



Fixed Income Investor Presentation Fourth Quarter 2009



Revised 04.13.10

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.

Safe Harbor Disclosure



- Forward-looking statements are being made in this presentation that reflect the current views of Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or the “Company”) with respect to future events and financial performance. They are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from these statements. For example, Assured Guaranty’s forward-looking statements about the success of its putback efforts could be affected by the ability of Assured Guaranty to enforce its remedies, the willingness of sponsors and originators to provide loan file information, the extent to which sponsors and originators assert that representations and warranties have not in fact been breached and other factors identified in Assured Guaranty’s filings with the Securities and Exchange Commission (the “SEC”). In addition, Assured Guaranty’s forward-looking statements regarding, among other matters, its income statement expectations, its expectations regarding demand for financial guaranty insurance and reinsurance, its loss expectations and the timing of the runoff of its structured finance exposure, could be affected by:
 - rating agency action, including a ratings downgrade at any time of AGL or any of its subsidiaries and/or of transactions insured by such subsidiaries, both of which have occurred in the past;
 - developments in the world’s financial and capital markets that adversely affect issuers’ payment rates, Assured Guaranty’s loss experience, its ability to cede exposure to reinsurers, its access to capital, its unrealized (losses) gains on derivative financial instruments or its investment returns;
 - changes in the world’s 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 Assured Guaranty’s contracts written in credit default swap form;
 - reduction in the amount of reinsurance portfolio opportunities available to Assured Guaranty;
 - decreased demand or increased competition;
 - changes in applicable accounting policies or practices;
 - changes in applicable laws or regulations, including insurance and tax laws;
 - other governmental actions;
 - difficulties with the execution of Assured Guaranty’s business strategy;
 - contract cancellations;
 - Assured Guaranty’s dependence on customers;
 - loss of key personnel;
 - adverse technological developments;
 - the effects of mergers, acquisitions and divestitures;
 - natural or man-made catastrophes;
 - other risks and uncertainties that have not been identified at this time;
 - management’s response to these factors; and
 - other risk factors identified in AGL’s filings with the Securities and Exchange Commission.

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 April 8, 2010. Assured Guaranty does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

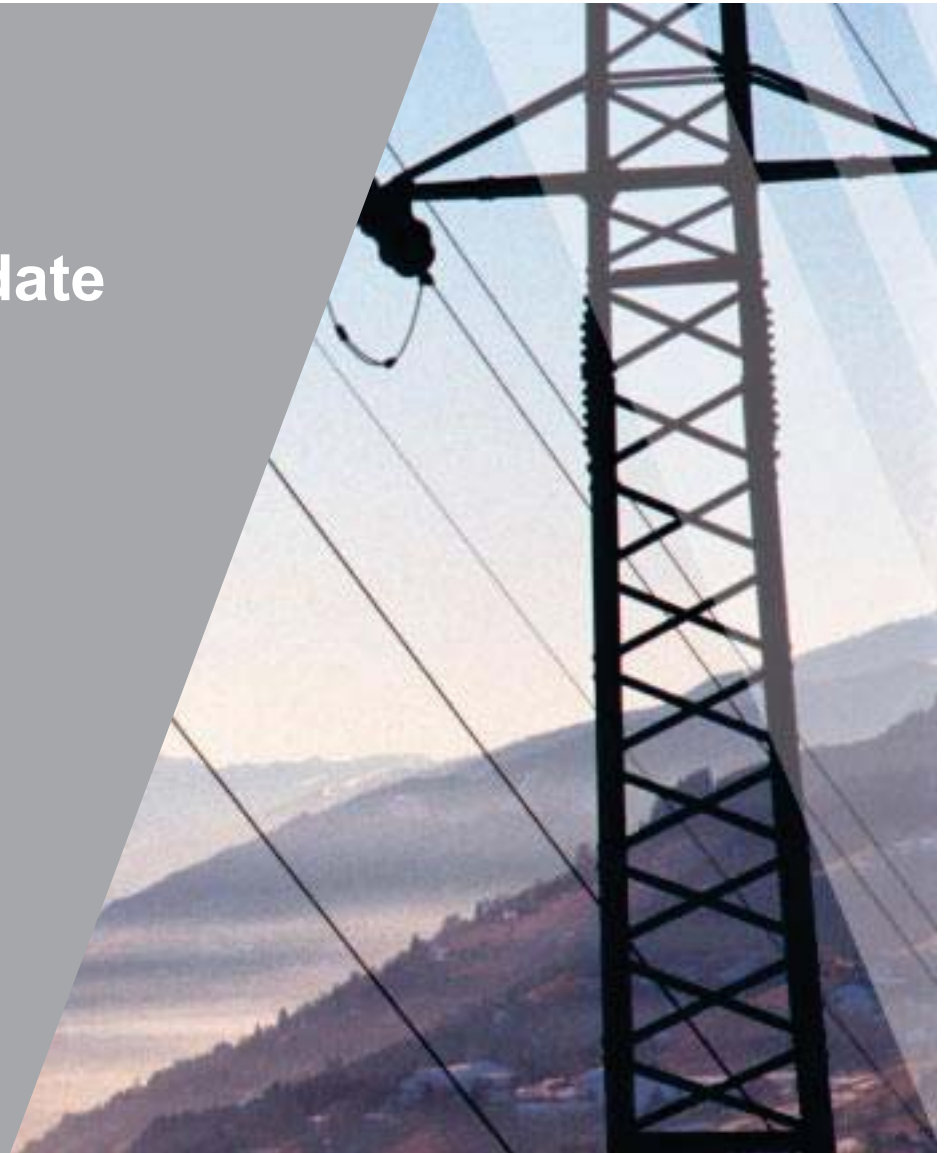
Conventions and Non-GAAP Financial Measures



- Unless otherwise noted, the following conventions are used in this presentation:
 - Ratings on our insured portfolio are based on Assured Guaranty's internal rating system, which is comparable to that used by the nationally recognized rating agencies.
 - The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured 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 benefits from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss, and such credit enhancement, in management's opinion, causes Assured 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") include present value of new business production ("PVP") and operating income. These 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 in each company's respective Financial Information section. 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.

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Corporate Overview and Update



- **Assured Guaranty is the world’s leading financial guaranty franchise**
 - We are the only long-standing financial guaranty company still 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
 - 20+ 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 \$10.8 billion as of December 31, 2009
 - Aggregate claims-paying resources of \$13.5 billion as of December 31, 2009

(\$ in billions)	Assured Guaranty Ltd. (12/31/09)
Net par insured	\$640.4
Total investment portfolio	\$10.8
Claims paying ability resources	\$13.5

1. Sources for competitors: operating supplements.
 2. As of September 30, 2009

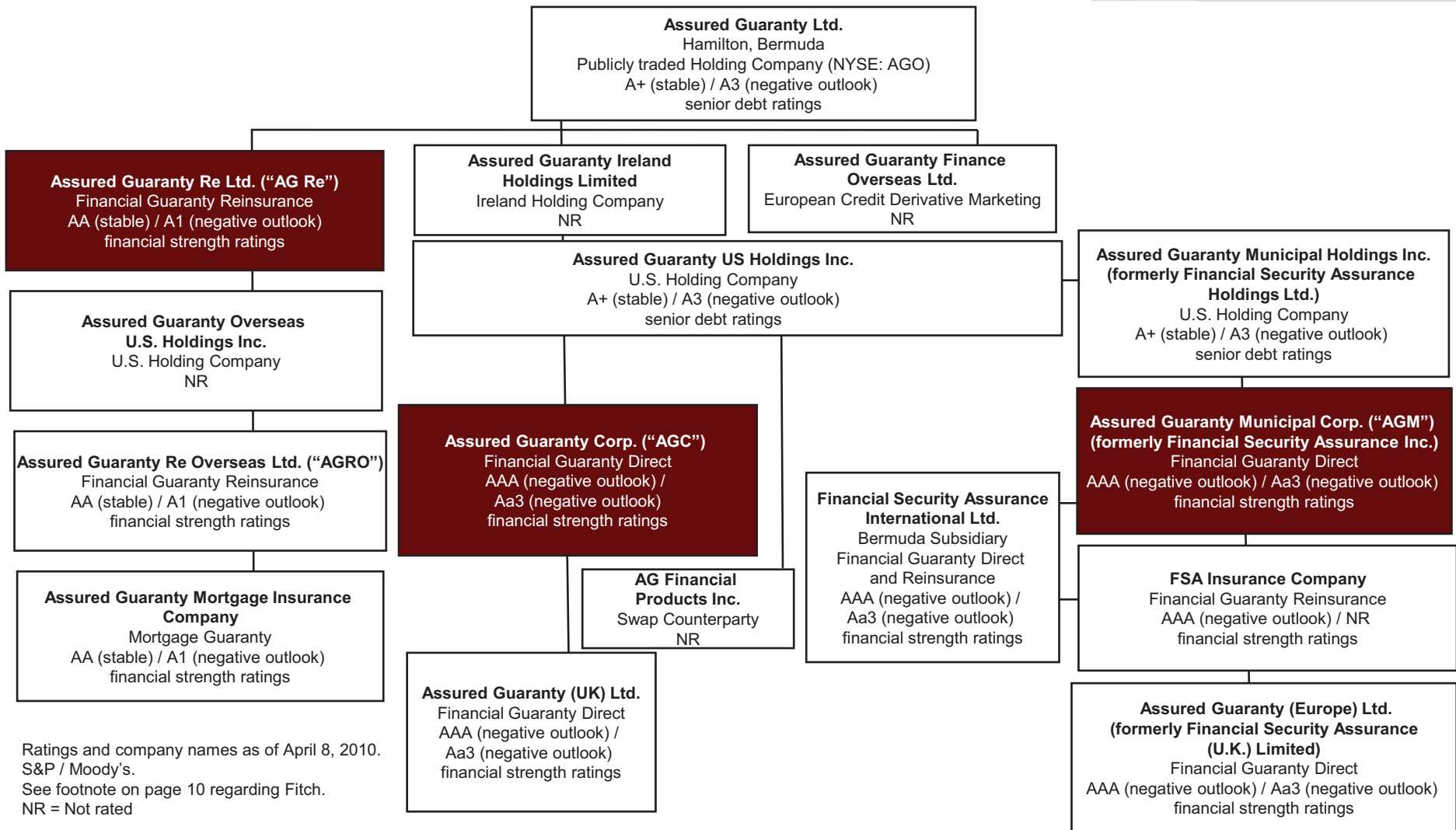
Assured Guaranty Ltd. Strategic Priorities



- **Exercise underwriting discipline**
 - Establish criteria with a goal of limiting credit losses
 - Stress-test our portfolio for adverse economic, financial and market environments
- **Expand our direct business through dual operating platforms**
 - Capitalize on well established franchise of each company
 - Operate through common infrastructure to maximize operating efficiencies
 - Market leader in new business production in 2008 and 2009
- **Utilize reinsurance platform to enhance market opportunities**
 - Sole reinsurance provider in market
 - Focus on facultative portfolio opportunities
 - Support direct platforms with excess capacity
- **Maintain the highest ratings possible for financial guaranty subsidiaries**
- **Deploy both soft and hard capital efficiently**
- **Pursue proactive loss mitigation strategies**

- **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,” renamed Assured Guaranty Municipal Holdings Inc. on March 25, 2010) from Dexia SA (“Dexia”).**
 - Assured Guaranty did not acquire FSAH’s Financial Products (“FP”) segment.
 - AGL and its subsidiaries are indemnified against exposure to the FP segment by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the guaranteed investment contract (“GIC”) portion of the FP segment.
- **AGL purchased FSAH for approximately \$822 million**
 - The consideration for the FSAH acquisition consisted of \$546 million in cash and 22.3 million AGL common shares
- **The purchase price was at a significant discount to FSAH’s June 30, 2009 shareholder’s equity.**
- **FSA, which was renamed Assured Guaranty Municipal Corp. (“AGM”) on November 9, 2009, focuses exclusively on the U.S. public finance and global infrastructure sectors.**
- **AGL has guaranteed \$730 million of the outstanding debt of FSAH.**

Assured Guaranty Ltd. Corporate Structure



Ratings and company names as of April 8, 2010.
S&P / Moody's.
See footnote on page 10 regarding Fitch.
NR = Not rated

Assured Guaranty's Operating Platforms



- **Assured Guaranty Corp. (“AGC”) and AGM operate as two separate direct financial guaranty platforms with Assured Guaranty Re (“AG Re”) as a reinsurer**
 - AGC will continue to insure U.S. public finance and global infrastructure and structured finance.
 - AGM, formerly FSA, will focus exclusively on U.S. public finance and global infrastructure.
 - AG Re, as a reinsurer, provides additional capital and flexibility to AGC and AGM. As a further business opportunity for Assured Guaranty, AG Re may guarantee credit default swaps (“CDS”) written directly by a Bermuda affiliate.
- **AGC and AGM are integrated for origination, 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

Operating Principles and Investor and Issuer Benefits



- Key operating principle: Maintain underwriting criteria that seek to limit credit losses
- Value proposition includes: Credit selection, underwriting, surveillance and remediation in addition to default protection
 - Bond insurance helps homogenize the market's view of insured credits, thereby increasing liquidity.
- Ratings¹: Committed to maintaining the highest ratings possible for financial guaranty subsidiaries, including AGC, AGM and AG Re
 - AGC is rated AAA (negative outlook) by S&P and Aa3 (negative outlook) by Moody's.
 - AGM is rated AAA (negative outlook) by S&P and Aa3 (negative outlook) by Moody's.
 - AG Re is rated AA (stable) by S&P and A1 (negative outlook) by Moody's.
- Disclosure and transparency: Committed to providing timely, detailed financial and exposure information to the market
- Investor benefits include: Portfolio management; insurer diversification; flexibility of selecting muni-only or combined company; for short-term 2a-7 investors, assistance with regulatory exposure limits (10% rule)
- Issuer benefits include: Two financially strong providers; one underwriting process with integrated infrastructure

1. Ratings as of April 8, 2010. On February 24, 2010, Fitch Ratings agreed to a request by Assured Guaranty to withdraw the Insurer Financial Strength (IFS) and debt ratings of AGC, AGM, Assured Guaranty Re Ltd. and other rated subsidiaries of Assured Guaranty at the current rating levels. Assured Guaranty made the request following Fitch Ratings' announcement that it is withdrawing its IFS ratings on all insured bonds for which it does not provide an underlying rating. Accordingly, Assured Guaranty believes Fitch's rating no longer provides the same value to investors. However, if Fitch's participation in the municipal bond market should expand significantly in the future, Assured Guaranty would consider renewing its relationship with Fitch.

Distinct for Legal and Regulatory Purposes



- Two separate platforms for the U.S. public finance market



- Companies distinct for legal and regulatory purposes
 - Separate insured credit exposures: net par – AGC \$130 billion, AGM \$394 billion*
 - Separate insurance licenses
 - Separate capital bases – Claims-paying resources: AGC \$3.9 billion, AGM \$7.2 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 FSAH annual debt service.
- For U.S. public finance transactions, bids out of two platforms
 - Offering market-based pricing to reflect the added value of platforms and pricing capacity accordingly

* Includes GICs issued by FSAH's former FP affiliates. 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.

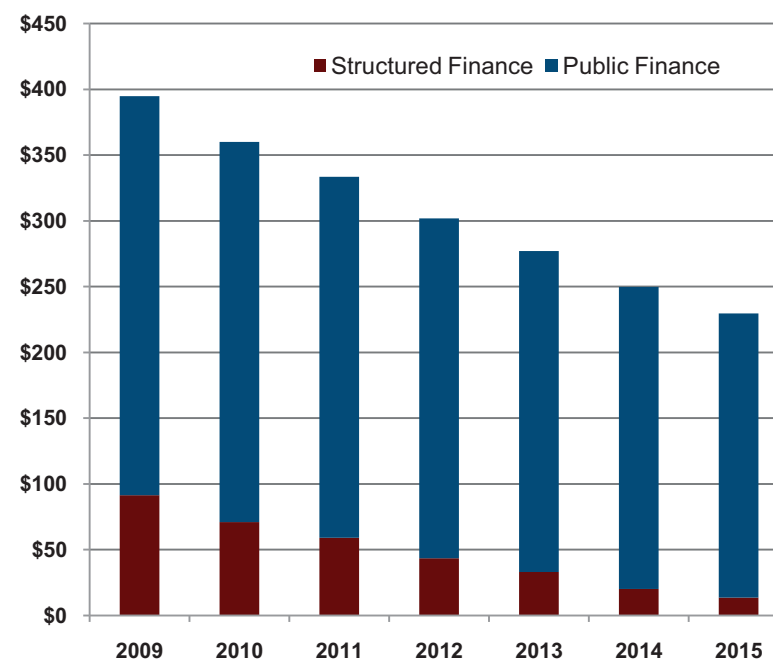
AGM's Commitment to the Public Finance Market



- **We are committed to writing only U.S. public finance and global infrastructure transactions in AGM now and for the future¹**
- **AGM's existing insured portfolio is expected to rapidly evolve toward its new public finance focus**
- **We expect AGM's legacy global structured finance insured portfolio (\$91 billion as of December 31, 2009) to run off rapidly – 22% by year-end 2010, 52% by year-end 2012, and 85% by year-end 2015.²**
- **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.**
 - \$10.3 billion in GICs expected to be reduced by 43% by year-end 2012 and by 65% by year-end 2015

AGM Net Par Outstanding Amortization

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

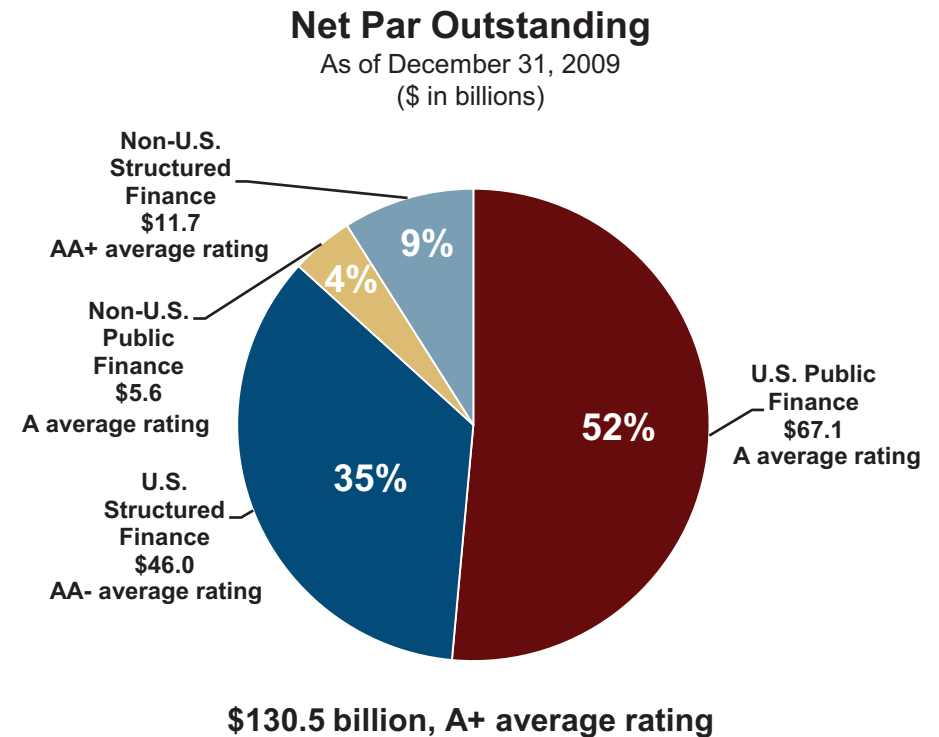


1. AGM stopped writing structured finance transactions in August 2008.
2. Based on net par outstanding at December 31, 2009.

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:**
 - 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 further notice
 - Conservative limits
 - High attachment points
 - Less complex structures



AG Re's Operating Structure



- **AG Re is a diversified financial reinsurer with the ability to participate in financial insurance**
- **Reinsurance for AGC and AGM**
- **Portfolio opportunities with existing legacy monolines**
- **Opportunities with potential new primary financial guarantors**
- **Exploring opportunity to guarantee CDS written directly by a Bermuda affiliate**

Three Discrete Operating Companies with Separate Capital Bases



(\$ in millions)

Claims-Paying Resources (Statutory Basis)

As of December 31, 2009

	AGC	AGM	AG Re ¹	Consolidated ⁴
Policyholders' surplus	\$ 1,224	\$ 909	\$ 1,190	\$ 3,023
Contingency reserve	556	1,323	-	1,879
Qualified statutory capital	1,780	2,232	1,190	4,902
Unearned premium reserve ("UPR") ²	887	2,392	848	4,127
Loss and loss adjustment expense reserve	398	1,236	129	1,763
Total policyholders' surplus & reserves	3,065	5,860	2,167	10,792
Present value of installment premium	612	874	349	1,835
Standby line of credit/stop loss ³	200	498	200	898
Total claims-paying resources	\$ 3,877	\$ 7,232	\$ 2,716	\$ 13,525

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

2. Includes financial guaranty and credit derivatives.

3. For AGC, consists of committed capital securities. For AG Re, consists of standby line of credit facility. For AGM, consists of standby line of credit facility of \$298 million and money market preferred trust securities of \$200 million.

4. After intercompany eliminations. In 2009, AGC issued a \$300 million surplus note to AGM.

We Are Keenly Focused on Loss Mitigation



- **U.S. residential mortgage-backed securities (“RMBS”) performance has been poor; AGC and AGM together have paid approximately \$2.0 billion in claims on RMBS to date, largely for home equity line of credit (“HELOC”) and closed-end second (“CES”) transactions. As of December 31, 2009:**
 - Consolidated present value of future expected losses to be expensed for U.S. RMBS of \$1,176.3 million
 - Consolidated gross loss and loss adjustment expense (“LAE”) reserves of \$512.5 million
- **Our ability to reduce our losses on RMBS is focused on enforcing the breaches of representations and warranties (“R&Ws”) that the mortgage originators provided when the deals were originally done.**
 - Countrywide/Bank of America is the provider against which we have asserted the most R&W claims to date
- **Through December 2009, we had reviewed over:**
 - 18,800 files, representing \$1.5 billion in outstanding par of defaulted second lien loans
 - 4,236 files, representing \$1.7 billion in outstanding par of defaulted first lien loans
- **We continue to negotiate with the sellers and originators of the breaching loans, and as of December 31, 2009:**
 - Approximately \$147.1 million of second lien loans had been repurchased by the sellers/originators
 - Approximately \$27.1 million of first lien loans had been repurchased by the sellers/originators, although we have just begun to pursue putbacks on these types of loans

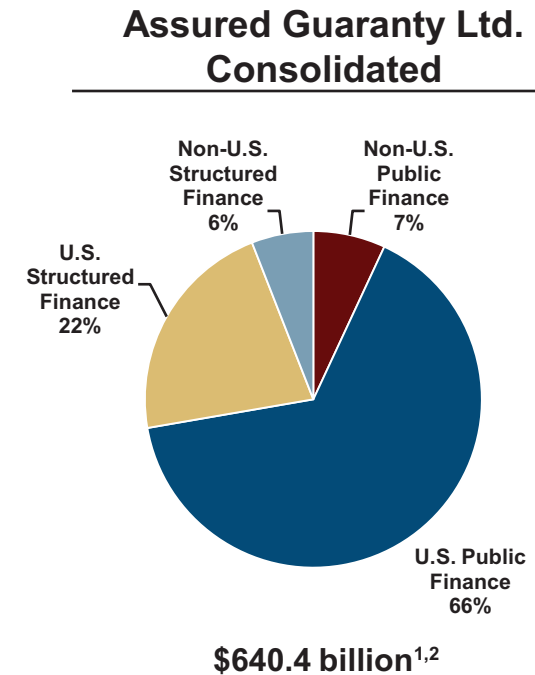
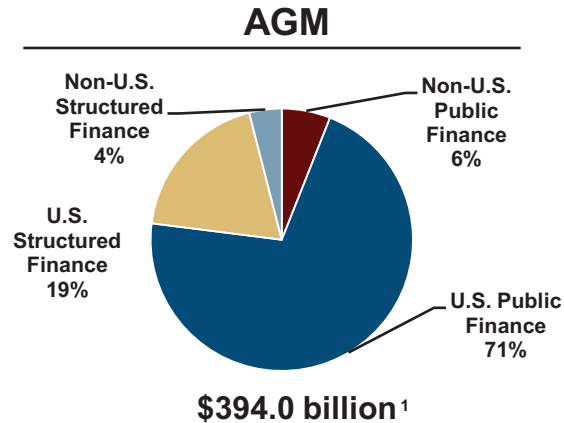
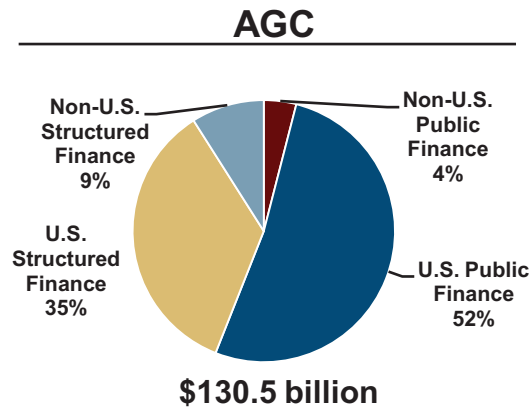
We Are Keenly Focused on Loss Mitigation (Cont.)



- **Our consolidated financial guaranty loss estimate includes estimated benefits from R&W repurchases of approximately \$905 million for second liens and \$268 million for first liens**
 - \$533 million is included in loss and LAE reserves
 - \$640 million is included in UPR
- **In estimating remediation recoveries under R&W claims, we only include claims against financially viable providers**
 - The Company's estimated benefit is based on future repurchases by nine different companies

Portfolio Diversification by Sector

Net Par Outstanding (as of December 31, 2009)



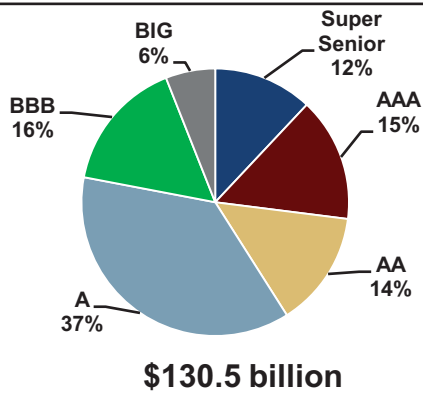
1. Includes \$10.3 billion in GICs issued by FSAH's former FP affiliates. However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to this business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.
2. Consolidated amounts include those of AG Re.

Portfolio Ratings

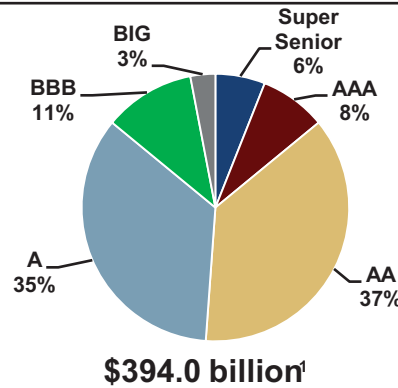
Net Par Outstanding (as of December 31, 2009)



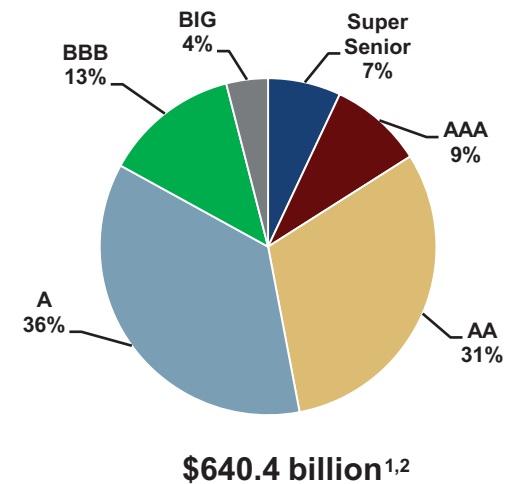
AGC



AGM



Assured Guaranty Ltd. Consolidated



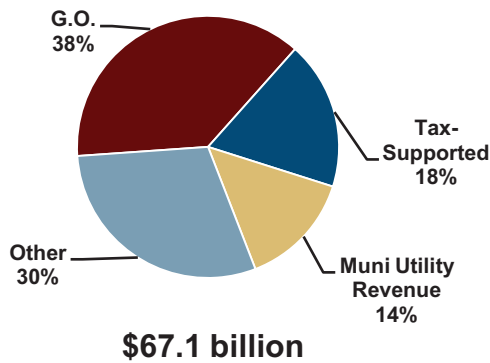
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2. Consolidated amounts include those of AG Re.

U.S. Public Finance Portfolios

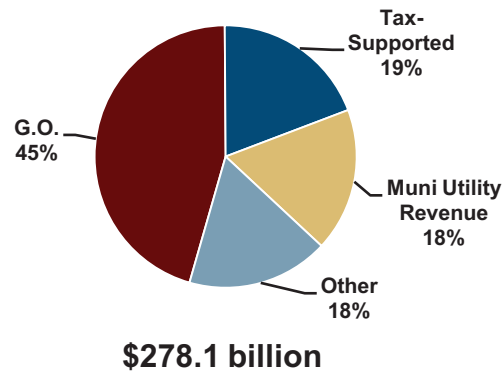
Net Par Outstanding (as of December 31, 2009)



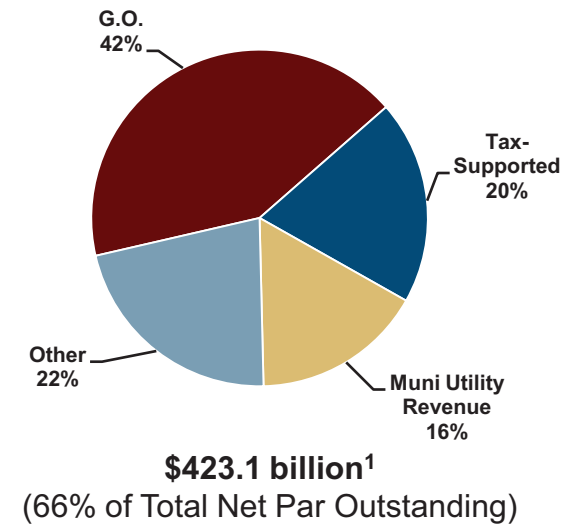
AGC



AGM



Assured Guaranty Ltd. Consolidated



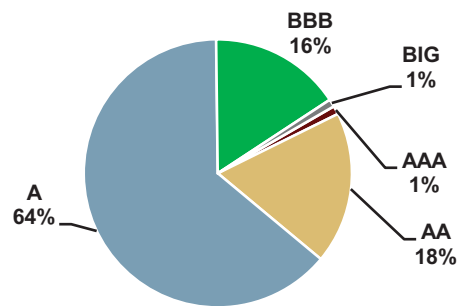
1. Consolidated amounts include those of AG Re.

Portfolio Ratings - U.S. Public Finance

Net Par Outstanding (as of December 31, 2009)

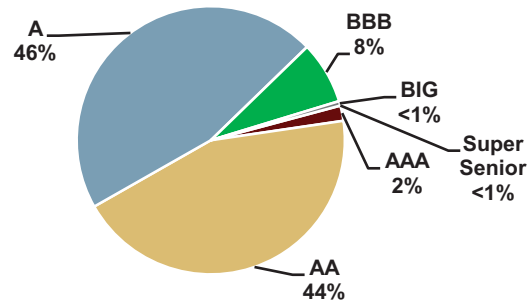


AGC



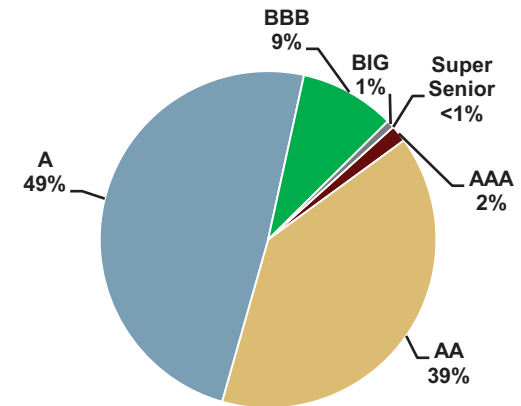
\$67.1 billion

AGM



\$278.1 billion

Assured Guaranty Ltd. Consolidated



\$423.1 billion¹
(66% of Total Net Par Outstanding)

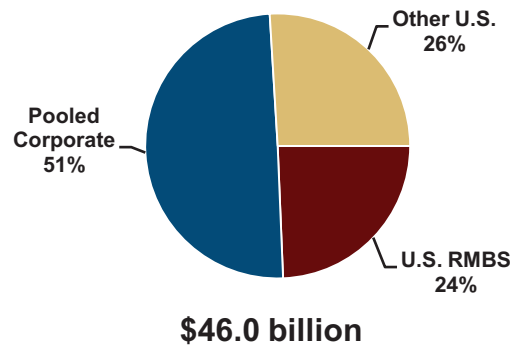
1. Consolidated amounts include those of AG Re.

U.S. Structured Finance Portfolios

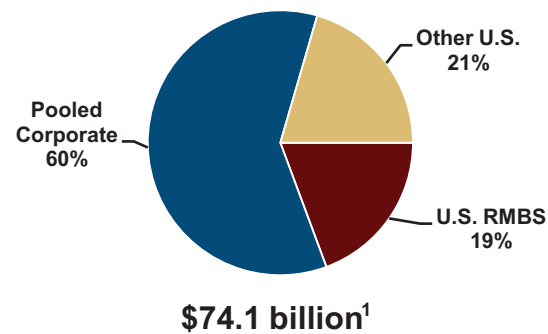
Net Par Outstanding (as of December 31, 2009)



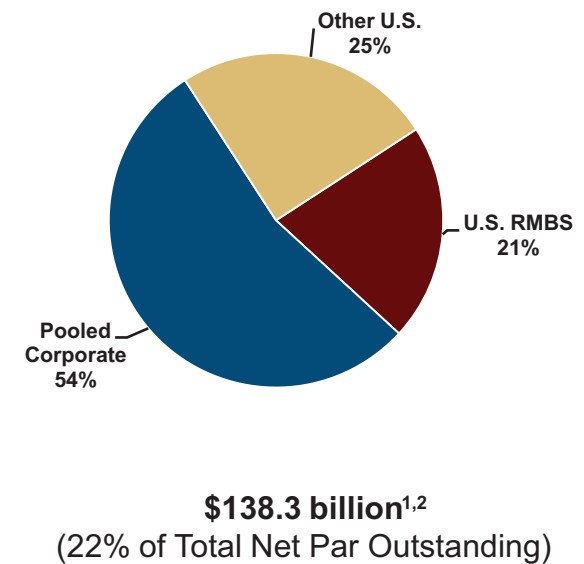
AGC



AGM



Assured Guaranty Ltd. Consolidated



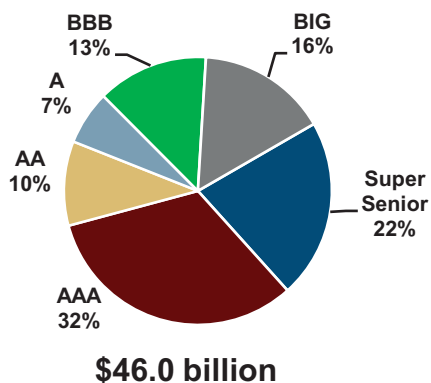
1. Includes \$10.3 billion in GICs issued by FSAH's former FP affiliates. However, FP business was not part of Assured Guaranty purchase. We are indemnified against exposure to this business by Dexia. In addition, the French and Belgian governments have issued guaranties with respect to the GIC portion of the FP business.
2. Consolidated amounts include those of AG Re.

Portfolio Ratings – U.S. Structured Finance

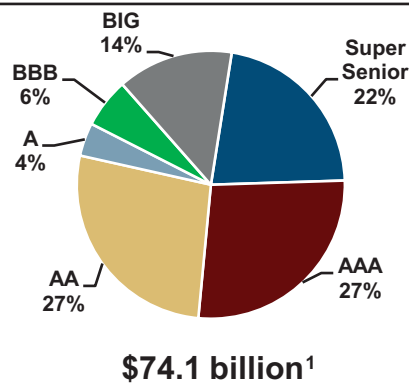
Net Par Outstanding (as of December 31, 2009)



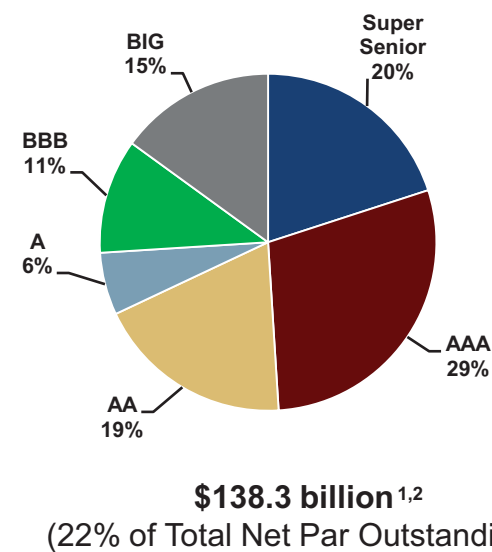
AGC



AGM



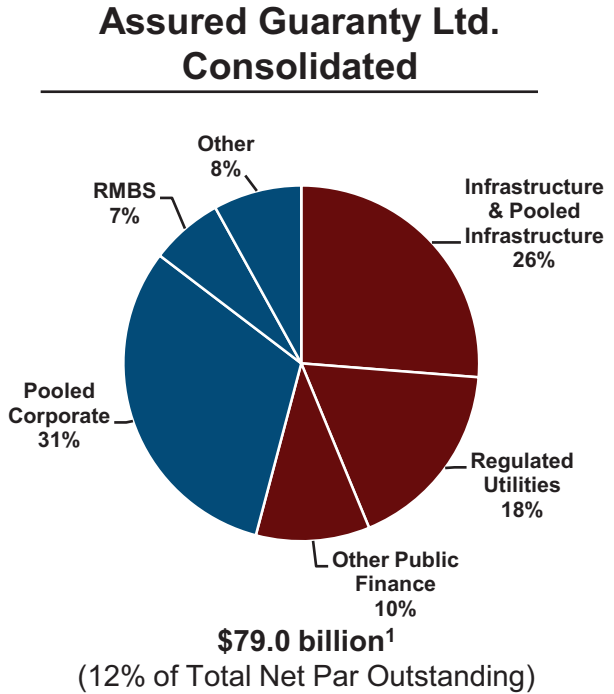
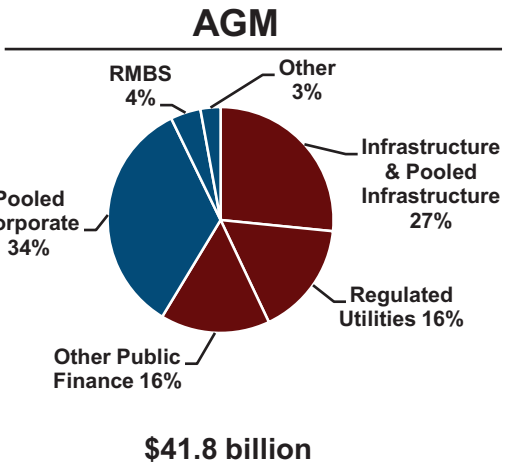
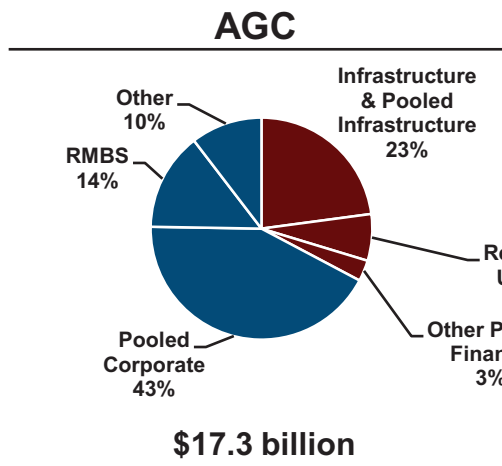
Assured Guaranty Ltd. Consolidated



1. Includes \$10.3 billion in GICs issued by FSAH'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, 2009)

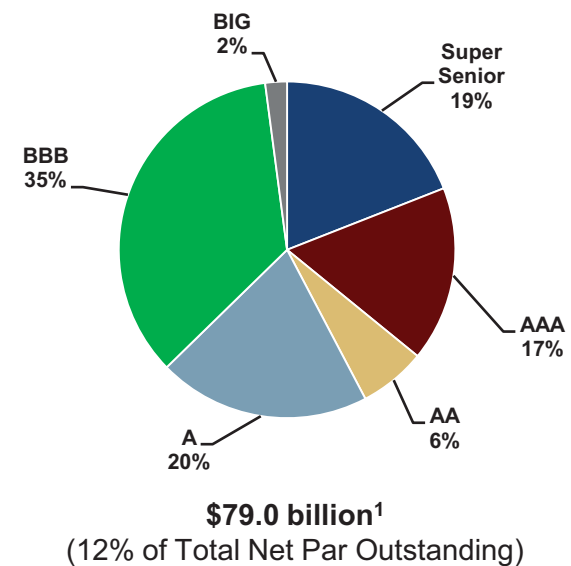
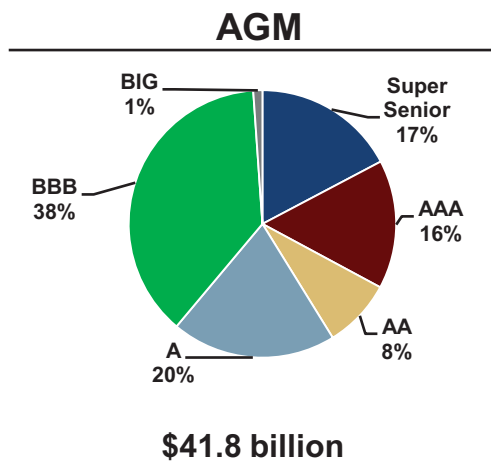
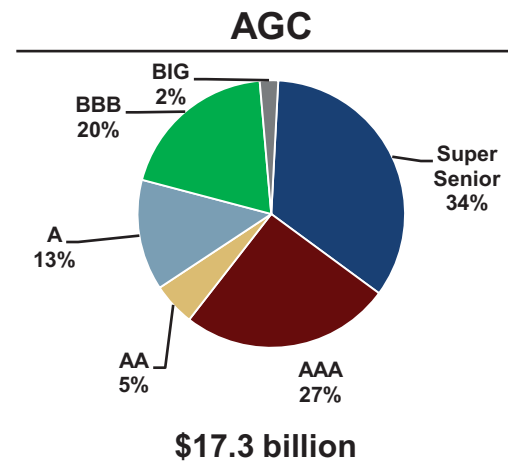


1. Consolidated amounts include those of AG Re.

Portfolio Ratings – Non-U.S. (Public Finance and Structured Finance) Net Par Outstanding (as of December 31, 2009)



Assured Guaranty Ltd. Consolidated



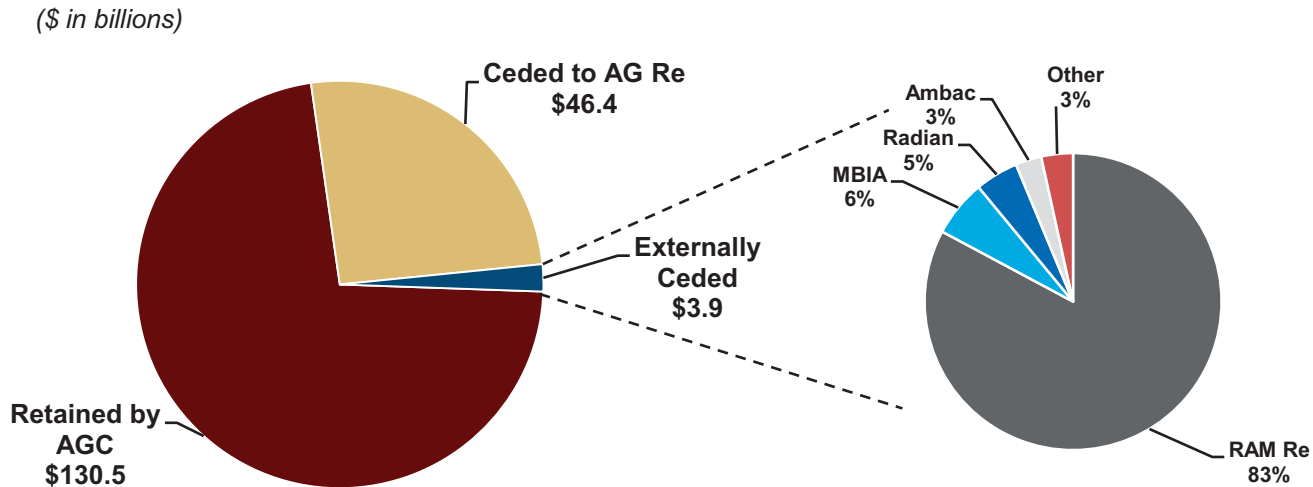
1. Consolidated amounts include those of AG Re.

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:
\$180.8 billion**

**Ceded Par Outstanding:
\$3.9 billion (2%)**



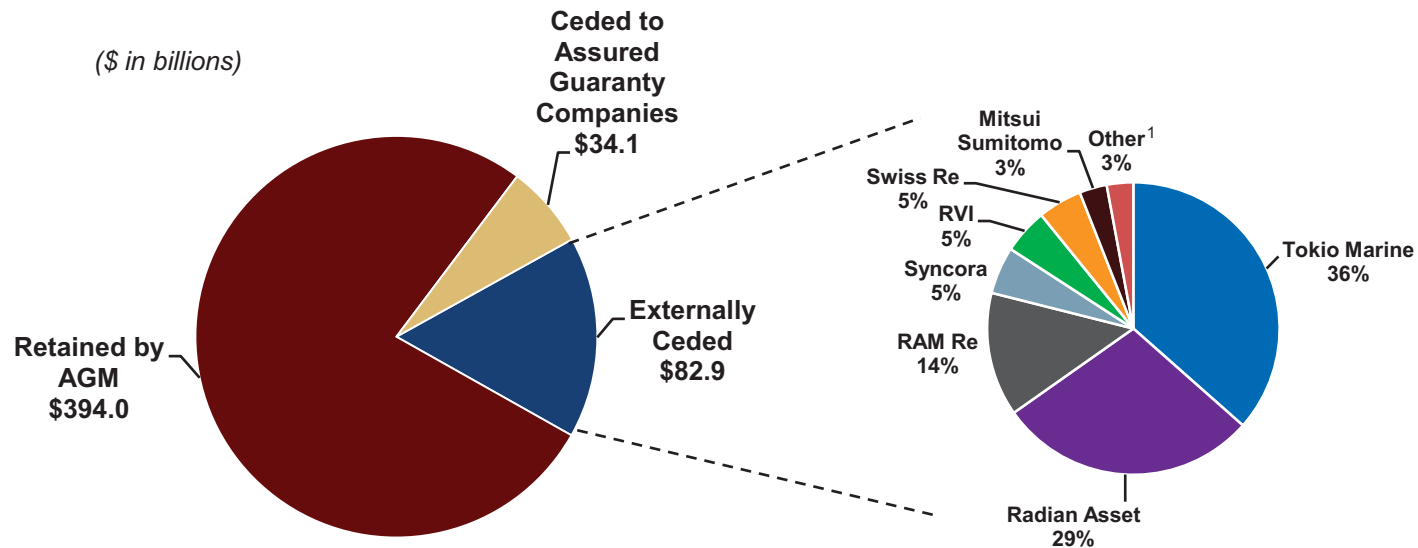
As of December 31, 2009

Reinsurance: AGM Has Ceded 16% of Its Gross Insured Portfolio to a Diversified Group of Non-Affiliated Reinsurers and Other Monolines



**AGM's Total Gross Par Outstanding:
\$510.9 billion**

**Ceded Par Outstanding:
\$82.9 billion (16%)**



As of December 31, 2009.

1. Federal Insurance Co., FGIC, Security Life of Denver Int., Munich Re, Partner Re.

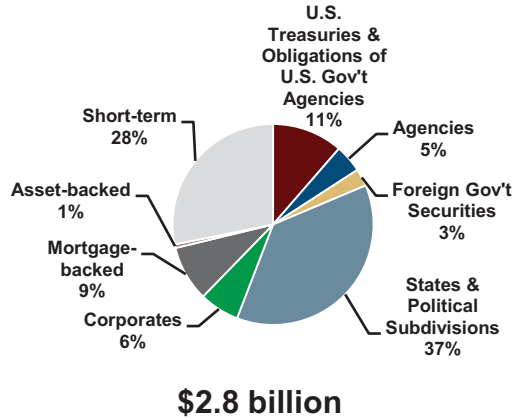
Investment Portfolios by Sector

(Fair Value)

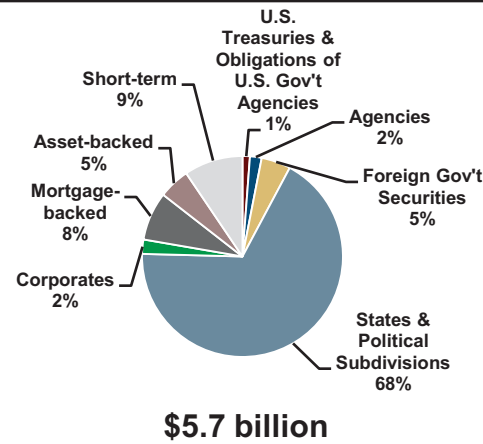
As of December 31, 2009



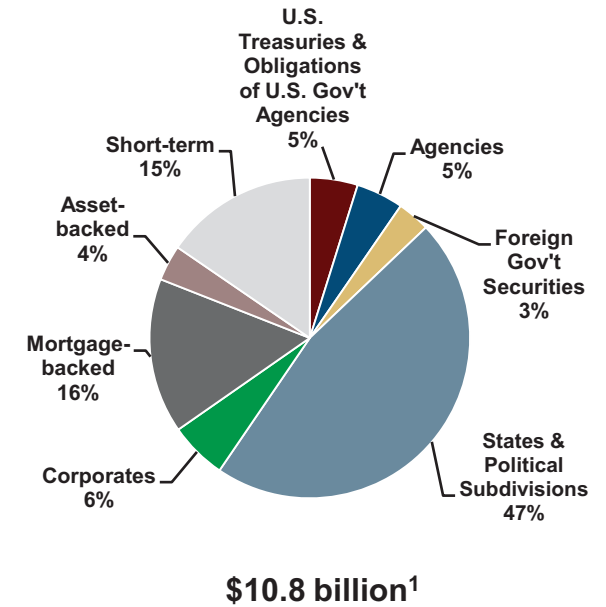
AGC



AGM



Assured Guaranty Ltd. Consolidated



1. Consolidated amounts include those of AG Re.

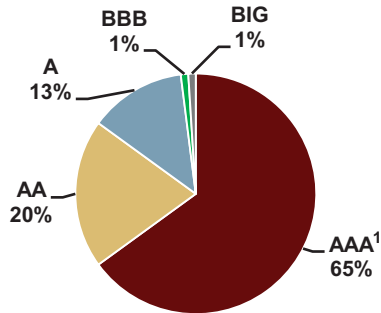
Investment Portfolios Ratings

(Fair Value)

As of December 31, 2009

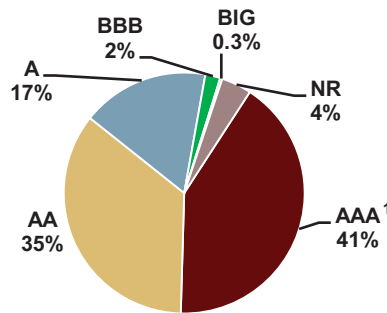


AGC



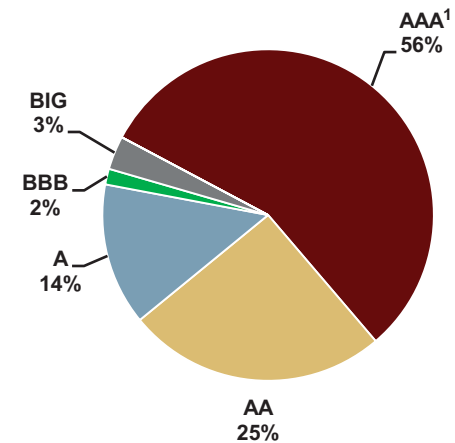
\$2.8 billion

AGM



\$5.7 billion

Assured Guaranty Ltd. Consolidated



\$10.8 billion²

1. Includes all short-term securities.

2. Consolidated amounts include those of AG Re.

AGC and AGM U.S. Public Finance Market Fundamentals



- **Market trends remain strong in 2009 for Assured Guaranty**

- For the year, AGC and AGM guaranteed \$34.8 billion in U.S. public finance new-issue par, representing 8.5% of the total par issued and 17.5% of the total number of transactions
- Excluding taxable issues, AGC and AGM insured 10.2% of 2009 total par issued and 18.9% of the total number of transactions

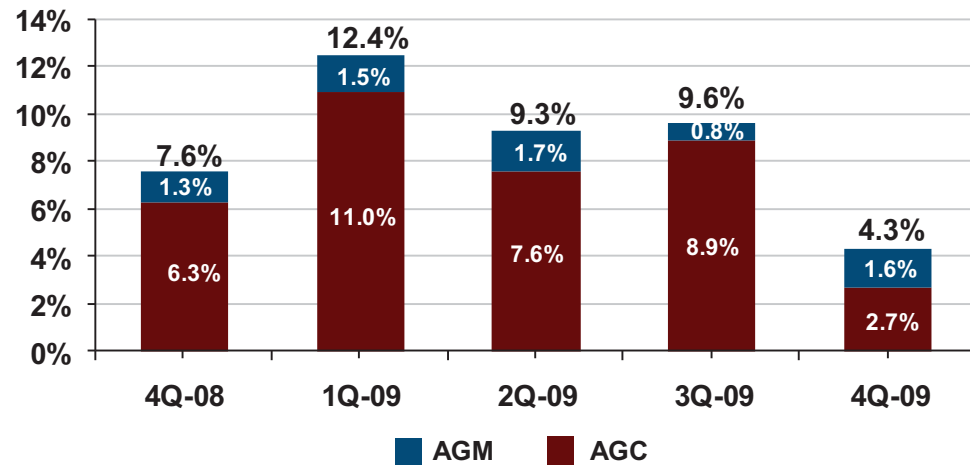
- **Smaller and retail-placed deals in particular depend on insurance**

- 11.3% insured penetration based on number of transactions in 4Q-09 and 17.5% for the full year 2009

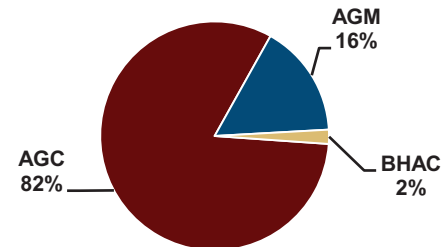
- **Letter of credit usage declined in 2009**

- 5.0% in 2009 versus 18.4% in 2008

AGC and AGM Insured Penetration of U.S. Public Finance New Issue Par¹



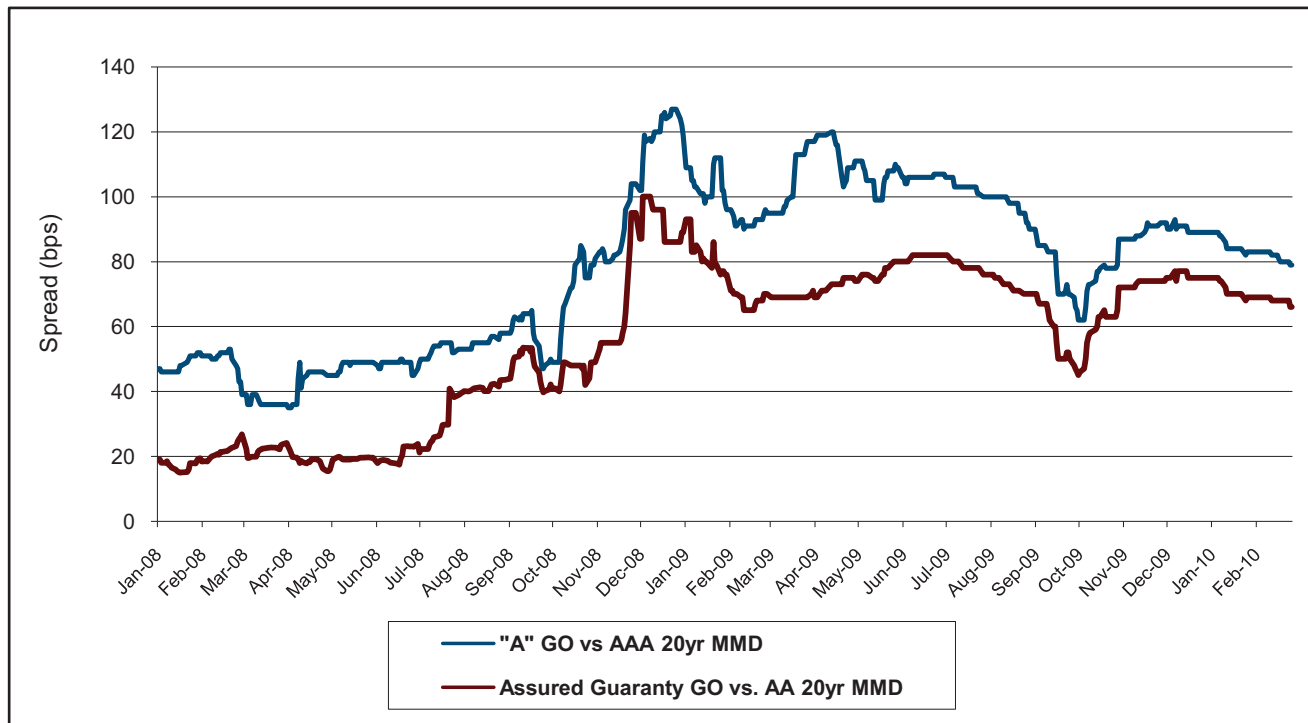
2009 U.S. Public Finance Insured Market Share^{1,2}



1. Source: Thomson Financial SDC Platinum. Represents only primary issuances (no secondary).

2. Percentage estimates based on each insurer's principal amount in Thomson's "True Economics" league table, which is designed to credit each insurer with its actual insured amount per issue.

U.S. Public Finance Operating Environment Remains Favorable as Credit Spreads Remain Historically Wide



- **U.S. public finance 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.**

Source: Thomson Reuters for AAA 20-year MMD. Assured GO index represents observed AGC and AGM results on new issue transactions. The index has been derived from an extrapolation of Assured results and market feedback.

CDS Spreads



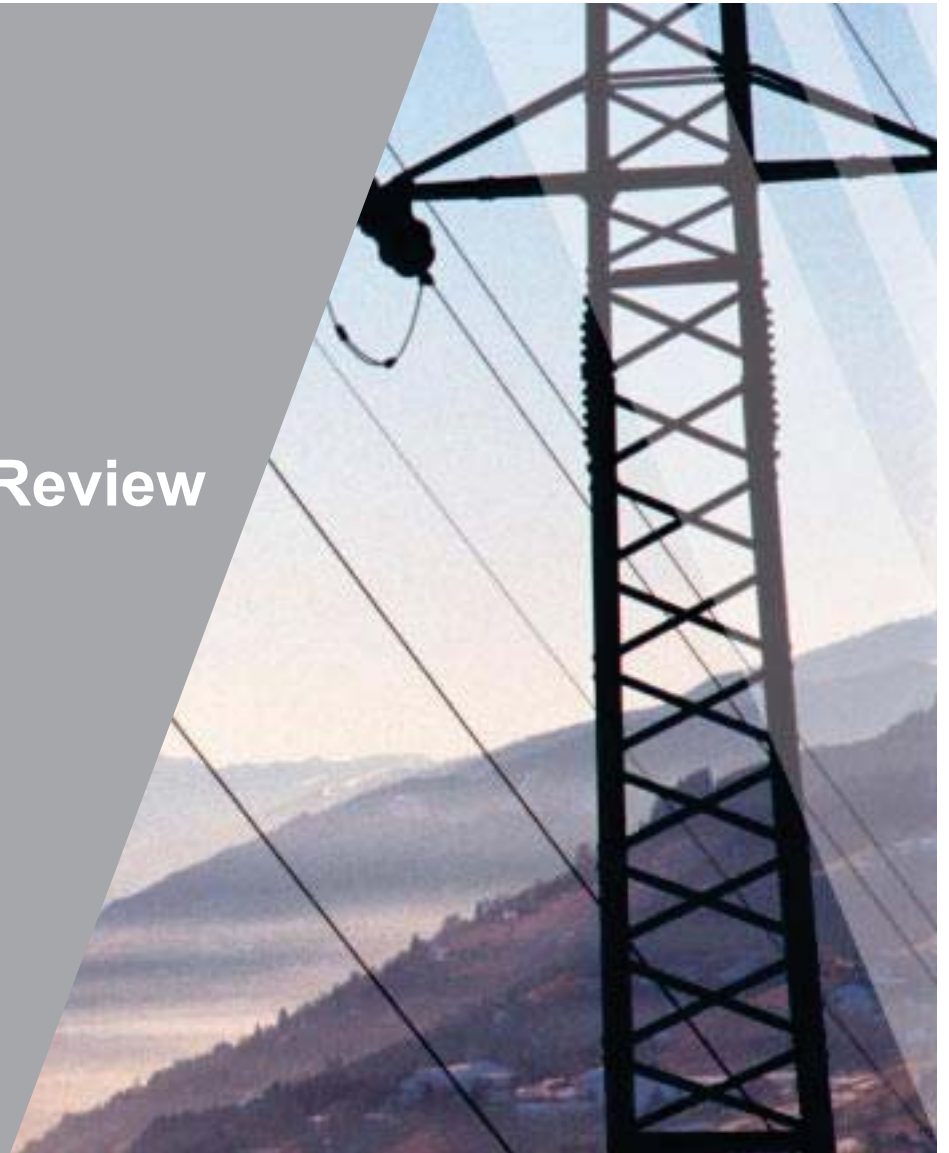
- Movements in CDS levels for AGC and AGM continue to be significantly affected by technical factors such as supply/demand imbalance and light trading volume.
- The deterioration in the asset-backed securities market's pricing through first quarter 2009 expanded demand for CDS protection on AGC and AGM 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 levels peaked in mid-March 2009 at 5,081 bps and 3,205 bps, respectively.
- 5-year CDS levels for AGC and AGM have rallied considerably since March 2009, as general market fundamentals have improved and also as a result of the market's positive reaction to the closing of the FSAH acquisition and our December 2009 capital raise.
- In March 2010, the 5-year CDS levels were at about 14 percent of their mid-March 2009 levels. As of March 24, 2010, they were 711 bps and 434 bps, respectively.

CDS Spreads July 1, 2008 – March 24, 2010



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

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



AGC Net Par Outstanding By Market Sector



- **AGC's portfolio is well diversified by asset class**

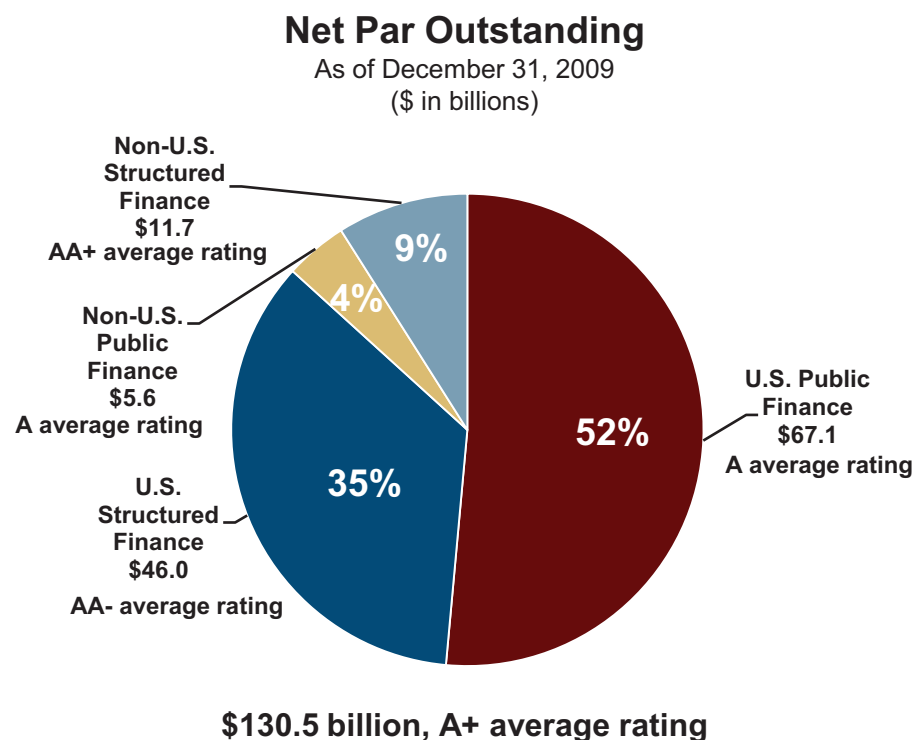
- 52% U.S. public finance
- 35% U.S. structured finance
- 4% Non-U.S. public finance
- 9% Non-U.S. structured finance

- **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 non-investment grade exposures, at 65% of AGC's below investment grade ("BIG") exposures.**

- **AGC's portfolio was principally underwritten in the direct segment**



AGC Net Par Outstanding by Exposure Category



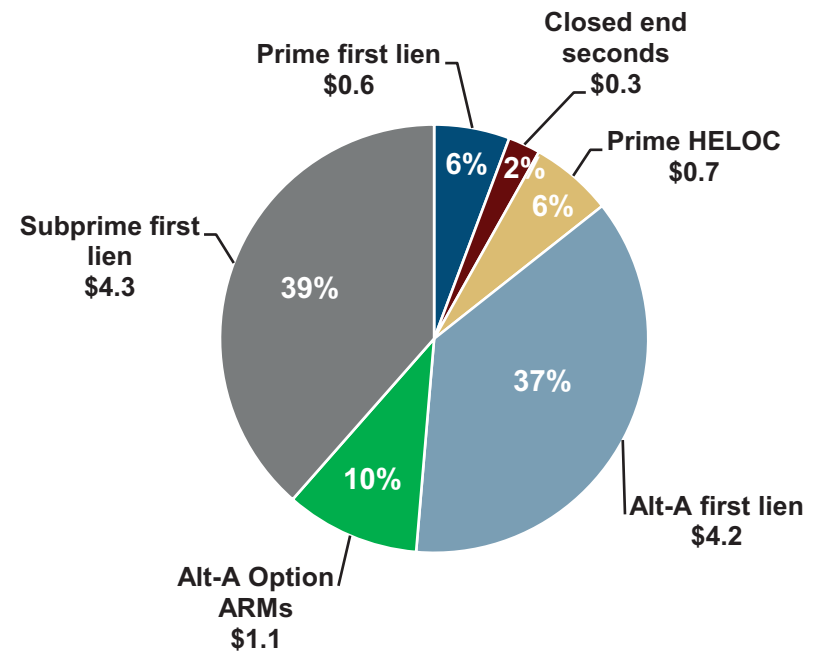
As of December 31, 2009; \$ in millions

	<u>Net Par Outstanding</u>	<u>Avg. Rating</u>		<u>Net Par Outstanding</u>	<u>Avg. Rating</u>
U.S. Public Finance:			U.S. Structured Finance:		
General obligation	\$ 25,300	A	Pooled corporate obligations	\$ 22,880	AA
Tax backed	12,295	A	Residential mortgage-backed and home equity	11,212	BBB-
Municipal utilities	9,537	A-	Commercial mortgage-backed securities	5,767	AAA
Transportation	6,898	A	Consumer receivables	2,988	AAA
Healthcare	5,493	A	Structured credit	1,380	A-
Higher education	3,500	A	Commercial receivables	1,020	BBB+
Infrastructure finance	1,181	BBB	Insurance securitizations	255	A
Investor-owned utilities	688	BBB+	Other structured finance	544	A+
Housing	366	AA+	Total U.S. structured finance	46,046	AA-
Other public finance	1,865	A	Non-U.S. Structured Finance:		
Total U.S. public finance	67,123	A	Pooled corporate obligations	7,241	AAA
Non-U.S. Public Finance:			Residential mortgage-backed and home equity	2,438	AAA
Pooled infrastructure	2,515	AA	Commercial receivables	734	A-
Infrastructure finance	1,381	BBB	Structured credit	525	BBB
Regulated utilities	1,158	BBB+	Commercial mortgage-backed securities	359	AAA
Other public finance	521	AA-	Insurance securitizations	278	CCC-
Total non-U.S. public finance	5,575	A	Other structured finance	149	AAA
Total public finance	\$ 72,698	A	Total non-U.S. structured finance	11,724	AA+
			Total structured finance	\$ 57,770	AA-
			Total net par outstanding	\$ 130,468	A+

- AGC's \$11.2 billion U.S. RMBS portfolio has experienced material downgrades since year-end 2007**
 - Average rating of BBB- at December 31, 2009 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 declining as a percentage of the portfolio**
 - 8.6% of total net par outstanding versus 14.3% at year-end 2007
 - \$11.2 billion versus \$13.4 billion at year-end 2007, a decrease of 16%

U.S. RMBS by Exposure Type

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



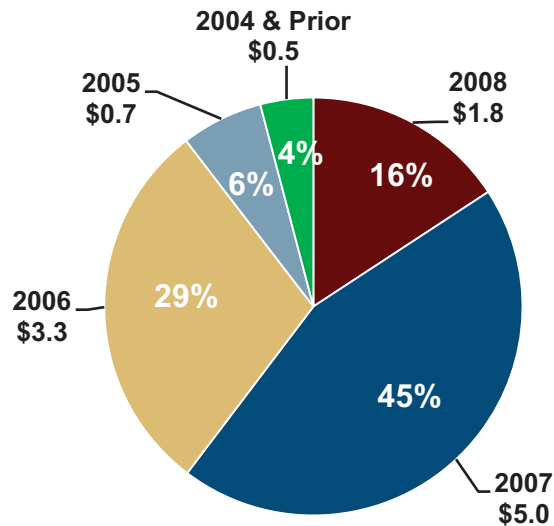
\$11.2 billion, 8.6% of net par outstanding

AGC U.S. RMBS By Vintage and Rating



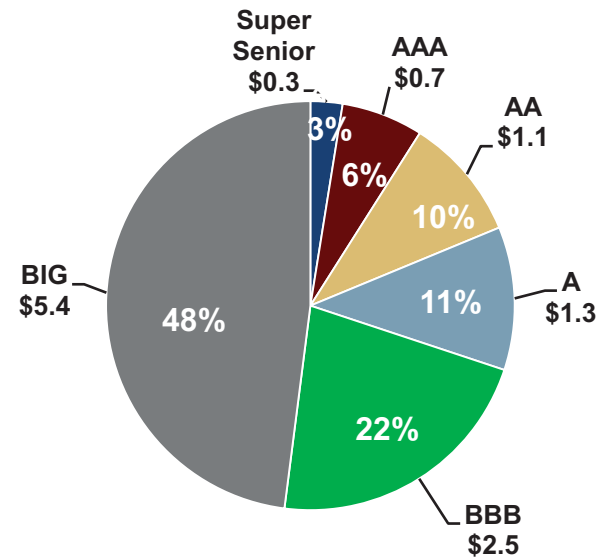
U.S. RMBS by Year Insured

As December 31, 2009
(\$ in billions)



U.S. RMBS by Rating

As December 31, 2009
(\$ in billions)



**Total U.S. RMBS = \$11.2 billion net par outstanding
BBB- average rating**

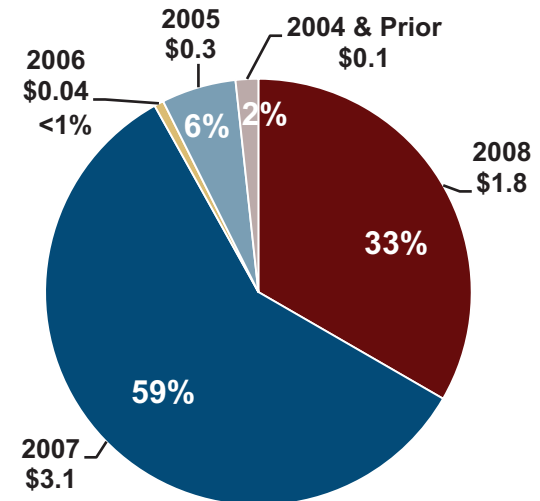
AGC U.S. RMBS Alt-A Exposure¹



- **More than 90% of AGC's direct Alt-A exposures were underwritten in 2007 and 2008, using our significantly stressed assumptions**
 - Many transactions were underwritten on a secondary basis and had the benefit of some seasoning
 - Limited exposures to Alt-A Option ARMs (27% of Alt-A exposure)
- **Our Alt-A exposures have an average rating below investment grade due to significant downgrades in 2009**
 - Less than 1% now rated triple-A
 - 63% rated BIG

Alt-A¹ Exposure by Year Insured

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



\$5.3 billion net par outstanding

1. Alt-A exposures include Alt-A first lien and Alt-A Option ARMs.

AGC U.S. RMBS Performance

Alt-A First Lien and Alt-A Option ARMs



(\$ in millions)

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

U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor²	Subordination³	Cumulative Losses⁴	60+ Day Delinquencies⁵	Number of Transactions
2005	\$ 272	52.5%	11.7%	1.8%	14.8%	13
2006	-	-	-	-	-	-
2007	2,179	69.4%	13.0%	4.4%	33.3%	8
2008	1,666	65.5%	29.2%	5.5%	32.2%	5
2009	-	-	-	-	-	-
U.S. Alt-A Option ARMs	\$ 4,117	66.7%	19.5%	4.6%	31.6%	26

Year insured:	Net Par Outstanding	Pool Factor²	Subordination³	Cumulative Losses⁴	60+ Day Delinquencies⁵	Number of Transactions
2005	\$ 28	28.8%	26.4%	2.2%	26.9%	1
2006	38	48.3%	16.7%	3.5%	31.9%	1
2007	928	71.7%	14.9%	5.2%	36.0%	6
2008	102	72.4%	49.7%	4.0%	34.6%	1
2009	-	-	-	-	-	-
	\$ 1,096	69.9%	18.5%	4.9%	35.5%	9

1. For this presentation, net par outstanding is based on values as of December 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
2. Pool factor is the percentage of 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 real estate owned ("REO") divided by net par outstanding.

AGC U.S. RMBS

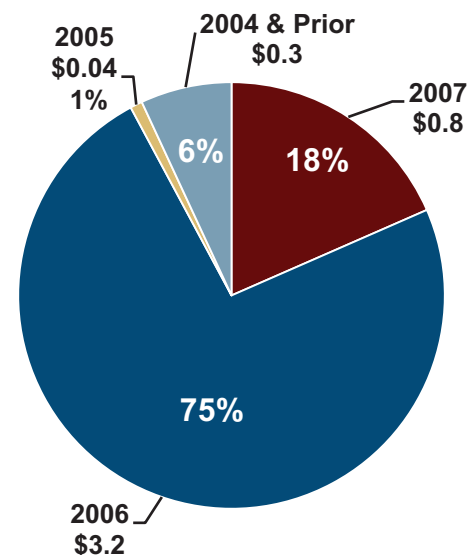
Subprime First Lien Exposure



- **Despite the recent economic environment, the majority of AGC's subprime first lien portfolio is investment grade**
 - 23% rated triple-A or super senior¹
 - Of the \$4.3 billion portfolio, only 15% is BIG rated
 - Of the seven transactions written in 2005 or later, for a total par of \$4.1 billion, average subordination is 56%
- **Of 17 total subprime first lien transactions, totaling \$4.3 billion, only three exposures are rated BIG according to our internal ratings**

Subprime First Lien by Year Insured¹

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



\$4.3 billion net par outstanding

1. There was no exposure to subprime first lien insured in 2008 or 2009.

AGC U.S. RMBS Performance

Subprime First Lien Exposure



(\$ in millions)

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

U.S. Subprime First Lien

Year insured:	<u>Net Par Outstanding</u>	<u>Pool Factor²</u>	<u>Subordination³</u>	<u>Cumulative Losses⁴</u>	<u>60+ Day Delinquencies⁵</u>	<u>Number of Transactions</u>
2005	\$ 44	23.5%	76.8%	8.9%	60.9%	1
2006	3,242	28.2%	61.1%	11.1%	45.7%	2
2007	776	43.0%	32.6%	15.2%	52.9%	4
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
	<u>\$ 4,062</u>	<u>31.0%</u>	<u>55.9%</u>	<u>11.9%</u>	<u>47.2%</u>	<u>7</u>

1. For this presentation, net par outstanding is based on values as of December 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
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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 are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

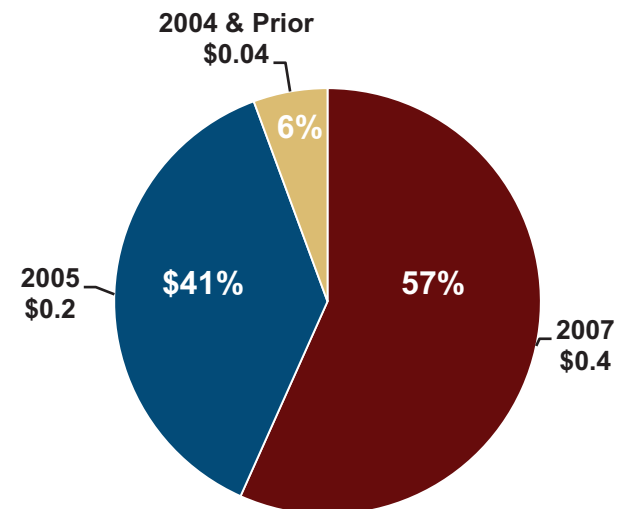
AGC U.S. RMBS HELOC Exposure



- **AGC's HELOC book consists principally of two Countrywide deals underwritten in 2005 and 2007**
 - \$37 million of HELOCs were insured in 2004 and prior years in AGC's reinsurance segment
- **Net par insured of \$658 million for all HELOCs**
- **HELOC and CES loss reserves include the assumption that we will receive \$257.6 million in R&W repurchases**

HELOCs by Year Insured ¹

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



\$0.7 billion net par outstanding

1. There was no exposure to HELOCs insured in 2006, 2008 or 2009.

AGC U.S. RMBS Performance HELOC



(\$ in millions)

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

U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
2005	\$ 248	25.6%	0.0%	16.3%	14.3%	2
2006	-	-	-	-	-	-
2007	373	49.5%	0.0%	27.4%	11.9%	2
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
	<u>\$ 621</u>	<u>39.9%</u>	<u>0.0%</u>	<u>22.9%</u>	<u>12.8%</u>	<u>4</u>

1. For this presentation, net par outstanding is based on values as of December 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
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AGC U.S. RMBS

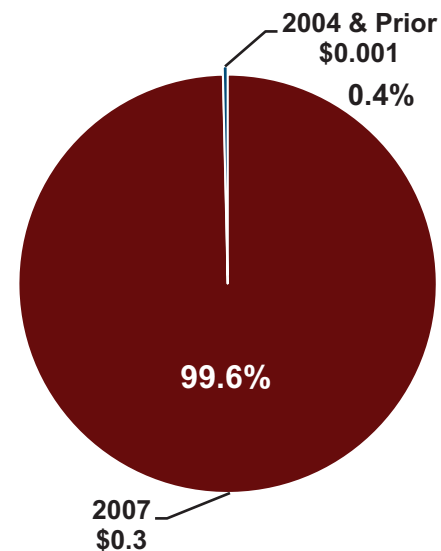
Closed-End Second Lien Exposure



- **Limited exposure to closed-end second liens (“CES”)**
 - \$273 million in total exposure
 - Less than \$1.5 million is in AGC’s reinsurance segment
- **5 direct transactions totaling \$272 million**
 - 4 deals for \$236 million rated BIG
 - 1 deal is rated AA
 - All five are 2007 vintage

Closed-End Second Liens by Year Insured¹

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



\$0.3 billion net par outstanding

1. There was no exposure to closed-end second liens transactions insured in 2009, 2008, 2006 and 2005.

AGC Direct U.S. RMBS Performance

Closed-End Seconds



(\$ in millions)

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

U.S. CES

Year insured:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	\$ 272	42.9%	10.3%	47.0%	13.6%	5
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
	<u>\$ 272</u>	<u>42.9%</u>	<u>10.3%</u>	<u>47.0%</u>	<u>13.6%</u>	<u>5</u>

1. For this presentation, net par outstanding is based on values as of December 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
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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 are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

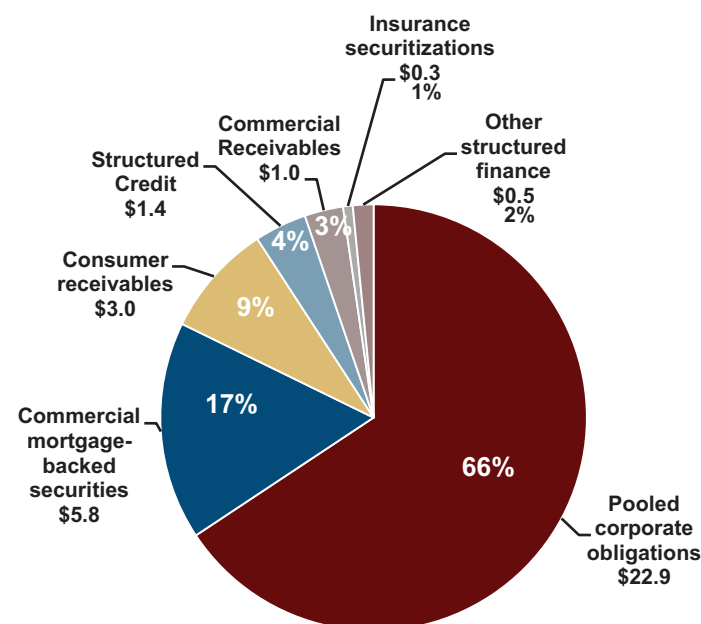
AGC Non-RMBS U.S. Structured Finance Exposure



- **AGC's non-RMBS U.S. structured finance exposures consist principally of:**
 - Pooled corporate obligations
 - Commercial mortgage-backed securities
 - Consumer receivables
- **AGC's non-RMBS U.S. structured finance credit experience has been generally strong, although downgrades increased during 2009**
 - 69% rated super senior or AAA
 - 5% rated BIG

U.S. Non-RMBS Structured Finance

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



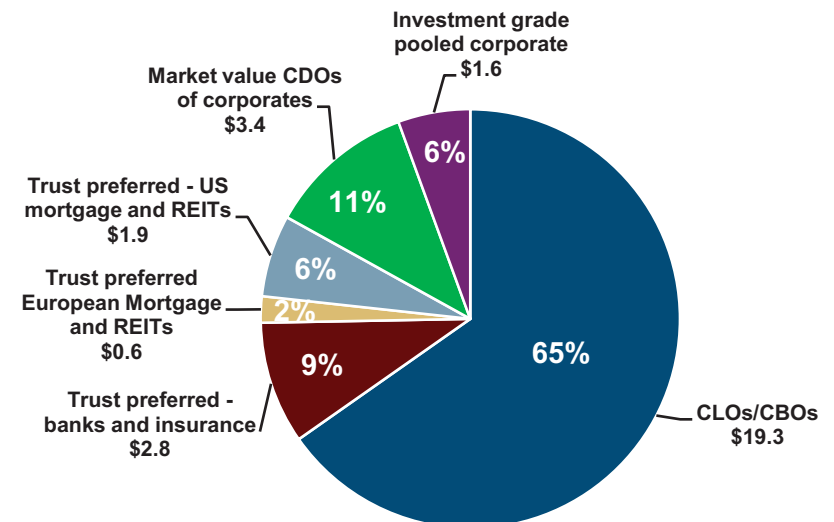
\$34.8 billion net par outstanding

AGC Global Pooled Corporate Obligations

- **Our pooled corporate exposure is highly rated and protected by overcollateralization. In AGC’s direct portfolio:**
 - Average credit enhancement of 32.2%
 - 72.8% rated AAA or super senior, AA+ average rating
- **\$1.9 billion of Trust Preferred Securities (“TruPS”) for U.S. mortgage and real estate investment trusts (“REITs”) is the lowest rated asset class**
 - BB average rating
- **AGC’s \$5.3 billion TruPS portfolio is diversified by region (U.S. and European) as well as by collateral type (bank, thrift, insurance company, REIT and commercial mortgage-backed securities (“CMBS”))**
 - Include more than 1,400 issuers
 - All our exposure is to the senior-most debt tranche; we are paid first
 - 85% of US bank and insurance TruPS, 100% of European TruPS and 100% of US mortgage and REIT TruPS were originated at super senior attachment points

Financial Guaranty Direct Pooled Corporate Obligations¹ By Asset Class

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



\$29.6 billion net par outstanding

1. AGC also reinsures \$476 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, 2009

Asset class:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement ¹	Avg. Current Enhancement¹	Internal Rating
CLOs/CBOs ²	\$ 19,326	65.2%	34.3%	29.6%	AAA
Market value CDOs ³ of corporates	3,372	11.4%	37.7%	40.7%	AAA
Trust preferred - banks and insurance	2,797	9.4%	46.9%	35.1%	BBB
Trust preferred - US Mortgage and REITs ⁴	1,871	6.3%	50.1%	42.3%	BB
Synthetic investment grade pooled corporate	1,647	5.6%	30.0%	29.4%	AAA
Trust preferred - European Mortgage and REITs	632	2.1%	37.4%	33.7%	BBB-
	<u>\$ 29,645</u>	<u>100.0%</u>	<u>36.7%</u>	<u>32.2%</u>	<u>AA+</u>

1. "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.
2. CBOs (collateralized bond obligations) /CLOs (collateralized loan obligations) are largely non-investment grade/high yield collateral.
3. CDOs are collateralized debt obligations.
4. REITs are real estate investment trusts.

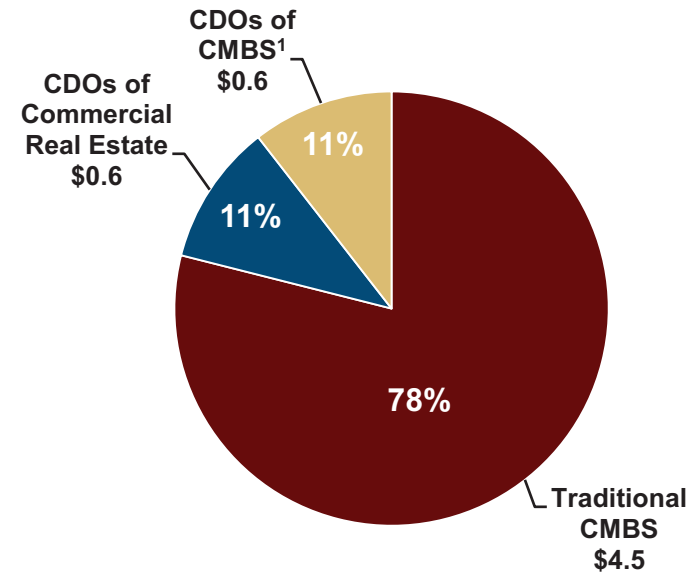
AGC U.S. CMBS Exposure Overview



- **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
 - 79% of traditional CMBS rated AAA as of December 31, 2009
- **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, 2009
(\$ in billions)



\$5.8 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 (\$4.5 billion) is highly rated – 79% is triple-A, 16% is double-A and 5% is single-A (as of December 2009)**

(\$ in millions)

Distribution of Financial Guaranty Direct U.S. Commercial Mortgage-Backed Securities Issued January 1, 2005 or Later by Exposure Type, Internal Rating, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of December 31, 2009¹

U.S. Commercial Mortgage-Backed Securities (“CMBS”)

Rating:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
Super senior	\$ 3,184	95.8%	33.4%	0.1%	3.9%	188
AAA	401	76.7%	23.2%	0.1%	1.9%	7
AA	712	94.6%	18.3%	0.2%	3.3%	39
A	230	74.4%	9.7%	0.8%	1.7%	1
BBB	-	-	-	-	-	-
Below investment grade	-	-	-	-	-	-
	<u>\$ 4,528</u>	<u>92.8%</u>	<u>28.9%</u>	<u>0.1%</u>	<u>3.5%</u>	<u>235</u>

1. For this presentation, net par outstanding is based on values as of December 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
2. Pool factor is the percentage of 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.

AGC CDOs of Commercial Real Estate



- **AGC underwrote three commercial real estate transactions totaling \$617 million net par¹ as of December 31, 2009**
 - 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 48.2%**
 - Average initial credit enhancement was 49.3%

1. May change due to deals with revolvers.

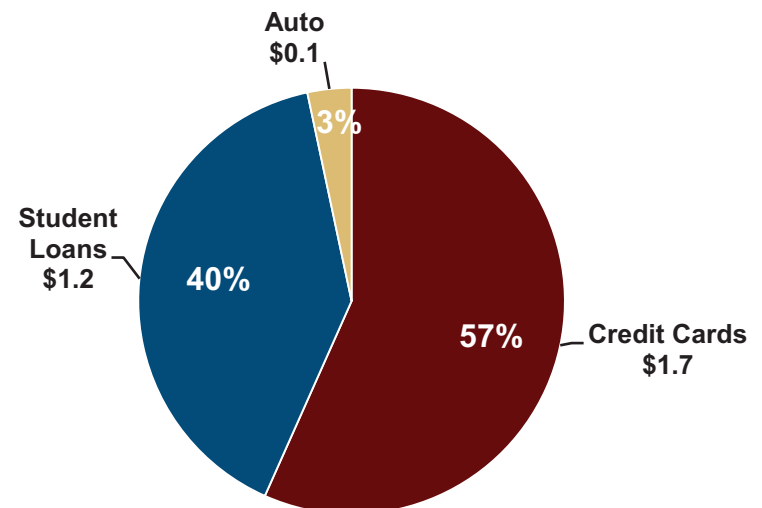
AGC U.S. Consumer Receivables



- **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
 - 92% rated super senior or AAA
 - None rated BIG
- **58% of the par was written in 2008 and 2009, after the deterioration in consumer credit trends was evident**
 - AGC utilized underwriting criteria that had stress scenario assumptions

Direct U.S. Consumer Receivables by Type¹

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



\$3.0 billion net par outstanding

1. AGC also reinsures \$30 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 as of December 31, 2009

Rating:	Credit Cards	Student Loans	Auto	Total Net Par Outstanding
Super senior	\$ 920	\$ -	\$ -	\$ 920
AAA	770	1,029	2	1,801
AA	-	-	-	-
A	-	158	-	158
BBB	-	-	79	79
Below investment grade	-	-	-	-
	<u>\$ 1,690</u>	<u>\$ 1,186</u>	<u>\$ 82</u>	<u>\$ 2,958</u>
Average rating	AAA	AAA	BBB-	AAA
Average initial credit enhancement ¹	34.0%	20.0%	22.6%	28.1%
Average current enhancement ¹	53.1%	21.8%	30.3%	39.9%

1. "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.

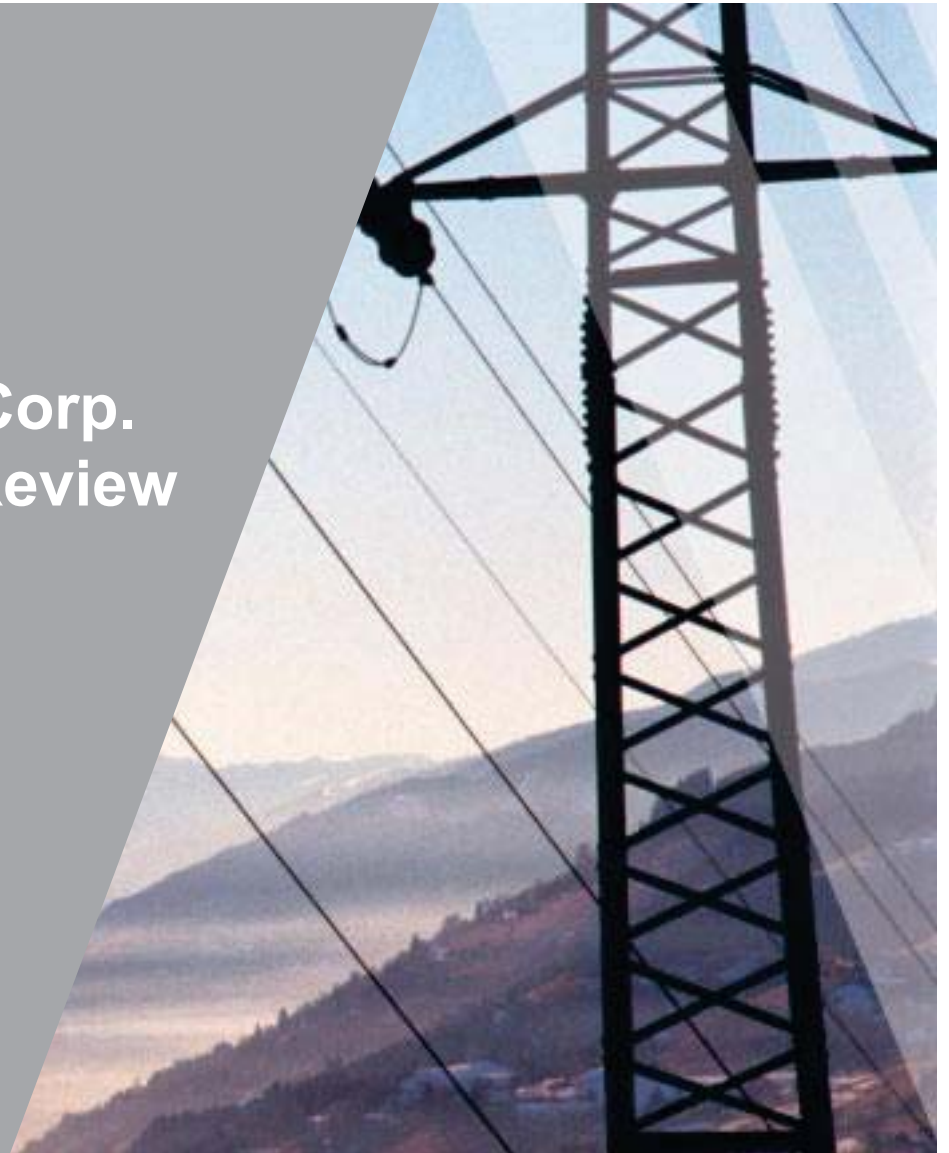
AGC Loss and LAE Reserves



(\$ in millions)

<u>Financial Guaranty Insurance Contracts and Credit Derivatives</u>	<u>Total Net Par Outstanding for BIG Transactions</u>	<u>4Q-09 Incurred Losses</u>	<u>2009 Incurred Losses</u>	<u>4Q-09 Paid Losses</u>	<u>2009 Paid Losses</u>	<u>Gross Reserves</u>	<u>Net Expected Loss to be Expensed</u>
Financial Guaranty Direct and Reinsurance:							
First lien:							
Prime first lien	\$ 491.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Alt-A first lien	2,437.4	17.0	95.7	0.4	1.0	148.7	1.0
Alt-A option ARMs	929.8	16.6	110.3	0.2	0.2	149.2	1.0
Subprime first lien	<u>639.7</u>	<u>4.5</u>	<u>26.9</u>	<u>1.3</u>	<u>2.6</u>	<u>47.3</u>	<u>0.8</u>
Total first lien	4,498.8	38.1	232.9	1.9	3.8	345.2	2.8
Second lien:							
CES	235.6	0.9	38.5	8.7	53.1	19.6	0.8
HELOC	<u>621.3</u>	<u>26.7</u>	<u>69.6</u>	<u>28.0</u>	<u>131.7</u>	<u>6.9</u>	<u>0.1</u>
Total second lien	<u>856.9</u>	<u>27.6</u>	<u>108.1</u>	<u>36.7</u>	<u>184.8</u>	<u>26.5</u>	<u>0.9</u>
Total U.S. RMBS	5,355.7	65.7	341.0	38.6	188.6	371.7	3.7
Other structured finance	2,152.4	32.1	35.3	4.2	4.4	95.4	5.2
Public finance	<u>719.0</u>	<u>11.1</u>	<u>47.3</u>	<u>1.5</u>	<u>15.8</u>	<u>51.7</u>	<u>8.6</u>
Total Financial Guaranty Direct and Reinsurance	<u>\$ 8,227.1</u>	<u>\$ 108.9</u>	<u>\$ 423.6</u>	<u>\$ 44.3</u>	<u>\$ 208.8</u>	<u>\$ 518.8</u>	<u>\$ 17.5</u>

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

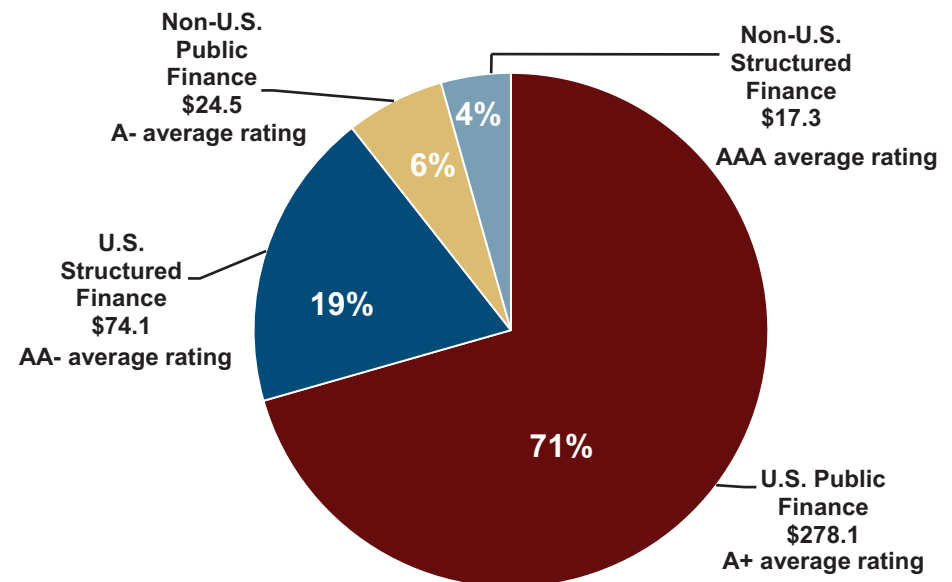


AGM Net Par Outstanding By Market Sector

- **AGM's portfolio is well diversified by asset class**
 - 71% U.S. public finance
 - 19% U.S. structured finance
 - 6% 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 80% of the below investment grade exposures.**

Consolidated Net Par Outstanding

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



\$394.0 billion, A+ average rating

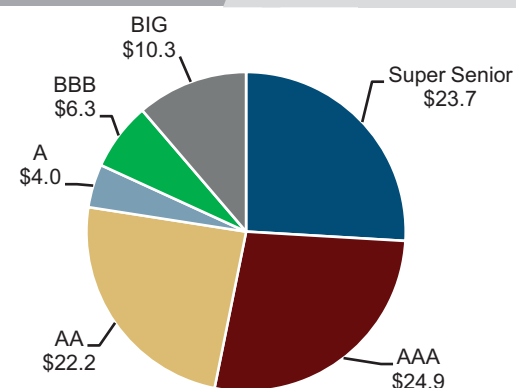
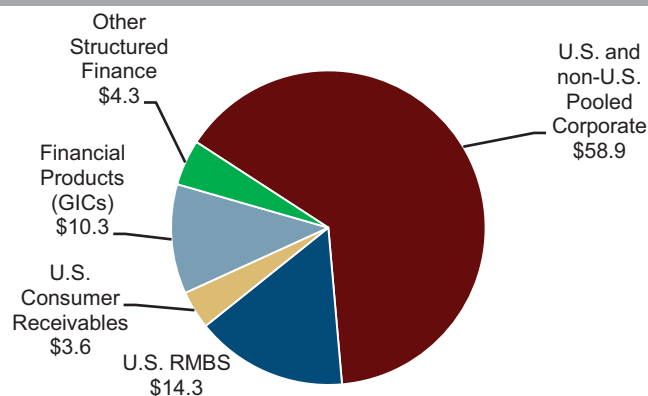
AGM Net Par Outstanding by Exposure Category



As of December 31, 2009; \$ in millions

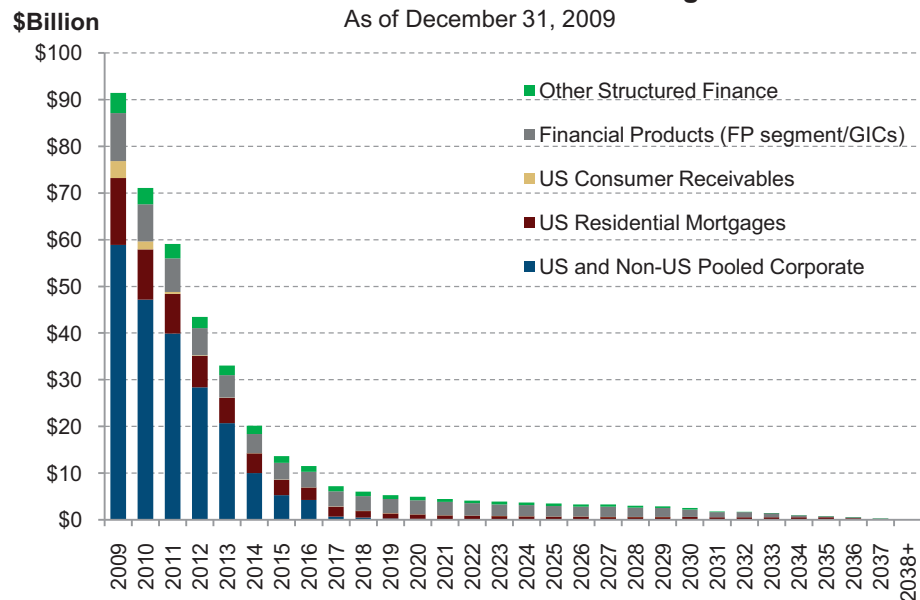
	<u>Net Par Outstanding</u>	<u>Avg. Rating</u>		<u>Net Par Outstanding</u>	<u>Avg. Rating</u>
U.S. Public Finance:			U.S. Structured Finance:		
General obligation	\$ 126,375	A+	Pooled corporate obligations	\$ 44,597	AAA
Tax backed	53,759	A+	Residential mortgage-backed and home equity	14,343	BB
Municipal utilities	49,263	A	Financial products	10,251	AA-
Transportation	20,428	A	Consumer receivables	3,640	BBB
Healthcare	11,033	A	Insurance securitization	369	AA
Higher education	7,909	A+	Commercial receivables	96	BBB
Housing	6,653	AA-	Structured credit	81	BBB
Infrastructure finance	1,201	BBB	Other structured finance	762	A
Investor-owned utilities	27	BBB	Total U.S. structured finance	74,139	AA-
Other public finance	1,413	A	Non-U.S. Structured Finance:		
Total U.S. public finance	278,061	A+	Pooled corporate obligations	14,271	AAA
Non-U.S. Public Finance:			Residential mortgage-backed and home equity	1,808	AA+
Infrastructure finance	11,111	BBB	Structured credit	624	BBB
Regulated utilities	6,845	BBB+	Commercial receivables	244	A
Other public finance	6,553	AA-	Insurance securitizations	38	A+
Total non-U.S. public finance	24,509	A-	Other structured finance	296	AAA
Total public finance	\$ 302,570	A+	Total non-U.S. structured finance	17,281	AAA
			Total structured finance	\$ 91,420	AA
			Total net par outstanding	\$ 393,990	A+

AGM Run-Off of Global Insured Structured Finance Portfolio



\$91.4 billion Net Par Outstanding

As of December 31, 2009



- We expect AGM's legacy global structured finance insured portfolio (\$91 billion as of December 31, 2009) to run off rapidly – 22% by year-end 2010, 52% by year-end 2012, and 85% by year-end 2015.¹
 - \$58.9 billion in global pooled corporate obligations expected to be reduced by 52% by year-end 2012 and by 91% by year-end 2015
 - \$14.3 billion in U.S. RMBS expected to be reduced by 53% by year-end 2012 and by 77% by year-end 2015
 - \$3.6 billion in U.S. consumer receivable obligations expected to be reduced by 53% by year-end 2010
 - \$4.3 billion in other structured finance (excluding FP) expected to be reduced by 44% by year-end 2012 and by 68% 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.
 - \$10.3 billion in GICs expected to be reduced by 43% by year-end 2012 and by 65% by year-end 2015

1. Based on net par outstanding at December 31, 2009.

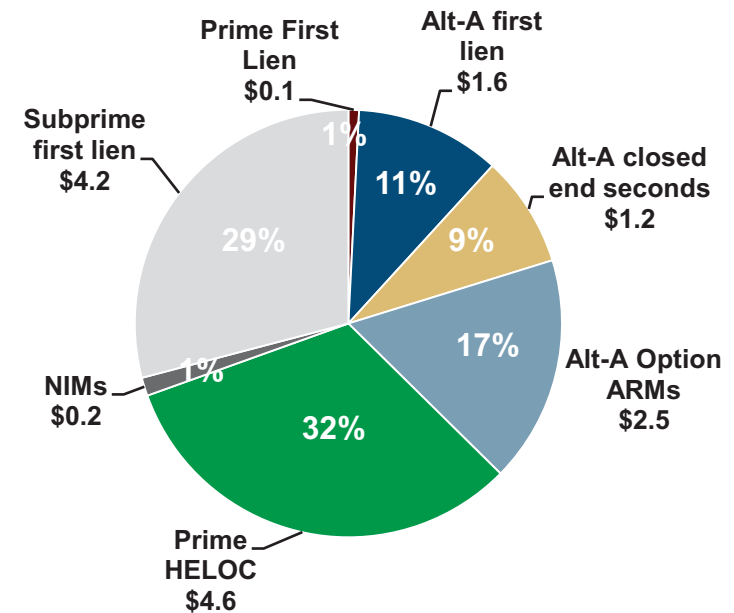
AGM U.S. RMBS



- **AGM's \$14.3 billion U.S. RMBS portfolio has experienced material downgrades since year-end 2007**
 - Average rating of BB at December 31, 2009
- **No U.S. RMBS underwritten since January 2008**
- **AGM's U.S. RMBS portfolio is amortizing on an absolute basis and declining as a percentage of the portfolio**
 - 3.6% of total net par outstanding versus 4.0% at year-end 2008
 - \$14.3 billion net par outstanding versus \$17.1 billion at year-end 2008

U.S. RMBS by Exposure Type

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



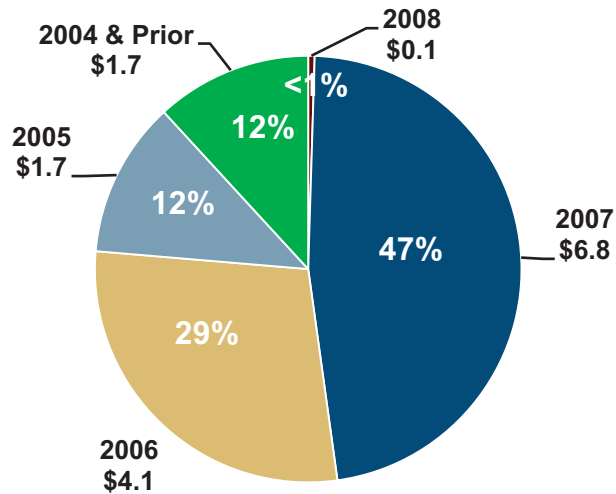
\$14.3 billion, 4% of net par outstanding

AGM U.S. RMBS by Vintage and Rating



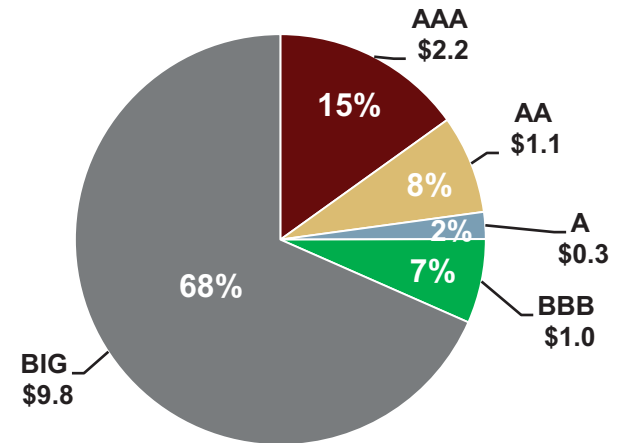
U.S. RMBS by Year Insured

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



U.S. RMBS by Rating

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



**Total U.S. RMBS = \$14.3 billion net par outstanding
BB average rating**

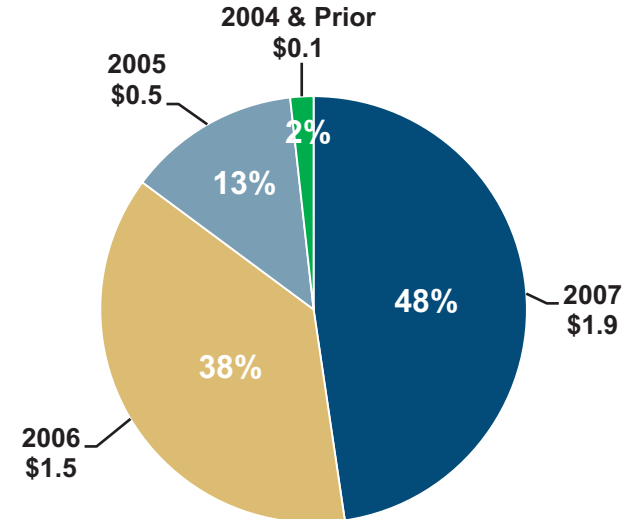
AGM U.S. RMBS Alt-A Exposure¹



- **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**
 - 7% rated AAA
 - 91% rated BIG

Alt-A¹ Exposure by Year Insured

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



\$4.0 billion net par outstanding

1. Alt-A exposures include Alt-A first lien and Alt-A Option ARMs.

AGM U.S. RMBS Performance

Alt-A First Lien and Alt-A Option ARMs



(\$ in millions)

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

U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
2005	\$ 395	42.8%	14.5%	4.9%	23.0%	8
2006	556	57.5%	3.4%	8.5%	39.5%	7
2007	553	70.8%	4.3%	8.4%	48.8%	4
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
	<u>\$ 1,504</u>	<u>58.5%</u>	<u>6.6%</u>	<u>7.5%</u>	<u>38.6%</u>	<u>19</u>

U.S. Alt-A Option ARMs

Year insured:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
2005	\$ 133	36.8%	8.8%	6.8%	45.5%	3
2006	958	65.4%	8.4%	6.9%	51.3%	6
2007	1,371	73.2%	7.6%	6.5%	45.5%	5
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
	<u>\$ 2,463</u>	<u>68.2%</u>	<u>8.0%</u>	<u>6.7%</u>	<u>47.8%</u>	<u>14</u>

1. For this presentation, net par outstanding is based on values as of December 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.
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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 real estate owned ("REO") divided by net par outstanding.

AGM U.S. RMBS

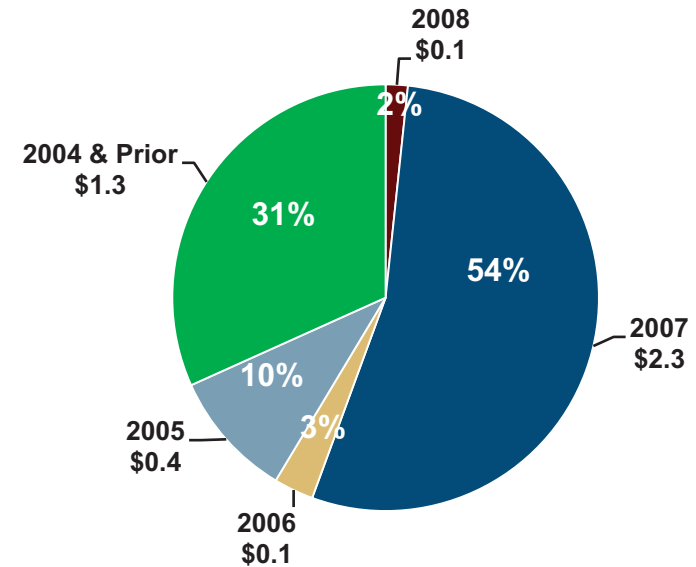
Subprime First Lien Exposure



- **Despite the recent economic environment, AGM's subprime first lien portfolio is largely investment grade**
 - 32% rated AAA
 - 41% rated BIG
 - Average subordination left is 31% on transactions insured after January 1, 2005
- **Of 92 total subprime transactions only 13 exposures (41%) of net par are rated BIG**
 - Largest BIG exposure is \$648 million

Subprime First Lien by Year Insured

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



\$4.2 billion net par outstanding

AGM U.S. RMBS Performance

Subprime First Lien



(\$ in millions)

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

U.S. Subprime First Lien

Year insured:	Net Par Outstanding	Pool Factor ²	Subordination ³	Cumulative Losses ⁴	60+ Day Delinquencies ⁵	Number of Transactions
2005	\$ 403	38.6%	47.3%	3.8%	37.8%	6
2006	126	43.9%	42.8%	9.3%	43.4%	2
2007	2,250	73.9%	27.5%	6.8%	50.0%	9
2008	70	76.4%	35.3%	3.5%	35.4%	1
2009	-	-	-	-	-	-
	<u>\$ 2,849</u>	<u>67.7%</u>	<u>31.2%</u>	<u>6.4%</u>	<u>47.6%</u>	<u>18</u>

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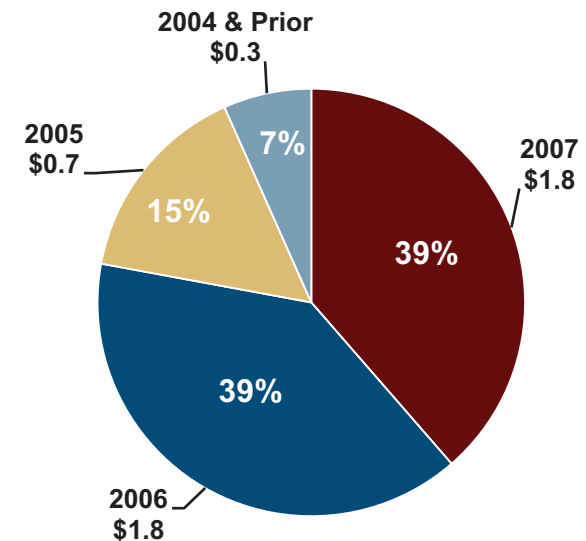
AGM U.S. RMBS HELOC Exposure



- **Outstanding net par insured of \$4.6 billion**
- **Average rating of BIG**
 - \$3.3 billion of HELOCs are BIG
 - \$1.3 billion of HELOCs remain investment grade

HELOCs by Year Insured¹

As of December 31 2009
(\$ in billions)



\$4.6 billion net par outstanding

1. There was no exposure to HELOCs insured in 2008 or 2009.

AGM U.S. RMBS Performance

HELOC Exposure



(\$ in millions)

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

U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor²	Subordination³	Cumulative Losses⁴	60+ Day Delinquencies⁵	Number of Transactions
2005	\$ 711	24.6%	0.8%	7.4%	10.7%	4
2006	1,811	43.8%	0.2%	21.7%	15.8%	7
2007	1,779	59.7%	4.7%	19.1%	8.1%	7
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
	<u>\$ 4,300</u>	<u>47.2%</u>	<u>2.2%</u>	<u>18.3%</u>	<u>11.8%</u>	<u>18</u>

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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

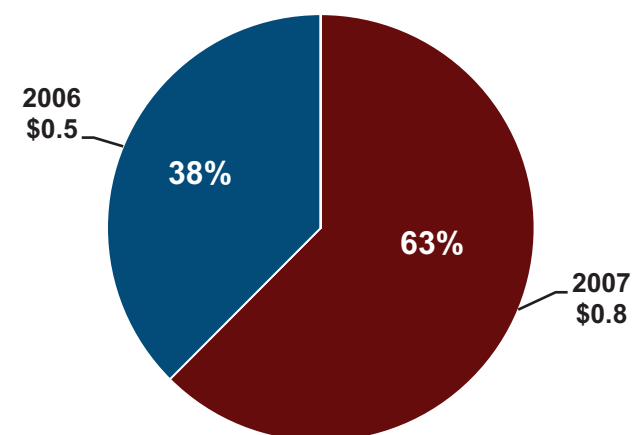
Closed-End Second Lien Exposure



- **Limited exposure to CES**
 - All vintage is 2007 and 2006
- **11 transactions totaling \$1.2 billion**
 - 7 deals for \$1.0 billion rated BIG

CES by Year Insured¹

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



\$1.2 billion net par outstanding

1. There was no exposure to Alt-A CES insured in 2008, 2005, 2004 and prior years. Amounts do not equal total due to rounding.

AGM U.S. RMBS Performance

Closed-End Seconds



(\$ in millions)

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

U.S. CES

Year insured:	<u>Net Par Outstanding</u>	<u>Pool Factor²</u>	<u>Subordination^{3, 6}</u>	<u>Cumulative Losses⁴</u>	<u>60+ Day Delinquencies⁵</u>	<u>Number of Transactions</u>
2005	\$ -	-	-	-	-	-
2006	454	27.1%	-	50.7%	15.9%	2
2007	756	35.2%	-	52.9%	14.7%	9
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
	<u>\$ 1,210</u>	<u>32.2%</u>	<u>-</u>	<u>52.1%</u>	<u>15.2%</u>	<u>11</u>

1. For this presentation, net par outstanding is based on values as of December 2009. All performance information such as pool factor, subordination, cumulative losses and delinquency is based on December 31, 2009 information obtained from Intex, Bloomberg, and/or provided by the trustee and may be subject to restatement or correction.

2. Pool factor is the percentage of 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.

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.

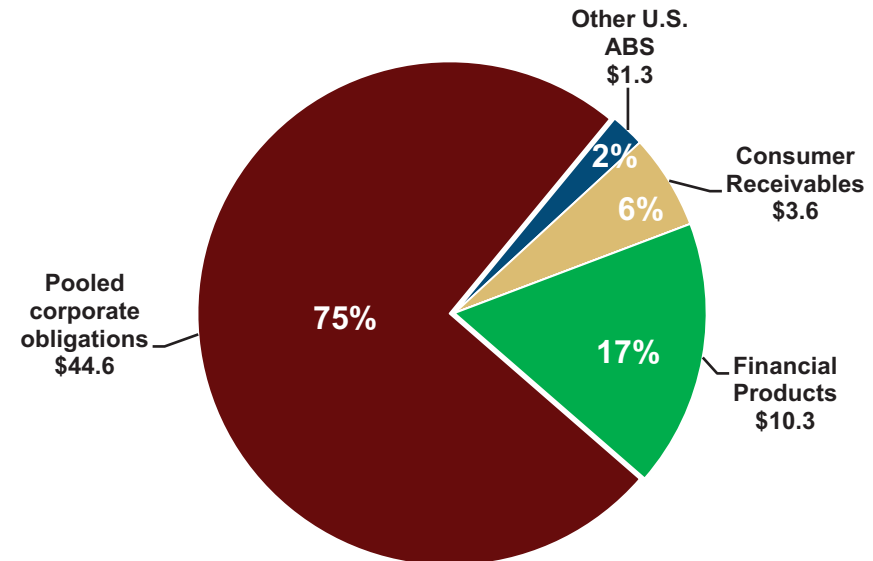
AGM Non-RMBS U.S. Structured Finance Exposure



- **AGM's non-RMBS U.S. structured finance exposures consist principally of**
 - Pooled corporate
 - Consumer receivables
 - Other U.S. non-RMBS structured finance obligations
- **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, 2009
(\$ in billions)

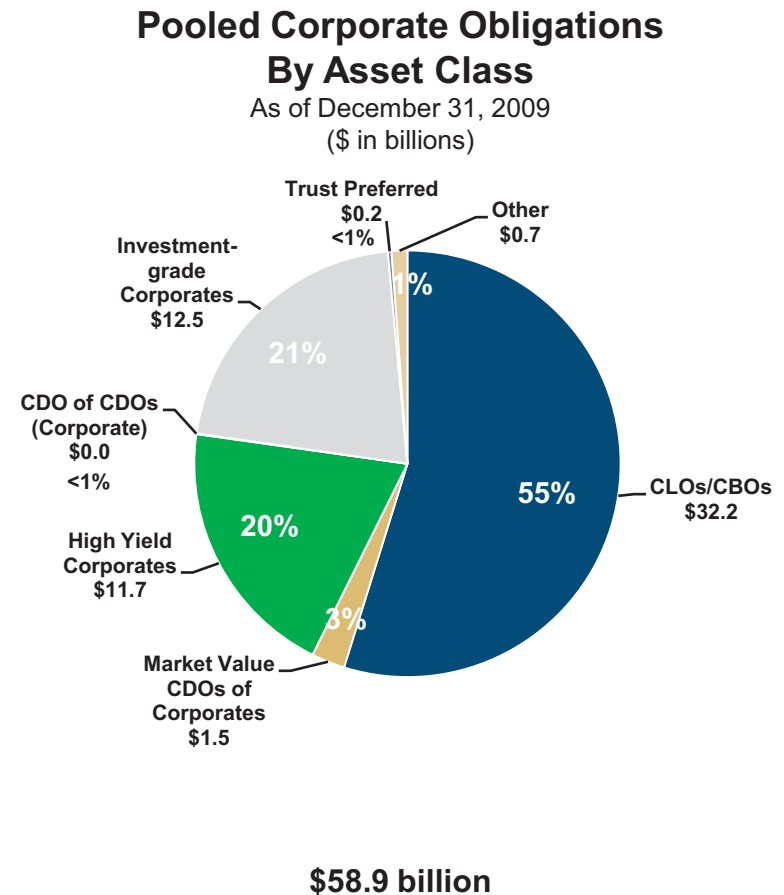


\$59.8 billion net par outstanding

AGM Global Pooled Corporate Obligations



- **AGM's pooled corporate exposure is generally highly rated and well-protected**
 - Average credit enhancement of 24.6%
 - 76% rated super senior or AAA
 - AAA average rating
 - Less than 1% rated BIG
- **\$166 million of Trust Preferreds (bank and insurance company only)**
 - Single-A average rating
 - Average credit enhancement remains strong at 45.9%



AGM Global Pooled Corporate Obligations By Collateral Type



(\$ in millions)

Distribution of Pooled Corporate Obligations by Asset Class as of December 31, 2009

Asset class:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement ¹	Avg. Current Enhancement ¹	Avg. Rating
CLOs/CBOs	\$ 32,248	54.8%	27.2%	25.1%	AAA
Synthetic investment grade pooled corporates	12,493	21.2%	17.4%	15.7%	AAA
Synthetic high yield pooled corporates	11,705	19.9%	36.7%	31.9%	AAA
Market Value CDOs of corporates	1,493	2.5%	17.0%	32.3%	AAA
Trust preferred - banks and insurance	166	0.3%	47.5%	45.9%	A
CDO of CDOs (corporate)	37	0.1%	24.2%	18.9%	A-
Other Pooled Corporates	726	1.2%	NA	NA	A-
	<u>\$ 58,868</u>	<u>100.0%</u>	<u>26.6%</u>	<u>24.6%</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.

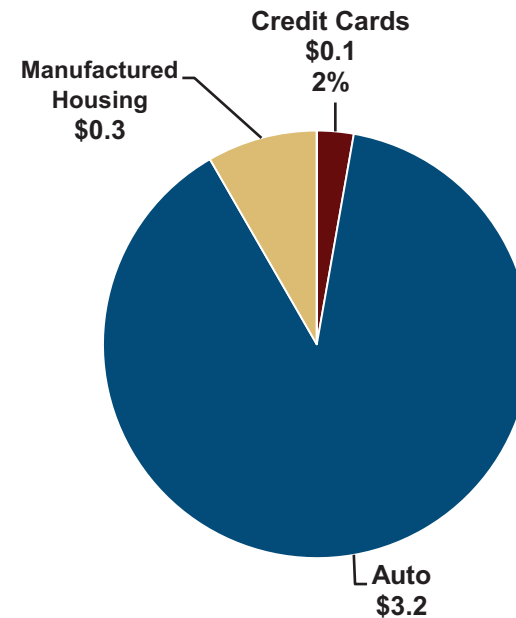
AGM U.S. Consumer Receivables



- **U.S. consumer receivable exposures are well protected**
 - Average rating of BBB
 - \$3.2 billion in auto receivable transactions have 24.5% average credit enhancement
 - \$88 million in credit cards have 13.2% current credit enhancement
- **Over half of the par was written in 2007 or later, after the deterioration in consumer credit trends was evident**
 - AGM utilized underwriting criteria that had stress scenario assumptions

U.S. Consumer Receivables by Type

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



\$3.6 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, 2009

Rating:	Credit Cards	Auto	Manufactured Housing	Total Net Par Outstanding
Super senior	\$ -	\$ -	\$ -	\$ -
AAA	-	62	91	153
AA	-	-	48	48
A	-	42	-	42
BBB	88	3,131	-	3,219
Below investment grade	-	-	178	178
	\$ 88	\$ 3,235	\$ 317	\$ 3,640
Average rating	BBB	BBB	A-	BBB
Average initial credit enhancement ¹	13.2%	11.2%	27.6%	12.7%
Average current enhancement ¹	13.2%	24.5%	26.7%	24.4%

1. "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.

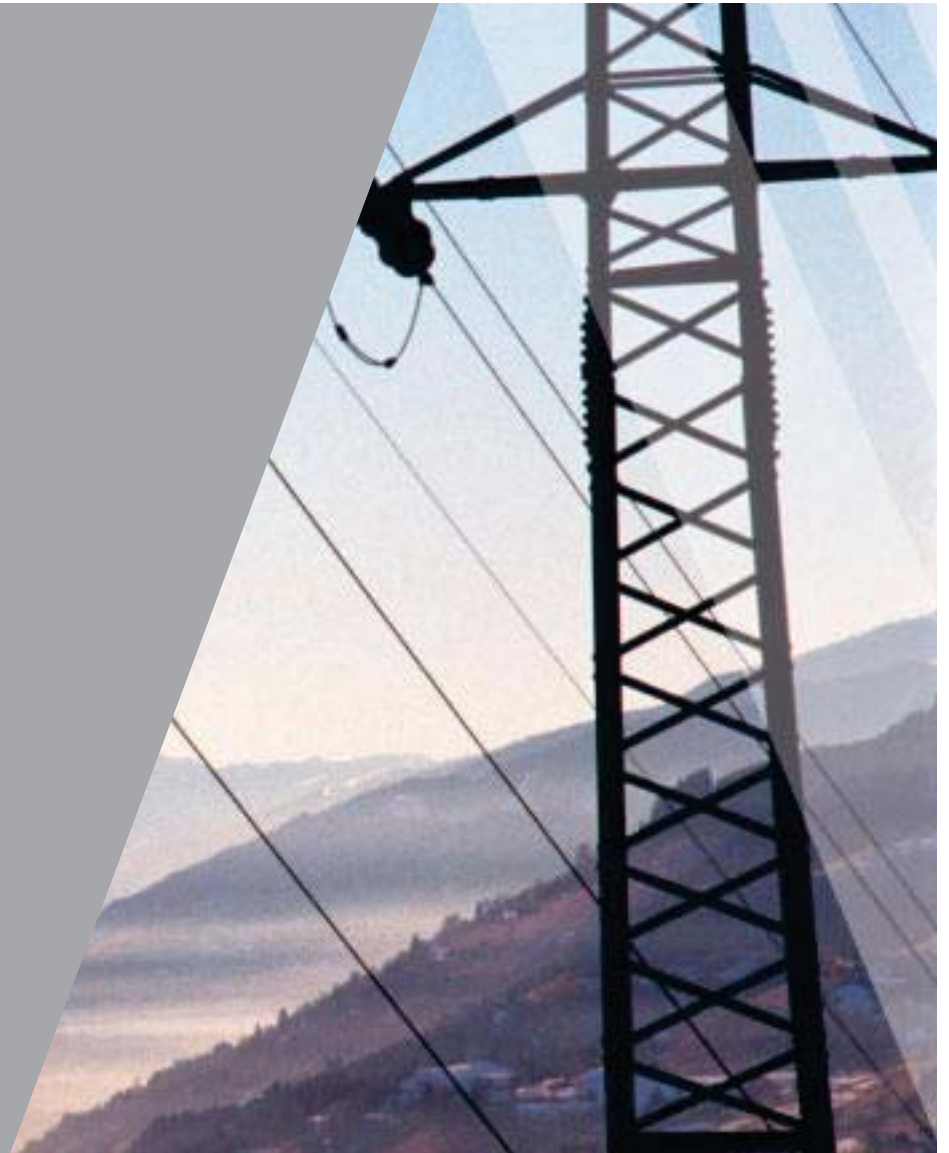
AGM Loss and LAE



(\$ in millions)

<u>Financial Guaranty Insurance Contracts and Credit Derivatives</u>	<u>Total Net Par Outstanding for BIG Transactions</u>	<u>4Q-09 Incurred Losses</u>	<u>2009 Incurred Losses</u>	<u>4Q-09 Paid Losses</u>	<u>6 Months Ended Dec. 31, 2009 Paid Losses</u>	<u>Gross Reserves</u>	<u>Net Expected Loss to be Expensed</u>
First lien:							
Prime first lien	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Alt-A first lien	1,382.0	1.6	1.6	-	-	1.8	174.2
Alt-A option ARMs	2,307.9	25.8	28.5	0.2	0.6	32.5	489.3
Subprime first lien	<u>1,887.9</u>	<u>(3.0)</u>	<u>(0.9)</u>	<u>0.3</u>	<u>1.0</u>	<u>35.3</u>	<u>56.6</u>
Total first lien	5,577.8	24.4	29.2	0.5	1.6	69.6	720.1
Second lien:							
CES	960.7	(12.9)	(25.4)	13.3	38.1	45.3	213.9
HELOC	<u>3,272.8</u>	<u>14.7</u>	<u>14.1</u>	<u>117.1</u>	<u>297.8</u>	<u>11.6</u>	<u>202.0</u>
Total second lien	<u>4,233.5</u>	<u>1.8</u>	<u>(11.3)</u>	<u>130.4</u>	<u>335.9</u>	<u>56.9</u>	<u>415.9</u>
Total U.S. RMBS	9,811.3	26.2	17.9	130.9	337.5	126.5	1,136.0
Other structured finance	540.1	(0.1)	(19.5)	-	4.0	25.8	8.3
Public finance	<u>1,887.8</u>	<u>5.1</u>	<u>6.4</u>	<u>1.2</u>	<u>2.3</u>	<u>5.6</u>	<u>45.9</u>
Total	<u>\$ 12,239.2</u>	<u>\$ 31.2</u>	<u>\$ 4.8</u>	<u>\$ 132.1</u>	<u>\$ 343.8</u>	<u>\$ 157.9</u>	<u>\$ 1,190.2</u>

**Assured Guaranty Corp.
Financial Information**



AGC Income Statements¹



(\$ in millions)

	Quarter Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Revenues				
Net earned premiums 1:				
Scheduled net earned direct premiums	\$ 20.9	\$ 19.0	\$ 72.7	\$ 63.2
Scheduled net earned reinsurance premiums	3.6	3.0	12.2	14.4
Refundings	6.4	7.2	53.8	14.4
Total net earned premiums	30.9	29.2	138.7	92.0
Net investment income	18.3	19.8	76.6	73.2
Realized gains on credit derivatives 2	21.5	20.6	88.9	87.9
Incurred losses on credit derivatives	(61.4)	(14.8)	(230.6)	(24.9)
Other income	0.8	0.2	5.4	0.6
Total operating revenues	10.1	55.0	79.0	228.8
Expenses				
Loss and loss adjustment expenses 1	47.4	57.2	193.0	149.5
Amortization of deferred acquisition costs 1	3.8	6.5	6.7	18.6
Other operating expenses	19.9	9.8	86.8	54.9
Interest expense	0.5	-	0.5	-
Total operating expenses	71.6	73.5	287.0	223.0
Operating income (loss) before provision (benefit) for income taxes	(61.5)	(18.5)	(208.0)	5.8
Total provision (benefit) for income taxes	(24.5)	(9.8)	(80.8)	(12.7)
Operating income (loss) ^b	(37.0)	(8.7)	(127.2)	18.5
Plus: Realized gains (losses) on investments, after tax	(2.1)	(6.6)	1.9	(9.5)
Plus: Non-credit impairments fair value gains (losses) on credit derivatives, after tax	(58.8)	(105.2)	(165.3)	98.0
Plus: Unrealized gains (losses) on committed capital securities, after tax	(3.2)	12.0	(30.6)	27.8
Plus: Goodwill impairment	-	-	(85.4)	-
Net income (loss)	\$ (101.1)	\$ (108.5)	\$ (406.6)	\$ 134.8

1. Non-GAAP presentation. The Company adopted a new financial guaranty insurance accounting standard, effective January 1, 2009.

2. Represents the revenue earned on credit derivatives included in the "realized gains and other settlements" line item on the Statements of Operations.

Note: Please refer to appendix on page 89 for explanation of non-GAAP financial measure [operating income (b)].

AGC Balance Sheets¹



(\$ in millions)

	As of	
	December 31, 2009	December 31, 2008
Assets		
Investment portfolio, available-for-sale:		
Fixed maturity securities, at fair value	\$ 2,045.2	\$ 1,511.3
Short-term investments	802.6	110.0
Total investment portfolio	2,847.8	1,621.3
Cash	2.5	7.8
Premiums receivable, net of ceding commissions payable ¹	351.4	12.4
Ceded unearned premium reserve ¹	435.3	206.5
Deferred acquisition costs ¹	45.2	79.0
Reinsurance recoverable on unpaid losses ¹	50.7	13.4
Credit derivative assets	252.0	139.5
Goodwill	-	85.4
Committed capital securities, at fair value	4.0	51.1
Deferred tax asset, net ¹	241.8	110.3
Salvage recoverable ¹	169.9	70.9
Other assets	99.2	56.9
Total assets	\$ 4,499.8	\$ 2,454.5
Liabilities and shareholder's equity		
Liabilities		
Unearned premium reserve ¹	\$ 1,451.6	\$ 708.0
Loss and loss adjustment expense reserve ¹	191.2	133.7
Note payable to affiliate	300.0	-
Credit derivative liabilities	1,076.7	481.0
Reinsurance balances payable, net ¹	166.0	23.7
Other liabilities	88.1	62.1
Total liabilities	3,273.6	1,408.5
Shareholder's equity		
Common stock	15.0	15.0
Additional paid-in capital	1,037.1	480.4
Retained earnings ^{1, 2}	153.7	561.5
Accumulated other comprehensive income (loss) ²	20.4	(10.9)
Total shareholder's equity	1,226.2	1,046.0
Total liabilities and shareholder's equity	\$ 4,499.8	\$ 2,454.5

1. The Company adopted a new financial guaranty insurance accounting standard, effective January 1, 2009.

2. The Company adopted a new accounting standard, effective April 1, 2009. The adoption of this accounting standard increased retained earnings and decreased accumulated other comprehensive income (loss) by \$5.8 million.

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



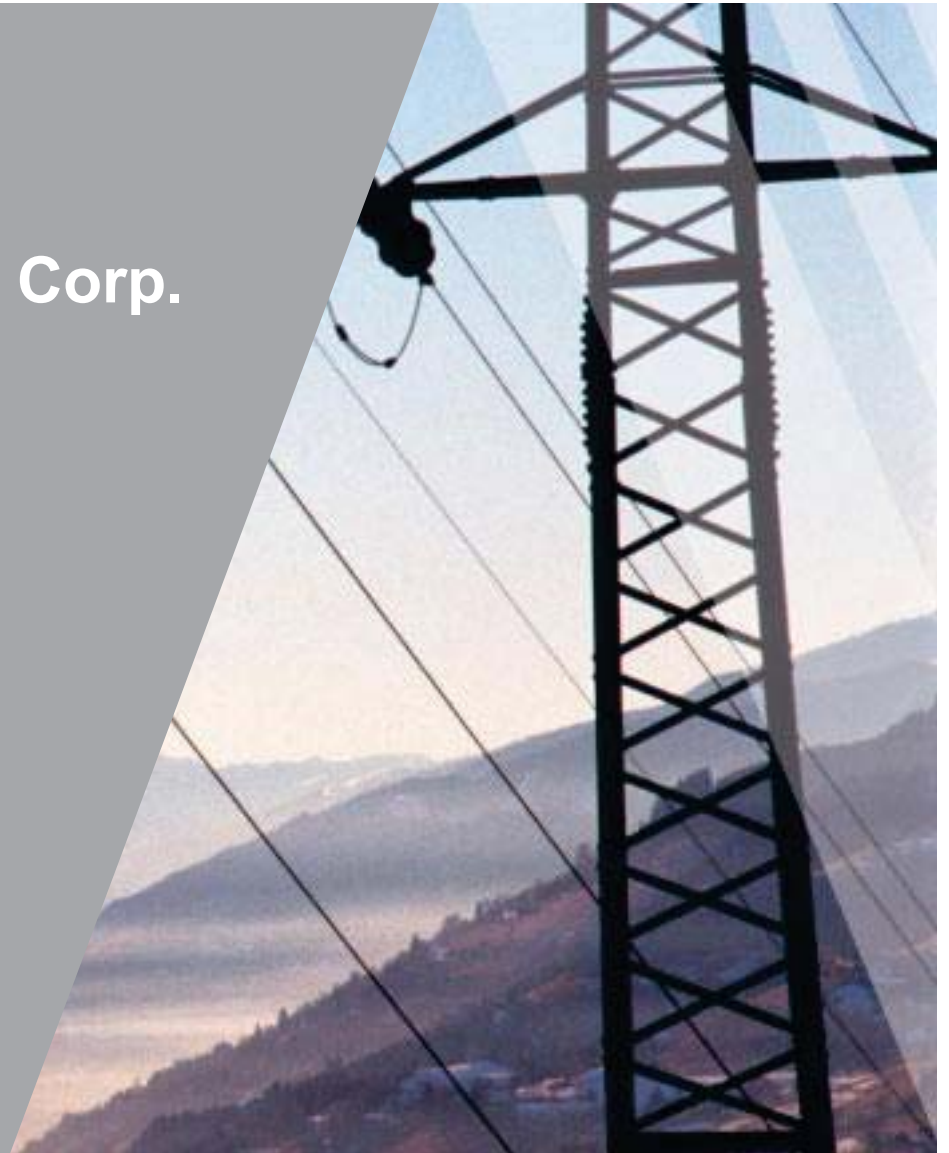
(\$ in millions)

	Quarter Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Consolidated new business production analysis:				
Present value of new business production ("PVP") ^a				
Public finance - U.S.	\$ 96.1	\$ 57.3	\$ 583.3	\$ 431.6
Public finance - non-U.S.	-	-	1.8	9.0
Structured finance - U.S.	4.7	49.9	21.3	187.6
Structured finance - non-U.S.	-	14.7	-	72.5
Total PVP ^a	100.8	121.9	606.4	700.7
Less: PVP ^a of credit derivatives	-	57.7	2.4	201.5
PVP ^a of financial guaranty insurance	100.8	64.2	604.0	499.2
Less: Financial guaranty installment premium PVP ^a	18.8	6.8	52.1	76.8
Total: Financial guaranty upfront GWP	82.0	57.4	551.9	422.4
Plus: Financial guaranty installment adjustment ¹	(10.8)	12.7	25.0	64.0
Total financial guaranty GWP	71.2	70.1	576.9	486.4
Plus: Other segment GWP	-	-	-	0.2
Total GWP	\$ 71.2	\$ 70.1	\$ 576.9	\$ 486.6

1. 2009 amounts include the difference in management estimates for the discount rate applied to future installments compared to the discount rate used for a new financial guaranty insurance accounting standard, as well as the changes in estimated term for future installments.

Note: Please refer to appendix on page 89 for explanation of non-GAAP financial measure [PVP (a)].

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



Summary of Impact of GAAP Purchase Accounting (“P-GAAP”) 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 purchase method of accounting was pushed down to AGM, which affects comparability of 2009 financial results to periods prior to the acquisition.**
- **Under GAAP, acquisition accounting requires that the fair value of each AGM financial guaranty contract be recorded on the balance sheets on the acquisition date.**
- **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, all AGM expected losses relating to financial guaranty insurance contracts are 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 will be recognized in the income statement line “loss and LAE” in future periods as the UPR amortizes.**

AGM Income Statements¹



(\$ in millions)

	<u>3Q-09</u>	<u>4Q-09</u>	<u>Six Months Ended December 31, 2009</u>
Revenues			
Net earned premiums	\$ 280.5	\$ 294.9	\$ 575.4
Net investment income	44.9	47.1	92.0
Realized gains on credit derivatives ²	28.8	27.8	56.6
Incurred (losses) recoveries on credit derivatives	27.3	19.7	47.0
Other income	34.3	0.9	35.2
Total operating revenues	415.8	390.4	806.2
Expenses			
Loss and loss adjustment expenses	0.9	50.9	51.8
Amortization of deferred acquisition costs	-	(0.5)	(0.5)
Interest expense	2.3	2.1	4.4
Other operating expenses	75.7	31.6	107.3
Total operating expenses	78.9	84.1	163.0
Operating income before provision for income taxes	336.9	306.3	643.2
Total provision for income taxes	106.2	96.9	203.1
Operating income^b	230.7	209.4	440.1
Plus: Realized gains (losses) on investments, after tax	0.3	0.5	0.8
Plus: Non-credit impairments fair value gains (losses) on credit derivatives, after tax	(50.0)	169.2	119.2
Plus: Unrealized gains (losses) on committed capital securities, after tax	(33.7)	(15.6)	(49.3)
Plus: Goodwill and settlement of intercompany relationship, net	232.6	-	232.6
Net income attributable to Assured Guaranty Municipal Corp.	\$ 379.9	\$ 363.5	\$ 743.4

1. Non-GAAP presentation. The Company adopted a new financial guaranty insurance accounting standard, effective January 1, 2009.

2. Represents the revenue earned on credit derivatives included in the "realized gains and other settlements" line item on the Statements of Operations.

Note: Please refer to appendix on page 89 for explanation of non-GAAP financial measure [operating income (b)].

AGM Balance Sheets¹



(\$ in millions)

	As of	
	December 31, 2009	July 1, 2009
Assets		
Investment portfolio, available-for-sale		
Fixed maturity securities, at fair value	\$ 5,183.6	\$ 4,968.9
Short-term investments	542.0	766.3
Total investments	<u>5,725.6</u>	<u>5,735.2</u>
Assets acquired in refinancing transactions	152.4	168.4
Receivables from affiliate	300.0	-
Cash	23.6	85.1
Premiums receivable, net of ceding commissions payable	787.4	846.4
Ceded unearned premium revenue	1,508.6	1,727.7
Reinsurance recoverable on unpaid losses	13.7	-
Credit derivative assets	227.0	297.2
Committed capital securities, at fair value	5.6	81.4
Deferred tax asset, net	972.4	993.6
Financial guaranty variable interest entities' assets	762.3	1,879.4
Other assets	202.9	295.3
Total assets	<u>\$ 10,681.5</u>	<u>\$ 12,109.7</u>
Liabilities and shareholder's equity		
Liabilities		
Unearned premium reserves	\$ 6,287.6	\$ 7,286.4
Loss and loss adjustment expense reserve	55.3	-
Note payable to related party	149.1	164.4
Credit derivative liabilities	625.8	920.0
Reinsurance balances payable, net	230.5	249.6
Financial guaranty variable interest entities' liabilities	762.7	1,878.6
Other liabilities	496.4	328.1
Total liabilities	<u>8,607.4</u>	<u>10,827.1</u>
Shareholder's equity		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,241.8	1,266.8
Retained earnings	743.4	-
Accumulated other comprehensive income	74.3	-
Total shareholder's equity attributable to Assured Guaranty Municipal Corp.	<u>2,074.5</u>	<u>1,281.8</u>
Noncontrolling interest of variable interest entities	(0.4)	0.8
Total shareholder's equity	<u>2,074.1</u>	<u>1,282.6</u>
Total liabilities and shareholder's equity	<u>\$ 10,681.5</u>	<u>\$ 12,109.7</u>

1. The Company adopted a new financial guaranty insurance accounting standard, effective January 1, 2009.

AGM Reconciliations of PVP^a to Gross Written Premiums



(\$ in millions)

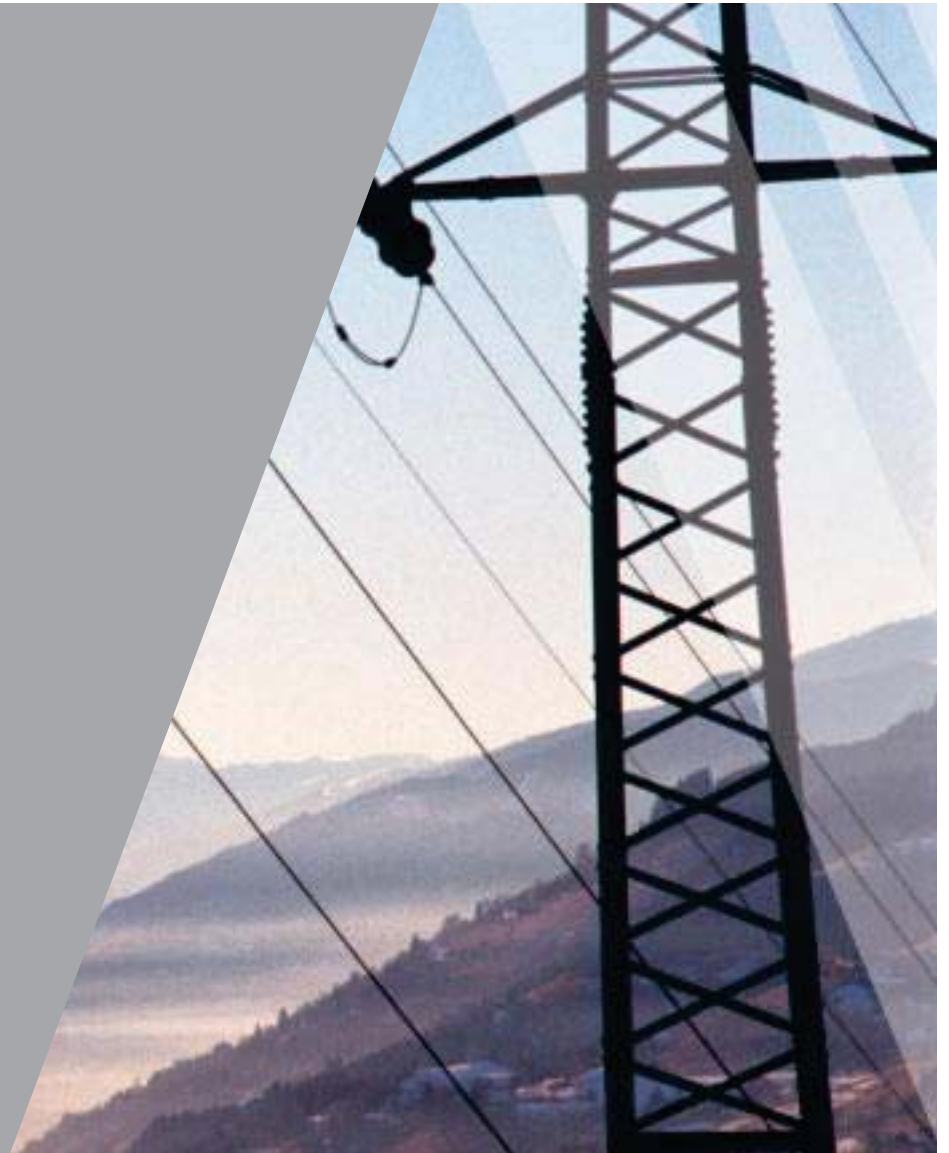
	Quarter Ended September 30, 2009	Quarter Ended December 31, 2009	Six Months Ended December 31, 2009
New business production analysis:			
Present value of new business production ("PVP") ^a			
Public finance - U.S.	\$13.0	\$ 17.9	\$ 30.9
Public finance - non-U.S.	-	-	-
Structured finance - U.S. ¹	0.4	1.5	1.9
Structured finance - non-U.S. ¹	0.9	0.1	1.0
Total PVP ^a	<u>14.3</u>	<u>19.5</u>	<u>33.8</u>
Less: PVP ^a of credit derivatives	-	-	-
PVP ¹ of financial guaranty insurance	14.3	19.5	33.8
Less: Financial guaranty installment premium PVP ^a	<u>4.4</u>	<u>(21.7)</u>	<u>(17.3)</u>
Total: Financial guaranty upfront GWP	9.9	41.2	51.1
Plus: Financial guaranty installment adjustment ²	<u>(9.2)</u>	<u>(36.0)</u>	<u>(45.2)</u>
Total GWP	<u>\$ 0.7</u>	<u>\$ 5.2</u>	<u>\$ 5.9</u>

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

2. Amounts represent the difference in the discount rate applied to future installments as well as the estimated term for future installments compared to the discount rate used for a new financial guaranty insurance accounting standard.

Note: Please refer to appendix on page 89 for explanation of non-GAAP financial measure [PVP (a)].

**Assured Guaranty Ltd.
Financial Information**



Assured Guaranty Ltd. Consolidated Income Statements¹



(\$ in millions)

	Quarter Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Revenues				
Net earned premiums ²	\$ 373.4	\$ 77.4	\$ 930.4	\$ 261.4
Net investment income	87.6	42.3	259.2	162.6
Realized gains on credit derivatives ³	55.4	28.2	170.2	117.2
Incurred losses on credit derivatives	(60.2)	(24.8)	(238.7)	(43.3)
Other income	1.0	0.2	61.2	0.7
Total revenues	457.2	123.3	1,182.3	498.6
Expenses				
Loss and loss adjustment expenses ²	126.7	90.0	377.8	265.8
Amortization of deferred acquisition costs ²	12.6	18.2	53.9	61.2
Other operating expenses	52.0	15.9	176.8	90.6
FSAH acquisition-related expenses	12.1	-	92.3	-
Interest and related expenses	25.3	5.8	62.8	23.3
Total expenses	228.7	129.9	763.6	440.9
Operating income before provision (benefit) for income taxes	228.5	(6.6)	418.7	57.7
Total provision (benefit) for income taxes	72.6	(10.1)	102.0	(16.8)
Operating income^b	155.9	3.5	316.7	74.5
Plus: Realized gains (losses) on investments, after tax	(4.0)	(46.8)	(34.1)	(62.7)
Plus: Non-credit impairments unrealized gains (losses) on credit derivatives, after tax	83.6	(212.5)	(82.2)	29.3
Plus: Unrealized gains (losses) on committed capital securities, after tax	(18.8)	12.0	(79.9)	27.8
Plus: Goodwill and settlement of intercompany relationship, net	-	-	(23.3)	-
Net income (loss) attributable to Assured Guaranty Ltd.	\$ 216.7	\$ (243.8)	\$ (97.2)	\$ 68.9

1. Non-GAAP presentation.

2. The Company adopted a new financial guaranty insurance accounting standard, effective January 1, 2009.

3. Includes the revenue earned on credit derivatives component of the line item "realized gains and other settlements" on the Statements of Operations.

Note: Please refer to appendix on page 89 for explanation of non-GAAP financial measure [operating income (b)].

Assured Guaranty Ltd. Consolidated Balance Sheets



(\$ in millions)

	As of :	
	December 31, 2009	December 31, 2008
Assets		
Investment portfolio, available-for-sale:		
Fixed maturity securities, at fair value	9,139.9	\$ 3,154.1
Short-term investments	1,668.3	477.2
Total investment portfolio	10,808.2	3,631.3
Assets acquired in refinancing transactions	152.4	-
Cash	44.1	12.3
Premiums receivable, net of ceding commissions payable ¹	1,418.2	15.7
Ceded unearned premium reserve ¹	1,052.0	18.9
Deferred acquisition costs ¹	242.0	288.6
Reinsurance recoverable on unpaid losses ¹	14.1	0.2
Credit derivative assets	492.5	147.0
Committed capital securities, at fair value	9.5	51.1
Deferred tax asset, net ¹	1,158.2	129.1
Goodwill	-	85.4
Salvage recoverable ¹	239.5	80.2
Financial guaranty variable interest entities' assets	762.3	-
Other assets	200.4	95.9
Total assets	16,593.4	\$ 4,555.7
Liabilities and shareholders' equity		
Liabilities		
Unearned premium reserves ¹	8,219.4	\$ 1,233.7
Loss and loss adjustment expense reserve ¹	289.5	196.8
Long-term debt	917.4	347.2
Note payable to related party	149.1	-
Credit derivative liabilities	2,034.6	733.8
Reinsurance balances payable, net ¹	186.7	18.0
Financial guaranty variable interest entities' liabilities	762.7	-
Other liabilities	513.9	100.0
Total liabilities	13,073.3	2,629.5
Shareholders' equity		
Common stock	1.8	0.9
Additional paid-in capital	2,585.0	1,284.4
Retained earnings ^{1, 2}	789.9	638.0
Accumulated other comprehensive income ²	141.8	2.9
Deferred equity compensation	2.0	-
Total shareholders' equity attributable to Assured Guaranty Ltd.	3,520.5	1,926.2
Noncontrolling interest of consolidated variable interest entities	(0.4)	-
Total shareholders' equity	3,520.1	1,926.2
Total liabilities and shareholders' equity	16,593.4	\$ 4,555.7

1. The Company adopted a new financial guaranty insurance accounting standard, effective January 1, 2009.

2. The Company adopted a new accounting standard, effective April 1, 2009. The adoption of this accounting standard increased retained earnings and decreased accumulated other comprehensive income (loss) by \$57.7 million.

Assured Guaranty Ltd.

Reconciliation of PVP^a to Gross Written Premiums



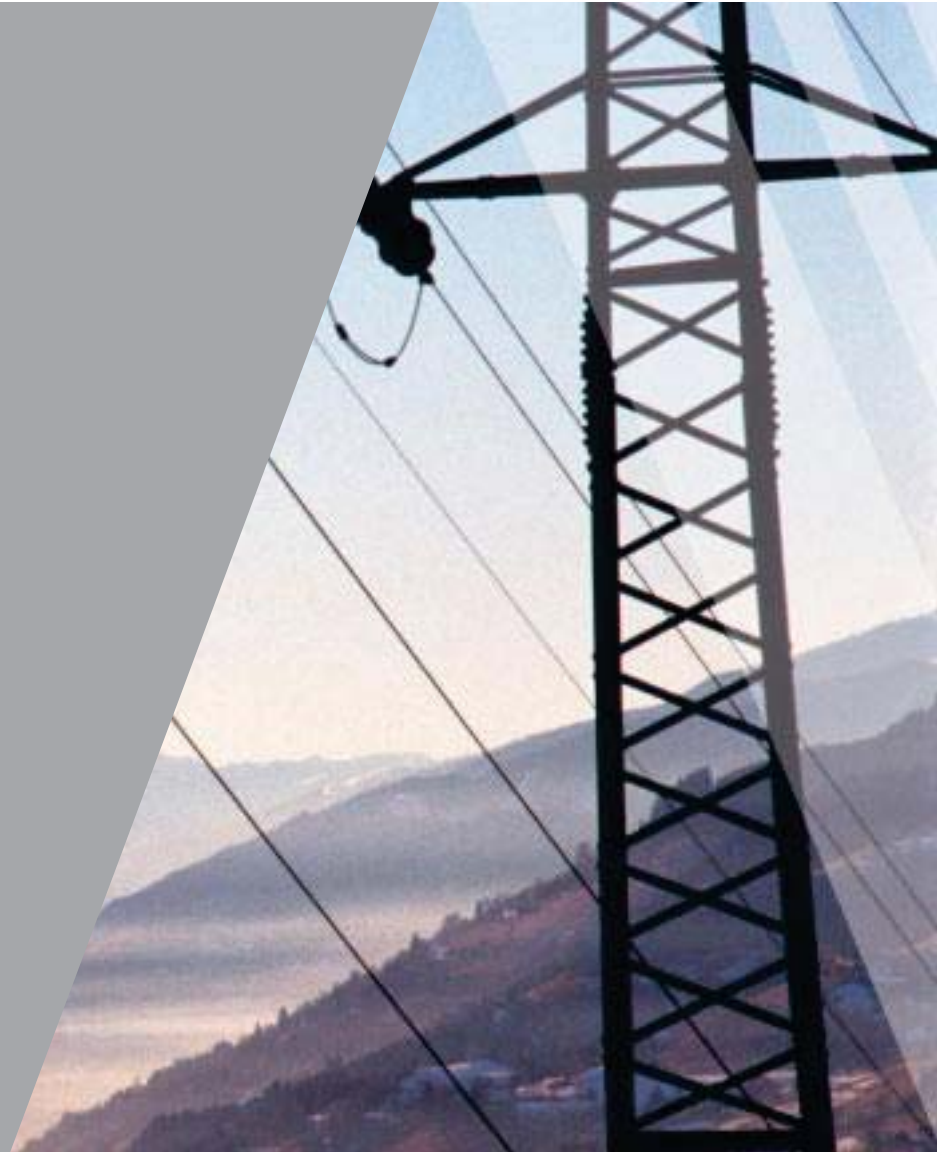
(\$ in millions)

	Quarter Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Consolidated new business production analysis:				
Present value of new business production ("PVP") ^a				
Public finance - U.S.	\$ 114.0	\$ 63.5	\$ 614.2	\$ 523.9
Public finance - non-U.S.	-	-	1.8	31.3
Structured finance - U.S.	6.3	49.9	23.2	194.8
Structured finance - non-U.S.	0.1	14.7	1.0	73.0
Total PVP ¹	120.4	128.1	640.2	823.0
Less: PVP ¹ of credit derivatives	-	57.7	2.4	204.5
PVP ¹ of financial guaranty insurance	120.4	70.4	637.8	618.5
Less: Financial guaranty installment premium PVP ¹	(2.9)	10.5	25.4	96.4
Total: Financial guaranty upfront GWP	123.3	59.9	612.4	522.1
Plus: Upfront premium due to commutation	-	-	-	(20.8)
Plus: Financial guaranty installment adjustment ¹	(66.9)	23.9	(55.1)	112.8
Total financial guaranty GWP	56.4	83.8	557.3	614.1
Plus: Mortgage guaranty segment GWP	-	-	0.2	0.7
Plus: Other segment GWP	-	-	(1.1)	3.5
Total GWP	\$ 56.4	\$ 83.8	\$ 556.4	\$ 618.3

1. 2009 amounts include the difference in management estimates for the discount rate applied to future installments compared to the discount rate used for a new financial guaranty insurance accounting standard, as well as the changes in estimated term for future installments.

Note: Please refer to appendix on page 89 for explanation of non-GAAP financial measure [PVP (a)].

Appendix



Appendix: Explanation of Non-GAAP Financial Measures



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

(a) PVP or present value of new business production: PVP is a non-GAAP financial measure defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, on insurance and credit derivative contracts written in the current period, discounted at 6% for December 31, 2009 and 6% for December 31, 2008. Management believes that PVP is a useful measure for management, investors and analysts because it permits the evaluation of the value of new business production for Assured Guaranty by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlement on credit derivatives ("Credit Derivative Revenues") do not adequately measure. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6% per year, 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, prepayments, amortizations, refundings, contract terminations or defaults that may or may not result from changes in market interest rates, foreign exchange rates, refinancing or refundings, prepayment speeds, policy changes or terminations, credit defaults or other factors. PVP should not be viewed as a substitute for gross written premiums determined in accordance with GAAP.

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

- 1) Elimination of the after-tax realized gains (losses) on the Company's investment portfolios;
- 2) Elimination of the after-tax non-credit impairment fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses;
- 3) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities; and
- 4) Elimination of goodwill and settlement of pre-existing relationships.

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

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