



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

**ASSURED  
GUARANTY®**

# Safe Harbor Disclosure



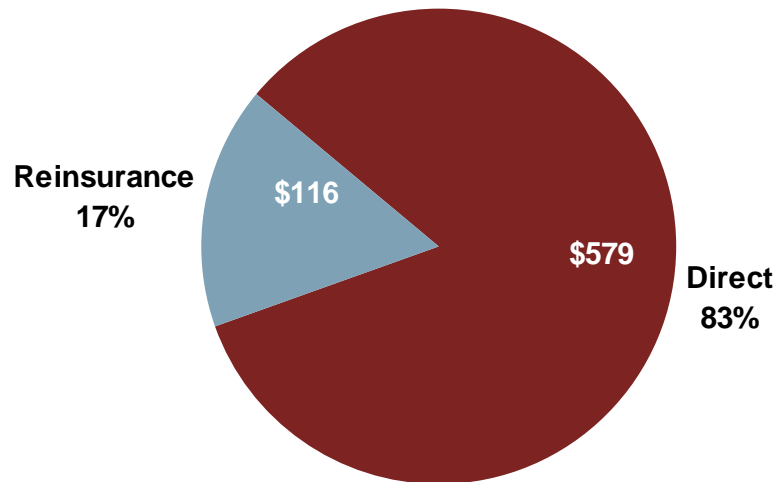
- Forward-looking statements are being made in this presentation. Actual results could differ materially from these statements.
- For example, the Company's forward looking statements, including its calculations of adjusted book value, PVP, net present value of estimated future installment premiums in 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. Do not place undue reliance on these forward-looking statements which are made as of November 6, 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.
- 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>) First Nine Months 2008



**Total PVP: \$694.9 million**  
**75% growth versus first nine months of 2007**

- 20 year track record in financial guaranty market
- Assured Guaranty Corp. is one of only two financial guaranty insurance companies rated triple-A by the three major rating agencies
- Leading U.S. public finance market share in 3Q-08
- Bermuda based AG Re is the largest financial guaranty reinsurer
  - Current focus on portfolio transactions
  - CIFG portfolio announced October 2008

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 22-23.

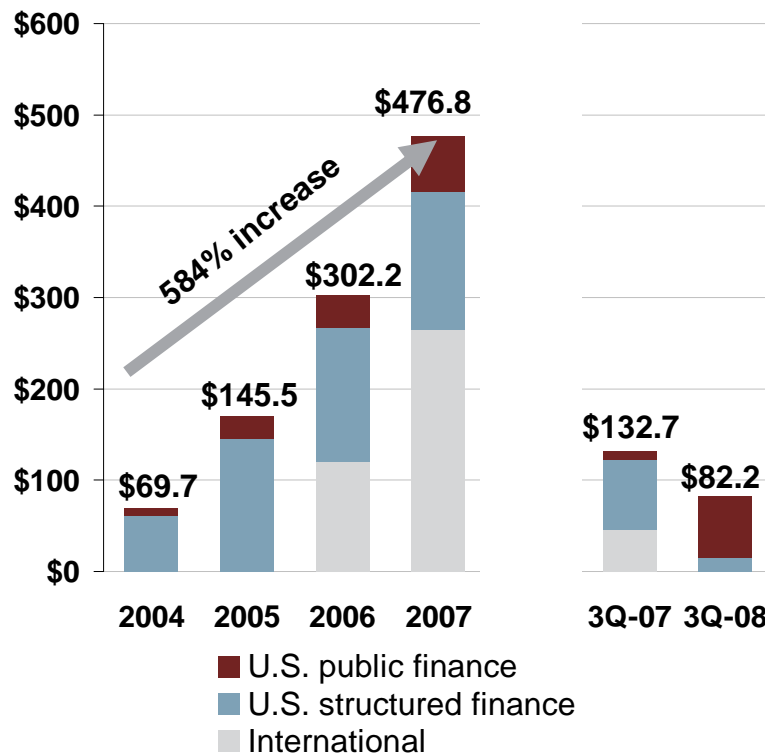
- **Exercise strict underwriting discipline**
  - No leverage on leverage transactions
  - Granular risk analysis
  
- **Expand direct franchise**
  - Direct PVP<sup>1</sup> increased 584% from 2004 to 2007
  
- **Maintain leading reinsurance market position**
  
- **Maintain highest ratings possible for Assured Guaranty Corp. and AG Re**
  - Assured Guaranty Corp. is currently rated AAA (stable) and AG Re AA (stable) by Standard & Poor's and Fitch Ratings
  - In July 2008, Moody's placed all of Assured's ratings, including Assured Guaranty Corp.'s Aaa rating and AG Re's Aa1 rating, under review for possible downgrade due to concerns about industry developments
  
- **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 and \$250 million investment by WL Ross & Co. LLC in April 2008

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 22-23.

- **Assured has had multiple discussions with Moody's regarding their review, scope and timing**
  - We are awaiting clarification on specific information items for this review
  - Appears to be a combination of concerns about the industry's prospects and Company portfolio risks, specifically in pooled corporates
  - We understand Moody's has a 60 day time frame for this review (end of September)
- **We will consider changes in risk limits and other underwriting criteria to address their concerns**
  - Structured finance business already declining as a percent of business due to our growth in U.S. public finance
  - There is no clear decision from Moody's regarding triple-A public finance-only companies; premature to draw any conclusions
- **Assured Guaranty Corp. meets Moody's Aaa capital requirements, based on most recent available information**
  - We had been targeting additional capital cushion in the event of changes to rating agency capital models
  - To the extent capital requirements change, we will seek to address them, however we do not have exposure to the high loss severity asset classes that generated substantial additional capital charges at other financial guarantors
  - We are working with Moody's on their revised stress test assumptions to understand the impact on our portfolio

## Assured Guaranty Ltd. Financial Guaranty Direct PVP <sup>1</sup>

(\$ in millions)

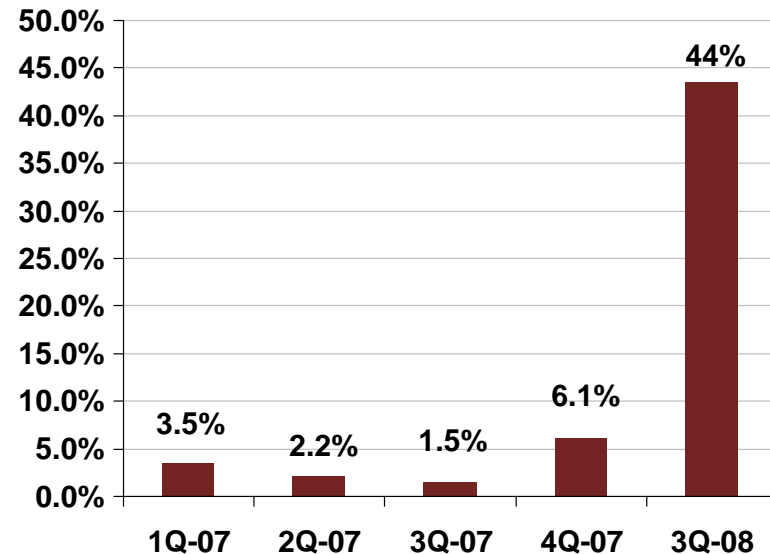


- **Robust new business activity in financial guaranty direct**
  - Strong demand for new issue guaranties in U.S public finance
  - Lower activity levels in U.S. and international structured finance
  - International infrastructure pipeline is strong but limited market issuance activity currently
  
- **Pricing remains attractive**
  - Credit spreads remain wide

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 22-23.

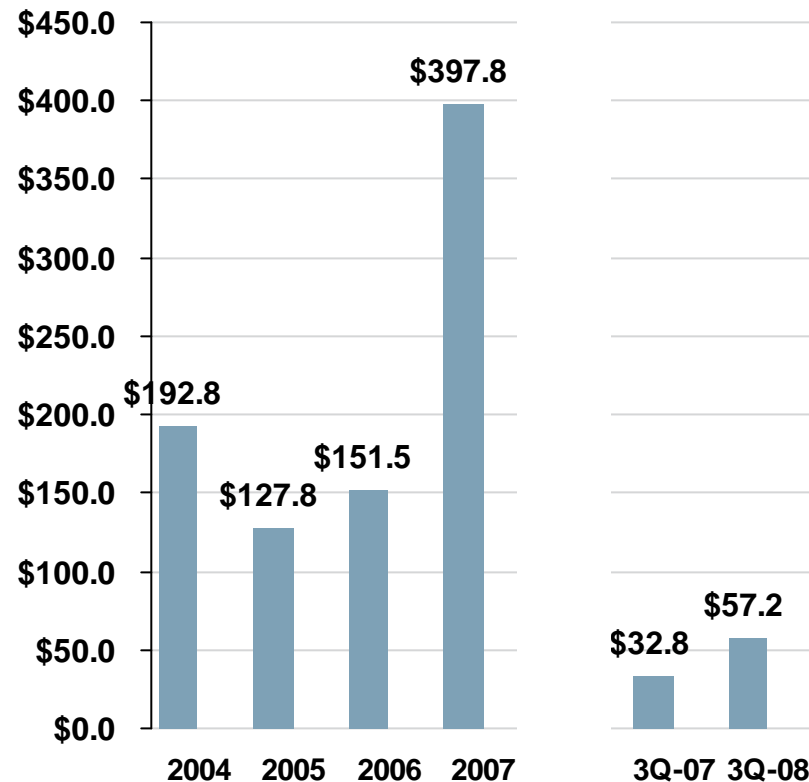
- **Assured Guaranty Corp. is one of only two direct financial guarantors with AAA ratings from all three of the major credit rating agencies**
  - Improved pricing and terms
  - Strong demand for secondary wraps
  - Moody's credit review
- **Steady growth in direct U.S. public finance in 3Q-08**
  - Direct new issues U.S. public finance market share for the third quarter of 2008 estimated at 44%
  - October new issue market share estimated at 46%
- **Structured finance and international markets have reduced levels of new issuance due to market conditions**

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



Source: Thomson Financial

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



- **Reinsurance production affected by downgrades of several treaty and facultative clients' ratings, reducing their new business**
  - FSA is sole current treaty client
- **3Q-08 results reflect two facultative portfolio reinsurance transactions**
- **Announced CIFG transaction for \$13 billion of par in October 2008**
  - Expected to close in 4Q-08

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 22-23.

- **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 appears to be stabilizing on our direct Countrywide transactions
- **Corporate credit losses increased particularly in high yield/leveraged finance, but not excessive compared to prior cycles**
  - Our pooled corporate portfolio remains highly rated – only two deals at BBB level
- **Commercial MBS delinquencies continue to be low**
  - Average rating of AAA
- **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

# Consolidated U.S. RMBS

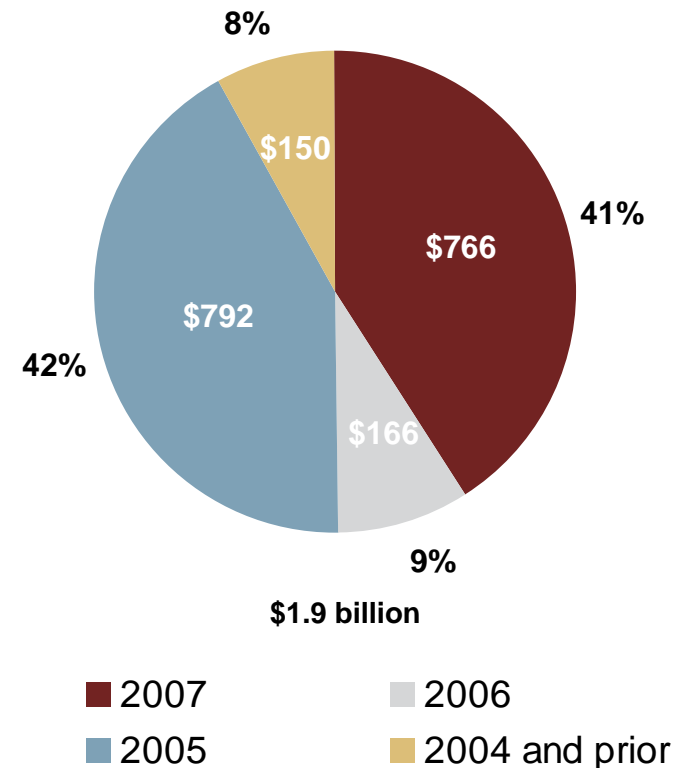
## Home Equity Line of Credit (HELOC) Exposure



- **Assured's HELOC book consists of principally 2005 and 2007 exposures**
- **No direct 2006 HELOC**
- **Countrywide comprises about 89% of HELOC net par outstanding**
- **Assured's direct HELOC exposures have experienced increased delinquencies and collateral losses**
  - \$ 94.5 million of cumulative loss reserves on 2 Countrywide transactions
  - Total loss incurred for HELOCs is \$75.9 million in 2008

### HELOCs by Year Insured <sup>1</sup>

As of September 30, 2008  
(\$ in millions)

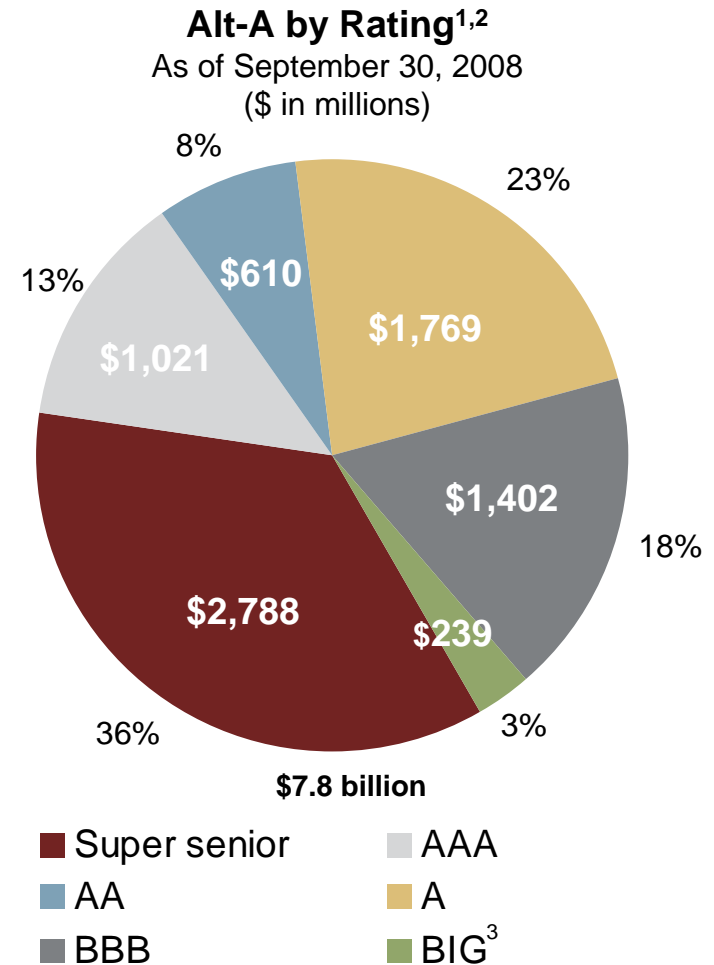


1. HELOCs insured in 2008 was \$0.

# Consolidated U.S. RMBS Alt-A Exposure



- **Highly rated portfolio**
  - 48.6% rated triple A or super senior
  - Only 3% below investment grade
- **Our Alt-A portfolio was largely underwritten since the first half of 2007, using significantly stressed assumptions**
  - Many transactions were underwritten on a secondary basis and had the benefit of some seasoning
- **Limited amount of pre-2007 exposure**
  - Less than 8% from 2006 or earlier



1. Some amounts may not add due to rounding.  
 2. Assured's internal rating. Please see slide 16 footnote 1 for more explanation.  
 3. Below investment grade.

# Consolidated U.S. RMBS Closed End Second Liens Exposure



- Limited exposures to closed end second liens**

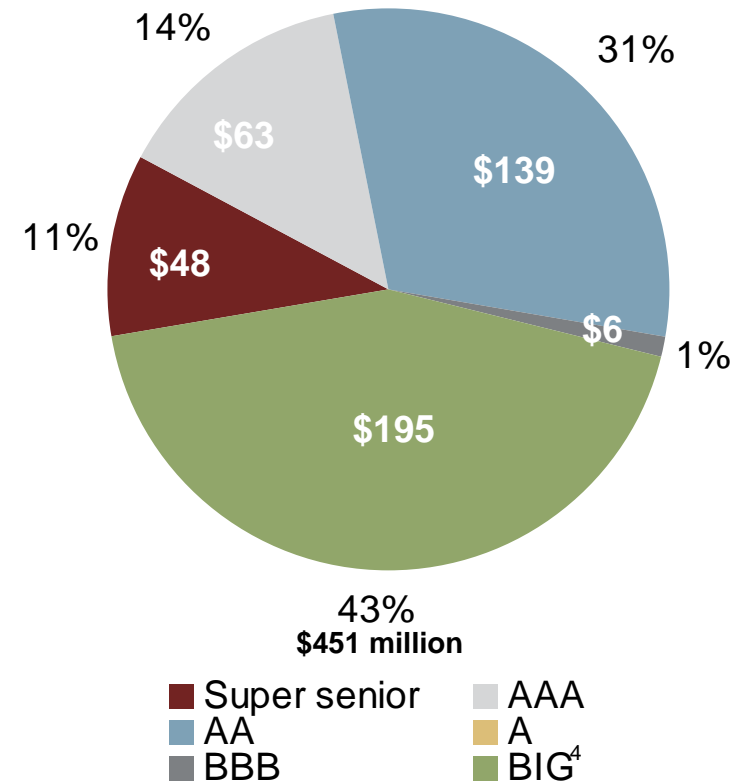
- \$451 million in total exposure is \$441 million in direct and \$10 million in reinsurance
- All but \$6 million of exposure is 2007 vintage

- 5 direct transactions**

- Only \$441 million in total direct exposure
- 2 deals for \$195 million rated BIG
- Our other three transactions are rated AA to Super Senior

## Closed End Second Liens by Rating <sup>1,2,3</sup>

As of September 30, 2008  
(\$ in millions)



1. Some amounts may not add due to rounding.  
 2. Assured's internal rating. Please see slide 16 footnote 1 for more explanation.  
 3. Closed end second liens rated A were 0%.  
 4. Below investment grade.

# Direct U.S. RMBS Performance

## Prime HELOC and Subprime First Lien



(\$ in millions)

### Distribution of Financial Guaranty Direct U.S. Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of September 30, 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	\$ 652	35.2%	0.0%	9.2%	12.0%
2006	-	N/A	N/A	N/A	N/A
2007	656	72.0%	0.0%	11.7%	8.2%
2008	-	N/A	N/A	N/A	N/A
	<u>\$ 1,308</u>	<u>53.7%</u>	<u>0.0%</u>	<u>10.4%</u>	<u>10.1%</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	\$ 3,683	35.7%	61.8%	4.3%	42.2%
2006	1,900	53.0%	41.9%	5.9%	42.0%
2007	535	54.3%	42.4%	5.8%	44.1%
2008	-	N/A	N/A	N/A	N/A
	<u>\$ 6,118</u>	<u>42.7%</u>	<u>53.9%</u>	<u>4.9%</u>	<u>42.3%</u>

1. For this release, net par outstanding is based on values as of September 2008. Pool factor, subordination, cumulative losses and delinquency data is based on September 2008 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

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

3. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses.

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 all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

# Direct U.S. RMBS Performance

## Closed End Seconds and Commercial Mortgage-Backed Securities



(\$ in millions)

### Distribution of Financial Guaranty Direct U.S. Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of September 30, 2008 <sup>1</sup>

#### U.S. Prime CES

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	\$ -	N/A	N/A	N/A	N/A
2006	-	N/A	N/A	N/A	N/A
2007	441	75.0%	30.0%	17.5%	15.5%
2008	-	N/A	N/A	N/A	N/A
	<u>\$ 441</u>	<u>75.0%</u>	<u>30.0%</u>	<u>17.5%</u>	<u>15.5%</u>

#### U.S. CMBS

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	\$ 3,429	97.0%	28.8%	0.0%	0.1%
2006	1,418	98.6%	30.5%	0.0%	0.0%
2007	545	90.9%	19.6%	0.0%	0.8%
2008	-	N/A	N/A	N/A	N/A
	<u>\$ 5,391</u>	<u>96.8%</u>	<u>28.3%</u>	<u>0.0%</u>	<u>0.1%</u>

1. For this release, net par outstanding is based on values as of September 2008. Pool factor, subordination, cumulative losses and delinquency data is based on September 2008 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

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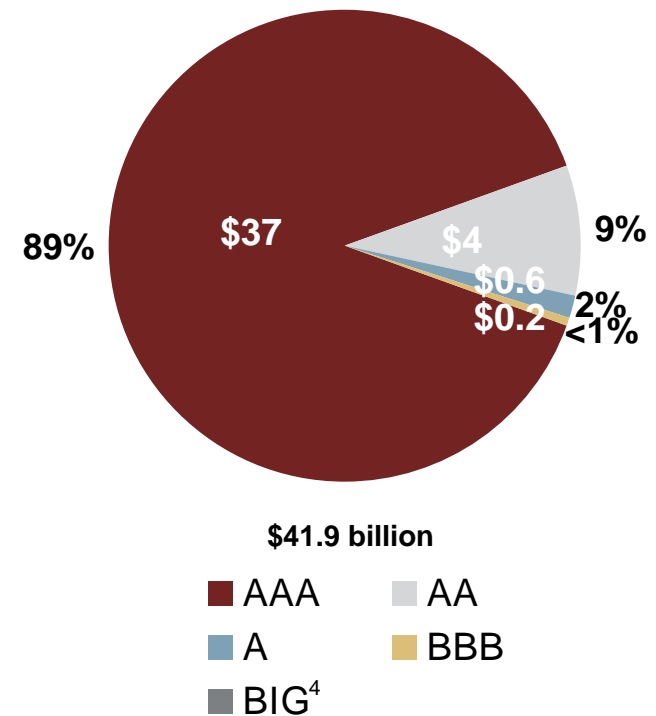
# Pooled Corporate Obligations



- **Our pooled corporate exposure is highly rated and well-protected**
  - No below investment grade transactions
  - Average credit enhancement of 37.6%
- **\$2.5 billion of Trust Preferreds for U.S. mortgage and REITs are lowest rated category**
  - 10 deals of \$2.5 billion in par
  - Average credit enhancement of 50.1%
  - Deals disclosed on our transaction list

## Pooled Corporate Obligations by Rating<sup>1,2,3</sup>

As of September 30, 2008  
(\$ in billions)



1. Some amounts may not add due to rounding.  
2. Assured's internal rating. Please see slide 16 footnote 1 for more explanation.  
3. Pooled Corporate Obligations rated BIG<sup>4</sup> were 0%.  
4. Below investment grade.

# Pooled Corporate Obligations By Asset Class



(\$ in millions)

## Distribution of Financial Guaranty Direct Pooled Corporate Obligations by Asset Class as of September 30, 2008

Asset class:	Net Par	%	Avg. Initial	Avg. Current	Avg. Rating <sup>1</sup>
	Outstanding		Credit	Enhancement <sup>2</sup>	
High yield corporates	\$ 26,792	63.9%	35.4%	33.7%	AAA
Trust preferred - banks and insurance	3,816	9.1%	47.1%	45.0%	AAA
Trust preferred - US mortgage and REITs	2,526	6.0%	50.1%	45.0%	AA
Trust preferred - European mortgage and REITs	1,077	2.6%	36.8%	37.0%	AAA
Market value CDOs of corporates	4,514	10.8%	38.9%	35.6%	AAA
Investment grade corporates	2,331	5.6%	28.7%	29.6%	AAA
Commercial real estate	758	1.8%	49.0%	48.9%	AAA
CDO of CDOs (corporate)	89	0.2%	1.7%	5.1%	AAA
	<u>\$ 41,903</u>	<u>100.0%</u>	<u>37.6%</u>	<u>35.7%</u>	<u>AAA</u>

1. Assured's internal rating. Assured's scale is comparable to that of the nationally recognized rating agencies. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured's AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured's exposure or (2) Assured's exposure benefits from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss and such credit enhancement, in management's opinion, causes Assured's attachment point to be materially above the AAA attachment point.

2. "Average Credit Enhancement" is intended to provide a measure of the amount of equity and/or subordinate tranches that are junior in the capital structure to Assured's exposure, expressed as a percentage of the total transaction size and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown above do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes. Data is obtained from third-party sources such as trustee reports and may be subject to misstatement or correction.

# Financial Overview



# Financial Results



(\$ in millions, except per share data)

	Quarter Ended September 30,		% Change vs. 3Q-07
	2008	2007	
Net Earned Premiums	\$86	\$39	122%
Net Investment Income	43	32	36%
Total Revenues	149	87	72%
Loss & LAE	83	2	NM
Total Expenses	129	40	225%
Operating Income <sup>1</sup>	26	48	(46%)
<b>Operating Income<sup>1</sup> per Diluted Share</b>	<b>0.28</b>	<b>0.70</b>	<b>(60%)</b>
<b>Operating ROE<sup>1</sup> (ex-AOCI and FAS 133)</b>	<b>4.4%</b>	<b>11.4%</b>	
After-tax Gain (Loss) on Investments / Derivatives	(89)	(163)	NM
Net (Loss) Income	(63)	(115)	NM
<b>Net (Loss) Income per Diluted Share</b>	<b>(0.70)</b>	<b>(1.70)</b>	<b>(59%)</b>
<b>ROE (ex-AOCI)</b>	<b>(11.5%)</b>	<b>(28.2%)</b>	

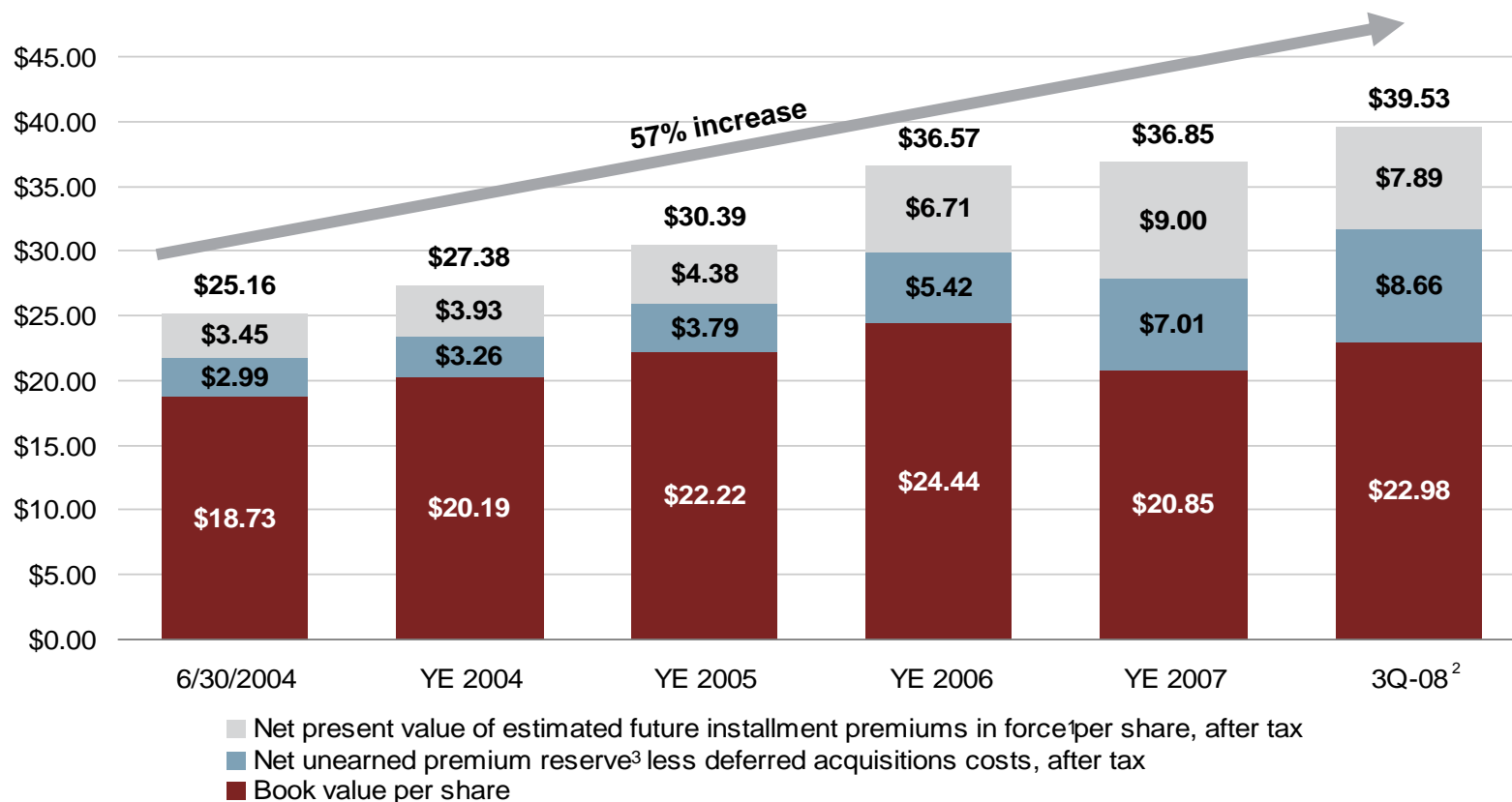
NM = Not meaningful

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 22-24.

# 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 22.
2. The Company's book value per share as of 9/30/08 was impacted by \$2.92 per diluted share in after-tax unrealized gains on credit derivatives and a fair value gain on Assured Guaranty Corp.'s committed capital securities for nine months ended 09/30/08.
3. Includes unearned revenue less prepaid reinsurance premiums on credit derivatives.

# Unrealized Mark-to-Market Loss on Derivatives



- **For third quarter 2008, Assured Guaranty Ltd. reported \$72.2 million of after-tax unrealized losses on credit derivatives**
  - Reflects the change in fair value of its financial guaranty contracts written in CDS form as well as the change in the Company's own credit cost based on the price to purchase credit protection on Assured Guaranty Corp.
- **As of September 30, 2008, Assured Guaranty Ltd. recognized on the balance sheet a \$189.1 million of after-tax unrealized mark-to-market loss on derivatives and \$78.9 million accumulated other comprehensive loss**
  - \$2.95 per share reduction in book value per share as of September 30, 2008, largely due to pooled corporate obligations and U.S. RMBS and CMBS, offset by Assured's own credit spread
- **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 a credit derivative exposure will amortize to zero as the exposure approaches its maturity date, unless there is a payment default on the exposure**
- **Credit derivative exposure are substantially similar to financial guaranty exposure**

# Appendix



# Appendix

## Explanation of Non-GAAP Financial Measures



Present value of financial guaranty and credit derivative 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 insurance and credit derivative contracts written in the current period, discounted at 6% per year. Management believes that PVP is a useful measure for management, investors and analysts 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 all new contracts underwritten in a reporting period, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlement on credit derivatives ("credit derivative revenues") does not adequately measure. Actual future net earned or written premiums and credit derivative revenues 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.

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 changes in 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.

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, the after-tax value of unearned premium on credit derivatives net of prepaid reinsurance premiums and the after-tax net present value of estimated future installment premiums in force, less future ceding commissions, discounted at 6%, less after-tax deferred acquisition costs. 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 shareholders' equity. 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 financial guaranty and credit derivative in-force books 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, investors and analysts because it permits an evaluation of the value of future estimated financial guaranty and credit derivative 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 September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<b>Gross written premiums (GWP) analysis:</b>				
Present value of insurance and credit derivative GWP (PVP)	\$ 139.4	\$ 165.5	\$ 694.9	\$ 397.5
Less: PVP of credit derivatives	1.1	90.8	146.9	170.4
PVP of financial guaranty GWP	138.3	74.7	548.0	227.1
Less: Financial guaranty installment premium PVP	37.8	27.2	85.9	97.8
Total: Financial guaranty upfront GWP	100.5	47.5	462.1	129.3
Plus: Upfront premium due to commutation	(20.8)	-	(20.8)	-
Plus: Financial guaranty installment GWP	32.9	19.4	88.9	59.6
Total financial guaranty GWP	112.6	66.9	530.2	188.9
Plus: Mortgage guaranty segment GWP	0.2	1.4	0.7	2.9
Plus: Other segment GWP	-	0.1	3.5	3.5
<b>Total GWP per income statement</b>	<b>\$ 112.8</b>	<b>\$ 68.5</b>	<b>\$ 534.4</b>	<b>\$ 195.4</b>

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.

# Appendix: Reconciliation of Operating Income to Net Loss<sup>2</sup>



(\$ in millions, except per share data)

	<b>Quarter Ended September 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Operating income</b>	<b>\$ 26.0</b>	<b>\$ 48.2</b>
Plus: After-tax realized losses on investments	(17.1)	(0.2)
Plus: After-tax unrealized losses on credit derivatives <sup>1</sup>	(72.2)	(162.9)
<b>Net loss</b>	<b>\$ (63.3)</b>	<b>\$ (115.0)</b>
<b>Per diluted share</b>		
<b>Operating income</b>	<b>\$ 0.28</b>	<b>\$ 0.70</b>
Plus: After-tax realized losses on investments	(0.19)	-
Plus: After-tax unrealized losses on credit derivatives <sup>1</sup>	(0.79)	(2.40)
<b>Net loss</b>	<b>\$ (0.70)</b>	<b>\$ (1.70)</b>

1. The quarter ended September 30, 2008 included a fair value after-tax gain of \$4.5 million, or \$0.05 per diluted share related to Assured Guaranty Corp.'s committed capital securities.

2. Some amounts may not add due to rounding.

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