



Press Release  
September 2, 2008

Immediate Distribution

### CIFG Reaches Agreement With Derivatives Counterparties

**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’Epargne Group, have entered into a Memorandum of Understanding with more than 75 percent, based on par outstanding, of credit default swap counterparties and insured bondholders on CIFG’s insured ABS CDO exposures and certain specified CRE CDO exposures.

Upon the closing of the transactions contemplated under the non-binding Memorandum, CIFG will have successfully commuted approximately \$12 billion in notional ABS CDO and CRE CDO exposures in exchange for cash and equity. CIFG anticipates that the contemplated transactions will substantially reduce CIFG’s exposure to problematic derivatives, resulting in a significantly improved capital position and claims paying resources sufficient to satisfy rating agency investment grade capital requirements.

As part of the Memorandum, CIFG will seek to reinsure its public finance portfolio with a Double-A rated insurer, thus providing municipal investors with important new enhanced protection. The final agreement is subject to the execution of definitive documentation by 100 percent of the credit default swap counterparties to the ABS CDO transactions and the designated CRE CDO transactions. The closing is also subject to a number of other conditions, including obtaining any required approvals from Bermuda, New York and French regulators.

“While much work remains to be done, this is a major step forward. When we reach final agreement, it will work to the mutual benefit of all parties, as it will restore CIFG to financial health and better position the company to honor its obligations to policyholders,” said John Pizzarelli, Chief Executive Officer of CIFG. “I would especially like to thank New York State Insurance Superintendent, Eric Dinallo, and his team for their continuing support and guidance in leading us through this process.”

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

For additional information, please contact:

Michael Ballinger at (212) 339-5507 or [m.ballinger@cifg.com](mailto:m.ballinger@cifg.com)

Steve Pachella at (212) 909-3955 or [s.pachella@cifg.com](mailto:s.pachella@cifg.com)

Thierry Dissaux at 33 1 58 55 65 13 or [t.dissaux@cifg.com](mailto:t.dissaux@cifg.com).