

June 6, 2008

Research Update:
**Financial Guaranty Insurance Co.
Placed On Credit Watch Negative**

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Table Of Contents

Rationale

Ratings List

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Rationale

On June 6, 2008, Standard & Poor's Ratings Services placed its 'BB' financial strength rating on Financial Guaranty Insurance Co. (FGIC) on CreditWatch with negative implications. The rating previously had a negative outlook. Likewise, Standard & Poor's placed all other FGIC ratings, as well as those of parent company FGIC Corp. on CreditWatch with negative implications.

The CreditWatch addresses our concern regarding the magnitude of projected RMBS and related CDO losses when compared with claims-paying resources. Furthermore, restructuring scenarios under consideration raise the concern that the surviving corporate entity, FGIC, and the remaining policyholders may be disadvantaged compared with other classes of policyholders -- in particular, municipal policyholders. We expect to know more about the company's direction in the next several weeks and will take rating action as necessary as information becomes available.

Lists of the ratings that have changed as a result of these actions will be posted at www.spviews.com. Go to the left-hand navigation bar and click on "Deals Affected" to view or download the lists. Our analysis of the impact of the ratings actions announced today is ongoing; we may publish additional ratings changes.

Ratings List

CreditWatch/Outlook Action

	To	From
Financial Guaranty Insurance Co.		
Issuer Credit Rating	BB/Watch Neg	BB/Negative
Financial Strength Rating		
Local Currency	BB/Watch Neg	BB/Negative
Financial Enhancement Rating		
Local Currency	BB/Watch Neg	BB
Financial Program		
Local Currency	BB/Watch Neg	BB
FGIC Corp.		
Issuer Credit Rating		
Foreign Currency	B/Watch Neg	B/Negative
Senior Unsecured		
Local Currency	B/Watch Neg	B

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FGIC UK Ltd.

Issuer Credit Rating	BB/Watch Neg	BB/Negative
Financial Strength Rating		
Local Currency	BB/Watch Neg	BB/Negative
Financial Enhancement Rating		
Local Currency	BB/Watch Neg	BB

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

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