

FOR IMMEDIATE RELEASE

Contact: Morgan Lynch
615/254-0575
mlynch@jarrardinc.com

ACA FINANCIAL GUARANTY CORPORATION REORGANIZES
Appoints All New Board of Directors and CEO

New York, NY (September 3, 2008) - ACA Financial Guaranty Corporation (“ACA”) announced its reorganization with a new Board of Directors and CEO in connection with a complete restructuring of its balance sheet and obligations.

Willis King, Executive Chairman of First Protective Insurance Company and Fidelity Fire and Casualty Insurance Company, was named Chair of the reorganized Board. Raymond J. Brooks, Jr., a former managing director with Alvarez & Marsal, was named Chief Executive Officer and a director.

This follows the [Maryland Insurance Administration](#)’s approval of a restructuring plan for ACA, which took effect August 8, 2008. As a result of the restructuring, ACA Capital Holdings Inc. no longer controls ACA Financial Guaranty Corporation, and the control of ACA Financial Guaranty will reside with a group of certain former counterparties to the transactions guaranteed by ACA.

“The recent plan approved by the Maryland Insurance Administration provides a long term solution to ACA’s recent challenges,” said King. “As a result of the perseverance of many, ACA is now well-positioned to move forward.”

“I am particularly pleased about the appointment of our new CEO Ray Brooks, who has an intimate knowledge of our industry and will work diligently to manage ACA.”

ACA manages approximately 700 policies representing more than \$7 billion across the U.S. Earlier this month, the Maryland Insurance Administration announced it had approved a restructuring plan for ACA, allowing the Company to move forward in managing its existing portfolio.

“I am excited to join the team at ACA during this time of great opportunity,” said Brooks. “I look forward to working with the existing management team, which has a long history with ACA and represents critical continuity as we manage our portfolio on behalf of all stakeholders. I am pleased to be part of a reinvigorated ACA, and want all of our constituents to know that we will work to be fully accessible.”

Brooks has more than fifteen years of experience in risk management, capital markets and portfolio management. Over the course of his career, Brooks founded Pine Creek Healthcare Capital, which was a high yield and distressed healthcare debt manager. He also held positions at Price Waterhouse, Lehman Bros., and Aubrey G. Lanston / Industrial Bank of Japan. He is a former Member of the Chicago Mercantile Exchange and the International Monetary Market. Brooks received an MBA in finance from the University of Chicago’s Graduate School of Business and a B.S. from Saint John’s University.

In addition to King and Brooks, the new members of the Board of Directors are:

- **Richard J. Caplan:** Serves as the co-founder and principal of CapRok Capital LLC, and is formerly the co-head of North American Structured Credit Products for RBS Greenwich Capital and CitiGroup.
- **Roger D. Cunningham:** Joins the Board with a 25-year career in the financial guarantee industry, including various senior credit and underwriting positions at RAM Reinsurance Company Ltd., Financial Security Assurance Inc. and Financial Guaranty Insurance Company. Cunningham is currently an independent consultant to the industry.

- **Bradley I. Dietz:** Currently serves as the managing director, partner and co-head of the Restructuring Group at Peter Solomon & Co. in New York, where he has worked since 2001. Prior to this position, Dietz served in a similar capacity at Citibank.
- **Dwight Lacey:** A 34-year career veteran in insurance and finance, Lacey currently focuses on board service as an independent director. He formerly served as Global VP for Insurance at Ford Motor Credit and President and CEO of Canadian Imperial Bank of Commerce Insurance in Toronto.
- **Paul D. McFarlane:** Retired in December 2002 as Senior Vice President, Risk Management Division from Canadian Imperial Bank of Commerce after a 40-year career there. Over his career, McFarlane held various senior roles, including management of the bank's Special Loans Group. He is also a director of Brookfield Properties Corporation and Chairman of its Audit Committee.
- **Andrew Rothseid:** Serves as a runoff insurance and reinsurance specialist with 25 years of professional experience within the industry as a private practice lawyer; General Counsel and Director of American and Bermudian property and casualty run off insurers and reinsurers; Managing Director of a London Market run off operation; and Consultant and Partner with a global professional services firm. Rothseid is the Principal at RunOff Re.Solve LLC and a former partner in PricewaterhouseCoopers LLP, where he led the U.S. insurance restructuring practice.
- **John B. Sprung:** Recently retired from Merrill Lynch, where he served for 28 years. Sprung's roles included General Counsel of the Municipal Markets Group, Director of Public Affairs for ML & Co, Inc. and First Vice-President and General Counsel of its Global Debt Markets Division.

About ACA Financial Guaranty Corporation

New York-based ACA Financial Guaranty Corporation is a diversified financial insurance company, providing municipal bond insurance with a focus on credits in the BBB, BB and B families. ACA manages a portfolio of approximately 700 policies, totaling more than \$7 billion in principal.

###