

Consideration Offered for Certain Securities Insured by Financial Guaranty Insurance Company ("FGIC") Revised; Results as of August 10, 2010; Expiration Date Extended to September 14, 2010; Withdrawal Rights Reopened until August 24, 2010

NEW YORK, August 11, 2010 – Sharps SP I LLC (the "Offeror") today announced that the consideration offered in its offer to exchange residential mortgage-backed securities and asset-backed securities insured by Financial Guaranty Insurance Company ("FGIC") (collectively, the "Eligible Insured Securities") has been revised in significant ways. As under the terms of the original offer, the Offeror is offering to exchange the Eligible Insured Securities for a combination of cash and certificates generally representing the right to receive distributions of an amount equal to the principal and interest distributions made on the underlying Eligible Insured Securities without the benefit of the related existing FGIC insurance policy.

However, under the revised offer, the holders of the certificates also will have the right to a portion of certain potential litigation and dispute recoveries and certain reimbursement amounts if and when received. In addition, FGIC will issue a new financial guaranty insurance policy for the benefit of the holders of the certificates guaranteeing the payment of certain principal and interest shortfalls with respect to the related certificates, subject to certain conditions and limitations. The policy replaces the surplus notes previously offered, effective immediately.

In conjunction with the revised offer, the Offeror today has issued an amended and restated offer to exchange (the "Revised Offer to Exchange"). Holders of Eligible Insured Securities should refer to the Revised Offer to Exchange for the revised terms of the offer and any updated disclosure regarding FGIC. Holders that validly tender their Eligible Insured Securities prior to the expiration date (including holders who have previously tendered Eligible Insured Securities prior to today) will be entitled to receive the revised consideration.

Results as of August 10, 2010

The Offeror today announced the results of its offer to exchange and the status of certain discussions with holders of Eligible Insured Securities as of August 10, 2010. As of August 10, (i) Eligible Insured Securities representing \$2,781,738,114 in current unpaid principal balance measured as of April 30, 2010 have been tendered into the offer, (ii) non-binding agreements have been reached by the Offeror and/or FGIC and Eligible Insured Securities holders to tender Eligible Insured Securities totaling \$121,808,237 in aggregate current unpaid principal balance measured as of April 30, 2010, and (iii) letters of transmittal have been completed, although the Eligible Insured Securities have not yet been delivered, with respect to Eligible Insured Securities totaling \$562,991,866 in current unpaid principal balance measured as of April 30, 2010. The aggregate current unpaid principal balance of the Eligible Insured Securities referenced in clauses (i), (ii) and (iii) of the preceding sentence represent 37.2% of all Eligible Insured Securities subject to the exchange offer.

Extension of Expiration Date; Withdrawal Rights Reopened

The Offeror has extended the expiration date, which is the last time for holders to tender Eligible Insured Securities in the offer, to 11:59 p.m., New York City time, on September 14, 2010. Withdrawal rights have been granted to all holders for a limited period. Holders may withdraw tendered Eligible Insured Securities from today to 11:59 p.m., New York City time, on August 24, 2010.

Continued Deterioration of FGIC's Financial Position Requires Revised Conditions to the Offer

FGIC today announced a net loss of \$16.1 million for the quarter ended June 30, 2010. The net loss resulted primarily from loss and loss adjustment expenses of \$88.7 million (net of reinsurance). The loss and loss adjustment expense related primarily to FGIC's exposure to residential mortgage-backed securities ("RMBS"). The RMBS were insured by FGIC primarily in 2005, 2006 and 2007, and the RMBS performance continued to deteriorate during the second quarter. As of June 30, 2010, FGIC's statutory deficit was \$1.687 billion and its capital impairment was \$1.753 billion, in each case reflecting an increase of \$46.6 million during the quarter ended June 30, 2010. Copies of FGIC's statutory financial statements and its Annual and Quarterly Statements filed with the New York State Insurance Department ("NYID") can be found on FGIC's website at www.fgic.com.

As a result of FGIC's deteriorating financial position, the condition to the closing of the offer requiring FGIC to have a minimum policyholders' surplus amount as a result of the completion of the offer and other restructuring transactions (the "Minimum Surplus Threshold") had to be revised to reduce the Minimum Surplus Threshold as set forth below. The Minimum Surplus Threshold as revised requires the valid tender of Eligible Insured Securities, and FGIC's completion of other restructuring transactions, that together result in FGIC having a policyholders' surplus of at least \$165 million. In order to achieve this reduced Minimum Surplus Threshold, FGIC and the Offeror anticipate that

approximately 72% of the aggregate unpaid principal balance outstanding of all Eligible Insured Securities will be required to be validly tendered into the offer (assuming FGIC obligations subject to other restructuring transactions are adequately remediated).

Classes of Securities Added to Offer

The Offeror has added 3 classes of securities to the offer as Eligible Insured Securities. The expiration date as to such added Eligible Insured Securities is 11:59 p.m., New York City time, on September 14, 2010.

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The offer is being conducted only with qualified institutional buyers ("Qualified Institutional Buyers") as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), that are also qualified purchasers ("Qualified Purchasers") as defined in Section 2(a)(51) under the Investment Company Act of 1940, as amended. The certificates that may be issued pursuant to the offer have not been and, at the time of the closing of the transaction, will not be registered under the Securities Act or any state securities laws. The certificates may not be offered, sold or transferred in or outside of the United States except in reliance on the exemption from the registration requirements of the Securities Act afforded by Rule 144A thereunder and in accordance with applicable state and foreign securities laws to Qualified Institutional Buyers that are also Qualified Purchasers

This press release does not constitute an offer to purchase any securities or a solicitation of an offer to sell any securities. The offers are being made only pursuant to the Revised Offer to Exchange and related letter of transmittal and only to such persons and in such jurisdictions as are permitted under applicable law.

About FGIC

FGIC is a wholly owned subsidiary of FGIC Corporation, an insurance holding company that filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code in August 2010. 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 claim payments or FGIC's inability to recommence claim payments or other delay in its commencement of claim payments in full of due and unpaid amounts under its policies, such as the risk of defaults under FGIC-insured credit default swaps, non-payment of premiums and other amounts owed to FGIC and possible limitations on FGIC's rights under other agreements; (9) the impact on FGIC, including its ownership, operations and management, due to FGIC Corporation's filing under Chapter 11 of the U.S. Bankruptcy Code; (10) higher losses on FGIC-insured obligations due to deterioration in the performance of residential mortgage loans or otherwise; (11) possible defaults and/or additional ratings downgrades or other adverse actions with respect to mortgage-backed securities or other obligations insured by FGIC; (12) the commencement of new litigation or the outcome of current and new litigation; (13) 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 (14) 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.