



Financial Guaranty Insurance Company
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NYID Orders Financial Guaranty Insurance Company to Suspend all Claims Payments Effective November 24, 2009

November 24, 2009 – New York, NY – Financial Guaranty Insurance Company (“FGIC”) today announced that the New York Insurance Department (the “NYID”) has issued an order pursuant to Section 1310 of the New York Insurance Law (the “NYID Order”) requiring FGIC, effective today, to suspend paying any and all claims and to take the other actions required under the NYID Order as further described below. Accordingly, FGIC will immediately suspend all claims payments.

On November 20, 2009, FGIC filed with the NYID its Quarterly Statement for the period ending September 30, 2009, in which FGIC reported a surplus to policyholders deficit at September 30, 2009 of \$865,834,577 and an impairment of its required minimum surplus to policyholders of \$932,234,577. The Superintendent of Insurance (the “Superintendent”) has directed FGIC to submit a plan to eliminate such impairment of FGIC’s surplus to policyholders.

FGIC is currently formulating a comprehensive restructuring plan contemplating FGIC’s commencement of a tender offer for the acquisition or exchange of certain residential mortgage backed securities (“RMBS”) guaranteed by FGIC in the primary market; FGIC’s continued pursuit of commutations with the holders of FGIC-insured collateralized debt obligations of asset-backed securities (“ABS CDOs”); and the commutation, termination or restructuring of FGIC’s exposure in respect of certain other obligations for which it has established statutory loss reserves; all with a view to remediate its RMBS, ABS CDO and other exposures, remove its capital impairment and return it to compliance with the applicable minimum surplus to policyholders requirement (the “Surplus Restoration Plan”).

The NYID Order requires FGIC to provide the Superintendent a detailed and final plan of the proposed Surplus Restoration Plan (the “Final Plan”) no later than January 5, 2010. In the event that FGIC fails to provide the Superintendent with the Final Plan by such date, the NYID Order provides that the Superintendent shall seek an order of rehabilitation or liquidation of FGIC forthwith.

The NYID Order further requires FGIC to take such steps as may be necessary to remove the impairment of its capital and to return to compliance with its minimum surplus to policyholders’ requirement by not later than March 25, 2010, or such subsequent date as the Superintendent deems appropriate, without limiting in any way the Superintendent’s ability to seek rehabilitation or liquidation of FGIC prior to such date. Until FGIC achieves compliance with such requirement, the NYID Order prohibits FGIC from

writing any new policies and requires FGIC, as of November 24, 2009, to suspend paying any and all claims and to otherwise operate only in the ordinary course and as necessary to effectuate the Surplus Restoration Plan.

The Board of Directors of FGIC will continue to monitor the situation and, in the absence of a successful restructuring, may, in the exercise of its fiduciary duties, request that the NYID seek court appointment of a rehabilitator or liquidator for FGIC. There can be no assurance that the NYID or other regulators will not take regulatory action at any time with respect to FGIC.

Company Profile

FGIC is a wholly-owned subsidiary of FGIC Corporation. FGIC is a monoline financial guaranty insurance company which previously issued financial guaranties covering financial payments on public finance, structured finance and other securities and obligations. For more information, please visit www.fgic.com.

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 speak only as of the date they are made and 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 actual results or performance to differ are: (1) the extent to which we are able to formulate a Surplus Restoration Plan and to provide the Superintendent with, and successfully achieve the goals of, the Final Plan by the applicable dates set forth in the NYID Order or otherwise; (2) the extent to which we are able to pursue and achieve other strategic alternatives, either with or without the participation of potential investors and other third parties; (3) the results of other loss mitigation efforts; (4) a decision by the NYID or FGIC’s other regulators to take further regulatory action such as rehabilitation or liquidation of FGIC at any time due in part to FGIC’s current failure to maintain required policyholders’ surplus or positive statutory policyholders’ surplus; (5) legislative and regulatory developments within the United States and abroad, including the effect of new pronouncements by accounting authorities; (6) fluctuations in the economic, credit or interest rate environment in the United States or abroad; (7) potential consequences of FGIC’s suspension of claims payments and/or our inability to recommence claims payments such as the risk of defaults under our credit default swaps, revolving credit agreement and FGIC Corporation’s senior notes indenture, and possible limitations on FGIC’s rights under other agreements; (8) possible defaults and/or additional ratings downgrades or other adverse actions in mortgage-backed securities; and (9) 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, whether as a result of new information, future developments or otherwise, except as required by law.