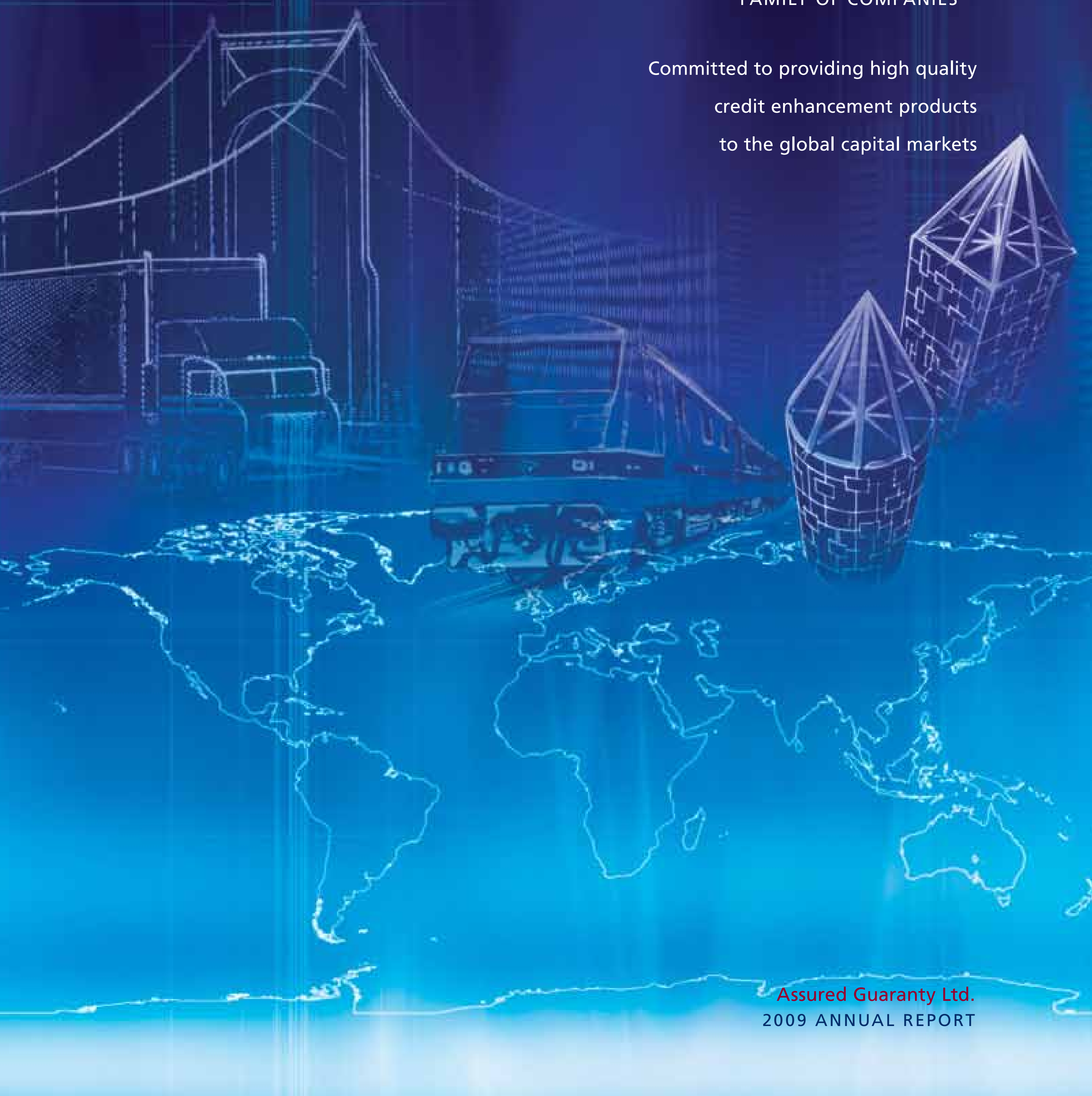
ASSURED GUARANTY®
FAMILY OF COMPANIES

Committed to providing high quality credit enhancement products to the global capital markets



Assured Guaranty Ltd.
2009 ANNUAL REPORT

2009 Annual Report

ASSURED GUARANTY
FAMILY OF COMPANIES

ASSURED GUARANTY CORP. | ASSURED GUARANTY MUNICIPAL | ASSURED GUARANTY RE

Assured Guaranty Ltd., through its subsidiaries, guarantees scheduled principal and interest payments when due on municipal, public infrastructure and structured financings in markets around the world.

2009 HIGHLIGHTS

- Despite the challenging economic environment, Assured Guaranty Ltd. (together with its subsidiaries, Assured Guaranty or the Company) reported operating income of $316.7 million for 2009—the highest in its history.
- In direct U.S. public finance, Assured Guaranty's present value of new business production (PVP) reached a record $523.5 million, a 21% year-over-year increase.
- In a highly accretive transaction, Assured Guaranty completed the acquisition of Financial Security Assurance Holdings Ltd. (FSAH) and its subsidiary Financial Security Assurance Inc. (FSA) in July 2009 for $546.0 million in cash and 22.3 million common shares. The acquisition excluded FSAH's financial products business.
- Assured Guaranty successfully completed two equity offerings in 2009 to fund its acquisition of FSAH and increase its rating agency capital.
- Book value attributable to Assured Guaranty increased 83% from $1.9 billion to $3.5 billion principally due to the two equity offerings and net income for the year. Year-end 2009 book value per share decreased 10% from $21.18 at December 31, 2008 to $19.12 due to the significant increase in the number of shares outstanding.
- Adjusted book value increased 15% to $48.40 per share from $41.97 per share at year-end 2008, primarily due to the 2009 equity offerings and the addition of the FSAH future earnings stream, net of expected losses.

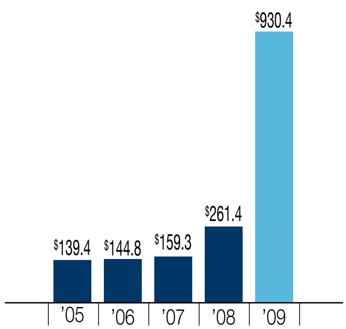
DEAR FELLOW SHAREHOLDERS,

In last year's shareholder letter, I referred to the unprecedented nature of changes in the economy and competitive landscape that were presenting us with both opportunities and challenges. In 2009, we took a number of important steps to address these developments and to build our business franchise for the future. I believe the most significant of these initiatives was completing the purchase of FSAH, the holding company of FSA, from Dexia SA for $546.0 million in cash and 22.3 million Assured Guaranty common shares, which were valued at $12.38 at the time of the acquisition. This strategic transaction, which was accomplished in a difficult environment and against other suitors, has helped us increase the depth and breadth of our product expertise; expand our geographic presence; add to our bench strength; and, due to the accretive structure of the acquisition, enhance our earnings model for years to come.

In this letter, I will review our 2009 results in the context of the long-term goals we established at the time of our initial public offering in April 2004 and provide my perspective on our opportunities going forward. I hope that after reading it, you will agree that the Assured Guaranty family of companies has performed well in these turbulent economic times and that you will share my confidence in our ability to continue to achieve returns that will support increasing shareholder value, one of our core strategic goals.

Dominic J. Frederico
President and Chief Executive Officer

Net Earned Premiums
(in millions)



In 2009, despite the challenging economic environment, we reported operating income of $316.7 million for the year—the highest in our history—and that was after recording $497.8 million of pre-tax losses in the insured residential mortgage-backed securities (RMBS) portfolio and $92.3 million of pre-tax expenses related to the acquisition of FSAH. Earned premiums increased to $930.4 million; investment income rose to $259.2 million; and claims-paying resources grew to $13.5 billion—each representing all-time highs.

At the time of our initial public offering, we formulated a business plan based on five key strategic priorities: to expand our direct business; to maintain our reinsurance franchise; to exercise underwriting discipline; to attain triple-A financial strength ratings for Assured Guaranty Corp. (AGC), which had split ratings; and to be an efficient manager of capital for the benefit of shareholders. More recently, in response to the poor performance of certain risks, we have made the mitigation of these losses an additional key priority. Based on all of these strategic priorities, how have we done?

First, over a five-year period, we have achieved significant growth in our direct bond insurance business, increasing our PVP from $145.5 million in 2005 to a peak of $700.7 million in 2008. In 2009, the majority of our originations were in the U.S. municipal sector, where we achieved a record $523.5 million of PVP, a 21% increase over that of 2008. However, our overall PVP decreased to $549.4 million in 2009

Executive Officers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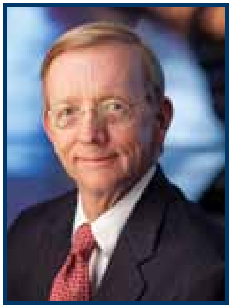
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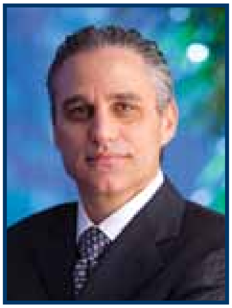
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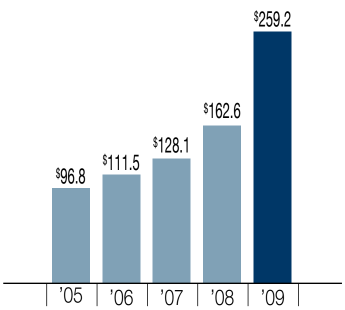
1. Séan W. McCarthy
   Chief Operating Officer
2. Robert B. Mills
   Chief Financial Officer
3. James M. Michener
   General Counsel and Secretary
4. Robert A. Bailenson
   Chief Accounting Officer

Net Investment Income
(in millions)



due to our reduced activity in the structured finance and international public infrastructure businesses, where there was concern about the financial guaranty industry and limited issuance in those market sectors that historically had utilized bond insurance.

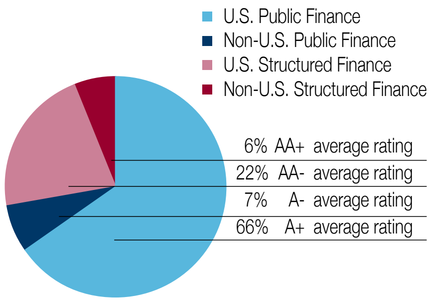
Regarding our second strategic priority, to maintain the franchise of our reinsurance unit Assured Guaranty Re Ltd. (AG Re), we have been hampered by the lack of new business underwriting at all of our competitors. However, AG Re remains a key part of our business model and provides AGC and Assured Guaranty Municipal Corp. (AGM), formerly FSA, with needed reinsurance capacity, generally enhancing our overall market capacity. Additionally, we expect AG Re will ultimately increase its role in three areas: first, we would expect to have opportunities to assume portfolios from lower- or non-rated companies, such as the $13 billion public finance portfolio we assumed from CIFG Assurance North America, Inc. in January of 2009; second, we believe that we would be attractive providers of reinsurance to financial guaranty entrants as they come into the market; and last, Bermuda-based AG Re can add value in the credit default swap market for certain transactions that meet our underwriting standards and have appropriate terms and conditions.

In all of our businesses, we have been and continue to be intensely focused on maintaining underwriting discipline, a third strategic priority that underlies our overall business plan. Although we have experienced larger than expected losses in our insured RMBS portfolio, we consciously avoided the most risky sector—collateralized debt obligations backed by asset-backed securities (ABS), which led to significant downgrades of others in our industry.

Further, we have made the mitigation of RMBS losses a high priority and are putting significant resources toward this effort. We are currently pursuing our rights for reimbursement for breaches of the representation and warranty clauses in our contracts. As of year-end 2009, we had obtained over 39,000 individual loan files and completed detailed reviews of approximately 23,000 of them, causing the repurchase of $174 million of loans, a small number relative to what we believe will be our ultimate amount of recovery. We are also working with counterparties to find alternative solutions and continuing our program for purchasing bonds insured by AGC or AGM as a way to mitigate potential future losses.

Aside from the losses in our RMBS book, the vast majority of our credit exposures have continued to perform well in this economically stressed environment. Although there recently has been publicity on potential municipal bankruptcies, we believe we are well protected against losses by the structural characteristics of our transactions, as well as the ability of public entities to increase revenues and/or sell assets to meet their obligations and avoid defaults.

Consolidated Net Par Outstanding
$640.4 billion at December 31, 2009



Ratings on the insured portfolio are Assured Guaranty's internal ratings, which are comparable to those used by the leading rating agencies. Percentages do not sum to 100% due to rounding.

At December 31, 2009, our $640.4 billion of insured net par outstanding had an A+ average internal underlying rating, and the acquisition of FSAH has significantly shifted the balance of our insured portfolio toward public finance exposures versus structured financings. At year-end, public finance represented 72.7% of our total insured portfolio versus 56.5% at year-end 2008. Additionally, we continually revise underwriting standards, taking into account our portfolio's single- and aggregate-risk concentrations, as well as current economic conditions. In fact, in the fourth quarter of 2009, we rejected more than 20% of the submissions we were shown because they failed to meet our underwriting standards.

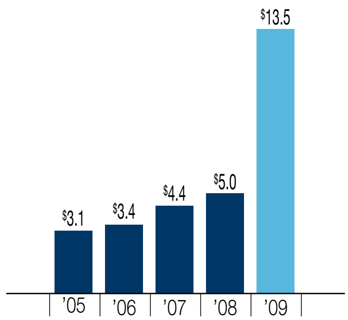
Another key objective established at the time of our IPO was to attain triple-A financial strength ratings for our direct bond insurance business. Considering the dislocation in the capital markets generally and in our industry more specifically, I believe we have done a more than respectable job of maintaining strong financial strength ratings. AGC and AGM are the only two established bond insurers to have maintained strong ratings through the credit crisis. To protect our ratings, we took a number of steps in 2009 to meet increased requirements for rating agency capital, most notably raising approximately $574 million of additional capital through a common share offering completed in December. Further, we did this although we believed that we had enough capital to meet all projected obligations and advance our business plans.

Today, both AGC and AGM carry AAA ratings from Standard & Poor's Ratings Services with negative outlook and Aa3 ratings from Moody's Investors Service Inc. with negative outlook. These ratings connote significant financial strength, supporting a viable business model to advance our strategic plans in both the public finance and structured finance markets.

In another rating development, we requested that Fitch Ratings (Fitch) withdraw its financial strength ratings for AGC, AGM, AG Re and other Assured Guaranty entities, following Fitch's announcement that it was withdrawing its ratings from any transaction we had insured for which it did not provide an underlying assessment on the issue or issuer. As Fitch's action withdrew the Assured Guaranty ratings on approximately 90% of the issuers in AGC's and AGM's combined insured portfolio, we believe the Fitch rating no longer provided value to the majority of issuers and investors in our insured transactions. However, should Fitch expand its participation in the municipal market in the future or change this policy, we would certainly consider renewing our relationship with them. It is important to note that when Fitch withdrew our ratings in February 2010, it was at their then current levels and, again, at our request.

Finally, how do we measure our success against our primary strategic objective of efficient deployment of capital? The current existing book of business has been underwritten and priced to generate appropriate levels of return on equity. However, we must maintain sufficient capital

Consolidated Claims-Paying Resources
(in billions)

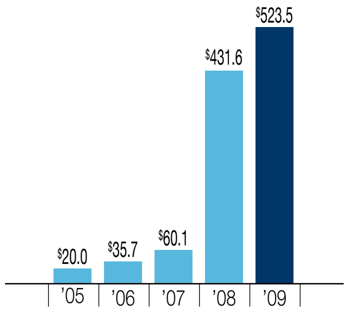


For an explanation of claims-paying resources, see page 27.

to support the highest ratings, and, as reported above, we raised capital in December 2009 to stabilize ratings. Looking ahead, the appropriate level of capital will be dependent on a number of variables: the level of new business we write, including any portfolio opportunities; the rate of recovery of the economy and mortgage markets; the run-off of the existing structured finance portfolio; and any further changes to the capital requirements designated by the rating agencies. Until a clearer picture evolves, we will continue to manage capital with the goals of being as efficient as possible and adding value to the business. This means we might use capital to support and/or increase our ratings and to support business growth. If capital excesses should develop, we would consider share repurchases or higher dividends.

Turning to our business activity, our two direct bond insurance platforms, AGM and AGC, form the cornerstone of our franchise and will be the catalyst for our growth plan for the direct business. With two distinct bond insurance platforms—AGM, a public finance-only insurer, and AGC, a diversified provider—we offer the U.S. municipal and global public infrastructure markets a choice between two financially stable bond insurers able to assist most issuers in lowering costs and getting access to financing, while capitalizing on our greater capacity to write business and creating more flexibility in execution. Additionally, the AGM brand provides us with a strong competitive stance against the entry of other public finance-only bond insurers, which we expect will emerge in the future.

Direct U.S. Public Finance PVP
(in millions)

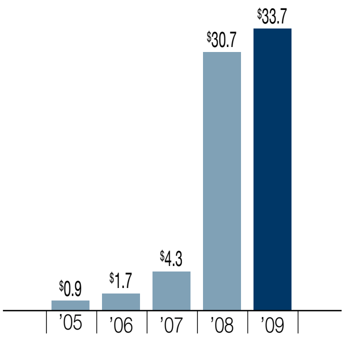


Regarding our current position in the U.S. municipal market, AGC and AGM insured approximately $35 billion of the new issues sold in 2009 for an 8.5% market share of all new issuance. These originations had average underlying ratings of single-A and were executed at attractive rates of return. Further, we were able to achieve these results despite our ratings uncertainty, which prevailed during much of 2009. This uncertainty was resolved in mid-December following our successful completion of certain capital initiatives. Since then, we have seen a significant increase in municipal business activity.

To further increase demand for our financial guaranty products in the municipal market, we have actively reached out to large fixed income investors, conducting a series of meetings across the country to update these institutions on our capital position, insured portfolio credit quality and business plans. The feedback from these meetings has generally been very positive.

We have also increased our coverage of the broker-dealer community, providing them with the information they need to recommend our insured bonds to their clients. In mid-March 2010, we launched a comprehensive communications program directed at the retail level to raise awareness of Assured Guaranty and the benefits we offer investors in addition to our guaranty—specifically, credit analysis, structural enhancements, ongoing surveillance, and, if necessary, remediation of the underlying issue.

Direct U.S. Public Finance Gross Par Written
(in billions)



Looking ahead, we see two new areas of additional growth in the U.S. municipal business. The first is in Build America Bonds (BABs), which have been utilized primarily by many large double-A and higher rated issuers to access the taxable investor market at interest rate savings over tax-exempt interest costs after a 35% government subsidy. While it appears that there will be changes to the BABs program going forward, we expect it to continue and to grow to include lesser-known and lower-rated issuers, which are part of our traditional customer base and for which insured executions would significantly lower costs.

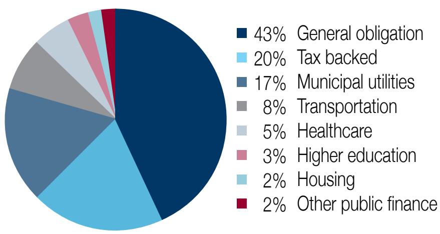
Another promising area of expansion is to offer our products in the electronic marketplace. We are in the process of building the necessary technology and controls to expand our secondary market insurance activity on a more direct basis through TheMuniCenter, an electronic platform that will allow us to provide live, executable capacity. We are and have been an investor in TheMuniCenter since its inception. Some of the platform's other investors include Citigroup Financial Products Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Fixed Income Ventures, Inc.

As we look at all of our opportunities in the municipal market, we are fully focused on the impact of the recessionary economy on city and state revenues, which can have a significant impact on their ability to meet their obligations. We have tightened our underwriting standards, both in terms of the credit selection process and the terms and conditions we require, and we are monitoring our insured portfolio carefully to identify potential problems in order to take effective remedial action where necessary. At the same time, the heightened credit concerns in this market represent a significant opportunity for us to demonstrate the value of our guaranty and expertise, which should create greater demand for guaranties in the marketplace.

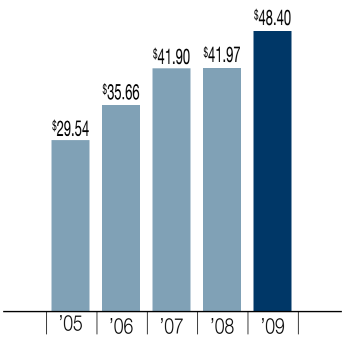
While we found most of our opportunities in the U.S. municipal business in 2009, we have remained active in the structured finance sector, which we continue to view as a good source of business. In 2009, AGC's activities in this sector were primarily limited to secondary market transactions where we could help investors with risk management and/or regulatory capital issues. However, in the fourth quarter of 2009, we began to see some signs of life in the primary structured finance market as more ABS began to be funded outside of the U.S. Federal Reserve's Term Asset-Backed Securities Loan Facility, and our pipeline of potential transactions and the volume of inquiry have increased in 2010.

Direct U.S. Public Finance Net Par Outstanding

$372.1 billion at December 31, 2009



Adjusted Book Value per Share at Year-End



For an explanation of adjusted book value, a non-GAAP financial measure, and a reconciliation of adjusted book value to book value attributable to Assured Guaranty Ltd., please refer to page 29.

The transactions that we anticipate insuring are typically cash funded, granular types of ABS, such as those backed by auto loans and leases, credit cards, consumer loans and trade receivables, which have performed well during the recent credit crisis. Currently, we would not consider insuring RMBS, as in our view, the market has not yet established appropriate underwriting standards for mortgage loans that would make these risks acceptable.

The international public infrastructure market, which has historically been a significant part of AGM's business, also provides us with a strong opportunity to diversify our business with large transactions in essential public service sectors, such as roads, rail and health care, in developed countries outside of the United States. Restrained over the past two years, first by the dislocation in the monoline industry and then the lack of available long-term funding, issuers have had very little choice but to finance long-term projects with short-term bank debt. As this is not a sustainable situation, we expect a capital market solution to reemerge and believe that we will play a role in its execution.

With most public infrastructure financings in the triple-B range and the majority of investors requiring single-A or higher ratings, international infrastructure is a natural market for us. Additionally, it is a market in which we have significant expertise and are well recognized by investors for our credit skills, ability to negotiate appropriate documentation and ongoing surveillance capabilities. We are finding bankers and arrangers increasingly supportive of the monoline execution and currently have a pipeline of transactions in the U.K., Europe and Australia. These are both potential new issues and opportunities to replace other monolines in the secondary market, which we are willing to underwrite if we are assigned control rights in the transactions.

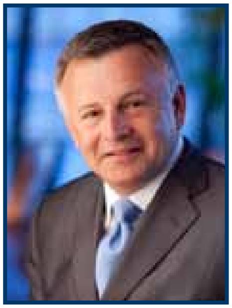
One further note on our business prospects: We believe that our ability to serve all of these markets would be greatly enhanced by uniform financial regulation of the financial guaranty industry with a consistent and transparent capital model. During 2009, we opened a dialogue with Federal and state officials in this regard and hope that ultimately there will be regulatory changes that will provide us with more predictable capital requirements, which in turn would increase investor confidence in the financial guaranty industry.

As we move forward, we remain steadfastly committed to the operating principles that have taken us this far. As the only established providers of financial guaranties to have maintained a strong capital position, AGC, AGM and AG Re occupy a unique industry position. We are currently the only financial guaranty companies actively writing new business. Though we will not have the markets to ourselves forever and, in fact, would welcome new entrants to our industry, we believe that we can maintain our leadership position based on a number of strategic advantages. These include our two-platform structure for direct public finance business, strong market relationships, capital strength and the deep bench of professionals in our combined company.

As this annual report goes to press, we are in the final stages of completing the integration of AGC and AGM, which now have common processes and systems for origination, risk management, surveillance, financial reporting and technology. This has taken considerable effort, and I want to thank the hard-working and talented people of Assured Guaranty for their dedication to the Company and the expansion of our enterprise. I would also like to thank you, our shareholders, for your commitment and support in helping Assured Guaranty to achieve its strategic objectives. I look forward to reporting to you on our business activities and financial results in the coming year.

Dominic J. Frederico
President and Chief Executive Officer

Senior Management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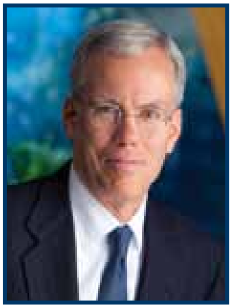
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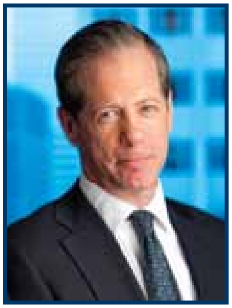
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1. Howard W. Albert
   Chief Risk Officer, Assured Guaranty Ltd.

2. Russell B. Brewer II
   Chief Surveillance Officer, Assured Guaranty Ltd.

3. Betsy Castenir
   Senior Vice President, Corporate Communications

4. Ling Chow
   Deputy General Counsel, Corporate

5. Stephen Donnarumma
   Chief Credit Officer

6. Ivana Grillo
   Senior Vice President, Human Resources

7. Sabra R. Purtill
   Managing Director, Investor Relations, Assured Guaranty Ltd.

8. Bruce E. Stern
   Executive Officer, Government and Corporate Affairs

Business Leaders

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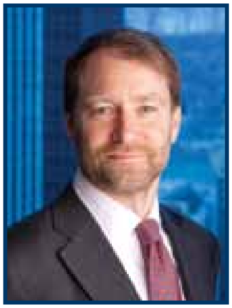

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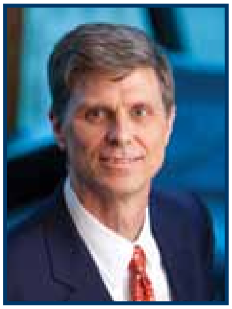

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1. William J. Hogan
   Senior Managing Director,
   Public Finance

2. Paul R. Livingstone
   Senior Managing Director,
   Structured Finance

3. William B. O'Keefe
   Senior Managing Director,
   Municipal Marketing

4. Kevin M. Pearson
   President,
   Assured Guaranty Re Ltd.

5. Nicholas J. Proud
   Senior Managing Director,
   International

6. Robert Tucker
   Managing Director, Fixed Income
   Investor Relations

U.S. Municipal Transaction Highlights

During 2009, AGC and AGM insured approximately 2,000 U.S. public finance issues that were well diversified across market sectors and geographic regions. For issuers in the public finance market, our guaranty provides cost savings and broader distribution. For investors, in addition to our guaranty of scheduled principal and interest when due, we provide expert credit selection, structural enhancements, ongoing surveillance and, if necessary, remediation. These benefits create greater value and liquidity for their investments. On the following pages, we highlight some of the notable public financings we insured last year.

Healthcare

$208,205,000

Health Care Facility Revenue Bonds

Birmingham Special Care Facilities Financing Authority

September 2009

Evaluating healthcare financings has grown more complex with the uncertainty surrounding healthcare reform. Assured Guaranty's healthcare specialists identify market-leading facilities that provide essential services and may benefit from less apparent factors. For example, we guaranteed almost all of a $235 million issue on behalf of Children's Hospital of Alabama, which has a track record of balance sheet strength and positive operating margins and, we believe, will see improved Medicaid reimbursements under a new state law. Despite these advantages, the hospital faced elevated interest rates in the summer of 2009 because of its location in Jefferson County, which was in widely publicized financial distress. AGC insurance helped launch an oversubscribed issue that reduced the cost of expanding the pediatric hospital.

Infrastructure Finance

Insured bonds play a vital role in financing large-scale public-private projects in the capital markets. For example, as the construction of New York's new Yankee Stadium neared completion in 2009, the New York City Industrial Development Agency used AGC insurance to facilitate successful execution of a $259 million issue to fund the final stages of the project. The tax-exempt, fixed rate current interest and capital appreciation bonds were secured primarily by payments in lieu of taxes (PILOTs) to be made by Yankee Stadium LLC, a special purpose company created to build, operate and maintain the stadium. After thorough due diligence, AGC guaranteed the complex issue, helping to attract an expanded base of investors and reducing the financing cost of the new landmark.

$258,999,945

PILOT Revenue Bonds
(Yankee Stadium Project)

New York City Industrial Development Agency

February 2009

Transportation

$346,501,395

Toll Road Revenue Bonds
(Dulles Metrorail and Capital
Improvement Projects)

Metropolitan Washington Airports Authority

August 2009

Transportation projects have an important role in both medium-term economic recovery and sustainable economic development. Many are large in scale, requiring a combination of financing methods, including insured bonds. In one such transaction, AGC insured more than a third of a $963 million toll road issue by the Metropolitan Washington Airports Authority. In addition to the AGC-insured capital appreciation and convertible capital appreciation bonds, the Authority issued current interest bonds and federally subsidized, taxable Build America Bonds. The transaction taps a portion of the toll revenues from the Dulles Toll Road, operated by the Authority under agreements with the Virginia Department of Transportation, to pay for an extension of the regional Metrorail system that will connect Washington, D.C., to Dulles Airport and further points in Virginia.

Tax Backed

Assured Guaranty provides bond insurance for a broad spectrum of non-general obligation bonds backed by sales taxes, special taxes and lease revenues. For Kentucky, which relies largely on lease revenue obligations subject to biennial appropriations by the state legislature, AGC guaranteed most of a $385 million issue that funded a broad range of projects in education, economic development, finance and administration, health and family services, public safety, river management, sports, recreation and the arts. After our experienced underwriters evaluated the varied revenue sources, the appropriation risk and the bond structure, we applied our guaranty to the bonds, helping the issue achieve a successful launch.

$338,765,000

Revenue and Revenue Refunding Bonds

Commonwealth of Kentucky State Property and Buildings Commission

February 2009

Municipal Utilities

$448,965,000

Water and Wastewater
Revenue Bonds

City of Atlanta, Georgia

October 2009

The credit crisis created significant interest rate volatility for issuers of variable rate demand obligations (VRDOs) and auction rate securities, including many publicly owned utilities. During 2008 and 2009, AGC and AGM helped numerous issuers refinance one or both of these types of variable rate debt. For example, Atlanta had used VRDOs to finance its Clean Water Atlanta program, a comprehensive multi-project initiative to improve water quality and enhance operations of its regional drinking water, wastewater and stormwater systems. To eliminate the uncertainty surrounding both the long-term cost of debt and the need for periodic renewals of the liquidity agreements necessary for VRDO remarketing, we worked with Atlanta's Department of Watershed Management and the city's financial advisors to launch a $449 million AGM-insured fixed rate issue. The proceeds refinanced $437 million of AGM-insured VRDOs and funded a cash reserve account.

Higher Education

With gross par outstanding of more than $16 billion of bonds backed by higher education revenues, Assured Guaranty has extensive experience in the sector. This enabled AGC to respond within a few days when the University of Cincinnati, having seen strong execution of an AGC-insured issue for another Ohio university, requested insurance for an issue already near the launch stage. Recognizing the strength in this major research university with a rising and increasingly selective enrollment, AGC guaranteed most of a $105 million fixed rate bond issue backed by the University of Cincinnati's student fees and other receipts. By refinancing fixed and variable rate bonds and covering costs of terminating related interest rate swaps, the bonds reduced both interest rate and counterparty risk for the university.

$101,805,000

General Receipt Bonds

University of Cincinnati

October 2009

This Annual Report references financial measures that are not in accordance with U.S. generally accepted accounting principles (non-GAAP financial measures), which management uses in order to assist analysts and investors in evaluating Assured Guaranty Ltd.'s financial results. These non-GAAP financial measures are defined in the following pages. In each case, the most directly comparable financial measure under accounting principles generally accepted in the United States of America (GAAP), 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 Ltd.'s financial results.

Financial Highlights

($ in millions, except per share amounts)

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Net income (loss) attributable to Assured Guaranty Ltd.	$ 97.2	$68.9	$(303.3)	$159.7	$188.4
Operating income[1]	316.7	74.5	178.0	157.2	190.0
Shareholders' equity attributable to Assured Guaranty Ltd.	3,520.5	1,926.6	1,666.6	1,650.8	1,661.5
Adjusted book value[1]	8,913.7	3,817.8	3,349.8	2,408.1	2,208.6
ROE excluding unrealized gain (loss) on investment portfolio	3.7%	3.9%	(18.7)%	9.8%	12.2%
Operating ROE[2]	9.8%	3.4%	9.7%	9.9%	12.6%
Net income per diluted share	$ 0.75	$0.77	$ (4.38)	$ 2.13	$ 2.50
Operating income[1] per diluted share	2.45	0.84	2.57	2.12	2.55
Book value per share	19.12	21.18	20.85	24.44	22.22
Adjusted book value[1] per share	48.40	41.97	41.90	35.66	29.54

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Combined statutory financial information:					
Contingency reserve	$ 1,878.8	$ 728.4	$ 598.5	$ 645.8	$ 572.9
Policyholders' surplus	3,022.7	1,598.1	1,497.0	1,027.0	987.0
Claims-paying resources[3]	13,525.0	4,962.0	4,440.0	3,415.0	3,065.0
Additional financial guaranty information (end of period):					
Net debt service outstanding	958,265	348,816	302,413	180,174	145,694
Net par outstanding	640,422	222,722	200,279	132,296	102,465

1) See page 29 for explanations of operating income and adjusted book value (ABV) and, on a per share basis, reconciliations of operating income to net income (loss) attributable to Assured Guaranty Ltd. and ABV to shareholders' equity attributable to Assured Guaranty Ltd.

2) Operating return on equity (Operating ROE): Operating ROE represents operating income for the specified period divided by the average of operating shareholders' equity at the beginning and the end of the specified period. Operating shareholders' equity is a non-GAAP financial measure calculated as shareholders' equity attributable to Assured Guaranty Ltd. (which excludes noncontrolling interest in consolidated variable interest entities) reported under GAAP, adjusted for the following:

a) Elimination of the after-tax non-credit impairment fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses;

b) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities; and

c) Elimination of the after-tax unrealized gains (losses) on investment portfolios, recorded as a component of accumulated comprehensive income, excluding foreign exchange revaluation.

Management believes that operating shareholders' equity and operating ROE are useful measures for management, investors and analysts because the presentation of these measures clarifies the understanding of the Company's results of operations by highlighting the underlying profitability of its business. Non-credit impairment fair value gains (losses) on credit derivatives, fair value gains (losses) on the Company's committed capital securities, and unrealized gains (losses) on the investment portfolio recorded in accumulated comprehensive income are excluded from operating shareholders' equity and operating ROE because these gains and losses do not result in an economic gain or loss and are heavily affected by, and fluctuate, in part, according to changes in market interest rates, credit spreads and other factors. Operating shareholders' equity should not be viewed as a substitute for shareholders' equity determined in accordance with GAAP.

3) Claims-paying resources are calculated on a combined basis as the sum of statutory policyholders' surplus, statutory contingency reserve, statutory unearned premium reserves, statutory loss and loss adjustment expense (LAE) reserves, present value of installment premium on financial guaranty and credit derivatives, discounted at 6%, and standby lines of credit/stop loss. Rating agencies and investors use the non-GAAP financial measure claims-paying resources in their evaluations of Assured Guaranty's financial strength.

Selected Statement of Operations Data

($ and shares in millions, except per share amounts)

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Statement of operations data:					
Net earned premiums[1]	$ 930.4	$261.4	$ 159.3	$144.8	$139.4
Net investment income	259.2	162.6	128.1	111.5	96.8
Net realized investment gains (losses)	(32.7)	(69.8)	(1.3)	(2.0)	2.2
Realized gains and other settlements on credit derivatives	163.6	117.6	74.0	73.9	57.1
Net unrealized gains (losses) on credit derivatives	(337.8)	38.0	(670.4)	11.8	4.4
Fair value gain (loss) on committed capital securities	(122.9)	42.7	8.3	—	—
Financial guaranty variable interest entities revenues	8.6	—	—	—	—
Other income	61.2	0.7	0.5	0.4	0.3
Total revenues	929.6	553.2	(301.5)	340.4	300.2
Loss and loss adjustment expenses (recoveries)[1]	377.8	265.8	5.8	11.3	(63.9)
Amortization of deferred acquisition costs[1]	53.9	61.2	43.2	45.2	45.4
Other operating expenses	176.8	90.6	89.0	80.1	75.6
Interest expense	62.8	23.3	23.5	13.8	13.5
FSAH acquisition-related expenses	92.3	—	—	—	—
Goodwill and settlement of pre-existing relationship	23.3	—	—	—	—
Financial guaranty variable interest entities expenses	9.8	—	—	—	—
Total expenses	796.7	440.9	161.5	150.4	70.6
Income (loss) before provision (benefit) for income taxes	132.9	112.3	(463.0)	190.0	229.6
Provision (benefit) for income taxes	36.9	43.4	(159.7)	30.3	41.2
Net income (loss)	96.0	68.9	(303.3)	159.7	188.4
Less: Noncontrolling interest of variable interest entities	(1.2)	—	—	—	—
Net income (loss) attributable to Assured Guaranty Ltd.	$ 97.2	$ 68.9	$(303.3)	$159.7	$188.4
Earnings (loss) per share[2]:					
Basic	$ 0.77	$ 0.78	$ (4.38)	$ 2.15	$ 2.51
Diluted	$ 0.75	$ 0.77	$ (4.38)	$ 2.13	$ 2.50
Dividends per share	$ 0.18	$ 0.18	$ 0.16	$ 0.14	$ 0.12
Weighted average shares outstanding:					
Basic shares outstanding	126.5	88.0	68.0	73.3	74.0
Diluted shares outstanding	129.1	88.4	68.0	73.8	74.2

1) As a result of the application of a new financial guaranty insurance accounting standard effective January 1, 2009, net premiums earned and loss and LAE are not comparable between 2009 and prior periods.

2) Effective January 1, 2009, GAAP clarified that share-based payment awards that entitle their holders to receive nonforfeitable dividends or dividend equivalents before vesting should be considered participating securities and shall be included in the calculation of basic and diluted earnings per share (EPS). Upon retrospective adoption of these new rules, the Company decreased previously reported basic loss per share by $0.08 for the year ended December 31, 2007, and decreased previously reported basic EPS by $0.03 and $0.04 for the years ended December 31, 2006 and 2005, respectively. In addition, the Company decreased previously reported diluted loss per share by $0.08 for the year ended December 31, 2007, and decreased previously reported diluted EPS by $0.02 and $0.03 for the years ended December 31, 2006 and 2005, respectively. There was no impact on both previously reported basic and diluted EPS for 2008.

Reconciliation of Selected GAAP and Non-GAAP Financial Measures

(per share)

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Operating income[1] per diluted share	$ 2.45	$ 0.84	$ 2.57	$ 2.12	$ 2.55
Plus: Realized gains (losses) on investments, after tax	(0.26)	(0.71)	(0.02)	(0.02)	0.02
Plus: Non-credit impairment unrealized gains (losses) on credit derivatives, after tax	(0.64)	0.33	(7.14)	0.05	(0.04)
Plus: Unrealized gains (losses) on committed capital securities, after tax	(0.62)	0.31	0.08	—	—
Plus: Goodwill and settlement of intercompany relationship, net	(0.18)	—	—	—	—
Net income (loss) attributable to Assured Guaranty Ltd. per diluted share[2]	$ 0.75	$ 0.77	$ (4.38)	$ 2.13	$ 2.50
Shareholders' equity attributable to Assured Guaranty Ltd.	$19.12	$21.18	$20.85	$24.44	$22.22
Less: Non-credit impairment unrealized gains (losses) on credit derivatives, after tax	(4.17)	(4.65)	(5.65)	0.49	0.39
Less: Unrealized gains (losses) on committed capital securities, after tax	0.03	0.36	0.07	—	—
Less: Unrealized gain (loss) on investment portfolio excluding foreign exchange effect, after tax	0.76	(0.04)	0.54	0.42	0.46
Operating shareholders' equity[3]	22.49	25.50	25.89	23.53	21.37
Less: Deferred acquisition costs	1.28	2.87	2.89	2.83	2.21
Plus: Net present value of estimated net future credit derivative revenue, after tax	2.82	7.98	9.15	6.82	4.47
Plus: Unearned premium reserve on financial guaranty contracts in excess of expected loss, after tax	24.36	11.36	9.75	8.14	5.92
Adjusted book value[4]	$48.40	$41.97	$41.90	$35.66	$29.54

1) Operating income: Operating income is a non-GAAP financial measure defined as net income (loss) attributable to Assured Guaranty Ltd. (which excludes noncontrolling interest in consolidated variable interest entities) adjusted for the following:
a) Elimination of the after-tax realized gains (losses) on investments;
b) Elimination of the after-tax non-credit impairment fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses;
c) Elimination of the after-tax fair value gains (losses) on the Company's committed capital; and
d) Elimination of goodwill and settlement of pre-existing relationships.
Management believes that operating income is a useful measure for management, investors and analysts because the presentation of operating income clarifies the understanding of the Company's results of operations by highlighting the underlying profitability of its business. Realized gains and losses on investments are excluded from operating income because the timing and amount of realized gains and losses are not directly related to the Company's insurance businesses. Non-credit impairment unrealized gains and losses on credit derivatives and unrealized gains and losses on the Company's committed capital securities are excluded from operating income because these gains and losses do not result in an economic gain or loss and are heavily affected by, and fluctuate, in part, according to changes in market interest rates, credit spreads and other factors. This measure should not be viewed as a substitute for net income (loss) determined in accordance with GAAP.
2) Total may not add due to difference in calculating GAAP and non-GAAP per diluted share amounts.
3) See footnote 2 on page 27 for an explanation of operating shareholders' equity.
4) Adjusted Book Value: Adjusted book value is calculated as shareholders' equity attributable to Assured Guaranty Ltd. (which excludes noncontrolling interest in consolidated variable interest entities) adjusted for the following:
a) Elimination of the after-tax non-credit impairment fair value gains (losses) on credit derivatives accounted for as derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses;
b) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities;
c) Elimination of the after-tax unrealized gains (losses) on investment portfolios, recorded as a component of accumulated comprehensive income, excluding foreign exchange revaluation;
d) Elimination of after-tax deferred acquisition costs;
e) Addition of the after-tax net present value of expected estimated future revenue on credit derivatives in force, less ceding commissions and premium taxes in excess of expected losses, discounted at 6%, and the addition of the after-tax value of net unearned revenue on credit derivatives; and
f) Addition of the after-tax value of the net unearned premium reserve on financial guaranty contracts in excess of net expected loss.
Management believes that adjusted book value is a useful measure for management, analysts and investors because the calculation of adjusted book value permits an evaluation of the net present value of the Company's in-force premiums and shareholders' equity. The premiums included in adjusted book value will be earned in future periods, but may differ materially from the estimated amounts used in determining current adjusted book value due to changes in market interest rates, foreign exchange rates, refinancing or refunding activity, prepayment speeds, policy changes or terminations, credit defaults and other factors. This measure should not be viewed as a substitute for shareholders' equity attributable to Assured Guaranty Ltd. determined in accordance with GAAP.

Net Par Outstanding and Average Rating by Asset Type

($ in millions)

	As of December 31,			
	2009		2008	
Sector	Net Par Outstanding	Avg. Rating[1]	Net Par Outstanding	Avg. Rating[1]
U.S. Public Finance				
General obligation	$178,384	A+	$ 27,047	A+
Tax backed	83,029	A+	25,862	A+
Municipal utilities	69,578	A	15,604	A
Transportation	35,297	A	12,647	A
Healthcare	22,009	A	11,678	A
Higher education	15,132	A+	5,330	A+
Housing	8,524	AA-	1,981	A+
Infrastructure finance	3,553	BBB	806	BBB-
Investor-owned utilities	1,690	BBB+	2,156	BBB+
Other public finance—U.S.	5,882	A	4,211	A+
Total public finance—U.S.	$423,078	A+	$107,322	A+
Non-U.S. Public Finance				
Infrastructure finance	$ 16,344	BBB	$ 5,051	A-
Regulated utilities	13,851	BBB+	7,515	A-
Pooled infrastructure	4,404	AA	4,255	AAA
Other public finance—non-U.S.	8,176	AA-	1,680	A
Total public finance—non-U.S.	42,775	A-	18,501	A
Total Public Finance	$465,853	A	$125,823	A+
U.S. Structured Finance				
Pooled corporate obligations	$ 74,333	AAA	$ 34,680	AAA
Residential mortgage-backed and home equity	29,176	BB+	18,393	A
Financial products	10,251	AA-	—	—
Consumer receivables	8,873	A+	5,158	AA
Commercial mortgage-backed securities	7,410	AAA	5,876	AAA
Structured credit	2,607	A-	3,274	A
Commercial receivables	2,482	BBB+	4,945	A
Insurance securitizations	1,651	A+	1,593	AA-
Other structured finance—U.S.	1,518	A+	454	A-
Total structured finance—U.S.	$138,301	AA-	$ 74,373	AA
Non-U.S. Structured Finance				
Pooled corporate obligations	$ 24,697	AAA	$ 8,383	AAA
Residential mortgage-backed and home equity	5,227	AAA	8,249	AAA
Structured credit	2,069	BBB	437	A-
Commercial receivables	1,872	A-	1,713	A-
Insurance securitizations	981	CCC-	954	CCC
Commercial mortgage-backed securities	752	AA	795	AA-
Other structured finance—non-U.S.	670	AAA	1,995	A
Total structured finance—non-U.S.	36,268	AA+	22,526	AA
Total Structured Finance	$174,569	AA-	$ 96,899	AA
Total Net Par Outstanding	$640,422	A+	$222,722	AA-

1) Assured Guaranty's internal rating. Assured Guaranty's scale is comparable to that used by the nationally recognized rating agencies.

Selected Balance Sheet Data, Cash Flow Data and Analysis of PVP[1]

($ in millions, except per share amounts)

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Balance sheet data (end of period):					
Investments and cash	$10,852.3	$3,643.6	$3,147.9	$2,469.9	$2,256.0
Premiums receivable, net of ceding commission	1,418.2	15.7	27.8	22.8	16.8
Credit derivative assets	492.5	147.0	5.5	70.6	65.7
Total assets	16,593.4	4,555.7	3,762.9	2,931.6	2,689.8
Unearned premium reserves	8,219.4	1,233.7	887.2	631.0	524.6
Loss and loss adjustment expense reserve	289.5	196.8	125.6	115.9	117.4
Credit derivative liabilities	2,034.6	733.8	623.1	21.6	29.9
Long-term debt	917.4	347.2	347.1	347.1	197.3
Total liabilities	13,073.3	2,629.5	2,096.3	1,280.8	1,028.3
Accumulated other comprehensive income	141.8	2.9	56.6	41.9	45.8
Shareholders' equity	3,520.1	1,926.2	1,666.6	1,650.8	1,661.5
Book value per share	$ 19.12	$ 21.18	$ 20.85	$ 24.44	$ 22.22

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Statements of cash flows data:					
Net cash flows provided by (used in) operating activities	$ 279.2	$ 427.0	$ 385.9	$ 261.6	$ 177.4
Net cash flows provided by (used in) investing activities	(1,397.2)	(649.6)	(664.4)	(228.5)	(155.1)
Net cash flows provided by (used in) financing activities	1,148.6	229.3	281.4	(35.1)	(31.9)
Increase (decrease) in cash	31.8	4.3	3.3	(1.4)	(10.8)

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Present value of new business production (PVP)[1]:					
Financial guaranty direct	$ 549	$ 701	$ 477	$ 302	$ 145
Financial guaranty reinsurance	91	122	398	152	128
Mortgage guaranty	—	—	—	—	13
Total PVP	640	823	875	454	286
Less: Installment premium PVP	28	301	545	271	184
Less: Upfront premium due to commutation/novation	—	21	—	—	18
Plus: Installment gross written premiums	115	243	173	139	136
Plus: Other segment gross written premiums	(1)	4	4	4	32
Total gross written premiums	726	748	506	326	252
Less: Gross written premiums on credit derivatives	170	130	81	64	60
Total gross written premiums	$ 556	$ 618	$ 425	$ 261	$ 192

1) PVP or present value of new business production: PVP is a non-GAAP financial measure defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, on insurance and credit derivative contracts written in the current period, discounted at 6%. Management believes that PVP is a useful measure for management, investors and analysts because it permits 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, 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 settlements on credit derivatives (Credit Derivative Revenues) do not adequately measure. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6% per year, 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 on 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, prepayments, amortizations, refundings, contract terminations or defaults that may or may not result from changes in market interest rates, foreign exchange rates, refinancing or refundings, prepayment speeds, policy changes or terminations, credit defaults or other factors. PVP should not be viewed as a substitute for gross written premiums determined in accordance with GAAP.

Corporate and Shareholder Information

Board of Directors of Assured Guaranty Ltd.

Walter A. Scott
Chairman of the Board

Dominic J. Frederico
President and Chief Executive Officer

Neil Baron
Director

Francisco L. Borges
Director

G. Lawrence Buhl
Director and Chairman, Audit Committee

Stephen A. Cozen
Director and Chairman, Nominating and Governance Committee

Patrick W. Kenny
Director and Chairman, Compensation Committee

Donald H. Layton
Director and Chairman, Risk Oversight Committee

Robin Monro-Davies
Director and Chairman, Finance Committee

Michael T. O'Kane
Director

Wilbur L. Ross, Jr.
Director

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Stock Exchange Listing
Assured Guaranty Ltd. is listed on the New York Stock Exchange under the symbol AGO.

Investor Inquiries
Our annual report on Form 10-K, quarterly reports on Form 10-Q, proxy statement, quarterly earnings releases and other investor information may be obtained at no cost by contacting the Investor Relations Department. Links to our SEC filings, press releases and product and other information may be found on our website at www.assuredguaranty.com.

Our Code of Conduct, Governance Guidelines and Categorical Standards of Director Independence, Board Committee Charters and other information relating to corporate governance are also available on our website at www.assuredguaranty.com.

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Forward-Looking Statements

ASSURED GUARANTY®

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