



Fixed Income Investor Presentation

Second Quarter 2012



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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, including from new entrants into the financial guaranty industry; (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 and 10-Q filings. 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”).

- 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". For RMBS transactions collateralized under R&W settlement agreements, a portion of the BIG exposure has been reclassified as investment grade.
 - 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.
- The materials in this presentation do not constitute advice with respect to any municipal financial products, or the issuance of any municipal securities, including with respect to the structuring, timing or terms of any such financial products or issuances. You should not rely on such material to make any decision with respect to these topics. Neither we nor any of our affiliates is acting as your advisor in connection with any municipal financial product or any issuance of municipal securities. We encourage you to consult your own financial and legal advisors and to make your own independent investigation regarding any municipal financial product and the structure, timing and terms of any issuance of municipal securities. Municipal financial product includes any municipal derivative, guaranteed investment contract, plan or program for the investment of the proceeds of municipal securities, or the recommendation and brokerage of municipal escrow investments.

Non-GAAP Financial Measures and Performance Indicators



- 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.
- The performance information described below is obtained from sources such as Intex, Bloomberg and/or provided by the trustee and may be subject to restatement or correction. The following performance measures are used in this presentation:
 - *60+ Day Delinquencies* are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned divided by current collateral balance.
 - *Average Credit Enhancement* is intended to provide a measure of the amount of equity and/or subordinated tranches that are junior in the capital structure to Assured Guaranty’s exposure, expressed as a percentage of the total transaction size, and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes.
 - *Cumulative Losses* are defined as net charge-offs on the underlying loan collateral divided by the original collateral balance.
 - *Pool Factor* is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.
 - *Subordination* represents the sum of subordinate tranches and overcollateralization, expressed as a percentage of total transaction size, and does not include any benefit from excess spread collections that may be used to absorb losses. Many of the closed-end second lien RMBS transactions insured by the Company have unique structures whereby the collateral may be written down for losses without a corresponding write-down of the obligations insured by the Company. Many of these transactions are currently undercollateralized, with the principal amount of collateral being less than the principal amount of the obligation insured by the Company. The Company is not required to pay principal shortfalls until legal maturity (rather than making timely principal payments), and takes the undercollateralization into account when estimating expected losses for these transactions.

Corporate Overview



- **Assured Guaranty Ltd. (“AGL” and together with its subsidiaries “Assured Guaranty” or “the Company”) is the leading financial guaranty franchise**
 - We are the only long-standing financial guaranty company writing new business today
 - We have maintained financial strength ratings acceptable to the market
- **Assured Guaranty’s sole focus is financial guaranty**
 - Publicly traded holding company (NYSE: AGO) with extensive quarterly financial disclosures providing transparency to all investors
 - More than two decades of experience in financial guaranty market
 - Two principal financial guaranty direct subsidiaries and one financial guaranty reinsurance subsidiary
- **Strong capital base**
 - Consolidated investment portfolio² of \$11.3 billion as of June 30, 2012
 - Consolidated claims-paying resources of \$13.0 billion as of June 30, 2012
- **In July 2009, Assured Guaranty acquired Financial Security Assurance Holdings Ltd. (“FSAH”), the parent company of the only other active legacy financial guarantor. FSAH was subsequently renamed Assured Guaranty Municipal Holdings Inc. (“AGMH”)**

(\$ in billions)	Assured Guaranty Ltd. (6/30/12)
Net par outstanding ¹	\$534.0
Total investment portfolio ²	\$11.3
Claims-paying resources ³	\$13.0

1. Statutory basis.

2. See pages 40 and 41 for a breakdown of the available-for-sale portfolio.

3. Based on statutory measures. See page 19 for components of claims-paying resources.

Operating Principles and Investor and Issuer Benefits



- **Underwriting principles and a strong risk management culture designed to protect our franchise**
- **Experienced and disciplined management**
- **Commitment to disclosure and transparency**
- **Our guaranty benefits investors and issuers because we provide credit selection, underwriting, surveillance and remediation in addition to timely payment of scheduled principal and interest if underlying transaction defaults**
 - Bond insurance helps homogenize the market's view of insured credits, which typically increases market liquidity
 - Credit enhancement provides protection in an uncertain credit environment

- **Utilize capital efficiently**
- **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**

New Business Production 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**

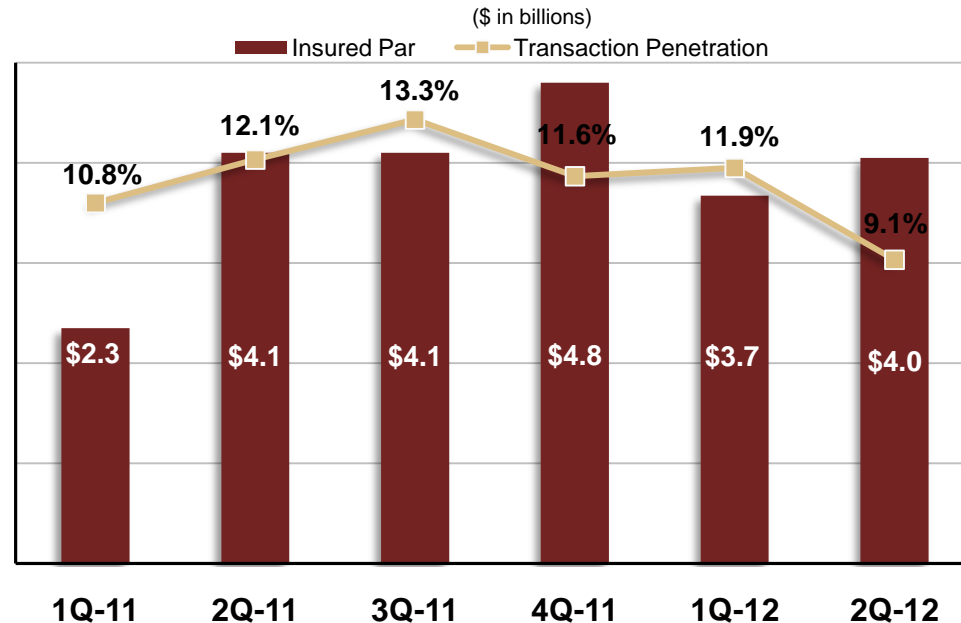
- Secondary market transactions totaled 79 in 2Q-12

- **The low interest rate environment and ratings uncertainty has put some pressure on our market penetration**

- Par penetration for all transactions with underlying A ratings decreased to 10.3% in 2Q-12, down from 19.8% in 2Q-11
 - Accounted for 29.0% of A rated transactions sold in 2Q-12, down from 39.9% in 2Q-11

- **Our penetration for smaller deals remains strong at 9.9% of all transactions under \$25 million**

U.S. New Issue Public Finance Par and Transaction Penetration¹



	1Q-11	2Q-11	3Q-11	4Q-11	1Q-12	2Q-12
Total Par Issued	\$46.7	\$68.1	\$72.5	\$98.7	\$78.2	\$113.3
Total Transactions Issued	1,860	2,796	2,553	2,967	2,953	3,827

1. Source: SDC database, adjusted for underlying rating. As of June 30, 2012.

In 2011, Assured Guaranty Insured Approximately One of Every Eight Municipal New Issues Sold



More Than \$15.2 Billion of Insured Par on 1,228 Transactions Was Sold With Our Insurance¹, Including These Selected Issues

<p>\$92,250,000</p> <p>Sewer Revenue Bonds</p> <p>Allegheny County Sanitary Authority, Pennsylvania</p> <p>August 2011</p>	<p>\$80,385,000</p> <p>Port Facilities Refunding Revenue Bonds</p> <p>Broward County, Florida</p> <p>November 2011</p>	<p>\$69,485,000</p> <p>Student Tuition and Fee Revenue Capital Improvement and Refunding Bonds</p> <p>Board of Trustees of Pulaski Technical College, Arkansas</p> <p>September 2011</p>	<p>\$188,390,000</p> <p>Coastal Account Senior Secured Bonds</p> <p>Citizens Property Insurance Corporation, Florida</p> <p>June 2011</p>	<p>\$106,560,000</p> <p>Water and Sewer Refunding Revenue Bonds</p> <p>City of Cape Coral, Florida</p> <p>November 2011</p>
<p>\$238,080,000</p> <p>Taxable Airport Revenue Bonds</p> <p>City of San Jose, California</p> <p>December 2011</p>	<p>\$210,000,000</p> <p>Public Improvement Refunding Bonds (General Obligation Bonds)</p> <p>Commonwealth of Puerto Rico</p> <p>March 2011</p>	<p>\$114,995,000</p> <p>Taxable Pension Obligation Bonds</p> <p>County of Sacramento, California</p> <p>September 2011</p>	<p>\$109,475,000</p> <p>Water Revenue Refunding Bonds</p> <p>Cucamonga Valley Water District, California</p> <p>August 2011</p>	<p>\$122,000,000</p> <p>School District Revenue Bond Financing Program Revenue Bonds</p> <p>Dormitory Authority of the State of New York</p> <p>November 2011</p>
<p>\$69,585,000</p> <p>Hospital Revenue and Refunding Bonds (West Jefferson Medical Center)</p> <p>Jefferson Parish Hospital District No. 1, Louisiana</p> <p>September 2011</p>	<p>\$156,395,000</p> <p>Subordinated Revenue Bonds (Pyramid and Pinch District Redevelopment Project)</p> <p>Memphis Center City Revenue Finance Corporation, Tennessee</p> <p>September 2011</p>	<p>\$81,100,000</p> <p>Water System Revenue Bonds</p> <p>North Fort Bend Water Authority, Texas</p> <p>October 2011</p>	<p>\$95,550,000</p> <p>General Improvement Refunding Bonds</p> <p>Regional Transportation Authority, Illinois</p> <p>September 2011</p>	<p>\$94,695,000</p> <p>Hospital Refunding Revenue Bonds (Palmetto Health)</p> <p>South Carolina Jobs-Economic Development Authority</p> <p>April 2011</p>

1. Amounts are on a sale-date basis and reflect only those series insured by Assured Guaranty Municipal Corp. ("AGM") or Assured Guaranty Corp. ("AGC").

The Fundamental Demand for Bond Insurance Continues in 2012

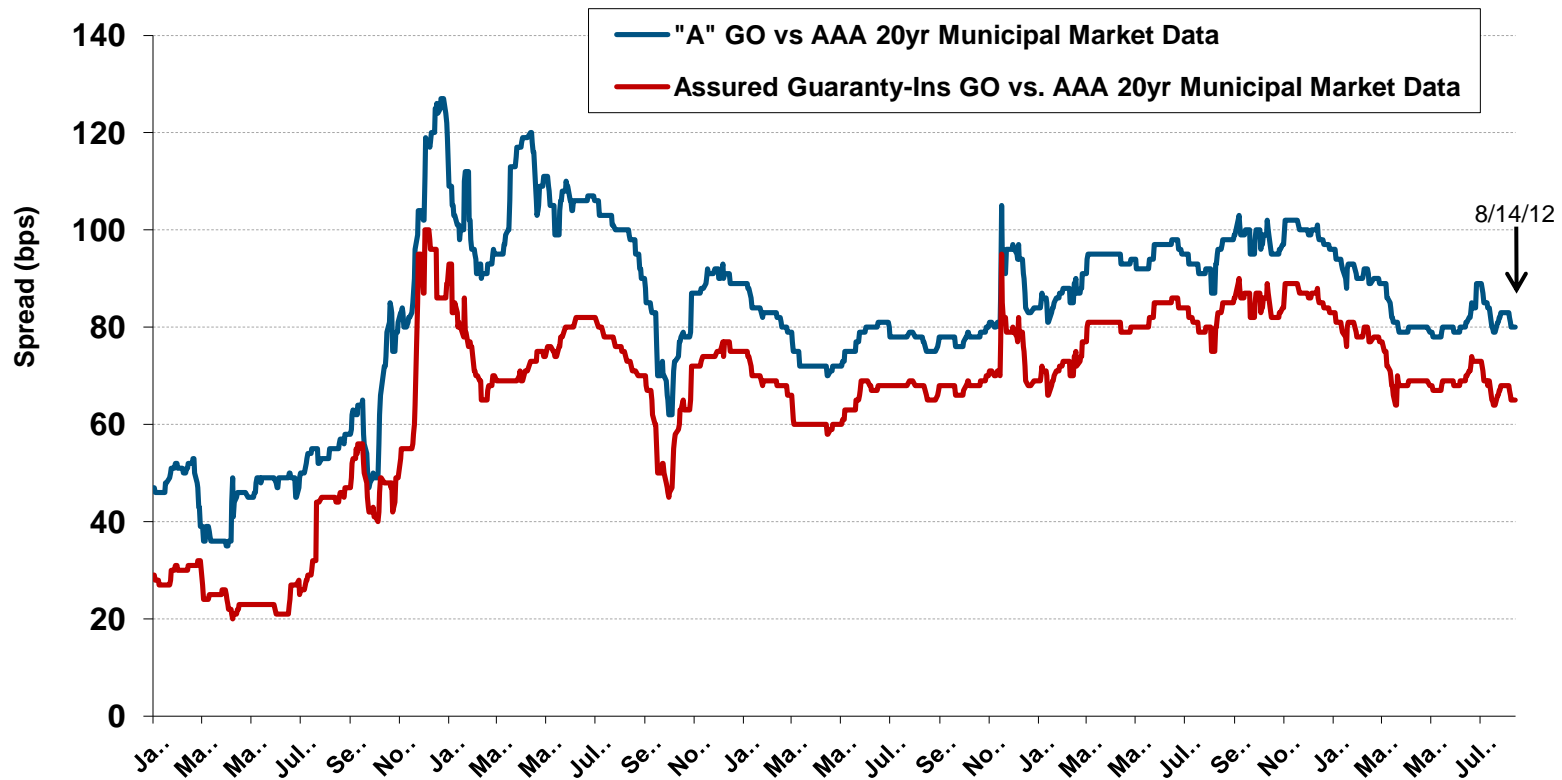


Across a Range of Sectors, \$8.8 Billion of Insured Par on More Than 800 Transactions Was Sold With Our Insurance¹, Including These Selected Issues

<p>\$72,000,324</p> <p>General Obligation Bonds</p> <p>Centinela Valley Union High School District, California</p> <p>May 2012</p>	<p>\$45,895,000</p> <p>Utility System Revenue Bonds</p> <p>City of Boynton Beach, Florida</p> <p>January 2012</p>	<p>\$90,000,000</p> <p>Airport System Revenue Bonds</p> <p>City of Cleveland, Ohio</p> <p>February 2012</p>	<p>\$55,900,000</p> <p>General Obligation Bonds</p> <p>City of Lancaster, Pennsylvania</p> <p>March 2012</p>	<p>\$87,000,000</p> <p>Healthcare Facilities Revenue Bonds, Series 2012 (Christ Hospital)</p> <p>County of Hamilton, Ohio</p> <p>June 2012</p>
<p>\$55,000,000</p> <p>Certificates of Participation (County Judicial Complex Project)</p> <p>City of Pueblo, Colorado</p> <p>February 2012</p>	<p>\$51,675,000</p> <p>Transportation Sales Tax Revenue Bonds</p> <p>County of Utah, Utah</p> <p>January 2012</p>	<p>\$71,900,000</p> <p>School Infrastructure Sales, Services and Use Tax Revenue Bonds</p> <p>Des Moines Independent Community School District, Iowa</p> <p>May 2012</p>	<p>\$67,800,000</p> <p>Residential Revenue Bonds (College of Staten Island Residences)</p> <p>New York City Housing Development Corporation, New York</p> <p>February 2012</p>	<p>\$46,865,000</p> <p>General Airport Revenue Bonds, Refunding Series 2012A & B</p> <p>City of Manchester, New Hampshire</p> <p>June 2012</p>
<p>\$47,740,000</p> <p>Revenue Bonds (Sacred Heart University)</p> <p>State of Connecticut Health and Educational Facilities Authority</p> <p>January 2012</p>	<p>\$90,000,000</p> <p>General Obligation Bonds</p> <p>State of Illinois</p> <p>May 2012</p>	<p>\$47,430,000</p> <p>Revenue Bonds (Aurora Health Care)</p> <p>State of Wisconsin Health and Education Facilities Authority</p> <p>January 2012</p>	<p>\$59,390,000</p> <p>General Obligation Corporate Purpose Bonds</p> <p>Village of Rosemont, Illinois</p> <p>March 2012</p>	<p>\$75,490,000</p> <p>School District Revenue Bond Financing Program Revenue Bonds, Series 2012A, D & E</p> <p>Dormitory Authority of the State of New York</p> <p>May 2012</p>

1. Sales from January 1 through August 15, 2012. Amounts are on a sale-date basis and reflect only those series insured by AGM or AGC.

Current U.S. Municipal Operating Environment Is Challenging



- Lower yields have led to tighter credit spreads
- Despite the lower yield environment and ratings volatility, Assured Guaranty has continued to offer spread savings for “A” rated credits

Broadening Market Awareness



FACT SHEET

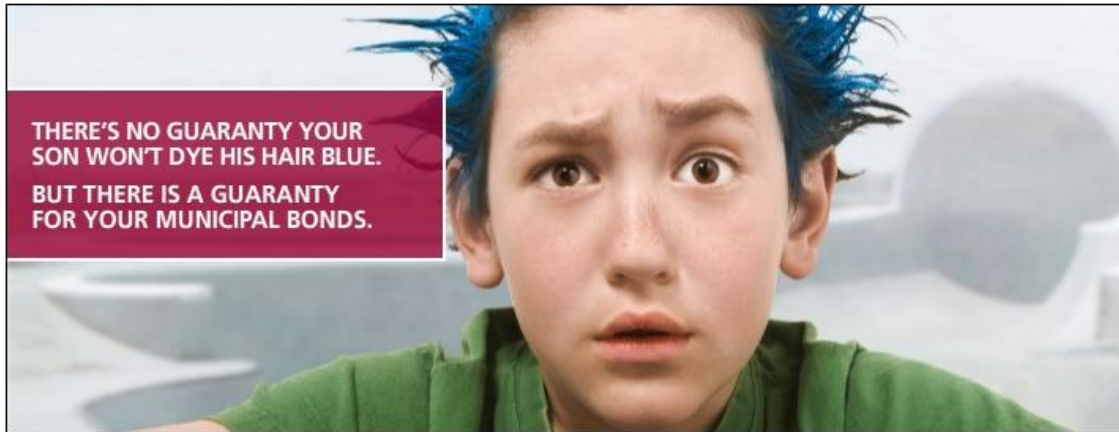
FAQ

VIDEO

RADIO

CONTACTS

ASSUREDGUARANTY.COM



Info for Financial Advisors

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

Get all the basics on municipal bond insurance >>

Learn how you can get AGM bond insurance over TheMuniCenter.com >>

CEO Interview



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

Radio

Listen to the Assured Guaranty radio commercials >>

thinkassuredguaranty.com

New Business Production

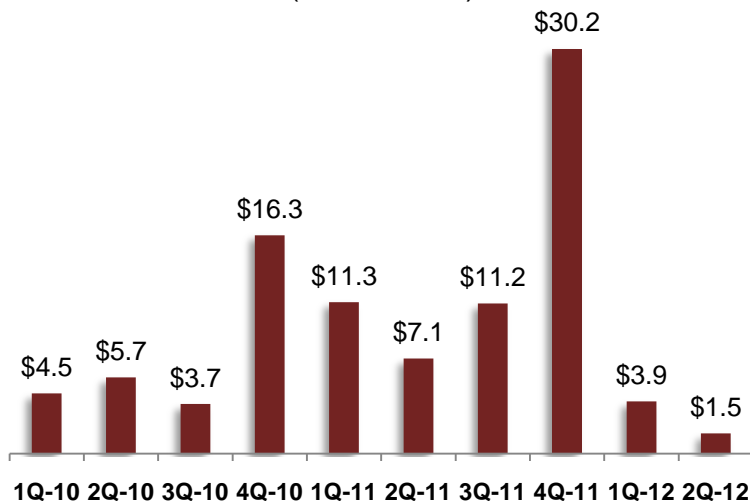
U.S. Structured Finance & International Business Activity



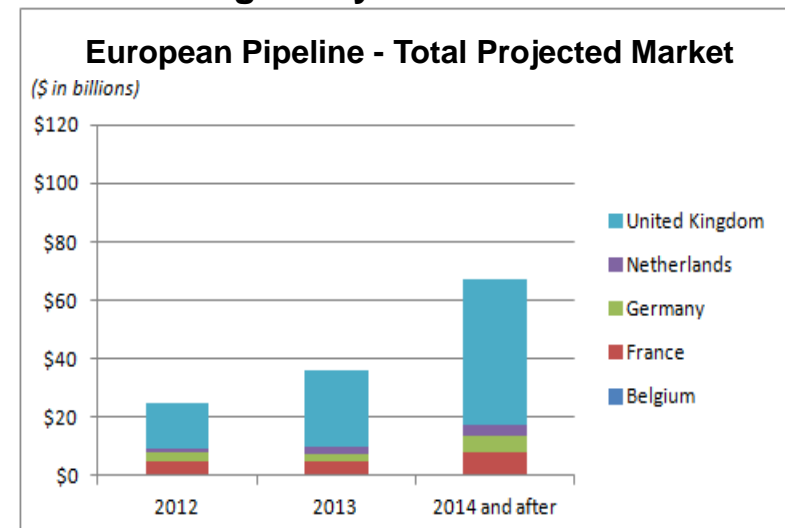
- 2Q-12 PVP was \$1.5 million
- New business production tends to fluctuate as large, complex transactions require a long time frame

U.S. Structured Finance PVP¹

(\$ in millions)



- Closed Worcestershire Royal Hospital transaction in 4Q-11, our first significant international transaction in over two years
 - Prototype for other guarantor replacement transactions
 - Significant increase in inquiries
- Our future pipeline should benefit from increased issuance, as well as new regulations, such as Basel III, that may limit the lending ability of banks



Source: InfraNews

1. New business production ("PVP") is a non-GAAP financial measure. Please see the appendix for a reconciliation of new business production to gross written premiums ("GWP").

New Business Production Reinsurance Platform



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

- Reassumed \$2.9 billion of par in 2009
- Reassumed \$15.5 billion of par in 2010
- Reassumed \$0.3 billion of par in 2011
- Reassumed \$19.1 billion of par YTD-2012²

- **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 June 30, 2012

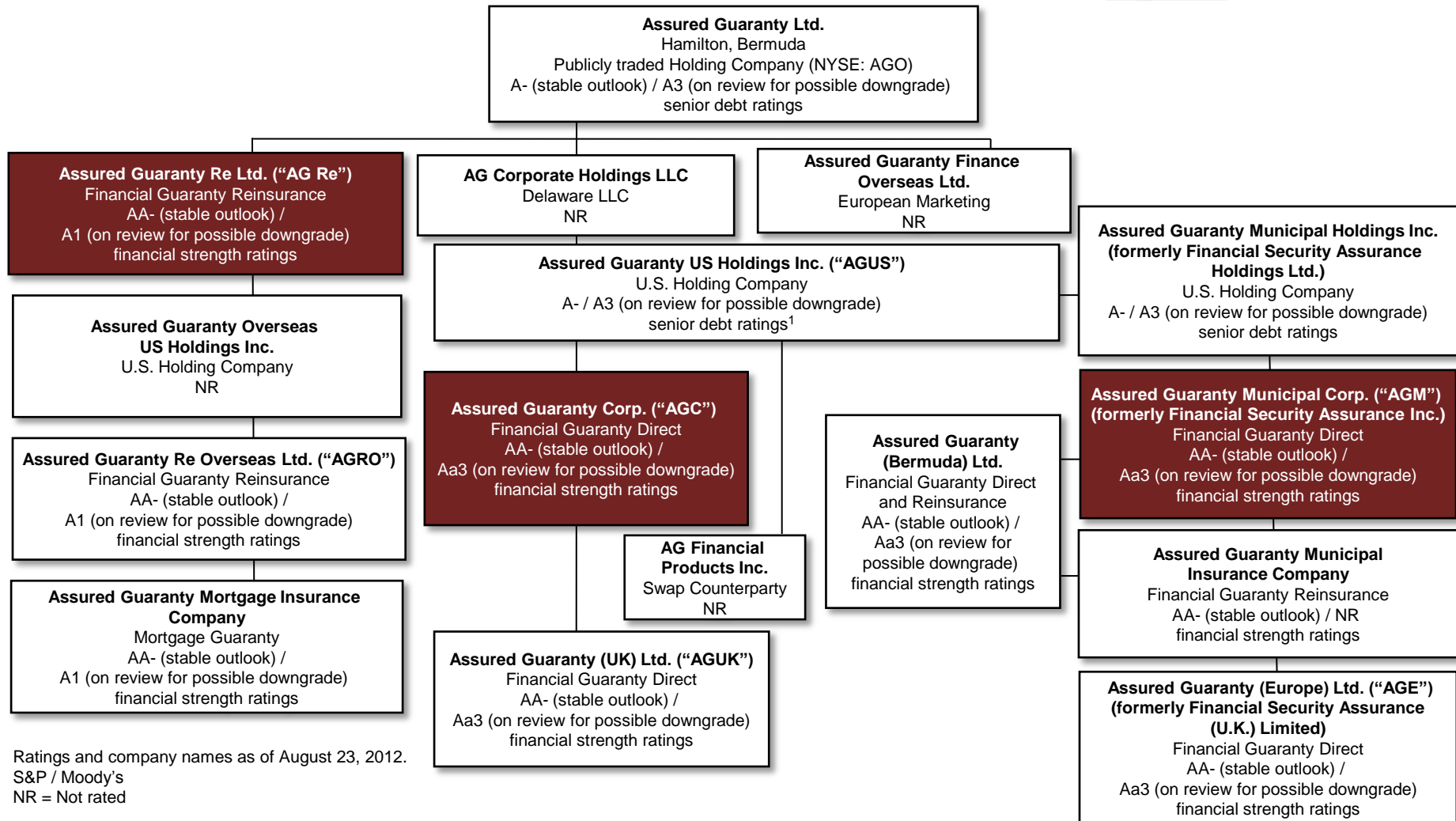
(\$ in millions)	Net Par Outstanding
American Overseas Re (formerly RAM Re)	\$10,716
Tokio Marine	8,995
Radian	5,441
Syncora	4,082
Mitsui	2,294
Others	2,462
Total³	\$33,990

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

2. Through June 30, 2012.

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

Assured Guaranty Ltd. Corporate Structure



Ratings and company names as of August 23, 2012.
S&P / Moody's
NR = Not rated

1. AGUS also owns 100% of the outstanding common stock of Municipal and Infrastructure Assurance Corp., a New York insurance company.

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

- **Companies distinct for legal and regulatory purposes**
 - Separate insured credit exposures: net par – AGM \$307 billion^{1,2}, AGC \$101 billion¹
 - Separate insurance licenses
 - Separate capital bases – claims-paying resources: AGM \$6.8 billion, AGC \$3.9 billion³
 - Separate regulators – AGM is domiciled in New York; AGC is domiciled in Maryland
 - Dividend restrictions – including Maryland and New York insurance law restrictions

1. Statutory basis.

2. Includes \$4.2 billion of GICs (see footnote 1 on page 51).

3. In 2009, AGC issued a \$300 million note payable to AGM

Four Discrete Operating Companies With Separate Capital Bases



Consolidated Claims-Paying Resources and Statutory-Basis Exposures

As of June 30, 2012

(\$ in millions)	Assured Guaranty Municipal Corp.	Assured Guaranty Corp.	Assured Guaranty Re Ltd. ¹	Municipal and Infrastructure Assurance Corp. ²	Eliminations ³	Consolidated
Claims-paying resources						
Policyholders' surplus	\$ 1,034	\$ 947	\$ 1,112	\$ 76	\$ (300)	\$ 2,869
Contingency reserve	2,135	766	-	-	-	2,901
Qualified statutory capital	3,169	1,713	1,112	76	(300)	5,770
Unearned premium reserve	2,205	804	1,019	-	-	4,028
Loss and loss adjustment expense reserves ^{4,5}	333	353	345	-	-	1,031
Total policyholders' surplus and reserves	5,707	2,870	2,476	76	(300)	10,829
Present value of installment premium ⁵	487	375	229	-	-	1,091
Standby line of credit/stop loss	200	200	200	-	-	600
Excess of loss reinsurance facility	435	435	-	-	(435)	435
Total claims-paying resources	\$ 6,829	\$ 3,880	\$ 2,905	\$ 76	\$ (735)	\$ 12,955
Net par outstanding ⁶	\$ 306,981	\$ 100,607	\$ 127,962	\$ -	\$ (1,543)	\$ 534,007
Net debt service outstanding ⁶	\$ 464,022	\$ 147,993	\$ 206,225	\$ -	\$ (3,645)	\$ 814,595
Ratios:						
Net par outstanding to qualified statutory capital	97:1	59:1	115:1	N/A		94:1
Capital ratio ⁷	146:1	86:1	185:1	N/A		143:1
Financial resources ratio ⁸	68:1	38:1	71:1	N/A		63:1

1. AG Re's numbers are the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities.

2. Assured Guaranty US Holdings Inc. acquired Municipal and Infrastructure Assurance Corporation ("MIAC"), a New York insurance company, from Radian Asset Assurance Inc. on May 31, 2012. As of June 30, 2012, MIAC had not written any business.

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

4. Reserves are reduced by approximately \$1.4 billion for benefit related to representation and warranty recoverables.

5. Includes financial guaranty insurance and credit derivatives.

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.

- **Assured Guaranty has the highest financial strength ratings of any active financial guaranty insurer today:**

- On March 20, 2012, Moody’s stated that it had placed the ratings of Assured Guaranty on review for possible downgrade, including the “Aa3” ratings of AGM and AGC. We believe that if Moody’s applies its detailed, published rating criteria for bond insurers, AGM and AGC’s ratings should remain in the Aa category.
- On November 30, 2011, S&P changed the financial strength ratings of AGM and AGC to AA- (Stable Outlook) from AA+ (CreditWatch Negative) and AG Re to AA- (Stable Outlook) from AA (CreditWatch Negative). This was based on S&P’s new bond insurance rating criteria. Our AA- stable ratings result in us maintaining some of the highest S&P ratings for a company in the financial sector.

Financial Strength Ratings

As of August 23, 2012

	Moody’s	S&P
AGM	Aa3 on review for possible downgrade	AA- stable outlook
AGC	Aa3 on review for possible downgrade	AA- stable outlook

- **On March 20, 2012, Moody's placed the Insurance Financial Strength ratings of AGM, AGC, and AGRe on review for possible downgrade**
 - Moody's cited reduced demand for financial guaranties, weaker margins on new business, an increase in BIG exposures, and future increase in defaults by municipal issuers as justification for their review¹
- **Despite various ratings actions, penetration of our current target market (issuers with underlying ratings of A) has not changed materially**
 - During 2011, we insured 1,228 individual transactions and \$15.2 billion of par, representing over 12% of all municipal transactions brought to the market in 2011
 - S&P stated on July 23, 2012 that demand for bond insurance could increase, with the industry insuring 20% to 30% of new issuance in the municipal market in the future²
- **AGM received a higher average premium rate (65 bps) on insurance of newly issued U.S. municipal bonds in the first half of 2012 than in 2006 (36.9 bps)**
 - S&P cited our ability to underwrite in many public-finance sectors across risk categories as a strength in our ability to capitalize on growth trends and pricing opportunities²
- **Our total BIG exposure (\$24.8 billion) is approximately the same as it was when Moody's last reviewed us in 2009 (\$24.0 billion), and our claims-paying resources have increased**
- **Defaults by municipal issuers remain rare**
 - Moody's published a statement two weeks after placing Assured Guaranty operating subsidiaries on review that municipal defaults will remain "infrequent and isolated events"³
 - S&P predicted no significant increase in the number of municipalities seeking bankruptcy²

1. For additional information, please see "Response to Moody's March 20, 2012 Announcement Concerning Assured Guaranty's Ratings" on our website.

2. For additional information, please see "The U.S. Bond Insurance Industry Is On A Path To Reemergence, But Of A Different Profile" at <http://www.standardandpoors.com/products-services/RatingsDirect-Global-Credit-Portal/en/us>.

3. Moody's "Special Comment on U.S. Bond Defaults and Recoveries, 1970-2011".

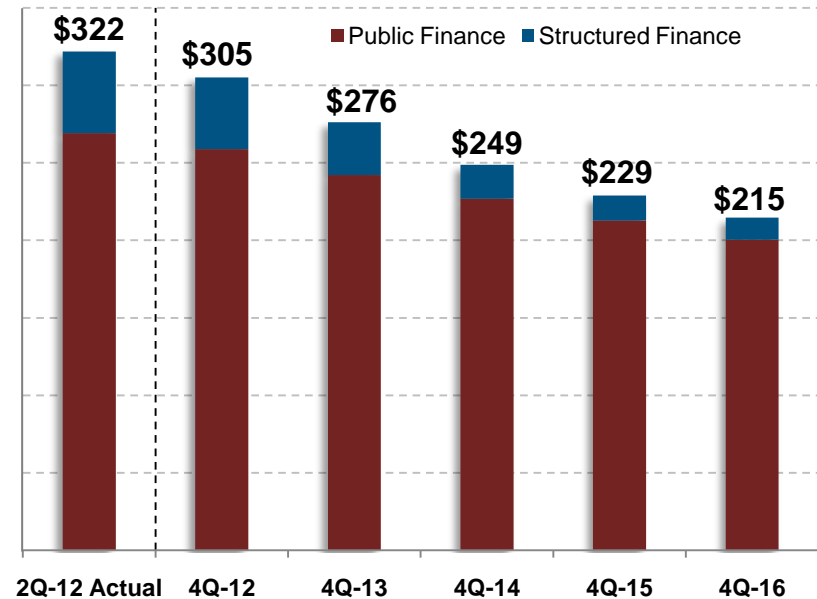
AGM's Commitment to the Public Finance Market



- **We are committed to writing only U.S. public finance and global infrastructure transactions in AGM now and in the future.¹**
- **AGM's existing insured portfolio is expected to rapidly evolve toward its public finance focus.**
- **We project that AGM's legacy global structured finance insured portfolio (\$53 billion as of June 30, 2012 vs. \$127 billion as of September 30, 2008) will run off rapidly – 59% by year-end 2014 and 73% by year-end 2016.²**

AGM Net Par Outstanding Amortization

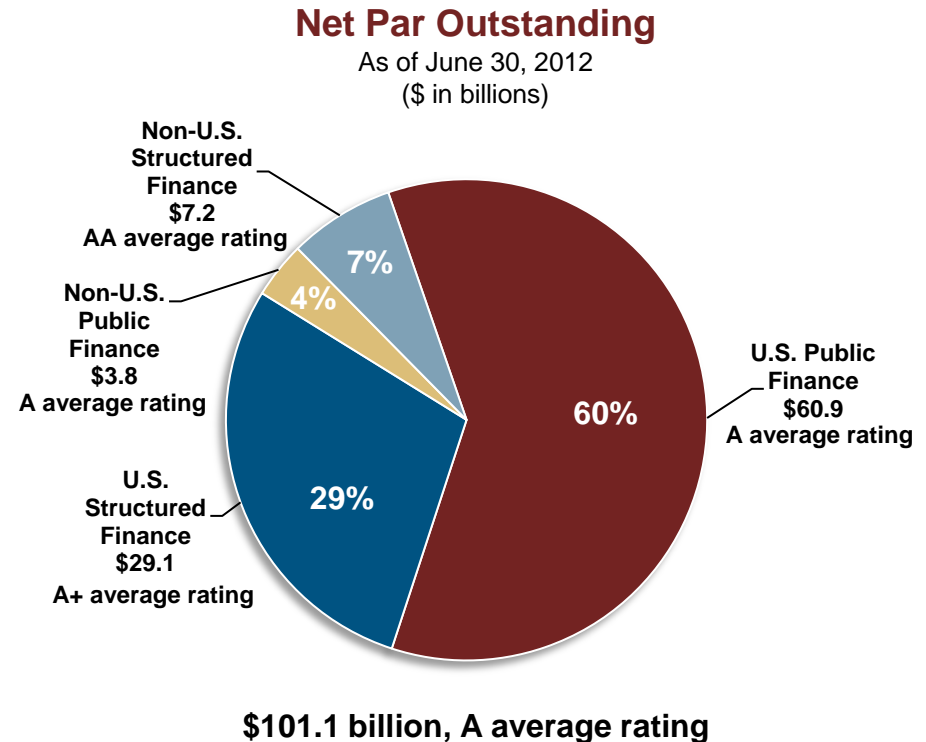
Current and Projected Year-End Amounts
as of June 30, 2012
(\$ in billions)



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

2. Represents the future expected amortization of current net par outstanding as of June 30, 2012. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (1) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of U.S. public finance refundings), and (2) the expected amortization of structured finance transactions is based in part on management's assumptions regarding the performance of the underlying assets while the actual performance of those assets may differ from management's assumptions. Actual amortization of the U.S. public and global infrastructure finance portfolio and the structured finance portfolio may be faster or slower than expected by management, both portfolios may differ in the same direction and one portfolio may amortize more quickly while the other may amortize more slowly.

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



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

Pursuing Loss Mitigation Strategies

R&W Activity



- **The cumulative total (gross of reinsurance) of settlement receipts and commitments and R&W putbacks and putback commitments was approximately \$2.8 billion.¹ 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; reimbursement² of 80% of paid losses on 21 first lien transactions until collateral losses in those securitizations equal \$6.6 billion; as of June 30, 2012, collateral losses were expected to be \$5.2 billion
- **An agreement was reached with Deutsche Bank on May 8, 2012, in which we resolved our claims on 8 RMBS transactions as to which we had issued financial guaranties**
 - \$166 million cash payment; reimbursement³ of 80% of FG losses up to \$319 million (which is above current loss expectations) and 85% of FG losses from \$389 million to \$600 million
 - Reimbursement of claims paid on 6 Re-REMIC transactions in an amount based on losses occurring on certain uninsured tranches of the RMBS transactions, at the following rates: for losses on such tranches up to \$141 million (which is above current base-case loss expectations), 60%; for losses on such tranches between \$161 million to \$185 million, 60%; and for losses on such tranches between \$185 million and \$248 million, 100%
- **Pursuing R&W claims against financially viable counterparties**
 - Credit Suisse, Flagstar, First Tennessee, JP Morgan, Nomura, UBS, and others

(\$ in millions)	Future Net R&W Benefit as of		
	June 30, 2012	December 31, 2011	December 31, 2010
Bank of America / Countrywide ²	\$503.7	\$589.1	\$1,049.7
Deutsche Bank included in agreement ^{3,4}	168.5	-	-
Other R&W	781.4	1,051.7	621.0
Total	\$1,453.6	\$1,649.8	\$1,670.7

1. Includes future benefits covered under our agreements with Bank of America/Countrywide and Deutsche Bank.

2. As of June 30, 2012, Bank of America had placed approximately \$1.0 billion 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.

3. As of June 30, 2012, Deutsche Bank AG had placed approximately \$282.7 million of eligible assets in trust in order to collateralize the obligations of a reinsurance affiliate under the loss-sharing arrangements, and the Deutsche Bank reinsurance affiliate may post additional collateral in the future to satisfy rating agency requirements.

4. Includes only R&W assets in the agreement announced May 10, 2012.

Pursuing Loss Mitigation Strategies

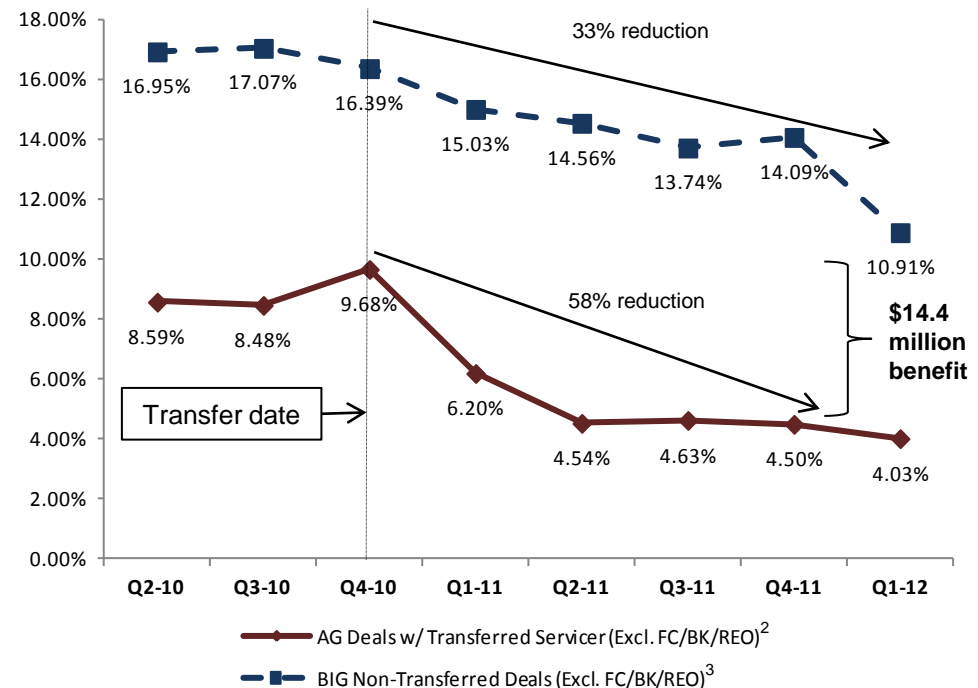
Servicer Replacements



- As of June 30, 2012, approximately \$3.0 billion of gross par outstanding (29 transactions) had been transferred to a new servicer or placed under special servicing arrangements
- In December 2010, we transferred 6 second-lien transactions, which have since shown material improvement when compared to other BIG non-transferred transactions
 - Delinquencies have been reduced by 58% (from 9.68% to 4.03%) vs. the BIG non-transferred reduction of 33% (from 16.39% to 10.91%)
 - The improvement in delinquencies compared with the BIG non-transferred (58% vs. 33%) equates to a reduction of \$14.4 million in delinquent loans

Delinquency Trend Comparison

Transferred Servicer Deals vs. BIG Non-Transferred Deals¹



1. Delinquencies include 30-59 Days, 60-89 Days, and 90+ Days.

2. FC stands for foreclosure, BK stands for bankruptcy and REO stands for Real Estate Owned.

3. BIG non-transferred deals composite includes certain BIG transactions available in CoreLogic (formerly Loan Performance).

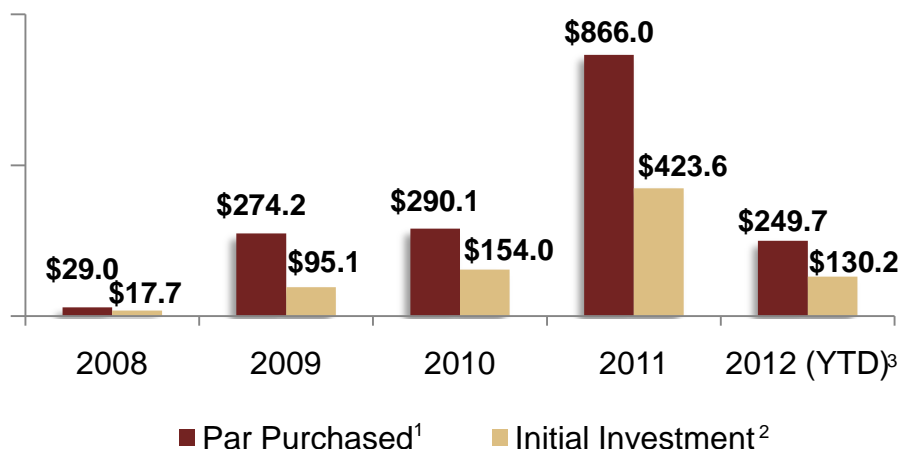
Pursuing Loss Mitigation Strategies: Other Capital Creation or Rating Agency Capital Relief Activities – Bond Purchases



- **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 \$1.7 billion of par on insured securities through June 30, 2012 with an initial purchase price of approximately \$814 million; \$1.5 billion of the purchased par remains outstanding
- **Targeted purchases are BIG securities on which claims are expected to be paid**
 - 82% of all purchases are for RMBS securities
 - Since the start of the wrapped bond purchase program, 74% of purchased insured par for the benefit of AGM, 26% for AGC

Wrapped Bond Purchase Program

(\$ in millions)



1. Par at the time of purchase.

2. Cost of purchase.

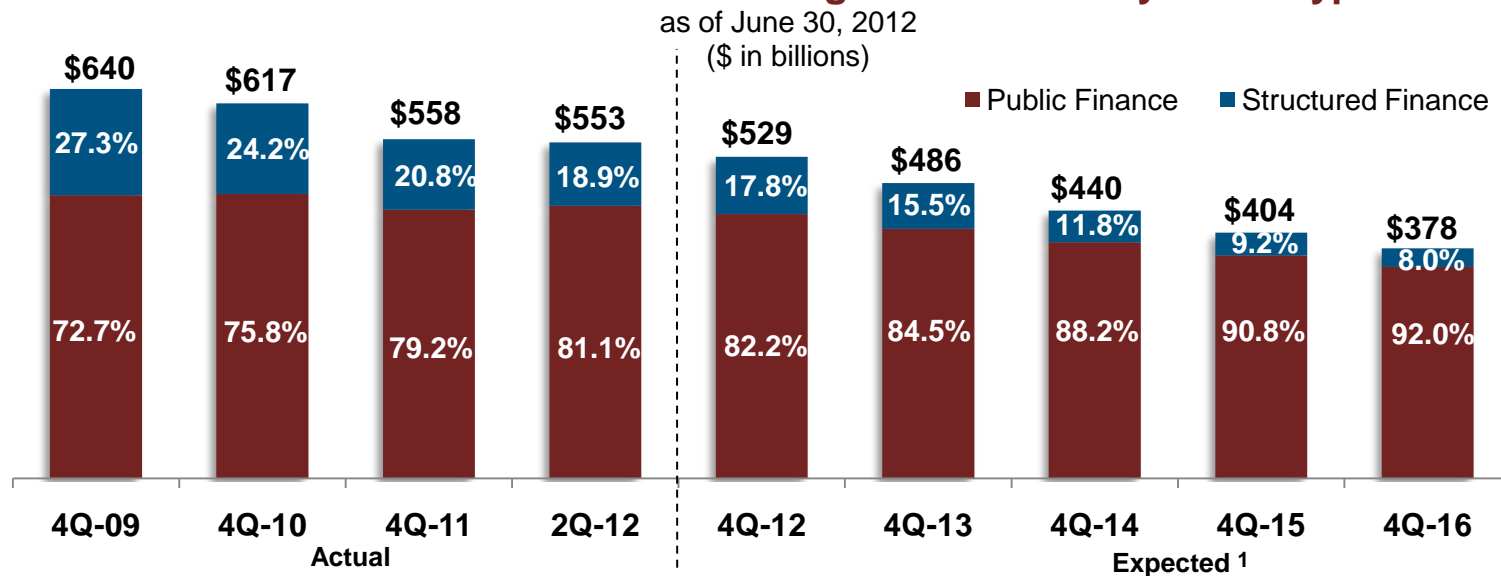
3. Through June 30, 2012.

Insured Portfolio Runoff Also Creates Rating Agency Capital



- **Runoff of the portfolio reduces rating agency capital charges but also embedded future earned premiums**
- **Public finance exposure runs off at a steady rate**
 - \$449 billion outstanding
 - 3% expected to amortize by the end of 2012; 13% by the end of 2014; 22% by the end of 2016¹
- **Structured finance exposure runs off quickly**
 - \$104 billion outstanding
 - 10% expected to amortize by the end of 2012; 50% by the end of 2014; 71% by the end of 2016¹
- **New business originations, either through direct, reinsurance or reassumption, will increase future premiums**

Consolidated Net Par Outstanding Amortization by Asset Type

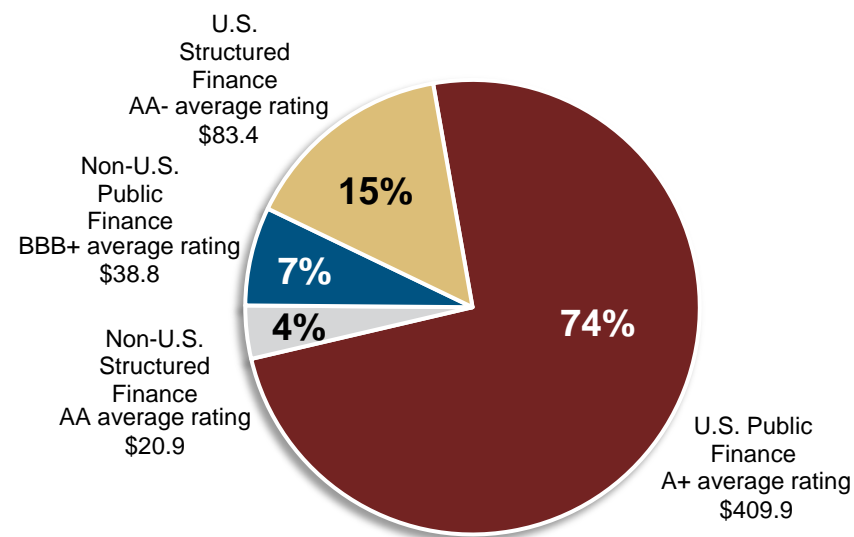


1. See footnote 2 on page 22.

- **Our U.S. public finance portfolio, our largest exposure category, has performed well despite increased financial pressure on municipal obligors caused by the recession**
 - We have tightened our public finance underwriting standards
 - Out of approximately 11,000 direct public finance obligors, we expect future losses to be paid, net of recoveries, on less than a dozen, and in 2Q-12, we made payments on only three
- **Our principal losses in the last three years have been on U.S. RMBS due to the lack of adherence to underwriting standards by mortgage originators**
 - Neither AGM nor AGC underwrote collateralized debt obligations (“CDOs”) backed by RMBS, protecting us from losses on the scale experienced by our former competitors

Consolidated Net Par Outstanding

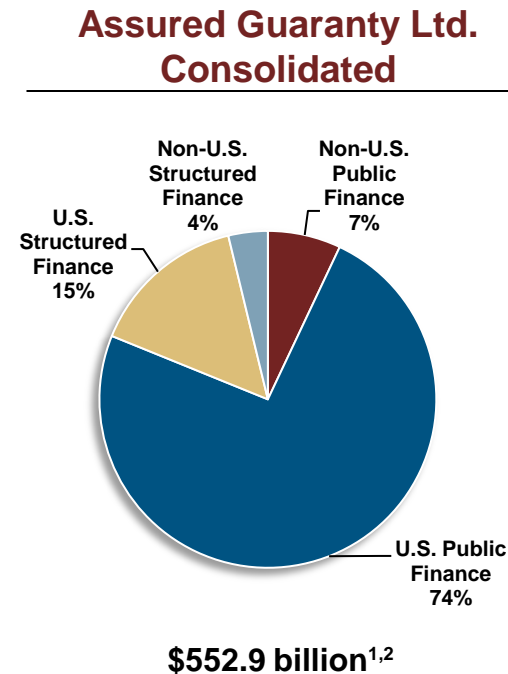
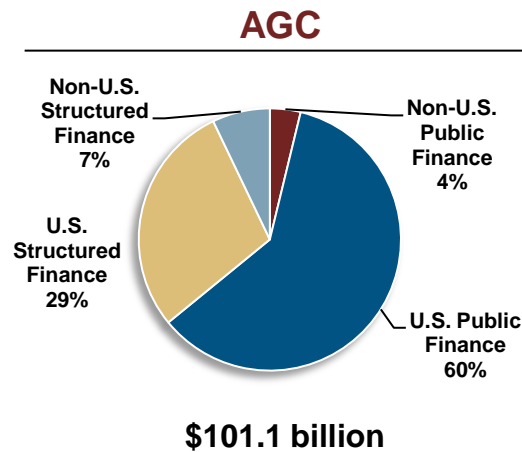
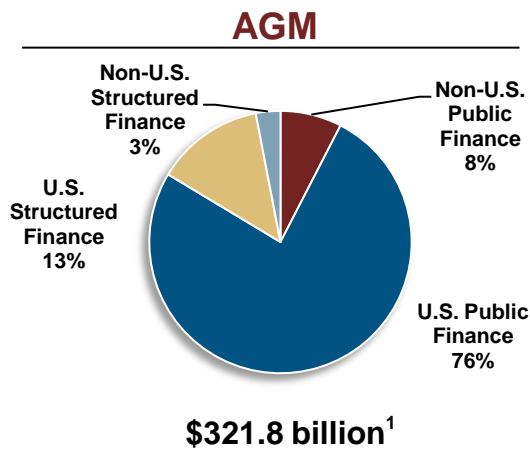
As of June 30, 2012
(\$ in billions)



\$552.9 billion, A+ average rating

Portfolio Diversification by Sector

Net Par Outstanding (as of June 30, 2012)



1. Includes \$4.2 billion of GICs. See footnote on page 51.

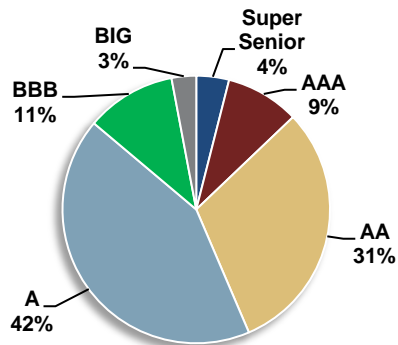
2. Consolidated amounts include those of AG Re.

Portfolio Ratings

Net Par Outstanding (as of June 30, 2012)

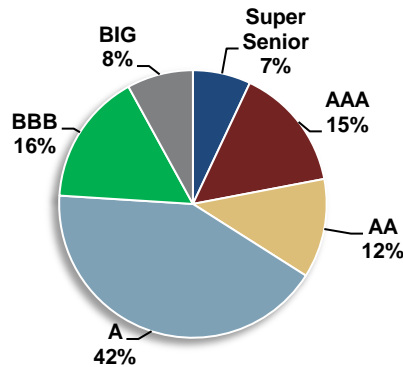


AGM



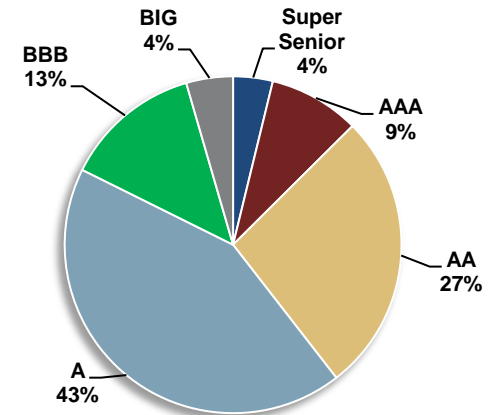
\$321.8 billion¹

AGC



\$101.1 billion

Assured Guaranty Ltd. Consolidated



\$552.9 billion^{1,2}

1. Includes \$4.2 billion of GICs. See footnote on page 51.

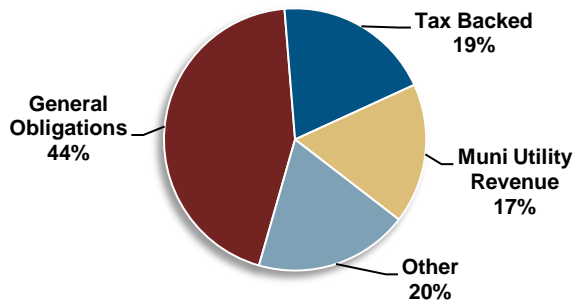
2. Consolidated amounts include those of AG Re.

U.S. Public Finance Portfolios

Net Par Outstanding (as of June 30, 2012)

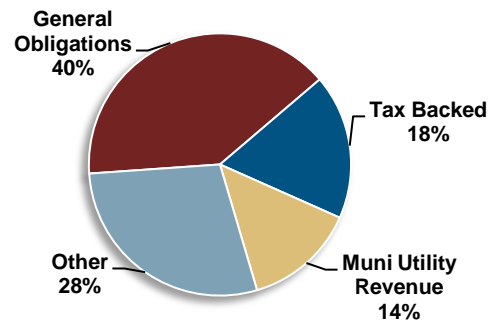


AGM



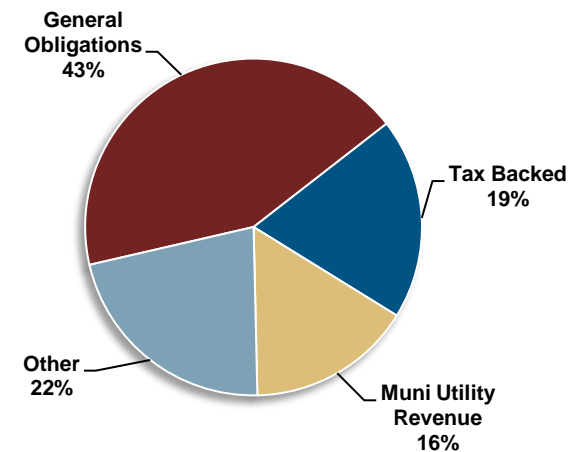
\$244.8 billion

AGC



\$60.9 billion

Assured Guaranty Ltd. Consolidated



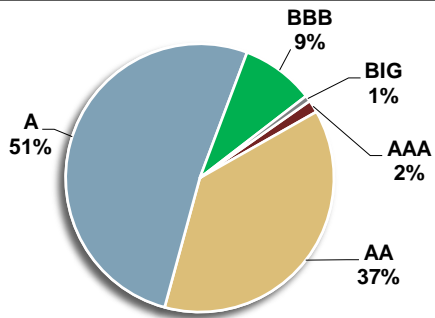
\$409.9 billion¹
(74% of total net par outstanding)

1. Consolidated amounts include those of AG Re.

Portfolio Ratings - U.S. Public Finance Net Par Outstanding (as of June 30, 2012)

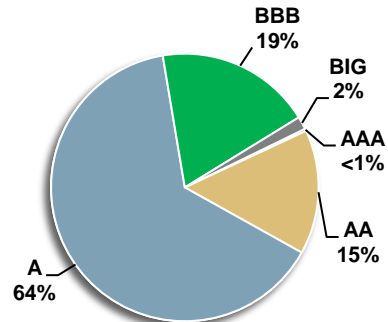


AGM



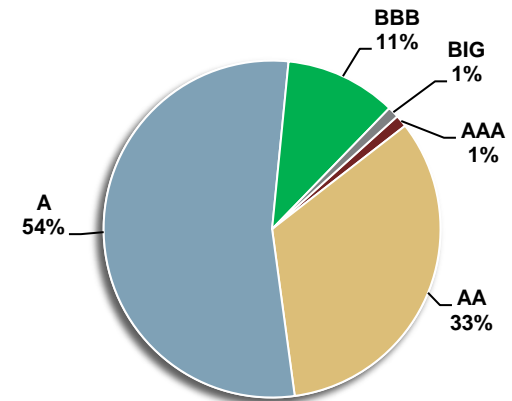
\$244.8 billion

AGC



\$60.9 billion

Assured Guaranty Ltd. Consolidated



\$409.9 billion¹
(74% of total net par outstanding)

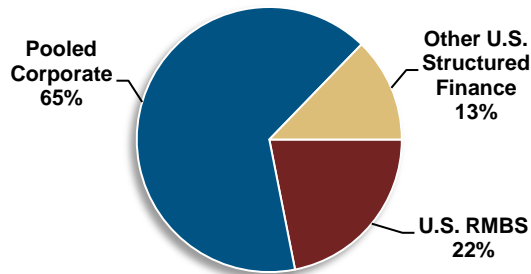
1. Consolidated amounts include those of AG Re.

U.S. Structured Finance Portfolios

Net Par Outstanding (as of June 30, 2012)

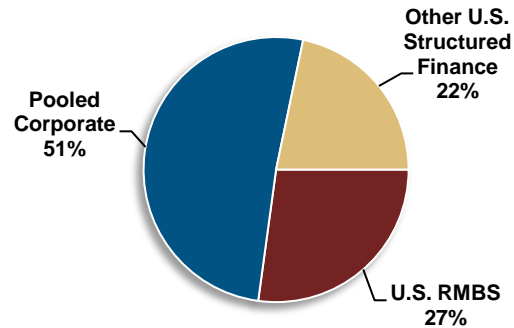


AGM



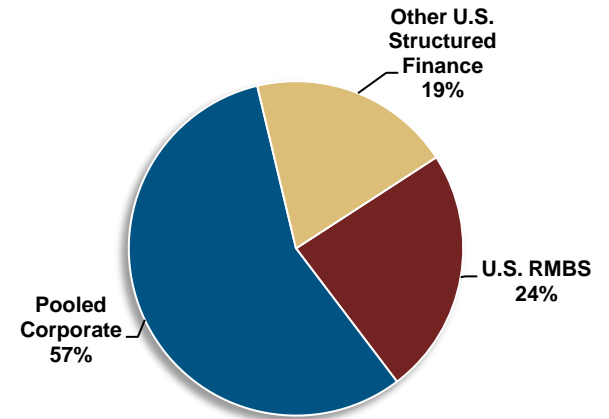
\$43.0 billion¹

AGC



\$29.1 billion

Assured Guaranty Ltd. Consolidated



\$83.4 billion^{1,2}
(15% of total net par outstanding)

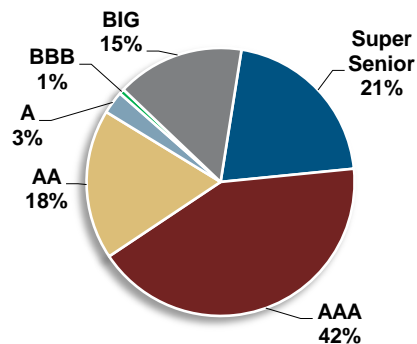
1. Includes \$4.2 billion of GICs. See footnote on page 51.

2. Consolidated amounts include those of AG Re.

Portfolio Ratings – U.S. Structured Finance Net Par Outstanding (as of June 30, 2012)

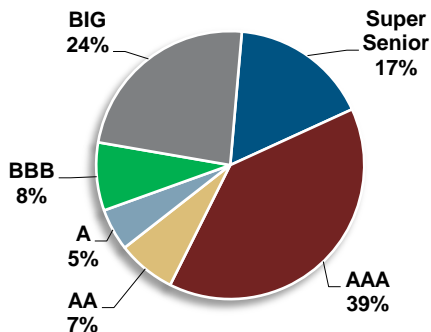


AGM



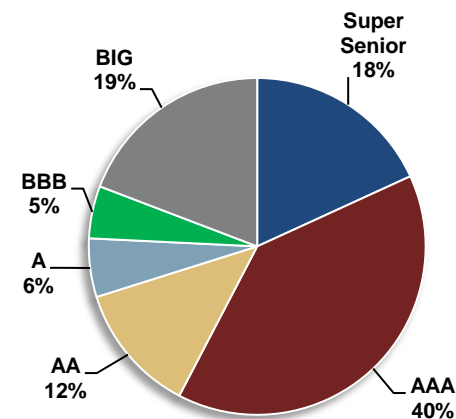
\$43.0 billion¹

AGC



\$29.1 billion

Assured Guaranty Ltd. Consolidated



\$83.4 billion^{1,2}
(15% of total net par outstanding)

1. Includes \$4.2 billion of GICs. See footnote on page 51.

2. Consolidated amounts include those of AG Re.

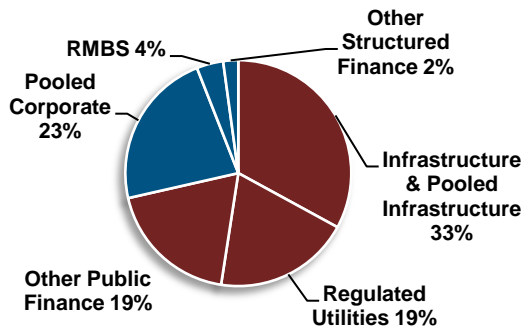
Non-U.S. Portfolios

Public Finance and Structured Finance

Net Par Outstanding (as of June 30, 2012)

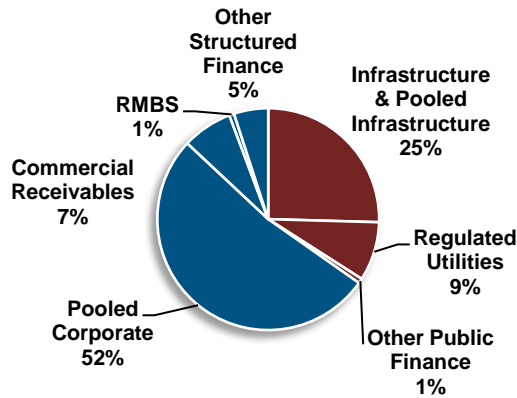


AGM



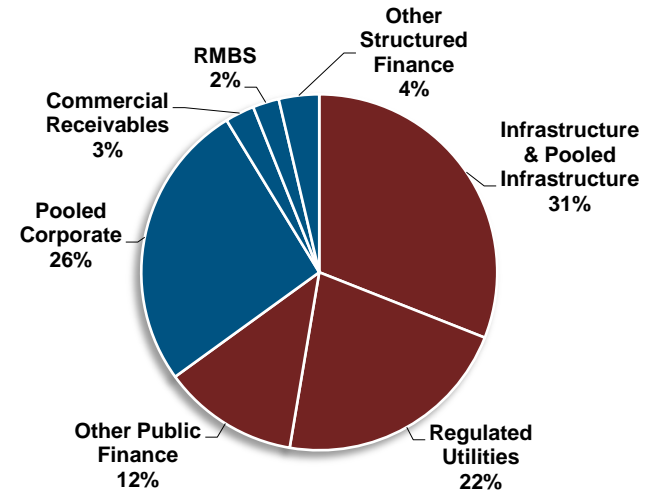
\$34.1 billion

AGC



\$11.0 billion

Assured Guaranty Ltd. Consolidated



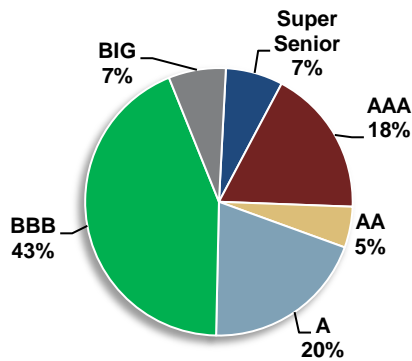
\$59.6 billion¹
(11% of total net par outstanding)

1. Consolidated amounts include those of AG Re.

Portfolio Ratings – Non-U.S. Portfolios Public Finance and Structured Finance Net Par Outstanding (as of June 30, 2012)

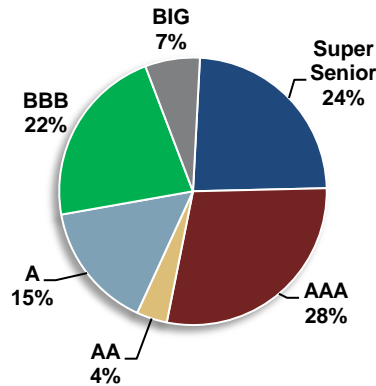


AGM



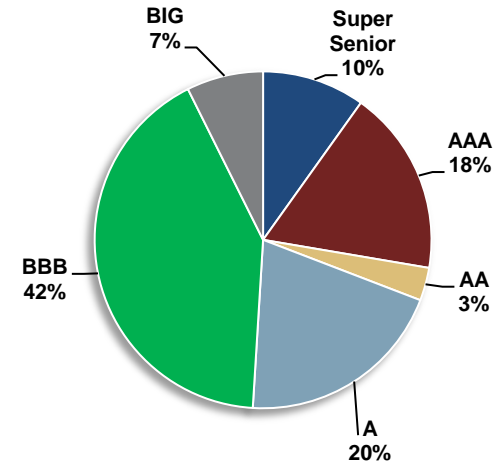
\$34.1 billion

AGC



\$11.0 billion

Assured Guaranty Ltd. Consolidated



\$59.6 billion¹
(11% of total net par outstanding)

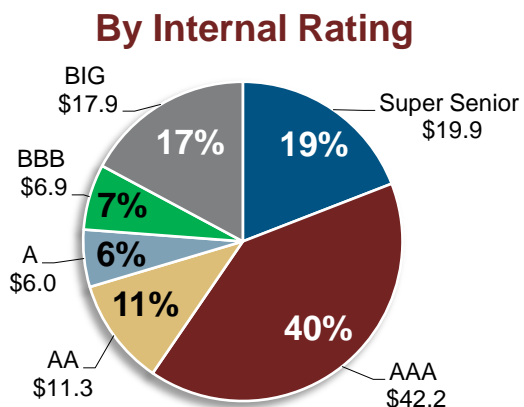
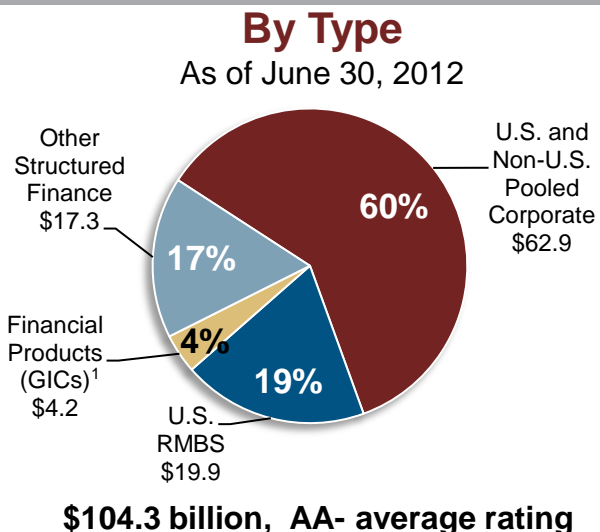
1. Consolidated amounts include those of AG Re.

Structured Finance Exposures

Net Par Outstanding



(\$ in billions)



- **We expect Assured Guaranty's global structured finance insured portfolio (\$104.3 billion as of June 30, 2012) to run off rapidly — 10% by year-end 2012 and 50% by year-end 2014.²**
 - \$62.9 billion in global pooled corporate obligations expected to be reduced by 9% by year-end 2012 and by 59% by year-end 2014
 - \$19.9 billion in U.S. RMBS expected to be reduced by 13% by year-end 2012 and by 43% by year-end 2014
- **Assured Guaranty and AGM's total structured finance exposures of \$240.9 billion at December 31, 2007 had declined by \$136.6 billion to \$104.3 billion through June 30, 2012, a 57% reduction, or approximately \$34 billion per year.**

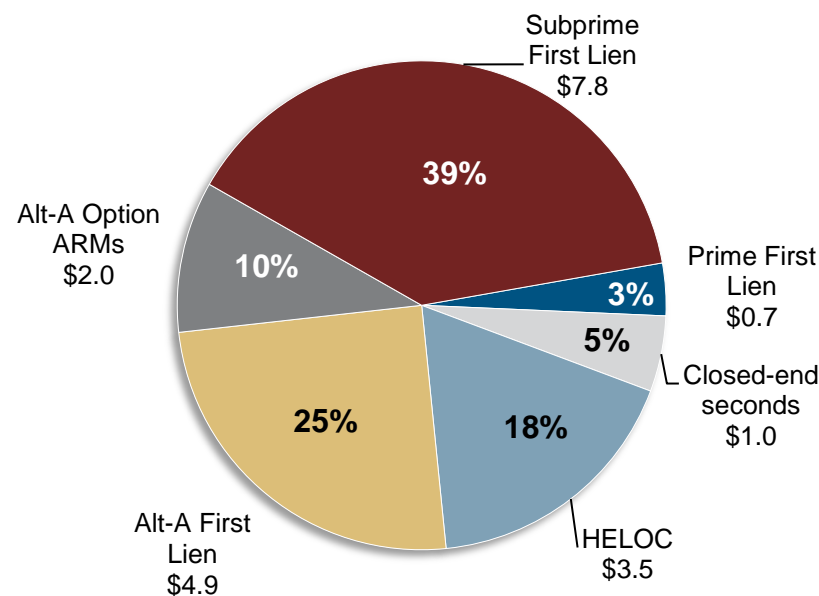
1. See footnote on page 51.

2. See footnote 2 on page 22.

- **Our \$19.9 billion U.S. RMBS portfolio is amortizing on an absolute basis and as a percentage of the portfolio**
 - Total U.S. RMBS has declined from \$29.2 billion at December 31, 2009 to \$19.9 billion at June 30, 2012, a \$9.3 billion or 32% 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 June 30, 2012
(\$ in billions)

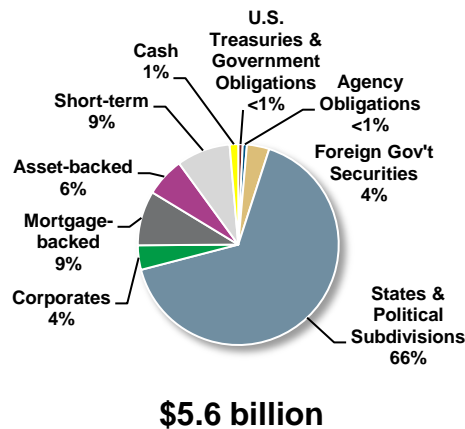


\$19.9 billion
(3.6% of net par outstanding)

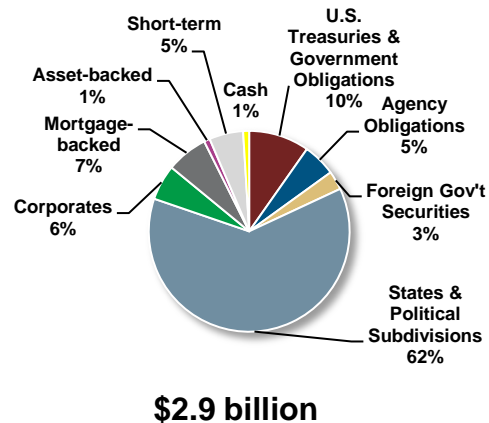
Investments Available for Sale and Cash by Category¹ Fair Value as of June 30, 2012



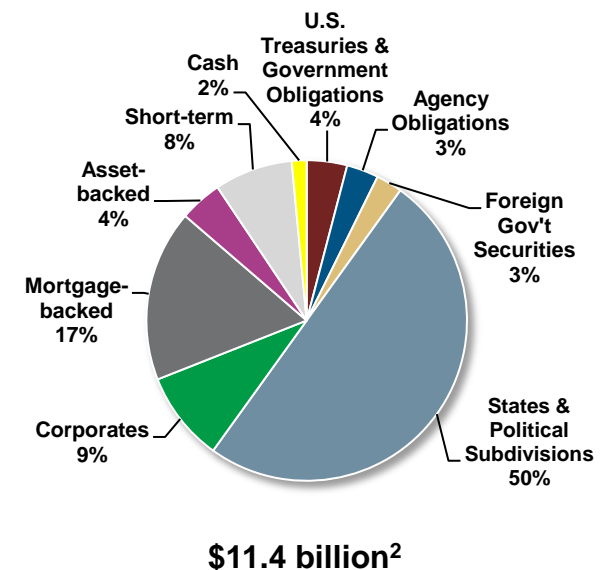
AGM



AGC



Assured Guaranty Ltd. Consolidated

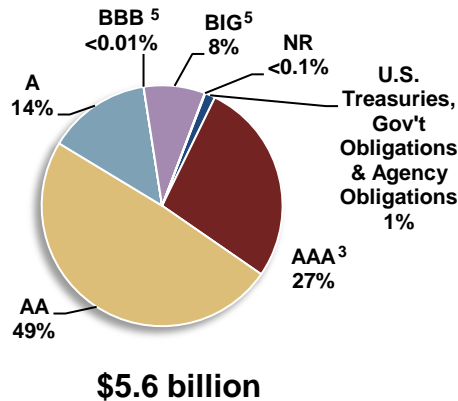


1. Includes fixed maturity securities, short-term investments and cash and excludes other invested assets. Also includes securities purchased or obtained as part of loss mitigation or other risk management strategies, some of which were issued by entities that were subsequently consolidated as VIEs and which are therefore eliminated in consolidation on the balance sheet.
2. Consolidated amounts include those of AG Re.

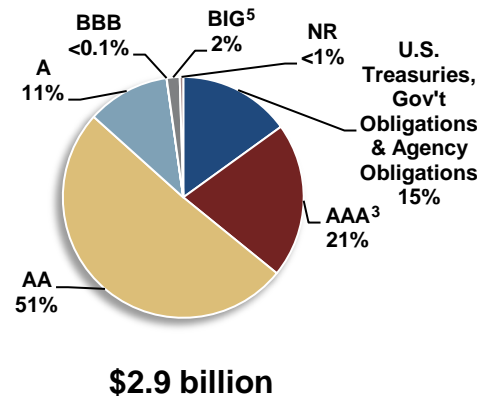
Investments Available for Sale and Cash by Ratings^{1,2} Fair Value as of June 30, 2012



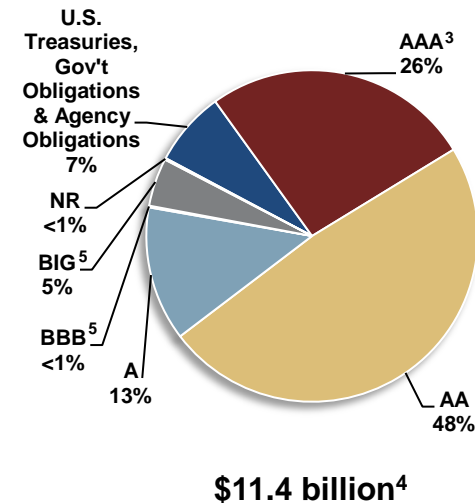
AGM



AGC



Assured Guaranty Ltd. Consolidated



1. Includes fixed maturity securities, short-term investments and cash and excludes other invested assets. Also includes securities purchased or obtained as part of loss mitigation or other risk management strategies, some of which were issued by entities that were subsequently consolidated as VIEs and which are therefore eliminated in consolidation on the balance sheet.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or risk management strategies, which use internal ratings classifications.
3. Includes all short-term securities and cash.
4. Consolidated amounts include those of AG Re.
5. Included in the BBB and BIG categories are securities purchased or obtained as part of loss mitigation or other risk management strategies with carrying values of \$459.4 million at AGM, \$51.5 million at AGC and \$532.4 million consolidated.

Assured Guaranty U.S. RMBS Performance

Option ARMs, Alt-A First Lien and Subprime First Lien



(\$ in millions)

Distribution of Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of June 30, 2012 ¹

U.S. Option ARMs

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 81	21.4%	6.7%	10.8%	32.3%	3
2006	377	43.6%	0.1%	17.7%	50.1%	6
2007	1,396	47.1%	1.9%	18.3%	40.2%	11
2008	82	48.7%	13.9%	13.7%	32.5%	1
	<u>\$ 1,936</u>	<u>45.4%</u>	<u>2.3%</u>	<u>17.7%</u>	<u>41.5%</u>	<u>21</u>

U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 605	31.6%	9.1%	6.5%	19.6%	21
2006	401	37.3%	0.0%	18.6%	39.6%	7
2007	2,462	47.3%	3.6%	14.2%	33.2%	12
2008	1,360	44.1%	20.8%	14.1%	29.5%	5
	<u>\$ 4,828</u>	<u>43.6%</u>	<u>8.8%</u>	<u>13.6%</u>	<u>31.0%</u>	<u>45</u>

U.S. Subprime First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 215	38.9%	26.3%	6.3%	34.2%	4
2006	3,255	21.0%	61.9%	17.5%	36.0%	4
2007	2,724	48.6%	18.8%	21.2%	45.5%	13
2008	79	60.6%	24.2%	15.9%	31.2%	1
	<u>\$ 6,274</u>	<u>34.1%</u>	<u>41.5%</u>	<u>18.7%</u>	<u>40.0%</u>	<u>22</u>

1. See page 4 for descriptions of performance information.

Assured Guaranty U.S. RMBS Performance

HELOC and Closed-End Seconds



(\$ in millions)

Distribution of Direct U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of June 30, 2012 ¹

U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 747	16.0%	2.9%	16.0%	11.4%	6
2006	1,017	25.5%	3.0%	35.2%	8.8%	7
2007	1,421	40.6%	3.1%	30.6%	6.6%	9
2008	-	-	-	-	-	-
	<u>\$ 3,184</u>	<u>30.0%</u>	<u>3.0%</u>	<u>28.7%</u>	<u>8.4%</u>	<u>22</u>

U.S. Closed End Seconds

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	432	13.7%	-	61.9%	9.9%	2
2007	555	16.2%	-	68.0%	8.7%	10
2008	-	-	-	-	-	-
	<u>\$ 986</u>	<u>15.1%</u>	<u>-</u>	<u>65.3%</u>	<u>9.2%</u>	<u>12</u>

1. See page 4 for descriptions of performance information.

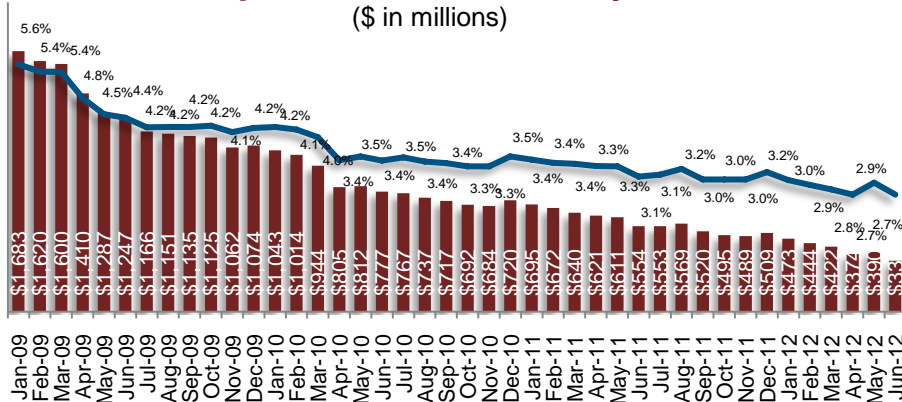
First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions Originated 2005-2008



Option-ARMs 30-59 Days

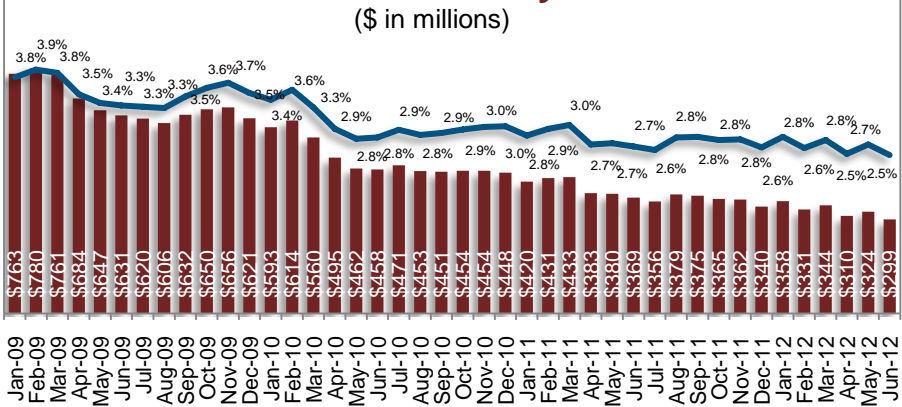
(\$ in millions)



- First lien 30-59 day delinquencies are down since January 2009 in both percentage terms and dollar amounts in Option ARM, Alt-A and subprime transactions.

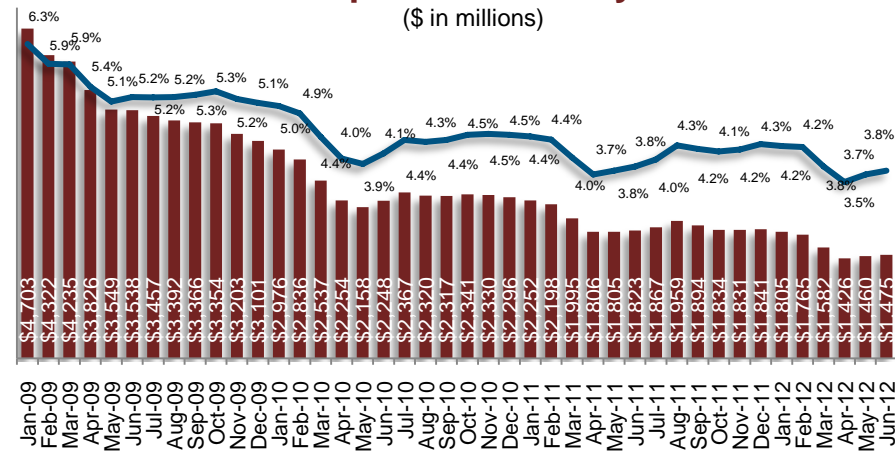
Alt-A 30-59 Days

(\$ in millions)



Subprime 30-59 Days¹

(\$ in millions)



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

1. Excludes one transaction with approximately \$80 million of net par outstanding.

Second Lien Delinquencies

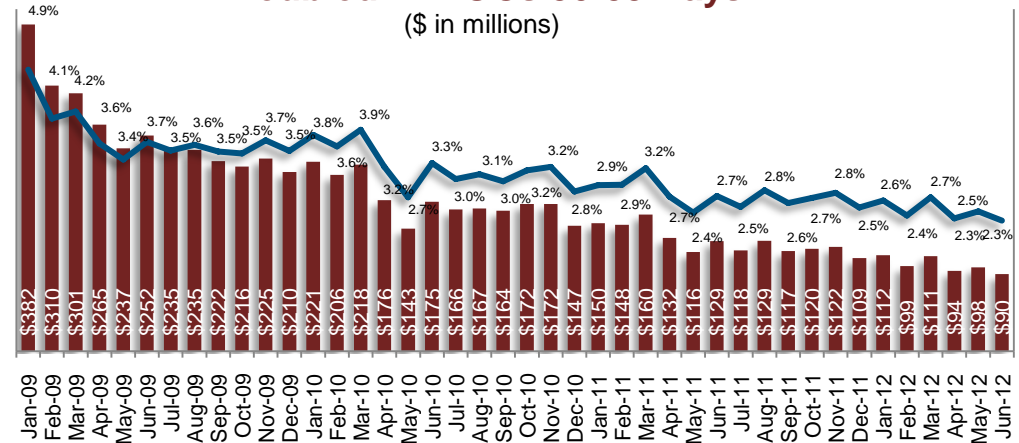
For Financial Guaranty Direct Transactions Originated 2005-2008



- **Second lien 30-59 day delinquencies are down since January 2009 in both percentage terms and dollar amounts for troubled HELOCs.**

Troubled HELOCs 30-59 Days

(\$ in millions)



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

Consolidated International Finance

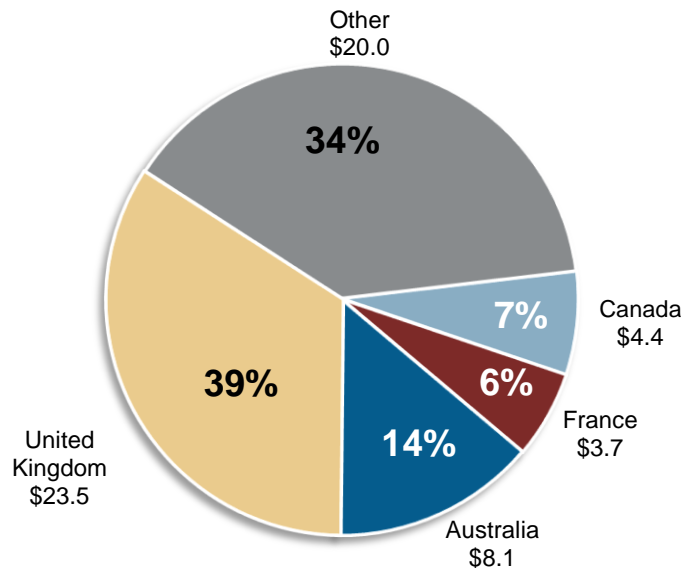
International Public and Structured Finance

Net Par Outstanding



International Finance

As of June 30, 2012
(\$ in billions)



\$59.6 billion, A average rating

- **International exposure is 65% public finance and 35% structured finance**
- **Approximately 75% of international structured exposure is to pooled corporates**
- **Direct sovereign debt is limited to:**
 - Poland \$302 million
 - Greece \$276 million¹

1. As of June 30, 2012, the Company had established a full limit loss on this exposure and expects to finalize the payment of claims on this exposure by September 30, 2012.

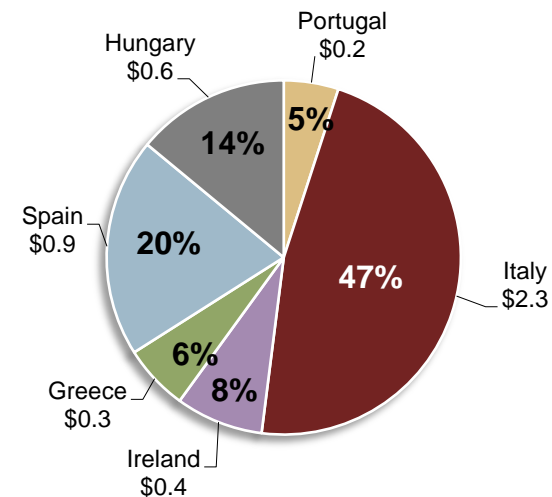
Insured Obligations Within Troubled Eurozone Countries¹



- **Approximately 27%, or \$1.3 billion, of net par outstanding of exposure to troubled Eurozone countries is to structured finance transactions rated A or higher, with 18% rated AAA or higher**
 - 51% of structured net par outstanding represents allocated exposures in diversified pooled corporate transactions
- **Only direct sovereign exposure is to Greece²; current net par outstanding is \$276 million on obligations due in 2037 and 2057**
 - Inception-to-date, economic loss development is \$216 million net of reinsurance and net of salvage
- **Italy exposure consists of 42 transactions with aggregate net par outstanding of \$2.3 billion**
 - Only 2 transactions rated BIG (Rome airport totaling \$238 million net par outstanding and an allocated portion of a multi-country CDO exposure totaling \$0.1 million net par outstanding)

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

As of June 30, 2012
(\$ in billions)



\$4.8 billion, BBB+ average rating

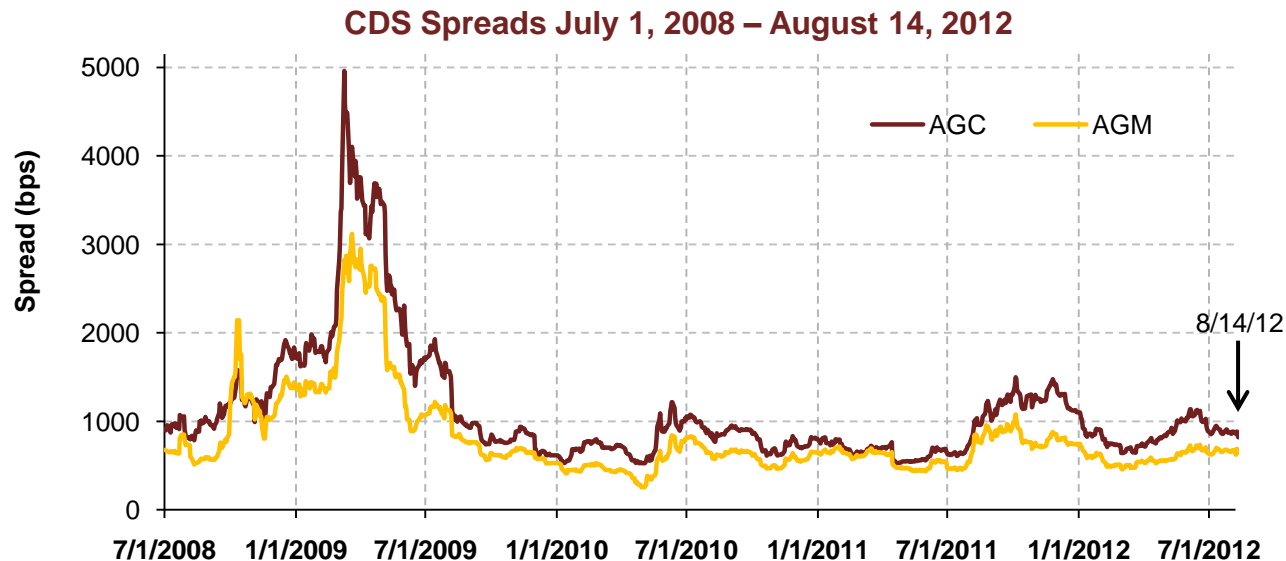
BIG Exposures to Troubled Eurozone Countries (\$ in millions)

<u>Name or Description</u>	<u>Country</u>	<u>Internal Rating</u>	<u>Net Par Outstanding</u>
M6 Toll Road	Hungary	BB	\$393
Hellenic Republic Greece ²	Greece	D	276
Valencia Fair	Spain	BB-	253
Rome Airport	Italy	BB	238
Autovia de la Mancha, S.A.	Spain	BB-	138
FHB 8.95% 2016	Hungary	BB+	123
Metropolitano de Porto Lease and Sublease of Railroad Equipment	Portugal	B+	56
Metropolitano De Lisboa	Portugal	B+	28
Metro Lisboa Rail Equip Lease	Portugal	B+	25
Caminhos de Ferro Portugueses, EP	Portugal	B+	17
Gleneagles Funding Ltd. ³	Ireland	BB	7
Synthetic High Yield Pooled Corporate CDO ⁴	Multiple ³	B	<1
Total			\$1,556

1. Exposure to insured obligations in troubled Eurozone countries refers to the economies of Portugal, Italy, Ireland, Greece, Spain and Hungary.
 2. See footnote on page 46.
 3. Allocated portion of diversified transaction.
 4. Synthetic high yield pooled corporate CDO exposure is \$0.1 million to Italy and \$0.5 million to Ireland.

Credit Default Swap Spreads

- Movements in credit default swap (“CDS”) levels for AGM and AGC continue to be significantly affected by technical factors such as supply/demand imbalance and light trading volume
- The deterioration in the asset-backed securities market’s pricing through first quarter 2009 expanded demand for CDS protection on AGM and AGC by fixed income holders of AGM and AGC insured paper as they sought to hedge exposure, thereby exacerbating the supply/demand imbalance
- AGM and AGC’s 5-year CDS bid prices peaked in mid-March 2009 at 3120 bps and 4961 bps, respectively
- 5-year CDS levels for AGM and AGC have rallied considerably since March 2009 as general market fundamentals have improved and as a result of the market’s positive reaction to the closing of the AGMH acquisition in July 2009, rating agency announcements, the December 2009 capital raise and the April 2011 Bank of America agreement on 29 RMBS transactions
- In August 2012, the 5-year CDS levels for AGM and AGC were at 21 and 17 percent, respectively, of their mid-March 2009 levels. As of August 14, 2012 they were 647 bps and 822 bps, respectively.



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

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

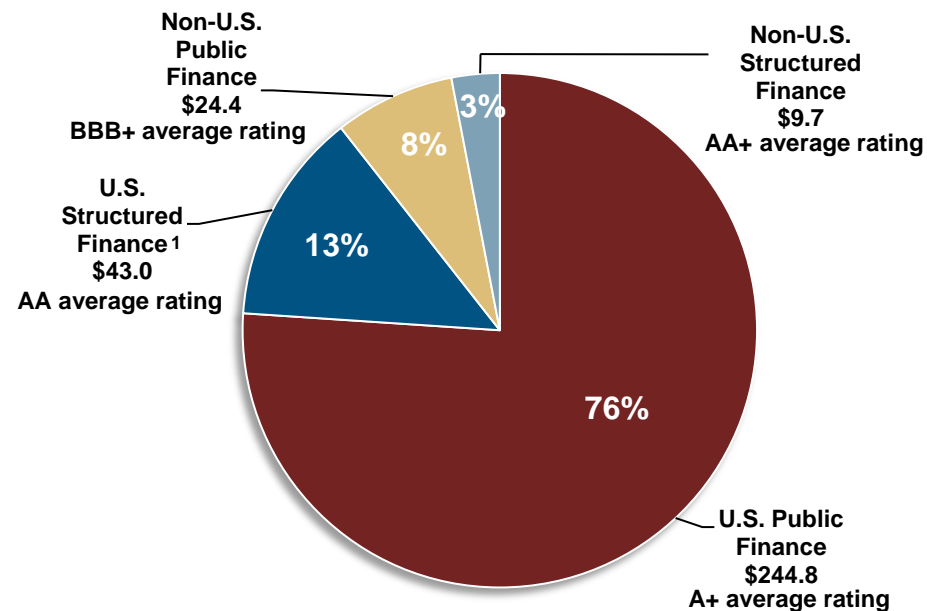


AGM Net Par Outstanding By Market Sector

- **AGM's portfolio is well diversified by asset class**
 - 76% U.S. public finance
 - 13% U.S. structured finance
 - 8% Non-U.S. public finance
 - 3% Non-U.S. structured finance
- **The portfolio maintains a high overall credit rating despite downgrades in our U.S. RMBS portfolio**
 - A+ average internal rating
- **U.S. RMBS is the largest source of BIG exposures, at 58% of the BIG exposures.**

Consolidated Net Par Outstanding

As of June 30, 2012
(\$ in billions)



\$321.8 billion, A+ average rating

1. Includes \$4.2 billion in GICs. See footnote on page 51.

AGM Net Par Outstanding By Exposure Category

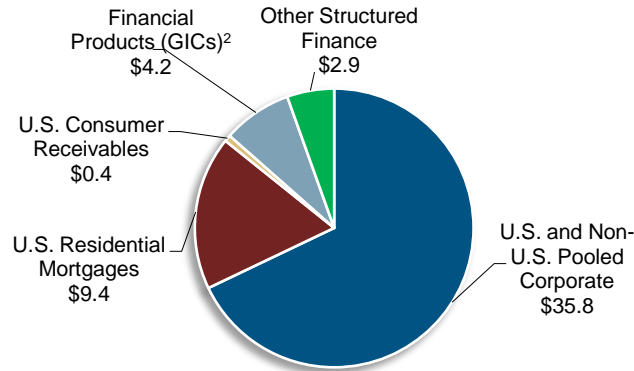


As of June 30, 2012; \$ in millions

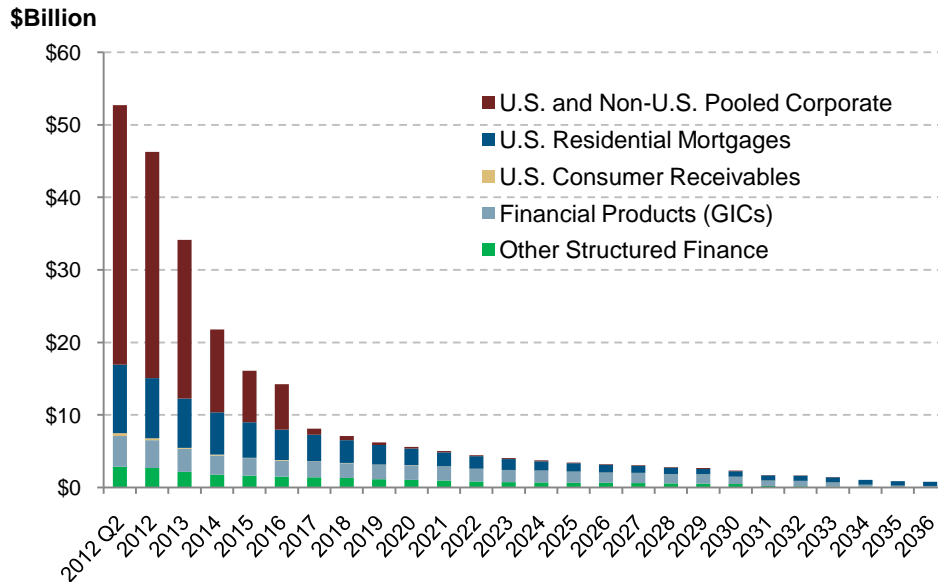
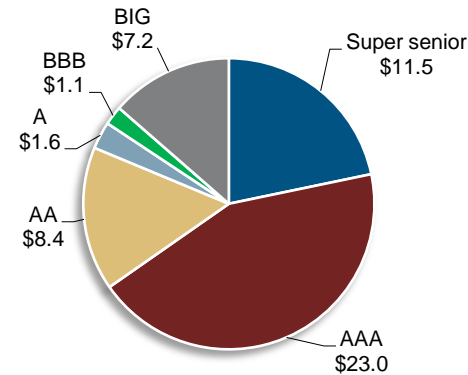
	June 30, 2012			June 30, 2012	
	Net Par Outstanding	Avg. Internal Rating		Net Par Outstanding	Avg. Internal Rating
U.S. public finance:			U.S. structured finance:		
General obligation	\$ 108,338	A+	Pooled corporate obligations	\$ 28,096	AAA
Tax backed	47,624	A+	RMBS	9,407	BB
Municipal utilities	42,334	A+	Financial products ¹	4,234	AA-
Transportation	21,373	A	Consumer receivables	395	A-
Healthcare	9,709	A	Insurance securitization	306	AA
Higher education	7,697	A+	Structured credit	79	CCC
Housing	4,657	AA-	Commercial receivables	58	BB
Infrastructure finance	1,226	BB+	Other structured finance	407	BBB+
Investor-owned utilities	43	A-	Total U.S. structured finance	42,982	AA
Other public finance	1,767	A			
Total U.S. public finance	244,768	A+	Non-U.S. structured finance:		
			Pooled corporate obligations	7,702	AAA
Non-U.S. public finance:			RMBS	1,299	AA-
Infrastructure finance	11,233	BBB	Structured credit	360	BBB
Regulated utilities	6,646	BBB+	Other structured finance	373	Super Senior
Other public finance	6,479	A+	Total non-U.S. structured finance	9,734	AA+
Total non-U.S. public finance	24,358	BBB+			
Total public finance	\$ 269,126	A+	Total structured finance	\$ 52,716	AA
			Total net par outstanding	\$ 321,842	A+

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 SA ("Dexia"). As of June 30, 2012, the aggregate accreted balance of the guaranteed investment contracts ("GICs") was approximately \$4.1 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately \$6.1 billion, the aggregate market value was approximately \$5.8 billion and the aggregate market value after agreed reductions was approximately \$4.6 billion. Cash and net derivative value constituted another \$0.1 billion of assets. The outstanding GIC exposure was \$4.2 billion at May 31, 2012, which was the latest figure available when the total insured portfolio was measured at quarter-end.

AGM Runoff of Global Insured Structured Finance Portfolio



\$52.7 Billion Net Par Outstanding
As of June 30, 2012



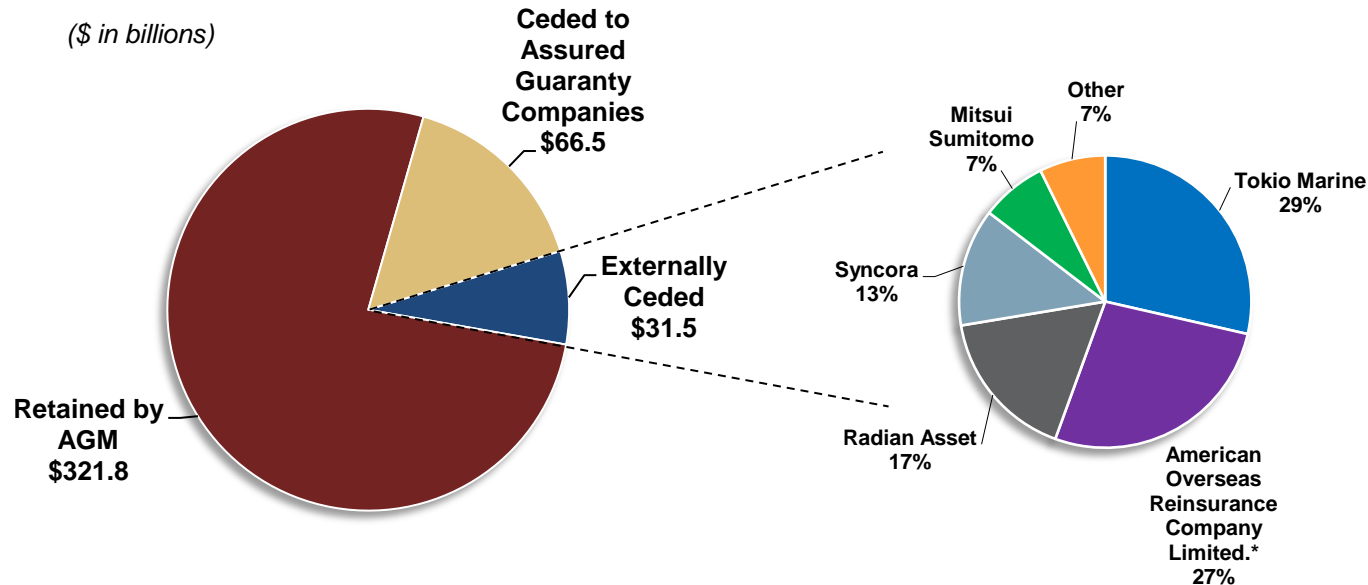
- We expect AGM's legacy global structured finance insured portfolio (\$52.7 billion as of June 30, 2012 versus \$127.3 billion as of September 30, 2008) to run off rapidly — 35% by year-end 2013 and 69% by year-end 2015.¹
 - \$35.8 billion in global pooled corporate obligations expected to be reduced by 39% by year-end 2013 and by 80% by year-end 2015
 - \$9.4 billion in U.S. RMBS expected to be reduced by 28% by year-end 2013 and by 48% by year-end 2015
 - \$0.4 billion in U.S. consumer receivable obligations expected to be reduced by 69% by year-end 2013 and by 80% by year-end 2015
 - \$2.9 billion in other structured finance (excluding FP) expected to be reduced by 25% by year-end 2013 and by 43% by year-end 2015
- Former FP business not part of Assured Guaranty's purchase; we are indemnified against exposure to the FP business by Dexia. In addition, Assured Guaranty also has been protected by guaranties issued by the French and Belgian governments with respect to the GIC portion of the FP business.
 - \$4.2 billion in GICs expected to be reduced by 25% by year-end 2013 and by 44% by year-end 2015

1. Based on net par outstanding at June 30, 2012. See footnote 2 on page 22.
2. See footnote on page 51.

Reinsurance: AGM Has Ceded 8% of Its Gross Insured Portfolio to a Diversified Group of Non-Affiliated Reinsurers and Other Monolines

AGM's Total Gross Par Outstanding:
\$419.8 billion
 As of June 30, 2012

Externally Ceded Par Outstanding:
\$31.5 billion (7.5%)
 As of June 30, 2012

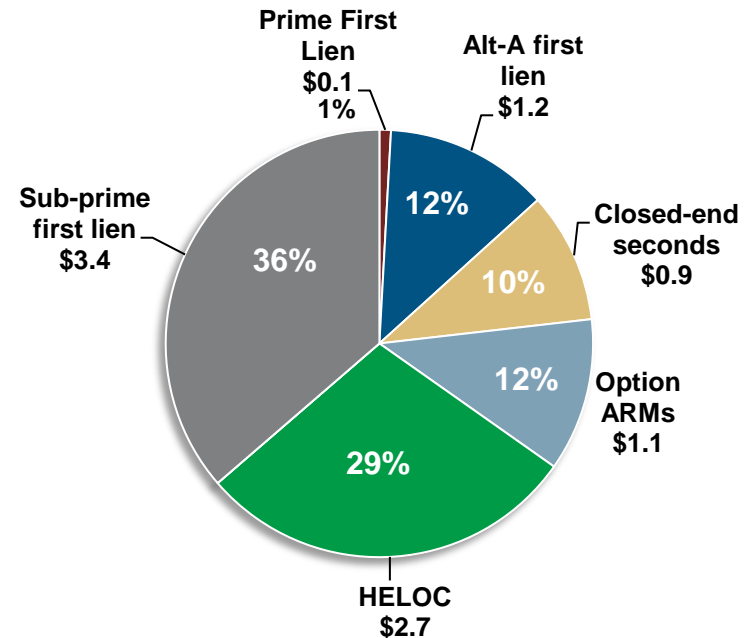


* Formerly RAM Reinsurance Company Ltd.

- **AGM's \$9.4 billion U.S. RMBS portfolio has experienced material downgrades since year-end 2007**
 - Average rating of BB at June 30, 2012
- **No U.S. RMBS underwritten since January 2008**
- **AGM's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
 - 2.9% of total net par outstanding versus 4.0% at year-end 2008
 - \$9.4 billion net par outstanding versus \$17.1 billion at year-end 2008, a decrease of 45%

U.S. RMBS by Exposure Type

As of June 30, 2012
(\$ in billions)



\$9.4 billion, 2.9% of net par outstanding

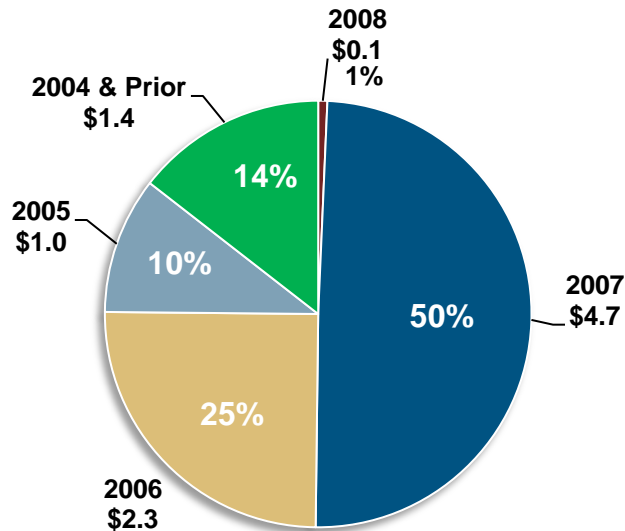
AGM U.S. RMBS

By Vintage and Rating



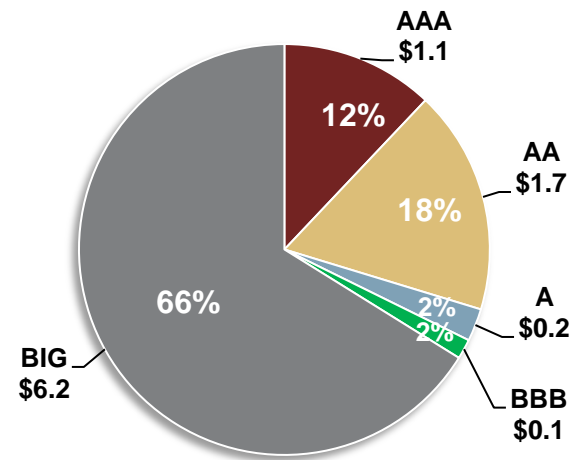
U.S. RMBS by Year Insured

As of June 30, 2012
(\$ in billions)



U.S. RMBS by Rating

As of June 30, 2012
(\$ in billions)



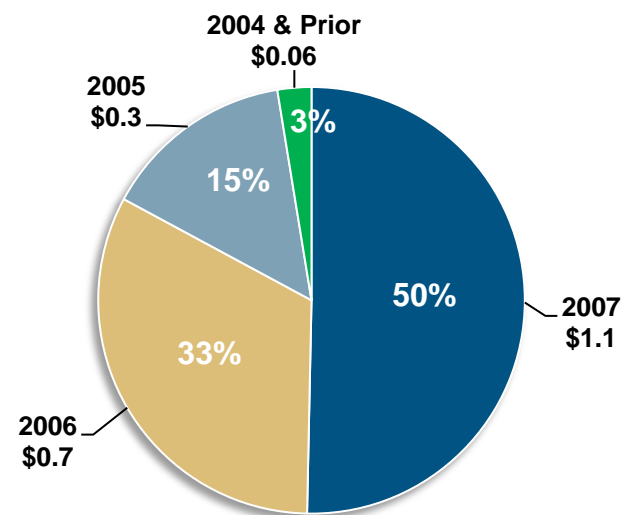
**Total U.S. RMBS = \$9.4 billion net par outstanding
BB average rating**

AGM U.S. RMBS Exposure Alt-A First Lien and Option ARMs¹

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

Alt-A and Option ARM Exposure by Year Insured

As of June 30, 2012
(\$ in billions)



\$2.3 billion net par outstanding

1. Loans underlying AGM's insured first lien transactions are generally Alt-A.

AGM U.S. RMBS Exposure

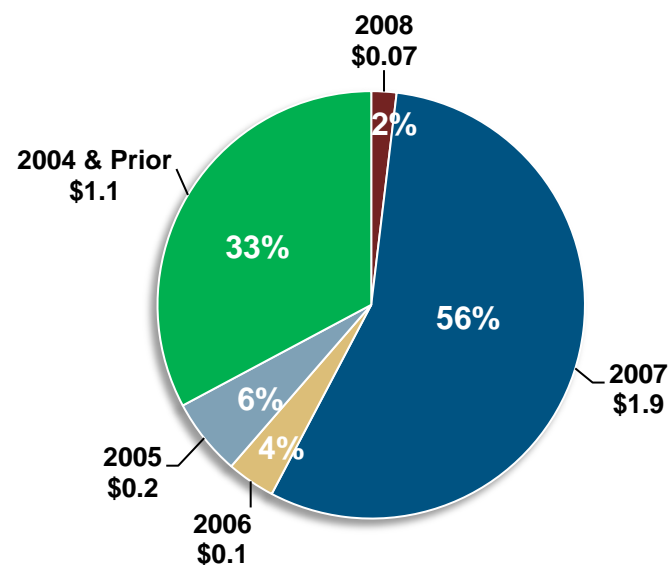
Subprime First Lien



- **Despite the recent economic environment, AGM's subprime first lien portfolio is 53% investment grade**
 - 30% rated AAA
 - 47% rated BIG
 - Average subordination left is 20.4% on transactions insured after January 1, 2005
- **Of 91 total subprime transactions only 18 exposures are rated BIG**
 - Largest BIG exposure is \$524 million net par outstanding

Subprime First Lien by Year Insured

As of June 30, 2012
(\$ in billions)



\$3.4 billion net par outstanding

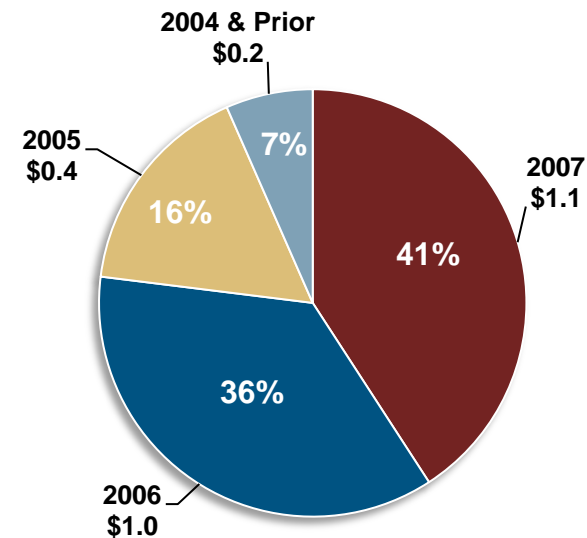
AGM U.S. RMBS Exposure HELOC



- **Outstanding net par insured of \$2.7 billion**
- **Average rating of BIG**
 - \$2.2 billion of HELOCs are BIG
 - \$0.5 billion of HELOCs remain investment grade

HELOCs by Year Insured

As of June 30, 2012
(\$ in billions)



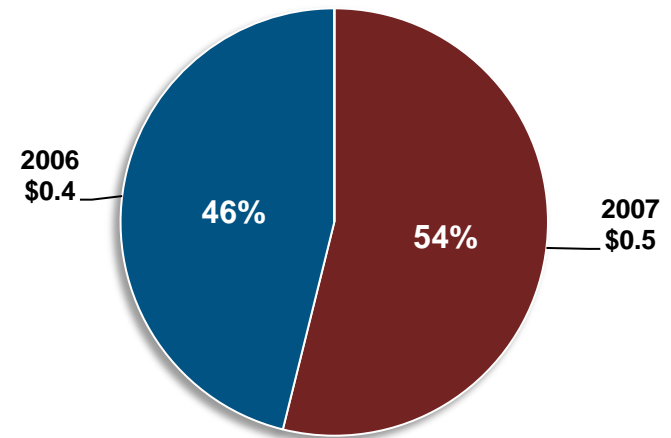
\$2.7 billion net par outstanding

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

- **Limited exposure to closed-end seconds**
 - All transactions are in the 2006 and 2007 vintages
- **11 transactions totaling \$0.9 billion**
 - 7 deals rated BIG
 - 4 deals rated AA (total \$150 million)

Closed-End Seconds by Year Insured

As of June 30, 2012
(\$ in billions)



\$0.9 billion net par outstanding

AGM Non-RMBS Exposure

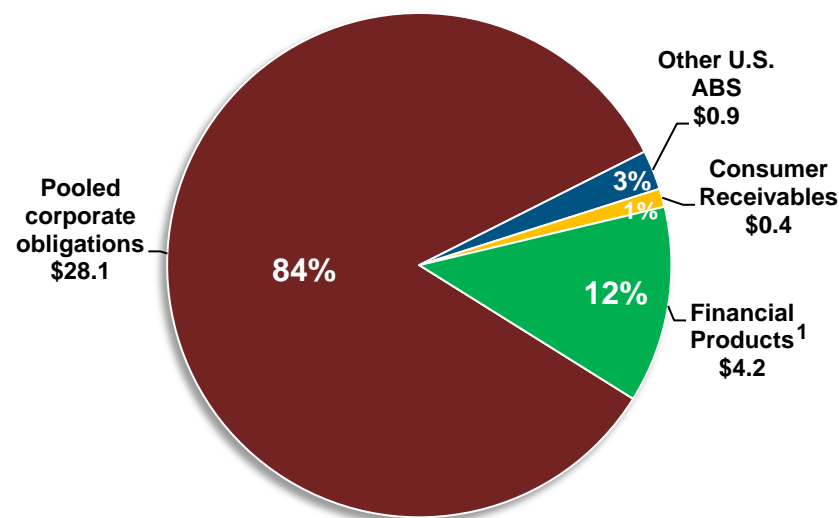
U.S. Structured Finance



- **84% of AGM's non-RMBS U.S. structured finance portfolio consists of pooled corporate obligations**
 - More than 90% of pooled corporate exposure is of Super Senior or AAA quality
- **Non-RMBS U.S. structured finance credit experience has been generally strong given the recent environment**

U.S. Non-RMBS Structured Finance

As of June 30, 2012
(\$ in billions)



\$33.6 billion net par outstanding

1. See footnote on page 51.

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

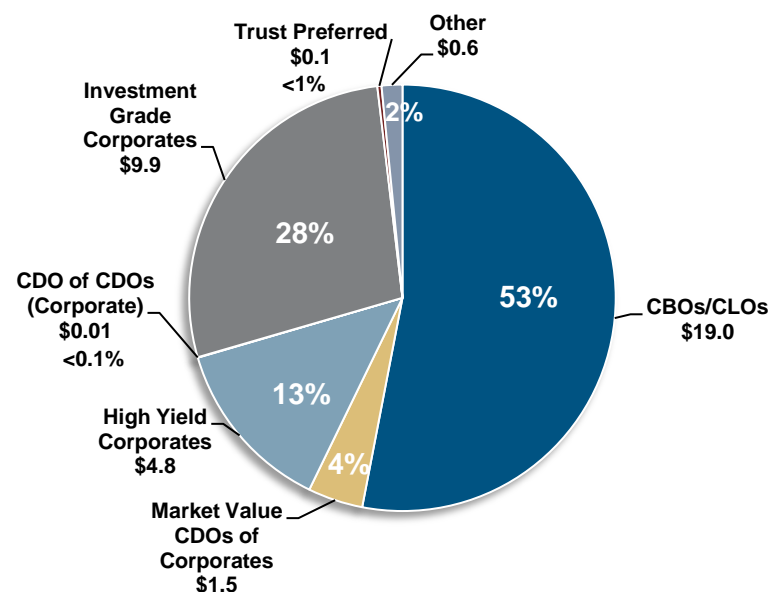
- Average current credit enhancement of 26.2%
- 91% rated super senior or AAA
- AAA average rating
- 1% rated BIG

- **\$113 million of TruPS (bank and insurance company only)**

- Average rating of A+
- Average current credit enhancement remains strong at 54.0%

Pooled Corporate Obligations By Asset Class

As June 30, 2012
(\$ in billions)



\$35.8 billion net par outstanding

AGM Global Pooled Corporate Obligations By Collateral Type



(\$ in millions)

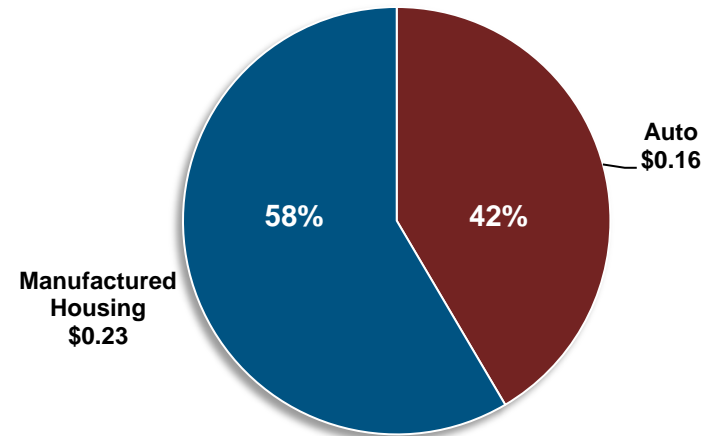
Distribution of Pooled Corporate Obligations by Asset Class

Asset class:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
CBOs/CLOs	\$ 18,983	53.0%	28.1%	29.3%	AAA
Synthetic investment grade pooled corporates	9,884	27.6%	20.5%	18.5%	AAA
Synthetic high yield pooled corporates	4,751	13.3%	35.4%	30.3%	AAA
Market value CDOs of corporates	1,493	4.2%	17.0%	32.0%	AAA
Trust preferred - banks and insurance	113	0.3%	49.4%	54.0%	A+
CDO of CDOs (corporate)	12	0.0%	25.5%	11.7%	BB
Other pooled corporates	562	1.6%	-	-	BBB-
Total exposures	\$ 35,798	100.0%	26.1%	26.2%	AAA

- **U.S. consumer receivable exposures are well protected**
 - Average rating of A-
 - \$164 million in auto receivable transactions, with 56.4% average current credit enhancement
- **Over half of the par was written in 2007 and later, when the deterioration in consumer credit trends was becoming evident**
 - AGM utilized underwriting criteria that had stress scenario assumptions

U.S. Consumer Receivables by Type

As of June 30, 2012
(\$ in billions)



\$0.4 billion net par outstanding

AGM Expected Loss and Loss Adjustment Expense (“LAE”) to Be Paid As of June 30, 2012



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended June 30, 2012

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of March 31, 2012	Economic Loss Development During 2Q-12 ¹	(Paid) Recovered Losses During 2Q-12	Expected Loss to be Paid as of June 30, 2012
U.S. RMBS				
First lien:				
Alt-A first lien	\$ 82.6	\$ 17.7	\$ 52.4	\$ 152.7
Option ARMs	52.6	(4.2)	(107.8)	(59.4)
Subprime first lien	158.1	10.6	(19.4)	149.3
Total first lien	<u>293.3</u>	<u>24.1</u>	<u>(74.8)</u>	<u>242.6</u>
Second lien:				
Closed end seconds	(40.4)	(4.9)	(1.0)	(46.3)
HELOC	(83.7)	12.8	(21.7)	(92.6)
Total second lien	<u>(124.1)</u>	<u>7.9</u>	<u>(22.7)</u>	<u>(138.9)</u>
Total U.S. RMBS	169.2	32.0	(97.5)	103.7
Other structured finance	33.2	5.0	(0.4)	37.8
U.S. public finance	(35.8)	17.9	(1.3)	(19.2)
Non-U.S. public finance	240.8	(6.9)	(34.5)	199.4
Total	<u>\$ 407.4</u>	<u>\$ 48.0</u>	<u>\$ (133.7)</u>	<u>\$ 321.7</u>

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. Under GAAP, however, a reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. For AGM, unearned premium reserve on the Acquisition Date (July 1, 2009) represented fair value and incorporated all expected losses at that date. See Notes to the financial statements in the 2011 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts and the effects of acquisition accounting on financial guaranty insurance accounting.

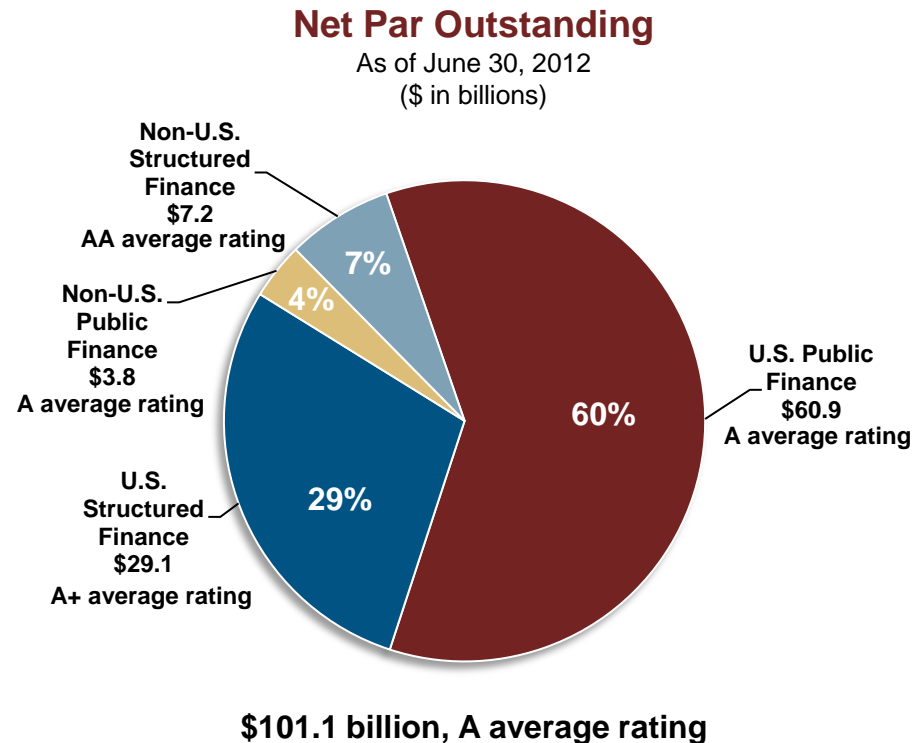
1. Includes the effect of changes in the Company's estimate of future recovery on representations and warranties ("R&W").

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



AGC Net Par Outstanding By Market Sector

- **AGC's portfolio is well diversified by asset class**
 - 60% U.S. public finance
 - 29% U.S. structured finance
 - 4% Non-U.S. public finance
 - 7% Non-U.S. structured finance
- **Portfolio maintains a high overall credit rating despite downgrades in U.S. RMBS portfolio**
 - Average internal rating of A
- **U.S. RMBS is the largest source of BIG exposures at 49% of AGC's BIG exposures.**



AGC Net Par Outstanding by Exposure Category



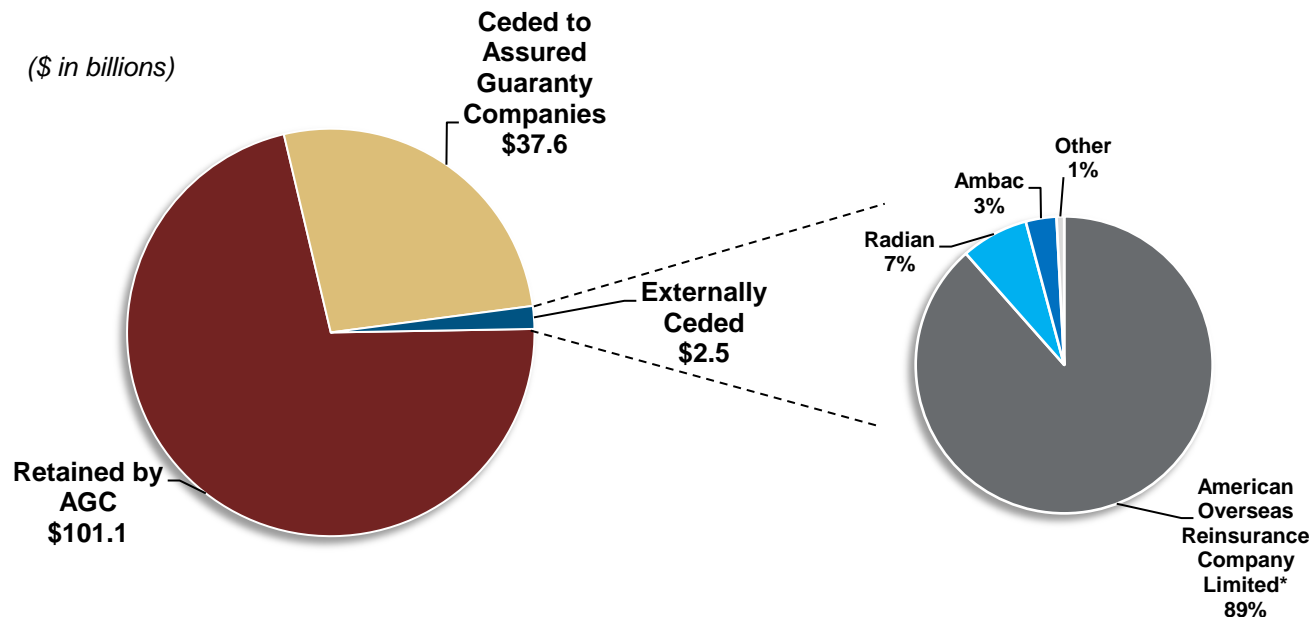
As of June 30, 2012; \$ in millions

	Net Par Outstanding	Avg. Internal Rating		Net Par Outstanding	Avg. Internal Rating
U.S. public finance:			U.S. structured finance:		
General obligation	\$ 24,301	A	Pooled corporate obligations	\$ 14,877	AA
Tax backed	10,903	A	RMBS	7,903	BBB-
Municipal utilities	8,397	A	CMBS and other commercial real estate related exposures	3,422	AAA
Transportation	6,202	A	Consumer receivables	1,773	AA-
Healthcare	4,495	A	Commercial receivables	351	BBB+
Higher education	3,361	A	Insurance securitization	318	A+
Infrastructure finance	981	BBB	Structured credit	174	B-
Investor-owned utilities	476	A-	Other structured finance	282	A-
Housing	181	A+	Total U.S. structured finance	29,100	A+
Other public finance	1,646	A	Non-U.S. structured finance:		
Total U.S. public finance	60,943	A	Pooled corporate obligations	5,749	AAA
Non-U.S. public finance:			Commercial receivables	805	A-
Pooled infrastructure	1,618	AA	Insurance securitizations	279	CCC-
Infrastructure finance	1,183	BBB	Structured credit	197	BBB
Regulated utilities	948	A-	CMBS and other commercial real estate related exposures	72	AAA
Other public finance	78	A+	RMBS	78	AAA
Total non-U.S. public finance	3,827	A	Other structured finance	2	A
Total public finance	\$ 64,770	A	Total non-U.S. structured finance	7,182	AA
			Total structured finance	\$ 36,282	AA-
			Total net par outstanding	\$ 101,052	A

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

**AGC's Total Gross Par Outstanding:
\$141.2 billion**

**Externally Ceded Par Outstanding:
\$2.5 billion (2%)**



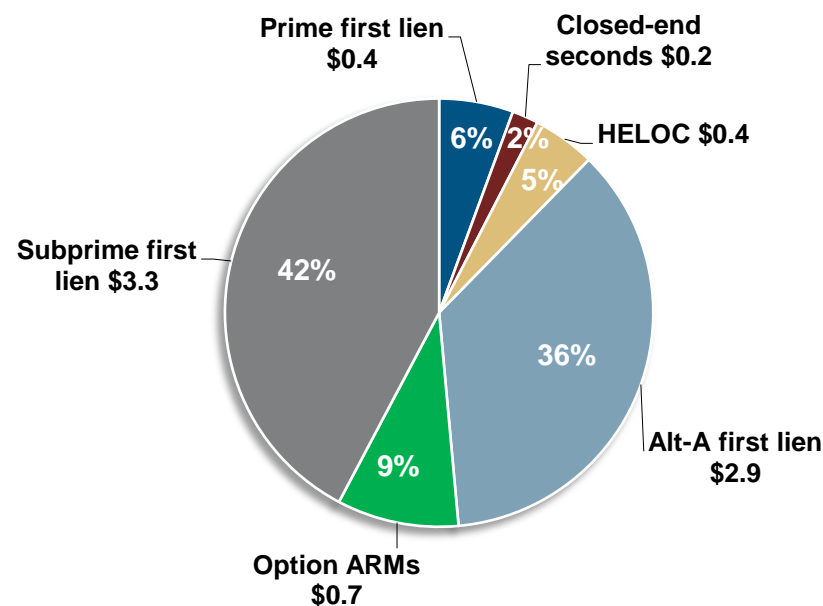
As of June 30, 2012

* Formerly RAM Reinsurance Company Ltd.

- AGC's \$7.9 billion U.S. RMBS portfolio has experienced material downgrades since year-end 2007**
 - Average rating of BBB- at June 30, 2012 versus AA at year-end 2007
 - All exposures were rated investment grade at the time of underwriting
- AGC's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
 - \$7.9 billion versus \$13.4 billion at year-end 2007, a decrease of 41%
 - 7.8% of total net par outstanding versus 14.3% at year-end 2007

U.S. RMBS by Exposure Type

As of June 30, 2012
(\$ in billions)



\$7.9 billion, 7.8% of net par outstanding

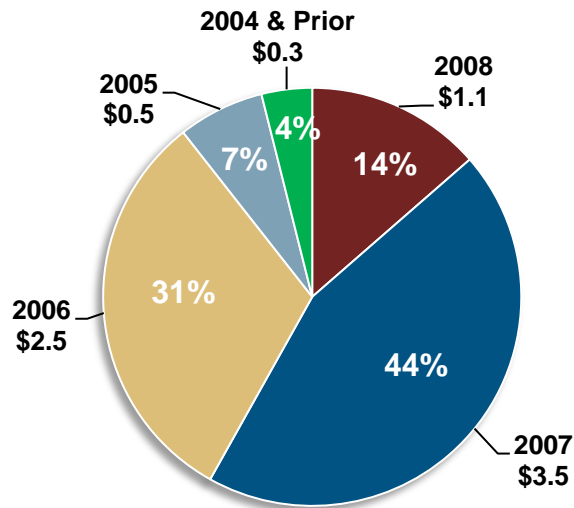
AGC U.S. RMBS

By Vintage and Rating



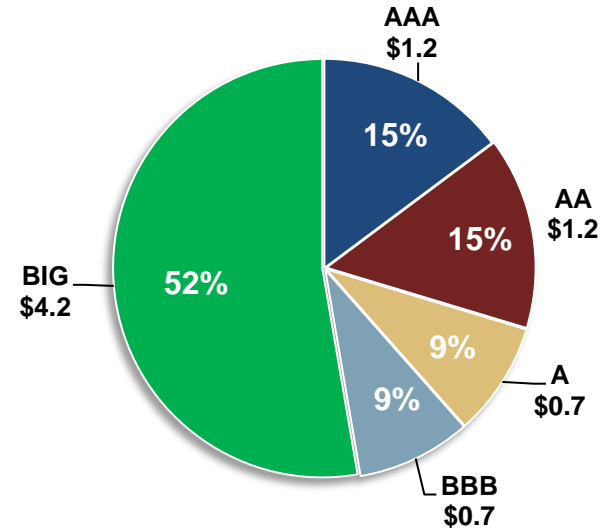
U.S. RMBS by Year Insured

As June 30, 2012
(\$ in billions)



U.S. RMBS by Rating

As of June 30, 2012
(\$ in billions)



**Total U.S. RMBS = \$7.9 billion net par outstanding
BBB- average rating**

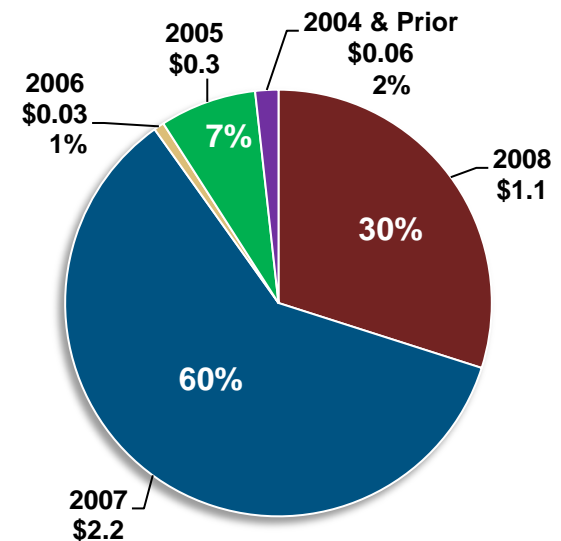
AGC has not originated any U.S. RMBS since 2008.

AGC U.S. RMBS Exposure Alt-A First Lien and Option ARMs¹

- **90% of AGC's current direct Alt-A and Option ARM exposures were underwritten in 2007 and 2008, using significantly stressed assumptions**
 - Many transactions were underwritten on a secondary basis and had the benefit of some seasoning and additional first loss enhancement
- **Limited exposures to Option ARMs (20% of all Alt-A and Option ARM exposure)**
- **Our Alt-A and Option ARM exposures have an average BIG rating due to significant downgrades in 2009 and 2010**

Alt-A and Option Arm Exposure by Year Insured

As of June 30, 2012
(\$ in billions)



\$3.6 billion net par outstanding

1. Loans underlying AGC's insured first lien transactions are generally Alt-A.

AGC U.S. RMBS Exposure

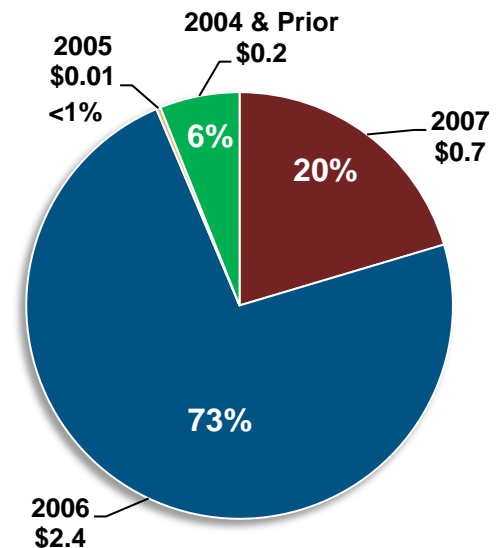
Subprime First Lien



- **Despite the recent economic environment, the majority of AGC's subprime first lien portfolio is investment grade**
 - 30% rated AAA
 - Of the \$3.3 billion portfolio, only 18% is BIG rated
 - Of the seven transactions written in 2005 or later, for a total net par of \$3.1 billion, average subordination is 53%
- **Of 18 total direct subprime first lien transactions, totaling \$3.3 billion, only 7 exposures are rated BIG**

Subprime First Lien by Year Insured

As of June 30, 2012
(\$ in billions)

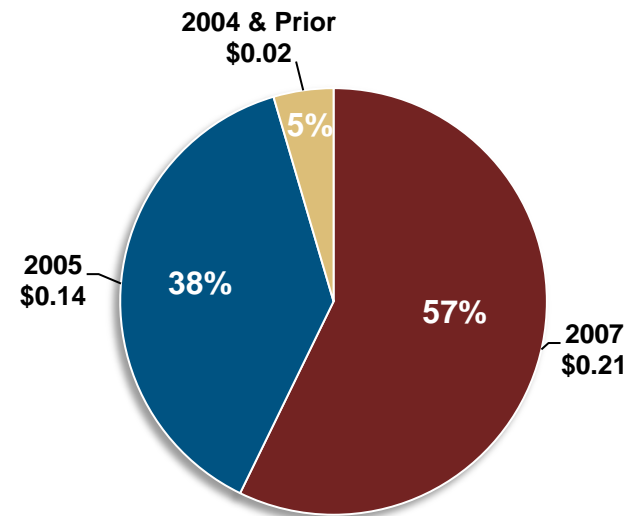


\$3.3 billion net par outstanding

- **AGC's HELOC book consists principally of two Countrywide deals underwritten in 2005 and 2007**
- **Net par insured of \$375 million for all HELOCs**

HELOCs by Year Insured

As of June 30, 2012
(\$ in billions)



\$0.4 billion net par outstanding

AGC Non-RMBS Exposure

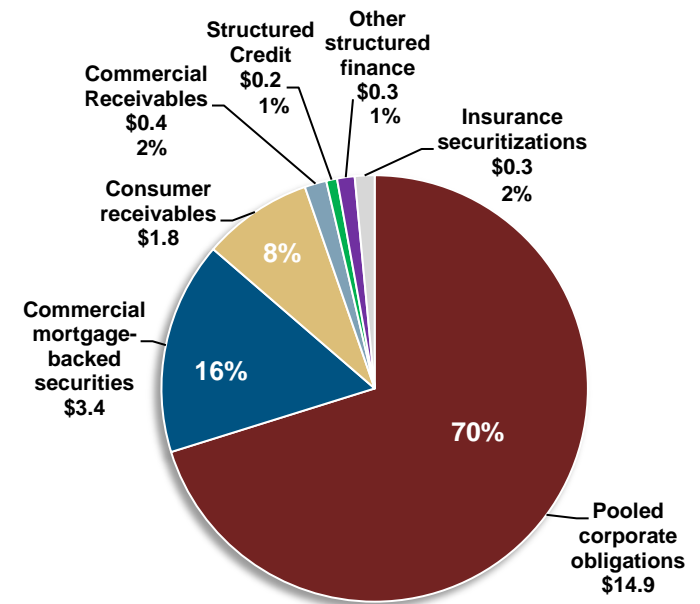
U.S. Structured Finance



- **AGC's non-RMBS U.S. structured finance exposures consist principally of:**
 - Pooled corporate obligations
 - CMBS
 - Consumer receivables
- **Non-RMBS U.S. structured finance credit experience has been generally strong given the recent environment**
 - 71% rated super senior or AAA
 - 13% rated BIG

U.S. Non-RMBS Structured Finance

As of June 30, 2012
(\$ in billions)

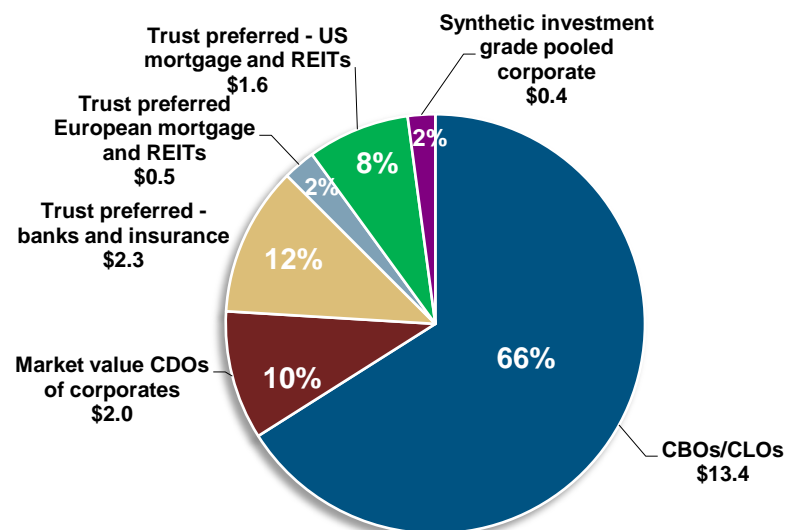


\$21.2 billion net par outstanding

- **Our pooled corporate exposure is highly rated and protected by overcollateralization. In AGC’s direct portfolio:**
 - Average current credit enhancement of 33.4%
 - 78% rated super senior or AAA, average rating AA+
- **AGC’s \$4.5 billion Trust Preferred Securities (“TruPS”) CDO portfolio is diversified by region (U.S. and European) as well as by collateral type (bank, thrift, insurance company, real estate investment trust (“REIT”) and CMBS)**
 - Includes more than 1,400 issuers
 - All our exposure at the CDO level is to the most senior debt tranche
 - 83% of U.S. bank and insurance TruPS CDOs, 100% of European TruPS CDOs and 100% of U.S. mortgage and REIT TruPS CDOs were originated at super senior attachment points
- **The \$1.6 billion of TruPS CDOs backed by U.S. mortgage and REITs is the lowest average rated pooled corporate subsector**
 - BB average rating

Financial Guaranty Direct Pooled Corporate Obligations¹ By Asset Class

As of June 30, 2012
(\$ in billions)



\$20.3 billion net par outstanding

1. AGC also assumed \$315 million of pooled corporate exposure.

AGC Direct Pooled Corporate Obligations By Collateral Type



(\$ in millions)

Distribution of Direct Pooled Corporate Obligations by Asset Class

Asset class:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
CBOs/CLOs	\$ 13,409	66.0%	36.4%	34.7%	AAA
Market value CDOs of corporate	2,019	9.9%	44.0%	26.5%	AAA
Trust preferred					
Banks and insurance	2,342	11.5%	46.4%	31.7%	BBB-
European mortgage and real estate investment trusts	507	2.5%	37.3%	34.2%	BBB-
U.S. mortgage and real estate investment trusts	1,604	7.9%	49.9%	34.6%	BB
Synthetic investment grade pooled corporate	430	2.2%	30.0%	29.1%	Super Senior
Total exposures	\$ 20,311	100.0%	39.2%	33.4%	AA+

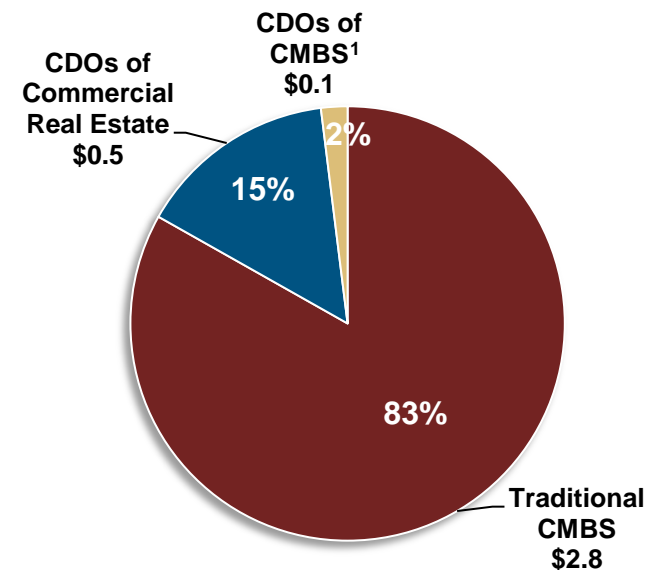
AGC U.S. CMBS Exposure Overview



- **AGC's CMBS-related exposures were underwritten at high attachment points**
 - All deals except one were written at triple-A ratings at inception
 - One deal was written with a single-A rating at inception
 - AAA current average rating
- **\$2.8 billion traditional CMBS portfolio**
 - 97% rated Super Senior or AAA as of June 30, 2012
 - 3% rated A
- **Beginning in the middle of 2006, AGC concluded that underwriting standards applied to newly originated commercial property loans were deteriorating and adjusted underwriting standards accordingly**
- **Par amount of portfolio declined 30% in 2Q11 due to agreements with counterparties to terminate CDS notional**

CMBS Exposure by Sector

As of June 30, 2012
(\$ in billions)



\$3.4 billion net par outstanding

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

- Most of the exposure was underwritten in credit derivative form
- Most of the exposures were written as “basket trades”; some have additional credit enhancement from first-loss position retained by the investor
- The total traditional CMBS portfolio (\$2.8 billion) is highly rated; 97% is super senior or triple-A and 3% is single-A (as of June 30, 2012)

(\$ in millions)

Distribution of U.S. CMBS Insured January 1, 2005 or Later by Exposure Type, Internal Rating, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies as of June 30, 2012¹

U.S. CMBS

Rating:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
Super Senior	\$ 2,557	75.7%	38.6%	2.0%	8.9%	145
AAA	179	73.9%	28.0%	2.6%	12.4%	14
AA	-	-	-	-	-	-
A	92	34.3%	21.5%	2.0%	15.9%	1
BBB	-	-	-	-	-	-
BIG	-	-	-	-	-	-
Total exposures	\$ 2,828	74.2%	37.4%	2.0%	9.4%	160

1. See page 4 for descriptions of performance information.

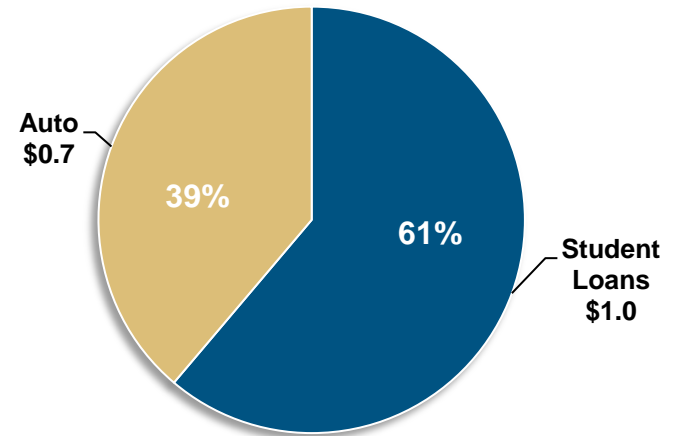
- **AGC underwrote three commercial real estate CDO transactions totaling \$505 million net par¹ as of June 30, 2012**
 - All were underwritten at the super senior attachment level
- **In aggregate, collateral consists of the following:**
 - 82% whole loans
 - 6% CMBS
 - 12% other (includes but not limited to mezzanine and subordinated notes, junior participation interests, preferred securities and currently uninvested cash)
- **Average current credit enhancement stands at 53.8%**
 - Average initial credit enhancement was 49.9%

1. May change due to deals with revolvers.

- **U.S. consumer receivable exposures are well protected. In AGC's direct portfolio:**
 - Average rating of AA
 - For all categories – credit cards, student loans and auto loans – current credit enhancement is approximately equal to or higher than initial credit enhancement
 - 31% rated AAA
 - None rated BIG
- **37% of the current net par was written in 2010 and later, after the deterioration in consumer credit trends was evident**
 - AGC utilized underwriting criteria that had stress scenario assumptions

Direct U.S. Consumer Receivables by Type¹

As of June 30, 2012
(\$ in billions)



\$1.7 billion net par outstanding

1. AGC also assumed \$91 million of U.S. consumer receivable exposure.

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



(\$ in millions)

Distribution of U.S. Consumer Receivables by Rating

Rating:	Credit Cards	Student Loans	Auto	Total Net Par Outstanding
AAA	\$ 0	\$ -	\$ 525	\$ 525
AA	-	333	128	461
A	-	-	-	-
BBB	-	696	-	696
BIG	-	-	-	-
Total exposures	\$ 0	\$ 1,029	\$ 653	\$ 1,682
Average rating	Super Senior	A	AAA	AA
Avg. initial credit enhancement ¹	N/A	7.1%	50.9%	24.1%
Avg. current credit enhancement ¹	N/A	10.1%	49.4%	25.4%

1. See page 4 for descriptions of performance information.

AGC Expected Loss and LAE to Be Paid

As of June 30, 2012



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended June 30, 2012

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of March 31, 2012	Economic Loss Development During 2Q-12 ¹	(Paid) Recovered Losses During 2Q-12	Expected Loss to be Paid as of June 30, 2012
U.S. RMBS				
First lien:				
Prime first lien	\$ 1.4	\$ 1.6	\$ -	\$ 3.0
Alt-A first lien	145.7	(3.1)	(9.5)	133.1
Option ARMs	55.5	12.5	(16.0)	52.0
Subprime first lien	70.0	(0.6)	(1.9)	67.5
Total first lien	272.6	10.4	(27.4)	255.6
Second lien:				
Closed end seconds	(53.5)	2.5	63.3	12.3
HELOC	18.3	(0.2)	(8.6)	9.5
Total second lien	(35.2)	2.3	54.7	21.8
Total U.S. RMBS	237.4	12.7	27.3	277.4
TruPS	43.7	(4.7)	(1.3)	37.7
Other structured finance	108.2	(2.5)	(1.3)	104.4
U.S. public finance	35.0	(2.1)	(0.8)	32.1
Non-U.S. public finance	3.4	0.1	-	3.5
Total	\$ 427.7	\$ 3.5	\$ 23.9	\$ 455.1

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. Under GAAP, however, a reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2011 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts and the effects of acquisition accounting on financial guaranty insurance accounting.

1. Includes the effect of changes in the Company's estimate of future recovery on R&W.

**Assured Guaranty Municipal Corp.
Financial Information**



AGM Consolidated Statements of Operations



(\$ in millions)

	Three Months Ended June 30,	
	2012	2011 ¹
Revenues:		
Net earned premiums	\$ 155.2	\$ 161.8
Net investment income	59.2	55.8
Net realized investment gains (losses)	(9.4)	(4.1)
Net change in fair value of credit derivatives:		
Realized gains and other settlements	(5.6)	19.2
Net unrealized gains (losses)	52.6	12.0
Net change in fair value of credit derivatives	47.0	31.2
Fair value gains (losses) on committed capital securities	2.7	0.3
Fair value gains (losses) on FG VIEs	69.8	(105.5)
Other income	13.6	25.1
Total revenues	338.1	164.6
Expenses:		
Loss and loss adjustment expenses	80.4	87.2
Amortization of deferred acquisition costs	(1.8)	(1.3)
Interest expense	2.6	1.5
Other operating expenses	25.4	24.3
Total expenses	106.6	111.7
Income (loss) before income taxes	231.5	52.9
Provision (benefit) for income taxes	70.9	7.8
Net income (loss)	\$ 160.6	\$ 45.1
Less after-tax adjustments:		
Realized gains (losses) on investments	(1.4)	(2.7)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	21.7	0.7
Fair value gains (losses) on committed capital securities	1.8	0.2
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	2.1	3.2
Effect of consolidating FG VIEs	33.9	(68.1)
Operating income	\$ 102.5	\$ 111.8

See note under the table on page 64. Please refer to appendix for explanation of non-GAAP financial measures.

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was a decrease in net income of \$1.7 million for the three months ended June 30, 2011.

AGM Consolidated Balance Sheets



(\$ in millions)

	As of	
	June 30, 2012	December 31, 2011 ¹
Assets:		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 4,950.8	\$ 4,916.4
Short-term investments, at fair value	506.1	412.2
Other invested assets	141.0	121.9
Total investment portfolio	5,597.9	5,450.5
Notes receivable from affiliates	382.5	300.0
Cash	76.9	58.6
Premiums receivable	629.4	645.1
Ceded unearned premium reserve	1,238.5	1,373.5
Reinsurance recoverable on unpaid losses	280.6	79.2
Salvage and subrogation recoverable	318.8	316.1
Credit derivative assets	140.2	140.3
Deferred tax asset, net	579.1	630.7
Current income tax receivable	18.1	131.4
FG VIE assets, at fair value	1,945.3	2,056.6
Other assets	173.2	148.2
Total assets	\$ 11,380.5	\$ 11,330.2
Liabilities and shareholder's equity:		
Liabilities:		
Unearned premium reserve	\$ 4,191.7	\$ 4,514.8
Loss and loss adjustment expense reserve	615.2	296.9
Reinsurance balances payable, net	257.0	247.9
Notes payable	80.0	103.7
Credit derivative liabilities	440.8	455.7
FG VIE liabilities with recourse, at fair value	1,770.5	1,926.2
FG VIE liabilities without recourse, at fair value	690.2	703.5
Other liabilities	423.2	277.2
Total liabilities	8,468.6	8,525.9
Shareholder's equity:		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,091.8	1,141.8
Retained earnings	1,620.1	1,491.3
Accumulated other comprehensive income	185.0	156.2
Total shareholder's equity	2,911.9	2,804.3
Total liabilities and shareholder's equity	\$ 11,380.5	\$ 11,330.2

See note under the table on page 64.

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of this adoption was a decrease to deferred acquisition costs of \$19.7 million and a decrease to shareholder's equity of \$12.8 million as of December 31, 2011.

AGM Reconciliation of PVP to GWP



(\$ in millions)

	Three Months Ended	
	June 30,	
	2012	2011
Consolidated new business production analysis:		
PVP		
Public finance - U.S.:		
Primary markets	\$ 44.1	\$ 35.0
Secondary markets	2.8	8.6
Public finance - non-U.S.:		
Primary markets	1.1	-
Secondary markets	-	-
Structured finance - U.S.	1.5	1.8
Structured finance - non-U.S.	-	-
Total PVP	\$ 49.5	\$ 45.4
Total PVP	\$ 49.5	\$ 45.4
Less: PVP of credit derivatives	-	-
PVP of financial guaranty insurance	49.5	45.4
Less: Financial guaranty installment premium PVP	2.8	1.8
Total: Financial guaranty upfront GWP	46.7	43.6
Plus: Financial guaranty installment GWP ¹	1.0	(2.4)
Total GWP	\$ 47.7	\$ 41.2

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

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

**Assured Guaranty Corp.
Financial Information**



AGC Consolidated Statements of Operations



(\$ in millions)

	Three Months Ended	
	June 30,	
	2012	2011 ¹
Revenues:		
Net earned premiums	\$ 26.2	\$ 24.6
Net investment income	24.6	24.6
Net realized investment gains (losses)	0.8	0.1
Net change in fair value of credit derivatives:		
Realized gains and other settlements	(12.4)	(18.7)
Net unrealized gains (losses)	195.1	(54.5)
Net change in fair value of credit derivatives	182.7	(73.2)
Fair value gains (losses) on committed capital securities	1.6	0.3
Fair value gains (losses) on FG VIEs	102.5	(68.8)
Other income	(1.5)	1.1
Total revenues	336.9	(91.3)
Expenses:		
Loss and loss adjustment expenses	-	18.2
Amortization of deferred acquisition costs	1.2	1.2
Interest expense	3.7	3.7
Other operating expenses	17.7	18.4
Total expenses	22.6	41.5
Income (loss) before income taxes	314.3	(132.8)
Provision (benefit) for income taxes	105.9	(50.7)
Net income (loss)	\$ 208.4	\$ (82.1)
Less after-tax adjustments:		
Realized gains (losses) on investments	0.5	1.0
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	110.7	(46.8)
Fair value gains (losses) on committed capital securities	1.0	0.2
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(0.7)	0.5
Effect of consolidating FG VIEs	67.6	(46.2)
Operating income	\$ 29.3	\$ 9.2

See note under the table on page 82. Please refer to the appendix for an explanation of the non-GAAP financial measures.

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was a decrease in net loss of \$0.8 million for the three months ended June 30, 2011.

AGC Consolidated Balance Sheets



(\$ in millions)

	As of	
	June 30, 2012	December 31, 2011 ¹
Assets:		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 2,734.7	\$ 2,748.8
Short-term investments, at fair value	160.4	151.9
Other invested assets	47.6	12.5
Total investment portfolio	2,942.7	2,913.2
Cash	33.2	30.6
Premiums receivable	225.1	231.9
Ceded unearned premium reserve	361.6	364.4
Reinsurance recoverable on unpaid losses	140.8	132.4
Salvage and subrogation recoverable	50.0	49.7
Credit derivative assets	277.7	305.9
Deferred tax asset, net	298.7	209.1
Current income tax receivable	8.9	-
FG VIE assets, at fair value	780.7	762.5
Other assets	107.6	105.2
Total assets	\$ 5,227.0	\$ 5,104.9
Liabilities and shareholder's equity:		
Liabilities:		
Unearned premium reserve	\$ 1,159.2	\$ 1,190.4
Loss and loss adjustment expense reserve	294.2	295.7
Reinsurance balances payable, net	81.9	92.7
Notes payable	300.0	300.0
Credit derivative liabilities	1,277.8	927.1
Current income tax payable	-	0.8
FG VIE liabilities with recourse, at fair value	468.6	470.8
FG VIE liabilities without recourse, at fair value	352.1	358.0
Other liabilities	129.7	129.3
Total liabilities	4,063.5	3,764.8
Shareholder's equity:		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,037.4	1,037.1
Retained earnings	21.8	213.9
Accumulated other comprehensive income	89.3	74.1
Total shareholder's equity	1,163.5	1,340.1
Total liabilities and shareholder's equity	\$ 5,227.0	\$ 5,104.9

See note under the table on page 82.

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of this adoption was a decrease to deferred acquisition costs of \$73.4 million and a decrease to shareholder's equity of \$47.7 million as of December 31, 2011.

AGC Reconciliation of PVP to GWP



(\$ in millions)

	Three Months Ended June 30,	
	2012	2011
Consolidated new business production analysis:		
PVP		
Public finance - U.S.:		
Assumed from Radian	\$ -	\$ -
Primary markets	0.1	0.9
Secondary markets	-	0.3
Public finance - non-U.S.:		
Primary markets	-	-
Secondary markets	-	-
Structured finance - U.S.	-	5.3
Structured finance - non-U.S.	-	-
Total PVP	\$ 0.1	\$ 6.5
Total PVP	\$ 0.1	\$ 6.5
Less: PVP of credit derivatives	-	-
PVP of financial guaranty insurance	0.1	6.5
Less: Financial guaranty installment premium PVP	0.1	4.1
Total: Financial guaranty upfront GWP	-	2.4
Plus: Financial guaranty installment GWP ¹	1.3	(16.2)
Total GWP	\$ 1.3	\$ (13.8)

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

1. 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.

**Assured Guaranty Ltd.
Financial Information**



Assured Guaranty Ltd.

Consolidated Statements of Operations



(\$ in millions)

	Three Months Ended June 30,	
	2012	2011 ¹
Revenues:		
Net earned premiums	\$ 219.3	\$ 230.0
Net investment income	101.6	102.6
Net realized investment gains (losses)	(3.1)	(5.1)
Net change in fair value of credit derivatives:		
Realized gains (losses) and other settlements	(22.7)	(10.8)
Net unrealized gains (losses)	283.4	(54.0)
Net change in fair value of credit derivatives	260.7	(64.8)
Fair value gains (losses) on committed capital securities	4.3	0.6
Fair value gains (losses) on FG VIEs	172.4	(174.3)
Other income	4.3	27.3
Total revenues	759.5	116.3
Expenses:		
Loss and loss adjustment expenses	122.5	123.9
Amortization of deferred acquisition costs	4.5	5.8
Interest expense	25.4	24.7
Other operating expenses	53.5	53.2
Total expenses	205.9	207.6
Income (loss) before income taxes	553.6	(91.3)
Provision (benefit) for income taxes	177.1	(48.2)
Net income (loss)	\$ 376.5	\$ (43.1)
Less after-tax adjustments:		
Realized gains (losses) on investments	(4.8)	(2.8)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	159.4	(73.6)
Fair value gains (losses) on committed capital securities	2.9	0.4
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	3.7	3.8
Effect of consolidating FG VIEs	101.3	(114.3)
Operating income	\$ 114.0	\$ 143.4

See note under the table on page 64. Please refer to the appendix for an explanation of the non-GAAP financial measures.

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of this adoption was a decrease in net loss of \$0.5 million for the three months ended June 30, 2011.

Assured Guaranty Ltd.

Consolidated Balance Sheets



(\$ in millions)

	As of :	
	June 30, 2012	December 31, 2011 ¹
Assets:		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 10,207.5	\$ 10,141.9
Short-term investments, at fair value	919.8	734.0
Other invested assets	194.4	222.9
Total investment portfolio	11,321.7	11,098.8
Cash	175.3	214.5
Premiums receivable, net of ceding commissions payable	964.1	1,002.9
Ceded unearned premium reserve	590.8	708.9
Deferred acquisition costs	126.8	132.4
Reinsurance recoverable on unpaid losses	170.5	69.3
Salvage and subrogation recoverable	376.8	367.7
Credit derivative assets	429.9	468.9
Deferred tax asset, net	815.1	803.5
Current income tax receivable	63.2	76.4
FG VIE assets, at fair value	2,726.0	2,819.1
Other assets	314.3	262.3
Total assets	\$ 18,074.5	\$ 18,024.7
Liabilities and shareholders' equity:		
Liabilities:		
Unearned premium reserve	\$ 5,583.4	\$ 5,962.8
Loss and loss adjustment expense reserve	995.2	679.0
Reinsurance balances payable, net	186.7	171.0
Long-term debt	846.4	1,038.3
Credit derivative liabilities	2,095.9	1,772.8
FG VIE liabilities with recourse, at fair value	2,239.0	2,396.9
FG VIE liabilities without recourse, at fair value	1,042.3	1,061.5
Other liabilities	361.5	290.8
Total liabilities	13,350.4	13,373.1
Shareholders' equity:		
Common stock	1.9	1.8
Additional paid-in capital	2,720.0	2,569.9
Retained earnings	1,568.4	1,708.0
Accumulated other comprehensive income	429.4	367.5
Deferred equity compensation	4.4	4.4
Total shareholders' equity	4,724.1	4,651.6
Total liabilities and shareholders' equity	\$ 18,074.5	\$ 18,024.7

See note under the table on page 64.

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of this adoption was a decrease to deferred acquisition costs of \$99.5 million and a decrease to shareholders' equity of \$66.8 million as of December 31, 2011.

Assured Guaranty Ltd.

Reconciliation of PVP to GWP



(\$ in millions)

	Three Months Ended June 30,	
	2012	2011
Consolidated new business production analysis:		
PVP		
Public finance - U.S.:		
Primary markets	\$ 44.2	\$ 36.0
Secondary markets	2.8	8.8
Public finance - non-U.S.:		
Primary markets	1.1	-
Secondary markets	-	-
Structured finance - U.S.	1.5	7.1
Structured finance - non-U.S.	-	-
Total PVP	\$ 49.6	\$ 51.9
Total PVP	\$ 49.6	\$ 51.9
Less: PVP of credit derivatives	-	-
PVP of financial guaranty insurance	49.6	51.9
Less: financial guaranty installment premium PVP	2.9	5.9
Total: financial guaranty upfront GWP	46.7	46.0
Plus: financial guaranty installment GWP ¹	(16.0)	(29.0)
Total GWP	\$ 30.7	\$ 17.0
Consolidated financial guaranty gross par written:		
Public finance - U.S.:		
Primary markets	\$ 4,497	\$ 3,292
Secondary markets	173	356
Public finance - non-U.S.:		
Primary markets	35	-
Secondary markets	-	-
Structured finance - U.S.	-	725
Structured finance - non-U.S.	-	-
Total	\$ 4,705	\$ 4,373

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

1. 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.

Reconciliation of GAAP Book Value to Adjusted Book Value



(\$ in millions, except per share amounts)

	As of :			
	June 30, 2012		December 31, 2011 ¹	
	Total	Per share ²	Total	Per share
Reconciliation of shareholders' equity to adjusted book value:				
Shareholders' equity	\$ 4,724.1	\$ 24.36	\$ 4,651.6	\$ 25.52
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(339.3)	(1.75)	(405.2)	(2.22)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(862.2)	(4.44)	(498.0)	(2.74)
Fair value gains (losses) on committed capital securities	28.8	0.15	35.0	0.19
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	386.2	1.99	318.4	1.75
Operating shareholders' equity	\$ 5,510.6	\$ 28.41	\$ 5,201.4	\$ 28.54
After-tax adjustments:				
Less: Deferred acquisition costs	170.9	0.88	174.1	0.95
Plus: Net present value of estimated net future credit derivative revenue	258.2	1.33	302.3	1.66
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,516.1	18.13	3,658.0	20.07
Adjusted book value	\$ 9,114.0	\$ 46.99	\$ 8,987.6	\$ 49.32

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

- Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of this adoption was a decrease to operating shareholders' equity of \$66.8 million and a decrease to deferred acquisition costs of \$99.5 million as of December 31, 2011.
- On June 1, 2012, AGL issued 13.4 million common shares in connection with the 3,450,000 equity units it issued in June 2009. Each of the equity units included a forward purchase contract under which the holders were required to purchase such common shares for an aggregate purchase price of \$172.5 million. As a result of the settlement of the forward purchase contracts, the equity units ceased to exist.

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 remeasurement of net premium receivables and loss and LAE reserves. 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 remeasurement 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 FG 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 FG 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 remeasurement). 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, net. 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%. 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 financial guaranty 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%. 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.

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Fixed Income Investor Presentation

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