New York, March 21, 2013 -- Moody’s Investors Service has placed on review for downgrade the Insurance Financial Strength (IFS) ratings of MBIA Insurance Corporation (MBIA Corp., Caa2 IFS) and National Public Finance Guarantee Corporation (National, Baa2 IFS) as well as the Caa1 senior debt rating of MBIA Inc., the group’s ultimate holding company. A full list of rating actions on MBIA Inc. and its subsidiaries is provided below. The rating action also has implications for the various transactions wrapped by MBIA Corp. and National as discussed later in this press release.

SUMMARY RATIONALE

Today’s rating action reflects the precarious financial condition of MBIA Corp. and the adverse effect that its weak credit profile and a possible related regulatory action could have on the MBIA group. Given its very tight liquidity position, MBIA Corp. may not have enough resources to pay CMBS claims that could be presented this year and there is thus a high risk of regulatory action. Such regulatory action could expose MBIA Corp. to possible termination of its CDS exposures at substantial market value losses, overwhelming its financial resources. MBIA’s auditors have expressed substantial doubt about MBIA Corp.’s ability to continue as a going concern.

MBIA Corp.’s deteriorating condition is adversely affecting the rest of the group despite recent apparent successes in narrowing intercompany linkages, such as the judicial decision validating the 2009 regulatory approval of the split of MBIA’s insurance operations, and the amendments to MBIA Inc.’s debt indentures. Nevertheless, National has extended a $1.7 billion secured loan to MBIA Corp. which represents a majority of its equity, and exposes National to potential losses or payment disruptions in the event of regulatory action at MBIA Corp. Should the loan become impaired, National’s ability to pay dividends to cash poor MBIA Inc. may be further constrained and its ability to write new business may be further delayed. MBIA Inc. could also be directly affected by stress at MBIA Corp. as a payment default of the latter would accelerate certain guaranteed investment contracts issued by MBIA Inc.

As part of the review, Moody’s will focus on the risks to the group presented by MBIA Corp.’s deteriorating CMBS exposure, the effect of a possible regulatory action on MBIA Corp., as well as the risks to National stemming from its secured loan to MBIA Corp. including the potential for stress on the value of its collateral. The rating agency will also assess any potential developments related to putback claims and litigation.

RATING RATIONALE -- MBIA INSURANCE CORPORATION

The Caa2 IFS rating, on review for downgrade, of MBIA Corp., reflects the insurer’s proximity to a possible regulatory action, given its weak liquidity position and the likelihood of large CMBS claims being presented this year. While MBIA believes that it is more likely than not that it will reach a settlement with its main counterparty, Bank of America, N.A. (BoFA), netting potential CMBS claims owed to BoFA and loan putback recoveries due from BoFA, which could improve liquidity and solvency, there is substantial uncertainty about the likelihood, timing and terms of such settlement.

RATING RATIONALE -- MBIA UK

The B3 IFS rating, negative outlook, of MBIA UK Insurance Limited (MBIA UK), reflects the deterioration of its insured portfolio and the very weak credit profile of its parent and support provider, MBIA Corp., mitigated in part by its stand-alone claims paying resources. MBIA Corp.’s support of MBIA UK, in the form of excess of loss reinsurance and net worth maintenance agreements, is subordinated to insured claims and thus of limited value, in Moody’s opinion, due to MBIA Corp.’s weak credit profile.

RATING RATIONALE -- NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

The Baa2 IFS rating, on review for downgrade, of National reflects the insurer’s substantial claims-paying resources and high quality insured portfolio, but also the adverse credit effect of its substantial linkages with its weaker affiliates, notably through a $1.7 billion secured loan to MBIA Corp and unresolved litigation related to the
group’s 2009 restructuring. The balance of the loan to MBIA Corp. increased from $1.1 billion at year-end 2011, and equals more than 80% of National’s total policyholders’ surplus of $2 billion at year-end 2012, and 29% of National’s reported claims paying resources. We believe that the collateral supporting the loan, consisting of net putback recoveries, excess spread on second lien RMBS deals, and installment premiums, is of uncertain value given the range of possible settlements, and that there is considerable uncertainty around the amount and timing of cash flows associated with these items in the event of regulatory action on MBIA Corp. There is also limited visibility about National’s ability to reenter the financial guaranty business in light of the group’s credit issues as well as due to broad market skepticism about the value of bond insurance.

The rating agency stated that if a ratings downgrade were to occur upon the conclusion of the review, National’s rating is likely to remain within one or two notches of the current level.

RATING RATIONALE -- MBIA INC.

The Caa1 senior debt rating, on review for downgrade, of MBIA Inc.’s reflects the firm’s substantial debt burden relative to its stand-alone financial resources, resulting in part from large losses in its wind-down businesses, and the uncertainty about the financial condition of its subsidiaries and their related ability to pay dividends. Notably, National’s ability to pay dividends may be further constrained should its loan to MBIA Corp. were to be impaired. MBIA could also be directly affected by stress at MBIA Corp. as an insolvency of the latter would accelerate certain guaranteed investment contracts issued by MBIA Inc. While the investment agreements are fully collateralized with high quality collateral, the acceleration could reduce MBIA Inc.’s resources as a result of make whole payments.

WHAT COULD CHANGE THE RATINGS UP OR DOWN

The main rating sensitivities for the MBIA group relate to the precarious financial condition of MBIA Corp., its proximity to a possible regulatory action, and the knock on effect on its affiliates. MBIA Corp.’s rating could be downgraded as a result of further deterioration of its insured portfolio, its liquidity or its capital profile, including a possible related regulatory action. The ratings of MBIA Inc. and National could be downgraded if stress at MBIA Corp. materially affected their credit profiles given the nature of their exposures to the company as described above.

The rating of MBIA Corp. could be confirmed, or even be upgraded, if the insurer were able to substantially reduce the downside risks of its insured portfolio and significantly improve its risk-adjusted capitalization. The ratings of MBIA Inc. and National could stabilize if MBIA’s financial condition, its liquidity and capital profile, improved or if their direct and indirect credit linkages with MBIA Corp. were to materially reduce.

Moody’s ratings of MBIA Mexico, S.A. de C.V. (MBIA Mexico) were not part of this rating action.

RATING LIST

On Review for Downgrade:

..Issuer: MBIA Inc.

....Senior Unsecured Regular Bond, Placed on Review for Downgrade, currently Caa1

..Issuer: MBIA Insurance Corp.

....Insurance Financial Strength, Placed on Review for Downgrade, currently Caa2

..Issuer: National Public Finance Guarantee Corp.

....Insurance Financial Strength, Placed on Review for Downgrade, currently Baa2

Confirmation:

..Issuer: MBIA UK Insurance Limited

....Insurance Financial Strength, confirmed B3

Affirmations:

..Issuer: MBIA Insurance Corporation
...Pref. Stock Preferred Stock, Affirmed C (hyb)
...Non-cumulative Preferred Stock, Affirmed C (hyb)
...Subordinate Surplus Notes, Affirmed C (hyb)

Outlook Actions:
..Issuer: MBIA Inc.
...Outlook, Changed To Rating Under Review From Developing
..Issuer: MBIA Insurance Corporation
...Outlook, Changed To Rating Under Review From Developing
..Issuer: MBIA UK Insurance Limited
...Outlook, Changed To Negative From Rating Under Review
..Issuer: National Public Finance Guarantee Corp
...Outlook, Changed To Rating Under Review From Negative

TREATMENT OF WRAPPED TRANSACTIONS

Moody's ratings on securities that are guaranteed or "wrapped" by a financial guarantor are generally maintained at a level equal to the higher of the following: a) the rating of the guarantor (if rated at the investment grade level); or b) the published underlying rating (and for structured securities, the published or unpublished underlying rating). Moody's approach to rating wrapped transactions is outlined in Moody's special comment "Assignment of Wrapped Ratings When Financial Guarantor Falls Below Investment Grade" (May, 2008); and Moody's November 10, 2008 announcement "Moody's Modifies Approach to Rating Structured Finance Securities Wrapped by Financial Guarantors".

As a result of today's rating action, the Moody's-rated securities that are guaranteed or "wrapped" by MBIA Corp. and National are placed on review for downgrade, except those with equal or higher published underlying ratings (and for structured finance securities, except those with equal or higher published or unpublished underlying ratings). Also, the Moody's-rated securities that are guaranteed or "wrapped" by MBIA UK are confirmed at B3, except those with equal or higher published underlying ratings (and for structured finance securities, except those with equal or higher published or unpublished underlying ratings). For more information on affected credits please refer to the Financial Institutions page at www.moodys.com/fig.

The principal methodology used in this rating was Moody's Rating Methodology for the Financial Guaranty Insurance Industry published in September 2006. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.