NEWS RELEASE

MBIA Inc. Reports 10 Percent Increase in First Half Net Income Per Share; Operating Income Per Share up 6 Percent

7/27/2006

ARMONK, N.Y.--(BUSINESS WIRE)--July 27, 2006--

MBIA Inc. (NYSE: MBI), the holding company for MBIA Insurance Corporation, reported today that first half 2006 net income per share increased 10 percent to $3.08, compared to $2.79 in the first half of 2005. Net income for the first half was $420.4 million, up 9 percent compared to $386.5 million in the first half of 2005.

For the first half of 2006, operating income per share, which excludes the effects of net realized gains and net gains and losses on derivative instruments and foreign exchange, increased 6 percent to $2.95 from $2.79 in the first half of 2005. Excluding refundings, first half 2006 operating income per share rose 3 percent to $2.57 from $2.49 in the same period of 2005.

Diluted earnings per share information

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Net income	$1.62	$ 1.27	$3.08	$ 2.79

Net realized gains	0.08	0.00	0.08	0.01
Net gains (losses) on derivative instruments and foreign exchange	0.04	(0.11)	0.05	(0.01)
Operating income (1)	$1.50	$ 1.38	$2.95	$ 2.79

(1) Non-GAAP measure

In the second quarter of 2006, net income per share increased 28 percent to $1.62 from $1.27 during the same period of 2005. Net income for the second quarter was $221.4 million compared with $173.7 million in the same period last year, a 27 percent increase. Second quarter 2006 per share results were positively impacted by $0.12 per share of net gains versus net losses of $0.11 in the same period of 2005.

For the second quarter of 2006, operating income per share increased 9 percent to $1.50 from $1.38 in the second quarter of 2005. Excluding refundings, second quarter 2006 operating income per share rose 4 percent to $1.29 from $1.24 during the same period of 2005.

Gary Dunton, MBIA Chief Executive Officer, said, "Our financial results for the quarter were acceptable. Business production was in line with our expectations as market conditions remain challenging, primarily due to tight credit spreads and intense competition from the uninsured market, traditional monolines and European banks. We remain focused on our commitment to create long-term value for our shareholders, pursuing only those business opportunities that meet our rigorous underwriting and pricing discipline."

Insurance Operations

Adjusted direct premiums (ADP), a non-GAAP measure, which includes both upfront premiums written and the present value of estimated future installment premiums for new business writings and excludes premiums assumed or ceded, decreased 38 percent to $399.5 million in the first half of 2006 from $646.6 million in the first half of 2005. For the second quarter of 2006, ADP declined 14 percent to $283.5 million, compared to $329.0 million during the same period of 2005. In the second quarter, non-U.S. public finance and U.S. structured finance provided favorable comparisons over last year's second quarter, which were offset by weaker production in the U.S. public finance and non-U.S. structured finance business sectors.

Adjusted Direct Premiums

(dollars in millions)

	Three Months Ended June 30			Six Months Ended June 30		
	2006	2005	% Change	2006	2005	% Change
Global Public Finance						
United States	$ 73.7	$143.8	(49%)	$121.7	$285.6	(57%)
Non-United States	102.2	57.6	77%	102.2	65.1	57%
Total	175.9	201.4	(13%)	223.9	350.7	(36%)
Global Structured Finance						
United States	73.8	33.3	122%	89.6	171.5	(48%)
Non-United States	33.8	94.3	(64%)	86.0	124.4	(31%)
Total	107.6	127.6	(16%)	175.6	295.9	(41%)
Total	$283.5	$329.0	(14%)	$399.5	$646.6	(38%)

MBIA's global public finance ADP decreased 36 percent in the first half of 2006 compared to the first half of 2005. Compared to last year's first half, U.S. public finance production was down 57 percent, impacted by a 15 percent decrease in overall market issuance and a 33 percent decline in insured volume, as well as a particularly competitive market environment. Non-U.S. public finance production, during the first half, increased 57 percent due to two significant international transactions that closed in early April. In global public finance, 84 percent of insured business written in the first half of 2006 had underlying ratings of Single-A or higher.

MBIA's global structured finance ADP decreased 41 percent in the first half of 2006. U.S. structured finance ADP declined 48 percent compared to first half production in 2005, however, second quarter production more than doubled as a result of increased ADP from CDOs, Operating Assets and Residential Mortgage-Backed sectors. Non-U.S. structured finance production for the first half of 2006 declined 31 percent. In global structured finance, 70 percent of insured business written in the first half of 2006 had underlying ratings of Single-A or higher.

Scheduled earned premiums in the first half of 2006 declined 5 percent to $336.8 million from $354.7 million in the first half of 2005. The decline was a result of early policy terminations of structured finance deals as well as the effect of refunding activity in prior periods, which accelerated the earning of premiums into earlier periods. Earned premiums from refundings were a robust $85.8 million for the first half of 2006, up 23 percent from $69.6 million in the first half of 2005. While refunding par volume in the U.S. public finance market was down 52 percent for the first half of 2006, MBIA's earned premium from refunded issues was boosted by five refunded deals, including two international credits, that accounted for more than 25 percent of the refunded premiums earned for the first half.

Pre-tax net investment income in the first half of 2006, excluding net realized gains, was $284.4 million, a 14 percent increase from $249.6 million in the same period of 2005. The increase was primarily due to the growth in interest income related to consolidated Variable Interest Entities (VIEs) and the growth of invested assets. While investment income for VIEs continues to be shown in net investment income, as of the first quarter of 2006, VIE interest expense has been reclassified to the interest expense line on the Company's income statement for the current and prior periods. Excluding the effects of VIE interest income, pre-tax net investment income would have increased by 8 percent.

MBIA's fees and reimbursements (which had been labeled Advisory Fees until the first quarter of 2006) were up 15 percent in the first half of 2006 to $12.2 million from $10.6 million during the first half of 2005.

Total insurance expenses were up 20 percent in the first half of 2006 to $178.1 million from $149.0 million in the first half of 2005. The increase resulted from the reclassification of interest expense for VIEs and the lower deferral rate that the Company adopted during last year's third quarter for gross insurance expenses related to policy acquisition costs. Gross insurance expenses, which are prior to any expense deferrals, were down 3 percent for the first six months of this year versus the same period last year.

The Company incurred $40.4 million in loss and loss adjustment expenses (LAE) in the first half of 2006, a 5 percent decrease compared to $42.6 million in last year's first half. Loss and LAE for both periods is based on the Company's formula of reserving 12 percent of scheduled earned premium. During the first half of 2006, MBIA experienced an $8.1 million increase to its unallocated loss reserve based on case loss reserve activity, which, combined with the additional loss and LAE expenses, boosted the Company's unallocated loss reserve by $47.9 million to $256.5 million at June 30, 2006 from $208.6 million at December 31, 2005.

For the second quarter, there was an $18.7 million increase to the unallocated loss reserves from case loss reserve activity. The largest adjustment was $56.7 million for the Northwest Airlines EETC exposure, for which the Company had established a $76.3 million case loss reserve in the fourth quarter of 2005. The adjustment resulted primarily from the sale of unsecured claims, which provided unanticipated proceeds, as well as the sale of selected collateral (aircraft) from one of the securitizations and an agreement to sell collateral from another securitization. There were also a number of credits that reduced the unallocated loss reserve during the second quarter of 2006. The largest adjustment came from a CDO transaction.

During the second quarter, MBIA made a debt service payment of $6.0 million on a policy issued for New Orleans Regional Transit Authority (RTA), a credit adversely affected by Hurricane Katrina. MBIA expects to be fully reimbursed for the payment and has $24.1 million net par outstanding for the RTA. The Company continues to closely monitor the performance of MBIA-insured credits impacted by Hurricane Katrina last year. The Company

does not expect to incur an ultimate loss, other than immaterial loss adjustment expenses, on its Hurricane Katrina exposure.

Additionally, MBIA has approximately $1.5 billion net par outstanding for Eurotunnel as of June 30, 2006. Eurotunnel has petitioned for protection under the Paris commercial court for a safeguard procedure, a new procedure under French law with limited similarities to a U.S. Chapter 11 reorganization. At the July 25 hearing, the commercial court decided to delay its decision until August 2. In addition, Eurotunnel has indicated it will continue to make payments on its debt obligations pending the court decision. Debt restructuring talks are ongoing and MBIA continues to work with the creditors committee toward a consensual restructuring plan to be approved by all Eurotunnel stakeholders. The Company believes that it will not incur an ultimate loss on its Eurotunnel exposure and there has been no case loss reserve established for the credit.

MBIA's pre-tax operating income from insurance operations, which excludes the effects of net realized gains and net gains and losses on derivative instruments and foreign exchange, increased 1 percent to $541.1 million in the first half of 2006 compared to $535.4 million in the same period of 2005.

Investment Management Services

The market value of year-to-date average fixed-income assets under management, excluding conduits, was $49.1 billion in the first half of 2006, up 15 percent from $42.8 billion in the first half of last year. Pre-tax operating income from MBIA's investment management business, which excludes the effects of net realized gains and net gains and losses on derivative instruments and foreign exchange, increased 17 percent in the first half of 2006 to $49.8 million from $42.7 million in the first half of 2005 driven by strong demand for the Company's asset/liability products.

Corporate

The pre-tax operating loss for the corporate segment decreased 6 percent for the first half of 2006 to $38.9 million from $41.4 million in the same period last year. The decrease was primarily due to lower interest expense and lower corporate expenses, which were partially offset by reduced net investment income. Part of the decline in corporate expenses reflects a decline in legal and consulting expenses related to the regulatory investigations.

Gains and Losses

In the first half of 2006, MBIA recorded net realized gains of $16.8 million for all business operations, compared to net realized gains of $1.3 million in the first half of 2005. Net realized gains for the first half of 2006 included a $13.9 million write-down during the first quarter of a receivable balance that the Company obtained under salvage and

subrogation rights, partly offset by a $10.5 million gain during the second quarter related to the sale of the Company's common stock investment in Ram Re.

The Company recorded pre-tax mark-to-market net gains on derivative instruments and foreign exchange of $9.5 million for all business operations in the first half of 2006, compared to pre-tax mark-to-market net losses of $1.9 million in the first half of 2005.

Book Value and Adjusted Book Value

MBIA's book value per share at the end of the first half of 2006 increased $0.31 to $49.48, from December 31, 2005. The increase in book value per share was driven by an increase in retained earnings, which was partially offset by a reduction in unrealized appreciation of investment securities. Adjusted book value (ABV) per share, a non-GAAP measure, at June 30, 2006 rose 2 percent to $72.32 from $70.62 at December 31, 2005. ABV includes the after-tax effects of deferred premium revenue less prepaid reinsurance premiums and deferred acquisition costs, the present value of installment premiums, the present value of the net spread of asset/liability products and a provision for loss and loss adjustment expenses.

Conference Call

MBIA will host a conference call for investors today at 11 a.m. EDT. The conference call will consist of brief comments by Mr. C. Edward Chaplin, MBIA Chief Financial Officer, followed by a question and answer session with Mr. Chaplin. The dial-in number for the call is (877) 694-4769 in the U.S. and (973) 582-2849 from outside the U.S. The conference call code is 7388808. The call will also be broadcast live on MBIA's Web site at **www.mbia.com**. Those who are unable to participate in the conference call may listen to a replay by dialing (877) 519-4471 in the U.S. and (973) 341-3080 from outside the U.S. The replay code is also 7388808. The replay will be available on MBIA's Web site approximately two hours after the end of the conference call.

MBIA Inc., through its subsidiaries, is a leading financial guarantor and provider of specialized financial services. MBIA's innovative and cost-effective products and services meet the credit enhancement, financial and investment needs of its public and private sector clients, domestically and internationally. MBIA Inc.'s principal operating subsidiary, MBIA Insurance Corporation, has a financial strength rating of Triple-A from Moody's Investors Service, Standard & Poor's Ratings Services, Fitch Ratings, and Rating and Investment Information, Inc. Please visit MBIA's Web site at **www.mbia.com**.

This news release contains forward-looking statements. Important factors such as general market conditions and the competitive environment could cause actual results to differ materially from those projected in these forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements to

reflect changes in events or expectations.

Explanation of Non-GAAP Financial Measures

The following are explanations of why MBIA believes that the non-GAAP financial measures typically used in the Company's press releases, which serve to supplement GAAP information, are meaningful to investors.

Operating Income (Loss): The Company believes operating income is a useful measurement of performance because it measures income from operations, unaffected by investment portfolio realized gains and losses, gains and losses on derivative instruments and foreign exchange and other non-operating items. Operating income (loss) is also provided to assist research analysts and investors who use this information in their analysis of the Company.

Adjusted Direct Premiums: The Company believes adjusted direct premiums are a meaningful measure of the total value of the insurance business written during a reporting period since they represent the present value of all premiums collected and expected to be collected on policies closed during the period. As such, it gives investors an opportunity to measure the value of new business activities in a given period and compare it to new business activities in other periods. Other measures, such as premiums written and premiums earned, include the value of premiums resulting from business closed in prior periods and do not provide the same information to investors.

Adjusted Book Value (ABV): The Company believes the presentation of adjusted book value, which includes items that are expected to be realized in future periods, provides additional information that gives a comprehensive measure of the value of the Company. Since the Company expects these items to affect future results and, in general, they do not require any additional future performance obligation on the Company's part, ABV provides an indication of the Company's value in the absence of any new business activity. ABV is not a substitute for GAAP book value but does provide investors with additional information when viewed in conjunction with GAAP book value.

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	June 30, 2006	December 31, 2005
Assets		
Investments:		

Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $25,510,087 and $23,189,684)	$25,440,302	$23,747,204
Investments held-to-maturity, at amortized cost (fair value $4,553,735 and $5,734,335)	4,588,155	5,765,182
Investment agreement portfolio pledged as collateral, at fair value (amortized cost $577,209 and $712,054)	559,450	729,072
Short-term investments, at amortized cost (which approximates fair value)	2,187,705	1,678,281
Other investments	240,736	234,927
Total investments	33,016,348	32,154,666
Cash and cash equivalents	221,502	233,046
Accrued investment income	446,821	396,048
Deferred acquisition costs	434,020	427,111
Prepaid reinsurance premiums	385,704	407,614
Reinsurance recoverable on unpaid losses	44,472	58,965
Goodwill	79,406	79,406
Property and equipment (net of accumulated depreciation)	107,356	109,275
Receivable for investments sold	74,108	74,787
Derivative assets	600,158	326,867
Other assets	221,682	293,609
Total assets	$35,631,577	$34,561,394

Liabilities and Shareholders' Equity

Liabilities:		
Deferred premium revenue	$ 3,123,086	$ 3,185,200
Loss and loss adjustment expense reserves	708,293	721,502
Investment agreements	11,801,633	10,806,277
Commercial paper	753,594	859,997
Medium-term notes	7,806,665	7,542,416
Variable interest entity floating rate notes	1,228,760	1,280,160
Securities sold under agreements to repurchase	508,154	646,343
Short-term debt	40,898	58,745
Long-term debt	1,219,962	1,210,405
Deferred income taxes, net	379,226	569,536
Deferred fee revenue	17,680	20,379
Payable for investments purchased	372,322	83,369
Derivative liabilities	483,499	384,611
Other liabilities	519,872	600,810

Total liabilities	28,963,644	27,969,750
Shareholders' Equity:		
Common stock	157,539	156,602
Additional paid-in capital	1,467,493	1,435,590
Retained earnings	6,084,005	5,747,171
Accumulated other comprehensive income	120,262	399,381
Treasury stock	(1,161,366)	(1,147,100)
Total shareholders' equity	6,667,933	6,591,644
Total liabilities and shareholders' equity	$35,631,577	$34,561,394

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Insurance operations				
Revenues:				
Gross premiums written	$251,476	$ 248,965	$ 424,348	$531,584
Ceded premiums	(27,166)	(31,622)	(51,071)	(63,748)
Net premiums written	224,310	217,343	373,277	467,836
Scheduled premiums earned	169,130	180,902	336,845	354,662
Refunding premiums earned	47,606	32,483	85,790	69,568
Premiums earned	216,736	213,385	422,635	424,230
Net investment income	144,390	126,113	284,402	249,563
Fees and reimbursements	4,019	4,214	12,193	10,639
Net realized gains (losses)	17,085	996	10,073	1,207
Net gains (losses) on derivative instruments and				

foreign exchange	1,305	4,002	6,062	(2,070)
Total insurance revenues	383,535	348,710	735,365	683,569
Expenses:				
Losses and loss adjustment	20,295	21,708	40,421	42,559
Amortization of deferred acquisition costs	17,122	16,858	33,388	33,515
Operating	35,889	32,268	72,616	61,434
Interest expense	18,786	6,104	31,704	11,504
Total insurance expenses	92,092	76,938	178,129	149,012
Insurance income	291,443	271,772	557,236	534,557
Investment management services				
Revenues	294,299	206,543	552,505	392,778
Net realized gains (losses)	(295)	(1,478)	5,233	1,716
Net gains (losses) on derivative instruments and foreign exchange	6,258	(27,395)	3,308	26
Total investment management services revenues	300,262	177,670	561,046	394,520
Interest expense	249,921	167,164	466,668	316,582
Expenses	18,461	19,090	36,051	33,467
Total investment management services expenses	268,382	186,254	502,719	350,049
Investment management services income	31,880	(8,584)	58,327	44,471
Municipal services				
Revenues	5,399	5,398	11,010	10,934
Net realized gains (losses)	--	--	--	(85)

Net gains (losses) on derivative instruments and foreign exchange	11	6	40	136
Total municipal services revenues	5,410	5,404	11,050	10,985
Expenses	4,324	5,108	9,449	10,513
Municipal services income	1,086	296	1,601	472
Corporate				
Net investment income	3,508	5,776	7,072	13,703
Net realized gains (losses)	841	81	1,467	(1,527)
Net gains (losses) on derivative instruments and foreign exchange	138	--	138	--
Interest expense	20,170	22,040	40,301	44,061
Corporate expenses	3,357	7,398	5,659	11,079
Corporate loss	(19,040)	(23,581)	(37,283)	(42,964)
Income before income taxes	305,369	239,903	579,881	536,536
Provision for income taxes	84,007	66,229	159,525	150,055
Net income	$221,362	$ 173,674	$ 420,356	$ 86,481
Net income per common share:				
Basic	$ 1.67	$ 1.30	$ 3.17	$ 2.85
Diluted	$ 1.62	$ 1.27	$ 3.08	$ 2.79
Weighted-average number of common shares outstanding:				
Basic	132,765,468	133,938,175	132,741,516	135,589,284
Diluted	136,634,382	136,886,153	136,658,183	138,680,637

Reconciliation of Adjusted Direct Premiums to Gross Premiums Written

(dollars in millions)

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Adjusted direct premiums (1)	$ 283.5	$ 329.0	$ 399.5	$ 646.6
Adjusted premiums assumed	0.0	1.0	0.0	1.0
Adjusted gross premiums	283.5	330.0	399.5	647.6
Present value of estimated future installment premiums (2)	(156.5)	(200.8)	(224.2)	(376.6)
Gross upfront premiums written	127.0	129.2	175.3	271.0
Gross installment premiums received	124.5	119.8	249.0	260.6
Gross premiums written	$ 251.5	$ 249.0	$ 424.3	$ 531.6

(1) A non-GAAP measure.

(2) At June 30, 2006 and March 31, 2006 the discount rate was 5.00% and 5.02%, repsectively, and at June 30, 2005 and March 31, 2005 the discount rate was 4.99% and 4.84%, respectively.

Components of Net Income per Share

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Net income	$ 1.62	$ 1.27	$ 3.08	$ 2.79
Net realized gains	0.08	0.00	0.08	0.01
Net gains (losses) on derivative instruments and foreign exchange	0.04	(0.11)	0.05	(0.01)

Operating income (1)	$ 1.50	$ 1.38	$ 2.95	$ 2.79

(1) A non-GAAP measure.

MBIA INC. AND SUBSIDIARIES

Components of Adjusted Book Value per Share

	June 30, 2006	December 31, 2005
Book value	$ 49.48	$ 49.17
After-tax value of:		
Deferred premium revenue	15.07	15.45
Prepaid reinsurance premiums	(1.86)	(1.98)
Deferred acquisition costs	(2.09)	(2.07)
Net deferred premium revenue	11.12	11.40
Present value of installment premiums (1)	10.44	10.53
Asset/liability products adjustment	4.12	2.40
Loss provision (2)	(2.84)	(2.88)
Adjusted book value (3)	$ 72.32	$ 70.62

(1) At June 30, 2006 and December 31, 2005 the discount rate was 5.00%, respectively.

(2) The loss provision is calculated by applying 12% to the following items on an after-tax basis: (a) deferred premium revenue; (b) prepaid reinsurance premiums; and, (c) the present value of installment premiums.

(3) A non-GAAP measure.

CONSOLIDATED INSURANCE OPERATIONS

Selected Financial Data Computed on a Statutory Basis

(dollars in millions)

	June 30, 2006	December 31, 2005

Capital and surplus	$ 4,344.0	$ 3,800.4
Contingency reserve	2,382.1	2,769.0
Capital base	6,726.1	6,569.4
Unearned premium reserve	3,475.7	3,508.1
Present value of installment premiums (1)	2,163.6	2,171.1
Premium resources	5,639.3	5,679.2
Loss and loss adjustment expense reserves	270.4	317.8
Soft capital credit facilities	850.0	850.0
Total claims-paying resources	$ 13,485.8	$ 13,416.4
Net debt service outstanding	$895,271.7	$889,018.9
Capital ratio (2)	133:1	135:1
Claims-paying ratio (3)	78:1	78:1

(1) At June 30, 2006 and December 31, 2005 the discount rate was 5.00%, respectively.

(2) Net debt service outstanding divided by the capital base.

(3) Net debt service outstanding divided by the sum of the capital base, unearned premium reserve (after-tax), present value of installment premiums (after-tax), loss and loss adjustment expense reserves and soft capital credit facilities.

Source: MBIA Inc.