



Assured Guaranty Ltd.
Equity Investor Presentation
March 31, 2013



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 or all of Assured Guaranty’s forward looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Assured Guaranty’s actual results may vary materially. Among factors that could cause actual results to differ materially are (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; (2) developments in the world’s financial and capital markets, including changes in interest and foreign exchange rates, that adversely affect the demand for the Company’s insurance, issuers’ payment rates, Assured Guaranty’s loss experience, its exposure to refinancing risk in transactions (which could result in substantial liquidity claims on its guaranties), 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 rating 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 impacting 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) failure of Assured Guaranty to realize insurance loss recoveries or damages expected from originators, sellers, sponsors, underwriters or servicers of residential mortgage-backed securities transactions through loan putbacks, settlement negotiations or litigation; (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) loss of key personnel; (18) adverse technological developments; (19) the effects of mergers, acquisitions and divestitures; (20) natural or man-made catastrophes; (21) other risks and uncertainties that have not been identified at this time; (22) management’s response to these factors; and (23) other risk factors identified in Assured Guaranty’s filings with the U.S. Securities and Exchange Commission (the “SEC”).
- 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 SEC.
- 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. Any forward looking statements in the presentation reflect the Company’s current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity.
- For these statements, the Company claims the protection of the safe harbor for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Conventions and Non-GAAP Financial Measures

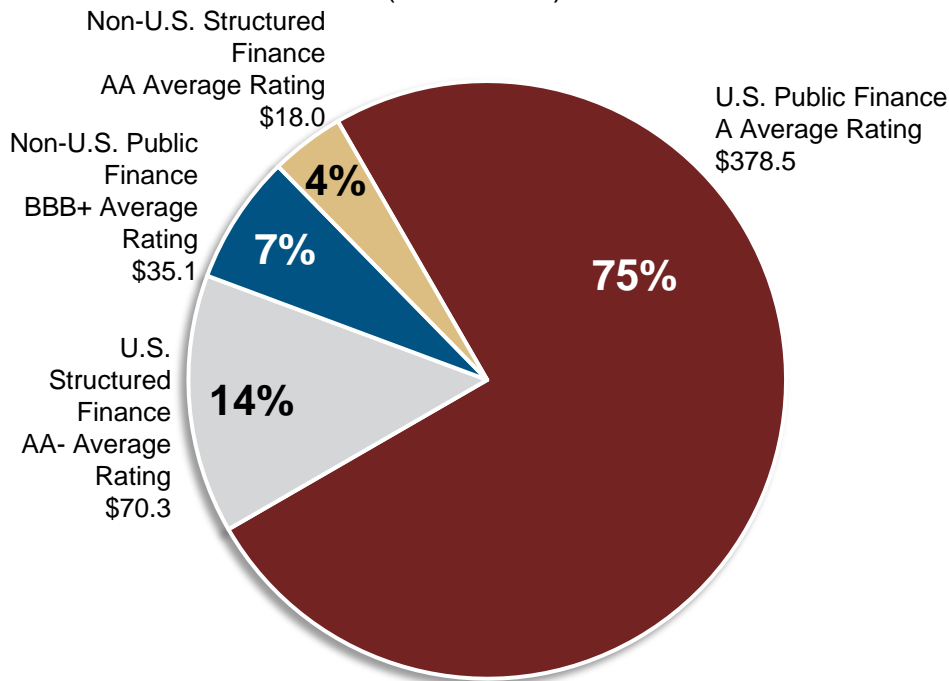


- Unless otherwise noted, the following conventions are used in this presentation:
 - Ratings on our insured portfolio and on bonds purchased pursuant to loss mitigation or risk management strategies are Assured Guaranty's internal ratings. Although the Company's ratings scale is similar to that used by the nationally recognized statistical rating organizations, the ratings may not be the same as ratings assigned by any such rating agency.
 - The super senior category, which is not generally used by rating agencies, is used by Assured Guaranty in instances where its AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured Guaranty's exposure or (2) Assured Guaranty's exposure benefitting from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss, and such credit enhancement, in management's opinion, causes Assured Guaranty's attachment point to be materially above the AAA attachment point.
 - Beginning in the first quarter 2012, the Company decided to classify those portions of risks benefiting from reimbursement obligations collateralized by eligible assets held in trust in acceptable reimbursement structures as the higher of 'AA' or their current internal rating. As of fourth quarter 2012, the Company applied this policy to exposures covered by the Bank of America Agreement and the Deutsche Bank Agreement. The Bank of America Agreement was entered into in April 2011 and the reclassification in the first quarter 2012 resulted in a decrease in BIG net par outstanding as of December 31, 2011 of \$1,452 million from that previously reported. The Company has also reclassified the three transactions under the UBS agreement that are subject to a loss sharing reinsurance arrangement expected to be put in place by third quarter 2013. The total impact of the reclassification was a reduction in below investment grade exposure of \$2,019 million. Please see page 46 for details.
 - Exposures rated below investment grade are designated "BIG".
 - Ratings on the investment portfolios are the lower of the ratings from Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services ("S&P").
 - Percentages and totals in tables or graphs may not add due to rounding.
- This presentation references financial measures that are not in accordance with U.S. generally accepted accounting principles ("GAAP"), which management uses in order to assist analysts and investors in evaluating Assured Guaranty's financial results. These financial measures not in accordance with GAAP ("non-GAAP financial measures") are defined in the appendix. In each case, the most directly comparable GAAP financial measure, if available, is presented, and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how Assured Guaranty's management, analysts and investors evaluate Assured Guaranty's financial results and is comparable to estimates published by analysts in their research reports on Assured Guaranty.

- **Assured Guaranty overview**
- **First quarter activity**
- **Creating value**
 - UBS agreement
 - R&W activity
 - R&W litigation update
 - Track record of value creation
 - Simplified corporate structure & dividend limitations
 - Servicer replacements
 - Bond purchases
 - Agreements to terminate guaranties
 - New business production
- **Underlying value**
 - Selected company assets and liabilities
 - Deleveraging without reducing total invested assets
 - Investment income generates capital
 - Historical growth
- **Financial results**
- **Portfolio overview**

Consolidated Net Par Outstanding

As of March 31, 2013
(\$ in billions)



\$501.8 billion, A+ average rating

- **We are the leading financial guaranty franchise, with over a quarter century of experience in the municipal and structured finance markets**
 - Assured Guaranty Municipal Corp. (AGM) is rated AA- (stable) by S&P and A2 (stable) by Moody's
 - Assured Guaranty Corp. (AGC) is rated AA- (stable) by S&P and A3 (stable) by Moody's
- **Our insured portfolio is composed primarily of U.S. public finance exposures**
- **Our average insured portfolio rating has remained strong at A+**

- Pursuant to a January 2013 \$200 million share repurchase authorization, the Company repurchased 1.9 million shares as of March 31, 2013 at an average price of \$20.46 per share. Through May 6, 2013, the Company had repurchased 5.6 million shares at an average price of \$20.29 per share. On May 8, 2013, the Company's board of directors authorized an additional \$115 million of repurchases of the Company's common shares, bringing the 2013 authorization to \$315 million.
- Increased quarterly dividends to \$0.10 per share on February 7, 2013, up from \$0.09 in 2012
- Generated \$18 million of new business production (PVP) ¹
- Announced intention to launch Municipal Assurance Corp. (MAC) as a municipal-only financial guarantor; MAC is licensed to provide financial guaranty insurance and reinsurance in 38 U.S. jurisdictions
- For loss mitigation purposes, purchased \$4 million of net par outstanding at 82% of par and terminated 10 policies covering approximately \$1.6 billion of net par outstanding while still collecting approximately 100% of expected premium
- Flagstar final judgment entered April 2013 awarding AGM damages of \$90.7 million and pre-judgment interest of \$15.9 million, for a total of \$106.5 million. The court awarded AGM attorneys' fees and costs in February 2013 but deferred ruling until the resolution of Flagstar's appeal.
- Signed an agreement with UBS on May 6, 2013, resolving claims related to specified residential mortgage-backed securities (RMBS) transactions insured by AGM or AGC under financial guaranty insurance policies.

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

- **Signed an agreement with UBS on May 6, 2013, resolving claims related to specified RMBS transactions that were issued, underwritten or sponsored by UBS and insured by AGM or AGC under financial guaranty insurance policies.**
- **Received an upfront payment of approximately \$358 million for previously paid claims on three first lien transactions**
- **Obtained agreement for AGM to be reimbursed as of the date of the agreement 85% of all future losses on such three first lien RMBS transactions, and for UBS to put in place a collateralized loss-sharing reinsurance arrangement by 3Q-13**
- **The agreement benefited 1Q-13 operating earnings by \$109 million pre-tax (\$71 million after tax)**

- The cumulative total (gross of reinsurance) of settlement receipts and commitments and R&W putback receipts was approximately \$3.4 billion.¹ The putbacks flow through the transaction waterfalls and do not necessarily benefit us dollar-for-dollar.
- Favorable ruling in Flagstar trial is a positive development for ongoing and future R&W litigation
- Our largest agreement was with Bank of America / Countrywide, in which we resolved our R&W claims on 29 transactions
- We signed an agreement with Deutsche Bank on May 8, 2012, resolving our R&W claims on 8 financial guaranty transactions and our claims on certain uninsured tranches within 3 of these transactions
- We reached agreement with another R&W provider in 4Q-12 on an RMBS securitization transaction to repurchase underlying loans in that transaction.
- Signed an agreement with UBS on May 6, 2013, resolving claims related to specified RMBS transactions insured by AGM or AGC under financial guaranty insurance policies.

(\$ in millions)	Future Net R&W Benefit as of			
	March 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Bank of America / Countrywide ²	\$319	\$367	\$598	\$1,050
Deutsche Bank included in agreement ^{3, 4}	151	160	-	-
UBS ⁵	434	-	-	-
Other R&W ⁶	534	843	1,052	621
Total	\$1,438	\$1,370	\$1,650	\$1,671

1. As of March 31, 2013. Includes future benefits covered under our agreements with Bank of America/Countrywide, Deutsche Bank and UBS.
2. As of March 31, 2013, Bank of America had placed approximately \$749 million of eligible assets in trust in order to collateralize the reimbursement obligation relating to the first lien transactions. The amount of assets required to be posted may increase or decrease from time to time, as determined by rating agency requirements.
3. As of March 31, 2013, Deutsche Bank AG had placed approximately \$274 million of eligible assets in trust in order to collateralize the obligations of a reinsurance affiliate under the loss-sharing arrangements. 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 dated May 9, 2012.
5. Includes R&W assets in the agreement dated May 6, 2013.
6. Includes agreement reached in the fourth quarter of 2012.

Current U.S. RMBS R&W Litigation Status

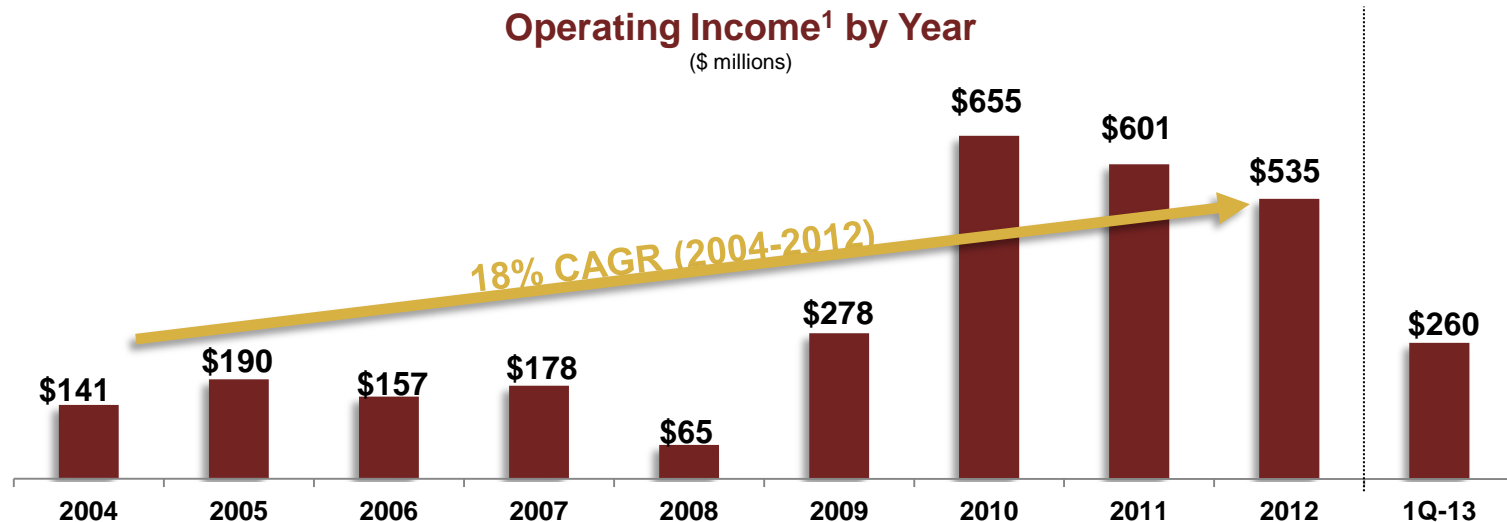
Counterparty	Current Status	Original Par Insured	Loans Putback (As of March 31, 2013)	Gross Par Outstanding (As of March 31, 2013)
Flagstar	Final judgment entered April 2013 awarding AGM damages of \$90.7 million and pre-judgment interest of \$15.9 million, for a total of \$106.5 million. Court awarded AGM attorneys' fees and costs in February 2013 but deferred ruling until the resolution of Flagstar's appeal.	\$902 million	\$91 million	\$142 million
Deutsche Bank	Complaint filed June 2010 related to a HELOC transaction.	\$353 million	\$41 million	\$24 million
Bear Stearns / EMC	Complaints filed July 2010 on a HELOC transaction and March 2012 on two alt-A transactions. Complaint related to the HELOC transaction largely survived a recent motion to dismiss.	\$536 million	\$227 million	\$81 million
GMAC	Complaints filed May 2012 on two HELOC transactions. Litigation is stayed due to subsequent GMAC, ResCap and affiliates bankruptcy filing.	\$1,209 million	\$54 million	\$212 million
Credit Suisse / DLJ Mortgage Capital	Complaint filed October 2011 on six alt-A transactions. Certain causes of action dismissed October 2012, but core claims remain. Assured Guaranty filed notice of appeal of grant of motion to dismiss.	\$567 million	\$2.1 billion	\$435 million

Creating Value

Track Record of Creating Shareholder Value



- Since our initial public offering in 2004, we have grown our operating income¹ from \$141 million in 2004 to \$535 million in 2012, an 18% compounded annual growth rate (CAGR)
- Operating income has grown through new business production, acquisitions (acquired AGM on July 1, 2009) and other strategic activities
 - Recapture of previously ceded business
 - Accelerated premiums through terminations or refundings



1. Operating income is a non-GAAP financial measure which is defined in the appendix.

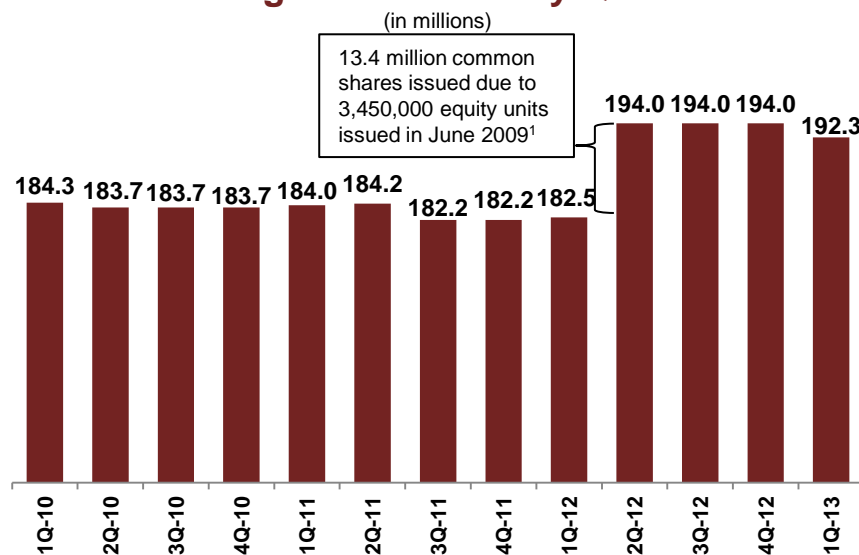
Creating Value

Track Record of Creating Shareholder Value

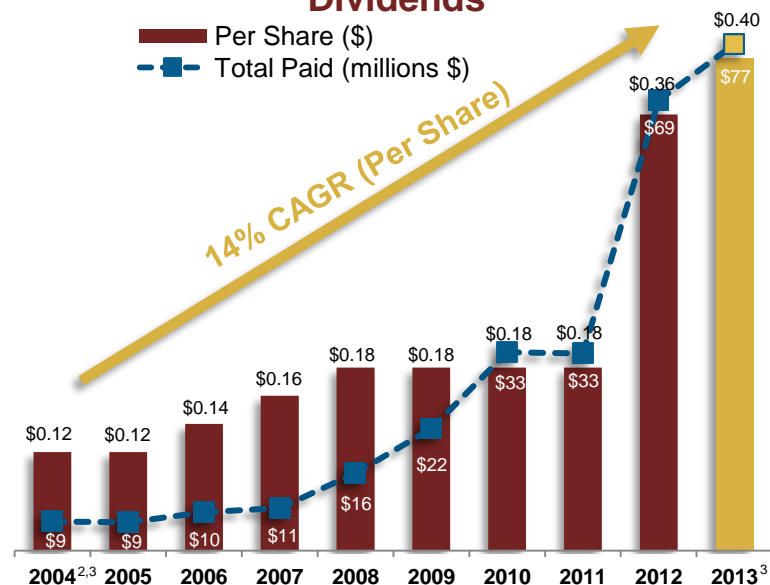


- In addition, we have returned capital to shareholders by declaring dividends and opportunistically repurchasing our common shares
 - Since the 2004 IPO, we have more than tripled our quarterly dividend to \$0.10 per share, or \$0.40 per share per year
 - Authorized a \$200 million share repurchase program in January 2013; The Company had repurchased 1.9 million shares as of March 31, 2013 at an average price of \$20.46 per share. Through May 6, 2013, the Company had repurchased 5.6 million shares at an average price of \$20.29 per share. On May 8, 2013, the Company's board of directors authorized an additional \$115 million of repurchases of the Company's common shares, bringing the 2013 authorization to \$315 million.

Ending Share Count by Quarter



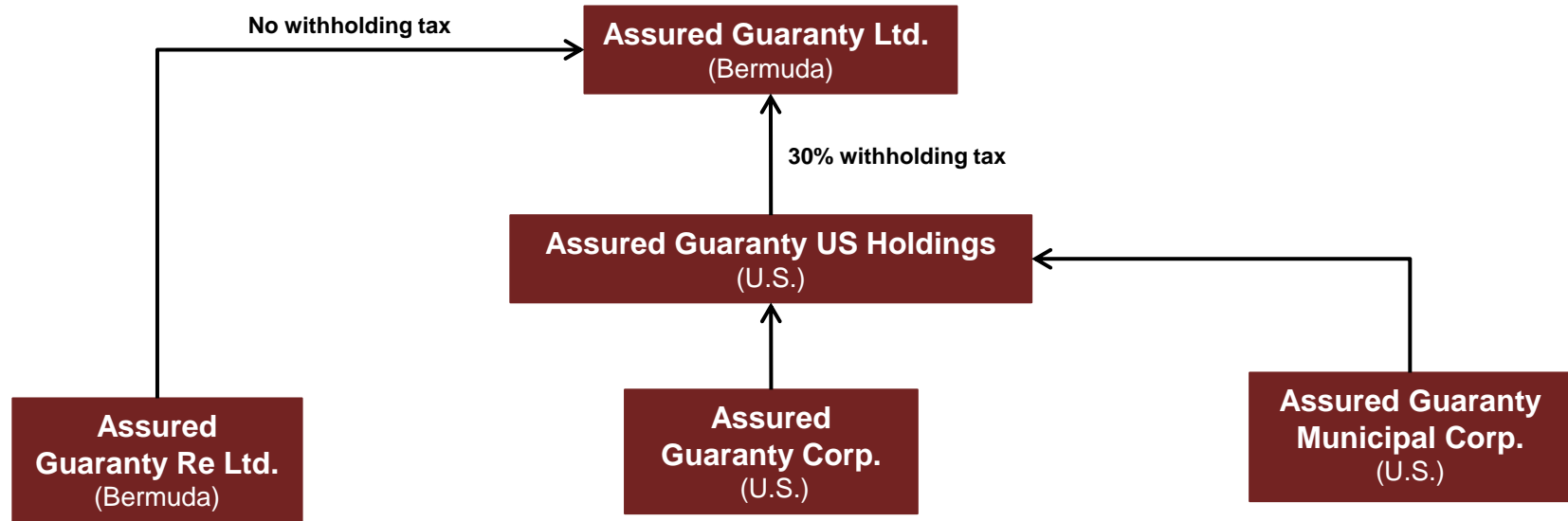
Dividends



1. Convertible notes are no longer outstanding.
2. In 2004, dividends were paid following our April IPO.
3. The amount shown is the quarterly dividend, annualized.

Creating Value

Simplified Corporate Structure & Dividend Limitations¹



Dividend Limitations

Based on regulatory capital requirements AG Re currently has \$617 million of excess capital and surplus. However, dividends shall not exceed outstanding statutory surplus or \$440 million. In addition, dividends on annual basis shall not exceed 25% of its total statutory capital and surplus, \$321 million. Also, as of March 31, 2013, AG Re had unencumbered assets of \$210 million.

Dividend Limitations

The amount available for dividend distribution as of March 31, 2013 is approximately \$91 million. AGC must provide notice of the proposed dividend to the Maryland Commissioner of Insurance.

Dividend Limitations

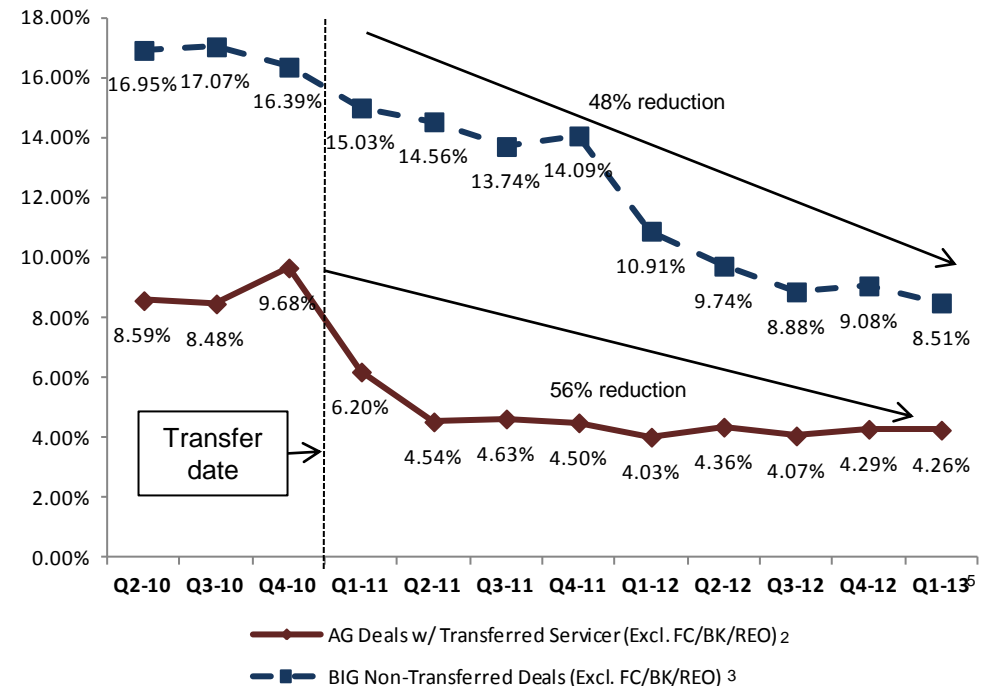
Based on AGM's statutory statements to be filed for the quarter ended March 31, 2013, the maximum amount available for payment of dividends by AGM without New York State Department of Financial Services regulatory approval over the 12 months following March 31, 2013 was approximately \$186 million.

1. Represents simplified corporate structure and dividend capacity as of March 31, 2013. Please see our Form 10-K for the year ended December 31, 2012 for a discussion of the dividend limitations to which we are subject under applicable U.S. and Bermuda law, including the New York Insurance Law and the Code of Maryland Regulations.

- In December 2010, we transferred servicing on 6 second-lien transactions, which have since shown material improvement when compared with other BIG non-transferred transactions**
 - Delinquencies have been reduced by 56% (from 9.7% to 4.3%) vs. the BIG non-transferred reduction of 48% (from 16.4% to 8.5%)
- As of March 31, 2013, the servicing of approximately \$3.0 billion of mortgage loans had been transferred to a new servicer and another \$1.7 billion of mortgage loans were subject to special servicing arrangements.**⁴

Delinquency Trend Comparison¹

Transferred Servicer Deals vs. BIG Non-Transferred Deals



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.

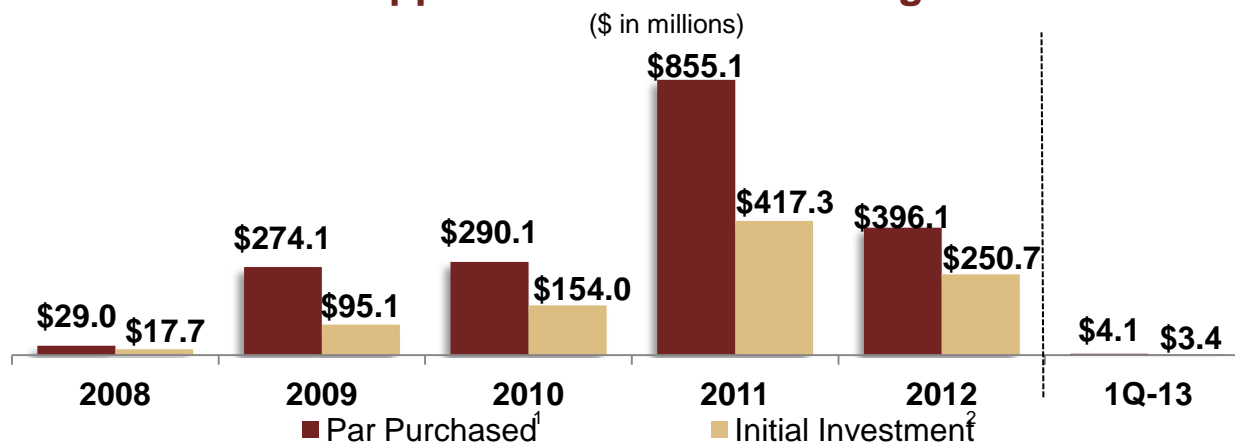
3. BIG non-transferred deals composite includes certain BIG transactions available in CoreLogic (formerly Loan Performance).

4. The March 31, 2013 net insured par of the transactions impacted by the servicing transfers was \$2.6 billion and the net insured par of the transactions subject to special servicing was \$0.9 billion.

5. Q1-13 represents delinquency data as of Feb-13 distribution

- **We have a program to purchase securities we have insured in order to reduce our losses and potentially relieve rating agency capital charges, enhance yield and increase future investment income**
 - We have purchased approximately \$1.8 billion of par on insured securities through March 31, 2013 with an initial purchase price of approximately \$938 million; \$1.6 billion of par remains outstanding
- **Targeted purchases are BIG securities on which claims are expected to be paid**
 - 84% of all purchases are for RMBS securities
 - Since the start of the program, 73% of purchased insured par has benefited AGM, 27% has benefited AGC
- **Purchasing wrapped bonds has increased adjusted book value because the amount of reserves released and the ongoing principal and interest from the bonds are expected to be greater than the purchase price**

Wrapped Bond Purchase Program



1. Par at the time of purchase.

2. Cost of purchase.

- **Actively pursue termination of contracts**
 - At beneficiary's request: keep all economics, possibly more
 - At our request: share economics with beneficiary
 - To eliminate high capital charges: share or possibly give up some economics
- **Since January 1, 2011, we have agreed with beneficiaries of our policies to terminate insurance coverage on approximately \$19 billion of net par outstanding to reduce our leverage and potentially relieve rating agency capital charges**
- **Targeted terminations are investment grade securities for which claims are not expected but which carry a disproportionate rating agency capital charge**

Completed Terminations Since January 1, 2011

\$ in millions	<u># of Policies</u>	<u>Net Par</u>	<u>Estimated Rating Agencies Model Benefit</u>
Pooled Corporates	87	\$11,727	\$10-\$60
Other	32	3,628	190-420
RMBS	27	934	0-3
Infrastructure	24	2,145	30-70
<u>Muni</u>	<u>6</u>	<u>99</u>	<u>0-2</u>
Totals	<u>176</u>	<u>\$18,533</u>	<u>\$300-\$600</u>

- **Penetration in the U.S. public finance market**
- **U.S. structured finance business activity**
- **International business activity**
- **Underwriting and pricing discipline**
- **Reinsurance platform**

Creating Value

New Business Production

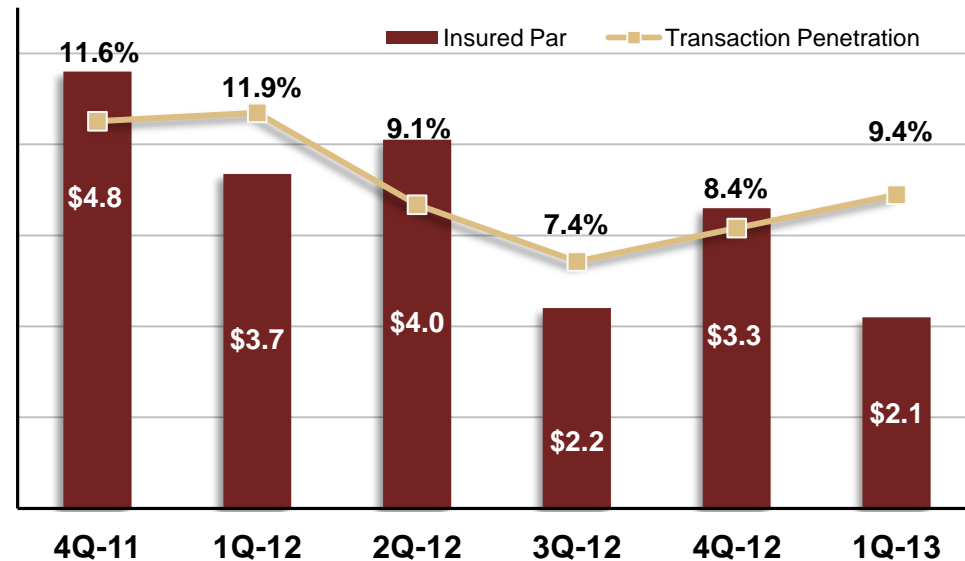
Penetration in the U.S. Public Finance Market



- **We are focused on building demand for our guaranties, both in the primary and the secondary markets**
 - Secondary market policies totaled 148 in 1Q-13
- **The low interest rate environment and ratings uncertainty has put some pressure on our market penetration**
 - Insured 29.0% of A-rated transactions in 1Q-13, up from 25.9% in 4Q-12
 - Our insured par penetration for all transactions with underlying A ratings decreased to 7.9% in 1Q-13, down from 11.1% in 4Q-12
- **Our penetration for smaller deals remains strong at 11.1% of all transactions under \$25 million in 1Q-13**

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

(\$ in billions)



Total Par Issued	\$98.7	\$78.2	\$113.3	\$83.6	\$91.7	\$81.3
Total Transactions Issued	2,967	2,953	3,827	2,673	3,104	2,785

1. Source: SDC database, adjusted for underlying rating. As of March 31, 2013.

Creating Value

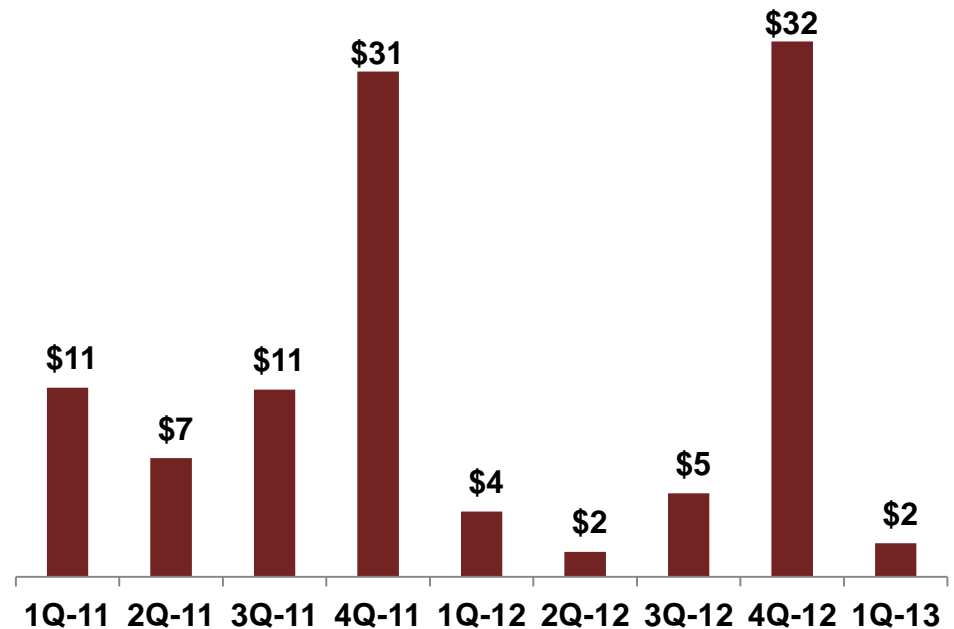
New Business Production

U.S. Structured Finance Business Activity



- **1Q-13 PVP¹ was \$2 million mostly from two tax credit transactions**
- **New business production tends to fluctuate as large, complex transactions require a long time frame**
- **U.S. structured issuance has not returned to 2006 and 2007 levels, which has diminished potential insurable market**

U.S. Structured PVP
(\$ in millions)



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

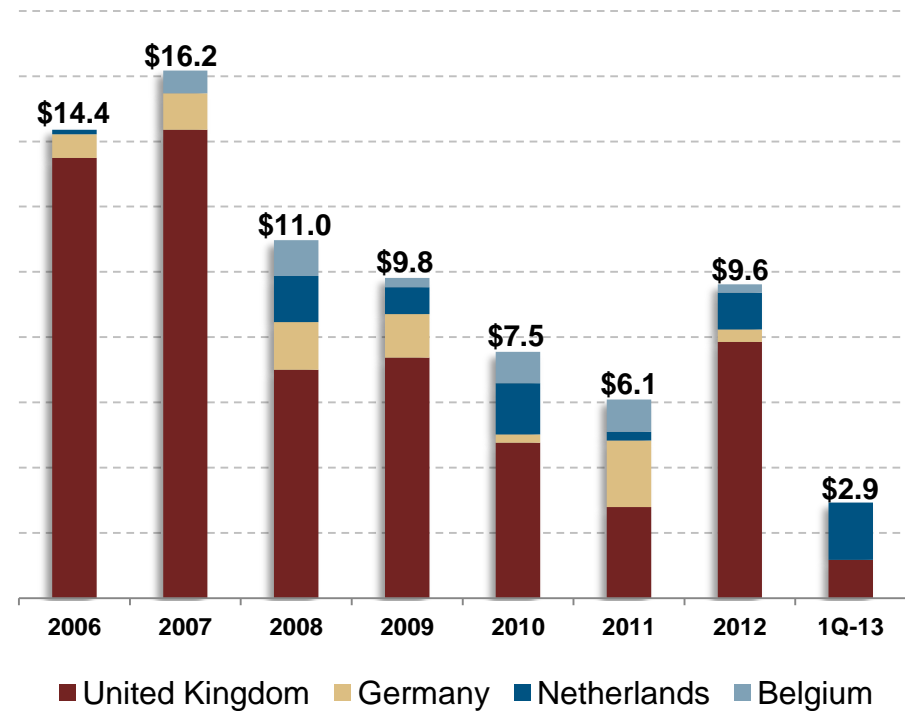
Creating Value

New Business Production
International Business Activity



- 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

International Market Issuance¹
(\$ in billions)



1. Source: www.infra-deals.com. Includes social infrastructure and transportation sectors.

Creating Value

New Business Production

Underwriting and Pricing Discipline



- Our focus on underwriting discipline and pricing has continued throughout the financial crisis as our average rating for new business remains unchanged
- New business written reflects the current economic environment
 - Low interest rate environment
 - Tighter credit spreads in the bond market
 - Ratings recalibration by Moody's in 2010

Gross Par Written for 1Q-13 and 1Q-12

Sector:	Quarter Ended March 31, 2013		Quarter Ended March 31, 2012	
	Gross Par Written	Avg. Rating ¹	Gross Par Written	Avg. Rating ¹
U.S. public finance	\$1,580	A-	\$4,843	A-
Non-U.S. public finance	-	-	-	-
Total public finance	\$1,580	A-	\$4,843	A-
U.S. structured finance	14	A-	38	A-
Non-U.S. structured finance	-	-	-	-
Total structured finance	\$14	A-	\$38	A-
Total gross par written	\$1,594	A-	\$4,881	A-

1. Internal average rating

Creating Value

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 \$19.2 billion of par in 2012
- **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 Reinsurer²

As of March 31, 2013

(\$ in millions)	Net Par Outstanding
American Overseas Re (formerly RAM Re)	\$9,387
Tokio Marine	7,938
Radian	5,002
Syncora	4,001
Mitsui	2,213
Others	2,388
Total	\$30,929

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

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

Underlying Value

Selected Company Assets and Liabilities



Selected Company Assets and Liabilities

As of March 31, 2013
(\$ in millions, except per share)

Total investment portfolio	\$10,862
Cash	125
Premiums receivable, net of ceding commissions payable	956
Salvage and subrogation recoverable	543
Ceded unearned premium reserve	535
Unearned premium reserve	4,982
Expected loss to be paid, net of expected recoveries to be collected	487
Debt	832
Total investment portfolio and cash, per share	\$57.12
Expected loss to be paid, net of expected recoveries, per share	\$2.53
Debt, per share	\$4.33

- **Investment portfolio comprises 63% of our total assets, of which 92% is invested in fixed income securities**
 - Highly rated, with 79% of fixed maturity and short-term investments rated AA or higher; average rating of AA-
 - Very liquid with over \$800 million invested in short-term investments and cash
 - Overall duration of portfolio is 4.8 years
- **Deferred revenue comprises 40% of our total liabilities**
 - Liability diminishes over time as the portfolio amortizes

Underlying Value

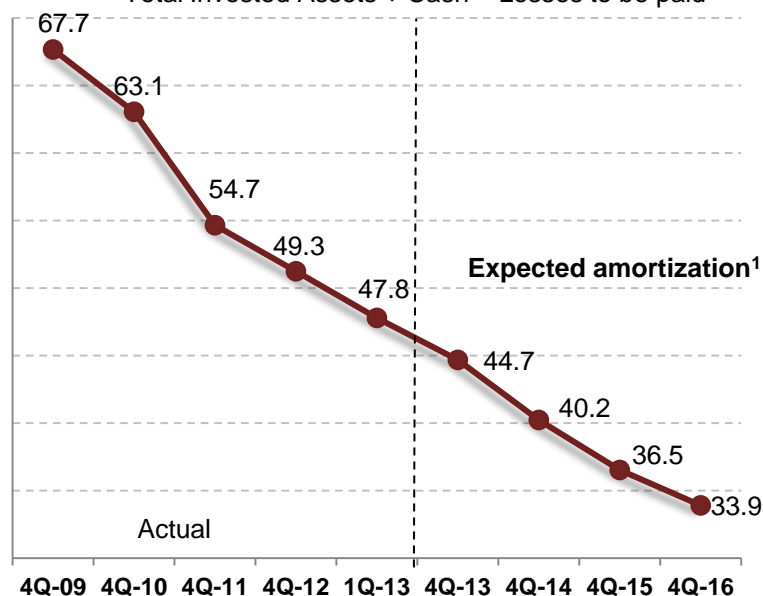
Deleveraging Without Reducing Total Invested Assets



- **Our net par outstanding to total invested assets and cash has declined from 68:1 in 4Q-2009 to 48:1 as of 1Q-2013, putting us in a stronger capital position**
 - Deleveraging should continue in the near term as new business is not expected to replace the amortization of the structured finance portfolio
- **Deleveraging has occurred while year-end total invested assets and cash has remained comparable to those of prior years**

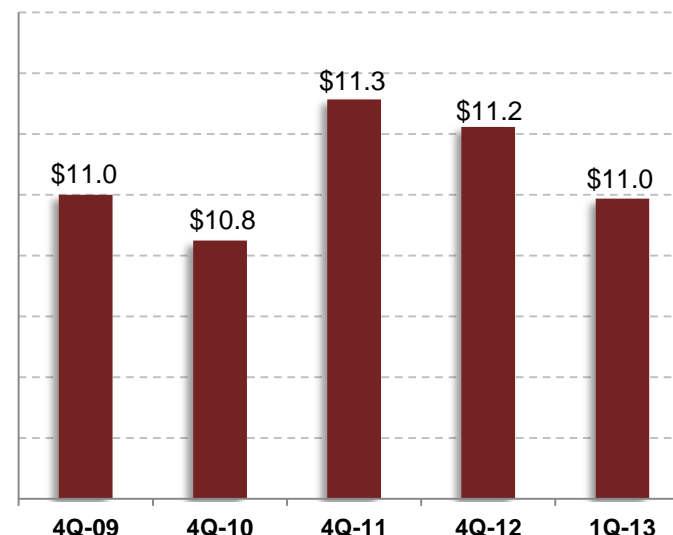
Portfolio Leverage

Net Par Outstanding /
Total Invested Assets + Cash – Losses to be paid



Total Invested Assets and Cash²

(\$ in billions)



1. Assumes no new business production and calculates estimated amortization divided by current total invested assets and cash, less current losses to be paid.
 2. As reported on the balance sheet

Underlying Value

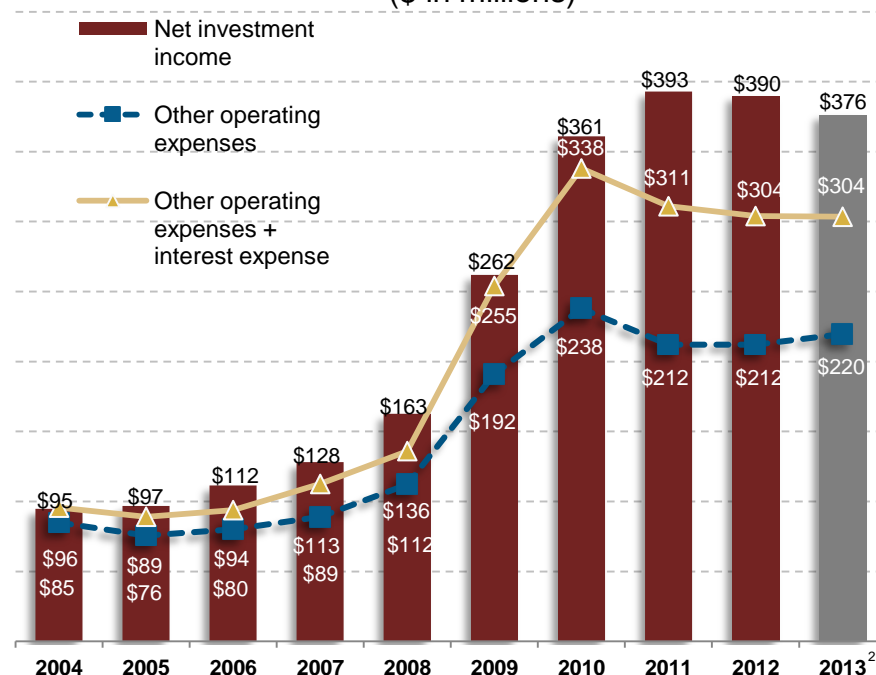
Investment Income Generates Capital



- Investment income is higher than the combination of operating and interest expenses, a spread that fosters capital growth

Investment Income¹

(\$ in millions)



1. Investment income used in calculating operating income, a non-GAAP financial measure. For an explanation of operating income, please refer to the appendix.
 2. The amounts shown are the YTD-2013 amounts annualized, after adjusting for \$6.3 million of other operating expenses for retirement eligible employees absorbed in first quarter costs.

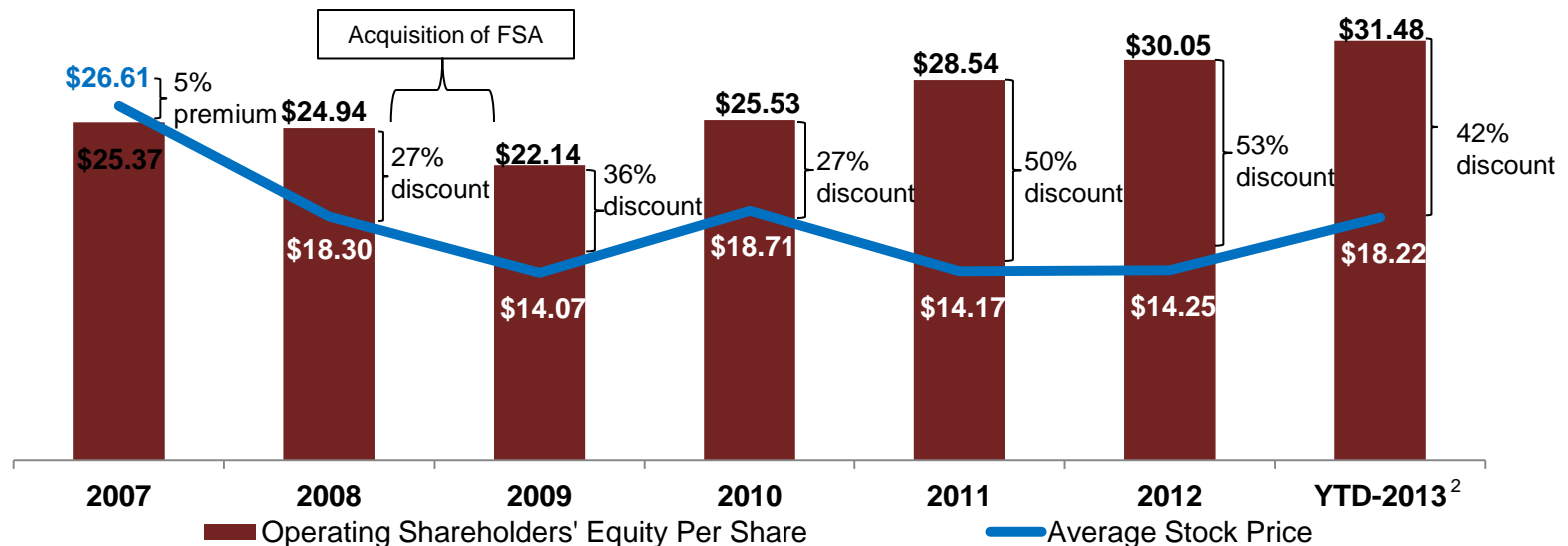
Underlying Value

Historical Growth



- Despite the financial crisis that began in 2007, operating shareholders' equity per share¹ has increased 24% and grown at a 4% CAGR during this period
- Shares have traded at a discount to operating shareholders' equity per share, due to rating agency uncertainty and negative market perception of the bond insurance industry
- Share repurchases below intrinsic value increase operating shareholders' equity per share

Share Price is Currently Below Operating Shareholders' Equity Per Share¹



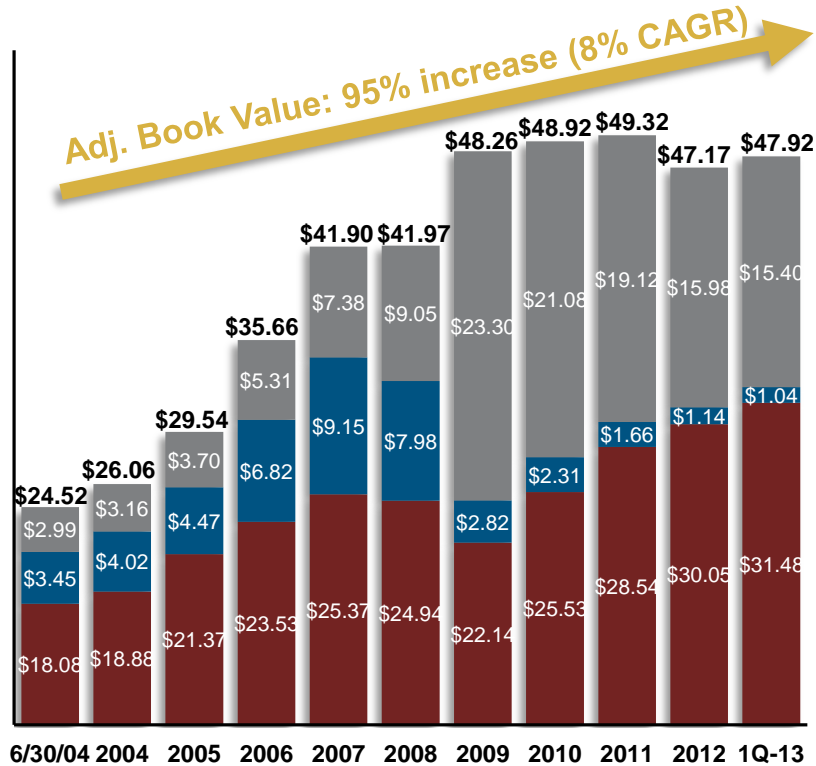
1. Operating shareholders' equity is a non-GAAP measure. For a definition of operating shareholders' equity, please review the Appendix.

2. YTD-2013 is average closing share price through March 31, 2013.

Underlying Value Historical Growth

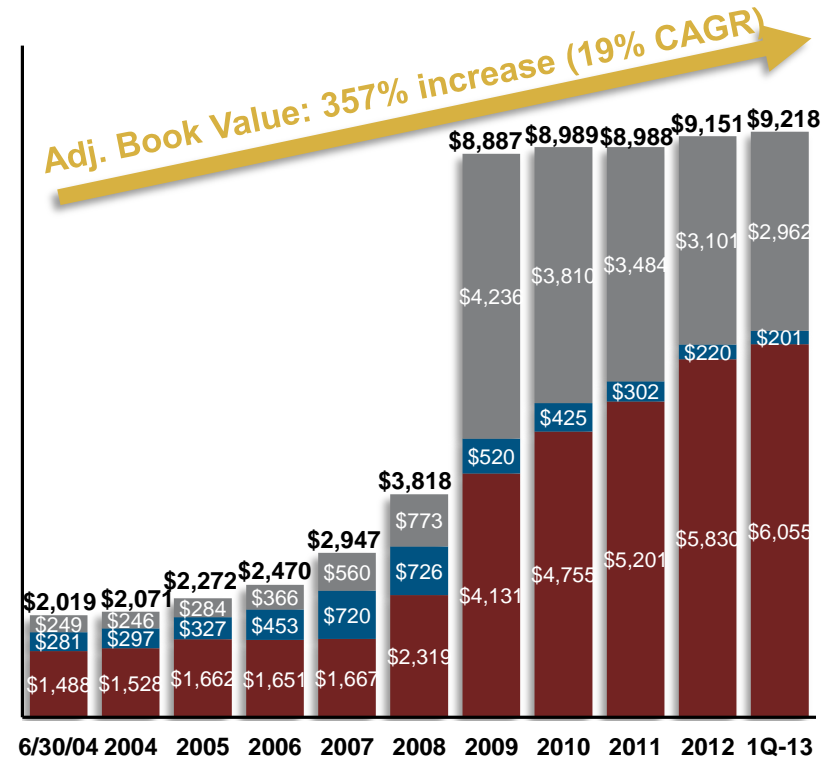


Adjusted Book Value¹ per Share



Adjusted Book Value¹

(\$ in millions)



- Operating shareholders' equity per share
- Net present value of estimated net future credit derivative revenue in force and net unearned revenue on credit derivatives, after tax
- Net unearned premium reserve on financial guaranty contracts in excess of net expected loss to be expensed less deferred acquisition costs, after tax

1. For explanations of adjusted book value and net present value of estimated net future credit derivative revenue and operating shareholders' equity, which are non-GAAP financial measures, please refer to the appendix. Effective January 1, 2012, the Company adopted a new guidance on acquisition costs with retroactive application. This affected operating shareholders' equity per share and deferred acquisition cost per share, but had no effect on adjusted book value per share. Effective January 1, 2010, GAAP accounting required the consolidation of VIEs where the Company is determined to be the control party through rights under our financial guaranty insurance contracts. For those VIEs that the Company consolidates, it records all of the activities of the VIEs and eliminates the related insurance accounting. Operating shareholders' equity reverses the financial effect of consolidating these entities and accounts for them as financial guaranty insurance contracts in order to present the Company's insured obligations on a consistent basis.

Financial Results

March 31, 2013



First Quarter 2013 Operating Results

(Excluding Consolidation of VIEs)



(\$ in millions, except per share data)	Quarter Ended		% Change vs. 1Q-12
	2013	2012	
Net earned premiums and credit derivative revenues¹	\$294	\$240	23%
Net investment income²	94	96	(2)%
Total revenues included in operating income	390	426	(8)%
Loss & LAE and incurred losses on credit derivatives³	(45)	247	NM
Total expenses included in operating income	39	339	(88)%
Operating income	260	71	266%
Operating income per diluted share	1.34	0.38	253%
Operating ROE⁴	17.5%	5.4%	12.1 pp
After-tax gain (loss) on derivatives	\$(434)	\$(517)	NM
Net income (loss)	(144)	(483)	NM
Net income (loss) per diluted share	(0.74)	(2.65)	NM

NM = Not meaningful pp = percentage points

1. Included \$18 million and \$17 million related to consolidation of financial guaranty variable interest entities ("FG VIEs") that was eliminated during quarters ended March 31, 2013 and 2012, respectively, in GAAP reported results due to consolidation.

2. Included \$0 million and \$(2) million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the quarter ended March 31, 2013 and 2012, respectively.

3. Included \$(7) million and \$7 million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the quarters ended March 31, 2013 and 2012, respectively.

4. ROE calculations represent annualized returns.

Loss Expense Accounting¹ and Economic Loss Development



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

(\$ in millions, except per share data)	1Q-13	1Q-12
Loss expense (benefit) on FG and CDS included in operating income:		
Before tax	\$(45)	\$247
After tax	(25)	173
Per diluted share	(0.13)	0.93
Economic loss development unfavorable (favorable)		
Before tax	\$(98)	\$212
After tax	(64)	151
Per diluted share	(0.33)	0.81

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

Portfolio Overview

March 31, 2013



Four Discrete Operating Companies With Separate Capital Bases



Consolidated Claims Paying Resources and Statutory-Basis Exposures

(\$ in millions)	As of March 31, 2013					
	Assured Guaranty Municipal Corp.	Assured Guaranty Corp.	Assured Guaranty Re Ltd. ¹	Municipal Assurance Corp. ²	Eliminations ³	Consolidated
Claims paying resources						
Policyholders' surplus	\$ 1,869	\$ 913	\$ 1,133	\$ 77	\$ (300)	\$ 3,692
Contingency reserve	1,599	857	-	-	-	2,456
Qualified statutory capital	3,468	1,770	1,133	77	(300)	6,148
Unearned premium reserve	1,991	735	960	-	-	3,686
Loss and loss adjustment expense reserves ^{4,5}	(175)	306	209	-	-	340
Total policyholders' surplus and reserves	5,284	2,811	2,302	77	(300)	10,174
Present value of installment premium ⁵	440	306	244	-	-	990
Standby line of credit/stop loss	200	200	-	-	-	400
Excess of loss reinsurance facility	435	435	-	-	(435)	435
Total claims-paying resources	\$ 6,359	\$ 3,752	\$ 2,546	\$ 77	\$ (735)	\$ 11,999
Net par outstanding ⁶	\$ 270,132	\$ 90,741	\$ 118,481	-	\$ (1,433)	\$ 477,921
Net debt service outstanding ⁶	\$ 407,400	\$ 133,472	\$ 188,498	-	\$ (3,393)	\$ 725,977
Ratios:						
Net par outstanding to qualified statutory capital	78:1	51:1	105:1	N/A		78:1
Capital ratio ⁷	117:1	75:1	166:1	N/A		118:1
Financial resources ratio ⁸	64:1	36:1	74:1	N/A		61:1

1. AG Re 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 MAC insurance company from Radian Asset Assurance Inc. on May 31, 2012. As of March 31, 2013, MAC has 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 \$1.3 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.

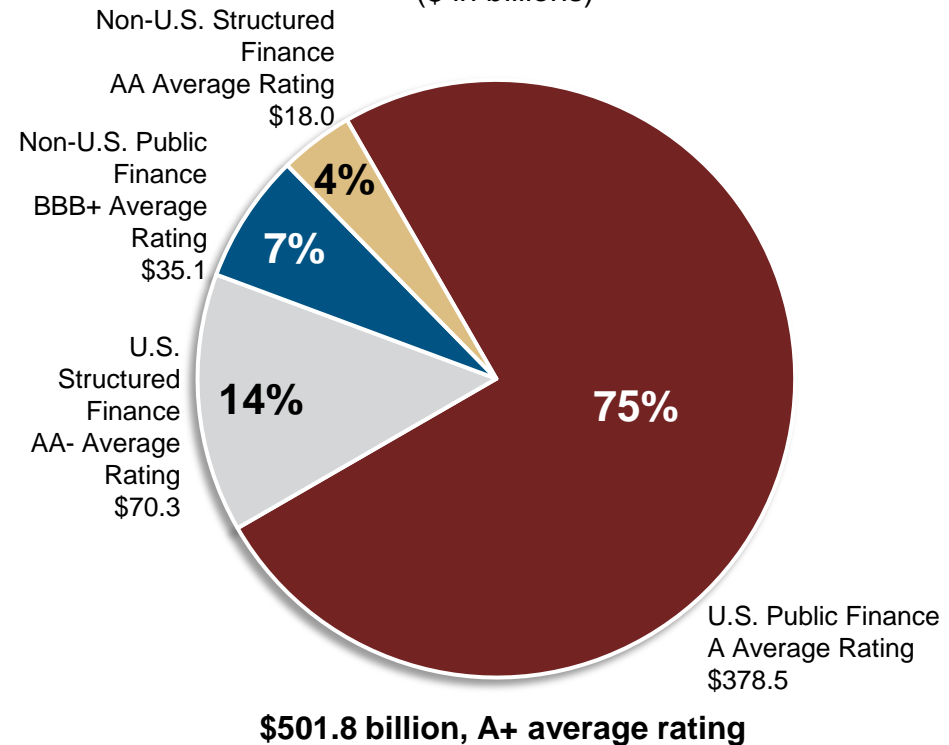
8. The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.

Net Par Outstanding By Sector

- **Assured Guaranty's portfolio is largely concentrated in U.S. public finance**
 - 75% U.S. public finance
 - 14% U.S. structured finance
 - 11% International
- **Our portfolio has an A+ average internal credit rating**
 - 4.5% below investment grade
- **U.S. RMBS is our largest BIG exposure**
 - \$10.0 billion (45% of total BIG) is U.S. RMBS (includes \$1.3 billion purchased for loss mitigation)
 - Plus \$923 million of triple-X life securitization transactions with assets invested in RMBS (includes \$170 million purchased for loss mitigation)

Consolidated Net Par Outstanding

As of March 31, 2013
(\$ in billions)



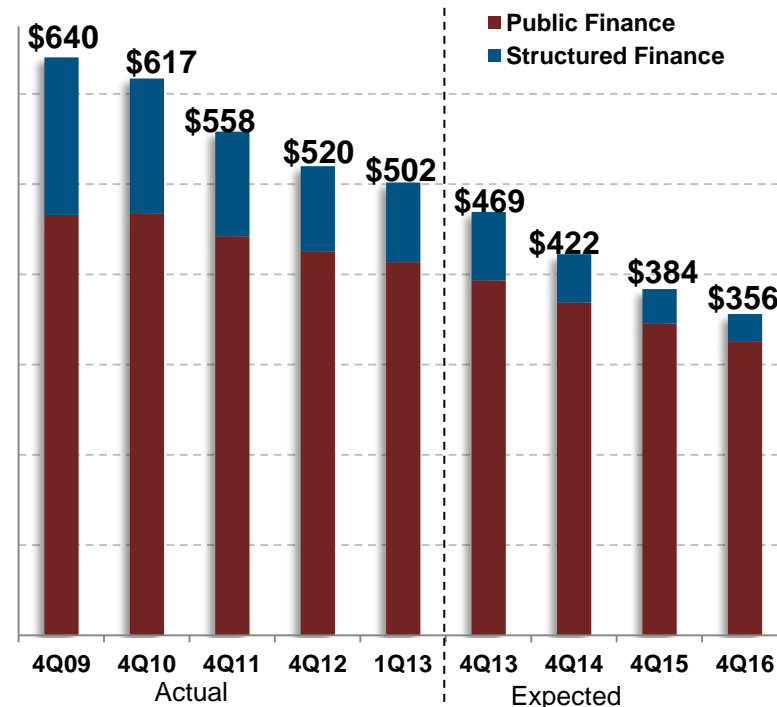
Net Par Outstanding Amortization



- **Amortization of the portfolio reduces rating agency capital charges, but also embedded future earned premiums**
- **Public finance exposure amortizes at a steady rate**
 - \$414 billion outstanding
 - 5% expected to amortize by the end of 2013; 11% by the end of 2014; 21% by the end of 2016
- **Structured finance exposure amortizes quickly**
 - \$88 billion outstanding
 - 14% expected to amortize by the end of 2013; 39% by the end of 2014; 66% by the end of 2016
- **New business originations, either through direct, reinsurance or reassumption, will increase future premiums**

Consolidated Net Par Outstanding Amortization¹

As of March 31, 2013
(\$ in billions)



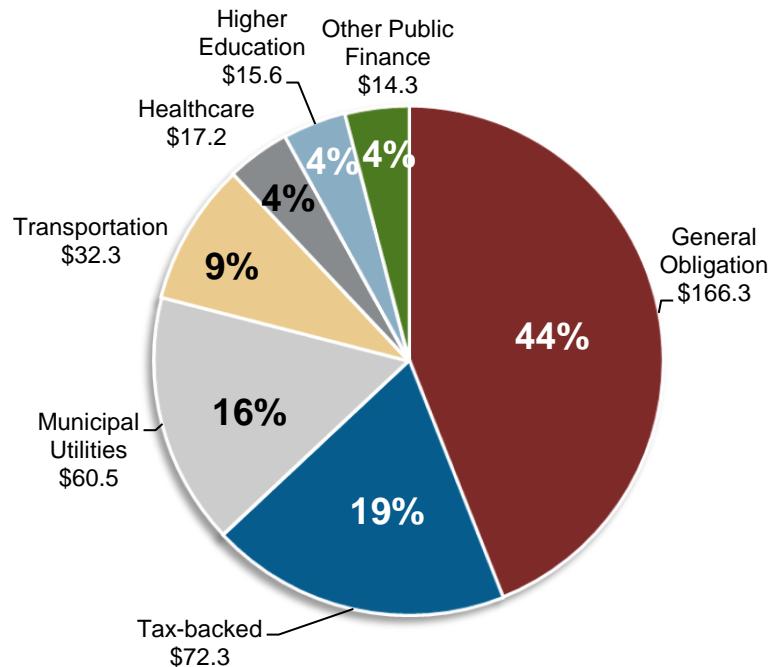
1. Represents the future expected amortization of current net par outstanding as of March 31, 2013. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (1) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of 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.

U.S. Public Finance

Net Par Outstanding

U.S. Public Finance

As of March 31, 2013
(\$ in billions)



\$378.5 billion, A average rating

- **U.S. public finance net par outstanding is \$378.5 billion, which is 75% of our total as of March 31, 2013**
- **Our U.S. public finance portfolio has performed well despite increased financial pressure on municipal obligors caused by the recession**
 - Out of approximately 11,000 direct U.S. public finance obligors, we expect future losses to be paid, net of recoveries, on less than a dozen. In 1Q-13 we made payments on only four.
- **General obligation, tax-backed and municipal utilities represent 79% of U.S. public finance net par outstanding**
 - 60% of total net par outstanding

California Public Finance Par Exposure



- **Out of our total net par exposure in California, only 3.1% are city general fund and lease obligation exposures**
- **School district debt, representing largest percentage of California net par insured (35.5%), is ineligible for Chapter 9 bankruptcy**
- **Three municipalities that have filed for bankruptcy protection in 2012 (Stockton, San Bernardino, Mammoth Lakes) remain isolated events**
 - Our exposure to Stockton is \$120 million of pension obligation bonds and \$38 million of lease revenue obligations
 - The Company has no San Bernardino general fund exposure, only exposure to \$55 million of revenue bonds
 - The Company has no exposure to Mammoth Lakes

California Net Par Outstanding by Exposure Type

(\$ in billions)	Net Par Outstanding
State	
General Obligation	\$2.3
Lease Obligation	1.1
City	
General Obligation (Statutory Lien on Taxes)	0.2
General Fund – Non-Ad Valorem	0.4
Lease Obligation	1.4
County	
General Obligation	0.2
General Fund – Non-Ad Valorem	1.3
Lease Obligation	1.1
School District	
General Obligation	18.0
Lease Obligation	2.3
Special Tax	4.6
Special Districts	5.7
Higher Education	3.0
Healthcare	1.1
Municipal Utilities	11.0
Transportation	3.0
Other	0.5
Total	\$57.2

Specific California Credits



- **Out of the four California cities that have filed for bankruptcy protection over the last several years, we have general fund / lease obligation exposure to only one, Stockton (\$158 million net par outstanding)**
- **Out of the seven California cities that have publicly discussed potentially filing for bankruptcy protection, we have exposure to only four entities**
 - Most of exposure (70%) is secured by pledges of special revenues
- **The ongoing financial stress at many municipalities reinforces the benefits of insured bonds**

California Cities Filing for Bankruptcy

Exposure	Our Net Par Outstanding	Type
Vallejo	-	
Mammoth Lakes	-	-
San Bernardino	\$55 million ¹	Redevelopment agency revenue bond & sewer revenue bond
Stockton	\$158 million	\$120 million pension obligation bond exposure involved in litigation; \$38 million in lease revenue obligations

California Cities Publicly Discussing Filing for Bankruptcy

Exposure	Our Net Par Outstanding	Type
Artesia	-	-
Atwater	\$83 million ¹	Water and sewer revenue bond
Compton	\$39 million ¹	Redevelopment agency revenue bond
Duarte	-	-
El Monte	-	-
Fresno	\$340 million	\$190 million in revenue bonds ¹ ; \$11 million pension obligation & \$139 million in COPs
La Mirada	\$45 million ¹	Redevelopment agency revenue bond

1. These obligations are secured by a pledge of "special revenues" and therefore timely payment of debt service from pledged revenues should continue uninterrupted in the event of a city bankruptcy filing.

- Our Detroit debt includes \$1.04 billion of sewer revenue bonds and \$807 million of water revenue bonds for service areas which extend beyond the City limits and for which payments are expected to continue uninterrupted in the event of bankruptcy.
- Our Detroit exposure also includes \$592 million of school district debt. School districts in Michigan are separate legal entities from the cities.
- In 2012, Michigan passed Public Act 426, continuing its long established policy of oversight for cities and school districts facing financial stress. Public Act 426, which takes effect at the end of March, updates and clarifies the scope of powers available to distressed municipalities and its emergency managers. Upon a declaration of a financial emergency, Public Act 426 presents distressed municipalities with four options:
 - Consent agreement with the state
 - Chapter 9 bankruptcy
 - Mediation
 - Hire emergency manager

Detroit Exposure by Par and Exposure Type (\$ in millions)

Exposure	Our Net Par Outstanding	Average Internal Rating
Detroit City General Obligation or General Fund Exposures		
Unlimited Tax	\$163	BB+
Limited Tax	\$17	BB
Certificates of Participation	\$175	BB-
Special Tax	\$1	BBB
Municipal Utilities	\$1,848	A-
Subtotal	\$2,204	
School District¹	\$592	AA-

1. School districts for which emergency managers have been appointed are secured by the Michigan School Bond Qualification and Loan program which is a direct obligation of the Treasury of the State of Michigan.

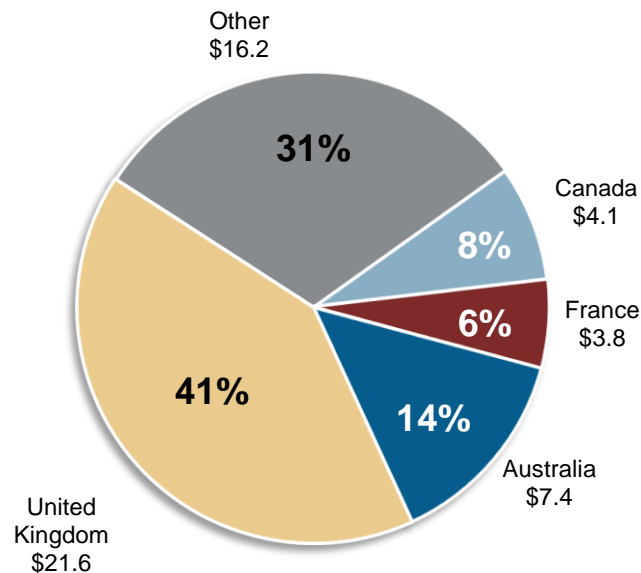
Consolidated International Finance

International Public and Structured Finance Net Par Outstanding



International Finance

As of March 31, 2013
(\$ in billions)



\$53.1 billion, A average rating

- **International exposure is 66% public finance and 34% structured finance**
- **Approximately 74% of international structured exposure is to pooled corporates**
 - 86% are rated A or higher
- **Direct sovereign debt is limited to:**
 - Poland \$255 million

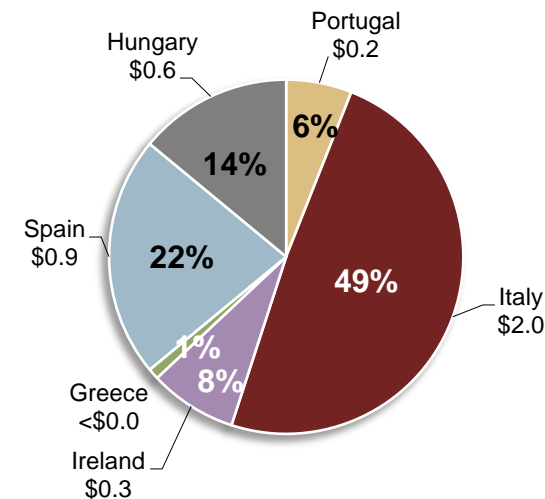
Insured Obligations Within Troubled Eurozone Countries¹



- Approximately 44%, or \$1.8 billion, of net par outstanding of exposure to troubled Eurozone countries is to structured finance transactions
- M6 Toll Road is a 58km dual carriage motorway from Budapest south towards the Croatian border
 - 100% availability paid by the Minister of Economy and Transport, representing the Hungarian government
- Spanish exposures are linked to the regional governments of Valencia, Castile La Mancha, and Catalunya

Insured Obligations Within Troubled Eurozone Countries¹

As of March 31, 2013
(\$ in billions)



\$4.2 billion, A- average rating

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

Name or Description	Country	Internal Rating	Expected Maturity	Net Par Outstanding
M6 (Hungary) - Refinancing - Senior	Hungary	BB	2025	371
Valencia Fair	Spain	BB-	2026, 2027	247
Autovia de la Mancha, S.A.	Spain	BB-	2031, 2033	140
FHB 9.75% 2019 MBIA Wrap	Hungary	BB	2016, 2019	117
OTP 9.48% 2019 MBIA Wrap	Hungary	BB+	2019	82
Metro de Porto, Portugal	Portugal	B+	2028, 2030	56
Metro Lisboa Rail Equip Lease	Portugal	B+	2025	25
Metropolitano De Lisboa	Portugal	B+	2016	24
Caminhos de Ferro Portugueses, EP	Portugal	B+	2013, 2014, 2015	16
Catalunya, Generalitat De (Spain)	Spain	BB-	2015	10
Gleneagles Funding Limited	Ireland	BB	2037	7
Universidades De Generalidad De Valencia ²	Spain	BB-	2013, 2017, 2020, 2022	6
OTP Mortgage Bank Ltd.	Hungary	BB+	2019	5
CACSA	Spain	BB-	2019, 2021, 2025	3
Rome Airport - Aeroporti Di Roma	Italy	BB+	2015	2
FHB Land Credit and Mortgage Bank	Hungary	BB	2013	1
Total				\$1,112

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

2. On December 15, 2013, \$1.6 million (27% of the deal's total NPO) is expected to mature.

Structured Finance Exposures

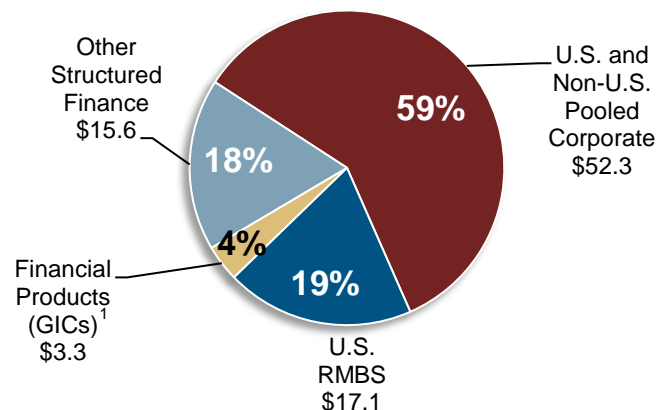
Net Par Outstanding



(\$ in billions)

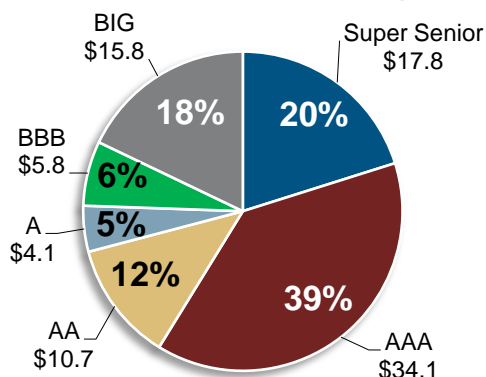
By Type

As of March 31, 2013



\$88.3 billion, AA- average rating

By Internal Rating



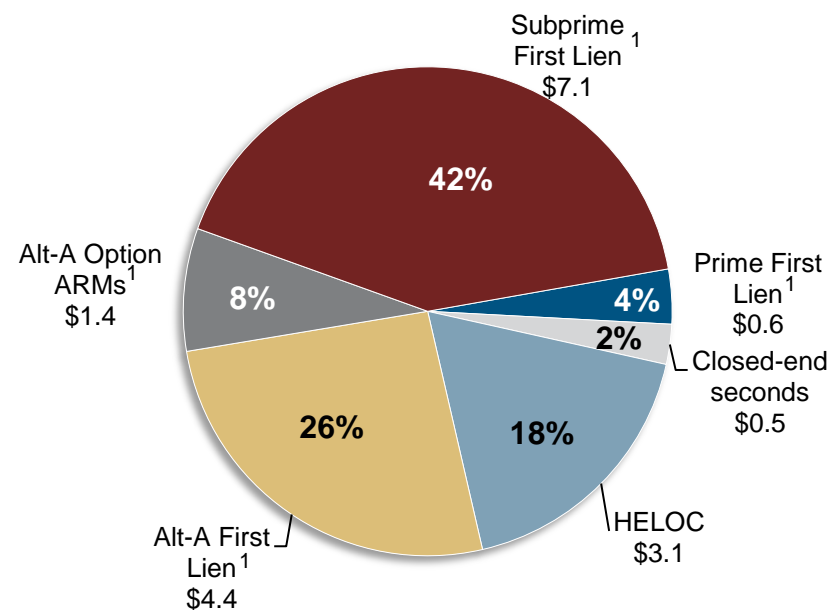
- We expect Assured Guaranty's global structured finance insured portfolio (\$88.3 billion as of March 31, 2013) to amortize rapidly — 39% by year-end 2014 and 66% by year-end 2016.**
 - \$52.3 billion in global pooled corporate obligations expected to be reduced by 49% by year-end 2014 and by 76% by year-end 2016
 - \$17.1 billion in U.S. RMBS expected to be reduced by 30% by year-end 2014 and by 59% by year-end 2016
- Assured Guaranty and AGM's total structured finance exposures of \$240.9 billion at December 31, 2007 have declined by \$152.6 billion to \$88.3 billion through March 31, 2013, a 63% reduction, or approximately \$29 billion per year.**

1. Assured Guaranty did not acquire FSAH's Financial Products ("FP") segment. Assured Guaranty and its subsidiaries are indemnified against exposure to the FP segment by Dexia. As of March 31, 2013, the aggregate accreted balance of the guaranteed investment contracts ("GICs") was approximately \$3.1 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately \$4.7 billion, the aggregate market value was approximately \$4.6 billion and the aggregate market value after agreed reductions was approximately \$3.1 billion. Cash and net derivative value constituted another \$0.2 billion of assets.

- **Our \$17.1 billion U.S. RMBS portfolio is amortizing on a dollar basis and as a percentage of the portfolio**
 - Total U.S. RMBS has declined from \$29.2 billion at December 31, 2009 to \$17.1 billion at March 31, 2013, a \$12.1 billion or 41% 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
 - Loss severity
- **We have successfully mitigated ultimate losses**
 - R&W putbacks, litigation and agreements
 - Wrapped bond purchases
 - Terminations
 - 9% subject to reinsurance¹

U.S. RMBS by Exposure Type

As of March 31, 2013
(\$ in billions)



\$17.1 billion
(3.4% of net par outstanding)

1. The Company has reclassified certain net par outstanding from below investment grade to investment grade due to reinsurance agreements or arrangements. Please see page 3 and 46 for details.

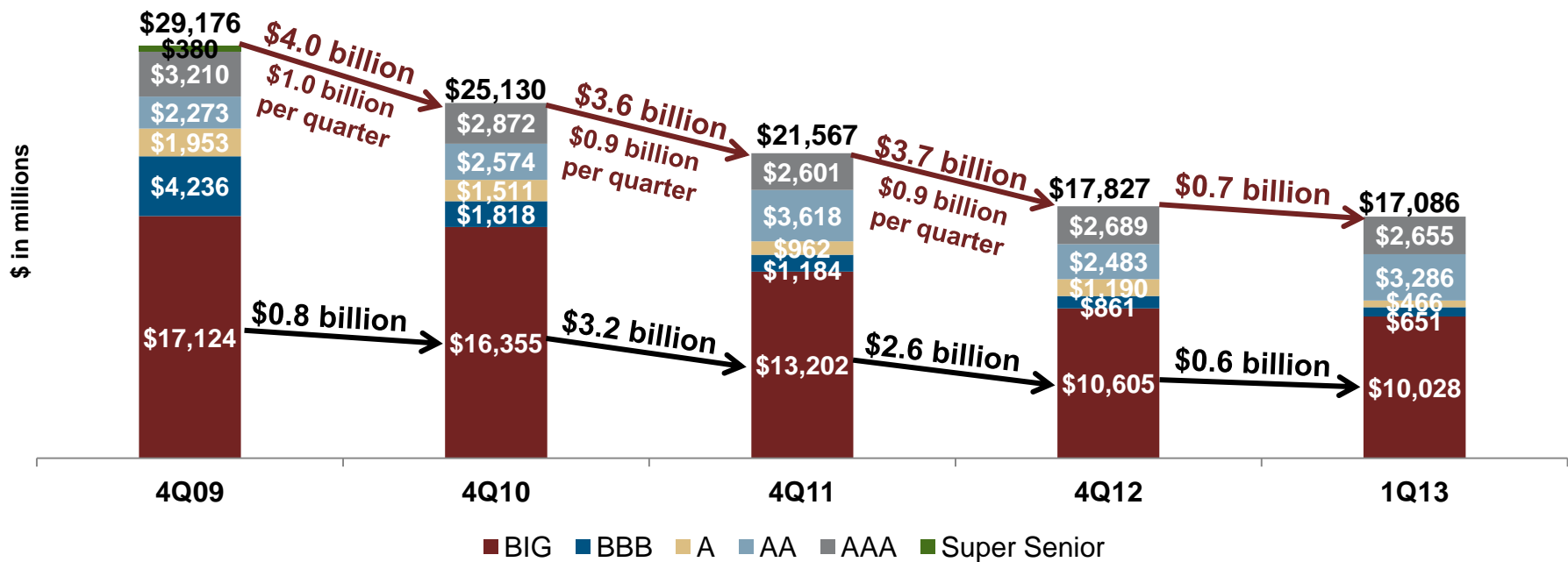
U.S. RMBS Exposure Continues to Decline



- U.S. RMBS has declined 41% from December 31, 2009 through March 31, 2013, or approximately \$0.9 billion per quarter
- Below investment grade RMBS peaked at March 31, 2010 and has since declined by approximately \$7.3 billion

U.S. RMBS by Rating

Net Par Outstanding from December 31, 2009 to March 31, 2013

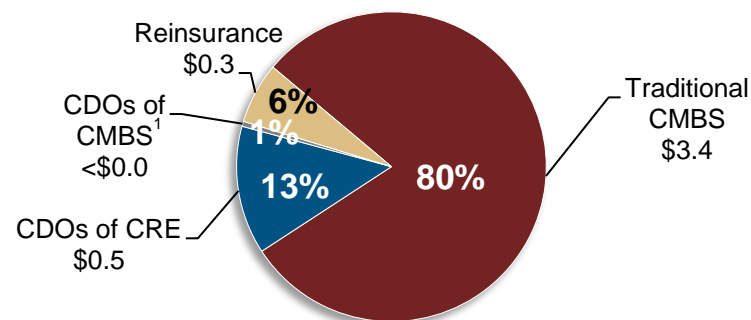


U.S. CMBS Exposure

- **We have three types of U.S. commercial mortgage-backed securities (CMBS) transactions**
 - Traditional CMBS - \$3.4 billion
 - Collateralized debt obligations (“CDOs”) of commercial real estate (“CRE”) - \$458 million
 - We also have assumed par of \$257 million¹
- **We have maintained a conservative underwriting stance on CMBS**
 - Low levels of CMBS historically
 - Focus on senior exposures and whole loans
 - AGM did not underwrite CMBS
- **Our portfolio was largely triple-A at underwriting and remains highly rated as of March 31, 2013**
 - Most deals written with triple-A rating at inception with high attachment points
 - One deal was single-A at underwriting
 - Approximately 99% of traditional direct U.S. CMBS exposure had internal rating of AAA or higher as of March 31, 2013

U.S. CMBS by Exposure Type

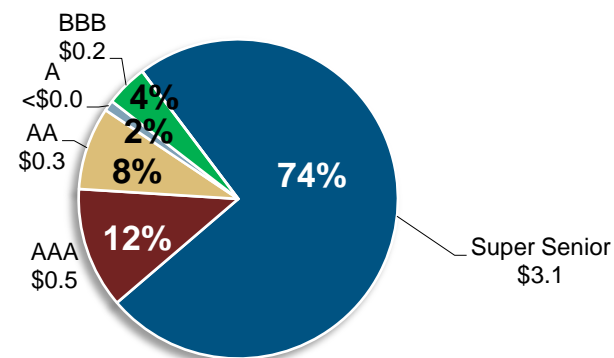
As of March 31, 2013
(\$ in billions)



\$4.2 billion

(0.8% of total net par outstanding)

By Internal Rating

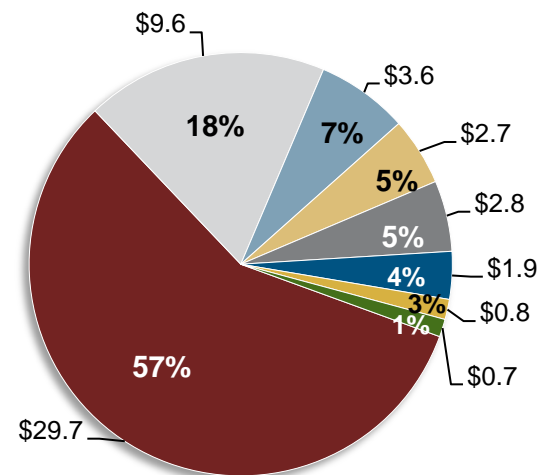


1. Includes \$26,688 of assumed CDOs of CMBS related to vintages 2003 and prior.

- **Our direct pooled corporate exposure is highly rated and well protected**
 - Average credit enhancement (CE) of 30.7%
 - 85.2% rated super senior or AAA
- **16% expected to amortize by the end of 2013; 49% by the end of 2014; 76% by the end of 2016**

Direct Pooled Corporate Obligations By Asset Class

As of March 31, 2013
(\$ in billions)



\$51.9 billion, AAA average rating

- CLOs/CBOs¹
- Synthetic investment grade pooled corporates
- Market value CDOs of corporates
- Synthetic high yield pooled corporates
- TruPS - Banks and insurance
- TruPS - U.S. mortgage and REITs
- TruPS - European mortgage and REITs
- Other pooled corporates

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

Below Investment Grade Exposures

Net Par Outstanding by Category



- The majority of our BIG exposures in categories 2 and 3 are in structured finance – specifically RMBS
- Category 1 BIG are transactions that show sufficient deterioration to make lifetime losses possible but none are expected, was \$7.9 billion at March 31, 2013

Financial Guaranty Insurance and Credit Derivatives Surveillance Categories¹

(\$ in millions)	March 31, 2013 ²	December 31, 2012 ²
Category 1		
U.S. public finance	\$3,359	\$3,290
Non-U.S. public finance	983	2,293
U.S. structured finance	2,604	2,687
Non-U.S. structured finance	933	984
Total Category 1	7,879	9,254
Category 2		
U.S. public finance	520	500
Non-U.S. public finance	1,023	-
U.S. structured finance	4,319	4,550
Non-U.S. structured finance	50	57
Total Category 2	5,912	5,107
Category 3		
U.S. public finance	710	813
Non-U.S. public finance	-	-
U.S. structured finance	6,929	7,295
Non-U.S. structured finance	923	923
Total Category 3	8,562	9,031
BIG Total	\$22,354	\$23,392

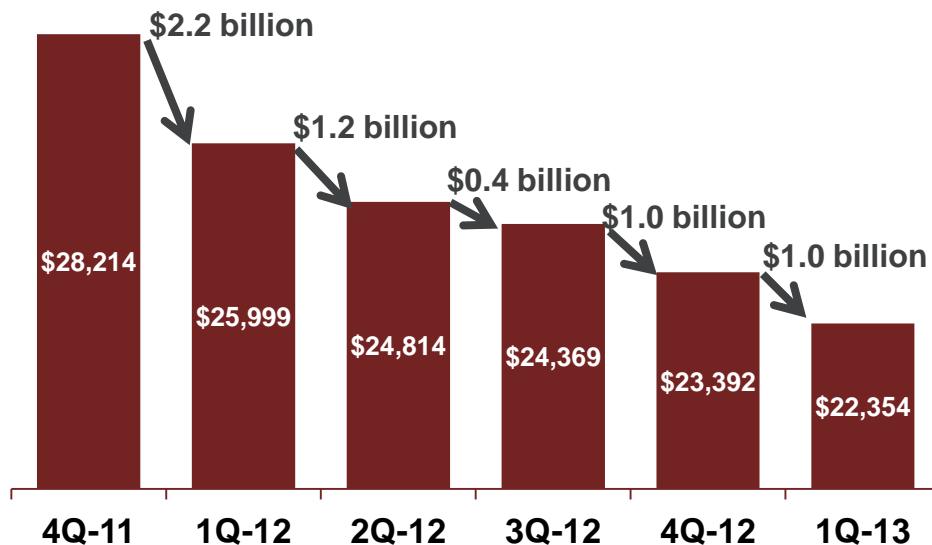
1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below investment grade transactions showing sufficient deterioration to make lifetime losses possible, but for which none are currently expected. Transactions on which claims have been paid but are expected to be fully reimbursed (other than investment grade transactions on which only liquidity claims have been paid) are in this category. BIG Category 2: Below investment grade transactions for which lifetime losses are expected but for which no claims (other than liquidity claims) have yet been paid. BIG Category 3: Below investment grade transactions for which lifetime losses are expected and on which claims (other than liquidity claims) have been paid. Transactions remain in this category when claims have been paid and only a recoverable remains.

2. Securities purchased for loss mitigation purposes represented \$1,119 million and \$1,133 million of gross par outstanding as of March 31, 2013 and December 31, 2012, respectively. In addition, under the terms of certain credit derivative contracts, the Company has obtained the underlying collateral of transactions and recorded it in invested assets in the consolidated balance sheets. Such amounts totaled \$219 million and \$220 million in gross par outstanding as of March 31, 2013 and December 31, 2012, respectively.

BIG Exposure Decline

- Since 4Q-11, BIG net par outstanding has declined by \$5.9 billion¹
- FX change (weakness of the U.S. dollar) increased BIG net par outstanding by \$11 million from 4Q-11 to 4Q-12
- R&W agreements help decrease our BIG net par outstanding by reinsuring poorly performing transactions with collateralized trust accounts, thereby enabling Assured Guaranty to reclassify large percentages into AA rated policies

BIG Net Par Outstanding
(\$ in millions)



Changes in BIG Net Par Outstanding

(\$ in millions)	Full Year 2012	1Q-13
Beginning BIG par	\$28,214	\$23,392
Amortization / Paid	\$(4,049)	\$(864)
BofA Settlement Reclassification	(1,452)	-
DB Settlement Reclassification	(330)	-
UBS Settlement Reclassification	-	(237)
FX Change	+48	(37)
Removals / Upgrades	(711)	(33)
Additions / Downgrades	+1,672	+133
Total Decrease	(4,822)	(1,038)
Ending BIG par	\$23,392	\$22,354

1. The Company has reclassified certain net par outstanding from below investment grade to investment grade due to reinsurance agreements or arrangements. Please see page 3 for details.

BIG Exposures > \$250 Million



(\$ in millions)

BIG Exposures Greater Than \$250 Million as of March 31, 2013

Type ¹	Name or Description	Net Par Outstanding	Internal Rating	Current Credit Enhancement	60+ Day Delinquencies ²
PF	Skyway Concession Company LLC	\$ 1,118	BB	-	-
PF	Reliance Rail Finance Pty. Limited	697	BB	-	-
SF	Deutsche Alt-A Securities Mortgage Loan 2007-2	619	CCC	0.0%	28.7%
SF	MABS 2007-NCW (includes \$40.0 million purchased, 8% owned) ¹	504	B	19.4%	58.0%
SF	Ballantyne Re Plc (includes \$169.8 million purchased, 34% owned) ¹	500	CC	N/A	-
PF	Jefferson County Alabama Sewer	464	D	-	-
SF	Orkney Re II, Plc	423	CCC	N/A	-
PF	M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	371	BB	-	-
PF	Detroit (City of) Michigan	355	BB	-	-
SF	Private Residential Mortgage Transaction	352	CCC	6.0%	27.9%
SF	Option One 2007-FXD2	349	CCC	9.0%	27.4%
SF	Countrywide HELOC 2006-I	344	CCC	0.0%	9.1%
PF	Louisville Arena Authority Inc.	336	BB	-	-
PF	Cross City Tunnel Motorway Finance Limited	324	BB	-	-
SF	Private Residential Mortgage Transaction	322	B	15.0%	26.4%
SF	MortgageIT Securities Corp. Mortgage Loan 2007-2	319	B	4.8%	21.4%
SF	Private Residential Mortgage Transaction	317	CCC	4.2%	25.6%
SF	Deutsche Alt-A Securities Mortgage Loan 2007-3	316	B	0.9%	22.7%
SF	Private Residential Mortgage Transaction	295	CCC	-	31.6%
SF	Taberna Preferred Funding IV, LTD	292	CCC	21.7%	-
SF	Taberna Preferred Funding III, LTD	287	CCC	16.1%	-
SF	Countrywide HELOC 2006-F (includes \$85.5 million purchased, 30% owned) ¹	282	CCC	0.0%	18.5%
SF	AAA Trust 2007-2 (includes \$103.1 million purchased, 38% owned) ¹	274	CCC	11.4%	37.5%
SF	Nomura Asset Accept. Corp. 2007-1 (includes \$0.7 million purchased, 0.2% owned) ¹	273	CCC	0.0%	41.3%
SF	Private Residential Mortgage Transaction	252	B	11.5%	27.4%
	Total	\$9,985			

1. "PF" signifies a public finance transaction and "SF" signifies a structured finance transaction.

2. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

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

N/A stands for not applicable

Appendix

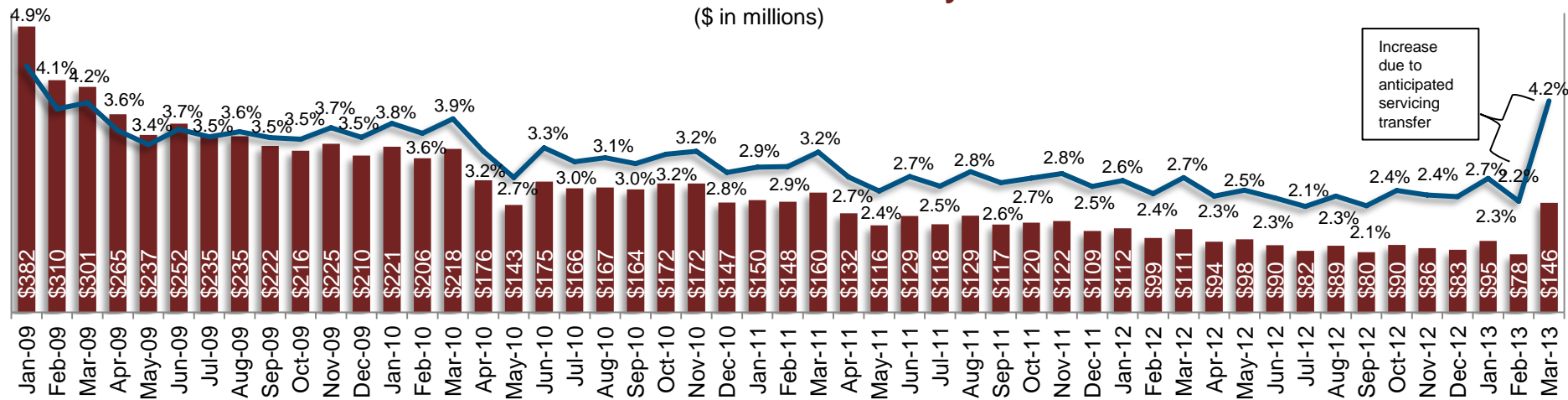


HELOC and Option-ARM Delinquencies For Financial Guaranty Direct Transactions Originated 2005-2008^{1,2}



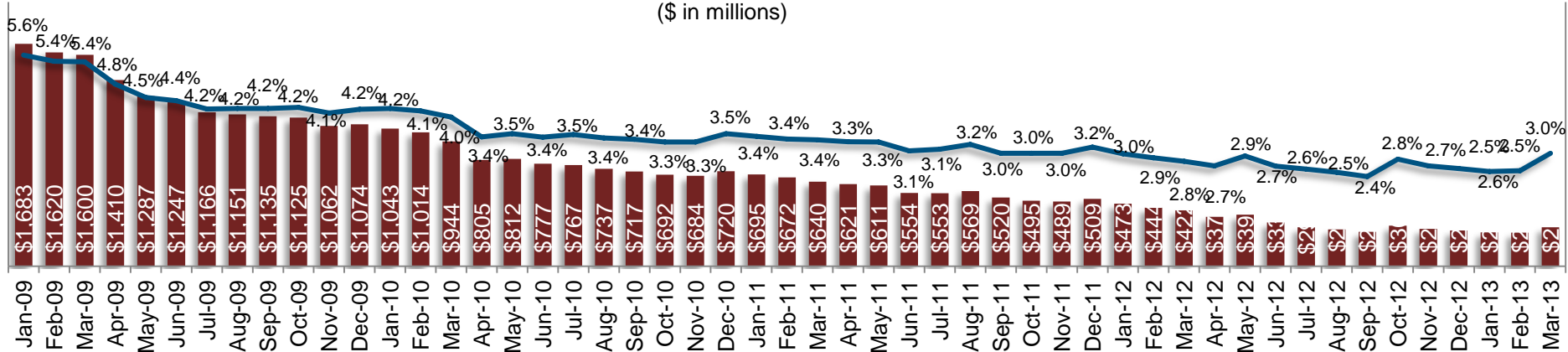
Troubled HELOCs 30-59 Days

(\$ in millions)



Option-ARMs 30-59 Days

(\$ in millions)



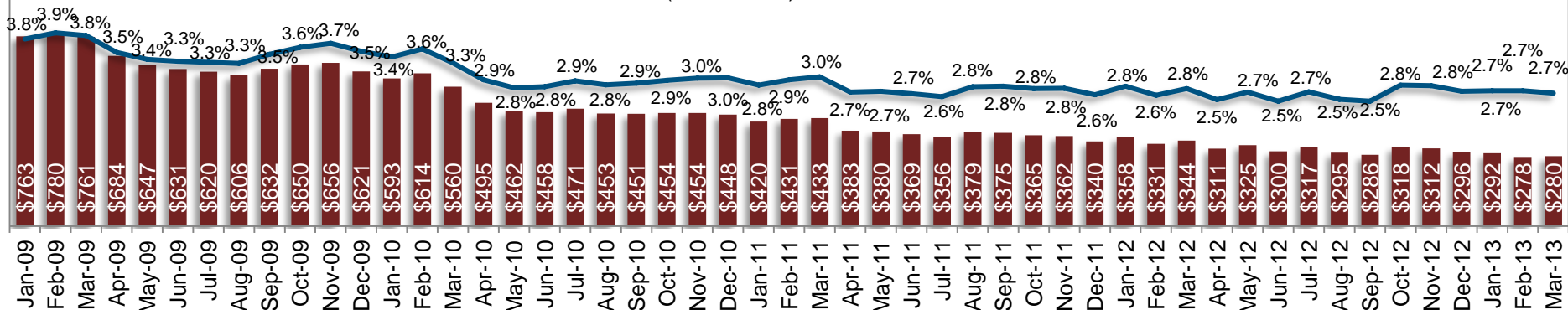
1. Assured Guaranty has not insured any U.S. RMBS since 2008.
2. Reflects actual AGC and AGM direct data.

Alt-A and Subprime 30-59 Day Delinquencies For Financial Guaranty Direct Transactions Originated 2005-2008²



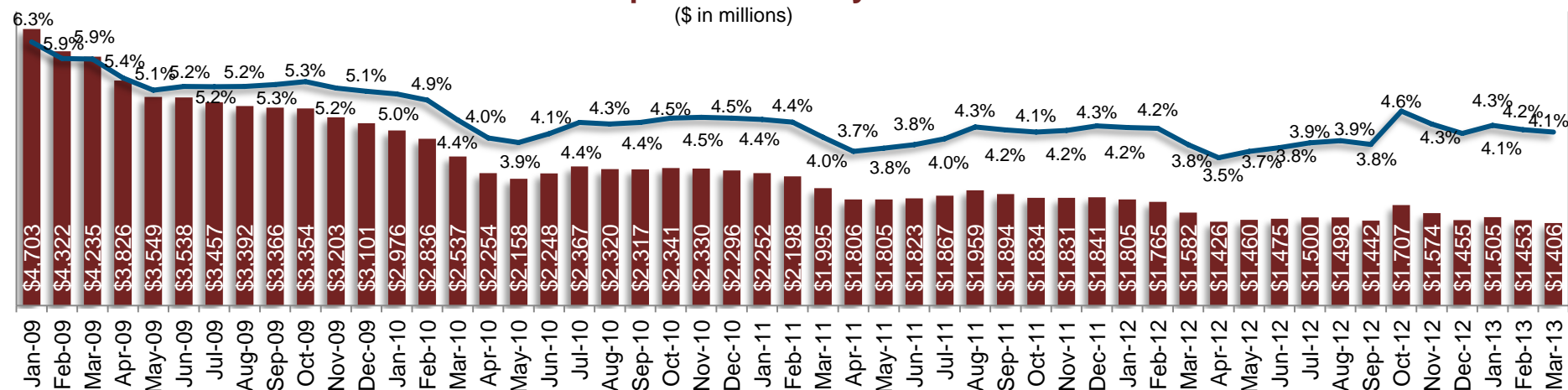
Alt-A 30-59 Days

(\$ in millions)



Subprime 30-59 Days¹

(\$ in millions)



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

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.

Appendix

Reconciliation of PVP¹ to Gross Written Premiums (GWP) & Operating Income¹ to Net Income (Loss)



(\$ in millions, except per share data)

Reconciliation of Consolidated Operating Income to Net Income (Loss)

	Three Months Ended		% Change versus		1Q-13	1Q-12
	March 31, 2013	2012			1Q-12	1Q-13
Consolidated new business production analysis:				Operating income	\$260	\$71
Present value of new business production (PVP)				Plus after-tax adjustments:		
Public finance - U.S.:				Realized gains (losses) on investments	19	(1)
Assumed from Radian	\$-	\$22	NM	Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(434)	(517)
Primary markets	14	27	(48)%	Fair value gains (losses) on committed capital securities	(6)	(9)
Secondary markets	2	3	(33)%	Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(11)	7
Public finance - non-U.S.:				Effect of consolidating FG VIEs	28	(34)
Primary markets	-	-	-	Net income (loss)	\$(144)	\$(483)
Secondary markets	-	-	-			
Structured finance - U.S.:	2	4	(50)%			
Structured finance - non-U.S.:	-	-	-			
Total PVP	18	56	(68)%			
Less: PVP of credit derivatives	-	-	-			
PVP of financial guaranty insurance	18	56	(68)%			
Less: Financial guaranty installment premium PVP	1	4	(75)%			
Total: Financial guaranty upfront GWP	17	52	(67)%			
Plus: Financial guaranty installment PVP adjustment ²	-	36	NM			
Total GWP	\$17	\$88	(81)%			
				Per Diluted Share		
				Operating income	\$1.34	\$0.38
				Plus after-tax adjustments:		
				Realized gains (losses) on investments	0.10	-
				Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(2.24)	(2.83)
				Fair value gains (losses) on committed capital securities	(0.03)	(0.05)
				Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(0.06)	0.04
				Effect of consolidating FG VIEs	0.14	(0.19)
				Net income (loss)	\$(0.74)	\$(2.65)

NM = Not meaningful

- For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix.
- 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 Shareholders' Equity (GAAP Book Value) to Adjusted Book Value¹

(dollars in millions, except per share amounts)

	As of :			
	March 31, 2013		December 31, 2012	
	Total	Per share	Total	Per share
Shareholders' equity	\$ 4,724	\$ 24.56	\$ 4,994	\$ 25.74
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(322)	(1.67)	(348)	(1.79)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(1,447)	(7.52)	(988)	(5.09)
Fair value gains (losses) on committed capital securities	17	0.09	23	0.12
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	421	2.18	477	2.45
Operating shareholders' equity	\$ 6,055	\$ 31.48	\$ 5,830	\$ 30.05
After-tax adjustments:				
Less: Deferred acquisition costs	163	0.85	165	0.85
Plus: Net present value of estimated net future credit derivative revenue	201	1.04	220	1.14
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,125	16.25	3,266	16.83
Adjusted book value¹	<u>\$ 9,218</u>	<u>\$ 47.92</u>	<u>\$ 9,151</u>	<u>\$ 47.17</u>

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

Assured Guaranty Contacts:

Robert Tucker

Managing Director, Investor Relations and Corporate Communications

Direct: 212.339.0861

rtucker@assuredguaranty.com

Ross Aron

Vice President, Equity Investor Relations

Direct: 212.261.5509

aron@assuredguaranty.com

**Equity Investor Presentation
March 31, 2013**

