

January 17, 2008

Standard & Poor's Updates Results Of Its Bond Insurance Stress Test For Revised Assumptions

Primary Credit Analyst:

Dick P Smith, New York (1) 212-438-2095; dick_smith@standardandpoors.com

Media Contact:

Mimi Barker, New York (1) 212-438-5054; mimi_barker@standardandpoors.com

NEW YORK (Standard & Poor's) Jan. 17, 2007--Standard & Poor's Ratings Services announced today that it has updated the results of its bond insurance stress test, originally published on Dec. 19, to incorporate the revised assumptions announced on Jan. 15 by Standard & Poor's RMBS surveillance group.

The new results show total projected losses for the industry to be 20% higher than those in the previous review. Individual company increases ranged from a low of 2% to a high of 36%. Standard & Poor's has not taken rating action on any company at this time.

The increased projected losses did not materially impair the adjusted capital cushions of the companies that had stable outlooks. For the other companies, the fact that their ratings either had a negative outlook or were on CreditWatch reflected uncertainty surrounding the potential for further mortgage market deterioration and the companies' ability to accurately gauge their ongoing additional capital needs. This latest round of revised assumptions is an example of the deterioration that was contemplated.

We do not view the extent of the deterioration as significant in the context of each company's capital position and the comprehensiveness and degree of completion of projected capitalization strengthening efforts that are underway.

Standard & Poor's Updates Results Of Its Bond Insurance Stress Test For Revised Assumptions

The revised assumptions announced by the RMBS surveillance group reflect the growing economic consensus that U.S. home price declines will be larger than previously forecasted and that the U.S. housing market slump may last far longer than previously expected. These factors, combined with the persistence of significant growth in seriously delinquent borrowers, are leading to upward revisions in loss expectations and a greater likelihood of the realization of these expectations. Specifically, the expected losses for the 2005, 2006, and 2007 vintages of subprime collateral have been revised to 8.5%, 18.8%, and 17.4%, respectively, levels meaningfully higher than the 5.75%, 15.5%, and 17.0% levels used in our December 2007 stress test. The table below summarizes our stress test results based on the new assumptions.

Standard & Poor's continues to take a negative view of those companies with significant exposure to domestic subprime mortgages and CDOs with subprime RMBS collateral. This view reflects the uncertainty of what the ultimate RMBS and CDO-related losses will be and whether the insurers will be successful in managing their capital positions to handle these losses. Therefore, Standard & Poor's expects to retain these negative outlooks until the uncertainty surrounding subprime losses can be minimized or eliminated.

STRESS TEST RESULTS AS OF JAN. 17, 2008

Summary Of Losses And Capital Position (Mil. \$)

	ACA	AGC	Ambac	CIFG	FGIC
After-tax net					
RMBS losses	0.0	29.4	968.9	91.0	1315.0
After-tax net					
CDO losses	2987.9	2.2	1280.1	909.2	1239.7
Total after-tax losses	2987.9	31.6	2249.0	1000.2	2554.7
Adjusted capital cushion at 12/31/2007	650-700	250-300	1550-1600	150-200	300-350
Identified hard and soft capital additions	--	--	255	1,500	--

(cont'd)

	FSA	MBIA	Radian	XLCA	Total
After-tax net					
RMBS losses	219.6	1694.2	2.4	339.4	4659.9
After-tax net					
CDO losses	1.1	1826.5	83.2	633.7	8963.6
Total after-tax losses	220.7	3520.7	85.6	973.2	13623.6
Adjusted capital cushion at 12/31/2007	700-750	1750-1800	550-600	600-650	

Standard & Poor's Updates Results Of Its Bond Insurance Stress Test For Revised Assumptions

Identified hard
and soft capital
additions -- 2000 -- --

STRESS TEST RESULTS AS OF DEC. 19, 2007

Summary Of Losses And Capital Position (Mil. \$)

	ACA	AGC	Ambac	CIFG	FGIC
After-tax net RMBS losses	0.0	29.0	927.1	90.8	1297.5
After-tax net CDO losses	2192.2	2.1	921.8	701.6	873.6
Total after- tax losses	2192.2	31.1	1848.9	792.5	2171.1
Adjusted capital cushion at 12/31/2007	650-700	250-300	1550-1600	150-200	300-350
Identified hard and soft capital additions	--	--	255	1,500	--

(cont'd)

	FSA	MBIA	Radian	XLCA	Total
After-tax net RMBS losses	215.3	1693.8	0.9	335.4	4589.8
After-tax net CDO losses	1.1	1486.7	67.3	548.6	6795.0
Total after- tax losses	216.4	3180.6	68.2	884.1	11385.1
Adjusted capital cushion at 12/31/2007	700-750	1750-1800	550-600	600-650	
Identified hard and soft capital additions	--	1000	--	--	

CURRENT BOND INSURER RATINGS

ACA Financial Guaranty Corp.

Financial strength, financial enhancement
and issuer credit

CCC/WatchDev

Ambac Assurance Corp.

Ambac Assurance U.K. Ltd.

Connie Lee Insurance Co.

Financial strength, financial enhancement
and issuer credit

AAA/Negative

Ambac Financial Group Inc.

Senior unsecured and issuer credit

AA/Negative

Standard & Poor's Updates Results Of Its Bond Insurance Stress Test For Revised Assumptions

Subordinated hybrid security	A+/Negative
Assured Guaranty Corp. Financial strength, financial enhancement and issuer credit	AAA/Stable
Assured Guaranty (UK) Ltd. Financial strength, financial enhancement and issuer credit	AAA/Stable
CIFG Guaranty CIFG Europe CIFG Assurance North America Inc. Financial strength, financial enhancement and issuer credit	AAA/Negative
Financial Guaranty Insurance Co. Financial strength, financial enhancement and issuer credit	AAA/WatchNeg
FGIC U.K. Ltd. Financial strength, financial enhancement and issuer credit	AAA/WatchNeg
FGIC Corp. Senior unsecured and issuer credit	AA/WatchNeg
Financial Security Assurance Inc. Financial strength, financial enhancement and issuer credit	AAA/Stable
Financial Security Assurance (UK) Ltd. Financial strength, financial enhancement and issuer credit	AAA/Stable
Financial Security Assurance Holdings Ltd. Senior unsecured and issuer credit Junior subordinated hybrid security	AA/Stable A+/Stable
MBIA Insurance Corp. Financial strength, financial enhancement and issuer credit Surplus notes	AAA/Negative AA
MBIA Insurance Corp. of Illinois Financial strength, financial enhancement and issuer credit	AAA/Negative
MBIA Assurance S.A. Financial strength, financial enhancement and issuer credit	AAA/Negative
MBIA Inc. Senior unsecured and issuer credit	AA/Negative

Standard & Poor's Updates Results Of Its Bond Insurance Stress Test For Revised Assumptions

PMI Guaranty Co.

Financial strength, financial enhancement
and issuer credit AA/Negative

Radian Asset Assurance Inc.

Financial strength, financial enhancement
and issuer credit AA/Stable

XL Capital Assurance Inc.

XL Financial Assurance Ltd.

Financial strength, financial enhancement
and issuer credit AAA/Negative

XL Capital Assurance (UK) Ltd.

Financial strength, financial enhancement
and issuer credit AAA/Negative

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research, and data. With approximately 8,500 employees, including wholly owned affiliates, located in 21 countries, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit www.standardandpoors.com.

Copyright © 2008, Standard & Poors, a division of The McGraw-Hill Companies, Inc. (S&P?). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscriber's or others' use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: research_request@standardandpoors.com.