

ASSURED GUARANTY LTD
Form 424B3
June 16, 2009

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)
[TABLE OF CONTENTS](#)

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-152892

[Table of Contents](#)

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Subject to Completion
Preliminary Prospectus Supplement dated June 16, 2009**

PROSPECTUS SUPPLEMENT
(To prospectus dated June 15, 2009)

**Equity Units
(Initially Consisting of Corporate Units)**

**Assured Guaranty Ltd.
Assured Guaranty US Holdings Inc.**

The Equity Units will each have a stated amount of \$50 and will initially be in the form of Corporate Units, each of which consists of a purchase contract issued by us and, initially, a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 principal amount of senior notes due June 1, 2014, issued by Assured Guaranty US Holdings Inc., which we refer to as the "notes." We will fully and unconditionally guarantee all payments on the notes.

The purchase contract will obligate you to purchase from us, no later than June 1, 2012, for a price of \$50 in cash, the following number of our common shares, subject to anti-dilution adjustments:

if the "applicable market value" of our common shares, which is the average closing price of our common shares over the 20-trading day period ending on the third trading day prior to June 1, 2012, equals or exceeds \$ _____, _____ of our common shares;

if the applicable market value is less than \$ _____ but greater than \$ _____, a number of our common shares having a value, based on the applicable market value, equal to \$50; and

Edgar Filing: ASSURED GUARANTY LTD - Form 424B3

if the applicable market value is less than or equal to \$ _____, _____ of our common shares.

The notes will initially bear interest at a rate of _____ % per year, payable, initially, quarterly. The notes will be remarketed as described in this prospectus supplement. Following a successful remarketing, the interest rate on the notes will be reset and interest may become payable semi-annually if Assured Guaranty US Holdings Inc. so elects. In addition, following a successful remarketing, Assured Guaranty US Holdings Inc. may modify certain terms of the notes as described in this prospectus supplement.

You can create Treasury Units from Corporate Units by substituting Treasury securities for the notes, and you can recreate Corporate Units by substituting notes for the Treasury securities comprising a part of the Treasury Units.

Your ownership interest in a note or, if substituted for it, the Treasury securities or the applicable ownership interest in the Treasury portfolio, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.

If there is a successful remarketing during the "period for early remarketing" described in this prospectus supplement, the notes comprising a part of the Corporate Units will be replaced by the Treasury portfolio described in this prospectus supplement.

Neither the Corporate Units, the Treasury Units nor the notes will be listed on any national securities exchange. Our common shares are traded on the New York Stock Exchange under the symbol "AGO." The last reported sale price of our common shares on June 12, 2009 was \$14.89 per share.

Concurrently with this offering, we are offering _____ common shares (or _____ common shares if the underwriters exercise their overallotment option in full) pursuant to a separate prospectus supplement and accompanying prospectus. This Equity Units offering is not contingent upon the common shares offering, and the common shares offering is not contingent upon this equity units offering.

Investing in our Equity Units involves risks. See "Risk Factors" beginning on page S-32 of this prospectus supplement.

	Per Unit	Total
Public offering price	\$ 50.00	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to Assured Guaranty Ltd	\$	\$

The underwriters may also purchase up to an additional _____ Equity Units at the public offering price less the underwriting discounts and commissions within a 13-day period beginning on (and including) the initial date of issuance of the Equity Units in order to cover overallotments, if any.

Funds controlled by WL Ross & Co. LLC have pre-emptive rights to purchase up to 25% or \$150 million worth (whichever is greater) of the Equity Units offered in this offering.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense. The securities are not being offered in any jurisdiction where the offer is not permitted.

The Equity Units will be ready for delivery in book-entry form only through The Depository Trust Company on or about June _____, 2009.

Sole Book-Running Manager

Merrill Lynch & Co.

Citi

The date of this prospectus supplement is June _____, 2009.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of the date on the front of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date.

TABLE OF CONTENTS

	Page
Prospectus Supplement	
<u>About This Prospectus Supplement</u>	S-ii
<u>Forward-Looking Statements</u>	S-iii
<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-32
<u>Use of Proceeds</u>	S-60
<u>Capitalization</u>	S-61
<u>Price Range of Common Shares and Dividend Policy</u>	S-62
<u>Selected Historical Financial and Other Data of Assured Guaranty Ltd.</u>	S-63
<u>Selected Historical Financial and Other Data of Financial Security Assurance Holdings Ltd</u>	S-66
<u>Unaudited Pro Forma Combined Condensed Financial Information</u>	S-69
<u>The Business of Assured Guaranty Ltd.</u>	S-78
<u>The Business of Financial Security Assurance Holdings Ltd.</u>	S-95
<u>Description of the Acquisition</u>	S-105
<u>Accounting Treatment</u>	S-120
<u>Description of the Equity Units</u>	S-121
<u>Description of the Purchase Contracts</u>	S-127
<u>Certain Provisions of the Purchase Contract and Pledge Agreement</u>	S-146
<u>Description of the Notes</u>	S-150
<u>Material Tax Considerations</u>	S-158
<u>Underwriting</u>	S-172
<u>Legal Matters</u>	S-177
Prospectus	
<u>About This Prospectus</u>	3
<u>Forward-Looking Statements</u>	3
<u>Assured Guaranty Ltd.</u>	4
<u>Assured Guaranty US Holdings Inc.</u>	5
<u>Use of Proceeds</u>	5
<u>Ratio of Earnings to Fixed Charges of Assured Guaranty</u>	5
<u>General Description of the Offered Securities</u>	5
<u>Description of Assured Guaranty Share Capital</u>	6
<u>Description of the Depositary Shares</u>	15
<u>Description of the Assured Guaranty Debt Securities</u>	17
<u>Description of the Assured Guaranty US Holdings Debt Securities and Assured Guaranty Guarantee</u>	29
<u>Description of the Warrants to Purchase Assured Guaranty Common Shares or Preferred Shares</u>	45
<u>Description of the Warrants to Purchase Debt Securities</u>	47
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	48
<u>Plan of Distribution</u>	49
<u>Legal Matters</u>	51
<u>Experts</u>	51
<u>Enforceability Of Civil Liabilities Under United States Federal Securities Laws And</u>	
<u>Other Matters</u>	52
<u>Where You Can Find More Information</u>	52

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is comprised of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of Equity Units and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of the date of this prospectus supplement.

It is important for you to read and consider all information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in "Where You Can Find More Information" in this prospectus supplement.

We have obtained consent from the Bermuda Monetary Authority for the issue and transfer of our common shares to and between persons regarded as non-residents in Bermuda for exchange control purposes, provided our common shares remain listed on an appropriate stock exchange, which includes the New York Stock Exchange, Inc. Issues and transfers of common shares to any person regarded as resident in Bermuda for exchange control purposes may require the specific prior approval from the Bermuda Monetary Authority. In addition, this prospectus supplement and the accompanying prospectus will be filed with the Registrar of Companies in Bermuda in accordance with Bermuda law. The Bermuda Monetary Authority and Registrar of Companies accept no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed in this prospectus supplement.

Any person who, directly or indirectly, becomes a holder of at least 10 per cent., 20 per cent., 33 per cent., or 50 per cent. of the common shares must notify the Bermuda Monetary Authority in writing within 45 days of becoming such a holder or 30 days from the date they have knowledge of having such a holding, whichever is later. The Bermuda Monetary Authority may, by written notice, object to such a person if it appears to the Bermuda Monetary Authority that the person is not fit and proper to be such a holder. The Bermuda Monetary Authority may require the holder to reduce its holding of common shares in the Company and direct, among other things, that voting rights attaching to the common shares shall not be exercisable. A person that does not comply with such a notice or direction from the Bermuda Monetary Authority will be guilty of an offence.

For so long as we have as a subsidiary an insurer registered under the Insurance Act (Bermuda), the Bermuda Monetary Authority may at any time, by written notice, object to a person holding 10 per cent. or more of our common shares if it appears to the Bermuda Monetary Authority that the person is not or is no longer fit and proper to be such a holder. In such a case, the Bermuda Monetary Authority may require the shareholder to reduce its holding of common shares in us and direct, among other things, that such shareholder's voting rights attaching to the common shares shall not be exercisable. A person who does not comply with such a notice or direction from the Bermuda Monetary Authority will be guilty of an offence.

References in this prospectus supplement and the accompanying prospectus to "Assured Guaranty," "Assured," "we," "us," "our" and the "Company," refer to Assured Guaranty Ltd. and, unless the context otherwise requires or unless otherwise stated, its subsidiaries. References in this prospectus supplement and the accompanying prospectus to "Assured Guaranty US Holdings" or "AGUSH" refer to Assured Guaranty US Holdings Inc. and, unless the context otherwise requires or unless otherwise stated, its subsidiaries.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, and the documents incorporated herein by reference, may contain "forward looking statements" within the meaning of 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"). These forward-looking statements may include forward-looking statements which reflect Assured's current views with respect to future events and financial performance. These statements include forward-looking statements both with respect to us specifically and the insurance and reinsurance industries in general. Statements which include the words "expect," "intend," "plan," "believe," "project," "anticipate," "may," "will," "continue," "further," "seek" and similar words or statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise. All forward-looking statements address matters that involve risks and uncertainties. These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental and technological factors. Accordingly, there are or will be important factors that could cause Assured's actual results to differ materially from those indicated in these statements. We believe that these factors include the following:

downgrades of the financial strength ratings assigned by the major rating agencies to any of our insurance subsidiaries at any time, which has occurred in the past;

downgrades of the transactions we insure;

our inability to execute our business strategy;

reduction in the amount of reinsurance facultative cessions or portfolio opportunities available to us;

contract cancellations;

developments in the world's financial and capital markets that adversely affect our loss experience, the demand for our products, our access to capital, our unrealized (losses) gains on derivative financial instruments or our investment returns;

more severe or frequent losses associated with our insurance products, or changes in our assumptions used to estimate loss reserves and unrealized (losses) gains on derivative financial instruments;

impact of market volatility on the marking to market on our contracts written in CDS form;

changes in regulation or tax laws applicable to us, our subsidiaries or customers;

governmental actions;

natural or man-made catastrophes;

dependence on customers;

Edgar Filing: ASSURED GUARANTY LTD - Form 424B3

decreased demand for our insurance or reinsurance products or increased competition in our markets;

loss of key personnel;

technological developments;

the effects of mergers, acquisitions and divestitures;

changes in accounting policies or practices;

S-iii

Table of Contents

changes in the credit markets, segments thereof or general economic conditions, including the overall level of activity in the economy or particular sectors, interest rates, credit spreads and other factors;

other risks and uncertainties that have not been identified at this time; and

management's response to these factors.

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 Assured's periodic reports filed with the Securities and Exchange Commission (the "SEC"). We undertake no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if Assured's underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements you read in this prospectus supplement, in the accompanying prospectus, or in the documents incorporated by reference reflect Assured's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to Assured's operations, results of operations, growth strategy and liquidity.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights basic information about Assured Guaranty, Assured Guaranty US Holdings and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing in the Equity Units. You should read this entire prospectus supplement, the accompanying prospectus and the documents that we have filed with the SEC that are incorporated herein by reference, including the financial statements and notes thereto, carefully before making an investment decision.

Assured Guaranty Ltd.

Assured Guaranty Ltd. is a Bermuda based holding company that provides, through its operating subsidiaries, credit enhancement products to the public finance, structured finance and mortgage markets. Credit enhancement products are financial guaranty or other types of financial support, including credit derivatives, that improve the credit of underlying debt obligations. A derivative is a financial instrument whose characteristics and value depend upon the characteristics and value of an underlying security or commodity. We apply our credit expertise, risk management skills and capital markets experience to develop insurance, reinsurance and derivative products that meet the credit enhancement needs of our customers. We market our products directly and through financial institutions, serving the U.S. and international markets.

Our principal operating subsidiaries are Assured Guaranty Corp. ("AGC") and Assured Guaranty Re Ltd. ("AG Re").

AGC is a Maryland-domiciled insurance company and provides insurance and reinsurance of investment-grade financial guaranty exposures and credit default swap ("CDS") transactions.

AG Re is incorporated under the laws of Bermuda and is licensed as a Class 3B Insurer and a Long-Term Insurer under the Insurance Act 1978 and related regulations of Bermuda. AG Re indirectly owns the entire share capital of Assured Guaranty Re Overseas Ltd. ("AGRO"). AG Re and AGRO underwrite financial guaranty and residential mortgage reinsurance. AG Re and AGRO write business as direct reinsurers of third-party primary insurers and as reinsurers/retrocessionaires of certain affiliated companies.

Assured Guaranty Ltd. has four principal business segments: (1) financial guaranty direct, which includes transactions whereby we provide an unconditional and irrevocable guaranty that indemnifies the holder of a financial obligation against non-payment of principal and interest when due, and could take the form of a credit derivative; (2) financial guaranty reinsurance, which includes agreements whereby we are a reinsurer and agree to indemnify a primary insurance company against part or all of the loss which the latter may sustain under a policy it has issued; (3) mortgage guaranty, which includes mortgage guaranty insurance and reinsurance whereby we provide protection against the default of borrowers on mortgage loans; and (4) other, which includes lines of business in which we are no longer active.

Our principal operating subsidiaries have the following insurance financial strength ratings:

	S&P	Moody's	Fitch
Assured Guaranty Corp.	AAA (Stable)	Aa2 (Under review for possible downgrade)	AA (Rating Watch Evolving)
Assured Guaranty Re Ltd.	AA (Stable)	Aa3 (Under review for possible downgrade)	AA- (Rating Watch Evolving)

S-1

Edgar Filing: ASSURED GUARANTY LTD - Form 424B3

Table of Contents

Our total financial guaranty net par outstanding as of March 31, 2009 was \$237.2 billion, diversified across public finance and structured finance exposures. A breakdown of net par outstanding as of March 31, 2009 by type of business is as follows:

	March 31, 2009			
	Financial Guaranty Direct Net Par Outstanding	Financial Guaranty Reinsurance Net Par Outstanding	Consolidated Net Par Outstanding	% of Total
	(dollars in millions)			
U.S. public finance	\$ 45,548	\$ 81,616	\$ 127,164	53.6%
U.S. structured finance	63,695	8,421	72,116	30.4
International	26,327	11,568	37,896	16.0
 Total net par outstanding	 \$ 135,570	 \$ 101,606	 \$ 237,176	 100.0%

Our net earned premiums for the year ended December 31, 2008 were \$261.4 million compared with \$159.3 million for the year ended December 31, 2007. Our net earned premiums for the three months ended March 31, 2009 were \$148.4 million compared with \$46.8 million for the three months ended March 31, 2008. Our net income for the year ended December 31, 2008 was \$68.9 million compared to a loss of \$303.3 million for the year ended December 31, 2007. Our net income for the three months ended March 31, 2009 was \$85.5 million compared to a net loss of \$169.2 million for the three months ended March 31, 2008. Our shareholders' equity as of March 31, 2009 was \$2.0 billion, or \$22.48 per common share, compared to \$1.9 billion at December 31, 2008, or \$18.63 per common share. Effective January 1, 2009, we adopted FAS No. 163, "Accounting for Financial Guarantee Insurance Contracts" ("FAS 163"). As a result of the adoption of FAS 163, net premiums earned and losses and loss adjustment expenses are not comparable between 2008 and 2009.

We believe we are in a strong market position due to our high quality insured portfolio and limited exposure to troubled asset classes. As a highly rated and well capitalized insurer, we continue to see significant demand for our guarantee. For the five months ended May 31, 2009, we have guaranteed 794 U.S. public finance new issue transactions totaling \$15.2 billion of par. This represents approximately 10.6% of total U.S. public finance new issue volume during this period, an increase of 4.8% over the five months ended May 31, 2008. We will continue to review opportunities to take advantage of current market conditions, including reinsurance of portfolios of risks and acquiring portfolios of risks, in each case meeting our strict underwriting and pricing criteria.

In November 2008, we entered into a purchase agreement (as amended, the "Purchase Agreement") with Dexia Holdings, Inc. ("Dexia Holdings") and Dexia Crédit Local S.A., to acquire (the "Acquisition") Financial Security Assurance Holdings Ltd. ("FSAH"), the parent company of, among others, Financial Security Assurance Inc. ("FSA"), a financial guaranty insurer. FSAH's ultimate parent is Dexia SA ("Dexia"). For more information concerning FSAH, see "Financial Security Assurance Holdings Ltd." and "The Business of Financial Security Assurance Holdings Ltd."

For more information concerning Assured's business, see "The Business of Assured Guaranty Ltd."

Table of Contents**Assured Guaranty US Holdings Inc.**

Assured Guaranty US Holdings Inc. was formed as a holding company to hold the shares of AGC and AG Financial Products Inc. It is a wholly owned subsidiary of Assured Guaranty and was formed under the laws of the State of Delaware in February 2004. Its principal executive offices are at 1325 Avenue of the Americas, New York, New York, and its telephone number is (212) 974-0100.

Financial Security Assurance Holdings Ltd.

FSAH, through its insurance company subsidiaries, provides financial guaranty insurance on public finance obligations in domestic and international markets. Historically, FSAH also provided financial guaranty insurance on asset-backed obligations. In August 2008, FSAH announced that it would cease insuring asset-backed obligations and instead participate exclusively in the global public finance financial guaranty business. In addition, prior to November 2008, FSAH issued FSA-insured guaranteed investment contracts ("GICs") and other investment agreements, as well as medium term notes ("MTNs") to municipalities and other market participants through its financial products ("Financial Products") segment.

FSAH's principal operating subsidiary has the following insurance financial strength ratings:

	S&P	Moody's	Fitch
Financial Security Assurance, Inc.	AAA (Negative)	Aa3 (Under review for possible downgrade)	AA+ (Negative Credit Watch)

FSAH's total financial guaranty net par outstanding was \$417.5 billion as of March 31, 2009. A breakdown of net par outstanding as of March 31, 2009 by type of business is as follows:

	March 31, 2009	
	Net Par	% of
	Outstanding	Total
	(dollars in millions)	
U.S. public finance	\$ 293,968	70.4%
U.S. structured finance	77,179	18.5
International	46,159	11.1
Total net par outstanding	\$ 417,306	100.0%

FSAH's net premiums earned for the year ended December 31, 2008 were \$376.6 million compared with \$317.8 million for the year ended December 31, 2007. FSAH's net premiums earned for the three months ended March 31, 2009 were \$78.5 million compared with \$72.9 million for the three months ended March 31, 2008. FSAH's net loss for the year ended December 31, 2008 was \$8,443.2 million compared to a loss of \$65.7 million for the years ended December 31, 2007. FSAH's net income for the three months ended March 31, 2009 was \$11.5 million compared with a net loss of \$421.6 million for the three months ended March 31, 2008. FSAH's shareholders' equity as of March 31, 2009 was \$2.3 billion. Effective January 1, 2009, FSAH adopted FAS 163. As a result of the adoption of FAS 163, net premiums earned and losses and loss adjustment expenses are not comparable between 2008 and 2009.

For more information concerning FSAH's business, see "The Business of Financial Security Assurance Holdings Ltd."

Table of Contents

Acquisition of Financial Security Assurance Holdings Ltd.

In November 2008, we entered into the Purchase Agreement pursuant to which we will acquire FSAH from Dexia Holdings in exchange for the issuance of up to 44,567,901 Assured common shares, or approximately 27.4% of our outstanding common shares after giving effect to the Acquisition and this offering (assuming a public offering price of \$14.89 per common share in this offering, the closing price of our common shares on June 12, 2009), and \$361 million in cash. Under the Purchase Agreement, we are required to pay \$8.10 per Assured common share in cash in lieu of any Assured common shares that would result in the 44,567,901 Assured common shares otherwise issuable to Dexia Holdings under the Purchase Agreement exceeding 24.9% of our outstanding common shares after giving effect to such issuance and this offering. Assuming a public offering price of \$14.89 per common share in this offering, the closing price of our common shares on June 12, 2009, we would be required to pay Dexia Holdings approximately \$44.5 million in cash in lieu of issuing approximately 5.5 million Assured common shares. In addition, under the Purchase Agreement, we may elect to pay \$8.10 per Assured common share in cash in lieu of up to 22,283,951 Assured common shares that we would otherwise deliver to Dexia Holdings as part of the purchase price. Dexia Holdings has agreed that the voting power with respect to the Assured common shares owned by it will be reduced to less than 9.5% of the total voting power of all Assured common shares outstanding. We intend to finance the cash portion of the Acquisition and the payment of cash to Dexia Holdings in lieu of 22,283,951 Assured common shares with the net proceeds of this offering and the Concurrent Equity Units Offering (as defined below). See "Use of Proceeds."

The Acquisition represents a unique opportunity for Assured to create the premier financial guaranty company by combining the talent, capacity, financial resources and relationships of Assured and FSAH. We believe the combination of Assured and FSAH will also enhance our financial strength and enhance our competitive position in the market. Through the acquisition of FSAH, we will increase our gross unearned premium reserves by \$4.0 billion (prior to the impact of purchase accounting adjustments) and our financial guaranty net par outstanding by \$417.3 billion, in each case as of March 31, 2009.

Prior to November 2008, FSAH, through its Financial Products subsidiaries (the "Financial Products Companies"), offered FSA-insured GICs and other investment agreements, including MTNs. In connection with the Acquisition, FSAH will transfer to a subsidiary of Dexia Holdings the ownership interests in the Financial Products Companies that it holds. The Financial Products Companies include (a) three FSAH subsidiaries that issued GICs (collectively, the "GIC Issuers"), (b) FSAH's subsidiary FSA Asset Management LLC ("FSAM"), which invests the proceeds of the GICs issued by the GIC Issuers, and (c) FSA Global Funding Limited ("FSA Global"), a variable interest entity that engages in the MTN business. The GIC Issuers and FSAM together constitute the "GIC Subsidiaries." Even though FSAH will no longer own the Financial Products Companies after the Acquisition, FSA's guarantees of the GICs and MTNs and other guarantees related to FSA's MTN and Leveraged Tax Lease Businesses (as defined below) generally will remain in place. In February 2009, Dexia entered into several agreements that transferred credit and liquidity risks of the GIC operations to Dexia (the "February 2009 Risk Transfer Transaction"). In connection with the Acquisition, Dexia and/or certain of its affiliates will enter into agreements assuming the remaining credit and liquidity risks associated with FSAH's former Financial Products business. See "Description of the Acquisition Financial Products Agreements."

The Acquisition is subject to customary closing conditions, including receipt of regulatory approvals in the United States and foreign countries. All of these conditions, other than those that, by their nature, are to be satisfied at the closing, have been satisfied or waived. We expect to close the Acquisition on or about July 1, 2009.

For more information concerning the Acquisition, see "Description of the Acquisition."

Table of Contents

Business Strategy

Our objective is to build long-term shareholder value by achieving strong growth in book value per share through the following:

Exercising strict underwriting discipline. We have underwriting standards designed to protect our company against credit losses. We have exercised discipline in new business written through the credit cycle, including limiting exposure to higher risk asset classes such as certain types of residential mortgage-backed securities ("RMBS"). We constantly review our underwriting standards to reflect current global economic conditions and their impact on the municipal and structured finance markets, seeking to amend and/or strengthen our criteria where necessary.

Conduct direct business through dual operating platforms. Following the Acquisition, we will write direct financial guarantee business through our two operating subsidiaries, AGC and FSA. These dual platforms will allow us to capitalize on the well established franchise of each company and allow us to provide investors with increased capacity and greater risk diversification. We will however, operate through a common infrastructure and risk management framework to create maximum operating efficiencies.

Capitalizing on the strong market position of our direct financial guaranty business. Following the acquisition of FSAH, we expect to be the largest writer of financial guarantees in the market. Our acquisition of FSAH will bring expanded relationships and experience, especially in the municipal finance and international infrastructure sectors. We intend to capitalize on our leading market position, as shown in the five months ended May 31, 2009, where we have guaranteed \$15.2 billion of U.S. public finance new issue transactions, representing approximately 85% of the total insured U.S. public finance new issue volume during this period. We believe we are uniquely positioned to expand our direct financial guaranty business as financial markets stabilize and new issue volumes increase.

Utilize significant reinsurance market position to enhance strategic flexibility. We intend to maintain our significant financial guaranty reinsurance presence and leverage our position to enhance our operating flexibility in the market. While our treaty business has ceased due to lack of new business generation by other financial guaranty companies, we will seek opportunities to write new business in domestic and international markets that capitalizes on our efficient delivery of credit enhancement, including supporting new capacity which may be formed in the market over time. We will continue to review opportunities to take advantage of current market conditions, including reinsurance of portfolios of risks which meet our underwriting and pricing criteria.

Proactive loss mitigation. We continuously monitor trends and changes in our financial guaranty portfolio to detect deterioration in credit quality and to enable us to take remedial actions to minimize losses in transactions which perform below our expectations. In cases where there is a potential source of loss, we intend to aggressively pursue all sources of recovery from third parties.

Maintaining our commitment to financial strength. We recognize the importance of our excellent financial strength ratings and intend to write business in a manner consistent with maintaining the highest possible ratings for AGC and AG Re. We seek to maintain our financial strength through disciplined risk selection, prudent operating and financial leverage and a conservative investment posture. The Acquisition furthers this strategy by strengthening our balance sheet and enhancing our capital position.

Utilize capital efficiently. We rigorously monitor rating agency capital adequacy requirements to appropriately deploy capital to optimize the execution of our business plan and our return on capital.

Table of Contents

Recent Developments

Moody's Ratings On May 20, 2009, Moody's Investors Service ("Moody's") placed under review for possible downgrade the Aa2 insurance financial strength rating of AGC, as well as the ratings of other entities within the Assured group. In its public announcement of the rating action, Moody's stated that this action reflects its view that despite recent improvements in Assured's market position, the expected performance of Assured's insured portfolio particularly the mortgage-related risks has substantially worsened. At the same time, Moody's also placed the Aa3 insurance financial strength ratings of FSA and its affiliated insurance operating companies on review for possible downgrade. In its public announcement of the rating action, Moody's cited its growing concerns about FSA's business and financial profile as a result of further deterioration in FSA's US mortgage portfolio and the related adverse effect on its capital adequacy, profitability, and market traction. In both press releases, Moody's noted that it has taken a more negative view of mortgage-related exposures in light of worse-than-expected performance trends, and recognized the continued susceptibility of the insured portfolio to the weak economic environment. Moody's also commented that the deterioration in the insured portfolios could have negative implications for the companies' franchise values, profitability and financial flexibility given the likely sensitivity of those business attributes to its capital position. Moody's also noted that the market dislocation caused by the declining financial strength of financial guaranty insurers may alter the competitive dynamics of the industry by encouraging the entry of new participants or the growth of alternative forms of execution.

Fitch Ratings On May 4, 2009, Fitch Ratings ("Fitch") downgraded the debt and insurer financial strength ratings of Assured Guaranty and its subsidiaries. Fitch's insurer financial strength ratings for AGC and Assured Guaranty (UK) Ltd. ("AG UK") are now AA (rating watch evolving), down from AAA (stable), while the insurer financial strength ratings for AG Re is AA- (rating watch evolving), down from AA (stable). Fitch cited Assured's exposures to mortgage-related and collateralized debt obligations of trust preferred securities as creating pressure on Assured's capital position. On May 11, 2009, Fitch lowered the rating of FSA to AA+ (negative credit watch). Fitch reported that the downgrade of FSA to AA+ was attributable to FSAH's credit exposure to the AA+ rating of the Kingdom of Belgium in connection with the separation of the Financial Products operations from FSA.

Favorable Litigation Settlement Assured Guaranty's subsidiary, Assured Guaranty Mortgage Insurance Company ("AGMIC"), reinsured a private mortgage insurer under a mortgage insurance stop loss excess of loss reinsurance agreement covering the reinsured's aggregate mortgage guaranty insurance losses in excess of a \$25 million retention and subject to a \$95 million limit. In April 2008, AGMIC notified the reinsured it was terminating the agreement because of the reinsured's breach of terms. This matter went to arbitration and on June 4, 2009, the arbitration panel issued a Final Interim Award with respect to this agreement in which the majority of the panel concluded that the reinsured breached a covenant in the agreement. AGMIC and the reinsured reached an agreement in principle on June 10, 2009 to settle the matter in full in exchange for a payment by AGMIC to the reinsured of \$10 million, which resolves all disputes between the parties and concludes all remaining rights and obligations of the parties under the Agreement, subject to the execution of a final settlement agreement.

Investing in our Equity Units includes risks. See "Risk Factors" beginning on page S-32 of this prospectus supplement.

Our principal executive officers are located at 30 Woodbourne Avenue, Hamilton HM 08, Bermuda, and our telephone number is (441) 299-9375. Our Internet website address is www.assuredguaranty.com. The information on or connected to our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider them to be a part of this prospectus supplement or the accompanying prospectus.

Edgar Filing: ASSURED GUARANTY LTD - Form 424B3

Table of Contents

Summary Historical Financial Data of Assured Guaranty Ltd.

The following table sets forth summary historical financial data for Assured. The audited financial data have been derived from Assured's audited financial statements. The interim financial data have been derived from Assured's unaudited financial statements and include, in the opinion of Assured's management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial data. The results for the three-month periods do not necessarily indicate the results to be expected for the full year.

You should read the following information in conjunction with Assured's financial statements and notes thereto and the other financial information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(unaudited)		(dollars in millions, except per share amounts)				
Statement of Operations Data:							
Net earned premiums(1)	\$ 148.4	\$ 46.8	\$ 261.4	\$ 159.3	\$ 144.8	\$ 139.4	\$ 98.7
Net investment income	43.6	36.6	162.6	128.1	111.5	96.8	94.8
Net realized investment (losses) gains	(17.1)	0.6	(69.8)	(1.3)	(2.0)	2.2	12.0
Realized gains and other settlements on credit derivatives	20.6	27.6	117.6	74.0	73.9	57.1	(13.1)
Unrealized gains (losses) on credit derivatives	27.0	(259.6)	38.0	(670.4)	11.8	4.4	137.4
Other income	20.6	8.5	43.4	8.8	0.4	0.2	0.8
Total revenues	243.1	(139.4)	553.2	(301.6)	340.4	300.3	330.5
Loss and loss adjustment expenses (recoveries)(1)	79.8	55.1	265.8	5.8	11.3	(63.9)	(48.2)
Profit commission expense	0.3	1.2	1.3	6.5	9.5	12.9	15.5
Acquisition costs	23.4	11.9	61.2	43.2	45.2	45.4	49.7
Other operating expenses	32.3	28.6	83.5	79.9	68.0	59.0	67.8
Other expense	1.4	0.7	5.7	2.6	2.5	3.7	1.6
Interest expense	5.8	5.8	23.3	23.5	13.8	13.5	10.7
Total expenses	143.0	103.4	440.9	161.4	150.4	70.7	97.2
Income (loss) before provision (benefit) for income taxes	100.1	(242.8)	112.3	(463.0)	190.0	229.6	233.3
Provision (benefit) for income taxes	14.6	(73.6)	43.4	(159.8)	30.2	41.2	50.5
Net income (loss)	\$ 85.5	\$ (169.2)	\$ 68.9	\$ (303.3)	\$ 159.7	\$ 188.4	\$ 182.8
Earnings (loss) per share:(2)							
Basic	\$ 0.94	\$ (2.09)	\$ 0.78	\$ (4.38)	\$ 2.15	\$ 2.51	\$ 2.42
Diluted	\$ 0.93	\$ (2.09)	\$ 0.77	\$ (4.38)	\$ 2.13	\$ 2.50	\$ 2.42
Dividends per share	\$ 0.045	\$ 0.045	\$ 0.18	\$ 0.16	\$ 0.14	\$ 0.12	\$ 0.06
Balance sheet data (end of period):							
Investments and cash	\$3,812.3	\$3,317.0	\$3,643.6	\$3,147.9	\$2,469.9	\$2,256.0	\$2,157.9
Prepaid reinsurance premiums	23.7	17.5	18.9	13.5	4.5	9.5	11.8
Total assets	5,588.3	4,062.0	4,555.7	3,762.9	2,931.6	2,689.8	2,689.0
Unearned premium reserves	2,153.3	1,014.2	1,233.7	887.2	631.0	524.6	507.2
Reserves for losses and loss adjustment expenses	222.6	177.7	196.8	125.6	115.9	117.4	217.2
Long-term debt	347.2	347.2	347.2	347.1	347.1	197.3	197.4
Total liabilities	3,562.7	2,569.4	2,629.5	2,096.4	1,280.8	1,028.3	1,161.4
Accumulated other comprehensive (loss) income	1.8	51.6	2.9	56.6	41.9	45.8	79.0
Shareholders' equity	2,025.6	1,492.7	1,926.2	1,666.6	1,650.8	1,661.5	1,527.6

(1)

In May 2008, the Financial Accounting Standards Board issued FAS 163, which requires that we recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. FAS 163 also clarifies the methodology to be used for financial guaranty premium revenue recognition and claim liability measurement, as well as requiring expanded disclosures about risk management activities. The provisions of FAS 163 related to premium revenue recognition and claim liability measurement are effective for financial

Edgar Filing: ASSURED GUARANTY LTD - Form 424B3

statements issued for fiscal years beginning after December 15, 2008, and all interim periods within those fiscal years. Earlier application of these provisions was not permitted. As a result of the adoption of FAS 163, net premiums earned and loss and loss adjustment expenses are not comparable between 2008 and 2009 periods. The expanded risk management activity disclosure provisions of FAS 163 were effective for the third

S-7

Table of Contents

quarter of 2008 and were included in the Company's consolidated financial statements for those periods. FAS 163 will be applied to all existing and future financial guaranty insurance contracts written by the Company. FAS 163 mandates the accounting changes proscribed by the statement be recognized by the Company as a cumulative effect adjustment to retained earnings as of January 1, 2009. The impact of adopting FAS 163 on the Company's balance sheet was included in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2009, which is incorporated herein by reference.

(2)

Effective January 1, 2009, the Company adopted FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP"), which clarifies 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 the FSP, Assured decreased previously reported basic loss per share by \$0.02 and \$0.08 for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively, and decreased previously reported basic EPS by \$0.03, \$0.04 and \$0.02 for the years ended December 31, 2006, 2005 and 2004, respectively. Upon retrospective adoption of the FSP, Assured decreased previously reported diluted loss per share by \$0.02 and \$0.08 for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively, and decreased previously reported diluted EPS by \$0.02, \$0.03 and \$0.02 for the years ended December 31, 2006, 2005 and 2004, respectively. There was no impact on both previously reported basic and diluted EPS for 2008.

Table of Contents

Summary Historical Financial Data of Financial Security Assurance Holdings Ltd.

The following table sets forth summary historical financial data for FSAH. The annual financial data have been derived from FSAH's audited financial statements. The interim financial data have been derived from FSAH's unaudited financial statements and include, in the opinion of FSAH's management, all adjustments (consisting only of normal recurring adjustments and entries required to record the February 2009 Risk Transfer Transaction) necessary for a fair presentation of the financial data. The results for the three-month periods do not necessarily indicate the results to be expected for the full year. Furthermore, FSAH's financial statements for the periods prior to December 31, 2008 include FSAH's GIC operations, which were the subject of the February 2009 Risk Transfer Transaction and FSAH's other Financial Products businesses which we are not acquiring.

You should read the following information in conjunction with FSAH's financial statements and notes thereto and other financial information included or incorporated by reference into this prospectus supplement and the accompanying prospectus.

Edgar Filing: ASSURED GUARANTY LTD - Form 424B3

Table of Contents

Summary Historical Financial Data of Financial Security Assurance Holdings Ltd.

	As of and for the Period Ended							
	March 31,		December 31,					
	2009	2008	2008	2007	2006	2005	2004	
	(Unaudited)		(dollars in millions)					
Summary of Operations:								
Revenue								
Net premiums earned(1)	\$ 78.5	\$ 72.9	\$ 376.6	\$ 317.8	\$ 301.5	\$ 314.9	\$ 325.9	
Net investment income from general investment portfolio	62.1	64.8	264.2	236.7	218.9	200.8	172.1	
Net interest income from financial products segment	34.4	208.8	647.4	1,079.6	858.2	487.9	194.7	
Realized gains (losses) and other settlements on credit derivatives	(45.8)	36.2	126.9	102.8	87.2	89.2	69.1	
Net unrealized (losses) gains on credit derivatives	573.2	(489.1)	(745.0)	(642.6)	31.8	11.1	56.4	
Net realized and unrealized gains (losses) on derivative instruments	(180.5)	430.8	1,424.5	62.8	131.4	(183.6)	272.9	
Expenses								
Losses and loss adjustment expenses(1)	350.9	300.4	1,877.7	31.6	23.3	25.4	20.6	
Foreign exchange (gains) losses from financial products segment	(16.6)	13.3	1.7	138.5	159.4	(189.8)	91.3	
Net interest expense from financial products segment	127.4	239.3	794.3	989.2	768.7	491.6	267.6	
Income (loss) before provision (benefit) for income taxes and equity in losses of unconsolidated subsidiaries	165.3	(685.4)	(9,315.5)	(181.9)	522.8	465.1	580.5	
Provision (benefit) for income taxes	153.7	(263.8)	(872.4)	(116.2)	150.7	126.9	110.6	
Net income (loss)	11.5	(421.6)	(8,443.2)	(65.7)	372.2	337.3	466.0	
Less: noncontrolling interest					(52.0)	11.2	87.4	
Net income (loss) of FSAH and subsidiaries	\$ 11.5	\$ (421.6)	\$ (8,443.2)	\$ (65.7)	\$ 424.2	\$ 326.1	\$ 378.6	
Balance Sheet Data (at end of period)								
Assets								
Cash	\$ 55.3	\$ 45.0	\$ 108.7	\$ 26.6	\$ 32.5	\$ 43.6	\$ 22.6	
General investment portfolio	5,872.3	5,684.2	5,935.5	5,191.9	4,872.4	4,595.5	4,281.8	
Financial products segment investment portfolio	805.0	16,157.8	10,302.0	19,213.2	17,537.1	14,002.0	9,546.7	
Assets acquired in refinancing transactions	182.8	213.5	166.6	229.3	337.9	467.9	749.2	
Note receivable from affiliate(2)	13,576.3							
Total assets	24,891.3	27,203.1	20,258.1	28,318.7	25,764.7	22,000.1	17,079.0	
Liabilities and shareholders' equity								
Deferred premium revenue	3,991.4	3,002.7	3,044.7	2,870.6	2,621.5	2,339.0	2,063.8	
Losses and loss adjustment expense reserve	2,017.7	526.3	1,779.0	274.6	228.1	205.7	179.9	
Financial products segment debt	14,180.3	20,888.9	16,432.3	21,400.2	18,349.7	14,947.1	10,444.1	
Notes payable	730.0	730.0	730.0	730.0	730.0	430.0	430.0	
Total liabilities	22,609.3	27,158.5	25,442.3	26,740.6	23,042.1	18,996.8	14,289.1	
Total shareholders' equity (deficit) of FSA Holdings and subsidiaries	2,281.7	44.3	(5,184.5)	1,577.8	2,722.3	2,822.9	2,611.3	
Noncontrolling interest	0.3	0.3	0.3	0.3	0.3	180.4	178.6	

Shareholders' equity (deficit)	2,282.0	44.6	(5,184.2)	1,578.1	2,722.6	3,003.3	2,789.9
---------------------------------------	---------	------	-----------	---------	---------	---------	---------

(1)

In May 2008, the Financial Accounting Standards Board issued FAS 163, which requires that FSAH recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. FAS 163 also clarifies the methodology to be used for financial guaranty premium revenue recognition and claim liability measurement, as well as requiring expanded disclosures about risk management activities. The provisions of FAS 163 related to premium revenue recognition and claim liability measurement are effective for financial statements issued for fiscal years beginning after December 15, 2008, and all interim periods within those fiscal years. Earlier application of these provisions was not permitted. As a result of the adoption of FAS 163, net premiums earned and loss and loss adjustment expenses are not comparable between 2008 and 2009 periods. The expanded risk management activity disclosure provisions of FAS 163 were effective for the third quarter of 2008 and were included in FSAH's consolidated financial statements for those periods. FAS 163 will be applied to all existing and future financial guaranty insurance contracts written

S-10

Table of Contents

by FSAH. FAS 163 mandates the accounting changes proscribed by the statement be recognized by FSAH as a cumulative effect adjustment to retained earnings as of January 1, 2009. The impact of adopting FAS 163 on FSAH's balance sheet was included in FSAH's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 which is incorporated herein by reference.

(2)

The GIC Issuers, unlike FSAM, remain part of FSAH's consolidated financial statements, which means that the GICs issued to third parties and the GIC Issuers' note receivable from FSAM of \$13.6 billion (the "Note Receivable from Affiliate") represent the liabilities and assets of the GIC business in FSAH's consolidated financial statements. The Note Receivable from Affiliate is carried at net realizable value, which is periodically evaluated for impairment. Prior to February 24, 2009, the Note Receivable from Affiliate was eliminated in consolidation.

S-11

Table of Contents**Summary Unaudited Pro Forma Combined Condensed Financial Information**

The following summary unaudited pro forma combined condensed financial information of Assured has been prepared to assist you in your analysis of the financial effects of the Acquisition using the historical consolidated financial statements of Assured and FSAH.

This information is only a summary. You should read the unaudited pro forma combined condensed financial statements and other information and the accompanying notes that are included elsewhere in this prospectus supplement. You should also read the historical information and related notes of Assured and FSAH that are incorporated by reference into this prospectus supplement.

The following tables set forth summary unaudited pro forma combined condensed financial information of Assured giving effect to the Acquisition, using the acquisition method of accounting, as if the Acquisition had occurred on the dates indicated and after giving effect to the pro forma adjustments. The unaudited pro forma combined condensed balance sheet data as of March 31, 2009 give effect to the Acquisition as if the Acquisition had occurred on March 31, 2009. The unaudited pro forma combined condensed statements of operations data for the year ended December 31, 2008 and the three months ended March 31, 2009 give effect to the Acquisition as if the Acquisition had occurred on January 1, 2008. We are providing the unaudited pro forma combined condensed financial data for informational purposes only. It does not necessarily represent or indicate what the financial position and results of operations of Assured would actually have been had the Acquisition and other pro forma adjustments in fact occurred at the dates indicated. It also does not necessarily represent or indicate the future financial position or results of operations Assured will achieve after the Acquisition.

The pro forma adjustments reflect the payment of \$541.5 million in cash and issuance of 22,283,951 Assured common shares to Dexia Holdings. The pro forma adjustments assume funds for the \$541.5 million cash payment were obtained from the issuance of an additional 26,863,667 Assured common shares to the public at a purchase price of \$14.89 per share, the closing price of Assured's common shares on June 12, 2009, and the issuance of \$150 million of Equity Units.

The pro forma financial information does not reflect revenue opportunities and cost savings that we expect to realize after the Acquisition. We cannot give you any assurance with respect to the estimated revenue opportunities and operating cost savings that are expected to be realized as a result of the Acquisition. The pro forma financial information also does not reflect nonrecurring charges relating to integration activities or exit costs that may be incurred by Assured or FSAH in connection with the Acquisition.

	As of and for the three months ended March 31, 2009	For the year ended December 31, 2008
	(dollars in thousands, except per share amounts)	
Statement of Operations Data:		
Net earned premiums	\$ 263,632	\$ 796,671
Net (loss) income	237,287	(1,072,802)
(Loss) earnings per share		
Basic	\$ 1.68	\$