

FITCH AFFIRMS ASSURED GUARANTY'S 'AAA' IFS RTG FOLLOWING REVIEW OF SUBPRIME EXPOSURE

Fitch Ratings-New York-12 December 2007: Fitch Ratings has affirmed the following ratings on Assured Guaranty Ltd. (AGL) and its related entities:

Assured Guaranty Corp.
Assured Guaranty (UK) Ltd.
--Insurer financial strength (IFS) at 'AAA'.

Assured Guaranty Re Ltd.a
Assured Guaranty Re Overseas Ltd.
Assured Guaranty Re Mortgage Insurance Company
--IFS at 'AA'.

Assured Guaranty Ltd.
--\$200 million of 7.0% senior notes due 2034 'A+';
--\$150 million series A enhanced junior subordinated debentures 'A'.

The Rating Outlook is Stable

The affirmation of AGL's ratings is based on the company's disciplined underwriting strategy exemplified by minimal exposure to higher-risk structured finance collateralized debt obligations (SF CDOs), improving financial results and sufficient excess capital for its given rating. AGL's capital position has been further supplemented by today's announced \$300 million equity issuance, with the proceeds to be down-streamed to its reinsurance affiliate, Assured Guaranty Re (AG Re), to provide capital to help fund increasing opportunities to support other 'AAA' financial guarantors' reinsurance needs. Fitch notes that concerns regarding AGL center on expected strong portfolio growth going forward that may pressure AGL's excess capital level, particularly in light of the potential for future negative credit migration, mainly in fairly capital intensive sectors, such as residential mortgage-backed securities (RMBS).

On Nov. 5, 2007, Fitch announced plans to update its analysis of SF CDOs insured by 'AAA' financial guarantors in order to assess implications for their 'AAA' insurer financial strength (IFS) ratings. As stated in that commentary, Fitch expects AGL's portfolio to be ultimately far less negatively impacted by future SF CDO related stress than many of its key competitors, and as a result the company's capital position and ratings were assumed to be minimally impacted by the on-going review of the financial guaranty industry. With respect to SF CDOs, AGL only maintains \$2.5 billion of this exposure, with all of this exposure underwritten prior to 2004. Fitch notes that the company may become negatively exposed to declining RMBS securitizations, particularly those transactions initially rated in the 'BBB' rating category such as prime second-lien mortgage securitizations. At the present time AGL maintains about \$2.9 billion of prime second-lien mortgages, although the company continues to maintain a smaller concentration to this asset class than most of its larger competitors.

AGL's capital position remains satisfactory for an 'AAA' company, and the additional \$300 million capital issuance should help support rapid growth which is taking place in the fourth quarter of 2007. After analyzing AGL's SF CDO and second lien exposures, Fitch believes that the impact on AGL's capital cushion is minimal, between \$125 and \$150 million, which corresponds to a Core Capital Adequacy Ratio of about 1.07x our minimum AAA standard of 1.00x.

Relative to many of its competitors, AGL remains in a solid operating position and the company appears to be improving its market penetration both on a direct and reinsurance basis. AGL has improved its profitability, with operating ROE increasing to 11.4% for the first nine months of 2007 from 9.4% for the same period in 2006. This improvement has been achieved through a disciplined

underwriting approach emphasizing growth in lower-risk and relatively capital efficient transactions. Further, AGL has continued to improve its market penetration, achieving more than 6.5% market share (as measured by industry gross par written) during the first nine months of 2007, while increasing the diversity of its insured portfolio. In addition, AGL has demonstrated good traction in the international markets, which represent an important growth area for the industry.

AGL is a Bermuda-based holding company. Its operating subsidiaries provide credit enhancement products to the U.S. and international public finance, structured finance and mortgage markets on both a primary and reinsurance basis. As of Sept. 30, 2007, the company reported consolidated GAAP assets of \$3.1 billion and shareholders equity of approximately \$1.6 billion. On an aggregated basis net par outstanding totaled \$154 billion as of Sept. 30, 2007.

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