FSA

NEWS RELEASE

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FOR IMMEDIATE RELEASE

FITCH JOINS S&P AND MOODY'S IN AFFIRMING FSA'S TRIPLE-A RATING WITH A STABLE OUTLOOK

GROWING PREFERENCE FOR FSA TRIPLE-A GUARANTY ACROSS ITS MARKETS

New York, New York, January 24, 2008 –Monoline bond insurer Financial Security Assurance (FSA), a Dexia Company, reported today that Fitch Ratings has affirmed the Triple-A financial strength rating of FSA with a stable outlook, as part of the credit rating agency's evaluation of the effect of mortgage market turbulence upon the ratings of financial guaranty companies.

Fitch Ratings joins Moody's Investors Service (Moody's) and Standard & Poor's (S&P) in recently affirming their Triple-A financial strength ratings and stable outlooks for FSA. FSA is now the only major financial guarantor with Triple-A ratings and stable outlooks from the three rating agencies, which reflects its long-term commitment to conservative underwriting and pricing discipline.

In its report, Fitch said: "The affirmation of FSA's ratings incorporates in part FSA's improved position in the financial guaranty industry, due mainly to its significantly lower direct exposure to subprime mortgage credit risk compared to its largest competitors. FSA continues to maintain a disciplined underwriting focus exemplified by the company's decision to effectively avoid direct exposure to higher-risk structured finance collateralized debt obligations (SF CDOs), an asset class that has been under considerable pressure in the past several months. In addition, the company maintains very good financial results on an operating basis excluding the negative effects of mark-to-market (MTM) losses on its exposure to credit derivative and guaranteed investment contract (GIC) asset portfolios and sufficient excess capital for its rating."

Commenting on the rating affirmations, Robert P. Cochran, chairman and chief executive officer of FSA, said: "The continued endorsement of our financial strength ratings from Fitch, Moody's and S&P is a confirmation of our disciplined approach to underwriting and risk management, as well as our careful application of the business model. Having exercised restraint in the credit-insensitive environment of the past few years, we are in a strong position going forward."

FSA is particularly well-positioned to take advantage of market opportunities, such as those in the municipal bond market, where the firm has benefited from a growing market preference. At the same time, widening credit spreads are creating strong opportunities for FSA to insure transactions with significantly improved credit terms and attractive pricing across all of its markets.

As reported in its 3Q07 results, FSA avoided the CDO of ABS and CDO of CDO markets, which are projected to cause severe losses for some financial guarantors. FSA did not insure these types of transactions based on its analysis of the structure and risk profile of the underlying assets.

FSA and Dexia management are confident that its financial guaranty operations remain healthy and believe that this business has excellent prospects.

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 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.