

AG Re

ENDURING FINANCIAL STRENGTH<sup>SM</sup>

Assured Guaranty Re Ltd.  
*Financial Supplement*

FOURTH QUARTER 2007  
DECEMBER 31, 2007

# AG Re

## Assured Guaranty Re Ltd. Financial Supplement Fourth Quarter 2007 December 31, 2007

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This supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. with the Securities and Exchange Commission, including our 10-Q's dated March 31, 2006, June 30, 2006, September 30, 2006, March 31, 2007, June 30, 2007 and September 30, 2007 and our 10-K for the year ended December 31, 2006.

Some amounts in this Financial Supplement may not add due to rounding.

### **Cautionary Statement Regarding Forward-Looking Statements:**

Any forward-looking statements made in this supplement reflect Assured Guaranty Re Ltd.'s ("Assured" or "the Company") current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward looking statements and statements regarding losses, pricing, ratings and capital adequacy could be affected by many events. These events include a significant reduction in the amount of reinsurance ceded by one or more of our principal ceding companies, rating agency action such as a ratings downgrade, difficulties with the execution of the Company's business strategy, contract cancellations, developments or volatility in the world's financial and capital markets, more severe or frequent losses associated with products affecting the adequacy of the Company's loss reserves, changes in regulation or tax laws, governmental actions, natural catastrophes, the Company's dependence on customers, decreased demand or increased competition, loss of key personnel, technological developments, the effects of mergers, acquisitions and divestitures, changes in accounting policies or practices, changes in general economic conditions, other risks and uncertainties that have not been identified at this time, management's response to these factors, and other risk factors identified in Assured Guaranty Ltd.'s filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

# Assured Guaranty Re Ltd.

## Consolidated GAAP Income Statements

(dollars in millions)

	Quarter Ended		% Change	Year Ended		% Change
	December 31,		versus	December 31,		versus
	2007	2006	4Q-06	2007	2006	2006
<b>Revenues</b>						
Gross written premiums	\$ 192.4	\$ 62.7	207%	\$ 310.0	\$ 203.3	52%
Net written premiums	192.0	62.4	208%	305.0	195.6	56%
Net earned premiums	36.4	34.9	4%	119.9	107.0	12%
Net investment income	17.0	14.6	16%	64.4	55.8	15%
<b>Total revenues</b>	<b>53.4</b>	<b>49.5</b>	<b>8%</b>	<b>184.3</b>	<b>162.8</b>	<b>13%</b>
<b>Expenses</b>						
Loss and loss adjustment expenses	12.0	(2.1)	NM	22.1	(13.6)	NM
Profit commission expense	2.3	4.9	(53)%	6.4	9.9	(35)%
Acquisition costs	9.3	8.9	4%	32.2	28.3	14%
Other operating expenses	3.5	2.5	40%	12.5	12.2	2%
<b>Total expenses</b>	<b>27.1</b>	<b>14.2</b>	<b>91%</b>	<b>73.2</b>	<b>36.9</b>	<b>98%</b>
Income before provision for income taxes	26.3	35.3	(25)%	111.1	125.9	(12)%
Total provision (benefit) for income taxes	1.8	3.9	(54)%	(5.0)	13.4	NM
<b>Operating income<sup>1</sup></b>	<b>24.5</b>	<b>31.4</b>	<b>(22)%</b>	<b>116.1</b>	<b>112.5</b>	<b>3%</b>
After-tax net realized gains (losses) on investments	0.4	-	NM	(1.0)	(0.7)	43%
After-tax unrealized (losses) gains on derivatives	(87.6)	(0.1)	NM	(150.6)	1.3	NM
<b>Net (loss) income</b>	<b>\$ (62.7)</b>	<b>\$ 31.2</b>	<b>NM</b>	<b>\$ (35.5)</b>	<b>\$ 113.1</b>	<b>NM</b>

1. Operating income, which is a non-GAAP financial measure, is defined as net income (loss) excluding after-tax realized gains (losses) on investments and after-tax unrealized gains (losses) on derivative financial instruments. Management believes that operating income is a useful measure for management, equity analysts and investors because the presentation of operating income enhances the understanding of Assured's results of operations by highlighting the underlying profitability of Assured's insurance business. Net realized gains (losses) on investments and net unrealized gains (losses) on derivative financial instruments are excluded because the amount of these gains (losses) is heavily influenced by, and fluctuates in part according to, market interest rates, credit spreads, and other factors that management cannot control or predict. This measure should not be viewed as a substitute for net income (loss) determined in accordance with GAAP.

NM = Not meaningful

# Assured Guaranty Re Ltd.

Consolidated GAAP Balance Sheets

(dollars in millions)

	As of	
	December 31, 2007	December 31, 2006
<b>Assets</b>		
Fixed maturity securities, at fair value	\$ 1,275.7	\$ 1,128.7
Short-term investments, at cost which approximates fair value	498.6	78.9
<b>Total investments</b>	<b>1,774.2</b>	<b>1,207.5</b>
Cash and cash equivalents	0.4	1.6
Accrued investment income	9.9	9.1
Deferred acquisition costs	180.4	146.7
Premiums receivable	32.0	38.7
Prepaid reinsurance premiums	3.4	3.7
Reinsurance recoverable on ceded losses	3.5	4.5
Deferred tax asset	16.1	1.5
Unrealized gains on derivative financial instruments	2.6	13.8
Funds held under reinsurance contracts	5.1	5.4
Other assets	11.6	13.8
<b>Total assets</b>	<b>\$ 2,039.3</b>	<b>\$ 1,446.4</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Unearned premium reserves	\$ 632.5	\$ 447.8
Reserves for losses and loss adjustment expenses	75.1	57.7
Profit commissions payable	18.7	32.3
Reinsurance balances payable	1.6	0.6
Current income taxes payable	-	1.6
Funds held by Company under reinsurance contracts	25.1	20.9
Unrealized losses on derivative financial instruments	141.1	0.6
Other liabilities	22.3	15.7
<b>Total liabilities</b>	<b>916.4</b>	<b>577.2</b>
<b>Shareholder's equity</b>		
Common stock	1.4	1.4
Additional paid-in capital	706.6	402.6
Retained earnings	398.3	464.7
Accumulated other comprehensive income	16.6	0.6
<b>Total shareholder's equity</b>	<b>1,122.9</b>	<b>869.2</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 2,039.3</b>	<b>\$ 1,446.4</b>

# Assured Guaranty Re Ltd.

Financial Guaranty Profile (1 of 3)

(dollars in millions)

Sector:	Gross Par	As of December 31, 2007:		
	Written	Net Par		
	4Q 2007	Outstanding	%	Avg. Rating <sup>1</sup>
<b>U.S. public finance</b>				
General obligation	\$ 6,415	\$ 15,370	14.5%	A+
Tax backed	5,727	14,278	13.4%	A+
Municipal utilities	2,479	8,176	7.7%	A+
Healthcare	2,990	7,073	6.7%	A+
Transportation	2,705	6,912	6.5%	A+
Higher education	2,123	2,843	2.7%	A+
Housing	1,065	1,774	1.7%	A+
Investor-owned utilities	646	1,460	1.4%	BBB+
Other public finance	2,449	2,970	2.8%	A+
Total U.S. public finance	<u>\$ 26,598</u>	<u>\$ 60,856</u>	<u>57.3%</u>	<u>A+</u>
<b>U.S. structured finance</b>				
Pooled corporate obligations	\$ 39	\$ 7,968	7.5%	AAA
Prime mortgage-backed and home equity	82	3,237	3.0%	A
Commercial receivables	1,055	3,105	2.9%	A-
Consumer receivables	1,127	2,618	2.5%	AA-
Subprime mortgage-backed and home equity	4	1,591	1.5%	AA+
Commercial mortgage-backed securities	150	1,363	1.3%	AA+
Insurance securitizations	238	950	0.9%	AA-
Structured credit	325	686	0.6%	BBB
Other structured finance	175	566	0.5%	AA-
Total U.S. structured finance	<u>\$ 3,195</u>	<u>\$ 22,084</u>	<u>20.8%</u>	<u>AA-</u>
<b>International</b>				
Infrastructure and pooled infrastructure	\$ 1,017	\$ 6,733	6.3%	A+
Regulated utilities	850	6,536	6.2%	A-
Mortgage-backed and home equity	1	2,626	2.5%	AA+
Pooled corporate obligations	3	2,486	2.3%	AAA
Public finance	636	1,221	1.1%	A
Commercial receivables	441	839	0.8%	A-
Insurance securitizations	-	611	0.6%	BBB-
Future flow	170	597	0.6%	BBB+
Commercial mortgage-backed securities	315	521	0.5%	AA-
Structured credit	110	519	0.5%	A-
Consumer receivables	265	352	0.3%	AA+
Other international structured finance	81	272	0.3%	AA
Total international	<u>\$ 3,888</u>	<u>\$ 23,313</u>	<u>21.9%</u>	<u>A+</u>
<b>Total</b>	<u>\$ 33,681</u>	<u>\$ 106,253</u>	<u>100.0%</u>	<u>A+</u>
<b>Mortgage guaranty risk in force</b>	\$ -	\$ 1,116	NA	NA

1. Assured's internal rating. Assured's scale is comparable to that of the nationally recognized rating agencies. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured's AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured's exposure or (2) Assured's exposure benefits from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss, and such credit enhancement, in management's opinion, causes Assured's attachment point to be materially above the AAA attachment point.

Please refer to Glossary for description of selected types of U.S. public finance, U.S. structured finance and International obligations that the Company insures and reinsures.

# Assured Guaranty Re Ltd.

Financial Guaranty Profile (2 of 3)

(dollars in millions)

## Distribution by Ratings of Financial Guaranty Portfolio

Ratings <sup>1</sup> :	December 31, 2007		December 31, 2006	
	Net Par		Net Par	
	Outstanding	%	Outstanding	%
Super senior	\$ 9,522	9.0%	\$ 3,793	5.9%
AAA	14,418	13.6%	14,652	22.9%
AA	29,545	27.8%	14,594	22.8%
A	33,779	31.8%	19,437	30.4%
BBB	18,067	17.0%	11,060	17.3%
Below investment grade	923	0.9%	390	0.6%
Total exposures	<u>\$ 106,253</u>	<u>100.0%</u>	<u>\$ 63,927</u>	<u>100.0%</u>

## Distribution of Pooled Corporate Obligations by Year of Insured as of December 31, 2007

Year insured:	Net Par	
	Outstanding	%
2000 and prior	\$ 41	0.4%
2001	104	1.0%
2002	220	2.1%
2003	180	1.7%
2004	555	5.3%
2005	1,944	18.6%
2006	4,092	39.1%
2007	3,317	31.7%
	<u>\$ 10,455</u>	<u>100.0%</u>

## Distribution by Ratings of Pooled Corporate Obligations

Ratings <sup>1</sup> :	December 31, 2007		December 31, 2006	
	Net Par		Net Par	
	Outstanding	%	Outstanding	%
Super senior	\$ 3,326	31.8%	\$ 1,739	19.3%
AAA	5,815	55.6%	6,094	67.8%
AA	1,172	11.2%	1,040	11.6%
A	106	1.0%	73	0.8%
BBB	16	0.2%	14	0.2%
Below investment grade	19	0.2%	31	0.3%
Total exposures	<u>\$ 10,455</u>	<u>100.0%</u>	<u>\$ 8,991</u>	<u>100.0%</u>

1. Assured's internal rating. Assured's scale is comparable to that of the nationally recognized rating agencies. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured's AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured's exposure or (2) Assured's exposure benefits from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss, and such credit enhancement, in management's opinion, causes Assured's attachment point to be materially above the AAA attachment point.

# Assured Guaranty Re Ltd.

Financial Guaranty Profile (3 of 3)

(dollars in millions)

## Geographic Distribution of Financial Guaranty Portfolio as of December 31, 2007

<b>U.S.:</b>	<b>Net Par</b>	
	<b>Outstanding</b>	<b>%</b>
California	\$ 9,679	9.1%
New York	5,556	5.2%
Florida	5,264	5.0%
Texas	3,766	3.5%
Illinois	2,951	2.8%
Pennsylvania	2,643	2.5%
Massachusetts	2,633	2.5%
Washington	2,031	1.9%
Michigan	1,847	1.7%
New Jersey	1,774	1.7%
Other states	22,712	21.4%
Mortgage and structured (multiple states)	22,084	20.8%
<b>Total U.S.</b>	<b>\$ 82,940</b>	<b>78.1%</b>

  

<b>International:</b>	<b>Net Par</b>	
	<b>Outstanding</b>	<b>%</b>
United Kingdom	\$ 13,910	13.1%
Australia	2,130	2.0%
Germany	1,289	1.2%
Ireland	744	0.7%
Italy	539	0.5%
Other	4,701	4.4%
<b>Total International</b>	<b>\$ 23,313</b>	<b>21.9%</b>

  

<b>Total exposures</b>	<b>\$ 106,253</b>	<b>100.0%</b>
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# Assured Guaranty Re Ltd.

## Capital and Claims Paying Resources <sup>1</sup>

(dollars in millions)

	As of:	
	December 31, 2007	December 31, 2006
<b>Statutory surplus and reserves</b>		
Unearned premium reserve <sup>2</sup>	\$ 629	\$ 444
Contingency reserve	-	-
Policyholders' surplus	1,097	741
Loss & loss adjustment expense reserves <sup>3</sup>	18	18
<b>Total policyholders' surplus &amp; reserves</b>	<b>\$ 1,744</b>	<b>\$ 1,203</b>
<b>Claims paying resources</b>		
Policyholders' surplus	\$ 1,097	\$ 741
Contingency reserve	-	-
<b>Qualified statutory capital</b>	<b>1,097</b>	<b>741</b>
Unearned premium reserve <sup>2</sup>	629	444
Loss & loss adjustment expense reserves <sup>3</sup>	18	18
<b>Total policyholders' surplus &amp; reserves</b>	<b>1,744</b>	<b>1,203</b>
Present value of installment premium	366	230
Standby line of credit/stop loss	200	-
<b>Total claims paying resources</b>	<b>\$ 2,310</b>	<b>\$ 1,433</b>
Net par insured outstanding	\$ 106,253	\$ 63,927
Net debt service outstanding	\$ 174,173	\$ 94,652
Ratios:		
Net par insured to statutory capital	97:1	86:1
Capital ratio <sup>4</sup>	159:1	128:1
Financial resources ratio <sup>5</sup>	75:1	66:1

1. Assured Guaranty Re Ltd. (AG Re) numbers are the Company's estimate of U.S. statutory as the company files Bermuda statutory financial statements.

2. Unearned premium reserve for AG Re is GAAP based and net of prepaid reinsurance premiums.

3. Loss and loss adjustment reserves for AG Re are U.S. GAAP based and net of reinsurance recoverable and portfolio reserves.

4. The capital ratio is calculated by dividing net par and interest insured by qualified statutory capital.

5. The financial resources ratio is calculated by dividing net par and interest insured by total claims paying resources.

# Assured Guaranty Re Ltd.

Loss and LAE Reserves by Segment and Type of Reserve  
(dollars in millions)

	<b>As of December 31, 2007</b>	<b>As of December 31, 2006</b>
<b>Loss and LAE reserves by segment:</b>		
Financial guaranty direct	\$ 19.7	\$ 4.4
Financial guaranty reinsurance	49.3	43.1
Mortgage guaranty	2.9	2.3
Other	3.2	7.9
Total	<u><u>\$ 75.1</u></u>	<u><u>\$ 57.7</u></u>
	<b>As of December 31, 2007</b>	<b>As of December 31, 2006</b>
<b>Loss and LAE reserves by type:</b>		
Case	\$ 21.4	\$ 20.1
IBNR	2.4	2.8
Portfolio	51.3	34.8
Total	<u><u>\$ 75.1</u></u>	<u><u>\$ 57.7</u></u>

# Assured Guaranty Re Ltd.

Investment Portfolio  
as of December 31, 2007  
(dollars in millions)

	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income
<b>Fixed maturity securities available for sale:</b>					
U.S. Treasury securities and obligations					
of U.S. government agencies	\$ 133.1	4.4%	4.1%	\$ 138.5	\$ 5.8
Agency obligations	128.0	5.4%	5.1%	134.3	6.9
Foreign government securities	2.8	6.7%	6.7%	2.8	0.2
Obligations of states and political subdivisions	75.5	4.5%	4.2%	76.8	3.4
Insured obligations of state and political subdivisions <sup>1</sup>	34.6	4.5%	4.2%	34.6	1.6
Corporate securities	144.1	5.6%	5.2%	146.5	8.1
Mortgage-backed securities <sup>2</sup> :					
Pass-throughs	632.0	5.4%	5.1%	635.7	33.8
PACs	66.2	5.0%	4.8%	66.0	3.3
Asset-backed securities <sup>3</sup>	40.3	5.2%	5.1%	40.4	2.1
Preferred stock	0.1	8.0%	5.2%	0.1	0.0
Total fixed maturity securities available for sale	\$ 1,256.7	5.2%	4.9%	\$ 1,275.7	\$ 65.1
Short-term investments	498.6	4.4%	4.3%	498.6	21.7
<b>Total investments</b>	<b>\$ 1,755.3</b>	<b>4.9%</b>	<b>4.7%</b>	<b>\$ 1,774.2</b>	<b>\$ 86.9</b>

## Ratings <sup>4</sup>:

	Fair Value	%
Treasury and government obligations	\$ 138.5	10.9%
Agency obligations	134.3	10.5%
AAA/Aaa	823.2	64.5%
AA/Aa	119.0	9.3%
A/A	60.7	4.8%
<b>Total</b>	<b>\$ 1,275.7</b>	<b>100.0%</b>

## Duration of investment portfolio (in years):

3.1

1. Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds average A.

2. \$9.5 million is U.S. subprime RMBS, which has an average rating of AAA.

3. Contains no CDOs of ABS.

4. Ratings are represented by the lower of the Moody's Investor Services and Standard & Poor's classifications.

# Assured Guaranty Re Ltd.

## Summary Financial and Statistical Data

(dollars in millions)

	Year Ended December 31,					
	2007	2006	2005	2004	2003	2002
<b>Claims Paying Resources <sup>1</sup></b>						
Policyholders' surplus	\$ 1,097.2	\$ 740.7	\$ 690.8	\$ 596.0	\$ 560.0	\$ 539.1
Contingency reserve	-	-	-	-	-	-
Statutory capital	1,097.2	740.7	690.8	596.0	560.0	539.1
Unearned premium reserve <sup>2</sup>	629.1	444.1	356.0	186.4	233.0	133.2
Present value of installment premiums	366.4	229.9	173.8	132.1	90.0	39.8
Premium resources	995.5	674.0	529.8	318.5	323.0	173.0
Loss and LAE reserves <sup>3</sup>	18.0	18.4	26.0	15.3	267.9	253.8
Standby line of credit / stop loss	200.0	-	-	-	-	400.0
Total claims paying resources	\$ 2,310.7	\$ 1,433.1	\$ 1,246.6	\$ 929.8	\$ 1,150.9	\$ 1,365.9
<b>GAAP Financial Ratios</b>						
Loss and LAE ratio	18.4%	(12.7)%	(73.6)%	(50.6)%	67.1%	70.7%
Expense ratio	42.6%	47.2%	42.2%	62.8%	33.9%	25.9%
Combined ratio	61.0%	34.5%	(31.4)%	12.2%	101.0%	96.6%
<b>Other Financial Information (End of Period)</b>						
Net debt service outstanding	\$ 174,173	\$ 94,652	\$ 74,925	\$ 30,288	\$ 12,941	\$ 11,008
Net par amount outstanding	106,253	63,927	49,806	21,590	9,125	8,135

1. Assured Guaranty Re Ltd. (AG Re) numbers are the Company's estimate of U.S. statutory as the company files Bermuda statutory financial statements.

2. Unearned premium reserve for AG Re is GAAP based and net of prepaid reinsurance premiums.

3. Loss and loss adjustment reserves for AG Re are U.S. GAAP based and net of reinsurance recoverable and portfolio reserves.

## **Glossary**

Below are the brief descriptions of selected types of U.S. public finance, U.S. structured finance and International obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s 10-K report.

Other public finance: primarily includes government insured student loans, government-sponsored project finance and structured municipal which includes excess of loss reinsurance on portfolios of municipal credits.

Pooled corporate obligations are structured financings backed by a pool of debt obligations. These financings are typically structured in multiple tranches (layers) from equity (first loss) through super senior (high excess). Losses on defaulted pool assets are allocated successively first to the equity tranche then to higher rated tranches.

Mortgage-backed and home equity: includes individual and repackaged securities backed by either prime, Alt-A, or subprime first and second lien mortgages.

Consumer receivables: principally includes auto loan receivables and credit card receivables.

Commercial mortgage-backed securities: includes individual and repackaged securities backed by commercial mortgage-backed securities.

Commercial receivables: includes equipment loans or leases, fleet auto financings and franchise loans.

Structured credit: includes whole business securitizations and intellectual property securitizations. Whole business securitizations are obligations backed by revenue-producing assets sold to a limited-purpose company by an operating company, including franchise agreements, lease agreements, intellectual property and real property.

Other structured finance: includes, manufactured housing, collateralized debt obligations of asset-backed securities and other securitizations not included in other asset classes.

# AG Re

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