

## **FGIC POLICYHOLDERS ORGANIZE NEGOTIATING GROUP**

**DECEMBER 2, 2010** -- Investors holding securities guaranteed by Financial Guaranty Insurance Company ("FGIC") have recently formed a policyholder group in light of FGIC's unsuccessful exchange offer which expired on October 22, 2010. The purpose of the policyholder group is to negotiate a proposed restructuring plan with FGIC in the coming weeks. The policyholder group has formed a steering committee (the "Steering Committee") to spearhead negotiations and evaluate certain non-public information. The Steering Committee consists of significant holders of FGIC insured securities. Throughout the coming weeks, the Steering Committee and its advisors will work closely with FGIC to construct a proposed restructuring plan that will be equitable to all policyholders and other creditors, which FGIC would submit to the New York Superintendent of Insurance as soon as practical, expected to be no later than January 31, 2011.

All policyholders will have the opportunity to work together as one group over the coming weeks on the proposed plan. The goal of the plan is to permit FGIC to begin, in 2011, to pay policyholders on their claims in cash and other consideration. The Steering Committee believes that the proposed restructuring plan would be a far better result for policyholders than a liquidation of the Company under New York Insurance Law Article 74.

"We are optimistic about our prospects for reaching a global resolution in short order," said James Walker of Fir Tree, a member of the Steering Committee. "FGIC has been receptive to our ideas, and we are making good progress on our due diligence. We have also shared our plans with the NYSID. We believe it is in the interest of all parties - the Company, policyholders, and others - to avoid a liquidation scenario, which could result in a significant delay in the payment of claims by FGIC."

The policyholder group includes holders of FGIC guaranteed residential mortgage backed securities, asset backed securities and municipal bonds, and is open to holders of all of FGIC's guaranteed securities. Representatives of the Steering Committee have been meeting regularly with FGIC over the past several weeks and have also had discussions with the NYSID. They hope to conclude negotiations in the next several weeks.

The policyholder group has engaged Bingham McCutchen LLP as legal counsel and Rothschild, Inc. as financial adviser. "Our goal is to expand the policyholder group as much as possible to get input from a very broad range of security holders with differing interests and views. In that way, we can ensure that any restructuring plan that is ultimately proposed enjoys the broadest support possible." said Kaye Handley of AIG Asset Management, another member of the Steering Committee. "We encourage holders of FGIC guaranteed debt to join the group or find other ways to make their views known to us."

For further information about the group and its goals, please contact Harold Horwich or William Goddard of Bingham McCutchen LLP at 860 240 2700.

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