



## Press Release

### **Assured Guaranty Ltd. Responds to Downgrade of its Ratings by Moody's Investors Service**

#### **Outlook Confirmed at Stable; Ratings Downgrade Reflects Change in Outlook for Industry Prospects**

Hamilton, Bermuda, November 21 , 2008 – Assured Guaranty Ltd. (NYSE: AGO) (“Assured” or “the Company”) today issued the following statement from Dominic Frederico, President and Chief Executive Officer of Assured in response to the announcement by Moody's Investors Service (“Moody's”) that it has downgraded the ratings of Assured Guaranty Ltd. and its subsidiaries. Moody's also announced that its ratings outlook for all of Assured's ratings is “stable.” The ratings for Assured Guaranty Corp. and Assured Guaranty (UK) Ltd., the Company's principal financial guaranty direct subsidiaries, are now Aa2 (stable) by Moody's and AAA (stable) by Standard & Poor's and Fitch Ratings Inc. while the ratings for Assured Guaranty Re Ltd., the Company's principal financial guaranty reinsurance company, are rated Aa3 (stable) by Moody's and AA (stable) by Standard & Poor's and Fitch Ratings Inc.

#### **Statement by Dominic Frederico, President and Chief Executive Officer of Assured Guaranty Ltd.:**

“We are disheartened by Moody's downgrade of the debt and insurer financial strength ratings of Assured and its subsidiaries, despite our best efforts to address each and every concern raised by Moody's during the review process. In a market environment that requires more measured and consistent approaches from regulators, legislators and the rating agencies, Moody's behavior has

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been counter productive. Their repeated and prolonged credit review process has exacerbated investors' fears and harmed overall financial market credibility which ultimately has created more uncertainty about the value of our product than was necessary.

In particular, we believe that Moody's concept of franchise value and financial flexibility should not factor as strongly in the credit rating evaluation process. In Moody's current publication on the "Changing Business of Financial Guaranty Insurance", they state: "Moody's methodology for rating financial guarantors is designed to assess the ability of a financial guaranty operating company to pay senior policyholder claims and obligations in a timely manner." Their announcement today is clearly focused on their speculative outlook for financial markets and the near-term demand for financial guaranty insurance. It is not based on their own analysis of our capital adequacy and portfolio quality, which are the most important factors for determining the potential for future claims and our ability settle all obligations when due. Their actions are especially disappointing given our recent announcement of our agreement to purchase Financial Security Assurance Holdings, Ltd., the parent company of Financial Security Assurance, and the fact that Moody's provided no time for the market to assimilate the impact of this extremely beneficial combination, which we expect to close in the first quarter of 2009. The combination of our two companies will provide investors with better risk diversification, greater claims paying resources and a larger capital base. These are all attributes that are in high demand, particularly during these stressful times.

Since the announcement of Moody's credit review on July 21, 2008, Assured has held several meetings with Moody's staff to answer specific questions about the Company and to review numerous portfolio analyses and stress cases, including an update on the credit performance and stress case

scenarios for our U.S. residential mortgage backed securities and pooled corporate portfolios. In addition, we reviewed our corporate governance processes, single risk limits and portfolio concentrations. We also discussed our expectations for new business opportunities and growth in the current challenging market environment as well as our strategies for different markets as the global financial markets stabilize. We intend to provide investors with copies of as much of the information as possible that we provided to Moody's in the course of their review so that investors will be able to use this information to draw their own conclusions about Assured's claims paying ability and fundamental financial strength.

As a result, we have to conclude that Moody's downgrade of our ratings is due to their decision to place an inordinate emphasis on their outlook for near-term industry factors – which are highly subjective and in no way certain – and to de-emphasize their long-standing evaluations of portfolio credit quality and capitalization. Of utmost importance is the fact that Moody's made it clear that raising additional capital would not prevent a ratings downgrade. While we can agree with Moody's that global market and economic conditions that we are experiencing today create uncertainty about long-term industry trends, we believe that it's entirely premature to make ratings judgments about long-term demand and competitive characteristics for our industry.

Looking forward, we believe that we remain well positioned to be able to help the fixed income markets return to stability, in both the public and structured finance arenas. Despite the market volatility and uncertainty, Assured has underwritten a record level of new business production in the U.S. public finance market in 2008, evidence that we were a beneficiary of the flight to quality and that investors continue to need and value the credit enhancement and liquidity benefits that bond

insurance provides. Our combination with FSA, which is also well-known for their underwriting expertise in the financial guaranty market, will help us continue to fulfill our commitment to investors to maintain the highest possible ratings for our financial guaranty subsidiaries. Despite today's downgrade, Assured Guaranty Corp. is still one of the highest rated financial institutions in the world and our merger with FSA will greatly expand our financial resources and market position. It is clear in our minds, that to be a dependable provider of insurance in this market and going forward, you need to have reliable, stable, unquestionable balance sheet strengths. Together with FSA, we will continue to adhere to Assured's core principles: exercising strict underwriting discipline, expanding the direct franchise, maintaining our leading reinsurance market position, obtaining and maintaining the highest possible ratings for our operating subsidiaries and utilizing our capital efficiently. We also remain committed to operating in both public and structured finance markets and continuing to protect investors with our enduring financial strength."

Assured Guaranty Ltd. is a publicly-traded Bermuda-based holding company. Its operating subsidiaries provide credit enhancement products to the U.S. and international public finance, structured finance and mortgage markets. More information on the Company and its subsidiaries can be found at [www.assuredguaranty.com](http://www.assuredguaranty.com).

Investors and other interested parties can find additional information on Assured, its financial statements, financial supplement, earnings press release, financial guaranty profile and financial guaranty direct structured finance transactions and other materials on the Investor Information page of the Company's website at <http://www.assuredguaranty.com/investor/ltd/financial.aspx>.

#### **Cautionary Statement Regarding Forward-Looking Statements:**

Any forward-looking statements made in this press release reflect the Company's current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward-looking statements, including capital adequacy and the growth of the direct business could be affected by many events. These events include a significant reduction in the amount of reinsurance ceded by one or more of our principal ceding companies, rating agency

action such as a ratings downgrade, difficulties with the execution of the Company's business strategy, contract cancellations, developments or volatility in the world's financial and capital markets, more severe or frequent losses associated with products affecting the adequacy of the Company's loss reserves, more recent information received from reinsurance clients, changes in regulation or tax laws, governmental actions, natural catastrophes, the Company's dependence on customers, decreased demand or increased competition, loss of key personnel, technological developments, the effects of mergers, acquisitions and divestitures, changes in accounting policies or practices, changes in general economic conditions, other risks and uncertainties that have not been identified at this time, management's response to these factors, and other risk factors identified in the Company's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

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