



September 30, 2010

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 1810-100

Re: Proposed Accounting Standards Update – Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

We appreciate the opportunity to comment on the above - referenced Exposure Draft (“ED”). We support the Board’s effort to continue to converge with the IASB and address differences in accounting. However, this ED still contains significant differences from the proposed International Accounting Standards Board (IASB) IFRS 9 guidance. We encourage the FASB and the IASB to continue to work together to resolve these differences. The pace of change in financial accounting has continued to accelerate in recent years and it would be unfortunate if within a few years after the adoption of this proposed standard, conversion to IFRS guidelines resulted in further change in the accounting for financial instruments. Each of these changes requires effort on the part of registrants to update and educate users of their financial statements on how the changes impact operations, equity and other key financial metrics, as well as the overall cost of implementing changes to our financial reporting processes. The impact is different from industry to industry and company to company. It should be a priority for the Board and other regulators to attempt to minimize repetitive changes for similar financial principles as we continue to work towards a single global accounting standard.

The key issue in the ED from our perspective is the presumption that fair value accounting is appropriate for all business models and strategies. While MBIA does believe that fair value is relevant and should be presented either on the face of the financial statements (as a parenthetical) or in the notes to the financial statements, we do not believe that all financial assets and substantially all financial liabilities should be recorded at fair value. We believe that the changes in fair value are often not the most meaningful metric for financial statement users. The business strategy and purpose of the Company and how each financial instrument held by a company achieves this strategy is meaningful for investors. MBIA Inc. management has attempted, in the notes to the financial statements as well as in the managements’ discussion and analysis, to provide meaningful guidance on the business strategies of the company. However, our financial statements often do not accurately reflect the economics or strategy of

our core business, financial guaranty insurance, and therefore provide little insight into its successes or failures. Management is put in the position of discounting the financial results described in our financial statements, and providing increasing amounts of non-GAAP information and reconciliations. Financial information should provide a basis for investors and other users to evaluate whether management is successfully executing on their plans.

Specifically in regards to the ED, we do not support the fair value through net income (FVTNI) default category as it does not present the financials in accordance with the goals and strategies of the Company. Corporate debt, for a financial services company, will likely be required to be carried at fair value. This will exacerbate the counterintuitive results achieved when a company is downgraded and their income and/or equity improve. Or, conversely, the company is improving and their net income and net equity are reduced by the significant fluctuations in the impact of non-performance risk on the financial liabilities. Currently, the CDS spreads on our Company have significantly contracted. While the economic crisis appears to be subsiding, we are reporting greater losses. It has become challenging to educate investors that while our financial operations show losses and our equity is shrinking, our financial position is improving, from an economic standpoint. We believe the default category should be that category which is consistent with management's strategy and long-term plans for that specific financial instrument. Exceptions for certain factors may be required, but should be limited and well thought out.

Consistent with the strategy considerations in the carrying value of financial instruments, impairment analysis should not only allow, but require, management to take into consideration forecasts of future economic events and conditions. When management believes the future will change, the impact on their strategies should be evaluated and accounting for financial instruments should reflect that change. This does require significant judgment regarding impairment and when strategies change, however, as noted above, this is an opportunity for management to explain their strategies and plans and how they have changed. Investors should be demanding that management very specifically share their long-term plans and goals and should desire the accounting be reflective of that approach.

Thank you for the opportunity to contribute to the current discussions on this ED. Should you have any questions or require any clarification concerning the matters addressed in this letter please do not hesitate to contact our Director of Accounting Policy, Greg Wilson, at 914-765-3381.

Sincerely,

C. Edward Chaplin
Chief Financial Officer
MBIA Inc.