

Acquisition of Financial Security Assurance Holdings Ltd.

November 14, 2008



Safe Harbor Disclosure



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 November 14, 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.

Overview of Transaction



- **Assured Guaranty Ltd. (“Assured”) has agreed to purchase FSA Holdings Ltd. (“FSA”)**
 - Acquired from Dexia SA (“Dexia”)
 - Transaction excludes the Financial Products Segment (“FP Segment”)
- **Purchase price of \$722 million**
 - \$361 million in cash and 44.6 million common shares of Assured based on 11/13/08 closing price
 - Implies 37.5% of FSA’s September 30 GAAP shareholders’ equity
 - \$730 million of FSA’s outstanding debt is included in the transaction
- **The purchase price will be paid in a combination of cash and Assured common stock**
 - 50% cash / 50% stock consideration mix
- **WL Ross & Co. LLC has committed to backstop the public offering of common stock**
- **The acquisition is subject to standard regulatory approvals and closing conditions**
 - Closing is expected in first quarter 2009

Strategic Rationale for the Acquisition



- **The combination of Assured and FSA will form a global leader in financial guaranty**
 - \$651 billion in pro forma net par outstanding, second highest in the industry
 - Pro forma claims paying resources of \$13 billion
 - Pro forma GAAP equity base of \$3.6 billion
 - Experienced and capable staffs with proven credit expertise
- **Enhanced competitive position versus existing and new competitors**
 - Leading share of all segments
 - Strengthens position in structured finance markets
- **Combination immediately provides issuers and investors with greater single risk capacity and financial strength**
 - Will increase investor confidence in strength of financial guaranty
 - Reducing borrowing costs to municipalities
 - Increased capacity to provide to public and structured finance market
 - Key factors in helping reinvigorate new issuance in 2009
 - Improved secondary market liquidity for existing issuers and investors, as ratings status of both companies is clarified

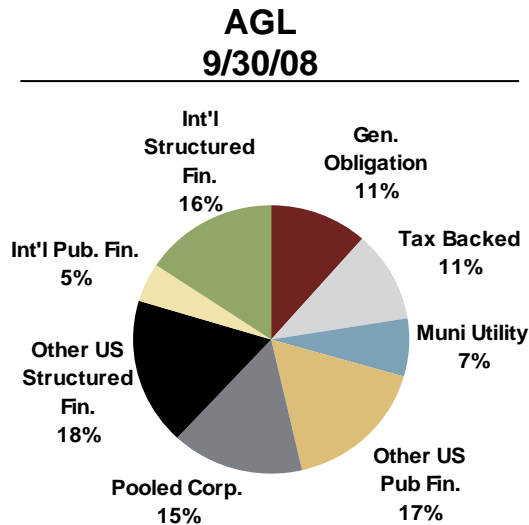
Financial Rationale for the Acquisition



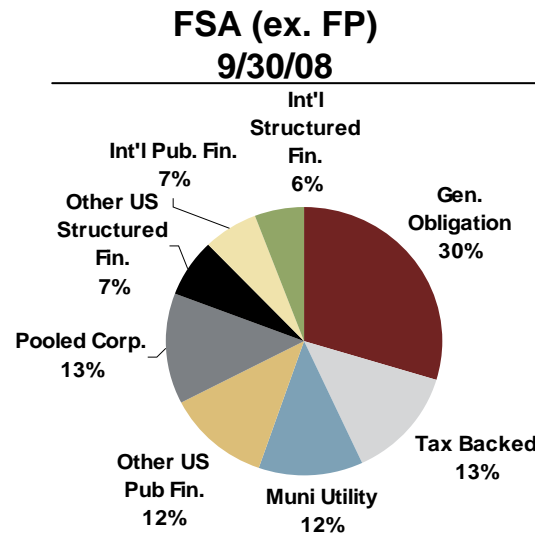
- **Greater financial flexibility**
 - Significantly larger earnings base and claims paying resources
 - \$9.6 billion combined investment portfolio provides stable earnings stream
- **The transaction is expected to be immediately accretive to Assured's earnings and ROE, before consideration of new business demand**
 - Combined 2009 estimated net earned premium of \$680 million based on in-force business
 - Synergies estimated at 25% of target's operating expenses
- **Acquisition multiple consistent with Assured's current valuation**
 - Represents attractive relative valuation
 - Opportunity to acquire a strong franchise at a reasonable price

Pro Forma Net Par Outstanding

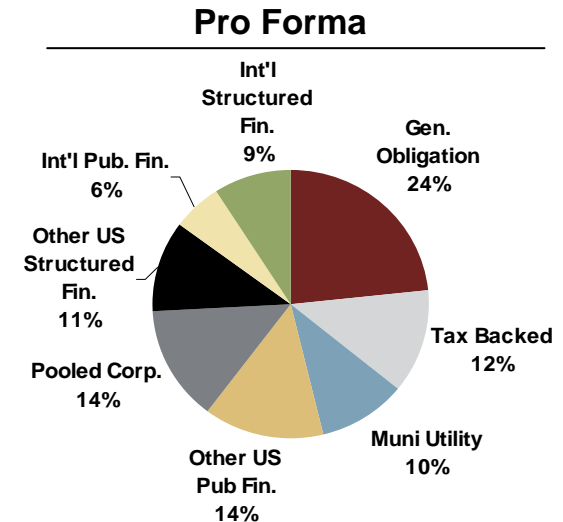
- \$651 billion in pro forma net par outstanding
- Average pro forma portfolio rating¹ of AA
 - 54% rated AA or higher
 - Less than 3% rated BIG



Total = \$227.3 bn
(51% Public Fin. / 49% Structured Fin.)



Total = \$423.9 bn
(74% Public Fin. / 26% Structured Fin.)



Total = \$651.3 bn
(66% Public Fin. / 34% Structured Fin.)

Source: Company public filings.

1. Ratings represent Assured's and FSA's internal rating.

Strong Claims Paying Resources

(\$ in billions)

	<u>AGL 9/30/08</u>	<u>FSA 9/30/08</u>	<u>Pro Forma</u>
Claims Paying Resources			
Policyholders' Surplus	\$1.7	\$1.3	\$3.0
Contingency Reserve	0.7	1.4	2.0
Qualified Statutory Capital	2.4	2.6	5.0
Unearned Premium Reserve	1.3	2.7	3.9
Loss & LAE Reserves	0.1	1.2	1.3
Total Policyholders' Surplus & Reserve:	3.7	6.5	10.2
Present Value of Installment Premium ¹	0.9	1.1	2.0
Standby Line of Credit/Stop Loss	0.5	0.6	1.0
Total Claims Paying Resources	\$5.1	\$8.1	\$13.2
Net Par Insured Outstanding	\$227.3	\$423.9	\$651.3
Net Debt Service Outstanding	355.7	660.6	1,016.3
Net Par Insured to Statutory Capital	96.5x	160.9x	130.5x
Capital Ratio	151.0	250.7	203.6
Financial Resources Ratio	70.0	81.2	76.9

Source: Company public filings.

Note: Does not include purchase accounting adjustments.

- For explanation of net present value of estimated future installment premiums in force, which is a non-GAAP financial measure, please refer to the appendix.

- **Pro forma claims paying resources estimated at \$13.2 billion**
 - Second highest in the industry
- **Net UPR and PV of installment premium of \$5.9 billion**
- **Statutory capital and contingency resources of \$5.0 billion**

Significant Embedded Revenue Base



(\$ in millions)

	<u>AGL</u> <u>9/30/08</u>	<u>FSA</u> <u>9/30/08</u>	<u>Pro</u> <u>Forma</u>
UPR + PV Installment ¹	\$2,583	\$3,652	\$6,235
2009E Net Earned Premiums + Credit Derivative Revenues	289	391	680
2010E Net Earned Premiums + Credit Derivative Revenues	258	333	591

- **\$6.2 billion in pro forma gross UPR and PV of installment premium**
 - 2009 estimated pro forma earned premium and credit derivative revenues of \$680 million excluding refundings

- **Pro forma cash & invested assets of \$10.1 billion**
 - Annualized 2008 net investment income of approximately \$425 million

1. For explanation of net present value of estimated future installment premiums in force, which is a non-GAAP financial measure, please refer to the appendix.

- **Purchase price of \$722 million**
- **Purchase price to be paid in a combination of cash and Assured common stock**
 - 50% cash / 50% stock consideration mix (up to 75% cash / 25% stock at Assured's discretion)
- **44.6 million common shares of Assured will be issued to Dexia**
 - 24.7% Dexia ownership in Assured Guaranty
 - Based on Assured's November 13, 2008 closing price of \$8.10 per share
 - To the extent Dexia would own more than 24.9% in Assured, excess share consideration paid in cash
 - Dexia shares are subject to 12-month lock up post-closing
- **Cash portion of the purchase price to be financed by primary shares of Assured**
 - \$361 million commitment by WL Ross & Co LLC to backstop the public offering of Assured shares
 - Ability to draw on WL Ross commitment is Assured's option
 - Offering expected to be launched in first quarter 2009

Closing Process and Preliminary Timing

- **Announcement of definitive agreement: November 14, 2008**
- **Anti-trust clearances and regulatory approvals**
- **Assured shareholder approval**
- **Equity offering**
- **Closing**

Appendix



Appendix

Explanation of Non-GAAP Financial Measures



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. 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. Assured discounts the net present value of estimated future installment premiums at 6%. FSA management's methodology is described in their press release dated November 14, 2008, on page 12. The discount rate used to calculate for 2008 originations was 4.92%, and for 2007 originations was 4.86%.

Assured Guaranty Contacts:

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

Ross Aron
Associate, Investor Relations
Direct: 212 261 5509
ron@assuredguaranty.com

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