

**Bank of America  
2008 Smid Cap Conference  
March 27, 2008**



**Dominic Frederico, President & CEO  
Assured Guaranty Ltd.**

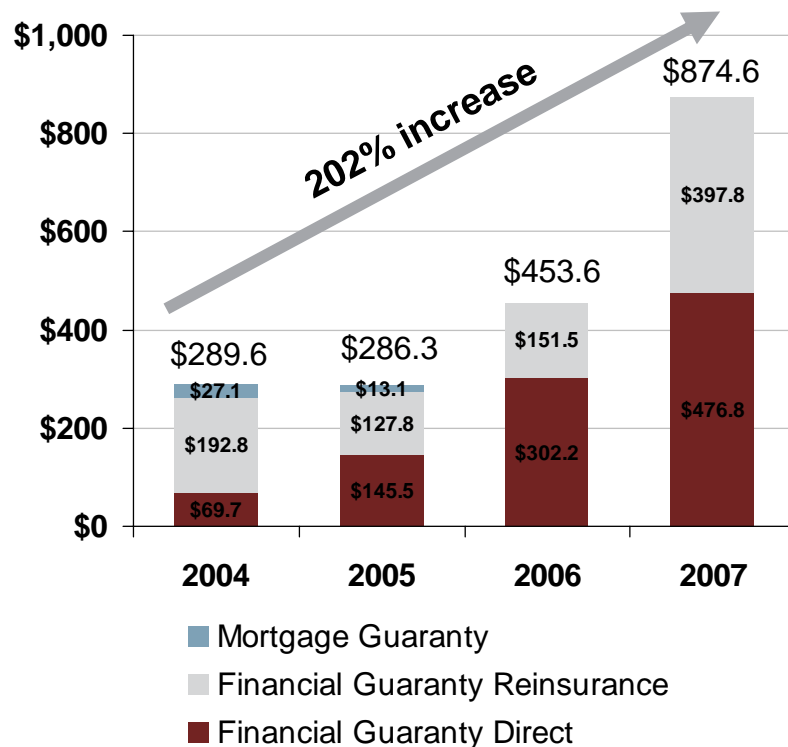
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# Safe Harbor Disclosure



- **Forward-looking statements are being made in this presentation. Actual results could differ materially from these statements.**
- **For example, the forward-looking statements of Assured Guaranty Ltd. (“Assured” or the “Company”), 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 Ltd. Present Value of Gross Written Premiums (PVP)<sup>1</sup> (\$ in millions)



- **20 year track record in financial guaranty market**
  - 2004 IPO of Assured Guaranty Ltd.
- **Assured Guaranty Corp. is one of only two financial guaranty insurance companies rated triple-A (stable) by all three major rating agencies**
  - Benefiting from market turmoil
- **AG Re is the largest financial guaranty reinsurer**
  - Bermuda-based
  - The only financial guaranty reinsurer rated double-A (stable) by all three major rating agencies

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 11-12.

- **Exercise strict underwriting discipline**
  - No CDOs of ABS since 2003
- **Expand our 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.**
  - During December 2007, all of the major rating agencies affirmed Assured Guaranty Corp.'s triple-A (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 11-12.

# The Root of the Problem: 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

# The Root of the Problem: Bank Losses and Lack of Liquidity



- **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 <sup>1</sup>	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 <sup>2</sup>	\$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 <sup>3</sup>	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

# Significant Market Opportunity for Assured



- **We see strong demand for Assured's financial guaranties in many sectors**
  - Approximately \$145 million of direct PVP<sup>1</sup> written during the first two months of 2008
  - U.S. Public Finance market share growing
  - Structured finance driven by secondary market deals
  - International infrastructure active, but slower: backlog
- **Reinsurance transactions are likely to emerge from the restructurings**
  - Downgraded companies 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 triple-A capital cushion

## U.S. Public Finance Insured Par by Financial Guarantor (\$ in millions)

	Assured	Ambac	FGIC	FSA	MBIA	XL Capital	Assured Market Share
Jan-07	242	3,791	2,959	6,099	6,139	1,051	1%
Feb-07	1,614	6,444	4,684	5,992	5,214	654	7%
Mar-07	74	7,859	4,075	5,376	3,722	966	0%
Apr-07	831	3,116	3,870	4,643	3,582	961	5%
May-07	154	5,911	4,790	2,998	5,345	2,100	1%
Jun-07	284	4,963	6,697	5,254	5,910	2,223	1%
Jul-07	10	5,193	3,915	3,234	4,454	843	0%
Aug-07	475	3,843	1,630	5,649	3,649	1,087	3%
Sep-07	182	5,634	805	5,435	4,013	1,854	1%
Oct-07	1,149	6,156	4,700	3,301	8,366	2,670	4%
Nov-07	839	2,126	1,064	4,565	2,631	904	7%
Dec-07	634	830	0	4,528	1,922	348	8%
Jan-08	1,236	193	0	3,864	117	36	23%
Feb-08	2,098	0	0	4,092	23	0	34%
Mar-08*	2,610	62	0	2,096	793	0	47%

\*As of March 19, 2008

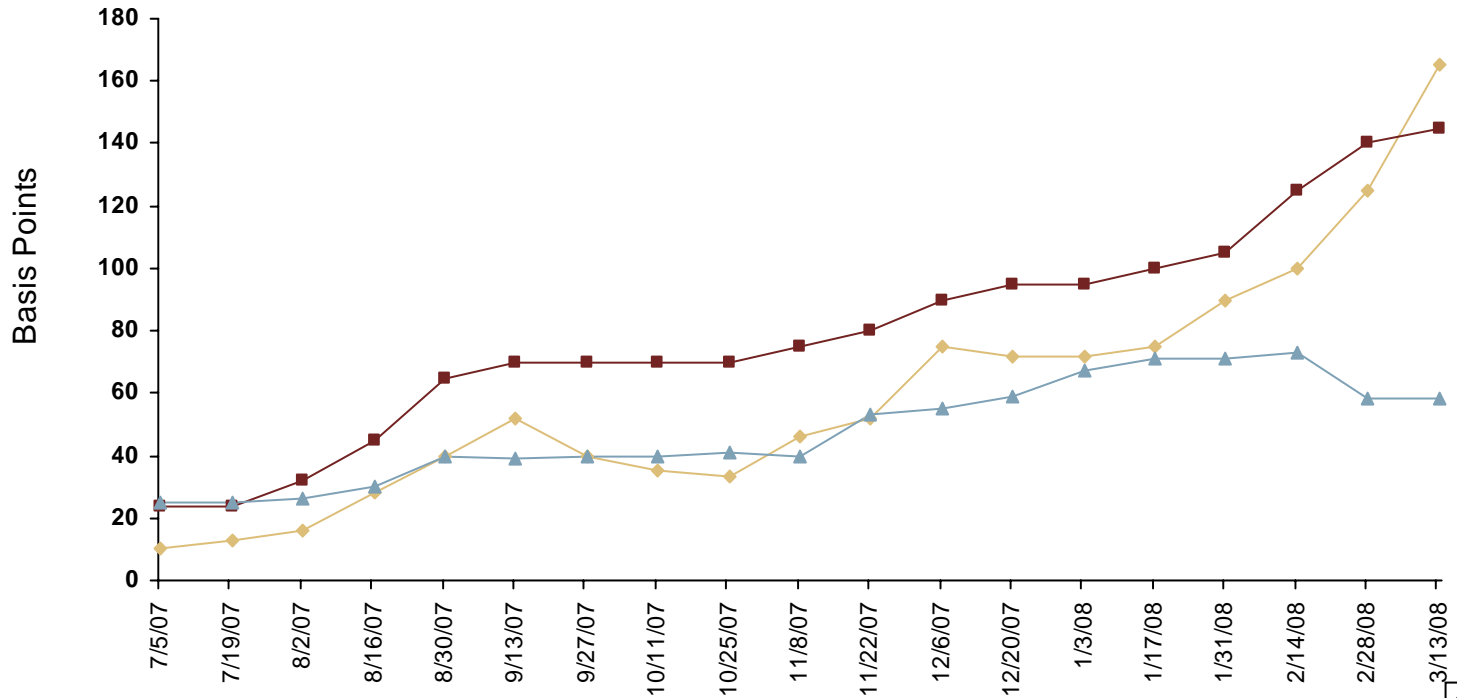
Source: Merrill Lynch, Thomson Financial

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 11-12.

# Significant Pricing Improvement Since 2Q-07



## Credit Spread Development in Selected Asset Classes



Spread change over the period  
16.5x  
6.0x  
2.3x

Source: JPMorgan, Thomson Financial

- **Moody's will begin providing corporate equivalency rating (CER) on municipal debt**
  - Will result in higher CER ratings than current municipal ratings
  - Not all munis are expected to receive higher CERs (healthcare and other “corporate” risks)



## 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: 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	2Q-07	3Q-07	4Q-07	2007
<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	\$ 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
<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>	<b>\$ 88.8</b>	<b>\$ 89.3</b>	<b>\$ 255.2</b>	<b>\$ 505.9</b>

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix on slide 11.

2. Some amounts may not add due to rounding.

**Assured Guaranty Contacts:**

Sabra Purtill  
Managing Director  
Strategic Planning & Investor Relations  
Direct: 212 408 6040  
spurtill@assuredguaranty.com

Chris McNamee  
Vice President  
Investor Relations  
Direct: 212 261 5509  
cmcnamee@assuredguaranty.com

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