

Financial Guaranty Portfolio Review: Assured Guaranty Ltd.



June 2009

**ASSURED
GUARANTY®**

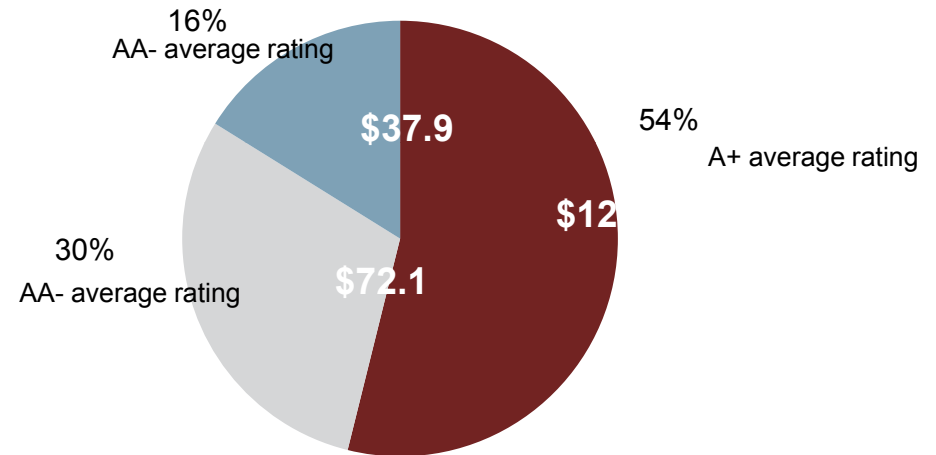
Net Par Outstanding Diversified By Sector



- **Assured’s portfolio is well diversified by asset class**
 - 26% Super Senior and AAA
 - 21% AA
 - 34% A
 - 15% BBB
 - 4% below investment grade (“BIG”)
- **High overall credit rating despite downgrades in our U.S. RMBS portfolio**
 - A+ average internal rating, down from AA- we have maintained since our IPO
- **57% of our portfolio is in direct segment**
- **U.S. RMBS constitutes 65% of our BIG exposures**

Consolidated Net Par Outstanding

As of March 31, 2009
(\$ in billions)



\$237.2 billion, A+ average rating¹

- U.S. public finance
- U.S. structured finance
- International

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.

Consolidated U.S. RMBS



- **Our \$17.8 billion U.S. RMBS portfolio of has experienced material downgrades since year-end 2007**

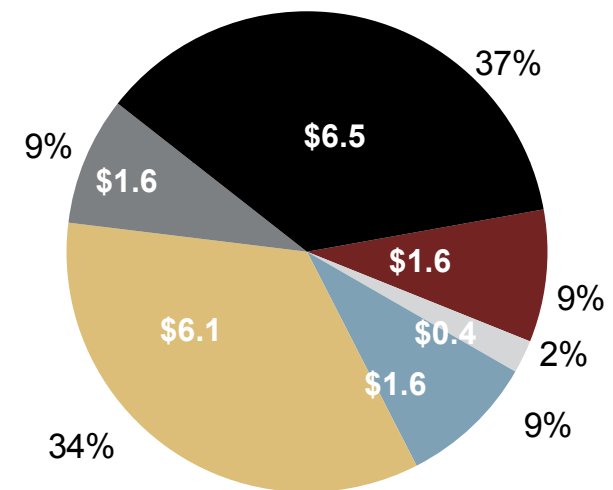
- Average rating of BBB+ at March 31, 2009 versus AA at year-end 2007
- 95% was underwritten in our financial guaranty direct segment according to our stringent underwriting standards

- **Our U.S. RMBS portfolio is amortizing on an absolute basis and as a percentage of the portfolio**

- 7.5% of total net par outstanding versus 9.1% at year end 2007
- \$17.8 billion versus \$18.3 billion at year end 2007
- Reinsurance segment largely excluded U.S. RMBS since 2005
- Direct segment stopped underwriting U.S. RMBS in 2007

U.S. RMBS by Exposure Type

As of March 31, 2009
(\$ in billions)



\$17.8 billion, 7.5% of net par outstanding

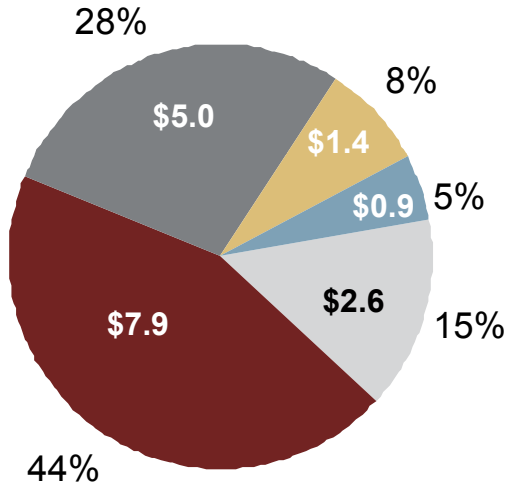
- Prime first lien
- Prime closed end seconds
- Prime HELOC
- Alt-A first lien
- Alt-A Option ARMs
- Subprime first lien

U.S. RMBS by Vintage and Rating



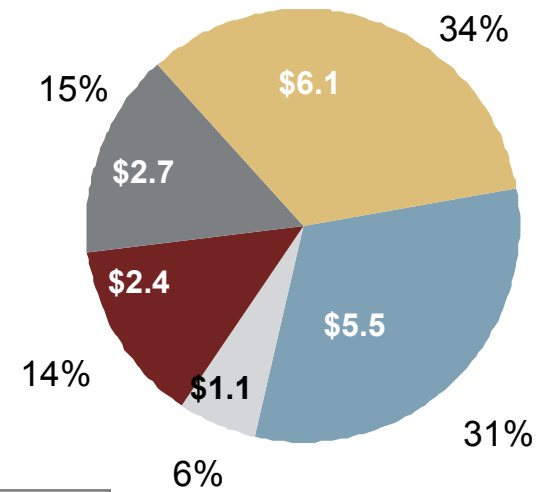
Assured U.S. RMBS by Vintage

As of March 31, 2009
(\$ in billions)



Assured U.S. RMBS by Rating¹

As of March 31, 2009
(\$ in billions)



**Total U.S. RMBS = \$17.8 billion
BBB average rating**

2008
 2007
 2006
 2005
 2004 and prior
 AAA
 AA
 A
 BBB
 BIG

1. Ratings represent Assured's internal ratings. Please see slide 24 footnote 1 for more information.

Loss and Loss Adjustment Expenses



- The majority of Assured's cumulative losses for 2008 and first quarter 2009 are on second lien U.S. RMBS exposures

Financial Guaranty Direct and Reinsurance

As of March 31, 2009 (\$ in millions)	Total Net Par Outstanding	2008 and 1Q-09 Incurred Losses ²	March 31, 2009 Loss and Loss Adjustment Expense Reserves ²
Financial Guaranty Direct and Reinsurance: ¹			
Prime first lien	\$ 1,566	\$ 3.1	\$ 0.6
Prime closed end seconds	415	66.3	38.1
Prime HELOC	1,636	187.5	24.4
Alt-A first lien	6,132	18.7	18.1
Alt-A option ARMs	1,554	12.0	28.1
Subprime first lien	6,543	33.4	29.5
Total U.S. RMBS	17,847	320.9	138.9
Other structured	75,879	5.7	52.1
Public finance	143,449	31.8	38.4
Total	\$ 237,176	\$ 358.5	\$ 229.3

1. Includes financial guaranty (FG) and insured derivatives in the insured portfolio.

2. Includes loss and loss adjustment expense reserves for financial guaranty and credit derivatives, for the financial guaranty direct and reinsurance segments only.

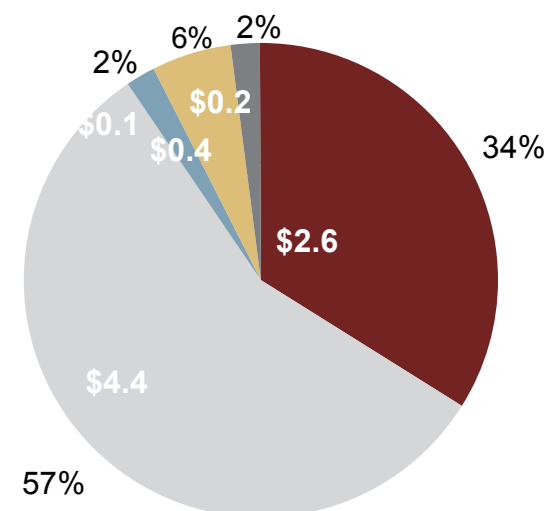
Consolidated U.S. RMBS Alt-A Exposure¹



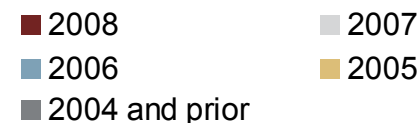
- **93% of our Alt-A was underwritten by our financial guaranty direct segment, largely after June 2007, using our significantly stressed assumptions**
 - Many transactions were underwritten on a secondary basis and had the benefit of some seasoning
 - Limited exposures to Alt-A options ARMs (20% of Alt-A exposure)
- **Our alt-A exposures have an average rating of BBB+ due to significant downgrades in 2009**
 - 29% rated triple-A or super senior
 - 39% rated below investment grade
- **Loss³ reserves for alt-A exposure were \$46.2 million as of March 31, 2009**
 - \$0 in claims paid since 2007 on 2005 and later financial guaranty direct exposure

Alt-A¹ Exposure by Year Insured²

As of March 31, 2009
(\$ in billions)



\$7.7 billion, BBB+ average rating⁴



1. Alt-A exposures include alt-A first lien and alt-A Option ARMs.
 2. Percent does not add to 100% due to rounding.
 3. Loss reserves includes financial guaranty and credit derivatives.
 4. Assured's internal rating. Please see slide 24 footnote 1 for more information.

Direct U.S. RMBS Performance

Alt-A First Lien and Alt-A Option ARMs



(\$ in millions)

Distribution of Financial Guaranty Direct U.S. Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009 ¹

U.S. Alt-A First Lien

Year issued:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of transactions
2005	\$ 376	59.8%	11.7%	1.0%	10.6%	13
2006	360	73.3%	39.4%	3.3%	30.3%	2
2007	5,233	77.8%	20.5%	1.6%	24.0%	11
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
	<u>\$ 5,969</u>	<u>76.4%</u>	<u>21.1%</u>	<u>1.7%</u>	<u>23.5%</u>	<u>26</u>

U.S. Alt-A Option ARMs

Year issued:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of transactions
2005	\$ 40	32.3%	27.6%	1.0%	22.4%	1
2006	56	55.1%	19.1%	1.2%	30.6%	1
2007	1,354	79.6%	20.7%	1.3%	25.3%	7
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
	<u>\$ 1,450</u>	<u>77.4%</u>	<u>20.8%</u>	<u>1.3%</u>	<u>25.5%</u>	<u>9</u>

1. For this release, net par outstanding is based on values as of March 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on March 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

2. Pool factor is the percentage of net par outstanding divided by the original net par outstanding of the transactions at inception.

3. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses.

4. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original pool balance.

5. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

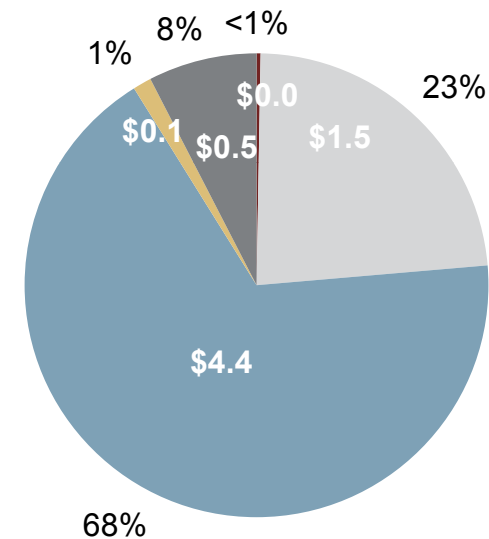
Consolidated U.S. RMBS Subprime Exposure



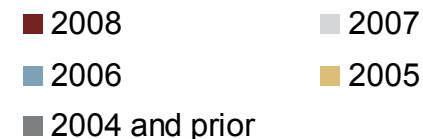
- **Our subprime portfolio remains highly rated**
 - 48.6% rated triple-A or super senior¹
 - Average subordination is 54.6%
- **Only 3.4% of par is in reinsurance segment**
- **Of 353 total subprime transactions only 100 exposures are rated non-investment grade**
 - Largest BIG exposure is \$80 million
- **Loss reserves² for subprime exposure were \$29.5 million at March 31, 2009**
 - \$0 million in claims paid 2005 and later on financial guaranty direct exposures

Subprime by Year Insured

As of March 31, 2009
(\$ in billions)



\$6.5 billion, AA- average rating¹



1. Assured's internal rating. Please see slide 24 footnote 1 for more information.
2. Loss reserves include financial guaranty and credit derivatives.

Direct U.S. RMBS Performance

Subprime First Lien



(\$ in millions)

Distribution of Financial Guaranty Direct U.S. Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009 ¹

U.S. Subprime First Lien

Year issued:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of transactions
2005	\$ 3,580	31.5%	63.6%	7.1%	41.9%	42
2006	1,900	46.4%	41.3%	8.9%	42.8%	49
2007	498	48.0%	40.5%	9.3%	45.6%	2
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
	<u>\$ 5,977</u>	<u>37.6%</u>	<u>54.6%</u>	<u>7.9%</u>	<u>42.5%</u>	<u>93</u>

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Consolidated U.S. RMBS

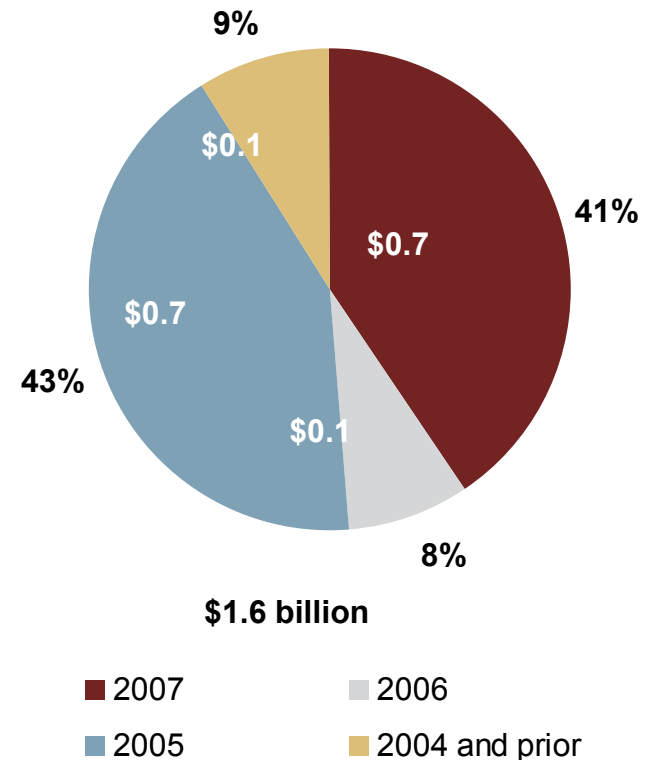
Home Equity Line of Credit (HELOC) Exposure



- **Assured's HELOC book consists principally of two Countrywide deals underwritten in 2005 and 2007**
 - Current par insured of \$1.6 billion
 - Average rating³ of CC
- **Only 29% of HELOCs are in reinsurance segment**
 - No transaction after 2006
- **Cumulative incurred financial guaranty losses on two Countrywide direct deals \$93.3 million, net of \$112.2 million of loss salvage recoveries**
 - Total losses incurred² on HELOCs in 1Q-09 are \$24.4 million

HELOCs by Year Insured ¹

As of March 31, 2009
(\$ in billions)



1. HELOCs insured in 2008 or 2009 was \$0.

2. Losses include financial guaranty and credit derivatives.

3. Assured's internal rating. Please see slide 24 footnote 1 for more information.

Direct U.S. RMBS Performance

Prime HELOC



(\$ in millions)

Distribution of Financial Guaranty Direct U.S. Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009 ¹

U.S. Prime HELOC

Year issued:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of transactions
2005	\$ 572	31.7%	0.0%	11.9%	15.0%	2
2006	N/A	N/A	N/A	N/A	N/A	N/A
2007	575	64.3%	0.0%	16.9%	12.8%	2
2008	N/A	N/A	N/A	N.A.	N/A	N/A
2009	N/A	N/A	N/A	N.A.	N/A	N/A
	\$ 1,146	48.0%	0.0%	14.4%	13.9%	4

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Consolidated U.S. RMBS Closed End Second Liens Exposure



- **Limited exposure to closed end seconds liens**

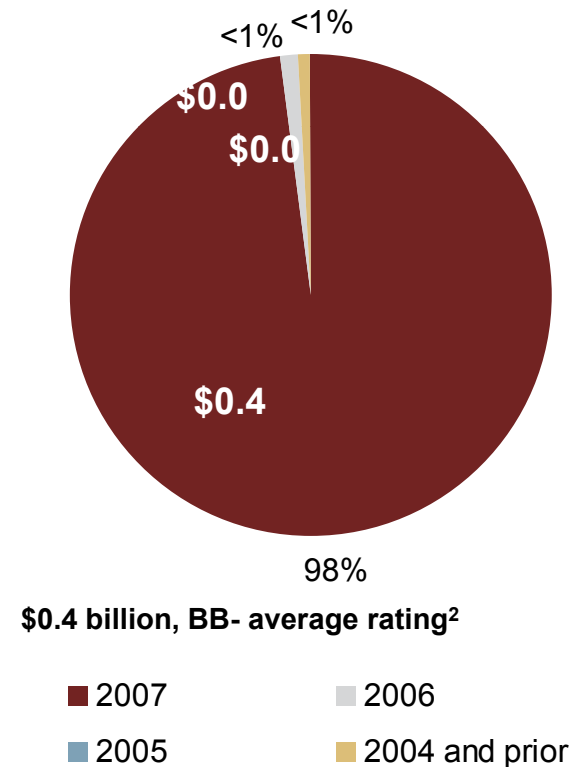
- \$415 million in total exposure is
- Less than \$10 million in reinsurance segment
- All but \$8 million of exposure is 2007 vintage

- **5 direct transactions totaling \$405 million**

- 3 deals for \$304 million rated BIG
- 2 deals are rated² AAA and super senior
- All five are 2007 vintage

Closed End Second Liens by Year Insured¹

As of March 31, 2009
(\$ in billions)



1. Closed End Second Liens insured in 2008, 2005 and 2004 and prior was \$0.
2. Assured's internal rating. Please see slide 24 footnote 1 for more information.

Direct U.S. RMBS Performance

Closed End Seconds



(\$ in millions)

Distribution of Financial Guaranty Direct U.S. Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009 ¹

U.S. Prime CES

Year issued:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of transactions
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A
2007	405	61.2%	21.5%	30.5%	21.1%	5
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
	\$ 405	61.2%	21.5%	30.5%	21.1%	5

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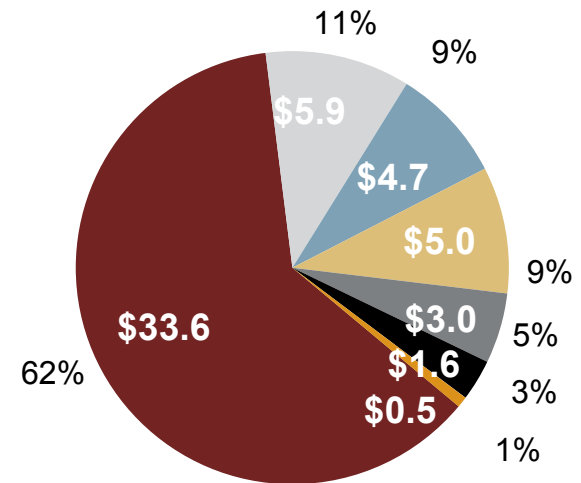
Non-RMBS U.S. Structured Finance Exposure



- **Assured's non-RMBS U.S structured finance exposures are principally comprised of**
 - Pooled corporate obligations
 - Commercial mortgage-backed securities
 - Consumer receivables
 - Commercial receivables
 - Structured credit
 - Insurance securitizations
- **Non-RMBS U.S. structured finance credit experience has been generally strong, although downgrades increased during first quarter 2009**
 - 64% rated¹ super senior or AAA
 - 2% rated¹ below investment grade

U.S. Non-RMBS Structured Finance

As of March 31, 2009
(\$ in billions)



\$54.3 billion, AA average rating¹

- Pooled corporate obligations
- Commercial mortgage-backed securities
- Consumer receivables
- Commercial receivables
- Structured credit
- Insurance securitizations
- Other structured finance

1. Assured's internal rating. Please see slide 24 footnote 1 for more information.

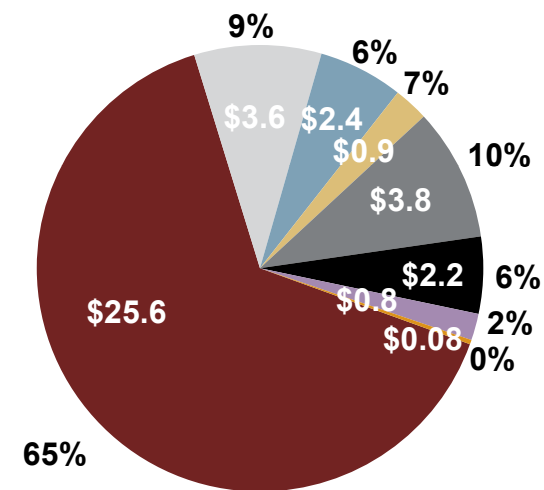
Pooled Corporate Obligations



- **Our pooled corporate exposure is highly rated and well-protected**
 - Average credit enhancement of 31.6%
 - 74.8% rated² AAA, AA+ average rating
 - Pooled corporate obligations of trust preferred securities were downgraded during first quarter 2009 due to increased deferrals and defaults on collateral; over-collateralization remains strong at 173%
- **\$2.5 billion of Trust Preferreds for U.S. mortgage and REITs and are the lowest rated asset classes**
 - A- average rating
 - Many downgrades in 1Q-09 for banks and insurance companies

Pooled Corporate Obligations By Asset Class

As of March 31, 2009
(\$ in billions)



\$39.7 billion, AA+ average rating²

- High yield corporates
- Trust preferred - banks and insurance
- Trust preferred - U.S. mortgage and REITs
- Trust preferred - European mortgage and REITs
- Market value CDOs of corporates
- Investment grade of corporate
- Commercial real estate
- CDO of CDOs (corporate)

1. Some amounts may not add due to rounding.
2. Assured's internal rating. Please see slide 24 footnote 1 for more explanation.
3. Below Investment Grade.

Pooled Corporate Obligations By Collateral Type



(\$ in millions)

Distribution of Financial Guaranty Direct Pooled Corporate Obligations by Asset Class as of March 31, 2009

Asset class:	Net Par	% of total	Avg. Initial	Avg. Current	Avg. Rating ¹
	Outstanding		Credit	Enhancement ²	
High yield corporates	\$ 25,670	64.7%	34.9%	28.9%	AAA
Trust preferred - banks and insurance	3,637	9.2%	47.0%	41.9%	A-
Trust preferred - US mortgage and REITs	2,455	6.2%	50.1%	43.6%	A-
Trust preferred - European mortgage and REITs	970	2.4%	36.8%	36.7%	A
Market value CDOs of corporates	3,813	9.6%	37.8%	28.6%	AAA
Investment grade corporates	2,274	5.7%	28.7%	29.9%	AAA
Commercial real estate	771	1.9%	49.1%	47.9%	AAA
CDO of CDOs (corporate) ³	74	0.2%	1.7%	5.4%	AAA
	<u>\$ 39,664</u>	<u>100.0%</u>	<u>37.2%</u>	<u>31.6%</u>	<u>AA+</u>

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2. "Average Credit Enhancement" is intended to provide a measure of the amount of equity and/or subordinate tranches that are junior in the capital structure to Assured's exposure, expressed as a percentage of the total transaction size and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown above do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes. Data is obtained from third-party sources such as trustee reports and may be subject to misstatement or correction.

3. Consists of one transaction whereby Assured's exposure is principal-protected by a collateral account currently containing \$79 million in assets and representing 106% of current net par. Funds in the collateral account are permitted to be invested in cash, government securities and AAA ABS (other than MBS).

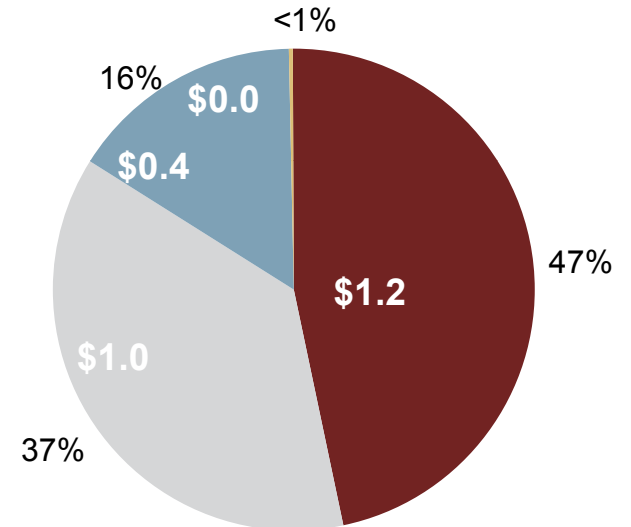
U.S. Consumer Receivables



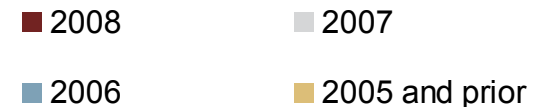
- **U.S. consumer receivable exposures are well protected**
 - Average rating of A+
 - For student loans and auto loans current credit enhancement is higher than initial credit enhancement
 - Credit cards have 57.5% current credit enhancement
 - 86% rated¹ super senior or AAA
 - 0% rated¹ below investment grade
- **Nearly half of the par was written in 2008, after the deterioration in consumer credit trends was evident**
 - Assured utilized underwriting criteria that had stress scenario assumptions

Assured Guaranty Ltd. Direct U.S. Consumer Receivables by Year Insured

As of March 31, 2009
(\$ in billions)



\$2.6 billion, AA+ average rating¹



1. Assured's internal rating. Please see slide 24 footnote 1 for more information.

U.S. Consumer Receivables By Collateral Type



(\$ in millions)

Distribution of Consumer Receivables by Asset Class as of March 31, 2009

Asset class:	Net Par Outstanding	%	Average Rating ¹	Avg. Initial Credit Enhancement ²	Avg. Current Enhancement ²
Student loans	\$ 1,261	47.7%	AAA	7.2%	8.5%
Credit cards	1,000	37.9%	AAA	57.5%	57.5%
Auto	380	14.4%	A-	11.2%	27.3%
	<u>\$ 2,641</u>	<u>100.0%</u>	<u>AA+</u>	<u>26.8%</u>	<u>29.8%</u>

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Financial Guaranty Portfolio Review: FSA

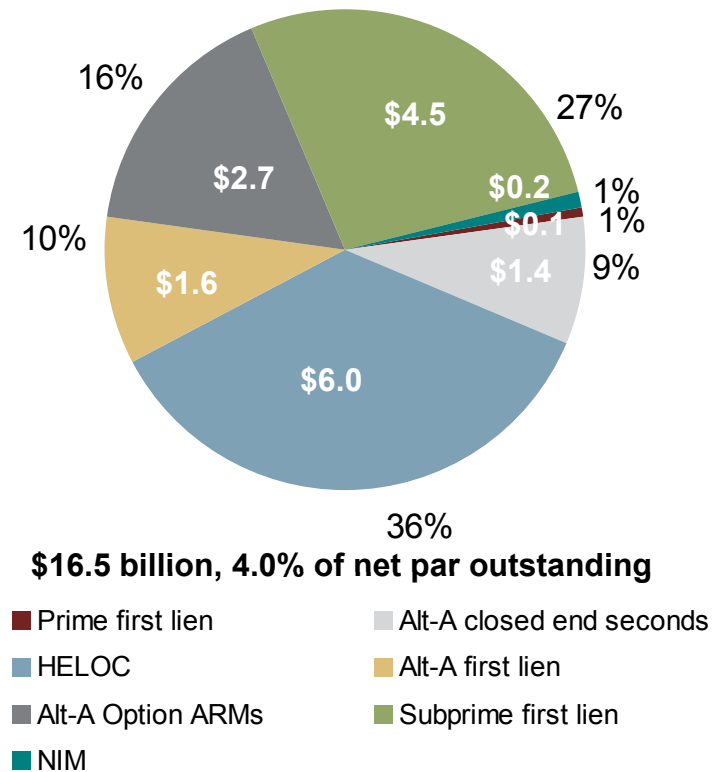


**ASSURED
GUARANTY®**

- FSA's \$16.5 billion U.S. RMBS portfolio of has experienced material downgrades since year-end 2007**
 - Average rating of BBB at March 31, 2009 versus AA at year-end 2007
 - Entire U.S. RMBS directly underwritten by FSA
 - No U.S. RMBS underwritten since August 2008
- FSA's U.S. RMBS portfolio is amortizing on an absolute basis and as a percentage of the portfolio**
 - 4.0% of total net par outstanding versus 4.9% at year end 2007
 - \$16.5 billion versus \$17.1 billion at year end 2008

U.S. RMBS by Exposure Type

As of March 31, 2009
(\$ in billions)

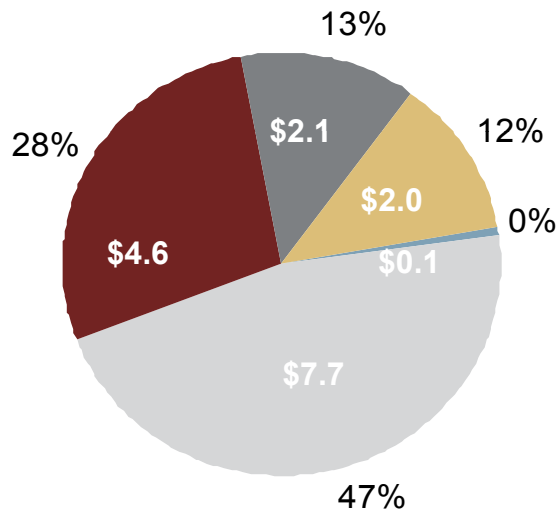


U.S. RMBS by Vintage and Rating



U.S. RMBS by Vintage

As of March 31, 2009
(\$ in billions)

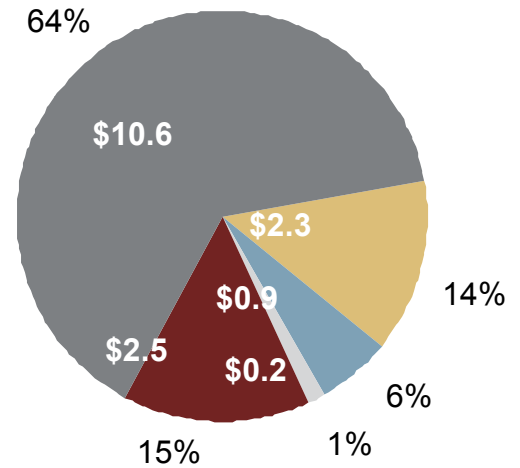


\$16.5 billion

■ 2008 ■ 2007 ■ 2006 ■ 2005 ■ 2004 and prior

U.S. RMBS by Rating

As of March 31, 2009
(\$ in billions)



\$16.5 billion, BBB average rating¹

■ AAA ■ AA ■ A ■ BBB ■ BIG

1. FSA's internal rating. Please see slide 55 footnote 1 for more explanation.

Loss and Loss Adjustment Expenses



- The majority of FSA's cumulative losses for 2008 and first quarter 2009 were on second lien U.S. RMBS exposures

As of March 31, 2009 (\$ in millions)	Total Net Par Outstanding	2008 and 1Q-09 Incurred Losses ¹²	March 31, 2009 Loss and Loss Adjustment Expense Reserves ¹
Asset Backed			
HELOCs	\$ 5,946	\$ 1,352.1	\$ 565.6
Alt-A CES	1,387	225.9	301.1
Option ARM	2,662	342.0	396.9
Alt-A first lien	1,629	136.5	160.6
NIMs	212	48.9	60.6
Subprime	4,529	39.3	81.4
Other	82,912	132.1	84.9
Total Asset backed	99,277	2,277	1,651
Public finance	318,029	73	153
Total	\$ 417,306	\$ 2,349	\$ 1,804

1. Includes loss expense for financial guaranty contracts in accordance with SFAS 163 as well as estimated credit impairment on insured derivatives.

2. Excludes cumulative effect of adoption of SFAS 163 on January 1, 2009 of \$47.6 million which was recorded in retained earnings.

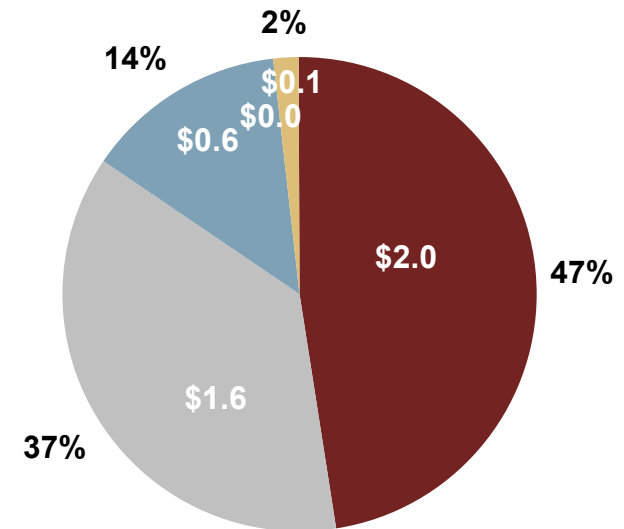
U.S. RMBS Alt-A First Lien Exposure¹



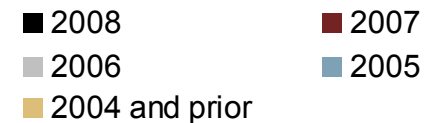
- **FSA's portfolio was largely underwritten since 2006 and all were rated AAA at closing**
- **FSA's Alt-A exposures have an average rating of BIG due to significant downgrades in 2008 and 2009**
 - 7% rated triple-A or super senior
 - 93% rated below investment grade
- **Loss³ reserves for Alt-A exposure were \$604 million gross (\$558 million net) as of March 31, 2009**

Alt-A¹ Exposure by Year Insured²

As of March 31, 2009
(\$ in billions)



\$4.3 billion, BIG average rating⁴



1. Alt-A exposures include Alt-A first lien and Alt-A Option ARMs.
 2. Percent does not add to 100% due to rounding.
 3. Loss reserves includes financial guaranty and credit derivatives.
 4. FSA's internal rating. Please see slide 55 footnote 1 for more explanation.

U.S. RMBS Performance

Alt-A First Lien and Alt-A Option ARMs



(\$ in millions)

Distribution of FSA Mortgage-Backed Securities Issued January 1, 2004 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009¹

U.S. Alt A First Lien

Year Issued:	Net Par	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
	Outstanding					
2004	\$ 71	7.1%	50.4%	2.0%	18.4%	4
2005	435	51.2%	17.1%	3.1%	20.2%	8
2006	561	97.1%	8.1%	4.1%	31.6%	7
2007	561	96.9%	6.2%	3.9%	38.3%	4
2008	-	-	-	-	-	-
	<u>\$ 1,629</u>	<u>80.8%</u>	<u>11.7%</u>	<u>3.7%</u>	<u>30.3%</u>	<u>\$ 23</u>

U.S. Alt A Option ARMs

Year Issued:	Net Par	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
	Outstanding					
2004	\$ -	0.0%	0.0%	0.0%	0.0%	-
2005	155	38.9%	17.1%	2.9%	46.1%	3
2006	1,027	70.2%	11.4%	3.0%	39.6%	6
2007	1,479	82.6%	7.8%	1.3%	37.0%	5
2008	-	-	-	-	-	-
	<u>\$ 2,662</u>	<u>75.3%</u>	<u>9.7%</u>	<u>2.0%</u>	<u>38.6%</u>	<u>\$ 14</u>

1. For this release, net par outstanding is based on values as of March 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on March 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

2. Pool factor is the percentage of net par outstanding divided by the original net par outstanding of the transactions at inception.

3. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses.

4. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original pool balance.

5. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

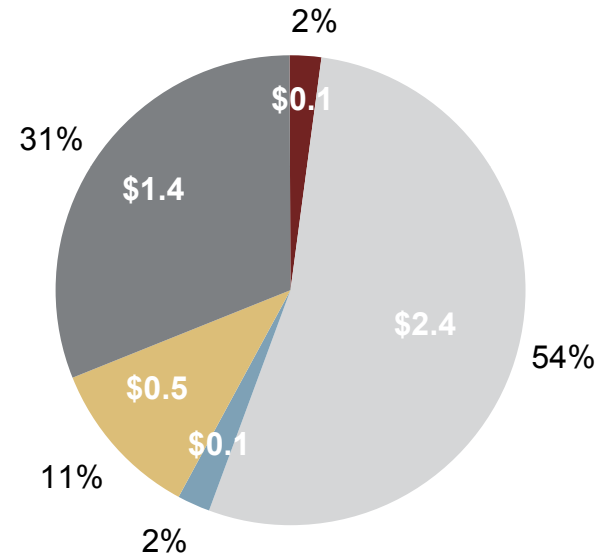
U.S. RMBS Subprime Exposure



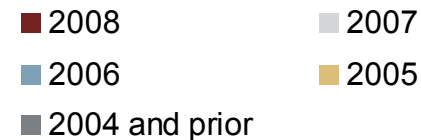
- **FSA's subprime portfolio remains highly rated**
 - 35% rated triple-A or super senior¹
 - Average subordination left is 26.4% on transactions insured after January 1, 2005
- **Of 96 total subprime transactions only 16 exposures are rated non-investment grade**
 - Largest BIG exposure is \$255 million
- **Loss reserves for subprime exposure were \$81 million at March 31, 2009**

Subprime by Year Insured

As of March 31, 2009
(\$ in billions)



\$4.5 billion, A average rating¹



1. FSA's internal rating. Please see slide 55 footnote 1 for more information.

U.S. RMBS Performance

Subprime First Lien



(\$ in millions)

Distribution of FSA U.S. Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009¹

U.S. Subprime First Lien

Year Issued:	Net Par	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
	Outstanding					
2005	\$ 455	31.0%	46.4%	3.0%	29.4%	7
2006	126	100.0%	40.4%	6.9%	37.5%	2
2007	2,440	77.8%	21.9%	3.2%	39.6%	9
2008	78	77.3%	29.5%	1.2%	24.5%	1
2009	N/A	N/A	N/A	N/A	N/A	N/A
	<u>\$ 3,098</u>	<u>71.8%</u>	<u>26.4%</u>	<u>3.3%</u>	<u>37.6%</u>	<u>\$ 19</u>

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U.S. RMBS

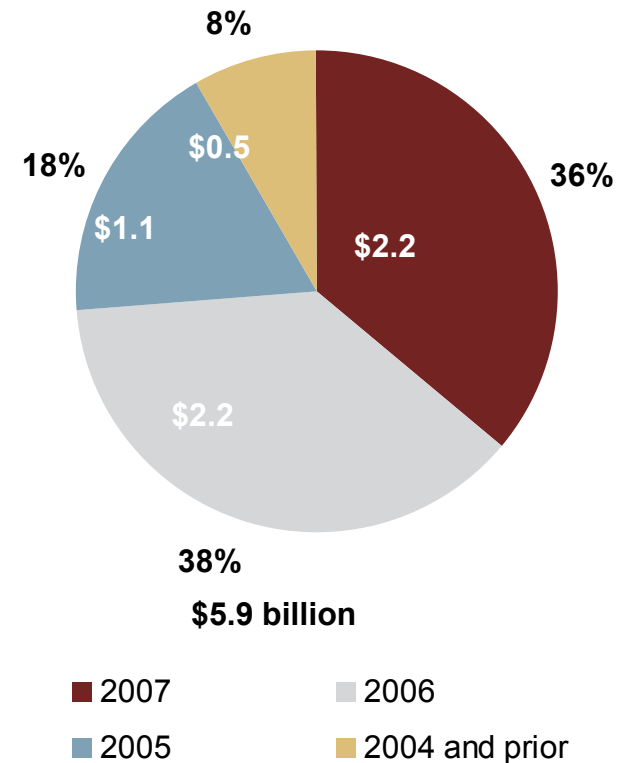
Home Equity Line of Credit (HELOC) Exposure



- **Current par insured of \$5.9 billion**
- **Average rating² of BBB-**
 - \$3.5 billion of HELOCs are below investment grade
 - \$2.4 billion of HELOCs remain investment grade
- **Loss reserves for HELOC exposures were \$566 million**
 - Paid losses incurred on HELOCs in 1Q-09 are \$182 million

HELOCs by Year Insured ¹

As of March 31, 2009
(\$ in billions)



1. HELOCs insured in 2008 or 2009 was \$0.

2. FSA's internal rating. Please see slide 55 footnote1 for more explanation.

U.S. RMBS Performance HELOC Exposure



(\$ in millions)

Distribution of FSA U.S. Mortgage-Backed Securities Issued by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009 ¹

U.S. Prime HELOC

Year issued:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of transactions
2004 and prior	\$ 497	24.0%	2.9%	1.7%	3.3%	3
2005	1,065	25.7%	1.9%	4.2%	7.8%	5
2006	2,232	48.6%	0.4%	15.0%	14.1%	7
2007	2,152	64.0%	4.6%	13.2%	9.5%	7
2008	-	0.0%	0.0%	0.0%	0.0%	-
	<u>\$ 5,946</u>	<u>48.0%</u>	<u>2.4%</u>	<u>11.3%</u>	<u>10.4%</u>	<u>22</u>

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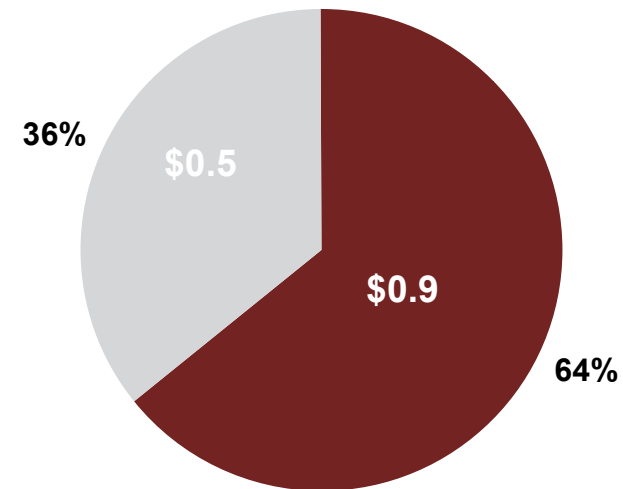
5. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

U.S. RMBS Alt-A Closed End Second Liens Exposure



- **Limited exposure to closed end seconds liens**
 - All vintage is 2007 and 2006
- **12 transactions totaling \$1.4 billion**
 - 7 deals for \$1.1 billion rated BIG²
- **Cumulative incurred financial guaranty losses on were \$226 million as of March 31, 2009**

Alt-A Closed End Second Liens by Year Insured¹
As of March 31, 2009
(\$ in billions)



\$1.4 billion, BBB- average rating²



1. Alt-A Closed End Second Liens insured in 2008, 2005 and 2004 and prior was \$0.

2. FSA's internal rating. Please see slide 55 footnote 1 for more information.

U.S. RMBS Performance

Closed End Seconds



(\$ in millions)

Distribution of FSA's U.S. Mortgage-Backed Securities Issued January 1, 2004 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of March 31, 2009¹

U.S. Prime CES

Year issued:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of transactions
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	\$ 464	67.0%	0.0%	42.5%	21.6%	2
2007	922	77.0%	3.4%	37.3%	22.1%	10
2008	N/A	N/A	N/A	N/A	N/A	N/A
	<u>\$ 1,387</u>	<u>73.7%</u>	<u>2.2%</u>	<u>39.0%</u>	<u>21.9%</u>	<u>12</u>

1. For this release, net par outstanding is based on values as of March 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on March 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

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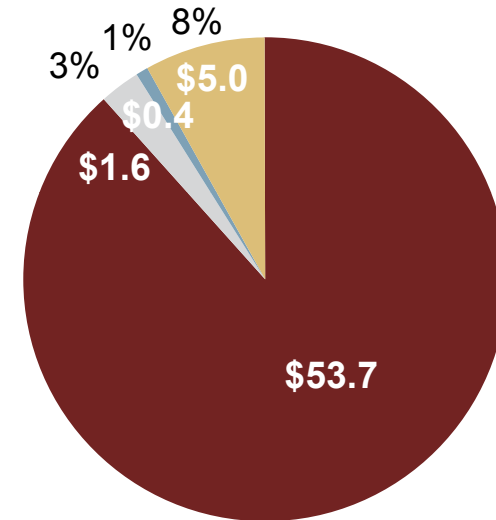
Non-RMBS U.S. Structured Finance Exposure



- **FSA's non-RMBS U.S structured finance exposures are principally comprised of**
 - Pooled corporate obligations
 - Consumer receivables
 - Other U.S. non-RMBS structured finance obligations
- **Non-RMBS U.S. structured finance credit experience has been generally strong given the current environment, although downgrades increased during first quarter 2009**
 - 81% rated¹ super senior or AAA
 - 4% rated¹ below investment grade

U.S. Non-RMBS Structured Finance

As of March 31, 2009
(\$ in billions)



\$60.8 billion, AA+ average rating¹

- Pooled corporate obligations
- Other U.S. ABS
- Other U.S. Consumer Receivables
- Other U.S. Autos

1. FSA's internal rating. Please see slide 55 footnote 1 for more information.

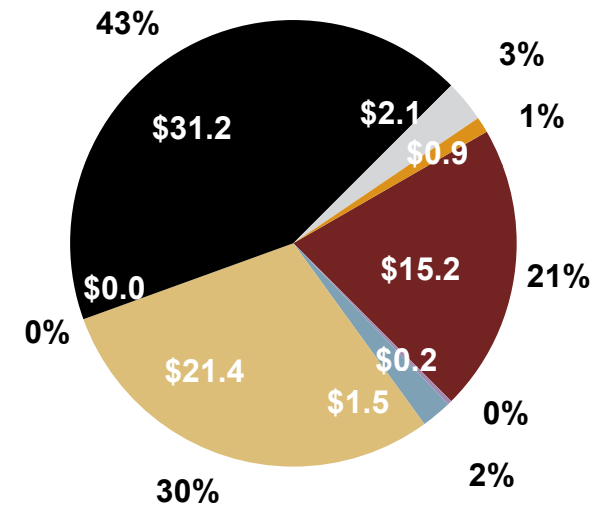
Pooled Corporate Obligations



- **FSA's pooled corporate exposure is generally highly rated and well-protected**
 - Average credit enhancement of 21.9%
 - 93% rated¹ super senior or AAA, AAA average rating
 - Less than 1% rated below investment grade
- **\$180 million of Trust Preferreds (Bank and Insurance Company Only)**
 - A average rating
 - Over-collateralization remains strong at 49.8%

Pooled Corporate Obligations By Asset Class

As of March 31, 2009
(\$ in billions)



\$72.5 billion, AAA average rating¹

- High yield corporates
- Trust preferred
- Market value CDOs of corporates
- Investment grade of corporate
- CDO of CDOs (corporate)
- CLOs
- CBOs
- Other

1. FSA's internal rating. Please see slide 55 footnote 1 for more information.

Pooled Corporate Obligations By Collateral Type



(\$ in millions)

Distribution of FSA's Pooled Corporate Obligations by Asset Class as of March 31, 2009

Asset class:	Net Par Outstanding	% of total	Avg. Initial Credit Enhancement ²	Avg. Current Enhancement ²	Avg. Rating¹
Synthetic high yield corporates	\$ 15,200	21.0%	36.3%	32.3%	AAA
Synthetic investment grade corporates	21,389	29.5%	15.6%	14.1%	AAA
CLOs	31,215	43.0%	N/A*	N/A*	AAA
CBOs	2,140	3.0%	N/A*	N/A*	A+
Market Value CDOs of corporates	1,521	2.1%	17.0%	23.7%	AAA
Trust preferred - banks and insurance	180	0.2%	48.7%	49.8%	A+
ABS of CDOs	37	0.1%	34.4%	21.5%	AA
CDO of CDOs (corporate)	40	0.1%	23.8%	19.1%	AA
Other Pooled Corporates	819	1.1%	N/A	N/A	BBB
	\$ 72,540	100.0%	24.0%	21.9%	AAA

1. FSA's internal ratings as of 3/31/09. Insured transactions previously insured by another monoline (i.e., where FSA would be the second to pay) are shown with a rating equal to the higher of FSA's estimate of the rating of the underlying transaction and the internal FSA rating of the other monoline. The internal FSA rating of the monoline generally reflects the lowest rating agency rating.

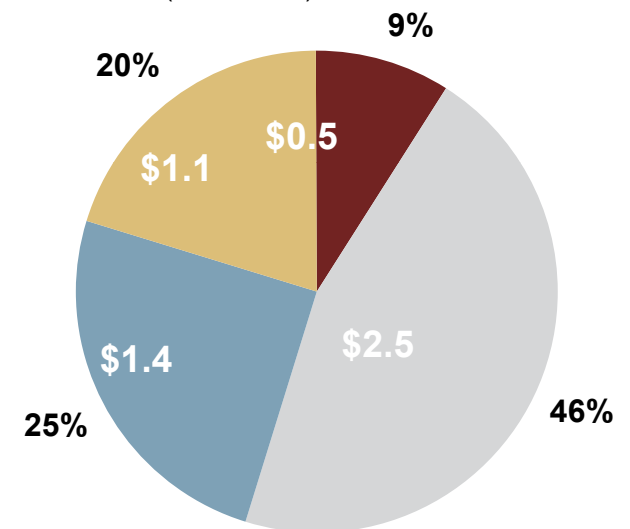
2. "Average Credit Enhancement" is intended to provide a measure of the amount of equity and/or subordinate tranches that are junior in the capital structure to FSA's exposure, expressed as a percentage of the total transaction size and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown above do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes. Data is obtained from third-party sources such as trustee reports and may be subject to misstatement or correction.

U.S. Consumer Receivables

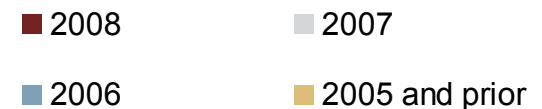


- **U.S. consumer receivable exposures are well protected**
 - Average rating of BBB-
 - \$5.0 billion in auto receivable transactions have 19.7% average current credit enhancement
 - \$88 million in credit cards have 13.2% current credit enhancement
- **Over half of the par was written in 2007 or later, after the deterioration in consumer credit trends was evident**
 - FSA utilized underwriting criteria that had stress scenario assumptions

U.S. Consumer Receivables by Year Insured
As of March 31, 2009
(\$ in billions)



\$5.4 billion, BBB- average rating¹



1. FSA's internal rating. Please see slide 55 footnote 1 for more information..

U.S. Consumer Receivables By Collateral Type



(\$ in millions)

Distribution of Consumer Receivables by Asset Class as of March 31, 2009

Asset class:	Net Par Outstanding	%	Average Rating ¹	Avg. Initial Credit Enhancement ²	Avg. Current Enhancement ²
Auto	\$ 4,971	91.9%	BBB-	11.6%	19.7%
Credit Card	88	1.6%	BBB	13.2%	13.2%
Other Consumer Receivables	350	6.5%	BIG	N/A	N/A
	<u>\$ 5,410</u>	<u>100.0%</u>	<u>BBB-</u>	<u>11.6%</u>	<u>19.5%</u>

1. FSA's internal rating. Please see slide 55 footnote 1 for more explanation.

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**Financial Guaranty Portfolio
Review
June 2009**

