

Edgar Filing: MBIA INC - Form 8-K

10-Q for the period ended September 30, 2007, Moody's Investors Service ("Moody's") and Fitch Ratings Ltd. ("Fitch") announced in early November 2007 that they would assess the impact of the continuing deterioration in the residential mortgage-backed securities market on their ratings of financial guarantors, including MBIA.

On December 5, 2007, Moody's published a comment intended to update the market about Moody's analytic work as well as to offer additional detail about the methods and process underlying their assessment of the continuing deterioration in the residential mortgage-backed securities market on their ratings of financial guarantors, including MBIA. In its comment, Moody's indicated three factors that would largely determine whether Moody's takes rating actions on those financial guaranty insurers most exposed to deterioration in the mortgage markets: (1) current capital adequacy - whether the guarantor meets Moody's capital adequacy benchmarks for its rating; (2) prospective capital adequacy - whether the guarantor will meet Moody's capital adequacy benchmarks in the near and medium term, and (3) strength of franchise and business model - whether the guarantor will be able to access, going forward, attractive business opportunities consistent with its rating level. Moody's announced that its assessment would be completed within two weeks of the comment.

Moody's further indicated that, based on additional analysis of the Company's residential mortgage backed securities portfolio, Moody's believes that the Company is somewhat likely to exhibit a capital shortfall.

Separately, on November 26, 2007, Standard & Poor's Ratings Services' Global Bond Insurance Group ("S&P") announced that it was preparing a comment on bond insurers' subprime exposure. S&P's last published comment on this topic, from August 2, 2007, included a stress scenario for the primary bond insurers that reflected an opinion that conservative theoretical deterioration of subprime residential mortgage backed securities and collateralized debt obligations with subprime collateral would not impair the bond insurers' capital adequacy. S&P indicated in its November 26, 2007 announcement that it was working to update the assumptions that would underlie a stress scenario for the primary bond insurers.

Neither Fitch, Moody's nor S&P has taken any rating actions with respect to MBIA. However, there is no assurance that one or more of the rating agencies will not conclude that MBIA will need to raise additional capital or take other measures to maintain its ratings from that agency. Requirements imposed by the rating agencies are outside the control of MBIA, and such requirements could require MBIA to raise additional capital or take other remedial actions in a relatively short timeframe.

The Company believes that maintaining a strong balance sheet and an adequate capital cushion is prudent. Therefore, the Company has been pursuing capital contingency plans, even in the absence of any immediate rating agency action.

On December 6, 2007, the Company issued a press release in response to the Moody's comment. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated by reference to this Item 8.01 as if fully set forth herein.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

99.1 Press Release issued by MBIA Inc. dated December 6, 2007.

SIGNATURES

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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 hereunto duly authorized.

MBIA INC.

By: /s/Ram D. Wertheim

Ram D. Wertheim
General Counsel

Date: December 6, 2007

EXHIBIT INDEX TO CURRENT REPORT ON FORM 8-K
Dated December 6, 2007

Exhibit 99.1

Press Release issued by MBIA Inc. dated December 6, 2007