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S&P Takes Additional Bond Insurer Rating Actions

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NEW YORK (Standard & Poor's) Feb. 25, 2008—Standard & Poor's Ratings Services today took rating actions on several monoline bond insurers following additional stress tests with respect to their domestic nonprime mortgage exposure.

-- The financial strength ratings on XL Capital Assurance Inc. (XLCA) and XL Financial Assurance Ltd. (XLFA) were lowered to 'A-' from 'AAA' and remain on CreditWatch with negative implications;

-- The financial strength rating on Financial Guaranty Insurance Co. (FGIC) was lowered to 'A' from 'AA' and remains on CreditWatch with developing implications;

-- The 'AAA' financial strength rating on MBIA Insurance Corp. was removed from CreditWatch and a negative outlook was assigned;

-- The 'AAA' financial strength rating on Ambac Assurance Corp. was affirmed and remains on CreditWatch with negative implications; and

-- The 'AAA' financial strength ratings on CIFG Guaranty, CIFG Europe, and CIFG Assurance North America Inc. were affirmed and retain a negative outlook.

The downgrades on XLCA, XLFA, XL Capital Assurance (UK) Ltd., and Twin Reefs Pass-Through Trust (a committed capital facility supported by, and for the benefit of, XLFA) reflect our assessment that the company's evolving

capital plan has meaningful execution and timing risk.

The downgrades on FGIC, FGIC Corp., and Grand Central Capital Trusts I-VI (a committed capital facility supported by, and for the benefit of, FGIC) reflect our current assessment of potential losses, which is higher than previous estimates.

The removal from CreditWatch of, and assignment of negative outlooks on, MBIA Insurance Corp., MBIA Inc., and North Castle Custodial Trusts I-VIII (a committed capital facility supported by, and for the benefit of, MBIA) reflect MBIA's success in accessing \$2.6 billion of additional claims-paying resources, which, in our view, is a strong statement of management's ability to address the concerns relating to the capital adequacy of the company.

The affirmation of our 'AAA' financial strength and financial enhancement ratings on Ambac Assurance Corp. and our 'AA' rating of Anchorage Finance Sub-Trusts I-IV and Dutch Harbor Finance Sub-Trusts I-IV (committed capital facilities supported by, and for the benefit of, Ambac) and holding company Ambac Financial Group Inc. reflects our assessment of the scope of Ambac's capital-raising plans and the company's ability to implement those plans. We left the ratings on CreditWatch with negative implications to reflect uncertainty surrounding the risk profile and capitalization plans for the reported new corporate structure being contemplated by the holding company.

The affirmation of our 'AAA' financial strength rating on CIFG reflects the contribution of \$1.5 billion in capital resources to CIFG Holding by Banque Federale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE) to support CIFG's claims-paying resources.

CIFG's outlook was changed to negative from stable in June 2007 for reasons unconnected to its subprime exposure. Rather, we looked at the effectiveness and processes of the company's board, appropriate succession planning, and the degree of long-term support to be provided by its parent Natixis S.A. The assignment of the negative outlook also reflected our views relating to CIFG's below-average earnings and return on earnings. Nevertheless, we consider the \$1.5 billion capital contribution to be an important statement by CNCE and BFBP about their near-term commitment to the financial guaranty industry and CIFG.

Lists of the insured ratings that have changed as a result of these actions are posted at www.spviews.com. Go to the left hand navigation bar and click on "Deals Affected" to view or download the lists. Our analysis of the impact of the ratings actions announced today is ongoing. As we complete our analysis during the next few weeks, we may publish additional ratings changes.

For a fuller discussion of the results of these tests, please see "Detailed Results Of Subprime Stress Test Of Financial Guarantors," published simultaneously with this release and available on RatingsDirect and at www.spviews.com.

The report 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. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-9823 or sending an e-mail to research_request@standardandpoors.com. Ratings information can also be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search. Members of the media may request a copy of this report by contacting the media representative provided.

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