

ASSURED GUARANTY LTD
Form DEFM14A
February 10, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Assured Guaranty Ltd.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
Common stock of Financial Security Assurance Holdings Ltd.
 - (2) Aggregate number of securities to which transaction applies:
33,296,773 (together with any shares of common stock issued to the seller after the date of the purchase agreement)
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Per unit price is not applicable; consideration consists of \$361,000,000 in cash and up to 44,567,901 common shares of Assured Guaranty Ltd. The average of the high and low prices for common shares of Assured Guaranty Ltd. on the NYSE on February 4, 2009 was \$7.89.

- (4) Proposed maximum aggregate value of transaction:
\$595,919,470 (calculated pursuant to Rule 0-11(c)(1)(i) and Rule 0-11(a)(4) under the Securities Exchange Act of 1934, as amended)
- (5) Total fee paid:
\$23,420 (\$34,610 was paid previously with preliminary materials)

ý Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

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February 6, 2009
Hamilton, Bermuda

Dear Shareholders:

On behalf of the board of directors, we are pleased to deliver to you our proxy statement relating to Assured's acquisition of Financial Security Assurance Holdings Ltd., or FSAH, the parent company of, among others, Financial Security Assurance Inc., or FSA. The combination of Assured and FSA will create a global leader in financial guaranty insurance, improve our financial strength and enhance our competitive position versus existing and new competitors.

In this transaction, we will acquire from Dexia Holdings, Inc., or Dexia Holdings, a subsidiary of Dexia S.A., or Dexia, substantially all of the capital stock of FSAH in exchange for the issuance of up to 44,567,901 Assured common shares, or approximately 24.9% of our outstanding common shares after giving effect to the acquisition and related financing, and \$361 million in cash, subject to adjustment. We intend to finance the cash portion of the acquisition with the net proceeds of a public offering of equity securities. We have obtained a commitment from an investment fund managed by WL Ross & Co. LLC, an affiliate of Wilbur L. Ross, Jr., one of our directors, to purchase \$361 million of our common shares if we are not able to successfully complete a public offering of equity securities. WLR Recovery Fund IV, L.P. and other funds managed by WL Ross & Co. LLC, or the WLR Funds, currently hold approximately 13.4% of our outstanding common shares. If the WLR Funds purchase the maximum amount of our common shares covered by this backstop commitment, or the WLR Backstop Commitment, they would own approximately 34.8% of our outstanding common shares. Both Dexia Holdings and the WLR Funds have agreed that the voting power with respect to the Assured common shares owned by each of them will be reduced to less than 9.5% of the total voting power of all Assured common shares outstanding.

All of our directors (other than Mr. Ross, who did not vote on the matter) approved the acquisition of FSAH and the issuance of Assured common shares to Dexia Holdings or its designated affiliate and the WLR Funds. We will hold a special general meeting on Monday, March 16, 2009, at our offices, 30 Woodbourne Avenue, 5th Floor, Hamilton, Bermuda at 3:00 p.m. Atlantic Time to obtain the approval of Assured shareholders for the issuance of the Assured common shares to Dexia Holdings or its designated affiliate and to the WLR Funds pursuant to the WLR Backstop Commitment.

ACE Bermuda Insurance Ltd., which owns approximately 21.1% of our outstanding common shares, has agreed to vote, subject to customary conditions, in favor of the issuance of Assured common shares to Dexia Holdings in the acquisition.

All of our directors (other than Mr. Ross, who did not vote on the matter) recommend that you vote "FOR" each of the proposals described in this proxy statement. The approval of the issuance of the Assured common shares to Dexia Holdings or its designated affiliate is a condition to the closing of the acquisition. Accordingly, a vote against the proposal relating to this issuance effectively will be a vote against the acquisition. The approval of the issuance of the Assured common shares to the WLR Funds is not required to complete the acquisition, though a failure to approve such issuance would subject us to the risk of not being able to raise sufficient funds to complete the acquisition.

We encourage you to carefully review this proxy statement, which contains important information concerning Assured, FSA, FSAH, the proposed acquisition and the proposals to be voted upon by shareholders at the special general meeting. In addition, the section entitled "Risk Factors" beginning on page 21 contains a description of risks that you should consider in evaluating the proposals and the proposed acquisition.

Your vote is very important. Whether or not you plan to attend the meeting, your vote on these matters is important to us. Please complete, sign and return the enclosed proxy card in the envelope provided. Alternatively, you can vote your proxy by telephone or through the Internet by following the instructions on the enclosed proxy card.

Sincerely,

Walter A. Scott
Chairman of the Board

Dominic J. Frederico
President and Chief Executive Officer

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NOTICE OF SPECIAL GENERAL MEETING

February 9, 2009
Hamilton, Bermuda

TO THE SHAREHOLDERS OF ASSURED GUARANTY LTD.:

The Special General Meeting of Assured Guaranty Ltd., or Assured, will be held on Monday, March 16, 2009, at 3:00 p.m. Atlantic Time at Assured's offices, 30 Woodbourne Avenue, 5th Floor, Hamilton, Bermuda, for the following purposes:

1. To vote on the issuance of Assured common shares to Dexia Holdings, Inc. (or its designated affiliate) in connection with Assured's acquisition of Financial Security Assurance Holdings Ltd.;
2. To vote on the issuance of Assured common shares to WLR Recovery Fund IV, L.P. and/or its affiliated funds in connection with the financing of Assured's acquisition of Financial Security Assurance Holdings Ltd. as described in the attached proxy statement; and
3. To transact such other business, if any, as lawfully may be brought before the meeting.

Only shareholders of record, as shown by the transfer books of Assured, at the close of business on February 6, 2009, are entitled to notice of, and to vote at, the Special General Meeting.

ALL OF ASSURED'S DIRECTORS (OTHER THAN WILBUR L. ROSS, JR., WHO DID NOT VOTE ON THE MATTER) RECOMMEND THAT YOU VOTE "FOR" EACH OF THE PROPOSALS DESCRIBED IN THE ATTACHED PROXY STATEMENT.

PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE RETURN ENVELOPE FURNISHED FOR THAT PURPOSE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT. YOU MAY ALSO VOTE OVER THE INTERNET OR BY TELEPHONE BY FOLLOWING THE VOTING INSTRUCTIONS PRINTED ON THE ACCOMPANYING PROXY CARD. FOR FURTHER INFORMATION CONCERNING THE PROPOSALS BEING VOTED UPON, USE OF THE PROXY AND OTHER RELATED MATTERS, YOU ARE URGED TO READ THE ENCLOSED PROXY STATEMENT.

By Order of the Board of Directors,

James M. Michener
Secretary

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ASSURED GUARANTY LTD.

**30 Woodbourne Avenue
Hamilton HM 08 Bermuda
February 9, 2009**

PROXY STATEMENT

Assured Guaranty Ltd. is sending you this proxy statement in connection with its Special General Meeting which will be held on Monday, March 16, 2009 at 3:00 p.m. Atlantic Time at Assured's offices, 30 Woodbourne Avenue, 5th Floor, Hamilton, Bermuda. At this meeting you will be asked to vote on two proposals in connection with Assured's proposed acquisition of Financial Security Assurance Holdings Ltd., which we refer to in this proxy statement as "FSAH," the parent company of, among others, Financial Security Assurance Inc., which we refer to in this proxy statement as "FSA." The first proposal relates to Assured's issuance of Assured common shares to FSAH's parent company, Dexia Holdings, Inc., which we refer to in this proxy statement as "Dexia Holdings," or its designated affiliate. The second proposal relates to the issuance of Assured common shares to WLR Recovery Fund IV, L.P. and/or its affiliated funds, which we refer to in this proxy statement as the "WLR Funds." This issuance of shares to the WLR Funds, which we refer to as the "WLR Backstop Commitment," would fund all or a portion of the cash portion of the purchase price for FSAH.

February 6, 2009 is the record date for the Special General Meeting. If you owned Assured common shares at the close of business on February 6, 2009, you are entitled to vote. On that date, 91,687,672 Assured common shares were outstanding and entitled to vote at the Special General Meeting, including 45,800 unvested restricted common shares (but excluding 5,354,116 common shares held by Assured's subsidiary, Assured Guaranty US Holdings Inc.). Assured's common shares are its only class of voting stock. Assured will begin mailing this proxy statement on or about February 13, 2009 to all shareholders entitled to vote.

References in this proxy statement to "Assured," "we," "us," "our" and the "Company" refer to Assured Guaranty Ltd. and, unless the context otherwise requires or unless otherwise stated, its subsidiaries.

FORWARD-LOOKING STATEMENTS

This proxy statement, including the documents we incorporate by reference, contains "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995. 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. 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 Assured's insurance subsidiaries at any time, which has occurred in the past;

Assured's inability to execute its business strategy;

reduction in the amount of reinsurance ceded by one or more of Assured's principal ceding companies;

contract cancellations;

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

more severe or frequent losses associated with Assured's insurance or reinsurance products;

FSAH and its subsidiaries performing differently than currently expected by Assured or the failure to realize anticipated benefits from Assured's acquisition of FSAH;

changes in regulation or tax laws applicable to Assured, Assured's subsidiaries or customers;

governmental actions;

natural catastrophes;

dependence on customers;

decreased demand for Assured's insurance or reinsurance products or increased competition in Assured's markets;

loss of key personnel;

technological developments;

the effects of mergers, acquisitions and divestitures;

changes in accounting policies or practices;

changes in general economic conditions, including interest rates 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, which we refer to in this proxy statement as 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 proxy statement 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.

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For these statements, we claim the protection of the safe harbor for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, which we refer to in this proxy statement as the "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to in this proxy statement as the "Exchange Act."

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL GENERAL MEETING

Why did you send me this proxy statement?

Assured sent you this proxy statement and the enclosed proxy card because Assured's board of directors is soliciting your proxy to vote at the Special General Meeting, which will be held on Monday, March 16, 2009, at 3:00 p.m. Atlantic Time at Assured's offices, 30 Woodbourne Avenue, 5th Floor, Hamilton, Bermuda.

This proxy statement summarizes the information you need to vote at the Special General Meeting. You do not need to attend the Special General Meeting to vote your shares. You may simply complete, sign and return the enclosed proxy card or vote by telephone or over the Internet.

What proposals will be voted on at the special general meeting?

There are two proposals scheduled to be voted on at the Special General Meeting:

The approval of the issuance of Assured common shares to Dexia Holdings or its designated affiliate in connection with Assured's acquisition of FSAH.

The approval of the issuance of Assured common shares to the WLR Funds pursuant to the WLR Backstop Commitment.

Assured's Board recommends that you vote your shares "FOR" the approval of the issuance of Assured common shares to Dexia Holdings or its designated affiliate and "FOR" the approval of the issuance of Assured common shares to the WLR Funds.

Why is Assured seeking shareholder approval of the issuance of Assured common shares?

The Assured common shares to be issued to Dexia Holdings in connection with its acquisition of FSAH may constitute 20% or more of the total Assured common shares outstanding prior to such issuance. Under the rules of the New York Stock Exchange, which we refer to in this proxy statement as the "NYSE," shareholder approval is required as a general matter prior to the issuance of common shares that would constitute 20% or more of the total common shares outstanding before the issuance.

The common shares to be issued to the WLR Funds in connection with the acquisition may constitute 1% or more of the total Assured common shares outstanding or total voting power prior to such issuance. Such issuance requires shareholder approval under NYSE rules because the WLR Funds are affiliates of Mr. Wilbur L. Ross, Jr., a director of Assured (and because the WLR Funds are significant shareholders of Assured). Assured's shareholders approved the issuance of Assured common shares to the WLR Funds under a previously executed investment agreement at Assured's 2008 Annual General Meeting. However, shareholder approval is needed with respect to the common shares that would be issued pursuant to the WLR Backstop Commitment, because the price and other terms for common shares issued pursuant to the WLR Backstop Commitment are different from the terms originally approved by the shareholders.

What happens if the shareholders do not approve the issuance of common shares to Dexia Holdings or to the WLR Funds?

If Assured's shareholders do not approve the issuance of common shares to Dexia Holdings, one of the conditions to the closing of the acquisition will not have been satisfied and the closing may not occur. If Assured's shareholders do not approve the issuance of common shares to the WLR Funds, Assured will be required to complete a public offering of equity securities or find an alternative equity source to fund the cash portion of the purchase price for FSAH. Because Assured's obligation to complete the acquisition is not subject to a financing contingency, a failure to find an alternative source of financing would result in a breach of the stock purchase agreement, dated November 14, 2008, between Assured, Dexia Holdings and Dexia Credit Local, which we refer to as the "stock purchase

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agreement," which could expose Assured to a claim by Dexia Holdings for damages or specific performance.

Why does Assured's board of directors believe it would be in the best interests of Assured and its shareholders to vote to approve the issuance of Assured common shares to Dexia Holdings and the WLR Funds?

Assured's board of directors recommends that the shareholders vote to approve the issuance of the common shares because of the board's belief that the acquisition of FSAH 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. The Assured common shares to be issued to the WLR Funds pursuant to the WLR Backstop Commitment will only be issued if Assured is unable to complete a public equity offering on more attractive terms than provided under the WLR Backstop Commitment.

How will Assured use the proceeds of the issuance of these common shares?

The common shares issued to Dexia Holdings or its designated affiliate will constitute part of the purchase price for the acquisition of FSAH. If any Assured common shares are issued to the WLR Funds, the proceeds from that will fund all or a portion of the cash portion of the purchase price in the FSAH acquisition.

Are there any material adverse tax consequences to Assured if the shareholders approve the issuance of common shares?

The issuance of common shares to Dexia Holdings or its designated affiliate and the WLR Funds is not expected to have a material adverse tax consequence to Assured or its shareholders. For a further description, see "The Stock Purchase Agreement and Ancillary Agreements Tax Discussion."

Will the issuance of common shares to Dexia Holdings and to the WLR Funds have a dilutive effect on Assured's outstanding common shares?

Because we do not know how many shares will ultimately be issued to Dexia Holdings or its designated affiliate or the WLR Funds or the amount the WLR Funds will pay for any such shares they purchase in relation to the then current book value per share, we cannot determine whether any share issuances will have a dilutive effect and we cannot assure you that there will not be any dilutive effect on Assured's outstanding common shares. However, the issuance of shares to Dexia Holdings or its designated affiliate is part of the purchase price for Assured's acquisition of FSAH, and proceeds of the issuance of common shares to the WLR Funds would be used to fund the acquisition, a transaction the Assured board of directors believes is in the best interests of Assured and its shareholders. Also, while the share issuance may decrease the proportional voting of Assured's existing shareholders, both Dexia Holdings and the WLR Funds will be subject to limitations on their voting power.

Will the share issuance affect the price of Assured's common shares?

It is difficult to predict how any issuance of common shares will affect the stock price. As a result of the issuance of common shares to Dexia Holdings or its designated affiliate and the WLR Funds, there will be a significant number of additional common shares that could be sold in the public markets. Any such sales, or the anticipation of the possibility of such sales, represent an overhang on the market and could depress the market price of Assured's common shares. Both Dexia Holdings and the WLR Funds have agreed to certain limitations with respect to the resale of their Assured common shares. See "The Stock Purchase Agreement and Ancillary Agreements Dexia Holdings Agreements with Respect to Assured Common Shares" and "The WLR Backstop Commitment Original Investment Agreement."

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Are proxy materials available on the Internet?

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on March 16, 2009

Yes. The proxy statement for the Special General Meeting and form of proxy card are available at <http://www.assuredguaranty.com/annualmeeting.html>.

Who is entitled to vote?

February 6, 2009 is the record date for the Special General Meeting. If you owned Assured common shares at the close of business on February 6, 2009, you are entitled to vote. On that date, 91,687,672 Assured common shares were outstanding and entitled to vote at the Special General Meeting, including 45,800 unvested restricted common shares (but excluding 5,354,116 common shares held by Assured's subsidiary, Assured Guaranty US Holdings Inc.). Assured's common shares are its only class of voting stock. Assured will begin mailing this proxy statement on or about February 13, 2009 to all shareholders entitled to vote.

How many votes do I have?

In general, you have one vote for each Assured common share that you owned at the close of business on February 6, 2009, except that if, and so long as, the "controlled shares," which Assured's Bye-laws define generally to include all Assured common shares directly, indirectly or constructively owned or beneficially owned by any person or group of persons, owned by any "United States person," as defined in the U.S. Internal Revenue Code of 1986, as amended, which we refer to in this proxy statement as the "Internal Revenue Code," constitute 9.5% or more of Assured's issued common shares, the voting rights with respect to the controlled shares owned by such person will be limited, in the aggregate, to a voting power of approximately 9.5%, pursuant to a formula specified in Assured's Bye-Laws. The Assured common shares owned by the WLR Fund are subject to this voting restriction and, as a result, the voting rights of all other shareholders will be increased accordingly.

The proxy card indicates the number of Assured common shares you are entitled to vote, without giving effect to the controlled share rule described above.

How do I vote by proxy?

If you properly fill in your proxy card and send it to us in time to vote, your "proxy" (one of the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxy will vote your shares as recommended by the Board:

"FOR" the approval of the issuance of Assured common shares to Dexia Holdings or its designated affiliate under the stock purchase agreement.

"FOR" the approval of the issuance of Assured's common shares to the WLR Funds pursuant to the WLR Backstop Commitment.

If any other matter is presented, your proxy will vote in accordance with the best judgment of the individuals named on your proxy card. As of the date of this proxy statement, we knew of no matters that needed to be acted on at the Special General Meeting, other than those discussed in this proxy statement.

May I vote by telephone or via the Internet?

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Yes. Instead of submitting your vote by mail on the enclosed proxy card, you may be able to vote via the Internet or by telephone. We encourage you to do so because your vote is then tabulated faster than if you mailed it. Please note that there are separate Internet and telephone arrangements depending on whether you are a shareholder of record (that is, if you hold your stock in your own

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name), or whether you are a beneficial owner and hold your shares in "street name" (that is, if your stock is held in the name of your broker or bank).

If you are a shareholder of record, you may vote by telephone, or electronically through the Internet, by following the instructions provided on your proxy card.

If you are a beneficial owner and held your shares in "street name," you may need to contact your bank or broker to determine whether you will be able to vote by telephone or electronically through the Internet.

The telephone and Internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions and to confirm that shareholders' instructions have been recorded properly. If you vote via the Internet or telephone, you may incur costs, such as usage charges from Internet access providers and telephone companies. You will be responsible for those costs.

Whether or not you plan to attend the Special General Meeting, we urge you to vote. Returning the proxy card or voting by telephone or over the Internet will not affect your right to attend the Special General Meeting and vote.

May I revoke my proxy?

Yes. If you change your mind after you vote, you may revoke your proxy by following any of the procedures described below. To revoke your proxy:

Send in another signed proxy with a later date or resubmit your vote by telephone or the Internet,

Send a letter revoking your proxy to Assured's Secretary at 30 Woodbourne Avenue, Hamilton HM 08, Bermuda, or

Attend the Special General Meeting and vote in person.

If you wish to revoke your proxy, you must do so in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken.

How do I vote in person at the special general meeting?

You may vote shares held directly in your name as the shareholder of record in person at the Special General Meeting. If you choose to vote your shares in person at the Special General Meeting, please bring the enclosed proxy card or proof of identification. Even if you plan to attend the Special General Meeting, Assured recommends that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the Special General Meeting.

Shares beneficially owned and held in "street name" may be voted in person by you only if you obtain a signed proxy from the shareholder of record giving you the right to vote the shares. If your shares are held in the name of your broker, bank or other nominee, you must bring to the Special General Meeting an account statement or letter from the broker, bank or other nominee indicating that you are the owner of the shares and a signed proxy from the shareholder of record giving you the right to vote the shares. The account statement or letter must show that you were beneficial owner of the shares on February 6, 2009.

You can obtain directions to attend the Special General Meeting by contacting Natasha Medeiros at 441-299-9375 or at nmedeiros@assuredguaranty.com.

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What votes need to be present to hold the special general meeting?

To have a quorum for the Special General Meeting, two or more persons must be present, in person or by proxy, representing more than 50% of the Assured common shares that were outstanding on February 6, 2009. As of February 6, 2009, Assured's subsidiary, Assured Guaranty US Holdings Inc., owned 5,354,116 Assured common shares. While it does not intend to vote these shares at the upcoming Special General Meeting, it does intend for these shares to be present at the meeting so they will be counted towards the quorum.

What vote is required to approve each proposal?

Approval of Issuance of Common Shares to Dexia Holdings or its designated affiliate under the stock purchase agreement The approval of the issuance of common shares to Dexia Holdings or its designated affiliate under the stock purchase agreement requires the affirmative vote of a majority of the votes cast on such proposal at the Special General Meeting provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal.

Approval of Issuance of Common Shares to the WLR Funds pursuant to the WLR Backstop Commitment The approval of the issuance of common shares to the WLR Funds pursuant to the WLR Backstop Commitment requires the affirmative vote of a majority of the votes cast on such proposal at the Special General Meeting provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal.

How are votes counted?

Your vote may be cast "FOR" or "AGAINST" or you may "ABSTAIN" with respect to the approval of the share issuance to Dexia Holdings or its designated affiliate pursuant to the stock purchase agreement and/or with respect to approval of the shares issued to the WLR Funds under the WLR Backstop Commitment. If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board. We will appoint one or more inspectors of election to count votes cast in person or by proxy.

What is the effect of broker non-votes and abstentions?

A broker "non-vote" occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

Common shares owned by shareholders electing to abstain from voting with respect to any proposal and broker "non-votes" will be counted toward the presence of a quorum but will not be considered present and voting with respect to matters to be voted upon at the Special General Meeting. Therefore, abstentions and "broker non-votes" could have the same effect as votes cast against approval if they cause the total votes cast on the matter to be 50% or less of the total voting power entitled to vote on the proposal.

Whom should I call if I have any questions?

If you have any questions about the special general meeting or voting, please contact James M. Michener, Assured's Secretary, at 441-278-6679 or at jmichener@assuredguaranty.com. If you have any questions about y