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Ambac And MBIA Financial Strength Ratings Lowered To 'AA' And Placed On CreditWatch Negative

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NEW YORK (Standard & Poor's) June 5, 2008--Standard & Poor's Rating Services today lowered its financial strength ratings on Ambac Assurance Corp. and MBIA Insurance Corp. to 'AA' from 'AAA' and placed the ratings on CreditWatch with negative implications.

The ratings on the holding companies, Ambac Financial Group and MBIA Inc., have also been lowered to 'A' and 'A-' from 'AA' and 'AA-', respectively, and placed on CreditWatch with negative implications.

The rating actions on the companies reflect our belief that these entities will face diminished public finance and structured finance new business flow and declining financial flexibility. In addition, we believe continuing deterioration in key areas of the U.S. residential mortgage sector and related CDO structures will place increasing pressure on capital adequacy. The 'AA' financial strength ratings of these companies are supported by currently sound claims paying ability and liquidity levels in our opinion.

Resolution of the negative CreditWatch will be dependent on clarification of ultimate potential losses as well as future business prospects, the outcome of strategic business decisions, and potential regulatory developments.

Lists of the ratings that have changed as a result of these actions will be posted at www.spvviews.com. Go to the left-hand navigation bar and click on

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"Deals Affected" to view or download the lists. Our analysis of the impact of the ratings actions announced today is ongoing; we may publish additional ratings changes.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

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