Presentation to Moody's on
Credit and Risk Management
August 22, 2008

ASSURED GUARANTY®

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Overview and Summary

Overview and Summary

Summary

- **Business model dictates that we write only investment grade risks with both a low probability of default and a low loss given default**

- **We have constructed a risk management and risk control framework based on best practices among financial services firms**

- **That business model and risk framework are understood and accepted at all levels within the organization and by other stakeholders, including equity investors**

- **Risk management framework is institutionalized throughout the company through a corporate structure and authorization process that embeds:**
  - Multiple levels of review: Credit Committee, Portfolio Risk Management Committee (PRMC), Risk Oversight Committee and Board
  - Diverse participation: Board, senior management, Credit, Surveillance, Legal and Underwriting
  - Wide range of tools: Enterprise Risk Management, new product approval process, portfolio risk model, sector limits, country limits, servicer limits and transaction limits

Overview and Summary

Issue

- **Has Assured institutionalized risk management processes and controls to help ensure capital and earnings stability and the avoidance of volatile risks and excessive concentrations?**

Conclusions

- **Assured has established and strictly adheres to a system of risk management best practices appropriate for our Aaa rating. Assured is infused with a strong credit and risk culture that permeates all levels of the organization. One fundamental tenet of our corporate philosophy is the focus on strict underwriting discipline and avoidance of risks with potential for large losses. Given the size of our notional exposures relative to our capital, proper risk management requires that we underwrite only those risks with both a low probability of loss and low potential loss severity.**

Overview and Summary

Conclusions (cont'd)

- **It is not just the first dollar of potential loss that matters but loss given default, on both individual transactions and on a portfolio basis, taking into account risk concentrations and correlation risks. That risk philosophy has been incorporated into all aspects of our organizational structure and risk control processes and does not depend on any one individual. We are a credit company and the overriding focus on credit quality is both a top-down and bottom-up process. No material transactions or product developments proceed very far without the awareness or involvement of senior management and the Board. Transactors are also credit people and are assessed based on results, not just production. Credit is a team effort, and no process or control relies on a single individual.**

- **We have developed a governance structure and series of institutionalized processes and controls designed to ensure sound underwriting and risk management discipline, including:**
  - Risk tolerance established by the Board
  - Credit approval process that is independent of production goals
  - Integrated approach to Enterprise risk management to align risk appetite and strategy
  - Risk limits, tied to capital, that enforce credit discipline and manage exposure to extreme events
  - Proprietary portfolio risk model to monitor and measure risk concentrations, portfolio correlation risks and compliance with risk tolerance policy
  - Product approval process for addressing risks associated with new products, product extensions and new jurisdictions

Governance

Governance
Board of Directors

- **Best Practice: Strong Board Oversight**

- **Assured has a strong, independent Board of Directors (see appendix), highly focused on risk management issues. The Board regularly receives, discusses, and understands reports on risk positions and the company's risk-management programs. Separate committee devoted entirely to risk.**

- **Assured is NYSE listed and is SEC registered and complies with all applicable rules and guidelines, including U.S. Sarbanes-Oxley requirements**

- **Independent Risk Oversight Committee at the Board level sets the company's risk tolerance. Broad mandate covering oversight of standards, controls, limits, guidelines and policies focusing on:**
  - Committee views credit as the most significant risk, requiring heightened level of review
  - Review overall underwriting and risk management guidelines and policy
  - Review significant changes in policy
  - Review guidelines for managing and monitoring risk
  - Review reserving policy
  - Oversight of other risks including but not limited to financial, legal and operational risks, as well as risks concerning the company's reputation and ethical standards
  - Committee charter provided in Appendix

Governance

Senior Management & Committee Structure

- **Best Practice: Risk policy established at highest levels of management. Consistent communication and implementation of policy throughout the organization.**

- **Assured senior management reviews and sets risk policy, actively participates in the risk management process and reviews all material risks on an enterprise-wide basis. That risk policy applies to all operating companies in the group. Assured has a clearly articulated risk tolerance that is consistent with the goals and resources of the firm and the expectations of the Board and shareholders.**

- **Portfolio Risk Management Committee (PRMC) at holding company level**
  - PRMC focuses on the measurement and management of credit, market and liquidity risk for the overall company and its main operating subsidiaries.
  - Subject to risk tolerances approved by the Risk Oversight Committee, the PRMC implements specific underwriting procedures and limits for the company.
    - Establish risk limits
    - Monitor compliance
    - Approve any exceptions to limits
    - Review and approve new products
  - Meets at least monthly to review and set policy.
  - Membership comprised of senior management representing key functional areas of the company – see Appendix for list of committee members

Governance
Senior Management & Committee Structure

- **Loss Reserve Committee reviews transactions that may require case reserves**
  - Committee comprised of the Chief Executive Officer, Chief Financial Officer, Chief Surveillance Officer, General Counsel and Chief Accounting Officer
  - Committee considers recommendations of the surveillance personnel when reviewing reserve recommendations of our operating subsidiaries

- **Assured Guaranty Corp. (AGC) Credit Committee reviews all material transactions**
  - Chaired by AGC Chief Credit Officer
  - Three people with veto authority - AGL Chief Credit Officer, AGC Chief Credit Officer, and AGC President
  - Membership independent from business groups – comprised of senior officers from Credit, Legal, Surveillance and Finance (see Appendix for details)
  - All transactions reviewed by Credit Committee other than smaller U.S. Public Finance transactions in low risk sectors (see Appendix for matrix of delegated authorities)
  - No individual approval authorities
  - All Committee members invited to attend all Credit Committee meetings – no “quorum shopping” or “virtual” meetings
  - All of Committee members and senior management receive all Credit Committee submissions
  - 48-hour rule – submissions must be distributed at least 48 hours prior to meeting

Governance
Transaction Processing Controls

- **Underwriting**
  - Each transaction is assigned to a senior underwriter. Most underwriters have 10+ years experience.
  - Pre-Committee vetting meetings for many ABS and “enterprise risk” public finance deals
  - On site due diligence conducted for all ABS and “enterprise risk” public finance
  - All members of senior management receive all Credit Committee submissions and may participate
- **Credit**
  - Credit Department integrally involved in each transaction. Provides feedback to Credit Committee during underwriting
  - Member of Credit Department attends due diligence
  - Cash flow model validation; internal actuary involved as required
  - Documentation issues
- **Legal**
  - Attorney assigned to every deal
  - Responsible for documenting the results of the Credit Committee meeting
  - Ensures that any stipulations imposed by the Credit Committee are met
  - Responsible for legal and regulatory issues
- **Compliance**
  - Material post-Committee variances must be referred to Chief Credit Officer by Senior Underwriter and Attorney
  - Chief Credit Officer may refer to President of AGC or may require that it be referred back to Credit Committee
  - If referred to President of AGC, he may in turn require that it be referred back to Credit Committee
  - Compliance Certificate attests that the final transaction terms and documentation conform to credit memo approved by Credit Committee. Signed by Senior Underwriter and countersigned by deal Attorney.

Governance
Credit

- **Best Practice: Credit and risk functions are independent from new business and production**

- **Assured's governance structure supports effective risk management through Board access, authority, and management reporting relationships for the credit and risk management functions. Risk measurement and monitoring is independent from risk taking.**

- **Independent credit function**
  - Assured's Chief Credit Officer (CCO) oversees process for evaluation and approval of credit risks
  - CCO reports directly to the CEO
  - Develop and maintain standards for transaction underwriting:
    - Creation and maintenance of credit policy
    - Form and content of credit submissions
    - Approval process and authority
    - Due diligence and fraud prevention requirements
    - Transaction modeling and stress testing
    - Credit issues arising in documentation
  - Develop underwriting limits, including single risk, sector, country and servicer
  - New product evaluation
  - Transaction screening
  - Expedited approval process
  - Approval authority for Assured, AGC and AG Re; oversight of all AG (UK) transactions

Governance
Surveillance

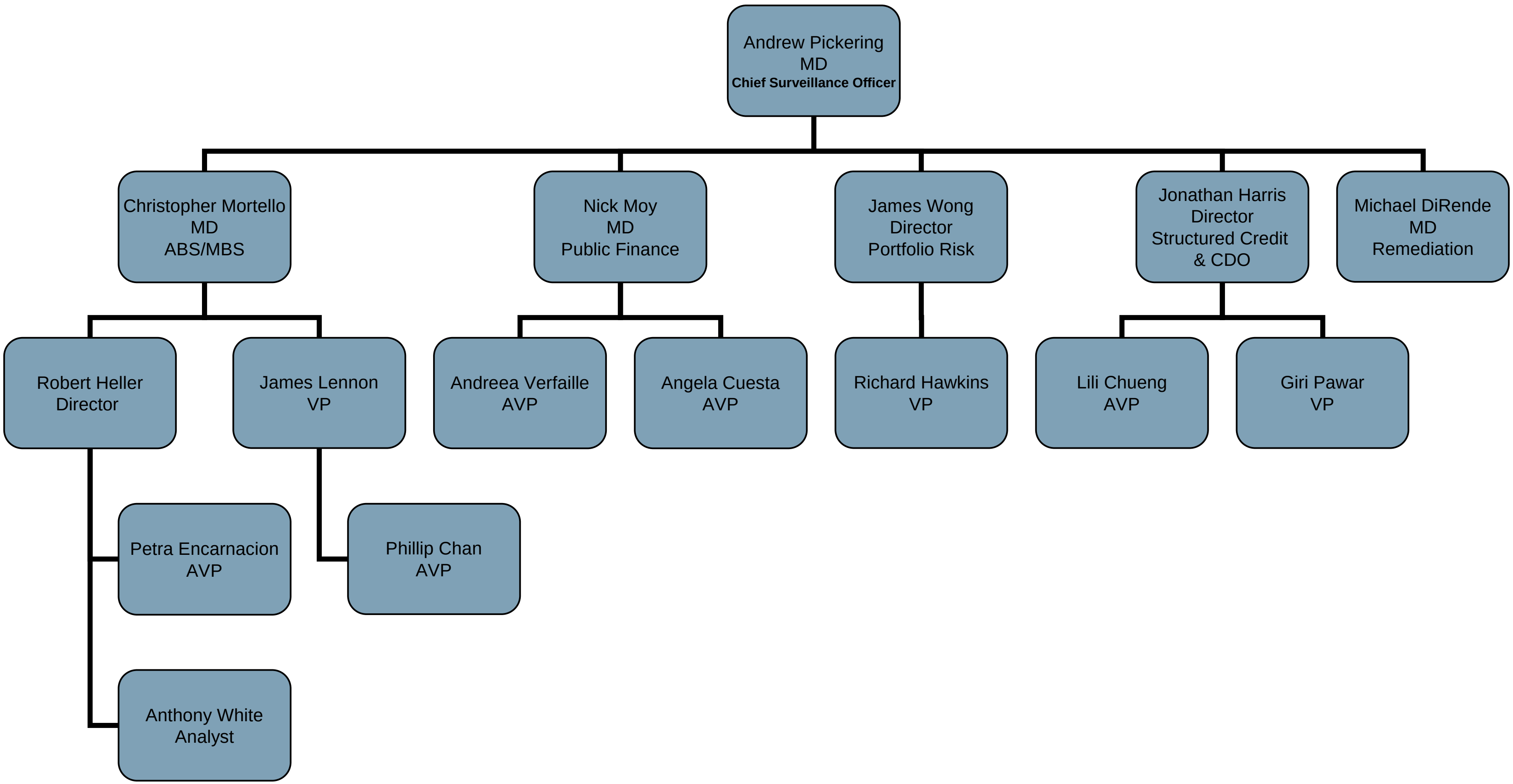
- **Independent risk management and surveillance function**
  - Assured Chief Surveillance Officer (CSO) oversees process for evaluation of insured portfolio and risk remediation
  - CSO reports directly to the CEO
  - Risk management and surveillance functions:
    - Monitor and report on all transactions in the insured portfolio
    - Adjust risk ratings to reflect changes in transaction performance and credit quality
    - Process amendment and waiver requests
    - Identify deteriorating credits for inclusion on the Closely Monitored Credits (CMC) list
    - Manage work-out and claim situations
    - Present analysis and recommendations to the Loss Reserve Committee
    - Analyze problem credits or sectors, industry trends and loss events, and provide feedback on policy or process changes that might be incorporated into the underwriting and credit process
    - Monitor and report on portfolio credit quality, trends and risk characteristics
    - Monitor risk concentrations and compliance with risk limits
    - Portfolio Risk Model
    - ERM monitoring and reporting

Governance

Credit Department

- **Howard Albert**, Chief Credit Officer, Assured Guaranty Ltd.
  - **Steve Donnarumma**, Chief Credit Officer, Assured Guaranty Corp.
    - **Craig Welch**, Managing Director, Structured Finance
    - **Judit Seymour**, Director, International
    - **Patrick Early**, Director, Public Finance
  - **Gary Burnet**, Managing Director, Assured Guaranty Re. Ltd

Governance
Surveillance Department



Governance
Product Approval Process

- **Best Practice: New products require review and approval at the highest levels within the organization**

- **Assured recognizes that new products and extensions of existing products may lead to unforeseen risks. Accordingly, we have a rigorous process for vetting new products and product extensions and identifying any and all risks associated with them.**

- **Objectives:**
  - Ensure that new types of risk are not taken without approval of senior management and review by the Board
  - Ensure that the organization can manage the new risks
  - Ensure that risks comply with the company's risk tolerance

- **Three categories of transactions fall within the scope of the process:**
  - New Products: FG risk types where there is no or limited prior experience (e.g., Japanese domestic municipal finance)
  - Product Extensions: Risk types that are part of the regular financial guaranty business but which Assured has not underwritten
  - New Jurisdictions: Approved jurisdictions may be considered for various risks in accordance with Assured's country risk limits and policies

Governance
Product Approval Process

- **New products require complete vetting and formal approval by the PRMC. The extent of the analysis will vary. Issues may include:**
  - Market opportunity
  - Investment needed
  - Risk assessment
  - Accounting, IT, operational and support requirements
  - Capital and returns
- **Product extensions may or may not require review and approval by the PRMC**
  - As part of the transaction vetting process, underwriters must identify product extensions. Chief Credit Officer determines which extensions require PRMC review
  - PRMC will review product extension requests, delegate execution to responsible departments but retain right to require follow-up
  - Prior to closing of first transaction, certification required from Credit, Surveillance, Legal, Finance and Technology
- **New jurisdictions: business underwritten in jurisdictions that are not approved jurisdictions require approval of the PRMC**

Governance
Risk Controls

- **Best Practice: Strong risk control environment**
- **Assured has clearly documented standards for standards for risk taking and has processes in place to ensure that risk limits and policies are followed**
  - Credit manual, including standards for assessing potential event or high severity risks such as fraud, natural disasters
  - Compliance certificate to ensure that transaction documentation conforms to Credit Committee authorization
  - Prior authorization from PRMC required to exceed risk limits
  - Clearly documented process for transaction changes after Credit Committee approval
  - Clearly documented process for transaction changes post-closing, including amendments and changes to internal risk ratings
  - Clearly documented process for establishing and assessing case loss reserves
  - Internal Audit review of key risk areas
  - SOX testing and compliance

Enterprise Risk Management

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Enterprise Risk Management
Assured Guaranty Approach

- **Risk must be managed on an enterprise-wide basis in a comprehensive and formalized manner. We are constantly working to identify risks, including emerging risks that are as yet not fully recognized or which do not currently exist, and we regularly monitor the important risks.**

- **Began implementation of an integrated approach to Enterprise Risk Management (ERM) in 2005 at the direction of senior management and the Board**

- **Approach based upon September 2004 document entitled “Enterprise Risk Management – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as well as the S&P report “Insurance Criteria: Evaluating the Enterprise Risk Management Practices of Insurance Companies” issued in October 2005**

Enterprise Risk Management
Assured Guaranty Approach

- **Objectives for ERM include:**
  - Aligning risk appetite and strategy
  - Enhancing risk response decisions
  - Reducing operational surprises and losses
  - Identifying and managing multiple and cross-enterprise risks

- **Implementation across the entire organization as directed by the Chief Surveillance Officer and the Chief Financial Officer, reporting to the holding company PRMC and the Risk Oversight Committee of the Board of Directors**

- **Personnel throughout the organization were involved in the risk assessment process and continue to be involved in the ongoing risk management process**
  - Ernst & Young engaged as consultants to assist in the risk assessment process and establishment of the ERM framework

Enterprise Risk Management
Risk Assessment Process

- **Assured Guaranty risk universe classified in five broad categories**
  - Credit Risk: Adverse impact arising from failure of issuers of Assured-wrapped obligations to make full and timely payments on their financial obligations insured by Assured
  - Market Risk: Adverse impact arising from changes in the values of market-based or traded investments or derivative contracts insured or entered into by Assured
  - Liquidity Risk: Adverse impact arising from inability to access financial markets or inadequate resources available to meet short-term obligations
  - Strategic and Business Risk: Adverse impact arising from inadequate strategy, poor design or implementation of strategic initiatives, unfavorable rating-agency decisions, or the business and competitive environments
  - Operational Risk: Adverse impact arising from (1) inadequate or failed internal processes, systems, or people policies or (2) external events

- **Within each risk category, more specific (second-level) risks identified, each with unique ownership and control characteristics. For each second-level risk, Key Risk Indicators (KRI) developed to measure and monitor status**
- **Risk assessment based on inherent and residual risk, after taking into consideration risk controls and mitigants, based upon event frequency and severity**
- **ERM focus is on the most significant risks**
  - Credit is the most significant risk, including Underwriting, Surveillance and Portfolio Credit Quality
  - Reputation and emerging events are among the other key risks
  - Other risks documented in risk control matrix

Enterprise Risk Management
Risk Assessment Process

- **Frequency criteria are as follows:**
- **[Proprietary data omitted]**

- **Severity criteria are as follows:**
- **[Proprietary data omitted]**

Enterprise Risk Management

Risk Assessment Process – Inherent Risk Profile

[Proprietary data omitted]

Enterprise Risk Management
Risk Assessment Process – Residual Risk Profile

[Proprietary data omitted]

Risk Tolerance & Limits

Risk Tolerance & Limits

- **Risk tolerance levels established at Assured with the following objectives:**
  - Preserve claims-paying ability
  - Support credit ratings and ratings objectives
  - Maximize franchise value
  - Support profitable growth
  - Allow for ongoing access to capital markets

- **Long-term and short-term tolerance levels**
  - Lifetime losses – Tolerance level requires survival of company to a 99.99% confidence level
  - Annual losses – Tolerance level set at loss of $100 million in one year
  - Other risks within charter of Risk Oversight Committee (market, interest rates, investment, operation, liquidity, reputation) must adhere to same standards and are monitored through ERM process

- **Portfolio risk model developed to:**
  - Monitor and measure risk levels relative to risk tolerance
  - Produce key risk indicators for improving the measurement and monitoring of portfolio and credit risks, including concentrations and correlation
  - Provide framework for identifying opportunities for portfolio optimization and efficient use of economic capital
  - Uncover hidden or emerging risks through scenario testing, stressing and changes of risk metrics

Risk Tolerance & Limits
Credit Philosophy

- **Assured manages its business within the risk tolerance and limits established by the Board and senior management. That approach manifests itself in our credit philosophy in a number of ways, including the following tenets:**
  - Avoid high severity risks
    - Leverage-on-leverage
    - Potential non-linear relationship between losses on the underlying collateral and insured losses
  - Consider potential exposure to event risks and size risk appetite and tolerance accordingly
  - Portfolio considerations, correlation risks and their implications matter for each transaction
  - Identify transactions that represent new product opportunities, or products extensions or areas where we may lack significant experience
  - Historical data is only relevant and predictive when the asset whose performance it measures has not changed – we need to look for inflection points signaling a potential major change in future performance
  - Always understand the motivations of the parties
    - Balance sheet capital relief transactions generally carry less risk than arbitrage deals
    - Risk retention or “skin in the game” matters
    - Character of the counterparties
    - Potential fraud risk

Risk Tolerance & Limits
Risk Standards Lead to Management Action

- **We have clear limits and standards for risk taking. Our Risk Management framework has led to rejection of various transactions:**

[Proprietary data omitted]

Risk Tolerance & Limits
Risk Limits

- **Assured has clearly documented limits and standards for risk taking and risk management that are widely understood within the company. Risk limits are set consistent with the overall risk tolerance and appetite of the company. The overriding objective is to avoid exposure to individual risks or groups of correlated risks that would expose the company to losses in excess of its risk tolerance.**

- **Single risk limits set to avoid worst-case loss in excess of 10% of statutory capital**

- **Single risk limits for Assured are established by the Portfolio Risk Management Committee (PRMC) based upon the risk tolerance of the corporation. Risk limits for the operating companies – AGC, AG Re and AG (UK) – are then established as sub-limits within the overall corporate limit, based on the relative capital of each operating company. Approval of Portfolio Risk Management Committee required to exceed a limit.**

- **In general, single risk limits for Assured are a function of our capital base, as well as the asset class and risk rating of the transaction. In some instances, risk limits are then further constrained by rating agency single risk limits and, in the case of AGC, statutory limits. Assured's single risk limits are more conservative than rating agency single risk limits in 93 out of 102 risk categories. All nine exceptions are U.S. Pubic Finance. For 90 out of 102 categories, Assured's single risk limits are lower than the amount that would cause Moody's Worst Case Losses to exceed 10% of Hard Capital.**

- **Limits represent the maximum exposure for the best quality transactions within each asset class**

Risk Tolerance & Limits
Risk Limits

- **Single risk limits are updated on a quarterly basis to reflect any changes in policy and changes in our capital base. Limits compliance monitored quarterly and reported to the Risk Oversight Committee of the Board.**

- **Credit Committee is not authorized to make limit exceptions**

- **Consistent with that view, risk limits incorporate the following elements:**
  - Single risk limits based on potential loss severity
  - Attachment point
  - Risk concentrations and correlation managed through sector limits and portfolio risk model
  - High degree of granularity – over 100 asset types for single risk limits
  - Potential loss severity must be evaluated and a risk limit established as part of vetting any new product or product extension

Risk Tolerance & Limits
Single Risk Limit Examples - Public Finance

[Proprietary data omitted]

Risk Tolerance & Limits
Single Risk Limit Examples – Structured Finance

[Proprietary data omitted]

Risk Tolerance & Limits
Servicer Limits

- **Servicer limits established to reflect risk correlations and aggregations given the impact of servicer actions and capabilities on performance of the underlying collateral. Servicer risk is viewed as a function of variables, including ease of servicing transfer, nature of the assets and financial condition of the servicer. Servicer limits are assigned by taking the internal single risk limit and applying a weight based on an internally assigned rating from A – D as shown in the chart below. As with single risk limits, servicer limits represent the maximum exposure to the best quality risks, not a standard target limit for all entities in that category.**

[Proprietary data omitted]

Risk Tolerance & Limits
Country Limits

- **Country limits are determined by applying a multiple to the current statutory capital as noted in the chart below:**
- **In general, internal risk ratings are set at the lower of the Moody's, S&P or Fitch sovereign risk ratings. These limits are further established by evaluating the following factors:**
  - Development and resilience of legal regimes, particularly with respect to international capital market transactions
  - History of political stability, focusing on the ability to provide a stable and predictable setting for financial institutions and the capital and currency markets
  - Size of economy, including factors reflected in such indices as GDP
  - Historic stability of the economy
  - Long term foreign currency ratings
- **Based on these factors, limits for specific countries may be adjusted upward or downward**

[Proprietary data omitted]

* United States and United Kingdom *only*

Risk Tolerance & Limits
Country Limits

- **Additional restrictions also apply, as shown in the chart below (omitted)**
- **At June 30, 2008, Assured was in compliance with all country limits and restrictions**
- **Notwithstanding the existence of a limit, transactions in markets where Assured has not done business previously will be considered a new product and will need to go through the new product approval process.**
- **Exposure in Below Investment Grade (BIG) countries limited to investment-grade future flow transactions**

[Proprietary data omitted]

Risk Tolerance & Limits
Sector Limits

[Proprietary data omitted]

Risk Tolerance & Limits
AGC – Statutory Aggregate Risk Limit

- **On a quarterly basis, we test AGC's compliance with the statutory Aggregate Risk Limit (ARL) set forth in Section 6904(c) of the New York Insurance Law (NYIL), which assigns a different risk factor for each enumerated risk category. The ARL is equal to 100% of qualified statutory capital.**

- **As of June 30, 2008, the AGC statutory capital is $1.110 billion, and accordingly that is the ARL**

[Proprietary data omitted]

Portfolio Risk Model

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Portfolio Risk Model

- **As part of its ERM initiative and to monitor and measure compliance with the risk tolerance established by the Board, Assured developed a proprietary portfolio risk model**
  - Project commenced 2005 and rolled-out 2007
  - Extensive study of available research and data on default probabilities, Loss Given Default (“LGD”) and correlation risks.
  - Reviewed existing models used by rating agencies in evaluating financial guarantors, both as a point of comparison and to identify areas where greater differentiation or granularity may lead to a more robust modeling approach.
  - Incorporated concept that vintage matters, particularly for assessment of correlation risks
  - Model audited and validated by independent third party risk management consultant in April 2008

- **Portfolio risk model developed to:**
  - Monitor and measure risk levels relative to risk tolerance
  - Produce key risk indicators for improving the measurement and monitoring of portfolio and credit risks, including concentrations and correlation
  - Provide framework for identifying opportunities for portfolio optimization and efficient use of economic capital
  - Uncover hidden or emerging risks through scenario testing, stressing and changes of risk metrics
  - Provide predictive measures of potential credit losses
  - Calculate expected shortfall - look beyond value at risk and into the tail of the loss distribution

Portfolio Risk Model

- **The portfolio risk model incorporates the following features and assumptions:**
  - Monte Carlo model with dependency between credits constructed using a normal Copula function
    - Incorporates concept that default times are correlated – if one credit defaults, the probability of additional defaults rises. This method “fattens the tails” on the loss distribution.
  - Granularity:
    - 4 default rate structures for public finance and 11 for structured finance
    - 11 static correlation factors for intra- and inter-asset classes and geographic location of risk
    - 10 additional ABS and CDO vintage correlation categories
    - Severity rates categorized into over 300 asset classes
    - Differentiation between mezzanine and “all-the-way-up” risks
  - Amortization: Default value of a transaction is based on actual amortization schedule to more accurately estimate loss
  - Incorporates concept of vintage correlation – transactions in the same asset class and originated at approximately the same time are assumed to perform similarly, irrespective of the seller/servicer

Portfolio Risk Model

- **Based on the distribution, the model produces the following risk statistics:**
  - Expected Loss: average or expected loss on the portfolio
  - Credit Risk Ratio: measures average credit quality of the insured portfolio, which is a function of the portfolio's distribution across sectors, rating categories and tenors. Defined as Expected Losses/ net par outstanding
  - VaR: represents the maximum loss at a given confidence level
  - Tail Risk Ratio: measures stress level losses relative to net par outstanding and is a function of the portfolio's average credit quality, risk concentrations and correlation among credits. Defined as 99.9 Percentile Losses / Net Par Outstanding
  - Conditional Value-at-risk (CVaR): provides a measure of exposure to extreme events or tail risk by taking the average of losses above a given confidence level for VaR
  - Dispersion Ratio (also called Diversity ratio): measures the impact of large single risks and risk concentrations on portfolio risk for a given expected loss level. Defined as 99.9 Percentile Losses / Expected Losses

Portfolio Risk Model
Results – Q2 2008

[Proprietary data omitted]

Portfolio Risk Model
Actively Used to Manage Risk

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- **Portfolio Risk Model actively used to monitor, measure and manage risk within our risk tolerance guidelines**
- **Model used by management to assess sectors and single risks that make the largest contributions to tail risk**
- **Results presented to Risk Oversight Committee**
- **Capital management – monitoring capital adequacy informs decisions on capital raising activities**
- **Stress testing used to address particular concerns**
- **Pro-forma modeling performed in advance of possible major portfolio changes**

Conclusions

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Conclusions

- **Business model dictates that we write only investment grade risks with both a low probability of default and a low loss given default**
- **We have constructed a risk management and risk control framework based on best practices among financial services firms**
- **That business model and risk framework are understood and accepted at all levels within the organization and by other stakeholders, including equity investors**
- **Risk management framework is institutionalized throughout the company through a corporate structure and authorization process that embeds:**
  - Multiple levels of review: Credit Committee, PRMC, Risk Oversight Committee and Board
  - Diverse participation: Board, senior management, Credit, Surveillance, Legal and Underwriting
  - Wide range of tools: Enterprise Risk Management, new product approval process, portfolio risk model, sector limits, country limits, servicer limits and transaction limits

Appendix

Appendix
Assured Guaranty Ltd. Board of Directors

- **Walter Scott – non-executive Chairman; former Chairman, President and CEO of ACE Limited**
- **Dominic Frederico – President and CEO, Assured Guaranty Ltd.**
- **Neil Baron – former Vice Chairman and General Counsel of Fitch**
- **Francisco Borges – Chairman and Managing Partner at Landmark Partners; former Managing Director at Financial Guaranty Insurance Company; former Treasurer of the State of Connecticut**
- **Lawrence Buhl – former insurance partner at Ernst & Young LLP**
- **Stephen Cozen – founder and Chairman of Cozen O’Connor (law firm)**
- **Patrick Kenny – former Chief Financial Officer of Aetna; President and CEO of the International Insurance Society in New York**
- **Donald Layton – Chairman and CEO of E*Trade; former Vice Chairman of JPMorgan Chase & Co.; member of the Federal Reserve Bank of New York's International Capital Markets Advisory Committee**
- **Robin Monro-Davies – former CEO of Fitch; currently a board member of AXA UK and AXA Asia Pacific Holdings and a director of HSBC Bank plc**
- **Michael O’Kane – former Senior Managing Director, Securities Division, at TIAA-CREF**
- **Wilbur Ross – Chairman and CEO of WL Ross & Co., LLC**

1. **Purpose of the Risk Oversight Committee**
   - The Committee was established by the Board to assist the Board with:
     - Establishing the Company's risk tolerance, and
     - Oversight of management's establishment and implementation of standards, controls, limits, guidelines and policies relating to risk assessment and risk management focusing on both (i) the underwriting and surveillance of credit risks; and (ii) the assessment and management of other risks, including, but not limited to, financial, legal and operational risks and other risks concerning the company's reputation and ethical standards.
2. **Authority of the Risk Oversight Committee**
   - The Committee shall have the authority to review the Company's underwriting process and controls and compliance with policies
   - The Committee shall have the authority to review the Company's overall portfolio of risk and management's processes for monitoring and controlling such exposures
   - The Committee will receive reports and recommendations from the Company's management relating to significant risk management matters, and make recommendations to the Board with regard thereto
   - The Committee shall have the authority to request management to perform analysis of certain risks as it may require and to request management to impose certain limits, controls and procedures as approved by the committee or the Board
   - The Committee shall have the authority to request management to perform analysis of certain risks as it may require and to request management to impose certain limits, controls and procedures as approved by the committee or the Board
   - The Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee

Appendix
Risk Oversight Committee Charter

3. **Risk Oversight Committee Composition**
   - The committee shall consist of at least two Independent directors, including a chairman, each selected from the Board, upon the recommendation of the Nominating and Governance Committee
4. **Duties and Responsibilities of the Risk Oversight Committee**
   - The Committee has the following responsibilities on behalf of Assured Guaranty Ltd. and its subsidiaries:
     - Review the Company's risk management controls of its underwriting activities. Review and make recommendation to the board with respect to significant changes in general underwriting policy of the company as a whole or of its significant subsidiaries, including, management proposals to introduce new product lines outside the scope of existing businesses
   - Review the Company's policies to govern the process for assessing and managing market risk, interest rate risk, investment risk, operational risk, liquidity risk, reputation risk and other risks that may emerge in the future
   - Receive and review reports from management of the steps taken to monitor and control identified risks
   - Monitor risk-based capital adequacy measures and trends over time
   - Review developments and issues with respect to reserves and surveillance of closely monitored credits
   - Review with the company's counsel legal and regulatory matters
   - Perform such other duties as may be delegated to it or requested by the Board of Directors
   - Perform an annual performance evaluation of the Risk Oversight Committee
5. **Reporting Responsibilities**
   - The committee shall keep a record of its proceedings
   - The committee shall report to the Board

Portfolio Risk Management Committee

- Dominic Frederico – CEO
- Michael Schozer – AGC President
- David Penchoff – AG Re President
- Robert Mills – CFO
- James Michener – General Counsel
- Howard Albert – Chief Credit Officer
- Andrew Pickering – Chief Surveillance Officer
- Sabra Purtill – Managing Director, Global Communications & Investor Relations
- Stephen Donnarumma – Deputy Chief Credit Officer
- Jeffrey Nabi – Senior Managing Director, Consumer & Mortgage-Backed Securities Group
- Paul Livingstone – Senior Managing Director, Structured Credit & CDO Group

Appendix
Underwriting and Risk Management Key Committees

AGC Credit Committee

(1-2 rotating members from business units)

- Stephen Donnarumma (Chair/Veto) – AGC Chief Credit Officer
- Howard Albert (Deputy Chair/Veto) – AGC Deputy Chief Credit Officer
- Michael Schozer (Veto) – AGC President
- Craig Welch – Managing Director, Credit
- Andrew Pickering – Chief Surveillance Officer
- James Michener – General Counsel
- Nick Moy – Managing Director, Surveillance
- Don Paston – Treasurer
- Judit Seymour – Director, Credit
- Patrick Early – Director, Credit (Public Finance)

Loss Reserve Committee

- Dominic Frederico – CEO
- Robert Mills - CFO
- James Michener – General Counsel
- Rob Bailenson – Chief Accounting Officer
- Andrew Pickering – Chief Surveillance Officer

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 the date indicated on the front of the presentation. Assured does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.