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MBIA Insurance 'AA' Rtg Assigned To Financial Guaranty Insurance Co.'s Reinsured Portfolio

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NEW YORK (Standard & Poor's) Oct. 27, 2008--Standard & Poor's Ratings Services said today it assigned its 'AA' rating and negative outlook on MBIA Insurance Corp. to Standard & Poor's-rated issues that are part of MBIA's recent reinsurance transaction with Financial Guaranty Insurance Co. (BB/Watch Neg). The rating action does not include any variable-rate transactions, which are under review to determine the impact to the dual ratings.

"The assignment of MBIA's rating is based on the cut-through provisions of the reinsurance agreement," said Standard & Poor's credit analyst David Veno.

The New York State Department of Insurance approved the transaction and the use of the cut-through clause that obligates MBIA to perform in accordance with the original terms of the covered policies and pay 100% of any claim due and payable by the FGIC. The cut-through provision allows the trustee, paying agent, or other third-party fiduciary acting on behalf of bondholders to submit a claim directly to MBIA. It is our understanding that the New York State Department of Insurance has overruled or dismissed all objections to this transaction.

Lists of the insured ratings that have changed as a result of this action

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will be posted at www.spviews.com. Go to the left hand navigation bar and click on "Deals Affected" to view or download the lists. Our analysis of the impact of the ratings actions announced today is ongoing; we may publish additional ratings changes.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

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