

**Rating Action: Assured Guaranty Ltd (Bermuda)**

**Moody's upgrades the ratings of Assured Guaranty Corp to Aaa**

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New York, July 11, 2007 -- Moody's Investors Service has upgraded the insurance financial strength ratings (IFSR) of Assured Guaranty Corp. (AGC) and its wholly owned subsidiary Assured Guaranty (UK) Ltd. to Aaa from Aa1. Moody's also upgraded the ratings of the contingent capital securities, Woodbourne Capital Trust I, II, III, and IV, to Aa2 from Aa3; the senior debt rating of Assured Guaranty US Holdings Inc. (AG US Holdings) to Aa3 from A1; the junior subordinated debt rating of AG US Holdings to A1 from A2, and the issuer rating of Assured Guaranty Ltd. (AGL) to Aa3 from A1. In addition, Moody's affirmed the ratings of all other affiliated companies, including the Aa2 rating of Assured Guaranty Re Ltd. (AG Re). This concludes Moody's rating review initiated in March 2007. The outlook for all ratings is stable.

Moody's said that today's rating action reflects the company's steady progress in establishing its direct financial guaranty insurance franchise following the assignment of a positive rating outlook in June of last year. Primary financial guaranty is a franchise driven business where ratings and relative trading value represent significant differentiating factors. In this regard, AGC has continued to improve its market penetration, achieving over a 7% market share (as measured by industry gross par written) during 2006, while increasing the diversity of business segments that it insures and broadening the list of institutional investors that purchase its wrapped transactions. In addition, AGC has demonstrated good traction in the international markets, which represent an important growth area for the industry.

Moody's rating action also cited AGC's strong portfolio characteristics and capital adequacy metrics. The company's credit risk ratio of 35 basis points and hard capital ratio of approximately 2.0x are solidly within Moody's expectations for Aaa-rated financial guarantors. While the company has wrapped \$4.6 billion of subprime RMBS transactions, the vast majority of this exposure is Aaa rated. Furthermore, AGC's exposure to CDOs with subprime RMBS collateral is minimal, having wrapped a small number of highly rated transactions. Moody's believes that it is unlikely that AGC will be exposed to material deterioration in capital adequacy even if loss trends for subprime mortgages accelerate beyond current expectations.

The rating agency noted that AGC increased its participation in the US and international structured finance markets by writing a greater proportion of its new business in credit default swap (CDS) form, which Moody's considers to be less supportive of franchise growth. The company's financial guaranty activity remains substantially concentrated in the CDO sector, which accounted for more than 62% of par written and 42% of PVP written during 1Q2007 as compared to 38% and 35% during all of 2006. Moody's expects AGC's market receptivity to improve, however, which should allow the firm to diversify its business mix and enhance its ability to execute in financial guaranty form, particularly in the municipal sector where the company has been less active.

Moody's ratings incorporate the expectation that AGC will continue to maintain high underwriting standards, focus on its direct financial guaranty business in the US and internationally, and that the company will not diversify meaningfully into ancillary or non-core businesses over the medium term. Moody's also expects the Assured Group to execute an integrated business strategy for AGC and AG Re, which realizes the benefits of having ready access to reinsurance capacity from a tax efficient Bermuda based reinsurer, while maintaining appropriate portfolio characteristics and capital adequacy metrics for these subsidiaries on an independent and combined basis.

Moody's said that today's rating action anticipates that, despite a challenging business environment, AGC will continue to sustain positive market share trends, leading to further improvements in the firm's franchise value and profitability metrics. AGC's hard and total capital ratios continue to be strong, although these ratios are likely to decline as the company deploys capital. Moody's rating drivers for the company build in the expectation that AGC will maintain hard and total capital ratios that are comfortably above the 1.3X threshold over the medium term to account for continued future growth and business execution risks.

The upgrade of the issuer rating of AGL and the debt rating of AG US Holdings to Aa3 from A1 follows the upgrade of the rating of its main operating company, AGC, and also reflects the increasing proportion of earnings and cash flow that AGC generates for the group. The securities issued by AG US Holdings also benefit from a guaranty provided by Assured Guaranty Ltd., the ultimate holding company.

Moody's noted that negative rating pressure could occur if AGC fails to improve the diversity of the business that it writes or is unable to sustain its growth trajectory of new business written over the medium term. Furthermore, downward rating pressure could occur if the company is unable to achieve and sustain ROE's of 12% or expense ratios below 40% over the medium term. Moody's also expects AGC to sustain hard and

total capital ratios at a reasonable cushion above 1.3x until its franchise value is more fully established.

The following ratings were upgraded:

Assured Guaranty Corp. - insurance financial strength to Aaa from Aa1;

Assured Guaranty (UK) - insurance financial strength to Aaa from Aa1;

Woodbourne Capital Trusts I, II, III, and IV - contingent capital securities to Aa2 from Aa3;

Assured Guaranty US Holdings - senior unsecured to Aa3 from A1; provisional senior unsecured shelf to (P) Aa3 from (P)A1; provisional subordinated debt to (P)A1 from (P)A2; junior subordinated debt to A1 from A2;

Assured Guaranty Ltd. -- issuer rating to Aa3 from A1; provisional senior unsecured shelf to (P)Aa3 from (P) A1; provisional subordinated debt to (P)A1 from (P)A2; provisional preferred to (P)A2 from (P)A3;

Assured Guaranty Capital Trusts I and II - provisional preferred stock to (P)A1 from (P)A2.

Moody's is currently reviewing for possible upgrade all structured finance and public finance securities that have the benefit of a full guarantee from AGC or Assured Guaranty (UK) Ltd.

The following ratings were affirmed:

Assured Guaranty Re - insurance financial strength at Aa2:

Assured Guaranty Re Overseas Ltd. - insurance financial strength at Aa2

Assured Guaranty Mortgage Insurance Company - insurance financial strength at Aa2

Assured Guaranty Corp. is a financial guaranty insurance company based in New York. At March 31, 2007, the company had net par exposure of \$72.9 billion and qualified statutory capital of \$935 million. Assured Guaranty Corp. is a wholly owned subsidiary of Assured Guaranty US Holdings. Assured Guaranty Re is a Bermuda based financial guaranty reinsurance company with net par exposure of \$66.0 billion as of March 31, 2007. Assured Guaranty Re and Assured Guaranty US Holdings are wholly owned by Assured Guaranty Ltd., a Bermuda-based holding company. As of March 31, 2007, Assured Guaranty Ltd. had total assets of \$3.0 billion and \$1.7 billion in shareholder's equity.

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