Assured Guaranty, Ltd. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question is from the line of Darin Arita of Deutsche Bank. Please proceed.

Darin Arita – Deutsche Bank Securities

Hi good morning.

Dominic Frederico

Good morning, Darin.

Darin Arita – Deutsche Bank Securities

Hi, can you – actually Dominic your introduction there was actually very helpful in talking about the situation with this – the rating agencies. But can you talk a little bit more about your discussions that have occurred over the past two weeks at Moody's and the other rating agencies?

Dominic Frederico

Sure. Obviously most of the dialog is to do with Moody's as you can well expect and as recently as last Tuesday we had a meeting at senior levels there and the whole issue that we obviously are trying to understand is how did this happen? Basically, as we see it, the issues that they continue to refer to are really future-looking statements are things about what could possibly happen. Obviously, it would have been our belief that the model that they use to calculate tail logs as in structured portfolio at the AAA level, we have included those kinds of variations or variabilities and potential economic outcome and market outcome and there fore we are confused by that.

Number two, as we have talked about the process and the process being if you have got issues you would hope that they would have been identified. And it seems that they had a clear path in the prior periods as they dealt with other companies in the financial guaranty space in terms of identifying an issue, giving us set amount of time relative to response of the issue and then obviously drawing a rate conclusion at the end of both the time and the potential solutions. And we obviously were given none of that benefit.

So our first concern and foremost was we really are upset by the process and you need to explain how this is part of your process. And then number two, you've got to provide us the specifics. We can all talk about the disaster that might be around the corner. That's like saying none of us would leave our houses because we are afraid we are get hit by a bus if we step off the kerb. Well that's not reality. So we need to understand why their model doesn't address those concerns and specifically what issues do you have in our portfolio and as I've said through my comments, if you want to talk about pooled corporates, that's one of the most confusing things to us because it is a book that they are familiar with, that they rate the majority of it, the majority it is AAA. And if you pin them down, they are going to say they don't really anticipate any losses at the current time coming out of that portfolio. So, once again, we can all talk about economic meltdowns, et cetera, but we need to look at what is the reality of the current situation because obviously we want this corrected. We want our ratings back. We love the Company and the value that we are able to generate in the market.