



## Bank of America 2007 Smid Cap Conference

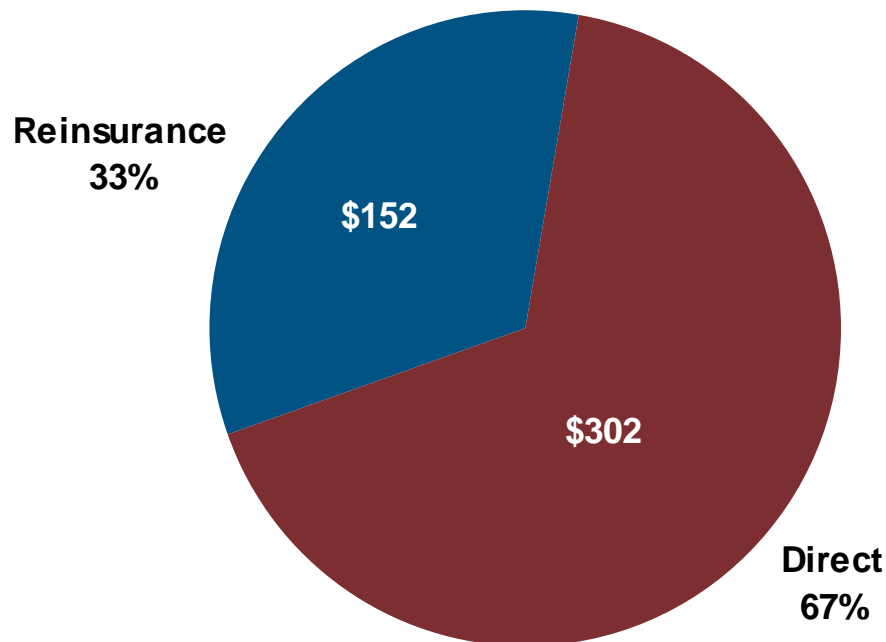
Dominic Frederico, President & CEO  
Assured Guaranty Ltd.  
May 17, 2007

# Safe Harbor Disclosure

- Forward-looking statements are being made in this presentation. Actual results could differ materially from these statements.
- Some of the forward-looking statements may include references to our financial outlook, reserves, business strategy, growth prospects, ratings, market position and market conditions.
- Factors that could cause actual results to differ materially include, but are not limited to:
  - downgrades of financial strength ratings;
  - difficulties with the execution of the Company's business strategy;
  - a reduction in the amount of reinsurance ceded by one or more of our principal ceding companies;
  - contract cancellations;
  - developments in the world's financial and capital markets;
  - more severe or frequent losses and related analysis affecting the adequacy of the Company's loss reserves;
  - 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; and
  - management's response to these factors.
- See our SEC filings and our latest earnings press release and financial supplement, which are available on our website, for more information on factors that could affect our forward-looking statements.

# Assured Guaranty Overview

## New Business Written (PVP<sup>1</sup>) Full Year 2006 (\$ in millions)



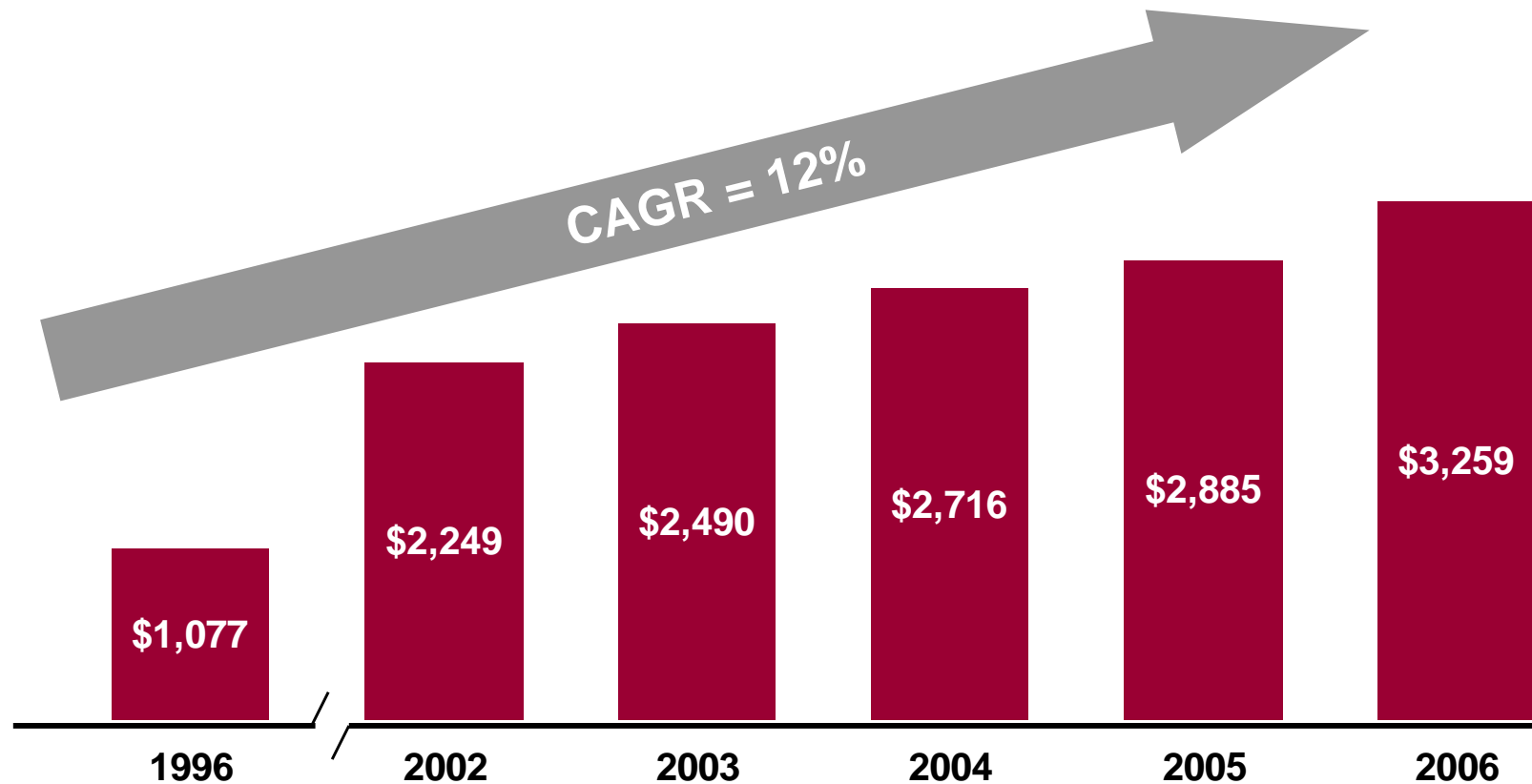
**Total PVP: \$454 million**

- Assured Guaranty Ltd.'s sole focus is financial guaranty
  - 19+ year track record in financial guaranty market
  - Largest financial guaranty reinsurer
  - Fifth largest capital base in financial guaranty industry
- Initial public offering April 22, 2004 at \$18.00 a share

1. For an explanation of PVP, a non-GAAP financial measure, and a reconciliation of PVP to gross written premiums, which is the most comparable GAAP term, please refer to the appendix on slides 16-18.

# Attractive Market Growth Fundamentals

Financial Guaranty Industry Net Insured Debt Service (Principal and Interest)  
(\$ in billions)



# Strategic Goals

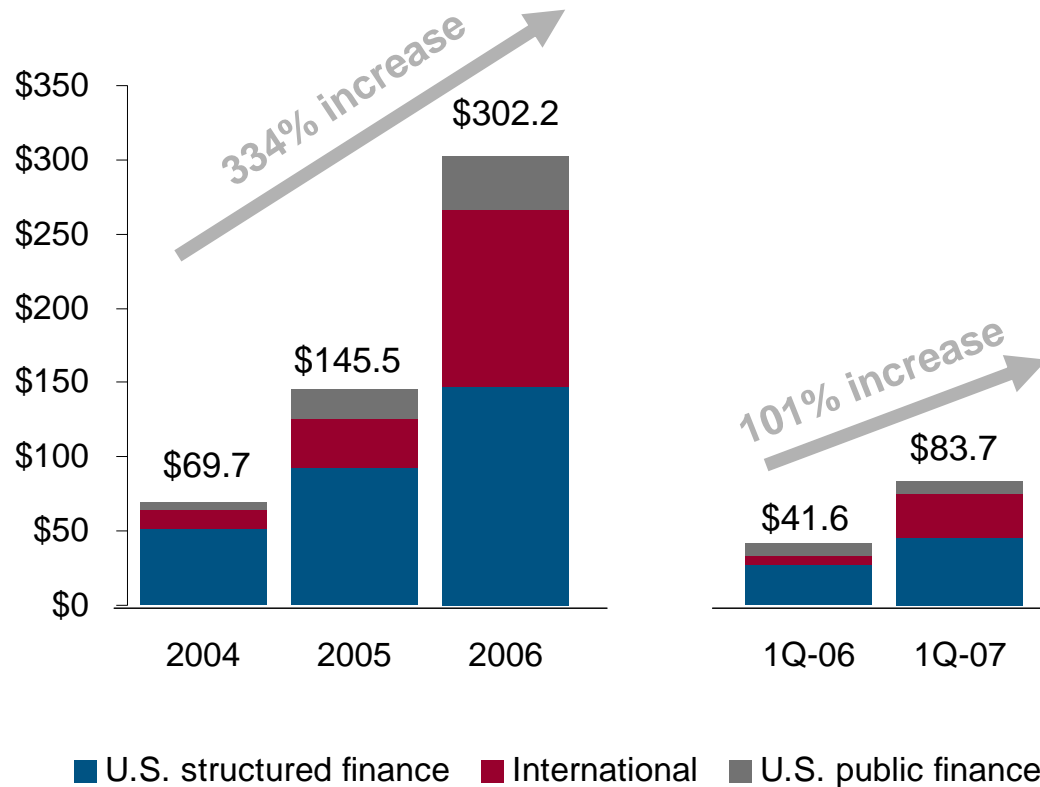
- Expand the financial guaranty direct franchise
  - Increased new business production (PVP<sup>1</sup>) across all of our key markets
  - Moody's Aaa would drive continued expansion
  
- Maintain leading market position in reinsurance
  - Assured Guaranty Re Ltd. (AG Re) is the largest monoline reinsurer in terms of capital and par insured
  - 1Q-07 reinsurance PVP grew 15% versus the prior year period
  
- Exercise strict underwriting discipline
  - Insured portfolio has maintained an average credit rating of AA-
  - 72% of our gross par written in 1Q-07 was rated AAA and had an average rating of AA
  
- Continue ratings improvement
  - In March 2007, Moody's placed Assured Guaranty Corp.'s ratings on credit review for possible upgrade to Aaa
  
- Efficient capital management
  - \$150 million share repurchase from ACE Limited in December 2006
  - Capital to be used to support post-Aaa growth

1. For an explanation of PVP, a non-GAAP financial measure, and a reconciliation of PVP to gross written premiums, which is the most comparable GAAP term, please refer to the appendix on slides 16-18.

# Financial Guaranty Direct PVP Growth

## Financial Guaranty Direct PVP<sup>1</sup>

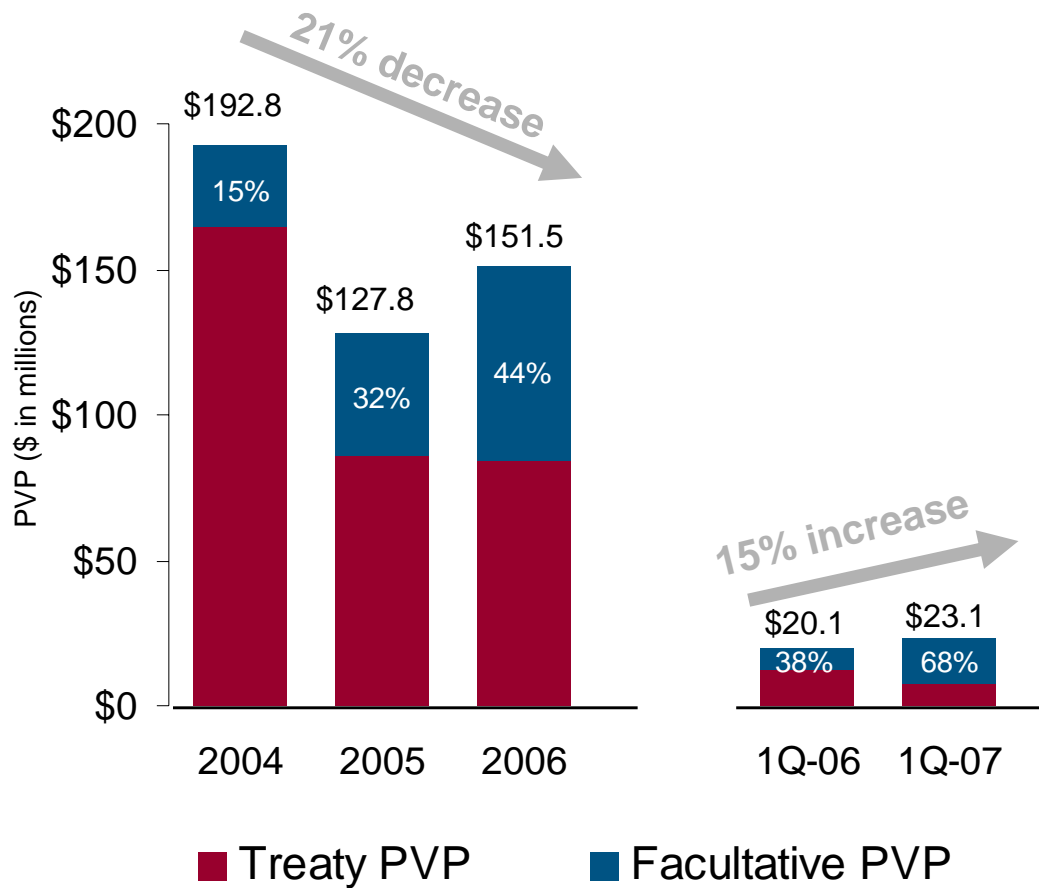
(PVP, \$ in millions)



- Direct PVP has grown each year
  - Driven by strong growth in structured finance and international
- Expansion by asset class and market
- Strong market share
  - 7.7% share of industry gross par written in 2006
  - Leader in CDOs, structured credit and pooled infrastructure

# Financial Guaranty Reinsurance: Strong Growth in Facultative Business

## Financial Guaranty Reinsurance PVP<sup>1</sup>

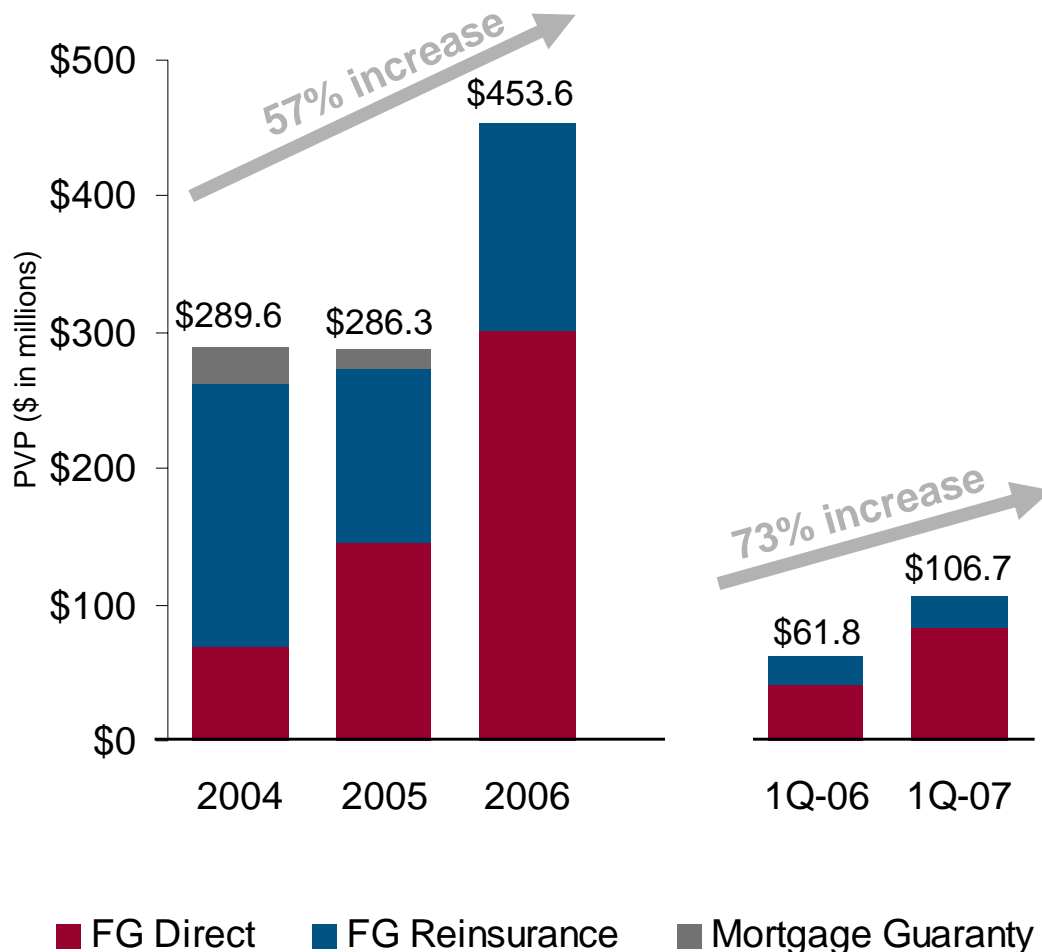


- AG Re continues to be the largest monoline reinsurer with \$66 billion of par insured and \$900 million in shareholder's equity at March 31, 2007
- Centralized reinsurance business in Bermuda post-IPO
- Transitioned operations from largely treaty model to mixed facultative and treaty model
  - Facultative submissions have grown each year
  - Facultative PVP represented 44% of 2006 PVP, versus approximately 10% pre-IPO

1. For an explanation of PVP, a non-GAAP financial measure, and a reconciliation of PVP to gross written premiums, which is the most comparable GAAP term, please refer to the appendix on slides 16-18.

# Consolidated Results: Strong New Business Production

## Present Value of Gross Written Premiums (PVP)<sup>1</sup>

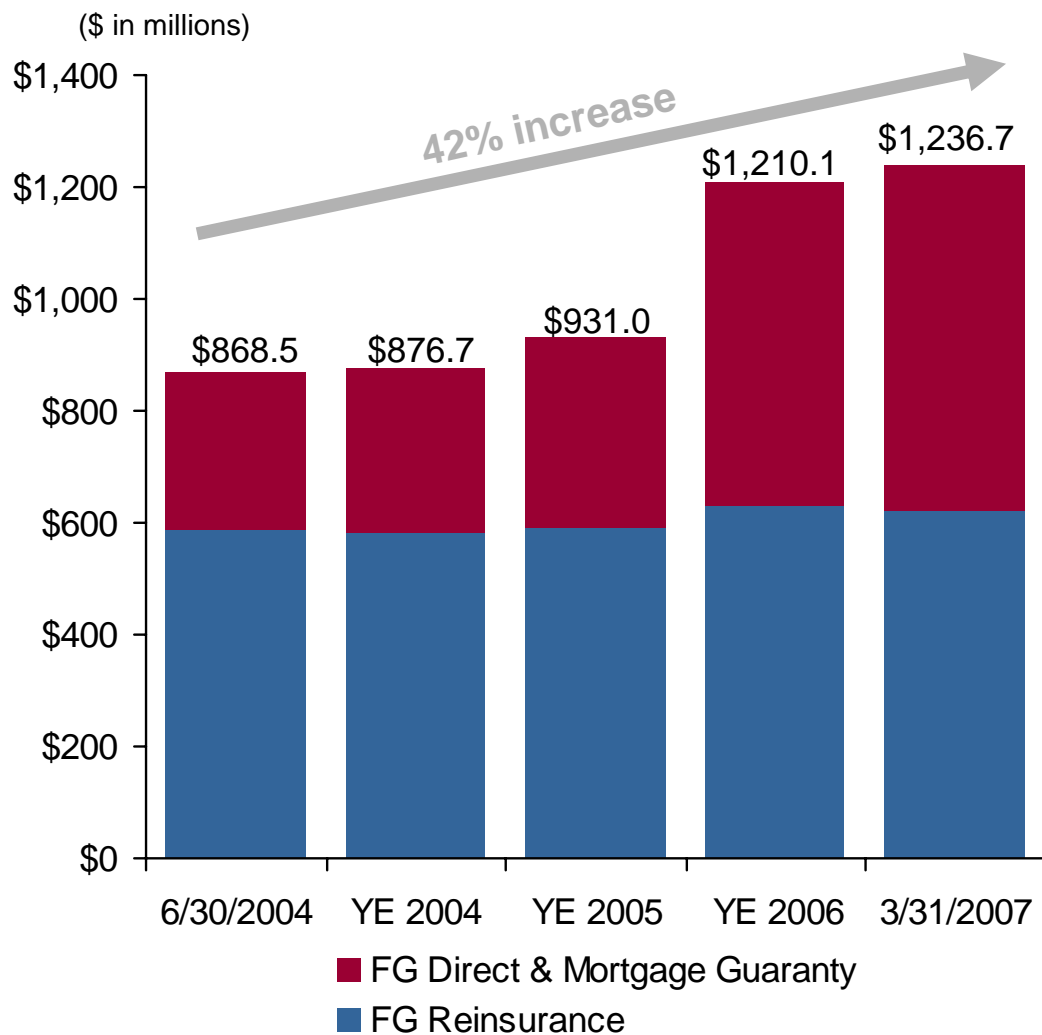


- 2006 was a record year for new business production
  - FG Direct is major driver of growth
  
- New business growth drives future earned premium and earnings growth

1. For an explanation of PVP, a non-GAAP financial measure, and a reconciliation of PVP to gross written premiums, which is the most comparable GAAP term, please refer to the appendix on slides 16-18.

# Building Future Earned Premium Base

**Unearned Premium Reserve Net of Ceded Reinsurance & Net Present Value of Estimated Future Installment Premiums In Force<sup>1</sup>, Pre-Tax**

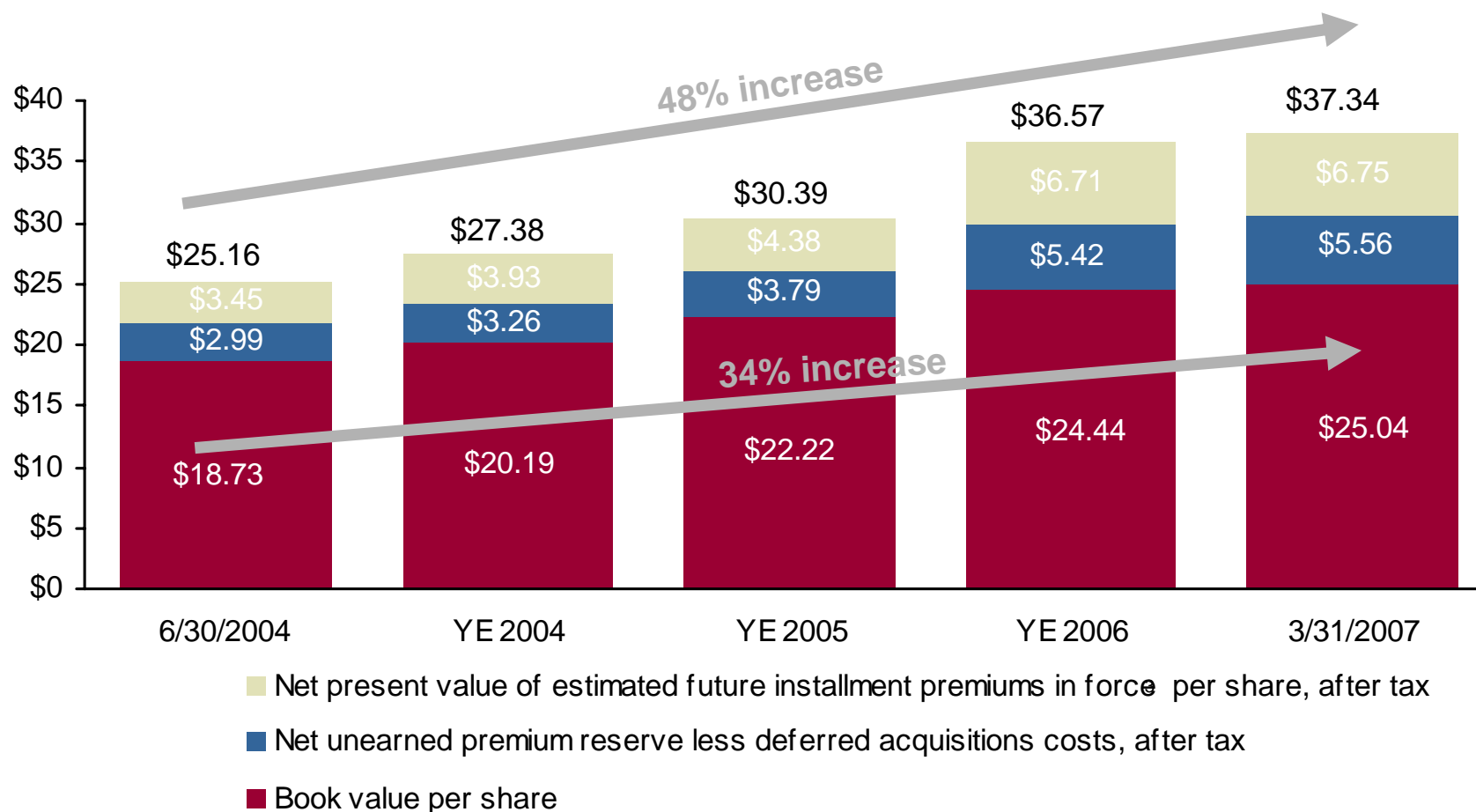


- Our future earned premium base has grown each year
  - Driven by PVP
- At year-end 2006, we exceeded \$1.2 billion of future estimated earned premium

1. For an explanation of net present value of estimated future installment premiums in force, which is a non-GAAP financial measure, please refer to the appendix on slide 16.

# Book Value Per Share Growth

## Adjusted Book Value<sup>1</sup> Per Share<sup>2</sup>



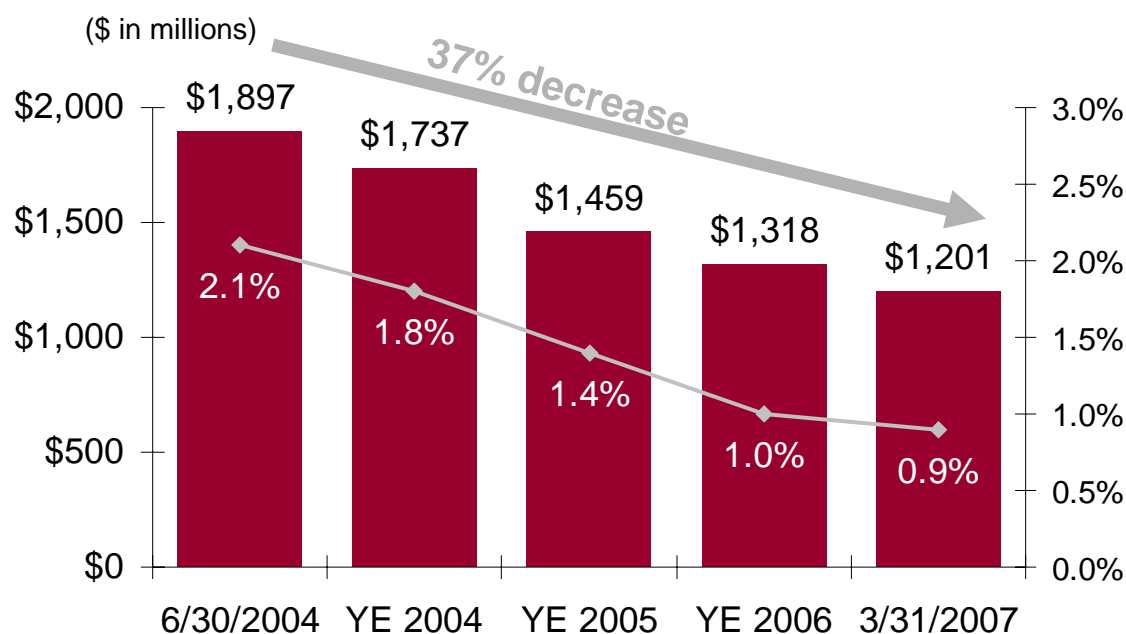
1. For an explanation of adjusted book value, which is a non-GAAP financial measure, please refer to the appendix on slide 16.

2. Some amounts may not add due to rounding.

3. For an explanation of net present value of estimated future installment premiums in force, a non-GAAP financial measure, please refer to the appendix on slide 16.

# High Quality Underwriting Standards

## Assured Guaranty Ltd. Closely Monitored Credits (CMC)<sup>1</sup>



Average rating of total FG portfolio <sup>2</sup>	6/30/2004	YE 2004	YE 2005	YE 2006	3/31/2007
	AA-	AA-	AA-	AA-	AA-

- CMC net par outstanding
- ◆ CMC as a % of total net par outstanding

- Average portfolio credit rating has been maintained at a AA- average since the IPO
  - FG Direct: AA+ average rating as of March 31, 2007
  - FG Reinsurance: A average rating as of March 31, 2007
  
- CMC list has declined by 37% since the IPO and was 0.9% of net par outstanding as of March 31, 2007

1. Our surveillance department is responsible for monitoring our portfolio of credits and maintains a list of closely monitored credits. The closely monitored credits are divided into four categories: Category 1 (low priority; fundamentally sound, greater than normal risk); Category 2 (medium priority; weakening credit profile, may result in loss); Category 3 (high priority; claim/default probable, case reserve established); Category 4 (claim paid, case reserve established for future payments). The closely monitored credits include all below investment grade (BIG) exposures where there is a material amount of exposure (generally greater than \$10.0 million) or a material risk of the Company incurring a loss greater than \$0.5 million. The closely monitored credits also include investment grade (IG) risks where credit quality is deteriorating and where, in the view of the Company, there is significant potential that the risk quality will fall below investment grade.

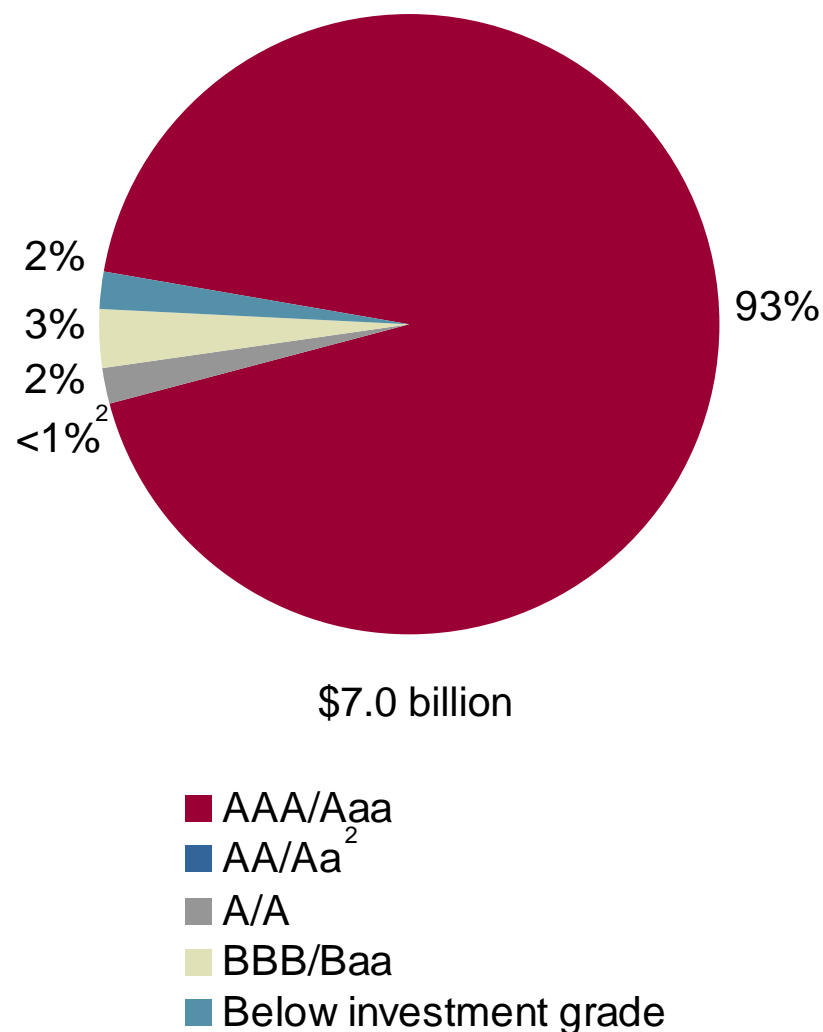
2. Represents Assured Guaranty internal rating. Our scale is comparable to that of the nationally recognized rating agencies.

# U.S. Subprime RMBS

As of March 31, 2007

- 93% of our U.S. subprime RMBS exposure is AAA
- Financial Guaranty Direct represents 95% of our exposure
  - FG Direct U.S. subprime has an average rating of AAA
- \$111 million of our U.S. subprime RMBS exposure is below investment grade
  - Exposure is seasoned and consisting of pre-IPO vintages
  - No downgrades of 2005 or later vintages

**Assured Guaranty Ltd.  
U.S. Subprime RMBS by Rating <sup>1</sup>**



1. Represents Assured Guaranty internal rating. Our scale is comparable to that of the nationally recognized rating agencies.

2. As of March 31, 2007, \$2 million of Assured Guaranty Ltd.'s U.S. Subprime RMBS exposure was rated AA/Aa.

# 2007 Strategic Focus

- Our strategic focus in 2007 remains consistent
  - Expand the financial guaranty direct franchise
  - Maintain leading market position in reinsurance
  - Exercise strict underwriting discipline
  - Continue ratings improvement
  - Efficient capital management
  
- We see good opportunities in 2007
  - FG Direct new business pipeline is robust
  - Potential for Moody's Aaa upgrade: placed on review for possible upgrade in March 2007

# Post Moody's Aaa

Expanded opportunities in several markets:

- U.S. public finance
  - Large deals
  - General government/tax backed
  - Competitive bid
  
- U.S. ABS/MBS
  - “Flow” issues
  - Commercial assets
  
- International
  - Infrastructure, including UK PFI
  - ABS
  - Geographic expansion



## Appendix

# Appendix

## Explanation of Non-GAAP Financial Measures

Adjusted book value, which is a non-GAAP financial measure, is defined as shareholders' equity (book value) plus the after-tax value of the unearned premium reserve net of prepaid reinsurance premiums, plus the net present value of estimated future installment premiums in force, less future ceding commissions, after tax discounted at 6%, less deferred acquisition costs, after tax. We believe adjusted book value is a useful measure for management, equity analysts and investors because the calculation of adjusted book value permits an evaluation of the net present value of the Company's in-force premiums and capital base. The premiums described above will be earned in future periods, but may differ materially from the estimated amounts used in determining current adjusted book value due to changes in market interest rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults, and other factors that management cannot control or predict. This measure should not be viewed as a substitute for book value determined in accordance with GAAP.

Net present value of estimated future installment premiums in force, which is a non-GAAP financial measure, is defined as the present value of estimated future installment premiums from our in-force book of business, net of reinsurance and discounted at 6%. We believe net present value of estimated future installment premiums in force is a useful measure for management, equity analysts and investors because it permits an evaluation of the value of future estimated installment premiums. Estimated future premiums may change from period to period due to changes in par outstanding, maturity, or other factors that management cannot control or predict that result from market interest rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults, or other factors. There is no comparable GAAP financial measure.

Present value of gross written premiums or PVP, which is a non-GAAP financial measure, is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, on contracts written in the current period, discounted at 6% per year. We believe PVP is a useful measure for management, equity analysts and investors because it permits the evaluation of the value of new business production for Assured Guaranty by taking into account the value of estimated future installment premiums on new contracts underwritten in a reporting period, which GAAP gross premiums written does not adequately measure. Actual future net earned or written premiums may differ from PVP due to factors such as prepayments, amortizations, refundings, contract terminations or defaults that may or may not be influenced by market interest rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults, or other factors that management cannot control or predict. This measure should not be viewed as a substitute for gross written premiums determined in accordance with GAAP.

For adjusted book value, net present value of estimated future installment premiums in force, and present value of gross written premiums or PVP, we use 6% as the present value discount rate because it is the approximate taxable equivalent yield on our investment portfolio for the periods presented.

# Appendix

## PVP<sup>1</sup> – Reconciliation to Gross Written Premiums<sup>2</sup> (\$ in millions)

	2004	2005	1Q-06	2Q-06	3Q-06	4Q-06	2006	1Q-07
<b>Gross written premiums (GWP) analysis:</b>								
Present value of GWP (PVP)	\$ 289.6	\$ 286.3	\$ 61.8	\$ 148.4	\$ 127.4	\$ 116.0	\$ 453.6	\$ 106.7
Less: Installment premium PVP	164.1	183.6	44.2	70.8	86.1	69.5	270.6	77.2
Upfront financial guaranty & mortgage guaranty GWP	125.5	102.7	17.6	77.6	41.3	46.5	183.0	29.5
Less: Upfront premium due to novations	-	18.4	-	-	-	-	-	-
Plus: Installment GWP	140.0	135.6	34.0	33.8	32.2	38.6	138.6	39.7
Financial guaranty & mortgage guaranty GWP	265.5	219.9	51.6	111.4	73.5	85.1	321.6	69.2
Plus: Other segment GWP	(74.6)	32.2	3.8	0.1	0.1	0.1	4.1	3.3
<b>Total gross written premiums</b>	<b>\$ 190.9</b>	<b>\$ 252.1</b>	<b>\$ 55.4</b>	<b>\$ 111.5</b>	<b>\$ 73.6</b>	<b>\$ 85.2</b>	<b>\$ 325.7</b>	<b>\$ 72.5</b>

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix on slide 16.
2. Some amounts may not add due to rounding.

# Appendix

## PVP<sup>1</sup> By Segment – Reconciliation to Gross Written Premiums<sup>2</sup> (\$ in millions)

<b>Financial Guaranty Direct Segment</b>	<b>2004</b>	<b>2005</b>	<b>1Q-06</b>	<b>2Q-06</b>	<b>3Q-06</b>	<b>4Q-06</b>	<b>2006</b>	<b>1Q-07</b>
Present value of gross w ritten premiums (PVP)	\$ 69.7	\$ 145.5	\$ 41.6	\$ 98.8	\$ 90.9	\$ 70.8	\$ 302.2	\$ 83.7
Less: Present value of installment premiums	64.0	125.1	33.2	53.1	69.4	48.6	204.3	63.0
Upfront gross w ritten premiums (GWP)	5.7	20.3	8.5	45.7	21.5	22.2	97.9	20.7
Plus: Installment GWP	75.1	75.8	21.8	22.7	20.4	26.5	91.3	28.8
Financial guaranty direct GWP	\$ 80.8	\$ 96.2	\$ 30.2	\$ 68.4	\$ 41.9	\$ 48.7	\$ 189.2	\$ 49.5
<b>Financial Guaranty Reinsurance Segment</b>	<b>2004</b>	<b>2005</b>	<b>1Q-06</b>	<b>2Q-06</b>	<b>3Q-06</b>	<b>4Q-06</b>	<b>2006</b>	<b>1Q-07</b>
Present value of gross w ritten premiums (PVP)	\$ 192.8	\$ 127.8	\$ 20.1	\$ 49.6	\$ 36.5	\$ 45.2	\$ 151.5	\$ 23.1
Less: Present value of installment premiums	83.3	58.5	11.0	17.7	16.8	20.8	66.3	14.2
Upfront gross w ritten premiums (GWP)	109.5	69.2	9.1	31.9	19.8	24.4	85.2	8.9
Less: Upfront premium due to novations <sup>3</sup>	-	18.4	-	-	-	-	-	-
Plus: Installment GWP	50.8	47.2	9.7	9.8	9.9	9.3	38.7	9.8
Financial guaranty reinsurance GWP	\$ 160.3	\$ 98.0	\$ 18.8	\$ 41.7	\$ 29.7	\$ 33.7	\$ 123.9	\$ 18.7
<b>Mortgage Guaranty Segment</b>	<b>2004</b>	<b>2005</b>	<b>1Q-06</b>	<b>2Q-06</b>	<b>3Q-06</b>	<b>4Q-06</b>	<b>2006</b>	<b>1Q-07</b>
Present value of gross w ritten premiums (PVP)	\$ 27.1	\$ 13.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Present value of installment premiums	16.9	-	-	-	-	-	-	-
Upfront gross w ritten premiums (GWP)	10.3	13.1	-	-	-	-	-	-
Plus: Installment GWP	14.1	12.6	2.6	1.2	1.9	2.7	8.4	1.0
Mortgage guaranty GWP	\$ 24.4	\$ 25.7	\$ 2.6	\$ 1.2	\$ 1.9	\$ 2.7	\$ 8.4	\$ 1.0

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix on slide 16.

2. Some amounts may not add due to rounding.

3. Relates to reassumption by FSA of approximately \$820 million par value of healthcare related business.