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FOR IMMEDIATE RELEASE

FGIC CORPORATION ANNOUNCES QUARTERLY RESULTS
FOURTH QUARTER NET INCOME $70.3 MILLION, UP 42%

February 5, 2007 – New York, NY – FGIC Corporation, the parent company of Financial Guaranty Insurance Company, announced today that net income for the quarter ended December 31, 2006 was $70.3 million, a 42% increase over net income of $49.6 million for the quarter ended December 31, 2005. Net income for the full year 2006 totaled $247.8 million, a 30% increase over net income of $190.5 million for 2005.

Frank J. Bivona, CEO, commented, "Both the quarter and the year ended on a very upbeat note. Net income grew substantially on both a quarterly and an annual basis, and FGIC's return on equity continued to trend upward. Other measures of the Company's intrinsic worth, particularly book value and adjusted book value, also showed double-digit growth in 2006."

Mr. Bivona continued, "In terms of the overall business, FGIC made significant progress over the past year, extending our franchise more globally and developing talent throughout the company. As I have said in the past, in the long term, I remain optimistic about the future for the financial guarantors within the context of expanding worldwide financial markets."

Non-GAAP Performance Measures

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 various gains and losses, principally including net investment gains and losses and mark-to-market gains and losses on credit derivative contracts; 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 by the issuer 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 includes both direct and assumed financial guaranty premiums and amounts received for credit default swaps, which the Company considers to be a normal extension of its financial guaranty business. AGP Written adjusts gross premiums written to add the present value of estimated future 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 December 31, 2006 was $70.3 million, a 42% increase over net income of $49.6 million for the quarter ended December 31, 2005. Net income for the full year 2006 totaled $247.8 million, a 30% increase over net income of $190.5 million for 2005. Net income and Core Net Income for full year 2005 were negatively impacted by loss expenses of $21.8 million ($14.2 million after tax) recorded in response to the impact of Hurricane Katrina on FGIC-insured credits. Approximately $8.0 million of Hurricane Katrina-related reserves were released in 2006 due to the improved outlook for certain credits. Net income includes refunding premiums of $8.3 million and $26.5 million, respectively, for the fourth quarter and full year 2006, compared to $5.6 million and $35.4 million for the fourth quarter and full year 2005. The reduction in refunding premiums in 2006 reflected lower refunding volume in the public finance market. Table I provides the breakout of net income and Core Net Income for the fourth quarters and full years 2006 and 2005.

Table I – Net Income **($ millions)**	**4Q 2006**	**4Q 2005**	**% Change**	**Full Year 2006**	**Full Year 2005**	**% Change**
Net Income	$70.3	$49.6	+42%	$247.8	$190.5	+30%
Less: Net income effect of net gains and losses	(0.2)	0.4		(0.7)	0.1	
Less: Net income effect of refunding premiums	(8.3)	(5.6)		(26.5)	(35.4)	
Core Net Income	$61.8	$44.4	+39%	$220.6	$155.2	+42%

Book Value and ABV

At December 31, 2006, stockholders' equity, or book value, equaled $2.35 billion, an increase of 13% over stockholders' equity of $2.08 billion at December 31, 2005. ABV increased to $3.48 billion at December 31, 2006, from $3.00 billion at December 31, 2005. Table II shows the increases in book value and ABV between December 31, 2005 and December 31, 2006.

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Table II – Increase in Book Value and ABV ($ millions)	Dec 31, 2006	Dec 31, 2005	% Change
Book Value	$2,354.0	$2,079.1	+13%
Adjusted Book Value	$3,478.0	$3,002.3	+16%

NEW BUSINESS PRODUCTION

AGP Written

AGP Written for the quarter ended December 31, 2006 were $170.4 million, an 8% decrease from AGP Written of $184.8 million for the quarter ended December 31, 2005.

For public finance, the decrease in AGP Written reflected the mix of deals that came to market, as well as strong competition. FGIC's strategy is to focus on the more complex, value-added transactions and there were fewer of these in the fourth quarter. Among the deals FGIC insured were a large infrastructure transaction and several utility, airport, lease-backed and healthcare deals. FGIC faced intense competition in the investor-owned utility sector during the quarter.

In structured finance, though FGIC's total production was down from the fourth quarter of 2005, the business written was more diverse. Despite a challenging environment in the MBS market, FGIC insured two MBS transactions that met underwriting and return criteria, as well as a combination of other asset-backed transactions, including auto, credit card and equipment leasing. FGIC's CDO business had another solid quarter in both loan and ABS CDOs.

In international finance, FGIC again guaranteed a good mix of business, including a large Australian Public/Private Partnership transaction, utility deals in the UK and the first insured residential MBS transaction to be done in Mexico. FGIC's execution capabilities, coupled with strong investor demand for FGIC paper, have helped propel the Company's international efforts. FGIC continues to extend its global reach and to diversify the products it offers outside of the US.

AGP Written for the year ended December 31, 2006 were $703.6 million, a 10% increase from AGP Written of $637.9 million for the year ended December 31, 2005.

Table III breaks down AGP Written for public, structured and international finance for 2006 and 2005.

Table III – AGP Written ($ millions)	4Q 2006	4Q 2005	% Change	Full Year 2006	Full Year 2005	% Change
U.S. Public Finance	$66.1	$84.5	-22%	$314.1	$371.0	-15%
U.S. Structured Finance	57.7	66.3	-13%	223.3	195.2	+14%
International Finance	46.6	34.0	+37%	166.2	71.6	+132%
Total	**$170.4**	**$184.8**	**-8%**	**$703.6**	**$637.9**	**+10%**

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REVENUE ANALYSIS

Gross Premiums Written

Gross direct and assumed premiums written for the quarter ended December 31, 2006 were $103.7 million, a 6% increase from the $97.7 million written for the quarter ended December 31, 2005. Gross premiums written include amounts received for credit default swaps, which the Company considers to be a normal extension of its financial guaranty business. For public finance, gross premiums written in the fourth quarter of 2006 were $57.7 million, compared to $77.8 million for the comparable period of 2005, reflecting the industry conditions discussed above. Structured finance gross premiums written in the quarter were $25.5 million, growing 35% from $18.9 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 fourth quarter of 2006 were $20.5 million, compared to $1.0 million for the fourth quarter of 2005. The increase reflected the development of the international business since the opening of FGIC's UK office in late 2004.

Gross premiums written for the year ended December 31, 2006 were $441.2 million, an 8% increase over the $410.2 million for the year ended December 31, 2005.

Net Premiums Written

Net premiums written (gross premiums written less premiums ceded to reinsurers) for the quarter ended December 31, 2006 were $83.0 million compared to $92.8 million of net premiums written for the quarter ended December 31, 2005. For the quarter ended December 31, 2006, ceded premiums were $20.7 million, compared to $4.9 million for the quarter ended December 31, 2005. The increase in ceded premiums resulted from increased use of reinsurance to reduce risk concentrations.

Net premiums written for the year ended December 31, 2006 were $366.8 million, compared to net premiums written of $381.1 million for the year ended December 31, 2005. Ceded premiums for the year ended December 31, 2006 were $74.4 million, compared to $29.2 million for the year ended December 31, 2005.

Net Premiums Earned

Net premiums earned for the quarter ended December 31, 2006 were $72.4 million, a 31% increase over net premiums earned of $55.2 million for the quarter ended December 31, 2005. The growth in net premiums earned resulted primarily from the substantial increase in new business production since the beginning of 2004.

Refunding premiums for the quarter ended December 31, 2006 were $13.2 million, compared to $8.6 million for the comparable period of 2005.

Net premiums earned for the year ended December 31, 2006 were $266.5 million, a 19% increase over net premiums earned of $224.6 million for the year ended December 31, 2005. Refunding premiums for the year ended December 31, 2006 were $41.8 million, compared to $54.8 million for the year 2005.

Table IV breaks down net earned premiums for 2006 and 2005.

Table IV – Net Premiums Earned ($ millions)	4Q 2006	4Q 2005	% Change	Full Year 2006	Full Year 2005	% Change
U.S. Public Finance	$29.5	$27.3	+8%	$116.7	$107.2	+9%
U.S. Structured Finance	24.7	18.4	+34%	93.3	61.2	+52%
International Finance	5.0	1.0	NA	14.7	1.3	NA
Total Scheduled Premiums Earned	$59.2	$46.7	+27%	$224.7	$169.8	+32%
Refunding Premiums	13.2	8.6	+53%	41.8	54.8	-24%
Total	**$72.4**	**$55.3**	**+31%**	**$266.5**	**$224.6**	**+19%**

Investment Income

For the quarter ended December 31, 2006, net investment income was $36.7 million, a 16% increase over net investment income of $31.6 million for the quarter ended December 31, 2005. For the year ended December 31, 2006, net investment income was $139.7 million, a 17% increase over net investment income of $118.8 million for the year ended December 31, 2005. The increases in the 2006 fourth quarter and full year were attributable to continued 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 December 31, 2006 were $15.1 million, compared to $14.2 million for the quarter ended December 31, 2005. Underwriting and other operating expenses for the year ended December 31, 2006 were $69.8 million, compared to $58.9 million for the year ended December 31, 2005. The increases were attributable to the higher staffing levels required to support business growth and employee stock compensation expenses resulting from the implementation of FAS123R.

Loss Expenses

FGIC's loss reserves fall into two categories: case reserves and watchlist reserves. Case reserves are established for particular insured obligations that are presently or likely to be in payment default at the balance sheet date, and for which 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 December 31, 2006, FGIC generated a loss benefit of $7.0 million compared to an expense of $3.5 million for the comparable period of 2005. The benefit in the fourth quarter of 2006 was largely attributable to the improved outlook for certain Katrina credits.

For the year ended December 31, 2006, FGIC generated a loss benefit of $8.7 million compared to an expense of $18.5 million for the full year 2005, which included the Katrina-related charges discussed above.

Interest Expense

For the quarter ended December 31, 2006, interest expense was $4.9 million, unchanged from the quarter ended December 31, 2005. Debt outstanding at both December 31, 2006 and 2005 was $323.4 million.

For the year ended December 31, 2006, interest expense was $19.5 million, unchanged from the year ended December 31, 2005.

BALANCE SHEET ITEMS

Assets

Total assets as of December 31, 2006 were $5.01 billion compared to total assets of $3.75 billion as of December 31, 2005. Approximately $750 million of this $1.26 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 December 31, 2006, the market value of the Company's investment portfolio was $3.86 billion. The portfolio had an average credit quality of 'AA' based on Standard & Poor's ratings, and no investment was rated below 'A'.

ADDITIONAL INFORMATION

Claims-Paying Resources

As of December 31, 2006 FGIC had total claims-paying resources of $4.74 billion. This included capital and surplus of $1.13 billion and contingency reserves of $1.27 billion (which combined comprise qualified statutory capital, shown below), and unearned premium and loss and loss adjustment expense reserves totaling $1.41 billion. Table V provides comparisons of claims-paying resources as of December 31, 2006 and December 31, 2005.

Table V – Statutory Basis Claims-Paying Resources ($ millions)	**As of Dec 31, 2006**	**As of Dec 31, 2005**
Qualified Statutory Capital	$ 2,405.1	$ 2,198.3
Soft Capital	300.0	300.0
Unearned Premiums and Loss Reserves	1,407.1	1,273.0
Present Value of Installment Premiums	630.8	393.1
Total Claims-Paying Resources	**$ 4,743.0**	**$ 4,164.4**

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Insured Portfolio

As of December 31, 2006, FGIC had $300 billion in insured net par outstanding. U.S. public finance transactions represented approximately 73% of the total insured portfolio; U.S. structured finance represented approximately 23% of the portfolio; and international finance obligations accounted for the remaining 4%. Based on FGIC internal ratings, expressed in industry terms, 82% of the insured portfolio had an underlying credit quality of ‘A’ or better, with over 99% rated investment grade at December 31, 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 FGIC’s 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 estimated future installment premiums, discounted at 5%. Table VI provides a reconciliation of ABV to book value at December 31, 2006 and December 31, 2005.

Table VI – ABV to Book Value **($ millions)**	**As of Dec 31, 2006**	**As of Dec 31, 2005**
ABV	$ 3,478.0	$ 3,002.3
Net unearned premium reserve less deferred acquisition costs	(714.0)	(667.7)
Net present value of future installment premiums	(410.0)	(255.5)
Book value	$ 2,354.0	$ 2,079.1

AGP Written

AGP Written is defined as gross up-front premiums written plus the present value of estimated future 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 years ended December 31, 2006 and 2005 is included below in Table VII:

Table VII – AGP to Gross Premiums Written ($ millions)	4Q 2006	4Q 2005	Full Year 2006	Full Year 2005
AGP Written	$170.4	$184.8	$703.6	$637.9
Present value of installment premiums written on policies issued during the period	(99.2)	(108.4)	(414.4)	(310.2)
Gross up-front premiums written	71.2	76.4	289.2	327.7
Gross installment premiums written	32.4	21.3	152.0	82.5
Gross premiums written	$103.6	$97.7	$441.2	$410.2

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 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, except as required by law.

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FGIC Corporation and Subsidiaries

Consolidated Balance Sheets

($ thousands, except per share amounts)	Dec 31, 2006	Dec 31, 2005
Assets		
Fixed maturity securities, available for sale, at fair value (amortized cost of $3,644,851 in 2006 and $3,300,634 in 2005)	**$ 3,644,195**	$ 3,281,671
Variable interest entity fixed maturity securities, held to maturity at amortized cost	**750,000**	–
Short-term investments	**222,844**	176,146
Total investments	**4,617,039**	3,457,817
Cash and cash equivalents	**33,278**	51,901
Accrued investment income	**50,214**	42,871
Reinsurance recoverable on losses	**1,485**	3,271
Prepaid reinsurance premiums	**156,708**	110,636
Deferred policy acquisition costs	**93,170**	63,330
Property and equipment, net of accumulated depreciation of $2,107 in 2006 and $885 in 2005	**2,617**	3,092
Prepaid expenses	**1,282**	1,378
Foreign deferred tax asset	**3,491**	3,500
Other assets	**53,948**	14,180
Total assets	**5,013,232**	3,751,976
Liabilities and stockholders' equity		
Liabilities:		
Unearned premiums	**1,347,592**	1,201,163
Loss and loss adjustment expenses	**40,299**	54,812
Ceded reinsurance balances payable	**7,524**	1,615
Accounts payable and accrued expenses	**46,207**	41,459
Other liabilities	**40,235**	3,881
Payable for securities purchased	**10,770**	–
Variable interest entity floating rate notes	**750,000**	–
Accrued interest expense – variable interest entity	**1,298**	–
Capital lease obligations	**2,941**	4,262
Current income taxes payable	**22,609**	6,376
Deferred income taxes	**66,424**	35,902
Debt	**323,373**	323,350
Total liabilities	**2,659,272**	1,672,820
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 at December 31, 2006 and 2005	**287,355**	268,870
Preferred stock, par value $0.01 per share; 47,500 authorized, none issued and outstanding	**–**	–
Common stock, par value $0.01 per share; 6,000,000 shares authorized, 2,403,067 and 2,402,830 shares issued and outstanding at December 31, 2006 and December 31, 2005, respectively	**24**	24
Additional paid-in capital	**1,442,077**	1,435,261
Accumulated other comprehensive gain (loss), net of tax	**7,237**	(12,907)
Retained earnings	**617,267**	387,908
Total stockholders' equity	**2,353,960**	2,079,156
Total liabilities and stockholders' equity	**$ 5,013,232**	$ 3,751,976

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FGIC Corporation and Subsidiaries

Consolidated Statements of Income

($ thousands)	Three months ended Dec 31, 2006	Three months ended Dec 31, 2005	Year ended Dec 31, 2006	Year ended Dec 31, 2005
Revenues:				
Gross direct & premiums written	**$103,660**	$97,676	**$ 441,231**	$ 410,202
Ceded premiums written	**(20,666)**	(4,867)	**(74,417**	(29,148)
Net premiums written	**82,994**	92,809	**366,814**	381,054
Increase in net unearned premiums	**(10,582)**	(37,574)	**(100,357**	(156,485)
Net premiums earned	**72,412**	55,235	**266,457**	224,569
Net investment income	**36,682**	31,573	**139,748**	118,802
Interest income – investments held by variable interest entity	**11,265**	-	**35,893**	-
Net realized gains (losses)	**289**	(10)	**336**	104
Net realized and unrealized gains (losses) on credit derivative contracts	**168**	(439)	**507**	(167)
Other income	**283**	116	**1,815**	762
Total revenues	**121,099**	86,475	**444,756**	344,070
Expenses:				
Loss and loss adjustment expenses	**(7,021)**	3,490	**(8,700**	18,506
Underwriting expenses	**22,539**	22,352	**91,356**	81,761
Deferred policy acquisition costs	**(9,485)**	(12,273)	**(39,728**	(38,069)
Amortization of deferred policy acquisition costs	**4,000**	2,428	**11,486**	8,302
Other operating expenses	**1,656**	1,683	**6,704**	6,960
Interest expense – debt held by variable interest entity	**11,265**	-	**35,893**	-
Interest expense	**4,875**	4,875	**19,500**	19,500
Total expenses	**27,829**	22,555	**116,511**	96,960
Income before income taxes	**93,270**	63,920	**328,245**	247,110
Income tax expense	**22,922**	14,293	**80,401**	56,644
Net income	**70,348**	49,627	**247,844**	190,466
Preferred stock dividends	**(4,858)**	(4,543)	**(18,485**	(17,295)
Net income available to common stockholders	**$ 65,490**	$ 45,084	**$ 229,359**	$ 173,171