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FGIC's 'AAA' Rating Affirmed Following Sale by GE Capital Corp.; Outlook Stable

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NEW YORK (Standard & Poor's) Dec. 18, 2003-- Standard & Poor's Ratings Services affirmed its 'AAA' rating on Financial Guaranty Insurance Corp. (FGIC). The outlook is stable.

"The stable outlook reflects FGIC's strong franchise value, solid capital position and Standard & Poor's expectation for continued prudent underwriting and risk management," said Standard & Poor's credit analyst Robert Green.

At the same time, Standard & Poor's also assigned its 'AA' rating to FGIC Corp.'s proposed \$250 million Rule 144a senior note issue due 2033.

The rating affirmation is prompted by the sale of FGIC Corp., the parent company of Financial Guaranty Insurance Corp. (FGIC), by General Electric Capital Corp. (GECC, 'AAA' senior debt rating) to a group of investors led by The PMI Group Inc. ('A+' senior debt rating/negative). The affirmation reflects continued compliance with all 'AAA' bond insurance criteria. Although dividend payments to GECC in connection with the sale will reduce FGIC's statutory capital to \$1.8 billion, compared with \$2.0 billion as of Dec. 31, 2002, FGIC's capital adequacy margin of safety falls in a range of 1.4x to 1.5x. This margin of safety result is consistent with the 'AAA' industry average.

Although underwriting activities under the ownership of the new investors group will be substantially expanded, Standard & Poor's expects that the new business lines will be conservatively underwritten, consistent with management's underwriting track record and overall risk management plan. (For a more detailed review see, "Analysis of the Sale of FGIC", RatingsDirect, Aug. 4, 2003). It is anticipated that shortly after closing FGIC Corp. will replace a bridge loan, proceeds of which contributed to funding the acquisition, with a \$250 million Rule 144a senior note issue due 2033. The debt to total capital ratio for FGIC Corp. will be 12.6%. This, and other debt leverage measures are consistent with 'AA' senior debt criteria for the bond insurers. Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, 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; under Credit Ratings in the left navigation bar, select Credit Ratings Lists. Standard & Poor's ratings appear alphabetically.

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