



Assured Guaranty Ltd.
December 31, 2011 Equity Investor Presentation



Forward-Looking Statements and Safe Harbor Disclosure



- This presentation contains information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements give the expectations or forecasts of future events of Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or the “Company”). These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance. Any forward looking statements made in this presentation reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of Assured Guaranty or any of its subsidiaries and/or of transactions that Assured Guaranty's subsidiaries have insured, all of which have occurred in the past; (2) developments in the world's financial and capital markets that adversely affect issuers' payment rates, Assured Guaranty's loss experience, its access to capital, its unrealized (losses) gains on derivative financial instruments or its investment returns; (3) changes in the world's credit markets, segments thereof or general economic conditions; (4) the impact of ratings agency action with respect to sovereign debt and the resulting effect on the value of securities in the Company's investment portfolio and collateral posted by and to the Company; (5) more severe or frequent losses implicating the adequacy of Assured Guaranty's expected loss estimates; (6) the impact of market volatility on the mark-to-market of Assured Guaranty's contracts written in credit default swap form; (7) reduction in the amount of insurance opportunities available to Assured Guaranty; (8) deterioration in the financial condition of Assured Guaranty's reinsurers, the amount and timing of reinsurance recoverables actually received and the risk that reinsurers may dispute amounts owed to Assured Guaranty under its reinsurance agreements; (9) the possibility that Assured Guaranty will not realize insurance loss recoveries or damages expected from originators, sellers, sponsors, underwriters or servicers of residential mortgage-backed securities transactions; (10) the possibility that budget shortfalls or other factors will result in credit losses or impairments on obligations of state and local governments that the Company insures or reinsures; (11) increased competition; (12) changes in applicable accounting policies or practices; (13) changes in applicable laws or regulations, including insurance and tax laws; (14) other governmental actions; (15) difficulties with the execution of Assured Guaranty's business strategy; (16) contract cancellations; (17) Assured Guaranty's dependence on customers; (18) loss of key personnel; (19) adverse technological developments; (20) the effects of mergers, acquisitions and divestitures; (21) natural or man-made catastrophes; (22) other risks and uncertainties that have not been identified at this time; (23) management's response to these factors; and (24) other risk factors identified in Assured Guaranty's filings with the SEC. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made.
- The foregoing review of important factors should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements that are included in the Company's Form 10-K. The Company undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law. Investors are advised, however, to consult any further disclosures the Company makes on related subjects in the Company's periodic reports filed with the Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may vary materially from what the Company projected.
- For these statements, the Company claims the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

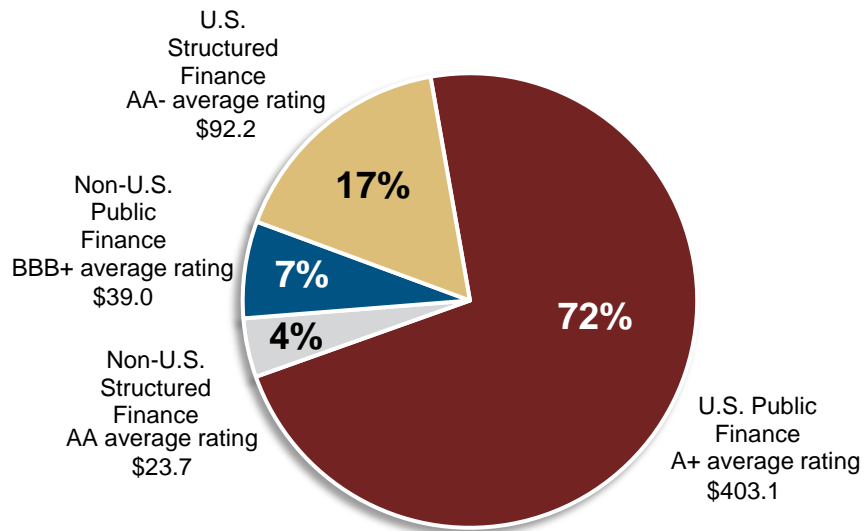
Conventions and Non-GAAP Financial Measures



- Unless otherwise noted, the following conventions are used in this presentation:
 - Ratings on our insured portfolio and on bonds purchased pursuant to loss mitigation or risk management strategies are Assured Guaranty's internal ratings. Although the Company's ratings scale is similar to that used by the nationally recognized statistical rating organizations, the ratings may not be the same as ratings assigned by any such rating agency.
 - The super senior category, which is not generally used by rating agencies, is used by Assured Guaranty in instances where its AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured Guaranty's exposure or (2) Assured Guaranty's exposure benefitting from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss, and such credit enhancement, in management's opinion, causes Assured Guaranty's attachment point to be materially above the AAA attachment point.
 - Exposures rated below investment grade are designated "BIG".
 - Ratings on the investment portfolios are the lower of the ratings from Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services ("S&P").
 - Percentages and totals in tables or graphs may not add due to rounding.
- This presentation references financial measures that are not in accordance with U.S. generally accepted accounting principles ("GAAP"), which management uses in order to assist analysts and investors in evaluating Assured Guaranty's financial results. These financial measures not in accordance with GAAP ("non-GAAP financial measures") are defined in the appendix. In each case, the most directly comparable GAAP financial measure, if available, is presented, and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how Assured Guaranty's management, analysts and investors evaluate Assured Guaranty's financial results and is comparable to estimates published by analysts in their research reports on Assured Guaranty.

Consolidated Net Par Outstanding

As of December 31, 2011
(\$ in billions)



\$558.0 billion, A+ average rating

- **We are the leading financial guaranty franchise**
 - More than 23 years of experience in the municipal and structured finance markets
 - Assured Guaranty has the highest financial strength ratings of any active financial guaranty insurer today
- **We serve the market through two platforms:**
 - Assured Guaranty Municipal Corp. (“AGM”) focuses on public finance and infrastructure transactions
 - Assured Guaranty Corp. (“AGC”) guarantees public finance, global infrastructure and structured finance transactions
- **We are also the largest financial guaranty reinsurer through Assured Guaranty Re Ltd. (“AG Re”), domiciled in Bermuda**

- **Utilize capital efficiently for our shareholders**
- **Exercise underwriting and pricing discipline**
- **Increase penetration in the U.S. public finance market**
- **Increase new business activity in our U.S. structured and international segments**
- **Maintain high financial strength ratings**
- **Pursue loss mitigation strategies**
- **Enhance market opportunities through reinsurance platform**

- **First, maintain adequate capital for ratings and upgrades**
 - Goal is to achieve stable or positive outlooks in all financial strength ratings
 - Generate rating agency capital as our RMBS and structured finance exposures run off
 - Approximately 34% of our structured finance portfolio will run off by year-end 2013
 - U.S. RMBS run-off will free up the most capital; expect 37% of net par outstanding to run off by year-end 2013
 - Implement loss mitigation relief strategies, such as the wrapped bond purchase program or agreements to terminate transactions, which also can have a positive capital impact
- **Second, look to utilize capital for new business growth and portfolio acquisitions**
 - Current type of new business is not capital intensive
 - Pursue portfolio acquisitions or reassumption of previously ceded par from other bond insurers, targeting U.S. public finance and higher quality U.S. structured and international finance
- **Third, allocate capital to shareholders**
 - Increased quarterly dividend 100% in February 2012, from \$0.045 per share to \$0.09 per share, or from approximately \$8 million to \$16 million per quarter
 - Purchased 2 million shares in August 2011 for an average price of \$11.66 per share
 - Authorized 5 million share repurchase program in November 2011

Increase Penetration in the U.S. Public Finance Market

- **We are focused on building demand for our guaranties, both in the primary and the secondary markets**

- Secondary market transactions totaled 575 in 2011, up from 425 in 2010

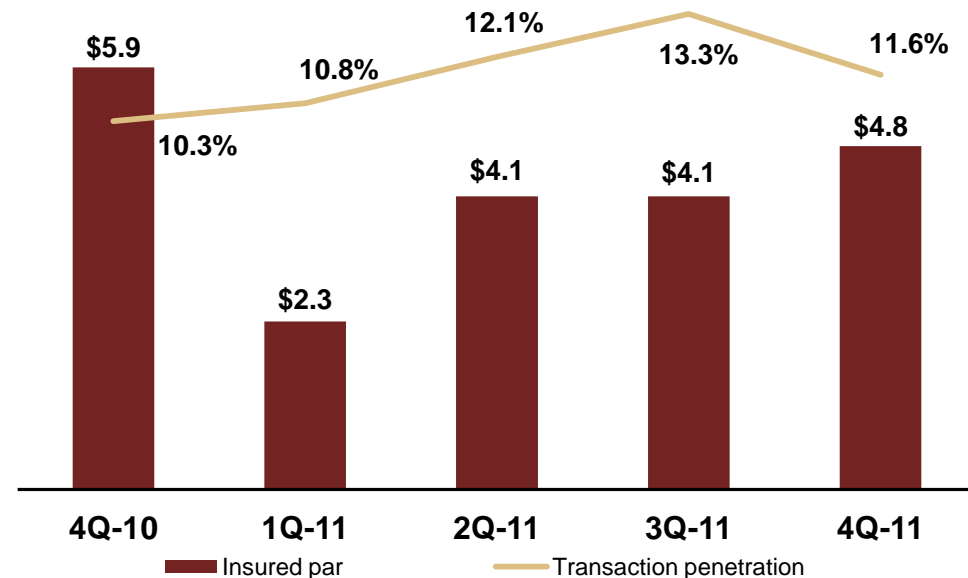
- **Penetration in our primary target ratings category remains strong**

- Penetration for all transactions rated A increased from 35.2% in 2010 to 37.8% in 2011
 - Accounted for 15.8% of par of A rated transactions in 2011, up from 14.9% in 2010

- **Our penetration for smaller deals remains strong as we insured 13.2% of all transactions under \$25 million**

U.S. New Issue Public Finance Par and Transaction Penetration

(\$ in billions)



	4Q-10	1Q-11	2Q-11	3Q-11	4Q-11
Total par issued:	\$131.5	\$46.7	\$68.1	\$72.5	\$98.7
Total transactions issued:	3,907	1,860	2,796	2,553	2,967

Source: SDC database, adjusted for underlying rating. As of December 31, 2011.

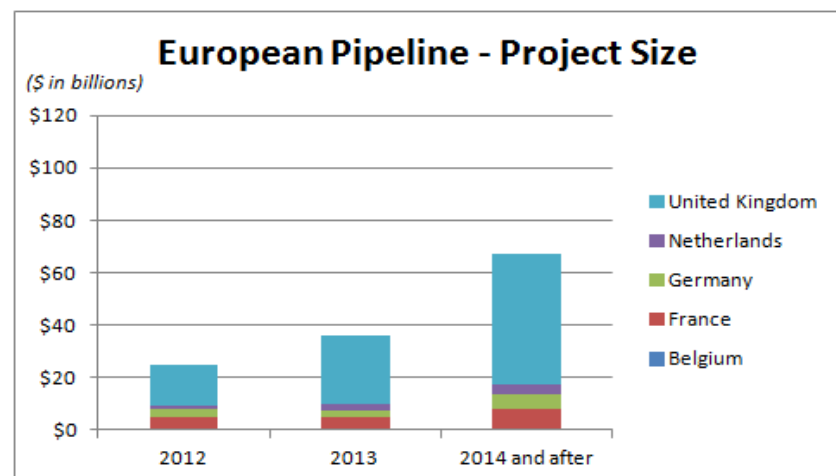
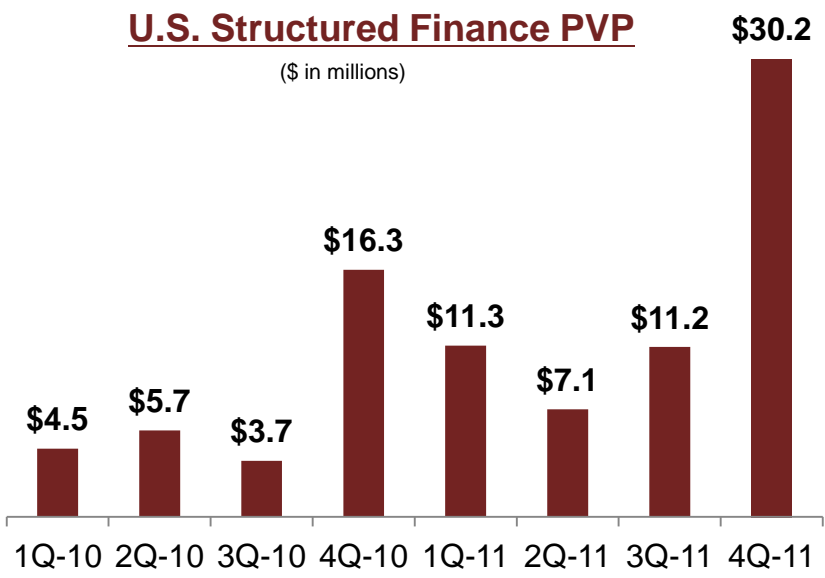
*Insured securities include BABs, AA or not rated ("NR") securities that were insured by the Company.

Expand Our U.S. Structured and International Franchise



- U.S. structured finance PVP increased 98% in 2011 to \$59.8 million, up from \$30.2 million in 2010, while ABS issuance increased only 11%. ABS issuance expected to increase 7% in 2012 (JP Morgan).
- In 4Q-11, insured first broadly distributed primary market transaction since 3Q-10

- Closed Worcestershire Royal Hospital transaction in 4Q-11, our first significant international transaction in over two years
 - Prototype for other guarantor replacement transactions
- Future pipeline should benefit from limited lending ability of banks as well as increased issuance



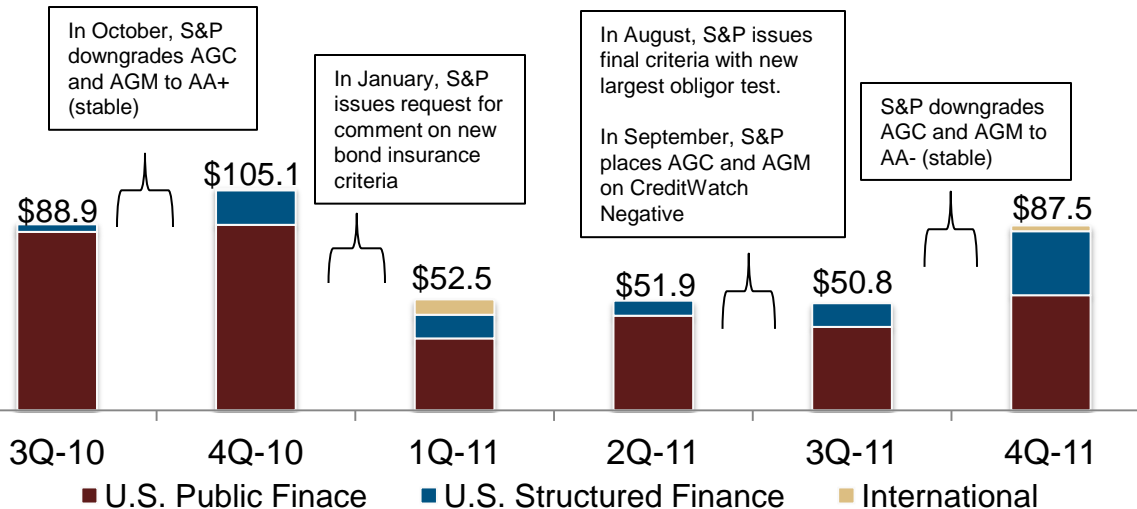
Source: InfraNews

Maintain High Financial Strength Ratings: Financial Strength Ratings Effect on New Business

- **Perceived or actual ratings volatility can significantly influence new business production. On November 30, 2011, S&P changed the financial strength ratings of AGC and AGM from AA+ (CreditWatch Negative) to AA- (Stable) due to S&P's new bond insurance criteria, which had been initially proposed for comment 11 months earlier in January 2011.**
 - Remaining in the double-A category allows A-rated, some split rated, and even certain AA-rated issuers to benefit from an Assured Guaranty policy, and allows our structured finance group to target capital or regulatory relief transactions with large financial institutions
- **Moody's assigned AGM and AGC financial strength ratings of Aa3 (negative outlook) in fourth quarter 2009. Moody's is reviewing such ratings and the timing is unknown, but Assured Guaranty expects a statement in the first half of 2012**

S&P Events and Quarterly PVP

(\$ in millions)



Financial Strength Ratings

As of February 28, 2012

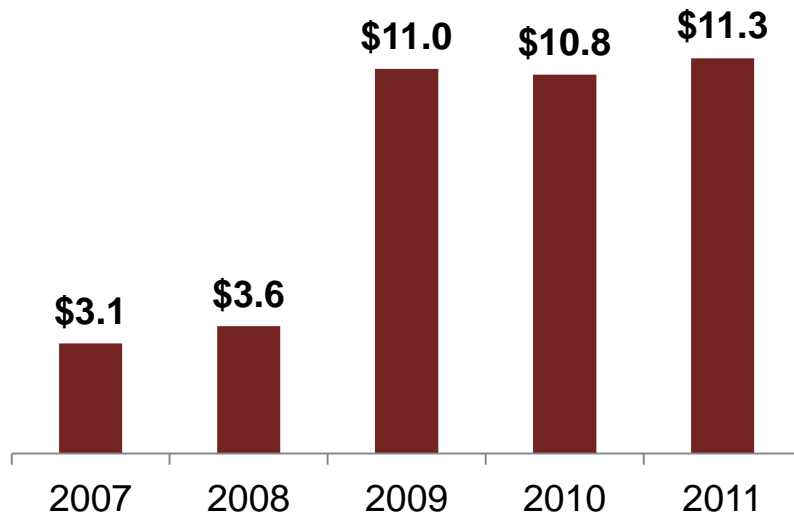
	Moody's (rating/outlook)	S&P (rating/outlook)
AGC	Aa3 / negative	AA- / stable
AGM	Aa3 / negative	AA- / stable
AG Re	A1 / negative	AA- / stable

Maintain High Financial Strength Ratings: Deleveraging Without Reducing Total Invested Assets

- **Our net par outstanding to claims-paying resources has declined from 49:1 in 2009 to 44:1 as of December 31, 2011, putting the Company in a stronger capital position**
 - Deleveraging should continue as new business is not expected to replace the run-off of the structured finance portfolio, which should reduce associated capital charges
- **Deleveraging has not been at a cost to Assured Guaranty's investment portfolio as year-end total invested assets and cash exceeded those of prior years**

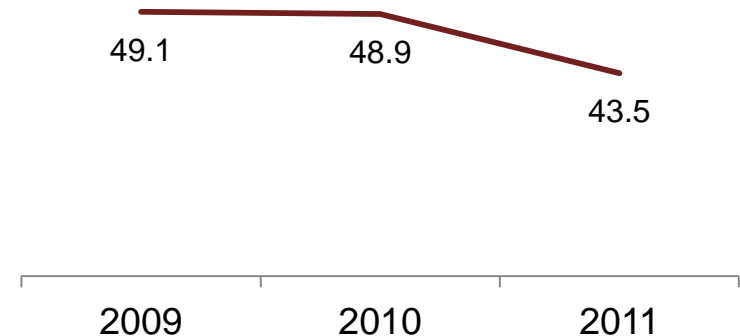
Total Invested Assets and Cash

(\$ in billions)



Portfolio Leverage

Net Par Outstanding Over
Claims-Paying Resources



Pursue Loss Mitigation Strategies: Representation and Warranty Claims



- **The cumulative total (gross of reinsurance) of settlement receipts and commitments and R&W putbacks and putback commitments was approximately \$2.4 billion.² The putbacks flow through the transaction waterfalls and do not necessarily benefit us dollar-for-dollar.**
- **Our largest agreement was with Bank of America/Countrywide, in which we resolved our R&W claims on 29 transactions**
 - \$1.1 billion cash payment to be received by March 31, 2012; all but \$57 million paid as of December 31, 2011
 - Reimbursement¹ of 80% of paid losses on 21 first lien transactions until collateral losses in those securitizations equal \$6.6 billion; as of December 31, 2011, collateral losses are expected to be \$4.9 billion, generating \$142.0 million of estimated gross economic loss to Assured Guaranty’s tranches, after consideration of R&W benefits
- **We continue to aggressively pursue our contractual rights on our R&W claims and we have begun litigation against non-responsive counterparties; we currently have lawsuits against Deutsche Bank, UBS, Credit Suisse, JP Morgan and Flagstar**

(\$ in millions)	Future Net R&W Benefit as of	
	December 31, 2011	December 31, 2010
Bank of America/Countrywide ¹	\$589.1	\$1,049.7
Other R&W providers (13)	1,051.7	621.0
Total	\$1,649.8	\$1,670.7

1. As of December 31, 2011, Bank of America had placed approximately \$941 million of eligible assets in trust in order to collateralize the reimbursement obligation relating to the first lien transactions. The amount of assets required to be posted may increase or decrease from time to time, as determined by rating agency requirements.

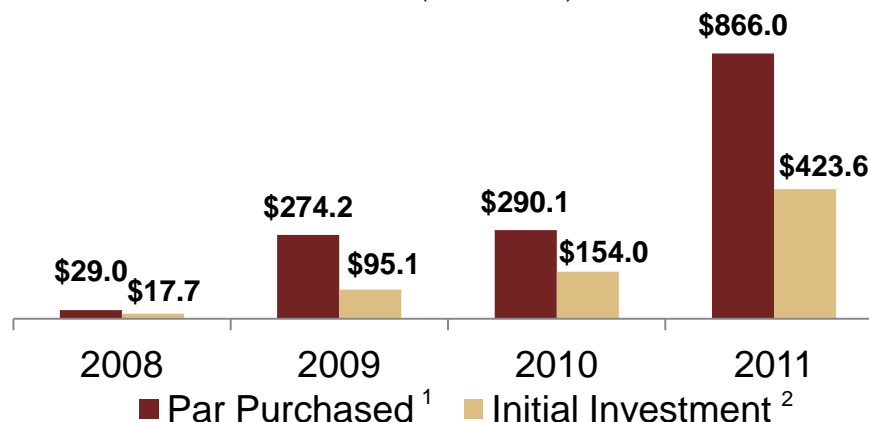
2. Includes future Bank of America/Countrywide benefit related to our R&W agreement.

Pursue Loss Mitigation Strategies: Other Capital Creation or Rating Agency Capital Relief Activities

- **Under our wrapped bond purchase program, we purchase bonds we have insured in order to reduce our losses and potentially relieve rating agency capital charges**
 - We have purchased approximately \$1.5 billion of par on insured securities through December 31, 2011 with an initial purchase price of approximately \$690 million; \$1.3 billion of par remains outstanding
 - Weighted average yield of all wrapped purchases since inception is 11.9%
- **We have actively negotiated agreements to terminate transactions to reduce net par outstanding as well as associated capital charges**
 - Terminated \$12.8 billion of net par outstanding in 2011, creating between \$200 million to \$400 million of rating agency capital relief

Wrapped Bond Purchase Program

(\$ in millions)



1. Par at the time of purchase.

2. Cost of purchase.

Utilize Reinsurance Platform

- **Reassumed reinsurance has increased the unearned premium reserve and adjusted book value¹**

- Reassumed \$2.9 billion par in 2009
- Reassumed \$15.5 billion par in 2010
- Reassumed \$0.3 billion par in 2011
- Reassumed \$12.9 billion of par YTD²

- **High-quality portfolios from inactive companies are of interest**

- Public finance as well as high-quality structured finance business, such as performing pooled corporate and commercial receivables

Ceded Par Outstanding by Reinsurer³

As of December 31, 2011

(\$ in millions)	Net Par Outstanding
Radian	\$19,310 ⁴
Tokio Marine	16,345
RAM Re	11,444
Syncora	4,222
Mitsui	2,407
Others	2,566
Total³	\$56,294

1. Please see the appendix for an explanation of this non-GAAP financial measure and a reconciliation to GAAP book value.

2. Includes approximately \$12.9 billion of reassumed par by Assured announced on January 24, 2012.

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

Financial Results

December 31, 2011



Fourth Quarter 2011 Operating Results

(Excluding Consolidation of VIEs)



(\$ in millions, except per share data)	Quarter Ended December 31,		% Change vs. 4Q-10
	2011	2010	
Net earned premiums and credit derivative revenues¹	\$280.2	\$352.7	(21)%
Net investment income²	92.6	93.9	(1)%
Total revenues included in operating income	375.4	486.5	(23)%
Loss & LAE and incurred losses on credit derivatives³	82.0	215.8	(62)%
Total expenses included in operating income	159.2	300.8	(47)%
Operating income	173.5	152.7	14%
Operating income per diluted share	0.95	0.81	17%
Operating ROE⁴	13.4%	13.0%	0.4 pp
After-tax gain (loss) on derivatives	\$(265.2)	\$(71.3)	NM
Net income (loss)	(83.6)	(183.5)	(54)%
Net income (loss) per diluted share	(0.46)	(1.00)	(54)%

NM = Not meaningful pp = percentage points

1. Included \$17.9 million and \$13.2 million related to financial guaranty variable interest entities ("VIEs") that was eliminated during quarters ended December 31, 2011 and 2010, respectively, in GAAP reported results due to consolidation.

2. Included \$7.7 million that was eliminated during the quarter ended December 31, 2011, in GAAP reported results due to consolidation of VIEs.

3. Included \$(12.8) million and \$21.5 million that was eliminated during the quarters ended December 31, 2011 and 2010, respectively, in GAAP reported results due to consolidation of VIEs.

4. ROE calculations represent annualized returns.

Loss Expense Accounting¹ and Economic Loss Development



- **Loss expense included in operating income does not necessarily represent the Company's economic loss development in a period**
 - All losses must be calculated on a transaction by transaction basis, and each transaction's expected loss estimate, net of R&W estimated recoveries, is compared with the deferred premium reserve of that transaction. When the expected loss exceeds the deferred premium revenue, a loss is recognized in operating income for the amount of such excess
 - A portion of loss expense reflects the amortization of expected loss to be expensed on contracts where the deferred premium revenue included in the unearned premium reserve is absorbing losses;
- **Management uses economic loss development to evaluate the change in expected losses to be paid from period to period**
 - This measures the change in expected losses from period to period excluding the effects of deferred premium revenue
 - Economic loss development calculates the expected change in future losses due to change in delinquencies, interest rates, loss severities and loss mitigation and other factors that affect ultimate loss experience

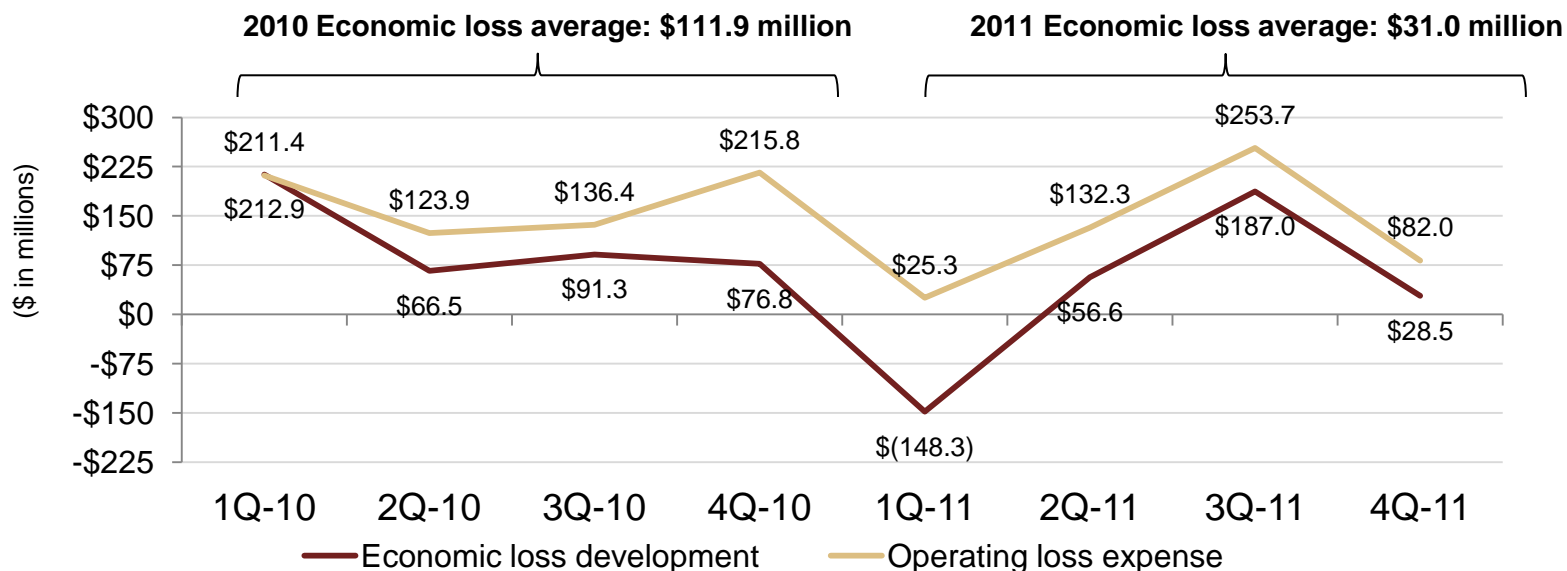
(\$ in millions, except per share data)	4Q-11	4Q-10
Loss expense on FG and CDS included in operating income:		
Before tax	\$82.0	\$215.8
After tax	47.5	153.6
Per diluted share	0.26	0.84
Economic loss development		
Before tax	\$28.5	\$76.8
After tax	19.9	62.9
Per diluted share	0.11	1.43

1. Please see the appendix for an explanation of operating income, a non-GAAP financial measure that includes loss expense accounting, and a reconciliation to net income.

Economic Losses Remain Manageable

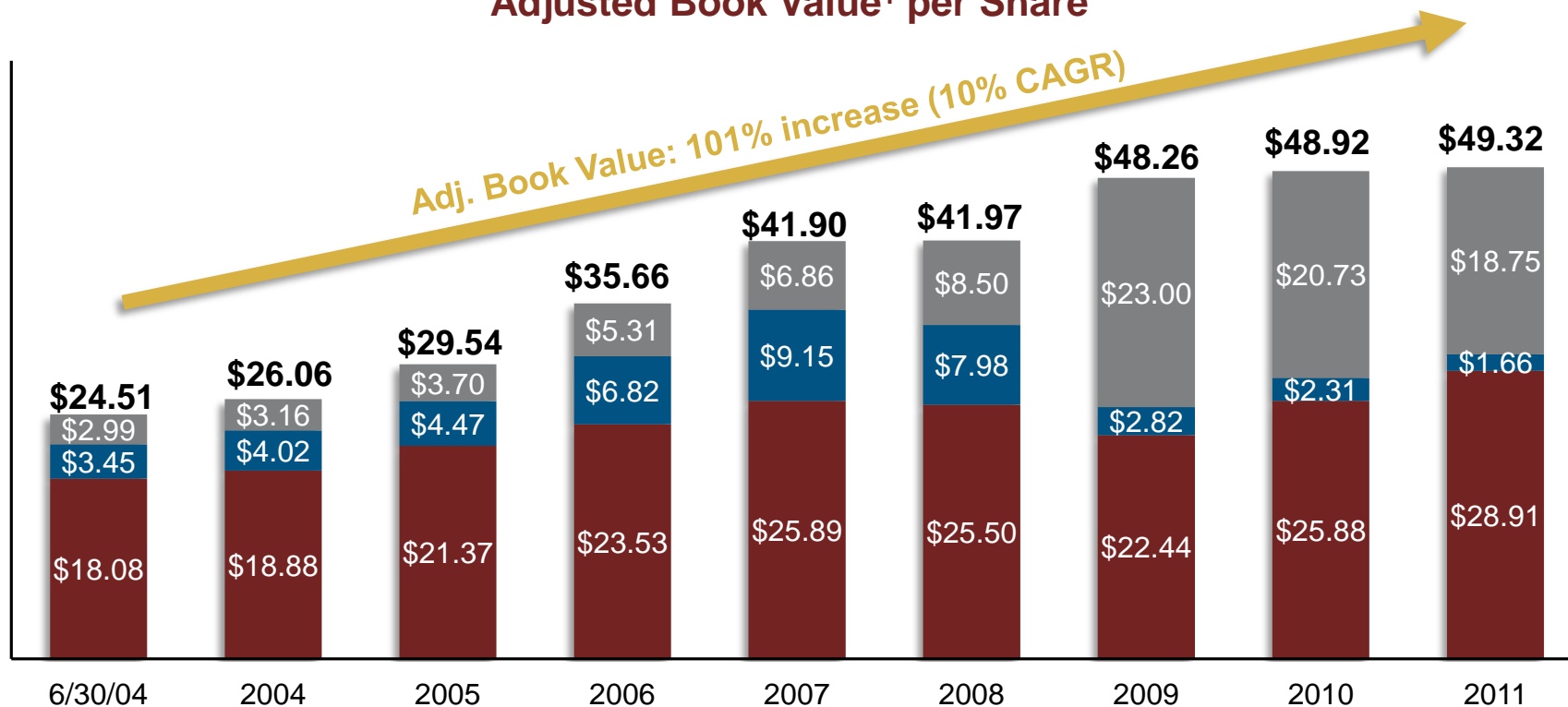
- **Average economic losses per quarter declined to \$31.0 million in 2011, down from \$111.9 million in 2010, due to the Bank of America agreement, although the decrease in the risk-free rate used in discounting reserves moderated the reported impact.**
 - The change in the risk-free rate increased 2011 economic losses by approximately \$200 million
 - Economic losses remained below loss and loss adjustment expenses (“LAE”) due to purchase-GAAP accounting associated with the AGM acquisition in July 2009

Economic Losses and Operating Loss Expense



Operating Shareholders' Equity and Adjusted Book Value per Share Growth

Adjusted Book Value¹ per Share



■ Operating shareholders' equity per share

■ Net present value of estimated net future credit derivative revenue in force and net unearned revenue on credit derivatives, after tax

■ Net unearned premium reserve on financial guaranty contracts in excess of net expected loss to be expensed less deferred acquisition costs, after tax

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 VIEs 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.

Portfolio Overview

December 31, 2011



Three Discrete Operating Companies With Separate Capital Bases



Consolidated Claims-Paying Resources and Statutory-Basis Exposures

As of December 31, 2011

(\$ in millions)	Assured Guaranty Municipal Corp.	Assured Guaranty Corp.	Assured Guaranty Re Ltd. ¹	Eliminations ²	Consolidated
Claims-paying resources					
Policyholders' surplus	\$ 1,227	\$ 1,021	\$ 1,168	\$ (300)	\$ 3,116
Contingency reserve	1,881	691	-	-	2,572
Qualified statutory capital	3,108	1,712	1,168	(300)	5,688
Unearned premium reserve	2,172	826	1,038	-	4,036
Loss and loss adjustment expense reserves ^{3,4}	318	345	239	-	902
Total policyholders' surplus and reserves	5,598	2,883	2,445	(300)	10,626
Present value of installment premium ⁴	523	406	249	-	1,178
Standby line of credit/stop loss	200	200	200	-	600
Excess of loss reinsurance facility ⁵	435	435	-	(435)	435
Total claims-paying resources	\$ 6,756	\$ 3,924	\$ 2,894	\$ (735)	\$ 12,839
Net par outstanding ⁶	\$ 308,538	\$ 104,977	\$ 131,172	\$ (1,587)	\$ 543,100
Net debt service outstanding ⁶	\$ 466,415	\$ 154,252	\$ 212,589	\$ (3,711)	\$ 829,545
Ratios:					
Net par outstanding to qualified statutory capital	99:1	61:1	112:1		95:1
Capital Ratio ⁷	150:1	90:1	182:1		146:1
Financial Resources ratio ⁸	69:1	39:1	73:1		65:1

1. AG Re numbers are the Company's estimate of U.S. statutory.

2. In 2009, AGC issued a \$300.0 million note payable to Assured Guaranty Municipal Corp. ("AGM"). Net par and net debt service outstanding eliminations represent second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary.

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

4. Includes financial guaranty insurance and credit derivatives.

5. On December 23, 2011 the \$298 million bank excess of loss line of credit facility was terminated and replaced, effective January 1, 2012, with a new \$435 million excess of loss reinsurance facility.

6. Net par outstanding and net debt service outstanding are presented on a statutory basis. Under statutory accounting, such amounts would be reduced both when an outstanding issue is legally defeased (i.e., an issuer has legally discharged its obligations with respect to a municipal security by satisfying conditions set forth in defeasance provisions contained in transaction documents and is no longer responsible for the payment of debt service with respect to such obligations) and when such issue is economically defeased (i.e., transaction documents for a municipal security do not contain defeasance provisions but the issuer establishes an escrow account with U.S. government securities in amounts sufficient to pay the refunded bonds when due; the refunded bonds are not considered paid and continue to be outstanding under the transaction documents and the issuer remains responsible to pay debt service when due to the extent monies on deposit in the escrow account are insufficient for such purpose).

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

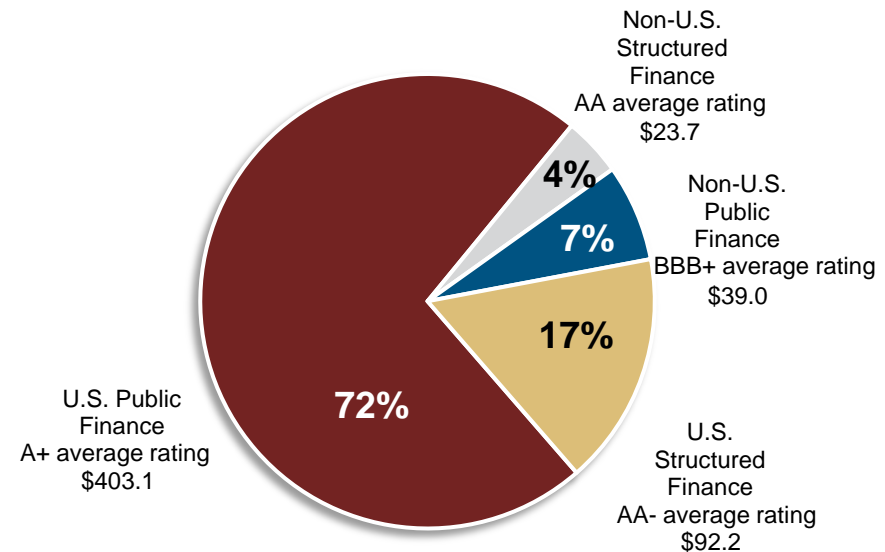
8. The financial resources ratio is calculated by dividing net debt service outstanding by total claims paying resources.

Net Par Outstanding Diversified By Sector

- **Assured Guaranty's portfolio is largely concentrated in U.S. public finance**
 - 72% U.S. public finance
 - 17% U.S. structured finance
 - 11% International
- **Our portfolio has an A+ average internal credit rating**
 - 5.1% below investment grade
- **RMBS is our largest BIG exposure**
 - \$14.7 billion (52% of total BIG) is U.S. RMBS
 - Plus \$923 million of triple-X life securitization transactions with assets invested in RMBS
 - Plus \$4.6 billion of BIG-rated pooled corporates, largely Mortgage and Real Estate Investment Trust ("REIT"), Trust Preferred Securities ("TruPS") and bank and insurance TruPS

Consolidated Net Par Outstanding

As of December 31, 2011
(\$ in billions)

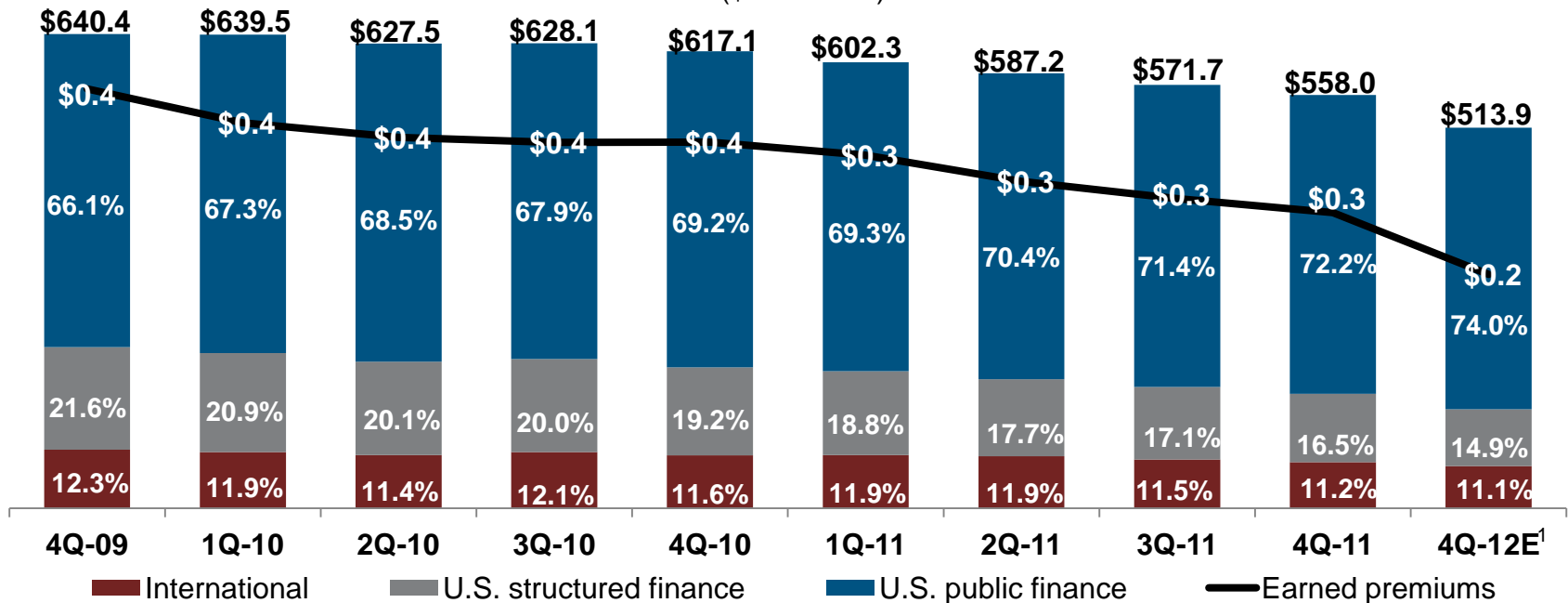


\$558.0 billion, A+ average rating

Net Par Outstanding Run-off

- Run-off of the portfolio reduces rating agency capital charges, but also embedded future earned premiums
- Net par outstanding declined by \$59 billion in 2011
- New business originations, either through direct, reinsurance or reassumption, will increase future premiums

Net Par Outstanding by Asset Type and Total Earned Premiums
(\$ in billions)

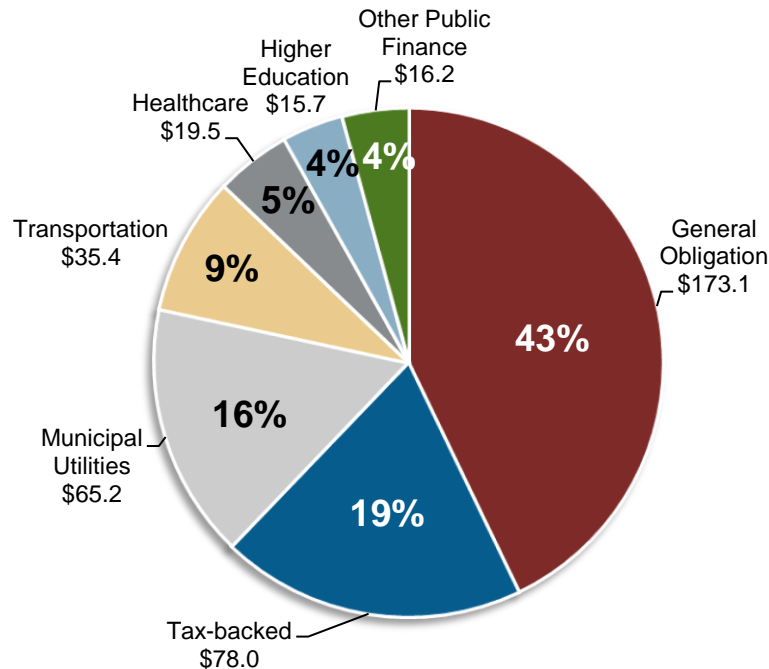


1. 4Q-12E does not include any expectation for new business or business already agreed to, such as the Radian transaction announced January 24, 2012.

U.S. Public Finance Net Par Outstanding

U.S. Public Finance

As of December 31, 2011
(\$ in billions)



\$403.1 billion, A+ average rating

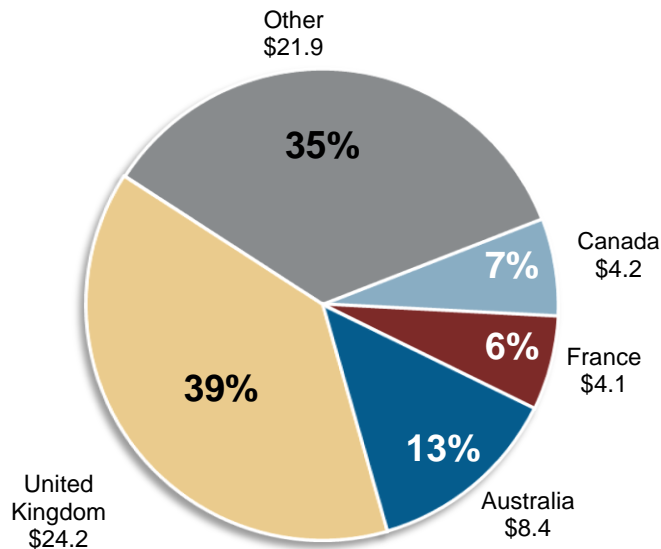
- **\$403.1 billion of U.S. public finance net par outstanding, 72% of our total as of December 31, 2011**
- **Our U.S. public finance portfolio has performed well despite increased financial pressure on municipal obligors caused by the recession**
 - Out of approximately 11,000 direct public finance transactions, we expect future losses to be paid, net of recoveries, on less than a dozen. In 4Q-11 we made payments on only four.
- **General obligation, tax-backed and municipal utilities represent 78% of U.S. public finance net par outstanding**
 - 57% of total net par outstanding
- **\$4.5 billion is BIG exposure**
 - \$3.9 billion of the BIG exposure is for 18 public finance transactions greater than \$50 million

Consolidated International Finance

International Public and Structured Finance Net Par Outstanding

International Finance

As of December 31, 2011
(\$ in billions)



\$62.7 billion, A average rating

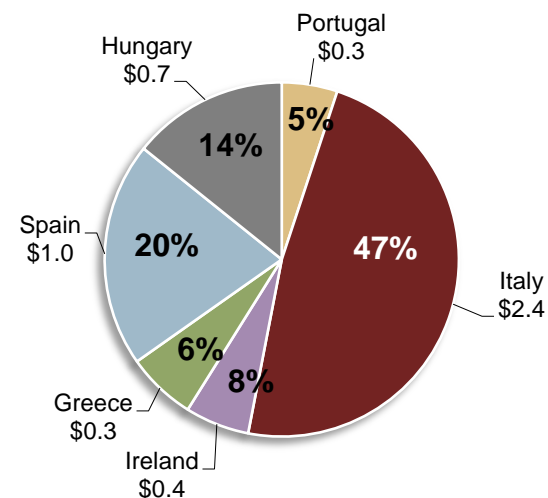
- **International exposure is 62% public finance and 38% structured finance**
- **Approximately 75% of structured exposure is to pooled corporates**
- **Direct sovereign debt is limited to:**
 - Poland \$313 million
 - Japan \$32 million
 - Greece \$282 million
- **Only \$4.2 billion rated BIG**

Insured Obligations Within Troubled Eurozone Countries

- **Approximately 29%, or \$1.5 billion, of net par outstanding of exposure to troubled Eurozone countries is to structured finance transactions rated A or higher, with 20% rated AAA or higher**
 - 53% of structured net par outstanding represents allocated exposures in diversified pooled corporate transactions
- **Only direct sovereign exposure is to Greece; current net par outstanding is \$282.1 million on obligations due in 2037 and 2057**
 - Our exposure is principal and interest when due with no acceleration risk
- **Italy exposure consists of 13 transactions with aggregate net par outstanding of \$2.4 billion**
 - Only two transactions rated BIG (Rome airport totaling \$244.2 million net par outstanding and a multi-country CDO exposure totaling \$0.9 million net par outstanding)

Insured Obligations Within Troubled Eurozone Countries¹ (Only Direct Sovereign Debt is Greece)

As of December 31, 2011
(\$ in billions)



\$5.1 billion, A average rating

BIG Exposures to Troubled Eurozone Countries (\$ in millions)

<u>Name or Description</u>	<u>Country</u>	<u>Internal Rating</u>	<u>Net Par Outstanding</u>
M6 Toll Road	Hungary	BB+	\$414.4
Hellenic Republic Greece	Greece	B	282.1
Rome Airport	Italy	BB	244.2
Autovia de la Mancha, S.A.	Spain	BB+	141.2
Metropolitano de Porto Lease and Sublease of Railroad Equipment	Portugal	BB+	56.4
Metropolitano De Lisboa	Portugal	BB+	31.5
Metro Lisboa Rail Equip Lease	Portugal	BB+	25.0
Caminhos de Ferro Portugueses, EP	Portugal	B+	17.2
Gleneagles Funding Ltd. ²	Ireland	BB	12.0
<u>Synthetic High Yield Pooled Corporate CDO²</u>	<u>Multiple³</u>	<u>CCC</u>	<u>4.1</u>
Total			\$1,228.1

1. Exposure to insured obligations in troubled Eurozone countries refers to the economies of Portugal, Italy, Ireland, Greece, Spain and Hungary.

2. Allocated portion of diversified transaction.

3. Synthetic high yield pooled corporate CDO exposure is \$0.9 million to Italy and \$3.2 million to Ireland.

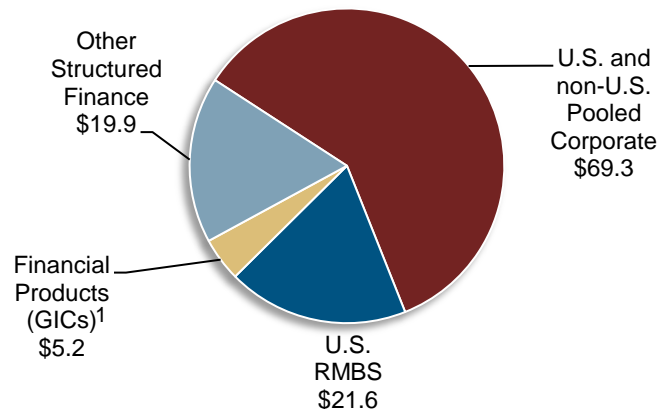
Structured Finance Exposures

Net Par Outstanding

(\$ in billions)

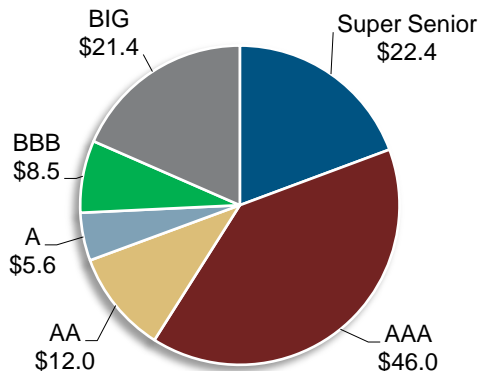
By Type

As of December 31, 2011



\$115.9 billion, AA- average rating

By Internal Rating



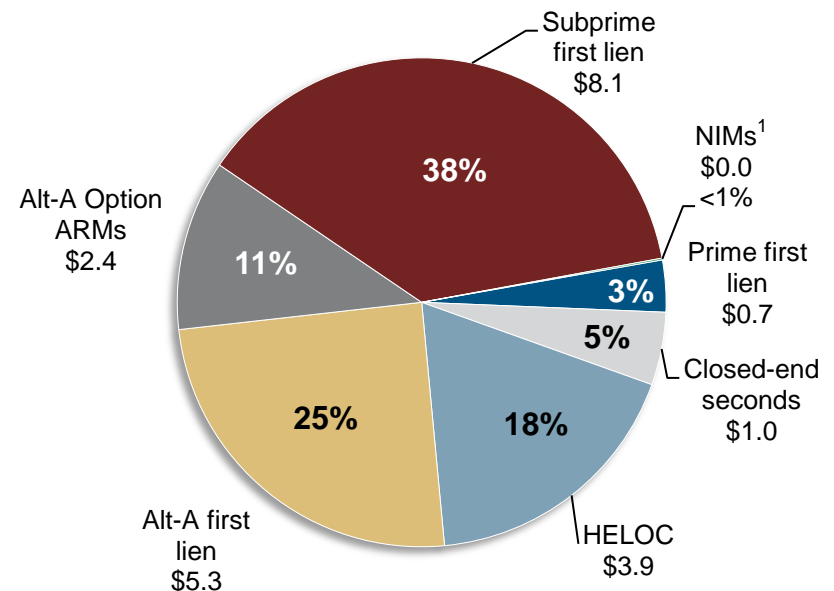
- **We expect Assured Guaranty's global structured finance insured portfolio (\$115.9 billion as of December 31, 2011) to run off rapidly — 18% by year-end 2012 and 54% by year-end 2014.**
 - \$69.3 billion in global pooled corporate obligations expected to be reduced by 16% by year-end 2012 and by 61% by year-end 2014
 - \$21.6 billion in U.S. RMBS expected to be reduced by 22% by year-end 2012 and by 48% by year-end 2014
- **Assured Guaranty and AGM's total structured finance exposures of \$240.9 billion at December 31, 2007 have declined by \$125 billion to \$115.9 billion through December 31, 2011, a 52% reduction, or approximately \$30 billion per year.**

1. Assured Guaranty did not acquire FSAH's Financial Products ("FP") segment. Assured Guaranty and its subsidiaries are indemnified against exposure to the FP segment by Dexia. As of December 31, 2011, the aggregate accreted balance of the guaranteed investment contracts ("GICs") was approximately \$4.7 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately \$6.6 billion, the aggregate market value was approximately \$6.0 billion and the aggregate market value after agreed reductions was approximately \$5.1 billion. Cash and net derivative value constituted another \$0.2 billion of assets.

- **Our \$21.6 billion U.S. RMBS portfolio is amortizing on an absolute basis and as a percentage of the portfolio**
 - U.S. RMBS represents 3.9% of total net par outstanding at December 31, 2011 versus 8.3% at year-end 2008
 - Total U.S. RMBS has declined from \$29.2 billion at December 31, 2009 to \$21.6 billion at December 31, 2011, a \$7.6 billion or 26% reduction
- **Our loss reserving methodology is driven by our assumptions on several factors with a key variable on new delinquencies:**
 - Conditional default rate
 - Conditional prepayment rate
 - Excess spread
 - Loss severity
- **We have several initiatives aimed at reducing ultimate losses**

U.S. RMBS by Exposure Type

As of December 31, 2011
(\$ in billions)



\$21.6 billion
(3.9% of net par outstanding)

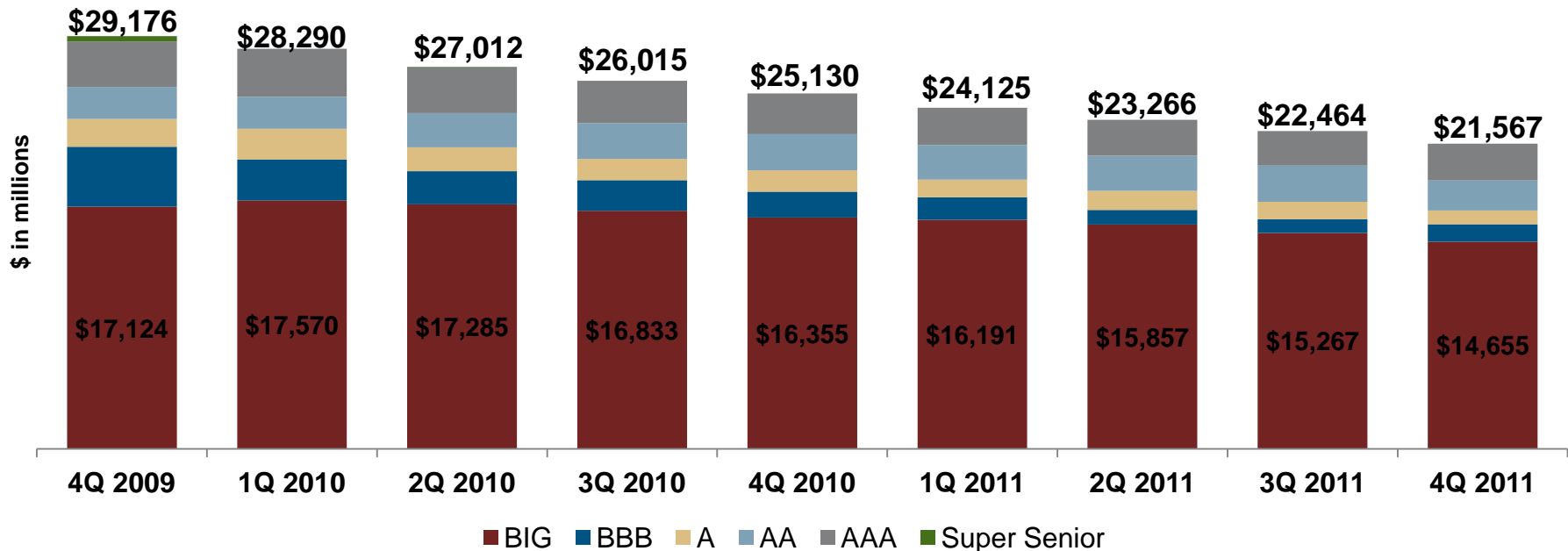
1. NIMs= Net Interest Margin securities

U.S. RMBS Exposure Continues to Decline

- U.S. RMBS has declined 26% from December 31, 2009 through December 31, 2011, or approximately \$1 billion per quarter
- Below investment grade RMBS peaked at March 31, 2010 and has since declined approximately \$2.7 billion

U.S. RMBS by Rating

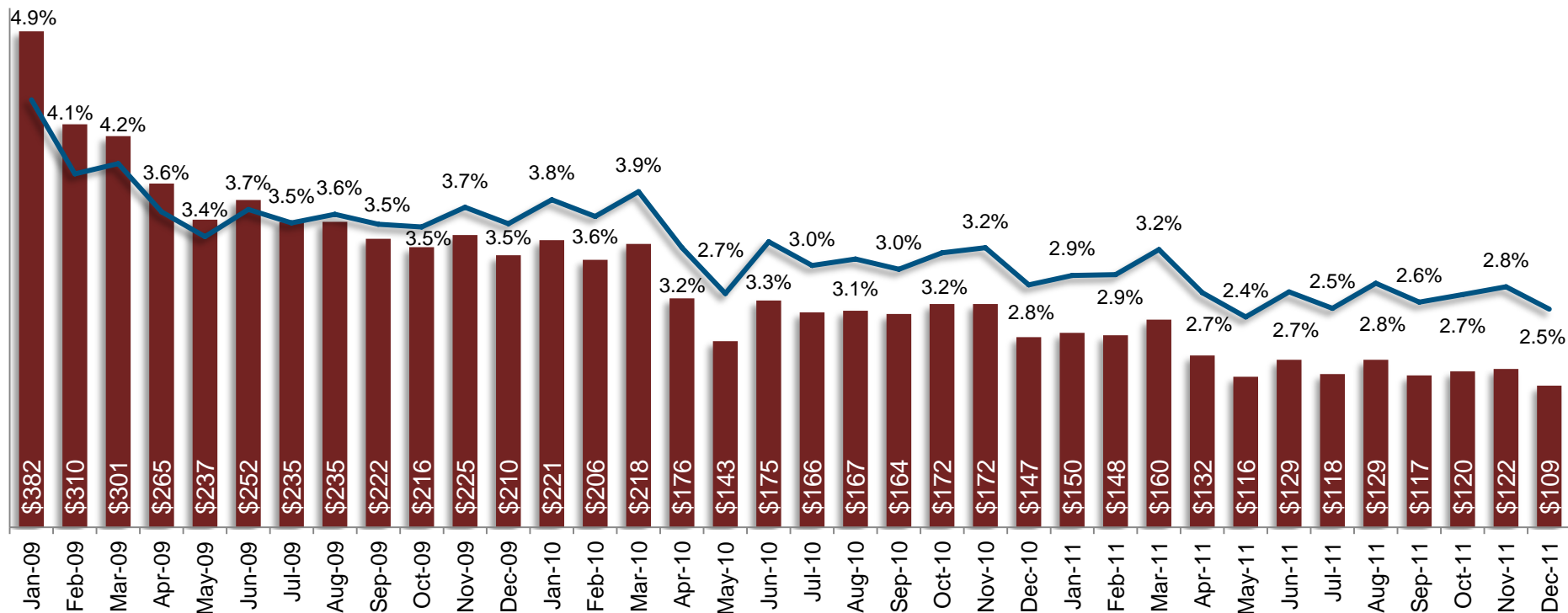
Net Par Outstanding from December 31, 2009 to December 31, 2011



Second Lien Delinquencies For Financial Guaranty Direct Transactions Originated 2005-2008¹



Troubled HELOCs 30-59 Days
(\$ in millions)



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

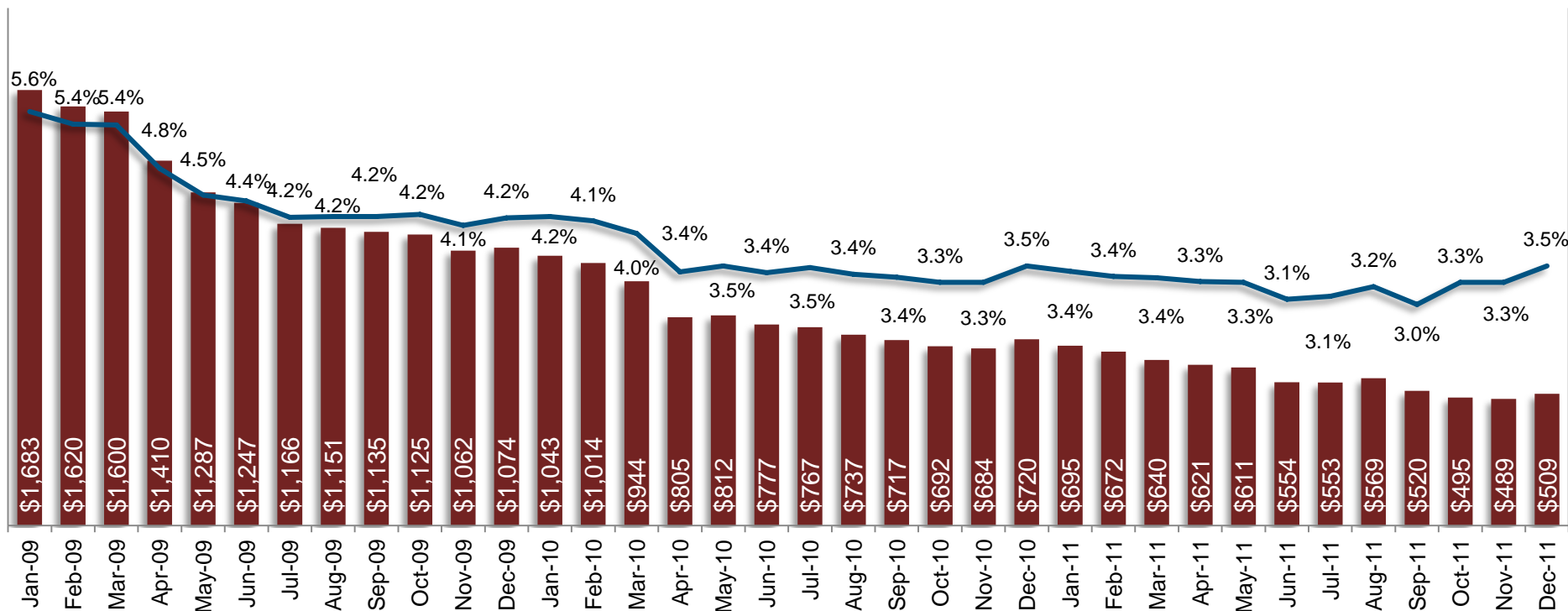
Reflects actual AGC and AGM direct data.

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



Option ARMs 30-59 Days

(\$ in millions)

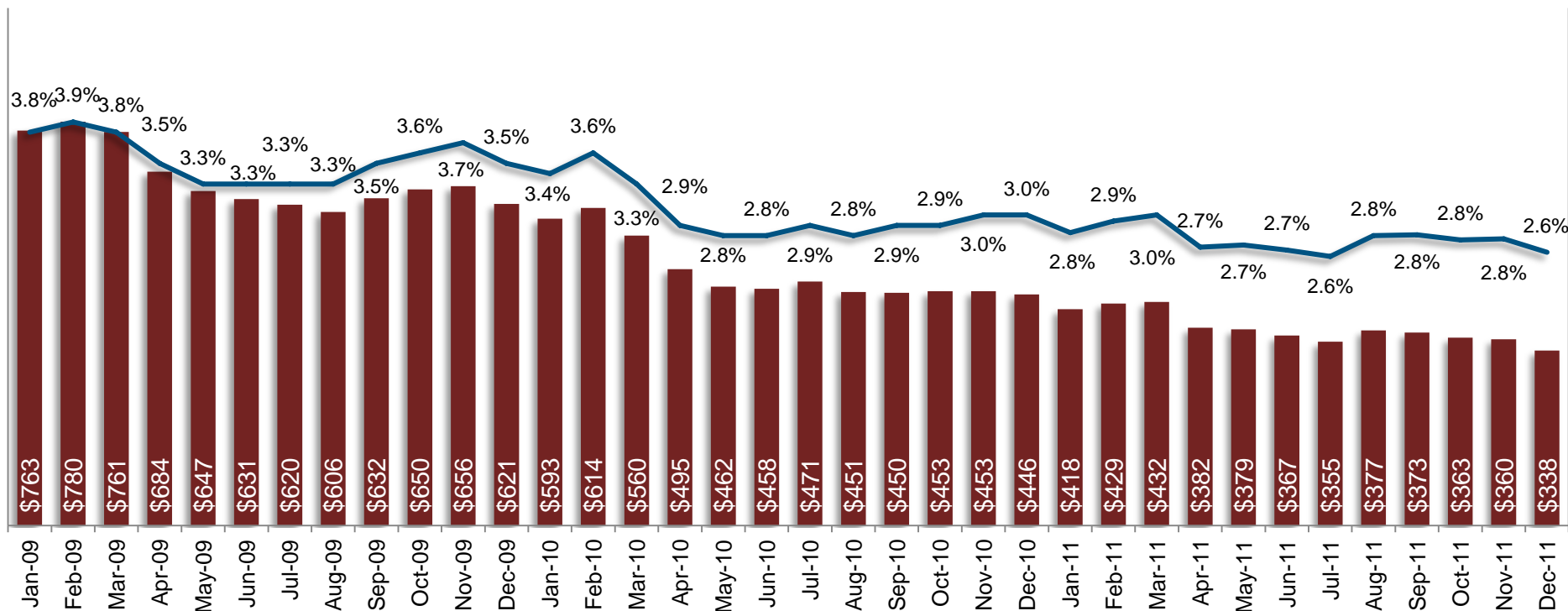


Reflects actual AGC and AGM direct data.

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



Alt-A 30-59 Days
(\$ in millions)



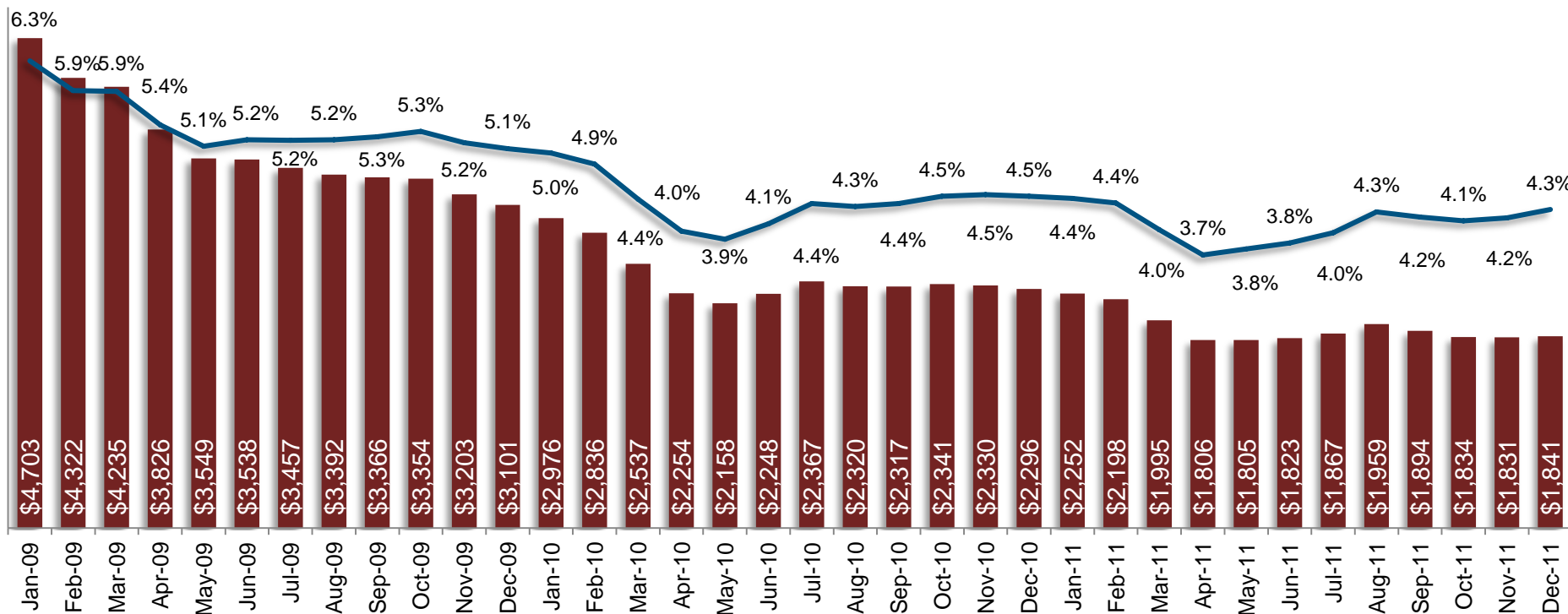
Reflects actual AGC and AGM direct data.

First Lien 30-59 Day Delinquencies For Financial Guaranty Direct Transactions Originated 2005-2008¹



Subprime 30-59 Days

(\$ in millions)



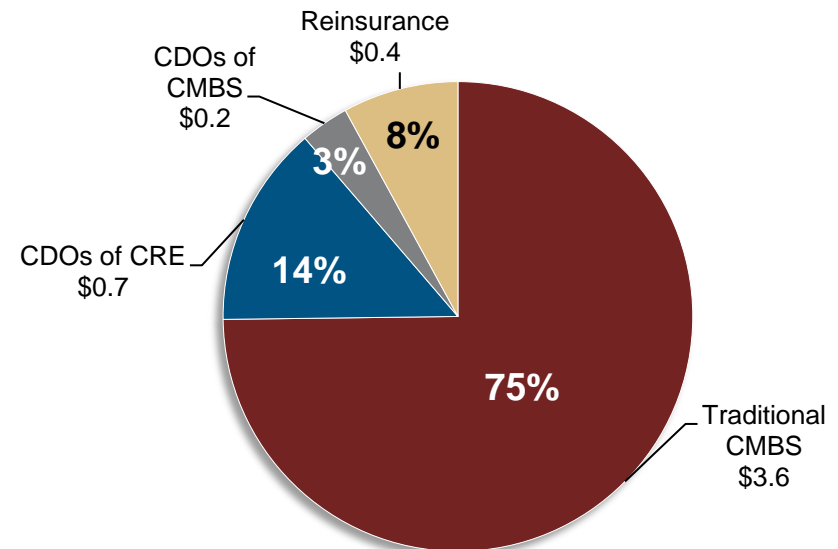
1. Excludes 1 deal with approximately \$80 million of net par outstanding.
Reflects actual AGC and AGM direct data.

U.S. CMBS Exposure

- **We have three types of U.S. commercial mortgage-backed securities (“CMBS”) transactions**
 - Traditional CMBS - \$3.6 billion
 - Collateralized debt obligations (“CDOs”) of commercial real estate (“CRE”) - \$664 million
 - CDOs of CMBS - \$159 million
 - We also have assumed par of \$365 million
- **We have maintained a conservative underwriting stance on CMBS**
 - Low levels of CMBS historically
 - Focus on senior exposures and whole loans
 - AGM did not underwrite CMBS
- **Our portfolio was largely triple-A at underwriting and remains highly rated as of December 31, 2011**
 - Most deals written with triple-A rating at inception with high attachment points
 - One deal was single-A at underwriting
 - Approximately 90% of traditional U.S. CMBS exposure had internal rating of AAA or higher as of December 31, 2011

U.S. CMBS by Exposure Type

As of December 31, 2011
(\$ in billions)



\$4.8 billion
(0.9% of total net par outstanding)

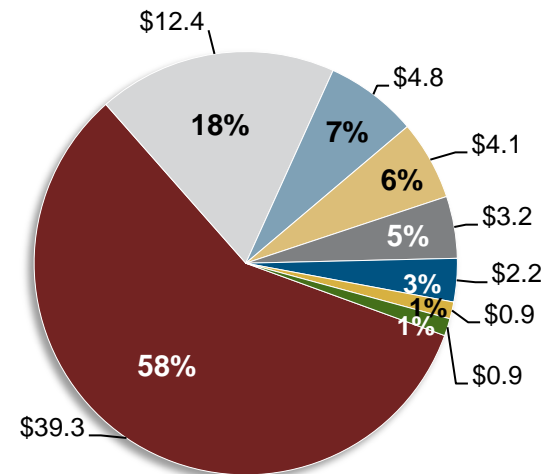
Direct Pooled Corporate Obligations

Credit Quality Remains High

- **Our direct pooled corporate exposure is highly rated and well-protected**
 - Average credit enhancement of 28.9%
 - 86.1% rated super senior or AAA
- **\$2.2 billion of U.S. mortgage and REIT TruPS are the lowest rated asset classes**
 - Average rating BB-
 - Credit enhancement at December 31, 2011 remains high at 32.8%, although ratings of collateral have been downgraded sharply due to real estate market and recession

Direct Pooled Corporate Obligations By Asset Class

As of December 31, 2011
(\$ in billions)



\$67.8 billion, AAA average rating

- CLOs/CBOs 1
- Synthetic investment grade pooled corporate
- Market value CDOs of corporate
- Synthetic high yield pooled corporate
- TruPS - banks and insurance
- TruPS - US mortgage and REITs
- TruPS - European mortgage and REITs
- Other pooled corporate

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

Below Investment Grade Exposures Net Par Outstanding by Category

Financial Guaranty Insurance and Credit Derivatives Surveillance Categories¹

- The majority of our BIG exposures in categories 2 and 3 are in structured finance – specifically RMBS
- Category 1 BIG, which show sufficient deterioration to make lifetime losses possible but none are expected, were \$12.6 billion at December 31, 2011

(\$ in millions)	December 31, 2011	December 31, 2010
Category 1		
U.S. public finance	\$3,395	\$1,958
Non-U.S. public finance	2,046	1,794
U.S. structured finance	6,207	4,646
Non-U.S. structured finance	927	293
Total Category 1	12,575	8,961
Category 2		
U.S. public finance	274	282
Non-U.S. public finance	282	1
U.S. structured finance	5,397	8,889
Non-U.S. structured finance	42	2
Total Category 2	5,995	9,174
Category 3		
U.S. public finance	838	919
Non-U.S. public finance	-	-
U.S. structured finance	7,856	7,023
Non-U.S. structured finance	950	999
Total Category 3	9,644	8,941
BIG Total	\$ 28,214	\$ 26,806

1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. During the fourth quarter of 2010, the Company revised the definitions of the three BIG surveillance categories to more closely track its view of whether a transaction is expected to experience a loss, without regard to whether the probability weighted expected loss exceeded the unearned premium reserve. While the revisions resulted in a number of transactions moving between BIG categories, the Company estimates that the revisions had a relatively small impact on the totals in each category. BIG Category 1: Transactions showing sufficient deterioration to make lifetime losses possible, but for which none are currently expected. Transactions on which claims have been paid but are expected to be fully reimbursed (other than investment grade transactions on which only liquidity claims have been paid) are in this category. BIG Category 2: Transactions for which lifetime losses are expected but for which no claims (other than liquidity claims) have yet been paid. BIG Category 3: Transactions for which lifetime losses are expected and on which claims (other than liquidity claims) have been paid. Transactions remain in this category when claims have been paid and only a recoverable remains.

BIG Exposures > \$250 Million



(\$ in millions)

BIG Exposures Greater Than \$250 Million as of December 31, 2011

<u>Name or Description</u>	<u>Net Par Outstanding</u>	<u>Internal Rating</u>	<u>Current Credit Enhancement</u>	<u>60+ Day Delinquencies ¹</u>
Skyway Concession Company LLC	\$1,086	BB	N/A	N/A
Deutsche Alt-A Securities Mortgage Loan 2007-2	779	CCC	0.00%	31.70%
Reliance Rail Finance Pty. Limited	683	BB	N/A	N/A
MABS 2007-NCW	551	B	29.20%	63.30%
Ballantyne Re, PLC (includes \$106.4 million repurchased) ²	500	CC	N/A	N/A
Jefferson County Alabama Sewer	496	D	N/A	N/A
Countrywide HELOC 2006-I	427	CCC	0.00%	7.30%
Orkney Re II, Plc	423	CCC	N/A	N/A
M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	415	BB+	N/A	N/A
Private Residential Mortgage Transaction	406	BB	15.70%	31.20%
Mortgage IT Securities Corp. Mortgage Loan 2007-2	398	B	8.40%	17.80%
Detroit (City of) Michigan	385	BB	N/A	N/A
Gleneagles Funding Ltd.	374	BB	N/A	N/A
MASTR 2007-3 (NEGAM)	373	CCC	0.00%	52.60%
Private Residential Mortgage Transaction	370	BB	18.50%	29.50%
Option One 2007-FXD2	370	CCC	15.10%	30.60%
Deutsche Alt-A Securities Mortgage Loan 2007-3	366	B	3.70%	23.10%
Private Residential Mortgage Transaction	364	CCC	17.00%	31.20%
Countrywide HELOC 2006-F (includes \$110.2 million repurchased, 34% owned) ²	361	CCC	0.00%	19.30%
Private Residential Mortgage Transaction	328	BB	7.90%	35.30%
Private Residential Mortgage Transaction	327	BB	17.70%	27.60%
CWALT Alternative Loan Trust 2007-HY9	322	B	4.60%	48.40%
Nomura Asset Accept. Corp. 2007-1 (includes \$0.8 million repurchased, 1% owned) ²	321	CCC	0.00%	40.50%
Cross City Tunnel Motorway Finance Limited	307	BB	N/A	N/A
AAA Trust 2007-2 (includes \$103.1 million repurchased, 100% owned)	297	CCC	24.20%	44.50%
Taberna Preferred Funding IV, Ltd	292	CCC	24.1%	N/A
Harborview 2006-12	288	CCC	4.50%	59.90%
Taberna Preferred Funding III, Ltd	287	CCC	15.6%	N/A
Hellenic Republic	282	B	N/A	N/A
Countrywide Home Equity Loan Trust 2005-J	273	CCC	0.00%	18.20%
Countrywide Home Equity Loan Trust 2007-D	270	CCC	0.00%	8.60%
Countrywide HELOC 2005-D	261	CCC	0.00%	13.30%
Alesco Preferred Funding XVI, Ltd	256	B	8.00%	N/A
Countrywide 2007-13	255	B	29.80%	55.30%
Total	\$13,119			

1. 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.

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

Appendix



Appendix

Explanation of Non-GAAP Financial Measures



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

The Company references financial measures that are not in accordance with GAAP. Assured Guaranty's management and board of directors utilize non-GAAP measures in evaluating the Company's financial performance and as a basis for determining senior management incentive compensation. By providing these non-GAAP financial measures, investors, analysts and financial news reporters have access to the same information that management reviews internally. In addition, Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

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

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

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

Appendix (Cont'd)

Explanation of Non-GAAP Financial Measures



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 excludes fair value adjustments that are not expected to result in economic loss. Many investors, analysts and financial news reporters use operating shareholders' equity as the principal financial measure for valuing Assured Guaranty Ltd.'s current share price or projected share price and also as the basis of their decision to recommend, buy or sell 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 financial guaranty VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.
2. Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
3. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
4. Elimination of the after-tax unrealized gains (losses) on the Company's investments that are recorded as a component of accumulated other comprehensive income (AOCI) (excluding foreign exchange revaluation). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore should not recognize an economic gain or loss.

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.

Appendix (Cont'd)

Explanation of Non-GAAP Financial Measures



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

1. Elimination of after-tax deferred acquisition costs. These amounts represent net deferred expenses that have already been paid or accrued and 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 expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed. Net expected losses to be expensed are not reflected in GAAP equity.

Net present value of estimated net future credit derivative revenue: Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated credit derivative revenue. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes for contracts without expected economic 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.

VVP or present value of new business production: Management believes that VVP 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. VVP 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 VVP 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 VVP 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 VVP due to factors including, but not limited 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.

Appendix

PVP¹ – Reconciliation to Gross Written Premiums ("GWP")



(\$ in millions)

	Three Months Ended December 31		% Change versus 4Q-10
	2011	2010	
Consolidated new business production analysis:			
Present value of new business production ("PVP")			
Public finance - U.S.:			
Primary markets	\$51.6	\$77.8	(34)%
Secondary markets	3.0	10.1	(70)%
Public finance - non-U.S.			
Primary markets	2.7	-	NM
Secondary markets	-	-	NM
Structured finance - U.S.	30.2	16.3	85%
Structured finance - non-U.S.	-	0.9	NM
Total PVP	<u>87.5</u>	<u>105.1</u>	(17)%
Less: PVP of credit derivatives	-	-	NM
PVP of financial guaranty insurance	<u>87.5</u>	<u>105.1</u>	(17)%
Less: Financial guaranty installment premium PVP	<u>32.9</u>	<u>15.8</u>	108%
Total: Financial guaranty upfront GWP	54.6	89.3	(39)%
Plus: Financial guaranty installment PVP adjustment ²	45.1	(128.4)	NM
Total GWP	<u>\$99.7</u>	<u>\$(39.1)</u>	NM

NM = Not meaningful

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

2. Represents present value of new business on installment policies plus GWP adjustment on existing installment deals due to changes in assumptions and any cancellations of assumed reinsurance contracts

Appendix

Reconciliation of Operating Income to Net Income (Loss)



(\$ in millions, except per share data)

Reconciliation of Consolidated Operating Income to Net Income (Loss)

	<u>4Q-11</u>	<u>4Q-10</u>
Operating income	\$173.5	\$152.7
Plus after-tax adjustments:		
Realized gains (losses) on investments	(6.5)	(0.1)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(265.2)	(71.3)
Fair value gains (losses) on committed capital securities	20.7	2.2
Foreign exchange gains (losses) on revaluation of premiums receivable	(1.0)	(6.9)
Effect of consolidating financial guaranty VIEs	<u>(4.9)</u>	<u>(260.1)</u>
Net income (loss)	<u>\$(83.6)</u>	<u>\$(183.5)</u>

Per Diluted Share

	<u>4Q-11</u>	<u>4Q-10</u>
Operating income	\$0.95	\$0.81
Plus after-tax adjustments:		
Realized gains (losses) on investments	(0.04)	-
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(1.45)	(0.39)
Fair value gains (losses) on committed capital securities	0.11	0.01
Foreign exchange gains (losses) on revaluation of premiums receivable	(0.01)	(0.04)
Effect of consolidating financial guaranty VIEs	<u>(0.03)</u>	<u>(1.42)</u>
Net income (loss)	<u>\$(0.46)</u>	<u>\$(1.00)</u>

Reconciliation of Shareholders' Equity (GAAP Book Value) to Adjusted Book Value

(dollars in millions, except per share amounts)

	As of :			
	December 31, 2011		December 31, 2010	
	Total	Per share	Total	Per share
Shareholders' equity	\$ 4,718.4	\$ 25.89	\$ 3,733.5	\$ 20.32
Less after-tax adjustments:				
Effect of consolidating financial guaranty VIEs	(405.2)	(2.22)	(371.4)	(2.02)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(498.0)	(2.74)	(763.0)	(4.15)
Fair value gains (losses) on committed capital securities	35.0	0.19	12.2	0.07
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	318.4	1.75	101.2	0.55
Operating shareholders' equity	\$ 5,268.2	\$ 28.91	\$ 4,754.5	\$ 25.88
After-tax adjustments:				
Less: Deferred acquisition costs	240.9	1.32	248.4	1.35
Plus: Net present value of estimated net future credit derivative revenue	302.3	1.66	424.8	2.31
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,658.0	20.07	4,058.0	22.08
Adjusted book value	\$ 8,987.6	\$ 49.32	\$ 8,988.9	\$ 48.92

Assured Guaranty Contacts:

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