Keefe, Bruyette & Woods

2010 Insurance Conference
September 8, 2010

ASSURED GUARANTY®
FAMILY OF COMPANIES

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.

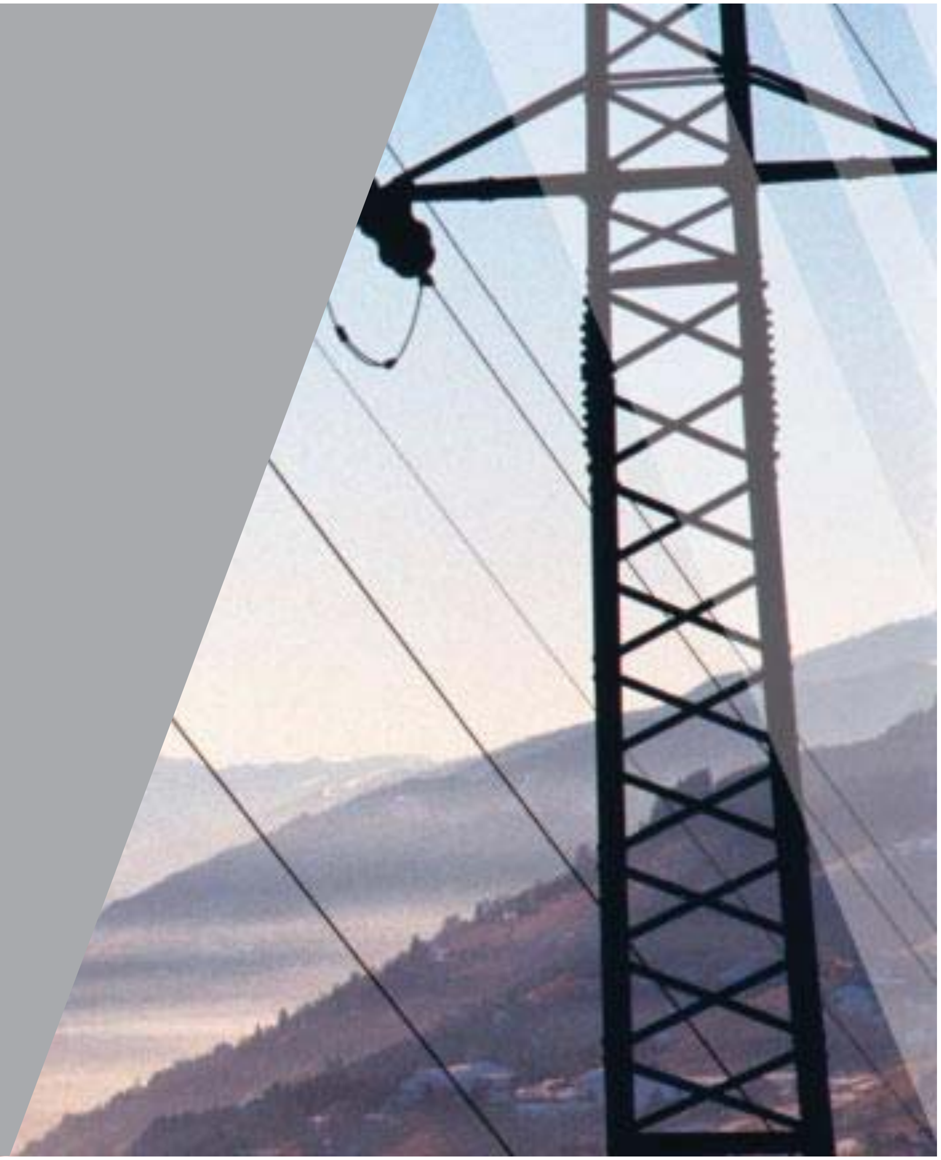
Safe Harbor Disclosure / Conventions and Non-GAAP Financial Measures

ASSURED GUARANTY® FAMILY OF COMPANIES

- Forward-looking statements are being made in this presentation that reflect the current views of Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or the “Company”) with respect to future events and financial performance. They are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from these statements. For example, Assured Guaranty’s forward looking statements could be affected by:
  - rating agency action, including a ratings downgrade at any time of Assured Guaranty Ltd. or any of its subsidiaries and/or of transactions insured AGL’s subsidiaries, both of which have occurred in the past;
  - developments in the world's financial and capital markets that adversely affect issuers’ payment rates, Assured Guaranty’s loss experience, its ability to cede exposure to reinsurers, its access to capital, its unrealized (losses) gains on derivative financial instruments or its investment returns;
  - changes in the credit markets, segments thereof or general economic conditions;
  - more severe or frequent losses implication the adequacy of Assured Guaranty’s loss reserve;
  - the impact of market volatility on the mark-to-market of its contracts written in credit default swap form;
  - reduction in the amount of reinsurance portfolio opportunities available to Assured Guaranty;
  - decreased demand or increased competition;
  - changes in applicable accounting policies or practices;
  - changes in applicable laws or regulations, including insurance and tax laws;
  - other governmental actions;
  - difficulties with the execution of Assured Guaranty’s business strategy;
  - contract cancellations;
  - Assured Guaranty’s dependence on customers;
  - loss of key personnel;
  - adverse technological developments;
  - the effects of mergers, acquisitions and divestitures;
  - natural or man-made catastrophes;
  - other risks and uncertainties that have not been identified at this time;
  - management's response to these factors; and
  - other risk factors identified in Assured Guaranty’s filings with the Securities and Exchange Commission (the “SEC”).
- See Assured Guaranty’s SEC filings and latest earnings press release and financial supplement, which are available on its website, for more information on factors that could affect its forward-looking statements. Do not place undue reliance on these forward-looking statements, which are made only as of September 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.
- Unless otherwise noted, the following conventions are used in this presentation:
  - Ratings on our insured portfolio are Assured Guaranty’s internal rating. Although the Company’s ratings scale is similar to that used by the nationally recognized rating agencies, the ratings may not be the same as ratings assigned by any nationally recognized rating agency.
  - Exposures rated below investment grade are designed “BIG”.
  - Percentages and total 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.

Dominic Frederico

President and Chief Executive Officer



Assured Guaranty Overview

ASSURED GUARANTY® FAMILY OF COMPANIES

- **We are the leading financial guaranty franchise active today, serving the global capital market through three platforms:**
  - Assured Guaranty Municipal Corp. ("AGM"), which we acquired July 1, 2009 via our acquisition of Financial Security Assurance Holding Ltd. (the "Acquisition") focuses on public finance and infrastructure transactions
  - Assured Guaranty Corp. ("AGC") also guarantees structured finance transactions
  - Assured Guaranty Re Ltd. ("AG Re") reinsures affiliates as well as other financial guarantors

- **Our strategic goals are largely unchanged since our April 2004 initial public offering:**
  - Exercise underwriting discipline
  - Expand our direct franchise
  - Pursue proactive loss mitigation strategies
  - Maintain high financial strength ratings
  - Utilize reinsurance platform to enhance market opportunities
  - Utilize both soft and hard capital efficiently

Assured Guaranty Ltd. ($ in billions)	As of June 30, 2010
Total investment portfolio	$10.5
Total assets	$17.6
Net unearned premium reserve[1]	$6.7
Shareholders' equity	$3.9
Claims paying resources	$13.3
Net par outstanding	$627.5

1. Unearned premium reserves net of ceded unearned premium reserve

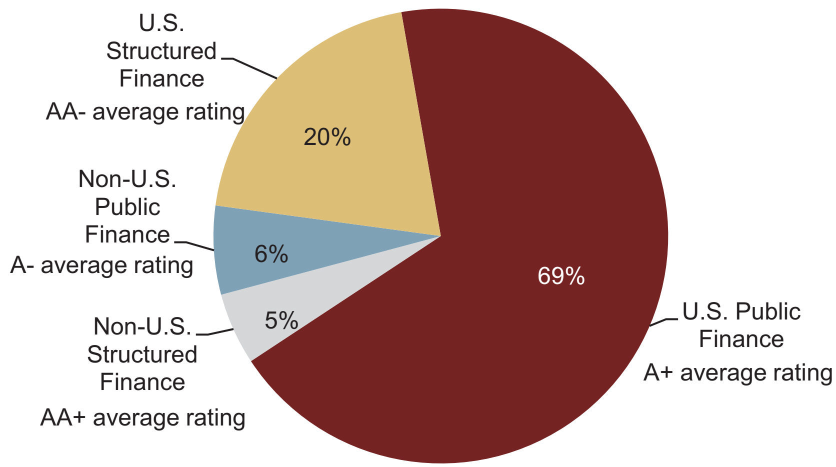
Exercise Underwriting Discipline

- **Our underwriting standards are designed to protect us from franchise-destroying losses**
  - Both companies rejected guaranties on collateralized debt obligations on residential mortgage-backed securities ("RMBS"), protecting us from the worst losses of the financial crisis
  - Primary focus on public finance and infrastructure
  - Prefer granular structured finance business
  - No single-name corporate exposures

- **We further tightened our risk limits since the Acquisition to address risk concentrations and market conditions**
  - Tightened both single risk and sector limits
  - No RMBS due to borrower behavior and uncertain market and regulatory environment
  - No pooled corporate due to concentration

Consolidated Net Par Outstanding

As of June 30, 2010



$627.5 billion, A+ average rating

Exercise Underwriting Discipline:
Reduction in Structured Finance Exposure

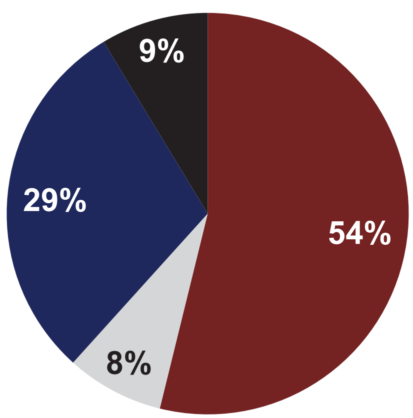
We expect our RMBS and structured finance exposures will shrink as a percentage of our total insured portfolio:

- As of June 30, 2010, $82.8 billion (34%) of $240.9 billion of Assured Guaranty and AGM's year-end 2007 structured finance exposures have run off
- Another $57.3 billion (36%) projected to run off by year-end 2012
- Outstanding structured finance exposures projected at $57.8 billion (largely pooled corporate exposure) at year-end 2014

Net Par Outstanding

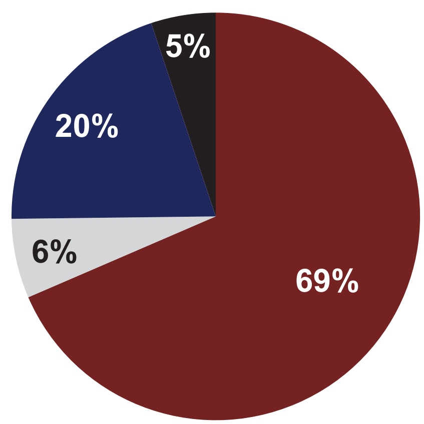
($ in billions)

As of December 31, 2007



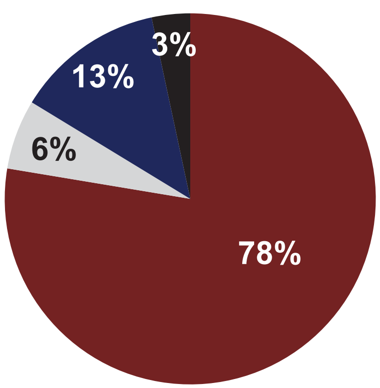
$626.6 billion

As of June 30, 2010



$627.5 billion

Estimated December 31, 2012 Portfolio



$618.5 billion[1]

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

1. Includes annualized assumption of $40 billion of public finance business for 2H-10, 2011 and 2012.

Exercise Underwriting Discipline:
Insured Losses Since September 30, 2007

ASSURED GUARANTY FAMILY OF COMPANIES

- **Since the beginning of the recession and financial crisis, most of our losses have been directly or indirectly related to the RMBS market**
  - $5.0 billion of our total insured losses[1] since September 30, 2007 were for first- or second-lien RMBS transactions
  - Less than $150 million on life insurance securitizations or trust preferred securities issued by mortgage and real-estate investment trusts; these losses were largely due to RMBS or the residential homebuilder losses
  - We have collected approximately $278 million for violations of representations and warranty breaches by mortgage originators and sellers. We have a salvage asset of $1.4 billion and expect to receive $100 million for 3Q10.
- **Our U.S. public finance portfolio, 69% of our net par outstanding, has incurred less than $100 million in losses over the same period**
  - Jefferson County, Alabama Sewer
  - Reinsured student loan transactions

Assured Guaranty Insured RMBS Losses

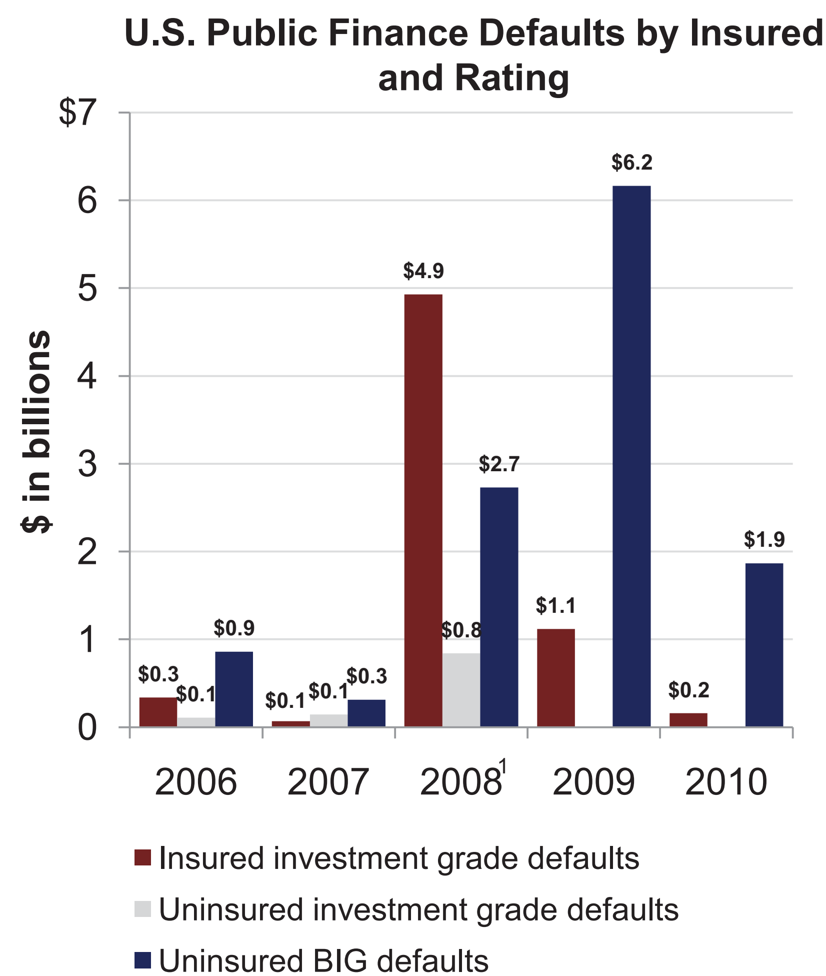
(September 30, 2007 through June 30, 2010)

($ in millions)	**RMBS losses since 4Q-07**
Paid losses incl. VIEs[2] to date	$ 2,649
Future losses to be paid[3]	897
Future R&W[4] reimbursements	1,406
Total insured losses	**$ 4,952**
R&W reimbursements to date[4]	278
Net insured losses	**$ 4,674**

1: Total insured losses is defined as paid losses plus June 30, 2010 loss and loss adjustment expense ("LAE") reserves on contracts written in financial guaranty and credit derivative form ("total insured losses"), expected losses to be expensed included in the unearned premium reserve before reimbursements for representation and warranty ("R&W") breaches
2: Variable interest entities ("VIEs")
3: Net of R&W reimbursements
4: Payments made or expected to be made to the trustee for breaches of R&W on defective mortgages, including contracts written in credit derivative form

Exercise Underwriting Discipline:
U.S. Public Finance Default Experience

- **U.S. public finance that defaulted or required a draw on debt service reserve funds rose during the financial crisis and recession but are still only a small portfolio of the market (0.3% in 2008 as a percent of $2.8 trillion in total par outstanding)**
  - Defaults down 14% in 2009 versus 2008
- **Most U.S. public finance bond defaults—including debt service reserve fund draws—occur in the non-investment grade or non-rated sectors**
  - From 2006 through June 30, 2010, 60% or $11.9 billion of defaults were rated below investment grade or did not have ratings
- **$13.0 billion out of $19.6 billion of total defaults since 2006 were uninsured**
- **Insured U.S. public finance defaults also peaked in 2008, reflecting the financial and credit strength of most issuers insured by the financial guaranty industry**
  - $4.9 billion and 33 insured defaults in 2008
  - $1.1 billion and 16 defaults in 2009
  - $188 million and 6 defaults in 2010



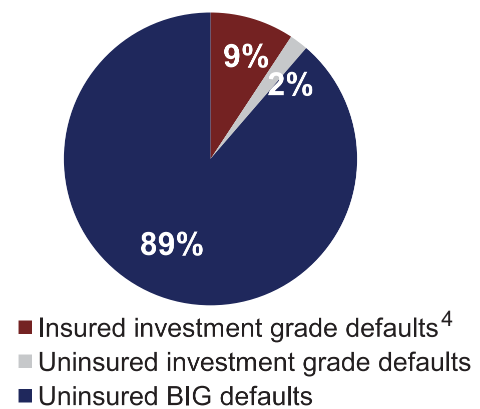
Source: Distressed Securities database maintained by Income Securities Advisor, Miami Lakes, FL

1. Includes $4.2 billion of Jefferson County, AL Sewer bonds

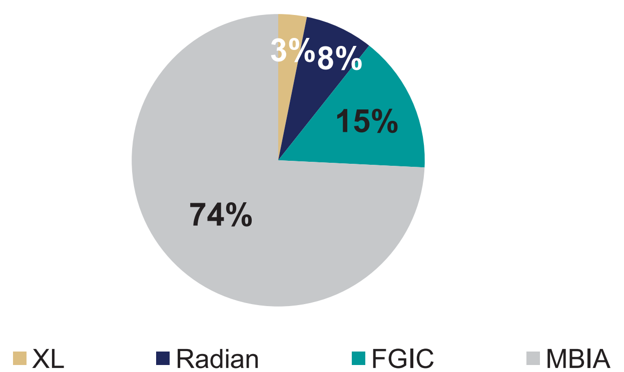
Exercise Underwriting Discipline:
2010 Insured Versus Uninsured Defaults Analysis

- **To date[1], there were 60 new U.S. public finance defaults[2] in 2010 on $2.0 billion in par outstanding**
  – Less than 0.1% of total net par outstanding
- **47 deals or $1.8 billion (89%) of the defaults were either unrated or rated below investment grade at issuance[3]**
  – Assured Guaranty and the formerly-triple-A rated financial guarantors require investment grade internal ratings at issuance
- **The largest number of defaults were in credit sectors considered unsuitable for insurance, regardless of the rating**
  – 45% of 2010 defaulted par was for special assessment credits (e.g. Florida “dirt bonds”) or recreational revenue bonds (e.g. golf course or casino revenues).
- **$188 million (9%) of defaults were insured; excludes $48 million guaranteed by ACA, originally an "A" rated insurer who would underwrite non-investment grade transactions**
  – No defaults on Assured Guaranty deals (direct and reinsurance);

2010 U.S. Public Finance Defaults by Insurance and Rating



2010 U.S. Public Finance Insured Investment Grade Defaults by Insurer[4]



1. Through August 2, 2010
2. Including draws by the trustee on debt service reserve funds.
3. Includes ACA deals.
4. Data from Distressed Debt Securities was adjusted for Company data.

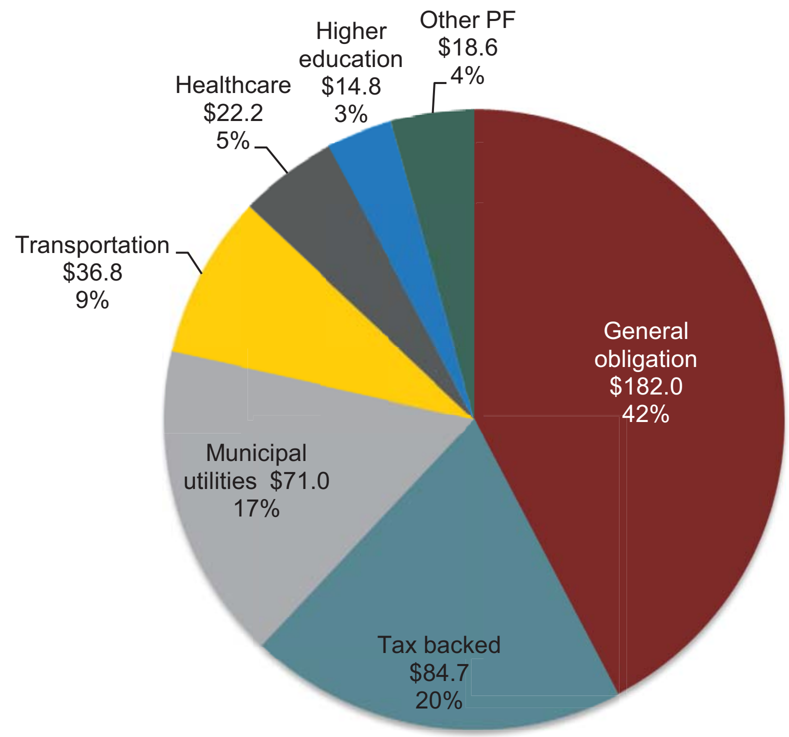
Source: Distressed Securities database maintained by Income Securities Advisor, Miami Lakes, FL, adjusted based on Assured Guaranty data

Exercise Underwriting Discipline:
Credit Strengths of Our Public Finance Portfolio

- **87% of our U.S. public finance exposures are either general obligation or revenue-backed bonds; modest exposure to Chapter 11-eligible sectors**
  - 42% of our exposures are general obligation bonds
  - 45% are revenue bonds, which are paid by dedicated tax or revenue streams; liens such revenue streams survive Chapter 9 bankruptcy
- **Most of our revenue, healthcare and higher education bonds have covenants and other terms that help protect us from credit losses**
  - Debt service reserve funds
  - Additional bonds tests
  - Mortgages and liens
  - Ability to appoint financial advisers
- **Our creditor position may be superior to that of uninsured bondholders**
  - No need to organize individual bondholders
  - Ability to negotiate directly with issuer if one of our insured credit defaults; we have early warning and oftentimes have covenants, security or other remedies which can reduce or reimburse our paid losses

($ in billions)

Assured Guaranty Ltd.
U.S. Public Finance
Net Par Outstanding
As June 30, 2010



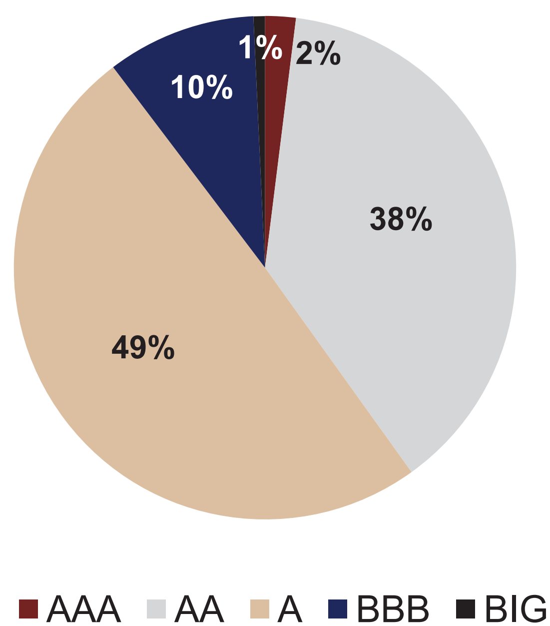
$429.9 billion, Average rating A+

Exercise Underwriting Discipline:
U.S. Public Finance Credit Ratings

- **More than 99% of our U.S. public finance net par was investment grade at June 30, 2010 by our internal rating scale**
- **We have had approximately 10 defaults on our public finance exposures since 2005, including reinsurance**
  - Jefferson County, AL Sewer ($512 million)
  - Reinsured student loans (3 deals; $480 million)
  - Harrisburg, PA general obligation ($96 million)
- **Public finance defaults do not trigger payment acceleration**
  - We pay principal and interest when due
- **Our control rights and senior creditor position help us negotiate with the obligor on restructurings**

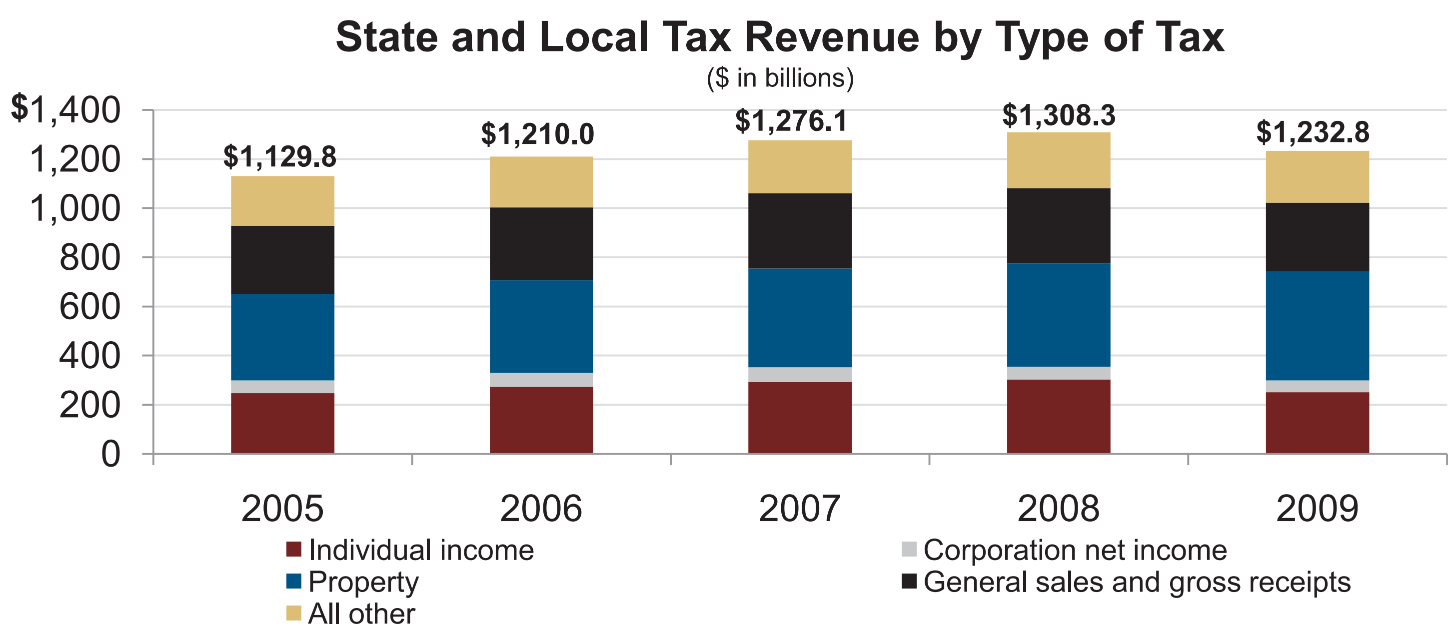
U.S. Public Finance Exposures by Rating

(as of June 30, 2010)



Exercise Underwriting Discipline:
U.S. Public Finance Revenue Trends Improving

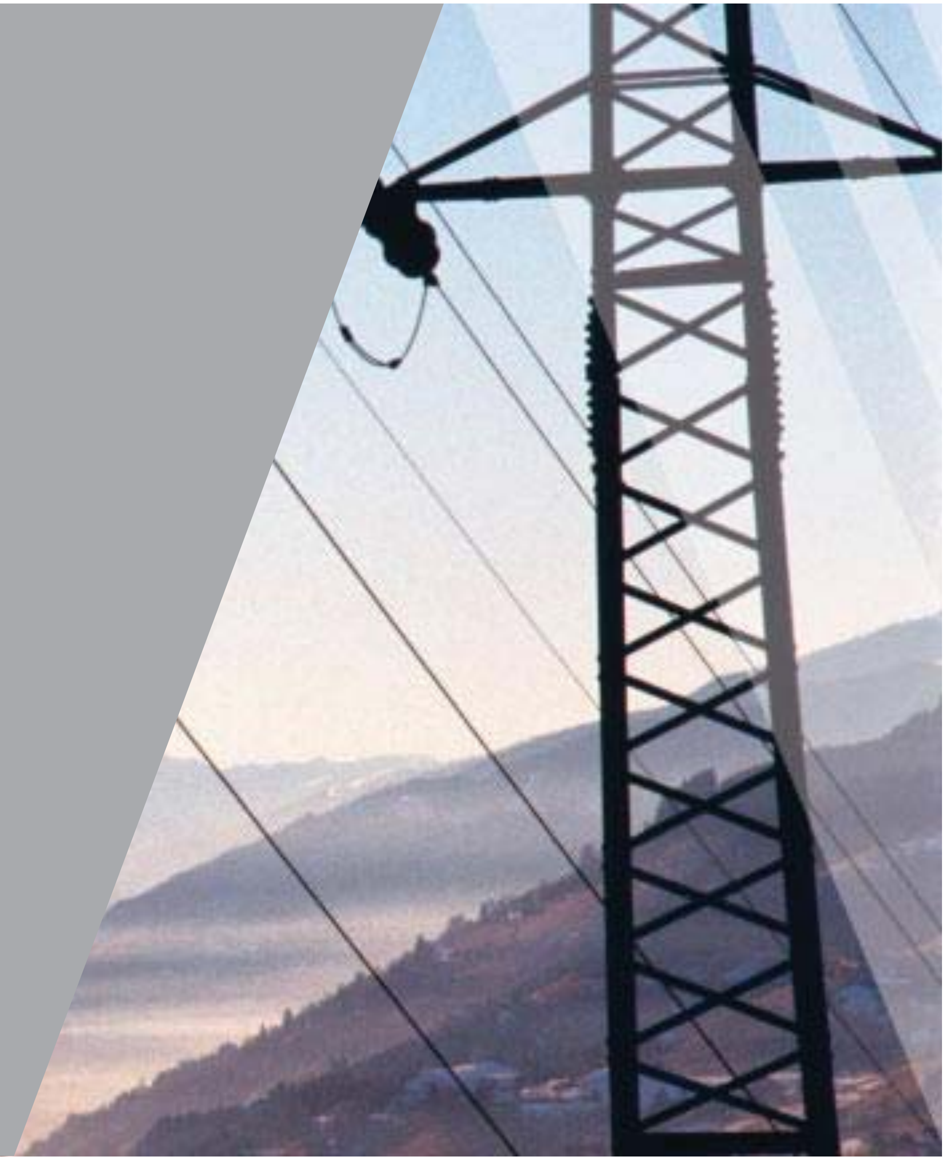
- **State and local government revenue decline beginning to improve**
  - Property tax collections strengthened 5% in 2009 over 2008
  - Total 2009 collections were 2% higher than 2006, the last year before the recession—and only 3% below 2007
- **2010 tax revenue collection strengthening**
  - Up 1% in first quarter 2010 over prior year period according to the U.S. Census Bureau
  - Preliminary estimate of 2% increase in second quarter 2010 over second quarter 2009 according to the Rockefeller Institute



Source: U.S. Census Bureau

Séan McCarthy

Chief Operating Officer

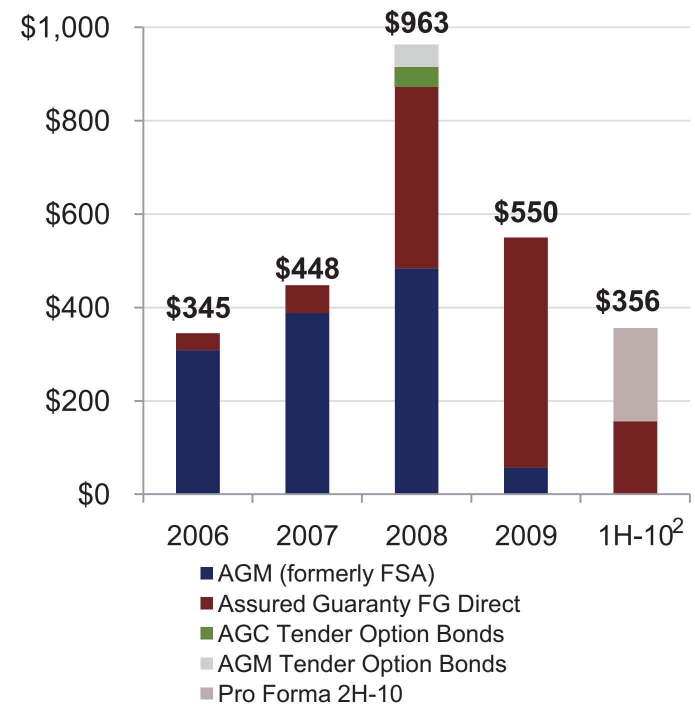


Expand Direct Franchise

Our focus in 2010 has been on building up demand in our three core markets:

- **U.S. public finance**
  - Investor confidence shaken by our competitors' inability to maintain their ratings
- **International infrastructure**
  - Limited new public transaction activity due to financial crisis
  - Need for long-term project financing should strengthen demand
- **Global structured finance**
  - Economic and financial market disruption limited public market issuance since 2007
  - Economic recovery and end of TALF[1] program should create new business opportunities

Pro Forma U.S. Public Finance PVP



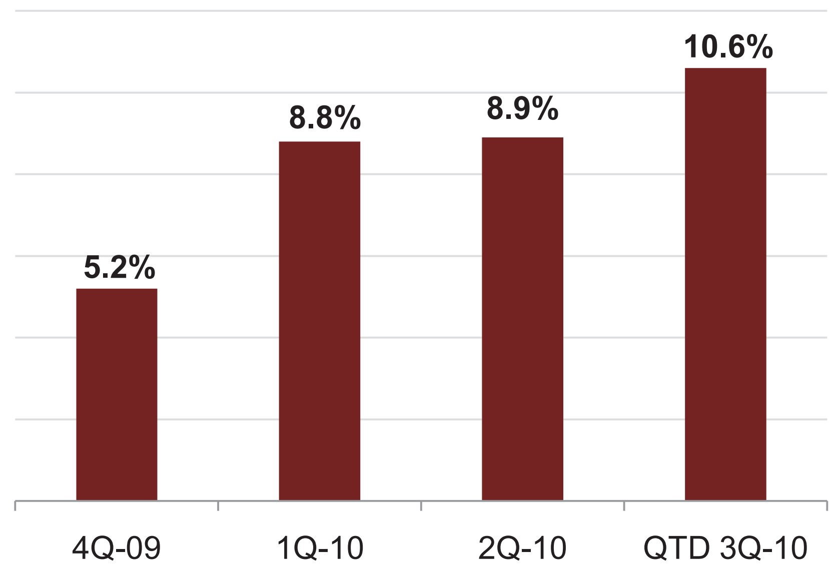
1. Term Asset-Backed Securities Loan Facility
2. Assumes $200 million in second half of 2010 PVP

Expand Direct Franchise:
U.S. Public Finance

Demand for our guaranty is strengthening :

- **Quarterly penetration of tax-exempt market is strengthening since fourth quarter 2009**
  - Insured penetration drops after ratings downgrades
- **Expanded focus on retail brokers and investors**
  - Began advertising campaign in June 2010
  - Will launch bond insurance on The MuniCenter, an electronic municipal bond platform, by October
- **Marketing focus on underwriters and bond desks**
  - In addition to issuers
- **Build America Bonds strategy**
  - Current program expires at year-end 2010
  - Expect renewal to expand focus on smaller and lower-rated issuers

Tax-Exempt Insured Penetration of U.S. Public Finance New Issue Par
(as of August 31, 2010)



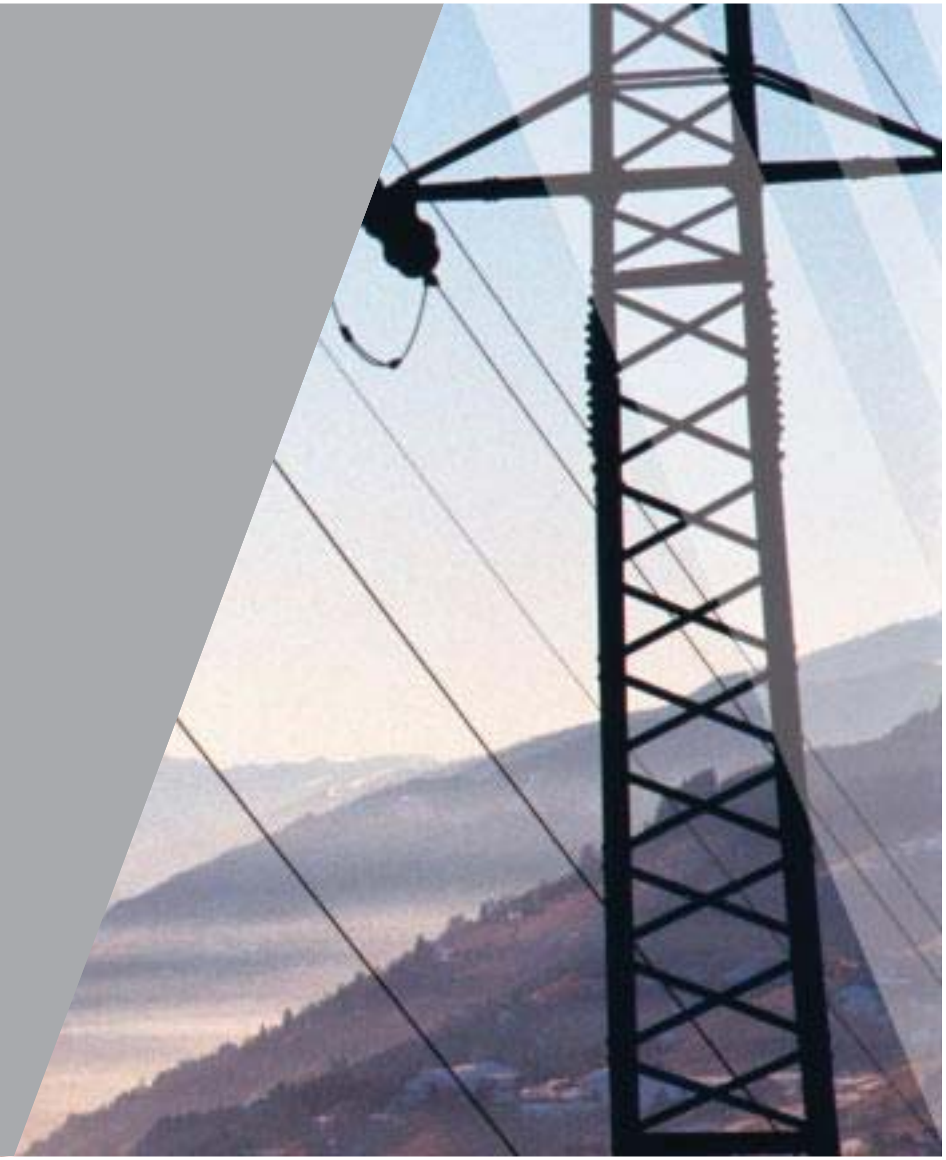
Source: Thomson Financial SDC Platinum.
Represents only primary issuances (no secondary).

Expand Our Direct Franchise:
Structured Finance and International Infrastructure

- **We are the most active financial guarantor underwriting structured finance**
  - We expect increased activity in this sector as the market normalizes
  - We have closed seven transactions in 2010, including two AmeriCredit auto deals and a conduit renewal in the second quarter
  - Focus on granular, tangible collateral: credit cards, cars, equipment loans, commercial receivables
  - We will not underwrite RMBS for the foreseeable future; product risk uncertain
- **International infrastructure market also reviving**
  - Global economic recession impacted issuance and new project development
  - Our current focus is on refinancings and transactions wrapped by other guarantors
  - Long-term need for non-bank financing in this market remains strong

ASSURED GUARANTY®
FAMILY OF COMPANIES

Bob Mills
Chief Financial Officer



First Half 2010 Financial Results

($ in millions, except per share data)	Six Months Ended June 30		% Change vs. 1H-09
	2010	**2009**	
Net earned premiums[1]	$633.3	$227.1	179%
Net investment income	175.2	86.9	102%
Total revenues included in operating income[2]	830.8	336.6	147%
Loss & LAE and incurred losses on credit derivatives[3]	340.5	154.0	121%
Total expenses	378.8	254.8	49%
Operating income[2]	284.6	90.8	213%
Operating income per diluted share	$1.50	$0.98	53%
Operating ROE[2,4]	13.4%	7.0%	6.4 pp
ROE, excluding unrealized gain (loss) on investment portfolio	29.7%	(8.5)%	38.2 pp
After-tax realized gain (loss) on investments and non-credit impairment unrealized fair value gains (losses) on credit derivatives	$273.8	$(148.7)	NM
Net income	525.5	(84.5)	NM
Net income per diluted share	$2.77	$(0.91)	NM

NM = Not meaningful pp = percentage points

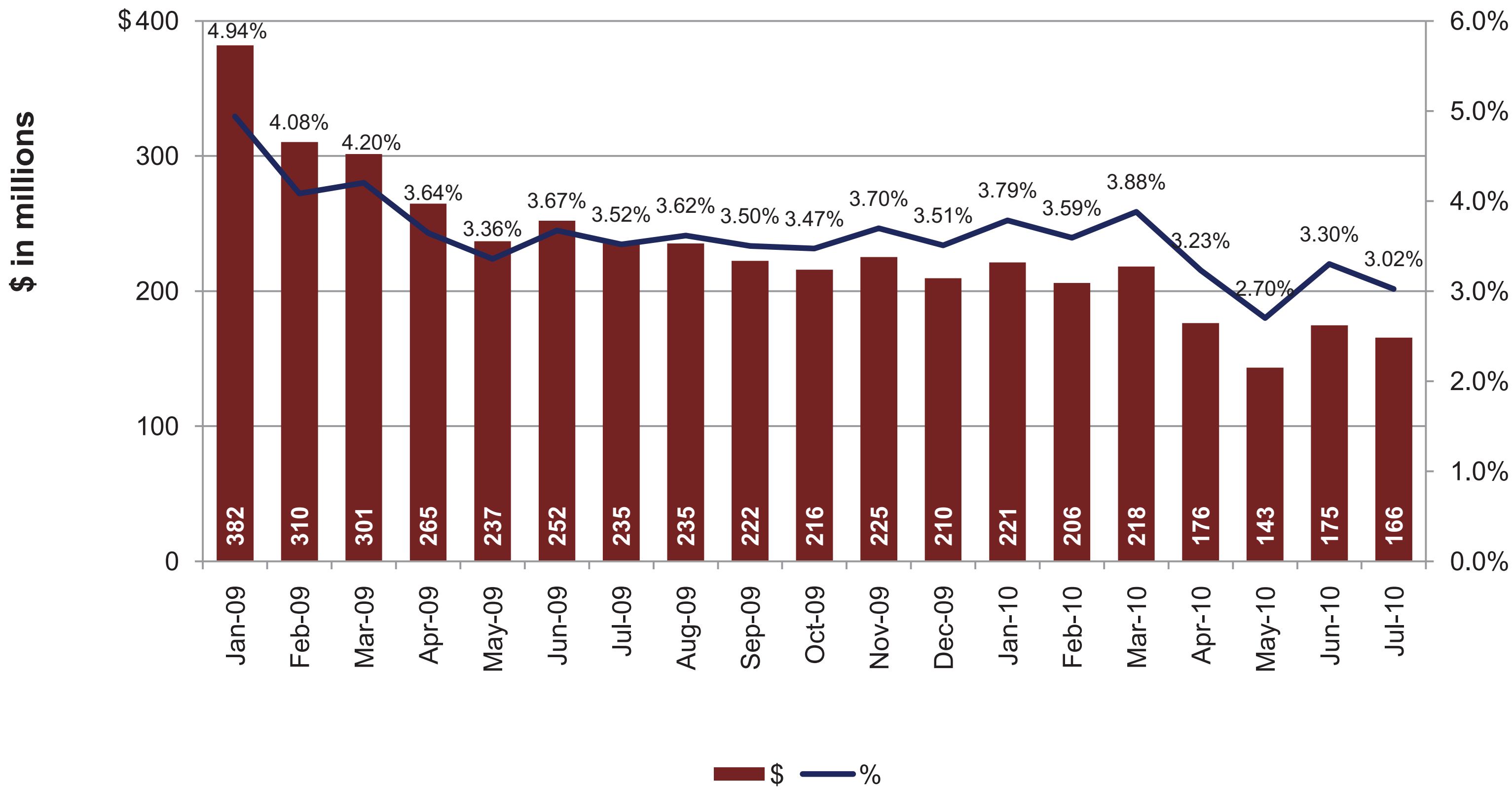
1. Includes $21.6 million related to variable interest entities ("VIEs") for six months ended June 30, 2010 that was eliminated in reported results due to consolidation.
2. For an explanation of operating income and operating ROE, both non-GAAP financial measures, and a reconciliation of operating income to net income, which is the most comparable GAAP term, please refer to the appendix.
3. Includes $34.3 million for six months ended June 30, 2010 that was eliminated in reported results due to the consolidation of VIEs.
4. Quarterly ROE calculations represent annualized returns.

RMBS Performance and CDR

- **Our loss reserving methodology is driven by our assumptions on several factors:**
  - Conditional default rate ("CDR"): the number of current mortgages that will become delinquent in the future
  - Conditional prepayment rate; repayments of loans
  - Excess spread; difference between interest rate paid on mortgages and interest rate paid to investors
  - Loss severity (liquidation rates); net proceeds of foreclosures as a percent of mortgage amount
- **Our loss reserving model is most sensitive to CDR, given high level of current delinquencies and conservative assumptions on loss severity and prepayments**
- **Based on the decline in early stage delinquencies since the beginning of 2010, we did not extend the CDR loss curve second quarter 2010**
  - May be indicative that we are witnessing the beginning of an improvement in the housing and mortgage markets
  - We did make slight adjustments to our methodologies to extend the recovery period, indicating a more prolonged period for recovery than we assumed in prior quarters
- **June and July 2010 data continue to indicate improved early stage delinquency performance since 2009**

Second Lien Delinquencies
For Financial Guaranty Direct Transactions Originated 2005-2008*

Troubled HELOCs 30-59 Days



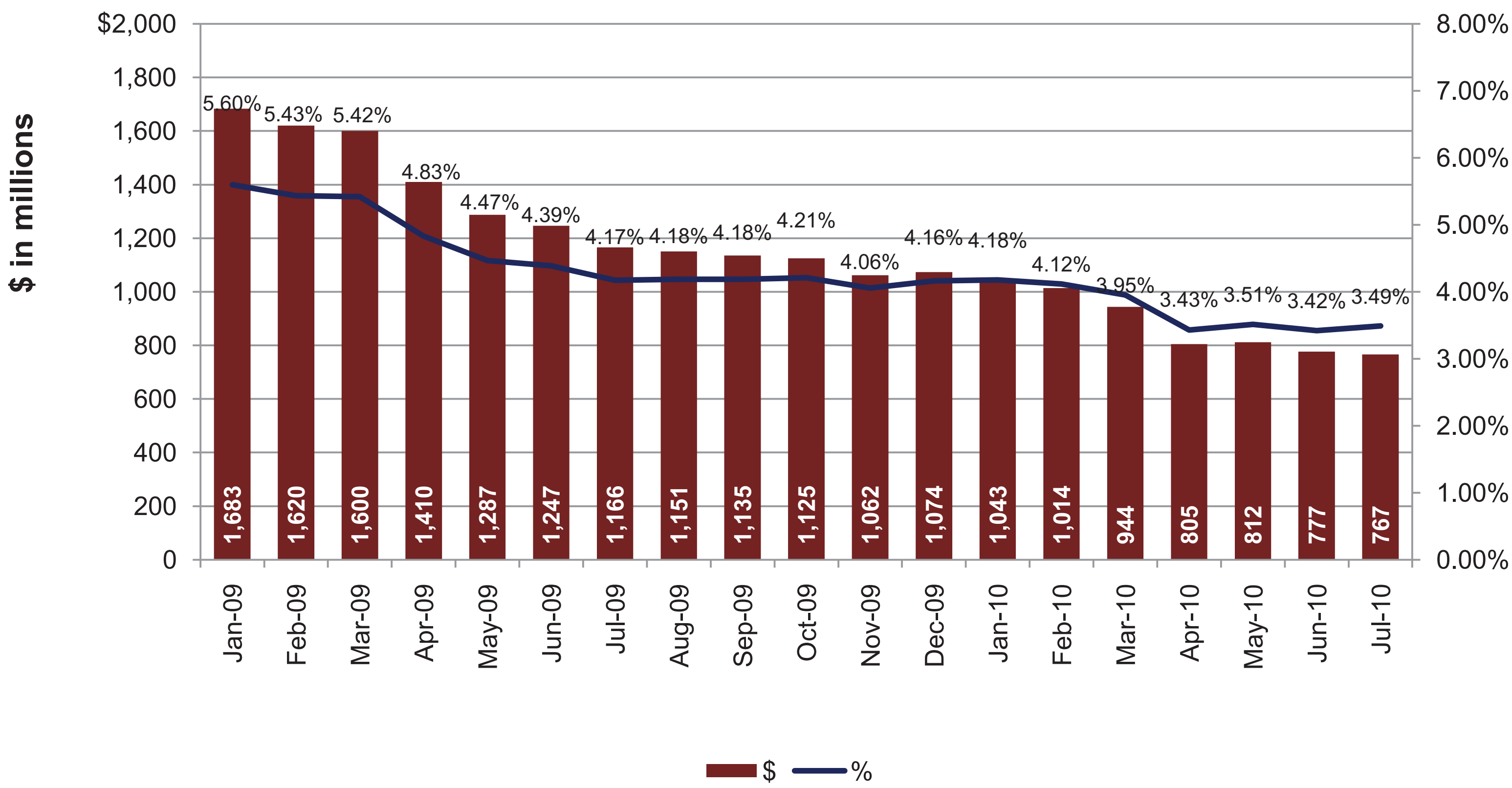
*Assured Guaranty has not insured any U.S. RMBS since 2008.

Reflects actual AGC and AGM direct data.

First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008

Option ARMs 30-59 Days



Reflects actual AGC and AGM direct data.

First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008

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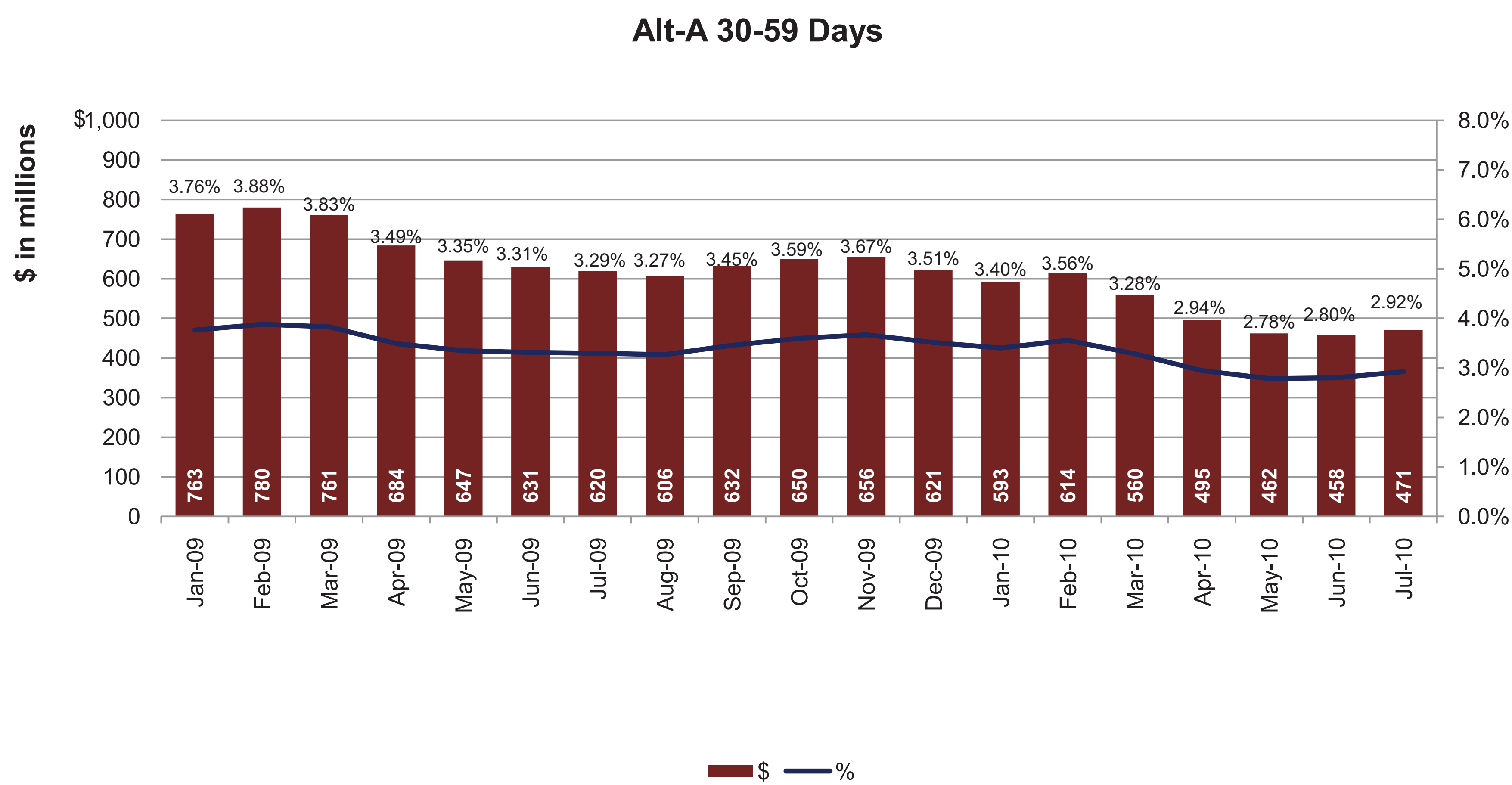

Reflects actual AGC and AGM direct data.

First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008

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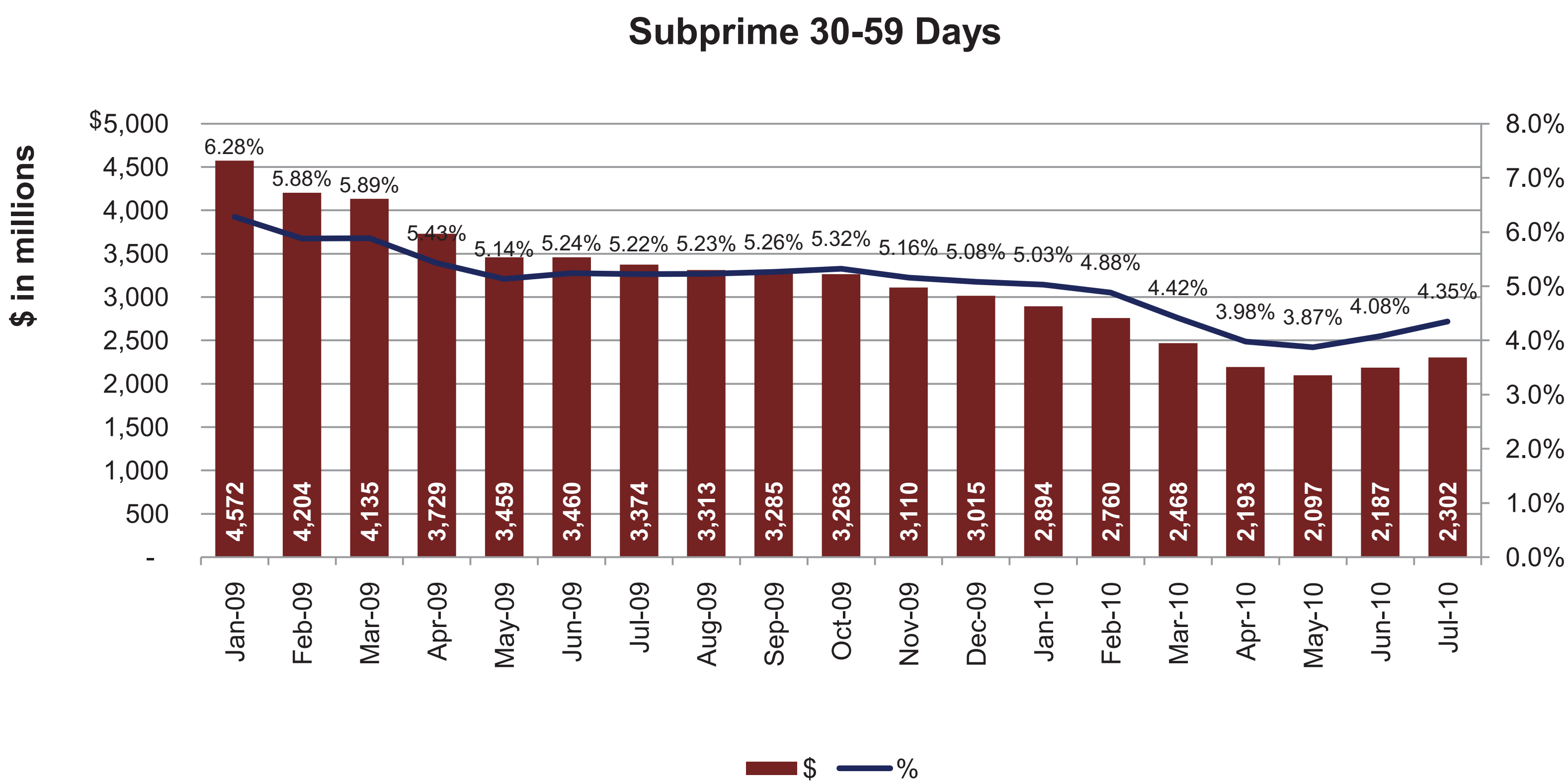
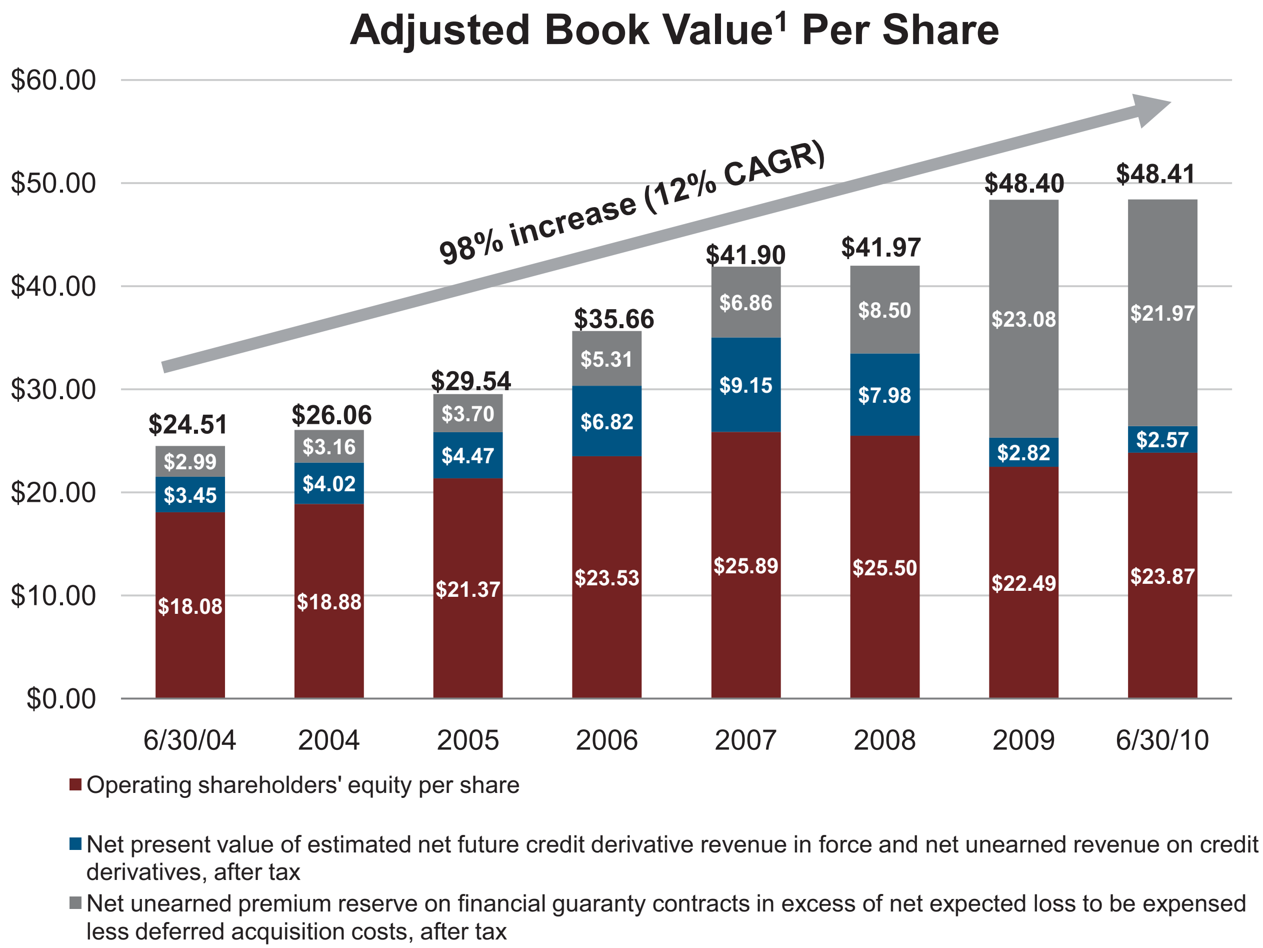


Reflects actual AGC and AGM direct data.

Operating Shareholders' Equity and Adjusted Book Value Per Share

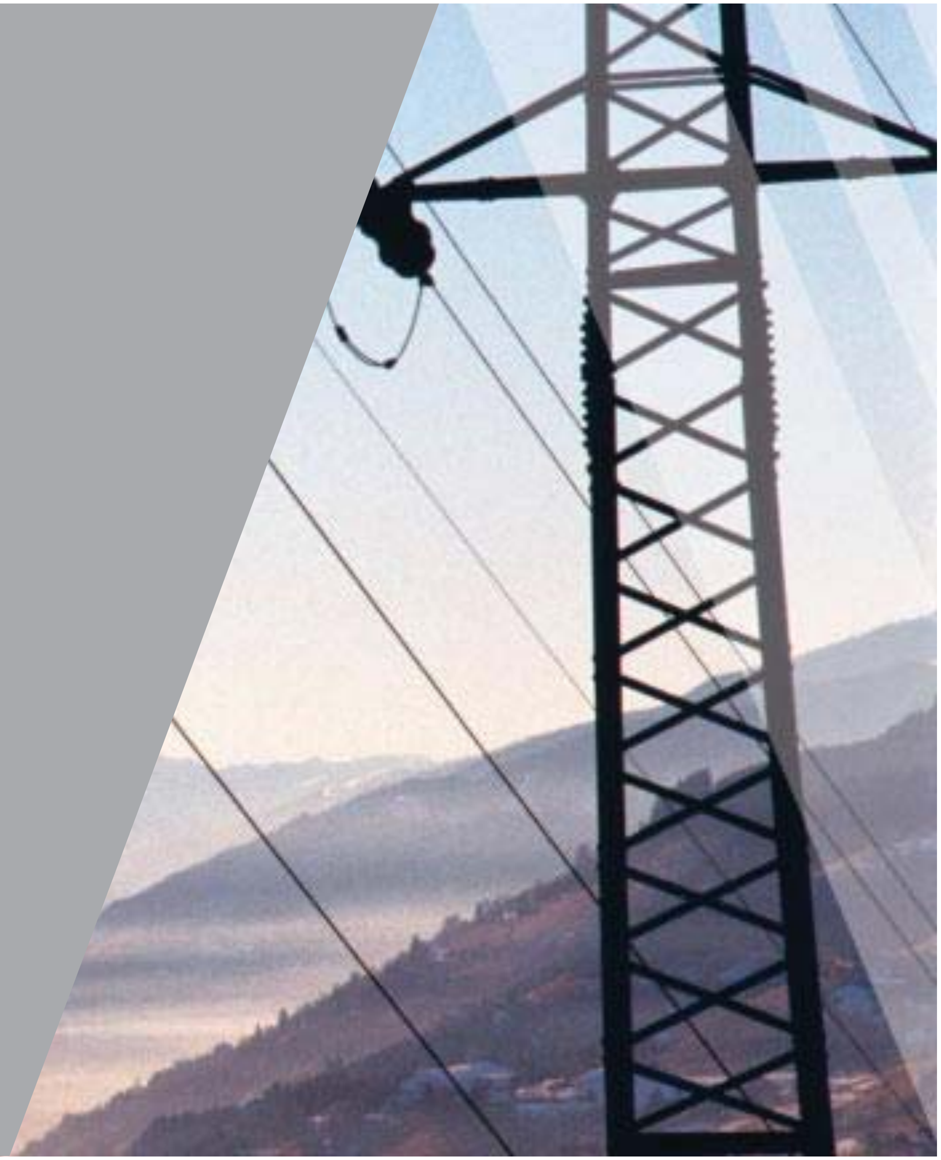


- **Our adjusted book value per share has grown 98% since our second quarter 2004 initial public offering ("IPO") at $18.00 per share**
- **Operating shareholders' equity per share has increased 32% over the same period**

1. For explanations of adjusted book value and net present value of estimated net future credit derivative revenue and operating shareholders' equity, which are non-GAAP financial measures, please refer to the appendix. Effective January 1, 2010, GAAP accounting required the consolidation of VIEs where the Company is determined to be the control party through rights under our financial guaranty insurance contracts. For those VIEs that the Company consolidates, it records all of the activities of the VIE and eliminates the related insurance accounting. Operating shareholders' equity reverses the financial effect of consolidating these entities and accounts for them as financial guaranty insurance contracts in order to present the Company's insured obligations on a consistent basis.

Dominic Frederico

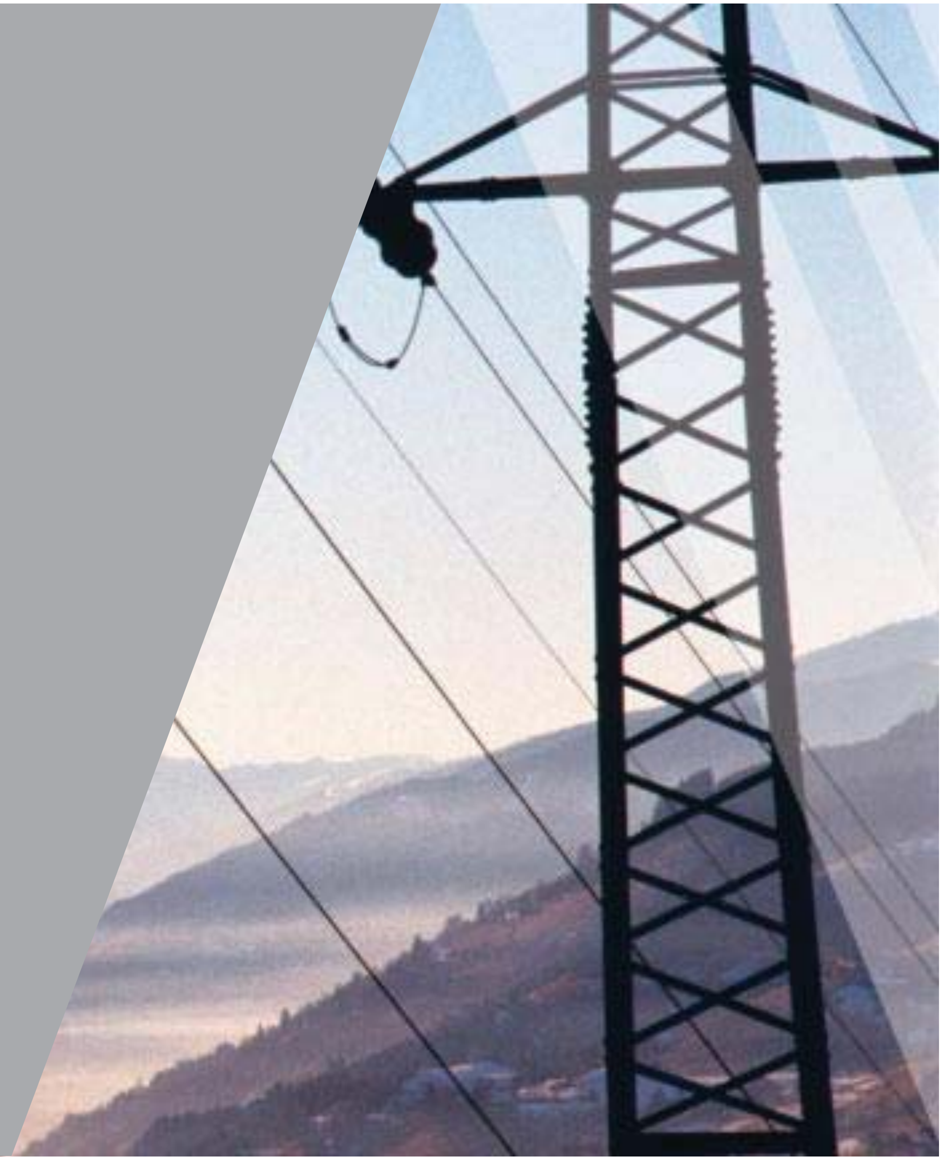
Chief Executive Officer



Conclusion and Outlook

- **2010 focus will continue**
  - Exercise underwriting discipline
  - Expand direct franchise
  - Pursue proactive loss mitigation
- **Improving outlook for our new business production; demand for our guaranties strengthening as financial market and economic outlook stabilizes**
  - Public finance penetration improving
  - More activity in structured finance
  - International infrastructure refinancings
- **Credit profile stabilizing as RMBS shows signs of improvement**
  - Structured finance is running off
  - Improving collections on representation and warranty breaches
  - Mortgage servicing improvement initiatives
  - Credit performance of public finance despite the financial crisis is good; do not expect material credit losses
- **We remain focused on our other strategic priorities as well**
  - Utilize reinsurance platform
  - Achieve high financial strength ratings
  - Utilize capital efficiently

Appendix



Appendix:

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

Explanation of Non-GAAP Financial Measures:

The Company references financial measures that are not in accordance with accounting principles generally accepted in the United States of America ("GAAP") which management uses and in order to assist investors and analysts in evaluating the Company's financial results. The following paragraphs define each financial measure not in accordance with GAAP ("non-GAAP financial measures") and describe why they are useful. In each case, a reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure, if available, is presented. Non-GAAP financial measures should not be viewed as substitutes for their most directly comparable GAAP measures.

Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty, and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results. In addition, Assured Guaranty's management and board of directors also utilize non-GAAP measures as a basis for determining senior management incentive compensation. By providing a calculation of Assured Guaranty's non-GAAP financial measures in the Company's financial results press release, periodic financial reports filed with the U.S. Securities and Exchange Commission and investor presentations, investors, analysts and financial news media reporters have access to the same information that management reviews internally.

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

1. Elimination of the effects of consolidating certain financial guaranty variable interest entities (VIEs) in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs and is not liable for such debt obligations.

2. Elimination of the after-tax realized gains (losses) on the Company's investments, including other than temporary impairments, and credit and interest rate related gains and losses from sales of securities. Impairments and losses from sales of credit−impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate related gains or losses, is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile. Trends in the underlying profitability of the Company's business can be more clearly identified without the fluctuating effects of these transactions.
3. Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss. Additionally, such adjustments present all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.

4. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.

5. Elimination of the after-tax foreign exchange gains (losses) on revaluation of net premium receivables. Long-dated receivables constitute a significant portion of the net premium receivable balance and represent the present value of future contractual or expected collections. Therefore, the current period's foreign exchange revaluation gains (losses) are not necessarily indicative of the total foreign exchange gains (losses) that the Company will ultimately recognize.

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

1. Elimination of the effects of consolidating certain VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs and is not liable for such debt obligations.

2. Elimination of the after-tax unrealized gains (losses) on the Company's investments that are recorded as a component of accumulated other comprehensive income (AOCI) (excluding foreign exchange revaluation). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore will not recognize an economic loss.

3. Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.

4. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.

Appendix: Explanation of Non-GAAP Financial Measures

Operating return on equity ("Operating ROE"): Operating ROE represents operating income for a specified period divided by the average of operating shareholders' equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate the Company's return on invested capital. Many investors, analysts and members of the financial news media use operating ROE to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Quarterly and year-to-date operating ROE are calculated on an annualized basis.

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

1. Elimination of after-tax deferred acquisition costs. These amounts represent net deferred expenses that have already been paid or accrued that will be expensed in future accounting periods.

2. Addition of the after-tax net present value of estimated net future credit derivative revenue. See below.

3. Addition of the after-tax value of the unearned premium reserve on financial guaranty contracts in excess of net expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed, which are not reflected in GAAP equity.

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

PVP or present value of new business production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for Assured Guaranty by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlement on credit derivatives ("Credit Derivative Revenues") do not adequately measure. PVP in respect of insurance and credit derivative contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, in each case, discounted at 6% (the Company's tax-equivalent pre-tax investment yield on its investment portfolio). For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under GAAP, these amounts are discounted at a risk free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future net earned or written premiums and Credit Derivative Revenues may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, refinancing or refunding activity, prepayment speeds, terminations, credit defaults or other factors that affect par outstanding or the ultimate maturity of an obligation.

Appendix: Reconciliation of Operating Shareholders' Equity

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Book Value to Operating Shareholders' Equity

	As of 06/30/10		As of 12/31/09		As of 12/31/08		As of 12/31/07		As of 12/31/06		As of 12/31/05		As of 12/31/04		As of 6/30/04	
	Balance	Per Share	Balance	Per Share	Balance	Per Share	Balance	Per Share	Balance	Per Share	Balance	Per Share	Balance	Per Share	Balance	Per Share
Book value attributable to Assured Guaranty Ltd.	**$ 3,868.6**	**$ 21.05**	**$ 3,520.5**	**$ 19.12**	**1,926.2**	$ 21.18	**1,666.6**	$ 20.85	**1,650.8**	$ 24.44	**1,661.5**	$ 22.22	**1,527.6**	$ 20.19	**1,421.9**	$ 18.73
Less after-tax adjustments:																
Effect of consolidating VIEs	(204.8)	(1.11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(503.9)	(2.74)	(767.6)	(4.17)	(422.7)	(4.65)	(452.0)	(5.65)	33.4	0.49	29.4	0.39	32.7	0.43	10.8	0.14
Fair value gains (losses) on committed capital securities	13.6	0.07	6.2	0.03	33.2	0.36	5.4	0.07	-	-	-	-	-	-	-	-
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	178.3	0.97	139.7	0.76	(3.4)	(0.04)	43.3	0.54	28.4	0.42	34.4	0.46	65.9	0.87	38.7	0.51
Operating shareholders' equity	**$ 4,385.4**	**$ 23.87**	**$ 4,142.2**	**$ 22.49**	**2,319.1**	$ 25.50	**2,069.9**	$ 25.89	**1,589.0**	$ 23.53	**1,597.7**	$ 21.37	**1,429.0**	$ 18.88	**1,372.4**	$ 18.08

Appendix: PVP[1] – Reconciliation to Gross Written Premiums (“GWP”)

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($ in millions)

	Quarter Ended June 30, 2010	Quarter Ended June 30, 2009	% Change versus 2Q-09
Consolidated new business production analysis:			
Present value of new business production ("PVP")			
Public finance - U.S.:			
Primary markets	$ 72.7	$ 112.8	(36)%
Secondary markets	8.7	15.0	(42)%
Public finance - non-U.S.			
Primary markets	-	-	NM
Secondary markets	0.7	-	NM
Structured finance - U.S.	5.7	12.2	(53)%
Structured finance - non-U.S.	2.1	-	NM
Total PVP	89.9	140.0	(36)%
Less: PVP of credit derivatives	-	-	NM
PVP of financial guaranty insurance	89.9	140.0	(36)%
Less: Financial guaranty installment premium PVP	1.8	12.5	(86)%
Total: Financial guaranty upfront GWP	88.1	127.5	(31)%
Plus: Financial guaranty installment PVP adjustment [2]	3.6	14.6	(75)%
Total financial guaranty GWP	91.7	142.1	(35)%
Plus: Other segment GWP	-	(1.1)	(100)%
Total GWP	**$ 91.7**	**$ 141.0**	**(35)%**

NM = Not meaningful

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

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

ASSURED GUARANTY
FAMILY OF COMPANIES

($ in millions, except per share data)

Reconciliation of Consolidated Net Income to Operating Income

	2Q-10	2Q-09
Net income (loss) attributable to Assured Guaranty Ltd.	**$ 203.5**	**$ (170.0)**
Less: Realized gains (losses) on investments, after tax	(4.3)	(7.1)
Less: Non-credit impairment unrealized fair value gains (losses) on credit derivatives, after tax	40.6	(150.8)
Less: Fair value gains (losses) on committed capital securities, after tax	8.2	(39.4)
Less: Foreign exchange gains (losses) on revaluation of premiums receivable, after tax	(19.0)	-
Less: Effect of consolidating VIEs, after tax[1]	6.0	-
Operating income	**$ 172.0**	**$ 27.3**

Per Diluted Share

	2Q-10	2Q-09
Net income (loss) attributable to Assured Guaranty Ltd.	**$ 1.08**	**$ (1.82)**
Less: Realized gains (losses) on investments, after tax	(0.02)	(0.08)
Less: Non-credit impairment unrealized fair value gains (losses) on credit derivatives, after tax	0.21	(1.62)
Less: Fair value gains (losses) on committed capital securities, after tax	0.04	(0.42)
Less: Foreign exchange gains (losses) on revaluation of premiums receivable, after tax	(0.10)	-
Less: Effect of consolidating VIEs, after tax[1]	0.03	-
Operating income	**$ 0.91**	**$ 0.29**

1. Effective January 1, 2010, GAAP accounting required the consolidation of VIEs where the Company is determined to be the control party through rights under our financial guaranty insurance contracts. For those VIEs that the Company consolidates, it records all of the activities of the VIE and eliminates the related insurance accounting. Operating income reverses the financial effect of consolidating these entities and accounts for them as financial guaranty insurance contracts in order to present the Company's insured obligations on a consistent basis.

Assured Guaranty Contacts:

Sabra Purtill
Managing Director, Investor Relations
Direct: 212.408.6044
spurtill@assuredguaranty.com

Ross Aron
Assistant Vice President, Investor Relations
Direct: 212.261.5509
raron@assuredguaranty.com

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