Assured Guaranty Ltd.

Equity Investor Presentation
September 30, 2012

Revised on 01.18.13

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 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) 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").

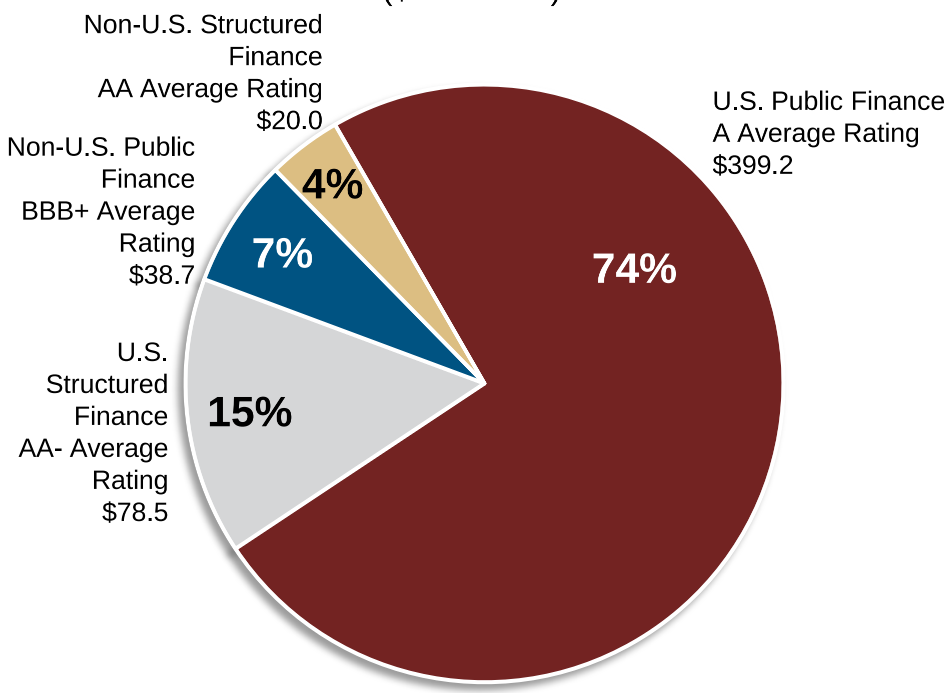
Conventions and Non-GAAP Financial Measures

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

Assured Guaranty Overview

Consolidated Net Par Outstanding

As of September 30, 2012
($ in billions)



$536.4 billion, A+ average rating

- **We are the leading financial guaranty franchise with more than two decades 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[1]
  - Assured Guaranty Corp. ("AGC") is rated AA- (stable) by S&P and A3 (stable) by Moody's[1]
- **Our insured portfolio is primarily composed of U.S. public finance exposures**
- **Our average insured portfolio rating has remained strong at A+**

1. Moody's ratings reflect Moody's rating action of January 17, 2013.

Table of Contents

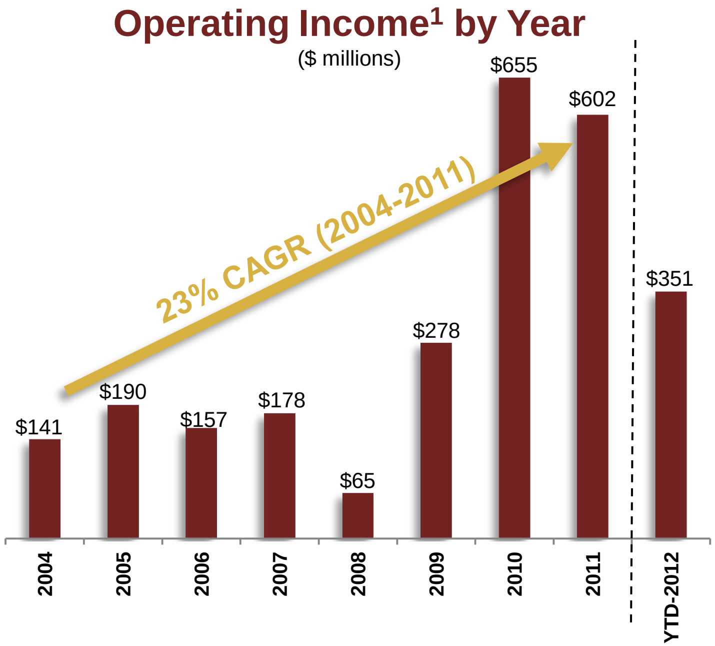
Year-to-Date Activity

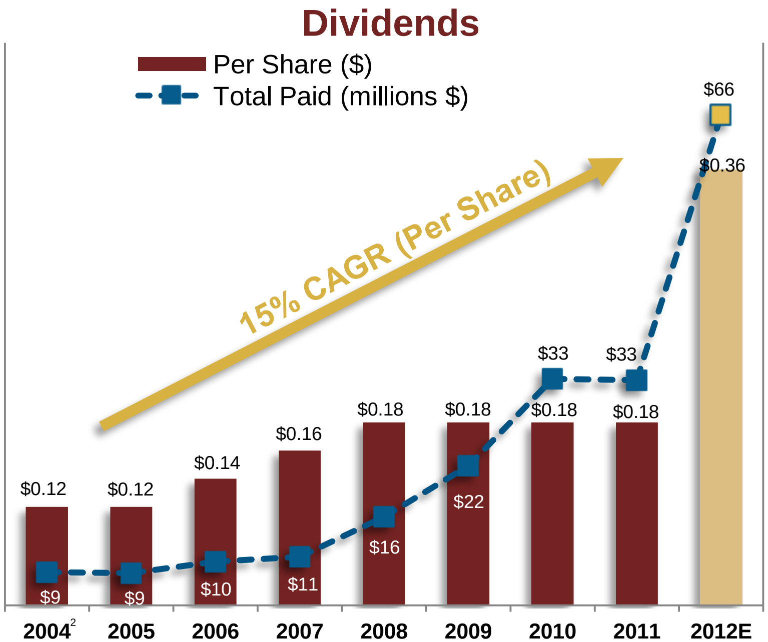
- **Generated $141 million of new business production[1], including $21.9 million from Radian assumed business**
- **Declared dividends of $0.27 per share, up from $0.135 per share in 2011**
- **For loss mitigation purposes, purchased 17 securities encompassing $337 million of net par outstanding at an average price of 60% of par and terminated 40 deals covering approximately $2.2 billion of net par outstanding**
- **Executed an agreement with Deutsche Bank regarding representation and warranty (R&W or rep and warranty) claims**
- **Conducted trial against Flagstar Bank**
- **Reassumed portfolios of $6.2 billion of public finance par from Tokio Marine and $12.9 billion of public and structured finance par from Radian, receiving approximately $190 million of total premium[2]**
- **Reinsured an additional $1.8 billion of public finance par from Radian**
- **Acquired Municipal and Infrastructure Assurance Corporation (MIAC) from Radian; MIAC is licensed to provide financial guaranty insurance and reinsurance in 38 U.S. jurisdictions**

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.
2. Includes unearned premium reserve, present value of installment premium and commutation premium.

Creating Value
Track Record of Creating Shareholder Value

- **Since our Initial Public Offering in 2004, we have grown our operating income[1] through new business production, the acquisition of portfolios and other strategic activities**
  - Acquired AGM (previously known as FSA) July 1, 2009
- **In addition, we have returned capital to shareholders by declaring dividends and opportunistically repurchasing our common shares**
  - Since the IPO, we have tripled our quarterly dividend to $0.09 per share, or $0.36 per share per year
  - In 2012, we have repurchased 2.1 million shares; we can repurchase another 2.9 million shares under current board authorization; we have spent $267 million repurchasing our common shares since the IPO





1. Operating income is a non-GAAP financial measure which is defined in the appendix. Previous years' definitions of operating income may not align with current definition.
2. In 2004, dividends were paid following the Company's April IPO. The amount shown is the quarterly dividend, annualized.

Creating Value
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; reimbursement[2] of 80% of paid losses on 21 first lien transactions until collateral losses in those securitizations equal $6.6 billion; as of September 30, 2012, collateral losses were expected to be $5.1 billion
- **We signed an agreement with Deutsche Bank on May 8, 2012, resolving our R&W claims on 8 financial guaranty transactions and certain uninsured tranches within 3 of such transactions**
  - $166 million cash payment; reimbursement of 80% of FG losses up to $319 million and 85% of losses reimbursed between $389 million to $600 million
  - Reimbursement of losses on Re-remics in an amount equal to 60% of losses on uninsured tranches until losses reach $141 million; 60% of such losses reimbursed, for losses between $161 million and $185 million; 100% of such losses reimbursed, for losses between $185 million and $248 million
- **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		
	September 30, 2012	December 31, 2011	December 31, 2010
Bank of America / Countrywide[2]	$427	$598	$1,050
Deutsche Bank included in agreement[3]	171	-	-
Other R&W	774	1,052	621
Total	**$1,371**	**$1,650**	**$1,671**

1. Includes future benefits covered under our agreements with Bank of America/Countrywide and Deutsche Bank.
2. As of September 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. Includes only R&W assets in the agreement dated May 9, 2012.

Current U.S. RMBS Litigation Status

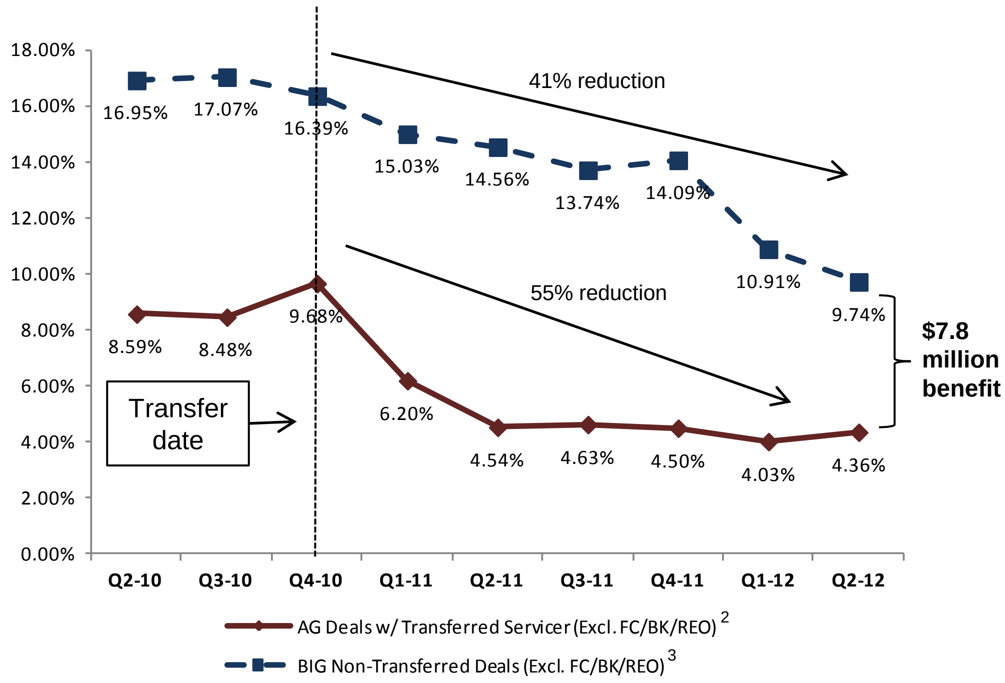
Counterparty	Current Status
Flagstar	Complaint filed April, 2011 related to two HELOC transactions. Trial commenced October 10, 2012.
UBS	Complaint filed February 2012 related to three option-ARM transactions. Trial is scheduled for May 2013.
Credit Suisse / DLJ Mortgage Capital	Complaints filed October 2011 on six alt-A transactions. Certain causes of action dismissed October 2012; others remain. Assured Guaranty intends to appeal grant of motion to dismiss.
Deutsche Bank	Complaint filed June 2010 related on a HELOC transaction. Discovery is ongoing.
Bear Stearns / EMC	Complaints filed July 2010 on a HELOC transaction and March 2012 on two alt-A transactions. Oral argument on motion to dismiss HELOC claims scheduled for November 2012.
GMAC	Complaints filed May 2012 on two HELOC transactions. Litigation is stayed due to subsequent GMAC, ResCap and affiliates bankruptcy filing.

Creating Value
Servicer Replacements

- **As of September 30, 2012, approximately $2.8 billion of gross par outstanding (29 transactions) have 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 55% (from 9.7% to 4.4%) vs. the BIG non-transferred reduction of 41% (from 16.4% to 9.7%)
  - The improvement in delinquencies compared with the BIG non-transferred (55% vs. 41%) equates to a reduction of $7.8 million in delinquent loans

Delinquency Trend Comparison[1]

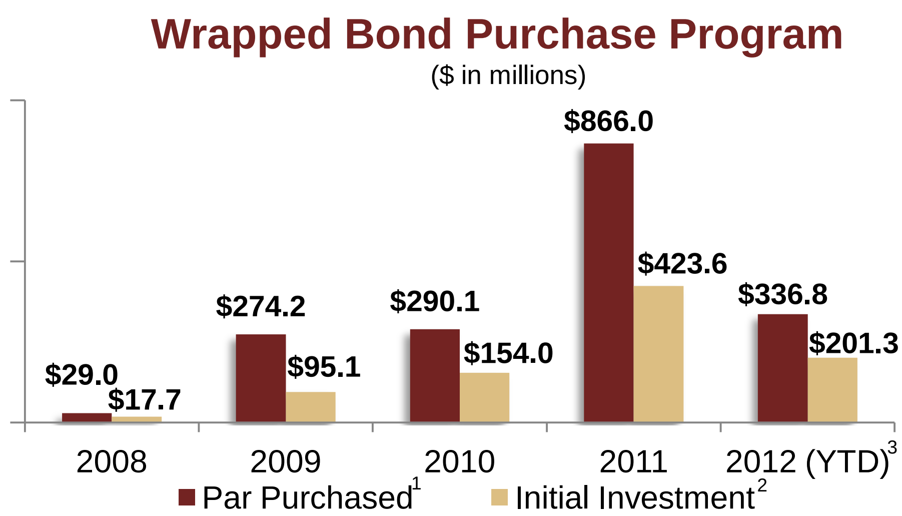
Transferred Servicer Deals vs. BIG Non-Transferred Deals



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).

Creating Value
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 $1.8 billion of par on insured securities through September 30, 2012 with an initial purchase price of approximately $885 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 wrapped bond purchase program, 74% of purchased insured par has benefited AGM, 26% has benefited AGC



1. Par at the time of purchase.
2. Cost of purchase.
3. Through September 30, 2012.

Creating Value

Agreements to Terminate Guaranties

- **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 $15 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	# of Policies	Net Par	Estimated Rating Agencies Model Benefit
Pooled Corporates	81	$9,867	$10-$60
Other	24	3,268	175-400
RMBS	27	934	0-3
Muni	6	99	0-2
Infrastructure	15	1,024	15-50
Totals	**153**	**$15,192**	**$275-$450**

Creating Value
New Business Production

- **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

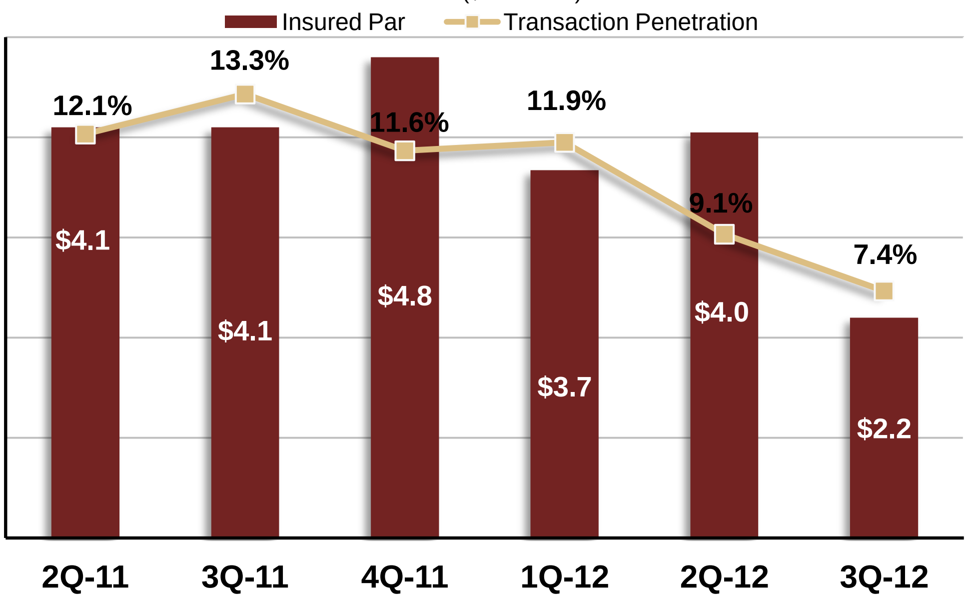
New Business Production

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 transactions totaled 239 in 3Q-12
- **The low interest rate environment and ratings uncertainty has put some pressure on our market penetration**
  - Accounted for 26.1% of A rated transactions in 3Q-12, down from 44.2% in 3Q-11
  - Par penetration for all transactions with underlying A ratings decreased to 9.6% in 3Q-12, down from 18.6% in 3Q-11
- **Our penetration for smaller deals remains strong at 8.1% of all transactions under $25 million**

U.S. New Issue Public Finance Par and Transaction Penetration[1]

($ in billions)



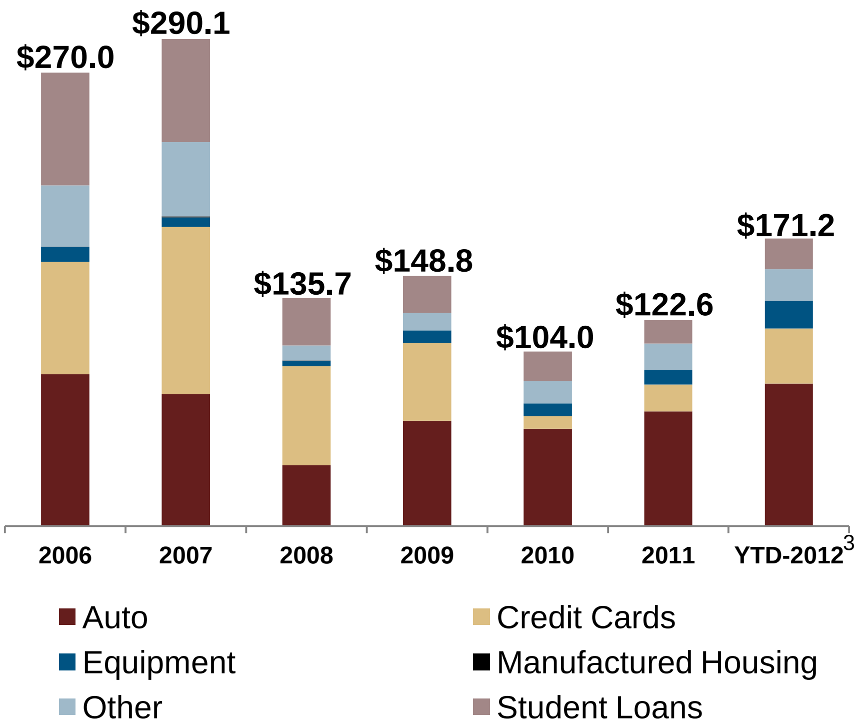
	2Q-11	3Q-11	4Q-11	1Q-12	2Q-12	3Q-12
Total Par Issued	$68.1	$72.5	$98.7	$78.2	$113.3	$83.6
Total Transactions Issued	2,796	2,553	2,967	2,953	3,827	2,673

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

Creating Value
New Business Production
U.S. Structured Finance Business Activity

- **3Q-12 PVP[1] was $5 million related to a small ticket equipment ABS transaction**
- **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 Issuance[2]
($ in billions)



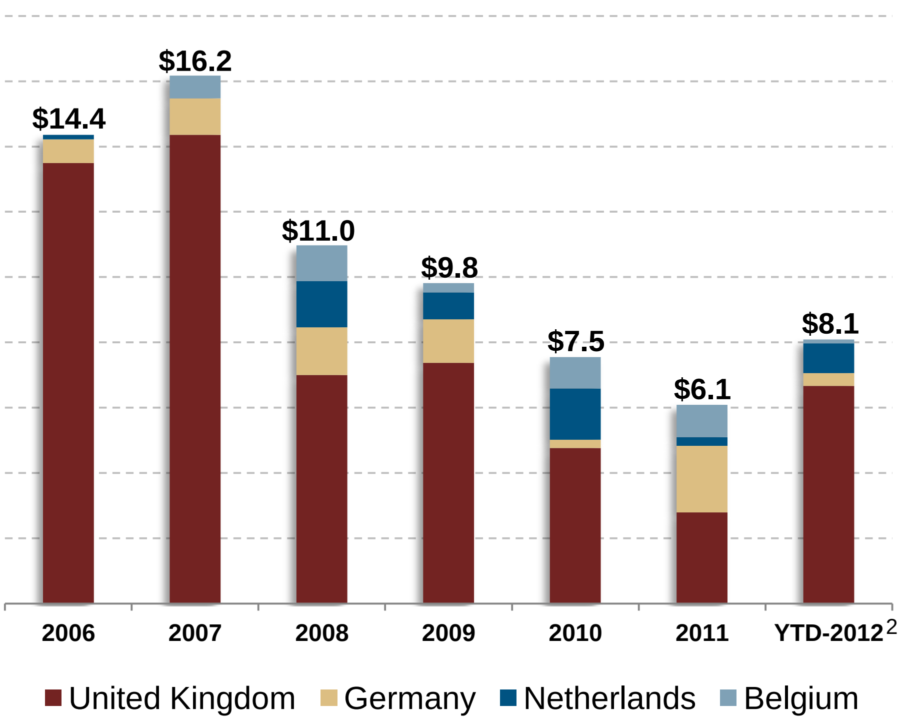
1. New business production, or “PVP”, is a non-GAAP financial measure. Please see the appendix for a reconciliation of new business production to gross written premiums.
2. Sifma.org, excludes Home Equity data
3. Up to October 2012

Creating Value
New Business Production
International Business Activity

- **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**

International Issuance[1]
($ in billions)



1. Source: www.infra-deals.com. Includes social infrastructure and transportation sectors.
2. Through September 30, 2012.

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 3Q-12 and 3Q-11

	Quarter Ended September 30, 2012		Quarter Ended September 30, 2011	
Sector:	**Gross Par Written**	**Avg. Rating[1]**	**Gross Par Written**	**Avg. Rating[1]**
U.S. public finance	$3,007	A	$4,342	A
Non-U.S. public finance	-	-	-	-
Total public finance	**$3,007**	**A**	**$4,342**	**A**
U.S. structured finance	182	AA	266	A-
Non-U.S. structured finance	-	-	-	-
Total structured finance	**$182**	**AA**	**$266**	**A-**
Total gross par written	**$3,189**	**A**	**$4,608**	**A**

1. Internal average rating

Creating Value
New Business Production
Reinsurance Platform

- **Reassumed reinsurance has increased the unearned premium reserve and adjusted book value[1]**
  - 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-2012[2]
- **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 Reinsurer[3]
As of September 30, 2012

($ in millions)	Net Par Outstanding
American Overseas Re (formerly RAM Re)	$10,309
Tokio Marine	8,748
Radian	5,364
Syncora	4,092
Mitsui	2,256
Others	2,421
Total[2]	$33,190

1. Please see the appendix for an explanation of this non-GAAP financial measure and a reconciliation to GAAP book value
2. Through September 30, 2012.
3. 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 September 30, 2012
($ in millions, except per share)

Total investment portfolio	$11,087
Cash	133
Premiums receivable, net of ceding commissions payable	944
Salvage and subrogation recoverable	430
Ceded unearned premium reserve	550
Unearned premium reserve	5,332
Expected loss to be paid, net of expected recoveries to be collected	753
Debt	840
Total investment portfolio and cash, per share	**$57.84**
Expected loss to be paid, net of expected recoveries, per share	**$3.88**
Debt, per share	**$4.33**

- **Investment portfolio comprises 63% of our total assets, of which 93% is invested in fixed income securities**
  - Highly rated, with 79% of investments rated AA or higher; average rating of AA
  - Very liquid with over $500 million invested in short term assets; overall duration of portfolio is 4.8 years
- **Deferred revenue comprises 42% of our total liabilities**
  - Liability diminishes over time as the portfolio runs off

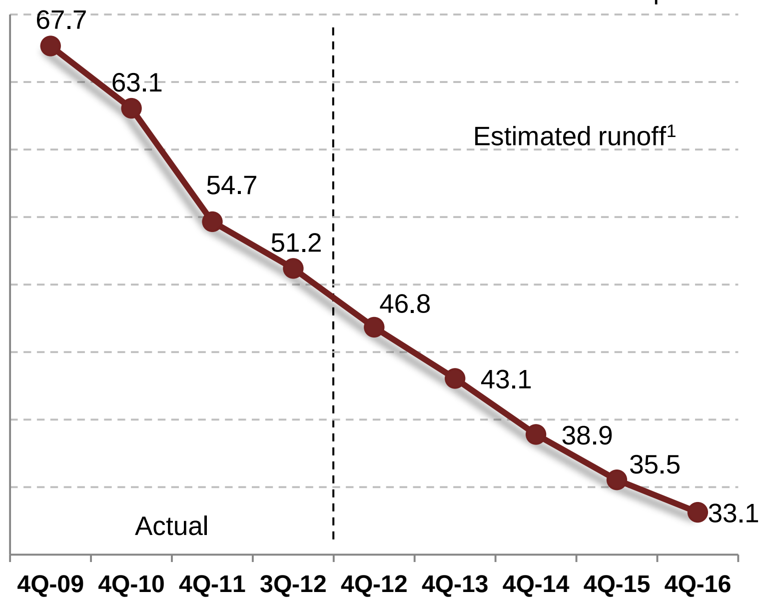
Underlying Value

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 51:1 as of 3Q-2012, putting us in a stronger capital position**
  - Deleveraging should continue in the near term as new business is not expected to replace the runoff pace of the structured finance portfolio
- **Deleveraging has occurred while year-end total invested assets and cash exceeded those of prior years**

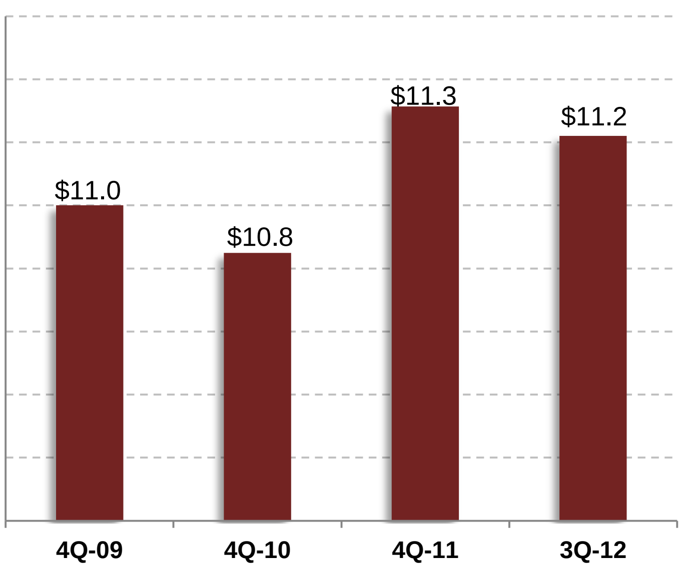
Portfolio Leverage

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



Total Invested Assets and Cash[2]

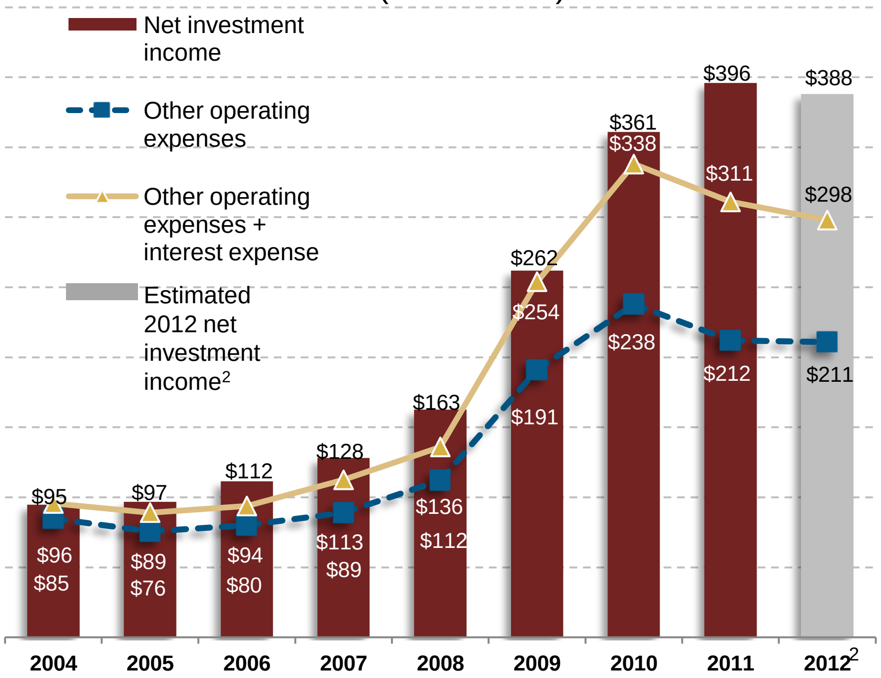
($ in billions)



1. Assumes no new business production and calculates estimated runoff 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**
- **A reduction in operating expenses increases the spread, thereby generating more capital annually**
  - Operating expenses reduced to $212 million in 2011 from $238 million in 2010



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-2012 amounts, annualized, accounting for $8 million of reduced interest costs due to a decrease in overall debt and $6 million of other operating expenses for retirement eligible employees absorbed in first quarter costs.

Underlying Value
Historical Growth

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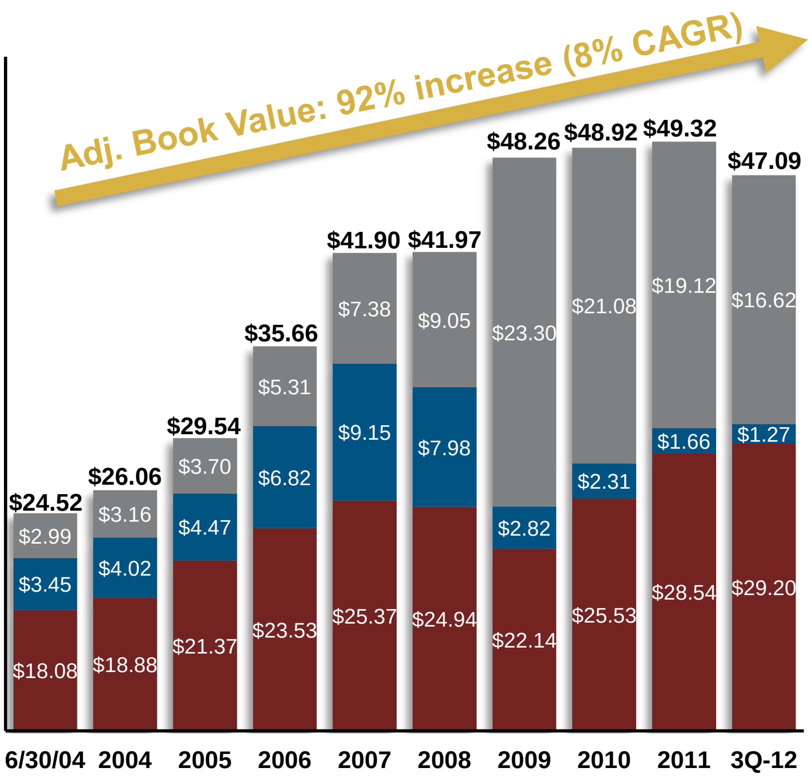
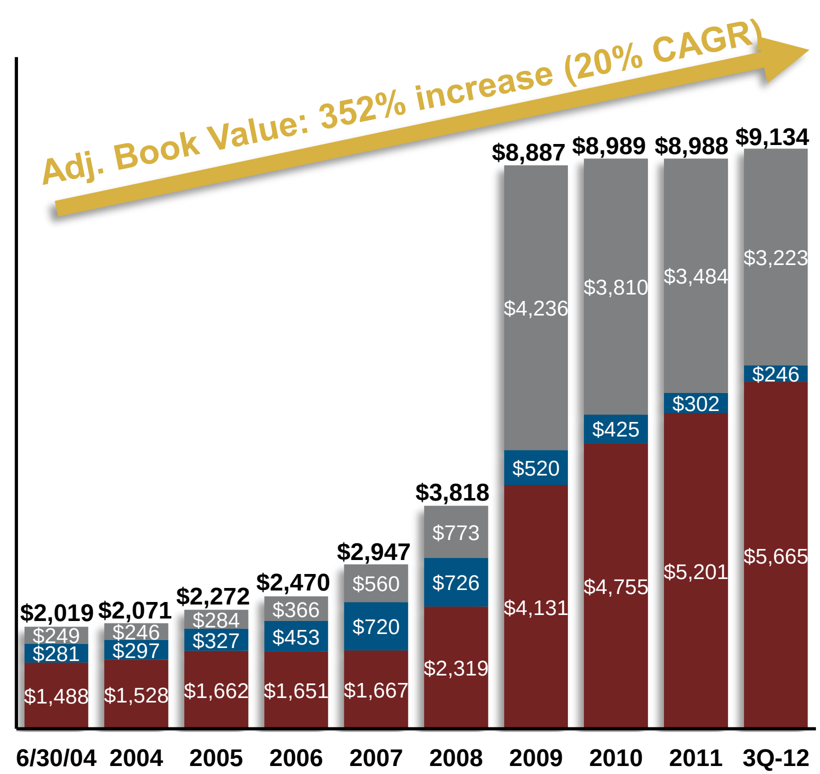
Adjusted Book Value[1] per Share



Adjusted Book Value[1]



- 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.

ASSURED GUARANTY®

Financial Results

September 30, 2012

Third Quarter 2012 Operating Results
(Excluding Consolidation of VIEs)

ASSURED GUARANTY®

($ in millions, except per share data)	Quarter Ended September 30, 2012	2011	% Change vs. 3Q-11
Net earned premiums and credit derivative revenues[1]	$272	$273	0%
Net investment income[2]	98	99	(1)%
Total revenues included in operating income	387	385	1%
Loss & LAE and incurred losses on credit derivatives[3]	100	254	(61)%
Total expenses included in operating income	173	329	(47)%
Operating income	166	38	337%
Operating income per diluted share	**0.85**	**0.21**	**305%**
Operating ROE[4]	**11.8%**	**3.0%**	**8.8 pp**
After-tax gain (loss) on derivatives	$(37)	$800	NM
Net income (loss)	142	761	(81)%
Net income (loss) per diluted share	**0.73**	**4.13**	**(82)%**

NM = Not meaningful pp = percentage points

1. Included $17 million and $20 million related to financial guaranty variable interest entities ("FG VIEs") that was eliminated during quarters ended September 30, 2012 and 2011, respectively, in GAAP reported results due to consolidation.
2. Included $(4) million and $4 million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the quarters ended September 30, 2012 and 2011, respectively.
3. Included $(1) million and $38 million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the quarters ended September 30, 2012 and 2011, respectively.
4. ROE calculations represent annualized returns.

Loss Expense Accounting[1] and Economic Loss Development

- **Loss expense included in operating income does not necessarily represent the Company's economic loss development in a period**
  - All losses must be calculated on a transaction by transaction basis, and each transaction's expected loss estimate, net of R&W estimated recoveries, is compared with the deferred premium reserve of that transaction. When the expected loss exceeds the deferred premium revenue, a loss is recognized in operating income for the amount of such excess
  - A portion of loss expense reflects the amortization of expected loss to be expensed on contracts where the deferred premium revenue included in the unearned premium reserve is absorbing losses;
- **Management uses economic loss development to evaluate 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)	3Q-12	3Q-11
Loss expense on FG and CDS included in operating income:		
Before tax	$100	$254
After tax	65	191
Per diluted share	0.34	1.04
Economic loss development		
Before tax	$64	$187
After tax	41	151
Per diluted share	0.21	0.82

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.

ASSURED GUARANTY®

Portfolio Overview

September 30, 2012

Four Discrete Operating Companies With Separate Capital Bases

Consolidated Claims-Paying Resources and Statutory-Basis Exposures

($ in millions)	Assured Guaranty Municipal Corp.	Assured Guaranty Corp.	Assured Guaranty Re Ltd.[1]	Municipal and Infrastructure Assurance Corp.[2]	Eliminations[3]	Consolidated
	As of September 30, 2012					
Claims-paying resources						
Policyholders' surplus	$ 1,785	$ 916	$ 1,121	$ 76	$ (300)	$ 3,598
Contingency reserve	1,479	800	-	-	-	2,279
Qualified statutory capital	**3,264**	**1,716**	**1,121**	**76**	**(300)**	**5,877**
Unearned premium reserve	2,154	790	1,006	-	-	3,950
Loss and loss adjustment expense reserves[4, 5]	6	352	226	-	-	584
Total policyholders' surplus and reserves	**5,424**	**2,858**	**2,353**	**76**	**(300)**	**10,411**
Present value of installment premium[5]	476	347	218	-	-	1,041
Standby line of credit/stop loss	200	200	200	-	-	600
Excess of loss reinsurance facility	435	435	-	-	(435)	435
Total claims-paying resources	**$ 6,535**	**$ 3,840**	**$ 2,771**	**$ 76**	**$ (735)**	**$ 12,487**
Net par outstanding[6]	$ 294,768	$ 97,661	$ 125,258	-	$ (1,549)	$ 516,138
Net debt service outstanding[6]	$ 446,078	$ 143,616	$ 201,719	-	$ (3,674)	$ 787,739
Ratios:						
Net par outstanding to qualified statutory capital	90:1	57:1	112:1	N/A		88:1
Capital ratio[7]	137:1	84:1	180:1	N/A		134:1
Financial resources ratio[8]	68:1	37:1	73:1	N/A		63:1

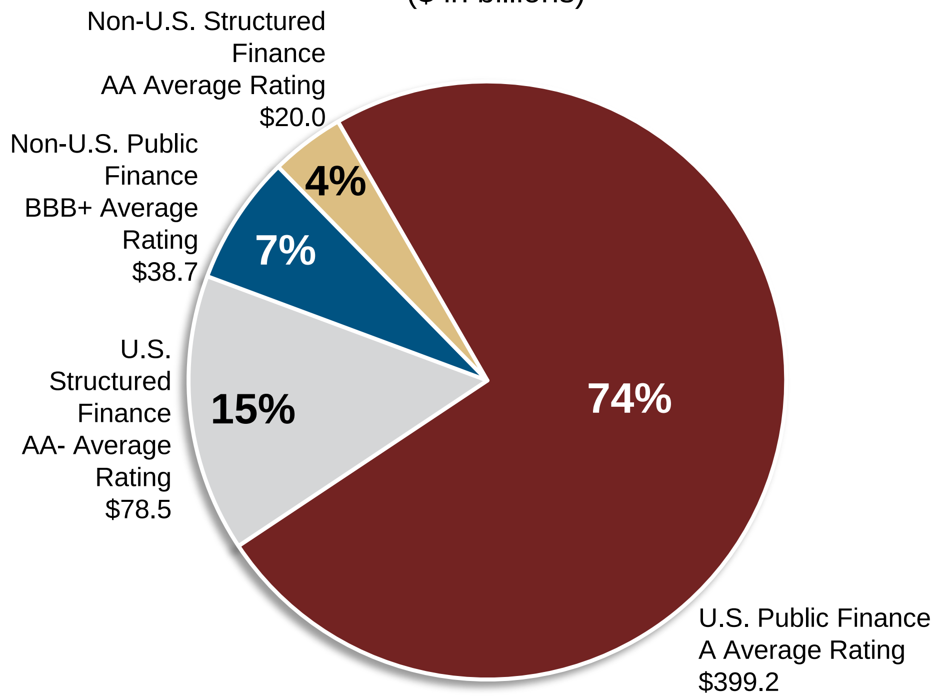
1. AG Re numbers are the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities.
2. Assured Guaranty US Holdings Inc. acquired Municipal and Infrastructure Assurance Corporation ("MIAC") insurance company from Radian Asset Assurance Inc. on May 31, 2012. As of September 30, 2012, MIAC 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**
  - 74% U.S. public finance
  - 15% 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**
  - $11.5 billion (47% of total BIG) is U.S. RMBS
  - Plus $923 million of triple-X life securitization transactions with assets invested in RMBS

Consolidated Net Par Outstanding

As of September 30, 2012
($ in billions)



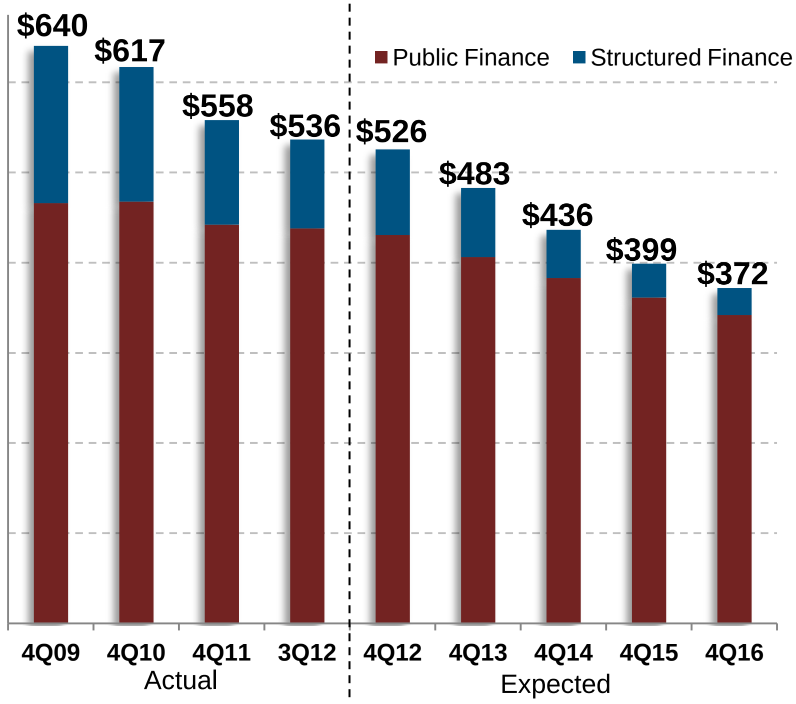
$536.4 billion, A+ average rating

Net Par Outstanding Runoff

- **Runoff of the portfolio reduces rating agency capital charges, but also embedded future earned premiums**
- **Public finance exposure runs off at a steady rate**
  - $438 billion outstanding
  - 2% expected to amortize by the end of 2012; 13% by the end of 2014; 22% by the end of 2016
- **Structured finance exposure runs off quickly**
  - $98 billion outstanding
  - 4% expected to amortize by the end of 2012; 46% by the end of 2014; 70% by the end of 2016
- **New business originations, either through direct, reinsurance or reassumption, will increase future premiums**

Consolidated Net Par Outstanding Amortization[1]

As of September 30, 2012
($ in billions)

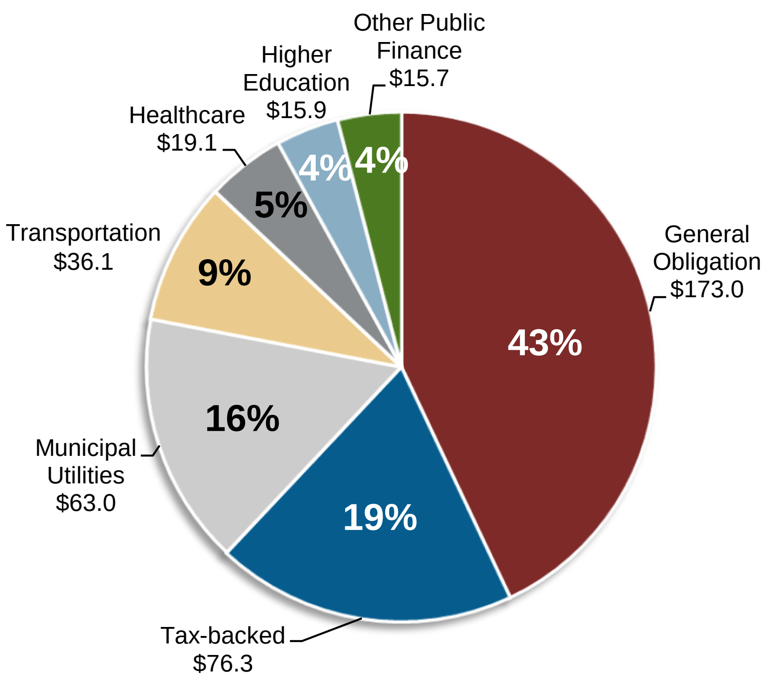


1. Represents the future expected amortization of current net par outstanding as of September 30, 2012. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (1) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context 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.

U.S. Public Finance

Net Par Outstanding

U.S. Public Finance
As of September 30, 2012
($ in billions)



$399.2 billion, A average rating

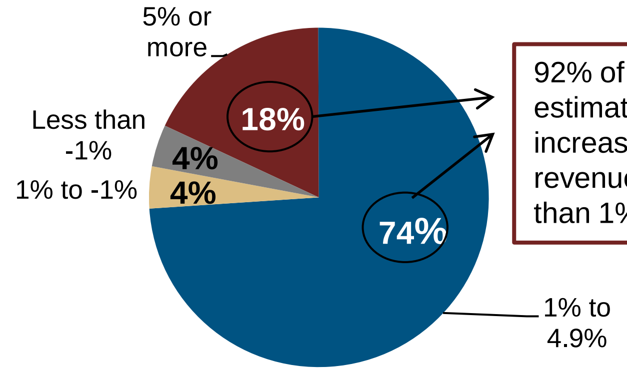
- **U.S. public finance net par outstanding is $399.2 billion, which is 74% of our total as of September 30, 2012**
- **Our U.S. public finance portfolio has performed well despite increased financial pressure on municipal obligors caused by the recession**
  - Out of approximately 11,000 direct U.S. public finance obligors, we expect future losses to be paid, net of recoveries, on less than a dozen. In 3Q-12 we made payments on only 5.
- **General obligation, tax-backed and municipal utilities represent 78% of U.S. public finance net par outstanding**
  - 58% of total net par outstanding

Summary

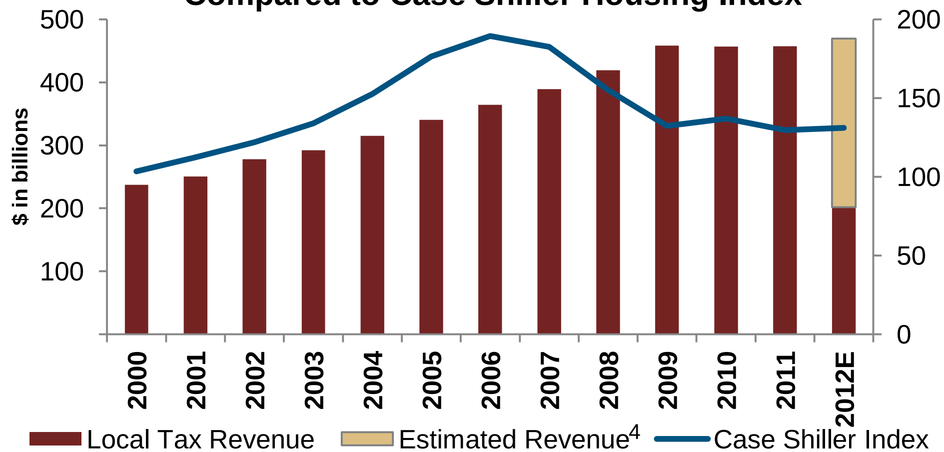
U.S. Public Finance Market Overview

- **Incidence of default on municipal debt remains low[1]**
  - 57 instances of first-time payment default on municipal debt in the first nine months of 2012, which compares favorably to 79 instances in the first nine months of 2011 and 98 instances in the first nine months of 2010
  - Defaults continue to be concentrated in non-rated special districts tied to real estate
- **Annual state tax revenues have been increasing since 2009[2]**
- **Estimated[3] 2013 state tax revenue expected to increase in 46 states due to strengthening financial position**
  - Of the 46 states, 9 are expected to improve significantly while 37 are expected to improve moderately
  - Nine states expected to significantly increase tax revenues are Arizona, California, Delaware, Florida, Hawaii, Idaho, New Jersey, Ohio, and Washington
- **2012 local government property tax revenues[4] should reach record highs, surpassing 2009 revenues by approximately 2.4%**

Estimated 2013 Change in State Tax Revenue[3]



Property Taxes for Local Municipalities Compared to Case Shiller Housing Index[2]



1. Municipal market advisors
2. U.S. Census Bureau
3. National Conference of State Legislatures (report dated September 25, 2012. The state report includes Washington, D.C., excludes Montana)
4. Estimated FY2012 property tax revenues are the YTD-12 amounts in combination with predicted 3Q-12 and 4Q-12 amounts based on the historical average changes in property tax revenue between the third and second quarters and fourth and third quarters, (4)% and 106%, respectfully.

California Public Finance Par Exposure

- **Out of our total net par exposure in California, only 2.9% are city general fund and lease obligation exposures**
- **School district debt, representing largest percentage of California net par insured (35.0%), 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 (included in city general fund exposure) and to $40 million of lease obligation bonds
  - The Company has no San Bernardino general fund exposure, only exposure to $58 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	1.3
County	
General Obligation	0.2
General Fund – Non-Ad Valorem	1.3
Lease Obligation	1.0
School District	
General Obligation	17.9
Lease Obligation	2.4
Special Tax	4.7
Special Districts	5.7
Higher Education	3.2
Healthcare	1.1
Municipal Utilities	11.6
Transportation	3.0
Other	0.5
Total	**$57.9**

Specific California Cities

- **Out of the four California cities that have filed for bankruptcy protection over the last several years, we have general fund exposure to only one, Stockton ($120 million net par outstanding)**
- **Out of the six California cities that have publicly discussed potentially filing for bankruptcy protection, we have exposure to only three entities ($167 million), and they are secured by a pledge of special revenues.**
- **Increased stress in the municipal markets proves the need for bond insurance**

California Cities Filing for Bankruptcy

Exposure	Assured's Net Par Outstanding	Type
Vallejo	$3 million[1]	Water and sewer revenue bond
Mammoth Lakes	-	-
San Bernardino	$58 million[1]	Redevelopment agency revenue bond
Stockton	$160 million	$120 million pension obligation bond exposure involved in litigation; $40 million in revenue lease bonds

California Cities Publicly Discussing Filing for Bankruptcy

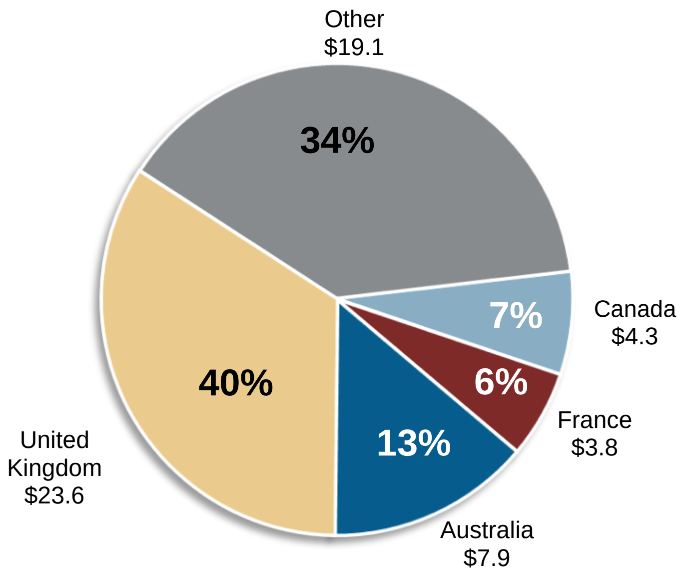
Exposure	Assured's Net Par Outstanding	Type
Artesia	-	-
Atwater	$83 million[1]	Water and sewer revenue bond
Compton	$39 million[1]	Redevelopment agency revenue bond
Duarte	-	-
El Monte	-	-
La Mirada	$45 million[1]	Redevelopment agency revenue bond

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.

Consolidated International Finance

International Public and Structured Finance Net Par Outstanding

International Finance
As of September 30, 2012
($ in billions)



$58.7 billion, A average rating

- **International exposure is 66% public finance and 34% structured finance**
- **Approximately 75% of international structured exposure is to pooled corporates**
- **Direct sovereign debt is limited to:**
  - Poland $309 million

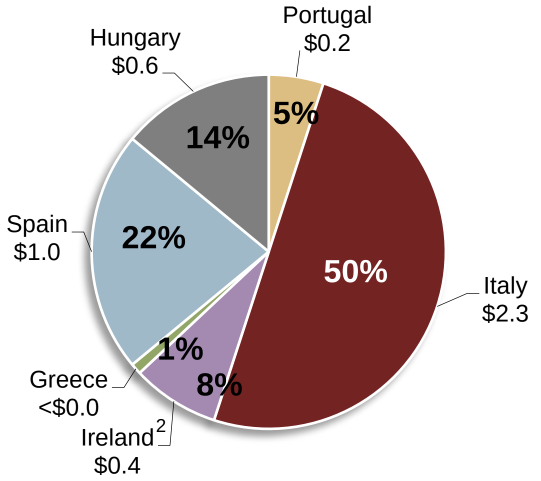
Insured Obligations Within Troubled Eurozone Countries[1]

- **Approximately 29%, or $1.3 billion, of net par outstanding of exposure to troubled Eurozone countries is to structured finance transactions rated A or higher, with 19% rated AAA or higher**
  - 52% of structured net par outstanding represents allocated exposures in diversified pooled corporate transactions
- **Italy exposure consists of 44 transactions with aggregate net par outstanding of $2.3 billion**
  - Only 2 transactions rated BIG (Rome airport totaling $242 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 Countries[1]

As of September 30, 2012

($ in billions)



$4.5 billion, A- average rating

BIG Exposures to Troubled Eurozone Countries ($ in millions)

Name or Description	Country	Internal Rating	Net Par Outstanding
M6 Toll Road	Hungary	BB	$386
Valencia Fair	Spain	BB-	249
Rome Airport	Italy	BB	242
Autovia de la Mancha, S.A.	Spain	BB-	140
FHB 8.95% 2016	Hungary	BB+	126
Metropolitano de Porto Lease and Sublease of Railroad Equipment	Portugal	B+	56
Metropolitano De Lisboa	Portugal	B+	27
Metro Lisboa Rail Equip Lease	Portugal	B+	25
Caminhos de Ferro Portugueses, EP	Portugal	B+	17
Catalunya, Generalitat De	Spain	BB-	10
Gleneagles Funding Ltd.[3]	Ireland	BB	7
Universidades De Generalidad De Valencia	Spain	BB-	7
CACSA	Spain	BB-	4
Synthetic High Yield Pooled Corporate CDO	Multiple [4]	B	1
Total			**$1,297**

1. Exposure to insured obligations in troubled Eurozone countries refers to the economies of Portugal, Italy, Ireland, Greece, Spain and Hungary.
2. Included in the pie chart above is $135 million of reinsurance assumed on a 2004 - 2006 pool of Irish residential mortgages that is part of the Company’s remaining legacy mortgage reinsurance business.
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.

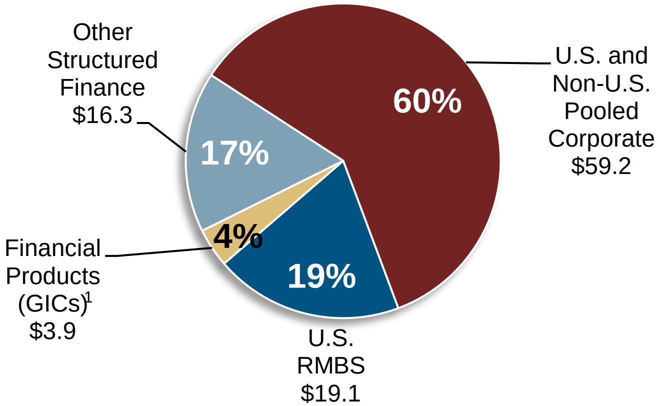
Structured Finance Exposures

Net Par Outstanding

($ in billions)

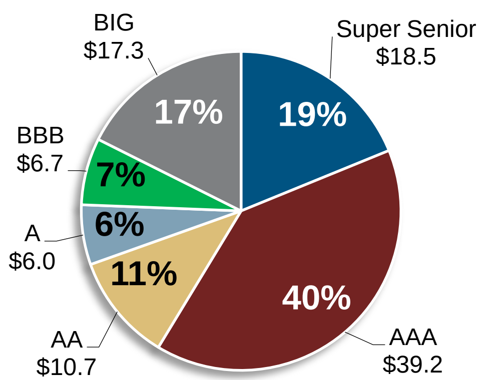
By Type

As of September 30, 2012



$98.5 billion, AA- average rating

By Internal Rating



- **We expect Assured Guaranty's global structured finance insured portfolio ($98.5 billion as of September 30, 2012) to run off rapidly — 4% by year-end 2012 and 46% by year-end 2014.**
  - $59.2 billion in global pooled corporate obligations expected to be reduced by 3% by year-end 2012 and by 54% by year-end 2014
  - $19.1 billion in U.S. RMBS expected to be reduced by 5% by year-end 2012 and by 37% by year-end 2014
- **Assured Guaranty and AGM's total structured finance exposures of $240.9 billion at December 31, 2007 have declined by $142.4 billion to $98.5 billion through September 30, 2012, a 59% reduction, or approximately $30 billion per year.**

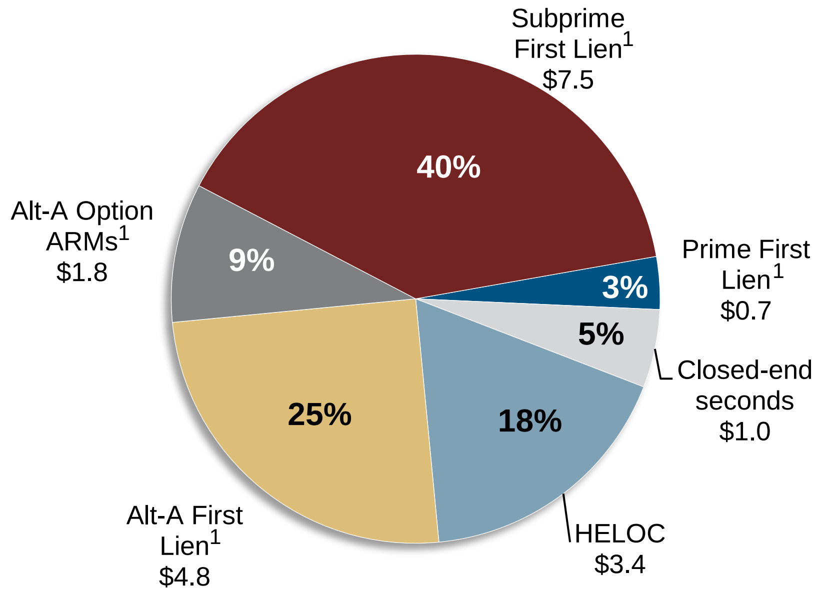
1. Assured Guaranty did not acquire FSAH's Financial Products ("FP") segment. Assured Guaranty and its subsidiaries are indemnified against exposure to the FP segment by Dexia. As of September 30, 2012, the aggregate accreted balance of the guaranteed investment contracts ("GICs") was approximately $3.9 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately $5.7 billion, the aggregate market value was approximately $5.6 billion and the aggregate market value after agreed reductions was approximately $4.4 billion. Cash and net derivative value constituted another $0.1 billion of assets.

Consolidated U.S. RMBS

- **Our $19.1 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 $19.1 billion at September 30, 2012, a $10.1 billion or 35% 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 September 30, 2012
($ in billions)



$19.1 billion
(3.6% of net par outstanding)

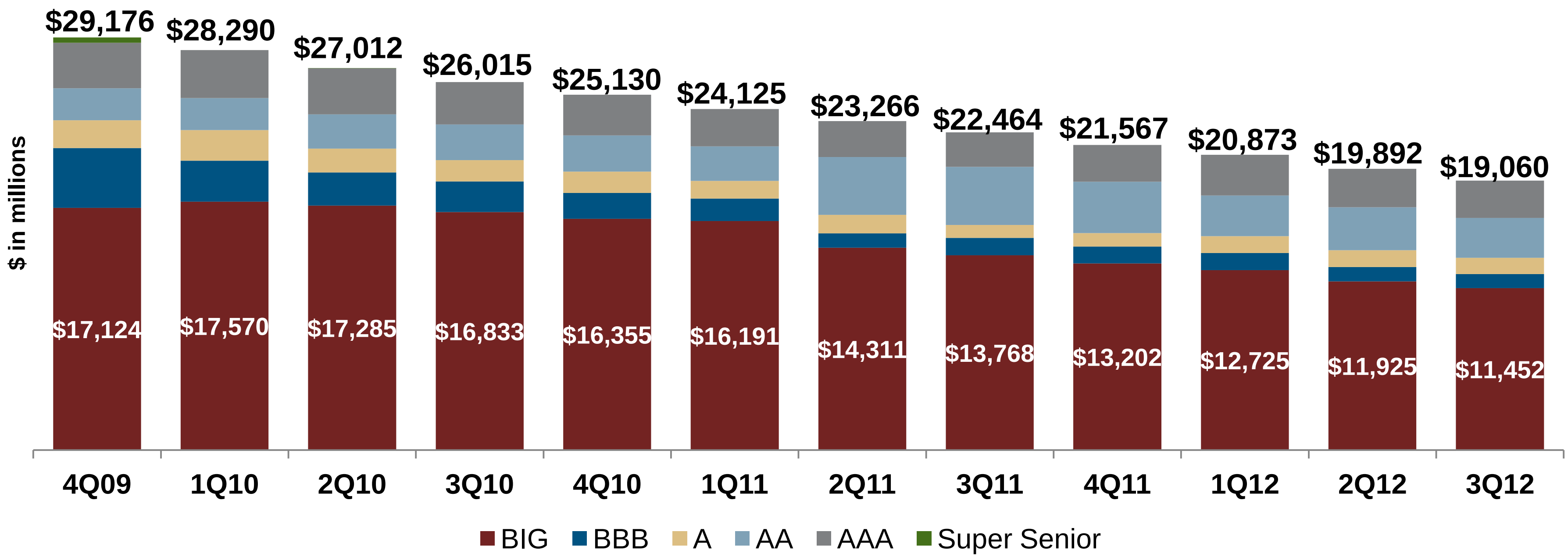
1. Beginning in the first quarter 2012, the Company decided to classify those portions of risks benefiting from reimbursement obligations collateralized by eligible assets held in trust in acceptable reimbursement structures as the higher of 'AA' or their current internal rating. As of Third Quarter 2012, the Company applied this policy to 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.

U.S. RMBS Exposure Continues to Decline

- **U.S. RMBS has declined 35% from December 31, 2009 through September 30, 2012, or approximately $0.9 billion per quarter**
- **Below investment grade RMBS peaked at March 31, 2010 and has since declined approximately $6.1 billion**

U.S. RMBS by Rating

Net Par Outstanding from December 31, 2009 to September 30, 2012

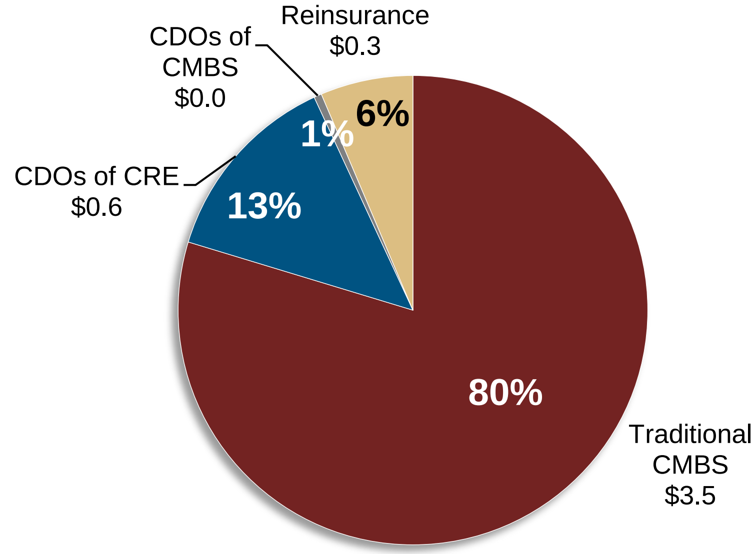


U.S. CMBS Exposure

- **We have three types of U.S. commercial mortgage-backed securities ("CMBS") transactions**
  - Traditional CMBS - $3.5 billion
  - Collateralized debt obligations ("CDOs") of commercial real estate ("CRE") - $584 million
  - CDOs of CMBS[1] - $23 million
  - We also have assumed par of $262 million
- **We have maintained a conservative underwriting stance on CMBS**
  - Low levels of CMBS historically
  - Focus on senior exposures and whole loans
  - AGM did not underwrite CMBS
- **Our portfolio was largely triple-A at underwriting and remains highly rated as of September 30, 2012**
  - Most deals written with triple-A rating at inception with high attachment points
  - One deal was single-A at underwriting
  - Approximately 98% of traditional U.S. CMBS exposure had internal rating of AAA or higher as of September 30, 2012

U.S. CMBS by Exposure Type

As of September 30, 2012
($ in billions)



$4.4 billion
(0.8% of total net par outstanding)

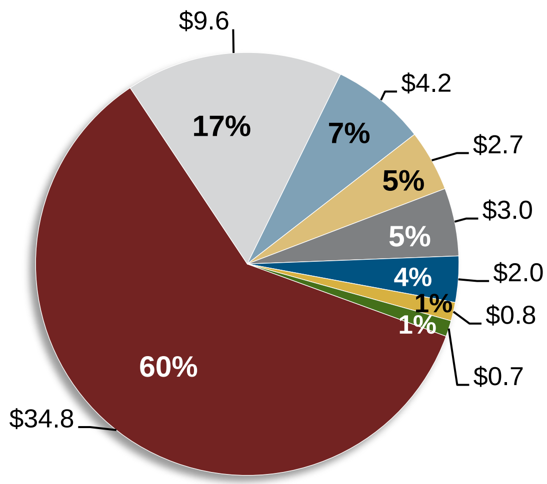
1. Relates to vintages 2003 and prior.

Direct Pooled Corporate Obligations
Credit Quality Remains High

- **Our direct pooled corporate exposure is highly rated and well-protected**
  - Average credit enhancement of 30.1%
  - 86.0% rated super senior or AAA
- **$2.0 billion of U.S. mortgage and REITs TruPS are the lowest rated asset classes**
  - Average rating BB
  - Credit enhancement at September 30, 2012 remains high at 35.1%, although ratings of collateral have been downgraded sharply due to real estate market and recession

Direct Pooled Corporate Obligations By Asset Class

As of September 30, 2012
($ in billions)



$57.8 billion, AAA average rating

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

Below Investment Grade Exposures

Net Par Outstanding by Category

ASSURED GUARANTY®

- **The majority of our BIG exposures in categories 2 and 3 are in structured finance – specifically RMBS**

- **Category 1 BIG, which show sufficient deterioration to make lifetime losses possible but none are expected, were $9.2 billion at September 30, 2012**

Financial Guaranty Insurance and Credit Derivatives Surveillance Categories[1]

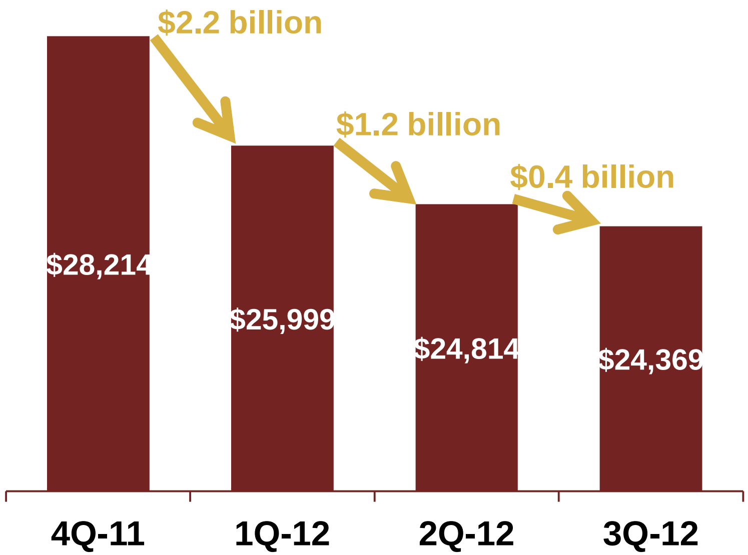
($ in millions)	September 30, 2012[2,3]	December 31, 2011[2,3]
Category 1		
U.S. public finance	$3,288	$3,395
Non-U.S. public finance	2,266	2,046
U.S. structured finance	2,693	5,882
Non-U.S. structured finance	908	927
Total Category 1	9,155	12,250
Category 2		
U.S. public finance	665	274
Non-U.S. public finance	-	282
U.S. structured finance	5,169	4,383
Non-U.S. structured finance	41	42
Total Category 2	5,875	4,981
Category 3		
U.S. public finance	818	838
Non-U.S. public finance	-	-
U.S. structured finance	7,594	7,743
Non-U.S. structured finance	927	950
Total Category 3	9,339	9,531
BIG Total	**$24,369**	**$26,762**

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 $1,563 million and $1,293 million of gross par outstanding as of September 30, 2012 and December 31, 2011, 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 $243 million and $222 million in gross par outstanding as of September 30, 2012 and December 31, 2011, respectively.
3. 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 Third Quarter 2012, the Company applied this policy to 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.

BIG Exposure Decline

- **Since 4Q-11, BIG net par outstanding has declined by $3.8 billion**
- **FX change (weakness of the U. S. dollar) increased BIG net par outstanding by $18 million from 4Q-11 to 3Q-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)

	1Q-12	2Q-12	3Q-12
Amortization / Paid	$785	$1,270	$910
BofA Settlement Reclassification	1,382	—	—
DB Settlement Reclassification	—	330	—
FX Change	(59)	74	(32)
Removals / Upgrades	533	23	22
Additions / Downgrades	(426)	(512)	(455)
Total Decrease	**$2,215**	**$1,185**	**$445**

BIG Exposures > $250 Million

($ in millions)

BIG Exposures Greater Than $250 Million as of September 30, 2012

Name or Description	Net Par Outstanding	Internal Rating	Current Credit Enhancement	60+ Day Delinquencies[1]
Skyway Concession Company LLC	$1,102	BB	N/A	N/A
Reliance Rail Finance Pty. Limited	694	BB	N/A	N/A
Deutsche Alt-A Securities Mortgage Loan 2007-2	679	CCC	0.0%	30.2%
MABS 2007-NCW	515	B	22.5%	59.5%
Ballantyne Re Plc (includes $169.8 million purchased, 34% owned)[2]	500	CC	N/A	N/A
Jefferson County Alabama Sewer	479	D	N/A	N/A
Orkney Re II, Plc	423	CCC	N/A	N/A
M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	386	BB	N/A	N/A
Private Residential Mortgage Transaction	373	B	9.9%	27.4%
Countrywide HELOC 2006-I	370	CCC	0.0%	5.8%
Private Residential Mortgage Transaction	361	B	17.3%	26.5%
Option One 2007-FXD2	356	CCC	10.9%	25.8%
Detroit (City of) Michigan	355	BB	N/A	N/A
Mortgage IT Securities Corp. Mortgage Loan 2007-2	348	B	6.1%	20.3%
Private Residential Mortgage Transaction	336	CCC	5.8%	27.9%
Louisville Arena Authority Inc.	336	BB	N/A	N/A
Deutsche Alt-A Securities Mortgage Loan 2007-3	335	B	1.9%	23.5%
Countrywide HELOC 2006-F (includes $93.5 million purchased, 30% owned)[2]	307	CCC	0.0%	15.4%
Private Residential Mortgage Transaction	307	CCC	2.3%	31.8%
Taberna Preferred Funding IV, Ltd	292	CCC	24.3%	N/A
Nomura Asset Accept. Corp. 2007-1 (includes $0.7 million purchased, 0.2% owned)[2]	291	CCC	0.0%	41.3%
Taberna Preferred Funding III, Ltd	287	CCC	16.0%	N/A
Private Residential Mortgage Transaction	285	BB	14.0%	26.7%
AAA Trust 2007-2 (includes $103.1 million purchased, 36% owned)[2]	283	CCC	15.5%	39.5%
Cross City Tunnel Motorway Finance Limited	279	BB	N/A	N/A
Total	**$10,279**			

1. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.
2. Represents amounts of gross par that were purchased or obtained as part of loss mitigation strategies and recorded as part of the investment portfolio.

N/A stands for not applicable

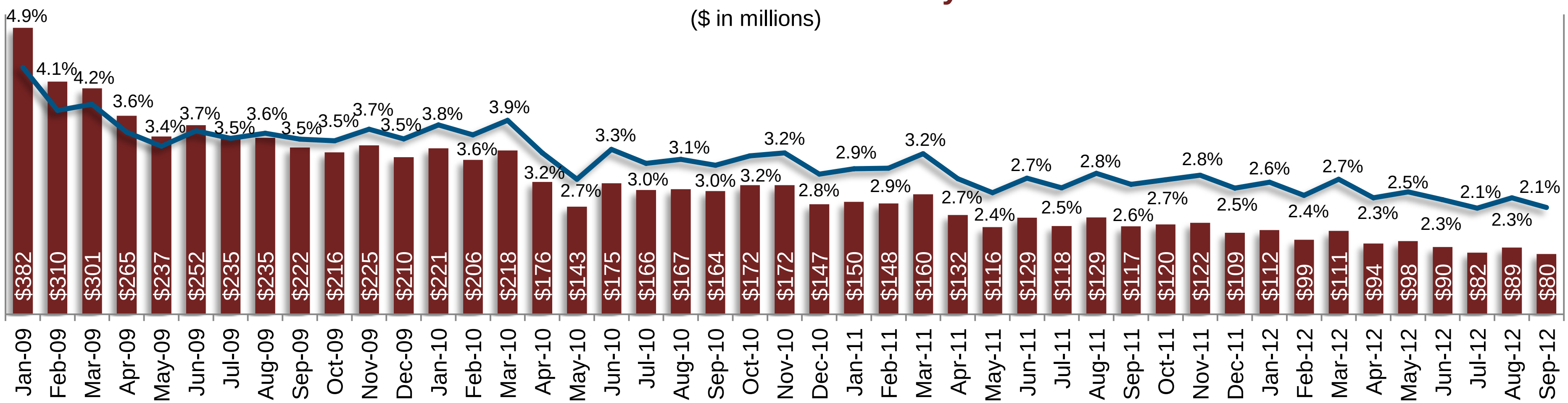
Appendix

HELOC and Option-ARM Delinquencies For Financial Guaranty Direct Transactions Originated 2005-2008[1,2]

ASSURED GUARANTY®

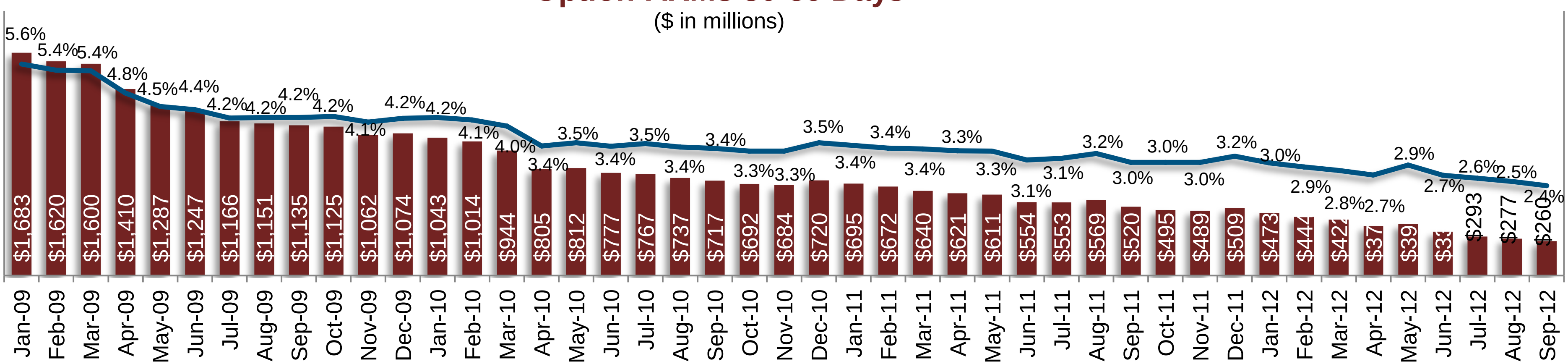
Troubled HELOCs 30-59 Days

($ in millions)



Option-ARMs 30-59 Days

($ in millions)



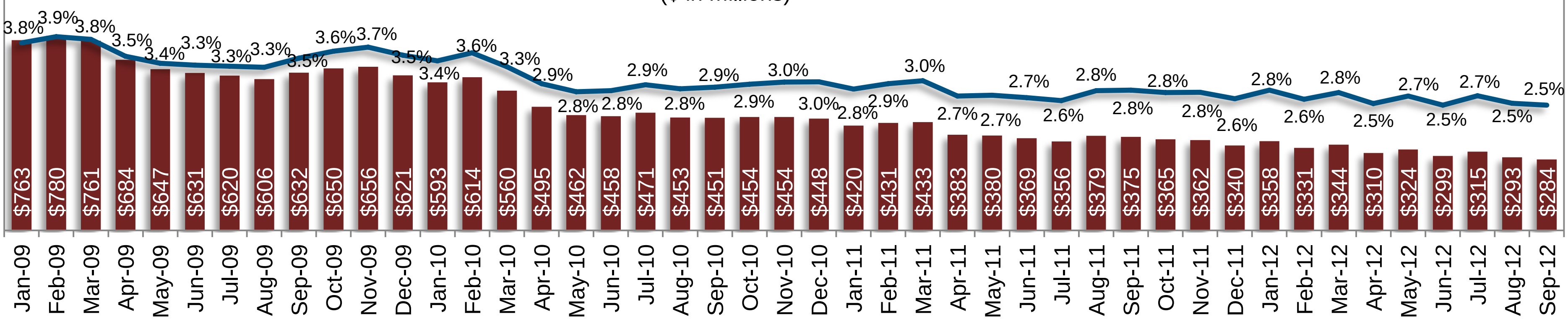
1. Assured Guaranty has not insured any U.S. RMBS since 2008.
2. Reflects actual AGC and AGM direct data.

Alt-A and Subprime 30-59 Day Delinquencies For Financial Guaranty Direct Transactions Originated 2005-2008[2]

ASSURED GUARANTY®

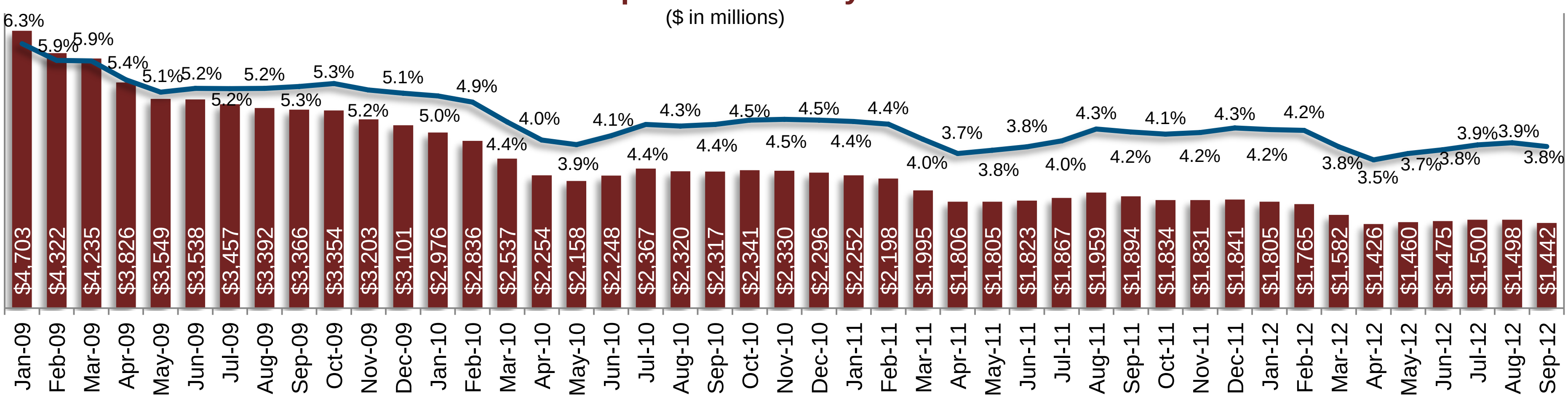
Alt-A 30-59 Days

($ in millions)



Subprime 30-59 Days[1]

($ in millions)



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

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.

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

Appendix

Reconciliation of PVP[1] to Gross Written Premiums ("GWP") & Operating Income[1] to Net Income (Loss)

($ in millions, except per share data)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change versus 3Q-11
Consolidated new business production analysis:			
Present value of new business production ("PVP")			
Public finance - U.S.:			
Primary markets	$23	$34	(32)%
Secondary markets	7	6	17%
Public finance - non-U.S.			
Primary markets	-	-	-
Secondary markets	-	-	-
Structured finance - U.S.	5	11	(55)%
Structured finance - non-U.S.	-	-	-
Total PVP	35	51	(31)%
Less: PVP of credit derivatives	-	-	-
PVP of financial guaranty insurance	35	51	(31)%
Less: Financial guaranty installment premium PVP	5	11	(55)%
Total: Financial guaranty upfront GWP	30	40	(25)%
Plus: Financial guaranty installment PVP adjustment[2]	(5)	(18)	(72)%
Total GWP	**$25**	**$22**	14%

Reconciliation of Consolidated Operating Income to Net Income (Loss)

	3Q-12	3Q-11
Operating income	**$166**	**$38**
Plus after-tax adjustments:		
Realized gains (losses) on investments	0	(13)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(37)	800
Fair value gains (losses) on committed capital securities	(2)	2
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	4	(15)
Effect of consolidating FG VIEs	11	(51)
Net income (loss)	**$142**	**$761**

Per Diluted Share

	3Q-12	3Q-11
Operating income	**$0.85**	**$0.21**
Plus after-tax adjustments:		
Realized gains (losses) on investments	0.00	(0.07)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(0.19)	4.34
Fair value gains (losses) on committed capital securities	(0.01)	0.01
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	0.02	(0.08)
Effect of consolidating FG VIEs	0.06	(0.28)
Net income (loss)	**$0.73**	**$4.13**

NM = Not meaningful

1. For an explanation of PVP, a non-GAAP financial measure, please refer to the appendix.
2. Represents present value of new business on installment policies plus GWP adjustment on existing installment deals due to changes in assumptions and any cancellations of assumed reinsurance contracts

Appendix
Reconciliation of GAAP Book Value to Adjusted Book Value[1]

Reconciliation of Shareholders' Equity (GAAP Book Value) to Adjusted Book Value[1]

(dollars in millions, except per share amounts)

	As of :			
	September 30, 2012		December 31, 2011	
	Total	Per share	Total	Per share
Shareholders' equity	**$ 4,952**	**$ 25.53**	**$ 4,652**	**$ 25.52**
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(335)	(1.73)	(405)	(2.22)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(901)	(4.64)	(498)	(2.74)
Fair value gains (losses) on committed capital securities	27	0.14	35	0.19
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	496	2.56	319	1.75
Operating shareholders' equity	**$ 5,665**	**$ 29.20**	**$ 5,201**	**$ 28.54**
After-tax adjustments:				
Less: Deferred acquisition costs	169	0.87	174	0.95
Plus: Net present value of estimated net future credit derivative revenue	246	1.27	302	1.66
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,392	17.49	3,658	20.07
Adjusted book value[1]	**$ 9,134**	**$ 47.09**	**$ 8,987**	**$ 49.32**

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

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Equity Investor Presentation
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