

First Quarter 2010
Assured Guaranty Re Ltd.
Presentation



**ASSURED
GUARANTY®**
RE

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 could be affected by:
 - rating agency action, including a ratings downgrade at any time of Assured Guaranty Ltd. or any of its subsidiaries and/or of transactions insured by AGL’s subsidiaries, both of which have occurred in the past;
 - developments in the world’s financial and capital markets that adversely affect issuers’ payment rates, Assured Guaranty’s loss experience, its ability to cede exposure to reinsurers, its access to capital, its unrealized (losses) gains on derivative financial instruments or its investment returns;
 - changes in the credit markets, segments thereof or general economic conditions;
 - more severe or frequent losses implicating the adequacy of Assured Guaranty’s loss reserve;
 - the impact of market volatility on the mark-to-market of its contracts written in credit default swap form;
 - reduction in the amount of reinsurance portfolio opportunities available to Assured Guaranty;
 - decreased demand or increased competition;
 - changes in applicable accounting policies or practices;
 - changes in applicable laws or regulations, including insurance and tax laws;
 - other governmental actions;
 - difficulties with the execution of Assured Guaranty’s business strategy;
 - contract cancellations;
 - Assured Guaranty’s dependence on customers;
 - loss of key personnel;
 - adverse technological developments;
 - the effects of mergers, acquisitions and divestitures;
 - natural or man-made catastrophes;
 - other risks and uncertainties that have not been identified at this time;
 - management’s response to these factors; and
 - other risk factors identified in Assured Guaranty’s filings with the Securities and Exchange Commission (the “SEC”).
- See Assured Guaranty’s SEC filings and latest earnings press release and financial supplement, which are available on its website, for more information on factors that could affect its forward-looking statements. Do not place undue reliance on these forward-looking statements, which are made only as of May 26, 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 Assured Guaranty's internal rating system, which is comparable to those used by the leading 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") are defined in the appendix. In each case, the most directly comparable GAAP financial measure, if available, is presented, and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how Assured Guaranty's management, analysts and investors evaluate Assured Guaranty's financial results and is comparable to estimates published by analysts in their research reports on Assured Guaranty.

Executive Summary



- **Assured Guaranty Re Ltd. (“AG Re”) is the industry’s leading financial guaranty reinsurance company, with a diversified book of business from both independent and affiliated ceding companies. AG Re:**
 - Is a wholly owned subsidiary of publicly traded (NYSE ticker symbol: AGO) Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty”)
 - Has a separate and distinct balance sheet and capital base from its sister companies Assured Guaranty Corp. (“AGC”) and Assured Guaranty Municipal Corp. (“AGM”), formerly known as Financial Security Assurance Inc. (“FSA”)
 - Provides ongoing reinsurance capacity to both AGC and AGM on a quota share basis and also to previously triple-A rated financial guaranty insurers on a facultative basis only
 - Is rated AA (stable) by S&P and A1 (negative outlook) by Moody’s as of May 26, 2010
 - Supported by approximately \$1.0 billion of policyholders’ surplus and \$2.9 billion in claims-paying resources (as of March 31, 2010)
 - Over 23% of outstanding exposure was ceded by companies other than AGC or AGM
 - Significant potential future earnings capacity provided by \$1.5 billion unearned premium reserve under U.S. GAAP
 - Regulated by the Bermuda Monetary Authority as a Class 3B insurer

Executive Summary

Recent Developments at AG Re



- **Limited current third-party reinsurance activity due to decline in credit quality of non-affiliated, formerly triple-A rated financial guaranty companies**
 - The only treaties that are currently active are with AGC and AGM
 - No ongoing reinsurance expected from entities not affiliated with Assured Guaranty
 - Third-party reinsurance opportunities limited to legacy portfolio acquisitions from non-affiliated companies
 - Focus is on the U.S. municipal sector
 - New potential entrants (MIAC, National) unlikely to generate meaningful new business in the near term
- **Shift in 2007 to facultative portfolio acquisitions of seasoned books of business has produced attractive returns**
 - Since November 2007, AG Re has acquired \$50 billion of par exposure from non-affiliated companies representing \$480 million in present value of new business production (“PVP”)¹
 - Able to negotiate highly profitable returns via ceding commission adjustments or business mix
 - Opportunity to review each credit

1. For the definition of PVP, a non-GAAP financial measure, please see the appendix.

Executive Summary

AG Re's Financial Strength



- **As of December 31, 2009, AG Re's Bermuda Statutory Capital and Surplus was \$1.1 billion**
- **As of March 31, 2010, AG Re's claims-paying resources were \$2.9 billion**
- **Significant potential future earnings capacity and stability provided by \$1.5 billion GAAP unearned premium reserve**
- **High-quality insured portfolio, with \$149.0 billion net par outstanding ("NPO") carrying an average rating of A based on Assured Guaranty's internal rating¹**
 - Only 3.2% below investment grade ("BIG")
- **High-quality investment portfolio of \$2.1 billion, with an average rating¹ of AA+ and an average duration of 3.1 years**

Financial Guaranty Reinsurance



Financial Guaranty Reinsurance

Changing Industry Relationships



- **The successful buildup of AG Re’s facultative reinsurance franchise created strong relationships with all primary insurers**
 - Kept AG Re in the mix regarding portfolio transactions
 - Allowed for better insights into relative portfolio quality
 - Provided competitive advantage for portfolio opportunities

- **New entrants have yet to gain traction**
 - National Public Finance Guarantee remains a work in progress
 - MIAC status is uncertain

- **Portfolio opportunities still remain**
 - Syncora has a substantial public finance book that remains a potential opportunity
 - Further MBIA rating downgrade could free up FGIC portfolio for transfer to AG Re
 - Ambac and MBIA solvency is still questionable
 - AGM, formerly known as FSA, has a number of portfolios that could be reassumed from downgraded reinsurers and ceded to AG Re
 - RAM Re and Radian Asset Assurance are in run-off and could present portfolio opportunities

U.S. Public Finance Portfolios

As of December 31, 2009 unless otherwise specified

(\$ in billions)

	NPO
National	\$507.9
Ambac	223.2
Syncora¹	50.4
RAM Re²	13.7
Radian Asset	49.4

1. Includes Syncora Capital Assurance Inc. and Syncora Guarantee Inc.
 2. As of June 30, 2009

Financial Guaranty Reinsurance

AGC and AGM Relationship



- **AGC and AGM growth would provide a strong foundation for future growth and enhanced stability at AG Re**
- **Better balanced portfolio in 2009 and going forward as AGC and AGM builds public finance franchise**
- **AGM, formerly known as FSA, provides opportunities for portfolio transfer to AG Re after re-assumption from existing reinsurance**
- **Quota share cession on new business written in AGC and AGM**
 - 15-90% cession of business originated from AGC and AGM in 2009
 - Expected 15-30% cession on “standard” transactions
 - Higher cession percentages are expected on transactions constrained by statutory or internal limits at AGC or AGM

Financial Guaranty Reinsurance Underwriting



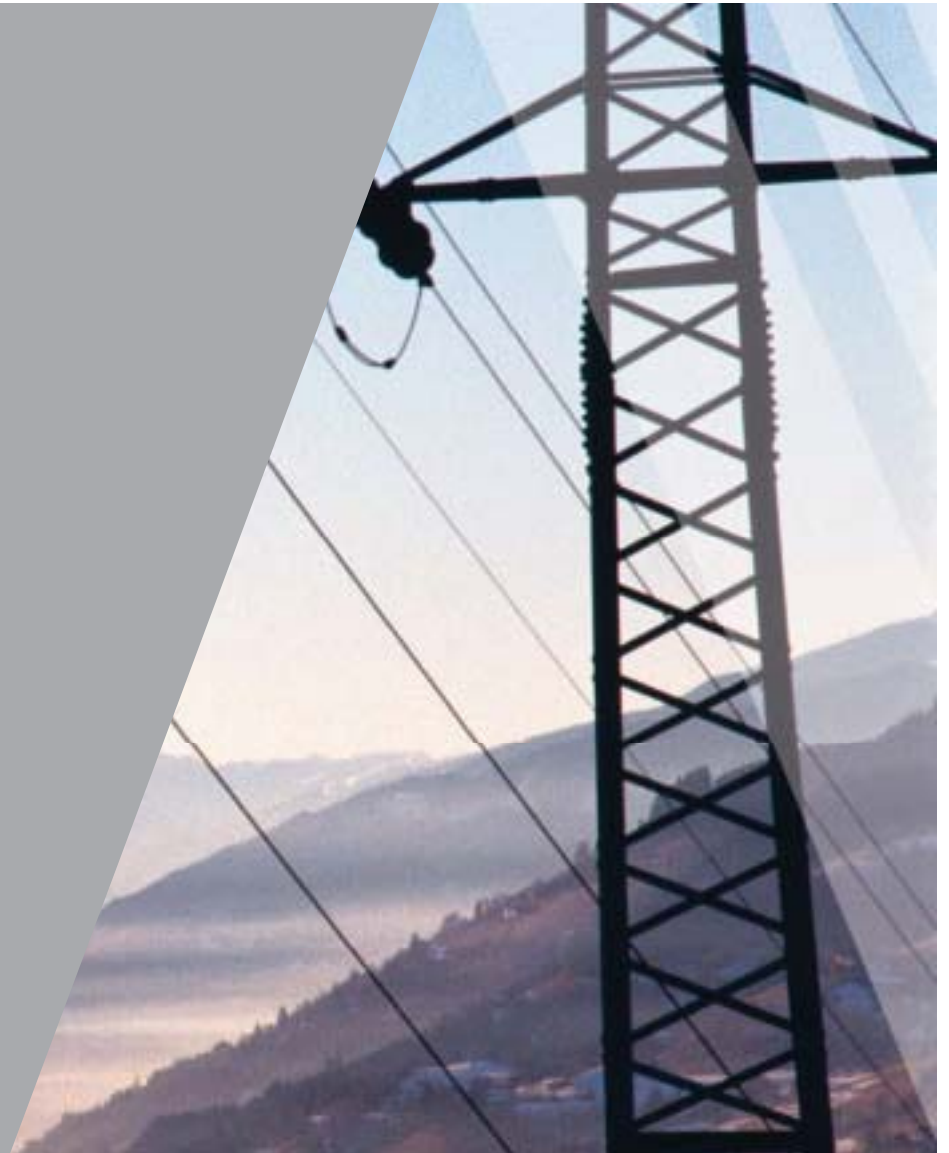
- **All facultative transactions are approved by a committee underwriting process**
 - All non-AGC and non-AGM transactions require AG Re Credit Committee and AG Re board approval
- **Enterprise risk management across Assured Guaranty family of companies**
 - Single risk limits established at the AGL level by Portfolio Risk Management Committee (“PRMC”)
 - AGL’s Chief Risk Officer conducts reviews of transaction memos
- **Transaction information on non-AGC and non-AGM transactions is not shared with AGC and AGM underwriting personnel**

Financial Guaranty Reinsurance Competitive Position



- **21+ year track record of successfully writing financial guaranty reinsurance business within Assured Guaranty family of companies**
- **Capital base provides significant single-risk capacity**
- **Diversified portfolio mix**
- **Rated within the double-A rating category by S&P and A1 by Moody's**
- **Bermuda platform mitigates financial impact of reinsurance costs**
- **Experienced management team**
- **Tight credit controls – corporate-wide credit culture and resources**
- **Close attention to exposure management**

Risk Management



Financial Guaranty Reinsurance Risk Management



- **Risk Oversight Committee at the AGL board level reviews overall underwriting and risk management guidelines and policy**
 - Monitor underwriting process
 - Review significant changes in policy
 - Review guidelines for managing and monitoring risk
 - Monitor risk-based capital adequacy
 - Review reserving policy
- **PRMC at AGL level sets corporate-wide credit and risk management policy and limits**
 - Establish risk limits
 - Monitor compliance
 - Approve any exceptions to limits
 - Review and approve new products
- **AG Re underwriting authority**
 - All third-party transactions require AG Re Credit Committee and AG Re board approval
- **AG Re loss reserves established by AG Re reserve committee**
 - Reserving methodology is reviewed with AG Re board
 - Sign-off on the final case reserves established each quarter

Financial Guaranty Reinsurance Surveillance



- **AG Re has responsibility for conducting surveillance on the reinsurance portfolio and small direct portfolio, including claims mitigation and portfolio management.**
- **Reports on BIG credits are obtained from ceding companies on a regular basis (generally monthly or quarterly) and reviewed for follow-up where needed**
 - Conference calls or visits to cedants to discuss BIG exposures
 - More frequent contact on problem credits
 - Establish and review case reserves where necessary
- **Surveillance audits of treaty clients are currently conducted annually; audit frequency increased as needed**
 - Sector reviews conducted on an as-needed basis
 - Remodel transactions where deemed appropriate
 - Quarterly conference calls or company visits to discuss BIGs
- **Historically, sector concentrations were managed through treaty exclusion lists with third parties.**
 - No subprime mortgage transactions below AA-/Aa3 based on Assured Guaranty's internal rating
 - Restrictions on certain CDOs (beginning in 2003)
 - No airports
 - Limits on healthcare

Portfolio Risk Management



- **\$149.0 billion NPO with average credit quality of A**
- **83% of portfolio consists of public finance**
 - 75% consists of U.S. public finance
 - 17% of U.S. and non-U.S. structured finance
- **Only 31% of portfolio was ceded by AGC, with the remaining exposure ceded by AGM (45%) and third parties (24%)**
- **42.1% of net par rated AA- or better**
- **BIG exposure of \$4.9 billion, or 3% of net par outstanding**

Portfolio Risk Management

AG Re Portfolio Composition

as of March 31, 2010



\$ in millions

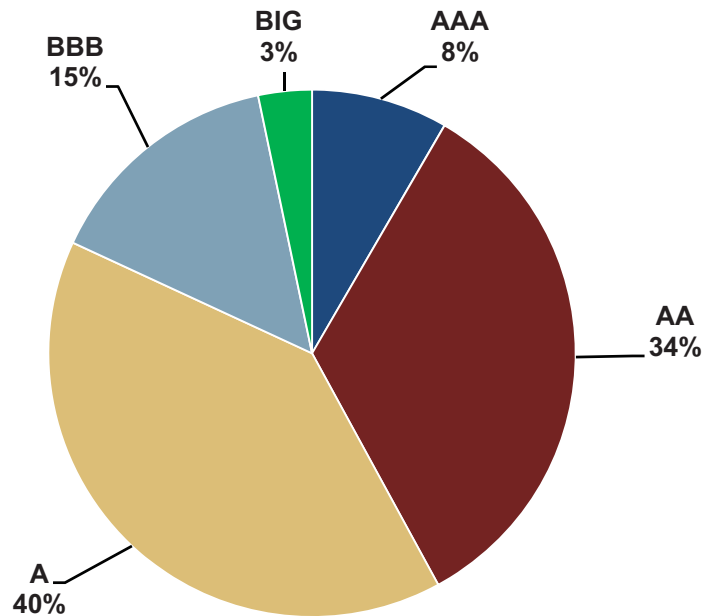
Sector	AGC Cessions	AGM Cessions	Third Party Cessions	Total Par In-force	%
Public Finance:					
U.S. public finance	\$ 24,674	\$ 59,725	\$ 26,729	\$ 111,128	74.6%
Non-U.S. public finance	<u>3,591</u>	<u>5,846</u>	<u>3,269</u>	<u>12,706</u>	<u>8.5%</u>
Total public finance	28,265	65,571	29,998	123,834	83.1%
Structured Finance:					
U.S. structured finance	\$ 13,087	\$ 1,514	\$ 3,851	\$ 18,452	12.5%
Non-U.S. structured finance	<u>4,237</u>	<u>632</u>	<u>1,877</u>	<u>6,746</u>	<u>4.4%</u>
Total structured finance	17,324	2,146	5,728	25,198	16.9%
Total net par outstanding	\$ 45,589	\$ 67,717	\$ 35,726	\$ 149,032	100.0%

Portfolio Risk Management

Portfolio Credit Quality¹

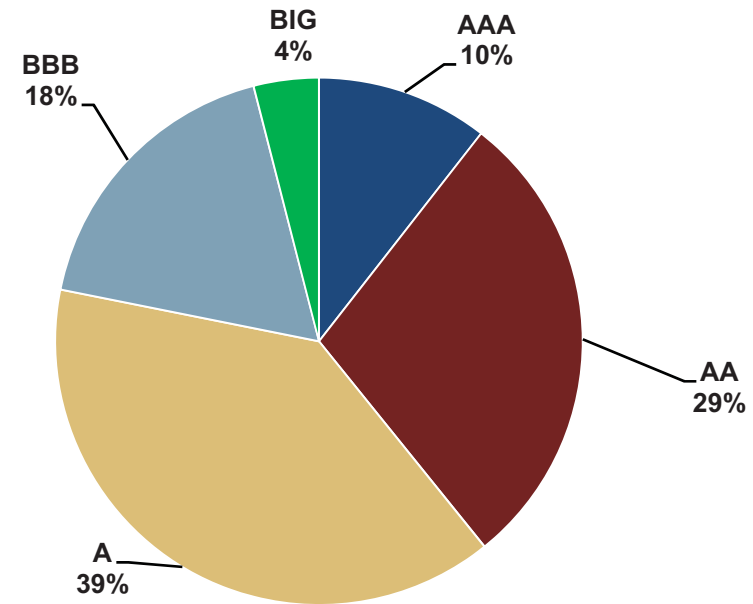


March 31, 2010



\$149.0 billion net par outstanding

December 31, 2009



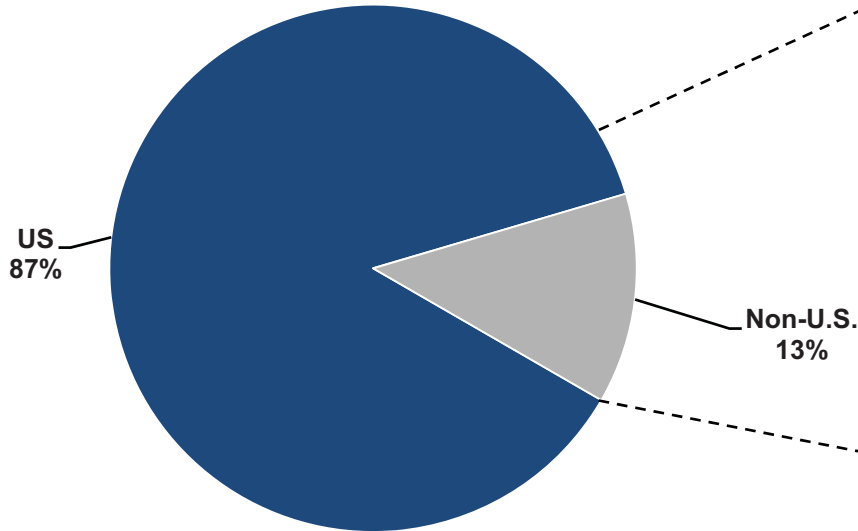
\$117.7 billion net par outstanding

1. Assured Guaranty's internal rating. Assured Guaranty's scale is comparable to that of the nationally recognized rating agencies. The super senior category, which is not generally used by rating agencies, is used by Assured Guaranty in instances where the Company's triple-A rated exposure has additional credit enhancement due to either (1) the existence of another security rated triple-A that is subordinated to the Company's exposure or (2) the Company'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 the Company's attachment point to be materially above the triple-A attachment point.

Portfolio Risk Management Geographic Distribution

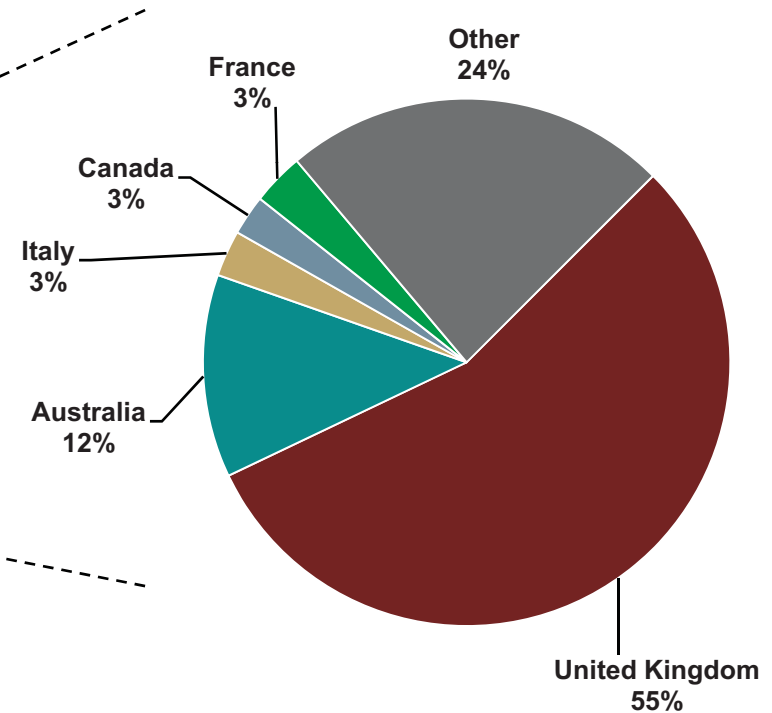


Total Net Par Outstanding
As of March 31, 2010



\$149.0 billion net par outstanding

International Net Par Outstanding
As of March 31, 2010



\$19.5 billion net par outstanding

Portfolio Risk Management

Below Investment Grade Exposures¹



- **BIG exposure \$4.9 billion, 3% of NPO**
- **BIG exposure is concentrated in a small number of transactions**
 - 5 largest have NPO of \$1,401 million or 29% of the total
 - 10 largest have NPO of \$2,141 million or 44% of the total

\$ in millions

Credit Name	Net Par Outstanding	Percent of Total BIG	Percent of Total NPO
Ballantyne Re Plc Class A-2 Floating Rate Notes	\$ 370	7.6%	0.2%
Deutsche Alt-A Securities Mortgage Loan 2007-2	\$ 347	7.1%	0.2%
Orkney Re II, Plc Series A-2 Floating Rate Notes	\$ 274	5.6%	0.2%
Detroit (City of) Michigan	\$ 218	4.5%	0.1%
Countrywide Home Equity Loan Trust 2005-J	\$ 192	3.9%	0.1%
Jefferson County Alabama Sewer	\$ 177	3.6%	0.1%
National Collegiate Trust Series 2007-3	\$ 155	3.2%	0.1%
Private Residential Mortgage Transaction	\$ 147	3.0%	0.1%
Private Residential Mortgage Transaction	\$ 136	2.8%	0.1%
National Collegiate Trust Series 2007-4	\$ 125	2.6%	0.1%
Total Top 10 BIG :	\$ 2,141	43.9%	1.4%

1. Data as of March 31, 2010. Based on Assured Guaranty's internal ratings.

Portfolio Risk Management

Below Investment Grade Exposures



\$ in millions

Sector	Net Par Outstanding	Percent of Total NPO
Public Finance:		
General obligation	\$ 236	0.2%
Municipal utilities	228	0.2%
Infrastructure finance	156	0.1%
Tax backed	112	0.1%
Healthcare	55	0.0%
Higher education	4	0.0%
Other Public Finance	376	0.2%
Total public finance:	1,167	0.8%
Structured Finance:		
Residential mortgage-backed and home equity	2,103	1.4%
Insurance securitizations	645	0.4%
Pooled corporate obligations	475	0.3%
Consumer receivables	295	0.2%
Commercial receivables	131	0.1%
Structured credit	35	0.0%
Other structured finance	36	0.0%
Total structured finance:	3,720	2.4%
Total BIG exposures	\$ 4,887	3.2%

1. Data as of March 31, 2010. Based on Assured Guaranty's internal ratings.

Financial Review



- **Largest claims paying resources and strongest earnings amongst monoline reinsurers**
 - AG Re's claims paying resources were \$2.9 billion as of March 31, 2010
- **As of December 31, 2009, AG Re's Bermuda Statutory Capital and Surplus was \$1.1 billion**
- **Significant potential future earnings capacity and stability provided by \$1.5 billion U.S. GAAP unearned premium reserve as of March 31, 2010**
- **High-quality insured portfolio, with \$149.0 billion NPO carrying an average rating of A based on Assured Guaranty's internal rating scale**
- **High-quality investment portfolio of \$2.1 billion, with an average rating¹ of AA+ and an average duration of 3.1 years, as of March 31, 2010**
- **Unaudited net income for the quarter ended March 31, 2010 was \$84.6 million**

Financial Review

Summary GAAP Income Statements



(\$ in millions)

	Quarter Ended	
	March 31,	
	2010	2009
Revenues:		
Net earned premiums	\$ 34.5	\$ 80.7
Net investment income	20.5	24.4
Net realized investment gains (losses)	1.2	(17.3)
Change in fair value of credit derivatives:		
Realized gains and other settlements	4.6	5.3
Credit impairment on credit derivatives	(14.6)	0.3
Non-credit impairment fair value gains on credit derivatives	102.8	40.7
Net change in fair value of credit derivatives	92.8	46.3
Other income	(9.7)	-
Total revenues	139.3	134.1
Expenses:		
Loss and loss adjustment expenses	39.4	58.4
Amortization of deferred acquisition costs	8.0	23.8
Other operating expenses	6.6	4.7
Total expenses	54.0	86.9
Income before provision (benefit) for income taxes	85.3	47.2
Provision (benefit) for income taxes	0.7	(4.1)
Net income (loss)	84.6	51.3
Less after-tax adjustments:		
Realized gains (losses) on investments	1.3	(17.2)
Non-credit impairments unrealized fair value gains on credit derivatives	102.3	40.5
Operating income (loss)	\$ (19.0)	\$ 28.0

Financial Review

AG Re Balance Sheet



	As of	
	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Assets		
Investment portfolio, available-for-sale:		
Fixed maturity securities, at fair value	\$ 1,911.7	\$ 1,895.3
Short-term investments	<u>231.3</u>	<u>224.6</u>
Total investment portfolio	2,143.0	2,119.9
Cash	14.6	10.9
Premiums receivable, net of ceding commissions payable	568.9	446.2
Ceded unearned premium reserve	0.4	0.5
Deferred acquisition costs	402.7	342.0
Reinsurance recoverable on unpaid losses	0.8	0.9
Credit derivative assets	82.1	68.4
Deferred tax asset, net	7.3	9.7
Salvage and subrogation recoverable	71.4	65.3
Other assets	<u>25.4</u>	<u>22.9</u>
Total assets	<u>\$ 3,316.6</u>	<u>\$ 3,086.7</u>
Liabilities and shareholder's equity		
Liabilities		
Unearned premium reserves	\$ 1,487.8	\$ 1,301.5
Reserves for losses and loss adjustment expenses	141.9	122.3
Credit derivative liabilities	305.6	379.4
Reinsurance balances payable, net	13.3	9.9
Other liabilities	<u>11.0</u>	<u>20.9</u>
Total liabilities	1,959.6	1,834.0
Shareholder's equity		
Common stock	1.4	1.4
Additional paid-in capital	856.6	856.6
Retained earnings	442.3	357.7
Accumulated other comprehensive income	<u>56.7</u>	<u>37.0</u>
Total shareholder's equity	1,357.0	1,252.7
Total liabilities and shareholder's equity	<u>\$ 3,316.6</u>	<u>\$ 3,086.7</u>

- **\$2.1 billion investment portfolio as of March 31, 2010 has 3.1 year duration and contains \$231.3 million in short-term investments and \$14.6 million in cash**
- **U.S. Treasuries and agency obligations account for 20.6% of the total fixed maturity portfolio, while other triple-A rated securities account for an additional 57.8% of the total fixed maturity portfolio**
- **Operating cash flow for year ended December 31, 2009 was \$112.0 million**
- **AG Re participates in \$300 million third-party liquidity facility for Assured Guaranty**
 - \$100 million available to AG Re

Financial Review

Summary of Invested Assets as of March 31, 2010



(\$ in millions)

Investment Category	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income ¹
Fixed maturity securities:					
U.S. Treasury securities and obligations					
of U.S. government agencies	\$ 115.7	4.3%	4.2%	\$ 124.1	\$ 4.9
Agency obligations	257.1	4.3%	4.2%	269.0	10.9
Foreign government securities	1.9	4.1%	3.6%	2.0	0.1
Obligations of states and political subdivisions	82.0	4.6%	4.5%	83.9	3.8
Insured obligations of state and political subdivisions ²	22.2	4.8%	4.6%	22.2	1.1
Corporate securities	294.0	4.1%	3.9%	304.2	12.0
Mortgage-backed securities ("MBS") ³ :					
Residential MBS	802.2	5.1%	5.0%	828.4	40.9
Commercial MBS	163.9	5.6%	5.2%	169.4	9.2
Asset-backed securities ⁴	113.1	3.4%	3.4%	108.5	3.8
Total fixed maturity securities	\$ 1,852.1	4.7%	4.6%	\$ 1,911.7	\$ 86.7
Short-term investments	231.3	0.2%	0.2%	231.3	0.4
Total investment portfolio	\$ 2,083.4	4.2%	4.1%	\$ 2,143.0	\$ 87.1

1. Represents annualized investment income based on amortized cost and pre-tax book yields.

2. Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds average A+.

3. \$0.5 million is U.S. subprime RMBS, which has an average rating of AAA.

4. Contains no collateralized debt obligations of asset-backed securities ("CDOs of ABS").

Financial Review

Investment Portfolio Rating¹ Distribution



Investment Portfolio Ratings 1:	Fair Value as of March 31, 2010	% of total
Treasury and government obligations	\$ 124.1	6.5%
Agency obligations	269.0	14.1%
AAA/Aaa	1,104.0	57.8%
AA/Aa	173.0	9.0%
A/A	179.5	9.4%
BBB	-	-
BIG	62.1	3.2%
Total fixed maturity securities available for sale	<u>\$ 1,911.7</u>	<u>100.0%</u>
 Duration of investment portfolio (in years):		 <u>3.1</u>
 Average ratings of investment portfolio		 <u>AA+</u>

1. Ratings are represented by the lower of the Moody's Investor Services and Standard & Poor's classifications.

Financial Review

Investment Portfolio Guidelines



- **Guidelines reviewed and approved by the Finance Committee of the AGL Board of Directors**
- **Portfolio objectives**
 - Maintain highest financial strength ratings possible for AG Re
 - Manage investment risk within the context of the underlying portfolio of insurance risk
 - Maintain sufficient liquidity to cover unexpected stress in the insurance portfolio
 - Maximize after-tax book income while generating a competitive total rate of return
- **Assets must have a minimum rating of “A”**
 - ABS/RMBS/CMBS – in aggregate not to exceed 33% of aggregate portfolio
 - AAA and senior-most tranches limit of 2.5% of aggregate portfolio
 - Non-agency securities and mezzanine tranches are prohibited
 - Single servicer limit of 10.0% of aggregate portfolio
 - Corporate bonds – limit of 15% of aggregate portfolio
 - AAA issuer limit of 2% of the aggregate portfolio
 - AA/A issuer limit of 1% of the aggregate portfolio
 - Aggregate exposure to A corporate bonds not to exceed 5% of the aggregate portfolio

Appendix



AG Re

Top 25 Public Finance Exposures

as of March 31, 2010



\$ in millions

25 Largest Public Finance Exposures

Credit Name:	Net Par Outstanding	Internal Rating¹
New Jersey (State of)	\$ 1,275	AA-
New York (City of) New York	1,225	AA-
California (State of)	1,223	A-
Massachusetts (Commonwealth of)	1,092	AA
New York (State of)	978	AA-
Washington (State of)	907	A
Wisconsin (State of)	833	AA-
Los Angeles California Unified School District	770	AA
Port Authority of New York and New Jersey	729	AA-
Florida (State of)	726	AA+
Illinois (State of)	699	BBB+
Chicago (City of) Illinois	641	AA-
Long Island Power Authority	632	A-
New York MTA Transportation Authority	623	A
District of Columbia	608	A+
Philadelphia (City of) Pennsylvania	591	BBB-
Miami International Airport Miami-Dade County Florida	573	A+
Hawaii (State of) Department of Hawaiian Home Lands	571	AA
Michigan (State of)	535	A+
Clark County Nevada School District	533	AA
Philadelphia Pennsylvania School District	498	A
Los Angeles Department of Water and Power - Electric Revenue	496	AA-
Miami-Dade County Florida School District	490	A-
New York City Municipal Water Finance Authority	486	AA+
Puerto Rico (Commonwealth of)	484	BBB-
Total top 25 public finance exposures	\$ 18,218	

1. Based on Assured Guaranty's internal ratings.

AG Re

Top 25 Structured Finance Exposures

as of March 31, 2010



\$ in millions

25 Largest Structured Finance Exposures

Credit Name:	Net Par Outstanding	Internal Rating¹
LIICA Holdings, LLC	\$ 405	AA
Paragon Mortgages (NO.13) PLC	395	AAA
Shenandoah Trust Capital I Term Securities	394	A+
Ballantyne Re PLC Class A-2 Floating Rate Notes	370	CC
Deutsche ALT-A Securities Mortgage Loan 2007-2	347	CCC
PB Domicile 2006-1	293	AAA
Taberna Europe CDO II PLC	281	BBB-
Orkney RE II, PLC Series A-1 Floating Rate Notes	274	CCC
Private Structured Credit Transaction	266	BBB+
Private Structured Finance Transaction	234	BBB-
Applebees Enterprises LLC	233	BBB-
Harbourmaster CLO I B.V.	227	AAA
Sandelman Finance 2006-1 Limited Class	225	AA
Private Structured Finance Transaction	222	BBB-
Timberlake Financial, LLC Floating Insured Notes	221	BBB
Telereal Securitisation PLC (British Telecom) A1	210	BBB+
Prudential Closed Block Reinsurance Treaty	200	A+
Genesis Funding 2006-1	199	A
Fortress Credit Investments I Class A-1	198	AAA
Field Point IV, Limited Class A1	192	AA-
Countrywide Home Equity Loan Trust 2005-J	192	CCC
ACS 2007-1 Pass Through Trust G-1	191	A
Ford Credit Floorplan Master Owner Trust 2006-6	187	AA
Spirit Master Funding, LLC 2005-1	186	BBB
Stone Tower Credit Funding	179	AAA
Total top 25 structured finance exposures	\$ 6,321	

1. Based on Assured Guaranty's internal ratings.

Non-GAAP Financial Measures



PVP or present value of new business production: PVP is a non-GAAP financial measure defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, on insurance and credit derivative contracts written in the current period, discounted at 6%. Management believes that PVP is a useful measure for management, investors and analysts because it permits the evaluation of the value of new business production for Assured Guaranty Re Ltd. by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlement on credit derivatives ("Credit Derivative Revenues") do not adequately measure. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under 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.

Operating income: Operating income is a non-GAAP financial measure defined as net income (loss) adjusted for the following:

- 1) Elimination of the after-tax realized gains (losses) on the Company's investment portfolios; and
- 2) Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses.

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. Non-credit impairment unrealized fair value gains and losses on credit derivatives 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.

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



(\$ in millions)

	Quarter Ended March 31,	
	2010	2009
Consolidated new business production analysis:		
Present value of new business production ("PVP")		
Assured Guaranty Corp.	\$ 6.2	\$ 77.0
Assured Guaranty Municipal Corp. ²	211.3	-
Third parties ²	-	-
Total PVP	217.5	77.0
Less: PVP of credit derivatives	-	0.6
PVP of financial guaranty insurance	217.5	76.4
Less: Financial guaranty installment premium PVP	(0.4)	4.1
Total: Financial guaranty upfront GWP	217.9	72.3
Plus: Financial guaranty installment PVP adjustment ³	(1.2)	(0.2)
Total: Financial guaranty GWP	216.7	72.1
Plus: Other segment GWP	-	-
Total GWP	\$ 216.7	\$ 72.1

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

2. Assured Guaranty Municipal Corp. became an affiliate of AG Re effective July 1, 2009. PVP for quarter ended March 31, 2009 is included in "Third parties" line.

3. Includes the difference in management estimates for the discount rate applied to future installments compared to the discount rate used for new financial guaranty insurance accounting standard as well as the changes in estimated term for future installments.

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**Assured Guaranty Re Ltd.
First Quarter 2010**

