Presentation to Moody's on
Public Finance Market
September 12, 2008

ASSURED GUARANTY®

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Summary

- **Investors desire certainty and stability (Moody's current actions are having opposite effect)**

- **Underlying value proposition of financial guaranty drives demand**
  - Despite fixed income market dislocation
  - Despite failure of several monolines
  - Demand for credit enhancement remains robust
  - Value proposition of financial guaranty remains strong versus other forms of credit enhancement

- **Bond insurance value proposition models**
  - Increasing liquidity
  - Price homogenization
  - Credit risk transfer

- **Assured's franchise has expanded**
  - Market share has grown exponentially
  - Continued solid production despite negative credit watch

Industry Outlook

- **Demand for credit enhancement is still strong and has a positive outlook**
  - Moody's view is that insured penetration returns to 35% over time
- **Investors desire rating certainty and stability**
  - Rating volatility has depressed investor confidence more than anything
- **Corporate equivalent ratings will have a modest impact on bond pricing and spreads, especially in revenue bond and enterprise sectors, which continue to present strong opportunities**
  - Moody's estimated two notch difference for tax-backed bonds and one notch for enterprise-backed bonds
  - Consistent with expectation of return to 35% market shares versus 50% peak

Bond Insurance Demand is Resilient

- Bonds insurance provides liquidity to smaller GO issuer which are too small to warrant interest from institutional buy-side firms and their limited research staff

- Demand for credit enhancement is expected to remain strong especially in revenue sectors such as private higher education, non-profit, healthcare, transportation, power and project finance sectors which accounted for 50% of AGC premiums in 2008

- In 2008, more than 88% of the public finance par written was rated in the 'A' category or better versus 2007 when 54% was rated in the 'A' category or better. Demand for insurance is still strong in the A-rated category

- Despite the inability of the distressed bond insurers to participate in the market, the credit enhancement penetration rate remains significant at nearly 40% in YTD 2008 (including LOCs)

- The Public Finance group's year-to-date performance, which includes par insured of $23.1 billion or 440% of full year 2007 and year-to-date premium written of $361.8 million or 502% of full year 2007 demonstrated strong demand for credit enhancement from Assured

Municipal Bond Market Overview

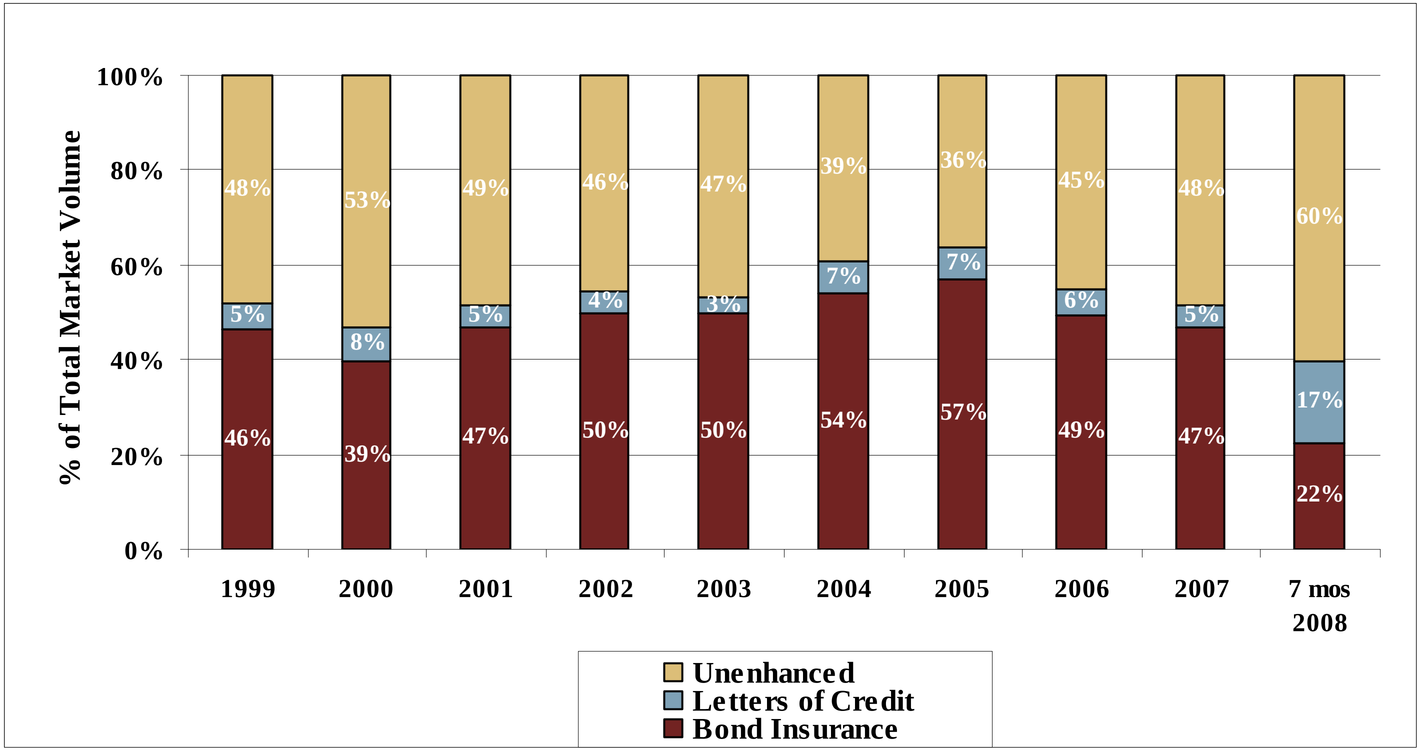
Historical Volume

	1999	2000	2001	2002	2003	2004	2005	2006	2007	7 mos 2008	Pro-rated 2008
Development	$8,938	$8,022	$7,032	$8,562	$6,795	$7,807	$9,410	$4,859	$8,599	$6,813	$11,679
Education	$52,706	$48,401	$71,476	$87,060	$91,143	$96,595	$124,283	$106,253	$107,271	$61,164	$104,853
Electric Power	$5,361	$6,071	$13,394	$24,029	$16,807	$7,171	$13,595	$16,002	$22,727	$15,414	$26,425
Environmental Facilities	$8,237	$5,331	$6,680	$7,513	$5,383	$7,613	$7,201	$6,791	$4,900	$4,361	$7,477
Health Care	$27,605	$17,929	$23,353	$26,192	$28,616	$29,104	$38,797	$40,364	$49,442	$36,989	$63,410
Housing	$20,784	$20,101	$22,616	$23,580	$26,441	$21,923	$22,112	$30,581	$30,656	$9,677	$16,589
Public Facilities	$11,150	$9,276	$11,102	$15,529	$13,037	$9,548	$15,013	$14,809	$13,204	$8,790	$15,069
Transportation	$23,436	$26,743	$32,081	$45,014	$40,436	$32,561	$45,246	$42,362	$41,946	$37,966	$65,085
Utilities	$20,096	$14,008	$28,231	$34,717	$34,992	$32,691	$31,865	$40,241	$36,093	$28,918	$49,574
General Purpose	$49,430	$44,998	$72,117	$86,374	$119,847	$114,682	$100,670	$86,395	$115,123	$55,053	$94,377
Total PF Volume (MMs)	$227,741	$200,880	$288,083	$358,569	$383,498	$359,695	$408,193	$388,656	$429,959	$265,146	$454,536
Number of Issues	13,212	11,260	13,789	14,403	15,029	13,599	13,945	12,758	12,659	6,876	$11,787
Average Deal Size (MMs)	$17.2	$17.8	$20.9	$24.9	$25.5	$26.5	$29.3	$30.5	$34.0	$38.6	$38.6

- **With approximately 13,500 issues a year, the average deal size remains below the size requirements of larger institutional investors. Retail investor demand will remain robust**
- **Credit sector diversification provides sustainable opportunities for insurance product**

Source: SDC Platinum

Demand for Bond Insurance
Historically Stable Insured Penetration Rates



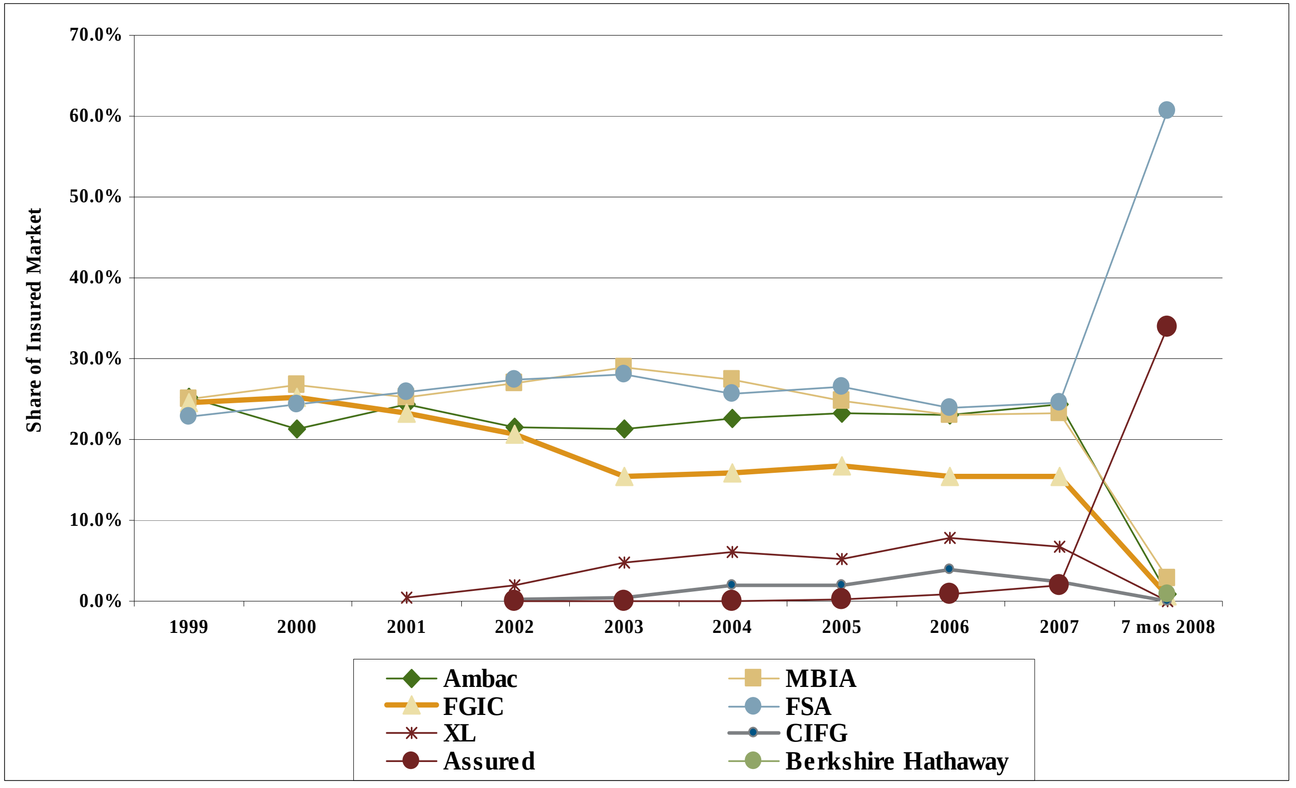
* Data as of July 31, 2008. Source: SDC Platinum

- **Despite the inability of the distressed bond insurers to participate in the market, the credit enhancement penetration rate remains significant at nearly 40% in YTD 2008***
- **In 2007, bond insurance penetration was 47%. With nine guarantors active, the average market share for each company was 5.2%. YTD 2008* bond insurance penetration is 22%. With two insurers active in the new issue market, the average market share for each company has more than doubled to 10.9%**

Percents may not add due to rounding.

Demand for Bond Insurance
Critical Component of the Public Finance Market

- **The absence of the legacy bond insurers has been compensated by the emergence of Assured and the LOC banks. Assured's 8% share of total public finance volume in YTD 2008* is in line with the market share of FGIC over the prior four years.**



7 mos 2008 PF Volume = $265,146mm		
Credit Enhancer	**Par (mm)**	**PF Share**
FSA	$35,975	13.6%
Assured Guaranty	$20,109	7.6%
Bank of America	$4,291	1.6%
Other Insurers	$2,875	1.1%
US Bank	$2,806	1.1%
Depfa Bank	$2,227	0.8%
J P Morgan Chase	$1,955	0.7%
Citibank	$1,934	0.7%
BONY Mellon	$1,070	0.4%
SunTrust Bank	$949	0.4%
Fortis Bank	$729	0.3%
Dexia Group	$714	0.3%
LaSalle Bank	$709	0.3%
Citizens Bank	$683	0.3%
BB&T Co	$637	0.2%
Ldbank Hessen-Thur	$676	0.3%
BNP Paribas SA	$500	0.2%
KBC Bank	$468	0.2%
Berkshire Hathaway	$458	0.2%

* Data as of July 31, 2008. Source: SDC Platinum

Demand for Bond Insurance
Diverse Product Lines

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Sector Distribution – Insurance Used in Diverse Product Lines*

- **AGC insurance in YTD 2008* was used across diverse credit sectors**
- **AGC market share has increased for every bond type**

2007

Sector	Total Volume Par (MMs)	Insured Penetration Rate	AGC Volume Par (MMs)	AGC Share of Insured Market
General Purpose	$113,588.0	38%	$1,448.2	3%
Education	$107,233.9	52%	$552.2	1%
Healthcare	$48,674.5	36%	$1,884.0	11%
Transportation	$41,919.1	65%	$1,952.1	7%
Utilities	$35,733.2	61%	$145.5	1%
Housing	$29,364.8	7%	$0.0	0%
Electric Power	$22,199.8	49%	$0.0	0%
Public Facilities	$12,942.8	61%	$81.7	1%
Development	$8,002.0	15%	$36.7	3%
Environmental Facilities	$4,853.8	37%	$103.9	6%
Total Volume	**$424,511.7**	**47%**	**$6,204.3**	**3%**

7 mos 2008

Sector	Total Volume Par (MMs)	Insured Penetration Rate	AGC Volume Par (MMs)	AGC Share of Insured Market
General Purpose	$55,037.7	16%	$2,268.0	25%
Education	$61,059.2	28%	$5,815.2	34%
Healthcare	$37,458.6	15%	$3,437.5	63%
Transportation	$38,115.7	26%	$3,493.3	35%
Utilities	$28,652.4	28%	$2,443.8	31%
Housing	$9,531.5	4%	$79.5	24%
Electric Power	$15,305.6	26%	$1,268.6	32%
Public Facilities	$8,807.5	24%	$1,231.3	58%
Development	$6,715.1	8%	$444.8	83%
Environmental Facilities	$4,361.3	5%	$114.5	48%
Total Volume	**$265,044.6**	**22%**	**$18,328.5**	**36%**

* Data as of July 31, 2008. Sectors by Bond Buyer category. Source: SDC Platinum

Demand For Bond Insurance
Diverse Issuer Types

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Issuer Category Distribution – Insurance Used by Diverse Issuer Types*

- **Market dislocation has reduced bond insurance use by larger issuers.**
  - Large par, small premium
- **Bond insurance use by smaller issuers has been resilient.**
- **Other forms of credit enhancement have grown**
  - Bank balance sheets cannot provide the volumes of credit enhancement the markets desire.

2007

Sector	Total Volume Par (MMs)	Insured Penetration Rate	AGC Volume Par (MMs)	AGC Share of Insured Market
State Governments	$35,375.7	62.4%	$1,154.5	3.3%
State Authorities	$142,461.7	39.2%	$1,484.9	1.0%
Counties & Parishes	$25,150.7	55.8%	$16.4	0.1%
Cities & Towns	$50,715.0	67.7%	$542.0	1.1%
Districts	$71,138.0	64.0%	$161.3	0.2%
Local Authorities	$88,981.4	46.2%	$369.9	0.4%
Colleges & Universities	$8,437.9	62.1%	$8.0	0.1%
Direct Issuers	$6,613.3	20.1%	$0.0	0.0%
Electric Cooperative Utili	$544.1	7.1%	$0.0	0.0%
Tribal Governments	$540.8	0.0%	$0.0	0.0%
Total Volume	**$429,958.6**	**51.7%**	**$3,737.1**	**1.7%**

7 mos 2008

Sector	Total Volume Par (MMs)	Insured Penetration Rate	AGC Volume Par (MMs)	AGC Share of Insured Market
State Governments	$23,362.7	10.2%	$771.9	32.3%
State Authorities	$88,092.2	16.1%	$4,444.6	31.4%
Counties & Parishes	$15,362.2	36.8%	$1,158.7	20.5%
Cities & Towns	$32,539.7	37.3%	$2,686.9	22.1%
Districts	$39,559.2	40.6%	$4,310.8	26.8%
Local Authorities	$53,110.9	27.6%	$5,512.7	37.6%
Colleges & Universities	$7,253.7	34.5%	$576.6	23.1%
Direct Issuers	$5,017.3	16.9%	$647.1	76.1%
Tribal Governments	$50.0	0.0%	$0.0	0.0%
Electric Cooperative Utili	$0.0	0.0%	$0.0	0.0%
Total Volume	**$264,347.9**	**22.3%**	**$20,109.3**	**33.8%**

Data as of July 31, 2008 Source: SDC Platinum

Demand For Bond Insurance
Promotes Liquidity in Market

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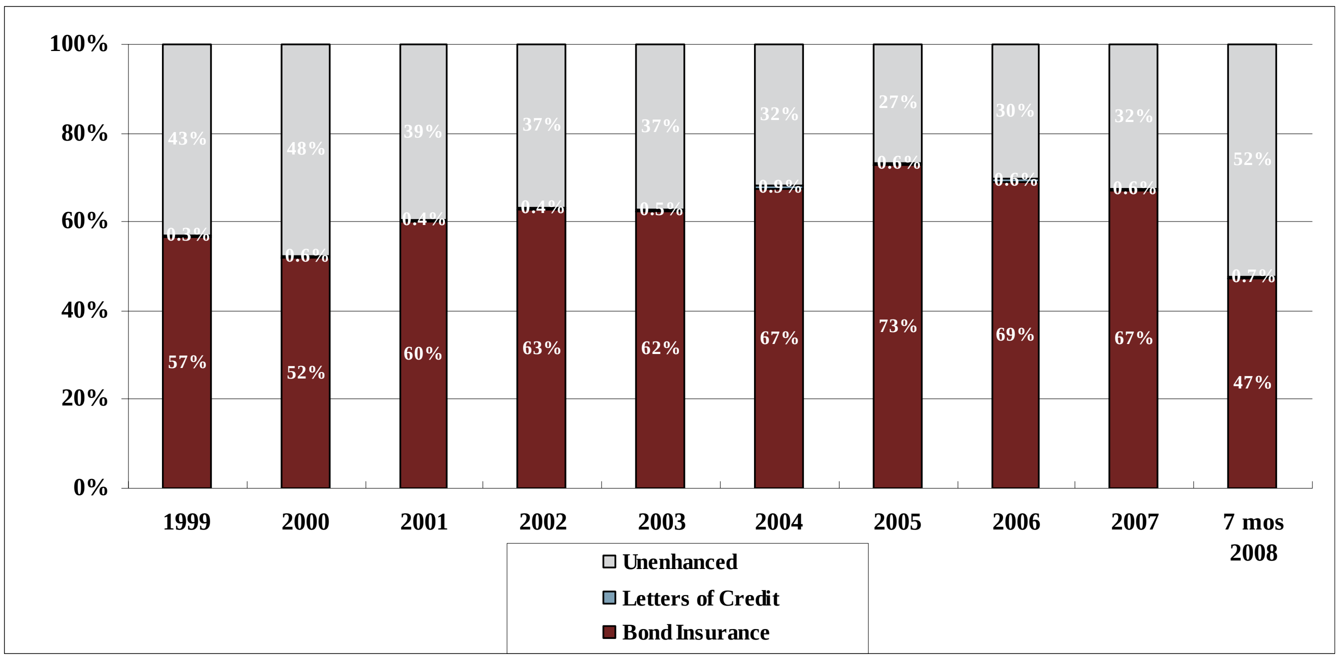
- **Traders and market commentators report that disruption in the bond insurance sectors has been met with a severe reduction in secondary market trading volume**

- **Bringing more credit work in-house is costly for institutional investors**
  - An informal survey and analysis based on BondWatch, a Thomson Reuters product, reveals that the largest municipal investors only carry staffs of 2-9 fully dedicated municipal analysts, compared with bond insurers maintaining an underwriting staff of 20-40
  - In the absence of insurance, those firms will need to significantly increase their hiring needs
  - Growing in-house staffs large enough to cover a broad spectrum of municipal insurance is very inefficient given the size of ever large fund managers, particularly in light of extremely thin margins

Demand for Bond Insurance

Small GO Issues Provide Liquidity for Retail Market

- **Bond insurance provides liquidity to smaller, less active issuers as it commoditizes the product for retail and smaller institutional investors who may not have the time or expertise to do their own research. That sector of the market is also underserved by LOC providers.**
- **The penetration rate for issues that are $30mm or less in size has consistently been higher than the rate for the entire market. Despite an overall penetration rate of only 22% through the first seven months of 2008, the penetration rate for these smaller issues recorded a much stronger rate of 47%.**



	1999	2000	2001	2002	2003	2004	2005	2006	2007	7 mos 2008
Aggregrate Par of =<$30mm GO Issues (mm)	$27,974	$24,811	$36,061	$40,700	$41,809	$39,722	$45,116	$35,905	$34,776	$20,011
Par as % of Total PF Market	12%	12%	13%	11%	11%	11%	11%	9%	8%	8%

Data as of July 31, 2008 Source: SDC Platinum

Demand for Bond Insurance
Growing Infrastructure Finance Requires Insurance

- **Infrastructure Finance transactions benefit not only from cost savings and enhanced liquidity, but also from extensive bond insurer due diligence, structuring expertise and bondholder representation. Sectors include toll roads, stadiums, transportation, military and student housing, federal leases and utility projects.**
- **The U.S. needs $1.6 trillion in capital investment over the next several years to bring infrastructure conditions to acceptable levels according to the American Society of Civil Engineers**
- **Assured is working on several U.S. infrastructure transactions that will require bond insurance**

Deal Closed
Twins Ballpark LLC, Project Revenue Bonds, Series 2008

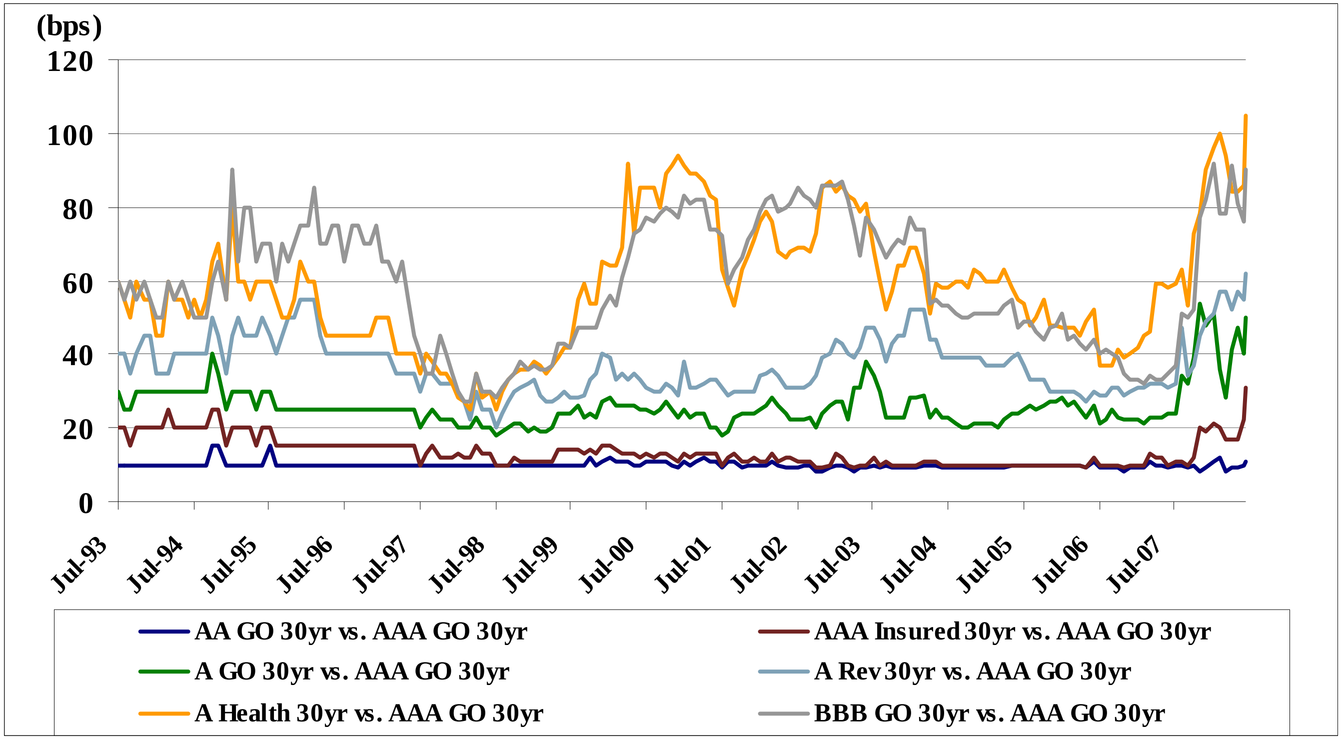
- $190 million taxable bonds to fund the team's contribution to a new ballpark in downtown Minneapolis for a Major League Baseball franchise
- Bonds secured by net stadium revenues, including suite and club seat licenses, concessions, advertising, sponsorships and naming rights
- Public sector funding two-thirds of the project costs

Deal Closed
Kentucky Economic Development Finance Authority Louisville Arena Project Revenue Bonds, Series 2008 (Louisville Arena Authority, Inc.)

- $319 million tax-exempt and $20 million taxable bonds to fund construction of a new downtown arena to serve as the home court for the University of Louisville men's and women's basketball program and host other sporting and entertainment events
- Bonds secured by project revenues, Metro Louisville contributions and property and sales tax increment revenue

Widening Spread Environment

Opportunities for Bond Insurance Product



- **Credit spreads across sectors and ratings classifications remain at or near historical highs**
- **The yields on insured bonds continue to provide spread savings across various asset classes**

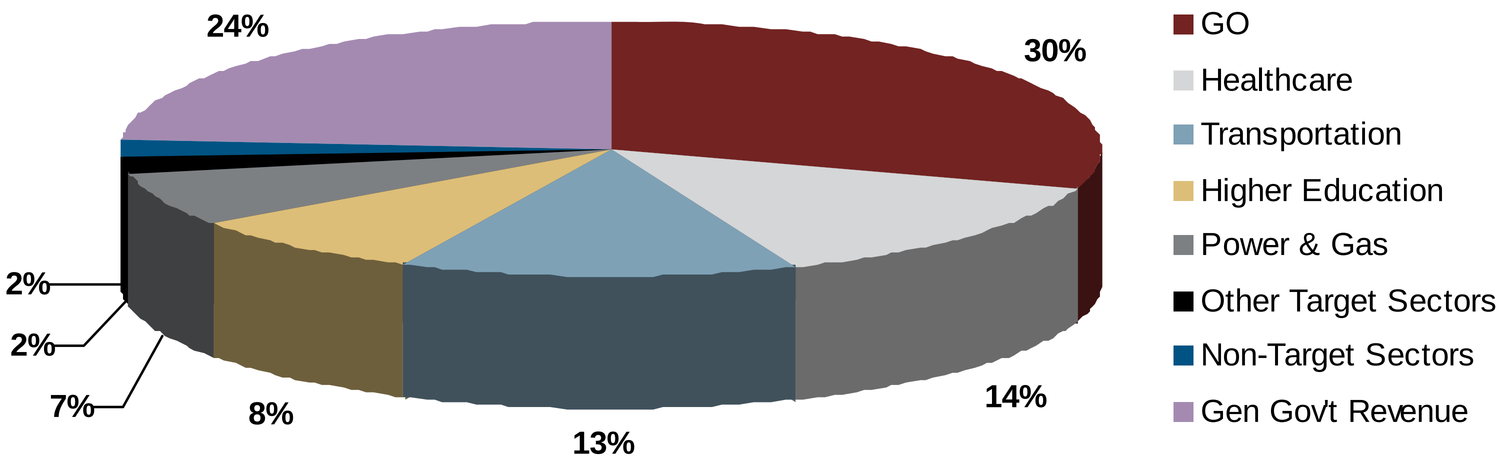
Source: Thomson Financial.

Corporate Equivalency Ratings

Modest Impact on Demand for Bond Insurance in Key Sectors

<u>YTD 2008* Sector Distribution</u>

- **Business opportunities in certain revenue sectors will be largely unaffected by Corporate Equivalency Ratings as the bond pricing is not expected to change materially**
- **Target revenue sectors include hospitals, higher education, other non-for-profits, public power, toll roads, pollution control bonds, airports, mass transportation, student loans and stadiums, comprise 44% of 2008 year-to-date par issued**
- **These target revenue sectors represented nearly 50% of our premium written in year-to-date 2008***
- **Business opportunities in smaller GO sectors will likewise not be significantly impacted because of liquidity value provided by bond insurance**



* Data as of July 31, 2008. Sectors by SDC category.

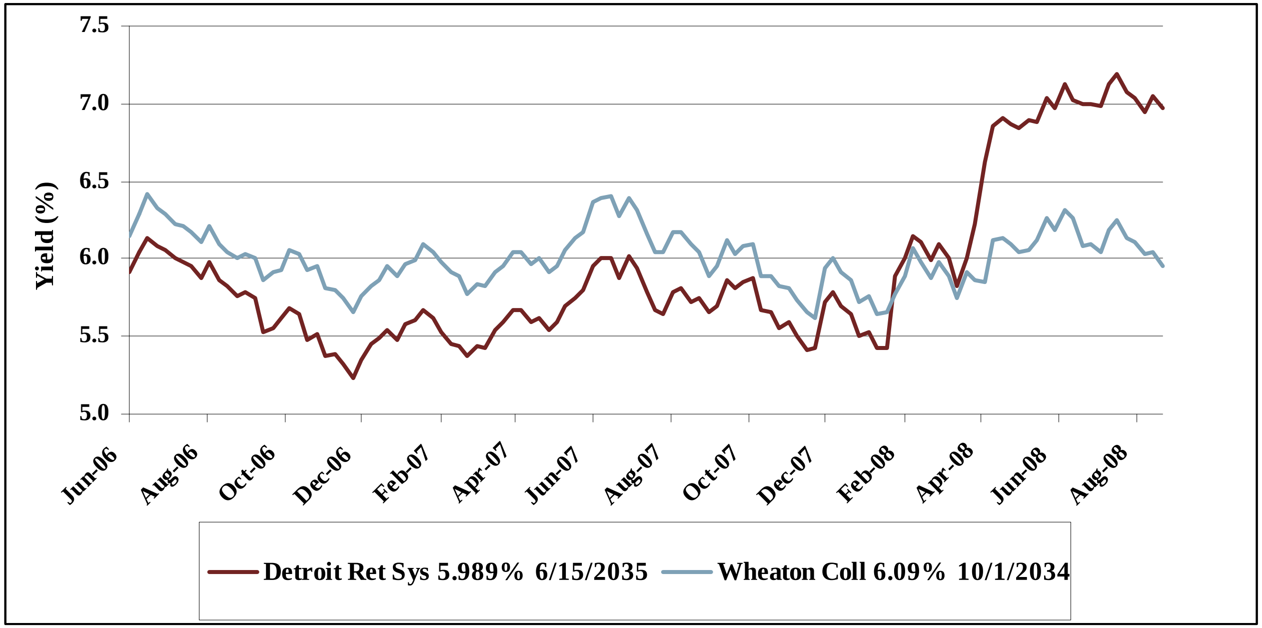
Source: SDC Platinum

Corporate Equivalency Ratings

Institutional Investors Price Deals Based on Their View of the Credit

"The risk of a given issuer isn't changed just because a rating agency has a different scale. If the markets are rational, then risk should be priced the same" – Guy LeBas, Janney Montgomery Scott LLC (Bond Buyer, August 18, 2008)

"…upgrades won't lead to 'drastic changes' in demand or interest rates…" – Alan Anders, Deputy Director of Finance, New York City Office of Budget and Management (Bond Buyer, August 18, 2008)

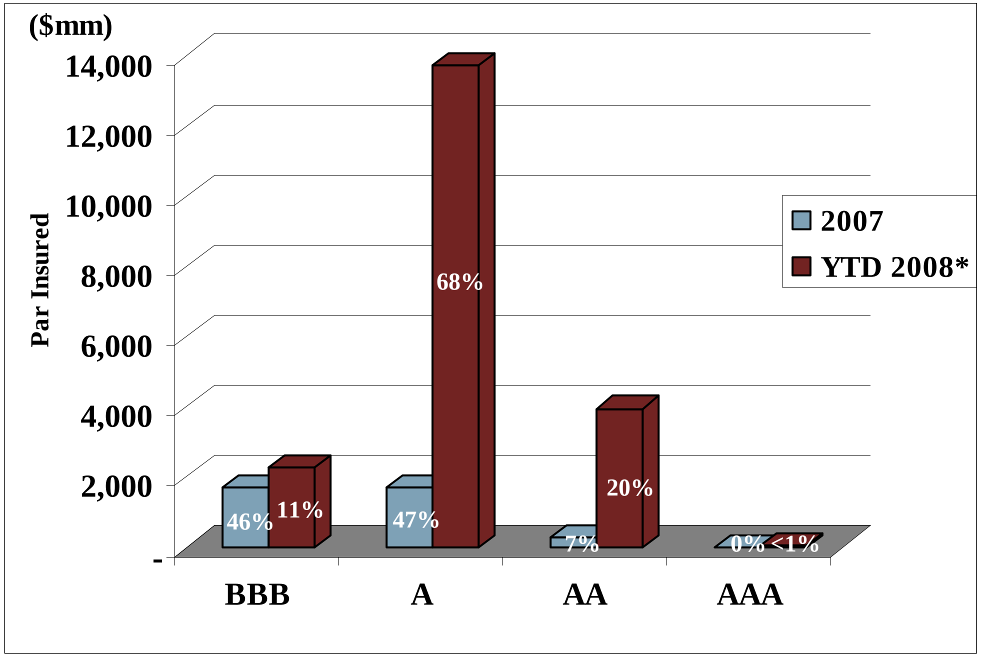


- **The Detroit Retirement System bond with a Aa3 Global Scale underlying rating is trading substantially cheaper (at a higher yield) that a similarly structured Wheaton College, IL bond with a Aa3 municipal rating.**

Detroit Retirement System has a Aa3 Global Scale Rating from Moody's. This Global Rating was downgraded from Aa2 in Nov 2006. Municipal ratings are currently Baa3, BBB- (S&P) and BBB (Fitch). Wheaton College, IL has a Aa3 municipal rating from Moody's. The bond has no other ratings. All bonds are fed and state taxable. Evaluations are sourced from Interactive Data.

Assured Market Developments

Good Demand and Stronger Market Position Results in More Selective Underwriting Approach



Percentages represent portion of par insured for that year.

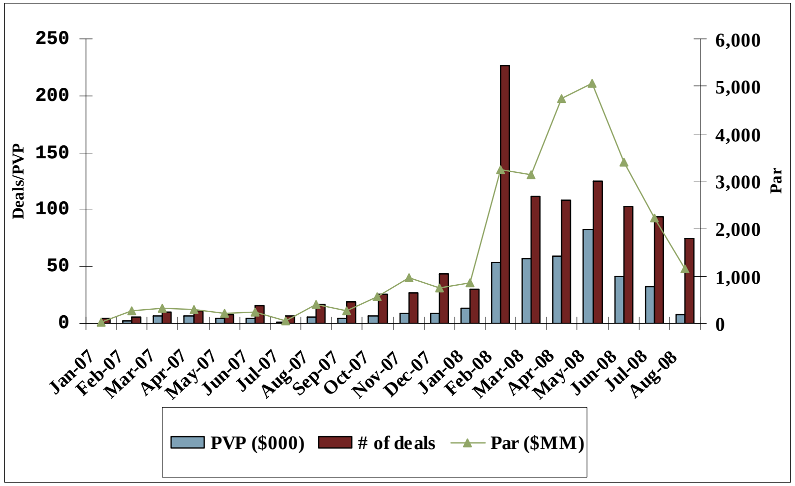
- **During 2008*, Assured's selectivity ratio (par approved/par shown) was 39% versus 55% for 2007**
- **In 2008*, more than 88% of the public finance par written was rated 'A' category or better versus 2007 when 54% was rated 'A' category or better**
- **Credit quality of insured book improves**

* Data as of August 15, 2008. Source: Assured's Internal Database.

Assured Market Developments
Strong Demand Remains Strong

- **Since the Moody's announcement*, Assured closed 106 primary market transactions with $18.0mm of premium on $2,134.6mm of par. On the secondary market, Assured closed 35 trades with $2.4 of premium on $116.8mm of par.**

- **For new issue sales, including ones which have yet to close, Assured has wrapped nearly 100 transactions with $17.0mm of premium on $1,860.6mm of par since the Moody's announcement.**



Data as of August 31, 2008. Source: Assured's Internal Database.

Note: $3.5mm of premium and $350mm of par for the New Jersey Student Loan deal is included in the new issue data but not in closed transactions.

Conclusion

- **The Public Finance Group's year-to-date performance*, which includes par insured of $23.1bn or 536% of full year 2007 and year to date premium written of $344mm or 572% of full year 2007, demonstrates strong demand for credit enhancement from Assured**

- **Demand for credit enhancement is expected to remain strong especially in private higher education, healthcare, and project finance sectors. Meanwhile, bond insurance provides liquidity to smaller GO issuers which are too small to warrant interest from institutional buy-side firms and their limited research staff**

* Data as of July 31, 2008. Source: Internal Database.

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