

Credit Analysis

Moody's Insurance Financial Guarantors

April 2009

Assured Guaranty Ltd

Hamilton, Bermuda

Summary Rating Rationale

Moody's Aa2 insurance financial strength (IFS) rating of Assured Guaranty Corp. (AGC), Aa3 (IFS) rating of Assured Guaranty Re Ltd. (AG Re), and A2 long term issuer rating of the ultimate holding company Assured Guaranty Ltd. (AGL) -- collectively "Assured" -- reflect the group's strong risk adjusted capitalization, disciplined underwriting, conservative risk management, and recent emergence as a market leader in the bond insurance market. These credit positives are offset by Assured's high operating leverage and exposure to weakness inherent in the financial guaranty business model. Moody's believes that Assured's business position and financial flexibility, like most other financial guarantors, may be quite sensitive to potential changes in its risk profile, with a sharp fall-off in demand likely to result from even moderate declines in the company's credit profile. AG Re's credit profile is impacted by the broader challenges facing the financial guaranty industry, but also by its reliance on the business volumes and capital management strategies of AGC and other primary guarantors. With few active third party customers, Moody's believes that AG Re's principal role is likely to be as a vehicle through which AGC can manage its own capital position. Under stress scenarios affecting both AGC and AG Re, the group may have greater incentive to support AGC than AG Re.

Group Overview

Assured Guaranty Ltd. is the holding company of AG Re, as well as Assured Guaranty US Holdings Inc. (A2 senior unsecured debt) which, in turn, wholly owns AGC. AGL is domiciled in Bermuda and was listed on the New York Stock Exchange [NYSE: AGO] in April 2004 when the group executed an IPO. The group, through its three operating subsidiaries AGC, Assured Guaranty (UK) Ltd. (AGC UK) (Aa2 IFSR) and AG Re, provides credit enhancement by writing primary financial guaranty policies, credit default swaps (CDS), and financial guaranty reinsurance. The group also has modest mortgage guaranty reinsurance exposure through Assured Guaranty Mortgage Insurance Company (Aa3 IFSR), which is a wholly owned indirect subsidiary of AG Re.

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Analyst Contacts:

New York 1.212.553.1653

Arlene Isaacs-Lowe
Senior Vice President

Shafquat Rabbee
Associate Analyst

Jack Dorer
Team Managing Director

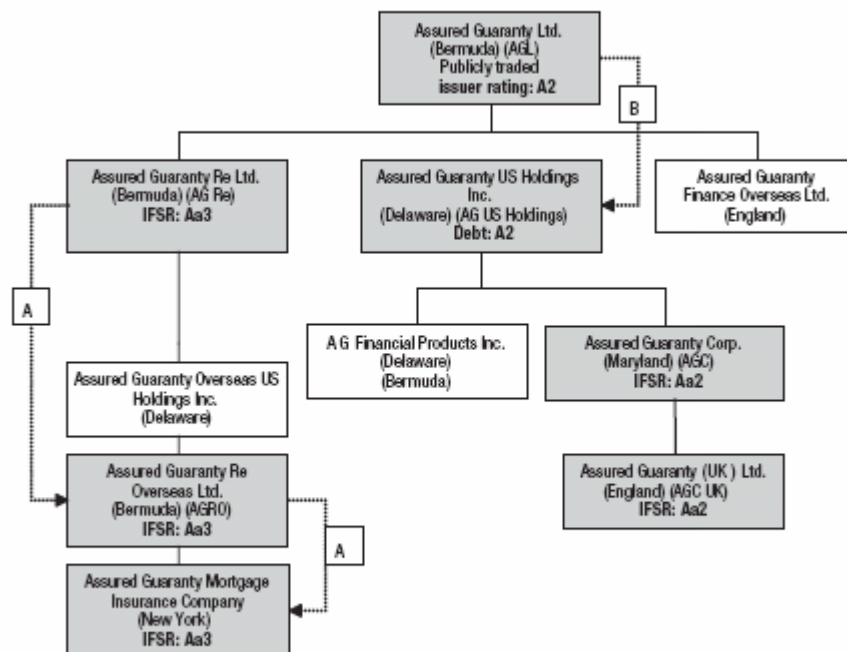
This Credit Analysis provides an in-depth discussion of credit rating(s) for Assured Guaranty Ltd (Bermuda) and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website. [Click here to link.](#)



Moody's Investors Service

Assured Guaranty Ltd

During 2008, Assured reported gross written premiums of \$618.3 million, a 46% increase over 2007, and net earned premiums of \$261.4 million, a 64% increase over 2007, reflecting the company's improved market position and emergence as a leading financial guarantor. However, 2008 operating income of \$74.5 million was 58% lower than 2007 reflecting substantial incurred loss expense resulting from the impact of the credit crisis on Assured's insured portfolio. Total assets and shareholder's equity grew to \$4.6 billion and \$1.9 billion, respectively, reflecting increased business volume and a \$250 million common stock issuance in 2008.



A: Assured Guaranty Re Ltd. provides a keepwell to Assured Guaranty Re Overseas Ltd., which in turn provides a keepwell to Assured Guaranty Mortgage Insurance Company. Both Assured Guaranty Ltd. and Assured Guaranty Re Overseas Ltd. agree to provide sufficient funds to their respective subsidiaries to meet their obligations.

B: Assured Guaranty Ltd. guarantees the debt issued by Assured Guaranty US Holdings Inc.

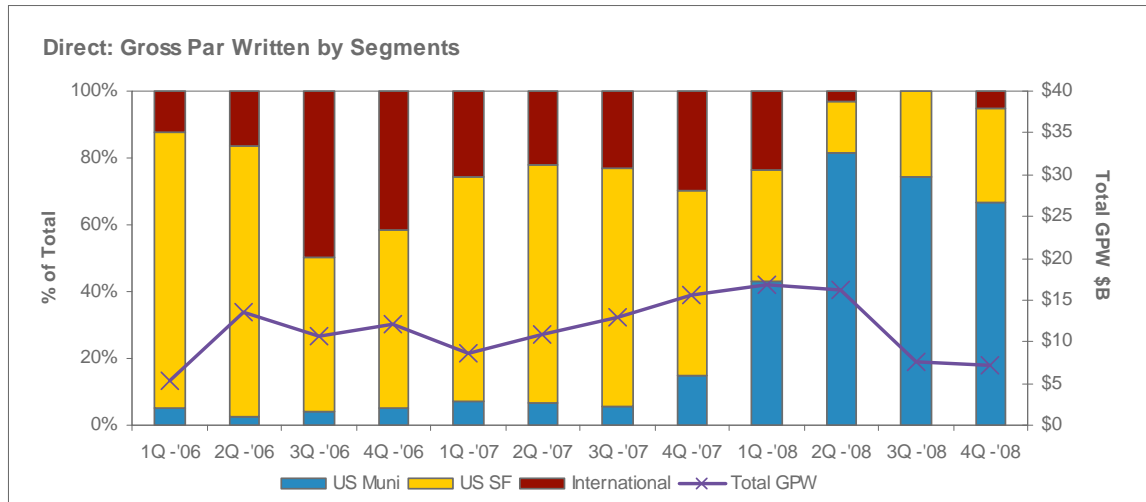
Analysis of Key Rating Considerations

Franchise Value and Strategy

In Moody's view, the business model of financial guaranty insurance has been damaged over the past year due to sustained turmoil in the credit markets and the very poor performance exhibited by a number of guarantors. As a result, the level of demand for financial guaranty insurance over the near-to-medium-term is less certain than in the past, which has negative implications for the strength and stability of both AGC and AG Re's business franchise. There has been a sharp decline in structured finance business opportunities in the primary market as a result of the current market dislocation, and future structured finance underwriting opportunities are likely to be tempered by concern over the volatility associated with certain structured credits. While there continues to be a market for municipal bond insurance, prospective opportunities in the municipal

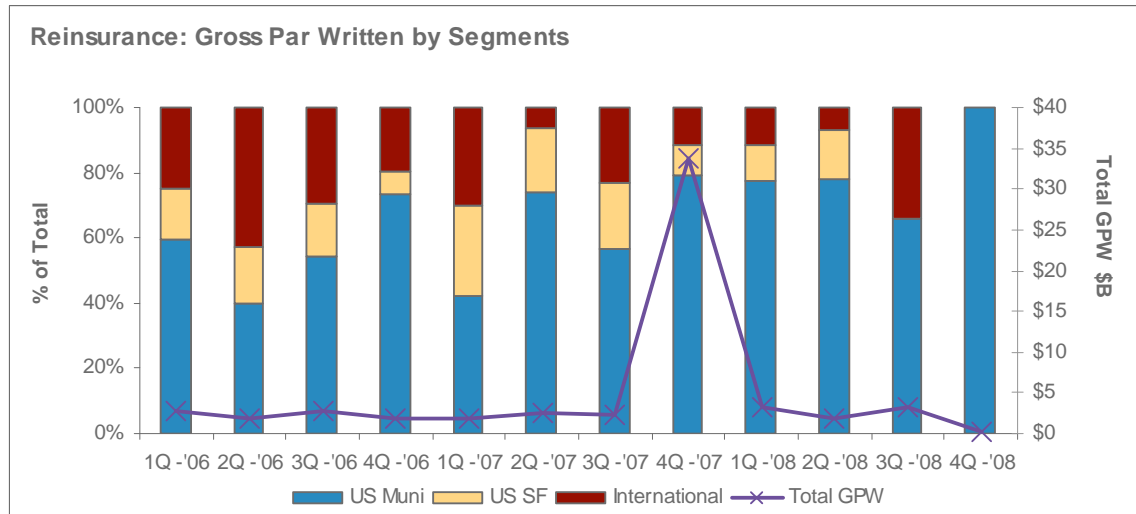
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sector may also be narrower than in the past given changing perceptions about municipal risk among investors, lower confidence in the financial guaranty industry broadly, and a trend toward alternative forms of execution, including the issuance of uninsured paper. Moody's believes that customer demand for Assured's wraps will be highly susceptible to even moderate declines in the guarantor's credit profile. This susceptibility to changes in credit risk profile creates a "demand cliff" beyond that observed in most other industries.



Source: Company disclosure

Moody's notes, however, that while the financial guaranty industry's importance within the US municipal market has declined overall, AGC's relative competitive position in these markets has been favorably affected by reduced activity among other players and its limited exposure to higher-risk ABS CDOs. During 2008 and early 2009, as many of the participants in the market experienced significant credit deterioration and weakened capital positions, Assured was able to substantially increase its market share and new business volume in the municipal market, even as the penetration rate for wrapped municipal transactions declined substantially. Future financial guaranty underwriting volume will continue to be influenced by demand for market liquidity and underwriting due diligence within the municipal sector, particularly for smaller and more complex credits.



Source: Company disclosure

The business opportunities for reinsurers typically follow the underwriting fortunes of a handful of primary guarantors, resulting in franchise value that is inherently weaker than that of the primaries. Despite reduced primary financial guaranty volume for the industry overall, AG Re has recently written business on an opportunistic basis by reinsuring portfolios of mostly municipal credits that were ceded by primary financial guarantors for capital management purposes. AG Re reinsured municipal exposure totaling \$29 billion from Ambac in December 2007 and AGC reinsured \$13.3 billion from CIGF in January 2009. Moody's notes,

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however, that the reinsurance market has traditionally been susceptible to increased competition, particularly when primary guarantors that are unable to participate in the direct market move into the reinsurance space. AG Re's affiliation with AGC and the group's proposed acquisition of FSA should help to support its continued role within the financial guaranty reinsurance industry.

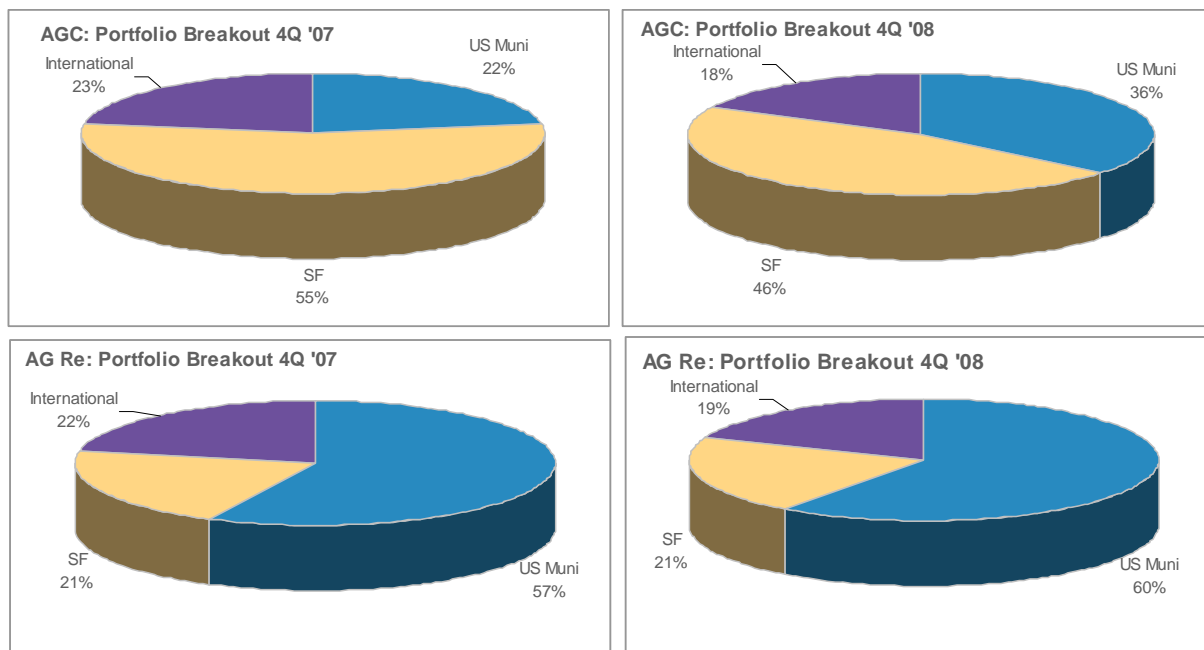
Insured Portfolio Characteristics

Overview

Assured's portfolio has traditionally been more heavily concentrated in structured finance vs. the industry average, although the company has written predominantly municipal business since the fourth quarter of 2007, resulting in a more balanced insured portfolio overall. AGC has moderate amounts of exposure to higher-risk RMBS and limited exposure to ABS CDOs, although corporate CDOs and other pooled transactions constitute a significant portion of its insured portfolio. While most non-mortgage exposures are performing well, the insured portfolio is exposed to transaction or sector deterioration, especially in light of the increased risk of a prolonged and deep recession. AG Re's insured portfolio is more granular, with approximately 60% comprised of lower-risk US municipal exposures. However, under a scenario where AGC's capital adequacy experienced prolonged stress, AG Re could be used as a vehicle for managing single-risk concentrations and higher risk exposures in AGC's portfolio, potentially resulting in deteriorating portfolio quality for AG Re.

Business Mix: Municipal vs. Structured

As of 4Q 2008, 48% of Assured's combined portfolio consisted of US municipal exposure, with US structured accounting for 34% and international making up the remaining 18%. (See accompanying charts for a portfolio breakdown by operating subsidiary.) Assured has been able to significantly increase the proportion of highly-rated municipal transactions within its insured portfolio, as mortgage-related credit pressures have prevented most of the other primary guarantors from writing new municipal business in recent quarters. As a result, AGC's municipal book more than doubled between year-end 2007 and year-end 2008. During this same period, Moody's estimates that the market penetration for financial guarantors declined to 20-25% from its historical average of about 50% as a result of limited capacity available from highly-rated firms and a general concern regarding the stability of the financial guaranty industry. A growing number of securities were issued either without bond insurance or with alternative forms of credit enhancement such as bank letters of credit.



Source: Company disclosure

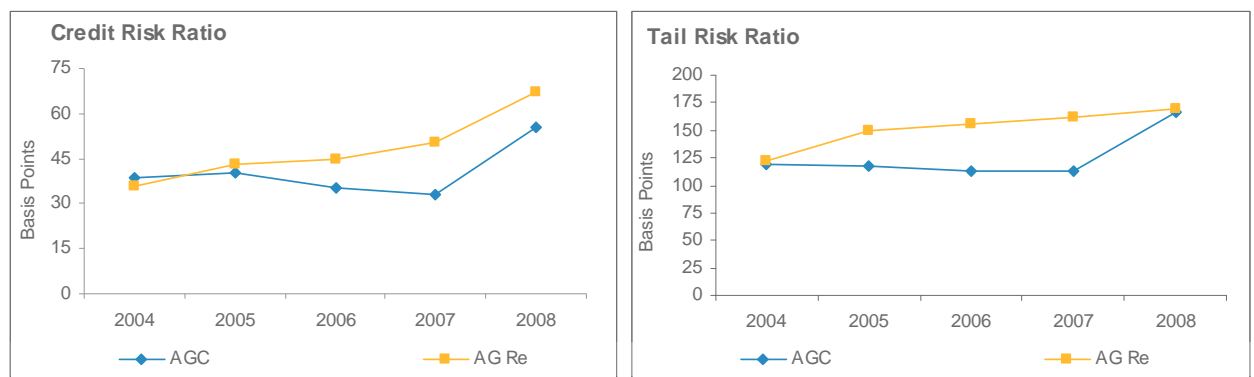
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In the US structured market, Assured's primary underwriting volume fell substantially over the past year, resulting in structured net par outstanding remaining relatively stable. Portfolio diversification has improved in light of Assured's growing and higher quality municipal book. Moody's believes, however, that future opportunities for providing credit enhancement in the municipal finance market will be more focused on smaller municipalities or higher risk municipal bonds than in the past. Under a prolonged macroeconomic downturn in the US, certain of these transactions may be at greater risk of credit deterioration stemming from stressed regional economies.

Portfolio Risk Ratios

Portfolio risk ratios for both AGC and AG Re have shown deteriorating trends over the last few years. AGC's credit risk ratio, which reflects Moody's estimate of the portfolio's embedded expected lifetime losses as a percentage of total net par outstanding (NPO), increased to 55 basis points in 2008 from an average of 33 basis points for 2006 and 2007. Over the same period, AG Re's credit risk ratio also deteriorated to 67 basis points from 50 basis points. These negative portfolio trends largely reflect deterioration in the performance of Assured's RMBS, life insurance securitization and Jefferson County Alabama Sewer exposures, as well as downward migration among certain large pooled utility transactions.

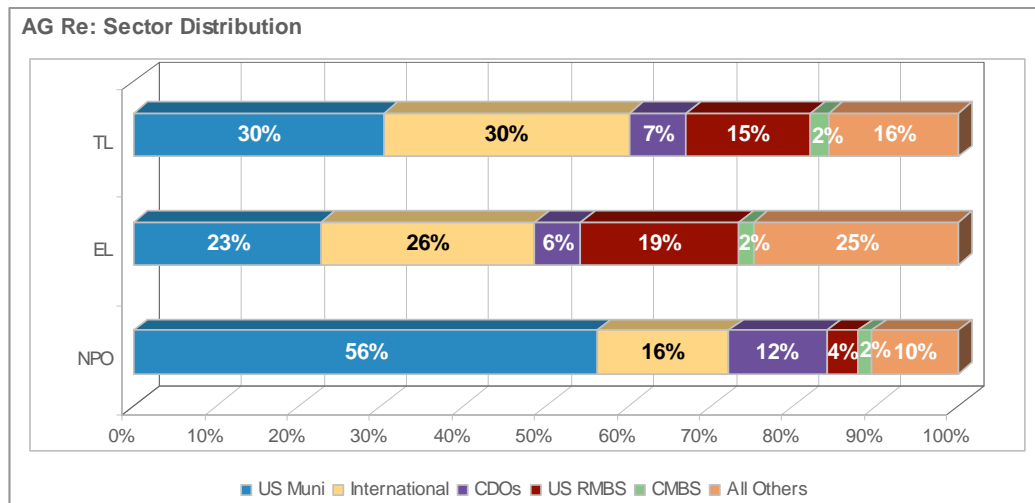
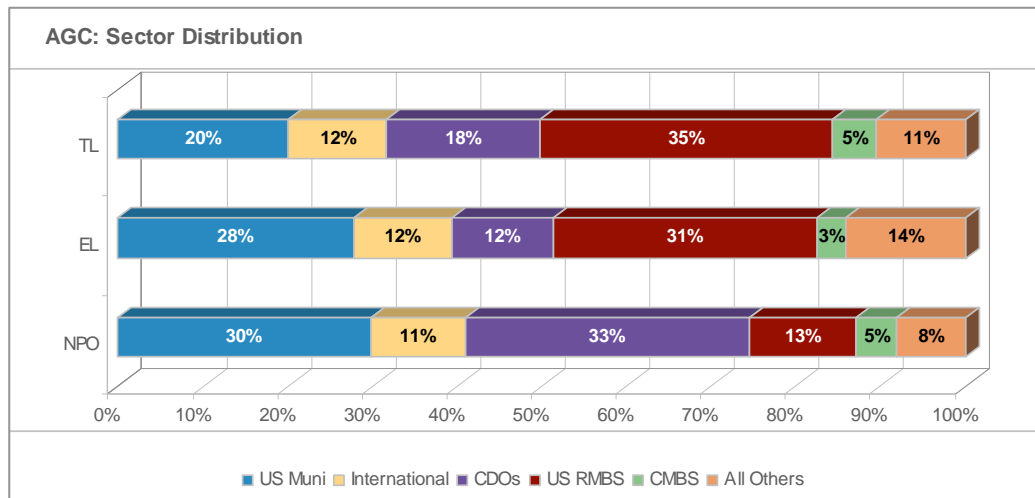
The tail risk ratio measures a portfolio's stress-level losses (as estimated by Moody's) relative to NPO, which depends upon its average credit quality, maturity structure, risk concentrations, correlations among credits, and vulnerability to broad macroeconomic risk. AGC's tail risk ratio deteriorated noticeably over the past year in light of the negative credit trends cited above. While AG Re's tail risk ratio also weakened over this period, the change was less pronounced than for AGC given AG Re's relatively more granular and diverse portfolio and its higher proportion of low risk municipal exposure.



Source: Moody's analysis of 2Q 2008 insured portfolio

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Sector Distribution and Loss Contribution



Source: Moody's analysis of 2Q 2008 insured portfolio

Modest Mortgage Related Risk

Assured is relatively less exposed to mortgage-related exposure than many of its competitors, although it is not immune to credit pressures in this sector. For AGC, US RMBS transactions account for 13% of its net par outstanding and 35% of its tail risk as calculated by Moody's, reflecting considerable stress brought about by rising cumulative mortgage loss expectations. AG Re's RMBS exposure is smaller than AGC's, accounting for 4% of AG Re's net par outstanding and 15% of its tail risk. While Assured avoided insuring large amounts of US subprime RMBS transactions during 2006 and 2007, the company has approximately \$6 billion in exposure to Alt-A RMBS, which has also suffered from substantial credit deterioration. For the majority of its insured RMBS transactions, Assured attaches relatively high in the capital structure, which has helped to contain RMBS-related losses to date. If current delinquency trends in the US housing market continue to deteriorate, however, significant losses could develop.

Unlike many of its competitors, Assured largely avoided the ABS CDO sector due to its concerns about the risks associated with this line of business. Assured has only one ABS CDO on its books for \$636 million, which was originated in 2003. Moody's does not currently expect this transaction to experience a loss.

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Substantial Pooled Corporate Portfolio

Assured has insured approximately \$43 billion in pooled corporate securities, accounting for 29% of AGC's insured portfolio and 10% of AG Re's portfolio. Pooled corporate exposures, which include securities backed by corporate debt obligations (e.g., market value CDOs, CLOs, CBOs) and trust preferred securities (TRUPS), represent a declining portion of Assured's structured finance new business volume, having fallen from 50% of structured underwriting in 2006 to 30% in 2008. Assured mostly wraps the super senior tranches of these securities, and its exposures to specific obligors and industry concentrations are closely managed. Although these exposures have performed within expectations to date and have not incurred losses, the sheer size of the pooled corporate portfolio relative to Assured's capital, combined with correlated sensitivity to deteriorating performance among corporate borrowers in a prolonged recession, could result in meaningful capital depletion for the company if a few of these transactions were to sustain significant losses.

Large Single Risks

The insured portfolios of AGC and AG Re include a number of large single risks in the pooled corporate, international project finance, international RMBS and US municipal sectors relative to each company's claims-paying resources. Large single risks can measurably contribute to the potential volatility of losses within a guarantor's insured book. Although state insurance laws and regulations set limits on the maximum single risk exposure that a financial guaranty company can assume, these limits are not overly restrictive in our view, particularly for higher-risk sectors. In addition to regulatory limits, Assured imposes its own single risk limits at both the individual company level (AGC and AG Re) and at the group level.

Moody's measures the impact of large single risks in a guarantor's insured book by calculating the amount of loss that would be experienced assuming that the transaction defaults, and that it suffers a loss equivalent to our estimate of worst-case severity (rather than the expected severity assumption used in our portfolio risk model). We place a particular focus on individual transactions that would result in a loss greater than 10% of a firm's hard capital under such circumstances. For Assured, there are a few transactions that exceed this threshold.

AGC: Largest Single Risks

\$ in millions			
Bond Name	Bond Type	NPO	NPO as % of Hard Capital
Pb Domicile 2006-1	Intl. RMBS	\$1,193	56%
Permanent Master Issuer Plc Series 2007-1 3a	Intl. RMBS	\$903	42%
Granite Master Issuer Plc Series 2005-1 A6	Intl. RMBS	\$898	42%
Gracechurch Mortgage Financing Plc 2007-1 3a2	Intl. RMBS	\$898	42%
Arkle Master Issuer Plc - Series 2006-1 5a1	Intl. RMBS	\$892	42%
Discover Card Master Trust I Series 2005-A	Credit Card Sec.	\$720	34%
Graphite Mortgages Plc Provide Graphite 2005-2	Intl. RMBS	\$617	29%
Denver Colorado Airport System	Municipal Airport	\$507	24%
Nemus Funding No.1 Plc	CMBS	\$452	21%
Miami-Dade County Florida Aviation Authority	Municipal Airport	\$447	21%
San Francisco California Airport	Municipal Airport	\$441	21%

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AG Re: Largest Single Risks

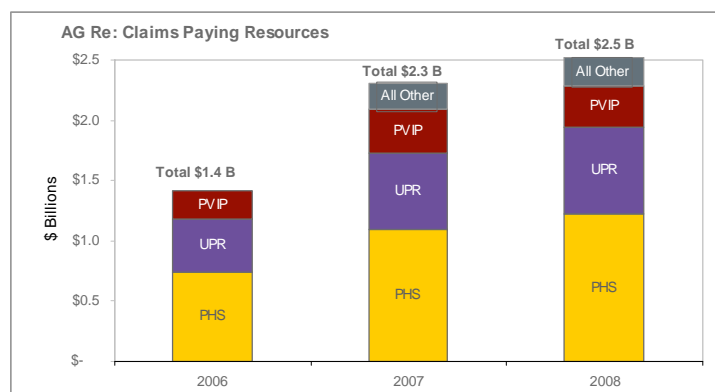
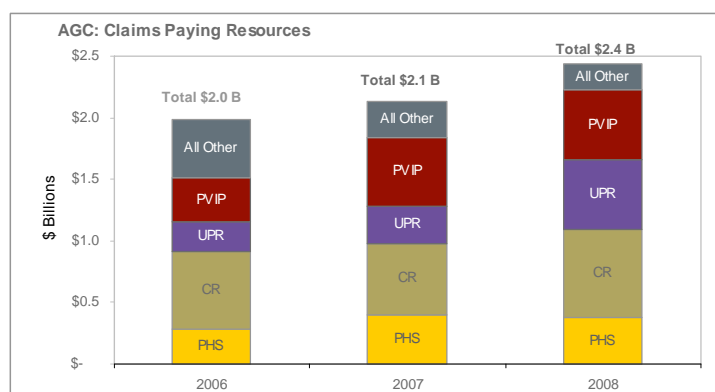
\$ in millions			
Bond Name	Bond Type	NPO	NPO as % of Hard Capital
Graphite Mortgages Plc Provide Graphite 2005-2	Intl. RMBS	\$617	28%
United Utilities Water Plc	International Utilities	\$584	26%
Arkle Master Issuer Plc - Series 2006-2 3a2	Intl. RMBS	\$558	25%
Permanent Master Issuer Plc Series 2007-1 3a	Intl. RMBS	\$550	25%
Gracechurch Mortgage Funding A2c	Intl. RMBS	\$549	25%
Port Authority Of New York & New Jersey	Municipal Airport	\$539	24%
National Grid Gas Plc	International Utilities	\$458	21%
National Grid Electricity Transmission Plc	International Utilities	\$407	18%
San Francisco California Airport	Municipal Airport	\$407	18%
Powercor Australia Llc	International Utilities	\$331	15%
Miami-Dade County Florida Aviation Authority	Municipal Airport	\$322	15%
Yorkshire Water Services Finance Plc	International Utilities	\$304	14%

Source: Company information and Moody's analysis of 2Q 2008 insured portfolio

Capital Adequacy

Moody's capital adequacy assessment evaluates a financial guarantor's operating leverage in terms of the amount of business that it has insured and the risk characteristics of that business relative to the company's claims-paying resources, and is reflective of its ability to meet creditor claims over time at a given confidence level (assuming all else is held equal). Maintaining sufficient capital is critically important for a financial guarantor, not only because insurance regulators require minimum capital levels or ratios in order for the company to continue to operate, but also because its business prospects are highly dependent on investor perceptions of its capital adequacy. In Moody's view, although capitalization may meet or exceed a given threshold value, it can be subject to far greater volatility than previously anticipated and should be evaluated considering a range of possible scenarios.

AGC's risk-adjusted capital adequacy position has deteriorated in recent quarters as a result of overall portfolio growth and higher tail losses (primarily attributable to the performance of the company's US RMBS book). As of 3Q2008, risk adjusted capitalization for both AGC and AG Re was consistent with a Aa rating.



Source: Based on Company disclosure

Note: Moody's applies additional haircut on claims paying resources for calculating capital ratios as indicated in the published methodology.

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AGC's claims-paying resources have increased over the last three years, reflecting steady growth in future premiums from new business (UPR and PVIP). Claims-paying resources have also increased for AG Re, reflecting higher unearned premiums from its growing municipal portfolio and additional capital infusions of approximately \$300 million in 2007 and \$150 million in 2008 to finance portfolio growth.

Assured's investment portfolio is concentrated in high quality, liquid assets including US municipal, US Treasury and US agency securities. Preferred stock and other relatively more risky holdings (including corporate bonds) represent less than 4% of AGC's investment portfolio and 1% of AG Re's portfolio.

AGC Investment Portfolio		
4Q 2008		
Available for Sale Securities	Amortized Cost	Fair Value
US Treasury and Agency Obligations	64	73
Foreign Government Securities	50	54
State & Political Sub. Securities	1,127	1,114
Corporate Securities	89	88
MBS Pass-throughs	157	149
Short term investments	110	110
All Other	35	33
Total Investments	1,632	1,621

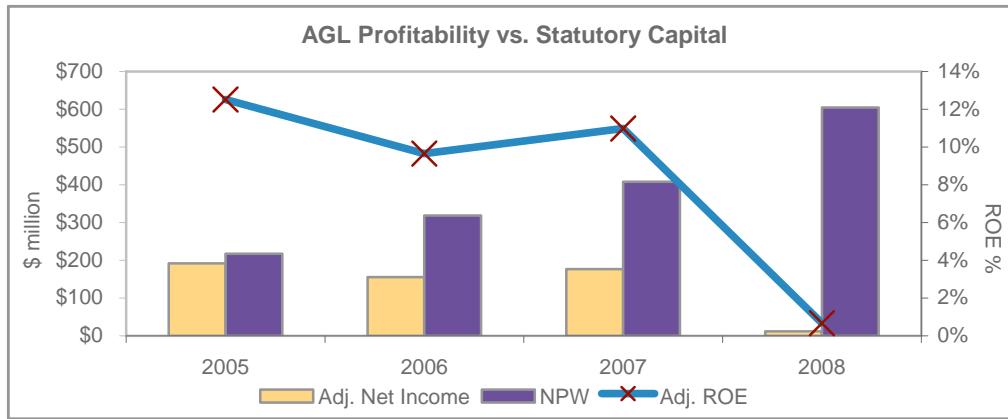
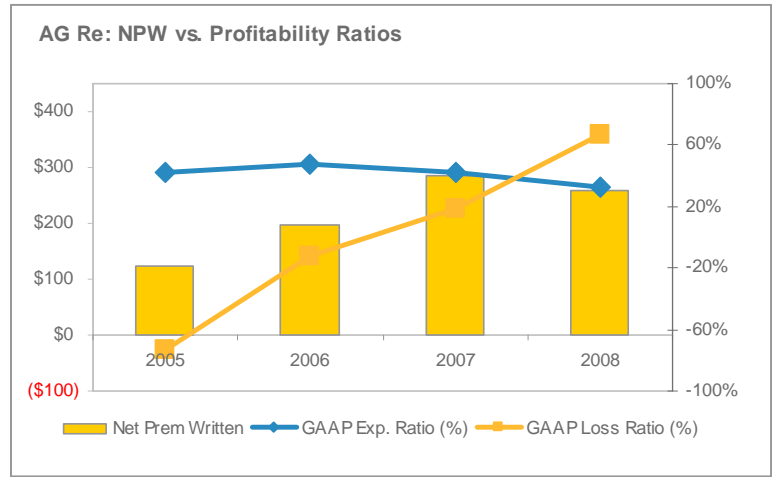
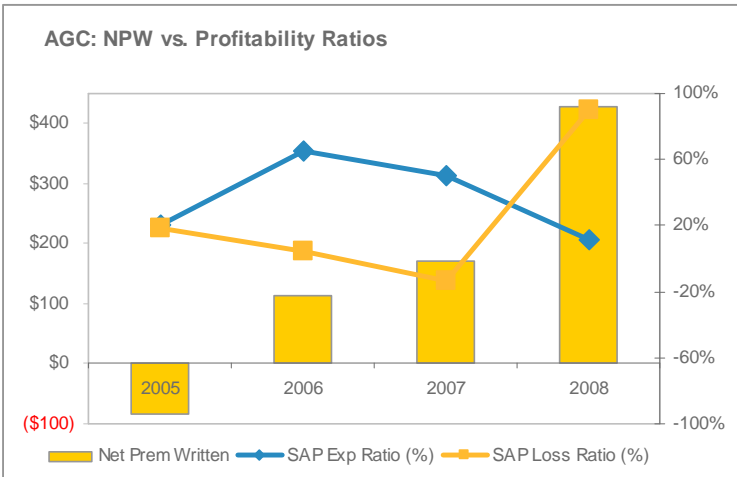
AG Re Investment Portfolio		
4Q 2008		
Available for Sale Securities	Amortized Cost	Fair Value
US Treasury and Agency Obligations	363	403
Foreign Government Securities	0	0
State & Political Sub. Securities	109	103
Corporate Securities	185	181
MBS Pass-throughs	868	850
Short term investments	347	347
All Other	115	106
Total Investments	1,987	1,990

Source: Company disclosure

Profitability

Assured's profitability trends have generally been improving since its IPO in 2004, with growing new business volumes and a declining expense ratio, although the group's incurred losses in 2008 more than offset the benefit of increased premium revenues during the year. 2008 gross written premiums increased by 46% over the prior year, reflecting substantially higher US municipal underwritings. We note, however, that Moody's expected loss estimates are currently higher than Assured's loss reserves, suggesting that Assured's future profitability could experience some pressure in our view.

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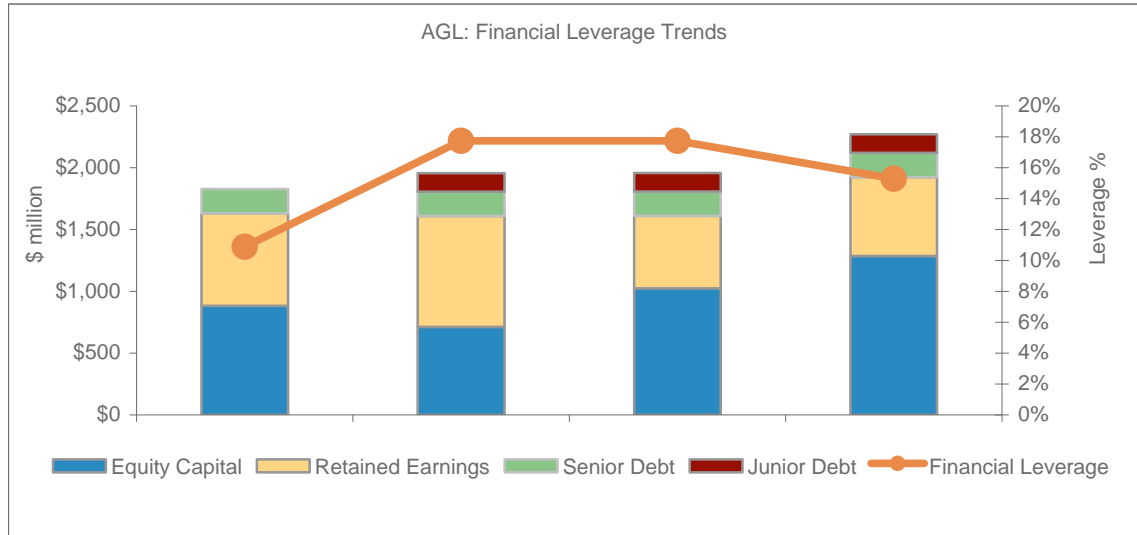


Source: Company disclosure and Moody's analysis

Financial Flexibility

Assured maintains a conservative leverage profile, and has raised new equity in recent quarters to fund growth. The company raised over \$300 million in equity during late 2007, and sold another \$250 million in common stock to investment funds managed by WL Ross & Co. LLC during the second quarter of 2008. While these additions to capital have been positive for Assured, Moody's currently views financial guarantors as having less financial flexibility than they had exhibited prior to the onset of the credit crisis. While the assessment of financial flexibility varies considerably from firm to firm, it is apparent that even the best positioned firms could experience a dramatic constriction of financing options if material losses were to be incurred and/or uncertainty about their potential losses was high.

Assured Guaranty Ltd



Source: Company disclosure and Moody's analysis

Other Credit Considerations

Pending Acquisition of FSA

Assured Guaranty Ltd. and Dexia SA recently announced a planned acquisition of the financial guaranty business of Financial Security Assurance Holdings Ltd. (FSA). This acquisition provides the latest example of how market pressures are changing the structure of the industry. FSA's current owner, Dexia SA, has agreed to sell the guarantor for slightly over one-third of its 3Q08 shareholders' equity (adjusted for FSA's asset management business, which is not part of the transaction, and certain other accounting items.) Moody's believes that the acquisition of FSA by Assured Guaranty will, if completed as planned, create a combined entity with substantial financial resources and a strong market position within the financial guaranty industry.

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Company Annual Statistics

Assured Guaranty Corp.					
Financial Strength Rating: Aa2					
	2008	2007	2006	2005	2004
Insured Portfolio					
Net Exposure Outstanding	164,283	128,351	85,522	70,769	105,831
Gross Par Outstanding	152,801	127,743	91,858	68,880	87,583
Net Par Outstanding (NPO)	111,025	94,127	68,370	52,659	74,001
Gross Par Written	47,567	47,795	41,888	17,117	17,807
Net Par Written	33,680	34,953	28,595	10,737	7,645
Capitalization (SAP)					
Policyholders' Surplus	378	400	286	296	237
Contingency Reserve	712	582	631	559	518
Qualified Statutory Capital (QSC)	1,090	982	917	855	755
Capital Charge [2]	(32)	(12)	(10)	(14)	(15)
Unearned Premium Reserve	570	302	239	234	406
Loss and Loss Adj. Expenses Reserve	15	12	15	21	32
PV of Installment Premiums, Net of Ceding Commission	566	554	356	254	268
Hard Capital [3]	2,124	1,755	1,464	1,312	1,406
Soft Capital	200	280	455	455	255
Total Capital [4]	2,324	1,995	1,750	1,598	1,322
Key Statutory Data					
Total Assets	1,803.0	1,362.0	1,248.0	1,141.0	1,278.0
Cash and Invested Assets	1,641.0	1,296.0	1,203.0	1,086.0	1,201.0
Gross Premiums Written	600.2	239.8	184.1	(83.0)	169.0
Net Premiums Written	429.4	170.6	114.1	(83.0)	60.0
Net Premiums Earned	161.4	107.1	109.1	89.0	121.0
Losses and Loss Adj. Expenses Incurred	145.8	(14.5)	4.9	16.0	(10.0)
Other Underwriting Expenses Incurred	49.3	84.8	73.6	(17.0)	64.0
Net Underwriting Gain (Loss)	(33.7)	36.9	30.6	90.0	67.0
Net Investment Income Earned	67.6	57.9	53.2	50.0	51.0
Realized Capital Gains	(4.2)	(1.0)	(1.3)	1.0	1.0
Pretax Operating Income	30.1	95.1	82.9	141.0	119.0
Net Income	27.7	71.6	64.3	101.0	103.0
Dividends Paid to Stockholders	16.5	12.1	13.8	-	-
Operating Cash Flow	340.1	96.5	100.7	(88.0)	55.0
Expense Ratio (%)	11.5	49.9	64.8	20.6	107.4
Loss Ratio (%)	90.3	(13.5)	4.5	18.2	(8.4)
Combined Ratio (%)	101.8	36.4	69.3	39.0	98.7
Dividends Paid / Net Income (%)	0.6	0.2	0.2	-	-
Pretax Operating Income / Average NPO (bps)	2.9	11.7	13.7	22.3	15.6
Net Premiums Earned / Average NPO (bps)	15.7	13.2	18.0	14.1	15.9

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Assured Guaranty Corp.					
Financial Strength Rating: Aa2					
	2008	2007	2006	2005	2004
Liquidity (SAP)					
Cash and Short Term Investments	87.7	6.1	5.6	56.0	67.0
Liquidity Lines	200.0	280.0	455.0	200.0	250.0
Cash and Invested Assets / Total Assets (%)	91.0	95.2	96.4	95.2	93.9
Leverage					
Net Par Outstanding / Hard Capital (x)	52.3	53.6	46.7	40.1	52.6
Net Par Outstanding / Total Capital (x)	47.8	47.2	39.1	33.0	56.0
Key GAAP Data (Assured Guaranty Ltd.)					
Total Assets	4,555.7	3,762.9	2,931.6	2,689.8	2,694.0
Outstanding Debt	197.4	197.4	197.4	197.0	197.0
Stockholders' Equity	1,926.2	1,666.6	1,650.8	1,662.0	1,528.0
Net Income	68.9	(303.3)	159.7	188.0	183.0
Expense Ratio (%)					
Expense Ratio (%)	38.7	55.8	59.2	58.9	65.4
Loss Ratio (%)	81.4	3.4	(3.3)	(35.0)	(17.0)
Combined Ratio (%)	120.1	59.2	55.9	23.9	48.4
Return on Average Equity (%) [5]	3.4	9.8	9.9	12.5	10.6
Interest Coverage (x)	4.2	8.5	14.5	18.3	16.8
Double Leverage (%)	1.2	1.2	1.1	1.1	NA

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Assured Guaranty Re Ltd.					
Financial Strength Rating: Aa3					
	2008	2007	2006	2005	2004
Insured Portfolio					
Net Exposure Outstanding	184,541	174,173	94,652	74,925	30,288
Financial Guaranty NPO	111,715	106,253	63,927	49,806	21,590
Gross Par Written	21,738	46,923	20,946	15,260	16,363
Capitalization (SAP)					
Policyholders' Surplus	1,220	1,097	741	691	596
Contingency Reserve	-	-	-	-	-
Qualified Statutory Capital (QSC)	1,220	1,097	741	691	596
Capital Charge [2]	(53)	(33)	(127)	(147)	(146)
Unearned Premium Reserve	720	629	444	356	340
Loss and Loss Adj. Expenses Reserve	37	18	18	26	123
PV of Installment Premiums, Net of Ceding Commission	345	366	230	174	158
Hard Capital [3]	2,217	2,022	1,272	1,074	1,047
Soft Capital	200	200	-	-	-
Total Capital [4]	2,317	2,122	1,272	1,073	996
Key GAAP Data					
Total Assets	2,317.7	2,029.9	1,446.4	1,331.0	1,147.0
Cash and Invested Assets	1,990.5	1,774.6	1,209.1	1,139.0	892.0
Gross Premiums Written	262.8	288.5	203.3	144.0	83.0
Net Premiums Written	258.6	284.4	195.6	123.0	18.0
Net Premiums Earned	169.4	100.5	107.0	93.0	64.0
Losses and Loss Adj. Expenses Incurred	116.3	21.2	(13.6)	(68.0)	(32.0)
Other Underwriting Expenses Incurred	56.9	47.5	50.5	38.9	39.8
Net Investment Income	88.4	64.4	55.8	45.0	42.0
Pretax Operating Income	89.8	111.1	125.9	167.0	99.0
Net Income	(35.2)	(35.5)	113.1	137.0	102.0

Assured Guaranty Ltd

Assured Guaranty Re Ltd.					
Financial Strength Rating: Aa3					
	2008	2007	2006	2005	2004
Expense Ratio (%)	32.6	42.6	47.2	42.2	62.8
Loss Ratio (%)	66.7	18.4	(12.7)	(73.6)	(50.6)
Combined Ratio (%)	99.3	61.0	34.5	(31.4)	12.2
Pretax Operating Income / Average NPO (bps)	8.2	13.1	22.1	46.8	64.5
Net Premiums Earned / Average NPO (bps)	15.5	11.8	18.8	26.1	41.7
Liquidity					
Cash and Short Term Investments	347.7	499.0	80.5	52.0	107.0
Liquidity Lines	200.0	200.0	-	100.0	-
Cash and Invested Assets / Total Assets (%)	85.9	87.4	83.6	85.6	77.8
Leverage					
Net Par Outstanding / Hard Capital (x)	50.4	52.5	50.3	46.4	20.6
Net Par Outstanding / Total Capital (x)	48.2	50.1	50.3	46.4	21.7

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Moody's Related Research

Special Comments:

- The Changing Business of Financial Guaranty Insurance, November 2008 (111991)
- Moody's Financial Guaranty Update: Frequently Asked Questions, August 2008
- Interpreting Financial Guarantors' Mark-to-Market Losses, July 2008 (105498)

Credit Opinion:

- Assured Guaranty Corp, December 24, 2008
- Assured Guaranty Re Ltd., March 3, 2009

Rating Methodology:

- Moody's Rating Methodology for the Financial Guaranty Insurance Industry, September 2006 (98408)
- Assignment of Wrapped Ratings When Financial Guarantor Falls Below Investment Grade, May 2008 (108924)
- Rating of Transactions Wrapped by Financial Guarantors: Frequently Asked Questions, December 2007 (105934)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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Author	Associate Analyst	Production Associate
Arlene Isaacs-Lowe	Shafquat Rabbee	William L. Thompson

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