



Bank of America  
38<sup>th</sup> Annual Investment Conference  
September 17, 2008

**ASSURED  
GUARANTY<sup>®</sup>**

Any forward-looking statements made in this presentation 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 its calculations of adjusted book value, present value of financial guaranty and credit derivative gross written premiums ("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 financial guaranty business could be affected by many events. These events include a significant reduction in the amount of reinsurance ceded to us, 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, 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 are made as of September 17, 2008. Assured does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**Dominic Frederico  
President & Chief Executive Officer  
Assured Guaranty Ltd.**



- **Our sole focus is financial guaranty**
  - 20+ year track record in financial guaranty market
  - Largest financial guaranty reinsurer (AG Re)
  - Growing financial guaranty direct company (AGC); core focus since 2004 IPO
  - No muni GIC, financial product or investment management subsidiaries
- **Strong capitalization**
  - GAAP equity of \$2.2 billion as of June 30, 2008, second highest in the industry
  - AGC exceeds triple-A capital standards of Moody's, S&P and Fitch
  - AG Re exceeds double-A capital standards of the three agencies
- **Limited exposure to troubled U.S. residential mortgage-backed securities (RMBS)**
  - No CDOs of ABS with subprime RMBS
  - Only one pre-2004 deal with exposure to U.S. RMBS
  - \$3.5 billion of U.S. RMBS rated BBB or lower, 1.5% of total net par outstanding

- **“According to Moody’s, recent events have demonstrated that the leverage and complexity of certain structured finance transactions have made loss estimations difficult.” Moody’s press release, July 21, 2008**
  - Moody’s rates 95% of our \$40 billion pooled corporate exposures
  - Moody’s rates over 84% of our pooled corporate book as Aaa
  - August 1, 2008 report by Moody’s on CLOs noted: “typical investment-grade CLO tranches, especially Aaa tranches, can withstand some of the most stressful corporate credit scenario’s in history.”
  - Assured’s internal analysis indicates losses of less than \$100 million even if 50% of the underlying exposures default
- **Assured has “large single and sectoral risk concentrations, which Moody’s considers to be higher than other highly-rated financial guarantors.” Moody’s press release, July 21, 2008**
  - Moody’s agrees that “... Assured's conservative underwriting strategy and expansion into the municipal market have resulted in a generally high-quality and diversified insured portfolio...” Moody’s press release, July 21, 2008
  - Our exposure limits are within Moody’s thresholds under their current rating methodology

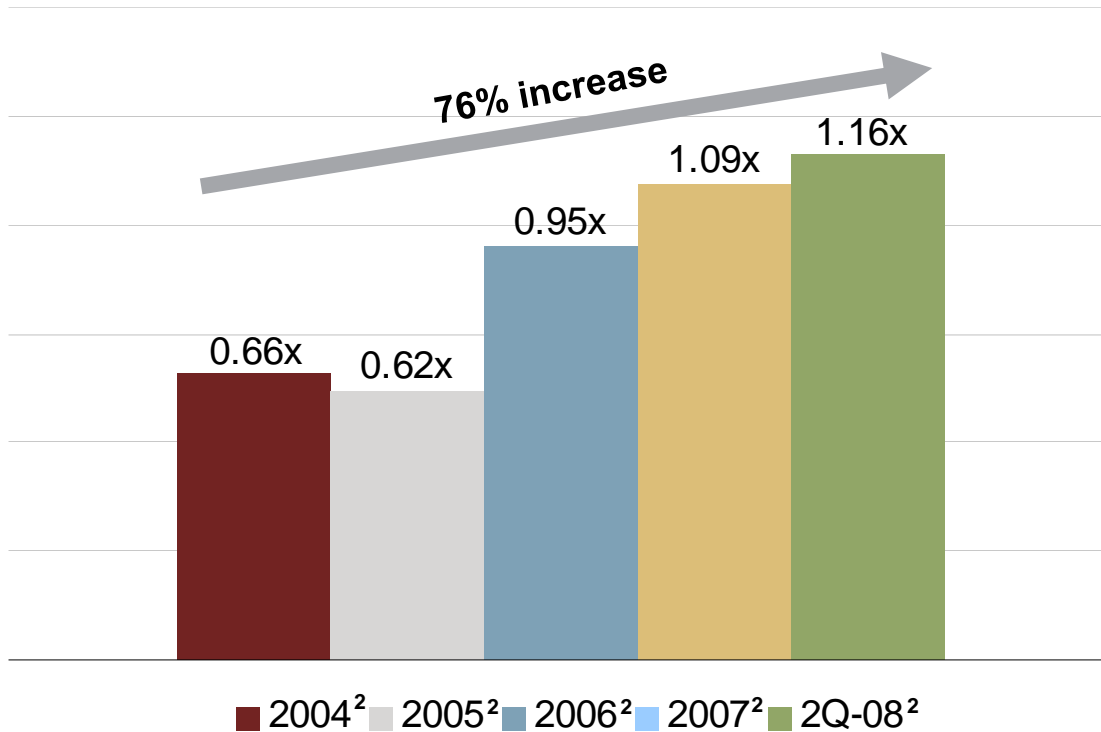
- **Moody's has expressed concern over decline in demand for insurance**
  - Strong demand for AAA companies with stable ratings, until recent Moody's announcement; only two of the seven bond insurers that were triple-AAA (stable) last year are writing new direct U.S. public finance business
  - The demand for Assured's insurance has increased significantly, with Assured's U.S. public finance market share at 34.4% for the first eight months of 2008, up from 1.9% for full year 2007
  - With only three main players in the bond insurance industry, insured penetration was still 3 percentage points higher than letters of credit (LOCs) for the first eight months of the year
  - Banks letter of credit capacity is more constrained than bond insurers; LOCs are more expensive to issuers and do not offer investors the same tenor or protections
  
- **Moody's worries about long-term demand for credit enhancement are speculative**
  - Investor demand for credit enhancement is strong, with 36.8% of U.S. public finance issuance having financial guaranty or letter of credit enhancement for first eight months of 2008
  - The biggest issue for insured structured finance demand is the lack of new issuance activity and the changes in the mortgage securitization markets; difficult to evaluate disrupted market
  - Pricing in all markets and limited new issuance in structured finance are the major factors that have lead to the current decline in insured penetration

- **Assured remains committed to maintaining the highest ratings in the financial guaranty industry**
- **Our desire is to retain triple-A ratings for the direct company and AA for reinsurance and to remain active in both public and structured finance markets**
- **We are analyzing various alternatives with respect to potential ratings profile, business prospects and shareholder returns**
- **Our ratings relative to competitors will be a key driver of our competitive position**

# Strong Earnings Model



## Ratio of Estimated Future Earned Premiums<sup>1</sup> to GAAP Equity Adjusted for Mark-to-Market<sup>2</sup>



- **Assured's existing premium base provides a strong pipeline of future premiums**
  - \$1.2 billion of unearned premium reserves as of June 30, 2008
  - \$1.0 billion of present value of estimated future installment premiums<sup>3</sup>
- **Our earnings leverage exceeds most of our peers' 2006 leverage, a time when their ROEs were in 12-15% range**
  - MBIA<sup>2</sup> 0.86x
  - Ambac<sup>2</sup> 1.02x

1. Estimated future earned premiums is net unearned premium reserves plus estimated future installment premiums (calculations for 2004 and 2005 include statutory unearned premium reserves and net present value of estimated future installment premiums<sup>3</sup>)

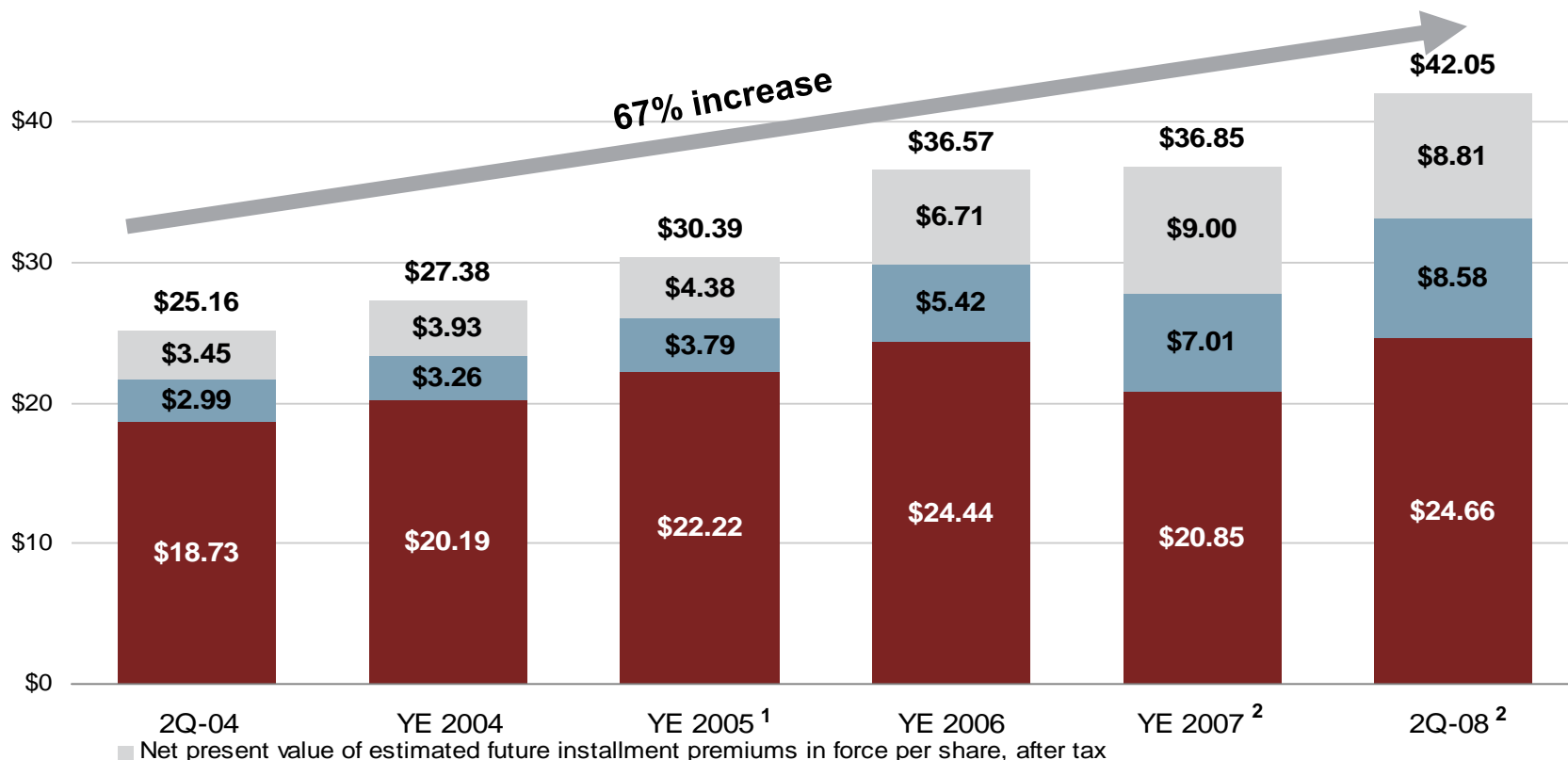
8 | 2. MBIA, Ambac, 2004, 2005, 2006, 2007 and 2Q-08 GAAP equity is adjusted for net unrealized mark-to-market gains/(losses) on credit derivatives

3. Please refer to the appendix for explanation of non-GAAP financial measures [net present value of estimated future installment premiums in force].

# Book Value Per Share Growth Since IPO



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



- Net present value of estimated future installment premiums in force per share, after tax
- Unearned premium reserve less prepaid reinsurance and deferred acquisitions costs after tax and net unearned revenue on credit derivatives, after tax
- Book value 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.

2. The Company's book value per share as of 12/31/07 and 06/30/08 was reduced by approximately \$5.59 and \$1.29 per share, respectively, due to after-tax unrealized losses on credit derivatives and a fair value gain on Assured Guaranty Corp.'s committed capital securities

# Appendix



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# 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)

	Quarter Ended June 30,		% Change versus 2Q-07	Six Months Ended June 30,		% Change versus YTD 2007
	2008	2007		2008	2007	
<b>Gross written premiums (GWP) analysis:</b>						
Present value of financial guaranty and credit derivative GWP (PVP)	\$ 278.9	\$ 125.3	123%	\$ 555.5	\$ 232.1	139%
Less: PVP of credit derivatives	52.3	39.2	33%	145.8	79.5	83%
PVP of financial guaranty GWP	226.6	86.1	163%	409.7	152.6	168%
Less: Financial guaranty installment premium PVP	14.8	33.7	(56)%	50.9	70.6	(28)%
Total: Financial guaranty upfront GWP	211.8	52.4	304%	358.8	82.0	338%
Plus: Financial guaranty installment GWP	34.0	18.7	82%	58.8	40.0	47%
Total financial guaranty GWP	245.8	71.1	246%	417.6	122.0	242%
Plus: Mortgage guaranty segment GWP	-	0.5	NM	0.5	1.5	(67)%
Plus: Other segment GWP	-	0.1	NM	3.5	3.4	3%
<b>Total GWP per income statement</b>	<b>\$ 245.8</b>	<b>\$ 71.8</b>	<b>242%</b>	<b>\$ 421.6</b>	<b>\$ 126.9</b>	<b>232%</b>

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

2. Some amounts may not add due to rounding.

NM = Not Meaningful

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# Equity Investor Presentation

## Second Quarter 2008

