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Final Change to Consideration Offered in Exchange Offer; Uncertainty Concerning Resumption of Claim Payments

NEW YORK, June 14, 2010 – Financial Guaranty Insurance Company (“FGIC”) has agreed to provide additional consideration in the form of consideration surplus notes in connection with Sharps SP I LLC’s (the “Offeror”) offer to exchange residential mortgage-backed securities and asset-backed securities insured by FGIC, as described in the press release issued on June 8, 2010 by the Offeror. The consideration surplus notes may only be issued if the New York State Insurance Department (the “NYSID”) approves an application for issuance to be filed by FGIC. FGIC has informed the Offeror that it will not provide any additional amounts or types of consideration to consummate the exchange offer. Accordingly, the total consideration currently being offered for each eligible insured security (cash consent fee and the consideration surplus notes, together with the related uninsured cash flow certificate) is the final maximum consideration that will be offered to holders.

FGIC also has informed the Offeror that, even upon completion of its restructuring, FGIC does not anticipate that it will immediately commence, nor does FGIC know when it may commence, the payment of claims under its policies, including any due and unpaid claims. Such payments may only be commenced if the NYSID lifts or modifies its Order issued pursuant to Section 1310 of the New York Insurance Law (the “NYSID Order”) (which currently prohibits any such payments) upon review by the NYSID of FGIC’s financial condition following the restructuring. In addition to the lifting or modification of the NYSID Order, FGIC, prior to the commencement of any claim payments, would need to confirm with each of the trustees for the securities purchased in the exchange offer the specific mechanics, timing, amounts and required communications relating to any such payments with respect to such securities. FGIC has not yet received any such confirmations from such trustees, and it is difficult to predict how long such trustees might take to provide such confirmations. FGIC does not expect that it will receive any confirmations before it completes its restructuring and the NYSID Order has been lifted or appropriately modified. Further, even if the NYSID were to lift or modify the NYSID Order and FGIC were to receive such confirmations from the Underlying Trustees, FGIC does not anticipate that the payments of due and unpaid amounts on FGIC policies would be made in a single payment, but instead would likely be paid over the course of multiple payment dates.

About FGIC

FGIC is a wholly owned subsidiary of FGIC Corporation, an insurance holding company. Please visit www.fgic.com.

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FORWARD-LOOKING STATEMENTS

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 such forward-looking statements. Among the factors that could cause FGIC's actual results or performance to differ are, without limitation: (1) FGIC's ability to close the offer within the time frame and on the terms required by the New York State Insurance Department ("NYID") or otherwise; (2) FGIC's current negative policyholders' surplus and FGIC's ability to restore and maintain the statutory required minimum policyholders' surplus even if it closes the offer and other contemplated restructuring transactions; (3) the extent to which FGIC is able to pursue and achieve other strategic alternatives, either with or without the participation of potential investors and other third parties; (4) the results of FGIC's other loss mitigation efforts, including FGIC's ability to consummate contemplated transactions with certain counterparties on certain credit default swaps and other obligations insured by FGIC; (5) a decision by the NYID or FGIC's other regulators to take further regulatory action such as rehabilitation or liquidation of FGIC by the NYID at any time due to FGIC's current failure to maintain the statutory required minimum policyholders' surplus or otherwise; (6) legislative and regulatory developments within the United States and abroad, including the effect of new pronouncements by accounting authorities; (7) fluctuations in the economic, credit, interest rate or other environments in the United States or abroad; (8) potential consequences of FGIC's continued suspension of claims payments or FGIC's inability to recommence claims payments such as the risk of defaults under FGIC-insured credit default swaps, FGIC Corporation's and FGIC's revolving credit agreement and FGIC Corporation's senior notes indenture, non-payment of premiums and other amounts owed to FGIC and possible limitations on FGIC's rights under other agreements; (9) higher losses on FGIC-insured obligations due to deterioration in the performance of residential mortgage loans or otherwise; (10) possible defaults and/or additional ratings downgrades or other adverse actions with respect to mortgage-backed securities or other obligations insured by FGIC; (11) the commencement of new litigation or the outcome of current and new litigation; (12) further deterioration in general economic conditions, including as a result of the financial crisis as well as inflation, interest rates, foreign currency exchange rates and other factors and the effects of disruption or economic contraction due to catastrophic events or terrorist acts; and (13) other risks and uncertainties that have not been identified by FGIC at this time. Forward-looking statements are based upon FGIC management's current expectations and beliefs concerning future events. FGIC undertakes 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.