FSA

NEWS RELEASE

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FSA's Statement Regarding Expiration of Confidentiality Agreements with Certain Holders of Bonds Issued by Metronet Rail BCV & Metronet Rail SSL

New York, New York, April 29, 2008--- Financial Security Assurance (FSA) announced the expiration, as of today, of confidentiality agreements between certain holders of bonds ("Participating Bondholders") issued by Metronet Rail BCV (BCV) and Metronet Rail SSL (SSL) and FSA and Ambac Assurance UK Limited (the "Monolines").

As previously announced on February 13, 2008, funds paid by London Underground Ltd (LUL) in respect of the put option price on bonds issued by BCV and SSL are being held in escrow and are available to meet debt service and other amounts due in accordance with the Bond Trust Deed, escrow agreements and other relevant documentation.

Triple-A rated FSA insures £193 million gross (£93 million net of amounts reinsured) of index-linked bonds issued by BCV and £350 million gross (£170 million net of amounts reinsured) of fixed-rate bonds issued by SSL. The BCV bonds are indexed every six months, which affects the gross and net amounts. The debt was issued under Public Private Partnership (PPP) contracts to finance the operation, maintenance and the initial phase of asset upgrades for part of the London Underground.

Under the applicable PPP contracts, insured bondholders and other senior creditors including commercial banks and the EIB benefit from an "Underpinned Amount" providing support from LUL. With respect to the FSA-insured BCV and SSL bonds, the sum of £619 million has been segregated through deposit into two separate escrow accounts opened in the joint names of FSA and Deutsche Trustee Company Limited (Deutsche) at Citibank, N.A., London Branch. Deutsche is the Bond Trustee under the Bond Trust Deed governing the BCV and SSL bonds.

Within the confidentiality arrangements, the Participating Bondholders and the Monolines discussed various options relating to the application of funds currently standing to the credit of the escrow accounts relating to the bonds (the "Escrow Amounts").

The documentation relating to the bonds does not clearly set out how the Escrow Amounts should be applied. Escrow Amounts are currently being used to pay scheduled interest and principal. The Monolines and the Participating Bondholders have been discussing other possible applications of the Escrow Amounts, including: 1.) collateral management (purchase of a suitable investment portfolio); or 2.) a tender offer; or 3.) acceleration of the Bonds at par.

These discussions have not yet reached a conclusion. The Monolines will continue to work towards a decision regarding the application of the Escrow Amounts.

The funds held in escrow are available to meet debt service guaranteed by FSA and other amounts due in accordance with the Bond Trust Deed, the escrow agreement and other relevant documentation. While in escrow, the funds will be invested in UK government securities, entities which invest solely in UK government securities, any short term instruments or deposits with a rating of A-1 or better by S&P and P-1 or better by Moody's, or other investments as agreed by FSA and the Bond Trustee.

As is typical for insured transactions that experience an event of default, FSA has the right to direct that the funds held in escrow be used either to continue to meet debt service as scheduled or to fund the acceleration and immediate payment of all principal and interest due.

FSA's unconditional and irrevocable Triple-A guaranty remains in full force and effect.

THE COMPANY

Financial Security Assurance Holdings Ltd. (the Company), headquartered in New York City, is a holding company whose affiliates provide financial guarantees and financial products to clients in both the public and private sectors around the world. The principal operating subsidiary, Financial Security Assurance Inc. (FSA), a leading guarantor of public finance and asset-backed obligations, has been assigned Triple-A ratings, the highest ratings available, from Fitch Ratings, Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Rating and Investment Information, Inc. Through other subsidiaries, the Company provides FSA-insured financial products, such as guaranteed investment contracts, to obtain funds at Triple-A cost and then invests those funds in high-quality, liquid securities. The Company is a member of the Dexia group.

FORWARD-LOOKING STATEMENTS

The Company relies on the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. This safe harbor requires that the Company specify important factors that could cause actual results to differ materially from those contained in forward-looking statements made by or on behalf of the Company. Accordingly, forward-looking statements by the Company and its affiliates are qualified by reference to the following cautionary statements.

In its filings with the SEC, reports to shareholders, press releases and other written and oral communications, the Company from time to time makes forward-looking statements. Such forward-looking statements include, but are not limited to:

- projections of revenues, income (or loss), earnings (or loss) per share, dividends, market share or other financial forecasts;
- statements of plans, objectives or goals of the Company or its management, including those related to growth in adjusted book value or return on equity; and
- expected losses on, and adequacy of loss reserves for, insured transactions.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and future and conditional verbs such as “will,” “should,” “would,” “could” and “may” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

The Company cautions that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in forward-looking statements made by the Company. These factors include:

- changes in capital requirements or other criteria of securities rating agencies applicable to FSA;
- competitive forces, including the conduct of other financial guaranty insurers;
- changes in domestic or foreign laws or regulations applicable to the Company, its competitors or its clients;
- changes in accounting principles or practices that may result in a decline in securitization transactions or affect the Company’s reported financial results;
- an economic downturn or other economic conditions (such as a rising interest rate environment) adversely affecting transactions insured by FSA or its investment portfolio;
- inadequacy of reserves established by the Company for losses and loss adjustment expenses;
- disruptions in cash flow on FSA-insured structured transactions attributable to legal challenges to such structures;
- downgrade or default of one or more of FSA's reinsurers;
- market conditions, including the credit quality and market pricing of securities issued;
- capacity limitations that may impair investor appetite for FSA-insured obligations;
- market spreads and pricing on insured CDS exposures, which may result in gain or loss due to mark-to-market accounting requirements;
- prepayment speeds on FSA-insured asset-backed securities and other factors that may influence the amount of installment premiums paid to FSA; and
- other factors, most of which are beyond the Company’s control.

The Company cautions that the foregoing list of important factors is not exhaustive. In any event, such forward-looking statements made by the Company speak only as of the date on which they are made, and the Company does not undertake any obligation to update or revise such statements as a result of new information, future events or otherwise.