

Outlook On Financial Security Assurance Holdings Ltd. Revised To Stable; 'A+' Rating Affirmed

Overview

- Assured Guaranty Ltd. has guaranteed the debt of its newly acquired subsidiary, Financial Security Assurance Holdings Ltd.
- We have revised the outlook on the subsidiary to stable from developing.
- We have also affirmed our 'A+' counterparty credit rating on the company.

Rating Action

On Aug. 26, 2009, Standard & Poor's Ratings Services revised its outlook on Financial Security Assurance Holdings Ltd. (FSA Holdings) to stable from developing. At the same time, Standard & Poor's affirmed its 'A+' counterparty credit rating on FSA Holdings.

Rationale

The rating on FSA Holdings is based on a guarantee from its parent, Assured Guaranty Ltd. (AGL; A+/Stable/—). FSA Holdings is the obligor for all debt and hybrid securities for the consolidated FSA Holdings group prior to its acquisition by AGL on July 1, 2009. The operating performance and debt-service needs of FSA Holdings and the rating on AGL are dependent on Assured's, FSA's, and AG Re's ability to pay dividends to AGL. We believe all three companies have sufficient dividend capacity to support Assured Holdings' debt-service needs.

Outlook

The stable outlook is based on what we view as strong capitalization at the rating level, a favorable market position, conservative investment policy, and dividend capacity of Assured

Primary Credit Analysts:

David Veno
New York
(1) 212-438-2108
david_veno@
standardandpoors.com

Secondary Credit Analysts:

Robert E. Green
New York
(1) 212-438-2013
robert_green@
standardandpoors.com

Publication Date

Aug. 26, 2009

Outlook On Financial Security Assurance Holdings Ltd. Revised To Stable; 'A+' Rating Affirmed

Ltd.'s principal operating subsidiaries, 'AAA' rated Assured Guaranty Corp. and Financial Security Assurance Inc.

Related Research

"Bond Insurance Industry Overview And Analytical Focus," June 29, 2006.

Ratings List

Ratings Affirmed; Outlook Action

Financial Security Assurance Holdings Ltd.

Counterparty Credit Rating

Local Currency A+/Stable/— A+/Developing/—

Senior Unsecured A+

Junior Subordinated A-

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation area, select Find a Rating, then Credit Ratings Search.

Copyright © 2009 by Standard & Poor's Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved. No part of this information may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P. S&P, its affiliates, and/or their third-party providers have exclusive proprietary rights in the information, including ratings, credit-related analyses and data, provided herein. This information shall not be used for any unlawful or unauthorized purposes. Neither S&P, nor its affiliates, nor their third-party providers guarantee the accuracy, completeness, timeliness or availability of any information. S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such information. S&P, ITS AFFILIATES AND THEIR THIRD-PARTY PROVIDERS DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates or their third-party providers and their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the information contained herein even if advised of the possibility of such damages.

The ratings and credit-related analyses of S&P and its affiliates and the observations contained herein are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or make any investment decisions. S&P assumes no obligation to update any information following publication. Users of the information contained herein should not rely on any of it in making any investment decision. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of each of these activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P's Ratings Services business may receive compensation for its ratings and credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280 Option 2; or by e-mail to: research_request@standardandpoors.com.