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FOR IMMEDIATE RELEASE

FGIC CORPORATION ANNOUNCES QUARTERLY RESULTS
THIRD QUARTER NET INCOME $59.6 MILLION, UP 68%

November 2, 2006 – New York, NY – FGIC Corporation, the parent company of Financial Guaranty Insurance Company, announced today that net income for the quarter ended September 30, 2006 was $59.6 million, a 68% increase over net income of $35.4 million for the quarter ended September 30, 2005. The large increase in net income was partly due to the fact that net income for the third quarter of 2005 included loss expenses of $21.8 million ($14.2 million after tax) related to the impact of Hurricane Katrina on FGIC-insured credits. Net income for the first nine months of 2006 totaled $177.5 million, a 26% increase over net income of $140.8 million for the 2005 period.

Frank J. Bivona, CEO, commented, “Our focus is building long-term shareholder value and our results over the last few years reflect the company’s continuing momentum in improving return on equity while growing intrinsic value at a very healthy rate.”

Mr. Bivona continued, “In terms of the overall business environment, it’s important to view each quarter for what it is – just a snapshot. Markets for our products will ebb and flow from quarter to quarter. However, the long-term prospects for the financial guaranty industry remain excellent, with geographic expansion and increasing complexity in financial products providing ample opportunities.”

Non-GAAP Performance Measures

In this press release, FGIC uses three non-GAAP performance measures in discussing its financial results and performance: Core Net Income, Adjusted Book Value (ABV) and Adjusted Gross Premiums (AGP) Written. Core Net Income, ABV and AGP Written are not promulgated in accordance with GAAP and should not be considered substitutes for GAAP measures. Reconciliations of these non-GAAP measures to the comparable GAAP measures are provided elsewhere in this press release.

Core Net Income is an earnings measure used by management and many research analysts. It excludes the net income impact of net investment gains and losses, mark-to-market gains and losses on credit derivative contracts and certain other items (“net gains and losses”); it also excludes the net income effect of premiums and deferred acquisition costs that have been accelerated due to refunding activity. A refunding occurs when an insured obligation is called or legally defeased prior to its stated maturity. When an obligation insured by the Company is refunded prior to the end of the expected policy coverage period, any remaining unearned premiums ("refunding premiums") and deferred acquisition costs are recognized.

ABV adjusts stockholders' equity to add the impact of deferred income from business previously generated, net of expenses and taxes. Management and many research analysts consider ABV to be helpful in valuing the Company, as it reflects income from business previously written that will be earned over time.

AGP Written, which includes both direct and assumed business, adjusts gross up-front premiums written to add the present value of estimated installment premiums written on financial guaranty policies issued in the period. Management and many research analysts believe that AGP Written is a useful measure of business production because it provides an estimate of the total value associated with business written in a period, rather than just the premiums collected or earned in the period. Further, AGP Written correlates to reported insured par written.

Net Income

Net income for the quarter ended September 30, 2006 was $59.6 million, a 68% increase over net income of $35.4 million for the quarter ended September 30, 2005. Net income for the first nine months of 2006 totaled $177.5 million, a 26% increase over net income of $140.8 million for the 2005 period. Net income and Core Net Income for the 2005 periods were negatively impacted by loss expenses of $21.8 million ($14.2 million after tax) that FGIC recorded in response to the impact of Hurricane Katrina on FGIC-insured credits. Refunding premiums had the effect of increasing net income by $3.8 million and $18.2 million, respectively, for the third quarter and first nine months of 2006 compared to $6.6 million and $29.8 million for the third quarter and first nine months of 2005. The reduction in net income from refunding premiums reflected lower refunding volume in the public finance market in 2006. Table I provides the breakout of net income and Core Net Income for the third quarters and first nine months of 2006 and 2005.

Table I – Net Income **($ millions)**	**3Q 2006**	**3Q 2005**	**% Change**	**9 months 2006**	**9 months 2005**	**% Change**
Net Income	$59.6	$35.4	+68%	$177.5	$140.8	+26%
Less: Net income effect of net gains and losses	(0.8)	(0.2)		(0.5)	(0.2)	
Less: Net income effect of refunding premiums	(3.8)	(6.6)		(18.2)	(29.8)	
Core Net Income	**$55.0**	**$28.6**	**+92%**	**$158.8**	**$110.8**	**+43%**

Book Value and ABV

At September 30, 2006, stockholders' equity, or book value, equaled $2.28 billion, an increase of 10% over stockholders' equity of $2.08 billion at December 31, 2005. ABV increased to $3.36 billion at September 30, 2006, from $3.00 billion at December 31, 2005. Table II shows the increases in book value and ABV between December 31, 2005 and September 30, 2006, as well as the increases between December 31, 2004 and December 31, 2005.

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Table II – Increase in Book Value and ABV **($ millions)**	**Sept 30, 2006**	**Dec 31, 2005**	**% Change**
Book Value	$2,278.5	$2,079.1	+10%
Adjusted Book Value	$3,357.0	$3,002.3	+11%
	Dec 31, 2005	**Dec 31, 2004**	**% Change**
Book Value	$2,079.1	$1,918.0	+8%
Adjusted Book Value	$3,002.3	$2,627.9	+14%

NEW BUSINESS PRODUCTION

AGP Written

AGP Written for the quarter ended September 30, 2006 were $125.8 million, a 27% decrease from AGP Written of $171.7 million for the quarter ended September 30, 2005. The decline reflected a decrease in new issue volume and tighter credit spreads.

For public finance, the decrease in AGP written largely reflected the decline in total municipal bond issuance in the third quarter of 2006 compared to the third quarter of 2005, as well as the decline in the percentage of deals insured. Additionally, the mix of deals sold in the market in 2006 was not as favorable for FGIC, as it included fewer complex transactions where the FGIC guaranty adds more value. However, in addition to a broad range of public finance transactions, including tax-backed and healthcare deals, FGIC insured bonds issued to finance the construction of the new Yankee Stadium in New York City.

In structured finance, FGIC closed several CDOs and MBS transactions, as well as a mutual fund fee transaction in the commercial structured area. FGIC is being cautious in the transactions it insures in the MBS market, focusing on deals supported by higher quality borrowers and strong issuers and avoiding transactions supported by less-tested loan types. FGIC also closed an auto transaction for AmeriCredit in the quarter, expanding FGIC's breadth in the consumer ABS market.

In international finance, FGIC guaranteed a diverse mix of business, including an Italian healthcare receivables securitization, a water utility financing and a future flow transaction. In addition, FGIC insured several secondary market transactions. The international market continues to provide solid opportunities for growth as FGIC expands its global reach.

AGP Written for the nine months ended September 30, 2006 were $533.2 million, an 18% increase from AGP Written of $453.1 million for the nine months ended September 30, 2005.

Table III breaks down AGP Written for public, structured and international finance for the third quarter and first nine months of 2006 and 2005.

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Table III – AGP Written ($ millions)	3Q 2006	3Q 2005	% Change	9 months 2006	9 months 2005	% Change
U.S. Public Finance	$63.1	$93.5	-33%	$248.0	$286.5	-13%
U.S. Structured Finance	35.7	63.8	-44%	165.6	129.0	+28%
International Finance	27.0	14.3	+89%	119.6	37.6	+218%
Total	**$125.8**	**$171.6**	**-27%**	**$533.2**	**$453.1**	**+18%**

REVENUE ANALYSIS

Gross Premiums Written

Gross premiums written (direct and assumed) for the quarter ended September 30, 2006 were $85.0 million, a 12% decrease from the $96.8 million written for the quarter ended September 30, 2005. For public finance, gross premiums written in the third quarter of 2006 were $51.0 million, compared to $75.6 million for the comparable period of 2005, reflecting the industry conditions discussed above. Structured finance gross premiums written in the quarter were $24.6 million, growing 48% from $16.6 million in the comparable quarter of 2005, stemming from FGIC's increased participation over the past several years in a broader array of asset classes in all areas of structured finance. International finance gross premiums written in the third quarter of 2006 were $9.4 million, compared to $4.6 million for the third quarter of 2005. The increase reflected the development of the international business since FGIC insured its first international deal in 2004.

Gross premiums written for the nine months ended September 30, 2006 were $337.6 million, an 8% increase over the $312.5 million for the nine months ended September 30, 2005.

Net Premiums Written

Net premiums written, (gross premiums written less premiums ceded to reinsurers) for the quarter ended September 30, 2006 were $66.6 million compared to $92.3 million of net premiums written for the quarter ended September 30, 2005. For the quarter ended September 30, 2006, ceded premiums were $18.4 million, compared to ceded premiums of $4.5 million for the quarter ended September 30, 2005. The increase in ceded premiums resulted from the expansion of several reinsurance relationships.

Net premiums written for the nine months ended September 30, 2006 were $283.8 million, compared to net premiums written of $288.2 million for the quarter ended September 30, 2005. Ceded premiums for the nine months ended September 30, 2006 were $53.8 million, compared to ceded premiums of $24.3 million for the nine months ended September 30, 2005.

Net Premiums Earned

Net premiums earned for the quarter ended September 30, 2006 were $62.7 million, a 14% increase over net premiums earned of $54.8 million for the quarter ended September 30, 2005. The growth in net premiums earned resulted primarily from the increase in new business production since the beginning of 2004.

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Refunding premiums for the quarter ended September 30, 2006 were $5.8 million, compared to $10.2 million for the comparable period of 2005.

Net premiums earned for the nine months ended September 30, 2006 were $194.0 million, a 15% increase over net premiums earned of $169.3 million for the nine months ended September 30, 2005. Refunding premiums for the nine months ended September 30, 2006 were $28.5 million, compared to $46.1 million for the comparable period of 2005.

Table IV breaks down net earned premiums for the third quarters and first nine months of 2006 and 2005.

Table IV – Net Premiums Earned **($ millions)**	**3Q 2006**	**3Q 2005**	**% Change**	**9 months 2006**	**9 months 2005**	**% Change**
U.S. Public Finance	$29.8	$28.8	+3%	$87.2	$80.0	+9%
U.S. Structured Finance	23.5	15.6	+51%	68.6	42.9	+60%
International Finance	3.6	0.2	NA	9.7	0.3	NA
Total Scheduled Premiums Earned	$56.9	$44.6	+28%	$165.5	$123.2	+34%
Refunding Premiums	5.8	10.2	-43%	28.5	46.1	-38%
Total	**$62.7**	**$54.8**	**+14%**	**$194.0**	**$169.3**	**+15%**

Investment Income

For the quarter ended September 30, 2006, net investment income was $36.2 million, a 19% increase over net investment income of $30.5 million for the quarter ended September 30, 2005. For the nine months ended September 30, 2006, net investment income was $103.1 million, an 18% increase over net investment income of $87.2 million for the nine months ended September 30, 2005. The increase in the 2006 quarter and year-to-date was attributable to growth in the investment portfolio as a result of strong positive cash flow from premium production, as well as an increase in the GAAP book yield on the portfolio.

EXPENSE ANALYSIS

Underwriting and Other Operating Expenses

Underwriting and other operating expenses for the quarter ended September 30, 2006 were $16.1 million, compared to $17.6 million for the quarter ended September 30, 2005. Underwriting and other operating expenses for the nine months ended September 30, 2006 were $51.1 million, compared to $44.8 million for the nine months ended September 30, 2005. The year-to-date increase is attributable to increased compensation expenses resulting from the higher staffing levels required to support business growth and the implementation of FAS123R.

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Loss Expenses

FGIC's loss reserves fall into two categories: case reserves and watchlist reserves. Case reserves are established on particular insured obligations that are presently or likely to be in payment default at the balance sheet date, and for which the future loss is probable and can be reasonably estimated. Watchlist reserves recognize the potential for claims against FGIC on insured obligations that are not presently in payment default, but which have migrated to an impaired level where there is a substantially increased probability of default. Watchlist reserves reflect an estimate of probable loss given evidence of impairment, and a reasonable estimate of the amount of loss in the event of default. Loss expense increases when there is deterioration relating to credits within the impaired portfolio and declines, or may be negative, if there are improvements in credits within the various impaired list categories.

For the quarter ended September 30, 2006, loss expenses were $0.5 million compared to $20.7 million for the comparable period of 2005. The third quarter 2005 loss expense related primarily to the impact of Hurricane Katrina on FGIC-insured credits.

For the nine months ended September 30, 2006, loss expenses were a benefit of $1.7 million compared to an expense of $15.0 million for the comparable period of 2005, which included the Katrina-related charges discussed above.

Interest Expense

For the quarter ended September 30, 2006, interest expense was $4.9 million, unchanged from the quarter ended September 30, 2005. Debt outstanding at both September 30, 2006 and 2005 was $323.4 million.

For the nine months ended September 30, 2006, interest expense was $14.6 million, unchanged from the nine months ended September 30, 2005.

BALANCE SHEET ITEMS

Assets

Total assets as of September 30, 2005 were $4.88 billion compared to total assets of $3.75 billion as of December 31, 2005. Approximately $750 million of this $1.13 billion increase stemmed from the Company's consolidation of a third party Variable Interest Entity (VIE), resulting from a financial guaranty provided by the Company on a structured insurance transaction. The Company consolidated an equal amount of liabilities related to this transaction. The creditors of the VIE do not have recourse to the general assets of the Company outside the financial guaranty policy provided to the VIE.

Investment Portfolio

At September 30, 2006, the market value of the Company's investment portfolio was $3.73 billion. The portfolio had an average credit quality of 'AA' based on Standard & Poor's ratings, and no investment was rated below 'A'.

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ADDITIONAL INFORMATION

Claims-Paying Resources

As of September 30, 2006 FGIC had total claims-paying resources of $4.60 billion. This included capital and surplus of $1.14 billion and contingency reserves of $1.21 billion (which combined comprise qualified statutory capital, shown below), and unearned premium and loss and loss adjustment expense reserves totaling $1.39 billion. Table V provides comparisons of claims-paying resources as of September 30, 2006 and December 31, 2005.

Table V – Statutory Basis Claims-Paying Resources **($ millions)**	**As of Sept 30, 2006**	**As of Dec 31, 2005**
Qualified Statutory Capital	$ 2,346.5	$ 2,198.3
Soft Capital	300.0	300.0
Unearned Premiums and Loss Reserves	1,393.0	1,273.0
Present Value of Installment Premiums	565.4	393.1
Total Claims-Paying Resources	**$ 4,604.9**	**$ 4,164.4**

Insured Portfolio

As of September 30, 2006, FGIC had $294 billion in insured net par outstanding. Public finance transactions represented approximately 74% of the total insured portfolio; structured finance represented approximately 23% of the portfolio; and international finance obligations accounted for the remaining 3%. Based on FGIC internal ratings, expressed in industry terms, 81% of the insured portfolio had an underlying credit quality of 'A' or better, with over 99% rated investment grade at September 30, 2006.

NON-GAAP PERFORMANCE MEASURES

As discussed above, FGIC uses non-GAAP performance measures in discussing its financial results and performance, and management, investors and others consider these non-GAAP measures to be useful in understanding the Company's financial position and new business production. Investors routinely request this information and many of our competitors disclose similar information. However, these items are not promulgated in accordance with GAAP and should not be considered substitutes for GAAP measures.

ABV

ABV is defined as book value (stockholders' equity), plus the after-tax value of the net unearned premium reserve less deferred acquisition costs, plus the after-tax present value of future installment premiums, discounted at 5%. Table VI provides a reconciliation of ABV to book value at September 30, 2006, December 31, 2005 and December 31, 2004.

Table VI – ABV to Book Value ($ millions)	As of Sept 30, 2006	As of Dec 31, 2005	As of Dec 31, 2004
ABV	$ 3,357.0	$ 3,002.3	$ 2,627.9
Net unearned premium reserve less deferred acquisition costs	(710.5)	(667.7)	(585.1)
Net present value of future installment premiums	(368.0)	(255.5)	(124.8)
Book value	$ 2,278.5	$ 2,079.1	$ 1,918.0

AGP Written

AGP Written is defined as gross up-front premiums written plus the present value of estimated installment premiums written on financial guaranty policies issued in the period, discounted at 5%. A reconciliation of AGP Written to gross premiums written for the quarters and nine-month periods ended September 30, 2006 and 2005 is included below in Table VII:

Table VII – AGP to Gross Premiums Written ($ millions)	3Q 2006	3Q 2005	9 months 2006	9 months 2005
AGP Written	$125.8	$171.7	$533.2	$453.1
Present value of installment premiums written on policies issued during the period	(88.6)	(97.8)	(315.2)	(202.2)
Gross up-front premiums written	37.3	73.9	218.0	250.9
Gross installment premiums written	47.8	22.9	119.6	61.6
Gross premiums written	$85.0	$96.8	$337.6	$312.5

Company Profile

FGIC Corporation is an insurance holding company whose wholly owned subsidiary, Financial Guaranty Insurance Company, provides credit enhancement on public finance and structured finance securities in the U.S. and internationally. Established in 1983, FGIC is one of the four leading monoline financial guarantors. FGIC typically guarantees the scheduled payments of principal and interest on an issuer's obligation. FGIC's financial strength is rated triple-A by Moody's Investors Service, Standard & Poor's and Fitch Ratings.

Cautionary Statement

This press release contains "forward-looking statements" – that is, statements related to possible future events. Forward-looking statements often address expectations and beliefs as to future performance, results and business plans. You should not place undue reliance on forward-looking statements, because they are necessarily subject to risks and uncertainties that could cause actual results and performance to differ materially from those expressed or implied by our forward-looking statements. Among the factors that could cause our results or performance to differ are: (1) our ability to maintain our ratings; (2) our ability to execute our business plan and to continue to expand into new markets and asset classes; (3) competitive conditions and pricing levels; (4) legislative and regulatory developments within the United States and abroad, including the effect on us of new pronouncements by accounting authorities and changes in tax laws; (5) the level of activity within the national and international debt markets; (6) fluctuations in the economic, credit or interest rate environment in the United States or abroad; (7) uncertainties arising from Hurricane Katrina, referred to in prior disclosures; and (8) other risks and uncertainties that have not been identified by us at this time. Forward-looking statements are based upon our current expectations and beliefs concerning future events. We undertake no obligation to update or revise any forward-looking statement.

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FGIC Corporation and Subsidiaries

Consolidated Balance Sheets

($ thousands, except per share amounts)	Sept 30, 2006	Dec 31, 2005
Assets	*(Unaudited)*	
Fixed maturity securities, available for sale, at fair value (amortized cost of $3,567,237 in 2006 and $3,300,634 in 2005)	**$ 3,566,949**	$ 3,281,671
Variable interest entity fixed maturity securities, held to maturity at amortized cost	**750,000**	–
Short-term investments	**171,008**	176,146
Total investments	**4,487,957**	3,457,817
Cash and cash equivalents	**57,327**	51,901
Accrued investment income	**49,753**	42,871
Reinsurance recoverable on losses	**2,126**	3,271
Prepaid reinsurance premiums	**143,629**	110,636
Deferred policy acquisition costs	**86,990**	63,330
Property and equipment, net of accumulated depreciation of $1,760 in 2006 and $885 in 2005	**2,706**	3,092
Prepaid expenses	**588**	1,378
Other assets	**53,079**	14,180
Total assets	**$ 4,884,155**	$ 3,748,476
Liabilities and stockholders' equity		
Liabilities:		
Unearned premiums	**$ 1,323,856**	$ 1,201,163
Loss and loss adjustment expenses	**47,700**	54,812
Ceded reinsurance balances payable	**8,382**	1,615
Accounts payable and accrued expenses	**33,080**	42,152
Other liabilities	**39,556**	3,881
Variable interest entity floating rate notes	**750,000**	–
Accrued interest expense – variable interest entity	**1,113**	–
Capital lease obligations	**3,661**	4,262
Federal income taxes payable	**23,273**	5,683
Deferred income taxes	**51,674**	32,402
Debt	**323,367**	323,350
Total liabilities	**$ 2,605,662**	1,669,320
Stockholders' equity:		
Senior Participating Mandatorily Convertible Modified Preferred Stock, par value $0.01 per share; 2,500 shares authorized, 2,346 shares issued and outstanding	**$ 282,497**	$ 268,870
Preferred stock, par value $0.01 per share; 47,500 authorized, none issued and outstanding	**–**	–
Common stock, par value $0.01 per share; 6,000,000 shares authorized, 2,403,067 and 2,402,830 shares issued and outstanding at September 30, 2006 and December 31, 2005, respectively	**24**	24
Additional paid-in capital	**1,440,308**	1,435,261
Accumulated other comprehensive gain (loss), net of tax	**3,886**	(12,907)
Retained earnings	**551,778**	387,908
Total stockholders' equity	**2,278,493**	2,079,156
Total liabilities and stockholders' equity	**$ 4,884,155**	$ 3,748,476

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FGIC Corporation and Subsidiaries

Consolidated Statements of Income

(Unaudited)

($ thousands)	Three months ended Sept 30, 2006	Three months ended Sept 30, 2005	Nine months ended Sept 30, 2006	Nine months ended Sept 30, 2005
Revenues:				
Gross premiums written	**$85,030**	$96,787	**$ 337,571**	$ 312,526
Ceded premiums written	**(18,440)**	(4,456)	**(53,751)**	(24,281)
Net premiums written	**66,590**	92,331	**283,820**	288,245
Increase in net unearned premiums	**(3,852)**	(37,537)	**(89,775)**	(118,911)
Net premiums earned	**62,738**	54,794	**194,045**	169,334
Net investment income	**36,166**	30,536	**103,066**	87,229
Net realized (losses) gains	**(4)**	(8)	**47**	114
Net realized and unrealized gains on credit derivative contracts	**1,110**	272	**339**	272
Other income	**490**	130	**1,532**	646
Total revenues	**100,500**	85,724	**299,029**	257,595
Expenses:				
Loss and loss adjustment expenses	**520**	20,693	**(1,679)**	15,016
Underwriting expenses	**21,231**	22,142	**68,817**	59,409
Policy acquisition costs deferred	**(8,736)**	(8,169)	**(30,243)**	(25,796)
Amortization of deferred policy acquisition costs	**1,930**	1,873	**7,486**	5,874
Interest expense	**4,875**	4,875	**14,625**	14,625
Other operating expenses	**1,675**	1,752	**5,048**	5,277
Total expenses	**21,495**	43,166	**64,054**	74,405
Income before income taxes	**79,005**	42,558	**234,975**	183,190
Income tax expense	**19,413**	7,201	**57,479**	42,351
Net income	**59,592**	35,357	**177,496**	140,839
Preferred stock dividends	**(4,543)**	(4,251)	**(13,627)**	(12,752)
Net income available to common stockholders	**$ 55,049**	$ 31,106	**$ 163,869**	$ 128,087