

June 16, 2008

Radian Asset Assurance Inc. Rating Lowered To 'A' And Kept On CreditWatch Negative

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NEW YORK (Standard & Poor's) June 16, 2008--Standard & Poor's Ratings Services said today it lowered its financial strength rating on New York City-based Radian Asset Assurance Inc. (Radian Asset) to 'A' from 'AA'. The rating remains on CreditWatch with negative implications.

We also lowered the rating on U.K. affiliate Radian Asset Assurance Ltd. to 'A' from 'AA', and kept the rating on CreditWatch Negative. In addition, we lowered to 'BBB' from 'A' the ratings on Radian Asset's Market Street Custodial Trust Series I-III money market committed preferred custodial securities. These ratings are also on CreditWatch Negative.

"In our view, business prospects and financial flexibility have declined for Radian Asset and there is ongoing uncertainty regarding its competitive position and ownership," said Standard & Poor's credit analyst Robert Green.

In view of Radian Asset having exited its collateralized debt obligation business lines and the impact of the disrupted mortgage market on the company's reinsurance business, par written in the first quarter of 2008 was \$2.6 billion, down from \$14.4 billion in the first quarter of 2007.

"Looking ahead, we believe that business growth for the company's reinsurance business is uncertain in view of the downgrades of many of Radian Asset's reinsurance clients and their potentially shifting reinsurance needs,"

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said Mr. Green. "Uncertainty also exists in the company's direct municipal business line, as shifting potential competition and general market uncertainty has, in our view, clouded its ability to successfully write business in the niches where it traditionally has operated."

Credit deterioration at the parent company Radian Group Inc. (BBB/Watch Neg/--) and affiliate Radian Guaranty Inc. (A/Watch Neg/--), both of which had been downgraded a full rating category, has also had an adverse impact on business health.

Radian Group and Radian Guaranty have also seen mortgage-related losses affect their credit strength, which in turn has had an adverse effect on Radian Asset's financial flexibility. On April 4, 2008, the Radian Group indicated that it was reviewing strategic options for Radian Asset, which includes the potential for a full or partial sale of the company. So far, this effort appears to have been unsuccessful. Prior to the deterioration in the mortgage market, Radian Group was a supportive parent, contributing capital whenever necessary. Now, whereas the parent is trying to raise capital for its principal subsidiary Radian Guaranty, the likelihood of Radian Asset receiving additional capital, if necessary, is less certain, in our view. Conversely, while management has indicated that it would not look to Radian Asset for dividends for a three-year period, circumstances could potentially change this viewpoint.

The CreditWatch on the ratings on Radian Asset reflects the continued uncertainties surrounding business prospects as well as the potential sale of the company. While it remains possible that a buyer with a strong credit profile may emerge as a potential strategic investor, we believe this outcome, which would have positive implications for the company, is less likely than a sale of all or a portion of the company's book of business.

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

Downgraded

	To	From
Radian Asset Assurance Inc.		
Issuer Credit Rating		
Local Currency	A/Watch Neg/--	AA/Watch Neg/--
Financial Strength Rating		
Local Currency	A/Watch Neg/--	AA/Watch Neg/--
Financial Enhancement Rating		
Local Currency	A/Watch Neg/--	AA/Watch Neg/--
Radian Asset Assurance Ltd.		
Issuer Credit Rating		
Local Currency	A/Watch Neg/--	AA/Watch Neg/--
Financial Strength Rating		
Local Currency	A/Watch Neg/--	AA/Watch Neg/--

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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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