

Assured Guaranty Ltd.



**UBS Financial Services Conference**  
May 11, 2010

**ASSURED  
GUARANTY®**

# Safe Harbor Disclosure



- Forward-looking statements are being made in this presentation that reflect the current views of Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or the “Company”) with respect to future events and financial performance. They are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from these statements. For example, Assured Guaranty’s forward looking statements could be affected by:
  - rating agency action, including a ratings downgrade at any time of Assured Guaranty Ltd. or any of its subsidiaries and/or of transactions insured AGL’s subsidiaries, both of which have occurred in the past;
  - developments in the world’s financial and capital markets that adversely affect issuers’ payment rates, Assured Guaranty’s loss experience, its ability to cede exposure to reinsurers, its access to capital, its unrealized (losses) gains on derivative financial instruments or its investment returns;
  - changes in the credit markets, segments thereof or general economic conditions;
  - more severe or frequent losses implication the adequacy of Assured Guaranty’s loss reserve;
  - the impact of market volatility on the mark-to-market of its contracts written in credit default swap form;
  - reduction in the amount of reinsurance portfolio opportunities available to Assured Guaranty;
  - decreased demand or increased competition;
  - changes in applicable accounting policies or practices;
  - changes in applicable laws or regulations, including insurance and tax laws;
  - other governmental actions;
  - difficulties with the execution of Assured Guaranty’s business strategy;
  - contract cancellations;
  - Assured Guaranty’s dependence on customers;
  - loss of key personnel;
  - adverse technological developments;
  - the effects of mergers, acquisitions and divestitures;
  - natural or man-made catastrophes;
  - 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’s filings with the Securities and Exchange Commission (the “SEC”).
- See Assured Guaranty’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 only as of May 11, 2010. Assured Guaranty 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.

**Dominic Frederico**  
President and Chief Executive Officer



<i>(\$ in millions unless otherwise noted)</i>	<b>Assured Guaranty Ltd.</b> <i>(3/31/10)</i>
Net par insured	\$639.5 B
Total investment portfolio	\$10,478.7
Total assets	\$17,388.5
Loss reserves <sup>1</sup>	\$844.4
Net unearned premium reserve <sup>2</sup>	\$6,794.7
Claims paying ability resources	\$13.4 B

- **We are the world’s leading financial guaranty franchise**
  - 20+ years of experience
  - The only active company today
- **We serve the global capital market through two platforms:**
  - Assured Guaranty Municipal Corp. (“AGM”), acquired in 2009, serves the U.S. public finance and global infrastructure markets
  - Assured Guaranty Corp. (“AGC”) guarantees U.S. public finance and global infrastructure and structured finance transactions
- **We also own largest and only active financial guaranty reinsurer**
  - Assured Guaranty Re Ltd. (“AG Re”) is domiciled in Bermuda

1. Includes gross reserves for contracts written in both financial guaranty and credit derivative form.

2. Unearned premium reserve net ceded unearned premium reserve.

# Why Did We Survive When Others Didn't?



**Assured Guaranty and AGM, which we acquired on July 1, 2009, were the only financial guarantors that survived the financial crisis for a few straight forward reasons:**

- **We did not guarantee collateralized debt obligations of asset-backed securities (“CDOs of ABS”) backed by mezzanine tranches of residential mortgage-backed securities (“RMBS”)**
- **AGC and AGM limited the amount of U.S. RMBS exposures that were insured**
  - Both companies significantly tightened underwriting standards on RMBS from 2005 onward
  - RMBS was only 4.9% of AGM and 8.3% of Assured Guaranty net par outstanding at year-end 2007
- **Our RMBS exposure contain covenants and triggers that protect us against losses**
  - Representation and warranty protection against fraud and faulty underwriting
  - Rapid amortization triggers
  - Overcollateralization, first loss and other types of credit protection
- **We raised capital to strengthen our balance sheet and to maintain adequate financial strength ratings to operate**
  - The combined companies have raised more than \$1.5 billion in additional capital since 2007<sup>1</sup>
- **We maintained adherence to the strategic priorities established prior to our April 2004 initial public offering (“IPO”)**

1. On a gross basis since 12/31/07

# Our Strategic Priorities Remain Unchanged



**Our strategic goals—the key to our past and future success—are virtually unchanged since our IPO:**

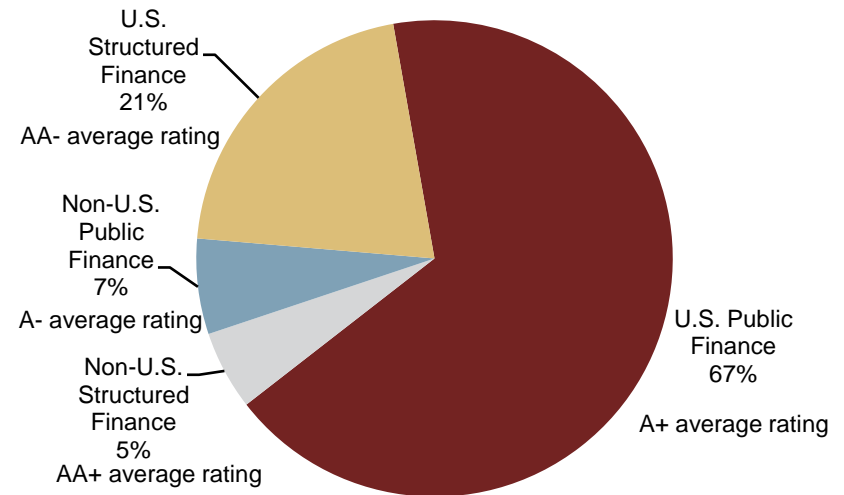
- **Exercise underwriting discipline**
- **Expand our direct franchise**
- **Pursue proactive loss mitigation strategies**
- **Maintain commitment to high financial strength ratings**
- **Utilize reinsurance platform to enhance market opportunities**
- **Utilize both soft and hard capital efficiently for our shareholders**

- **Our underwriting standards are designed to protect us from franchise-destroying losses**
  - Primary focus on public finance and infrastructure
  - Prefer granular structured finance business; no RMBS for foreseeable future
- **Our risk limits have been tightened**
  - Reduced single risk and sector limits
- **U.S. public finance, our largest exposure category, experienced very limited defaults, despite the reduction in tax revenues caused by the recession**
  - Only two credits greater than \$50 million have defaulted since 2007: Jefferson County (special revenue bond) and Harrisburg, PA (general obligation)
  - Bankruptcy options are limited and constrained by federal and state law
  - Special revenue bonds retain lien on designated revenues even in bankruptcy

## Consolidated Net Par Outstanding

As of March 31, 2010

(\$ in billions)



**\$639.5 billion, A+ average rating**

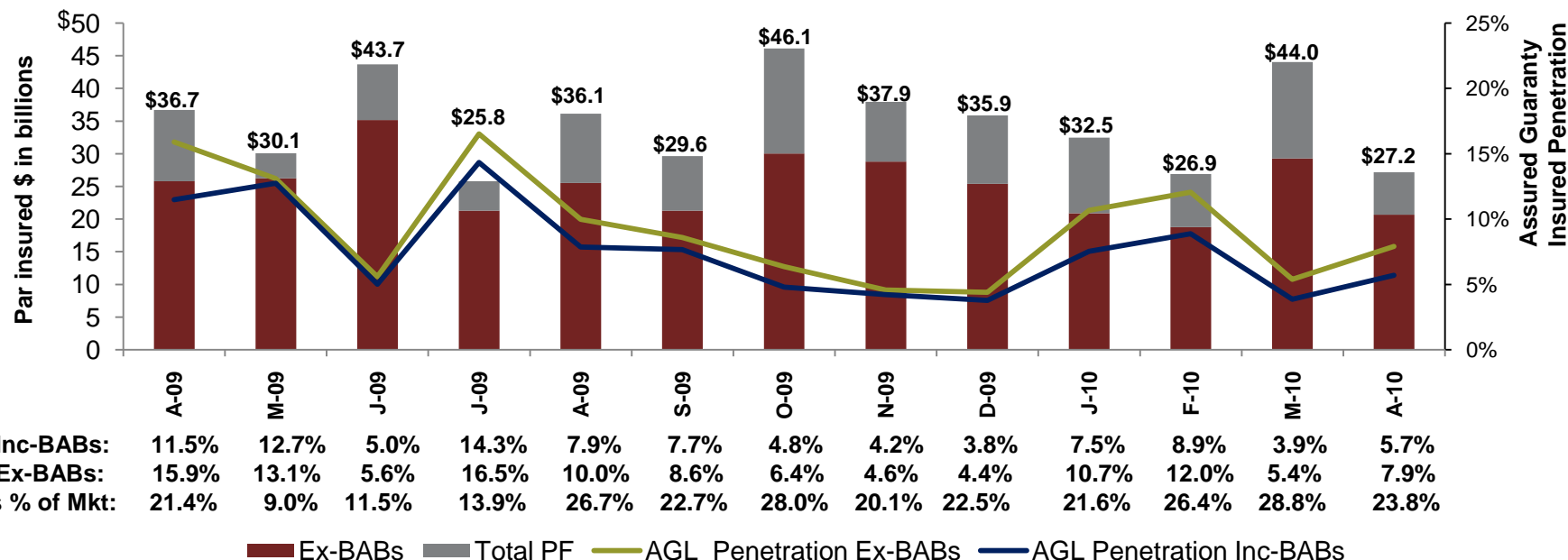
- U.S. Public Finance
- Non-U.S. Structured Finance
- Non-U.S. Public Finance
- U.S. Structured Finance

1. Figures may not sum due to rounding

# Expand Our Direct Franchise: U.S. Public Finance



- New business production in financial guaranty direct improving since fourth quarter 2009**
  - Our first quarter 2010 insured penetration was 8.8% excluding Build America Bonds (“BABs”); 5.2% in fourth quarter 2009
  - 7.9% in April excluding BABs
- Our penetration is higher on smaller, BBB/A transactions; retail versus institutional placement**
  - Our first quarter 2010 insured penetration by transaction count was 14.3% excluding BABs
  - 13.4% in April excluding BABs; 11.5% including BABs



Source: SDC. Represents new issue volume (which includes both new money and refundings)

# Expand Our Direct Franchise: Structured Finance and International Infrastructure



- **We are the only financial guarantor willing to write structured finance**
  - Expect increasing activity in this sector as its reverts to public deals from the Term Asset-Backed Securities Loan Facility (“TALF”)
  - In first quarter 2010 we insured our first subprime auto transaction in two years: \$250 million Americredit transaction
  - Also insured several private deals in the secondary market with credit card collateral
  - Focus on granular, tangible collateral: credit cards, cars, equipment loans, commercial receivables
  - We will not underwrite RMBS for the foreseeable future
- **International infrastructure market also reviving**
  - Global economic recession impacted issuance and new project development
  - Our current focus is on refinancings
  - Pursuing replacement of dormant financial guarantors on existing transactions
  - Long-term need for non-bank financing in this market remains strong

## **We are pursuing multiple strategies for reducing our losses:**

- **Mortgage put backs for breaches of representation and warranties (“R&W”)**
  - We have reviewed over 23,000 second lien files, representing nearly \$1.8 billion of loans; through March 31, 2010, approximately \$175.0 million of second lien loans have been repurchased
  - We have reviewed over 4,700 first lien files, representing nearly \$2.1 billion of loans; approximately \$30.5 million of first lien loans have been repurchased through March 31, 2010
- **We are also pursuing global or transaction-by-transaction settlements with the sellers and originators of the breaching loans**
- **We will consider launching litigation against originators and sellers of the loans breaching R&W**
- **Evaluating servicing transfers where appropriate**
  - Poor servicing and foreclosure processing contributes to loss frequency and severity
- **We also have a wrapped bond repurchase program, focused on reducing incurred losses by purchasing bonds that are trading at less than our expected embedded losses**

# High Financial Strength Ratings



- **We have the highest ratings of any active financial guaranty company today:**
  - Moody's confirmed the Aa3 financial strength ratings of AGC and AGM and the A1 financial strength rating of AG Re in fourth quarter 2009
  - Standard & Poor's affirmed AGC's and AGM's AAA ratings on July 1, 2009
- **At our request, Fitch withdrew its ratings on AGC and AGM and other rated subsidiaries of Assured Guaranty on February 24, 2010**
  - Withdrawal was at their then current ratings
  - No perceptible impact on our new business production
- **Our near-term goal is to get stable or positive outlooks from Moody's and S&P for AGC and AGM**
- **Intermediate goal is to achieve an upgrade from Moody's**
  - Dependent on RMBS experience more than capital

## Financial Strength Ratings

As of April 30, 2010

	<b>Moody's</b> (rating/outlook)	<b>S&amp;P</b> (rating/outlook)
<b>AGC</b>	Aa3 / negative	AAA / negative
<b>AGM</b>	Aa3 / negative	AAA / negative
<b>AG Re</b>	A1 / negative	AA / stable

# Utilize Reinsurance Platform



- **Focus on acquiring high-quality portfolios from dormant companies**
  - January 2009 reinsurance of CIFG portfolio
  - Public finance as well as high-quality structured finance business, such as performing pooled corporates, commercial receivables
- **New business prospects limited; dependent on new entrants**

## Public Finance Portfolios at Other Financial Guarantors and S&P Rating

(as of December 31, 2009)

<i>(\$ in billions)</i>	<b>Net Par Outstanding<sup>1</sup></b>	<b>S&amp;P Rating</b>
National Public Financial	\$507.9	A
Ambac	223.2	CC
Syncora	50.3 <sup>1</sup>	Withdrawn

1. Includes Syncora Capital Assurance Inc. and Syncora Guarantee Inc.  
Source: Competitor operating supplements.

- **Maintain adequate capital for ratings and upgrades**
  - Strong ratings are essential to maintaining our franchise value
- **We expect excess capital development with run off of RMBS and structured finance**
  - AGM has not guaranteed any structured finance since August 2008; 50% of portfolio will run off in next two years
  - RMBS run-off will also free up capital; RMBS is major capital consumer in both rating agency models
- **We evaluate capital redeployment into portfolio growth/acquisitions versus share repurchase/dividends**
  - Balancing portfolio growth and profitability versus capital requirements and returns
  - Focus on ROE improvement, growth in adjusted book value
- **Will also evaluate dividend policy**

# Financial Results Overview

**Bob Mills**

Chief Financial Officer



# First Quarter 2010 Financial Results



(\$ in millions, except per share data)

	Quarter Ended March 31		% Change vs. 1Q-09
	2010	2009	
Net earned premiums <sup>1</sup>	\$325.6	\$148.4	119%
Net investment income	84.3	43.6	93%
Total revenues	683.9	243.1	181%
Loss & LAE and incurred losses on credit derivatives <sup>2</sup>	216.9	80.8	168%
Total expenses	247.0	143.0	73%
Operating income <sup>3</sup>	89.6	63.4	41%
<b>Operating income<sup>1</sup> per diluted share</b>	<b>\$0.47</b>	<b>\$0.69</b>	<b>(32)%</b>
<b>Operating ROE<sup>3,4</sup></b>	<b>8.6%</b>	<b>10.3%</b>	
After-tax gain (loss) on investments / derivatives	\$237.5	\$9.3	NM
Net income	322.0	85.5	277%
<b>Net income per diluted share</b>	<b>\$1.69</b>	<b>\$0.93</b>	<b>82%</b>

NM = Not meaningful

1. Includes \$6.0 million related to variable interest entities ("VIEs").

2. Includes \$10.0 million related to VIEs.

3. 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.

4. Quarterly ROE calculations represent annualized returns.

# Key Variances in First Quarter 2010



- **Loss and LAE expenses<sup>1</sup> of \$216.9 million in first quarter 2010**
  - Extended conditional default rate on RMBS exposures an additional three months
  - Losses on public finance and non-RMBS structure finance consistent with fourth quarter 2009
  - Total adverse loss development including present value of expected losses in the unearned premium reserve was about \$239 million (excluding amounts already expected to be expensed at December 31, 2009); down from \$333 million in fourth quarter 2009
- **Reduced refundings: \$0.05 per diluted share in quarter versus \$0.15 in fourth quarter 2009**
- **Other income of \$(11.1) million (\$0.06 per diluted share); significantly affected by foreign exchange conversion loss on premium receivable**
- **Share-based and incentive compensation for retirement-eligible employees: \$0.05 per diluted share increase from fourth quarter 2009; item is a first quarter expense due to timing of awards**
- **Investment income: \$0.02 decline due to amortization, not cash proceeds on portfolio**

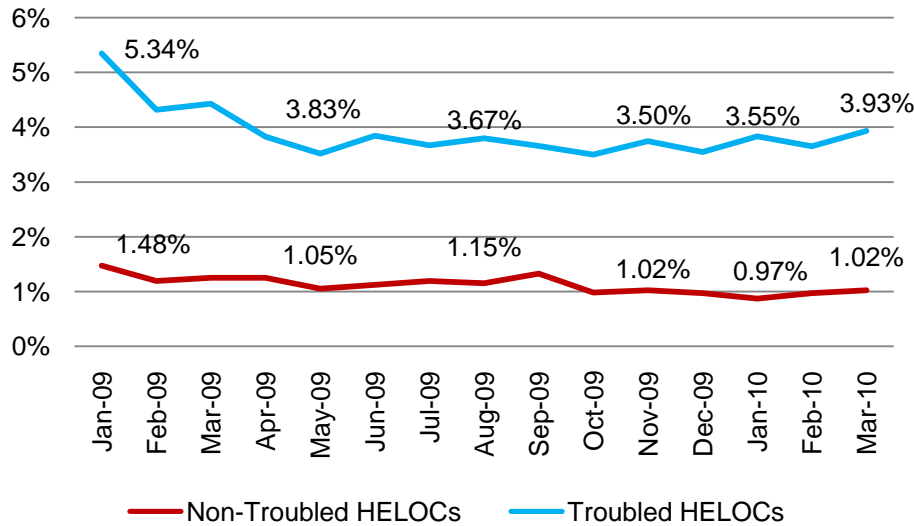
1. Includes losses from financial guaranty and CDS and \$10.0 million in losses related to VIEs.

- **Our loss reserving methodology is driven by our assumptions on several factors:**
  - Conditional default rate
  - Constant prepayment rate
  - Excess spread
  - Loss severity (liquidation rates)
- **Key focus is on conditional default rate: the number of mortgages that are current today that we project will become delinquent in the future**
- **We evaluate each transaction on its own performance; total market statistics give us insight, but we cannot project improvement on a deal if it is not, in fact, improving**
- **Our RMBS exposures are stabilizing, but not necessarily showing a decline in new delinquencies**
  - HELOCs and CES show improvement
  - Option-ARM, alt-A and subprime stabilizing, but not improving

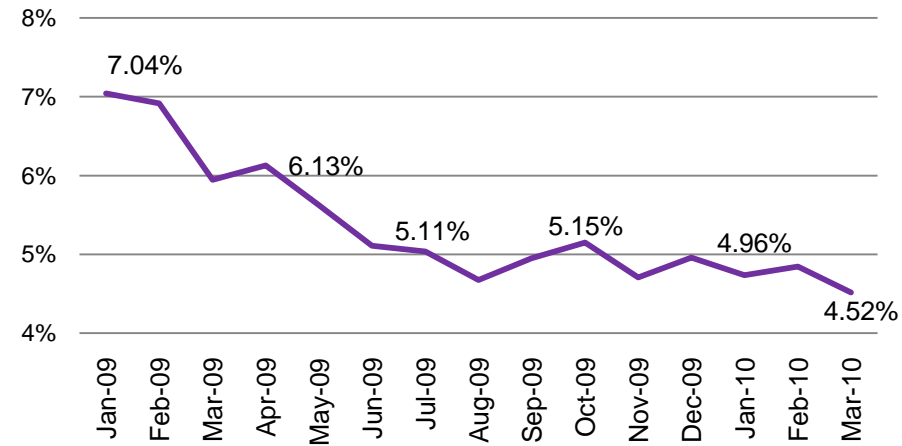
# Second Lien Delinquencies



### HELOCs 30-59 Day Delinquency



### Closed End Seconds 30-59 Day Delinquency

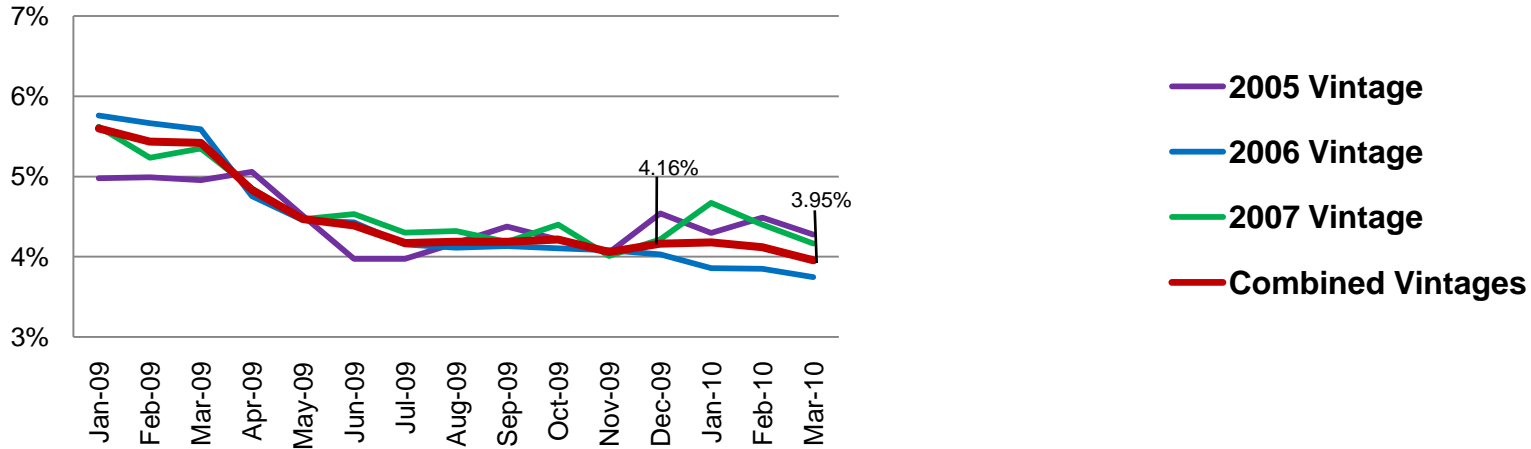


Reflects actual AGC and AGM direct data.

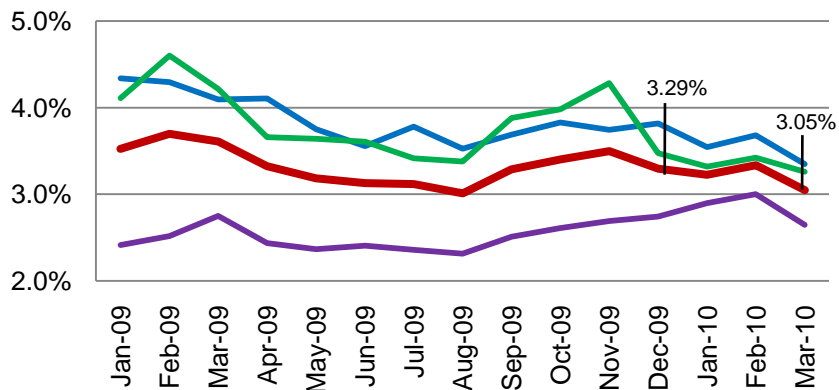
# First Lien 30-59 Day Delinquencies



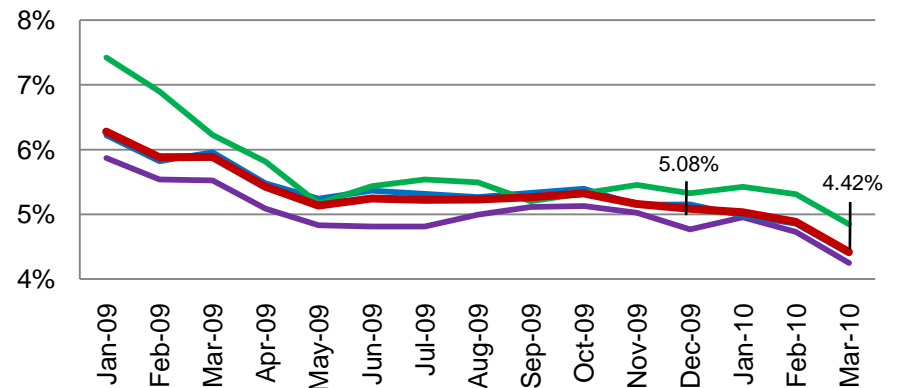
### Option ARMs 30-59 Day Delinquency



### Alt-A 30-59 Day Delinquency



### Sub-Prime 30-59 Day Delinquency

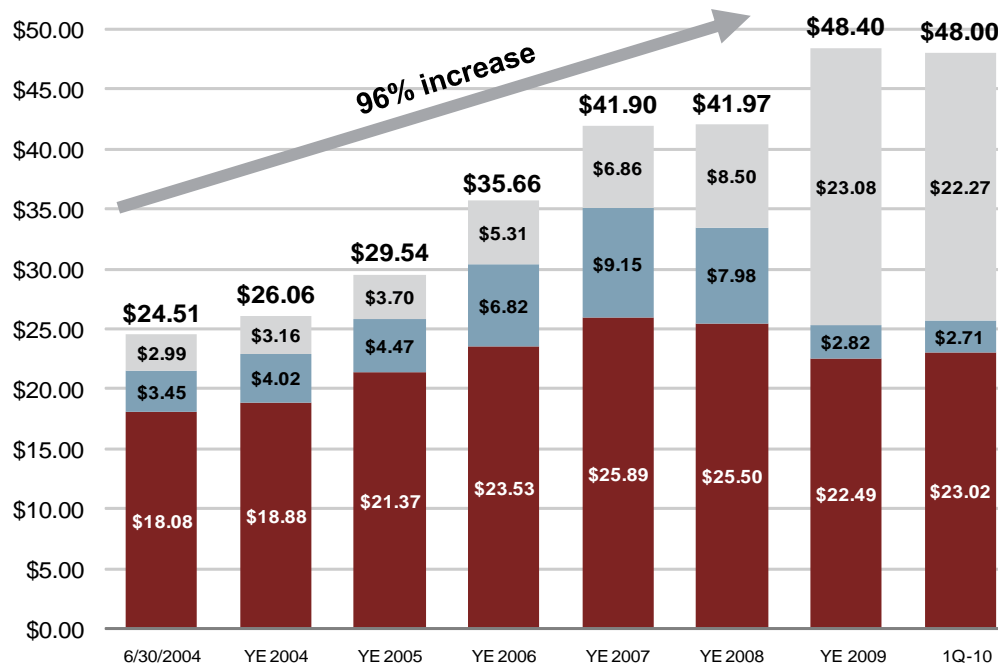


Reflects actual AGC and AGM direct data.

# Operating Shareholders' Equity and Adjusted Book Value Per Share



## Adjusted Book Value<sup>1,2</sup> Per Share



- Operating shareholders' equity per share<sup>2</sup>
- Plus: Net present value of estimated net future credit derivative revenue, after tax<sup>3</sup>
- Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed less deferred acquisition costs, after tax<sup>4</sup>

- **Adjusted book value has increased 96% since the IPO**
  - Adjusted book increase in 2009 due to Assured Guaranty Municipal Holdings Inc. acquisition
- **Adjusted book has grown every year since the IPO**

1. For explanations of adjusted book value and net present value of estimated net future credit derivative revenue and operating shareholders' equity, which are non-GAAP financial measures, please refer to the appendix.

2. Effective January 1, 2010, new accounting guidance ASC 810 "Consolidation" required the deconsolidation of four previously consolidated VIEs and the consolidation of 21 VIEs previously accounted for as insurance contracts. Operating shareholder's equity reverses the financial effect of consolidating these entities and accounts for them as financial guaranty insurance contracts in order to present the Company's insured obligations on a consistent basis.

3. Includes unearned revenue less ceded unearned premiums on credit derivatives, after tax.

4. Unearned premium reserve (UPR) less ceded unearned premiums and the net present value of expected losses to be expensed included in the UPR, after tax.

# Appendix



# Appendix: Explanation of Non-GAAP Financial Measures



## Endnotes related to non-GAAP financial measures discussed in the presentation:

### Explanation of Non-GAAP Financial Measures:

This presentation references financial measures that are not in accordance with U.S. generally accepted accounting principles ("GAAP") which management uses in order to assist analysts and investors in evaluating Assured Guaranty Ltd.'s financial results. These financial measures not in accordance with GAAP ("non-GAAP financial measures") are defined below. In each case, the most directly comparable GAAP financial measure, if available, is presented and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how Assured Guaranty's management, analysts and investors evaluate Assured Guaranty Ltd.'s financial results and is comparable to estimates published by analysts in their research reports on Assured Guaranty Ltd. The following paragraphs define each non-GAAP financial measure presented in this press release and describe why they are useful for investors.

**Operating Income:** Operating income is a non-GAAP financial measure defined as net income (loss) attributable to Assured Guaranty Ltd. (which excludes noncontrolling interests in consolidated VIEs), adjusted for the following:

1. Elimination of the after-tax realized gains (losses) on the Company's investment portfolio;
2. Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of expected estimated economic credit losses;
3. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities; and
4. Elimination of after-tax non-economic fair value adjustments and net interest margin of consolidated financial guaranty VIEs.

Management believes that operating income is a useful measure for management, investors and analysts because the presentation of operating income clarifies the understanding of the Company's results of operations by highlighting the underlying profitability of its business. Realized gains and losses on the Company's investment portfolio are excluded from operating income because the timing and amount of realized gains and losses are not directly related to the Company's insurance businesses. Non-credit impairment unrealized fair value gains and losses on credit derivatives as well as fair value gains and losses on the Company's committed capital securities and fair value adjustments and net interest margin of financial guaranty VIEs are excluded from operating income because these gains and losses do not result in an economic gain or loss and are heavily affected by, and fluctuate, in part, according to changes in market interest rates, credit spreads and other factors. Operating income should not be viewed as a substitute for net income (loss) determined in accordance with GAAP.

**Operating Shareholders' Equity:** Operating shareholders' equity is a non-GAAP financial measure calculated as shareholders' equity attributable to Assured Guaranty Ltd. (which excludes noncontrolling interests in consolidated VIEs) reported under GAAP, adjusted for the following fair value adjustments deemed to be unrelated to credit impairment:

1. Elimination of the after-tax unrealized gains (losses) on the Company's investment portfolio, recorded as a component of accumulated comprehensive income, excluding foreign exchange revaluation;
2. Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of expected estimated economic credit losses;
3. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities; and
4. Elimination of after-tax non-economic fair value adjustments of consolidated financial guaranty VIEs.

Management believes that operating shareholders' equity is a useful measure for management, investors and analysts because the presentation of this measure clarifies the understanding of the Company's results of operations by highlighting the underlying profitability of its business. Non-credit impairment unrealized fair value gains and losses on credit derivatives, fair value gains and losses on the Company's committed capital securities, non-economic fair value adjustments of consolidated financial guaranty VIEs and unrealized gains and losses on the Company's investment portfolio recorded in accumulated comprehensive income are excluded from operating shareholders' equity because these gains and losses do not result in an economic gain or loss and are heavily affected by, and fluctuate, in part, according to changes in market interest rates, credit spreads and other factors. Operating shareholders' equity should not be viewed as a substitute for shareholders' equity determined in accordance with GAAP.

**Operating return on equity ("Operating ROE"):** Operating ROE is a non-GAAP financial measure that represents operating income for the specified period divided by the average of operating shareholders' equity at the beginning and the end of the specified period.

# Appendix:

## Explanation of Non-GAAP Financial Measures



**Adjusted Book Value:** Adjusted book value is a non-GAAP financial measure calculated as shareholders' equity attributable to Assured Guaranty Ltd. (which excludes noncontrolling interests in consolidated VIEs) adjusted for the following:

1. Elimination of after-tax non-economic fair value adjustments of consolidated financial guaranty VIEs;
2. Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of expected estimated economic credit losses;
3. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities;
4. Elimination of the after-tax unrealized gains (losses) on the Company's investment portfolios, recorded as a component of accumulated comprehensive income, excluding foreign exchange revaluation;
5. Elimination of after-tax deferred acquisition costs;
6. Addition of the after-tax net present value of estimated net future credit derivative revenue in force, discounted at 6% and the addition of the after-tax value of net unearned revenue on credit derivatives; and
7. Addition of the after-tax value of the net unearned premium reserve on financial guaranty contracts in excess of net expected loss to be expensed.

Management believes that adjusted book value is a useful measure for management, investors and analysts 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 included in adjusted book value 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, foreign exchange rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults and other factors. This measure should not be viewed as a substitute for shareholders' equity attributable to Assured Guaranty Ltd. determined in accordance with GAAP.

**Net present value of estimated net future credit derivative revenue in force:** Net present value of estimated net future credit derivative in force is a non-GAAP financial measure defined as the present value of estimated future revenue from our credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes in excess of expected losses, and discounted at 6%. Management believes that net present value of estimated net future credit derivative revenue in force is a useful measure for management, investors and analysts because it permits an evaluation of the value of future estimated credit derivative revenue. Estimated future credit derivative revenues may change from period to period due to changes in par outstanding, maturity, or other factors that result from market interest rates, foreign exchange rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults or other factors. There is no comparable GAAP financial measure.

**PVP or present value of new business production:** PVP is a non-GAAP financial measure 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%. 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 Guaranty 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") do not adequately measure. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under ASC 944-20, "Financial Services – Insurance," these amounts are discounted at a risk free rate. Additionally, under ASC 944-20 management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future net earned or written premiums and Credit Derivative Revenues may differ from PVP due to factors including, but not limited to, prepayments, amortizations, refundings, contract terminations or defaults that may or may not result from changes in market interest rates, foreign exchange rates, refinancing or refundings, prepayment speeds, policy changes or terminations, credit defaults or other factors. PVP should not be viewed as a substitute for gross written premiums determined in accordance with GAAP.

# Appendix: PVP<sup>1</sup> – Reconciliation to Gross Written Premiums (“GWP”)



(\$ in millions)

Consolidated new business production:	Quarter Ended March 31,		% Change
	2010	2009	
Present value of new business production ("PVP")			
Public finance - U.S.	\$ 74.3	\$ 217.5	(66)%
Public finance - non-U.S.	-	1.8	(100)%
Structured finance - U.S.	4.5	2.4	88%
Structured finance - non-U.S.	-	-	NM
Total PVP	78.8	221.7	(64)%
Less: PVP of credit derivatives	-	2.4	(100)%
PVP of financial guaranty insurance	78.8	219.3	(64)%
Less: Financial guaranty installment premium PVP	4.5	11.6	(61)%
Total: Financial guaranty upfront GWP	74.3	207.7	(64)%
Plus: Financial guaranty installment adjustment <sup>2</sup>	17.8	27.1	(34)%
Total financial guaranty GWP	92.1	234.8	(61)%
Plus: Other segment GWP	-	-	NM
<b>Total GWP</b>	<b>\$ 92.1</b>	<b>\$ 234.8</b>	<b>(61)%</b>

NM = Not meaningful

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix.
2. Includes the difference in management estimates for the discount rate applied to future installments compared to the discount rate used for new financial guaranty insurance accounting standard as well as the changes in estimated term for future installments.

# Appendix: Reconciliation of Net Income (loss) to Operating Income



(\$ in millions, except per share data)

## Reconciliation of Consolidated Net Income to Operating Income

	<u>1Q-10</u>	<u>1Q-09</u>
<b>Net income attributable to Assured Guaranty Ltd.</b>	<b>\$ 322.0</b>	<b>\$ 85.5</b>
Less: Realized gains (losses) on investments, after tax	6.7	(17.1)
Less: Non-credit impairment unrealized fair value gains on credit derivatives, after tax	230.8	26.4
Less: Fair value gains (losses) on committed capital securities, after tax	(0.8)	12.8
Less: Non-economic fair value adjustments and net interest margin of consolidated VIEs, after tax <sup>1</sup>	(4.3)	-
<b>Operating income</b>	<b><u>\$ 89.6</u></b>	<b><u>\$ 63.4</u></b>

### Per Diluted Share

	<u>1Q-10</u>	<u>1Q-09</u>
<b>Net income attributable to Assured Guaranty Ltd.</b>	<b>\$ 1.69</b>	<b>\$ 0.93</b>
Less: Realized gains (losses) on investments, after tax	0.03	(0.19)
Less: Non-credit impairment unrealized fair value gains on credit derivatives, after tax	1.21	0.29
Less: Fair value gains (losses) on committed capital securities, after tax	-	0.14
Less: Non-economic fair value adjustments and net interest margin of consolidated VIEs, after tax <sup>1</sup>	(0.02)	-
<b>Operating income</b>	<b><u>\$ 0.47</u></b>	<b><u>\$ 0.69</u></b>

1. Effective January 1, 2010, new accounting guidance ASC 810 "Consolidation" required the deconsolidation of four previously consolidated variable interest entities ("VIEs") and the consolidation of 21 VIEs previously accounted for as insurance contracts. Operating income reverses the financial effect of consolidating these entities and accounts for them as financial guaranty insurance contracts in order to present the Company's insured obligations on a consistent basis.

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**Assured Guaranty Ltd.**

May 11, 2010

