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S&PCORRECT: Updated Results Of Bond Insurance Stress Test For Revised Assumptions

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(**Editor's Note:** In the original version of this release, the ratings list at the end contained an error. The rating on MBIA Inc., which as previously announced was lowered to 'AA-' on Jan. 9, was listed incorrectly.)

NEW YORK (Standard & Poor's) Jan. 17, 2007--Standard & Poor's Ratings Services announced today that it has updated the results of its bond insurance stress test, originally published on Dec. 19, to incorporate the revised assumptions announced on Jan. 15 by Standard & Poor's RMBS surveillance group.

The new results show total projected losses for the industry to be 20% higher than those in the previous review. Individual company increases ranged from a low of 2% to a high of 36%. Standard & Poor's has not taken rating action on any company at this time.

The increased projected losses did not materially impair the adjusted capital cushions of the companies that had stable outlooks. For the other companies, the fact that their ratings either had a negative outlook or were on CreditWatch reflected uncertainty surrounding the potential for further mortgage market deterioration and the companies' ability to accurately gauge their ongoing additional capital needs. This latest round of revised assumptions is an example of the deterioration that was contemplated.

We do not view the extent of the deterioration as significant in the context of each company's capital position and the comprehensiveness and degree of completion of projected capitalization strengthening efforts that are underway.

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The revised assumptions announced by the RMBS surveillance group reflect the growing economic consensus that U.S. home price declines will be larger than previously forecasted and that the U.S. housing market slump may last far longer than previously expected. These factors, combined with the persistence of significant growth in seriously delinquent borrowers, are leading to upward revisions in loss expectations and a greater likelihood of the realization of these expectations. Specifically, the expected losses for the 2005, 2006, and 2007 vintages of subprime collateral have been revised to 8.5%, 18.8%, and 17.4%, respectively, levels meaningfully higher than the 5.75%, 15.5%, and 17.0% levels used in our December 2007 stress test. The table below summarizes our stress test results based on the new assumptions.

Standard & Poor's continues to take a negative view of those companies with significant exposure to domestic subprime mortgages and CDOs with subprime RMBS collateral. This view reflects the uncertainty of what the ultimate RMBS and CDO-related losses will be and whether the insurers will be successful in managing their capital positions to handle these losses. Therefore, Standard & Poor's expects to retain these negative outlooks until the uncertainty surrounding subprime losses can be minimized or eliminated.

STRESS TEST RESULTS AS OF JAN. 17, 2008

Summary Of Losses And Capital Position (Mil. \$)

	ACA	AGC	Ambac	CIFG	FGIC
After-tax net RMBS losses	0.0	29.4	968.9	91.0	1315.0
After-tax net CDO losses	2987.9	2.2	1280.1	909.2	1239.7
Total after-tax losses	2987.9	31.6	2249.0	1000.2	2554.7
Adjusted capital cushion at 12/31/2007	650-700	250-300	1550-1600	150-200	300-350
Identified hard and soft capital additions	--	--	255	1,500	--

(cont'd)

	FSA	MBIA	Radian	XLCA	Total
After-tax net RMBS losses	219.6	1694.2	2.4	339.4	4659.9
After-tax net CDO losses	1.1	1826.5	83.2	633.7	8963.6
Total after-tax losses	220.7	3520.7	85.6	973.2	13623.6
Adjusted capital cushion at 12/31/2007	700-750	1750-1800	550-600	600-650	
Identified hard and soft capital					

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additions -- 2000 -- --

STRESS TEST RESULTS AS OF DEC. 19, 2007

Summary Of Losses And Capital Position (Mil. \$)

	ACA	AGC	Ambac	CIFG	FGIC
After-tax net					
RMBS losses	0.0	29.0	927.1	90.8	1297.5
After-tax net					
CDO losses	2192.2	2.1	921.8	701.6	873.6
Total after-					
tax losses	2192.2	31.1	1848.9	792.5	2171.1
Adjusted capital					
cushion at					
12/31/2007	650-700	250-300	1550-1600	150-200	300-350
Identified hard					
and soft capital					
additions	--	--	255	1,500	--

(cont'd)

	FSA	MBIA	Radian	XLCA	Total
After-tax net					
RMBS losses	215.3	1693.8	0.9	335.4	4589.8
After-tax net					
CDO losses	1.1	1486.7	67.3	548.6	6795.0
Total after-					
tax losses	216.4	3180.6	68.2	884.1	11385.1
Adjusted capital					
cushion at					
12/31/2007	700-750	1750-1800	550-600	600-650	
Identified hard					
and soft capital					
additions	--	1000	--	--	

CURRENT BOND INSURER RATINGS

ACA Financial Guaranty Corp.

Financial strength, financial enhancement
and issuer credit

CCC/WatchDev

Ambac Assurance Corp.

Ambac Assurance U.K. Ltd.

Connie Lee Insurance Co.

Financial strength, financial enhancement
and issuer credit

AAA/Negative

Ambac Financial Group Inc.

Senior unsecured and issuer credit

AA/Negative

Subordinated hybrid security

A+/Negative

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Assured Guaranty Corp. Financial strength, financial enhancement and issuer credit	AAA/Stable
Assured Guaranty (UK) Ltd. Financial strength, financial enhancement and issuer credit	AAA/Stable
CIFG Guaranty CIFG Europe CIFG Assurance North America Inc. Financial strength, financial enhancement and issuer credit	AAA/Negative
Financial Guaranty Insurance Co. Financial strength, financial enhancement and issuer credit	AAA/WatchNeg
FGIC U.K. Ltd. Financial strength, financial enhancement and issuer credit	AAA/WatchNeg
FGIC Corp. Senior unsecured and issuer credit	AA/WatchNeg
Financial Security Assurance Inc. Financial strength, financial enhancement and issuer credit	AAA/Stable
Financial Security Assurance (UK) Ltd. Financial strength, financial enhancement and issuer credit	AAA/Stable
Financial Security Assurance Holdings Ltd. Senior unsecured and issuer credit Junior subordinated hybrid security	AA/Stable A+/Stable
MBIA Insurance Corp. Financial strength, financial enhancement and issuer credit Surplus notes	AAA/Negative AA
MBIA Insurance Corp. of Illinois Financial strength, financial enhancement and issuer credit	AAA/Negative
MBIA Assurance S.A. Financial strength, financial enhancement and issuer credit	AAA/Negative
MBIA Inc. Senior unsecured and issuer credit	AA-/Negative
PMI Guaranty Co. Financial strength, financial enhancement	

and issuer credit AA/Negative

Radian Asset Assurance Inc.

Financial strength, financial enhancement
and issuer credit AA/Stable

XL Capital Assurance Inc.

XL Financial Assurance Ltd.

Financial strength, financial enhancement
and issuer credit AAA/Negative

XL Capital Assurance (UK) Ltd.

Financial strength, financial enhancement
and issuer credit AAA/Negative

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