

Announcement: Assured Guaranty US Holdings, Inc.

Moody's continues review of Assured Guaranty for possible downgrade

New York, June 17, 2009 -- Moody's Investors Service announced today that it is continuing to review for possible downgrade its Aa2 rating of Assured Guaranty Corp. and the ratings of other affiliated entities within the Assured Group, including \$200 million in senior notes due 2034 (A2/review down) and \$150 million of 6.4% capital securities due 2066 (A3/review down) issued by Assured Guaranty US Holdings (AGUSH) and guaranteed by Assured's ultimate parent company, Assured Guaranty Ltd (senior issuer rating at A2/review down). Assured announced yesterday a financing plan for its acquisition of Financial Security Assurance, which involves a combination of equity and hybrid issuance aggregating to \$550 million.

On May 20, 2009, Moody's placed all the ratings of the Assured Group under review for possible downgrade reflecting Moody's view that despite improvements in the company's relative market position due to dislocation of a number of its competitors, the expected performance of its insured portfolio -- particularly the mortgage-related risks -- has substantially worsened. While Assured's exposure to US mortgage market risk is lower than many of its financial guaranty competitors, it is nonetheless substantial, with the operating companies (Assured Guaranty Corp. and Assured Guaranty Re Ltd.) insuring approximately \$15 billion par of recent vintage US RMBS. With this sizable notional exposure and combined qualified statutory (i.e., regulatory) capital of \$2.1 billion (as of March 31, 2009), the company's capitalization is extremely sensitive to the ultimate performance of these securities, which remains highly uncertain.

Moody's rating review is primarily focused on updating the rating firm's assessment of Assured's US RMBS and pooled corporate risks, which together represent approximately \$58 billion of insured par, to reflect the impact of recent performance trends, structural features, and loss mitigation activities on expected and stress loss estimates. The review will also take into account Assured's updated capital resources and the implications of these trends for its business and financial profile. In view of the high sensitivity of Assured's financial profile to RMBS and CDOs, meaningful increases in Moody's stress loss estimates for these exposures -- which are possible -- combined with the subordination of the holding company securities could result in a multiple-notch downgrade of the above mentioned rated AGUSH securities, perhaps below investment grade. Moody's expects to conclude its review in July.

The last rating action was on May 20, 2009 when Moody's placed all of the ratings of the Assured Group under review for possible downgrade.

The principal methodology used in rating Assured Guaranty was Moody's Rating Methodology for the Financial Guaranty Insurance Industry, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the rating process can also be found in the Credit Policy & Methodologies directory.

Assured Guaranty Corp. is a financial guaranty insurance company based in New York. At March 31, 2009, the company had net par exposure of \$120.4 billion and qualified statutory capital of \$1.1 billion. Assured Guaranty Corp. is a wholly owned subsidiary of Assured Guaranty US Holdings Inc. Assured Guaranty Re Ltd. is a Bermuda based financial guaranty reinsurance company with net par exposure of \$116.7 billion as of March 31, 2009. Assured Guaranty Re and Assured Guaranty US Holdings Inc. are wholly owned by Assured Guaranty Ltd. [NYSE:AGO], a Bermuda-based holding company. As of March 31, 2009, Assured Guaranty Ltd. had total assets of \$5.6 billion and \$2.0 billion in GAAP shareholder's equity.

New York
Arlene Isaacs-Lowe
Senior Vice President
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Ted Collins
Managing Director
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S (MIS) CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2009, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody's.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."