NEWS RELEASE

MBIA Inc. Reports 4 Percent Decrease in First Quarter 2006 Earnings Per Share; Operating Income Per Share up 3 Percent

4/27/2006

ARMONK, N.Y.--(BUSINESS WIRE)--April 27, 2006--MBIA Inc. (NYSE: MBI), the holding company for MBIA Insurance Corporation, reported today that first quarter 2006 diluted earnings per share decreased 4 percent to $1.46, compared to $1.52 in the first quarter of 2005. Net income for the first quarter was $199.0 million, down 6 percent compared to $212.8 million in the first quarter of 2005. The decrease was due primarily to the effect of net gains on derivative instruments and foreign exchange of $0.01 per share or $1.8 million in the first quarter of 2006 compared to $0.10 per share or $21.5 million in the first quarter of 2005.

Diluted earnings per share information

	Three Months Ended March 31	
	2006	2005
Net income	$1.46	$1.52
Net realized gains	0.00	0.01
Net gains on derivative instruments and foreign exchange	0.01	0.10

Operating income (1)	$1.45	$1.41

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

For the first quarter of 2006, operating income per share, which excludes the effects of net realized gains and net gains on derivative instruments and foreign exchange, increased 3 percent to $1.45 from $1.41 in the first quarter of 2005. Excluding refundings, first quarter 2006 operating income per share also rose 3 percent to $1.29 from $1.25 in the same period of 2005.

Gary Dunton, MBIA Chief Executive Officer, said, "Despite a challenging operating environment, including tight credit spreads and intense competition, our financial results were in line with our expectations. These market conditions, coupled with our commitment to disciplined pricing and underwriting, resulted in decreased new business production in the quarter. Nevertheless, we are pleased with the progress we've made in managing our expenses. Looking ahead, while we expect markets to remain challenging, we will continue to focus on managing MBIA conservatively and profitably as we work to create long-term value for our shareholders."

Insurance Operations

Adjusted direct premium (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 63 percent to $116.0 million in the first quarter of 2006 from $317.6 million in the first quarter of 2005. The decline was due to tight credit spreads, reduced issuance, business mix changes and increased competition from the uninsured market and other monolines.

Adjusted Direct Premium (ADP)

($ in millions)	Three Months Ended March 31		
	2006	2005	% Change
Global Public Finance			
United States	$ 48.0	$141.8	(66%)
Non-United States	0.0	7.5	(100%)
Total	48.0	149.3	(68%)
Global Structured Finance			
United States	15.8	138.2	(89%)
Non-United States	52.2	30.1	73%

Total	68.0	168.3	(60%)
Total	$116.0	$317.6	(63%)

Global public finance ADP decreased 68 percent in the first quarter of 2006 compared to the first quarter of 2005. U.S. public finance production was down 66 percent and reflected the 29 percent decrease in overall market issuance compared to last year's first quarter as well as a significant decline in insured penetration. There were no international public finance transactions closed in the first quarter. Early in April, however, MBIA closed two very sizable international public finance transactions with a combined ADP of approximately $100 million, demonstrating the uneven nature of the business flow in international markets. Credit quality for domestic public finance transactions remained very high, with 92 percent of insured business written in the first quarter of 2006 having underlying ratings of Single-A or higher.

Global structured finance ADP decreased 60 percent in the first quarter of 2006 as tight credit spreads in the U.S. market, which was dominated by mortgage-backed securities, led to few opportunities in MBIA's traditional flow or public ABS business. However, structured finance ADP in the international markets grew by 73 percent compared to first quarter production in 2005 driven by CDO and intellectual property transactions. In global structured finance, 79 percent of insured business written in the first quarter of 2006 had underlying ratings of Single-A or higher.

Scheduled earned premiums in the first quarter of 2006 declined 3 percent to $167.7 million from $173.8 million in the first quarter of 2005 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 periods, which accelerated the earning of premiums into earlier periods. Earned premiums from refundings were a robust $38.2 million for the quarter, up 3 percent from $37.1 million in the first quarter of 2005.

Pre-tax net investment income in the first quarter of 2006, excluding net realized gains, was $140.0 million, a 13 percent increase from $123.5 million in the same period of 2005. The increase is primarily due to the growth in invested assets and interest income related to consolidated Variable Interest Entities (VIEs). While investment income for VIEs continues to be shown in net investment income, VIE interest expenses have been reclassified to a new line on the Company's income statement for the current and prior years. Excluding the change in presentation of VIE interest expense, pre-tax net investment income would have increased by 7 percent, and after-tax net investment income would have increased by 8 percent. The growth was primarily due to the increase in the asset base of invested assets.

MBIA's fees and reimbursements (formerly reported as Advisory Fees) in the first quarter of 2006 were up 27 percent to $8.2 million from $6.4 million during the first quarter of 2005, reflecting increased expense reimbursements.

Insurance expenses, consisting of the amortization of deferred acquisition costs and operating expenses, were up 16 percent in the first quarter of 2006 to $53.0 million from $45.8 million in the first quarter of 2005. The increase in operating expenses primarily relates to a third quarter 2005 change in the percentage of expenses recorded and deferred as policy acquisition costs. Gross insurance company expenses, which are prior to any expense deferrals, were down 1 percent year-over-year.

MBIA's pre-tax operating income from insurance operations, which excludes the effects of net realized gains and net unrealized gains and losses on derivative instruments and foreign exchange, was flat at $268.0 million in the first quarter of 2006 compared to $268.6 million in the same period of 2005.

Risk Management and Loss Reserves

The Company incurred $20.1 million in loss and loss adjustment expenses in the first quarter of 2006, a 3 percent decrease compared to $20.9 million in last year's first quarter. Total case loss incurred activity for the first quarter totaled $10.7 million, primarily related to tax liens and the accretion of the reserve previously established for the Company's Allegheny Health, Education and Research Foundation (AHERF) exposure.

Investment Management Services

The market value of quarterly average fixed-income assets under management, excluding conduits, was $47.5 billion in the first quarter of 2006, up 14 percent from $41.6 billion in the first quarter of last year. Pre-tax operating income from MBIA's investment management businesses, which excludes the effects of net realized gains and net unrealized gains and losses on derivative instruments and foreign exchange, increased 6 percent in the first quarter of 2006 to $23.9 million from $22.4 million in the first quarter of 2005 driven by strong demand for the Company's asset/liability products.

Corporate

The corporate segment includes net investment income, interest expense and corporate expenses. Net corporate segment expenses, excluding the effects of net realized gains and losses, increased 6 percent for the first quarter of 2006 to $18.9 million from $17.8 million in the same period last year. The increase was primarily due to lower net investment income as a result of lower invested assets during the first quarter of 2006.

Gains and Losses

In the first quarter of 2006, MBIA recorded net realized losses of $0.9 million for all business operations, compared to net realized gains of $1.7 million in the first quarter of 2005. Net realized losses for the first quarter of 2006 included a $13.9 million write-down of a receivable balance that the Company obtained under salvage and subrogation rights.

The Company recorded pre-tax mark-to-market net unrealized gains on derivative instruments and foreign exchange of $1.8 million for all business operations in the first quarter of 2006, compared to pre-tax mark-to-market net unrealized gains of $21.5 million in the first quarter of 2005.

Book Value and Adjusted Book Value

MBIA's book value per share at the end of the first quarter of 2006 was $49.00, down slightly from $49.17 at December 31, 2005. Book value declined because of the effect of a decrease in the unrealized appreciation of investments offset by the effect of net income from operations. Adjusted book value (ABV) per share, a non-GAAP measure, at March 31, 2006 rose 1 percent to $71.21 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. Nicholas Ferreri, MBIA Chief Financial Officer, followed by a question and answer session with Mr. Ferreri. The dial-in number for the call is (888) 677-3079 in the U.S. and (517) 645-6469 from outside the U.S. The call will also be broadcast 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 (866) 356-4366 in the United States and (203) 369-0107 from outside the United States. 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 **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 typically used in the Company's press releases, 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 other non-operating items. Operating income 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)

March 31, December 31,

	2006	2005
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $24,264,883 and $23,189,684)	$24,470,935	$23,747,204
Investments held-to-maturity, at amortized cost (fair value $5,237,107 and $5,734,335)	5,271,708	5,765,182
Investment agreement portfolio pledged as collateral, at fair value (amortized cost $1,104,941 and $712,054)	1,088,281	729,072
Short-term investments, at amortized cost (which approximates fair value)	2,184,720	1,678,281
Other investments	267,009	234,927
Total investments	33,282,653	32,154,666
Cash and cash equivalents	222,936	233,046
Accrued investment income	418,643	396,048
Deferred acquisition costs	429,842	427,111
Prepaid reinsurance premiums	394,608	407,614
Reinsurance recoverable on unpaid losses	59,324	58,965
Goodwill	79,406	79,406
Property and equipment (net of accumulated depreciation)	107,438	109,275
Receivable for investments sold	82,611	74,787
Derivative assets	429,575	326,867
Other assets	209,157	293,609
Total assets	$35,716,193	$34,561,394
Liabilities and Shareholders' Equity		
Liabilities:		
Deferred premium revenue	$ 3,116,502	$ 3,185,200
Loss and loss adjustment expense reserves	730,352	721,502
Investment agreements	11,149,718	10,806,277
Commercial paper	872,526	859,997
Medium-term notes	7,508,714	7,542,416
Variable interest entity floating rate notes	1,248,194	1,280,160
Securities sold under agreements to repurchase	1,031,325	646,343
Short-term debt	58,745	58,745
Long-term debt	1,211,356	1,210,405
Current income taxes	9,968	---

Deferred income taxes, net	475,646	569,536
Deferred fee revenue	18,399	20,379
Payable for investments purchased	754,573	83,369
Derivative liabilities	420,725	384,611
Other liabilities	507,987	600,810
Total liabilities	29,114,730	27,969,750
Shareholders' Equity:		
Common stock	157,453	156,602
Additional paid-in capital	1,530,811	1,479,447
Retained earnings	5,904,405	5,747,171
Accumulated other comprehensive income	243,548	399,381
Unearned compensation - restricted stock	(76,647)	(43,857)
Treasury stock	(1,158,107)	(1,147,100)
Total shareholders' equity	6,601,463	6,591,644
Total liabilities and shareholders' equity	$35,716,193	$34,561,394

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts)

	Three Months Ended March 31		Year Ended December 31
	2006	2005	2005
Insurance operations			
Revenues:			
Gross premiums written	$ 172,872	$ 282,619	$ 984,908
Ceded premiums	(23,905)	(32,126)	(127,107)
Net premiums written	148,967	250,493	857,801
Scheduled premiums earned	167,715	173,760	702,284
Refunding premiums earned	38,184	37,085	140,458
Premiums earned	205,899	210,845	842,742
Net investment income	140,012	123,450	517,164
Fees and reimbursements	8,174	6,425	28,235
Net realized gains (losses)	(7,012)	211	(8,075)
Net gains (losses) on			

derivative instruments and			
foreign exchange	4,757	(6,072)	(4,436)
Total insurance revenues	351,830	334,859	1,375,630
Expenses:			
Losses and loss adjustment	20,126	20,851	84,274
Amortization of deferred			
acquisition costs	16,266	16,657	66,577
Operating	36,727	29,166	142,576
Interest expense	12,918	5,400	26,109
Total insurance expenses	86,037	72,074	319,536
Insurance income	265,793	262,785	1,056,094
Investment management services			
Revenues	258,206	186,235	866,154
Net realized gains (losses)	5,528	3,194	1,384
Net gains (losses) on			
derivative instruments and			
foreign exchange	(2,950)	27,421	42,558
Total investment management			
services revenues	260,784	216,850	910,096
Interest expense	216,747	149,418	705,340
Expenses	17,590	14,377	74,194
Total investment management			
services expenses	234,337	163,795	779,534
Investment management			
services income	26,447	53,055	130,562
Municipal services			
Revenues	5,611	5,536	24,388
Net realized gains (losses)	--	(85)	(187)
Net gains (losses) on			
derivative instruments and			
foreign exchange	29	130	230
Total municipal services			
revenues	5,640	5,581	24,431
Expenses	5,125	5,405	22,316

Municipal services income	515	176	2,115
Corporate			
Net investment income	3,564	7,927	16,646
Net realized gains (losses)	626	(1,608)	(989)
Interest expense	20,131	22,021	90,999
Corporate expenses	2,302	3,681	97,481
Corporate loss	(18,243)	(19,383)	(172,823)
Income from continuing operations before income taxes	274,512	296,633	1,015,948
Provision for income taxes	75,518	83,826	303,869
Income from continuing operations	198,994	212,807	712,079
Income (loss) from discontinued operations, net of tax	--	--	(1,093)
Net income	$ 198,994	$ 212,807	$ 710,986
Net income per common share:			
Basic	$ 1.50	$ 1.55	$ 5.30
Diluted	$ 1.46	$ 1.52	$ 5.18
Weighted-average common shares outstanding:			
Basic	132,717,298	137,258,739	134,098,392
Diluted	136,547,417	140,442,217	137,220,731

MBIA INC. AND SUBSIDIARIES

Reconciliation of Adjusted Direct Premiums to Gross Premiums Written

(dollars in millions)

Three Months Ended
March 31

	2006	2005
Adjusted direct premiums (1)	$ 116.0	$ 317.6
Adjusted premiums assumed	0.0	0.0
Adjusted gross premiums	116.0	317.6
Present value of estimated future installment premiums (2)	(67.7)	(175.8)
Gross upfront premiums written	48.3	141.8
Gross installment premiums received	124.6	140.8
Gross premiums written	$ 172.9	$ 282.6

(1) A non-GAAP measure.
(2) At March 31, 2006 and March 31, 2005 the discount rate was 5.02% and 4.84%, respectively.

Components of Net Income per Share

	Three Months Ended March 31	
	2006	2005
Net income	$ 1.46	$ 1.52
Net realized gains	0.00	0.01
Net gains on derivative instruments and foreign exchange	0.01	0.10
Operating income (1)	$ 1.45	$ 1.41

(1) A non-GAAP measure.

MBIA INC. AND SUBSIDIARIES

Components of Adjusted Book Value per Share

	March 31, 2006	December 31, 2005
Book value	$ 49.00	$ 49.17
After-tax value of:		
Deferred premium revenue	15.04	15.45
Prepaid reinsurance premiums	(1.90)	(1.98)
Deferred acquisition costs	(2.07)	(2.07)
Net deferred premium revenue	11.07	11.40
Present value of installment premiums (1)	10.14	10.53
Asset/liability products adjustment	3.81	2.40
Loss provision (2)	(2.81)	(2.88)
Adjusted book value (3)	$ 71.21	$ 70.62

(1) At March 31, 2006 and December 31, 2005 the discount rate was 5.02% and 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)

	March 31, 2006	December 31, 2005
Capital and surplus	$ 3,788.2	$ 3,800.4
Contingency reserve	2,721.4	2,769.0
Capital base	6,509.6	6,569.4
Unearned premium reserve	3,460.4	3,508.1
Present value of installment premiums (1)	2,101.6	2,171.1
Premium resources	5,562.0	5,679.2

Loss and loss adjustment expense reserves	333.7	317.8
Soft capital credit facilities	850.0	850.0
Total claims-paying resources	$13,255.3	$13,416.4
Net debt service outstanding	$877,067.0	$889,018.9
Capital ratio (2)	135:1	135:1
Claims-paying ratio (3)	78:1	78:1

(1) At March 31, 2006 and December 31, 2005 the discount rate was 5.02% and 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.

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SOURCE: MBIA Inc.