



Press Release

FOR IMMEDIATE RELEASE

January 22, 2009

**CIFG Reaches Final Settlement Involving 98% of its Designated Derivative Exposures;  
Finalizes Public Finance Transaction with Assured Guaranty**

**Hamilton, Bermuda**—CIFG Holding, Ltd., the holding company for CIFG's financial guaranty subsidiaries, announced today that it, along with its principal shareholders, Banque Populaire Group and Caisse d'Épargne Group, has reached a final settlement with credit default swap counterparties and bondholders holding 98 percent of its gross par outstanding of ABS CDO exposures and certain specified CRE CDO exposures.

The agreement successfully commutes approximately \$12 billion in notional ABS CDO and CRE CDO exposures in exchange for a cash payment and equity consideration. As a result of the equity consideration, the principal shareholders are no longer in control of CIFG. This transaction substantially reduces CIFG's exposure to problematic derivatives, resulting in a significantly improved capital position and claims paying resources. The company also said today that it has finalized a previously announced agreement with Assured Guaranty Corp. under which Assured assumed via reinsurance approximately \$13 billion of CIFG's U.S. public finance portfolio.

"I am very pleased to announce the derivative counterparty settlement, as well as our final agreement with Assured, as they both significantly enhance CIFG's financial rating and enable the release of significant amounts of capital on account of the commutation. This transaction also increases the company's claims paying resources, better enabling the company to honor its remaining obligations to policyholders," said John Pizzarelli, Chief



Executive Officer of CIFG. “I want to thank our board of directors, our shareholders, our counterparties, my colleagues and New York State Insurance Superintendent Eric Dinallo for all of their efforts in achieving this milestone settlement.”

The agreements follow a Memorandum of Understanding CIFG reached with counterparties holding 75 percent of the affected ABS CDO and CRE CDO portfolio in September. The final settlements were reached with the cooperation of the insurance regulators in New York, Bermuda and France.

Lazard and Torsiello Capital Advisors served as financial advisors on this transaction, with Cadwalader, Wickersham & Taft acting as CIFG’s legal counsel. Paul, Weiss, Rifkind, Wharton & Garrison LLP represented CIFG’s principal shareholders. Sullivan & Cromwell and FTI Consulting represented the counterparties participating in this agreement.

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*CIFG Holding Ltd. is the holding company for the CIFG group of companies including financial guarantors CIFG Guaranty Ltd., CIFG Europe and CIFG Assurance North America, Inc.*

Any forward-looking statements made in this press release reflect CIFG’s current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. There are a variety of factors, many of which are beyond CIFG’s control, which affect or could affect the operations, performance, business strategy and results and could cause its actual results to differ materially from the expectations and objectives expressed in any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made. CIFG undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise

*This communication does not constitute, nor shall it be interpreted to constitute, an offer to sell, or the solicitation of an offer to buy, any security of any CIFG entity.*