

**Announcement: MBIA Inc.**

### **Moody's Comments on MBIA's Announced Capital Increase**

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New York, December 11, 2007 -- Moody's Investors Service said that the announced \$1 billion committed capital raising by MBIA Inc. (senior debt at Aa2), meaningfully enhances the financial flexibility of the firm and provides an important signal of market support for the franchise. The investment also supports the financial profile MBIA's Aaa-rated financial guaranty insurance subsidiary, MBIA Insurance Corporation, which Moody's has highlighted as exposed to stress from mortgage-related exposures, given recent trends.

The increase in the financial resources of MBIA, through a \$500 million common equity investment from Warburg Pincus and a \$500 million shareholders rights offering backstopped by the same firm, aim to address concerns about the deteriorating credit profile of the guarantor as a result of the ongoing US mortgage crisis. MBIA indicated that it is recording meaningful loss reserves on its mortgage-related exposure, in excess of its unallocated loss reserves of \$213 million at 3Q2007 and that mark to market losses will exceed the \$352 million recognized in the third quarter. MBIA also commented that it has additional capital management options, including reinsurance, issuance of debt and the issuance of hybrid securities.

Moody's evaluation of the capital plan put forward by MBIA will focus on the results of our updated analysis of MBS risk, and the strategic plan for MBIA going forward. We expect to communicate further with the market on these matters within the next week.

Established in 1974, MBIA provides financial guarantees to issuers in the municipal and structured finance markets in the United States, as well as internationally. MBIA also offers various complementary services, such as investment management and municipal investment contracts.

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