



## Fixed Income Investor Presentation Fourth Quarter 2010



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](http://www.assuredguaranty.com).

# 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 outlook 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 21, 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.

## Corporate Overview and Update



# Corporate Overview and Update



- **Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or “the Company”) is the leading financial guaranty franchise**
  - We are the only long-standing financial guaranty company writing new business today
  - We have maintained financial strength ratings acceptable to the market
- **Assured Guaranty’s sole focus is financial guaranty**
  - Publicly traded holding company (NYSE: AGO) with extensive quarterly financial disclosures providing transparency to all investors
  - More than 22-year track record in financial guaranty market
  - Two principal financial guaranty direct subsidiaries and one financial guaranty reinsurance subsidiary
- **Strong capital base**
  - Consolidated investment portfolio of \$10.7 billion as of December 31, 2010
  - Consolidated claims-paying resources of \$12.6 billion as of December 31, 2010
  - In December 2009, issued 27.5 million common shares, raising net proceeds of approximately \$574 million
- **On July 1, 2009, Assured Guaranty acquired Financial Security Assurance Inc. (“FSA”), the only other active legacy financial guaranty company, through its acquisition of Financial Security Assurance Holdings Ltd. (“FSAH”) from Dexia SA (“Dexia”). FSAH was subsequently renamed Assured Guaranty Municipal Holdings Inc. (“AGMH”).**
  - Assured Guaranty did not acquire FSAH’s Financial Products (“FP”) segment
  - Assured Guaranty and its subsidiaries are indemnified against exposure to the FP segment by Dexia, and in the case of the GIC portion of the FP segment, by guarantees by the French and Belgian governments

(\$ in billions)	Assured Guaranty Ltd. (12/31/10)
Net par insured	\$617.1
Total investment portfolio	\$10.7
Claims-paying resources	\$12.6

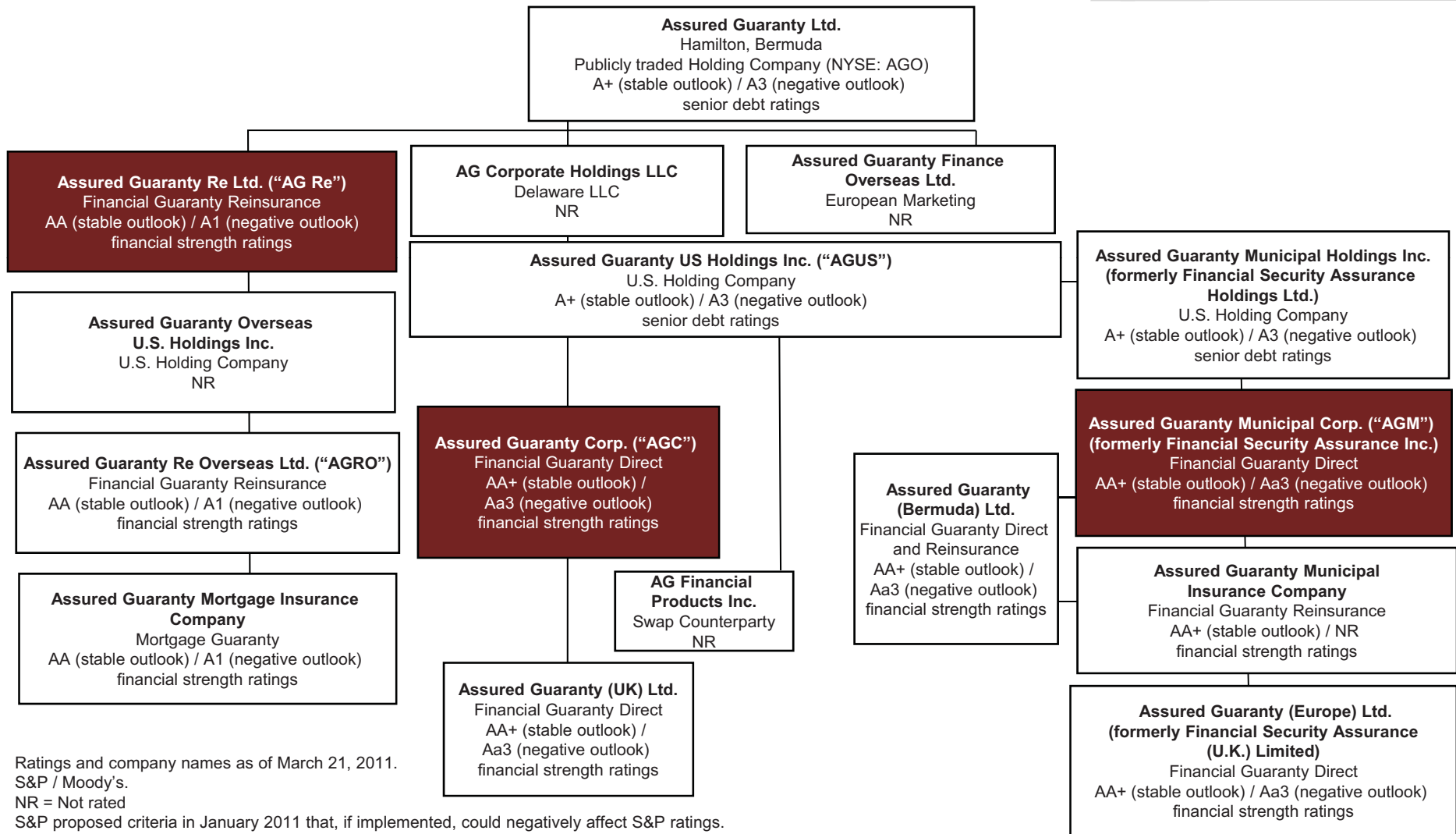
# Assured Guaranty Strategic Priorities



**Our focus in 2010 was on integration of our two organizations—which is complete—as well as our long-term strategic goals, which remain 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

# Assured Guaranty Ltd. Corporate Structure



Ratings and company names as of March 21, 2011.

S&P / Moody's.

NR = Not rated

S&P proposed criteria in January 2011 that, if implemented, could negatively affect S&P ratings.

# Assured Guaranty's Operating Platforms



- **Assured Guaranty Corp. (“AGC”) and Assured Guaranty Municipal Corp. (“AGM”) operate as two separate direct financial guaranty platforms with Assured Guaranty Re (“AG Re”) operating as a reinsurer**
  - AGC guarantees public finance, global infrastructure and structured finance transactions
  - AGM, formerly FSA, focuses exclusively on public finance and global infrastructure transactions
  - AG Re, as a reinsurer, provides additional capital and flexibility to AGC and AGM
- **AGC and AGM are integrated for risk management, surveillance, credit, financial reporting and systems**
- **Assured Guaranty’s financial position and market standing, along with the franchise value of AGC and AGM, are strengthened through this structure**
  - Greater capacity to write business
  - More flexibility in balancing portfolio exposures
  - Enhanced operating efficiencies through common infrastructure

# Assured Guaranty's Operating Platforms (Cont'd)



- **Companies distinct for legal and regulatory purposes**
  - Separate insured credit exposures: net par – AGC \$119 billion, AGM \$358 billion<sup>1</sup>
  - Separate insurance licenses
  - Separate capital bases – claims-paying resources: AGC \$3.6 billion,<sup>2</sup> AGM \$6.5 billion
  - Separate regulators – AGC is domiciled in Maryland; AGM is domiciled in New York
  - Dividend restrictions – including Maryland and New York insurance law restrictions, and rating agency non-impairment confirmation; also, for three years after closing of acquisition, AGM cannot pay dividends unless rated at least AA-/Aa3 *and* dividends do not exceed 125% of AGMH annual debt service.

1. Includes insured GICs issued by AGMH's former FP affiliates (\$6.8 billion aggregate principal amount outstanding as of December 31, 2010). However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to the FP business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.

2. In 2009, Assured Guaranty Corp. issued a \$300.0 million note payable to Assured Guaranty Municipal Corp.

# Operating Principles and Investor and Issuer Benefits



- **Underwriting principles designed to protect our franchise**
- **Experienced and disciplined management**
- **Commitment to disclosure and transparency: Committed to providing detailed exposure information to the market**
- **Our guaranty benefits investors and issuers because we provide credit selection, underwriting, surveillance and remediation in addition to default protection**
  - Bond insurance helps homogenize the market's view of insured credits, thereby increasing market liquidity
  - Credit enhancement provides protection in an uncertain credit environment

# 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 21, 2011

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

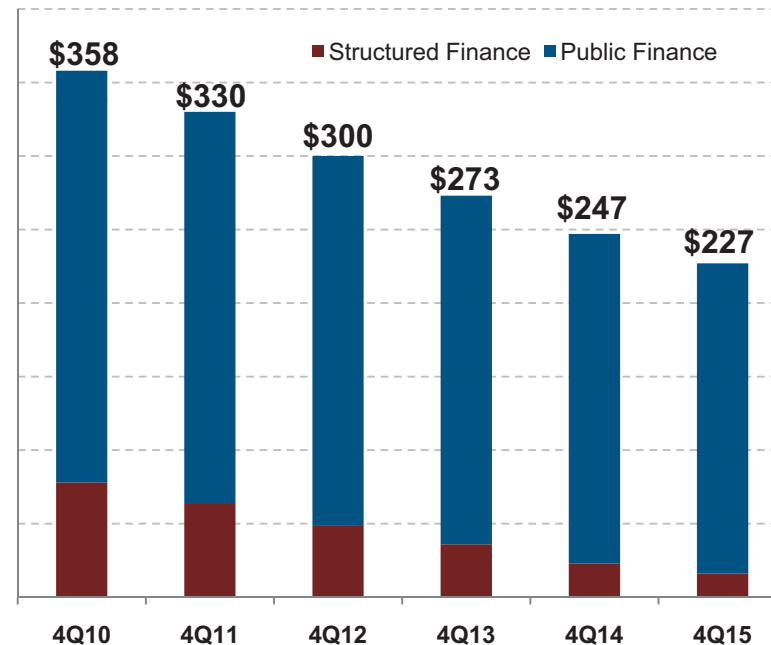
# AGM's Commitment to the Public Finance Market



- **We are committed to writing only U.S. public finance and global infrastructure transactions in AGM now and in the future.<sup>1</sup>**
- **AGM's existing insured portfolio is expected to rapidly evolve toward its new public finance focus.**
- **We project that AGM's legacy global structured finance insured portfolio (\$78 billion as of December 31, 2010 vs. \$127 billion as of September 30, 2008) will run off rapidly – 38% by year-end 2012 and 79% by year-end 2015.<sup>2</sup>**

## AGM Net Par Outstanding Amortization

Year-End Amounts Projected as of December 31, 2010<sup>3</sup>  
(\$ in billions)



1. AGM stopped writing structured finance transactions in August 2008.

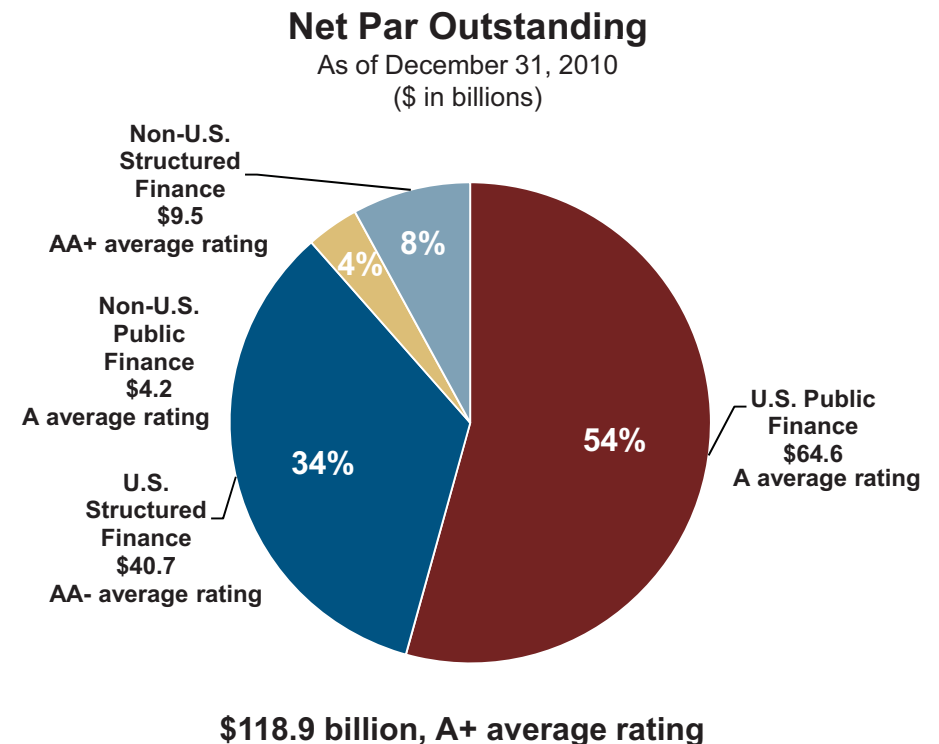
2. Represents the future expected amortization of current net par outstanding, assuming no advance refundings, as of December 31, 2010. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations and because of management's assumptions on structured finance amortization.

3. See page 71 for net par outstanding at December 31, 2010.

# AGC's Operating Structure



- **AGC is a diversified insurer writing all classes of financial guaranty business, including: U.S. public finance, global infrastructure and structured finance**
- **Structured finance activities:**
  - Currently restricted to carefully selected asset types (e.g., auto loans and leases, credit card receivables, consumer loans, equipment loans and leases, trade receivables)
  - No U.S. RMBS until product changes fundamentally
  - Conservative limits
  - High attachment points
  - Less complex structures



# AG Re's Operating Structure



- **AG Re is an insurance company primarily engaged in providing reinsurance to financial guarantors**
- **Reinsurance for AGC and AGM**
- **Portfolio opportunities with existing legacy monolines**
- **Opportunities with potential new primary financial guarantors**

# Three Discrete Operating Companies With Separate Capital Bases



(\$ in millions)

## Consolidated Claims-Paying Resources and Statutory-Basis Exposures

As of December 31, 2010

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

1. AG Re numbers are the Company's estimate of U.S. statutory, as this company files Bermuda statutory financial statements.

2. In 2009, AGC issued a \$300.0 million note payable to 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.

# 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**
  - Approximately \$7.8 billion in R&W breaches have been identified through December 31, 2010

<u>Financial Guaranty Insurance</u>	<u># of Insurance Policies as of December 31, 2010 with R&amp;W Benefit Recorded</u>	<u>Outstanding Principal and Interest of Policies with R&amp;W Benefit Recorded as of December 31, 2010</u>	<u>Future Net R&amp;W Benefit at December 31, 2009</u>	<u>R&amp;W Development and Accretion of Discount during Year</u>	<u>R&amp;W Recovered During 2010</u>	<u>Future Net R&amp;W Benefit at December 31, 2010</u>
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
<b>Credit Derivatives</b>	6	\$ 3,616.5	\$ 37.6	\$ 32.6	\$ -	\$ 70.2

# Pursue Proactive Loss Mitigation Strategies (Cont'd)

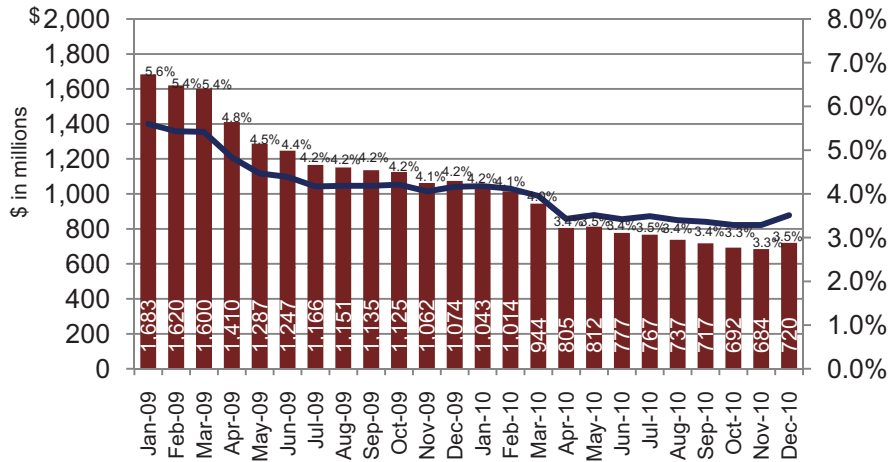


- **We have filed lawsuits in June, July and October 2010 against unresponsive R&W providers**
- **We launched a servicing enhancement program**
  - Poor servicing increases loss frequency and severity; we will provide incentives for improved servicing
  - Transfer servicing where appropriate
  - Eight 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

# First Lien 30-59 Day Delinquencies For Financial Guaranty Direct Transactions Originated 2005-2008

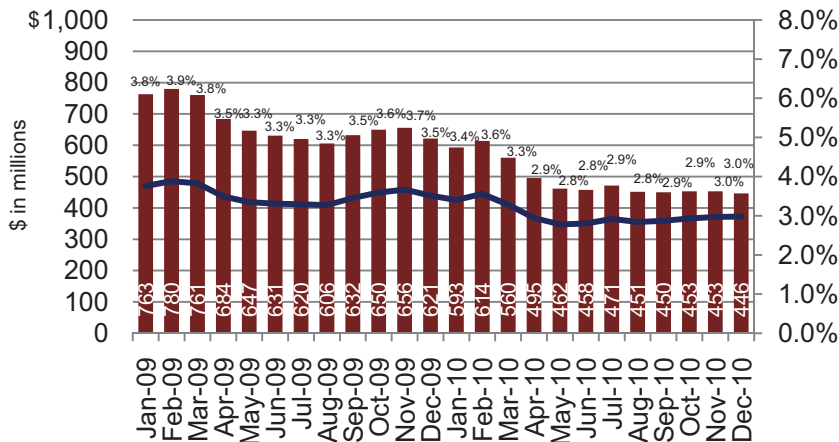


### Option ARMs 30-59 Days

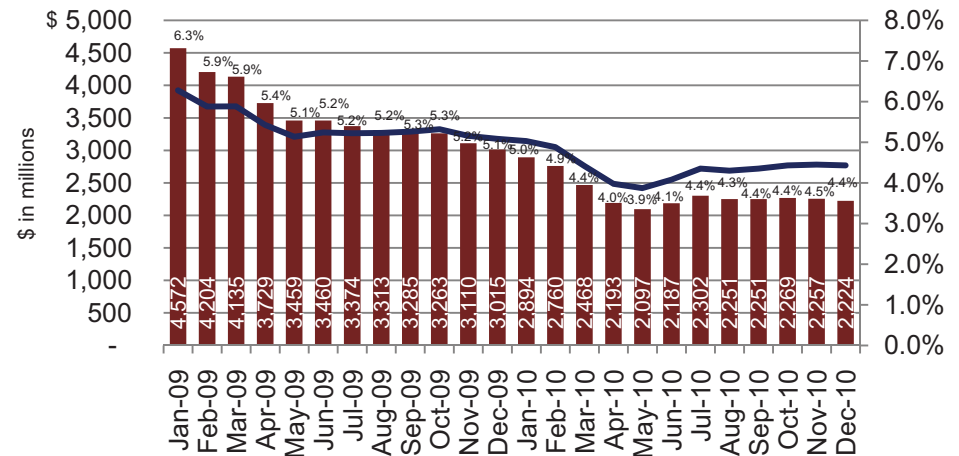


- First lien 30-59 day delinquencies have declined in both percentage terms and dollar amounts in Option ARM, Alt-A and subprime transactions.

### Alt-A 30-59 Days



### Subprime 30-59 Days



Reflects actual AGC and AGM direct data. Assured Guaranty has not insured any U.S. RMBS since 2008.

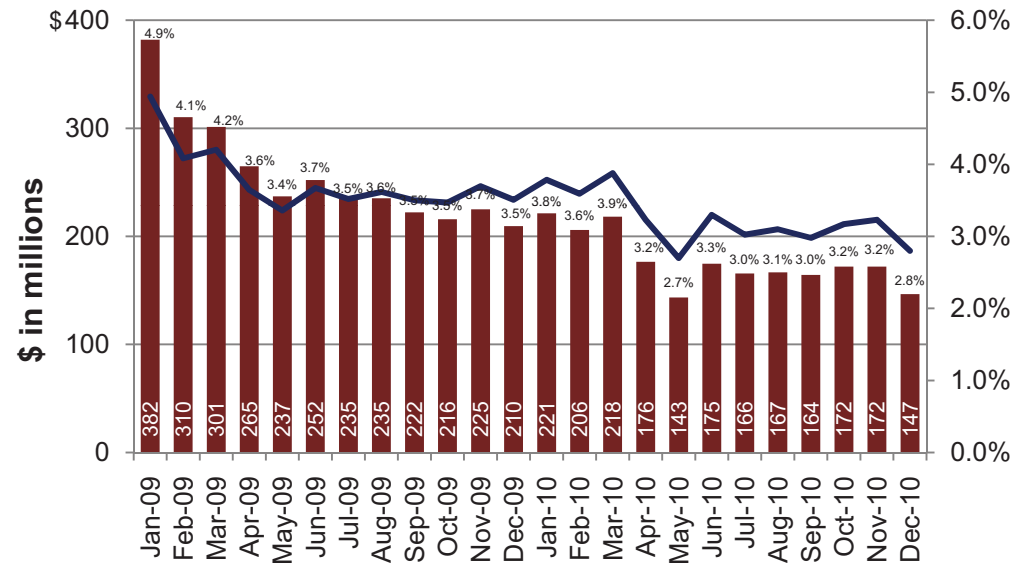
# Second Lien Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008



- **Second lien 30-59 day delinquencies have declined in both percentage terms and dollar amounts for troubled HELOCs.**

**Troubled HELOCs 30-59 Days**



Reflects actual AGC and AGM direct data. Assured Guaranty has not insured any U.S. RMBS since 2008.

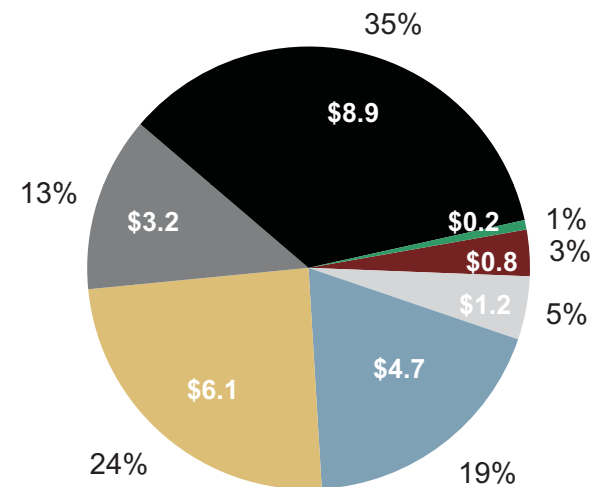
# Consolidated U.S. RMBS



- **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<sup>1</sup>
- Closed end seconds
- Alt-A first lien
- Subprime first lien

1. NIMs= Net Interest Margin

# Assured Guaranty U.S. RMBS Performance

## Alt-A First Lien and Alt-A Option ARMs



(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

### U.S. Alt-A Option ARMs

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 139	29.0%	8.9%	7.8%	37.8%	4
2006	813	55.0%	4.5%	11.9%	52.0%	7
2007	2,084	60.3%	5.0%	11.8%	40.6%	11
2008	109	62.2%	49.4%	8.1%	35.1%	1
	<u>\$ 3,146</u>	<u>57.6%</u>	<u>6.6%</u>	<u>11.5%</u>	<u>43.2%</u>	<u>23</u>

### U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 688	40.5%	11.7%	4.7%	20.1%	21
2006	489	48.0%	0.5%	13.3%	38.9%	7
2007	3,086	60.0%	7.2%	9.2%	34.3%	12
2008	1,739	55.5%	26.3%	9.4%	30.9%	5
	<u>\$ 6,002</u>	<u>55.5%</u>	<u>12.7%</u>	<u>9.1%</u>	<u>32.0%</u>	<u>45</u>

1. For this presentation, net par outstanding is based on values as of December 31, 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
2. Pool factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.
3. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses.
4. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original collateral balance.
5. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by current collateral balance.

# Assured Guaranty U.S. RMBS Performance

## Subprime First Lien



(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

### U.S. Subprime First Lien

Year insured:	<u>Net Par Outstanding</u>	<u>Pool Factor<sup>2</sup></u>	<u>Subordination<sup>3</sup></u>	<u>Cumulative Losses<sup>4</sup></u>	<u>60+ Day Delinquencies<sup>5</sup></u>	<u>Number of Transactions</u>
2005	\$ 378	36.0%	48.2%	5.1%	41.9%	7
2006	3,795	25.5%	61.5%	13.7%	41.1%	4
2007	2,971	58.7%	26.5%	13.6%	49.0%	13
2008	82	71.2%	32.9%	7.1%	34.2%	1
	<u>\$ 7,226</u>	<u>40.2%</u>	<u>46.1%</u>	<u>13.1%</u>	<u>44.3%</u>	<u>25</u>

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

# Assured Guaranty U.S. RMBS Performance HELOC



(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

## U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 997	20.9%	2.5%	12.7%	11.9%	6
2006	1,424	34.1%	2.0%	28.9%	11.3%	7
2007	1,875	49.1%	3.2%	26.1%	7.1%	9
2008	-	-	-	-	-	-
	<u>\$ 4,296</u>	<u>37.6%</u>	<u>2.6%</u>	<u>23.9%</u>	<u>9.7%</u>	<u>22</u>

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

# Assured Guaranty Direct U.S. RMBS Performance Closed-End Seconds



(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

## U.S. Closed End Seconds

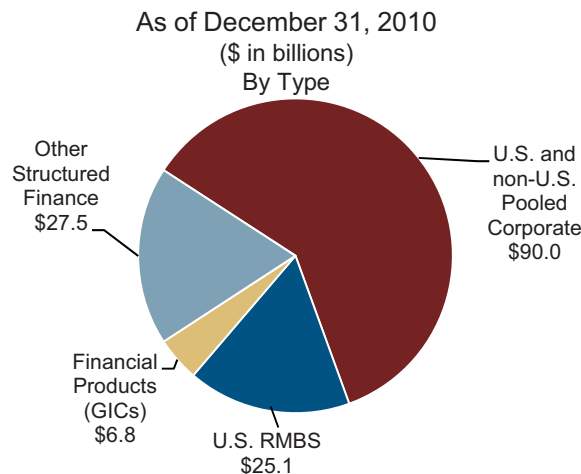
Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3,6</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	445	20.4%	-	56.4%	14.8%	2
2007	706	25.4%	-	61.3%	13.5%	10
2008	-	-	-	-	-	-
	<u>\$ 1,151</u>	<u>23.5%</u>	<u>-</u>	<u>59.4%</u>	<u>14.0%</u>	<u>12</u>

1. For this presentation, net par outstanding is based on values as of December 31, 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
2. Pool factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.
3. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses.
4. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original collateral balance.
5. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned ("REO") divided by current collateral balance.
6. Many of the CES transactions insured by the Company have unique structures whereby the collateral may be written down for losses without a corresponding write-down of the obligations insured by the Company. Many of these transactions are currently under-collateralized, with the principal amount of collateral being less than the principal amount of the obligation insured by the Company. The Company is not required to pay principal shortfalls until legal maturity (rather than making timely principal payments), and takes the under-collateralization into account when estimating expected losses for these transactions.

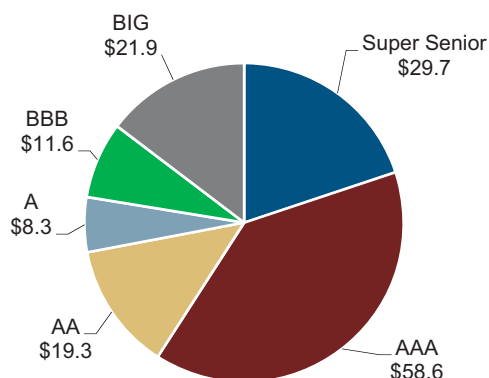
# Structured Finance Exposures



## Global Structured Finance Net Par Outstanding



### \$149.4 billion AA average rating By Internal Rating



- We expect Assured Guaranty'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.<sup>1</sup>

- \$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 combined structured finance exposures of \$240.9 billion at December 31, 2007 (pre-acquisition) have declined by \$91.5 billion to \$149.4 billion through December 31, 2010, a 38% reduction.

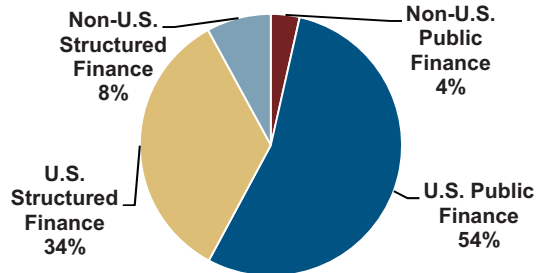
1. Represents the future expected amortization of current net par outstanding, assuming no advance refundings, as of December 31, 2010. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations and because of management's assumptions on structured finance amortization.

# Portfolio Diversification by Sector

## Net Par Outstanding (as of December 31, 2010)

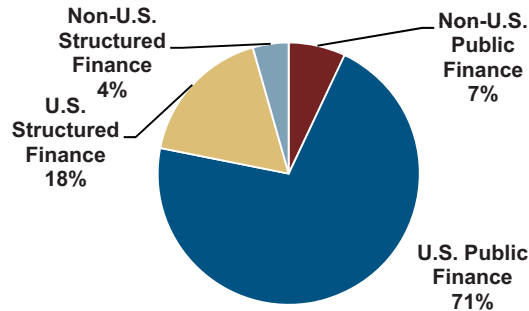


**AGC**



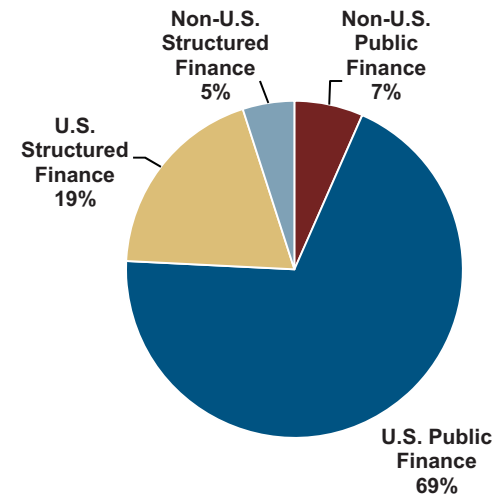
**\$118.9 billion**

**AGM**



**\$358.4 billion<sup>1</sup>**

**Assured Guaranty Ltd. Consolidated**



**\$617.1 billion<sup>1,2</sup>**

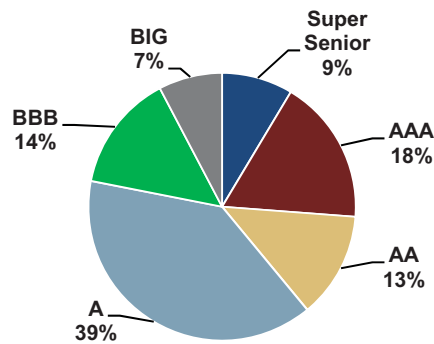
1. Includes \$6.8 billion at 12/31/10 in GICs issued by AGMH's former FP affiliates. However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to this business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.
2. Consolidated amounts include those of AG Re.

# Portfolio Ratings

## Net Par Outstanding (as of December 31, 2010)

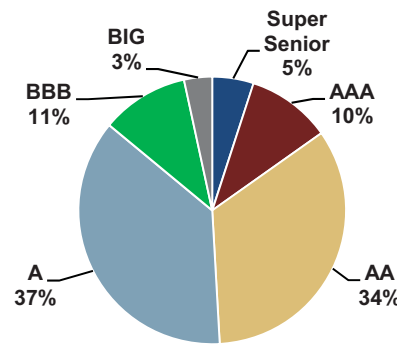


**AGC**



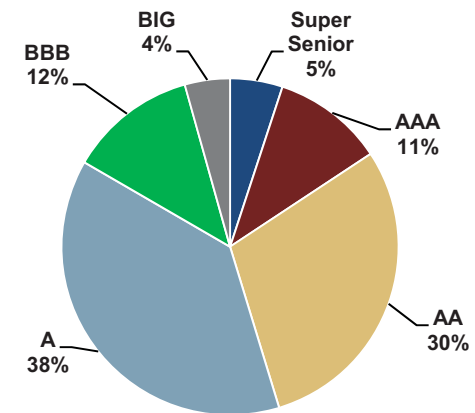
**\$118.9 billion**

**AGM**



**\$358.4 billion<sup>1</sup>**

**Assured Guaranty Ltd.  
Consolidated**



**\$617.1 billion<sup>1,2</sup>**

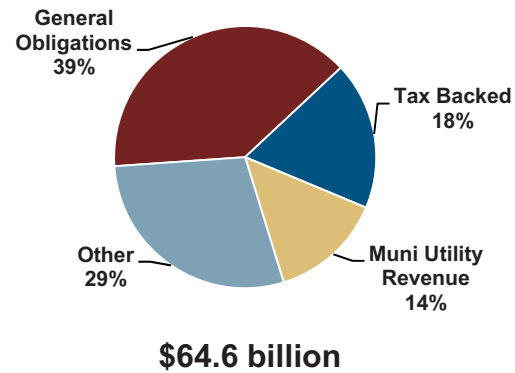
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- Consolidated amounts include those of AG Re.

# U.S. Public Finance Portfolios

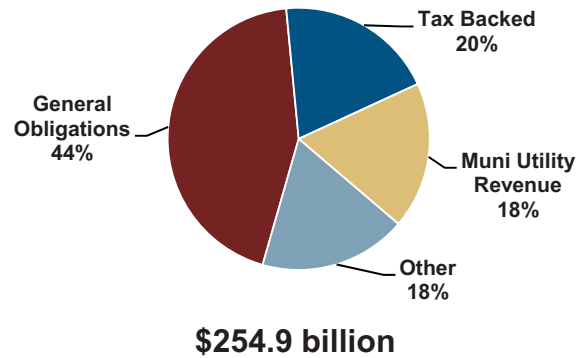
## Net Par Outstanding (as of December 31, 2010)



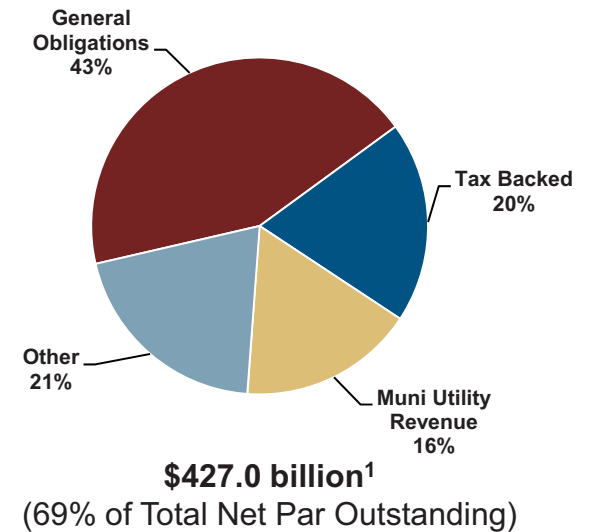
### AGC



### AGM



### Assured Guaranty Ltd. Consolidated



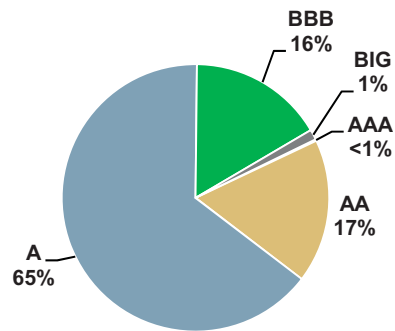
1. Consolidated amounts include those of AG Re.

# Portfolio Ratings - U.S. Public Finance

## Net Par Outstanding (as of December 31, 2010)

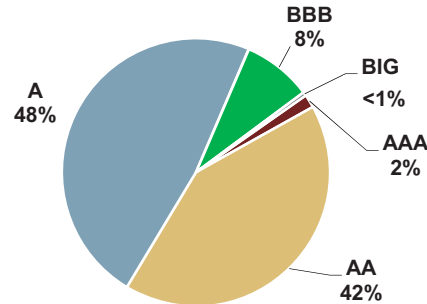


### AGC



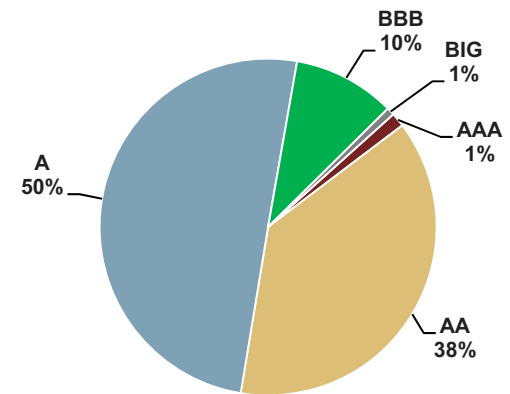
**\$64.6 billion**

### AGM



**\$254.9 billion**

### Assured Guaranty Ltd. Consolidated



**\$427.0 billion<sup>1</sup>**  
(69% of Total Net Par Outstanding)

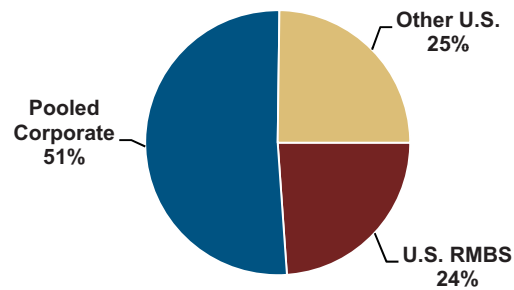
1. Consolidated amounts include those of AG Re.

# U.S. Structured Finance Portfolios

## Net Par Outstanding (as of December 31, 2010)

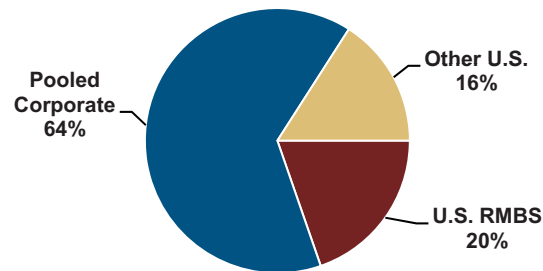


### AGC



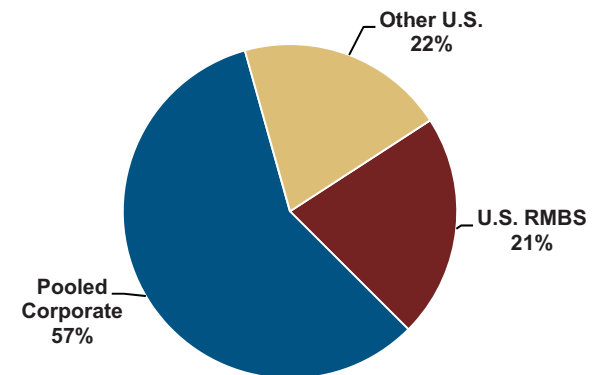
**\$40.7 billion**

### AGM



**\$62.5 billion<sup>1</sup>**

### Assured Guaranty Ltd. Consolidated



**\$118.8 billion<sup>1,2</sup>**  
(19% of Total Net Par Outstanding)

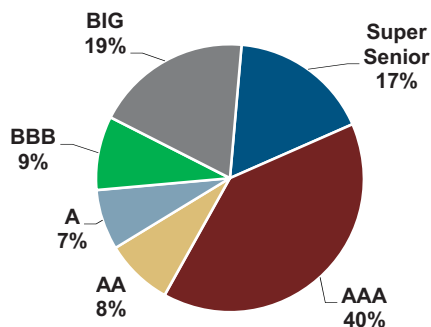
1. Includes \$6.8 billion in GICs issued by AGMH's former FP affiliates. However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to this business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.
2. Consolidated amounts include those of AG Re.

# Portfolio Ratings – U.S. Structured Finance

## Net Par Outstanding (as of December 31, 2010)

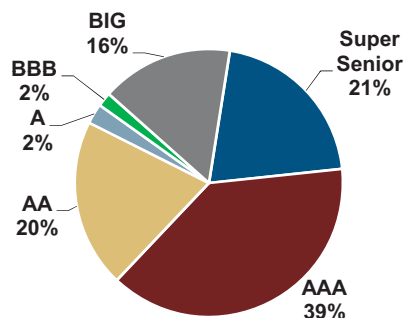


### AGC



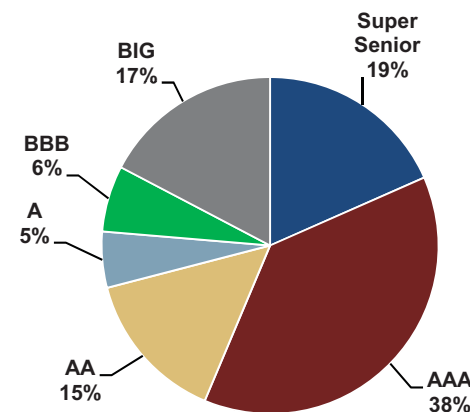
**\$40.7 billion**

### AGM



**\$62.5 billion**

### Assured Guaranty Ltd. Consolidated

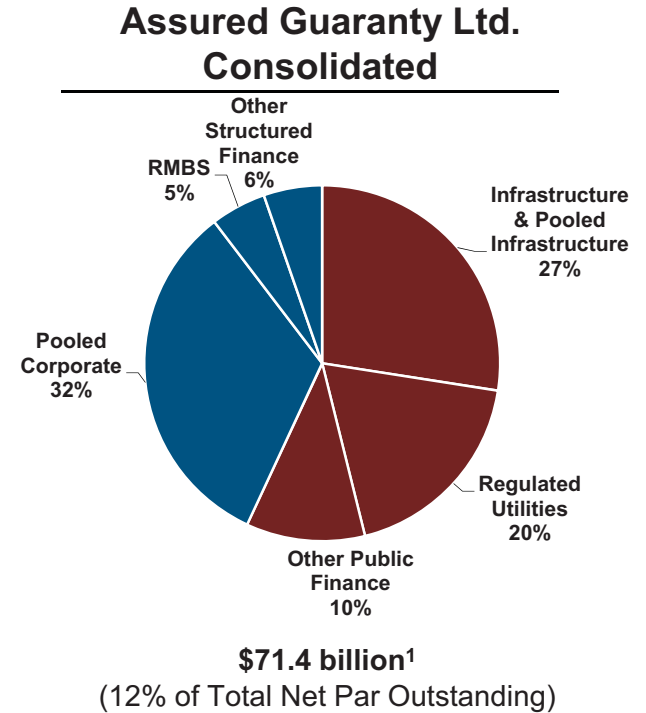
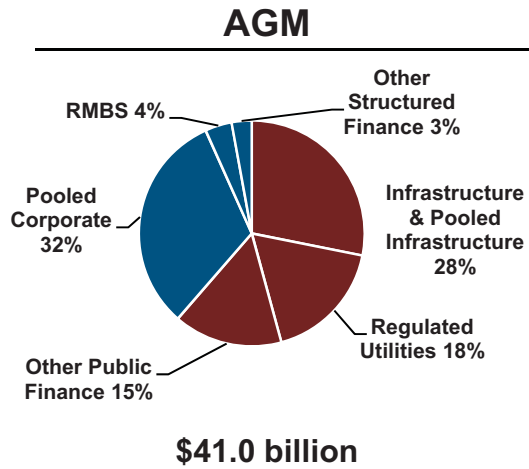
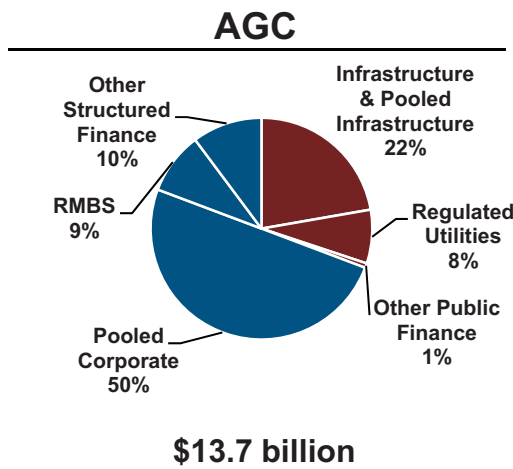


**\$118.8 billion<sup>1,2</sup>**  
 (19% of Total Net Par Outstanding)

1. Includes \$6.8 billion in GICs issued by AGMH's former FP affiliates. However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to this business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.  
 2. Consolidated amounts include those of AG Re.

# Non-U.S. Portfolios (Public Finance and Structured Finance)

Net Par Outstanding (as of December 31, 2010)

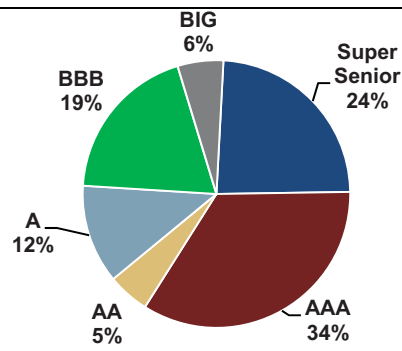


1. Consolidated amounts include those of AG Re.

# Portfolio Ratings – Non-U.S. Portfolios (Public Finance and Structured Finance) Net Par Outstanding (as of December 31, 2010)

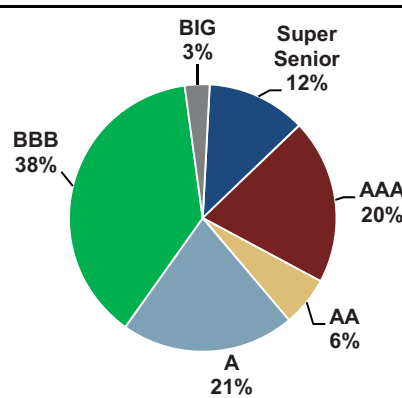


## AGC



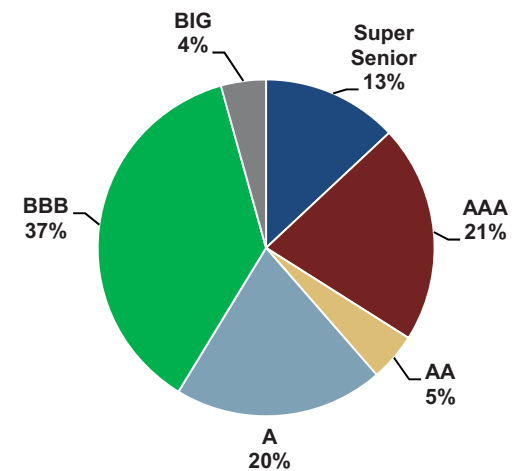
**\$13.7 billion**

## AGM



**\$41.0 billion**

## Assured Guaranty Ltd. Consolidated



**\$71.4 billion<sup>1</sup>**  
(12% of Total Net Par Outstanding)

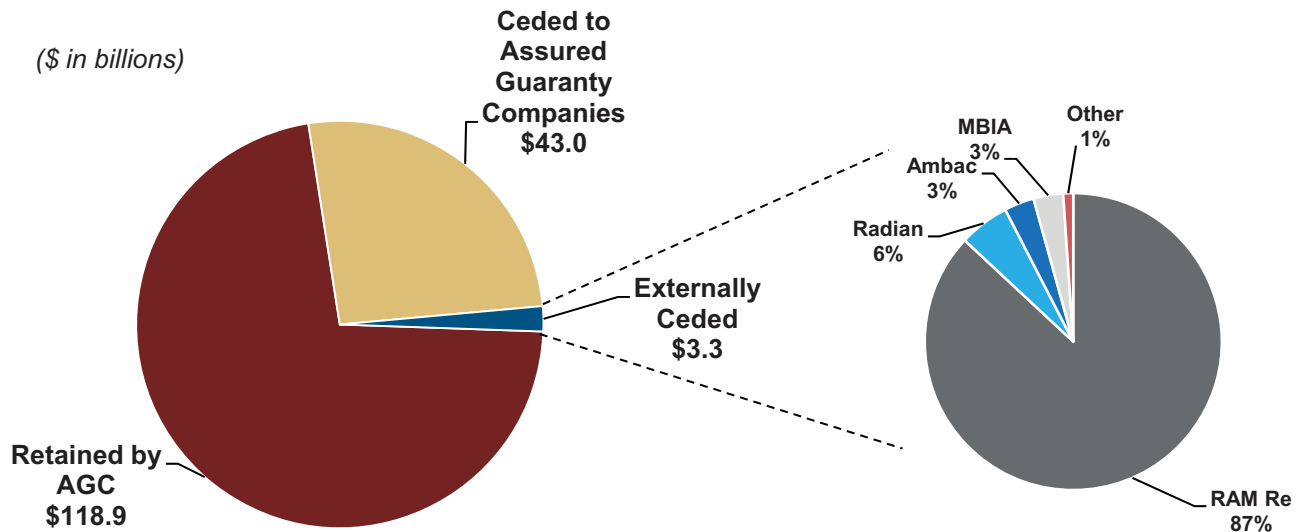
1. Consolidated amounts include those of AG Re.

# Reinsurance: AGC Has Ceded 2% of Its Gross Insured Portfolio to a Diversified Group of Non-Affiliated Reinsurers and Other Monolines



**AGC's Total Gross Par Outstanding:  
\$165.2 billion**

**Externally Ceded Par Outstanding:  
\$3.3 billion (2%)**



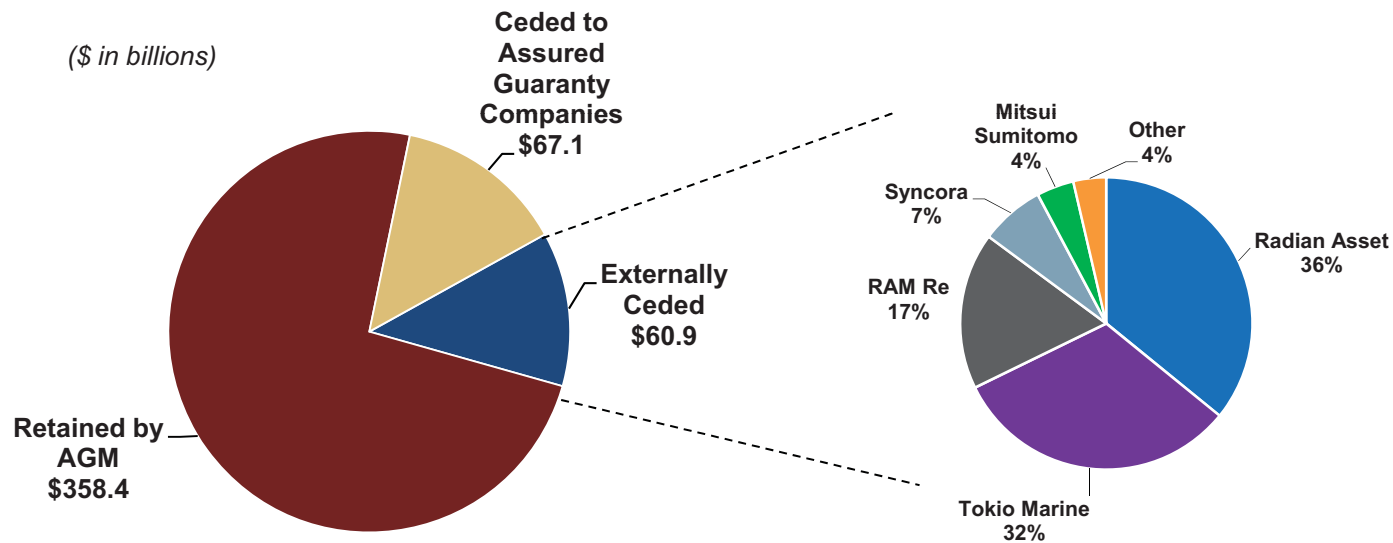
As of December 31, 2010

# Reinsurance: AGM Has Ceded 13% of Its Gross Insured Portfolio to a Diversified Group of Non-Affiliated Reinsurers and Other Monolines



**AGM's Total Gross Par Outstanding:**  
**\$486.4 billion**

**Externally Ceded Par Outstanding:**  
**\$60.9 billion (13%)**



As of December 31, 2010

# Municipal Bankruptcy Considerations



- **Municipal budget stress has increased in the last few years, causing investor concern about potential loss development in the municipal market and in our insured portfolio.**
- **Chapter 9 of the Bankruptcy Code provides a financially distressed municipality protection from its creditors while it develops and negotiates a plan for debt adjustment. It is seldom used, with only approximately 600 cases, being filed since Chapter 9 was enacted in 1934.**
- **Chapter 9 is expensive, time-consuming and stigmatizing.**
- **Chapter 9 is significantly different from Chapter 11:**
  - 10<sup>th</sup> Amendment to the U.S. Constitution restricts the power of the bankruptcy court, as a federal court, in Chapter 9 cases
  - No provision for liquidation of municipal assets and distribution
  - Bankruptcy judge not as active as in Chapter 11
- **While we expect some deterioration in municipal finance and credit performance over the next several years, the nature of our exposures and the credit protections embedded in them help protect us from the severe credit stress that we have seen in the structured finance markets.**

## Chapter 9 Eligibility

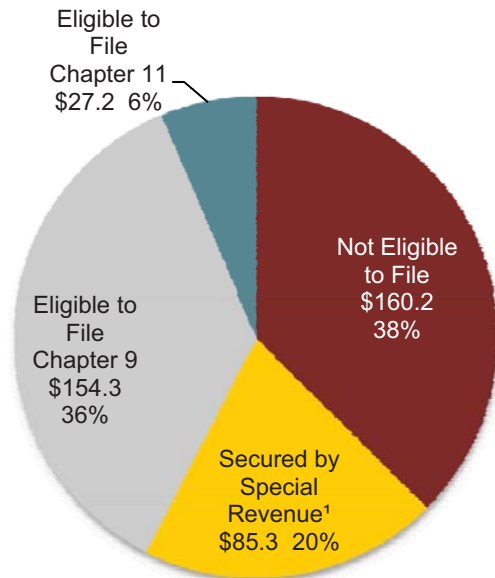
- States cannot file for Chapter 9.
- To qualify for Chapter 9, the debtor must meet the definition of “municipality”:
  - Political subdivision or public agency or instrumentality of a State (includes cities, townships, school districts, public improvement districts, bridge authorities, highway authorities and gas authorities)
- The debtor must also satisfy four additional requirements:
  - Specifically authorized by state statute to be a debtor and to seek Chapter 9 relief (only 27 states specifically authorize Chapter 9 filings)
  - Insolvency – municipality must be insolvent
  - Voluntary – unlike Chapter 11, municipality cannot be put into bankruptcy by involuntary petition
  - Attempt to avoid filing – by working with creditors

# 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 <sup>1</sup>	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-
<b>Total U.S. Public Finance:</b>	<b>\$160.2</b>	<b>\$85.3</b>	<b>\$154.3</b>	<b>\$27.2</b>	<b>\$427.0</b>	<b>A+</b>

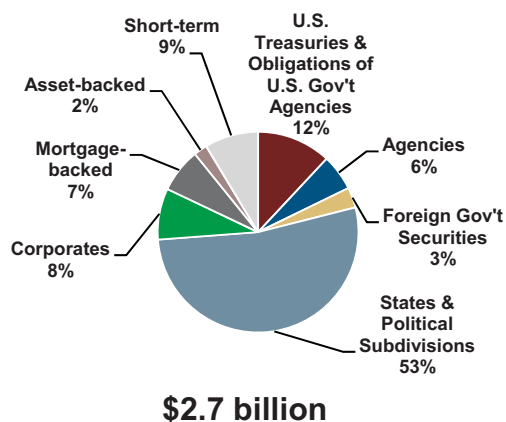
<sup>1</sup> Special revenue secured bonds are not subject to an automatic stay under Chapter 9 of the Bankruptcy Code.

# Investment Portfolios by Sector<sup>1</sup>

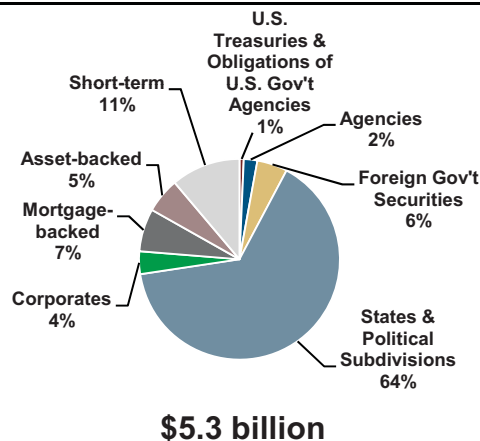
## Fair Value as of December 31, 2010



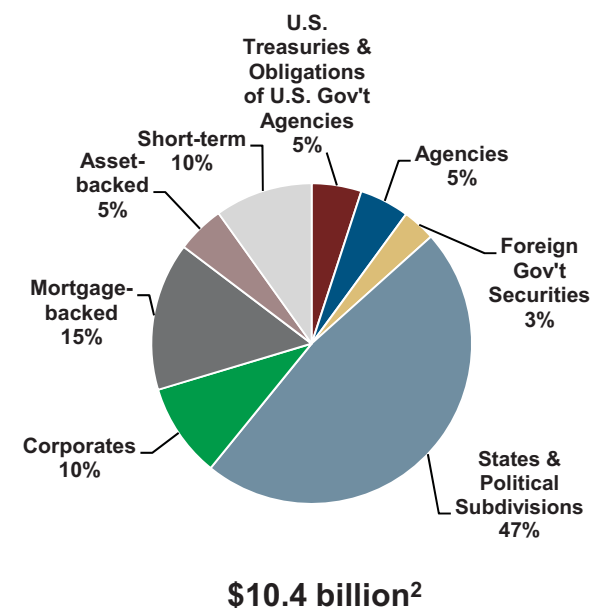
### AGC



### AGM



### Assured Guaranty Ltd. Consolidated



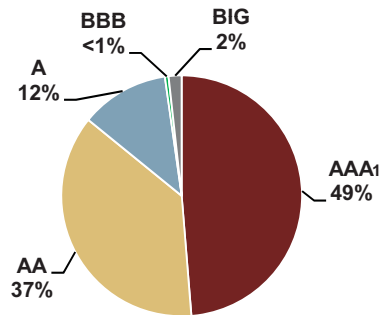
1. Includes fixed maturity securities and short-term investments only. Excludes other invested assets.  
 2. Consolidated amounts include those of AG Re.

# Investment Portfolios by Ratings

## Fair Value as of December 31, 2010

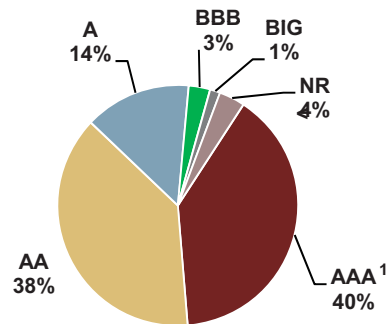


**AGC**



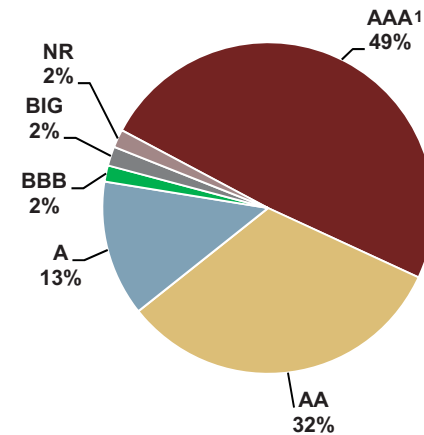
**\$2.7 billion**

**AGM**



**\$5.3 billion**

**Assured Guaranty Ltd.  
Consolidated**



**\$10.4 billion<sup>2</sup>**

1. Includes all short-term securities.

2. Consolidated amounts include those of AG Re.

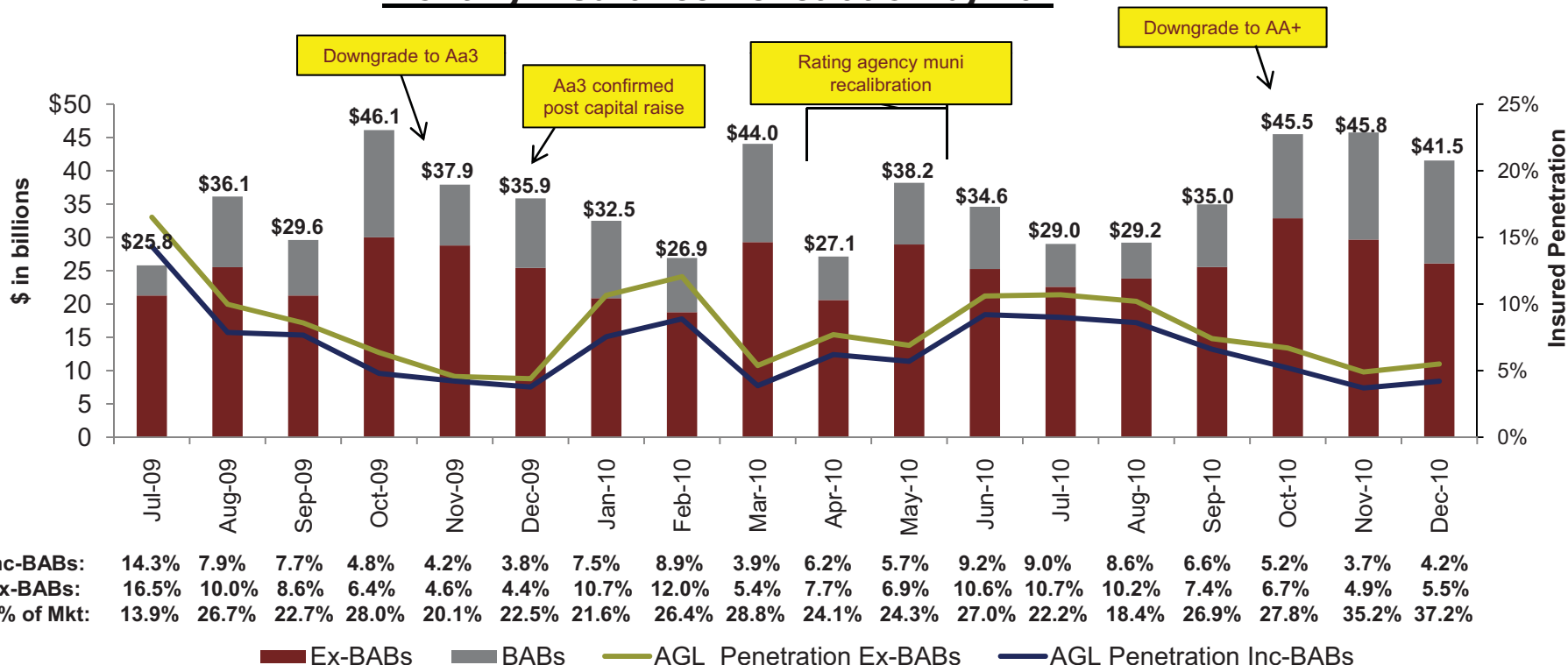
# Impact of Market Factors and Ratings on Public Finance New Business Activity

## Fourth Quarter 2010 Penetration Improved



- **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% for full year 2010 excluding BABs; 6.2% including BABs (8.5% in 2009)

### Monthly Insurance Penetration by Par



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

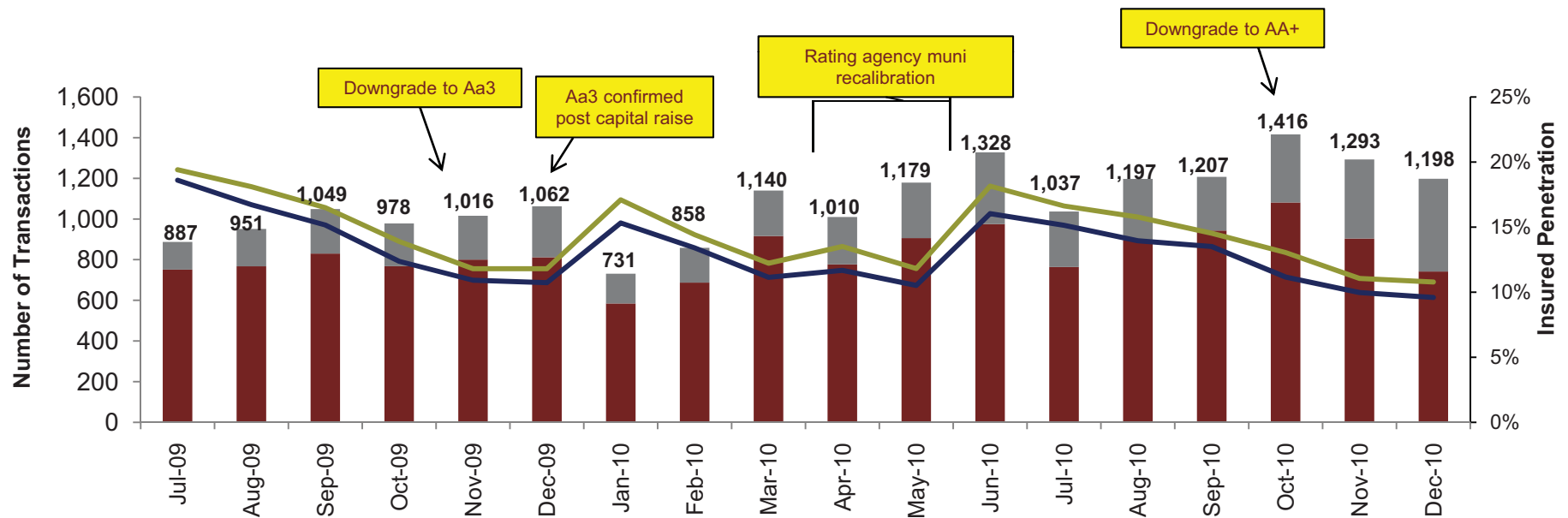
# Impact of Market Factors and Ratings on Public Finance New Business Activity

## Fourth Quarter 2010 Transaction Count



- **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% for full year 2010 excluding BABs; 12.5% including BABs (17.6% in 2009)

### Monthly Insurance Penetration by Transaction Count



AGL Inc-BABs:	18.6%	16.7%	15.2%	12.4%	10.9%	10.7%	15.3%	13.4%	11.1%	11.7%	10.5%	16.0%	15.1%	14.0%	13.5%	11.2%	10.0%	9.6%
AGL Ex-BABs:	19.4%	18.1%	16.5%	13.9%	11.8%	11.8%	17.1%	14.4%	12.2%	13.5%	11.8%	18.2%	16.6%	15.8%	14.5%	13.0%	11.1%	10.8%
BABs % of Mkt:	15.3%	19.3%	20.9%	21.5%	21.3%	23.5%	20.0%	19.9%	19.6%	23.1%	23.2%	26.6%	26.3%	25.3%	21.9%	23.7%	30.1%	38.1%

■ 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

# Rating Agencies 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&amp;P Rating</u>	<u>Total Par</u>	<u>Total Market %</u>	<u>Insured Par</u>	<u>Insurance Penetration</u>	<u>Underlying S&amp;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%
<b>Industry Total</b>	<b>\$382,506.6</b>		<b>\$190,427.7</b>	<b>49.8%</b>	<b>Industry Total</b>	<b>\$431,022.7</b>		<b>\$26,797.4</b>	<b>6.2%</b>

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

# Secondary Market Activities

## U.S. Public Finance



	Full Year 2009	Full Year 2010
<b>Total Secondary Par Insured (mm)</b>	\$1,407	\$1,727
<b>% of Total Insured Par Written</b>	3.7%	6.1%

- **Assured Guaranty's secondary market activity increased in par and as a percentage of overall insured business in 2010 versus in 2009.**
- **Secondary market insurance provides Assured Guaranty an opportunity subsequently to insure in the secondary market, lost-to-market and partially insured primary transactions.**
  - Examples include: Dulles Tollroad, Citizen's Property, Pennsylvania Appropriation, Chicago O'Hare, State of Illinois, NY Muni Bond Bank and Virgin Islands PFA.

# Assured Guaranty Insured 1,697 New Issues<sup>1</sup> in 2010 Totaling \$27 Billion in Par Insured



## 2010 Selected Insured Municipal Transactions

<p><b>\$148,750,000</b></p> <p>Airport Revenue Bonds</p> <p><b>Birmingham Airport Authority</b></p> <p>December 2010</p>	<p><b>\$709,090,000</b></p> <p>Certificates of Participation, Series 2010A</p> <p><b>State of Arizona</b></p> <p>January 2010</p>	<p><b>\$165,000,000</b></p> <p>Sewer System Revenue Obligations</p> <p><b>Pima County, Arizona</b></p> <p>June 2010</p>	<p><b>\$425,420,000</b></p> <p>State Lottery Revenue Bonds</p> <p><b>State of Arizona</b></p> <p>June 2010</p>	<p><b>\$100,650,000</b></p> <p>Revenue Refunding Bonds</p> <p><b>Airport Commission City and County of San Francisco, California</b></p> <p><b>San Francisco International Airport</b></p> <p>April 2010</p>
<p><b>\$100,000,000</b></p> <p>General Obligation Bonds (Santa Clara County, California)</p> <p><b>East Side Union High School District</b></p> <p>April 2010</p>	<p><b>\$120,515,000</b></p> <p>Revenue Bonds (Children's Hospital Los Angeles)</p> <p><b>California Health Facilities Financing Authority</b></p> <p>May 2010</p>	<p><b>\$109,996,475</b></p> <p>General Obligation Bonds (Contra Costa County, California)</p> <p><b>Mount Diablo Unified School District</b></p> <p>September 2010</p>	<p><b>\$387,185,000</b></p> <p>Water and Sewer System Revenue Bonds</p> <p><b>Miami-Dade County, Florida</b></p> <p>March 2010</p>	<p><b>\$193,625,000</b></p> <p>Refunding Revenue Bonds</p> <p><b>Orlando-Orange County Expressway Authority</b></p> <p>June 2010</p>
<p><b>\$101,370,000</b></p> <p>Special Obligation Parking Revenue Bonds (Marlins Stadium Project)</p> <p><b>City of Miami, Florida</b></p> <p>July 2010</p>	<p><b>\$149,730,000</b></p> <p>Energy System Revenue and Refunding Bonds</p> <p><b>City of Lakeland, Florida</b></p> <p>October 2010</p>	<p><b>\$170,680,000</b></p> <p>Revenue Anticipation Certificates (Columbus Regional Healthcare System)</p> <p><b>The Medical Center Hospital Authority</b></p> <p>September 2010</p>	<p><b>\$290,500,000</b></p> <p>General Obligation Bonds</p> <p><b>City of Chicago</b></p> <p>January 2010</p>	<p><b>\$569,965,000</b></p> <p>General Obligation Refunding Bonds</p> <p><b>State of Illinois</b></p> <p>March 2010</p>

1. On a sale date basis.

# Assured Guaranty Insured 1,697 New Issues<sup>1</sup> in 2010 Totaling \$27 Billion in Par Insured (cont'd)



## 2010 Selected Insured Municipal Transactions

<p><b>\$128,875,000</b></p> <p>General Airport Third Lien Revenue Bonds</p> <p><b>City of Chicago</b> <b>Chicago O'Hare International Airport</b> April 2010</p>	<p><b>\$400,004,497</b></p> <p>McCormick Place Expansion Project Refunding Bonds</p> <p><b>Metropolitan Pier and Exposition Authority (Illinois)</b> October 2010</p>	<p><b>\$126,025,000</b></p> <p>Auxiliary Facilities System Revenue Bonds</p> <p><b>Board of Trustees of Northern Illinois University</b> December 2010</p>	<p><b>\$183,730,000</b></p> <p>Power System Revenue Bonds (Prairie State Project)</p> <p><b>Kentucky Municipal Power Agency</b> May 2010</p>	<p><b>\$100,050,000</b></p> <p>Revenue Bonds (University of Louisiana Lafayette)</p> <p><b>Lafayette Public Trust Financing Authority</b> December 2010</p>
<p><b>\$158,690,000</b></p> <p>Passenger Facility Charge Revenue Bonds</p> <p><b>Clark County, Nevada</b> <b>Las Vegas-McCarran International Airport</b> February 2010</p>	<p><b>\$252,755,000</b></p> <p>School Districts Revenue Bond Financing Program</p> <p><b>Dormitory Authority of the State of New York</b> June 2010</p>	<p><b>\$102,865,000</b></p> <p>Airport Revenue Refunding Bonds</p> <p><b>Albany County Airport Authority</b> August 2010</p>	<p><b>\$129,865,000</b></p> <p>Hospital Facilities Revenue Bonds (Summa Health System)</p> <p><b>State of Ohio</b> May 2010</p>	<p><b>\$168,120,000</b></p> <p>Hospital Revenue Refunding Bonds (Asante Health System)</p> <p><b>The Hospital Facilities Authority of the City of Medford, Oregon</b> February 2010</p>
<p><b>\$185,000,000</b></p> <p>Water and Wastewater Revenue Bonds</p> <p><b>City of Philadelphia, Pennsylvania</b> August 2010</p>	<p><b>\$173,765,000</b></p> <p>Regional Asset District Sales Tax Revenue Bonds</p> <p><b>Sports &amp; Exhibition Authority of Pittsburgh and Allegheny County</b> September 2010</p>	<p><b>\$121,660,000</b></p> <p>Sewer Revenue Bonds</p> <p><b>Allegheny County Sanitary Authority</b> October 2010</p>	<p><b>\$150,000,000</b></p> <p>Sales Tax Revenue Bonds, Series 2010C</p> <p><b>Puerto Rico Sales Tax Financing Corporation</b> June 2010</p>	<p><b>\$124,515,000</b></p> <p>Revenue Refunding and Improvement Bonds (Downtown Arena Private Improvements)</p> <p><b>City of Atlanta and Fulton County Recreation Authority</b> November 2010</p>

1. On a sale date basis.

# Current U.S. Municipal Operating Environment Remains Favorable

## Spreads Remain Wide by Historical Standards



- **U.S. municipal investors continue to focus on underlying issuer credit fundamentals**
- **The proportion of spread widening for AGC and AGM insured paper is consistent with spread widening across the ratings spectrum as Assured Guaranty has maintained its value proposition**

Source: Thomson Reuters. All three indices (the "A" GO, "AAA" GO and the "Assured-Ins" GO) are derived from the related Thomson Reuters MMD indices. Although the Assured Guaranty index generally reflects the Thomson Reuters Insured GO curve, it is occasionally adjusted based on observed AGC and AGM results.

# Credit Default Swap Spreads



- Movements in credit default swap (“CDS”) levels for AGC and AGM continue to be significantly affected by technical factors such as supply/demand imbalance and light trading volume
- The deterioration in the asset-backed securities market’s pricing through first quarter 2009 expanded demand for CDS protection on AGC and AGM by fixed income holders of AGC and AGM insured paper as they sought to hedge exposure, thereby exacerbating the supply/demand imbalance
- AGC and AGM’s 5-year CDS bid prices peaked in mid-March 2009 at 4961 bps and 3120 bps, respectively
- 5-year CDS levels for AGC and AGM have rallied considerably since March 2009 as general market fundamentals have improved and as a result of the market’s positive reaction to the closing of the AGMH acquisition in July 2009, rating agency announcements and the December 2009 capital raise
- In February 2011, the 5-year CDS levels for AGC and AGM were at 13 and 19 percent, respectively, of their mid-March 2009 levels. As of February 22, 2011, they were 631 bps and 594 bps, respectively



Source: CMA – Represents end-of-day bid price for 5-year protection, modified restructuring credit event spreads at New York close.

# Broadening Market Awareness



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THERE'S NO GUARANTY HER ROOF WON'T LEAK THIS SPRING.  
THERE'S NO GUARANTY HER DAUGHTER WILL FOLLOW IN HER FOOTSTEPS.  
THERE'S NO GUARANTY SHE'LL MAKE IT TO YOGA TONIGHT.  
BUT THERE IS A GUARANTY FOR HER MUNICIPAL BONDS.

## Info for Financial Advisors

Learn more about AGM, AGC and our financial guaranty products >>

Get all the basics on municipal bond insurance >>

## CEO Interview



Watch an interview with President & CEO Dominic J. Frederico >>

## Radio

Listen to the Assured Guaranty radio commercials >>

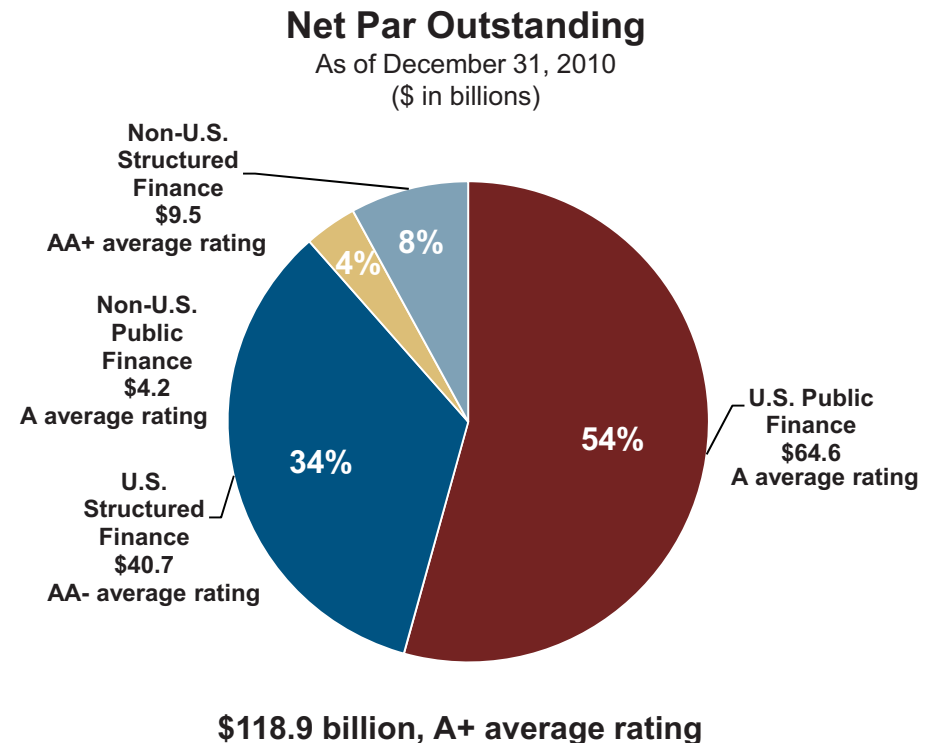
[thinkassuredguaranty.com](http://thinkassuredguaranty.com)

**Assured Guaranty Corp.  
Financial Guaranty Portfolio Review**



# AGC Net Par Outstanding By Market Sector

- **AGC’s portfolio is well diversified by asset class**
  - 54% U.S. public finance
  - 34% U.S. structured finance
  - 4% Non-U.S. public finance
  - 8% Non-U.S. structured finance
- **Portfolio maintains a high overall credit rating despite downgrades in U.S. RMBS portfolio**
  - A+ average internal rating
- **U.S. RMBS is the largest source of BIG exposures, at 55% of AGC’s BIG exposures.**
- **AGC’s portfolio was principally underwritten in the direct segment**



# AGC Net Par Outstanding by Exposure Category



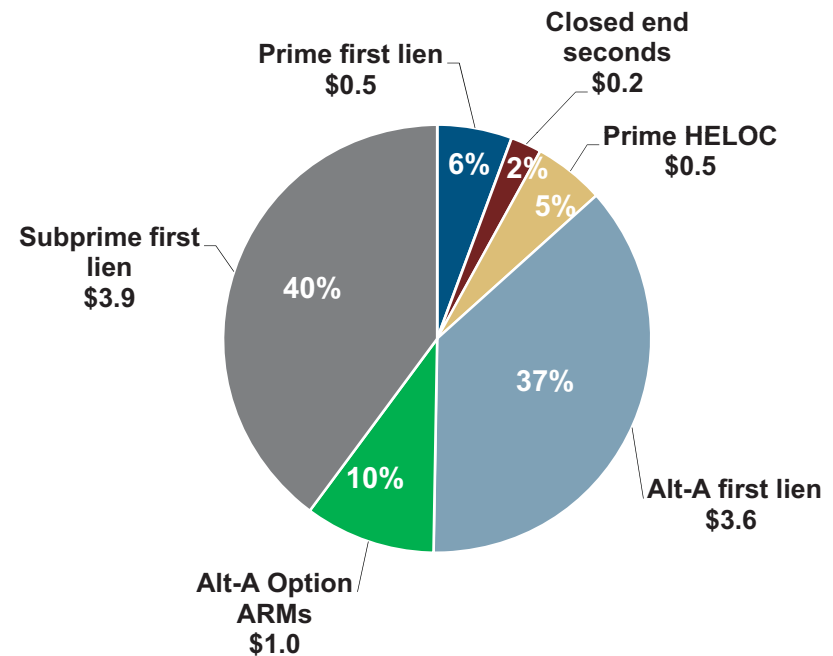
As of December 31, 2010; \$ in millions

	<u>Net Par Outstanding</u>	<u>Avg. Rating</u>		<u>Net Par Outstanding</u>	<u>Avg. Rating</u>
<b>U.S. public finance:</b>			<b>U.S. structured finance:</b>		
General obligation	\$ 25,281	A	Pooled corporate obligations	\$ 20,871	AA+
Tax backed	11,791	A	RMBS	9,710	BB+
Municipal utilities	9,002	A	CMBS and other commercial real estate related exposures	5,467	AAA
Transportation	6,538	A	Consumer receivables	2,283	AAA
Healthcare	5,035	A	Commercial receivables	1,054	BBB+
Higher education	3,447	A	Structured credit	916	BBB
Infrastructure finance	962	BBB	Insurance securitizations	243	A
Investor-owned utilities	577	A-	Other structured finance	117	A-
Housing	246	AA-	Total U.S. structured finance	40,661	AA-
Other public finance	1,701	A	<b>Non-U.S. structured finance:</b>		
Total U.S. public finance	64,580	A	Pooled corporate obligations	6,830	AAA
<b>Non-U.S. public finance:</b>			RMBS	1,240	AAA
Pooled infrastructure	1,849	AA	Commercial receivables	560	A-
Infrastructure finance	1,192	BBB	Structured credit	364	BBB
Regulated utilities	1,070	A-	Insurance securitizations	279	CCC-
Other public finance	92	AA-	CMBS and other commercial real estate related exposures	188	AAA
Total non-U.S. public finance	4,203	A	Other structured finance	3	A
<b>Total public finance</b>	<b>\$ 68,783</b>	<b>A</b>	Total non-U.S. structured finance	9,464	AA+
			<b>Total structured finance</b>	<b>\$ 50,125</b>	<b>AA-</b>
			<b>Total net par outstanding</b>	<b>\$ 118,908</b>	<b>A+</b>

- AGC's \$9.7 billion U.S. RMBS portfolio has experienced material downgrades since year-end 2007**
  - Average rating of BB+ at December 31, 2010 versus AA at year-end 2007
  - All exposures were investment grade at the time of underwriting
- AGC's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - 8.2% of total net par outstanding versus 14.3% at year-end 2007
  - \$9.7 billion versus \$13.4 billion at year-end 2007, a decrease of 28%

## U.S. RMBS by Exposure Type

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



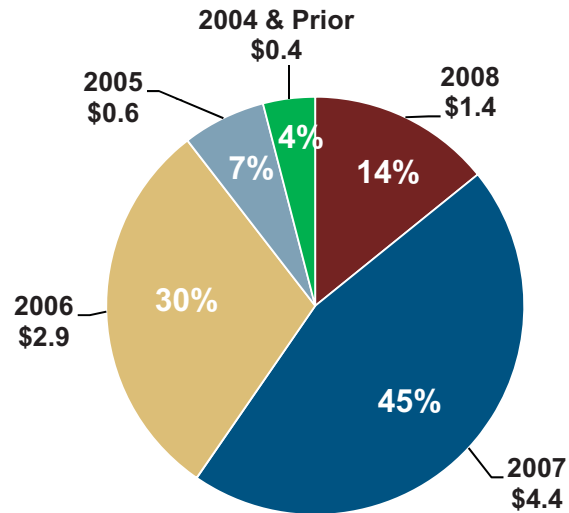
**\$9.7 billion, 8.2% of net par outstanding**

# AGC U.S. RMBS By Vintage and Rating



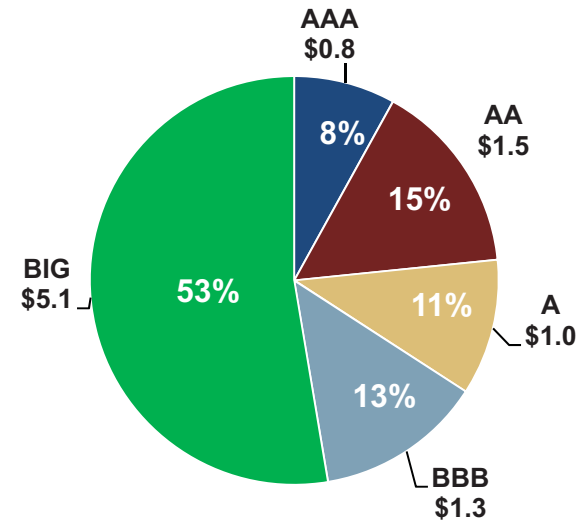
## U.S. RMBS by Year Insured

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



## U.S. RMBS by Rating

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



**Total U.S. RMBS = \$9.7 billion net par outstanding  
BB+ average rating**

AGC has not insured any U.S. RMBS since 2008.

# AGC U.S. RMBS Exposure

## Alt-A First Lien and Alt-A Option ARMs



- **More than 93% of AGC's direct Alt-A exposures were underwritten in 2007 and 2008, using significantly stressed assumptions**

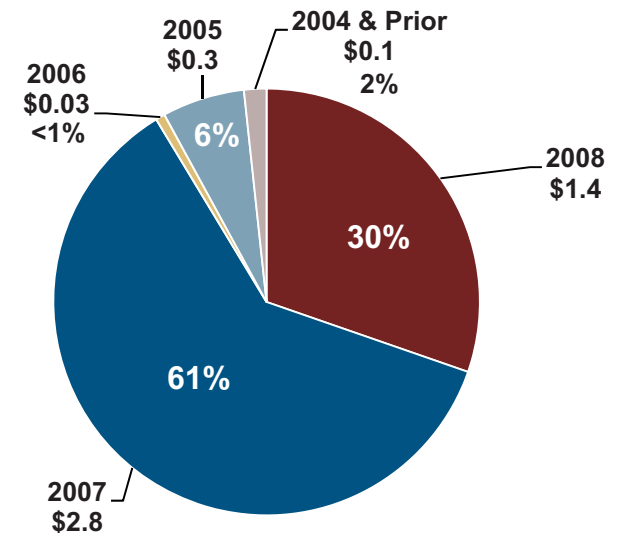
- Many transactions were underwritten on a secondary basis and had the benefit of some seasoning and additional first loss enhancement
- Limited exposures to Alt-A Option ARMs (21% of Alt-A exposure)

- **Our Alt-A exposures have an average BIG rating due to significant downgrades in 2009 and 2010**

- Less than 1% now rated triple-A
- 73% rated BIG

### Alt-A<sup>1</sup> Exposure by Year Insured

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



**\$4.5 billion net par outstanding**

1. Includes first-lien and Option ARM Alt-A securities.

# AGC U.S. RMBS Performance

## Alt-A First Lien and Alt-A Option ARMs



(\$ in millions)

Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>

### U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 261	44.1%	11.7%	2.9%	15.9%	13
2006	-	-	-	-	-	-
2007	1,989	59.6%	9.2%	8.2%	33.1%	8
2008	1,295	55.5%	26.3%	9.4%	30.9%	5
	<u>\$ 3,546</u>	<u>56.9%</u>	<u>15.7%</u>	<u>8.3%</u>	<u>31.0%</u>	<u>26</u>

### U.S. Alt-A Option ARMs

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 23	23.4%	24.3%	4.0%	21.7%	1
2006	32	38.1%	9.2%	8.0%	23.5%	1
2007	783	60.8%	8.1%	9.2%	33.0%	5
2008	82	62.2%	49.4%	8.1%	35.1%	1
	<u>\$ 921</u>	<u>59.2%</u>	<u>12.2%</u>	<u>8.9%</u>	<u>32.6%</u>	<u>8</u>

1. For this presentation, net par outstanding is based on values as of December 31, 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
2. Pool factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.
3. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses.
4. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original pool balance.
5. 60+ day delinquencies are defined as loans that have been delinquent for more than 60 days and all loans that are in foreclosure, bankruptcy or real estate owned ("REO"), divided by net par outstanding.

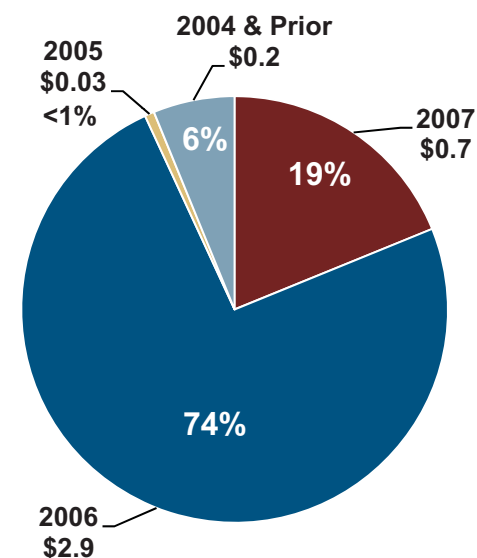
# AGC U.S. RMBS Exposure Subprime First Lien



- **Despite the recent economic environment, the majority of AGC's subprime first lien portfolio is investment grade**
  - 19% rated triple-A
  - Of the \$3.9 billion portfolio, only 16% is BIG rated
  - Of the seven transactions written in 2005 or later, for a total net par of \$3.6 billion, average subordination is 55%
- **Of 18 total direct subprime first lien transactions, totaling \$3.8 billion, only 3 exposures are rated BIG**

## Subprime First Lien by Year Insured

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



**\$3.9 billion net par outstanding**

# AGC U.S. RMBS Performance

## Subprime First Lien



(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

### U.S. Subprime First Lien

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 28	20.3%	83.6%	10.9%	61.5%	1
2006	2,873	25.0%	62.0%	13.7%	41.1%	2
2007	729	36.6%	27.9%	20.0%	47.2%	4
2008	-	-	-	-	-	-
	<u>\$ 3,630</u>	<u>27.3%</u>	<u>55.3%</u>	<u>15.0%</u>	<u>42.5%</u>	<u>7</u>

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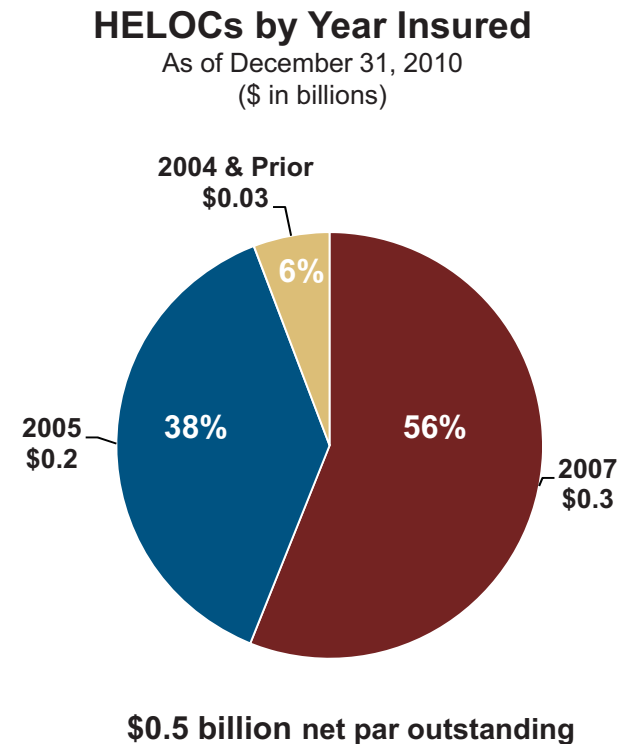
4. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original pool balance.

5. 60+ day delinquencies are defined as loans that have been delinquent for more than 60 days and all loans that are in foreclosure, bankruptcy or real estate owned ("REO"), divided by net par outstanding.

# AGC U.S. RMBS Exposure HELOC



- **AGC's HELOC book consists principally of two Countrywide deals underwritten in 2005 and 2007**
  - \$31 million of HELOCs were insured in 2004 and prior years in AGC's reinsurance segment
- **Net par insured of \$519 million for all HELOCs**



# AGC U.S. RMBS Performance HELOC



(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

## U.S. HELOC

Year insured:	<u>Net Par Outstanding</u>	<u>Pool Factor<sup>2</sup></u>	<u>Subordination<sup>3</sup></u>	<u>Cumulative Losses<sup>4</sup></u>	<u>60+ Day Delinquencies<sup>5</sup></u>	<u>Number of Transactions</u>
2005	\$ 198	20.6%	0.0%	18.4%	16.4%	2
2006	-	-	-	-	-	-
2007	291	38.6%	0.0%	36.4%	10.0%	2
2008	-	-	-	-	-	-
	<u>\$ 489</u>	<u>31.3%</u>	<u>0.0%</u>	<u>29.1%</u>	<u>12.6%</u>	<u>4</u>

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# AGC U.S. RMBS Exposure Closed-End Second Lien

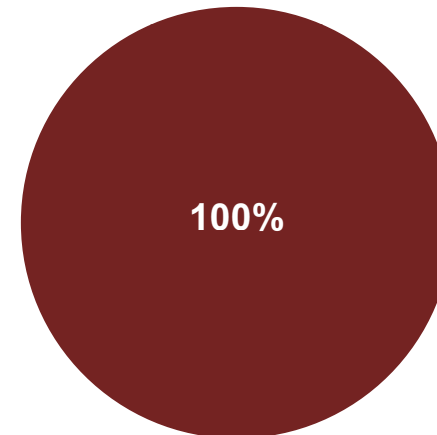


- **Limited exposure to CES**
  - \$228 million in total exposure
  - Less than \$0.5 million is in AGC's reinsurance segment
- **5 direct transactions totaling \$228 million**
  - 4 deals for \$200 million rated BIG
  - 1 deal is rated AA
  - All five are 2007 vintage

## Closed-End Second Liens by Year Insured

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

2007  
\$0.2



**\$0.2 billion net par outstanding**

# AGC Direct U.S. RMBS Performance

## Closed-End Second Lien



(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

### U.S. Closed End Seconds

Year insured:	<u>Net Par Outstanding</u>	<u>Pool Factor<sup>2</sup></u>	<u>Subordination<sup>3</sup></u>	<u>Cumulative Losses<sup>4</sup></u>	<u>60+ Day Delinquencies<sup>5</sup></u>	<u>Number of Transactions</u>
2005	\$ -	-	-	-	-	-
2006	-	-	-	-	-	-
2007	228	31.8%	1.3%	56.2%	13.0%	5
2008	-	-	-	-	-	-
	<u>\$ 228</u>	<u>31.8%</u>	<u>1.3%</u>	<u>56.2%</u>	<u>13.0%</u>	<u>5</u>

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# AGC Non-RMBS Exposure

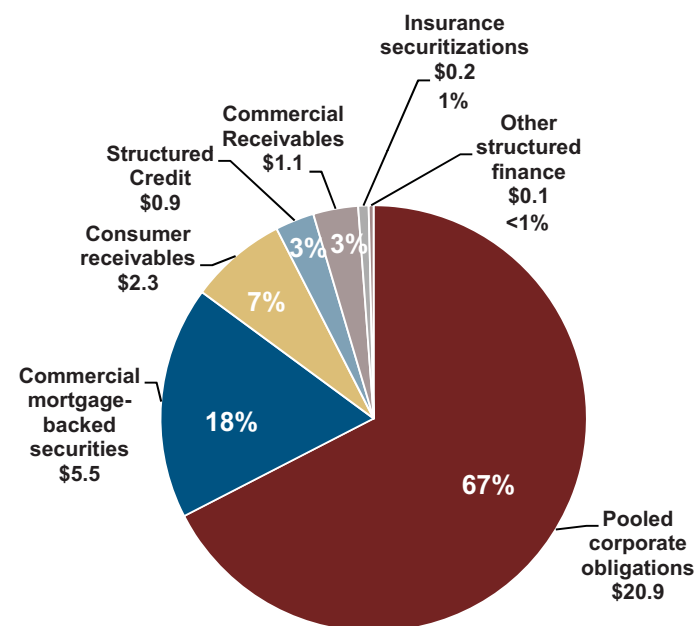
## U.S. Structured Finance



- **AGC's non-RMBS U.S. structured finance exposures consist principally of:**
  - Pooled corporate obligations
  - CMBS
  - Consumer receivables
- **AGC's non-RMBS U.S. structured finance credit experience has been generally strong, although downgrades increased during 2009 and some continued in 2010**
  - 72% rated super senior or AAA
  - 8% rated BIG

### U.S. Non-RMBS Structured Finance

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



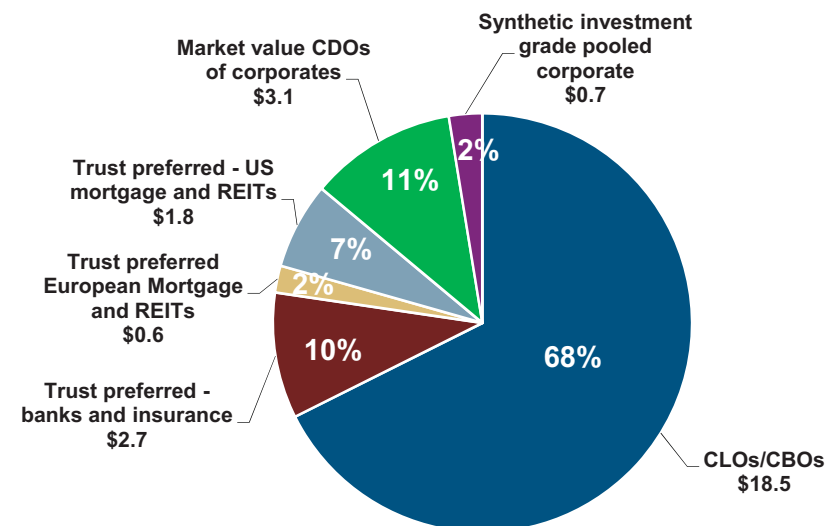
**\$31.0 billion net par outstanding**

# AGC Global Pooled Corporate Obligations

- **Our pooled corporate exposure is highly rated and protected by overcollateralization. In AGC’s direct portfolio:**
  - Average current credit enhancement of 33.1%
  - 78% rated AAA or super senior, average rating AA+
- **AGC’s \$5.1 billion Trust Preferred Securities (“TruPS”) CDO portfolio is diversified by region (U.S. and European) as well as by collateral type (bank, thrift, insurance company, real estate investment trust (“REIT”) and CMBS)**
  - Includes more than 1,400 issuers
  - All our exposure at the CDO level is to the senior-most debt tranche
  - 84% of US bank and insurance TruPS CDOs, 100% of European TruPS CDOs and 100% of US mortgage and REIT TruPS CDOs were originated at super senior attachment points
- **The \$1.8 billion of TruPS CDOs backed by U.S. mortgage and REITs is the lowest average rated pooled corporate subsector**
  - BB average rating

## Financial Guaranty Direct Pooled Corporate Obligations<sup>1</sup> By Asset Class

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



**\$27.4 billion net par outstanding**

1. AGC also assumed \$341 million of pooled corporate exposure.

# AGC Direct Pooled Corporate Obligations By Collateral Type



(\$ in millions)

## Distribution of Financial Guaranty Direct Pooled Corporate Obligations by Asset Class as of December 31, 2010

Asset class:	Net Par	% of Total	Avg. Initial Credit	Avg. Current Credit	Avg. Rating <sup>1</sup>
	Outstanding		Enhancement <sup>1</sup>	Enhancement	
CBOs/CLOs <sup>2</sup>	\$ 18,499	67.6%	35.3%	32.5%	AAA
Market value CDOs <sup>3</sup> of corporate	3,109	11.4%	43.1%	39.3%	AAA
Trust preferred - banks and insurance <sup>4</sup>	2,659	9.7%	46.8%	31.1%	BBB-
Trust preferred - U.S. mortgage and REITs <sup>4,5</sup>	1,827	6.7%	50.1%	33.2%	BB
Synthetic investment grade pooled corporate	702	2.6%	30.0%	30.1%	Super Senior
Trust preferred - European Mortgage and REITs <sup>4,5</sup>	565	2.0%	37.3%	33.9%	BBB-
Total exposures	<u>\$ 27,361</u>	<u>100.0%</u>	<u>38.2%</u>	<u>33.1%</u>	<u>AA+</u>

1. Assured Guaranty's internal rating. The Company's ratings scale is similar to that used by the NRSROs; however, the ratings in the above table 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 the Company in instances where Assured Guaranty's AAA-rated exposure on its internal rating scale 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 benefiting 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.
2. "Average Credit Enhancement" is intended to provide a measure of the amount of equity and/or subordinated tranches that are junior in the capital structure to Assured Guaranty's exposure, expressed as a percentage of the total transaction size, and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown above do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes. Data is obtained from third-party sources such as trustee reports and may be subject to misstatement or correction.
3. CBOs (collateralized bond obligations) /CLOs (collateralized loan obligations) are largely non-investment grade/high yield collateral.
4. CDOs are collateralized debt obligations.
5. Prior to fourth quarter 2010, the ratio of average current credit enhancement for Trust Preferred Pooled Corporate Obligations was based on the value of the collateral as reported by the trustees, which for non-performing or low-rated collateral varied by transaction in accordance with the individual transaction documents. Beginning fourth quarter 2010, Assured Guaranty has made the measure consistent across transactions, assigning a value of 100% of the par to all performing securities, applying a standard haircut for restructured performing collateral, assigning recovery assumptions for defaulted collateral by collateral type, and making additional negative adjustments for transactions where the notional amount of interest rate hedges materially exceeds the amount of performing collateral requiring hedges.
6. REITs are real estate investment trusts.

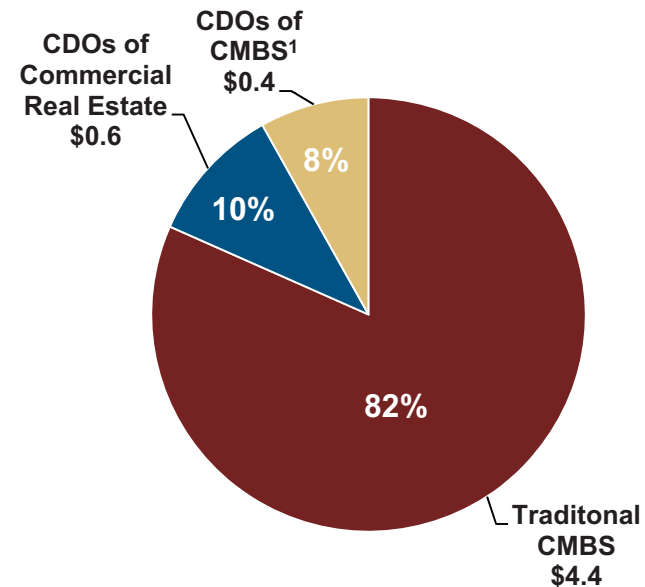
# AGC U.S. CMBS Exposure Overview



- **AGC's CMBS-related exposures were underwritten at high attachment points**
  - All deals except one were written at triple-A ratings at inception
  - One deal was written with a single-A rating at inception
- **AGC's portfolio is highly rated**
  - AAA average rating
  - 80% of traditional CMBS rated Super Senior or AAA as of December 31, 2010
- **Beginning in the middle of 2006, AGC concluded that underwriting standards applied to newly originated commercial property loans were deteriorating and adjusted underwriting standards accordingly**

## CMBS Exposure by Sector

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



**\$5.4 billion, net par outstanding**

1. CDOs of CMBS exposures were insured in 2003 and earlier.

# AGC U.S. Traditional CMBS



- **Most of the exposure was underwritten in credit derivative form**
- **Most of the exposures were written as “basket trades”; some have additional credit enhancement from first-loss position retained by the investor**
- **The total traditional CMBS portfolio (\$4.4 billion) is highly rated – 80% is super senior or triple-A, 12% is double-A and 8% is single-A (as of December 31, 2010)**

(\$ in millions)

**Distribution of Financial Guaranty Direct U.S. CMBS Insured January 1, 2005 or Later by Exposure Type, Internal Rating <sup>1</sup>, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010<sup>2</sup>**

Rating:	Net Par Outstanding	Pool Factor <sup>3</sup>	Subordination <sup>4</sup>	Cumulative Losses <sup>5</sup>	60+ Day Delinquencies <sup>6</sup>	Number of Transactions
Super senior	\$ 3,349	88.3%	31.4%	0.7%	8.3%	183
AAA	196	82.6%	27.3%	0.4%	13.2%	9
AA	525	85.3%	14.1%	0.9%	7.3%	29
A	370	75.2%	12.9%	0.8%	8.9%	11
BBB	-	-	-	-	-	-
BIG	-	-	-	-	-	-
Total exposures	\$ 4,440	86.6%	27.6%	0.7%	8.5%	232

1. Assured Guaranty's internal rating. The Company's ratings scale is similar to that used by the NRSRO; however, the ratings in the above table 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 the Company in instances where Assured Guaranty's 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 benefiting 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.
2. For this presentation, net par outstanding is based on values as of December 31, 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
3. Pool factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.
4. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses.
5. Cumulative losses are defined as net charge-offs on the underlying loan collateral divided by the original pool balance.
6. 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.

# AGC CDOs of Commercial Real Estate



- **AGC underwrote three commercial real estate CDO transactions totaling \$557 million net par<sup>1</sup> as of December 31, 2010**
  - All were underwritten at the super senior attachment level
- **In aggregate, collateral consists of the following:**
  - 81% whole loans
  - 4% mezzanine CMBS
  - 14% other (includes but not limited to mezzanine and subordinated notes, participation interests and preferred securities)
- **Average credit enhancement stands at 50.5%**
  - Average initial credit enhancement was 49.7%

1. May change due to deals with revolvers.

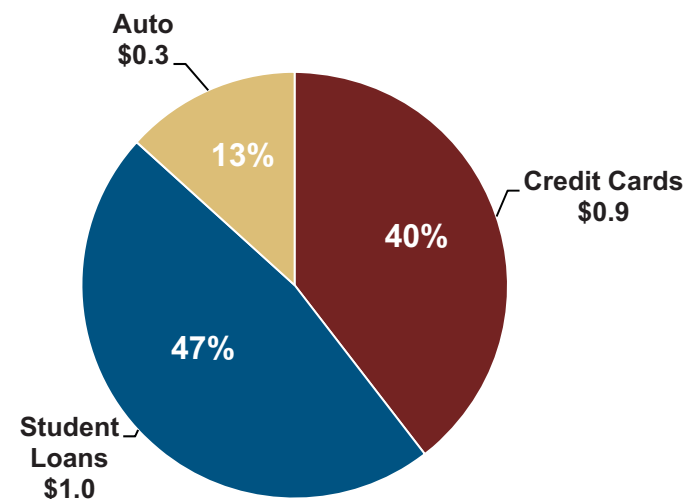
# AGC U.S. Consumer Receivables



- **U.S. consumer receivable exposures are well protected. In AGC's direct portfolio:**
  - Average rating of AAA
  - For all categories – credit cards, student loans and auto loans – current credit enhancement is higher than initial credit enhancement
  - 87% rated super senior or AAA
  - None rated BIG
- **51% of the current net par was written in 2009 and later, after the deterioration in consumer credit trends was evident**
  - AGC utilized underwriting criteria that had stress scenario assumptions

## Direct U.S. Consumer Receivables by Type<sup>1</sup>

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



**\$2.2 billion net par outstanding**

1. AGC also assumed \$101 million of U.S. consumer receivable exposure.

# AGC U.S. Direct Consumer Receivables By Rating and Collateral Type



(\$ in millions)

## Distribution of Direct U.S. Consumer Receivables by Rating<sup>1</sup> as of December 31, 2010

Rating:	Credit Cards	Student Loans	Auto	Total Net Par Outstanding
Super senior	\$ 863	\$ -	\$ -	\$ 863
AAA	-	1,029	-	1,029
AA	-	-	-	-
A	-	-	246	246
BBB	-	-	44	44
BIG	-	-	-	-
Total exposures	<u>\$ 863</u>	<u>\$ 1,029</u>	<u>\$ 290</u>	<u>\$ 2,182</u>
Average rating	Super Senior	AAA	A	AAA
Avg. initial credit enhancement <sup>1</sup>	53.7%	7.1%	19.8%	27.2%
Avg. current credit enhancement <sup>1</sup>	56.8%	8.5%	30.7%	30.5%

1. Assured Guaranty's internal rating. The Company's ratings scale is similar to that used by the NRSRO; however, the ratings in the above table 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 the Company in instances where Assured Guaranty's AAA-rated exposure on its internal rating scale 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 benefiting 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.

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

# AGC Expected Losses As of December 31, 2010



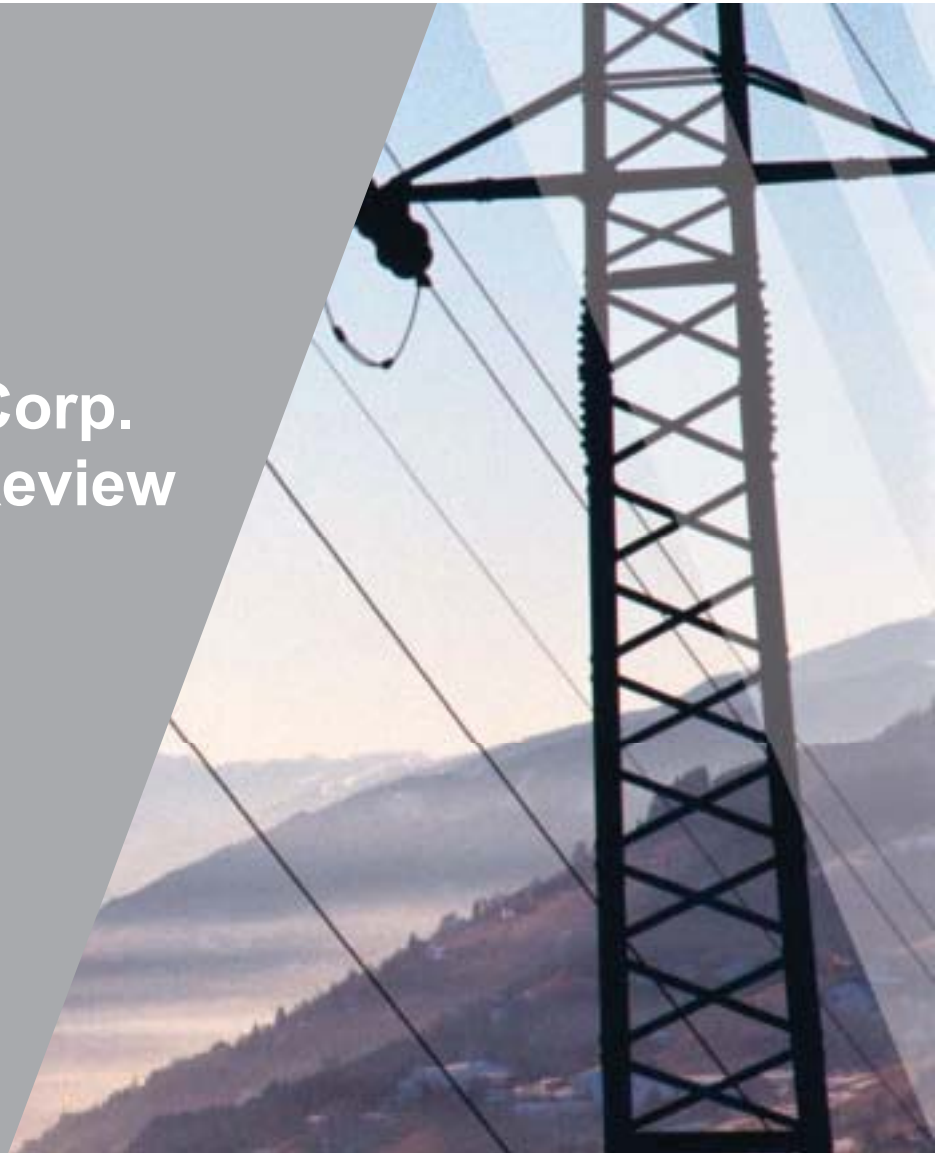
(\$ in millions)

## Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended December 31, 2010

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of September 30, 2010	Loss Development and Accretion of Discount for 4Q-10 <sup>1</sup>	Less: Paid Losses 4Q-10	Expected Loss to be Paid as of December 31, 2010	Total Net Par Outstanding for BIG Transactions as of December 31, 2010
U.S. RMBS					
First lien:					
Prime first lien	\$ 1.3	\$ (0.5)	\$ -	\$ 0.8	\$ 486.5
Alt-A first lien	155.9	47.1	7.7	195.3	2,551.3
Alt-A option ARMs	140.3	(0.8)	0.5	139.0	754.2
Subprime first lien	<u>82.0</u>	<u>20.6</u>	<u>2.7</u>	<u>99.9</u>	<u>626.8</u>
Total first lien	379.5	66.4	10.9	435.0	4,418.8
Second lien:					
Closed end seconds	(16.5)	26.5	16.3	(6.3)	200.1
HELOC	<u>(249.2)</u>	<u>162.3</u>	<u>31.4</u>	<u>(118.3)</u>	<u>492.4</u>
Total second lien	<u>(265.7)</u>	<u>188.8</u>	<u>47.7</u>	<u>(124.6)</u>	<u>692.5</u>
Total U.S. RMBS	113.8	255.2	58.6	310.4	5,111.3
TruPS	72.6	(2.3)	2.5	67.8	
Other structured finance	170.4	(115.9)	(12.6)	67.1	3,123.7
Public finance	<u>21.9</u>	<u>29.8</u>	<u>4.4</u>	<u>47.3</u>	<u>1,001.4</u>
<b>Total</b>	<u>\$ 378.7</u>	<u>\$ 166.8</u>	<u>\$ 52.9</u>	<u>\$ 492.6</u>	<u>\$ 9,236.4</u>

1. Includes the effect of changes in the Company's estimate of future recovery on representations and warranties ("R&W").

**Assured Guaranty Municipal Corp.  
Financial Guaranty Portfolio Review**

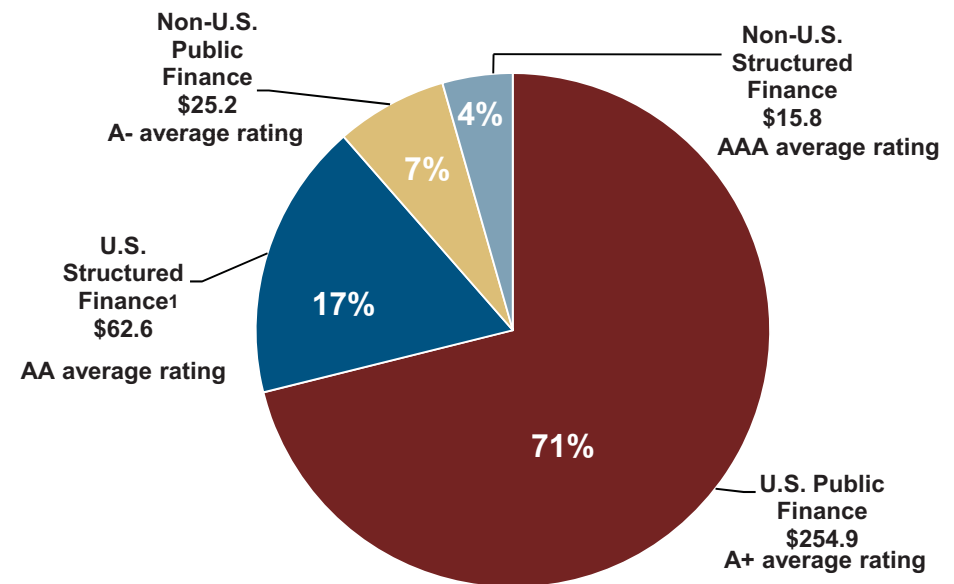


# AGM Net Par Outstanding By Market Sector

- **AGM’s portfolio is well diversified by asset class**
  - 71% U.S. public finance
  - 17% U.S. structured finance
  - 7% Non-U.S. public finance
  - 4% Non-U.S. structured finance
- **The portfolio maintains a high overall credit rating despite downgrades in our U.S. RMBS portfolio**
  - A+ average internal rating
- **U.S. RMBS is the largest source of BIG exposures, at 77% of the below investment grade exposures.**

## Consolidated Net Par Outstanding

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



**\$358.4 billion, A+ average rating**

1. Includes \$6.8 billion in GICs issued by AGMH’s former FP affiliates. However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to this business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.

# AGM Net Par Outstanding by Exposure Category

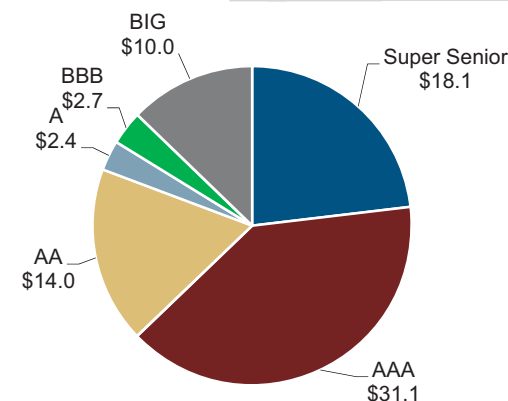
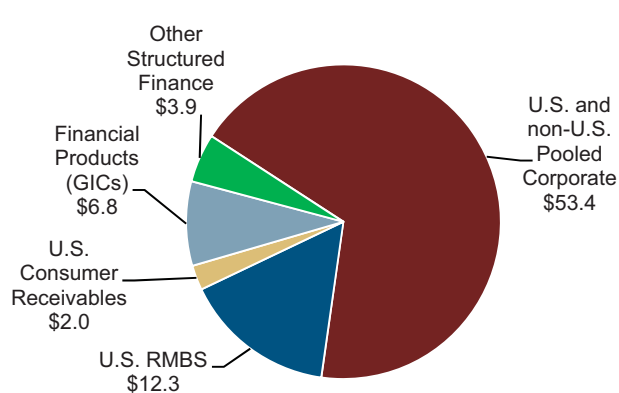


As of December 31, 2010; \$ in millions

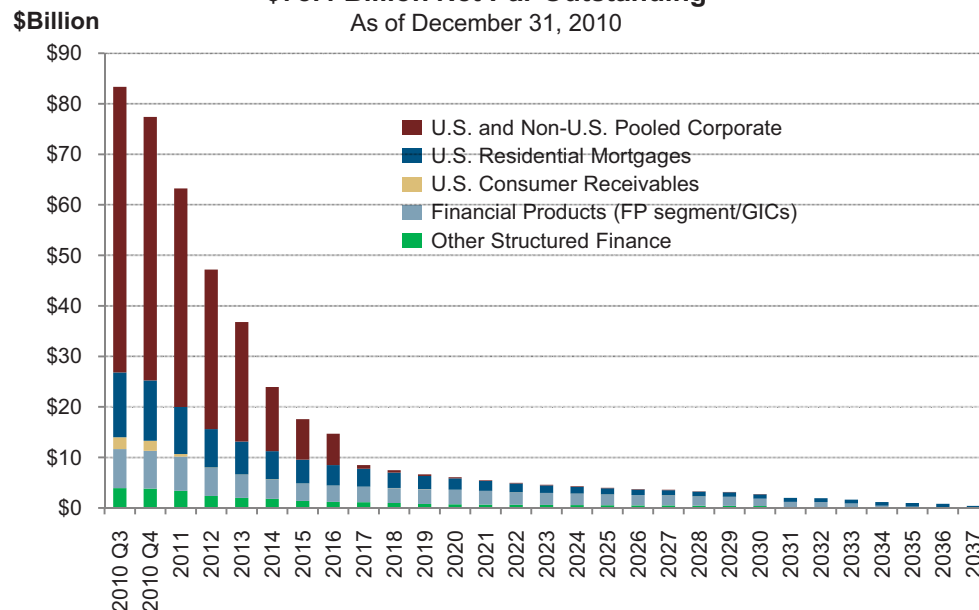
	<u>Net Par Outstanding</u>	<u>Avg. Rating <sup>1</sup></u>		<u>Net Par Outstanding</u>	<u>Avg. Rating <sup>1</sup></u>
<b>U.S. public finance:</b>			<b>U.S. structured finance:</b>		
General obligation	\$ 112,213	A+	Pooled corporate obligations	\$ 40,273	AAA
Tax backed	50,097	A+	RMBS	12,319	BB-
Municipal utilities	46,164	A+	Financial products <sup>2</sup>	6,831	AA-
Transportation	20,665	A	Consumer receivables	1,981	A+
Healthcare	10,057	A	Insurance securitization	368	AA
Higher education	7,353	A+	Commercial receivables	90	BBB-
Housing	5,396	AA-	Structured credit	80	BB
Infrastructure finance	1,197	BBB	Other structured finance	609	A-
Investor-owned utilities	46	A-	Total U.S. structured finance	62,551	AA
Other public finance	1,687	A	<b>Non-U.S. structured finance:</b>		
Total U.S. public finance	254,875	A+	Pooled corporate obligations	13,083	AAA
<b>Non-U.S. public finance:</b>			RMBS	1,574	AA
Infrastructure finance	11,533	BBB	Structured credit	498	BBB+
Regulated utilities	7,222	BBB+	Commercial receivables	229	A
Other public finance	6,396	AA-	Insurance securitizations	38	A+
Total non-U.S. public finance	25,151	A-	Other structured finance	409	Super Senior
<b>Total public finance</b>	<b>\$ 280,026</b>	<b>A+</b>	Total non-U.S. structured finance	15,831	AAA
			<b>Total structured finance</b>	<b>\$ 78,382</b>	<b>AA</b>
			<b>Total net par outstanding</b>	<b>\$ 358,408</b>	<b>A+</b>

1. Assured Guaranty's internal rating. The Company's ratings scale is similar to that used by the NRSRO; however, the ratings in the above table may not be the same as ratings assigned by any such rating agency.

# AGM Run-Off of Global Insured Structured Finance Portfolio



**\$78.4 Billion Net Par Outstanding**  
As of December 31, 2010



- We expect AGM's legacy global structured finance insured portfolio (\$78.4 billion as of December 31, 2010 versus \$127.3 billion as of September 30, 2008) to run off rapidly — 18% by year-end 2011, 38% by year-end 2012, and 79% by year-end 2015.<sup>1</sup>
  - \$53.4 billion in global pooled corporate obligations expected to be reduced by 37% by year-end 2012 and by 87% by year-end 2015
  - \$12.3 billion in U.S. RMBS expected to be reduced by 38% by year-end 2012 and by 62% by year-end 2015
  - \$2.0 billion in U.S. consumer receivable obligations expected to be reduced by 18% by year-end 2011 and 95% by year-end 2012
  - \$3.9 billion in other structured finance (excluding FP) expected to be reduced by 38% by year-end 2012 and by 64% by year-end 2015
- Former FP business not part of Assured Guaranty's purchase; we are indemnified against exposure to the FP business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.
  - \$6.8 billion in GICs expected to be reduced by 26% by year-end 2012 and by 54% by year-end 2015

1. Based on net par outstanding at December 31, 2010.

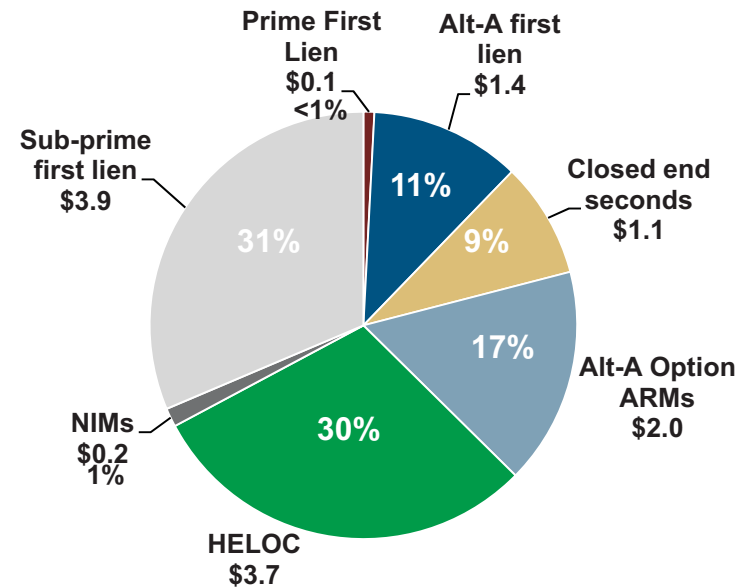
# AGM U.S. RMBS



- **AGM's \$12.3 billion U.S. RMBS portfolio has experienced material downgrades since year-end 2007**
  - Average rating of BB- at December 31, 2010
- **No U.S. RMBS underwritten since January 2008**
- **AGM's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - 3.4% of total net par outstanding versus 4.0% at year-end 2008
  - \$12.3 billion net par outstanding versus \$17.1 billion at year-end 2008, a decrease of 28%

## U.S. RMBS by Exposure Type

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



**\$12.3 billion, 3.4% of net par outstanding**

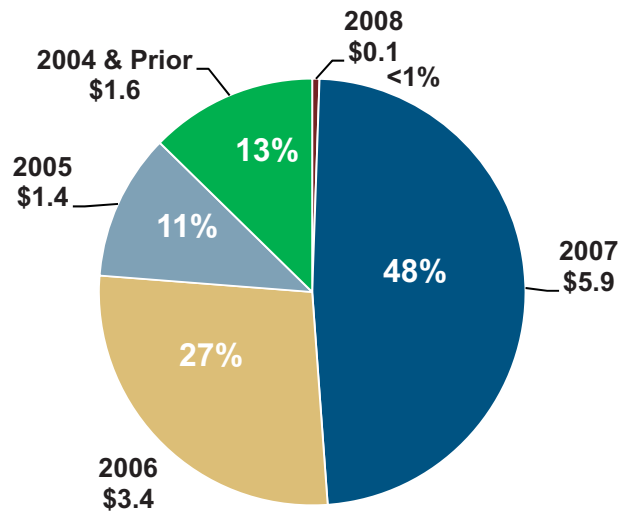
# AGM U.S. RMBS

## By Vintage and Rating



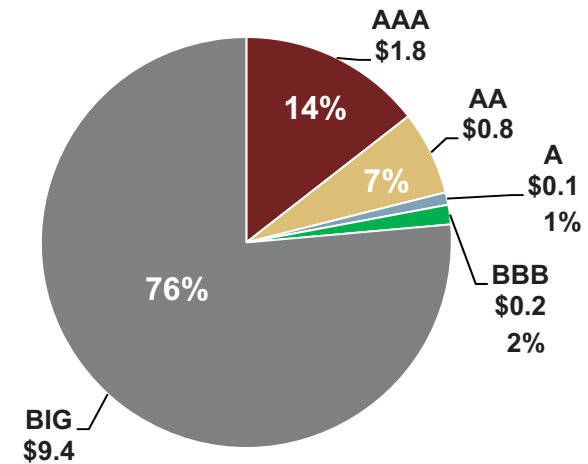
### U.S. RMBS by Year Insured

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



### U.S. RMBS by Rating

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



**Total U.S. RMBS = \$12.3 billion net par outstanding  
BB- average rating**

# AGM U.S. RMBS Exposure

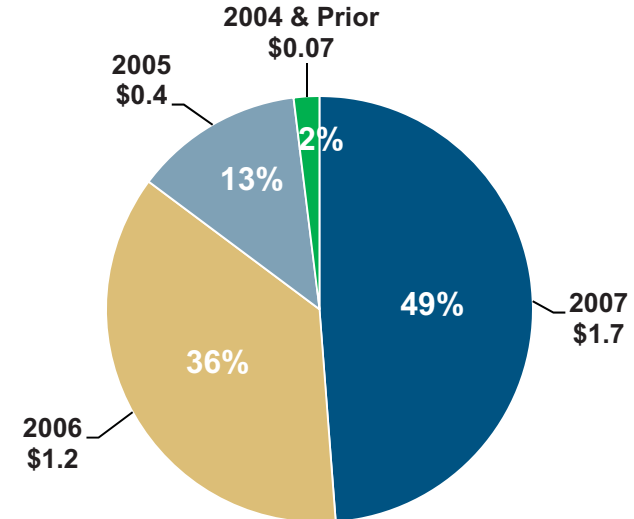
## Alt-A First Lien and Alt-A Option ARMs



- **AGM's portfolio was largely underwritten since 2006 and all were rated AAA at closing**
- **AGM's Alt-A exposures have an average rating of BIG due to significant downgrades in 2008 and 2009**
  - 5% rated AAA
  - 94% rated BIG

### Alt-A<sup>1</sup> Exposure by Year Insured

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



**\$3.4 billion net par outstanding**

1. Includes first-lien and Option ARM Alt-A securities.

# AGM U.S. RMBS Performance

## Alt-A First Lien and Alt-A Option ARMs



(\$ in millions)

### Distribution of Financial Guaranty U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>

#### U.S. Alt-A First Lien

Year insured:	Net Par	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative	60+ Day	Number of
	Outstanding					
2005	\$ 334	36.7%	11.7%	6.5%	24.4%	8
2006	485	48.0%	0.5%	13.3%	38.9%	7
2007	519	60.3%	0.4%	13.9%	40.7%	4
2008	-	-	-	-	-	-
	<u>\$ 1,338</u>	<u>49.9%</u>	<u>3.3%</u>	<u>11.8%</u>	<u>36.0%</u>	<u>19</u>

#### U.S. Alt-A Option ARMs

Year insured:	Net Par	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative	60+ Day	Number of
	Outstanding					
2005	\$ 106	30.6%	4.5%	8.9%	42.3%	3
2006	764	56.0%	4.3%	12.1%	53.6%	6
2007	1,153	59.9%	2.5%	13.9%	46.7%	6
2008	-	-	-	-	-	-
	<u>\$ 2,023</u>	<u>56.9%</u>	<u>3.3%</u>	<u>12.9%</u>	<u>49.1%</u>	<u>15</u>

1. For this presentation, net par outstanding is based on values as of December 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

2. Pool factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.

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

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

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

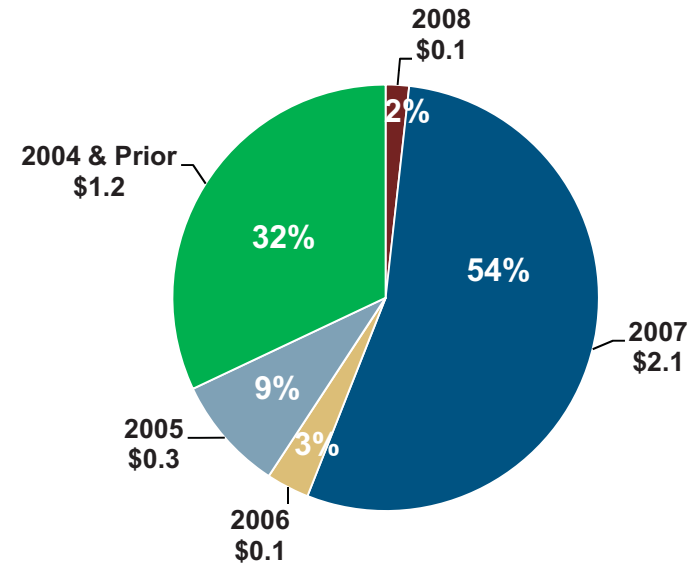
# AGM U.S. RMBS Exposure Subprime First Lien



- **Despite the recent economic environment, AGM's subprime first lien portfolio is 45% investment grade**
  - 31% rated AAA
  - 55% rated BIG
  - Average subordination left is 29% on transactions insured after January 1, 2005
- **Of 92 total subprime transactions only 16 exposures are rated BIG**
  - Largest BIG exposure is \$588 million net par outstanding

## Subprime First Lien by Year Insured

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



**\$3.9 billion net par outstanding**

# AGM U.S. RMBS Performance

## Subprime First Lien



(\$ in millions)

### Distribution of Financial Guaranty U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>

#### U.S. Subprime First Lien

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 338	37.8%	44.3%	4.5%	39.7%	6
2006	126	40.0%	43.5%	11.6%	40.6%	2
2007	2,096	67.6%	25.9%	11.0%	49.8%	9
2008	68	71.2%	32.9%	7.1%	34.2%	1
	<u>\$ 2,627</u>	<u>62.6%</u>	<u>29.3%</u>	<u>10.1%</u>	<u>47.6%</u>	<u>18</u>

1. For this presentation, net par outstanding is based on values as of December 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
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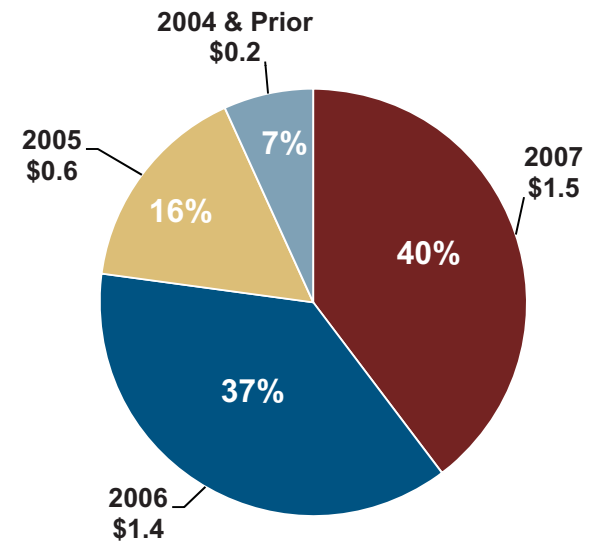
# AGM U.S. RMBS Exposure HELOC



- **Outstanding net par insured of \$3.7 billion**
- **Average rating of BIG**
  - \$3.0 billion of HELOCs are BIG
  - \$0.7 billion of HELOCs remain investment grade

## HELOCs by Year Insured

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



**\$3.7 billion net par outstanding**

# AGM U.S. RMBS Performance HELOC



(\$ in millions)

**Distribution of Financial Guaranty U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

## U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ 589	20.9%	4.3%	9.2%	9.2%	4
2006	1,375	34.3%	2.1%	28.8%	11.3%	7
2007	1,458	51.9%	4.2%	23.5%	6.3%	7
2008	-	-	-	-	-	-
	<u>\$ 3,422</u>	<u>39.5%</u>	<u>3.4%</u>	<u>23.2%</u>	<u>8.8%</u>	<u>18</u>

1. For this presentation, net par outstanding is based on values as of December 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

2. Pool factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.

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

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

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

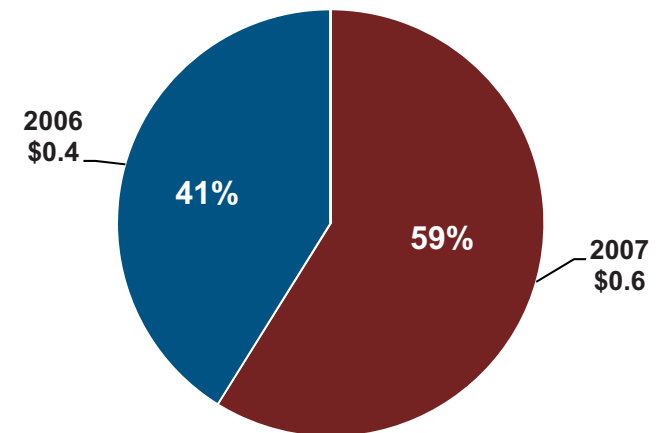
# AGM U.S. RMBS Exposure Closed-End Second Lien



- **Limited exposure to CES**
  - All transactions are in the 2006 and 2007 vintages
- **11 transactions totaling \$1.1 billion**
  - 7 deals rated BIG
  - 4 deals rated AA (total \$200 million)

## CES by Year Insured

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



**\$1.1 billion net par outstanding**



# AGM U.S. RMBS Performance

## Closed-End Second Lien

(\$ in millions)

**Distribution of Financial Guaranty U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2010 <sup>1</sup>**

### U.S. Closed End Seconds

Year insured:	Net Par Outstanding	Pool Factor <sup>2</sup>	Subordination <sup>3, 6</sup>	Cumulative Losses <sup>4</sup>	60+ Day Delinquencies <sup>5</sup>	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	443	20.4%	-	56.4%	14.8%	2
2007	634	25.2%	-	61.2%	13.6%	9
2008	-	-	-	-	-	-
	<u>\$ 1,077</u>	<u>23.2%</u>	<u>-</u>	<u>59.2%</u>	<u>14.1%</u>	<u>11</u>

1. For this presentation, net par outstanding is based on values as of December 2010. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2010 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

2. Pool factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.

3. Represents the sum of subordinate tranches and over-collateralization, expressed as a percentage of total transaction size and does not include any benefit from excess interest collections that may be used to absorb losses. Many of the CES transactions insured by the Company have unique structures whereby the collateral may be written down for losses without a corresponding write-down of the obligations insured by the Company. Many of these transactions are currently under-collateralized, with the principal amount of collateral being less than the principal amount of the obligation insured by the Company. The Company is not required to pay principal shortfalls until legal maturity (rather than making timely principal payments), and takes the under-collateralization into account when estimating expected losses for these transactions.

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

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

6. Many of the CES transactions insured by the Company have unique structures whereby the collateral may be written down for losses without a corresponding write-down of the obligations insured by the Company. Many of these transactions are currently under-collateralized, with the principal amount of collateral being less than the principal amount of the obligation insured by the Company. The Company is not required to pay principal shortfalls until legal maturity (rather than making timely principal payments), and takes the under-collateralization into account when estimating expected losses for these transactions.

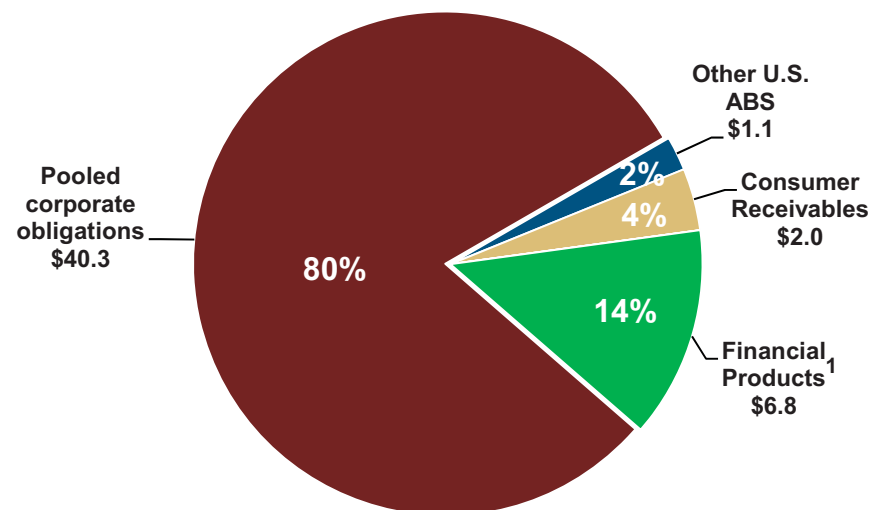
# AGM Non-RMBS U.S. Structured Finance Exposure



- **AGM's non-RMBS U.S. structured finance exposures consist principally<sup>1</sup> of**
  - Pooled corporate
  - Consumer receivables
- **Non-RMBS U.S. structured finance credit experience has been generally strong given the recent environment**

## U.S. Non-RMBS Structured Finance

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



**\$50.2 billion net par outstanding**

1. Includes \$6.8 billion in GICs issued by AGMH's former FP affiliates. However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to this business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.

# AGM Global Pooled Corporate Obligations



- **AGM's pooled corporate exposure is generally highly rated and well-protected**

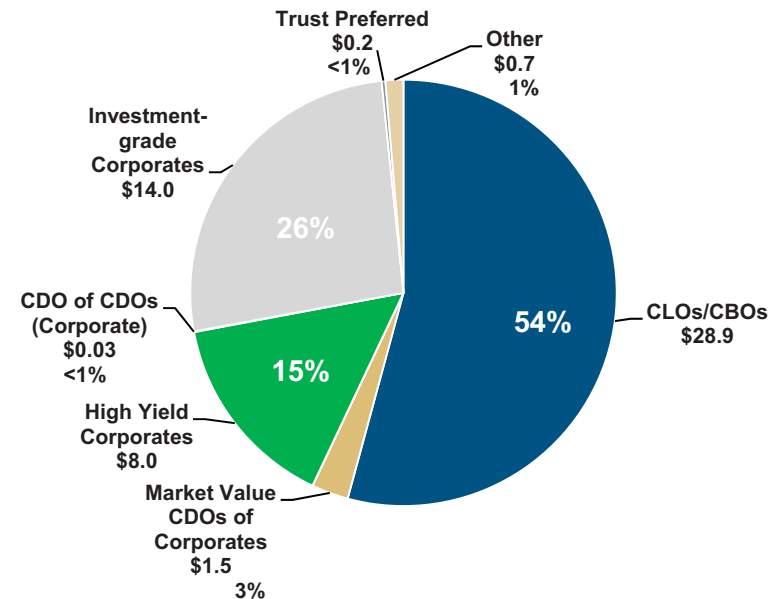
- Average current credit enhancement of 25.5%
- 87% rated super senior or AAA
- AAA average rating
- Less than 0.5% rated BIG

- **\$152 million of TruPS (bank and insurance company only)**

- Single-A average rating
- Average current credit enhancement remains strong at 47.8%

## Pooled Corporate Obligations By Asset Class

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



**\$53.4 billion net par outstanding**

# AGM Global Pooled Corporate Obligations By Collateral Type



(\$ in millions)

## Distribution of Financial Guaranty Pooled Corporate Obligations by Asset Class as of December 31, 2010

Asset class:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement <sup>1</sup>	Avg. Current Credit Enhancement <sup>1</sup>	Avg. Rating
CBOs/CLOs <sup>2</sup>	\$ 28,932	54.2%	27.4%	27.5%	AAA
Synthetic investment grade pooled corporates	14,005	26.2%	18.6%	16.8%	AAA
Synthetic high yield pooled corporates	8,020	15.0%	34.9%	30.6%	AA+
Market value CDOs of corporates	1,492	2.8%	17.0%	49.9%	AAA
Trust preferred - banks and insurance <sup>3</sup>	152	0.3%	50.3%	47.8%	A
CDO of CDOs (corporate) <sup>4</sup>	29	0.1%	24.2%	24.4%	A
Other pooled corporates	726	1.4%	0.0%	0.0%	A-
Total exposures	<u>\$ 53,356</u>	<u>100.0%</u>	<u>25.6%</u>	<u>25.5%</u>	<u>AAA</u>

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

2. CBOs(collateralized bond obligations)/CLOs(collateralized loan obligations) are largely non-investment/high yield collateral.

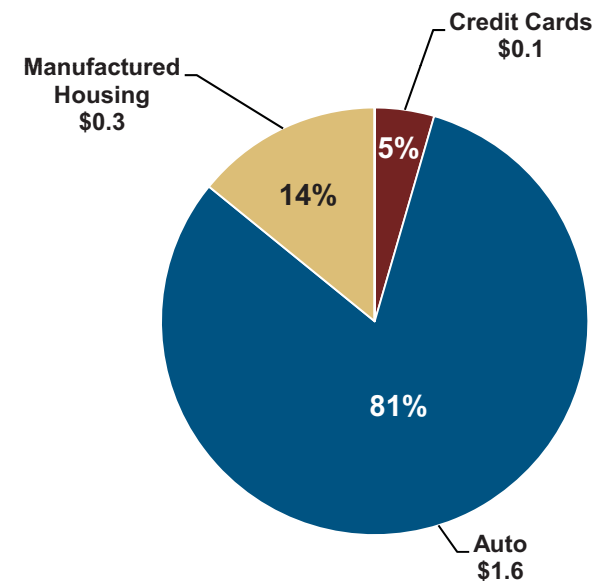
3. Prior to fourth quarter 2010, the ratio of average current credit enhancement for Trust Preferred Pooled Corporate Obligations was based on the value of the collateral as reported by the trustees, which for non-performing or low-rated collateral varied by transaction in accordance with the individual transaction documents. Beginning fourth quarter 2010, Assured Guaranty has made the measure consistent across transactions, assigning a value of 100% of the par to all performing securities, applying a standard haircut for restructured performing collateral, assigning recovery assumptions for defaulted collateral by collateral type, and making additional negative adjustments for transactions where the notional amount of interest rate hedges materially exceeds the amount of performing collateral requiring hedges.

4. CDOs are collateralized debt obligations.

- **U.S. consumer receivable exposures are well protected**
  - Average rating of A+
  - \$1.6 billion in auto receivable transactions have 32.4% average current credit enhancement
  - \$89 million in credit cards have 13.2% average current credit enhancement
- **Over half of the par was written in 2007 or later, after the deterioration in consumer credit trends was evident**
  - AGM utilized underwriting criteria that had stress scenario assumptions

## U.S. Consumer Receivables by Type

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



**\$2.0 billion net par outstanding**

# AGM U.S. Consumer Receivables

## By Rating and Collateral Type



(\$ in millions)

### Distribution of U.S. Consumer Receivables by Rating as of December 31, 2010

Rating:	Credit Cards	Manufactured Housing	Auto	Total Net Par Outstanding
AAA	\$ -	\$ 77	\$ 30	\$ 107
AA	-	44	986	1,030
A	-	-	177	177
BBB	89	-	419	508
BIG	-	159	-	159
Total exposures	\$ 89	\$ 280	\$ 1,612	\$ 1,981
Average rating	BBB	A-	A+	A+
Avg. initial credit enhancement <sup>1</sup>	13.2%	27.5%	11.2%	13.6%
Avg. current credit enhancement <sup>1</sup>	13.2%	26.1%	32.4%	30.7%

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

# AGM Expected Losses

## As of December 31, 2010



(\$ in millions)

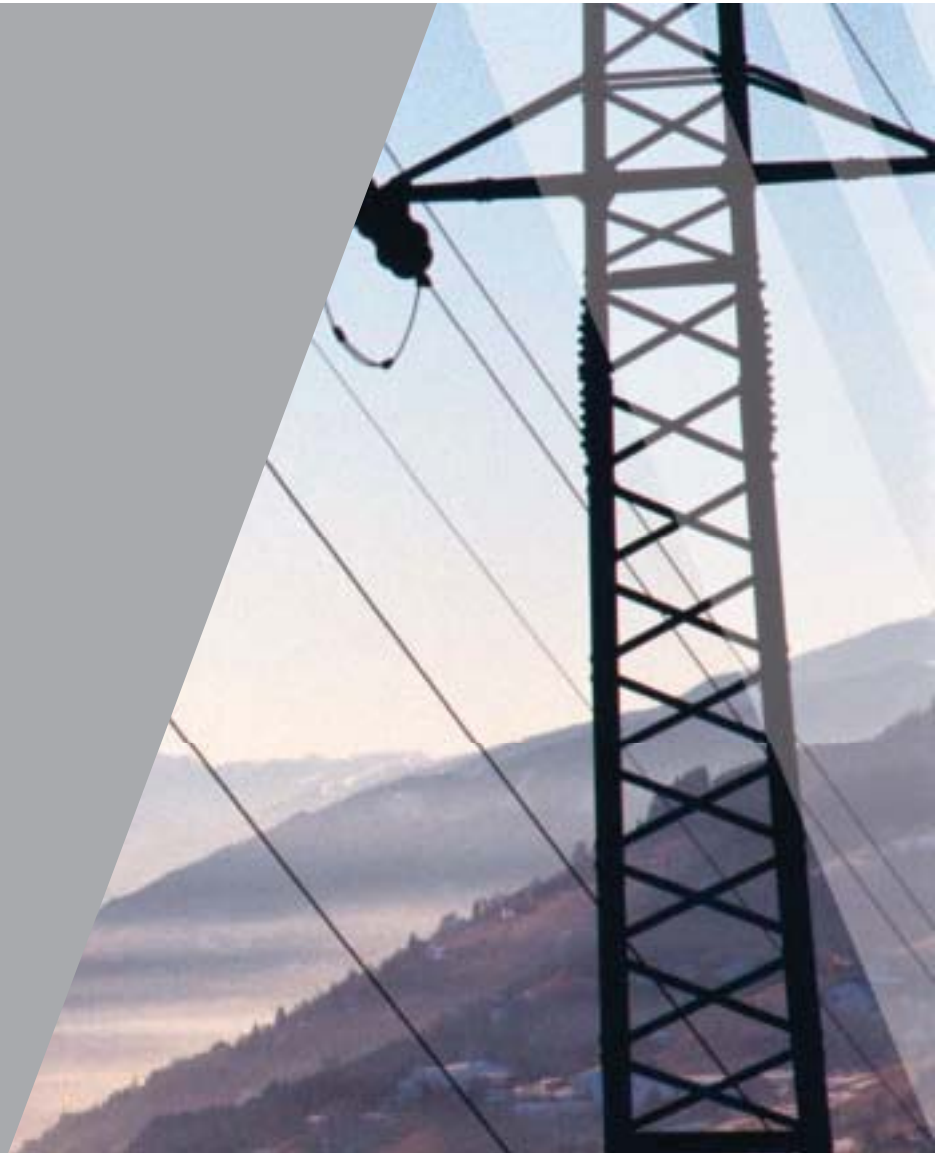
### Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended December 31, 2010

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of September 30, 2010	Loss Development and Accretion of Discount for 4Q-10 <sup>1</sup>	Less: Paid Losses 4Q-10	Expected Loss to be Paid as of December 31, 2010	Total Net Par Outstanding for BIG Transactions as of December 31, 2010 <sup>2</sup>
U.S. RMBS					
First lien:					
Prime first lien	\$ -	\$ -	\$ -	\$ -	\$ -
Alt-A first lien	150.4	11.3	16.7	145.0	1,285.0
Alt-A option ARMs	489.7	47.1	76.9	459.9	1,936.9
Subprime first lien	150.6	36.6	7.2	180.0	2,284.7
Total first lien	790.7	95.0	100.8	784.9	5,506.6
Second lien:					
Closed end seconds	141.4	(40.4)	8.9	92.1	877.1
HELOC	(425.5)	(143.9)	51.6	(621.0)	3,027.4
Total second lien	(284.1)	(184.3)	60.5	(528.9)	3,904.5
Total U.S. RMBS	506.6	(89.3)	161.3	256.0	9,411.1
TruPS	-	-	-	-	-
Other structured finance	58.5	(0.9)	-	57.6	632.3
Public finance	12.6	(0.5)	2.7	9.4	2,157.7
<b>Total</b>	<b>\$ 577.7</b>	<b>\$ (90.7)</b>	<b>\$ 164.0</b>	<b>\$ 323.0</b>	<b>\$ 12,201.1</b>

1. Includes the effect of changes in the Company's estimate of future recovery on representations and warranties ("R&W").

2. Includes net interest margin.

**Assured Guaranty Corp.  
Financial Information**



# AGC Consolidated Statements of Operations



(\$ in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Net earned premiums	\$ 24.4	\$ 30.9	\$ 106.7	\$ 138.7
Net investment income	24.9	18.3	88.1	76.6
Net realized investment gains (losses)	0.1	(3.2)	2.4	3.0
Net change in fair value of credit derivatives:				
Credit derivative revenues	23.8	21.5	86.6	88.9
Losses incurred on credit derivatives	(71.6)	(61.4)	(144.7)	(230.6)
Net unrealized gains (losses), excluding losses incurred	(89.1)	(90.5)	(19.4)	(254.4)
Net change in fair value of credit derivatives	(136.9)	(130.4)	(77.5)	(396.1)
Fair value gains (losses) on committed capital securities	2.0	(4.9)	7.1	(47.1)
Net change in financial guaranty variable interest entities	(16.2)	-	11.2	-
Other income	(0.5)	0.8	(4.8)	5.4
<b>Total revenues</b>	<b>(102.2)</b>	<b>(88.5)</b>	<b>133.2</b>	<b>(219.5)</b>
<b>Expenses:</b>				
Loss and loss adjustment expenses	55.0	47.4	111.2	193.0
Amortization of deferred acquisition costs	6.3	3.8	16.2	6.7
Interest expense	3.7	0.5	15.0	0.5
Goodwill impairment	-	-	-	85.4
Other operating expenses	18.6	19.9	84.1	86.8
<b>Total expenses</b>	<b>83.6</b>	<b>71.6</b>	<b>226.5</b>	<b>372.4</b>
<b>Income (loss) before income taxes</b>	<b>(185.8)</b>	<b>(160.1)</b>	<b>(93.3)</b>	<b>(591.9)</b>
Provision (benefit) for income taxes	(68.6)	(59.0)	(45.4)	(185.3)
<b>Net income (loss)</b>	<b>\$ (117.2)</b>	<b>\$ (101.1)</b>	<b>\$ (47.9)</b>	<b>\$ (406.6)</b>
Less after-tax adjustments:				
Realized gains (losses) on investments	0.1	(2.1)	1.6	1.9
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(57.9)	(58.8)	(12.6)	(165.3)
Fair value gains (losses) on committed capital securities	1.3	(3.2)	4.6	(30.6)
Foreign exchange gains (losses) on revaluation of premiums receivable	(0.5)	0.4	(2.4)	2.8
Effect of consolidating financial guaranty VIEs <sup>1</sup>	(7.4)	-	9.9	-
Goodwill impairment	-	-	-	(85.4)
<b>Operating income (loss)</b>	<b>\$ (52.8)</b>	<b>\$ (37.4)</b>	<b>\$ (49.0)</b>	<b>\$ (130.0)</b>
<b>Effect of refundings and accelerations, net</b>				
Earned premiums from refundings and accelerations, net	\$ 0.2	\$ 6.4	\$ 4.3	\$ 53.8
Operating income effect	-	2.5	2.1	34.0

1. 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.

Note: Please refer to the appendix for an explanation of the non-GAAP financial measures.

# AGC Consolidated Balance Sheets



(\$ in millions)

	As of	
	December 31, 2010	December 31, 2009
<b>Assets:</b>		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 2,488.9	\$ 2,045.2
Short-term investments, at fair value	235.7	802.6
Other invested assets	12.5	-
<b>Total investment portfolio</b>	<b>2,737.1</b>	<b>2,847.8</b>
Cash	16.6	2.5
Premiums receivable, net of ceding commissions payable	269.6	351.4
Ceded unearned premium reserve	388.6	435.3
Deferred acquisition costs	57.9	45.2
Reinsurance recoverable on unpaid losses	68.1	50.7
Salvage and subrogation recoverable	184.0	169.9
Credit derivative assets	399.5	252.0
Deferred tax asset, net	342.6	241.8
Current income tax receivable	38.3	60.1
Financial guaranty VIE assets <sup>1</sup> , at fair value	966.0	-
Other assets	74.6	43.1
<b>Total assets</b>	<b>\$ 5,542.9</b>	<b>\$ 4,499.8</b>
<b>Liabilities and shareholder's equity:</b>		
<b>Liabilities:</b>		
Unearned premium reserve	\$ 1,323.1	\$ 1,451.6
Loss and loss adjustment expense reserve	231.1	191.2
Reinsurance balances payable, net	121.6	166.0
Note payable to affiliate	300.0	300.0
Credit derivative liabilities	1,360.4	1,076.7
Financial guaranty VIE liabilities with recourse <sup>1</sup> , at fair value	523.5	-
Financial guaranty VIE liabilities without recourse <sup>1</sup> , at fair value	495.7	-
Other liabilities	113.4	88.1
<b>Total liabilities</b>	<b>4,468.8</b>	<b>3,273.6</b>
<b>Shareholder's equity:</b>		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,037.1	1,037.1
Retained earnings <sup>1</sup>	15.9	153.7
Accumulated other comprehensive income	6.1	20.4
<b>Total shareholder's equity</b>	<b>1,074.1</b>	<b>1,226.2</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 5,542.9</b>	<b>\$ 4,499.8</b>

1. 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.

# AGC Reconciliation of PVP to Gross Written Premiums (“GWP”)



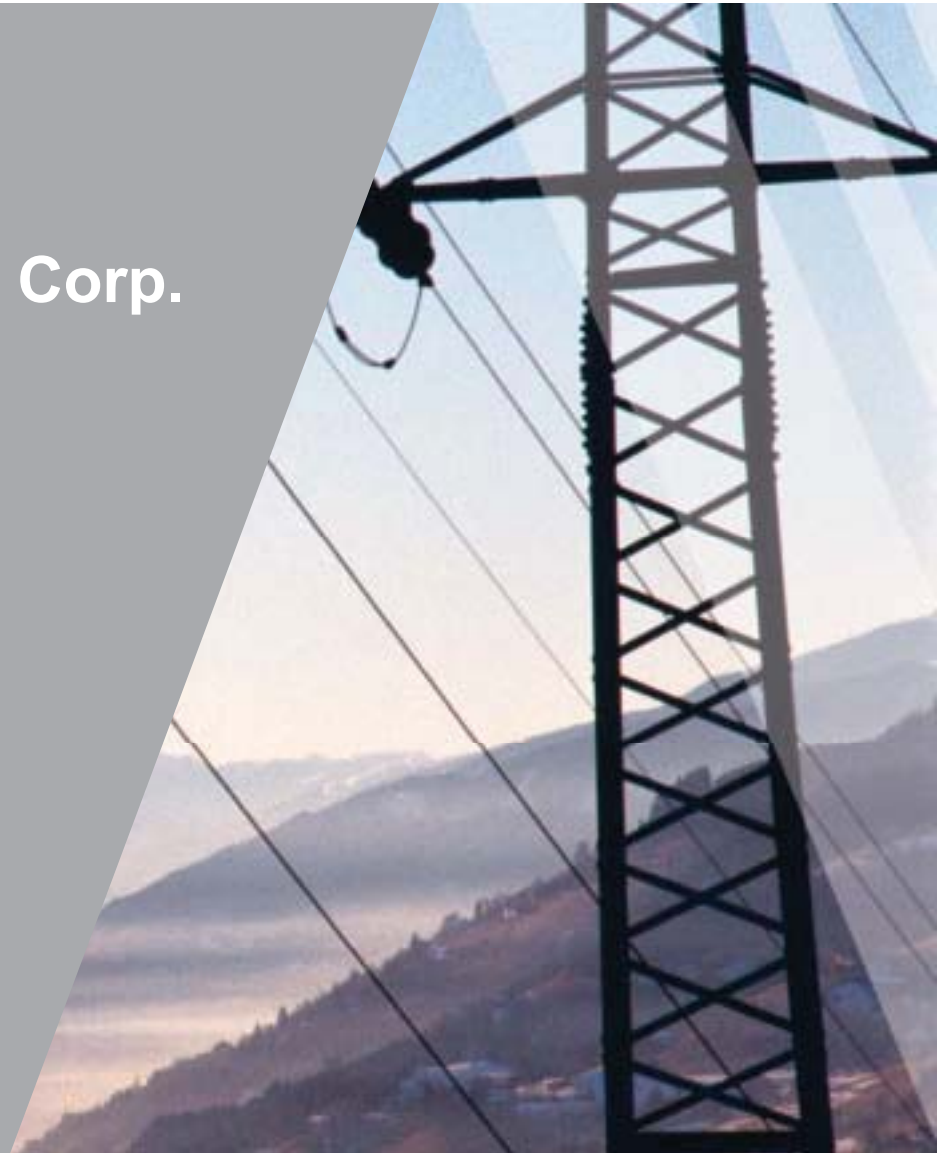
(\$ in millions)

	Three Month Ended		Year Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
<b>Consolidated new business production analysis:</b>				
Present value of new business production ("PVP")				
Public finance - U.S.				
Primary markets	\$ 6.2	\$ 82.2	\$ 36.3	\$ 527.2
Secondary markets	-	13.9	10.1	56.1
Public finance - non-U.S.				
Primary markets	-	-	-	1.6
Secondary markets	-	-	0.7	0.2
Structured finance - U.S.	15.8	4.7	27.0	21.3
Structured finance - non-U.S.	-	-	-	-
Total PVP	22.0	100.8	74.1	606.4
Less: PVP of credit derivatives	-	-	-	2.4
PVP of financial guaranty insurance	22.0	100.8	74.1	604.0
Less: Financial guaranty installment premium PVP	16.1	18.8	28.1	52.1
Total: Financial guaranty upfront gross written premiums ("GWP")	5.9	82.0	46.0	551.9
Plus: Financial guaranty installment adjustment <sup>1</sup>	(48.3)	(10.8)	(25.9)	25.0
Total financial guaranty GWP	(42.4)	71.2	20.1	576.9
Plus: Other segment GWP	-	-	-	-
<b>Total GWP</b>	<b>\$ (42.4)</b>	<b>\$ 71.2</b>	<b>\$ 20.1</b>	<b>\$ 576.9</b>

1. Represents present value of new business on installment policies plus GWP adjustment on existing installment deals due to changes in assumptions.

Note: Please refer to the appendix for an explanation of the non-GAAP financial measures.

**Assured Guaranty Municipal Corp.  
(formerly Financial Security  
Assurance Inc.)  
Financial Information**



# Summary of Impact of GAAP Acquisition Accounting on AGM Financial Statements



- **AGM was purchased by Assured Guaranty US Holdings Inc., a subsidiary of Assured Guaranty Ltd., on July 1, 2009. These financial statements present financial information since its acquisition. On July 1, 2009, the acquisition method of accounting was applied and pushed down to AGM, which affects comparability of financial results for periods before and after the acquisition.**
- **Under GAAP, acquisition accounting requires that the Company record on the balance sheet the identifiable assets acquired and liabilities assumed at fair value on the acquisition date, including fair value of each AGM financial guaranty contract.**
- **The carrying value recorded on July 1, 2009 takes into account the total fair value of each financial guaranty contract, including expected losses, on a contract by contract basis.**
- **No loss reserve may be established for a given financial guaranty transaction until its expected losses exceed its UPR. AGM's UPR exceeded its expected losses on the acquisition date.**
- **As of July 1, 2009, all AGM expected losses relating to financial guaranty insurance contracts were a component of the UPR, which reflects the acquisition accounting fair value adjustments. For credit derivatives, the fair value recorded in the financial statements takes into account all expected credit impairment estimates.**
- **The expected losses on financial guaranty insurance contracts will be recognized in the income statement line "loss and LAE" in future periods as the UPR amortizes.**

# AGM Consolidated Statements of Operations



(\$ in millions)

	Three Months Ended December 31,		Year Ended December 31,	Six Months Ended December 31,
	2010	2009	2010	2009
<b>Revenues:</b>				
Net earned premiums	\$ 217.4	\$ 294.9	\$ 907.8	\$ 575.4
Net investment income	50.2	47.1	196.0	92.0
Net realized investment gains (losses)	(1.7)	0.8	(12.0)	1.3
Net change in fair value of credit derivatives:				
Credit derivative revenues	23.3	27.8	100.4	56.6
Losses incurred on credit derivatives	(3.3)	19.7	(24.6)	47.0
Net unrealized gains (losses), excluding losses incurred	27.0	260.2	(24.7)	183.3
Net change in fair value of credit derivatives	47.0	307.7	51.1	286.9
Fair value gains (losses) on committed capital securities	1.4	(24.0)	2.1	(75.8)
Net change in financial guaranty VIEs	(360.0)	4.1	(194.3)	(1.2)
Other income	36.9	0.9	58.4	35.2
<b>Total revenues</b>	<b>(8.8)</b>	<b>631.5</b>	<b>1,009.1</b>	<b>913.8</b>
<b>Expenses:</b>				
Loss and loss adjustment expenses	18.9	50.9	191.5	51.8
Amortization of deferred acquisition costs	(2.8)	(0.5)	(8.7)	(0.5)
Interest expense	1.5	2.1	6.7	4.4
Gain on bargain purchase	-	-	-	(232.6)
Other operating expenses	20.9	31.6	82.8	107.5
<b>Total expenses</b>	<b>38.5</b>	<b>84.1</b>	<b>272.3</b>	<b>(69.4)</b>
<b>Income (loss) before income taxes</b>	<b>(47.3)</b>	<b>547.4</b>	<b>736.8</b>	<b>983.2</b>
Provision (benefit) for income taxes	(25.5)	179.8	151.2	241.0
<b>Net income (loss)</b>	<b>(21.8)</b>	<b>367.6</b>	<b>585.6</b>	<b>742.2</b>
Less: Noncontrolling interest of VIEs	-	4.1	-	(1.2)
<b>Net income attributable to Assured Guaranty Municipal Corp.</b>	<b>\$ (21.8)</b>	<b>\$ 363.5</b>	<b>\$ 585.6</b>	<b>\$ 743.4</b>
Less after-tax adjustments:				
Realized gains (losses) on investments	(1.1)	0.5	(7.8)	0.8
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	17.5	169.2	(10.6)	119.2
Fair value gains (losses) on committed capital securities	0.9	(15.6)	1.3	(49.3)
Foreign exchange gains (losses) on revaluation of premiums receivable	(0.2)	1.0	(5.5)	4.5
Effect of consolidating financial guaranty VIEs <sup>1</sup>	(230.7)	-	(115.1)	-
Gain on bargain purchase	-	-	-	232.6
<b>Operating income</b>	<b>\$ 191.8</b>	<b>\$ 208.4</b>	<b>\$ 723.3</b>	<b>\$ 435.6</b>
<b>Effect of refundings and accelerations, net</b>				
Earned premiums from refundings and accelerations, net	\$ 30.5	\$ 36.5	\$ 67.1	\$ 48.0
Operating income effect	19.9	23.7	43.7	31.2

1. 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.

Note: Please refer to appendix for explanation of non-GAAP financial measures.

# AGM Consolidated Balance Sheets



(\$ in millions)

	As of	
	December 31, 2010	December 31, 2009
<b>Assets:</b>		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 4,678.7	\$ 5,183.6
Short-term investments, at fair value	588.7	542.0
Other invested assets	133.7	156.1
<b>Total investment portfolio</b>	<b>5,401.1</b>	<b>5,881.7</b>
Note receivable from affiliate	300.0	300.0
Cash	43.7	23.6
Premiums receivable	729.2	787.4
Ceded unearned premium reserve	1,494.4	1,537.1
Reinsurance recoverable on unpaid losses	24.6	13.7
Salvage and subrogation recoverable	846.1	248.1
Credit derivative assets	181.8	227.0
Deferred tax asset, net	956.4	972.4
Financial guaranty VIE assets <sup>1</sup> , at fair value	3,368.4	762.3
Other assets	57.9	137.4
<b>Total assets</b>	<b>\$ 13,403.6</b>	<b>\$ 10,890.7</b>
<b>Liabilities and shareholder's equity:</b>		
<b>Liabilities:</b>		
Unearned premium reserve	\$ 5,321.3	\$ 6,468.3
Loss and loss adjustment expense reserve	243.0	55.3
Reinsurance balances payable, net	410.2	259.0
Notes payable	127.0	149.1
Credit derivative liabilities	592.8	625.8
Current income tax payable	183.6	245.3
Financial guaranty VIE liabilities with recourse <sup>1</sup> , at fair value	2,403.5	762.7
Financial guaranty VIE liabilities without recourse <sup>1</sup> , at fair value	1,518.4	-
Other liabilities	221.5	251.1
<b>Total liabilities</b>	<b>11,021.3</b>	<b>8,816.6</b>
<b>Shareholder's equity:</b>		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,191.8	1,241.8
Retained earnings <sup>1</sup>	1,162.3	743.4
Accumulated other comprehensive income	13.2	74.3
<b>Total shareholder's equity attributable to Assured Guaranty Municipal Corp.</b>	<b>2,382.3</b>	<b>2,074.5</b>
Noncontrolling interest of financial guaranty VIEs <sup>1</sup>	-	(0.4)
<b>Total shareholder's equity</b>	<b>2,382.3</b>	<b>2,074.1</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 13,403.6</b>	<b>\$ 10,890.7</b>

1. 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.

# AGM Reconciliations of PVP to Gross Written Premiums



(\$ in millions)

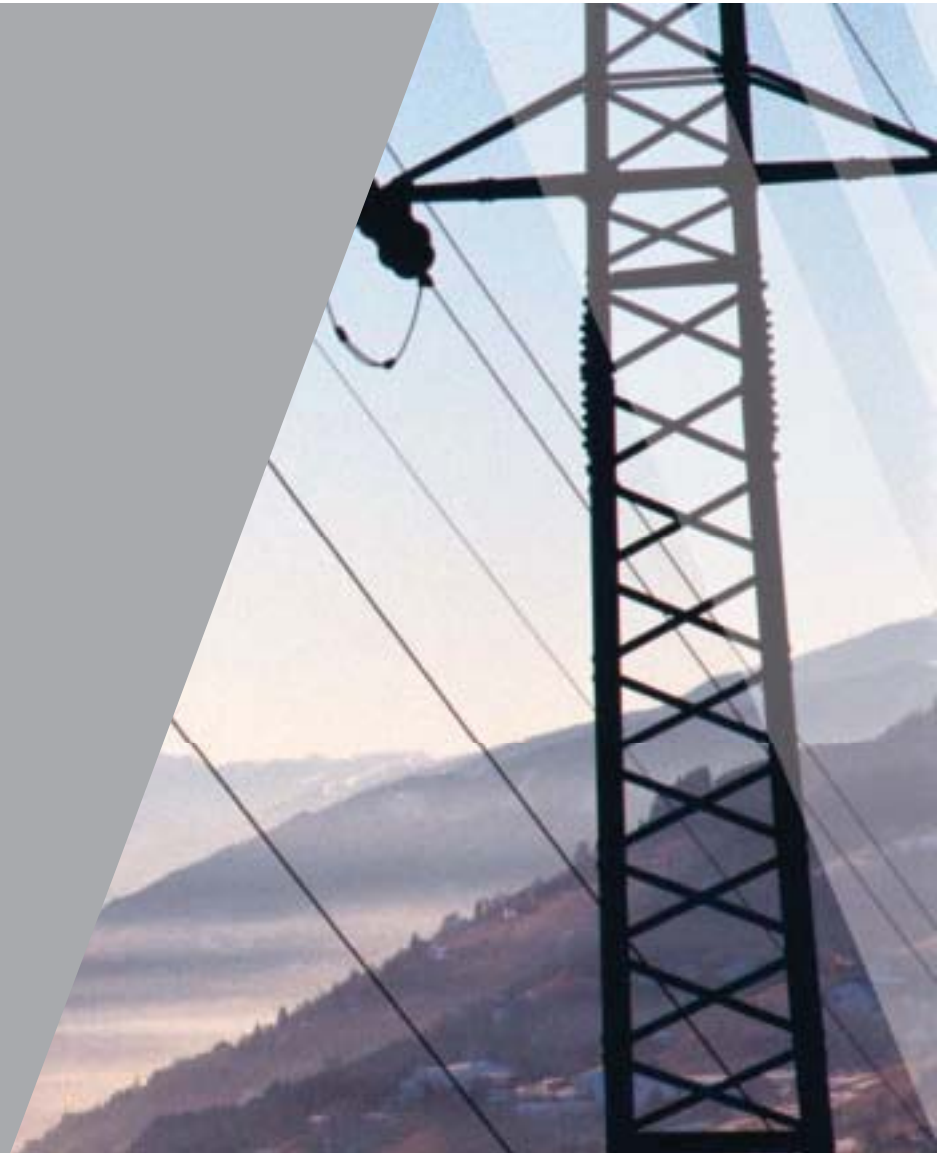
	Three Months Ended		Year Ended		Six Months Ended	
	December 31,		December 31,		December 31,	
	2010	2009	2010	2009	2010	2009
<b>Consolidated new business production analysis:</b>						
Present value of new business production ("PVP")						
Public finance - U.S.						
Primary markets	\$ 71.5	\$ 17.3	\$ 249.2	\$ 29.9	\$ 29.9	\$ 29.9
Secondary markets	10.1	0.6	32.4	1.0	1.0	1.0
Public finance - non-U.S.						
Primary markets	-	-	-	-	-	-
Secondary markets	-	-	-	-	-	-
Structured finance - U.S. <sup>1</sup>	0.6	1.5	3.2	1.9	1.9	1.9
Structured finance - non-U.S. <sup>1</sup>	0.9	0.1	3.7	1.0	1.0	1.0
Total PVP	<u>83.1</u>	<u>19.5</u>	<u>288.5</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>
Less: PVP of credit derivatives	-	-	-	-	-	-
PVP of financial guaranty insurance	<u>83.1</u>	<u>19.5</u>	<u>288.5</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>
Less: Financial guaranty installment premium PVP	<u>1.6</u>	<u>(21.7)</u>	<u>6.2</u>	<u>(17.3)</u>	<u>(17.3)</u>	<u>(17.3)</u>
Total: Financial guaranty upfront gross written premiums ("GWP")	81.5	41.2	282.3	51.1	51.1	51.1
Plus: Financial guaranty installment adjustment <sup>2</sup>	10.3	(36.0)	30.4	(45.2)	(45.2)	(45.2)
<b>Total GWP</b>	<b><u>\$ 91.8</u></b>	<b><u>\$ 5.2</u></b>	<b><u>\$ 312.7</u></b>	<b><u>\$ 5.9</u></b>	<b><u>\$ 5.9</u></b>	<b><u>\$ 5.9</u></b>

1. These policies represent existing policies that have additional premium and have no par outstanding.

2. Represents present value of new business on installment policies plus GWP adjustment on existing installment deals due to changes in assumptions.

Note: Please refer to appendix for explanation of non-GAAP financial measures.

**Assured Guaranty Ltd.  
Financial Information**



# Assured Guaranty Ltd. Consolidated Statements of Operations



(\$ in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Net earned premiums	\$ 286.3	\$ 373.3	\$ 1,186.7	\$ 930.4
Net investment income	93.9	87.6	354.7	259.2
Net realized investment gains (losses)	(0.6)	(4.6)	(2.0)	(32.7)
Net change in fair value of credit derivatives:				
Credit derivative revenues	53.2	55.5	210.3	170.2
Losses incurred on credit derivatives	(89.5)	(60.3)	(209.4)	(238.7)
Net unrealized gains (losses), excluding losses incurred	(87.8)	143.1	(5.2)	(105.7)
Net change in fair value of credit derivatives	(124.1)	138.3	(4.3)	(174.2)
Fair value gains (losses) on committed capital securities	3.4	(28.9)	9.2	(122.9)
Net change in financial guaranty VIEs	(376.2)	4.1	(183.1)	(1.2)
Other income	32.7	0.1	40.1	58.5
<b>Total revenues</b>	<b>(84.6)</b>	<b>569.9</b>	<b>1,401.3</b>	<b>917.1</b>
<b>Expenses:</b>				
Loss and loss adjustment expenses	103.0	126.7	413.8	377.8
Amortization of deferred acquisition costs	11.0	12.6	34.1	53.9
Assured Guaranty Municipal Holdings Inc. ("AGMH") acquisition-related expenses	-	12.1	6.8	92.3
Interest expense	24.7	25.3	99.6	62.8
Goodwill and settlement of pre-existing relationship	-	-	-	23.3
Other operating expenses	49.3	51.0	211.5	174.1
<b>Total expenses</b>	<b>188.0</b>	<b>227.7</b>	<b>765.8</b>	<b>784.2</b>
<b>Income (loss) before income taxes</b>	<b>(272.6)</b>	<b>342.2</b>	<b>635.5</b>	<b>132.9</b>
Provision (benefit) for income taxes	(115.1)	121.4	86.6	36.9
<b>Net income (loss)</b>	<b>(157.5)</b>	<b>220.8</b>	<b>548.9</b>	<b>96.0</b>
Less: Noncontrolling interest of VIEs	-	4.1	-	(1.2)
<b>Net income (loss) attributable to Assured Guaranty Ltd.</b>	<b>\$ (157.5)</b>	<b>\$ 216.7</b>	<b>\$ 548.9</b>	<b>\$ 97.2</b>
Less after-tax adjustments:				
Realized gains (losses) on investments	(0.1)	(4.0)	1.0	(34.2)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(67.5)	83.6	11.3	(82.2)
Fair value gains (losses) on committed capital securities	2.2	(18.8)	6.0	(79.9)
Foreign exchange gains (losses) on revaluation of premiums receivable	(6.9)	(0.5)	(24.5)	23.4
Effect of consolidating financial guaranty VIEs <sup>1</sup>	(238.1)	-	(105.2)	-
Goodwill and settlement of pre-existing relationship	-	-	-	(23.3)
<b>Operating income</b>	<b>\$ 152.9</b>	<b>\$ 156.4</b>	<b>\$ 660.3</b>	<b>\$ 293.4</b>

1. 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.

Note: Please refer to the appendix for an explanation of the non-GAAP financial measures.

# Assured Guaranty Ltd. Consolidated Balance Sheets



(\$ in millions)

	As of :	
	December 31, 2010	December 31, 2009
<b>Assets:</b>		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 9,415.3	\$ 9,139.9
Short-term investments, at fair value	1,031.6	1,668.3
Other invested assets	283.0	160.2
<b>Total investment portfolio</b>	<b>10,729.9</b>	<b>10,968.4</b>
Cash	107.2	44.1
Premiums receivable, net of ceding commissions payable	1,167.6	1,418.2
Ceded unearned premium reserve	821.8	1,080.5
Deferred acquisition costs	239.8	242.0
Reinsurance recoverable on unpaid losses	22.3	14.1
Salvage and subrogation recoverable	1,032.4	420.3
Credit derivative assets	592.9	492.5
Deferred tax asset, net	1,224.0	1,158.2
Financial guaranty VIE assets <sup>1</sup> , at fair value	4,334.4	762.3
Other assets	199.2	202.1
<b>Total assets</b>	<b>\$ 20,471.5</b>	<b>\$ 16,802.7</b>
<b>Liabilities and shareholders' equity:</b>		
<b>Liabilities:</b>		
Unearned premium reserve	\$ 6,972.9	\$ 8,400.2
Loss and loss adjustment expense reserve	563.0	289.5
Reinsurance balances payable, net	274.4	215.2
Long-term debt	1,052.9	1,066.5
Credit derivative liabilities	2,465.5	2,034.6
Current income tax payable	93.0	154.5
Financial guaranty VIE liabilities with recourse <sup>1</sup> , at fair value	2,927.0	762.7
Financial guaranty VIE liabilities without recourse <sup>1</sup> , at fair value	2,014.1	-
Other liabilities	309.9	359.4
<b>Total liabilities</b>	<b>16,672.7</b>	<b>13,282.6</b>
<b>Shareholders' equity:</b>		
Common stock	1.8	1.8
Additional paid-in capital	2,585.4	2,585.0
Retained earnings <sup>1</sup>	1,098.9	789.9
Accumulated other comprehensive income	110.7	141.8
Deferred equity compensation	2.0	2.0
<b>Total shareholders' equity attributable to Assured Guaranty Ltd.</b>	<b>3,798.8</b>	<b>3,520.5</b>
Noncontrolling interest of financial guaranty VIEs <sup>1</sup>	-	(0.4)
<b>Total shareholders' equity</b>	<b>3,798.8</b>	<b>3,520.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 20,471.5</b>	<b>\$ 16,802.7</b>

1. 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.

# Assured Guaranty Ltd.

## Reconciliation of PVP to Gross Written Premiums

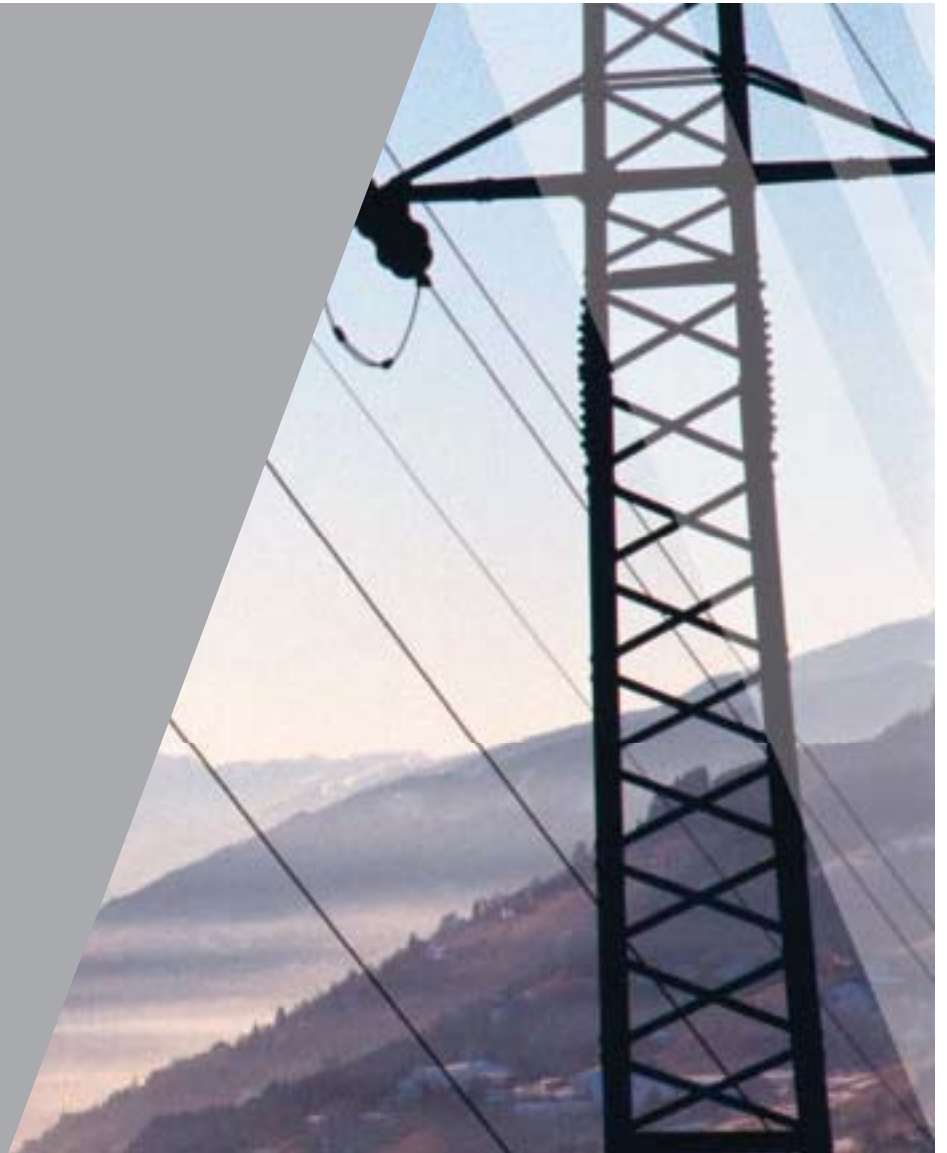


(\$ in millions)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
<b>Consolidated new business production analysis:</b>				
Present value of new business production ("PVP")				
Public finance - U.S.:				
Primary markets	\$ 77.8	\$ 99.5	\$ 285.6	\$ 557.1
Secondary markets	10.1	14.5	42.5	57.1
Public finance - non-U.S.:				
Primary markets	-	-	-	1.6
Secondary markets	-	-	0.7	0.2
Structured finance - U.S.:	16.3	6.3	30.2	23.2
Structured finance - non-U.S.:	0.9	0.1	3.7	1.0
Total PVP	105.1	120.4	362.7	640.2
Less: PVP of credit derivatives	-	-	-	2.4
PVP of financial guaranty insurance	105.1	120.4	362.7	637.8
Less: Financial guaranty installment premium PVP	15.8	(2.9)	33.2	25.4
Total: Financial guaranty upfront gross written premiums ("GWP")	89.3	123.3	329.5	612.4
Plus: Financial guaranty installment adjustment <sup>1</sup>	(128.4)	(66.9)	(107.2)	(55.1)
Total financial guaranty GWP	(39.1)	56.4	222.3	557.3
Plus: Other segment GWP	-	-	-	(0.9)
<b>Total GWP</b>	<b>\$ (39.1)</b>	<b>\$ 56.4</b>	<b>\$ 222.3</b>	<b>\$ 556.4</b>

1. Represents present value of new business on installment policies plus GWP adjustment on existing installment deals due to changes in assumptions.  
 Note: Please refer to the appendix for an explanation of the non-GAAP financial measures.

**Appendix**



# Appendix: Explanation of Non-GAAP Financial Measures



This presentation references financial measures that are not in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Management uses these financial measures not in accordance with GAAP ("non-GAAP financial measures") and believes they assist investors and analysts in evaluating Assured Guaranty's financial results. These 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 in each company's respective Financial Information section. This presentation is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty, and with how Assured Guaranty's management and investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

**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.

**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 variable interest entities (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.

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## Fixed Income Investor Presentation Fourth Quarter 2010

