

Exchange Offer Launched in Respect of Residential Mortgage-Backed Securities and Asset-Backed Securities Insured by Financial Guaranty Insurance Company

NEW YORK, March 25, 2010 – Sharps SP I LLC (the "Offeror") launched an offer today to exchange 119 different CUSIPs of residential mortgage-backed securities and asset-backed securities insured by Financial Guaranty Insurance Company ("FGIC") (collectively, the "Insured Securities") with an aggregate unpaid principal balance of approximately \$9.6 billion. The Offeror is offering to exchange the Insured Securities for a combination of cash and certificates generally representing the right to receive distributions of an amount equal to the principal and interest distributions made on the underlying Insured Securities without the benefit of the related FGIC insurance policy. If the offer is completed, it would significantly reduce FGIC's statutory loss reserves for the Insured Securities.

The offer will expire, unless extended by the Offeror, at 11:59 p.m., New York City time, on April 29, 2010 (the "Expiration Date"). Holders of the Insured Securities that participate in the offer before 11:59 p.m., New York City time, on April 15, 2010 (the "Early Consideration Date") will be eligible to receive a cash payment determined by reference to the unpaid principal balance of their Insured Securities as of February 28, 2010. Holders that tender after the Early Consideration Date but on or prior to the Expiration Date will be eligible to receive a cash payment determined by reference to the unpaid principal balance of their Insured Securities as of the Expiration Date.

The closing of the offer and related financing are conditioned upon approval or non-objection of the New York State Insurance Department (the "NYID") and the tender of a minimum amount of Insured Securities that together with FGIC's completion of other restructuring transactions will result in FGIC having policyholders' surplus of at least \$290 million (the "Minimum Surplus Threshold"), among other conditions. In order to achieve the Minimum Surplus Threshold, FGIC and the Offeror anticipate that approximately 70% of the aggregate unpaid principal balance outstanding of all Insured Securities will be required to be validly tendered into the offer (assuming other FGIC obligations subject to other restructuring transactions are adequately remediated). FGIC has committed to provide financing for the offer, subject to certain conditions. Upon completion of the offer, FGIC will receive certificates generally representing rights to receive payments on the FGIC insurance policies relating to the Insured Securities acquired by the Offeror in return for the financing provided by FGIC for the offer.

The offer is being conducted only with qualified institutional buyers ("Qualified Institutional Buyers") as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") that are also qualified purchasers ("Qualified Purchasers") as defined in Section 2(a)(51) under the Investment Company Act of 1940, as amended. The certificates that may be issued pursuant to the offer have not been and, at the time of the closing of the transaction, will not be registered under the Securities Act or any state securities laws. The certificates may not be offered, sold or transferred in or outside of the United States except in reliance on the exemption from the registration requirements of the Securities Act afforded by Rule 144A thereunder and in accordance with applicable state and foreign securities laws to Qualified Institutional Buyers that are also Qualified Purchasers.

This press release does not constitute an offer to purchase any securities or a solicitation of an offer to sell any securities. The offers are being made only pursuant to an offer to exchange and related letter of transmittal and only to such persons and in such jurisdictions as are permitted under applicable law.

About FGIC

FGIC is a wholly owned subsidiary of FGIC Corporation, an insurance holding company. Please visit www.fgic.com.

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FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements" – that is, statements related to possible future events. Forward-looking statements often address expectations and beliefs as to future performance, results and business plans. You should not place undue reliance on forward-looking statements because they speak only as of the date they are made and are necessarily subject to risks and uncertainties that could cause actual results and performance to differ materially from those expressed or implied by such forward-looking statements. Among the factors that could cause FGIC's actual results or performance to differ are, without limitation: (1) FGIC's ability to close the offer within the time frame and on the terms required by the NYID or otherwise; (2) FGIC's current negative policyholders' surplus and FGIC's ability to restore and maintain the statutory required minimum policyholders' surplus even if it closes the

offer and other contemplated restructuring transactions; (3) the extent to which FGIC is able to pursue and achieve other strategic alternatives, either with or without the participation of potential investors and other third parties; (4) the results of FGIC's other loss mitigation efforts, including FGIC's ability to consummate contemplated transactions with certain counterparties on certain credit default swaps and other obligations insured by FGIC; (5) a decision by the NYID or FGIC's other regulators to take further regulatory action such as rehabilitation or liquidation of FGIC by the NYID at any time due to FGIC's current failure to maintain the statutory required minimum policyholders' surplus or otherwise; (6) legislative and regulatory developments within the United States and abroad, including the effect of new pronouncements by accounting authorities; (7) fluctuations in the economic, credit, interest rate or other environments in the United States or abroad; (8) potential consequences of FGIC's continued suspension of claims payments or FGIC's inability to recommence claims payments such as the risk of defaults under FGIC-insured credit default swaps, FGIC Corporation's and FGIC's revolving credit agreement and FGIC Corporation's senior notes indenture, non-payment of premiums and other amounts owed to FGIC and possible limitations on FGIC's rights under other agreements; (9) higher losses on FGIC-insured obligations due to deterioration in the performance of residential mortgage loans or otherwise; (10) possible defaults and/or additional ratings downgrades or other adverse actions with respect to mortgage-backed securities or other obligations insured by FGIC; (11) the commencement of new litigation or the outcome of current and new litigation; (12) further deterioration in general economic conditions, including as a result of the financial crisis as well as inflation, interest rates, foreign currency exchange rates and other factors and the effects of disruption or economic contraction due to catastrophic events or terrorist acts; and (13) other risks and uncertainties that have not been identified by FGIC at this time. Forward-looking statements are based upon FGIC management's current expectations and beliefs concerning future events. FGIC undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.