



Rating Action: CIFG Assurance North America, Inc.

Moody's places CIFG's ratings under review for downgrade

New York, February 22, 2008 -- Moody's Investors Service placed the Aaa insurance financial strength ratings of CIFG Guaranty, CIFG Europe, and CIFG Assurance North America, Inc. under review for possible downgrade. The rating action reflects the weakened capital profile of the group as a result of its mortgage and mortgage-related CDO exposures, as well as uncertainty over CIFG's future strategic direction. Moody's expects to resolve the review in the next two weeks.

Moody's commented that CIFG's claims paying resources increased substantially in December 2007 following a \$1.5 billion capital infusion from its parents, Caisse Nationale des Caisses d'Epargne (rated Aa2/P-1/B-) and Banque Federale des Banques Populaires (rated Aa2/P-1/B-). In January 2008, Moody's revised its RMBS loss estimates upward to reflect continued deterioration within the US mortgage markets which, for CIFG, has resulted in a capital adequacy profile that now falls below our Aaa target-level benchmark despite the company's recent capital raise.

Moody's said that its review of CIFG's rating will focus on assessing the firm's capital remediation plans and strategic direction as determined by its parents. CIFG, as the smallest and most recent entrant to the financial guaranty sector, has not yet established a market position on par with its larger competitors. As part of the review, Moody's will evaluate CIFG's ability to establish a strong franchise in today's evolving financial guaranty marketplace, as well as the effectiveness of any governance and risk management changes going forward. Moody's said that the extent and nature of support from CIFG's parents will also be an important consideration in the review.

The following ratings have been placed under review for downgrade:

CIFG Guaranty -- insurance financial strength at Aaa;

CIFG Europe -- insurance financial strength at Aaa; and

CIFG Assurance North America, Inc. -- insurance financial strength at Aaa.

Established in 2001, CIFG Guaranty provides financial guarantees to issuers in the municipal and structured finance markets in the US and Europe through CIFG Assurance North America, Inc. and CIFG Europe. Caisse Nationale des Caisses d'Epargne (rated Aa2/P-1/B-) and Banque Federale des Banques Populaires (rated Aa2/P-1/B-) recently gained control of CIFG when they invested approximately \$1.5 billion in the financial guarantor, which was previously owned by their joint venture Natixis (rated Aa2/P-1/C).

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