NEWS RELEASE

MBIA Inc. Reports 11 Percent Decrease in 2005 Earnings Per Share; Operating Earnings Per Share up 4 Percent in 2005

2/9/2006

ARMONK, N.Y.--(BUSINESS WIRE)--Feb. 9, 2006--MBIA Inc. (NYSE: MBI), the holding company for MBIA Insurance Corporation, reported today that 2005 diluted earnings per share declined 11 percent to $5.18 per share compared with $5.82 in 2004. Net income for 2005 was $711.0 million compared with $843.0 million for 2004, a 16 percent decrease. The decrease was due to the effect of net realized losses of $0.04 per share in 2005, compared with net realized gains of $0.47 per share recorded in 2004, as well as a charge of $0.52 per share related to a $75 million accrual that the Company made in the third quarter of 2005 for estimated penalties and disgorgement related to any settlements of regulatory investigations.

Operating income per share, which excludes the effects of net realized gains and losses, net unrealized gains and losses on derivative instruments and foreign exchange, income from discontinued operations, and the accrual for estimated penalties and disgorgement, rose 4 percent to $5.57 per share in 2005 compared to $5.35 per share in 2004.

Fourth quarter diluted earnings per share in 2005 declined 16 percent to $1.34 from $1.60 in 2004. Net income for the fourth quarter decreased 19 percent to $182.7 million from $226.7 million in last year's fourth quarter. The decrease was the result of $0.01 per share of net realized losses in the fourth quarter of 2005, compared with net realized gains of $0.20 per share recorded during the same period of 2004.

For the fourth quarter of 2005, operating income per share increased 1 percent to $1.38 compared with $1.36 in the fourth quarter of 2004. Excluding refundings, fourth quarter operating income per share declined 2 percent to $1.20 in 2005 from $1.23 in the same period of 2004.

Diluted earnings per share information

	Three Months Ended December 31		Year Ended December 31	
	(Restated)		(Restated)	
	2005	2004	2005	2004
Net income	$1.34	$1.60	$ 5.18	$ 5.82
Income (loss) from discontinued operations	- -	0.00	(0.01)	0.02
Net income from continuing operations	1.34	1.60	5.19	5.80
Accrual for penalties and disgorgement	- -	- -	(0.52)	- -
Net realized gains (losses)	(0.01)	0.20	(0.04)	0.47
Net gains (losses) on derivative instruments and foreign exchange	(0.02)	0.04	0.18	(0.01)
Operating income (1)	$1.38	$1.36	$ 5.57	$ 5.35

(1) Presented on the same basis as analysts' estimates

Net income for 2005 includes the effects of a $75 million accrual in the third quarter for the total amount that the Company estimates it will have to pay in connection with any settlements of investigations by the SEC, the New York Attorney General's Office and the New York State Insurance Department regarding agreements MBIA Insurance Corporation entered into in 1998 with AXA Re Finance S.A. (AXA Re), Muenchener Rueckversicherungs-Gesellshaft (Munich Re) and Converium Re (previously known as Zurich Reinsurance North America).

Gary Dunton, MBIA Chief Executive Officer, said, "We achieved acceptable operating financial results in a challenging marketplace, one in which we saw intense competition, tight credit spreads and investors awash in capital. Despite fewer opportunities in international public finance, business production in our other sectors was good, and very strong in the case of international structured finance.

"Looking ahead, given our expectation that current market conditions will persist, it is unlikely that we will achieve our historical growth rates in 2006. Our underwriting standards and pricing discipline are designed for long-term profitability, and we simply won't compromise them for short-term gain. Our franchise remains solid, and our commitment to building long-term shareholder value is steadfast."

Insurance Operations

Adjusted direct premium (ADP), a non-GAAP measure, which includes both upfront premiums written and the present value of estimated installment premiums for new business written in the period and excludes premiums assumed or ceded, declined 4 percent to $1.10 billion in 2005 from $1.15 billion in 2004. The decline is primarily due to tighter credit spreads, increased competition from the uninsured market and other monolines, and weak new business production in the Company's international public finance operations. In the fourth quarter of 2005, ADP declined 42 percent to $221.4 million from $383.9 million in the fourth quarter of last year. The decrease was the result of the factors cited above.

Adjusted Direct Premium

(dollars in millions)

	Three Months Ended December 31			Year Ended December 31		
	2005	2004	% Change	2005	2004	% Change
Public Finance						
United States	$105.9	$106.8	(1%)	$ 487.6	$ 457.4	7%
Non-United States	24.2	119.8	(80%)	92.8	261.6	(65%)
Total	130.1	226.6	(43%)	580.4	719.0	(19%)
Structured Finance						
United States	78.9	126.0	(37%)	310.2	284.5	9%
Non-United States	12.4	31.3	(61%)	210.6	142.6	48%
Total	91.3	157.3	(42%)	520.8	427.1	22%
Total	$221.4	$383.9	(42%)	$1,101.2	$1,146.1	(4%)

Global public finance ADP declined 19 percent in 2005 compared with 2004. U.S. public finance production increased 7 percent in 2005, reflecting solid business in the transportation and military housing sectors. As fewer large infrastructure transactions in Europe came to market this year, non-U.S. production declined 65 percent, despite growth in the Latin American and Australian markets. Credit quality for global public finance transactions remained very high, with 91 percent of insured business written rated Single-A or higher in 2005.

Despite continued tight spreads and investor demand for uninsured transactions, global structured finance ADP in 2005 increased 22 percent over 2004, characterized by strong business from repeat issuers across all sectors. The consumer asset-backed and CDO businesses had impressive production, while international structured ADP increased 48 percent, driven by solid future flow and whole company securitization activity. In 2005, 69 percent of business written in global structured finance was rated Single-A or higher.

Premiums earned in 2005 declined 1 percent to $842.7 million from $849.7 million in 2004, due in part to some early policy terminations in the structured finance book of business as well as the effect of refunding activity in prior years, which results in any unearned premiums that would have been earned over time to be earned immediately, and reduces the growth rate of scheduled earned premiums. Earned premiums from refundings remained strong given the continued low interest rate environment, declining a marginal 2 percent to $140.5 million in 2005.

Pre-tax net investment income in 2005, excluding net realized gains, was $491.9 million, a 4 percent increase from $474.4 million in 2004, driven by a 3 percent increase in average invested assets.

MBIA's advisory fees in 2005 were down 32 percent to $28.2 million from $41.5 million during 2004, primarily reflecting a decline in business that generates advisory services.

Insurance expenses, consisting of the amortization of deferred acquisition costs and operating expenses, were up 11 percent for 2005 to $210.0 million from $188.7 million in 2004, due to a 17 percent increase in operating expenses over the same period last year. The increase in operating expenses partially relates to a reduction in the percentage of expenses recorded and deferred as policy acquisition costs, which became effective in the third quarter of 2005. Other factors contributing to the increase in operating expenses were an increase in loss prevention expenses and the cost of a soft capital facility.

MBIA's pre-tax operating income from insurance operations, which excludes the effects of net realized gains and losses and net unrealized gains and losses on derivative instruments and foreign exchange, declined 2 percent to $1.07 billion in 2005 from $1.09 billion in 2004.

Risk Management and Loss Reserves

The Company incurred $84.3 million in loss and loss adjustment expenses in 2005, a 1 percent decrease compared to $84.8 million in 2004. Total case-incurred activity was $188.6 million in 2005, primarily related to transactions in the Enhanced Equipment Trust Certificate (EETC), CDO, tax lien, mortgage-backed, and manufactured housing sectors, as well as accretion on reserves previously established for the Company's AHERF exposure. The unallocated loss reserve as of December 31, 2005 stands at $208.6 million.

MBIA established a case loss reserve of $76.3 million in the fourth quarter in connection with its $685.4 million in net par exposure under four insured EETCs secured by 64 aircraft financed by Northwest Airlines . Northwest filed for bankruptcy protection in September 2005 and, subsequently, did not make scheduled payments on leases supporting outstanding senior debt for 31 aircraft in three of the four MBIA -insured EETCs. MBIA established the case loss reserve based on projected lower lease income related to these leases, the projected revenue from the potential redeployment of certain aircraft and estimated valuations for the aircraft subject to the defaulted leases. Currently, the leases related to the remaining 33 aircraft are performing according to the original contract terms. Temporary extensions are in place to allow Northwest to continue flying the aircraft subject to the defaulted leases, and negotiations with the airline about resolving the lease non-compliance issues are continuing.

Overall credit quality in the insured portfolio improved this year, with 81 percent of the total book of business rated A or better, up from 80 percent at the end of 2004. The percentage of the portfolio rated non-investment grade increased somewhat to 2.1 percent, up from 1.9 percent in 2004, driven by the addition of two consumer asset-backed financings.

Investment Management Services

The market value of annual average fixed-income assets under management was $43.5 billion in 2005, up 16 percent from $37.4 billion in 2004. Pre-tax operating income from MBIA's investment management businesses, which excludes the effects of net realized gains and losses, and net gains and losses on derivative instruments and foreign exchange, increased 41 percent in 2005 to $86.6 million from $61.4 million in 2004. Solid demand for investment agreements drove growth in the asset/liability products segment.

Corporate

The corporate segment includes net investment income, interest expense and corporate expenses. In 2005, net corporate segment expenses increased to $171.8 million from $83.8 million. The increase reflects the $75 million accrual for estimated penalties and disgorgement, incremental legal and consulting expenses related to the regulatory investigations, and increased interest expenses due to higher average debt outstanding. Excluding the accrual for estimated penalties and disgorgement, and legal and consulting expenses associated with the

investigations, net corporate expenses decreased 1 percent.

Gains and Losses

In 2005, MBIA recorded net realized losses of $7.9 million for all business operations, compared to net realized gains of $104.2 million in 2004. In 2005, net realized losses were impacted by a $19 million write-down of receivable balances that the Company obtained under salvage and subrogation rights. In 2004, net realized gains were primarily the result of the sale of a common stock investment that the Company purchased in 2002 and gains resulting from the reassumption of portfolios from AXA Re and Converium , which were accounted for as deposits as a result of the restatements.

The Company recorded pre-tax mark-to-market net unrealized gains of $38.4 million in 2005 on its derivative exposure and foreign exchange, compared with net unrealized loss of $3.3 million in 2004.

Book Value and Adjusted Book Value

MBIA's book value per share at December 31, 2005 was $49.17, up 5 percent from $47.05 at December 31, 2004. The increase was principally driven by net income from operations offset by an increase in treasury stock resulting from share repurchases. Adjusted book value (ABV) per share, a non-GAAP measure, at December 31, 2005 rose 6 percent to $70.62 from $66.34 at December 31, 2004. 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.

Share Repurchase

During 2005, the Company repurchased approximately 5.9 million shares at an average cost of $57.77 per share. At December 31, 2005, approximately 5 million shares remained in the Company's share buyback program, which was authorized in August 2004. The Company did not repurchase any shares in the second half of 2005.

Operating ROE

For 2005, MBIA's operating return on equity, a non-GAAP measure, was 12.5 percent compared to 13.5 percent for 2004.

Conference Call

MBIA will host a conference call for investors today at 11 a.m. EST. The conference call will consist of brief

comments by Mr. Dunton and Nicholas Ferreri, MBIA Chief Financial Officer, followed by a question and answer session with Mr. Dunton, Mr. Ferreri and Mitchell Sonkin, head of Insured Portfolio Management. The conference call will be Web cast live on MBIA's Web site at **http://investor.mbia.com** (then select "Conference Call"). Those who are unable to participate in the conference call may listen to a replay by dialing 1-866-356-4366 in the United States and 1-203- 369-0107 for outside the United States, which 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 **http://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 used in this press release, which serve to supplement GAAP information, are meaningful to investors.

Operating Income: 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 non-recurring items. Operating income is also provided to assist research analysts and investors who use this information in their analysis of the Company.

Operating Return on Equity (ROE): The Company believes operating return on equity is a useful measurement of performance because it measures return on equity based upon income from operations, unaffected by investment portfolio realized gains and losses, gains and losses on derivative instruments and foreign exchange and non-recurring items. Operating return on equity 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)

	December 31, 2005	December 31, 2004
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $23,189,684 and $18,802,894)	$23,747,204	$19,679,905
Investments held-to-maturity, at amortized cost (fair value $5,255,724 and $7,535,787)	5,286,571	7,540,218
Investment agreement portfolio pledged as collateral, at fair value (amortized cost $712,054 and $713,704)	729,072	730,870
Short-term investments, at amortized cost (which approximates fair value)	1,678,281	2,405,192
Other investments	234,927	261,865
Total investments	31,676,055	30,618,050
Cash and cash equivalents	233,046	366,236
Accrued investment income	396,048	312,208
Deferred acquisition costs	427,111	406,035

Prepaid reinsurance premiums	407,614	434,968
Reinsurance recoverable on unpaid losses	58,965	34,610
Goodwill	79,406	79,406
Property and equipment (net of accumulated depreciation)	109,275	114,692
Receivable for investments sold	74,787	67,205
Derivative assets	326,867	288,564
Other assets	293,609	314,321
Total assets	$34,082,783	$33,036,295

Liabilities and Shareholders' Equity

Liabilities:		
Deferred premium revenue	$ 3,185,200	$ 3,211,181
Loss and loss adjustment expense reserves	721,502	748,869
Investment agreements	10,806,277	8,678,768
Commercial paper	859,997	2,598,655
Medium-term notes	7,542,416	6,943,840
Variable interest entity floating rate notes	801,549	600,505
Securities sold under agreements to repurchase	646,343	647,104
Short-term debt	58,745	58,745
Long-term debt	1,210,405	1,332,540
Deferred income taxes, net	569,536	599,627
Deferred fee revenue	20,379	26,780
Payable for investments purchased	83,369	94,609
Derivative liabilities	384,611	527,455
Other liabilities	600,810	408,820
Total liabilities	27,491,139	26,477,498
Shareholders' Equity:		
Common stock	156,602	155,608
Additional paid-in capital	1,479,447	1,410,799
Retained earnings	5,747,171	5,187,484
Accumulated other comprehensive income	399,381	618,606
Unearned compensation - restricted stock	(43,857)	(34,686)
Treasury stock	(1,147,100)	(779,014)
Total shareholders' equity	6,591,644	6,558,797
Total liabilities and shareholders' equity	$34,082,783	$33,036,295

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts)

	Three Months Ended December 31		Years Ended December 31	
	2005	2004	2005	2004
Insurance operations				
Revenues:				
Gross premiums written	$ 232,354	$ 283,704	$ 984,908	$1,116,915
Ceded premiums	(28,751)	(51,491)	(127,107)	(158,831)
Net premiums written	203,603	232,213	857,801	958,084
Scheduled premiums earned	174,320	180,529	702,284	706,286
Refunding premiums earned	40,120	29,899	140,458	143,384
Premiums earned	214,440	210,428	842,742	849,670
Net investment income	129,274	120,355	491,857	474,415
Advisory fees	8,067	12,328	28,235	41,539
Net realized gains (losses)	(1,756)	46,062	(8,075)	108,874
Net gains (losses) on derivative instruments and foreign exchange	(4,851)	3,460	(4,436)	6,627
Total insurance revenues	345,174	392,633	1,350,323	1,481,125
Expenses:				
Losses and loss adjustment	20,919	21,663	84,274	84,753
Amortization of deferred acquisition costs	16,941	16,917	66,577	66,412
Operating	39,962	34,275	143,378	122,309
Total insurance expenses	77,822	72,855	294,229	273,474
Insurance income	267,352	319,778	1,056,094	1,207,651

Investment management services				
Revenues	247,705	161,887	866,154	551,926
Net realized gains (losses)	(1,616)	(1,555)	1,384	(4,120)
Net gains (losses) on derivative instruments and foreign exchange	925	4,703	42,558	(9,670)
Total investment management services revenues	247,014	165,035	910,096	538,136
Interest expense	204,361	123,711	705,340	413,615
Expenses	22,386	19,948	74,194	76,912
Total investment management services expenses	226,747	143,659	779,534	490,527
Investment management services income	20,267	21,376	130,562	47,609
Municipal services				
Revenues	7,843	7,637	24,388	27,593
Net realized gains (losses)	(51)	9	(187)	(81)
Net gains (losses) on derivative instruments and foreign exchange	30	(279)	230	(279)
Total municipal services revenues	7,822	7,367	24,431	27,233
Expenses	6,482	6,636	22,316	25,649
Municipal services income	1,340	731	2,115	1,584
Corporate				
Net investment income	(468)	1,935	16,646	8,446
Net realized gains (losses)	312	(281)	(989)	(467)
Interest expense	24,858	21,308	90,999	74,651

Corporate expenses	5,011	3,445	97,481	17,579
Corporate loss	(30,025)	(23,099)	(172,823)	(84,251)
Income from continuing operations before income taxes	258,934	318,786	1,015,948	1,172,593
Provision for income taxes	76,213	91,917	303,869	332,123
Income from continuing operations	182,721	226,869	712,079	840,470
Income (loss) from discontinued operations, net of tax	--	(121)	(1,093)	(602)
Gain on sale of discontinued operations, net of tax	--	--	--	3,178
Income (loss) from discontinued operations	--	(121)	(1,093)	2,576
Net income	$ 182,721	$ 226,748	$ 710,986	$ 843,046
Net income per common share:				
Basic	$ 1.38	$ 1.63	$ 5.30	$ 5.94
Diluted	$ 1.34	$ 1.60	$ 5.18	$ 5.82
Weighted-average common shares outstanding:				
Basic	132,640,767	139,007,629	134,098,392	141,861,225
Diluted	135,871,235	141,926,243	137,220,731	144,799,513

MBIA INC. AND SUBSIDIARIES

Reconciliation of Adjusted Direct Premiums to Gross Premiums Written

(dollars in millions)

	Three Months Ended December 31		Years Ended December 31	
	2005	2004	2005	2004
Adjusted direct premiums (1)	$ 221.4	$ 383.9	$1,101.2	$1,146.1
Adjusted premiums assumed	5.0	---	6.7	(2.9)
Adjusted gross premiums	226.4	383.9	1,107.9	1,143.2
Present value of estimated future installment premiums (2)	(108.5)	(238.2)	(633.4)	(632.2)
Gross upfront premiums written	117.9	145.7	474.5	511.0
Gross installment premiums received	114.5	138.0	510.4	605.9
Gross premiums written	$ 232.4	$ 283.7	$ 984.9	$1,116.9

(1) A non-GAAP measure.
(2) At December 31, 2005 and December 31, 2004 the discount rate was 5.0% and 4.8%, respectively.

Components of Net Income per Share (1)

	Three Months Ended December 31		Years Ended December 31	
	2005	2004	2005	2004
Net income	$ 1.34	$ 1.60	$ 5.18	$ 5.82
Income (loss) from discontinued operations	---	0.00	(0.01)	0.02
Net income from continuing operations	1.34	1.60	5.19	5.80
Penalties and disgorgement	---	---	(0.52)	---

Net realized gains (losses)	(0.01)	0.20	(0.04)	0.47
Net gains (losses) on derivative instrument and foreign exchange	(0.02)	0.04	0.18	(0.01)
Operating income (2)	$ 1.38	$ 1.36	$ 5.57	$ 5.35

(1) May not add due to rounding.
(2) A non-GAAP measure.

MBIA INC. AND SUBSIDIARIES

Components of Adjusted Book Value per Share

	December 31, 2005	December 31, 2004
Book value	$ 49.17	$ 47.05
After-tax value of:		
Deferred premium revenue	15.45	14.97
Prepaid reinsurance premiums	(1.98)	(2.03)
Deferred acquisition costs	(2.07)	(1.89)
Net deferred premium revenue	11.40	11.05
Present value of installment premiums (1)	10.53	10.12
Asset/liability products adjustment	2.40	0.88
Loss provision (2)	(2.88)	(2.76)
Adjusted book value (3)	$ 70.62	$ 66.34

(1) At December 31, 2005 and December 31, 2004 the discount rate was 5.0% and 4.8%, 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)

	December 31, 2005	December 31, 2004
Capital and surplus	$ 3,800.4	$ 3,280.3
Contingency reserve	2,769.0	2,705.1
Capital base	6,569.4	5,985.4
Unearned premium reserve	3,508.1	3,390.9
Present value of installment premiums (1)	2,171.1	2,170.2
Premium resources	5,679.2	5,561.1
Loss and loss adjustment expense reserves	317.8	271.6
Soft capital credit facilities	850.0	1,100.0
Total claims-paying resources	$ 13,416.4	$ 12,918.1
Net debt service outstanding	$889,018.9	$890,222.1
Capital ratio (2)	135:1	149:1
Claims-paying ratio (3)	78:1	81:1

(1) At December 31, 2005 and December 31, 2 004 the discount rate was 5.0% and 4.8%, 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.

CONTACT: for MBIA Inc.

Michael C. Ballinger, 914-765-3893

SOURCE: MBIA Inc.