

SPECIAL NOTICE TO POLICYHOLDERS

REGARDING

CIFG ASSURANCE NORTH AMERICA, INC.'S REINSURANCE WITH ASSURED GUARANTY CORP.

CIFG Assurance North America, Inc. ("CIFG") entered into a series of arrangements with Assured Guaranty Corp. ("Assured") between October 2008 and January 2009 whereby (i) Assured agreed to provide 100% indemnity reinsurance to CIFG on a portfolio of municipal exposures specifically selected by Assured (the "covered portfolio"); (ii) Assured agreed to accept the transfer by novation of all rights, liabilities, duties and obligations of CIFG under each policy in the covered portfolio; and (iii) Assured agreed to provide certain administrative services to CIFG and CIFG policyholders with respect to the policies in the covered portfolio and also certain other CIFG municipal exposures which Assured had declined to reinsure.

Prior to selecting the policies that comprised the covered portfolio, Assured had the opportunity to perform due diligence on CIFG's entire municipal portfolio. Assured was provided with access to CIFG employees and senior management and had the ability to request any information Assured deemed necessary to evaluate the risk and merits of providing the reinsurance coverage.

The CIFG policies covered by the reinsurance agreement with Assured included a policy relating to bonds issued by the Xenia, Iowa Rural Water District. Notwithstanding the due diligence conducted by Assured prior to the execution of the reinsurance agreement, on May 10, 2010, Assured notified CIFG of its unilateral determination that the Xenia policy was excluded from the covered portfolio and therefore not eligible for reinsurance or novation. Assured provided no valid basis for this rejection.

CIFG believes that Assured's determination is in error, and that no grounds exist to justify Assured's unilateral refusal to reinsure and novate the Xenia policy. CIFG has challenged Assured's determination and put Assured on notice that it expects Assured to honor both its contracts with CIFG and its obligations to Xenia policyholders.

CIFG intends to take all steps necessary to ensure that Assured respects its commitments. In the interim, CIFG will continue to stand by its obligations to policyholders.

The following is a list of Xenia CUSIPs:

98410ABQ7; 98410ABR5; 98410ABS3; 98410ABT1; 98410ABU8; 98410ABV6;
98410ABW4; 98410ABX2; 98410ABY0; 98410ABZ7; 98410ACA1; 98410ACB9
98410ACC7; 98410ACD5; 98410ACE3; 98410ACF0; 98410ACG8; 98410ACH6

A list of CUSIPs relating to policies assumed by Assured, including those related to Xenia, can be found on CIFG's website at www.cifg.com.

Despite Assured's unilateral rejection, CIFG believes that it is in the best interest of policyholders to continue to pursue the novation of the policies in the covered portfolio to Assured. CIFG continues to work with Assured to prepare the documentation necessary to effect the transfer by novation and the accompanying solicitations in accordance with the reinsurance arrangements and applicable law. There can be no assurance as to whether any particular policy will be novated or when any particular novation will occur.

May 17, 2010