

Announcement: Assured Guaranty Corp

MOODY'S COMMENTS: GUARANTORS RATINGS UNLIKELY TO BE NEGATIVELY AFFECTED BY POSSIBLE EUROTUNNEL BANKRUPTCY

New York, July 14, 2006 -- Moody's Investors Service commented today on the limited effect of a possible bankruptcy of Eurotunnel on the credit profile of the financial guaranty insurance companies with exposure to the firm (MBIA Insurance Corporation, Ambac Assurance Corporation, Assured Guaranty Corporation and Ram Reinsurance Ltd), despite some substantial exposures to the tunnel operator. The insurance financial strength ratings and outlooks the guarantors are unlikely to be negatively affected by a Eurotunnel bankruptcy given our current expectations for limited ultimate losses on their guarantees, coupled with their strong liquidity positions should there be claims in the event of a bankruptcy-related debt service moratorium.

Eurotunnel, is a group of companies owned by Eurotunnel PLC of the UK and Eurotunnel S.A. of France, with a concession to operate and maintain two railway tunnels and a service tunnel between the southeast coast of England and the northeast coast of France, and to collect tolls for the provision of cross channel rail services until 2086. Eurotunnel has had financial problems from its inception with significant construction cost overruns and lower traffic than projected. A restructuring plan was recently agreed to by management and its senior creditors, although the plan met strong opposition from junior creditors who proposed an alternative plan. As no consensus was reached between the two creditor groups and Eurotunnel's management, the firm made a request for bankruptcy proceedings, "procédure de sauvegarde," under French law. A ruling is expected before the end of July 2006, possibly leaving creditors some time to reassess their positions. Eurotunnel indicated that it could withdraw its request if a consensus is reached for a restructuring plan.

The guarantors wrap approximately \$2.2 billion of Eurotunnel's total debt of GBP 6.2 billion (\$ 11.3 billion). MBIA is the guarantor with the most substantial exposure at \$1.37 billion net of reinsurance (\$1.97 billion, gross), followed by Ambac at \$349 million, Assured Guaranty at \$198 million, and RAM Re at \$63 million. Moody's commented that the guarantors' exposures are quite senior in Eurotunnel's debt structure and that, even under conservative stress scenarios, ultimate losses for the guarantors would likely be a small fraction of their exposure, should they occur at all. Any such losses should be manageable given the guarantors' significant financial resources and capital positions.

The rating agency added that a possible bankruptcy of Eurotunnel raises the potential for a debt service moratorium by the firm, exposing the guarantors to potential claims payments until the ultimate occurrence of a debt restructuring. The guarantors have ample liquidity to pay such possible claims and, in some instances, benefit from dedicated reserves or lines of credit to meet debt service requirements.

Moody's recognizes that the situation is evolving and will continue to monitor events as they unfold. The rating agency intends to publish a brief Special Comment that will provide more detail about its current assessment of risks presented by Eurotunnel to the guarantors.

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