Assured Guaranty Ltd.

Equity Investor Presentation

December 31, 2012

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 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").

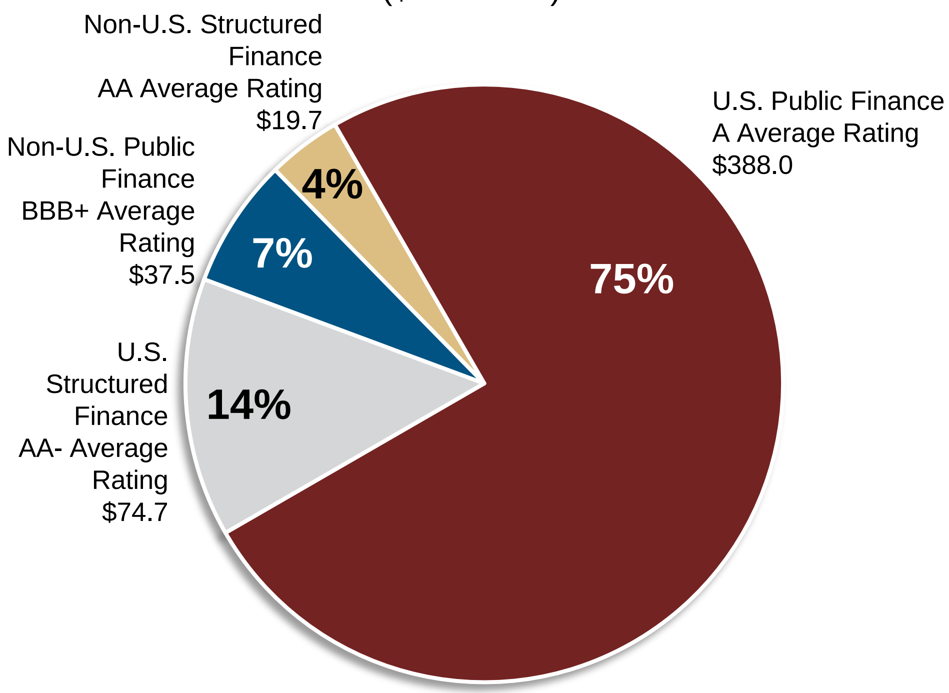
Conventions and Non-GAAP Financial Measures

- 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.
  - 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 December 31, 2012
($ in billions)



$519.9 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 primarily composed of U.S. public finance exposures**
- **Our average insured portfolio rating has remained strong at A+**

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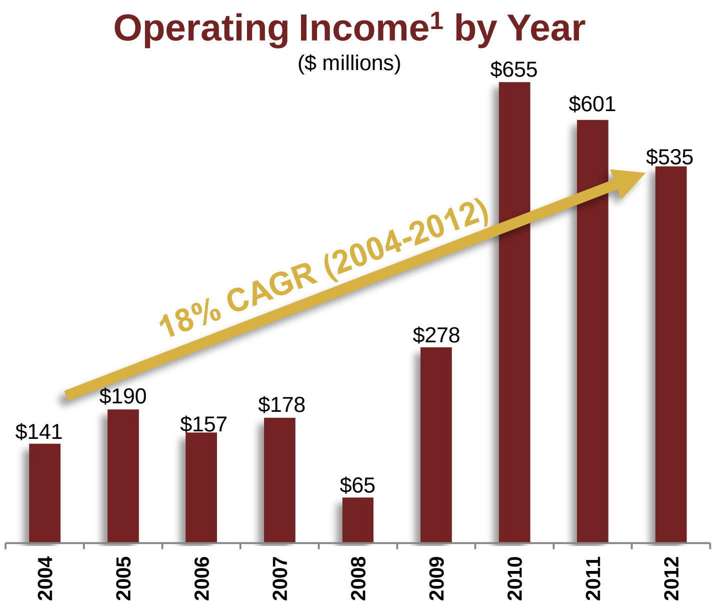
Review

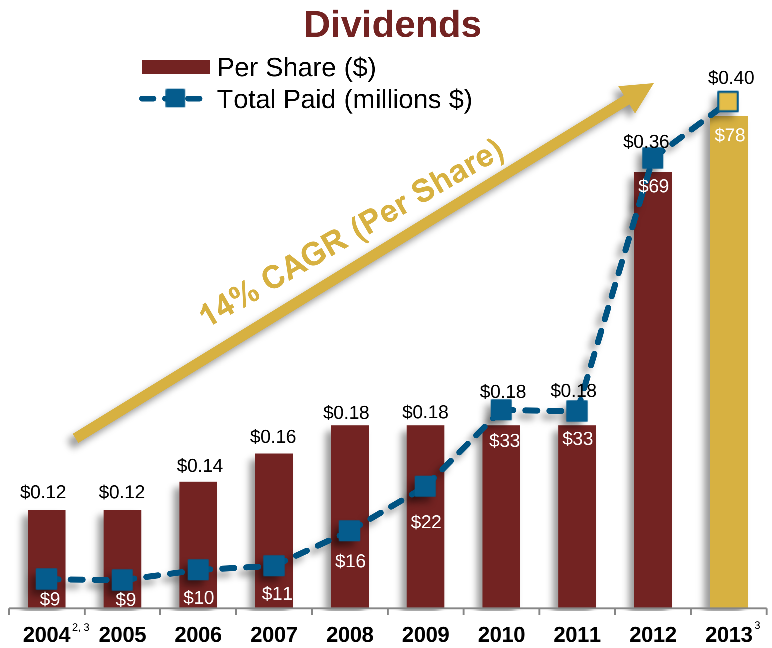
- Executed an agreement with Deutsche Bank regarding representation and warranty (R&W or rep and warranty) claims
- Authorized a $200 million share repurchase program in February 2013
- Increased quarterly dividends to $0.09 per share in 2012, up from $0.045 in 2011; increased quarterly dividend to $0.10 per share on February 7, 2013
- Generated $210 million of new business production[1], including $22 million from Radian assumed business
- Acquired Municipal and Infrastructure Assurance Corporation (MIAC) from Radian; renamed company Municipal Assurance Corp. (MAC); MAC is licensed to provide financial guaranty insurance and reinsurance in 38 U.S. jurisdictions
- 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
- For loss mitigation purposes, purchased 24 securities encompassing $396 million of net par outstanding at an average price of 63% of par, creating approximately $250 million of economic value, and terminated 53 policies covering approximately $4.1 billion of net par outstanding in 2012 while still collecting 96% of expected premium
- Awarded approximately $90 million for R&W claims against Flagstar Bank, plus amounts to be determined by the court, which we estimate to be at least $20 million for interest, costs and attorneys' fees, and amounts we have requested for future claims

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 more than tripled our quarterly dividend to $0.10 per share, or $0.40 per share per year
  - In 2012, we repurchased 2.1 million shares; we can repurchase $200 million under the current board authorization; we have spent $267 million repurchasing our common shares since the IPO

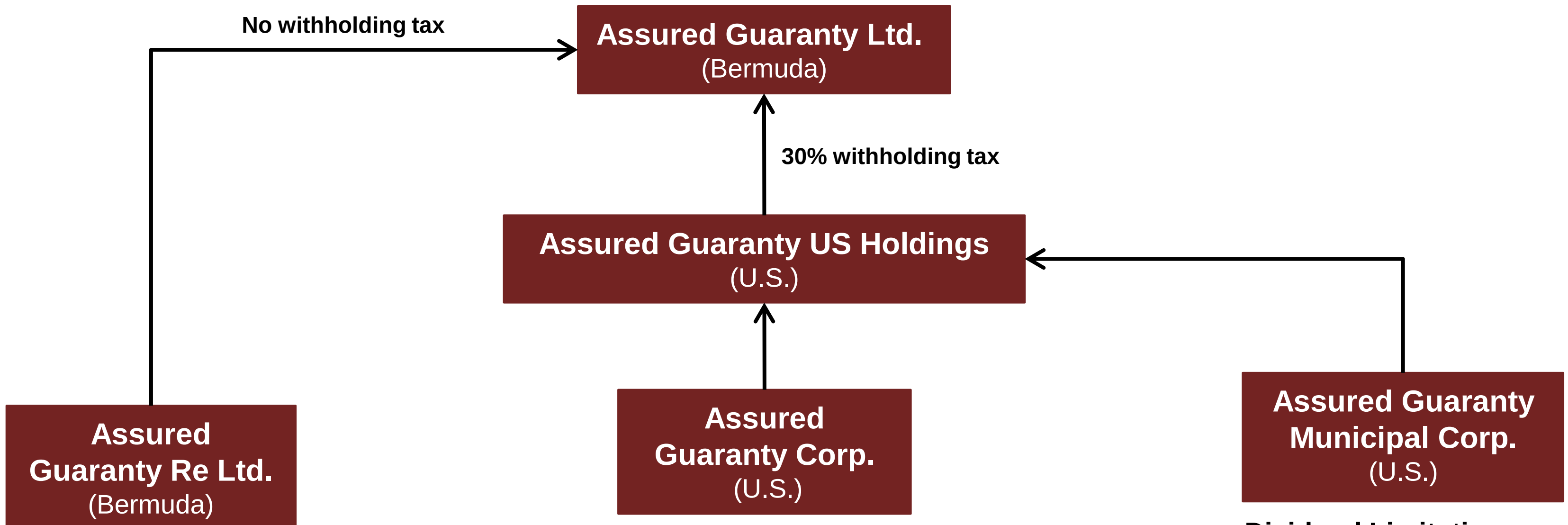




1. Operating income is a non-GAAP financial measure which is defined in the appendix.
2. In 2004, dividends were paid following our April IPO.
3. The amount shown is the quarterly dividend, annualized.

Creating Value

Simplified Corporate Structure & Dividend Limitations[1]



<u>Dividend Limitations</u>

Amount available to pay dividends in 2013 is approximately $634 million. However, as of December 31, 2012, AG Re had $261 million of unencumbered assets. Furthermore, any distribution that results in a reduction of 15% or more of AG Re's total statutory capital (approximately $195 million as of December 31, 2012) would require Bermuda Authority approval.

<u>Dividend Limitations</u>

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

<u>Dividend Limitations</u>

Based on AGM's statutory statements to be filed for the year ended December 31, 2012, 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 December 31, 2012 was approximately $178 million.

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

Creating Value
R&W Activity

- **The cumulative total (gross of reinsurance) of settlement receipts and commitments and R&W putback receipts was approximately $2.9 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**
  - Awarded approximately $90 million for R&W claims against Flagstar Bank, plus amounts to be determined by the court, which we estimate to be at least $20 million for interest, costs and attorneys' fees, and amounts we have requested for future claims
- **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 December 31, 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 our claims on certain uninsured tranches within 3 of these transactions**
- **In the fourth quarter of 2012, the Company reached agreement with another R&W provider in an RMBS securitization transaction to repurchase underlying loans in that transaction. Such amount flowed through the transaction waterfall and resulted in a benefit to Assured Guaranty of approximately $81 million.**

($ in millions)	Future Net R&W Benefit as of		
	December 31, 2012	December 31, 2011	December 31, 2010
Bank of America / Countrywide[2]	$367	$598	$1,050
Deutsche Bank included in agreement[3]	160	-	-
Other R&W	843	1,052	621
Total	**$1,370**	**$1,650**	**$1,671**

1. Includes future benefits covered under our agreements with Bank of America/Countrywide and Deutsche Bank.
2. As of December 31, 2012 Bank of America had placed approximately $0.8 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.

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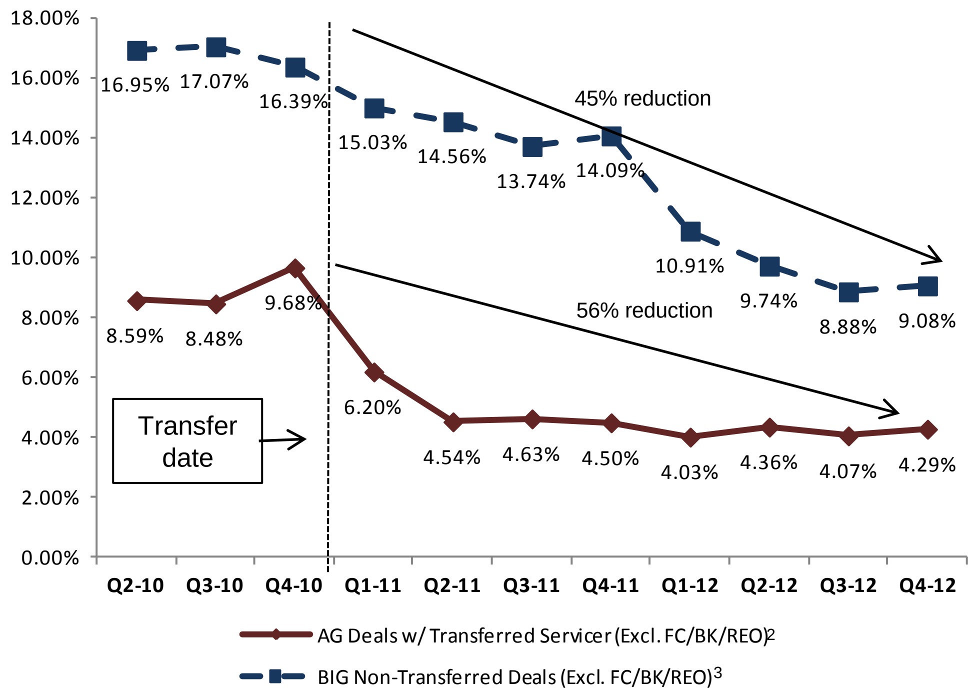
Current U.S. RMBS R&W Litigation Status

Counterparty	Current Status	Original Par Insured	Loans Putback (As of December 31, 2012)	Gross Par Outstanding (As of December 31, 2012)
Flagstar	Ruling announced February 2013 awarding Assured Guaranty approximately $90 million plus interest, costs and attorneys' fees.	$902 million	$91 million	$150 million
Deutsche Bank	Complaint filed June 2010 related to a HELOC transaction.	$353 million	$41 million	$26 million
Bear Stearns / EMC	Complaints filed July 2010 on a HELOC transaction and March 2012 on two alt-A transactions.	$536 million	$163 million	$86 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	$221 million
UBS	Complaint filed February 2012 related to three option-ARM transactions. Trustee on behalf of the three trusts filed a separate complaint against UBS in September 2012.	$1,493 million	$2.2 billion	$324 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.	$557 million	$2.1 billion	$444 million

Creating Value
Servicer Replacements

- **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 56% (from 9.7% to 4.3%) vs. the BIG non-transferred reduction of 45% (from 16.4% to 9.1%)
- **As of February 28, 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]**

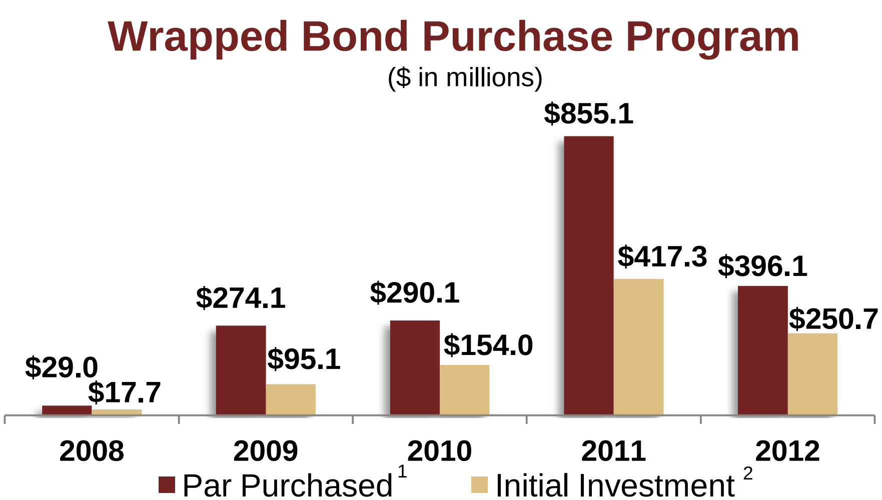
Delinquency Trend Comparison[1]
Transferred Servicer Deals vs. BIG Non-Transferred Deals

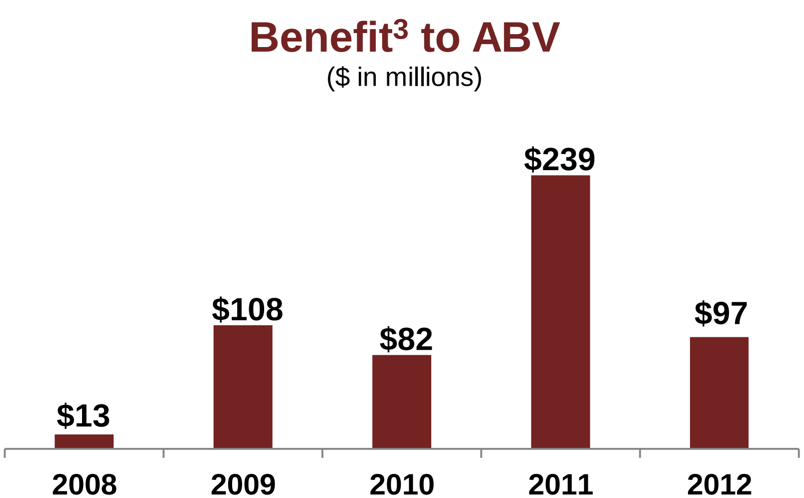


1. Delinquencies include 30-59 Days, 60-89 Days, and 90+ Days.
2. FC stands for foreclosure, BK stands for bankruptcy and REO stands for Real Estate Owned.
3. BIG non-transferred deals composite includes certain BIG transactions available in CoreLogic (formerly Loan Performance).
4. The December 31, 2012 net insured par of the transactions impacted by the servicing transfers was $2.7 billion and the net insured par of the transactions subject to special servicing was $0.9 billion.

Creating Value
Bond Purchases

- **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 December 31, 2012 with an initial purchase price of approximately $935 million; $1.6 billion of par remains outstanding
- **Targeted purchases are BIG securities on which claims are expected to be paid**
  - 80% 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**





1. Par at the time of purchase. 2. Cost of purchase. 3. Pre-tax benefit

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 $17 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	84	$10,677	$10-$60
Other	28	3,628	180-420
RMBS	27	934	0-3
Infrastructure	21	1,554	30-70
Muni	6	99	0-2
Totals	**166**	**$16,892**	**$300-$500**

Creating Value

New Business Production

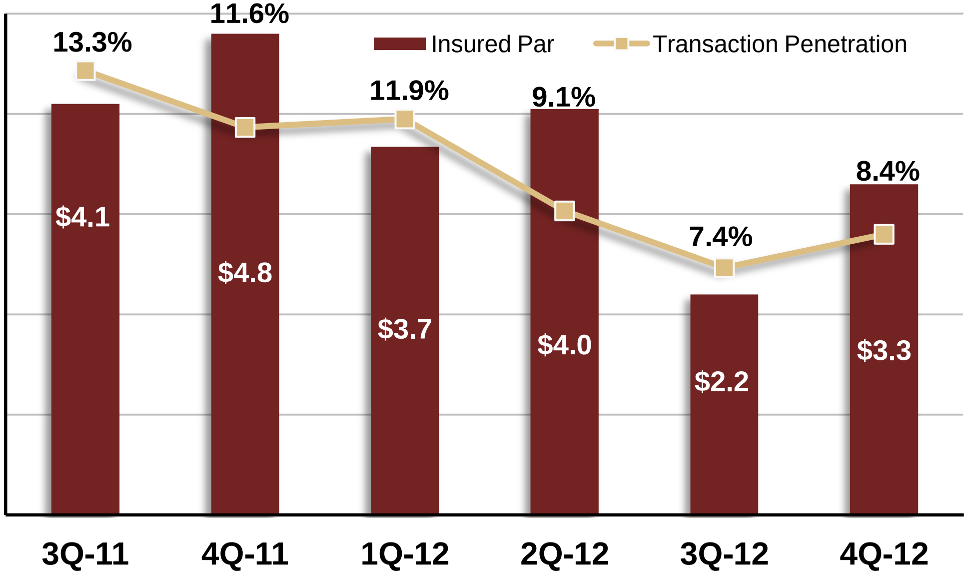
- **Penetration in the U.S. public finance market**
- **U.S. structured finance business activity**
- **International business activity**
- **Underwriting and pricing discipline**
- **Reinsurance platform**

Creating Value
New Business Production
Penetration in the U.S. Public Finance Market

- **We are focused on building demand for our guarantees, both in the primary and the secondary markets**
  - Secondary market policies totaled 212 in 4Q-12
- **The low interest rate environment and ratings uncertainty has put some pressure on our market penetration**
  - Accounted for 25.9% of A rated transactions in 4Q-12, down from 26.1% in 3Q-12; accounted for 29.5% of A rated transactions in 2012, down from 37.8% in 2011
  - Par penetration for all transactions with underlying A ratings increased to 11.1% in 4Q-12, up from 9.6% in 3Q-11; par penetration for all transactions with underlying A ratings decreased to 11.9% in 2012, down from 15.8% in 2011
- **Our penetration for smaller deals remains strong at 9.3% of all transactions under $25 million in 4Q-12 and 10.3% for full year 2012**

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

($ in billions)



	3Q-11	4Q-11	1Q-12	2Q-12	3Q-12	4Q-12
Total Par Issued	$72.5	$98.7	$78.2	$113.3	$83.6	$91.7
Total Transactions Issued	2,553	2,967	2,953	3,827	2,673	3,104

1. Source: SDC database, adjusted for underlying rating. As of December 31, 2012.

Creating Value

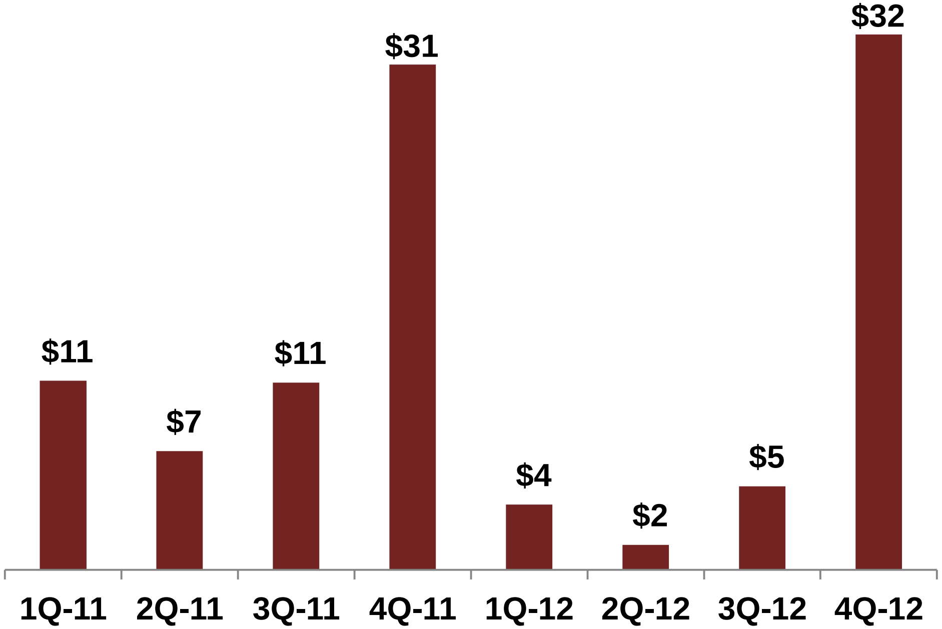
New Business Production

U.S. Structured Finance Business Activity

- **4Q-12 PVP[1] was $32 million related to a regulatory relief transaction; $31 million of 4Q-11 PVP was also related to a regulatory relief 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 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

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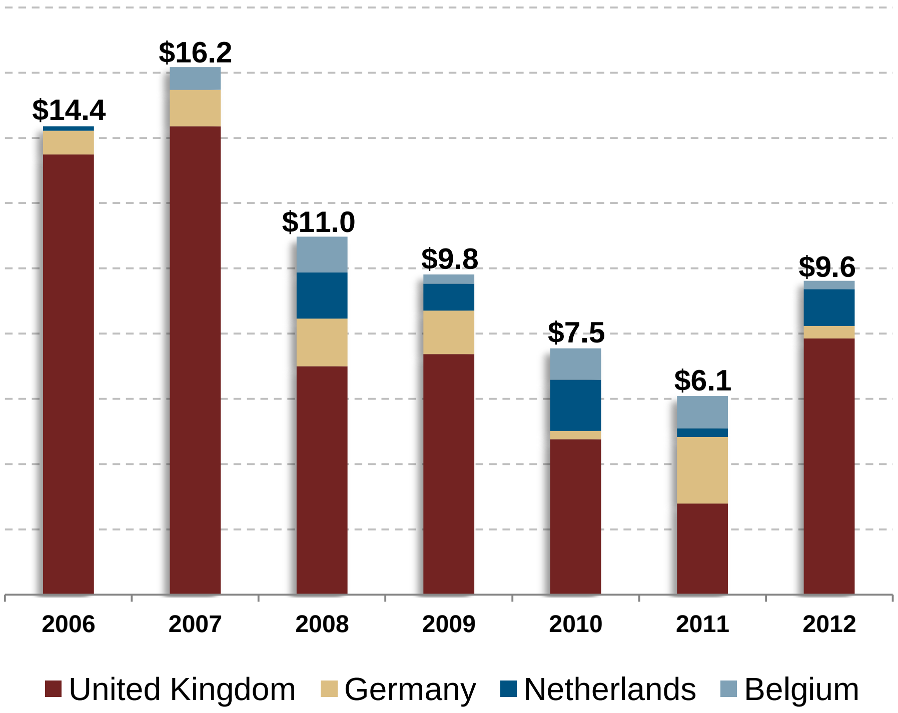
- **Our future pipeline should benefit from increased issuance, as well as new regulations, such as Basel III, that may limit the lending ability of banks**

International Issuance[1]
($ in billions)



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

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 4Q-12 and 4Q-11

	Quarter Ended December 31, 2012		Quarter Ended December 31, 2011	
Sector:	**Gross Par Written**	**Avg. Rating[1]**	**Gross Par Written**	**Avg. Rating[1]**
U.S. public finance	$3,641	A-	$4,883	A
Non-U.S. public finance	-	-	127	BBB
Total public finance	**$3,641**	**A-**	**$5,010**	**A**
U.S. structured finance	400	AA	582	AA
Non-U.S. structured finance	-	-	-	-
Total structured finance	**$400**	**AA**	**$582**	**AA**
Total gross par written	**$4,041**	**A**	**$5,592**	**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 $19.2 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 Reinsurer[2]
As of December 31, 2012

($ in millions)	Net Par Outstanding
American Overseas Re (formerly RAM Re)	$9,808
Tokio Marine	8,369
Radian	5,250
Syncora	4,156
Mitsui	2,232
Others	2,331
Total	$32,146

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

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Selected Company Assets and Liabilities As of December 31, 2012 ($ in millions, except per share)	
Total investment portfolio	$11,085
Cash	138
Premiums receivable, net of ceding commissions payable	1,005
Salvage and subrogation recoverable	456
Ceded unearned premium reserve	561
Unearned premium reserve	5,207
Expected loss to be paid, net of expected recoveries to be collected	677
Debt	836
Total investment portfolio and cash, per share	**$57.85**
Expected loss to be paid, net of expected recoveries, per share	**$3.49**
Debt, per share	**$4.31**

- **Investment portfolio comprises 64% of our total assets, of which 91% is invested in fixed income securities**
  - Highly rated, with 80% of fixed maturity and short-term investments rated AA or higher; average rating of AA-
  - Very liquid with over $900 million invested in short-term investments and cash
  - Overall duration of portfolio is 4.3 years
- **Deferred revenue comprises 42% of our total liabilities**
  - Liability diminishes over time as the portfolio amortizes

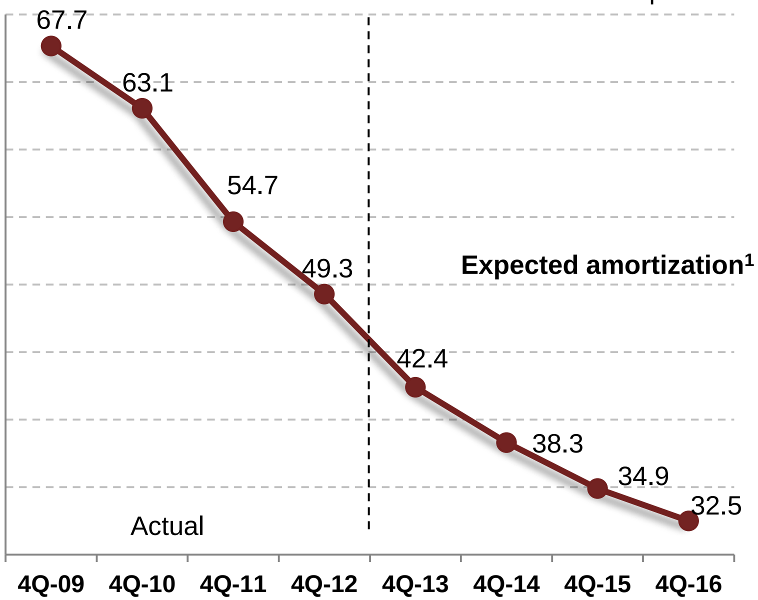
Underlying Value

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 49:1 as of 4Q-2012, 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 exceeded those of prior years**

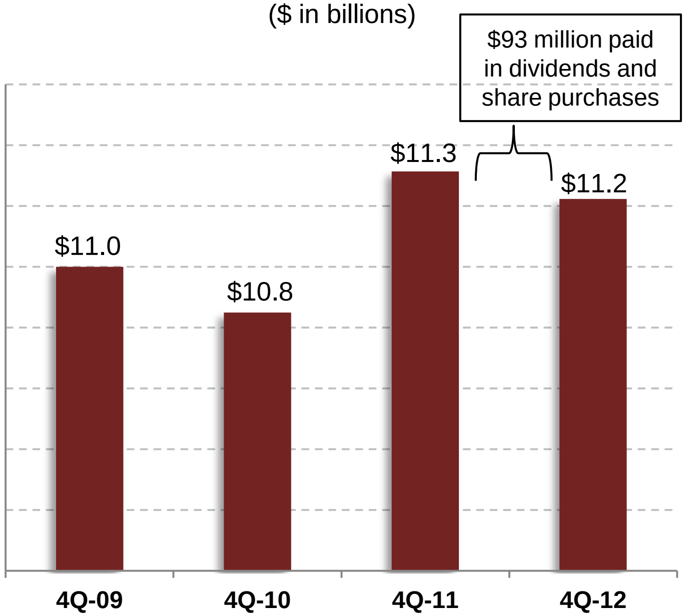
Portfolio Leverage

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



Total Invested Assets and Cash[2]

($ in billions)

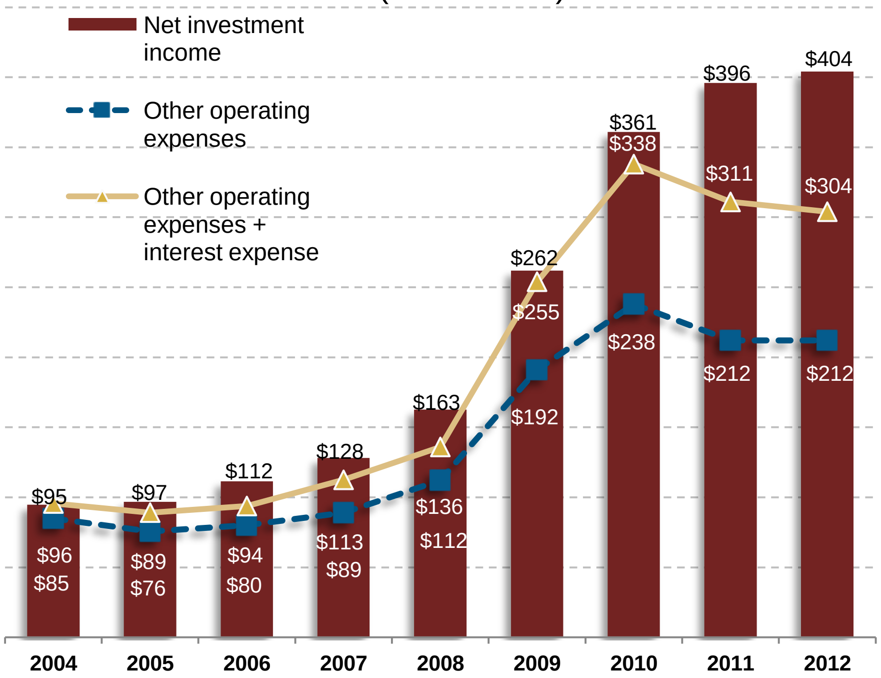


1. Assumes no new business production and calculates estimated amortization divided by current total invested assets and cash, less current losses to be paid.
2. As reported on the balance sheet

Underlying Value
Investment Income Generates Capital

- **Investment income is higher than the combination of operating and interest expenses, a spread that fosters capital growth**
- **A reduction in operating expenses increases the spread, thereby generating more capital annually**
  - Operating expenses in 2012 were $212 million, unchanged from 2011

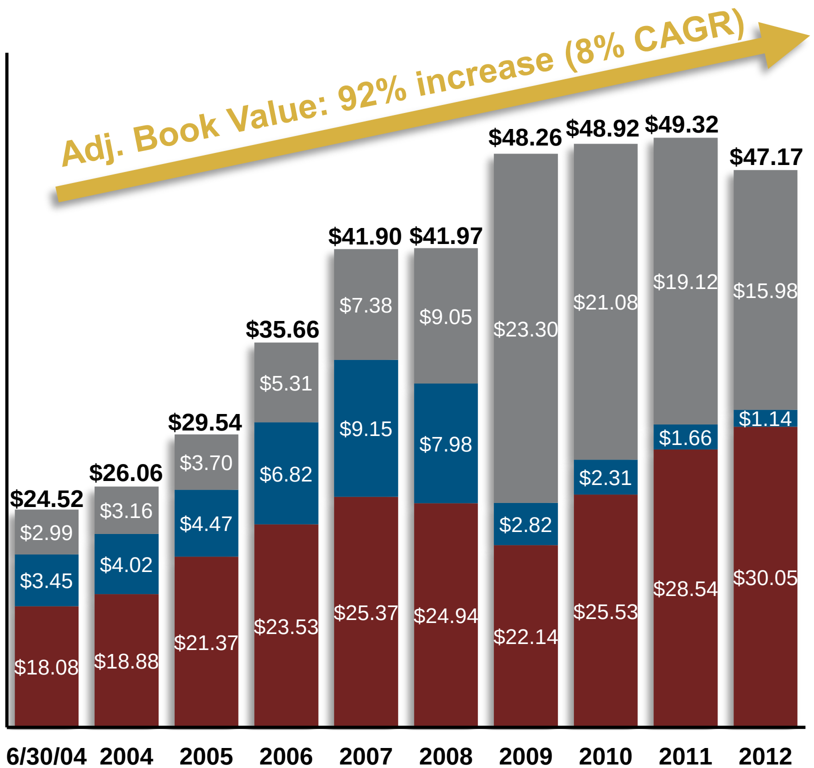
Investment Income[1]
($ in millions)



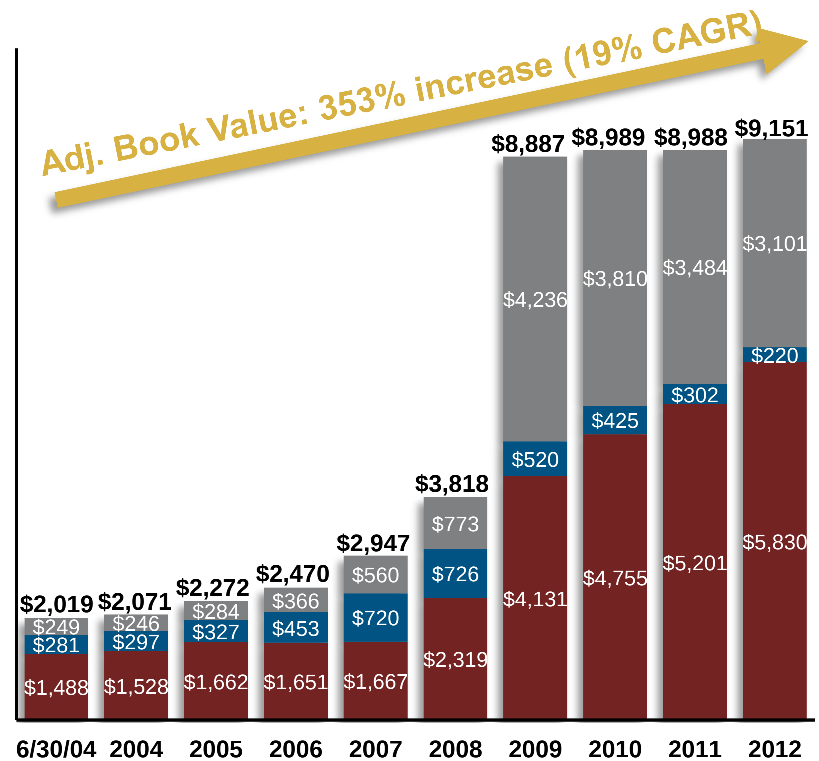
1. Investment income used in calculating operating income, a non-GAAP financial measure. For an explanation of operating income, please refer to the appendix.

Underlying Value
Historical Growth

Adjusted Book Value[1] per Share



Adjusted Book Value[1]
($ 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

December 31, 2012

Fourth Quarter & Full Year 2012 Operating Results

(Excluding Consolidation of VIEs)

($ in millions, except per share data)	Quarter Ended December 31,		% Change vs. 4Q-11	Year Ended December 31,		% Change vs. 2011
	2012	2011		2012	2011	
Net earned premiums and credit derivative revenues[1]	$352	$280	26%	$1,133	$1,183	(4)%
Net investment income[2]	99	93	6%	390	393	(1)%
Total revenues included in operating income	447	375	19%	1,627	1,616	1%
Loss & LAE and incurred losses on credit derivatives[3]	127	82	55%	596	493	21%
Total expenses included in operating income	197	160	23%	914	821	11%
Operating income	184	172	7%	535	601	(11)%
Operating income per diluted share	**0.95**	**0.94**	**1%**	**2.81**	**3.24**	**(13)%**
Operating ROE[4]	**12.9%**	**13.5%**	**(0.6) pp**	**9.7%**	**12.2%**	**(2.5) pp**
After-tax gain (loss) on derivatives	$(92)	$(265)	(65)%	$(486)	$244	NM
Net income (loss)	74	(84)	NM	110	773	(86)%
Net income (loss) per diluted share	**0.38**	**(0.46)**	**NM**	**0.57**	**4.16**	**(86)%**

NM = Not meaningful pp = percentage points

1. Included $103 million and $18 million related to consolidation of financial guaranty variable interest entities ("FG VIEs") that was eliminated during quarters ended December 31, 2012 and 2011, respectively, in GAAP reported results due to consolidation. Included $153 million and $75 million related consolidation of FG VIEs that was eliminated during years ended December 31, 2012 and 2011, respectively, in GAAP reported results due to consolidation.
2. Included $(4) million and $(8) million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the quarters ended December 31, 2012 and 2011, respectively. Included $(14) million and $(3) million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the years ended December 31, 2012 and 2011, respectively.
3. Included $44 million and $(13) million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the quarters ended December 31, 2012 and 2011, respectively. Included $45 million and $93 million of adjustments to GAAP reported amounts that was related primarily to consolidation of VIEs that was eliminated during the years ended December 31, 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)	4Q-12	4Q-11
Loss expense on FG and CDS included in operating income:		
Before tax	$127	$82
After tax	88	48
Per diluted share	0.45	0.26
Economic loss development		
Before tax	$73	$28
After tax	53	20
Per diluted share	0.27	0.11

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
December 31, 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 Assurance Corp.[2]	Eliminations[3]	Consolidated
	As of December 31, 2012					
Claims-paying resources						
Policyholders' surplus	$ 1,785	$ 905	$ 1,112	$ 77	$ (300)	$ 3,579
Contingency reserve	1,539	825	-	-	-	2,364
Qualified statutory capital	**3,324**	**1,730**	**1,112**	**77**	**(300)**	**5,943**
Unearned premium reserve	2,090	753	990	-	-	3,833
Loss and loss adjustment expense reserves[4, 5]	(26)	313	225	-	-	518
Total policyholders' surplus and reserves	**5,388**	**2,796**	**2,327**	**77**	**(300)**	**10,288**
Present value of installment premium[5]	467	331	207	-	-	1,005
Standby line of credit/stop loss	200	200	200	-	-	600
Excess of loss reinsurance facility	435	435	-	-	(435)	435
Total claims-paying resources	**$ 6,490**	**$ 3,762**	**$ 2,734**	**$ 77**	**$ (735)**	**$ 12,328**
Net par outstanding[6]	$ 282,409	$ 94,194	$ 122,239	-	$ (1,443)	$ 497,399
Net debt service outstanding[6]	$ 426,864	$ 138,286	$ 196,243	-	$ (3,479)	$ 757,914
Ratios:						
Net par outstanding to qualified statutory capital	85:1	54:1	110:1	N/A		84:1
Capital ratio[7]	129:1	80:1	176:1	N/A		128:1
Financial resources ratio[8]	66:1	37:1	72:1	N/A		61:1

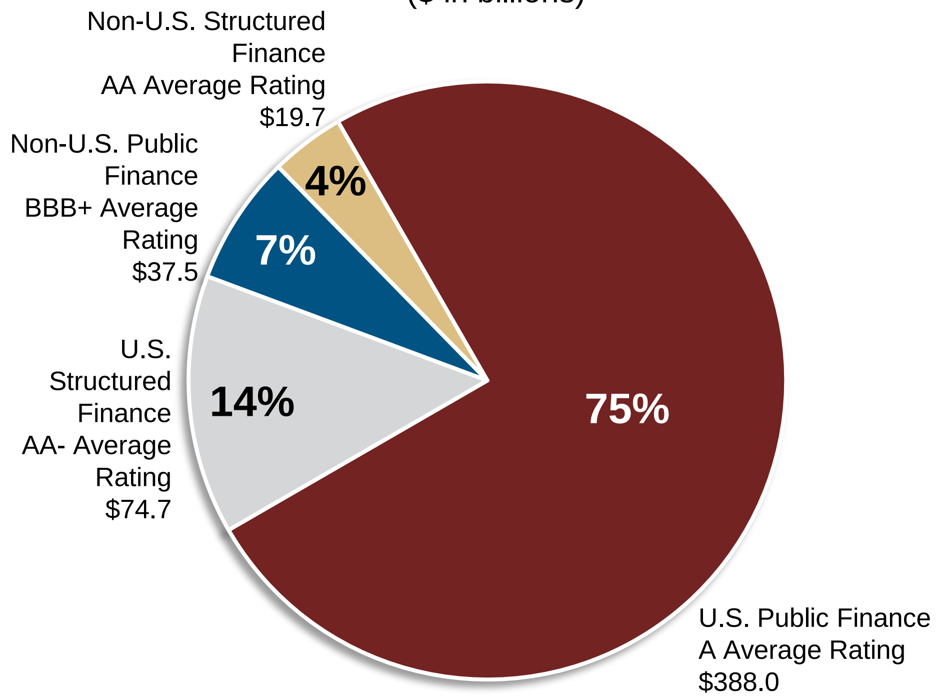
1. AG Re numbers are the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities.
2. Assured Guaranty US Holdings Inc. acquired MAC insurance company from Radian Asset Assurance Inc. on May 31, 2012. As of December 31, 2012, MAC has not written 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**
  - $10.6 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 December 31, 2012
($ in billions)



$519.9 billion, A+ average rating

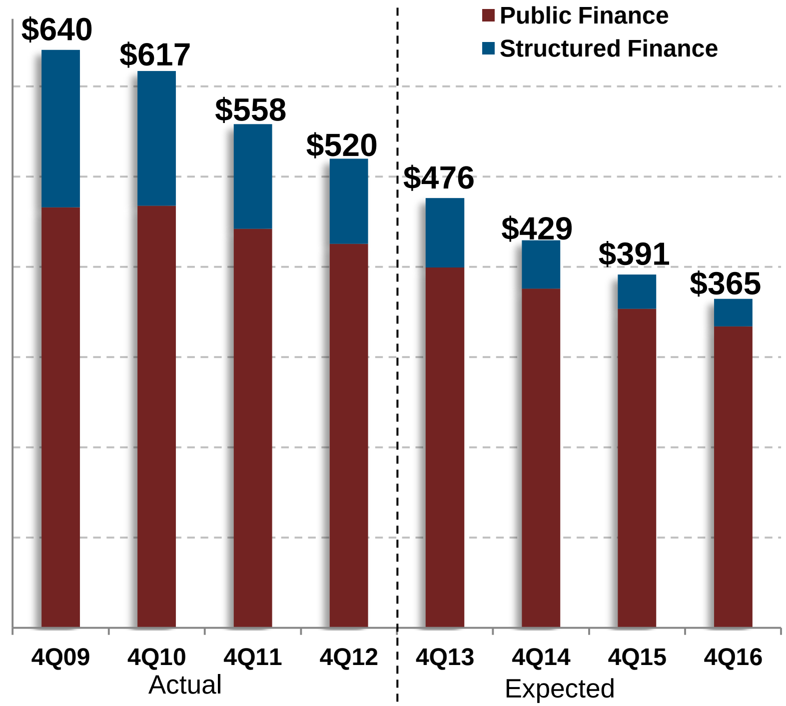
Net Par Outstanding Amortization

- **Amortization of the portfolio reduces rating agency capital charges, but also embedded future earned premiums**
- **Public finance exposure amortizes at a steady rate**
  - $426 billion outstanding
  - 6% expected to amortize by the end of 2013; 12% by the end of 2014; 22% by the end of 2016
- **Structured finance exposure amortizes quickly**
  - $94 billion outstanding
  - 18% expected to amortize by the end of 2013; 43% by the end of 2014; 68% 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 December 31, 2012

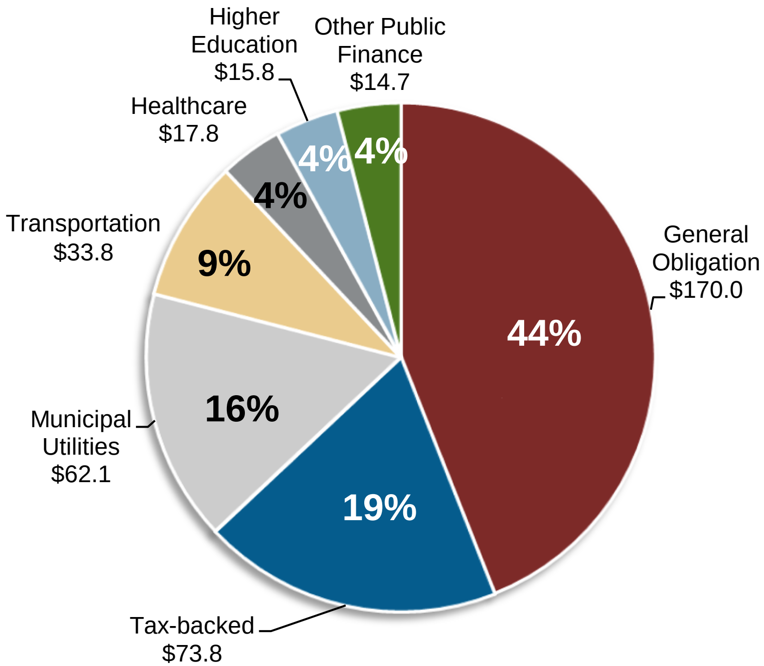
($ in billions)



1. Represents the future expected amortization of current net par outstanding as of December 31, 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 December 31, 2012
($ in billions)



$388.0 billion, A average rating

- **U.S. public finance net par outstanding is $388.0 billion, which is 75% of our total as of December 31, 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 4Q-12 we made payments on only 3.
- **General obligation, tax-backed and municipal utilities represent 79% of U.S. public finance net par outstanding**
  - 59% 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 (included in city general fund exposure) and to $38 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	1.4
County	
General Obligation	0.2
General Fund – Non-Ad Valorem	1.3
Lease Obligation	1.1
School District	
General Obligation	17.9
Lease Obligation	2.4
Special Tax	4.6
Special Districts	5.7
Higher Education	3.0
Healthcare	1.1
Municipal Utilities	11.2
Transportation	3.0
Other	0.4
Total	**$57.3**

Specific California Credits

- **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 seven California cities that have publicly discussed potentially filing for bankruptcy protection, we have exposure to only four entities**
  - Most of exposure (80%) is secured by pledges of special revenues
- **Increased stress in the municipal markets proves the need for bond insurance**

California Cities Filing for Bankruptcy

Exposure	Our Net Par Outstanding	Type
Vallejo	$3 million[1]	Water and sewer revenue bond
Mammoth Lakes	-	-
San Bernardino	$54 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	Our Net Par Outstanding	Type
Artesia	-	-
Atwater	$92 million	School district debt (9M) & water and sewer revenue bond (83M)[1]
Compton	$39 million[1]	Redevelopment agency revenue bond
Duarte	-	-
El Monte	$175 million	School district debt
Fresno	$342 million	$190 million in revenue bonds[1]; $11 million pension obligation & $141 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.

Detroit Exposure

- **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 $591 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	$5	BBB
Municipal Utilities	$1,847	BBB+
Subtotal	**$2,207**	
School District[1]	$591	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.

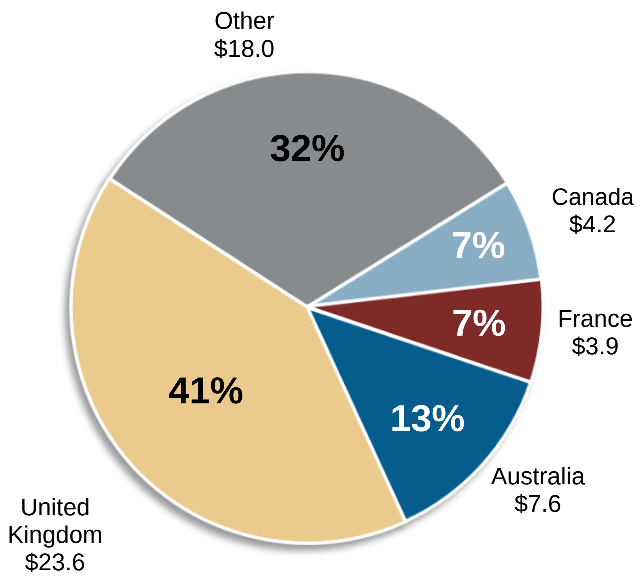
Consolidated International Finance

International Public and Structured Finance Net Par Outstanding

International Finance

As of December 31, 2012

($ in billions)



$57.2 billion, A average rating

- **International exposure is 66% public finance and 34% structured finance**
- **Approximately 75% of international structured exposure is to pooled corporates**
  - 87% are rated A or higher
- **Direct sovereign debt is limited to:**
  - Poland $277 million

Insured Obligations Within Troubled Eurozone Countries[1]

- **Approximately 42%, or $1.9 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 based revenues 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**
- **99% of our Rome Airport exposure reached maturity in February 2013**

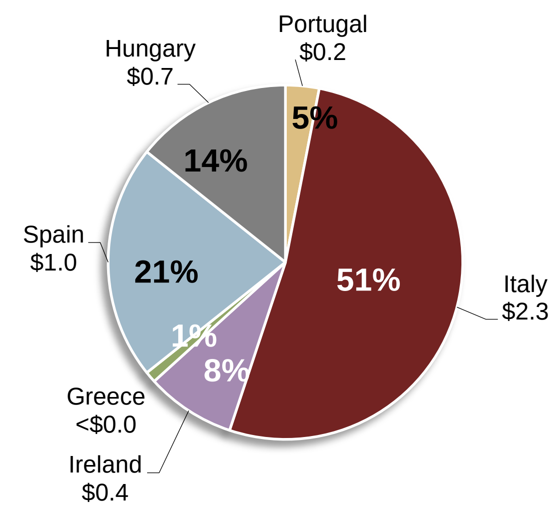
BIG Exposures to Troubled Eurozone Countries ($ in millions)

Name or Description	Country	Internal Rating	Expected Maturity	Net Par Outstanding
M6 Toll Road	Hungary	BB	2025	$396
Valencia Fair	Spain	BB-	2026, 2027	255
Rome Airport[2]	Italy	BB	2013, 2015	248
Autovia de la Mancha, S.A.	Spain	BB-	2031, 2033	144
FHB 8.95% 2016	Hungary	BB	2016, 2019	126
OTP 10% 2012	Hungary	BB+	2019	88
Metropolitano de Porto Lease and Rail Equip Sublease	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	BB-	2015	11
Gleneagles Funding LTD (1st Issue)	Ireland	BB	2037	7
Universidades De Generalidad De Valencia[3]	Spain	BB-	2013, 2017, 2020, 2022	6
OTP Mortgage Bank	Hungary	BB+	2019	5
CACSA	Spain	BB-	2019, 2021, 2025	3
FHB Land Credit and Mortgage Bank	Hungary	BB	2013	1
Total				**$1,411**

Insured Obligations Within Troubled Eurozone Countries[1]

As of December 31, 2012

($ in billions)



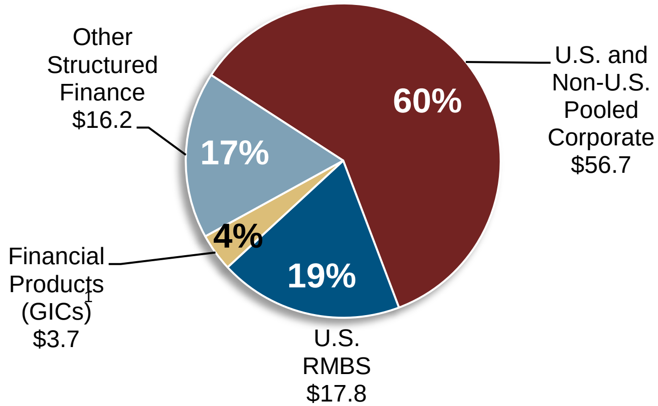
$4.6 billion, A- average rating

1. Exposure to insured obligations in troubled Eurozone countries refers to the economies of Portugal, Italy, Ireland, Greece, Spain and Hungary.
2. $246 million of the Rome Airport transaction reached maturity on February 20, 2013.
3. On December 15, 2013, $1.61 million (27% of the deal's total NPO) of the deal is expected to mature.

Structured Finance Exposures
Net Par Outstanding

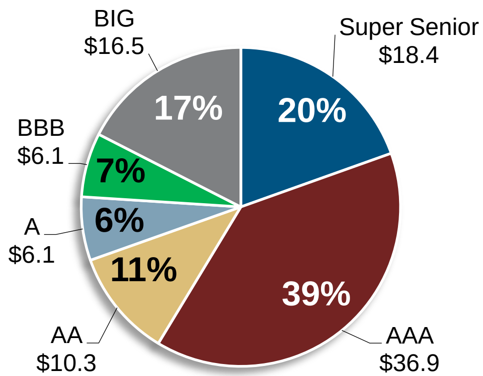
($ in billions)

By Type
As of December 31, 2012



$94.4 billion, AA- average rating

By Internal Rating



- **We expect Assured Guaranty's global structured finance insured portfolio ($94.4 billion as of December 31, 2012) to amortize rapidly – 18% by year-end 2013 and 43% by year-end 2014.**
  - $56.7 billion in global pooled corporate obligations expected to be reduced by 21% by year-end 2013 and by 53% by year-end 2014
  - $17.8 billion in U.S. RMBS expected to be reduced by 18% by year-end 2013 and by 34% by year-end 2014
- **Assured Guaranty and AGM's total structured finance exposures of $240.9 billion at December 31, 2007 have declined by $146.5 billion to $94.4 billion through December 31, 2012, a 61% reduction, or approximately $29 billion per year.**

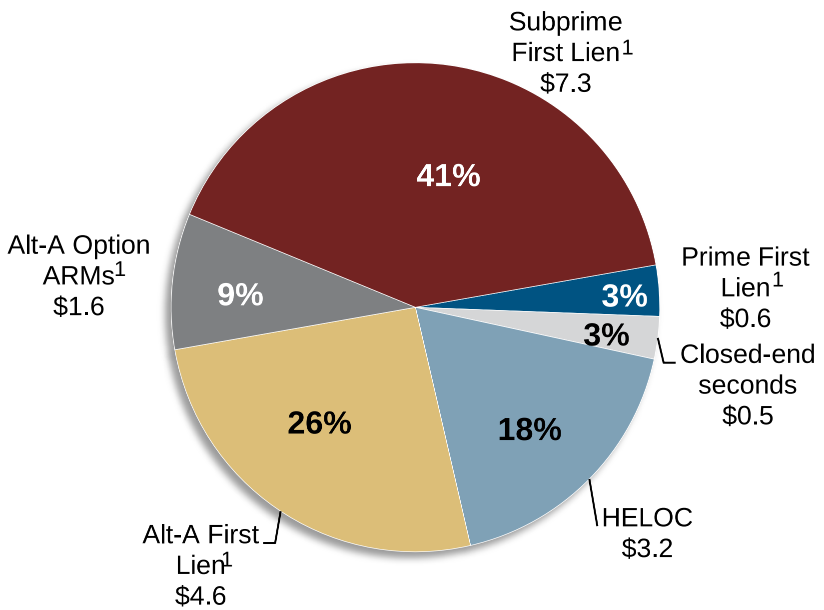
1. Assured Guaranty did not acquire FSAH's Financial Products ("FP") segment. Assured Guaranty and its subsidiaries are indemnified against exposure to the FP segment by Dexia. As of December 31, 2012, the aggregate accreted balance of the guaranteed investment contracts ("GICs") was approximately $3.6 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately $5.4 billion, the aggregate market value was approximately $5.3 billion and the aggregate market value after agreed reductions was approximately $4.1 billion. Cash and net derivative value constituted another $0.2 billion of assets.

Consolidated U.S. RMBS

- **Our $17.8 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 $17.8 billion at December 31, 2012, a $11.4 billion or 39% 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

U.S. RMBS by Exposure Type

As of December 31, 2012
($ in billions)



$17.8 billion
(3.4% 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 fourth 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.

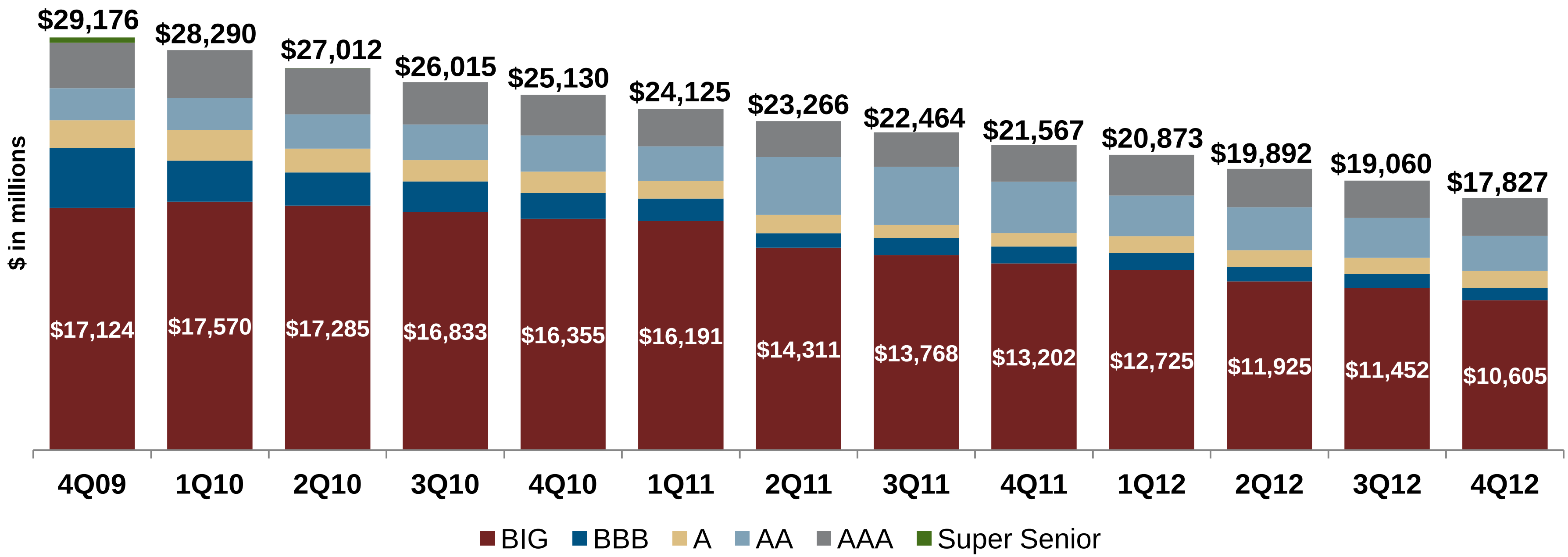
U.S. RMBS Exposure Continues to Decline

ASSURED GUARANTY®

- **U.S. RMBS has declined 39% from December 31, 2009 through December 31, 2012, or approximately $0.9 billion per quarter**
- **Below investment grade RMBS peaked at March 31, 2010 and has since declined approximately $7.0 billion**

U.S. RMBS by Rating

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



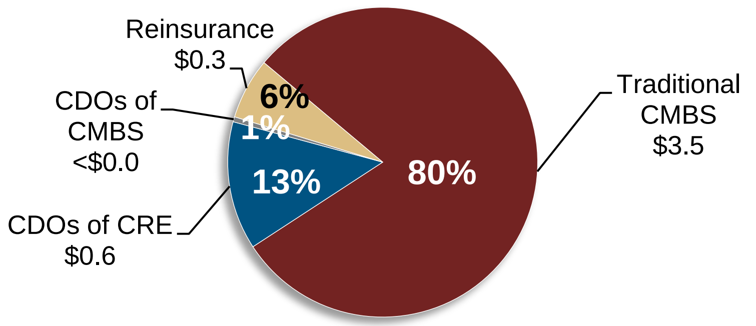
U.S. CMBS Exposure

- **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") - $514 million
  - CDOs of CMBS[1] - $6 million
  - We also have assumed par of $259 million
- **We have maintained a conservative underwriting stance on CMBS**
  - Low levels of CMBS historically
  - Focus on senior exposures and whole loans
  - AGM did not underwrite CMBS
- **Our portfolio was largely triple-A at underwriting and remains highly rated as of December 31, 2012**
  - Most deals written with triple-A rating at inception with high attachment points
  - One deal was single-A at underwriting
  - Approximately 91% of traditional U.S. CMBS exposure had internal rating of AAA or higher as of December 31, 2012

U.S. CMBS by Exposure Type

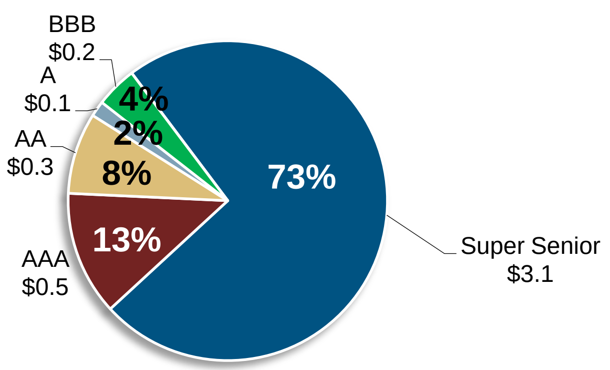
As of December 31, 2012

($ in billions)



$4.2 billion
(0.8% of total net par outstanding)

By Internal Rating



1. Relates to vintages 2003 and prior.

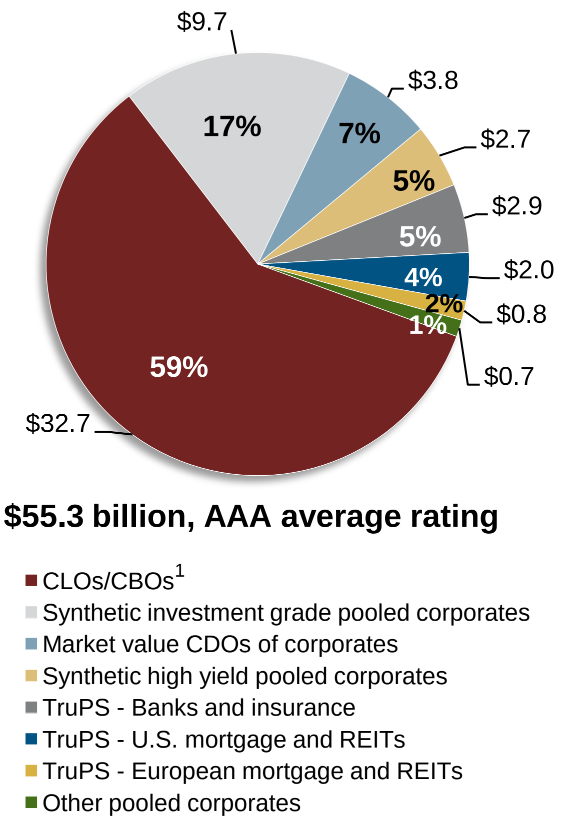
Direct Pooled Corporate Obligations

- **Our direct pooled corporate exposure is highly rated and well-protected**
  - Average credit enhancement ("CE") of 30.5%
  - 85.8% rated super senior or AAA

- **20% expected to amortize by the end of 2013; 52% by the end of 2014; 78% by the end of 2016**

Direct Pooled Corporate Obligations By Asset Class

As of December 31, 2012
($ in billions)



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

TruPS CDO Update

ASSURED GUARANTY

- **Our $5.7 billion Trust Preferred Securities ("TruPS") CDO portfolio is diversified by region and collateral type**
  - Includes more than 1,400 underlying issuers
  - All our exposure at the CDO level is to the most senior debt tranche
  - Average rating of BB+, average CE of 35.0%
- **U. S. Mortgage & REIT**
  - $2.0 billion of U.S. Mortgage and REITs ("M&R") TruPS CDOs are the lowest rated asset class
  - Average rating of BB-; average CE of 34.8%
  - Ratings of underlying collateral have been downgraded sharply since the time of inception due to stress in the real estate market and recession
  - Default and distressed restructuring activity among M&R TruPS CDO corporate issuers have slowed since 1Q-10
  - Projected losses decreased over the quarter due primarily to the termination of embedded interest rate hedges in certain TruPS CDOs for termination payments lower than the present value of modeled cashflows
- **Bank & Insurance**
  - U.S. bank failures have slowed since reaching a peak in 2010, and TruPS CDO direct exposure to new U.S. bank defaults has been decreasing
  - Certain underlying deferring banks have begun to cure and repay accrued and unpaid interest. As of 12/31/2012, there have been 110 individual bank cures[1] in the TruPS CDOs that Fitch rates
  - A number of underlying bank issuers have redeemed their TruPS within our portfolio, as bank holding companies with total assets exceeding $15 billion of assets will no longer be allowed to treat TruPS as Tier 1 capital following a three-year phase-in period commencing on 1/1/2013

1. *Fitch Bank TruPs CDO Default, Deferral and Cure Index,* January 28, 2013

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, which show sufficient deterioration to make lifetime losses possible but none are expected, were $9.3 billion at December 31, 2012**

Financial Guaranty Insurance and Credit Derivatives Surveillance Categories[1]

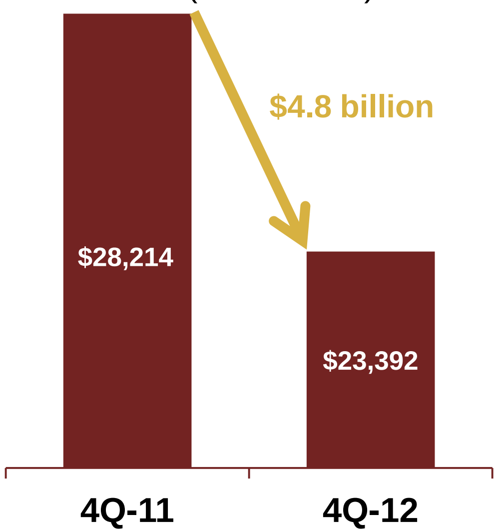
($ in millions)	December 31, 2012[2,3]	December 31, 2011[2,3]
Category 1		
U.S. public finance	$3,290	$3,395
Non-U.S. public finance	2,293	2,046
U.S. structured finance	2,687	5,882
Non-U.S. structured finance	984	927
Total Category 1	9,254	12,250
Category 2		
U.S. public finance	500	274
Non-U.S. public finance	-	282
U.S. structured finance	4,550	4,383
Non-U.S. structured finance	57	42
Total Category 2	5,107	4,981
Category 3		
U.S. public finance	813	838
Non-U.S. public finance	-	-
U.S. structured finance	7,295	7,743
Non-U.S. structured finance	923	950
Total Category 3	9,031	9,531
BIG Total	**$23,392**	**$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 $1,133 million and $1,293 million of gross par outstanding as of December 31, 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 $220 million and $222 million in gross par outstanding as of December 31, 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 the fourth 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 $4.8 billion[1]**
- **FX change (weakness of the U.S. dollar) increased BIG net par outstanding by $48 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)	1Q-12	2Q-12	3Q-12	4Q-12	2012
Beginning BIG par	**$28,214**	**$25,999**	**$24,814**	**$24,369**	**$28,214**
Amortization / Paid	$(715)	$(1,270)	$(910)	$(1,154)	$(4,049)
BofA Settlement Reclassification	(1,452)	—	—	—	(1,452)
DB Settlement Reclassification	—	(330)	—	—	(330)
FX Change	+59	(74)	+32	+31	+48
Removals / Upgrades	(533)	(23)	(22)	(133)	(711)
Additions / Downgrades	+426	+512	+455	+279	+1,673
Total Decrease	**(2,215)**	**(1,185)**	**(445)**	**(977)**	**(4,821)**
Ending BIG par	**$25,999**	**$24,814**	**$24,369**	**$23,392**	**$23,392**

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 fourth 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 Exposures > $250 Million

($ in millions)

BIG Exposures Greater Than $250 Million as of December 31, 2012

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	N/A	N/A
PF	Reliance Rail Finance Pty. Limited	695	BB	N/A	N/A
SF	Deutsche Alt-A Securities Mortgage Loan 2007-2	645	CCC	0%	30%
SF	MABS 2007-NCW (includes $40.9 million purchased, 8% owned)[3]	511	B	21%	58%
SF	Ballantyne Re Plc (includes $169.8 million purchased, 34% owned)[3]	500	CC	N/A	N/A
PF	Jefferson County Alabama Sewer	479	D	N/A	N/A
SF	Orkney Re II, Plc	423	CCC	N/A	N/A
PF	M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	396	BB	N/A	N/A
SF	Private Residential Mortgage Transaction	362	B	13%	28%
SF	Countrywide HELOC 2006-I	355	CCC	0%	5%
PF	Detroit (City of) Michigan	355	BB	N/A	N/A
SF	Option One 2007-FXD2	352	CCC	10%	26%
SF	Private Residential Mortgage Transaction	346	B	13%	26%
PF	Louisville Arena Authority Inc.	336	BB	N/A	N/A
SF	MortgageIT Securities Corp. Mortgage Loan 2007-2	333	B	5%	19%
SF	Private Residential Mortgage Transaction	327	CCC	5%	27%
SF	Deutsche Alt-A Securities Mortgage Loan 2007-3	326	B	1%	23%
PF	Cross City Tunnel Motorway Finance Limited	322	BB	N/A	N/A
SF	Private Residential Mortgage Transaction	301	CCC	0%	29%
SF	Taberna Preferred Funding IV, LTD	292	CCC	20%	N/A
SF	Countrywide HELOC 2006-F (includes $88.2 million purchased, 30% owned)[3]	291	CCC	0%	14%
SF	Taberna Preferred Funding III, LTD	287	CCC	15%	N/A
SF	Nomura Asset Accept. Corp. 2007-1 (includes $0.7 million purchased, 0.2% owned)[3]	283	CCC	0%	42%
SF	AAA Trust 2007-2 (includes $103.1 million purchased, 37% owned)[2]	279	CCC	13%	39%
SF	Private Residential Mortgage Transaction	267	B	12%	27%
PF	Valencia Fair	255	BB-	N/A	N/A
	Total	**$10,436**			

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]

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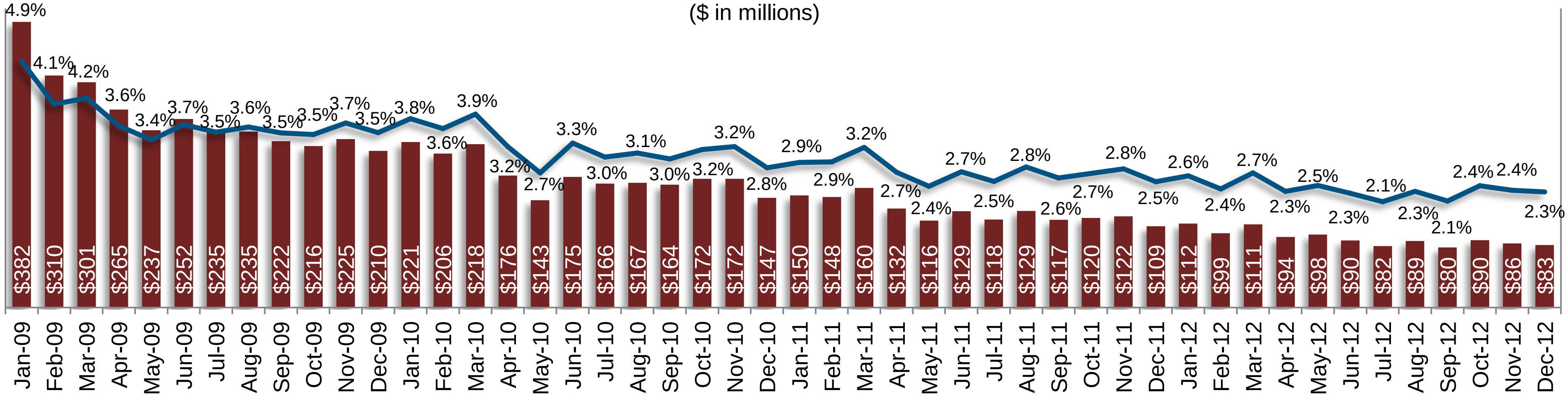
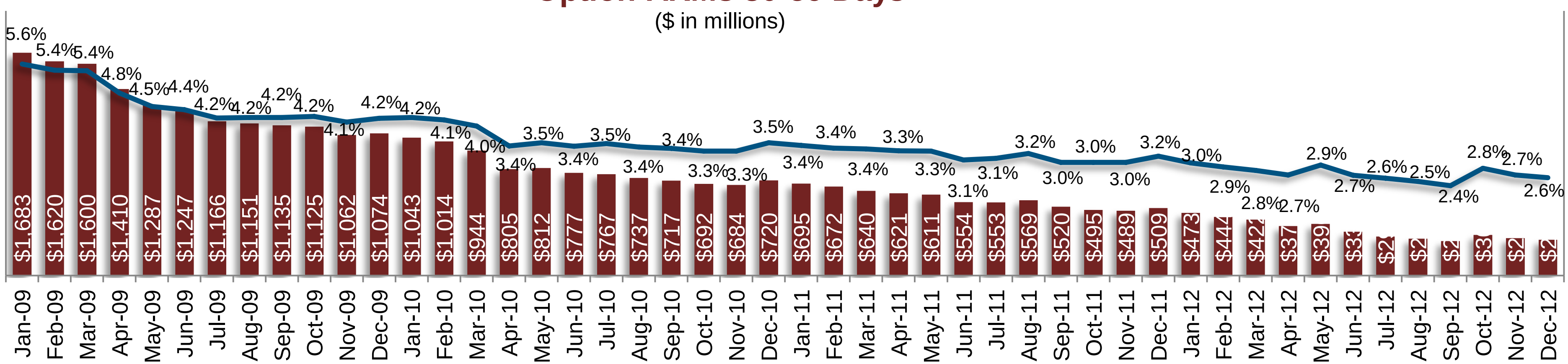
Troubled HELOCs 30-59 Days

($ 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]

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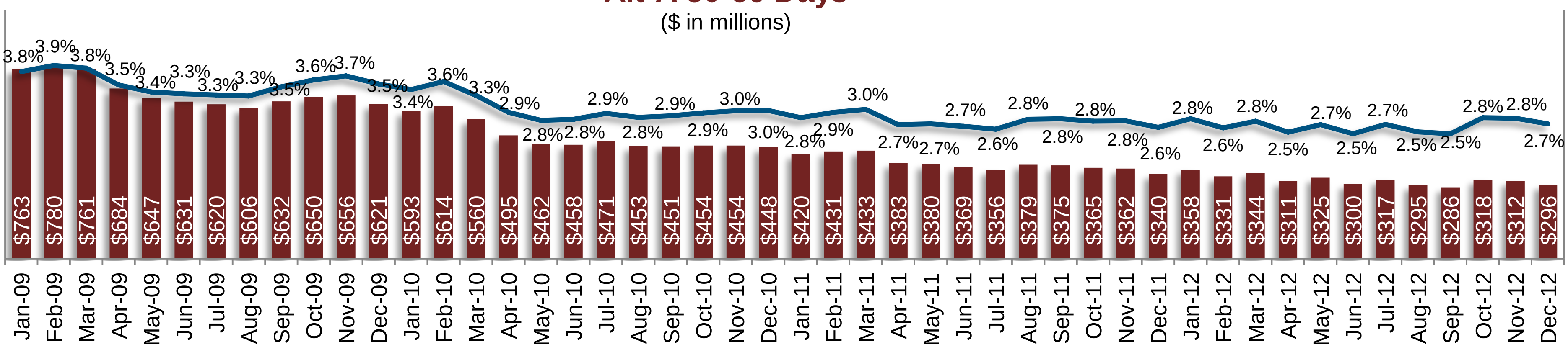
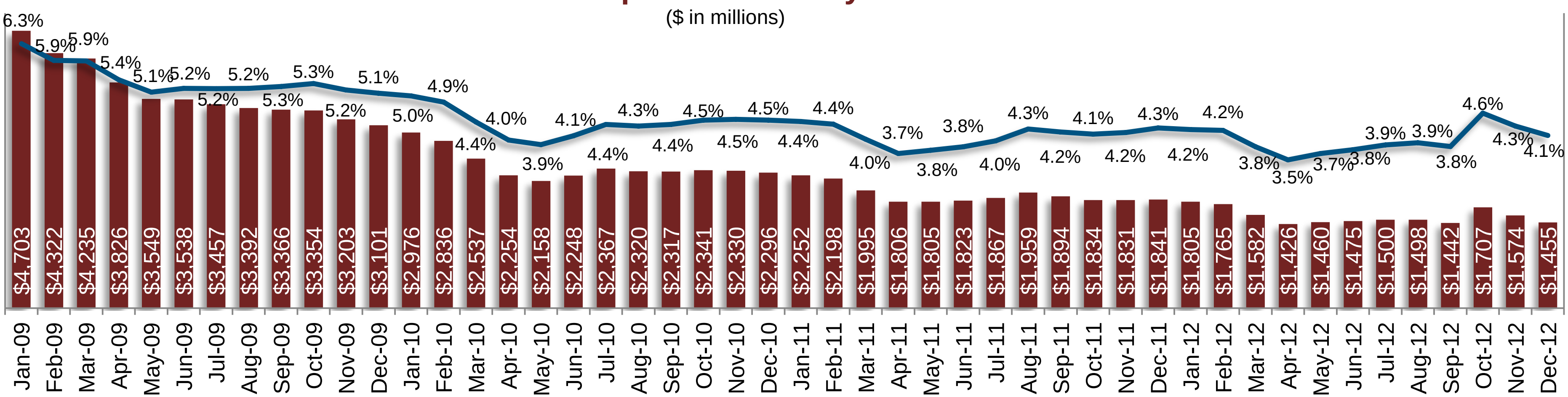
Alt-A 30-59 Days

($ 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.

Appendix
Explanation of Non-GAAP Financial Measures

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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.

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 December 31, 2012	Three Months Ended December 31, 2011	% Change versus 4Q-11
Consolidated new business production analysis:			
Present value of new business production ("PVP")			
Public finance - U.S.:			
Primary markets	$31	$51	(39)%
Secondary markets	6	3	100%
Public finance - non-U.S.			
Primary markets	-	3	NM
Secondary markets	-	-	-
Structured finance - U.S.	32	31	3%
Structured finance - non-U.S.	-	-	-
Total PVP	**69**	**88**	**(22)%**
Less: PVP of credit derivatives	-	-	-
PVP of financial guaranty insurance	69	88	(22)%
Less: Financial guaranty installment premium PVP	33	33	-
Total: Financial guaranty upfront GWP	36	55	(35)%
Plus: Financial guaranty installment PVP adjustment[2]	73	45	62%
Total GWP	**$109**	**$100**	**9%**

Reconciliation of Consolidated Operating Income to Net Income (Loss)

	4Q-12	4Q-11
Operating income	**$184**	**$172**
Plus after-tax adjustments:		
Realized gains (losses) on investments	1	(6)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(92)	(265)
Fair value gains (losses) on committed capital securities	(4)	21
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	1	(1)
Effect of consolidating FG VIEs	(16)	(5)
Net income (loss)	**$74**	**$(84)**

Per Diluted Share

	4Q-12	4Q-11
Operating income	**$0.95**	**$0.94**
Plus after-tax adjustments:		
Realized gains (losses) on investments	0.00	(0.04)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(0.47)	(1.45)
Fair value gains (losses) on committed capital securities	(0.02)	0.11
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	0.01	(0.01)
Effect of consolidating FG VIEs	(0.08)	(0.03)
Net income (loss)	**$0.38**	**$(0.46)**

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

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

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

(dollars in millions, except per share amounts)

	As of :			
	December 31, 2012		December 31, 2011	
	Total	Per share	Total	Per share
Shareholders' equity	**$ 4,994**	**$ 25.74**	**$ 4,652**	**$ 25.52**
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(348)	(1.79)	(405)	(2.22)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(988)	(5.09)	(498)	(2.74)
Fair value gains (losses) on committed capital securities	23	0.12	35	0.19
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	477	2.45	319	1.75
Operating shareholders' equity	**$ 5,830**	**$ 30.05**	**$ 5,201**	**$ 28.54**
After-tax adjustments:				
Less: Deferred acquisition costs	165	0.85	174	0.95
Plus: Net present value of estimated net future credit derivative revenue	220	1.14	302	1.66
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,266	16.83	3,658	20.07
Adjusted book value[1]	**$ 9,151**	**$ 47.17**	**$ 8,987**	**$ 49.32**

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
raron@assuredguaranty.com

Equity Investor Presentation
December 31, 2012