

FOR IMMEDIATE RELEASE

**Investor Group to Acquire Financial Guaranty Insurance Company
for \$2.16 Billion from General Electric Capital Corporation**

New York, NY, August 4, 2003 -- An investor group consisting of The PMI Group, Inc. ("PMI"), The Blackstone Group ("Blackstone"), The Cypress Group ("Cypress") and CIVC Partners L.P. ("CIVC"), collectively the "Investor Group," announced today that it has signed a definitive agreement to acquire Financial Guaranty Insurance Company ("FGIC") from General Electric Capital Corporation ("GE") in a transaction valued at approximately \$2.16 billion. FGIC is a leading triple-A rated monoline bond insurer with approximately \$202 billion of insured par outstanding. FGIC provides financial guaranty policies for public finance and structured finance obligations issued by clients in both the public and private sectors. Financial guaranty insurance policies written by FGIC generally guaranty payment when due of the principal and interest on the guaranteed obligation.

On completion of the transaction, FGIC will operate as an independent company. PMI will be the largest shareholder in FGIC with 42% ownership. Blackstone and Cypress will each own 23%. CIVC will own 7% of the new company and GE will maintain approximately a 5% stake. The purchase price will be funded with approximately \$1.44 billion of equity, \$225 million of senior debt, \$235 million of mandatorily convertible participating preferred equity held by GE and a pre-closing dividend of approximately \$260 million.

In highlighting the growth plan for FGIC, the Investor Group noted that the Company will continue to be a leading participant in its core municipal bond market business and that FGIC's strong platform will be the base for expansion into markets it does not currently serve, including certain areas of the municipal bond market, the structured finance market, and the international bond markets. The Investor Group is very pleased that Frank Bivona, formerly Vice Chairman and Chief Financial Officer of Ambac Financial Group, Inc., will be the Chief Executive Officer of FGIC upon completion of the transaction.

Commenting on the transaction, Mr. Bivona said, “This new structure presents an exciting opportunity to build on FGIC’s premier brand name, talented professional staff and conservative insured portfolio -- the lowest risk profile in the industry-- to create a more diversified and profitable financial guaranty company. Our goal will be to position FGIC as a global provider of credit enhancement insurance, offering our clients the most efficient access to the capital markets by insuring investment grade fixed income securities in the municipal and asset-backed markets in the US, Europe, Japan and Australia. We look forward to maintaining the strong relationships FGIC has built over the years with its existing clients, building new relationships as we expand the Company’s presence beyond its traditional public finance focus and drawing on opportunities for synergy with our strategic investor PMI as we expand FGIC’s business. Maintaining FGIC’s solid triple-A ratings and conservative underwriting philosophy are critical elements of our business plan going forward.”

Brad Shuster, President and CEO of PMI Capital Corporation, said, “FGIC’s capital strength, its outstanding officer and employee team, its risk management expertise and disciplined approach to underwriting will provide an outstanding platform for business expansion. PMI is very pleased to be the largest investor in this transaction, which will be a key strategic investment that we believe, will enhance value for our shareholders and provide significant opportunities for synergies with our core mortgage insurance business.”

Bret Pearlman, a Senior Managing Director at Blackstone, said, “We believe this transaction will allow FGIC to realize its full potential by entering more diverse lines of business including a broader range of domestic municipal and structured finance products and selected international markets. As an independent financial guarantor with Frank Bivona at the helm, FGIC will be a powerful force in all markets in the financial guaranty business. ”

William Spiegel, a Managing Director at Cypress, said, "This transaction represents an excellent opportunity to invest in a leading franchise in the bond insurance market, partner with a premier strategic operator, and back a strong veteran manager with the expertise to begin the next chapter of growth at FGIC. For Cypress, this transaction further builds upon our established franchise in the financial services industry.”

The transaction is expected to close in the fourth quarter of 2003 subject to customary regulatory approvals and confirmation of FGIC's current ratings by Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings.

The PMI Group, Inc. (NYSE: PMI) headquartered in Walnut Creek, California is an international provider of credit enhancement products and lender services that promote home ownership and facilitate mortgage transactions in the capital markets. Through its wholly-owned subsidiaries and unconsolidated strategic investments, PMI offers residential mortgage insurance and credit enhancement products domestically and internationally, residential and lender services and financial guaranty reinsurance.

The Blackstone Group, a private investment bank with offices in New York and London, was founded in 1985. The firm has raised a total of approximately \$24 billion for alternative asset investing since its formation. Over \$14 billion of that has been for private equity investing, including Blackstone Capital Partners IV, the largest institutional private equity fund ever raised at \$6.45 billion. In addition to Private Equity Investing, The Blackstone Group's core businesses are Private Real Estate Investing, Corporate Debt Investing, Marketable Alternative Asset Management, Mergers and Acquisitions Advisory, and Restructuring and Reorganization Advisory.

The Cypress Group manages two private equity funds with more than \$3.5 billion in commitments. Cypress invests in privately negotiated transactions, targeting operating businesses and investing with management to foster continued growth. Investments made by Cypress include: AMTROL, Inc., Catlin Group Limited, Cinemark USA, Inc., ClubCorp, Inc., Danka Business Systems PLC, MedPointe Inc., Montpelier Re Holdings Ltd., Republic National Cabinet Corporation, WESCO International, Inc. and Williams Scotsman, Inc.

CIVC Partners manages \$1.3 billion in capital on behalf of its limited partners, including Bank of America. CIVC Partners focuses on leveraged buyouts and growth equity investments in the financial services, business services, media and communications, and industrial growth sectors. CIVC's investment in FGIC is a continuation of its financial services investing focus, and in particular the financial guaranty experience gained from its investment, together with PMI, in Ram Reinsurance Company, Ltd. a leading financial guaranty reinsurer. Other financial services investments made by CIVC Partners include AF&L Insurance, Inc., Factual Data Corporation, First

Franklin Financial Companies, Inc., Management Compensation Group, Northwest, Inc., Sunbelt National Mortgage Corporation, and Wintrust Financial Corporation.

Banc of America Securities LLC originated the transaction and served as exclusive financial advisor to the Investor Group. Simpson, Thacher & Bartlett served as legal advisors to the Investor Group.

FORWARD-LOOKING STATEMENTS

Statements in this press release that are not historical facts or that relate to future plans, events or performance are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding the investor group’s proposed acquisition of FGIC, and statements regarding expectations of enhancement of value for PMI’s shareholders and opportunities for synergies as a result of the proposed acquisition. Readers are cautioned that these forward-looking statements by their nature involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including, among others, the possibility that the acquisition will not close and the possibility that the closing may be delayed, as well as conditions affecting the financial guaranty or mortgage insurance industries and general economic conditions. Other risks and uncertainties that could affect PMI are discussed in its various Securities and Exchange Commission filings, including its report on Form 10-K for the year ended December 31, 2002, and its report on Form 10-Q for the quarter ended March 31, 2003. PMI undertakes no obligation to update forward-looking statements.

NOTE TO EDITORS: For additional information about this transaction, please see press releases issued by General Electric Co. and The PMI Group today.

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