

## Statement on FSA's Exposure to Ambac

January 21, 2008

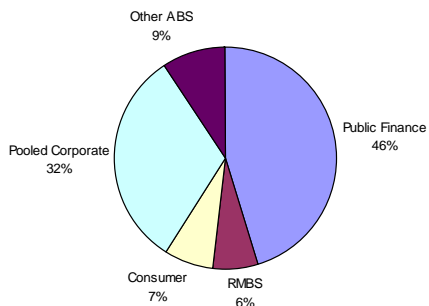
Financial Security Assurance Inc. (FSA) does not expect the Fitch Ratings downgrade of monoline bond insurer Ambac Assurance Corporation (Ambac) to have any negative effect on FSA's Triple-A ratings or any material effect on its capital requirements.

FSA has exposure to Ambac primarily through its FSA-insured portfolio (guarantees of transactions already insured by Ambac), investment portfolio and the Financial Products investment portfolio. Additionally, Ambac has provided \$1.3 billion of reinsurance of FSA insured transactions. These are primarily U.S. health care and international public finance transactions. FSA has no exposure to Ambac CDOs of ABS transactions.

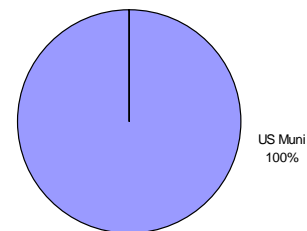
When insuring a previously insured transaction, FSA analyzes the underlying transaction and affirms that it would generally meet our underwriting standards for FSA-insured originations.

In making investments in both the FSA and Financial Products investment portfolios, FSA generally acquires small amounts of substantially larger-insured transactions and reviews underlying credit and security.

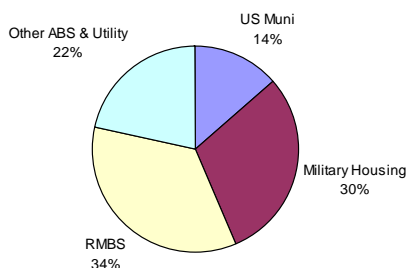
**FSA insured portfolio previously guaranteed by Ambac (USD 3,436m)**



**FSA Investment Portfolio with an Ambac guaranty (USD 512m)**



**FSA Financial Products investment portfolio with an Ambac guaranty (USD 936m)**



**FSA exposure ceded to Ambac (USD 1,304m)**

