



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

Fixed Income Investor Presentation

September 30, 2014

**ASSURED
GUARANTY**[®]
MUNICIPAL

**MUNICIPAL
ASSURANCE
CORP.**[®]
AN ASSURED GUARANTY COMPANY

**ASSURED
GUARANTY**[®]
CORP.

Table of Contents

	<u>Page</u>
Forward-Looking Statements and Safe Harbor Disclosure	2
Conventions, Disclaimers and Non-GAAP Financial Measures	3
Corporate Overview	4
Assured Guaranty Ltd. Consolidated Insured Portfolio Overview	29
AGM¹ Portfolio Review	43
Municipal Assurance Corp. Portfolio Review	55
Assured Guaranty Corp. Portfolio Review	59
Appendix	72

1. Please see page 3 for a definition of this convention.

Forward-Looking Statements and Safe Harbor Disclosure



- This presentation contains information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give the expectations or forecasts of future events of Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or the “Company”). These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance. Any or all of Assured Guaranty’s forward looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Assured Guaranty’s actual results may vary materially. Among factors that could cause actual results to differ materially are: (1) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its subsidiaries and/or of transactions that AGL’s subsidiaries have insured; (2) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty’s insurance; (3) developments in the world’s financial and capital markets that adversely affect obligors’ payment rates, Assured Guaranty’s loss experience, or its exposure to refinancing risk in transactions (which could result in substantial liquidity claims on its guarantees); (4) the possibility that budget shortfalls or other factors will result in credit losses or impairments on obligations of state and local governments that the Company insures or reinsures; (5) the failure of Assured Guaranty to realize insurance loss recoveries or damages through loan putbacks, settlement negotiations or litigation; (6) deterioration in the financial condition of Assured Guaranty’s reinsurers, the amount and timing of reinsurance recoverables actually received and the risk that reinsurers may dispute amounts owed to Assured Guaranty under its reinsurance agreements; (7) increased competition, including from new entrants into the financial guaranty industry; (8) rating agency action on obligors, including sovereign debtors, resulting in a reduction in the value of securities in the Company’s investment portfolio and in collateral posted by and to the Company; (9) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (10) changes in the world’s credit markets, segments thereof, interest rates or general economic conditions; (11) the impact of market volatility on the mark-to-market of Assured Guaranty’s contracts written in credit default swap form; (12) changes in applicable accounting policies or practices; (13) changes in applicable laws or regulations, including insurance and tax laws; (14) other governmental actions; (15) difficulties with the execution of Assured Guaranty’s business strategy; (16) contract cancellations; (17) loss of key personnel; (18) adverse technological developments; (19) the effects of mergers, acquisitions and divestitures; (20) natural or man-made catastrophes; (21) other risks and uncertainties that have not been identified at this time; (22) management’s response to these factors; and (23) other risk factors identified in Assured Guaranty’s filings with the U.S. Securities and Exchange Commission (the “SEC”).
- The foregoing review of important factors should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements that are included in the Company’s Form 10-K or Form 10-Q filings. The Company undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law. Investors are advised, however, to consult any further disclosures the Company makes on related subjects in the Company’s reports filed with the SEC.
- If one or more of these or other risks or uncertainties materialize, or if the Company’s underlying assumptions prove to be incorrect, actual results may vary materially from what the Company projected. Any forward-looking statements in this presentation reflect the Company’s current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity.
- For these statements, the Company claims the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Conventions, Disclaimers and Non-GAAP Financial Measures



- Unless otherwise noted, the following conventions are used in this presentation:
 - “AGM Consolidated” means Assured Guaranty Municipal Corp. and its consolidated entities (consisting primarily of Assured Guaranty (Europe) Ltd.; Municipal Assurance Holdings Inc. (MAC Holdings); Municipal Assurance Corp. (MAC); and variable interest entities Assured Guaranty Municipal Corp. is required to consolidate under accounting principles generally accepted in the United States).
 - “AGM” means AGM Consolidated excluding MAC Holdings and MAC.
 - “Assured Guaranty Municipal” means AGM Consolidated excluding MAC Holdings, MAC and Assured Guaranty (Europe) Ltd.
 - Ratings on Assured Guaranty’s insured portfolio and on bonds purchased pursuant to our loss mitigation or risk management strategies are our internal credit ratings. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and are generally reflective of an approach similar to that employed by the rating agencies, except that the Company’s credit ratings focus on future performance, rather than lifetime performance. Exposures rated below investment grade are designated “BIG”.
 - The Company reclassifies those portions of risks benefitting from collateralized reimbursement arrangements as the higher of AA or their current internal rating.
 - The Company excludes Company-insured securities that it has purchased for loss mitigation purposes from its disclosure about its financial guaranty insured portfolio (unless otherwise indicated) because it manages such securities as investments and not insurance exposure.
 - Ratings on the investment portfolios are the lower of the ratings from Moody’s Investors Service, Inc. (Moody’s) or Standard & Poor’s Ratings Services (S&P).
 - Percentages and totals in tables or graphs may not add due to rounding.
- The materials in this presentation do not constitute advice with respect to any municipal financial products, or the issuance of any municipal securities, including with respect to the structuring, timing or terms of any such financial products or issuances. You should not rely on such material to make any decision with respect to these topics. Neither we nor any of our affiliates is acting as your advisor in connection with any municipal financial product or any issuance of municipal securities. We encourage you to consult your own financial and legal advisors and to make your own independent investigation regarding any municipal financial product and the structure, timing and terms of any issuance of municipal securities. Municipal financial product includes any municipal derivative, guaranteed investment contract, plan or program for the investment of the proceeds of municipal securities, or the recommendation and brokerage of municipal escrow investments.
- This presentation references financial measures that are not in accordance with U.S. generally accepted accounting principles (GAAP), which management uses in order to assist analysts and investors in evaluating Assured Guaranty’s financial results. These financial measures not in accordance with GAAP (“non-GAAP financial measures”) are defined in the appendix. In each case, the most directly comparable GAAP financial measure, if available, is presented, and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how Assured Guaranty’s management, analysts and investors evaluate Assured Guaranty’s financial results and is comparable to estimates published by analysts in their research reports on Assured Guaranty.

Corporate Overview



- **Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or the “Company”)** is the leading financial guaranty franchise
 - We are the only long-standing financial guaranty company to continue to write new business throughout the financial crisis and recession
 - We maintain strong financial strength ratings from S&P, Moody’s, and Kroll
- **Assured Guaranty’s focus is financial guaranty**
 - Three decades of experience in financial guaranty market
 - Publicly traded holding company (NYSE: AGO) with extensive quarterly financial disclosures providing transparency to all investors
 - Three principal financial guaranty direct subsidiaries and one financial guaranty reinsurance subsidiary
- **Strong capital base**
 - Consolidated investment portfolio² of \$11.5 billion as of September 30, 2014
 - Consolidated claims-paying resources of \$12.1 billion as of September 30, 2014
- **In July 2013, Assured Guaranty launched Municipal Assurance Corp. (MAC), a municipal bond insurance company that insures only select categories of U.S. municipal bonds**
 - As another strong Assured Guaranty company, MAC can provide issuers, especially midsize and smaller ones, enhanced market access and interest cost savings

(\$ in billions)	AGL Consolidated (9/30/14)
Net par outstanding ¹	\$395.7
Total investment portfolio and cash ²	\$11.5
Claims-paying resources ³	\$12.1

1. Statutory basis.

2. Includes \$62 million of investments in repurchased insured securities whose issuers were subsequently consolidated as variable interest entities (VIEs). Excludes \$127 million of other invested assets not available for sale. See page 27 for a breakdown of the available-for-sale portfolio.

3. Based on statutory measures. See page 9 for components of claims-paying resources.

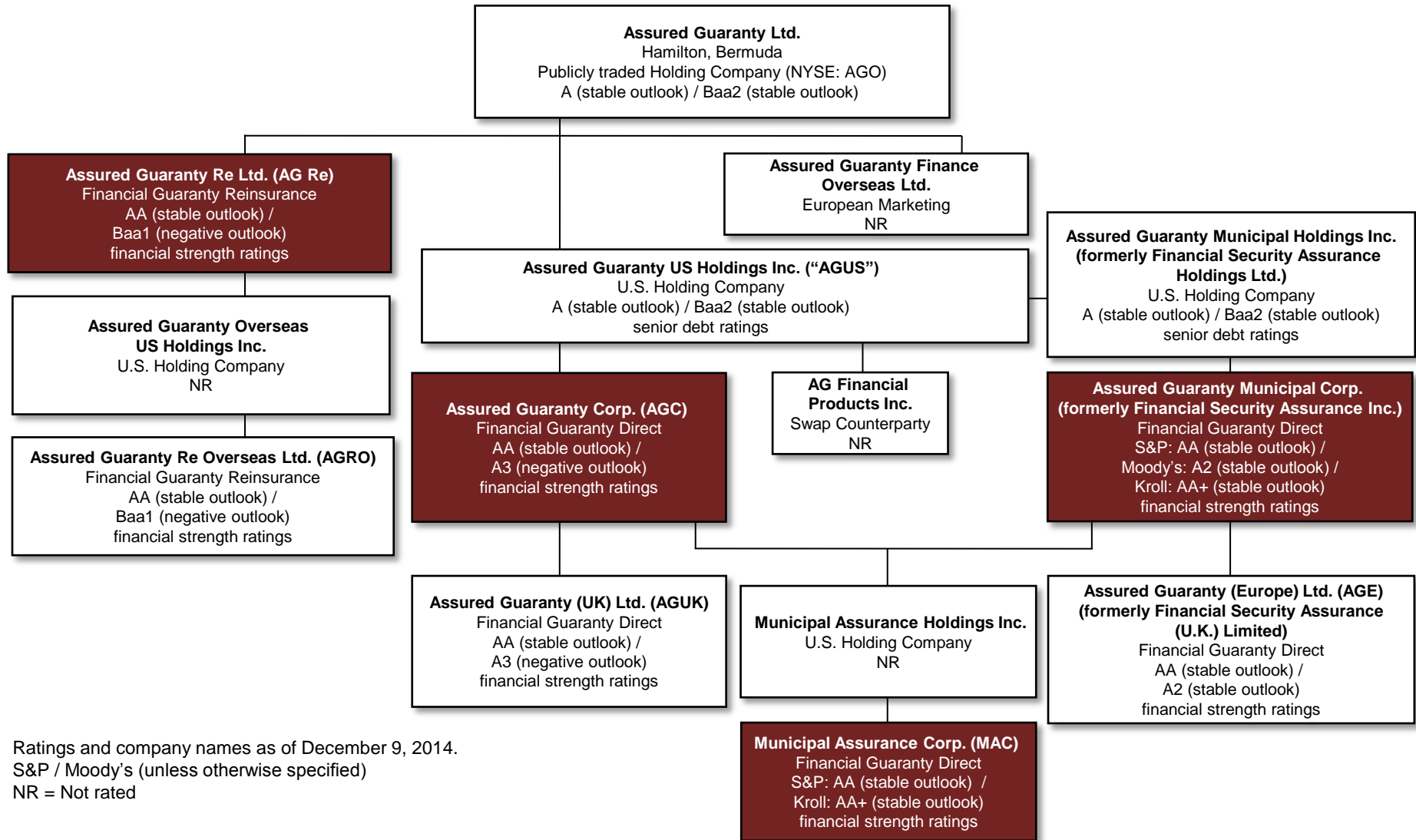
Operating Principles and Investor and Issuer Benefits



- **Underwriting principles and a strong risk management culture designed to protect our franchise**
- **Experienced and disciplined management**
- **Commitment to disclosure and transparency**
- **Our guaranty benefits investors and issuers because we provide credit selection, underwriting, surveillance and remediation, in addition to timely payment of scheduled principal and interest if an underlying transaction defaults**
 - Bond insurance helps homogenize the market's view of insured credits, which typically increases market liquidity. Every day, the municipal market trades an average of \$400 million in bonds insured by Assured Guaranty companies
 - Credit enhancement provides protection in an uncertain credit environment

- **Exercise underwriting and pricing discipline**
- **Increase penetration in the U.S. public finance market**
- **Increase new business activity in our structured finance and international segments**
- **Maintain strong financial strength ratings**
- **Pursue loss mitigation strategies**
- **Utilize capital efficiently**

Assured Guaranty Ltd. Corporate Structure



Ratings and company names as of December 9, 2014.

S&P / Moody's (unless otherwise specified)

NR = Not rated

Four Discrete Operating Companies With Separate Capital Bases



Consolidated Claims-Paying Resources and Statutory-Basis Exposures

(\$ in millions)	As of September 30, 2014						
	AGM	AGC	MAC	AG Re ⁸	Eliminations ⁴	Consolidated	
Claims-paying resources							
Policyholders' surplus	\$ 1,610	\$ 508	\$ 542	\$ 1,045	\$ (812)	\$ 2,893	
Contingency reserve ¹	2,073	1,394	352	–	(352)	3,467	
Qualified statutory capital	3,683	1,902	894	1,045	(1,164)	6,360	
Unearned premium reserve ¹	1,811	668	613	909	(613)	3,388	
Loss and loss adjustment expense reserves ^{1,2}	294	96	–	324	–	714	
Total policyholders' surplus and reserves	5,788	2,666	1,507	2,278	(1,777)	10,462	
Present value of installment premium ¹	345	236	4	177	(4)	758	
Committed Capital Securities	200	200	–	–	–	400	
Excess of loss reinsurance facility ³	450	450	450	–	(900)	450	
Total claims-paying resources							
(including proportionate MAC ownership for AGM and AGC)	\$ 6,783	\$ 3,552	\$ 1,961	\$ 2,455	\$ (2,681)	\$ 12,070	
Adjustment for MAC ⁵	956	555	–	–	(1,511)	–	
Total claims-paying resources							
(excluding proportionate MAC ownership for AGM and AGC)	\$ 5,827	\$ 2,997	\$ 1,961	\$ 2,455	\$ (1,170)	\$ 12,070	
Statutory net par outstanding ⁶	\$ 156,927	\$ 48,514	\$ 86,744	\$ 105,242	\$ (1,762)	\$ 395,665	
Equity method adjustment ⁷	52,654	34,090	–	–	(86,744)	–	
Adjusted statutory net par outstanding ¹	\$ 209,581	\$ 82,604	\$ 86,744	\$ 105,242	\$ (88,506)	\$ 395,665	
Net debt service outstanding ⁶	\$ 242,665	\$ 71,377	\$ 129,905	\$ 166,809	\$ (3,588)	\$ 607,168	
Equity method adjustment ⁷	78,852	51,053	–	–	(129,905)	–	
Adjusted net debt service outstanding ¹	\$ 321,517	\$ 122,430	\$ 129,905	\$ 166,809	\$ (133,493)	\$ 607,168	

1. The numbers shown for AGM and AGC have been adjusted to include their indirect share of MAC. AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. In the case of AGC, the numbers shown have also been adjusted to include its 100% share of its U.K. insurance subsidiary. Amounts include financial guaranty insurance and credit derivatives.

2. Reserves are reduced by approximately \$0.5 billion for benefit related to representation and warranty recoverables.

3. Represents an aggregate \$450 million excess-of-loss reinsurance facility for the benefit of AGM, AGC and MAC, which became effective January 1, 2014. The facility terminates on January 1, 2016, unless AGM, AGC and MAC choose to extend it.

4. Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, and between AGM and MAC, (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages. Net par and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net par related to intercompany cessions from AGM and AGC to MAC.

5. Represents adjustment for AGM's and AGC's indirect ownership of MAC's total policyholders' surplus, unearned premium reserve, loss reserves and present value of installment premium.

6. Net par outstanding and net debt service outstanding are presented on a separate company statutory basis. Under statutory accounting, such amounts would be reduced both when an outstanding issue is legally defeased (i.e., an issuer has legally discharged its obligations with respect to a municipal security by satisfying conditions set forth in defeasance provisions contained in transaction documents and is no longer responsible for the payment of debt service with respect to such obligations) and when such issue is economically defeased (i.e., transaction documents for a municipal security do not contain defeasance provisions but the issuer establishes an escrow account with U.S. government securities in amounts sufficient to pay the refunded bonds when due; the refunded bonds are not considered paid and continue to be outstanding under the transaction documents, and the issuer remains responsible to pay debt service when due to the extent monies on deposit in the escrow account are insufficient for such purpose).

7. Equity method adjustment is an adjustment made to reflect AGM's and AGC's net exposure to MAC, as determined by their indirect equity ownership.

8. Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities.

- **Assured Guaranty Municipal¹, MAC and AGC operate as three separate direct financial guaranty platforms, with AG Re operating as a reinsurer**
 - Assured Guaranty Municipal¹ focuses exclusively on public finance and global infrastructure transactions
 - MAC insures only U.S. municipal bonds, primarily small and medium-size issues in select categories, such as G.O. and tax-backed bonds and public electric, water, sewer and transportation revenue bonds – a subset of Assured Guaranty Municipal's¹ focus
 - AGC, as the most diversified platform, insures the same categories as Assured Guaranty Municipal¹, as well as selected sectors within the U.S. and international structured finance market
 - AG Re, as a reinsurer, provides additional capital and flexibility to Assured Guaranty Municipal¹ and AGC
- **Assured Guaranty Municipal¹, MAC and AGC share Assured Guaranty's experience, culture of prudent risk management and business infrastructure**
- **Assured Guaranty's financial position and market standing, along with the franchise value of Assured Guaranty Municipal¹, MAC and AGC, are strengthened through this structure**
 - Greater capacity to write business
 - More flexibility in balancing portfolio exposures
 - Enhanced operating efficiencies through common infrastructure

1. Please see page 3 for a definition of this convention.

- **Companies distinct for legal and regulatory purposes**
 - Separate insurance licenses
 - Separate regulators – Assured Guaranty Municipal¹ and MAC are domiciled in New York; AGC is domiciled in Maryland
 - Dividend restrictions – including New York, Maryland and Bermuda insurance law restrictions
 - Separate insured credit exposures: net par as of September 30, 2014 – AGM¹ \$167 billion², MAC \$94 billion, AGC \$49 billion
 - Separate capital bases – claims-paying resources³ as of September 30, 2014 – AGM¹ \$5.8 billion, MAC \$2.0 billion, AGC \$3.0 billion
- **Under GAAP, Assured Guaranty Municipal Corp. is required to consolidate several entities, including MAC, when reporting financial data**
 - Because of the legal and regulatory distinction between Assured Guaranty Municipal Corp. and its consolidated entities, it can be useful to look at Assured Guaranty Municipal Corp. not only on a consolidated basis but also after excluding one or more of its consolidated entities
 - Please see page 3 for a list of conventions used to indicate which consolidated entities are included when we refer to “AGM Consolidated,” “AGM” or “Assured Guaranty Municipal”

1. Please see page 3 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Includes \$2.3 billion of GICs (see footnote 3 on page 47).

3. Consolidated claims-paying resources of the Assured Guaranty group include those of AGM, MAC and AGC shown above, \$2.5 billion at AG Re., less intercompany eliminations of \$1.2 billion. Please see page 9 for additional details about the components of claims-paying resources.

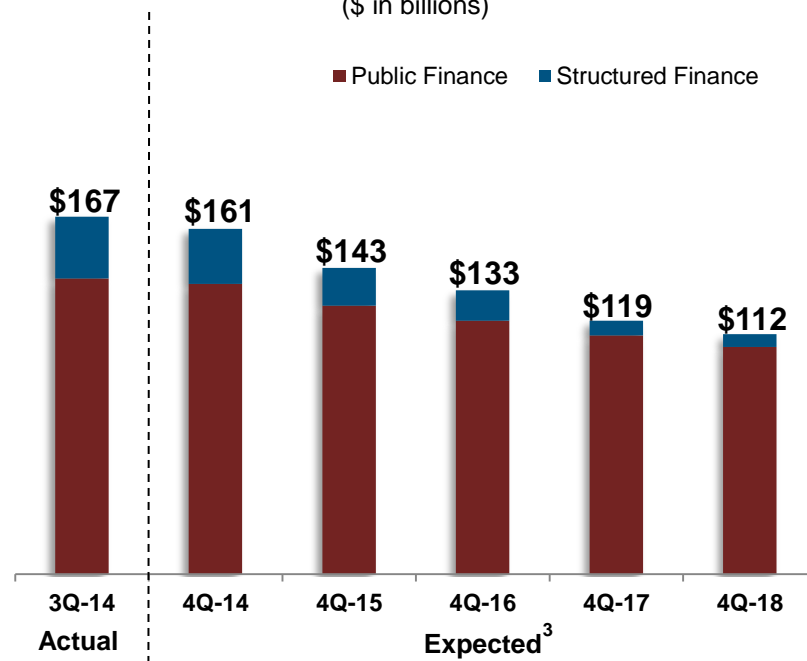
Assured Guaranty Municipal's¹ Commitment to the Public Finance Market



- **Assured Guaranty Municipal¹ is committed to insuring only U.S. public finance and global infrastructure transactions now and in the future²**
- **AGM's¹ existing insured portfolio is expected to rapidly evolve toward its public finance focus**
- **We project that AGM's¹ legacy global structured finance insured portfolio (\$29 billion as of September 30, 2014 vs. \$127 billion as of September 30, 2008) will amortize rapidly – 39% by year-end 2015 and 76% by year-end 2017³**

AGM¹ Net Par Outstanding Amortization

Current and Projected Year-End Amounts
As of September 30, 2014
(\$ in billions)



1. Please see page 3 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

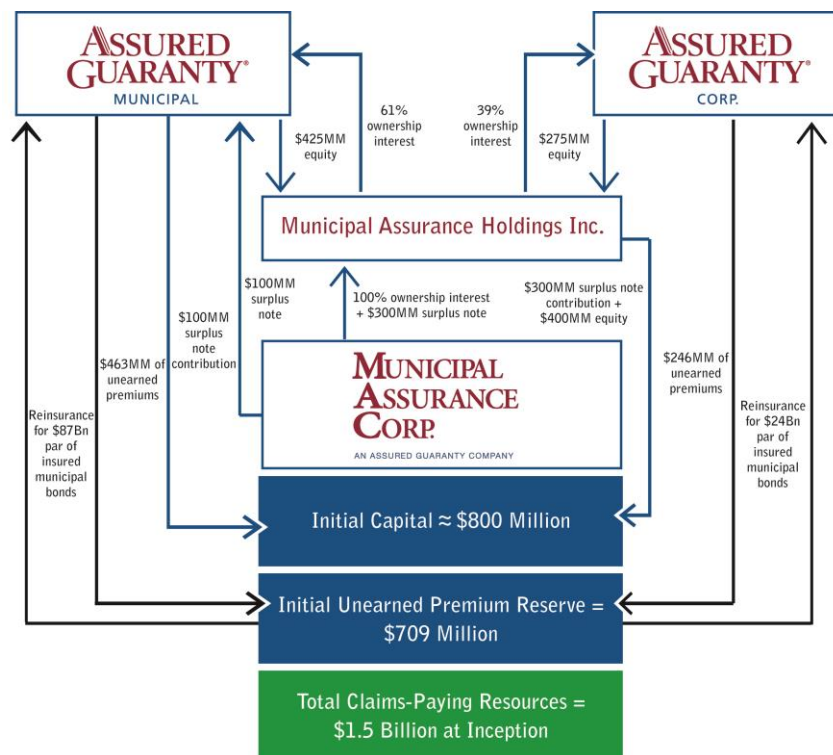
2. Assured Guaranty Municipal¹ stopped writing structured finance transactions in August 2008.

3. Represents the future expected amortization of current net par outstanding as of September 30, 2014. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (a) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of U.S. public finance refundings), and (b) the expected amortization of structured finance transactions is based in part on management's assumptions regarding the performance of the underlying assets while the actual performance of those assets may differ from management's assumptions. Actual amortization of the U.S. public and global infrastructure finance portfolio and the structured finance portfolio may be faster or slower than expected by management; both portfolios may differ from expectations in the same direction or one portfolio may amortize more quickly while the other may amortize more slowly.

Initial Capitalization of MAC

Unlike a typical start-up, MAC began with significant investment income and predictable future earned revenue built in.

- MAC was initially capitalized, in July 2013, to approximately \$800 million through cash and securities contributed by Assured Guaranty Municipal¹ and AGC**
 - Assured Guaranty Municipal¹ contributed \$425 million in return for a 61% ownership stake in Municipal Assurance Holdings Inc. (MAC Holdings)
 - AGC contributed \$275 million in return for a 39% ownership stake in MAC Holdings
 - MAC Holdings, as the 100% owner of MAC, contributed cash and securities to increase MAC's policyholders' surplus to \$400 million and also purchased a \$300 million, 0% surplus note, with no maturity, issued by MAC
 - Assured Guaranty Municipal¹ purchased a 20-year \$100 million, 5% surplus note issued by MAC
- Assured Guaranty Municipal¹ and AGC also ceded \$111 billion in par to MAC along with the associated \$709 million in unearned premium reserves (UPR)**
 - Assured Guaranty Municipal¹ ceded \$87 billion in par along with the associated \$463 million in UPR
 - AGC ceded \$24 billion in par along with the associated \$246 million in UPR



Note: All numbers are presented on a statutory basis except for par amounts, which are presented on a GAAP basis. Initial capital contributions are pretax.

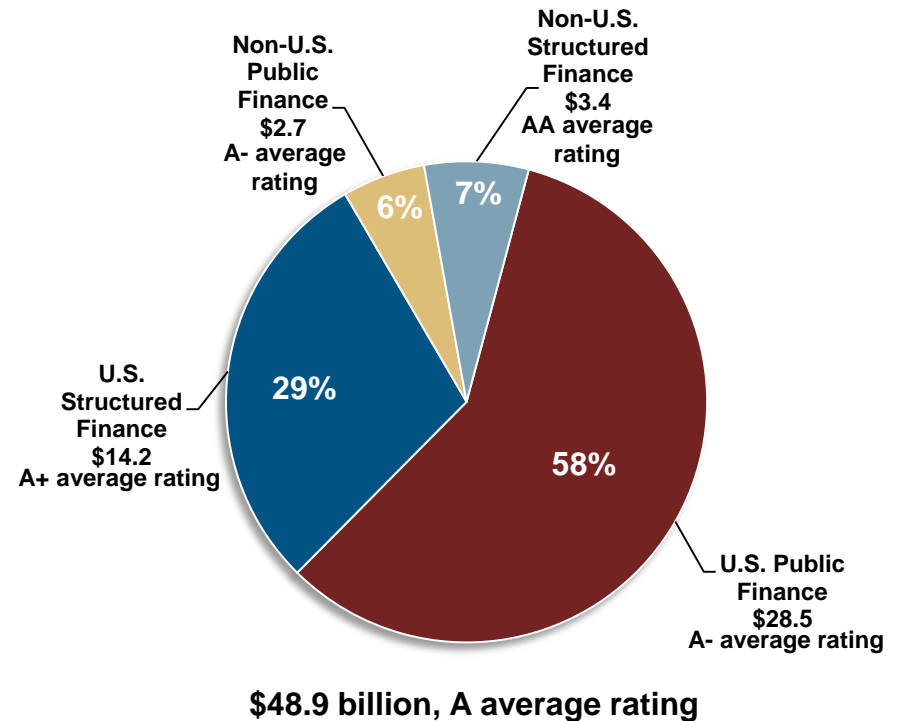
1. Please see page 3 for a definition of this convention.

AGC is Our Most Diversified Platform

- **AGC, a diversified insurer, writes all classes of financial guaranty business, including: U.S. public finance, global infrastructure and structured finance**
- **Structured finance new business originations:**
 - Traditional ABS (e.g., auto loans and leases, credit card receivables, consumer loans, equipment loans and leases, trade receivables)
 - Capital management solutions for financial institutions
 - No U.S. RMBS until product changes fundamentally
 - Actively managed risk tolerance
 - Investment grade underlying credit quality

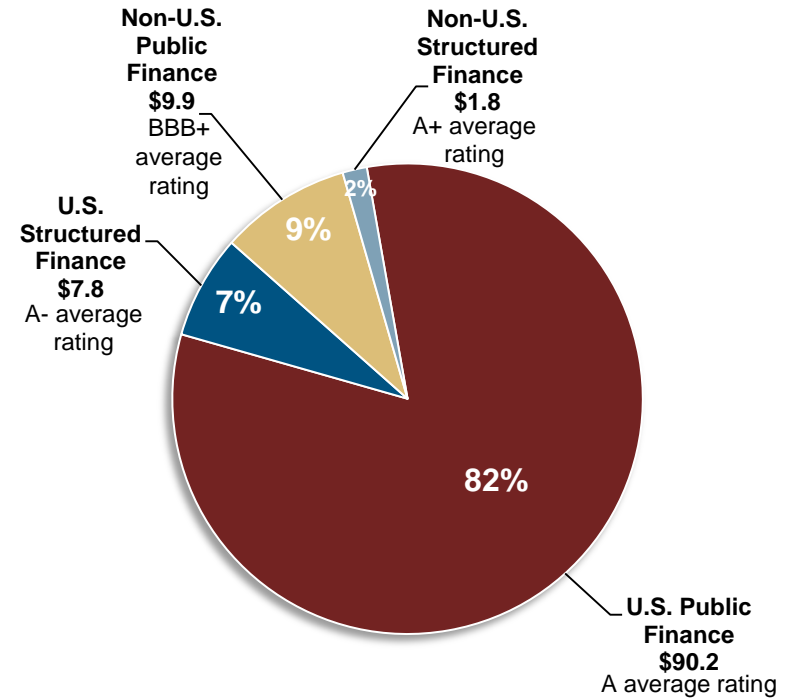
Net Par Outstanding

As of September 30, 2014
(\$ in billions)



Net Par Outstanding

As of September 30, 2014
(\$ in billions)



\$109.7 billion, A average rating

- **AG Re is an insurance company primarily engaged in providing reinsurance to financial guarantors**
 - AG Re is rated AA (stable outlook) by S&P and Baa1 (negative) by Moody's¹
- **Provides reinsurance for Assured Guaranty Municipal² and AGC**
- **Portfolio opportunities with legacy monolines**

1. As of December 9, 2014.

2. Please see page 3 for a definition of this convention.

- **Our U.S. public finance portfolio, our largest exposure category, has performed well despite increased financial pressure on municipal obligors caused by the economic stress of recent years**

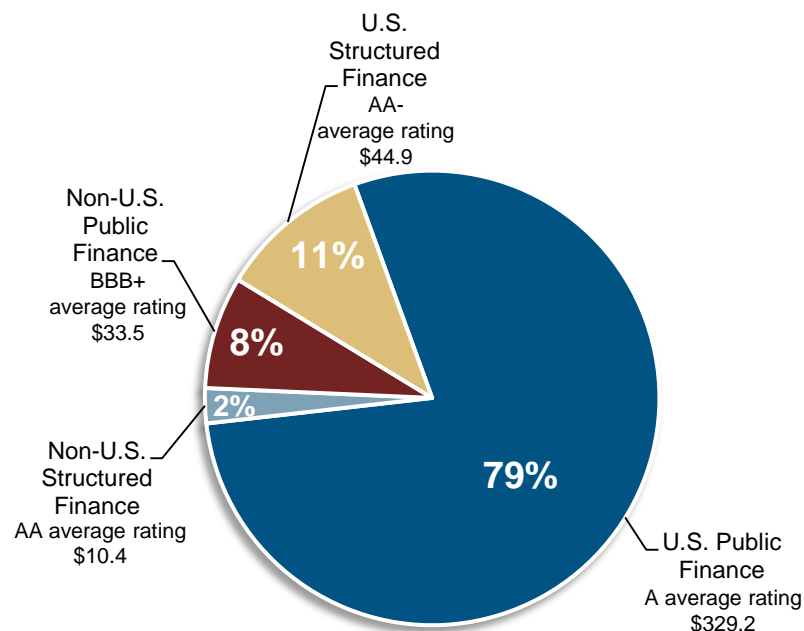
- We have tightened our public finance underwriting standards
- Out of approximately 9,600 direct U.S. public finance obligors, we expect future losses to be paid, net of recoveries, on less than a dozen. In 3Q-14, we made payments on only two

- **Our principal losses in the last several years have been on U.S. RMBS due to the lack of adherence to underwriting standards by mortgage originators**

- Neither AGM¹ nor AGC underwrote collateralized debt obligations (CDOs) backed by RMBS, which has protected us from losses on the scale experienced by our former competitors

Consolidated Net Par Outstanding

As of September 30, 2014
(\$ in billions)



\$418.0 billion, A average rating

1. Please see page 3 for a definition of this convention.

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

- We are focused on building demand for our guaranties, both in the primary and the secondary markets

- Wrote 109 secondary market policies in 3Q-14

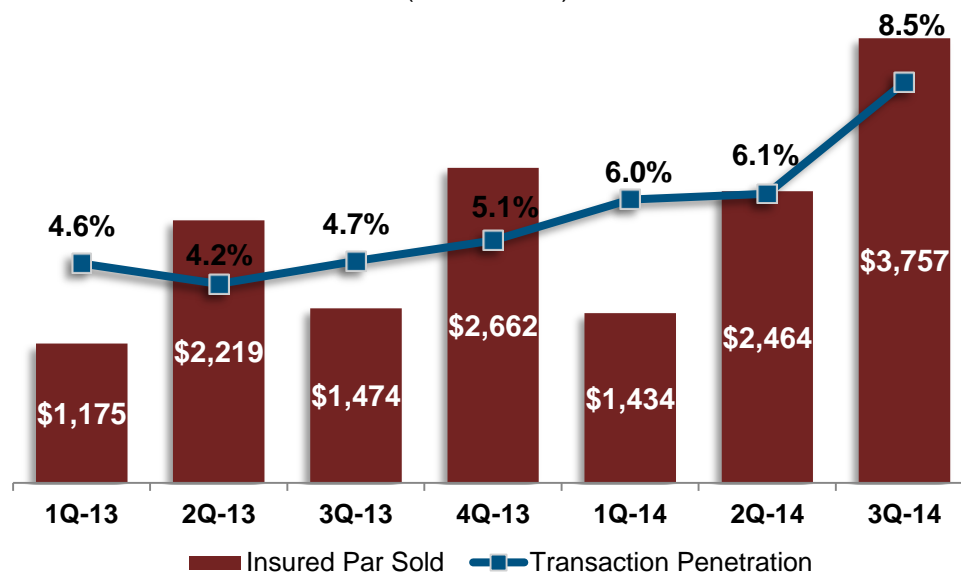
- Lower market issuance and a challenging market environment have put pressure on market penetration by the financial guaranty insurance industry, although more recently, we have seen improved market penetration

- Industry penetration of the number of transactions with underlying A ratings increased to 51.5% in 3Q-14, up from 31.6% in 3Q-13

- Industry par penetration for all transactions with underlying A ratings increased to 24.0% in 3Q-14, up from 9.7% in 3Q-13

- Industry penetration for smaller deals remains strong at 16.5% of all transactions under \$25 million in 3Q-14

**Assured Guaranty
New Issue U.S. Public Finance
Insured Par Sold and Transaction Penetration¹**
(\$ in millions)



U.S. Public Finance New Issuance	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Total Par Issued (\$ in billions)	\$81.3	\$88.7	\$67.9	\$73.4	\$60.4	\$83.1	\$72.3
Total Transactions Issued	2,785	3,357	2,155	2,285	1,955	2,964	2,376

1. Source: SDC database. As of September 30, 2014.

The Fundamental Demand for Bond Insurance Continued in 2014



In the Primary Market, \$9.7 Billion of Insured Par on 627 Transactions Sold With Our Insurance¹, Including These Selected Issues

\$114,665,000

Special Tax School Warrants
City Board of Education of the City of Alabaster, Alabama

August 2014

\$79,055,000

Waterworks and Sewer System Revenue and Refunding Bonds
City of Beaumont, Texas

August 2014

\$73,445,000

Sales and Use Tax Revenue Bonds
City of Commerce City, Colorado

May 2014

\$96,150,000

General Obligation Bonds
City of New Haven, Connecticut

August 2014

\$153,340,000

School Districts Revenue Bond Financing Program Revenue Bonds
Dormitory Authority of the State of New York

May 2014

\$121,190,000

Refunding Revenue Bonds
El Dorado Irrigation District, California

February 2014

\$254,170,000

Sports Facilities Refunding Bonds (State Tax Supported)
Illinois Sports Facilities Authority

July 2014

\$106,570,000

Transportation Facilities Refunding Revenue Bonds
Lee County, Florida

October 2014

\$446,170,000

Detroit Water and Sewerage Department Sewage Disposal System Revenue Refunding Local Project Bonds
Michigan Finance Authority

August 2014

\$394,995,000

Detroit Water and Sewerage Department Water Supply System Revenue Refunding Local Project Bonds
Michigan Finance Authority

August 2014

\$31,615,000

Revenue Refunding Bonds (Monroe Community College Project)
Monroe County Industrial Development Corporation, New York

April 2014

\$66,420,000

Student Housing Revenue Bonds (Texas A&M University Project)
New Hope Cultural Education Facilities Finance Corporation, Texas

May 2014

\$140,380,000

Tax Allocation Refunding Bonds
Successor Agency to the Rancho Cucamonga Redevelopment Agency, California

June 2014

\$61,095,000

City Service Agreement Revenue Bonds
The Philadelphia Municipal Authority, Pennsylvania

April 2014

\$137,715,000

General Obligation (Serial) Bonds
Town of Oyster Bay, New York

July 2014

1. Source: SDC database. Sales from January 1 through November 28, 2014. Amounts are on a sale-date basis and reflect only those series insured by Assured Guaranty Municipal², AGC, or MAC.

2. Please see page 3 for a definition of this convention.

Broadening Market Awareness Advertising Campaign



PROVEN LIQUIDITY

EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES.
 Every day the municipal market trades \$400 million in bonds insured by Assured Guaranty companies. With that level of market liquidity – and \$1.2 billion in claims-paying resources across our group – our guarantees benefit investors while significantly reducing costs for thousands of America's municipalities. Stronger, safer investments from the proven leader in municipal bond insurance. More at AssuredGuaranty.com

EXPERIENCE GUARANTEED

STABILITY GUARANTEED

THE PROVEN LEADER IN MUNICIPAL BOND INSURANCE.
 Every bond insurer plans to maintain its financial strength. But only Assured Guaranty has consistently proven its strength over three decades. We continued to guarantee bonds throughout the Great Recession, and today we have more claims-paying resources and less insured risk than before it. There is no other bond insurer with:

- \$1.2 billion in group claims-paying resources
- \$1.8 billion of net-earned premium reserves
- \$400 million of annual investment income
- \$400 million in daily trading volume of insured bonds

STRENGTH GUARANTEED

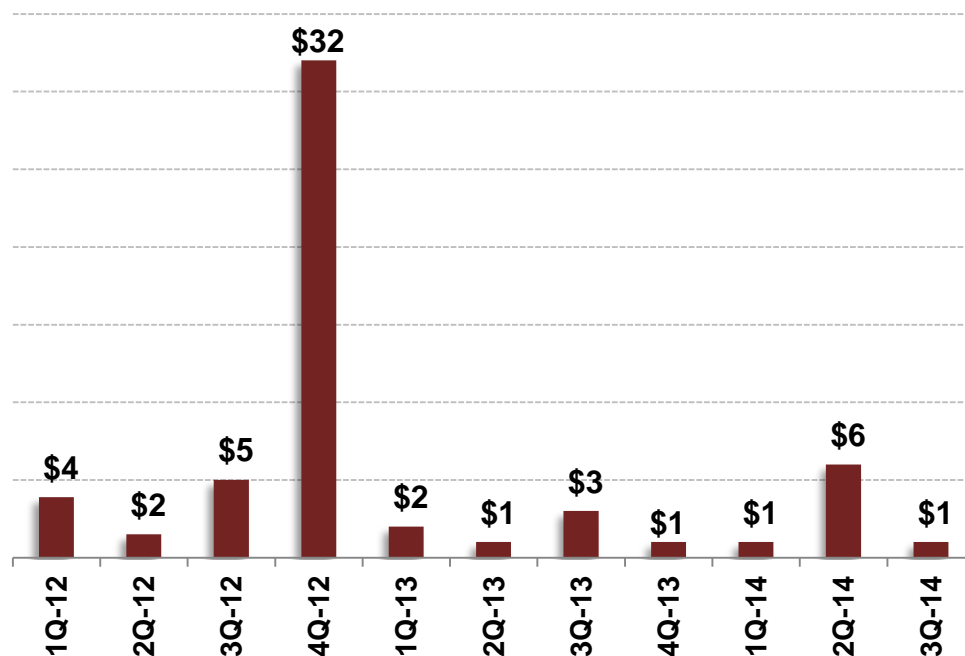
COMMITMENT GUARANTEED

New Business Production

U.S. Structured Finance Business Activity

- 3Q-14 U.S. structured finance PVP¹ was \$1 million
- New business production tends to fluctuate as large, complex transactions require a long time frame
- Our future pipeline should benefit from new regulations, such as the implementation of Solvency II and Basel III, which may limit the lending ability of banks

U.S. Structured PVP¹
(\$ in millions)



1. Please see the appendix for an explanation of this non-GAAP financial measure and a reconciliation to gross written premiums.

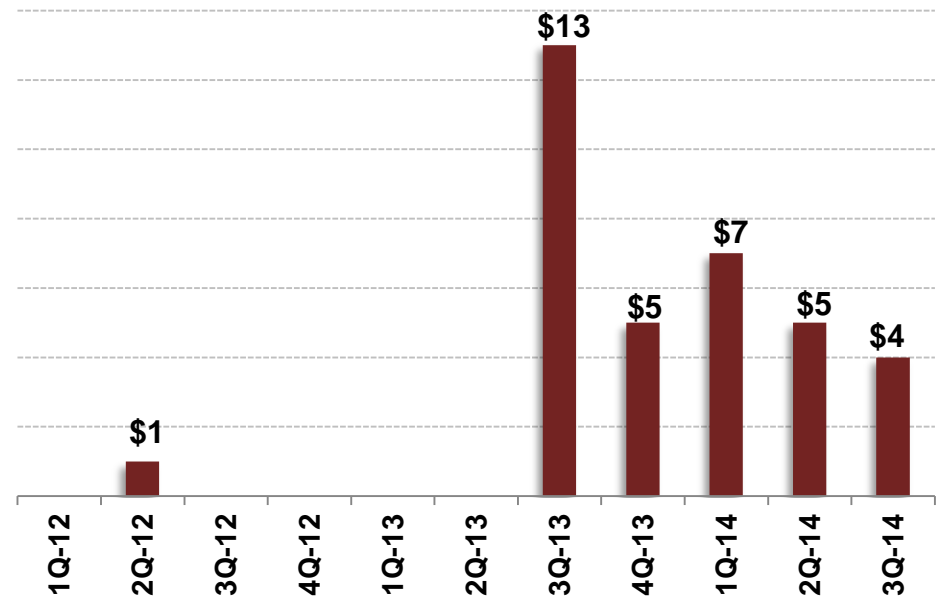
New Business Production

Non-U.S. Business Activity

- **During 3Q-14, we insured a non-U.S. diversified payment rights transaction**
- **We also insured a non-U.S. diversified payment rights transaction during 2Q-14**
 - \$200 million 2014-C notes are backed by future dollar, euro and pound-denominated remittances due to Türkiye Garanti Bankası A.Ş. (Garanti) from various U.S. and European correspondent banks
- **During 1Q-14, we guaranteed a U.K. infrastructure bond**
 - £77 million bond issued by Solutions 4 North Tyneside (Finance) PLC, to finance the development and refurbishment of social housing in the U.K.
- **In 2013, we closed the first three wrapped bond issues for U.K. PPP infrastructure financings issued since 2008**

Non-U.S. PVP¹ by Quarter

(\$ in millions)



1. Please see the appendix for an explanation of this non-GAAP financial measure and a reconciliation to gross written premiums.

New Business Production Reinsurance Platform



- **Reassumption of previously ceded business has increased the unearned premium reserve and adjusted book value¹**

Year	Reassumed Par (\$ in billions)	Reassumed UPR (\$ in millions)	Commutation Gain / (Loss) (\$ in millions)
2009	\$2.9	\$65	(\$11)
2010	15.5	104	50
2011	0.3	2	32
2012	19.2	109	82
2013	0.2	11	2
YTD-2014	0.9	19	19
Total	\$39.0	\$310	\$174

- **High-quality portfolios from inactive companies are of interest**
 - Public finance as well as high-quality structured finance business, such as performing pooled corporate and commercial receivables

Ceded Par Outstanding by Reinsurer²

As of September 30, 2014

(\$ in millions)	Net Par Outstanding
American Overseas Re (formerly RAM Re)	\$7,233
Tokio Marine	5,653
Radian	4,307
Syncora	3,940
Mitsui	2,062
Others	1,993
Total	\$25,188

1. Please see the appendix for an explanation of this non-GAAP financial measure and a reconciliation to GAAP book value.

2. Includes \$2,540 million in ceded par outstanding related to insured credit derivatives.

- **We maintain strong financial strength ratings**

- S&P upgraded the financial strength ratings of AGM, MAC, and AGC to AA (stable outlook) on March 18, 2014
- A key factor listed by S&P in support of the upgrade was that “the full payment of claims to investors on various ‘high-profile’ municipal bankruptcies held in Assured’s insured portfolio demonstrates and reiterates to various constituents the value of bond insurance and the credit position and capacity of the company.”
- S&P affirmed its ratings on July 2, 2014, stating that the group’s capital adequacy cushion (the amount of capital remaining after S&P’s simulated AAA depression test) was \$1.45 to \$1.55 billion at year-end 2013, up from \$450 to \$500 million a year earlier
- On July 2, 2014, Moody’s affirmed its A2 financial strength rating of AGM and its A3 financial strength rating of AGC, and changed the outlook for the AGC rating to negative

Financial Strength Ratings

As of December 9, 2014

	S&P	Moody’s	Kroll
AGM	AA stable outlook	A2 stable outlook	AA+ stable outlook
MAC	AA stable outlook	Not Rated	AA+ stable outlook
AGC	AA stable outlook	A3 negative outlook	Not Rated

- **In November 2014, Kroll Bond Rating Agency (Kroll) assigned AGM a rating of AA+ (stable outlook)**

- In its report, Kroll (or KBRA) states that AGM “demonstrates an ability to withstand KBRA’s conservative stress case loss assumptions across the breadth of its insured portfolio” and “benefits from a tested management team supported by strong governance and risk management systems”
- Kroll also assigns MAC a rating of AA+ (stable outlook)

Pursuing Loss Mitigation Strategies

R&W Activity



- **The cumulative total (gross of reinsurance) of settlement receipts and commitments and R&W putback receipts was approximately \$3.8 billion^{1,2}**
- **Favorable ruling in Flagstar trial was a positive development for ongoing and future R&W litigation**
- **Our largest agreement was with Bank of America / Countrywide, which was signed in April 2011. We have also signed agreements with Deutsche Bank in May 2012, with UBS in May 2013, with Flagstar in June 2013 as well as parties to other confidential agreements.**

(\$ in millions)	Future Net R&W Benefit as of		
	September 30, 2014	December 31, 2013	December 31, 2012
R&W pursuant to agreements ¹	\$284	\$413	\$367
R&W not pursuant to agreements	294	299	843
Total	\$578	\$712	\$1,370

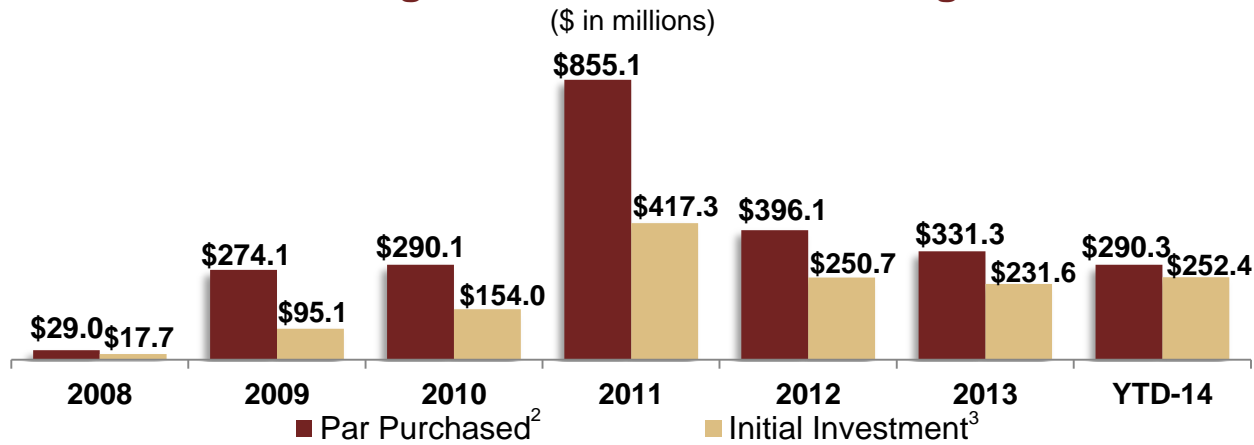
1. As of September 30, 2014. Includes future benefits covered under our agreements with Bank of America/Countrywide, Deutsche Bank, UBS and agreements with certain other parties. Bank of America, Deutsche Bank AG and UBS have collateralized their future reimbursement obligations with eligible assets placed in trust. The amount of assets required to be posted may increase or decrease from time to time, as determined by rating agency requirements.

2. The R&W putbacks flow through the transaction waterfalls and do not necessarily benefit us dollar-for-dollar.

Pursuing Loss Mitigation Strategies: Other Capital Creation or Rating Agency Capital Relief Activities – Loss Mitigation Bond Purchases

- **We have a program to purchase securities we have insured in order to reduce our losses and potentially relieve rating agency capital charges, enhance yield and increase future investment income**
 - We have purchased approximately \$2.5 billion of par on insured securities through September 30, 2014 with an initial purchase price of approximately \$1.4 billion; \$1.5 billion of par remains outstanding
- **Targeted purchases are BIG securities on which claims are expected to be paid**
 - 79% of all purchases have been for RMBS securities
- **Purchasing wrapped bonds has increased adjusted book value¹ because the amount of reserves released and the ongoing principal and interest from the bonds are expected to be greater than the purchase price**

Loss Mitigation Bond Purchase Program



1. Please see the appendix for an explanation of this non-GAAP financial measure and a reconciliation to GAAP book value.

2. Par at the time of purchase.

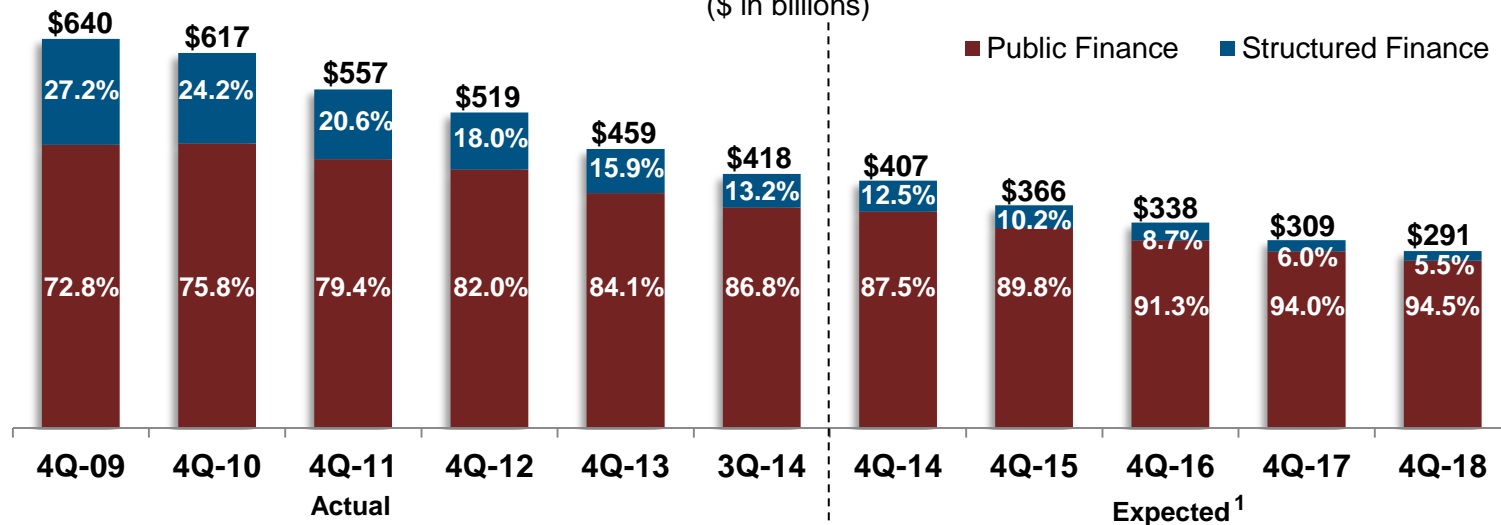
3. Cost of purchase.

Insured Portfolio Amortization Also Creates Rating Agency Capital

- **Amortization of the portfolio reduces rating agency capital charges but also embedded future earned premiums**
- **Public finance exposure amortizes at a steady rate**
 - \$363 billion net par outstanding
 - 9% expected to amortize by year-end 2015; 20% by year-end 2017¹
- **Structured finance exposure amortizes quickly**
 - \$55 billion net par outstanding
 - 32% expected to amortize by year-end 2015; 66% by year-end 2017¹
- **New direct or assumed business originations, and reassumptions, increase future premiums**

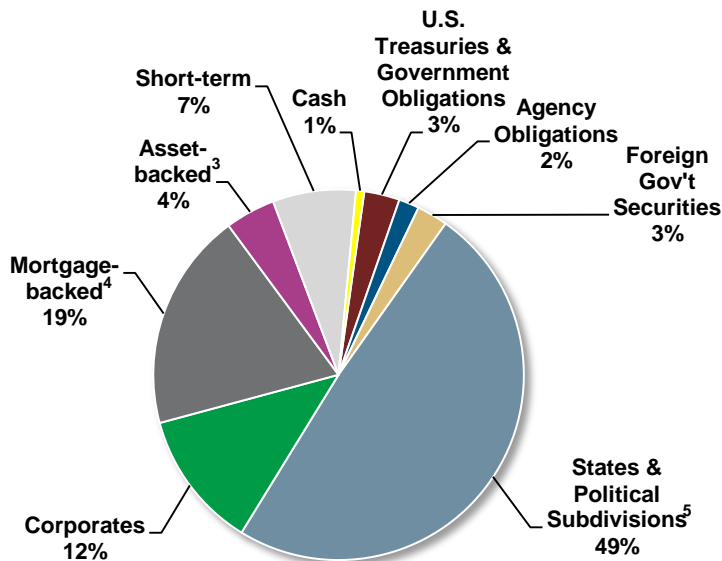
Consolidated Net Par Outstanding Amortization by Asset Type

as of September 30, 2014
(\$ in billions)

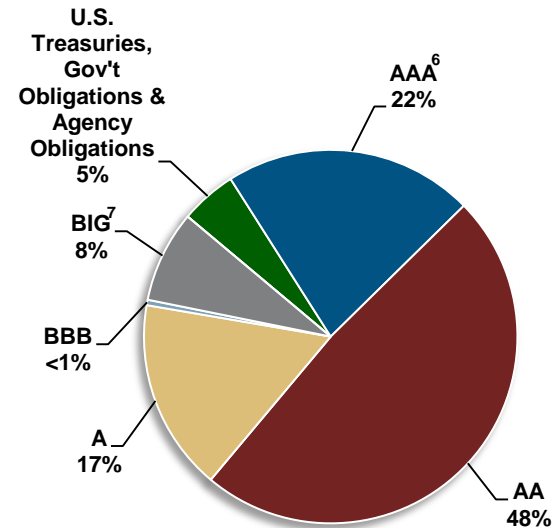


1. Please see footnote 3 on page 12.

Investments Available for Sale and Cash¹ By Category



Investments Available for Sale and Cash^{1,2} By Rating



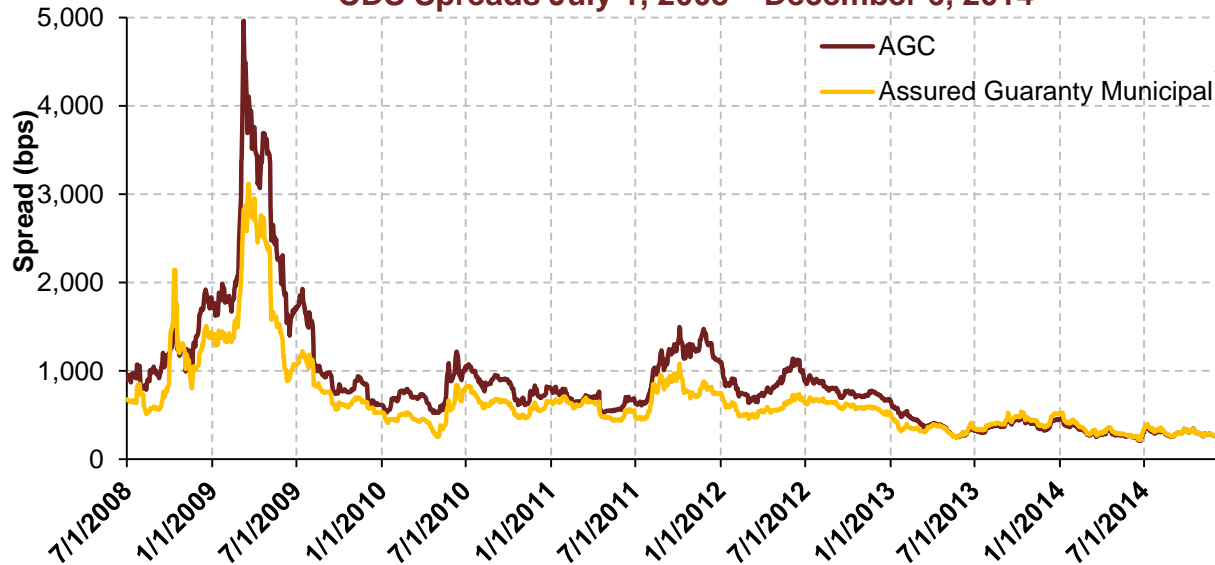
Total = \$11.5 billion

1. Includes fixed maturity securities, short-term investments and cash and excludes other invested assets. Also includes securities purchased or obtained as part of loss mitigation or other risk management strategies, some of which (with a fair value of \$62 million) were issued by entities that were subsequently consolidated as VIEs and which are therefore eliminated in consolidation on the balance sheet.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$266 million. The remaining securities have a fair value of \$235 million and an average rating of AAA.
4. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$615 million and agency-backed securities with a fair value of \$907 million. The remaining securities have a fair value of \$665 million and an average rating of AAA.
5. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$38 million.
6. Included in the AAA category are short-term securities and cash.
7. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$910 million.

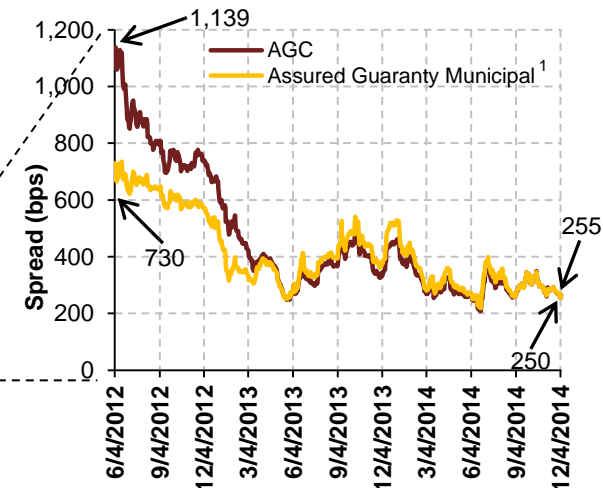
Credit Default Swap Spreads

- Movements in credit default swap (CDS) levels for Assured Guaranty Municipal¹ and AGC continue to be significantly affected by technical factors such as supply/demand imbalance and light trading volume
- The deterioration in the asset-backed securities market's pricing through first quarter 2009 expanded demand for CDS protection on Assured Guaranty Municipal¹ and AGC by fixed income holders of Assured Guaranty Municipal¹ and AGC insured paper as they sought to hedge exposure, thereby exacerbating the supply/demand imbalance
- Assured Guaranty Municipal¹ and AGC's 5-year CDS bid prices peaked in mid-March 2009 at 3120 bps and 4961 bps, respectively
- 5-year CDS levels for Assured Guaranty Municipal¹ and AGC have rallied considerably since March 2009 as a result of the improvement in general market fundamentals, the market's positive reaction to the July 2009 AGMH acquisition, our successes in loss mitigation, the deleveraging of our insured portfolio, and our consistent positive operating results
- In December 2014, the 5-year CDS levels for Assured Guaranty Municipal¹ and AGC were at 8 and 5 percent, respectively, of their mid-March 2009 levels
- Between June 2012 and December 2014, CDS levels for Assured Guaranty Municipal¹ and AGC came in by 66 and 78 percent, respectively. As of December 6, 2014, they were 250 bps and 255 bps, respectively

CDS Spreads July 1, 2008 – December 6, 2014



CDS Spreads June 4, 2012 – December 6, 2014



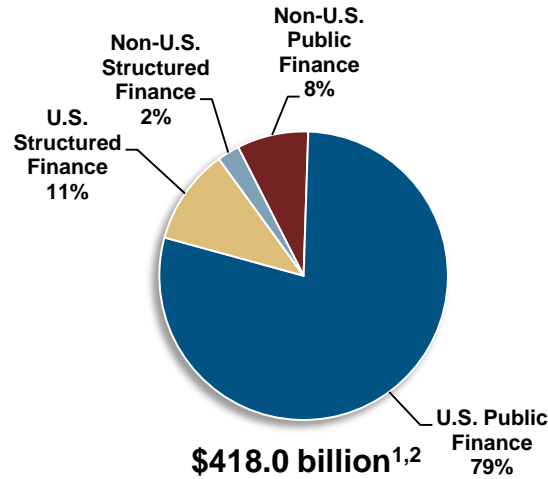
Source: CMA – Represents end-of-day bid price for 5-year protection, modified restructuring credit event spreads at New York close.

1. Please see page 3 for a definition of this convention.

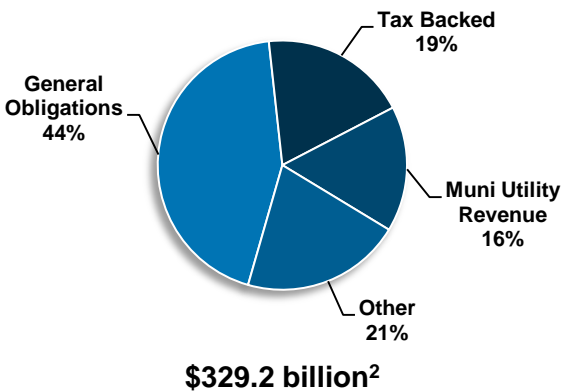


**Assured Guaranty Ltd. Consolidated
Insured Portfolio Overview**

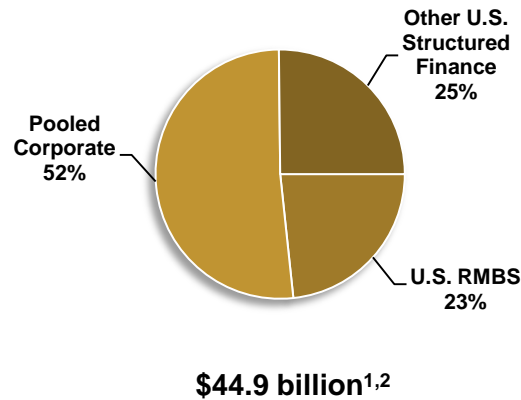
Portfolio Diversification by Sector



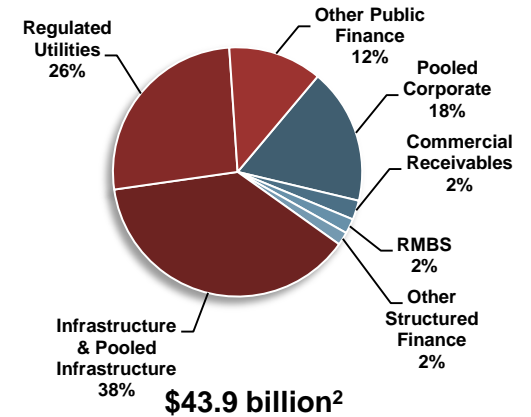
U.S. Public Finance Portfolio



U.S. Structured Finance Portfolio



Non-U.S. Portfolios Public & Structured Finance



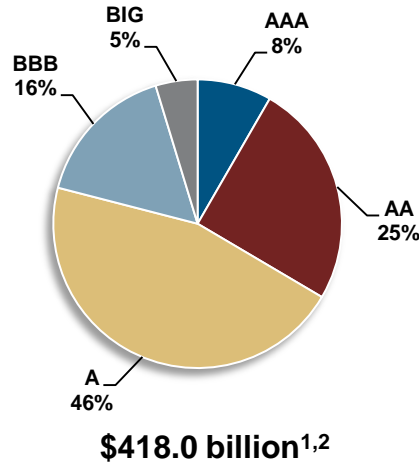
1. Includes \$2.3 billion of GICs. Please see footnote 3 on page 47.

2. Consolidated amounts include those of AG Re.

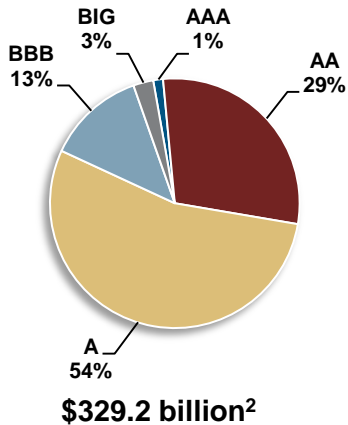
AGL Consolidated Insured Portfolio Ratings Net Par Outstanding as of September 30, 2014



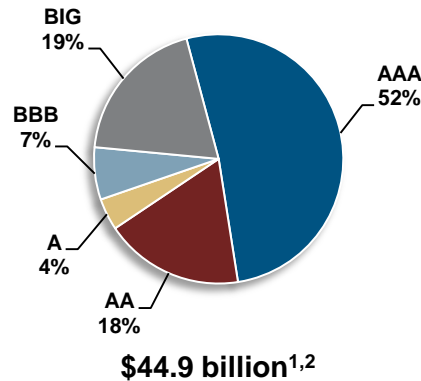
Portfolio Diversification by Rating



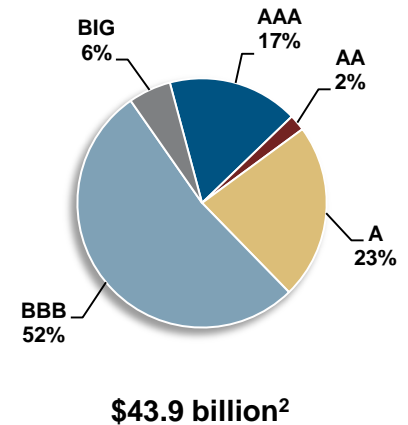
U.S. Public Finance Portfolio



U.S. Structured Finance Portfolio



Non-U.S. Portfolios Public & Structured Finance



1. Includes \$2.3 billion of GICs. Please see footnote 3 on page 47.

2. Consolidated amounts include those of AG Re.

Details of Assured Guaranty's Exposure to Detroit

As of September 30, 2014
(\$ in millions)

Water / Sewer

Exposure	Net Par Outstanding	Internal Rating
Water	\$ 882	BBB
Sewer	\$ 1,063	BBB
Total	\$ 1,945	BBB

General Obligation / General Fund

Exposure	Net Par Outstanding	Internal Rating
General Obligation Unlimited Tax	\$ 128	D
Certificates of Participation (see below)	\$ 175	D
Total	\$ 303	D

- Municipal utilities exposure is \$882 million of water revenue bonds and \$1,063 million of sewer revenue bonds. Both the water and sewer systems provide services to areas that extend significantly beyond the City of Detroit boundaries.**

 - In September 2014, approximately \$677 million of the Company's then combined \$1.8 billion net par exposure to Detroit's water revenue and sewer revenue bonds was purchased by the City as part of a tender offer or refunded. The Company insured approximately \$841 million gross par of new water revenue and sewer revenue bonds, the proceeds of which funded the tender offer and refunding. Under the City's amended plan of adjustment, the proposed impairment of all outstanding water revenue and sewer revenue bonds was removed, including those provisions which provided for the impairment of interest rates and call protection on such bonds.
- General obligation unlimited tax exposure is \$128 million**

 - In 3Q-14, the settlement between the Company and Detroit regarding unlimited tax general obligation bonds was finalized. Under the agreement, investors will exchange 84.5% of the original general obligation bonds for newly issued bonds that are basically identical to the original bonds except that they have the benefit of additional pledged security. The remaining 15.5% of the general obligation bonds will be repaid solely by Assured Guaranty. After giving effect to post-petition payments made by Assured Guaranty on the general obligation bonds, the settlement results in an ultimate recovery to Assured Guaranty of approximately 74%.
- General fund exposure is \$175 million of certificates of participation**

 - On October 26, 2014, AG Re and FGIC entered into a commutation agreement pursuant to which FGIC will commute all the reinsurance AG Re provides to FGIC with respect to the Certificates of Participation. The effectiveness of the commutation agreement is subject to the occurrence of the effective date of the City's plan of adjustment.

Details of Assured Guaranty's Exposure to Stockton

- Net par exposure to Stockton is \$117 million of pension obligation bonds**

 - On October 3, 2013, the Company reached a settlement with the City of Stockton regarding the treatment of the obligations insured by the Company. Under the terms of the settlement, the Company will continue to receive net revenues from an office building and an option to take title to that building, and will be entitled to certain fixed payments and certain variable payments contingent on the City's revenue growth. On October 30, 2014, the bankruptcy court confirmed the plan of adjustment, which includes the terms of such settlement. The Company expects the City's plan of adjustment to become effective in late 2014 or early 2015.

AGL Consolidated Puerto Rico Exposure



- In June 2014, the Commonwealth enacted the Puerto Rico Public Corporations Debt Enforcement and Recovery Act, a legislative framework for certain financially stressed public corporations to restructure their debt through agreements with creditors or court-mandated arrangements with creditors. The Recovery Act is currently being challenged in court
- In August 2014, PREPA entered into a forbearance agreement (that will terminate March 31, 2015 unless terminated earlier in accordance with its terms) with certain creditors and bond insurers (including Assured Guaranty) that collectively control more than 60% of the outstanding bonds
- In December 2014, Puerto Rico's legislature approved a bill designed to stabilize the Puerto Rico Highway and Transportation Authority (PRHTA). Assured Guaranty and other insurers support efforts to put PRHTA on a path toward long-term fiscal and operational stability

Par Exposure to the Commonwealth and its Agencies

As of September 30, 2014

	(\$ in millions)	Net Par Outstanding	Gross Par Outstanding	Internal Rating
Eligible under Recovery Act	Puerto Rico Highways and Transportation Authority (Transportation Revenue Bonds)	\$844	\$912	BB-
	Puerto Rico Electric Power Authority	772	1,006	B-
	Puerto Rico Aqueduct and Sewer Authority	384	384	BB-
	Puerto Rico Highways and Transportation Authority (Highway Revenue Bonds)	273	582	BB
	Puerto Rico Convention Center District Authority	174	174	BB-
	Subtotal	\$2,447	\$3,058	B+
Ineligible under Recovery Act	Commonwealth - General Obligation Bonds	\$1,672	\$1,844	BB
	Puerto Rico Municipal Finance Agency	400	656	BB-
	Puerto Rico Sales Tax Finance Corp. (COFINA)	268	268	BBB
	Puerto Rico Public Buildings Authority	101	157	BB
	Government Development Bank for Puerto Rico	33	33	BB
	Puerto Rico Infrastructure Financing Agency	18	18	BB-
	University of Puerto Rico	1	1	BB-
	Subtotal	\$2,493	\$2,977	BB
	Total¹	\$4,940	\$6,035	BB-

1. AGL's consolidated net par outstanding is divided between its subsidiaries as follows: \$2.2 billion at AGM, \$1.4 billion at AGC, \$1.4 billion at AG Re, and \$0 at MAC. A portion of the subsidiary level exposure is eliminated upon consolidation due to instances where one subsidiary insured bonds that were previously insured by another subsidiary.

AGL Consolidated Puerto Rico Exposure



Scheduled Net Par Amortization of Exposure to the Commonwealth and its Agencies As of September 30, 2014

(\$ in millions)		4Q- 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024- 2028	2029- 2033	2034- 2038	2039- 2043	2044- 2047	Total	
Eligible under Recovery Act	Highways and Transportation Authority (Transportation Revenue Bonds)	\$-	\$22	\$29	\$32	\$39	\$26	\$21	\$16	\$17	\$17	\$86	\$94	\$288	\$157	\$-	\$844	
	Electric Power Authority	-	73	19	4	4	24	40	20	19	78	347	136	8	-	-	772	
	Aqueduct and Sewer Authority	-	14	15	-	-	-	-	-	-	-	-	109	-	-	-	246	384
	Highways and Transportation Authority (Highway Revenue Bonds)	-	6	10	5	5	11	12	15	6	7	20	95	81	-	-	273	
	Convention Center District Authority	-	11	11	-	-	-	-	-	-	-	-	19	50	83	-	-	174
	Subtotal	\$-	\$126	\$84	\$41	\$48	\$61	\$73	\$51	\$42	\$102	\$581	\$375	\$460	\$157	\$246	\$-	\$2,447
Ineligible under Recovery Act	Commonwealth - GO	\$-	\$109	\$127	\$95	\$64	\$82	\$137	\$16	\$37	\$14	\$282	\$310	\$399	\$-	\$-	\$1,672	
	Municipal Finance Agency	-	51	48	41	43	39	35	30	30	16	60	7	-	-	-	400	
	Sales Tax Finance Corp. (COFINA)	-	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	1	(8)	20	10	255	-	268	
	Public Buildings Authority	-	12	8	30	-	5	10	12	-	8	9	2	5	-	-	101	
	Government Development Bank	-	33	-	-	-	-	-	-	-	-	-	-	-	-	-	33	
	Infrastructure Financing Agency	-	-	-	-	2	-	-	-	-	-	2	-	-	1	13	-	18
	University of Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	1	-	-	-	1
Subtotal	\$-	\$204	\$182	\$165	\$108	\$125	\$181	\$56	\$65	\$41	\$343	\$340	\$415	\$268	\$-	\$-	\$2,493	
Total	\$-	\$330	\$266	\$206	\$156	\$186	\$254	\$107	\$107	\$143	\$924	\$715	\$875	\$425	\$246	\$-	\$4,940	

Scheduled Net Debt Service Amortization of Exposure to the Commonwealth and its Agencies

As of September 30, 2014

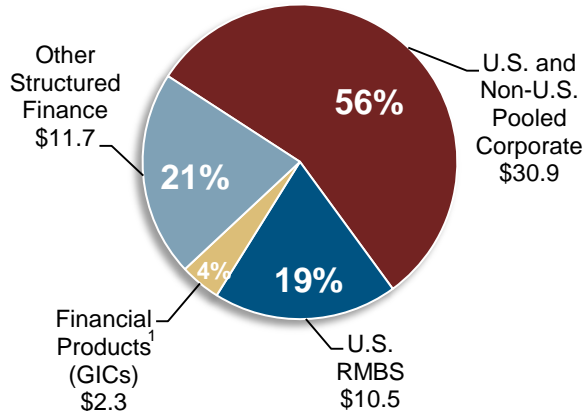
(\$ in millions)	4Q- 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024- 2028	2029- 2033	2034- 2038	2039- 2043	2044- 2047	Total	
Eligible under Recovery Act	Highways and Transportation Authority (Transportation Revenue Bonds)	\$-	\$66	\$72	\$73	\$79	\$64	\$57	\$51	\$51	\$242	\$219	\$360	\$171	\$-	\$1,556	
	Electric Power Authority Aqueduct and Sewer Authority	2	109	51	36	35	55	70	48	47	104	427	155	10	-	1,149	
	Highways and Transportation Authority (Highway Revenue Bonds)	-	21	24	19	19	24	24	27	17	18	70	134	89	-	486	
	Convention Center District Authority	-	19	18	7	7	7	7	7	7	7	53	79	91	-	309	
	Subtotal	\$2	\$249	\$199	\$153	\$158	\$168	\$176	\$151	\$140	\$198	\$983	\$650	\$613	\$234	\$284	\$4,358
Ineligible under Recovery Act	Commonwealth - GO	\$1	\$195	\$208	\$170	\$133	\$149	\$200	\$71	\$91	\$67	\$512	\$475	\$449	\$-	\$-	\$2,721
	Municipal Finance Agency	-	70	66	57	56	50	44	38	36	20	70	7	-	-	514	
	Sales Tax Finance Corp. (COFINA)	-	13	13	13	13	13	13	13	13	16	65	95	76	295	-	651
	Public Buildings Authority	-	17	12	34	3	7	13	14	1	9	12	4	6	-	132	
	Government Development Bank	0	35	-	-	-	-	-	-	-	-	-	-	-	-	35	
	Infrastructure Financing Agency	0	1	1	1	3	1	1	1	1	3	3	3	4	15	-	38
University of Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	1	-	-	-	1	
Subtotal	\$1	\$331	\$300	\$275	\$208	\$220	\$271	\$137	\$142	\$115	\$662	\$585	\$535	\$310	\$-	\$4,092	
Total	\$3	\$580	\$499	\$428	\$366	\$388	\$447	\$288	\$282	\$313	\$1,645	\$1,235	\$1,148	\$544	\$284	\$8,450	

AGL Consolidated Structured Finance Exposures Net Par Outstanding



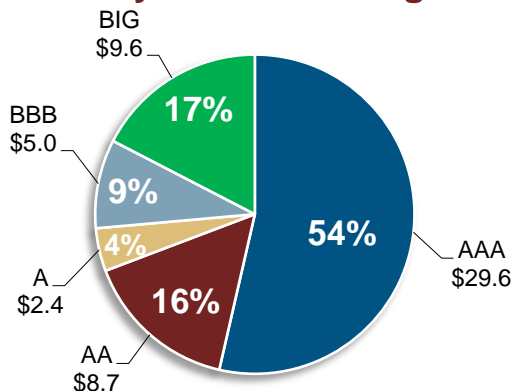
By Type

As of September 30, 2014
(\$ in billions)



\$55.3 billion, AA- average rating

By Internal Rating



1. Please see footnote 3 on page 47.

2. Please see footnote 3 on page 12.

3. Please see page 3 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

- **We expect Assured Guaranty's global structured finance insured portfolio (\$55.3 billion as of September 30, 2014) to amortize rapidly — 32% by year-end 2015 and 66% by year-end 2017²**

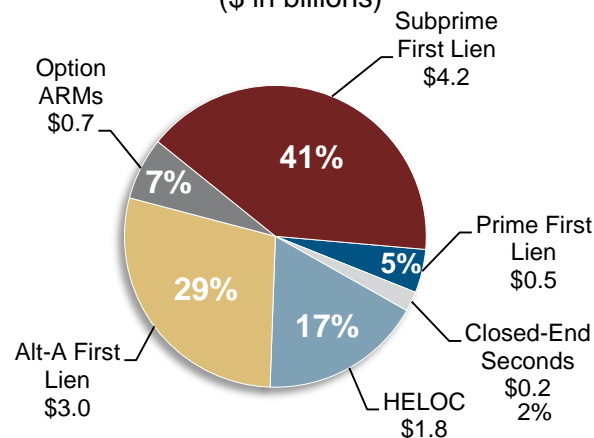
- \$30.9 billion in global pooled corporate obligations expected to be reduced by 44% by year-end 2015 and by 87% by year-end 2017²
- \$10.5 billion in U.S. RMBS expected to be reduced by 20% by year-end 2015 and by 45% by year-end 2017²

- **Assured Guaranty and AGM's³ total structured finance exposures of \$240.9 billion at December 31, 2007 have declined by \$185.6 billion to \$55.3 billion through September 30, 2014, a 77% reduction, or approximately \$27 billion per year**

- **Our \$10.5 billion U.S. RMBS portfolio is amortizing on a dollar basis and as a percentage of the portfolio**
 - Total U.S. RMBS has declined from \$29.2 billion at December 31, 2009 to \$10.5 billion at September 30, 2014, a \$18.7 billion, or 64%, reduction
- **Our loss reserving methodology is driven by our assumptions on several factors with a key variable on new delinquencies:**
 - Conditional default rate
 - Conditional prepayment rate
 - Loss severity
- **We have significantly mitigated ultimate losses**
 - R&W putbacks, litigation and agreements
 - Wrapped bond purchases
 - Terminations of below investment grade credits

U.S. RMBS by Exposure Type

As of September 30, 2014
(\$ in billions)

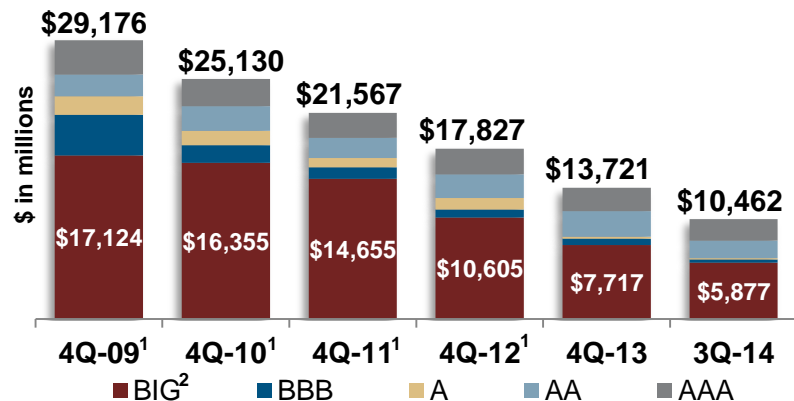


\$10.5 billion

(2.5% of net par outstanding)

U.S. RMBS By Internal Rating

Net Par Outstanding from December 31, 2009 to September 30, 2014



1. Gross of wrapped bond purchases made primarily for loss mitigation.
2. The Company reclassifies those portions of risks benefitting from collateralized reimbursement arrangements as the higher of AA or their current internal rating.

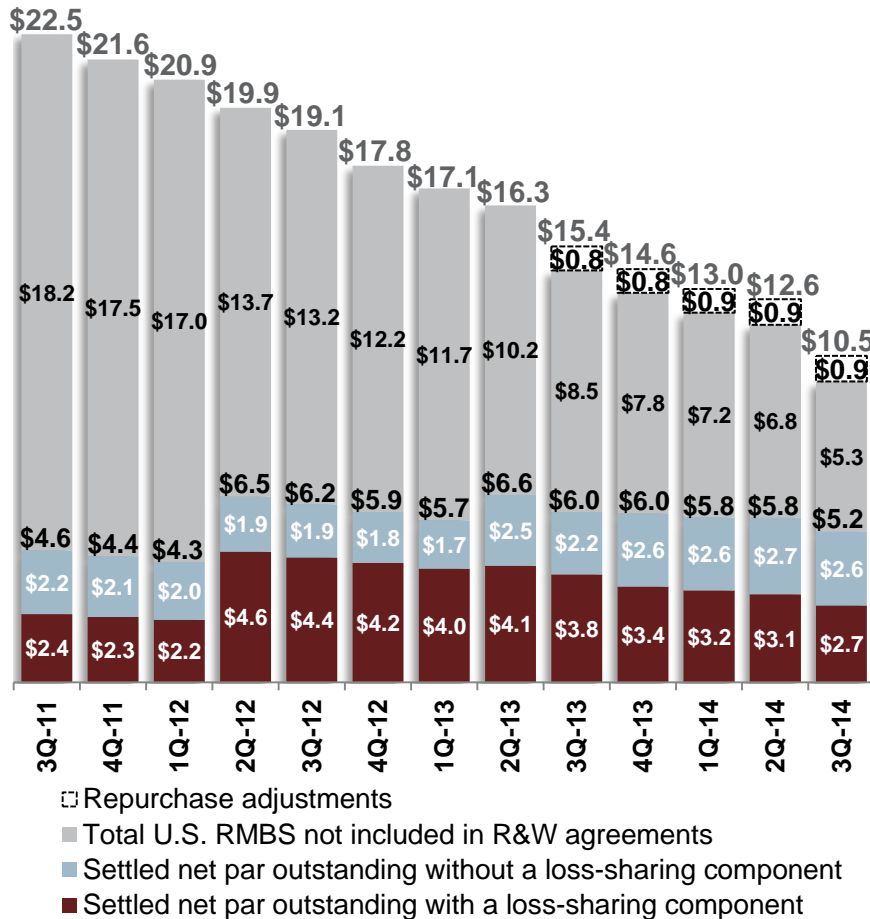
AGL Consolidated

U.S. RMBS Exposure Loss-Sharing Arrangements

(as of September 30, 2014)

Net Par Outstanding by Quarter

(\$ in billions)



- **50% of total U.S. RMBS is included in R&W agreements**
 - 67% of our exposure to troubled U.S. RMBS transactions (below investment grade plus reclassified par due to loss-sharing arrangements) is included in R&W agreements
- **26% of total U.S. RMBS is included in loss-sharing arrangements**
 - 34% of our exposure to troubled U.S. RMBS transactions (below investment grade plus reclassified par due to loss-sharing arrangements) is covered by ongoing loss-sharing agreements
- **Counterparties include Bank of America, Deutsche Bank, UBS, Flagstar, as well as parties to other confidential agreements**
 - UBS agreed to reimburse 85% of future claims with no ceiling
 - Flagstar agreed to reimburse 100% of future losses

AGL Consolidated

First Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions

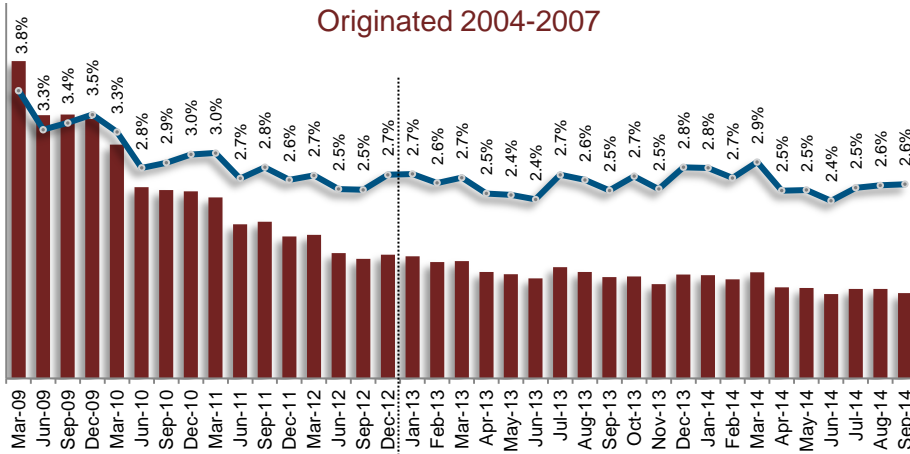


Option-ARMs
Originated 2003-2007

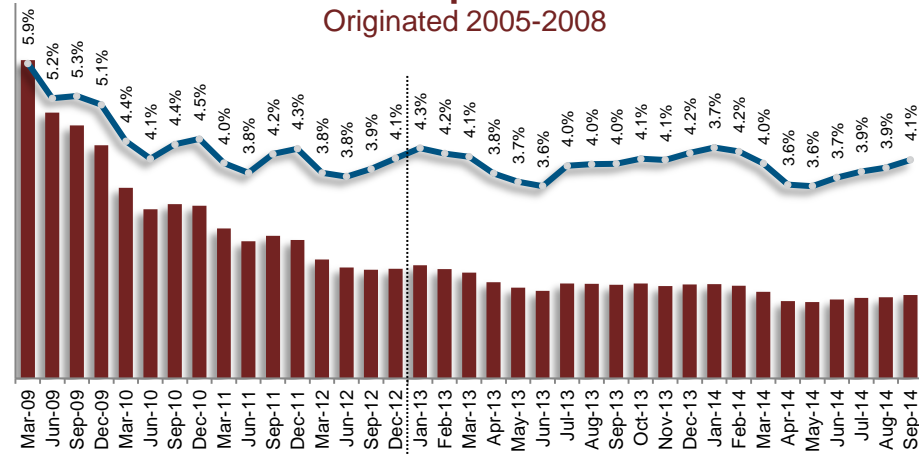


- **First lien 30-59 day delinquencies are down since January 2009 in both percentage terms and dollar amounts in Option-ARM, Alt-A and subprime transactions**

Alt-A
Originated 2004-2007



Subprime
Originated 2005-2008



Reflects actual AGM and AGC direct data. Assured Guaranty has not insured any U.S. RMBS since 2008.

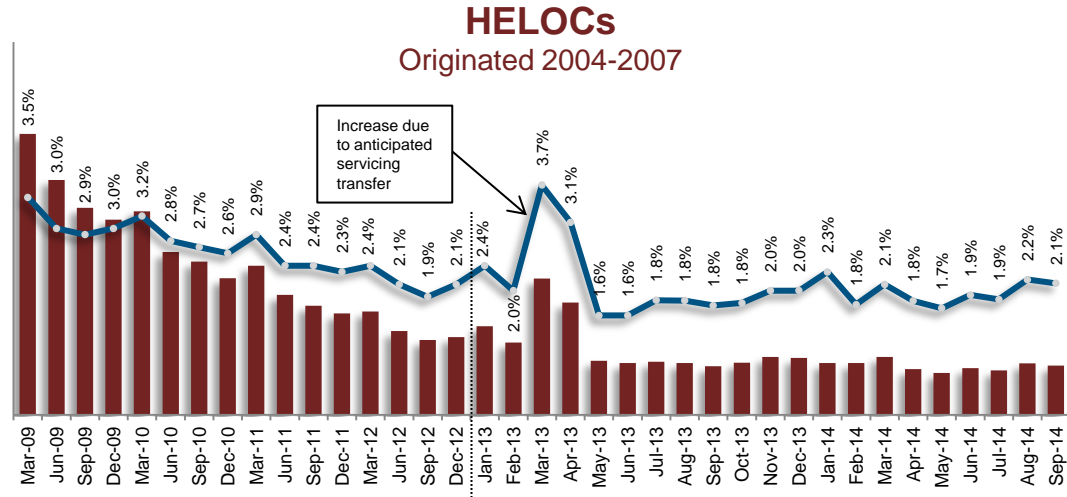
AGL Consolidated

Second Lien 30-59 Day Delinquencies

For Financial Guaranty Direct Transactions



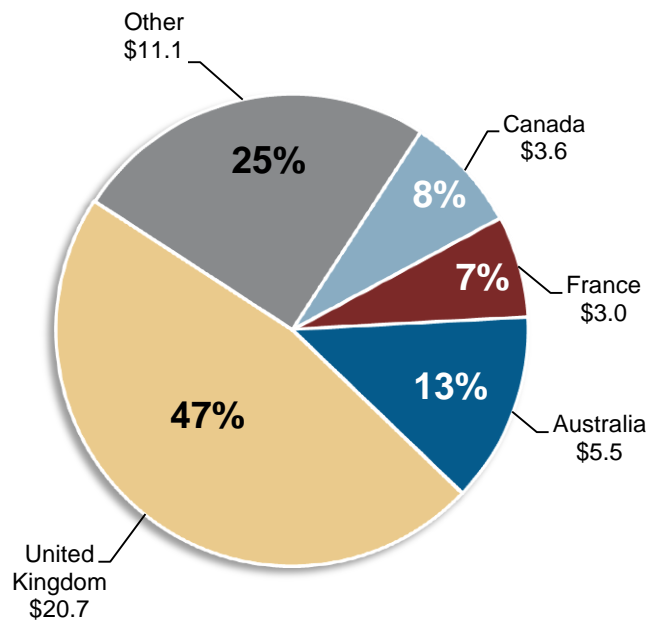
- **Second lien 30-59 day delinquencies are down since January 2009 in both percentage terms and dollar amounts for troubled HELOCs**



Reflects actual AGM and AGC direct data. Assured Guaranty has not insured any U.S. RMBS since 2008.

Non-U.S. Public and Structured Finance

As of September 30, 2014
(\$ in billions)



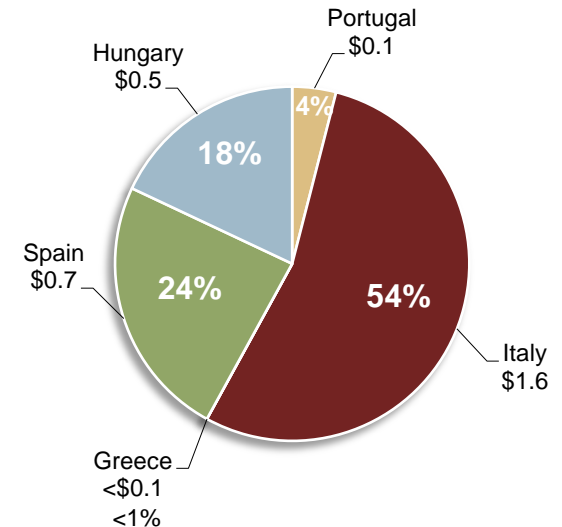
\$43.9 billion, A- average rating

- **Non-U.S. exposure is 76% public finance and 24% structured finance**
- **Approximately 74% of non-U.S. structured exposure is to pooled corporates**
 - 80% are rated A or higher
- **Direct sovereign debt is limited to:**
 - Poland \$219 million

- **Approximately 33%, or \$1.0 billion, of net par outstanding of exposure to troubled Eurozone countries is to structured finance transactions**
- **M6 Toll Road is a 58km dual carriage motorway from Budapest south towards the Croatian border**
 - 100% availability paid by the Minister of Economy and Transport, representing the Hungarian government
- **Spanish exposures are linked to the regional governments of Valencia, Castile La Mancha, Catalunya and Barcelona**

Insured Obligations Within Troubled Eurozone Countries¹

As of September 30, 2014
(\$ in billions)



\$3.0 billion, BBB average rating

BIG Exposures to Troubled Eurozone Countries

(\$ in millions)					
<u>Name or Description</u>	<u>Country</u>	<u>Internal Rating</u>	<u>Expected Maturity</u>	<u>Net Par Outstanding</u>	
M6 (Hungary) - Refinancing – Senior	Hungary	BB-	2025	\$327	
Valencia Fair	Spain	BB-	2026, 2027	239	
Autovia de la Mancha, S.A.	Spain	BB-	2031, 2033	133	
FHB 8.95% 2016	Hungary	B+	2016, 2019	113	
OTP 10.0% 2012	Hungary	BB	2019	79	
Metro de Porto, Portugal	Portugal	B+	2028, 2030	56	
Metro Lisboa Rail Equip Lease	Portugal	B+	2025	24	
Metropolitano De Lisboa	Portugal	B+	2016	15	
Caminhos de Ferro Portugueses, EP	Portugal	B+	2015	11	
Catalunya, Generalitat De (Spain)	Spain	BB-	2015	10	
OTP Mortgage Bank Ltd.	Hungary	BB	2019	5	
Universidades De Generalidad De Valencia	Spain	BB-	2017, 2020, 2022	4	
CACSA	Spain	BB-	2019, 2021, 2025	3	
Ayuntamiento De Barcelona	Spain	BB-	2016	<1	
Total				\$1,019	

1. Exposure to insured obligations in troubled Eurozone countries refers to the economies of Portugal, Italy, Greece, Spain and Hungary.

A photograph of a modern cable-stayed bridge with a white deck and blue cables, set against a blue sky and a dark landscape. The bridge is the Eiffage CEVM bridge.

AGM¹ Portfolio Review

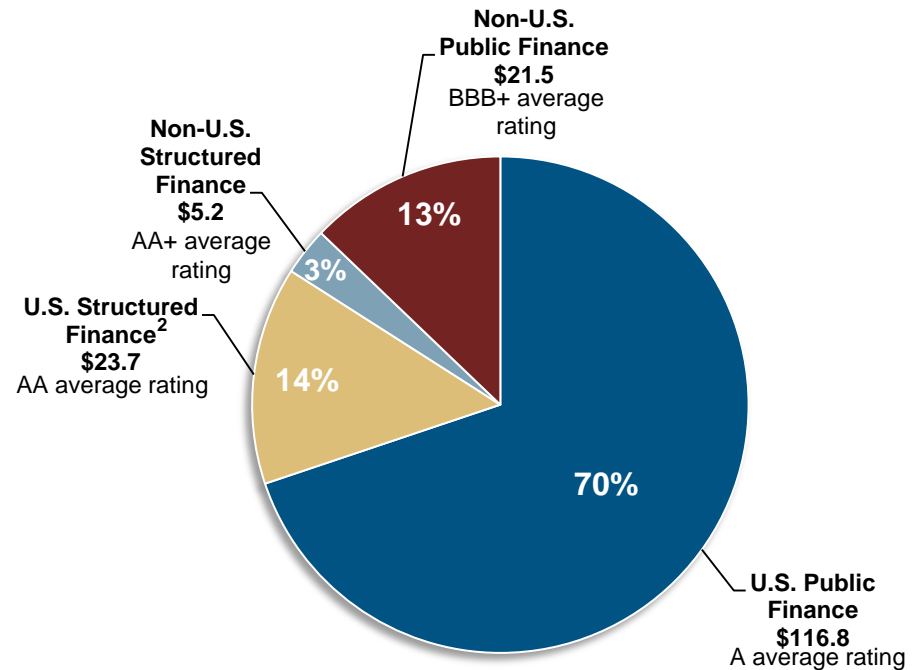
Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

1. "AGM Consolidated" means Assured Guaranty Municipal Corp. and its consolidated entities (consisting primarily of Assured Guaranty (Europe) Ltd.; Municipal Assurance Holdings Inc. (MAC Holdings); Municipal Assurance Corp. (MAC); and variable interest entities Assured Guaranty Municipal Corp. is required to consolidate under accounting principles generally accepted in the United States). "AGM" means AGM Consolidated excluding MAC Holdings and MAC. "Assured Guaranty Municipal" means AGM Consolidated excluding MAC Holdings, MAC and Assured Guaranty (Europe) Ltd.

- **AGM's¹ portfolio is diversified by asset class**
 - 70% U.S. public finance
 - 14% U.S. structured finance
 - 13% Non-U.S. public finance
 - 3% Non-U.S. structured finance
- **The portfolio maintains a high overall credit rating despite downgrades in our U.S. RMBS portfolio**
 - A average internal rating
- **U.S. RMBS is the largest source of BIG exposures, at 37% of the BIG exposures**

Net Par Outstanding^{1,2}

As of September 30, 2014
(\$ in billions)

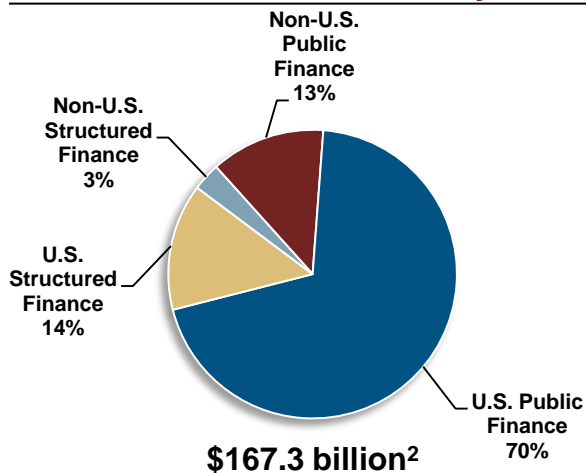


\$167.3 billion, A average rating

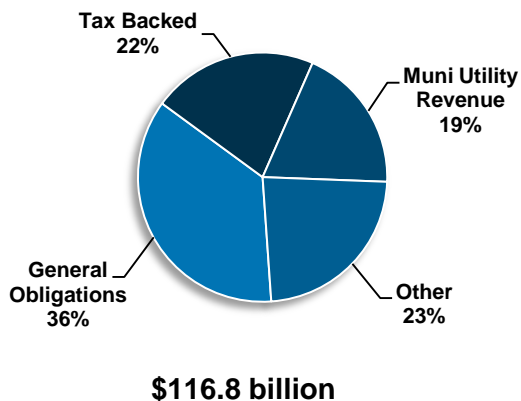
1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Includes \$2.3 billion in GICs. Please see footnote 3 on page 47.

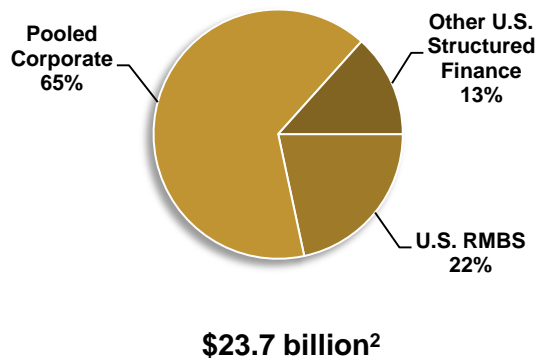
Portfolio Diversification by Sector



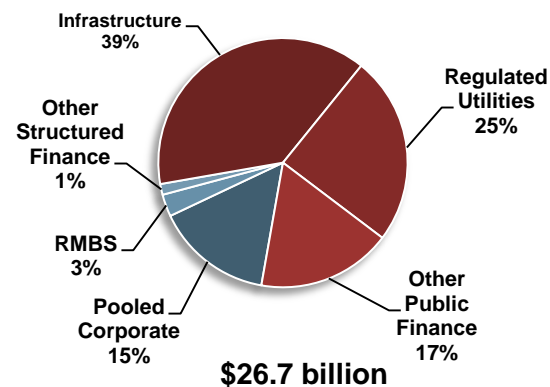
U.S. Public Finance Portfolio



U.S. Structured Finance Portfolio



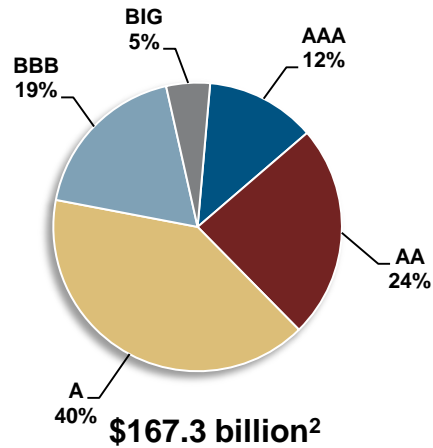
Non-U.S. Portfolios Public & Structured Finance



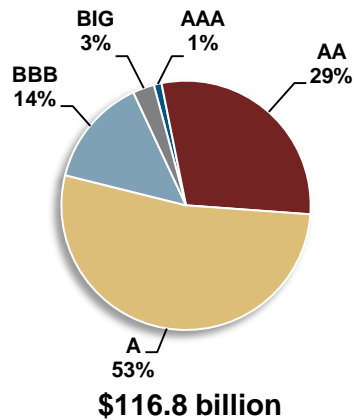
1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Includes \$2.3 billion in GICs. Please see footnote 3 on page 47.

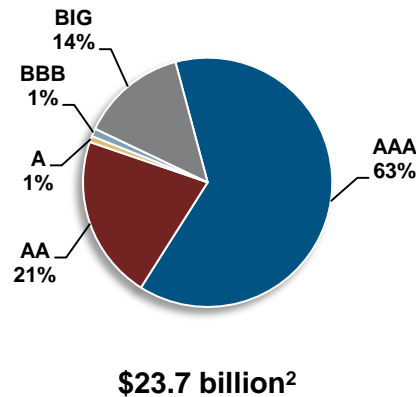
Portfolio Diversification by Rating



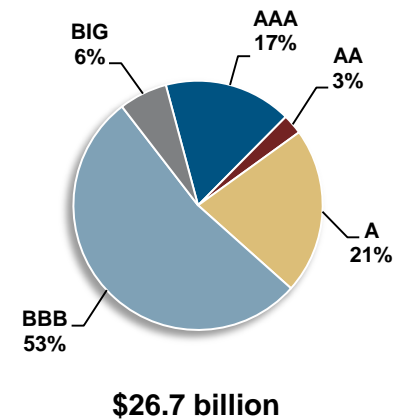
U.S. Public Finance Portfolio



U.S. Structured Finance Portfolio



Non-U.S. Portfolios Public & Structured Finance



1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Includes \$2.3 billion in GICs. Please see footnote 3 on page 47.

Net Par Outstanding By Asset Type

(\$ in millions)

	Net Par Outstanding	Avg. Internal Rating		Net Par Outstanding	Avg. Internal Rating
U.S. public finance:			U.S. structured finance:		
General obligation	\$ 42,262	A	Pooled corporate obligations	\$ 15,437	AAA
Tax backed	25,134	A	RMBS	5,141	BBB-
Municipal utilities	22,224	A	Financial products ³	2,310	AA-
Transportation	12,471	A	Insurance securitizations	328	AA
Healthcare	7,379	A	Consumer receivables	166	BB-
Higher education	3,513	A	Commercial receivables	38	BB
Housing	1,626	A	Structured credit	5	BB
Infrastructure finance	1,272	BB+	Other structured finance	324	A
Other public finance ²	947	A+	Total U.S. structured finance	23,749	AA
Total U.S. public finance	116,828	A	Non-U.S. structured finance:		
Non-U.S. public finance:			Pooled corporate obligations	4,056	AAA
Infrastructure finance	10,293	BBB	RMBS	768	A
Regulated utilities	6,536	BBB+	Other structured finance	373	AAA
Other public finance	4,663	A	Total non-U.S. structured finance	5,197	AA+
Total non-U.S. public finance	21,492	BBB+	Total structured finance	\$ 28,946	AA+
Total public finance	\$ 138,320	A	Total net par outstanding	\$ 167,266	A

1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Includes investor-owned utilities.

3. Assured Guaranty did not acquire Financial Security Assurance Holdings' Financial Products (FP) segment. Assured Guaranty and its subsidiaries are indemnified against exposure to the FP segment by Dexia SA (Dexia). As of September 30, 2014, the aggregate accreted balance of the guaranteed investment contracts (GICs) was approximately \$2.4 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately \$3.5 billion, the aggregate market value was approximately \$3.3 billion and the aggregate market value after agreed reductions was approximately \$2.4 billion. Cash and positive derivative value roughly offset the negative derivative values and other projected costs. The outstanding GIC exposure was \$2.3 billion at August 31, 2014, which was the latest figure available when the total insured portfolio was measured at quarter-end.

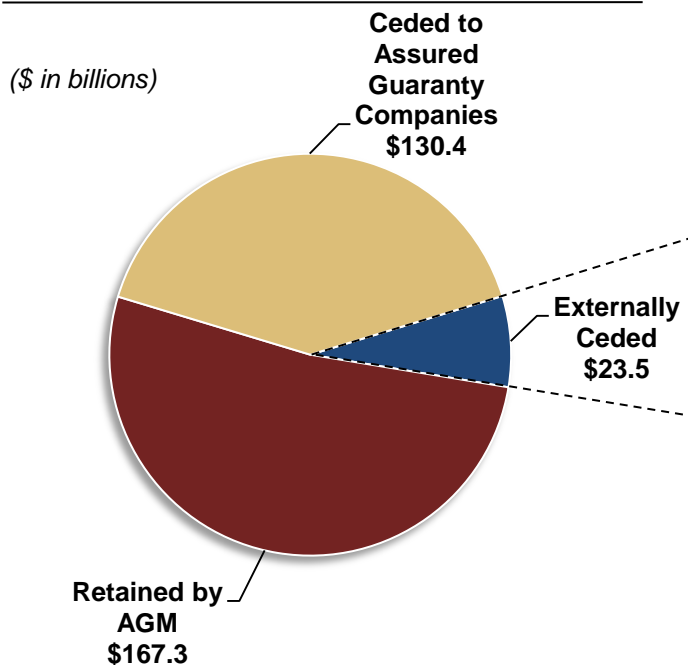
Reinsurance

AGM¹ Has Ceded 7% of Its Gross Insured Portfolio to a Diversified Group of Non-Affiliated Reinsurers and Other Monolines



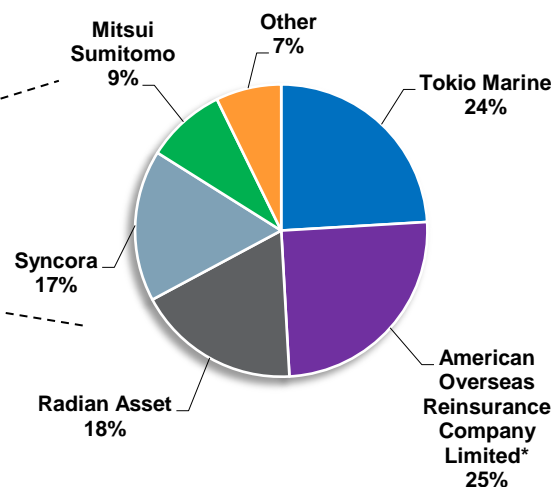
AGM's¹ Total Gross Par Outstanding: \$321.2 billion

As of September 30, 2014



Externally Ceded Par Outstanding: \$23.5 billion (7.3%)

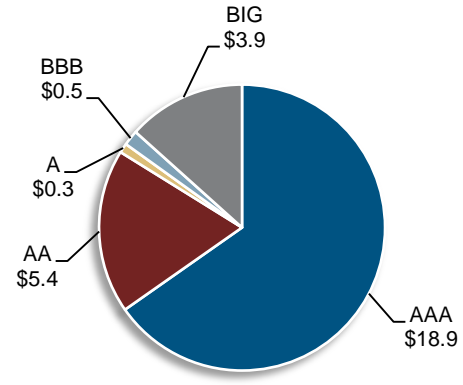
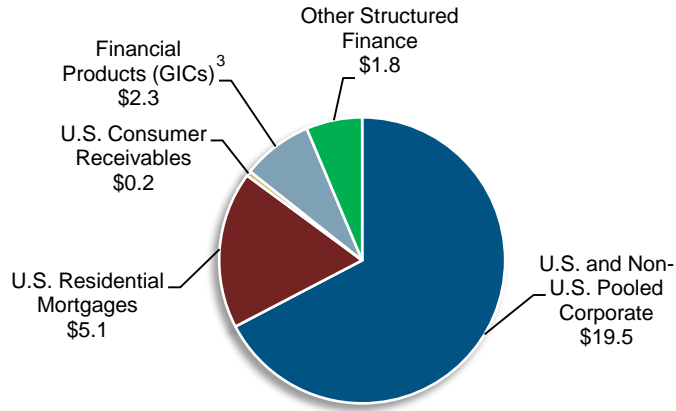
As of September 30, 2014



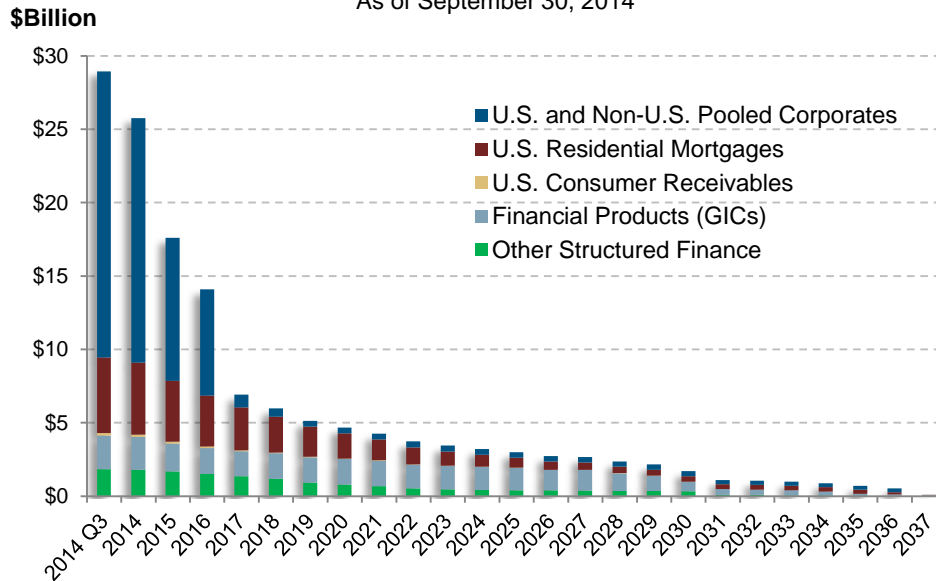
* Formerly RAM Reinsurance Company Ltd.

1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

AGM¹ Amortization of Global Insured Structured Finance Portfolio



\$28.9 Billion Net Par Outstanding
As of September 30, 2014

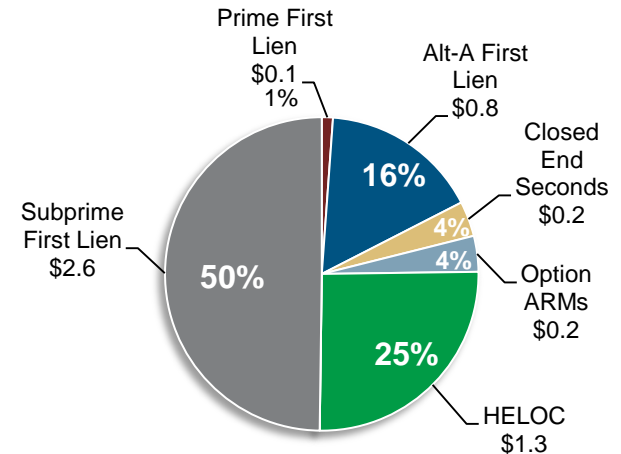


- We expect AGM's¹ legacy global structured finance insured portfolio (\$28.9 billion as of September 30, 2014 versus \$127.3 billion as of September 30, 2008) to amortize rapidly — 39% by year-end 2015 and 76% by year-end 2017.²
 - \$19.5 billion in global pooled corporate obligations expected to be reduced by 50% by year-end 2015 and by 96% by year-end 2017
 - \$5.1 billion in U.S. RMBS expected to be reduced by 20% by year-end 2015 and by 43% by year-end 2017
 - \$0.2 billion in U.S. consumer receivable obligations expected to be reduced by 22% by year-end 2015 and by 59% by year-end 2017
 - \$1.8 billion in other structured finance (excluding FP) expected to be reduced by 8% by year-end 2015 and by 26% by year-end 2017
- Former FP business not part of Assured Guaranty's purchase; we are indemnified against exposure to the FP business by Dexia. In addition, Assured Guaranty also has been protected by guaranties issued by the French and Belgian governments with respect to the GIC portion of the FP business.
 - \$2.3 billion in GICs expected to be reduced by 17% by year-end 2015 and by 26% by year-end 2017

1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.
 2. Please see footnote 3 on page 12.
 3. Please see footnote 3 on page 47.

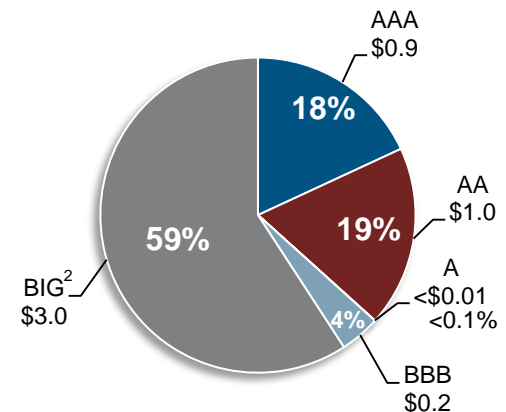
- AGM's¹ U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
 - \$5.1 billion net par outstanding versus \$17.1 billion at year-end 2008, a decrease of 70%
 - 3.1% of total net par outstanding versus 4.0% at year-end 2008
 - No U.S. RMBS underwritten since January 2008
- We have significantly mitigated ultimate losses**
 - R&W putbacks, litigation and agreements
 - Wrapped bond purchases
 - Terminations of below investment grade credits

By Type
As of September 30, 2014
(\$ in billions)



\$5.1 billion, 3.1% of net par outstanding

By Rating



1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Please see footnote 2 on page 37.

AGM¹ Non-RMBS Exposure

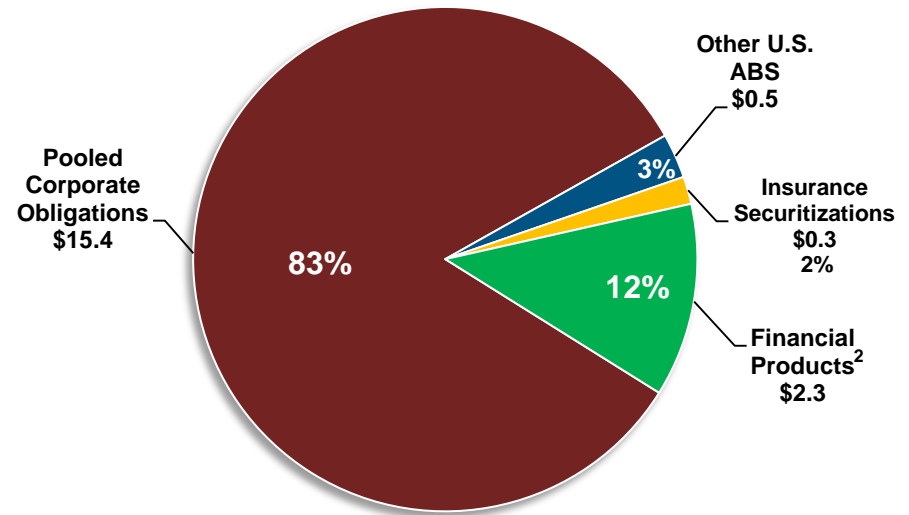
U.S. Structured Finance



- **83% of AGM's¹ non-RMBS U.S. structured finance portfolio consists of pooled corporate obligations**
 - 91% of U.S. pooled corporate exposure is of AAA quality
- **Non-RMBS U.S. structured finance credit experience has been generally strong given the economic stress of recent years**

U.S. Non-RMBS Structured Finance

As of September 30, 2014
(\$ in billions)



\$18.6 billion net par outstanding

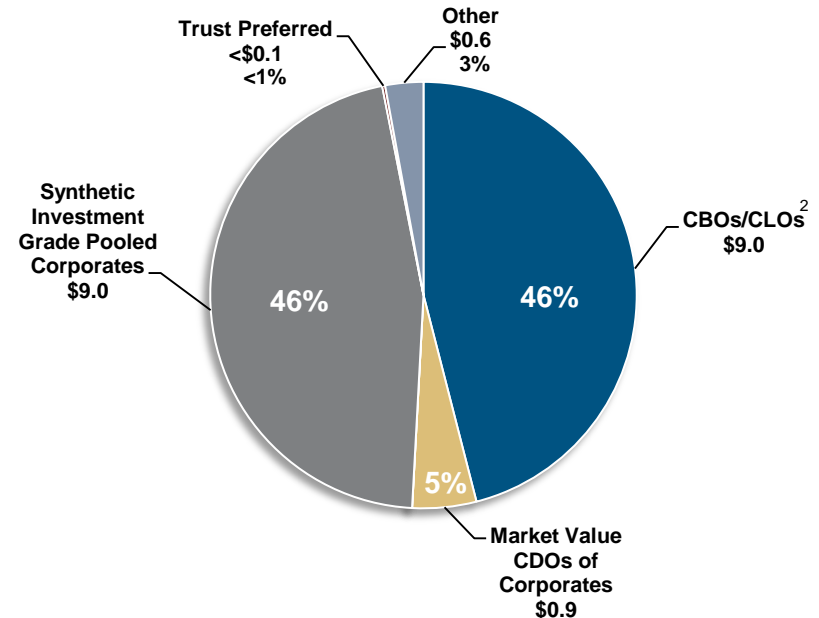
1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Please see footnote 3 on page 47.

- **AGM's¹ pooled corporate exposure is generally highly rated and well protected**
 - Average current credit enhancement of 26.0%
 - 90% rated AAA
 - AAA average rating
 - 2% rated BIG
- **\$44 million of TruPS (bank and insurance company only)**
 - Average rating of AA+
 - Average current credit enhancement remains strong at 58.0%

Pooled Corporate Obligations By Asset Class

As of September 30, 2014
(\$ in billions)

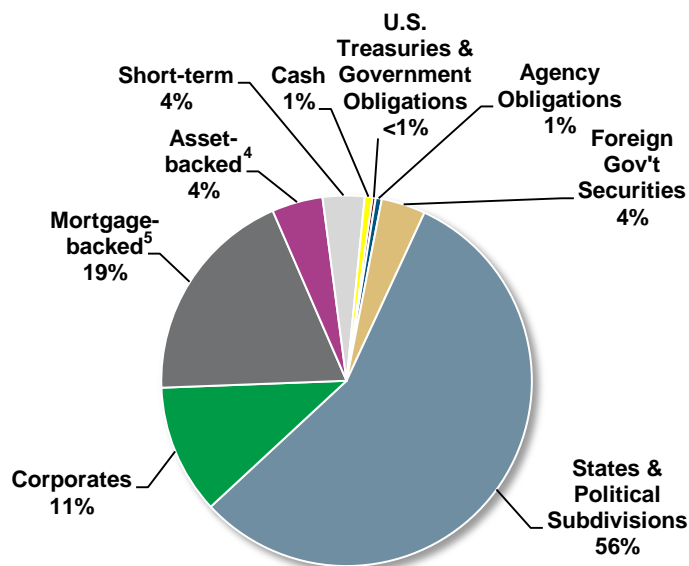


\$19.5 billion net par outstanding

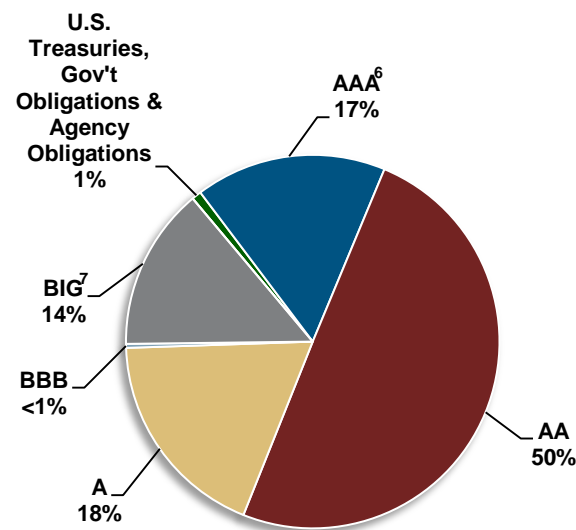
1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

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

Investments Available for Sale and Cash² By Category



Investments Available for Sale and Cash^{2,3} By Rating



Total = \$4.9 billion

1. Please see page 43 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.
2. Includes fixed maturity securities, short-term investments and cash and excludes other invested assets. Also includes securities purchased or obtained as part of loss mitigation or other risk management strategies, some of which (with a fair value of \$60 million) were issued by entities that were subsequently consolidated as VIEs and which are therefore eliminated in consolidation on the balance sheet.
3. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
4. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$122 million. The remaining securities have a fair value of \$97 million and an average rating of AAA.
5. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$504 million and agency-backed securities with a fair value of \$210 million. The remaining securities have a fair value of approximately \$226 million and an average rating of AAA.
6. Included in the AAA category are short-term securities and cash.
7. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$694 million.

AGM Consolidated¹ Expected Loss and Loss Adjustment Expense (“LAE”) to Be Paid As of September 30, 2014



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended September 30, 2014

Financial Guaranty Insurance Contracts and Credit Derivatives	Net Expected Loss to be Paid as of June 30, 2014	Economic Loss Development During 3Q-14 ²	(Paid) Recovered Losses During 3Q-14	Net Expected Loss to be Paid as of September 30, 2014
U.S. RMBS				
First lien:				
Alt-A first lien	\$ 183	\$ 3	\$ (4)	\$ 182
Option ARMs	(29)	9	(16)	(36)
Subprime first lien	256	(14)	(21)	221
Total first lien	410	(2)	(41)	367
Second lien:				
Closed-end second lien	(17)	1	2	(14)
HELOC	(108)	(37)	2	(143)
Total second lien	(125)	(36)	4	(157)
Total U.S. RMBS	285	(38)	(37)	210
Other structured finance	25	2	—	27
U.S. public finance	102	(1)	(3)	98
Non-U.S. public finance	39	(1)	—	38
Total	\$ 451	\$ (38)	\$ (40)	\$ 373

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. Under GAAP, however, a reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. For AGM, unearned premium reserve on the Acquisition Date (July 1, 2009) represented fair value and incorporated all expected losses at that date. See Notes to the financial statements in the 2013 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Please see page 43 for a definition of this convention.

2. Includes the effect of changes in the Company's estimate of future recovery on representations and warranties (R&W).



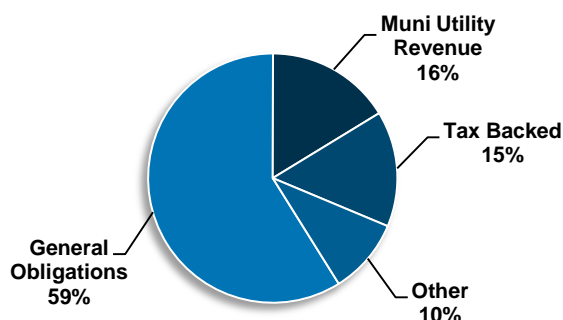
Municipal Assurance Corp.
Portfolio Review

MAC

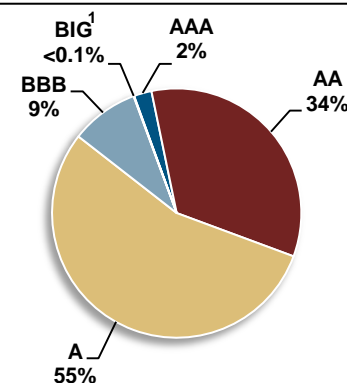
Insured Portfolio (100% U.S. Public Finance)
 Net Par Outstanding as of September 30, 2014



Portfolio Diversification by Sector



Portfolio Diversification by Rating



\$94.1 billion

Net Par Outstanding By Asset Type (\$ in millions)

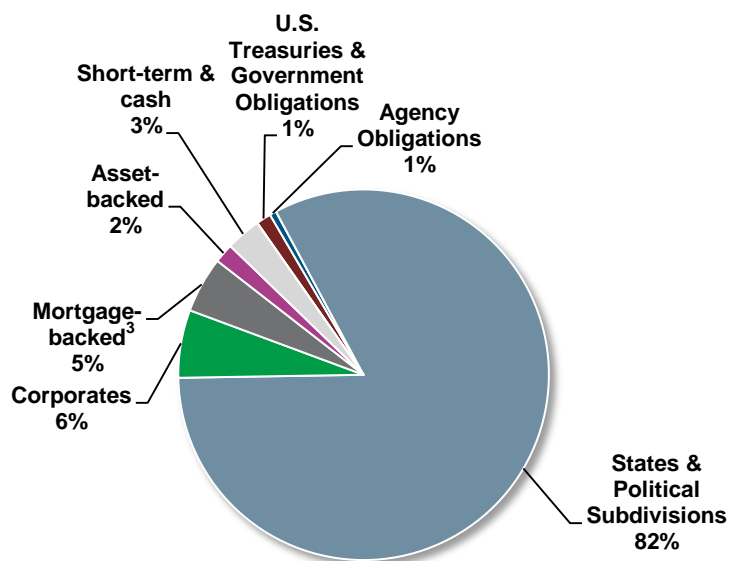
	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:		
General obligation	\$ 55,462	A+
Municipal utilities	15,293	A+
Tax backed	14,146	A+
Higher education	3,803	A
Transportation	3,757	A
Housing	709	AA-
Other public finance	960	A+
Total U.S. public finance	\$ 94,130	A+

Net Par Outstanding By State (\$ in millions)

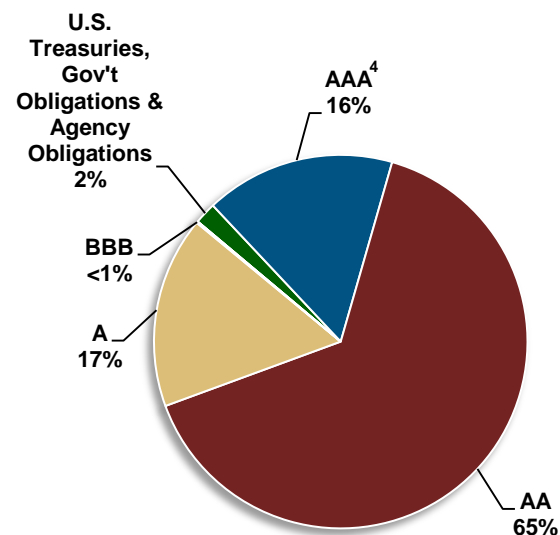
	Net Par Outstanding	% of Total
California	\$ 14,103	15.0%
Texas	9,038	9.6%
Pennsylvania	7,675	8.2%
Illinois	5,702	6.1%
New York	5,171	5.5%
Michigan	4,531	4.8%
Florida	4,332	4.6%
New Jersey	3,591	3.8%
Ohio	3,521	3.7%
Washington	2,676	2.8%
Other states	33,790	35.9%
Total U.S. public finance	\$ 94,130	100.0%

1. A total of \$66 million net par outstanding; consists of four revenue sources rated in the BB category from the general obligation and transportation sectors.

Investments Available for Sale and Cash¹ By Category



Investments Available for Sale and Cash^{1,2} By Rating



Total = \$1.5 billion

1. Includes fixed maturity securities, short-term investments and cash.

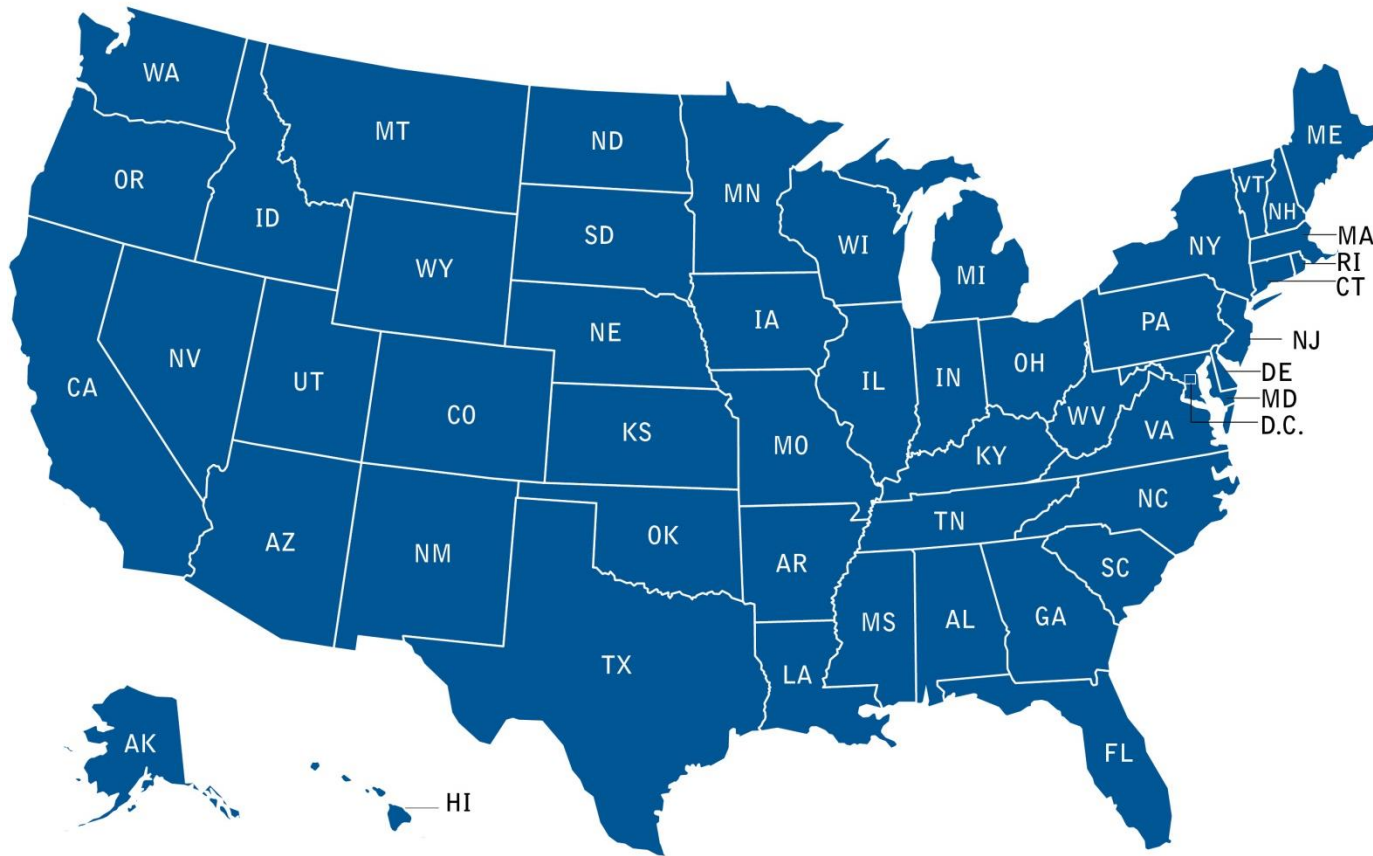
2. Ratings are represented by the lower of the Moody's and S&P classifications.

3. Included in the mortgage-backed category are agency-backed securities with a fair value of \$24 million. The remaining securities have a fair value of \$51 million and an average rating of AAA.

4. Included in the AAA category are short-term securities and cash.

MAC Is Licensed in All 50 States

MAC is now able to offer insurance in all 50 states + the District of Columbia.



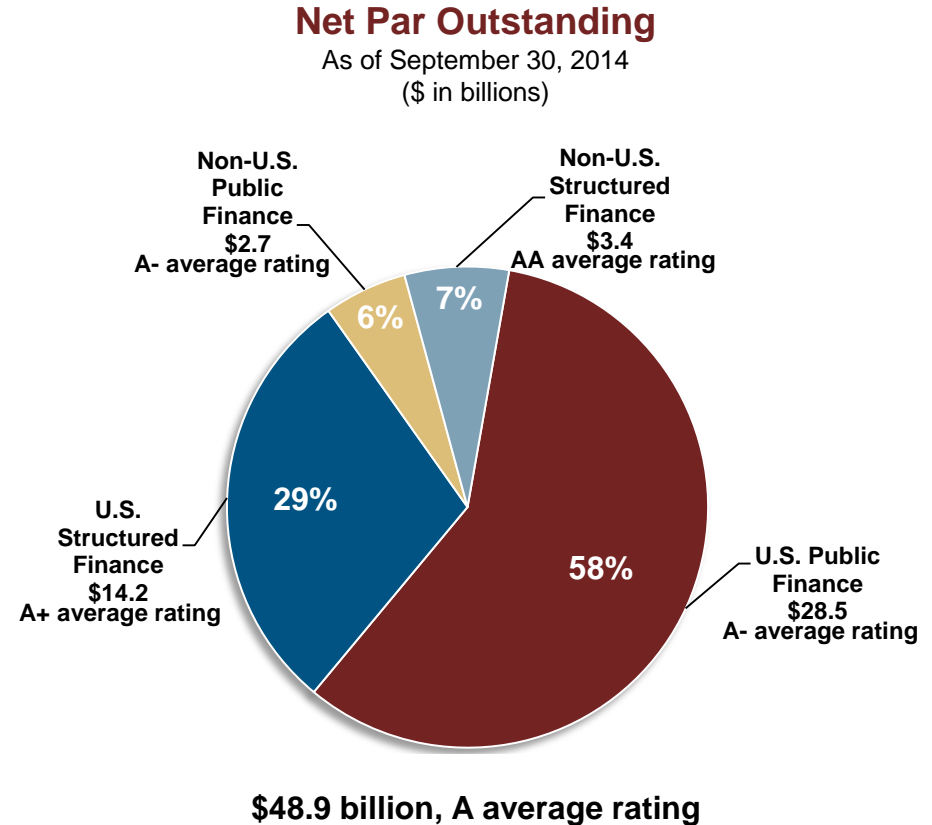
Licensing Status by State as of December 5, 2014

■ Licensed and authorized to offer insurance

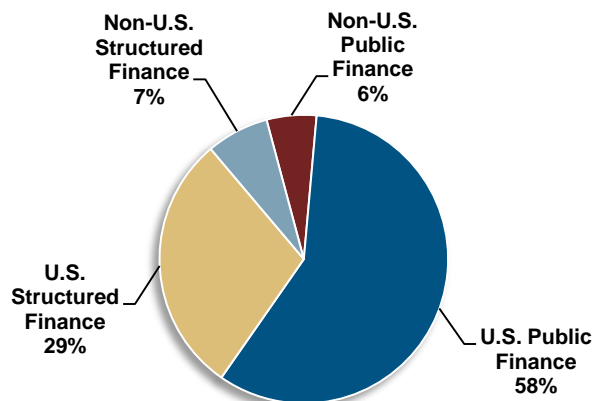
Assured Guaranty Corp. Portfolio Review

Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

- **AGC's portfolio is diversified by asset class**
 - 58% U.S. public finance
 - 29% U.S. structured finance
 - 6% Non-U.S. public finance
 - 7% Non-U.S. structured finance
- **Portfolio maintains a high overall credit rating despite downgrades in U.S. RMBS portfolio**
 - Average internal rating of A
- **U.S. RMBS is the largest source of BIG exposures at 33% of AGC's BIG exposures**

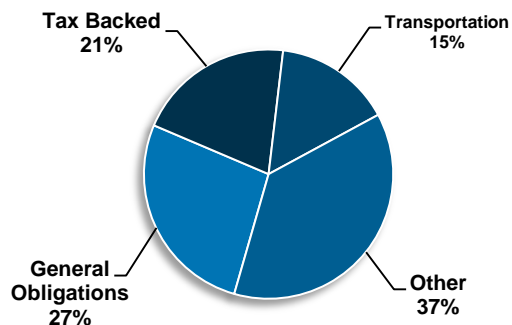


Portfolio Diversification by Sector



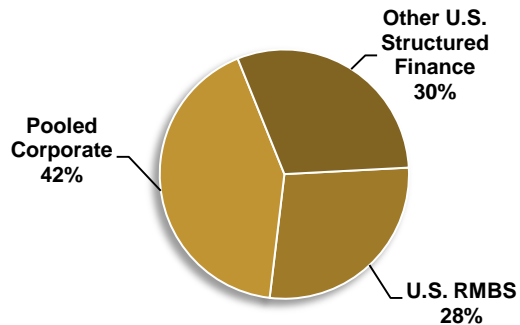
\$48.9 billion

U.S. Public Finance Portfolio



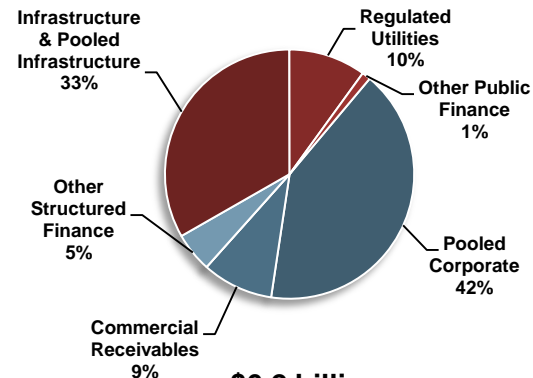
\$28.5 billion

U.S. Structured Finance Portfolio



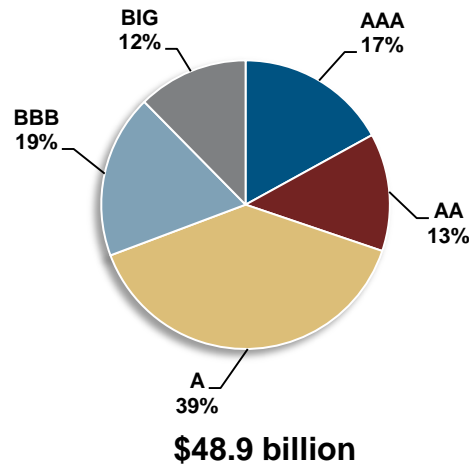
\$14.2 billion

Non-U.S. Portfolios Public & Structured Finance

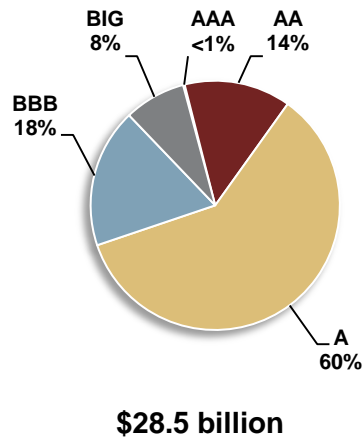


\$6.2 billion

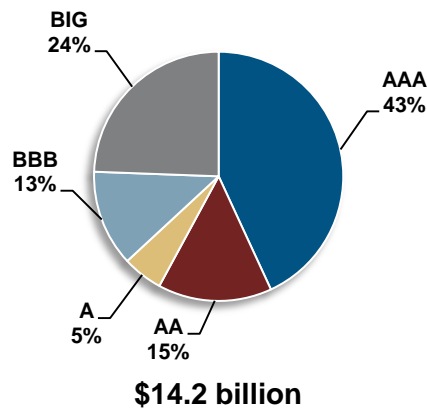
Portfolio Diversification by Rating



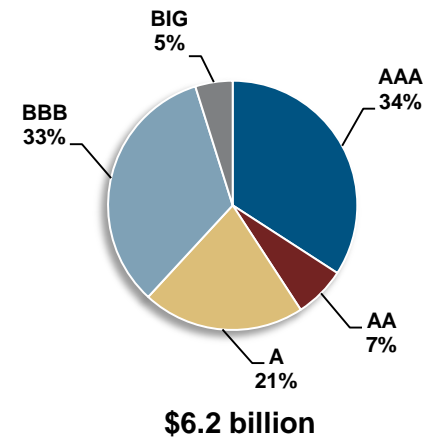
U.S. Public Finance Portfolio



U.S. Structured Finance Portfolio



Non-U.S. Portfolios Public & Structured Finance



Net Par Outstanding By Asset Type

(\$ in millions)

	Net Par Outstanding	Avg. Internal Rating		Net Par Outstanding	Avg. Internal Rating
U.S. public finance:			U.S. structured finance:		
General obligation	\$ 7,672	A-	Pooled corporate obligations	\$ 5,982	A+
Tax backed	5,827	A-	RMBS	3,949	BBB+
Transportation	4,336	A-	CMBS and other commercial real estate related exposures	1,748	AAA
Municipal utilities	3,420	A-	Consumer receivables	1,115	A
Healthcare	3,382	A	Insurance securitization	841	A-
Higher education	1,588	A	Commercial receivables	356	A
Infrastructure finance	992	BBB+	Structured credit	54	BB
Investor-owned utilities	394	A-	Other structured finance	199	AA-
Housing	82	A-	Total U.S. structured finance	14,244	A+
Other public finance	770	A	Non-U.S. structured finance:		
Total U.S. public finance	28,463	A-	Pooled corporate obligations	2,538	AA+
Non-U.S. public finance:			Commercial receivables	568	BBB+
Pooled infrastructure	1,112	A	RMBS	43	AAA
Infrastructure finance	933	BBB	Structured credit	8	BBB-
Regulated utilities	616	A-	Other structured finance	264	BBB+
Other public finance	69	A+	Total non-U.S. structured finance	3,421	AA
Total non-U.S. public finance	2,730	A-	Total structured finance	\$ 17,665	A+
Total public finance	\$ 31,193	A-	Total net par outstanding	\$ 48,858	A

Reinsurance

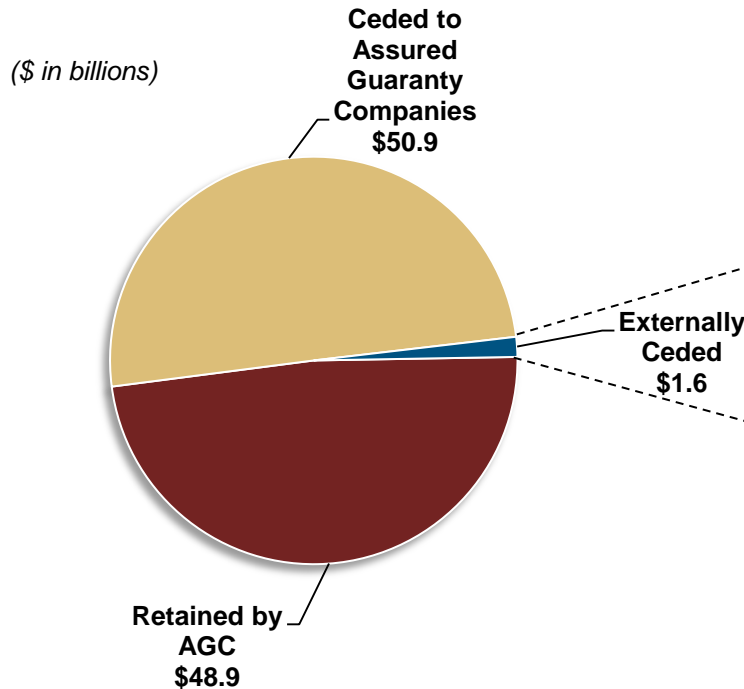
AGC Has Ceded 2% of Its Gross Insured Portfolio to a Diversified Group of Non-Affiliated Reinsurers and Other Monolines



AGC's Total Gross Par Outstanding:

\$101.3 billion

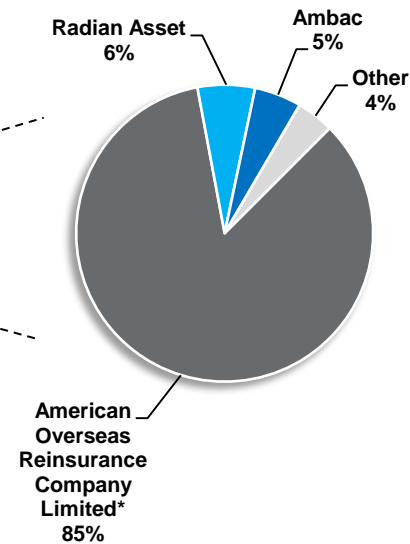
As of September 30, 2014



Externally Ceded Par Outstanding:

\$1.6 billion (1.6%)

As of September 30, 2014

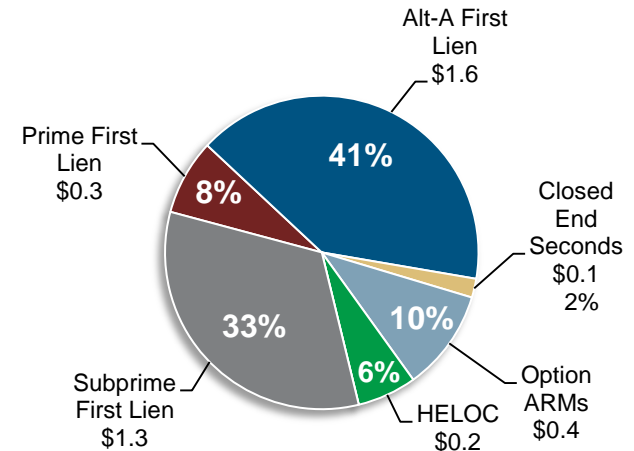


* Formerly RAM Reinsurance Company Ltd.

- AGC's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
 - \$3.9 billion versus \$13.4 billion at year-end 2007, a decrease of 71%
 - 8.1% of total net par outstanding versus 14.3% at year-end 2007
- We have significantly mitigated ultimate losses**
 - R&W putbacks, litigation and agreements
 - Wrapped bond purchases
 - Terminations

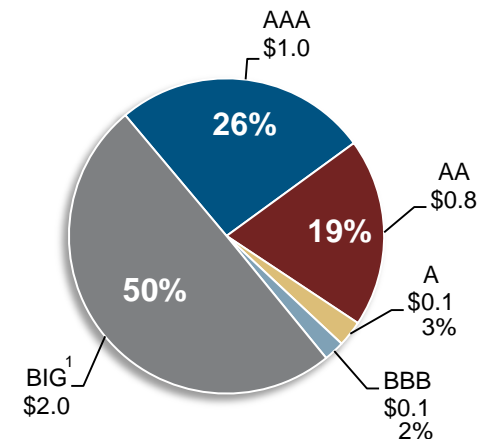
By Type

As of September 30, 2014
(\$ in billions)



\$3.9 billion, 8.1% of net par outstanding

By Rating

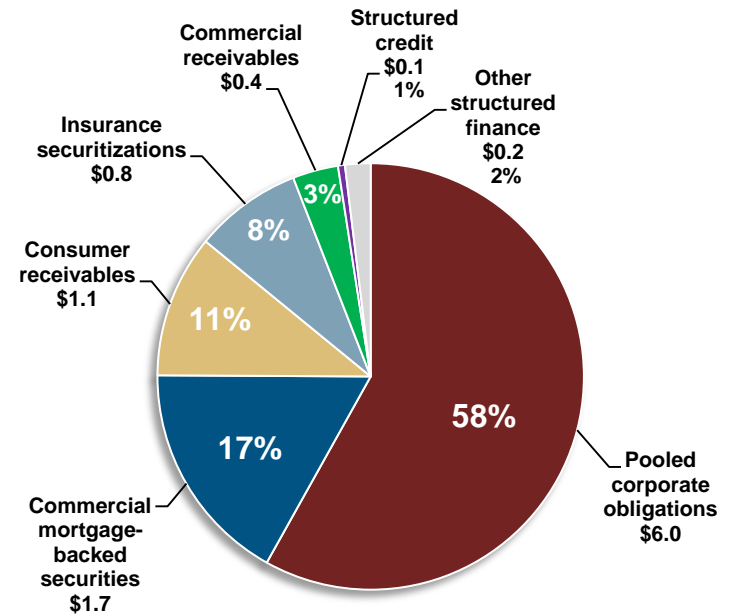


1. Please see footnote 2 on page 37.

- **AGC’s non-RMBS U.S. structured finance exposures consist principally of:**
 - Pooled corporate obligations
 - CMBS
 - Consumer receivables
- **Non-RMBS U.S. structured finance credit experience has been generally strong given the economic stress of recent years**
 - 50% rated AAA
 - 15% rated BIG

U.S. Non-RMBS Structured Finance

As of September 30, 2014
(\$ in billions)

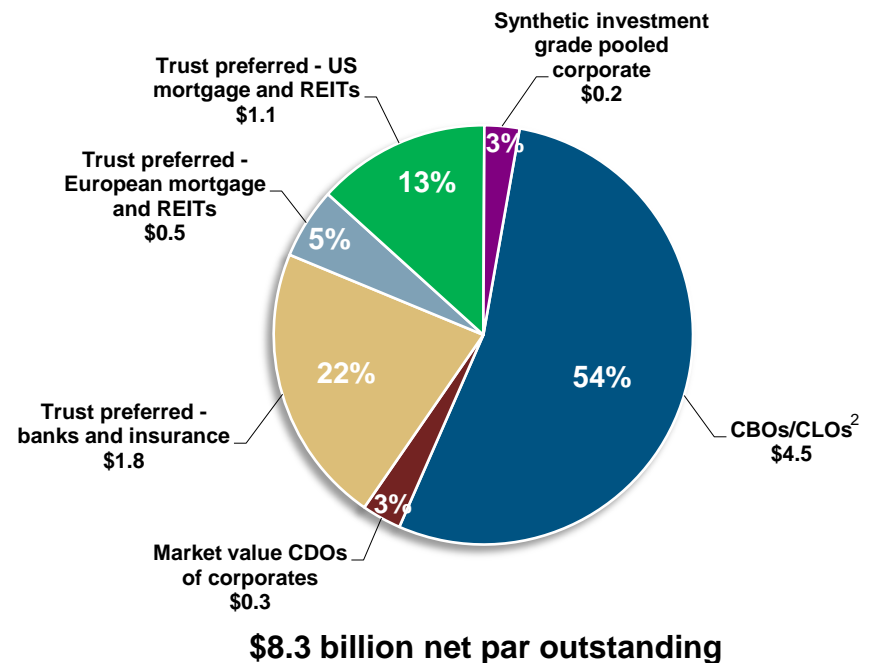


\$10.3 billion net par outstanding

- **Our pooled corporate exposure is highly rated and protected by overcollateralization. In AGC's direct portfolio:**
 - Average current credit enhancement of 38.6%
 - 60% rated AAA, average rating AA-
- **AGC's \$3.4 billion Trust Preferred Securities (TruPS) CDO portfolio is diversified by region (U.S. and European) as well as by collateral type (bank, thrift, insurance company, real estate investment trust (REIT) and CMBS)**
 - Includes more than 1,400 issuers
 - All our exposure at the CDO level is to the most senior debt tranche
 - 100% of U.S. bank and insurance TruPS CDOs, 100% of European TruPS CDOs and 100% of U.S. mortgage and REIT TruPS CDOs were originated at AAA attachment points
- **The \$1.1 billion of TruPS CDOs backed by U.S. mortgage and REITs is the lowest average rated pooled corporate subsector**
 - BB+ average rating

Direct Pooled Corporate Obligations¹ By Asset Class

As of September 30, 2014
(\$ in billions)



1. AGC also assumed \$187 million of pooled corporate exposure.

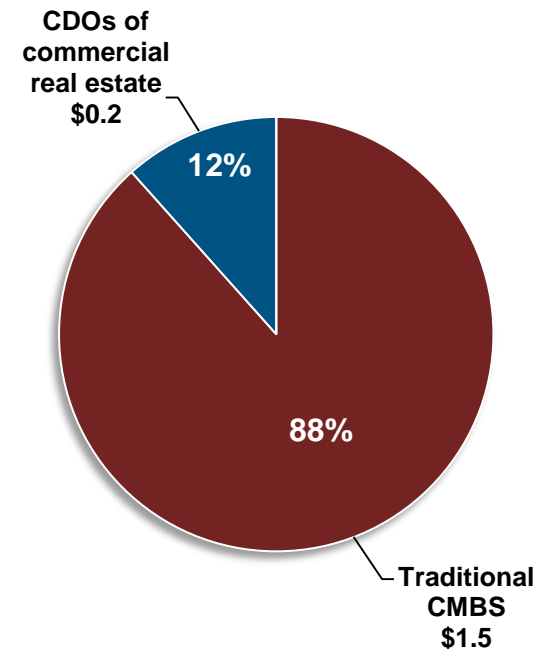
2. CBOs are collateralized bond obligations. CLOs are collateralized loan obligations.

- **AGC's CMBS-related exposures were underwritten at high attachment points**
 - All deals except one were written with triple-A ratings at inception
 - One deal was written with a single-A rating at inception
 - AAA current average rating
- **\$1.5 billion traditional CMBS portfolio**
 - Most of the exposures were written as “basket trades”; some have additional credit enhancement from a first-loss deductible
 - 99% rated AAA as of September 30, 2014
 - 1% rated A
 - Average current credit enhancement stands at 43.1% vs. initial credit enhancement of 32.0%
- **\$202 million commercial real estate CDO portfolio**
 - Two transactions
 - Average current credit enhancement stands at 62.0% vs. initial credit enhancement of 52.7%
- **Beginning in the middle of 2006, AGC concluded that underwriting standards applied to newly originated commercial property loans were deteriorating and adjusted underwriting standards accordingly**

Direct U.S. Commercial Real Estate Exposure¹

By Sector

As of September 30, 2014
(\$ in billions)



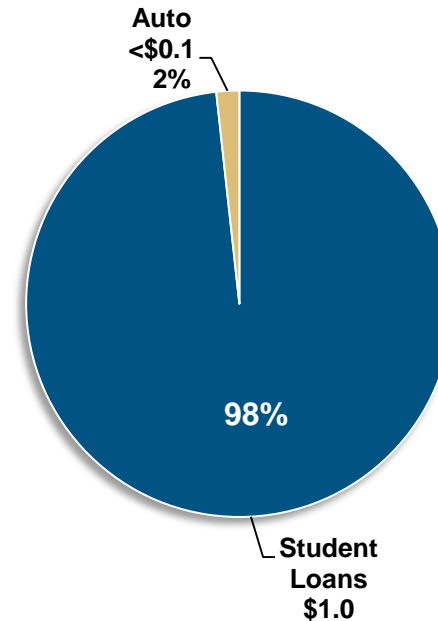
\$1.7 billion net par outstanding

1. AGC also assumed \$6 million of U.S. CMBS exposure.

- **Despite the economic stress of recent years, AGC's consumer receivable portfolio is entirely investment grade:**
 - Average rating of A
 - For all transactions, current credit enhancement is higher than initial credit enhancement
 - 34% rated AAA

Direct U.S. Consumer Receivables by Type¹

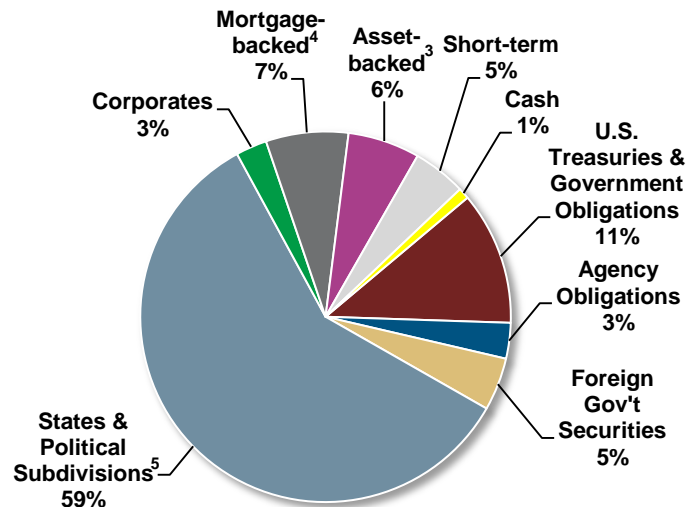
As of September 30, 2014
(\$ in billions)



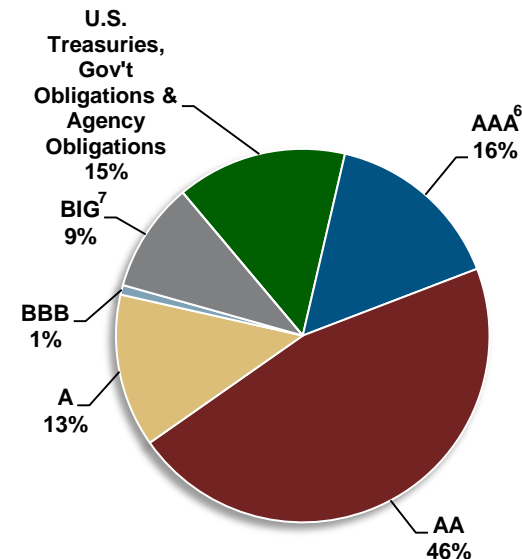
\$1.0 billion net par outstanding

1. AGC also assumed \$68 million of U.S. consumer receivable exposure.

Investments Available for Sale and Cash¹ By Category



Investments Available for Sale and Cash^{1,2} By Rating



Total = \$2.3 billion

1. Includes fixed maturity securities, short-term investments and cash and excludes other invested assets. Also includes securities purchased or obtained as part of loss mitigation or other risk management strategies, some of which (with a fair value of \$2 million) were issued by entities that were subsequently consolidated as VIEs and which are therefore eliminated in consolidation on the balance sheet.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$143 million. The remaining securities have a fair value of <\$1 million and an average rating of BBB+.
4. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$110 million and agency-backed securities with a fair value of \$38 million. The remaining securities have a fair value of \$16 million and an average rating of AAA.
5. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$30 million.
6. Included in the AAA category are short-term securities and cash.
7. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$216 million.

AGC Expected Loss and LAE to Be Paid As of September 30, 2014



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended September 30, 2014

Financial Guaranty Insurance Contracts and Credit Derivatives	Net Expected Loss to be Paid as of June 30, 2014	Economic Loss Development During 3Q-14 ¹	(Paid) Recovered Losses During 3Q-14	Net Expected Loss to be Paid as of September 30, 2014
U.S. RMBS				
First lien:				
Prime first lien	\$ 9	\$ (1)	\$ —	\$ 8
Alt-A first lien	97	(18)	(24)	55
Option ARMs	(21)	(6)	31	4
Subprime first lien	65	1	(1)	65
Total first lien	150	(24)	6	132
Second lien:				
Closed-end second lien	5	—	—	5
HELOC	(4)	(1)	—	(5)
Total second lien	1	(1)	—	—
Total U.S. RMBS	151	(25)	6	132
TruPS	24	(4)	—	20
Other structured finance	(49)	(6)	3	(52)
U.S. public finance	44	(3)	—	41
Non-U.S. public finance	3	—	—	3
Total	\$ 173	\$ (38)	\$ 9	\$ 144

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. Under GAAP, however, a reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2013 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts and the effects of acquisition accounting on financial guaranty insurance accounting.

1. Includes the effect of changes in the Company's estimate of future recovery on R&W.

Appendix



Appendix

Explanation of Non-GAAP Financial Measures



Endnotes related to non-GAAP financial measures discussed in the presentation:

The Company references financial measures that are not in accordance with GAAP. Assured Guaranty's management and the board of directors utilize non-GAAP financial measures in evaluating the Company's financial performance and as a basis for determining senior management incentive compensation. By providing these non-GAAP financial measures, investors, analysts and financial news reporters have access to the same information that management reviews internally. In addition, Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

The following paragraphs define each non-GAAP financial measure and describe why it is useful. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure, if available, is presented within this presentation. Non-GAAP financial measures should not be viewed as substitutes for their most directly comparable GAAP measures.

Operating Income: Management believes that operating income is a useful measure because it clarifies the understanding of the underwriting results of the Company's financial guaranty business, and also includes financing costs and net investment income, and enables investors and analysts to evaluate the Company's financial results as compared with the consensus analyst estimates distributed publicly by financial databases. Operating income is defined as net income (loss) attributable to Assured Guaranty Ltd., as reported under GAAP, adjusted for the following:

1. Elimination of the after-tax realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile. Trends in the underlying profitability of the Company's business can be more clearly identified without the fluctuating effects of these transactions.
2. Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss. Additionally, such adjustments present all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.
3. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
4. Elimination of the after-tax foreign exchange gains (losses) on remeasurement of net premium receivables and loss and LAE reserves. Long-dated receivables constitute a significant portion of the net premium receivable balance and represent the present value of future contractual or expected collections. Therefore, the current period's foreign exchange remeasurement gains (losses) are not necessarily indicative of the total foreign exchange gains (losses) that the Company will ultimately recognize.
5. Elimination of the effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.

Operating Shareholders' Equity: Management believes that operating shareholders' equity is a useful measure because it presents the equity of Assured Guaranty Ltd. with all financial guaranty contracts accounted for on a more consistent basis and excludes fair value adjustments that are not expected to result in economic loss. Many investors, analysts and financial news reporters use operating shareholders' equity as the principal financial measure for valuing Assured Guaranty Ltd.'s current share price or projected share price and also as the basis of their decision to recommend, buy or sell Assured Guaranty Ltd.'s common shares. Many of the Company's fixed income investors also use operating shareholders' equity to evaluate the Company's capital adequacy. Operating shareholders' equity is the basis of the calculation of adjusted book value (see below). Operating shareholders' equity is defined as shareholders' equity attributable to Assured Guaranty Ltd., as reported under GAAP, adjusted for the following:

1. Elimination of the effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.
2. Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
3. Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
4. Elimination of the after-tax unrealized gains (losses) on the Company's investments that are recorded as a component of accumulated other comprehensive income (AOCI) (excluding foreign exchange remeasurement). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore should not recognize an economic gain or loss.

Operating return on equity ("Operating ROE"): Operating ROE represents operating income for a specified period divided by the average of operating shareholders' equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate the Company's return on invested capital. Many investors, analysts and members of the financial news media use operating ROE to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Quarterly and year-to-date operating ROE are calculated on an annualized basis.

Appendix

Explanation of Non-GAAP Financial Measures (Continued)



Adjusted Book Value: Management believes that adjusted book value is a useful measure because it enables an evaluation of the net present value of the Company's in-force premiums and revenues in addition to operating shareholders' equity. The premiums and revenues included in adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors. Many investors, analysts and financial news reporters use adjusted book value to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Adjusted book value is operating shareholders' equity, as defined above, further adjusted for the following:

1. Elimination of after-tax deferred acquisition costs, net. These amounts represent net deferred expenses that have already been paid or accrued and will be expensed in future accounting periods.
2. Addition of the after-tax net present value of estimated net future credit derivative revenue. See below.
3. Addition of the after-tax value of the unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed, which are not reflected in GAAP equity.

Net present value of estimated net future credit derivative revenue: Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated credit derivative revenue. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes for contracts without expected economic losses, and is discounted at 6%. Estimated net future credit derivative revenue may change from period to period due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults or other factors that affect par outstanding or the ultimate maturity of an obligation.

PVP or present value of new business production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for Assured Guaranty by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlements on credit derivatives (Credit Derivative Revenues) do not adequately measure. PVP in respect of financial guaranty contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, in each case, discounted at 6%. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under GAAP, these amounts are discounted at a risk-free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future net earned or written premiums and Credit Derivative Revenues may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

Appendix

AGL Consolidated

Reconciliation of PVP to GWP



(\$ in millions)

	Three Months Ended	
	September 30,	
	2014	2013
New business production analysis:		
PVP:		
Public finance - U.S.	\$ 51	\$ 24
Public finance - non-U.S.	—	13
Structured finance - U.S.	1	3
Structured finance - non-U.S.	4	—
Total PVP	\$ 56	\$ 40
Reconciliation of PVP to gross written premiums (GWP):		
PVP of financial guaranty insurance	\$ 56	\$ 40
Less: financial guaranty installment premium PVP	4	18
Total: financial guaranty upfront GWP	52	22
Plus: financial guaranty installment GWP and other GAAP adjustments ¹	(5)	4
Total GWP	\$ 47	\$ 26
Financial guaranty gross par written:		
Public finance - U.S.	\$ 4,018	\$ 2,072
Public finance - non-U.S.	—	270
Structured finance - U.S.	9	273
Structured finance - non-U.S.	150	—
Total	\$ 4,177	\$ 2,615

Please refer to the preceding pages of the appendix for an explanation of the non-GAAP financial measures.

1. Includes present value of new business on installment policies plus GWP adjustment on existing installment policies due to changes in assumptions and any cancellations of assumed reinsurance contracts and other GAAP adjustments.

Appendix

AGL Consolidated

Reconciliation of GAAP Book Value to Adjusted Book Value



(\$ in millions, except per share amounts)

	As of:			
	September 30, 2014		December 31, 2013	
	Total	Per Share	Total	Per Share
Reconciliation of shareholders' equity to adjusted book value:				
Shareholders' equity	\$ 5,354	\$ 32.53	\$ 5,115	\$ 28.07
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(53)	(0.32)	(172)	(0.95)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(978)	(5.95)	(1,052)	(5.77)
Fair value gains (losses) on committed capital securities	23	0.14	30	0.16
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	330	2.01	145	0.80
Operating shareholders' equity	\$ 6,032	36.65	\$ 6,164	33.83
After-tax adjustments:				
Less: Deferred acquisition costs	156	0.95	161	0.88
Plus: Net present value of estimated net future credit derivative revenue	121	0.74	146	0.80
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	2,658	16.15	2,884	15.83
Adjusted book value	\$ 8,655	\$ 52.59	\$ 9,033	\$ 49.58

Please refer to the preceding pages of the appendix for an explanation of the non-GAAP financial measures.

Appendix

Reconciliation of AGM¹ Net Par Outstanding to AGM Consolidated¹ Net Par Outstanding



Net Par Outstanding by Asset Type September 30, 2014 (\$ in millions)

	AGM ¹	MAC	AGM Consolidated ¹
U.S. public finance:			
General obligation	\$ 42,262	\$ 55,462	\$ 97,724
Tax backed	25,134	14,146	39,280
Municipal utilities	22,224	15,293	37,517
Transportation	12,471	3,757	16,228
Healthcare	7,379	-	7,379
Higher education	3,513	3,803	7,316
Housing	1,626	709	2,335
Infrastructure finance	1,272	-	1,272
Other public finance	947	960	1,907
Total U.S. public finance	116,828	94,130	210,958
Non-U.S. public finance:			
Infrastructure finance	10,293	-	10,293
Regulated utilities	6,536	-	6,536
Other public finance	4,663	-	4,663
Total non-U.S. public finance	21,492	-	21,492
Total public finance	\$ 138,320	\$ 94,130	\$ 232,450
U.S. structured finance:			
Pooled corporate obligations	\$ 15,437	\$ -	15,437
RMBS	5,141	-	5,141
Financial products ²	2,310	-	2,310
Insurance securitizations	328	-	328
Consumer receivables	166	-	166
Commercial receivables	38	-	38
Structured credit	5	-	5
Other structured finance	324	-	324
Total U.S. structured finance	23,749	-	23,749
Non-U.S. structured finance:			
Pooled corporate obligations	4,056	-	4,056
RMBS	768	-	768
Other structured finance	373	-	373
Total non-U.S. structured finance	5,197	-	5,197
Total structured finance	\$ 28,946	\$ -	\$ 28,946
Total	\$ 167,266	\$ 94,130	\$ 261,396

Distribution by Ratings of U.S. Public Finance Portfolio September 30, 2014

	(\$ in millions)		
	AGM ¹	MAC	AGM Consolidated ¹
Ratings:			
AAA	\$ 1,176	\$ 2,165	\$ 3,341
AA	34,245	31,910	66,155
A	61,606	51,671	113,277
BBB	16,550	8,318	24,868
BIG	3,251	66	3,317
Net par outstanding	\$ 116,828	\$ 94,130	\$ 210,958

Note: all net par amounts exclude bonds purchased for loss mitigation purposes.

1. Please see page 43 for a definition of this convention.

2. Please see footnote 3 on page 47.

Appendix

Reconciliation of AGM¹ Investment Portfolio and Cash to AGM Consolidated¹ Investment Portfolio and Cash



	Fair Value September 30, 2014 (\$ in millions)		
	AGM ¹	MAC	AGM Consolidated ¹
Investment portfolio, available-for-sale			
Fixed-maturity securities:			
Obligations of states and political subdivisions	\$ 2,062	\$ 1,032	\$ 3,094
Insured obligations of state and political subdivisions	707	238	945
U.S. Treasury securities and obligations of U.S. government agencies	15	20	35
Agency obligations	26	9	35
Corporate securities	557	91	648
Mortgage-backed securities (MBS):			
Residential MBS (RMBS)	714	24	738
Commercial MBS (CMBS)	226	51	277
Asset-backed securities	219	26	245
Foreign government securities	190	-	190
Total fixed-maturity securities	4,716	1,491	6,207
Short-term investments and cash	212	47	259
Total	\$ 4,928	\$ 1,538	\$ 6,466
Less: FG VIEs	60	-	60
Total	\$ 4,868	\$ 1,538	\$ 6,406

	Fair Value September 30, 2014 (\$ in millions)		
	AGM ¹	MAC	AGM Consolidated ¹
Ratings:			
U.S. Treasury securities and obligations of U.S. government agencies	\$ 15	\$ 20	\$ 35
Agency obligations	26	9	35
AAA/Aaa	604	206	810
AA/Aa	2,453	999	3,452
A/A	907	255	1,162
BBB	17	2	19
Below investment grade (BIG)	694	-	694
Total fixed-maturity securities, available-for-sale	4,716	1,491	6,207
Less: FG VIEs	65	-	65
Total fixed-maturity securities, available-for-sale	\$ 4,651	\$ 1,491	\$ 6,142

1. Please see page 43 for a definition of this convention.

Appendix

Reconciliation of AGM¹ Expected Amortization to AGM Consolidated¹ Expected Amortization



AGM¹ – Estimated Ending Net Par Outstanding² September 30, 2014 (\$ in millions)

	Public Finance	Structured Finance	Total
2014 (as of September 30)	\$ 138,320	\$ 28,946	\$ 167,266
2014	135,734	25,757	161,491
2015	125,655	17,614	143,269
2016	118,638	14,105	132,743
2017	111,684	6,919	118,603
2018	106,266	5,993	112,259
2023	78,363	3,454	81,817
2028	50,987	2,378	53,365
2033	28,512	992	29,504

Public Finance – Estimated Ending Net Par Outstanding² September 30, 2014 (\$ in millions)

	AGM ¹	MAC	AGM Consolidated ¹
2014 (as of September 30)	\$ 138,320	\$ 94,130	\$ 232,450
2014	135,734	91,724	227,458
2015	125,655	82,454	208,109
2016	118,638	75,372	194,010
2017	111,684	69,638	181,322
2018	106,266	64,575	170,841
2023	78,363	41,654	120,017
2028	50,987	22,497	73,484
2033	28,512	10,451	38,963

Public Finance – Expected Net Par Amortization² September 30, 2014 (\$ in millions)

	AGM ¹	MAC	AGM Consolidated ¹
2014	\$ 2,586	\$ 2,406	\$ 4,992
2015	10,079	9,270	19,349
2016	7,017	7,082	14,099
2017	6,954	5,734	12,688
2018	5,416	5,063	10,481
2014-2018	32,052	29,555	61,609
2019-2023	27,903	22,921	50,824
2024-2028	27,376	19,157	46,533
2029-2033	22,475	12,046	34,521
After 2033	28,512	10,451	38,963

1. Please see page 43 for a definition of this convention.

2. Please see footnote 3 on page 12.

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Fixed Income Investor Presentation

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