

Keefe, Bruyette & Woods
2009 Insurance Conference
September 9, 2009



Dominic Frederico

President and Chief Executive Officer

Bob Mills

Chief Financial Officer

**ASSURED
GUARANTY®**

Safe Harbor Disclosure



- Forward-looking statements are being made in this presentation. Actual results could differ materially from these statements.
- For example, the Company's forward looking statements, including its calculations of adjusted book value, PVP, net present value of estimated future installment premiums in force, total estimated net future premium earnings, and statements regarding capital losses, pricing, ratings, expenses and new business production could be affected by many events.
- Factors that could cause actual results to differ materially include, but are not limited to:
 - downgrades of financial strength ratings assigned by the major rating agencies to any of our insurance subsidiaries at any time, which has occurred in the past;
 - downgrades of transactions we insure;
 - our inability to execute our business strategy;
 - reduction in the amount of reinsurance facultative cessions or portfolio opportunities available to us;
 - contract cancellations;
 - developments in the world's financial capital markets that adversely affect our loss experience, the demand for our products, our access to capital, our unrealized (losses) gains on derivative financial instruments or our investment returns;
 - more severe or frequent losses associated with our insurance products, or changes in our assumptions used to estimate loss reserves and realized (losses) gains on derivative financial instruments;
 - changes in regulation or tax laws applicable to us, our subsidiaries or customers;
 - governmental actions;
 - natural catastrophes;
 - the Company's dependence on customers;
 - decreased demand for our insurance or reinsurance products or increased competition in our markets;
 - loss of key personnel;
 - technological developments;
 - the effects of mergers, acquisitions and divestitures;
 - changes in accounting policies or practices;
 - changes in the credit markets, segments thereof or general economic conditions, including the overall level of activity in the economy or particular sectors, interest rates, credit spreads and other factors;
 - other risks and uncertainties that have not been identified at this time; and
 - management's response to these factors.
- See the Company's SEC filings and latest earnings press release and financial supplement, which are available on its website, for more information on factors that could affect its forward-looking statements. Do not place undue reliance on these forward-looking statements which are made as of September 9, 2009. Assured does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- This presentation references several non-GAAP financial measures. These non-GAAP financial measures are defined in the appendix of this presentation. In each case, if available, the most directly comparable GAAP financial measure is presented and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how our management, analysts and investors evaluate our financial results and is comparable to estimates published by analysts in their research reports on us. Each of the non-GAAP financial measures is identified in this presentation as such.

Assured Guaranty Ltd. Overview



- **Assured Guaranty Ltd. (“Assured”) is the world’s leading financial guaranty franchise**
 - Leading new business market share in 2008 and YTD-09
 - Acquired Financial Security Assurance, Inc. (“FSA”), the only other active legacy financial guaranty company, through its acquisition of Financial Security Assurance Holdings (“FSAH”) on July 1, 2009
 - Combined net par outstanding of \$662.6 billion and claims paying resources of \$12.6 billion
- **Bermuda-based Assured Guaranty Re Ltd. (“AG Re”) is the largest financial guaranty reinsurer**
 - 20+ year track record in reinsurance business

League Table of Active Bond Insurers

	Net Par Outstanding	YTD ¹ New Issue Public Finance Par Insured
Assured Guaranty Ltd. (Combined)	\$662.6 billion	\$24,520 million
BHAC	\$19.9 billion ²	\$583 million
MBIA	\$754.1 billion	\$0

Source: Company filings; SDC Platinum

1. YTD new issue public finance gross par insured through July 31, 2009

2. \$19.9 billion is derived from \$19.3 billion written in 2008 per Berkshire Hathaway’s annual report, and \$583 million of direct par this year. It does not include any secondary transactions for 2009.

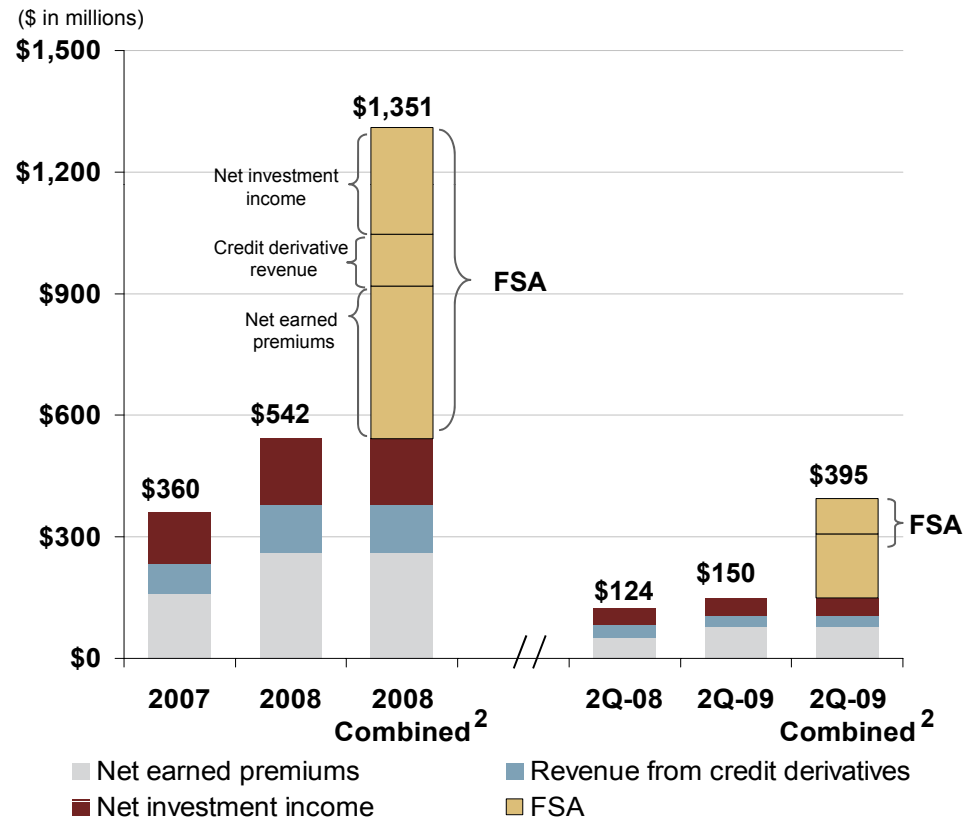
- **On July 1, 2009, Assured acquired FSAH, the parent company of FSA from Dexia S.A. (“Dexia”)**
 - Assured did not acquire FSAH’s Financial Products (“FP”) Segment from Dexia
 - Assured and its subsidiaries are fully indemnified against exposure to the FP Segment by Dexia with support from the French and Belgian governments
 - Assured to guarantee \$730 million of FSAH’s outstanding debt
- **\$822 million purchase price comprised of \$546 million in cash and 22.3 million Assured common shares**
 - Assured raised \$487.0 million in common shares and an additional \$172.5 million in equity units
 - Significant discount to FSA shareholders’ equity of \$2.9 billion at June 30, 2009
- **The acquisition of FSA is a major milestone in Assured’s track record of achievements since our 2004 initial public offering**

FSA Acquisition Moves Us to the Next Level



- **Significant growth in Assured's franchise has generated a substantial increase in our revenue base**
 - Both financial guaranty direct and reinsurance contributed to our growth
- **FSA acquisition adds to our in-force revenue base**
 - \$682 million in 2008 net earned premium and investment income
 - Invested assets of \$5.7 billion as of June 30, 2009

Net Earned Premiums, Credit Derivatives Revenue¹ and Net Investment Income



1. Credit derivative revenues received and receivable are included in realized gains and other settlements for credit derivatives.

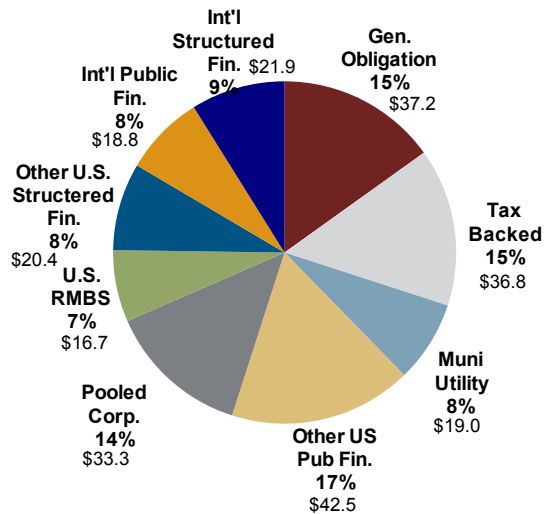
2. Combined to include FSA. Does not include purchase accounting adjustments.

FSA Acquisition Expands and Diversifies Insured Portfolio



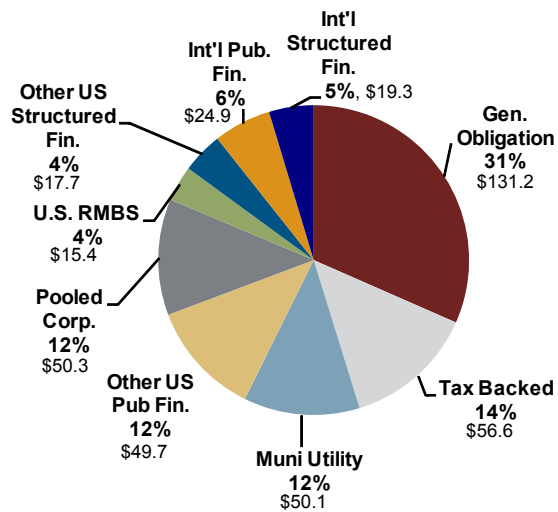
(\$ in billions)

Assured Guaranty Ltd.
6/30/09



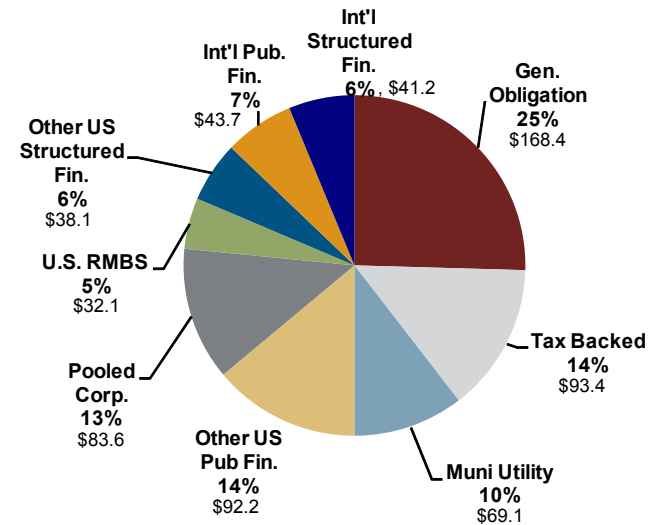
Total = \$246.8 B
(63% Public Fin. / 37% Structured Fin.)
Average Rating A+

Financial Security Assurance Inc.
6/30/09



Total = \$415.8 B
(75% Public Fin. / 25% Structured Fin.)
Average Rating A+

Pro Forma²



Total = \$662.6 B
(71% Public Fin. / 29% Structured Fin.)
Average Rating A+

Source: Company public filings.

1. Ratings represent Assured's and FSA's internal ratings.

2. Percentages may not add due to rounding.

FSA Acquisition Strengthens Financial Position



Pro Forma Loss Reserves and UPR

(from 6/18/09 prospectus supplement – adjusted for 6/30/09)

- **Assured’s combined reserve position significantly enhanced by FSA acquisition**

- Pro forma ratio loss reserves to net par outstanding of 0.3%

- **Effect of discount purchase price and purchase GAAP help insulate income statement impact of loss reserve development on FSA portfolio**

- UPR associated with FSA portfolio absorbs loss deterioration until projected losses exceed unearned premium reserve (“UPR”)

<i>(\$ in millions, unless otherwise stated)</i>	Assured	FSA	Pro Forma Combined
Loss Reserves¹	\$277.9	\$1,982.3	\$2,260.2
UPR	\$2,222.7	\$3,778.7	\$7,322.1 ²
Net Par Outstanding	\$246.8 B	\$415.8 B	\$662.6 B
Investment Portfolio³	\$4.0 B	\$5.7 B	\$9.7 B
Yearly Estimated Investment Income⁴	\$173.8	\$245.2	\$419.0

1. Includes reserves for FG and CDS.

2. UPR for FSA includes \$1,320.7 million of a purchase GAAP (“p-GAAP”) adjustment as shown in Assured’s prospectus supplement dated June 18, 2009.

3. Excludes FSAH partial purchase price consideration of approximately \$546 million paid to Dexia on July 1, 2009.

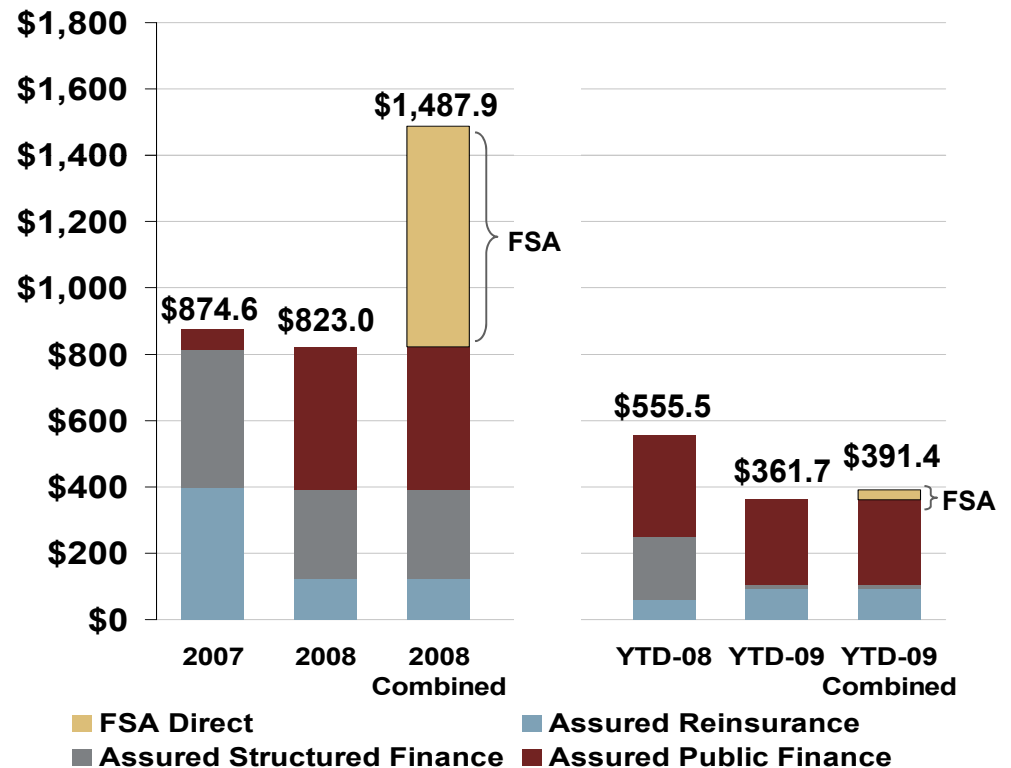
4. Pre-tax yearly investment income estimated from annualizing first half 2009 investment income per Assured Guaranty Ltd. and FSA Inc.’s financial supplement.

2009 New Business Production



- 2008 and 2009 business production largely focused on U.S. public finance market**
 - Assured has been the market leader in new business production in 2008 and YTD-09
 - FSA limited new business production in 2009 due to pending sale by Dexia
- Since the acquisition, Assured and FSA together have underwritten new issue par of \$3.3 billion in the U.S. public finance market**

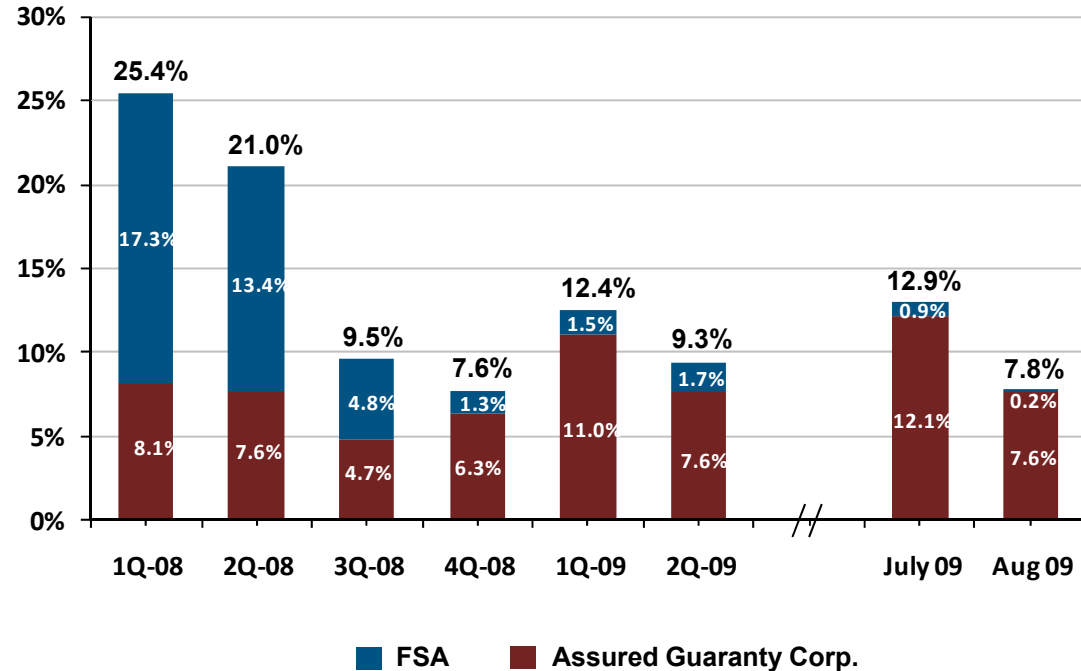
Assured Guaranty Ltd. PVP ¹
(\$ in millions)



1. For an explanation of PVP, a non-GAAP financial measure, and a reconciliation of PVP to gross written premiums, which is the most comparable GAAP term, please refer to the appendix on slides 18-21.

- Demand for financial guaranty remains strong**
 - 12.9% insured penetration in July 2009 for Assured and FSA and 7.8% for August 2009
 - Retail-placed transactions rely on insurance
- Penetration of letter of credit and alternative non-financial guaranty forms of credit enhancement declined during first half of 2009**
 - 7.1% versus 26.1% for full year 2008
 - 5.8% in July 2009 and 6.3% in August 2009
 - Limited bank capacity for letters of credit (“LC”)
 - LCs are not a true substitute for financial guaranty

Combined U.S. Public Finance New Issue Insured Penetration



Source: SDC Platinum

Assured Guaranty Ltd. Strategic Priorities

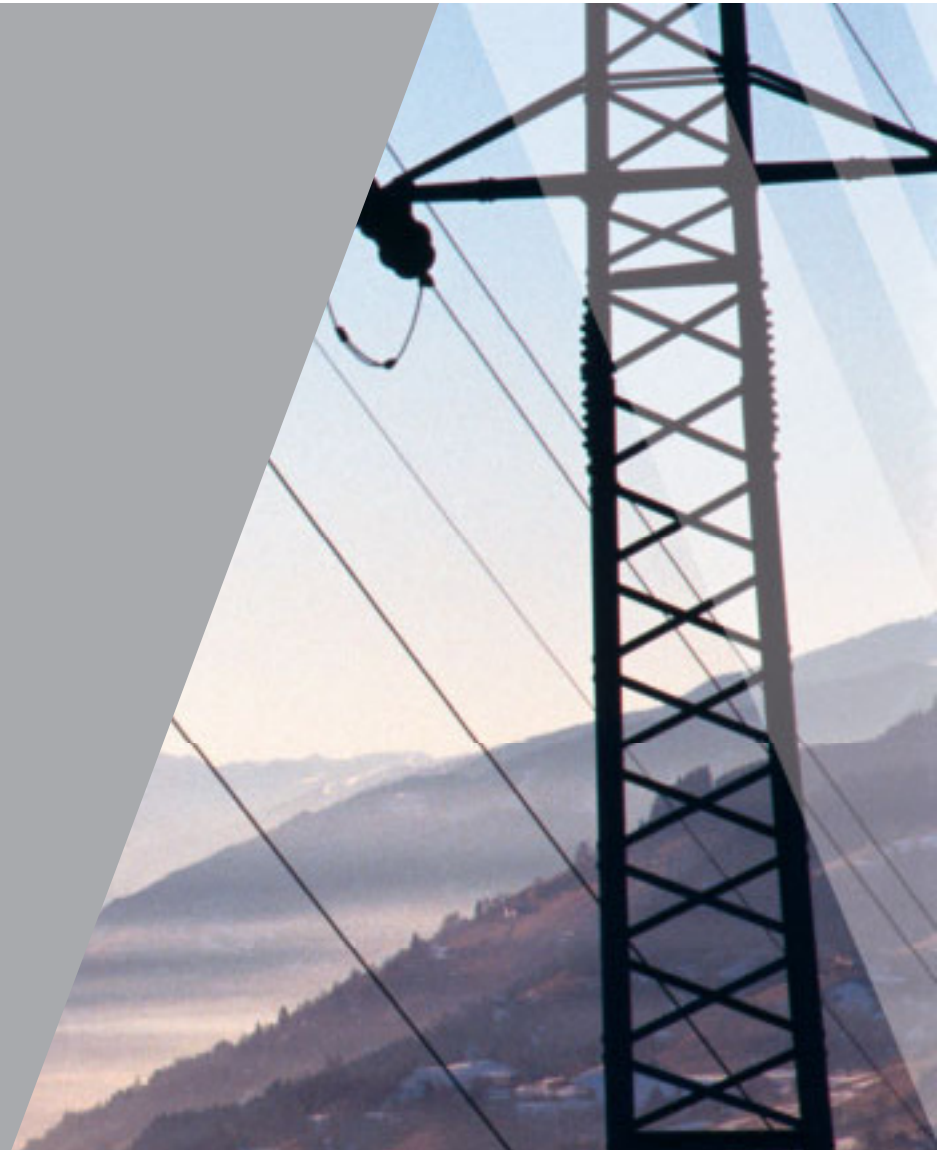


- **Exercise strict underwriting discipline**
 - Proactive and rigorous underwriting standards have protected our company
 - Our portfolio is stress-tested for adverse economic, financial and market environments
- **Expand our direct business through dual operating platforms**
 - Capitalize on well-established franchise of each company
 - Market leader in new business production in 2008 and 1H09
- **Utilize reinsurance platform to enhance market opportunities**
 - Sole reinsurance provider in market
 - Continue to review portfolio acquisition opportunities
- **Pursue proactive loss mitigation strategy**
 - Aggressively pursue all contractual rights
- **Maintain highest ratings possible for financial guaranty subsidiaries; current ratings are:**
 - Assured Guaranty Corp.: AAA for S&P, AA for Fitch and Aa2 for Moody's
 - FSA: AAA for S&P, AA+ for Fitch and Aa3 for Moody's
- **Utilize capital efficiently**

Financial Overview

Bob Mills

*Chief Financial Officer
Assured Guaranty Ltd.*



Summary of YTD-09 Financial Results



(\$ in millions, except per share data)

	Year to Date Ended June 30,		% Change vs. YTD-08
	2009	2008	
Net earned premiums	\$227.1	\$98.5	131%
Net investment income	86.9	76.8	13%
Total revenues	336.6	226.1	49%
Loss & LAE and incurred losses on credit derivatives	154.0	102.1	51%
Total expenses	254.8	181.6	40%
Operating income ¹	90.8	45.0	102%
Operating income¹ per diluted share	\$0.98	\$0.52	
Operating ROE ¹ (ex-AOCI and FAS 133)	7.0%	4.1%	
After-tax gain (loss) on investments / derivatives	(151.1)	329.8	NM
Net (loss) income	(84.5)	376.0	NM
Net (loss) income per diluted share	(0.91)	4.35	NM

NM = Not meaningful

1. For an explanation of operating income and operating ROE, both non-GAAP financial measures, and a reconciliation of operating income to net income, which is the most comparable GAAP term, please refer to the appendix on slides 18-21.

Purchase GAAP Impact



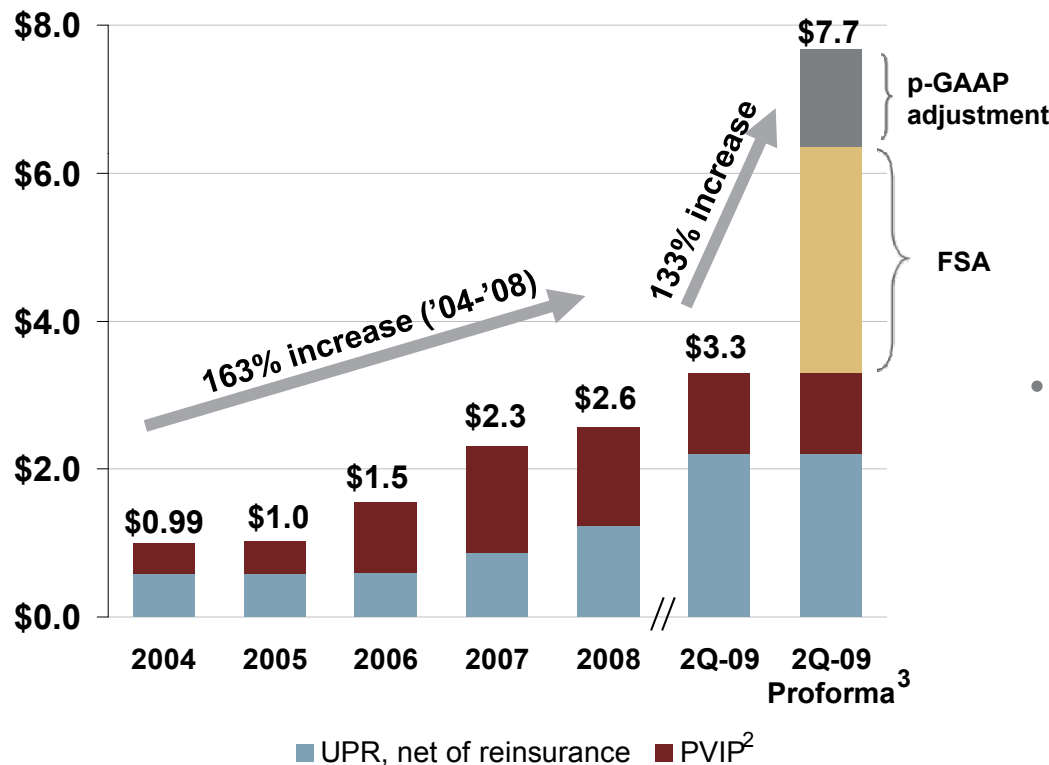
- **P-GAAP requires that FSAH's balance sheet be revalued to market values consistent with the approximately \$822 million purchase price**
- **Deferred acquisition costs asset of \$289 million will be eliminated¹**
 - Future deferred acquisition cost expenses will be lower pro forma
- **\$730 million of FSAH debt will be written down to market value**
 - Will accrete with investment income over 90+ year remaining life of most issues
- **FSA's \$5.7 billion investment portfolio will be marked to market**
- **UPR will be valued based on current prices and loss expectations**
 - The \$1.3 billion increase in UPR will increase future earned premium
 - Additional UPR helps reduce income statement impact of future losses

1. Based on prospectus supplement dated 6/18/09.

Impact of FSA Acquisition on Unearned Premium Reserve Base



Estimated Future Earned Premiums¹ and Credit Default Swap Revenue Since IPO
(\$ in billions)



- **FSA acquisition adds significantly to embedded future revenue base**
 - Net UPR of \$2.5 billion at June 30, 2009
 - Estimated \$1.3 billion of p-GAAP UPR increase
 - Estimated present value of credit derivative future revenues of \$0.4 billion
- **Total estimated combined UPR of \$7.7 billion will amortize as net earned premiums over the life of the insured book**

1. Estimated future earned premiums is net unearned premium reserves ("UPR") plus estimated future installment premiums (calculations for 2004 and 2005 include statutory unearned premium reserves and net present value of estimated future installment premiums²)
 2. Please refer to the appendix for explanation of non-GAAP financial measures [net present value of estimated future installment premiums in force or "PVIP"].
 3. Pro forma to include FSA UPR, which is net of prepaid reinsurance premiums, including the impact of purchase accounting adjustments and PV of future CDS revenue.

Impact of FSA Acquisition on Adjusted Book Value Per Share



(\$ in millions) As of 6/30/09	Assured	FSA Inc.	Pro Forma Combined
Shareholders' equity	\$2,354.9	\$2,851.1	\$2,630.9 ¹
Plus: Net unearned premium reserve, after tax	1,870.2	1,609.7	4,338.4 ²
Plus: Net unearned revenue on credit derivatives, after tax	16.2	-	16.2
Plus: Net present value of est. future installment premiums in-force, after tax	380.8	211.0	591.8
Less: Deferred acquisition costs, after tax	353.9	188.0	353.9 ¹
Adjusted book value	\$4,268.3	\$4,483.8	\$7,223.4
Plus: Mark-to-market	540.6	159.6	700.2
Adjusted book value excluding mark-to-market	\$4,808.9	\$4,643.4	\$7,923.6
Adjusted book value excluding mark-to-market, per share	\$35.77	-	\$50.57²

- **Book value per share \$17.52 at June 30, 2009**
 - July 1, 2009 estimated book value per share \$16.79 including shares issued to Dexia on July 1, 2009
- **Excluding net unrealized losses on credit derivatives, fair value gain (loss) on Assured Guaranty Corp.'s committed capital securities and accumulated other comprehensive income, as of June 30, 2009:**
 - \$21.56 book value per share
 - \$35.79 adjusted book value per share
- **Estimated July 1, 2009 adjusted book value per share including FSA 6/30/09 pro forma net UPR and PV of installment premiums:**
 - \$50.57

1. Includes the 22.3 million shares that Dexia received on July 1, 2009.

2. Totals reflect p-GAAP adjustments. Please see page 13 for more information.

Assured Guaranty Ltd. Strategic Priorities



- **Exercise strict underwriting discipline**
 - Proactive and rigorous underwriting standards have protected our company
 - Our portfolio is stress-tested for adverse economic, financial and market environments
- **Expand our direct business through dual operating platforms**
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- **Pursue proactive loss mitigation strategy**
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 - Assured Guaranty Corp.: AAA for S&P, AA for Fitch and Aa2 for Moody's
 - FSA: AAA for S&P, AA+ for Fitch and Aa3 for Moody's
- **Utilize capital efficiently**

Appendix



Appendix

Explanation of Non-GAAP Financial Measures



Present value of financial guaranty and credit derivative gross written premiums, or PVP, which is a non-GAAP financial measure, is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, on insurance and credit derivative contracts written in the current period, discounted at 6% per year. Management believes that PVP is a useful measure for management, investors and analysts because it permits the evaluation of the value of new business production for Assured by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlement on credit derivatives ("credit derivative revenues") does not adequately measure. Management discounts estimated future installment premiums on insurance contracts for PVP at 6% per year, while under FAS 163 these amounts are discounted at a risk free rate. Additionally, under FAS 163 management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the contract whereas for PVP management only records its estimate of the future installment premiums that it expects to receive based on the contractual terms of the transaction. Actual future net earned or written premiums and credit derivative revenues may differ from PVP due to factors such as prepayments, amortizations, refundings, contract terminations or defaults that may or may not be influenced by market interest rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults, or other factors that management cannot control or predict. This measure should not be viewed as a substitute for gross written premiums determined in accordance with GAAP.

Operating income, which is a non-GAAP financial measure, is defined as net income (loss) excluding i) after-tax realized gains (losses) on investments and ii) after-tax unrealized gains (losses) on credit derivatives and the fair value adjustment of the Company's committed capital securities, other than the Company's net estimate of after-tax incurred case and portfolio loss and loss adjusted expense reserves for credit derivatives. Operating return on equity (ROE) represents operating income as a percentage of average shareholders' equity, excluding accumulated other comprehensive income and after-tax unrealized gains (losses) on credit derivatives. Management believes that operating income and operating ROE are useful measures for management, investors and analysts because the presentation of operating income and operating ROE enhance the understanding of Assured's results of operations by highlighting the underlying profitability of Assured's business. Realized gains (losses) on investments and unrealized gains (losses) on credit derivatives and the fair value adjustment of the Company's committed capital securities, other than the portion attributable to the Company's net estimate of incurred case and portfolio loss and loss adjustment expense reserves for credit derivatives, are excluded because the amount of both of these gains (losses) is heavily influenced by, and fluctuates, in part, according to changes in market interest rates, credit spreads and other factors that management cannot control or predict. These measures should not be viewed as substitutes for net income (loss) or ROE determined in accordance with GAAP.

Adjusted book value, which is a non-GAAP financial measure, is defined, subsequent to the adoption of FAS 163 in the first quarter of 2009, as shareholders' equity (book value) plus the after-tax value of the unearned premium reserve, which includes estimated future installment premiums in force, discounted at the risk free rate, net of prepaid reinsurance premiums, the after-tax value of unearned premium on credit derivatives net of prepaid reinsurance premiums and the after-tax net present value of estimated future installment premiums on credit derivatives in force, less future ceding commissions, discounted at 6%, less after-tax deferred acquisition costs.

Adjusted book value, prior to the adoption of FAS 163, was defined as shareholders' equity (book value) plus the after-tax value of the unearned premium reserve net of prepaid reinsurance premiums, the after-tax value of unearned premium on credit derivatives net of prepaid reinsurance premiums and the after-tax net present value of estimated future installment premiums in force, less future ceding commissions, discounted at 6%, less after-tax deferred acquisition costs.

Appendix

Explanation of Non-GAAP Financial Measures

(cont'd)



Management believes that adjusted book value is a useful measure for management, equity analysts and investors because the calculation of adjusted book value permits an evaluation of the net present value of the Company's in force premiums and shareholders' equity. The premiums described above will be earned in future periods, but may differ materially from the estimated amounts used in determining current adjusted book value due to changes in market interest rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults and other factors that management cannot control or predict. This measure should not be viewed as a substitute for book value determined in accordance with GAAP.

Net present value of estimated future installment premiums in force, which is a non-GAAP financial measure, is defined as the present value of estimated future installment premiums from our credit derivative in-force books of business, net of reinsurance and discounted at 6%. Management believes that net present value of estimated future installment premiums in force is a useful measure for management, investors and analysts because it permits an evaluation of the value of future estimated credit derivative installment premiums. Estimated future premiums may change from period to period due to changes in par outstanding, maturity, or other factors that management cannot control or predict that result from market interest rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults, or other factors. There is no comparable GAAP financial measure.

For adjusted book value, net present value of estimated future installment premiums in force, and PVP, Assured uses 6% as the present value discount rate because it is the approximate taxable equivalent yield on Assured's investment portfolio for the periods presented.

Appendix: PVP¹ – Reconciliation to Gross Written Premiums



(\$ in millions)

	Quarter Ended June 30,	
	2009	2008
Consolidated gross written premiums (GWP) analysis:		
PVP of financial guaranty GWP	\$ 140.0	\$ 226.6
Less: Financial guaranty installment premium PVP	12.5	12.0
Total: Financial guaranty upfront GWP	127.5	214.6
Plus: Financial guaranty installment GWP	-	31.2
Plus: Financial guaranty installment PVP adjustment ²	14.7	-
Total financial guaranty GWP	142.2	245.8
Plus: Mortgage guaranty segment GWP	-	-
Plus: Other segment GWP	(1.1)	-
Total GWP	\$ 141.1	\$ 245.8

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix on slides 18-19.

2. Q2 2009 amount represents the difference in management estimates for the discount rate applied to future installments as well as the estimated term for future installments compared to the discount rate used for FAS 163.

Appendix: Reconciliation of Operating Income to Net Income (Loss)²



(\$ in millions, except per share data)

	Quarter Ended June 30,	
	2009	2008
Operating income	\$ 27.3	\$ 38.7
Plus: Realized (losses) gains on investments, after tax	(7.1)	0.9
Plus: Unrealized (losses) gains on credit derivatives, after tax ¹	(190.2)	505.6
Net (loss) income	\$ (170.0)	\$ 545.2
Per diluted share ³		
Operating income	\$ 0.29	\$ 0.42
Plus: Realized (losses) gains on investments, after tax	(0.08)	0.01
Plus: Unrealized (losses) gains on credit derivatives, after tax ¹	(2.04)	5.53
Net (loss) income ⁴	\$ (1.82)	\$ 5.96

1. The quarters ended June 30, 2009 and 2008 included a fair value after-tax gain (loss) of \$(39.4) million, or \$(0.42) per diluted share, and \$5.8 million, or \$0.06 per diluted share, respectively, related to Assured Guaranty Corp.'s committed capital securities.

2. Some amounts may not add due to rounding.

3. Effective January 1, 2009, the Company adopted FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP"), which clarifies that share-based payment awards that entitle their holders to receive nonforfeitable dividends or dividend equivalents before vesting should be considered participating securities and shall be included in the calculation of basic and diluted net income (loss) per share. Upon retrospective adoption of the FSP, Assured increased previously reported diluted net income (loss) per share by \$0.01 for Q2 2008. Operating income, a non-GAAP financial measure, for both periods is positive, therefore the per diluted share calculation ignores the effect of the FSP and includes the effect of dilutive securities.

4. Total may not add due to differences in calculating GAAP and non-GAAP per diluted share amounts.

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