

## **NEWS RELEASE**

### **FGIC AND XLCA MEET WITH JEFFERSON COUNTY OFFICIALS; OFFER PROPOSALS FOR OVERALL SOLUTIONS TO DEBT CRISIS**

**NEW YORK, NEW YORK – May 2, 2008** – Financial Guaranty Insurance Company (“FGIC”), a wholly owned subsidiary of FGIC Corporation, and XL Capital Assurance Inc. (“XLCA”), a wholly owned subsidiary of Security Capital Assurance Ltd (NYSE: SCA) (collectively “the bond insurers”), today announced that they have presented a variety of alternatives to the Commissioners of Jefferson County, Alabama (“the County”) and their advisors. The bond insurers believe these solutions allow the County to resolve its debt crisis in a manner that is fair and equitable to all parties involved.

In a joint statement, the bond insurers commented, “FGIC and XLCA are confident that the ideas discussed over the past few weeks represent productive strides towards an overall solution to Jefferson County’s debt crisis. We have presented a set of solutions that we believe to be fair for all parties, including Jefferson County’s ratepayers and its bondholders. The key to a successful resolution of the issues associated with the County’s debt burden is a constructive, engaged and cooperative approach between the County, the bond insurers, and other financial participants. The plans that we have presented are focused on an overall solution that makes use of the existing sales tax revenues to raise additional capital, the proceeds of which will be used to meaningfully reduce the debt of the sewer system. Our plans have also included recommendations to improve the overall operating efficiency of the sewer system which will allow the system to reaccess the capital markets to refinance the remainder of the sewer warrants and reduce debt service costs. The bond insurers remain focused on the County's desire to keep current average residential sewer bills unchanged and our proposals are consistent with that objective. Such a comprehensive plan is ultimately required to ensure the long-term stability of Jefferson County and its sewer system, as well as avoid the possibly far-reaching and negative economic and political impacts of failing to successfully address the crisis.”

The proposals have been developed over the past few weeks in coordination with the team put together by the bond insurers that include experts from R.W. Beck Inc., Lamont Financial Services Corporation, Blackstone Group Advisory Services, Adams & Reese LLP, and King & Spalding LLP. Further meetings, critical to the resolution of this crisis, are scheduled to take place next week.

On April 15, 2008, the County's commercial banks entered into a forbearance agreement on an approximately \$53 million debt payment. The forbearance agreement expires on May 15, 2008. There can be no assurance that the proposed solutions will be adopted by all parties, and if adopted, that they will successfully resolve the debt crisis.

**About Financial Guaranty Insurance Company**

Financial Guaranty Insurance Company, a wholly owned subsidiary of FGIC Corporation, provides credit enhancement on infrastructure finance and structured finance securities worldwide.

**About XL Capital Assurance Inc.**

XL Capital Assurance Inc. is a wholly-owned subsidiary of Security Capital Assurance Ltd, a Bermuda-domiciled holding company whose common shares are listed on the New York Stock Exchange (NYSE: SCA).

**FGIC Contact:**

Brian Moore  
+1 212-312-2776  
brian.moore@fgic.com

**XLCA Contacts:**

Investors

Frank Constantinople  
+1 212-478-3483  
frank.constantinople@scafg.com

Media

Michael Gormley  
+1 212-478-3463  
michael.gormley@scafg.com

Michele Loguidice  
+1 212-333-3810  
mloguidice@brunswickgroup.com

**FORWARD-LOOKING STATEMENTS**

This release contains statements about future results, plans and events that may constitute "forward-looking" statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You are cautioned that these statements are not guarantees of future results, plans or events and such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control. These factors include, but are not limited to: recent and future rating agency statements and ratings actions; the outcome of the Company's dispute with Merrill Lynch International concerning the Company's termination of seven credit default swap ("CDS") contracts; the Company's ability to successfully implement its strategic plan; higher risk of loss in connection with obligations guaranteed by the Company due to recent deterioration in the credit markets stemming from the poor performance of subprime residential mortgage loans; the suspension of writing substantially all new business and the Company's ability to continue to operate its business in its historic form; the development and implementation of a strategic plan; developments in the world's financial and capital markets

that adversely affect the performance of the Company's investments and its access to such markets; the performance of invested assets, losses on credit derivatives or changes in the fair value of credit derivatives; the availability of capital and liquidity; the timing of claims payments and the receipt of reinsurance recoverables; greater frequency or severity of claims and loss activity including in excess of the Company's loss reserves; changes in the Company's reinsurance agreements with certain of its subsidiaries; the impact of provisions in business arrangements and agreements triggered by the ratings downgrades; the impact of other triggers in business arrangements including CDS contracts; changes in regulation, tax laws, legislation or accounting policies or practices; changes in officers; general economic conditions; changes in the availability, cost or quality of reinsurance or retrocessions; possible downgrade of the Company's reinsurers; possible default by the counterparties to the Company's reinsurance arrangements; the Company's ability to compete; changes that may occur in Company operations and ownership as the Company matures; and other additional factors, risks or uncertainties described in Company filings with the Securities and Exchange Commission, including in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and also disclosed from time to time in subsequent reports on Form 10-Q and Form 8-K. Readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made.

**###**