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ASSURED
GUARANTY

Safe Harbor Disclosure



- **Forward-looking statements are being made in this presentation. Actual results could differ materially from these statements.**
- **For example, the Company's forward looking statements, including its calculations of adjusted book value, PVP, net present value of estimated future installment premiums in force, total estimated net future premium earnings, and statements regarding losses, pricing, ratings, capital adequacy and the growth of the direct business could be affected by many events.**
- **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 or volatility in the world's financial and capital markets, including interest spread changes and credit losses;
 - more severe or frequent losses 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 the Company's SEC filings and latest earnings press release and financial supplement, which are available on its website, for more information on factors that could affect its forward-looking statements. This presentation references several non-GAAP financial measures. These non-GAAP financial measures are defined in the appendix of this presentation. In each case, if available, the most directly comparable GAAP financial measure is presented and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how our management, analysts and investors evaluate our financial results and is comparable to estimates published by analysts in their research reports on us. Each of the non-GAAP financial measures is identified in this presentation as such.**

Current Industry Issues: Assured's Perspective



- **The problems today are not the result of regulation but instead the result of bad judgment by the companies involved, the rating agencies and many analysts and investors in these securities**
 - But not everyone made these mistakes
 - The deterioration in mortgage underwriting was there for all to see
- **The wounded, but salvageable companies, are desperate to save their ship**
 - Want strong companies dragged down to their level
 - Willing to dilute shareholders without a shareholder vote
 - Willing to treat policyholders unequally
- **The financial guaranty industry will be stronger, more stable and better able to protect investors and to create long term shareholder value, if both municipal and structured finance remain together**
 - Diversification was the result of fixed income investor demand for credit protection on new asset classes and markets

- **Several competitors are in significant difficulty, which has led to government hearings on the regulatory oversight of the industry**
 - Changes to regulation; including a federal model
 - Elimination of credit default swaps
 - Separate municipal from structured finance
 - Accelerating the licensing of new companies

- **Rating agencies are under pressure and evaluating changes to long-standing rating models and approaches**
 - Rating municipal only companies, when a diversified business mix was previously required
 - Allowing “cut-through” ratings/ non financial enhancement ratings

The Root of the Problem: CDOs of ABS Backed by Residential Mortgages



- **The crisis originates from a specific type of security that contained large amounts of U.S. subprime residential mortgages – collateralized debt obligations of asset-backed securities (CDOs of ABS)**
- **Prime home equity lines of credit (HELOCs) and subprime mortgages may also generate claims for financial guarantors, but not of a magnitude to imperil the companies' credit ratings**

\$ in billions; data as of 12/31/07 unless noted

	2005-2007 CDOs of ABS	2005-2007 CDO Squared	Total High Visibility Assets	Total Par Insured	% High Visibility Assets to Total Par	Claims Paying Resources	High Visibility Assets to Claims Paying Resources	Current Rating
FSA	\$ 0.3		\$ 0.3	\$ 426.5	0%	\$ 6.7	0.0x	AAA (stable)
Assured	-	-	-	200.3	0%	4.4	0.0x	AAA (stable)
MBIA	15.8	6.7	22.5	678.7	3%	14.6	1.5x	on Watch
Ambac	28.9		28.9	524.0	6%	14.5	2.0x	on Watch
FGIC ¹	10.9		10.9	314.8	3%	5.1	2.1x	on Watch
XLCA/FA	14.9		14.9	154.2	10%	3.5	4.3x	on Watch
CIFG ²	7.0		7.0	90.9	8%	1.4	5.0x	on Watch

1: FGIC information as of 9/30/07

2: CIFG par information as of 9/30/07; claims paynig resources as of 3/31/07

Source: Company filings

The Root of the Problem: Deteriorating Underwriting Standards for Residential Mortgages



- **Non-conventional mortgages have grown significantly faster than conventional (conforming mortgages eligible for purchase by Fannie Mae or Freddie Mac) since 2000, driven principally by the growth in Alt-A (low/no documentation and no income verification loans) and subprime (lower credit quality borrowers)**
 - Low short-term interest rates and the availability of adjustable and interest-only mortgages allowed more borrowers of all credit quality to qualify for larger loans than in the past

	2000 Securitized Mortgages	2006 Securitized Mortgages	% Change
Total mortgages originated	\$945 billion	\$3,045 billion	222%
% non-Agency	22.1%	55.3%	33.2 pp
% jumbo of non-Agency	8.7%	10.6%	1.9 pp
% alt-A	2.7%	17.7%	15.0 pp
% subprime	8.5%	21.7%	13.2 pp

The Root of the Problem: Deteriorating Underwriting Standards for Residential Mortgages



- **The rapid growth of interest-only and adjustable-rate mortgages to Alt-A and subprime borrowers since 2000 increased the vulnerability of borrowers to rising interest rates, which began in 2004**
 - These products were clearly inappropriate for those borrowers
 - Assured Guaranty avoided writing lower-rated subprime and Alt-A during much of this period because of management's concern about this risk
- **The decline in full documentation loans for these borrowers also increased the potential for fraud**

	2000 Mortgages	2006 Mortgages	% Change
Subprime Mortgages:			
% full documentation	75%	56%	(19 pp)
% ARMs	70%	79%	9 pp
% interest only	0%	20%	20 pp
Average FICO	594	627	31
Average LTV	78%	80%	(2 pp)
Alt-A Mortgages:			
% full documentation	37%	19%	(18 pp)
% ARMs	5%	71%	66 pp
% interest only	1%	41%	40 pp
Average FICO	699	709	10
Average LTV	80%	74%	(6 pp)

The Root of the Problem: Sharp Increases in Mortgage Delinquency Experience



- **Recent vintage subprime and Alt-A mortgages exhibit a significantly higher level of delinquencies compared to 2000 and earlier vintages**
- **Alt-A delinquencies on 2006 mortgages after 2 years are 24% higher than 2000**
- **Subprime delinquencies on 2006 mortgages after 2 years are 59% higher than 2000**

	12 Month Delinquencies	24 Month Delinquencies	36 Month Delinquencies
2000 Alt-A	2.5%	6.5%	9.8%
2006 Alt-A	3.0%	8.1%	NA
1995 Subprime	5.4%	12.3%	9.8%
2000 Subprime	7.1%	14.8%	22.1%
2006 Subprime	11.6%	23.5%	NA

The Root of the Problem: Impact of Fraud and Poor Originations



- **The decline in full documentation loans since 2000 increased the moral hazard in mortgage lending, directly leading to rising levels of fraud as bankers did not verify income or assets, thereby allowing the overstatement of income by brokers or borrowers in order to qualify for larger mortgages**
 - Foreclosures and real estate owned within 12-16 months (generally from first payment defaults)
 - First payment defaults on some 2007 deals are stratospherically high compared to prior years (3% in 1998, 4% in 2000)
- **The incidence of first payment defaults is a leading indicator of fraud and the lack of proper underwriting**

Sample Deals	Months since origination	In foreclosure and real estate owned (correlates to first payment defaults)	60+ delinquencies, foreclosures and real estate owned
ACE 07 – HE4	12	18.2%	26.6%
NHELI 2007	14	16.7%	25.6%
CMLTI-7AMC2	16	15.6%	23.5%

Myth #1: Structured Finance is Bad for Muni Investors



- **Bond insurers have underwritten structured finance since 1988**
 - Structured finance and international have been the growth engine of the industry since the mid-1990s
 - Generated strong earnings to support expansion of municipal growth
- **The major source of earnings power in the industry is from structured finance and international, not U.S. public finance**

Company (in order of total earned premium)	2008E Earned Premiums		% Installment (Structured Finance and International)
	UPR	Installment	
Ambac	224.3	503.1	69%
MBIA	246.1	480.2	66%
FSA	158.2	260.5	62%
FGIC	115.5	148.7	56%
Assured	86.6	162.2	65%
Top 5 Companies	\$830.7	\$1,554.7	65%

Source: Company disclosures

Myth #2: Municipalities Would Have Ready Access if Only Rated Like Corporates



- **Municipalities are not corporates – they are exempt from SEC regulation**
 - Financial information is not readily available (no EDGAR)
 - Financial information is annual, not quarterly
 - Financials are not reported in GAAP, like corporates
- **Municipal credit quality can be volatile and influenced by changes in government programs, the economy and catastrophes**
 - Hurricane Katrina
 - Changes in Medicare/Medicaid funding
 - California tax-restriction propositions
 - Unfunded federal mandates
- **Municipalities and states have significant unfunded pension liabilities**
 - \$440 billion in unfunded liabilities (according to the National Association of State Retirement Administrators)
 - Municipal finance officers have fought against even putting these liabilities on balance sheets

Myth #3: Separating Municipal from Structured Finance is Better



- **Capital needs increase if municipal business is separated from structured finance, according to rating agency models:**
 - Overall capital will need to increase as the separated companies lose the capital benefits from diversification
 - Cost to insurers will increase, because:
 - Less supply will increase cost of insurance
 - Single risk limits will decline due to smaller individual capital base (less availability of insurance)
 - Expense ratios will increase due to decline in single risk limits
 - Shareholders will expect returns to be maintained on higher capital charge, resulting in higher premiums paid by the issuer
 - Consumers – who are also taxpayers, pay the municipal debt service – will face higher costs for credit cards, autos, mortgages, small business loans and also increased property sales and revenue tax burdens

Myth #4: Municipal Bonds Don't Default



- **Most defaults covered by bond insurers have been U.S. municipal debt**
 - WPSS (utility)
 - AHERF (healthcare)
 - Crisp County, Georgia (utility)
 - Fort Worth Osteopathic (healthcare)

- **Aside from defaults, many municipalities have needed to be restructured due to fiscal problems**
 - Chesapeake Bay Bridge and Tunnel District, VA (1970)
 - New York City (1975)
 - Cleveland, OH (1980)
 - Bridgeport, CT (1984)
 - Orange, CA (1994)
 - Waterbury, CT (2001)
 - Vallejo, California (filing for Chapter 9 bankruptcy this week)

- **Assured and its Bermuda companies were founded in Bermuda – we are not inverters**
 - Issue is not Bermuda, but purchase of reinsurance by any type of insurance company from non-U.S. reinsurers
- **Our reinsurance company is the largest provider of reinsurance to the financial guaranty market, not a captive**
 - Its largest client is FSA, not Assured Guaranty Corp.
- **Only AG Re has the size and financial stability to provide sufficient reinsurance**
 - We would use other reinsurers, if they existed
- **Assured Guaranty Corp.'s reinsurance from AG Re is consistent with other financial guarantors and is consistent with U.S. tax code**
 - Assured Guaranty Corp.'s income tax on ceding commission and excise tax on premiums ceded, is consistent with U.S. tax law
 - Transfer pricing tests on internal reinsurance is consistent with third-party reinsurance

- **MBIA started, and former MBIA employees manage, a captive Bermuda-based financial guaranty reinsurer after it recaptured business from other third-party reinsurers.**
 - AG Re has long had management independent of Assured Guaranty Corp.
 - AG Re is the largest third party financial guaranty reinsurer in the world
- **Channel Re was specifically structured to avoid U.S. taxation**
 - AG Re is 100% owned by Assured Guaranty Ltd.
 - AG Re has Bermuda based subsidiaries that are U.S. taxpayers
- **MBIA cancelled its treaty reinsurance agreement with AG Re in 2004; since then Channel Re is MBIA's principal reinsurer – and MBIA is Channel Re's only customer**
 - *"We have established an alternate facility (located as you might expect in friendly Bermuda) with some world class partners and expect to have no limits on our ability to grow our book of business at appropriate times when conditions allow."* –Jay Brown, MBIA Annual Report 2003
- **MBIA provides profitability protection to Channel Re investors**
 - *"...The longer term agreement between Channel Re (and MBIA) includes protections for Channel Re if the projected profitability of business ceded by MBIA falls below agreed levels during any underwriting years."* –Standard & Poor's Bond Insurance Book, 2004

- **Assured sees strong demand for financial guaranty in many sectors**
 - Approximately \$145 million of direct PVP¹ written during the first two months of 2008
 - U.S. Public Finance – 21% market share in January
 - Structured finance secondary market deals
 - International infrastructure
- **Reinsurance transactions are likely to emerge from the restructurings**
 - Downgraded companies most likely to look at reinsurance market
- **\$1 billion common equity commitment from WL Ross**
 - \$250 million initial investment
 - Will be used to support growth and maintain AAA capital cushion

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 21-23.

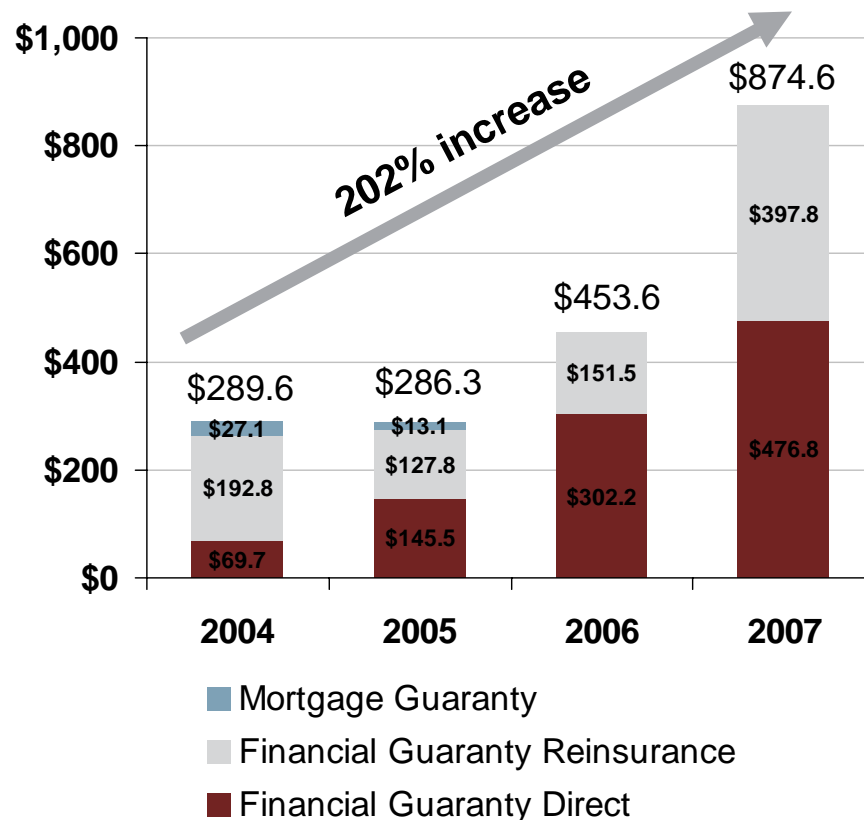
- **Exercise strict underwriting discipline**
 - No CDOs of ABS since 2003
- **Expand our direct franchise**
 - Direct PVP¹ increased 584% from 2004 to 2007
- **Maintain leading reinsurance market position**
 - Bermuda platform with focus on growing facultative business
 - Major reinsurance transaction with Ambac Assurance Corp. in December 2007
- **Maintain triple-A ratings for Assured Guaranty Corp.**
 - During December 2007, all of the major rating agencies affirmed Assured Guaranty Corp.'s AAA (stable) ratings
- **Efficient utilization of capital**
 - Four repurchase programs since the IPO including a 2.0 million share repurchase program approved in November 2007
 - Follow-on offering in December 2007 to support Ambac transaction
 - \$1 billion common equity commitment from W.L. Ross & Co. LLC to support 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 21-23.

Assured Guaranty Overview



Assured Guaranty Ltd. Present Value of Gross Written Premiums (PVP)¹ (\$ in millions)



- 20 year track record in financial guaranty market
- Assured Guaranty Corp. is one of only two triple-A (stable) rated financial guaranty insurance companies
 - Benefiting from market turmoil
- AG Re is the largest financial guaranty reinsurer
 - Bermuda-based

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 21-23.

The Root of the Problem: It's Not the Bond Insurers



- **Bond insurers are not the source of the fear in the market today – the banks are**
 - The banks relied on leverage, off-balance sheet funding vehicles and credit derivatives to generate 20% returns
 - The banks advocated complex funding transactions that relied on rating agencies and liquidity in order to function
 - Auction-rate market
 - Use of bond insurance for negative loss trades
 - The unwinding of the massive leverage at the banks combined with capital losses on their investments are the source of the problem
- **“Saving” the bond insurers will not solve the problem**
 - Banks are unwilling to extend credit to corporate and consumer clients
 - Banks are worried about counterparty risk to each other given the large CDS market

The Root of the Problem: It's the Banks



- **The large losses at major global banks are causing the fear and illiquidity in the market today**
 - Banks have gigantic exposures to other banks through the CDS market
 - Global CDS outstanding is estimated at \$43 trillion (Bank for International Settlements, 6/30/07)
 - U.S. Banks are counterparties to an estimated \$14 trillion in credit derivatives (Comptroller of the Currency, 9/30/07)

- **The capital strain at banks is causing the market breakdown**
 - Auction rate and variable rate demand note market
 - Reduction in jumbo and subprime mortgage production
 - Leveraged loan lending is frozen
 - Commercial mortgage lending halted

(\$ in billions)

	UBS ¹	Merrill Lynch	Citi
Pre-tax losses related to mortgages & CDOs in the second half of 2007	\$18.1	\$19.4	\$19.9
Shareholders' equity at 6/30/07	\$42.0	\$42.2	\$127.8
Amount of capital raised since 6/30/07 ²	\$13.3	\$12.8	\$30.4
Total assets at 12/31/07	\$2,011.1	\$1,020.1	\$2,182.7
After-tax mortgage and CDO losses since 6/30/2007 as a percent of 6/30/07 shareholders' equity ³	28.0%	29.9%	10.1%
Capital raised as a percent of 6/30/07 shareholders' equity	31.6%	30.3%	23.8%

1. All of UBS's data with exception of losses, was converted to USD from CHF based on respective quarter end spot rates.

2. This includes completed and announced capital raising efforts, but excludes other forms of capital strengthening such as dividend cuts and sales of businesses.

3. After-tax losses estimated using pre-tax data and assuming a tax rate of 35%.

Source: Company disclosures



Appendix

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Appendix: Explanation of Non-GAAP Financial Measures



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.

Management believes that 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 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 PVP, Assured uses 6% as the present value discount rate because it is the approximate taxable equivalent yield on Assured's investment portfolio for the periods presented.

Appendix: PVP¹ – Reconciliation to Gross Written Premiums²



(\$ in millions)

	2004	2005	1Q-06	2Q-06	3Q-06	4Q-06	2006	1Q-07	2Q-07	3Q-07	4Q-07	2007
Gross written premiums (GWP) analysis:												
Present value of GWP (PVP)	\$ 289.6	\$ 286.3	\$ 61.8	\$ 148.4	\$ 127.4	\$ 116.0	\$ 453.6	\$ 106.7	\$ 125.3	\$ 165.5	\$ 477.0	\$ 874.6
Less: Installment premium PVP	164.1	183.6	44.2	70.8	86.1	69.5	270.6	77.2	72.9	118.0	276.9	545.0
Upfront financial guaranty & mortgage guaranty GWP	125.5	102.7	17.6	77.6	41.3	46.5	183.0	29.5	52.4	47.5	200.1	329.6
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	36.3	41.7	55.0	172.7
Financial guaranty & mortgage guaranty GWP	265.5	219.9	51.6	111.4	73.5	85.1	321.6	69.2	88.7	89.2	255.2	502.3
Plus: Other segment GWP	(74.6)	32.2	3.8	0.1	0.1	0.1	4.1	3.3	0.1	0.1	-	3.5
Total gross written premiums	\$ 190.9	\$ 252.1	\$ 55.4	\$ 111.5	\$ 73.6	\$ 85.2	\$ 325.7	\$ 72.5	\$ 88.8	\$ 89.3	\$ 255.2	\$ 505.9

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix on slide 22.

2. Some amounts may not add due to rounding.

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