



Assured Guaranty Ltd.

December 31, 2010 Equity Investor Presentation

The financial statements contained herein should not be relied on because Assured Guaranty will be restating them. For additional information, see the Current Report on Form 8-K that Assured Guaranty filed on or about October 18, 2011 with the Securities and Exchange Commission on this matter. It is available on the SEC Filings page of www.assuredguaranty.com.

**ASSURED
GUARANTY**[®]
FAMILY OF COMPANIES

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 or change in out look from these statements. For example, Assured Guaranty’s forward looking statements could be affected by:
 - rating agency action, including a ratings downgrade or change in outlook at any time of Assured Guaranty Ltd. or any of its subsidiaries and/or of transactions insured by AGL’s subsidiaries, both of which have occurred in the past, or a change in rating criteria;
 - 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 implicating 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;
 - deterioration in the financial condition of our reinsurers, the amount and timing of reinsurance recoverable actually received and the risk that reinsurers may dispute amounts owed to us under our reinsurance agreements;
 - the possibility that the Company will not realize insurance loss recoveries or damages expected from originators, sellers, sponsors, underwriters or servicers of residential mortgage-backed securities transactions
 - 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 March 1, 2011. 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, except as required by law.

Conventions and Non-GAAP Financial Measures



- Unless otherwise noted, the following conventions are used in this presentation:
 - Ratings on our insured portfolio and on bonds purchased pursuant to loss mitigation or risk management strategies are Assured Guaranty's internal rating. Although the Company's ratings scale is similar to that used by the nationally recognized statistical rating organizations, the ratings may not be the same as ratings assigned by any such rating agency.
 - The super senior category, which is not generally used by rating agencies, is used by Assured Guaranty in instances where its AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured Guaranty's exposure or (2) Assured Guaranty's exposure benefitting 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 Guaranty's attachment point to be materially above the AAA attachment point.
 - Exposures rated below investment grade are designated "BIG".
 - Ratings on the investment portfolios are the lower of the ratings from Moody's Investors Service Inc. ("Moody's") or Standard & Poor's Ratings Services ("S&P").
 - Percentages and totals in tables or graphs may not add due to rounding.
- 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's financial results. These financial measures not in accordance with GAAP ("non-GAAP financial measures") are defined in the appendix. 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's financial results and is comparable to estimates published by analysts in their research reports on Assured Guaranty.

Assured Guaranty Today



Assured Guaranty Ltd. (\$ in billions)	As of Dec 31, 2010
Net par outstanding	\$617.1
Total investment portfolio	\$10.7
Total assets	\$20.5
Net unearned premium reserve ¹	\$6.2
Shareholders' equity	\$3.8
Claims paying resources	\$12.6

- **We are the world's leading financial guaranty franchise**
 - More than 22 years of experience in the municipal and structured finance markets
 - The only active company today
- **We serve the market through two platforms:**
 - Assured Guaranty Municipal Corp. ("AGM") focuses on public finance and infrastructure transactions
 - Assured Guaranty Corp. ("AGC") guarantees public finance, global infrastructure and structured finance transactions
- **We are also the largest financial guaranty reinsurer through Assured Guaranty Re Ltd. ("AG Re"), domiciled in Bermuda**

1. Unearned premium reserve net of ceded unearned premium reserve.

Our Strategic Priorities Remain Unchanged



Our focus in 2010 has been on integration of our two organizations—which is complete—as well as our long-term strategic goals, which are virtually unchanged since our initial public offering in April 2004:

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

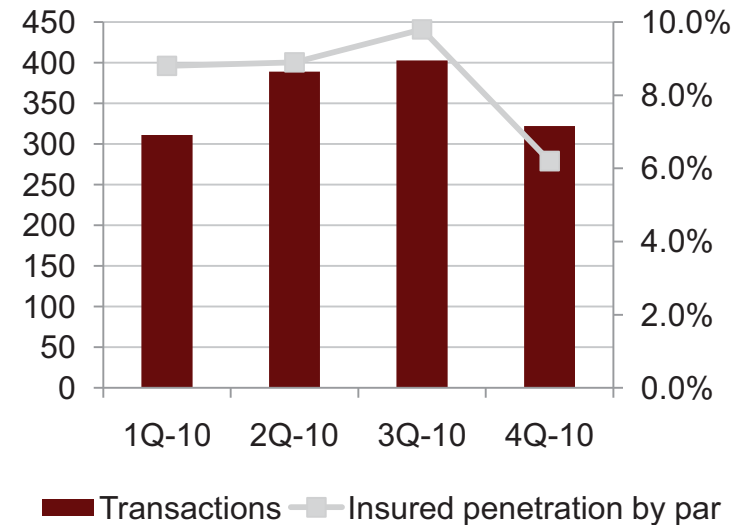
Expand Our Direct Franchise



- **We are focused on building demand for our guaranties, which was challenged in 2010 for several reasons:**
 - Residual effect of the financial crisis and the financial instability of many of our former competitors
 - Expansion of the Build America Bonds (“BABs”) program, which reduced tax-exempt issuance and had a particularly strong impact on the fourth quarter
 - Recalibration of public finance ratings by Moody’s and Fitch Ratings (“Fitch”)
 - November 2009 downgrade to Aa3 (negative) by Moody’s and October 2010 downgrade to AA+ (stable) by S&P

U.S. New Issue Tax Exempt Public Finance Insured Penetration

(as of December 31, 2010)



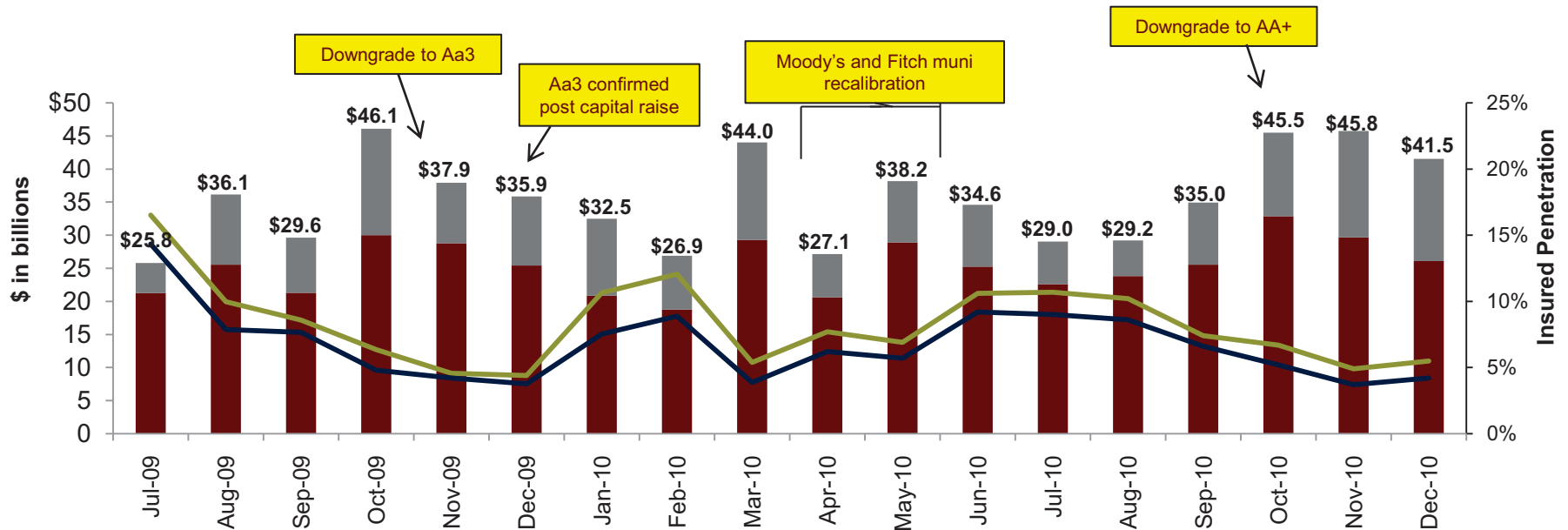
Source: SDC database

Fourth Quarter 2010 Par Penetration



- 4Q-10 new issue par insured penetration was 6.2% excluding Build America Bonds (“BABs”), up from 5.2% in 4Q-09, despite tight tax-exempt spreads
 - 4.4% of total new issue par, including BABs (4.3% in 4Q-09)
 - 8.4% in 2010 excluding BABs; 6.2% including BABs (8.5% in 2009)

Monthly Insurance Penetration by Par



AGL Inc-BABs:	14.3%	7.9%	7.7%	4.8%	4.2%	3.8%	7.5%	8.9%	3.9%	6.2%	5.7%	9.2%	9.0%	8.6%	6.6%	5.2%	3.7%	4.2%
AGL Ex-BABs:	16.5%	10.0%	8.6%	6.4%	4.6%	4.4%	10.7%	12.0%	5.4%	7.7%	6.9%	10.6%	10.7%	10.2%	7.4%	6.7%	4.9%	5.5%
BABs % of Mkt:	13.9%	26.7%	22.7%	28.0%	20.1%	22.5%	21.6%	26.4%	28.8%	24.1%	24.3%	27.0%	22.2%	18.4%	26.9%	27.8%	35.2%	37.2%

■ Ex-BABs ■ BABs — AGL Penetration Ex-BABs — AGL Penetration Inc-BABs

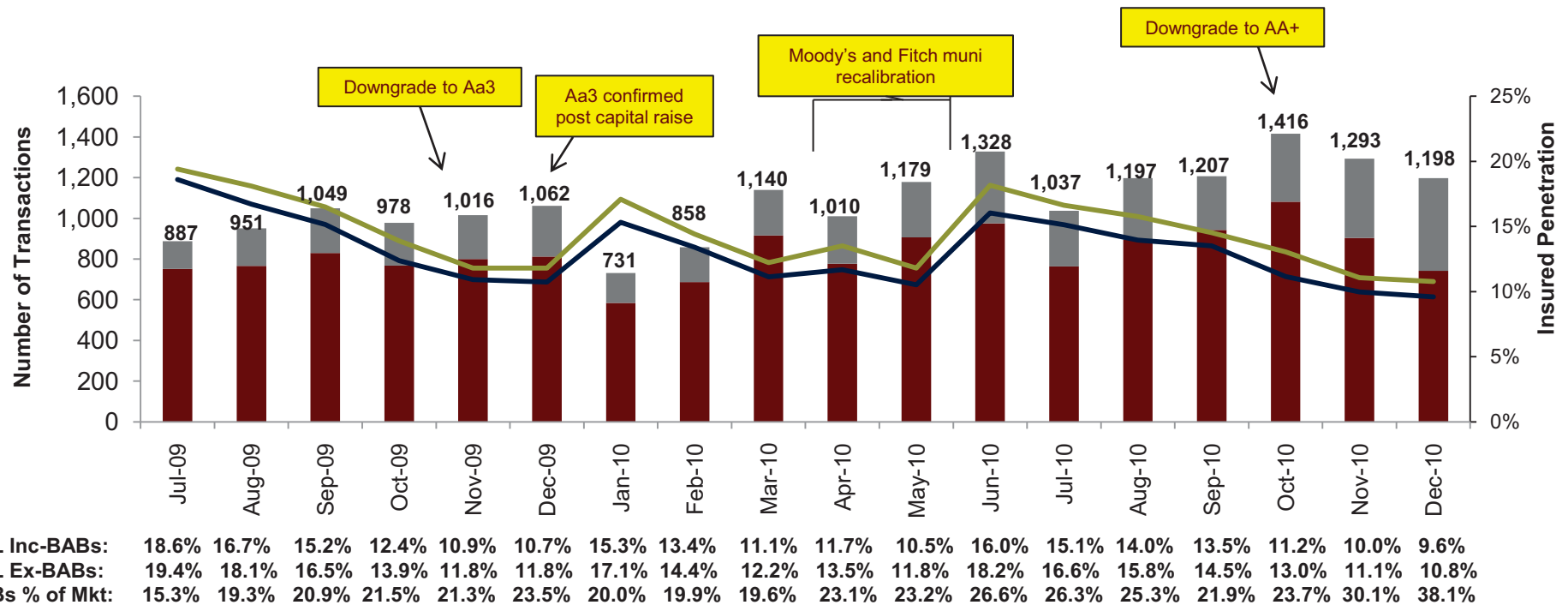
Source: SDC. Represents new issue volume (which includes both new money and refundings) * Moody's review for possible downgrade initiated on May 21, 2009

Expand Our Direct Franchise: Impact of Market Factors and Ratings



- **4Q-10 insured penetration by transaction count was 11.8% excluding BABs**
 - 10.3% of both tax exempt and BABs by transaction (11.3% in 4Q-09)
 - 14.0% in 2010 excluding BABs; 12.5% including BABs (17.6% in 2009)

Monthly Insurance Penetration by Transaction Count



Source: SDC. Represents new issue volume (which includes both new money and refundings) * Moody's review for possible downgrade initiated on May 21, 2009

Rating Recalibration Reduced Market Opportunity in 2010



Total new issue U.S. public finance (including BABs) for 2006 and 2010 Start of highlighted portion represents our primary market opportunity

<u>2006</u>					<u>2010</u>				
<u>Underlying S&P Rating</u>	<u>Total Par</u>	<u>Total Market %</u>	<u>Insured Par</u>	<u>Insurance Penetration</u>	<u>Underlying S&P Rating</u>	<u>Total Par</u>	<u>Total Market %</u>	<u>Insured Par</u>	<u>Insurance Penetration</u>
AAA	\$48,432.9	18.5% ↓12.7%	\$437.3	0.9%	AAA	\$77,599.7	27.3% ↓18.0%	\$0.0	0.0%
AA+	22,167.7	5.8%	6,368.7	28.7%	AA+	39,902.1	9.3%	22.8	0.1%
AA	55,217.3	14.4%	27,743.1	50.2%	AA	66,195.3	15.4%	430.9	0.7%
AA-	53,487.3	14.0%	34,942.4	65.3%	AA-	58,831.0	13.6%	2,359.4	4.0%
A+	37,259.6	9.7%	25,635.9	68.8%	A+	51,738.6	12.0%	8,441.9	16.3%
A	27,780.9	7.3%	22,272.5	80.2%	A	26,672.9	6.2%	4,416.2	16.6%
A-	15,559.2	4.1%	13,201.9	84.8%	A-	25,557.0	5.9%	2,610.1	10.2%
BBB+	4,142.7	1.1%	2,178.6	52.6%	BBB+	7,811.6	1.8%	1,003.3	12.8%
BBB	10,948.9	2.9%	3,596.8	32.9%	BBB	6,602.8	1.5%	338.3	5.1%
BBB-	5,915.0	1.5%	4,762.0	80.5%	BBB-	8,599.2	2.0%	13.7	0.2%
BIG	644.4	0.2%	330.1	51.2%	BIG	1,053.0	0.2%	0.0	0.0%
NR	100,306.4	26.2%	48,958.5	48.8%	NR	60,459.4	14.0%	7,160.7	11.8%
Industry Total	\$382,506.6		\$190,427.7	49.8%	Industry Total	\$431,022.7		\$26,797.4	6.2%

Source: SDC. Represents new issue sold volume. 2006 data insured penetration rate includes all insurers.

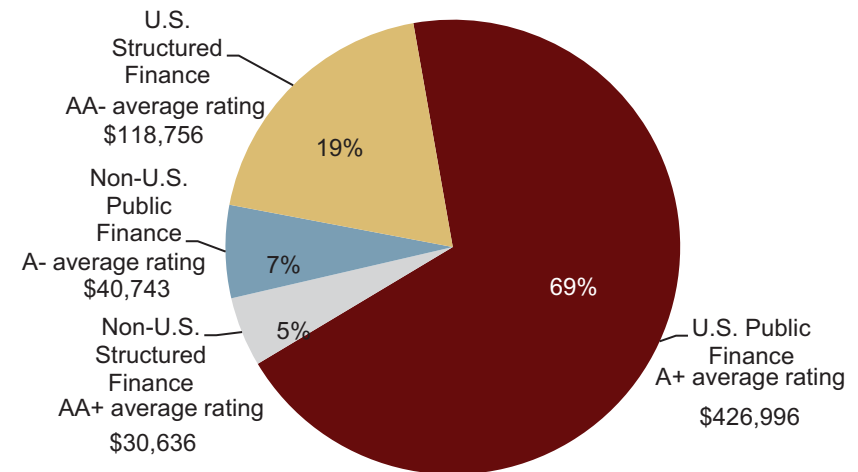
Exercise Underwriting Discipline



- **Our U.S. public finance portfolio, our largest exposure category, has performed well despite increased financial pressure on governmental issuers caused by the recession**
 - We have tightened our public finance underwriting standards
 - Only two of our credits greater than \$50 million have defaulted since 2007: Jefferson County, AL (revenue bond) and Harrisburg, PA (general obligation)
- **Our principal losses in the last three years have been on U.S. RMBS due to the lack of adherence to underwriting standards by mortgage originators**
 - Neither AGC nor AGM underwrote collateralized debt obligations (“CDOs”) of residential mortgage-backed securities (“RMBS”), protecting us from the size of losses experienced by our former competitors
 - We will not underwrite new RMBS until risk improves

Consolidated Net Par Outstanding

As of December 31, 2010
(\$ in millions)



\$617.1 billion, A+ average rating

Pursue Proactive Loss Mitigation Strategies



- **We have been pursuing reimbursement for mortgage put backs for breaches of representation and warranties (“R&W”) since 2008. Our progress through December 31, 2010 has been:**
 - Over 37,500 second lien files reviewed, representing nearly \$2.8 billion of loans; have reached agreement for approximately \$323 million of second lien loans to be repurchased
 - Over 15,500 first lien files reviewed, representing nearly \$5.7 billion of loans; have reached agreement for approximately \$205 million of first lien loans to be repurchased
- **Our current \$1.7 billion benefit is less than the total dollar amount of loans put back; need only a modest recovery on total expected put backs to monetize our R&W benefits**
 - \$1,182.3 million for second liens and \$418.2 million for first liens in financial guaranty form
 - \$70.2 million for RMBS transactions executed in credit derivative form

Financial Guaranty Insurance	# of Insurance Policies as of December 31, 2010 with R&W Benefit Recorded	Outstanding Principal and Interest Policies with R&W Benefit Recorded as of December 31, 2010	Future Net R&W Benefit at December 31, 2009	R&W Development and Accretion of Discount during Year	R&W Recovered During 2010	Future Net R&W Benefit at December 31, 2010
Prime First Lien	1	\$ 57.1	\$ -	\$ 1.1	\$ -	\$ 1.1
Alt-A First Lien	17	1,882.8	64.2	16.8	-	81.0
Alt-A Option ARMs	11	1,909.8	203.7	166.6	61.0	309.3
Subprime First Lien (including NIMs)	1	228.7	-	26.8	-	26.8
CES	4	444.9	76.5	101.7	-	178.2
HELOC	13	2,969.8	828.7	303.5	128.1	1,004.1
Total	47	\$ 7,493.1	\$ 1,173.1	\$ 616.5	\$ 189.1	\$ 1,600.5
Credit Derivatives	6	\$ 3,616.5	\$ 37.6	\$ 32.6	\$ -	\$ 70.2

Pursue Proactive Loss Mitigation Strategies (Cont'd)



- **We have filed lawsuits against unresponsive R&W providers**
 - In June, sued DB Structured Products, Inc. and its affiliate ACE Securities Corp. (together, "Deutsche Bank") for breach of contract on the ACE Securities Corp. Home Equity Loan Trust, Series 2006-GP1 HELOC deal
 - In July, sued JPMorgan Chase & Co.'s affiliate EMC Mortgage Corporation for breach of contract on the SACO I Trust 2005-GP1 HELOC deal
 - In October, sued Deutsche Bank for breach of contract on the ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL2 and the ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL3 HELOC deals
- **We launched a servicing enhancement program**
 - Poor servicing increases loss frequency and severity; we will provide incentives for improved servicing
 - Transfer servicing where appropriate
 - Eight mortgage servicing specialists hired to implement this strategy
- **We also have a wrapped bond repurchase program, in which we purchase bonds we have insured in order to reduce our losses**
 - Have purchased \$780 million of par through December 31, 2010 with a carrying value of approximately \$322 million

Maintain 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
 - S&P rated AGC and AGM AA+ (stable) on October 25, 2010
- **We manage our business with the goal of attaining the highest ratings possible from Moody’s and S&P**
- **S&P proposed criteria in January 2011 that, if implemented, could negatively affect our rating**
 - Our February 1, 2011 conference call and presentation addressed our concerns with some of the proposed criteria
 - S&P has requested comments by March 25, 2011; timing of final criteria is uncertain

Financial Strength Ratings

As of March 1, 2011

	Moody’s (rating/outlook)	S&P (rating/outlook)
AGC	Aa3 / negative	AA+ / stable
AGM	Aa3 / negative	AA+ / stable
AG Re	A1 / negative	AA / stable

Utilize Reinsurance Platform



- **We have increased our efforts to reassume ceded net par outstanding from reinsurers**
 - \$15.4 billion was reassumed in 2010
 - 2010 recaptures had an operating income effect of \$49.8 million before tax included in other income (\$32.4 million after tax, \$0.17 per diluted share)
- **Reinsurance reassumed increased the unearned premium reserve and adjusted book value**
- **Also trying to acquire high-quality portfolios from dormant companies**
 - Public finance as well as high-quality structured finance business, such as performing pooled corporates and commercial receivables

Ceded Par Outstanding by Reinsurer

(as of December 31, 2010)

<i>(\$ in billions)</i>	Net Par Outstanding
Radian	\$21.8
Tokio Marine	19.2
RAM Re	13.4
Syncora	4.3
Mitsui	2.5
Others	3.0
Total¹	\$64.1

1. Includes financial guaranty contracts and contracts written in credit derivative form.

Efficient Capital Utilization: 2011 Priorities



- **We expect to generate excess capital as our RMBS and other structured finance exposures run off**
 - About 30% of our structured finance portfolio is expected to run off by year end 2012
 - RMBS run-off will free up the most capital; expect \$9.5 billion to run off by year end 2012
- **First goal is to maintain adequate capital for ratings and upgrades**
 - Achieve stable/positive outlooks
- **Second, we look to utilize capital for new business growth and portfolio acquisitions**
 - Current level of new business is not capital intensive
- **Share repurchase**
 - Purchased 707,350 shares in May 2010 at an average price of \$14.74 per share
 - Will also evaluate dividend policy
 - New 2.0 million share repurchase program authorized in August 2010
- **Wrapped bond repurchase program**

Financial Results

December 31, 2010



Fourth Quarter 2010 and Full Year Operating Results

(Excluding Consolidation of VIEs)



(\$ in millions, except per share data)	Quarter Ended Dec 31		% Change vs. 4Q-09	Full Year Ended Dec 31		% Change vs. 2009
	2010	2009		2010	2009	
Net earned premiums ¹	\$299.5	\$373.3	(20)%	\$1,234.3	\$930.4	33%
Net investment income	93.9	87.6	7%	354.7	259.2	37%
Total revenues included in operating income ²	397.0	456.0	(13)%	1,650.4	1,152.5	43%
Loss & LAE and incurred losses on credit derivatives ³	215.5	187.0	15%	692.0	616.5	12%
Total expenses included in operating income	211.0	227.7	(7)%	834.6	760.9	10%
Operating income ²	152.9	156.4	(2)%	660.3	293.4	125%
Operating income² per diluted share	\$0.81	\$0.92	(12)%	\$3.49	\$2.27	54%
Operating ROE^{2,4}	13.0%	16.4%	(3.4) pp	14.8%	9.1%	5.7 pp
After-tax gain (loss) on investments / derivatives	\$(67.6)	\$79.6	NM	\$12.3	\$(116.4)	NM
Net income (loss)	(157.5)	216.7	NM	548.9	97.2	465%
Net income (loss) per diluted share	\$(0.86)	\$1.27	NM	\$2.90	\$0.75	287%

NM = Not meaningful pp = percentage points

- Included \$13.2 million and \$47.6 million related to variable interest entities ("VIEs") that was eliminated during quarter and year ended December 31, 2010, respectively, in GAAP reported results due to consolidation.
- The Company has revised its definition of operating income in 2010 to exclude foreign exchange revaluation gains and losses on premiums receivable. Prior periods are presented on a consistent basis. 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.
- Included \$23.0 million and \$68.8 million that was eliminated during quarter and year ended December 31, 2010, respectively, in GAAP reported results due to consolidation of VIEs.
- ROE calculations represent annualized returns.

Financial Performance Since the Acquisition



Selected Quarterly Financial Results

(as of December 31, 2010)

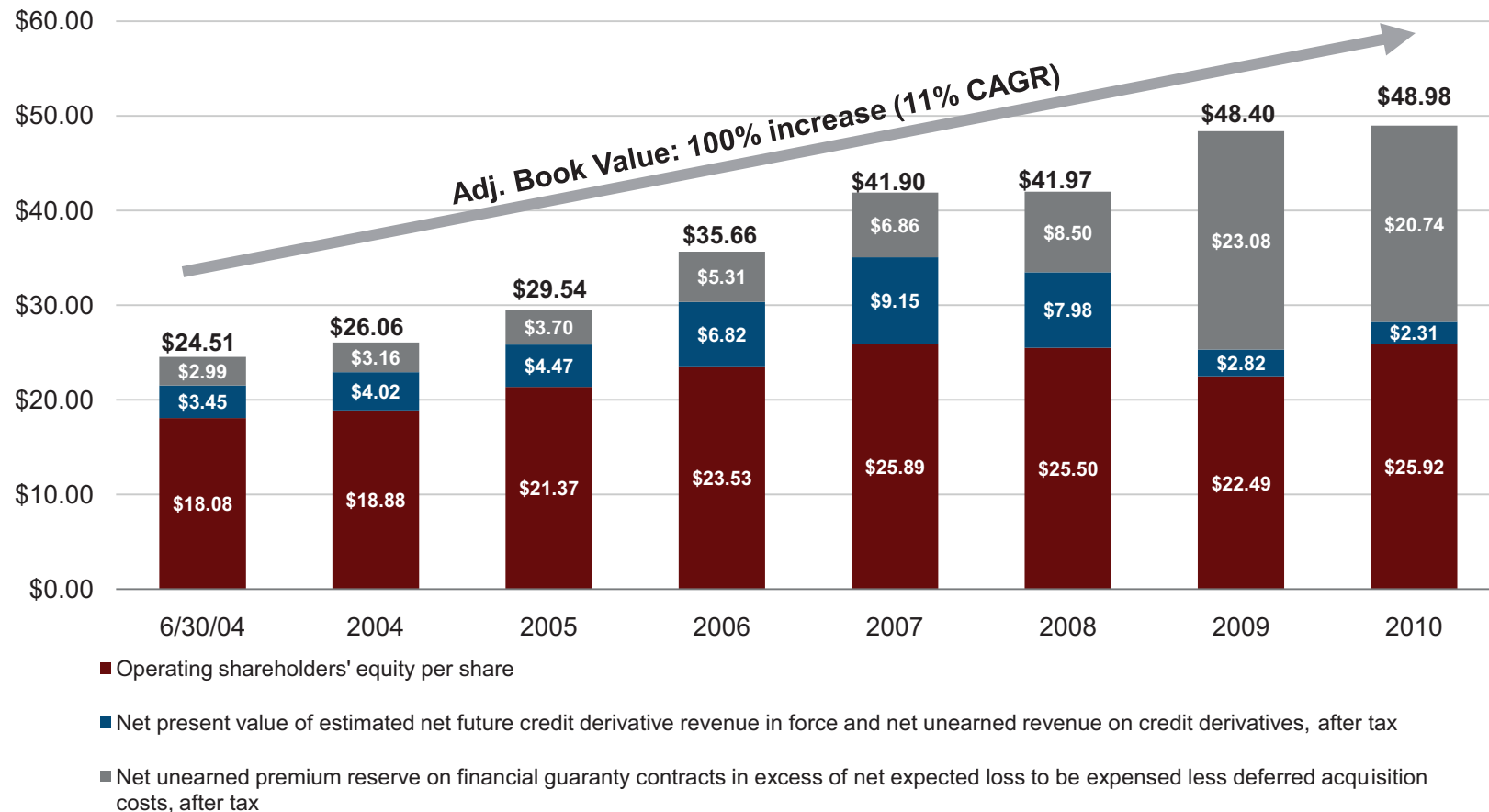
\$ in millions (except per share data)	3Q-09	4Q-09	1Q-10	2Q-10	3Q-10	4Q-10	Cumulative \$ or % change
Net earned premiums ¹	\$387.3	\$426.5	\$380.3	\$359.4	\$352.2	\$352.7	\$2,258.4
Net investment income	84.7	87.6	84.3	90.9	85.6	93.9	527.0
Loss and LAE ²	275.5	187.0	216.9	123.6	136.0	215.5	1,154.5
Other operating expenses	67.3	52.0	62.6	47.4	52.2	49.3	330.8
Operating Income	46.2	156.4	112.6	172.0	222.8	152.9	862.9
Operating shareholders' equity per share	\$22.19	\$22.49	\$23.02	\$23.87	\$25.17	\$25.92	16.8%

1. Including credit derivative revenues and excludes effect of consolidation of VIEs in each quarter of 2010.
2. Includes credit impairment on credit derivative and excludes effect of consolidation of VIEs in each quarter of 2010.
3. The Company has revised its definition of operating income in 2010 to exclude foreign exchange revaluation gains and losses on premiums receivable. Prior periods are presented on a consistent basis. For an explanation of operating income, operating shareholders' equity and adjusted book value, all 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.

Operating Shareholders' Equity and Adjusted Book Value Per Share Growth



Adjusted Book Value¹ Per Share



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. Effective January 1, 2010, GAAP accounting required the consolidation of VIEs where the Company is determined to be the control party through rights under our financial guaranty insurance contracts. For those VIEs that the Company consolidates, it records all of the activities of the VIE and eliminates the related insurance accounting. Operating shareholders' 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.

- **Since 2008 Assured Guaranty's loss and LAE have been significantly affected by**
 - FAS 163, which affected many items for financial guaranty accounting
 - The AGMH Acquisition and the interplay of acquisition accounting due to the bargain purchase price and FAS 163
- **As a consequence, loss and LAE on financial guaranty insurance and credit derivatives included in operating income does not represent the Company's economic loss development in a period**
 - A portion of loss and LAE reflects the amortization of expected loss to be expensed on contracts where the deferred premium revenue included in the unearned premium reserve exceeded the expected loss to be expensed in prior accounting periods; expected loss to be expensed before consolidated of VIEs at December 31, 2010 totaled \$1,043.2 million (\$688.4 million after tax or \$3.75 per share)
 - Changes in the Company's expected losses to be paid on contracts where the deferred premium revenue exceeds the expected loss are not included in the loss and LAE included in operating income

Economic Loss Development



- **Management uses economic loss development to evaluate the change in expected losses to be paid from period to period before consideration of the deferred premium revenue on the contract**
 - This measures the change in expected losses from period to period regardless of whether the loss exceeds the deferred premium revenue or not
 - Economic loss development calculates the expected change in future losses due to change in delinquencies, interest rates, loss severities and other factors that affect ultimate loss experience

	<u>4Q-09</u>	<u>4Q-10</u>	<u>2009</u>	<u>2010</u>
(\$ in millions, except per share data)				
Loss and LAE on FG and CDS included in operating income:				
Before tax	\$187.0	\$215.5	\$616.5	\$692.0
After tax	146.3	153.4	466.0	500.6
Per diluted share	\$ 0.86	\$ 0.81	\$ 3.60	\$ 2.65
Economic loss development:				
Before tax	346.5	76.6	343.7	472.9
After tax	244.2	62.9	299.2	356.5
Per diluted share	\$ 1.43	\$ 0.33	\$ 2.31	\$ 1.88

Portfolio Overview

December 31, 2010



Three Discrete Operating Companies With Separate Capital Bases



(\$ in millions)

Consolidated Claims-Paying Resources and Statutory-basis Exposures¹

	As of December 31, 2010				
	Assured Guaranty Corp.	Assured Guaranty Re Ltd. ¹	Assured Guaranty Municipal Corp.	Eliminations ²	Consolidated
Claims paying resources					
Policyholders' surplus	\$ 854	\$ 1,080	\$ 993	\$ (300)	\$ 2,627
Contingency reserve	703	-	1,585	-	2,288
Qualified statutory capital	1,557	1,080	2,578	(300)	4,915
Unearned premium reserve	877	1,045	2,298	-	4,220
Loss and loss adjustment expense reserves ³	448	228	436	-	1,112
Total policyholders' surplus and reserves	2,882	2,353	5,312	(300)	10,247
Present value of installment premium ⁴	539	255	691	-	1,485
Standby line of credit/stop loss	200	200	498	-	898
Total claims paying resources	\$ 3,621	\$ 2,808	\$ 6,501	\$ (300)	\$ 12,630
Net par outstanding ⁵	\$ 118,898	\$ 137,779	\$ 343,619	\$ (1,453)	\$ 598,843
Net debt service outstanding ⁵	\$ 171,037	\$ 221,452	\$ 516,080	\$ (3,438)	\$ 905,131
Ratios:					
Net par outstanding to qualified statutory capital	76:1	128:1	133:1		122:1
Capital ratio ⁶	110:1	205:1	200:1		184:1
Financial resources ratio ⁷	47:1	79:1	79:1		72:1

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

2. In 2009, Assured Guaranty Corp. ("AGC") issued a \$300.0 million note payable to Assured Guaranty Municipal Corp. ("AGM"). Net par and net debt service outstanding eliminations represent second-to-pay policies between Assured Guaranty's insurance subsidiaries.

3. Reserves are reduced by approximately \$1.5 billion for benefit related to representation and warranty recoverables.

4. Includes financial guaranty insurance and credit derivatives.

5. Net par outstanding and net debt service outstanding are presented on a statutory basis. Under statutory accounting, such amounts would be reduced both when an outstanding issue is legally defeased (i.e., the rights and interests of bondholders and their lien on pledged revenues or other security are terminated in accordance with bond documentation) and when such issue is economically defeased (i.e., bond documentation does not provide a procedure for termination of such rights, interests and lien other than through payment of all outstanding debt in full; funds are deposited in an escrow account for future payment of the debt; and if the funds deposited prove insufficient to pay the outstanding debt in full, the issuer continues to be legally obligated to make payment on such debt).

6. The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.

7. The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.

Net Par Outstanding Diversified By Sector

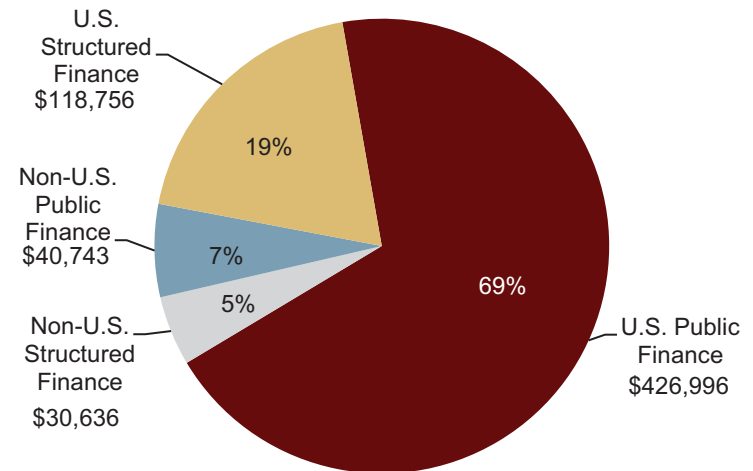


- **Assured Guaranty's portfolio is largely concentrated in U.S. public finance**
 - 69% U.S. public finance
 - 19% U.S. structured finance
 - 12% International
- **Our portfolio has an A+ average internal credit rating**
 - 95.7% investment grade
- **RMBS is our largest BIG exposure**
 - \$16.4 billion (61% of total BIG) is U.S. RMBS
 - Plus \$923 million of triple-X life securitization deals with assets invested in RMBS
 - Plus \$3.3 billion of BIG rated pooled corporates, largely Mortgage and Real Estate Investment Trust ("REIT"), Trust Preferred Securities ("TruPS") and bank and insurance TruPs

Consolidated Net Par Outstanding

As of December 31, 2010

(\$ in millions)



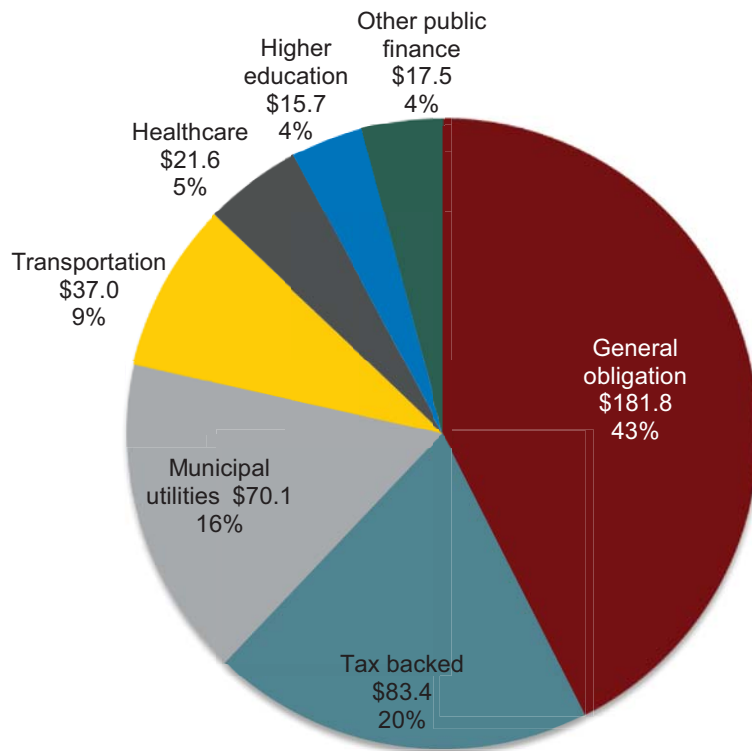
\$617.1 billion, A+ average rating

U.S. Public Finance Net Par Outstanding



Net Par Outstanding

As of December 31, 2010
(\$ in billions)



Net Par Outstanding: \$427.0 billion

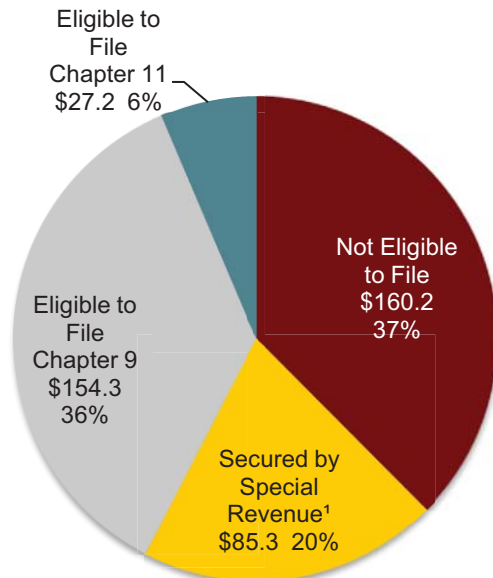
- **\$427.0 billion of U.S. public finance net par outstanding, 69% of our total as of December 31, 2010**
- **General obligation, tax-backed and municipal utilities represent 79% of U.S. public finance net par outstanding**
 - 54% of total net par outstanding
- **Average internal rating of A+**
- **\$3.2 billion is BIG exposure**
 - \$2.6 billion of the BIG exposure is for 16 public finance transactions greater than \$50 million

U.S. Public Finance Net Par Outstanding by Bankruptcy Eligibility



Net Par Outstanding

As of December 31, 2010
(\$ in billions)



Net Par Outstanding: \$427.0 billion

- As of December 31, 2010 only about 43% of our public finance exposures are eligible to file Chapter 9 or Chapter 11 bankruptcy
 - 20% secured by special revenue
 - 38% not eligible for Chapter 9 due to lack of enabling state legislation

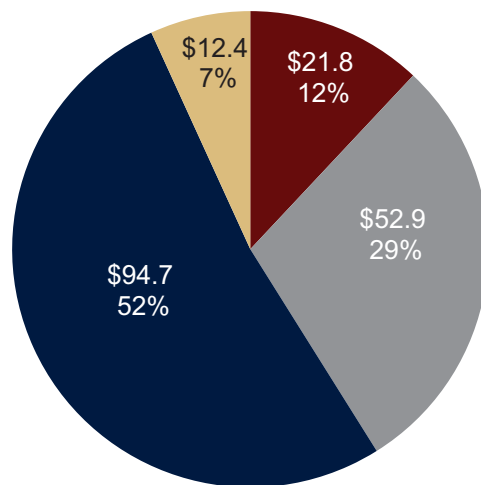
Disclosure Sector (\$ in billions)	Not Eligible for Bankruptcy	Secured By Special Revenue ¹	Eligible to File Chapter 9	Eligible to File Chapter 11	Net Par Outstanding	Weighted Avg. Rating
General obligation	\$56.3	\$0.0	\$125.5	\$-	\$181.8	A+
Tax backed	46.3	12.0	25.1	-	83.4	A+
Municipal utilities	18.5	50.8	0.8	-	70.1	A
Transportation	13.3	22.5	1.1	-	37.0	A
Healthcare	0.1	-	0.2	21.2	21.6	A
Higher education	14.1	-	-	1.5	15.7	A+
Housing	3.9	-	1.6	1.1	6.6	AA-
Infrastructure finance	2.6	0.0	-	1.5	4.1	BBB+
Investor-owned utilities	0.0	-	-	1.5	1.5	A-
Other public finance	5.0	-	-	0.4	5.3	A-
Total U.S. Public Finance:	\$160.2	\$85.3	\$154.3	\$27.2	\$427.0	A+

¹ Special revenue secured bonds are not subject to an automatic stay under Chapter 9 of the Bankruptcy Code.

General Obligation Exposure by Type

General Obligation by Type

As of December 31, 2010
(\$ in billions)



\$181.8 billion, A+ average rating

- State GO
- City and County
- School District
- Special District

- **General obligation bonds are backed by the taxing authority of the issuer rather than a specialized tax or revenue stream**
- **General obligation bonds are the largest concentration in our insured portfolio, totaling \$181.8 billion of net par outstanding (29% of total) as of December 31, 2010**
- **Our general obligation exposures are broadly diversified and subject to our single risk limits**
 - 9,220 issuers
 - Largest general obligation exposure is \$3.3 billion to the Commonwealth of Massachusetts
- **School district exposure is the largest type at over 50%, or \$94.7 billion**
 - 15% of total net par outstanding
- **City and county obligation bonds are 9% of total net par outstanding**
- **State general obligation bonds are only 4% of total net par outstanding**

State Concentrations



State exposures on our top 10 include both general obligation bonds and debt backed by revenues on taxes or municipal utilities

Top 10 State Exposure	
As of December 31, 2010 (\$ in millions)	
New Jersey	\$4,475
California	3,559
New York	3,370
Massachusetts	3,269
Washington	2,420
Illinois	2,260
Wisconsin	2,225
Pennsylvania	1,899
Michigan	1,720
Arizona	1,549
Top 10 states	\$26,746

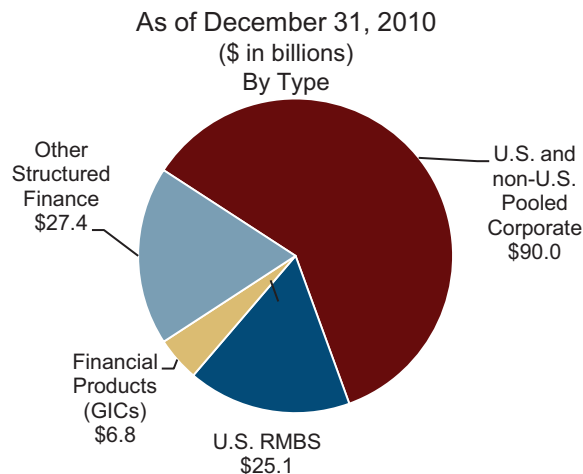
Detailed State Exposure

	Supplement Category	Net Par Outstanding
<u>New Jersey (State of)</u>		
Lease Obligation	Tax-supported	4,331.9
General Obligation	General Obligation	117.6
Moral Obligation	Tax-supported	25.5
		\$ 4,474.9
<u>California (State of)</u>		
General Obligation	General Obligation	2,458.5
Lease Obligation	Tax-supported	1,100.1
		\$ 3,558.6
<u>New York (State of)</u>		
Lease Obligation	Tax-supported	3,193.5
General Obligation	General Obligation	137.5
Water & Sewer-Revenue Secured	Municipal Utility	38.6
		\$ 3,369.6
<u>Massachusetts (Commonwealth of)</u>		
General Obligation	General Obligation	3,259.8
Lease Obligation	Tax-supported	9.6
		\$ 3,269.3

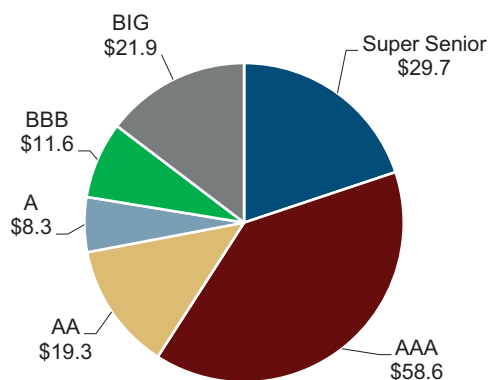
Structure Finance Exposures



Global Structured Finance Net Par Outstanding



\$149.4 billion AA average rating By Internal Rating



- We expect AGL's global structured finance insured portfolio (\$149.4 billion as of December 31, 2010) to run off rapidly – 30% by year-end 2012 and 61% by year-end 2014.¹

- \$90.0 billion in global pooled corporate obligations expected to be reduced by 27% by year-end 2012 and by 66% by year-end 2014
- \$25.1 billion in U.S. RMBS expected to be reduced by 38% by year-end 2012 and by 59% by year-end 2014

- Assured Guaranty and AGM's total structured finance exposures of \$240.9 billion at December 31, 2007 have declined by \$91.5 billion to \$149.4 billion through December 31, 2010, a 38% reduction.

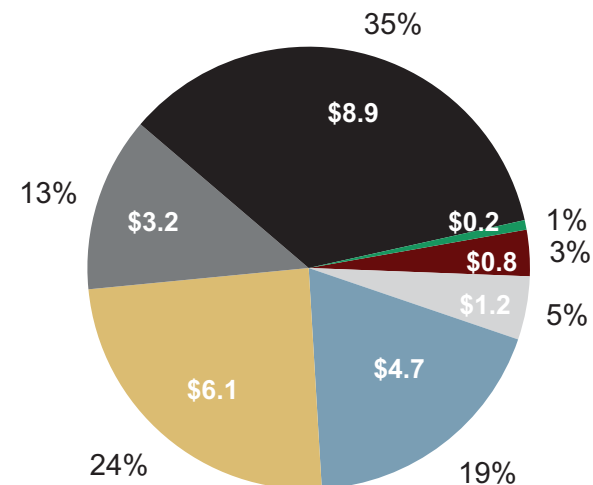
Consolidated U.S. RMBS



- **Our \$25.1 billion U.S. RMBS portfolio is amortizing on an absolute basis and as a percentage of the portfolio**
 - U.S. RMBS represents 4.1% of total net par outstanding at December 31, 2010 versus 8.3% at year-end 2008
 - Total U.S. RMBS has declined from \$30.2 billion at September 30, 2009 to \$25.1 billion at December 31, 2010, a \$5.1 billion or 17% reduction
- **Our loss reserving methodology is driven by our assumptions on several factors with a key variable on new delinquencies:**
 - Conditional default rate
 - Constant prepayment rate
 - Excess spread
 - Loss severity
- **We have several initiatives aimed at reducing ultimate losses**

U.S. RMBS by Exposure Type

As of December 31, 2010
(\$ in billions)



\$25.1 billion, 4.1% of net par outstanding

- Prime first lien
- HELOC
- Alt-A option ARMs
- NIMs
- Closed end seconds
- Alt-A first lien
- Subprime first lien

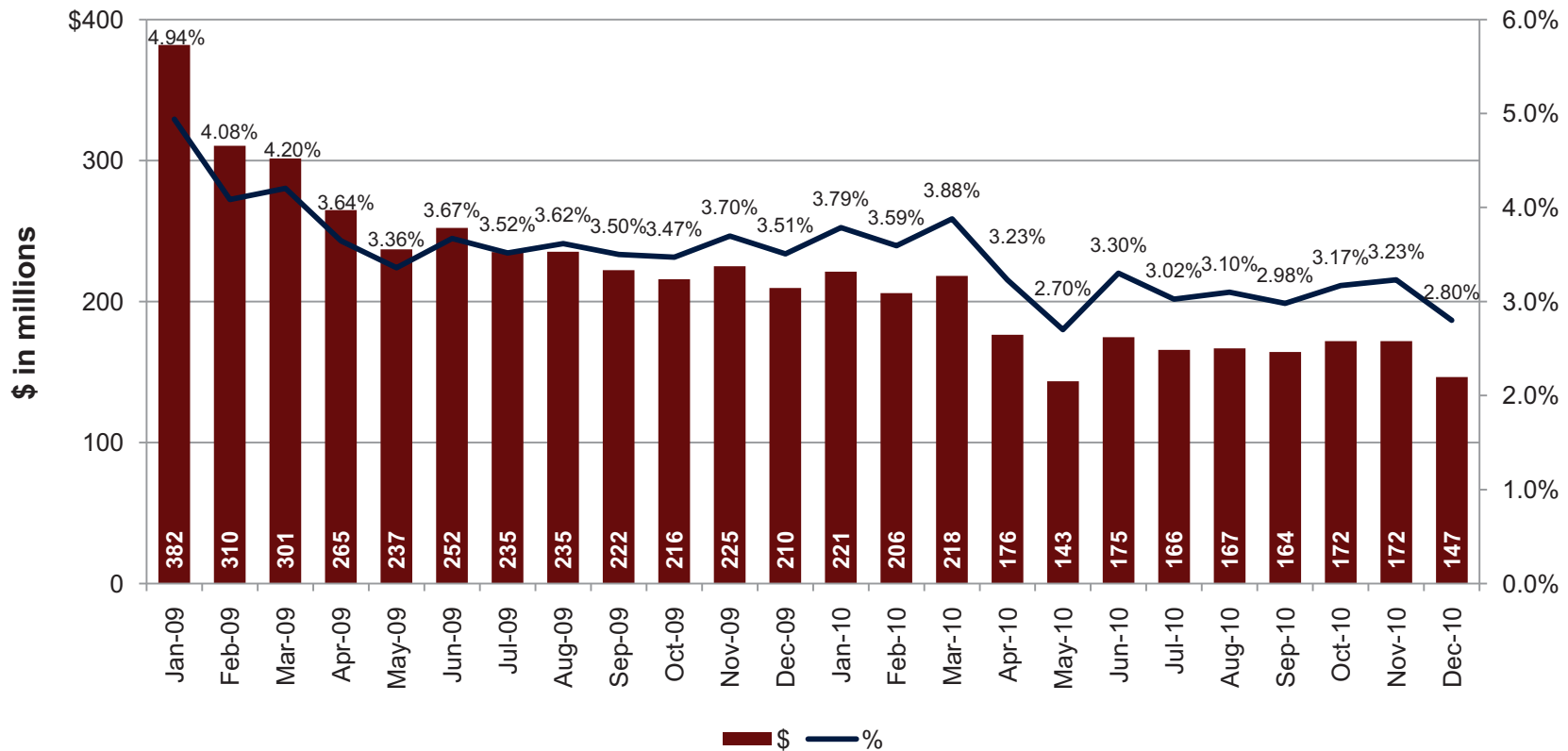
1. NIMs= Net Interest Margin

Second Lien Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008*



Troubled HELOCs 30-59 Days



*Assured Guaranty has not insured any U.S. RMBS since 2008.

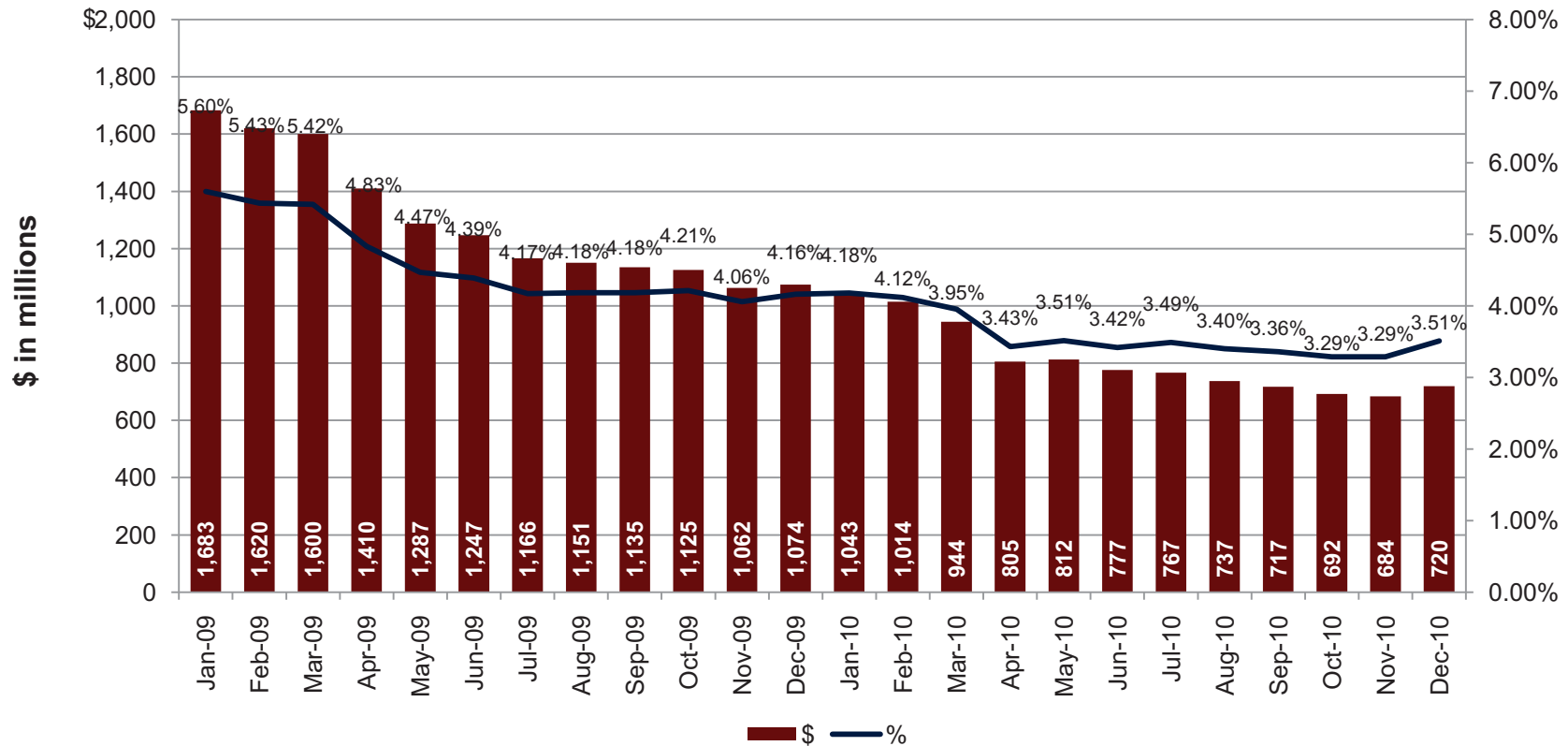
Reflects actual AGC and AGM direct data.

First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008



Option ARMs 30-59 Days



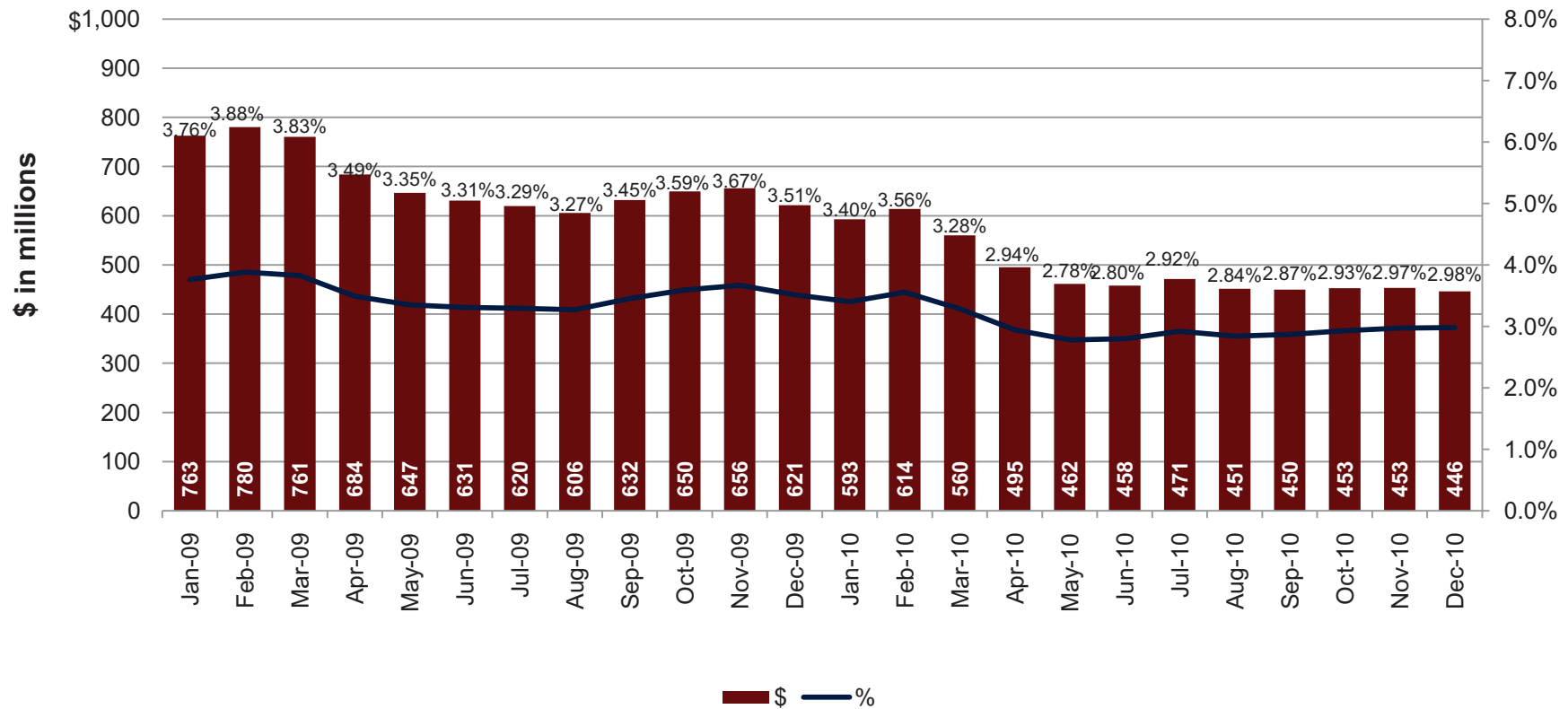
Reflects actual AGC and AGM direct data.

First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008



Alt-A 30-59 Days



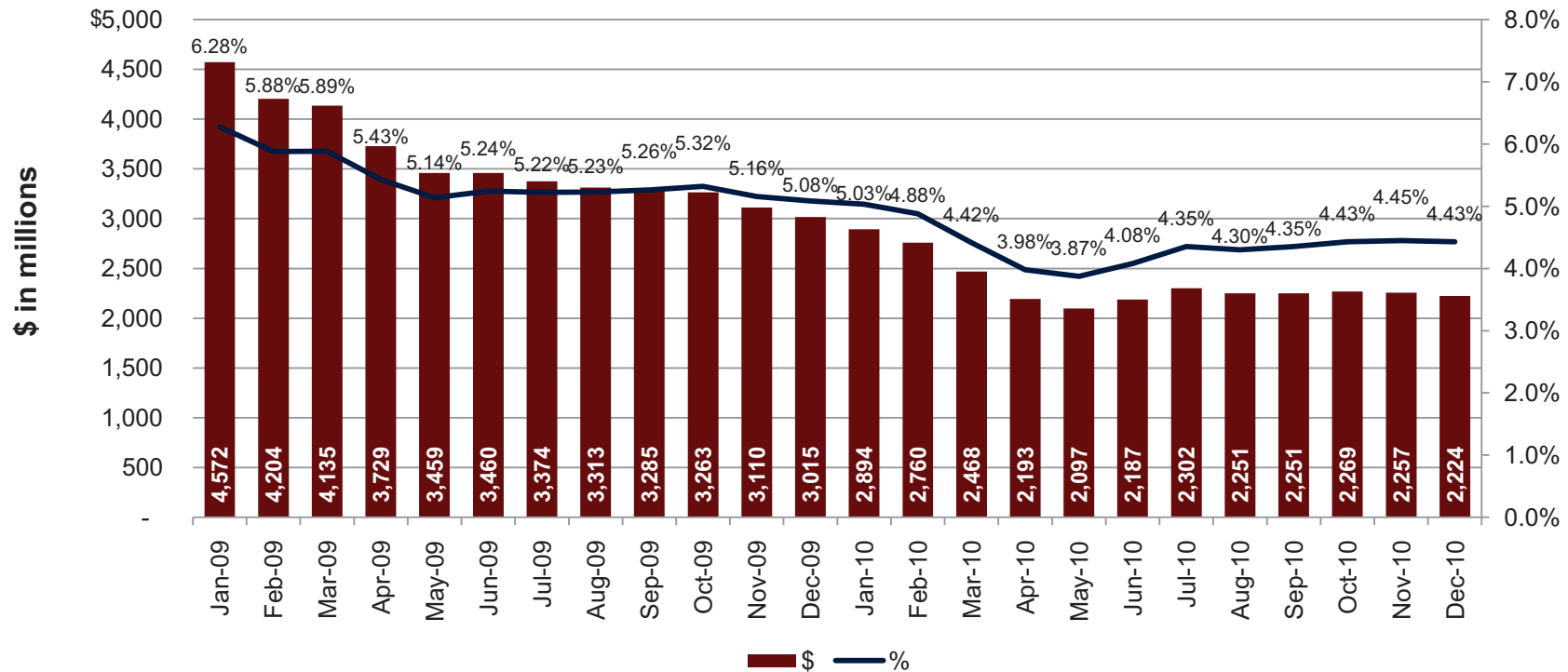
Reflects actual AGC and AGM direct data.

First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008*



Subprime 30-59 Days



* Excludes 1 deal with approximately \$80 million of net par outstanding. Reflects actual AGC and AGM direct data.

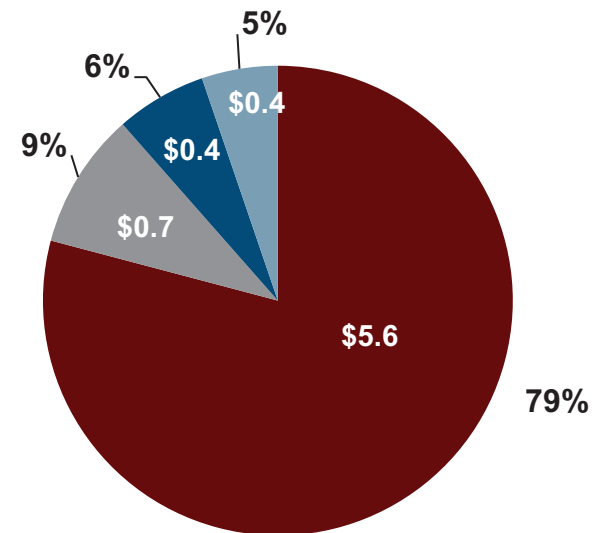
U.S. CMBS Exposure



- **We have three types of U.S. commercial mortgage-backed securities (“CMBS”) transactions**
 - Traditional CMBS - \$5.6 billion
 - CDOs of commercial real estate (“CRE”) - \$664 million
 - Collateralized debt obligation (“CDOs”) of CMBS - \$442 million
 - We also have assumed par of \$370 million
- **We have maintained a conservative underwriting stance on CMBS**
 - Low levels of CMBS historically
 - Focus on senior exposures and whole loans
 - AGM did not underwrite CMBS
- **Our portfolio was largely triple-A at underwriting and remains highly rated as of December 31, 2010**
 - Most deals written with triple-A rating at inception with high attachment points
 - One deal was single-A at underwriting
 - 75% of traditional CMBS exposure had internal rating of AAA or higher as of December 31, 2010

U.S. CMBS by Exposure Type

As of December 31, 2010
(\$ in billions)



\$7.1 billion
(1.1% of total net par outstanding)

- Traditional CMBS
- CDOs of CRE
- CDOs of CMBS
- Reinsurance

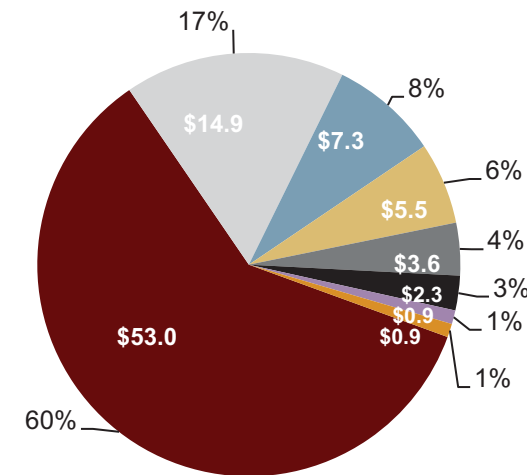
Direct Pooled Corporate Obligations Credit Quality Remains High



- **Our direct pooled corporate exposure is highly rated and well-protected**
 - Average credit enhancement of 28.8%
 - 84.1% rated super senior or AAA
- **\$2.3 billion of U.S. mortgage and REIT TruPS are the lowest rated asset classes**
 - Average rating BB
 - Credit enhancement at December 31, 2010 remains strong at 32.8% but ratings quality of collateral has been downgraded sharply due to real estate market and recession

Direct Pooled Corporate Obligations By Asset Class

As of December 31, 2010
(\$ in billions)



\$88.5 billion, AAA average rating

- CLOs/CBOs¹
- Synthetic investment grade pooled corporate
- Synthetic high yield pooled corporate
- Market value CDOs of corporate
- TruPS - banks and insurance
- TruPS - US mortgage and REITs
- TruPS - European mortgage and REITs
- Other pooled corporate

1. CLOs are collateralized loan obligations and CBOs are collateralized bond obligations.

BIG Exposures by Category



(\$ in millions)

Net Par Outstanding by BIG Category ¹

- The majority of our category 2 and 3 BIG exposures are in structured finance – specifically RMBS
- Category 1 BIG, which have not incurred loss revenues but which are under intensive monitoring, were \$8.8 billion at December 31, 2010, up 32% from December 31, 2009

Description:	December 31, 2010 ²	December 31, 2009
BIG:		
Category 1		
U.S. public finance	\$1,958	\$1,761
Non-U.S. public finance	1,794	600
U.S. structured finance	4,717	4,275
Non-U.S. structured finance	293	2
Total Category 1	8,762	6,638
Category 2		
U.S. public finance	282	719
Non-U.S. public finance	1	4
U.S. structured finance	8,818	9,913
Non-U.S. structured finance	2	3
Total Category 2	9,103	10,639
Category 3		
U.S. public finance	919	647
Non-U.S. public finance	-	40
U.S. structured finance	7,023	6,202
Non-U.S. structured finance	999	1,000
Total Category 3	8,941	7,889
BIG Total	\$26,806	\$25,166

1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. During the fourth quarter of 2010 the Company revised the definitions of the three BIG surveillance categories to more closely track its view of whether a transaction is expected to experience a loss, without regard to whether the probability weighted expected loss exceeded the unearned premium reserve. While the revisions resulted in a number of transactions moving between BIG categories, the Company estimates that the revisions had a relatively small impact on the totals in each category. BIG Category 1: Below investment grade transactions showing sufficient deterioration to make lifetime losses possible, but for which none are currently expected. Transactions on which claims have been paid but are expected to be fully reimbursed (other than investment grade transactions on which only liquidity claims have been paid) are in this category. BIG Category 2: Below investment grade transactions for which lifetime losses are expected but for which no claims (other than liquidity claims) have yet been paid. BIG Category 3: Below investment grade transactions for which lifetime losses are expected and on which claims (other than liquidity claims) have been paid. Transactions remain in this category when claims have been paid and only a recoverable remains.
2. As of December 31, 2010, securities purchased for loss mitigation purposes represented \$489.3 million of gross par outstanding. In addition, under the terms of certain credit derivative contracts, the Company has obtained the underlying collateral of transactions and recorded it in invested assets in the consolidated balance sheets. Such amounts totaled \$251.8 million in gross par outstanding. These amounts are included in the table above.

BIG Exposures > \$250 Million



(\$ in millions)

BIG Exposures Greater Than \$250 Million as of December 31, 2010

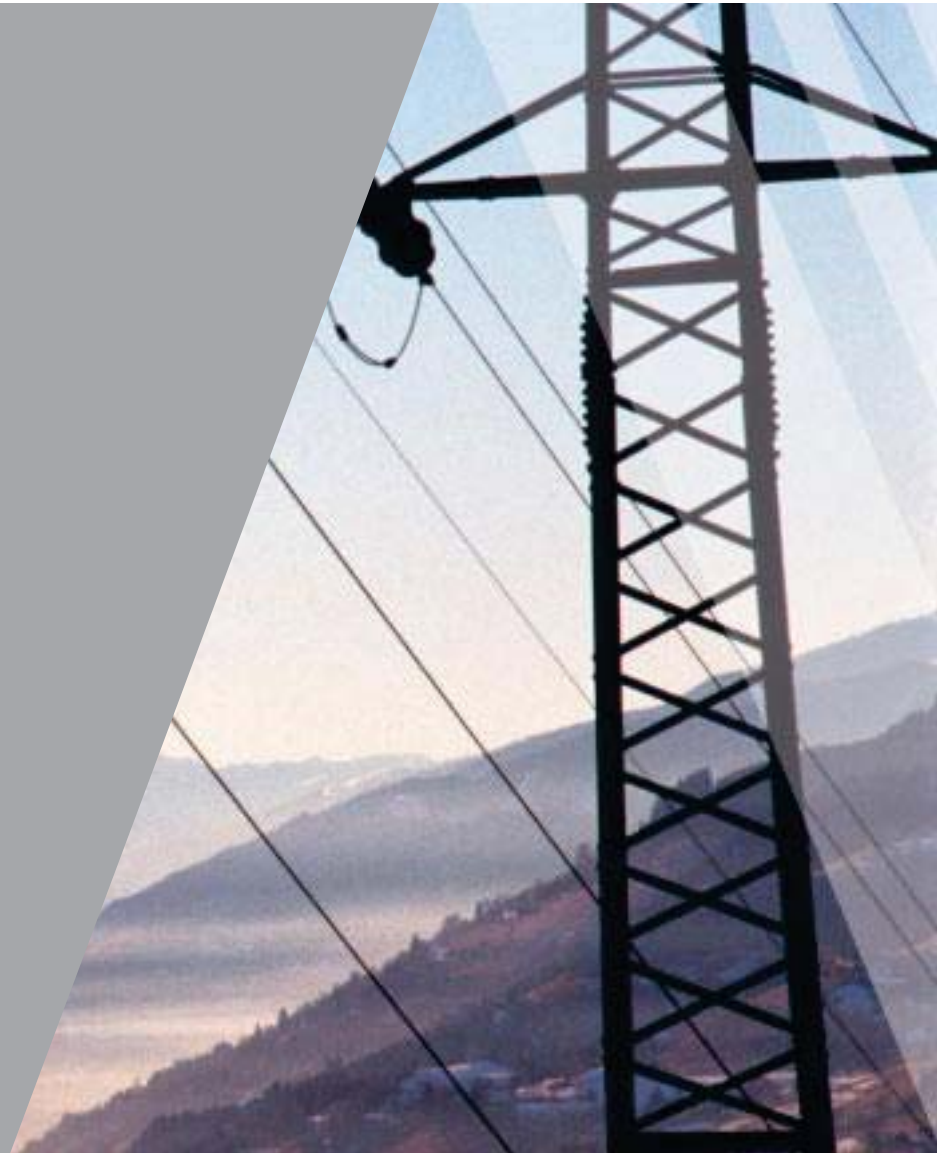
<u>Name or Description</u>	<u>Net Par Outstanding</u>	<u>Internal Rating</u> ¹	<u>Current Credit Enhancement</u>	<u>60+ Day Delinquencies</u> ²
Deutsche Alt-A Securities Mortgage Loan 2007-2	\$ 895	CCC	1.6%	31.6%
Reliance Rail Finance Pty. Limited	821	BB	N/A	N/A
MABS 2007-NCW	589	B	33.3%	67.0%
Countrywide HELOC 2006-I	532	CCC	0.0%	9.1%
MASTR 2007-3	519	CCC	1.1%	55.0%
Jefferson County Alabama Sewer	513	D	N/A	N/A
Ballantyne RE, PLC Class A-2 Floating Rate Notes (includes \$106.4 million repurchased) ³	500	CC	N/A	N/A
Mortgage IT Securities Corp. Mortgage Loan 2007-2	468	B	10.3%	14.7%
Private Residential Mortgage Transaction	458	B	21.8%	29.5%
Countrywide HELOC 2006-F (includes \$37.8 million repurchased) ³	440	CCC	0.0%	20.0%
Orkney Re II, Plc Series A-1 Floating Rate Notes	423	CCC	N/A	N/A
Private Residential Mortgage Transaction	417	BB	21.8%	28.7%
Detroit (City of) Michigan	414	BB	N/A	N/A
Deutsche Alt-A Securities Mortgage Loan 2007-3	408	B	6.2%	22.1%
Private Residential Mortgage Transaction	407	CCC	24.8%	32.8%
Option One 2007-FXD2	389	CCC	17.3%	29.3%
CWALT Alternative Loan Trust 2007-HY9	373	CCC	6.4%	47.5%
Nomura Asset Accept. Corp. 2007-1 (includes \$0.9 million repurchased) ³	367	CCC	0.0%	40.6%
Private Residential Mortgage Transaction	365	B	14.7%	36.2%
Countrywide Home Equity Loan Trust 2007-D	329	CCC	0.0%	10.3%
Countrywide Home Equity Loan Trust 2005-J	327	CCC	0.0%	16.3%
AAA Trust 2007-2	321	CCC	34.5%	47.3%
Harborview 2006-12	319	BB	8.9%	58.5%
Cross City Tunnel Motorway Finance Limited	301	BB	N/A	N/A
Countrywide HELOC 2005-D	300	CCC	0.0%	12.3%
Taberna Preferred Funding IV, LTD	292	CCC	26.1%	N/A
Hellenic Republic	289	BB+	N/A	N/A
Taberna Preferred Funding III, LTD	287	CCC	16.7%	N/A
Countrywide HELOC 2007-A	275	CCC	0.0%	8.1%
Countrywide 2007-13	274	B	31.4%	58.1%
MARM 2007-1 (FKA MASTR 2007-OA1) (includes \$1.2 million repurchased) ³	269	CCC	0.0%	34.3%
Taberna Preferred Funding XVI, LTD	258	B-	7.8%	N/A
Aeroporti Di Roma (ADR) Romulus Finance S.R.L. (Rome Airport)	253	BB	N/A	N/A
Terwin Mortgage Trust 2006-12SL (includes \$74.0 million repurchased) ³	251	CCC	0.0%	16.9%
Total	\$ 13,643			

1. Assured Guaranty's internal rating. Although the Company's ratings scale is similar to that used by the nationally recognized statistical rating organizations, the ratings in the above table may not be the same as ratings assigned by any such rating agency.

2. 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.

3. Represents amounts of gross par which were purchased or obtained as part of loss mitigation strategies and recorded as part of the investment portfolio.

Appendix



Appendix:

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



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

The Company references financial measures that are not in accordance with GAAP.

Assured Guaranty's management and board of directors utilize non-GAAP measures in evaluating the Company's financial performance and as a basis for determining senior management incentive compensation. By providing these non-GAAP financial measures, investors, analysts and financial news reporters have access to the same information that management reviews internally. In addition, Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

The following paragraphs define each non-GAAP financial measure and describe why it is useful. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure, if available, is presented within this presentation. Non-GAAP financial measures should not be viewed as substitutes for their most directly comparable GAAP measures.

Operating Income: Management believes that operating income is a useful measure because it clarifies the understanding of the underwriting results of the Company's financial guaranty insurance business, and also includes financing costs and net investment income, and enables investors and analysts to evaluate the Company's financial results as compared to the consensus analyst estimates distributed publicly by financial databases. Operating income is defined as net income (loss) attributable to Assured Guaranty Ltd., as reported under GAAP, adjusted for the following:

- 1) Elimination of the after-tax realized gains (losses) on the Company's investments, including other than temporary impairments, and credit and interest rate related gains and losses from sales of securities. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate related gains or losses, is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile. Trends in the underlying profitability of the Company's business can be more clearly identified without the fluctuating effects of these transactions.
- 2) Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss. Additionally, such adjustments present all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.
- 3) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 4) Elimination of the after-tax foreign exchange gains (losses) on revaluation of net premium receivables. Long-dated receivables constitute a significant portion of the net premium receivable balance and represent the present value of future contractual or expected collections. Therefore, the current period's foreign exchange revaluation gains (losses) are not necessarily indicative of the total foreign exchange gains (losses) that the Company will ultimately recognize.
- 5) Elimination of the effects of consolidating certain financial guaranty VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs and is not liable for such debt obligations.
- 6) Elimination of goodwill and settlement of pre-existing relationship in order to show the 2009 contribution to operating income of AGMH without the distorting effects of acquisition accounting adjustments recorded on date of closing of the acquisition of AGMH by the Company.

Operating Shareholders' Equity: Management believes that operating shareholders' equity is a useful measure because it presents the equity of Assured Guaranty Ltd. with all financial guaranty contracts accounted for on a more consistent basis and excluding fair value adjustments that are not expected to result in economic loss. Many investors, analysts and financial news reporters use operating shareholders' equity as the principal financial measure for valuing Assured Guaranty Ltd.'s current share price or projected share price and also as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd.'s common shares. Many of the Company's fixed income investors also use operating shareholders' equity to evaluate the Company's capital adequacy. Operating shareholders' equity is the basis of the calculation of adjusted book value (see below). Operating shareholders' equity is defined as shareholders' equity attributable to Assured Guaranty Ltd., as reported under GAAP, adjusted for the following:

- 1) Elimination of the effects of consolidating certain VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs and is not liable for such debt obligations.
- 2) Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 4) Elimination of the after-tax unrealized gains (losses) on the Company's investments, that are recorded as a component of accumulated other comprehensive income (AOCI) (excluding foreign exchange revaluation). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore will not recognize an economic loss.

Appendix: Explanation of Non-GAAP Financial Measures



Adjusted Book Value: Management believes that adjusted book value is a useful measure because it enables an evaluation of the net present value of the Company's in force premiums and revenues in addition to operating shareholders' equity. The premiums and revenues included in adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in, foreign exchange rates, refinancing or refunding activity, prepayment speeds, terminations, credit defaults and other factors. Many investors, analysts and financial news reporters use adjusted book value to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Adjusted book value is operating shareholders' equity, as defined above, further adjusted for the following:

- 1) Elimination of after-tax deferred acquisition costs. These amounts represent net deferred expenses that have already been paid or accrued that will be expensed in future accounting periods.
- 2) Addition of the after-tax net present value of estimated net future credit derivative revenue. See below.
- 3) Addition of the after-tax value of the unearned premium reserve on financial guaranty contracts in excess of net expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed, which are not reflected in GAAP equity.

Net present value of estimated net future credit derivative revenue: Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated credit derivative revenue. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes in excess of expected losses, and is discounted at 6% (which represents the Company's tax-equivalent pre-tax investment yield on its investment portfolio). Estimated net future credit derivative revenue may change from period to period due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults or other factors that affect par outstanding or the ultimate maturity of an obligation.

PVP or present value of new business production: Management believes that PVP is a useful measure because it enables 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 as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, 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. PVP in respect of insurance and credit derivative contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, in each case, discounted at 6% (the Company's tax-equivalent pre-tax investment yield on its investment portfolio). For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under GAAP, these amounts are discounted at a risk free rate. Additionally, under GAAP, 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, changes in foreign exchange rates, refinancing or refunding activity, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

Appendix: PVP¹ – Reconciliation to Gross Written Premiums (“GWP”)



(\$ in millions)

	Quarter Ended December 31,		% Change versus 4Q-09
	2010	2009	
Consolidated new business production analysis:			
Present value of new business production ("PVP")			
Public finance - U.S.:			
Primary markets	\$ 77.8	\$ 99.5	(22)%
Secondary markets	10.1	14.5	(30)%
Public finance - non-U.S.			
Primary markets	-	-	NM
Secondary markets	-	-	NM
Structured finance - U.S.	16.3	6.3	159%
Structured finance - non-U.S.	0.9	0.1	800%
Total PVP	<u>105.1</u>	<u>120.4</u>	(13)%
Less: PVP of credit derivatives	-	-	NM
PVP of financial guaranty insurance	<u>105.1</u>	<u>120.4</u>	(13)%
Less: Financial guaranty installment premium PVP	<u>15.8</u>	<u>(2.9)</u>	NM
Total: Financial guaranty upfront GWP	89.3	123.3	(28)%
Plus: Financial guaranty installment PVP adjustment ²	<u>(128.4)</u>	<u>(66.9)</u>	92%
Total financial guaranty GWP	<u>(39.1)</u>	<u>56.4</u>	(169)%
Plus: Other segment GWP	-	-	NM
Total GWP	<u>\$ (39.1)</u>	<u>\$ 56.4</u>	(169)%

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 and any cancellations of assumed reinsurance contracts.

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



(\$ in millions, except per share data)

Reconciliation of Consolidated Net Income to Operating Income¹

	<u>4Q-10</u>	<u>4Q-09</u>
Net income (loss) attributable to Assured Guaranty Ltd.	\$(157.5)	\$216.7
Less: Realized gains (losses) on investments, after tax	(0.1)	(4.0)
Less: Non-credit impairment unrealized fair value gains (losses) on credit derivatives, after tax	(67.5)	83.6
Less: Fair value gains (losses) on committed capital securities, after tax	2.2	(18.8)
Less: Foreign exchange gains (losses) on revaluation of premiums receivable, after tax	(6.9)	(0.5)
Less: Effect of consolidating financial guaranty VIEs, after tax ²	(238.1)	-
Less: Goodwill and settlement of pre-existing relationship	-	-
Operating income	<u>\$152.9</u>	<u>\$156.4</u>

Per Diluted Share

	<u>4Q-10</u>	<u>4Q-09</u>
Net income (loss) attributable to Assured Guaranty Ltd.	\$(0.86)	\$1.27
Less: Realized gains (losses) on investments, after tax	-	(0.02)
Less: Non-credit impairment unrealized fair value gains (losses) on credit derivatives, after tax	(0.37)	0.49
Less: Fair value gains (losses) on committed capital securities, after tax	0.01	(0.11)
Less: Foreign exchange gains (losses) on revaluation of premiums receivable, after tax	(0.04)	-
Less: Effect of consolidating financial guaranty VIEs, after tax ²	(1.30)	-
Less: Goodwill and settlement of pre-existing relationship	-	-
Operating income	<u>\$0.81</u>	<u>\$0.92</u>

1. The Company has revised its definition of operating income in 2010 to exclude foreign exchange revaluation gains and losses on premiums receivable. Prior period is presented on a consistent basis.

2. Effective January 1, 2010, GAAP accounting required the consolidation of VIEs where the Company is determined to be the control party through rights under our financial guaranty insurance contracts. For those VIEs that the Company consolidates, it records all of the activities of the VIE and eliminates the related insurance accounting. 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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