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MBIA Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Greg Diamond

Now we'll begin the Q&A session. We're going to start with the questions that have been submitted to us in writing and then we'll open up the phone lines to take your questions.

Our first question comes from [Chris Valley]. What was the fair value and the book value of the medium term notes issued by GFL at the end of the March 2009?

Clifford Corso

We don't break out the fair value of the NTM's specifically on a quarterly basis; however I point you to Slide 49 on the deck. That's the slide where we're showing the assets and the liabilities of the ALM business. What you'll see when you look at that slide, you'll see the book value of the NTM of \$3.0 billion. You'll see all the book values of the liabilities adding up to \$9.7 billion.

And then you'll see a number at the bottom which is the combined estimated market value of the liabilities at \$8.5 billion. What I would note or just point out is the lion's share of the market value differential between book and market is related to the NTM's.

You can also look at Slide 7 on the deck. You can see that we did re-purchase some NTM's on that slide, about \$237 million for a net gain of \$77 million. So that should give you a pretty good sense in terms of what the fair value of the NTM's might look like.

Greg Diamond

[Chris Valley] has another question. According to your presentation, MBIA has sufficient liquidity in its ALM portfolio to fund all potential remaining debt termination payments. Is this true for the whole ALM business as total assets were \$9.2 billion U.S. and total liabilities \$9.7 billion U.S. taking the market value, the short fall was about \$2 billion. Do you intend to offer exchange deals or similar deals to holders of NTM's?

Clifford Corso

If you look at the slide on 49, what you see is that we do have sufficient resources overall to handle the liabilities as they come due and sufficient resources to handle we believe any kind of collateral draws. One of the items to point out is \$600 million inter company line. But you're right. Those numbers that you cite are all accurate.

I guess in response to the back half of your question, we will continue to seek out on a reverse inquiry basis any kind of debt repurchases that makes sense for us. We also would consider tenders across the whole capital structure of MBIA.

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