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Financial Guaranty Insurance Company Completes Reinsurance Transaction with MBIA Insurance Corporation

October 1, 2008 – New York, NY – FGIC Corporation, the parent company of Financial Guaranty Insurance Company (FGIC), today announced that FGIC has closed the previously announced reinsurance transaction with MBIA Insurance Corporation (MBIA). Under the reinsurance agreement MBIA has reinsured certain policies covering approximately \$166 billion of FGIC's U.S. public finance insured par outstanding. The reinsurance provided by MBIA enables covered policyholders to make claims for payment directly against MBIA in accordance with the terms of the reinsurance agreement.

FGIC believes that this reinsurance transaction benefits all policyholders and substantially strengthens FGIC's statutory financial position.

Company Profile

FGIC Corporation is an insurance holding company whose wholly owned subsidiary, Financial Guaranty Insurance Company, provides credit enhancement on infrastructure finance and structured finance securities worldwide. FGIC's guaranties typically cover the scheduled payment of principal and interest on an issuer's obligations. Established in 1983, FGIC is rated "BB" by Standard & Poor's (S&P), "B1" by Moody's Investors Service and "CCC" by Fitch Ratings. FGIC is on CreditWatch with negative implications from S&P, rating outlook negative by Moody's and Rating Watch Evolving from Fitch.

Cautionary Statement

This press release contains "forward-looking statements" – that is, statements related to possible future events. Forward-looking statements often address expectations and beliefs as to future performance, results and business plans. You should not place undue reliance on forward-looking statements, because they are necessarily subject to risks and uncertainties that could cause actual results and performance to differ materially from those expressed or implied by our forward-looking statements. Among the factors that could cause our results or performance to differ are: (1) the extent to which we are able to pursue and achieve strategic alternatives, either with or without the participation of potential investors and other third parties; (2) further downgrades to our ratings; (3) our ability to execute our business plan given our current ratings, possible further downgrades and market conditions; (4) the results of loss mitigation efforts; (5) legislative and regulatory developments within the United States and abroad, including the effect of new pronouncements by accounting authorities; (6) competitive conditions and pricing levels; (7) the level and nature of activity within the national and international credit and other markets; (8) fluctuations in the economic, credit or interest rate environment in the United States or abroad; (9) possible defaults and/or additional ratings downgrades or actions in mortgage-backed securities and (10) other risks and uncertainties that have not been identified by us at this time. Forward-looking statements are based upon our current expectations and beliefs concerning future events. We undertake no obligation to update or revise any forward-looking statement, except as required by law.