortgage-backed	12	-	1	-	-	-	-	-	-	-	-	13	1
Collateralized debt obligations	140	-	(5)	2	-	-	-	(1)	-	37	-	173	(2)
Other asset-backed	42	-	(1)	-	-	-	-	(5)	-	30	-	66	1
Loans receivable	1,903	-	61	-	-	-	-	(72)	-	-	-	1,892	61
Loan repurchase commitments	1,032	-	19	-	-	-	-	-	-	-	-	1,051	19
Total assets	\$ 3,544	\$ (7)	\$ 70	\$ 14	\$ 1	\$ 13	\$ -	\$ (117)	\$ -	\$ 163	\$ (44)	\$ 3,637	\$ 84

In millions	Balance, Beginning of Period	Realized (Gains) / (Losses)	Unrealized (Gains) / (Losses) Included in Earnings	Unrealized (Gains) / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized (Gains) (Losses) for the Period Included in Earnings for Liabilities still held as of September 30, 2012
Liabilities:													
Medium-term notes	\$ 151	\$ -	\$ 14	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168	\$ 14
Credit derivatives, net	3,285	(12)	32	-	-	-	-	12	-	-	-	3,317	33
Interest rate derivatives, net	(4)	-	-	-	-	-	-	-	-	4	-	-	5
Currency derivatives, net	-	-	-	-	-	-	-	-	-	1	-	1	-
Liabilities of consolidated VIEs:													
VIE notes	1,867	-	128	-	-	-	-	(110)	-	-	-	1,885	128
Currency derivatives, net	21	-	2	-	-	-	-	-	-	-	-	23	2
Total liabilities	\$ 5,320	\$ (12)	\$ 176	\$ -	\$ 3	\$ -	\$ -	\$ (98)	\$ -	\$ 5	\$ -	\$ 5,394	\$ 182

(1) - Transferred in and out at the end of the period.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

Transfers into and out of Level 3 were \$41 million and \$34 million, respectively, for the three months ended September 30, 2013. Transfers into and out of Level 2 were \$34 million and \$41 million, respectively, for the three months ended September 30, 2013. Transfers into Level 3 were principally related to RMBS agency, CDOs and foreign governments, where inputs, which are significant to their valuation, became unobservable during the quarter. CDOs and other ABS, comprised the majority of the transferred instruments out of Level 3 where inputs, which are significant to their valuation, became observable during the quarter. These inputs included spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

Transfers into and out of Level 3 were \$168 million and \$44 million, respectively, for the three months ended September 30, 2012. Transfers into and out of Level 2 were \$44 million and \$168 million, respectively, for the three months ended September 30, 2012. Transfers into Level 3 were principally related to state and municipal bonds, CDOs, other ABS and corporate obligations where inputs, which are significant to their valuation, became unobservable during the quarter. RMBS non-agency and corporate obligations comprised the majority of the transferred instruments out of Level 3 where inputs, which are significant to their valuation, became observable during the quarter. These inputs included spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

All Level 1, 2 and 3 designations are made at the end of each accounting period.

The following tables present information about changes in Level 3 assets (including short-term investments) and liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2013 and 2012:

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2013

In millions	Balance, Beginning of Year	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets still held as of September 30, 2013
Assets:													
Foreign governments	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11)	\$ -	\$ 16	\$ (3)	\$ 5	\$ -
Corporate obligations	76	(5)	6	11	-	1	-	(14)	(29)	1	-	47	6
Residential mortgage-backed agency	-	-	-	-	-	-	-	-	-	20	(3)	17	-
Residential mortgage-backed non- agency	4	-	-	-	-	-	-	(3)	-	-	(1)	-	-
Commercial mortgage-backed	28	-	-	4	-	-	-	(2)	(18)	3	(1)	14	-
Collateralized debt obligations	31	(2)	-	11	-	61	-	(14)	(5)	28	(22)	88	1
Other asset-backed	26	-	-	(5)	-	3	-	(9)	-	47	(5)	57	-
State and municipal bonds	103	2	-	(1)	-	-	-	(4)	(12)	42	(68)	62	-
Perpetual debt and equity securities	14	-	-	-	-	-	-	-	-	-	(3)	11	-
Assets of consolidated VIEs:													
Corporate obligations	78	(4)	(7)	6	-	-	-	(3)	(25)	3	-	48	-
Residential mortgage-backed non- agency	6	-	6	-	-	-	-	(7)	-	3	(4)	4	-
Commercial mortgage-backed	7	-	(1)	-	-	-	-	-	(24)	20	-	2	1
Collateralized debt obligations	125	-	(8)	5	-	-	-	(5)	(84)	1	(14)	20	2
Other asset-backed	64	-	(7)	-	-	-	-	(10)	(2)	11	(6)	50	3
Loans receivable	1,881	-	208	-	-	-	-	(211)	(174)	-	-	1,704	194
Loan repurchase commitments	1,086	-	140	-	-	-	-	(110)	-	-	-	1,116	140
Total assets	\$ 3,532	\$ (9)	\$ 337	\$ 31	\$ -	\$ 65	\$ -	\$ (403)	\$ (373)	\$ 195	\$ (130)	\$ 3,245	\$ 347

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

In millions	Balance, Beginning of Year	Realized (Gains) / Losses	Unrealized (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized (Gains) Losses for the Period Included in Earnings for Liabilities still held as of September 30, 2013
Liabilities:													
Medium-term notes	\$ 165	\$ -	\$ 34	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204	\$ 39
Credit derivatives, net	2,921	1,548	(1,562)	-	-	-	-	(1,548)	-	4	-	1,363	301
Interest rate derivatives, net	(1)	-	2	-	-	-	-	-	-	-	(1)	-	(21)
Currency derivatives, net	1	-	-	-	-	-	-	-	-	-	(1)	-	-
Liabilities of consolidated VIEs:													
VIE notes	1,932	-	140	-	-	-	-	(251)	(1,076)	-	-	745	53
Currency derivatives, net	21	-	(5)	-	(1)	-	-	-	-	-	-	15	(6)
Total liabilities	\$ 5,039	\$ 1,548	\$ (1,391)	\$ -	\$ 4	\$ -	\$ -	\$ (1,799)	\$ (1,076)	\$ 4	\$ (2)	\$ 2,327	\$ 366

(1) - Transferred in and out at the end of the period.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2012

In millions	Balance, Beginning of Year	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets still held as of September 30, 2012
Assets:													
Foreign governments	\$ 11	\$ -	\$ -	\$ -	\$ 1	\$ 22	\$ -	\$ (19)	\$ (3)	\$ -	\$ -	\$ 12	\$ -
Corporate obligations	207	(15)	9	24	-	18	-	(29)	(140)	25	(8)	91	8
Residential mortgage-backed agency	8	-	-	1	-	-	-	(1)	-	4	(12)	-	-
Residential mortgage-backed non-agency	17	(1)	-	(1)	-	-	-	(11)	(3)	31	(25)	7	-
Commercial mortgage-backed	24	-	-	5	-	1	-	-	-	1	(1)	30	-
Collateralized debt obligations	60	(9)	-	18	-	-	-	(12)	(10)	14	(31)	30	-
Other asset-backed	317	(58)	-	71	-	5	-	(11)	(250)	5	(6)	73	-
State and municipal bonds	28	-	-	-	-	-	-	(5)	-	71	-	94	-
Perpetual debt and equity securities	11	-	1	1	-	-	-	-	-	4	(3)	14	-
Assets of consolidated VIEs:													
Corporate obligations	69	-	(15)	(6)	-	28	-	(5)	-	15	(3)	83	3
Residential mortgage-backed non-agency	21	-	6	-	-	-	-	(5)	(15)	5	(4)	8	3
Commercial mortgage-backed	22	-	3	-	-	-	-	(3)	(8)	5	(6)	13	2
Collateralized debt obligations	203	-	(5)	(1)	-	-	-	(1)	(74)	51	-	173	5
Other asset-backed	67	-	4	-	-	4	-	(8)	(35)	34	-	66	5
Loans receivable	2,046	-	52	-	-	-	-	(204)	(2)	-	-	1,892	52
Loan repurchase commitments	1,077	-	(26)	-	-	-	-	-	-	-	-	1,051	(26)
Total assets	\$ 4,188	\$ (83)	\$ 29	\$ 112	\$ 1	\$ 78	\$ -	\$ (314)	\$ (540)	\$ 265	\$ (99)	\$ 3,637	\$ 52

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

In millions	Balance, Beginning of Year	Realized (Gains) / Losses	Unrealized (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized (Gains) Losses for the Period Included in Earnings for Liabilities still held as of September 30, 2012
Liabilities:													
Medium-term notes	\$ 165	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168	\$ 4
Credit derivatives, net	4,790	420	(1,473)	-	-	-	-	(420)	-	-	-	3,317	(538)
Interest rate derivatives, net	(3)	-	(1)	-	-	-	-	-	-	4	-	-	12
Currency derivatives, net	-	-	-	-	-	-	-	-	-	1	-	1	-
Liabilities of consolidated VIEs:													
VIE notes	2,889	-	348	-	-	-	-	(369)	(983)	-	-	1,885	292
Credit derivatives, net	80	-	2	-	-	-	-	-	(82)	-	-	-	-
Currency derivatives, net	17	-	6	-	-	-	-	-	-	-	-	23	6
Total liabilities	\$ 7,938	\$ 420	\$ (1,115)	\$ -	\$ -	\$ -	\$ -	\$ (789)	\$ (1,065)	\$ 5	\$ -	\$ 5,394	\$ (224)

(1) - Transferred in and out at the end of the period.

Transfers into and out of Level 3 were \$199 million and \$132 million, respectively, for the nine months ended September 30, 2013. Transfers into and out of Level 2 were \$132 million and \$199 million, respectively, for the nine months ended September 30, 2013. Transfers into Level 3 were principally related to other ABS, state and municipal bonds, CDOs, RMBS agency and CMBS where inputs, which are significant to their valuation, became unobservable during the period. State and municipal bonds and CDOs comprised the majority of the transferred instruments out of Level 3 where inputs, which are significant to their valuation, became observable during the period. These inputs included spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

Transfers into and out of Level 3 were \$270 million and \$99 million, respectively, for the nine months ended September 30, 2012. Transfers into and out of Level 2 were \$99 million and \$270 million, respectively, for the nine months ended September 30, 2012. Transfers into Level 3 were principally related to state and municipal bonds, CDOs, other asset backed, RMBS non-agency and corporate obligations where inputs, which are significant to their valuation, became unobservable during the period. CDOs, RMBS non-agency, RMBS agency and corporate obligations comprised the majority of the transferred instruments out of Level 3 where inputs, which are significant to their valuation, became observable during the period. These inputs included spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

All Level 1, 2 and 3 designations are made at the end of each accounting period.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Gains and losses (realized and unrealized) included in earnings related to Level 3 assets and liabilities for the three months ended September 30, 2013 and 2012 are reported on the Company's consolidated statements of operations as follows:

In millions	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
	Total Gains (Losses) Included in Earnings	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets and Liabilities still held as of September 30, 2013	Total Gains (Losses) Included in Earnings	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets and Liabilities still held as of September 30, 2012
Revenues:				
Unrealized gains (losses) on insured derivatives	\$ 285	\$ 285	\$ (32)	\$ (33)
Realized gains (losses) and other settlements on insured derivatives	(28)	-	12	-
Net gains (losses) on financial instruments at fair value and foreign exchange	(24)	(1)	(9)	(16)
Net investment losses related to other-than-temporary impairments	-	-	(7)	-
Revenues of consolidated VIEs:				
Net gains (losses) on financial instruments at fair value and foreign exchange	(11)	(6)	(65)	(49)
Total	<u>\$ 222</u>	<u>\$ 278</u>	<u>\$ (101)</u>	<u>\$ (98)</u>

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 6: Fair Value of Financial Instruments (continued)

Gains and losses (realized and unrealized) included in earnings relating to Level 3 assets and liabilities for the nine months ended September 30, 2013 and 2012 are reported on the Company's consolidated statements of operations as follows:

In millions	Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
	Total Gains (Losses) Included in Earnings	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets and Liabilities still held as of September 30, 2013	Total Gains (Losses) Included in Earnings	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets and Liabilities still held as of September 30, 2012
Revenues:				
Unrealized gains (losses) on insured derivatives	\$ 1,562	\$ (301)	\$ 1,473	\$ 538
Realized gains (losses) and other settlements on insured derivatives	(1,548)	-	(420)	-
Net gains (losses) on financial instruments at fair value and foreign exchange	(39)	(11)	(8)	(8)
Net investment losses related to other-than-temporary impairments	-	-	(67)	-
Revenues of consolidated VIEs:				
Net gains (losses) on financial instruments at fair value and foreign exchange	193	293	(337)	(254)
Total	\$ 168	\$ (19)	\$ 641	\$ 276

Fair Value Option

The Company elected to record at fair value certain financial instruments of VIEs that have been consolidated in connection with the adoption of the accounting guidance for consolidation of VIEs, among others.

The following table presents the changes in fair value included in the Company's consolidated statements of operations for the three and nine months ended September 30, 2013 and 2012 for all financial instruments for which the fair value option was elected:

In millions	Net Gains (Losses) on Financial Instruments at Fair Value and Foreign Exchange			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Fixed-maturity securities held at fair value	\$ (37)	\$ 21	\$ (35)	\$ (36)
Loans receivable at fair value:				
Residential mortgage loans	(87)	(4)	(16)	(103)
Other loans	-	(7)	13	(48)
Loan repurchase commitments	1	19	140	62
Variable interest entity notes	164	12	85	140

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding as of September 30, 2013 and December 31, 2012 for loans and VIE notes for which the fair value option was elected:

In millions	As of September 30, 2013			As of December 31, 2012		
	Contractual Outstanding Principal	Fair Value	Difference	Contractual Outstanding Principal	Fair Value	Difference
Loans receivable at fair value:						
Residential mortgage loans	\$ 1,932	\$1,622	\$ 310	\$ 2,307	\$1,735	\$ 572
Residential mortgage loans (90 days or more past due)	221	82	139	244	54	190
Other loans	-	-	-	22	22	-
Other loans (90 days or more past due)	-	-	-	197	70	127
Total loans receivable at fair value	\$ 2,153	\$1,704	\$ 449	\$ 2,770	\$1,881	\$ 889
Variable interest entity notes	\$ 3,859	\$2,426	\$ 1,433	\$ 9,021	\$3,659	\$ 5,362

Substantially all gains and losses included in earnings during the periods ended September 30, 2013 and December 31, 2012 on loans receivable and VIE notes reported in the preceding table are attributable to credit risk. This is primarily due to the high rate of defaults on loans and the collateral supporting the VIE notes, resulting in depressed pricing of the financial instruments.

Note 7: Investments

Investments, excluding those elected under the fair value option, include debt and equity securities classified as either AFS or HTM. Other invested assets designated as AFS are primarily comprised of money market funds.

The following tables present the amortized cost, fair value, corresponding gross unrealized gains and losses and other-than-temporary impairments ("OTTI") for AFS and HTM investments in the Company's consolidated investment portfolio as of September 30, 2013 and December 31, 2012:

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 7: Investments (continued)

In millions	September 30, 2013				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Other-Than-Temporary Impairments ⁽¹⁾
AFS Investments					
Fixed-maturity investments:					
U.S. Treasury and government agency	\$ 526	\$ 19	\$ (8)	\$ 537	\$ -
State and municipal bonds	1,632	30	(52)	1,610	-
Foreign governments	192	9	-	201	-
Corporate obligations	1,616	32	(26)	1,622	-
Mortgage-backed securities:					
Residential mortgage-backed agency	942	10	(18)	934	-
Residential mortgage-backed non-agency	67	13	(6)	74	3
Commercial mortgage-backed	34	1	(1)	34	-
Asset-backed securities:					
Collateralized debt obligations	210	2	(57)	155	(12)
Other asset-backed	148	2	(17)	133	-
Total fixed-maturity investments	5,367	118	(185)	5,300	(9)
Money market securities	911	-	-	911	-
Perpetual debt and equity securities	9	1	-	10	-
Assets of consolidated VIEs:					
Money market securities	156	-	-	156	-
Total AFS investments	<u>\$ 6,443</u>	<u>\$ 119</u>	<u>\$ (185)</u>	<u>\$6,377</u>	<u>\$ (9)</u>
HTM Investments					
Assets of consolidated VIEs:					
Corporate obligations	\$ 2,809	\$ 8	\$ (251)	\$2,566	\$ -
Total HTM investments	<u>\$ 2,809</u>	<u>\$ 8</u>	<u>\$ (251)</u>	<u>\$2,566</u>	<u>\$ -</u>

(1) - Represents unrealized gains or losses on other than temporarily impaired securities recognized in AOCI, which includes the non-credit component of impairments, as well as all subsequent changes in fair value of such impaired securities reported in AOCI.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 7: Investments (continued)

In millions	December 31, 2012				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Other-Than-Temporary Impairments ⁽¹⁾
AFS Investments					
Fixed-maturity investments:					
U.S. Treasury and government agency	\$ 819	\$ 40	\$ (1)	\$ 858	\$ -
State and municipal bonds	1,446	97	(12)	1,531	-
Foreign governments	183	13	-	196	-
Corporate obligations	1,058	54	(20)	1,092	5
Mortgage-backed securities:					
Residential mortgage-backed agency	939	19	(1)	957	-
Residential mortgage-backed non-agency	86	11	(8)	89	-
Commercial mortgage-backed	46	-	(4)	42	-
Asset-backed securities:					
Collateralized debt obligations	161	1	(71)	91	(25)
Other asset-backed	145	3	(11)	137	-
Total fixed-maturity investments	4,883	238	(128)	4,993	(20)
Money market securities	580	-	-	580	-
Perpetual debt and equity securities	22	1	-	23	-
Assets of consolidated VIEs:					
State and municipal bonds	38	3	-	41	-
Corporate obligations	177	9	(6)	180	-
Mortgage-backed securities:					
Residential mortgage-backed non-agency	92	-	(10)	82	-
Asset-backed securities:					
Collateralized debt obligations	97	-	(8)	89	-
Other asset-backed	23	-	-	23	-
Money market securities	210	-	-	210	-
Total AFS investments	<u>\$ 6,122</u>	<u>\$ 251</u>	<u>\$ (152)</u>	<u>\$6,221</u>	<u>\$ (20)</u>
HTM Investments					
Assets of consolidated VIEs:					
Corporate obligations	<u>\$ 2,829</u>	<u>\$ 2</u>	<u>\$ (157)</u>	<u>\$2,674</u>	<u>\$ -</u>
Total HTM investments	<u>\$ 2,829</u>	<u>\$ 2</u>	<u>\$ (157)</u>	<u>\$2,674</u>	<u>\$ -</u>

(1) - Represents unrealized gains or losses on other than temporarily impaired securities recognized in AOCI, which includes the non-credit component of impairments, as well as all subsequent changes in fair value of such impaired securities reported in AOCI.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments (continued)

The following table presents the distribution by contractual maturity of AFS and HTM fixed-maturity securities at amortized cost and fair value as of September 30, 2013. Contractual maturity may differ from expected maturity as borrowers may have the right to call or prepay obligations.

In millions	AFS Securities		HTM Securities Consolidated VIEs	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 551	\$ 552	\$ -	\$ -
Due after one year through five years	913	929	-	-
Due after five years through ten years	926	925	-	-
Due after ten years	1,576	1,564	2,809	2,566
Mortgage-backed and asset-backed	1,401	1,330	-	-
Total fixed-maturity investments	<u>\$ 5,367</u>	<u>\$ 5,300</u>	<u>\$ 2,809</u>	<u>\$ 2,566</u>

Deposited and Pledged Securities

The fair value of securities on deposit with various regulatory authorities was \$11 million and \$10 million as of September 30, 2013 and December 31, 2012, respectively. These deposits are required to comply with state insurance laws.

The Company enters into securities borrowing and lending contracts in connection with MBIA's collateralized investment agreement activities. Such contracts are only transacted with high-quality dealer firms. It is the Company's policy to take possession of securities borrowed under these contracts. The Company minimizes credit risk from counterparties that might be unable to fulfill their contractual obligations by monitoring customer credit exposure and collateral values and requiring additional collateral to be deposited with the Company when deemed necessary.

Substantially all of the obligations under investment agreements require the Company to pledge securities as collateral. Securities pledged in connection with investment agreement activities may not be repledged by the investment agreement counterparty. As of September 30, 2013 and December 31, 2012, the fair value of securities pledged as collateral for these investment agreements approximated \$750 million and \$820 million, respectively. The Company's collateral as of September 30, 2013 consisted principally of RMBS, U.S. Treasury and government agency bonds and state and municipal bonds, and was primarily held with major U.S. banks. Additionally, the Company pledged cash and money market securities as collateral under investment agreements in the amount of \$24 million and \$144 million as of September 30, 2013 and December 31, 2012, respectively.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 7: Investments (continued)
Impaired Investments

The following tables present the gross unrealized losses related to AFS and HTM investments as of September 30, 2013 and December 31, 2012:

In millions	September 30, 2013					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS Investments						
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 208	\$ (8)	\$ 2	\$ -	\$ 210	\$ (8)
State and municipal bonds	730	(48)	58	(4)	788	(52)
Foreign governments	12	-	-	-	12	-
Corporate obligations	610	(23)	20	(3)	630	(26)
Mortgage-backed securities:						
Residential mortgage-backed agency	528	(18)	32	-	560	(18)
Residential mortgage-backed non-agency	5	-	23	(6)	28	(6)
Commercial mortgage-backed	22	(1)	1	-	23	(1)
Asset-backed securities:						
Collateralized debt obligations	9	(1)	128	(56)	137	(57)
Other asset-backed	22	-	56	(17)	78	(17)
Total fixed-maturity investments	2,146	(99)	320	(86)	2,466	(185)
Perpetual debt and equity securities	4	-	-	-	4	-
Total AFS investments	<u>\$2,150</u>	<u>\$ (99)</u>	<u>\$ 320</u>	<u>\$ (86)</u>	<u>\$2,470</u>	<u>\$ (185)</u>
HTM Investments						
Assets of consolidated VIEs:						
Corporate obligations	\$ -	\$ -	\$1,174	\$ (251)	\$1,174	\$ (251)
Total HTM investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,174</u>	<u>\$ (251)</u>	<u>\$1,174</u>	<u>\$ (251)</u>

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 7: Investments (continued)

In millions	December 31, 2012					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS Investments						
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 234	\$ (1)	\$ -	\$ -	\$ 234	\$ (1)
State and municipal bonds	69	-	87	(12)	156	(12)
Foreign governments	11	-	1	-	12	-
Corporate obligations	202	(2)	57	(18)	259	(20)
Mortgage-backed securities:						
Residential mortgage-backed agency	173	(1)	38	-	211	(1)
Residential mortgage-backed non-agency	4	-	28	(8)	32	(8)
Commercial mortgage-backed	3	-	27	(4)	30	(4)
Asset-backed securities:						
Collateralized debt obligations	1	-	80	(71)	81	(71)
Other asset-backed	4	-	65	(11)	69	(11)
Total fixed-maturity investments	701	(4)	383	(124)	1,084	(128)
Perpetual debt and equity securities	1	-	1	-	2	-
Assets of consolidated VIEs:						
Corporate obligations	-	-	31	(6)	31	(6)
Mortgage-backed securities:						
Residential mortgage-backed non-agency	-	-	82	(10)	82	(10)
Asset-backed securities:						
Collateralized debt obligations	-	-	85	(8)	85	(8)
Total AFS investments	<u>\$ 702</u>	<u>\$ (4)</u>	<u>\$ 582</u>	<u>\$ (148)</u>	<u>\$ 1,284</u>	<u>\$ (152)</u>
HTM Investments						
Assets of consolidated VIEs:						
Corporate obligations	\$ 297	\$ (19)	\$ 1,287	\$ (138)	\$ 1,584	\$ (157)
Total HTM investments	<u>\$ 297</u>	<u>\$ (19)</u>	<u>\$ 1,287</u>	<u>\$ (138)</u>	<u>\$ 1,584</u>	<u>\$ (157)</u>

Gross unrealized losses on AFS securities increased as of September 30, 2013 compared with December 31, 2012 primarily due to market price depreciation caused by rising interest rates and not the result of OTTI. Gross unrealized losses on HTM securities increased as of September 30, 2013 compared with December 31, 2012 primarily due to market price depreciation driven by a credit ratings downgrade on one of the HTM corporate obligations and not the result of OTTI.

With the weighting applied on the fair value of each security relative to the total fair value, the weighted average contractual maturity of securities in an unrealized loss position as of September 30, 2013 and December 31, 2012 was 19 and 23 years, respectively. As of September 30, 2013 and December 31, 2012, there were 64 and 153 securities, respectively, that were in an unrealized loss position for a continuous twelve-month period or longer, of which the fair values of 39 and 89 securities, respectively, were below book value by more than 5%.

The following table presents the distribution of securities in an unrealized loss position for a continuous twelve-month period or longer by percentage of fair value below book value by more than 5%:

Percentage of Fair Value Below Book Value	AFS Securities			HTM Securities		
	Number of Securities	Book Value (in millions)	Fair Value (in millions)	Number of Securities	Book Value (in millions)	Fair Value (in millions)
> 5% to 15%	13	\$ 110	\$ 101	-	\$ -	\$ -
> 15% to 25%	12	66	52	-	-	-
> 25% to 50%	5	53	36	1	575	345
> 50%	8	52	9	-	-	-
Total	<u>38</u>	<u>\$ 281</u>	<u>\$ 198</u>	<u>1</u>	<u>\$ 575</u>	<u>\$ 345</u>

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 7: Investments (continued)

The following table presents the fair values and gross unrealized losses by credit rating category of ABS, MBS and corporate obligations included in the Company's consolidated AFS investment portfolio as of September 30, 2013 for which fair value was less than amortized cost. The credit ratings are based on ratings from Moody's as of September 30, 2013 or an alternate ratings source, such as S&P, when a security is not rated by Moody's. For investments that are insured by various third-party guarantee insurers, the credit rating reflects the higher of the insurer's rating or the underlying bond's rating.

In millions	Aaa		Aa		A		Baa		Below Investment Grade		Not Rated		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Asset Type														
ABS	\$ 13	\$ -	\$ 59	\$ (5)	\$ 1	\$ -	\$ 3	\$ -	\$ 135	\$ (69)	\$ 4	\$ -	\$ 215	\$ (74)
MBS	558	(18)	8	-	4	-	17	(1)	9	(1)	15	(5)	611	(25)
Corporate obligations	129	(1)	205	(8)	205	(12)	74	(4)	17	(1)	-	-	630	(26)
Total	<u>\$ 700</u>	<u>\$ (19)</u>	<u>\$ 272</u>	<u>\$ (13)</u>	<u>\$ 210</u>	<u>\$ (12)</u>	<u>\$ 94</u>	<u>\$ (5)</u>	<u>\$ 161</u>	<u>\$ (71)</u>	<u>\$ 19</u>	<u>\$ (5)</u>	<u>\$1,456</u>	<u>\$ (125)</u>

The total ABS, MBS and corporate obligations reported in the preceding table include those which are guaranteed by financial guarantors. In addition, the following table presents information on ABS, MBS and corporate obligations guaranteed by the Company and third-party financial guarantors.

Asset Type	Average Credit Rating with the Effect of Guarantee	Average Credit Rating without the Effect of Guarantee	Insured Securities Rated Below Investment Grade without the Effect of Guarantee	
			(in millions) Fair Value	Percentage
ABS	Below investment grade	Below investment grade	\$ 101	64%
MBS	Baa	Below investment grade	20	99%
Corporate obligations	A	A	-	- %

Refer to the table in the "Determination of Credit Loss Guaranteed by the Company and Other Third-Party Guarantors" section within the OTTI section of this note for information on the insured securities included in the table above.

The Company concluded that it does not have the intent to sell securities in an unrealized loss position and it is more likely than not, that it would not have to sell these securities before recovery of their cost basis. In making this conclusion, the Company examined the cash flow projections for its investment portfolios, the potential sources and uses of cash in its businesses, and the cash resources available to its business other than sales of securities. It also considered the existence of any risk management or other plans as of September 30, 2013 that would require the sale of impaired securities. Impaired securities that the Company intends to sell before the expected recovery of such securities' fair values have been written down to fair value.

Other-Than-Temporary Impairments
Evaluating AFS Securities for OTTI

The Company has an ongoing review process for all securities in its investment portfolio, including a quarterly assessment of OTTI. This evaluation includes both qualitative and quantitative considerations. In assessing whether a decline in value is related to a credit loss, the Company considers several factors, including but not limited to (i) the magnitude and duration of declines in fair value; (ii) the reasons for the declines in fair value, such as general credit spread movements in each asset-backed sector, transaction-specific changes in credit spreads, credit rating downgrades, modeled defaults, and principal and interest payment priorities within each investment structure; and (iii) any guarantees associated with a security such as those provided by financial guarantee insurance companies, including MBIA Corp. and National.

In calculating credit-related losses, the Company utilizes cash flow modeling based on the type of security. The Company's cash flow analysis considers all sources of cash, including credit enhancement, that support the payment of amounts owed by an issuer of a security. This includes the consideration of cash expected to be provided by financial guarantors, including MBIA Corp., resulting from an actual or potential insurance policy claim. In general, any change in the amount and/or timing of cash flows received or expected to be received, whether or not such cash flows are contractually defined, is reflected in the Company's cash flow analysis for purposes of assessing an OTTI loss on an impaired security.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments (continued)

Each quarter, an internal committee, comprising staff that is independent of the Company's evaluation process for determining OTTI of securities, reviews and approves the valuation of investments. Among other responsibilities, this committee ensures that the Company's process for identifying and calculating OTTI, including the use of models and assumptions, is reasonable and complies with the Company's internal policy.

Determination of Credit Loss on ABS, MBS and Corporate Obligations

Investments with unrealized losses that met the above criteria were tested for OTTI and principally related to ABS, MBS and corporate obligations.

ABS investments are evaluated for OTTI using historical collateral performance, deal waterfall and structural protections, credit ratings, and forward looking projections of collateral performance based on business and economic conditions specific to each collateral type and risk. The underlying collateral is evaluated to identify any specific performance concerns, and stress scenarios are considered in forecasting ultimate returns of principal. Based on this evaluation, if a principal default is projected for a security, estimated future cash flows are discounted at the security's interest rate used to recognize interest income on the security. For CDO investments, the Company utilizes the same tools as for RMBS investments discussed below, aggregating the bond level cash flows to the CDO investment level. If the present value of cash flows is less than the Company's amortized cost for the security, the difference is recorded as an OTTI loss.

RMBS investments are evaluated for OTTI using several quantitative tools. Loan level data are obtained and analyzed in a model that produces prepayment, default, and severity vectors. The model utilizes macro inputs, including housing price assumptions and interest rates. The vector outputs are used as inputs to a third-party cash flow model, which considers deal waterfall dynamics and structural features, to generate cash flows for an RMBS investment. The expected cash flows of the security are then discounted at the interest rate used to recognize interest income of the security to arrive at a present value amount. If the present value of the cash flows is less than the Company's amortized cost for the investment, the difference is recorded as an OTTI loss.

Corporate obligation investments are evaluated for OTTI using credit analysis techniques. The Company's analysis includes a detailed review of a number of quantitative and qualitative factors impacting the value of an individual security. These factors include the interest rate of the security (fixed or floating), the security's current market spread, any collateral supporting the security, the security's position in the issuer's capital structure, and credit rating upgrades or downgrades. Additionally, these factors include an assessment of various issuer-related credit metrics including market capitalization, earnings, cash flow, capitalization, interest coverage, leverage, liquidity, management and a third-party quantitative default probability model. The Company's analysis is augmented by comparing market prices for similar securities of other issuers in the same sector, as well as any recent corporate or government actions that may impact the ultimate return of principal. If the Company determines that, after considering these factors, a principal default is projected, a recovery analysis is performed using the above data. If the Company's estimated recovery value for the security is less than its amortized cost, the difference is recorded as an OTTI loss.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments (continued)

For the nine months ended September 30, 2012, the credit losses recognized in earnings were related to RMBS and CDOs. The following table presents a summary of the significant inputs considered in determining the measurement of the credit losses on securities in which a portion of the impairment is included in AOCI:

Asset-backed Securities	Nine Months Ended September 30, 2012
Expected size of losses ⁽¹⁾ :	
Range ⁽²⁾	12.13% to 97.70%
Weighted average ⁽³⁾	88.48%
Current subordination levels ⁽⁴⁾ :	
Range ⁽²⁾	0.00% to 0.00%
Weighted average ⁽³⁾	0.00%
Prepayment speed (annual constant prepayment rate) ⁽⁵⁾ :	
Range ⁽²⁾	0.00% to 30.91%
Weighted average ⁽³⁾	12.16%

(1) - Represents future expected credit losses on impaired assets expressed as a percentage of total outstanding balance.

(2) - Represents the range of inputs/assumptions based upon the individual securities within each category.

(3) - Calculated by weighting the relevant input/assumption for each individual security by the outstanding notional of the security.

(4) - Represents current level of credit protection (subordination) for the securities, expressed as a percentage of the balance of the collateral group backing the bond.

(5) - Values represent high and low points of lifetime vectors of constant prepayment rates.

Determination of Credit Loss Guaranteed by the Company and Other Third-Party Guarantors

The Company does not record OTTI related to credit concerns about issuers of securities insured by MBIA Corp. and National since investors in these securities, including MBIA, are guaranteed payment of principal and interest when due by MBIA. Securities insured by the Company, whether or not owned by the Company, are evaluated for impairment as part of its insurance surveillance process and, therefore, losses on securities insured by the Company are recorded in accordance with its loss reserving policy. Refer to "Note 2: Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for information about the Company's loss reserving policy and "Note 5: Loss and Loss Adjustment Expense Reserves" for information about loss reserves.

In considering cash expected to be provided from other third-party financial guarantors, the Company assesses the financial guarantor's ability to make claim payments under a variety of scenarios that test the guarantor's ultimate claims paying ability. The weighted average outcome of these scenarios, combined with the cash flows provided by the insured security, are used to determine the recoverability of the Company's amortized cost.

The following table provides information about securities held by the Company as of September 30, 2013 that were in an unrealized loss position and insured by a financial guarantor, along with the amount of insurance loss reserves corresponding to the par amount owned by the Company:

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 7: Investments (continued)

In millions	Fair Value	Unrealized Loss	Insurance Loss Reserve ⁽²⁾
Asset-backed:			
MBIA ⁽¹⁾	\$ 148	\$ (58)	\$ 15
Other	9	(5)	-
Total asset-backed	157	(63)	15
Mortgage-backed:			
MBIA ⁽¹⁾	5	-	-
Other	15	-	-
Total mortgage-backed	20	-	-
Corporate obligations:			
Other	6	(2)	-
Total corporate obligations	6	(2)	-
Other:			
MBIA ⁽¹⁾	104	(6)	-
Other	19	-	-
Total other	123	(6)	-
Total	\$ 306	\$ (71)	\$ 15

(1) - Includes investments insured by MBIA Corp. and National.

(2) - Insurance loss reserve estimates are based on the proportion of par value owned to the total amount of par value insured.

Credit Loss Rollforward

The portion of certain OTTI losses on fixed-maturity securities that does not represent credit losses is recognized in AOCI. For these impairments, the net amount recognized in earnings represents the difference between the amortized cost of the security and the net present value of its projected future discounted cash flows prior to impairment. Any remaining difference between the fair value and amortized cost is recognized in AOCI. The following table presents the amount of credit loss impairments recognized in earnings on fixed-maturity securities held by MBIA as of the dates indicated, for which a portion of the OTTI losses was recognized in AOCI, and the corresponding changes in such amounts.

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
Credit Losses Recognized in Earnings Related to Other-Than-Temporary Impairments	2013	2012	2013	2012
Beginning balance	\$ 186	\$ 269	\$ 197	\$ 341
Additions for credit loss impairments recognized in the current period on securities previously impaired	-	5	-	8
Reductions for credit loss impairments previously recognized on securities sold during the period	(4)	(2)	(14)	(18)
Reductions for credit loss impairments previously recognized on securities impaired to fair value during the period ⁽¹⁾	-	(52)	-	(111)
Reductions for increases in cash flows expected to be collected over the remaining life of the security	(4)	-	(5)	-
Ending balance	\$ 178	\$ 220	\$ 178	\$ 220

(1) - Represents circumstances where the Company determined in the current period that it intends to sell the security or it is more likely than not that it will be required to sell the security before recovery of the security's amortized cost.

[Table of Contents](#)**MBIA Inc. and Subsidiaries**
Notes to Consolidated Financial Statements (Unaudited)**Note 7: Investments (continued)****Sales of Available-For-Sale Investments**

Gross realized gains and losses are recorded within "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statements of operations. The proceeds and gross realized gains and losses from sales of AFS investments for the three and nine months ended September 30, 2013 and 2012 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Proceeds from sales	\$ 695	\$ 1,163	\$ 3,009	\$ 5,697
Gross realized gains	\$ 4	\$ 42	\$ 52	\$ 100
Gross realized losses	\$ (15)	\$ (6)	\$ (25)	\$ (101)

Note 8: Derivative Instruments**Overview**

MBIA has entered into derivative instruments through its financial guarantee of CDS and for purposes of hedging risks associated with existing assets and liabilities and forecasted transactions. The Company accounts for derivative instruments in accordance with the accounting principles for derivative and hedging activities, which requires that all such instruments be recorded on the balance sheet at fair value. Refer to "Note 6: Fair Value of Financial Instruments" for the method of determining the fair value of derivative instruments.

U.S. Public Finance Insurance

The Company's derivative exposure within its U.S. public finance insurance operations primarily consists of insured interest rate and inflation-linked swaps related to insured U.S. public finance debt issues. These derivatives do not qualify for the financial guarantee scope exception. The Company has also purchased certain investments containing embedded derivatives. All derivatives are recorded at fair value on the Company's consolidated balance sheets with the changes in fair value recorded on the Company's consolidated statements of operations within "Unrealized gains (losses) on insured derivatives," for the insured derivatives, or "Net gains (losses) on financial instruments at fair value and foreign exchange" for the embedded derivatives.

Structured Finance and International Insurance

The Company entered into derivative instruments that it viewed as an extension of its core financial guarantee business but which do not qualify for the financial guarantee scope exception and, therefore, must be recorded at fair value on the balance sheet. These insured CDS contracts, primarily referencing corporate, asset-backed, residential mortgage-backed, commercial mortgage-backed, CRE loans and CDO securities, are intended to be held for the entire term of the contract absent a negotiated settlement with the counterparty.

Changes in the fair value of derivatives, excluding insured derivatives, are recorded each period in current earnings within "Net gains (losses) on financial instruments at fair value and foreign exchange". Changes in the fair value of insured derivatives are recorded each period in current earnings within "Net change in fair value of insured derivatives". The net change in the fair value of the Company's insured derivatives has two primary components: (i) realized gains (losses) and other settlements on insured derivatives and (ii) unrealized gains (losses) on insured derivatives. "Realized gains (losses) and other settlements on insured derivatives" include (i) premiums received and receivable on sold CDS contracts, (ii) premiums paid and payable to reinsurers in respect to CDS contracts, (iii) net amounts received or paid on reinsurance commutations, (iv) losses paid and payable to CDS contract counterparties due to the occurrence of a credit event or settlement agreement, (v) losses recovered and recoverable on purchased CDS contracts due to the occurrence of a credit event or settlement agreement and (vi) fees relating to CDS contracts. The "Unrealized gains (losses) on insured derivatives" include all other changes in fair value of the insured derivative contracts.

In certain instances, the Company's structured finance and international insurance business purchased or issued securities that contain embedded derivatives. In accordance with the accounting guidance for derivative instruments and hedging activities, the balance sheet location of the Company's embedded derivative instruments is determined by the location of the related security.

Variable Interest Entities

VEs consolidated by the Company have entered into derivative instruments primarily consisting of interest rate swaps. Interest rate swaps are entered into to mitigate the risks associated with fluctuations in interest rates or fair values of certain contracts.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 8: Derivative Instruments (continued)
Asset/Liability Products

The Company's asset/liability products business has entered into derivative instruments primarily consisting of interest rate swaps, and cross currency swaps. Interest rate swaps are entered into to hedge the risks associated with fluctuations in interest rates or fair values of certain contracts. Cross currency swaps are entered into to hedge the variability in cash flows resulting from fluctuations in foreign currency rates.

In certain instances, the Company's asset/liability products business purchased or issued securities that contain embedded derivatives. In accordance with the accounting guidance for derivative instruments and hedging activities, the balance sheet location of the Company's embedded derivative instruments is determined by the location of the related security.

Changes in the fair value of the Company's asset/liability products business derivatives are recorded on the Company's consolidated statements of operations within "Net gains (losses) on financial instruments at fair value and foreign exchange".

Credit Derivatives Sold

The following tables present information about credit derivatives sold by the Company's insurance operations that were outstanding as of September 30, 2013 and December 31, 2012. Credit ratings represent the lower of underlying ratings assigned to the collateral by Moody's, S&P or MBIA.

\$ in millions	As of September 30, 2013							
	Notional Value							
	Weighted Average Remaining Expected Maturity	AAA	AA	A	BBB	Below Investment Grade	Total Notional	Fair Value Asset (Liability)
Credit Derivatives Sold								
Insured credit default swaps	2.7 Years	\$ 7,412	\$ 3,150	\$ 1,705	\$ 7,419	\$ 6,085	\$25,771	\$ (1,355)
Insured swaps	19.1 Years	-	77	3,694	1,592	-	5,363	(7)
All others	28.3 Years	-	-	-	-	36	36	(8)
Total notional		<u>\$ 7,412</u>	<u>\$ 3,227</u>	<u>\$ 5,399</u>	<u>\$ 9,011</u>	<u>\$ 6,121</u>	<u>\$31,170</u>	
Total fair value		<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (386)</u>	<u>\$ (975)</u>		<u>\$ (1,370)</u>

\$ in millions	As of December 31, 2012							
	Notional Value							
	Weighted Average Remaining Expected Maturity	AAA	AA	A	BBB	Below Investment Grade	Total Notional	Fair Value Asset (Liability)
Credit Derivatives Sold								
Insured credit default swaps	5.1 Years	\$ 10,457	\$5,862	\$ 5,253	\$ 11,571	\$ 13,859	\$ 47,002	\$ (2,858)
Insured swaps	19.4 Years	-	103	3,661	1,982	71	5,817	(8)
All others	1.8 Years	-	-	-	-	195	195	(68)
Total notional		<u>\$ 10,457</u>	<u>\$5,965</u>	<u>\$ 8,914</u>	<u>\$ 13,553</u>	<u>\$ 14,125</u>	<u>\$ 53,014</u>	
Total fair value		<u>\$ (7)</u>	<u>\$ (70)</u>	<u>\$ (72)</u>	<u>\$ (732)</u>	<u>\$ (2,053)</u>		<u>\$ (2,934)</u>

Internal credit ratings assigned by MBIA on the underlying collateral are derived by the Company's surveillance group. In assigning an internal rating, current status reports from issuers and trustees, as well as publicly available transaction-specific information, are reviewed. Also, where appropriate, cash flow analyses and collateral valuations are considered. The maximum potential amount of future payments (undiscounted) on CDS contracts are estimated as the notional value plus any additional debt service costs, such as interest or other amounts owing on CDS contracts. The maximum amount of future payments that MBIA may be required to make under these guarantees as of September 30, 2013 is \$26.4 billion. This amount is net of \$67 million of insured derivatives ceded under reinsurance agreements in which MBIA economically hedges a portion of the credit and market risk associated with its insured derivatives and offsetting agreements with a counterparty. The maximum potential amount of future payments (undiscounted) on insured swaps are estimated as the notional value of such contracts.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments (continued)

MBIA may hold recourse provisions with third parties in derivative instruments through both reinsurance and subrogation rights. MBIA's reinsurance arrangements provide that in the event MBIA pays a claim under a guarantee of a derivative contract, MBIA has the right to collect amounts from any reinsurers that have reinsured the guarantee on either a proportional or non-proportional basis, depending upon the underlying reinsurance agreement. MBIA may also have recourse through subrogation rights whereby if MBIA makes a claim payment, it is entitled to any rights of the insured counterparty, including the right to any assets held as collateral.

Counterparty Credit Risk

The Company manages counterparty credit risk on an individual counterparty basis through master netting agreements covering derivative instruments in the asset/liability products segment. There are no master netting agreements in the structured finance and international insurance or the U.S. public finance insurance segments. The master netting agreements in the asset/liability products segment allow the Company to contractually net amounts due from a counterparty with those amounts due to such counterparty when certain triggering events occur. The Company only executes swaps under master netting agreements, which typically contain mutual credit downgrade provisions that generally provide the ability to require assignment or termination in the event either MBIA or the counterparty is downgraded below a specified credit rating.

Under these arrangements, the Company may receive or provide U.S. Treasury and other highly rated securities or cash to secure counterparties' exposure to the Company or its exposure to counterparties, respectively. Such collateral is available to the holder to pay for replacing the counterparty in the event that the counterparty defaults. As of September 30, 2013, the Company did not hold cash collateral to derivative counterparties but posted cash collateral to derivative counterparties of \$219 million. Of this amount, \$143 million is netted within "Derivative liabilities", \$16 million is included within "Other liabilities" as cash collateral netted against accrued interest on derivative liabilities and an additional \$60 million is included in "Other assets" on the Company's consolidated balance sheets. As of December 31, 2012, the Company did not hold cash collateral to derivative counterparties but posted cash collateral to derivative counterparties of \$285 million. Of this amount, \$203 million is netted within "Derivative liabilities", \$16 million is included within "Other liabilities" as cash collateral netted against accrued interest on derivative liabilities and an additional \$66 million is included in "Other assets" on the Company's consolidated balance sheets. As of September 30, 2013 and December 31, 2012, the Company did not post securities to derivative counterparties.

As of September 30, 2013 and December 31, 2012, the fair value on one Credit Support Annex ("CSA") was \$4 million. This CSA governs collateral posting requirements between MBIA and its derivative counterparties. The Company did not receive collateral due to the Company's credit rating, which was below the CSA minimum credit ratings level for holding counterparty collateral. As of September 30, 2013 and December 31, 2012, the counterparty was rated A2 by Moody's and A by S&P.

Financial Statement Presentation

The fair value of amounts recognized for eligible derivative contracts executed with the same counterparty under a master netting agreement, including any cash collateral that may have been received or posted by the Company, is presented on a net basis in accordance with accounting guidance for the offsetting of fair value amounts related to derivative instruments. Insured CDSs and insured swaps are not subject to master netting agreements. VIE derivative assets and liabilities are not presented net of any master netting agreements.

As of September 30, 2013, the total fair value of the Company's derivative assets, after counterparty netting of \$53 million, was \$13 million, of which \$4 million was reported within "Other assets" on the Company's consolidated balance sheets. Embedded derivatives of \$9 million were reported within "Medium-term notes" on the Company's consolidated balance sheets.

As of September 30, 2013, the total fair value of the Company's derivative liabilities, after counterparty netting of \$53 million and cash collateral posted by the Company of \$143 million was \$1.4 billion, which was reported within "Derivative liabilities" and "Derivative liabilities" presented under "Liabilities of consolidated variable interest entities" on the Company's consolidated balance sheets. Embedded derivatives of \$16 million were reported within "Medium-term notes" on the Company's consolidated balance sheets.

Counterparty netting of derivative assets and liabilities offsets balances in "Interest rate swaps" and "Currency swaps" in the table below.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments (continued)

The following table presents the total fair value of the Company's derivative assets and liabilities by instrument and balance sheet location, before counterparty netting and posting of cash collateral, as of September 30, 2013:

In millions		Derivative Assets ⁽¹⁾		Derivative Liabilities ⁽¹⁾	
	Notional Amount Outstanding	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative Instruments					
Not designated as hedging instruments:					
Insured credit default swaps	\$ 25,771	Other assets	\$ -	Derivative liabilities	\$ (1,355)
Insured swaps	5,363	Other assets	-	Derivative liabilities	(7)
Interest rate swaps	1,575	Other assets	57	Derivative liabilities	(195)
Interest rate swaps-embedded	490	Medium-term notes	9	Medium-term notes	(16)
Currency swaps	20	Other assets	-	Derivative liabilities	(1)
Currency swaps-VIE	102	Other assets-VIE	-	Derivative liabilities-VIE	(15)
All other	36	Other assets	-	Derivative liabilities	(8)
All other-VIE	280	Other assets-VIE	-	Derivative liabilities-VIE	-
All other-embedded	10	Other investments	-	Other investments	-
Total non-designated derivatives	\$ 33,647		\$ 66		\$ (1,597)

(1) - In accordance with the accounting guidance for derivative instruments and hedging activities, the balance sheet location of the Company's embedded derivative instruments is determined by the location of the related host contract.

As of December 31, 2012, the total fair value of the Company's derivative assets, after counterparty netting of \$90 million, was \$12 million, of which \$4 million was reported within "Other assets" and "Other assets" presented under "Assets of consolidated variable interest entities" on the Company's consolidated balance sheets. Embedded derivatives of \$8 million were reported within "Medium-term notes" on the Company's consolidated balance sheets.

As of December 31, 2012, the total fair value of the Company's derivative liabilities, after counterparty netting of \$90 million and cash collateral posted by the Company of \$203 million, was \$3.1 billion which was reported within "Derivative liabilities" and "Derivative liabilities" presented under "Liabilities of consolidated variable interest entities" on the Company's consolidated balance sheets. Embedded derivatives of \$36 million were reported within "Medium-term notes" and "Other investments" on the Company's consolidated balance sheets.

Counterparty netting of derivative assets and liabilities offsets balances in "Interest rate swaps" and "Currency swaps" in the table below.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 8: Derivative Instruments (continued)

The following table presents the total fair value of the Company's derivative assets and liabilities by instrument and balance sheet location, before counterparty netting and posting of cash collateral, as of December 31, 2012:

In millions		Derivative Assets ⁽¹⁾		Derivative Liabilities ⁽¹⁾	
Derivative Instruments	Notional Amount Outstanding	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Not designated as hedging instruments:					
Insured credit default swaps	\$ 47,320	Other assets	\$ -	Derivative liabilities	\$ (2,858)
Insured swaps	5,817	Other assets	-	Derivative liabilities	(8)
Non-insured credit default swaps	10	Other assets	-	Derivative liabilities	-
Interest rate swaps	1,637	Other assets	94	Derivative liabilities	(290)
Interest rate swaps-VIE	2,728	Other assets-VIE	-	Derivative liabilities-VIE	(141)
Interest rate swaps-embedded	483	Medium-term notes	8	Medium-term notes	(35)
Currency swaps	40	Other assets	-	Derivative liabilities	(3)
Currency swaps-VIE	110	Other assets-VIE	-	Derivative liabilities-VIE	(21)
All other	195	Other assets	-	Derivative liabilities	(68)
All other-VIE	280	Other assets-VIE	-	Derivative liabilities-VIE	-
All other-embedded	20	Other investments	-	Other investments	(1)
Total non-designated derivatives	\$ 58,640		\$ 102		\$ (3,425)

(1) - In accordance with the accounting guidance for derivative instruments and hedging activities, the balance sheet location of the Company's embedded derivative instruments is determined by the location of the related host contract.

The following table presents the effect of derivative instruments on the consolidated statements of operations for the three months ended September 30, 2013:

In millions		Net Gain (Loss) Recognized in Income
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	
Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ 287
Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	(28)
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	17
Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	2
Currency swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	(1)
All other	Unrealized gains (losses) on insured derivatives	(2)
Total		\$ 275

The following tables present the effect of derivative instruments on the consolidated statements of operations for the three months ended September 30, 2012:

In millions		Gain (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Hedged Item	Net Gain (Loss) Recognized in Income
Derivatives in Fair Value Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivative			
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	\$ (12)	\$ 12	\$ -
Total		\$ (12)	\$ 12	\$ -

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments (continued)

In millions		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Net Gain (Loss) Recognized in Income
Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ (40)
Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	12
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	(26)
Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	8
Currency swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	1
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(2)
All other	Unrealized gains (losses) on insured derivatives	7
Total		<u>\$ (40)</u>

The following table presents the effect of derivative instruments on the consolidated statements of operations for the nine months ended September 30, 2013:

In millions		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Net Gain (Loss) Recognized in Income
Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ 1,502
Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	(1,548)
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	58
Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	17
Currency swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	1
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	6
All other	Unrealized gains (losses) on insured derivatives	60
Total		<u>\$ 96</u>

The following tables present the effect of derivative instruments on the consolidated statements of operations for the nine months ended September 30, 2012:

In millions				
Derivatives in Fair Value Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Hedged Item	Net Gain (Loss) Recognized in Income
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	\$ 25	\$ (25)	\$ -
Interest rate swaps	Interest income (expense)	-	-	(3)
Total		<u>\$ 25</u>	<u>\$ (25)</u>	<u>\$ (3)</u>

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments (continued)

In millions		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Net Gain(Loss) Recognized in Income
Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ 1,463
Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	(420)
Non-insured credit default swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	(1)
Non-insured credit default swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(1)
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	(76)
Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	39
Currency swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	1
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(5)
All other	Unrealized gains (losses) on insured derivatives	10
All other	Net gains (losses) on financial instruments at fair value and foreign exchange	11
All other-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(2)
Total		<u>\$ 1,019</u>

Note 9: Debt

The Company has disclosed its debt in "Note 10: Debt" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The following debt discussion provides an update to the Company's Annual Report on Form 10-K.

Long-Term Debt

The Company's long-term debt consists of surplus notes and MBIA Inc. corporate debt. As of September 30, 2013, accrued interest on the Company's long-term debt was reported within "Long-term debt" on the Company's consolidated balance sheets. Prior to September 30, 2013, the accrued interest on long-term debt was included in "Other liabilities" on the Company's consolidated balance sheets. The accrued interest on long-term debt has been reclassified in the prior year's financial statements to conform to the current presentation. This reclassification had no impact on total revenues, expenses, assets, liabilities, shareholders' equity, operating cash flows, investing cash flows, or financing cash flows for all periods presented.

Surplus Notes

As of September 30, 2013 and December 31, 2012, there was \$940 million of principal outstanding related to surplus notes. As of September 30, 2013 and December 31, 2012, accrued interest related to these surplus notes was \$143 million and \$61 million, respectively.

Interest and principal payments on the 14% Fixed to Floating Rate Surplus Notes due 2033 are subject to prior approval by the Superintendent of the NYSDFS. From the January 15, 2013 interest payment to the present, MBIA Insurance Corporation's requests for approval of the note interest payments have been denied by the NYSDFS. MBIA Insurance Corporation provided notice to the Fiscal Agent that it has not made a scheduled interest payment. The deferred interest payment will become due on the first business day on or after which MBIA Insurance Corporation obtains approval to make such payment. No interest will accrue on the deferred interest.

MBIA Inc. Corporate Debt

As of September 30, 2013 and December 31, 2012, there was \$584 million and \$723 million, respectively, of principal outstanding related to MBIA Inc. corporate debt. As of September 30, 2013 and December 31, 2012, accrued interest related to MBIA Inc. corporate debt was \$10 million and \$9 million, respectively.

In connection with the BofA Settlement Agreement in May of 2013, MBIA Corp. received \$136 million principal amount of the 5.70% Senior Notes due 2034 as consideration for the settlement. These notes were subsequently transferred to National. On a consolidated basis, receipt of these notes by the Company reduced its outstanding debt.

Medium-Term Note Obligations

During the nine months ended September 30, 2013, the Company redeemed \$486 million par value outstanding of MTNs issued by the Company's conduit segment at a cost of 100% of par value. The Company also repurchased approximately \$80 million par value outstanding of MBIA Global Funding, LLC ("GFL") MTNs issued by the Company's asset/liability segment at a weighted average cost of approximately 92% of par value.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 9: Debt (continued)

Other Borrowing Arrangements

Blue Ridge Secured Loan

In connection with the BofA Settlement Agreement in May of 2013, MBIA Insurance Corporation and Blue Ridge entered into the Blue Ridge Secured Loan, pursuant to which Blue Ridge agreed to make revolving loans to MBIA Insurance Corporation in an aggregate of up to \$500 million. The following is a summary of the material terms of the Loan Agreement, as amended by Amendment No. 1 entered into in June of 2013. This summary is not complete and is subject to the full text of the document described below.

During the third quarter of 2013, MBIA Insurance Corporation borrowed \$50 million under the Blue Ridge Secured Loan. MBIA Insurance Corporation elected the LIBOR Loans interest rate option and the average interest rate for the three months ended September 30, 2013 was 7.76%. Accrued interest expense for the Blue Ridge Secured Loan is included within "Other liabilities" on the Company's consolidated balance sheets.

Use of Proceeds

The proceeds of the Blue Ridge Secured Loan can be used for general corporate purposes. Once the Blue Ridge Secured Loan amount outstanding exceeds \$50 million, the proceeds must be used for the purpose of meeting ordinary course liquidity requirements expected to arise during the 30 days following such borrowing.

Conditions to Borrowings

Blue Ridge's obligation to make loans is subject to usual and customary conditions precedent, including that on the date of the borrowing (i) no default is continuing or would occur as a result of that borrowing and (ii) the representations and warranties specified in the Blue Ridge Secured Loan agreement are true and accurate in all material respects.

Security

The Loans are secured by a pledge of collateral consisting of the following: (i) MBIA Insurance Corporation's right to receive put-back recoveries related to ineligible mortgage loans included in its insured RMBS transactions; (ii) MBIA Insurance Corporation's future recoveries on defaulted insured RMBS transactions resulting from expected excess spread generated by performing loans in such transactions; (iii) MBIA Insurance Corporation's future installment premiums; and (iv) 65% of the voting capital stock of MBIA Corp.'s equity interest in MBIA UK (Holdings) Limited (the collateral described in clauses (ii) and (iii) above, the "Other Prepayment Collateral"). Under the Blue Ridge Secured Loan, the value of the collateral described in clauses (i) through (iii) above, must at all times be greater than \$1.0 billion. As of September 30, 2013, the value of the collateral was approximately \$2.5 billion.

Interest Rate and Fees

Borrowings under the Blue Ridge Secured Loan have a variable interest rate, at MBIA Insurance Corporation's option based on either: (i) the adjusted LIBOR plus an applicable margin ("LIBOR Loans"), or (ii) the highest between (a) Bank of America's prime rate and (b) the sum of the federal funds effective rate plus 0.5% and (c) the adjusted LIBOR plus 1.00%, plus an applicable margin ("Base Rate Loans"). The applicable margin for the LIBOR Loans and the Base Rate Loans is 7.50% and 6.50%, respectively. With respect to any available but undrawn amounts under the Blue Ridge Secured Loan, MBIA Insurance Corporation is obligated to pay a commitment fee on such undrawn amounts of 2.00% per annum. The amount of the commitment fee and interest expense for the nine months ended September 30, 2013 was \$4 million.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 9: Debt (continued)

Scheduled Repayment

The maturity date of the Blue Ridge Secured Loan is three years from the closing date, at which time any then outstanding loans will be due and payable.

Mandatory Prepayments

Loans are required to be prepaid (and Blue Ridge's commitments reduced) in an amount equal to the following: (i) 100% of the proceeds of any put-back recoveries and (ii) on and after the first anniversary of the closing date, from the proceeds of any Other Prepayment Collateral in an amount equal to (x) from the first anniversary of the closing date to the second anniversary of the closing date, 50% of such proceeds and (y) from the second anniversary of the closing date to the maturity date, 100% of such proceeds. In addition, loans must be prepaid (and Blue Ridge's commitments reduced) in an amount equal to 100% of the proceeds of certain disposals of assets to the extent exceeding \$1 million in aggregate for all such disposals. Finally, loans must be prepaid (but without any commitment reduction) to the extent the proceeds of any borrowing that is a liquidity borrowing are not in fact used for such purposes and have not otherwise been used to repay loans within the required 30-day period.

Representations and Warranties

The Blue Ridge Secured Loan contains certain customary representations and warranties for loan facilities of this type, which are given on the closing date and at each borrowing under the Blue Ridge Secured Loan agreement, including with respect to organization of MBIA Insurance Corporation, power of authority, enforceability of the loan documents, receipt of any necessary governmental approvals, financial condition and solvency, and compliance with laws.

Covenants

The Blue Ridge Secured Loan contains certain affirmative, negative and financial covenants, which are customary for loan facilities of this type in relation to, among other matters, delivery of financial statements, notice of material events, existence and conduct of business, payment of taxes and other obligations, maintenance of books and records, compliance with all material laws, and maintenance of insurance, and includes a requirement that MBIA Insurance Corporation maintain at least \$750 million of statutory capital (defined as policyholders' surplus plus contingency reserves).

In addition, MBIA Insurance Corporation may not, without Blue Ridge's consent, consummate any amendments, compromises or commutations with respect to insurance obligations and settlements of litigation to the extent (x) that payments made in respect of such remediation efforts subsequent to June 28, 2013 exceed \$260 million in the aggregate, (y) after giving effect thereto and to any borrowings of loans in connection therewith, the aggregate principal amount of loans outstanding would exceed \$200 million or (z) after giving effect thereto, all remediation efforts taken as a whole since the closing date, would, cumulatively, have reduced MBIA Insurance Corporation's statutory capital by \$100 million or more.

In addition, MBIA Insurance Corporation may not prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment of principal, interest or fees or any other payment on, any of its indebtedness (including the Surplus Notes), except for payments of the loans under the Blue Ridge Secured Loan agreement and except for certain refinancings and refundings of its indebtedness.

Change of Control

MBIA Insurance Corporation may be required to prepay all amounts outstanding under the Blue Ridge Secured Loan agreement upon the occurrence of a change of control.

Events of Default

The Blue Ridge Secured Loan agreement contains certain events of default which are customary for loan facilities of this type (and with customary cure periods), including failure to pay principal, interest or fees on the loans, misrepresentation, failure to observe covenants or conditions, failure to pay other material indebtedness, insolvency and bankruptcy matters, and unlawfulness or invalidity of the loan documents.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 10: Income Taxes

The Company's income taxes and the related effective tax rates for the three and nine months ended September 30, 2013 and 2012 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Income (loss) before income taxes	\$ 171	\$ (57)	\$ 122	\$ 759
Provision (benefit) for income taxes	\$ 39	\$ (64)	\$ 4	\$ 161
Effective tax rate	22.8%	112.3%	3.3%	21.2%

For the nine months ended September 30, 2013, the Company's effective tax rate applied to its pre-tax income was lower than the U.S. statutory tax rate primarily as a result of the decrease in the valuation allowance against its deferred tax asset.

For the nine months ended September 30, 2012, the Company's effective tax rate applied to its pre-tax income was lower than the U.S. statutory tax rate as a result of the decrease in the valuation allowance, the release of a portion of the reserve for uncertain tax benefits and the benefit of tax-exempt interest income from investments.

For interim reporting purposes, the Company has calculated its effective tax rate for the full year of 2013 by adjusting annual forecasted pre-tax income for mark-to-market income, fair value adjustments, capital gains/losses, and other adjustments, when projecting its full year effective tax rate. The Company has accounted for these items at the federal applicable tax rate after applying the projected full year effective tax rate to actual nine-month results before discrete items.

Deferred Tax Asset, Net of Valuation Allowance

The Company establishes a valuation allowance against its deferred tax asset when it is more likely than not that all or a portion of the deferred tax asset will not be realized. All evidence, both positive and negative, needs to be identified and considered in making the determination. Future realization of the existing deferred tax asset ultimately depends, in part, on the existence of sufficient taxable income of appropriate character (for example, ordinary income versus capital gains) within the carryforward period available under the tax law.

As of September 30, 2013, the Company reported a net deferred tax asset of \$1.2 billion. The \$1.2 billion net deferred tax asset is net of a \$94 million valuation allowance. As of September 30, 2013, the Company had a valuation allowance against a portion of the deferred tax asset related to losses from asset impairments as these losses are considered capital losses, have a five-year carryforward period, once recognized, and can only offset capital gain income. The September 30, 2013 valuation allowance reflects a decrease of \$52 million from the December 31, 2012 valuation allowance of \$146 million. The decrease in the valuation allowance for the nine months ended September 30, 2013 was primarily due to the generation of capital gain income from the termination of certain contracts.

The Company has concluded that it is more likely than not that its net deferred tax asset will be realized. In its conclusion, the Company considered the following evidence (both positive and negative):

- Due to the long-tail nature of the financial guarantee business, MBIA Inc.'s insurance subsidiaries, without regard to any new business, will have a steady stream of scheduled premium earnings with respect to the existing insured portfolio. Additionally, MBIA Corp.'s announcement in February 2008 of a suspension in writing new structured finance transactions and a permanent cessation with respect to insuring new CDS contracts, except in transactions related to the reduction of existing derivative exposure, would not have an impact on the expected earnings related to the existing insured portfolio.
- The Company performed taxable income projections over a twenty-year period to determine whether it will have sufficient income to offset its deferred tax asset that will generate future ordinary deductions. In this analysis, the Company concluded that premium earnings, including projected new business at National, combined with investment income, less deductible expenses, will be sufficient to recover its net deferred tax asset. The Company's taxable income projections used to assess the recoverability of its deferred tax asset include an estimate of future loss and LAE equal to the present value discount of loss reserves already recognized on the balance sheet and an estimate of LAE which is generally insignificant. The Company does not assume additional losses, with the exception of the accretion of its existing present value loss reserves, because the Company establishes case basis reserves on a present value basis based on an estimate of probable losses on specifically identified credits that have defaulted or are expected to default.

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MBIA Inc. and Subsidiaries **Notes to Consolidated Financial Statements (Unaudited)**

Note 10: Income Taxes (continued)

- While the lack of strong credit ratings assigned by the rating agencies have significantly adversely impacted the Company's ability to write new insurance business, these ratings did not have a material impact on earnings from the existing insured portfolio, which the Company believes will be sufficient to absorb losses in the event that the cumulative unrealized losses become fully impaired.
- With respect to installment policies, the Company generally does not have an automatic cancellation provision solely in connection with ratings downgrades. With regard to upfront policies, to the extent that the issuer chooses to terminate a policy, any unearned premium reserve with respect to that policy will be accelerated into earnings (i.e. refundings).

After reviewing all of the evidence available, both positive and negative, the Company believes that it has appropriately valued the recoverability of its deferred tax assets, net of the valuation allowance, as of September 30, 2013. The Company continues to assess the adequacy of its valuation allowance as additional evidence becomes available. The Company's recent financial results have been volatile which has impacted management's ability to accurately project future taxable income. Continued volatility or losses beyond those projected may cause the Company to conclude that certain of the deferred tax assets within the total deferred tax assets of \$1.2 billion as of September 30, 2013 may not be realizable. The Company performs an analysis every quarter to review its conclusion as to the ability to realize the deferred tax asset.

Accounting for Uncertainty in Income Taxes

The Company's policy is to record and disclose any change in UTB and related interest and/or penalties to income tax in the consolidated statements of operations.

In millions	
Unrecognized tax benefit as of December 31, 2012	\$ 47
The gross amount of the increase/(decrease) in the UTB as a result of tax positions taken:	
During a prior year	-
During the current year	11
The amounts of decreases in the UTB related to settlements with taxing authorities	-
The reduction in the UTB as a result of the applicable statute of limitations	-
Unrecognized tax benefit as of September 30, 2013	<u>\$ 58</u>

MBIA's major tax jurisdictions include the U.S. and the U.K. MBIA and its U.S. subsidiaries file a U.S. consolidated federal income tax return.

The U.K. tax authorities are currently auditing tax years 2005 through 2010. On June 5, 2013, the Company met with the HM Revenue & Customs ("HMRC"). During the third quarter of 2013, the Company sent HMRC additional information supporting its position. Currently, discussions with HMRC are ongoing and a resolution has not been reached. As of September 30, 2013, the Company has not established a reserve for this issue.

During the third quarter of 2013, the Company met with New York State Department of Taxation and Finance to discuss the Company's respective positions regarding certain issues related to the 2008 tax year. Currently, discussions are ongoing and a resolution has not been reached. As of September 30, 2013, the Company has not established a reserve for this issue.

As of December 31, 2012, the Company's consolidated NOL carryforward was \$1.3 billion which will expire between tax years 2029 through 2032. As a result of commutation activity in the second quarter of 2013, the Company's NOL has significantly increased from December 31, 2012. As of September 30, 2013, the Company's NOL is approximately \$2.8 billion. As of December 31, 2012, the Company also had a capital loss carryforward of \$165 million which will expire between tax years 2013 through 2017. However, as of September 30, 2013, the Company has generated year-to-date capital gain income sufficient to fully utilize the 2012 capital loss carryforward.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 11: Business Segments

MBIA manages its activities through three principal business operations: U.S. public finance insurance, structured finance and international insurance, and advisory services. The Company's U.S. public finance insurance business is operated through National, its structured finance and international insurance business is operated through MBIA Corp., and its advisory services business is primarily operated through Cutwater. MBIA Inc. and certain of its subsidiaries also manage certain other business activities, the results of which are reported in its corporate, asset/liability products, and conduit segments. The corporate segment includes revenues and expenses that arise from general corporate activities. While the asset/liability products and conduit businesses represent separate business segments, they may be referred to collectively as "wind-down operations" as the funding programs managed through those businesses are in wind-down.

As defined by segment reporting, an operating segment is a component of a company (i) that engages in business activities from which it earns revenue and incurs expenses, (ii) whose operating results are regularly reviewed by the Chief Operating Decision Maker to assess the performance of the segment and to make decisions about the allocation of resources to the segment and, (iii) for which discrete financial information is available. The following sections provide a description of each of the Company's reportable operating segments.

U.S. Public Finance Insurance

The Company's U.S. public finance insurance segment is principally conducted through National. The financial guarantees issued by National provide unconditional and irrevocable guarantees of the payment of principal of, and interest or other amounts owing on, U.S. public finance insured obligations when due. The obligations are generally not subject to acceleration, except that National may have the right, at its discretion, to accelerate insured obligations upon default or otherwise. National issues financial guarantees for municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utility districts, airports, health care institutions, higher educational facilities, student loan issuers, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. Municipal bonds and privately issued bonds used for the financing of public purpose projects are generally supported by taxes, assessments, fees or tariffs related to the use of these projects, lease payments or other similar types of revenue streams. National has not written any meaningful amount of business since its formation in 2009.

Structured Finance and International Insurance

The Company's structured finance and international insurance segment is principally conducted through MBIA Corp. The financial guarantees issued by MBIA Corp. generally provide unconditional and irrevocable guarantees of the payment of principal of, and interest or other amounts owing on, global structured finance and non-U.S. public finance insured obligations when due, or in the event MBIA Corp. has the right, at its discretion, to accelerate insured obligations upon default or otherwise, upon MBIA Corp.'s acceleration. Certain guaranteed investment contracts written by MBIA Inc. are insured by MBIA Corp., and if MBIA Inc. were to have insufficient assets to pay amounts due upon maturity or termination, MBIA Corp. would make such payments. MBIA Corp. also insures debt obligations of the following affiliates:

- MBIA Inc.;
- GFL;
- Meridian Funding Company, LLC;
- LaCrosse Financial Products, LLC, a wholly-owned affiliate, in which MBIA Corp. has written insurance policies guaranteeing the obligations under CDS, including termination payments that may become due upon certain events including the insolvency or payment default of the financial guarantor or the CDS issuer.

MBIA Corp.'s guarantees insure structured finance and asset-backed obligations, privately issued bonds used for the financing of public purpose projects, which are primarily located outside of the U.S. and that include toll roads, bridges, airports, public transportation facilities, utilities and other types of infrastructure projects serving a substantial public purpose, and obligations of sovereign-related and sub-sovereign issuers. Structured finance and ABS typically are securities repayable from expected cash flows generated by a specified pool of assets, such as residential and commercial mortgages, insurance policies, consumer loans, corporate loans and bonds, trade and export receivables, and leases for equipment, aircraft and real estate property. The Company is no longer insuring new credit derivative contracts except for transactions related to the reduction of existing derivative exposure. MBIA Corp. has not written any meaningful amount of business since 2008.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 11: Business Segments (continued)

Advisory Services

The advisory services segment primarily consists of the operations of Cutwater Investor Services Corp. ("Cutwater-ISC"), Cutwater Asset Management Corp. ("Cutwater-AMC"), and Trifinium. Cutwater-ISC and Cutwater-AMC provide advisory services, including cash management, discretionary asset management and structured products on a fee-for-service basis. Cutwater offers these services to public, not-for-profit, corporate and financial services clients, including MBIA Inc. and its subsidiaries, as well as portfolio accounting and reporting services. Cutwater-ISC and Cutwater-AMC are Securities and Exchange Commission registered investment advisers. Cutwater-AMC is also a Financial Industry Regulatory Authority member firm. Trifinium provides certain advisory services primarily in the European Union and is regulated by the Financial Conduct Authority in the U.K.

Corporate

The Company's corporate segment is principally conducted through Optinuity Alliance Resources Corporation ("Optinuity"), which provides general support services to the corporate segment and other operating businesses. Optinuity is a reportable segment that includes revenues and expenses that arise from general corporate activities, such as fees, net investment income, net gains and losses, interest expense on MBIA Inc. debt and general corporate expenses. Employees of the service company provide various support services including management, legal, accounting, treasury, information technology, and insurance portfolio surveillance, among others, on a fee-for-service basis. The service company's revenues and expenses are included in the results of the corporate segment.

Wind-down Operations

The Company's wind-down operations consist of the asset/liability products and conduit segments. The asset/liability products segment principally consists of the activities of MBIA Inc., MBIA Investment Management Corp. ("IMC") and GFL. IMC, along with MBIA Inc., provided customized investment agreements, guaranteed by MBIA Corp., for bond proceeds and other public funds for such purposes as construction, loan origination, escrow and debt service or other reserve fund requirements. It also provided customized products for funds that are invested as part of asset-backed or structured product transactions. GFL raised funds through the issuance of MTNs with varying maturities, which were, in turn, guaranteed by MBIA Corp. GFL lent the proceeds of these MTN issuances to MBIA Inc. ("GFL Loans"). MBIA Inc. invested the proceeds of investment agreements and GFL Loans in eligible investments, which consisted of investment grade securities rated investment grade at the time of purchase and maintained a minimum average double-A credit quality rating at the time of purchase. MBIA Inc. primarily purchases domestic securities, which are pledged to MBIA Corp. as security for its guarantees on investment agreements and MTNs.

The Company's conduit segment administers one conduit through MBIA Asset Finance, LLC. Assets financed by this conduit are currently funded by MTNs.

The ratings downgrades of MBIA Corp. have resulted in a substantial reduction of funding activities and the termination and collateralization of certain investment agreements, as well as winding down of existing asset/liability products and conduit obligations.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 11: Business Segments (continued)
Segments Results

The following tables provide the Company's segment results for the three months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30, 2013						
	U.S. Public Finance Insurance	Structured Finance and International Insurance	Advisory Services	Corporate	Wind-down Operations	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 93	\$ 39	\$ 3	\$ 10	\$ 6	\$ -	\$ 151
Net change in fair value of insured derivatives	-	257	-	-	-	-	257
Net gains (losses) on financial instruments at fair value and foreign exchange	-	(3)	-	37	(29)	-	5
Net gains (losses) on extinguishment of debt	-	-	-	-	7	(1)	6
Other net realized gains (losses)	(29)	-	-	-	-	-	(29)
Revenues of consolidated VIEs	-	30	-	(1)	1	-	30
Inter-segment revenues ⁽²⁾	10	20	8	35	(3)	(70)	-
Total revenues	74	343	11	81	(18)	(71)	420
Losses and loss adjustment	35	63	-	-	-	-	98
Operating	13	22	16	29	-	-	80
Interest	-	27	-	13	19	-	59
Expenses of consolidated VIEs	-	12	-	-	-	-	12
Inter-segment expenses ⁽²⁾	20	23	3	3	17	(66)	-
Total expenses	68	147	19	45	36	(66)	249
Income (loss) before income taxes	\$ 6	\$ 196	\$ (8)	\$ 36	\$ (54)	\$ (5)	\$ 171
Identifiable assets	\$ 6,509	\$ 12,096	\$ 47	\$ 910	\$ 1,785	\$ (3,714) ⁽³⁾	\$ 17,633

(1) - Represents the sum of third-party financial guarantee net premiums earned, net investment income, insurance-related fees and reimbursements, investment management fees and other fees.

(2) - Represents intercompany premium income and expense, intercompany asset management fees and expenses, and intercompany interest income and expense pertaining to intercompany receivables and payables.

(3) - Consists of intercompany reinsurance balances, repurchase agreements and deferred income taxes.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 11: Business Segments (continued)

In millions	Three Months Ended September 30, 2012						
	U.S. Public Finance Insurance	Structured Finance and International Insurance	Advisory Services	Corporate	Wind-down Operations	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 149	\$ 59	\$ 5	\$ 3	\$ 9	\$ -	\$ 225
Net change in fair value of insured derivatives	-	(21)	-	-	-	-	(21)
Net gains (losses) on financial instruments at fair value and foreign exchange	22	14	-	11	(40)	-	7
Net investment losses related to other-than-temporary impairments	-	(4)	-	(4)	-	-	(8)
Other net realized gains (losses)	-	-	-	1	-	-	1
Revenues of consolidated VIEs	-	57	-	-	20	-	77
Inter-segment revenues ⁽²⁾	43	29	8	53	(1)	(132)	-
Total revenues	214	134	13	64	(12)	(132)	281
Losses and loss adjustment	4	167	-	-	-	-	171
Operating	14	29	12	24	1	-	80
Interest	-	33	-	14	22	-	69
Expenses of consolidated VIEs	-	15	-	-	3	-	18
Inter-segment expenses ⁽²⁾	32	54	3	4	39	(132)	-
Total expenses	50	298	15	42	65	(132)	338
Income (loss) before income taxes	\$ 164	\$ (164)	\$ (2)	\$ 22	\$ (77)	\$ -	\$ (57)
Identifiable assets	\$ 7,134	\$ 17,399	\$ 53	\$ 843	\$ 2,861	\$ (6,158) ⁽³⁾	\$ 22,132

(1) - Represents the sum of third-party financial guarantee net premiums earned, net investment income, insurance-related fees and reimbursements, investment management fees and other fees.

(2) - Represents intercompany premium income and expense, intercompany asset management fees and expenses, and intercompany interest income and expense pertaining to intercompany receivables and payables.

(3) - Consists of intercompany reinsurance balances, repurchase agreements and loans.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 11: Business Segments (continued)

The following tables provide the Company's segment results for the nine months ended September 30, 2013 and 2012:

In millions	Nine Months Ended September 30, 2013						
	U.S. Public Finance Insurance	Structured Finance and International Insurance	Advisory Services	Corporate	Wind-down Operations	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 314	\$ 120	\$ 13	\$ 15	\$ 21	\$ -	\$ 483
Net change in fair value of insured derivatives	-	14	-	-	-	-	14
Net gains (losses) on financial instruments at fair value and foreign exchange	30	31	-	39	(38)	-	62
Net gains (losses) on extinguishment of debt	-	-	-	-	11	38 ⁽³⁾	49
Other net realized gains (losses)	(29)	-	-	-	-	-	(29)
Revenues of consolidated VIEs	-	174	-	(10)	8	-	172
Inter-segment revenues ⁽²⁾	81	52	20	56	(5)	(204)	-
Total revenues	396	391	33	100	(3)	(166)	751
Losses and loss adjustment	105	(13)	-	-	-	-	92
Operating	57	91	42	125	1	-	316
Interest	-	84	-	36	59	-	179
Expenses of consolidated VIEs	-	38	-	-	4	-	42
Inter-segment expenses ⁽²⁾	72	115	6	8	32	(233)	-
Total expenses	234	315	48	169	96	(233)	629
Income (loss) before income taxes	\$ 162	\$ 76	\$ (15)	\$ (69)	\$ (99)	\$ 67	\$ 122
Identifiable assets	\$ 6,509	\$ 12,096	\$ 47	\$ 910	\$ 1,785	\$ (3,714) ⁽⁴⁾	\$ 17,633

(1) - Represents the sum of third-party financial guarantee net premiums earned, net investment income, insurance-related fees and reimbursements, investment management fees and other fees.

(2) - Represents intercompany premium income and expense, intercompany asset management fees and expenses, intercompany interest income, expenses pertaining to intercompany receivables and payables and intercompany loans.

(3) - Represents the gain on the debt received as consideration in connection with the BofA Settlement Agreement.

(4) - Consists of intercompany reinsurance balances, repurchase agreements and deferred income taxes.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 11: Business Segments (continued)

In millions	Nine Months Ended September 30, 2012						
	U.S. Public Finance Insurance	Structured Finance and International Insurance	Advisory Services	Corporate	Wind-down Operations	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 419	\$ 194	\$ 16	\$ 10	\$ 44	\$ -	\$ 683
Net change in fair value of insured derivatives	-	1,053	-	-	-	-	1,053
Net gains (losses) on financial instruments at fair value and foreign exchange	43	80	-	19	(160)	-	(18)
Net investment losses related to other-than-temporary impairments	-	(45)	-	(4)	(56)	-	(105)
Other net realized gains (losses)	-	1	-	6	-	-	7
Revenues of consolidated VIEs	-	23	-	-	60	-	83
Inter-segment revenues ⁽²⁾	123	10	26	132	(19)	(272)	-
Total revenues	585	1,316	42	163	(131)	(272)	1,703
Losses and loss adjustment	15	315	-	-	-	-	330
Operating	112	120	38	69	4	-	343
Interest	-	99	-	43	72	-	214
Expenses of consolidated VIEs	-	46	-	-	11	-	57
Inter-segment expenses ⁽²⁾	91	154	10	10	87	(352)	-
Total expenses	218	734	48	122	174	(352)	944
Income (loss) before income taxes	\$ 367	\$ 582	\$ (6)	\$ 41	\$ (305)	\$ 80	\$ 759
Identifiable assets	\$ 7,134	\$ 17,399	\$ 53	\$ 843	\$ 2,861	\$ (6,158) ⁽³⁾	\$ 22,132

(1) - Represents the sum of third-party financial guarantee net premiums earned, net investment income, insurance-related fees and reimbursements, investment management fees and other fees.

(2) - Represents intercompany premium income and expense, intercompany asset management fees and expenses, and intercompany interest income and expense pertaining to intercompany receivables and payables.

(3) - Consists of intercompany reinsurance balances, repurchase agreements and loans.

Premiums on financial guarantees and insured derivatives reported within the Company's insurance segments are generated within and outside the U.S. The following table summarizes premiums earned on financial guarantees and insured derivatives by geographic location of risk for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Total premiums earned:				
United States	\$ 82	\$ 141	\$ 297	\$ 402
United Kingdom	9	9	26	27
Europe (excluding United Kingdom)	3	3	9	12
Internationally diversified	2	3	8	13
Central and South America	13	8	28	40
Asia	1	2	3	4
Other	2	2	6	8
Total	\$ 112	\$ 168	\$ 377	\$ 506

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 11: Business Segments (continued)

The following tables provide the results of the segments within the wind-down operations for the three months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30, 2013			
	Asset / Liability Products	Conduits	Eliminations	Total Wind- down Operations
Revenues ⁽¹⁾	\$ 6	\$ -	\$ -	\$ 6
Net gains (losses) on financial instruments at fair value and foreign exchange	(29)	-	-	(29)
Net gains (losses) on extinguishment of debt	7	-	-	7
Revenues of consolidated VIEs	-	1	-	1
Inter-segment revenues ⁽²⁾	(1)	(2)	-	(3)
Total revenues	(17)	(1)	-	(18)
Interest	19	-	-	19
Inter-segment expenses ⁽²⁾	2	15	-	17
Total expenses	21	15	-	36
Income (loss) before income taxes	\$ (38)	\$ (16)	\$ -	\$ (54)
Identifiable assets	\$1,586	\$ 198	\$ 1	\$ 1,785

(1) - Represents the sum of third-party interest income, investment management services fees and other fees.

(2) - Represents intercompany asset management fees and expenses plus intercompany interest income and expense pertaining to intercompany debt.

In millions	Three Months Ended September 30, 2012			
	Asset / Liability Products	Conduits	Eliminations	Total Wind- down Operations
Revenues ⁽¹⁾	\$ 9	\$ -	\$ -	\$ 9
Net gains (losses) on financial instruments at fair value and foreign exchange	(40)	-	-	(40)
Revenues of consolidated VIEs	-	20	-	20
Inter-segment revenues ⁽²⁾	(1)	-	-	(1)
Total revenues	(32)	20	-	(12)
Operating	1	-	-	1
Interest	22	-	-	22
Expenses of consolidated VIEs	-	3	-	3
Inter-segment expenses ⁽²⁾	3	36	-	39
Total expenses	26	39	-	65
Income (loss) before income taxes	\$ (58)	\$ (19)	\$ -	\$ (77)
Identifiable assets	\$2,219	\$ 693	\$ (51)	\$ 2,861

(1) - Represents the sum of third-party interest income, investment management services fees and other fees.

(2) - Represents intercompany asset management fees and expenses plus intercompany interest income and expense pertaining to intercompany debt.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 11: Business Segments (continued)

The following tables provide the results of the segments within the wind-down operations for the nine months ended September 30, 2013 and 2012:

In millions	Nine Months Ended September 30, 2013			
	Asset / Liability Products	Conduits	Eliminations	Total Wind-down Operations
Revenues ⁽¹⁾	\$ 21	\$ -	\$ -	\$ 21
Net gains (losses) on financial instruments at fair value and foreign exchange	(38)	-	-	(38)
Net gains (losses) on extinguishment of debt	11	-	-	11
Revenues of consolidated VIEs	-	8	-	8
Inter-segment revenues ⁽²⁾	(3)	(8)	6	(5)
Total revenues	(9)	-	6	(3)
Operating	1	-	-	1
Interest	59	-	-	59
Expenses of consolidated VIEs	-	4	-	4
Inter-segment expenses ⁽²⁾	6	26	-	32
Total expenses	66	30	-	96
Income (loss) before income taxes	\$ (75)	\$ (30)	\$ 6	\$ (99)
Identifiable assets	\$1,586	\$ 198	\$ 1	\$ 1,785

(1) - Represents the sum of third-party interest income, investment management services fees and other fees.

(2) - Represents intercompany asset management fees and expenses plus intercompany interest income and expense pertaining to intercompany debt.

In millions	Nine Months Ended September 30, 2012			
	Asset / Liability Products	Conduits	Eliminations	Total Wind-down Operations
Revenues ⁽¹⁾	\$ 44	\$ -	\$ -	\$ 44
Net gains (losses) on financial instruments at fair value and foreign exchange	(160)	-	-	(160)
Net investment losses related to other-than-temporary impairments	(56)	-	-	(56)
Revenues of consolidated VIEs	-	60	-	60
Inter-segment revenues ⁽²⁾	(15)	(2)	(2)	(19)
Total revenues	(187)	58	(2)	(131)
Operating	4	-	-	4
Interest	72	-	-	72
Expenses of consolidated VIEs	-	11	-	11
Inter-segment expenses ⁽²⁾	16	71	-	87
Total expenses	92	82	-	174
Income (loss) before income taxes	\$ (279)	\$ (24)	\$ (2)	\$ (305)
Identifiable assets	\$2,219	\$ 693	\$ (51)	\$ 2,861

(1) - Represents the sum of third-party interest income, investment management services fees and other fees.

(2) - Represents intercompany asset management fees and expenses plus intercompany interest income and expense pertaining to intercompany debt.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
Note 12: Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the dilutive effect of all stock options, warrants and other items outstanding during the period that could potentially result in the issuance of common stock. For the three months ended September 30, 2013 and 2012, there were 26,988,764 and 28,732,318, respectively, of stock options and warrants outstanding that were not included in the diluted earnings per share calculation because they were antidilutive. For the nine months ended September 30, 2013 and 2012, there were 27,369,789 and 28,785,415, respectively, of stock options and warrants outstanding that were not included in the diluted earnings per share calculation because they were antidilutive.

The following table presents the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2013 and 2012:

\$ in millions except share and per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income (loss)	\$ 132	\$ 7	\$ 118	\$ 598
Basic weighted average shares ⁽¹⁾	192,711,608	193,879,994	193,440,078	193,760,654
Effect of common stock equivalents:				
Stock options and warrants	4,035,163	1,097,648	4,322,410	1,074,883
Diluted weighted average shares	196,746,771	194,977,642	197,762,488	194,835,537
Net income (loss) per common share:				
Basic	\$ 0.68	\$ 0.04	\$ 0.61	\$ 3.09
Diluted	\$ 0.67	\$ 0.04	\$ 0.60	\$ 3.07

(1) - Includes 4,349,481 and 5,524,396 of unvested restricted stock and units that receive nonforfeitable dividends or dividend equivalents for the three months ended September 30, 2013 and 2012, respectively. Includes 4,981,970 and 5,442,143 of unvested restricted stock and units that receive nonforfeitable dividends or dividend equivalents for the nine months ended September 30, 2013 and 2012, respectively.

Note 13: Accumulated Other Comprehensive Income

The following table presents the changes in the components of AOCI for the nine months ended September 30, 2013:

In millions	Unrealized Gains (Losses) on AFS Securities, Net	Foreign Currency Translation, Net	Total
Balance, January 1, 2013	\$ 43	\$ 13	\$ 56
Other comprehensive income before reclassifications	(91)	(8)	(99)
Amounts reclassified from AOCI	(7)	-	(7)
Net current period other comprehensive income (loss)	(98)	(8)	(106)
Balance, September 30, 2013	\$ (55)	\$ 5	\$ (50)

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 13: Accumulated Other Comprehensive Income (continued)

The following table presents the details of the reclassifications from AOCI for the nine months ended September 30, 2013:

In millions		
Details about AOCI Components	Amounts Reclassified from AOCI	Affected Line Item on the Consolidated Statements of Operations
Unrealized gains (losses) on AFS securities:		
Realized gain on sale of securities	\$ 15	Net gains (losses) on financial instruments at fair value and foreign exchange
Amortization on securities	(4)	Net investment income
	11	Income (loss) before income taxes
	4	Provision (benefit) for income taxes
Total reclassifications for the period	<u>\$ 7</u>	Net income (loss)

Note 14: Commitments and Contingencies

The following commitments and contingencies provide an update of those discussed in "Note 20: Commitments and Contingencies" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, and should be read in conjunction with the complete descriptions provided in the aforementioned Form 10-K.

Recovery Litigation

MBIA Insurance Corp. v. Countrywide Home Loans, Inc., et al.; Index No. 602825/08 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, the parties reached an agreement to resolve MBIA's claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

MBIA Insurance Corp. v. Bank of America Corp.; Countrywide Home Loans, Inc., Countrywide Securities Corp., and Countrywide Financial Corp. et al.; Case No. BC417572 (Ca. Super. Ct., County of Los Angeles)

In May of 2013, the parties reached an agreement to resolve MBIA's claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

MBIA Insurance Corp. v. Federal Deposit Insurance Corporation (in its corporate capacity and as conservator and receiver for IndyMac Federal Bank, F.S.B.); Civil Action No. 09-01011 (ABJ) (D.D.C.)

On March 8, 2013, the United States Court of Appeals for the D.C. Circuit affirmed the district court's ruling dismissing MBIA Corp.'s amended complaint.

MBIA Insurance Corp. v. Credit Suisse Securities (USA) LLC, et al.; Index No. 603751/2009 (N.Y. Sup. Ct., N.Y. County)

On March 8, 2013, the defendants filed their answer to the amended complaint. On April 19, 2013, the court issued an order scheduling fact discovery to close by June 30, 2014.

MBIA Insurance Corp. v. J.P. Morgan Securities LLC (f/k/a Bear, Stearns & Co. Inc.); Index No. 64676/2012 (N.Y. Sup. Ct., County of Westchester)

On October 9, 2013, J.P. Morgan Securities LLC filed its motion for summary judgment.

MBIA Insurance Corp. v. Ally Financial Inc. (f/k/a GMAC, LLC) et al.; 12-cv-02563 SRN/TNL (D. Minn.)

This case is currently stayed.

MBIA Insurance Corp. v. Flagstar ABS, LLC, et al.; 13-cv-0262 (JSR) (S.D.N.Y.)

The parties filed a Stipulation of Discontinuance and Order of Dismissal with Prejudice of this action on May 2, 2013. Under the terms of the settlement, MBIA Corp. dismissed the lawsuit against Flagstar Bank in exchange for \$110 million in cash and other consideration.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 14: Commitments and Contingencies (continued)

Transformation Litigation

ABN AMRO Bank N.V. et al. v. Eric Dinallo et al.; Index no. 601846/09 (N.Y. Sup. Ct., N.Y. County)

On March 4, 2013, the court issued a decision dismissing the Article 78 proceeding. On April 2, 2013, the remaining plaintiffs filed a Notice of Appeal to the Appellate Division, First Department. In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the settlement agreements.

ABN AMRO Bank N.V. et al. v. MBIA Inc. et al.; Index No. 601475/2009 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the settlement agreements.

Barclays Bank PLC., et al. v. Wrynn et al.; Index No. 651811/2010 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the settlement agreements.

CQS ABS Master Fund Ltd., CQS Select ABS Master Fund Ltd., and CQS ABS Alpha Master Fund Ltd. v. MBIA Inc. et al.; Civil Action No. 12-cv-6840 (R.S.) (S.D.N.Y.)

On October 23, 2013, the plaintiffs filed a motion for a preliminary injunction seeking to prospectively enjoin National from issuing dividends during the pendency of the litigation. Although the motion referenced the dividend that the Company previously had disclosed that National intended to pay in the fourth quarter of 2013, that dividend was paid prior to the filing of the motion and therefore is not subject to the relief requested by the motion. Refer to "Note 1: Business Developments and Risks and Uncertainties" for information regarding this dividend. National filed its reply to the motion on November 1, 2013, and believes it is not meritorious and should be denied. The court has adjourned oral argument on the motion to November 14, 2013. The court entered a revised Management Plan and Scheduling Order setting a fact discovery deadline of April 4, 2014.

Broadbill Partners LP, et al. v. MBIA Inc., et al.; Index No. 653865/2012 (N.Y. Sup. Ct., N.Y. County)

On June 6, 2013, the plaintiffs voluntarily dismissed the litigation without prejudice. A Stipulation of Discontinuance was filed on June 7, 2013.

Corporate Litigation

Bank of America v. MBIA Inc. and The Bank of New York Mellon, as Indenture Trustee; Index No. 70444/2012 (N.Y. Sup. Ct., Westchester County)

In May of 2013, the parties reached an agreement to resolve their respective claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

MBIA Inc. v. Bank of America Corp. and Blue Ridge Investments, L.L.C.; Index No. 51664/2013 (N.Y. Sup. Ct., Westchester County)

In May of 2013, the parties reached an agreement to resolve their respective claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

Mary Crescente v. Joseph Brown, et al.; Index No. 17595/2008 (N.Y. Sup. Ct., Westchester County)

On March 25, 2013, a Stipulation of Discontinuance was filed with the court resolving the litigation.

Ambac Bond Insurance Coverage Cases, Coordinated Proceeding Case No. JCCP 4555 (Super. Ct. of Cal., County of San Francisco)

The plaintiffs filed a notice of appeal of the March 22, 2013 decision that granted the Bond Insurer defendants' motion to strike pursuant to California's Anti-SLAPP statute dismissing the plaintiffs' claims under California's Cartwright Act. On October 1, 2013, the Bond Insurer defendants' filed a notice of cross-appeal.

Tri-City Healthcare District v. Citibank. et al.; Case No. 30-2010-00359692 (Super. Ct. of Cal., County of Orange)

The parties reached an agreement to resolve Tri-City Healthcare District's claims in this matter.

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MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 14: Commitments and Contingencies (continued)

City of Phoenix v. AMBAC et al., Case No. 2:10-cv-00555-TMB (D. Ariz.)

On June 4, 2013, the parties reached an agreement to resolve the City of Phoenix's claims in this matter.

National Public Finance Guarantee Corp. et al. v City of Detroit, Michigan et al.; Adv. Pro. No 13-05309-swr (Bkcy. E.D. MI)

On November 8, 2013, National (together with Assured Guaranty Municipal Corp.) commenced an adversary proceeding against the City of Detroit and certain individuals employees/managers in the Chapter 9 bankruptcy case titled In re: City of Detroit, Michigan; Case No. 13-53846, pending in the United States Bankruptcy Court for the Eastern District of Michigan. The complaint seeks, among other things, a declaration that the City of Detroit and its employees/managers must comply with Michigan state law in the collection, segregation and use of restricted *ad valorem* tax proceeds levied and pledged to repay the principal and interest on several series of Detroit's unlimited tax general obligation bonds.

The Company is defending against the aforementioned actions in which it is a defendant and expects ultimately to prevail on the merits. There is no assurance, however, that the Company will prevail in these actions. Adverse rulings in these actions could have a material adverse effect on the Company's ability to implement its strategy and on its business, results of operations, cash flows and financial condition. At this stage of the litigation, there has not been a determination as to the amount, if any, of damages. Accordingly, the Company is not able to estimate any amount of loss or range of loss.

There are no other material lawsuits pending or, to the knowledge of the Company, threatened, to which the Company or any of its subsidiaries is a party.

Note 15: Subsequent Events

Refer to "Note 14: Commitments and Contingencies" for information about legal proceedings that occurred after September 30, 2013.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This quarterly report of MBIA Inc. ("MBIA", the "Company", "we", "us" or "our") 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 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:

- the possibility that the Company will experience severe losses or liquidity needs due to increased deterioration in its insurance portfolios and in particular, due to the performance of insured credit default swaps ("CDS") that are backed by or reference commercial mortgage-backed securities ("CMBS") pools and commercial real estate ("CRE") collateralized debt obligations ("CDOs"), insured residential mortgage-backed securities ("RMBS") transactions, and insured asset-backed security ("ABS") CDOs;
- uncertainty regarding whether the Company will realize, or will be delayed in realizing, insurance loss recoveries expected in disputes with sellers/servicers of RMBS transactions and excess spread at the levels recorded in its consolidated financial statements;
- failure to implement our risk reduction and liquidity strategies because of an inability to draw on expected liquidity sources or obtain regulatory approvals;
- the possibility that loss reserve estimates are not adequate to cover potential claims;
- our ability to access capital and our exposure to significant fluctuations in liquidity and asset values within the global credit markets, in particular within our asset/liability products segment;
- our ability to fully implement our strategic plan, including our ability to achieve high stable ratings for National Public Finance Guarantee Corporation (together with its subsidiaries, "National") or any of our other insurance companies and our ability to commute certain of our insured exposures, including as a result of limited available liquidity;
- the possibility of 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 possibility that severe fiscal stress will result in credit losses or impairments on obligations of state and local governments that we insure;
- the possibility of impairment of general obligation bonds that we insure as a result of municipal issuers that are experiencing severe financial stress filing for protection under Chapter 9 of the United States Bankruptcy Code and the unpredictable outcome of bankruptcy proceedings;
- changes in the Company's or its insurance subsidiaries' credit ratings;
- competitive conditions for bond insurance, including potential entry into the public finance market of additional insurers of municipal bonds, and changes in the demand for financial guarantee insurance;
- 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.

The above factors provide a summary of and are qualified in their entirety by the risk factors discussed under "Risk Factors" in Part II, Item 1A of this Form 10-Q. In addition, refer to "Note 1: Business Developments and Risks and Uncertainties" in the Notes to Consolidated Financial Statements for a discussion of certain risks and uncertainties related to our financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

EXECUTIVE OVERVIEW

MBIA operates one of the largest financial guarantee insurance businesses in the industry and is a provider of asset management and advisory services. These activities are managed through three business segments: U.S. public finance insurance; structured finance and international insurance; and advisory services. Our U.S. public finance insurance business is primarily operated through National, our structured finance and international insurance business is primarily operated through MBIA Insurance Corporation and its subsidiaries ("MBIA Corp."), and our asset management and advisory services business is primarily operated through Cutwater Holdings, LLC and its subsidiaries ("Cutwater"). We also manage certain business activities through our corporate, asset/liability products, and conduit segments. Our corporate segment includes revenues and expenses that arise from general corporate activities. Funding programs managed through our asset/liability products and conduit segments are in wind-down.

Recent Developments

Operating Cost Reductions

In order to better position the Company for future business opportunities, in the third quarter of 2013, we initiated cost reduction measures focused on our legal, consulting, staffing and head office occupancy costs. As a result, expenses for net compensation costs related to staff reductions totaled \$18 million and were recorded primarily during the third quarter of 2013. These expenses are included in "Operating expenses" on our consolidated statements of operations. These staff reductions reduced our worldwide June 30, 2013 headcount by approximately 21%. We estimate that our staff reductions will result in annualized future savings of approximately \$24 million, which will be offset by any future staff increases and increases in compensation. In addition, as a result of the potential sale of the office used in our operations, we recorded an impairment charge of \$29 million on our Armonk, New York facility. The carrying value of the facility was adjusted to its fair market value, which was determined based on an independent third-party appraisal of the facility. This impairment charge is reflected in the results of our U.S. public finance insurance segment and is included in "Other net realized gains (losses)" on our consolidated statements of operations.

In addition, during the three and nine months ended September 30, 2013, operating expenses included \$2 million and \$89 million, respectively, related to settlement, consulting and legal expenses associated with the resolution of litigation matters with Bank of America, Societe Generale, and Flagstar Bank.

Bank of America Settlement Agreement

In May of 2013, MBIA Inc., together with its subsidiaries MBIA Corp. and National, entered into a comprehensive settlement agreement and related agreements (the "BoFA Settlement Agreement") with Bank of America Corporation and certain of its subsidiaries (collectively, "Bank of America"). Refer to "Note 1: Business Developments and Risks and Uncertainties" in the Notes to Consolidated Financial Statements for a discussion of the BoFA Settlement Agreement. As a result of the BoFA Settlement Agreement, the repayment of the remaining balance and accrued interest on MBIA Corp.'s secured loan from National (the "National Secured Loan") and recent credit ratings upgrades, the Company is currently evaluating strategies for re-entry into the U.S. public finance market.

Societe Generale Settlement

In May of 2013, the Company entered into an agreement with Societe Generale pursuant to which MBIA commuted \$4.2 billion of gross insured exposure comprising ABS CDOs, structured CMBS pools and CRE CDOs. Refer to "Note 1: Business Developments and Risks and Uncertainties" in the Notes to Consolidated Financial Statements for a description of the settlement.

Residential Capital LLC Agreement

In May of 2013, the Company, the Consenting Claimants, Residential Capital LLC ("ResCap") and Ally Financial Inc. ("Ally"), agreed to the terms of a comprehensive plan agreement to support ResCap's Chapter 11 plan. The confirmation of ResCap's Chapter 11 plan would resolve MBIA Corp.'s claims against the Residential Funding Company, LLC, GMAC Mortgage LLC and ResCap estates, and Ally. In June of 2013, the bankruptcy court issued a Memorandum Opinion approving the Plan Support Agreement (the "Plan"). The Plan is now subject to voting by creditors as well as a confirmation hearing by the bankruptcy court. All creditor ballots were due back by October 21, 2013 and as of the date of this report, the results had not been tallied. There can be no assurance that the Plan will be confirmed. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a description of the agreement.

Transformation Litigation

Subsequent to the BoFA Settlement Agreement and the Societe Generale settlement, all litigation brought originally by the group of eighteen domestic and international financial institutions, relating to the establishment of National, has been resolved. Refer to "Note 14: Commitments and Contingencies" in the Notes to Consolidated Financial Statements for a description of this litigation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

EXECUTIVE OVERVIEW (continued)

National

As a result of the BofA Settlement Agreement and the Societe Generale settlement, Standard & Poor's Financial Services LLC ("S&P") upgraded National's rating to A with a stable outlook. Also, Moody's Investors Service, Inc. ("Moody's") upgraded National's rating to Baa1 with a positive outlook. The absence of higher ratings from S&P and Moody's has adversely impacted our ability to write new insurance business and our ability to write new premiums. The Company is seeking rating upgrades from the rating agencies and believes the current ratings of National do not fully represent the financial strength of National when compared with other companies in its industry. We expect to achieve high stable ratings for National that would be necessary to support writing new business, but there is no assurance that we will be able to achieve such ratings and the timing of such rating upgrades is uncertain. We are also considering obtaining ratings for National from additional rating agencies.

We expect National will gain market acceptance and become a competitive financial guarantor once its ratings are upgraded. We expect that the majority of its new business will be in the general obligation, tax-backed and revenue bond sectors. The Company also believes there are significant amounts of insurable bonds that have been issued on an unwrapped basis in recent years, which the Company believes meet its underwriting criteria and present attractive secondary market opportunities. In addition, we believe the increase in interest rates during 2013 and the continued issuance of new municipal debt will present attractive risk-adjusted business opportunities for National. National maintains underwriting criteria for most municipal risk types and expects opportunities for new business across the spectrum of municipal sectors. National's underwriting criteria does not limit it to particular sectors.

While there are currently two other bond insurers actively engaged in the market, one of which was recently established, we have observed other new competitors indicating an interest in entering the bond insurance market and continue to consider strategies for launch. We will continue to monitor the impact that new and existing market participants may have on our ability to compete in the U.S. public finance insurance market in the future.

In August of 2013, the novation agreement between Financial Guaranty Insurance Corporation ("FGIC") and National, whereby FGIC transferred, by novation, to National all the rights and liabilities under each of the policies covered under a reinsurance agreement with FGIC, became effective. This novation agreement included covered policies that previously benefited from the reinsurance agreement and second-to-pay policies entered into by MBIA Insurance Corporation in 2008 that were subsequently assigned to and reinsured by National in 2009. As a result of this novation, National is now the primary insurer under these policies.

While our U.S. public finance insured portfolio in National continued to perform satisfactorily on the whole, we did experience increased stress in this portfolio in the nine months ended September 30, 2013, as a portion of the obligations that we insure were issued by some of the state and local governments that remain under extreme financial and budgetary stress. In addition, several of these local governments have filed for protection under the United States Bankruptcy Code or have entered into state statutory proceedings established to assist municipalities in managing through periods of severe fiscal stress. This could lead to an increase in defaults by such entities on the payment of their obligations and losses or impairments on a greater number of our insured transactions. We continue to monitor and analyze these situations very closely, and the overall extent and duration of this stress is uncertain. National has exposure to the Commonwealth of Puerto Rico (the "Commonwealth") and certain governmental issuers in the territory. The Commonwealth is experiencing fiscal stress, however it has taken pro-active actions to address its significant economic challenges. We are continuing to monitor the situation closely, but do not expect a default by the Commonwealth. In addition, during the third quarter of 2013, National participated in the restructuring of a gaming revenue transaction, in which National received marketable securities where the fair value of these securities was less than the salvage receivable recorded at the time of the transaction. We expect to recover the full value of the original salvage receivable over time. Refer to the following "Results of Operations - U.S. Public Finance Insurance Loss and Loss Adjustment Expenses" section for additional information about this remedial credit transaction.

MBIA Corp.

As a result of the BofA Settlement Agreement, MBIA Corp.'s liquidity and capital risk profile has substantially improved. MBIA Corp. still has significant risk within its insured portfolio and the amount and timing of potential claims from its second-lien RMBS and remaining insured CMBS pools are uncertain. MBIA Corp.'s strategy for managing its CMBS pool and ABS CDO exposures has been evaluating opportunities to commute exposures and successfully executing such commutations. MBIA Corp.'s ability to commute insured transactions is limited by available liquidity. MBIA Corp. believes that it continues to have sufficient capital and liquidity to meet all of its expected obligations. Refer to "Note 1: Business Developments and Risks and Uncertainties" in the Notes to Consolidated Financial Statements for a discussion of significant risks and uncertainties that could affect amounts reported in the Company's financial statements in future periods. MBIA Corp.'s business and financial results have been significantly influenced by a number of factors including, but not limited to, the matters described below:

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

EXECUTIVE OVERVIEW (continued)

- Our expected liquidity and capital forecasts for MBIA Corp., which include expected availability of draws under a \$500 million three-year secured revolving credit agreement with Blue Ridge Investments, L.L.C. ("Blue Ridge"), an affiliate of Bank of America (the "Blue Ridge Secured Loan"), expected recoveries from the ResCap agreement, and projected collections of excess spread and the remaining put-back recoverables, reflect more than adequate resources to pay expected claims. However, there are risks to these forecasts, as the amount and timing of potential claims from our second-lien RMBS and remaining insured CMBS pools are potentially volatile, as are the projected collections of excess spread and the remaining put-back recoverables. Further, the remaining insured portfolio, aside from these exposures, could deteriorate and result in loss reserves and claim payments. While we believe MBIA Corp. will have adequate resources to pay expected claims, if MBIA Corp. experiences higher than expected claim payments or is unable to commute the remaining exposures that represent substantial risk to the Company, MBIA Corp. may ultimately have insufficient resources to continue to pay claims, which could cause the New York State Department of Financial Services ("NYSDFS") to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding. In addition, if MBIA Corp.'s statutory capital falls below \$750 million as a result of an increase in loss reserves, claims payments or for other reasons, Blue Ridge may in its sole discretion terminate its obligations to make loans under the Blue Ridge Secured Loan, or declare all borrowings to be due and immediately payable.
- For the three and nine months ended September 30, 2013, we estimated additional aggregate losses and loss adjustment expense ("LAE") of \$98 million and \$459 million, respectively, related to our insured CMBS exposure. We have recorded additional impairments on our insured CMBS portfolio every quarter since the beginning of 2010 reflecting that actual deterioration has been more than expected. It is possible that we will experience severe losses or near-term liquidity needs due to increased deterioration in our insured CMBS portfolio.
- During the nine months ended September 30, 2013, MBIA Corp. commuted \$19.9 billion of gross insured exposure, primarily comprising structured CMBS pools, investment grade CDOs, ABS CDOs, first-lien subprime RMBS, high yield corporate CDOs, CRE CDOs, structured insurance securities and first-lien alternative A-paper RMBS. In consideration for the commutation of insured transactions, the Company has made and may in the future make payments to the counterparties, the amounts of which, if any, may be less than or greater than any statutory loss reserves established for the respective transactions. The Company enters into commutations in the ordinary course of its business and generally does not intend to make contemporaneous disclosures regarding any such transactions regardless of the amounts paid to effect such commutations in relation to the statutory loss reserves established for the respective transactions. The Company's ability to commute insured transactions is limited by available liquidity, including the availability of the Blue Ridge Secured Loan, other available financing structures and expected put-back recoveries, and commutations may be subject to regulatory approval by the NYSDFS and/or the United Kingdom's ("U.K.") Prudential Regulation Authority. There can be no assurance that the Company will be able to fund further commutations by borrowing or otherwise or that it will be able to obtain required regulatory approvals.

Economic and Financial Market Trends

We believe the first nine months of 2013 continued to show modest improvements in the U.S. economy. For the three months ended September 30, 2013, the U.S. economy expanded slightly aided by stabilization in the housing market and rising home prices. The unemployment rate dropped in the third quarter of 2013 to its lowest levels in over four years. While this continued improvement in the labor market should help to increase personal incomes, the ultimate outcomes on the debt ceiling, the federal budget and the Affordable Care Act will add uncertainty to the business and consumer segments of our economy. In addition, the recent speculation that the Federal Reserve might taper their quantitative easing programs caused concerns over the level of interest rates. Information concerning our interest rate sensitivity appears in Part I, Item 3, "Quantitative and Qualitative Disclosures about Market Risk". While Europe begins to display signs of recovering from its recession, such signs remain inconclusive and there continues to be high unemployment rates. Prolonged debt and budget issues and related austerity programs suggest that it may be some time before Europe shows sustained growth and a robust recovery. While we believe confidence in the U.S. economy should continue for the remainder of 2013, sustained job growth and resolution of fiscal policies in Washington are paramount to a complete recovery. MBIA's business outlook should be viewed against this backdrop since these are some of the key economic conditions which, together with the volatility of gains and losses on our insured credit derivatives, significantly impact our financial results.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

EXECUTIVE OVERVIEW (continued)

Financial Highlights

Our financial results, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), have been extremely volatile since the fourth quarter of 2007 primarily as a result of unrealized gains and losses from fair valuing our insured credit derivatives. We do not believe that the volatility caused by these unrealized gains and losses on our insured derivatives reflects the underlying economics of our business. We expect that our reported financial results will remain volatile and uncertain during the remainder of 2013 as a result of actual and perceived future performance of our insured credit derivatives and the perception of MBIA's credit risk. Our economic performance may also be volatile depending on changes in our loss estimates based on changes in macroeconomic conditions in the U.S. and abroad and deviations in collateral performance from our expectations.

For the three months ended September 30, 2013, we recorded consolidated net income of \$132 million or \$0.67 per diluted share compared with consolidated net income of \$7 million, or \$0.04 per diluted share for the same period of 2012.

For the nine months ended September 30, 2013, we recorded consolidated net income of \$118 million or \$0.60 per diluted share compared with consolidated net income of \$598 million or \$3.07 per diluted share, for the same period of 2012.

We also use adjusted pre-tax income (loss), a non-GAAP measure, to supplement our analysis of our periodic results. We consider adjusted pre-tax income (loss) a fundamental measure of periodic financial performance, which we believe is useful for an understanding of our results. Adjusted pre-tax income (loss) adjusts GAAP pre-tax income (loss) to remove the effects of consolidating insured variable interest entities ("VIEs") and gains and losses related to insured credit derivatives, which we believe will reverse over time, as well as to add in changes in the present value of insurance claims we expect to pay on insured credit derivatives based on our ongoing insurance loss monitoring. Adjusted pre-tax income (loss) is not a substitute for and should not be viewed in isolation of GAAP pre-tax income (loss), and our definition of adjusted pre-tax income (loss) may differ from that used by other companies. Refer to the following "Results of Operations" section for a reconciliation of adjusted pre-tax income (loss) to GAAP pre-tax income (loss).

For the three months ended September 30, 2013, consolidated adjusted pre-tax loss was \$188 million compared with an adjusted pre-tax loss of \$118 million for the same period of 2012.

For the nine months ended September 30, 2013, consolidated adjusted pre-tax loss was \$368 million compared with an adjusted pre-tax loss of \$818 million for the same period of 2012.

Our consolidated shareholders' equity was \$3.2 billion as of September 30, 2013 and December 31, 2012. Our consolidated book value per share as of September 30, 2013 was \$16.54 compared with \$16.22 as of December 31, 2012.

In addition to book value per share, we also analyze adjusted book value ("ABV") per share, a non-GAAP measure. We consider ABV a measure of fundamental value of the Company and the change in ABV an important measure of financial performance. ABV adjusts GAAP book value to remove the impact of certain items which the Company believes will reverse from GAAP book value over time through the GAAP statements of operations and GAAP statements of comprehensive income, as well as to add in the impact of certain items which the Company believes will be realized in GAAP book value in future periods. The Company has limited such adjustments to those items that it deems to be important to fundamental value and performance and which the likelihood and amount can be reasonably estimated. ABV assumes no new business activity. We have presented ABV to allow investors and analysts to evaluate the Company using the same measure that MBIA's management regularly uses to measure financial performance and value. ABV is not a substitute for and should not be viewed in isolation of GAAP book value, and our definition of ABV may differ from that used by other companies. Refer to the following "Results of Operations" section for a further discussion of ABV and a reconciliation of GAAP book value per share to ABV per share.

As of September 30, 2013, ABV per share was \$28.68, down from \$30.68 as of December 31, 2012.

A detailed discussion of our financial results is presented within the "Results of Operations" section included herein. Refer to the "Capital Resources—Insurance Statutory Capital" section for a discussion of National's and MBIA Corp.'s capital positions under statutory accounting principles ("U.S. STAT").

CRITICAL ACCOUNTING ESTIMATES

We prepare our financial statements in accordance with GAAP, which requires the use of estimates and assumptions. Management has discussed and reviewed the development, selection, and disclosure of critical accounting estimates with the Company's Audit Committee. Management believes that the most critical accounting estimates, since these estimates require significant judgment, are loss and LAE reserves, valuation of financial instruments, and deferred income taxes. Financial results could be materially different if other methodologies were used or if management modified its assumptions.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

CRITICAL ACCOUNTING ESTIMATES (continued)

For a discussion of the Company's critical accounting estimates, see "Critical Accounting Estimates" in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. In addition, refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a current description of estimates used in our insurance loss reserving process.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to "Note 3: Recent Accounting Pronouncements" in the Notes to Consolidated Financial Statements for a discussion of accounting guidance recently adopted by the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS

Summary of Consolidated Results

The following table presents a summary of our consolidated financial results for the three and nine months ended September 30, 2013 and 2012:

In millions except for per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Total revenues	\$ 420	\$ 281	\$ 751	\$ 1,703
Total expenses	249	338	629	944
Pre-tax income (loss)	171	(57)	122	759
Provision (benefit) for income taxes	39	(64)	4	161
Net income (loss)	<u>\$ 132</u>	<u>\$ 7</u>	<u>\$ 118</u>	<u>\$ 598</u>
Net income (loss) per common share:				
Basic	\$ 0.68	\$ 0.04	\$ 0.61	\$ 3.09
Diluted	\$ 0.67	\$ 0.04	\$ 0.60	\$ 3.07

For the three months ended September 30, 2013, we recorded consolidated net income of \$132 million, or \$0.67 per diluted common share, compared with consolidated net income of \$7 million, or \$0.04 per diluted common share, for the same period of 2012. Weighted average diluted common shares outstanding totaled 197 million and 195 million for the three months ended September 30, 2013 and 2012, respectively. Consolidated total revenues for the three months ended September 30, 2013 included \$257 million of net gains on insured derivatives compared with \$21 million of net losses for the same period of 2012. The net gains on insured derivatives in 2013 were principally the result of the effects of unfavorable changes in the market perception of MBIA Corp.'s nonperformance risk on its derivative liabilities and changes in spreads and pricing of underlying collateral and the weighted average life on transactions. The net losses on insured derivatives in 2012 were principally due to changes in spreads and pricing of underlying collateral and collateral erosion, partially offset by the effects of unfavorable changes in the market perception of MBIA Corp.'s nonperformance risk on its derivative liabilities. Consolidated total expenses for the three months ended September 30, 2013 included \$98 million of net insurance loss and LAE compared with \$171 million for the same period of 2012. The decrease in net insurance loss and LAE in 2013 when compared to 2012 was principally the result of lower increases in expected payments related to CMBS and first-lien RMBS transactions, partially offset by an increase in losses related to a gaming revenue transaction.

For the nine months ended September 30, 2013, we recorded consolidated net income of \$118 million, or \$0.60 per diluted common share, compared with consolidated net income of \$598 million, or \$3.07 per diluted common share, for the same period of 2012. Weighted average diluted common shares outstanding totaled 198 million and 195 million for the nine months ended September 30, 2013 and 2012, respectively. Consolidated total revenues for the nine months ended September 30, 2013 included \$14 million of net gains on insured derivatives compared with \$1.1 billion of net gains for the same period of 2012. The net gains on insured derivatives in 2013 were principally the result of commuting derivative liabilities at prices below their fair values and changes in the weighted average life on transactions, partially offset by the effects of favorable changes in the market perception of MBIA Corp.'s nonperformance risk on its derivative liabilities. The net gains on insured derivatives in 2012 were principally the result of commuting derivative liabilities at prices below their fair values and the effects of unfavorable changes in the market perception of MBIA Corp.'s nonperformance risk on its derivative liabilities. Consolidated total expenses for the nine months ended September 30, 2013 included \$92 million of net insurance loss and LAE compared with \$330 million for the same period of 2012. The decrease in net insurance loss and LAE in 2013 when compared to 2012 was principally related to decreases in actual and expected payments related to insured second-lien RMBS and first-lien RMBS transactions, partially offset by an increase in losses related to an international road transaction and certain U.S. public finance transactions. In addition, consolidated total expenses for the nine months ended September 30, 2013 included operating expenses of approximately \$89 million related to settlement, consulting and legal expenses associated with the resolution of litigation matters with Bank of America, Societe Generale and Flagstar Bank.

Included in our consolidated net income for the three months ended September 30, 2013 and 2012 was \$18 million and \$59 million, respectively, of income before income taxes related to consolidated VIEs, after the elimination of intercompany revenues and expenses. Included in our consolidated net income for the nine months ended September 30, 2013 and 2012 was \$130 million and \$26 million, respectively, of income before income taxes related to consolidated VIEs, after the elimination of intercompany revenues and expenses. The net effect of consolidated VIEs on our financial results will vary over time as VIEs are consolidated or deconsolidated by the Company, and as the values of consolidated VIE assets and liabilities change.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

European Sovereign Debt Exposure

Uncertainties regarding the European sovereign debt crisis have affected the global economy. Outside the U.S., financial guarantee insurance has been used by issuers of sovereign-related and sub-sovereign bonds, structured finance securities, utility debt and financing for public purpose projects, among others. MBIA does not insure any direct European sovereign debt. However, we do insure both structured finance and public finance obligations in select international markets. MBIA's indirect European sovereign insured debt exposure totaled \$8.0 billion as of September 30, 2013 and included obligations of sovereign-related and sub-sovereign issuers, such as regions, departments, and sovereign-owned entities that are supported by a sovereign state, region or department. Of the \$8.0 billion of insured gross par outstanding, \$817 million, \$491 million, and \$258 million related to Spain, Portugal, and Ireland, respectively. The remaining \$6.4 billion related to the U.K. We closely monitor our existing insured European portfolios on an ongoing basis. We consider country risk, including economic and political factors, the type and quality of local regulatory oversight, the strength of the legal framework in each country and the stability of the local institutional framework. We also monitor local accounting, regulatory and legal requirements, local financial market developments, the impact of exchange rates and local demand dynamics. The Company has an immaterial amount of direct and indirect European sovereign debt holdings included in its investment portfolios. A default by one or more sovereign issuers could have an adverse effect on our insured debt exposures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Adjusted Pre-Tax Income

In addition to the above results, we also analyze the operating performance of the Company using adjusted pre-tax income (loss), a non-GAAP measure. We believe adjusted pre-tax income (loss), as used by management, is useful for an understanding of the results of operations of the Company. Adjusted pre-tax income (loss) is not a substitute for pre-tax income (loss) determined in accordance with GAAP, and our definition of adjusted pre-tax income (loss) may differ from that used by other companies.

For the three months ended September 30, 2013, our consolidated adjusted pre-tax loss increased when compared with the same period of 2012 primarily as a result of decreases in premiums earned and net investment income, an increase in impairments on insured credit derivatives, losses and LAE related to a gaming revenue transaction, and an impairment charge related to our Armonk, New York facility. This increase was partially offset by decreases in other insurance losses and LAE as a result of a lower increase in the expected payments related to CMBS and first-lien RMBS transactions.

For the nine months ended September 30, 2013, our consolidated adjusted pre-tax loss decreased when compared with the same period of 2012 primarily as a result of a decrease in insurance losses and LAE, the absence of net investment losses related to other-than-temporary impairments, net gains from the sale of investments and a decrease in interest expense. These changes were partially offset by lower premiums earned and lower net investment income. In addition, our consolidated adjusted pre-tax loss for the nine months ended September 30, 2013 included operating expenses of approximately \$89 million related to settlement, consulting and legal expenses associated with the resolution of litigation matters with Bank of America, Societe Generale and Flagstar Bank.

The following table presents our consolidated adjusted pre-tax income (loss) (a non-GAAP measure) and provides a reconciliation of adjusted pre-tax income (loss) to GAAP pre-tax income (loss) for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Adjusted pre-tax income (loss)	\$ (188)	\$ (118)	\$ (368)	\$ (818)
Additions to adjusted pre-tax income (loss):				
Impact of consolidating certain VIEs	20	29	18	62
Mark-to-market gains (losses) on insured credit derivatives	285	(33)	1,562	1,473
Subtractions from adjusted pre-tax income (loss):				
Impairments on insured credit derivatives	(54)	(65)	1,090	(42)
Pre-tax income (loss)	<u>\$ 171</u>	<u>\$ (57)</u>	<u>\$ 122</u>	<u>\$ 759</u>

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Adjusted Book Value

As of September 30, 2013, ABV per share (a non-GAAP measure) was \$28.68, down from \$30.68 as of December 31, 2012. The decrease in ABV per share was primarily driven by insurance losses and credit impairments, a decline in future installment premiums related to insured credit derivatives that were commuted during the period and an increase in operating expenses.

The following table provides a reconciliation of consolidated book value per share to consolidated ABV per share:

In millions except share and per share amounts	As of September 30, 2013	As of December 31, 2012
Total shareholders' equity of MBIA Inc.	\$ 3,180	\$ 3,173
Common shares outstanding	192,252,644	195,671,509
Book value per share	\$ 16.54	\$ 16.22
Adjustments for items included in book value per share (after-tax):		
Cumulative net loss from consolidating certain VIEs ⁽¹⁾	0.59	0.59
Cumulative unrealized loss on insured credit derivatives	4.59	9.70
Net unrealized (gains) losses included in other comprehensive income	0.12	(0.47)
Adjustments for items not included in book value per share (after-tax):		
Net unearned premium revenue ⁽²⁾⁽³⁾	8.74	9.92
Present value of insured derivative installment revenue ⁽⁴⁾	0.25	0.60
Cumulative impairments on insured credit derivatives ⁽⁴⁾	(1.22)	(4.85)
Deferred acquisition costs	(0.93)	(1.03)
Total adjustments per share	12.14	14.46
Adjusted book value per share	\$ 28.68	\$ 30.68

(1) - Represents the impact on book value per share of consolidated VIEs that are not considered a business enterprise of the Company.

(2) - Consists of financial guarantee premiums and fees.

(3) - The discount rate on financial guarantee installment premiums was the risk-free rate as defined by the accounting principles for financial guarantee insurance contracts.

(4) - The discount rate on insured derivative installment revenue and impairments was 5% as of September 30, 2013 and December 31, 2012.

Our "Net unearned premium revenue" adjustment to book value per share consists of unearned premium revenue net of prepaid reinsurance premiums related to financial guarantee insurance contracts, the unamortized portion of installment premiums collected on insured derivative contracts, and the unamortized portion of insurance-related deferred fee revenue. Our "Present value of insured derivative installment revenue" adjustment to book value per share consists of the present value of premiums not yet collected from insured derivative contracts, which are not recorded on our balance sheet in accordance with accounting principles for financial guarantee insurance contracts but which are contractually due to the Company.

U.S. Public Finance Insurance

Our U.S. public finance insurance business is primarily conducted through National. The financial guarantees issued by National provide unconditional and irrevocable guarantees of the payment of the principal of, and interest or other amounts owing on, insured obligations when due or, in the event National has exercised, at its discretion, the right to accelerate the payment under its policies upon the acceleration of the underlying insured obligations due to default or otherwise. National's guarantees insure municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utility districts, airports, healthcare institutions, higher educational facilities, student loan issuers, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. Municipal bonds and privately issued bonds used for the financing of public purpose projects are generally supported by taxes, assessments, user fees or tariffs related to the use of these projects, lease payments or other similar types of revenue streams.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
RESULTS OF OPERATIONS (continued)

The following table presents our U.S. public finance insurance segment results for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Net premiums earned	\$ 75	\$ 134	-44%	\$ 280	\$ 370	-24%
Net investment income	26	56	-54%	110	167	-34%
Fees and reimbursements	2	2	-%	5	5	-%
Net gains (losses) on financial instruments at fair value and foreign exchange	-	22	-100%	30	43	-30%
Other net realized gains (losses)	(29)	-	n/m	(29)	-	n/m
Total revenues	74	214	-65%	396	585	-32%
Losses and loss adjustment	35	4	n/m	105	15	n/m
Amortization of deferred acquisition costs	16	26	-38%	59	75	-21%
Operating	17	20	-15%	70	128	-45%
Total expenses	68	50	36%	234	218	7%
Pre-tax income	\$ 6	\$ 164	-96%	\$ 162	\$ 367	-56%

n/m - Percent change not meaningful.

For the three and nine months ended September 30, 2013 and 2012, we did not write a meaningful amount of U.S. public finance insurance. The lack of insurance writings in our U.S. public finance segment reflects the insurance financial strength credit ratings assigned to National by major rating agencies and the impact of litigation over the formation of National in 2009. Subsequent to the BofA Settlement Agreement and the Societe Generale settlement, all litigation brought originally by the group of eighteen domestic and international financial institutions relating to the establishment of National has been resolved. In addition, during 2013, the National Secured Loan was repaid in full, S&P upgraded National's rating twice to the current rating of A with a stable outlook, and Moody's upgraded National's rating to Baa1 from Baa2 with a positive outlook. We are seeking ratings upgrades from the rating agencies as we believe the current ratings of National do not fully represent the financial strength of National compared with other companies in its industry. We do not expect to write a material amount of new business prior to an upgrade of our insurance financial strength ratings. The timing of any rating upgrade is uncertain and will depend on a variety of quantitative and qualitative factors used by the rating agencies in their evaluation. National maintains underwriting criteria for most municipal risk types and expects opportunities for new business across the spectrum of municipal sectors.

NET PREMIUMS EARNED Net premiums earned on non-derivative financial guarantees represent gross premiums earned net of premiums ceded to reinsurers, and include scheduled premium earnings and premium earnings from refunded issues. For the three months ended September 30, 2013, U.S. public finance net premiums earned were \$75 million compared with \$134 million for the same period of 2012. The decrease in 2013 resulted from a decrease in refunded premiums earned of \$56 million and a decrease of \$3 million in scheduled premiums earned. For the nine months ended September 30, 2013, U.S. public finance net premiums earned were \$280 million compared with \$370 million for the same period of 2012. The decrease in 2013 resulted from a decrease in refunded premiums earned of \$79 million and a decrease in scheduled premiums earned of \$11 million. Scheduled premium earnings declined due to the maturity of insured issues within our U.S. public finance portfolio with no material new insurance writings. Refundings have experienced a decline when compared to the prior periods due to an overall decrease in municipal market issuance. Refunding activity over the past several years has accelerated premium earnings in prior periods and reduced the amount of premiums that would have been earned in the current period.

NET INVESTMENT INCOME The decrease in net investment income for the three and nine months ended September 30, 2013 compared with the same periods of 2012 was primarily due to a higher balance in lower yielding short-term assets generated from the repayment of the National Secured Loan in May of 2013. The interest income on the National Secured Loan for the nine months ended September 30, 2013 totaled \$41 million compared with \$74 million for the same period of 2012. In connection with the BofA Settlement Agreement, MBIA Corp. repaid the remaining outstanding balance and accrued interest on the National Secured Loan in May of 2013. Refer to the "Liquidity" section included herein for additional information about the National Secured Loan.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Investment asset balances at amortized cost as of September 30, 2013 and December 31, 2012 are presented in the following table:

In millions	September 30, 2013		December 31, 2012	
	Investments at Amortized Cost	Pre-tax Yield ⁽¹⁾	Investments at Amortized Cost	Pre-tax Yield ⁽¹⁾
Fixed-income securities:				
Tax-exempt	\$ 342	3.87%	\$ 417	3.98%
Taxable	3,258	3.43%	2,378	2.98%
Short-term	1,002	0.24%	204	1.17%
Total fixed-income	4,602	2.76%	2,999	2.99%
Secured loan to an affiliate	-		1,652	
Other	11		16	
Total	<u>\$ 4,613</u>		<u>\$ 4,667</u>	

(1) - Estimated yield-to-maturity.

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE The decrease in net gains (losses) on financial instruments at fair value and foreign exchange for the three months ended September 30, 2013 compared with the same period of 2012 was principally due to a decrease in net realized gains from the sales of securities from the ongoing management of our U.S. public finance insurance investment portfolio. The decrease in net gains (losses) on financial instruments at fair value and foreign exchange for the nine months ended September 30, 2013 compared with the same period of 2012 was primarily driven by losses from fair valuing financial instruments.

OTHER NET REALIZED GAINS (LOSSES) Other net realized gains (losses) for the three and nine months ended September 30, 2013 included an impairment charge of \$29 million related to our Armonk, New York facility.

LOSS AND LOSS ADJUSTMENT EXPENSES National's portfolio surveillance group is responsible for monitoring our U.S. public finance segment's insured obligations. The level and frequency of monitoring of any insured obligation depends on the type, size, rating and performance of the insured issue. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a description of the Company's loss reserving policy and additional information related to its loss reserves.

The following table presents information about our U.S. public finance insurance loss and LAE expenses for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Loss and LAE related to actual and expected payments	\$ (24)	\$ (10)	140%	\$ 86	\$ 57	51%
Recoveries of actual and expected payments	59	14	n/m	20	(42)	-148%
Gross losses incurred	35	4	n/m	106	15	n/m
Reinsurance	-	-	-%	(1)	-	n/m
Losses and loss adjustment expenses	<u>\$ 35</u>	<u>\$ 4</u>	<u>n/m</u>	<u>\$ 105</u>	<u>\$ 15</u>	<u>n/m</u>

n/m - Percent change not meaningful.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Losses and LAE for the three and nine months ended September 30, 2013, included the loss related to the difference in the value of the salvage receivable recorded and the fair market value of the marketable securities received in connection with the restructuring of a gaming revenue transaction. We expect to recover the full value of the original salvage receivable in the future with the securities received as a result of this transaction. Under U.S. STAT, this salvage receivable continues to be reflected as a component of National's loss reserves. U.S. STAT differs from GAAP in certain respects. Refer to "Note 11: Statutory Accounting Practices" in the Notes to Consolidated Financial Statements of National within exhibit 99.1 of MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012 for an explanation of the differences between U.S. STAT and GAAP. Losses and LAE related to actual and expected payments for the three months ended September 30, 2013 and 2012 are driven by lower expected future payments based on National's remediation efforts. In addition, losses and LAE for the nine months ended September 30, 2013, included losses primarily related to certain general obligation bonds. For the three and nine months ended September 30, 2012, losses and LAE primarily related to certain general obligation bonds.

Certain local governments remain under extreme financial and budgetary stress and several have filed for protection under the United States Bankruptcy Code, or have entered into state statutory proceedings established to assist municipalities in managing through periods of severe fiscal stress. This could lead to an increase in defaults by such entities on the payment of their obligations and losses or impairments on a greater number of our insured transactions. We continue to monitor and analyze these situations very closely, however the overall extent and duration of these events is uncertain.

The following tables present information about our U.S. public finance insurance loss and LAE reserves and recoverables as of September 30, 2013 and December 31, 2012:

In millions	September 30, 2013	December 31, 2012	Percent Change
Gross loss and LAE reserves	\$ 212	\$ 267	-21%
Expected recoveries on unpaid losses	(118)	(108)	9%
Loss and LAE reserves	\$ 94	\$ 159	-41%
Insurance loss recoverable	\$ 17	\$ 256	-93%
Insurance loss recoverable-ceded ⁽¹⁾	\$ -	\$ 7	-100%
Reinsurance recoverable on paid and unpaid losses ⁽²⁾	\$ 1	\$ 8	-88%

(1) - Reported within "Other liabilities" on our consolidated balance sheets.

(2) - Reported within "Other assets" on our consolidated balance sheets.

Loss and LAE reserves as of September 30, 2013 decreased when compared with December 31, 2012 primarily related to the Allegheny Health, Education and Research Foundation transaction discussed below, partially offset by increases in certain general obligation bonds reserves.

Insurance loss recoverable as of September 30, 2013 decreased when compared with December 31, 2012 primarily related to the receipt of salvage in connection with the restructuring of a gaming revenue transaction.

Included in our U.S. public finance loss and LAE reserves are both reserves for insured obligations for which a payment default has occurred and National has already paid a claim and also for which a payment default has not yet occurred but a claim is expected in the future. As of September 30, 2013 and 2012, loss and LAE reserves comprised the following:

\$ in millions	Number of Issues ⁽¹⁾		Loss and LAE Reserve		Par Outstanding	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Gross of reinsurance:						
Issues with defaults	7	9	\$ 81	\$ 141	\$ 732	\$ 749
Issues without defaults	8	9	13	18	102	113
Total gross of reinsurance	15	18	\$ 94	\$ 159	\$ 834	\$ 862

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

On July 9, 2013, the Company and the Pennsylvania Higher Educational Facilities Authority gave direction to the trustee under each of the indentures for the three Allegheny Health, Education and Research Foundation Bond series to exercise the right of optional redemption at par plus accrued interest. These bonds were redeemed during the third quarter of 2013, the insurance policies were returned to National and \$118 million of gross insured par was eliminated.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

POLICY ACQUISITION COSTS AND OPERATING EXPENSES U.S. public finance insurance segment expenses for the three and nine months ended September 30, 2013 and 2012 are presented in the following table:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Gross expenses	\$ 17	\$ 20	-15%	\$ 70	\$ 128	-45%
Amortization of deferred acquisition costs	\$ 16	\$ 26	-38%	\$ 59	\$ 75	-21%
Operating	17	20	-15%	70	128	-45%
Total insurance operating expenses	\$ 33	\$ 46	-28%	\$ 129	\$ 203	-36%

Gross expenses represent total insurance expenses before the deferral of any policy acquisition costs. Gross expenses decreased for the three months ended September 30, 2013 compared with the same period of 2012 primarily due to decreases in legal and litigation related costs. Gross expenses decreased for the nine months ended September 30, 2013 compared with the same period of 2012 as a result of decreases in legal and litigation related costs partially offset by an increase in consulting fees. We did not defer a material amount of policy acquisition costs during 2013 or 2012.

INSURED PORTFOLIO EXPOSURE Financial guarantee insurance companies use a variety of approaches to assess the underlying credit risk profile of their insured portfolios. MBIA uses both an internally developed credit rating system as well as third-party rating sources in the analysis of credit quality measures of its insured portfolio. In evaluating credit risk, we obtain, when available, the underlying rating of the insured obligation before the benefit of its insurance policy from nationally recognized rating agencies, Moody's and S&P. Other companies within the financial guarantee industry may report credit quality information based upon internal ratings that would not be comparable to our presentation.

The following table presents the credit quality distribution of MBIA's U.S. public finance outstanding gross par insured as of September 30, 2013 and December 31, 2012. Capital appreciation bonds are reported at the par amount at the time of issuance of the insurance policy. All ratings are as of the period presented and represent S&P ratings. If transactions are not rated by S&P, a Moody's equivalent rating is used. If transactions are not rated by either S&P or Moody's, an internal equivalent rating is used.

In millions Rating	Gross Par Outstanding			
	September 30, 2013		December 31, 2012	
	Amount	%	Amount	%
AAA	\$ 15,813	5.4%	\$ 18,518	5.5%
AA	140,279	48.1%	162,504	48.2%
A	105,966	36.4%	122,743	36.4%
BBB	24,737	8.5%	30,496	9.0%
Below investment grade	4,643	1.6%	2,853	0.9%
Total	\$291,438	100.0%	\$337,114	100.0%

The credit quality distribution of our U.S. public finance insurance exposure as of September 30, 2013 remained relatively consistent with December 31, 2012. Total U.S. public finance insurance gross par outstanding rated A or above, before giving effect to National's guarantee, was approximately 90% and gross par outstanding rated below investment grade, before giving effect to National's guarantee, was less than 2% as of September 30, 2013 and less than 1% as of December 31, 2012.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Structured Finance and International Insurance

Our structured finance and international insurance business is principally conducted through MBIA Corp. The financial guarantees issued by MBIA Corp. generally provide unconditional and irrevocable guarantees of the payment of the principal of, and interest or other amounts owing on, insured obligations when due or, in the event MBIA Corp. has the right, at its discretion, to accelerate the payment under its policies upon the acceleration of the underlying insured obligations due to default or otherwise. Certain guaranteed investment contracts written by MBIA Inc. or its subsidiaries are insured by MBIA Corp. If MBIA Inc. or such subsidiaries were to have insufficient assets to pay amounts due upon maturity or termination, MBIA Corp. would make such payments under its insurance policies. MBIA Corp. also insured debt obligations of other affiliates, including MBIA Global Funding, LLC ("GFL") and Meridian Funding Company, LLC ("Meridian"). MBIA Corp. has also written insurance policies guaranteeing the obligations under CDS contracts of an affiliate, LaCrosse Financial Products, LLC, including termination payments that may become due upon certain events including the insolvency or payment default of the financial guarantor or the CDS issuer. MBIA Insurance Corporation also provides reinsurance to its insurance subsidiaries.

MBIA Corp.'s guarantees insure structured finance and asset-backed obligations, privately issued bonds used for the financing of public purpose projects that are primarily located outside of the U.S. which include toll roads, bridges, airports, public transportation facilities, utilities and other types of infrastructure projects serving a substantial public purpose, and obligations of sovereign-related and sub-sovereign issuers. Structured finance and ABS typically are securities repayable from expected cash flows generated by a specified pool of assets, such as residential and commercial mortgage loans, insurance policies, consumer loans, corporate loans and bonds, trade and export receivables, and leases and loans for equipment, aircraft and real property.

In certain cases, we may be required to consolidate entities established by issuers of insured obligations as part of securitizations when we insure the assets or liabilities of those entities and in connection with remediations under our insurance policies. These entities typically meet the definition of a VIE under accounting principles for the consolidation of VIEs. We do not believe there is any difference in the risks and profitability of financial guarantees provided to VIEs compared with other financial guarantees written by us.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
RESULTS OF OPERATIONS (continued)

The following table presents our structured finance and international insurance segment results for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,			Percent Change	Nine Months Ended September 30,			Percent Change
	2013	2012			2013	2012		
Net premiums earned	\$ 40	\$ 38	5%		\$ 111	\$ 143	-22%	
Net investment income	3	8	-63%		12	22	-45%	
Fees and reimbursements	18	43	-58%		65	109	-40%	
Change in fair value of insured derivatives:								
Realized gains (losses) and other settlements on insured derivatives	(28)	12	n/m		(1,548)	(420)	n/m	
Unrealized gains (losses) on insured derivatives	285	(33)	n/m		1,562	1,473	6%	
Net change in fair value of insured derivatives	257	(21)	n/m		14	1,053	-99%	
Net gains (losses) on financial instruments at fair value and foreign exchange	(3)	14	-121%		31	18	72%	
Net investment losses related to other-than-temporary impairments	-	(4)	-100%		-	(45)	-100%	
Other net realized gains (losses)	-	1	-100%		-	1	-100%	
Revenues of consolidated VIEs:								
Net investment income	13	13	-%		38	40	-5%	
Net gains (losses) on financial instruments at fair value and foreign exchange	15	42	-64%		119	(25)	n/m	
Other net realized gains (losses)	-	-	-%		1	-	n/m	
Total revenues	343	134	n/m		391	1,316	-70%	
Losses and loss adjustment	63	167	-62%		(13)	315	-104%	
Amortization of deferred acquisition costs	19	24	-21%		76	81	-6%	
Operating	22	30	-27%		83	115	-28%	
Interest	30	62	-52%		129	175	-26%	
Expenses of consolidated VIEs:								
Operating	3	5	-40%		10	16	-38%	
Interest	10	10	-%		30	32	-6%	
Total expenses	147	298	-51%		315	734	-57%	
Pre-tax income (loss)	\$ 196	\$ (164)	n/m		\$ 76	\$ 582	-87%	

n/m - Percent change not meaningful.

For the three and nine months ended September 30, 2013 and 2012, we did not write a meaningful amount of structured finance and international insurance. As of September 30, 2013, MBIA Corp.'s total insured gross par outstanding was \$83.9 billion. Since December 31 2007, our total gross par outstanding has decreased approximately 75% from \$331.2 billion. The lack of insurance writings in our structured finance and international insurance segment reflects the insurance financial strength credit ratings assigned to MBIA Corp. by the major rating agencies. The Company does not expect to write a material amount of new business prior to an upgrade of the insurance financial strength ratings of MBIA Corp. and market acceptance that such ratings will be stable in the future. The timing of any future upgrades is uncertain and will depend on a variety of quantitative and qualitative factors used by the rating agencies in their evaluation. Pre-tax income (loss) in each of the periods included in the preceding table was primarily driven by changes in the fair value of our insured credit derivatives, which reflects changes in the market perception of MBIA Corp.'s credit risk.

ADJUSTED PRE-TAX INCOME (LOSS) In addition to the above results, we also analyze the operating performance of our structured finance and international insurance segment using adjusted pre-tax income (loss), a non-GAAP measure. We believe adjusted pre-tax income (loss), as used by management, is useful for an understanding of the results of operations of our structured finance and international insurance segment. Adjusted pre-tax income (loss) is not a substitute for pre-tax income (loss) determined in accordance with GAAP, and our definition of adjusted pre-tax income (loss) may differ from that used by other companies.

Adjusted pre-tax loss for the three months ended September 30, 2013 decreased when compared with the same period of 2012 principally due to decreases in financial guarantee insurance losses and interest expense from the National Secured Loan, which was repaid in full in May of 2013. These changes were partially offset by an increase in impairments on insured credit derivatives.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
RESULTS OF OPERATIONS (continued)

Adjusted pre-tax loss for the nine months ended September 30, 2013 decreased when compared with the same period of 2012 principally due to a decrease in financial guarantee insurance losses, an increase in gains on sales of investments, a decrease in interest expense from the National Secured Loan and the absence of net investment losses related to other-than-temporary impairments.

The following table presents the adjusted pre-tax income (loss) of our structured finance and international insurance segment and a reconciliation of adjusted pre-tax income (loss) to GAAP pre-tax income (loss) for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Adjusted pre-tax income (loss)	\$ (167)	\$ (224)	-25%	\$ (357)	\$ (970)	-63%
Additions to adjusted pre-tax income (loss):						
Impact of consolidating certain VIEs	24	28	-14%	(39)	37	n/m
Mark-to-market gain (loss) on insured credit derivatives	285	(33)	n/m	1,562	1,473	6%
Subtractions from adjusted pre-tax income (loss):						
Impairments on insured credit derivatives	(54)	(65)	-17%	1,090	(42)	n/m
Pre-tax income (loss)	\$ 196	\$ (164)	n/m	\$ 76	\$ 582	-87%

n/m - Percent change not meaningful.

NET PREMIUMS EARNED Our structured finance and international insurance segment generates net premiums from insurance policies accounted for as financial guarantee contracts and insured derivative contracts, and certain of those premiums may be eliminated in our consolidated financial statements as a result of the Company consolidating VIEs. The following table provides net premiums earned by type of insurance contract for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net premiums earned:				
Financial guarantee contracts	\$ 40	\$ 38	\$ 111	\$ 143
Insured derivative contracts ⁽¹⁾	6	12	28	42
VIEs (eliminated in consolidation)	4	4	11	11
Total net premiums earned	\$ 50	\$ 54	\$ 150	\$ 196

(1) - Premiums related to insured derivatives are included in "Realized gains (losses) and other settlements on insured derivatives" on our consolidated statements of operations.

Net premiums earned on non-derivative financial guarantee contracts for the three and nine months ended September 30, 2013 and 2012 are presented in the following table. Net premiums earned represent gross premiums earned net of premiums ceded to reinsurers, and include scheduled premium earnings and premium earnings from refunded issues.

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Net premiums earned:						
U.S.	\$ 12	\$ 14	-14%	\$ 37	\$ 50	-26%
Non-U.S.	28	24	17%	74	93	-20%
Total net premiums earned	\$ 40	\$ 38	5%	\$ 111	\$ 143	-22%

Structured finance and international net premiums earned decreased for the nine months ended September 30, 2013 when compared with the same period of 2012 primarily due to the maturity and early settlement of insured transactions with no material writings of new insurance policies.

NET INVESTMENT INCOME The decrease in net investment income for the three and nine months ended September 30, 2013 compared with the same periods of 2012 was primarily due to declining average asset balances in 2013 due to sales of investments to fund claim and commutation payments.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Investment asset balances at amortized cost as of September 30, 2013 and December 31, 2012 are presented in the following table:

In millions	September 30, 2013		December 31, 2012	
	Investments at Amortized Cost	Pre-tax Yield ⁽¹⁾	Investments at Amortized Cost	Pre-tax Yield ⁽¹⁾
Fixed-income securities:				
Taxable	\$ 316	2.10%	\$ 725	1.60%
Short-term	206	1.16%	160	1.38%
Total fixed-income	522	1.73%	885	1.56%
Other	2		1	
Total	<u>\$ 524</u>		<u>\$ 886</u>	

(1) - Estimated yield-to-maturity.

FEES AND REIMBURSEMENTS The decrease in fees and reimbursements for the three and nine months ended September 30, 2013 compared with the same periods of 2012 was primarily due to a decrease in waiver and consent fees related to the ongoing management of our structured finance and international insurance business.

NET CHANGE IN FAIR VALUE OF INSURED DERIVATIVES The following table presents the net premiums and fees earned related to derivatives and the components of the net change in fair value of insured derivatives for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Net premiums and fees earned on insured derivatives	\$ 6	\$ 12	-50%	\$ 29	\$ 43	-33%
Realized gains (losses) on insured derivatives	(34)	-	n/m	(1,577)	(463)	n/m
Realized gains (losses) and other settlements on insured derivatives	(28)	12	n/m	(1,548)	(420)	n/m
Unrealized gains (losses) on insured derivatives	285	(33)	n/m	1,562	1,473	6%
Net change in fair value of insured derivatives	<u>\$ 257</u>	<u>\$ (21)</u>	<u>n/m</u>	<u>\$ 14</u>	<u>\$1,053</u>	<u>-99%</u>

n/m - Percent change not meaningful.

The Company no longer insures new credit derivative contracts except in transactions related to the restructuring or reduction of existing derivative exposure. Premiums earned related to insured credit derivatives will decrease over time as a result of settlements prior to maturity and scheduled amortizations. For the three months ended September 30, 2013, realized losses on insured derivatives resulted primarily from claim payments on CMBS transactions. For the nine months ended September 30, 2013 and 2012, realized losses on insured derivatives resulted primarily from settlements and claim payments on CMBS and ABS transactions.

For the three months ended September 30, 2013, unrealized gains on insured derivatives were principally associated with the effects of MBIA Corp.'s nonperformance risk on its derivative liabilities, favorable changes in spreads and pricing on the underlying collateral and a decline in the weighted average life on transactions. For the three months ended September 30, 2012, unrealized losses on insured derivatives were principally associated with unfavorable changes in spreads and pricing on the underlying collateral and collateral erosion of transactions, partially offset by a widening of MBIA Corp.'s credit spreads and a reduction in MBIA Corp.'s recovery rate.

For the nine months ended September 30, 2013, unrealized gains on insured derivatives were principally associated with the reversal of unrealized losses from commutations, a decline in the weighted average life on transactions and favorable changes in spread/prices on the underlying collateral, partially offset by the effects of MBIA Corp.'s nonperformance risk on its derivative liabilities and collateral erosion of transactions. For the nine months ended September 30, 2012, unrealized gains on insured derivatives were principally associated with the reversal of unrealized losses from commutations, the effects of MBIA Corp.'s nonperformance risk on its derivative liabilities and the result of favorable movements in spreads and pricing on collateral within transactions, partially offset by collateral erosion.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

As of September 30, 2013, MBIA Corp.'s five year CDS cost was 16.38% upfront plus 5% per annum compared with 35.88% upfront plus 5% per annum as of September 30, 2012. Our mark-to-market on insured credit derivatives uses the most appropriate of the one to ten year CDS cost for each transaction, and those costs ranged from 4.13% upfront plus 5% per annum to 20.63% upfront plus 5% per annum as of September 30, 2013. As of September 30, 2012, those costs ranged from 17.75% upfront plus 5% per annum to 38.25% upfront plus 5% per annum.

As of September 30, 2013, we had \$25.8 billion of gross par outstanding on insured credit derivatives compared with \$26.9 billion and \$47.5 billion as of June 30, 2013 and December 31, 2012, respectively. The decrease in gross par outstanding was primarily due to contractual terminations, amortizations and maturities. During the three months ended September 30, 2013, three insured issues, representing \$1.2 billion in gross par outstanding, either matured or were contractually settled. During the nine months ended September 30, 2013, 36 insured issues, representing \$21.3 billion in gross par outstanding, either matured, contractually settled or were agreed to be contractually settled prior to maturity.

Since our insured credit derivatives have similar terms, conditions, risks, and economic profiles as our financial guarantee insurance policies, we evaluate them for impairment periodically in the same way that we estimate loss and LAE for our financial guarantee policies. Credit impairments on insured derivatives represent actual payments plus the present values of our estimates of expected future claim payments, net of expected future recoveries. MBIA Insurance Corporation's expected future claim payments were discounted using a rate of 5.72%, the same rate used to calculate its statutory loss reserves as of September 30, 2013. We estimated that additional credit impairments on insured derivatives (excluding LAE) for the nine months ended September 30, 2013 were \$483 million across 12 insured CDO issues. Beginning with the fourth quarter of 2007 through September 30, 2013, total credit impairments on insured derivatives were estimated at \$6.1 billion across 74 insured CDO issues, inclusive of 71 insured issues for which we made settlement and claim payments of \$5.8 billion, net of reinsurance and collections. Accordingly, we expect to realize additional net losses of \$337 million. Refer to the following "Loss and Loss Adjustment Expenses" section for additional information about credit impairments on insured derivatives.

Our estimate of credit impairments, a non-GAAP measure, may differ from the fair values recorded in our consolidated financial statements. The Company believes its disclosure of credit impairments on insured derivatives provides additional meaningful information about potential realized losses on these contracts. The fair value of an insured derivative contract will be influenced by a variety of market and transaction-specific factors that may be unrelated to potential future claim payments. In the absence of credit impairments or the termination of derivatives at losses, the cumulative unrealized losses recorded from fair valuing insured derivatives should reverse before or at the maturity of the contracts. Contracts also may be settled prior to maturity at amounts that may be more or less than their recorded fair values. Those settlements can result in realized gains or losses, and will result in the reversal of unrealized gains or losses. The Company is not required to post collateral to counterparties of these contracts. Refer to "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q for the quarterly period year ended September 30, 2013 for information on legislative changes that could require collateral posting by MBIA Corp. notwithstanding the contract terms.

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE The decrease in net gains (losses) on financial instruments at fair value and foreign exchange for the three months ended September 30, 2013 when compared with the same period of 2012 was primarily due to an increase in losses from foreign exchange. The increase in net gains (losses) on financial instruments at fair value and foreign exchange for the nine months ended September 30, 2013 when compared with the same period of 2012 was primarily due to net realized gains from the sales of securities.

NET INVESTMENT LOSSES RELATED TO OTHER-THAN-TEMPORARY IMPAIRMENTS Net investment losses related to other-than-temporary impairments for the three and nine months ended September 30, 2012 were primarily related to one impaired security that was written down to its fair value as it was our intent to sell the security before an expected recovery of fair value to its amortized cost. Refer to the "Liquidity" section included herein for additional information about impaired investments.

REVENUES OF CONSOLIDATED VIEs For the three months ended September 30, 2013, total revenues of consolidated VIEs were \$28 million compared with total revenues of \$55 million for the same period of 2012. The decrease in revenues of consolidated VIEs for the three months ended September 30, 2013 when compared to the same period of 2012 was primarily related to a decrease in net gains from second-lien RMBS put-back claims on ineligible mortgage loans and a decrease in net gains due to the movements of MBIA Corp.'s nonperformance risk. For the nine months ended September 30, 2013, total revenues of consolidated VIEs were \$158 million compared with total revenues of \$15 million for the same period of 2012. The increase in revenues of consolidated VIEs for the nine months ended September 30, 2013 when compared to the same period of 2012 was primarily related to an increase in net gains from second-lien RMBS put-back claims on ineligible mortgage loans partially offset by a decrease in net gains due to the movements of MBIA Corp.'s nonperformance risk.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

LOSS AND LOSS ADJUSTMENT EXPENSES MBIA's insured portfolio management group within its structured finance and international insurance business is responsible for monitoring structured finance and international insured obligations. The level and frequency of monitoring of any insured issue depends on the type, size, rating and performance of the insured issue. If we identify concerns with respect to the performance of an insured issue we may designate such insured issue as "Caution List-Low," "Caution List-Medium," "Caution List-High," or "Classified" depending on the likelihood of a loss. We establish case basis reserves in connection with insured issues designated as Classified credits.

The Company faces significant risks and uncertainties related to potential or actual losses from its CMBS and CRE CDO insured exposure, its second-lien RMBS insured exposure (due to the unpredictable performance of ineligible mortgage loans included in the transactions we insured) backed by home equity lines of credit ("HELOC") or closed-end second mortgages ("CES"), its first-lien RMBS insured exposure and its ABS CDO insured exposure. Continued significant adverse developments and higher than expected payments on these exposures and/or lower than expected recoveries on the RMBS exposures, could result in a decline in the Company's liquidity and statutory capital position.

The impact of insured exposures on the Company's liquidity position is best understood by assessing the ultimate amount of payments that the Company will be required to make with respect to these exposures. In this regard, the Company discloses the discounted expected future net cash flows to be made under all insurance contracts, irrespective of the legal form of the guarantee (i.e., financial guarantee insurance policy or insured derivative contract) or the GAAP accounting basis.

All amounts presented in the following aggregate losses and LAE tables are calculated in accordance with GAAP, with the exception of those related to insured credit derivative impairments. The amounts reported for insured credit derivative impairments are calculated in accordance with U.S. STAT because GAAP does not contain a comparable measurement basis for these contracts. All losses and recoverables reported in the following tables are measured using discounted probability-weighted cash flows. Losses and recoverables on VIEs that are eliminated in consolidation are included because the consolidation of these VIEs does not impact whether or not we will be required to make payments under our insurance contracts. As a result of the different accounting bases of amounts included in the following tables, the total provided in each table represents a non-GAAP measure.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
RESULTS OF OPERATIONS (continued)

The following tables present the aggregate loss and LAE reserves and insurance loss recoverables as of September 30, 2013 and December 31, 2012, and the aggregate change in the discounted values of net payments expected to be made on all insurance contracts for the three and nine months ended September 30, 2013 and 2012:

Aggregate Losses and LAE Roll Forward

In millions	Financial Guarantee Insurance ⁽¹⁾	Financial Guarantee Insurance Related to VIEs ⁽²⁾	Insurance Credit Derivative Impairments and LAE ⁽³⁾	Reinsurance ⁽⁴⁾	Total ⁽⁵⁾
Gross loss and LAE reserves as of December 31, 2012	\$ 694	\$ 293	\$ 1,458	\$ (7)	\$ 2,438
Gross insurance loss recoverable as of December 31, 2012	(3,392)	(1,338)	(31)	6	(4,755)
Total reserves (recoverable) as of December 31, 2012	(2,698)	(1,045)	1,427	(1)	(2,317)
Ceded reserves	(1)	-	-	1	-
Net reserves as of December 31, 2012	(2,699)	(1,045)	1,427	-	(2,317)
Total aggregate losses and LAE incurred	(13)	(83)	483	-	387
(Payments) collections and other	2,580	53	(1,571)	-	1,062
Net reserves as of September 30, 2013	(132)	(1,075)	339	-	(868)
Ceded reserves	1	-	(1)	-	-
Total reserves (recoverable) as of September 30, 2013	\$ (131)	\$ (1,075)	\$ 338	\$ -	\$ (868)
Gross loss and LAE reserves as of September 30, 2013	\$ 594	\$ 240	\$ 368	\$ (6)	\$ 1,196
Gross insurance loss recoverable as of September 30, 2013	(725)	(1,315)	(30)	6	(2,064)
Total reserves (recoverable) as of September 30, 2013	\$ (131)	\$ (1,075)	\$ 338	\$ -	\$ (868)

(1) - Included in "Losses and loss adjustment," "Loss and loss adjustment expense reserves," and "Insurance loss recoverable" on the Company's consolidated financial statements.

(2) - Represents loss expense, reserves and insurance loss recoverable eliminated upon the consolidation of insured VIEs.

(3) - Represents statutory losses and LAE and recoveries for insurance contracts accounted for as derivatives. Realized and unrealized gains and losses on these contracts under GAAP are recorded in "Net change in fair value of insured derivatives" on the Company's consolidated statements of operations and the fair value of these contracts are recorded in "Derivative liabilities" on the Company's consolidated balance sheets.

(4) - Represents "Losses and loss adjustment," "Loss and loss adjustment expense reserves" and "Insurance loss recoverable" on the Company's consolidated financial statements and are ceded to third-party reinsurers under insurance contracts. As of December 31, 2012, there was a \$1 million receivable related to insured credit derivative impairments and LAE reinsurance.

(5) - Represents totals after ceding to third-party reinsurers under insurance contracts.

Aggregate Losses and LAE (change in discounted values of net payments)

In millions	For the Three Months Ended September 30, 2013					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other ⁽²⁾	Total
Change in actual and expected payments	\$ (8)	\$ 14	\$ (10)	\$ 90	\$ 7	\$ 93
Change in actual and expected salvage	61	(6)	(2)	8	9	70
Total aggregate losses and LAE	\$ 53	\$ 8	\$ (12)	\$ 98	\$ 16	\$ 163

(1) - Includes HELOC loans and CES.

(2) - Primarily represents an international road transaction.

In millions	For the Three Months Ended September 30, 2012					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other	Total
Change in actual and expected payments	\$ 60	\$ 46	\$ 21	\$ 131	\$ 3	\$ 261
Change in actual and expected salvage	(2)	1	5	(8)	(5)	(9)
Total aggregate losses and LAE	\$ 58	\$ 47	\$ 26	\$ 123	\$ (2)	\$ 252

(1) - Includes HELOC loans and CES.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
RESULTS OF OPERATIONS (continued)
Aggregate Losses and LAE (change in discounted values of net payments)

In millions	For the Nine Months Ended September 30, 2013					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other ⁽²⁾	Total
Change in actual and expected payments	\$ 126	\$ 12	\$ (90)	\$ 472	\$ 98	\$ 618
Change in actual and expected salvage	(262)	(11)	-	(13)	55	(231)
Total aggregate losses and LAE	<u>\$ (136)</u>	<u>\$ 1</u>	<u>\$ (90)</u>	<u>\$ 459</u>	<u>\$ 153</u>	<u>\$ 387</u>

(1) - Includes HELOC loans and CES.

(2) - Primarily represents an international road transaction and high yield corporate CDOs.

In millions	For the Nine Months Ended September 30, 2012					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other	Total
Change in actual and expected payments	\$ 266	\$ 101	\$ (22)	\$ 602	\$ 10	\$ 957
Change in actual and expected salvage	(7)	4	18	(13)	1	3
Total aggregate losses and LAE	<u>\$ 259</u>	<u>\$ 105</u>	<u>\$ (4)</u>	<u>\$ 589</u>	<u>\$ 11</u>	<u>\$ 960</u>

(1) - Includes HELOC loans and CES.

The decrease in total aggregate losses and LAE for the three months ended September 30, 2013 compared with the same period of 2012 was primarily due to lower increases in expected future payments on second-lien RMBS, CMBS, first-lien RMBS and ABS CDO exposures. Partially offsetting these decreases were changes in actual and expected salvage primarily related to lower recoveries resulting from ineligible mortgage loans included in insured second-lien RMBS exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgage loans.

The decrease in total aggregate losses and LAE for the nine months ended September 30, 2013 compared with the same period of 2012 was primarily due to lower increases in expected future payments on second-lien RMBS, CMBS, first-lien RMBS and ABS CDO exposures. The Company also recorded increases in actual and expected salvage due to the resolution of the Company's claims as reflected in a disclosure statement filed in August of 2013. The disclosure statement indicated a revised expected recovery for the Company of approximately \$828 million which is an increase over the previously identified recovery amount of \$796 million reflected in the Plan. The increased recovery amount is primarily due to the favorable disposition of assets and settlements of claims. Additionally, the Company also increased the amount of recoveries subject to contractual obligations by Credit Suisse to repurchase such ineligible mortgage loans. Partially offsetting this was a decrease in excess spread (the difference between interest inflows on mortgage loan collateral and interest outflows on insured beneficial interests) within the RMBS securitizations, reversal of recoveries related to high yield corporate CDOs and deterioration in an international road transaction.

In addition to the information presented above, the following tables present aggregate losses and LAE for the three and nine months ended September 30, 2013 and 2012 by insurance type:

Aggregate Losses and LAE by Insurance Type (change in discounted values of net payments)

In millions	For the Three Months Ended September 30, 2013					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other ⁽²⁾	Total
Financial guarantee insurance ⁽³⁾	\$ 28	\$ 8	\$ 1	\$ 10	\$ 16	\$ 63
Financial guarantee insurance related to consolidated VIEs (eliminated in consolidation) ⁽⁴⁾	25	-	(13)	-	-	12
Insured credit derivatives (statutory basis) ⁽⁵⁾	-	-	-	88	-	88
Total aggregate losses and LAE	<u>\$ 53</u>	<u>\$ 8</u>	<u>\$ (12)</u>	<u>\$ 98</u>	<u>\$ 16</u>	<u>\$ 163</u>

(1) - Includes HELOC loans and CES.

(2) - Primarily represents an international road transaction.

(3) - Included in "Losses and loss adjustment" as reported on the Company's consolidated statements of operations.

(4) - Represents losses eliminated upon the consolidation of insured VIEs.

(5) - Represents statutory losses and LAE for insurance contracts accounted for as derivatives. Realized and unrealized gains and losses on these contracts under GAAP are recorded in "Net change in fair value of insured derivatives" on the Company's consolidated statements of operations.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

In millions	For the Three Months Ended September 30, 2012					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other	Total
Financial guarantee insurance ⁽²⁾	\$ 38	\$ 47	\$ 9	\$ 75	\$ (2)	\$ 167
Financial guarantee insurance related to consolidated VIEs (eliminated in consolidation) ⁽³⁾	20	-	(2)	-	-	18
Insured credit derivatives (statutory basis) ⁽⁴⁾	-	-	19	48	-	67
Total aggregate losses and LAE	<u>\$ 58</u>	<u>\$ 47</u>	<u>\$ 26</u>	<u>\$ 123</u>	<u>\$ (2)</u>	<u>\$ 252</u>

(1) - Includes HELOC loans and CES.

(2) - Included in "Losses and loss adjustment" as reported on the Company's consolidated statements of operations.

(3) - Represents losses eliminated upon the consolidation of insured VIEs.

(4) - Represents statutory losses and LAE for insurance contracts accounted for as derivatives. Realized and unrealized gains and losses on these contracts under GAAP are recorded in "Net change in fair value of insured derivatives" on the Company's consolidated statements of operations.

Aggregate Losses and LAE by Insurance Type (change in discounted values of net payments)

In millions	For the Nine Months Ended September 30, 2013					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other ⁽²⁾	Total
Financial guarantee insurance ⁽³⁾	\$ (92)	\$ 1	\$ (47)	\$ (28)	\$ 153	\$ (13)
Financial guarantee insurance related to consolidated VIEs (eliminated in consolidation) ⁽⁴⁾	(44)	-	(39)	-	-	(83)
Insured credit derivatives (statutory basis) ⁽⁵⁾	-	-	(4)	487	-	483
Total aggregate losses and LAE	<u>\$ (136)</u>	<u>\$ 1</u>	<u>\$ (90)</u>	<u>\$ 459</u>	<u>\$ 153</u>	<u>\$ 387</u>

(1) - Includes HELOC loans and CES.

(2) - Primarily represents an international road transaction.

(3) - Included in "Losses and loss adjustment" as reported on the Company's consolidated statements of operations.

(4) - Represents losses eliminated upon the consolidation of insured VIEs.

(5) - Represents statutory losses and LAE for insurance contracts accounted for as derivatives. Realized and unrealized gains and losses on these contracts under GAAP are recorded in "Net change in fair value of insured derivatives" on the Company's consolidated statements of operations.

In millions	For the Nine Months Ended September 30, 2012					
	Second-lien RMBS ⁽¹⁾	First-lien RMBS	ABS CDO	CMBS	Other	Total
Financial guarantee insurance ⁽²⁾	\$ 106	\$ 105	\$ 6	\$ 87	\$ 11	\$ 315
Financial guarantee insurance related to consolidated VIEs (eliminated in consolidation) ⁽³⁾	153	-	(18)	-	-	135
Insured credit derivatives (statutory basis) ⁽⁴⁾	-	-	8	502	-	510
Total aggregate losses and LAE	<u>\$ 259</u>	<u>\$ 105</u>	<u>\$ (4)</u>	<u>\$ 589</u>	<u>\$ 11</u>	<u>\$ 960</u>

(1) - Includes HELOC loans and CES.

(2) - Included in "Losses and loss adjustment" as reported on the Company's consolidated statements of operations.

(3) - Represents losses eliminated upon the consolidation of insured VIEs.

(4) - Represents statutory losses and LAE for insurance contracts accounted for as derivatives. Realized and unrealized gains and losses on these contracts under GAAP are recorded in "Net change in fair value of insured derivatives" on the Company's consolidated statements of operations.

Summary of Financial Guarantee Insurance Losses and LAE

The following information relates to financial guarantee insurance losses and LAE recorded in accordance with GAAP. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a description of the Company's loss and LAE reserving policy and additional information related to its loss reserves.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

The following table presents information about our loss and LAE incurred for the three and nine months ended September 30, 2013 and 2012:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Loss and LAE related to actual and expected payments	\$ 18	\$ 185	-90%	\$ 119	\$ 396	-70%
Recoveries of actual and expected payments	45	(18)	n/m	(132)	(81)	63%
Gross losses incurred	63	167	-62%	(13)	315	-104%
Reinsurance	-	-	-%	-	-	-%
Losses and loss adjustment expenses	<u>\$ 63</u>	<u>\$ 167</u>	<u>-62%</u>	<u>\$ (13)</u>	<u>\$ 315</u>	<u>-104%</u>

n/m - Percent change not meaningful.

Losses and LAE incurred in our structured finance and international insurance segment totaled \$63 million for the three months ended September 30, 2013. Included in the \$63 million were decreases in gross recoveries of actual and expected payments of \$45 million and gross losses related to actual and expected future payments of \$18 million. The \$45 million decrease in recoveries of actual and expected payments includes \$42 million of recoveries related to insured second-lien RMBS transactions, primarily driven by a reduction in excess spread within the securitizations. The \$18 million of actual and expected payments includes \$14 million related to insured first-lien RMBS exposures and \$18 million of other loss activity, primarily related to CMBS and an international road transaction, partially offset by a \$14 million decrease in actual and expected payments related to insured second-lien RMBS transactions.

Losses and LAE incurred in our structured finance and international insurance segment totaled \$167 million for the three months ended September 30, 2012. Included in the \$167 million were gross losses related to actual and expected future payments of \$185 million, of which \$140 million primarily related to CMBS and insured first-lien RMBS transactions and \$45 million related to insured second-lien RMBS transactions. Partially offsetting these losses were recoveries of actual and expected payments of \$18 million, including \$7 million related to insured second-lien RMBS transactions. The \$7 million of recoveries related to second-lien RMBS transactions included \$44 million of recoveries resulting from ineligible mortgage loans included in insured exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgage loans, partially offset by a \$37 million reduction in excess spread within the securitizations.

Losses and LAE incurred in our structured finance and international insurance segment was a benefit of \$13 million for the nine months ended September 30, 2013. Included in the \$13 million benefit were increases in recoveries of actual and expected payments of \$132 million, of which \$177 million related to insured second-lien RMBS transactions, partially offset by \$45 million of other activity. The \$177 million of recoveries related to insured second-lien RMBS transactions included \$316 million of recoveries primarily resulting from ineligible mortgage loans included in insured exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgage loans, partially offset by a \$139 million reduction in excess spread within the securitizations. The \$45 million of other activity was primarily the result of a reversal of recoveries related to high yield corporate CDOs, partially offset by an increase in recoveries related to an international road transaction. These recoveries were partially offset by gross losses related to actual and expected future payments of \$119 million, of which \$85 million related to insured second-lien RMBS transactions and \$12 million related to first-lien RMBS transactions.

Losses and LAE incurred in our structured finance and international insurance segment totaled \$315 million for the nine months ended September 30, 2012. Included in the \$315 million were gross losses related to actual and expected future payments of \$396 million, of which \$216 million primarily related to insured first-lien RMBS transactions and CMBS transactions and \$180 million related to insured second-lien RMBS transactions. Partially offsetting these losses were recoveries of actual and expected payments of \$81 million, including \$74 million related to insured second-lien RMBS transactions. The \$74 million of recoveries related to insured second-lien RMBS transactions included \$154 million of recoveries resulting from ineligible mortgage loans included in insured exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgage loans, partially offset by an \$80 million reduction in excess spread within the securitizations.

For the three and nine months ended September 30, 2013, losses and LAE incurred included the elimination of a \$12 million expense and an \$83 million benefit, respectively, as a result of the consolidation of VIEs. The \$12 million expense elimination included recoveries of actual and expected payments of \$18 million, partially offset by gross losses related to actual and expected future payments of \$6 million. The \$83 million benefit elimination included gross recoveries of actual and expected payments of \$85 million, partially offset by gross losses related to actual and expected future payments of \$2 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

For the three and nine months ended September 30, 2012, losses and LAE incurred included the elimination of \$18 million and \$135 million of expense, respectively, as a result of the consolidation of VIEs. The \$18 million elimination included gross losses related to actual and expected future payments of \$11 million and a decrease in recoveries of actual and expected payments of \$7 million. The \$135 million elimination included gross losses related to actual and expected future payments of \$68 million and a decrease in recoveries of actual and expected payments of \$67 million.

The following table presents information about our insurance reserves and recoverable as of September 30, 2013 and December 31, 2012. The Company's insurance loss recoverable represents expected potential recoveries of paid claims based on probability-weighted net cash inflows discounted at applicable risk-free rates as of the measurement date. Our insurance loss recoverable includes expected recoveries related to put-backs of ineligible mortgage loans within second-lien RMBS transactions and other amounts due to MBIA under the terms and conditions of the respective transactional documents (inclusive of subrogation rights).

In millions	September 30, 2013	December 31, 2012	Percent Change
Gross loss and LAE reserves	\$ 802	\$ 918	-13%
Expected recoveries on unpaid losses	(208)	(224)	-7%
Loss and LAE reserves	\$ 594	\$ 694	-14%
Insurance loss recoverable	\$ 725	\$ 3,392	-79%
Insurance loss recoverable-ceded ⁽¹⁾	\$ 5	\$ 6	-17%
Reinsurance recoverable on paid and unpaid losses ⁽²⁾	\$ 6	\$ 7	-14%

(1) - Reported within "Other liabilities" on our consolidated balance sheets.

(2) - Reported within "Other assets" on our consolidated balance sheets.

Included in the Company's loss and LAE reserves are both reserves for insured obligations for which a payment default has occurred and MBIA Corp. has already paid a claim and also for which a payment default has not yet occurred but a claim is expected in the future. The following table includes LAE reserves as of September 30, 2013 and December 31, 2012 for four issues that had no expected future claim payments or par outstanding, but for which the Company was obligated to pay LAE incurred in prior periods. As of September 30, 2013 and December 31, 2012, loss and LAE reserves comprised the following:

\$ in millions	Number of Issues ⁽¹⁾		Loss and LAE Reserve		Par Outstanding	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Gross of reinsurance:						
Issues with defaults	105	97	\$ 403	\$ 448	\$ 6,494	\$ 7,194
Issues without defaults	19	25	191	246	1,004	1,402
Total gross of reinsurance	124	122	\$ 594	\$ 694	\$ 7,498	\$ 8,596

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

MBIA reports expected potential recoveries of certain paid claims within "Insurance loss recoverable" and the corresponding estimated recovery amounts due to reinsurers within "Other liabilities" on the Company's consolidated balance sheets. As of September 30, 2013 and December 31, 2012, our insurance loss recoverable in our structured finance and international insurance segment was \$725 million and \$3.4 billion, respectively. The decrease in our insurance loss recoverable primarily resulted from the collections of previously established recoveries related to the BofA Settlement Agreement related to insured second-lien RMBS securitizations. As of September 30, 2013 and December 31, 2012, our insurance loss recoverable also included estimated recoveries of approximately \$669 million and \$780 million, respectively, primarily from excess spread within insured second-lien RMBS securitizations. Insurance loss recoverables due to reinsurers totaled \$5 million and \$6 million as of September 30, 2013 and December 31, 2012, respectively. Insurance loss recoverables are only paid to reinsurers upon receipt of such amounts by MBIA.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Residential Mortgage Exposure

MBIA Corp. insures mortgage-backed securities ("MBS") backed by residential mortgage loans, including second-lien RMBS transactions (revolving HELOC loans and CES). For the three months ended September 30, 2013, we recorded losses and LAE of \$28 million related to insured second-lien RMBS transactions. The \$28 million consolidated losses and LAE was due to a decrease in gross recoveries of actual and expected payments of \$42 million, partially offset by a decrease in gross losses and LAE related to actual and expected payments of \$14 million. For the nine months ended September 30, 2013, we recorded a \$92 million benefit related to insured second-lien RMBS transactions. The \$92 million benefit was due to gross recoveries of actual and expected payments of \$177 million, partially offset by gross losses and LAE related to actual and expected payments of \$85 million.

MBIA Corp. also insures MBS backed by first-lien subprime mortgage loans directly through RMBS securitizations. There has been considerable stress and continued deterioration in the subprime mortgage market since 2008 reflected by increased delinquencies and losses, particularly related to subprime mortgage loans originated during 2005, 2006 and 2007. As of September 30, 2013 and December 31, 2012, the Company had \$1.1 billion and \$2.2 billion, respectively, of gross par outstanding from direct exposure to subprime mortgage loans. While subprime transactions directly guaranteed by MBIA Corp. include collateral comprising mortgage loans that originated during 2005, 2006, and 2007, we currently do not expect ultimate material losses on these transactions given the amount of subordination below MBIA Corp.'s insured portion of such transactions available to absorb losses from collateral defaults. As of September 30, 2013, the Company had \$59 million of gross par outstanding in two insured direct subprime mortgage transactions with 2005 or 2006 subprime mortgage collateral appearing on the Company's Classified or Caution Lists.

The following table presents the gross par outstanding by vintage year of MBIA Corp.'s total direct RMBS insured exposure as of September 30, 2013. Amounts include the gross par outstanding related to transactions that the Company consolidates under accounting guidance for VIEs.

In millions	Gross Par Outstanding					Total
	Prime First-lien	Alternative A-paper First-lien	Subprime First-lien	HELOC Second-lien	CES Second-lien	
2005 - 2007	\$ 15	\$ 1,733	\$ 360	\$2,263	\$2,684	\$7,055
2004 and prior	175	761	763	528	52	2,279
Total gross par	\$ 190	\$ 2,494⁽¹⁾	\$ 1,123⁽²⁾	\$2,791	\$2,736	\$9,334

(1) - Includes international exposure of \$662 million.

(2) - Includes international exposure of \$9 million.

During the nine months ended September 30, 2013, we collected approximately \$2.7 billion, net of reinsurance and \$243 million in payments, on insured second-lien RMBS transactions, or \$2.6 billion after eliminating \$130 million of collections and \$75 million of payments made on behalf of consolidated VIEs. Through September 30, 2013, we paid a cumulative total of \$3.9 billion, net of reinsurance and collections, or \$1.7 billion after eliminating \$2.2 billion of net payments on insured second-lien RMBS transactions that are currently consolidated as VIEs. As of September 30, 2013, we had loss and LAE reserves related to our remaining insured second-lien RMBS exposure of \$124 million before eliminating \$44 million of loss and LAE reserves related to our consolidated VIEs. The loss and LAE reserves represent the present value of the difference between cash payments we expect to make on the insured transactions and the cash receipts we expect from the performing mortgage loans in the securitizations. As payments are made, a portion of those expected future receipts is recorded within "Insurance loss recoverable" in our consolidated balance sheets. The payments that we make virtually all go to reduce the principal balances of the securitizations.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

The following table provides information about insured second-lien RMBS transactions included in MBIA Corp.'s insured portfolio "Classified List" as of September 30, 2013. The total payments of consolidated VIEs are not reflected as insurance losses in our consolidated financial statements.

Second-Lien RMBS Transactions with Claim Payments

\$ in millions	Number of Issues	Original Par Insured	Gross Par Outstanding	Claim Payments and LAE Net of Collections Since Inception
Non-Consolidated VIEs:				
HELOC	14	\$ 16,253	\$ 1,830	\$ 762
CES	9	8,198	1,760	956
Total	23	\$ 24,451	\$ 3,590	\$ 1,718
Total net of reinsurance				\$ 1,609
Consolidated VIEs:				
HELOC	6	\$ 3,657	\$ 842	\$ 701
CES	6	4,683	956	1,591
Total	12	\$ 8,340	\$ 1,798	\$ 2,292
Total net of reinsurance				\$ 2,220

The preceding table excludes gross and net claim and LAE payments of \$35 million for one issue that has been removed from our "Classified List" and has no outstanding exposure.

Non-Consolidated VIEs

The gross par outstanding on insured second-lien RMBS transactions decreased from \$4.0 billion as of December 31, 2012 to \$3.6 billion as of September 30, 2013. As of September 30, 2013, we expect to pay an additional \$167 million (on a present value basis) on these transactions and expect to receive a total of \$756 million (on a present value basis) in reimbursement of past and future expected claims through excess spread in these transactions. Of our expected reimbursement from excess spread, \$669 million is included in "Insurance loss recoverable" and \$87 million is included in "Loss and loss adjustment expense reserves". In addition, we expect to receive \$18 million (on a present value basis) with respect to amounts contemplated in the ResCap disclosure statement filed in August of 2013, which is included in "Insurance loss recoverable".

Consolidated VIEs

The gross par outstanding on insured second-lien RMBS transactions decreased from \$2.2 billion as of December 31, 2012 to \$1.8 billion as of September 30, 2013. The total payments before reinsurance, includes \$751 million that was eliminated subsequent to consolidation. As of September 30, 2013, we expect to pay an additional \$60 million (on a present value basis) on these transactions and expect to receive a total of \$216 million (on a present value basis) in reimbursement of past and future expected claims through excess spread in these transactions. In addition, we expect to receive \$1.1 billion (on a present value basis) as of September 30, 2013 with respect to amounts contemplated in the ResCap disclosure statement filed in August of 2013 as well as Credit Suisse's obligation to repurchase ineligible mortgage loans, which is reported in "Loan repurchase commitments" under "Assets of consolidated variable interest entities" on the consolidated balance sheets.

Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for additional information about assumptions used to estimate recoveries on our RMBS exposure.

Other

We may seek to purchase, from time to time, directly or indirectly, obligations guaranteed by MBIA or seek to commute policies. The amount of insurance exposure reduced, if any, and the nature of any such actions will depend on market conditions, pricing levels from time to time, and other considerations. In some cases, these activities may result in a reduction of expected loss reserves, but in all cases they are intended to limit our ultimate losses and reduce the future volatility in loss development on the related policies. Our ability to purchase guaranteed obligations and to commute policies will depend on management's assessment of available liquidity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

POLICY ACQUISITION COSTS AND OPERATING EXPENSES Structured finance and international insurance segment expenses for the three and nine months ended September 30, 2013 and 2012 are presented in the following table:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Gross expenses	\$ 23	\$ 30	-23%	\$ 88	\$ 118	-25%
Amortization of deferred acquisition costs	\$ 19	\$ 24	-21%	\$ 76	\$ 81	-6%
Operating	22	30	-27%	83	115	-28%
Total insurance operating expenses	\$ 41	\$ 54	-24%	\$ 159	\$ 196	-19%

Gross expenses represent total insurance expenses before the deferral of any policy acquisition costs. Gross expenses decreased for the three months ended September 30, 2013 compared with the same period of 2012 primarily due to decreases in legal and litigation related costs and compensation expenses. The decrease in the amortization of deferred acquisition costs for the three months ended September 30, 2013 compared with the same period of 2012 principally reflects the acceleration of deferred costs into earnings in prior periods as policies were terminated. Gross expenses decreased for the nine months ended September 30, 2013 compared with the same period of 2012 as a result of decreases in legal and litigation related costs and compensation expenses partially offset by an increase in consulting fees.

Operating expenses decreased for the three and nine months ended September 30, 2013 compared with the same periods of 2012 due to decreases in gross expenses. We did not defer a material amount of policy acquisition costs during 2013 or 2012. Policy acquisition costs in these periods were primarily related to ceding commission income and premium taxes on installment policies written in prior periods.

INTEREST EXPENSE Interest expense incurred by our structured finance and international insurance segment decreased for the three and nine months ended September 30, 2013 when compared to the same periods of 2012 primarily due to the repayment of the National Secured Loan in May of 2013. In addition, during 2013, the interest rate on MBIA Corp.'s surplus notes decreased as a result of the conversion to a floating rate.

INSURED PORTFOLIO EXPOSURE The credit quality of our structured finance and international insured portfolio is assessed in the same manner as our U.S. public finance insured portfolio. As of September 30, 2013 and December 31, 2012, 23% and 26%, respectively, of our structured finance and international insured portfolio, was rated below investment grade, before giving effect to MBIA's guarantees, based on MBIA's internal ratings, which are more current than the underlying ratings provided by S&P and Moody's for this subset of our insured portfolio.

Structured Finance and International Insurance Selected Portfolio Exposures

The following is a summary of selected significant exposures within the insured portfolio of our structured finance and international insurance segment. The Company has large exposures to many of these sectors. Moreover, many of these sectors are and have been considered volatile over the past several years. As described below, considerable incurred losses and future expected payments are attributable to many of these sectors.

Collateralized Debt Obligations and Related Instruments

As part of our structured finance and international insurance activities, MBIA Corp. typically provided guarantees on senior and, in a limited number of cases, mezzanine tranches of CDOs, as well as protection on structured CMBS pools and corporate securities, and CDS referencing such securities. The following discussion, including reported amounts and percentages, includes insured CDO transactions consolidated by the Company as VIEs.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

As of September 30, 2013, MBIA Corp.'s \$31.0 billion CDO portfolio represented 37% of its total insured gross par outstanding of \$83.9 billion. As of December 31, 2012, MBIA Corp.'s \$51.8 billion CDO portfolio represented 46% of its total insured gross par outstanding of \$112.4 billion. The distribution of the Company's insured CDO and related instruments portfolio by collateral type is presented in the following table:

In billions Collateral Type	Gross Par Outstanding as of		
	September 30, 2013	December 31, 2012	Percent Change
Multi-sector CDOs	\$ 1.6	\$ 4.3	-63%
Investment grade CDOs and structured corporate credit pools	16.6	24.1	-31%
High yield corporate CDOs	4.3	5.7	-25%
Commercial real estate pools and CRE CDOs	8.5	17.7	-52%
Total	\$ 31.0	\$ 51.8	-40%

Multi-Sector CDOs

The multi-sector CDO portfolio is comprised of 12 transactions insured in the primary market between 2002 and 2006 and 21 transactions insured in the secondary market between 2000 and 2004. The underlying collateral in MBIA Corp.'s insured multi-sector CDO transactions is comprised of RMBS, other multi-sector CDOs, corporate CDOs, collateralized loan obligations, ABS (e.g., securitizations of auto receivables, credit cards, etc.), CRE CDOs, CMBS and corporate credits. Our remaining insured multi-sector CDO transactions primarily rely on underlying collateral originally rated triple-B.

Generally, we are subject to a claim on a multi-sector CDO when the insured tranche incurs an interest or principal shortfall. Such shortfalls result once the underlying collateral supporting the transaction no longer generates enough cash flow to support the insured notes. MBIA Corp.'s payment obligation after a default insures current interest and ultimate principal. Original subordination levels for transactions insured in the primary market ranged from 10% to 31%. Current subordinations range from 0% to 81%.

The significant erosion of subordination in our multi-sector CDO transactions principally resulted from the underperformance of RMBS and CDO collateral. As discussed above, the erosion of subordination in these transactions increases the likelihood that MBIA Corp. will pay claims. As of September 30, 2013, there were credit impairment estimates for 21 classified multi-sector CDO transactions for which MBIA Corp. expects to incur actual net claims in the future (14 of which are insured in the secondary market), representing 64% of all MBIA Corp.-insured multi-sector CDO transactions (including both CDS and non-CDS contracts). Of the remaining transactions, 15% are on our "Caution List" and 21% continue to perform at or close to our original expectations. In the event of further performance deterioration of the collateral referenced or held in our multi-sector CDO transactions, the amount of credit impairments could increase materially.

Total gross par exposure in our multi-sector CDO portfolio was \$37.3 billion as of December 31, 2007. Since the end of 2007 through September 30, 2013, our multi-sector CDO gross par exposure has decreased by approximately \$35.7 billion primarily from negotiated commutations of \$23.6 billion and contractual terminations without any payment from MBIA Corp. of \$5.4 billion. The remaining reduction in gross par was due to the amortization and maturity of transactions. As of September 30, 2013, our gross par exposure to multi-sector CDOs of \$1.6 billion represented 5% of MBIA Corp.'s CDO exposure and 2% of MBIA Corp.'s total gross par insured.

Investment Grade Corporate CDOs

Our 12 investment grade corporate CDO exposures insured in 2006 and 2007 reference pools of predominantly investment grade corporate credits. Three of these pools include limited exposure to other asset classes, including structured finance securities (such as RMBS and CDOs). Our investment grade corporate CDO policies guarantee coverage of losses on collateral assets once a deductible has been eroded, and are highly customized structures. Our gross par exposure to investment grade corporate CDOs of \$16.6 billion represents 54% of MBIA Corp.'s CDO exposure and 20% of MBIA Corp.'s total gross par insured. The Company's insured investment grade corporate CDOs have experienced erosion of subordination due to the default of underlying referenced corporate and structured finance securities, but we currently do not expect losses on MBIA Corp.'s insured tranches. As of September 30, 2013, the collateral amount in the portfolio exceeds the gross par outstanding as a result of credit enhancement. Original subordination levels for nine of the investment grade corporate CDO policies ranged from 15% to 30%. Current subordination levels for these nine policies are between 11% and 28%.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)**RESULTS OF OPERATIONS (continued)**

Our gross par of insured investment grade corporate CDOs includes \$7.1 billion across three transactions that were structured to include buckets (typically 30% to 35% of the overall CDO) of references to specific tranches of other investment grade corporate CDOs (monotranche). In such transactions, MBIA Corp.'s insured investment grade corporate CDOs include, among direct corporate or structured credit reference risks, and monotranche or single layer credit risk referencing a diverse pool of corporate assets or obligors with a specific attachment and a specific detachment point. The referenced monotranche in such CDOs were typically rated double-A and sized to approximately 3% of the overall reference risk pool. The inner referenced monotranche are not subject to acceleration and do not give control rights to a senior investor. The inner referenced monotranche have also experienced erosion of subordination due to defaults in their referenced corporate assets. These transactions had original subordination of 25% and current subordination ranges from 15% to 18%.

High Yield Corporate CDOs

Our high yield corporate CDO portfolio, totaling \$4.3 billion of gross par exposure, largely comprises middle-market/special- opportunity corporate loan transactions. Our gross par exposure to high yield corporate CDOs represents 14% of MBIA Corp.'s CDO exposure and 5% of MBIA Corp.'s total gross par insured as of September 30, 2013. Original subordination for our high yield corporate portfolio ranged from 22% to 33%. Current subordination is between 10% and 30%. Declines in subordination levels result from defaults in underlying collateral, as well as sales of underlying collateral at discounted prices. Subordination within CDOs may decline further over time as a result of additional collateral deterioration. We do not expect insured losses on our high yield corporate CDO portfolio. Accordingly, as of September 30, 2013, there is no loss reserve established for this portfolio. However, there can be no assurance that the Company will not incur losses as a result of further deterioration in subordination.

Commercial Real Estate Pools and CRE CDOs

As of September 30, 2013, we had \$8.5 billion of gross par exposure to the CRE sector through insured structured transactions primarily comprising CRE collateral. In addition, MBIA Corp. insures approximately \$1.5 billion in CRE loan pools, primarily comprising European assets. These CRE loans are not included in the following "Structured CMBS Pools" and "CRE CDOs" sections. During the nine months ended September 30, 2013, the Company commuted \$8.9 billion of gross par exposure related to CRE exposure. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a discussion of credit impairments on our CRE pools and CDO exposure, including the methodology used to calculate these impairments.

Structured CMBS Pools

As of September 30, 2013, our gross par exposure to structured CMBS pools totaled \$7.2 billion and represented approximately 9% of MBIA Corp.'s total gross par insured. Since the end of 2007 through September 30, 2013, our structured CMBS pools gross par exposure has decreased by approximately \$33.5 billion, primarily from negotiated commutations and early settlements. Our structured CMBS pool insured transactions are pools of CMBS bonds, Real Estate Investment Trust ("REIT") debt and other CRE CDOs structured with first loss deductibles such that MBIA Corp.'s obligation attached at a minimum of a triple-A level when the policies were issued. The deductible sizing was a function of the underlying collateral ratings and certain structural attributes. MBIA Corp.'s guarantees for most structured CMBS pool transactions cover losses on collateral assets once the deductibles have been eroded. These deductibles provide credit enhancement and subordination to MBIA's insured position.

The collateral in the pools are generally CMBS bonds or CDSs referencing CMBS bonds (collectively, "CMBS bonds"). MBIA Corp.'s guarantee generally is in the form of a CDS referencing the static pooled transactions. MBIA Corp. would have a payment obligation if the volume of CMBS bond defaults exceeds the deductible level in the transaction. Each pool comprising CMBS bonds is ultimately backed by the commercial mortgage loans securitized within each CMBS trust. The same CMBS bonds may be referenced in multiple pools. The Company's structured CMBS pools are static, meaning that the collateral pool of securitizations cannot be and has not been changed since the origination of the policy. Most transactions comprised similarly rated underlying tranches at inception. The deductible for each transaction varies according to the ratings of the underlying collateral. For example, a transaction which comprised originally BBB rated underlying CMBS bonds would typically include a 30-35% deductible to MBIA Corp.'s position whereas a transaction comprising all originally AAA rated underlying CMBS bonds would typically have required a 5-10% deductible.

Original deductibles for our structured CMBS pools ranged from 5.0% to 82.3%. As of September 30, 2013, the deductibles for these transactions ranged from 0% to 81.7%. Deductibles are eroded as bonds experience realized losses which are ultimately due to liquidations of underlying loan collateral. During the second and third quarters of 2013, we paid claims on a CMBS pool transaction which experienced deterioration such that all of the remaining deductible was eliminated. We expect to experience additional claims on this transaction.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

As of September 30, 2013, we have significantly reduced our exposure to pools comprised of 2006 and 2007 vintage CMBS collateral originally rated BBB. As of September 30, 2013, we had exposure to four static CMBS pools, having \$800 million of gross par outstanding, that were originally insured in 2006 and 2007, and in which substantially all of the underlying collateral comprised CMBS tranches originally rated BBB and lower. Additionally, we insure two static CMBS pools, totaling \$3.0 billion of gross par outstanding as of September 30, 2013, that were originally insured in 2007, and are comprised of CMBS collateral which was originally rated A. Ultimate loss rates remain uncertain. If the economy does not continue to improve, it is possible that we will experience severe losses, particularly if the underlying loans are unable to pay off at their expected maturity dates. Although we believe MBIA Corp. will have adequate resources to pay expected claims, there can be no assurance that this will be the case. The remaining insured CMBS portfolio primarily consists of transactions backed by collateral originally rated AAA and originated in 2004, 2005, 2006 or 2007.

Delinquencies increased markedly in the CRE market during and immediately after the economic crisis, however they have stabilized over the last twelve months. As of September 30, 2013, 30-day and over delinquencies in the fixed-rate conduit CMBS market were 7.8%, and in MBIA Corp.'s insured static pooled CMBS portfolio were 11.2%. The higher delinquency rate in MBIA Corp.'s portfolio was primarily due to a concentration in the 2006 and early 2007 vintages. Additionally, the market includes newer vintage transactions from 2010 to 2012, which have virtually no material delinquencies. Although we have also seen stabilization in the delinquency rate over the past several months, some of the moderation is attributable to increased liquidations, and loan modifications and extensions granted by the special servicers. The special servicers are responsible for managing loans that have defaulted and for conducting the remediation and foreclosure process with the objective of maximizing proceeds for all bondholders by avoiding or minimizing loan level losses.

Actual losses will be a function of the proportion of loans in the pools that are foreclosed and liquidated and the loss severities associated with those liquidations. If the deductibles in the Company's insured transactions and underlying referenced CMBS transactions are fully eroded, additional property level losses upon foreclosures and liquidations could result in substantial losses for MBIA. Ultimate loss rates remain uncertain and it is possible that we will experience severe losses or liquidity needs due to increased deterioration in our insured CMBS portfolio or our failure to commute the policies, in particular if macroeconomic stress escalates, there is a new recession, increased delinquencies, higher levels of liquidations of delinquent loans, and/or higher severities of loss upon liquidation. Although we still believe the likelihood of a new recession is low, we do consider the possibility in our estimates for future claims.

CRE CDOs

As of September 30, 2013, our gross par exposure to CRE CDOs totaled \$1.3 billion and represented approximately 2% of MBIA Corp.'s total gross par insured. CRE CDOs are managed pools of CMBS, CRE whole loans, B-Notes, mezzanine loans, REIT debt, and other securities (including, in some instances, buckets for RMBS and CRE CDOs) that allow for reinvestment during a defined time period. These transactions benefit from typical CDO structural features such as cash diversion triggers, collateral quality tests, and manager replacement provisions. MBIA Corp. guarantees timely interest and ultimate principal of these CDOs. As with our other insured CDOs, these transactions were structured with credit protection originally rated triple-A, or a multiple of triple-A, below our guarantee. As of September 30, 2013, our CRE CDO insured portfolio did not contain any CDOs of ABS exposures. Some of the CRE CDO transactions do contain some RMBS collateral, but overall this comprises less than 1% of the collateral in the CRE CDO portfolio. To the extent losses do occur on these transactions, the payments are due at the maturity date, which range from the years 2036 through 2056. Current subordination levels are between 0% and 42%.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

U.S. Public Finance and Structured Finance and International Reinsurance

Reinsurance enables the Company to cede exposure for purposes of syndicating risk and increasing its capacity to write new business while complying with its single risk and credit guidelines. When a reinsurer is downgraded by one or more of the rating agencies, less capital credit is given to MBIA under rating agency models and the overall value of the reinsurance to MBIA is reduced. The Company generally retains the right to reassume the business ceded to reinsurers under certain circumstances, including a reinsurer's rating downgrade below specified thresholds. The following table presents information about our reinsurance agreements as of September 30, 2013 for our U.S. public finance and structured finance and international insurance operations:

In millions	Standard & Poor's Rating (Status)	Moody's Rating (Status)	Ceded Par Outstanding	Letters of Credit/Trust Accounts	Reinsurance Recoverable ⁽¹⁾
Reinsurers					
Assured Guaranty Re Ltd.	AA- (Stable Outlook)	Baa1 (Stable Outlook)	\$ 4,009	\$ 5	\$ 7
Assured Guaranty Corp.	AA- (Stable Outlook)	A3 (Stable Outlook)	2,773	-	-
Overseas Private Investment Corporation	AA+ (Stable Outlook)	Aaa (Stable Outlook)	337	-	-
Others	A+ or above	A2 or above	132	2	-
Total			\$ 7,251	\$ 7	\$ 7

(1) - Total reinsurance recoverable of \$7 million is primarily recoverables on unpaid losses.

MBIA requires certain unauthorized reinsurers to maintain bank letters of credit or establish trust accounts to cover liabilities ceded to such reinsurers under reinsurance contracts. As of September 30, 2013, the total amount available under these letters of credit and trust accounts was \$7 million. The Company remains liable on a primary basis for all reinsured risk, and although MBIA believes that its reinsurers remain capable of meeting their obligations, there can be no assurance of such in the future.

As of September 30, 2013, the aggregate amount of insured par outstanding ceded by MBIA to reinsurers under reinsurance agreements was \$7.3 billion compared with \$3.4 billion as of December 31, 2012. Of the \$7.3 billion of ceded par outstanding as of September 30, 2013, \$5.8 billion was ceded from our U.S. public finance insurance segment and \$1.5 billion was ceded from our structured finance and international insurance segment. Under National's reinsurance agreement with MBIA Corp., if a reinsurer of MBIA Corp. is unable to pay claims ceded by MBIA Corp. on U.S. public finance exposure, National will assume liability for such ceded claim payments. As of September 30, 2013, the total amount for which National would be liable in the event that the reinsurers of MBIA Corp. were unable to meet their obligations is \$1.6 billion.

In August of 2013, the novation agreement between FGIC and National, whereby FGIC transfers, by novation, to National all the rights and liabilities under each of the policies covered under a reinsurance agreement with FGIC, became effective. This novation agreement includes covered policies that previously benefited from the reinsurance agreement and second-to-pay policies entered into by MBIA Insurance Corporation in 2008 that were subsequently assigned to and reinsured by National in 2009. As a result of this novation, National is now the primary insurer under these policies. The amount of third-party reinsurance available to National via the novation agreement totals \$4.2 billion.

Advisory Services

Our asset management and advisory business is primarily conducted through Cutwater and Trifinium Advisors (UK) Limited ("Trifinium"). Cutwater provides advisory services, including cash management, discretionary asset management and structured products on a fee-for-service basis. Cutwater offers these services to public, not-for-profit, corporate and financial services clients, including MBIA Inc. and its other subsidiaries. Trifinium provides certain advisory services primarily in the European Union.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
RESULTS OF OPERATIONS (continued)

The following table summarizes the results and assets under management of our advisory services segment for the three and nine months ended September 30, 2013 and 2012. These results include revenues and expenses from transactions with the Company's insurance, corporate, and wind-down operations.

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Fees	\$ 11	\$ 13	-15%	\$ 33	\$ 42	-21%
Operating expenses	19	15	27%	48	48	-%
Pre-tax income (loss)	<u>\$ (8)</u>	<u>\$ (2)</u>	<u>n/m</u>	<u>\$ (15)</u>	<u>\$ (6)</u>	<u>150%</u>
Ending assets under management:						
Third-party	\$ 15,010	\$ 17,624	-15%	\$ 15,010	\$ 17,624	-15%
Insurance and corporate	6,807	7,530	-10%	6,807	7,530	-10%
Asset/liability products and conduits	4,040	5,061	-20%	4,040	5,061	-20%
Total ending assets under management	<u>\$ 25,857</u>	<u>\$ 30,215</u>	<u>-14%</u>	<u>\$ 25,857</u>	<u>\$ 30,215</u>	<u>-14%</u>

n/m - Percent change not meaningful.

For the three and nine months ended September 30, 2013, the unfavorable changes in pre-tax income (loss) compared with the same periods of 2012 were primarily driven by decreases in fees due to declines in asset balances managed for our other segments and for third parties. Operating expenses for the three months ended September 30, 2013 increased compared with the same period of 2012 due to increases in legal costs, compensation expense related to severance and consulting fees.

Average third-party assets under management for the nine months ended September 30, 2013 and 2012 were \$16.9 billion and \$19.7 billion, respectively. This decrease was principally due to declines in our pool products and CDO management business.

Corporate

General corporate activities are conducted through our corporate segment. Our corporate operations primarily consist of holding company activities, including our service company, Optinuity Alliance Resources Corporation ("Optinuity"). Revenues and expenses for Optinuity are included in the results of our corporate segment. Optinuity provides support services such as management, legal, accounting, treasury, information technology, and insurance portfolio surveillance, among others, to our corporate segment and other operating businesses on a fee-for-service basis.

The following table summarizes the consolidated results of our corporate segment for the three and nine months ended September 30, 2013 and 2012. The results include revenues and expenses that arise from general corporate activities and from providing support to our other segments.

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Net investment income	\$ 6	\$ 3	100%	\$ 15	\$ 10	50%
Fees	32	54	-41%	76	133	-43%
Net gains (losses) on financial instruments at fair value and foreign exchange	43	11	n/m	19	19	-%
Net investment losses related to other-than-temporary impairments	-	(4)	-100%	-	(4)	-100%
Other net realized gains (losses)	-	-	-%	-	5	-100%
Revenues of consolidated VIEs:						
Other net realized gains (losses)	-	-	-%	(10)	-	n/m
Total revenues	<u>81</u>	<u>64</u>	<u>27%</u>	<u>100</u>	<u>163</u>	<u>-39%</u>
Operating	32	27	19%	133	79	68%
Interest	13	15	-13%	36	43	-16%
Total expenses	<u>45</u>	<u>42</u>	<u>7%</u>	<u>169</u>	<u>122</u>	<u>39%</u>
Pre-tax income (loss)	<u>\$ 36</u>	<u>\$ 22</u>	<u>64%</u>	<u>\$ (69)</u>	<u>\$ 41</u>	<u>n/m</u>

n/m - Percent change not meaningful.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

FEES Fees are generated from support services provided to business units within the Company on a fee-for-service basis. Fees for the three and nine months ended September 30, 2013 decreased compared with the same periods of 2012 primarily due to decreases in fees paid by our conduit segment for administrative and other services. Such fees may vary significantly from period to period.

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE The increase in net gains (losses) on financial instruments at fair value and foreign exchange for the three months ended September 30, 2013 compared with the same period of 2012 was primarily due to the changes in the fair value of outstanding warrants issued on MBIA Inc. common stock. These changes were attributable to fluctuations in MBIA Inc.'s stock price and volatility, which are used in the valuation of the warrants. Under the terms of the BofA Settlement Agreement, Blue Ridge received a five-year warrant to purchase 9.94 million shares of MBIA common stock in May of 2013. Under the terms of the Investment Agreement with Warburg Pincus Private Equity X, L.P. and certain of its affiliates ("Warburg Pincus"), the Company issued Warburg Pincus a five-year warrant to purchase 1.91 million shares of MBIA common stock in August of 2013.

OTHER NET REALIZED GAINS (LOSSES) Other net realized gains and losses for the nine months ended September 30, 2012, consisted of insurance recoveries received from our directors' and officers' insurance policy. These insurance recoveries reimbursed the Company for a portion of the expenses incurred by the Company related to private securities litigation.

REVENUES OF CONSOLIDATED VIEs For the nine months ended September 30, 2013, total revenues of consolidated VIEs related to net losses as a result of the deconsolidation of VIEs.

OPERATING EXPENSES Operating expenses for the three months ended September 30, 2013 increased compared with the same period of 2012 due to an increase in compensation expense related to severance. Operating expenses for the nine months ended September 30, 2013 increased compared with the same period of 2012 due to expenses related to the BofA Settlement Agreement.

Wind-down Operations

We operate an asset/liability products business in which we historically issued debt and investment agreements insured by MBIA Corp. to capital markets and municipal investors. The proceeds of the debt and investment agreements were used initially to purchase assets that largely matched the duration of those liabilities. We also operate a conduit business in which we historically funded transactions by issuing debt insured by MBIA Corp. The rating downgrades of MBIA Corp. resulted in the termination and collateralization of certain derivatives and investment agreements and, together with the rising cost and declining availability of funding and liquidity within many of the asset classes in which proceeds were invested, caused the Company to begin winding down its asset/liability products and conduit businesses in 2008. Since the downgrades of MBIA Corp., we have not issued debt in connection with either business and, as a result, the outstanding liability balances and corresponding asset balances will continue to decline over time as liabilities mature, terminate or are redeemed or repurchased by us.

Asset/Liability Products

The following table presents the results of our asset/liability products segment for the three and nine months ended September 30, 2013 and 2012. These results include revenues and expenses from transactions with the Company's other segments.

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Net investment income	\$ 5	\$ 7	-29%	\$ 18	\$ 37	-51%
Net gains (losses) on financial instruments at fair value and foreign exchange	(29)	(39)	-26%	(38)	(168)	-77%
Net investment losses related to other-than-temporary impairments	-	-	-%	-	(56)	-100%
Net gains (losses) on extinguishment of debt	7	-	n/m	11	-	n/m
Total revenues	(17)	(32)	-47%	(9)	(187)	-95%
Operating	2	4	-50%	7	12	-42%
Interest expense	19	22	-14%	59	80	-26%
Total expenses	21	26	-19%	66	92	-28%
Pre-tax income (loss)	<u>\$ (38)</u>	<u>\$ (58)</u>	<u>-34%</u>	<u>\$ (75)</u>	<u>\$ (279)</u>	<u>-73%</u>

n/m - Percent change not meaningful.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

NET INVESTMENT INCOME The decrease in net investment income for the three and nine months ended September 30, 2013 compared with the same periods of 2012 was primarily due to lower average asset balances as investments were sold to generate liquidity and repay liabilities.

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE The favorable change in net gains (losses) on financial instruments at fair value and foreign exchange for the three months ended September 30, 2013 compared with the same period of 2012 was primarily the result of derivative gains in 2013 compared with losses in 2012 partially offset by a decline in gains related to the sale of investments. The favorable change in net gains (losses) on financial instruments at fair value and foreign exchange for the nine months ended September 30, 2013 compared to the same period of 2012 was primarily the result of derivative gains in 2013 compared with losses in 2012 and a decline in losses related to the sale of investments, partially offset by higher losses on medium-term notes ("MTNs") carried at fair value.

NET INVESTMENT LOSSES RELATED TO OTHER-THAN-TEMPORARY IMPAIRMENTS The Company has an ongoing review process for all securities to assess whether a decline in value is related to a credit loss. The Company utilizes cash flow modeling for purposes of assessing other-than-temporary impairments. Net investment losses related to other-than-temporary impairments for the nine months ended September 30, 2012 related to impairing certain securities to their fair values, as it was our intent to sell these securities before a recovery of their fair values to amortized cost. Refer to the "Liquidity" section included herein for additional information about impaired investments.

NET GAINS (LOSSES) ON EXTINGUISHMENT OF DEBT For the three and nine months ended September 30, 2013, net gains (losses) on extinguishment of debt was primarily due to gains from terminations of MTNs and investment agreements issued by the Company.

INTEREST EXPENSE The decrease in interest expense for the three and nine months ended September 30, 2013 compared with the same periods of 2012 was primarily due to the continued maturity and repurchases of liabilities by the Company.

Conduits

The following table presents the results of our conduit segment for the three and nine months ended September 30, 2013 and 2012. These results include revenues and expenses from transactions with the Company's other segments.

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2013	2012		2013	2012	
Revenues of consolidated VIEs:						
Net investment income	\$ (1)	\$ 4	-125%	\$ 3	\$ 9	-67%
Net gains (losses) on financial instruments at fair value and foreign exchange	-	-	-%	(3)	-	n/m
Net gains (losses) on extinguishment of debt	-	16	-100%	-	49	-100%
Total revenues	(1)	20	-105%	-	58	-100%
Expenses of consolidated VIEs:						
Operating	15	37	-59%	26	72	-64%
Interest	-	2	-100%	4	10	-60%
Total expenses	15	39	-62%	30	82	-63%
Pre-tax income (loss)	\$ (16)	\$ (19)	-16%	\$ (30)	\$ (24)	25%

n/m- Percent change not meaningful.

Our conduit segment is operated through Meridian. Certain of MBIA's consolidated subsidiaries have received compensation for services provided to Meridian.

For the three and nine months ended September 30, 2013, total revenues decreased compared with the same periods of 2012 primarily due to the absence of net gains from the repurchases of debt issued by Meridian. Total expenses decreased compared with the same periods of 2012, primarily due to a decline in fees paid to our corporate segment for administrative and other services.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Taxes

Provision for Income Taxes

The Company's income taxes and the related effective tax rates for the three and nine months ended September 30, 2013 and 2012 are presented in the following table:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Pre-tax income (loss)	\$ 171	\$ (57)	\$ 122	\$ 759
Provision (benefit) for income taxes	\$ 39	\$ (64)	\$ 4	\$ 161
Effective tax rate	22.8%	112.3%	3.3%	21.2%

For the nine months ended September 30, 2013, our effective tax rate applied to our pre-tax income was lower than the U.S. statutory tax rate of 35% primarily due to a reduction in our valuation allowance against our deferred tax asset.

For the nine months ended September 30, 2012, our effective tax rate applied to our pre-tax income was lower than the U.S. statutory tax rate of 35% as a result of the decrease in the Company's valuation allowance, the release of a portion of the reserve for uncertain tax benefits and the benefit of tax-exempt interest income from investments.

As of December 31, 2012, the Company's consolidated net operating loss ("NOL") carryforward was \$1.3 billion which will expire between tax years 2029 through 2032. As a result of commutation activity in the second quarter of 2013, the Company's NOL has significantly increased from December 31, 2012. As of September 30, 2013, the Company's NOL is approximately \$2.8 billion. As of December 31, 2012, the Company had a capital loss carryforward of \$165 million which will expire between tax years 2013 and 2017. However, as of September 30, 2013, the Company has generated year-to-date capital gain income sufficient to fully utilize the 2012 capital loss carryforward.

Refer to "Note 10: Income Taxes" in the Notes to Consolidated Financial Statements for a further discussion of income taxes, including the Company's valuation allowance against deferred tax assets and its accounting for tax uncertainties.

CAPITAL RESOURCES

The Company manages its capital resources to minimize its cost of capital while maintaining appropriate claims-paying resources ("CPR") for National and MBIA Corp. The Company's capital resources consist of total shareholders' equity, total debt issued by MBIA Inc. for general corporate purposes, and surplus notes issued by MBIA Insurance Corporation. Total capital resources were \$4.7 billion and \$4.8 billion as of September 30, 2013 and December 31, 2012, respectively. MBIA Inc. utilizes its capital resources to support the business activities of its subsidiaries. As of September 30, 2013, MBIA Inc.'s investments in subsidiaries totaled \$4.1 billion.

In addition to managing the capital resources of MBIA Inc.'s subsidiaries, we also manage the capital resources of MBIA Inc. supporting our corporate and asset/liability products segments. This includes our corporate unsecured debt issued for general corporate purposes and debt and investment agreements for operating leverage purposes in support of our asset/liability products business. MBIA Inc. seeks to maintain sufficient liquidity and capital resources to meet its general corporate needs as well as the needs of the asset/liability products business. As of September 30, 2013 and December 31, 2012, the combined net debt of MBIA Inc.'s corporate segment and asset/liability products segment, which primarily comprised long-term debt, MTNs, investment agreements and derivative liabilities net of cash and investments at amortized cost and a tax receivable from subsidiaries, totaled \$1.3 billion and \$1.2 billion, respectively. The Company expects that MBIA Inc. will generate sufficient cash to satisfy its net debt and its general corporate needs over time from distributions from its operating subsidiaries. In addition, the Company may also consider raising third-party capital. There can be no assurance that the aforementioned factors will generate sufficient cash to satisfy its net debt. Refer to the following "Liquidity—MBIA Inc. Liquidity" section for additional information about MBIA Inc.'s liquidity.

Securities Repurchases

Repurchases of debt and/or common stock may be made from time to time in the open market or in private transactions as permitted by securities laws and other legal requirements. We may also choose to redeem debt obligations where permitted by the relevant agreements. We believe that debt and/or share repurchases and redemptions can be an appropriate deployment of capital in excess of amounts needed to support our liquidity while maintaining the CPR of MBIA Corp. and National as well as other business needs.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

CAPITAL RESOURCES (continued)

Debt securities

MBIA Inc. or its subsidiaries may repurchase or redeem their outstanding debt at prices that we deem to be economically advantageous. During the nine months ended September 30, 2013, the Company redeemed \$486 million par value outstanding of MTNs issued by the Company's conduit segment at a cost of 100% of par value. The Company also repurchased approximately \$80 million par value outstanding of GFL MTNs issued by the Company's asset/liability segment at a weighted average cost of approximately 92% of par value.

Insurance Statutory Capital

National and MBIA Insurance Corporation are incorporated and licensed in, and are subject to primary insurance regulation and supervision by, the State of New York. National and MBIA Insurance Corporation each are required to file detailed annual financial statements, as well as interim financial statements, with the NYSDFS and similar supervisory agencies in each of the other jurisdictions in which it is licensed. These financial statements are prepared in accordance with New York State and the National Association of Insurance Commissioners' statements of U.S. STAT and assist our regulators in evaluating minimum standards of solvency, including minimum capital requirements, and business conduct. U.S. STAT differs from GAAP in a number of ways. Refer to the statutory accounting practices note to consolidated financial statements of National and MBIA Corp. within exhibits 99.1 and 99.2, respectively, of MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012 for an explanation of the differences between U.S. STAT and GAAP.

National

Capital and Surplus

National reported total statutory capital of \$3.4 billion as of September 30, 2013 compared with \$3.2 billion as of December 31, 2012. As of September 30, 2013, statutory capital comprised \$1.2 billion of contingency reserves and \$2.2 billion of policyholders' surplus. The increase in National's statutory capital is primarily due to statutory net income of \$153 million for the nine months ended September 30, 2013. Consistent with our plan to transform our insurance business, the Company received approval from the NYSDFS to reset National's unassigned surplus to zero, which was effective January 1, 2010. As of September 30, 2013, National's unassigned surplus was \$1.6 billion. In October 2010, the plaintiffs in the litigation challenging the establishment of National initiated a court proceeding challenging the approval of the surplus reset. Subsequent to the BofA Settlement Agreement and the Societe Generale settlement, all litigation brought originally by the group of eighteen domestic and international financial institutions, related to the establishment of National, has been resolved. Refer to "Note 14: Commitments and Contingencies" in the Notes to Consolidated Financial Statements for a discussion of this action.

In order to maintain its New York State financial guarantee insurance license, National is required to maintain a minimum of \$65 million of policyholders' surplus. National is also required to maintain contingency reserves to provide protection to policyholders in the event of extreme losses in adverse economic events. Refer to the following "MBIA Insurance Corporation—Capital and Surplus" section for additional information about contingency reserves under the New York Insurance Law ("NYIL"). National's policyholders' surplus will grow over time from the recognition of unearned premiums and investment income and the expected release of the contingency reserves. Conversely, incurred losses would reduce policyholders' surplus. As of September 30, 2013 and December 31, 2012, National was not in compliance with its single risk limits requirements but was in compliance with its aggregate risk limits.

NYIL regulates the payment of dividends by financial guarantee insurance companies and provides that such companies may not declare or distribute dividends except out of statutory earned surplus. Under NYIL, the sum of (i) the amount of dividends declared or distributed during the preceding 12-month period and (ii) the dividend to be declared may not exceed the lesser of (a) 10% of policyholders' surplus, as reported in the latest statutory financial statements or (b) 100% of adjusted net investment income for such 12-month period (the net investment income for such 12-month period plus the excess, if any, of net investment income over dividends declared or distributed during the two-year period preceding such 12-month period), unless the Superintendent of the NYSDFS approves a greater dividend distribution based upon a finding that the insurer will retain sufficient surplus to support its obligations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

CAPITAL RESOURCES (continued)

National is subject to NYIL with respect to the payment of dividends as described above. National had a positive earned surplus as of September 30, 2013, which provides National with dividend capacity. In connection with the court proceeding challenging the approval of the National surplus reset described above, we agreed that National would not pay dividends while the proceeding was adjourned. This agreement terminated in connection with the resolution of the proceeding. In addition, in connection with the approval of a release of excessive contingency reserves during 2011 for MBIA Insurance Corporation, the Company agreed that National would not pay dividends without the prior regulatory approval of the NYSDFS prior to July 19, 2013. Finally, as a condition to the NYSDFS' approval of the Asset Swap between MBIA Inc. and National, the NYSDFS requested that, until the notional amount of the Asset Swap has been reduced to 5% or less of National's admitted assets, each of MBIA Inc., MBIA Insurance Corporation and National provide the NYSDFS with three months prior notice, or such shorter period as the NYSDFS may permit, of its intent to initiate cash dividends on shares of its common stock. National provided the NYSDFS with such notice. Subsequent to September 30, 2013, National declared and paid a dividend of \$214 million to its ultimate parent, MBIA Inc.

National's statutory policyholders' surplus was lower than its GAAP shareholder's equity by \$1.7 billion as of September 30, 2013. U.S. STAT differs from GAAP in certain respects. Refer to "Note 11: Statutory Accounting Practices" in the Notes to Consolidated Financial Statements of National within exhibit 99.1 of MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012 for an explanation of the differences between U.S. STAT and GAAP.

Claims-Paying Resources (Statutory Basis)

CPR is a key measure of the resources available to National to pay claims under its insurance policies. CPR consists of total financial resources and reserves calculated on a statutory basis. CPR has been a common measure used by financial guarantee insurance companies to report and compare resources and continues to be used by MBIA's management to evaluate changes in such resources. We have provided CPR to allow investors and analysts to evaluate National using the same measure that MBIA's management uses to evaluate National's resources to pay claims under its insurance policies. There is no directly comparable GAAP measure. Our calculation of CPR may differ from the calculation of CPR reported by other companies.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

CAPITAL RESOURCES (continued)

National's CPR and components thereto, as of September 30, 2013 and December 31, 2012 are presented in the following table:

In millions	As of September 30, 2013	As of December 31, 2012
Policyholders' surplus	\$ 2,162	\$ 1,999
Contingency reserves	1,203	1,249
Statutory capital	3,365	3,248
Unearned premium reserve	1,772	2,041
Present value of installment premiums ⁽¹⁾	207	217
Premium resources ⁽²⁾	1,979	2,258
Net loss and LAE reserves ⁽¹⁾	(81)	(109)
Salvage reserves	185	262
Gross loss and LAE reserve	104	153
Total claims-paying resources	\$ 5,448	\$ 5,659

(1) - Calculated using a discount rate of 4.54% as of September 30, 2013 and December 31, 2012.

(2) - Includes financial guarantee and insured credit derivative related premiums.

MBIA Insurance Corporation

Capital and Surplus

MBIA Insurance Corporation reported total statutory capital of \$1.0 billion as of September 30, 2013 compared with \$1.5 billion as of December 31, 2012. As of September 30, 2013, statutory capital comprised \$428 million of contingency reserves and \$612 million of policyholders' surplus. For the nine months ended September 30, 2013, MBIA Insurance Corporation had a statutory net loss of \$358 million, primarily due to losses and LAE incurred partially offset by net premiums earned. MBIA Insurance Corporation's policyholders' surplus as of September 30, 2013 included a negative unassigned surplus of \$1.4 billion. As of September 30, 2013, MBIA Insurance Corporation's policyholders' surplus was negatively impacted by \$39 million because under NYIL it was not permitted to treat as an admitted asset the portion of its investment in subsidiaries in excess of the greater of 50% of policyholders' surplus or 60% of surplus. This overage was caused by a decrease in MBIA Insurance Corporation's policyholders' surplus due to additional insured losses during the third quarter of 2013. MBIA Insurance Corporation's policyholders' surplus may be further negatively impacted if future additional insured losses are incurred and the percentage of its assets invested in subsidiaries continues to increase.

As of September 30, 2013, MBIA Insurance Corporation recognized estimated recoveries of \$714 million, net of reinsurance and income taxes at a rate of 35%, on a statutory basis related to put-backs of ineligible mortgage loans in its insured transactions. These expected insurance recoveries represented 69% of MBIA Insurance Corporation's statutory capital as of September 30, 2013. There can be no assurance that we will be successful or that we will not be delayed in realizing these recoveries. Refer to "Executive Overview—MBIA Corp." included herein for factors that may influence MBIA Corp.'s ability to realize these recoveries.

In order to maintain its New York State financial guarantee insurance license, MBIA Insurance Corporation is required to maintain a minimum of \$65 million of policyholders' surplus. MBIA Insurance Corporation's policyholders' surplus is expected to grow over time from the recognition of unearned premiums and investment income and the expected release of the contingency reserves. In addition, MBIA Insurance Corporation's policyholders' surplus could be enhanced by the settlement, commutation or repurchase of insured transactions at prices less than its statutory loss reserves for such transactions. Conversely, incurred losses or an inability to collect on our ineligible mortgage loan put-back claims would reduce policyholders' surplus.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

CAPITAL RESOURCES (continued)

Under NYIL, MBIA Insurance Corporation is also required to establish a contingency reserve to provide protection to policyholders in the event of extreme losses in adverse economic events. The amount of the reserve is based on the percentage of principal insured or premiums earned, depending on the type of obligation (net of collateral, reinsurance, refunding, refinancings and certain insured securities). Under NYIL, MBIA Insurance Corporation is required to invest its minimum surplus and contingency reserves, and 50% of its loss reserves and unearned premium reserves, in certain qualifying assets. Reductions in the contingency reserve may be recognized based on excessive reserves and under certain stipulated conditions, subject to the approval of the Superintendent of the NYSDFS. As of September 30, 2013, MBIA Insurance Corporation had a deficit of \$321 million of qualifying assets required to support its contingency reserves. The deficit was caused by the failure of certain mortgage originators to honor contractual obligations to repurchase ineligible mortgage loans from securitizations we insured thus requiring MBIA Insurance Corporation to sell liquid assets in order to make claim payments. The deficit may grow due to additional commutation and claim payments until such time as MBIA Corp. collects additional put-back recoveries. MBIA Insurance Corporation has reported the deficit to the NYSDFS. For risks associated with MBIA Insurance Corporation's failure to meet its contingency reserve requirement, see Part II, Item 1A "Risk Factors—Capital, Liquidity and Market Related Risk Factors—If our insurance companies fail to meet regulatory capital requirements they may become subject to regulatory action" of this Quarterly Report on Form 10-Q.

As of September 30, 2013, MBIA Insurance Corporation exceeded its aggregate risk limits under the NYIL by \$61 million. The overage was caused by the decrease in statutory capital described above. MBIA Insurance Corporation plans to notify the NYSDFS of the overage and submit a plan to achieve compliance with the limits in accordance with the NYIL. If MBIA Insurance Corporation is not in compliance with its aggregate risk limits, the NYSDFS may prevent MBIA Insurance Corporation from transacting any new financial guarantee insurance business until it no longer exceeds the limitations. In 2013 and 2012, MBIA Insurance Corporation reported additional overages to the NYSDFS with respect to its single risk limits due to changes in its statutory capital.

In connection with MBIA Insurance Corporation obtaining approval from the NYSDFS to release excessive contingency reserves in previous periods, MBIA Insurance Corporation agreed that it would not pay any dividends without prior approval from the NYSDFS. Due to its significant negative earned surplus, MBIA Insurance Corporation has not had the statutory capacity to pay dividends since December 31, 2009 and is not expected to have any statutory capacity to pay any dividends in the near term.

MBIA Insurance Corporation's statutory policyholders' surplus is lower than its GAAP shareholders' equity by \$6 million as of September 30, 2013. U.S. STAT differs from GAAP in certain respects. Refer to "Note 14: Statutory Accounting Practices" in the Notes to Consolidated Financial Statements of MBIA Corp. within exhibit 99.2 of MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012 for an explanation of the differences between U.S. STAT and GAAP.

Claims-Paying Resources (Statutory Basis)

CPR is a key measure of the resources available to MBIA Insurance Corporation to pay claims under its insurance policies. CPR consists of total financial resources and reserves calculated on a statutory basis. CPR has been a common measure used by financial guarantee insurance companies to report and compare resources, and continues to be used by MBIA's management to evaluate changes in such resources. We have provided CPR to allow investors and analysts to evaluate MBIA Insurance Corporation, using the same measure that MBIA's management uses to evaluate MBIA Insurance Corporation's resources to pay claims under its insurance policies. There is no directly comparable GAAP measure. Our calculation of CPR may differ from the calculation of CPR reported by other companies.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

CAPITAL RESOURCES (continued)

MBIA Insurance Corporation's CPR and components thereto, as of September 30, 2013 and December 31, 2012 are presented in the following table:

In millions	As of September 30, 2013	As of December 31, 2012
Policyholders' surplus	\$ 612	\$ 965
Contingency reserves	428	493
Statutory capital	1,040	1,458
Unearned premium reserve	551	600
Present value of installment premiums ⁽¹⁾	841	1,035
Premium resources ⁽²⁾	1,392	1,635
Net loss and LAE reserves ⁽¹⁾	(843)	(2,448)
Salvage reserves ⁽³⁾	1,941	4,628
Gross loss and LAE reserve	1,098	2,180
Total claims-paying resources	\$ 3,530	\$ 5,273

(1) - Calculated using a discount rate of 5.72% as of September 30, 2013 and December 31, 2012.

(2) - Includes financial guarantee and insured credit derivative related premiums.

(3) - This amount primarily consists of expected recoveries related to the Company's put-back claims.

LIQUIDITY

As a financial services company, MBIA has been materially adversely affected by conditions in global financial markets. Current conditions and events in these markets, in addition to delays in obtaining recoveries related to ineligible mortgage loans in securitizations that we had insured, have put substantial stress on our liquidity resources.

We have utilized a liquidity risk management framework, the primary objectives of which are to monitor liquidity positions and projections in our legal entities and guide the matching of liquidity resources to needs. We monitor our cash and liquid asset resources using stress-scenario testing. Members of MBIA's senior management meet regularly to review liquidity metrics, discuss contingency plans and establish target liquidity cushions on an enterprise-wide basis. As part of our liquidity risk management framework, we evaluate and manage liquidity on a legal-entity basis to take into account the legal, regulatory and other limitations on available liquidity resources within the enterprise.

The majority of our liquidity management efforts focus on:

- The liquidity resources of MBIA Inc., which are subject to: uncertainty in the timing and amount of cash inflows from dividends paid by National and MBIA Insurance Corporation; the necessity of having to meet the scheduled principal and interest on its corporate debt and investment agreements issued by the asset/liability products business; payments on derivative contracts related to the asset/liability products business; and ongoing operating expense needs. MBIA Inc. has a net debt, which comprised long-term debt, MTN's, investment agreements and derivative liabilities net of cash and investments at amortized cost and a tax receivable from subsidiaries, of \$1.3 billion as of September 30, 2013. In addition, the liquidity resources of MBIA Inc. are subject to collateralization requirements in connection with the liabilities it has issued to third parties and affiliates and in connection with third-party derivative contracts.
- The liquidity resources of MBIA Corp., which are subject to: ongoing payments related to second-lien RMBS exposures; payments on its remaining CMBS exposures, due to the deterioration in such exposures; payments to counterparties in consideration for the commutation of insured transactions; payments on insured exposures that in some cases may be large bullet payments; and the availability of borrowing under the Blue Ridge Secured Loan. MBIA Corp. is currently subject to negative cash flow as a result of these payments and delays in collecting recoveries.

We also monitor the liquidity resources of National in order to ensure it maintains sufficient liquidity to pay claims and satisfy its other obligations. We do not believe there is material liquidity risk in National, although there is no assurance that there will not be material liquidity risk in National in the future in the event of material defaults and claims payments in National's insured portfolio. National's liquidity resources are subject to loss payments on its insured transactions and negative cash flow, primarily due to tax payments resulting from embedded earnings and investment income.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY (continued)

In order to efficiently manage liquidity across the entire enterprise, certain of our subsidiaries, which are less liquidity constrained have entered into intercompany agreements that provide resources to subsidiaries that are more liquidity constrained. These resources include intercompany agreements described further below between our primary insurance subsidiaries and between these insurance subsidiaries and MBIA Inc., which in each case were approved by the NYSDFS and are subject to ongoing monitoring by the NYSDFS. MBIA Insurance Corporation may also draw on liquidity through the Blue Ridge Secured Loan described below.

Key Lending Agreements

Blue Ridge Secured Loan

In connection with the BofA Settlement Agreement in May of 2013, MBIA Insurance Corporation and Blue Ridge entered into the Blue Ridge Secured Loan, pursuant to which Blue Ridge agreed to make revolving loans to MBIA Insurance Corporation in an aggregate amount of up to \$500 million. During the third quarter of 2013, MBIA Insurance Corporation borrowed \$50 million under this facility. As of September 30, 2013, the remaining amount available under the Blue Ridge Secured Loan was \$450 million. Refer to "Note 9: Debt " in the Notes to Consolidated Financial Statements for a description of prepayment conditions and other material terms of the Blue Ridge Secured Loan.

National Secured Loan

In 2011, National provided a \$1.1 billion National Secured Loan to MBIA Insurance Corporation in order to enable MBIA Insurance Corporation to fund settlements and commutations of its insurance policies. This loan was approved by the NYSDFS as well as by the boards of directors of MBIA Inc., MBIA Insurance Corporation and National. During 2012, MBIA Insurance Corporation borrowed an additional \$443 million under the National Secured Loan with the approval of the NYSDFS at the same terms as the original loan to fund additional commutations of its insurance policies. In connection with the BofA Settlement Agreement, in May of 2013, MBIA Insurance Corporation repaid this loan in full and it was extinguished.

Asset Swap

National maintains simultaneous repurchase and reverse repurchase agreements, ("Asset Swap"), with MBIA Inc. The Asset Swap provides MBIA Inc. with eligible assets to pledge under investment agreements and derivative contracts in the asset/liability products business. As of September 30, 2013, the notional amount utilized under each of these agreements was \$444 million and the fair value of collateral pledged by National and MBIA Inc. under these agreements was \$470 million and \$475 million, respectively. The net average interest rate on these transactions was 0.23% and 0.56% for the nine months ended September 30, 2013 and 2012, respectively. The NYSDFS approved the Asset Swap in connection with the re-domestication of National to New York. National has committed to the NYSDFS to use commercially reasonable efforts to reduce the amount of the Asset Swap over time.

MBIA Insurance Corporation Secured Loan

MBIA Insurance Corporation, as lender, maintained a master repurchase agreement, the MBIA Insurance Corporation Secured Loan, with MBIA Inc. for the benefit of MBIA Inc.'s asset/liability products business, which totaled \$2.0 billion at inception. This loan was repaid in May of 2012 and there were no further draws. This loan facility expired on May 3, 2013.

Conduit Repurchase Agreement

MBIA Inc. maintains a repurchase agreement with Meridian with a maximum funded amount of \$1.0 billion, subject to a pledge of collateral. As of September 30, 2013, there was no balance outstanding under this agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY (continued)

MBIA Inc. Liquidity

MBIA Inc.'s liquidity resources support our corporate and asset/liability products segments. The activities of MBIA Inc. consist of holding and managing investments, servicing outstanding corporate debt instruments, investment agreements and MTNs issued by the asset/liability products and conduit segments, posting collateral under financing and hedging arrangements and investment agreements, making payments and collateral postings related to interest rate and foreign exchange swaps, and paying operating expenses. The primary sources of cash within MBIA Inc. used to meet its liquidity needs include available cash and liquid assets not subject to collateral posting requirements, scheduled principal and interest on assets held in its investment portfolio, dividends from subsidiaries, payments under tax sharing agreements with these subsidiaries (once the payments become unrestricted) and the ability to issue debt and equity. There can be no assurance as to the amount and timing of any such dividends or payments under the tax sharing agreements. MBIA Inc.'s corporate debt, investment agreements, and derivatives and the GFL MTNs may be accelerated by the holders of such instruments upon the occurrence of certain events, such as a breach of covenant or representation, a bankruptcy of MBIA Inc., in the case of the corporate debt, investment agreements and derivatives, the filing of an insolvency proceeding with respect to National, in the case of the corporate debt, a bankruptcy of GFL, in the case of the GFL MTNs, or the filing of an insolvency proceeding with respect to MBIA Insurance Corporation, in the cases of the investment agreements and GFL MTNs. MBIA Inc.'s obligations under its loans from GFL may be accelerated only upon the occurrence of a bankruptcy or liquidation of MBIA Inc. Refer to "Note 11: Business Segments" in the Notes to Consolidated Financial Statements for a description of the GFL loans and MTNs. In the event of any acceleration of all of our obligations, including under our corporate debt, investment agreements, GFL MTNs, or derivatives, we likely would not have sufficient liquid resources to pay amounts due. We provided the NYSDFS with notice of our intention to have National pay a dividend in the fourth quarter of 2013. Subsequent to September 30, 2013, National declared and paid a dividend of \$214 million to its ultimate parent, MBIA Inc. Refer to the "Capital Resources – Insurance Statutory Capital" section for additional information on this dividend.

During the nine months ended September 30, 2013, pursuant to the tax sharing agreement, National settled its taxes related to the 2012 tax year of \$16 million with MBIA Inc. In addition, National paid to MBIA Inc. estimated 2013 taxes of \$81 million. Consistent with the tax sharing agreement, this amount was placed in an escrow account until the expiration of National's two-year NOL carry-back period under U.S. tax rules. At the expiration of National's carry-back period, any funds remaining after any reimbursement to National in respect of any NOL carry-backs would be available for general corporate purposes, including to satisfy any other obligations under the tax sharing agreement. During the first nine months of 2013, MBIA Inc. received \$115 million that was previously held in escrow under the MBIA group tax sharing agreement. The amount represents National's liability under the tax sharing agreement for the 2010 tax year, and was released pursuant to the terms of the agreement following the expiration of National's two-year NOL carry-back period under U.S. tax rules. As of September 30, 2013, \$427 million remained in escrow for the 2011 through the 2013 tax years. We expect to release up to \$160 million of this escrow related to the 2011 tax year in January 2014 which will increase MBIA Inc.'s liquidity position.

MBIA Inc. is subject to material liquidity risks and uncertainty. To mitigate these risks, we seek to maintain cash and liquidity resources that we believe will be sufficient to make all payments due on our obligations and to meet other financial requirements, such as posting collateral, at least through the next twelve months.

Liquidity risk within MBIA Inc. is primarily a result of the following factors:

- Currently, the majority of the cash and securities of MBIA Inc. is pledged against investment agreement liabilities, intercompany financing arrangements and derivatives, which limit its ability to raise liquidity through asset sales. A significant portion of MBIA Inc.'s assets that are pledged against intercompany financing arrangement liabilities are structured finance securities which have been particularly susceptible to price fluctuations during periods of market volatility. In addition, if the market value or rating eligibility of the assets which are pledged against MBIA Inc.'s obligations were to decline, we would be required to pledge additional eligible assets in order to meet minimum required collateral amounts against these liabilities. In such event, we may sell additional assets, potentially with substantial losses, finance unencumbered assets through intercompany facilities, or use free cash or other assets, in some cases with NYSDFS approval, although there can be no assurance that these strategies will be available or adequate to meet liquidity requirements.
- Uncertainty of the timing and amount of cash inflows from dividends paid by MBIA's principal operating subsidiaries. Refer to the "Capital Resources-Insurance Statutory Capital" section for a discussion on our insurance subsidiaries' dividend restrictions.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY (continued)

Because most of MBIA Inc.'s assets are pledged against the obligations described above, the widening of credit spreads would have an adverse impact on the market value of these assets and increase collateralization requirements for the portfolio. The following table presents the estimated pre-tax change in the aggregate fair value of the asset/liability products business' assets as of September 30, 2013 from instantaneous shifts in credit spread curves. This table assumes that all credit spreads move by the same amount; however, it is more likely that the actual changes in credit spreads will vary by investment sector and individual security. The table presents hypothetical increases and decreases in credit spreads of 50 and 200 basis points. Because downward movements of these amounts in some cases would result in negative spreads, a floor was assumed for minimum spreads.

In millions	Change in Credit Spreads (Asset/Liability Products Business)			
	200 Basis Point Decrease	50 Basis Point Decrease	50 Basis Point Increase	200 Basis Point Increase
Estimated change in fair value	\$ 96	\$ 31	\$ (29)	\$ (107)

During the first nine months of 2013, MBIA Inc. maintained three intercompany financing facilities to provide it with additional resources to meet its liquidity requirements within the asset/liability products business: the Asset Swap, the MBIA Insurance Corporation Secured Loan and the Conduit Repurchase Agreement. The MBIA Insurance Corporation Secured Loan expired in May of 2013. Refer to the preceding "Key Lending Agreements" section for a description of these facilities.

We believe that asset sales undertaken to date have reduced volatility in MBIA Inc.'s portfolio in the event of stressed market conditions. However, stressed credit market conditions could cause MBIA Inc. to have insufficient resources to cover collateral and/or other liquidity requirements. Management has identified certain actions to mitigate this risk. These contingent actions include: (1) accessing the capital markets; (2) additional sales of invested assets exposed to credit spread stress risk, which may occur at losses and increase MBIA Inc.'s net debt; (3) termination and settlement of interest rate swap agreements; and (4) other available advances from subsidiaries. These actions, if taken, are expected to result in either additional liquidity or reduced exposure to adverse credit spread movements. There can be no assurance that these actions will be sufficient to fully mitigate this risk. In the event that we cannot implement the contingent actions identified above to raise liquidity, we may have insufficient assets to make all payments on our obligations as they come due, which could result in a default by MBIA Inc. on its obligations and the potential for MBIA Corp., as guarantor of the investment agreements and GFL MTNs, to be called upon to satisfy obligations on those instruments as they come due. In addition, the Company expects that MBIA Inc. will generate sufficient cash to satisfy its net debt and its general corporate needs over time from distributions from its operating subsidiaries and by raising third-party capital, although there can be no assurance that such factors will generate sufficient cash to satisfy its net debt.

As of September 30, 2013, the liquidity position of MBIA Inc., which consists of the liquidity positions of its corporate and asset/liability products activities, was \$282 million and comprised cash and liquid assets of \$228 million available for general corporate liquidity purposes, excluding the amounts held in escrow under its tax sharing agreement, and \$54 million not pledged directly as collateral for its asset/liability products activities. As of December 31, 2012, MBIA Inc. had \$239 million of cash and liquid assets comprising \$170 million available for general corporate liquidity purposes, excluding the amounts held in escrow under its tax sharing agreement, and \$69 million not pledged directly as collateral for its asset/liability products activities. We believe this liquidity position provides MBIA Inc. with sufficient funds to cover expected obligations at least through the next twelve months.

MBIA Corp. Liquidity

Liquidity available in the structured finance and international insurance segment is affected by our ability to collect on recoveries associated with loss payments, the payment of claims on insured exposures, payments made to commute insured exposures, the repayment of outstanding borrowings, a reduction in investment income, any unanticipated expenses, or the impairment or a significant decline in the fair value of invested assets. We may also experience liquidity constraints as a result of NYIL requirements that we maintain specified, high quality assets to back our reserves and surplus.

We believe the current liquidity position of MBIA Corp. is adequate to make expected future claim payments. MBIA Corp.'s liquidity position has been substantially strengthened as a result of the BofA Settlement Agreement, including the elimination of potential claims on Bank of America/Merrill Lynch CMBS exposures and the execution of the Blue Ridge Secured Loan entered into in May of 2013. The liquidity position of MBIA Corp. has been stressed due to ongoing payments on second-lien RMBS exposures, payments on its remaining CMBS exposures and the payments to counterparties in consideration for the commutation of insured transactions, which have resulted in a substantial reduction of exposure and potential loss volatility. While MBIA Corp. has made and may in the future make payments to counterparties in consideration for the commutation of insured transactions, MBIA Corp.'s ability to commute insured transactions will depend on management's assessment of available liquidity or ability to secure other sources of financing. Depending on the amounts of claims on policies issued by MBIA Corp., MBIA Corp. may not have sufficient liquid assets to pay such claims when due.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)**LIQUIDITY (continued)**

Payment requirements for the structured finance and international financial guarantee contracts fall into three categories: (i) timely interest and ultimate principal; (ii) ultimate principal only at final maturity; and (iii) payments upon settlement of individual collateral losses as they occur after any deductible or subordination has been exhausted, which payments are unscheduled and therefore more difficult to predict, and which category applies to most of the transactions on which we have recorded loss reserves. Insured transactions that require payment in full of the principal insured at maturity could present liquidity risks for MBIA Corp. since payment of the principal is due at maturity but any salvage could be recovered over time after payment of the principal amount. MBIA Corp. has insured transactions with substantial principal amounts due at maturity that are scheduled to mature in the near term. MBIA Corp. expects the transactions to be repaid on or prior to the maturity date. MBIA Corp. is generally required to satisfy claims within one to three business days, and as a result seeks to identify potential claims in advance through our monitoring process. While our financial guarantee policies generally cannot be accelerated, thereby helping to mitigate liquidity risk, the insurance of CDS contracts may, in certain circumstances, including the occurrence of certain insolvency or payment defaults under the CDS contracts, be subject to termination by the counterparty, triggering a claim for the fair value of the contract. In order to monitor liquidity risk and maintain appropriate liquidity resources, we use the same methodology as we use to monitor credit quality and losses within our insured portfolio, including stress scenarios. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a discussion of our loss process.

Our structured finance and international insurance segment also requires cash for the payment of operating expenses, as well as principal and interest related to its surplus notes. Pursuant to Section 1307 of the NYIL and the Fiscal Agency Agreement governing MBIA Corp.'s surplus notes, any payment on the notes may be made only with the prior approval of the Superintendent of the NYSDFS "whenever, in his judgment, the financial condition of [MBIA Corp.] warrants" and payment may be made only out of MBIA Corp.'s "free and divisible surplus". If these conditions are not met, MBIA Corp. is not permitted to make any applicable interest payment and no default or event of default would occur under the Fiscal Agency Agreement or any of the Company's other agreements. From the January 15, 2013 interest payment to the present, MBIA Corp.'s requests for approval of the note interest payments have not been approved by the NYSDFS. In accordance with the terms of the Fiscal Agency Agreement, MBIA Corp. is required to provide, and has provided, notice to the Fiscal Agent that it has not made these scheduled interest payments. The deferred interest payments will become due on the first business day on or after which MBIA Corp. obtains approval to make such payments. No interest will accrue on the deferred interest. There can be no assurance that the NYSDFS will approve these or any subsequent interest payments, or that it will approve any principal payments at maturity or any optional redemption payment that MBIA Corp. may seek to make. Subsequent to September 30, 2013, S&P revised their criteria related to the ratings for certain hybrid capital instruments. As a result, S&P lowered the ratings of MBIA Corp.'s surplus notes and MBIA Corp.'s preferred stock to D.

Since the fourth quarter of 2007 through September 30, 2013, MBIA Corp. has made \$13.5 billion of cash payments, before reinsurance and collections and excluding LAE (including payments made to debt holders of consolidated VIEs), associated with second-lien RMBS securitizations and with commutations and claim payments primarily relating to CDS contracts. These cash payments include loss payments of \$1.0 billion made on behalf of MBIA Corp.'s consolidated VIEs. Of the \$13.5 billion, MBIA Corp. has paid \$6.9 billion of gross claims (before reinsurance and collections and excluding LAE) on policies insuring second-lien RMBS securitizations, driven primarily by an extensive number of ineligible mortgage loans being placed in the securitizations in breach of the representations and warranties of the sellers/servicers. In addition, MBIA Corp. has paid \$6.6 billion of gross settlement and claim payments (before reinsurance and collections and excluding LAE) on insured credit derivatives. Also, since the fourth quarter of 2007 through September 30, 2013, MBIA Corp. has collected \$1.8 billion in cash and securities related to put-back recoveries and \$224 million of excess spread before reinsurance.

MBIA Corp. is seeking to enforce its rights to have mortgage sellers/servicers cure, replace or repurchase ineligible mortgage loans from securitizations and has recorded a total of \$1.1 billion of related expected recoveries on our consolidated balance sheets as of September 30, 2013, including expected recoveries recorded in our consolidated VIEs. To date, the Company has resolved or agreed to resolve substantially all of its claims related to ineligible loans, with the exception of those loans securitized by Credit Suisse Securities (USA) LLC. However, there can be no assurance that we will be successful or that we will not be delayed in realizing these recoveries. Such risks are contemplated in the scenarios we utilize to calculate these recoveries, which are recognized on our consolidated balance sheets. We collected our put-back claim against Bank of America in May of 2013, which substantially reduced our remaining consolidated expected recoveries. In May of 2013, MBIA Insurance Corporation also consented to a plan to resolve its claims against ResCap and certain of its affiliates. We anticipate that we will receive an initial distribution of funds from ResCap in late 2013 or early 2014, which will further substantially reduce our remaining consolidated expected recoveries. The Plan is subject to bankruptcy court approval. This anticipated timeline may change due to developments related to the Junior Secured Note litigation which occurred in October of 2013 or other matters that develop in the course of events in the bankruptcy court plan confirmation process. Furthermore, there can be no assurance that the Plan will ultimately be approved in its current form, or that MBIA will receive its expected recoveries. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a discussion of the claims related to Credit Suisse Securities (USA) LLC and the ResCap agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY (continued)

A portion of the commutation payments made since the fourth quarter of 2011 were financed through the National Secured Loan, which was paid in full and extinguished in May of 2013 in connection with the BofA Settlement Agreement and the settlement of Flagstar Bank's put-back obligation. Future commutation payments may be financed through draws on the Blue Ridge Secured Loan subject to its continued availability. MBIA Insurance Corporation's ability to repay the Blue Ridge Secured Loan and any accrued interest will be largely dependent on MBIA Corp.'s ability to collect on its future receivables, including its ability to successfully enforce its rights to have the mortgage sellers/servicers cure, replace or repurchase ineligible mortgage loans from insured securitizations.

MBIA Corp. also insures third-party holders of our asset/liability products segment's obligations. MBIA Insurance Corporation, as lender, maintained a master repurchase agreement, the MBIA Insurance Corporation Secured Loan, with MBIA Inc. for the benefit of MBIA Inc.'s asset/liability products business, which totaled \$2.0 billion at inception. This loan was repaid in May of 2012 and there were no further draws. This loan facility expired on May 3, 2013.

As of September 30, 2013, MBIA Corp. held cash and available-for-sale investments of \$866 million, of which \$97 million comprised cash and highly liquid assets that was immediately available to MBIA Insurance Corporation. Included in the \$866 million was \$634 million of cash and available-for-sale investments held by its subsidiaries and not immediately available to MBIA Insurance Corporation. In connection with the BofA Settlement Agreement, MBIA Insurance Corporation, entered into the Blue Ridge Secured Loan, which provides MBIA Corp. with an additional maximum amount of \$500 million in liquidity. During the third quarter of 2013, MBIA Insurance Corporation borrowed \$50 million from this facility at 7.76%. As of September 30, 2013, the remaining amount available under the Blue Ridge Secured Loan was \$450 million. As of December 31, 2012, MBIA Corp. held cash and available-for-sale investments of \$1.3 billion, of which \$345 million comprised cash and highly liquid assets that was immediately available to MBIA Insurance Corporation. Included in the \$1.3 billion was \$659 million of cash and available-for-sale investments held by its subsidiaries and not immediately available to MBIA Insurance Corporation. We believe that MBIA Corp.'s liquidity resources, including expected cash inflows, will adequately provide for anticipated cash outflows. Depending on the amount of actual claims on the policies issued by MBIA Corp., including claims on insured exposures that in some cases may require large bullet payments, MBIA Corp. may not have sufficient liquid assets to pay such claims. In the event of unexpected liquidity requirements, we may have insufficient resources to meet our obligations or insufficient qualifying assets to support our surplus and reserves, and may seek to increase our cash holdings position by drawing on the Blue Ridge Secured Loan or raising external capital, and there can be no assurance that we will be able to draw on these additional sources of liquidity.

National Liquidity

Despite continued adverse macroeconomic conditions in the U.S., the incidence of default among U.S. public finance issuers remains extremely low and we believe that the liquidity position of our U.S. public finance insurance segment is sufficient to meet cash requirements in the ordinary course of business.

Liquidity risk arises in our U.S. public finance insurance segment primarily from the following:

- The insurance policies issued or reinsured by National, the entity from which we conduct our U.S. public finance insurance business, provide unconditional and irrevocable guarantees of payments of the principal of, and interest or other amounts owing on, insured obligations when due or, in the event that the insurance company has the right, at its discretion, to accelerate the payment under its policies upon the acceleration of the underlying insured obligations due to default or otherwise. In the event of a default in payment of principal, interest or other insured amounts by an issuer, National generally promises to make funds available in the insured amount within one to three business days following notification. In some cases, the amount due can be substantial, particularly if the default occurs on a transaction to which National has a large notional exposure or on a transaction structured with large, bullet-type principal maturities. The fact that the U.S. public finance insurance segment's financial guarantee contracts generally cannot be accelerated by a party other than the insurer helps to mitigate liquidity risk in this segment.
- National has entered into certain intercompany transactions to support the liquidity needs of its affiliates. One of these transactions includes the Asset Swap through which National exchanges liquid assets with MBIA Inc. As a result of this transaction, National is subject to repayment risk, which may adversely affect its liquidity. In addition, changes in the market value of securities sold to National under its Asset Swap with the asset/liability products business may adversely affect its liquidity position if MBIA Inc. were unable to pledge additional eligible assets in order to meet minimum required collateral amounts.

National held cash and short-term investments of \$1.5 billion as of September 30, 2013, which was highly liquid and consisted predominantly of highly rated municipal, U.S. agency and corporate bonds. As of December 31, 2012, National held cash and short-term investments of \$470 million, of which \$419 million was highly liquid and consisted predominantly of highly rated municipal, U.S. agency and corporate bonds.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)**LIQUIDITY (continued)****Consolidated Cash Flows**

Information about our consolidated cash flows by category is presented on our consolidated statements of cash flows. The following table presents a summary of our consolidated cash flows for the nine months ended September 30, 2013 and 2012:

In millions	Nine Months Ended September 30,		Percent Change
	2013	2012	
Net cash provided (used) by:			
Operating activities	\$ 1,033	\$ (955)	n/m
Investing activities	297	3,106	-90%
Financing activities	(1,224)	(2,343)	-48%

n/m - Percent change not meaningful.

Operating activities

Net cash provided by operating activities increased for the nine months ended September 30, 2013 when compared with the same period of 2012 primarily due to an increase in financial guarantee recoveries received and decreases in losses and loss adjustment expense and interest expense paid. This is partially offset by a decrease in cash received from investment income.

Investing activities

Net cash provided by investing activities decreased for the nine months ended September 30, 2013 when compared with the same period of 2012 primarily due to declines in proceeds from net sales and redemptions of securities for purposes of funding commutation and loss payments.

Financing activities

Net cash used by financing activities decreased for the nine months ended September 30, 2013 when compared with the same period of 2012 primarily due to decreases in payments for drawdowns of investment agreements, payments to retire debt related to our conduit segment, and payments for securities sold under agreements to repurchase.

Investments

The following discussion of investments, including references to consolidated investments, excludes cash and investments reported under "Assets of consolidated variable interest entities" on our consolidated balance sheets. Cash and investments of VIEs support the repayment of VIE obligations and are not available to settle obligations of MBIA.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY (continued)

Our available-for-sale investments comprise high-quality fixed-income securities and short-term investments. As of September 30, 2013 and December 31, 2012, the fair values of our consolidated available-for-sale investments were \$6.2 billion and \$5.6 billion, respectively, as presented in the following table. Additionally, consolidated cash and cash equivalents as of September 30, 2013 and December 31, 2012 were \$1.1 billion and \$814 million, respectively.

In millions	As of September 30, 2013	As of December 31, 2012	Percent Change
Available-for-sale investments:			
U.S. public finance insurance			
Amortized cost	\$ 4,496	\$ 3,006	50%
Unrealized net gain (loss)	(54)	105	n/m
Fair value	4,442	3,111	43%
Structured finance and international insurance			
Amortized cost	524	886	-41%
Unrealized net gain (loss)	16	22	-27%
Fair value	540	908	-41%
Corporate			
Amortized cost	468	543	-14%
Unrealized net gain (loss)	(57)	(36)	58%
Fair value	411	507	-19%
Advisory services			
Amortized cost	5	11	-55%
Unrealized net gain (loss)	-	-	-%
Fair value	5	11	-55%
Wind-down operations			
Amortized cost	794	1,039	-24%
Unrealized net gain (loss)	29	20	45%
Fair value	823	1,059	-22%
Total available-for-sale investments:			
Amortized cost	6,287	5,485	15%
Unrealized net gain (loss)	(66)	111	n/m
Total available-for-sale investments at fair value	6,221	5,596	11%

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
LIQUIDITY (continued)

In millions	As of September 30, 2013	As of December 31, 2012	Percent Change
Investments carried at fair value:			
U.S. public finance insurance			
Amortized cost	185	190	-3%
Unrealized net gain (loss)	(8)	-	n/m
Fair value	177	190	-7%
Structured finance and international insurance			
Amortized cost	27	27	-%
Unrealized net gain (loss)	2	3	-33%
Fair value	29	30	-3%
Corporate			
Amortized cost	60	38	58%
Unrealized net gain (loss)	(3)	(10)	-70%
Fair value	57	28	104%
Advisory services			
Amortized cost	4	4	-%
Unrealized net gain (loss)	1	-	n/m
Fair value	5	4	25%
Wind-down operations			
Amortized cost	-	5	-100%
Unrealized net gain (loss)	-	-	-%
Fair value	-	5	-100%
Total investments carried at fair value:			
Amortized cost	276	264	5%
Unrealized net gain (loss)	(8)	(7)	14%
Total investments carried at fair value	268	257	4%
Other investments at amortized cost:			
U.S. public finance insurance operations segment	6	9	-33%
Total other investments at amortized cost	6	9	-33%
Consolidated investments at carrying value	\$ 6,495	\$ 5,862	11%

n/m - Percent change not meaningful.

The fair value of the Company's investments is based on prices which include quoted prices in active markets and prices based on market-based inputs that are either directly or indirectly observable, as well as prices from dealers in relevant markets. Differences between fair value and amortized cost arise primarily as a result of changes in interest rates and general market credit spreads occurring after a fixed-income security is purchased, although other factors may also influence fair value, including specific credit-related changes, supply and demand forces and other market factors. When the Company holds an available-for-sale investment to maturity, any unrealized gain or loss currently recorded in accumulated other comprehensive income (loss) in the shareholders' equity section of the balance sheet is reversed. As a result, the Company would realize a value substantially equal to amortized cost. However, when investments are sold prior to maturity, the Company will realize any difference between amortized cost and the sale price of an investment as a realized gain or loss within its consolidated statements of operations.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)
LIQUIDITY (continued)
Credit Quality

The credit quality distribution of the Company's available-for-sale fixed-maturity investment portfolios, excluding short-term investments, based on ratings from Moody's as of September 30, 2013 is presented in the following table. Alternate ratings sources, such as S&P or the best estimate of the ratings assigned by the Company, have been used for a small percentage of securities that are not rated by Moody's.

In millions	U.S. Public Finance		Structured Finance and International		Advisory Services		Corporate		Wind-down Operations		Total	
	Fair Value	% of Fixed-Income Investments	Fair Value	% of Fixed-Income Investments	Fair Value	% of Fixed-Income Investments	Fair Value	% of Fixed-Income Investments	Fair Value	% of Fixed-Income Investments	Fair Value	% of Fixed-Income Investments
Available-for-sale:												
Aaa	\$1,494	43%	\$ 210	63%	\$ 1	50%	\$ -	0%	\$ 191	26%	\$1,896	40%
Aa	1,118	33%	85	26%	-	0%	2	1%	107	15%	1,312	28%
A	533	16%	11	3%	1	50%	10	5%	208	28%	763	16%
Baa	118	3%	6	2%	-	0%	2	1%	201	27%	327	7%
Below investment grade	27	1%	17	5%	-	0%	157	82%	16	2%	217	5%
Not rated	143	4%	3	1%	-	0%	20	11%	15	2%	181	4%
Total	\$3,433	100%	\$ 332	100%	\$ 2	100%	\$ 191	100%	\$ 738	100%	\$4,696	100%
Short-term investments	1,003		207		2		221		82		1,515	
Investments carried at fair value	177		29		5		57		-		268	
Other investments	11		1		1		-		3		16	
Consolidated investments at carrying value	<u>\$4,624</u>		<u>\$ 569</u>		<u>\$ 10</u>		<u>\$ 469</u>		<u>\$ 823</u>		<u>\$6,495</u>	

As of September 30, 2013, the weighted average credit quality of the Company's available-for-sale investment portfolios, excluding short-term and other investments, as presented in the preceding table are as follows:

	U.S. Public Finance	Structured Finance and International Insurance	Advisory Services	Corporate	Wind-down Operations
Weighted average credit quality ratings	Aa	Aa	Aa	Below investment grade	A

Insured Investments

MBIA's consolidated investment portfolio includes investments that are insured by various financial guarantee insurers ("Insured Investments"), including investments insured by MBIA Corp. and National ("Company-Insured Investments"). As of September 30, 2013, Insured Investments at fair value represented \$643 million or 10% of consolidated investments, of which \$393 million or 7% of consolidated investments were Company-Insured Investments.

As of September 30, 2013, based on the actual or estimated underlying ratings of our consolidated investment portfolio, without giving effect to financial guarantees, the weighted average rating of the consolidated investment portfolio would be in the Aa range, the weighted average rating of only the Insured Investments in the investment portfolio would be in the Baa range, and 3% of the total investment portfolio would be rated below investment grade in the Insured Investments.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY (continued)

The distribution of our Insured Investments by financial guarantee insurer as of September 30, 2013 is presented in the following table:

In millions	U.S. Public Finance		Structured Finance and International		Corporate		Wind-Down Operations		Total	
	Fair Value	% of Total Investments	Fair Value	% of Total Investments	Fair Value	% of Total Investments	Fair Value	% of Total Investments	Fair Value	% of Total Investments
MBIA Corp.	\$ -	0%	\$ -	0%	\$ 106	2%	\$ 117	2%	\$ 223	4%
National	65	1%	-	0%	-	0%	105	2%	170	3%
Assured Guaranty Municipal Corp.	56	1%	-	0%	-	0%	123	2%	179	3%
Ambac Financial Group, Inc.	9	0%	-	0%	8	0%	24	0%	41	0%
FGIC	3	0%	3	0%	15	0%	6	0%	27	0%
Other	3	0%	-	0%	-	0%	-	0%	3	0%
Total	\$ 136	2%	\$ 3	0%	\$ 129	2%	\$ 375	6%	\$ 643	10%

In purchasing Insured Investments, the Company independently assesses the underlying credit quality, structure and liquidity of each investment, in addition to the creditworthiness of the insurer. Insured Investments are diverse by sector, issuer and size of holding. The Company assigns underlying ratings to its Insured Investments without giving effect to financial guarantees based on underlying ratings assigned by Moody's, or another external agency when a rating is not published by Moody's. When an external underlying rating is not available, the underlying rating is based on the Company's best estimate of the rating of such investment. A downgrade of a financial guarantee insurer will likely have an adverse effect on the fair value of investments insured by the downgraded financial guarantee insurer. If MBIA determines that declines in the fair values of Insured Investments are other-than-temporary, the Company will record a realized loss through earnings.

The underlying ratings of the Company-Insured Investments as of September 30, 2013 are reflected in the following table. Amounts represent the fair value of such investments including the benefit of the MBIA guarantee. The ratings in the following table are based on ratings from Moody's. Alternate ratings sources, such as S&P, have been used for a small percentage of securities that are not rated by Moody's.

In millions	U.S. Public Finance Insurance	Structured Finance and International Insurance	Corporate	Wind-down Operations	Total
Underlying Ratings Scale					
National:					
Aa	\$ 30	\$ -	\$ -	\$ 14	\$ 44
A	35	-	-	16	51
Baa	-	-	-	75	75
Total National	\$ 65	\$ -	\$ -	\$ 105	\$ 170
MBIA Corp.:					
Aa	\$ -	\$ -	\$ -	\$ 56	\$ 56
A	-	-	-	12	12
Baa	-	-	3	49	52
Below investment grade	-	-	103	-	103
Total MBIA Corp.	\$ -	\$ -	\$ 106	\$ 117	\$ 223
Total MBIA Insured Investments	\$ 65	\$ -	\$ 106	\$ 222	\$ 393

Without giving effect to the MBIA guarantee of the Company-Insured Investments in the consolidated investment portfolio, as of September 30, 2013, based on actual or estimated underlying ratings, the weighted average rating of the consolidated investment portfolio was in the Aa range, the weighted average rating of only the Company-Insured Investments was in the Baa range, and investments rated as below investment grade in the Company-Insured Investments were 2% of the total consolidated investment portfolio.

Impaired Investments

As of September 30, 2013 and December 31, 2012, we held impaired available-for-sale investments (investments for which fair value was less than amortized cost) with a fair value of \$2.5 billion and \$1.3 billion, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY (continued)

We analyze impaired investments within our investment portfolio for other-than-temporary impairments on a quarterly basis. Key factors considered when assessing other-than-temporary impairments include but are not limited to: (a) structural and economic factors among security types that represent our largest exposure to credit impairment losses; (b) the duration and severity of the unrealized losses (i.e., a decline in the market value of a security by 20% or more at the time of the review, or 5% impaired at the time of review with a fair value below amortized cost for a consecutive 12-month period); and (c) the results of various cash flow modeling techniques. Our cash flow analysis considers all sources of cash, including credit enhancement, that support the payment of amounts owed by an issuer of a security. This includes the consideration of cash expected to be provided by financial guarantors, including MBIA Corp., resulting from an actual or potential insurance policy claim.

Refer to "Note 7: Investments" in the Notes to Consolidated Financial Statements for a detailed discussion about impaired investments.

Debt Obligations

Principal payments due under our debt obligations for the three months ending December 31, 2013 and each of the subsequent four years ending December 31 and thereafter are presented in the following table. The repayment of principal on our surplus notes is reflected in 2018, which is the next call date. Principal payments under investment agreements are based on expected withdrawal dates. All other principal payments are based on contractual maturity dates. Foreign currency denominated liabilities are presented in U.S. dollars using applicable exchange rates as of September 30, 2013, and liabilities issued at a discount reflect principal amounts due at maturity.

In millions	As of September 30, 2013						
	Three Months Ending December 31, 2013	2014	2015	2016	2017	Thereafter	Total
Structured finance and international insurance segment:							
Variable interest entity notes	\$ 97	\$ 333	\$ 439	\$ 324	\$ 387	\$ 4,109	\$ 5,689
Surplus notes	-	-	-	-	-	940	940
Blue Ridge secured loan	50	-	-	-	-	-	50
Corporate segment:							
Long-term debt	-	-	-	-	-	583	583
Asset/liability products segment:							
Investment agreements	37	136	44	49	57	518	841
Medium-term notes	17	32	239	131	54	1,710	2,183
Conduit segment:							
Medium-term notes	-	-	-	-	-	149	149
Total	\$ 201	\$ 501	\$ 722	\$ 504	\$ 498	\$ 8,009	\$10,435

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In general, MBIA's market risk relates to changes in the value of financial instruments that arise from adverse movements in factors such as interest rates, foreign exchange rates and credit spreads. MBIA is exposed to changes in interest rates, foreign exchange rates and credit spreads that affect the fair value of its financial instruments, namely investment securities, investment agreement liabilities, MTNs, debentures and certain derivative transactions. The Company's investment portfolio holdings are primarily U.S. dollar-denominated fixed-income securities including municipal bonds, U.S. government bonds, MBS, collateralized mortgage obligations, corporate bonds and ABS. In periods of rising and/or volatile interest rates, foreign exchange rates and credit spreads, profitability could be adversely affected should the Company have to liquidate these securities.

MBIA minimizes its exposure to interest rate risk, foreign exchange risk and credit spread movement through active portfolio management to ensure a proper mix of the types of securities held and to stagger the maturities of its fixed-income securities. In addition, the Company enters into various swap agreements that hedge the risk of loss due to interest rate and foreign currency volatility.

Interest Rate Sensitivity

Interest rate sensitivity can be estimated by projecting a hypothetical instantaneous increase or decrease in interest rates. The following table presents the estimated pre-tax change in fair value of the Company's financial instruments as of September 30, 2013 from instantaneous shifts in interest rates:

In millions	Change in Interest Rates					
	300 Basis Point Decrease	200 Basis Point Decrease	100 Basis Point Decrease	100 Basis Point Increase	200 Basis Point Increase	300 Basis Point Increase
Estimated change in fair value	\$ (51)	\$ (12)	\$ 6	\$ (34)	\$ (71)	\$ (111)

Foreign Exchange Sensitivity

Foreign exchange rate sensitivity can be estimated by projecting a hypothetical instantaneous increase or decrease in foreign exchange rates. The following table presents the estimated pre-tax change in fair value of the Company's financial instruments as of September 30, 2013 from instantaneous shifts in foreign exchange rates:

In millions	Change in Foreign Exchange Rates			
	Dollar Weakens		Dollar Strengthens	
	20%	10%	10%	20%
Estimated change in fair value	\$ (51)	\$ (26)	\$ 26	\$ 51

Credit Spread Sensitivity

Credit spread sensitivity can be estimated by projecting a hypothetical instantaneous increase or decrease in credit spreads. The following table presents the estimated pre-tax change in fair value of the Company's financial instruments as of September 30, 2013 from instantaneous shifts in credit spread curves. For this table it was assumed that all credit spreads move by the same amount. It is more likely that the actual changes in credit spreads will vary by security. National's investment portfolio would generally be expected to experience lower credit spread volatility than the investment portfolio of the asset/liability products segment because of higher credit quality and portfolio composition in sectors that have been less volatile historically. The table shows hypothetical increases and decreases in credit spreads of 50 and 200 basis points. Because downward movements of these amounts in some cases would result in negative spreads, a floor was assumed for minimum spreads. The changes in fair value reflect partially offsetting effects as the value of the investment portfolios generally changes in an opposite direction from the liability portfolio.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk (continued)

In millions	Change in Credit Spreads			
	200 Basis Point Decrease	50 Basis Point Decrease	50 Basis Point Increase	200 Basis Point Increase
Estimated change in fair value	\$ (44)	\$ 35	\$ (59)	\$ (259)

Credit Derivatives Sensitivity

MBIA issued insurance policies insuring payments due on structured credit derivative contracts and directly entered into credit derivative contracts, which are marked-to-market through earnings under the accounting principles for derivatives and hedging activities. All these transactions were insured by the Company's structured finance and international insurance operations. The majority of these structured CDSs related to structured finance transactions with underlying reference obligations of cash securities and CDSs referencing liabilities of corporations or of other structured finance securitizations. The asset classes of the underlying reference obligations included corporate, ABS, RMBS and CMBS. These transactions were usually underwritten at or above a triple-A credit rating level. As of September 30, 2013, approximately 29% of the tranches insured by the Company were rated triple-A.

In the first nine months of 2013, MBIA Corp. has observed a tightening of its own credit spreads. As changes in fair value can be caused by factors unrelated to the performance of MBIA Corp.'s business and credit portfolio, including general market conditions and perceptions of credit risk, as well as market use of credit derivatives for hedging purposes unrelated to the specific referenced credits in addition to events that affect particular credit derivative exposures, the application of fair value accounting will cause the Company's earnings to be more volatile than would be suggested by the underlying performance of MBIA's business operations and credit portfolio.

The following tables reflect sensitivities to changes in credit spreads, collateral prices, rating migrations, recovery rates and MBIA Corp.'s own credit spreads and recovery rates. Each table stands on its own and should be read independently of each other. Refer to "Note 6: Fair Value of Financial Instruments" in the Notes to Consolidated Financial Statements for further information about the Company's financial assets and liabilities that are accounted for at fair value, including valuation techniques and disclosures required by GAAP.

Sensitivity to changes in credit spreads can be estimated by projecting a hypothetical instantaneous shift in credit spread curves. The following table presents the estimated pre-tax change in fair value and the cumulative estimated net fair value of MBIA Corp.'s credit derivatives portfolio of instantaneous shifts in credit spreads as of September 30, 2013. In scenarios where credit spreads decreased, a floor of zero was used.

In millions	Change in Credit Spreads (Structured Finance and International Insurance)					
	600 Basis Point Decrease	200 Basis Point Decrease	50 Basis Point Decrease	0 Basis Point Change	50 Basis Point Increase	200 Basis Point Increase
Estimated pre-tax net gains (losses)	\$ 613	\$ 286	\$ 74	\$ -	\$ (76)	\$ (306)
Estimated net fair value	\$ (750)	\$ (1,077)	\$ (1,289)	\$ (1,363)	\$ (1,439)	\$ (1,669)

Actual shifts in credit spread curves will vary based on the credit quality of the underlying reference obligations. In general, within any asset class, higher credit rated reference obligations will exhibit less credit spread movement than lower credit rated reference obligations. Additionally, the degree of credit spread movement can vary significantly for different asset classes. The basis point change presented in the preceding table, however, represents a fixed basis point change in referenced obligation credit spreads across all credit quality rating categories and asset classes and, therefore, the actual impact of spread changes would vary from this presentation depending on the credit rating and distribution across asset classes, both of which will adjust over time depending on new business written and runoff of the existing portfolio.

MBIA Corp. uses collateral prices as an input into the Direct Price Model for certain multi-sector insured CDOs, a sensitivity analysis below shows the estimated pre-tax change in fair value and the cumulative estimated net fair value of MBIA Corp.'s insured credit derivatives portfolio of a 10% and 20% change in collateral prices as of September 30, 2013.

In millions	Change in Collateral Prices (Structured Finance and International Insurance)				
	20% Increase	10% Increase	No Change	10% Decrease	20% Decrease
Estimated pre-tax net gains (losses)	\$ 4	\$ 2	\$ -	\$ (2)	\$ (5)
Estimated net fair value	\$ (1,359)	\$ (1,361)	\$ (1,363)	\$ (1,365)	\$ (1,368)

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Item 3. Quantitative and Qualitative Disclosures About Market Risk (continued)

Sensitivity to changes in the collateral portfolio credit quality can be estimated by projecting a hypothetical change in rating migrations. The following table presents the estimated pre-tax change in fair value and the cumulative estimated net fair value of MBIA Corp.'s insured credit derivatives portfolio of a one and three notch rating change in the credit quality as of September 30, 2013. A notch represents a one step movement up or down in the credit rating.

In millions	Change in Credit Ratings (Structured Finance and International Insurance)				
	Three Notch Increase	One Notch Increase	No Change	One Notch Decrease	Three Notch Decrease
Estimated pre-tax net gains (losses)	\$ 612	\$ 188	\$ -	\$ (192)	\$ (877)
Estimated net fair value	\$ (751)	\$ (1,175)	\$ (1,363)	\$ (1,555)	\$ (2,240)

Recovery rates on defaulted collateral are an input into MBIA Corp.'s valuation model. Sensitivity to changes in the recovery rate assumptions used by MBIA Corp. can be estimated by projecting a hypothetical change in these assumptions. The following table presents the estimated pre-tax change in fair value and the cumulative estimated net fair value of MBIA Corp.'s insured credit derivatives portfolio of a 10% and 20% change in the recovery rate assumptions as of September 30, 2013.

In millions	Change in Recovery Rates (Structured Finance and International Insurance)				
	20% Increase	10% Increase	No Change	10% Decrease	20% Decrease
Estimated pre-tax net gains (losses)	\$ 142	\$ 67	\$ -	\$ (62)	\$ (120)
Estimated net fair value	\$ (1,221)	\$ (1,296)	\$ (1,363)	\$ (1,425)	\$ (1,483)

Accounting principles for fair value measurements require MBIA Corp. to incorporate its own nonperformance risk in its valuation methodology. Sensitivity to changes in MBIA Corp.'s credit spreads can be estimated by projecting a hypothetical change in this assumption. The following table presents the estimated pre-tax change in fair value and the cumulative estimated net fair value of MBIA Corp.'s insured credit derivative portfolio using upfront credit spreads of 0%, an increase of 7 percentage points, and an increase of 15 percentage points. The actual upfront spread used in the valuation as of September 30, 2013 ranged from 4.13% to 20.63% based on the tenor of each transaction. The below amounts include an additional annual running credit spread of 5%.

In millions	MBIA Corp.'s Upfront Credit Spread (Structured Finance and International Insurance)			
	Increase by 15 Percentage Points	Increase by 7 Percentage Points	No Change	Decrease to 0 Percentage Points
Estimated pre-tax net gains (losses)	\$ 277	\$ 129	\$ -	\$ (224)
Estimated net fair value	\$ (1,086)	\$ (1,234)	\$ (1,363)	\$ (1,587)

With the inclusion of MBIA Corp.'s recovery rate in the calculation of nonperformance risk for MBIA Corp.'s insured credit derivatives portfolio, the following sensitivity table presents the estimated pre-tax change in fair value of insured credit derivatives due to changes in that recovery rate. The values shown below reflect an approximate trading range of MBIA Corp.'s recovery rate.

In millions	MBIA Corp.'s Recovery Rate (Structured Finance and International Insurance)		
	Decrease to 30 Percentage Points	No Change	Increase to 60 Percentage Points
Estimated pre-tax net gains (losses)	\$ 7	\$ -	\$ (10)
Estimated net fair value	\$ (1,356)	\$ (1,363)	\$ (1,373)

MBIA Corp.'s insurance of structured credit derivatives typically remain in place until the maturity of the derivative. With respect to MBIA Corp.'s insured structured credit derivatives, in the absence of credit impairments or the termination of derivatives at losses, the cumulative unrealized losses should reverse before or at maturity of the contracts. Additionally, in the event of the termination and settlement of a contract prior to maturity, any resulting gain or loss upon settlement will be recorded in our consolidated financial statements. In February 2008, the Company announced its intention not to insure credit derivatives in the future, except in transactions that are intended to reduce its overall exposure to insured derivatives.

Item 4. Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934) was performed under the supervision and with the participation of the Company's senior management, including the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter to which this report relates that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of the Company's litigation and related matters, see "Note 14: Commitments and Contingencies" in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part I, Item 1. In the normal course of operating its businesses, MBIA Inc. may be involved in various legal proceedings. As a courtesy, the Company posts on its website under the section "Legal Proceedings," selected information and documents in reference to selected legal proceedings in which the Company is the plaintiff or the defendant. The Company will not necessarily post all documents for each proceeding and undertakes no obligation to revise or update them to reflect changes in events or expectations. The complete official court docket can be publicly accessed by contacting the clerk's office of the respective court where each litigation is pending.

Item 1A. Risk Factors

References in the risk factors to the "Company" are to MBIA Inc., together with its domestic and international subsidiaries. References to "we," "our" and "us" are to MBIA Inc. or the Company, as the context requires. Our risk factors are grouped into categories and are presented in the following order: "Insured Portfolio Loss Related Risk Factors", "Capital, Liquidity and Market Related Risk Factors", "Strategic Plan Related Risk Factors" and "General Risk Factors". Risk factors are listed in order of significance within each category. These risk factors and their order of significance supersede the risk factors discussed under "Risk Factors" in Part I, Item 1A of MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012.

Insured Portfolio Loss Related Risk Factors

Deteriorating performance of CMBS and CRE loans in our structured finance insured portfolio due to adverse developments in the CRE segment of the credit markets may materially and adversely affect our financial condition, results of operations and future business.

MBIA Corp. has insured a substantial amount of credit default swaps ("CDS") contracts that are backed by structured commercial mortgage-backed securities ("CMBS") pools and commercial real estate ("CRE") collateralized debt obligations ("CDOs"). Through September 30, 2013 we have recorded impairments and loss adjustment expense ("LAE") of \$4.1 billion (including \$487 million of impairments and LAE in the first nine months of 2013) related to CMBS and CRE exposure. MBIA Corp. has experienced ratings erosion in the total CMBS collateral underlying our insured static pools. Whereas approximately 16% of the total CMBS collateral underlying the pools outstanding as of September 30, 2013 was originally rated BBB and below and approximately 49% was originally rated AAA, approximately 68% of the total CMBS collateral underlying these pools as of September 30, 2013 was rated below investment grade.

Currently, we insure four static CMBS pools that were originally insured in 2006 and 2007, and in which substantially all of the underlying collateral comprised CMBS tranches originally rated BBB and lower. Total gross par outstanding on these pools was \$800 million as of September 30, 2013. Additionally, we insure two static CMBS pools, totaling \$3.0 billion of gross par outstanding as of September 30, 2013, that were originally insured in 2007, and are comprised of CMBS collateral which was originally rated A. If the economy does not continue to improve, it is possible that we will experience severe losses on these transactions, particularly if the underlying loans are unable to pay off at their expected maturity dates. Although we believe MBIA Corp. will have adequate resources to pay expected claims, there can be no assurance that this will be the case.

Ultimate loss rates remain uncertain, and we have recorded additional impairments on our insured CMBS portfolio every quarter since the beginning of 2010 as actual deterioration has been more than expected during that time period. It is possible that we will experience severe losses or near-term liquidity needs due to increased deterioration in our insured CMBS portfolio or our failure to commute the policies, primarily on the four static CMBS pools in which substantially all of the underlying collateral comprised CMBS tranches originally rated BBB and lower, in particular if the economy does not continue to improve, there is a new recession, increased delinquencies, higher levels of liquidations of delinquent loans, or higher severities of loss upon liquidation. Furthermore, MBIA Corp.'s guarantees of structured CMBS pools generally are in the form of CDS referencing the CMBS bonds in static pooled transactions, and the same CMBS bonds may be referenced in multiple pools. Accordingly, a collateral failure on a small number of CMBS bonds may require MBIA Corp. to make payments on several insured CDS transactions. In the event MBIA Corp. fails to make these payments, MBIA Corp.'s CDS contract obligations could be accelerated, which could materially and adversely affect our financial condition and results of operations.

Item 1A. Risk Factors (continued)

Continued poor performance of ineligible loans in the transactions that we insured in the residential mortgage sector and any delay or failure in collecting expected recoveries may materially and adversely affect our financial condition, results of operations and future business.

As of September 30, 2013, we recorded expected receipts of \$756 million (on a present value basis) from excess spread (the difference between interest inflows on assets and interest outflows on liabilities) in our second-lien residential mortgage-backed securities ("RMBS") transactions, in reimbursement of our past and future expected claims. Of this amount, \$669 million is included in "Insurance loss recoverable" and \$87 million is included in "Loss and loss adjustment expense reserves" on the Company's consolidated balance sheets. The amount of excess spread depends on future interest rates, borrower refinancing and defaults. There can be no assurance that the \$756 million will be received in its entirety or in the expected timeframe.

In addition, we continue to be exposed to risk of losses as a result of poor performance of ineligible loans included in our insured second-lien RMBS transactions, including transactions where we have reached settlements with the sellers/servicers but continue to insure the transaction. Furthermore, Credit Suisse continues to breach its obligations under the relevant contracts to repurchase, replace or cure ineligible mortgage loans. We believe that the inclusion of these ineligible mortgage loans has substantially contributed to the RMBS losses that the Company has incurred to date. Since the fourth quarter of 2007, MBIA Corp. has paid \$6.9 billion of claims before reinsurance and collections, excluding LAE and including \$1.0 billion of claims made on behalf of consolidated variable interest entities ("VIEs"), on policies insuring second-lien RMBS securitizations. Losses in these transactions and in other transactions due to the inclusion of ineligible loans could continue. In sizing loss reserves relating to these transactions, we take into account expected recoveries from those sellers/servicers arising from our contractual rights of put-back of ineligible loans. As of September 30, 2013, we recorded estimated recoveries of \$1.1 billion related to insured transactions. The recovery amount is based upon a number of factors, including an assessment of the financial abilities of the sellers/servicers using external credit ratings. The impact of such factors on cash flows related to expected recoveries is incorporated into the Company's probability-weighted scenarios.

Finally, although we sought to underwrite RMBS and other structured finance transactions with levels of subordination and other credit enhancements designed to protect us from loss in the event of poor performance of the underlying assets collateralizing the securities, the misrepresentations concerning the quality of the collateral backing those transactions has rendered insufficient the original level of subordination and other credit enhancements to prevent losses. No assurance can be given that any remaining credit enhancements will prove to be adequate to protect us from incurring additional material losses.

There can be no assurance that we will be successful, or that we will not be delayed, in realizing our remaining estimated loan put-back recoveries of \$1.1 billion, or \$737 million net of reinsurance and income taxes, which is 23% of the consolidated total shareholders' equity of MBIA Inc., excluding preferred stock of subsidiary and noncontrolling interest.

As of September 30, 2013, we have recognized remaining estimated loan put-back recoveries of \$1.1 billion related to our insured transactions. As of September 30, 2013, the estimated loan put-back recoveries net of reinsurance and income taxes are \$737 million, which is 23% of the consolidated total shareholders' equity of MBIA Inc., excluding preferred stock of subsidiary and noncontrolling interest. If we fail to ultimately realize the expected recoveries, our current loss reserve estimates may not be adequate for MBIA Corp. to cover potential claims, and MBIA Corp. may have insufficient resources to meet its obligations.

To date, the Company has resolved substantially all of its claims related to ineligible loans with the exception to those loans securitized by Credit Suisse and included in the home equity mortgage trust securitization. The Company's assessment of the ineligibility of individual mortgage loans has been challenged by Credit Suisse in litigation and there is no assurance that the Company's determinations will prevail, or that the Company will be successful in collecting its estimated recoveries. Estimated recoveries may differ from realized recoveries due to the uncertainty of litigation, the cost of litigation, error in determining breach rates, counterparty credit risk, the potential for delay and other sources of uncertainty. In addition, the litigation may take several years to resolve, during which time we will be required to pay losses on the subject transaction.

Item 1A. Risk Factors (continued)

We have also recorded substantial recoveries related to put-backs against two wholly-owned subsidiaries of Residential Capital, LLC ("ResCap"), GMAC Mortgage, LLC ("GMAC") and Residential Funding Company, LLC ("RFC"), whose ultimate parent company is Ally Financial Inc. ("Ally"). On May 14, 2012, ResCap, RFC and GMAC each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. As of May 23, 2013, Ally, ResCap, RFC, GMAC and the Consenting Claimants (which includes the Company), among other parties, executed a term sheet and supplemental term sheet agreeing to, among other things, a settlement amount of \$796 million to be paid to the Company as part of a proposed plan to resolve claims against Ally and RFC, GMAC and ResCap. In August 2013, a disclosure statement filed indicated an increased expected recovery for the Company of approximately \$828 million. The increased recovery was primarily due to the favorable disposition of assets and settlements of claims. The settlement and anticipated recoveries are consistent with the put-back recoveries recorded by the Company. In June of 2013, the bankruptcy court issued a Memorandum Opinion approving the Plan Support Agreement (the "Plan"). The Plan is subject to confirmation by the bankruptcy court, with confirmation hearings currently scheduled in November 2013. MBIA anticipates an initial distribution of funds to the Company and other claimants in late 2013 or early 2014. This anticipated timeline may change in the course of events in the bankruptcy court plan confirmation process. Furthermore, there can be no assurance that the Plan will ultimately be confirmed in its current form, or that MBIA will receive its expected recoveries.

Continued poor performance of RMBS and ABS CDOs in our structured finance insured portfolio due to adverse developments in the residential mortgage sector and the broader economy may materially and adversely affect our financial condition, results of operations and future business.

The Company is exposed to credit risks in our portfolio that have arisen from the deterioration and continued poor performance of certain segments of the credit markets, particularly our RMBS and CDOs of asset-backed securities ("ABS") portfolios, which has led to the deterioration in the quality of assets and the collection of cash flows from such assets within structured securities that we have guaranteed. Beginning in the second half of 2007, deterioration of the global credit markets coupled with the re-pricing of credit risk created extremely difficult market conditions and volatility in the credit markets. The concerns on the part of market participants were initially focused on the subprime segment of the United States ("U.S.") mortgage-backed securities market and expanded to include a broad range of mortgage and asset-backed and other fixed-income securities, including those rated investment grade, the U.S. and international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes and sectors. The deterioration in the credit markets was accompanied by a severe economic recession precipitated, in part, by the collapse of U.S. residential home prices. The U.S. economy continues to show sluggish growth in the employment, housing and financial sectors. While many segments of the global credit markets and the economy have since recovered, the performance of certain credits we insure, in particular RMBS and CDOs of ABS have deteriorated significantly since 2007 and those credits continue to perform poorly.

In the first nine months of 2013, we recorded \$312 million of losses and LAE related to insured second-lien RMBS exposures in our structured finance portfolio before the \$448 million benefit related to an increase in recoveries of ineligible mortgage loans and before the elimination of a \$44 million benefit as a result of consolidating VIEs. Furthermore, since the fourth quarter of 2007, we have recorded losses and LAE of \$2.0 billion, before the elimination of a \$73 million benefit as a result of consolidating VIEs, (including a benefit of \$136 million in the first nine months of 2013 before the elimination of a \$44 million benefit as a result of consolidating VIEs) related to insured second-lien RMBS exposures. We have made \$6.9 billion of claims payments before reinsurance and collections, excluding LAE and including \$1.0 billion of claims on behalf of consolidated VIEs. In addition, to date, we have recorded losses and LAE of \$380 million, before the elimination of a \$52 million expense as a result of consolidating VIEs (including a \$86 million benefit in the first nine months of 2013 before the elimination of a \$39 million benefit as a result of consolidating VIEs), on the financial guarantee CDOs of ABS and could continue to experience poor performance in some of the structured finance securities we insure and losses on these portions of our insured portfolio.

Our ability to implement our risk reduction and liquidity strategies is dependent on our ability to draw on our credit facility, collect expected put-back recoveries, and obtain regulatory approvals.

In recent years key components of our strategy have included commuting volatile insured exposures, purchasing instruments issued or guaranteed by us in order to reduce future expected economic losses and managing the liquidity requirements and risk in our insured portfolios and asset/liability products segment. In order to implement this strategy, we put in place intercompany agreements that allocate liquidity resources among our entities in order to fund commutations and provide liquidity where needed. The intercompany agreements with our insurance subsidiaries have required the approval of the New York State Department of Financial Services ("NYDFS") and are described further under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity—Key Lending Agreements" in Part I, Item 2 of this Form 10-Q.

Item 1A. Risk Factors (continued)

In addition, during the second quarter of 2013, MBIA Insurance Corporation entered into a \$500 million three-year secured revolving credit agreement with Blue Ridge Investments, L.L.C., an affiliate of Bank of America (the "Blue Ridge Secured Loan"), which is required to be prepaid with, among other things, proceeds from any put-back recoveries. MBIA Corp. expects to rely on available borrowings under the Blue Ridge Secured Loan and put-back recoveries to fund commutations and other expenses. If MBIA Corp.'s access to the Blue Ridge Secured Loan or other financing were unavailable, reduced or were to become significantly more expensive for any reason, including, without limitation, due to its inability to meet any condition in the facility, it may not have sufficient liquidity to commute volatile exposures or to meet its obligations generally. In addition, if it is unable to collect expected put-back recoveries prior to the termination of the facility and is not able to refinance the facility, it may not be able to repay its borrowings.

Our counterparties may also request as a condition to commuting their policies with us that the transaction receive approval from the NYSDFS or the United Kingdom Prudential Regulation Authority. There can be no assurance that we will be able to obtain such approvals. In the event that we do not obtain such regulatory approvals, we do not expect to be able to effect additional commutations of volatile exposures.

Finally, if we do not obtain approvals to draw on intercompany financing, MBIA Inc. may not have sufficient assets to meet its collateral posting requirements and other liquidity needs, as described further under "Adverse developments in the credit markets may materially and adversely affect MBIA Inc.'s ability to meet liquidity needs". Furthermore, in connection with obtaining required insurance regulatory approvals to enter into certain transactions, MBIA Inc. and its insurance subsidiaries have agreed, and may in the future agree, to comply with certain conditions, including providing notice to the NYSDFS prior to entering into transactions or taking other corporate actions (such as paying dividends when applicable statutory tests are satisfied), that would not otherwise require regulatory approval.

Loss reserve estimates and credit impairments are subject to additional uncertainties and loss reserves may not be adequate to cover potential claims.

The financial guarantees issued by our insurance companies insure the financial performance of the obligations guaranteed over an extended period of time, in some cases over 30 years, under policies that we have, in most circumstances, no right to cancel. We do not use traditional actuarial approaches to determine our loss reserves. The establishment of the appropriate level of loss reserves is an inherently uncertain process involving numerous estimates and subjective judgments by management, and therefore, there can be no assurance that actual paid claims in our insured portfolio will not exceed its loss reserves. Additionally, we use both internal models as well as models generated by third-party consultants and customized by us to project future paid claims on our insured portfolio and establish loss reserves. Since our insured credit derivatives have similar terms, conditions, risks, and economic profiles to our financial guarantee insurance policies, we evaluate them for impairment periodically in the same way that we estimate loss and LAE for our financial guarantee policies. There can be no assurance that the future loss projections based on these models are accurate.

Small changes in the assumptions underlying loss reserve estimates could significantly impact loss expectations. For example, our loss reserves are discounted to a net present value reflecting MBIA's general obligation to pay claims over time and not on an accelerated basis. Risk-free rates are used to discount our loss reserves under GAAP, and the yield-to-maturity of each insurer's investment portfolio as of year-end is used to discount each insurer's loss reserves under U.S. STAT. Accordingly, changes in the risk-free rates or the yield in our insurers' investment portfolios may materially impact loss reserves. Losses on second-lien RMBS caused by the large number of ineligible mortgage loans included in second-lien RMBS securitizations that we insured as well as unprecedented volatility in the credit markets that began in the fourth quarter of 2007 have caused us to increase our loss projections substantially several times especially for second-lien RMBS transactions, where expected losses are significantly greater than originally projected and in many cases exceed the worst historical losses in this category. As a result, historical loss data may have limited value in predicting future second-lien RMBS losses. Moreover, in sizing loss reserves with respect to our insured transactions, we take into account expected recoveries from sellers/servicers of the transactions arising from our contractual rights of put-back of ineligible loans, and these estimated recoveries may differ from realized recoveries due to the outcome of litigation, the cost of litigation, error in determining breach rates, counterparty credit risk, the potential for delay and other sources of uncertainty. Our balance sheet also reflects estimated recoveries in reimbursement of past and future expected claims through excess spread in insured second-lien RMBS transactions. Excess spread is primarily included on our GAAP consolidated balance sheet in "Insurance loss recoverable". Excess spread is included on MBIA Corp.'s U.S. STAT balance sheets in "Losses". Excess spread is generated by performing loans within insured RMBS securitizations and is the difference between interest inflows on mortgage loan collateral and interest outflows on insured beneficial interests. The amount of excess spread depends on the future delinquency and loss trends, future prime and LIBOR interest rates and borrower refinancing behavior, which results in voluntary prepayments. There can be no assurance that we will collect excess spread recoveries in the amounts we have recorded.

We recorded our first credit impairments related to CMBS and CRE exposure in 2010, and have increased our credit impairments on these exposures during each subsequent quarter as a result of the deterioration of our CMBS and CRE portfolio and the increased cost of commuting our exposures. While our credit impairments reflect our current estimate of ultimate losses, if the deterioration of the CRE market worsens, we could incur substantial additional losses on our CMBS and CRE portfolio in excess of these estimates.

Future deterioration in the performance of RMBS, CMBS, ABS CDOs or other obligations we insure or reinsure could lead to the establishment of additional loss reserves or impairments and further losses or reductions in income. There can be no assurance that the estimates of probable and estimable losses are accurate. Actual paid claims could exceed our estimate and could significantly exceed our loss reserves. If our loss reserves are not adequate to cover actual paid claims, our results of operations and financial condition could be materially adversely affected.

Item 1A. Risk Factors (continued)

Economic conditions in the United States and the Eurozone may materially adversely affect our business and results of operations.

Our results of operations are materially affected by general economic conditions, both in the U.S. and elsewhere around the world. While the U.S. economy has consistently grown since the fourth quarter of 2009 and many segments of the global capital markets have recovered from the financial crisis that began in the second half of 2007, markets have continued to experience periods of extreme volatility, and economic activity in Europe remains weak. While we do not insure any direct European sovereign debt, our indirect European sovereign debt exposure totaled \$8.0 billion as of September 30, 2013 and included obligations of sovereign-related and sub-sovereign issuers, such as regions, departments, and sovereign-owned entities that are supported by a sovereign state, region or department. Of the \$8.0 billion of insured gross par outstanding, \$817 million, \$491 million, and \$258 million related to Spain, Portugal, and Ireland, respectively. The remaining \$6.4 billion related to the United Kingdom. A default by one or more sovereigns, or sovereign-related or sub-sovereign entities that rely on sovereign support, could have an adverse effect on our insured and investment portfolios. Moreover, budget deficits at all levels of government in the U.S., continued concerns over the availability and cost of credit for certain borrowers, austerity measures imposed by certain European governments and slowdowns in certain international economies have contributed to diminished expectations for certain parts of the global economy and certain markets going forward.

Losses resulting from poor economic conditions and the related weak performance of RMBS (including due to the inclusion of ineligible loans in second-lien RMBS we insured), ABS CDOs and CMBS, have adversely impacted, and continue to impact our results and financial condition. In addition, recessions, increases in corporate, municipal, sovereign, sub-sovereign or consumer default rates and other general economic conditions may adversely impact the Company's prospects for future business, as well as the performance of our insured portfolios and the Company's investment portfolio. In addition, public finance obligations supported by specified revenue streams, such as revenue bonds issued by toll road authorities, municipal utilities or airport authorities, may be adversely affected by revenue declines resulting from economic recession, reduced demand, changing demographics or other factors.

Termination payments on insured credit derivatives could present a material liquidity risk.

The structured finance and international segment's financial guarantee contracts and CDS contracts generally cannot be accelerated, thereby mitigating liquidity risk. However, with respect to the insurance of CDS contracts, in certain circumstances, including the occurrence of certain insolvency or payment defaults under the CDS contracts, the CDS contracts may be subject to termination by the counterparty, triggering a claim for the fair value of the contract. In addition, credit derivative transactions are governed by International Swaps and Derivatives Association ("ISDA") documentation and operate differently from financial guarantee insurance policies. For example, the Company's control rights with respect to a reference obligation under a credit derivative may be more limited than when it issues a financial guarantee insurance policy on a direct primary basis. In addition, a credit derivative may be terminated for a breach of the ISDA documentation or other specific events, unlike financial guarantee insurance policies. If a credit derivative is terminated, the Company could be required to make a mark-to-market payment as determined under the ISDA documentation.

Servicer risk could adversely impact performance of structured finance transactions.

Structured finance obligations contain certain risks including servicer risk, which relates to problems with the transaction servicer (the entity which is responsible for collecting the cash flow from the asset pool) that could affect the servicing and performance of the underlying assets. Structural risks primarily involve bankruptcy risks, such as whether the servicer of the assets may be required to delay the remittance of any cash collections held by it or received by it after the time it becomes subject to bankruptcy or insolvency proceedings. Structured finance transactions are usually structured to reduce the risk to the investors from the bankruptcy or insolvency of the servicer. The ability of the servicer to properly service and collect on the underlying assets can contribute to the performance of a transaction. In addition, the lawsuit we have filed against Credit Suisse alleges that the servicer has failed to perform its duties as contractually required.

Some of the state and local governments and finance authorities that issue public finance obligations we insure are experiencing unprecedented fiscal stress that could result in increased credit losses or impairments on those obligations.

We have historically experienced low levels of defaults in our U.S. public finance insured portfolio, including during the financial crisis that began in mid-2007. However, many state and local governments that issue some of the obligations we insure have reported unprecedented fiscal stress that has required them to significantly raise taxes and/or cut spending in order to satisfy their obligations. While there has been some support provided by the U.S. federal government designed to provide aid to state and local governments, certain state and local governments remain under extreme financial stress. In particular, certain jurisdictions have significant unfunded pension liabilities which are placing additional stress on their finances and are particularly challenging to restructure either through negotiation or under Chapter 9 of the United States Bankruptcy Code. If the issuers of the obligations in our public finance portfolio are unable to raise taxes, cut spending, or receive federal assistance, we may experience losses or impairments on those obligations, which could materially and adversely affect our business, financial condition and results of operations. In particular, an increasing number of municipalities are experiencing severe financial stress and, as a consequence, more municipal issuers are considering filing for protection under Chapter 9. The outcome of a Chapter 9 proceeding is unpredictable and could result in impairments on a greater number of general obligation bonds and other insured transactions. For example, the City of Detroit has proposed treating certain National insured general obligation bonds as unsecured debt with no right to specific voter-approved revenues, which could result in significant impairments on those bonds if the city's proposal succeeds. While National intends to vigorously challenge this treatment, there can be no assurance that it will ultimately be successful. Refer to "Note 14: Commitments and Contingencies" in the Notes to Consolidated Financial Statements for a description of this litigation.

Item 1A. Risk Factors (continued)

Financial modeling contains uncertainty over ultimate outcomes, which makes it difficult to estimate liquidity, potential paid claims, loss reserves and mark-to-market.

The Company uses third-party and internal financial models to estimate liquidity, potential paid claims, loss reserves and mark-to-market. We use internal financial models to conduct liquidity stress-scenario testing to ensure that we maintain cash and liquid securities in an amount in excess of all stress scenario payment requirements. These measurements are performed on a legal entity and operating segment basis. We also rely on financial models, generated internally and supplemented by models generated by third parties, to estimate factors relating to the highly complex securities we insure, including future credit performance of the underlying assets, and to evaluate structures, rights and our potential obligations over time. We also use internal models for ongoing portfolio monitoring and to estimate case basis loss reserves and, where applicable, to mark our obligations under our contracts to market and may supplement such models with third-party models or use third-party experts to consult with our internal modeling specialists. Both internal and external models are subject to model risk and there can be no assurance that these models are accurate or comprehensive in estimating our liquidity, potential future paid claims and related loss reserves or that they are similar to methodologies employed by our competitors, counterparties or other market participants. Estimates of our future paid claims, in particular, may materially impact our liquidity position. In addition, changes to our paid claims, loss reserve or mark-to-market models have been made recently and may be warranted in the future. These changes could materially impact our financial results.

Our risk management policies and procedures may not detect or prevent future losses.

We assess our risk management policies and procedures on a periodic basis. As a result of such assessment, we may take steps to change our internal risk assessment capabilities and procedures, our portfolio management policies, systems and processes and our policies and procedures for monitoring and assessing the performance of our insured portfolio in changing market conditions. There can be no assurance, however, that these steps will be adequate to avoid future losses. In some cases, losses can be substantial, particularly if a loss occurs on a transaction in which we have a large notional exposure or on a transaction structured with large, bullet-type principal maturities.

Geopolitical conditions may adversely affect our business prospects and insured portfolio.

General global unrest, fraud, terrorism, catastrophic events, natural disasters, pandemics or similar events could disrupt the economy in the U.S. and the other countries where we have insured exposure or operate our businesses and could have a direct material adverse impact on certain industries and on general economic activity. Furthermore, in certain jurisdictions outside the U.S. we face higher risks of governmental intervention through nationalization or expropriation of assets, an inability to enforce our rights in court or otherwise and corruption, which may cause us to incur losses on the assets we insure or reputational harm. The Company has exposure in certain sectors that could suffer increased delinquencies and defaults as a direct result of these types of events. Moreover, we are exposed to correlation risk as a result of the possibility that multiple credits will experience losses as a result of any such event or series of events, in particular exposures that are backed by revenues from business and personal travel, such as aircraft securitizations and bonds backed by hotel taxes and car rental fleet securitizations. To the extent that certain corporate sectors may be vulnerable to credit deterioration and increased defaults in the event of future global unrest, CDOs backed by pools of corporate debt issuances in those stressed sectors could also be adversely impacted.

The Company's insurance operations underwrite exposures to the Company's reasonable expectation of future performance as well as at various stress levels estimating defaults and other conditions at levels higher than are reasonably expected to occur. There can be no assurance, however, that the Company will not incur material losses if the economic stress and increased defaults in certain sectors caused by global unrest, fraud, terrorism, catastrophic events, natural disasters, pandemics or similar events in the future is or will be more severe than the Company currently foresees and had assumed in underwriting its exposures and estimating loss reserves.

Capital, Liquidity and Market Related Risk Factors

Continuing elevated loss payments and ongoing delays in our ability to realize expected recoveries on insured RMBS transactions as well as certain other factors may materially and adversely affect MBIA Corp.'s ability to meet liquidity needs, which could in turn have an adverse impact on the Company.

As an insurance company MBIA Corp. is particularly sensitive to liquidity risk, which is the probability that an enterprise will not have sufficient resources to meet contractual payment obligations when due. Management of liquidity risk is of critical importance to financial services companies, and most failures of financial institutions have occurred in large part due to their inability to maintain sufficient liquidity resources under adverse circumstances. Generally, lack of sufficient resources results from an enterprise's inability to sell assets at values necessary to satisfy payment obligations, the inability to access new capital and/or an unexpected acceleration of payments required to settle liabilities.

Item 1A. Risk Factors (continued)

The effects of the credit crisis which began in the subprime segment of the U.S. mortgage-backed securities market and spread to a wide range of financial institutions and markets, asset classes, sectors and countries, have caused the Company to experience material increased liquidity risk pressures. In particular, since the fourth quarter of 2007, MBIA Corp. has paid \$6.9 billion of claims before reinsurance and collections, excluding LAE and including \$1.0 billion of claims made on behalf of consolidated VIEs, on policies insuring second-lien RMBS securitizations, which we believe were driven by a substantial number of ineligible mortgage loans being placed in the securitizations in breach of the representations and warranties of the sellers/servicers. Furthermore, since the fourth quarter of 2007, total credit impairments on insured derivatives were estimated at \$6.1 billion across 74 CDO insured issues, inclusive of 71 insured issues for which we made settlement and claim payments of \$5.8 billion, net of reinsurance and collections. Accordingly, we expect to realize additional net losses of \$337 million. If current trends worsen and result in substantial defaults and losses on the underlying loans, we could incur substantial additional losses on our insured exposures in the future. In addition, portions of MBIA Corp.'s outstanding insured portfolio have exhibited high degrees of payment volatility and continue to pose material liquidity risk to MBIA Corp.

Management's expected liquidity and capital forecasts for MBIA Corp. for 2013 reflect adequate resources to pay expected claims. In addition, MBIA Corp. can borrow under the Blue Ridge Secured Loan and use its expected recoveries from the ResCap agreement to pay claims. However, there is risk to the liquidity forecast as the Company's second-lien RMBS and remaining insured CMBS pools are potentially volatile. There are risks to the capital forecast due to those potential liabilities, potential volatility in the collection of put-back recoverables and potential volatility associated with remaining ABS CDO exposures. Further, the remaining insured portfolio, aside from these exposures, could deteriorate and result in loss reserves and claim payments. While management believes MBIA Corp. will have adequate resources to pay expected claims, if it experiences higher than expected claims payments or is unable to commute exposures that represent substantial risk to the Company, it may ultimately have insufficient resources to continue paying claims, which could cause the NYSDFS to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding. An MBIA Insurance Corporation proceeding could accelerate certain of the Company's other obligations and have other adverse consequences.

Adverse developments in the credit markets may materially and adversely affect MBIA Inc.'s ability to meet liquidity needs.

MBIA Inc. is subject to material liquidity risks and uncertainty. To mitigate these risks, we seek to maintain cash and liquidity resources that we believe will be sufficient to make all payments due on our obligations and to meet other financial requirements, such as posting collateral, at least through the next twelve months.

Liquidity risk to MBIA Inc. is primarily a result of the following factors:

- Currently, the majority of the cash and securities of MBIA Inc. is pledged against investment agreement liabilities, intercompany financing arrangements and derivatives, which limit its ability to raise liquidity through asset sales. A significant portion of MBIA Inc.'s assets that are pledged against intercompany financing arrangement liabilities are structured finance securities which have been particularly susceptible to price fluctuations during periods of market volatility. In addition, if the market value or rating eligibility of the assets which are pledged against MBIA Inc.'s obligations were to decline, we would be required to pledge additional eligible assets in order to meet minimum required collateral amounts against these liabilities. In such event, we may sell additional assets, potentially with substantial losses, finance unencumbered assets through intercompany facilities, or use free cash or other assets, in some cases with NYSDFS approval, although there can be no assurance that these strategies will be available or adequate to meet liquidity requirements.
- The timing and amount of cash inflows from dividends paid by MBIA's principal operating subsidiaries is uncertain. See "Our holding company structure and certain regulatory and other constraints could affect our ability to pay dividends and make other payments" below.

Stressed credit market conditions could cause MBIA Inc. to have insufficient resources to cover collateral and/or other liquidity requirements. Management has identified certain actions to mitigate this risk. These contingent actions include: (1) accessing the capital markets, which may not be open to us on favorable terms, or at all; (2) additional sales of invested assets exposed to credit spread stress risk, which may occur at losses and increase the deficit of invested assets to liabilities; (3) termination and settlement of interest rate swap agreements; and (4) other available advances from subsidiaries. These actions, if taken, are expected to result in either additional liquidity or reduced exposure to adverse credit spread movements. There can be no assurance that these actions will be sufficient to fully mitigate this risk. In the event that we cannot implement the contingent actions identified above to raise liquidity, or eliminate the deficit, we may have insufficient assets to make all payments on our obligations as they come due, which could result in a default by MBIA Inc. on its obligations and the potential for MBIA Corp., as guarantor of the investment agreements and MBIA Global Funding, LLC medium-term notes ("MTNs"), to be called upon to satisfy obligations on those instruments as they come due.

Item 1A. Risk Factors (continued)

An inability to access capital could adversely affect our business, operating results and financial condition and ultimately adversely affect liquidity.

The Company's access to external sources of financing, as well as the cost of such financing, is dependent on various factors, including (i) the long-term debt ratings of the Company, (ii) the insurance financial strength ratings and long-term business prospects of our insurance companies, (iii) the perceptions of the financial strength of our insurance companies and MBIA Inc. and (iv) the outcome of our undertakings to collect recoveries in connection with ineligible mortgage loans in our insured RMBS securitizations. Our debt ratings are influenced by numerous factors, either in absolute terms or relative to our peer group, such as financial leverage, balance sheet strength, capital structure and earnings trends. If we cannot obtain adequate capital on favorable terms or at all, our business, future growth, operating results and financial condition could be adversely affected. While MBIA Corp. currently maintains a credit facility, there can be no assurance that replacement facilities will be available in the future on favorable terms or at all. Refer to "Our ability to implement our risk reduction and liquidity strategies is dependent on our ability to draw on our credit facility, collect expected put-back recoveries, and obtain regulatory approvals" above. The inability to obtain adequate replacement capital on favorable terms or at all could have an adverse impact on the Company's business and financial condition.

To the extent that we are unable to access capital, our insurance companies may not have sufficient liquidity to meet their obligations, will have less capacity to write business and may not be able to pay dividends to us without experiencing adverse rating agency action. Accordingly, our inability to maintain access to capital on favorable terms could have an adverse impact on our ability to pay losses and debt obligations, to pay dividends on our capital stock, to pay principal and interest on our indebtedness, to pay our operating expenses and to make capital investments in our subsidiaries. See "Our holding company structure and certain regulatory and other constraints could affect our ability to pay dividends and make other payments" below.

Our holding company structure and certain regulatory and other constraints could affect our ability to pay dividends and make other payments.

We are a holding company and rely to a significant degree on the operations of our principal operating subsidiaries, National, MBIA Corp. and Cutwater, and certain other smaller subsidiaries. As such, we are largely dependent on dividends or advances in the form of intercompany loans from our insurance companies to pay dividends, to the extent payable, on our capital stock, to pay principal and interest on our indebtedness and to make capital investments in our subsidiaries, among other items. Our insurance companies are subject to various statutory and regulatory restrictions, applicable to insurance companies generally, that limit the amount of cash dividends, loans and advances that those subsidiaries may pay to us. Other regulations relating to capital requirements affecting some of our other subsidiaries may also restrict their ability to pay dividends and other distributions and make loans to us.

Under New York law, National and MBIA Corp. may generally pay stockholder dividends only out of statutory earned surplus and subject to additional limits, as described in "Business—Insurance Regulation" in Part I, Item 1 and "Note 14: Insurance Regulations and Dividends" in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2012. In connection with MBIA Insurance Corporation obtaining approval from the NYSDFS to release excessive contingency reserves as of September 30, 2011, December 31, 2011 and March 31, 2012, MBIA Insurance Corporation agreed that it would not pay any dividends without prior approval from the NYSDFS. Due to its significant negative earned surplus, MBIA Insurance Corporation has not had the statutory capacity to pay dividends since December 31, 2009 and is not expected to have any statutory capacity to pay any dividends in the near term. In addition, as a condition to the NYSDFS' approval of the asset swap between MBIA Inc. and National, the NYSDFS requested that, until the notional amount of the Asset Swap has been reduced to 5% or less of National's admitted assets, each of MBIA Inc., MBIA Insurance Corporation and National provide the NYSDFS with three months prior notice, or such shorter period as the NYSDFS may permit, of its intent to initiate cash dividends on shares of its common stock. National has provided the NYSDFS with such notice.

Dividend payments by MBIA UK and MBIA Mexico to MBIA Insurance Corporation are also limited by laws and regulatory consideration in their respective jurisdictions. The inability of our insurance companies to pay dividends in an amount sufficient to enable us to meet our cash requirements at the holding company level could affect our ability to repay our debt and have a material adverse effect on our operations.

Item 1A. Risk Factors (continued)

MBIA Inc. has long-term debt, MTNs, investment agreements and derivative liabilities in excess of its cash, investments at amortized cost and tax receivables.

As of September 30, 2013 and December 31, 2012, the combined net debt of MBIA Inc.'s corporate segment and asset/liability products segment, which primarily comprised long-term debt, MTNs, investment agreements and derivative liabilities net of cash and investments at amortized cost and a tax receivable from subsidiaries, totaled \$1.3 billion and \$1.2 billion, respectively. The Company expects that MBIA Inc. will generate sufficient cash to satisfy its net debt over time from distributions from its operating subsidiaries and by raising third-party capital, although there can be no assurance that such factors will generate sufficient cash to satisfy its net debt.

We have substantial indebtedness and may incur substantial additional indebtedness, which could adversely affect our financial health and our ability to obtain financing in the future, react to changes in our business and satisfy our obligations.

As of September 30, 2013, we had \$1.7 billion of consolidated long-term debt, \$1.6 billion of consolidated medium-term note liabilities and \$760 million of consolidated investment agreement liabilities. Our substantial indebtedness and other liabilities could have material consequences, including:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or general corporate purposes and our ability to satisfy our obligations with respect to our debt may be impaired in the future;
- a large portion of MBIA Inc.'s financial resources must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to us for other purposes;
- it may be more difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such debt;
- we may be more vulnerable to general adverse economic and industry conditions;
- our ability to refinance debt may be limited or the associated costs may increase;
- our flexibility to adjust to changing market conditions could be limited, or we may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins of our businesses; and
- we are exposed to the risk of fluctuations in interest rates and foreign currency exchange rates because a portion of our liabilities are at variable rates of interest or denominated in foreign currencies.

If our insurance companies fail to meet regulatory capital requirements they may become subject to regulatory action.

Our insurance companies are subject to various statutory and regulatory restrictions that require them to maintain qualifying investments to support their reserves and minimum surplus. Furthermore, our insurance companies may be restricted from making commutation or other payments if doing so would cause them to fail to meet such requirements, and the NYSDFS may impose other remedial actions on us as described further below to the extent the Company does not meet such requirements. While National currently satisfies its statutory capital requirements, as of September 30, 2013, MBIA Corp. had a deficit of \$321 million of qualifying assets required to support its contingency reserves. The deficit was caused by MBIA Corp.'s sale of liquid assets in order to make claim payments and the failure of certain RMBS sellers/servicers to honor their contractual obligations to repurchase ineligible mortgage loans from securitizations the Company insured. The deficit is expected to grow due to additional commutation and claim payments until such time as MBIA Corp. collects additional put-back recoveries. The Company has reported the deficit to the NYSDFS. MBIA Corp. previously requested approval from the NYSDFS to release an aggregate of \$321 million of contingency reserves, which was disapproved by the NYSDFS. Prior to September 30, 2012, MBIA Corp. released to surplus an aggregate of \$1.1 billion of contingency reserves pursuant to approvals granted by the NYSDFS in accordance with the New York Insurance Law during 2011 and 2012. Absent these releases MBIA Corp. would have had deficits of qualifying assets to meet its contingency reserve requirements.

Additionally, under New York law, the Superintendent of the NYSDFS may apply for an order directing the rehabilitation or liquidation of a domestic insurance company under certain circumstances, including upon the insolvency of the company, if the company has willfully violated its charter or New York law or if the company is found, after examination, to be in such condition that further transaction of business would be hazardous to its policyholders, creditors or the public. The Superintendent of the NYSDFS may also suspend an insurer's license, restrict its license authority, or limit the amount of premiums written in New York if, after a hearing, the Superintendent of the NYSDFS determines that the insurer's surplus to policyholders is not adequate in relation to its outstanding liabilities or financial needs. If the Superintendent of the NYSDFS were to take any such action with respect to National or MBIA Insurance Corporation, it would likely result in the reduction or elimination of the payment of dividends to MBIA Inc.

Item 1A. Risk Factors (continued)

Changes in interest rates and foreign currency exchange rates could adversely affect our financial condition and future business.

Increases in prevailing interest rate levels can adversely affect the value of MBIA's investment portfolio and, therefore, our financial condition. In the event that investments must be sold in order to make payments on insured exposures or other liabilities, including the liabilities of our asset/liability products segment, such investments would likely be sold at discounted prices. Lower interest rates can also result in lower net interest income since a substantial portion of assets are now held in cash and cash equivalents given the increased focus on liquidity. Additionally, in the insurance operations, increasing interest rates could lead to increased credit stress on transactions in our insured portfolio, while a decline in interest rates could result in larger loss reserves on a present value basis.

While we are not currently writing a meaningful amount of new financial guarantee insurance, we expect to do so in the future. Prevailing interest rate levels can affect demand for financial guarantee insurance. Lower interest rates are typically accompanied by narrower spreads between insured and uninsured obligations. The purchase of insurance during periods of relatively narrower interest rate spreads will generally provide lower cost savings to the issuer than during periods of relatively wider spreads. These lower cost savings could be accompanied by a corresponding decrease in demand for financial guarantee insurance. Increased interest rates may decrease attractiveness for issuers to enter into capital markets transactions, resulting in a corresponding decreasing demand for financial guarantee insurance in the future.

In addition, the Company is exposed to foreign currency exchange rate fluctuation risk in respect of assets and liabilities denominated in currencies other than U.S. dollars. In addition to insured liabilities denominated in foreign currencies, some of the remaining liabilities of our asset/liability management business are denominated in currencies other than U.S. dollars and the assets of our asset/liability management business are generally denominated in U.S. dollars. Accordingly, the weakening of the U.S. dollar versus foreign currencies could substantially increase our potential obligations and statutory capital exposure. Conversely, the Company regularly makes investments denominated in a foreign currency, in particular as part of a remediation strategy or as an economic hedge against potential future loss payments, and the weakening of the foreign currency versus the U.S. dollar will diminish the value of such non-U.S. dollar denominated asset. Exchange rates have fluctuated significantly in recent periods and may continue to do so in the future, which could adversely impact the Company's financial position, results of operations and cash flows.

Revenues and liquidity would be adversely impacted by a decline in realization of installment premiums.

Due to the installment nature of a significant percentage of its premium income, MBIA Corp. has an embedded future revenue stream. The amount of installment premiums actually realized by MBIA Corp. could be reduced in the future due to factors such as not insuring new transactions, early termination of insurance contracts, accelerated prepayments of underlying obligations, commutation of existing financial guarantee insurance policies or non-payment. Such a reduction would result in lower revenues and reduced liquidity.

We are required to report credit derivatives at fair value, which subjects our results of operations to volatility and losses and could lead to negative shareholders' equity for the Company or MBIA Corp. on a GAAP basis.

Any event causing credit spreads on an underlying security referenced in a credit derivative we insure, or on a credit derivative referencing an MBIA Inc. security, to either widen or tighten will affect the fair value of the credit derivative and may increase the volatility of our earnings.

Since changes in fair value can be caused by factors unrelated to the performance of our business and structured finance credit portfolio, including general market conditions and perceptions of credit risk, as well as market use of credit derivatives for hedging purposes unrelated to the specific referenced credits in addition to events that affect particular credit derivative exposure, the application of fair value accounting may cause our earnings to be more volatile than would be suggested by the underlying performance of our business operations and structured finance credit portfolio. Furthermore, volatility in our asset values, loss reserves, impairments or fair value of insured credit derivatives could cause our shareholders' equity, and/or that of MBIA Corp., to be negative under accounting principles generally accepted in the United States of America ("GAAP") basis in a future period, which may adversely impact investors' perceptions of the value of the Company.

The global re-pricing of credit risk that began in the fourth quarter of 2007 caused unprecedented volatility and markdowns in the valuation of these credit derivatives. In addition, due to the complexity of fair value accounting and the application of the accounting guidance for derivative instruments and the accounting guidance for fair value measurement, future amendments or interpretations of derivative and fair value accounting may cause us to modify our accounting methodology in a manner which may have an adverse impact on our financial results. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" in Part II, Item 7 of Form 10-K for the year ended December 31, 2012 for additional information on the valuation of derivatives.

Item 1A. Risk Factors (continued)

Current accounting standards mandate that we measure the fair value of our insurance policies of CDS. Market prices are generally available for traded securities and market standard CDS but are less available or accurate for highly customized CDS. Most of the derivative contracts the Company insures are the latter as they are non-traded structured credit derivative transactions. Moreover, at the present time, we do not have access to the fair value estimates of the insurance beneficiaries and there can be no assurance that those counterparties' (or any other market participants') estimates would be the same as our fair values.

The mark-to-market for the insured credit derivative portfolio has fluctuated significantly during the last five years, resulting in volatility in MBIA's earnings. Since the fourth quarter of 2007, MBIA's mark-to-market on insured credit derivatives fluctuated from a high quarterly loss of \$3.6 billion in the first quarter of 2008 to a high quarterly gain of \$3.3 billion in the second quarter of 2008, and the mark-to-market caused several quarter over quarter fluctuations in earnings of more than \$1 billion and frequent quarter over quarter shifts in earnings from a gain to a loss or a loss to a gain. The mark-to-market volatility was primarily a result of fluctuations in MBIA's credit spreads and recovery rates, changes in credit spreads on the underlying collateral, collateral erosion, rating migration and model and input enhancements.

Strategic Plan Related Risk Factors

An inability to achieve high stable insurer financial strength ratings for National or any of our other insurance companies from the major rating agencies or to generate investor demand for their financial guarantees may adversely affect our results of operations and business prospects.

National's and our other insurance companies' ability to write new business and to compete with other financial guarantors is currently largely dependent on the financial strength ratings assigned to them by the major rating agencies and the financial enhancement rating also assigned by Standard & Poor's Financial Services LLC ("S&P"), as well as the financial strength of our insurance companies and investors' perceptions of their financial strength. Many requirements imposed by the rating agencies in order for our insurance companies to achieve and maintain high insurer financial strength ratings are outside of our control, and such requirements may necessitate that we raise additional capital or take other remedial actions in a relatively short time frame in order to achieve or maintain the ratings necessary to attract new business and compete with other financial guarantee insurers and could make the conduct of the business uneconomical. Our inability to raise capital on favorable terms could therefore materially adversely affect the business prospects of our insurance companies. Furthermore, no assurance can be given that we will successfully comply with rating agency requirements, that these requirements or the related models and methodologies will not change or that, even if we comply with these requirements, one or more rating agency will not lower or withdraw its financial strength ratings with respect to any of our insurance companies. The absence of higher ratings from S&P's and Moody's Investor Service, Inc. ("Moody's"), which have typically been required to write financial guarantee insurance, has adversely impacted the premiums our insurers can charge and could diminish the acceptance of our financial guarantee insurance products.

In addition, no assurance can be given that investor demand for our guarantees will increase regardless of our ratings. Finally, our inability to come into compliance with the rating agency and regulatory single risk limits that National and MBIA Corp. exceeded may also prevent us from writing future new business in the categories of risks that were exceeded, in the case of the regulatory limits, or result in an inability to achieve or maintain our desired ratings, in the case of rating agency limits, and may adversely affect our business prospects, and our failure to come into compliance with these guidelines and rules increases the risk of experiencing a large single loss or series of losses.

Downgrades of the ratings of securities that we insure may materially adversely affect our business, results of operations and financial condition.

Individual credits in our insured portfolio (including potential new credits) are assessed a rating agency "capital charge" based on a variety of factors, including the nature of the credits' risk types, underlying ratings, tenor and expected and actual performance. In the event of an actual or perceived deterioration in creditworthiness, a reduction in the underlying rating or a change in the rating agency capital methodology, we may be required to hold more capital in reserve against credits in the insured portfolio, regardless of whether losses actually occur, or against potential new business. Significant reductions in underlying ratings of credits in an insured portfolio can produce significant increases in assessed "capital charges". There can be no assurance that each of our insurance company's capital position will be adequate to meet any increased rating agency reserve requirements or that each insurance company will be able to secure additional capital necessary to support increased reserve requirements, especially at a time of actual or perceived deterioration in creditworthiness of new or existing credits. Unless we were able to increase available capital, an increase in capital charges could reduce the amount of capital available to support our ratings and could have an adverse effect on our ability to write new business.

Item 1A. Risk Factors (continued)

Since 2008, Moody's and S&P announced the downgrade of, or other negative ratings actions with respect to, certain transactions that we insure, as well as a large number of structured finance transactions that serve as collateral in structured finance transactions that we insure. There can be no assurance that additional securities in our insured portfolio will not be reviewed and downgraded in the future. Moreover, we do not know if, and when, the rating agencies might review additional securities in our insured portfolio or review again securities that have already been reviewed and/or downgraded. Downgrades of credits that we insure will result in higher capital charges to that insurance company under the relevant rating agency model or models, which could adversely affect our results of operations and financial condition going forward.

Competition may have an adverse effect on our businesses.

Our financial guarantee insurers face competition from other financial guarantee insurance companies and other forms of credit enhancement, including senior-subordinated structures, credit derivatives, letters of credit and guarantees (for example, mortgage guarantees where pools of mortgage loans secure debt service payments) provided by banks and other financial institutions. In addition, alternative financing structures may be developed that do not employ third-party credit enhancement. Furthermore, while one financial guarantee insurance company has written the vast majority of U.S. public finance new business since 2009, an additional recently established bond insurer is actively engaged in the market, and we have observed other new competitors indicating an interest in entering the bond insurance market and continue to consider strategies for launch. Increased competition, either in terms of price, alternative structures, or the emergence of new providers of credit enhancement, could have an adverse effect on our insurance companies' business prospects. The uncertainty created by market conditions and the related unpredictable actions of the regulators in the U.S. and foreign markets we serve may create unforeseen competitive advantages for our competitors due to, among other things, explicit or implied support from the government.

Cutwater faces intense competition from banks, insurance companies and independent companies who provide investment advisory services, as well as with companies who manage their investments in-house. Competition varies by product and typically can range from very large asset management firms to very small operations. Cutwater's ability to compete for new advisory services business and to retain existing accounts is largely dependent on its investment performance for a specific client or in general (typically versus established benchmark indices), the consistency of performance through market cycles, fee levels charged and the level of client service provided. A decline in our competitive position as to one or more of these factors could adversely affect our profitability and assets under management. Furthermore, many of Cutwater's competitors are large and well established and some have greater market share and breadth of distribution and offer a broader range of products, services or features. In order to compete for business, Cutwater may be required to expend a significant portion of its earnings on attracting new business, which would diminish the amount of dividends it can pay to MBIA Inc. Such competition could have an adverse impact on its ability to attract and retain business, which could have an adverse effect on our financial position and results of operations.

Future demand for financial guarantee insurance depends on market and other factors that we do not control.

The demand for financial guarantee insurance depends upon many factors, some of which are beyond the control of the Company. Our ability to attract and compete for financial guarantee business is largely dependent on the financial strength ratings assigned to our insurance companies by the major rating agencies. In addition, the perceived financial strength of all financial guarantee insurers also affects demand for financial guarantee insurance. Since 2008, all financial guarantee insurers' insurer financial strength ratings have been downgraded, placed on review for a possible downgrade or had their outlooks changed to "negative," and the industry-wide downgrades may have eroded investors' confidence in the benefits of bond insurance. We do not expect the demand for financial guarantee insurance to regain its former levels in the near term, if ever.

We believe that issuers and investors distinguish among financial guarantors on the basis of various factors, including rating agency assessment, capitalization, size, insured portfolio concentration and financial performance. These distinctions may result in differentials in trading levels for securities insured by particular financial guarantors which, in turn, may provide a competitive advantage to those financial guarantors with better trading characteristics. In addition, various investors may, due to regulatory or internal guidelines, lack additional capacity to purchase securities insured by certain financial guarantors, which may provide a competitive advantage to guarantors with fewer insured obligations outstanding. Differentials in trading values or investor capacity constraints that do not favor us would have an adverse effect on our ability to attract new business at appropriate pricing levels.

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Item 1A. Risk Factors (continued)

Regulatory change could adversely affect our businesses, and regulations limit investors' ability to effect a takeover or business combination that shareholders might consider in their best interests.

The financial guarantee insurance industry has historically been and will continue to be subject to the direct and indirect effects of governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules affecting asset-backed and municipal obligations, as well as changes in those laws. These laws limit investors' ability to effect a takeover or business combination without the approval of our insurance regulators, and the failure to comply with applicable laws and regulations could expose our insurance companies, their directors or shareholders to fines, the loss of their insurance licenses, and the inability to engage in certain business activity, as the case may be.

In addition, future legislative, regulatory or judicial changes could adversely affect our insurance companies' ability to pursue business, materially impacting our financial results. Since 2009, both the NYSDFS and the New York legislature have proposed enhanced regulation of financial guarantee insurers which would impose limits on the manner and amount of business written by the Company. On the U.S. federal level, we could become subject to federal oversight or enhanced capital requirements, including if we are deemed "systemically important" under the Dodd-Frank Reform and Consumer Protection Act (the "Dodd-Frank Act"). Internationally, MBIA UK could also become subject to enhanced capital requirements as a result of the Solvency II Directive.

While it is not possible to predict if new laws, regulations or interpretations will be enacted or the impact they would have, any changes to such laws and regulations or the NYSDFS' interpretation thereof could subject MBIA to further restrictions on the type of business that it is authorized to insure, especially in the structured finance area. Any such restrictions could have a material effect on the amount of premiums that MBIA earns in the future. Additionally, any changes to such laws and regulations could subject our insurance companies to increase reserving and capital requirements or more stringent regulation generally, which could materially adversely affect our financial condition, results of operations and future business. Finally, changes to accounting standards and regulations may require modifications to our accounting methodology, both prospectively and for prior periods; and such changes could have an adverse impact on our reported financial results and/or make it more difficult for investors to understand the economics of our business, and may thus influence the types or volume of business that we may choose to pursue.

Developments in the regulation of derivatives may create additional burdens on the Company.

In July 2010, the Dodd-Frank Act was signed into law for the purpose of enacting broad financial industry regulatory reform, including by enhancing regulation of the over-the-counter derivatives markets. Among other reforms, the Dodd-Frank Act requires "swap dealers" and "major swap participants" to register with either or both of the Commodity Futures Trading Commission ("CFTC") and the Securities and Exchange Commission ("SEC"), and to be subject to enhanced regulation, including capital requirements. The CFTC and SEC have promulgated rules to implement this enhanced regulatory framework, including final rules that require the Company to include its legacy insured derivatives in tests used to determine whether it is a major swap participant. MBIA Insurance Corporation registered with the CFTC as a major swap participant and on an ongoing basis is required to comply with the CFTC's business conduct rules as applied to portfolios in place prior to the enactment of the Dodd-Frank Act. As further rules are enacted, we expect to seek exemptions from certain of the rules that we do not believe we will be able to comply with, including capital requirements.

Because the CFTC has not yet issued final rules establishing capital requirements for major swap participants, the ultimate impact of such requirements on the Company is not yet clear. However, to the extent that the Company becomes subject to significant additional capital requirements, it is unlikely that the Company will be able to meet those standards.

General Risk Factors

Any impairment in the Company's future taxable income can materially affect the recoverability of our deferred tax assets.

The basis for evaluating the recoverability of a deferred tax asset is the existence of future taxable income of appropriate character. To the extent that the Company's ability to recognize future taxable income from its existing insurance portfolio through scheduled premium earnings and net investment income becomes impaired, the recoverability of certain deferred tax assets may be materially affected by a corresponding increase to its valuation allowance.

A different view of the Internal Revenue Service from our current tax treatment of realized losses relating to insured CDS contracts can adversely affect our financial position.

As part of the Company's financial guarantee business, we have insured credit derivative contracts that were entered into by LaCrosse Financial Products, LLC with various financial institutions. We treat these insured derivative contracts as insurance contracts for statutory accounting purposes, which is the basis for computing U.S. federal taxable income. As such, the realized losses in connection with an insured event are considered loss reserve activities for tax purposes. Because the federal income tax treatment of CDS contracts is an unsettled area of tax law, in the event that the Internal Revenue Service has a different view with respect to the tax treatment, our results of operations and financial condition could be materially adversely affected.

Item 1A. Risk Factors (continued)

Private litigation claims could materially adversely affect our reputation, business, results of operations and financial condition.

As further set forth in "Note 14: Commitments and Contingencies" in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part I, Item 1 of this Form 10-Q, the Company is named as a defendant in certain litigations. In the ordinary course of business, the Company and its subsidiaries may be defendants in or parties to pending and threatened legal actions and proceedings brought on behalf of various classes of claimants, including counterparties in various transactions. Although the Company intends to vigorously defend against the aforementioned actions and against other potential actions, an adverse ultimate outcome in these actions could result in a loss and have a material adverse effect on our reputation, business, results of operations or financial condition.

Ownership Change under Section 382 of the Internal Revenue Code can have adverse tax consequences.

In connection with transactions in our shares from time to time, we may in the future experience an "ownership change" within the meaning of Section 382 of the Internal Revenue Code. In general terms, an ownership change may result from transactions increasing the aggregate ownership of certain stockholders in our stock by more than 50 percentage points over a testing period (generally three years). If an ownership change were to occur, our ability to use certain tax attributes, including certain losses, credits, deductions or tax basis, may be limited. Calculating whether a Section 382 ownership change has occurred is subject to uncertainties, including the complexity and ambiguity of Section 382 and limitations on a publicly traded company's knowledge as to the ownership of, and transactions in, its securities. The Company performs detailed calculations during each quarter to determine if an ownership change has occurred and, based on the Company's current methodology of calculation, a Section 382 ownership change has not taken place.

Interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could harm our business.

We depend heavily on our telecommunication, information technology and other operational systems and on the integrity and timeliness of data we use to run our businesses. These systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our control. Further, we face the risk of operational and technology failures by others, including various financial intermediaries and of vendors and parties to which we outsource the provision of services or business operations. If these parties do not perform as anticipated, we may experience operational difficulties, increased costs and other adverse effects on our business.

Despite our implementation of a variety of security measures, our information technology and other systems could be subject to physical or electronic break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to clients or transaction counterparties.

Interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, whether due to actions by us or others, could delay or disrupt our ability to do business, harm our reputation, subject us to regulatory sanctions and other claims, lead to a loss of clients and revenues and otherwise adversely affect our business.

The Company is dependent on key executives and the loss of any of these executives, or its inability to retain other key personnel, could adversely affect its business.

The Company's success substantially depends upon its ability to attract and retain qualified employees and upon the ability of its senior management and other key employees to implement its business strategy. The Company believes there are only a limited number of available qualified executives in the business lines in which the Company competes. Although the Company is not aware of any planned departures, the Company relies substantially upon the services of Joseph W. Brown, Chief Executive Officer, and other senior executives. There is no assurance that the Company will be able to retain the services of key executives. The loss of the services of any of these individuals or other key members of the Company's management team could adversely affect the implementation of its business strategy.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In connection with the Bank of America Settlement Agreement described in "Note 1: Business Developments and Risks and Uncertainties" in the Notes to Consolidated Financial Statements, on May 6, 2013, MBIA Inc. issued Blue Ridge Investments, L.L.C. ("Blue Ridge"), a subsidiary of Bank of America, a warrant to purchase 9,942,458 million shares of MBIA Inc. common stock at an exercise price of \$9.59 per share. The warrants were issued in reliance on an exemption from registration under Section 4(a)(2) under the 1933 Act as transactions by an issuer not involving any public offering.

Pursuant to the anti-dilution provisions of warrants that were issued by MBIA Inc. to Warburg Pincus Private Equity X, L.P. and certain of its affiliates ("Warburg Pincus") under the Investment Agreement by and between MBIA Inc. and Warburg Pincus, dated as of December 10, 2007, as amended and restated as of February 6, 2008, (the "Investment Agreement"), as a result of the issuance of the warrant to Blue Ridge (a) Warburg Pincus's 21,327,646 warrants exercisable at \$30.25 per share were revised to 21,914,446 warrants exercisable at \$29.44 per share and (b) Warburg Pincus's 4,000,000 of warrants exercisable at \$16.20 per share were revised to 4,004,945 warrants exercisable at \$16.18 per share. In addition, under the Investment Agreement Warburg has certain gross up rights that are triggered in connection with the offering by the Company of any equity securities. As a settlement of any such gross-up rights Warburg Pincus may have had under the Investment Agreement due to the issuance of the warrant to Blue Ridge, on August 5, 2013 MBIA Inc. issued Warburg Pincus a warrant to purchase 1,910,417 shares of MBIA Inc. common stock at an exercise price of \$9.59 per share in exchange for Warburg Pincus delivering to the Company 536,375 shares of MBIA Inc. common stock having a value of \$7,262,518 based on the closing price of the Company's stock as of the close of business on July 23, 2013. The warrants issued pursuant to the anti-dilution adjustments and the gross-up rights were issued in reliance on an exemption from registration under Section 4(a)(2) under the 1933 Act as transactions by an issuer not involving any public offering.

The table below presents repurchases made by the Company in each month during the third quarter of 2013:

Month	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Amount That May Be Purchased Under the Plan (in millions) ⁽²⁾
July	330	\$ 13.54	-	\$ 23
August	649,038 ⁽³⁾	13.35	-	23
September	85,148	11.40	-	23
	734,516	\$ 13.12	-	\$ 23

(1) - 196,255 shares were repurchased by the Company in open market transactions for settling awards under the Company's long-term incentive plans and 1,886 shares were purchased in open market transactions as an investment in the Company's non-qualified deferred compensation plan.

(2) - On February 1, 2007, the Company's Board of Directors authorized the repurchase of common stock up to \$1 billion under a new share repurchase program, which superseded the previously authorized program.

(3) - Includes 536,375 shares, having a value of \$13.54 per share as of the close of business on July 23, 2013, received from Warburg Pincus in exchange for the issuance to Warburg Pincus of a warrant to purchase 1,910,417 shares of MBIA Inc. common stock at an exercise price of \$9.59 per share as a settlement of any gross-up rights Warburg Pincus may have had, as described further above.

Item 5. Other Information

On November 11, 2013 Kewsong Lee resigned from the Board of Directors of MBIA Inc. Mr. Lee was elected to the Board of Directors in January 2008.

Mr. Lee was nominated by Warburg Pincus Private Equity X, L.P. ("Warburg Pincus") to be elected to the Board of Directors pursuant to the amended and restated Investment Agreement dated as of February 6, 2008 (the "Investment Agreement") between MBIA Inc. and Warburg Pincus. Under the Investment Agreement, David A. Coulter, Warburg Pincus's remaining member of the Board of Directors, has the right to designate Mr. Lee's replacement on the Board of Directors, and the Board of Directors is required to use its reasonable best efforts to take all action required to fill the vacancy resulting from Mr. Lee's resignation with Mr. Coulter's designee.

Item 6. Exhibits

- 4.1. Warrant Agreement, dated as of August 5, 2013, between MBIA Inc. and Warburg Pincus Private Equity X, L.P., incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013.
- +31.1. Chief Executive Officer - Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- +31.2. Chief Financial Officer - Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *32.1. Chief Executive Officer - Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- *32.2. Chief Financial Officer - Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- +99.1. Additional Exhibits - National Public Finance Guarantee Corporation and Subsidiaries GAAP Consolidated Financial Statements.
- +99.2. Additional Exhibits - MBIA Insurance Corporation and Subsidiaries GAAP Consolidated Financial Statements.
- +99.3. Novation Agreement, dated as of September 14, 2012, between Financial Guaranty Insurance Company and National Public Finance Guarantee Corporation.
- +101. Additional Exhibits - MBIA Inc. and Subsidiaries Consolidated Financial Statements and Notes to Consolidated Financial Statements from the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, formatted in XBRL.

+ Filed Herewith

* Furnished Herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 12, 2013

MBIA Inc.
Registrant

/s/ C. Edward Chaplin
C. Edward Chaplin
Chief Financial Officer

Date: November 12, 2013

/s/ Douglas C. Hamilton
Douglas C. Hamilton
Controller (Principal Accounting Officer)

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Section 2: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph W. Brown, certify that:

1. I have reviewed the Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Report;
4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) disclosed in this Report that there were no changes in the Company's internal control over financial reporting that occurred during the Company's third quarter of 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the audit committee of the board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Joseph W. Brown

Joseph W. Brown
Chief Executive Officer
November 12, 2013

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Section 3: EX-31.2 (EX-31.2)

Exhibit 31.2

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, C. Edward Chaplin, certify that:

1. I have reviewed the Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Report;
4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) disclosed in this Report that there were no changes in the Company's internal control over financial reporting that occurred during the Company's third quarter of 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the audit committee of the board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ C. Edward Chaplin

C. Edward Chaplin
Chief Financial Officer
November 12, 2013

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Section 4: EX-32.1 (EX-32.1)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph W. Brown, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph W. Brown

Joseph W. Brown
Chief Executive Officer
November 12, 2013

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Section 5: EX-32.2 (EX-32.2)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, C. Edward Chaplin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as

adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ C. Edward Chaplin

C. Edward Chaplin

Chief Financial Officer

November 12, 2013

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Section 6: EX-99.1 (EX-99.1)

Exhibit 99.1

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**As of September 30, 2013 and December 31, 2012
and for the periods ended September 30, 2013 and 2012**

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION AND SUBSIDIARIES
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NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands except share and per share amounts)

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$3,125,396 and \$2,335,832)	\$ 3,075,730	\$ 2,425,240
Investments carried at fair value	177,275	190,321
Investments pledged as collateral, at fair value (amortized cost \$475,297 and \$487,880)	469,573	501,873
Short-term investments held as available-for-sale, at fair value (amortized cost \$1,001,399 and \$175,763)	1,001,901	176,015
Other investments (includes investments at fair value of \$5,810 and \$7,554)	10,954	16,216
Total investments	4,735,433	3,309,665
Cash and cash equivalents	516,392	265,409
Securities purchased under agreements to resell	443,500	480,500
Secured loan to an affiliate	-	1,651,408
Accrued investment income	30,875	54,465
Premiums receivable	241,362	254,363
Deferred acquisition costs	344,215	400,970
Insurance loss recoverable	16,721	248,925
Property and equipment at cost (less accumulated depreciation of \$1,735 and \$9,725)	30,351	61,719
Receivable for investments sold	5,836	16,457
Other assets	9,337	10,031
Total assets	\$ 6,374,022	\$ 6,753,912
Liabilities and equity		
Liabilities:		
Unearned premium revenue	\$ 1,645,270	\$ 1,928,351
Loss and loss adjustment expense reserves	93,311	151,892
Securities sold under agreements to repurchase	443,500	480,500
Current income taxes	40,384	16,418
Deferred income taxes, net	106,048	232,165
Payable for investments purchased	144,107	49,893
Derivative liabilities	7,045	7,336
Other liabilities	13,953	11,653
Total liabilities	2,493,618	2,878,208
Commitments and contingencies (See Note 9)		
Equity:		
Common stock, par value \$30 per share; authorized, issued and outstanding shares—500,000	15,000	15,000
Additional paid-in capital	2,341,486	2,341,599
Retained earnings	1,550,145	1,441,992
Accumulated other comprehensive income (loss), net of tax of \$19,045 and \$36,598	(35,369)	67,967
Total shareholder's equity	3,871,262	3,866,558
Noncontrolling interest	9,142	9,146
Total equity	3,880,404	3,875,704
Total liabilities and equity	\$ 6,374,022	\$ 6,753,912

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Premiums earned:				
Scheduled premiums earned	\$ 48,315	\$ 50,621	\$ 156,450	\$ 164,784
Refunding premiums earned	26,947	79,338	120,950	190,088
Premiums earned (net of ceded premiums of \$0, \$0, \$0, and \$1)	75,262	129,959	277,400	354,872
Net investment income	26,213	56,392	109,452	166,513
Fees, reimbursements and other	1,640	1,730	4,892	4,905
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	103	147	315	356
Unrealized gains (losses) on insured derivatives	10	28	(19)	50
Net change in fair value of insured derivatives	113	175	296	406
Net gains (losses) on financial instruments at fair value and foreign exchange	(859)	22,501	29,151	43,445
Other net realized gains (losses)	(29,331)	-	(29,331)	-
Total revenues	73,038	210,757	391,860	570,141
Expenses:				
Losses and loss adjustment	34,912	3,842	105,118	15,139
Amortization of deferred acquisition costs	15,839	26,922	58,385	75,030
Operating	17,078	19,701	69,593	128,175
Interest	3	5	11	20
Total expenses	67,832	50,470	233,107	218,364
Income before income taxes	5,206	160,287	158,753	351,777
Provision (benefit) for income taxes	(969)	45,593	50,760	102,717
Net income	6,175	114,694	107,993	249,060
Net income (loss) attributable to noncontrolling interest	63	166	(160)	518
Net income available to common shareholder	\$ 6,112	\$ 114,528	\$ 108,153	\$ 248,542

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(In thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net income (loss)	\$ 6,175	\$ 114,694	\$ 107,993	\$ 249,060
Other comprehensive income (loss):				
Unrealized gains (losses) on available-for-sale securities:				
Unrealized gains (losses) arising during the period	(6,013)	31,912	(128,660)	84,082
Provision (benefit) for income taxes	(2,104)	11,145	(45,031)	29,424
Total	(3,909)	20,767	(83,629)	54,658
Reclassification adjustments for (gains) losses included in net income (loss)	(898)	(6,611)	(30,318)	(15,403)
Provision (benefit) for income taxes	(314)	(2,314)	(10,611)	(5,391)
Total	(584)	(4,297)	(19,707)	(10,012)
Total other comprehensive income (loss)	(4,493)	16,470	(103,336)	44,646
Comprehensive income (loss)	1,682	131,164	4,657	293,706
Less: comprehensive income (loss) attributable to noncontrolling interest	63	166	(160)	518
Comprehensive income (loss) attributable to common shareholder	\$ 1,619	\$ 130,998	\$ 4,817	\$ 293,188

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (Unaudited)
For The Nine Months Ended September 30, 2013
(In thousands except share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholder's Equity	Noncontrolling Interest	Total Equity
	Shares	Amount						
Balance, December 31, 2012	500,000	\$15,000	\$2,341,599	\$1,441,992	\$ 67,967	\$ 3,866,558	\$ 9,146	\$3,875,704
Net income	-	-	-	108,153	-	108,153	(160)	107,993
Other comprehensive income (loss)	-	-	-	-	(103,336)	(103,336)	-	(103,336)
Share-based compensation, net of tax of \$113	-	-	(113)	-	-	(113)	-	(113)
Distributions to noncontrolling interest	-	-	-	-	-	-	(994)	(994)
Contributions by noncontrolling interest	-	-	-	-	-	-	1,150	1,150
Balance, September 30, 2013	500,000	\$15,000	\$2,341,486	\$1,550,145	\$ (35,369)	\$ 3,871,262	\$ 9,142	\$3,880,404

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities:		
Premiums, fees and reimbursements received	\$ 13,560	\$ 15,254
Return of refunded premiums	(3,038)	(17,711)
Investment income received	100,370	123,683
Financial guarantee losses and loss adjustment expenses paid	(133,969)	(101,948)
Proceeds from recoveries and reinsurance	84,784	7,185
Operating and employee related expenses paid	(73,624)	(129,701)
Income taxes (paid) received	(97,383)	(106,195)
Net cash provided (used) by operating activities	<u>(109,300)</u>	<u>(209,433)</u>
Cash flows from investing activities:		
Purchase of fixed-maturity securities	(1,516,881)	(777,518)
Sale and redemption of fixed-maturity securities	1,115,852	1,061,082
Repayment (issuance) of secured loan to an affiliate	1,595,620	(443,000)
Sale (purchase) of short-term investments, net	(839,187)	293,431
Sale (purchase) of other investments, net	5,440	1,776
Capital expenditures	(717)	(3,610)
Net cash provided (used) by investing activities	<u>360,127</u>	<u>132,161</u>
Cash flows from financing activities:		
Contributions by noncontrolling interest	1,150	-
Distributions to noncontrolling interest	(994)	(1,730)
Net cash provided (used) by financing activities	<u>156</u>	<u>(1,730)</u>
Net increase (decrease) in cash and cash equivalents	250,983	(79,002)
Cash and cash equivalents - beginning of period	265,409	137,170
Cash and cash equivalents - end of period	<u>\$ 516,392</u>	<u>\$ 58,168</u>
Reconciliation of net income to net cash provided (used) by operating activities:		
Net income	\$ 107,993	\$ 249,060
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Change in:		
Accrued investment income	(34,513)	(69,497)
Premiums receivable	13,003	17,330
Deferred acquisition costs	56,755	76,792
Unearned premium revenue	(283,081)	(380,769)
Loss and loss adjustment expense reserves	(58,581)	(38)
Insurance loss recoverable	114,514	(79,583)
Payable to affiliates	(2,480)	(4,859)
Accrued expenses	(476)	5,611
Current income taxes	23,966	23,716
Amortization (accretion) of bond premiums (discounts), net	14,411	15,780
Depreciation	2,755	2,632
Other net realized (gains) losses	29,331	-
Unrealized (gains) losses on insured derivatives	19	(50)
Net (gains) losses on financial instruments at fair value and foreign exchange	(29,151)	(43,445)
Deferred income tax provision (benefit)	(70,588)	(27,194)
Other operating	6,823	5,081
Total adjustments to net income	<u>(217,293)</u>	<u>(458,493)</u>
Net cash provided (used) by operating activities	<u>\$ (109,300)</u>	<u>\$ (209,433)</u>

The accompanying notes are an integral part of the consolidated financial statements.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 1: Business Developments and Risks and Uncertainties

Summary

National Public Finance Guarantee Corporation is a wholly-owned subsidiary of MBIA Inc. through an intermediary holding company, National Public Finance Guarantee Holdings, Inc. National Public Finance Guarantee Corporation and its subsidiaries are referred to as "National." National Real Estate Holdings of Armonk, LLC is a wholly-owned subsidiary of National.

Through its reinsurance of United States ("U.S.") public finance financial guarantees from MBIA Insurance Corporation and transfers by novation of all policies under a reinsurance agreement with Financial Guaranty Insurance Company ("FGIC") as discussed below, National's insurance portfolio consists of municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utility districts, airports, health care institutions, higher educational facilities, student loan issuers, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. Municipal bonds and privately issued bonds used for the financing of public purpose projects generally are supported by taxes, assessments, user fees or tariffs related to the use of these projects, by lease payments or by other similar types of revenue streams.

Business Developments and Risks and Uncertainties

As of September 30, 2013, National was rated A with a stable outlook by Standard & Poor's Financial Services LLC and Baa1 with a positive outlook by Moody's Investors Service, Inc. In addition, National is considering seeking ratings from additional rating agencies.

In May of 2013, MBIA Inc., together with its subsidiaries MBIA Insurance Corporation and National, entered into a comprehensive settlement agreement and related agreements (the "BoFA Settlement Agreement") with Bank of America Corporation and certain of its subsidiaries (collectively, "Bank of America"). Additionally, in May of 2013, MBIA Inc., together with its subsidiaries, MBIA Insurance Corporation and National, entered into a settlement agreement with Societe Generale. As a result of the BoFA Settlement Agreement, the repayment of MBIA Insurance Corporation's secured loan from National and recent credit ratings upgrades, National is currently evaluating strategies for such re-entry into the U.S. public finance market. Subsequent to the BoFA Settlement Agreement and the Societe Generale settlement, all litigation brought originally by the group of eighteen domestic and international financial institutions, relating to the establishment of National, has been resolved.

Subsequent to September 30, 2013, National declared and paid a dividend of \$214 million to its ultimate parent, MBIA Inc.

In August of 2013, the novation agreement between FGIC and National, whereby FGIC transfers, by novation, to National all the rights and liabilities under each of the policies covered under a reinsurance agreement with FGIC, became effective. This novation agreement included covered policies that previously benefited from the reinsurance agreement and second-to-pay policies entered into by MBIA Insurance Corporation in 2008 that were subsequently assigned to and reinsured by National in 2009. As a result of this novation, National is now the primary insurer under these policies.

In order to better position MBIA Inc. for future business opportunities, in the third quarter of 2013, MBIA Inc. initiated cost reduction measures, one of which focused on head office occupancy costs. As a result of the potential sale of the office used in its operations, National recorded an impairment charge of \$29 million on its Armonk, New York facility. The carrying value of the facility was adjusted to its fair market value, which was determined based on an independent third-party appraisal of the facility. This impairment charge is reported within "Other net realized gains (losses)" on National's consolidated statements of operations.

National maintains simultaneous repurchase and reverse repurchase agreements ("Asset Swap") with MBIA Inc. The Asset Swap provides MBIA Inc. with eligible assets to pledge under investment agreements and derivative contracts in MBIA Inc.'s asset/liability products business. As of September 30, 2013, the notional amount utilized under each of these agreements was \$444 million and the fair value of collateral pledged by National and MBIA Inc. under these agreements was \$470 million and \$475 million, respectively. The net average interest rate on these transactions was 0.23% and 0.56% for the nine months ended September 30, 2013 and 2012, respectively. The New York State Department of Financial Services ("NYSDFS") approved the Asset Swap in connection with the re-domestication of National to New York. National has committed to the NYSDFS to use commercially reasonable efforts to reduce the amount of the Asset Swap over time.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 1: Business Developments and Risks and Uncertainties (continued)

Extreme financial and budgetary stress in certain local governments has increased the risk of losses within National's insured portfolio. Refer to "Note 4: Loss and Loss Adjustment Expense Reserves" for information about National's insured losses. National's claim paying resources are supported by its investment portfolio, which primarily consists of fixed-maturity securities. Fixed-maturity securities are subject to a number of risks, including interest rate risk and default risk, among others. National manages these risks by maintaining a diversification across issuers and maturities of investments. Refer to "Note 6: Investments" for information about National's investment portfolio.

Note 2: Significant Accounting Policies

National has disclosed its significant accounting policies in "Note 2: Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in Exhibit 99.1 to MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012. The following significant accounting policies provide an update to those included under the same captions in Exhibit 99.1 to MBIA Inc.'s Annual Report on Form 10-K.

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of National and its wholly-owned subsidiaries and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual periods. These statements should be read in conjunction with National's consolidated financial statements and notes thereto included in Exhibit 99.1 to MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012. The accompanying consolidated financial statements have not been audited by an independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board (U.S.), but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of National's consolidated financial position and results of operations.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. As additional information becomes available or actual amounts become determinable, the recorded estimates are revised and reflected in operating results.

The results of operations for the three and nine months ended September 30, 2013 may not be indicative of the results that may be expected for the year ending December 31, 2013. The December 31, 2012 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP for annual periods. Certain amounts in prior years' financial statements have been reclassified to conform to the current presentation. Such reclassifications had no impact on total revenues, expenses, assets, liabilities, or shareholder's equity for all periods presented.

Subsequent Events

National evaluated all subsequent events as of November 12, 2013, the date of issuance of the consolidated financial statements, for inclusion in National's consolidated financial statements and/or accompanying notes.

Note 3: Recent Accounting Pronouncements

Recently Adopted Accounting Standards

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02)

In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update 2013-02, "Comprehensive Income (Topic 220)—Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" that requires an entity to present information about the amounts reclassified out of accumulated other comprehensive income ("AOCI") by component and to present significant amounts reclassified out of AOCI by the respective line items of net income. The amendment only affects National's disclosures and does not affect National's consolidated balance sheets, results of operations, or cash flows. National adopted this standard in the first quarter of 2013.

Refer to the Notes to Consolidated Financial Statements of National included in Exhibit 99.1 to MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012 for further information regarding the effects of recently adopted accounting standards on prior year financial statements.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Loss and Loss Adjustment Expense Reserves

U.S. public finance insured transactions consist of municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utility districts, airports, health care institutions, higher educational facilities, student loan issuers, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. National estimates future losses by utilizing probability-weighted scenarios that are customized to each insured transaction. Future loss estimates consider debt service due for each insured transaction, which includes par outstanding and interest due.

Certain local governments remain under extreme financial and budgetary stress and several have filed for protection under the United States Bankruptcy Code, or have entered into state statutory proceedings established to assist municipalities in managing through periods of severe fiscal stress. This could lead to an increase in defaults by such entities on the payment of their obligations and losses or impairments on a greater number of National's insured transactions. National monitors and analyzes these situations closely; however, the overall extent and duration of such events are uncertain.

National has exposure to the Commonwealth of Puerto Rico and certain governmental issuers in the territory. The Commonwealth is experiencing fiscal stress; however, it has taken proactive actions to address its significant economic challenges. National continues to monitor the situation closely, but does not expect a default by Puerto Rico.

As of September 30, 2013, National had \$131.5 billion of gross par outstanding on general obligations, of which \$251 million was reflected on National's Classified List. Capital appreciation bonds are reported at the par amount at the time of issuance of the insurance policy.

For the nine months ended September 30, 2013, National recognized \$105 million of loss and loss adjustment expense ("LAE") primarily related to certain general obligation bonds and the loss related to the difference in the value of the salvage receivable recorded and the fair market value of the marketable securities received in connection with the restructuring of a gaming revenue transaction.

Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements included in Exhibit 99.1 to MBIA Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for information about National's monitoring of outstanding insured obligations and for additional information about its loss reserving process.

The following table provides information about the financial guarantees and related claim liability included in each of National's surveillance categories as of September 30, 2013:

\$ in millions	Surveillance Categories				
	Caution List Low	Caution List Medium	Caution List High	Classified List	Total
Number of policies	66	2	6	39	113
Number of issues ⁽¹⁾	16	2	5	15	38
Remaining weighted average contract period (in years)	13.2	2.6	9.6	13.4	13.1
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$ 3,174	\$ 9	\$ 65	\$ 820	\$4,068
Interest	2,741	2	32	998	3,773
Total	<u>\$ 5,915</u>	<u>\$ 11</u>	<u>\$ 97</u>	<u>\$ 1,818</u>	<u>\$7,841</u>
Gross claim liability	\$ -	\$ -	\$ -	\$ 249	\$ 249
Less:					
Gross potential recoveries	-	-	-	209	209
Discount, net	-	-	-	(14)	(14)
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 54</u>
Unearned premium revenue	\$ 25	\$ -	\$ -	\$ 16	\$ 41

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by National.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Loss and Loss Adjustment Expense Reserves (continued)

The following table provides information about the financial guarantees and related claim liability included in each of National's surveillance categories as of December 31, 2012:

\$ in millions	Surveillance Categories				Total
	Caution List Low	Caution List Medium	Caution List High	Classified List	
Number of policies	20	9	7	48	84
Number of issues ⁽¹⁾	9	4	7	18	38
Remaining weighted average contract period (in years)	11.1	7.4	12.8	13.1	11.7
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$ 817	\$ 190	\$ 122	\$ 843	\$1,972
Interest	1,161	88	80	999	2,328
Total	<u>\$ 1,978</u>	<u>\$ 278</u>	<u>\$ 202</u>	<u>\$ 1,842</u>	<u>\$4,300</u>
Gross claim liability	\$ -	\$ -	\$ -	\$ 310	\$ 310
Less:					
Gross potential recoveries	-	-	-	387	387
Discount, net	-	-	-	(6)	(6)
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71)</u>	<u>\$ (71)</u>
Unearned premium revenue	\$ 12	\$ 4	\$ 2	\$ 18	\$ 36

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by National.

National's potential recoveries are typically based on either salvage rights, the rights conferred to National through the transactional documents (inclusive of the insurance agreement), or subrogation rights embedded within financial guarantee insurance policies. Expected salvage and subrogation recoveries, as well as recoveries from other remediation efforts, reduce National's claim liability. Once a claim payment has been made, the claim liability has been satisfied and National's right to recovery is no longer considered an offset to future expected claim payments, it is recorded as a salvage asset. The amount of recoveries recorded by National is limited to paid claims plus the present value of projected future claim payments. As claim payments are made, the recorded amount of potential recoveries may exceed the remaining amount of claim liability for a given policy.

While National believes it will be successful in realizing recoveries from contractual claims, the ultimate amounts recovered may be materially different from those recorded by National given the inherent uncertainty in the manner of resolving the claims (e.g. litigation) and the assumptions used in the required estimation process for accounting purposes which are based, in part, on judgments and other information that are not easily corroborated by historical data or other relevant benchmarks.

The following table presents the components of National's loss and LAE reserves and insurance loss recoverable as reported on National's consolidated balance sheets as of September 30, 2013 and December 31, 2012 for insured obligations within National's "Classified List." The loss reserves (claim liability) and insurance claim loss recoverable included in the following table represent the present value of the probability-weighted future claim payments and recoveries reported in the preceding tables.

In millions	As of September 30, 2013	As of December 31, 2012
Loss reserves (claim liability)	\$ 67	\$ 143
LAE reserves	26	9
Loss and LAE reserves	<u>\$ 93</u>	<u>\$ 152</u>
Insurance claim loss recoverable	\$ (15)	\$ (216)
LAE insurance loss recoverable	(2)	(33)
Insurance loss recoverable	<u>\$ (17)</u>	<u>\$ (249)</u>

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Loss and Loss Adjustment Expense Reserves (continued)

The following table presents changes in National's loss and LAE reserves for the nine months ended September 30, 2013. Changes in the loss and LAE reserves attributable to the accretion of the claim liability discount, changes in discount rates, changes in the timing and amounts of estimated payments and recoveries, changes in assumptions and changes in LAE reserves are recorded in "Losses and loss adjustment" expenses in National's consolidated statements of operations. LAE reserves are expected to be settled within a one-year period and are not discounted. The weighted average risk-free rate used to discount the claim liability was 2.48% as of September 30, 2013.

In millions								Changes in Loss and LAE Reserves for Nine Months Ended September 30, 2013
Gross Loss and LAE Reserve as of December 31, 2012	Loss Payments for Cases with Reserves	Accretion of Claim Liability Discount	Changes in Discount Rates	Changes in Assumptions	Changes in Unearned Premium Revenue	Changes in LAE Reserves	Other ⁽¹⁾	Gross Loss and LAE Reserve as of September 30, 2013
\$ 152	\$ (120)	\$ 1	\$ -	\$ 45	\$ -	\$ 17	\$ (2)	\$ 93

(1) - Primarily changes in amount and timing of payments.

The decrease in case reserves for the nine months ended September 30, 2013 primarily related to the change in loss payments for cases with reserves, partially offset by changes in assumptions due to an increase in reserves associated with certain general obligation bond exposures.

The following table presents changes in National's insurance loss recoverable for the nine months ended September 30, 2013. Changes in the insurance loss recoverable attributable to the accretion of the discount on the recoverable, changes in discount rates, changes in the timing and amounts of estimated collections, changes in assumptions and changes in LAE recoverable are recorded in "Losses and loss adjustment" expenses in National's consolidated statements of operations.

In millions	Changes in Insurance Loss Recoverable for the Nine Months Ended September 30, 2013						
Insurance Loss Recoverable as of December 31, 2012	Collections for Cases with Recoverables	Accretion of Insurance Loss Recoverable	Changes in Discount Rates	Changes in Assumptions	Changes in LAE Recoverable	Other ⁽¹⁾	Insurance Loss Recoverable as of September 30, 2013
\$ 249	\$ (170)	\$ -	\$ (1)	\$ (46)	\$ (32)	\$ 17	\$ 17

(1) - Primarily changes in amount and timing of collections.

The decrease in insurance loss recoverable for the nine months ended September 30, 2013 primarily related to the receipt of salvage in the form of investment notes related to a gaming revenue transaction, which resulted in transferring the recoverable to an investment asset.

Remediation actions may involve, among other things, waivers or renegotiations of financial covenants or triggers, waivers of contractual provisions, the granting of consents, transfer of servicing, consideration of restructuring plans, acceleration, security or collateral enforcement, actions in bankruptcy or receivership, litigation and similar actions. The types of remedial actions pursued are based on the insured obligation's risk type and the nature and scope of the event giving rise to the remediation. As part of any such remedial actions, National seeks to improve its security position and to obtain concessions from the issuer of the insured obligation. From time to time, the issuer of a National-insured obligation may, with the consent of National, restructure the insured obligation by extending the term, increasing or decreasing the par amount or decreasing the related interest rate, with National insuring the restructured obligation.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Loss and Loss Adjustment Expense Reserves (continued)

Costs associated with remediating insured obligations assigned to National's "Caution List—Low," "Caution List—Medium," "Caution List—High" and "Classified List" are recorded as LAE. LAE is primarily recorded as part of National's provision for its loss reserves and included in "Losses and loss adjustment" expense on National's consolidated statements of operations. The following table presents the gross expenses related to remedial actions for insured obligations:

In millions	Nine Months Ended September 30,	
	2013	2012
LAE incurred, gross	\$ 24	\$ 10

Note 5: Fair Value of Financial Instruments

Fair value is a market-based measure considered from the perspective of a market participant. Therefore, even when market assumptions are not readily available, National's own assumptions are set to reflect those which it believes market participants would use in pricing an asset or liability at the measurement date. The fair value measurements of financial instruments held or issued by National are determined through the use of observable market data when available. Market data is obtained from a variety of third-party sources, including dealer quotes. If dealer quotes are not available for an instrument that is infrequently traded, National uses alternate valuation methods, including either dealer quotes for similar instruments or modeling using market data inputs. The use of alternate valuation methods generally requires considerable judgment in the application of estimates and assumptions, and changes to such estimates and assumptions may produce materially different fair values.

The accounting guidance for fair value measurement establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available and reliable. Observable inputs are those National believes that market participants would use in pricing an asset or liability based on available market data. Unobservable inputs are those that reflect National's beliefs about the assumptions market participants would use in pricing an asset or liability based on the best information available. The fair value hierarchy is broken down into three levels based on the observability and reliability of inputs, as follows:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that National can access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail any degree of judgment.
- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 2 assets include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, securities which are priced using observable inputs and derivative contracts whose values are determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3—Valuations based on inputs that are unobservable and supported by little or no market activity and that are significant to the overall fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques where significant inputs are unobservable, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The availability of observable inputs can vary from product to product and period to period and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the product. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, National assigns the level in the fair value hierarchy for which the fair value measurement in its entirety falls, based on the least observable input that is significant to the fair value measurement.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

Financial Instruments

Financial instruments held by National primarily consist of investments in debt securities. Substantially all of National's investments are priced by independent third parties, including pricing services and brokers. Typically National receives one pricing service value or broker quote for each instrument, which represents a non-binding indication of value. National reviews the assumptions, inputs and methodologies used by pricing services to obtain reasonable assurance that the prices used in its valuations reflect fair value. When National believes a third-party quotation differs significantly from its internally developed expectation of fair value, whether higher or lower, National reviews its data or assumptions with the provider. This review includes comparing significant assumptions such as prepayment speeds, default ratios, forward yield curves, credit spreads and other significant quantitative inputs to internal assumptions, and working with the price provider to reconcile the differences. The price provider may subsequently provide an updated price. In the event that the price provider does not update their price, and National still does not agree with the price provided, National will try to obtain a price from another third-party provider, such as a broker, or use an internally developed price which it believes represents the fair value of the investment. The fair values of investments for which internal prices were used were not significant to the aggregate fair value of National's investment portfolio as of September 30, 2013 or December 31, 2012. All challenges to third-party prices are reviewed by the staff of National with relevant expertise to ensure reasonableness of assumptions.

In addition to challenging pricing assumptions, National obtains reports from the independent accountants for significant third-party pricing services attesting to the effectiveness of the controls over data provided to National. These reports are obtained annually and are reviewed by National to ensure key controls are applied by the pricing services, and that appropriate user controls are in place at the third-party pricing services organization to ensure proper measurement of the fair values of its investments. In the event that any controls in these reports are deemed as ineffective by independent accountants, National will take the necessary actions to ensure that internal user controls are in place to mitigate the control risks. No deficiencies were noted for significant third-party pricing services used.

Internal Review Process

All significant financial instruments are reviewed by committees created by National to ensure compliance with National's policies and risk procedures in the development of fair values of financial assets and liabilities. These valuation committees review, among other things, key assumptions used for internally developed prices, significant changes in sources and uses of inputs, including changes in model approaches, and any adjustments from third-party inputs or prices to internally developed inputs or prices. The committees also review any significant impairment or improvements in fair values of the financial instruments from prior periods. From time to time, these committees will reach out to National's valuation experts to better understand key methods and assumptions used for the determination of fair value, including understanding significant changes in fair values. These committees are comprised of senior finance team members with the relevant experience in the financial instruments their committee is responsible for. Each quarter, these committees document their agreement with the fair values developed by management of National as reported in the quarterly and annual financial statements.

Valuation Techniques

Valuation techniques for financial instruments measured at fair value or disclosed at fair value are described below.

Fixed-Maturity Securities (and Short-Term Investments) Held as Available-For-Sale, Investments Carried at Fair Value, Investments Pledged as Collateral, and Other Investments

Fixed-maturity securities (and short-term investments) held as available-for-sale ("AFS"), investments carried at fair value, investments pledged as collateral, and other investments include investments in U.S. Treasury and government agencies, foreign governments, corporate obligations, mortgage-backed securities and asset-backed securities ("ABS") (including commercial mortgage-backed securities and collateralized debt obligations ("CDOs")), state and municipal bonds and other investments (including perpetual debt securities, loans receivables and money market mutual funds).

These investments are generally valued based on recently executed transaction prices or quoted market prices. When quoted market prices are not available, fair value is generally determined using quoted prices of similar investments or a valuation model based on observable and unobservable inputs. Inputs vary depending on the type of investment. Observable inputs include contractual cash flows, interest rate yield curves, credit default swap ("CDS") spreads, prepayment and volatility scores, diversity scores, cross-currency basis index spreads, and credit spreads for structures similar to the financial instrument in terms of issuer, maturity and seniority. Unobservable inputs include cash flow projections and the value of any credit enhancement.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

Investments based on quoted market prices of identical investments in active markets are classified as Level 1 of the fair value hierarchy. Level 1 investments generally consist of U.S. Treasury and government agency and money market securities. Quoted market prices of investments in less active markets, as well as investments which are valued based on other than quoted prices for which the inputs are observable, such as interest rate yield curves, are categorized in Level 2 of the fair value hierarchy. Investments that contain significant inputs that are not observable are categorized as Level 3.

Cash and Cash Equivalents, Receivable for Investments Sold, Accrued Investment Income and Payable for Investments Purchased

The carrying amounts of cash and cash equivalents, receivable for investments sold, accrued investment income and payable for investments purchased approximate their fair values due to the short-term nature and credit worthiness of these instruments.

Securities Purchased Under Agreements to Resell

The fair values of securities purchased under agreements to resell are determined based on the underlying securities posted as collateral for the resell agreements.

Secured Loan to an Affiliate

The fair value of the secured loan as of December 31, 2012, that was repaid in the second quarter of 2013, was determined using the net present value of expected cash flows from the loan. The discount rate is the yield to maturity of a comparable corporate bond index.

Securities Sold Under Agreements to Repurchase

The fair values of securities sold under agreements to repurchase are determined based on the underlying securities posted as collateral for the repurchase agreements.

Derivative Liabilities

Derivative liabilities are valued using market-based inputs, including interest rate yield curves, foreign exchange rates, and credit spreads. Derivative liabilities are classified as Level 2 within the fair value hierarchy.

Financial Guarantees

Gross Financial Guarantees—The fair value of gross financial guarantees is determined using discounted cash flow techniques based on inputs that include (i) assumptions of expected losses on financial guarantee policies where loss reserves have not been recognized, (ii) amount of losses expected on financial guarantee policies where loss reserves have been established, net of expected recoveries, (iii) the cost of capital reserves required to support the financial guarantee liability, (iv) operating expenses, and (v) discount rates. The CDS spread and recovery rates of a similar municipal bond insurance company are used as the discount rate for National, as National does not have a published CDS spread and recovery rate.

The carrying value of National's gross financial guarantees consists of unearned premium revenue and loss and LAE reserves, net of the insurance loss recoverable as reported on National's consolidated balance sheets.

Ceded Financial Guarantees—The fair value of ceded financial guarantees is determined by applying the percentage ceded to reinsurers to the related fair value of the gross financial guarantees. The carrying value of ceded financial guarantees consists of prepaid reinsurance premiums as reported within "Other assets" on National's consolidated balance sheets.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

Fair Value Measurements

The following tables present the fair value of National's assets (including short-term investments) and liabilities measured and reported at fair value on a recurring basis as of September 30, 2013 and December 31, 2012:

In millions	Fair Value Measurements at Reporting Date Using			Balance as of September 30, 2013
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 260	\$ 53	\$ -	\$ 313
State and municipal bonds	-	1,299	17 ⁽¹⁾	1,316
Foreign governments	-	18	-	18
Corporate obligations	-	1,417	1 ⁽¹⁾	1,418
Mortgage-backed securities:				
Residential mortgage-backed agency	-	901	17 ⁽¹⁾	918
Residential mortgage-backed non-agency	-	19	-	19
Commercial mortgage-backed	-	22	3 ⁽¹⁾	25
Asset-backed securities:				
Collateralized debt obligations	-	5	13 ⁽¹⁾	18
Other asset-backed	-	73	7 ⁽¹⁾	80
Total fixed-maturity investments	260	3,807	58	4,125
Money market securities	596	-	-	596
Perpetual debt securities	3	6	-	9
Cash and cash equivalents	516	-	-	516
Total assets	\$ 1,375	\$ 3,813	\$ 58	\$ 5,246
Liabilities:				
Derivative liabilities	\$ -	\$ 7	\$ -	\$ 7
Total liabilities	\$ -	\$ 7	\$ -	\$ 7

(1) - Unobservable inputs are either not developed by National or do not significantly impact the overall fair values of the aggregate financial assets and liabilities.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2012
In millions				
Assets:				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 340	\$ 4	\$ -	\$ 344
State and municipal bonds	-	1,183	33 ⁽¹⁾	1,216
Foreign governments	-	1	-	1
Corporate obligations	-	573	1 ⁽¹⁾	574
Mortgage-backed securities:				
Residential mortgage-backed agency	-	936	-	936
Residential mortgage-backed non-agency	-	19	1 ⁽¹⁾	20
Commercial mortgage-backed	-	20	1 ⁽¹⁾	21
Asset-backed securities:				
Collateralized debt obligations	-	11	6 ⁽¹⁾	17
Other asset-backed	-	61	4 ⁽¹⁾	65
Total fixed maturity investments	340	2,808	46	3,194
Money market securities	98	-	-	98
Perpetual debt securities	2	5	2 ⁽¹⁾	9
Cash and cash equivalents	265	-	-	265
Total assets	\$ 705	\$ 2,813	\$ 48	\$ 3,566
Liabilities:				
Derivative liabilities	\$ -	\$ 7	\$ -	\$ 7
Total liabilities	\$ -	\$ 7	\$ -	\$ 7

(1) - Unobservable inputs are either not developed by National or do not significantly impact the overall fair values of the aggregate financial assets and liabilities.

Level 3 Analysis

Level 3 assets at fair value were \$58 million and \$48 million as of September 30, 2013 and December 31, 2012, respectively, and represented 1.1% and 1.3%, respectively, of total assets measured at fair value.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

The following tables present the fair values and carrying values of National's assets and liabilities that are disclosed at fair value but not reported at fair value on National's consolidated balance sheets as of September 30, 2013 and December 31, 2012:

In millions	Fair Value Measurements at Reporting Date Using			Fair Value Balance as of September 30, 2013	Carry Value Balance as of September 30, 2013
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets:					
Securities purchased under agreements to resell	\$ -	\$ -	\$ 475	\$ 475	\$ 444
Receivable for investments sold	6	-	-	6	6
Accrued investment income	31	-	-	31	31
Other investments	-	-	5	5	5
Total assets	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ 480</u>	<u>\$ 517</u>	<u>\$ 486</u>
Liabilities:					
Securities sold under agreements to repurchase	\$ -	\$ 470	\$ -	\$ 470	\$ 444
Payable for investments purchased	144	-	-	144	144
Total liabilities	<u>\$ 144</u>	<u>\$ 470</u>	<u>\$ -</u>	<u>\$ 614</u>	<u>\$ 588</u>
Financial Guarantees:					
Gross	\$ -	\$ -	\$ 1,822	\$ 1,822	\$ 1,721
Ceded	-	-	43	43	-

In millions	Fair Value Measurements at Reporting Date Using			Fair Value Balance as of December 31, 2012	Carry Value Balance as of December 31, 2012
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets:					
Securities purchased under agreements to resell	\$ -	\$ -	\$ 529	\$ 529	\$ 481
Secured loan to an affiliate	-	1,685	-	1,685	1,651
Receivable for investments sold	16	-	-	16	16
Accrued investment income	25	29	-	54	54
Other investments	-	-	9	9	9
Total assets	<u>\$ 41</u>	<u>\$ 1,714</u>	<u>\$ 538</u>	<u>\$ 2,293</u>	<u>\$ 2,211</u>
Liabilities:					
Securities sold under agreements to repurchase	\$ -	\$ 502	\$ -	\$ 502	\$ 481
Payable for investments purchased	50	-	-	50	50
Total liabilities	<u>\$ 50</u>	<u>\$ 502</u>	<u>\$ -</u>	<u>\$ 552</u>	<u>\$ 531</u>
Financial Guarantees:					
Gross	\$ -	\$ -	\$ 2,186	\$ 2,186	\$ 1,831
Ceded	-	-	77	77	-

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

The following tables present information about changes in Level 3 assets (including short-term investments) measured at fair value on a recurring basis for the three months ended September 30, 2013 and 2012:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2013

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 (1)	Transfers out of Level 3 (1)	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2013
Assets:													
State and municipal bonds	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ -	\$ 17	\$ -
Corporate obligations	-	-	-	-	-	-	-	-	-	1	-	1	-
Residential mortgage- backed agency	3	-	-	-	-	-	-	-	-	17	(3)	17	-
Residential mortgage- backed non- agency	1	-	-	-	-	-	-	-	-	-	(1)	-	-
Commercial mortgage- backed	1	-	-	-	-	-	-	-	-	2	-	3	-
Collateralized debt obligations	8	-	-	-	-	-	-	-	-	6	(1)	13	-
Other asset- backed	7	-	-	-	-	-	-	(2)	-	3	(1)	7	-
Total assets	\$ 38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3)	\$ -	\$ 29	\$ (6)	\$ 58	\$ -

(1) - Transferred in and out at the end of the period.

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2012

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 (1)	Transfers out of Level 3 (1)	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2012
Assets:													
Corporate obligations	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ 10	\$ -
State and municipal bonds	25	-	-	-	-	-	-	(2)	-	-	-	23	-
Residential mortgage- backed agency	4	-	-	(1)	-	-	-	-	-	-	(3)	-	-
Residential mortgage- backed non- agency	4	-	-	-	-	-	-	-	(1)	1	(1)	3	-

Commercial mortgage-backed	1	-	-	-	-	1	-	-	-	1	-	3	-
Collateralized debt obligations	4	-	-	-	-	-	-	-	-	1	(1)	4	-
Other asset-backed	5	-	-	-	-	2	-	-	-	4	-	11	-
Perpetual debt securities	2	-	-	-	-	-	-	-	-	-	-	2	-
Total assets	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ (1)</u>	<u>\$ 16</u>	<u>\$ (5)</u>	<u>\$ 56</u>	<u>\$ -</u>

(1) - Transferred in and out at the end of the period.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

Transfers into and out of Level 3 were \$29 million and \$6 million, respectively, for the three months ended September 30, 2013. Transfers into and out of Level 2 were \$6 million and \$29 million, respectively, for the three months ended September 30, 2013. Transfers into Level 3 were principally related to RMBS agency, CDOs and other ABS securities where inputs, which are significant to their valuation, became unobservable during the quarter. Transfers out of Level 3 were principally for RMBS agency, RMBS non-agency, CDOs and other ABS securities where inputs, which are significant to their valuation, became observable during the quarter. These inputs included spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs.

Transfers into and out of Level 3 were \$16 million and \$5 million, respectively, for the three months ended September 30, 2012. Transfers into and out of Level 2 were \$5 million and \$16 million, respectively, for the three months ended September 30, 2012. Transfers into Level 3 were principally related to corporate obligations and other asset backed securities where inputs, which are significant to their valuation, became unobservable during the quarter. Transfers out of Level 3 were principally for RMBS agency securities where inputs, which are significant to their valuation, became observable during the year. These inputs include spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs.

There were no transfers into or out of Level 1 during the three months ended September 30, 2013 and 2012. All fair value hierarchy designations are made at the end of each accounting period.

There were no changes and no balances in Level 3 liabilities measured at fair value on a recurring basis for the three months ended September 30, 2013 and 2012.

The following tables present information about changes in Level 3 assets (including short-term investments) measured at fair value on a recurring basis for the nine months ended September 30, 2013 and 2012.

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2013

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2013
Assets:													
State and municipal bonds	\$ 33	\$ 2	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ (4)	\$ (13)	\$ -	\$ -	\$ 17	\$ -
Corporate obligations	1	-	-	-	-	-	-	(1)	-	1	-	1	-
Residential mortgage- backed agency	-	-	-	-	-	-	-	-	-	20	(3)	17	-
Residential mortgage- backed non- agency	1	-	-	-	-	-	-	-	-	-	(1)	-	-
Commercial mortgage- backed	1	-	-	-	-	-	-	-	-	3	(1)	3	-
Collateralized debt obligations	6	-	-	-	-	-	-	(3)	-	17	(7)	13	-
Other asset- backed	4	-	-	-	-	1	-	(4)	-	11	(5)	7	-
Perpetual debt securities	2	-	-	-	-	-	-	-	-	-	(2)	-	-
Total assets	\$ 48	\$ 2	\$ -	\$ (1)	\$ -	\$ 1	\$ -	\$ (12)	\$ (13)	\$ 52	\$ (19)	\$ 58	\$ -

(1) - Transferred in and out at the end of the period.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Fair Value of Financial Instruments (continued)

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2012

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2012
Assets:													
Corporate obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ 10	\$ -
State and municipal bonds	28	-	-	-	-	-	-	(5)	-	-	-	23	-
Residential mortgage-backed agency	-	-	-	(1)	-	-	-	-	-	4	(3)	-	-
Residential mortgage-backed non-agency	5	-	-	-	-	-	-	-	(2)	1	(1)	3	-
Commercial mortgage-backed	2	-	-	-	-	1	-	-	-	1	(1)	3	-
Collateralized debt obligations	5	-	-	-	-	-	-	-	(2)	3	(2)	4	-
Other asset-backed	8	-	-	-	-	4	-	-	-	5	(6)	11	-
Perpetual debt securities	1	-	-	1	-	-	-	-	-	2	(2)	2	-
Total assets	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ (5)	\$ (4)	\$ 26	\$ (15)	\$ 56	\$ -

(1) - Transferred in and out at the end of the period.

Transfers into and out of Level 3 were \$52 million and \$19 million, respectively, for the nine months ended September 30, 2013. Transfers into and out of Level 2 were \$19 million and \$52 million, respectively, for the nine months ended September 30, 2013. Transfers into Level 3 were principally for RMBS agency, CDOs and other ABS securities where inputs, which are significant to their valuation, became unobservable during the period. Transfers out of Level 3 were principally for CDOs, other ABS and RMBS agency securities, where inputs, which are significant to their valuation, became observable during the period. These inputs included spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs.

Transfers into and out of Level 3 were \$26 million and \$15 million, respectively, for the nine months ended September 30, 2012. Transfers into and out of Level 2 were \$15 million and \$26 million, respectively, for the nine months ended September 30, 2012. Transfers into Level 3 were principally for corporate obligations, other asset-backed securities, RMBS agency securities, CDOs and perpetual debt securities where inputs, which are significant to their valuation, became unobservable during the period. Transfers out of Level 3 were principally for other ABS, RMBS agency securities, CDOs and perpetual debt securities where inputs, which are significant to their valuation, became observable during the period. These inputs included spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs.

There were no transfers into or out of Level 1 during the nine months ended September 30, 2013 and 2012. All fair value hierarchy designations are made at the end of each accounting period.

There were no changes and no balances in Level 3 liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2013 and 2012.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Investments

National's AFS investments include debt and equity securities. Other invested assets designated as AFS are primarily comprised of money market funds.

The following tables present the amortized cost, fair value and corresponding gross unrealized gains and losses for AFS investments in National's investment portfolios as of September 30, 2013 and December 31, 2012:

In millions	September 30, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 295	\$ 1	\$ (7)	\$ 289
State and municipal bonds	1,345	15	(47)	1,313
Foreign governments	18	-	-	18
Corporate obligations	1,337	9	(21)	1,325
Mortgage-backed securities:				
Residential mortgage-backed agency	899	10	(18)	891
Residential mortgage-backed non-agency	13	2	-	15
Commercial mortgage-backed	19	1	(1)	19
Asset-backed securities:				
Collateralized debt obligations	16	-	-	16
Other asset-backed	66	1	-	67
Total fixed-maturity investments	4,008	39	(94)	3,953
Money market securities	594	-	-	594
Perpetual debt securities	6	-	-	6
Total AFS investments	<u>\$ 4,608</u>	<u>\$ 39</u>	<u>\$ (94)</u>	<u>\$ 4,553</u>

In millions	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 318	\$ 1	\$ (1)	\$ 318
State and municipal bonds	1,142	74	(1)	1,215
Foreign governments	1	-	-	1
Corporate obligations	471	11	(2)	480
Mortgage-backed securities:				
Residential mortgage-backed agency	888	17	-	905
Residential mortgage-backed non-agency	13	2	-	15
Commercial mortgage-backed	14	1	-	15
Asset-backed securities:				
Collateralized debt obligations	13	-	-	13
Other asset-backed	55	2	-	57
Total fixed-maturity investments	2,915	108	(4)	3,019
Money market securities	85	-	-	85
Perpetual debt securities	7	-	-	7
Total AFS investments	<u>\$ 3,007</u>	<u>\$ 108</u>	<u>\$ (4)</u>	<u>\$ 3,111</u>

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Investments (continued)

The following table presents the distribution by contractual maturity of AFS fixed-maturity securities at amortized cost and fair value as of September 30, 2013. Contractual maturity may differ from expected maturity as borrowers may have the right to call or prepay obligations.

In millions	Amortized Cost	Fair Value
Due in one year or less	\$ 372	\$ 373
Due after one year through five years	584	582
Due after five years through ten years	735	716
Due after ten years	1,304	1,274
Mortgage-backed and asset-backed	1,013	1,008
Total fixed-maturity investments	<u>\$ 4,008</u>	<u>\$ 3,953</u>

Deposited Securities

The fair value of securities on deposit with various regulatory authorities was \$6 million as of September 30, 2013 and December 31, 2012. These deposits are required to comply with state insurance laws.

Impaired Investments

The following tables present the gross unrealized losses related to AFS investments as of September 30, 2013 and December 31, 2012:

In millions	September 30, 2013					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 191	\$ (7)	\$ 2	\$ -	\$ 193	\$ (7)
State and municipal bonds	668	(46)	36	(1)	704	(47)
Foreign governments	8	-	-	-	8	-
Corporate obligations	582	(21)	-	-	582	(21)
Mortgage-backed securities:						
Residential mortgage-backed agency	526	(18)	1	-	527	(18)
Residential mortgage-backed non-agency	3	-	-	-	3	-
Commercial mortgage-backed	8	(1)	1	-	9	(1)
Asset-backed securities:						
Collateralized debt obligations	4	-	-	-	4	-
Other asset-backed	19	-	-	-	19	-
Total fixed-maturity investments	2,009	(93)	40	(1)	2,049	(94)
Perpetual debt securities	2	-	-	-	2	-
Total	<u>\$ 2,011</u>	<u>\$ (93)</u>	<u>\$ 40</u>	<u>\$ (1)</u>	<u>\$ 2,051</u>	<u>\$ (94)</u>

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Investments (continued)

In millions	December 31, 2012					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 68	\$ (1)	\$ -	\$ -	\$ 68	\$ (1)
State and municipal bonds	63	-	41	(1)	104	(1)
Corporate obligations	189	(2)	3	-	192	(2)
Mortgage-backed securities:						
Residential mortgage-backed agency	172	-	-	-	172	-
Residential mortgage-backed non-agency	-	-	2	-	2	-
Commercial mortgage-backed	3	-	-	-	3	-
Asset-backed securities:						
Collateralized debt obligations	1	-	4	-	5	-
Other asset-backed	4	-	-	-	4	-
Total fixed-maturity investments	500	(3)	50	(1)	550	(4)
Perpetual debt securities	1	-	1	-	2	-
Total	\$ 501	\$ (3)	\$ 51	\$ (1)	\$ 552	\$ (4)

With the weighting applied on the fair value of each security relative to the total fair value, the weighted average contractual maturity of securities in an unrealized loss position as of September 30, 2013 and December 31, 2012 was 15 and 16 years, respectively. As of September 30, 2013 and December 31, 2012, there were 14 and 27 securities, respectively, that were in an unrealized loss position for a continuous twelve month period or longer, of which the fair values of 5 and 7 securities, respectively, were below book value by more than 5%.

National has evaluated on a security-by-security basis whether the unrealized losses in its investment portfolios were other-than-temporary considering the duration and severity of unrealized losses, the circumstances that gave rise to the unrealized losses, and whether National has the intent to sell the securities or more likely than not will be required to sell the securities before their anticipated recoveries. Based on its evaluation, National determined that the unrealized losses on these securities were temporary in nature because its impairment analysis, including projected discounted future cash flows, indicated that National would be able to recover the amortized cost of impaired assets. National also concluded that it does not have the intent to sell securities in an unrealized loss position and it is more likely than not that it would not have to sell these securities before recovery of their cost basis. In making this conclusion, National examined the cash flow projections for its investment portfolios, the potential sources and uses of cash in its business, and the cash resources available to its business other than sales of securities. It also considered the existence of any risk management or other plans as of September 30, 2013 that would require the sale of impaired securities. On a quarterly basis, National re-evaluates the unrealized losses in its investment portfolios to determine whether an impairment loss should be realized in current earnings based on adverse changes in its expectation of cash flows and changes in its intent to sell securities.

Sales of Available-For-Sale Investments

Gross realized gains and losses are recorded in "Net gains (losses) on financial instruments at fair value and foreign exchange" on National's consolidated statements of operations. The proceeds and gross realized gains and losses from sales of AFS investments for the three and nine months ended September 30, 2013 and 2012 were as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Proceeds from sales	\$ 274	\$ 309	\$ 816	\$ 1,622
Gross realized gains	\$ -	\$ 18	\$ 35	\$ 32
Gross realized losses	\$ (3)	\$ -	\$ (5)	\$ (1)

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Income Taxes

National's income taxes and the related effective tax rates for the three and nine months ended September 30, 2013 and 2012 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Income (loss) before income taxes	\$ 5	\$ 160	\$ 159	\$ 352
Provision (benefit) for income taxes	\$ (1) (20.0)%	\$ 46 28.8%	\$ 51 32.1%	\$ 103 29.3%

For the nine months ended September 30, 2013 and 2012, National's effective tax rate was lower than the U.S. statutory rate of 35% primarily due to tax exempt interest, net of proration.

Accounting for Uncertainty in Income Taxes

As of September 30, 2013 and 2012, National did not have any uncertain tax positions and corresponding interest and/or penalties related to income taxes. National is a member of MBIA Inc.'s consolidated U.S. tax group and its only income tax jurisdiction is the U.S. National also files premium and franchise taxes in various states.

Tax Sharing Arrangement

National files its U.S. Corporation Income Tax Return as a member of MBIA Inc.'s consolidated group. National participates in a tax sharing agreement with MBIA Inc. under which it is allocated its share of consolidated tax liability or tax benefit, determined on a separate company basis. In the nine months ended September 30, 2013, National has, under the tax sharing agreement, made a tax payment to MBIA Inc. of \$17 million which represented the initial payment of the additional tax liability for the tax year ended 2012. Further, National made additional tax payments to MBIA Inc. totaling \$81 million which relate to the tax year ending 2013. National's payments are being placed in escrow by MBIA Inc. and will remain in escrow until the expiration of a two-year carryback period which would allow National to carryback a separate company tax loss and recover all or a portion of the escrowed funds. After the two year period, the escrow, to the extent not recovered upon carrying back a loss, is released to MBIA Inc. During the first half of 2013, \$115 million was released from escrow.

Note 8: Accumulated Other Comprehensive Income

The following table presents the changes in the components of AOCI for the nine months ended September 30, 2013:

In millions	Unrealized Gains (Losses) on AFS Securities, Net ⁽¹⁾
Balance, January 1, 2013	\$ 68
Other comprehensive income before reclassifications	(83)
Amounts reclassified from AOCI	(20)
Net current period other comprehensive income	(103)
Balance, September 30, 2013	\$ (35)

(1) - All amounts are presented net of tax. Amounts in parentheses indicate debits.

The following table presents the details of the reclassifications from AOCI for the nine months ended September 30, 2013:

In millions	Amounts Reclassified from AOCI	Affected Line Item on the Consolidated Statements of Operations
Details about AOCI Components		
Reclassification adjustments on sale of securities		Net gains (losses) on financial instruments at fair value and foreign exchange
	\$ 30	
	10	Provision (benefit) for income taxes
Total reclassifications for the period	\$ 20	Net income (loss)

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 9: Commitments and Contingencies

The following commitments and contingencies provide an update of those discussed in “Note 14: Commitments and Contingencies” in the Notes to Consolidated Financial Statements included in Exhibit 99.1 of MBIA Inc.’s Annual Report on Form 10-K for the year ended December 31, 2012 and should be read in conjunction with the complete descriptions provided in the aforementioned note included in Exhibit 99.1 of Form 10-K. In the normal course of operating its business, National may be involved in various legal proceedings. Additionally, MBIA Inc. together with its subsidiaries (“MBIA”) may be involved in various legal proceedings that directly or indirectly impact National.

Transformation Litigation

ABN AMRO Bank N.V. et al. v. Eric Dinallo et al.; Index no. 601846/09 (N.Y. Sup. Ct., N.Y. County)

On March 4, 2013, the court issued a decision dismissing the Article 78 proceeding. On April 2, 2013, the remaining plaintiffs filed a Notice of Appeal to the Appellate Division, First Department. In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims.

ABN AMRO Bank N.V. et al. v. MBIA Inc. et al.; Index No. 601475/2009 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims.

Barclays Bank PLC., et al. v. Wrynn et al.; Index No. 651811/2010 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims.

CQS ABS Master Fund Ltd., CQS Select ABS Master Fund Ltd., and CQS ABS Alpha Master Fund Ltd. v. MBIA Inc. et al.; Civil Action No. 12-cv-6840 (R.S.) (S.D.N.Y.)

On October 23, 2013, the plaintiffs filed a motion for a preliminary injunction seeking to prospectively enjoin National from issuing dividends during the pendency of the litigation. Although the motion referenced the dividend that National previously had disclosed it intended to pay in the fourth quarter of 2013, that dividend was paid prior to the filing of the motion and therefore is not subject to the relief requested by the motion. Refer to “Note 1: Business Developments and Risks and Uncertainties” for information regarding this dividend. National filed its reply to the motion on November 1, 2013, and believes it is not meritorious and should be denied. The court has adjourned oral argument on the motion to November 14, 2013. The court entered a revised Management Plan and Scheduling Order setting a fact discovery deadline of April 4, 2014.

Broadbill Partners LP, et al. v. MBIA Inc., et al.; Index No. 653865/2012 (N.Y. Sup. Ct., N.Y. County)

On June 6, 2013, the plaintiffs voluntarily dismissed the litigation without prejudice. A Stipulation of Discontinuance was filed on June 7, 2013.

Corporate Litigation

Bank of America v. MBIA Inc. and The Bank of New York Mellon, as Indenture Trustee; Index No. 70444/2012 (N.Y. Sup. Ct., Westchester County)

In May of 2013, the parties reached an agreement to resolve their respective claims in this action.

MBIA Inc. v. Bank of America Corp. and Blue Ridge Investments, L.L.C.; Index No. 51664/2013 (N.Y. Sup. Ct., Westchester County)

In May of 2013, the parties reached an agreement to resolve their respective claims in this action.

Mary Crescente v. Joseph Brown, et al.; Index No. 17595/2008 (N.Y. Sup. Ct., Westchester County)

On March 25, 2013, a Stipulation of Discontinuance was filed with the court resolving the litigation.

Ambac Bond Insurance Coverage Cases, Coordinated Proceeding Case No. JCCP 4555 (Super. Ct. of Cal., County of San Francisco)

The plaintiffs have filed a notice of appeal of the March 22, 2013 decision that granted the Bond Insurer defendants’ motion to strike pursuant to California’s Anti-SLAPP statute dismissing the plaintiffs’ claims under California’s Cartwright Act. On October 1, 2013, the Bond Insurer defendants’ filed a notice of cross-appeal.

National Public Finance Guarantee Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 9: Commitments and Contingencies (continued)

Tri-City Healthcare District v. Citibank. et al.; Case No. 30-2010-00359692 (Super. Ct. of Cal., County of Orange)

The parties reached an agreement to resolve Tri-City Healthcare District's claims in this matter.

City of Phoenix v. AMBAC et al., Case No. 2:10-cv-00555-TMB (D. Ariz.)

On June 4, 2013, the parties reached an agreement to resolve the City of Phoenix's claims in this matter.

National Public Finance Guarantee Corp. et al. v City of Detroit, Michigan et al.; Adv. Pro. No 13-05309-swr (Bkcy. E.D. MI)

On November 8, 2013, National (together with Assured Guaranty Municipal Corp.) commenced an adversary proceeding against the City of Detroit and certain individuals employees/managers in the Chapter 9 bankruptcy case titled In re: City of Detroit, Michigan; Case No. 13-53846, pending in the United States Bankruptcy Court for the Eastern District of Michigan. The complaint seeks, among other things, a declaration that the City of Detroit and its employees/managers must comply with Michigan state law in the collection, segregation and use of restricted *ad valorem* tax proceeds levied and pledged to repay the principal and interest on several series of Detroit's unlimited tax general obligation bonds.

MBIA and National are defending against the aforementioned actions in which they are defendants and expect ultimately to prevail on the merits. There is no assurance, however, that they will prevail in these actions. Adverse rulings in these actions could have a material adverse effect on National's ability to implement its strategy and on its business, results of operations, cash flows and financial condition. At this stage of the various litigations, there has not been a determination as to the amount, if any, of damages. Accordingly, National is not able to estimate any amount of loss or range of loss.

There are no other material lawsuits pending or, to the knowledge of National, threatened, to which National is a party.

Note 10: Subsequent Events

Subsequent to September 30, 2013, National declared and paid a dividend of \$214 million to its ultimate parent, MBIA Inc.

Refer to "Note 9: Commitments and Contingencies" for information about legal proceedings that occurred after September 30, 2013.

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Section 7: EX-99.2 (EX-99.2)

Exhibit 99.2

**MBIA INSURANCE CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**As of September 30, 2013 and December 31, 2012
and for the periods ended September 30, 2013 and 2012**

MBIA INSURANCE CORPORATION AND SUBSIDIARIES
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MBIA INSURANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands except share and per share amounts)

	September 30, 2013	December 31, 2012
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$300,241 and \$708,068)	\$ 314,118	\$ 730,440
Investments carried at fair value	4,610	3,825
Short-term investments held as available-for-sale, at fair value (amortized cost \$205,970 and \$157,791)	206,364	158,610
Other investments (includes investments at fair value of \$1,432 and \$611)	28,407	28,139
Total investments	553,499	921,014
Cash and cash equivalents	345,748	396,788
Accrued investment income	6,735	7,085
Premiums receivable	1,084,559	1,228,381
Deferred acquisition costs	435,166	508,600
Prepaid reinsurance premiums	1,200,064	1,370,711
Insurance loss recoverable	742,055	3,648,025
Reinsurance recoverable on paid and unpaid losses	88,165	159,338
Property and equipment, at cost (less accumulated depreciation of \$57,084 and \$60,186)	1,350	1,633
Receivable for investments sold	55	65
Derivative assets	6,484	6,764
Current income taxes	5,880	7,071
Deferred income taxes, net	1,263,497	1,239,427
Other assets	18,799	19,744
Assets of consolidated variable interest entities:		
Cash	46,177	176,342
Investments held-to-maturity, at amortized cost (fair value of \$2,566,396 and \$2,674,336)	2,809,400	2,829,200
Fixed-maturity securities at fair value	626,320	1,734,774
Loans receivable at fair value	1,703,964	1,880,586
Loan repurchase commitments	1,115,725	1,086,040
Derivative assets	423	333
Total assets	\$ 12,054,065	\$ 17,221,921
Liabilities and Equity (Deficit)		
Liabilities:		
Unearned premium revenue	\$ 2,191,794	\$ 2,507,839
Loss and loss adjustment expense reserves	675,104	845,573
Reinsurance premiums payable	293,966	313,287
Long-term debt	1,097,606	2,694,699
Deferred fee revenue	352,355	409,458
Derivative liabilities	1,369,698	2,933,229
Other liabilities	119,345	312,679
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of \$2,510,925 and \$3,675,182)	5,320,325	6,504,382
Derivative liabilities	15,235	161,745
Total liabilities	11,435,428	16,682,891
Commitments and contingencies (See Note 12)		
Equity (deficit):		
Series A non-cumulative perpetual preferred stock, par value \$1,000 per share, liquidation value \$100,000 per share, authorized - 4,000, issued and outstanding - 2,759	27,598	27,598
Common stock, par value \$220.80 per share; authorized, issued and outstanding - 67,936 shares	15,000	15,000
Additional paid-in capital	980,218	981,735
Retained earnings (deficit)	(416,937)	(510,283)
Accumulated other comprehensive income (loss), net of tax of \$5,459 and \$1,642	12,758	24,980
Total equity (deficit)	618,637	539,030
Total liabilities and equity (deficit)	\$ 12,054,065	\$ 17,221,921

The accompanying notes are an integral part of the consolidated financial statements.

MBIA INSURANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Premiums earned:				
Scheduled premiums earned	\$ 40,009	\$ 39,071	\$ 111,512	\$ 146,215
Refunding premiums earned	431	2,769	2,733	12,408
Premiums earned (net of ceded premiums of \$48,085, \$80,175, \$166,108 and \$226,526)	40,440	41,840	114,245	158,623
Net investment income	1,570	5,755	7,085	15,786
Fees and reimbursements	16,682	42,407	62,087	104,169
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(27,703)	11,549	(1,548,268)	(420,432)
Unrealized gains (losses) on insured derivatives	284,848	(32,823)	1,561,876	1,473,161
Net change in fair value of insured derivatives	257,145	(21,274)	13,608	1,052,729
Net gains (losses) on financial instruments at fair value and foreign exchange	(5,650)	15,200	28,344	20,809
Investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	-	(2,625)	-	(5,830)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	-	-	-	(37,086)
Net investment losses related to other-than-temporary impairments	-	(2,625)	-	(42,916)
Other net realized gains (losses)	220	244	462	975
Revenues of consolidated variable interest entities:				
Net investment income	12,763	13,091	38,153	40,208
Net gains (losses) on financial instruments at fair value and foreign exchange	14,491	42,278	118,781	(25,305)
Other net realized gains (losses)	-	-	765	-
Total revenues	337,661	136,916	383,530	1,325,078
Expenses:				
Losses and loss adjustment	62,733	167,184	(13,389)	314,888
Amortization of deferred acquisition costs	19,598	23,611	76,744	81,571
Operating	21,748	28,426	82,536	109,213
Interest	30,613	62,153	129,387	174,797
Expenses of consolidated variable interest entities:				
Operating	2,627	4,780	9,426	15,808
Interest	9,877	10,416	29,968	32,221
Total expenses	147,196	296,570	314,672	728,498
Income (loss) before income taxes	190,465	(159,654)	68,858	596,580
Provision (benefit) for income taxes	70,748	(79,811)	(24,488)	201,290
Net income (loss)	\$ 119,717	\$ (79,843)	\$ 93,346	\$ 395,290

The accompanying notes are an integral part of the consolidated financial statements.

MBIA INSURANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(In thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net income (loss)	\$ 119,717	\$ (79,843)	\$ 93,346	\$ 395,290
Other comprehensive income (loss):				
Unrealized gains (losses) on available-for-sale securities:				
Unrealized gains (losses) arising during the period	(3,633)	23,295	(3,872)	33,869
Provision (benefit) for income taxes	(1,586)	713	(1,290)	(220)
Total	(2,047)	22,582	(2,582)	34,089
Reclassification adjustments for (gains) losses included in net income (loss)	-	99	(2,660)	(7,609)
Provision (benefit) for income taxes	-	35	(929)	(2,663)
Total	-	64	(1,731)	(4,946)
Reclassification adjustments for other-than-temporary impairments included in net income (loss)	-	-	-	37,086
Provision (benefit) for income taxes	-	-	-	12,980
Total	-	-	-	24,106
Foreign currency translation:				
Foreign currency translation gains (losses)	31,726	(12,355)	(7,224)	(23,261)
Provision (benefit) for income taxes	881	(3,715)	685	(2,975)
Total	30,845	(8,640)	(7,909)	(20,286)
Total other comprehensive income (loss)	28,798	14,006	(12,222)	32,963
Comprehensive income (loss)	<u>\$ 148,515</u>	<u>\$ (65,837)</u>	<u>\$ 81,124</u>	<u>\$ 428,253</u>

The accompanying notes are an integral part of the consolidated financial statements.

MBIA INSURANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (Unaudited)
For The Nine Months Ended September 30, 2013
(In thousands except share amounts)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareholders' Equity (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balance, December 31, 2012	2,759	\$27,598	67,936	\$15,000	\$981,735	\$(510,283)	\$ 24,980	\$ 539,030
Net income (loss)	-	-	-	-	-	93,346	-	93,346
Other comprehensive income (loss)	-	-	-	-	-	-	(12,222)	(12,222)
Share-based compensation, net of tax of \$2,062	-	-	-	-	(1,517)	-	-	(1,517)
Balance, September 30, 2013	<u>2,759</u>	<u>\$27,598</u>	<u>67,936</u>	<u>\$15,000</u>	<u>\$980,218</u>	<u>\$(416,937)</u>	<u>\$ 12,758</u>	<u>\$ 618,637</u>

The accompanying notes are an integral part of the consolidated financial statements.

MBIA INSURANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities:		
Premiums, fees and reimbursements received	\$ 120,289	\$ 203,721
Investment income received	190,383	275,139
Insured derivative commutations and losses paid	(452,686)	(463,652)
Financial guarantee losses and loss adjustment expenses paid	(464,440)	(518,000)
Proceeds from recoveries and reinsurance	1,928,448	123,863
Operating and employee related expenses paid	(93,184)	(91,282)
Interest paid	(120,950)	(264,169)
Income taxes (paid) received	(510)	(6,493)
Net cash provided (used) by operating activities	<u>1,107,350</u>	<u>(740,873)</u>
Cash flows from investing activities:		
Purchase of fixed-maturity securities	(13,927)	(170,134)
Sale and redemption of fixed-maturity securities	487,771	812,124
Proceeds from paydowns on variable interest entity loans	211,111	202,726
Proceeds from paydowns on secured loan to Parent	-	300,000
Redemptions of held-to-maturity investments	19,800	7,200
Sale (purchase) of short-term investments, net	45,287	(158,871)
Sale (purchase) of other investments, net	(599)	8,995
Consolidation (deconsolidation) of variable interest entities, net	(26,385)	(50,901)
(Payments) proceeds for derivative settlements	(27,911)	(66,483)
Capital expenditures	(334)	(520)
Disposal of fixed assets	5	-
Net cash provided (used) by investing activities	<u>694,818</u>	<u>884,136</u>
Cash flows from financing activities:		
Principal paydowns of variable interest entity notes	(537,247)	(680,560)
Issuance of variable interest entity notes	92,720	-
Proceeds from (repayment of) secured loan with an affiliate	(1,595,620)	443,000
Proceeds from secured loan	50,000	-
Net cash provided (used) by financing activities	<u>(1,990,147)</u>	<u>(237,560)</u>
Effect of exchange rate changes on cash and cash equivalents	6,774	-
Net increase (decrease) in cash and cash equivalents	(181,205)	(94,297)
Cash and cash equivalents - beginning of period	573,130	296,484
Cash and cash equivalents - end of period	<u>\$ 391,925</u>	<u>\$ 202,187</u>
Reconciliation of net income (loss) to net cash provided (used) by operating activities:		
Net income (loss)	\$ 93,346	\$ 395,290
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Change in:		
Accrued investment income	380	3,251
Premiums receivable	138,013	99,843
Deferred acquisition costs	73,518	83,720
Unearned premium revenue	(312,872)	(346,336)
Prepaid reinsurance premiums	170,647	241,883
Reinsurance premiums payable	(19,321)	(20,063)
Loss and loss adjustment expense reserves	(172,452)	101,718
Reinsurance recoverable on paid and unpaid losses	71,173	8,700
Insurance loss recoverable	2,917,057	(270,606)
Payable to affiliates	(1,261)	6,406
Payable to reinsurers on recoverables	(239,415)	81,501
Accrued interest payable	112,459	40,890
Accounts receivable	17	47
Accrued expenses	(2,453)	17,371
Deferred fee revenue	(57,103)	(77,509)
Current income taxes	1,191	(4,253)
Amortization (accretion) of bond premiums (discounts), net	1,494	5,902
Depreciation	612	383
Other net realized (gains) losses	(1,227)	(975)
Net investment losses related to other-than-temporary impairments	-	42,916
Unrealized (gains) losses on insured derivatives	(1,561,876)	(1,473,161)
Net (gains) losses on financial instruments at fair value and foreign exchange	(147,124)	4,496
Deferred income tax provision (benefit)	(26,201)	198,955
Share-based compensation	545	1,124
Interest on variable interest entities, net	65,131	112,994
Other operating	3,072	4,640
Total adjustments to net income (loss)	<u>1,014,004</u>	<u>(1,136,163)</u>
Net cash provided (used) by operating activities	<u>\$ 1,107,350</u>	<u>\$ (740,873)</u>

The accompanying notes are an integral part of the consolidated financial statements.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 1: Business Developments and Risks and Uncertainties

Summary

MBIA Insurance Corporation is a wholly-owned subsidiary of MBIA Inc. (the "Parent" or "MBIA"). The guarantees of MBIA Insurance Corporation and its subsidiaries, ("MBIA Corp.") insure structured finance and asset-backed obligations, privately issued bonds used for the financing of public purpose projects, which are primarily located outside of the United States ("U.S.") and that include toll roads, bridges, airports, public transportation facilities, utilities and other types of infrastructure projects serving a substantial public purpose, and obligations of sovereign and sub-sovereign issuers. Structured finance and asset-backed securities ("ABS") typically are securities repayable from expected cash flows generated by a specified pool of assets, such as residential and commercial mortgages, insurance policies, consumer loans, corporate loans and bonds, trade and export receivables, leases for equipment, aircraft and real property.

Business Developments

In May of 2013, MBIA Inc., together with its subsidiaries, MBIA Corp. and National Public Finance Guarantee Corporation ("National"), entered into a comprehensive settlement agreement and related agreements (the "BoFA Settlement Agreement") with Bank of America Corporation and certain of its subsidiaries (collectively, "Bank of America"), discussed below under "Bank of America Settlement." As a result of the BoFA Settlement Agreement, MBIA Corp. repaid its secured loan from National (the "National Secured Loan"). As of September 30, 2013, MBIA Corp. was rated B with a stable outlook by Standard & Poor's Financial Services LLC ("S&P") and B3 with a positive outlook by Moody's Investors Service, Inc. ("Moody's").

Bank of America Settlement

Under the terms of the BoFA Settlement Agreement, MBIA Corp. received a payment of approximately \$1.7 billion, consisting of \$1.6 billion of cash and \$136 million principal amount of MBIA Inc.'s 5.70% Senior Notes due 2034. In exchange for such payment, MBIA Corp. agreed to dismiss the litigation commenced in September 2008 against Countrywide Home Loans, Inc. ("Countrywide"), among other parties, and later amended to include claims against Bank of America, relating to breaches of representations and warranties on certain MBIA-insured securitizations sponsored by Countrywide. Bank of America and MBIA also agreed to the commutation of all of the MBIA Corp. policies held by Bank of America, which had a notional insured amount of approximately \$7.4 billion, of which \$6.1 billion were policies insuring credit default swaps ("CDS") held by Bank of America referencing commercial real estate ("CRE") exposures. MBIA Corp. has no further payment obligations under the commuted policies. The New York State Department of Financial Services ("NYSDFS") advised MBIA Corp. that the NYSDFS did not object to the BoFA Settlement Agreement. The \$1.6 billion of cash received in connection with the BoFA Settlement Agreement is included in "Proceeds from recoveries and reinsurance" presented under the heading "Cash flows from operating activities" on MBIA Corp.'s consolidated statements of cash flows.

Under the terms of the BoFA Settlement Agreement, Blue Ridge Investments, L.L.C. ("Blue Ridge"), an affiliate of Bank of America, received a five-year warrant to purchase 9.94 million shares of MBIA common stock at a price of \$9.59 per share. Bank of America has also agreed to dismiss the pending litigation between the parties concerning the restructuring transactions announced by MBIA on February 18, 2009 (the "Transformation") and the pending litigation between the parties concerning the senior debt consent solicitation completed by MBIA in the fourth quarter of 2012. In addition, Bank of America agreed to withdraw the purported "notice of default" it sent in connection with such consent solicitation.

Under the terms of the BoFA Settlement Agreement, the dismissals of the litigations referenced above are initially being filed on a "without prejudice" basis. The parties will refile such dismissals on a "with prejudice" basis provided that, within the one-year period following execution of the BoFA Settlement Agreement, none of the claims released pursuant to the BoFA Settlement Agreement are reinstated and neither party is required to make a payment on any such released claims. MBIA Corp. views the likelihood of such an event as remote, and thus expects that the litigation dismissals will be filed on a "with prejudice" basis at the expiration of such one-year period.

MBIA Corp.'s policies insuring the residential mortgage-backed securities ("RMBS") securitizations originated by Countrywide will continue to be in full force and effect, and MBIA Corp. will continue to make timely payments of principal and interest if there are shortfalls when due under such policies. Bank of America will have no further representation and warranty liability with respect to the origination of the mortgage loans in the MBIA-insured Countrywide and certain other securitizations.

In addition, MBIA Corp. has entered into a \$500 million three-year secured revolving credit agreement with Blue Ridge (the "Blue Ridge Secured Loan"). During the third quarter of 2013, MBIA Insurance Corporation borrowed \$50 million under this agreement. Refer to "Note 9: Debt" for a discussion of the Blue Ridge Secured Loan.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 1: Business Developments and Risks and Uncertainties (continued)

The payment from Bank of America, including the MBIA Inc. notes, was used by MBIA Corp. to repay the outstanding balance and accrued interest on the National Secured Loan. The National Secured Loan balance of \$1.7 billion as of March 31, 2013 was reduced to approximately \$1.6 billion prior to the Bank of America settlement as a result of the receipt of \$110 million in settlement of Flagstar Bank's put-back obligation.

The value of the settlement is consistent with amounts recorded on MBIA Corp.'s statutory balance sheet as of December 31, 2012. MBIA Corp.'s liquidity and capital risk profile has substantially improved as a result of the settlement.

Societe Generale Settlement

In May of 2013, MBIA Inc., together with its subsidiaries, MBIA Corp. and National, entered into an agreement with Societe Generale pursuant to which MBIA commuted \$4.2 billion of gross insured exposure comprising ABS collateralized debt obligations ("CDOs"), structured commercial mortgage-backed securities ("CMBS") pools and CRE CDOs. The amount MBIA paid to Societe Generale in consideration of commuting its insured exposure is consistent with MBIA Corp.'s December 31, 2012 aggregate statutory loss reserves for the exposures commuted. Also, pursuant to the agreement, Societe Generale agreed to dismiss the pending litigation between the parties concerning the Transformation, which includes any appeals of the decision denying the Article 78 petition and the plenary case.

Residential Capital LLC Agreement

In May of 2013, MBIA Corp. and the other Consenting Claimants, Residential Capital LLC ("ResCap") and Ally Financial Inc. ("Ally"), agreed to the terms of a comprehensive plan agreement to support ResCap's Chapter 11 plan. The confirmation of ResCap's Chapter 11 plan would resolve MBIA Corp.'s claims against the Residential Funding Company, LLC ("RFC"), GMAC Mortgage LLC ("GMAC") and ResCap estates, and Ally. In June of 2013, the bankruptcy court issued a Memorandum Opinion approving the Plan Support Agreement (the "Plan"). The Plan is now subject to voting by creditors as well as a confirmation hearing by the bankruptcy court. All creditor ballots were due back by October 21, 2013 and as of the date of this report, the results had not been tallied. There can be no assurance that the Plan will be confirmed. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" for a discussion of the ResCap agreement.

Transformation Litigation

Subsequent to the BofA Settlement Agreement and the Societe Generale settlement, all litigation brought originally by the group of eighteen domestic and international financial institutions relating to the establishment of National has been resolved.

Other

As of September 30, 2013 and December 31, 2012, MBIA Corp.'s cash and liquid assets, that were immediately available totaled \$97 million and \$345 million, respectively. Management believes MBIA Corp.'s current liquidity position, together with future cash inflows and amounts available under the Blue Ridge Secured Loan, is adequate to make expected future claim payments. The combination of commutation payments to reduce liabilities and claim payments have placed liquidity pressure on MBIA Corp. MBIA Corp. continues to seek to reduce both the absolute amount and the volatility of its obligations and potential future claim payments through the execution of commutations of insurance policies. During the nine months ended September 30, 2013, MBIA Corp. commuted \$19.9 billion of gross insured exposure, primarily comprising structured CMBS pools, investment grade CDOs, ABS CDOs, first-lien subprime RMBS, high yield corporate CDOs, CRE CDOs, structured insurance securities and first-lien alternative A-paper ("Alt-A") RMBS.

Risks and Uncertainties

MBIA Corp.'s consolidated financial statements include estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The outcome of certain significant risks and uncertainties could cause MBIA Corp. to revise its estimates and assumptions or could cause actual results to differ from MBIA Corp.'s estimates. While MBIA Corp. believes that it continues to have sufficient capital and liquidity to meet all of its expected obligations, if one or more possible adverse outcomes were to be realized, its statutory capital, financial position, results of operations and cash flows could be materially and adversely affected.

Note 1: Business Developments and Risks and Uncertainties (continued)

Significant risks and uncertainties that could affect amounts reported in MBIA Corp.'s financial statements in future periods include, but are not limited to, the following:

- The amount and timing of potential claims from MBIA Corp.'s second-lien RMBS and remaining insured CMBS pools are potentially volatile, as are the projected collections of excess spread and the remaining put-back recoverables. However, management's expected liquidity and capital forecasts for MBIA Corp., which include expected availability of draws under the Blue Ridge Secured Loan and expected recoveries from the ResCap agreement, reflect adequate resources to pay expected claims. Further, the remaining insured portfolio, aside from these exposures, could deteriorate and result in loss reserves and claim payments. While management believes it will have adequate resources to pay expected claims, if MBIA Corp. experiences higher than expected claim payments or is unable to commute the remaining exposures that represent substantial risk, MBIA Corp. may ultimately have insufficient resources to continue to pay claims, which could cause the NYSDFS to put MBIA Corp. into a rehabilitation or liquidation proceeding (an "MBIA Corp. Proceeding"), as per Article 74 of the New York Insurance Law ("NYIL"). Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" for information about MBIA Corp.'s reserves and recoveries.
- Management believes that MBIA Corp. has sufficient liquidity resources to meet all of its obligations for the foreseeable future. In order to meet its liquidity requirements, MBIA Corp. may use its ability to finance through third-party facilities, although there can be no assurance that this strategy will be available or adequate. A failure by MBIA Inc. to settle liabilities that are also insured by MBIA Corp. could result in claims on MBIA Corp.
- MBIA Corp.'s ability to commute insured transactions is limited by available liquidity, including the availability of the Blue Ridge Secured Loan, recoveries from the ResCap agreement and the use of other available financing structures and liquidity, some of which could be subject to regulatory approval by the NYSDFS and/or the United Kingdom's ("U.K.") Prudential Regulation Authority. MBIA Corp.'s primary strategy for managing its CMBS pool and ABS CDO exposures has been commutations. There can be no assurance that MBIA Corp. will be able to fund further commutations through borrowings or otherwise. Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" for information about MBIA Corp.'s estimate of losses on its exposures.
- As of September 30, 2013, MBIA Corp. was not in compliance with a requirement under the NYIL to hold qualifying assets in an amount necessary to satisfy its contingency reserves. MBIA Corp. has reported the deficit to the NYSDFS. In addition, as of September 30, 2013, MBIA Corp. exceeded its aggregate risk limits and reported an overage related to its single risk limits under NYIL. MBIA Corp. plans to notify the NYSDFS of these overages and submit a plan to achieve compliance with its limits. While the NYSDFS has not taken action against MBIA Corp., the NYSDFS may impose remedial actions for failing to meet these requirements.
- Changes in fair value of insured credit derivatives can be caused by general market conditions, volatility in MBIA Corp.'s credit spreads and volatility on the underlying collateral assets on insured credit derivatives. This may result in significant unrealized gains and losses in MBIA Corp.'s reported results of operations. Refer to "Note 6: Fair Value of Financial Instruments" for information about MBIA Corp.'s valuation of insured credit derivatives.

As a result of the BofA Settlement Agreement, the risk of an MBIA Corp. Proceeding has been significantly reduced. While MBIA Corp. believes it will have adequate resources to pay expected claims, in the event it does not have adequate resources in the future and the NYSDFS were to commence an MBIA Corp. Proceeding, MBIA Corp. may be subject to the following:

- CDS counterparties may seek to terminate CDS contracts insured by MBIA Corp. and MBIA UK Insurance Limited and make market-based damage claims (irrespective of whether actual credit-related losses are expected under the underlying exposure). MBIA Corp. believes that such an acceleration would likely terminate any residual value.
- Medium-term notes ("MTNs") issued by MBIA's subsidiaries, MBIA Global Funding, LLC ("GFL") and Meridian Funding Company, LLC ("Meridian"), which are insured by MBIA Corp., would accelerate. To the extent GFL failed to pay the accelerated amounts under the GFL MTNs or the collateral securing the Meridian MTNs was deemed insufficient to pay the accelerated amounts under the Meridian MTNs, the MTN holders would have policy claims against MBIA Corp. for scheduled payments of interest and principal.
- An MBIA Corp. Proceeding may accelerate certain investment agreements issued by MBIA Inc. including, in some cases, with make-whole payments. To the extent MBIA fails to pay the accelerated amounts under these investment agreements or the collateral securing these investment agreements is deemed insufficient to pay the accelerated amounts due, the holders of the investment agreements would have policy claims against MBIA Corp.
- Payments under MBIA Corp. insurance policies could be suspended, delayed or reduced, in whole or in part.
- An acceleration of the surplus notes issued by MBIA Corp. and a possible reduction or further delay or suspension of the amounts due.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 1: Business Developments and Risks and Uncertainties (continued)

- MBIA Corp.'s ability to carry out its tax planning strategies. This may cause it to record additional allowances against a portion or all of its deferred tax assets. Refer to "Note 10: Income Taxes" for information about MBIA Corp.'s deferred tax assets. In addition, MBIA Corp. is currently included in the consolidated tax return of MBIA Inc. An MBIA Corp. Proceeding could result in challenges to the tax sharing arrangement among the MBIA affiliates that might adversely affect management's ability to manage taxes efficiently.
- Approval of the rehabilitator and the rehabilitation court (or liquidator and liquidation court, as the case may be) may be required for a variety of actions of importance to MBIA Corp. and its policyholders, including, without limitation, settlement of MBIA Corp.'s put-back litigation and commutation of MBIA Corp.-insured exposures.
- The rehabilitator or liquidator would replace the Board of Directors of MBIA Corp. and take control of the operations and assets of MBIA Corp., which would result in changes to its strategies and management.
- An MBIA Corp. Proceeding would be an event of default under the Blue Ridge Secured Loan and, as a result, the loan could be accelerated and Bank of America would have rights to the loan's collateral.
- MBIA Corp. would be subject to significant additional expenses arising from the appointment of the rehabilitator or liquidator, as receiver, and payment of the fees and expenses of the advisors to such rehabilitator or liquidator.

Note 2: Significant Accounting Policies

MBIA Corp. has disclosed its significant accounting policies in "Note 2: Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in Exhibit 99.2 to MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012. The following significant accounting policies provide an update to those included under the same captions in Exhibit 99.2 to MBIA Inc.'s Annual Report on Form 10-K.

Basis of Presentation

The accompanying unaudited consolidated financial statements do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual periods. These statements should be read in conjunction with MBIA Corp.'s consolidated financial statements and notes thereto included in Exhibit 99.2 to MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012. The accompanying consolidated financial statements have not been audited by an independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board (U.S.), but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of MBIA Corp.'s consolidated financial position and results of operations. All material intercompany balances and transactions have been eliminated.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. As additional information becomes available or actual amounts become determinable, the recorded estimates are revised and reflected in operating results.

The results of operations for the three and nine months ended September 30, 2013 may not be indicative of the results that may be expected for the year ending December 31, 2013. The December 31, 2012 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP for annual periods. Certain amounts have been reclassified in the prior years' financial statements to conform to the current presentation. This includes the reclassification of accrued interest on surplus notes and the National Secured Loan from "Other liabilities" to "Long-term debt" on MBIA Corp.'s consolidated balance sheets. Refer to "Note 9: Debt" for information about the amounts of this reclassification. This reclassification had no impact on total revenues, expenses, assets, liabilities, shareholders' equity, operating cash flows, investing cash flows, or financing cash flows for all periods presented.

Subsequent Events

MBIA Corp. has evaluated all subsequent events as of November 12, 2013, the date of issuance of the consolidated financial statements, for inclusion in MBIA Corp.'s consolidated financial statements and/or accompanying notes.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 3: Recent Accounting Pronouncements

Recently Adopted Accounting Standards

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02)

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-02, "Comprehensive Income (Topic 220)—Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" that requires an entity to present information about the amounts reclassified out of accumulated other comprehensive income ("AOCI") by component and to present significant amounts reclassified out of AOCI by the respective line items of net income. The amendment only affects MBIA Corp.'s disclosures and does not affect MBIA Corp.'s consolidated balance sheets, results of operations, or cash flows. MBIA Corp. adopted this standard in the first quarter of 2013.

Disclosures about Offsetting Assets and Liabilities (ASU 2011-11)

In December 2011, the FASB issued ASU 2011-11, "Balance Sheet (Topic 210)—Disclosures about Offsetting Assets and Liabilities." ASU 2011-11 creates new disclosure requirements about the nature of MBIA Corp.'s rights of setoff and related arrangements associated with its financial instruments and derivative instruments. This amendment does not change the existing offsetting eligibility criteria or the permitted balance sheet presentation for those instruments that meet the eligibility criteria. The disclosure requirement was effective for MBIA Corp. beginning in the first quarter of 2013. In January 2013, the FASB issued ASU 2013-01, "Balance Sheet (Topic 210)—Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." ASU 2013-01 clarifies that ASU 2011-11 applies only to derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with specific criteria contained in the FASB Accounting Standards Codification or subject to a master netting arrangement or similar agreement. These standards only affect MBIA Corp.'s disclosures and do not affect MBIA Corp.'s consolidated balance sheets, results of operations, or cash flows. MBIA Corp. adopted this standard in the first quarter of 2013.

Refer to the Notes to Consolidated Financial Statements of MBIA Corp. included in Exhibit 99.2 to MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012 for further information regarding the effects of recently adopted accounting standards on prior year financial statements.

Note 4: Variable Interest Entities

MBIA Corp. provides credit protection to issuers of obligations that may involve issuer-sponsored special purpose entities ("SPEs"). An SPE may be considered a variable interest entity ("VIE") to the extent the SPE's total equity at risk is not sufficient to permit the SPE to finance its activities without additional subordinated financial support or its equity investors lack any one of the following characteristics: (i) the power to direct the activities of the SPE that most significantly impact the entity's economic performance or (ii) the obligation to absorb the expected losses of the entity or the right to receive the expected residual returns of the entity. A holder of a variable interest or interests in a VIE is required to assess whether it has a controlling financial interest, and thus is required to consolidate the entity as primary beneficiary. An assessment of a controlling financial interest identifies the primary beneficiary as the variable interest holder that has both of the following characteristics: (i) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE. An ongoing reassessment of controlling financial interest is required to be performed based on any substantive changes in facts and circumstances involving the VIE and its variable interests.

MBIA Corp. evaluates issuer-sponsored SPEs initially to determine if an entity is a VIE, and is required to reconsider its initial determination if certain events occur. For all entities determined to be VIEs, MBIA Corp. performs an ongoing reassessment to determine whether its guarantee to provide credit protection on obligations issued by VIEs provides MBIA Corp. with a controlling financial interest. Based on its ongoing reassessment of controlling financial interest, MBIA Corp. determines whether a VIE is required to be consolidated or deconsolidated.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Variable Interest Entities (continued)

MBIA Corp. makes its determination for consolidation based on a qualitative assessment of the purpose and design of a VIE, the terms and characteristics of variable interests of an entity, and the risks a VIE is designed to create and pass through to holders of variable interests. MBIA Corp. generally provides credit protection on obligations issued by VIEs, and holds certain contractual rights according to the purpose and design of a VIE. MBIA Corp. may have the ability to direct certain activities of a VIE depending on facts and circumstances, including the occurrence of certain contingent events, and these activities may be considered the activities of a VIE that most significantly impact the entity's economic performance. MBIA Corp. generally considers its guarantee of principal and interest payments of insured obligations, given nonperformance by a VIE, to be an obligation to absorb losses of the entity that could potentially be significant to the VIE. At the time MBIA Corp. determines it has the ability to direct the activities of a VIE that most significantly impact the economic performance of the entity based on facts and circumstances, MBIA Corp. is deemed to have a controlling financial interest in the VIE and is required to consolidate the entity as primary beneficiary. MBIA Corp. performs an ongoing reassessment of controlling financial interest that may result in consolidation or deconsolidation of any VIE.

Nonconsolidated VIEs

The following tables present the total assets of nonconsolidated VIEs in which MBIA Corp. holds a variable interest as of September 30, 2013 and December 31, 2012. The following tables also present MBIA Corp.'s maximum exposure to loss for nonconsolidated VIEs and carrying values of the assets and liabilities for its interests in these VIEs as of September 30, 2013 and December 31, 2012. MBIA Corp. has aggregated nonconsolidated VIEs based on the underlying credit exposure of the insured obligation. The nature of MBIA Corp.'s variable interests in nonconsolidated VIEs is related to financial guarantees, insured CDS contracts and any investments in obligations issued by nonconsolidated VIEs.

	September 30, 2013							
	Carrying Value of Assets					Carrying Value of Liabilities		
	VIE Assets	Maximum Exposure to Loss	Investments ⁽¹⁾	Premiums Receivable ⁽²⁾	Insurance Loss Recoverable ⁽³⁾	Unearned Premium Revenue ⁽⁴⁾	Loss and Loss Adjustment Expense Reserves ⁽⁵⁾	Derivative Liabilities ⁽⁶⁾
In millions								
Insurance:								
Global structured finance:								
Collateralized debt obligations	\$ 13,564	\$ 7,972	\$ 118	\$ 45	\$ 5	\$ 38	\$ 26	\$ 94
Mortgage-backed residential	22,400	9,915	11	57	696	56	374	5
Mortgage-backed commercial	2,010	1,102	-	1	-	1	-	-
Consumer asset-backed	6,788	2,888	9	21	-	20	17	-
Corporate asset-backed	14,258	7,817	-	87	19	103	-	-
Total global structured finance	59,020	29,694	138	211	720	218	417	99
Global public finance	51,060	20,258	-	205	-	250	5	-
Total insurance	\$110,080	\$49,952	\$ 138	\$ 416	\$ 720	\$ 468	\$ 422	\$ 99

(1) - Reported within "Investments" on MBIA Corp.'s consolidated balance sheets.

(2) - Reported within "Premiums receivable" on MBIA Corp.'s consolidated balance sheets.

(3) - Reported within "Insurance loss recoverable" on MBIA Corp.'s consolidated balance sheets.

(4) - Reported within "Unearned premium revenue" on MBIA Corp.'s consolidated balance sheets.

(5) - Reported within "Loss and loss adjustment expense reserves" on MBIA Corp.'s consolidated balance sheets.

(6) - Reported within "Derivative liabilities" on MBIA Corp.'s consolidated balance sheets.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Variable Interest Entities (continued)

In millions	December 31, 2012							
	Carrying Value of Assets					Carrying Value of Liabilities		
	VIE Assets	Maximum Exposure to Loss	Investments ⁽¹⁾	Premiums Receivable ⁽²⁾	Insurance Loss Recoverable ⁽³⁾	Unearned Premium Revenue ⁽⁴⁾	Loss and Loss Adjustment Expense Reserves ⁽⁵⁾	Derivative Liabilities ⁽⁶⁾
Insurance:								
Global structured finance:								
Collateralized debt obligations	\$ 16,925	\$10,873	\$ -	\$ 62	\$ 5	\$ 55	\$ 37	\$ 74
Mortgage-backed residential	34,061	13,075	11	77	3,278	75	440	4
Mortgage-backed commercial	4,801	2,432	-	2	-	2	-	-
Consumer asset-backed	5,820	3,086	10	19	-	19	21	-
Corporate asset-backed	19,980	9,981	-	123	13	140	-	-
Total global structured finance	81,587	39,447	21	283	3,296	291	498	78
Global public finance	39,259	21,346	-	220	-	267	4	-
Total insurance	<u>\$120,846</u>	<u>\$60,793</u>	<u>\$ 21</u>	<u>\$ 503</u>	<u>\$ 3,296</u>	<u>\$ 558</u>	<u>\$ 502</u>	<u>\$ 78</u>

- (1) - Reported within "Investments" on MBIA Corp.'s consolidated balance sheets.
(2) - Reported within "Premiums receivable" on MBIA Corp.'s consolidated balance sheets.
(3) - Reported within "Insurance loss recoverable" on MBIA Corp.'s consolidated balance sheets.
(4) - Reported within "Unearned premium revenue" on MBIA Corp.'s consolidated balance sheets.
(5) - Reported within "Loss and loss adjustment expense reserves" on MBIA Corp.'s consolidated balance sheets.
(6) - Reported within "Derivative liabilities" on MBIA Corp.'s consolidated balance sheets.

The maximum exposure to loss as a result of MBIA Corp.'s variable interests in VIEs is represented by insurance in force. Insurance in force is the maximum future payments of principal and interest, net of cessions to reinsurers, which may be required under commitments to make payments on insured obligations issued by nonconsolidated VIEs.

Consolidated VIEs

The carrying amounts of assets and liabilities of consolidated VIEs were \$6.3 billion and \$5.3 billion, respectively, as of September 30, 2013, and \$7.7 billion and \$6.7 billion, respectively, as of December 31, 2012. The carrying amounts of assets and liabilities are presented separately in "Assets of consolidated variable interest entities" and "Liabilities of consolidated variable interest entities" on MBIA Corp.'s consolidated balance sheets. Additional VIEs are consolidated or deconsolidated based on an ongoing reassessment of controlling financial interest, when events occur or circumstances arise, and whether the ability to exercise rights that constitute power to direct activities of any VIEs are present according to the design and characteristics of these entities. No additional VIEs were consolidated during the nine months ended September 30, 2013 and 2012. There were no net realized gains or losses recorded in the three months ended September 30, 2013 and 2012. During the nine months ended September 30, 2013, MBIA Corp. recorded a net realized gain of \$1 million related to the deconsolidation of VIEs. There were no net realized gains or losses recorded in the nine months ended September 30, 2012.

Holders of insured obligations of issuer-sponsored VIEs related to MBIA Corp. do not have recourse to the general assets of MBIA Corp. In the event of nonpayment of an insured obligation issued by a consolidated VIE, MBIA Corp. is obligated to pay principal and interest, when due, on the respective insured obligation only. MBIA Corp.'s exposure to consolidated VIEs is limited to the credit protection provided on insured obligations and any additional variable interests held by MBIA Corp.

Note 5: Loss and Loss Adjustment Expense Reserves

Loss and Loss Adjustment Expense Process

As of September 30, 2013, the majority of MBIA Corp.'s case basis reserves and insurance loss recoveries recorded in accordance with GAAP were related to insured second-lien and first-lien RMBS transactions. These reserves and recoveries do not include estimates for policies insuring credit derivatives and does not include losses and recoveries on financial guarantee VIEs that are eliminated in consolidation. Policies insuring credit derivative contracts are accounted for as derivatives and carried at fair value under GAAP. The fair values of insured derivative contracts are influenced by a variety of market and transaction-specific factors that may be unrelated to potential future claim payments under MBIA Corp.'s insurance policies. In the absence of credit impairments on insured derivative contracts or the early termination of such contracts at a loss, the cumulative unrealized losses recorded from fair valuing these contracts should reverse before or at the maturity of the contracts.

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

Notwithstanding the difference in accounting under GAAP for financial guarantee policies and MBIA Corp.'s insured derivatives, insured derivatives have similar terms, conditions, risks, and economic profiles to financial guarantee insurance policies, and therefore, are evaluated by MBIA Corp. for loss (referred to as credit impairment herein) and loss adjustment expense ("LAE") periodically in a manner similar to the way that loss and LAE reserves are estimated for financial guarantee insurance policies. Credit impairments represent actual payments and collections plus the present value of estimated expected future claim payments, net of recoveries. MBIA Insurance Corporation's expected future claim payments for insured derivatives were discounted using a rate of 5.72%, the same rate it used to calculate its statutory loss reserves as of September 30, 2013. These credit impairments, calculated in accordance with statutory accounting principles ("U.S. STAT"), differ from the fair values recorded in MBIA Corp.'s consolidated financial statements. MBIA Corp. considers its credit impairment estimates as critical information for investors as it provides information about loss payments MBIA Corp. expects to make on insured derivative contracts. As a result, the following loss and LAE process discussion includes information about loss and LAE activity recorded in accordance with GAAP for financial guarantee insurance policies and credit impairments estimated in accordance with U.S. STAT for insured derivative contracts. Refer to "Note 6: Fair Value of Financial Instruments" included herein for additional information about MBIA Corp.'s insured credit derivative contracts.

To date, MBIA Corp. has resolved or agreed to resolve substantially all of its contract claims (referred to as "put-back" claims) related to those mortgage loans whose inclusion in insured securitizations failed to comply with representations and warranties ("ineligible loans"), with the exception of those ineligible loans securitized by Credit Suisse 2007-2 in the home equity mortgage trust ("HEMT") securitization. Credit Suisse has challenged MBIA Corp.'s assessment of the ineligibility of individual mortgage loans and the dispute is the subject of litigation for which there is no assurance that MBIA Corp. will prevail.

RMBS Case Basis Reserves and Recoveries (Financial Guarantees)

MBIA Corp.'s RMBS reserves and recoveries relate to financial guarantee insurance policies. MBIA Corp. calculated RMBS case basis reserves as of September 30, 2013 for both second-lien and first-lien RMBS transactions using a process called the "Roll Rate Methodology." The Roll Rate Methodology is a multi-step process using a database of loan level information, a proprietary internal cash flow model, and a commercially available model to estimate expected ultimate cumulative losses on insured bonds. "Roll Rate" is defined as the probability that current loans become delinquent and that loans in the delinquent pipeline are charged-off or liquidated. Generally, Roll Rates are calculated for the previous three months and averaged. The loss reserve estimates are based on a probability-weighted average of three scenarios of loan losses (base case, stress case, and an additional stress case).

In calculating ultimate cumulative losses for RMBS, MBIA Corp. estimates the amount of loans that are expected to be charged-off (deemed uncollectible by servicers of the transactions) or liquidated in the future. MBIA Corp. assumes that charged-off loans have zero recovery values.

Second-lien RMBS Reserves

MBIA Corp.'s second-lien RMBS case basis reserves as of September 30, 2013 relate to RMBS backed by home equity lines of credit ("HELOC") and closed-end second mortgages ("CES").

The Roll Rates for 30-59 day delinquent loans and 60-89 day delinquent loans are calculated on a transaction-specific basis. MBIA Corp. assumes that the Roll Rate for 90+ day delinquent loans, excluding foreclosures and Real Estate Owned ("REO") is 95%. The Roll Rates are applied to the amounts in the respective delinquency buckets based on delinquencies as of August 31, 2013 to estimate future losses from loans that are delinquent as of the current reporting period.

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

Roll Rates for loans that are current as of August 31, 2013 ("Current Roll to Loss") are also calculated on a transaction-specific basis. A proportion of loans reported current as of August 31, 2013 is assumed to become delinquent every month, at a Current Roll to Loss rate that persists at a high level for a time and subsequently starts to decline. A key assumption in the model is the period of time in which MBIA Corp. projects high levels of Current Roll to Loss to persist. MBIA Corp. runs multiple scenarios, each with varying periods of time, for which the high levels of Current Roll to Loss rates persist. Loss reserves are calculated by using a weighted average of these scenarios, with the majority of the probability assigned to stressful scenarios where the high levels of Current Roll to Loss rates persist for six or twenty four months before reverting to historic levels. In the base case scenario, MBIA Corp. assumes that the Current Roll to Loss begins to decline immediately and continues to decline over the next six months to 25% of their levels as of August 31, 2013. For example, in the base case, as of August 31, 2013, if the amount of current loans which become 30-59 days delinquent is 10%, and recent performance suggests that 30% of those loans will be charged-off, the Current Roll to Loss for the transaction is 3%. In the base case, it is then assumed that the Current Roll to Loss will reduce linearly to 25% of its original value over the next six months (i.e., 3% will linearly reduce to 0.75% over the six months from September 2013 to February 2014). After that six-month period, MBIA Corp. further reduces the Current Roll to Loss to 0% by early to mid-2014 with the expectation that the performing seasoned loans will eventually result in loan performance reverting to lower levels of default consistent with history.

In addition, in MBIA Corp.'s loss reserve models for transactions secured by HELOCs, MBIA Corp. considers borrower draw and prepayment rates and factors that could affect the excess spread generated by current loans, which offsets losses and reduces payments. For HELOCs, the current three-month average draw rate is generally used to project future draws on the line. For HELOCs and transactions secured by fixed-rate CES, the three-month average conditional prepayment rate is generally used to start the projection for trends in voluntary principal prepayments. Due to the current volatility in mortgage prepayment rates, which influence mortgage refinancing and voluntary principal prepayment rates, MBIA Corp. used historical average mortgage rates to model its loss reserves in the third quarter of 2013. Projected cash flows are also based on an assumed constant basis spread between floating rate assets and floating rate insured debt obligations (the difference between prime and London Interbank Offered Rate ("LIBOR") interest rates, minus any applicable fees). For all transactions, cash flow models consider allocations and other structural aspects of the transactions, including managed amortization periods, rapid amortization periods and claims against MBIA Corp.'s insurance policy consistent with such policy's terms and conditions. In developing multiple loss scenarios, stress is applied by elongating the Current Roll to Loss rate for various periods, simulating a slower improvement in the transaction performance. The estimated net claims from the procedure above are then discounted using a risk-free rate to a net present value reflecting MBIA Corp.'s general obligation to pay claims over time and not on an accelerated basis. The above assumptions represent MBIA Corp.'s probability-weighted estimates of how transactions will perform over time.

MBIA Corp. monitors portfolio performance on a monthly basis against projected performance, reviewing delinquencies, Roll Rates, and prepayment rates (including voluntary and involuntary). However, loan performance remains difficult to predict and losses may exceed expectations. In the event of a material deviation in actual performance from projected performance, MBIA Corp. would increase or decrease the case basis reserves accordingly. If actual performance were to remain at the peak levels for six additional months compared to the probability-weighted outcome currently used by MBIA Corp., the addition to the case basis reserves would be approximately \$85 million.

Second-lien RMBS Recoveries

MBIA Corp. primarily records two types of recoveries related to insured second-lien RMBS exposures; recoveries related to put-back claims on ineligible mortgages and excess spread that is generated from performing loans in the insured transactions.

Ineligible Mortgage Loans

As of September 30, 2013, MBIA Corp. recorded estimated recoveries of \$1.1 billion, gross of income taxes, related to second-lien RMBS put-back claims on ineligible mortgage loans, consisting of \$18 million included in "Insurance loss recoverable" and \$1.1 billion included in "Loan repurchase commitments" presented under the heading "Assets of consolidated variable interest entities" on MBIA Corp.'s consolidated balance sheets. As of September 30, 2013 and December 31, 2012, MBIA Corp.'s estimated recoveries after income taxes calculated at the federal statutory rate of 35%, were \$737 million and \$2.3 billion, respectively, which was 119% and 432% of the consolidated total shareholders' equity, respectively. As of September 30, 2013, the remaining estimated recoveries relate to MBIA Corp.'s claims based on ineligible mortgage loans asserted against Credit Suisse and the agreed to claims and recoveries against the bankruptcy estates of RFC, GMAC and ResCap as reflected in a disclosure statement filed in August of 2013.

On May 14, 2012, ResCap and its wholly-owned subsidiary companies, RFC and GMAC, each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. MBIA Corp. asserted claims based on the inclusion of ineligible loans against RFC, GMAC and ResCap, based upon the direct contractual relationship between MBIA Corp., RFC and GMAC.

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

As of May 23, 2013, Ally, ResCap, RFC, GMAC and the Consenting Claimants (which includes MBIA Corp.), among other parties, executed a term sheet and supplemental term sheet agreeing to, among other things, a settlement amount of \$796 million to be paid to MBIA Corp. as part of a proposed plan to resolve claims against Ally and RFC, GMAC and ResCap. In August of 2013, a disclosure statement filed indicated an increased expected recovery for MBIA Corp. of approximately \$828 million. The increased recovery was primarily due to the favorable disposition of assets and settlements of claims. The settlement and anticipated recoveries are consistent with the put-back recoveries recorded by MBIA Corp. The agreement will be implemented through a plan of reorganization in ResCap's Chapter 11 cases, subject to bankruptcy court approval. In June of 2013, the bankruptcy court issued a Memorandum Opinion approving the Plan. The Plan is subject to confirmation by the bankruptcy court, with confirmation hearings currently scheduled in November 2013. MBIA Corp. anticipates an initial distribution of funds to MBIA Corp. and other claimants in late 2013 or early 2014. This anticipated timeline may change due to developments related to the Junior Secured Note litigation, which occurred in October of 2013, or other matters that develop in the course of events in the bankruptcy court plan confirmation process.

MBIA Corp. continues to refine the indicative scenarios used to calculate put-back recoveries for ResCap based upon information received during the bankruptcy process. MBIA Corp. has made additional adjustments to its recovery calculations related to ResCap in consideration of the agreed upon recovery amount as described in the executed term sheet, supplemental term sheet and plan support agreement submitted in motions filed in May of 2013. During the third quarter of 2013, MBIA Corp. made additional refinements to the probability assumptions utilized to calculate MBIA Corp.'s expected recoveries. The revisions were based upon the submission of documents related to the Plan.

In addition, MBIA Corp. believes that it will prevail in enforcing its contractual put-back rights against Credit Suisse. Based on MBIA Corp.'s assessment of the strength of these claims, MBIA Corp. believes it is entitled to collect the full amount of its incurred losses, and interest on amounts paid. However, uncertainty remains with respect to the ultimate outcome of the litigation with Credit Suisse, which is contemplated in the scenario based-modeling MBIA Corp. utilizes. The Credit Suisse recovery scenarios are based on the amount of incurred losses measured against certain probabilities of ultimate resolution of the dispute with Credit Suisse over the inclusion of ineligible mortgage loans in the HEMT securitization. Most of the probability weight is assigned to partial recovery scenarios.

Expected cash inflows from put-back recoveries are discounted using the current risk-free discount rates associated with the underlying transaction's cash flows which ranged from 1.4% to 2.7%, depending upon the transaction's expected average life, which ranged from 5.0 years to 10.4 years.

MBIA Corp. consistently reviews the approach and assumptions it applies to calculate put-back recoveries. The same transactional documents that provide MBIA Corp. with its put-back rights against Credit Suisse also provide that MBIA Corp. is entitled to reimbursement of interest on paid claims at a prescribed interest rate. Following Judge Jed Rakoff's decision on February 7, 2013 in the Assured Guaranty v. Flagstar case (Assured Guaranty Municipal Corp. v. Flagstar Bank, 11-cv-02375, U.S. District Court, Southern District of New York (Manhattan)), in which he confirmed Assured Guaranty's analogous right to recover contractual interest in addition to claims paid, MBIA Corp. has refined its put-back recovery assumptions against Credit Suisse to increase the probability that it will be reimbursed for contractual interest owed on paid claims. Consistent with MBIA Corp.'s probability based put-back recovery calculations, it has determined the interest owed contemplating litigation risk and repayment risk, as well as the potential value in the context of a settlement. MBIA Corp. continues to maintain that in the context of its put-back litigation, MBIA Corp. is entitled to receive interest at the New York State statutory rate. However, MBIA Corp. currently calculates its put-back recoveries using the contractual interest rate, which is lower than the New York State statutory rate.

To date, MBIA Corp. has either settled or agreed to settle the majority of MBIA Corp.'s put-back claims, with only Credit Suisse remaining as an outstanding dispute. The settlement amounts have been consistent with the put-back recoveries previously included in MBIA Corp.'s financial statements. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the BofA Settlement Agreement. Additional information on the status of the litigation against Credit Suisse can be found in the "Recovery Litigation" discussion within "Note 12: Commitments and Contingencies."

MBIA Corp.'s assessment of the remaining unsettled recoveries related to insured Credit Suisse second-lien RMBS is principally based on the following factors:

1. the settlement of the majority of MBIA Corp.'s put-back claims with sellers/servicers, including those with Bank of America and Flagstar Bank in May of 2013;
2. Assured Guaranty's favorable court ruling in its put-back litigation against Flagstar Bank, awarding it the vast majority of the claims paid on the relevant transactions plus interest, fees and expenses, as well as their subsequent settlement with Flagstar Bank, which resolved Assured Guaranty's put-back claims; and
3. the court rulings in MBIA Corp.'s put-back litigations.

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

MBIA Corp. continues to consider all relevant facts and circumstances, including the factors described above, in developing its assumptions on expected cash inflows, probability of potential recoveries (including the outcome of litigation) and recovery period. The estimated amount and likelihood of potential recoveries are expected to be revised and supplemented to the extent there are developments in the pending litigation and/or changes to the financial condition of Credit Suisse. While MBIA Corp. believes it will be successful in realizing recoveries from contractual claims, the ultimate amounts recovered may be materially different from those recorded by MBIA Corp. given the inherent uncertainty of the manner of resolving the claims (e.g., litigation) and the assumptions used in the required estimation process for accounting purposes which are based, in part, on judgments and other information that are not easily corroborated by historical data or other relevant benchmarks.

All of MBIA Corp.'s policies insuring second-lien RMBS for which litigation has been initiated against sellers/servicers are in the form of financial guarantee insurance contracts. In accordance with GAAP, MBIA Corp. has not recorded a gain contingency with respect to pending litigation.

Excess Spread

As of September 30, 2013, MBIA Corp. recorded estimated recoveries of \$756 million in reimbursement of past and future expected claims through excess spread in insured second-lien RMBS transactions. Of the expected reimbursement from excess spread, \$669 million is included in "Insurance loss recoverable" and \$87 million is included in "Loss and loss adjustment expense reserves" on MBIA Corp.'s consolidated balance sheets. Excess spread is generated by performing loans within insured RMBS securitizations and is the difference between interest inflows on mortgage loan collateral and interest outflows on insured beneficial interests. The amount of excess spread depends on the future delinquency and loss trends, future prime and LIBOR interest rates and borrower refinancing behavior, which results in voluntary prepayments.

First-lien RMBS Reserves

MBIA Corp.'s first-lien RMBS case basis reserves as of September 30, 2013, which primarily relate to RMBS backed by Alt-A and subprime mortgage loans, were determined using the Roll Rate Methodology. MBIA Corp. assumes that the Roll Rate for loans in foreclosure, REO and bankruptcy are 90%, 90% and 75%, respectively. Roll Rates for current, 30-59 day delinquent loans, 60-89 day delinquent loans and 90+ day delinquent loans are calculated on a transaction-specific basis. The Current Roll to Loss rates stay at the August 31, 2013 level for one month before declining to 25% of this level over a 24-month period.

MBIA Corp. estimates future losses by utilizing three different probability-weighted scenarios: base; stress; and additional stress. The three scenarios differ in the roll rates to loss of 90+ day delinquent loans. In the base scenario, MBIA Corp. uses deal-specific roll rates obtained from historic loan level roll rate data. In the stress scenario, MBIA Corp. assumes a 90% roll rate for all 90+ day delinquent loans. In the additional stress scenario, the roll rates for each deal are an average of the deal-specific roll rate used in the base scenario and the 90% rate. The Roll Rates are applied to the amounts in each deal's respective 90+ delinquency bucket based on delinquencies as of August 31, 2013 in order to estimate future losses from loans that are delinquent as of September 30, 2013.

In calculating ultimate cumulative losses for first-lien RMBS, MBIA Corp. estimates the amount of loans that are expected to be liquidated through foreclosure or short sale. The time to liquidation for a defaulted loan is specific to the loan's delinquency bucket with the latest three-month average loss severities generally used to start the projection for trends in loss severities at loan liquidation. The loss severities are reduced over time to account for reduction in the amount of foreclosure inventory, anticipated future increases in home prices, principal amortization of the loan and government foreclosure moratoriums.

ABS CDOs (Financial Guarantees and Insured Derivatives)

MBIA Corp.'s insured ABS CDOs are transactions that include a variety of collateral ranging from corporate bonds to structured finance assets (which includes but are not limited to RMBS related collateral, ABS CDOs, corporate CDOs and collateralized loan obligations). These transactions were insured as either financial guarantee insurance policies or credit derivatives with the majority currently insured in the form of financial guarantees. Since the fourth quarter of 2007, MBIA Corp.'s insured par exposure within the ABS CDO portfolio has been substantially reduced through a combination of terminations and commutations. Accordingly, as of September 30, 2013, the insured par exposure of the ABS CDO financial guarantee insurance policies and credit derivatives portfolio has declined by approximately 96% of the insured amount as of December 31, 2007.

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

MBIA Corp.'s ABS CDOs originally benefited from two sources of credit enhancement. First, the subordination in the underlying securities collateralizing the transaction must be fully eroded and second, the subordination below the insured tranche in the CDO transaction must be fully eroded before the insured tranche is subject to a claim. MBIA Corp.'s payment obligations after a default are timely interest and ultimate principal.

The primary factor in estimating reserves on insured ABS CDO policies written as financial guarantee insurance policies and in estimating impairments on insured ABS CDO credit derivatives is the losses associated with the underlying collateral in the transactions. MBIA Corp.'s approach to establishing reserves or impairments in this portfolio employs a methodology which is similar to other structured finance asset classes insured by MBIA Corp. MBIA Corp. utilizes up to a total of four probability-weighted scenarios in order to estimate its reserves or impairments for ABS CDOs.

As of September 30, 2013, MBIA Corp. established loss and LAE reserves totaling \$87 million related to ABS CDO financial guarantee insurance policies after the elimination of \$196 million as a result of consolidating VIEs. For the nine months ended September 30, 2013, MBIA Corp. had a benefit of \$47 million of losses and LAE recorded in earnings related to ABS CDO financial guarantee insurance policies after the elimination of a \$39 million benefit as a result of consolidating VIEs. In the event of further deteriorating performance of the collateral referenced or held in ABS CDO transactions, the amount of losses estimated by MBIA Corp. could increase substantially.

Credit Impairments Related to Structured CMBS Pools, CRE CDOs and CRE Loan Pools (Financial Guarantees and Insured Derivatives)

Most of the structured CMBS pools, CRE CDOs and CRE loan pools insured by MBIA Corp. are accounted for as insured credit derivatives and are carried at fair value in MBIA Corp.'s consolidated financial statements. Since MBIA Corp.'s insured credit derivatives have similar terms, conditions, risks, and economic profiles to its financial guarantee insurance policies, MBIA Corp. evaluates them for impairment in the same way that it estimates loss and LAE for its financial guarantee policies. The following discussion provides information about MBIA Corp.'s process for estimating credit impairments on these contracts using its statutory loss reserve methodology, determined as the present value of the probability-weighted potential future losses, net of estimated recoveries, across multiple scenarios, plus actual payments and collections.

MBIA Corp. has developed multiple scenarios to consider the range of potential outcomes in the CRE market and their impact on MBIA Corp. The approaches require substantial judgments about the future performance of the underlying loans, and include the following:

- The first approach considers the range of commutation agreements achieved over the past several years with multiple counterparties and results in an estimated price to commute the remaining policies. It is customized by counterparty and is dependent upon the level of dialogue with the counterparty and the credit quality and payment profile of the underlying exposure.
- The second approach considers current delinquency rates and uses current and projected net operating income ("NOI") and capitalization rates ("Cap Rates") to project losses under two scenarios. These scenarios assume that property performance remains flat for the near term and then improves gradually. Additionally, certain large loans are reviewed individually so that performance and loss severity can be more accurately determined. Other loans are reviewed for factors that may mitigate potential performance. This approach utilizes two scenarios which vary in the levels of expected future defaults.
- The last approach is based on a proprietary model developed by reviewing performance data on over 80,000 securitized CRE loans originated between 1992 and 2011. The time period covered during the performance review includes the years 2006 through 2011 because they encompass a period of extreme stress in the economy and the CRE markets. MBIA Corp. found property type and the debt service coverage ratio to be the most significant determinants of a loan's average annual default probability, and developed a model based on these factors. MBIA Corp. then ran Monte Carlo simulations to estimate the timing of defaults and losses at the property level by applying property type-based Cap Rates to estimate the property's NOI.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The loss severities projected by these scenarios vary widely, from moderate to substantial losses. Actual losses will be a function of the proportion of loans in the pools that are foreclosed and liquidated and the loss severities associated with those liquidations. If the deductibles in MBIA Corp.'s insured transactions and underlying referenced CMBS transactions are fully eroded, additional property level losses upon foreclosures and liquidations could result in substantial losses for MBIA Corp. Ultimate loss rates remain uncertain because many loans are still delinquent and have not yet been resolved, others have been modified and others do not mature for another three to four years at which time they will face the need to refinance. MBIA Corp. assigns a wide range of probabilities to these scenarios and incorporates views that liquidations will continue to be mitigated by loan extensions and modifications, and that property values and NOIs have bottomed for many sectors and markets in the U.S. The weightings are customized for each counterparty. If macroeconomic stress were to increase or the U.S. enters into a recession, higher delinquencies, liquidations and/or higher severities of loss upon liquidation may result and MBIA Corp. may incur substantial additional losses. The foreclosure and REO pipelines are still relatively robust, with several restructurings and liquidations yet to occur, so the range of possible outcomes is wider than those for MBIA Corp.'s exposures to ABS CDOs and second-lien RMBS. Prior to June 30, 2013, MBIA Corp. incorporated an additional approach based on recent Roll Rates experienced within each of the commercial mortgage-backed index series. This actuarial approach was eliminated as a result of more emphasis being placed on loan-specific scenarios.

In the CRE CDO portfolio, transaction-specific structures require certain reporting and management protocols and often require MBIA Corp. to incorporate these structural distinctions into its models. None of the CRE CDOs insured by MBIA Corp. allow for reinvesting at this time, and many of the senior bonds have begun to amortize.

For the nine months ended September 30, 2013, MBIA Corp. had a benefit of \$28 million of losses and LAE recorded in earnings related to CRE CDO financial guarantee insurance policies. For the nine months ended September 30, 2013, additional credit impairments and LAE for insured derivatives on structured CMBS pools, CRE CDOs and CRE loan pools were estimated to be \$487 million as a result of additional delinquencies and loan level liquidations, as well as continued refinements of MBIA Corp.'s assessment of various commutation possibilities. The cumulative credit impairments and LAE on structured CMBS pools, CRE CDOs and CRE loan pools were estimated to be \$4.1 billion through September 30, 2013. Though the pace of increases in the delinquency rate has slowed, many loans are being modified and liquidations continue to take place. Loan level losses have ranged from 1% to 2%, to near complete losses, and in a few cases severities exceeded 100%. These liquidations have led to bond level losses which have reduced the level of enhancement to the individual CMBS bonds referenced by the insured structured CMBS pools and in certain cases have resulted in deductible erosion. Bond level enhancement and pool level deductibles are structural features intended to mitigate losses to MBIA Corp., however, some of the transactions reference similar rated subordinate tranches of CMBS bonds. When there are broad-based declines in property performance, this leverage can result in rapid deterioration in pool performance. Beginning in the second quarter of 2013, MBIA Corp. paid claims on a CMBS pool transaction that experienced deterioration such that all remaining deductible was eliminated.

Loss and LAE Activity

Financial Guarantee Insurance Losses (Non-Derivative)

MBIA Corp.'s financial guarantee insurance losses and LAE for the nine months ended September 30, 2013 are presented in the following table:

Losses and LAE

In millions	Nine Months Ended September 30, 2013			
	Second-lien RMBS	First-lien RMBS	Other	Total
Losses and LAE related to actual and expected payments	\$ 85	\$ 12	\$ 97	\$ 194
Recoveries of actual and expected payments	(177)	(11)	80	(108)
Gross losses incurred	(92)	1	177	86
Reinsurance	-	-	(99)	(99)
Losses and LAE	<u>\$ (92)</u>	<u>\$ 1</u>	<u>\$ 78⁽¹⁾</u>	<u>\$ (13)</u>

(1) - Includes ABS CDOs, CMBS and other issues.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The losses and LAE related to actual and expected payments in the preceding table includes \$97 million in other exposures primarily related to U.S. public finance transactions which MBIA Corp. cedes to National. The second-lien RMBS losses and LAE related to actual and expected payments comprise net increases of previously established reserves. The recoveries of actual and expected payments were primarily related to second-lien RMBS recoveries of \$177 million, including \$316 million in recoveries primarily resulting from ineligible mortgage loans included in insured exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgages, partially offset by a \$139 million reduction in excess spread. Partially offsetting increases in second-lien RMBS recoveries of actual and expected payments were decreases of \$80 million related to other issues primarily resulting from a reversal of recoveries related to high yield corporate CDOs.

The following table provides information about the financial guarantees and related claim liability included in each of MBIA Corp.'s surveillance categories as of September 30, 2013:

\$ in millions	Surveillance Categories				
	Caution List Low	Caution List Medium	Caution List High	Classified List	Total
Number of policies	65	20	5	189	279
Number of issues ⁽¹⁾	28	15	4	133	180
Remaining weighted average contract period (in years)	10.0	5.3	8.4	9.6	9.4
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$ 4,528	\$ 1,099	\$ 44	\$ 8,242	\$13,913
Interest	3,211	279	18	4,755	8,263
Total	<u>\$ 7,739</u>	<u>\$ 1,378</u>	<u>\$ 62</u>	<u>\$12,997</u>	<u>\$22,176</u>
Gross claim liability	\$ -	\$ -	\$ -	\$ 1,465	\$ 1,465
Less:					
Gross potential recoveries	-	-	-	1,231	1,231
Discount, net	-	-	-	278	278
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44)</u>	<u>\$ (44)</u>
Unearned premium revenue	\$ 125	\$ 20	\$ -	\$ 100	\$ 245

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by MBIA Corp.

The following table provides information about the financial guarantees and related claim liability included in each of MBIA Corp.'s surveillance categories as of December 31, 2012:

\$ in millions	Surveillance Categories				
	Caution List Low	Caution List Medium	Caution List High	Classified List	Total
Number of policies	49	25	8	204	286
Number of issues ⁽¹⁾	27	15	8	135	185
Remaining weighted average contract period (in years)	8.2	4.0	6.0	9.5	8.6
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$ 4,126	\$ 1,176	\$ 307	\$ 9,412	\$15,021
Interest	2,690	256	69	5,231	8,246
Total	<u>\$ 6,816</u>	<u>\$ 1,432</u>	<u>\$ 376</u>	<u>\$14,643</u>	<u>\$23,267</u>
Gross claim liability	\$ -	\$ -	\$ -	\$ 1,569	\$ 1,569
Less:					
Gross potential recoveries	-	-	-	4,090	4,090
Discount, net	-	-	-	233	233
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,754)</u>	<u>\$ (2,754)</u>
Unearned premium revenue	\$ 142	\$ 11	\$ 2	\$ 121	\$ 276

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by MBIA Corp.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The gross claim liability as of September 30, 2013 and December 31, 2012 in the preceding tables represents MBIA Corp.'s estimate of undiscounted probability-weighted future claim payments, which principally relate to insured first and second-lien RMBS transactions and U.S. public finance transactions. The gross potential recoveries represent MBIA Corp.'s estimate of undiscounted probability-weighted recoveries of actual claim payments and recoveries of estimated future claim payments, and principally relate to insured second-lien RMBS transactions and U.S. public finance transactions. MBIA Corp.'s recoveries have been, and remain based on either salvage rights, the rights conferred to MBIA Corp. through the transactional documents (inclusive of the insurance agreement), or subrogation rights embedded within financial guarantee insurance policies. Expected salvage and subrogation recoveries, as well as recoveries from other remediation efforts, reduce MBIA Corp.'s claim liability. Once a claim payment has been made, the claim liability has been satisfied and MBIA Corp.'s right to recovery is no longer considered an offset to future expected claim payments, it is recorded as a salvage asset. The amount of recoveries recorded by MBIA Corp. is limited to paid claims plus the present value of projected future claim payments. As claim payments are made, the recorded amount of potential recoveries may exceed the remaining amount of the claim liability for a given policy. The gross claim liability and gross potential recoveries reflect the elimination of claim liabilities and potential recoveries related to VIEs consolidated by MBIA Corp.

The following table presents the components of MBIA Corp.'s loss and LAE reserves and insurance loss recoverable as reported on MBIA Corp.'s consolidated balance sheets as of September 30, 2013 and December 31, 2012 for insured obligations within MBIA Corp.'s "Classified List." The loss reserves (claim liability) and insurance claim loss recoverable included in the following table represent the present value of the probability-weighted future claim payments and recoveries reported in the preceding tables.

In millions	As of September 30, 2013	As of December 31, 2012
Loss reserves (claim liability)	\$ 625	\$ 786
LAE reserves	50	60
Loss and LAE reserves	<u>\$ 675</u>	<u>\$ 846</u>
Insurance claim loss recoverable	\$ (737)	\$ (3,610)
LAE insurance loss recoverable	(5)	(38)
Insurance loss recoverable	<u>\$ (742)</u>	<u>\$ (3,648)</u>
Reinsurance recoverable on unpaid losses	\$ 63	\$ 152
Reinsurance recoverable on LAE reserves	25	6
Reinsurance recoverable on paid losses	-	1
Reinsurance recoverable on paid and unpaid losses	<u>\$ 88</u>	<u>\$ 159</u>

As of September 30, 2013, loss and LAE reserves include \$985 million of reserves for expected future payments offset by expected recoveries of such future payments of \$310 million. As of December 31, 2012, loss and LAE reserves included \$1.2 billion of reserves for expected future payments offset by expected recoveries of such future payments of \$320 million. As of September 30, 2013, the insurance loss recoverable principally related to expected future recoveries on second-lien RMBS transactions resulting from expected excess spread generated by performing loans in such transactions. As of December 31, 2012, the insurance loss recoverable principally related to estimated recoveries of payments made by MBIA Corp. resulting from ineligible mortgage loans in certain insured second-lien residential mortgage loan securitizations that are subject to a contractual obligation by the sellers/servicers to repurchase or replace the ineligible mortgage loans and expected future recoveries on second-lien RMBS transactions resulting from expected excess spread generated by performing loans in such transactions.

To date, as a result of the Bank of America and Flagstar Bank settlements, as well as the agreement between Consenting Claimants, ResCap and Ally, in the ResCap bankruptcy proceeding discussed above, MBIA Corp. expects to be reimbursed for the majority of its potential recoveries related to ineligible mortgage loans by the end of 2013 or early 2014, which are primarily included in "Loan repurchase commitments" presented under the heading "Assets of consolidated variable interest entities" on MBIA Corp.'s consolidated balance sheets.

For the nine months ended September 30, 2013, MBIA Corp. collected approximately \$2.8 billion, net of reinsurance, primarily related to insured second-lien RMBS transactions. MBIA Corp. made payments of \$238 million, of which \$166 million related to insured second-lien RMBS transactions.

For the nine months ended September 30, 2013, the decrease in insurance loss recoverable related to paid losses totaled \$2.9 billion, and primarily resulted from the collections of previously established recoveries related to the settlement with Bank of America on the ineligible mortgage loans related to insured second-lien RMBS transactions.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The following table presents the amounts of MBIA Corp.'s second-lien RMBS exposure, gross undiscounted claim liability and potential recoveries related to non-consolidated VIEs and consolidated VIEs, included in MBIA Corp.'s "Classified List," as of September 30, 2013.

Second-lien RMBS Exposure

\$ in billions	Issues	Outstanding		Gross Undiscounted	
		Gross Principal	Gross Interest	Claim Liability	Potential Recoveries
Non-consolidated VIEs	23	\$ 3.6	\$ 1.3	\$ 0.2	\$ 0.9
Consolidated VIEs	11	\$ 1.8	\$ 0.7	\$ 0.1	\$ 1.4

The following table presents changes in MBIA Corp.'s loss and LAE reserves for the nine months ended September 30, 2013. Changes in the loss and LAE reserves attributable to the accretion of the claim liability discount, changes in discount rates, changes in the timing and amounts of estimated payments and recoveries, changes in assumptions and changes in LAE reserves are recorded in "Losses and loss adjustment" expenses in MBIA Corp.'s consolidated statements of operations. As of September 30, 2013, the weighted average risk-free rate used to discount MBIA Corp.'s loss reserves (claim liability) was 2.10%. LAE reserves are expected to be settled within a one-year period and are not discounted.

In millions	Changes in Loss and LAE Reserves for the Nine Months Ended September 30, 2013							Gross Loss and LAE Reserves as of September 30, 2013
Gross Loss and LAE Reserves as of December 31, 2012	Loss Payments for Cases with Reserves	Accretion of Claim Liability Discount	Changes in Discount Rates	Changes in Assumptions	Changes in Unearned Premium Revenue	Changes in LAE Reserves	Other ⁽¹⁾	
\$ 846	\$ (292)	\$ 10	\$ (71)	\$ 109	\$ 2	\$ (10)	\$ 81	\$ 675

(1) - Primarily changes in amount and timing of payments.

The decrease in MBIA Corp.'s gross loss and LAE reserves reflected in the preceding table was primarily due to a decrease in reserves related to loss payments on insured first and second-lien RMBS securitizations and U.S. public finance issues, partially offset by changes in assumptions.

Current period changes in MBIA Corp.'s estimate of potential recoveries may be recorded as an insurance loss recoverable asset, netted against the gross loss and LAE reserve liability, or both. The following table presents changes in MBIA Corp.'s insurance loss recoverable and changes in recoveries on unpaid losses reported within MBIA Corp.'s claim liability for the nine months ended September 30, 2013. Changes in insurance loss recoverable attributable to the accretion of the discount on the recoverable, changes in discount rates, changes in the timing and amounts of estimated collections, changes in assumptions and changes in LAE recoveries are recorded in "Losses and loss adjustment" expenses on MBIA Corp.'s consolidated statements of operations.

Changes in Insurance Loss Recoverable and Recoveries on Unpaid Losses for the Nine Months Ended September 30, 2013								Gross Reserve as of September 30, 2013
In millions	Gross Reserve as of December 31, 2012	Collections for Cases with Recoveries	Accretion of Recoveries	Changes in Discount Rates	Changes in Assumptions	Changes in LAE Recoveries	Other ⁽¹⁾	
Insurance loss recoverable	\$ 3,648	\$ (2,981)	\$ 16	\$ (25)	\$ 129	\$ (33)	\$ (12)	\$ 742
Recoveries on unpaid losses	320	-	4	(25)	9	2	-	310
Total	\$ 3,968	\$ (2,981)	\$ 20	\$ (50)	\$ 138	\$ (31)	\$ (12)	\$ 1,052

(1) Primarily changes in amount and timing of collections.

MBIA Corp.'s insurance loss recoverable decreased during 2013 primarily due to recoveries associated with issues outstanding as of December 31, 2012, which related to the settlement with Bank of America on the ineligible mortgage loans included in insured second-lien residential mortgage securitization exposures that are subject to contractual obligations by sellers/servicers to repurchase or replace such mortgages. Recoveries on unpaid losses decreased primarily due to changes in discount rates, partially offset by changes in assumptions.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

The following table presents MBIA Corp.'s total estimated recoveries from ineligible mortgage loans included in certain insured second-lien mortgage loan securitizations as of September 30, 2013. The total estimated recoveries from ineligible mortgage loans of \$1.1 billion include \$18 million recorded as "Insurance loss recoverable" and \$1.1 billion recorded as "Loan repurchase commitments" presented under the heading "Assets of consolidated variable interest entities" on MBIA Corp.'s consolidated balance sheets.

In millions						
Total Estimated Recoveries from Ineligible Mortgage Loans as of December 31, 2012	Accretion of Future Collections	Changes in Discount Rates	Recoveries (Collections)	Changes in Assumptions	Other ⁽¹⁾	Total Estimated Recoveries from Ineligible Mortgage Loans as of September 30, 2013
\$ 3,583	\$ 20	\$ (7)	\$ (2,897)	\$ 433	\$ 1	\$ 1,133

(1) Primarily changes in amount and timing of collections.

The decrease in MBIA Corp.'s total estimated recoveries from ineligible mortgage loans in the preceding table primarily resulted from the collections of previously established recoveries related to the settlement with Bank of America and Flagstar Bank on the ineligible mortgage loans related to insured second-lien RMBS securitizations.

Remediation actions may involve, among other things, waivers or renegotiations of financial covenants or triggers, waivers of contractual provisions, the granting of consents, transfer of servicing, consideration of restructuring plans, acceleration, security or collateral enforcement, actions in bankruptcy or receivership, litigation and similar actions. The types of remedial actions pursued are based on the insured obligation's risk type and the nature and scope of the event giving rise to the remediation. As part of any such remedial actions, MBIA Corp. seeks to improve its security position and to obtain concessions from the issuer of the insured obligation. From time to time, the issuer of an MBIA Corp.-insured obligation may, with the consent of MBIA Corp., restructure the insured obligation by extending the term, increasing or decreasing the par amount or decreasing the related interest rate, with MBIA Corp. insuring the restructured obligation.

Costs associated with remediating insured obligations assigned to MBIA Corp.'s "Caution List—Low," "Caution List—Medium," "Caution List—High" and "Classified List" are recorded as LAE. LAE is primarily recorded as part of MBIA Corp.'s provision for its loss reserves and included in "Losses and loss adjustment" expenses on MBIA Corp.'s consolidated statements of operations. The following table presents the gross expenses related to remedial actions for insured obligations:

In millions	Nine Months Ended September 30,	
	2013	2012
Loss adjustment expense incurred, gross	\$ 31	\$ 108

Note 6: Fair Value of Financial Instruments

Fair Value Measurement

Fair value is a market-based measure considered from the perspective of a market participant. Therefore, even when market assumptions are not readily available, MBIA Corp.'s own assumptions are set to reflect those which it believes market participants would use in pricing an asset or liability at the measurement date. The fair value measurements of financial instruments held or issued by MBIA Corp. are determined through the use of observable market data when available. Market data is obtained from a variety of third-party sources, including dealer quotes. If dealer quotes are not available for an instrument that is infrequently traded, MBIA Corp. uses alternate valuation methods, including either dealer quotes for similar instruments or modeling using market data inputs. The use of alternate valuation methods generally requires considerable judgment in the application of estimates and assumptions, and changes to such estimates and assumptions may produce materially different fair values.

Note 6: Fair Value of Financial Instruments (continued)

The accounting guidance for fair value measurement establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available and reliable. Observable inputs are those MBIA Corp. believes that market participants would use in pricing an asset or liability based on available market data. Unobservable inputs are those that reflect MBIA Corp.'s beliefs about the assumptions market participants would use in pricing an asset or liability based on the best information available. The fair value hierarchy is broken down into three levels based on the observability and reliability of inputs, as follows:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that MBIA Corp. can access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail any degree of judgment.
- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 2 assets include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, securities which are priced using observable inputs and derivative contracts whose values are determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3—Valuations based on inputs that are unobservable and supported by little or no market activity and that are significant to the overall fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques where significant inputs are unobservable, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The availability of observable inputs can vary from product to product and period to period and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the product. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, MBIA Corp. assigns the level in the fair value hierarchy for which the fair value measurement in its entirety falls, based on the least observable input that is significant to the fair value measurement.

Financial Assets (excluding derivative assets)

Financial assets, excluding derivative assets, held by MBIA Corp. primarily consist of investments in debt securities. Substantially all of MBIA Corp.'s investments are priced by independent third parties, including pricing services and brokers. Typically MBIA Corp. receives one pricing service value or broker quote for each instrument, which represents a non-binding indication of value. MBIA Corp. reviews the assumptions, inputs and methodologies used by pricing services to obtain reasonable assurance that the prices used in its valuations reflect fair value. When MBIA Corp. believes a third-party quotation differs significantly from its internally developed expectation of fair value, whether higher or lower, MBIA Corp. reviews its data or assumptions with the provider. This review includes comparing significant assumptions such as prepayment speeds, default ratios, forward yield curves, credit spreads and other significant quantitative inputs to internal assumptions, and working with the price provider to reconcile the differences. The price provider may subsequently provide an updated price. In the event that the price provider does not update its price, and MBIA Corp. still does not agree with the price provided, MBIA Corp. will try to obtain a price from another third-party provider, such as a broker, or use an internally developed price which it believes represents the fair value of the investment. The fair values of investments for which internal prices were used were not significant to the aggregate fair value of MBIA Corp.'s investment portfolio as of September 30, 2013 or December 31, 2012. All challenges to third-party prices are reviewed by staff of MBIA Corp. with relevant expertise to ensure reasonableness of assumptions.

In addition to challenging pricing assumptions, MBIA Corp. obtains reports from the independent accountants for significant third-party pricing services attesting to the effectiveness of the controls over data provided to MBIA Corp. These reports are obtained annually and are reviewed by MBIA Corp. to ensure key controls are applied by the pricing services, and that appropriate user controls are in place at the third-party pricing services organization to ensure proper measurement of the fair values of its investments. In the event that any controls in these reports are deemed ineffective by independent accountants, MBIA Corp. will take the necessary actions to ensure that internal user controls are in place to mitigate the control risks. No deficiencies were noted for significant third-party pricing services used.

Derivative Assets and Liabilities

MBIA Corp.'s derivative liabilities are primarily insured credit derivatives that reference structured pools of cash securities and CDSs. MBIA Corp. generally insured the most senior liabilities of such transactions, and at the inception of transactions its exposure generally had more subordination than needed to achieve triple-A ratings from credit rating agencies. The types of collateral underlying its insured derivatives consist of cash securities and CDSs referencing primarily corporate, asset-backed, residential mortgage-backed, commercial mortgage-backed, CRE loans, and CDO securities.

Note 6: Fair Value of Financial Instruments (continued)

MBIA Corp.'s insured credit derivative contracts are non-traded structured credit derivative transactions. Since insured derivatives are highly customized and there is generally no observable market for these derivatives, MBIA Corp. estimates their fair values in a hypothetical market based on internal and third-party models simulating what a similar company would charge to assume MBIA Corp.'s position in the transaction at the measurement date. This pricing would be based on the expected loss of the exposure. MBIA Corp. reviews its valuation model results on a quarterly basis to assess the appropriateness of the assumptions and results in light of current market activity and conditions. This review is performed by internal staff with relevant expertise. If live market spreads or securities prices are observable for similar transactions, those spreads are an integral part of the analysis. New insured transactions that resemble existing (previously insured) transactions, if any, would be considered, as well as negotiated settlements of existing transactions.

MBIA Corp. may from time to time make changes in its valuation techniques if the change results in a measurement that it believes is equally or more representative of fair value under current circumstances.

Internal Review Process

All significant financial assets and liabilities, including derivative assets and liabilities, are reviewed by committees created by MBIA Corp. to ensure compliance with MBIA Corp. policies and risk procedures in the development of fair values of financial assets and liabilities. These valuation committees review, among other things, key assumptions used for internally developed prices, significant changes in sources and uses of inputs, including changes in model approaches, and any adjustments from third-party inputs or prices to internally developed inputs or prices. The committees also review any significant impairment or improvements in fair values of the financial instruments from prior periods. From time to time, these committees will reach out to MBIA Corp. valuation experts to better understand key methods and assumptions used for the determination of fair value, including understanding significant changes in fair values. These committees are comprised of senior finance team members with the relevant experience in the financial instruments their committee is responsible for. Each quarter, these committees document their agreement with the fair values developed by management of MBIA Corp. as reported in the quarterly and annual financial statements.

Valuation Techniques

Valuation techniques for financial instruments measured at fair value or disclosed at fair value are described below:

Fixed-Maturity Securities (and Short-Term Investments) Held as Available-For-Sale, Investments (including fixed-maturity securities) Carried at Fair Value, Other Investments, and Investments Held-to-Maturity, at Amortized Cost.

Fixed-maturity securities (and short-term investments) held as available-for-sale ("AFS"), investments carried at fair value, other investments, and investments held-to-maturity ("HTM"), at amortized cost include investments in U.S. Treasury and government agencies, foreign governments, corporate obligations, mortgage-backed and asset-backed securities (including CMBS and CDOs), state and municipal bonds, perpetual debt and equity securities (including money market mutual funds), and loans receivable with an affiliate.

These investments are generally valued based on recently executed transaction prices or quoted market prices. When quoted market prices are not available, fair value is generally determined using quoted prices of similar investments or a valuation model based on observable and unobservable inputs. Inputs vary depending on the type of investment. Observable inputs include contractual cash flows, interest rate yield curves, CDS spreads, prepayment and volatility scores, diversity scores, cross-currency basis index spreads, and credit spreads for structures similar to the financial instrument in terms of issuer, maturity and seniority. Unobservable inputs include cash flow projections and the value of any credit enhancement.

The fair value of the HTM investments is determined using discounted cash flow models. Key inputs include unobservable cash flows projected over the expected term of the investment discounted using observable interest rate yield curves of similar securities.

Investments based on quoted market prices of identical investments in active markets are classified as Level 1 of the fair value hierarchy. Level 1 investments generally consist of U.S. Treasury and foreign government and agency investments. Quoted market prices of investments in less active markets, as well as investments which are valued based on other than quoted prices for which the inputs are observable, such as interest rate yield curves, are categorized in Level 2 of the fair value hierarchy. Investments that contain significant inputs that are not observable are categorized as Level 3.

Cash and Cash Equivalents, Accrued Investment Income, Secured Loan and Payable for Investments Purchased

The carrying amounts of cash and cash equivalents, accrued investment income, secured loan and payable for investments purchased approximate fair values due to the short-term nature and credit worthiness of these instruments.

Note 6: Fair Value of Financial Instruments (continued)

Loans Receivable at Fair Value

Loans receivable at fair value are comprised of loans held by consolidated VIEs consisting of residential mortgage loans, commercial mortgage loans and other whole business loans. Fair values of residential mortgage loans are determined using quoted prices for mortgage-backed securities ("MBS") issued by the respective VIE and adjustments for the fair values of the financial guarantees provided by MBIA Corp. on the related MBS. Fair values of commercial mortgage loans and other whole business loans are valued based on quoted prices of similar collateralized MBS. Loans receivable at fair value are categorized in Level 3 of the fair value hierarchy.

Loan Repurchase Commitments

Loan repurchase commitments are obligations owed by the sellers/servicers of mortgage loans to either MBIA Corp. as reimbursement of paid claims or to the RMBS trusts as defined in the transaction documents. Loan repurchase commitments are assets of the consolidated VIEs. This asset represents the rights of MBIA Corp. against the sellers/servicers for breaches of representations and warranties that the securitized residential mortgage loans sold to the trust to comply with stated underwriting guidelines and for the sellers/servicers to cure, replace, or repurchase mortgage loans. Fair value measurements of loan repurchase commitments represent the amounts owed by the sellers/servicers to MBIA Corp. as reimbursement of paid claims. Loan repurchase commitments are not securities and no quoted prices or comparable market transaction information are observable or available. Loan repurchase commitments at fair value are categorized in Level 3 of the fair value hierarchy. Fair values of loan repurchase commitments are determined using discounted cash flow techniques based on inputs including:

- breach rates representing the rate at which the sellers/servicers failed to comply with stated representations and warranties;
- recovery rates representing the estimates of future cash flows for the asset, including estimates about possible variations in the amount of cash flows expected to be collected;
- expectations about possible variations in the timing of collections of the cash flows; and
- time value of money, represented by the rate on risk-free monetary assets.

Variable Interest Entity Notes

The fair values of VIE notes are determined based on recently executed transaction prices or quoted prices where observable. When position-specific quoted prices are not observable, fair values are based on quoted prices of similar securities. Fair values based on quoted prices of similar securities may be adjusted for factors unique to the securities, including any credit enhancement. When observable quoted prices are not available, fair value is determined based on discounted cash flow techniques of the underlying collateral using observable and unobservable inputs. Observable inputs include interest rate yield curves and bond spreads of similar securities. Unobservable inputs include the value of any credit enhancement. VIE notes are categorized in Level 2 or Level 3 of the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety.

Variable Interest Entity Derivatives

The VIE's have entered into derivative transactions primarily consisting of interest rate swaps, cross currency swaps, and interest rate caps. Fair values of over-the-counter derivatives are determined using valuation models based on observable inputs. These observable and market-based inputs include interest rate and volatilities. These derivatives are categorized in Level 2 or Level 3 of the fair value hierarchy based on the input that is significant to the fair value measurement in its entirety.

Long-term Debt

Long-term debt consists of surplus notes and related accrued interest. As of December 31, 2012, there was a secured loan from an affiliate which was repaid in the second quarter of 2013. The fair value of the surplus notes is estimated based on quoted market prices for identical or similar securities. The fair value of the secured loan was determined as the net present value of expected cash flows from the loan. The discount rate is the yield to maturity of a comparable corporate bond index. The fair value of the accrued interest expense on the surplus notes is determined based on the scheduled interest payments discounted by the market's perception of the credit risk related to the repayment of the surplus notes. The credit risk related to the repayment of the surplus notes is based on recent trades of the surplus notes. The deferred interest payment will be due on the first business day on or after which MBIA Corp. obtains approval to make such payment.

The carrying amounts of accrued interest expense on all other long-term debt approximate fair value due to the short-term nature of these instruments. Long-term debt is categorized as Level 2 of the fair value hierarchy.

Note 6: Fair Value of Financial Instruments (continued)

Insured Credit Derivatives

MBIA Corp. derivative contracts primarily consist of insured credit derivatives which cannot be legally traded and generally do not have observable market prices. MBIA Corp. determines the fair values of insured credit derivatives using valuation models. The fair valuation models are consistently applied from period to period, with refinements to the fair value estimation approach being applied as and when the information becomes available. Negotiated settlements are also considered when determining fair value to provide the best estimate of how another market participant would evaluate fair value.

Approximately 98% of the balance sheet fair value of insured credit derivatives as of September 30, 2013 was valued based on the Binomial Expansion Technique ("BET") Model. Approximately 2% of the balance sheet fair value of insured credit derivatives as of September 30, 2013 was valued based on the internally developed Direct Price Model and a dual-default model. The valuation of insured derivatives includes the impact of its credit standing. All of these derivatives are categorized as Level 3 of the fair value hierarchy as their fair value is derived using significant unobservable inputs.

Description of the BET Model

1. Valuation Model Overview

The BET Model estimates what a bond insurer would charge to guarantee a transaction at the measurement date, based on the market-implied default risk of the underlying collateral and the remaining structural protection in a deductible or subordination.

Inputs to the process of determining fair value for structured transactions using the BET Model include estimates of collateral loss, allocation of loss to separate tranches of the capital structure and calculation of the change in value.

- Estimates of aggregated collateral losses are calculated by reference to the following (described in further detail under "BET Model Inputs" below):
 - credit spreads of underlying collateral based on actual spreads or spreads on similar collateral with similar ratings, or in some cases, are benchmarked; for collateral pools where the spread distribution is characterized by extremes, MBIA Corp. models each segment of the pool separately instead of using an overall pool average;
 - diversity score of the collateral pool as an indication of correlation of collateral defaults; and
 - recovery rate for all defaulted collateral.
- Allocation of losses to separate tranches of the capital structure according to priority of payments in a transaction.
- The inception-to-date unrealized gain or loss on a transaction is the difference between the original price of the risk (the original market-implied expected loss) and the current price of the risk based on the assumed market-implied expected losses derived from the model.

Additional structural assumptions of the BET Model are:

- Default probabilities are determined by three factors: credit spread, recovery rate after default and the time period under risk;
- Frequencies of defaults are modeled evenly over time;
- Collateral assets are generally considered on an average basis rather than being modeled on an individual basis; and
- Collateral asset correlation is modeled using a diversity score, which is calculated based on industry or sector concentrations. Recovery rates are based on historical averages and updated based on market evidence.

2. BET Model Inputs

a. Credit spreads

The average spread of collateral is a key input as MBIA Corp. assumes credit spreads reflect the market's assessment of default probability for each piece of collateral. Spreads are obtained from market data sources published by third parties (e.g., dealer spread tables for assets most closely resembling collateral within MBIA Corp.'s transactions) as well as collateral-specific spreads on the underlying reference obligations provided by trustees or market sources. Also, when these sources are not available, MBIA Corp. benchmarks spreads for collateral against market spreads or prices. This data is reviewed on an ongoing basis for reasonableness and applicability to MBIA Corp.'s derivative portfolio. MBIA Corp. also calculates spreads based on quoted prices and on internal assumptions about expected life when pricing information is available and spread information is not.

MBIA Corp. uses the spread hierarchy listed below in determining which source of spread information to use, with the rule being to use CDS spreads where available and cash security spreads as the next alternative.

Note 6: Fair Value of Financial Instruments (continued)

Spread Hierarchy:

- Collateral-specific credit spreads when observable;
- Sector-specific spread tables by asset class and rating;
- Corporate spreads, including Bloomberg spread tables based on rating; and
- Benchmark from most relevant market source when corporate spreads are not directly relevant.

There were some transactions where MBIA Corp. incorporated multiple levels within the hierarchy, including using actual collateral-specific credit spreads in combination with a calculated spread based on an assumed relationship. In those cases, MBIA Corp. classified the transaction as being benchmarked from the most relevant spread source even though the majority of the average spread was from actual collateral-specific spreads. As of September 30, 2013, sector-specific spreads were used in 8% of the transactions valued using the BET Model. Corporate spreads were used in 50% of the transactions and spreads benchmarked from the most relevant spread source were used for 42% of the transactions. The spread source can also be identified by whether or not it is based on collateral weighted average rating factor ("WARF"). No collateral-specific spreads are based on WARF. Sector-specific spreads, corporate spreads and some benchmarked spreads are based on WARF. WARF-sourced and/or ratings-sourced credit spreads were used for 76% of the transactions.

Over time, the data inputs change as new sources become available, existing sources are discontinued or are no longer considered to be reliable or the most appropriate. It is always MBIA Corp.'s objective to use more observable spread hierarchies defined above. However, MBIA Corp. may on occasion move to less observable spread inputs due to the discontinuation of data sources or due to MBIA Corp. considering certain spread inputs no longer representative of market spreads.

b. Diversity Scores

Diversity scores are a means of estimating the diversification in a portfolio. The diversity score estimates the number of uncorrelated assets that are assumed to have the same loss distribution as the actual portfolio of correlated assets. While diversity score is a required input into the BET model, due to current high levels of default within the collateral of the structures, diversity score does not have a significant impact on valuation.

c. Recovery Rate

The recovery rate represents the percentage of par expected to be recovered after an asset defaults, indicating the severity of a potential loss. MBIA Corp. generally uses rating agency recovery assumptions which may be adjusted to account for differences between the characteristics and performance of the collateral used by the rating agencies and the actual collateral in MBIA Corp.-insured transactions. MBIA Corp. may also adjust rating agency assumptions based on the performance of the collateral manager and on empirical market data.

d. Nonperformance Risk

MBIA Corp.'s valuation methodology for insured credit derivative liabilities incorporates MBIA Corp.'s own nonperformance risk. MBIA Corp. calculates the fair value by discounting the market value loss estimated through the BET Model at discount rates which include MBIA Corp.'s CDS spreads as of September 30, 2013. The CDS spreads assigned to each deal are based on the weighted average life of the deal. MBIA Corp. limits the nonperformance impact so that the derivative liability could not be lower than MBIA Corp.'s recovery derivative price multiplied by the unadjusted derivative liability.

Overall Model Results

As of September 30, 2013 and December 31, 2012, MBIA Corp.'s net insured derivative liability was \$1.4 billion and \$2.9 billion, respectively, and was primarily related to the fair values of insured credit derivatives based on the results of the aforementioned pricing models. In the current environment the most significant driver of changes in fair value is nonperformance risk. In aggregate, the nonperformance calculation resulted in a pre-tax net insured derivative liability that was \$548 million and \$4.4 billion lower than the net liability that would have been estimated if MBIA Corp. excluded nonperformance risk in its valuation as of September 30, 2013 and December 31, 2012, respectively. Nonperformance risk is a fair value concept and does not contradict MBIA Corp.'s internal view, based on fundamental credit analysis of MBIA Corp.'s economic condition, that MBIA Corp. will be able to pay all claims when due.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Financial Guarantees

Gross Financial Guarantees—The fair value of gross financial guarantees is determined using discounted cash flow techniques based on inputs that include (i) assumptions of expected losses on financial guarantee policies where loss reserves have not been recognized, (ii) amount of losses expected on financial guarantee policies where loss reserves have been established, net of expected recoveries, (iii) the cost of capital reserves required to support the financial guarantee liability, (iv) operating expenses, and (v) discount rates. MBIA Corp.'s CDS spread and recovery rate are used as its discount rate.

The carrying value of MBIA Corp.'s gross financial guarantees consists of unearned premium revenue and loss and LAE reserves, net of the insurance loss recoverable as reported on MBIA Corp.'s consolidated balance sheets.

Ceded Financial Guarantees—The fair value of ceded financial guarantees is determined by applying the percentage ceded to reinsurers to the related fair value of the gross financial guarantees. The carrying value of ceded financial guarantees consists of prepaid reinsurance premiums and reinsurance recoverable on paid and unpaid losses as reported on MBIA Corp.'s consolidated balance sheets.

Significant Unobservable Inputs

The following tables provide quantitative information regarding the significant unobservable inputs used by MBIA Corp. for assets and liabilities measured at fair value on a recurring basis as of September 30, 2013 and December 31, 2012. These tables exclude inputs used to measure fair value that are not developed by MBIA Corp., such as broker prices and other third-party pricing service valuations.

In millions	Fair Value as of September 30, 2013	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Assets of consolidated VIEs:				
Loans receivable at fair value	\$ 1,704	Quoted market prices adjusted for financial guarantees provided to VIE obligations	Impact of financial guarantee	0% - 17% (4%)
Loan repurchase commitments	1,116	Discounted cash flow	Recovery rates	0% - 98% (81%)
Liabilities of consolidated VIEs:				
Variable interest entity notes	753	Quoted market prices of VIE assets adjusted for financial guarantees provided	Impact of financial guarantee	0% - 27% (10%)
Credit derivative liabilities, net:				
CMBS	956	BET Model	Recovery rates	25% - 90% (60%)
			Nonperformance risk	12% - 57% (28%)
			Weighted average life (in years)	1.4 - 28.3 (3.5)
			CMBS spreads	1% - 27% (13%)
Multi-sector CDO	16	Direct Price Model	Nonperformance risk	57% - 57% (57%)
Other	391	BET Model	Recovery rates	42% - 70% (46%)
			Nonperformance risk	18% - 31% (27%)
			Weighted average life (in years)	0.2 - 3.8 (2.2)

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value as of December 31, 2012	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Assets of consolidated VIEs:				
Loans receivable at fair value	\$ 1,881	Quoted market prices adjusted for financial guarantees provided to VIE obligations	Impact of financial guarantee	0% - 14% (3%)
Loan repurchase commitments	1,086	Discounted cash flow	Recovery rates Breach rates	10% - 75% (47%) 66% - 94% (78%)
Liabilities of consolidated VIEs:				
Variable interest entity notes	1,948	Quoted market prices of VIE assets adjusted for financial guarantees provided	Impact of financial guarantee	0% - 23% (6%)
Credit derivative liabilities, net:				
CMBS	1,590	BET Model	Recovery rates Nonperformance risk Weighted average life (in years) CMBS spreads	21% - 90% (51%) 19% - 59% (58%) 0.1 - 5.6 (4.4) 1% - 23% (13%)
Multi-sector CDO	525	Direct Price Model	Nonperformance risk	59% - 59% (59%)
Other	806	BET Model	Recovery rates Nonperformance risk Weighted average life (in years)	42% - 75% (47%) 42% - 59% (58%) 0.1 - 19.6 (3.0)

Sensitivity of Significant Unobservable Inputs

The significant unobservable input used in the fair value measurement of MBIA Corp.'s loans receivable at fair value of consolidated VIEs is the impact of the financial guarantee. The fair value of loans receivable is calculated by subtracting the value of the financial guarantee from the market value of VIE liabilities. The value of a financial guarantee is estimated by MBIA Corp. as the present value of expected cash payments under the policy. As expected cash payments provided by MBIA Corp. under the insurance policy increase, there is a lower expected cash flow on the underlying loans receivable of the VIE. This results in a lower fair value of the loans receivable in relation to the obligations of the VIE.

The significant unobservable inputs used in the fair value measurement of MBIA Corp.'s loan repurchase commitments of consolidated VIEs are recovery rates. Recovery rates reflect the estimates of future cash flows reduced for litigation delays and risks and/or potential financial distress of the sellers/servicers. The estimated recoveries of the loan repurchase commitments may differ from the actual recoveries that may be received in the future. Significant increases or decreases in the recovery rates would result in significantly higher or lower fair values of the loan repurchase commitments, respectively. Additionally, changes in the legal environment and the ability of the counterparties to pay would impact the recovery rate assumptions, which could significantly impact the fair value measurement.

The significant unobservable input used in the fair value measurement of MBIA Corp.'s variable interest entity notes of consolidated VIEs is the impact of the financial guarantee. The fair value of VIE notes is calculated by adding the value of the financial guarantee to the market value of VIE assets. The value of a financial guarantee is estimated by MBIA Corp. as the present value of expected cash payments under the policy. As the value of the guarantee provided by MBIA Corp. to the obligations issued by the VIE increases, the credit support adds value to the liabilities of the VIE. This results in an increase in the fair value of the liabilities of the VIE.

Note 6: Fair Value of Financial Instruments (continued)

The significant unobservable inputs used in the fair value measurement of MBIA Corp.'s CMBS credit derivatives, which are valued using the BET Model, are CMBS spreads, recovery rates, nonperformance risk and weighted average life. The CMBS spread is an indicator of credit risk of the collateral securities. The recovery rate represents the percentage of notional expected to be recovered after an asset defaults, indicating the severity of a potential loss. The nonperformance risk is an assumption of MBIA Corp.'s own ability to pay and whether MBIA Corp. will have the necessary resources to pay the obligations as they come due. Weighted average life is based on MBIA Corp.'s estimate of when the principal of the underlying collateral of the CMBS structure will be repaid. A significant increase or decrease in CMBS spreads can result in an increase or decrease in the fair value of the derivative liability, respectively. A significant increase in weighted average life can result in an increase or decrease in the fair value of the derivative liability, depending on the discount rate and the timing of significant losses. Any significant increase or decrease in recovery rates or MBIA Corp.'s nonperformance risk would result in a decrease or increase in the fair value of the derivative liabilities, respectively. CMBS spreads, recovery rates, nonperformance risk and weighted average lives are determined independently. Changes in one input will not necessarily have any impact on the other inputs.

The significant unobservable input used in the fair value measurement of MBIA Corp.'s multi-sector CDO credit derivatives, which are valued using the Direct Price Model, is nonperformance risk. The nonperformance risk is an assumption of MBIA Corp.'s own ability to pay and whether MBIA Corp. will have the necessary resources to pay the obligations as they come due. Any significant increase or decrease in MBIA Corp.'s nonperformance risk would result in a decrease or increase in the fair value of the derivative liabilities, respectively.

The significant unobservable inputs used in the fair value measurement of MBIA Corp.'s other credit derivatives, which are valued using the BET Model, are recovery rates, nonperformance risk and weighted average life. The recovery rate represents the percentage of notional expected to be recovered after an asset defaults, indicating the severity of a potential loss. The nonperformance risk is an assumption of MBIA Corp.'s own ability to pay and whether MBIA Corp. will have the necessary resources to pay the obligations as they come due. Weighted average life is based on MBIA Corp.'s estimate of when the principal of the underlying collateral will be repaid. A significant increase in weighted average life can result in an increase or decrease in the fair value of the derivative liability, depending on the discount rate and the timing of significant losses. Any significant increase or decrease in recovery rates or MBIA Corp.'s nonperformance risk would result in a decrease or increase in the fair value of the derivative liabilities, respectively. Recovery rates, nonperformance risk and weighted average lives are determined independently. Changes in one input will not necessarily have any impact on the other inputs.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

The following tables present the fair value of MBIA Corp.'s assets (including short-term investments) and liabilities measured and reported at fair value on a recurring basis as of September 30, 2013 and December 31, 2012:

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2013
In millions				
Assets:				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 86	\$ -	\$ -	\$ 86
State and municipal bonds	-	7	-	7
Foreign governments	87	91	5 ⁽¹⁾	183
Corporate obligations	-	203	-	203
Mortgage-backed securities:				
Residential mortgage-backed agency	-	3	-	3
Residential mortgage-backed non-agency	-	9	-	9
Total fixed-maturity investments	173	313	5	491
Money market securities	29	-	-	29
Perpetual debt and equity securities	-	1	5 ⁽¹⁾	6
Cash and cash equivalents	346	-	-	346
Derivative assets:				
Credit derivatives	-	6	-	6
Total derivative assets	-	6	-	6
Assets of consolidated VIEs:				
Cash	46	-	-	46
Corporate obligations	-	46	48 ⁽¹⁾	94
Mortgage-backed securities:				
Residential mortgage-backed non-agency	-	255	4 ⁽¹⁾	259
Commercial mortgage-backed	-	103	2 ⁽¹⁾	105
Asset-backed securities:				
Collateralized debt obligations	-	33	20 ⁽¹⁾	53
Other asset-backed	-	65	50 ⁽¹⁾	115
Loans receivable	-	-	1,704	1,704
Loan repurchase commitments	-	-	1,116	1,116
Total assets	\$ 594	\$ 822	\$ 2,954	\$ 4,370
Liabilities:				
Derivative liabilities:				
Credit derivatives	\$ -	\$ 7	\$ 1,363	\$ 1,370
Total derivative liabilities	-	7	1,363	1,370
Liabilities of consolidated VIEs:				
Variable interest entity notes	-	1,758	753	2,511
Derivative liabilities:				
Currency rate derivatives	-	-	15 ⁽¹⁾	15
Total derivative liabilities	-	-	15	15
Total liabilities	\$ -	\$ 1,765	\$ 2,131	\$ 3,896

(1) - Unobservable inputs are either not developed by MBIA Corp. or do not significantly impact the overall fair values of the aggregate financial assets and liabilities.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using			Balance as of December 31, 2012
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 353	\$ -	\$ -	\$ 353
State and municipal bonds	-	7	-	7
Foreign governments	86	106	3 ⁽¹⁾	195
Corporate obligations	-	261	-	261
Mortgage-backed securities:				
Residential mortgage-backed agency	-	3	-	3
Residential mortgage-backed non-agency	-	29	3 ⁽¹⁾	32
Asset-backed securities:				
Collateralized debt obligations	-	1	-	1
Other asset-backed	-	16	5 ⁽¹⁾	21
Total fixed-maturity investments	439	423	11	873
Money market securities	15	-	-	15
Perpetual debt and equity securities	-	1	4 ⁽¹⁾	5
Cash and cash equivalents	397	-	-	397
Derivative assets:				
Credit derivatives	-	7	-	7
Total derivative assets	-	7	-	7
Assets of consolidated VIEs:				
Cash	176	-	-	176
Corporate obligations	-	58	56 ⁽¹⁾	114
Mortgage-backed securities:				
Residential mortgage-backed non-agency	-	787	6 ⁽¹⁾	793
Commercial mortgage-backed	-	409	7 ⁽¹⁾	416
Asset-backed securities:				
Collateralized debt obligations	-	185	66 ⁽¹⁾	251
Other asset-backed	-	99	62 ⁽¹⁾	161
Loans receivable	-	-	1,881	1,881
Loan repurchase commitments	-	-	1,086	1,086
Total assets	<u>\$ 1,027</u>	<u>\$ 1,969</u>	<u>\$ 3,179</u>	<u>\$ 6,175</u>
Liabilities:				
Derivative liabilities:				
Credit derivatives	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 2,921</u>	<u>\$ 2,933</u>
Total derivative liabilities	-	12	2,921	2,933
Liabilities of consolidated VIEs:				
Variable interest entity notes	-	1,727	1,948	3,675
Derivative liabilities:				
Interest rate derivatives	-	141	-	141
Currency rate derivatives	-	-	21 ⁽¹⁾	21
Total derivative liabilities	-	141	21	162
Total liabilities	<u>\$ -</u>	<u>\$ 1,880</u>	<u>\$ 4,890</u>	<u>\$ 6,770</u>

(1) - Unobservable inputs are either not developed by MBIA Corp. or do not significantly impact the overall fair values of the aggregate financial assets and liabilities.

Level 3 assets at fair value, as of September 30, 2013 and December 31, 2012 represented approximately 68% and 51%, respectively, of total assets measured at fair value. Level 3 liabilities at fair value, as of September 30, 2013 and December 31, 2012, represented approximately 55% and 72%, respectively, of total liabilities measured at fair value.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

The following tables present the fair values and carrying values of MBIA Corp.'s assets and liabilities that are disclosed at fair value but not reported at fair value on MBIA Corp.'s consolidated balance sheets as of September 30, 2013 and December 31, 2012:

	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Balance as of September 30, 2013	Carry Value Balance as of September 30, 2013
In millions					
Assets:					
Other investments	\$ -	\$ -	\$ 27	\$ 27	\$ 27
Accrued investment income	7	-	-	7	7
Assets of consolidated VIEs:					
Investments held-to-maturity	-	-	2,566	2,566	2,809
Total assets	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 2,593</u>	<u>\$ 2,600</u>	<u>\$ 2,843</u>
Liabilities:					
Long-term debt	\$ -	\$ 735	\$ -	\$ 735	\$ 1,098
Secured loan ⁽¹⁾	-	-	50	50	50
Liabilities of consolidated VIEs:					
VIE notes	-	-	2,566	2,566	2,809
Total liabilities	<u>\$ -</u>	<u>\$ 735</u>	<u>\$ 2,616</u>	<u>\$ 3,351</u>	<u>\$ 3,957</u>
Financial Guarantees:					
Gross	\$ -	\$ -	\$ 2,597	\$ 2,597	\$ 2,125
Ceded	-	-	1,348	1,348	1,288

(1) - Reported within "Other liabilities" on MBIA Corp.'s consolidated balance sheets.

	Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Balance as of December 31, 2012	Carry Value Balance as of December 31, 2012
In millions					
Assets:					
Other investments	\$ -	\$ -	\$ 28	\$ 28	\$ 28
Accrued investment income	7	-	-	7	7
Assets of consolidated VIEs:					
Investments held-to-maturity	-	-	2,675	2,675	2,829
Total assets	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 2,703</u>	<u>\$ 2,710</u>	<u>\$ 2,864</u>
Liabilities:					
Long-term debt	\$ -	\$ 1,886	\$ -	\$ 1,886	\$ 2,694
Liabilities of consolidated VIEs:					
VIE notes	-	-	2,675	2,675	2,829
Total liabilities	<u>\$ -</u>	<u>\$ 1,886</u>	<u>\$ 2,675</u>	<u>\$ 4,561</u>	<u>\$ 5,523</u>
Financial Guarantees:					
Gross	\$ -	\$ -	\$ (114)	\$ (114)	\$ (294)
Ceded	-	-	1,442	1,442	1,530

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

The following tables present information about changes in Level 3 assets (including short-term investments) and liabilities measured at fair value on a recurring basis for the three months ended September 30, 2013 and 2012:

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2013

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2013
Assets:													
Foreign governments	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3)	\$ -	\$ 5	\$ -	\$ 5	\$ -
Perpetual debt and equity securities	7	-	(2)	-	-	-	-	-	-	-	-	5	-
Assets of consolidated VIEs:													
Corporate obligations	48	-	-	-	-	-	-	-	-	-	-	48	-
Residential mortgage- backed non-agency	2	-	-	-	-	-	-	-	-	2	-	4	-
Commercial mortgage- backed	4	-	(1)	-	-	-	-	(1)	-	-	-	2	-
Collateralized debt obligations	35	-	1	-	-	-	-	(4)	-	-	(12)	20	(1)
Other asset-backed	63	-	(7)	-	-	-	-	(1)	-	1	(6)	50	(1)
Loans receivable	1,790	-	(12)	-	-	-	-	(74)	-	-	-	1,704	(12)
Loan repurchase commitments	1,115	-	1	-	-	-	-	-	-	-	-	1,116	1
Total assets	\$ 3,067	\$ -	\$ (20)	\$ -	\$ -	\$ -	\$ -	\$ (83)	\$ -	\$ 8	\$ (18)	\$ 2,954	\$ (13)

														Change in Unrealized (Gains) Losses for the Period Included in Earnings for Assets Still Held as of September 30, 2013
In millions	Balance, Beginning of Period	Realized (Gains) / Losses	Unrealized (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance		
Liabilities:														
Credit derivative, net	\$ 1,648	\$ 28	\$ (285)	\$ -	\$ -	\$ -	\$ -	\$ (28)	\$ -	\$ -	\$ -	\$ 1,363		(285)
Liabilities of consolidated VIEs:														
VIE notes	832	-	(6)	-	-	-	-	(73)	-	-	-	753		(6)
Currency derivative, net	16	-	-	-	(1)	-	-	-	-	-	-	15		(1)
Total liabilities	\$ 2,496	\$ 28	\$ (291)	\$ -	\$ (1)	\$ -	\$ -	\$ (101)	\$ -	\$ -	\$ -	\$ 2,131		(292)

(1) - Transferred in and out at the end of the period.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2012

In millions	Balance, Beginning of Period	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2012
Assets:													
Foreign governments	\$ 12	\$ -	\$ -	\$ -	\$ 1	\$ 8	\$ -	\$ (9)	\$ -	\$ -	\$ -	\$ 12	\$ -
Corporate obligations	22	-	-	-	-	-	-	(12)	-	-	(8)	2	-
Residential mortgage- backed non-agency	4	-	-	-	-	-	-	(1)	-	-	-	3	-
Other asset-backed	31	(2)	-	-	-	-	-	(2)	-	-	-	27	-
Perpetual debt and equity securities	2	-	3	-	-	-	-	-	-	-	-	5	-
Assets of consolidated VIEs:													
Corporate obligations	72	-	(10)	-	-	-	-	(1)	-	3	(3)	61	1
Residential mortgage- backed non-agency	10	-	-	-	-	-	-	(1)	-	2	(3)	8	-
Commercial mortgage- backed	12	-	1	-	-	-	-	-	-	-	-	13	1
Collateralized debt obligations	84	-	(5)	-	-	-	-	-	-	3	-	82	(2)
Other asset-backed	38	-	(1)	-	-	-	-	(4)	-	30	-	63	1
Loans receivable	1,903	-	61	-	-	-	-	(72)	-	-	-	1,892	61
Loan repurchase commitments	1,032	-	19	-	-	-	-	-	-	-	-	1,051	19
Total assets	\$ 3,222	\$ (2)	\$ 68	\$ -	\$ 1	\$ 8	\$ -	\$ (102)	\$ -	\$ 38	\$ (14)	\$ 3,219	\$ 81

														Change in Unrealized (Gains) Losses for the Period Included in Earnings for Assets Still Held as of September 30, 2012
In millions	Balance, Beginning of Period	Realized (Gains) / Losses	Unrealized (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance		
Liabilities:														
Credit derivative, net	\$ 3,285	\$ (12)	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -	-	\$ 3,317	\$	33
Liabilities of consolidated VIEs:														
VIE notes	1,883	-	128	-	-	-	-	(109)	-	-	-	1,902		128
Currency derivative, net	21	-	2	-	-	-	-	-	-	-	-	23		2
Total liabilities	\$ 5,189	\$ (12)	\$ 162	\$ -	\$ -	\$ -	\$ -	\$ (97)	\$ -	\$ -	\$ -	\$ 5,242	\$	163

(1) - Transferred in and out at the end of the period.

Transfers into and out of Level 3 were \$8 million and \$18 million, respectively, for the three months ended September 30, 2013. Transfers into and out of Level 2 were \$18 million and \$8 million, respectively, for the three months ended September 30, 2013. Transfers into Level 3 were principally related to foreign government and RMBS non-agency securities where inputs, which are significant to their valuation, became unobservable during the quarter. Transfers out of Level 3 were CDOs and other ABS securities where inputs, which are significant to their valuation, became observable. These inputs include spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Transfers into and out of Level 3 were \$38 million and \$14 million, respectively, for the three months ended September 30, 2012. Transfers into and out of Level 2 were \$14 million and \$38 million, respectively, for the three months ended September 30, 2012. Transfers into Level 3 were principally for other ABS securities where inputs, which are significant to their valuation, became unobservable during the quarter. Transfers out of Level 3 were principally corporate obligations and RMBS non-agency securities where inputs, which are significant to their valuation, became observable. These inputs include spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

All Level 1, 2 and 3 designations are made at the end of each accounting period.

The following tables present information about changes in Level 3 assets (including short-term investments) and liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2013 and 2012:

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2013

In millions	Balance, Beginning of Year	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2013
Assets:													
Foreign governments	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11)	\$ -	\$ 16	\$ (3)	\$ 5	\$ -
Residential													
mortgage-backed													
non-agency	3	-	-	-	-	-	-	(3)	-	-	-	-	-
Commercial													
mortgage-backed	-	-	-	1	-	-	-	(1)	-	-	-	-	-
Other asset-backed	5	-	-	-	-	-	-	-	(5)	-	-	-	-
Perpetual debt and equity securities	4	-	2	-	-	-	-	(1)	-	-	-	5	-
Assets of consolidated VIEs:													
Corporate													
obligations	56	-	(7)	-	-	-	-	(4)	-	3	-	48	-
Residential													
mortgage-backed													
non-agency	6	-	6	-	-	-	-	(7)	-	3	(4)	4	-
Commercial													
mortgage-backed	7	-	(1)	-	-	-	-	-	(24)	20	-	2	1
Collateralized debt													
obligations	66	-	(8)	-	-	-	-	(3)	(22)	1	(14)	20	2
Other asset-backed	62	-	(7)	-	-	-	-	(10)	-	11	(6)	50	3
Loans receivable	1,881	-	208	-	-	-	-	(211)	(174)	-	-	1,704	194
Loan repurchase													
commitments	1,086	-	140	-	-	-	-	(110)	-	-	-	1,116	140
Total assets	\$ 3,179	\$ -	\$ 333	\$ 1	\$ -	\$ -	\$ -	\$ (361)	\$ (225)	\$ 54	\$ (27)	\$ 2,954	\$ 340

														Change in Unrealized (Gains) Losses for the Period Included in Earnings for Assets Still Held as of September 30, 2013
In millions	Balance, Beginning of Year	Realized (Gains) / Losses	Unrealized (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance		
Liabilities:														
Credit derivatives, net	\$ 2,921	\$ 1,548	\$ (1,562)	\$ -	\$ -	\$ -	\$ -	\$ (1,548)	\$ -	\$ 4	\$ -	\$ 1,363	\$	301
Liabilities of consolidated VIEs:														
VIE notes	1,948	-	141	-	-	-	-	(251)	(1,085)	-	-	753		54
Currency derivatives, net	21	-	(5)	-	(1)	-	-	-	-	-	-	15		(6)
Total liabilities	\$ 4,890	\$ 1,548	\$ (1,426)	\$ -	\$ (1)	\$ -	\$ -	\$ (1,799)	\$(1,085)	\$ 4	\$ -	\$ 2,131	\$	349

(1) - Transferred in and out at the end of the period.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2012

In millions	Balance, Beginning of Year	Realized Gains / (Losses)	Unrealized Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets Still Held as of September 30, 2012
Assets:													
Foreign governments													
	11	-	-	-	1	21	-	(18)	(3)	-	-	12	-
Corporate obligations													
	4	-	-	-	(1)	8	-	(14)	-	13	(8)	2	-
Residential mortgage-backed non-agency													
	7	-	-	-	-	-	-	(2)	-	-	(2)	3	-
Other asset-backed													
	42	(43)	-	38	-	-	-	(4)	(6)	-	-	27	-
Perpetual debt and equity securities													
	-	-	5	-	-	-	-	-	-	-	-	5	-
Assets of consolidated VIEs:													
Corporate obligations													
	67	-	(15)	-	-	-	-	(3)	-	15	(3)	61	3
Residential mortgage-backed non-agency													
	21	-	6	-	-	-	-	(5)	(15)	5	(4)	8	3
Commercial mortgage-backed													
	22	-	3	-	-	-	-	(3)	(8)	5	(6)	13	2
Collateralized debt obligations													
	149	-	(5)	-	-	-	-	(1)	(74)	13	-	82	5
Other asset-backed													
	67	-	4	-	-	-	-	(7)	(35)	34	-	63	5
Loans receivable													
	2,046	-	52	-	-	-	-	(204)	(2)	-	-	1,892	52
Loan repurchase commitments													
	1,077	-	(26)	-	-	-	-	-	-	-	-	1,051	(26)
Total assets	\$ 3,513	\$ (43)	\$ 24	\$ 38	\$ -	\$ 29	\$ -	\$ (261)	\$ (143)	\$ 85	\$ (23)	\$ 3,219	\$ 44

														Change in Unrealized (Gains) Losses for the Period Included in Earnings for Assets Still Held as of September 30, 2012
In millions	Balance, Beginning of Year	Realized (Gains) / Losses	Unrealized (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI	Foreign Exchange Recognized in OCI or Earnings	Purchases	Issuances	Settlements	Sales	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Ending Balance		
Liabilities:														
Credit derivatives, net	\$ 4,790	\$ 420	\$ (1,473)	\$ -	\$ -	\$ -	\$ -	\$ (420)	\$ -	\$ -	\$ -	\$ 3,317	\$ (538)	
Liabilities of consolidated VIEs:														
VIE notes	2,922	-	332	-	-	-	-	(369)	(983)	-	-	1,902	293	
Credit derivatives, net	80	-	2	-	-	-	-	-	(82)	-	-	-	-	
Currency derivatives, net	17	-	6	-	-	-	-	-	-	-	-	23	6	
Total liabilities	\$ 7,809	\$ 420	\$ (1,133)	\$ -	\$ -	\$ -	\$ -	\$ (789)	\$(1,065)	\$ -	\$ -	\$ 5,242	\$ (239)	

(1) - Transferred in and out at the end of the period.

Transfers into and out of Level 3 were \$58 million and \$27 million, respectively, for the nine months ended September 30, 2013. Transfers into and out of Level 2 were \$27 million and \$58 million, respectively, for the nine months ended September 30, 2013. Transfers into Level 3 were principally related to CMBS, foreign governments and other ABS securities, where inputs, which are significant to their valuation, became unobservable during the period. Transfers out of Level 3 were principally for CDOs, other ABS and RMBS non-agency securities, where inputs, which are significant to their valuation, became observable during the period. These inputs include spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Transfers into and out of Level 3 were \$85 million and \$23 million, respectively, for the nine months ended September 30, 2012. Transfers into and out of Level 2 were \$23 million and \$85 million, respectively, for the nine months ended September 30, 2012. Transfers into Level 3 were principally related to other ABS, corporate obligations and CDOs where inputs, which are significant to their valuation, became unobservable during the period. Transfers out of Level 3 were principally for corporate obligations, CMBS and RMBS non-agency securities where inputs, which are significant to their valuation, became observable during the period. These inputs include spreads, prepayment speeds, default speeds, default severities, yield curves observable at commonly quoted intervals, and market corroborated inputs. There were no transfers into or out of Level 1.

All Level 1, 2 and 3 designations are made at the end of each accounting period.

Gains and losses (realized and unrealized) included in earnings related to Level 3 assets and liabilities for the three and nine months ended September 30, 2013 and 2012 are reported on MBIA Corp.'s consolidated statements of operations as follows:

In millions	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
	Total Gains (Losses) included in earnings	Change in unrealized gains (losses) for the period included in earnings for assets and liabilities still held as of September 30, 2013	Total Gains (Losses) included in earnings	Change in unrealized gains (losses) for the period included in earnings for assets and liabilities still held as of September 30, 2012
Revenues:				
Unrealized gains (losses) on insured derivatives	\$ 285	\$ 285	\$ (32)	\$ (33)
Realized gains (losses) and other settlements on insured derivatives	(28)	-	12	-
Net gains (losses) on financial instruments at fair value and foreign exchange	(2)	-	3	-
Net investment losses related to other-than-temporary impairments	-	-	(2)	-
Revenues of consolidated VIEs:				
Net gains (losses) on financial instruments at fair value and foreign exchange	(11)	(6)	(65)	(49)
Total	\$ 244	\$ 279	\$ (84)	\$ (82)

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

In millions	Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
	Total Gains (Losses) included in earnings	Change in unrealized gains (losses) for the period included in earnings for assets and liabilities still held as of September 30, 2013	Total Gains (Losses) included in earnings	Change in unrealized gains (losses) for the period included in earnings for assets and liabilities still held as of September 30, 2012
Revenues:				
Unrealized gains (losses) on insured derivatives	1,562	(301)	1,473	538
Realized gains (losses) and other settlements on insured derivatives	(1,548)	-	(420)	-
Net gains (losses) on financial instruments at fair value and foreign exchange	2	-	5	-
Net investment losses related to other-than-temporary impairments	-	-	(43)	-
Revenues of consolidated VIEs:				
Net gains (losses) on financial instruments at fair value and foreign exchange	196	292	(321)	(255)
Total	<u>\$ 212</u>	<u>\$ (9)</u>	<u>\$ 694</u>	<u>\$ 283</u>

Fair Value Option

MBIA Corp. elected to record at fair value certain financial instruments of VIEs that have been consolidated in connection with the adoption of the accounting guidance for consolidation of VIEs, among others.

The following table presents the changes in fair value included in MBIA Corp.'s consolidated statements of operations for the three and nine months ended September 30, 2013 and 2012, for all financial instruments for which the fair value option was elected:

In millions	Net Gains (Losses) on Financial Instruments at Fair Value and Foreign Exchange			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Fixed-maturity securities held at fair value	\$ (37)	\$ 21	\$ (35)	\$ (36)
Loans receivable at fair value:				
Residential mortgage loans	(87)	(4)	(16)	(103)
Other loans	-	(7)	13	(48)
Loan repurchase commitments	1	19	140	62
Variable interest entity notes	176	12	97	140

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding as of September 30, 2013 and December 31, 2012, for loans and VIE notes for which the fair value option was elected:

In millions	As of September 30, 2013			As of December 31, 2012		
	Contractual Principal Outstanding	Fair Value	Difference	Contractual Principal Outstanding	Fair Value	Difference
Loans receivable at fair value:						
Residential mortgage loans	\$ 1,932	\$ 1,622	\$ 310	\$ 2,307	\$ 1,735	\$ 572
Residential mortgage loans (90 days or more past due)	221	82	139	244	54	190
Other loans	-	-	-	22	22	-
Other loans (90 days or more past due)	-	-	-	197	70	127
Total loans receivable at fair value	\$ 2,153	\$ 1,704	\$ 449	\$ 2,770	\$ 1,881	\$ 889
Variable interest entity notes	\$ 3,949	\$ 2,511	\$ 1,438	\$ 9,079	\$ 3,675	\$ 5,404

Substantially all gains and losses included in earnings during the periods ended September 30, 2013 and December 31, 2012 on loans receivable and VIE notes reported in the preceding table are attributable to credit risk. This is primarily due to the high rate of defaults on loans and the collateral supporting the VIE notes, resulting in depressed pricing of the financial instruments.

Note 7: Investments

MBIA Corp.'s investments, excluding those elected under the fair value option, include debt and equity securities classified as either AFS or HTM. Other invested assets designated as AFS are primarily comprised of money market funds.

The following tables present the amortized cost, fair value and corresponding gross unrealized gains and losses for AFS and HTM investments in MBIA Corp.'s investment portfolios as of September 30, 2013 and December 31, 2012:

In millions	September 30, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS Investments				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 86	\$ -	\$ -	\$ 86
State and municipal bonds	6	1	-	7
Foreign governments	174	9	-	183
Corporate obligations	199	5	-	204
Mortgage-backed securities:				
Residential mortgage-backed agency	3	-	-	3
Residential mortgage-backed non-agency	9	-	-	9
Total fixed-maturity investments	477	15	-	492
Money market securities	29	-	-	29
Perpetual debt and equity securities	1	-	-	1
Total AFS investments	<u>\$ 507</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 522</u>
HTM Investments				
Assets of consolidated VIEs:				
Corporate obligations	\$ 2,809	\$ 8	\$ (251)	\$ 2,566
Total HTM investments	<u>\$ 2,809</u>	<u>\$ 8</u>	<u>\$ (251)</u>	<u>\$ 2,566</u>

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments (continued)

In millions	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS Investments				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 352	\$ 1	\$ -	\$ 353
State and municipal bonds	6	1	-	7
Foreign governments	183	13	-	196
Corporate obligations	254	7	-	261
Mortgage-backed securities:				
Residential mortgage-backed agency	2	-	-	2
Residential mortgage-backed non-agency	31	2	-	33
Commercial mortgage-backed	1	-	(1)	-
Asset-backed securities:				
Collateralized debt obligations	1	-	-	1
Other asset-backed	20	1	-	21
Total fixed-maturity investments	850	25	(1)	874
Money market securities	15	-	-	15
Perpetual debt and equity securities	1	-	-	1
Total AFS investments	<u>\$ 866</u>	<u>\$ 25</u>	<u>\$ (1)</u>	<u>\$ 890</u>
HTM Investments				
Assets of consolidated VIEs:				
Corporate obligations	\$ 2,829	\$ 2	\$ (157)	\$ 2,674
Total HTM investments	<u>\$ 2,829</u>	<u>\$ 2</u>	<u>\$ (157)</u>	<u>\$ 2,674</u>

The following table presents the distribution by contractual maturity of AFS and HTM fixed-maturity securities at amortized cost and fair value as of September 30, 2013. Contractual maturity may differ from expected maturity as borrowers may have the right to call or prepay obligations.

In millions	AFS Securities		HTM Securities	
	Amortized Cost	Fair Value	Consolidated VIEs Amortized Cost	Fair Value
Due in one year or less	\$ 177	\$ 177	\$ -	\$ -
Due after one year through five years	219	226	-	-
Due after five years through ten years	59	66	-	-
Due after ten years	10	11	2,809	2,566
Mortgage-backed and asset-backed	12	12	-	-
Total fixed-maturity investments	<u>\$ 477</u>	<u>\$ 492</u>	<u>\$ 2,809</u>	<u>\$ 2,566</u>

Deposited Securities

The fair value of securities on deposit with various regulatory authorities was \$5 million as of September 30, 2013 and December 31, 2012. These deposits are required to comply with state insurance laws.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments (continued)

Impaired Investments

The following tables present the gross unrealized losses related to AFS and HTM investments as of September 30, 2013 and December 31, 2012:

In millions	September 30, 2013					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS Investments						
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
State and municipal bonds	1	-	-	-	1	-
Foreign governments	4	-	-	-	4	-
Corporate obligations	5	-	-	-	5	-
Mortgage-backed securities:						
Residential mortgage-backed agency	2	-	-	-	2	-
Total fixed-maturity investments	17	-	-	-	17	-
Perpetual debt and equity securities	1	-	-	-	1	-
Total AFS investments	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>

HTM Investments

Assets of consolidated VIEs:

Corporate obligations	\$ -	\$ -	\$ 1,174	\$ (251)	\$ 1,174	\$ (251)
Total HTM investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174</u>	<u>\$ (251)</u>	<u>\$ 1,174</u>	<u>\$ (251)</u>

In millions	December 31, 2012					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS Investments						
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 151	\$ -	\$ -	\$ -	\$ 151	\$ -
State and municipal bonds	1	-	-	-	1	-
Foreign governments	11	-	1	-	12	-
Corporate obligations	8	-	4	-	12	-
Mortgage-backed securities:						
Residential mortgage-backed non-agency	2	-	6	-	8	-
Commercial mortgage-backed	-	-	-	(1)	-	(1)
Asset-backed securities:						
Other asset-backed	-	-	10	-	10	-
Total fixed-maturity investments	173	-	21	(1)	194	(1)
Perpetual debt and equity securities	1	-	-	-	1	-
Total AFS investments	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ (1)</u>	<u>\$ 195</u>	<u>\$ (1)</u>

HTM Investments

Assets of consolidated VIEs:

Corporate obligations	\$ 297	\$ (19)	\$ 1,287	\$ (138)	\$ 1,584	\$ (157)
Total HTM investments	<u>\$ 297</u>	<u>\$ (19)</u>	<u>\$ 1,287</u>	<u>\$ (138)</u>	<u>\$ 1,584</u>	<u>\$ (157)</u>

With the weighting applied on the fair value of each security relative to the total fair value, the weighted average contractual maturity of securities in an unrealized loss position as of September 30, 2013 and December 31, 2012 was 26 and 27 years, respectively. As of September 30, 2013 and December 31, 2012, there were 5 and 36 securities, respectively, that were in an unrealized loss position for a continuous twelve-month period or longer, of which the fair values of 4 and 6 securities, respectively, were below book value by more than 5%.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments (continued)

Other-Than-Temporary Impairments

MBIA Corp. has evaluated on a security-by-security basis whether the unrealized losses in its investment portfolios were other-than-temporary considering duration and severity of unrealized losses, the circumstances that gave rise to the unrealized losses, and whether MBIA Corp. has the intent to sell the securities or more likely than not will be required to sell the securities before their anticipated recovery. Based on its evaluation, MBIA Corp. determined that the unrealized losses on the remaining securities were temporary in nature because its impairment analysis, including projected future cash flows, indicated that MBIA Corp. would be able to recover the amortized cost of impaired assets. MBIA Corp. also concluded that it does not have the intent to sell securities in an unrealized loss position and it is more likely than not that it would not have to sell these securities before recovery of their cost basis. In making this conclusion, MBIA Corp. examined the cash flow projections for its investment portfolios, the potential sources and uses of cash in its business, and the cash resources available to its business other than sales of securities. It also considered the existence of any risk management or other plans as of September 30, 2013 that would require the sale of impaired securities. On a quarterly basis, MBIA Corp. re-evaluates the unrealized losses in its investment portfolios to determine whether an impairment loss should be realized in current earnings. Impaired securities that MBIA Corp. intends to sell before the expected recovery of such securities' fair values have been written down to fair value.

Credit Loss Rollforward

The portion of certain other-than-temporary impairment ("OTTI") losses on fixed-maturity securities that does not represent credit losses is recognized in AOCI. For these impairments, the net amount recognized in earnings represents the difference between the amortized cost of the security and the net present value of its projected future discounted cash flows prior to impairment. Any remaining difference between the fair value and amortized cost is recognized in AOCI.

The following table presents the amount of credit loss impairments recognized in earnings on fixed-maturity securities held by MBIA Corp. as of the dates indicated, for which a portion of the OTTI losses was recognized in AOCI, and the corresponding changes in such amounts. There were no OTTI losses for which a portion was recognized in AOCI for the nine months ended September 30, 2013.

In millions	Nine Months Ended September 30, 2012
Credit Losses Recognized in Earnings Related to Other-Than-Temporary Impairments	
Beginning balance	\$ 57
Reductions for credit loss impairments previously recognized on securities impaired to fair value during the period ⁽¹⁾	(57)
Ending balance	\$ -

(1) - Represents circumstances where MBIA Corp. determined in the current period that it intends to sell the security or it is more likely than not that it will be required to sell the security before recovery of the security's amortized cost.

Sales of Available-for-Sale Investments

Gross realized gains and losses are recorded in "Net gains (losses) on financial instruments at fair value and foreign exchange" on MBIA Corp.'s consolidated statements of operations. The proceeds and gross realized gains and losses from sales of AFS investments for the three and nine months ended September 30, 2013 and 2012 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Proceeds from sales	\$ 25	\$ 151	\$ 509	\$ 819
Gross realized gains	\$ -	\$ -	\$ 22	\$ 11
Gross realized losses	\$ -	\$ (1)	\$ (1)	\$ (2)

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments

Overview

MBIA Corp. accounts for derivative instruments in accordance with the accounting principles for derivative and hedging activities, which requires that all such instruments be recorded on MBIA Corp.'s consolidated balance sheets at fair value. Refer to "Note 6: Fair Value of Financial Instruments" for the method used for determining the fair value of derivative instruments.

MBIA Corp. has entered into derivative instruments that it viewed as an extension of its core financial guarantee business but which do not qualify for the financial guarantee scope exception and, therefore, must be recorded at fair value in MBIA Corp.'s consolidated balance sheets. MBIA Corp. insures CDS contracts, primarily referencing corporate, asset-backed, residential mortgage-backed, commercial mortgage-backed, CRE loans, and CDO securities that are intended to be held for the entire term of the contract absent a negotiated settlement with the counterparty.

Changes in the fair value of derivatives, excluding insured derivatives, are recorded each period in current earnings within "Net gains (losses) on financial instruments at fair value and foreign exchange." Changes in the fair value of insured derivatives are recorded each period in current earnings within "Net change in fair value of insured derivatives." The net change in the fair value of MBIA Corp.'s insured derivatives has two primary components: (i) realized gains (losses) and other settlements on insured derivatives and (ii) unrealized gains (losses) on insured derivatives. "Realized gains (losses) and other settlements on insured derivatives" include (i) premiums received and receivable on sold CDS contracts, (ii) premiums paid and payable to reinsurers in respect to CDS contracts, (iii) net amounts received or paid on reinsurance commutations, (iv) losses paid and payable to CDS contract counterparties due to the occurrence of a credit event or settlement agreement, (v) losses recovered and recoverable on purchased CDS contracts due to the occurrence of a credit event or settlement agreement and (vi) fees relating to CDS contracts. The "Unrealized gains (losses) on insured derivatives" include all other changes in fair value of the insured derivative contracts.

In certain instances, MBIA Corp. purchased or issued securities that contain embedded derivatives. In accordance with the accounting guidance for derivative instruments and hedging activities, the balance sheet location of MBIA Corp.'s embedded derivative instruments is determined by the location of the related security.

Variable Interest Entities

VIEs consolidated by MBIA Corp. have entered into derivative instruments primarily consisting of interest rate swaps. Interest rate swaps are entered into to hedge the risks associated with fluctuations in interest rates or fair values of certain contracts.

Credit Derivatives Sold

The following tables present information about credit derivatives sold by MBIA Corp. that were outstanding as of September 30, 2013 and December 31, 2012. Credit ratings represent the lower of underlying ratings assigned to the collateral by Moody's, S&P or MBIA.

\$ in millions		As of September 30, 2013						
		Notional Value						Fair Value Asset (Liability)
Credit Derivatives Sold	Weighted Average Remaining Expected Maturity	AAA	AA	A	BBB	Below Investment Grade	Total Notional	
Insured credit default swaps	2.7 Years	\$7,412	\$3,150	\$1,705	\$7,419	\$ 6,085	\$25,771	\$ (1,355)
Insured swaps	20.6 Years	-	77	2,623	1,302	-	4,002	(7)
All others	28.3 Years	-	-	-	-	36	36	(8)
Total notional		<u>\$7,412</u>	<u>\$3,227</u>	<u>\$4,328</u>	<u>\$8,721</u>	<u>\$ 6,121</u>	<u>\$29,809</u>	
Total fair value		<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (386)</u>	<u>\$ (975)</u>		<u>\$ (1,370)</u>

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments (continued)

\$ in millions	As of December 31, 2012							
		Notional Value						
	Weighted Average Remaining Expected Maturity	AAA	AA	A	BBB	Below Investment Grade	Total Notional	Fair Value Asset (Liability)
Credit Derivatives Sold								
Insured credit default swaps	5.1 Years	\$10,457	\$5,862	\$5,253	\$11,571	\$ 13,859	\$47,002	\$ (2,858)
Insured swaps	20.8 Years	-	103	2,520	1,627	71	4,321	(7)
All others	1.8 Years	-	-	-	-	195	195	(68)
Total notional		<u>\$10,457</u>	<u>\$5,965</u>	<u>\$7,773</u>	<u>\$13,198</u>	<u>\$ 14,125</u>	<u>\$51,518</u>	
Total fair value		\$ (7)	\$ (70)	\$ (72)	\$ (732)	\$ (2,052)		\$ (2,933)

Internal credit ratings assigned by MBIA on the underlying collateral are derived by MBIA Corp.'s surveillance group. In assigning an internal rating, current status reports from issuers and trustees, as well as publicly available transaction-specific information, are reviewed. Also, where appropriate, cash flow analyses and collateral valuations are considered. The maximum potential amount of future payments (undiscounted) on CDS contracts are estimated as the notional value plus any additional debt service costs, such as interest or other amounts owing on CDS contracts. The maximum amount of future payments that MBIA Corp. may be required to make under these guarantees as of September 30, 2013 is \$26.4 billion. This amount is net of \$67 million of insured derivatives ceded under reinsurance agreements in which MBIA Corp. economically hedges a portion of the credit and market risk associated with its insured derivatives and offsetting agreements with a counterparty. The maximum potential amount of future payments (undiscounted) on insured swaps are estimated as the notional value of such contracts.

MBIA Corp. may hold recourse provisions with third parties in derivative instruments through both reinsurance and subrogation rights. MBIA Corp.'s reinsurance arrangements provide that in the event MBIA Corp. pays a claim under a guarantee of a derivative contract, MBIA Corp. has the right to collect amounts from any reinsurers that have reinsured the guarantee on either a proportional or non-proportional basis, depending upon the underlying reinsurance agreement. MBIA Corp. may also have recourse through subrogation rights whereby if MBIA Corp. makes a claim payment, it is entitled to any rights of the insured counterparty, including the right to any assets held as collateral.

Financial Statement Presentation

Insured CDSs and insured swaps are not subject to master netting agreements. VIE derivative assets and liabilities are not presented net of any master netting agreements.

As of September 30, 2013 and December 31, 2012, MBIA Corp. reported derivative assets of \$7 million, and derivative liabilities of \$1.4 billion and \$3.1 billion, respectively, which are shown separately on MBIA Corp.'s consolidated balance sheets. The following table presents the total fair value of MBIA Corp.'s derivative assets and liabilities by instrument and balance sheet location as of September 30, 2013:

In millions	Notional Amount	Derivative Assets		Derivative Liabilities	
Derivative Instruments	Outstanding	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Not designated as hedging instruments:					
Insured credit default swaps	\$ 25,771	Derivative assets	\$ -	Derivative liabilities	\$ (1,355)
Insured swaps	7,297	Derivative assets	7	Derivative liabilities	(7)
Cross currency swaps-VIE	102	Derivative assets-VIE	-	Derivative liabilities-VIE	(15)
All other	36	Derivative assets	-	Derivative liabilities	(8)
All other-VIE	280	Derivative assets-VIE	-	Derivative liabilities-VIE	-
All other-embedded	1	Derivative assets	-	Derivative liabilities	-
Total derivatives	\$ 33,487		\$ 7		\$ (1,385)

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments (continued)

The following tables present the total fair value of MBIA Corp.'s derivative assets and liabilities by instrument and balance sheet location as of December 31, 2012:

In millions	Notional Amount	Derivative Assets		Derivative Liabilities	
Derivative Instruments	Outstanding	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Not designated as hedging instruments:					
Insured credit default swaps	\$ 47,320	Derivative assets	\$ -	Derivative liabilities	\$ (2,858)
Insured swaps	7,890	Derivative assets	7	Derivative liabilities	(7)
Interest rate swaps -VIE	2,728	Derivative assets-VIE	-	Derivative liabilities-VIE	(141)
Cross currency swaps -VIE	110	Derivative assets-VIE	-	Derivative liabilities-VIE	(21)
All other	195	Derivative assets	-	Derivative liabilities	(68)
All other-VIE	280	Derivative assets-VIE	-	Derivative liabilities-VIE	-
Total derivatives	\$ 58,523		\$ 7		\$ (3,095)

The following table presents the effect of derivative instruments on the consolidated statements of operations for the three months ended September 30, 2013:

In millions	Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Net Gain (Loss) Recognized in Income
	Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ 287
	Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	(28)
	Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	2
	All other	Unrealized gains (losses) on insured derivatives	(2)
	Total		<u>\$ 259</u>

The following table presents the effect of derivative instruments on the consolidated statements of operations for the three months ended September 30, 2012:

In millions	Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Net Gain (Loss) Recognized in Income
	Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ (40)
	Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	12
	Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	8
	Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(2)
	All other	Unrealized gains (losses) on insured derivatives	7
	Total		<u>\$ (15)</u>

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Derivative Instruments (continued)

The following table presents the effect of derivative instruments on the consolidated statements of operations for the nine months ended September 30, 2013:

In millions		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Net Gain (Loss) Recognized in Income
Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ 1,502
Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	(1,548)
Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	17
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	6
All other	Unrealized gains (losses) on insured derivatives	60
Total		<u>\$ 37</u>

The following table shows the effect of derivative instruments on the consolidated statements of operations for the nine months ended September 30, 2012:

In millions		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Net Gain (Loss) Recognized in Income
Insured credit default swaps	Unrealized gains (losses) on insured derivatives	\$ 1,463
Insured credit default swaps	Realized gains (losses) and other settlements on insured derivatives	(420)
Non-insured credit default swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(1)
Interest rate swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	39
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(6)
All other	Unrealized gains (losses) on insured derivatives	10
All other-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(2)
Total		<u>\$ 1,083</u>

Note 9: Debt

MBIA Insurance Corporation has disclosed its debt in "Note 10: Debt" in the Notes to Consolidated Financial Statements included in Exhibit 99.2 to MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012. The following debt discussion provides an update to those included under the same captions in Exhibit 99.2 to MBIA Inc.'s Annual Report on Form 10-K.

Long-Term Debt

Interest and principal payments on the 14% Fixed to Floating Rate Surplus Notes due 2033 are subject to prior approval by the Superintendent of the NYSDFS. From the January 15, 2013 interest payment to the present, MBIA Insurance Corporation's requests for approval of the note interest payments have been denied by the NYSDFS. MBIA Insurance Corporation provided notice to the Fiscal Agent that it has not made a scheduled interest payment. The deferred interest payment will become due on the first business day on or after which MBIA Insurance Corporation obtains approval to make such payment. No interest will accrue on the deferred interest.

As of September 30, 2013 and December 31, 2012, there was \$953 million of principal outstanding related to surplus notes. As of September 30, 2013 and December 31, 2012, accrued interest related to these surplus notes was \$145 million and \$61 million, respectively.

National Secured Loan

In connection with the BofA Settlement Agreement, in May 2013, MBIA Insurance Corporation repaid the National Secured Loan and extinguished the agreement. As of December 31, 2012, the outstanding principal amount and accrued interest under this loan was \$1.7 billion and \$29 million, respectively.

Note 9: Debt (continued)

Other Borrowing Arrangements

Blue Ridge Secured Loan

In connection with the BofA Settlement Agreement in May of 2013, MBIA Insurance Corporation and Blue Ridge entered into the Blue Ridge Secured Loan, pursuant to which Blue Ridge agreed to make revolving loans to MBIA Insurance Corporation in an aggregate of up to \$500 million. The following is a summary of the material terms of the Loan Agreement, as amended by Amendment No. 1 entered into in June of 2013. This summary is not complete and is subject to the full text of the document described below.

During the third quarter of 2013, MBIA Insurance Corporation borrowed \$50 million under the Blue Ridge Secured Loan. MBIA Insurance Corporation elected the LIBOR Loans interest rate option and the average interest rate for the three months ended September 30, 2013 was 7.76%. Accrued interest expense for the Blue Ridge Secured Loan is included in "Other liabilities" on MBIA Corp.'s consolidated balance sheets.

Use of Proceeds

The proceeds of the Blue Ridge Secured Loan can be used for general corporate purposes. Once the Blue Ridge Secured Loan amount outstanding exceeds \$50 million, the proceeds must be used for the purpose of meeting ordinary course liquidity requirements expected to arise during the 30 days following such borrowing.

Conditions to Borrowings

Blue Ridge's obligation to make loans is subject to usual and customary conditions precedent, including that on the date of the borrowing (i) no default is continuing or would occur as a result of that borrowing and (ii) the representations and warranties specified in the Blue Ridge Secured Loan agreement are true and accurate in all material respects.

Security

The loans are secured by a pledge of collateral consisting of the following: (i) MBIA Insurance Corporation's right to receive put-back recoveries related to ineligible mortgage loans included in its insured RMBS transactions; (ii) MBIA Insurance Corporation's future recoveries on defaulted insured RMBS transactions resulting from expected excess spread generated by performing loans in such transactions; (iii) MBIA Insurance Corporation's future installment premiums; and (iv) 65% of the voting capital stock of MBIA Insurance Corporation's equity interest in MBIA UK (Holdings) Limited (the collateral described in clauses (ii) and (iii) above, the "Other Prepayment Collateral"). Under the Blue Ridge Secured Loan, the value of the collateral described in clauses (i) through (iii) above, must at all times be greater than \$1.0 billion. As of September 30, 2013, the value of the collateral was approximately \$2.5 billion.

Interest Rate and Fees

Borrowings under the Blue Ridge Secured Loan have a variable interest rate, at MBIA Insurance Corporation's option, based on either: (i) the adjusted LIBOR plus an applicable margin ("LIBOR Loans"), or (ii) the highest between (a) Bank of America's prime rate and (b) the sum of the federal funds effective rate plus 0.5%, and (c) the adjusted LIBOR plus 1.00%, plus an applicable margin ("Base Rate Loans"). The applicable margin for the LIBOR Loans and the Base Rate Loans is 7.50% and 6.50%, respectively. With respect to any available but undrawn amounts under the Blue Ridge Secured Loan, MBIA Insurance Corporation is obligated to pay a commitment fee on such undrawn amounts of 2.00% per annum. The amount of the commitment fee and interest expense for the nine months ended September 30, 2013 was \$4 million.

Scheduled Repayment

The maturity date of the Blue Ridge Secured Loan is three years from the closing date, at which time any then outstanding loans will be due and payable.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 9: Debt (continued)

Mandatory Prepayments

Loans are required to be prepaid (and Blue Ridge's commitments reduced) in an amount equal to the following: (i) 100% of the proceeds of any put-back recoveries and (ii) on and after the first anniversary of the closing date, from the proceeds of any Other Prepayment Collateral in an amount equal to (x) from the first anniversary of the closing date to the second anniversary of the closing date, 50% of such proceeds and (y) from the second anniversary of the closing date to the maturity date, 100% of such proceeds. In addition, loans must be prepaid (and Blue Ridge's commitments reduced) in an amount equal to 100% of the proceeds of certain disposals of assets to the extent exceeding \$1 million in aggregate for all such disposals. Finally, loans must be prepaid (but without any commitment reduction) to the extent the proceeds of any borrowing that is a liquidity borrowing are not in fact used for such purposes and have not otherwise been used to repay loans within the required 30-day period.

Representations and Warranties

The Blue Ridge Secured Loan contains certain customary representations and warranties for loan facilities of this type, which are given on the closing date and at each borrowing under the Blue Ridge Secured Loan agreement, including with respect to organization of MBIA Insurance Corporation, power of authority, enforceability of the loan documents, receipt of any necessary governmental approvals, financial condition and solvency, and compliance with laws.

Covenants

The Blue Ridge Secured Loan contains certain affirmative, negative and financial covenants, which are customary for loan facilities of this type in relation to, among other matters, delivery of financial statements, notice of material events, existence and conduct of business, payment of taxes and other obligations, maintenance of books and records, compliance with all material laws, and maintenance of insurance, and includes a requirement that MBIA Insurance Corporation maintain at least \$750 million of statutory capital (defined as policyholders' surplus plus contingency reserves).

In addition, MBIA Insurance Corporation may not, without Blue Ridge's consent, consummate any amendments, compromises or commutations with respect to insurance obligations and settlements of litigation to the extent (x) that payments made in respect of such remediation efforts subsequent to June 28, 2013 exceed \$260 million in the aggregate, (y) after giving effect thereto and to any borrowings of loans in connection therewith, the aggregate principal amount of loans outstanding would exceed \$200 million or (z) after giving effect thereto, all remediation efforts taken as a whole since the closing date, would, cumulatively, have reduced MBIA Insurance Corporation's statutory capital by \$100 million or more.

In addition, MBIA Insurance Corporation may not prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment of principal, interest or fees or any other payment on, any of its indebtedness (including the Surplus Notes), except for payments of the loans under the Blue Ridge Secured Loan agreement and except for certain refinancings and refundings of its indebtedness.

Change of Control

MBIA Insurance Corporation may be required to prepay all amounts outstanding under the Blue Ridge Secured Loan agreement upon the occurrence of a change of control.

Events of Default

The Blue Ridge Secured Loan agreement contains certain events of default which are customary for loan facilities of this type (and with customary cure periods), including failure to pay principal, interest or fees on the loans, misrepresentation, failure to observe covenants or conditions, failure to pay other material indebtedness, insolvency and bankruptcy matters, and unlawfulness or invalidity of the loan documents.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 10: Income Taxes

MBIA Corp.'s income taxes and the related effective tax rates for the three and nine months ended September 30, 2013 and 2012 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Income (loss) before income taxes	\$ 190	\$(160)	\$ 69	\$ 597
Provision (benefit) for income taxes	\$ 71 37.4%	\$ (80) 50.0%	\$ (24) (34.8)%	\$ 201 33.7%

For the nine months ended September 30, 2013 and 2012, MBIA Corp.'s effective tax rate applied to its pre-tax income was less than the U.S. statutory tax rate primarily as a result of the decrease in the valuation allowance.

For interim reporting purposes, MBIA Corp. has calculated its effective tax rate for the full year of 2013 by adjusting annual forecasted pre-tax income for mark-to-market income, fair value adjustments, capital gains/losses, and other tax adjustments when projecting its full year effective tax rate. MBIA Corp. has accounted for these items at the federal applicable tax rate after applying the projected full year effective tax rate to its actual nine-month results before discrete items.

Deferred Tax Asset, Net of Valuation Allowance

MBIA Corp. recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on tax assets and liabilities is recognized in income in the period that includes the enactment date.

MBIA Corp. establishes a valuation allowance against its deferred tax asset when it is more likely than not that all or a portion of the deferred tax asset will not be realized. All evidence, both positive and negative, needs to be identified and considered in making the determination. Future realization of the existing deferred tax asset ultimately depends, in part, on the existence of sufficient taxable income of appropriate character (for example, ordinary income versus capital gains) within the carryforward period available under the tax law.

As of September 30, 2013, MBIA Corp. reported a net deferred tax asset of \$1.3 billion. The \$1.3 billion net deferred tax asset is net of a \$3.4 million valuation allowance. As of September 30, 2013, MBIA Corp. had a valuation allowance against a portion of the deferred tax asset related to capital loss carryforwards and losses from asset impairments as these losses are considered capital losses, have a five-year carryforward period, once recognized, can only offset capital gain income. The September 30, 2013 valuation allowance reflects a decrease of \$50 million from the December 31, 2012 valuation allowance of \$54 million. The decrease in the valuation allowance for the nine months ended September 30, 2013 was primarily due to the generation of capital gain income from the termination of certain contracts."

MBIA Corp. has concluded that it is more likely than not that its net deferred tax asset will be realized. MBIA Corp. relied on MBIA Inc.'s tax sharing agreement and the Parent's assurance that it intended for no net operating loss ("NOL") or capital loss generated by MBIA Corp., to the extent used in consolidation, to expire without compensation.

Accounting for Uncertainty in Income Taxes

MBIA Corp.'s policy is to record and disclose any change in unrecognized tax benefit and related interest and/or penalties to income tax in the consolidated statements of operations. As of September 30, 2013 and 2012, MBIA Corp. did not have any uncertain tax positions and corresponding interest or penalties.

MBIA Corp.'s major tax jurisdictions include the U.S. and U.K. MBIA and its U.S. subsidiaries file a U.S. consolidated federal income tax return.

The U.K. tax authorities are currently auditing tax years 2005 through 2010. On June 5, 2013, MBIA Corp. met with the HM Revenue and Customs ("HMRC"). During the third quarter of 2013, MBIA Corp. sent HMRC additional information supporting its position, and discussions with HMRC are ongoing and a resolution has not been reached. As of September 30, 2013, MBIA Corp. has not established a reserve for this issue.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 10: Income Taxes (continued)

As of December 31, 2012, MBIA Corp. had a NOL carryforward of \$907 million, which will expire between tax years 2031-2032. As a result of commutation activity in the first three quarters of 2013, MBIA Corp.'s NOL has significantly increased from the 2012 year end amount as of September 30, 2013. MBIA Corp. also had a capital loss carryforward of \$165 million, which will expire in tax year 2017. However, as of September 30, 2013, MBIA Corp. has generated year-to-date capital gain income sufficient to fully utilize the 2012 capital loss.

Tax Sharing Arrangement

MBIA Corp. files its U.S. Corporation Income Tax Return as a member of the MBIA Inc. consolidated group and participates in a tax sharing agreement between MBIA Corp. and MBIA Inc. under which MBIA Corp. is allocated its share of consolidated tax liability or tax benefit as determined on a standalone basis under the tax sharing agreement.

As of September 30, 2013, MBIA Corp. has not made tax payments under this tax sharing agreement for 2013 and 2012. If tax payments had been made, all funds would have been placed in escrow by MBIA Inc. and would remain in escrow until the expiration of a two-year carryback period which would allow MBIA Corp. to carryback a separate company tax loss and recover all or a portion of the escrowed funds.

As of September 30, 2013, MBIA Corp. has not received any payment with respect to tax losses contributed to the consolidated group. MBIA Corp. will receive benefits of its losses as it is able to earn out those losses in the future. However, it is MBIA Inc.'s intention not to allow any tax loss generated by MBIA Corp., to the extent used in consolidation, to expire without compensation.

Note 11: Accumulated Other Comprehensive Income

The following table presents the changes in the components of AOCI for the nine months ended September 30, 2013:

In millions	Unrealized Gains (Losses) on AFS Securities, Net ⁽¹⁾	Foreign Currency Translation, Net ⁽¹⁾	Total ⁽¹⁾
Balance, January 1, 2013	\$ 16	\$ 9	\$ 25
Other comprehensive income before reclassification	(2)	(8)	(10)
Amounts reclassified from AOCI	(2)	-	(2)
Net current period other comprehensive income	(4)	(8)	(12)
Balance, September 30, 2013	\$ 12	\$ 1	\$ 13

(1) - All amounts are presented net of tax. Amounts in parentheses indicate debits.

The following table presents the details of the reclassifications from AOCI for the nine months ended September 30, 2013:

In millions	Amounts Reclassified From AOCI	Affected Line Item on the Consolidated Statements of Operations
Details about AOCI Components		
Reclassification adjustment on sale of securities	\$ 3	Net gains (losses) on financial instruments at fair value and foreign exchange
	1	Provision (benefit) for income taxes
Total reclassifications for the period	\$ 2	Net income (loss)

Note 12: Commitments and Contingencies

The following commitments and contingencies provide an update of those discussed in "Note 18: Commitments and Contingencies" in the Notes to Consolidated Financial Statements included in Exhibit 99.2 of MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, and should be read in conjunction with the complete descriptions provided in the aforementioned note included in Exhibit 99.2 of Form 10-K. In the normal course of operating its business, MBIA Corp. may be involved in various legal proceedings. Additionally, MBIA may be involved in various legal proceedings that directly or indirectly impact MBIA Corp.

Note 12: Commitments and Contingencies (continued)

Recovery Litigation

MBIA Insurance Corp. v. Countrywide Home Loans, Inc., et al.; Index No. 602825/08 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, the parties reached an agreement to resolve MBIA Corp.'s claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

MBIA Insurance Corp. v. Bank of America Corp.; Countrywide Home Loans, Inc., Countrywide Securities Corp., and Countrywide Financial Corp. et al.; Case No. BC417572 (Ca. Super. Ct., County of Los Angeles)

In May of 2013, the parties reached an agreement to resolve MBIA Corp.'s claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

MBIA Insurance Corp. v. Federal Deposit Insurance Corporation (in its corporate capacity and as conservator and receiver for IndyMac Federal Bank, F.S.B.); Civil Action No. 09-01011 (ABJ) (D.D.C.)

On March 8, 2013, the United States Court of Appeals for the D.C. Circuit affirmed the district court's ruling dismissing MBIA Corp.'s amended complaint.

MBIA Insurance Corp. v. Credit Suisse Securities (USA) LLC, et al.; Index No. 603751/2009 (N.Y. Sup. Ct., N.Y. County)

On March 8, 2013, the defendants filed their answer to the amended complaint. On April 19, 2013, the court issued an order scheduling fact discovery to close by June 30, 2014.

MBIA Insurance Corp. v. J.P. Morgan Securities LLC (f/k/a Bear, Stearns & Co. Inc); Index No. 64676/2012 (N.Y. Sup. Ct., County of Westchester)

On October 9, 2013, J.P. Morgan Securities LLC filed its motion for summary judgment.

MBIA Insurance Corp. v. Ally Financial Inc. (f/k/a GMAC, LLC) et al.; 12-cv-02563 SRN/TNL (D. Minn.)

This case is currently stayed.

MBIA Insurance Corp. v. Flagstar ABS, LLC, et al.; 13-cv-0262 (JSR) (S.D.N.Y.)

The parties filed a Stipulation of Discontinuance and Order of Dismissal with Prejudice of this action on May 2, 2013. Under the terms of the settlement, MBIA Corp. dismissed the lawsuit against Flagstar Bank in exchange for \$110 million in cash and other consideration.

Transformation Litigation

ABN AMRO Bank N.V. et al. v. Eric Dinallo et al.; Index no. 601846/09 (N.Y. Sup. Ct., N.Y. County)

On March 4, 2013, the court issued a decision dismissing the Article 78 proceeding. On April 2, 2013, the remaining plaintiffs filed a Notice of Appeal to the Appellate Division, First Department. In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the settlement agreements.

ABN AMRO Bank N.V. et al. v. MBIA Inc. et al.; Index No. 601475/2009 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the settlement agreements.

Barclays Bank PLC., et al. v. Wrynn et al.; Index No. 651811/2010 (N.Y. Sup. Ct., N.Y. County)

In May of 2013, following the Bank of America and Societe Generale settlements, all plaintiffs in this matter dismissed their claims. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the settlement agreements.

MBIA Insurance Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 12: Commitments and Contingencies (continued)

CQS ABS Master Fund Ltd., CQS Select ABS Master Fund Ltd., and CQS ABS Alpha Master Fund Ltd. v. MBIA Inc. et al.; Civil Action No. 12-cv-6840 (R.S.) (S.D.N.Y.)

On October 23, 2013, the plaintiffs filed a motion for a preliminary injunction seeking to prospectively enjoin National from issuing dividends during the pendency of the litigation. Although the motion referenced the dividend that MBIA previously had disclosed that National intended to pay in the fourth quarter of 2013, that dividend was paid prior to the filing of the motion, and therefore is not subject to the relief requested by the motion. National filed its reply to the motion on November 1, 2013 and believes it is not meritorious and should be denied. The court has adjourned oral argument on the motion to November 14, 2013. The court entered a revised Management Plan and Scheduling Order setting a fact discovery deadline of April 4, 2014.

Broadbill Partners LP, et al. v. MBIA Inc., et al.; Index No. 653865/2012 (N.Y. Sup. Ct., N.Y. County)

On June 6, 2013, the plaintiffs voluntarily dismissed the litigation without prejudice. A Stipulation of Discontinuance was filed on June 7, 2013.

Corporate Litigation

Bank of America v. MBIA Inc. and The Bank of New York Mellon, as Indenture Trustee; Index No. 70444/2012 (N.Y. Sup. Ct., Westchester County)

In May of 2013, the parties reached an agreement to resolve their respective claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

MBIA Inc. v. Bank of America Corp. and Blue Ridge Investments, L.L.C.; Index No. 51664/2013 (N.Y. Sup. Ct., Westchester County)

In May of 2013, the parties reached an agreement to resolve their respective claims in this action. Refer to "Note 1: Business Developments and Risks and Uncertainties" included herein for a description of the comprehensive settlement agreement.

Mary Crescente v. Joseph Brown, et al.; Index No. 17595/2008 (N.Y. Sup. Ct., Westchester County)

On March 25, 2013, a Stipulation of Discontinuance was filed with the court resolving the litigation.

Ambac Bond Insurance Coverage Cases, Coordinated Proceeding Case No. JCCP 4555 (Super. Ct. of Cal., County of San Francisco)

The plaintiffs filed a notice of appeal of the March 22, 2013 decision that granted the Bond Insurer defendants' motion to strike pursuant to California's Anti-SLAPP statute dismissing the plaintiffs' claims under California's Cartwright Act. On October 1, 2013, the Bond Insurer defendants' filed a notice of cross-appeal.

Tri-City Healthcare District v. Citibank. et al.; Case No. 30-2010-00359692 (Super. Ct. of Cal., County of Orange)

The parties reached an agreement to resolve Tri-City Healthcare District's claims in this matter.

City of Phoenix v. AMBAC et al., Case No. 2:10-cv-00555-TMB (D. Ariz.)

On June 4, 2013, the parties reached an agreement to resolve the City of Phoenix's claims in this matter.

MBIA and MBIA Corp. are defending against the aforementioned actions in which they are defendants and expect ultimately to prevail on the merits. There is no assurance, however, that they will prevail in these actions. Adverse rulings in these actions could have a material adverse effect on MBIA Corp.'s ability to implement its strategy and on its business, results of operations, cash flows and financial condition. At this stage of the various litigations, there has not been a determination as to the amount, if any, of damages. Accordingly, MBIA Corp. is not able to estimate any amount of loss or range of loss.

There are no other material lawsuits pending or, to the knowledge of MBIA Corp., threatened, to which MBIA Corp. or any of its subsidiaries is a party.

Note 13: Subsequent Events

Refer to "Note 12: Commitments and Contingencies" for information about legal proceedings that occurred after September 30, 2013.

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Section 8: EX-99.3 (EX-99.3)

Exhibit 99.3

NOVATION AGREEMENT

This NOVATION AGREEMENT, dated as of September 14, 2012 (this "Agreement"), by and between Financial Guaranty Insurance Company, a New York stock insurance company ("FGIC"), and National Public Finance Guarantee Corporation (formerly named MBIA Insurance Corp. of Illinois), a New York stock insurance company ("National" and, together with FGIC, the "Parties").

RECITALS

WHEREAS, FGIC and MBIA Insurance Corporation, a New York stock insurance company ("MBIA"), entered into (i) a Reinsurance Agreement, dated as of September 30, 2008 (the "Reinsurance Agreement"), pursuant to which FGIC ceded as reinsurance to MBIA, and MBIA assumed as reinsurance from FGIC, the interest of FGIC in and to, and the risks associated with each of the Covered Policies (as defined below) (net of certain pre-existing third party reinsurance relating to the Covered Policies provided to FGIC), and (ii) an Administrative Services Agreement, dated as of December 1, 2008 (the "Administrative Services Agreement"), pursuant to which MBIA agreed to provide all administrative and other services on behalf of and for FGIC with respect to the Covered Policies;

WHEREAS, pursuant to an Assignment and Assumption Agreement, dated as of February 17, 2009 (the "Assignment and Assumption Agreement"), MBIA assigned to National all of its rights, interests, obligations and liabilities under the Reinsurance Agreement, effective as of January 1, 2009, and National assumed the same;

WHEREAS, in connection with the Assignment and Assumption Agreement, National and MBIA entered into a subcontracting arrangement, whereby National agreed to provide all services required to be performed by MBIA under the Administrative Services Agreement; and

WHEREAS, FGIC desires to transfer by novation to National the Covered Policies, the Covered Policy Liabilities (as defined below) and the Covered Policy Rights (as defined below), and National desires to accept such transfer by novation and assume the Covered Policies, the Covered Policy Liabilities and the Covered Policy Rights, all on the terms and subject to the conditions provided herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

- (a) “Administrative Services Agreement” shall have the meaning set forth in the recitals to this Agreement.
- (b) “Affiliate” means, with respect to any particular Person, any other Person which, directly or indirectly, controls or is controlled by or under common control with such particular Person. A Person will be “controlled by” any other Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, contract, or otherwise.
- (c) “Agreement” shall have the meaning set forth in the preamble to this Agreement.
- (d) “Assignment and Assumption Agreement” shall have the meaning set forth in the recitals to this Agreement.
- (e) “Business Day” means any day other than a day on which banks in the State of New York are permitted or required to be closed.
- (f) “Court Order” means an order of the Rehabilitation Court in the Proceeding approving this Agreement and ordering that the Covered Policies, the Covered Policy Rights and the Covered Policy Liabilities shall be legally novated from FGIC to National in accordance with the terms and conditions of this Agreement.
- (g) “Covered Policy” means each Policy written by FGIC and reinsured by National (as assignee of MBIA) pursuant to the Reinsurance Agreement, as set forth on Schedule 1.
- (h) “Covered Policy Liabilities” means the Liabilities of FGIC pursuant to the terms and conditions of the Covered Policies. For the avoidance of doubt, neither the term “Covered Policy” nor the term “Covered Policy Liabilities” shall include (i) any FGIC Extra Contractual Obligations, (ii) any Liabilities of FGIC arising out of or relating to any agreement, contract, instrument or other document included in the definition of Covered Policy Rights, other than to the extent (x) pursuant to the terms and conditions of the Covered Policies or (y) arising out of any action or inaction of National or any of its Affiliates, (iii) any Liabilities of FGIC arising out of FGIC’s entry into this Agreement and the consummation of

the transactions contemplated hereby and (iv) any Liabilities of FGIC or any of its Affiliates arising from or relating to litigation known as AMBAC Bond Insurance Cases and the City of Phoenix vs. Ambac Assurance Corporation, MBIA Insurance Corporation and Financial Guaranty Insurance Company or litigation on substantially similar matters; provided that this exclusion (iv) shall not include amounts payable pursuant to the terms and conditions of the Covered Policies.

- (i) “Covered Policy Rights” means the rights of FGIC under or with respect to the Covered Policies and the rights of FGIC, as the original insurer, surety or similar capacity under the Covered Policies, under any agreement, contract, instrument or other document relating to the Covered Policies or any obligations insured by the Covered Policies. For the avoidance of doubt, Covered Policy Rights shall not include Third Party Reinsurance or any other reinsurance coverage of risks under any of the Covered Policies or FGIC’s rights thereunder.
- (j) “Covered Policyholder” means for each Covered Policy the holder or beneficiary of such Covered Policy as set forth therein.
- (k) “Documents” shall have the meaning set forth in Section 3.1(b) of this Agreement.
- (l) “Extra Contractual Obligations” means, with respect to any Person, all liabilities (i) for compensatory, consequential, exemplary, punitive or similar damages which directly relate to any alleged or actual act, error, omission, fraud or misrepresentation by such Person, any of its Affiliates or any of its or its Affiliates’ officers or employees, whether intentional or otherwise or (ii) from any actual or alleged reckless conduct or bad faith by such Person, any of its Affiliates or any of its or its Affiliates’ officers or employees in connection with such Person’s handling of any claim under any of the Covered Policies (including the settlement, defense of, or appeal of any claim) or in connection with the issuance, offer, sale, delivery, cancellation or administration by such Person or any of its Affiliates or any of its or its Affiliates’ officers or employees of any of the Covered Policies.
- (m) “FGIC” shall have the meaning set forth in the preamble to this Agreement.
- (n) “FGIC Extra Contractual Obligations” means any and all Extra Contractual Obligations to the extent arising out of any action or inaction of FGIC or any of its Affiliates.
- (o) “Final Order” means an order or judgment of a court of competent jurisdiction entered on the docket maintained by the clerk of such court that has not been reversed, vacated or stayed and as to which (i) the time

to appeal, petition for *certiorari* or move for a new trial, reargument or rehearing has expired and as to which no appeal, petition for *certiorari* or other proceedings for a new trial, reargument or rehearing shall then be pending, or (ii) if an appeal, writ of *certiorari*, new trial, reargument or rehearing thereof has been sought, (a) such order or judgment shall have been affirmed by the highest court to which such order was appealed, leave to appeal or *certiorari* shall have been denied or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order or otherwise been dismissed with prejudice, and (b) the time to take any further appeal, petition for *certiorari*, or move for a new trial, reargument or rehearing shall have expired; *provided, however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, Rule 5015 of the New York Civil Practice Law and Rules, or any analogous rule, may be filed relating to such order shall not prevent such order from being a Final Order.

- (p) “Governmental Authority” means any federal, state, local or foreign government or any subdivision, agency, instrumentality, authority, self-regulatory organization, department, commission, board or bureau thereof or any federal, state, local or foreign court or tribunal.
- (q) “Liabilities” means any and all claims, losses, exposures, risks, liabilities, expenses and other obligations of any kind or nature, whether based in contract, tort or otherwise, whether known, unknown, asserted, not asserted, absolute, contingent, accrued, unaccrued, disputed, undisputed, or otherwise, and whether incurred, existing or arising before, on or after the Novation Effective Date.
- (r) “Master Agreement” shall have the meaning set forth in Section 2.3(a) of this Agreement.
- (s) “Material Adverse Effect” means a material adverse effect on (i) the ability of the applicable Party to consummate the transactions contemplated by this Agreement, (ii) the ability of the applicable Party to perform its obligations under this Agreement or (iii) the effectiveness of the novation of the Covered Policies, the Covered Policy Rights or the Covered Policy Liabilities as contemplated by this Agreement.
- (t) “MBIA” shall have the meaning set forth in the recitals to this Agreement.
- (u) “National” shall have the meaning set forth in the preamble to this Agreement.
- (v) “National Extra Contractual Obligations” means any and all Extra Contractual Obligations to the extent arising out of any action or inaction of National or any of its Affiliates (including, for the avoidance of doubt, any such action or inaction during the term of the Administrative Services Agreement).

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- (w) “Novation Effective Date” means the earliest date on which both (i) all conditions to the effectiveness of the Plan are either satisfied or waived pursuant to the terms of the Plan and (ii) the Court Order is in full force and effect and is a Final Order, provided that FGIC may waive in writing the requirement that the Court Order be a Final Order.
- (x) “Novation Endorsement” shall have the meaning set forth in Section 2.4 of this Agreement.
- (y) “Parties” shall have the meaning set forth in the preamble to this Agreement.
- (z) “Person” means an individual, corporation, limited liability company, association, joint-stock company, business trust or other similar organization, partnership, joint venture, trust, unincorporated organization or government or any agency, instrumentality or political subdivision thereof.
- (aa) “Plan” means the Plan of Rehabilitation for FGIC (or, if the Proceeding is converted to a liquidation proceeding, the Plan of Liquidation for FGIC) as approved by an order entered by the Rehabilitation Court in the Proceeding.
- (bb) “Policy” means a policy, insurance contract, surety bond, financial guarantee, or similar instrument or contract (but not including forward commitments to issue any of the foregoing), issued or written by FGIC in the United States, the District of Columbia, Puerto Rico or the U.S. Virgin Islands, and shall include primary policies, secondary market policies and ancillary policies or guaranties guarantying debt service reserve fund obligations, interest rate swaps and liquidity facilities or similar obligations in connection with primary policies.
- (cc) “Proceeding” means the rehabilitation proceeding for FGIC pursuant to Article 74 of the New York Insurance Law (“Article 74”) currently pending before the Rehabilitation Court, captioned as In the Matter of the Rehabilitation of Financial Guaranty Insurance Company, Index No. 401265/2012, as such proceeding may be converted to a liquidation proceeding pursuant to Article 74.
- (dd) “Records” shall have the meaning set forth in Section 3.2(b) of this Agreement.
- (ee) “Rehabilitation Court” means the court having jurisdiction over the Proceeding.

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- (ff) “Rehabilitation Order” means the Order of Rehabilitation signed by the Honorable Doris Ling-Cohan of the Rehabilitation Court on June 28, 2012 in the Matter of the Application of Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York, for an order to take possession of the property of and rehabilitate Financial Guaranty Insurance Company, Index No. 401265/2012.
- (gg) “Reinsurance Agreement” shall have the meaning set forth in the recitals to this Agreement.
- (hh) “Second-to-Pay Policy” means the second-to-pay policy (policy No. MBNA-0002), as amended or supplemented, issued by National, whereby National agreed, among other things, to guarantee any shortfall in amounts due from FGIC under the Covered Policies.
- (ii) “Third Party Reinsurance” means, as of any date of determination, all reinsurance coverage of risks under any of the Covered Policies provided to FGIC by a Third Party Reinsurer as of such date.
- (jj) “Third Party Reinsurers” means, as applicable, each third party reinsurer of FGIC, including Assured Guaranty Corp. and its Affiliates, American Overseas Reinsurance Company Limited (fka RAM Reinsurance Company Ltd.) and The TOA Reinsurance Company of America.

1.2 Interpretation. When a reference is made in this Agreement to an Article, Section, Exhibit, or Schedule, such reference shall be to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes. References to a Person are also to its permitted successors and assigns.

ARTICLE II

NOVATION OF THE COVERED POLICIES

2.1 Novation. As of the Novation Effective Date, without the need for any action on the part of either Party or any other Person (including any consent or other action on the part of any Covered Policyholder or any other interested Person):

- (a) FGIC hereby transfers by novation to National, and National hereby accepts such transfer by novation of, the Covered Policies, the Covered Policy Rights and the Covered Policy Liabilities, with the effect that National is hereby irrevocably designated the successor in interest to, and substituted in the place and stead of, FGIC as if it were the original insurer, surety or Person acting in a similar capacity under the Covered Policies and with respect to the Covered Policy Rights and the Covered Policy Liabilities, and National will be the sole insurer, surety or Person acting in a similar capacity, respectively, under the Covered Policies and with respect to the Covered Policy Rights and the Covered Policy Liabilities.
- (b) National hereby irrevocably accepts the Covered Policy Rights, including all rights to premiums, recoveries, subrogation and salvage that have accrued or may accrue under or with respect to the Covered Policies but excluding any such amounts paid by any Person to MBIA or National pursuant to the Administrative Services Agreement prior to the Novation Effective Date, and shall have the sole and direct benefit of such Covered Policy Rights in substitution for FGIC; provided, however, that, for the avoidance of doubt, it is acknowledged and agreed that pursuant to the Reinsurance Agreement FGIC has previously ceded and paid to National (as assignee of MBIA) all unearned premiums relating to the Covered Policies net of the ceding commissions payable to FGIC thereunder and that FGIC shall not have any obligation to pay or remit to National any additional or further premiums relating to the Covered Policies except as and to the extent provided in the next sentence. FGIC shall promptly remit to National one hundred percent (100%) of the premiums, recoveries, subrogation and salvage under or with respect to the Covered Policies, if any, that FGIC may receive after the Novation Effective Date. All monies, checks, drafts, money orders and other instruments received by FGIC after the Novation Effective Date for such amounts will be promptly transferred and delivered to National and any such instruments, when so delivered, will bear all endorsements required to effect the transfer to National.
- (c) National hereby irrevocably assumes the Covered Policy Liabilities, and shall have the sole and direct liability and responsibility for, and shall fully and timely perform, the Covered Policy Liabilities in substitution for FGIC. National shall have the direct benefit of, and be fully subrogated to,

any and all defenses, setoffs and counterclaims to which FGIC would have been entitled under or with respect to the Covered Policies or the Covered Policy Liabilities. The Parties agree that no such defenses, set-offs or counterclaims are waived by the execution of this Agreement or the consummation of the transactions contemplated hereby.

- (d) The Covered Policyholders, the issuers or obligors of the obligations insured by the Covered Policies and all other interested Persons are authorized and directed to pay all future premiums and recoveries, if any, and to submit all future claims, if any, under or with respect to the Covered Policies solely and directly to National and to treat National for all purposes as if it had originally issued or written the Covered Policies instead of FGIC.
- (e) The Covered Policies shall remain in full force and effect and will be subject in all respects to the same terms and conditions of the Covered Policies, respectively, as in effect immediately prior to the Novation Effective Date, except as modified hereby or by the Novation Endorsement.

2.2 Release and Discharge of FGIC. As of the Novation Effective Date, without the need for any action on the part of either Party or any other Person (including any consent or other action on the part of any Covered Policyholder or any other interested Person), FGIC is hereby irrevocably released and fully, finally and forever discharged from the Covered Policy Liabilities, and National shall indemnify, defend and hold FGIC harmless against all Covered Policy Liabilities.

2.3 Reinsurance Agreement, Administrative Services Agreement and Master Agreement.

- (a) Without the need for any action on the part of either Party or any other Person (including any consent or other action on the part of any Covered Policyholder or any other interested Person), the Parties hereby agree that each of the (i) Reinsurance Agreement, following settlement as of the Novation Effective Date of all amounts then known to be owed and remaining unpaid on such date as between FGIC and National under or with respect to the Reinsurance Agreement, (ii) Administrative Services Agreement, and (iii) Master Agreement, dated as of August 27, 2008, by and among FGIC, MBIA Inc. and MBIA (the "Master Agreement"), shall terminate as of the Novation Effective Date, and each Party shall be irrevocably released and fully, finally and forever discharged from any and all Liabilities to the other Party thereunder or with respect thereto, including any Liability of National to FGIC to return premium on any Policies determined after the Novation Effective Date to have been refinanced or otherwise not in-force as of the effective date of the Reinsurance Agreement, in each case subject to Sections 2.3(c) and (d) below. Notwithstanding anything to the contrary herein or in any of the

foregoing agreements, in the event of any commutation or recapture of any or all the Third Party Reinsurance, whether before, at or after the Novation Effective Date, no amount or other obligation shall be payable or owed by FGIC to National in connection therewith.

- (b) National has informed FGIC, and FGIC acknowledges, that pursuant to Section 3 of the Second-to-Pay Policy, upon the termination of the Reinsurance Agreement, the Second-to-Pay Policy will be cancelled automatically and immediately without any further action on the part of National.
- (c) In the event that an applicable Governmental Authority should finally determine that all or any portion of any Covered Policies, Covered Policy Rights and/or Covered Policy Liabilities are not, by virtue of this Agreement, legally novated to National, the Parties hereby agree that the Reinsurance Agreement and the Administrative Services Agreement and the Parties' respective rights and obligations thereunder shall be deemed to be reinstated and in full force and effect (continuously from and after the Novation Effective Date, but without giving effect to any provisions concerning Third Party Reinsurance), solely as to such Covered Policies, Covered Policy Rights and/or Covered Policy Liabilities (or portion thereof, as applicable) that were subject to such final determination, as the case may be, automatically and without any further action of the Parties or any other Person notwithstanding Section 2.3(a) of this Agreement. Furthermore, with respect to any such determination (final, pending, threatened, potential or otherwise) or similar matter, facts or circumstances, notwithstanding anything herein to the contrary (i) automatic reinstatement of the Reinsurance Agreement and Administrative Services Agreement and the Parties' respective rights and obligations thereunder, solely if and to the extent provided under the foregoing sentence, shall be the sole and exclusive remedy of the Parties and (ii) this Agreement shall terminate with respect to such Covered Policies, Covered Policy Rights and/or Covered Policy Liabilities, or any such portion thereof, as applicable, and neither Party shall have any Liability under or arising out of this Agreement with respect thereto.
- (d) In the event that an applicable Governmental Authority should issue a stay or injunction preventing the implementation of this Agreement with respect to all or any portion of any Covered Policies, Covered Policy Rights and/or Covered Policy Liabilities, the Parties hereby agree that the Reinsurance Agreement and the Administrative Services Agreement and the Parties' respective rights and obligations thereunder shall be deemed to be reinstated and in full force and effect (continuously from and after the Novation Effective Date, but without giving effect to any provisions concerning Third Party Reinsurance), during the pendency of such stay or injunction solely as to such Covered Policies, Covered Policy Rights and/or Covered Policy Liabilities (or portion thereof, as applicable) that

were subject to such stay or injunction, as the case may be, automatically and without any further action of the Parties or any other Person notwithstanding Section 2.3(a) of this Agreement. Furthermore, with respect to any such stay or injunction (final, pending, threatened, potential or otherwise) or similar matter, facts or circumstances, notwithstanding anything herein to the contrary (i) automatic reinstatement of the Reinsurance Agreement and Administrative Services Agreement and the Parties' respective rights and obligations thereunder, solely if and to the extent provided under the foregoing sentence, shall be the sole and exclusive remedy of the Parties and (ii) neither Party shall have any Liability under or arising out of this Agreement with respect thereto.

2.4 Novation Endorsement. National will use its commercially reasonable efforts to deliver an assumption and novation endorsement substantially in the form attached hereto as Exhibit A (the "Novation Endorsement") to the Covered Policyholders on or as soon as practicable after the Novation Effective Date. On or promptly following the Novation Effective Date, National shall (i) post to its website the Novation Endorsement and a notice relating to the consummation of the transactions contemplated hereby in a form mutually acceptable to the Parties and (ii) use its commercially reasonable efforts to post the Novation Endorsement and the foregoing notice to the Electronic Municipal Market Access system. Notwithstanding the foregoing, in no event shall the effectiveness of this Agreement, including for the avoidance of doubt the novation, assumptions, discharges and releases effected hereby and the other agreements hereunder, be conditioned on National's fulfillment of its obligations under this Section 2.4.

2.5 Errors and Omissions. Inadvertent errors or omissions will not relieve any Party from liability hereunder provided that the error or omission is rectified as soon as reasonably practicable after discovery. Upon discovery of an error or omission, the discovering Party will notify the other Party. The Parties will agree to work together in good faith to resolve, consistent with the terms of this Agreement, problems, issues or disputes caused by any such error or omission.

ARTICLE III

REPRESENTATIONS AND WARRANTIES AND COVENANTS

3.1 Representations and Warranties. As of the date hereof and as of the Novation Effective Date, each Party hereby represents and warrants to the other Party as follows:

- (a) Good Standing. Such Party is duly organized, validly existing and in good standing (except, in the case of FGIC, for any adverse effect resulting from the commencement of the Proceeding) under the laws of the jurisdiction of its organization with full power and authority to execute and deliver, and to perform and observe the terms and provisions of, this Agreement.

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- (b) Power and Authority. Such Party has all requisite power and authority to execute and deliver this Agreement as contemplated hereby and each other agreement, document, instrument or certificate to be executed by such Party as contemplated hereby or in connection with the consummation of the transactions contemplated hereby (the “Documents”) and, subject to the occurrence of the Novation Effective Date, to perform its obligations under this Agreement and the Documents. In the case of National, it has all insurance and other licenses required for the consummation of the transactions contemplated hereby and the performance of its obligations under this Agreement and the Documents, except those (i) as to which the failure to be obtained by such Party would not reasonably be expected to have a Material Adverse Effect, or (ii) which will be obtained, on or prior to the Novation Effective Date. No judgment, order or regulatory action has been entered or taken that would reasonably be expected to lead to the revocation, amendment, failure to renew, limitation, suspension or restriction of any such insurance or other license.
- (c) Authorization. Such Party’s execution and delivery of, and performance of its obligations under, this Agreement and the Documents to be executed and delivered by such Party have been duly authorized by all necessary corporate action on its part (in the case of FGIC, including by the Superintendent of Financial Services of the State of New York (or his designee), as court-appointed rehabilitator of FGIC, pursuant to and as contemplated by the Rehabilitation Order).
- (d) Enforceability. This Agreement constitutes, and each of the Documents to be executed and delivered by such Party (when so executed and delivered) will constitute, a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).
- (e) No Consent or Approval. No consent, approval, order or authorization is required to be obtained from, and no notice or filing is required to be provided or made to, any Governmental Authority by such Party in order to execute, deliver and perform its obligations under this Agreement and each of the Documents to be executed and delivered by it, except those (i) as to which the failure to be obtained, provided or made, as applicable, by such Party would not reasonably be expected to have a Material Adverse Effect or (ii) which have already been obtained, provided or made, as applicable, by such Party or, as to performance, which will be obtained, provided or made, as applicable, by such Party on or prior to the Novation Effective Date and except, as to performance, for the Court Order which must be in full force and effect on the Novation Effective Date.

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- (f) No Conflicts. Such Party's execution and delivery of, and performance of its obligations under, this Agreement and each of the Documents to be executed and delivered by such Party does not and will not, subject to obtaining, providing or making, as applicable, the consents, approvals, orders, authorizations, notices and filings contemplated to be obtained, provided or made in Section 3.1(e) hereof or required for the Novation Effective Date to occur: (i) violate any provision of law, rule or regulation applicable to such Party or of such Party's certificate of incorporation, bylaws or other organizational documents; or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party.
- (g) No Judgment or Order. To its knowledge, there is no judgment, order or regulatory action invalidating this Agreement or enjoining the transactions contemplated hereby.

3.2 Covenants.

- (a) Rehabilitation Court Approval. Each Party agrees to use its commercially reasonable efforts to seek to facilitate the Rehabilitation Court's approval of this Agreement and the consummation of the transactions contemplated hereby.
- (b) Transfer of Records. Promptly following the Novation Effective Date, FGIC shall transfer and deliver to National all the underwriting and surveillance files and records relating to the Covered Policies in FGIC's possession or under its control to the extent that such files and records are material and such other files and records relating to the Covered Policies as may be reasonably requested by National promptly following such request (the "Records"). National agrees that after such delivery, FGIC will be entitled, upon reasonable request, during normal business hours and at FGIC's expense to inspect and copy the Records. Any and all correspondence, records or documents coming into the possession of FGIC after the Novation Effective Date, which directly pertain to any Covered Policy or Covered Policy Rights, will be promptly delivered to National by FGIC.
- (c) Accounting. From and including the Novation Effective Date, National shall account for the Covered Policies as direct business of National, National shall maintain all unearned premium, contingency, loss and loss adjustment expense and other statutory reserves required with respect to the Covered Policies, and FGIC shall have no further obligations for reserving or accounting for the Covered Policies.

ARTICLE IV

GENERAL PROVISIONS

4.1 Termination. If the Novation Effective Date does not occur on or prior to December 31, 2013, then National shall have the option to terminate this Agreement by giving FGIC written notice of its election to terminate at any time after such date if and so long as the Novation Effective Date shall not have occurred prior to the delivery of such notice or the termination date specified in such notice. Either Party shall have the option to terminate this Agreement (by delivering written notice to the other Party) if the Plan or supplements thereto as submitted to the Rehabilitation Court (either initially, or on any subsequent submission date) and as may be modified, amended or supplemented thereafter do not include this Agreement in the form as executed by the Parties, or with such changes as the Parties may approve in writing.

4.2 Amendments and Waivers. This Agreement may not be amended, modified, supplemented or changed, and any provision hereof may not be waived or extended, without a writing signed by each Party. The waiver by any Party of any breach of any provision hereof shall be limited to its specific terms and shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of a Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies at law.

4.3 Notices and Reports. All notices and other communications under this Agreement shall be in writing and shall be deemed given when delivered personally by hand, when sent by facsimile transmission (with confirmation of such transmission), or one Business Day following the day sent by next day delivery service using a nationally recognized overnight courier, in each case at the following addressed and facsimile numbers (or to such other address or facsimile number as a Party may have specified by notice given to the other Party pursuant to this provision):

If to FGIC:	Financial Guaranty Insurance Company 125 Park Avenue New York, New York 10017 <u>Attention:</u> General Counsel Facsimile: (212) 312-3221
If to National:	National Public Finance Guarantee Corporation 113 King Street Armonk, NY 10504 <u>Attention:</u> General Counsel Facsimile: 914-765-3919

4.4 Severability. The invalidity or unenforceability of any provision or portion hereof shall not affect the validity or enforceability of the other provisions or portions hereof, all of which shall remain in full force and effect.

4.5 Incontestability. In consideration of the mutual covenants and agreements contained herein, each Party does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not, directly or indirectly, contest the validity or enforceability this Agreement or any provision hereof.

4.6 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, and negotiations, both written and oral, relating thereto.

4.7 Further Assurances. Upon the terms and subject to the conditions herein, each Party agrees to use its commercially reasonable efforts to take or cause to be taken all actions, and to do or cause to be done, and to assist and cooperate with the other Party in doing, all things, in each case as are necessary, proper or advisable and in compliance with applicable law to carry out the purposes of this Agreement and the consummation of the transactions contemplated hereby. In furtherance of the foregoing, FGIC agrees to use its commercially reasonable efforts on and after the Novation Effective Date, at the reasonable request of National, to execute and deliver any instruments, consents, waivers, amendments, notices and other documents, to take any actions or refrain from taking any actions, and to make any filings, appearances or other steps before a Governmental Authority or otherwise as are necessary and appropriate and in compliance with applicable law in order to permit National to seek to exercise and enforce the Covered Policy Rights, including seeking to commence litigation or any other proceeding before a Governmental Authority in order to seek to mitigate a loss or potential loss or protect, perfect or exercise any subrogation, salvage or reimbursement rights or security interests with respect to any Covered Policy. For the avoidance of doubt, neither Party shall institute, prosecute or maintain any legal proceedings on behalf of the other Party without the prior written consent of such other Party. Upon FGIC's request and from time to time, National shall reimburse FGIC for all reasonable out-of-pocket costs and expenses incurred by FGIC in connection with any activities contemplated by this Section that are undertaken or made at the request or direction of National, including the costs and expenses of defending or participating in any legal or other proceedings; provided, however, that FGIC shall use its commercially reasonable efforts to notify National if FGIC determines that, in connection with any such request or direction of National, it would expect to incur out-of-pocket costs and expenses exceeding \$10,000.

4.8 Indemnification by National. The provisions of Exhibit B attached hereto are hereby incorporated into this Agreement by reference in their entirety and made a part of this Agreement as if fully set forth herein.

4.9 Costs and Expenses. Unless provided herein (including Sections 4.7 and 4.8), each Party will pay its own costs and expenses (including legal fees) incurred in connection with the negotiation, preparation and execution of this Agreement and the Documents and the consummation of the novation transaction specified herein.

4.10 Counterparts. This Agreement may be executed in counterparts (or by counterpart signature pages), each of which shall be deemed an original and all of which constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile, email or other electronic imaging means shall be as effective as delivery of an original manually executed counterpart of this Agreement.

4.11 Parties in Interest. Nothing in this Agreement is intended or shall be construed to give any Person, other than the Parties and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

4.12 Submission to Jurisdiction. Each Party irrevocably submits to the exclusive jurisdiction of the Rehabilitation Court for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby; *provided*, that in the event that the Rehabilitation Court is not available, each Party irrevocably submits to the exclusive jurisdiction of any state court located in New York County in the State of New York for such purposes. Each Party agrees to commence any such action, suit or proceeding in the Rehabilitation Court or, in the event that the Rehabilitation Court is not available for such purposes, the Supreme Court of the State of New York, New York County. Each Party further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth above shall be effective service of process for any action, suit or proceeding in the State of New York with respect to any matters to which it has submitted to jurisdiction in this Section. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in such court, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. The Parties intend the broadest possible exclusive jurisdiction of the Rehabilitation Court. Notwithstanding the foregoing, any judgment against any Party hereto may be enforced using the assistance of such courts as may be available to aid in the enforcement of judgments.

4.13 WAIVER OF RIGHT TO JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MIGHT HAVE TO A TRIAL BY JURY IN ANY ACTION, MATTER OR PROCEEDING REGARDING THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

4.14 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign or delegate all or any portion of its rights, obligations or liabilities under this Agreement without the prior written consent of the other Party, which consent

may be given or withheld in such other Party's sole discretion; and any attempt to assign or delegate any rights, obligations or liabilities under this Agreement without such consent shall be void.

4.15 Governing Law. This Agreement shall be construed in accordance with and be governed by the law of the State of New York applicable to contracts entered into therein, without regard to principles of choice of law or conflicts of laws that might lead to the application of laws other than the laws of the State of New York.

4.16 Specific Performance. Each Party acknowledges and agrees that irreparable injury to the other Party would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that such injury would not be adequately compensable in damages. It is accordingly agreed that each Party shall be entitled to seek specific enforcement of, and injunctive relief to prevent any violation of, the terms hereof and the other Party will not take action, directly or indirectly, in opposition to such Party seeking such relief on the grounds that any other remedy or relief is available at law or in equity, nor shall such other Party seek the posting of a bond as a condition for obtaining any such relief. An application for specific performance pursuant to this Section shall not preclude such Party from seeking other relief available at law or in equity.

[signature page follows]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

FINANCIAL GUARANTY INSURANCE COMPANY

By:

BENJAMIN M. LAWSKY

Superintendent of Financial Services of the State of New York, in his
capacity as Rehabilitator of Financial Guaranty Insurance Company

By: /s/ Peter A. Giacone

Name:

Title: Chief Financial Officer
and Agent of Benjamin M. Lawskey, Superintendent of
Financial Services of the State of New York, in his
capacity as Rehabilitator of Financial Guaranty
Insurance Company

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

By: /s/ Daniel E. McManus, Jr.

Name: Daniel E. McManus, Jr.

Title: Managing Director, General Counsel
And Secretary

Schedule 1
List of Covered Policies

Policy Id	Policy
00010008	Allentown City SD, PA GO 2000
00010012	Peotone CUSD #207-U IL GO 00AB
00010013	2525000Pampa (City of), TX GO
00010017	Keller, TX GO Ltd Tax 99A
00010020	Perry CSD, NY GO 2000
00010022	KAUAI COUNTY, HAWAII GO 2000AB
00010023	Willington (Town of) CT 2000
00010028	MORIARTY MUNIC SD #8, NM GO 00
00010030	Bridgeport,ConnecticutGO 2000A
00010032	Gardner USD # 231,KS GO. 2000
00010033	East Lyme (Town of), CT GO 00
00010034	Chetek SD, WI GO 2000
00010035	Campbellsport SD, WI 2000
00010037	Altoona SD, Wisconsin 2000
00010038	Sedgwick USD #260, Derby KS GO
00010039	Monroe County, IL GO LT 2000A
00010040	Monroe County,IL GO AltRev 00B
00010041	Williamson County, TX ULT 2000
00010043	Waco, Texas GO Ltd Tax 2000
00010044	Granby (Town of), CT GO 00
00010045	Fairfield (Twp), NJ GO 2000
00010047	Federal Way SD #210, WA GO 00
00010054	De Pere (City), WI GO 2000A
00010058	National Park Bd of ED, NJ 00
00010059	Stow (Town of) MA 2000
00010061	Grantsburg SD, WI GO 2000A
00010062	Flemington-Raritan RSD NJ 2000
00010066	Sparta ASD, WI GO 99B
00010068	Illinois State GO/Lse 1/2000
00010070	CHICAGO (CITY OF), IL GO 2000
00010071	Champaign County, IL GO 2000AB
00010072	Kingman Co., KS USD #331 GO 00
00010073	Hopkins County, Kentucky GO 00
00010076	Kewaskum SD, WI GO Ref 2000
00010079	Macomb Township Bldg Auth, MI
00010081	Bellevue Union SD, CA GO 99
00010082	Jefferson Township, NJ GO 2000
00010084	Upper Twp BOE, NJ GO 2000
00010089	Vicksburg Comm Schs, MI GO 00
00010094	Waxahachie, TX GO Ltd Tax 2000
00010097	Keyport (Boro of) BOE, NJ
00010100	Giles County, TN GO Ser 2000
00010101	Joshua, TX GO 2000
00010102	Saginaw, Texas Ltd Tax GO 2000
00010107	Perry Community SD, IA GO 00A
00010109	Lowell (City) MA GO 2000
00010118	Capistrano USD SFID No1,CA 99A
00010120	Sterling (Town) MA GO
00010123	Quinton Twp BOE, NJ GO 2000
00010124	Mauston SD, WI GO Ref
00010125	Mount Horeb ASD, WI GO 2000
00010128	Jersey Village, TX GO 2000
00010129	Cabrillo Cmnty CD, CA GO 98B
00010134	Washougal SD #112-6, WA GO 00
00010138	Johnston County, NC GO 2000

Policy Id	Policy
00010142	Clinton Commun SD WI 2000
00010143	Holden, MA GOLT 2000
00010144	Valley Stream CHSD, NY GO 2000
00010145	Paris, TX Ltd Tax COO 2000
00010146	Freehold Reg. HSD, NJ GO 2000
00010147	Oshkosh (City of),WI GO 00 A/B
00010150	Sunnyvale Sch Dist, CA GO 00C
00010152	Penns Grove-Carneys Pt SD NJ
00010154	TRENTON (CITY OF), NJ GO
00010155	Galesburg, IL GO 2000
00010160	Chicago (City of), Ill GO 2000
00010162	Clark County, NV GO Ltd Tax
00010163	Richardson City, TX Ltd Tax GO
00010164	Hilliard City SD, OH GO 2000
00010166	Lake Local SD, OH GO 2000
00010167	Wyoming (City of) MI GOULT2000
00010168	Grapevine, TX Cert Oblig 2000
00010170	Garland, TX Ltd Tax GO/COO 00
00010171	Clinton Commun SD WI dtd4/1/00
00010172	Lakeway MUD, Texas GO 2000
00010173	Grapevine, Texas GO 2000
00010177	ABC Unified SD, CA GO 2000 B
00010178	Cardinal Local SD, OH 2000
00010180	Essex County Imprv Auth, NJ GO
00010181	North Attleborough, MA GO
00010182	Triad Local SD, OH 2000
00010184	Northwest HarrisCtyMUD#20,TXGO
00010188	Warren Twp. BOE, NJ GO 2000
00010192	Canastota CSD, NY GO 2000
00010194	Southeast Town, NY GO 2000
00010202	Lincoln Co., WI GO 2000
00010203	J. Sterling Morton HSD #201,IL
00010204	East Ouachita SD, LA GO 2000
00010207	Harris County MUD #24, TX 2000
00010208	Dallas Center-Grimes CSD, IA
00010209	Meadows Place, TX Ltd GO 2000
00010212	Channahon (Vlg), IL GO 2000
00010213	Colony, Texas Ltd Tax GO 2000
00010217	Stillwater (City), MN 2000D
00010218	Morgan City, LA GO Series 2000
00010219	Newport, TN GO 2000
00010224	Many Sch Dist #34, LA GO Ser00
00010227	Malden (City), MA 2000
00010228	Haltom City, TX GO 2000
00010229	Santa Ana USD, CA GO Ser 2000
00010231	Sandusky (City), OH LTD
00010232	Westland Building Auth,MI 2000
00010234	WESTFORD (TOWN OF), MA GO
00010236	Fern Bluff MUD, TX GO Ser 2000
00010238	Roane County, TN GO 2000
00010240	Laredo, Texas GO Ser 2000
00010241	Frankfort-Schuyler CSD,NY 2000
00010244	Espanola Pub SD 45, NM GO 2000
00010246	Allen, Texas Limited Tax GO 00
00010249	Auburn, MA GO LTD

Schedule 1
List of Covered Policies

Policy Id	Policy
00010251	Wills Point, TX GO Series 2000
00010252	Trenton Pkg Auth (GO),NJ 1999
00010254	Brookfield (Village), Ill 2000
00010255	West Bend, WI GO 2000
00010256	Little Elm (Town of),TX GO2000
00010259	Athens (City of), Texas GO 00
00010260	Wayne Highlands SD, PA GO 2000
00010265	Dudley (Town), MA GO 2000
00010269	Randolph CSD, NY GO 2000
00010270	Cape Girardeau SD 63, MO GO 00
00010272	Somerset Sch Dist, WI GO 2000A
00010273	Lake Co SD(Diamond Lake)#76,IL
00010274	Manitowoc County, WI GO 2000A
00010275	Odessa, Texas Ltd GO 2000
00010280	Wadsworth City SD, OH GO 2000
00010282	Putnam County, TN GO 2000
00010283	Niles Twp CHSD #219, IL GO 00
00010284	Calcasieu Par SD #31, LA GO 00
00010289	Warrensville Hts. CSD,OHGO2000
00010290	Washington State GO 2000S-5
00010291	Douglass USD #396, KS GO 2000
00010292	Harris Cnty MUD #132, TX GO 00
00010295	Rowlett, Texas Ltd Tax GO 2000
00010304	Grant Com HSD #124, IL GO 00
00010306	Rialto Unified SD, CA GO 2000A
00010307	Evergreen SD, CA 00GO Series C
00010310	Festus Reorg. SD R-6, MO GO 00
00010312	Midland, TX Ltd Tax COO 2000
00010313	Volney (Town of), NY GO 2000
00010315	Lakewood Twp BOE, NJ GO
00010324	New York City, NY GO 2000ABC
00010325	New York City, NY GO 2000BCD
00010327	Mokena SD #159, IL GO 2000
00010328	Benbrook, TX GO Ltd Tax 2000
00010329	Vienna Elem. SD #55, IL GO 00
00010330	Vandalia CUSD #203, IL GO 00
00010333	Freeport (Village), NYGO 2000A
00010334	Freeport (Village), NYGO 2000B
00010335	Loomis Union SD, CA GO Ser2000
00010336	Westfield, MA GO, dtd 5/1/00
00010339	Brazoria Cnty MUD #4, TX GO 00
00010340	Dracut (Town of) MA Ltd GO
00010341	Tinley Park (Vlg), IL GO 2000
00010344	Douglas County, Nevada GO 2000
00010345	Hawthorne BOE, NJ GO 2000
00010347	Perris Union HSD, CA GO Ser A
00010348	Eldorado CUSD4,IL Saline Co 00
00010350	Brownsville, Texas GO 2000A&B
00010353	Summit County, OH Series 2000
00010354	Montevideo (City), MN GO 2000
00010355	Bloomfield SD #6, NM GO 2000
00010358	Westfall LSD, OH GO 00
00010361	Alisal Union SD, CA GO Ser 99A
00010362	Milpitas USD, CA GO Ser. 2000
00010364	Placer UHSD, CA GO 2000

Policy Id	Policy
00010366	Arlington SD No. 16 WA GO 2000
00010368	Fortuna Union HSD, CA GO 2000
00010371	Fox River Grove SD 3, IL GO 00
00010372	Crowley (City), Texas GO 2000
00010375	Pattonville R-3 SD, MO GO 2000
00010376	Brunswick County, NC GO 2000
00010379	Hewitt (City of), TX GOLT 2000
00010380	Grant Park CUSD #6, IL GO 2000
00010382	Brockton (City of), MA GOLT 00
00010383	Southampton (Vlg), NY GO 2000B
00010386	Minooka (Vill.), IL GO 2000 AR
00010387	San Benito (City), TX GO 2000
00010389	Palmer (Town) MA GOLT 2000
00010390	Huntley Park Dist., IL GO 2000
00010391	Plain Local SD, OH GO 2000
00010393	Elba CSD, NY GO 2000
00010397	Frankenmuth SD, Mi GO QSBLF 00
00010402	Ashland, OR GO Ser. 2000
00010403	Ashland (Town of), MA GOLT 00
00010410	Romeoville (Village) IL 2000AB
00010415	Auburn (City of), NY GO 2000A
00010419	Willow Springs, IL Alt GO 00
00010420	Harrison (City of), OH GOLT 00
00010421	Foxborough(Town of),MA GOLT 00
00010422	Grapevine, Texas GO 2000
00010423	Marana USD #6, Arizona GO 2000
00010426	South Kingstown (Twn), RI 2000
00010427	Ellinwood USD #355, KS GO 2000
00010435	Randolph (Town of), MA LTD
00010436	Harris Cnty MUD #151, TX GO 00
00010438	Xenia, Ohio GO Lmtd Tax 00
00010441	Van Alstyne (City of),TX GO 00
00010442	Laguna Salada Union SD CA GO00
00010443	Mt. Vernon Knox Co.PubLbr,OH00
00010444	Scioto Valley Local SD,OH 2000
00010446	Yuba City USD SFID #99-1,CA GO
00010448	Cascade HSD No. B, MT GO 2000
00010449	Cleveland Hill UFSD, NY 2000
00010450	Islip (Town), NY GO 00
00010453	Barren County, KY GO 2000
00010454	Tuscola CUSD #301, IL GO 2000
00010455	Washington County, MD GO 2000
00010456	Santa Barbara HSD, CA GO 2000
00010457	Woodstock (City),IL GO2000ABCD
00010459	Lancaster County, PA GO 2000A
00010471	Campbell City SD, OH GO 2000
00010474	Anacortes (City of), WA GO 00
00010476	Long Beach USD, CA GO 99 Ser B
00010478	Baltimore, MD GO 2000 A&B
00010479	Hartford (City of), CT GO 2000
00010480	Ardsley UFSD, NY GO 2000
00010481	Rockwall (City of), TX GO 2000
00010484	North Babylon UFSD, NY GO 00A
00010485	North Babylon UFSD, NY GO 00B
00010486	Holland CSD, New York GO 2000

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Policy Id	Policy
00010488	Rhode Island (State Of) GO 00
00010490	Port Chester-Rye UFSD,NY GO 00
00010491	CHARLES STEWART MOTT CCD,MI GO
00010492	Goddard USD#265, Kansas GO 00
00010495	TRENTON (CITY OF), NJ GO
00010496	Grayslake CCSD #46, IL GO 2000
00010497	Santa Clara USD, CA GO Ser 00
00010498	Chicago CSR BOE, IL GO ULT 00A
00010499	Faulkey Gully MUD, TX GO 2000
00010500	Lakewood Twp, NJ GO NJEDA 2000
00010505	Williamson-Travis Cos.MUD#1 00
00010506	Anchor Bay SD, MI GO 2000 II
00010507	Marble Falls, TX Ltd GO 2000
00010514	Winters Joint USD, CA GO 2000
00010517	BurntHills-BallstonLake CSD,NY
00010518	San Juan USD, CA GO Ser 2000
00010520	Orland PK SD 135 (Cook Cty),IL
00010526	Medford Twp, New Jersey GO 00
00010528	Dickinson, TX Ltd Tax GO Ser00
00010531	Cardiff Sch Dist, CA GO 2000A
00010533	South Glens Falls CSD, NYGO 00
00010535	Dodgeland SD, WI GO Ref. 2000
00010537	Palo Verde USD, CA GO 2000 B
00010546	Toledo, Ohio GO Ltd Tax 2000
00010548	San Bruno Park SD, CA GO 2000
00010549	Jersey Village, TX GO LTX 2000
00010550	Atlanta, TX GO LTD Tax 2000
00010554	Easton (Town of), MA GO 2000
00010558	Cinnaminson (Twp) SD, NJ GO 00
00010559	Waverly Comm Sch, MI GO 2000
00010561	North Haledon Borough, NJ GO
00010563	Queen Anne's Co., MD GO 2000
00010564	Providence (City of), RI GO 00
00010565	Bethalto, IL GO 2000
00010566	Tinley Park Prk Dist, IL GO 00
00010567	Leander, Texas GO 2000
00010568	Marana USD #6, AZ GO Ser A 00
00010572	Montgomery Cnty MUD #46, TX 00
00010573	Athens, Ohio GO Ltd Tax 2000
00010574	Jackson County, Oregon GO 2000
00010575	Heath City SD, Ohio GO 2000
00010576	Liberty Central S.D., NY GO 00
00010582	West Mifflin Boro, PA GO 00ABC
00010585	CHICAGO (CITY OF), IL GO 2000C
00010587	Sonoma Valley USD, CA GO 2000
00010588	Huntington, NY GO 2000
00010589	Worcester (City) MA GO 2000
00010592	Kankakee (City), IL GO 2000A
00010594	Genesee County, MI LTD Tax 00
00010595	Bridgeport, Connecticut GO 00
00010597	Grand Prairie, Texas GO 2000A
00010598	Teays Valley LSD, OH GO 2000
00010599	Windfern Forest Ut Dst,TX GO00
00010600	Bedford, Texas Ltd Tax GO 2000
00010601	Saginaw, Texas Ltd Tax GO 2000

Policy Id	Policy
00010603	Azle (City of), TX Ltd Tax 00
00010605	Buckeye LSD, Ohio GO 2000
00010609	Calhoun (County of), MI GO LTD
00010612	Shavano Park (City), TX GO 00
00010613	Carl Sandburg CCD #518, IL 00
00010614	Pinelands Reg SD BOE, NJ GO 00
00010615	Larkspur SD, CA GO 2000 A
00010616	Horsepen Bayou MUD, TX GO 2000
00010618	Reid Road MUD #1, TX GO 2000
00010619	Abbeville County, SC GO 2000
00010621	North Franklin Twp, PA GO 00
00010625	West Deptford (Twp), NJ GO 00
00010626	Willingboro (Twp of), NJ GO 00
00010627	Chaffey JT UHSD, CA GO 2000 B
00010630	Washington Terrace, UT GO 2000
00010633	Salem (City), MA GOLT 2000
00010634	Beverly, MA GO 2000
00010635	North Mankato (City), MN GO00A
00010637	Frisco, Texas GO Ltd Tax 2000
00010639	Lakeville, Minnesota GO 2000C
00010641	Rosenberg, Texas GO 2000
00010649	Saratoga Fire Dist, CA GO 2000
00010653	Wharton, Texas Ltd Tax GO 2000
00010654	Ripon (City), WI GO 00
00010655	Massapequa Park (V), NY GO 00
00010656	East Lansing (City), MI GO 00
00010657	Gonzales Cnty, TX LtdTax GO 00
00010658	Cinco MUD #1, TX Contract Revs
00010659	New Milford (Borough), NJ GO00
00010660	California State GO 2000
00010661	Waterford Jt. #1 SD,WI GO 2000
00010663	Licking Heights LSD, OH GO 00A
00010664	Pittsburgh SD, PA GO 2000
00010665	Hays, Kansas GO 2000
00010666	Springfield (Twp), MI GO 00
00010667	Agua Fria UHSD#216, AZ GO 00D
00010673	Albany (City of), NY GO 2000
00010674	North Dansville, NY GO 2000
00010676	South River (Borough),NJ GO 00
00010677	Cobden CUSD #17, IL GO 2000
00010678	Coudersport ASD, PA GO 2000
00010679	Anchorage, Alaska GO 2000B
00010682	Yonkers, New York GO 2000AB
00010683	Cleveland (City), OH GO LTD 00
00010684	Jennings SD, MO GO Ref/Imp 00
00010685	Livonia Muni Bldg Auth, MI 00
00010686	Texarkana, Texas Ltd GO 2000
00010688	Wappinger (Town), NY GO 00
00010689	Victoria, Texas LTGO Ser 2000
00010690	Bordentown Swrage Ath, NJ GO00
00010691	Woonsocket, RI GO 2000
00010692	Austin, Texas GO Ltd Tax 2000
00010693	Haltom City, Texas LTGO Ser00
00010697	Dolton (Village), IL GO 2000
00010703	Rockford (City), IL GO 2000D

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Policy Id	Policy
00010704	Woodstock, Connecticut GO 2000
00010705	Penn Hills, PA (PFA) GO 00
00010706	Bryan, Texas LTGO Series 2000A
00010707	Forrestville Comm USD#221,IL00
00010708	Wellington, KS GO 2000
00010710	East Holmes Local SD, OH GO 00
00010712	Southgate (City of), MI 2000
00010713	Caswell County, NC GO 2000
00010714	Keller (City of), TX GO LT 00
00010716	Greenwood County, SC GO 2000
00010717	East Moline SD#37, IL GO 2000B
00010718	Los Lunas SD #1, NM GO 2000
00010725	Stewart Manor (Vlg), NY GO 00
00010726	River Falls SD, WI GO 2000B
00010727	Cattaraugus CO, NY GO 2000
00010730	Dormont (Borough), PA GO 2000
00010732	Erie County, OH GOLT 2000
00010733	Waupaca (City of), WI GO 2000
00010736	Northampton (City), MA ULT '00
00010741	Hawthorne (Borough), NJ GO 00
00010743	Madison Co Pub Lib KY GOULT 00
00010749	Fort Bend Ct WCID2 TX GOULT 00
00010752	Mesa (City of), AZ GO 2000
00010754	Fond du Lac SD, WI GO Rtg
00010755	Milford Charter Twp, MI GO
00010757	Methuen (City), MA GO Ltd 2000
00010759	Fort Bend Co MUD41 TX GOULT 00
00010761	Lincoln County, NC GO 2000
00010763	Lynn (City of), MA GOLT 2000
00010770	Suffolk County, NY GO 2000 B
00010773	West Linn, Oregon GO 2000
00010779	Fairview Hgts (City), IL GO 00
00010782	Wolcott (Town), CT GO 2000
00010783	Hueneme SD, California GO 00 A
00010791	Brentwood Union SD, CA GO 2000
00010792	VALLIVUE SD #139, ID GO 2000
00010795	Wiseburn SD, CA GO 2000A
00010796	McKinney, Texas LTGO Ser 2000
00010797	Pojoaque Valley SD No.1, NM 00
00010800	Grapevine, Texas GO & CO 2000A
00010804	Burnet, TX GOLT 2000
00010805	Rockland (County), NY GO 2000
00010806	Kyle, Texas GO Ltd Tax 2000
00010807	Leesburg, Virginia GO 2000
00010808	FARMINGDALE UFSD, NY GO 2000
00010809	Mount Vernon City SD, NY GO 00
00010810	Bear Lake Schools, MI GO 2000
00010811	Mashpee (Town), MA GOLT 2000
00010818	American Fork City, UT GO 00
00010821	Alton (City), IL GO 2000B
00010825	Chicago, Illinois GO 2000D
00010840	Malcomson Rd Util Dist, TX 00
00010844	Norton (Town of) MA GO, 2000
00010845	Huntsville (City of), TX GO 00
00010846	Mercer Cnty Imp Auth, NJ GO 00

Policy Id	Policy
00010847	Harris Cnty MUD #341, TX GO 00
00010854	St Francis (City of), MN GO
00010855	Savage (City), MN GO 2000C
00010859	Conroe, Texas GOLT 2000
00010861	Mifflin County, PA GO 2000
00010864	Monroe, Georgia GO Series 2000
00010865	Spokane Co Fire Dist 8 WA GO00
00010867	Temple, Texas Ltd Tax GO 2000
00010868	Randall Cnty, Texas GO 2000
00010870	Butler Area SD, PA GO 2000
00010871	Mercer Cnty Imp Auth, NJ GO 00
00010872	East St.Louis SD 189, IL GO 00
00010876	Veteran's Park Dist,IL GOLT 00
00010878	Oaklyn (Boro of), NJ GO 00
00010883	Madison LSD, OH GO ULT 2000
00010885	Waunakee (Village), WI GO SerB
00010886	Ledyard (Town of), CT GO 2000
00010887	Louisiana State GO 2000A
00010888	Massachusetts Comwlth GO00DEFG
00010894	Woodland CCSD #50, IL GO 2000
00010895	Antioch CHSD #117, IL GO 2000
00010896	Rayford Road MUD, TX GO 00B
00010897	Ulster (County of), NY GO 2000
00010898	Barrington SD #220, IL GO 00
00010905	WEST UNIVERSITY PLACE TX GO 00
00010907	Claremont (City of), NH GO 00
00010913	Berkley (Twn),MA GO 2000 Lot A
00010914	Clarkstown (Town), NY GO 2000
00010916	Poudre SD R-1, Colorado GO2000
00010917	Southwick, MA GO 2000
00010920	Lake Zurich CUSD #95, IL GO 00
00010921	Calumet City, Illinois GO 2000
00010928	Montgomery Cnty, Texas LTGO 00
00010929	LaPorte County, IN GO 2000
00010930	Colony, Texas Ltd Tax GO 2000A
00010931	Stanwood, WA GO ULT 2000
00010932	CAROL STREAM PD, IL GO 2000C
00010934	Gail Borden PLD, IL GO 2000A
00010936	Allegheny Co. PA GO C-52, C-53
00010937	Easley, South Carolina GO 2000
00010938	Huntley CCSD #158, IL GO '00
00010939	Belleville SD #118, IL GO 2000
00010943	Willow Springs, IL GO 2000C
00010944	Community Unit SD#100, IL 00
00010945	Smith County, TN GO ULT 2000
00010946	Maize Unified SD #266,KS GO 00
00010949	Rock Valley CCD #511, IL GO 00
00010950	Mercer Cnty Imp Auth,NJ GO 00A
00010953	Ridgeland SD# 122, IL GO 2000
00010956	Central RHSD BOE, NJ GO 2000
00010957	Calumet Park (Village),IL GO00
00010958	Wayne County, IN GO 2000
00010959	Mercer Cnty Imp Auth,NJ GO 00B
00020015	CALIFORNIA STATE GO 12-1-98
00020016	CALIFORNIA STATE GO 90

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00020022	CALIFORNIA STATE GO 10-1-97
00020073	Fuquay-Varina, NC GO W&S Ser00
00020074	California State GO 6-1-00
00020075	California State GO 6-1-00
00020083	California State GO 6-1-00
00020086	HONOLULU (CITY & CNTY), HI-94A
00020087	CALIFORNIA STATE GO 10-1-98
00020091	Licking Heights LSD, OH GO 00
00020094	California State GO 1998
00020099	New York City, NY GO 99H
00020100	New York City, NY GO 99 F/G
00020101	California State GO 10-1-00
00020106	CALIFORNIA STATE GO 10-1-98
00020107	McLENNAN COUNTY, TEXAS GO LT
00020110	New York City, NY GO 99E
00020113	New York City, NY GO 99 F/G
00020114	California State GO 1998
00020117	California State GO 1998
00020119	New York City, NY GO 99H
00020120	New York City, NY GO 99C
00020122	New York City, NY GO 98JK
00020124	California State GO 1998
00020128	NEW YORK CITY, NY GO 98G
00020129	NEW YORK CITY, NY GO 98G
00020130	New York City, NY GO 99 F/G
00020131	California State GO 12-1-00
00020132	New York City, NY GO 99 F/G
00020133	California State GO 12-1-00
00020135	California State GO 12-1-00
00020136	CALIFORNIA STATE GO 4-1-99
00020138	New York City, NY GO 99C
00020140	NEW YORK CITY, NY GO 98EF
00020141	New York City, NY GO 99C
00020143	CALIFORNIA STATE GO 12-1-98
00020144	New York City, NY GO 99H
00020145	CALIFORNIA STATE GO 12-1-98
01010001	Canon-McMillan SD, PA GO 2000
01010003	CNP Utility District, TX GO 00
01010004	Eastmont SD #206, WA GO 2001
01010006	Frisco, Texas GO Ltd Tax 2000A
01010007	Monrovia Unified SD, CA GO 01B
01010008	Sparta Township, NJ GO '01
01010009	Lakeway MUD, Texas GO 2000A
01010011	ABC Unified SD, CA GO 2001C
01010013	Smith County, TN GO ULT 2001
01010014	Harris Cnty MUD #150, TX GO 01
01010016	Conneaut Area CSD, OH GO 2000
01010024	Wallenpaupack ASD, PA GO 2001
01010027	Sparta CUSD #140, IL GO 2000
01010028	Plainfield Twp PD, IL GO 2000
01010030	CAROL STREAM PD, IL GO 2001
01010032	Laredo, Texas LTGO Ser00 & 00A
01010033	Aztec Municipal SD #2,NM GO 01
01010034	Greenport (Village),NY GO 2001
01010036	Bridgewater (Town), MA GOLT 01

Policy Id	Policy
01010037	Pleasanton (City of), TX GO 01
01010038	Antioch Pub Lib Dist, IL GO-AR
01010040	Greenwood Pub Lib,IN GO 00
01010041	Wayne Highlands SD, PA GO 2001
01010045	Northwest Park MUD, TX GO 01
01010047	Union Beach (Boro of),NJ GO 01
01010048	Friess Lake SD, WI GO 2001
01010049	Las Virgenes USD,CA GO Ser C
01010050	Plattsburgh, NY GO 2001
01010051	Juda SD, WI GO '01
01010052	Oregon SD, WI GO '01
01010054	Butler County, PA GO 00
01010056	Polk County, WI GO
01010059	Batavia, New York GO 2001
01010060	Ringwood (Borough), NJ GO 2001
01010062	Lincoln SD 27, IL GO 2001
01010063	Carlyle CUSD #1, IL GO 2001
01010065	Warwick (City), RI GO 2001
01010066	Grant Com HSD #124, IL GO 01
01010067	Atwood Hammond CUSD#39,IL GO01
01010069	Fox Lake Sch Dist #114, IL GO
01010070	Centennial SD#28-302Jt,OR GO01
01010072	Regional SD #16, CT GO 2001
01010073	Burnet County, TX GO 2001
01010074	Mecosta Cnty BA, MI GOLT 2001
01010075	Delano Union ESD, CA GO 2000 A
01010076	East St.Louis SD 189, IL GO 01
01010077	Belle Vernon ASD,PA GO 2001ABC
01010079	Serena CUSD #2, IL GO 2001
01010080	Jefferson Co Sch Dist251,ID 01
01010082	Spring Grove ASD, PA GO 2001
01010084	Rocky Point UFSD, NY GO 2001
01010085	Nottingham Cntry MUD, TX GO 01
01010087	Aspen SD No. 1 (RE), CO 01
01010089	Saline (City), MI GO Unltd 01
01010091	West Middlesex ASD, PA GO 2001
01010092	Gloucester Twp, NJ GO 2001
01010093	Dover ASD, PA GO 2001
01010094	Blue Mountain SD, PA GO 2001
01010096	Tolleson ESD #17, AZ GO Ser01A
01010102	Rhode Island (State)GO 2001A&B
01010103	Paradise Vly USD 69, AZ GO 01B
01010104	Colleyville, Texas LTGO Ser 01
01010105	Grants/Cibola Co SD#1,NM GO 01
01010111	Freshwater Sch Dist, CA GO 01
01010112	McHenry Comm HSD #156,IL GO 01
01010115	Hillview, Kentucky GO Ser 2001
01010117	Richland Prsh SD#3, LA GO 2001
01010118	Clackamas CCD, OR GO 2001
01010120	El Paso, Texas GO Ltd Tax 2001
01010122	Haysville, KS GO 2001
01010125	Jackson Cnty.CCSD #140, IL '01
01010129	Sherwood, Oregon GO 2001
01010130	Mechanicsburg ASD, PA GO 2001
01010131	Penn Manor SD, PA GO 2001

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Policy Id	Policy
01010133	Redmond SD No. 2J, OR GO Ser01
01010134	Buffalo, New York GO 2001 A&B
01010135	Buffalo, New York GO 2001-C
01010136	Penn Hills, PA GO 2001
01010137	Cook County, Illinois GO 2001A
01010139	Lincoln Parish, LA GO 2001
01010140	Lake Villa CCSD 41, IL GO 2000
01010144	O'Fallon, Missouri GO 2001
01010145	Danville Area SD, PA GO 01 Rf
01010146	Brentwood Borough SD, PA GO 01
01010147	Ascension Parish SD, LA GO2001
01010152	Linn-Benton CCD, OR GO 2001
01010154	Northwood SD, WI GO 2001
01010155	Goshen CSD, New York GO 2001
01010158	Bloomington (Boro), NJ GO 01
01010160	Desoto (City), TX GO LTD 2001
01010162	Iroquois Sch Dist, PA GO 2001
01010164	Iron Cnty, WI GO Ref 2001
01010166	QUEEN CREEK USD #95 AZ GO D 01
01010167	Mokena (Village), IL GO 2001
01010169	Ennis, Texas GO Ltd Tax 2001
01010170	Olathe USD #233, KS GO 2001B
01010172	Peoria USD #11, Arizona GO 01
01010173	Fallsburg Central SD, NY GO 01
01010177	Metro Nash-David Ct TN GO 01AB
01010179	Oshkosh (City of), WI GO 2001
01010180	Galveston County, TX GO LT 01
01010181	Taunton (City), MA GO 2001
01010182	Galveston County, TX GO ULT 01
01010184	East Stroudsburg ASD, PA GO 01
01010185	Harris Co FWSD #51, TX GO 2001
01010196	Ocean City, MD GO 2001
01010197	California State GO 3-1-01
01010199	Mansfield, TX GO Ltd Tax 2001
01010200	Gray County, Texas LTGO Ser 01
01010201	Orcutt Union SD, CA GO Ser 01C
01010203	Stoughton Area SD, WI GO 2001
01010204	Pocono Mountain SD, PA GO 2001
01010205	Conewago Valley SD, PA GO 2001
01010206	Andover USD #385, KS GO 2001
01010207	Frisco, Texas GO Ltd Tax 2001
01010208	Corinth, TX GO Ltd Tax 2001
01010209	Archbold ALSD, OH Unltd GO
01010210	Arlington SD #16, WA GO 2001
01010213	Wyandotte Co USD 202, KS GO 01
01010216	Hopewell Valley RSD, NJ GO
01010217	Washington, DC GO 2001B
01010218	Merrill (City), WI GO 2001
01010219	Cotati-Rohnert Pk USD,CA GO H
01010220	Livonia Mun Bldg Auth, MI GO01
01010221	Hampton Township SD, PA GO 01
01010222	South Eastern SD, PA GO 2001
01010223	Portales Muni SD No 1,NM GO 01
01010224	North Attleborough, MA GO 2001
01010233	Flagstaff, Arizona GO 2001

Policy Id	Policy
01010234	Golden Valley USD, CA GO 2001
01010235	Chicago Park District, IL Ltd GO 2001A
01010236	Oak Creek-Franklin Jt.SD,WI GO
01010238	Black River Local SD, OH 2001
01010239	Brooke Cnty Bd of Ed, WV GO 01
01010241	Manitowoc (City), WI GO 2001A
01010244	Harris Cnty,TX GO Toll Rd 2001
01010245	Beardsley Elem SD, CA GO 2001A
01010250	Sebastopol USD, CA GO Ser 2001
01010252	Norwich (City), CT GO 2001
01010254	Lafourche Hosp Dist#1,LA GO 01
01010258	Fond du Lac (City), WI 2001
01010259	Franklin (City of), WI GO
01010260	Fairview Hghts (City),IL GO 01
01010265	Tipp City Ex. Vlg.SD, OH GO 01
01010267	Fairfield City SD, OH GO 2001
01010268	Cinco MUD#1,TX Contract Rev 01
01010269	Martinez Unified School District, CA GO 2001
01010271	Fort Bend County, TX UTGO 2001
01010272	Medfield (Town), MA GO 2001
01010273	Sacramento City USD, CA GO 01
01010274	Monroe(Twp) Middlesex NJ MUA
01010277	Marion, Illinois, GO 2001
01010281	Apache Junction USD#43,AZ GO01
01010282	San Lorenzo Val USD,CA GO 00 A
01010304	Triton Reg SD MA GO dtd 4/1/01
01010306	East Stroudsburg Area SD, PA GO 2001 AA
01010307	Mishicot SD, WI GO 2001
01010308	Evergreen Union SD, CA GO 01
01010309	Lacy Twp Brd of Ed, NJ GO 2001
01010313	Salt Lake Cnty Reg Srv, UT GO 01
01010315	Brookhaven (Town of), NY GO 01
01010316	Lucas Co, OH Juv Jus GO Ltd 01
01010322	Rock Island, Illinois GO 2001
01010325	Lakota Local Sch Dist, OH 01
01010327	Tenafly BOE, NJ GO 2001
01010330	Enterprise SD, CA GO 2001
01010331	Mauston SD, WI GO 2001
01010333	Hoisington USD #431, KS GO 01
01010334	Halifax (Town of), MA GO 2001
01010336	Hamilton Local SD, OH GO 2001
01010337	Lake Worth, Texas Limited Tax GO Series 2001
01010338	Brownsville, Texas GO 2001
01010339	Washoe County SD, NV GO 2001
01010340	Brazoria Co. MUD#6 TX GOULT 01
01010341	East Muskingum LSD, OH GO 2001
01010342	TIGARD SD #23J, OREGON GO 01
01010345	Madison County, OH GO LT
01010346	Matanuska-Susitna Boro,AK GO01
01010348	Racine (City) WI 2001
01010350	Northampton Township, PA GO 2001
01010351	Crestwood Local School District, OH GO 2001
01010352	Alachua Cnty Lib Dist, FL GO01
01010353	Pacific Grove USD, CA GO 2001
01010355	Liberty Union High School District, CA GO 2001

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Policy Id	Policy
01010357	Maywood-Melrose Park School District #89, IL GO 01
01010361	Center Unified SD, CA GO Ser01
01010366	Ocean Twp BOE, NJ (Ocean Co)
01010367	Waterloo Local SD, OH GO 01
01010368	Monmouth (City of), IL GO
01010369	Waukegan (City), IL GO 01
01010370	Farmington, Minnesota GO 2001 B&C
01010371	Baraboo (City of), WI GO 01
01010373	Newburyport, MA GO 01
01010374	Torrance County, New Mexico GO 2001
01010377	Eau Claire Area SD, WI GO 01
01010378	Wausau SD, WI GO 2001
01010380	Chandler USD #80, AZ GO 2001
01010381	Los Lunas SD #1, New Mexico GO
01010382	Las Vegas, Nevada GO Limited Tax 2001
01010383	Sto-Rox SD, PA GO 2001
01010384	Port Chester (Village), NY GO 2001 A
01010385	Gurnee Park Dist, IL GO 2001 (Alternate Rev.)
01010387	West Babylon USFD, NY GO 01
01010388	Oswego Comm Unit SD #308, IL GO 01
01010390	Salem CHSD 600, IL GO
01010391	Alexander Central School District, NY GO 2001
01010392	Amherst Exmpt Vlg SD, OH GO 01
01010394	New Bedford (City of), MA GO 01
01010395	Mifflin County School District, PA GO 2001
01010396	Fleetwood Area School District, PA GO 2001
01010397	Brunswick County, NC GO
01010398	Colony, Texas Ltd Tax GO 2001
01010400	Moreland SD, CA GO 2001
01010402	Peralta CCD, CA GO 2001
01010404	Beaufort County, SC GO Series 2001
01010405	Keller (City of), TX GO Ltd 01
01010407	Georgetown, Texas GO Limited Tax 2001
01010408	Fort Bend Co. LID #2, TX GO
01010409	Lake Oswego (City of), OR GO Ser 01
01010410	Mercer County, PA GO 2001
01010413	Sidney City School District, Ohio 01A&B
01010415	Washoe County, NV GO LTD TX 2001
01010416	Sylvania City SD, OH GO 2001
01010417	Allen (City), TX Ltd GO Ref 01
01010418	Santa Rosa City HSD, CA GO 2001
01010419	Richland County, OH Ltd GO 01
01010420	Franklin (City of), WI GO '01
01010421	Kanabec County MN GO 01
01010424	Katy, TX GO Ltd Tax 2001
01010425	Fruitvale SD, CA GO 2001C
01010427	Midland, Texas Ltd Tax GO COO Series 2001A
01010429	Brick Township, NJ GO 01
01010430	Desoto (City of), TX GO Ltd 01
01010431	Lebanon Comm SD No. 9, OR GO 2001
01010432	East Lyme (Town of), CT GO
01010433	Duarte USD, CA GO 98 Series C
01010435	Chicago Park Dist, IL GO
01010436	Hartford (City of), CT GO '01
01010439	Richardson, Texas GO Series 2001

Policy Id	Policy
01010440	Washington Unified SD, CA GO 2001 Series A
01010441	Lyndhurst (Twp.), NJ GO 01
01010444	Sevier County, Utah GO 2001
01010445	Greenville (City of), TX LT GO 01
01010446	Kankakee (County), Illinois GO 2001
01010448	Stoughton Area SD, WI GO
01010450	Oak Lawn (Village), IL GO 01A
01010451	Southeast Local School District, OH GO 2001
01010452	Shelton Sch Dist No. 309 Mason Co., WA GO ULT 01
01010453	Northport (Village), NY GO 01
01010454	Egg Harbor Township BOE, NJ GO 2001
01010455	Spirit Lake CSD, IA GO 2001
01010456	North Olmsted, OH Ltd Tx GO
01010457	North Olmsted, OH unlimited tax
01010459	Maywood Public Library District, IL GO
01010462	Rockford (City of), IL GO 01A
01010463	Springfield City SD, OH GO 01
01010464	Aurora (City of), IL GO
01010467	Superior (City of), WI GO 01B
01010470	Genesee Co., NY GO '01
01010471	Rockford (City of), IL GO, Series B
01010472	Middle Country CSD, NY GO 01
01010473	Manhattan Beach USD, CA GO 2001A
01010474	South Pasadena USD, CA GO Series D
01010475	West Contra Costa USD, CA GO 2001A
01010476	Hamburg Township, MI GO 01
01010481	Bethlehem CSD, NY GO 01
01010485	Southington (Town of), CT GO 01
01010486	Nevada (State of) GO 01A,B&C
01010487	Peralta CCD, CA GO 2001, Elections 92E, 96A, 00A
01010488	Chippewa Falls, Wisconsin GO 2001
01010490	Wilson Area SD, PA GO 01
01010491	Summit County, OH GO Limited Tax 2001
01010492	Shoreline Unified SD, CA GO 2001
01010493	Hurst, TX GO Ltd Tax 2001
01010494	Stillwater (City), OK GO 2001
01010495	Johnston County, NC GO
01010496	OAK GROVE SD, CA GO 2001
01010499	Irondequoit (Town), NY GO 01
01010500	McLENNAN COUNTY, TEXAS GO LT 2001
01010501	East Providence, RI GO
01010503	River Forest Park District, Illinois GO 2001
01010509	Towanda Area School District, PA GO 2001
01010510	Will Cnty, CCSD # 30-C, IL GO
01010511	Conway Springs USD # 356, KS GO 2001
01010513	Valley Stream (Village), NY GO 2001
01010514	Western Wisconsin Technical College District, Wisc
01010515	Canon-McMillan School District, PA GO 2001C
01010516	Parkland SD, PA GO 2001
01010518	Emeral Forest Utility District, TX GO ULT
01010519	Pecatonica CUSD #321, IL GO 2001
01010520	Libertyville (Village), Illinois
01010521	PENDERGAST ELEM SD #92, AZ GO 2001
01010522	Mount Morris CSD, NY GO
01010523	Odessa, Texas LTGO Series 2001

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01010524	Rice Lake (City), Wisconsin
01010526	Goffstown School District, NH GO 2001
01010527	Grant SD 110, IL GO 01
01010529	Deer Park, Texas GO 2001
01010530	Macomb Township Building Authority, MI 2001
01010531	Little Elm (Town of), TX GO 2001
01010532	Sedgwick Co. (Cheney) USD #268, KS GO 01
01010533	Verona Area SD, WI GO
01010534	Monroe (City of), WI GO 2001A
01010535	Rockwall County, TX LTGO Ser01
01010536	Romeoville (Village), IL 01A&B
01010537	Westport (Town of), WI GO 01
01010540	Paulding Exempted Vlg SD, OH 01
01010541	Fall River, Massachusetts GO 2001
01010543	D.C. Everest ASD, WI GO 2001
01010544	New Haven, Connecticut GO 2001 A&B
01010545	Ukiah Unified School District, CA GO Ser 2001
01010546	Cocalico SD, PA GO 01
01010547	Huntley Park District, IL GO
01010548	Washoe County, NV GO LT 01A
01010549	Pleasant Hills Auth, PA Gtd Swr Rev 01
01010552	St. Michael (City), MN GO 2001A
01010553	Ypsilanti, Michigan GO 2001
01010554	Osceola Sch Dist, WI GO 2001A & B
01010555	Atchison (City of), KS GO W/S Series 2001-A
01010557	Colchester, Connecticut GO 2001
01010560	Lakewood City SD, OH GO 01
01010563	Warrensburg-Latham CUSD #11, IL GO 01
01010564	Maricopa USD #20, AZ GO 2001
01010565	Clark County, Nevada LTGO Series 2001
01010566	Farmington-Central CUSD #265, IL GO 2001
01010567	White Settlement, Texas LTGO Series 2001
01010569	Center Township, PA GO 2001
01010570	Montgomery County MUD #18, TX GO 2001
01010572	Elizabeth Forward SD, PA GO 01A&B
01010576	McHenry Co Conserv. Dist., IL GO 01A&B
01010578	Seven Hills (City of), OH GO 01
01010579	Anchorage, AL GO Series A & Ref 2001
01010581	Collinsville CUSD #10, IL GO 2001
01010582	Gibsonburg Exempted Vlg SD, OH GO 01
01010585	West Branch Local School District, OH GO 2001
01010586	Swanton Local SD, OH GO 2001
01010587	CLARENDON CNTY, SC GO
01010588	Spring Valley SD, WI GO 2001
01010589	Medina, Ohio GO Ltd Tax 2001
01010592	Cary CCSD #26, IL GO 2001
01010595	Weston (Village of), WI GO 2001A
01010598	LaGRANGE PARK SD #102, IL GO
01010600	Marshfield (Town of), MA GO dtd 6/15
01010601	Sleepy Eye (City), MN GO 2001
01010603	Chelsea, MA GO Limited Tax 2001
01010605	Orion CUSD #223, IL GO 2001
01010606	Carteret Borough, NJ GO 01
01010607	Pennsauken Township, NJ GO 2001
01010608	Huntley CCSD #158, IL GO 2001

Policy Id	Policy
01010609	Plainville (Town of), MA GO 2001
01010610	Tioga CSD, NY GO 2001
01010612	Bismarck-Henning Community Unit SD #1, IL GO 2001
01010614	Bourne (Town of), MA GO LTD 01
01010615	Hilliard City SD, OH GO 2001
01010616	Waterloo (City Of), IA GO 2001
01010619	Pandora-Gilboa Local SD, OH GO 01
01010620	Reading School District, PA 01
01010622	Louisiana State GO 2001-A
01010623	Niagara Wheatfield CSD, NY GO 2001
01010626	Dyer County, Tennessee GO 01
01010627	Islip (Town of), NY GO 2001
01010628	Riverdale Local School District, OH GO 2001
01010629	Portsmouth (City of), VA GO 2001 A&B
01010630	Sandusky (City), OH GOLT 2001
01010632	Hanover (Town of), MA GO 01
01010634	Cobleskill (Village), New York GO 2001
01010637	Milton (City of), WI GO dtd 6/1
01010638	Central Greene Sch Dist, PA GO SERIES 2001AB
01010639	Tonawanda, New York GO 2001
01010640	Sisters School District #6, OR GO 2001
01010641	Valley CSD (Orange County), NY GO 2001
01010643	Lubbock, Texas GO - Ltd Tax COO 2001
01010646	New Milford BOE, NJ GO
01010647	Dickson County, Tennessee GO 2001
01010650	Des Plaines (City), IL GO 2001
01010651	Burleson (City of), TX GO 2001
01010655	Elgin CCD 509, IL GO
01010657	Livingston (Township), NJ GO 2001A
01010658	Haverstraw-Stony Point CSD, NY GO 2001
01010659	Baltimore, MD GO 2001 A, B & C
01010660	General McLane Area Sch Dist, PA GO 2001 A&B
01010661	Weatherford, TX Limited Tax COO 2001
01010662	Paducah (city of), Kentucky
01010663	West Seneca CSD, NY GO
01010664	Amarillo, Texas GO - Limited Tax 2001
01010669	Lansing, KS GO
01010671	Canyon Co SD # 131 (Nampa), ID GO 2001
01010677	Gaston County, NC GO
01010678	New Windsor (Town), NY GO 2001
01010681	Portage, MI GOLT 2001
01010683	Sterling (Town) MA GO '01
01010685	Pharr, Texas GO Limited Tax 2001
01010687	Big Spring School District, PA GO 2001
01010688	McGUFFEY SD, PENNSYLVANIA GO 01
01010691	Moraine Park Technical College Dist, WI GO 2001
01010692	Menasha (Town of) WI GO '01
01010694	Ludlow (Town), MA GO 2001
01010695	Township of Vernon (Sussex Cnty), NJ
01010700	Mattoon CUSD #2, IL GO '01
01010702	Copperas Cove, Texas LTGO Series 2001 & 2001A
01010706	St. Joseph Cnty Redevelopment Dist, IN GO ULT 2001
01010707	Harris County MUD #24, TX GO 2001
01010708	Merchantville (Borough), NJ GO 2001
01010709	Derry Township Municipal Authority, PA GO 2001

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01010710	Whitefish Bay (Village), WI GO 2001
01010711	McKinney, Texas LTGO 2001
01010712	New Ulm (City), Minnesota GO 2001
01010715	Bethlehem BOE, NJ GO 2001
01010716	North Mission Glen MUD, Texas GO 2001
01010717	Arbor Park SD#145, IL
01010719	Gloucester County, NJ GO 01
01010720	Woodbridge (Twp), NJ GO 2001
01010723	Tamaqua Borough Auth, PA GO 2001
01010728	Watertown (City), WI GO
01010730	Syosset Central School District, NY GO 2001B
01010731	Waunakee (Village), WI GO 2001
01010732	Delaware Township BOE, NJ GO 2001
01010733	South Plainfield Borough BOE, NJ GO 2001
01010734	Greenwich (T) BOE, NJ GO 2001
01010735	Durand (City of), MI GO 2001
01010736	North Babylon UFSD, NY GO 2001
01010737	St. Clair County, Michigan
01010740	Randolph County, IL GOLT
01010741	Palmyra (Vlg), NY GO 2001
01010742	Abilene, Texas
01010743	San Jose Unified School District, CA GO 2001
01010744	Manheim Twsp Gen Mun Auth, PA Gtd Lse 01
01010746	Verona (City of), WI GO 2001
01010748	Palantine CCSD #15, IL GO Ltd Tx 01
01010749	Fountain Hills USD #98, AZ GO 2001 B
01010750	Wentzville R-IV School District, MO GO 2001
01010752	Upper Saucon Township, PA GO 2001
01010753	Harris County MUD #82, TX GO 01
01010754	Orchard School District, CA GO 2001A
01010755	Highland CSD, IA GO
01010757	Fairview Township Authority, PA 2001
01010758	Knox County, OH GO 2001
01010761	Hamlin (Town of), NY GO 01
01010762	Hartland-Lakeside Joint SD No. 3, WI GO 2001
01010763	NEW LENOX SD #122, IL GO 2001AB
01010764	Warren Building Authority (City), MI GOLT 2001
01010765	Fairview Sch Dist, PA GO Series 2001
01010766	Bridgeport, Connecticut GO 2001 C&D
01010768	Onondaga, NY GO 2001
01010769	Dodge Center, Minnesota GO 2001
01010770	Wilsonville, OR GO ULT 2001
01010771	Tarrytowns (Union Free SD), NY GO 2001
01010774	Cassia JT SD #151, ID GO Ser01
01010775	Rochelle Park (Twp), NJ GO '01
01010779	Camden County Imp. Auth, NJ GO 2001
01010780	Pine-Richland School District, PA GO 2001 D&E
01010784	Hawaii County, Hawaii GO 2001A
01010785	Saginaw Intermediate Sch Dist, MI GOLT 2001
01010788	Lawton, Oklahoma GO 2001
01010789	Pima County Flood Control District, AZ GO Ref 01
01010790	Stratford (Town of), CT GO 2001
01010791	South Park SCH Dist, PA GO 2001
01010792	Hartland Township, MI GOLT 2001
01010793	Mashpee Water Dist, MA GO 01 LOTA

Policy Id	Policy
01010794	Mashpee Water Dist, MA GO 01 LOT B
01010798	Waukee (City), IA GO 2001B
01010800	Lindenhurst Park Dist, IL GO 01A&B
01010801	Harrington Park BOE, NJ GO 01
01010802	Muhlenberg School District, PA GO 2001
01010803	Central York School District, PA GO 2001
01010804	Liberty Elementary School District, CA GO 2001
01010806	Maize Unified SD #266, KS GO 2001
01010813	Delran (Township of), NJ GO 2001
01010814	Essex Co, NJ GO 2001
01010815	Essex Co, NJ GO 2001 (2)
01010817	Robinson (City of), IL GO 01
01010818	Jersey City MUA, New Jersey GO 2001
01010819	Jersey City MUA, New Jersey GO 2001 Surety
01010821	Fernandina Beach, FL GO 01
01010823	Alsip (Village), IL GO 01A
01010824	Gloucester, Massachusetts GO 2001
01010825	St. Charles Park District, IL GO 01
01010826	WICKENBURG USD #9, AZ GO 2001
01010827	Osseo (City of), MN GO 2001A
01010829	Commercial Township BOE, NJ GO 2001
01010830	Madison ESD #38, Arizona GO 2001
01010831	Upper Deerfield (Twp) BOE, NJ GO 2001
01010832	Charter Township of Redford, MI GO ULT 2001
01010833	Grapevine (City of), Texas GO 01
01010834	BEAUMONT, TX GO Ltd Tax 2001
01010835	Oxnard School District, California GO Series E
01010836	Melrose Park (Vlg of), IL GO 01A
01010837	Melrose Park (Vlg of), IL GO Series B
01010838	BOUND BROOK (BOROUGH OF), NJ GO
01010839	Crockett County, TN GO 2001
01010840	Ramapo (Town), New York GO 2001
01010842	Springfield (City), MA GOLT 2001
01010844	Rosemont (Village), IL GO 2001
01010845	Berwick Area SD, PA GO 01A&B
01010847	Broken Arrow, Oklahoma GO 2001
01010848	Block House Municipal Utility District, TX GO 2001
01010849	Central Decatur Community SD, IA GO 2001A
01010850	Tallmadge (City), OH GO 2001
01010851	McMinnville (City), OR
01010853	Monroe County, Wisconsin GO 2001
01010854	Sherwood (Village of), WI GO 2001A
01010855	Louetta North Public Util Dist, TX GO 01
01010856	GARNET VALLEY SD, PA GO 2001
01010857	Patterson Joint USD, CA GO 2001 Series A
01010858	Oxford Township BOE, NJ GO 2001
01010861	Closter (Borough), New Jersey GO 2001
01010862	Mount Laurel Township, NJ GO 2001
01010863	Peoria (City of), IL GO 20001CD
01010864	Fort Bend County, Texas GOLT FCWSC 01
01010865	Branchburg Twp BOE, NJ GO dtd 8/15
01010866	School Dist #23 of Calcasieu Parish, LA GO 01
01010869	Virginia (City of), MN GO 2001A&B
01010872	Newbury (Town of), MA GO 2001
01010873	Rensselaer County, NY GO

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01010878	Hawaii State GO & Refunding 2001 Series CV & CW
01010879	Westerly (Town), RI GO ULT
01010880	Lafayette Yard CDC, NJ Rev Ref 01
01010883	Pleasantville Union Free SD, NY GO 2001
01010884	Hillsborough Twp., NJ GO '01
01010886	Lincoln County, Tennessee, GO Series 2001
01010887	Putnam County, Tennessee GO
01010888	De Pere (City), WI GO
01010889	New Prague, MN GO '01
01010890	De Soto USD No. 232, Kansas GO Series 2001
01010891	Edgerton SD, WI 01
01010893	Runnemede (Borough), NJ GO 2001
01010894	Twinsburg (City of), OH
01010895	Rochelle Park BOE, NJ GO 2001
01010896	Hortonville SD, WI GO 2001
01010897	Little Egg Harbor (Twp of), NJ 01
01010898	Flower Mound (Town), TX GO LT 2001 Certs of Obl
01010899	Willow Fork Drainage Dist, TX 01
01010900	MARION, ILLINOIS GO (MFT) 2001
01010901	Cedar Park, Texas GO Ltd Tax 2001
01010904	Rosemount Port Authority, MN GO 01C
01010905	Industry (City of), California GO 2001
01010906	Piscataway Township, New Jersey GO 2001
01010908	Worcester (City), MA GO 2001 A&B
01010909	Montgomery Cnty MUD #46, TX GO2001
01010910	Clarkstown (Town), New York GO 2001
01010911	East Peoria SD #86 IL GO 01
01010913	Angelina County, Texas GO 2001
01010916	Waynesboro Area School District, PA GO 2001
01010919	Mt. Pleasant Building Auth, MI GO 2001
01010920	Thurston Co Fire Protection Dist #3, WA GO ULT 00
01010921	Reavis Township HSD #220, IL GO 2001
01010922	Pleasant Prairie, WI GO 2001ABCD
01010923	Temple City Unified School District, CA GO Ser B
01010927	North Lincoln FRD No.1, OR GO
01010930	Delhi (Charter Twsp. of), MI GO 01
01010931	Cuyahoga Falls, Ohio GOLT 2001
01010932	East Lansing (City), MI GO 2001B
01010933	Campton Township, IL GO 2001
01010936	Belle Plaine (City), Minnesota
01010937	Marengo Comm HSD #154, IL GO 2001
01010938	Traverse City ASD, Michigan GO 2001
01010939	Coshocton (City of), OH GO 01
01010940	Pembroke (Town), MA GO 2001
01010942	Long Hill (Twp), NJ GO 2001
01010945	Rowlett (City), Texas GOLT 2001
01010946	Middleburgh CSD, NY GO 2001
01010947	McKeesport Area School District, PA GO 2001
01010948	De Pere Unified SD, WI GO 2001
01010951	Dodgeland SD, WI GO 2001
01010952	Pittston Area School District, PA GO 2001 A&B
01010956	Elmira (City of), NY GO
01010957	Kenosha County, WI GO 01A
01010959	Unicoi County, Tennessee GO
01010964	Lopatcong Twp BOE, NJ GO 2001

Policy Id	Policy
01010967	Sylvania City SD, OH GO 2001
01010968	Colerain (Twp of), OH GO LTX
01010969	Sullivan County, NY GO 2001
01010970	West Greene SD PA GO Series 2001
01010971	Beaver Area SD, PA GO
01010973	Chicago (City), Illinois GO 2001 A&B
01010975	Hays County, Texas GO 2001ULT
01010976	Point Pleasant Beach (Borough) BOE, NJ GO 2001
01010978	Cumberland City, WI GO 2001
01010985	Clark County School District, NV GOLT 2001C
01010986	Clark County School District, NV GOLT 2001D
01010989	Thief River Falls (City), MN GO 2001
01010990	Arcade (Village), NY GO 2001
01010992	Rosendale-Brandon SD, WI GO dtd 9/15/01
01010993	Monroe County, PA GO 2001 CDE&F
01010994	Harbor Creek SD, PA GO 2001AB
01012000	Webb County, Texas GOLT 2001
01012001	Cumberland Valley SD, PA GO 2001
01012006	Victoria, Texas Ltd Tax GO 01
01012008	South Western SD, PA GO 2001
01012009	Lampeter-Strasburg SD, PA GO 2001
01012010	Ocean City, NJ GO 2001
01012012	Willingboro Township, NJ GO 2001
01012019	Chetek School District, WI GO 2001
01012020	Oak Creek-Franklin Jt. SD, WI GO 2001
01012031	Atlantic Highlands/HRSA, NJ GO 2001
01012032	Harris County MUD #53, Texas 01
01012036	Farmington Hills Bldg Auth, MI GO 01
01012037	Sea Isle City, New Jersey GO 2001
01012039	Williamson (Cnty of), IL GO Taxable 2001A&B
01012040	Middleborough (Town) MA Ltd dtd 9/15/01
01012043	Roanoke, TX GOLT
01012045	Franklin-McKinley SD, CA GO 2001A
01012046	Cypress Creek Utility District, TX GOULT Ser 2001
01012047	Grand Ledge (City of), MI GO LTD 2001
01012049	Sacramento City USD, California GO Series 2001
01012053	Octorara Area SD, PA GO 2001
01012054	Horry Cnty, South Carolina GO 01ABC
01012056	Southwestern Ill Dev Auth (O'Fallon)
01012057	Goodview (City of), MN GO 2001
01012058	Paris (City), TX LTX GO 2001
01012061	San Marcos (City), Texas GOLT 2001
01012062	Florida State PECO GO 2001E
01012063	Evansville Cmnty SD, WI GO 2001
01012067	Freehold Township, NJ GO 2001
01012068	Addison Town, Texas GO Ltd Tax 2001
01012071	Wasco Union School District, CA GO 2001
01012072	Prosper, Texas LTGO Series 2001
01012075	Mount Laurel Fire District No. 1, New Jersey
01012076	Platteville (City of), WI GO 2001
01012077	Lenox (Town), MA 2001
01012078	Westside Union School District, CA GO 2001
01012079	Toledo Sch Dist #237, WA GO 2001
01012080	Lemont (Township), IL GO 2001
01012081	Kane County, IL GO 2001

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01012089	Trenton (City of), NJ GO 2001
01012090	Rochester Hills, MI GO
01012092	Charter Twp of Oakland, MI
01012096	Las Vegas-Clark County Lib Dist, NV GO LT 2001
01012097	Lawrence County, TN GO 2001
01012098	Rio Rancho Pub SD #94, NM GO 2001
01012102	Unadilla Valley Central SD, NY GO 2001
01012103	Murrieta Valley Unified SD, CA 2001 98 Ser B
01012108	Fort Bend County LID #14, TX GO ULT 2001
01012109	Manheim Township School District, PA GO 2001A
01012110	Clovis USD, California GO 2001A
01012112	Gloucester Township, NJ GO 2001
01012113	Gloucester City BOE, NJ GO 2001
01012116	Elkhorn (City of), WI GO 01
01012118	Mercedes (City of), TX 2001
01012119	Henderson County, TN GO 01 Rfdg
01012120	Erie County, NY GO 2001 A&B
01012122	Lynn (City of), MA
01012123	Romulus, MI GOLT 2001
01012124	Athens Area SD, PA GO 01
01012125	Strongsville (City), OH GO LT 2001
01012129	Rockford SD #205, Illinois GO 2001
01012130	Rossford (City), OH GOLT 2001
01012132	London City SD, OH GO 2001
01012136	Minneapolis Spec SD #1, MN GO 2001B
01012137	Muncy School Dist, PA GO 2001
01012138	Brookhaven (Town of), NY GO2001B
01012139	Brookhaven (Town of), NY GO2001A
01012140	Cheshire Cnty, NH GO
01012141	Brown City Community Schools, MI GO 2001
01012145	Warrior Run SD PA GO 2001
01012146	Walworth County Metro Swr Dist, Wisconsin GO 01
01012149	Forest Preserve Dist (Cook Cnty) IL GO 2001 LTD
01012151	Belleville SD #118, IL GO 2001
01012152	Monroe County Area V-Tech Sch Auth, PA 2001
01012153	North Aurora (Vlg of), IL GO 01
01012154	Wayne County, TN GO '01- Ind.Dev.Brd.
01012155	Weymouth (Town), MA GO 2001
01012157	Sartell (City), Minnesota GO 2001C
01012161	Burlington (City of), WI GO 2001A
01012162	West Valley School District #208, WA GO 2001
01012164	West Paterson (Boro of), NJ GO 2001
01012165	SANTA CRUZ CITY HIGH SD, CA GO 98C
01012166	Hammonontown BOE, NJ GO 2001
01012171	Tallmadge (Charter Twsp. of), MI GO 2001
01012172	Cibola (City of), Texas GO Ltdtx
01012174	Atlantic Highlands (Borough of), NJ
01012175	West Bloomfield SD, MI GO 2001
01012181	Piscataway (Township of), NJ GO 2001
01012182	Plover (Village), WI GO 2001
01012183	Millville (City of) New Jersey
01012184	Greene Co., TN GO 2001A
01012185	Greene Co, TN GO 2001B
01012186	Pampa (City of), TX GO 2001
01012188	Jersey County, IL GO 2001

Policy Id	Policy
01012189	Rayford Road MUD, TX GO 2001
01012191	Mount Prospect (Vlg of), IL GO 2001
01012193	Northern Burlington Cnty Reg SD BOE, NJ GO 2001
01012194	East Granby (Town of), CT 2001
01012196	Louisville CSD, OH GO 2001
01012197	Saginaw County, Michigan GOLT 2001
01012200	Hopewell Valley RSD, NJ GO 2001
01012201	Maui County, Hawaii GO Ser 01 B&C
01012202	Bethlehem Area School District, PA GO 2001
01012203	Monroe MUA (Monroe Township), NJ GO 2001
01012204	Portage County, OH GO Ltd Tax 2001
01012205	Sioux City (City of), Iowa GO 2001
01012206	Ardsey Union Free School District, NY GO 2001
01012207	Cranberry Township, PA GO Ser B&C 2001
01012208	Tioga County, New York GO 2001
01012211	Port of Houston Auth, TX GO 01AB
01012216	Elm Grove (Village of), WI GO
01012218	Lawrence County, TN GO
01012220	Barre (Town of), MA GO
01012221	Derby (City), Kansas GO 2001
01012224	Greene Community SD, IA GO 2001
01012227	Deer Valley Unified SD #97, AZ GO 2001
01012228	Port of Houston Auth, TX GO 2001A
01012229	Middletown, Rhode Island GO Series 2001
01012230	Blue Earth, MN GO '01
01012231	Brentwood Union SD, CA GO Series 2001 D&E
01012232	Munroe Falls (City of), OH Series 2001 A & B
01012235	Quaboag Regional School District, MA GO 2001
01012238	Kutztown (Borough of), PA GO 2001A
01012240	Crete, Illinois GO Series 2001A
01012241	Crete, Illinois GO Series 2001B
01012245	Frisco, Texas Limited Tax GO, Series 2001
01012246	Wiseburn School District, California GO Ser 2001
01012247	West Des Moines (City), IA GO 2001C
01012249	Pueblo County SD #70, CO GO
01012250	Pickerington Local SD, OH GO 01
01012251	North Smithfield, RI GO
01012252	Catasauqua Borough, PA GO GTY
01012254	Racine Unified School District, WI GO 2001
01012255	Cambria Somerset Authority, PA GO 2001
01012257	Bradley SD #61, IL LTGO 2001
01012261	Illinois State GO Illinois 2001
01012262	Clermont-Northeastern LSD, OH GO 2001
01012263	Canton (Town), CT GO 2001
01012264	Charlevoix County, MI GO 01
01012268	Arlington Heights Park District, IL GO 2001
01012269	Brockport CSD, NY GO 2001
01012271	South Haven Bldg Auth, MI Go 2001
01012274	Pearland, Texas LTGO Series 2001
01012275	Pine Valley CSD, NY GO 2001
01012276	Westmorland Union Elem SD, CA GO 2001
01012277	Pacific Cnty Pub Hosp Dist No. 2, WA GO 01
01012278	Pulaski (City of), TN GO 2001
01012281	North Mankato (City), MN GO 2001 A
01012282	Pasadena (City), Texas GOLT 2001

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Policy Id	Policy
01012285	Frisco (City), Texas GOLT 2001 A&B
01012286	Canal Winchester LSD OH GO 2001B
01012287	Strongsville, Ohio UTGO Series 2001
01012289	Cudahy (City), WI GO 2001
01012290	Big Rapids (City of), MI GO 2001
01012292	Franklin County, TN GO ULT 2001
01012293	Erie County, Ohio GO Series 2001
01012294	Los Gatos Union SD, CA GO 2001A
01012295	Flambeau School District, WI GO 2001
01012296	Grafton (Village), WI GO 2001
01012297	Conestoga Valley SD, PA GO 2001
01012298	Hillsboro City School District, Ohio UTGO Ser 2001
01012299	Jersey Shore ASD, PA GO 2001
01012304	South Park School District, PA GO 2001 C&D
01012305	Freehold Regional HSD, NJ GO 2001
01012307	Elizabeth (City), New Jersey GO 2001
01012308	Sauk County, Wisconsin GO 2001 A
01012309	Albany County, NY GO ULT 2001
01012310	Jordan, MN GO 2001
01012311	Falconer Central SD, NY GO 2001
01012314	Montour School District, PA GO 2001
01012315	Gladewater (City of), Texas GO 2001
01012316	Oconto City, WI GO 2001
01012317	Sidney, Ohio LTGO 2001
01012318	Mansfield Township BOE, NJ GO 2001 A&B
01012319	Oyster River Cooperative SD, NH GO 2001
01012320	Las Vegas, NV LTGO 2001
01012321	Burlington (Twp), NJ GO 2001
01012322	Bellwood SD #88, IL GO 2001
01012325	McLean County, Public Building Commission
01012326	American Fork City, Utah GO 2001
01012329	Robinson, Texas LTGO Series 2001
01012332	La Habra City School District, CA GO Series 2001A
01012335	HUDSON COUNTY, NJ GO
01012336	National Park (Borough) BOE, NJ GO 2001
01012339	Norwich City SD, NY GO 2001
01012343	Huntsville (City), Texas GOLT 2001
01012344	Northfield (Twp of), MI GO 2001
01012345	Annville-Cleona Sch Dist, PA GO 2001
01012346	Conroe, Texas GO LTX 2001
01012348	Meadowhill Regional MUD, TX GO 2001
01012350	Tacoma School District #10, WA GO 2001
01012351	Caledonia Charter Township, MI 2001
01012352	Agawam, Mass LTGO 2001
01012354	Kankakee (City of), IL
01012355	Farmingdale (Village of), NY GO 2001
01012356	Grand Blanc Community Schools, MI GO 2001
01012357	North Branch (City of), MN 2001
01012358	Forest Park (City), OH GO 2001
01012360	Shreveport, Louisiana GO
01012361	Dilworth (City), MN GO 2001A
01012362	Dilworth (City), MN GO 2001B
01012364	Haverhill (City), MA GO 2001
01012365	Belton City, MO, GO Ref 2001
01012366	Lexington County, SC GO 2001

Policy Id	Policy
01012368	Hewitt (City), TX GOLT 2001
01012370	Highland Heights (City of), OH GOLT 2001
01012371	Haverstraw (Town of), NY GO 2001
01012372	Blaine (City), MN GO 2001A
01012375	Floral Park (Village), NY GO 2001
01012376	Remsen Central School District, NY GO
01012377	Harbor Springs Public Schools
01012378	Watauga County, NC GO
01012381	Oyster Bay (Town of), NY GO 2001B
01012388	Warner Baird District Library, MI GO 2001
01012389	Harris County WC&ID #110, TX 2001 GO ULT
01012390	San Jacinto Coll Dist, TX GOLT 2001
01012391	San Jacinto Coll Dist, TX GOLT Cont Oblig 2001
01012394	Christian County, Illinois GO 2001A (LTD)& 2001B
01012395	Elizabeth (City), New Jersey GO 2001
01012399	Collinsville CUSD #10, IL GO 2001
01012402	Southern York Co. SD, PA GO
01012403	Providence, Rhode Island GO
01012404	Twinsburg (City of), OH LMTX GO 01
01012406	Harris County MUD No. 153, Texas GO Series 2001
01012407	Moline (City of), IL GO 01
01012409	Lancaster County, PA GO 2001 A&B
01012412	Fort Bend County MUD #113, TX GO 2001
01012416	Whitman-Hanson Regional SD, MA
01012417	Conemaugh Twp Area SD, PA GO 2001
01012418	Washoe County, Nevada LTGO Series 2001A
01012421	Dobbs Ferry (Village), NY GO 2001
01012423	Orland Park Village, IL GO 2001
01012427	Waukegan (City), IL GO 2001A
01012428	Coventry, CT GO
01012434	Tinley Park (Vlg), IL GO 2001
01012437	Parma Heights (City of), OH GO LTX 2001
01012440	Canyon Cnty SD #132, ID GO 2001
01012443	Ypsilanti Community UA, MI Twn LMTX GO 01
01012448	Rockport (City), Texas GOLT 2001
01012451	North Mission Glen MUD, TX GO 2001A
01012454	Northshore Park & Rec Svc Area, WA GO ULT 2001
01012455	Queen Bee SD #16, IL GOLT 01A&B
01012456	Laurens County Health Care Sys, SC GO Series 2001
01012459	Berwyn North SD #98, IL GO 2001
01012460	Park Forest Village, IL GO 2001
01012461	Rahway (City), NJ GO 2001
01012464	East Haven (Town), CT GO 2001
01012465	Vancouver School District No. 37, WA 2001
01012466	Upton Town, MA GO ULT 2001
01012467	Oxford Area SD, PA GO 2001ABC
01012471	Hattiesburg, Mississippi GO Series 2001
01012473	Chicago Park Dist, IL GO Ltd 2001C
01012474	Chicago Park Dist, IL GO ULT 2001D
01012475	Shenango Area SD, PA GO 2001
01012479	Corona-Norco USD, CA GO 2001
01012481	West Paterson (Borough) BOE, NJ GO 2001
01012482	DENVER SD #1, CO GO
01012488	Suffolk County, New York GO 2001
01012489	North Allegheny SD, PA GO 01A&B

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01012493	East Pennsboro Area SD, PA GO 2001A
01012494	Harrison School District #2, CO GO 2001
01012496	Montgomery County, TN GO 2001
01012498	Fort Bend County MUD No.1, GO, Series 2001
01012502	Prince George's County, MD GO/COP 2001
01012503	East Richland CUSD #1, IL GO 2001
01012504	Mankato, MN GO 2001A
01012505	Medina Central School District, NY GO 2001
01012507	Pullman Mem Hosp Pub Hosp Dist # 1-A, WA 01
01012509	Marlboro Central School District, NY GO 2001
01012510	Lumberton BOE, NJ GO 2001
01012511	Lewiston, ME GO 2001
01012513	AMSTERDAM ENLARGED CSD, NY GO
01012514	Montgomery County, TX MUD #60 GO 2001
01012515	Davenport (City of), IA GO 2001 Series C
01012520	Union Elementary School District, CA GO 2001B
01012521	Baldwin City USD No. 348, Kansas GO Series 2001
01012523	Honeoye CSD, NY GO
01012525	Voorhees (Twp), NJ GO 2001
01012527	Dodgeville (City), WI GO 2001
01012528	BRAZOS COUNTY, TEXAS GO 2001 GO
01012529	Fargo (City), ND GO 2001B
01012530	Carl Sandburg CCD #518, IL 2001A
01012531	Buffalo (City), New York GO 2001-D
01012532	Harrisburg Redev. Auth, PA (Harrisburg GO) 01
01012533	Illini Hosp Dist, IL GO 2001
01012535	RICHMOND, VIRGINIA GO
01012536	LaVergne, TN GO ULT 2001
01012538	Hamburg Municipal Authority, PA GO 2001
01012540	Homewood-Flossmoor PkDist LAIt Ser A&B 2001
01020009	CALIFORNIA STATE GO 4-1-99
01020010	California State GO 10-1-00
01020011	California State GO 12-1-00
01020013	CALIFORNIA STATE GO 4-1-99
01020020	California State GO 10-1-00
01020021	California State GO 12-1-99
01020023	California State GO 10-1-00
01020024	California State GO 10-1-00
01020025	CALIFORNIA STATE GO 10-1-97
01020026	CALIFORNIA STATE GO 10-1-97
01020029	CALIFORNIA (STATE OF) GO 1993
01020030	CALIFORNIA STATE GO 10-1-97
01020031	CALIFORNIA STATE GO 10-1-98
01020032	CALIFORNIA STATE GO 2-1-99
01020033	CALIFORNIA STATE GO 2-1-99
01020034	California State GO 12-1-00
01020035	CALIFORNIA ST VAR PURP GO 91
01020036	Florida GO Refg PECO 2001B
01020039	Washington State GO 2001 C & D
01020042	New York City, NY GO 99H
01020049	California State GO 12-1-00
01020050	California (State Of) GO
01020051	New York City, NY GO 99H
01020052	New York City, NY GO 98JK
01020053	CALIFORNIA STATE GO 2-1-99

Policy Id	Policy
01020059	New York City, NY GO Series F&G
01020060	NEW YORK CITY, NY GO 98EF
01020064	New York City, NY GO Series F&G
01020065	New York City, NY GO Series F&G
01020069	New York City, NY GO Series F&G
01020071	California State GO 1998
01020073	California State GO 6-1-00
01020074	New York City, NY GO Series F&G
01020077	New York City, NY GO Series F&G
01020079	New York City, NY GO Series F&G
01020080	California State GO 3-1-01
01020081	New York City, NY GO Series F&G
01020082	New York City, NY GO 99H
01020097	NEW YORK CITY, NY GO 98EF
01020098	New York City, NY GO 01 H Fix
01020099	New York City, NY GO 01 H Fix
01020100	New York City, NY GO 01 H Fix
01020105	New York City, NY GO Series F&G
01020106	New York City, NY GO 01DEF
01020109	New York City, NY GO 01DEF
01020110	New York City, NY GO 99H
01020117	California State GO 12-1-99
01020119	California State GO 6-1-00
01020120	CALIFORNIA STATE GO 91
01020121	CALIFORNIA STATE GO 91
01020122	California (State Of) GO
01020123	California State GO 12-1-00
01020124	California State GO 12-1-00
01020128	California State GO 10-1-00
01020129	CALIFORNIA ST VAR PURP GO 92
01020130	CALIFORNIA STATE GO 91
01020132	California State GO 1998
01020134	CALIFORNIA (STATE OF) GO OCT90
01020135	California State GO 3-1-01
01020136	CALIFORNIA STATE GO 10-1-98
01020137	CALIFORNIA STATE GO 12-1-98
01020140	California State GO 3-1-01
01020141	California State GO 4-1-00
01020143	California State GO 3-1-01
01020144	California State GO 3-1-01
01020146	California State GO 3-1-01
01020152	New York City, NY GO 99H
01020154	New York City, NY GO 99A
01020157	New York City, NY GO 01 H Fix
01020158	New York City, NY GO 01 H Fix
01020165	New York City, NY GO 98JK
01020166	New York City, NY GO 98JK
01020167	NEW YORK CITY, NY GO 98EF
01020169	New York City, NY GO 01DEF
01020175	Washington County, MD GO 2001
01020176	Washington County, MD GO 2001
01020177	Washington County, MD GO 2001
01020178	Washington County, MD GO 2001
01020180	New York City, NY GO 2000A
01020187	Denton County, Texas Ltd GO 99

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01020208	Los Angeles, CA GO
01020251	Florida State Bd of Ed GO 98 D
01020256	Washington St GO & Lease 98C
01020276	California State GO 6-1-00
01020277	CALIFORNIA STATE GO 12-1-98
01020278	California State GO 3-1-01
01020280	Byron Center Public Schools,MI 2001
01020290	New York City, NY GO 01 H Fix
01020297	Washington St GO & Lease 98C
01020303	Rockland County, NY GO 2001A&B
02010003	Jersey City MUA, NJ GO Surety 2002
02010004	Howard-Winneshiek Community SD, IA GO 2002
02010005	Worthington City SD, OH GO01
02010008	Garnet Valley SD, PA GO 2002
02010009	Lancaster County, PA GO 2002
02010014	FALCON SD #49, COLORADO GO
02010016	Longview School Dist. #122, WA GO 2002
02010017	Lackawanna County, PA GO 2002A and 2002B
02010018	St. Peter ISD #508, MN GO Ref 2002A
02010019	Goodhue ISD #253, MN GO 2002
02010022	LaVergne, TN GO ULT W&S Rev 2001
02010023	Penn Hills (Municipality), PA GO 2002
02010026	Riverside USD, CA GO 2002
02010028	Syracuse, New York GO 2001C
02010029	Syracuse, New York GO
02010030	Reading (Town), MA GO
02010031	Greensburg (City), PA GO 2001
02010032	Shelton SD #309, WA GO ULT 2001
02010034	North Allegheny SD, PA GO Rfdg 2002
02010035	Monroe-Woodbury CSD, NY GO 2001
02010036	First Colony MUD No. 9, Texas GO Series 2002
02010039	Pequot Lakes ISD #186, MN GO 2002
02010040	West Milford (Township), NJ GO 2002
02010041	Trophy Club, Texas LTGO Series 2002
02010042	Prior Lake-Savage ISD #719, MN GO 2002A
02010043	Cedar Rapids Community SD, IA GO 2002
02010044	Medford Area Public SD, WI GO Ref2002
02010046	Jenks, OK GO 02
02010050	Yough School District, PA GO 2001
02010051	Florida State GO PECO, 2001C
02010052	Milford (Town of) MA GO, 1-15-02
02010053	Gail Borden Pub Lib Dist, IL GO 2002
02010054	Amery School District, WI GO 2002A
02010055	Monticello CUSD #25, IL GO
02010056	Franklin Square UFSD, NY GO 2002
02010057	Elmhurst CUSD #205, IL GO
02010059	Sylvan Union Sch Dist, CA GO
02010060	Patchogue, NY GO '02
02010061	Mesa (City), AZ GO 2002
02010064	Washtenaw County, MI GO 2002
02010065	Bloomsburg ASD, PA 2001
02010067	Woodbine Community School District, IA GO 2002
02010068	Howard-Suamico SD, WI GO
02010069	Lower Southampton TWP,PA GO
02010071	Livingston (Parish of) SD No. 22, LA

Policy Id	Policy
02010072	Alum Rock Union ESD, CA GO 2001D
02010073	Door County, WI GO ULT 2002A
02010074	Lemont-Bromerek SD #113A, IL 2001
02010076	Asotin County, Washington GO 2002
02010077	Canyon Cnty SD #134, ID 2002
02010078	Bristol Borough, PA GO 2002
02010079	Muskegon County, MI GOLT 2002
02010080	Muskegon County Building Authority, MI GOLT 2002
02010081	College Community School District, IA GO 2002A
02010082	College Community School District, IA GO 2002B
02010084	Clinton Commun SD WI '01
02010085	Pullman Memorial Hosp Pub Hosp Dist #1-A, WA 02
02010086	Mohave Cnty Hosp Dist#1, AZ GO 2001
02010088	Shelby Elementary School District #14, MT GO 2002
02010089	Gananda Central School District, NY GO 2002
02010091	Waupaca School District, WI GO 2002
02010092	Bedford County, TN GO 2001
02010094	Taylor (City), Michigan GOLT 2002
02010096	East Richland CUSD #1, IL GO 2002
02010097	INDIANOLA COMMUNITY SD,IA GO 2002
02010100	Lake Saint Louis (City), MO GO 2002
02010102	El Paso County SD #20, CO GO
02010103	Galesburg, IL GO 2001
02010108	Indian Prairie CUSD#204, IL GO 2002
02010109	Stafford, Texas GO Cert, 2002
02010110	Nicollet County, MN GO State Aid Road 02
02010112	Massachusetts Commonwealth GO 2002A
02010118	Black Hawk (County), IA GO 2002
02010119	Cohoes City School District, NY GO 2002
02010120	Keystone School District, PA GO 2002
02010122	Leroy Community Park District, IL GOLT 2002A
02010123	Oley Valley School District, PA GO 2002
02010124	Manhattan Beach USD, CA GO Elec2000B
02010125	Oak Lawn (Village), IL GO '02
02010126	Manhattan Beach USD, CA GO 2002E
02010128	Hastings (City), MN GO 2002AB
02010129	Hudson Falls Central SD, NY GO 2002
02010130	West Haven (City of), CT GO 2002
02010131	Wakefield (Town), MA
02010134	Murrysville (Munic.),PA GO 2001
02010136	Plain Local SD, OH GO, 2002
02010137	Moscow, Idaho GO ULT 2002
02010138	Northern Burlington County Reg SD BOE, NJ GO
02010139	Dublin USD, California GO 2002
02010141	Meigs County, Tennessee GO 2002AB
02010142	Jamestown Public SD No. 1, ND GO 2002
02010143	Lacey (City of), WA GOULT 2002
02010145	Greenfield (Town), MA GO 2002
02010146	Monroe County, PA GO, 2002 A&B
02010150	Clinton, NJ, Bd. of Ed. GO 2001
02010151	Glenview Community Consol SD #34, IL GO 2002
02010152	Ocean Township NJ Sewer GO 2002A
02010153	Berkeley County Board of Education, WV GO Ser 2002
02010154	Moosic (Borough), PA GO 2002
02010155	Peoria School Dist 150 IL GO 2002

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02010157	Leavenworth, KS GO ULT 2002A
02010158	St. Charles CUSD #303, IL GO
02010159	Brooklyn Center SD #286, MN GO 2002
02010160	Ocean Township NJ Sewer GO 2002B
02010161	Orchard Park (Town), NY 2002
02010162	Palmyra Area School District, PA GO 2002
02010164	Florida State GO PECO 2002G
02010165	Mukwonago (Village), WI GO 2002
02010166	Atlantic County, NJ GO 2002
02010168	West Allegheny SD, PA GO 2002B
02010170	Western Wayne Sch Dist, PA GO 2002
02010171	Hopewell Area Sch Dist, PA GO
02010173	Tennessee State GO 2002A
02010174	Umatilla County, OR GO 2001
02010175	Trophy Club, Texas LTGO Series 2002
02010179	Belleville Township, NJ GO 2002
02010180	Midwest City, OK GO 2002
02010181	Kent (Town of), CT GO 2002
02010182	Montgomery, IL GO 02.
02010183	Bloomington (Vill. of) IL GO 2002
02010184	Quincy SD #172, IL GO 2002A&B
02010185	Somerville (City of), MA (LT) 2002
02010187	Florida State DOT GO 2002
02010188	Inkster (City), MI GO LTD Tax (MTF Receipts)
02010189	Olathe Unified School District #233, KS GO 2002
02010191	Ingham County Building Authority, MI 2002
02010192	Bath Central SD, New York GO 2002
02010193	Leavenworth, KS GO ULT
02010194	Westlake MUD No. 1, TX 2002
02010195	Illinois State GO 2002
02010196	Spartanburg Sanitary Sewer Dist, SC GO 2002
02010197	McGregor ISD No. 4, MN GO 2002
02010198	St. Charles Par SD #1, LA GO 2002
02010199	New York State GO 2002A
02010200	New York State GO 2002B
02010201	New York State GO 2002C
02010205	Oklahoma County ISD No. 89, Oklahoma GO 2002
02010207	Municipal Imp Corp Los Angeles, CA Lease 2002 F
02010209	Little Chute Area Sch Dist, WI GO
02010210	Raytown School District #2, MO GO 2002
02010212	Oklahoma City, Oklahoma GO 2002
02010213	Carmel Unified SD, CA GO 2002
02010215	Wicomico County, MD GOLT 2002
02010217	Sioux County, Iowa GO 2002
02010219	Essexville, MI GO 2002
02010220	Delano Union Elem SD, CA GO
02010222	New Hartford (Town), NY GO 2002
02010224	Alpena (City of), MI GO 2002
02010227	St. Peters (City of), MO GO 2002
02010229	Johnson County, Illinois GO 2002
02010230	Roanoke (City), Virginia GO 2002 A&B
02010231	El Centro Sch Dist, CA GO 2001
02010234	Linn-Benton Community College District, OR GO 2002
02010235	Lansing Community College, MI GOLT 2002
02010236	Ladysmith-Hawkins SD, WI 2002

Policy Id	Policy
02010237	Eugene School District #4J, OR 2002
02010238	West Contra Costa USD, CA GO 2002B
02010240	Columbus (City of), WI GO 2002
02010242	Eastham (Town), MA GO
02010245	Monroe County, NY GO 2002
02010246	Winnebago County, IL GO 2002
02010247	Oshkosh (City of), WI GO 2002B
02010249	Binghamton (City), NY GO 2002
02010250	Oshkosh (City of), WI GO 2002 A
02010253	Paradise Valley Unified SD #69, AZ GO 2001
02010254	Milford Central SD, NY GO 2002
02010257	Titusville ASD, PA GO 2002
02010263	Bedford (City), TX GOLT 2002
02010265	Lock Haven (City), PA GO 2002
02010266	Moline (City of), IL GO 2002A
02010267	Donegal School District, PA GO 2002
02010268	Madison Central SD, NY GO 2002
02010269	Cambria Heights School District, PA GO 2002
02010270	Fort Lee (Boro of), NJ GO 2002
02010271	Novato USD, CA GO 2002
02010272	Saugatuck (Twsp of), MI GO 2002
02010275	Portola Valley School District, CA GO 2002
02010276	Bangor (City), Maine GO 2002B
02010277	Palmdale School District, CA GO 2002
02010278	Galt Joint Union Elementary Sch Dist, CA GO 2002
02010279	Elizabethtown ASD, PA GO 2002
02010283	Washington USD, CA GOB 2002
02010284	Oakland USD, California GO 2002
02010285	West, Texas LTGO Series 2002
02010288	Northeastern York County SD PA GO 2002
02010289	EWING-LAWRENCE SWG AUTH, NJ GO '02
02010291	Margaretville CSD, NY GO 2002
02010292	Louisiana State GO 2002-A
02010293	Menomonee Falls, WI GO 2002AB
02010297	Emporia USD #253, KS GO 2002
02010298	Municipal Imp Corp of Los Angeles, CA Lease 2002G
02010299	White Bear Lake ISD #624, MN GO 2002B
02010300	Scio Central School District, NY GO 2002
02010302	Candor CSD, NY GO 2002
02010306	Jefferson Davis Parish SD #2, LA GO
02010307	Vestal Central SD, NY GO 02
02010308	Wisconsin (State of), GO 2002A
02010311	Shasta Union HSD, CA GO 2002
02010312	Coudersport Area School District, PA GO 2002
02010313	Wolcott (Town), CT GO 2002 Lot B
02010314	Chanhassen (City), MN GO 2002
02010315	Moses Lake SD #161, WA GO 2001
02010316	Piatt Co Pub Bldg Comm, IL GO 2002
02010319	McGuffey SD, PA GO 2002
02010322	Pflugerville, Texas LTGO 2002
02010323	Jefferson County School District #509J, OR GO 2002
02010324	Atlantic City MUA, NJ GO 2002
02010325	Algonquin (Village), Illinois 2002A
02010326	Kinnelon (Boro of), NJ GO 2002
02010327	Briarcliff Manor (Village of), NY GO 2002

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02010328	Lubbock, Texas GO Ltd Tax 2002
02010330	Medford Township BOE, NJ GO 2002
02010332	Hillside (Village), IL GO 2002
02010333	Broome County, NY GO 2002
02010334	Cornell School District, PA GO 2002
02010335	Oconomowoc (Town of), WI GO 2002AB
02010336	Peoria School District #150, IL GO 2002
02010337	Garrison Union Free School District, NY GO 2002
02010338	Algonquin (Village), Illinois 2002B
02010339	Live Oak (City of), TX GO 2002
02010340	San Francisco Comm College Dist, CA GO 2002
02010342	Tri-Valley Local School District, OH GO 2002
02010343	Red Oak Community SD, IA GO 2002
02010346	West Bend (City of), WI GO '02 Bonds
02010347	Bethlehem (City of), PA GO 2002
02010348	Bolivar-Richburg Central SD, NY GO 2002 A&B
02010349	Scotch Plains Township, NJ GO 2002
02010350	Fresno (County), CA 2002
02010351	Deer Park Union Free School District, NY GO 2002
02010353	Starpoint Central School District, NY GO 2002
02010354	Allegany-Limestone CSD, NY GO 2002
02010356	Barstow USD, CA GO Election 2001 SerA
02010359	Ilion Central School District, NY GO 2002
02010360	Cedar Hill I.S.D., TX GO 2002
02010361	Grand Valley Local SD, OH
02010362	Palos Verdes Pen. USD, CA GO
02010363	Sayreville (Borough) BOE, NJ GO 2002
02010366	Orono (Town of), ME GO 2002
02010367	Canon-McMillan SD, PA GO 2002 A&B
02010368	Topsfield (Town), MA GO '02
02010369	Freeport (Village), NY GO 2002 A&B
02010371	Center Moriches Union Free SD, NY GO 2002 A&B
02010373	Warren County, NC GO 2002
02010374	Creston Community SD, Iowa 2002
02010375	College Station, Texas LTGO 2002
02010378	Oak Creek (City), WI GO 2002
02010379	Lake Zurich (Village of), IL GO 2002
02010380	Holland City Sch Dist, MI GO 2002
02010382	Heath (City), Ohio GOLT 2002
02010384	St. Charles (City of) IL 2002
02010386	Walnut Valley USD, CA GO Series C
02010387	Sartell ISD #748, MN GO
02010390	Tarrytown (Village), NY GO 2002A
02010391	Colton Joint USD, CA GO 2002
02010392	Pennsbury SD, PA GO 2002
02010393	Denair Unified SD, CA GO Elec 2001 Series A
02010394	Downers Grove Comm HSD No 99, IL
02010395	Newman-Crows Landing USD, CA 2002
02010396	Mad River Local School District BOE, OH 2002
02010397	Clifton (City of), NJ GO 2002
02010401	Tucson, Arizona Lease Conv Ctr 2002
02010402	Tucson, Arizona Lease Conv Ctr 2002
02010403	Oriskany CSD, NY GO 2002
02010404	North Colonie CSD, NY GO 2002
02010405	Caledonia-Mumford CSD, NY GO

Policy Id	Policy
02010406	Garfield Heights (City), OH GOLT 2002
02010407	Washingtonville Central Sch Dist, NY GO 2002
02010408	Longwood Central School District, NY GO 2002
02010411	Jackson-Brownfield Redevel Auth, MI GO LT 02
02010414	Somerdale (Borough), NJ GO 2002
02010420	Port Arthur (City), Texas GOLT 2002B
02010421	Port Arthur (City), Texas GOLT 2002C
02010422	Manitowoc (City), WI GO 2002A
02010423	Deer Valley Unified SD #97, AZ GO 2002
02010426	Calumet Park (Village), IL GO 2002
02010427	Jefferson County, TX GOLT 2002A
02010428	Willsboro Central School District, NY GO 2002
02010431	Meadville, PA GO 2002
02010432	League City (City), Texas GOLT 2002
02010433	Polk County, WI GO '02
02010434	West Bend (City of), WI GO '02 Notes
02010436	Sheboygan Falls (City of), WI GO 2002
02010439	Smith County, TN GO ULT 2002
02010440	WEST CHICAGO, IL GO IDFA 02
02010443	Queen Anne's County, MD GO 2002
02010445	Scio Township, MI GOLT 2002
02010448	Ausable Valley Central SD, NY GO 2002
02010449	Washington County, MD GO 2002
02010452	Jurupa Unified School District, CA GO 2002
02010453	Ocean City BOE, NJ GO 2002
02010455	Wayne County Community College, MI GOLT 2002
02010457	Modesto City Elem SD, CA GO 2002
02010458	Modesto High Sch Dist, CA GO Ser A
02010459	Clinton Central SD, NY GO 2002
02010460	Marathon CSD, NY GO 2002
02010461	Los Banos Unified SD, CA GO 2002
02010466	Wilson County, NC GO 2002
02010467	Crockett County, TN GO 2002
02010469	Bolingbrook (Village of), IL GO 2002A&B
02010470	Proctor ISD #704, MN GO 2002A
02010472	Chemung County, NY GO 2002
02010476	Little Silver BOE, NJ GO 2002
02010477	Harris County MUD #53, TX 2002
02010483	Genesee Valley CSD at Angelica-Belmont, NY GO 2002
02010484	Mesa (City), Arizona GO 2002
02010485	Rolling Meadows (City), IL GO 2002
02010488	Attleboro (City of), MA GO LTX 2002
02010489	Grove City Area Hosp Auth, PA GO 2002
02010492	Traverse City, MI GO LTX 2002AB
02010493	Eaton City SD, OH GO
02010494	Lucas City, TX GO Ltd
02010499	Lovington Muni SD No. 1, NM GO
02010500	Wellington Unified SD #353, KS GO 2002
02010501	Florida State PECO 2002, Series B
02010502	Onalaska, WI GO 2002
02010503	Portage City Building Authority, MI GOLT 2002
02010504	Leavenworth Co. USD No. 449 (Easton), KS GO 2002
02010507	Mexico Central School District, NY GO 2002 Ser A
02010508	Vilas County, WI GO 2002
02010509	Mt. San Antonio Com Clg Dist, CA GO 2002

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02010510	Garland (City), Texas GOLT 2002
02010511	Ceres USD, CA GO (Elec 2001) 2002A
02010512	Prattsburg CSD, NY GO 2002
02010513	Sidney City School District, Ohio 2002
02010516	Dansville Central School District, NY GO 2002 A&B
02010517	Chula Vista Elementary SD, CA GO 2002
02010522	St. Clairsville-Richland City SD, OH GO 02
02010523	West Harris Co MUD #10, TX GO 2002
02010525	Pulaski CSD, NY GO 2002
02010531	Sharon Springs CSD, NY GO 2002
02010532	Eastside Union SD, CA GO 2002
02010533	Montgomery County, NY GO 2002
02010535	Hampton Township, PA GO 2002 A&B
02010536	Warrensburg CSD, NY GO 2002
02010541	Moonachie (Boro of) BOE, NJ GO dated April 1, 2002
02010542	Leander (City), Texas GOLT 2002
02010544	Manistique, MI GO LMTX 02
02010545	East Hartford(Town of)CT GO 2002
02010548	Benbrook, Texas GO Ltd Tax 2002
02010551	Philadelphia Redev Auth, PA 2002
02010553	Wilkinsburg SD, PA GO 2002
02010557	Ennis, Texas GO Ltd Tax 2002
02010558	Knoxville, Tennessee GO 2002
02010560	Valley Stream (Village), NY GO 2002
02010561	Tillamook County, OR GO 2002
02010562	West Fargo Public SD#6, ND GO 2002
02010563	Brockton, Mass GO 2002 A & B
02010564	Summit County, OH Limited Tax GO 2002R
02010565	Bloomfield (Twp), NJ GO 2002
02010566	Union Co, IL GO Pen 02
02010567	El Monte City SD, CA GO 2002B
02010569	Desoto (City of), TX GO Ltd Tx '02
02010570	Desoto (City of), TX GO Ltd 02
02010572	Lorain County, OH GOLT 2002
02010574	Phoenix CSD NY GO 2002
02010576	Moorehead ISD #152, MN GO 2002
02010577	Floodwood ISD #698, MN GO 2002A
02010578	Lewisville (City), Texas GOLT 2002
02010579	Jenison Pub Sch,MI GO 2002 Non-SBLF
02010580	Ambridge ASD PA GO AB 02
02010583	Ringgold School District, PA GO 2002
02010584	Elgin (City of), Illinois GO 2002
02010585	Butler Area School District, PA GO 2002 ABC&D
02010586	Jackson Township BOE, NJ GO 2002
02010587	Morristown (Town), NJ GO 2002B
02010588	Morristown (Town), NJ GO 2002A
02010590	Highline SD #401, WA GO 2002
02010591	Hammond Central SD, NY GO 2002
02010593	Beavercreek (City), OH GO 2002
02010594	Southgate (City of) Building Authority, MI 2002
02010597	Tullahoma (City), TN GO 2002
02010598	Channahon Park District IL GO Alternate Rev 2002
02010600	Abilene, (City of) TX GO & CO 2002
02010601	Brownwood, Texas LTGO 2002
02010602	Lufkin, Texas LTGO 2002

Policy Id	Policy
02010606	South-Western City SD, OH GO LMTX 2002A
02010607	South-Western City SD, OH GO 2002B
02010610	Waxahachie, Texas GO Ltd Tax
02010611	Kellogg Comm Coll, MI LTGO 2002
02010612	Gilbert (Town), AZ GO Ref 2002
02010613	Lincoln County, NC GO 2002
02010614	Santa Clarita CCD, CA 2002
02010615	Florence, Kentucky GO 2002 B
02010616	Florence, Kentucky GO 2002 A
02010617	Pearland, Texas LTGO 2002
02010618	Syracuse, New York GO 2002B
02010619	Urbana SD #116, IL GO 2002
02010623	Grayslake Community HSD #127, IL GO 2002 A&B
02010624	Methow Valley SD #350, WA (Okanogan Co.) GO ULT
02010628	NORTH HEMPSTEAD (TOWN), NY GO 2002
02010630	Plattsburgh City School District, NY GO 2002
02010632	Pen Argyl Area SD, PA GO 2002
02010633	Williams Valley SD, PA GO 2002
02010635	Fremont Unif Sch Dist,CA GO 02
02010636	Mansfield, OH GOLT '02
02010637	Zion (City of), IL GO 2002 (Alt Rev)
02010638	Ewing Twp, NJ GO 2002
02010639	Hancock CSD, NY 2002
02010640	Berne-Knox-Westerlo CSD, NY GO 2002
02010643	Kendall-Kane Cos. CUSD 115 (Yorkville), IL GO 02
02010644	Clifton (City) BOE NJ GO 2002
02010645	Aurora West SD #129, IL GO 2002
02010646	Aurora West SD #129, IL LTD GO 2002
02010647	Chambersburg Area SD, PA GO 2002
02010650	Fairfax Sch Dist, CA GO 2002
02010651	Gettysburg Muni Auth, PA GTD 02
02010652	Mantua Twp, NJ GO 2002
02010656	Espanola Public SD 45, NM GO 02
02010657	Sharpsville Area SD, PA GO 02 A&B
02010658	Titusville ASD, PA GO 2002A
02010659	Philadelphia SD, PA GO 2002B
02010660	Douglas County, WI GO 2002
02010661	Huntington Beach City SD, Ca
02010662	Carteret Borough, NJ G.O. 02
02010666	Hortonville SD, WI GO 02
02010668	Saddle Brook Twp BOE, NJ 2002
02010669	Summit County, Ohio GO Limited Tax 2002
02010670	Upper Scioto Valley Local SD, OH GO 2002
02010671	West Valley School District #208, WA GO 2002
02010673	Flemington Borough, NJ GO 2002
02010674	Liberty Union High School District, CA GO 2002B
02010675	Liberty Union High School District, CA GO 2002A
02010676	Grundy Co., IL GO 02
02010678	Silver Creek CSD, NY GO 2002
02010679	Morrisville-Eaton CSD NY GO 2002A&B
02010680	Camden CSD, NY GO 02 A&B
02010681	Hannibal CSD, NY GO 2002
02010682	Indian River CSD, NY Series 2002
02010683	Ilion Central School District, NY GO 2002 A & B
02010684	Bunker Hill Vlg,TX LT GO 02

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02010686	Lakeland CSD, NY 2002
02010687	Kendall CSD, NY GO 2002
02010688	Dorchester County, MD GO 2002
02010689	Harris Co TX WC&ID #119, GO 02
02010691	Carpentersville CUSD 300, IL GO Working Cash 2002
02010694	Hobbs Municipal SD # 16, NM GO 2002
02010695	Elizabethton (City), TN GO 2002 A&B
02010696	Tullahoma (City), TN GO 2002
02010697	Harrisonville R-IX SD, MO GO ULT 2002
02010699	Brick Township, NJ GO & MUA 02
02010700	Absecon (City of), NJ GO 02
02010701	Seneca Falls Central Sch Dist, NY GO 2002 A&B
02010702	Miller Place UFSD, NY Ser. '02
02010703	South Side ASD, PA 2002
02010704	Sanger, Texas LTGO 2002
02010705	Greensburg Salem SD, PA GO 2002
02010709	Schenectady City SD, NY GO 02
02010710	Attica Central School District, NY GO 2002
02010712	Islip (Town of), NY GO 2002
02010713	Sodus Central School District, NY GO 2002
02010714	Oklahoma County ISD #89, OK GO 2002 Ref
02010715	Great Bend Unified SD#428, KS GO 2002
02010716	Harpersville Central School District, NY GO 2002
02010718	Copenhagen SD, NY GO 02
02010719	Yorkshire-Pioneer CSD, NY GO 2002
02010720	Brunswick CSD, NY GO 2002
02010721	McGraw CSD, NY GO 02
02010722	Sherburne Cnty, MN GO 2002
02010724	New York City, NY GO 2002 DEFG
02010725	Clyde-Savannah CSD, NY GO 2002
02010726	Brockport CSD, NY GO 2002
02010727	Tacoma, WA ULT GO 2002
02010728	Wilmington, Delaware GO 2002
02010730	Central York School District, PA GO 2002
02010731	Chillicothe Pub Library Dist 2002
02010733	Santa Rosa Elem SD, CA GO 2002
02010735	Greenwich CSD, NY GO 2002
02010736	Milford Central School District, NY GO 2002
02010740	Gainesville (City), TX GOLT 2002
02010742	New Haven (City of), Connecticut GO 2002B
02010743	Northern Adirondack CSD at Ellenburg, NY GO 02
02010744	Bedford (City) Ohio GOLT 2002
02010745	Chateaugay Central School District, NY GO 2002
02010746	Caledonia-Mumford CSD, NY GO 2002 Refunding
02010747	Green Twp BOE, NJ GO 2002
02010748	Randolph Central School District, NY GO 2002
02010753	Montgomery Cnty USD #445(Coffeyville), KS GO 2002
02010754	Harrisonburg, Virginia GO Series 2002A
02010755	Harrisonburg, Virginia GO 2002B
02010756	Schenevus CSD, NY GO 2002
02010757	Hamilton CSD, NY GO ULT 2002
02010760	Plano Community Library District, IL GO 2002
02010761	Brainerd ISD #181, MN GO 2002
02010762	San Mateo Cnty Comm Coll Dist,CA GO 02A
02010765	Warren County, PA GO 2002

Policy Id	Policy
02010766	Ada Exempted Village SD, OH GO ULT 2002
02010768	Dulce Independent SD #21, NM GO 2002
02010769	O'Fallon (City), IL Development Finance Auth 2002
02010770	Harrisburg Authority, PA GO SD Proj 2002 Series A
02010771	Warren, MI Ltd Tax GO2002;Downtwn
02010772	Heuvelton CSD, NY GO 2002
02010774	Spencer-Van Etten CSD, NY GO 2002
02010778	Lower Cape May Regional SD BOE, NJ GO 2002
02010779	Fort Plain CSD, NY GO 2002
02010780	Greene Central School District, NY GO 2002
02010781	Heartland Community College Dist #540, IL GO 2002
02010782	Gibbsboro Bd of Ed, NJ GO 2002
02010784	Galway Central School District, NY GO 2002
02010785	Bellevue SD #405, WA GO 2002
02010786	Placentia-Yorba Linda USD, CA GO 2002
02010789	Fort Cherry SD, PA GO 2002
02010790	Cairo-Durham CSD, NY GO 2002
02010791	Macomb Township, MI GO LTX 2002
02010793	Peoria (City of), IL GO
02010794	Etowah W&S Authority
02010795	Greenfield Union School District, CA GO 2002 A
02010796	Greenfield Union School District, CA GO 2000 C
02010800	Sherrill City SD, NY GO 2002
02010801	Carman-Ainsworth Community Schools, MI GO
02010802	Alta Loma School Dist, CA GO 2002
02010803	Moshannon Valley SD, PA GO 2002
02010807	Wallkill CSD, NY GO 2002
02010808	Scott Cnty Schools USD #466, KS GO 2002
02010809	Geneva (City of), IL GO 2002
02010810	Brazoria Cnty MUD #4, TX GO 02
02010811	Groton CSD, NY GO 02
02010814	Edmeston CSD, NY GO 2002
02010815	Victor ESD, CA GO Series 2001 A
02010816	West Haven (City of), CT GO Ref 2002
02010819	Anaheim City SD, CA GO 2002
02010820	Lyndonville CSD, NY GO 2002
02010821	Penn-Delco School District GO 2002
02010822	Bridgewater-Leonardsville CSD, NY GO 2002
02010825	Perth Amboy BOE, NJ GO
02010827	Fullerton School District, CA GO 2002
02010829	Marcellus CSD, NY GO 99A
02010830	Morton Road MUD, TX GO 2002
02010831	Bath Central School District, NY GO 2002
02010832	Scio Central School District, NY GO
02010833	East Islip UFSD, NY GO
02010834	Peru Central School District, NY GO 2002 A&B
02010836	Chenango Forks CSD, NY GO 02
02010837	Canonsburg (Borough), PA GO 2002
02010839	Mojave USD SFID #1, GO ULT 2002
02010840	Ranch at Cypress Creek MUD No. 1, Texas GO Ser. 02
02010841	Plymouth (City of) MI, LT 2002
02010842	Burlington (City), Iowa GO 2002
02010843	Mars Area School Dist PA GO AB02
02010844	Morristown CSD, NY GO 2002
02010845	Trophy Club MUD

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02010846	Jefferson CSD, NY GO 02
02010847	Massachusetts Commonwealth GO C 02
02010848	Windsor Central School District, NY GO 2002
02010849	Addison Central School District, NY GO 2002
02010850	Solancho Sch Dist, PA GO 2002
02010851	Huron County, Michigan GO 2002
02010852	Jamesville-Dewitt CSD, NY GO2002
02010853	Tinton Falls (Borough), NJ GO 2002
02010854	Burbank Unified SD, CA GO 97C
02010855	Evans-Brant CSD, NY GO Refg 2002A,B&C
02010856	Franklinville CSD, NY GO 2002A&B
02010857	Gloucester Twp BOE, NJ GO 2002
02010860	Springville-Griffith CSD NY GO Refg 2002
02010861	South Milwaukee SD,WI GO Ref 02
02010862	Fayetteville-Manlius CSD,NY
02010865	Binghamton City SD, NY GO 2002
02010866	Greenwood CSD, NY 2002 GO
02010867	Amityville Union SD, NY GO
02010868	Whitestown, New York GO 2002
02010869	Westfield CSD, NY GO 2002A&B
02010870	Forestville CSD, NY GO 99
02010872	Plumsted BOE NJ GO, dated June 15, 2002
02010873	Livonia Central School District, NY GO 2002
02010874	Red Oak, TX GO Ltd Tax 2002
02010875	Franklin Twp. (Gloucester Cnty), NJ
02010876	Charlotte Valley CSD, NY 2002A&B GO
02010877	Contra Costa CCD, CA GO 2002
02010878	EAST WILLISTON UFSD, NY GO 2002
02010879	Forest Hill, Texas GO 2002
02010880	Amsterdam Enlarged City SD, NY GO 2002
02010881	Bastrop County, Texas GO 2002
02010882	Georgetown-South Otselic Valley CSD GO 2002
02010884	Hesston Unified SD No. 460, KS
02010885	Butler County, PA GO 02 FWD
02010886	Central Square CSD, NY GO A&B
02010887	La Mesa-Spring Valley SD, CA
02010889	Schenectady City SD, NY GO 02
02010890	Honeoye CSD, NY GO 02
02010891	Johnstown City SD, NY GO 2002
02010892	Jordan-Elbridge CSD, NY GO
02010893	Oklahoma City, Oklahoma GO 2002
02010894	Potsdam Central School District, NY GO 2002
02010896	Waubun-Ogema-White Earth ISD #435, MN GO 2002
02010897	East Peoria, IL GO Alternate Rev 2002A
02010898	Kaneland CUSD #302 IL (Kane/Dekalb) GO 2002
02010901	Bridgeport, Connecticut GO 2002
02010903	Lakeville ISD #194, MN GO 2002 B
02010904	Middle Twp BOE, NJ GO 2002
02010905	Williamson CSD, NY GO Refg 2002A&B
02010906	Osseo-Fairchild SD, WI GO 2002
02010908	Washington Township BOE, NJ GO
02010911	Charleroi Area SD, PA GO 02
02010912	Oakfield-Alabama CSD, NY GO 2002
02010913	Greenburgh CSD #7, NY GO 2002
02010914	Fulton City SD, NY GO 2002

Policy Id	Policy
02010915	Fort Bend Co MUD 119 Ult GO 2002
02010916	Wheatland-Chili Central SD, NY GO 2002
02010919	Avon Central SD, NY GO 2002
02010921	West Irondequoit Central School District, NY 2002
02010927	Trumansburg CSD, NY GO 02A&B
02010929	Canastota CSD, NY GO 02
02010931	Bainbridge-Guilford CSD, NY GO Refg 2002A&B
02010933	Gurnee (Village), IL GO 2002
02010935	Darke County, OH GO 2002
02010936	Cabrillo Comm Coll Dist, CA 2002
02010937	Washington (City), PA GO 02AB
02010938	Morris CSD, NY GO Ref 2002
02010939	Clinton Central SD, NY GO 2002
02010940	Redwood City SD, CA GO 2002
02010942	San Mateo Union HSD,CA GO 02B
02010944	Watertown (City), WI GO 2002
02010949	Stillwater Central SD,NY GO 02
02010950	Essex County Improvement Auth, NJ (Cogen Fac GO)
02010951	Johnsburg CSD, NY 2002
02010953	Aromas-San Juan USD, CA GO 2002A
02010954	Montgomery Village, IL Alt Rev GO 2002
02010955	Alexandria Twp BOE, NJ GO, dated July 15, 2002
02010956	Merrick UFSD, NY GO 2002
02010957	Gouverneur CSD, NY GO Refg 2002
02010958	Hudson City SD, NY GO 2002
02010959	Letchworth CSD, NY GO 2002
02010960	Menomonee Falls, WI GO Notes 2002D
02010961	Winona County, MN GO 2002
02010962	Paxton, IL GO Alt. Rev., 2002
02010963	Wilson County, TN GO ULT School Refg 2002
02010964	Wilson County, TN GO ULT Rural School Refg 2002
02010967	Hurst, TX COO GO Ltd Tax 2002
02010968	Bordentown Reg SD, NJ GO, dated July 15, 2002
02010970	Avalon (Borough of), NJ GO 2002
02010971	City-County of Butte-Silver Bow, MT '02
02010972	Mauston SD, WI GO 2002
02010973	INDIANOLA COMMUNITY SD,IA GO Refunding Bonds
02010974	Salem CSD, NY GO 2002
02010975	Lumberton MUD GO ULT 2002
02010978	Penn-Delco School District GO 2002A
02010979	Paramus (Boro of), NJ GO 2002
02010980	Lockport City SD, NY GO 2002
02010981	Argyle CSD, NY GO 2002
02010982	West Ottawa PS, MI GO 2002 AB
02010983	North Harris Montgomery CCD, TX GOLT 2002 Bd/Ref
02010986	Dickson Co, Tn
02010987	Maize Unified SD #266 (Sedgewick Co), KS GO 2002
02010988	Coronado USD, CA GO 2002B (Election 1998)
02010989	North Brunswick TWP BOE, NJ GO dated July 15, 2002
02010991	Mullica Twp BOE, NJ GO dated July 15, 2002
02010992	St. Charles Park District, IL GO 02A
02010995	Livingston, Tennessee GO 2002
02010996	Taconic Hills CSD, NY GO 2002
02010997	Marion Central SD, NY GO Refg 2002
02010999	LA PORTE, TEXAS GO 02

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02011000	Sauk Centre, MN GO '02A
02011001	Sauk Centre, MN GO '02B
02011002	Auburn City SD, NY GO 2002ABCD
02011003	Granville CSD, NY GO 2002
02011004	Southern Lehigh SD, PA GO 2002A
02011006	Mount Morris CSD, NY GO 2002
02011007	Stratford (Town of), CT GO 2002
02011008	Marshall SD, WI
02011011	Olean City SD, NY GO 2002
02011013	Big Lake, MN GO 2002
02011014	Island Trees UFSD, NY GO 2002
02011015	Cumberland County, NJ GO 200
02011018	Ocean Shores, WA GO '02
02011019	Muhlenberg School District, PA GO 2002A
02011020	Homer SD #13 (Clairborne Prsh), LA GO 2002
02011021	Tehachapi Unified SD, CA GO 2002C
02011022	West Babylon USFD, NY GO 2002
02011024	Washoe County SD, NV GO 2002B
02011026	Rocklin USD, CA GO 2002
02011028	King Cnty Rural Lib Dist, WA UTGO 02
02011029	Hinsdale CSD, New York GO 2002
02011030	Meriden (City of), CT GO Taxable 02
02011032	Kings Canyon JUSD, CA GO 2002
02011033	Clear Brook City MUD, TX GO ULT 2002
02011034	Granville CSD, NY GO 2002
02011036	Onalaska, WI GO Rfdg 2002
02011037	St. Joseph, MN GO 2002
02011038	Readington (Twsp of) NJ GO 02
02011039	Central UHSD CA GO Rfg 2002
02011040	Panhandle, Texas GO 2002
02011041	Willard Pub Library, MI LTGO 2002
02011042	Gorham-Middlesex CSD, NY '02
02011043	Antietam School District, PA GO 2002AA
02011047	Harrisville CSD, NY GO 2002
02011048	Saginaw City SD, MI LTGO 2002
02011049	Harris Cnty MUD #196, TX GO 2002
02011050	Oneida City SD, NY GO 02
02011051	East Irondequoit CSD, NY GO 2002ABCDE
02011052	Sienna Plantation MUD #2, TX 02
02011056	Ashtabula Area CSD, OH GO ULT 2002
02011057	Lowville CSD, NY GO 2002
02011058	Keystone Oaks SD, PA GO 2002
02011059	Avoca CSD, NY GO 2002
02011060	Lighthouse Point (City), FL GO 2002
02011061	Washington State GO Series 2003A & 2003T
02011064	Akron-Summit Co. Pub Lib, OH 02
02011066	Churchville-Chili CSD, NY GO 2002
02011067	Leesville SD#16 of Vernon Parish, LA GO '02
02011068	Hudson Falls Central SD, NY GO Rfdg 02
02011069	Watervliet City SD, NY 2002A
02011070	New Jersey (State of) GO 02
02011071	Hidalgo County, Texas GO 2002
02011073	Temple (City of), TX LTX GO 2002
02011074	Ridgefield, NJ GO 02
02011075	Pequea Valley SD, PA GO 2002

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02011076	Huntingdon ASD, PA GO 2002
02011077	Ovilla, TX, LT Series 2002
02011078	Giles County, Tennessee GO 2002
02011079	South Barrington Park District, IL
02011086	Wheelerville UFSD, NY
02011087	Cambridge CSD, NY GO Refg 2002
02011088	Kendall CSD, NY GO 2002
02011089	Fayette (County of), PA GO
02011091	North Washington Fire Prot Dist, CO GO 2002
02011092	Kane County, IL GO Alt Rev 2002
02011094	Palmer (Township), PA GO 2002
02011095	South Milwaukee SD, WI GO Ref 2002B
02011096	Addison (Village of), IL GO Ref 02
02011097	Babylon Union Free SD, NY 2002
02011101	Festus Reorg. SD R-6, MO GO 02
02011102	Fillmore CSD, New York GO 2002
02011103	Albany County, NY GO ULT Refg 2002
02011106	Starpoint Central School District, NY GO 2002
02011107	Cinco MUD No. 1, Texas Contract Revs 2002
02011108	Holley Central SD, NY GO Refg 2002
02011109	Harris Co. MUD # 71, TX GO 2002
02011110	Woodlands Metro Center MUD, TX 2002
02011111	Lansing (Village of), IL GO '02 Ser.A
02011112	Swedesboro-Woolwich SD, NJ 02
02011113	Bellaire (City of), TX GO LTX 2002A
02011115	Homewood (Village of) IL GO 02
02011119	Elizabeth Forward School District, PA GO 2002
02011121	Fairfield Area SD, PA 2002
02011123	Ambridge (Borough of), PA GO 2002
02011124	Morrow (Cnty), OH Ltd Tx
02011125	Lufkin, Texas GO Ltd Tx 2002
02011126	Montgomery Cnty MUD #46, TX GO2002
02011127	Pittsburgh SD, PA GO 2002
02011128	Dolton SD #148(Cook)IL GO LT 2002
02011129	San Diego USD, CA GO 02
02011132	Monmouth Reg HSD NJ
02011134	Delaware (City of) Ohio Var Purp 2002
02011135	Boston, Massachusetts GO 2002B
02011137	East Allegheny SD, PA GO 2002
02011138	Somerset (Boro of) Muni Auth, PA Swr Rev Ref, 2002
02011139	Harris Cnty MUD #152, TX GO 02
02011141	Normal CUSD #5, IL GO 2002
02011142	Butler (Borough), NJ G.O. Bonds 2002
02011143	Loyalsock Township SD, PA GO 2002
02011144	Twinsburg (City of), OH LMTX GO 2002
02011145	East Bloomfield CSD, NY GO 02
02011148	Horsepen Bayou MUD, TX GO ULT Refg 2002
02011149	Kingsport (City), TN GO Ref 2002A
02011153	Paris (City), TX LTX GO 2002
02011154	Saucon Valley SD, PA GO Refg 2002
02011155	Ellington (Town of), CT GO 2002
02011156	Sisters School District #6, OR GO 2002
02011160	Montebello USD, CA GO Elec. of 1998, Series 2002
02011161	Arcadia SD, WI GO Ref, dated September 1, 2002
02011162	Northfield (City of), NJ GO 2002

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02011163	Glenwood CSD IA GO
02011164	Indiana Bond Bank Taxable Severance Funding, Ser 2
02011165	Yuba City USD SFID #99-1, CA GO 2002
02011166	Littlestown Borough, PA GO 2002
02011168	Pendergast Elem SD #92, AZ GO '02 B
02011169	Bloomfield Twp BOE, NJ GO 02
02011170	Rowlett (City), Texas GOLT 2002
02011175	Greater Johnstown SD, PA GO 2002
02011176	Monroe County, PA GO Notes Series A of '02
02011177	Houston (City), Texas GO LTX 2002A
02011179	Saugerties CSD, NY GO Ref 2002
02011181	South Lewis CSD, NY GO 2002AB
02011182	Harris Co FWSD #51, TX GO 2002
02011183	Adams County, PA GO Refg 2002
02011184	Montgomery Cnty MUD #60, TX GO 2002
02011186	Corry Area SD, PA GO Ser 2002
02011190	Mitchell Co Pub Bldg Comm, KS (Mchll. Co Hos. Prj)
02011191	Mesa (City), Arizona GO 2002A
02011192	Sch Dist of the City of River Rouge, MI GO 2002
02011193	Middlesex County IA (No. Brunswick) NJ GO 2002
02011195	Arnold (City), PA GO 2002
02011197	Chippewa County, WI GO Ref, dtd 9/15/02
02011198	Saugus USD, CA GO ULT 2002A
02011199	Rondout Valley CSD, NY GO 2002
02011201	Monroe Twp BOE, NJ (Middlesex) 2002
02011202	Colleton County, SC GO 2002B
02011203	Riverhead Central SD, NY GO 2002
02011204	Jackson County Bldg Auth. LTGO , MI
02011205	Willow Springs, IL GO ULT Alt Rev 2002A
02011206	Willow Springs, IL GO LTX 2002B
02011207	Erie County, NY GO 2002 A&B
02011208	Tuscola Cnty Sanitary Sewer Sys Ref LTGO, MI, 2002
02011209	Big Beaver Falls ASD PA GO Ref 2002 A
02011210	Fort Bend County MUD #1 GO, 2002
02011212	Chilton SD, WI GO
02011215	Memorial MUD, TX GO ULT 2002
02011216	Weymouth (Town), MA GO 2002
02011217	Cleveland Hill UFSD, NY GO Ref 2002 A & B
02011218	Clifton-Fine CSD, NY GO Ref 2002
02011219	Union Springs CSD, NY GO Ref 2002
02011220	Martin (City of), TN GO Pub Imp Ref, 2002
02011222	Nanty-Glo Sanitary Sewer Auth, PA Gtd Swr Rev 02
02011223	Urbandale (City), IA GO 2002
02011224	Middletown Bd. of Ed., NJ 2002
02011225	Greater Latrobe School Dist Auth, PA GO Ref 2002AB
02011227	Webb County, TX GOLT 2002
02011231	Bastrop (City of), TX GO 2002
02011232	San Francisco, California GO IMP 2002
02011233	Edgerton LSD, OH GO 2002
02011234	Cohoes (City of), NY GO 2002
02011235	Johnston (City), IA GO 2002B
02011236	Brazoria County MUD #3, TX 2002
02011237	Patchogue-Medford USD, NY GO 2002
02011238	Van Hornesville-Owen D. Young CSD, NY GO Ref 02
02011239	West Allegheny SD, PA GO 2002D

Policy Id	Policy
02011240	Derry Area School District, PA GO Ref C 02
02011241	Patrick Henry LSD, OH GO 2002
02011242	Rowlett (City), Texas GOLT COB - 2002
02011245	Chichester SD, PA GO 2002
02011248	Jefferson Twp Bd of Educ, NJ GO 2002
02011249	Chambersburg (Borough of), PA GO 2002
02011250	Bismarck Public SD #1, ND GO 2002 Series B
02011252	Dodge City USD #443, KS GO Ref 2002
02011253	Bridgeview (Village of), IL GO Ref 2002
02011254	Ellwood City Area SD, PA GO 2002
02011255	West Marshall CSD, IA GO Ref 2002
02011256	Oswego USD No. 504, KS GO Ref, 2002
02011257	Greencastle-Antrim SD, PA GO 2002
02011258	West Harris Co MUD #10, TX GO 2002B
02011259	Lebanon (Town of), VA GO 2002ABC
02011260	Oppenheim-Ephratah CSD, NY GO Ref 2002
02011261	Fort Lupton Fire Protection Dist, CO GO 2002
02011262	Albany County, NY GO Refg 2002B
02011263	Lancaster (City of), TX GO LTX Ref, 2002
02011264	Newport, KY GO
02011265	Las Virgenes USD, CA GO 1997 Election, Ser D 02
02011266	Huntington (Town), NY GO 2002
02011268	Lyons (Village), IL GO Alt Rev Series 2002
02011269	Sevierville, Tennessee GO 02
02011270	Dallas Center-Grimes CSD, IA GO dtd 11/01/02
02011271	Towanda Area School District, PA GO 2002
02011272	Panama Central SD, NY GO Ref 2002
02011273	Millcreek Township SD, PA GO 2002AB
02011274	Fort Bend MUD #68, TX GO Ref 2002
02011275	West Mifflin ASD, PA GO 2002A&B
02011276	Bensalem (Township) SD, PA GO 2002
02011277	Oconomowoc (City of), WI GO Ref 2002
02011278	Waco (City), TX GOLT Ref 2002
02011280	East Lampeter (Township), PA GO, 2002
02011281	Foothill-De Anza CCD, CA GO Ref 2002
02011283	Newburgh City SD, NY GO Ref 2002
02011284	Galena Park (City of), TX GO Ref & COO, 2002
02011286	Pasadena (City), TX GOLT 2002
02011287	Cinco MUD No. 9, TX GO Ref, 2002
02011288	West Harris MUD #11, TX GO 2002
02011290	Alsip (Village), IL GO 2002 & Taxable 2002B
02011291	Chilton SD, WI GO 2002B
02011292	Clovis USD, CA GO Election of 2001, Series B
02011293	Bradford CSD, NY Ref GO 2002
02011294	Walton Central SD, NY GO 2002
02011296	Glen Rock Boro BOE, NJ GO 2002
02011297	Smoky Valley (McPherson Cty) USD#400, KS GO Ref 02
02011298	Johnston County, NC GO 2002A
02011299	Clinton Central SD, NY GO 2002
02011300	Dauphin County, PA GO 2002A
02011301	Addison (Town), TX GO LTX 2002
02011302	Cleveland Municipal SD, OH 2002 Rfd
02011303	Ambridge ASD PA GO C 02
02011304	Byron-Bergen CSD, NY GO 02
02011306	Brockway Area SD, PA GO 2002

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02011307	Atlantic City Bd Of Ed, NJ GO 02
02011308	Queen Creek USD #95 AZ GO Ref 2002
02011309	Oregon School Bd Assoc Limited Tax Pension Ser 02
02011311	Evergreen Local SD, OH GO 2002
02011313	Edison (Township) BOE, NJ GO 2002
02011314	Emerald Isle (Town), NC GO 2002
02011315	Anoka (City of), MN GO 02A
02011316	Phelps-Clinton Springs CSD, NY GO Ref 2002
02011319	Northampton Township, PA GO 2002
02011320	Johnson City CSD, NY GO Ref 2002
02011322	Westby Area SD, WI GO Ref 2002
02011323	Venango (County of), PA GO 2002
02011324	Warren County SD, PA GO 2002
02011325	Tuslaw Local SD, OH GO 2002
02011326	Union City ASD, PA GO 2002
02011327	Montgomery Cnty MUD #46, TX Refunding Bds 2002
02011328	Tuxedo UFSD, NY GO 2002
02011329	Ladysmith-Hawkins SD, WI GO Ref dated 10/1/02
02011330	Plover (Village), WI GO Ref 2002
02011331	Racine (City), WI GO 2002
02011333	North Allegheny SD, PA GO 02
02011336	Brookville ASD, PA GO 2002A
02011338	Stroudsburg ASD, PA GO 2002
02011339	Upper Adams SD PA GO 2002
02011340	Blacksburg (Town of), VA GO 2002
02011343	Rahway (City) Redev Agy, NJ GO 2002
02011344	Otsego County, NY GO Ref 2002
02011345	Galveston Cnty. MUD#3, TX Rfd. 2002
02011346	Calcasieu Parish SD No. 34, LA GO Pub Imp 2002AB
02011347	Mid Valley Metro Dist, CO GO Ref & Imp 2002
02011350	Borger (City of), TX GOLT 2002
02011351	South Eastern SD, PA GO Series A of 2002
02011352	Powell (City of), OH GO Var Purp, 2002
02011354	McKinney (City of), Texas GO 2002
02011355	Fleetwood Area School District, PA GO 2002
02011363	Catasauqua Area SD, PA GO 2002
02011365	Ford Heights SD No. 169, IL GO LT 2002AC
02011367	Hamburg CSD, NY GO Ref 2002
02011368	Montgomery County MUD No. 67, TX Ref 2002
02011371	Bethel (Town of), CT GO 2002
02011372	Cass Lake-Bena ISD #115, MN GO 02B
02011373	Hamilton County, TN GO Ref 2002
02011374	Oakland, CA GO 2002
02011375	West Liberty CSD, IA GO dtd 12/1/02
02011377	Northwest Harris Co MUD #30, TX GO 2002
02011380	Santa Ana USD, CA GO Ser 2002B
02011381	Downington ASD, PA GO 2002A
02011382	Ford Heights SD No. 169, IL GO LT 2002 B
02011383	Pasco, WA GOULT Rfd. 2002
02011384	Pickerington Local SD, OH Ref GO 02
02011387	Perris Union HSD, CA GO 1999 Elec., Ser. B
02011388	Rhode Island (State) GO 2002B
02011390	Snyder County, PA GO 2002AB
02011391	Franklin County, PA GO 2002
02011392	Elmira City SD, NY GO 2002

Policy Id	Policy
02011395	Milford (City of), CT GO 2002
02011399	Chestnut Ridge SD, PA GO 2002
02011402	Rosemont (Village of), IL GO ULT 2002A&B
02011403	Trotwood-Madison City SD, OH GO ULT 2002
02011404	Grundy Co., IL GO Ref 02
02011405	Louisville (City of), KY GO 2002B (Taxable)
02011406	Louisville (City of), KY GO 2002A
02011408	Mcminnville (City of), TN GO 2002
02011409	Camden County Imp. Auth, NJ GO 2002B
02011410	Orland Park Village, IL GO 2002A
02011412	Brandywine Heights ASD, PA GO 02 (DVRFA)
02011414	Mississippi (State of) GO 2002 (4 series)
02011415	Western Twps Utils Auth, MI LTGO 2002
02011416	Harrison Twp BOE, NJ GO Ref 2002
02011418	Green Tree (Boro), PA GO 2002
02011419	Keller (City of), TX GO Ref Ltd 02
02011421	Fort Bend Co MUD No. 41 TX GO ULT 2002
02011423	Ypsilanti Community UA, MI Twn LMTX GO 02
02011424	Pattonville R-3 SD, MO GO Ref 2002
02011428	Port Chester (Village), NY GO 2002 A
02011429	Sanibel (City of), FL GO 2002
02011430	Rose Tree Media SD, PA GO 2002
02011431	Brookhaven (Town of), NY GO 2002A
02011432	Brookhaven (Town of), NY GO 2002B
02011434	Lancaster County, PA GO 2002AB
02011435	New Paltz CSD NY GO 02
02011436	Freeborn County, MN GO 02
02011437	Freeborn County, MN GO lse 02
02011438	Kenosha USD No. 1, WI GO Ref 2002
02011439	Batavia CSD, NY GO Ref 2002
02011440	Angleton-Danbury Hospital Dist, LT TX 2002
02011441	Hamburg CSD, NY GO Ref 2002
02011442	Las Vegas, NV Taxable LTGO 2002
02011445	Oil City (City of), PA GO 2002
02011447	Rye Neck UFSD NY GO 2002
02011449	Ballston Spa CSD, NY GO Ref 2002ABC
02011453	New Britain (City of), CT GO Ref 2002
02011454	Webb County, TX GOLT Ref 2002
02011455	North Clarion County SD,PA GO 02
02011456	Avon Grove SD, PA GO 2002AAA
02011457	Winslow Township, NJ GO 2002
02011460	Highlands Sch Dist, PA GO 2002 A&B
02011461	Oak Creek (City), WI GO Ref 2002 (CABs)
02011462	Firebaugh-Las Deltas USD, CA GO ULT 2002
02011463	Clinton (Township), MI GO 02
02011465	Fort Lauderdale, FL GO Ref 02
02011466	Davenport (City of), IA GO 2002 A
02011467	Cicero (Town of), IL GO Ref 2002
02011468	Ceres USD, CA GO (Elec 2001) 2002B
02011469	Archbold ALSD, OH GO ULT Ref 2002
02011472	West Jefferson Hills SD, PA GO 2002A
02011473	Douglas (Town of), MA GO ULT
02011475	Cranbury (Township of), NJ GO Imp 02
02011476	Redford Township Dist Lib, MI GO ULT 2002
02011480	Erie County, Ohio GO LT Series 2002

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02011481	Massachusetts Commonwealth GO E 02
02011482	Block House Municipal Utility District, TX GO 2002
02011483	Penns Manor ASD, PA GO 2002
02011484	Moreland SD, CA GO Ref 2002
02011485	Beaver Area SD, PA GO 2002
02011486	Northwest Harris County MUD #5, TX GO ULT 2002
02011488	Kingsport, TN W&S (GO) 2002
02011489	York City SD, PA GO 2002
02011492	Skippack Township (PA) GO Bonds Series 2002
02011493	New Berlin, WI Library GO 2002
02011494	Lewis Co Pub Hosp #1 (Morton), WA Ult GO 02
02011495	Aztec Municipal SD #2, NM GO 02
02011496	Upsala Area ISD #487, MN GO 02
02011497	Superior (City), WI GO 2002AB
02011498	Campbell-Savona CSD, NY GO 02
02011499	Montgomery County, NY GO 2002
02011501	Winnebago & Boone Cnty CCSD#131, IL GOULT 2002
02011502	Washington State GO Ref Series R-2003B
02011503	Newark Central SD, NY GO Ref 2002
02011504	Thomas Corners Fire District No. 7, NY GO 2002
02011505	Long Branch, NJ Sew Auth Rev and Rev Ref 2002
02011506	Santa Cruz Valley USD #35, AZ GO Ref 2002
02011507	Gananda CSD, NY GO Ref 2002
02011510	Oswego Comm Unit SD No. 308, IL GO 02B
02011511	Bethel SD #403, WA GO 2002
02011512	Bedford (City) Ohio GOLT 2002-2
02011513	Belleville SD #118, IL GO 2002ABC
02011514	Jackson County, Oregon GO Series 2002
02011515	Argenta-Oreana CUSD Number 1, IL GO 2002
02011517	Kenosha USD No. 1, WI GO 2002C
02011519	David Douglas SD No. 40, OR GO Ref 2002
02011520	Alexander CSD, NY GO Ref 2002
02011522	Elsinore Valley MWD Imp Dist #U-2 GO, CA
02011523	Central PA Inst of Sci & Tech (SPSBA), PA Rev 2002
02011524	Northampton Area SD, PA GO 2002
02011526	Plainville, CT GO 2002
02011528	Shoreline SD #412, WA GO 2002
02011530	Arapahoe Park and Rec Dist, CO GO 2002
02011531	Jasper-Troupsburg CSD, NY GO Ref 2002
02011532	Washington Boro BOE, NJ GO 2002
02011533	Fairport (Village of), NY GO 2002
02011534	Hazelwood SD, MO GO Ref 2002
02011535	Northampton Area SD, PA GO Ref 2002
02011536	Kyrene ESD #28, AZ GO Ref 2002
02011537	Calcasieu Parish SD No. 22, LA GO Ref 2002
02011538	Ravena-Coeymans-Selkirk CSD, NY GO 2002
02011540	Reynolds SD, PA GO 2002
02011541	Lincoln (County of), NC GO 2002A
02011543	Liberty Union-Thurston LSD, OH GO ULT 2002
02011544	Oswego Comm Unit SD No. 308, IL GO 02C
02011546	Westside Union School District, CA GO 2002A
02011547	Lake Cnty SD#73 (Hawthorne), IL GO 2002
02011548	Southern Kern Unified SD, CA GO Bonds Series 2002A
02011549	Livingston (City of), TX GO&COO 2002AB
02011550	Morristown (Town), NJ GO RFD 2002

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02011551	Suffern (Village) NY GO
02011552	Dinuba Unified SD, CA GO Bonds Series 2002A
02011553	Delaware (City of) Ohio Swr Imp & Refund 2002
02011555	Brenham (City of), TX GOLT 2002
02011556	Richland County SD #2, SC GO Ref 2002B
02011557	Dudley (Town), MA GO 2002
02011558	Franklin County, WA GO ULT 2002
02011559	Kendall County, IL GO ARS 2002AB
02011560	Cocalico SD, PA GO Series B 2002
02011561	Wilson Area SD, PA GO 02
02011564	Huerfano SD RE-1 (Walsenburg), CO GO 2002
02011565	Petaluma Joint UHSD, CA GO Ref 2002
02011566	Bermudian Springs SD, PA GO 02
02011567	Fort Bend Co Levee Imp Dist #10, TX GO ULT 02A
02011568	Hinsdale CCSD #181, IL GO 2002
02011569	Rutherford Bd of Ed, NJ GO Sch 2002
02011571	Mount Laurel Twp BOE, NJ GO Tax Ref 2002
02011574	Kinnelon Boro BOE, NJ GO 2002
02011575	Sayville UFSD, NY GO 2002D
02011577	Pueblo SD No. 60, CO GO 02
02011579	Kern CCD, Fac Imp Dist, CA GO02
02011580	Ewing Township BOE, NJ GO Ref 2002
02011587	Matawan-Aberdeen Reg SD, NJ 2002
02011590	East Peoria (City), IL (Tazewell) GO Ref 2002B&C
02011591	Chester Twp., NJ GO 2002
02011592	Vallejo City USD, CA GO 2002
02011593	Cudahy (City), WI GO 2002
02011594	Wabunsee Cnty USD No. 330, KS GO 02
02011595	Lake Zurich (Village of), IL GO 02
02011596	Lake Zurich (Village of), IL GO 02A
02011598	Barron County, Wisconsin GO 2002
02011599	North St. Paul (City). MN GO
02020003	CALIFORNIA STATE GO 91
02020010	New York City, NY GO 2002 B
02020011	New York City, NY GO Fiscal 2002 A9 & A11
02020012	New York City, NY GO Fiscal 2002 A9 & A11
02020017	New York City, NY GO 2002 B
02020018	California State GO 2001
02020024	New York City, NY GO 2002 B
02020038	California State GO 3-1-01
02020040	California State GO 3-1-01
02020042	California State GO 3-1-01
02020043	California State GO 2002
02020049	NEW YORK CITY, NY GO 97A
02020051	New York City, NY GO 01DEF
02020062	New York City, NY GO 2002C
02020116	Massachusetts Commonwealth GO 2001D
02020117	Massachusetts Commonwealth GO 2001D
02020118	Union County, NJ GO 2002
02020119	Union County, NJ GO 2002
02020121	Massachusetts Commonwealth GO 2001D
02020138	NEW YORK CITY, NY GO 97H
02020141	Connecticut State GO 2002B&C
02020155	New York City, NY GO Series F&G
02020156	Massachusetts Commonwealth GO C 02

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02020172	Massachusetts Commonwealth GO C 02
02020181	Massachusetts Commonwealth GO 2001D
02020182	Massachusetts Commonwealth GO 01A
02020183	Bowling Green, KY GO & Spec Rev 2002B & 2002C
02020189	New York City, NY GO 2003 A & B
02020190	New York City, NY GO 2003 A & B
02020191	New York City, NY GO 2003 A & B
02020192	New York City, NY GO 2003 A & B
02020193	New York City, NY GO 2003 A & B
02020194	New York City, NY GO 2003 A & B
02020195	New York City, NY GO 2003 A & B
02020196	New York City, NY GO 2003 A & B
02020197	New York City, NY GO 2003 A & B
02020198	New York City, NY GO 2003 A & B
02020199	New York City, NY GO 2003 A & B
02020200	New York City, NY GO 2003 A & B
02020202	New York City, NY GO 2003 A & B
02020203	New York City, NY GO 2003 A & B
02020204	New York City, NY GO 2003 A & B
02020205	New York City, NY GO 2003 A & B
02020207	New York City, NY GO 2003 A & B
02020209	New York City, NY GO 2003 A & B
02020213	New York City, NY GO 2003 A & B
02020214	Union County, NJ GO 2002
02020218	Massachusetts Commonwealth GO D 02
02020219	Massachusetts Commonwealth GO D 02
02020220	Massachusetts Commonwealth GO D 02
02020221	Massachusetts Commonwealth GO D 02
02020222	Washington St GO & Lease 98C
02020228	New York City, NY GO Series F&G
02020229	CALIFORNIA STATE GO 12-1-98
02020232	CALIFORNIA STATE GO 10-1-97
02020234	Medina (City of), OH Go Ltd Tax 01
02020236	California State GO dated 10/3/02
02020238	California State GO dated 10/1/02
02020239	Massachusetts Commonwealth GO C 02
02020240	Prince George's Cnty, MD GO 2002
02020241	Massachusetts Commonwealth GO C 02
02020258	WEST VIRGINIA STATE GO 99B
02020262	NEW JERSEY STATE, GO SER D REF
03010004	Hampton Township, PA GO 2003 C
03010011	East Stroudsburg ASD, PA GO 2003
03010012	Columbia Borough School District, PA GO 2002
03010013	Sulphur Parks&Recreation (LA) GO Pub Imp.Bds 2003
03010014	Lancaster SD, PA GO 2003
03010015	Long Branch, NJ Sewerage Auth Series B
03010016	Dover ASD, PA GO Ser 2003
03010023	Shelton SD #309, WA GO ULT 2003
03010024	Sheboygan ASD, WI GO Ref dtd Jan. 15, 03
03010025	Arapahoe Cnty SD No. 6 (Littleton), CO GO 2002
03010026	South Lyon Com Schs, MI GO 03
03010028	Ascension Parish SD, LA GO Ref 2003
03010031	Montgomery County, NY GO 2002AB
03010035	Streator Twp HSD #40 (LaSalle Co), IL GO 03
03010036	Las Vegas Valley Water Dist, NV GO LTX 2003A

Policy Id	Policy
03010040	North Boone CUSD No. 200, IL CABs 2002
03010043	Malcomson Road Utility District, TX ULT GO 2003
03010045	Bartlesville, Oklahoma, GO Series 2003
03010046	Independence Loc Sch Dist, OH GO 2003
03010047	Reno (City of), NV GO LTX Cap Impr Ref 2003
03010049	Rowlett (City), Texas GOLT Ref 2003
03010051	Texarkana, Texas Ltd Tx GO Ref 2003
03010052	Canton Park District, IL GO 2003
03010053	Collierville (Town), TN GO 2003
03010054	Harris Cnty Water Contr. & Imp. #155, TX Rfd 2003
03010059	Sugar Land, TX GO LT Ref 2002
03010060	Cobleskill-Richmondville CSD, NY GO 2003
03010061	Lancaster County, PA GO 2003
03010062	Avella Area SD, PA GO Ref 2003AB
03010063	Sharonville (City of), OH GO LTX 2002
03010066	Westmoreland County, PA GO 2002
03010067	Decatur County, TN GO and Sch Ref 2003
03010068	West Irondequoit CSD, NY GO 2003
03010069	Palos Heights (City of), IL GO Library 2003
03010071	Henry County, TN GO Ref 2003
03010074	Phoenix ESD #1, Arizona GO Ref 2002
03010075	Grapevine (City of), Texas GO Ref & Imp 2003
03010076	Auburn City SD, NY GO 2003
03010081	Montgomery County MUD No. 9, TX GO ULT 2003
03010082	Salem (City), MA GOLT 03
03010085	Shenendehowa CSD, NY GO 2003
03010086	St. Joseph CCSD#169, IL GOULT 2002
03010092	Roslyn, Village of, NY GO 2003
03010093	Natchitoches Parish Cons SD No. 7, LA GO Ref 2003
03010095	Chester UFSD, NY GO 2003
03010096	Lower Dauphin School District, PA GO 2003
03010097	Lampeter-Strasburg SD, PA GO 2002
03010098	Pt. Wash.-Saukville SD, WI GO 03
03010099	Sunnyvale, TX GOLT 2003
03010100	Rome (City of), NY GO 2003
03010102	Cattaraugus County, NY GO Pub Imp Ref 2003
03010104	Jackson County, WI GO 2003
03010105	Waubonsee CCD #516, IL GO 2003A
03010106	Waubonsee CCD #516, IL GO 2003B
03010107	Falmouth, MA GO LMTX 03
03010108	Malone Central SD, NY GO 2003 Series A and B
03010109	Brookhaven (Town of), NY GO 2003
03010110	Berlin Boro BOE, NJ GO 2003
03010111	Fleetwood Area School District, PA GO 2003
03010112	Woodcreek MUD, TX W&S Syst Comb Unl & Rev 2003
03010113	Sandoval Cnty, NM, GO Bds Series 2003
03010114	Columbus Bldg. Authority GA Series 2003 A
03010115	Columbus Bldg. Authority GA Series 2003 B
03010118	Sumner SD No. 320, WA GO 2003
03010121	Littleton (Town of) MA GO dtd 1/15/03
03010123	Ouachita Parish SD #1, LA GO LTX 2003
03010124	Oakmont (Boro. of), PA GO 03
03010125	Palmyra ASD, PA GO 2003
03010128	Butler Area School District, PA GO 2003ABC
03010129	Forks (Twp) , PA GO 2003

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03010130	Manheim Township School District, PA GO 2003
03010132	Jackson Township BOE, NJ GO 2003
03010133	Upper Adams SD PA GO 2003
03010139	Redding SD, CA GO 2003A
03010140	Liberty (City of), TX GO LT Ref 2003
03010141	Belleville (City of), IL GO 2003
03010142	Dover Municipal Utilities Auth, NJ Sewer 03
03010143	New Iberia (City of), LA GO 2003
03010147	Plum Borough School District, PA GO 2003
03010148	John Wood CCD #539, IL GO 2003AB
03010149	Salem Co Imp Auth, NJ Rev 2003
03010150	Strasburg Borough, PA GO 2003
03010151	Marquette Area PS, MI, GO Unltd Tax Ref Bds 2003
03010152	Orleans (Town of), MA GO Lmtx 03
03010154	Manhattan (Vlg), Will Cnty, IL GO 2003
03010155	Edison (Township) BOE, NJ GO Ref 2002
03010156	Canandaigua (City Of), NY GO Ref 2003
03010161	Huntley CCSD #158, IL GO 2003
03010162	Augusta (City of), ME GO Pension 2003
03010163	Wyomissing Area SD, PA GO 2002
03010164	Cottage Grove (Village), WI GO dtd 2/15/03
03010166	Lubbock (County), TX GOLT 2003
03010170	Monroe-Woodbury CSD, NY GO 2003
03010171	Folsom (City of), CA GO Ref 2003
03010172	Brick Township, NJ Pension GO 03
03010173	Roxbury Twn, NJ GO 03
03010174	Livingston (County of), MI GOLT 2003
03010175	Dickson County, TN GO Ref 2002A
03010177	Hornell (City of) City SD, NY GO (Serial) 2003
03010178	Oklahoma City, Oklahoma GO 2003
03010179	Cincinnati CSD, Cortland Cnty, NY Ref Bds 2003
03010180	Gull Lake Comm Sch, MI GO NON-SBLF
03010181	Forest Park (Village of), IL GO Ref 2003
03010182	Galveston Cnty, Fresh Wtr Sply Dist No. 6 2003
03010186	Bayonne (City of), NJ GO Ref 2003
03010187	North Hempstead (Town of), NY GO 2003
03010188	Clark County SD, NV GO LTX 2003
03010190	Van Buren (Cnty), MI GO Lmtx 03
03010191	Northampton Area SD, PA Ser 2003
03010192	Clearview Reg HSD, NJ GO 2003
03010193	Deerfield CSD, WI GO 03
03010195	Cumberland (Town of), RI GO Bds 2003
03010196	Collinsville CUSD #10, IL GO 2003
03010197	Calcasieu Parish SD #30, LA GO Ref 2003
03010198	Webb County, TX GOLT Ref 2003
03010200	Phoenixville Area School District, PA GO 2003
03010201	Sandwich (Town), MA GO 2003
03010204	Oceanside UFSD, NY Ref Serial Bonds 2003
03010205	Issaquah SD #411, WA GO 2003
03010206	Roseville (City of) SD, CA GO Elect of 2002, Ser A
03010207	Teaneck Twsp BOE, NJ GO dtd 2/1/03
03010208	Wichita, Kansas GO 03
03010209	West Harris MUD #9, Tx 03
03010210	Delano Union Elem SD, CA GO 2003C
03010211	Keyport (Borough), NJ GO

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03010212	Ellwood City (Borough of), PA GO A&B 2003
03010213	Blairsville-Saltsburg SD, PA GO Ref 2003AB
03010215	Leon County SD, FL GO Ref 2003
03010216	Harrison Twp BOE, NJ GO Ref 2003
03010217	Bayonne (City of), NJ GO School Bds 2003
03010221	Ohio State (Pub Fac Comm), OH GO 03
03010229	Monroe Twp BOE, NJ (Middlesex) 2002B
03010231	Hamburg ASD, PA GO 2003
03010232	Greater Latrobe School Auth, PA Rev 2003A
03010235	Bergenfield (Boro), NJ GO Ref (Taxable) 2003
03010236	Catskill CSD, NY GO 2003
03010239	Skokie SD#69, IL GO 2003
03010242	Elmwood CUSD No. 322, IL GO 2003A & GO Ref 2003B
03010245	Kearny MUA, NJ Rev Ref 2003B
03010246	Marion Center Area SD, PA 2003
03010247	Northfield ISD#659, Mn GO 03
03010248	Jefferson Cnty, IL GO ARB's 2003-A & 2003-B
03010249	Oroville City ESD, CA GO Elect of 2002, Ser 2003
03010250	Millcreek Township SD, PA GO 2003
03010251	Glendora Unified SD, CA 2003B
03010255	Plain Local SD (Stark Cnty), OH GO 2003
03010256	Chesapeake (City of), VA GO 2003
03010257	Schaumburg Park Dist, IL GO 2003A
03010258	Berwick ASD, PA GO 2003ABCDE
03010259	Oshkosh (City of), WI GO 2003-A
03010260	Oshkosh (City of), WI GO 2003-B
03010261	Oshkosh (City of), WI GO 2003-C (taxable)
03010262	Allentown City SD, PA GO 2003
03010263	North Pocono SD, PA GO 2003
03010264	Pearl Public School District, MS GO 2003
03010265	Gloucester Township, NJ GO 2003
03010266	Lower MUA (Tnship of), NJ Rev Ref 03A & Rev 03B
03010267	Armstrong SD, PA GO Ref 2003
03010270	Kenosha County, WI GO 03
03010271	Lovington Muni SD No. 1, NM GO 2003
03010272	Midland Joint Buld Auth (City & Cty), MI GO UI 03
03010273	Hanover Area SD, PA GO 2003
03010274	Fargo (City), ND GO 2003ABC
03010276	Memorial Park Dist, IL GO Alt Rev 2003A
03010277	Gatlinburg (City) TN Rev and Tax Ref 03
03010278	Jefferson County, NY GO 2003A&B
03010279	Grimes (City), Iowa GO 2003
03010282	Lodi (Boro of) BOE, NJ GO Pension Ref 2003
03010284	Groton-Dunstable Regional SD, MA GO 2003
03010285	Zion-Benton Township HSD No. 126, IL GO LTX 2003
03010286	Aurora West SD #129, IL GO Ltd Tax 2003
03010288	Williston PSD No 1, ND GO 03
03010292	Fallbrook Union ESD, CA GO
03010296	Tempe ESD #3, Arizona GO Refg 2003
03010298	Midland (City of), TX Ltd Tax GO Series 2003
03010299	Mahanoy Area Sch Dist, PA GO 02
03010300	Saratoga USD, CA GO Elect of 02, Series 2003
03010301	Jersey City, NJ GO 2003
03010303	Harris Cnty MUD #61 Wtr & Swr UnLmtd Tax 2003
03010305	Lawrence (Township) BOE, NJ GO 2003

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03010307	Matawan-Aberdeen Reg SD, NJ 2003
03010310	Hamilton SD, WI GO Refunding 2003
03010313	Centralia SD, CA GO
03010316	Nueces County Hosp Dist, TX GO LTX Rev Fwd Ref 03
03010317	Easton Area SD, PA GO 03
03010318	Mesa (City), Arizona GO 2003
03010319	Western Wayne SD, PA GO 2003
03010320	St. Tammany Par SD #12, LA GO 2003
03010321	Montpelier Exempted Village SD, OH GO ULT 2003
03010322	Langham Creek Util Dist, TX W/S GO ULT & Rev 03
03010323	Trophy Club MUD #1, TX 03
03010326	Ewing Township BOE, NJ GO Ref 2003
03010327	Camden County Imp. Auth, NJ GO 2003
03010328	Lee (Town of), MA GO ULT 2003
03010329	Pawling (Town), NY GO ULT 2003
03010330	Clearwater USD #264, KS (Sedgwick Co.) GO 2003
03010331	Pickens County SD, SC GO 03
03010332	Reynoldsburg City SD, OH GO 03
03010333	Milford (Town of) MA GOLT, 3-15-03
03010334	Berea City SD, Ohio GO ULT 2003
03010336	Franklin-McKinley School District, CA GO Ref 2003
03010337	Schertz, Texas LTGO Series 03
03010338	Wilkes-Barre ASD, PA GO 2003
03010339	Somerset Area School District, PA GO 2003
03010342	Ferndale (City), MI GO Ref 2003
03010343	Kern Cnty Com Col District, CA GO 2003A
03010344	Conewago Valley SD, PA GO 2003
03010346	Palos Verdes Peninsula USD, CA GO 00C & Ref 03
03010347	Trenton, NJ GO Sch Refg (NJ Sch Bd Act) 2003B
03010348	Mount Joy Boro Auth, PA Guar Sewer GO 2003
03010350	Mount Vernon (City of), OH GO LTX 2003
03010351	Winslow Township BOE, NJ GO Tax Ref 2003
03010356	Rankin SD No. 98, IL GO 2003
03010358	Franklin Township BOE, NJ GO Ref 2003
03010360	Pittsburg USD#250 (Crawford County),KS GO 2003
03010361	Wax Lake E Drain.Dist (St. Mary Par), LA GOULT 03
03010362	College Community School District, IA GO 03
03010363	Lebanon County, PA GO 03
03010364	Ellsworth Comm SD, WI Taxable GO Ref 2003
03010365	Moline Sch Dist #40, IL GO 2003A
03010366	Barker CSD, NY GO 2003
03010367	Wausau SD, WI GO Ref dtd 12/15/2002
03010369	Montgomery County MUD #18, TX GO 2003A
03010370	East Windsor Reg SD, NJ GO ULT 3/1/03
03010372	Lindenhurst UFSD, NY GO Ref 2003
03010374	Washoe County SD, NV GO 2003A
03010378	Belleville (City of), IL GO Series 2003A&B
03010379	Millburn Twn BOE, NJ GO 03
03010380	North Polk Cmnty SD, Ia GO Ref 03
03010382	East Hampton (Village of), NY GO 2003
03010383	Hamburg ASD, PA GO Series A of 2003
03010384	West New York (Town of), NJ GO 2003 Pension
03010385	Canton Charter Twp, MI GO 03
03010386	Monroe (Twp), Middlesex, NJ GO 03A
03010387	Hempfield ASD, PA GO Ref 2003AB

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03010388	Roane County, TN GO 2003
03010389	Manitowoc (City), WI GO 2003A&B
03010390	Hermosa Beach City SD, CA GO ULT 2003
03010391	Aston (Township of), PA GO 2003
03010393	Victoria (City of), TX GO LTX Ref 2003
03010394	New York State Muni Bond Bank Agency (Troy CSD) 03
03010395	Lompoc USD, CA, Elect 2002, Ser 2003A
03010396	West Chester (Boro of), PA GO Guar Univ Parking 03
03010400	Lakewood Twp BOE, NJ GO Ref 2003
03010401	Mark West USD, CA GO 03
03010402	Verona BOE, NJ GO ULT 03
03010403	Grand Prairie, Texas LTGO 03
03010404	Red Bank BOE, NJ GO 03
03010405	West Muskingum Local SD OH GO 2003
03010406	New Haven (City of), CT GO Ref 2003
03010410	East Side Union HSD, CA GO 4/3/03 (02 Elec)
03010411	East Side Union HSD, CA GO (Elec 99) C
03010412	Beaumont (City of), TX GO LTX 2003
03010413	Calumet Park (Village), IL GO 2003
03010414	Redevelopment Authority of the City of Meadville,
03010415	Chilton SD, WI GO Ref dtd 4/15/03
03010421	Allentown (City of), PA GO 03
03010422	Lakeville, Minnesota GO 2003A
03010424	Sussex County MUA, NJ Sol Wste Rev Ref (GO) 2003
03010426	Woodbury, NJ GO 03
03010427	Salinas UHSD, CA GO 2003
03010428	Pearl (City of), MS GO 2003
03010430	Belfast CSD, NY GO Ref 2002
03010431	Carteret (Borough of) BOE, NJ
03010433	North Bergen (Township of), NJ Pension GO 2003
03010434	Brownsville ASD, PA GO 2003A&B
03010436	Springville-Griffith CSD, NY GO 03
03010437	North Babylon UFSD, NY GO 2003ABC
03010438	Savage (City), MN GO 03 A
03010439	Savage (City), MN GO 03 B
03010441	Dieringer SD #343, WA GO 2003
03010442	East Hartford (Town of), CT GO Ref dtd 4/1/03
03010443	Kiski Area School District, PA GO 2003
03010444	Warwick School District, PA GO 2003
03010447	St. Anthony City, MN GO 03B
03010449	Itawamba Cnty SD, MS GO 2003
03010450	Waterville CSD, NY GO 03
03010451	Fort Edward UFSD, NY GO 2003
03010452	Mequon, WI GO 03A
03010454	South Fayette Twp SD, PA GO 03
03010457	North Allegheny SD, PA GO Ref 2003A and GO 2003B
03010460	Bethlehem (City of), PA GO 2003AB
03010463	Ringgold School District, PA GO 2003
03010464	Pennridge SD, PA GO 2003A
03010465	Utica (City of), NY GO 2003
03010467	Andover CSD, NY GO Serial 2003
03010468	Franklin (Town of), MA GO LTX 2003
03010469	Carlisle Area SD, PA GO 2003
03010470	Venango (County of), PA GO 2003
03010471	West Perry SD, PA GO 2003 A&AA

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03010472	Oswego CUSD No. 308, IL GO LTX 2003AB
03010473	Oregon School Bd Assoc Limited Tax Pension Ser 03
03010474	Trinity Area Sch Dist PA GO 2003
03010475	Harris Cnty MUD #162, TX GOULT
03010476	Lorraine USD #328 (Ellsworth Co), KS GO 02
03010485	Manitowoc (City), WI GO 2003D
03010487	Wayne Building Authority, MI GO LTX 03
03010488	Everett ASD, PA GO Ref 2003
03010489	Guernsey Cnty, OH GOLT
03010490	Jefferson Co., TX Wtr Control & Imp Dist #10 GO 03
03010492	Gilroy USD GO ULT 03
03010493	Scotts Valley USD, CA GO '03
03010494	Cranberry Township, PA GO Ref 2003AB
03010495	Regional SD # 15, CT GO 2003
03010496	Fairbanks North Star Borough, AK GO 2003F
03010498	Green Bay (City), WI GO 03
03010499	Oregon State Intercept Program
03010501	Essex County Impr Auth, NJ (Corr Fac GO) 2003AB
03010502	Linden USD, CA GO Elec of 2002, Ser 2003
03010503	Toms River BOE, NJ GO 2003
03010505	Ridgway Area SD, PA GOULT 2003
03010508	Brandywine Heights ASD, PA GO 03
03010509	Racine (County), WI GO 2003B
03010510	Oklahoma (County of), OK GO LT, 2003A
03010511	West Contra Costa USD, CA GO(Elec '00, Ser C) 2003
03010512	Bledsoe County, TN GO Sch Ref 2003
03010513	Columbus City SD, Ohio GO ULT 2003
03010514	Fairfield County, OH GO LTX 03
03010515	Wyomissing Area SD, PA GO 2003A
03010516	Aransas Cnty, TX LTX GO 2003
03010517	North Beach SD #64 (Grays Harbor Cnty), WA GO 03
03010522	Acalanes Union HSD, CA GO 2003
03010523	Knox County, IL GO 03
03010524	Cimarron MUD, TX GO 03
03010525	South Texas CCD LT GO 2003
03010526	Niskayuna (Town of), NY Public Improv Ref 2003
03010528	Southern Columbia ASD, PA GO 2003
03010530	York (County of), SC GO Ref 2003
03010534	Fort Worth (City of), TX GO 2003
03010535	Palm Springs USD, CA GO 2000 Election Series D
03010536	Lawrence County, TN GO Sch Ref 2003
03010537	Chicago Park Dist, IL GO LTX 2003A
03010538	Chicago Park Dist, IL GO ULT 2003B
03010539	East Pennsboro ASD, PA GO 2003
03010541	Pottsville (City of), PA GO 03
03010542	Harris County WC&ID No. 1, TX GO ULT 2003
03010543	Cornwall-Lebanon SD, PA GO 2003A
03010544	St. Paul ISD No. 625, MN GO 2003 B
03010545	Canajoharie CSD, NY GO 2003
03010546	St. Paul ISD No. 625, MN GO 2003 C
03010547	San Bernardino City USD, CA '99 Elec GO 2003C
03010548	Madison (Town), WI 2003
03010549	Petaluma City ESD, CA GO Ref 2003
03010550	Auburn SD No. 408, WA GO ULT 2003
03010551	Ringgold School District, PA GO Ref 2003A

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03010553	South Pasadena USD, CA GO Series 2003
03010556	Rye Brook (Village of), NY GO Public Improv 2003
03010557	Republic Cnty, KS GO 2003A
03010559	Phoenixville Borough, PA GO 2003
03010561	Scarborough (Town of), ME GO 2003
03010562	Seneca Valley SD, PA GO 2003AB
03010564	Bayonne MUA, NJ Swr Rev 2003A and 2003B (Txbl)
03010565	Ripley CSD, NY GO 2003A
03010566	Ripley CSD, NY GO 2003B
03010567	Lower Windsor Twnp, PA GO 2003
03010568	Warren Consolidated SD, MI GO ULT 2003
03010569	Kingston (Township), PA GO Refg 2003
03010576	Kutztown (Borough of), PA GO 2003
03010577	West Des Moines (City), IA GO 03A
03010578	Conneaut SD, PA GO (SPSBA) 03
03010579	Evans, CO GO 2003
03010580	Moore County, NC GO 2003
03010582	Watchung Hills Regional BOE, NJ GO dtd 5/1/03
03010586	Highlands SD, PA GO 2003
03010588	South Williamsport ASD, PA GO 2003
03010590	Ridley School District Auth, PA GO Rev 2003AB
03010592	North Bergen BOE, NJ GO Pension Ref dtd 3/1/03
03010593	Galeton Area School District, PA GO 2003
03010594	Klein PUD, TX Wtr&Swr ULTGO 2003
03010595	Wentzville R-IV SD, MO GO 2003A
03010596	St. Clair Cnty (Ira Township), MI GO LTX 2003A
03010597	Connecticut State GO 2003 C
03010598	Byron-Bergen CSD, NY GO 2003
03010601	Harrison (Town of), NJ GO 2003
03010602	Springfield SD #R-12, MO GO 03 (MDDP)
03010603	Sequatchie County, TN GO 2003
03010604	Pittsburgh (City of), PA GO 2003
03010605	St. Clair Cnty (Ira Township), MI GO LTX 2003B
03010607	Northern Highland RHSD BOE, NJ GO 03
03010608	Kronenwetter (Vlg of), WI GO Ref dtd 5/15/03
03010609	Green Brook Twp BOE, NJ GO 03
03010610	Lisbon CSD, NY GO 2003
03010611	Ontario (County of), NY GO Pub Improv 2003
03010612	Texarkana (City of), TX GO LTX Ref 2003
03010613	Crown Point CSD, NY GO 2003B
03010616	Queen Creek USD No. 95, AZ GO 2003
03010617	Sonoma County, CA Txbl Pension Oblig 2003A
03010618	Sonoma County, CA Txbl Pension Oblig 2003B
03010619	Luzerne (County of), PA GO 2003 C
03010620	Middletown ASD, PA GO 2003A
03010621	Mechanicsburg ASD, PA GO 2003
03010625	Kendall County Forest Preserve Distr, IL GO 2003
03010626	Central Dauphin SD, PA GO Notes 2003A
03010627	Grant Area District Library, MI ULT GO 2003
03010628	Washington State GO Various Purpose 2003 E
03010629	St. Clair County, MI GO LTX 2003
03010632	Louisiana (State) GO 03A
03010633	Brentwood Borough SD, PA GO 2003
03010634	Kern Cnty Taxable POBs, 2003A
03010636	Huntingdon ASD, PA GO 2003

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03010637	Wisconsin (State of), GO 03
03010639	Northwest Harris Cnty MUD No. 10, TX ULT GO 2003
03010640	Big Spring SD, PA GO 2003
03010641	Saucon Valley SD, PA GO 2003
03010642	Chambersburg Area SD, PA GO 2003
03010643	Edgewater Boro BOE, NJ GO 03
03010645	Columbia County, WI GO 2003
03010646	Kankakee (City of), IL 2001 GO 2003AB
03010647	Ontario-Montclair SD, CA GO Elec of 2002 Series A
03010649	Bay City (City of), TX GO LTX Ref 2003
03010650	Menifee USD, CA GO Elec of 2002 Series A
03010651	Marinette County, WI GO Ref 2003
03010653	Oklahoma (State of), OK GO 2003AB
03010656	Portage, MI GO LT 03
03010659	Bradford ASD, PA GO Ref 2003
03010662	Keystone Oaks SD, PA GO Ref 2003
03010663	Evergreen Fire Protection Dist, CO GO 2003
03010664	Hendrick Hudson CSD, NY GO 2003
03010665	West Reading (Boro of), PA GO 2003
03010666	Wilmington ASD, PA GO 2003
03010667	Waterville CSD, NY GO 2003
03010668	Guilderland CSD, NY GO 2003
03010669	Skaneateles CSD, NY GO 03
03010670	South Butler County SD, PA GO 2003
03010672	DuBois ASD, PA GO 2003
03010673	West Linn-Willsonville SD No. 3Jt, OR GO 2003AB
03010674	East Longmeadow (Town of), MA GO 03
03010675	Geneva City SD, NY GO 2003
03010678	Murrieta Valley Unified School District, CA GO
03010679	Cumberland Valley SD, PA GO 03
03010680	Cheltenham Twp. SD, PA GO 03
03010681	Allen (City of), TX GO LTX 2003
03010683	Apache Junction Unified Sch Dist #43, AZ GO 2003
03010684	Barrington Hills (Village of), IL GO 2003
03010687	Mount Vernon City SD, NY GO 2003AB
03010690	Norwell, MA GO LTX dtd. 6/15/03
03010691	Albuquerque (City), NM GO 2003C
03010692	Reynolds SD, PA GO 2003B
03010694	Lunenburg (Town of), MA GO dtd 6/1/03
03010695	Healdsburg USD, Sch Impr Distr #1, CA GO 03
03010699	Warren Cons SD, MI GO LTX 2003
03010700	Dayton CSD, OH GO-LT '03B
03010701	Dayton CSD, OH GO-ULT '03A
03010706	Northeastern York County SD, PA GO 2003AB
03010707	Olympia SD #111, WA GO Ref 2003
03010708	Carson City, NV GO LTX Ref 2003
03010709	Pasadena Area CCD, CA GO Elect of 2002, Ser 2003A
03010710	League City (City), TX GO LTX 2003 & 2003ABC
03010711	Covina-Valley USD, CA GO Elec of 2001 Series B
03010712	Camden County Imp. Auth, NJ GO Ref 03
03010713	Plum Borough SD, PA GO 2003ABC
03010714	Carrollton (City of), TX GO ULT 2003
03010716	Hurst, TX COO GO LTX Rev COOs 2003
03010717	Dansville CSD, NY GO 2003
03010718	East Pennsboro ASD, PA GO 03A and 03AA

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03010721	Yavapai Cnty CCD, AZ GO 03
03010722	Smethport Area SD, PA GO 2003
03010723	Patchogue-Medford UFSD, NY GO 2003A
03010724	Brazoria County MUD No. 6, TX GO ULT 2003
03010726	Port Arthur (City), Texas GO LTX 2003
03010727	Fairfield ASD, PA GO 2003
03010728	Ashburnham-Westminster Reg SD, MA GO Ref 6/15/03
03010731	Wallenpaupack ASD, PA GO 2003
03010732	Montgomery County, TN GO 2003
03010733	Selinsgrove ASD, PA GO 2003B
03010734	Chesapeake (City of), VA GO 2003 ABC
03010735	Bridgewater-Raritan RSD BOE, NJ GO 2003
03010739	Dakota County, MN GO 03 ABC
03010740	Spokane (City of), WA GO LTX and Ref 2003
03010741	Bradley Beach (Borough of) BOE, NJ GO 2003
03010742	Perth Amboy (MCIA), NJ GO 2003
03010743	Snohomish Cnty Hosp Dis #2, WA GO ULT Ref 2003
03010744	Cupertino USD, California GO 03B
03010746	Washington Township BOE, NJ GO Ref 2003
03010747	Sandy Creek CSD, NY GO 2003AB
03010748	Bloomington (City of), IL GO 03
03010749	Randolph CSD, NY GO 2003
03010750	Frewsburg CSD, NY GO Ref 2003B
03010752	Erie County, NY GO 2003A&B
03010753	Sharpsville Area SD, PA GO Ref 2003
03010754	North Andover (Town of), MA GO LTX 2003AB
03010757	Lacey Twp MUA, NJ Wtr Rev Ref GO 2003A
03010758	Lacey Twp MUA, NJ Wtr Rev Ref GO 2003A
03010759	Elgin CCD No. 509, IL GO 2003A
03010760	Bedford County, TN GO 2003
03010761	Sumter County SD #2, SC GO Ref 2003
03010762	Ripon USD, CA GO Elec of 2002 Series B
03010765	Greenville CSD NY GO 03 ABCD
03010766	Lacey Twp MUA, NJ Wtr Rev Ref GO 2003B
03010767	Lacey Twp MUA, NJ Wtr Rev Ref GO 2003B
03010771	Ellwood City Area SD, PA GO 03
03010772	Phoenixville Area School District, PA GO 2003 A?
03010773	Clay County Reorg SD R-1 (Kearney), MO GO Ref 03
03010774	Harris County MUD No. 65, TX GO ULT 2003
03010775	Warwick (City), RI GO 2003
03010776	Tulpehocken Area School District, PA
03010777	Paradise Valley USD #69, AZ GO Ref 03 (2nd Series)
03010778	Worcester (City), MA GO 2003A
03010779	Monroe (Twnp) Gloucester, NJ GO 2003
03010780	Reading School District, PA GO 2003
03010781	Coos County, OR GO Ref 2003B
03010782	Allegheny County Comm College (SPSBA), PA GO 03
03010785	Flemington-Raritan RSD, NJ GO dtd 6/15/03
03010786	Federal Way SD No. 210, WA GO ULT 2003
03010788	Manheim Township School District, PA GO 2003A
03010789	Greater Nanticoke ASD, PA GO 2003
03010790	Pitman (Borough of), NJ GO 2003ABC
03010791	Anoka-Hennepin ISD #11, MN GO Ref 2003A
03010792	Roscoe CSD, NY GO 2003
03010793	Whitehall-Coplay SD, PA GO 03

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03010794	Moshannon Valley SD, PA GO 2003
03010795	North Collins CSD, NY GO 2003
03010796	Harris County MUD No. 222, TX GO ULT 2003
03010797	PLAINFIELD CCSD #202, IL GO 2003 A&B
03010798	Eastern Lebanon County SD, PA GO 2003AA
03010799	North Schuylkill SD, PA GO 2003
03010802	Spring-Ford Area SD, PA GO 2003
03010803	Blue Ridge SD, PA GO 2003
03010804	Newark CSD, NY GO 2003
03010805	Freetown (Town of), MA GO ULT dtd 7/15/03
03010806	Princeton (City of), IL GO (Water Rev Alt Rev) 03
03010807	Rosemont (Village of), IL GO ULT Ref 2003AB
03010808	Reading School District, PA GO 2003B
03010809	Macedonia (City of), OH GO Var Purp 2003
03010810	Bell County, TX GO LTX 2003 Ref
03010811	Kennett Consolidated SD, PA GO 2003AB
03010812	Edwards-Knox CSD, NY GO 2003AB
03010813	Seekonk (Town of), MA GO ULT dtd 7/15/03
03010816	Conestoga Valley SD, PA GO 2003
03010817	Laurel Highlands SD, PA GO Ref 2003
03010818	Woodmoor Wtr & San Dist, CO GO Refg 03
03010820	Tolleson (City of), AZ GO 2003
03010828	Sacramento Cnty, Ca Pension Oblig Restruct 03
03010832	Penbrook (Boro), PA GO 2003
03010833	Racine (City), WI GO Ref 2003
03010834	Chichester SD, PA GO 2003
03010836	Stratford (Town of), CT GO dtd 7/15/03
03010837	Indiana ASD, PA GO 2003
03010838	Orland Park SD 135 (Cook Cty), IL GO LTX 03AB
03010839	Orland Park SD 135 (Cook Cty), IL GO Ref 03C
03010840	Whitmore Lake PSD, MI GO 2003
03010842	Dayton CSD, OH GO ULT 03D
03010843	Everett ASD, PA GO 2003 Series A
03010844	New Brunswick Park Auth, NJ GO Guar Rev Ref 03
03010845	Warren County, NY GO 2003
03010846	Nauset Regional SD, MA GO Ref dtd 6/15/03
03010847	Montara San Dist, CA GO 2003
03010848	Van Buren (Charter Twp) LDFA, MI GO LTX 2003
03010850	Campbell Union HSD, CA GO Elec of 1999 Ser 2003
03010851	Santa Clarita Com CD, CA GO Elec of 2001, Ser 2003
03010852	Fry Road MUD, TX GO ULT Ref 2003
03010853	St. Clair ASD, PA GO 2003
03010854	Davison Comnty Schs, MI GO ULT 2003
03010855	Rocklin USD, CA GO 2003
03010856	Glendale CCD, CA GO Elect of 2002, Ser B and Ser C
03010857	Butler County, PA GO 03
03010858	Neshannock Twp, PA GO ULT 03
03010859	Huntington Beach City SD, CA GO 2003A
03010860	Peoria (City of), IL GO 2003A
03010862	Franklin Regional SD, PA GO 2003AA
03010864	District of Columbia GO 2003A
03010865	Mason City SD, OH GO Ref 2003
03010866	Brewster SD No 111/203J, WA GO ULT Ref 03
03010870	Olmsted Falls City SD, OH GO Ref 2003
03010871	Wilkes-Barre (Township of), PA GO 2003

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03010873	Washington State GO Var Purpose 2004ABC
03010874	Hermon (Town of), ME GO Ref 2003
03010877	Union Area School Dist, PA GO Ref 2003
03010879	North Clackamas CSD No. 12, OR GO Ref 2003
03010881	Mississippi (State of), MS Taxable GO dtd 7/15/03
03010883	New Brunswick (City of), NJ GO Ref 2003
03010884	New Brunswick (City of), NJ GO 2003
03010887	Walnut Valley USD, CA GO (Elect of 2000), 03 Ser D
03010888	New Brunswick (City of), NJ GO
03010889	Wooster (City of), OH GO LTX Var Purpose 2003
03010890	West Irondequoit CSD, NY GO 2003 dtd 8/15/03
03010891	Lancaster SD, PA GO 2003 Ser A (Forward)
03010892	Boxford (Town of), MA GO dtd 8/15/03
03010895	Gateway School District, PA GO 2003
03010897	Myrtle Beach (City of), SC GO 03A
03010902	Millis (Town of), MA GO LTX 2003
03010903	Union Twp BOE, NJ GO dtd 8/15/03
03010904	West Deptford Twsp BOE, NJ GO Ref 2003
03010905	Monroe County, PA GO Notes 2003AB
03010906	Miller Place UFSD, NY GO 2003
03010907	Moline (City of), IL GO 2003A_C
03010908	Waukegan (City), IL GO 2003A
03010909	Moline (City of), IL GO Taxable 2003B
03010911	Del Mar Coll Distr, TX GO LTX 2003
03010913	Cooperstown (Village of), NY GO 2003
03010914	Cleveland (City of), TX GO LTX 2003
03010915	Mountain View-Whisman SD, CA GO 1998 Elect Ser 03E
03010916	Timberlake Improvement Dist, TX GO ULT 2003
03010917	Exeter Twp SD, PA GO 2003
03010918	West Allegheny SD, PA GO Ref 03AB
03010919	Thief River Falls (City), MN GO 2003
03010922	Nutley Twp BOE (Essex Co), NJ GO dtd 8/15/03
03010923	De Soto USD No. 232, KS GO 2003A
03010924	Beaver ASD, PA GO 2003C
03010925	New Albany (Vlg of), OH GO LTX 2003
03010926	Bay Village (City of), OH GO LTX 2003
03010927	Anchorage (Municipality of), AK GO 2003AB
03010929	Uniontown ASD, PA GO 2003
03010930	Rowlett (City), TX GO 03A
	Rowlett (City), TX GO LTX Rev COOs 03
03010933	Oakland Comm College, MI GO LTX Ref 2003
03010934	Medina Cnty Library Dist, OH GO ULT
03010935	West Harris Co MUD No. 10, TX GO 2003
03010936	Harris County MUD #82, TX GO 03
03010938	Fort Worth (City of), TX GO Ref and Impr 2003
03010939	Grand Prairie, TX GO LTX 2003-A & COOs 2003ABC
03010941	Sullivan County, NY GO 2003
03010944	Bryan (City of), TX GO LTX COOs, 2003
03010946	Weatherford (City), TX GO LTX COOs 2003
03010947	Crawford County, KS GO Ref 03A
03010948	Sartell (City of), MN GO 03
03010950	Alachua County SD, FL GO Ref 2003
03010951	Anchorage, Alaska GO 2003B
03010955	Eastside Union SD, CA GO 2003A
03010956	Union Springs CSD, NY GO 2003

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03010958	Weslaco (City of), TX GO LTX 2003
03010959	Winnebago County, IL GO (Alt Rev) 2003E
03010960	West Harris MUD No. 11, TX GO 2003
03010961	Pleasant Valley SD, PA GO 03AA
03010962	Foothill-De Anza CCD, CA (Elect 99) GO 2003 Ser B
03010963	Pittsburg USD, CA GO Ref 2003
03010966	Evergreen SD, CA GO Go Elect of 1997 03D
03010967	Evergreen SD, CA GO Ref 03B
03010970	Brazoria County MUD No. 3, TX Wtr/Swr Ref 2003
03010971	Lancaster County, PA GO 2003A
03010974	Bellaire (City of), TX GO LTX 2003
03010982	Midd-West SD, PA GO 2003A
03010983	Georgetown County, SC GO 2003A & Ref 2003B
03010985	Steel Valley SD, PA GO Ref 2003ABC
03010986	Rainier SD No. 307, WA GO ULT Ref 03
03010987	Waukesha, WI GO 03
03010988	Shelbyville (City of), TN W&S Rev and Tax Ref 03
03010989	West Fargo, ND GO Ref 2003D
03010992	Florence (City of), AL GO 2003-B
03010994	DePere USD, WI GO Ref 2003
03010997	Lucas (County of), OH GO LTX, 2003
03011000	Levittown UFSD, NY GO 2003
03011001	Austin, Texas GO Ltd Tax 03 ABCD
03011002	Niles Park District, IL GO (Alt Rev) 2003B
03011003	Port Chester (Village), NY GO 2003B
03011004	Brea-Olinda USD, CA GO Elect of 99 Ser 03
03011005	Moline (City of), IL GO 2003D
03011008	Clinton Twp BOE (Hunterdon), NJ GO Ref dtd 7/1/03
03011011	San Benito (City), TX GO 2003A
03011012	Mercer Cnty Imp Auth, NJ (Mercer Cnty GO) 2003
03011013	Pittsburgh SD, PA GO 2003
03011016	Kansas City SD Bldg Corp, MO Lse Rev 2003A
03011018	Melvindale (City of), MI GO LTX Ref dtd 9/1/03
03011019	Western Springs (Vlg of), IL GO (Alt Rev) 2003B
03011020	Pickens County, SC GO 2003
03011023	Cromwell (Town of), CT GO 2003
03011026	Little Falls (City of), MN GO 2003D
03011028	Marble Falls (City of), TX GO LTX 2003
03011029	Akron (City of), OH GO LTX 2003
03011030	Edwardsville (City of), IL GO Wtrwks Ref 2003
03011031	Lake of the Woods ISD #390, MN GO Ref 2003B
03011032	South-Western City SD, OH GO Ref 03
03011033	Pleasanton USD, CA GO Ref 2003B
03011034	Lower MUA (Tnship of), NJ Rev 03C & 03D
03011035	Calhoun County CUSD No.40, IL GO 2003AB
03011037	El Segundo USD, CA GO (Elec 2001) Ser 03
03011040	Pasadena (City), TX GO LTX 2003
03011041	Roselle Park (Borough of) Union Co, NJ GO 2003
03011042	Connecticut State GO 2003E
03011043	Muskegon Comm College, MI GO LTX 03
03011044	Hilton Central SD, NY GO Bonds 2003
03011045	East Lampeter Sewer Auth, PA Guar Sewer Rev 03
03011048	Sienna Plantation MUD #2, TX GO ULT 03
03011049	Harris County WC&ID No. 119, TX GO 2003
03011050	Scotch Plains Sr Citizen Hsing Corp, NJ Rev Ref 03

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03011051	Greater Johnstown SD, PA GO 2003
03011052	Tomball (City of), TX GO LTX Tax/Rev COOs 2003
03011053	North Allegheny SD, PA GO 2003C
03011054	Mokena SD #159, IL GO Ref 2003
03011055	South Side ASD, PA GO 2003
03011056	Racine (City of), WI GO Ref dtd 11/1/03
03011057	South Park SD, PA GO 2003
03011058	Racine (City of), WI GO Ref Taxable
03011060	Naugatuck (Borough), CT GO 2003
03011061	Lima City SD, OH GO ULT 2003
03011063	Schaumburg Park Dist, IL GO Alt Rev 03C
03011064	Schaumburg Park Dist, IL GO Ltd. Tax 03D
03011065	Rio Rancho Pub SD No. 94, NM GO 2003
03011066	Block House MUD, TX GO ULT 2003A
03011067	Juneau (City/Boro), AK GO 2003A
03011068	Sto-Rox SD, PA GO 2003
03011069	Juneau (City/Boro), AK GO 2003B
03011070	Warren County, PA GO 2003
03011071	Penn Manor SD, PA GO 2003
03011074	Fort Bend County MUD No. 2, TX GO ULT 2003
03011075	West Chicago ESD #33, IL GO Ref 2003A_B
03011076	Moreland SD, CA GO (Elect of 2002) Ser B
03011077	Bristol Twp SD, PA GO Ref 2003
03011078	Cattaraugus County, NY GO Pub Imp 2003
03011080	Orangeburg County, SC GO 03A and GO Ref 03B
03011081	Huntington (Town), NY GO Public Impr 2003
03011082	El Paso County SD #20, CO GO 2003 (Academy)
03011085	Ballston Spa CSD, NY GO 2003
03011086	Dunmore SD, PA 2002
03011088	Cherry Hill (Township), NJ GO Ref 2003
03011089	Broadview Village, IL GO 2003
03011090	Richland SD, WI GO Ref dtd 11/3/03
03011092	Mansfield (City of), TX GO 2003
03011096	Camden County Imp Auth, NJ GO Guar Lease Ref 03B
03011097	Downers Grove (Village of), IL GO 2003A
03011098	Norristown Area SD, PA GO 2003A
03011099	Bangor ASD, PA GO 03
03011100	Wyomissing ASD, PA GO 2003B
03011101	Spokane (City of), WA GO LTX 2003B
03011102	Waterford (Charter Twp), MI GO LTX 2003
03011104	Cleveland (City), OH GO LTX Var Purpose 2003
03011108	Harris County MUD No. 230, TX GO ULT 2003
03011109	Dixon Unit SD No. 170, IL GO Ref 2003
03011110	Coalinga-Huron Joint USD, CA GO Ref 2003
03011111	Batavia Prk Dist, IL GO ARS 2003
03011112	Pleasant Prairie (Village of), WI GO Ref 2003
03011113	North Mission Glen MUD, TX GO 2003
03011114	Park City (City of), KS GO 2003B
03011116	Liberty Central SD, NY GO 2003
03011118	Fort Bend County MUD #26, TX GO ULT 2003
03011122	Newport-Mesa USD, CA GO 2003 (Elect of 2000)
03011123	Caledonia Charter Township, MI GO LTX 2003
03011124	Alvin (City of), TX GO LTX Ref 03 and COO 03
03011125	Campbell-Savona CSD, NY GO 2003
03011126	Strasburg Borough, PA GO 2003A

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03011127	Danvers (Town of), MA GO 2003
03011128	McKinney (City of), TX GO LTX Wtr/Swr 2003A
03011130	McKinney (City of), TX GO LTX 2003
03011131	Kankakee SD No. 111, IL GO Ref 03
03011133	Merriam (City of), KS GO 2003
03011134	Kent SD No. 415, WA GO ULT 2003
03011136	Big Walnut Local SD, OH GO 2003
03011137	Weehawken Twp BOE, NJ GO Ref 2003 (Pension 03)
03011140	Hinckley-Big Rock CUSD 429, IL GO LTX 03A & GO 03B
03011141	Greater Nanticoke ASD, PA GO 2003A
03011142	Olathe USD #233, KS GO 2003B
03011143	Macomb Township Bldg Auth, MI GO LTX 2003B
03011144	Robla Sch Dist, CA GO Ref 2003_2003D
03011148	West Harris MUD #9, TX 2003A
03011149	Tacoma SD #10, WA GO ULT 2003
03011150	Chesterfield (Charter Twp), MI GO LTX 2003
03011151	Portland Dist Library, MI Library Build GO ULT 03
03011152	Nevada GO Ltd Tax 2003I
03011153	West Allegheny SD, PA GO Ref 2003CD
03011154	Country Club Hills (City of), IL GO Ref 03AB
03011156	Savage (City of), MN GO 2003DE & GO Ref 2003FG
03011157	Pittsburgh SD, PA GO Ref 2003A
03011159	Pine-Richland SD, PA GO 2003
03011163	Manchester (City of), NH GO 03AC & GO Ref 03B
03011165	Davenport (City of), IA GO 2003 B
03011166	Flagstaff (City of), AZ GO Ref 2003
03011169	Metro Govt Nashville-Davidson County, TN GO 03
03011170	Travis County MUD No. 3, TX GO ULT Ref 2003
03011171	North Allegheny SD, PA GO 2003D
03011172	Harris County MUD #8, TX GO ULT 2003
03011177	Clinton Twp BOE (Hunterdon), NJ GO dtd 12/1/03
03011178	Show Low USD No. 10, AZ GO Ref 2003B
03011179	Napavine SD No. 14, WA GO ULT Ref 2003
03011180	Fabius-Pompey CSD, NY GO 2003
03011185	Greece Central SD, NY GO 2003 AB
03011190	Weakley County, TN GO Sch. Rfd. 2003
03011192	Indiana Bond Bank Taxable Severance Funding, Ser 5
03011193	Stewart County, TN GO Ref 2003A
03011196	Aransas Pass (City of), TX GO LTX 2003
03011197	Mukwonago ASD, WI GO Ref dtd 12/22/03
03011198	Washoe County SD, NV GO LTX 2003C
03011200	Darien Park Dist, IL GO Ref 03C (Darien Sportsplex
03011201	Kohler SD, WI GO Ref dtd 12/15/03
03011203	Pflugerville (City of), TX GO LTX 2003A
03011208	Elgin SD #U-46, IL GO LTSer 03A&B
03011210	Yuma SD-1, CO GO 2003
03011211	Toledo City SD, OH GO ULT 2003B
03011212	Cicero SD No. 99, IL GO 2003
03011213	Kenai Peninsula Boro, AK GO 03 (Hosp Serv Area)
03011214	Round Lake Area Park District, IL GO Alt Rev 03
03011215	Kitsap County, WA GO LTX 2003B
03011217	Trenton (City) Park Auth, NJ Park Rev 03 (Guar)
03011221	Putnam County, NY GO 2003
03011222	Kalamazoo County Bldg Auth, MI GO LTX 2003
03011224	Pleasant Prairie (Village of), WI GO Prom Notes 03

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03011225	Winchester (City of), VA GO 2003
03011226	East Hills (Inc. Vlg of), NY GO 2003
03011228	Westbrook (City of), ME GO 2003
03011229	River Dell Reg SD, NJ GO Ref 2003
03011230	Oxford (Town of), MA GO dtd 12/15/03
03011231	North Orange Cnty CCD, CA GO Elec of 2002, Ser 03
03011232	El Rancho USD, CA GO Election of 2003, Ser 2003A
03011233	Southfield (City of), MI GO LTX 2003
03011235	Lan-Oak Park Dist, IL GO (Alt Rev Source) 2003
03011238	Mercer Cnty Imp Auth (Reg Sludge) ,NJ GO Ref 03
03011239	Mercer Cnty Imp Auth (Reg Sludge) ,NJ GO Ref 03
03011240	Point Pleasant, NJ GO Gen Imp 03 & GO Wtr/Swr 03
03011244	Hanover Park Park Distr, IL GO Ref (Alt Rev) 2003
03020004	New Jersey (State of) GO Series J
03020008	New York City, NY GO Fiscal 2002 A9 & A11
03020009	New York City, NY GO 01 H Fix
03020010	New York City, NY GO Fiscal 2002 A9 & A11
03020012	New York City, NY GO 2003 G
03020016	New York City, NY GO 2003 G
03020019	New York City, NY GO 2000A
03020022	New York City, NY GO 2002 DEFG
03020025	New Jersey (State of) GO H & I
03020026	San Anselmo (Town), CA GO 03
03020027	San Anselmo (Town), CA GO 03
03020028	Houston, Tex GO Ltd Tax 99A/B
03020030	NEW JERSEY STATE, GO SER D REF
03020032	New York City GO 03 I
03020033	New York City, NY GO Series F&G
03020034	Massachusetts Commonwealth GO 03 ABC
03020035	New York City GO 03 I
03020036	New York City GO 03 I
03020037	New York City GO 03 I
03020038	New York City GO 03 I
03020039	Massachusetts Commonwealth GO 2001D
03020042	New Jersey (State of) GO H & I
03020044	New Jersey (State of) GO Series J
03020053	New Jersey (State of) GO H & I
03020054	California State GO dtd 5-1-03
03020055	California State GO dtd 5-1-03
03020057	Washington State GO Various Purpose 2003 E
03020059	Connecticut State GO 2003A
03020065	Illinois (State) GO June of 2003
03020066	Illinois (State) GO June of 2003
03020067	Illinois (State) GO June of 2003
03020073	Washington County, MN GO 03A & GO Jail Ref 03B
03020076	Metro Govt Nashville-Davidson County, TN GO 03
03020077	Oregon State, OR GO Dept Admin Services 2003
04010002	Commerce (City of), TX GO LTX Ref and Impr 03
04010003	Jeannette City SD, PA GO Ref 2003ABC
04010004	William Penn SD, PA GO 2004
04010006	Vista USD, CA GO Elec of 2002, Ser 2003B
04010007	Penndridge SD, PA GO 2004
04010008	Kankakee School District #111, IL GO 04
04010009	Scranton Parking Auth, PA Guar Park GO 03
04010010	Fort LeBoeuf SD, PA GO 2004

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04010011	Howard-Suamico SD, WI GO Ref dtd 1/1/04
04010012	Durant Community SD, IA GO Ref dtd 1/1/04
04010013	Madison (City of), MS GO Ref 2003
04010017	Delran (Township of) Sewerage Auth, NJ GO Ref 03
04010018	Council Rock SD, PA GO 2004
04010020	Laurel County (Courthouse Renov Proj), KY GO 2004
04010022	Ridley School Dist Auth, PA GO Rev 2004AB
04010026	Germantown SD, WI GO Ref dtd 1/1/04
04010028	Winslow Township BOE, NJ GO Ref 2002
04010030	Wild Rose SD, WI GO Ref 2004
04010032	Mesa (City), AZ GO Ref 2004
04010035	Riverside SD, PA GO 2004
04010036	Freeport (Village of), NY GO 2004 A&B
04010040	Titus County Hosp Dist, TX GO LTX Ref 2004
04010041	Berwick ASD, PA GO 2004
04010044	Barneget Township BOE, NJ GO Ref 2004
04010049	Carlisle Area SD, PA GO 2003A
04010050	Susquehanna Community SD, PA GO 2004
04010051	Andover RSD, NJ GO Ref 2003
04010053	Monroe-Woodbury CSD, NY GO 2003 AB
04010054	Clear Brook City MUD, GO ULT 2004
04010055	Maywood (Borough of), NJ GO dtd 1/15/04
04010056	Clinton Comm SD, WI GO Ref dtd 2/1/04
04010057	Oxford (City of), AL GO School Warrants 2004
04010059	Port of Seattle, WA GO LTX 2004 A
04010060	Clintondale Comm Schools, MI GO ULT Ref 04
04010061	Washington County, UT GO Ref 2003
04010062	North Star SD, PA GO Ref 04
04010063	Utica City SD, NY GO 2004
04010065	San Jacinto Coll Dist, TX GO LTX & Ref 04
04010066	Bay City (City of), TX GO LTX COOs 04 (Matagorda)
04010067	Louetta North PUD, TX GO ULT 2004
04010070	Kane Cnty Forest Preserve Dist, IL GO Ref 2004
04010071	Beaumont USD, CA GO Elect of 1998, Ser 2004
04010072	Warminster (Twp of), PA GO 2004
04010075	Chassell Township Schools, MI GO ULT Ref 04
04010078	Spring Hill USD No. 230, KS GO 2004
04010079	Shade-Central City SD, PA GO Ref 04
04010081	Golf (Village of), IL GO ULT 2004
04010082	Brownsville, TX GOLT 2004-A & 2004-B (AMT)
04010083	Brownsville, TX C/O's 2004-A & 2004-B (AMT)
04010084	Gaston County, NC GO & GO Ref 2004
04010085	Edinburg (City of), TX GO COOs 2004
04010088	Fort LeBoeuf SD, PA GO 2004C
04010089	Poplar Grove (Vlg of), IL GO Alt Rev 2004
04010093	Dauphin County, PA GO Notes 04A (TaxEx) &04B (Txbl)
04010094	San Mateo UHSD, CA GO Elec 2000 (Series C 2004)
04010095	Ellsworth Comm SD, WI GO Ref dtd 3/15/04
04010096	West Allegheny SD, PA GO Ref 2004
04010097	Somerset ASD, PA GO 2004
04010102	York City SD, PA GO 2004
04010103	Merced City SD, CA GO (Elect of 2002) Ser 2004
04010104	North Attleborough, MA GO LTX Ref dtd 3/1/04
04010105	Danbury (City of), CT GO Ref 04
04010112	Freeport (Village of), NY GO Ref 04

Policy Id	Policy
04010113	Galion City SD, OH GO ULT 04
04010116	Kent City SD, OH GO ULT Library Improv 2004
04010118	Pentwater Pub Schools, MI GO ULT 04 Bldg and Site
04010120	Euless (City of), TX GO Ref 2004
04010121	Neodesha USD #461, KS GO Ref 04
04010123	Kenosha (City of), WI GO Promissory Notes 2004
04010125	Grand Meadow ISD No. 495, MN GO Ref 2004
04010126	Scottsdale USD #48, AZ GO Ref 04
04010128	Montgomery County, TN GO Ref 2004
04010129	Jefferson Local SD, OH GO ULT vtd 11/4/03
04010130	Cleveland (City of), TN W&S Rev & Tax Ref 04
04010131	Alhambra ESD #68, AZ GO Ref 2004
04010133	Newhall SD, CA GO Ref 2004
04010135	Oak Lawn-Hometown SD No. 123, IL CABs 2004
04010139	Rochester (City of), NY GO 2004A
04010141	Rochester (City of), NY GO 2004B
04010143	Springfield SD No. 186, IL GO LTX CABs 04
04010147	Hamilton SD, WI GO Ref dtd 3-15-04
04010149	North Hempstead (Town of), NY GO 04 Ref
04010154	Bernards Township BOE, NJ GO Ref 2004
04010155	Westlake City SD OH GO ULT Ref 2003
04010158	Nye County SD, NV GO LTX Ref 2004
04010163	Punxsutawney Area SD, PA GO Ref 04
04010164	Summit County, OH GO LTX Ref 04AB
04010165	Fond Du Lac (City of), WI GO Prom Notes 04
04010166	Fond Du Lac (City of), WI GO Ref dtd 3/15/04
04010168	Gary Comm School Corp, IN GO 2004
04010169	Holton (City of), KS GO Ref 04A
04010170	Fort Bend County MUD #23, TX GO ULT 04
04010172	Fort Bend Co. LID #11, TX GO ULT Impr Ref 04
04010173	Butler County, PA GO 04
04010175	Ansonia (City of), CT GO Ref 04
04010176	Fresno (County of), CA GO Ref 2004AB
04010177	Alhambra City ESD, CA (Election of 1999) GO Ser B
04010178	Middletown City SD BOE, OH GO School Impr dtd 3/1/
04010179	Mansfield (City of), TX GO Ref 2004
04010181	Kane County (Motor Fuel Tax), IL GO Ref 04
04010184	Garvey SD, CA GO Election of 2000 Ser B
04010185	Bloomsburg ASD, PA GO 2004
04010186	Medford Township, NJ GO Ref 04
04010191	Kankakee (City of), IL GO 2004
04010192	Kenosha (City of), WI GO 2004B
04010194	Kent (City of), WA GO LTX Ref 04
04010195	Indian Springs SD #109, IL GO LTX 2004
04010201	Dover (Township of), NJ GO 2004
04010202	Center Line (City of), MI GO ULT Ref 04
04010203	Jersey Shore ASD, PA GO 2004
04010205	Hempfield (Twp), PA GO Ref 2004
04010206	Franklin Local SD, OH GO 04A
04010207	St. Charles Parish SD #1, LA GO Ref 2004
04010208	South Georgia Gvmt Svc Auth, GA ULT 04
04010213	West York ASD, PA GO 2004
04010214	Connecticut State GO Ref 2004B
04010217	East St. Louis SD #189, IL GO Ref 04AB
04010224	Delhi CSD, NY GO 2004

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04010225	Elmont UFSD, NY GO 2004
04010227	Calcasieu Parish SD No. 30, LA GO Ref 2004A
04010228	Bensalem Township, PA GO 2004
04010229	New Brunswick (City of), NJ GO Impr 04 & Ref 04
04010230	Saranac Lake CSD, NY GO Ref 04
04010231	Cook Cnty SD No. 162 (Matteson), IL GO LTX 04
04010239	Twinsburg City SD, OH GO ULT Ref 04
04010240	Westwood Reg SD BOE, NJ GO Ref 04 (Bergen Co)
04010241	Hamilton SD, WI GO Ref dtd 4/15/04
04010243	Jurupa USD, CA GO (Elect of 2001) 2004
04010245	Sidney CSD, NY GO 2004
04010246	Oxford Academy and Central SD, NY GO 2004
04010249	Unadilla Valley Central SD, NY GO 2004
04010250	Webster Parish SD No. 6, LA GO School 2004
04010252	Tempe ESD #3, AZ GO Ref 2004
04010253	Cicero (Town of), IL GO Ref 04ABC
04010254	Warren City SD, OH GO ULT School Impr 2004
04010256	Lancaster SD, PA GO 2004
04010257	Broome County, NY GO Ref 04
04010262	Dundee (Village), MI Local Dev Fin Auth GO LTX 04
04010267	Anoka-Hennepin ISD #11, MN GO Ref 2004B
04010268	Murphy (City of), TX GO LTX 04
04010280	Timber Lane Utility District, TX GO ULT 04
04010281	Greene Cnty (Blount Cnty PBA), TN GOULT
04010282	Gibraltar SD, MI GO 2004 (Q-SBLF)
04010285	Warwick SD, PA GO 04
04010286	Utica City SD, NY GO 2004B
04010287	Waterford-Halfmoon Union FSD, NY GO 2004
04010288	Fort Bend County, TX GO ULT & Sub Lien Toll Rd 04
04010289	Tecumseh Local SD, OH GO 04
04010290	Connecticut State GO Ref 2004C
04010291	Avon Grove SD, PA GO 2004AB
04010294	Duarte USD, CA GO (Elect of 1998) GO Series D
04010295	Roseville City SD, CA GO (Elect of 2002) Ser B
04010297	Kent (City of), WA GO ULT Ref 04
04010298	Hempfield ASD, PA GO 04A & Ref 04B
04010299	Millburn CCSD #24, IL (Lake County) GO 04
04010300	Denver SD #1, CO GO 2004 Ref
04010301	Licking Heights LSD, OH GO
04010302	Kaneland CUSD #302, IL (Kane/DeKalb) GO 04
04010304	Jackson Local SD, OH GO ULT dtd 3/2/04
04010305	Cambria Heights SD, PA GO 2004AB
04010306	Oceanside USD, CA GO (Elect of 2002), Ser D
04010307	Centr Montgomery Co Area Vo-Tech, PA (SPSBA) GO 04
04010308	Monessen City SD, PA GO 04AB
04010309	Frankfort CCSD #157-C, IL GO 2004 ABC
04010315	Elk River ISD #728, MN GO 2004A
04010316	West Kern CCD, CA GO (Election 2004) Ser 04A
04010318	Rosemead SD, CA GO (Elect 2000) Ser B
04010319	Denton (City of), TX GO LTX Ref 04 & COOs 04
04010328	Anaheim City SD, CA GO (Elect of 2002) Ser 2004
04010330	Olentangy Local SD, OH GO Var Purp 04AB
04010334	Placentia-Yorba Linda USD, CA GO 2002 Series B
04010335	Henry County SD, GA GO 2004
04010347	Huntley CCSD #158, IL GO CABs 04

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04010348	Wisconsin (State of), GO 2004 Ref, Ser 3
04010349	Buffalo (City of), NY GO 2004BC
04010350	Redmond SD No. 2J, OR GO 04AB
04010351	Harris Co MUD #370, TX GO 2004
04010352	Allen (City of), TX GO LTX 2004
04010353	Glens Falls (City of) City SD, NY GO 04
04010358	Baldwin Park USD, CA GO (Elect of 2002) Ser 04
04010361	Mount Morris CSD, NY GO 2004
04010362	Solvay UFSD, NY GO 2004AB
04010363	Solvay UFSD, NY GO 2004AB
04010365	Fabius-Pompey CSD, NY GO 2004B
04010367	Wentzville R-IV SD, MO GO 2004
04010368	West Valley SD #363, WA GO ULT 2004
04010372	West Bradford Township, PA GO 04
04010373	San Bernardino County, CA GO LTX Pens Obl 04ABC
04010374	Ellenville CSD, NY GO 2004
04010375	Sterling Heights (City), MI GO LTX Judgmt Fund 04
04010382	Wissahickon SD, PA GO 2004
04010383	Kern HSD, CA GO (Elect of 1990) Ser E
04010389	Oklahoma County ISD #89, OK GO 2004
04010391	Douglas County SD RE1, CO GO 04
04010393	Crete-Monee SD 201-U, IL GO CABs 04
04010401	Bayonne (HCIA), NJ GO Lse (DPW Garage Proj) 04
04010403	Lucia Mar USD, CA GO (Elect of 2004) Ser A
04010404	Rolling Meadows Park Dist, IL GO 04 (ARS)
04010406	Calumet City (City of), IL GO Ref 2004
04010408	Laurel Highlands SD, PA GO 2004
04010410	Central Unified SD, CA GO (Elect of 2004) Ser A
04010416	San Diego County, CA POBs 04A&C
04010417	Siuslaw SD No. 97-J, OR GO Ref 04
04010419	Ford Heights SD No. 169, IL GO LTX 04AB
04010421	Philadelphia SD, PA GO 2004D
04010422	Montebello USD, CA GO (Elect of 1998) Ser 04
04010423	Colton Joint USD, CA GO (Elect of 2001) Ser B
04010424	Clark County SD, NV GO LTX 04C
04010425	Mt. Diablo USD, CA GO (Elect of 2002) Ser 2004
04010426	Hood Canal SD #404, WA GO ULT 2004
04010427	Oroville UHSD, CA GO (Elect of 2002), Ser B
04010428	Chillicothe City SD, OH GO ULT 2004
04010437	Jefferson Co-DuBois Area Voc-Tech Sch, PA Rev 04
04010438	Byron ISD No. 531, MN GO 04A
04010440	El Segundo USD, CA GO Ref 04
04010442	Kingsburg Elem SD, CA GO (Elect of 2004) Ser A
04010443	Barnegat Township BOE, NJ GO dtd 7/1/04
04010445	Oxnard SD, CA GO (Elect 1997) Ser G
04010448	Millstone Twp BOE, NJ GO 04
04010449	Addison SD No. 4, IL GO 2004
04010451	Mount Vernon City SD, NY GO 2004
04010456	St. Tammany Parishwide SD #12, LA GO 2004
04010457	San Rafael City HSD, CA GO (Elect of 2002) Ser B
04010458	San Rafael ESD, CA GO (Elect of 2002) Ser B
04010459	Pennfield Schools, MI GO 04 (Q-MSBLF)
04010460	Baldwin-Whitehall SD, PA GO 2004
04010462	Rochester CSD, MI GO 2004
04010463	Arlington School Dist No. 16, WA GO Ref 04

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04010465	Sparta Area Schools, MI GO 04
04010470	Owego Apalachin CSD, NY GO 04B
04010475	Owego Apalachin CSD, NY GO 04A
04010481	Chelsea SD, MI GO 04
04010482	Washington USD, CA GO 04A
04010489	North Colonie CSD, NY GO 04
04010491	Fowlerville Comm Schools, MI GO 2004
04010492	Auburn SD No. 408, WA GO dtd 8/1/04
04010493	Atwater ESD, CA 04A
04010496	Carlisle Area SD, PA GO 04A
04010497	Natomas USD, CA GO (Elect of 2002) Ser 04B
04010498	Fort Mill SD #4, SC GO 2004
04010499	Cicero (Town of), IL GO Ref 04
04010504	Northville Public Schools, MI GO 04
04010516	Tahoe Truckee USD (SFID #1), CA GO Elec 1999 Ser B
04010517	Tahoe Truckee USD (SFID #2), CA GO Elec 1999 Ser B
04010518	Schaumburg (Village of), IL GO 04B
04010520	Hermiston SD #8R, OR GO Ref 04
04010521	DeSoto County SD, MS GO 04A
04010522	DeSoto County SD, MS GO 04B
04010523	West Contra Costa USD, CA GO (Elect 2002) Ser C
04010524	Fennville Public Schools, MI GO 04
04010526	Kingsway Regional SD, NJ GO 04
04010527	Francis Howell SD, MO GO Ref 04A (MDDP)
04010528	Black Horse Pike Reg SD, NJ GO Ref 04
04010529	Atchison County USD No. 409, KS GO 04
04010530	Blount County, TN GO Ref 2004A
04010531	Lake Washington SD #414, WA GO Ref 04B
04010535	Novi Building Authority, MI GO LTX Ref 04
04010540	Tulsa County ISD No. 1, OK GO 04B
04010549	Las Vegas (City of), NV GO LTX 2004
04010550	Springfield SD, PA GO 04A
04010559	Armstrong SD, PA GO 2004
04010561	Saline Area Schools, MI GO Ref 04
04010563	Burlington Twp BOE, NJ GO 2004
04010564	Golf (Village of), IL GO 04A
04010565	Fairfield County, OH GO LTX 04
04010570	McGuffey School District, PA GO 04
04010571	South Park SD, PA GO 04
04010572	Jamesburg BOE, NJ GO dtd 8/1/04
04010573	Gibson County, TN GO 2004
04010575	Allegheny County Comm College (SPSBA), PA GO 2004
04010579	West Allegheny SD, PA GO 04B
04010580	Daytona Beach (City of), FL GO 04
04010581	Manhasset UFSD, NY GO 04
04010582	Wichita Falls (City of), TX GO LTX Tax/Rev Ref 04
04010585	Highline SD #401, WA GO Impv & Ref 04
04010586	Plumsted Twp BOE, NJ GO Ref 04
04010587	Huntington Beach (City of), CA GO LTX Judgmt 04
04010592	Everett (City of), MA GO Ref dtd 9/15/04
04010593	Cal-Mort SCDA (Keiro Snr Lvg), CA Rev 04
04010594	Chesterfield County SD, SC GO 04
04010595	Waunakee Comm SD, WI GO 04AB
04010597	Susquehanna Twp SD, PA GO 04
04010598	Granite Shoals, TX GO LTX Comb Tax & Rev COOs 04

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04010603	Dearborn (City of), MI GO ULT Sewer 04B
04010604	Paradise Valley USD #69, AZ GO Ref 04
04010605	Union ESD, CA GO (Elect of 99) Ser C
04010606	Union ESD, CA 2004 GO Ref
04010609	Pearl River UFSD, NY GO Ref 04AB
04010610	Lenape Reg HSD BOE, NJ GO Ref 04
04010611	Blount County, TN GO Ref 2004B
04010613	Jackson Local SD, OH GO ULT 04
04010614	Seneca Valley SD, PA GO 04
04010626	Pasadena USD, CA Elec GO Ref 04AB
04010627	Canby SD No. 86, OR GO Ref 04
04010628	Fillmore USD, CA GO Ref 04
04010633	West Linn-Willsonville SD No. 3Jt, OR GO Ref 04
04010636	Wyoming Area SD, PA GO 2004A
04010637	West Shore SD, PA GO 04A & 04AA
04010643	Denver SD #1, CO GO Ref 04C
04010644	Southwestern CCD, CA GO (Elect of 2000) 04A
04010646	York City SD, PA GO 2004B
04010649	Shippensburg Area School District, PA GO 04
04010653	Cornwall CSD, NY GO 04
04010654	Indiana Bond Bank Taxable Severance , Ser 7A 2004
04010655	Indiana Bond Bank Taxable Severance , Ser 7B 2004
04010656	Cherry Hill (Township), NJ GO 04A
04010658	Moreland SD, CA GO Ref 04
04010663	Montgomery County MUD #46, TX GO ULT W&S 04
04010669	Apple Valley SD, CA (Elect of 2004) GO Ser A
04010670	Dysart USD No. 89, AZ GO Ref 04
04010671	Fort Mill SD #4, SC GO Adv Ref 04B
04010672	Wisconsin (State of), GO 2004 , Ser E
04010675	Rockland County, NY GO Various Purp 04
04010676	Harris County MUD #26, TX
04010677	Montville Township BOE, NJ Ref 04
04010678	Manalapan-Englishtown Reg BOE, NJ GO Ref 04
04010682	TPFA (Park Development), TX GO Ref 04
04010689	Ferndale Public Schools, MI GO ULT School & Ref 04
04010693	Harper Woods (City of) SD, MI GO School & Ref 04
04010694	Mississippi (State of), MS GO Cap Impr (Tax-Ex) 04
04010695	Warren Twp HSD #121, IL GO Ref 04D
04010696	Mendon Community Schools, MI GO ULT 04 Q-SBLF
04010701	Howell Fire District No. 2, NJ GO 04
04010704	Gateway USD, CA GO (Elect of 2002) Ser B
04010705	Plymouth-Canton CS, MI GO ULT 04 (Q-SBLF)
04010709	Moreland SD, CA GO Elec of 2002 Series CD
04010712	Lancaster CSD, NY GO 2004
04010714	Cal-Mortgage (CHFFA) Solheim, CA Rev 04A
04010715	North Schuylkill SD, PA GO 2004
04010716	Penn-Delco SD, PA GO 04A & Ref 04B
04010720	Upper Saddle River (Boro of) BOE, NJ GO Ref 04
04010724	Conejo Valley USD, CA GO (Elect of 1998) Ser D
04010727	Penn Manor SD, PA GO 2004
04010728	Fair Lawn Borough BOE, NJ GO 04
04010729	Mayville Comm Schools, MI GO ULT 04 (Q-SBLF)
04010731	Commack UFSD, NY GO 04
04010733	Bethlehem (City of), PA GO 2004 (Fed Txble)
04010734	Painesville City LSD, OH GO ULT 04

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04010735	Henderson (City of), NV GO LTX Sewer 04
04010736	Bath Comm Schools, MI GO ULT 04
04010737	Collinsville Area Rec Dist., IL GO Alt Rev 04
04010743	East Grand Forks (City of), MN GO Impr 04B
04010744	Hamilton Twp BOE, NJ GO Ref 04
04010746	Antioch CCSD #34, IL GO LTX Ref 04
04010749	South Redford SD, MI GO Ref 05
04010750	Tumwater SD #33, WA GO ULT & Ref 04
04010751	Northwest Park MUD, TX GO 2004
04010752	Indiana Bond Bank Taxable Severance, Ser 8AB 2004
04010753	Wolcott (Town), CT GO Ref 04
04010754	Harris County MUD #153, TX GO ULT 04A
04010759	Clovis USD, CA GO (Elect of 2004), Ser A
04010767	Plainfield (Village), IL GO Ref 04AB
04010773	El Paso County SD #20, CO GO 04B (Academy)
04010775	Geneva CUSD #304 (Kane Co), IL GO 04A
04010778	El Monte City SD, CA GO 04C & Ref 04
04010779	Katonah-Lewisboro UFSD, NY GO 04ABC
04010782	Lewiston-Porter CSD, NY 2004
04010784	DePere USD, WI GO dtd 11/1/04
04010785	El Rancho USD, CA GO (Elect of 2003) Ser 04
04010787	Niles Twp CHSD #219, IL GO Ref 04
04010790	Indiana Bond Bank Taxable Severance, Ser 9 2004
04010792	Konociti USD, CA GO (Elect of 2004), Ser 04A
04010793	Fort Bragg USD, CA GO (Elect 2003) Ser 04
04010794	Summit Cnty SD RE-1, CO GO 04B
04010795	Manhattan SD 114, Will County, IL GO Cap Appr 04C
04010797	Woodland CCSD #50, IL GO Ref 04
04010798	Brighton SD #27J, CO GO 2004
04010799	Lake Central School Corp, IN GO Pension 04 (Txble)
04010800	Northampton Township, PA GO 05
04010801	Springfield (City of), IL GO 04AB (Txble/Tax-Ex)
04010804	Minooka SD 201, IL GO Ref 04
04010806	Collinsville CUSD #10, IL GO Ref 04
04010812	Sturgis (City), MI GO LTX Build Auth 04(Hosp Proj)
04010813	Lancaster SD, PA GO 2005
04020001	Oregon State, OR GO Dept Admin Services 2003
04020002	Oregon State, OR GO Dept Admin Services 2003
04020003	New Jersey (State of) GO H & I
04020011	Massachusetts Commonwealth, MA GO 04B & GO Ref 04B
04020014	New Jersey (State of) GO H & I
04020026	California State GO 4-1-02
04020035	California State, CA GO dtd 7/1/03
04020038	Harris Cnty, TX GO ULT Road 2001
04020043	California State, CA GO dtd 2/1/04
04020044	California State, CA GO dtd 2/1/04
04020057	CALIFORNIA STATE GO 10-1-97
04020058	CALIFORNIA ST GO AUG 90
04020059	CALIFORNIA STATE GO 10-1-98
04020060	California State, CA GO dtd 6/1/04
04020064	New Jersey (State of) GO Series K 2003
04020065	New Jersey (State of) GO Series K 2003
04020090	Massachusetts Commonwealth GO D 02
04020091	Harris County, TX GO Road Ref 04B

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04020111	California State, CA GO dtd 12/1/04
04020112	California State GO dtd 5-1-03
04020117	California State, CA GO dtd 12/1/04
05010007	Fort Bend County MUD #26, TX GO ULT 2005
05010008	Bethlehem CSD, NY GO Ref 05
05010009	State PSBA (Career Inst of Tech), PA GO 05
05010012	Terre Haute San Dist, IN GO 05
05010013	Acalanes Union HSD, CA GO Ref 05
05010016	Rio Grande City Consol ISD, TX GO ULT 04
05010017	Tucson (City of), AZ GO Ref 04
05010018	Allegheny County, PA GO C-57 (2005)
05010019	Kutztown (Borough of), PA GO 05
05010020	Calcasieu Parish SD No. 34, LA GO Pub Impr 05
05010023	New Caney ISD, TX GO Ref 05
05010027	Hazelwood SD, MO GO 2005 (MDDP)
05010029	Tulare Joint Union HSD, CA GO Elec of 2004 Ser B
05010030	Klein ISD, TX GO Schoolhouse 05
05010031	Austin ISD, TX GO Ref 05
05010033	Utica Comm Schools, MI GO Bldg & Ref 05
05010035	Eagle Mountain-Saginaw ISD, TX GO Bldg & Ref 05-A
05010036	Mukilteo SD No. 6, WA GO ULT Ref 05
05010037	Humble ISD, TX GO Unltd 04
05010038	Nampa (City of), ID GO 05
05010039	Penn Manor SD, PA GO 2005
05010040	Blount County, TN GO Ref 2005
05010041	Dublin City SD, OH GO ULT 2005
05010043	Frankenmuth SD, MI GO Ref 05 (Q-SBLF)
05010048	Montoursville Area SD, PA GO 05
05010049	Arcadia USD, CA GO Ref (Elect of 1993) Ser 05A
05010051	San Ysidro SD, CA GO Elect of 97 Series D
05010056	Pittsburgh SD, PA GO Ref 05
05010057	Hawthorne SD, CA GO (Elect of 04) 05A
05010061	South Eastern SD, PA GO 05
05010062	Westtown Township, PA GO Guar Swr Rev 05
05010063	Grand Ledge PS, MI GO ULT Ref 05 (Q-SBLF)
05010066	Cocalico SD, PA GO 05
05010067	Wyomissing ASD, PA GO 05
05010068	Magnolia ISD, TX GO ULT & Ref 05
05010071	Charter Oak USD, CA GO (Elect of 2000) Ser 05C
05010073	New Jersey State, NJ GO Ref 05
05010075	Palisades SD, PA GO 05
05010076	West York ASD, PA GO 2005
05010077	West Rusk County Cons ISD, TX GO ULT School 05
05010079	Three Rivers/Josephine Co Unit Jt SD, OR GO Ref 05
05010080	Spring ISD, GO ULT 05
05010081	Fremont Union HSD, CA GO
05010082	Royse City ISD, TX GO ULT 05
05010083	Ottawa USD No. 290, KS GO Ref 2005
05010087	Imperial CCD, CA GO (Elect of 04) Ser 05
05010088	Hazelwood SD, MO GO 2005B Ref
05010089	Lewisville ISD, TX GO ULT & Ref 05
05010090	Harris County WCID #155, TX Ref 05
05010091	Napoleon Comm Schools, MI GO Ref 05 (Q-SBLF)
05010092	Jenkintown SD, PA GO 05A & Ref 05B
05010096	Pine Hill (Boro) BOE, NJ GO Adv Ref 04

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05010100	Minooka SD 201, IL GO Sch & Ref 05
05010101	Florida (State) BOE, FL PECO GO Ref 05A
05010102	Zeeland Public Schools, MI GO Ref ULT 05
05010113	New Smyrna Beach (City of), FL GO 05
05010114	Chaffey Jt. UHSD, CA GO Ref 05
05010115	William Community Schools, MI 05 GO ULT
05010117	Carlisle Area SD, PA GO 05
05010118	Sturgis Pub School Dist, MI GO Ref 05 (Q-SBLF)
05010119	Randolph Twp SD BOE, NJ GO dtd 2/1/05
05010121	Pequea Valley SD, PA GO Ref 2005
05010123	Benjamin Logan LSD, OH GO Sch Impr Ref 05
05010124	Aurora East SD No. 131, IL GO & LTX 2005AB
05010125	Newark City SD, OH GO ULT 05
05010126	North Monterey County USD, CA (Elect 2002) Ser B
05010127	Ferndale (City of), MI GO Ref 2005
05010128	Santa Maria Jt UHSD, CA GO (Elect of 2004) Ser 05
05010130	Lucia Mar USD, CA GO Ref 05
05010134	Lincoln USD, CA GO (Elect of 2004) Ser 05
05010136	Somerville BOE, NJ GO 05
05010137	Sumner SD No. 320, WA GO ULT Ref 05
05010140	Madison Cnty SD, MS GO Ref 05A
05010143	North Mission Glen MUD, TX GO 2005
05010144	Frazier SD, PA GO 05
05010145	Kenowa Hills Pub Sch, MI GO Ref 05 (Q-SBLF)
05010146	Big Beaver Falls ASD, PA GO Ref 05
05010155	Antietam SD, PA GO 05
05010156	York City SD, PA GO 05
05010157	Warwick SD, PA GO Ref 05
05010160	Warwick Valley CSD, NY GO Ref 2005AB
05010163	Denton ISD, TX GO ULT 05B
05010164	State PSBA (Colonial IU No. 20), PA GO Lse Rev 05
05010165	East China SD, MI GO ULT Ref 05 (Q_SBLF)
05010167	Perris UHSD, CA GO 2004 Elec, Series A & 05 Ref
05010169	Philadelphia RDA, PA GO 04ABC (Neighborhood Trans)
05010170	Green Bay Area PS Dist, WI GO Ref 05A&B
05010171	Green Bay Area PS Dist, WI GO Ref 05B
05010174	West Earl Sewer Auth, PA GO Gtd Sewer Rev 05
05010175	North Chicago (City of), IL GO 05AB
05010176	Vancouver SD No. 37, WA GO ULT Ref 05
05010177	Ephrata ASD, PA GO 05 & Ref 05A
05010181	Johnson Co (Gardner-Edgerton) USD #231, KS GO 05A
05010182	Clark County SD, NV GO LTX Ref 05A
05010183	Clark County SD, NV GO LTX Ref 05B (ARS)
05010184	Hempfield ASD, PA GO Ref 05A & Ref 05B
05010185	Greater Latrobe School Auth, PA GO Rev Ref 05AB
05010186	Kutztown ASD, PA GO 2005 (Adv Ref)
05010187	Fort Bend Co. MUD #25, TX GO ULT 2005
05010188	Randolph Twp SD BOE, NJ GO Ref dtd 3/1/05
05010190	Edmonds SD No. 15, WA GO ULT Ref 2005
05010191	Scottsdale USD #48, AZ GO Sch Impr 05A
05010192	Plum Borough SD, PA GO 05AB
05010193	La Mesa-Spring Valley SD, CA GO Ser B & Ref 05
05010194	Fullerton Jt Un HSD, CA, GO Elec 02, Series B
05010196	Bridgeport (Borough), PA GO 05
05010202	Olentangy Local SD, OH GO Ref 05

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05010204	Harris County MUD #354, TX GO ULT Ref 05
05010205	Peoria (City of), IL GO 05A
05010213	Tecumseh Pub Schools, MI GO Ref 05 Q-SBLF
05010214	Conroe ISD, GO ULT 05B
05010216	West University Place (City of), TX GO Ref 05
05010217	Newberg SD No. 29J, OR GO Ref 05
05010218	Dundee Community SD, MI GO Ref 05
05010220	Nevada (State of), NV GO LTX 05E
05010221	Nevada (State of), NV GO LTX 05C
05010222	Nevada (State of), NV GO LTX 05D
05010224	Metuchen BOE, NJ GO Proj Sch dtd 3/15/05
05010225	Metuchen BOE, NJ GO Ref Sch dtd 3/15/05
05010227	Alhambra City UFSD, CA (Elect of 04) GO Ser A
05010228	Navasota ISD, TX GO Sch Build 05 & Ref 05
05010230	Port Arthur ISD, TX GO Sch Bldg 05
05010232	Cal-Mortgage (CHFFA) Small Facilities, CA Rev 05A
05010234	Dixon USD, CA GO (Elect 02) 05 CABS
05010238	Bellefontaine City SD, OH GO ULT 05
05010244	Lincoln (City), OR GO Sewer Ref 05
05010245	Fremont (City of), CA GO (Elec of 2002) Ser B
05010246	El Paso (City of), TX GO LTX Ref 05
05010249	Franklin-McKinley SD, CA (Elect of 2004) GO Ser A
05010252	Fenton Area Pub Schools, MI GO ULT Ref 05 (Q-SBLF)
05010257	North Brunswick TWP BOE, NJ GO dated 4/1/05
05010258	North Kingstown (Town of), RI GO Ref 05
05010260	Hoisington USD #431 (Barton Co.), KS GO Ref 05
05010261	Francis Howell SD R-III, MO GO Ref 05 (MDDP)
05010264	Sierra Jt CCD #2, CA GO (Elect 04) Ser A (W Nev)
05010266	Sierra Jt CCD #1, CA GO (Elect 04) Ser A (Tahoe)
05010267	Lebanon CSD No. 9, OR GO Ref 05
05010268	Carl Sandburg CCD #518, IL GO Ref 05
05010275	Hampton (City of), VA GO Pub Imp 05A
05010279	King County, WA GO LTX W&S Rev 05
05010280	Brownwood ISD, TX GO ULT School Bldg & Ref 05
05010282	Roseville Joint UHSD, CA GO (Elec of 2004) Ser A
05010283	Madison County SD, MS GO 05
05010286	Las Vegas Valley Water Dist, NV GO LTX Ref 05A
05010288	Leander ISD, TX GO ULT Bldg & Ref 05
05010289	Linn-Mar Comm SD, IA GO Ref 05AB
05010291	San Jose Unified SD, CA GO (Elect of 2002) Ser B
05010292	Yosemite CCD, CA GO (Elect of 2004) Ser 05
05010293	South Padre Island (Town of), TX GO 05
05010294	Upland Unified SD, CA GO (Elect of 2000) Ser 05C
05010295	Norwalk-La Mirada USD, CA GO 05B & Ref 05
05010297	Peoria (City of), IL GO Ref 05B
05010298	Mifflin County, PA GO ULT 05AB
05010299	Placer UHSD, CA GO Ref 05
05010301	Southgate CSD, MI GO ULT Ref 05
05010305	Door County, WI GO ULT Ref 05A
05010307	Shawano-Gresham SD, WI GO Ref 05
05010308	Timberlake Improve Dist, TX GO ULT 05
05010309	McKinney (City of), TX GO Tax/Ltd Pled W&S COOs 05
05010310	Haverford (Twp), PA GO 05A (Tax-Ex) & 05B (Txble)
05010314	Palmer Plantation MUD No. 1, TX GO W&S Ref 05
05010315	Altmar-Parish-Williamstown CSD, NY GO Ref 05

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05010316	Brookhaven (Town of), NY GO Pub Impr 05
05010318	Madera USD, CA GO (Elect of 2002) Ser 05
05010319	Napa Valley USD, CA GO (Elect of 2002) Ser 05
05010323	Johnston County, NC GO Ref 05
05010325	Dickson County, TN GO Ref 05
05010333	South Eastern SD, PA GO 05
05010335	Marion (City of), IL GO Ref 05
05010336	Pittsburgh SD, PA GO Taxable 05
05010339	Lansing USD#469 (Leavenworth), KS GO Ref & Imp 05
05010340	Rincon Valley Union ESD GO, CA (Elect 2004) Ser 05
05010341	Fowler USD, California GO (Elect of 04) 05
05010342	New Brunswick (City of), NJ GO Ref 05
05010343	New Brunswick (City of), NJ Sch Bonds Ref 05
05010344	Kingsway Reg HSD BOE, NJ GO Ref dtd 3/15/05
05010345	Madison Dist Pub Sch, MI GO Ref 05
05010346	Riverton CUSD#14, IL GO 05
05010347	Akron-Summit Co. Pub Lib, OH Ref 05
05010348	Lafourche Parish Cons SD #1, LA GO School 05
05010350	Humble ISD, TX GO ULT 05B
05010351	Magnolia SD, CA GO Ref 05
05010352	Paola USD #368, KS (Miami Co) GO Ref & Impr 05
05010354	Evesham Twp BOE, NJ GO Ref 05
05010358	Victor ESD, GO (Election of 02) Ser B
05010360	Lake Stevens SD No. 4, WA GO 05
05010361	Novi Building Authority, MI GO LTX Ref 05
05010364	Monticello CSD, NY GO Ref 05AB
05010365	Hillsboro SD #1J, OR GO Ref 05
05010367	Clear Brook City MUD, TX GO 05
05010369	Shawnee Mission USD No. 512, KS GO Ref 05C
05010372	Atlanta (City of), GA GO Ref 05A
05010374	Victor ESD, GO Ref 05B
05010381	Upper Darby SD, PA GO 05
05010382	West Virginia State, WV GO State Road Ref 05
05010383	Islip UFSD, NY GO Ref 2005
05010384	Oswego CUSD No. 308, IL GO LTX 05
05010385	Mainland Regional HSD, NJ Sch Ref 05
05010386	Highlands SD, PA GO Ref 2005 (Adv Ref)
05010387	Souderton ASD, PA GO 05
05010389	Summit Hill SD #161, IL GO 2005
05010390	DeSoto County SD, MS GO 05
05010397	Hollywood (City of), FL GO 05
05010398	Menifee USD, CA GO (Elec of 2002) Series B
05010402	Grossmont-Cuyamaca CCD, GO (Elect of 2002) 05B
05010410	Johnson City CSD, NY GO 05
05010412	Rowland USD, CA GO Ref 05
05010414	Hacienda LaPuente USD CA, GO Ref 05
05010415	Moriah Central SD, NY GO Ref 05
05010417	Snohomish County, WA GO LTX Ref 05B
05010418	Snohomish County, WA GO LTX 05A
05010419	Arkansas Dev Fin Auth, AR GO Ref 05
05010420	Claysburg-Kimmel SD, PA GO Ref 05
05010421	Garvey SD, CA GO (Election of 04) Ser 05
05010422	Mount Pleasant ASD, PA GO Ref 05
05010423	Siren SD, WI GO Ref dtd 7/1/05
05010424	Waterloo CSD, NY GO 05 dtd 6/15/05

Policy Id	Policy
05010425	Oak Valley Hosp Dist, CA GO (Elect of 04) 05
05010426	Worcester (City of), MA GO LTX Ref 05A
05010427	Worcester (City of), MA GO LTX Ref 05B
05010429	North Pocono SD, PA GO 2005
05010430	Goose Creek Consol ISD, TX GO ULT Schoolhouse 05
05010431	Wayne CSD, NY GO Sch Dist 05
05010434	Campton Township, IL GO 05B
05010435	Lamar SD, MS GO 05
05010436	Timber Lane Util Dist, TX GO ULT 05A
05010438	Goodyear (City of), AZ GO 2005
05010441	Tucson (City of), AZ GO 05-E
05010443	Beverly Hills USD, CA GO Refunding 05
05010444	Cook County SD No. 162 (Matteson), IL GO Ref 05
05010445	Homer Twp, IL GO Open Space Ref 05
05010446	Brazoria MUD No. 26, TX GO 05
05010447	Erie County Convention Center Auth, PA GO 05
05010448	Erie County Convention Center Auth, PA GO 05
05010452	Rome (City of) City SD, NY GO Ref 05
05010456	Anaheim City SD, CA GO Ref 05
05010461	Everett ASD, PA GO 2005AB
05010462	Bristol Twp SD, PA GO 2005
05010472	Denver SD #1, CO GO Ref 05A
05010479	Brazoria County MUD No. 3, TX Wtr/Swr Rev 05
05010480	Linn-Mar Comm SD, IA GO Ref 05A
05010481	Douglass USD #396, KS GO Ref 05
05010482	Herkimer Cntrl SD, NY GO Ref 05
05010483	Highlands Ranch Metro Dist No. 1, CO GO Ref 05
05010484	Highlands Ranch Metro Dist No. 4, CO GO Ref 05
05010485	Highlands Ranch Metro Dist No. 2, CO GO Ref 05
05010486	Highlands Ranch Metro Dist No. 3, CO GO Ref 05
05010489	Cal Mortgage (AIDS Healthcare), CA Rev 05A
05010490	Galesburg-Augusta Comm Sch, MI GO Ref 2005
05010491	Miami-Dade County, FL GO Bldg Better Comm Prog 05
05010492	Midland CCD, TX GO LTX 05
05010493	Pawtucket (City of), RI GO dtd 7/1/05
05010494	Cotati-Rohnert Park USD, CA GO Crossover Ref 05AB
05010500	Brookville ASD, PA GO 05
05010501	Johnston County, NC GO Pub Impr 05
05010506	Hempfield ASD, PA GO 05C
05010510	Three Village Central SD, NY GO Ref 05
05010512	Spokane (City of), WA GO LTX 05AB
05010513	Spokane (City of), WA GO Ref 05
05010516	Southwestern CCD, CA GO Ref 05B
05010517	Sun Prairie (City of), WI GO 05C
05010521	Temple City Unified School District, CA GO Ref 05
05010526	Spring Hill USD No. 230, KS GO 2005
05010527	Berkeley USD, CA GO (Elect of 00) 05
05010528	Livermore Valley Jt USD, CA GO (Elect of 99) 05
05010530	Jefferson Local SD, OH GO Sch Fac Const & Impr 05
05010531	Biloxi Public School District, Ms GO 2005
05010538	Oceanside (City), CA GO LTX POB 05
05010539	Seneca Valley SD, PA GO 05
05010540	Oxford Area SD, PA GO 2005AB
05010542	West De Pere SD, WI GO Ref 05A
05010551	Hoffman Estates (Village of), IL GO 05 A (Taxable)

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05010553	Fort Bend MUD No. 118, TX GO 05
05010554	Hartland Township, MI GO LTX 05A (Livingston Co)
05010555	Hartland Township, MI GO LTX 05B (Livingston Co)
05010559	East Meadow UFSD, NY GO 05
05010560	Lake Placid CSD, NY GO Ref 05
05010561	Pine (County of), MN GO Jail 05A
05010562	Gilroy USD, CA GO (Elect of 02) 05
05010563	Fort Bend County MUD #23, TX GO ULT 05
05010569	Newport MUD, TX GO Wwks & Swr Sys Rev 05
05010572	Calumet City (City of), IL GO Ref 2005
05010574	Hunter's Glen MUD, TX GO ULT 05
05010575	New Lenox SD #122, IL GO Ref 2005AB
05010577	Oshkosh (City of), WI GO Ref 05-D
05010578	Milford Charter Twp, MI GO Library & Police Ref 05
05010583	Hamilton Township, NJ (Mercer) GO 2005
05010584	Hamilton Township, NJ (Mercer) Swr GO 2005
05010585	Jefferson ESD, CA GO (Elect of 2001) Ser 2005
05010586	Wilson SD, PA GO 05
05010587	Hopewell Area Sch Dist, PA GO 2005B
05010588	Hopewell Area Sch Dist, PA GO 2005A
05010589	Coachella Valley USD, CA GO (Elect of 05) Ser A
05010595	Schenectady City SD, NY GO 05
05010598	Central Bucks SD, PA GO ULT 05A
05010601	Haddon Twp. BOE, NJ GO ULT Ref 2005
05010604	El Paso (City of), TX GO LTX 05
05010605	Punxsutawney Area SD, PA GO 05
05010609	Huntington Beach City SD, CA GO ULT Ref 2005
05010611	Wantagh UFSD, NY GO ULT 2005
05010615	Union County Impr Auth, NJ GO ULT 2005
05010618	Anchorage (Municipality of), AK GO 05F
05010619	Licking Valley LSD, OH GO ULT Ref dtd 9/22/05
05010622	Alamo Comm Coll Dist, TX GO LTX 05
05010623	Pierce County, WA LTX GO 2005
05010624	Maury County, TN GO ULT dtd 9/1/05
05010626	Aurora West SD #129, IL GO Ref 2005A
05010627	Aurora West SD #129, IL GO LTX Ref 05B
05010628	Mattoon CUSD #2, IL GO Ref 2005
05010629	South Lyon Comm Schools, MI GO Ref 05 Ser II
05010630	Foothill-De Anza CCD, CA GO (Elect 99) 05C & Ref
05010631	Guadalupe County, TX GO LTX Ref 2005
05010632	Fort Bend County LID #14, TX GO ULT Ref 05
05010633	Newtown (Twp of), PA GO 2005
05010635	Union Springs CSD, NY GO 2005
05010639	Birmingham SD, MI GO ULT Ref 2005
05010640	Washington Court House CSD, OH GO 2005
05010641	Mt. Lebanon SD, PA GO 2005
05010653	Waubonsee CCD #516, IL GO 05DE
05010654	Marana USD #6, AZ GO Ref 2005
05010656	Sweetwater (City of), TX GO LTX Ref 05
05010660	St. Charles CUSD #303, IL GO LTX 05C
05010669	North Mission Glen MUD, TX GO 2005A
05010670	London City SD, OH GO Adv Ref 2005
05010674	Perkiomen Valley SD, PA GO Adv Ref 05AA
05010675	Washington TWP MUA, NJ GO Ref 2005
05010676	Washington TWP MUA, NJ GO Ref 2005

Policy Id	Policy
05010680	San Angelo, TX GO LTX Comb Tax & Rev COOs 05
05010683	Standish-Sterling CS, MI GO Ref 2005 (Q-SBLF)
05010687	West Contra Costa USD, CA GO (Elect 2002) Ser D
05010690	Galveston County WC&ID #12, TX GO 2005
05010700	Malden (City of), MA GO dtd 10/15/05
05010708	State PSBA (Career Inst of Tech), PA GO 05A
05010712	Peoria USD No. 11, AZ GO 2nd Ser 2005
05010713	Wyoming (City of), MI GO LTX 05
05010715	Rio Hondo CCD, CA GO Ref (Elect 2004) Ser 05A
05010717	West Kern CCD, CA GO Ref 2005
05010718	Livingston Co, MI GO LTX Ref 05 (Brighton Twp Swr)
05010719	Poplar Grove (Vlg of), IL GO Alt Rev 05AB
05010721	Lakota Local School Dist, OH GO ULT Ref 05A
05010723	Winchester (City of), VA GO 2005
05010727	Mason City SD, OH GO ULT Ref 2005
05010731	Pottstown SD, PA GO 2005
05010733	Kauai County, HI GO 2005A
05010735	Manteca USD, CA GO Ref 2005
05010736	Palm Springs USD, CA GO Ref 2005
05010737	Bucks County Tech Sch Auth, PA GO 2005
05010738	Indianapolis Lcl Pub Imp Bond Bank, IN GO Ref 05D
05010739	Blind Brook-Rye UFSD, NY GO 05
05010740	Attleboro (City of), MA GO dtd 11/15/05
05010741	Erie County, PA GO Ref 2005ABC
05010742	Ulster County, NY GO 2005A
05010744	Honolulu (City and County), HI GO 05EF
05010746	Connecticut (State of), CT GO 05D
05010747	Wyandotte USD#204 (Bonner Springs), KS GO Ref 05A
05010750	Long Beach CCD, CA GO (Elect 02) 2005B & Ref 2005C
05010751	Los Gatos Union SD, CA GO (Elect 2001) Ser C
05010757	Grapevine-Colleyville ISD, TX GO Ref 2005-A
05010766	Ovid-Elsie Area Schools, MI GO Ref 2005 (Q-SBLF)
05010768	Barrow County, GA GO 05
05010775	Cecil County, MD GO Ref 2005
05010784	Alum Rock Union ESD, CA GO Ref 2005
05010785	Warren Twp HSD #121, IL GO Ref 05
05010786	Newark City SD, OH GO ULT Series 05A
05010795	Tacoma Metro Park District, WA GO Ref 2005
05010796	Calexico USD, CA GO (Elect of 2004) Ser B
05010797	Gilbert USD No. 41, AZ GO 2005A
05010800	Webutuck CSD, NY GO 2005
05010802	Tacoma SD #10, WA GO 05B
05010805	El Monte City SD, CA GO (Elect 04) A Ref 05
05010806	Simi Valley USD, CA GO (Elect of 2004) Ser 05B
05010808	Carson City, NV GO LTX 2005A
05010822	Cleveland County Sanitary Dist, NC GO Ref 2005
05010823	West Windsor-Plainsboro RSD, NJ GO Ref dtd 12/1/05
05010825	Ramapo Indian Hills Reg HSD (BOE), NJ GO Ref 05
05010845	Peralta CCD (OPEB) Bonds, CA
05010847	Davenport (City of), IA GO 05A
05010848	Peralta CCD (OPEB) Bonds, CA
05020008	California State, CA GO dtd 2/1/04
05020016	California State, CA GO dtd 11-1-03
05020017	California State, CA GO dtd 3-1-05
05020018	New York (City of), NY GO 2005 Series J, K and L

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05020021	Illinois State, IL GO Oct 03A & Var Rate Oct 03B
05020022	New York (City of), NY GO 2005 Series J, K and L
05020023	New York (City of), NY GO 2003J
05020024	New York City, NY GO Series F&G
05020025	New York City, NY GO 2002 DEFG
05020026	New York City, NY GO 2003 CDE
05020027	New York (City of), NY GO 05DE
05020028	New York (City of), NY GO 2005 Series M
05020029	New York (City of), NY GO 2005 Series G, H and I
05020030	New York (City of), NY GO 2005 Series M and N
05020031	New York (City of), NY GO 2005 Series M and N
05020032	New York (City of), NY GO 2005 Series M and N
05020033	New York (City of), NY GO 2005 Series M and N
05020034	New York (City of), NY GO 2005 Series M and N
05020035	New York (City of), NY GO 2005 Series J, K and L
05020036	New York (City of), NY GO 2005 Series M and N
05020037	New York (City of), NY GO 2005 Series J, K and L
05020038	New York (City of), NY GO 2005 Series M and N
05020039	New York (City of), NY GO 2005 Series G, H and I
05020040	New York (City of), NY GO 2005 Series J, K and L
05020041	New York (City of), NY GO 2005 Series M and N
05020042	New York (City of), NY GO 2005 Series M and N
05020043	New York (City of), NY GO 2004 AB
05020044	New York (City of), NY GO 05DE
05020045	New York (City of), NY GO 2005 Series G, H and I
05020046	Dept of Veterans Affairs, CA GO Portion 05
05020047	New York (City of), NY GO 04 Series I
05020048	New York (City of), NY GO 2005 Ser O, P & Q
05020049	New York (City of), NY GO 2005 Ser O, P & Q
05020050	New York (City of), NY GO 04D
05020051	New York (City of), NY GO 2005 Ser O, P & Q
05020053	Concord Township, PA GO 05
05020056	Massachusetts Commonwealth, MA GO 04A & GO Ref 04A
05020058	New York (City of), NY GO 06ABCD
05020059	New York (City of), NY GO 06ABCD
05020060	New York (City of), NY GO 06ABCD
05020061	New York (City of), NY GO 06ABCD
05020062	New York (City of), NY GO 04 Series I
05020065	New York (City of), NY GO Fiscal 06 Ser E Sub E-1
05020066	Carpentersville CUSD No. 300, IL GO ULT
05020067	New York (City of), NY GO 2005 Series G, H and I
05020068	New York (City of), NY GO 04G
05020069	New York (City of), NY GO 04 Series I
05020070	New York (City of), NY GO Fiscal 06 Ser F-1 & F-2
05020071	New York (City of), NY GO Fiscal 06 Ser F-1 & F-2
05020072	Massachusetts Commwltth, MA GO LTX Consol Loan 05B
05020074	New York (City of), NY GO 2005 Ser M & N
05020075	New York (City of), NY GO 2005 Ser O, P & Q
05020076	Connecticut State GO Ref 2004C
06010001	San Antonio (City of), TX GO LTX Forward Ref 06
06010004	Pottstown SD, PA GO Adv Ref 2006
06010005	Monterey Peninsula CCD, CA GO Ref 05
06010006	Central Bucks SD, PA GO ULT Ref 2006
06010007	Barbers Hill ISD, TX GO ULT 06

Policy Id	Policy
06010009	Colton Joint USD, CA GO (Elect of 2001) Ser C
06010010	Tolleson Union HSD No. 214, AZ GO (Proj 03) 2006B
06010011	Montour SD, PA GO 05
06010012	San Jose USD, CA GO Ref 2005
06010013	London City SD, OH GO Ref 2006
06010014	Chicago Park Dist, IL GO LTX Ref 2006AB
06010017	Newark City SD, OH GO ULT Ref 05
06010019	Chicago Park Dist, IL GO ULT Ref 2006CD
06010023	Harris County WCID #155, TX Ref 06
06010024	Spring Creek Util Dist, TX GO ULT 2006
06010035	Yuma UHSD #70, AZ GO Proj 05, Ser A (2006)
06010037	North Pocono SD, PA GO 06
06010038	Johnston CSD, IA GO dtd 2/1/06
06010041	Brazoria MUD No. 26, TX GO 06
06010042	Wilmington (City of), DE GO 2006 A-1 & A-2
06010044	Bendle Public Schools, MI GO 2006
06010045	Charter Oak USD, CA GO Ref (Elect 00) Ser 06DE
06010046	Harris Cnty MUD No. 132, TX GO ULT 06
06010057	Kenosha USD No. 1, WI GO dtd 2/1/06
06010060	Ephrata ASD, PA GO 06
06010061	Council Rock SD, PA GO 2006
06010062	Clark County, NV GO LTX Ref 06
06010064	West Windsor-Plainsboro RSD, NJ GO Ref 2006
06010065	Adirondack CSD (Oneida Co), NY Ref 05AB
06010067	Bethel SD #403, WA GO Ref 06
06010068	Stockton USD, CA GO (Elect 05) Ser 06
06010069	Grove City Area Hosp Auth, PA GO Guar 2006
06010076	Nordonia Hills CSD, OH GO Ref 2006
06010082	Penn Manor SD, PA GO 2006A
06010087	Richland County SD No. 2, SC GO 05A
06010093	Richland SD Project, PA (SPSBA) Lease Rev 05
06010095	Lacey Township BOE, NJ GO Ref 06
06010096	Kyrene ESD #28, AZ GO (Proj 05) Ser A (2006)
06010099	Greater Cleveland RTA, OH GO LTX Ref 2006
06010101	Asotin County, WA GO ULT Ref 2006
06010102	Bonsall USD, CA GO 06
06010103	Upper Makefield (Twp of), PA GO 2006
06010104	Mesa USD No. 4, AZ GO (Proj 05) Ser A (2006)
06010107	Prescott USD No. 1, AZ GO (Proj 04) Ser 06B
06010108	Kutztown (Borough of), PA GO 2006
06010109	DePere USD, WI GO dtd 3/15/06
06010110	Las Vegas (City of), NV GO LTX Ref 2006A
06010121	Wellington Unified SD #353, KS GO Ref 2006
06010123	St. Vrain Valley SD No. RE-1J, CO GO Ref 2006
06010127	Lucia Mar USD, CA GO Ref 2006
06010128	Franklin-McKinley SD, CA GO Ref 2006
06010134	Wisconsin (State of), WI GO 2006A
06010138	Ipswich (Town of), MA GO LTX Ref dtd 3/15/06
06010141	New York State, NY GO 2006A (Tax-Exempt)
06010143	Adams County SD #12, CO GO 2006B
06010144	Fredonia Central SD, NY GO Ref 2006
06010146	Tucson USD No. 1, AZ GO Ref 2006
06010151	Schuykill Valley SD, PA GO 2006AB
06010164	Carteret County, NC GO 2006
06010165	Rayford Road MUD, TX GO 2006A

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06010166	Castro Valley USD, CA GO (Elect of 05) Ser 06
06010167	Northtown MUD, TX GO ULT 2006
06010171	Miami Trace LSD, OH GO ULT 2006
06010172	Apache Jcntr USD #43, AZ GO (Proj 04) Ser B (2006)
06010176	New Haven USD, CA GO (Elect 03) Ser B CABs
06010183	La Verne (City of), CA GO LTX POBs Ref 2006
06010189	Lubbock (City of), TX Tax/WWks Sys Surplus COOs 06
06010191	Harris Co. MUD No. 120, TX GO ULT Ref 2006
06010192	Georgetown (City of), TX GO LTX & COOs 2006
06010207	Edmonds SD No. 15, WA GO 2006
06010208	Napa Valley USD, CA GO (Elect 02) Ser 06
06010213	Woodstock CUSD #200, IL GO 2006AB
06010214	Lubbock (City of), TX GO LTX Ref 2006
06010218	Penn Manor SD, PA GO 06
06010220	Pearland (City of), TX GO LTX Ref 2006
06010225	Firebaugh-Las Deltas USD, CA GO Ref 2006
06010227	Cinco MUD No. 1, TX GO Contract Rev 2006A
06010232	Eatonville SD No. 404, WA GO 2006
06010237	El Monte UHSD, CA GO Ref 2006
06010240	Minooka CHSD No. 111, IL GO 2006
06010241	Lubbock (City of), TX GO LTX 2006
06010246	Wentzville R-IV SD, MO GO 2006
06010248	San Jose USD, CA GO (Elect 02, Ser C) 2006
06010256	Spencerport CSD, NY GO Ref 2006
06010262	West Seneca CSD, NY GO 2006
06010267	Mesa (City of), AZ GO Ref 2006
06010273	Newark Valley CSD, NY GO 2006A
06010277	Everett SD No. 2, WA GO ULT 2006
06010278	Harris County MUD #53, TX GO ULT 2006
06010289	Roseville Joint UHSD (Elect 04), CA GO ULT 06B
06010291	Trussville (City of), AL GO Warrants 2006AB
06010294	McCall-Donnelly Jt SD No.421, ID GO ULT 06
06010295	San Geronio Memorial HC District, CA ULT GO 06A
06010296	Monticello CSD, NY GO 2006
06010297	West De Pere SD, WI GO 06A
06010299	Bassett USD, CA GO (Elect 04) Ser 06BC
06010303	Frisco (City of), TX GO LTX 06
06010304	Frisco (City of), TX COOs 06
06010306	Farrell ASD, PA GO Ref 06
06010311	Piedmont City USD, CA GO Elect of 2006 Ser B
06010319	Natomas USD, CA GO (Elect of 2006) Ser 2006
06010325	Saugus USD, CA GO Ref 2006
06010328	Anchorage (Municipality of), AK GO Ref 06AB
06010329	Anchorage (Municipality of), AK GO Ref 06AB
06010330	Anchorage (Municipality of), AK GO Ref 06AB
06010332	Renn Road MUD, TX GO 2006
06010336	Kirtland LSD, OH GO 2006
06010346	Renton SD No. 403, WA GO ULT 2006
06010353	Sierra Sands USD, CA GO (Elect 06) Ser 06A
06010354	Brandywine Heights ASD, PA GO Ref 2006
06010360	Eanes ISD, TX GO 2006
06010362	Solano County CCD, CA GO (Elect 02) Ser 06B
06010363	Mount Vernon SD #320, WA GO Ref 06
06010365	Bellwood (Village of), IL GO Ref 2006A
06010366	Prosper (Town of), TX GO LTX & COO 06

Policy Id	Policy
06010367	Byron USD, CA GO (Elect 06) Ser 2006A
06010368	Camden Cnty Imp Auth, NJ GO Guar Swr Rev Ref 06AB
06010372	Eastport-South Manor CHSD, NY GO Ref 06
06010374	Butler County, OH GO LTX 2006
06010377	El Camino CCD, CA GO (Elect 02) Ser 2006B
06010379	Michigan State, GO 2006AB
06010381	Juneau (City and Borough), AK GO ULT 06B
06010382	Juneau (City and Borough), AK GO ULT 06C
06010392	Cincinnati City SD, OH GO Ref 2006
06010393	Newburgh City SD, NY GO 2006A
06010395	Woodhaven-Brownstown SD, MI GO Ref 06B (Q-SBLF)
06010400	Camden Cnty Imp Auth, NJ GO Guar Swr Rev Ref 06A
06010406	Marion (City of), IL GO Ref 2006
06010408	Garfield Heights CSD, OH GO Ref 2006
06010412	Texas Trans Comm, TX GO Mobility Fund 06-A
06010414	South Lyon Comm Schools, MI GO Ref 06
06010416	Norristown Area SD, PA GO Ref 06
06010421	Westlake MUD No. 1, TX 2006
06010425	West Virginia State, WV GO Ref 06
06010428	Sachem CSD, NY GO Ref 2006
06010429	San Francisco (City & County of), CA GO Ref 06-R1
06010431	Kettering City SD, OH GO Ref 2006
06010434	Suffolk County, NY GO 2006B
06010441	Norfolk (City of), VA GO Cap Impr & Ref 06
06010443	Sachem CSD, NY GO Ref 2006B
06010445	Haverhill (City of), MA GO LTX dtd 11/1/06
06010450	Eaton Community City SD, OH GO Ref 2006
06010451	Kingsbridge MUD, TX GO Ref 2006
06010452	Chino Valley USD, CA GO (Elect 02) Ser 2006D
06010466	Franconia Sewer Auth, PA Gtd Rev 2006
06010477	Bass Lake JUESD, CA GO (Elect 06) Ser 06
06010497	Mansfield Township BOE, NJ GO Ref 2006
06010499	Bonita USD, CA GO (Elect 04) Ser B
06010503	Canton (City of), OH GO LTX 2006
06010507	Chillicothe City SD, OH GO Ref 2006
06010510	Brecksville-Broadview Heights CSD, OH GO Ref 06
07010004	Muhlenberg SD, PA GO LTX Ref 2007 A&AA
07010006	Dearborn SD, MI GO Ref 2007 (Q-SBLF)
07010012	Clackamas CCD, OR GO Ref 2007
07010018	Lewisville ISD, TX GO ULT Ref 2007
07010019	Central Bucks SD, PA GO Ref 2007
07010022	Bensalem Twp SD, PA GO LTX 2007
07010023	Lincoln-Way CHSD #210, IL GO 2007
07010024	West Harris Co MUD No. 10, TX GO Ref 2007
07010028	Pima County, AZ GO 2007
07010029	Denton Co Fresh Water Supply Dist #6, TX GO Ref 07
07010031	Abington SD, PA GO LTX Ref 2007
07010033	Lincoln Park SD, MI GO Ref 2007 (Q-SBLF)
07010035	Walton County, GA GO & Sales Tax 2007
07010041	Kentwood Pub Schools, MI GO ULT Ref 07
07010042	Mingus UHSD #4, AZ GO Sch Impr 07
07010043	North Syracuse CSD, NY GO Ref 2007
07010044	Washington State, WA GO Var Purp 07C
07010045	Santa Monica CCD, CA GO Ref 2007ABC
07010048	Niagara Wheatfield CSD, NY GO 07

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07010049	Bonneville & Bingham Jt SD#93, ID GO 07
07010050	Kalamazoo Public Schools, MI GO Ref 07
07010053	Clark County SD, NV GO LTX Ref 07A
07010054	Plainfield CCSD No. 202, IL GO Sch Build 07
07010058	Albany (City of), OR GO Ref 07
07010061	El Paso (City of), TX GO Ref 07
07010062	Lansing USD#469 (Leavenworth), KS GO Ref 07
07010065	Big Spring (City of), TX GO 07
07010069	Big Spring (City of), TX GO 07
07010079	Boulder Valley SD #RE-2, CO GO 07
07010080	Mesa USD No. 4, AZ GO (Proj 05) Ser B (2007)
07010081	Plainfield CCSD No. 202, IL GO Ref 07A
07010083	William Floyd UFSD, NY GO Ref 07
07010084	Banning USD, CA GO (Elec 06) Ser A
07010085	Grosse Pointe Pub Sch Sys, MI GO Ref 07
07010086	Harborfields CSD, NY GO Ref 07
07010092	West Branch LSD, OH GO ULT Ref 07
07010093	Washington Union SD, CA GO Ref 2007
07010094	Mendon Comm Schools, MI GO ULT Ref 07
07010096	New York State, NY GO 07A
07010097	Boston (City of), MA GO 07A
07010098	Brentwood Union SD, CA GO ULT Ref 07
07010099	Brentwood Union SD, CA GO (Elec 03) Ser C
07010100	Alamo CCD, TX GO LTX 07
07010101	Bryan (City of), TX GO LTX COOs 07
07010104	Spring Hill USD No. 230, KS GO Ref 07
07010106	Dublin City SD, OH GO ULT Ref 07
07010112	North Brunswick (Twp of), NJ GO Ref 07
07010113	Cherokee Co School System, GA GO 07A & Ref 07B
07010114	Phoenix ESD #1, AZ GO (Proj 06) Ser A (07)
07010116	Harris County MUD No. 154, TX GO ULT 07
07010118	Shaker Heights City SD, OH GO School Impr & Ref 07
07010126	Long Hill (Twp of), NJ GO Ref 07
07010135	Litchfield Elem SD No. 79, AZ GO (Proj 06) Ser 07A
07010143	Andover USD No. 385, KS GO Ref & Impr 07
07010144	Mendocino USD, CA GO (Elec 06) Ser 07
07010145	Cleveland (City of), OH GO LTX 07AB
07010146	Ypsilanti Comm Util Auth, MI GO LTX Ref 2007
07010147	Casa Grande Union HSD #82, AZ GO (Proj 06) Ser 07A
07010148	Cleveland (City of), OH GO LTX 07C
07010149	Sumner Co, TN GO School 07
07010157	Willistown (Twnsp of), PA GO 2007
07010159	Warrensville Heights CSD, OH GO Ref 2007
07010160	Wyoming Pub Schools, MI GO ULT 07
07010161	Campbell Union HSD, CA GO (Elect 06) Ser 07A
07010163	Tonganoxie USD No. 464, KS GO Ref 07A
07010164	Emporia USD No. 253 (Lyon Co), KS GO Ref 07
07010173	Illinois (State of), IL GO 2007
07010174	Dysart USD No. 89, AZ GO (Proj 06) Ser 07A
07010175	Sonoma Valley USD, CA GO Ref 07
07010176	South Brunswick (Twins of) BOE, NJ GO 2007
07010177	South Brunswick (Twp of) BOE, NJ GO 2007AA
07010180	Anchorage (Municipality of), AK GO Ref 07 A&B
07010183	Philadelphia SD, PA GO 2007A
07010187	Jefferson Union HSD, CA GO (Election 2006) A

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07010190	Escondido Union SD, CA GO Ref 2007B
07010192	Paulding Co, GA GO Conservation & Courthouse 07
07010193	Grand Prairie ISD, TX GO Ref 2007
07010194	Escondido Union SD, CA GO Ref 2007A
07010197	Memphis (City of), TN GO Impr 07A
07010202	Chicago (City of), IL GO Ref 07A & Taxable 07B
07010205	St. Lawrence (Co of), NY GO PIB 07
07010207	San Lorenzo USD, CA GO (Elec 04) Ser B
07010212	Massachusetts Commwlt, MA GO 2007A
07010219	Napa Valley USD, CA GO (Elect 06) Ser 07
07010221	Mesa (City of), AZ GO 07
07010232	Mount Clemens Comm SD, MI GO Ref 07
07010238	Neshaminy SD, PA GO 07AB
07010239	Wallingford-Swarthmore SD, PA GO 07A
07010240	Oklahoma Co ISD No. 89 (Oklahoma CSD), OK GO 07
07010245	Oxford Area SD, PA GO 2007
07010246	Berea City SD, OH GO LTX Energy Conserv Impr 07
07010247	Syracuse (City of), NY GO School Bonds Ser 2007A
07010248	District of Columbia, DC GO 07A
07010250	Union-Endicott CSD, NY GO 07
07010253	Bend-La Pine Admin SD No. 1, OR GO 07
07010254	Marcellus CSD, NY GO 2007
07010256	Pulaski CSD, NY GO 2007A
07010264	Ashland SD No. 5 (Jackson Co), OR GO 07
07010274	Mt. Pleasant Pub Sch, MI GO Build 07
07010276	Kane Co Forest Preserve Dist, IL GO 07
07010278	Huntington Beach UHSD, CA GO (Elec 04) Ser 07
07010281	Montgomery Co MUD No. 46, TX GO W&S 07
07010282	Berkeley USD, CA GO (Elect of 00) 2007
07010283	Galt Joint Union HSD, CA GO (Elect 05) Ser B
07010284	San Juan USD, CA GO (Elec 02) Ser 07
07010291	California State, CA GO Var Purp dtd 6/28/07
07010296	Fort Bend (County of) MUD No.26, TX GO 2007
07010306	Chambersburg ASD, PA GO 07
07010307	San Marcos CISD, TX GO 2007
07010308	Orange Co, NY GO Var Purp 07
07010309	Caddo Parish, LA GO 2007
07010310	Kendall County Forest Preserve Distr, IL GO 2007
07010311	Indian Prairie CUSD No. 204, IL GO 07A
07010312	Kern HSD, CA GO (Elect 04) Ser C
07010313	Nevada (State of), NV GO LTX 07B
07010314	Schenectady City SD, NY GO 2007
07010317	Northeastern York SD, PA GO ULT 2007A
07010318	Northeastern York SD, PA GO LTX 2007B
07010319	Everett SD No. 2, WA GO ULT Ref 07
07010327	Northlake (City of), IL GO 07
07010328	Longview (City of), TX GO LTX 07
07010331	Oakland USD, CA GO Ref 07
07010332	Johnston (Co of), NC GO PIB 07
07010334	Bethlehem CSD, NY GO 07B
07010343	Waco (City of), TX GO LTX 2007
07010344	Oswego CUSD No. 308, IL GO Ref 2007A
07010345	Lakewood City SD, OH GO Construction 07
07010346	Berwyn (City of), IL GO 2007AB
07010350	Buckeye UHSD No. 201, AZ GO (Proj 02 & 06) Ser 07

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07010351	Henderson (City of), NV GO LTX Water/Sewer Ref 07
07010352	Contra Costa CCD, CA GO (Elect 06) 2007
07010353	Varner Creek Util Dist, TX GO ULT 07
07010354	Ridgeland (City of), MS GO PIB 07A
07010355	Ridgeland (City of), MS GO PIB 07B
07010356	Marion County, IL GO Alt Rev Ref 07 Priv Plcmnt
07010361	Menomonee Falls SD, WI GO dtd 09/01/07
07010362	Wiseburn SD, CA GO (Elec 07) Ser 07A
07010368	Ellis (County of), TX GO LTX 2007
07010369	Washington Central SD No. 51, IL GO Ref 2007
07010377	Sun Prairie ASD, WI GO Ref dtd 8/7/07
07010378	Tucson USD No. 1, AZ GO (Proj 04) Ser C (2007)
07010379	Florence USD No. 1, AZ GO (Proj 06) Ser 2007A
07010383	Natomas USD, CA GO (Elect of 2006) CIB 2007
07010384	Natomas USD, CA GO (Elect of 2006) CAB 2007
07010389	Fort LeBoeuf SD, PA GO Ref 07
07010390	Lafourche Parish Cons SD #1, LA GO School 07
07010391	Fond Du Lac (City of), WI GO Ref dtd:10/1/07
07010392	Jackson PSD, MS GO 2007
07010393	Higley USD No. 60, AZ GO (Proj of 06) Ser 07B
07010400	Huron City SD, OH GO 07
07010401	Oyster Bay-East Norwich CSD NY GO 2007
07010405	River Valley LSD, OH GO 07
07010406	Richland County SD No. 1, SC GO 2007A
07010407	Livingston Twp. BOE, NJ GO 2007
07010408	Oak Lawn HSD No. 229, IL GO Taxable 07AB
07010411	Council Rock SD, PA GO 2007
07010412	Santa Monica-Malibu USD, CA GO Elec 06 Ser A
07010413	Licking Heights LSD, OH GO Ref 2007
07010422	Los Angeles CCD (Elec 01), CA GO 2007A
07010427	Harris County MUD No. 104, TX GO 2007
07010435	Exeter (Twp of), PA GO 2007A
07010436	Seneca Valley SD, PA GO LTX 2007A
07010438	Sidney City SD, OH GO Ref 2007
07010439	California State, CA GO Var Purp dtd 11/01/07
07010440	Red Lion SD, PA GO LTX 2007
07010444	East Stroudsburg ASD, PA GO LTX Series 2007A
07010445	Imperial CCD, CA GO (Elect of 04) Ser 2007C CIBs
07010446	Imperial CCD, CA GO (Elect of 04) Ser 2007C CABs
07010451	Long Beach CCD, CA GO (Elect 02) 2007D
07010463	Deer Lakes SD, PA GO Ref LTX 2007
07010464	Tracy Joint USD, CA GO (Elect 06) 2007
07010466	Rutherford County, TN GO 2007
07010474	Federal Way SD No. 210, WA GO 2007
07010475	Genesee Co. (Brownfield RDA), MI GO LTX 2007
07010476	Jersey City MUA, NJ Sewer Rev Ref 07
07010478	California State, CA GO Var Purp dtd 11/01/07
07010492	Morton Road MUD, TX GO 2007
84020017	Sears Tax Exempt Investment Tr
84020108	Sears Tax-Exempt Investment Tr
85010162	Town of Huntington, Suffolk Co
85010258	Town of Babylon, New York
85010262	Village of Assining, Westchest
85020009	The Municipal Bond Trust- Insu
85020011	Municipal Investment Trust Fun

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85020065	E.F. Hutton Tax Exempt Trust,
85020069	Municipal Trust Fund Seventeen
85020092	Municipal Investment Trust Fun
86010036	Town of Huntington, Suffolk Co
86010052	Town of North Hempstead, Nassa
86020001	Sears Tax-Exempt
86020004	E.F. Hutton Tax Exempt Trust,
86020019	Sears Tax-Exempt Investment Tr
86020037	Sears Tax-Exempt Investment Tr
86020043	Sears Tax-Exempt Investment Tr
87010011	Board of Education of The Stro
87010120	Town of Huntington, Suffolk Co
87010123	McKinney Independent School Di
87010188	City of Shreveport, State of L
87020003	Sears Tax-Exempt Investment Tr
87040057	The City of New York
87990003	CHICAGO SCHOOL FINANCE AUTHORI
88040022	P.M.-Mult.Rev.Strms in policy
88040121	The City of New York (New Yor
89010022	Essex County NJ GO 89A TAXABLE
89010067	GENERAL BROWN CENTRAL SD,NY GO
89010167	VOORHEESVILLE CSD, NY GO 89
89010202	WALLKILL, NY GO SER 89 B
89010239	HUNTINGTON, NEW YORK GO 89B
89010264	ARLINGTON HEIGHTS SD #25,IL GO
89010276	PALATINE VILLAGE, IL GO SER 89
89020329	OLD BRIDGE MUA, NJ 89
90010034	Camden Co, NJ MUA Rfdg 90
90010100	WASHINGTONVILLE CSD, NY GO 90
90010117	WOLCOTT, CONNECTICUT GO 1990
90010140	WAPPINGERS CENTRAL SD,NY GO 90
90010148	EAST LAMPETER SWR AUTH,PA GO90
90010149	BROOKHAVEN, NEW YORK, GO 1990
90010183	POUGHKEEPSIE CITY, NY GO 90A,B
90010186	MOUNT VERNON, NEW YORK GO 1990
90010188	CARROLL ISD, TEXAS GO 90 & 90A
90010234	PHOENIXVILLE BOROUGH, PA GO 90
90010272	Camden County Municipal Util90
90010273	Camden County Municipal Util90
91010054	THORNTON, COLORADO GO SER 91
91010105	BRANFORD, CONNECTICUT GO 1991
91010120	CHANDLER ARIZONA GO, SER 1991
91010126	SOUTH ORANGETOWN CSD, NY GO 91
91010129	SCHENECTADY, NEW YORK GO 1991
91010138	ONTEORA CENTRAL SD, NY GO 1991
91010140	CHEEKTOWAGA-MARYVALE SD, NY GO
91010143	BENSALEM TWP SD, PA GO SER 91F
91010160	BALTIMORE MARYLAND, GO SER 91C
91010171	STAFFORD, CONNECTICUT GO 1991
91010183	Warwick Valley Cntl SD NY GO91
91010193	ONTARIO COUNTY, NEW YORK GO 91
91010195	WASHINGTONVILLE CSD, NY GO 91
91010226	JACKSON TWP BD OF ED, NJ GO 91
91010277	CROWLEY ISD, TEXAS GO 91
91010291	HUDSON COUNTY, NEW JERSEY GO

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91010297	ROCKLIN USD, CALIFORNIA GO 91
91010305	IDAHO FALLS, IDAHO GO & ELEC 91
91010315	CATTARAUGUS CNTY, NY GO 1991 B
91010316	GRISWOLD, CONNECTICUT GO 1991
91010330	HAMPDEN TWNSP, PA SEW AUTH GO91
91010331	Pawling Central S.D., NY GO 91
91010348	ATLANTIC CNTY IMP AUTH, NJ GO
91010356	Guilderland, Town of G.O. 91
91010366	Pottstown Sewer Auth, PA Ser91
91010394	KEARNY MUNIC UTIL AUTH, NJ GO91
91010397	SALISBURY TWP SD, PA GO 91A, AA
91010403	ST. LAWRENCE COUNTY, NY GO 91
91010407	MAPLE SHADE TWP, NJ GO TAXEXMPT
91010412	WATERTOWN, NEW YORK GO SER 91
91010413	WASHINGTON COUNTY, NY GO 1991
91010414	CHICHESTER SCH DIS, PA GO 91A&B
91010466	BUFFALO (CITY OF), NY GO 91 REF
91010470	Carlisle (Borough of), PA GO 91
91010486	WYOMING COUNTY, NY GO 91
91010503	CLARK CNTY SD, NV GO 91 B REF
91010538	CAMDEN CNTY, NJ MUA 91 A
91010539	CAMDEN CNTY, NJ MUA 91 B
92010006	GULL LAKE COMM SCHS, MI GO 91
92010007	Lancaster Parking Auth., PA 91
92010012	AMHERST, NEW YORK GO 91
92010018	ERIE COUNTY, NEW YORK GO 92
92010029	COLD SPRING ISD #750, MN GO 92
92010064	LIVE OAK, TX GO 92 LTD TAX
92010078	North Richland Hills, TX GO 92
92010088	WARWICK VALLEY CSD, NY GO 92
92010128	Lower Moreland, PA Twshp 92
92010164	Washington Cnty Auth, PA GO 92
92010170	UPPER DUBLIN TOWNSHIP, PA GO 92
92010177	Exeter Twp Sch Dist, PA GO 92
92010221	NORTHEASTERN YORK CNTY SD, PA92
92010280	PITTSBURGH (CITY), PA GO 92 A
92010308	SOUTH PARK SCH DIST, PA GO 92
92010309	Reeths-Puffer Schs MI GO 92REF
92010365	ARLINGTON HGHTS SD #25, IL GO92
92010381	Romulus Comm SD, MI GO 92 CABs
92010422	TUCSON USD NO.1, ARIZONA GO 92
92010453	CHEMUNG COUNTY, NY GO 92 A&B
92010456	SIERRA VISTA USD#68, AZ GO92REF
92010458	BERKS COUNTY, PA GO REF SER 92
92010502	St Clair Cty Pub Buld Com GO92
92010506	NORTHEASTRN YORK CNTY SD, PA 92
92010507	MEDINA CITY SCH DIST, OH GO 92
92010509	Tucson (City of), AZ GO Ref92
92010539	WEST OTTAWA PUB SCHL, MI GO 92
92010545	Kyrene Elem SD #28 AZ GO Ser92
92010555	ROCKVILLE CENTRE (VLG), NY GO92
92010563	GUILDERLAND (TOWN OF), NY GO92
92010565	Lowell Area Schools, MI GO 92
92010574	COOK COUNTY, IL GO 92C
92010581	WATERTOWN (CITY), NY GO 92 ABC

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92010582	EASTON (CITY OF), PA GO 92
92010583	NEW WINDSOR (TOWN OF), NY GO92
92010645	NORTH HEMPSTEAD, NY GO 92AB REF
92010653	CAMDEN COUNTY MUA, NJ GO 92A
92010657	CAMDEN COUNTY MUA, NJ GO 92B
92010673	LIVONIA PUB SCHLS, MI GO 92-II
92010682	NAUGATUCK (BOROUGH), CT GO 92
92010692	HARLEM SCH DIST #122, IL GO 92
92010701	CALIFORNIA (STATE OF) GO NOV92
92010707	ESSEX COUNTY, NJ GO 92 REF
92010711	Miami (City of), FL GO Ref S92
92010712	GIRARD SCHOOL DISTRICT, PA GO92
92010714	Chandler (City of), AZ GO 92Ref
92010756	Freeport Sch Dist #145 IL GO92
92020128	NEW YORK CITY GO 92 (VARIABLE)
92020129	NEW YORK CITY GO 92 (VARIABLE)
92020266	CALIFORNIA STATE GO 91
93010044	HURON VALLEY SD, MI GO 93 REF
93010074	ST LOUIS PUB SCH DST, MO GO 93
93010112	LaGRANGE PARK SD #102, IL GO 93
93010122	WASHINGTON SD, PA GO 93A & B
93010172	NORTH BERGEN MUA, NJ SWR GO 93
93010223	CLARKSTON COMM SCHLS, MI GO 93
93010247	ONTARIO COUNTY, NY GO 93 REF
93010257	Rochester Comm SD, MI GO 93REF
93010261	OYSTER BAY (TOWN OF), NY GO 93
93010284	ROMULUS COMM SCHLS, MI GO 93REF
93010287	MUKILTEO SCH DIST #6, WA GO 93
93010288	HUDSON LOCAL SD, OH GO 93 REF
93010302	LAUREL HIGHLANDS SD, PA GO 93
93010305	YONKERS (CITY OF), NY GO 93 REF
93010307	BLOOMINGDALE PSD #16, MI GO 93
93010312	COLUMBUS CITY SD, OH GO 93 REF
93010320	NORTHSHORE SD #417, WA GO 93REF
93010334	HAWAII COUNTY, HI GO 93 REF
93010346	PENINSULA SD #401, WA GO 93REF
93010347	CHICAGO (CITY OF), IL GO 93
93010353	SOUTH HAVEN PUB SCHLS, MI GO 93
93010365	GAINESVILLE, GA GO 93 REF
93010380	ALBANY COUNTY, NY GO 93 REF
93010418	MOHAVE UNION HSD#30, AZ GO 93
93010447	ERIE COUNTY HOSP AUTH, PA GO 93
93010459	HOMEWOOD-FLOSSMOOR SD233, IL 93
93010460	FEDERAL WAY SD #210, WA GO 93
93010471	TEMPE ELEM SD #3, AZ GO 93
93010484	CHASKA ISD #112, MN GO 93B
93010485	NEW BRUNSWICK PKG AUTH, NJ GO93
93010509	TUCSON USD #1, ARIZONA GO 1993
93010511	NORTH POCONO SCH DIST, PA GO 93
93010514	CASTAIC UNION SD, CA GO 93A
93010541	JACKSONVILLE (CITY OF), TX GO93
93010563	BALTIMORE, MARYLAND GO SER 93C
93010575	ROSEMONT (VLG OF), IL GO 93AB
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93010618	GENEVA COMM USD #304, IL GO 93

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93010646	NASSAU COUNTY,NY GO 9/1/93 REF
93010647	LONG BEACH (CITY OF), NY GO 93
93010659	MASSACHUSETTS CWLTH GO REF 93C
93010698	TUCSON, ARIZONA GO REF SER 93
93010700	LEBANON SCHOOL DIST.,PA. GO 93
93010716	BABYLON (TOWN OF), NY GO 93A
93010724	WESTMORELAND CNTY, PA GO 93F/G
93010750	East Side Union HSD, CA GO 93
93010758	POMPANO BEACH, FL GO 93 REF
93010772	ADELANTO SCHOOL DIST, CA GO 93
93010776	SARATOGA SPRINGS CSD, NY GO 93
93010778	BERKS COUNTY, PA GO 93B REF
93010780	Chandler (City of), AZ GO 93
93010781	ALGONAC COMM SCH,MI GO UNLTD93
93010802	MILWAUKEE COUNTY, WI GO 93A
93010823	Webster Cent SD, NY GO 93
93010830	HOPEWELL TOWNSHIP, NJ GO 93REF
93010857	KYRENE ELEM SD #28, AZ GO 93C
93010871	WARREN CONS SCHS, MI GO REF 93
93010884	Monroe Twnshp(Bd of Ed)NJ GO93
93010923	FRANCIS HOWELL SD, MO GO 93REF
93010924	WILMINGTON, DELAWARE GO REF93B
93010938	CHICAGO HEIGHTS, IL GO 93 A&B
93020180	MA BAY TRANS AUTH, GO 93A REF
93020224	ROSEVILLE CITY SD, CA GO 92A
94010023	MAUI COUNTY, HI GO REF 93 F&G
94010049	ROCHESTER (CITY OF), MI GO 94
94010051	CATALINA FTHLLS USD#16,AZ GO94
94010063	NASSAU COUNTY, NY 94 GO REF
94010064	WESTBROOK (TOWN OF), CT GO 94
94010096	COTTONWOOD-OAK CRK ESD6,AZ 93A
94010097	DELAWARE CITY SD, OH GO 94A&B
94010117	SOUTH AMBOY, NJ GO SER 94
94010123	PICKERINGTON LOCAL SD,OH GO 94
94010125	PARADISE VALLEY USD #69,AZ 94E
94010161	PLEASANT PLAINS CUSD#8,IL GO94
94010219	CHANDLER USD #80, AZ GO 94 REF
94010230	WAYNE CNTY BLDG AUTH,MI 94 REF
94010234	Southampton (Twp) SD, NJ GO 94
94010250	Rockland (County of), NY 94
94010266	Littleton ESD#65,AZ Rfdg GO 94
94010279	TUCSON (CITY),AZ GO 84-G(1994)
94010291	EAST LAMPETER SWR AUTH,PA GO94
94010301	Northwestern Local SD,OH GO 94
94010336	Adelanto Sch Dist, CA GO 94B
94010365	Homer Twp Fire Dist, IL GO 94
94010367	Penn Yan Central SD, NY GO 94
94010368	Totowa (Borough), NJ GO 94
94010374	Maplewood-Richmond SD, MO GO94
94010382	Dundee Comm USD #300, IL GO 94
94010416	Exeter Twp SD, PA GO 94 Ref
94010418	Tucson USD No. 1, AZ GO Ser 94
94010421	Twin Valley Sch Dist, OH GO 94
94010440	Mars Area Sch Dist,PA GO 94ABC

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94010441	BLACK RIVER LOCAL SD 1994
94010462	California (State Of) GO
94010466	Rockville Centre(Vlg),NY GO 94
94010493	Santa Cruz Villy USD#35,AZ GO94
94010506	Closter (Boro) Bd of Ed, NJ 94
94010511	Fort Bend Co. LID #2, TX GO 94
94010521	Goldsboro (City),NC 94 2nd Ser
94010539	LAURENS COUNTY, SC GO 94
94010543	Kent County, DE GO 94
94010555	PLEASANTVILLE (City of), NJ 94
94010571	Wayland Union SD, MI GO ULT 94
94010574	SELINSGROVE AREA SD, PA GO 94
94010594	Napoleon Comm Schools, MI GO94
94010615	Chandler (City of), AZ GO 94
94010618	California (State Of) GO 94
94010623	VALLEY VIEW SD, PA GO 94
94020002	HARRIS COUNTY, TEXAS GO ULT 93
94020007	HARRIS CNTY FLOD CNTL DISTGO93
94020083	CALIFORNIA (STATE OF) GO 1993
94020096	California (State) Var Purp GO
94020097	CALIFORNIA ST VAR PURP GO 92
94020098	California (State) Var Purp GO
94020099	California (State) Var Purp GO
94020127	CALIFORNIA ST VAR PURP GO 92
94020131	CALIFORNIA ST VAR PURP GO 91
94020135	CALIFORNIA STATE GO 91
94020137	CALIFORNIA (STATE OF) GO NOV92
94020143	CALIFORNIA ST VAR PURP GO 91
94020158	CALIFORNIA ST GO AUG 90
94020211	CALIFORNIA (STATE OF) GO 1993
94020228	CALIFORNIA (STATE OF) GO 1993
94020271	California (State) Var Purp GO
94020276	California (State) Var Purp GO
94020278	California (State) Var Purp GO
94020306	HARRIS CNTY FLOD CNTL DISTGO93
94020339	HARRIS CNTY, TX-ROAD & REF 93
94020340	HARRIS CNTY FLOD CNTL DISTGO93
94020376	MASSACHUSETTS CMNWLTH GO 93A/B
95010012	Burlington-Edison SD#100,WA 95
95010023	Riverbank ESD, CA GO 93 Ser B
95010045	Camp Verde USD No.28, AZ GO 94
95010068	HAZLETON AREA SCH DIST,PA GO95
95010069	St Francois CSD R-III,MO GO 95
95010087	CASTAIC UNION SCH DIST, CA 93B
95010097	Eastern Local SD BOE, OH GO 95
95010104	KINGS LOCAL SCH DIST, OH GO 95
95010124	Baltimore, MD GO REF 1995 A&B
95010141	Lebanon (Township) BOE, SD 95
95010154	Orchard SD, California GO 95 A
95010158	CHEEKTOWAGA TOWN OF, NY GO 95
95010176	Mona Shores Public Schools, MI
95010183	Rensselaer County, NY GO 1995
95010185	BOWLING GREEN CITY SD,OH GO 95
95010194	BERKLEY SCHOOL DIST, MI GO 95
95010209	JAMUL-DULZURA USD, CA GO 95 A

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95010231	ROSEVILLE JOINT UHSD, CA GO95B
95010250	Glen Cove (City of), NY GO 95A
95010259	Peekskill City SD, NY Go 1995
95010264	HASTINGS-ON-HSDN UFSD,NY GO95B
95010283	LINCOLN CNTY SCH DIST, OR GO95
95010284	QUEENSBURY (TOWN OF), NY GO95A
95010321	CAMERON COUNTY, TX ULT GO 95
95010326	Pleasanton USD, CA GO 95 Ser K
95010352	HEMPSTEAD (TOWN), NY GO 95 A/B
95010376	Old Adobe Union SD, CA GO 1995
95010377	EUREKA UN SCH DIST, CA GO 95B
95010386	LA CANADA UNIF SD, CA GO 95
95010390	DELAWARE CITY SD, OH GO 1995
95010397	TRAVIS CNTY,TX WC&ID #10 GO 95
95010399	LOCKPORT TWP HSD #205, IL GO95
95010400	WARREN COUNTY, NC GO SER 95
95010404	SPARKS, NEVADA GO 1995 Ref
95010423	MASON CITY SCH DIST, OH GO 95
95010458	Northshore SD #417, WA GO 1995
95010467	FREMONT PUB SCH, MI GO 1995
95010496	WOODBURN SD #103, OREGON GO 95
95010499	FERNDAL PUBLIC SCHLS, MI GO95
95010507	CATTARAUGUS CNTY, NY GO 95A,B
95010508	Marshall (City of), TX GO 1995
95010510	Camden County, MUA NJ GO 1995
95010512	PULLMAN SCH DIST #267, WA GO95
95010518	Anchorage (Municip),AK GO95REF
95010529	PAW PAW PUBLIC SCHOOLS,MI GO95
95010560	Illinois State GO Ser Dec 1995
95010601	Enumclaw School District #216
95010611	YORK (CITY), PA GO 95 A&B TXBL
95010612	Lemont-Bromberek SD#113A,IL 95
95010614	South River Borough BOE, NJ GO
95010615	CORONA, CALIFORNIA GO SER 95
95010618	Mundelein SD #75, IL GO Ser 95
95010619	Niles (Village of), IL GO
95020041	HONOLULU (CITY & CNTY),HI-93 B
95020060	NEW JERSEY STATE, GO SER D REF
95020083	HONOLULU (CITY & CNTY), HI-93A
95020090	HONOLULU (CITY & CNTY),HI-93 B
95020091	HONOLULU (CITY & CNTY),HI-93 B
95020093	HONOLULU (CITY & CNTY), HI-94A
95020094	HONOLULU (CITY & CNTY), HI-94A
95020095	HONOLULU (CITY & CNTY), HI-94A
95020128	California (State) Var Purp GO
95020129	CALIFORNIA (STATE OF) GO 1993
95020133	California (State Of) GO 95
95020134	California (State Of) GO 95
95020135	California (State Of) GO 95
95020136	California (State Of) GO 95
95020138	CALIFORNIA ST, GO VAR PURP 92
95020142	California (State) Var Purp GO
95020143	CALIFORNIA (STATE OF) GO 1993

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95020145	FAIRFIELD CITY SD, OHIO GO 94
95020147	FAIRFIELD CITY SD, OHIO GO 94
95020187	HONOLULU (CITY & CNTY), HI-93A
95020202	Massachusetts Commonwealth GO
95020203	Massachusetts Commonwealth GO
95020204	Massachusetts Commonwealth GO
95020213	HONOLULU (CITY & CNTY), HI-94A
95020219	HONOLULU (CITY & CNTY),HI-93 B
95020245	Connecticut State GO & Lease
95020253	Hawaii State GO-1992 BY & BZ
95020254	Hawaii State GO-1992 BY & BZ
95020255	Hawaii State GO-1992 BY & BZ
95020257	HAWAII STATE, GO 93 CA & CB
95020259	Hawaii State GO-1993 CH & CI
95020271	Hawaii State GO CC & CD
95020277	Connecticut State GO & Lease
95020368	Massachusetts Bay Trans 91 A
95020370	MASS BAY TRANS AUTH GO 94A&B
95020373	SURRY COUNTY, NC GO PUB IMP 95
95020378	California (State Of) GO
95020380	CALIFORNIA (STATE OF) GO 1993
95020381	California (State Of) GO
95020390	CALIFORNIA (STATE OF) GO 1993
95020392	CALIFORNIA (STATE OF) GO 1993
96010004	Fillmore USD, CA GO Ref Ser 96
96010007	Issaquah, Washington, GO
96010009	Chicago Park Dist, IL GO Ref96
96010011	East Ridge, Tennessee 1995 B
96010016	PECAN GROVE MUD, TX GO 1995
96010017	Burnet County, TX GO LTD TX 95
96010037	SALIDA UNION SD, CA GO 1996
96010038	PUYALLUP SD #3, WA GO 1996
96010039	TUMWATER SCH DIST #33, WA GOAB
96010060	HILLIARD CITY SD, OH GO 96 A
96010061	ROCHESTER (CITY OF), NY GO96B
96010083	Manhattan Beach USD, CA GO 96
96010084	INDIAN LAKE LOC SD, OH GO 96
96010087	WOODSTOCK SD #200, IL GO 1996
96010092	NORTH KITSAP SD #400, WA GO 96
96010105	AUBURN (CITY OF), NY GO 96
96010113	MOLALLA RIVER SD #35, OR GO 96
96010145	DADE CO,FL GO (METRO F&R DIST)
96010168	West Valley SD #363, WA GO 96
96010182	Nooksack Vly SD #506, WA GO 96
96010186	PORT OF ASTORIA, OREGON GO 96
96010193	BEAVERCREEK LOC SD, OH GO 96
96010218	East Valley SD#361, WA GO 96
96010226	GARRETT COUNTY, MD GO 1996
96010230	ST CHARLES CITY S.D.,MO GO 96
96010237	Bennett Valley USD, CA GO 96
96010244	APACHE JUNCTION USD#43,AZ GO96
96010250	Calistoga Joint USD, CA GO 95A
96010268	Baltimore (City Of), MD GO 96B
96010274	WEST VIRGINIA STATE GO 1996
96010285	WASHINGTON COUNTY, MD GO 96A/B

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96010295	Glen Cove (City of), NY GO 96
96010337	LEMONT PUBLIC LIB DIST,IL GO96
96010350	Monroe SD #103, WA GO Ser 96
96010356	COLLINGSWOOD, NJ GO 96
96010357	ROCKVILLE CENTRE(Vil)NYGO96A&B
96010363	WOONSOCKET (CITY OF), RI GO 96
96010366	LaSalle County SD#122 IL GO 96
96010393	COOK COUNTY, ILLINOIS GO 96
96010395	Islip (Town of) NY GO 96 A&B
96010406	WEST MIFFLIN SWR AUTH GTD,PA96
96010411	Windsor Unified SD, CA GO 96
96010419	Suffolk County, New York GO96B
96010424	Lake Worth, Florida GO Ser 96
96010432	KEYES UNION SD,CALIFORNIA GO96
96010436	Patterson Joint USD, CA GO 96A
96010437	Waubonsee CCD No.516, IL.
96010440	Genesee Co. NY GO 96
96010444	Meriden (City of), CT GO 96
96010456	JACKSON TOWNSHIP, NJ GO 96 A&B
96010467	Baldwin Park USD, CA GO Ser 96
96010476	Mint Hill (Town of), NC GO 96
96010479	IRVING FLOOD CNTRL DST,TX GO96
96010484	DESOTO (CITY OF), TX GO LTD 96
96010496	Lincoln Park (Borough)NJ GO 96
96010497	Azle (City of), TX Ltd 1996
96010502	Campbell Union SD, CA GO 96
96010510	Stark County OH GO LTDTX 96
96010515	Highland Local SD OH GO 96
96010534	Humble (City of), TX Ltd 1996
96010556	GRAPEVINE (City), TEXAS Ltd 96
96010565	KINGS MOUNTAIN, NC GO 1996
96010577	SOUTHINGTON (TOWN OF) CT GO 96
96010583	Nashua (City of), NH GO 96
96010584	Sugar Land Texas, GO 1996A
96010596	SOUTH RIVER (BOROUGH),NJ GO 96
96010606	TERRE HAUTE SAN DIST, IN GO96
96010610	CADILLAC ASD, MI GO 96
96010619	Nassau County, New York GO96W
96010620	Camden County,NJ MUA GO 2nd 96
96010627	LUCAS COUNTY, OHIO LTDTX GO 96
96010628	Arcadia USD, CA GO 1993 Ser C
96010631	Chandler, AZ GO 1996B
96010645	WEST OTTOWA PS MI (GO) 96
96010649	CAMERON COUNTY, TX GO 96C,D
96010653	AUBURN (CITY OF), NY GO 96C
96010659	Pflugerville (City),TX Ltd 96A
96010665	PEMBERTON (TWP OF), NJ GO 96
96010666	JACKSON TOWNSHIP, NJ GO 1996
96010673	MANCHESTER TOWNSHIP, NJ GO 96
96010676	Laurel, Maryland GO Ref 96 A
96010681	Shoreline SD #412, WA GO 1996C
96010683	Willoughby(City of)OHLTDTXGO96
96010693	Shoreline SD#412,WA GO 11/1/96
96010695	Harris Cnty MUD #102, TX GO 96
96010698	Kearny Muni Util Auth GO 1996

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96010702	Hawaii State GO 1996 Series CM
96010706	Waxahachie, Texas GO Ltd Tx 96
96010707	Benton County, TN GO Sch Bonds
96010708	Burke County, NC GO Series 96A
96010709	Burke County, NC GO Ser 96
96010713	NORTH CHICAGO, ILLINOIS GO 96
96010716	WEST VIRGINIA STATE GO 1996D
96010722	HUDSON CNTY IMPR AUTH,NJ GO 96
96020003	ST CHARLES CITY SD, MO GO95REF
96020004	ST CHARLES CITY SD, MO GO95REF
96020008	Mill Valley Sch Dist,CA GO 94C
96020009	Mill Valley Sch Dist,CA GO 94C
96020010	Mill Valley Sch Dist,CA GO 94C
96020011	Hawaii State GO-1993 CH & CI
96020012	California (State Of) GO
96020021	HONOLULU (CITY & CNTY),HI-93 B
96020027	Hawaii State GO 1996 Series CL
96020034	California (State Of) GO Ref
96020036	California (State Of) GO Ref
96020039	California (State Of) GO
96020052	CONNECTICUT STATE GO SER 1990A
96020056	MASS BAY TRANS AUTH GO 94A&B
96020057	MASS BAY TRANS AUTH GO 94A&B
96020059	CONNECTICUT STATE GO SER 1990A
96020074	California (State Of) GO Ref
96020076	California (State Of) GO Ref
96020091	California (State Of) GO Ref
96020098	California (State Of) GO
96020099	California (State Of) GO
96020108	South Pasadena USD, CA GO 96A
96020111	NEW YORK CITY, NY GO 97E
96020112	NEW YORK CITY, NY GO 97E
96020116	NEW YORK CITY, NY GO 96 H,I&J
96020117	NEW YORK CITY, NY GO 97E
96020143	HAWAII STATE, GO 93 CA & CB
96020144	California (State Of) GO
97010004	Harbor Creek SD, PA GO 96A&B
97010008	SOLEDAD USD, CALIFORNIA GO 97
97010009	Thompson SD #R2-J, CO GO 1996
97010010	COLLEGE STATION, TX GO 1996
97010015	ST. LUCIE CNTY P&A AUTH, FL GO
97010020	LAS VEGAS (CITY OF), NV GO 97
97010022	BOWIE COUNTY, TEXAS GO 1996
97010025	Lake County SD 79 (Fremont) 96
97010026	Anamosa CSD, IA Ser 1997A
97010029	Mokena Comm.Park Dist.IL GO 97
97010031	Healdsburg Unified SD, CA GO96
97010043	Luzerne County, PA GO 97
97010052	North Hills Sch Dist, PA GO 97
97010053	Sequim SD #323, WA GO Ser 97
97010060	West Boylston (Town) MA GO 97
97010062	KENOSHA COUNTY, WI GO 1997 A
97010067	GARRETT COUNTY, MARYLAND GO 97
97010069	Belleville (City of), IL GO 97
97010073	Brazos River Authority, Ser 97

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97010077	Humboldt USD #22,Arizona GO97C
97010078	ROCKFORD (CITY OF), IL GO 97AB
97010080	Cotati-Rohnert Park USD, CA GO
97010092	Flagstaff, Arizona GO 1997
97010093	Illinois (State of) GO 97
97010098	NORTH HEMPSTEAD(TOWN) NY GO 97
97010101	Elko, Nevada GO Ltd Tax Ref 97
97010109	Nassau County, New York GO97 X
97010113	Dennis (Town of) MA GOULT 97
97010124	San Jacinto USD, CA GO 1997 A
97010130	Klamath County, OR GO 97 A&B
97010136	Roseland (Borough of) NJ GO 97
97010140	Detroit/Wayne Cnty Stad, Mi 97
97010151	Hawaii State GO 1997 Ser CN,CO
97010153	California State GO, 3-1-97
97010154	Finneytown Local SD OH GO 97
97010162	Sun Prairie, WI GO Series 1997
97010173	Claymont City SD OH GO 97
97010178	Cary CCSD #26 IL GO 97
97010179	Elizabeth Forward SD, PA 97AB
97010194	McKeesport Area SD PA GO 97AB
97010196	Madeira CSD, Oh GO ULT 97
97010198	Angelina Cnty, TX GO Ltd Tx 97
97010201	Apex, North Carolina GO 1997
97010206	PENN HILLS, PENNSYLVANIA GO 97
97010210	Anderson, South Carolina GO 97
97010213	FOLSOM (CITY OF),CA GO97 Ser D
97010214	ROWLETT TEXAS, GO 97
97010218	Lakeway, TX Ltd 97
97010222	McMINNVILLE SD #40, OR GO 1997
97010232	NORFOLK, VIRGINIA GO 97 (AMT)
97010245	Essexville-Hampton PS MI GO 97
97010246	Pflugerville, TX GO Ltd Tx 97
97010247	Westmoreland County, PA GO 97
97010260	St Clair Co Pub Bldg IL GO 97
97010264	Carson City, Nevada GO 1997C
97010266	Hampton Township, PA GO 1997
97010268	Cicero Sch Dist #99, IL GO 97
97010270	YOUGH SCH DIST, PA GO 1997B
97010271	Gurnee Sch Dist #56 IL GO 97
97010276	Flower Mound, TX GO Ltd Tax 97
97010283	HEMPSTEAD (VILLAGE), NY GO97A
97010286	Crowley (City of), LA GO Ser97
97010287	FONTANA USD, CALIFORNIA GO 97
97010290	SYCAMORE SD #427, IL GO 1997
97010296	Peoria School Dist 150 ILGO 97
97010316	Monroe SD #103, WA GO 1997
97010322	Ukiah USD, CA GO 1997
97010323	Smithfield (Town of) RI GO 97
97010324	Johnson City, TN GO 1997
97010335	Frisco,TX GO Ltd COO 97Taxable
97010343	Fillmore USD, CA GO
97010345	Mount Shasta USD, CA GO 97 A
97010346	Glen Ellyn SD#41, IL GO 97
97010349	Prairie Grove SD46, IL GO97

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97010353	Baltimore (City), MD GO 1997B
97010359	South Bay Union SD, CA 1997A
97010360	PINER-OLIVET UNION ESD,CA GO97
97010367	KEARNY (CITY OF), NJ GO Ref 97
97010376	Decatur Pub Bldg Comm, IL 1997
97010379	Tahoma SD #409, WA GO 1997
97010384	PINEY CREEK METRO DIST,CO GO97
97010389	Safford USD NO. 1 AZ Series97A
97010392	Petersburg, Virginia GO 1997
97010399	Show Low Unified SD No. 10 AZ
97010400	Lucia Mar USD, CA GO 97
97010408	Redwood City ESD, CA GO 1997
97010409	QUAKER VALLEY SD, PA GO 97AB
97010411	Rockford PS MI GO 97
97010417	Du Quoin CUSD #300 IL GO 97
97010425	Steilacoom HSD #1, WA GO 97
97010426	Nassau County, New York GO97WY
97010435	Illinois State GO 97
97010440	Georgetown Co., SC GO 97
97010441	Fair Lawn (Borough of),NJ GO97
97010446	Massachusetts (Cmnwelth)GO97AB
97010452	OSSINING VILLAGE, NY GO 97
97010454	Hampton Bays UFSD NY GO 97
97010459	Wiseburn SD, CA GO 97A
97010468	Nassau County, New York GO97A
97010476	Cuyahoga Falls, OH LTD 97
97010480	Santa Clara USD, CA GO Ser 97
97010482	Benicia Unified SD, CA GO 97AB
97010484	Burbank Unified SD, CA GO 97A
97010485	Mansfield (Town of) MA LTDGO97
97010501	Glendale USD, CA GO 97
97010502	Reynoldsburg City SD, OH GO 97
97010505	Reno (City of), NV GO 97B
97010506	Watertown (Town), MA 97
97010507	CLOVIS USD, CA GO Ser. E&F
97010514	Northeastern Clntrn CSD,NY GO97
97010523	Missouri City, Texas GO 1997
97010527	CHINO VALLEY USD #51, AZ GO 97
97010534	S. Huntington UFSD NY 1997
97010542	Azle (City of), TX Ltd 1997
97010547	Medway, MA GO ULTD 97
97010550	Little Falls City SD, NY GO
97010558	Alpine Union SD, CA GO 1997A
97010561	ARKANSAS STATE GO 1997B
97010562	WANTAGH UFSD, NY GO 97
97010563	Clark Township, NJ GO 97
97010577	Sulphur Springs, Texas GO 97
97010578	PECAN GROVE MUD, TEXAS GO 97
97010588	ROMEO COMM SD, MI GO 97
97010590	Wilmington, NC GO Series 1997A
97010591	Wilmington, NC GO Series 1997B
97010596	GLOUCESTER COUNTY, NJ GO 97
97010598	West Mifflin Boro, PA GO 97ABC
97010599	ARLINGTON HTS PK,IL GOLT 97B
97010600	ARLINGTON HTS PK,IL GO 97CDE

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97010602	Yonkers, New York GO 97 C
97010608	Wayland Union SD, MI GO 97 REF
97010609	Woodway (City of), TX GO 97
97010612	Carlsbad USD, CA GO 97
97010614	Moon Area Sch Dist, PA 1997
97010619	Hawaii State GO 97 Ser CP & CQ
97010625	Boulder Vally SD #RE-2,CO GO97
97010630	WALLKILL (TOWN OF), NY GO 97
97010631	Rochester (City of), NY GO 97
97010633	Ansonia (City Of), CT GO 97
97010644	Bernalillo Mun SD#1, NM GO 97
97010645	BOLINGBROOK, ILLINOIS GO 97
97010647	Erie County, New York GO 97 A
97010649	Enumclaw S.D. #216, WA GO 97
97010654	Belle Vernon Area SD, PA GO97A
97010668	Honolulu, Hawaii GO 1997 A,B,
97010672	South Lake Schools MI GO 97
97010673	Springfield SD #19, Oregon
97010674	Snoqualmie Vly SD #410, WA GO
97010675	BEDFORD COUNTY, VIRGINIA GO 97
97010677	HAZLETON AREA SD, PA GO 97ABC
97010678	YORK COUNTY, PA (REDEV AUTH)
97010681	Spokane Co Fire Dist 9,WA GO97
97010682	Liberty Local Sch Dist, OH 97
97010683	Lake Jackson, Texas GO 97
97010684	Alisal Union SD, CA GO 97
97010685	Carson City, Nevada GO 11-1-97
97010693	NEW YORK CITY, NY GO 98D
97010696	CORINTH, TEXAS GO 1997
97010698	LLAGE, IL GO 97
97010699	WEST LINN-WILSONVILLE SD,OR GO
97010700	Bainbridge Isl SD#303,WA GO97B
97010702	LITCHFIELD ELEM SD#79,AZ GO97B
97010703	HILLIARD CITY SD, OH GO 97
97010704	Saratoga USD, CA GO 97 Ser. A
97010707	TOWN OF WOODSTOCK, NY GO 97
97010711	Shaler Area SD, PA GO, 97 A&B
97010719	Isle of Wight Cnty, VA GO 97B
97010721	Piqua City SD OH GO 97
97010726	Tucson USD NO. 1, AZ GO 1997
97010732	TOLEDO (CITY OF),OH GOLT 97AB
97010733	Suffolk County, New York GO97B
97010735	Green, Oh LMTX GO 97
97010736	LAS VEGAS, NEVADA GO 1997A
97010738	Taunton, Ma LMTX GO 97
97010742	Camden Cnty Impr Auth, NJ 97A
97010745	Chicago Park Dist, IL GO 97
97010746	King Cnty Fire Dist #26, WA GO
97010748	South Allegheny SD PA GO 97AB
97010749	GLADEWATER, TEXAS GO 1997
97010756	Clearview Regl HSD, NJ GO 97
97010760	Anderson CO, SC GO Series 1997
97010768	SWEETWATER, TEXAS GO 1997
97010771	Niles (Village of), IL GO 97
97010775	UNIVERSAL CITY, TEXAS GO 1997

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97010785	Portsmouth (City of),VA GO 97A
97010787	TRENTON (CITY OF), NJ GO 1997
97010789	Albany (City of), NY GO 97
97010792	HAMMONTON, NEW JERSEY GO 97
97010800	ST Clair Co Pub Bldg IL GO 97C
97010801	Henry County, IL GO 97
97010809	Scotland County, NC GO 97
97010817	NEW HAVEN, CT GO dtd. 12/15/97
97010818	NEW HAVEN, CT GO dtd 12/30/97
97020005	Willoughby (City)OH LTDTXGO 90
97020007	California (State Of) GO
97020012	WEST VIRGINIA STATE GO 1996D,E
97020014	WEST VIRGINIA STATE GO 1996D,E
97020015	WEST VIRGINIA STATE GO 1996D,E
97020033	Hawaii State GO-1992 BY & BZ
97020082	WISCONSIN (STATE OF) GO, 97 A
97020090	Massachusetts St Clige Blg 94A
97020128	HAWAII STATE, GO 93 CA & CB
97020159	HONOLULU (CITY & CNTY),HI-93 B
97020161	HONOLULU (CITY & CNTY), HI-93A
97020168	CALIFORNIA STATE GO 10-1-97
97020169	CALIFORNIA STATE GO 10-1-97
97020172	CALIFORNIA STATE GO 10-1-97
97020173	NEW YORK CITY, NY GO 98D
97020188	NEW YORK CITY, NY GO 98EF
98010011	ESSEX COUNTY, NJ GO 97A
98010017	Maple Park CUSD #302 IL GO 98
98010021	MILLCREEK TWP SD, PA GO 98A/B
98010028	ST. CLOUD (CITY OF),MN GO 98A
98010033	Alum Rock Union ESD, CA GO 98
98010037	Burlington-Edison SD#100,WA 98
98010040	Schertz (City of), TX GO 98
98010041	SWEETWATER, TEXAS GO 1998
98010044	EVERETT SCHOOL DIST #2,WA GO98
98010053	Orange, MA 1/15/98 Series B
98010054	Marion ISD, IA Series 1998
98010055	S Local Sch Dis, OH ULTD GO 98
98010056	COLONY (CITY OF THE), TX GO 98
98010057	Douglas County SD Re1,CO GO98A
98010058	DeKalb CUSD #428, IL Ser 1998
98010060	Otsego PS, Mi Q-SBLF GO 98
98010067	Washington ESD #6,AZ GO01-1-98
98010069	San Jacinto USD, CA GO 1998B
98010071	Hopewell Twp BOE, NJ GO 98 Rfd
98010072	Hartford (City of), CT GO 98
98010073	Camden County Imp Auth,NJ 98AB
98010075	Brighton SD #27J, CO GO 98
98010079	Ripley-Union-Lewis-Hunt SD OH
98010084	RICHLAND HILLS, TEXAS GO 1998
98010088	Mineola (City of), TX COO 98
98010089	FERN RIDGE SD #28J,OREGON GO98
98010092	Barron Area SD, WI GO 98
98010093	Suffolk County, New York GO98A
98010099	Hampton Bays UFSD NY GO 98
98010103	Gardner USD #231, KS GO 98-A

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98010107	Tucson, AZ GO & Lease Ref 98
98010109	Port of Beaumont Nav Dist, TX
98010110	Port of Beaumont Nav Dist, TX
98010112	Worthington City SD, OH ULT 98
98010113	BUFFALO, NEW YORK GO 98ABCF
98010119	PIPER USD #203, KANSAS GO 98A
98010130	SOMERSET COUNTY, PA GO 98
98010131	Tahoma SD #409, WA GO 1998
98010132	Pittsburgh (City of)PA GOTax98
98010136	Nauset Regional SD, MA GO 98
98010139	ALTON, ILLINOIS GO 98
98010140	Douglas Co Fire Dist#2,WA GO98
98010143	Highland Village, TX GO Ltd 98
98010150	Butler Area Sch Dist, PA 98ABC
98010152	GREATER CLEVELAND RTA,OH LTX98
98010157	DEARBORN SCH DIST, MI GO 98
98010158	TOMBALL TEXAS GO 1998
98010160	South Pasadena USD,CA GO Ser B
98010161	MARANA USD #6, AZ GO SER 1998
98010162	WEST ALLIS (CITY OF), WI GO98C
98010169	Dublin City SD, OH GO 98
98010171	Post Falls, Idaho GO 98
98010177	Campbell USD, CA GO Ref Ser 98
98010182	Lewiston, Maine GO 98A
98010183	Lewiston, Maine GO 98B
98010184	Wanaque Val Reg Swr Auth, 98
98010191	California State GO 1998
98010192	TOLEDO (CITY OF), OH GOLT 98AB
98010193	Sugar Land, TX Ltd Tax GO 98
98010205	Nyack UFSD, NY GO 98 A & B
98010206	WEST VIRGINIA STATE GO 98A
98010208	WEST VIRGINIA STATE GO 98B
98010210	Glen Ellyn SD#41, IL 1998
98010211	Jefferson Cnty SD R-1, CO GO98
98010212	Manhattan Beach USD, CA GO 97
98010216	PARKLAND SCH DIST, PA GO 98
98010217	Kent City SD, OH GOULT 98
98010220	Cy-Champ PUD, TX GO (MUD) 98
98010221	Nassau County, New York GO98Y
98010224	North Canton City SD, OH 98
98010225	Harmony Union SD, CA GO Ser 98
98010226	Leslie PS, MI GO 98
98010231	Barberton City Schs, OH GO 98
98010233	ST LOUIS PUB SD, MO GO REF 98
98010243	Tewksbury (Town of), MA GO 98
98010244	Greenwood Lake UFSD, NY 1998
98010247	Bradford Area SD, PA GO 1998
98010260	Cumberland Cnty, NC GO Ref 98
98010261	Cumberland County, NC GO 98
98010262	Porter Cnty Lib Dist, IN GO 98
98010263	Medina City SD, OH GO 98
98010264	GILBERT (TOWN), AZ GO 1998
98010268	Eastside Union SD, CA GO 98A
98010276	King City Jt. UHSD, CA GO 1998
98010280	Northwest Loc SD,OH (Ham Co)98

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98010281	BRICK TOWNSHIP, NJ GO & MUA
98010282	Lafayette, Colorado GO 98
98010292	Riverdale Joint USD, CA GO 98
98010293	NEW YORK CITY, NY GO 98H
98010294	Mercer Cty Imp Auth, NJ 98ABC
98010300	ONEIDA COUNTY, NEW YORK GO 98
98010322	Clarkstown Town of, NY G.O. 98
98010325	DUNCANVILLE, TEXAS GO 1998
98010334	SELAH SCH DIST #119, WA GO 98
98010335	Mesa, AZ GO 1998
98010350	OLD BRIDGE TWP, NJ GO 98
98010353	Canal Winchester LSD OH GO 98
98010354	New Haven USD, CA GO 1998B
98010363	CLARK CNTY, NV GO 98A LVCVA
98010368	Pendleton SD #16R, Oregon GO
98010376	Denton (City of), TX Ltd GO 98
98010377	Sturbridge (Town), MA LTX GO98
98010380	Albany, Oregon GO 98
98010384	LAKE HAVASU USD #1, AZ GO 1998
98010390	Kinnelon BOE, NJ dtd 4/1/98
98010393	Logan Township, PA GO 98
98010395	Glen Cove (City of), NY GO 98
98010396	Randolph County, NC GO 98 Ref
98010397	EAST HAMPTON (TOWN), NY GO 98
98010401	Ojai USD, California GO Ser A
98010402	Olathe USD #233, KS GO 98 A
98010404	WEATHERLY AREA SD, PA GO 98
98010412	STROUDSBURG AREA SD, PA GO 98
98010417	PENN CAMBRIA SD, PA GO 1997AB
98010419	Maui County, HI GO 98 A,B&C
98010423	BEND-LA PINE ASD #1, OR GO 98
98010425	TAHOE TRUCKEE USD, CA GO 98
98010427	Benicia Unified SD, CA GO 1998
98010428	Rio Elementary SD, CA GO 97 A
98010430	Huntington UFSD, NY GO 98
98010431	Onalaska, WI GO 98A
98010432	Columbia Gorge CCD, OR GO 98
98010436	Leon Valley, TX GOLT Series 98
98010439	Wadsworth City SD OH 98
98010442	HORSEPEN BAYOU MUD, TEXAS GO98
98010444	Brazoria Cnty, TX GO Ltd Tx 98
98010446	Clinton (City of), TN 98
98010447	Livonia (City of) MI GO LTX 98
98010450	Central Islip UFSD NY GO 98
98010453	Mead SD #354, Washington GO 98
98010454	Hendersonville, NC GO 1998
98010464	WARRENTON, OREGON GO 1998
98010465	Ocean Township NJ Sewer GO 98C
98010467	Surry Cnty, NC GO Ref Ser 98
98010468	Edmonds SD #15, WA GO Ser 98
98010481	FALLBROOK UN HIGH SD, CA GO 98
98010490	ATTLEBORO (CITY OF), MA GO 98
98010492	Harris Cnty MUD #102, TX GO 98
98010493	Dexter Community Schools,MI GO
98010495	ISAAC ESD #5, AZ GO 1998B

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98010499	Lakota Local Sch Dist, OH 98
98010501	South Suburban Pk&Rec,CO GO 98
98010503	LAREDO, TEXAS LTD TAX GO 98
98010505	Baltimore (City Of), MD GO 98
98010518	SOUTHLAKE (City of), TX GO 98
98010520	Paw Paw Pub Schools MI GO 98
98010524	St. Johns Pub Schools MI GO 98
98010526	San Angelo, Texas GO Ltd TX 98
98010528	MANALAPAN-ENGLISHTOWN RSD,NJ98
98010529	Parma, (City) Ohio
98010538	Benicia, CA (97 Wstwr) GO 98B
98010545	GARDNER, KANSAS GO 1998A
98010546	GARDNER, KANSAS GO 1998B
98010549	Newberg Sch Dist #29Jt,OR GO98
98010555	ARKANSAS STATE GO 1998A
98010561	Tully CSD NY GO 98
98010565	VICTOR CENTRAL SD, NY GO 98
98010570	Northshore SD #417,WA GO 98A&B
98010571	East Meadow UFSD, NY GO 98
98010572	Glen Cove (City of), NY GO 98
98010573	Greenville CSD NY GO 98
98010577	Chemung County, NY GO ULTD 98
98010583	North East SD, PA GO 98
98010584	LAKEWAY MUD, TEXAS GO 98
98010586	El Paso County, TX GO REF 98
98010596	CLIFTON, NEW JERSEY GO 98
98010599	Avondale ESD #44, AZ GO 98 A
98010605	Mercer Co Imp Auth 1998C
98010607	Peoria, Arizona GO Ser A 1998
98010608	Peoria, Arizona GO Ser B 1998
98010610	San Juan Capistrano, CA GO 98
98010611	AGUA FRIA UHSD#216, AZ GO 98A
98010612	ABINGTON (Town of), MA GO
98010615	Easthampton, MA dtd 7/1/98
98010618	Norfolk, Virginia GO 98
98010620	BLOOMFIELD SD #6, NM GO 1998
98010621	Deming SD #1, NM GO Ser 7/1/98
98010622	Johnson City, TN GO 1998
98010625	Ripley-Union-Lewis-HuntSD OH98
98010627	McFarland Sch Dist, WI GO 98
98010631	Nederland Fire PD, CO GO 98
98010632	Stroudsburg (Borough) PA GO 98
98010636	Montville Township, NJ 1998
98010639	Newark, Oh GO Lmtx 98
98010641	Seneca County, OH GO LTX 98
98010642	Rescue Union SD, CA GO 98
98010645	East Stroudsburg ASD PAGO 98AA
98010646	Riverside Beaver Co.SD PA GO98
98010647	La Conner SD No. 311, WA GO 98
98010651	Greenfield Union ESD, CA GO 98
98010652	Coleman, TX GO Limited Tx 1998
98010654	NEVADA STATE GO, 1998A,B,C,D
98010655	WEST VIRGINIA STATE GO Rd Bd98
98010661	San Ramon Vly USD, CA GO 98 A
98010662	Tukwila SD #406, WA GO Ref 98

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98010667	Pleasant Plains CUSD #8, IL 98
98010669	Odessa, Texas Ltd GO Ser 98
98010672	MACON COUNTY, TENNESSEE GO 98
98010674	Wood County, OH LTGO 1998
98010676	Valley Park SD MO 98
98010677	Chatham (Town of) MA LTD GO 98
98010680	Upper Allen Twp, PA GO 1998
98010683	TOLEDO (CITY OF), OH GOLT 98
98010689	Laguna Salada USD,CA GO Ser98B
98010690	MARSING JOINT SD #363, ID GO98
98010695	TOLEDO (CITY OF), OH GOLT 98
98010696	Fort Loramie Local SD, OH 1998
98010702	Shrewsbury Bd of Ed, NJ GO
98010703	Suffolk County, NY GO 98 AEF
98010704	Rhode Island (State Of) GO 98A
98010709	Maui County, Hawaii GO 98 C
98010712	ROCK ISLAND CO PUB BLDG COM 98
98010713	Firebaugh Las DIts USD,CA GO98
98010715	Angleton, Texas GO Ltd Tax 98
98010720	Harris Co WC&ID #119, GO 1998
98010727	Shawano County, WI GO 98
98010729	Lawrence BOE NJ GO 98
98010730	Grapevine, Texas GO Ltd Tax 98
98010732	Nassau County, N Y GO 98Z
98010735	Temple City USD, CA GO 98
98010736	Nassau County, New York GO 98B
98010737	Montebello USD, CA GO 1998
98010740	HUDSON COUNTY, NJ GO 98
98010743	Chico USD, California GO 98 A
98010747	Thomaston(Village of),NY GO 98
98010749	STRATFORD (TOWN OF), CT PEN 98
98010754	Burbank Unifed SD, CA GO 97 B
98010756	Kingsburg Joint UHSD, CA GO 98
98010758	Chino Vly USD #51, AZ GO 98 A
98010763	Moscow, Idaho GO Ser 98
98010764	East Haddam (Town of), CT GO98
98010765	MURRIETA VALLEY USD, CA GO 98
98010767	Francis Howell SD, MO GO 98
98010768	Gadsden ISD #16, NM GO Ser 98
98010774	Soledad USD, California GO 98B
98010776	Lakeside Joint SD, CA GO 98 A
98010779	Hanford Elem Sch Dist, CA GO98
98010782	SUNNYSIDE USD #12, AZ GO 1998
98010784	Bellmore UFSD, NY GO 98
98010785	SOMERSET COUNTY, PA GO 1998C
98010786	Genesee Co. NY GO 98
98010787	TUALATIN HILLS PK/REC,OR GO 98
98010789	TAYLOR, TEXAS GO 1998
98010796	Berkeley USD, CA GO 98 Rfd
98010799	Rocklin USD, California GO 98
98010801	Los Angeles, California GO 98
98010803	Mercer Co Imp Auth 98 (Golf)NJ
98010811	Jamul-Dulzura UESD, CA GO 98A
98010814	South Whittier ESD, CA GO 98 A
98010815	Southbridge Town, MA GO LTX 98

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98010817	Agawam, MA dtd. 9/1/98
98010820	Northview Pub Schools MI GO 98
98010821	Fremont Unif Sch Dist,CA GO 98
98010824	WOODBURN SD #103, OREGON GO 98
98010826	Town of Pittsford, NY, Ser. '98
98010829	ROCKVILLE CENTRE,NY GO 98
98010831	Council Rock SD, PA GO 98
98010833	Middletown (Twnshp) PA GO 98
98010838	NEEDLES USD, CALIFORNIA GO 98
98010839	COOK COUNTY, ILLINOIS GO 98A
98010840	EPHRATA AREA SD, PA GO 98
98010842	Sturgeon Bay, WI GO 98
98010843	Palo Verde Unified SD,CA GO98A
98010844	Humboldt USD #22, Arizona GO98
98010847	Hawthorne SD, CA GO 97 Ser B
98010850	Columbus Sch Dist, WI GO 98
98010860	Methuen (Town of) MA GO LMTX98
98010861	East Tawas (City of), MI GO
98010865	Marana USD #6, AZ GO Ref 98
98010868	Bemus Point CSD, NY GO
98010869	Bay Shore UFSD NY GO
98010871	Summit County, OH 98A
98010872	CLARK COUNTY, NEVADA GO 1998
98010873	South Huntington UFSD,NY GO 98
98010875	SELMA USD, CALIFORNIA GO 98
98010881	RIVER PLACE MUD, TEXAS GO 1998
98010883	Washington TWP MUA, NJ GO 98AB
98010884	Washington TWP MUA, NJ GO 98AB
98010885	Washington TWP MUA, NJ GO 98AB
98010887	Elmwood Park Vill, IL GO UT 98
98010889	Richland County OH Ltd GO 98
98010891	Norton (Town of) MA GO Ltd 98
98010892	GLENDALE UN HSD #205, AZ GO 98
98010894	Lindenwold, NJ GO 98
98010896	Watertown USD, WI GO 98
98010900	COLLINGSWOOD, NJ GO 98A
98010903	Peoria USD #11, Arizona GO 98C
98010910	Mississippi State GO 98 U&C
98010913	PEORIA (CITY OF), IL GO 98C
98010914	Miller Place UFSD, NY Ser. '98
98010915	Madison ESD #38, Arizona GO 98
98010917	ALPENA PUB. SCHS., MI GO 98
98010922	Mercedes, Texas Ltd Tax GO 98
98010926	Cornwall CSD (NY), Series 1998
98010927	WAPPINGERS CSD, NY GO 98
98010930	Amherst, Oh Lmtx GO 98
98010931	Georgetown (Town) MA LTDGO 98C
98010935	Spotswood (Borough), NJ GO 98
98010936	Athens Cnty, Oh LTD
98010939	Osborn Elem SD #8, AZ GO 1998
98010942	Chicago CSR BOE, IL GO ULT98AB
98010943	Spring Lake Pub School MI GO98
98010944	North Davis Cty SwrDist,UTGO98
98010946	Floral Park-Bellerose UFSD, 98
98010947	Ansonia (City Of), CT GO 98

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98010948	Millbury, MA dtd 10/15/98
98010949	CARSON CITY, NEVADA GO 1998A
98010952	Berwick (Town), ME GO 98
98010953	Pompton Lakes, NJ MUA 1998 D
98010954	Lennox SD, CA GO 98
98010955	ENNIS (CITY OF) TEXAS GO LTX98
98010958	Waterloo CUSD 5, IL GO 98
98010960	Sevierville, Tennessee GO 98
98010969	Lancaster, PA GO 98
98010971	Edwardsburg Public Schools '98
98010973	Waupun SD, WI 98
98010978	South Chicago Heights, Ill
98010979	Fraser, MI GO 98
98010980	Clinton (Township), MI GO 98
98010985	Caldwell, Texas Ltd Tax GO 98
98010991	Southern Montgy Co MUD,TX GO98
98010993	Erie County, New York GO 98
98010995	Central Valley S.D.#356, WA 98
98010997	Webster Central SD, NY GO 98
98011001	Geneva (City of), IL GO 98
98011003	CAROL STREAM PARK DIST,IL GO98
98011005	Wyoming City SD, Oh GO 98B
98011009	South Whidbey SD #206,WA GO 98
98011014	Mississippi State GO
98011024	Goodyear, Arizona GO Series 98
98011026	Kittitas Co Pub HD No. 1, WA98
98011027	Hamilton Comm Schs, MI GO 1998
98011032	North Brunswick (Twp) NJ GO 98
98011037	Conroe, Texas CO 98
98011038	Matanuska-Susitna Boro,AKGO98A
98011039	E. Cent Jr Coll Dist MO GO 98
98011040	Westmoreland County, PA GO 98
98011043	BEAVER COUNTY, PA GO 98
98011044	Kent SD #415, Washington GO 98
98011048	Hartford (City of), CT GO
98011050	ATLANTA, GEORGIA GO 1998
98011051	Bordentown (Twp), NJ GO 98
98011053	GREATER CLEVE, RTA,OH LTDGO98R
98011058	Black Horse Pike RSD NJ GO 98
98011059	LAS VEGAS, NV GO Limited 98AB
98011060	Essexville-Hampton PS, Mi 98
98011061	Wasco County, OR GO Rfdg 98
98011065	BENSALEM (TOWNSHIP), PA GO 98
98011066	BENSALEM TWP S D, PA GO 98
98011067	Grant County, IN GO 1998
98011071	Indian Prairie CUSD#204, IL98B
98011073	BRICK TOWNSHIP, NJ MUA 1998
98011075	Miami-Dade Cnty, Florida GO 98
98011076	Ypsilanti Sch. Dist. MI GO 98
98011077	New Haven Unif SD, CA GO 98C
98011078	Wisconsin HeightsSD,WI 12/1/98
98011079	Maple Shade Township, NJ GO 98
98011081	Mass Bay Trans Auth MA GO 98BC
98011082	El Rancho USD, CA GO 98A
98011083	College Place, WA GO 98

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98011084	Yakima Sch Dist #7, WA GO 1998
98011087	Harris Cnty MUD #55, TX GO 98
98011090	N. CLACKAMAS SD #12, OR GO 98
98011092	LAREDO, TEXAS LTD TAX GO 98REF
98011093	MARION CNTY, FL LTD AD VALOR98
98011097	Wicomico County, MD GO 1998
98011098	Bensenville, IL GO (AltRev)98A
98011101	Cave Creek USD #93, AZ GO 98
98011103	CLARK COUNTY, NEVADA GO 98A&B
98011104	Ashland (Town of) MA GO 98
98011105	Ware (Town of), MA GO 98
98011107	Stanwood SD No. 401, WA GO 98
98011110	Allegany-Limestone CSD,NY GO98
98011111	Metamora #122 (Taze/Wood), IL
98011112	Washoe County Sch Dist,NV GO98
98011115	Suffolk County, New York 98C
98011116	WEST WINDSOR-PLAINSB.SD,NJ 98
98011117	Southwick, MA dtd 12/15/98
98011118	Chili (Town of) NY GO 98
98011119	Chicago Park Dist IL GO 98ARfg
98011120	Lake County SD No. 103, IL 98
98011123	Hastings Area Sch Sys, MI GO98
98011124	PRESCOTT, ARIZONA GO 1998
98011126	Johnsburg CUSD 12 IL GO 98
98011129	Dakota Comm Unit SD 201, IL 98
98011136	Merriam, Kansas GO 98A & 98C
98011137	South Redford SD MI GO 98
98011142	Sussex, Wisconsin GO 1998
98011145	SOUTH ORANGETOWN CSD, NYGO 98A
98011147	Cuyahoga Falls, OH LTD 98
98011152	MCHENRY COMM CONS SD #15,IL GO
98011153	Suttons Bay PS, MI GO 98Q-SBLF
98011155	Community Unit SD #5,IL GO 98B
98011156	West Bloomfield SD GO 98 Rfd
98011157	Erie County, Ohio LTD TX 98
98011158	CALIFORNIA STATE GO 12-1-98
98011159	Murphysboro CUSD #186, IL 98
98011162	Highland City, Utah GO 1998
98011164	Uxbridge (Twn), MA GOULT 98
98011165	HAMILTON TWP(ATLANTIC),NJ GO98
98011166	Tolleson UHSD #214, AZ GO 98
98011167	PHILADELPHIA, PA GO 98 RFD
98011168	Huntley CCSD 158 IL GO 98
98011170	Overton County, TN GO 98
98011171	Ossining UFSD, NY GO 98
98011172	East Quogue UFSD NY GO 98
98011173	Dayton (City) Ohio 98
98011177	CASA GRANDE ESD #4, AZ GO 1998
98011179	Wood County, OH Sewer (GO) 98
98011182	Mayfield City School District,
98011183	Polo Comm Unit SD #222, IL 98
98011185	Leesburg, Virginia GO Ser 1998
98011186	Ann Arbor, MI GO LMTX B.A. 98
98011187	DYERSBURG (CITY OF), TN GO 98
98011188	Woonsocket (City of), RI GO 98

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98011190	Scotland County, NC GO 98
98011191	North Kingstown, RI GO 98A
98020007	NEW YORK CITY, NY GO 98EF
98020013	NEW YORK CITY, NY GO 98EF
98020021	NEW YORK CITY, NY GO 98EF
98020022	New York City, NY GO 98C
98020031	New York City, NY GO 98C
98020033	CALIFORNIA STATE GO 10-1-97
98020034	California State GO 1998
98020035	California State GO 1998
98020036	California State GO 1998
98020037	California State GO 1998
98020038	Hillsboro SD #1J, OR GO Ref 98
98020041	Hawaii State GO 1996 Series CL
98020042	CALIFORNIA STATE GO 10-1-97
98020047	Hawaii State GO 1996 Series CL
98020048	Hawaii State GO-1993 CH & CI
98020051	NEW YORK CITY, NY GO 98FG
98020054	NEW YORK CITY, NY GO 98H
98020055	NEW YORK CITY, NY GO 98H
98020056	NEW YORK CITY, NY GO 98H
98020061	NEW YORK CITY, NY GO 98H
98020062	NEW YORK CITY, NY GO 98H
98020063	NEW YORK CITY, NY GO 98H
98020064	NEW YORK CITY, NY GO 98H
98020067	Hawaii State GO 93 CC & CD
98020081	Hawaii State GO-1992 BY & BZ
98020089	Hawaii State GO-1993 CH & CI
98020096	NEW YORK CITY, NY GO 98EF
98020100	New York City, NY GO 98JK
98020101	New York City, NY GO 98JK
98020102	New York City, NY GO 98JK
98020103	New York City, NY GO 98JK
98020104	New York City, NY GO 98JK
98020106	New York City, NY GO 98JK
98020108	New York City, NY GO 98JK
98020109	New York City, NY GO 98JK
98020110	SANTA MONICA-MALIBU USD,CAGO98
98020111	SANTA MONICA-MALIBU USD,CAGO98
98020113	NEW YORK CITY, NY GO 98H
98020115	New York City, NY GO 98JK
98020116	NEW YORK CITY, NY GO 98EF
98020117	New York City, NY GO 98JK
98020118	New York City, NY GO 99A
98020119	New York City, NY GO 99A
98020120	New York City, NY GO 99A
98020121	New York City, NY GO 99A
98020127	New York City, NY GO 99A
98020129	New York City, NY GO 99A
98020131	New York City, NY GO 99A
98020134	New York City, NY GO 99A
98020135	New York City, NY GO 99A
98020136	New York City, NY GO 99A
98020139	New York City, NY GO 99A
98020144	California State GO 1998

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98020147	New York City, NY GO 99C
98020148	New York City, NY GO 99C
98020150	New York City, NY GO 99C
98020151	New York City, NY GO 99D
98020152	NEW YORK CITY, NY GO 98EF
98020153	New York City, NY GO 99C
98020154	NEW YORK CITY, NY GO 98D
98020160	New York City, NY GO 98JK
98020164	New York City, NY GO 99D
98020166	New York City, NY GO 99D
98020167	New York City, NY GO 99C
98020168	New York City, NY GO 99C
98020169	New York City, NY GO 99C
98020170	New York City, NY GO 99A
98020172	New York City, NY GO 99C
98020175	New York City, NY GO 99D
98020179	NEW YORK CITY, NY GO 98G
98020181	NEW YORK CITY, NY GO 97E
98020222	Florida State Bd of Ed GO 98 D
99010003	Stanwood SD No. 401, WA GO 99
99010005	Kandiyohi County, MN GO 99
99010007	Franklin Reg SD, PA GO 99A
99010014	BENSALEM TWP S D, PA GO 99
99010027	New Brunswick Park Auth,NJ GO
99010038	North Marion SD No 15,OR GO 99
99010041	Keller (City of),TX GO Ltd 98B
99010042	Portland, Town of, CT GO 99
99010045	Orting SD #344, WA GO Ser. 99
99010046	DENVER SD #1, CO GO 99
99010047	East Side UHSD, CA GO 99
99010051	Scotland County, NC GO 99
99010052	Sagemeadow Util Dist, TX GO 99
99010053	Dublin City SD, OH GO ULT 99
99010056	Skokie-Fairview SD #72,IL GO99
99010058	Brick TWSP BOE, NJ GO 99
99010060	Allegany-Limestone CSD,NY GO99
99010062	Bunker Hill VI,TX Ltd Tax GO98
99010063	Philomath SD #17J, OR GO 1999
99010067	Arcola Township, Ill 99
99010068	Tinley Park CCSD #146, IL GO99
99010070	East Hartford (Town) CT GO 99
99010071	MOORESTOWN TWP BOE, NJ GO 99
99010072	Sparta ASD, WI GO 99A
99010074	WAUPACA SD, WI GO 99
99010075	MADISON LOCAL SCH,OH GO 1999
99010076	ALPENA PUBLIC SCHLS, MI GO 99
99010077	Ball-CHATHAM CUSD #5, IL GO 99
99010078	El Paso, TX GO Ref Ltd Tax 99
99010080	Bunker Hill Vlg,TX Ltd Tax 99
99010082	RICHMOND COMM SCHOOLS, MI 1999
99010083	Northampton MUD, TX GO 99
99010084	Cowley Cnty USD #470, KS GO 99
99010086	St. Helens SD#502, OR GO Ser99
99010087	Pflugerville, Texas GO 1999
99010088	Lakeview Comm. Sch. MI GO 99

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99010089	Rockwall (City of), TX GO 99
99010090	Batavia Pub Lib Dist IL GO 99
99010091	Florida State GO 99A
99010092	Weslaco, Texas Ltd Tax GO 98
99010093	Espanola Public SD 45,NM GO 99
99010096	Westville SD2 (Vermilion)IL 99
99010097	Orangeburg Cty Fire, SC GO 99
99010098	PENNSAUKEN TWP BOE,NJ GO 1999
99010099	Troutdale, OR GO 99
99010100	Harker Heights, TX LTGO 99
99010101	Jefferson School District, WI
99010105	Moline Sch Dist #40, IL GO 9
99010107	Stafford Township, NJ GO 99
99010109	Powell, OH GO ULT 1999
99010113	Bridgeport, Texas Ltd Tax GO99
99010115	Sussex County, NJ GO 99
99010118	Stafford Township, NJ GO 99Rfg
99010119	BISMARCK PUB SD #1, ND GO 1999
99010121	NEW HAVEN, CONNECTICUT GO 99AB
99010122	Morton Grove (Village),IL GO99
99010123	Council Rock SD, PA GO 99
99010127	Flemington-Raritan RSD NJ GO98
99010132	Huntington UFSD, NY GO 99
99010135	Wallenpaupack ASD, PA GO 99
99010139	BERKLEY SCHOOL DIST, MI GO 98
99010140	Burrell SD, PA GO 98 Rfdg
99010141	Tewksbury (Town of), MA GO 99
99010144	Hastings Area Sch Sys, MI GO99
99010146	KALAMAZOO CITY SD, MI GO 99
99010147	LINCOLN COUNTY, NC GO Ser. 99
99010148	Ridgefield Park (Village)
99010155	Hopkins Pub Sch, MI GO 99
99010156	Shreveport, LA GO Ref Ser 99
99010157	Willamina Fire Dist., OR GO 99
99010158	Plattsburgh City SD, NY GO 99
99010159	Sulphur Springs, TX GO Ltd 99
99010160	Anchorage, Alaska GO 1999
99010162	ROCKFORD (CITY OF), IL GO 99
99010164	Bradley Cnty, Tennessee GO 99
99010165	SMITHFIELD CITY, UTAH GO 1999
99010168	Kinnelon BOE, NJ dtd 2/1/99
99010169	Chicago CSR BOE, Il GO ULT 99A
99010170	Rose Tree Media SD, PA GO 99
99010173	Willamalane Prk & Rec Dist, OR
99010177	Oshkosh (City of),WI GO 99ABC
99010178	Pleasant Valley SD, PA GO 99
99010179	Evesham Twp BOE, NJ GO 99
99010180	MEIGS COUNTY, TENNESSEE GO 99
99010185	South Colonie CSD, NY GO 99
99010186	Anchor Bay SD, MI GO 99
99010188	Wild Rose SD, WI GO
99010193	Blue Ridge CUSD#18, IL
99010196	Reynoldsburg, OH GO 99
99010197	Chicago Park Dist IL LTDGO 99A
99010198	Chicago Park Dist, IL ALTGO99B

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99010199	HOLLY AREA SCH DIST, MI GO 99
99010200	SPRING HILL USD #230, KS GO 98
99010201	Cornerstones MUD, TX GO 99
99010202	Westside Union SD, CA GO 99
99010203	Rochester SD #3A, IL GO 99
99010204	MONTOUR SD, PA GO99
99010205	Ocean Twp. BOE, NJ GO 98
99010207	Chicago PBC, IL BOE GO 99B
99010209	Lincoln-Way CHSD#210,IL IDA GO
99010210	Ojai USD, California GO Ser97B
99010213	Newport, OR GO Ser. 99
99010216	Tillamook County, OR GO 1999
99010217	Klamath County, Oregon GO 99
99010218	CALIFORNIA STATE GO 2-1-99
99010219	Kinnikinnick CCSD131, IL GO 99
99010220	Caledonia Comm School MI GO 98
99010221	CLEAR LAKE C.WTR AUTH,TX GO 99
99010224	Sussex County, NJ GO 99 Rfdg
99010226	Mt. Zion CUSD #3 IL GO 99
99010227	Allegany-Limestone CSD,NY GO99
99010228	Lake Jackson, TX GO Ltd Tax 99
99010230	GRAPEVINE, TEXAS GO 1999
99010234	St. George, Utah GO 1999
99010236	Crawford Central SD, PA GO 99
99010238	Spring Lake Pub School,MI GO99
99010239	Fort Bend Co. LID #2, TX GO 99
99010240	Massapequa UFSD, NY GO 99A
99010242	Matanuska-Susitna Boro,AKGO99A
99010243	Lemon Grove SD, CA GO 99 Ser A
99010245	Terrell, Texas GO LTX 99
99010246	Ellington (Town of), CT GO 99
99010247	Omro SD, WI GO 99
99010248	CLARK COUNTY, NEVADA GO99A,B,C
99010250	CHICAGO (CITY OF), IL GO 1999
99010251	West Hills CCD, CA GO Ser 99A
99010252	Wyoming Public Schls, MI GO 99
99010253	Washington State GO R-99A
99010254	Brooklyn, Oh Lmtx GO 99
99010259	Evergreen SD #114, WA GO 1999
99010260	North Attleborough, MA LTDGO99
99010261	Lyons SD103, IL GO Lmtx
99010262	Southwest Licking LSD, OH GO99
99010263	Harris County MUD #360,TX GO99
99010264	Albany, Oregon GO Series 1999
99010265	Stearns County, MN GO 1999
99010267	Shawano (City of), WI GO 99
99010268	Hart Public Schools, MI GO99
99010269	SULLIVAN COUNTY, NY GO 99
99010271	Spring Cove SD, PA GO 99A&B
99010272	Shreveport, LA GO Series 1999
99010275	Dobbs Ferry (Village),NY GO 99
99010276	WASHOE COUNTY, NV GO 1999 B
99010277	Pilot Point, TX GO/COO 99
99010279	East Detroit Pub Sch, MI GO 99
99010282	Wappingers CSD, NY GO 99

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99010283	Butler Cnty USD #205, KS GO 99
99010284	Fremont, OH GO LMTX 1999
99010286	East Ouachita SD, LA GO 1999
99010287	Illinois State GO 99
99010293	Plaquemines Parish, LA, GO 99
99010294	Penn (Twn), Pa GO 99
99010298	Bethel Park, PA GO 1999AB
99010299	Santa Cruz, California GO 99B
99010301	Platteville (City of),WI GO 99
99010302	Sweetwater, Texas Ltd GO 1999A
99010304	Montgomery, IL Alt. Rev. 99A&B
99010305	Anchorage, Alaska GO Series99A
99010307	Eagle Cnty SD Re.50J, CO GO 99
99010308	Washington Cnty TN GO 1999A
99010311	Honolulu, Hawaii GO 99A,B,C
99010312	Honolulu, Hawaii GO 99D
99010313	CHICAGO (CITY OF),IL GO99 911
99010320	Kenosha (City of) WI GO 99A
99010321	LACKAWANNA COUNTY, PA GO 1999
99010322	Ridley School District PA GO99
99010325	Ossining UFSD, NY GO 99
99010326	Edmonds SD #15, WA GO 1999
99010327	Biddeford, ME GO 99
99010328	St. Peters (City of), MO GO 99
99010329	Dorchester County, SC GO 1999
99010330	San Angelo, TX GO Ltd Tx Ref99
99010332	Triton Reg SD MA GO 99
99010335	North Brunswick(Twp) GO 4/1/99
99010337	Ohio Township, PA GO 1999
99010338	Francis Howell SD, MO GO 99
99010339	Bastrop, TX GO 99
99010341	COOK COUNTY,IL GO99AB
99010343	Elyria, OH GO Limited Tax 99
99010346	Onondaga Central SD, NY GO 99
99010348	Moreland SD, CA GO 1999 F
99010351	TOMS RIVER (BOE Reg'l), NJ 99
99010352	Douglas County SD Re1, CO GO99
99010353	Heyworth CUSD #4, IL GO 99
99010354	NORTH HEMPSTEAD(TOWN), NY GO99
99010357	Newburyport, MA GO 99
99010360	Hueneme SD, California GO 97 B
99010361	Dracut (Town of) MA Ltd GO 99
99010363	Penn Cambria SD, PA GO 99
99010364	GIRARD SCH DIST, PA GO 99A/B
99010365	Wadsworth City SD, OH GO 99
99010367	SOUTHWEST LOCAL SD, OH GO 99
99010368	Lodi, NJ GO 99
99010373	Charles Stewart MottCC,MI GO99
99010376	Pittsgrove Twp BoE, NJ 99
99010377	Jenison Public Schools,MI GO99
99010380	Taconic Hills CSD, NY GO 99
99010382	Perry Comm.SD, IA GO Ref 99A
99010385	Keller, TX GO Refg LT 1999
99010386	Maui County, HI GO 1999 Ser A
99010388	Worth (Village) IL ALT GO 99A

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99010389	Worth (Village), IL Ltd GO 99B
99010390	Dudley-Charlton RSD MA GO 99A
99010392	Dudley-Charlton RSD MA GO 99B
99010395	Pine River Area Sch,MI QSBFLF99
99010397	Kyrene ElementarySD#28,AZ GO99
99010398	SOUTHWEST LOCAL SD, OH GO 99B
99010399	Penn Hills, PA GO 99
99010400	Columbia County, OR GO 1999
99010403	Lake County CCSD #24,IL GO 99B
99010408	Fredericksburg, TX GO Ltd Tx99
99010410	Fairfield County, OH GO 99
99010411	San Diego Unified SD, CA GO 99
99010416	Somerdale Bd Of Ed, NJ GO 99
99010417	Pine Hill (Boro) BOE, NJ GO 99
99010418	Palmyra (Vlg), NY GO 99
99010419	Kenosha (City of) WI GO 99C
99010420	Will Co Forest Prsv Dist, 99AB
99010421	Colleyville, TX COO Ltd Tax 99
99010422	Wheeling (Village),IL GO 99A&B
99010423	Oak Park SD #97, IL GO 99
99010425	Otsego County, NY GO Ref 99
99010426	WEST VIRGINIA STATE GO 99A
99010427	Champaign County, IL GO 99
99010430	Aurora West SD #129, IL GO 99
99010432	HARRIS COUNTY MUD #6, TX Ser99
99010434	Ross Valley SD, CA GO ULT 1999
99010435	BEAUMONT, TX GO Ltd Tax 1999
99010436	Regional SD #14, CT GO 99
99010437	Southgate CSD, MI GO 99 QSBFLF
99010439	Memphis CS, Mi GO Q-SBLF 99
99010440	Ravenna Pub Sch, MI GO 99
99010442	Lancaster Sch. Dist., CA GO 99
99010443	Yonkers, New York GO 99B & 99C
99010446	Neoga CUSD #3(Cumberland),IL99
99010448	Fond du Lac SD, WI GO 99
99010450	Santa Monica-Malibu USD,CAGO99
99010451	Cypress-Klein UD, Texas Ser 99
99010453	Somonauk CUSD #432, IL GO 99
99010463	Monroe (Township), NJ GO 1999
99010467	Rockford (City), IL GO 99 ABC
99010468	Northvale (Boro) NJ GO 1999
99010471	Dallas (City of), OR GO 99
99010473	Tri Valley CUSD #3, Ill GO 99
99010474	St Clair County, IL GO 1999
99010475	Hopatcong (Boro of), NJ GO 99
99010477	Alwood CUSD #225, IL GO
99010481	Highland (Charter Twp),MI GO99
99010482	Williamsburg County, SC GO 99
99010483	CHEEKTOWAGA (TOWN OF),NY GO 99
99010486	Fort Dodge, IA GO 99
99010487	SUMMIT HILL S.D. #161,IL GO 99
99010490	BILMA PUB UTIL DIST, TEXAS GO
99010491	Cleveland, Tennessee GO Ser 99
99010492	DULUTH (CITY OF), MN GO 99CD
99010494	Homer Twp, Il GO 99

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99010495	Washington County, MD GO 1999
99010498	Olentangy LSD, OH GO 1999
99010500	Rio Elementary SD, CA GO 97 B
99010502	Cecil County, Maryland GO 99
99010503	Rio Elementary SD, CA GO 97 C
99010505	Earlville CUSD#9, Il GO ULT 99
99010506	LANCASTER SCH DIST, PA GO 99
99010508	Chippewa Hills SD,MI GO 99
99010509	Albion CSD, NY GO 99
99010510	Ela Area Pub Lib Dist, IL GO99
99010514	Haverhill (City of), MA GO 99
99010520	Marlborough (City), MA GO 99
99010521	East Providence, RI GO 99
99010523	Illinois State GO 1999
99010524	Rancocas Valley RHSD, NJ GO 99
99010526	North Hanover (Twp), NJ GO 99
99010527	Lansing (Village of)ILGO99Rfdg
99010528	Baden (Borough) PA GO 99 Rfdg
99010529	Horry County, SC GO Series 99
99010531	Urbana SD #116, IL GO 1999C
99010532	Chrisman CSD#6, Il GO 99
99010535	Connecticut St GO & Lease 99A
99010538	Hutchinson, Kansas GO 99
99010539	Genoa Area LSD OH GO 99
99010541	Highland CUSD #5, IL GO 99
99010542	Windham, Conn. GO 99
99010543	East Windsor (Twp), NJ GO 99
99010544	WASHINGTON UNION HSD, CA GO 99
99010545	HADLEY, MASSACHUSETTS GO 99
99010548	Woodbridge (Twp), NJ GO 99
99010549	Coachella Val Wtr Dist54 Ser99
99010550	Coachella Val Wtr Dist55 Ser99
99010551	Coachella Val Wtr Dist58 Ser99
99010552	Sag Harbor (Vill of), NY GO 99
99010553	WILLITS USD, CA GO 1999
99010554	Windham School Dist, NH GO 99
99010558	Dumont (Boro), NJ GO 99
99010559	Rock Island Cnty, Ill GO 99
99010560	WEBB COUNTY, TEXAS GO 1999
99010561	Danvers, MA LTD GO 99
99010563	Prairie State CD 515, Il GO
99010566	LOGAN TWP SCH DIST, NJ GO 99
99010570	Maricopa USD #20, AZ GO Ser99B
99010571	Keller (City of), TX COO LT 99
99010574	Bridgewater (T),MA LTX 7/15/99
99010575	Peotone CUSD #207-U IL GO 99
99010576	Lindenhurst UFSD, NY GO 99
99010577	Alta Loma Sch Dist, CA GO 99A
99010580	Hudson, MA GO LT dtd 7/15/99
99010581	LAREDO, TEXAS GO SER 1999
99010582	Clark County SD, NV GO 1999B
99010584	Madison Dist Pub Sch,MIGORef99
99010586	Toledo (City of), OH GOLT 99
99010587	Woburn (City), MA GO 99
99010589	Norfolk, Virginia GO 1999

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99010591	North Las Vegas, NV GO 1999
99010597	Pontiac City SD, MI GO 99
99010598	North Colonie CSD, NY GO 99
99010606	Medina City SD, OH GO 99
99010607	Zeeland Public Schools, MI 99
99010608	GARDNER, KANSAS GO 1999A
99010609	Clark County SD, NV GO 1999A
99010611	Visalia Unified SD, CA GO 99 A
99010614	Southern Platte FirePD,MO GO99
99010618	Tehachapi Unified SD, CA GO99A
99010619	Sugar Land, TX Ltd Tax GO 99
99010620	Winslow Twp BOE, NJ GO 99
99010621	Levittown UFSD, NY GO 99
99010622	South Pasadena USD, CA GO 99C
99010623	Montabella Comm Schs, MI GO 99
99010624	Calhoun CSD#40, IL GO ULT 99
99010625	Fairview Park, OH GO LTD 99
99010627	Gloucester (City of) MA GO 99
99010628	OAK GROVE SD, CA GO 1999 CABS
99010629	Merced Union High SD CA GO 99A
99010634	Sherrard CUSD #200, IL GO 99
99010635	Walla Walla SD#140, WA GO 1999
99010637	Gloucester Twp BOE, NJ GO 99
99010638	Rocklin USD, CA GO 99 CIBs
99010640	Springboro (City)OH GO 99A&B
99010644	Brownsville, TX Ltd Tax GO99AB
99010645	Blount County, TN GO Ser 1999
99010647	Bergenfield (Boro) NJ GO 99
99010648	Bellmead, Texas GO 1999
99010650	Genesee Co., NY GO 99
99010651	Tempe UHSD #213, AZ GO Ser 99B
99010652	Cleveland (City), OH GO LTD 99
99010653	San Bernardino City USD, CA GO
99010655	Clarkstown (Town), NY GO 99
99010659	Mendota Twp. HSD #280, IL 99
99010660	LAREDO, TEXAS GO 1999A & B
99010661	Mauston SD, WI GO
99010662	Butterfield Park Dist, IL GO
99010673	Wiseburn SD, CA GO 99
99010675	Northville (Township of) MI
99010678	Raritan (Twp of), NJ GO 1999
99010681	Laurens County SD #55, SC GO
99010684	Carson City, NV Ltd Tax GO 99A
99010685	Carson City, NV Ltd Tax GO 99B
99010687	Evergreen Local SD, OH GO 99
99010689	Camden County Imp Auth,NJ 99
99010696	Bedford (City) OH 99
99010697	Union County, NC GO Ser 99 A&B
99010698	Kiel Area SD WI GO 99
99010699	Brownsville, TX Ltd Tax GO 99B
99010700	Lake Tahoe USD, CA GO 99A
99010703	Baldwin UFSD, NY GO 99
99010704	Gadsden ISD #16, NM GO 1999
99010705	Union County, NC GO Ser 99 B
99010706	Agawam, MA dtd 9/1/99

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99010708	Carl Sandburg CCD #518, IL 99A
99010710	Apache Junction USD #43, AZ GO
99010711	Flower Mound, TX GOLT/COO 1999
99010712	Kimberly Area SD, WI GO 99
99010713	Suffolk County, N Y GO 99B
99010715	Gaylord (City), MI GO 99
99010716	McLennan Jr. College, TX 99
99010719	Copperas Cove (City), TX LTD99
99010720	Park City, Utah GO 1999
99010721	Brunswick City SD, OH 1999
99010722	Avon Lake City SD, OH GO 99
99010724	Long Creek Twp,IL Bond Bank 99
99010726	Richmond, TX GO Series II 1999
99010728	TORRINGTON (CITY OF), CT GO 99
99010731	Springfield (City) OH 1999
99010733	Rhode Island (State Of) GO 99A
99010734	East Meadow UFSD, NY GO 99
99010735	Huron City SD, OH GO 99
99010739	Lexington Cnty SD #4, SC GO 99
99010740	Port Jervis, NY GO 99
99010741	Myrtle Beach, SC GO 99
99010744	Nevada St GO Col Rvr Comm 99A
99010745	Inglewood Unified SD, CA GO99A
99010748	Calumet (City of), IL GO 99B
99010756	Plainfield (City), NJ GO 99
99010761	Sun Prairie Area SD, WI GO 99
99010762	Erie County, Ohio LTD TX 99
99010763	Manhattan Beach USD, CA GO 99C
99010764	Lake In The Hills (Vlg of), IL
99010771	Erie County, New York GO 99
99010773	Defiance (Co.) OH LTD 99
99010777	Streetsboro, OH Series 1999
99010780	Richwood, TX Ltd Tax 99
99010782	Centerville, OH GO Ltd Tax 99
99010784	Brea Olinda USD, CA GO Ser 99A
99010787	Richland County, OH Ltd GO 99
99010791	Monona Grove SD, WI GO 99
99010792	Lamont SD, CA GO 1999 Series A
99010793	The County of Marion, IL GO 99
99010795	Chicago Park Dist, IL Aq+Mu 99
99010798	Pima County, Arizona GO Ser 99
99010801	Middletown (City of)OH GOLTD99
99010802	Incline Vg Gen ImpDist,NV GO99
99010803	Arnold (City), PA
99010804	Tuckahoe UFSD, NY GO 99
99010805	Wylie, TX LT GO 1999
99010806	Tahoe Truckee USDSFID1,CA GO99
99010807	Tahoe Truckee USDSFID2,CA GO99
99010809	Hillsboro, IL GO (Alt Rev) 99
99010814	Las Vegas, Nevada GO Ltd Tax
99010818	Northampton (City), MA GOLT 99
99010821	Illinois State GO Series 10/99
99010822	Clinton (County), IL GO 99
99010824	Troy City SD, NY GO 99
99010825	Lima (City), OH LTD GO 99

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99010827	Leander (City) TX 99
99010828	Summit County, OH 99
99010830	Elko, Nevada GO Ltd Tax 99 A&B
99010839	MONTGOMERY CNTY MUD#47,TXGO99
99010840	Chichester SD, PA GO 99
99010841	Anchor Bay SD, MI GO 99I
99010844	Marion County, Tennessee GO 99
99010847	California State GO 10-1-99
99010849	Washington Cnty, TN GO 99B
99010852	Charleroi Area SD, PA GO 99
99010854	Berlin (Town of), MA GO 99
99010855	Rockland (County of), NY GO 99
99010856	Hamilton Co. CUSD #10, IL 99
99010857	Florida State Bd of Ed GO 99C
99010858	Dalton-Nunda CSD, NY GO 99
99010859	Norway-Vulcan Area School MI
99010860	Romulus Comm Schs, MI GO 99
99010864	Bayville (Vlg) NY GO 99
99010865	Voorhees (Twp), NJ GO 99
99010869	Cranston, RI GO 99
99010870	Holyoke (City of), MA GOLT 99
99010873	Berrien Sprgs Pub Sch, MI GO99
99010875	Canton Bldg Auth (Twp), MI GO
99010876	Kaleva Norman Dickson SD,MI GO
99010877	Manistee Area Pub Schs, MI GO
99010878	Delanco (Township) NJ GO 99
99010879	Chicago (City of), IL GO 99
99010880	Miami-Dade County,Florida GO99
99010881	Centreville Pub Schls, MI GO99
99010882	Boyne City Pub.Schools,MI GO99
99010883	Canon-McMillan SD, PA GO 99
99010884	Ketchikan Gateway Bor,AK GO 99
99010889	Shreveport, LA GO Series 99A
99010891	HILTON HEAD ISLAND, SC GO 99A
99010893	Brimley Area Schools, MI GO 99
99010894	Jonesville Comm. Sch, MI GO 99
99010895	Ipswich (Town) MA GO LTD
99010896	St. Michael (City), MN GO 99
99010898	Mesa, AZ GO 1999
99010901	Comstock Park PS, MI GO 99
99010906	Kingston (Town), MA GOLT 99
99010910	Johnson & Union Cos CUSD 1, IL
99010916	Geneva (City of), IL GO 99
99010919	Eastern York SD, GO 99
99010923	Derry Coop SD, NH dtd 11/15/99
99010927	Mount Olive TWP, NJ GO 99
99010928	Allentown City SD, PA GO 99AB
99010929	Vernon (Twp) BOE, NJ GO 99
99010931	SUNNYSIDE USD #12, AZ GO 99
99010934	OXFORD, CONNECTICUT GO 99
99010937	Clementon, NJ GO 1999
99010939	Uniondale Union Free SD, NY 99
99010940	Northwestern MI Coll GO 99
99010942	Holliston (Town), MA GO 99
99010947	Oak Lawn (Village), IL GO 99

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99010950	Quincy, Illinois GO 99
99010951	Tempe ESD #3, AZ GO Ser E (99)
99010955	Mercer Co Imp Auth Pkg,NJ 99AB
99010956	Clear Brook City MUD, TX GO 99
99010957	Burrillville (Town), RI GO 99
99010960	Colony, Texas Ltd Tax GO Ser99
99010962	Waxahachie, TX GO Ltd Tax 99
99010966	Upper Saddle River BOE, NJ GO
99010967	South Brunswick Twp BOE, NJ 99
99010968	Middleborough (Town) MA GO A
99010971	Barnegat (Twp), NJ GO 99
99010972	Littleton (Town of) MA 99 LMTX
99010973	Salem County, NJ GO 99
99010975	Wicomico County Maryland GO 99
99010976	Lumberton, NJ GO 99
99010980	Willow Springs,IL Alt Rev GO99
99010984	Northport Pub. Sch., MI GO 99
99010985	Union Elementary SD, CA GO 99A
99010988	St Clair County, MI LTD
99010991	Amphitheater USD #10, AZ GO 99
99010993	Lancaster County, SC GO 99
99010994	Merrimac (Town), MA GO 99
99010996	Mercer Co Imp Auth ArenaNJ 99A
99010998	Billerica (Town), MA GOLT 99
99011000	Suffolk County, NY GO 99C
99011001	Mount Kisco (Vlg), NY GO 99
99020002	Florida State Bd of Ed GO 98 D
99020007	New York City, NY GO 98JK
99020008	New York City, NY GO 99E
99020009	New York City, NY GO 99E
99020010	New York City, NY GO 99E
99020011	New York City, NY GO 99E
99020012	New York City, NY GO 99E
99020013	New York City, NY GO 99E
99020014	New York City, NY GO 99E
99020016	NEW YORK CITY, NY GO 98EF
99020020	New York City, NY GO 99 F/G
99020021	New York City, NY GO 99 F/G
99020022	New York City, NY GO 99 F/G
99020023	New York City, NY GO 99 F/G
99020024	New York City, NY GO 99 F/G
99020025	New York City, NY GO 99E
99020026	New York City, NY GO 99E
99020027	New York City, NY GO 99E
99020029	New York City, NY GO 99 F/G
99020030	New York City, NY GO 99E
99020031	New York City, NY GO 99 F/G
99020032	New York City, NY GO 99E
99020033	New York City, NY GO 98JK
99020035	New York City, NY GO 99E
99020037	New York City, NY GO 99 F/G
99020038	New York City, NY GO 99 F/G
99020039	New York City, NY GO 98C
99020040	New York City, NY GO 99E
99020044	New York City, NY GO 99 F/G

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99020045	New York City, NY GO 99 F/G
99020047	NEW YORK CITY, NY GO 98EF
99020048	New York City, NY GO 99 F/G
99020049	New York City, NY GO 99 F/G
99020050	NEW YORK CITY, NY GO 97B,C,&D
99020052	New York City, NY GO 99 F/G
99020054	New York City, NY GO 99E
99020062	CALIFORNIA STATE GO 12-1-98
99020073	CALIFORNIA STATE GO 10-1-97
99020086	CALIFORNIA STATE GO 4-1-99
99020089	New York City, NY GO 99H
99020091	New York City, NY GO 99I
99020092	New York City, NY GO 99I
99020105	NEW YORK CITY, NY GO 98EF
99020133	New York City, NY GO 99J
99020135	New York City, NY GO 99J
99020136	New York City, NY GO 99I
99020140	New York City, NY GO 99KL
99020141	NEW YORK CITY, NY GO 98EF
99020142	New York City, NY GO 99H
99020148	New York City, NY GO 99KL
99020155	NEW YORK CITY, NY GO 98EF
99020160	New York City, NY GO 99J
99020163	New York City, NY GO 99H
99020164	New York City, NY GO 99 F/G
99020166	Los Gatos-Srtga JUHSD,CA GO98A
99020168	New York City, NY GO 99 F/G
99020171	North Charleston, SC GO Ser 99
99020172	North Charleston, SC GO Ser 99
99020179	NEW YORK CITY, NY GO 98EF
99020216	New York City, NY GO 99 F/G
99020217	New York City, NY GO 99 F/G
99020227	New York City, NY GO 99KL
99020230	NEW YORK CITY, NY GO 98D
99020231	New York City, NY GO 99H
99020244	Connecticut St GO & Lease 99B
99020245	New York City, NY GO 99A
99020253	New York City, NY GO 99E
99020255	New York City, NY GO 99H
99020263	NEW YORK CITY, NY GO 98D
99020266	NEW YORK CITY, NY GO 98EF
99020267	New York City, NY GO 98JK
99020271	NEW YORK CITY, NY GO 98AB
99020272	NEW YORK CITY, NY GO 98D
99020278	Los Angeles, California GO 98
93010199	Grand Rapids, MI Wtr System 92
94010451	ORANGE & ROCKLAND UTIL, FWD 94
00010001	Beaufort-Jasp Co W&S Rev 2000
00010002	Beaufort-Jasp Co W&S Rev 2000
00010024	Beaufort-Jasp Co W&S SRF93 Sur
00010025	Beaufort-Jasp Co W&S Sur SFR96
00010026	Beaufort-Jasp Co WS SRF98A Sur
00010027	Beaufort-Jasp Co WS SRF98B Sur
00010063	Florida State BOE Lottery 99A
00010064	Florida State BOE Lottery 99A

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00010067	Miami-Dade Co Exp Auth FL 2000
00010069	Beaufort-Jasp W&S, SC Sur 00B
00010075	Chandler, AZ Water & Sewer 00
00010080	Univ of Ill South Campus 2000B
00010087	Jacksonville Prt Au,FL Apt00AB
00010091	Boulder Co.,CO Sls&Use Tax00AB
00010092	Boulder Co.,CO Sls&Use Tax00AB
00010093	Kansas City, MO Wtr Rev 2000A
00010111	Florida Dept. of Tran. 2000A
00010113	Albany, NY Muni Wtr Auth 1999A
00010116	Galveston, TX Wtr & Swr Rev 00
00010130	Colorado Wtr Res Dev Auth 00A
00010135	Paris, TX Wtr/Swr Rev 2000
00010137	New York LGAC Sales Tax Surety
00010151	Dallas/Ft Worth Int'l Arpt 00A
00010159	Tucson, AZ St&Hwy Jr Lien 2000
00010161	ESCONDIDO, CA WTR REV COPS 00
00010175	Florida St BOE Lottery 2000A
00010176	Florida St BOE Lottery 2000A
00010179	UNIV. OF CONNECTICUT GO 2000
00010196	DADE CNTY, FL AVIATN REV 00A&B
00010197	Maine Turnpike Authority Rev00
00010200	Maine Turnpike Authority Rev00
00010221	Port of Oakland, CA Rev 2000K
00010222	Atlanta, GA. Airport Rev 00ABC
00010223	Atlanta, GA. Airport Rev 00ABC
00010225	Atlanta, GA. Arpt Sr. Surety
00010226	Atlanta, GA Air. Rev 2000C For
00010235	Columbia Cnty, GA Wtr&SwrSer00
00010237	FLORIDA PRSRV 2000,DOC STAMP00
00010263	College Station, TX Util 2000
00010277	Surprise AZ MuniPropCo Sltx 00
00010278	Surprise AZ MuniPropCo Sltx 00
00010279	Beaufort-Jasp W&S, SC Sur 00C
00010287	Westview ElementarySBC IN 2000
00010288	Upper Trinity Reg WtrRev TX00B
00010298	Clinton Ctl Sch Blg Corp,IN 00
00010300	Pompano Beach, FL Wtr & Swr 00
00010303	Minneapolis-St.Paul ArptRev 00
00010314	Upper Trinity RegWtrRev,TX 00A
00010317	Fresno, CA Sewer 2000A Sub.
00010318	Shreveport, LA W&S Rev 2000A
00010326	Rhode Island EDC (Arpt) 00AB
00010349	Hawaii - Airport Sys Rev 1999A
00010360	Phoenix Cv Imp Corp Wstewtr 00
00010388	Knox Middle SBC, In Lease 2000
00010392	Des Moines, IA Parking 00AB
00010394	Florida St BOE Lottery 2000B
00010395	Florida St BOE Lottery 2000B
00010396	Daytona Beach, FL W/S SSGFC 00
00010398	Arizona Brd of Regents (ASU)00
00010399	Sacramento Reg. CSD, CA 2000AB
00010404	Trinity Rvr 10Mile Creek TX 00
00010409	Univ of WV-Sys Rev Marshall00B
00010412	Fl Brd of Reg (U of FL) Hsg 00

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00010413	Fl Brd of Reg (U of FL) Hsg 00
00010416	Martin County, FL Wtr/Swr Sys
00010424	Hollywood, FL Non-Ad V SSGFC00
00010429	Glendale, Arizona W&S Rev 2000
00010430	Glendale, Arizona W&S Rev 2000
00010432	Tulsa Airports Improv Trust00A
00010433	Tulsa Airports Improv Trust00A
00010462	Peoria, AZ W&S Rev Series 2000
00010463	Peoria, AZ W&S Rev Series 2000
00010465	Milwaukee Co WI Arprt Rev 00A
00010468	Brownsburg Comm Sch Corp,IN 00
00010472	Henry Co Wtr Swr Auth, GA 2000
00010487	Wichita, KS Wtr/Sew KDFA Loan
00010489	Wichita, KS Wtr/Sew KDFA Loan
00010493	Fountain Hills,AZ MPC Excise00
00010494	Fountain Hills,AZ MPC Excise00
00010503	Peoria (City of), AZ WIFA00-02
00010512	North Harris Mntg CCD,TX Rev00
00010513	North Harris Mntg CCD,TX Rev00
00010521	New York ST Thruwy Auth 2000B
00010525	Tucson, Arizona Wtr Sys Rev 00
00010527	William Paterson Univ 2000A
00010536	Gladstone, MO Wtr & Swr 2000
00010541	Florida St BOE Lottery 2000C
00010542	Florida St BOE Lottery 2000C
00010551	Houston, TX Water & Sewer 00 B
00010560	Palm Beach Co, FL Non-Ad VI 00
00010577	Beaumont, TX Wtr & Swr Rev 00
00010578	Beaumont, TX Wtr & Swr Rev 00
00010580	Regional Trans Auth, LA Sur 91
00010591	Phoenix, AZ Excise Tax Sub. 00
00010617	Connecticut SpecITax 2nd Ln 00
00010628	Riverton, UT Wtr Rev Ref 2000B
00010632	Melbourne (City of), FL WS 00A
00010643	Portland, OR SWR SYS Rev 2000A
00010651	Concord Cmty Sch BldCrp,INLS00
00010668	Citrus Heights Wtr Dist, CA 00
00010669	Hendersonville UD,TN Wtr & Swr
00010670	Hendersonville UD,TN Wtr & Swr
00010680	Pinellas Cnty, FL Sales Tax 00
00010681	Pinellas Cnty, FL Sales Tax 00
00010698	Stafford EDC, TX Sales Tax 00
00010699	Stafford EDC, TX Sales Tax 00
00010709	Winter Springs,FL Wtr & Swr 00
00010715	Rowan Univ, NJ (NJEFA) GO 00B
00010719	Mandeville, LA Sales Tax 2000
00010724	West Ouachita PSD, LA Slstax00
00010734	GRAND VALLEY UNIVERSITY, MI 00
00010735	Orlando-Orange Co Exp,FLjrsrty
00010744	Mesa, Arizona Utilt. Sys. Rev00
00010745	Mesa, Arizona Utilt. Sys. Rev00
00010747	Lafayette, LA Sales Tax 2000A
00010748	Lafayette, LA Sales Tax 2000B
00010751	McKinney, TX Wtr&Swr Rev Ser00
00010762	Richmond, VA Metro Auth 00

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00010765	Long Beach (Port of), CA 2000A
00010766	Miami Beach, FL Stormwtr Rev00
00010767	Miami Beach, FL Stormwtr Rev00
00010768	Portage, Indiana Lease 2000
00010777	Grand Rapids, MI Wtr Sys Rev00
00010789	Eastern Michigan Univ Ser B 00
00010790	Grand Rapids, MI Wtr Sys Rev00
00010799	Boise, ID Airport Rev COP 2000
00010801	Houston Arpt Sys,TX Rev 2000Sy
00010802	Boise, ID Airport Rev COP 2000
00010812	Beaufort-Jasp Co WS SC Sur 00D
00010815	Houston Arpt, TX Rev CP 2000Sy
00010820	Shelby Court BC, IN Lease 00
00010826	Lawrence Fire St. Corp, IN 00
00010831	Port St. Lucie, FL Gas Tax 00
00010832	Port St. Lucie, FL Gas Tax 00
00010834	Tyler (City of), TX Wtr&Swr 00
00010841	Tyler (City of), TX Wtr&Swr 00
00010851	Los Angeles CMTA PropC Slstx00
00010856	Gallup, NM Sales Tax 2000
00010857	Gallup, NM Sales Tax 2000
00010862	Terrebonne Parish, LA ST-2000
00010869	Lakeland, FL (SSGFC) Non-Ad 00
00010873	Albany, GA Water Rev 2000
00010875	Bowling Green St.U,OH Gnrct 00
00010877	Florida Dept of Transpor 2000B
00010889	DASNY CUNY 2nd Res 2000B
00010890	DASNY CUNY 4th Res 2000A
00010899	Albany, GA Water Rev 2000
00010901	Iowa City, IA Water Revenue
00010908	San Francisco, CA Arpt 26A&26
00010910	Regional Trans Dist,CO Slstx00
00010911	Regional Trans Dist,CO Slstx00
00010924	Marshall, TX Wtr & Swr 2000
00010947	Albany County Arport Auth, NY
00010952	North Montgomery HSBC, IN 00
00010954	Westmoreland Co MA, PA W&S 00A
00010955	Santa Rosa Co, FL Exc Tax 2000
00020001	STATE UNIV/DASNY, NY LEASE 93A
00020018	San Francisco BART,Sales Tax98
00020034	MASS WATER RESOURCES 1993 C
00020038	Wisconsin (State)Motor Veh 98A
00020041	New York, NY Muni Wtr Auth 98D
00020042	San Francisco BART,Sales Tax98
00020043	DASNY CUNY Cons 3rd Res 98-1
00020044	DASNY CUNY Cons 3rd Res 98-1
00020061	STATE UNIV/DASNY, NY LEASE 93A
00020068	Sacramento Reg. CSD, CA 2000AB
00020076	Mass Port Authority 98ABC Sr
00020081	Illinois (State), SalesTax 97Y
00020127	New York City TFA 98C
00020139	Long Beach (Port of), CA 2000A
01010012	Avon 2000 Sch Bldg Corp, IN 01
01010015	North Montgomery HSBC, IN 01
01010017	Westmoreland Cnty MA,PA 01A

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01010021	University Central FL, Hsg 00
01010022	University Central FL, Hsg 00
01010026	Jacksonville Elec FL W&S 2001A
01010043	Colorado Wtr Res Dev Auth 01A
01010053	Hollywood, FL Non-Ad Vlm
01010068	Pleasant Grove, UT Gas Tx 01
01010081	Fayette County, Indiana 2001
01010086	Suffolk Cnty Water Auth, NY 01
01010101	Franklin Twp S B C, IN 2001
01010108	Chandler, AZ Wtr & Swr 2001
01010109	Reg Trans Auth,IL SLS TX 01B
01010110	Reg Trans Auth,IL SLS TX 01B
01010116	Chandler, AZ Street&Hwy Rev 01
01010123	Cucamonga County, CA Water 00
01010124	Cucamonga County, CA Water 00
01010126	Raleigh-Durham NC Arpt Rev 01A
01010127	Raleigh-Durham NC Arpt Rev 01A
01010168	New York ST Thruwy Auth 2001A
01010171	Allegheny Cnty Port Spl Rev 01
01010186	Houston Arpt Rental Car Fac 01
01010187	Houston Arpt Rental Car Fac 01
01010194	Colleyville, TX Drain Revs 01
01010195	Colleyville, TX Drain Revs 01
01010229	Connecticut-Bradley Int'l Arpt
01010232	Tucson, Arizona Water Sys 01A
01010237	Eastern Municipal Water Dist01
01010243	Port of Portland, Or 01 15CD
01010246	Passaic County, NJ GO
01010251	Grapevine, Tx Wtr&Swr Rev 01
01010255	Pima County, AZ Sewer 2001
01010263	West Ouachita PSD,LA Sl&Tax 01
01010270	Port of Portland, OR 2001 15AB
01010278	Rowan Univ.(NJ&FA), NJ 01B
01010279	Rowan University, NJ 01C
01010305	Pima County, AZ Sewer 2001
01010314	Oro Valley Municipal Property Corp, AZ 2001
01010317	Jacksonville, FL Sales Tx 2001
01010318	Regional Transportation Auth, IL Sales Tax 2001A
01010319	Norfolk, VA GARB 2001A&B
01010320	Regional Transportation Auth, IL Sales Tax 2001A
01010321	Metro Nashville Arpt,TN 2001A
01010323	Metro Nashville Arpt,TN 2001A
01010324	Elwood Middle School Building Corporation, IN 2001
01010328	San Antonio, TX Water Rev 2001
01010329	San Antonio, TX Water Rev 2001
01010343	Fairfield-Suisun SD,CA Swr 01
01010356	Dallas Co WC&ID 6,TX W&S Rev01
01010359	Lauderhill, Florida Sales Tax 2001
01010362	Farmington, Mn RDA Lse 01A
01010364	Harrisburg, PA Water Auth 01A
01010376	Wa-Nee Middle SBC, In Lease 2001
01010379	Cincinnati (Univ. of), OH GO 01
01010393	Greene County, AR Sales Tax 2001
01010399	Tallahassee, FL Consolidated Utility Systems 2001
01010401	Upper Trinity Regional Water District, Texas 2001

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01010423	Gresham, Oregon Stormwater Rev 2001
01010426	Penn Turnpike Com Series S
01010434	Osceola County Sch Dist, FL Sales Tax 2001
01010438	Ocala, FL W&S Rev 2001
01010465	Bergen Co Util Auth, NJ
01010469	Hawaii - Airport Sys Rev
01010478	Palm Beach Cnty, FL Non-Ad Vlm Series 2001
01010480	Palm Beach Cnty, FL Non-Ad Vlm Series 2001
01010484	Porter Township HSBC, Indiana
01010498	Valparaiso MS Bldg Corp, IN 01
01010502	Detroit (City of), MI Water
01010504	Minneapolis-St.Paul ArptRev,MN
01010505	Minneapolis-St.Paul ArptRev,MN
01010506	Detroit (City of), MI Water
01010508	Detroit (City of), MI Water Second Lien 01
01010525	Laredo, Texas Sales Tax 2001-Sports Venue
01010538	Round Rock Transp Sys Dev Corp, TX Sales Tax 2001
01010539	Round Rock Transp Sys Dev Corp, TX Sales Tax 2001
01010542	Lafayette Redev Auth, IN Lse 01B
01010556	North Richland Hills, TX Sales Tax 2001
01010558	University of Massachusetts GO
01010559	University of Massachusetts GO
01010575	Miami-Dade Co. Exp Auth, FL 01
01010584	Marshall Univ, WV Hsg & Parking 2001A
01010596	Cucamonga County, CA Water 2001
01010597	Cucamonga County, CA Water 2001
01010624	Phoenix Civic Improvement Corp, AZ Wastewater 2001
01010625	Town Center Imp Dist, TX Sales/Hotel Tax 2001
01010631	KANSAS CITY METRO Com College, MO LEASE
01010633	Washington Terrace (City), Utah W&S 2001
01010642	Ferris St Univ Brd of Trustees, MI Gen Rev 2001
01010644	Marion County, FL Utility System Rev 2001
01010645	Marion County, FL Utility System Rev 2001
01010652	Burleson, TX Waterwrks & Sewer 2001
01010653	Burleson 4A Economic Devel Corp., TX Sl& Tx 01
01010654	Burleson Community Serv Dev Corp., TX Sl& Tx 01
01010666	Valparaiso MS Bldg Corp, IN 01B
01010668	Univ of Illinois 2001B+C
01010672	San Francisco, CA Int'l Arpt Issue 27B
01010673	Seattle, WA Drainage &Wstewtr 2001
01010674	Seattle, WA Drainage &Wstewtr 2001
01010675	Denver, CO - Arpt Sys Rev 2001AB
01010676	Georgetown, SC W&S Rev SRF Loan (Surety) 2001
01010682	Jasper Economic Dev Corp, TX Sl& Tx 01
01010696	Logansport High School Building Corporation, Ind
01010697	Escambia County Utilities Authority, FL W&S 2001
01010698	Escambia County Utilities Authority, FL W&S 2001
01010699	Tucson, Arizona Water Sys Rev 2000-A (2001)
01010705	Brevard County, FL Tourist Development Tax Ser 01
01010713	Philadelphia, PA - Arpt Rev 01A
01010714	Philadelphia, PA - Arpt Rev 01B
01010722	West University Place, TX Wtr & Swr Rev, Ser 2001A
01010724	Palm Bay, Florida W&S 2001
01010726	Palm Bay, Florida W&S 2001 Surety
01010738	New York City TFA 2002A

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01010747	West University Place, Texas Wtr & Swr Rev, 2001B
01010767	Venice (City) FI Sales Tax 2001
01010776	Univ. of California Rev Bonds Series M
01010781	Florida State BOE Lottery Ser 2001B
01010782	Florida State BOE Lottery Ser 2001B
01010786	Charlotte County, FL Water & Sewer 2001
01010787	Charlotte County, FL Water & Sewer 2001
01010797	Cadillac (City of), MI Wtr/Swr 2001
01010809	Tri-County School Corporation, Indiana 2001
01010810	Imperial (City), CA Wastewater 2001
01010811	Imperial (City), California Water 2001
01010816	Delaware County Reg Wtr Auth, PA Swr Rev 01
01010820	Richland-Bean Blossom 2000 SBC, Indiana
01010828	San Jose, CA - Airport Rev 2001A
01010841	Tampa Bay Wtr Auth, FL Rev 01
01010846	Northeast Sullivan Multi-Sch Bldg Corp, IN
01010852	Shelby East SBC IN 2001
01010860	Riverside, Ca. Water Rev. 2001
01010867	Tippecanoe Cnty Middle Sch Bldg Corp,IN Lease 2001
01010876	Neptune Beach (City), Florida W&S 2001
01010877	Phoenix Civic Imprv Corp, AZ Water System Rev 01
01010881	Clean Water Services, Oregon 2001
01010882	Clean Water Services, Oregon 2001
01010892	Henry Cnty Gov Cntr BC, In Lse RFG 2001
01010902	NORTHERN ILLINOIS UNIV AUX REV 2001
01010912	Appleton (City), WI W&S Rev 01
01010914	INDIAN RIVER CNTY, FL SLS TAX 2001
01010915	INDIAN RIVER CNTY, FL SLS TAX 2001
01010924	Ocala, FL Water & Sewer Rev Refg 2001A
01010925	Ocala, FL Water & Sewer Rev Refg 2001A
01010926	Cleveland Heights (City of), OH Non-advlrm Rev 01A
01010935	Petoskey (City), MI Wtr. & Swr. 2001
01010941	BATON ROUGE, LOUISIANA SLS TAX Series 2001A
01010944	Miller County, Missouri Lease 2001
01010950	Parker Water and Sanitation District, CO W&S 2001
01010960	Kearns Imprvmnt Dist, UT Sewer 2001
01010966	East Baton Rouge Parish, LA Sales Tax Series 2001
01010972	Jeffersonville-Clark Co Bldg Auth, IN Lease GO 01
01010977	Penn Turnpike Com Series T
01010984	Cass County, MO Lease
01010987	East Maine School District #63, IL GOLT 2001
01010988	East Maine School District #63, IL GOLT
01012003	Panama City, Florida Public Service Tax 2001
01012005	San Antonio, TX - Airport Rev Series 2001
01012007	Passaic County, New Jersey GO 2001
01012015	Grand Prairie (City), Texas Sales Tax 2001
01012016	Grand Prairie (City), Texas Sales Tax 2001
01012023	Panama City, FL Public Service Tax 2001 - Surety
01012033	Idaho University 2001
01012034	Idaho University 2001 - Surety
01012060	Perry Twp MSD (PTMBC of 1996), IN Lease 2001
01012064	Oak Park (Village), Illinois W&S 2001
01012069	Martin County, FL Wtr/Swr Sys 01
01012070	Martin County, FL Wtr/Swr Sys 01
01012082	Wichita, Kansas Watr & Sewer

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01012083	Wichita, Kansas Watr & Sewer
01012111	League City, Texas W&S GCWA 2001
01012126	New Jersey Educ Facil Auth (Montclair), NJ 2001F
01012127	New Jersey Educ Facil Auth (Montclair), NJ 2001F
01012131	Tippecanoe County GBC, IN Lease 2001
01012134	Merrillville Multi-School BC, IN GO Lease 2001
01012135	Northern Wells CSBC, IN LSE 2001
01012148	Hillsborough County, FL CIT, Rev 2001 A&B
01012150	Hillsborough County, FL CIT, Rev 2001 A - Surety
01012156	Hillsborough County, FL CIT, Rev 2001 B - Surety
01012158	Port of Seattle, WA Rev. 2001ABCD
01012159	Port of Seattle, WA Rev. 2001ABCD
01012160	Port of Seattle, WA Rev. 2001ABCD
01012170	Tacoma (City), WA Sewer 2001A
01012178	Detroit, MI Sewer Disposal 2001A
01012179	Detroit, MI Sewer Disposal 2001B
01012180	Detroit, MI Sewer Disposal 2001C-2
01012190	Tampa Bay Regional Water Authority, FL 2001B
01012199	Detroit, MI Sewer Disposal Second Lien 2001E
01012210	Lakeland, FL (SSGFC) Non-Ad Valorem 2001
01012214	Seminole County, FL SLS TX 2001
01012215	Seminole County, FL SLS TX 2001
01012222	Tallahassee,FL SlsTax&Gtd Entitl,2001
01012223	Tallahassee,FL SlsTax&Gtd Entitl,2001
01012225	Univ. of California Rev Bonds Series N
01012226	Northern Kentucky Wtr Dist Rev 2001A
01012233	Elwood (City), Indiana
01012234	Norfolk, Va Water Revenue 2001
01012236	Norfolk, Va Water Revenue 2001
01012239	Columbia, SC Water/Sewer Sys Surety 01
01012258	Brevard County, FL Sales Tax 2001
01012259	Brevard County, FL Sales Tax 2001
01012270	Sunman Dearborn ISBC, IN 2001
01012279	Pearland, Texas Water & Sewer Revs
01012283	Seattle, WA Water System Revs 2001
01012284	Seattle, WA Water System Revs 2001
01012291	Webster Groves, (City) MO LSE 2001
01012301	Fort Pierce (City of), FL 2001
01012302	Fort Pierce (City of), FL 2001
01012303	Passaic Valley Wtr Comm, NJ W&S 2001 A&B Surety
01012323	South Gate Utility Auth, CA 2001 REV
01012324	Houston (City), Texas Airport System 2001A
01012327	King County, WA Sewer Rev 2001
01012330	Tacoma, WA Water System 2001
01012331	Philadelphia, PA
01012333	Apopka, FL Water & Sewer Rev 2001 & Refunding
01012338	Iowa City, Iowa Sewer 2001
01012340	Apopka, FL Water & Sewer Rev 2001 & Refunding
01012342	Washington School District, MO Lease 2001
01012349	Metropolitan Transportation Authority,NY DTF 2001A
01012353	Kankakee (City of), IL 2001A Sr Lien
01012367	Chesapeake Bay Bridge/Tunnel, VA Rev 2001
01012369	Seacoast Util. Auth, FL 2001
01012382	Delaware Transportation Authority 2001
01012383	Westmoreland County MA, PA W&S 2001 Surety

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01012384	Wichita, Kansas Water & Sewer 2001
01012385	Wichita, Kansas Water & Sewer 2001
01012386	Tri-Creek South Nichols SBC, IN LSE
01012392	Chesapeake Bay Brdg/Tunnel, VA 2001 JR
01012396	Alabama University Gen Fee Rev 2001
01012405	Nassau County, FL Gas Tax 2001
01012410	Virgin Valley Water District, NV Rev 2001
01012411	Virgin Valley Water District, NV Rev 2001
01012419	Midlothian Comm Dev Corp, Texas Sales Tax Ser 2001
01012422	Knoxville (City), TN Wastewater 2001A
01012425	Escambia County Utilities Authority, FL W&S 2001B
01012426	Escambia County Utilities Authority, FL W&S 2001B
01012430	Lafayette, Louisiana Sales Tax 2001A
01012431	Lafayette, Louisiana Sales Tax 2001B
01012433	South Central Conn Regl Wtr Auth. Surety
01012439	Battle Creek (City of), MI WstWtr Rev 2001
01012441	SUNY Lease Rev (DASNY) 2001
01012445	Lehigh County Authority, PA Water 2001
01012446	Fountain Hills, AZ MPC Rev 2001
01012447	Fountain Hills, AZ MPC Rev 2001
01012450	Pearland, Texas Water & Sewer Revs 2001
01012457	Nevada Univ & Comm. Clg System REV 01A
01012478	Lawrence County, IN Lease
01012483	Dallas/Ft Worth Intl Arpt 01A
01012484	Dallas/Ft Worth Intl Arpt 01A
01012485	Boone-Florence Wtr Commis, KY WTR REV 01
01012486	Conway (City of), AR Water 2001
01012490	Alabama Univ@Birmingham,GenRev2001
01012491	Excelsior Springs, MO GO&Lease
01012499	Morgan State University, MD 2001
01012508	Warrensburg (City), MO Lease 2001
01012518	Tulsa Arpts Improv Trust, OK 01AB
01012519	Tulsa Arpts Improv Trust, OK 01AB
01020003	New York City TFA 98B
01020004	New York City TFA 98C
01020006	New York City TFA 2000B
01020012	New York City TFA 98B
01020037	New York City TFA 99B
01020046	New York City TFA 98C
01020048	San Francisco BART,Sales Tax98
01020061	New York City TFA 98B
01020062	New York City TFA 98B
01020063	Los Angeles Dept Wtr&Pwr 01WTR
01020068	Los Angeles Dept Wtr&Pwr 01WTR
01020083	New York City TFA 98B
01020085	Los Angeles Dept Wtr&Pwr 01WTR
01020088	New York City TFA 98C
01020089	New York City TFA FY98 A
01020090	MASS WATER RESOURCES 1993 C
01020091	Los Angeles Dept Wtr&Pwr 01WTR
01020092	New York City TFA 98B
01020093	Los Angeles Dept Wtr&Pwr 01WTR
01020095	New York City TFA 98B
01020101	Mass Port Auth,Rev Bonds 98D/E
01020102	Los Angeles Dept Wtr&Pwr 01WTR

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01020103	Mass Port Auth,Rev Bonds 98D/E
01020107	Los Angeles Dept Wtr&Pwr 01WTR
01020108	Los Angeles Dept Wtr&Pwr 01WTR
01020111	New York City TFA 98C
01020114	New York City TFA 98C
01020116	Los Angeles Dept Wtr&Pwr 01WTR
01020148	Los Angeles Dept Wtr&Pwr 01WTR
01020151	New York City TFA 99B
01020153	Los Angeles Dept Wtr&Pwr 01WTR
01020155	New York, NY Muni Wtr
01020159	Los Angeles Dept Wtr&Pwr 01WTR
01020164	Bay Area TA CA Toll Rev 01B
01020168	Charlotte, NC Wtr & Swr Rev
01020174	New York, NY Muni Wtr 2001C,D&E
01020179	New York City TFA 98B
01020182	New York, NY Muni Wtr 2001C,D&E
01020184	New York, NY Muni Wtr 2002A
01020185	New York, NY Muni Wtr 2002A
01020186	New York, NY Muni Wtr 2001C,D&E
01020188	New York, NY Muni Wtr 2001C,D&E
01020189	New York City TFA 98B
01020190	New York City TFA 2002A
01020191	New York City TFA 2002A
01020192	New York City TFA 2002A
01020193	New York, NY Muni Wtr 2002A
01020195	New York, NY Muni Wtr 2002A
01020197	New York, NY Muni Wtr 2002A
01020199	New York City TFA 98C
01020200	New York City TFA 98B
01020201	New York, NY Muni Wtr 2002A
01020202	Mass Port Auth,Rev Bonds 98D/E
01020206	New York, NY Muni Wtr 02BC
01020209	New York, NY Muni Wtr 02BC
01020210	New York, NY Muni Wtr 02BC
01020211	New York City Muni Wtr 2001B
01020213	New York, NY Muni Wtr 02BC
01020214	New York, NY Muni Wtr 02BC
01020215	Port Authority of NY and NJ 124 Ser (2001)
01020216	New York, NY Muni Wtr 02BC
01020217	Port Authority of NY and NJ 124 Ser (2001)
01020218	New York, NY Muni Wtr 02BC
01020219	New York, NY Muni Wtr 2002A
01020220	New York, NY Muni Wtr 02BC
01020221	Port Authority of NY and NJ 124 Ser (2001)
01020222	New York, NY Muni Wtr 02 D,E,F
01020223	Port Authority of NY and NJ 124 Ser (2001)
01020224	Port Authority of NY and NJ 124 Ser (2001)
01020225	Port Authority of NY and NJ 124 Ser (2001)
01020226	Los Angeles Dept Wtr&Pwr 01WTR
01020227	Port Authority of NY and NJ 124 Ser (2001)
01020228	New York St ThruwayAuth-Toll E
01020232	Port Authority of NY and NJ 124 Ser (2001)
01020236	New York, NY Muni Wtr 02 D,E,F
01020238	New York, NY Muni Wtr 2002A
01020239	New York, NY Muni Wtr 02 D,E,F

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01020241	New York, NY Muni Wtr 2002A
01020242	New York, NY Muni Wtr 02 D,E,F
01020250	Univ. of California Rev Bonds Series N
01020262	New York City TFA
01020264	Triborough Bridge Special
01020265	New York City TFA 99B
01020269	New York, NY Muni Wtr 02 D,E,F
01020270	New York, NY Muni Wtr 02 D,E,F
01020271	Sacramento Co, CA SD 1 Sewer00
01020273	New York, NY Muni Wtr 02 D,E,F
01020281	New York City TFA 98C
01020285	Port Authority of NY and NJ
01020287	New York, NY Muni Wtr 02 D,E,F
01020288	New York, NY Muni Wtr 2001C,D&E
01020291	New York, NY Muni Wtr 2001C,D&E
01020292	New York, NY Muni Wtr 2001C,D&E
01020294	New York, NY Muni Wtr
01020295	Port Authority of NY/NJ 122
01020296	Port Authority of NY/NJ 122
01020301	Port Authority of NY/NJ 122
01020304	New York City TFA 99B
02010002	Boynton Beach, FL Wtr & Swr 2002 FWD
02010006	Tucson (City), AZ Water System Revenue 2002
02010007	North Penn Water Authority
02010012	Cleburne 4B Economic Dev Corp, Texas Series 2002
02010013	Cleburne 4B Economic Dev Corp, Texas Series 2001
02010015	West Clark Sch Bldg Corp, IN 02
02010020	Gautier Utility Dist, MS Comb Util Rev 02
02010021	Gautier Utility Dist, MS Comb Util Rev 02
02010025	Richmond, VA Metro Auth 02
02010033	Ball State University, IN Rev Student Fee 2001 K
02010045	Public Util Dist. #1 of Snohomish CO, WA Rev 02
02010047	Collier County, Florida Sales Tax Series 2001
02010048	Collier County, Florida Sales Tax Series 2001
02010049	Zionsville Comm. Sch. Corp., IN GO lease 2002
02010062	Mesa, Arizona Utility System 2002
02010063	Mesa, Arizona Utility System 2002
02010075	Pima County, AZ St&Hwy 2002
02010093	Mesa, AZ Street & Highway Rev 2002
02010099	Regional Trans Dist, CO Sls Tax 2001
02010101	West Virginia Pkwy 2002
02010105	Florida St BOR, Univ Sys Mand Fee 2001
02010106	Florida St BOR, Univ Sys Mand Fee 2001
02010107	Mobile Alabama Water & Sewer 2002
02010111	North Texas Muni Wtr Dist, TX REV 02 -Trinity East
02010113	Boise State Univ, ID 2002
02010114	Boise State Univ, ID 2002
02010116	Mesa (City of), AZ Ref Utility System 02
02010117	Mesa (City of), AZ Ref Utility System 02
02010132	Palo Alto, CA Utility Rev 2002A (Water & Gas)
02010140	East Cocalico Township Auth, PA Wtr Rev 2002
02010149	Northern KY Wtr Dist (fna Kenton Co, KY WD) 02A
02010176	Stockton-East Water District, CA W&S 2002
02010177	Stockton-East Water District, CA W&S 2002
02010186	Univ of Conn Spec Obli Stu Fee Rev Ref 2002A

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02010203	El Paso (City), TX W&S 2002
02010206	Tampa, Florida Non-Ad Vlm Series 2002A
02010211	Monroe City Sch Dist, LA Sales Tax 2002
02010225	Winter Haven, FL Sales Tax Rev 2002
02010226	Winter Haven, FL Sales Tax Rev 2002
02010232	West Sacramento Financing Authority, CA Water 2002
02010243	North Hudson Sewerage Auth Rev 2002A
02010256	Sugar Land 4B Corporation, TX Sales Tax 2002
02010259	Colorado University Auxiliary Rev
02010261	West Sacramento Financing Authority, CA Water 2002
02010262	Pennsylvania (Commonwealth) GO 2002
02010281	Tampa-Hillsborough (State of Florida) Expsrwy 2002
02010282	Tampa-Hillsborough (State of Florida) Expsrwy 2002
02010286	New York State DASNY-SUNY GO/Lease 2002A
02010287	Eastern Michigan Univ Brd of Rgnts, MI Gen Rev 02
02010295	Sammamish Plateau WtrSwr Dist 2002
02010309	San Antonio, TX - Airport PFC & Jr Lien GARB 2002
02010310	San Antonio, TX - Airport Rev GARB 2002
02010317	Tacoma (City), WA Sewer Rev 2002
02010320	Eastern Michigan Univ Brd of Rgnts 2002B
02010331	University & Community College Sys, NV Rev 2002A
02010345	Bates County, Missouri COP 2002
02010364	Kalamazoo (City of), MI Water System
02010377	Phoenix, AZ Water System Rev
02010385	Nacogdoches, TX Wtr & Swr 2002
02010388	Arlington (City of), TX Wtr & Swr 2002
02010415	Little Elm (Town of), TX 2002 REV
02010416	Valparaiso Multi Sch Bldg Corp, IN 2002
02010417	Jacksonville (City), FL Excise Tax 2001B
02010419	Boone Cons Pub Wtr Sup Dist #1, MO Rev
02010429	Brazos River Auth, TX (Lake Granbury) REV 2002
02010430	Brazos River Auth, TX (Lake Granbury) REV 2002
02010435	Orange Park FL W&S 2002 Rfdg
02010437	Illinois (State), Sales Tax Build Illinois 2002
02010438	Illinois (State), Sales Tax 2002
02010441	Monroe (City), LA Sales Tax 2002
02010442	Monroe (City), LA Sales Tax 2002
02010446	Orange Park FL W&S 2002 Rfdg
02010447	Jacksonville (City), FL Excise Tax 2001B
02010450	Denver (City and County), CO WstWtr 2002
02010451	Denver (City and County), CO WstWtr 2002
02010456	PASCO COUNTY, FL GAS TAX 02
02010462	Stockton-East Water Dist, CA W&S 2002B
02010463	Stockton-East Water Dist, CA W&S 2002B
02010464	Westmoreland County Community College, PA
02010468	Jacksonville Elec Auth, FL W&S
02010473	Florida State BOE Lottery 2002
02010474	Florida State BOE Lottery 2002
02010478	Anderson (City of), SC Wtr & Swr 2002
02010479	Anderson (City of), SC Wtr & Swr 2002
02010481	St. Cloud, Florida Sales Tax, Series 2002
02010482	St. Cloud, Florida Sales Tax, Series 2002
02010491	New York City TFA 2002C
02010496	Goshen Community Schools, IN Lease 2002
02010498	Gulfport, MS (MS Dev. Bank) Wtr & Swr 02

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02010506	Reno, NV Hotel & Sales Tax 2002
02010518	Phoenix, Az Airport 2002 Senior Lien
02010519	Phoenix, Az Airport 2002 Senior Lien
02010526	Oklahoma St Bd of Reg (Colvin) 2002
02010527	Oklahoma St Bd of Reg (Colvin) 2002
02010529	Houston Area Water Corp, TX 2002
02010530	Northern Wells CSBC, IN LSE 02
02010537	Baltimore (City), MD Wastewater Sub Lien 2002C
02010540	Los Angeles, CA Wastewater Sys Revs 2002A
02010543	Carmel (City), IN Waterworks 2002
02010546	Charleston (College of), SC 2002A
02010547	Charleston (College of), SC 2002A
02010552	Baltimore (City), MD Wastewater Sr Lien 2002 A&B
02010554	Kansas City, MO Wtr Sys 2002C
02010555	Kansas City (City of), MO Wtr Sys 2002C
02010592	California Department Wtr-Central Valley 2002 X
02010595	Baltimore (City), MD Water Senior Lien 2002 A&B
02010596	Baltimore (City), MD Water Subordinate Lien 2002C
02010603	Dickson County Water Authority, TN W&S 2002
02010604	Dickson County Water Authority, TN W&S 2002
02010605	Daytona Beach, FL Wtr/Swr Refg 2002B
02010621	Miami-Dade County, Florida GARB 2002
02010625	Massachusetts Special Oblig. Gas Tax 2002A
02010626	Massachusetts Special Oblig. Gas Tax 2002A
02010631	Butler County Community College, PA 2002
02010648	Montgomery Co, MD Bethesda 2002
02010649	Montgomery Co, MD (Silver) 2002
02010653	Phoenix (City), AZ Street & Hwy Jr Lien 2002
02010654	Lawrenceburg SBC, IN 2002
02010655	Board of Reg. of Tx Wms Univ 02
02010663	Tamarac, FL Sales Tax 2002
02010664	Tamarac, FL Sales Tax 2002
02010677	Washoe County Airport Authority, NV 2002
02010692	Pennsylvania Sub Water Company 2002
02010706	Osceola Cnty, FL Hotel/Motel 2002
02010707	Osceola Cnty, FL Hotel/Motel 2002
02010711	Metro Washington DC Arpt 2002AB
02010729	MTA Transportation Rev 2002
02010732	Arizona Board of Regents (ASU)
02010737	St. Charles (City), MO Lse 02
02010739	St. Charles (City), MO Lse 02
02010741	University of Massachusetts GO 2002C
02010749	San Bruno Wastewater, CA '02
02010750	San Bruno Wastewater, CA '02
02010751	MTA Transportation Rev 2002 50 bp
02010752	MTA Transportation Rev 2002 58BP
02010758	Port Authority of NY & NJ 126th Ser 2002
02010767	Indiana State Office Bldg Commission Lease 2002
02010775	West Lafayette Bldg Corp, IN 2002
02010776	New Jersey Ed Fac Auth(College of New Jersey), NJ
02010777	New Jersey Ed Fac Auth(College of New Jersey), NJ
02010797	Colorado Water Res & Pwr Dev Auth, CO 2002A
02010798	Montgomery Co, MD (Bethesda) 2002A
02010799	Montgomery Co, MD (Bethesda) 2002A

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02010804	Cache County, UT Sales Tax 2002
02010805	Cache County, UT Sales Tax 2002
02010806	Vigo County Mtg Rev Bonds, Ind 2002
02010812	HAWAII (UNIVERSITY OF) SYS REV 02
02010813	Portage Twp Multi-Sch BldgCorp,IN2002
02010817	MTA Service Contract 2002A
02010818	Merto Pier & Expo Auth, IL Sls Tx
02010826	Baltimore, MD Parking Sys Fac 2002
02010828	Jacksonville, FL Gtd Entitlement 2002
02010838	Clarksville HS Bldg Corp, IN
02010858	Polk County, Florida Sales Tax Series 2002
02010859	Polk County, Florida Sales Tax Series 2002
02010883	Tucson (City), Arizona Wtr Sys 2000-B (2002)
02010888	Metropolitan Transportantion Auth, 2002B
02010899	Avondale, AZ Excise Tax 2002
02010900	Avondale, AZ Excise Tax 2002
02010907	Univ. of California, Rev Bonds Series 2002 O
02010909	Univ. of California Rev Bonds, Series P 2002
02010917	Charleston (College of), SC 2002B
02010918	Charleston (College of), SC 2002B
02010923	Pike Twtnship Multi-School Build Corp. Ind
02010925	Regional Transportation Authority, IL Sls Tx 2002B
02010926	Regional Transportation Authority, IL Sls Tx 2002B
02010930	Temple(City) TX W&S Rev 2002
02010941	Clearwater, FL W&S Rev 2002
02010943	Greencastle Multi-Sch Bldg Corp, IN 2002
02010945	Clarksburg, WV Water Rfdg 2002
02010946	Trinity River/Fort Worth W&S 02
02010947	Florida State BOE Lottery 2002
02010948	Florida State BOE Lottery 2002
02010976	Melbourne (City of), FL WtrSwr 2002A
02010984	New Jersey Turnpike Auth Rev 02
02010985	Detroit, MI Wayne Co. Airport 2002CD
02010990	Alaska, University of 2002 Series K
02010993	Port of Oakland, CA Rev 2000LM
02010998	Contra Costa Tran Auth, CA Sales Tax 02A
02011005	Bradford City, PA Wtr Auth Rfd 02
02011010	New Mexico State Univ, NM Rev Bonds, 2002
02011012	Contra Costa Tran Auth, CA Sales Tax 02A
02011016	Charleston (College of), SC 2002C
02011017	Charleston (College of), SC 2002C
02011023	North Texas Univ Bd of Reg, TX 2002
02011025	Port of Seattle, WA Rev.
02011031	Arizona BD of Regents NAU 2002
02011044	Melbourne (City of), FL WtrSwr 2002B
02011045	Allegheny Cnty Airport Rev 02
02011046	Allegheny Cnty Airport Rev 02
02011053	Lanesville Comm SBC, IN Lease Ref 2002
02011055	Hammond Multi-School Bldg Corp, IN Lease
02011065	Escondido, CA Wtr Rev COPS 02
02011081	Mount Pleasant, SC Wtr & Swr 2002
02011082	Mount Pleasant, SC Wtr & Swr 2002
02011083	Mount Pleasant, SC W&S '02 Surety Only
02011084	Mount Pleasant, SC W&S '02 Surety Only
02011085	Mount Pleasant, SC W&S '02 Surety Only

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02011099	Oxford W&S, AL '02
02011105	Florissant (City of), MO Lease (COP) 2002
02011117	Melbourne (City of), FL WtrSwr '02C
02011118	Miami-Dade Co. Exp Auth, FL 2002
02011130	Fairmont State College, WV, Lease Revenue
02011131	Fairmont State College 2002B (Student fee)
02011146	Dallas Area Rapid Transit, TX Sr Lien Sales Tax 02
02011157	Cowlitz County, WA Special Sew Rev Ref, 2002
02011158	Cowlitz County, WA Special Sew Rev Ref, 2002
02011159	Monroe (City), LA Sales Tax Jr Lien 2002A
02011172	Galveston, TX Hotel/Motel 2002A
02011173	Galveston, TX Hotel/Motel 2002B
02011174	University & Community College Sys, NV Rev 2002B&C
02011178	Columbia (City of), MO Sew Sys Rev Rev, 2002
02011180	Brevard Cnty, FL Util Rev 2002
02011187	Jackson, MS Water & Sewer 2002
02011188	Jackson, MS Water & Sewer 2002
02011194	Hammond Multi-School Building Corp, IN Lease
02011196	Oxford W&S, AL Ref 2002
02011200	New York State DASNY-SUNY GO/Lease 2002
02011211	Monroe (City), LA Sales Tax Jr Lien 2002A
02011213	Mesa (City of), AZ Utility System Rev Ref 2002A
02011214	Mesa (City of), AZ Utility System Rev Ref 2002A
02011221	Mount Vernon, WA swr ser 2002
02011226	Port Canaveral, FL Port Revenue 2002 A&B
02011229	Clay School Bldg Corp, IN
02011243	Hallsdale-Powell UD, TN Wtrwrks & Swr Rev Ref 02AB
02011244	Hallsdale-Powell UD, TN Wtrwrks & Swr Rev Ref 02AB
02011246	Greene County Building Corporation, IN 2002
02011279	Calif Depart Wtr-Central Valley Series Z 02
02011282	Denver, CO - Arpt Sys Rev Refunding Bonds 2002E
02011285	Tippecanoe Valley Middle Sch Corp, IN Lease Ref 02
02011295	Fordham University, NY (DASNY) 2002
02011310	Ramapo College (NJFEA) Lease Rev Bds 2002H, I & J
02011312	Wisconsin (State) Motor Veh Reg 2002A
02011317	South Blount County Util Dist, TN Wtrwrks Rev 2002
02011318	South Blount County Util Dist, TN Wtrwrks Rev 2002
02011321	Pennsylvania (Commonwealth) GO 2002 Ref
02011335	North Montgomery HSBC, IN 02 (CABs)
02011337	Jacksonville Elec Auth, FL W&S 2002C
02011341	Sarasota (County), FL Utility Sys Ref Rev 2002C
02011342	Sarasota (County), FL Utility Sys Ref Rev 2002C
02011353	McKinney, TX Wtr&Swr Rev Ser 02
02011356	Orange County, FL Sales Tax Rev & Refg 2002A&B
02011359	Sebring, FL wtr & swr 2002
02011360	Sebring, FL wtr & swr 2002
02011361	Altamonte Springs, FL Wtr&Swr Rev.Rfd.2002
02011362	Petoskey (City), MI W&S Rev Ref 2002
02011369	Florida Forever Doc Stamp 2002B
02011376	New York City TFA 2003C
02011378	Miami, FL Non-Ad Vlm Tax Refg Bds Ser C
02011379	Miami, FL Non-Ad Vlm Tax Refg Bds Ser C
02011385	Board of Regents Uni. of (OK), Student Housing 2002
02011394	Board of Regents Uni. of (OK), Student Housing 2002

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02011396	Texas Public Finance Auth (TPFA), TX Rev Ref 2002
02011397	Greensburg School Build Corp, IN 1st Mtg 2002
02011401	Passaic Valley Wtr Com, NJ W&S 02 A&B Surety
02011407	Cleveland (City), Ohio Waterworks 2002 K
02011411	Bend (City of), OR Sewer Rev 02
02011413	Bend (City of), OR Sewer Rev 02
02011417	North Texas Univ Bd of Reg, TX Rev 2002A
02011426	Rutgers State Univ GO, NJ 2002
02011443	Port of Seattle, WA, subordinate. rev., 2002
02011444	Port of Seattle, WA, subordinate. rev., 2002
02011458	Cleveland (City), Ohio Waterworks 2002 L
02011464	Rowan Univ. (NJFEA), NJ Rev 2002K
02011471	Arkansas University (Fayetteville) Rev 2002
02011477	Elsinore Valley MWD, CA W&S 2002A
02011478	Elsinore Valley MWD, CA W&S 2002A
02011479	Kansas City Metro Jr College Dist, MO COPs 02
02011490	Alabama University Gen Rev 2002
02011508	Jacksonville (City), FL Sales Tax Ref & Imp Rev 02
02011509	Jacksonville (City), FL Sales Tax Ref & Imp Rev 02
02011516	NYS Personal Income Tax (NYS Urban Dev Corp.) 02
02011521	Michigan City Area-Wide School Bldg Corp 2002, IN
02011525	Bossier City (City of), LA Sales Tax 2002
02011527	Seattle (City), WA Drainage &Wstewtr Rev & Ref 02
02011529	Seattle (City), WA Drainage &Wstewtr Rev (Srty) 02
02011545	NYS Environmental Fac Corp State PIT Rev 2002A
02011562	NYS Environmental Fac Corp State PIT Rev 2002B
02011570	Contra Costa Water Auth, CA Rev Rfd 2002A
02011572	Los Angeles Dept of Arpts 02A
02011578	Lousiana PFCA (Med Cntr) State Lse 02
02011581	Nevada Irrigation Dist, CA Rev Cert. Ref 02
02011582	Nevada Irrigation Dist, CA Rev Cert. Ref 02
02011588	Bethesda Water Supply Corporation, TX Wtr & Swr 02
02011589	Bethesda Water Supply Corporation, TX Wtr & Swr 02
02020001	SUNY Lease Rev (DASNY) 2001
02020002	Port Authority of NY and NJ 124 Ser (2001)
02020005	New York City TFA 2002B
02020006	New York City TFA 98B
02020008	New York City TFA 98C
02020009	New York City TFA 2002B
02020013	New York City TFA 99B
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02020021	Triborough Bridge Special
02020022	Triborough Bridge Special
02020023	Triborough Bridge General Purpose Rev 2001A
02020025	Triborough Bridge General Purpose Rev 2001A
02020026	Triborough Bridge General Purpose Rev 2001A
02020027	Triborough Bridge General Purpose Rev 2001A
02020028	Triborough Bridge General Purpose Rev 2001A
02020030	Triborough Bridge General Purpose Rev 2001A
02020031	Triborough Bridge General Purpose Rev 2001A
02020032	Triborough Bridge General Purpose Rev 2001A
02020033	Triborough Bridge General Purpose Rev 2001A
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02020035	Triborough Bridge General Purpose Rev 2001A
02020036	Triborough Bridge General Purpose Rev 2001A

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02020041	Triborough Bridge General Purpose Rev 2001A
02020045	Triborough Bridge General Purpose Rev 2001A
02020052	Metropolitan Water District CA
02020053	Triborough Bridge General Purpose Rev 2001A
02020056	Triborough Bridge General Purpose
02020057	Triborough Bridge General Purpose
02020058	Triborough Bridge General Purpose
02020059	Triborough Bridge General Purpose Rev 2001A
02020060	Triborough Bridge General Purpose Rev 2001A
02020061	New York City TFA 2002B
02020063	New York, NY Muni Wtr 2001C,D&E
02020064	New York City TFA 2002B
02020065	New York City TFA 2002B
02020068	Triborough Bridge General Purpose Rev 2001A
02020069	Los Angeles Dept Wtr&Pwr 01WTR
02020070	New York City TFA 98C
02020071	Triborough Bridge General Purpose
02020072	Los Angeles Dept Wtr&Pwr 01WTR
02020073	Triborough Bridge General Purpose Rev 2001A
02020074	Triborough Bridge General Purpose
02020075	Triborough Bridge General Purpose
02020076	New York, NY Muni Wtr 02BC
02020077	Triborough Bridge General Purpose
02020078	Triborough Bridge General Purpose
02020081	Triborough Bridge General Purpose
02020083	Triborough Bridge General Purpose Rev 2001A
02020088	Triborough Bridge General Purpose Rev 2001A
02020090	Triborough Bridge General Purpose
02020091	Triborough Bridge General Purpose
02020093	Triborough Bridge General Purpose Rev 2001A
02020094	Port Authority of NY/NJ 122
02020095	Triborough Bridge General Purpose Rev 2001A
02020096	New York City TFA 99B
02020097	Triborough Bridge General Purpose Rev 2001A
02020098	Triborough Bridge General Purpose Rev 2001A
02020099	New York City TFA 99B
02020101	New York City TFA 99B
02020103	New York City TFA 99B
02020104	Triborough Bridge General Purpose Rev 2001A
02020106	Triborough Bridge General Purpose Rev 2001A
02020107	New York City TFA 2001B
02020108	MTA Transportation Rev 2002
02020110	MTA Transportation Rev 2002
02020112	MTA Transportation Rev 2002
02020114	New York City TFA 99B
02020115	Colorado University Enterprise Rev 2002B&C
02020122	Triborough Bridge General Purpose
02020123	STATE UNIV/DASNY, NY LEASE 93B
02020124	DASNY STATE APPROP (SUNY), 90A
02020125	MTA Service Contract 2002A
02020126	MTA Service Contract 2002A
02020127	STATE UNIV/DASNY, NY LEASE 93A
02020129	MTA Service Contract 2002A
02020130	Triborough Bridge General Purpose Rev 2001A

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02020133	MTA Service Contract 2002A
02020134	MTA Service Contract 2002A
02020135	MTA Service Contract 2002A
02020136	Triborough Bridge General Purpose Rev 2001A
02020137	MTA Service Contract 2002A
02020140	Triborough Bridge General Purpose Rev 2001A
02020142	New York City TFA 2003A
02020143	Triborough Bridge General Purpose Rev 2001A
02020144	New York City TFA 99B
02020145	New York, NY Muni Wtr 2003A
02020146	New York, NY Muni Wtr 2003A
02020147	New York, NY Muni Wtr 2003A
02020150	MTA Service Contract 2002A
02020151	New York, NY Muni Wtr 2003A
02020152	New York City TFA 98B
02020153	Metropolitan Transportantion Auth, 2002B
02020154	New York, NY Muni Wtr 2003A
02020157	New York, NY Muni Wtr 2003A
02020158	New York, NY Muni Wtr 02 D,E,F
02020159	New York City TFA 99
02020160	New York City TFA 99
02020161	New York City TFA 99
02020162	New York City TFA 1999A&B
02020163	New York City TFA 1999A&B
02020164	New York City TFA 99
02020165	New York City TFA 1999A&B
02020166	New York City TFA 1999A&B
02020167	New York City TFA 99
02020168	New York City TFA 99
02020169	New York City TFA 1999A&B
02020171	New York City TFA 1999A&B
02020173	New York City TFA 99
02020175	New York City TFA 99
02020176	New York City TFA 99
02020177	New York, NY Muni Wtr 2003A
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02020184	New York City TFA 1999A&B
02020185	STATE UNIV/DASNY, NY LEASE 93B
02020186	New York City TFA 98C
02020187	New York City TFA 1999A&B
02020188	MTA Service Contract 2002A
02020210	San Francisco BART,Sales Tax98
02020224	New York City TFA 2003B
02020225	New York City TFA 2003A
02020226	New York State DASNY-SUNY GO/Lease 2002
02020227	New York, NY Muni Wtr 2003A
02020230	New York State DASNY-SUNY GO/Lease 2002
02020231	New York State DASNY-SUNY GO/Lease 2002
02020233	STATE UNIV/DASNY, NY LEASE 93B
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02020249	Alabama Pub Sch & Coll Auth99D
02020251	New Jersey Turnpike Auth 91 C
02020252	New York City TFA 99
02020253	New York City TFA 2003A
02020254	New York City TFA 2003A
02020266	DASNY New York St Personal Income Tax
02020267	DASNY New York St Personal Income Tax
02020268	DASNY New York St Personal Income Tax
02020269	DASNY New York St Personal Income Tax
02020270	DASNY New York St Personal Income Tax
02020272	DASNY New York St Personal Income Tax
02020273	DASNY New York St Personal Income Tax
02020274	DASNY New York St Personal Income Tax
02020275	DASNY New York St Personal Income Tax
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03010008	Westmoreland County MA, PA W&S
03010017	Osceola County, FL Gas Tax Rev Ref 2003
03010019	Michigan City Area-Wide School Bldg Corp 2003, IN
03010020	Lafayette, LA Sales Tax 2003A
03010021	Lafayette, LA Sales Tax 2003B
03010034	Fox Chapel Auth, PA Water Rev Ref 2003
03010037	Garrett (City of), IN Sewage Rev 2002A
03010038	Los Angeles Dept of Wtr&Pwr Wtr Rev 2003A
03010039	DASNY New York St Personal Income Tax 2003B
03010044	Metro Pier & Expo Auth, IL 2002
03010055	Northwest Wtr Comm, IL Wtr Rev Ref 03 (Frd Dlvry)
03010056	Prescott Valley Twn MPC, AZ Exc Tax 2003
03010057	Oakland Rdv Agy, CA (Cntrl Dist Prj) Sub TABs 2002
03010058	Oakland Rdv Agy, CA (Cntrl Dist Prj) Sub TABs 2002
03010064	Ojai Valley Sanitary Dist, CA Wastewater Rev 02
03010065	Ojai Valley Sanitary Dist, CA Wastewater Rev 02
03010070	Geary County, KS (Geary County PBC)
03010072	Morgan State University, MD 2003 AB
03010073	Central Michigan University, MI Rev 2002
03010078	University Maine Sys Rev 2003
03010079	California State Univ Systemwide Rev 03
03010087	Riverton, UT Wtr Rev Ref 2003
03010088	Riverton, UT Wtr Rev Ref 2003
03010089	Riverton, UT Wtr Rev Rfdg-2000B standalone surety
03010090	Thomasville City, NC Rev 2003
03010091	Thomasville City, NC Rev 2003
03010119	San Francisco, CA Int'l Arpt Series 29A&B
03010120	San Francisco, CA Int'l Arpt Series 29A&B
03010126	Southern Illinois University, Rev 2003A
03010127	Grandview (City of), MO COPs 2003
03010131	Simi Valley CDA, CA TAB 2003
03010134	Burlingame Fin Auth, CA Wtr Rev 03
03010135	Burlingame Fin Auth, CA Wtr Rev 03
03010136	Burlingame Fin Auth, CA Swr Rev 03
03010153	Passaic Valley Swr Comm, NJ Sewer Rev 03F
03010157	Kansas City, MO Airport Rev 2003AB

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03010159	Kansas City, MO Airport Rev 2003B surety
03010168	Beaufort-Jasp Co W&S Auth, Rev 2003 Surety
03010169	Beaufort-Jasp Co W&S Auth, Rev 2003 Surety Request
03010176	Hobart & William Smith Colleges, Series 2003
03010183	South Gate Utility Authority,CA
03010184	Wichita, Kansas Wtr & Sewer 2003
03010185	Wichita, Kansas Wtr & Sewer 2003
03010189	Upper Trinity Regional Water District, TX 2003
03010199	Brownsburg 1999 Sch Bldg Corp, IN Series 2003
03010202	Fairmont State College, WV Student Act Rev 2003B
03010203	Fairmont State College, WV 2003A Coll Fac Rev
03010222	San Francisco Redev. Proj TABS Series A,B & C
03010223	San Francisco Redev. Proj TABS Series A,B & C
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03010225	SAN FRANCISCO REDEV PROJ, TABs 2003C (Surety)
03010233	SAN FRANCISCO REDEV PROJ, TABs 2003B (Surety)
03010237	Lake Central Multi-Dist SBC, IN Lease Ref 2003
03010243	Indiana University, IN Student Fee, Series O
03010244	Illinois Univ Board of Trustees, COP 2003
03010268	Polk County, FL Wtr./Swr. Sys 2003
03010269	Polk County, FL Wtr./Swr. Sys 2003
03010280	Cache County, UT Sales Tax Series 2003
03010281	Cache County, UT Sales Tax Series 2003
03010283	Triborough Bridge Subord Rev 2003
03010290	Kansas City, MO Airport Rev 2003B surety
03010291	Haubstadt/Owensville SBC, In Lse Ref 03
03010293	North Dakota Bld Auth, ND Rev Ref 2003A
03010294	Calif Depart Wtr-Central Valley Series Y 03
03010295	Eastern Michigan Univ Brd of Rghts, MI Gen Rev 03A
03010297	SAN FRANCISCO REDEV PROJ, TABs 2003C (Surety)
03010302	Kansas City Metro Jr College Dist, MO COPs 03A
03010304	Mesa, AZ Street & Highway Rev Ref 2003
03010306	Lafayette County, MO Lsehold Rev 03 (Justice Cntr)
03010308	Mesa (City of), AZ Utility Sys Rev 03
03010309	Santa Clara Val Wtr, COP Sr 03A
03010324	Monroe (City), LA Sales Tax Bonds Series 2003
03010325	Monroe (City), LA Sales Tax Bonds Series 2003
03010340	Arkansas Dev Fin. Auth, AK (Corr. Fac. Rev.) 2003A
03010341	Arkansas Dev Fin. Auth, AK (Corr. Fac. Rev.) 2003A
03010349	Mesa (City of), AZ Utility Sys Rev Surety 2003
03010352	Cucamonga County Water Dist, Ca COPS 2003
03010353	Cucamonga County, CA Water 2003
03010354	Deer Creek Drainage, PA Swr Rev 2003
03010355	Deer Creek Drainage, PA Swr Rev 2003
03010357	Fairfield, CA Water Rev Refg 2003
03010359	Shreveport, LA W&S Rev Ref 2003A
03010368	Univ of Redlands (CEFA), CA Rev 2003
03010373	New Palestine Sch Bldg Corp, IN Lease 03
03010375	Cincinnati (Univ. of), OH GO 2003C
03010376	Florida DEP Save Our Coast Sales Tax 2003A
03010377	Pepperdine University, CA
03010381	New York State DASNY-SUNY GO/Lease Surety
03010392	Oxnard Finance Auth, CA Sewer Rev Ref 2003
03010397	Fort Myers (City), FL W&S Utility 2003A

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03010398	Fort Myers (City), FL W&S Utility 2003A
03010407	State BOE (John C. Calhoun), AL Tuition Rev 2003A
03010408	Fernandina Beach, FL Utili Rev Ser 2003
03010409	Fernandina Beach, FL Utili Rev Ser 2003
03010417	Franklin Cnty Pub- Wtr Dist, Mo Rev Bnds 03A
03010418	Franklin Cnty Pub- Wtr Dist, Mo COPs 03B
03010419	Franklin Cnty Pub- Wtr Dist, Mo Rfg CoPs 03C
03010432	Greencastle Middle School Bldg Corp, 2003
03010435	DASNY- CUNY 3rd, 4th, 5th Res 2002
03010445	Fresno, CA Water System 2003A
03010446	Fresno, CA Water System 2003A
03010455	King County, WA Sewer Rev Ref 2003
03010456	King County, WA Sewer Rev Ref 2003
03010461	Oklahoma Dept Corrections (ODFA), OK Lease Rev 03
03010462	Oklahoma Dept Corrections (ODFA), OK Lease Rev 03
03010466	New York City TFA 2003E
03010477	DASNY- CUNY 3rd, 4th, 5th Res 2002
03010478	DASNY- CUNY 3rd, 4th, 5th Res 2002
03010479	DASNY- CUNY 3rd, 4th, 5th Res 2002
03010480	DASNY- CUNY 3rd, 4th, 5th Res 2002
03010483	DASNY- CUNY 3rd, 4th, 5th Res 2002
03010484	DASNY- CUNY 3rd, 4th, 5th Res 2002
03010486	Prince William Cty,VA WtrSwr 2003
03010491	Ohio State Bldg Auth Wrk Comp Fac Lease 2003A Ref
03010497	Hernando Co, Florida W&S Ref 2003
03010504	Winchester (City of), KY Rev 03
03010519	Clearfield City, UT Sales Tax Rev 2003
03010520	Clearfield City, UT Sales Tax Rev 2003
03010521	Simmons College (Mass HEFA) Priv Hghr Ed Rev 2003F
03010529	Decatur Twp IN Mid Sch Bldg Corp 1st Mtg Ref 2003
03010531	Regional Transportation Authority, IL SlS Tx 03AC
03010532	Regional Transportation Authority, IL SlS Tx 03AC
03010533	Regional Transportation Auth, IL SlS Tx 03C Surety
03010540	Cass County, MI GO Trans Fund 03
03010552	Cleveland State Univ, OH Gen Receipt 03A
03010554	Blue River Valley Sch Build Corp, IN 1st mrtg 2003
03010558	Appalachian St Univ, BOG Univ of NC, NC Rev 2003
03010563	New Jersey City Univ, NJ Rev
03010570	San Marcos Pub Fac Auth CA Proj Area 1 TAB
03010571	San Marcos Pub Fac Auth CA Proj Area 1 TAB
03010572	San Marcos Pub Fac Auth, CA 03 TAB Proj Area No. 2
03010573	San Marcos Pub Fac Auth, CA 03 TAB Proj Area No. 2
03010574	Azle (City of),TX Wtr & Swr Rev Ref 2003
03010581	University of Arizona, Series 2003
03010584	Florida Preservation 2000 Surety
03010587	Leon County, FL Cap Impr Rev 2003A & 2003B (Txbl)
03010589	Leon County, FL Cap Impr Rev 2003A & 2003B (Txbl)
03010591	Port Authority of NY & NJ 130th Ser 2002
03010599	MTA Transportation Rev 2003 Series A
03010600	Noblesville SE Pub Lib Bldg Corp, IN 1st Mrtg 2003
03010606	Washington Terrace (City), Utah W&S 2001 Surety
03010614	Florida Forever Doc Stamp 2003A
03010615	Florida Forever Doc Stamp 2003A
03010622	Santa Ana Comm Redev Agency So Main, CA TABs 03AB
03010623	Santa Ana Comm Redev Agency So Main, CA TABs 03AB

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03010624	Drew Univ, NJ NJEFA Rev 2003C
03010630	Miami-Dade County, FL GARB 2003 A-F
03010631	Miami-Dade County, FL GARB 2003 A-F
03010644	Avondale (City of) Muni Dev Corp, AZ Exc Tax 2003
03010652	Connecticut Hlth & Educ Fac Auth, CT Rev Series E
03010657	Pennsylvania (Commonwealth) GO 2nd Series 2003
03010658	Univ of Redlands (CEFA), CA Rev 2003B
03010660	Baltimore (City), MD Wastewater Sr Lien 2003 A
03010661	Baltimore (City), MD Water Senior Lien 2003
03010671	Avondale (City of) Muni Dev Corp, AZ Exc Tax 2003
03010676	Shreveport, LA W&S Rev Ref 2003B
03010677	Hammond Multi-School Bldg Corp, IN Lease 03A
03010685	Passaic (County of), NJ GO dtd 6/1/03
03010688	Volusia County, FL Wtr/Sew 03 Ref
03010689	Volusia County, FL Wtr/Sew 03 Ref
03010693	Miami-Dade Cnty SD, FL COP 2003D
03010696	Sanibel (City of), FL Sewer Ulty Rev Ref 03
03010697	Sanibel (City of), FL Sewer Ulty Rev Ref 03
03010703	Duquesne Univ, PA Rev 2003
03010704	St. Peters (City of), MO Wtr/Swr Rev 2003
03010705	St. Peters (City of), MO Wtr/Swr Rev 2003
03010720	Univ/CC Sys, NV Rev (UNLV Dorm/UNR Park) 03B
03010737	Cherokee Co W&S Auth, GA 2003
03010738	Cherokee Co W&S Auth, GA 2003
03010745	Jacksonville Airport Auth, FL Rev Ref 2003
03010751	Hillsborough Cnty, FL Sales Tax 2003 Fwd Swap
03010755	Escambia County Utilities Authority, FL W&S 2003
03010756	Escambia County Utilities Authority, FL W&S 2003
03010763	Univ of Arkansas (Fort Smith), AR Rev 2003
03010764	Univ of Arkansas (Fort Smith), AR Rev 2003
03010768	Hillsborough County, Florida Utility Series 2003
03010769	Hillsborough County, Florida Utility Series 2003
03010770	Chandler, AZ W&S Senior Lien Rev 2003
03010783	Northern Kentucky Wtr Dist Rev 03
03010784	Milwaukee (City of), WI Sewer Sys Rev 2003 S4
03010787	New Jersey Turnpike Auth Rev 2003A
03010800	Villanova Univ (Delaware Cnty Auth), PA Rev Ref 03
03010801	Broward County, FL Airport Rev Ref 2003K
03010814	Key West (City of), FL Swr Sys Rev Ref 2003
03010815	Key West (City of), FL Swr Sys Rev Ref 2003
03010821	Bloomington (City of), IN Waterworks Rev Ref 2003
03010822	Bloomington (City of), IN Waterworks Rev Ref 2003
03010823	Bloomington (City of), IN Waterworks Rev SRF 2003A
03010825	Deer Creek Drainage, PA Swr Rev Ref 2003A
03010826	Deer Creek Drainage, PA Swr Rev Ref 2003A
03010829	Bloomington (City of), IN Waterworks Rev SRF 2003B
03010830	Clifton Park Wtr Auth, NY Rev Ref 2003A
03010831	Clifton Park Wtr Auth, NY Rev Ref 2003A
03010835	Rutgers State Univ GO, NJ GO Ref 2003C
03010849	Arvada (City of), CO Sales/Use Tax Ref Rev 03
03010867	MTA Transportation Rev 2003 Series B
03010868	Stuart, FL - Pub Util Rev Rfdg 2003
03010869	Stuart, FL - Pub Util Rev Rfdg 2003
03010872	Jacksonville Airport Auth, FL Rev Fwd Swap 03
03010875	Washington, DC Wtr/Swr Auth 2003

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03010876	Washington, DC Wtr/Swr Auth 2003
03010880	Univ of Ill South Campus 2003A
03010882	New Jersey (Lease) Econ Devel Auth 2003F
03010885	Manchester (City of), NH Water Rev 2003
03010893	Lancaster County W&S District, SC 1999 Surety
03010894	Lancaster County W&S District, SC 2003
03010898	Rogers (City of), AR Sales and Use Rev 2003
03010899	Rogers (City of), AR Sales and Use Rev 2003
03010900	Pasadena (City of), CA Water Rev Ref 2003
03010901	Turlock (City), CA (Pub Fin Auth) Swr Rev 2003A
03010910	Orange County, CA Wtr Dist Rev COP's 2003B
03010920	Florida St Ed Sys (FL Atlantic Univ), Hsg Rev 03
03010921	Florida St Ed Sys (FL Atlantic Univ), Hsg Rev 03
03010928	Arizona School Facilities Board COPs 2003B
03010931	Yorba Linda Wtr Dist, CA Wtr Rev COP 2003
03010932	Yorba Linda Wtr Dist, CA Wtr Rev COP 2003
03010940	New York City TFA Future Tax Secured 2004A
03010942	Alamo Comm Coll Dist, TX Comb Fee Rev Ref 2003
03010943	Alamo Comm Coll Dist, TX Comb Fee Rev Ref 2003
03010945	Valparaiso Middle Sch Bldg Corp, IN Ref Bds 2003
03010952	Metropolitan Water Dist, CA Rev 03, Ser B-1 & B-2
03010953	Metropolitan Water Dist, CA Rev 03, Ser B-1 & B-2
03010954	St. Petersburg (City of), FL Excise Tx Ref Rev 02
03010968	Metro Washington DC Arpt 2003 B
03010969	Metro Washington DC Arpt 2003 B
03010978	Plainfield (Town of), IN Wtrwrks Rev 2003
03010979	Plainfield (Town of), IN Wtrwrks Rev 2003
03010980	Plainfield (Town), IN Swgws Rev 2003A & Ref 2003B
03010981	Plainfield (Town), IN Swgws Rev 2003A & Ref 2003B
03010984	Oregon (State of) Dept. of Admin COPs 2003C
03010990	Project 7 Water Authority, Co 03 Ref
03010991	Project 7 Water Authority, Co 03 Ref
03010995	Metro Washington, D.C. Arpts 2003C
03010996	Metro Washington DC Arpt 2003 A
03010998	Gilbert (Town), AZ Street/Hghwy Rev (Proj 2003) 03
03011006	North Harris Cnty. Reg. Wtr. Auth., TX Rev. 2003
03011007	Kean University, NJ Revenue Bds 2003D
03011009	North Harris Cnty. Reg. Wtr. Auth., TX Rev. 2003
03011010	Eureka (City of) Redevl Agency, CA Ref TABs 03
03011015	Kansas City SD, MO Bldg Corp Lease Rev 2003B Appr.
03011017	Columbus, OH, Reg Airport 2003
03011024	Norristown Muni Wst Auth, PA Swr Rev 2003
03011025	Acton MUD, TX Util Rev & Ref 2003
03011038	Rhode Island EDC (Arpt) 03A
03011039	Rhode Island EDC (Arpt) 03A
03011046	Hillsboro (City of), OR Wtr Rev 2003
03011047	Hillsboro (City of), OR Wtr Rev 2003
03011059	Colorado Water Res/Pwr Dev Auth, CO (Clifton) 03
03011062	Vermont State Colleges, VT Rev 2003
03011072	Albany (City of), OR Water Rev and Ref 2003
03011073	Albany (City of), OR Water Rev and Ref 2003
03011083	Rowan Univ. (NJFEA), NJ Rev 2003I & 2003J
03011087	Indiana SOBC Lease 03 B (Evansville St Hospital)
03011091	Cape Girardeau County, MO Lease COPs 2003
03011093	Upper Mohawk Reg Water Fin Auth Rev 03

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03011094	Mansfield Park Fac Dev Corp, TX Sales Tax Rev 03
03011095	Mansfield Park Fac Dev Corp, TX Sales Tax Rev 03
03011105	Carson City, NV Hghwy Rev (Motor Veh Fuel Tax) 03
03011106	Colorado Water Res & Pwr Dev Auth, CO 2003A
03011107	Colorado Water Res/Pwr Dev Auth, CO (Eaton) Rev 03
03011115	Hammond Multi-School Bldg Corp, IN Lease 03B
03011117	Los Banos (City), CA Rev Ref COPs 03 (93 Swr Proj)
03011119	Metro Nashville Arpt Auth, TN Rev 03B
03011120	Metro Nashville Arpt Auth, TN Rev 03B
03011121	Wisconsin (State) Motor Veh Reg 2003A
03011129	McKinney (City of), TX Wtrwrks/Swr Sys Rev 2003
03011135	Northern Arizona Univ, AZ Rev 2003
03011138	El Dorado Irrigation Dist (EID), CA Rev COPs 2003A
03011139	El Dorado Irrigation Dist (EID), CA Rev COPs 2003A
03011145	Castle Rock (Town of), CO W&S Enterprise Rev 03
03011146	Castle Rock (Town of), CO W&S Enterprise Rev 03
03011155	Connecticut (State of), CT Special Tax Transp 03B
03011158	Univ of North Alabama, AL Gen Fee (sub) Rev 2003
03011160	Kansas State DOT Highway Rev Ref 2003AB
03011161	Alaska (Univ of), AK Gen Rev 2003L
03011162	Alaska (Univ of), AK Gen Rev 2003L
03011168	Shreveport (City of), LA W&S Rev Ref 2003C
03011181	Chino Hills (City of), CA Water Sys Ref COPs 2003
03011182	Chino Hills (City of), CA Water Sys Ref COPs 2003
03011183	Norman Utilities Auth, OK Util Rev Ref 03
03011184	Norman Utilities Auth, OK Util Rev Ref 03
03011186	SUNY (DASNY), NY Lease Rev 03BC
03011187	SUNY (DASNY), NY Lease Rev 03A
03011188	Butte-Silver Bow, MT Water 2003
03011189	Butte-Silver Bow, MT Water 2003
03011191	Columbus State Comm College, OH Rev 03
03011204	Atlanta (City of), GA Airport Rev Ref 2003RF-D
03011205	Atlanta (City of), GA Airport Rev Ref 2003RF-D
03011206	Arcata (City), CA Jt PFA Rev Ref TAB 2003
03011209	Monroe County Comm School Corp, IN Rev 1st Mort 03
03011216	Lansing, MI Sewer Rev Rfd 2003
03011218	Lancaster Redevl Agy, CA Comb Redevl Proj Hsg 04
03011219	Lancaster Fin Agy, CA TABS Projs Res & Amar 2004
03011220	Sacramento Cnty PFA, CA TAB's Series 2003AB
03011223	Yakima (City of), WA W&S Rev 2003AB
03011227	San Jose (City of) RDA, CA Merged Area TABs 2003
03011234	Fairfield SBC, IN Lease Rev 2003
03011241	Alabama PS & College Auth, AL Cap Impr Rev 03
03011242	Sacramento Cnty PFA, CA TABs Series 2003B
03020011	New York City TFA 98B
03020013	New York City TFA 98B
03020014	Triborough Bridge General Purpose 2002B
03020015	MTA Transportation Rev 2002 46BP
03020023	MTA Transportation Rev 2002 46BP
03020031	NYS Personal Income Tax (NYS UDC) 03A-1/A-2
03020040	MTA Transportation Rev 2002 46BP
03020047	MTA Transportation Rev 2002E
03020056	MTA Transportation Rev 2002 46BP
03020062	DASNY New York St Personal Income Tax
03020064	Los Angeles Dept Wtr&Pwr 01WTR

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03020068	New York City TFA 98B
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03020070	New York City TFA 98B
03020074	New York City TFA 98B
03020075	New York City TFA 98B
03020078	Alabama PS & College Auth, AL Cap Impr Rev 03
04010005	Brandeis University, MA Rev Series K
04010014	Castle Rock (Town of) CO W&S Enterprise Rev 04
04010015	Castle Rock (Town of) CO W&S Enterprise Rev 04
04010016	Akron (City of), OH Income Tax Rev 2004A
04010021	Wayne State Univ, MI Gen Rev 2003B
04010023	Akron (City of), OH Income Tax Rev 2004B
04010024	Santa Clara Valley Wtr Dist, CA Ref COPs 04A
04010025	Santa Clara Valley Wtr Dist, CA Ref COPs 04A
04010027	Miss State Univ EBC, MS Rev 04 (Power Generation)
04010029	San Dieguito Water Dist, CA Wtr Rev Ref 2003
04010033	Mesa (City of), AZ Utility Sys Rev Ref 2004
04010034	Mesa (City of), AZ Street & Highway Rev Ref 2004
04010037	Honolulu (City&Cnty of), HI Wtr Sys Rev 04A
04010038	Honolulu (City&Cnty of), HI Wtr Sys Rev 04A
04010039	William Paterson Univ (NJFEA), NJ Rev 2004 A
04010042	Muscle Shoals (City) Utl Bd, AL Wtr&Swr Rev Ref 04
04010043	Muscle Shoals (City) Utl Bd, AL Wtr&Swr Rev Ref 04
04010045	York College, PA Rev 2003
04010047	Ramapo College (NJFEA), NJ Rev 2003H
04010048	Port Authority of NY & NJ 133rd & 134th Cons. Bds
04010052	Kansas City, KS (Wyandotte)Swr Loans (Jr Lien) 03
04010064	Louisville & Jefferson Metro Swr Dist, KY Rev 04A
04010068	Vancouver (City of), WA W&S Rev Ref 2003
04010073	Tampa Bay Regional Water Authority, FL 2004 Ref
04010074	Boise State Univ, ID General Rev 2004
04010076	DASNY Dept of Health, NY Rev Ref 2004
04010080	San Francisco Redev Proj, TABs 1993B Surety
04010087	Univ of Akron, OH Gen Receipts 2004
04010090	Cincinnati/Hamilton Co Conven Auth, OH Hotel Tx 04
04010091	Cincinnati/Hamilton Co Conven Auth, OH Hotel Tx 04
04010092	Cincinnati/Hamilton Co Conv Auth, OH Hotel Jr Lien
04010098	Virgin Valley Water District, NV Wtr Rev Ref 2004
04010099	Virgin Valley Water District, NV Wtr Rev Ref 2004
04010100	Palm Beach Cnty, FL Non-Ad Vlm Rev Ref 2004
04010101	Palm Beach Cnty, FL Non-Ad Vlm Rev Ref 2004
04010106	Dearborn (City of), MI Sewage Disp Rev Ref 04
04010107	Arkansas St Univ (Jonesboro), AR Housing Rev 2004
04010108	Arkansas St Univ (Jonesboro), AR Housing Rev 2004
04010109	Arkansas St Univ (Jonesboro), AR Stud Fee Rev 2004
04010110	Arkansas St Univ (Jonesboro), AR Stud Fee Rev 2004
04010111	Long Beach (Port of), CA 04 AB
04010115	Provo (City of), UT Sales Tax Rev 04 (Taxable)
04010117	Harris County, TX Toll RD Sr Lien Rev & Ref 04A
04010122	Indiana SOBC, IN Lease Rev 2004 ABC
04010124	Manitowoc Public Utilities, WI Electric Rev 2004A
04010127	California (State Of) GARVEEs, CA 04A
04010132	Metropolitan Transpotation Authority, NY DTF2004A
04010134	Wildlife Conservation Society, 2004
04010136	Mountains RCA Assesm Dist No. 1, CA Rev 04

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04010137	Mountains RCA Assessment Dist No. 2, CA Rev 04
04010138	Indiana SOBC, IN Lease Rev 2004B
04010140	Indiana SOBC, IN Lease Rev 2004C
04010142	Bergen County Utilities Authority, NJ Wtr Rev2004A
04010144	Northeastern State University (OK BOR), OK Rev 04
04010145	Northeastern State University (OK BOR), OK Rev 04
04010146	Boston University (Mass Development Finance Auth)
04010148	Gary Comm School Corp, IN 1st Mrtg 2004
04010150	Penta Career Center, OH Lease Rev COPs dtd 3/1/04
04010151	Tulsa Intl Air, OK Gen Rev 04 (Improvement Trust)
04010152	Tulsa Intl Air, OK Gen Rev 04 (Improvement Trust)
04010157	KDFA (Kansas Projects), KS Rev 04A
04010159	Duquesne University, PA Rev Student Hous 2004
04010160	Duquesne Univ, PA Rev Student Hous 2004
04010167	Fond du Lac (City of), WI Waterworks Sys Rev 04
04010171	Fond du Lac (City of), WI Sewer Sys Rev 04
04010174	Arizona School Facilities Board COPs 2003C forward
04010180	Mansfield (City of), TX W&S Rev Ref 04
04010182	Sevier County MBA, UT Rev 04
04010183	Nogales MDA, AZ Muni Fac Rev 04A & 04B (Taxable)
04010187	Nogales MDA, AZ Muni Fac Rev 04A & 04B (Taxable)
04010188	Jacksonville Elec Auth, FL W&S Sr Lien Rev Ref04AB
04010189	Jacksonville Elec Auth, FL W&S Sub Lien Rev 04A
04010190	Jacksonville Elec Auth, FL W&S Sub Lien Rev 04A
04010193	Nevada Real Property Corporation COPs Rev 04
04010196	Fletcher Allen Health Care04
04010198	Stockton RDA (Events Center), CA Rev 04
04010204	Richland-Bean Blossom 2000 SBC, IN 1st Mrtg 04
04010209	Florida State Univ, FL Hsg Rev 2004A
04010210	Florida State Univ, FL Hsg Rev 2004A
04010215	Scottsdale Preserve Auth, Excise Rev Ref 04
04010216	Univ of North Dakota, ND Aux Fac Rev 04
04010218	Riverton (City of), UT Wtr Rev Ref 2004
04010219	Riverton (City of), UT Wtr Rev Ref 2004
04010220	Santa Rosa (City of), CA Wastewater Rev 04B
04010222	CenterPt Engy Houston Elect (Gulf Coast), TX 04
04010223	CenterPt Energy Houston Elect (Brazos), TX Ref 04A
04010226	Port St. Lucie (City), FL Gas Tax Ref & Imp Rev 04
04010232	San Francisco Redev Proj, TABs 2004 A
04010233	San Francisco Redev Proj, TABs 2004 A
04010236	Univ of South Alabama, AL Rev 04
04010237	Miami-Dade Co, FL Airport Rev 04ABC
04010238	Miami-Dade Co, FL Airport Rev 04ABC
04010242	Colorado DOT TRANS, CO Rev 2004AB
04010244	Southmont SBC, IN 1st Mrtg 2004
04010247	Harris County, TX Toll RD Sr Lien Rev & Ref 04B-1
04010248	Harris County, TX Toll RD Sr Lien Rev & Ref 04B-2
04010255	Palm Beach County SD, FL COPs 2004A
04010259	Centennial Water & Sani Dist, CO Rev and Ref 04
04010260	Centennial Water & Sani Dist, CO Rev and Ref 04
04010263	Alabama Power, AL Sr. Unsecured 04 (Taxable)
04010264	Birmingham (City of), AL W&S Rev 04AB
04010265	Miami-Dade Co, FL Cap Asset Acquis MUNI-CPI 04A
04010266	Miami-Dade Co, FL Cap Asset Acquis MUNI-CPI 04A
04010269	Chelan Hydro Cons System (PUD #1), WA Rev 04

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04010271	Chelan Hydro Cons System (PUD #1), WA Rev 04B
04010272	Chelan Hydro Cons System (PUD #1), WA Rev 04B
04010273	Chelan Hydro Cons System (PUD #1), WA Rev 04C
04010274	Chelan Hydro Cons System (PUD #1), WA Rev 04C
04010275	Chelan Hydro Cons System (PUD #1), WA Rev 04E
04010276	Chelan Hydro Cons System (PUD #1), WA Rev 04E
04010278	South Ogden City, UT Sales Tax Rev & Ref 04
04010279	South Ogden City, UT Sales Tax Rev & Ref 04
04010283	Southwest Parke Comm SBC, IN Lease Rev 2004
04010284	Skidmore College (DASNY), NY Insured Rev 2004
04010303	California (State of) Econ. Recovery Bonds, 2004
04010310	Sacramento (SMUD), CA Elec Rev 04T
04010311	Phoenix (City of), AZ Cons Car Rental Fac Rev
04010312	Phoenix (City of), AZ Cons Car Rental Fac Rev
04010313	Bradley Intl Arpt, CT Rev Ref 04
04010317	Moberly (City of), MO W&S Rev 04
04010320	Anaheim Pub Fin Auth, CA Mello Roos 04A
04010321	Anaheim Pub Fin Auth, CA Mello Roos 04A
04010322	Indiana Transport Fin Auth, IN Hwy Rev 04A
04010323	Myrtle Beach (City of), SC Accomod Fee Rev 2004AB
04010324	Myrtle Beach (City of), SC Accomod Fee Rev 2004
04010325	Fashion Inst of Tech (SUNY), NY Rev 2004
04010326	Tacoma (City of), WA Elec Rev 04A
04010327	Houston (City of), TX Comb Util Rev Ref 04ABC
04010331	Energy Northwest, WA Elec Rev Ref 04
04010332	Univ of New Orleans (LSU BOS), LA Std Fee Rev 04A
04010333	Univ of New Orleans (LSU BOS), LA Std Fee Rev 04A
04010341	Oklahoma City (City of), OK W&S Sys Rev 04
04010342	Oklahoma City (City of), OK W&S Sys Rev 04
04010343	Kentucky Turnpike Auth, KY Lease Rev 04A
04010344	Texas Mun Pwr Agy (TMPA) Sub Lien, TX Elec Ref 04
04010345	Texas Mun Pwr Agy (TMPA) Sub Lien, TX Elec Ref 04
04010346	Port Orange (City of), FL Excise Rev 04
04010354	Central Washington Univ (SUB/REC), WA Rev 04
04010355	Lincoln University, PA
04010356	Oxnard Finance Auth, CA Sewer Rev 2004A
04010357	Oxnard Finance Auth, CA Sewer Rev 2004A
04010359	Massachusetts Commonwealth, MA Hotel Tax Rev 04
04010360	Massachusetts Commonwealth, MA Hotel Tax Rev 04
04010364	Anaheim Pub Fin Auth, CA Mello Roos 04A SY
04010371	South Jersey Transp Auth, NJ Rev Rev 2004 A
04010376	San Antonio (City), TX Sr. Lien Wtr Rev Ref 04
04010377	San Antonio (City), TX Sr. Lien Wtr Rev Ref 04
04010378	San Antonio (City), TX Jr. Lien Wtr Rev Ref 04
04010379	San Antonio (City), TX Jr. Lien Wtr Rev Ref 04
04010380	San Antonio (City), TX Jr. Lien Wtr Rev Ref 04A
04010381	San Antonio (City), TX Jr. Lien Wtr Rev Ref 04A
04010384	Clay County Bldg Corp, IN Lease Rev 04
04010385	Kansas City, MO GARB Rev Ref 04E
04010386	Kansas City, MO GARB Rev Ref 04E
04010387	Port of Seattle, WA Rev Rfdg 2004
04010388	Port of Seattle, WA Rev Rfdg 2004
04010390	Stockton PFA (Parking & Cap Projects), CA Rev 04
04010392	Children's Hosp Med Ctr, OH, Rev Ref 04

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04010398	Watsonville (City of) RDA, CA TABS
04010399	Watsonville (City of) RDA, CA TABS Ref 04A
04010400	Jackson State University (EBC), MS Rev 04
04010402	South Orange Cnty PFA (Foothill), CA Rev Ref 04A
04010407	Indiana Transport Fin Auth, IN Hwy Rev 04B
04010409	Leesburg (City of), FL Electric Util Sys Rev 04
04010411	Leesburg (City of), FL Electric Util Sys Rev 04
04010412	Leesburg (City of), FL Wtr/Gas Util Sys Rev 04
04010413	Leesburg (City of), FL Wtr/Gas Util Sys Rev 04
04010414	Oregon Fac Auth (Willamette Univ), OR Rev 04A
04010415	Allen County Pub Lib Bldg Corp, IN Lease Rev 04
04010429	Massachusetts Commonwealth, MA Hotel Tax Rev 04
04010430	Massachusetts Commonwealth, MA Hotel Tax Rev 04
04010431	Massachusetts Commonwealth, MA Hotel Tax Rev 04
04010436	Kearns Improv Dist, UT Sewer Rev Surety
04010439	Saginaw Valley St Univ, MI Rev Ref 04
04010446	Central Ark Univ BOT, AR Rev 04A/Tax 04B & Aux 04C
04010450	Indiana Transport Fin Auth, IN Hwy Rev 04C
04010454	Miami-Dade County SD, FL Lease Rev COPs 04A
04010461	Rutgers St Univ, NJ Rev 04E
04010464	Corona RDA, CA TAB Ref 04
04010466	Corona RDA, CA TAB Ref 04
04010468	Alamo Comm Coll Dist, TX Comb Fee Rev 04
04010471	Denver Reg Trans Dist (RTD), CO Rev COPS 04A
04010472	Nevada (State of), NV Hwy Impr Motor Fuel Tax 04
04010473	Miami-Dade County Expwy Auth, FL Toll Rev 04AB
04010474	Miami-Dade County Expwy Auth, FL Toll Rev 04AB
04010476	Leesburg (City of), FL Cap Imp Rev 04
04010477	Leesburg (City of), FL Cap Imp Rev 04
04010480	Cleveland State Univ, OH Rev 04
04010484	Lucia Mar USD, CA COPS 04AB
04010485	Lucia Mar USD, CA COPS 04AB
04010486	Otay Water District, CA Rev Ref 04
04010487	Otay Water District, CA Rev Ref 04
04010490	West Palm Beach, FL W&S Util 2004
04010494	Clark County (McCarran Arpt), NV SubLien Rev 04ABC
04010495	North Dakota St Univ, ND Auxil Fac Rev 04
04010503	Houston (City of), TX Wtr&Swr Jr Lien 2004-AB
04010506	Miami-Dade Co., FL W&S Surety 97
04010508	Miami-Dade Co., FL W&S Surety 99A
04010509	Florida Muni Power Agy, FL Rev 04
04010510	Monroe Co Comm Sch Corp, IN Lease Rev Ref 04
04010511	Piedmont Muni Pwr Ag, SC Elec Rev 04AB
04010512	Florida Muni Power Agy, FL Rev 04
04010513	Florida Muni Power Agy, FL Rev 04
04010519	Franklin Comm SBC, IN Lse Rev 04
04010525	Univ of Washington (Biomed Prop I), WA Lse Rev 04A
04010532	Concord Hospital, NH Rev 04
04010533	Grand Rapids, MI Sani Swr Sys Rev 04
04010534	Grand Rapids, MI Sani Swr Sys Rev 04
04010536	Puerto Rico Electr Power Auth, PR Rev Ref OO
04010538	El Dorado Irrig Dist, CA Fixed Rev Ref COPS 04A
04010541	Murrieta Valley USD (CFD's), CA Mello Roos 04
04010542	Murrieta Valley USD (CFD's), CA Mello Roos 04
04010543	Michigan State Trunk Line, MI Gas Tax 04

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04010545	New Jersey EDA (Sch Fac Constr), NJ Lease Rev 04I
04010546	West Virginia Higher Ed Policy Comm, WV Rev 04B
04010548	New Jersey Trans Trust Fund Auth, NJ Rev 2004A
04010551	Alabama St. Univ., AL GO
04010552	Alabama St. Univ., AL GO
04010553	Alabama St. Univ., AL GO
04010555	New York University, NY Rev 04AB
04010566	Fulton County, GA W&S Rev 04 (Tax-Ex)
04010567	Southwest Gas Corp (Ind Dev Auth), NV Rev 04
04010568	Manatee County, FL Rev Impv 04
04010569	Manatee County, FL Rev Impv 04
04010576	Sarasota Co Sch Bd, FL Lease Rev 04
04010577	Palmdale Water District, CA Rev COPS 04
04010578	Palmdale Water District, CA Rev COPS 04
04010583	Northwestern SBC, IN Lease Rev 04
04010588	Beaumont (City of), TX Wtr & Swr Rev 04
04010589	Beaumont (City of), TX Wtr & Swr Rev 04
04010591	Schenectady Metroplex Dev Auth, NY Gen Res 04A
04010596	Univ of Central Florida, FL (UCFAA) COPS 04
04010599	Riviera Beach (City of), FL W&S Rev 04
04010600	Riviera Beach (City of), FL W&S Rev 04
04010601	Public Utility Dist #1 (Cowlitiz Cnty), WA Rev 04
04010602	Public Utility Dist #1 (Cowlitiz Cnty), WA Rev 04
04010607	Manteca USD, CA CFD 1989-2 2004D
04010608	Manteca USD, CA CFD 1989-2 2004D
04010612	Iowa BOR (State Univ of), IA Acad Bldg S.U.I. 2004
04010624	Louisiana State Univ (New Orleans), LA Rev Ref 04
04010625	Louisiana State Univ (New Orleans), LA Rev Ref 04
04010634	Sierra Joint CCD, CA COPS 04
04010635	Sierra Joint CCD, CA COPS 04
04010640	Lee Co IDA (Bonita Springs Util), FL W&S 04A
04010641	Lee Co IDA (Bonita Springs Util), FL W&S 04A
04010642	New Jersey Trans Trust Fund Auth, NJ Rev 2004B
04010645	Coastal Water Auth, TX Rev 04 (Houston City Proj)
04010647	Coastal Water Auth, TX Rev 04 (Houston City Proj)
04010650	Hallsdale-Powell UD, TN WWks & Swr Rev 04
04010651	Hallsdale-Powell UD, TN WWks & Swr Rev 04
04010659	Lebanon Pub Library, IN Lease Rev 04
04010664	Lee County, FL 5 Cent Gas Tax Ref Rev 04
04010665	Lee County, FL 5 Cent Gas Tax Ref Rev 04
04010666	Delaware Transportation Auth, DE Rev Sr Lien 04
04010668	Saginaw Valley St Univ, MI Gen Rev 04B
04010673	Ramapo College (NJFA), NJ Rev 04E
04010674	Ramapo College (NJFA), NJ Rev 04E
04010679	Univ of Akron, OH Gen Receipts 2004B
04010680	Emerald Coast Util Auth, FL Ref Rev 2004
04010681	Emerald Coast Util Auth, FL Ref Rev 2004
04010686	High Point (City of), NC Comb Enterprise Rev 04
04010687	High Point (City of), NC Comb Enterprise Rev 04
04010688	New York STAR Corp, NY Rev 05AB
04010690	Indiana MPA, IN Electr Rev 04A
04010691	Indiana Bond Bank, IN Spec Prgm 04D
04010692	Indiana Bond Bank, IN Spec Prgm 04D
04010702	Osceola Co Sch Brd, FL Lease Rev 04A
04010703	Osceola Co Sch Brd, FL Lease Rev 04B

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04010706	Mississippi St Univ EBC (Res Hall), MS Rev Ref 04A
04010718	Melbourne (City of), FL W&S Rev 04
04010719	Melbourne (City of), FL W&S Rev 04
04010721	Lancaster RDA (Proj Areas), CA Mark-Roos 04
04010722	Lancaster RDA (Housing Program), CA TAB 04
04010723	Washington (Columbia Basin CC), WA COPS Rev 04F
04010725	Erie City, PA Water Authority 2004
04010726	Brevard County SD, FL Lease Rev 04AB
04010730	Pulaski Tech College (Board of Trust), AR Rev 04
04010732	Riverside (City) Redev Ag, CA TAB 04A
04010738	Polk County, FL Util Sys Rev 04A & Ref 04B
04010739	Polk County, FL Util Sys Rev 04A & Ref 04B
04010740	Dunklin County, MO COPS 04
04010741	Mooresville (Town of), NC Enterprise Sys Rev 04
04010742	Mooresville (Town of), NC Enterprise Sys Rev 04
04010745	West Virginia (Univ of), WV Rev 04BC
04010755	Aqua Pennsylvania, PA Rev 04
04010756	Camden (City of), SC Combined Util Rev Ref 04
04010757	Camden (City of), SC Combined Util Rev Ref 04
04010758	Univ of Colorado BOR, CO Enterprise Sys Rev 04
04010760	Lower Colorado River Auth (LCRA), TX Rev Ref 04D
04010761	Lower Co Riv Auth (LCRA-Trans Svc), TX Elec Rev 04
04010765	West Virginia (Univ of), Auction Rate Rev 04A
04010766	Ceres USD, CA COPS 04
04010768	Portland (Interstate Corridor), OR TIF Rev 04A
04010769	Portland (Interstate Corridor), OR TIF Rev 04A
04010770	New Albany-Floyd Co SBC, IN Lease Rev Ref 04
04010771	DASNY (Catskill Reg Med Ctr), NY Rev 04
04010772	Big Creek Util Dist (Grundy Co), TN Wtr Rev Ref 04
04010774	Montefiore Med Center (DASNY), NY Hosp Rev 04
04010776	NYS PIT (NYS Urban Dev Corp) 04A-1
04010781	New Jersey Bldg Auth, NJ Lease Rev 04A
04010783	New Jersey Bldg Auth, NJ Lease Rev 04B
04010786	Northern Arizona Univ, AZ Sys Rev Ref 04
04010789	Aurora Sch Bldg Corp, IN Lease Rev 04
04010791	Brevard County SD, FL Lease Rev 04B
04010796	NYS Environmental Fac Corp State PIT Rev 04A&B
04010802	St Louis Muni Fin Corp (Forest Park), MO Lse 04
04010803	St Louis Muni Fin Corp (Forest Park), MO Lse 04
04010807	Port Authority of NY & NJ 138th Cons. Bds
04010808	San Francisco, CA Intl Airport Issue 32 Rev Ref
04010810	San Francisco, CA Intl Airport Issue 32 Rev Ref
04020012	California DWR Power Supply Rev. Bonds 2002A
04020018	California DWR Power Supply Rev. Bonds 2002A
04020019	New York St Tobacco Settl Fin Corp, NY Rev 2003B
04020020	California (State of) Econ. Recovery Bonds, 2004
04020021	California (State of) Econ. Recovery Bonds, 2004
04020023	New York St Tobacco Settl Fin Corp, NY Rev 2003B
04020030	New York City TFA 2004B
04020032	New York City TFA 2004B
04020033	New York City TFA 1999A&B
04020034	New York LGAC Sales Tax 93D/E
04020037	New York City TFA 2004B
04020039	Port Authority of NY Consol 85
04020040	New York St Tobacco Settl Fin Corp, NY Rev 2003B

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04020042	New York City TFA 2003D
04020045	New York City TFA 1999A&B
04020046	New York City TFA 2004C
04020047	New York City TFA 2004C
04020048	New York St Tobacco Settl Fin Corp, NY Rev 2003A
04020051	New York City TFA 2004C
04020052	New York City TFA 2004C
04020053	Virgin Islands Pub Fac Auth 2003A
04020062	New York City TFA 2004C
04020067	California (State of) Econ. Recovery Bonds, 2004
04020069	New York City TFA 2004C
04020070	New York City TFA 2003B
04020072	New York St Tobacco Settl Fin Corp, NY Rev 2003A
04020079	California (State of) Econ. Recovery Bonds, 2004
04020083	Upstate Comm Colleges (DASNY), NY Rev 04
04020084	Upstate Comm Colleges (DASNY), NY Rev Ref 04B
04020085	Upstate Comm Colleges (DASNY), NY Rev Ref 04B
04020086	Upstate Comm Colleges (DASNY), NY Rev Ref 04B
04020087	Upstate Comm Colleges (DASNY), NY Rev 04
04020088	Upstate Comm Colleges (DASNY), NY Rev Ref 04B
04020089	Upstate Comm Colleges (DASNY), NY Rev 04
04020092	New York City TFA 2003D
04020094	California (State of) Econ. Recovery Bonds, 2004
04020095	California (State of) Econ. Recovery Bonds, 2004
04020096	New York City TFA 2004C
04020097	California (State of) Econ. Recovery Bonds, 2004
04020099	California (State of) Econ. Recovery Bonds, 2004
04020100	California (State of) Econ. Recovery Bonds, 2004
04020101	New Jersey Trans Trust Fund Auth, NJ Rev 99 A
04020102	New Jersey (Lease) Econ Devel Auth 2003F
04020103	California SPWB (Univ CA), CA Lse 04F
04020104	California SPWB (Univ CA), CA Lse 04F
04020105	California SPWB (Univ CA), CA Lse 04F
04020107	California (State of) Econ. Recovery Bonds, 2004
04020108	California (State of) Econ. Recovery Bonds, 2004
04020109	New York St Tobacco Settl Fin Corp, NY Rev 2003A
04020110	New York City TFA 2004C
04020113	California (State of) Econ. Recovery Bonds, 2004
04020114	California (State of) Econ. Recovery Bonds, 2004
05010001	Chelan Hydro Cons System (PUD #1), WA Rev 05A
05010002	Chelan Hydro Cons System (PUD #1), WA Rev 05A
05010003	Chelan Hydro Cons System (PUD #1), WA Rev 05B
05010004	Chelan Hydro Cons System (PUD #1), WA Rev 05B
05010005	South Carolina Pub Svc Auth, SC Electric Rev 05A
05010006	Osceola Co Sch Brd, FL Lease Rev 04C fwd
05010010	Mississippi Dev Bank (MDOT), MS Rev 05
05010011	Mississippi Dev Bank (MDOT), MS Rev 05
05010014	Lodi USD (Aspire Project), CA COPS 05AB
05010015	Lodi USD (Aspire Project), CA COPS 05AB
05010021	Oklahoma City Comm College (BOR), OK Rev 04
05010022	San Francisco, CA Intl Airport Issue 32 Rev Ref
05010024	Georgia Muni Elec Auth (MEAG), GA Rev 05
05010025	Ocala (City of), FL Util Sys Rev Ref 04
05010026	Ocala (City of), FL Util Sys Rev Ref 04

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05010028	New Jersey Trans Trust Fund Auth, NJ Rev 05B
05010032	San Ysidro SD, CA COPS 05
05010034	San Ysidro SD, CA COPS 05
05010042	Western MI Univ BOT, Gen Rev 05
05010044	New Jersey EDA (Sch Fac Constr), NJ Lease Rev 05K
05010045	Grant Cnty PUD 2 (Wanapum Hydro), Rev Ref 05
05010046	Grant Cnty PUD 2 (Wanapum Hydro), Rev Ref 05
05010050	Santee Comm Dev Commission, CA TAB 05A
05010054	Santee Public Financing Auth, CA Lse Rev 05
05010055	Santee Public Financing Auth, CA Lse Rev 05
05010058	Pomona USD (Golden West Sch Fin Auth), CA Rev 05
05010069	Chesterfield (City of), MO Rev COPS 05
05010070	Chesterfield (City of), MO Rev COPS 05
05010072	Northern Arizona Healthcare Sys, AZ Hosp Rev 05
05010074	St. Francois County, MO COPS 04
05010078	Fort Zumwalt SD Improvement Corp, MO Lse Ref 05
05010084	Nebraska Pub Power Dist, NE Rev Rfdg 05B
05010093	Pittsburgh Pub Parking Auth, PA Rev 05
05010094	Univ of Pennsylvania Health Sys, PA Hosp Rev 05B
05010095	Pittsburgh Pub Parking Auth, PA Rev 05
05010097	Warren Twnp MSD Vision 2005, IN Lease Rev Ref 05
05010098	Elsinore Valley MWD, CA W&S COPS 05
05010099	Elsinore Valley MWD, CA W&S COPS 05
05010103	North Bergen Twp BOE, NJ Lease Rev dtd 12/15/04
05010104	North Bergen Twp BOE, NJ Lease Rev dtd 12/15/04
05010105	Creighton Univ (Douglas Co), NE Rev 03-04
05010107	New Jersey HMFA, NJ Housing Rev 05ABCDE
05010108	Mental Health Svcs Fac Improv (DASNY), NY Rev 05
05010111	Centennial Water & Sani Dist, CO Ref 05
05010112	Centennial Water & Sani Dist, CO Ref 05
05010116	Nebraska Pub Power Dist, NE Rev Rfdg 05B
05010122	South Carolina Pub Svc Auth, SC Rev Ref 05C
05010129	CUNY (DASNY), NY Rev 05
05010131	Illinois (State of), IL Sales Tax Rev 05
05010132	Arkansas University (Fayetteville), AR Rev 05AB
05010133	Pennsylvania Power & Light Co, PA Rev 05
05010135	Central TX Regl Mobility Auth Toll Rev 05
05010138	SUNY (DASNY), NY Rev 05
05010139	Tampa Bay Regional Water Authority, FL Ref Rev 05
05010141	San Diego County, CA Wtr Auth Ref 05
05010142	San Diego County, CA Wtr Auth Ref 05
05010147	Arizona School Facilities Board, AZ COPS 05A-1
05010148	Arizona School Facilities Board, AZ COP 2005A-2
05010149	Arizona School Facilities Board, AZ COP 2005A-3
05010150	Upstate Comm Colleges (DASNY), NY Rev 05
05010153	Mental Health Svcs Fac Improv (DASNY), NY Rev
05010154	Indian River County, FL W&S Ref 05
05010158	NYS PIT Housing Fin Agency (Eco Devel/Hous) 05A
05010161	Woman's Hospital, LA Hosp Rev Ref 05
05010162	Contra Costa Wtr Dist, CA Wtr Rev Ref Series N 05
05010166	Center Grove Comm Sch Bldg Corp, IN Lease Rev 05
05010168	SUNY (DASNY), NY Rev 05
05010172	Mental Hlth Svcs Fac Improv (DASNY) NY Rev 05 40.7
05010173	Mental Hlth Svcs Fac Improv (DASNY) NY Rev 05 40.7
05010178	Clinton Prairie Comm Sch Bldg Corp, IN, Rev 2005

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05010179	Detroit (City), MI Wtr Supply Ref 2005A&C (Sr Ln)
05010180	Detroit (City), MI Wtr Supply Ref 2005A&C (Sr Ln)
05010195	Noblesville Multi Sch Bldg Corp, IN, Lease Rev 05
05010197	Chandler (City of), AZ W&S 05 (Sr. Lien)
05010198	Chandler (City of), AZ W&S 05 (Sr. Lien)
05010199	Southmost Union Jr College Dist, TX Rev Ref 05
05010200	Southmost Union Jr College Dist, TX Rev Ref 05
05010201	Alaska Municipal Bond Bank, AK GO 2005A
05010209	NYS PIT Edu 05AB & Eco Develop/Housing) 05AB
05010210	Duval County Sch Brd, FL, Lease Rev COPs 05A
05010215	North West Hendricks Middle SBC, IN Lse Ref 2005
05010219	Massachusetts State Colleg Build Auth, MA, Rev 05A
05010223	Greenfield Multi-Sch Bldg Corp, IN Lse Rev Ref 05
05010231	New Jersey Trans Trust Fund Auth, NJ Rev 05C
05010235	Univ of Pennsylvania Health Sys, PA Hosp Rev 05D
05010237	Puerto Rico Electr Power Auth, PR Rev Ref 05RR
05010239	Madison Cons (Lydia Middleton)SBC, IN Lease Rev 05
05010240	Salem (City of), OR W&S Ref 05
05010241	Salem (City of), OR W&S Ref 05
05010243	Univ of Massachusetts (Mass HEFA), MA Rev Ref 05
05010247	Oklahoma City Pub Prop Auth (OCPPA), OK, Rev 05
05010248	Oklahoma City Pub Prop Auth (OCPPA), OK, Rev 05
05010250	Washington St Univ Hsg & Dining, WA Rev Ref 05
05010251	Washington St Univ Hsg & Dining, WA Rev Ref 05
05010253	Southeast Georgia Hlth Sys Ref Series 2005
05010256	Sarasota (County), FL W&S Util Sys Ref Adv Rev 05
05010262	Univ of North Carolina (Wilmington), NC Lse Rev 05
05010263	Univ of North Carolina (Wilmington), NC Lse Rev 05
05010265	North White SBC, IN, Lease Rev 2005
05010269	Cherokee (County), KS, COPs Rev 2005
05010270	Riverside County, CA Lease 05B
05010271	Riverside County, CA Lease 05A
05010272	Unive of Colorado (BOR), CO Rev Ref 05A
05010273	Sacramento Suburban Water Dist, CA COP Taxable 05B
05010276	Sacramento Suburban Water Dist, CA COP Taxable 05B
05010277	Dillsburg Area Authority, PA Swr Rev 05
05010278	Center Grove 2000 Sch Bldg Corp, IN Lease Rev 05
05010281	Kentucky Turnpike Auth, Lease Rev 05
05010284	Capistrano UFSD (Ladera) CFD 98-2, CA MelloRoos 05
05010285	Capistrano UFSD (Ladera) CFD 98-2, CA MelloRoos 05
05010290	Louisiana State Gas & Fuels Tax Rev 05A
05010296	KDFA BOR (Scientific Res & Dev Fac), KS Rev 05D
05010300	Lancaster Area Sewer Authority, PA Rev 05
05010306	Port Authority of NY & NJ 139th Cons. Bds
05010311	Wichita (City of), KS W&S Util Ref Rev 05A
05010312	Wichita (City of), KS W&S Util Ref Rev 05A
05010313	New York City Housing Dev Corp, NY Rev 05A
05010320	Canaveral Port Auth, FL, Port Rev Ref, Series 2005
05010321	Del Mar Coll Distr, TX, Comb Fee Rev Ref, 2005
05010322	Del Mar Coll Distr, TX, Comb Fee Rev Ref, 2005
05010324	Oklahoma Cap Imp Auth (Native Am), OK Rev Ref 05C
05010326	Laguna Stonelake CFD No. 1, CA Mello Roos Rev 05
05010327	Laguna Stonelake CFD No. 1, CA Mello Roos Rev 05
05010334	New York City Housing Dev Corp, NY Rev 05A
05010337	Taylor County, FL Sales Tax Rev Ref 05

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05010338	Taylor County, FL Sales Tax Rev Ref 05
05010353	Pittsburgh Pub Parking Auth, PA Rev 05A
05010355	New Jersey Econ Dev Auth, NJ Lse Ref 05
05010359	Penn Pwr&Light Co.PA Lehigh Cty Ind Dev 05B
05010363	Austin (Town Lake Pk Comm Ctr), TX Car Tax 05
05010368	Aqua Pennsylvania Proj (Del Co IDA), PA Rev 05AB
05010370	Hillsborough County, FL Non Ad Valorem Ser 2005
05010371	Hillsborough County, FL Non Ad Valorem Ser 2005
05010373	Boone County Hosp Assoc, IN Lease Rev 2005
05010375	San Jose RDA, CA TABS Ref 05 B
05010376	San Jose RDA, CA TABS Ref 05 B
05010377	San Jose RDA, CA TABS Ref 05A
05010378	San Jose RDA, CA TABS Ref 05A
05010379	Austin (Town Lake Pk Comm Ctr), TX Car Tax 05
05010380	Blue Ridge HealthCare Sys, NC Hosp Rev 05A
05010391	Colorado State University Sys, CO Ent Rev 05B
05010393	Merrillville Multi-School BC, IN GO Lease Rev 2005
05010394	Wayne Twp Marion Cty SBC, IN, Lease Rev 2005
05010396	Minneapolis-St.Paul Metro Arpt,MN Subord Rev 05C
05010399	Roseville (City of), CA Elec Rev 05A
05010403	Chandler (City of), AZ W&S Ref 05 (Sr. Lien)
05010413	England Dist Sub-Dist No 1, LA, Rev 2005
05010428	Univ of Central Florida, FL (UCFAA) COPs 2005A
05010432	Turlock USD, CA COPs Rev 05
05010433	Turlock USD, CA COPs Rev 05
05010437	TPFA (Stephen F. Austin Univ), TX Rev 05
05010442	Passaic Valley Wtr Comm, NJ Water Supp Rev Ref 05
05010449	Rio Rancho (City), NM Gross Rcpts (City Hall)05
05010453	Los Angeles (City of) Sanit Equip Charge, CA 05A
05010454	Univ of Denver (CO ECFA), CO Rev Ref 05A
05010455	Univ of Denver (CO ECFA), CO Rev Ref 05A
05010457	Sacramento City Fin Auth (Solid Waste), CA Rev 05
05010458	Sacramento City Fin Auth (Solid Waste), CA Rev 05
05010459	Sacramento City Fin Auth (Solid Waste), CA Rev 05
05010468	Lahey Clinic Medical Center, MA Rev Series 2005
05010469	Stockton (City of) CFD 90-2, CA Mello-Roos Rev 05
05010476	Massachusetts Commonwealth, MA Spec Obs Rev Ref 05
05010477	Massachusetts Commonwealth, MA Spec Obs Rev Ref 05
05010478	2004 Plainfield Comm. HSBC, IN Lease Series 2005A
05010488	Antioch PFFA (CFD No. 89-1), CA MelloRoos Ref 05
05010495	Corona Norco USD PFA, CA MelloRoos Rev Ref 05
05010497	Arvada (City of) Finance Corp, CO Lse Rev 05
05010498	Arvada (City of) Finance Corp, CO Lse Rev 05
05010499	Val Verde USD, CA COPs 05B
05010507	Douglas Co. PUD No 1 (Wells), WA Elec Ref 05ABC
05010508	Douglas Co. PUD No 1 (Wells), WA Elec Ref 05ABC
05010509	Los Angeles Co MTA Grant Notes, Series 2005
05010514	Honolulu (City/Cnty), HI WWater Rev 05AB (Sr Lien)
05010515	Honolulu (City/Cnty), HI WWater Rev 05AB (Sr Lien)
05010529	Lower Co Riv Auth (LCRA-Trans Svc), TX Elec Rev 05
05010532	MARTA, GA Sales Tax Rev Ref 05A (Third Indenture)
05010534	MARTA, GA Sales Tax Rev Ref 05A (Third Indenture)
05010537	California St Univ Sacramento Fndn, CA Aux Rev 05
05010543	Sacramento Cnty San Dist, CA Rev Ref 05
05010544	Sacramento Cnty San Dist, CA Rev Ref 05

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05010548	Wichita (City of), KS W&S Util Ref Rev 05B
05010549	Chino Valley USD, CA COPS Ref 05A
05010550	Chino Valley USD, CA COPS Ref 05A
05010552	Oregon Fac Auth (Willamette Univ), OR Rev 05
05010557	Parkersburg (City of), WV W&S Impr Rev 05
05010573	NYS Thruway Auth, NY Highway/Bridge 05B
05010582	Port of Tacoma, WA Rev 05
05010599	New Jersey Transit Corp, NJ, Sub lien GARVEE 2005A
05010602	Idaho St Bldg Auth (Eastrn Idaho Tech), ID Rev 04A
05010603	Idaho St Bldg Auth (Eastrn Idaho Tech), ID Rev 04A
05010606	Phoenix (City), AZ CIC Exc Tax Rev 05A (Civ Plaza)
05010610	Montefiore Med Center (DASNY), NY Hosp Rev 05
05010616	Alamo Comm Coll Dist, TX Comb Fee Rev 05
05010617	Alamo Comm Coll Dist, TX Comb Fee Rev 05
05010620	Anchorage, AK Airport Car Rental Fac Rev 2005
05010621	Anchorage, AK Airport Car Rental Fac Rev 2005
05010625	Nacogdoches County Hosp Dist, TX Sales Tx Ref 05
05010636	Phoenix CIC State Distribution Rev 2005
05010637	Santa Monica (City of), CA WWater Rev 2005A
05010638	Santa Monica (City of), CA WWater Rev 2005A
05010642	Tacoma (City of), WA Water System Rev & Ref 2005
05010643	Norman Utilities Auth, OK Util Rev Ref 05
05010644	Norman Utilities Auth, OK Util Rev Ref 05
05010645	UCF Convocation Center, FL CBA
05010646	Tacoma (City of), WA Elec Rev Ref 05A
05010647	Tacoma (City of), WA Elec Rev Ref 05B
05010657	Omaha Public Power Dist, NE Elec Rev 05
05010659	Tacoma (City of), WA Water System Rev & Ref 2005
05010661	Port Authority of NY & NJ 141st Cons. Bds
05010662	Palm Bay (City of), FL Util Rev Ref 05A
05010663	Palm Bay (City of), FL Util Rev Ref 05A
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05010665	Palm Bay (City of), FL Util Rev Ref 05B
05010666	San Rafael ESD, CA COPS 05
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05010668	Port of Los Angeles, CA Harbor Rev 05C
05010671	Port of Los Angeles, CA Harbor Rev 05C
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05010679	Oregon (State of) Dept. of Admin COPs 2005
05010681	Reno (City of) Cap Improvement, NV Rev Ref 05
05010682	Reno (City of) Cap Improvement, NV Rev Ref 05
05010689	Calif St Pub Wks Brd (SPWB), CA Lse 05E
05010691	Mississippi Dev Bank (MDOT), MS Spcl Ob 05 Laurel
05010693	Mississippi Dev Bank (MDOT), MS Spcl Ob Rev 05
05010694	Mississippi Dev Bank (MDOT), MS Spcl Ob Rev 05
05010699	University of North Texas Sys, TX Rev Ref 05
05010701	Nebraska Pub Power Dist, NE Gen Rev 05C
05010702	New Jersey Natural Gas Co (NJ Rsrcs), NJ 05A
05010703	New Jersey Natural Gas Co (NJ Rsrcs), NJ 05B
05010704	New Jersey Natural Gas Co (NJ Rsrcs), NJ 05C
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05010722	Omaha Public Power Dist, NE Elec Rev 05
05010726	Nevada (State of), NV Motor Vehicle Fuel Tax 05
05010729	University of Kentucky (A/L Comm), Gen Rec 05
05010732	Fl Brd of Reg (U of FL), FL Hsg Rev Rfdg 2005A
05010734	Dover (City of), OH Mun Elec Rev Ref 2005
05010745	Univ of California (Regents), CA Rev Ref 05GHIJK
05010752	Redding, CA Electric Rev 05
05010753	Redding, CA Electric Rev 05
05010758	2004 Plainfield Comm. HSBC, IN Lease Series 2005B
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05010763	Sacramento Fin Auth (Downtown & Oak), CA TAB 05AB
05010764	Sacramento Fin Auth (Downtown & Oak), CA TAB 05AB
05010765	Missouri Dev Fin Board (State Offices), MO COPs 05A
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05010769	Delaware Trans Auth, DE Rev Sr Lien 05
05010770	Sacramento Fin Auth (Downtown & Oak), CA TAB 05AB
05010771	Conn Dev Auth, CT Water Fac Rev (Crystal Water)05A
05010772	Connecticut Dev Auth/Water Svc, CT Rev 2005A
05010773	Univ of Denver (CO Educ & Cul Fac Auth), CO Rev 05
05010774	Univ of Denver (CO Educ & Cul Fac Auth), CO Rev 05
05010780	Ca Infr & Ec Dev Bnk Sch Apportion LS (Vallejo USD
05010781	Ca Infr & Ec Dev Bnk Sch Apportion LS (Vallejo USD
05010782	Ca Infr & Ec Dev Bnk Sch Apportion LS (WCCUSD)
05010783	Ca Infr & Ec Dev Bnk Sch Apportion LS (WCCUSD)
05010787	Grand Rapids (City of), MI Wtr Sys Rev 2005
05010788	Oakland SBA (Elihu M. Harris), CA Lse Rev 05A
05010789	San Francisco SBA (Civic Center), CA Lse Rev 05A
05010790	Mental Hlth Svcs Fac Improv (DASNY) NY Rev 05EF
05010792	Phoenix Hotel Rev Sub Lien (Sports Fac. Tax) 05BC
05010793	Grant Cnty No 2 (Priest Rapids), WA Elec Rev 05ABZ
05010794	Grant Cnty No 2 (Priest Rapids), WA Elec Rev 05ABZ
05010801	Grand Rapids (City of), MI Wtr Sys Rev 2005
05010803	North Texas Tollway Auth, TX RevRfdg05
05010804	North Texas Tollway Auth, TX RevRfdg05
05010807	Columbus Children's Series 2005C
05010810	South Dakota Bd of Regents, SD Aux Rev 05
05010811	Banning (City of) Util Auth, CA Wtr Rev Ref 05
05010812	Banning (City of) Util Auth, CA Wtr Rev Ref 05
05010813	Franklin Comm SBC, IN Lse Rev 05
05010815	North Texas Tollway Auth, TX RevRfdg05
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05010819	Chicago-O'Hare Airport, IL 3rd Lien Rev 05B
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05010846	Aqua Pennsylvania Proj (Del Co IDA), PA Rev 05C
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05020013	California SPWB (Univ CA), CA Lse 04F
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05020057	California (State of) Econ. Recovery Bonds, 2004
05020063	Upstate Comm Colleges (DASNY), NY Rev Ref 04B
05020064	California (State of) Econ. Recovery Bonds, 2004
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06010008	Gilbert (Town of) Pub Fac MPC, AZ Sales Tax Rv 06
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06010021	Eureka (City of) Redev Agency, CA Surety 05
06010022	Oklahoma City Comm College (BOR), OK Rev 06
06010027	South Jersey Transp Auth,NJ Rev (All City Proj) 05
06010028	Orange County, FL Sales Tax Rev Ref 2006
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06010039	Placentia-Yorba Linda USD, CA COPS Rev 06
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06010073	Aurora (City of), CO COPS Ref 05 A-1 & A-2
06010075	Fashion Inst of Tech (SUNY), NY Rev 2004 Surety
06010077	Golden (City of), CO COPS 2006
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06010084	Aurora (City of), CO COPS Ref 05 A-1 & A-2
06010086	West Ouachita Parish SD, LA Sls Tax Ref 2006
06010088	Boulder County, CO Sales & Use Tax 06
06010089	Boulder County, CO Sales & Use Tax 06
06010090	Sacramento City Fin Auth (Oak Park), CA TAB 06A
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06010116	Noblesville Multi Sch Bldg Corp, IN Lse Rev 2006
06010117	Indianapolis Local Pub Imp Bank, IN Mor Obl 06D

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06010149	Chula Vista Elementary SD, CA COP 06
06010152	University of Pittsburgh Med Cntr Series 2006
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06010170	Santa Monica (City of), CA TAB Ref 06AB
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06010181	Florida State Ed Sys, Univ Sys Imp Rev Ref, 2006A
06010182	Dist. of Columbia, DC (St Elizabeth Hosp) COPs 06
06010184	East Baton Rouge Parish, LA Sales Tax 06A
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06010193	Georgetown (City of), TX Utility Sys Rev 06
06010199	Florida State Ed Sys, Univ Sys Imp Rev Ref, 2006A
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06010206	District of Col Baseball 2006 A-1, A-2, B-1, B-2
06010210	Univ of North Carolina (Wilmington), NC Lse Rev 06
06010211	Univ of North Carolina (Wilmington), NC Lse Rev 06
06010219	Aerospace Corp Series 2006
06010224	Fashion Inst of Tech (SUNY), NY Rev 2004 Surety II
06010226	Oregon (State of) Dept. of Admin COPs Fwd 06
06010234	New Jersey TTFA, NJ 2006
06010235	Coronado CDA, CA TABs Ref 06
06010236	Coronado CDA, CA TABs Ref 06
06010238	St. Lucie Co. SD, FL Lcl Sales Tax 2006
06010239	St. Lucie Co. SD, FL Lcl Sales Tax 2006
06010242	DASNY Muni Health Fac (PCDC), NY Lease Rev Ref 06A
06010243	Illinois Muni Pwr Elec Agy, IL Pwr Sup Sys Rev 06
06010245	Phoenix (City of), AZ CJC Sub Ex Tax Rev 06C
06010247	Providence Health Rev 06
06010251	Mesa (City of), AZ Utility Sys Rev 06
06010257	New Jersey Trans Trust Fund Auth, NJ GARVEE 06A
06010263	Fresno JPFA (Convention Cntr), CA Lse Rev 06
06010264	Fresno JPFA (Convention Cntr), CA Lse Rev 06
06010265	Mesa (City of), AZ Utility Sys Rev Ref 06
06010269	College Park (Atlanta Intl Air/Car Rental) GA 06AB
06010270	Riverside County (Cap Impr Proj), CA COP 06A
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06010283	Emerald Coast Util Auth, FL Rev 2006
06010284	Emerald Coast Util Auth, FL Rev 2006
06010286	Michigan State Trunk Line, MI Gas Tax 2006
06010290	Sacramento Regional Cnty Sanitation Dstr, CA Rev 06
06010292	Omaha Public Power Dist, NE Elec Rev 05
06010293	Cleveland (City of), OH Pub Pwr Sys Rev Ref 2006A-
06010305	Denver (City & Co) CO Airport Sys Rev 06AB
06010307	Detroit (City), MI Sewer Disp Rev 2006AB (2nd Ln)
06010308	Detroit (City), MI Sewer Disp Rev 2006AB (2nd Ln)
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06010317	Louisiana State Univ (A&M), LA Aux Rev 06
06010320	California Science Center Foundation, CA Rev 06
06010323	Klickitat Co. PUD No.1, WA Elec Rev Ref 06AB
06010324	Cleveland (City of), OH Pub Pwr Sys Rev Ref 2006AB
06010326	Detroit Sewer Disposal Rev, MI 06
06010327	San Jose USD, CA COPs Ref 06
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06010337	Alaska Railroad Corp, AK FTA (5307 & 5309) 2006
06010338	Alaska Railroad Corp, AK FTA (5307 & 5309) 2006
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06010341	Denver (City & Co) CO Airport Sys Rev 06A
06010345	Cleveland (City of), OH Pub Pwr Sys Rev Ref 2006A-
06010349	Signal Hill RDA, CA Proj No.1 TABs 06A
06010350	Signal Hill RDA, CA Proj No.1 TABs 06A
06010351	Fort Smith (City of), AR Sales Tax Ref 2006
06010352	Fort Smith (City of), AR Sales Tax Ref 2006
06010361	Michigan State Building Auth., MI Lease Rev 2006
06010364	Hammond Multi-School Bldg Corp, IN Lse Rev Ref 06
06010370	Hallsdale-Powell UD, TN WWks & Swr Rev 2006
06010371	Hallsdale-Powell UD, TN WWks & Swr Rev 2006
06010375	Tampa Bay Regional Water Authority, FL Rev 06
06010376	Riverside(Galleria @ Tyler Pub Imp), CA Lse Rev 06
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06010387	Nebraska Pub Power Dist, NE Gen Rev 06A
06010388	Springfield (City of), MO Utility Rev 06
06010389	Ohio Bldg Auth, OH St Fac Ref, Rev 06AB
06010390	Mississippi Dev Bank (MDOT), MS Spcl Obl Rev 06
06010391	Mississippi Dev Bank (MDOT), MS Spcl Obl Rev 06
06010398	Eastern Washington Univ, WA Srvs & Acts Rev Ref 06
06010399	Eastern Washington Univ, WA Srvs & Acts Rev Ref 06
06010401	Idaho St Bldg Auth (Idaho St Cap Prj), ID Rev 06
06010402	Idaho St Bldg Auth (Idaho St Cap Prj), ID Rev 06
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06010413	Univ of Oklahoma (BOR), OK Rev Ref 06A
06010415	Portage Twp Multi-Sch Bldg Corp, IN Lse Rev Ref 06
06010419	Lafayette (City of), IN Sewage Wrks Rev Ref 2006
06010420	Lafayette (City of), IN Sewage Wrks Rev Ref 2006
06010426	North Texas MWD, TX Wtr Sys Rev 06A
06010427	Louisiana State Gas & Fuels Tax Rev 06A
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06010444	Kansas City Metro CC, MO Lease Rev 06
06010453	Chicago (City of), IL 2nd Lien Swr Rev Ref 06AB
06010454	Chicago (City of), IL 2nd Lien Swr Rev Ref 06AB
06010455	NYC TFA, Building Aid Rev 2007S-1
06010456	Parker Water & Sanit Dist, CO W&S Rev Ref 06A
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06010478	Ramapo College (NJFEA)Lse Rev Bds 02H,I,J (Surety)
06010479	Ramapo College (NJFEA)Lse Rev Bds 02H,I,J (Surety)
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06010502	Norman Utilities Auth, OK W&S Util Rev 2006
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06010505	Arizona BOR (NAU), AZ Surety 97
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07010103	Bryan (City of), TX W&S Rev Ref & Impr 07
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07010127	Tampa, FL Occ Lic & Non-Ad Valorem Tax, Ref 2007
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07010204	Lincoln (City of), NE Electric Rev Sys 07B
07010208	San Francisco (City and County), CA COPs 07A
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07010220	East Bay MUD, CA Sub Water Rev Ref 07 AB
07010222	Raleigh-Durham, NC Airport Rev 2007
07010224	Anaheim Pub Fin Auth, CA Sr Lse Rev Ref 07A-1&A-2
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07010226	Anaheim PFA, CA Sr Lse Rev Ref 07B (Taxable)
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07010230	Kentucky Asset/Liab Comm, KY Rev Ref 07AB
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07010237	Fashion Inst of Tech (SUNY), NY Rev 2007
07010241	Dist of Columbia, DC W&S Auth Sub Lien Rev 07A
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07010252	Mesa State College, CO College Enterprise Rev 07
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07010265	Brevard County, FL Local Option Gas Tax Rev 2007
07010266	Brevard County, FL Local Option Gas Tax Rev 2007
07010267	Louisiana PFA (19th Judicial Distr), LA Lease 07
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07010290	Univ of North Florida (Union), FL Ltd Rev 07
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07010293	Univ of North Florida (Housing), FL Aux Rev 07
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99010383	ST. JOHNS CO. FL W&S Ser.99AB
99010384	ST. JOHNS CO. FL W&S Ser.99AB
99010393	San Francisco Park. Auth 99-1
99010394	San Francisco Park. Auth 99-1
99010401	San Francisco, CA Arprt 23A
99010402	San Francisco, CA Arprt 23B
99010404	AVONDALE, ARIZONA EXCISE TAX99
99010405	AVONDALE, ARIZONA EXCISE TAX99
99010406	Jefferson Co CO Sls Tx Open 99
99010407	Jefferson Co CO Sls Tx Open 99
99010409	Pennsylvania-American Wtr 1999
99010431	Bartow, FL Water & Sewer Ser99
99010438	Celina, OH Wastewater Rev
99010447	New York ST Thruwy Auth TF 99B
99010452	PHM Sch Renov BC, In Lse 99
99010454	Clifton Park Wtr Auth,NY 1999A
99010457	FLORIDA PRSV 2000.DOC STAMP99A
99010461	Colorado Springs, CO Sls Tx 99
99010469	Greater Orlando, FL Arprt 99A&B
99010488	Wichita, KS Wtr & Sew Rev 99
99010489	Wichita, KS Wtr & Sew Rev 99
99010493	Oro Valley Mun Prop Corp,AZ 99
99010497	Seattle, WA Water System Rev99
99010504	Tucson, AZ Water Rev 1994-C 99
99010507	Hillsborough Co Avt Ath,FL99AB
99010515	Tarrant Cnty WC&ID, TX Rev 99
99010519	WAYNE STATE UNIV, MI GEN REV99
99010534	ST. Louis, MO GO 99
99010567	Jackson, MS Water & Sewer 99
99010568	Jackson, MS Water & Sewer 99
99010583	Metro Nashville Apt,TN 95,98AB
99010588	Minneapolis-St.Paul ArprtRev 99
99010590	Napa County, CA Sales Tax 1999
99010595	Central Lake Co. Jt Wtr, IL 99
99010600	West Palm Beach, FL Wtr&Swr 99
99010602	St. Peters, MO Wtr&Swr 1999
99010603	St. Peters, MO Wtr&Swr 1999
99010610	Napa County, CA Sales Tax 1999
99010612	Tamarac, FL Sales Tax 1999
99010613	Tamarac, FL Sales Tax 1999
99010615	MANDEVILLE,LOUISIANA SLS TAX99
99010632	Contra Costa Wtr Dst, CA Rev99
99010633	Contra Costa Wtr Dst, CA Rev99
99010636	Jacksonville, FL Excise Tax99B
99010641	Martinez, CA Water COPs Ser 99
99010642	Martinez, CA Water COPs Ser 99
99010664	Ft. Wayne,IN Waterworks Surety
99010668	St. John, MO COP Series 1999
99010671	Escambia Co., FL Util Auth 99
99010672	Escambia Co., FL Util Auth 99
99010676	Akron (Univ of),OH Gen Recpt99
99010680	EAST BATON RGE PSH,LA SLSTX99A
99010683	Prince William Cty,VA WtrSwr99
99010690	Illinois Sale Tax McCorm99ABCD
99010693	St.Petersburg,FL SSGFC NonAd99

Schedule 1
List of Covered Policies

Policy Id	Policy
99010694	Turlock (City), CA Swr Rev 99
99010701	St.Petersburg,FL SSGFC NonAd99
99010702	Charlotte, NC Wtr & Swr Rev 99
99010729	Jacksonville, FL Excise Tax99B
99010736	Lafayette, LA Sales Tax 99B
99010737	Florida Ports Financing Comm99
99010742	Durango, Colorado Sls Tax 99
99010743	Durango, Colorado Sls Tax 99
99010751	Fort Myers (City), FL Util 99A
99010752	Fort Myers (City), FL Util 99A
99010757	Tampa Bay Wtr Auth FL Rev 99
99010758	San Francisco BART, Sls Tax 99
99010768	Phila. Sub. Water Corp. 1999
99010770	Tucson, Arizona Water Sys 99A
99010785	Alabama Pub Sch & Coll Auth 99
99010788	Port Authority of NY/NJ 118
99010800	Seattle, WA Water System 99B
99010815	Beaufort-Jasp Co W&S Rev 99
99010816	Beaufort-Jasp Co W&S Rev 99
99010833	Gainesville, GA Wtr & Swr 99
99010838	Gainesville, GA Wtr & Swr 99
99010845	King County, WA Sewer Rev 99
99010850	Vancouver, WA Water & Sewer 99
99010861	Austin Car Rental Tax, TX 99
99010862	Austin Car Rental Tax, TX 99
99010886	Alabama Pub Sch & Coll Auth99D
99010887	Tulsa Airports Improv Trust99
99010888	Tulsa Airports Improv Trust99
99010890	San Antonio, TX Wtr Rev Sr 99
99010907	Corsicana, TX Wtr & Swr Rev 99
99010911	Longview, TX Wtr & Swr Rev 99
99010915	Connecticut (St) Specl Tax 99A
99010921	Detroit,MI Water Rev 1999A
99010922	Detroit,MI Water Rev 1999A
99010924	Culver City, CA Wastewater 99
99010926	INDIANA U Stud Fee SerM Surety
99010935	Ross Co Water Company OH Rev99
99010938	Ross Co Water Company OH Rev99
99010945	El Paso, TX Water & Sewer 99C
99010953	Margate, FL Wtr & Swr Rev 1999
99010961	Ennis Eco Dev Corp,TX SlsTax99
99010965	DASNY-SUNY Series EDL FACS 99
99010970	Pittsburgh,PA Airport Rev 99
99010978	Detroit, MI Sewer Disposal 99A
99010979	Detroit, MI Sewer Disposal 99A
99010982	Louisville&Jeff Co Swr Rev 99A
99010983	Louisville&Jeff Co Swr Rev 99A
99010992	Central Missouri St Univ,MO 99
99020001	New York LGAC Sales Tax 93C
99020004	Pennsylvania GO 98 3rd Series
99020018	New York City TFA 98B
99020034	New York City TFA 98C
99020053	New York City TFA 98B
99020056	New York City TFA 98C
99020063	DASNY LEASE 2ND RES(CUNY)90B&C

Policy Id	Policy
99020067	New York City TFA 99B
99020070	Fulton County, GA Wtr & Swr 98
99020071	New York, NY Muni Wtr Auth 98D
99020072	New York City TFA 99B
99020078	New York City TFA 98C
99020079	New York City TFA 98B
99020084	City Univ/DASNY, 2nd Res 95A
99020087	DASNY CUNY Cons 3rd Res 98-1
99020090	New York City TFA 98C
99020093	New York City TFA 98C
99020095	New York City TFA 99C
99020100	New York City TFA 98C
99020103	New York City TFA 98B
99020108	New York City TFA 99A
99020109	New York City TFA 99A
99020112	Colorado Springs, CO Sls Tx 99
99020113	Colorado Springs, CO Sls Tx 99
99020114	Mass Port Auth,Rev Bonds 98D/E
99020119	New York City TFA FY98 A
99020131	New York, NY Muni Wtr Auth 98D
99020146	New York City TFA 98B
99020157	New York City TFA 98B
99020167	New York, NY Muni Wtr Auth 97A
99020176	New York, NY Muni Wtr 99A
99020206	New York, NY Muni Wtr Auth 98D
99020208	New York City TFA 99B
99020211	New York City TFA 99B
99020223	San Diego Co., CA Wtr Rev 97A
99020240	DASNY CUNY Cons 3rd Res 98-1
99020247	Mass Port Auth Rev, MA 1999C-D
99020252	New York, NY Muni Wtr Auth 97A
99020273	DASNY LEASE 2ND RES(CUNY)90B&C
99020275	New York City TFA 98C
99020280	New York State GO & Lease 97

EXHIBIT A
FORM OF NOVATION ENDORSEMENT

[Letterhead of National]

National Public Finance Guarantee Corporation
113 King Street
Armonk, NY 10504
[Toll Free # to be inserted]

NOVATION ENDORSEMENT

On _____, 20[—], the Supreme Court of the State of New York (the "Rehabilitation Court"), Case No. Index No. 401265/2012, approved a Plan of Rehabilitation, Novation Agreement and this Novation Endorsement for Financial Guaranty Insurance Company ("FGIC"). As a result of the Rehabilitation Court's approval of these documents, National Public Finance Guarantee Corporation ("National") has assumed and accepted all liabilities of FGIC under the express contractual terms of your financial guaranty insurance policy issued by FGIC.

This Novation Endorsement attaches to and forms part of your financial guaranty insurance policy issued by FGIC. Except as described in the amendments below, your financial guaranty insurance policy remains unchanged. The amendments to your financial guaranty insurance policy are as follows:

— All references to the name "Financial Guaranty Insurance Company" are hereby changed to "National Public Finance Guarantee Corporation."

— Any references to the address of FGIC for the provision of notice or otherwise, are hereby changed to National Public Finance Guarantee Corporation, 113 King Street, Armonk, NY 10504.

— *[Additional relevant changes to be included]*.

You, as the holder of the policy, obligors of the obligations insured by the policy and all other interested persons are directed to pay all future premiums and recoveries, if any, and to submit all claims, if any, under or with respect to such policy solely and directly to National and to treat National for all purposes as if it had originally issued or written such policy instead of FGIC.

All other terms, provisions and conditions of your financial guaranty insurance policy remain unchanged except as described in this Novation Endorsement.

Please use the administrative address for National noted above to send premium payments, obtain claims forms and/or file claims.

IN WITNESS WHEREOF, National Public Finance Guarantee Corporation has, by its [*Authorized Officer*], executed this
Novation Endorsement as of the day of 20 .

Name:
Title:

Name:
Title:

EXHIBIT B
INDEMNIFICATION BY NATIONAL

National hereby agrees to indemnify, defend and hold harmless FGIC and its Affiliates and their respective directors, officers, employees, agents, advisors, legal counsel, auditors, other representatives, equityholders and successors and assigns (collectively, the "Indemnitees" and, each, an "Indemnitee") from and against any and all Liabilities incurred by any such Indemnitee to the extent relating to or arising from (i) National's exercise, or its refusal or other failure to exercise, any Covered Policy Rights, unless the exercise or refusal or other failure to exercise such Covered Policy Rights was undertaken by National at the written direction of FGIC, (ii) any National Extra Contractual Obligations and (iii) any actions taken by any Indemnitee pursuant to Section 4.7 of this Agreement at the request of and in accordance with the directions of National. Notwithstanding anything contrary in this Agreement, the indemnification provided for in this Exhibit B will be the sole and exclusive remedy against National and its Affiliates and their respective directors, officers, employees, agents, advisors, legal counsel, auditors, other representatives, equityholders and successors and assigns for any indemnifiable losses suffered or incurred by the Indemnitees by reason of the matters set forth in clauses (i), (ii) and (iii) above.

Each Indemnitee shall give written notice as promptly as reasonably practicable to National of any claims or action commenced against it in respect of which indemnity may be sought hereunder (each, a "Claim"), but failure to so notify National shall not relieve National from any liability hereunder unless and to the extent such failure has materially prejudiced the rights of National. Any failure of an Indemnitee to so notify National shall not result in any liability of an Indemnitee to National.

Subject to the next sentence, National shall have the right, at its option and expense, to assume any defense of any Claim; *provided*, that within 20 days of receiving the notice with respect to such Claim pursuant to the above notice provision (or such shorter period of time as an answer to such Claim or other responsive action may be required), National, by written notice delivered to the Indemnitee, elects to assume such defense and National acknowledges in writing its obligation hereunder to indemnify the Indemnitee with respect to such Claim and periodically thereafter provides the Indemnitee with reasonably sufficient evidence of the ability of National to satisfy such Claim. Notwithstanding the foregoing, National shall not have the right to assume the defense of any Claim if (x) representation of both the Indemnitee and National by the same counsel would be prohibited by rules or regulations governing the professional conduct of such counsel due to actual or potential differing interests between them, (y) the Indemnitee determines in good faith that there is a significant possibility that such Claim may materially and adversely affect it or its Affiliates other than as a result of monetary damages and so notifies National of such determination, or (z) National has not assumed such defense pursuant to the first sentence of this paragraph within 20 days (or such shorter period described in such sentence) of receiving written notice of such Claim.

If National has assumed the defense of a Claim in accordance with this Exhibit B, then the following shall apply:

- (i) except as provided in clause (v) below, the Indemnitee shall have the right to participate and assist in, but not control, the defense of such Claim and to employ its own counsel in connection therewith;

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- (ii) except as provided in clause (v) below, National shall not be liable to the Indemnitee for the fees, costs, or expenses of the Indemnitee's counsel or other fees, costs, or expenses incurred by the Indemnitee in connection with participating in the defense of such Claim, except that National shall be liable for any such fees, costs, and expenses incurred prior to the time that National assumed such defense;
 - (iii) counsel used by National in connection with the defense of such Claim shall be reasonably satisfactory to the Indemnitee;
 - (iv) except as provided in clause (v) below, National shall have no liability with respect to any compromise or settlement of such Claim effected without its consent, such consent not to be unreasonably withheld, conditioned, or delayed;
 - (v) if National shall fail to defend diligently such Claim, then (A) the Indemnitee shall have the right, upon written notice to National, to assume control of the defense of such Claim, (B) National shall be liable to the Indemnitee for the fees, costs and expenses of the Indemnitee's counsel from after the date of any notice delivered pursuant to the preceding clause and other fees, costs and expenses incurred by the Indemnitee in connection with the defense of such Claim and (C) National shall be liable for any compromise or settlement in good faith of such Claim effected by the Indemnitee; and
 - (vi) National may effect any compromise or settlement of such Claim only with the consent of the Indemnitee, which consent shall not be unreasonably withheld, conditioned, or delayed, and only if (1) such compromise or settlement includes a full release of the Indemnitee, (2) neither the Indemnitee's business nor its name nor the business or name of any of its Affiliates will be damaged by such compromise or settlement, (3) such compromise or settlement is limited strictly to monetary damages, and (4) the Indemnitee has not previously assumed control of the defense of such Claim in accordance with clause (v) above.

If National does not assume the defense of a Claim (whether because it elects not to or has no right to), without limiting the provisions of clause (v) of the preceding paragraph, the following shall apply:

- (i) National shall have the right, at its sole cost and expense, to participate in, but not control, the defense of such Claim and to employ its own counsel in connection therewith; and
- (ii) National shall have no liability with respect to any compromise or settlement of such Claim effected without its consent, which will not be unreasonably withheld, conditioned, or delayed.

The Parties agree to cooperate to the fullest extent possible in connection with any Claim in respect of which indemnification is sought under this Exhibit B.

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