



**Equity Investor Presentation**  
**First Quarter 2008**  
Assured Guaranty Ltd.

**ASSURED  
GUARANTY**

# Safe Harbor Disclosure



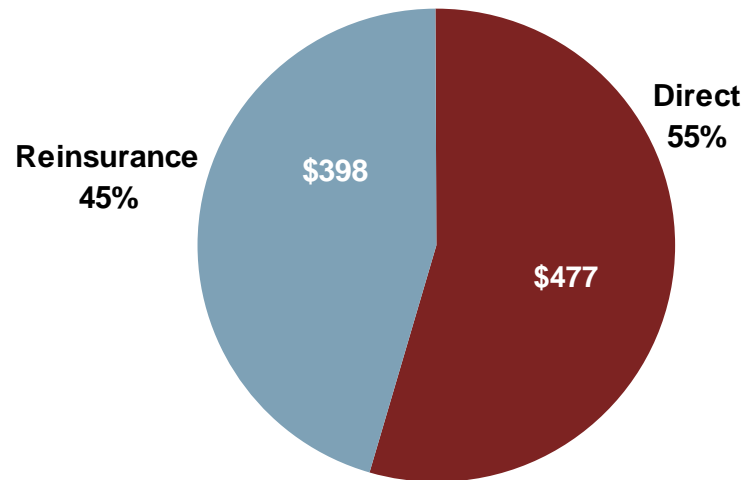
- Forward-looking statements are being made in this presentation. Actual results could differ materially from these statements.
- For example, the Company's forward looking statements, including its calculations of adjusted book value, PVP, net present value of estimated future installment premiums in 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.

# Assured Guaranty Overview



(\$ in millions)

## New Business Production (PVP<sup>1</sup>) Full Year 2007



**Total PVP: \$875 million**  
**93% growth versus 2006**

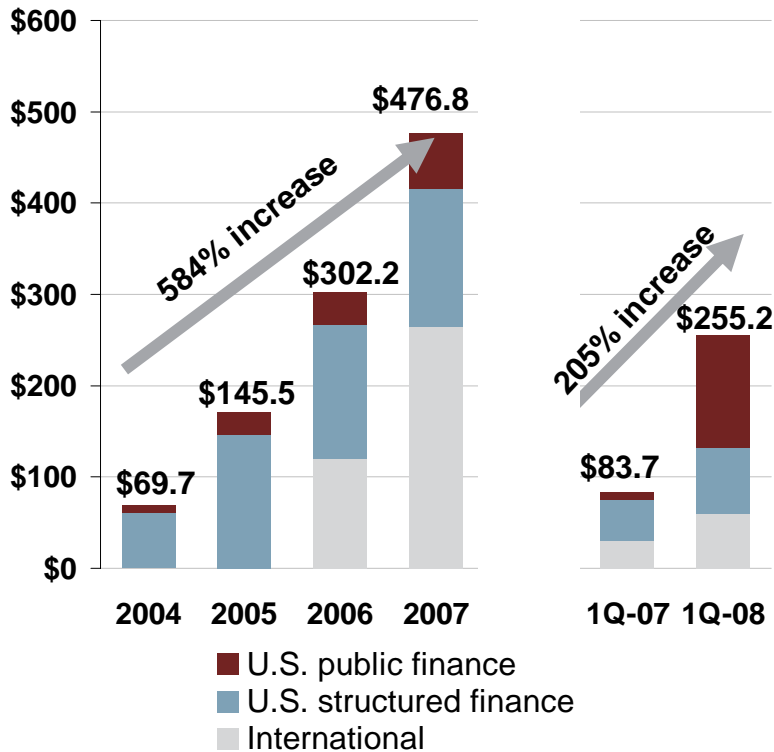
- **20 year track record in financial guaranty market**
- **Assured Guaranty Corp. is one of only two triple-A (stable) rated financial guaranty insurance companies**
  - Benefiting from market turmoil
- **AG Re is the largest financial guaranty reinsurer**
  - Bermuda-based
- **\$1 billion common equity commitment from WL Ross**
  - \$250 million initial investment in April 2008
  - Will be used to support growth and maintain triple-A 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 20-22.

- **Exercise strict underwriting discipline**
- **Expand direct franchise**
  - Direct PVP<sup>1</sup> 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. and double-A for AG Re**
  - 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

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 20-22.

## Assured Guaranty Ltd. Financial Guaranty Direct PVP <sup>1</sup> (\$ in millions)



- Strong demand for new issue guaranties
- Highest PVP quarter for the financial guaranty direct segment in the Company's history

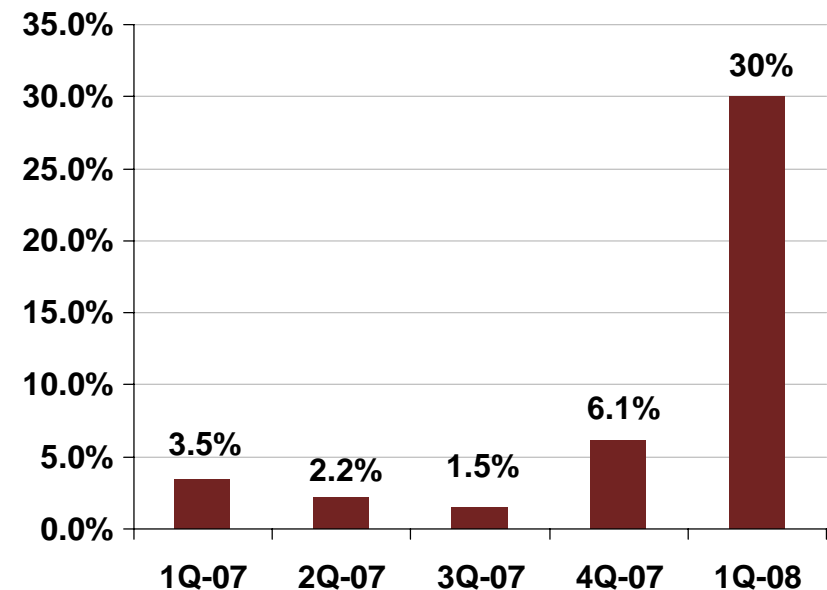
1. For an explanation of PVP, a non-GAAP financial measure, and a reconciliation of PVP to gross written premiums, which is the most comparable GAAP term, please refer to the appendix on slides 20-22.

# Current Market Fundamentals



- **Assured Guaranty Corp. is one of only two direct financial guarantors with AAA stable ratings from all of the major credit rating agencies**
  - Improved pricing and terms
  - Strong demand for secondary wraps
- **Significant growth in direct U.S. public finance in 1Q-08**
  - Direct U.S. public finance market share for the first quarter of 2008 was estimated at 30%
- **Increased demand for reinsurance capacity**
  - Opportunity to leverage Bermuda reinsurance platform
  - Ability to select portfolios with attractive credit and economic profiles

**Assured Guaranty  
Direct U.S. Public Finance  
Market Share**

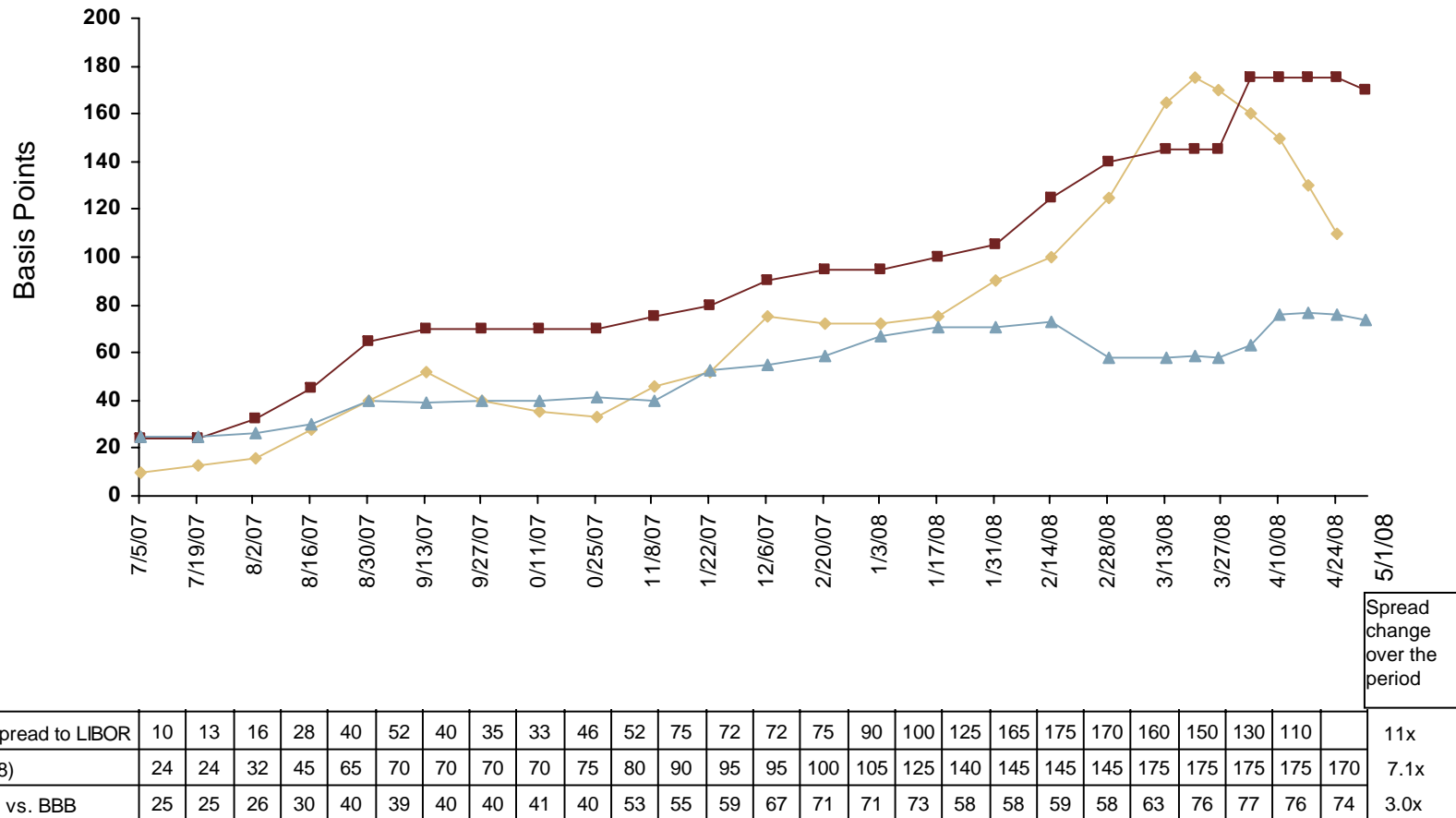


Source: Thomson Financial

# Significant Pricing Improvement Since 2Q-07



## Credit Spread Development in Selected Asset Classes

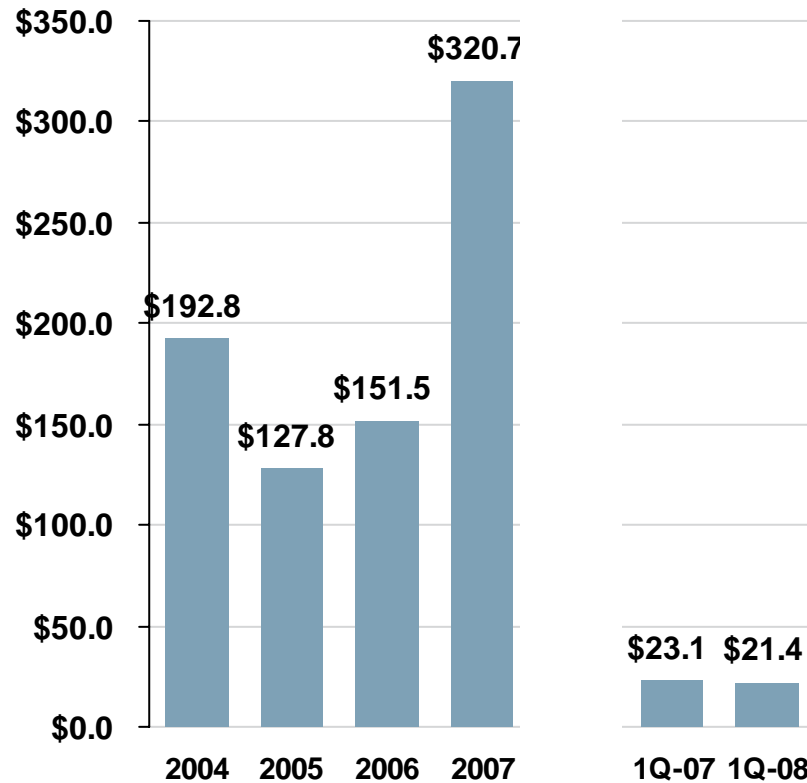


Source: JPMorgan, Thomson Financial

# Reinsurance Market Opportunity



## Assured Guaranty Ltd. Financial Guaranty Reinsurance PVP <sup>1</sup> (\$ in millions)



- **Reinsurance demand has been significantly impacted by market issues**
  - Limited new business at many primary financial guaranty companies
  - Reduction in facultative business in 2008
- **2008 production visibility is limited**
  - Will depend on facultative portfolio trades
  - FSA, our primary reinsurance client, will be principal source of treaty volume

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 20-22.

- **Mortgage delinquencies remain high by historical standards**
  - Recent troubled vintages not seasoned enough for high confidence factor on ultimate losses; 3-4 years of seasoning should be more sufficient
  - Delinquency increase appears to be slowing; seasonal improvement
- **Corporate credit losses increased particularly in high yield/leveraged finance, but not excessive compared to prior cycles**
- **Commercial MBS delinquencies continue to be low**
- **Municipal credit quality expected to be under rating stress with economic downturn**
  - Select problems in “boom” real estate markets
  - Auction rate market issues largely not credit related

# Market Issues: CDOs of ABS Backed by U.S. 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)
- The deterioration in these asset classes and the large losses at several international commercial and investment banks, structured investment vehicles and hedge funds have led to a liquidity crunch and a deterioration investor confidence.

\$ 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 <sup>1</sup>	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 <sup>2</sup>	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

# Market Issues:

## Deterioration of Underwriting Standards for U.S. 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 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
<b>Subprime Mortgages:</b>			
% full documentation	75%	56%	(19 pp)
% ARMs	70%	79%	9 pp
% interest only	0%	20%	20 pp
Average FICO	594	627	33
Average LTV	78%	80%	2 pp
<b>Alt-A Mortgages:</b>			
% 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)

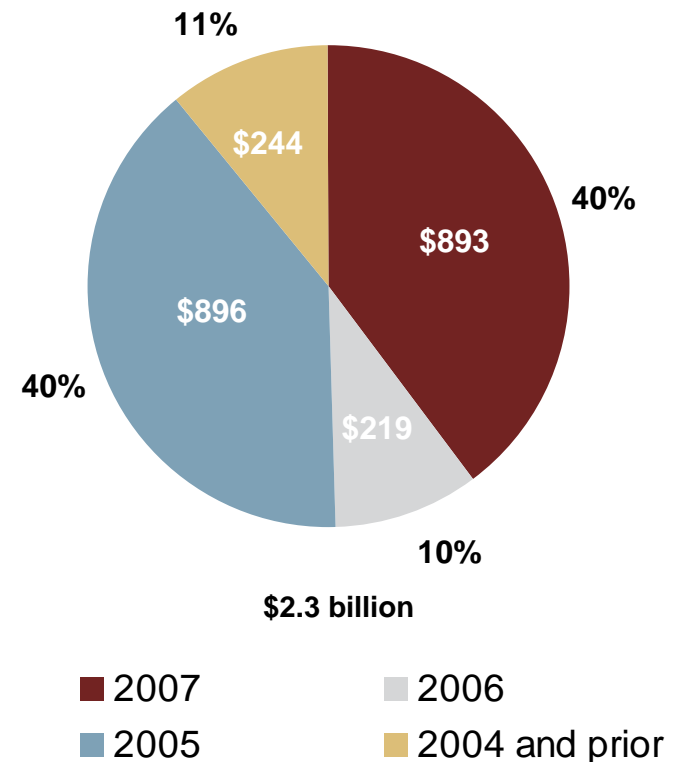
# Home Equity Line of Credit (HELOC)



- **Assured's HELOC book consists of principally 2005 and 2007 exposures**
- **No direct 2006 HELOC**
- **Countrywide comprises about 88% of HELOC net par outstanding**
- **Assured's direct HELOC exposures have experienced increased delinquencies and collateral losses**

## HELOC by Year Issued <sup>1,2</sup>

As of March 31, 2008  
(\$ in millions)



1. Some amounts may not add due to rounding.

2. The \$218 million of HELOC net par outstanding insured in 2006 as of 12/31/07 was generated from treaty reinsurance business and is spread across 9 deals.

3. HELOC issued in 2008 was \$0.

# Direct U.S. RMBS Performance: Prime HELOC and Subprime First Lien



(\$ in millions)

## Distribution of Financial Guaranty Direct U.S. Residential Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2008 <sup>1</sup>

### U.S. Prime HELOC

Year issued:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>
2005	\$ 756	42.0%	0.8%	4.5%	11.5%
2006	-	N/A	N/A	N/A	N/A
2007	768	86.2%	0.0%	2.9%	6.0%
2008	-	N/A	N/A	N/A	N/A
	<u>\$ 1,524</u>	<u>64.2%</u>	<u>0.4%</u>	<u>3.7%</u>	<u>8.7%</u>

### U.S. Subprime First Lien

Year issued:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>
2005	\$ 3,772	42.1%	58.1%	2.0%	37.6%
2006	1,900	61.6%	40.0%	2.2%	33.8%
2007	566	63.2%	38.3%	2.0%	33.4%
2008	-	N/A	N/A	N/A	N/A
	<u>\$ 6,237</u>	<u>49.9%</u>	<u>50.8%</u>	<u>2.1%</u>	<u>36.1%</u>

1. Subordination, cumulative loss, delinquency, and pool factor data is based on information obtained from Intex and/or provided by the trustee and may be subject to restatement or correction. The summary data provided here is based on the most recent reports available to Assured

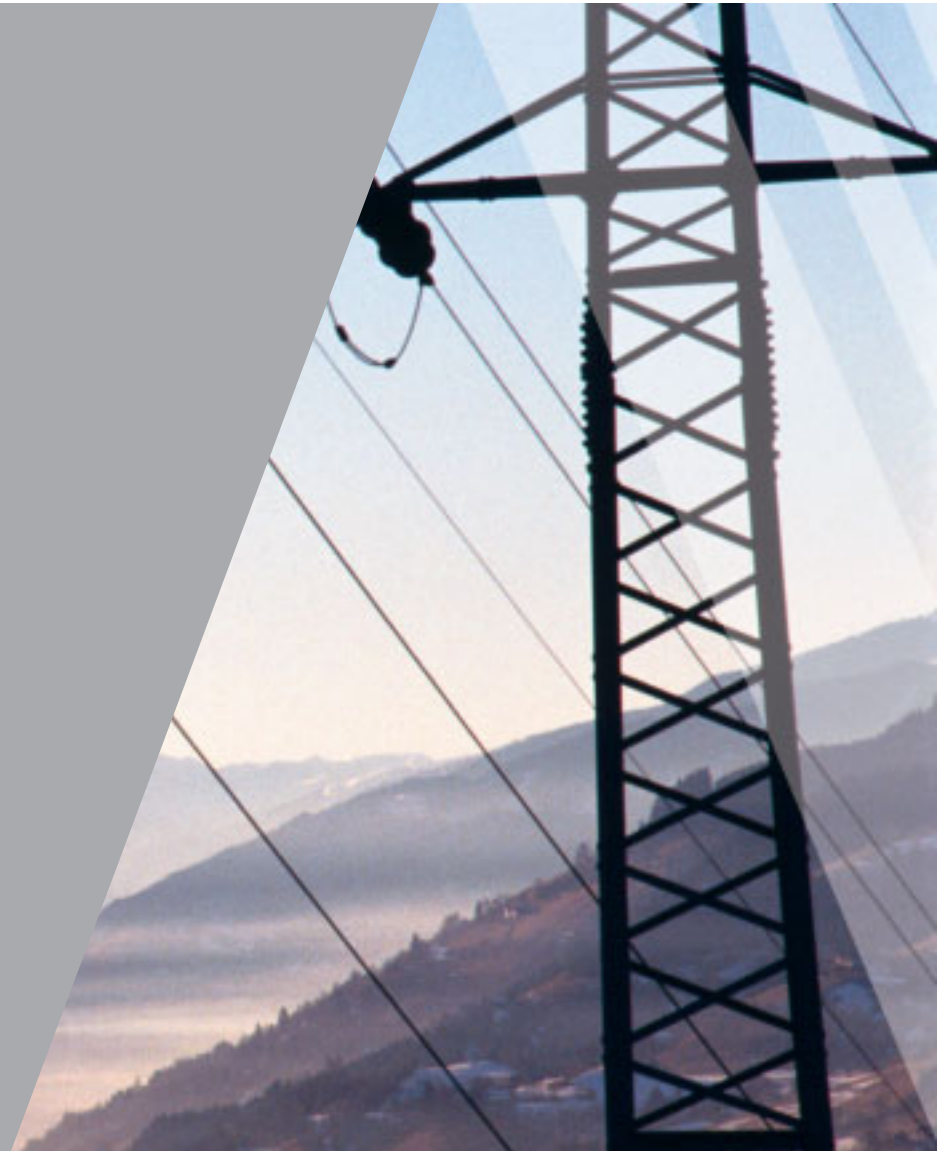
.2. Pool factor is the percentage of net par outstanding at March 31, 2008 divided by the original net par outstanding of the transactions at inception.

3. Represents the sum of subordinate tranches and over-collateralization and does not include any benefit from excess interest collections that may be used to absorb losses. HELOC exposures currently generate excess spread of approximately 300 bps per year. The amount of future excess spread generated can fluctuate as a result of interest rate changes and other factors.

4. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original pool balance.

5. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and also includes all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

## Financial Overview



# Financial Results



(\$ in millions, except per share data)

	Quarter Ended March 31,		% Change vs. 1Q-07
	2008	2007	
Net Earned Premiums	\$47	\$37	26%
Net Investment Income	37	32	16%
Total Revenues	108	86	25%
Loss & LAE	55	(4)	NM
Total Expenses	103	36	189%
Operating Income <sup>1</sup>	6	46	(87%)
<b>Operating Income <sup>1</sup> per Diluted Share</b>	<b>0.08</b>	<b>0.67</b>	<b>(88%)</b>
<b>Operating ROE <sup>1</sup> (ex-AOCI and FAS 133)</b>	<b>1.2%</b>	<b>11.5%</b>	
After-tax (Loss) Gain on Investments / Derivatives	(175)	(7)	NM
Net (Loss) Income	(169)	39	NM
<b>Net (Loss) Income <sup>1</sup> per Diluted Share</b>	<b>(2.11)</b>	<b>0.57</b>	<b>NM</b>
ROE (ex-AOCI)	(44.4%)	9.6%	

NM = Not meaningful

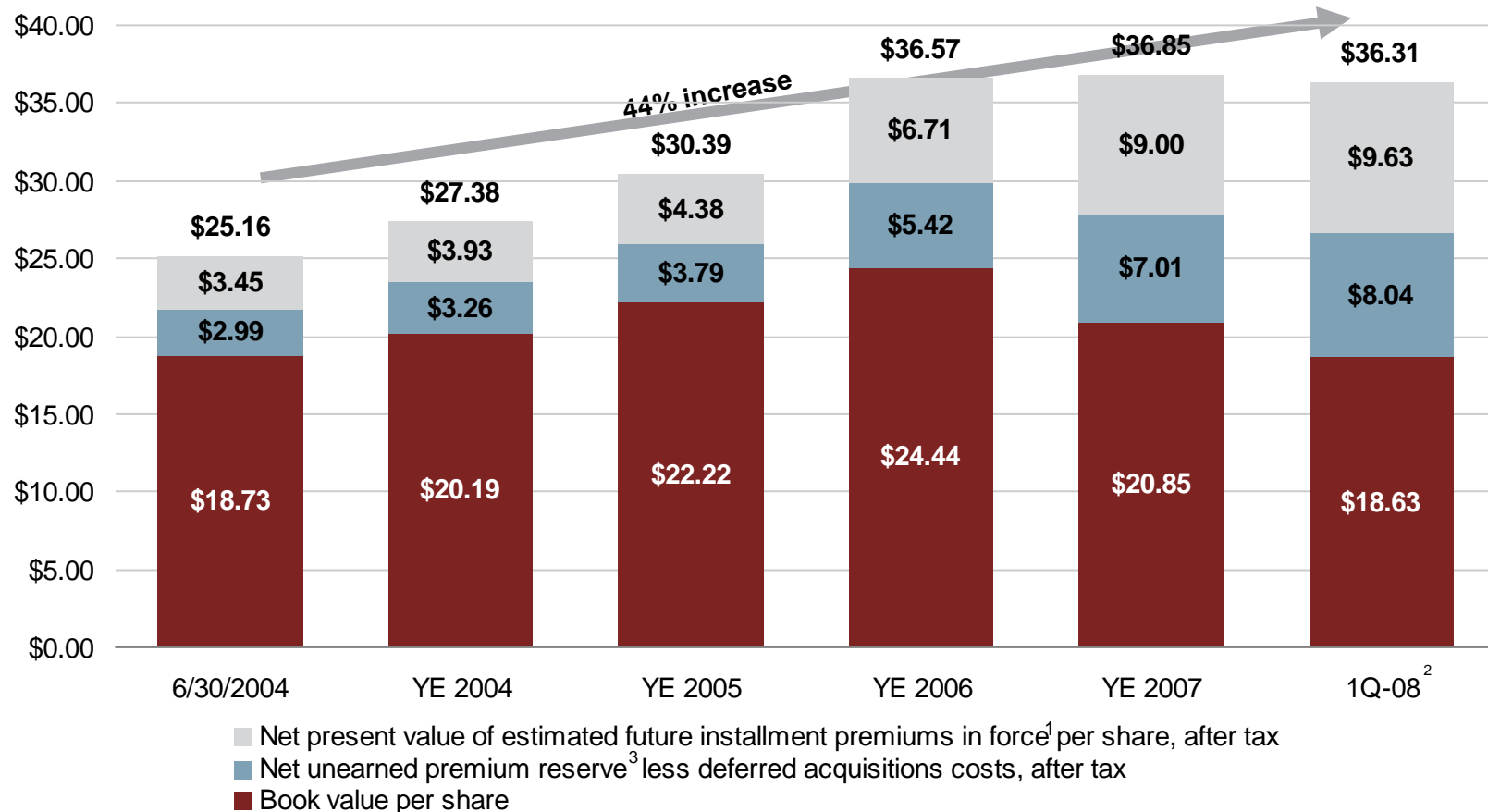
1. For an explanation of operating income and operating ROE, both non-GAAP financial measures, and a reconciliation of operating income to net income, which is the most comparable GAAP term, please refer to the appendix on slides 20-22.

- **Accounting principles for contracts in credit derivative form are different than those written in insurance form**
  - Assured's terms and conditions for the two types of contracts are substantially the same: we only insure for payment default of principal and interest
- **Earned revenues for credit derivatives now reported as a realized gain, net of loss expenses (recoveries) payable**
- **Case and portfolio losses incurred now reported along with unrealized mark-to-market gain (loss)**
- **No change in shareholders' equity, net income or operating income, a non-GAAP financial measure**

# Book Value Per Share Growth



**Adjusted Book Value<sup>1</sup> Per Share**



1. For explanations of adjusted book value and net present value of estimated future installment premiums in force, which is a non-GAAP financial measure, please refer to the appendix on slide 21.
2. The Company's book value per share as of 12/31/07 and 3/31/08 was negatively impacted by approximately \$5.59 and \$7.77 per share, respectively due to the unrealized losses on credit derivatives and a fair value gain on Assured Guaranty Corp.'s committed capital securities
3. Includes unearned less prepaid reinsurance premiums on credit derivatives.

# Unrealized Mark-to-Market Loss on Derivatives



- **For first quarter 2008, Assured Guaranty Ltd. reported a \$181.4 million after-tax unrealized on losses on credit derivatives**
  - Approximately 40% of the unrealized losses on credit derivatives were associated with the Company's \$35 billion in pooled corporate obligations, about 12% were for U.S. CMBS exposures and approximately were related to structured credit and insurance securitization transactions which were written in credit derivative form
- **As of March 31, 2008, Assured Guaranty Ltd. recognized in the balance sheet a \$633.4 million after-tax unrealized mark-to-market loss on derivatives**
  - About 50% of the credit derivative liability was associated with pooled corporate obligations, about 30% was associated with U.S. RMBS and 12% with U.S. CMBS.
  - \$7.77 per share reduction in book value per share as of March 31, 2008 due to after-tax, unrealized losses on credit derivatives and a fair value gain on Assured Guaranty Corp.'s committed capital securities.
- **The mark-to-market loss does not reflect actual claims or credit losses**
  - No impact on claims-paying resources, rating agency capital requirements or regulatory capital position
- **The net gain or loss on CDS exposure will amortize to zero as the exposure approaches its maturity date, unless there is a payment default on the exposure**
- **CDS contracts are substantially similar to financial guaranty contracts**

# 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. Management believes that 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.

Operating income, which is a non-GAAP financial measure, is defined as net income (loss) excluding i) after-tax realized gains (losses) on investments and ii) after-tax unrealized gains (losses) on credit derivatives and the fair value adjustment of the Company's committed capital securities, other than the Company's net estimate of after-tax incurred case and portfolio loss and loss adjusted expense reserves for credit derivatives. Operating return on equity (ROE) represents operating income as a percentage of average shareholders' equity, excluding accumulated other comprehensive income and after-tax unrealized gains (losses) on credit derivatives. Management believes that operating income and operating ROE are useful measures for management, investors and analysts because the presentation of operating income and operating ROE enhance the understanding of Assured's results of operations by highlighting the underlying profitability of Assured's business. Realized gains (losses) on investments and unrealized gains (losses) on credit derivatives and the fair value adjustment of the Company's committed capital securities, other than the portion attributable to the Company's net estimate of incurred case and portfolio loss and loss adjustment expense reserves for credit derivatives, are excluded because the amount of both of these gains (losses) is heavily influenced by, and fluctuates, in part, according to market interest rates, credit spreads and other factors that management cannot control or predict. These measures should not be viewed as substitutes for net income (loss) or ROE determined in accordance with GAAP.

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.

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%. Management believes that 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.

For adjusted book value, net present value of estimated future installment premiums in force, and 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: PVP<sup>1</sup> – Reconciliation to Gross Written Premiums<sup>2</sup>



(\$ in millions)

**Gross written premiums (GWP) analysis:**

Present value of financial guaranty and credit derivative GWP (PVP)<sup>a</sup>  
 Less: PVP of credit derivatives  
 PVP of financial guaranty GWP  
 Less: Financial guaranty installment premium PVP  
 Total: Financial guaranty upfront GWP  
 Plus: Financial guaranty installment GWP  
 Total financial guaranty GWP  
 Plus: Mortgage guaranty segment GWP  
 Plus: Other segment GWP  
**Total GWP per income statement**

	Quarter Ended March 31,		As reclassified
	2008	2007	2007
	<b>\$ 276.6</b>	<b>\$ 106.7</b>	<b>\$ 874.6</b>
	93.4	40.3	252.2
	183.2	66.4	622.4
	36.1	36.9	292.8
	147.1	29.5	329.6
	24.7	21.3	88.6
	171.8	50.8	418.2
	0.5	1.0	2.7
	3.5	3.3	3.5
	<b>\$ 175.8</b>	<b>\$ 55.2</b>	<b>\$ 424.5</b>

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix on slide 17.  
 2. Some amounts may not add due to rounding.

# Appendix: Reconciliation of Operating Income to Net Income



(\$ in millions, except per share data)

	Quarter Ended March 31,	
	2008	2007
<b>Operating income</b>	6.2	46.1
Plus: After-tax realized gains (losses) on investments	0.4	(0.2)
Plus: After-tax unrealized losses on credit derivatives <sup>1</sup>	(175.8)	(6.9)
<b>Net (loss) income</b>	<b>\$ (169.2)</b>	<b>\$ 39.0</b>
<b>Per diluted share</b>		
<b>Operating income<sup>b</sup></b>	<b>\$ 0.08</b>	<b>\$ 0.67</b>
Plus: After-tax realized gains (losses) on investments	-	-
Plus: After-tax unrealized losses on credit derivatives <sup>1</sup>	(2.20)	(0.10)
<b>Net (loss) income</b>	<b>\$ (2.11)</b>	<b>\$ 0.57</b>

1. The quarter ended March 31, 2008 included a fair value after-tax gain of \$5.5 million, or \$0.07 per diluted share, related to Assured Guaranty Corp.'s committed capital securities.

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