ASSURED GUARANTY®

Financial Supplement

Assured Guaranty Corp.

March 31, 2016

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Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty”) with the Securities and Exchange Commission ("SEC"), including Assured Guaranty's Annual Report on Form 10-K for the year ended December 31, 2015 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016. For the purposes of this financial supplement, all references to the "Company" shall mean AGC and its consolidated entities.

Some amounts in this financial supplement may not add due to rounding.

Cautionary Statement Regarding Forward Looking Statements:

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (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 any securities AGL or any of its subsidiaries have issued, 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 or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates; (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 Assured Guaranty's investment portfolio and in collateral posted by and to Assured Guaranty; (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, bankruptcy and tax laws, or other governmental actions; (14) difficulties with the execution of Assured Guaranty’s business strategy; (15) loss of key personnel; (16) the effects of mergers, acquisitions and divestitures; (17) natural or man-made catastrophes; (18) other risks and uncertainties that have not been identified at this time; (19) management’s response to these factors; and (20) other risk factors identified in AGL’s filings with the SEC. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made. Assured Guaranty 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.

Assured Guaranty Corp.

Selected Financial Highlights

(dollars in millions)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Operating income reconciliation:		
Operating income	**$ 34**	**$ 30**
Plus after-tax adjustments:		
Realized gains (losses) on investments	(3)	12
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(31)	44
Fair value gains (losses) on committed capital securities (CCS)	(6)	0
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	0	0
Effect of consolidating financial guaranty variable interest entities (FG VIEs)	1	1
Net income (loss)	**$ (5)**	**$ 87**
Effect of refundings and terminations, net[4]		
Financial guaranty insurance premiums	$ 19	$ 4
Credit derivative revenues	0	0
Operating income effect[5]	21	3
Return on equity (ROE) calculations [1]:		
ROE, excluding unrealized gain (loss) on investment portfolio	**(1.0)%**	**23.1%**
Operating ROE	**6.9 %**	**6.7%**
New business:		
Gross par written	$ —	$ 257
Present value of new business production (PVP) [2]	—	21

	As of: March 31, 2016	As of: December 31, 2015
Reconciliation of shareholder's equity to adjusted book value[2]:		
Shareholder's equity	**$ 1,910**	**$ 1,898**
Less after-tax adjustments:		
Effect of consolidating FG VIEs	(12)	(14)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(130)	(100)
Fair value gains (losses) on committed capital securities	16	22
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	82	64
Operating shareholder's equity[2]	**1,954**	**1,926**
After-tax adjustments:		
Less: Deferred ceding commission, net of deferred acquisition costs	(8)	(9)
Plus: Net present value of estimated net future credit derivative revenue	60	78
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	546	592
Adjusted book value	**$ 2,568**	**$ 2,605**
Other information		
Net debt service outstanding	$ 67,005	$ 69,998
Net par outstanding	45,785	47,647
Claims-paying resources (including MAC)[3]	3,859	3,924

1) Quarterly ROE calculations represent annualized returns.
2) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.
3) See page 5 for additional detail on claims-paying resources.
4) On an operating basis.
5) Includes the effect of financial guaranty insurance premiums, credit derivative revenues, and other accounts affected by refundings and terminations.

Assured Guaranty Corp.

Consolidated Balance Sheets (unaudited)

(dollars in millions)

	As of:	
	March 31, 2016	December 31, 2015
Assets:		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	$ 2,506	$ 2,547
Short-term investments, at fair value	73	72
Other invested assets	88	88
Equity method investments in affiliates	400	390
Total investment portfolio	3,067	3,097
Cash	30	22
Premiums receivable, net of commissions payable	210	222
Ceded unearned premium reserve	399	420
Reinsurance recoverable on unpaid losses	330	313
Salvage and subrogation recoverable	56	18
Credit derivative assets	93	106
Deferred tax asset, net	262	255
Current income tax receivable	2	5
FG VIE assets, at fair value	487	526
Other assets	200	227
Total assets	**$ 5,136**	**$ 5,211**
Liabilities and shareholders' equity:		
Liabilities:		
Unearned premium reserve	$ 1,229	$ 1,301
Loss and loss adjustment expense reserve	602	589
Reinsurance balances payable, net	80	78
Notes payable to affiliates	300	300
Credit derivative liabilities	352	332
FG VIE liabilities with recourse, at fair value	498	512
FG VIE liabilities without recourse, at fair value	3	3
Other liabilities	162	198
Total liabilities	**3,226**	**3,313**
Shareholders' equity:		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	1,042	1,042
Retained earnings	788	793
Accumulated other comprehensive income	65	48
Total shareholders' equity	**1,910**	**1,898**
Total liabilities and shareholders' equity	**$ 5,136**	**$ 5,211**

Assured Guaranty Corp.

Consolidated Statements of Operations (unaudited)

(dollars in millions)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Revenues:		
Net earned premiums	$ 47	$ 13
Net investment income	19	19
Net realized investment gains (losses)	(4)	19
Net change in fair value of credit derivatives:		
Realized gains (losses) and other settlements	4	4
Net unrealized gains (losses)	(57)	78
Net change in fair value of credit derivatives	(53)	82
Fair value gains (losses) on CCS	(9)	(1)
Fair value gains (losses) on FG VIEs	5	3
Other income (loss)	20	2
Total revenues	**25**	**137**
Expenses:		
Loss and loss adjustment expenses	29	1
Amortization of deferred ceding commissions	0	0
Interest expense	3	4
Other operating expenses	18	16
Total expenses	**50**	**21**
Income (loss) before income taxes and equity in net earnings of investee	**(25)**	**116**
Provision (benefit) for income taxes	(11)	38
Equity in net earnings of investee	9	9
Net income (loss)	**$ (5)**	**$ 87**

Assured Guaranty Corp.

Net Income (Loss) Reconciliation to Operating Income

(dollars in millions)

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	GAAP Income Statement Line Items As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Components	**GAAP Income Statement Line Items As Reported**	Less: Operating Income Adjustments	Non-GAAP Operating Income Components
Revenues:						
Net earned premiums	**$ 47**	$ 0 (1)	$ 47	**$ 13**	$ 0 (1)	$ 13
Net investment income	**19**	(4) (1)	23	**19**	(1) (1)	20
Net realized investment gains (losses)	**(4)**	(4) (2)	—	**19**	19 (2)	0
Net change in fair value of credit derivatives:						
Realized gains (losses) and other settlements	**4**	4	—	**4**	4	—
Net unrealized gains (losses)	**(57)**	(42)	(15)	**78**	78	—
Credit derivative revenues	**—**	(5)	5	**—**	(6)	6
Net change in fair value of credit derivatives	**(53)**	(43) (3)	(10)	**82**	76 (3)	6
Fair value gains (losses) on CCS	**(9)**	(9) (4)	—	**(1)**	(1) (4)	—
Fair value gains (losses) on FG VIEs	**5**	5 (1)	—	**3**	3 (1)	—
Other income (loss)	**20**	1 (5)	19	**2**	1 (5)	1
Total revenues	**25**	(54)	79	**137**	97	40
Expenses:						
Loss and loss adjustment expenses						
Financial guaranty insurance	**29**	(1) (1)	30	**1**	0 (1)	1
Credit derivatives	**—**	5 (3)	(5)	**—**	9 (3)	(9)
Amortization of deferred ceding commissions	**0**	—	0	**0**	—	0
Interest expense	**3**	—	3	**4**	—	4
Other operating expenses	**18**	1	17	**16**	—	16
Total expenses	**50**	5	45	**21**	9	12
Income (loss) before income taxes and equity in net earnings of investee	**(25)**	(59)	34	**116**	88	28
Provision (benefit) for income taxes	**(11)**	(20) (6)	9	**38**	31 (6)	7
Equity in net earnings of investee	**9**	0 (7)	9	**9**	0 (7)	9
Net income (loss)	**$ (5)**	$ (39)	$ 34	**$ 87**	$ 57	$ 30

1) Include adjustments related to elimination of the effects of consolidating FG VIEs.

2) Adjustments to eliminate realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading.

3) Adjustments to eliminate non-economic fair value gains (losses) on credit derivatives and reclassification to revenues and loss expense.

4) Adjustments to eliminate fair value gain (loss) on CCS.

5) Include adjustments related to elimination of foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves.

6) Tax effect of the above adjustments.

7) Adjustment related to non-operating income of investee.

Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Claims-Paying Resources

(dollars in millions)

	As of: March 31, 2016	As of: December 31, 2015
Claims-paying resources		
Policyholders' surplus	$ 1,416	$ 1,365
Contingency reserve (1)	910	906
Qualified statutory capital	**2,326**	**2,271**
Unearned premium reserve (1)	622	654
Loss and LAE reserves (1)	171	224
Total policyholders' surplus and reserves	**3,119**	**3,149**
Present value of installment premium (1)	180	215
CCS	200	200
Excess of loss reinsurance facility (2)	360	360
Total claims-paying resources (including proportionate MAC ownership for AGC)	**3,859**	**3,924**
Adjustment for MAC (3)	540	544
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 3,319**	**$ 3,380**
Statutory net par outstanding (4)	$ 43,453	$ 45,477
Equity method adjustment (3)	22,640	24,289
Adjusted statutory net par outstanding (1)	$ 66,093	$ 69,766
Net debt service outstanding (4)	$ 64,502	$ 67,687
Equity method adjustment (3)	33,598	36,175
Adjusted net debt service outstanding (1)	$ 98,100	$ 103,862
Ratios:		
Adjusted net par outstanding to qualified statutory capital	28:1	31:1
Capital ratio (5)	42:1	46:1
Financial resources ratio (6)	25:1	26:1

1) The numbers shown for AGC have been adjusted to include (i) its 100% share of its U.K. insurance subsidiary and (ii) its indirect share of Municipal Assurance Corp. (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. Amounts include financial guaranty insurance and credit derivatives.
2) Represents an aggregate $360 million excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2016, The facility terminates on January 1, 2018, unless AGC, AGM and MAC choose to extend it.
3) Represents adjustment for AGC's interest and indirect ownership of MAC.
4) Net par outstanding and net debt service outstanding are presented on a statutory basis.
5) The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
6) The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGC).

Assured Guaranty Corp.

New Business Production

(dollars in millions)

	Three Months Ended March 31,	
	2016	2015
New business production analysis:		
PVP:		
Public finance - U.S.:	$ —	$ 0
Public finance - non-U.S.	—	—
Structured finance - U.S.	—	17
Structured finance - non-U.S.	—	4
Total PVP	**$ —**	**$ 21**
Reconciliation of PVP to gross written premiums (GWP):		
Total PVP	**$ —**	**$ 21**
Less: PVP of non-financial guaranty insurance	—	4
PVP of financial guaranty insurance	—	17
Less: Financial guaranty installment premium PVP	—	16
Total: Financial guaranty upfront GWP	—	1
Plus: Installment GWP and other GAAP adjustments[1]	(4)	20
Total GWP	**$ (4)**	**$ 21**
Gross par written:		
Public finance - U.S.:	$ —	$ 1
Public finance - non-U.S.	—	—
Structured finance - U.S.	—	256
Structured finance - non-U.S.	—	—
Total	**$ —**	**$ 257**

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

Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Gross Par Written

(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended March 31, 2016	
	Gross Par Written	Avg. Internal Rating
Sector		
U.S. public finance		
Total U.S. public finance	—	—
Non-U.S. public finance:		
Total non-U.S. public finance	—	—
Total public finance	—	—
U.S. structured finance:		
Insurance securitization	—	—
Other structured finance	—	—
Total U.S. structured finance	—	
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	—	—
Total gross par written	$ —	—

Please refer to the Glossary for a description of internal ratings and sectors.

Assured Guaranty Corp.

Available-for-Sale Investment Portfolio and Cash
As of March 31, 2016
(dollars in millions)

	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income [1]
Investment portfolio, available-for-sale:					
Fixed-maturity securities:					
Obligations of states and political subdivisions	$ 1,382	3.77 %	3.37 %	$ 1,460	$ 52
Insured obligations of state and political subdivisions [2][4]	51	4.61	3.78	52	2
U.S. Treasury securities and obligations of U.S. government agencies	139	1.77	1.15	143	3
Agency obligations	34	4.93	3.21	38	2
Corporate securities	122	3.30	2.15	128	4
Mortgage-backed securities (MBS)[3]:					
Residential MBS (RMBS)[4]	184	3.97	2.58	184	7
Commercial MBS (CMBS)	34	2.90	1.89	35	1
Asset-backed securities[4]	372	1.13	0.73	373	4
Foreign government securities	96	2.81	1.83	101	3
Total fixed-maturity securities	2,414	3.22	2.64	2,514	78
Short-term investments	73	0.08	0.05	73	0
Cash [5]	31	—	—	31	—
Total	**2,518**	**3.13**	**2.56**	**2,618**	**78**
Less: FG VIEs	9	8.23	5.35	9	1
Total	**$ 2,509**	**3.11%**	**2.55%**	**$ 2,609**	**$ 77**

Ratings [6]:	Fair Value	% of Portfolio
U.S. Treasury securities and obligations of U.S. government agencies	$ 143	5.7 %
Agency obligations	38	1.5
AAA/Aaa	206	8.2
AA/Aa	1,339	53.3
A/A	316	12.6
BBB	49	1.9
Below investment grade (BIG) [7]	394	15.7
Not rated	29	1.1
Total fixed-maturity securities, available-for-sale	2,514	100.0 %
Less: FG VIEs	8	
Total fixed-maturity securities, available-for-sale	**$ 2,506**	

Duration of fixed-maturity securities and short-term investments (in years):	**5.7**
Average ratings of fixed-maturity securities and short-term investments	**A+**

1) Represents annualized investment income based on amortized cost and pre-tax book yields.
2) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by Standard & Poor's Ratings Services (S&P) or Moody's Investors Service, Inc. (Moody's), average A+.
3) Includes fair value of $8 million in subprime RMBS, which has an average rating of BB+.
4) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
5) Represents operating cash and is not included in yield calculations.
6) Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation (loss mitigation bonds) or other risk management strategies which use internal ratings classifications.
7) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of $741 million in par with carrying value of $393 million.

Assured Guaranty Corp.

Estimated Net Exposure Amortization[1] and Estimated Future Net Premium and Credit Derivative Revenues

(dollars in millions)

			Financial Guaranty Insurance [2]				
	Estimated Net Debt Service Amortization[1]	Estimated Ending Net Debt Service Outstanding[1]	Expected PV Net Earned Premiums	Accretion of Discount	Future Net Premiums Earned [3]	Future Credit Derivative Revenues [4]	Total
2016 (as of March 31)		$ 67,005					
2016 Q2	$ 1,471	65,534	$ 25	$ 1	$ 26	$ 4	$ 30
2016 Q3	2,053	63,481	22	1	23	4	27
2016 Q4	2,386	61,095	21	1	22	4	26
2017	6,862	54,233	80	3	83	10	93
2018	4,587	49,646	74	3	77	6	83
2019	3,307	46,339	67	3	70	6	76
2020	3,024	43,315	61	2	63	6	69
2016-2020	23,690	43,315	350	14	364	40	404
2021-2025	14,002	29,313	235	9	244	27	271
2026-2030	10,266	19,047	144	5	149	19	168
2031-2035	9,196	9,851	76	2	78	16	94
After 2035	9,851	—	41	1	42	7	49
Total	**$ 67,005**		**$ 846**	**$ 31**	**$ 877**	**$ 109**	**$ 986**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2016. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations and because of management's assumptions on structured finance amortization.

2) See page 10 for ‘‘Present Value of Net Expected Loss to be Expensed.’’

3) Includes $14 million in future net premiums earned related to FG VIEs.

4) Excludes contracts with credit impairment.

Assured Guaranty Corp.

Present Value (PV) of Net Expected Loss to be Expensed

As of March 31, 2016

(dollars in millions)

	Net Expected Loss to be Expensed (1)	
	GAAP(2)	Operating(2)
2016 Q2	**$ 2**	$ 2
2016 Q3	**1**	1
2016 Q4	**2**	2
2017	**8**	8
2018	**8**	9
2019	**9**	9
2020	**10**	10
2016-2020	**40**	41
2021-2025	**47**	48
2026-2030	**41**	42
2031-2035	**22**	23
After 2035	**9**	10
Total expected PV of net expected loss to be expensed	**159**	**164**
Future accretion	**99**	109
Total expected future loss and LAE	**$ 258**	**$ 273**

1) The present value of net expected loss to be paid is discounted using weighted-average risk-free rates ranging from 0.0% to 2.88% for U.S. dollar denominated obligations.

2) Net expected loss to be expensed for GAAP reported income is different than operating income, a non-GAAP financial measure, by the amount related to consolidated FG VIEs and credit derivatives.

Assured Guaranty Corp.

Financial Guaranty Profile (1 of 4)

(dollars in millions)

Net Par Outstanding and Average Rating by Asset Type

	March 31, 2016		December 31, 2015	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	$ 7,684	BBB+	$ 8,057	A-
Tax backed	6,678	BBB+	6,825	BBB+
Healthcare	4,100	A-	4,093	A-
Transportation	3,392	A-	3,706	A-
Municipal utilities	3,254	A-	3,329	A-
Higher education	1,925	BBB+	1,998	BBB+
Infrastructure finance	851	BBB	1,164	BBB+
Investor-owned utilities	388	A-	388	A-
Housing	210	BBB	222	BBB
Other public finance	714	A	724	A
Total U.S. public finance	29,196	BBB+	30,506	BBB+
Non-U.S. public finance:				
Infrastructure finance	1,481	BBB+	1,459	BBB+
Regulated utilities	1,184	A-	1,188	A-
Pooled infrastructure	850	AA	872	AA
Other public finance	158	A+	155	A+
Total non-U.S. public finance	3,673	A	3,674	A
Total public finance	**32,869**	**A-**	**34,180**	**A-**
U.S. structured finance:				
Pooled corporate obligations	6,296	AA	6,475	AA
RMBS	2,105	BBB+	2,227	BBB+
Consumer receivables	1,165	A+	1,172	A+
Insurance securitization	826	A	901	A
CMBS and other commercial real estate related exposures	422	AAA	452	AAA
Commercial receivables	222	A-	247	BBB+
Other structured finance[1]	209	A	213	A
Total U.S. structured finance	11,245	AA-	11,687	AA-
Non-U.S. structured finance:				
Pooled corporate obligations	1,008	AA	1,079	AA
Commercial receivables	341	BBB+	372	A-
RMBS	22	BBB	22	BBB
Other structured finance	300	BBB+	307	BBB+
Total non-U.S. structured finance	1,671	A+	1,780	A+
Total structured finance	**12,916**	**AA-**	**13,467**	**AA-**
Total	**$ 45,785**	**A**	**$ 47,647**	**A**

1) Includes structured credit.

Please refer to the Glossary for an explanation of the presentation of net par outstanding and the Company's internal rating approach, and of the various sectors.

Assured Guaranty Corp.

Financial Guaranty Profile (2 of 4)

As of March 31, 2016

(dollars in millions)

Distribution by Ratings of Financial Guaranty Portfolio

	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
Ratings:	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**
AAA	$ 72	0.2%	$ 79	2.2%	$ 4,677	41.6%	$ 613	36.7%	$ 5,441	11.8%
AA	3,486	11.9	1,458	39.7	2,543	22.6	84	5.0	7,571	16.5
A	14,191	48.6	467	12.7	1,665	14.8	183	11.0	16,506	36.1
BBB	8,206	28.2	1,355	36.9	578	5.2	650	38.9	10,789	23.6
BIG	3,241	11.1	314	8.5	1,782	15.8	141	8.4	5,478	12.0
Net Par Outstanding(1)	**$ 29,196**	**100.0%**	**$ 3,673**	**100.0%**	**$ 11,245**	**100.0%**	**$ 1,671**	**100.0%**	**$ 45,785**	**100.0%**

1) Excludes $198 million of loss mitigation securities insured and held by the Company as of March 31, 2016, which are primarily BIG.

Ceded Par Outstanding by Reinsurer and Insurer Financial Strength Rating

Reinsurer	**Moody's Rating**	**S&P Rating**	**Ceded Par Outstanding**	**% of Total**
Affiliated companies	(2)	(2)	$ 41,689	97.6%
Non-affiliated companies:				
American Overseas Reinsurance Company Limited	WR (3)	WR	871	2.0
Ambac Assurance Corporation	WR	WR	117	0.3
Other	Various	Various	48	0.1
Total non-affiliated companies			1,036	2.4
Total			**$ 42,725**	**100.0%**

2) As of the date of this document, the affiliates of AGC are Assured Guaranty Re Ltd. and its subsidiaries, rated AA by S&P, and Assured Guaranty Municipal Corp. and its subsidiaries, rated A2 by Moody's and AA by S&P. In addition, AGM and MAC are rated AA+ by Kroll Bond Rating Agency and AA by S&P. All of such financial strength ratings have a stable outlook, except for AGC which has a negative outlook on its rating from Moody's. Ceded par outstanding includes $19,150 million ceded by AGC to MAC.

3) Represents "Withdrawn Rating."

Please refer to the Glossary for an explanation of the presentation of net par outstanding and the Company's internal rating approach, and of the various sectors.

Assured Guaranty Corp.

Financial Guaranty Profile (3 of 4)

As of March 31, 2016

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 3,714	8.1 %
Texas	2,791	6.1
New York	2,233	4.9
Florida	2,142	4.7
New Jersey	2,025	4.4
Pennsylvania	1,945	4.2
Puerto Rico	1,656	3.6
Illinois	1,393	3.0
Colorado	810	1.8
Georgia	729	1.6
Kentucky	671	1.5
Louisiana	653	1.4
Ohio	643	1.4
Massachusetts	620	1.4
Michigan	600	1.3
District of Columbia	597	1.3
Washington	547	1.2
North Carolina	543	1.2
Other states	4,884	10.7
Total public finance	29,196	63.8
U.S. structured finance:	11,245	24.6
Total U.S.	**40,441**	**88.4**
Non-U.S.:		
United Kingdom	2,433	5.3
Australia	788	1.7
Canada	307	0.7
France	252	0.6
Turkey	224	0.5
Other	1,340	2.8
Total non-U.S.	**5,344**	**11.6**
Total net par outstanding	**$ 45,785**	**100.0%**

Please refer to the Glossary for an explanation of the presentation of net par outstanding and of the various sectors.

Assured Guaranty Corp.

Financial Guaranty Profile (4 of 4)

As of March 31, 2016

(dollars in millions)

Net Direct Economic Exposure to Selected European Countries (1)

	Hungary	Italy	Portugal	Spain	Total
Sub-sovereign exposure [(2)]	$ 15	$ 14	$ 2	$ 47	$ 78
Non-sovereign exposure [(3)]	5	20	—	—	25
Total	**$ 20**	**$ 34**	**$ 2**	**$ 47**	**$ 103**
Total BIG	**$ 19**	**$ —**	**$ 2**	**$ 47**	**$ 68**

1) While the Company's exposures are shown in U.S. dollars, the obligations the Company insures are in various currencies, primarily Euros.

2) Sub-sovereign exposure in Selected European Countries includes transactions backed by receivables from or supported by sub-sovereigns, which are governmental or government-backed entities other than the ultimate governing body of the country.

3) Non-sovereign exposure in Selected European Countries includes debt of regulated utilities and RMBS.

Please refer to the Glossary for an explanation of the Company's net par outstanding, internal rating approach and of the various sectors.

Assured Guaranty Corp.

Exposure to Puerto Rico (1 of 3)
As of March 31, 2016
(dollars in millions)

Exposure to Puerto Rico

	Gross Par Outstanding	Net Par Outstanding	Gross Debt Service Outstanding	Net Debt Service Outstanding
Previously Subject to the Voided Puerto Rico Public Corporation Debt Enforcement and Recovery Act (the "Recovery Act") [1]	$ 1,410	1,028	$ 2,704	1,967
Not Previously Subject to the Voided Recovery Act	828	628	1,138	871
Total	$ 2,238	$ 1,656	$ 3,842	$ 2,838

1) On February 6, 2015, the U.S. District Court for the District of Puerto Rico ruled that the Recovery Act is preempted by the U.S. Bankruptcy Code and is therefore void. On July 6, 2015, the U.S. Court of Appeals for the First Circuit upheld that ruling, and on December 4, 2015, the U.S. Supreme Court granted petitions for writs of certiorari relating to that ruling.

Net Exposure to Puerto Rico by Risk

	Net Par Outstanding (1)(2)	Gross Par Outstanding	Internal Rating
Exposures Previously Subject to the Voided Recovery Act:			
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) [2]	$ 476	$ 628	CCC-
Puerto Rico Aqueduct and Sewer Authority	296	388	CCC
Puerto Rico Highways and Transportation Authority (PRHTA) (Highway revenue)[2]	100	107	CCC
Puerto Rico Convention Center District Authority (PRCCDA)[2]	82	163	CCC-
Puerto Rico Electric Power Authority (PREPA)	74	124	CC
Total	1,028	1,410	
Exposures Not Previously Subject to the Voided Recovery Act:			
Commonwealth of Puerto Rico - General Obligation Bonds	415	531	CCC
Puerto Rico Public Buildings Authority	137	175	CCC
Puerto Rico Municipal Finance Agency (MFA)	65	103	CCC-
Puerto Rico Infrastructure Financing Authority (PRIFA)[2][3]	10	18	C
University of Puerto Rico	1	1	CCC-
Total	628	828	
Total net exposure to Puerto Rico	$ 1,656	$ 2,238	

1) Includes exposure to capital appreciation bonds with a current aggregate net par outstanding of $14 million and a fully accreted net par at maturity of $15 million. Of these amounts, current net par of $10 million and fully accreted net par at maturity of $11 million relate to the PRHTA, and current net par of $3 million and fully accreted net par at maturity of $4 million relate to the Commonwealth General Obligation Bonds.
2) The Governor issued executive orders on November 30, 2015, and December 8, 2015, directing the Puerto Rico Department of Treasury and the Puerto Rico Tourism Company to retain or transfer certain taxes and revenues pledged to secure the payment of bonds issued by PRHTA, PRIFA and PRCCDA. On January 7, 2016 the Company sued various Puerto Rico governmental officials in the United States District Court, District of Puerto Rico asserting that this attempt to "clawback" pledged taxes and revenues is unconstitutional, and demanding declaratory and injunctive relief.
4) On January 1, 2016 PRIFA defaulted on full payment of a portion of the interest due on its bonds on that date. For those PRIFA bonds it had insured, the Company paid approximately $260 thousand of claims, net of reinsurance, for the interest payments on which PRIFA had defaulted.

Assured Guaranty Corp.

Exposure to Puerto Rico (2 of 3)

As of March 31, 2016

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	Scheduled Net Par Amortization (1)																	
	2016 (Q2)	2016 (Q3)	2016 (Q4)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 -2030	2031 -2035	2036 -2040	2041 -2045	2046 -2048	Total
Exposures Previously Subject to the Voided Recovery Act:																		
PRHTA (Transportation revenue)	$ 0	$ 11	$ 0	$ 8	$ 14	$ 10	$ 6	$ 5	$ 4	$ 5	$ 1	$ 18	$ 49	$ 177	$ 143	$ 25	$ —	$ 476
Puerto Rico Aqueduct and Sewer Authority	—	11	—	—	—	—	—	—	—	—	2	19	63	—	2	73	126	296
PRCCDA	—	6	—	—	—	—	—	—	—	—	—	—	10	52	14	—	—	82
PREPA	0	1	0	0	1	0	1	1	1	1	1	1	57	8	1	—	—	74
PRHTA (Highway revenue)	—	9	—	5	5	10	11	12	—	0	0	1	4	39	4	—	—	100
Total	0	38	0	13	20	20	18	18	5	6	4	39	183	276	164	98	126	1,028
Exposures Not Previously Subject to the Voided Recovery Act:																		
Commonwealth of Puerto Rico - General Obligation Bonds	0	75	0	31	40	29	78	15	13	8	8	6	74	37	1	—	—	415
MFA	—	8	—	7	10	7	9	7	8	3	1	0	5	—	—	—	—	65
Puerto Rico Public Buildings Authority	—	2	—	14	—	2	3	7	0	3	0	3	51	37	15	—	—	137
PRIFA	—	—	—	—	2	—	—	—	—	2	—	—	—	—	4	2	—	10
University of Puerto Rico	—	0	—	0	0	0	0	0	0	0	0	0	0	1	—	—	—	1
Total	0	85	0	52	52	38	90	29	21	16	9	9	130	75	20	2	—	628
Total net par for Puerto Rico	$ 0	$ 123	$ 0	$ 65	$ 72	$ 58	$ 108	$ 47	$ 26	$ 22	$ 13	$ 48	$ 313	$ 351	$ 184	$ 100	$ 126	$1,656

1) Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $14 million and a fully accreted net par at maturity of $15 million. Of these amounts, current net par of $10 million and fully accreted net par at maturity of $11 million relate to the PRHTA, and current net par of $3 million and fully accreted net par at maturity of $4 million relate to the Commonwealth General Obligation Bonds.

Assured Guaranty Corp.

Exposure to Puerto Rico (3 of 3)

As of March 31, 2016

(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	Scheduled Net Debt Service Amortization (1)																	
	2016 (Q2)	**2016 (Q3)**	**2016 (Q4)**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026 -2030**	**2031 -2035**	**2036 -2040**	**2041 -2045**	**2046 -2048**	**Total**
Exposures Previously Subject to the Voided Recovery Act:																		
PRHTA (Transportation revenue)	$ —	$ 23	$ —	$ 32	$ 38	$ 33	$ 29	$ 27	$ 26	$ 27	$ 22	$ 39	$ 147	$ 259	$ 168	$ 26	$ —	$ 896
Puerto Rico Aqueduct and Sewer Authority	—	19	—	15	15	15	15	15	15	15	17	33	121	52	53	124	136	660
PRCCDA	—	8	—	3	3	3	3	4	4	4	3	4	25	64	15	—	—	143
PREPA	0	2	0	4	5	4	4	5	4	5	4	4	64	9	0	—	—	114
PRHTA (Highway revenue)	—	12	—	10	10	15	15	15	3	3	3	3	16	44	5	—	—	154
Total	0	64	0	64	71	70	66	66	52	54	49	83	373	428	241	150	136	1,967
Exposures Not Previously Subject to the Voided Recovery Act:																		
Commonwealth of Puerto Rico - General Obligation Bonds	—	86	—	49	55	43	90	23	21	14	14	12	96	43	1	—	—	547
Puerto Rico Public Buildings Authority	—	6	—	21	6	8	9	13	6	9	6	9	69	46	15	—	—	223
MFA	—	10	—	10	13	9	11	9	8	3	1	1	5	—	—	—	—	80
PRIFA	—	0	—	1	2	0	1	0	0	2	0	1	2	2	7	2	—	20
University of Puerto Rico	—	0	—	0	0	0	0	0	0	0	0	0	0	1	—	—	—	1
Total	—	102	—	81	76	60	111	45	35	28	21	23	172	92	23	2	—	871
Total net debt service for Puerto Rico	$ 0	$ 166	$ 0	$ 145	$ 147	$ 130	$ 177	$ 111	$ 87	$ 82	$ 70	$ 106	$ 545	$ 520	$ 264	$ 152	$ 136	$2,838

1) Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $14 million and a fully accreted net par at maturity of $15 million. Of these amounts, current net par of $10 million and fully accreted net par at maturity of $11 million relate to the PRHTA, and current net par of $3 million and fully accreted net par at maturity of $4 million relate to the Commonwealth General Obligation Bonds.

Assured Guaranty Corp.

Direct Pooled Corporate Obligations Profile

As of March 31, 2016

(dollars in millions)

Distribution of Direct Pooled Corporate Obligations by Ratings

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
Ratings:				
AAA	$ 3,661	51.5 %	26.9 %	31.2 %
AA	1,502	21.2	47.9	53.4
A	831	11.7	45.1	47.8
BBB	505	7.1	46.9	40.6
BIG	602	8.5	41.1	25.4
Total exposures	**$ 7,101**	**100.0%**	**36.1%**	**38.0%**

Distribution of Direct Pooled Corporate Obligations by Asset Class

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
Asset class:					
Synthetic investment grade pooled corporate	$ 2,186	30.8 %	21.5 %	19.1 %	AAA
CBOs/CLOs	1,488	21.0	34.3	47.3	AAA
Trust preferred					
Banks and insurance	2,341	33.0	46.3	46.4	A+
U.S. mortgage and real estate investment trusts	769	10.8	49.6	47.9	BBB
European mortgage and real estate investment trusts	317	4.4	37.1	37.9	BBB+
Total exposures	**$ 7,101**	**100.0%**	**36.1%**	**38.0%**	**AA**

Please refer to the Glossary for an explanation of internal ratings, performance indicators and sectors.

Assured Guaranty Corp.

Consolidated U.S. RMBS Profile

As of March 31, 2016

(dollars in millions)

Distribution of U.S. RMBS by Rating and Type of Exposure [1]

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	$ 7	$ 140	$ 12	$ 605	$ 0	$ 765
AA	37	170	24	39	30	301
A	0	—	3	23	1	27
BBB	58	4	—	27	0	88
BIG	183	199	71	241	229	924
Total exposures	**$ 286**	**$ 514**	**$ 110**	**$ 936**	**$ 260**	**$ 2,105**

Distribution of U.S. RMBS by Year Insured and Type of Exposure

Year insured:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
2004 and prior	$ 49	$ 13	$ 13	$ 188	$ 3	$ 266
2005	80	196	13	2	69	360
2006	15	3	16	518	2	554
2007	141	302	68	227	186	924
Total exposures	**$ 286**	**$ 514**	**$ 110**	**$ 936**	**$ 260**	**$ 2,105**

1) AGC has not insured any U.S. RMBS transactions since 2008.

Please refer to the Glossary for an explanation of the Company's presentation of net par outstanding, and a description of sectors.

Assured Guaranty Corp.

Credit Derivative Net Par Outstanding Profile

As of March 31, 2016

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating	Net Par Outstanding	% of Total
AAA	$ 4,787	44.7 %
AA	2,932	27.4
A	952	8.9
BBB	879	8.2
BIG	1,154	10.8
Total credit derivative net par outstanding	**$ 10,704**	**100.0%**

Distribution of Credit Derivative Net Par Outstanding by Sector and Average Rating

	Net Par Outstanding	Average Internal Rating
Public finance		
U.S. public finance	$ 369	A+
Non-U.S. public finance	1,770	A+
Total public finance	**2,139**	**A+**
U.S. structured finance:		
Pooled corporate obligations	5,579	AA
RMBS	1,154	A+
Consumer receivables	456	AA+
CMBS	419	AAA
Insurance securitizations	30	CCC
Commercial receivables	80	A-
Other structured finance	12	BB
Total U.S. structured finance	7,730	AA
Non-U.S. structured finance:		
Pooled corporate obligations	779	AA+
Commercial receivables	54	BBB
RMBS	2	BB+
Total non-U.S. structured finance	835	AA
Total structured finance	**8,565**	**AA**
Total credit derivative net par outstanding	**$ 10,704**	**AA**

Please refer to the Glossary for a description of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (1 of 3)

(dollars in millions)

BIG Exposures by Asset Exposure Type

	BIG Net Par Outstanding	
	March 31, 2016	**December 31, 2015**
U.S. public finance:		
General obligation	$ 1,106	$ 1,126
Tax backed	886	909
Municipal utilities	437	428
Healthcare	282	287
Infrastructure finance	251	251
Higher education	242	244
Housing	19	19
Transportation	11	10
Other public finance	7	7
Total U.S. public finance	3,241	3,281
Non-U.S. public finance:		
Infrastructure finance	274	264
Other public finance	40	39
Total non-U.S. public finance	314	303
Total public finance	**3,555**	**3,584**
U.S. structured finance:		
RMBS	924	1,011
Pooled corporate obligations	602	624
Insurance securitizations	149	149
Consumer receivables	53	59
Commercial receivables	32	31
Other structured finance	22	23
Total U.S. structured finance	1,782	1,897
Non-U.S. structured finance:		
Pooled corporate obligations	77	77
Commercial receivables	59	—
RMBS	5	4
Total non-U.S. structured finance	141	81
Total structured finance	**1,923**	**1,978**
Total BIG net par outstanding	**$ 5,478**	**$ 5,562**

Please refer to the Glossary for an explanation of the Company's presentation of net par outstanding and a description of various sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (2 of 3)

(dollars in millions)

Net Par Outstanding by BIG Category[1]

	Financial Guaranty Insurance and Credit Derivatives Surveillance Categories	
	March 31, 2016	December 31, 2015
Category 1		
U.S. public finance	$ 1,923	$ 2,064
Non-U.S. public finance	92	92
U.S. structured finance	902	1,042
Non-U.S. structured finance	102	42
Total Category 1	3,019	3,240
Category 2		
U.S. public finance	1,287	1,196
Non-U.S. public finance	222	211
U.S. structured finance	296	274
Non-U.S. structured finance	39	39
Total Category 2	1,844	1,720
Category 3		
U.S. public finance	31	21
Non-U.S. public finance	—	—
U.S. structured finance	584	581
Non-U.S. structured finance	—	—
Total Category 3	615	602
BIG Total	**$ 5,478**	**$ 5,562**

1) Assured Guaranty's surveillance department is responsible for monitoring the Company's portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG Category 2: Below-investment-grade transactions for which future losses are expected but for which no claims (other than liquidity claims which is a claim that the Company expects to be reimbursed within one year) have yet been paid. BIG Category 3: Below-investment-grade transactions for which future losses are expected and on which claims (other than liquidity claims) have been paid.

Please refer to the Glossary for an explanation of the Company's internal rating approach, presentation of net par outstanding and a description of various sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (3 of 3)

As of March 31, 2016

(dollars in millions)

BIG Exposures with Revenue Sources Greater Than $50 Million

Name or description	BIG Net Par Outstanding	Internal Rating	Current Credit Enhancement	60+ Day Delinquencies
U.S. public finance:				
Puerto Rico Highway & Transportation Authority	$ 576	CCC-	N/A	N/A
Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	562	CCC	N/A	N/A
Puerto Rico Aqueduct & Sewer Authority (PRASA)	296	CCC	N/A	N/A
Louisville Arena Authority Inc.	249	BB	N/A	N/A
Ebert Metropolitan District, Colorado	87	B+	N/A	N/A
Puerto Rico Convention Center District Authority	82	CCC-	N/A	N/A
Puerto Rico Electric Power Authority (PREPA)	74	CC	N/A	N/A
Puerto Rico Municipal Finance Agency	65	CCC-	N/A	N/A
Robert Wood Johnson Health Care Corporation at Hamilton	54	B+	N/A	N/A
Southlands Metropolitan District No. 1, Colorado	52	BB	N/A	N/A
Pacific Lutheran University, Washington	52	BB+	N/A	N/A
University of the Arts, Pennsylvania	51	BB	N/A	N/A
Woonsocket (City of), Rhode IslandGO Bonds	51	BB	N/A	N/A
Subtotal U.S. public finance	**2,251**			
Non-U.S. public finance:				
Reliance Rail Finance Pty Limited	220	BB	N/A	N/A
Subtotal non-U.S. public finance	**220**			
U.S. structured finance				
RMBS:				
MortgageIT Securities Corp. Mortgage Loan 2007-2	141	BB	0.0%	13.6%
Countrywide Home Equity Loan Trust 2007-D	114	CCC	0.0	2.1
Countrywide Home Equity Loan Trust 2005-J	62	CCC	0.1	5.3
Subtotal RMBS	**317**			
Non-RMBS:				
Alesco Preferred Funding XVI, Ltd.	179	BB	18.6	N/A
Orkney Re II, Plc	149	CCC	N/A	N/A
Taberna Preferred Funding III, Ltd.	139	BB	33.7	N/A
Taberna Preferred Funding II, Ltd.	113	B	33.5	N/A
US Capital Funding IV, LTD	95	CCC	11.5	N/A
Taberna Preferred Funding VI, Ltd.	75	BB-	31.3	N/A
Subtotal non-RMBS	**750**			
Subtotal U.S. structured finance	**1,067**			
Total	**$ 3,538**			

Please refer to the Glossary for the Company's internal rating approach, presentation of net par outstanding and a description of various sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (1 of 4)

As of March 31, 2016

(dollars in millions)

50 Largest U.S. Public Finance Exposures by Revenue Source

Credit Name	Net Par Outstanding	Internal Rating
New Jersey Economic Development Authority	$ 1,221	BBB+
North Texas Tollway Authority Dallas, Texas	761	A
California (State of)	660	A
Puerto Rico Highway & Transportation Authority	576	CCC-
Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	562	CCC
Philadelphia, Pennsylvania	542	BBB+
Georgia Board of Regents (Albany State University)	403	A
Coastal Water Authority, Texas	400	AA-
Miami-Dade County Aviation, Florida	375	A
Dade County, Florida	309	A+
Pennsylvania Turnpike Commission	308	A-
Metropolitan Washington Airports Authority, District of Columbia	308	BBB+
Puerto Rico Aqueduct & Sewer Authority (PRASA)	296	CCC
Miami-Dade County School Board, Florida	281	A-
New York, New York	252	AA-
Louisville Arena Authority Inc.	249	BB
Michigan State Building Authority	241	A+
New York (State of)	241	AA-
Dallas (City of) Texas Civic Center Convention Complex	232	A
Yankee Stadium LLC (New York City Industrial Development Authority)	219	BBB-
Indianapolis Local Public Improvement Bond Bank Bonds, Indiana	209	A+
Kentucky State Property & Building Commission	185	A+
San Francisco Airports Commission (San Francisco International Airport), California	171	A+
Orange County Tourist Development Tax, Florida	166	BBB
North Carolina Turnpike Authority	163	BBB-
LifeBridge Health, Inc.	159	A
Fairview Health Services	157	A+
Nassau County, New York	157	A-
Denver (City & County) Airport System, Colorado	155	A+
San Joaquin Hills California Transportation	155	BBB-
CHRISTUS Health	155	A
Chicago Transit Authority, Illinois	152	A-
American Municipal Power (Prairie State) Inc., Ohio	146	A
MultiCare Health System	142	AA-
UnityPoint Health System (f/k/a Iowa Health System)	135	AA-
North Carolina Eastern Municipal Power Agency	134	BBB+
Essentia Health	130	A
Chicago Public Schools, Illinois	129	BBB
Bon Secours Health System Obligated Group	127	A-
Long Island Power Authority	122	A-
Virtua Health, New Jersey	121	A+
Covenant Health	120	A
District of Columbia Water & Sewer	117	A+
San Jose Redevelopment Agency Merged Area Redevelopment Project, California	111	BBB
Metropolitan Transportation Authority, New York	109	A
Pennsylvania (Commonwealth of)	108	A
Florida State Department of Environmental Protection (Florida Forever)	108	A+
Orange County Public Schools, Florida	107	A+
Louisiana (State of)	104	AA
Austin Combined Utility System, Texas	100	AA-
Total top 50 U.S. public finance exposures	**$ 12,590**	

Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (2 of 4)

As of March 31, 2016

(dollars in millions)

50 Largest U.S. Structured Finance Exposures

Credit Name	Net Par Outstanding	Internal Rating	Credit Enhancement
Synthetic Investment Grade Pooled Corporate CDO	$ 563	AAA	23.4%
Synthetic Investment Grade Pooled Corporate CDO	450	AAA	17.7
Synthetic Investment Grade Pooled Corporate CDO	440	AAA	21.2
SLM Private Credit Student Trust 2007-A	375	A-	18.1
SLM Private Credit Student Loan Trust 2007-6	333	AAA	4.2
SLM Private Credit Student Loan Trust 2006-C	267	A-	20.5
Synthetic Investment Grade Pooled Corporate CDO	225	AAA	29.1
Synthetic Investment Grade Pooled Corporate CDO	204	AAA	10.4
Synthetic Investment Grade Pooled Corporate CDO	204	AAA	9.2
ALESCO Preferred Funding X LTD	190	AA	54.6
ALESCO Preferred Funding XIV	190	A+	42.1
Private US Insurance Securitization	180	AA	N/A
Private US Insurance Securitization	180	AA	N/A
Alesco Preferred Funding XVI, Ltd.	179	BB	18.6
Private US Insurance Securitization	150	AA	N/A
Taberna Preferred Funding IV, Ltd.	149	BBB-	38.7
Orkney Re II, Plc	149	CCC	N/A
CWALT Alternative Loan Trust 2007-HY9	148	A+	0.2
MortgageIT Securities Corp. Mortgage Loan 2007-2	141	BB	0.0
Taberna Preferred Funding III, Ltd.	139	BB	33.7
ALESCO Preferred Funding XIII, Ltd.	138	AA	51.6
ALESCO Preferred Funding XVII, Ltd.	138	BBB-	31.9
Mountain View CLO II	121	AAA	27.8
Trapeza CDO XI	118	A-	46.4
Countrywide Home Equity Loan Trust 2007-D	114	CCC	0.0
Taberna Preferred Funding II, Ltd.	113	B	33.5
Kingsland IV	110	AAA	35.8
Cratos CLO I	106	AAA	46.9
Synthetic Investment Grade Pooled Corporate CDO	100	AAA	7.8
Cent CDO XI Limited	99	AAA	33.6
ALESCO Preferred Funding XII, Ltd.	99	A-	45.1
RAIT Preferred Funding II, Ltd.	98	AA	69.5
US Capital Funding IV, LTD	95	CCC	11.5
ALESCO Preferred Funding XI, Ltd.	94	AA	53.0
Preferred Term Securities XXIV, Ltd.	92	AA-	43.9
Shenandoah Trust Capital I Term Securities	90	A+	N/A
Kodiak CDO II	87	AA	72.1
Preferred Term Securities XIX, Ltd.	86	AA	48.2
Fortress Credit Opportunities I	86	AA	40.6
IMPAC CMB Trust Series 2007-A Class A	84	AAA	10.0
OwnIt Mortgage Loan ABS Certificates 2006-3	83	AAA	17.3
Structured Asset Investment Loan Trust 2006-1	83	AAA	11.1
Specialty Underwriting & Residential Fin 06-BC1	83	AAA	69.8
First Franklin Mortgage Loan ABS 2005-FF12	83	AAA	68.2
New Century Home Equity Loan Trust 2006-1	83	AAA	10.0
Soundview Home Equity Loan Trust 2006-OPT1	83	AAA	44.5
Merrill Lynch Mortgage Investors 2006-HE1	83	AAA	67.6
ALESCO Preferred Funding XI	83	AA	49.8
ALESCO Preferred Funding VI	80	A+	49.8
KKR Financial CLO 2007-1	79	AAA	79.4
Total top 50 U.S. structured finance exposures	**$ 7,747**		

Please refer to the Glossary for the Company's internal rating approach, presentation of net par outstanding and a description of various sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (3 of 4)

As of March 31, 2016

(dollars in millions)

25 Largest Non-U.S. Exposures by Revenue Source

Credit Name	Country	Net Par Outstanding	Internal Rating
International Infrastructure Pool	United Kingdom	$ 327	AA
Plenary Health North Bay Finco Inc.	Canada	262	AA
International Infrastructure Pool	United Kingdom	262	AA
International Infrastructure Pool	United Kingdom	261	AA
Airspeed Limited Series 2007-1 Class G-2	Refer to Note 1	228	A
Reliance Rail Finance Pty Limited	Australia	220	BB
Garanti DPR 2014-C	Turkey	180	BBB+
Taberna Europe CDO II Plc	Refer to Note 2	143	BBB-
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	142	AA-
Taberna Europe CDO I Plc	Refer to Note 3	138	A
Neptuno CLO I B.V.	Refer to Note 4	134	AAA
Wood Street CLO V B.V.	Refer to Note 5	129	AAA
Windmill CLO I PLC	Refer to Note 6	117	AAA
BBI (DBCT) Finance Pty Limited Dalrymple Bay Coal Terminal	Australia	116	BBB
Private Future Flow Transaction	Guatemala	111	BBB
Anglian Water Services Financing Plc	United Kingdom	105	A-
Western Power Distribution (South West) Plc	United Kingdom	102	AA-
Orange and Associated Health ServicesAncora (OAHS) Pty Ltd.	Australia	99	BBB
Southern Gas Networks PLC	United Kingdom	95	BBB
Envestra Limited	Australia	82	BBB
Verbund - Lease and Sublease of Hydro-Electric Equipment	Austria	79	AAA
Alpstar CLO 2 PLC	Refer to Note 7	77	AAA
Artesian Finance II Plc (Southern)	United Kingdom	71	A-
Dwr Cymru Financing Limited Welsh Water Plc	United Kingdom	64	A
Westralia Airports Corporation	Australia	63	AA
Total top 25 non-U.S. exposures		**$ 3,607**	

1) Primarily Turkey, South Korea, Ireland, Italy and China.
2) Primarily United Kingdom, France, Spain, Denmark and Luxembourg.
3) Primarily United Kingdom, Spain, Czech Republic and Austria.
4) Primarily Germany, France, United Kingdom, Netherlands and Spain.
5) Primarily United Kingdom, Germany, France, Spain and Netherlands.
6) Primarily Germany, United Kingdom, France, Netherlands and Spain.
7) Primarily Netherlands, France, Luxembourg, United Kingdom and Spain.

Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (4 of 4)

As of March 31, 2016

(dollars in millions)

10 Largest U.S. Residential Mortgage Servicer Exposures

Servicer:	Net Par Outstanding
Ocwen Loan Servicing, LLC [(1)]	$ 669
Bank of America, N.A. [(2)]	528
Wells Fargo Bank N.A.	320
Specialized Loan Servicing, LLC	267
JPMorgan Chase Bank	96
Select Portfolio Servicing, Inc.	51
Carrington Mortgage Services, LLC	31
Capital One Financial Corporation	23
Citicorp Mortgage Securities, Inc.	21
Nationstar Mortgage LLC	17
Total top 10 U.S. residential mortgage servicer exposures	**$ 2,023**

1) Includes GMAC Mortgage LLC, Residential Funding Corp and Homeward Residential Inc.

2) Includes Countrywide Home Loans Servicing LP.

10 Largest U.S. Healthcare Exposures

Credit Name:	Net Par Outstanding	Internal Rating	State
LifeBridge Health, Inc.	$ 159	A	MD
Fairview Health Services	157	A+	MN
CHRISTUS Health	155	A	TX
MultiCare Health System	143	AA-	WA
UnityPoint Health System (f/k/a Iowa Health System)	135	AA-	IA & WI
Essentia Health	130	A	MN
Bon Secours Health System Obligated Group	127	A-	MD
Virtua Health	121	A+	NJ
Covenant Health	120	A	TN
Group Health Cooperative	98	BBB	WA
Total top 10 U.S. healthcare exposures	**$ 1,345**		

Please refer to the Glossary for the Company's internal rating approach and presentation of net par outstanding.

Assured Guaranty Corp.

Rollforward of Net Expected Loss and LAE to be Paid After Benefit for R&W

(dollars in millions)

Rollforward of Net Expected Loss and LAE to be Paid After Benefit for R&W for the Three Months Ended March 31, 2016

Financial Guaranty Insurance Contracts and Credit Derivatives	Net Expected Loss to be Paid/ (Recovered) as of December 31, 2015	Economic Loss Development During 1Q-16	(Paid) Recovered Losses During 1Q-16	Net Expected Loss to be Paid/ (Recovered) as of March 31, 2016
Public Finance:				
U.S. public finance	$ 353	$ 24	$ 0	$ 377
Non-U.S. public finance	6	0	—	6
Public Finance	359	24	0	383
U.S. RMBS				
First lien:				
Prime first lien	(2)	0	1	(1)
Alt-A first lien	31	(10)	(38)	(17)
Option ARMs	2	(7)	0	(5)
Subprime first lien	32	(1)	(1)	30
Total first lien	63	(18)	(38)	7
Second lien	13	4	2	19
Total U.S. RMBS(1)	76	(14)	(36)	26
Triple-X life insurance transactions	(14)	0	0	(14)
Other structured finance	(2)	2	(14)	(14)
Structured Finance	**60**	**(12)**	**(50)**	**(2)**
Total	**$ 419**	**$ 12**	**$ (50)**	**$ 381**

1) Includes future net representations and warranties (R&W) benefit of $13 million as of December 31, 2015 and $9 million as of March 31, 2016.

Assured Guaranty Corp.

Loss Expense - Non-GAAP Operating Basis

As of March 31, 2016

(dollars in millions)

Financial Guaranty Insurance Contracts and Credit Derivatives	**Total Net Par Outstanding for BIG Transactions**	**1Q-16 Losses Incurred**	**Net Expected Loss to be Expensed(1)**
Public Finance:			
U.S. public finance	$ 3,241	$ 20	$ 135
Non-U.S. public finance	314	0	4
Public Finance	3,555	20	139
Structured Finance:			
U.S. RMBS			
First lien:			
Prime first lien	183	0	0
Alt-A first lien	200	7	7
Option ARMs	71	(4)	0
Subprime	241	(1)	3
Total first lien	695	2	10
Second lien	229	4	6
Total U.S. RMBS	924	6	16
Triple-X life insurance transactions	149	0	3
TruPS	602	0	—
Other structured finance	248	(1)	6
Structured Finance	1,923	5	25
Loss expense - non-GAAP basis	**5,478**	**25**	**164**

1) Represents present value and excludes future accretion of $109 million. See page 10 for ‘‘Present Value of Net Expected Loss to be Expensed.’’

Please refer to the Glossary for an explanation of the presentation of net par outstanding and of the various sectors.

Assured Guaranty Corp.

Summary of Statutory Financial and Statistical Data

(dollars in millions)

	As of and for Three Months Ended March 31,	Year Ended December 31,			
	2016	2015	2014	2013	2012
Statutory Data					
Policyholders' surplus	$ 1,416	$ 1,365	$ 1,086	$ 693	$ 905
Contingency reserve	910	906	834	1,151	825
Qualified statutory capital	**2,326**	**2,271**	**1,920**	**1,844**	**1,730**
Unearned premium reserve	622	654	650	720	753
Loss and LAE reserves	171	224	93	153	313
Total policyholders' surplus and reserves	**3,119**	**3,149**	**2,663**	**2,717**	**2,796**
Present value of installment premium	180	215	224	262	331
CCS	200	200	200	200	200
Excess of loss reinsurance facility	360	360	450	435	435
Total claims-paying resources (including proportionate MAC ownership for AGC)	**3,859**	**3,924**	**3,537**	**3,614**	**3,762**
Adjustment for MAC	540	544	553	593	593
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 3,319**	**$ 3,380**	**$ 2,984**	**$ 3,021**	**$ 3,169**
Other Financial Information (Statutory Basis)					
Net debt service outstanding (end of period)[1]	98,100	103,862	$ 116,211	$ 139,334	$ 138,286
Gross debt service outstanding (end of period)[1]	129,945	137,292	159,140	188,486	194,569
Net par outstanding (end of period)[1]	66,093	69,766	78,077	95,010	94,194
Gross par outstanding (end of period)[1]	87,569	92,273	106,866	128,222	131,945
Ceded to Assured Guaranty affiliates	20,460	21,448	27,354	31,317	35,322
Ratios:					
Net par outstanding to qualified statutory capital	28:1	31:1	41:1	52:1	54:1
Capital ratio [1]	42:1	46:1	61:1	76:1	80:1
Financial resources ratio [1]	25:1	26:1	33:1	39:1	37:1
Gross debt service written:					
Public finance - U.S.	—	38	$ 15	$ 30	$ 2,821
Public finance - non-U.S.	—	—	—	—	—
Structured finance - U.S.	—	349	423	297	585
Structured finance - non-U.S.	—	63	387	—	—
Total gross debt service written	$ —	$ 450	$ 825	$ 327	$ 3,406

1) See page 5 for additional detail on claims-paying resources and exposure.

Please refer to the Glossary for an explanation of the presentation of net debt service and net par outstanding and of the various sectors.

Glossary

Net Par Outstanding and Internal Ratings

Net par outstanding is insured par exposure, net of reinsurance cessions. Unless otherwise indicated, GAAP net par outstanding amounts exclude amounts related to securities the Company has purchased for loss mitigation purposes.

Internal Rating utilizes the Company's ratings scale, which is similar to that used by the nationally recognized statistical rating organizations except that the Company's internal credit ratings focus on future performance rather than lifetime performance; internal credit ratings may differ from those assigned by such rating agencies.

Statutory Net Par and Net Debt Service Outstanding. Under statutory accounting, net par and net debt service outstanding 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 United States (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).

Performance Indicators

The performance information described below is obtained from third parties and/or provided by the trustee and may be subject to revision as updated or additional information are obtained:

60+ Day Delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned divided by current collateral balance.

Average Credit Enhancement is intended to provide a measure of the amount of equity and/or subordinated tranches that are junior in the capital structure to Assured Guaranty's exposure, expressed as a percentage of the total transaction size, and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes. Some asset classes may not have subordinated tranches so they are excluded from the weighted averages.

Sectors

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2015.

Public Finance:

General Obligation Bonds are full faith and credit bonds that are issued by states, their political subdivisions and other municipal issuers, and are supported by the general obligation of the issuer to pay from available funds and by a pledge of the issuer to levy ad valorem taxes in an amount sufficient to provide for the full payment of the bonds.

Tax-Backed Bonds are obligations that are supported by the issuer from specific and discrete sources of taxation. They include tax-backed revenue bonds, general fund obligations and lease revenue bonds. Tax-backed obligations may be secured by a lien on specific pledged tax revenues, such as a gasoline or excise tax, or incrementally from growth in property tax revenue associated with growth in property values. These obligations also include obligations secured by special assessments levied against property owners and often benefit from issuer covenants to enforce collections of such assessments and to foreclose on delinquent properties. Lease revenue bonds typically are general fund obligations of a municipality or other governmental authority that are subject to annual appropriation or abatement; projects financed and subject to such lease payments ordinarily include real estate or equipment serving an essential public purpose. Bonds in this category also include moral obligations of municipalities or governmental authorities.

Municipal Utility Bonds are obligations of all forms of municipal utilities, including electric, water and sewer utilities and resource recovery revenue bonds. These utilities may be organized in various forms, including municipal enterprise systems, authorities or joint action agencies.

Glossary (continued)

Sectors **(continued)**

Transportation Bonds include a wide variety of revenue-supported bonds, such as bonds for airports, ports, tunnels, municipal parking facilities, toll roads and toll bridges.

Healthcare Bonds are obligations of healthcare facilities, including community-based hospitals and systems, as well as of health maintenance organizations and long-term care facilities.

Higher Education Bonds are obligations secured by revenue collected by either public or private secondary schools, colleges and universities. Such revenue can encompass all of an institution's revenue, including tuition and fees, or in other cases, can be specifically restricted to certain auxiliary sources of revenue.

Infrastructure Bonds include obligations issued by a variety of entities engaged in the financing of infrastructure projects, such as roads, airports, ports, social infrastructure and other physical assets delivering essential services supported by long-term concession arrangements with a public sector entity.

Investor-Owned Utility Bonds are obligations primarily backed by investor-owned utilities, first mortgage bond obligations of for-profit electric or water utilities providing retail, industrial and commercial service, and also include sale-leaseback obligation bonds supported by such entities.

Housing Revenue Bonds are obligations relating to both single and multi-family housing, issued by states and localities, supported by cash flow and, in some cases, insurance from entities such as the Federal Housing Administration.

Regulated Utilities Obligations are issued by government-regulated providers of essential services and commodities, including electric, water and gas utilities. The majority of the Company's international regulated utility business is conducted in the United Kingdom.

Pooled Infrastructure Obligations are synthetic asset-backed obligations that take the form of credit default swap obligations or credit-linked notes that reference either infrastructure finance obligations or a pool of such obligations, with a defined deductible to cover credit risks associated with the referenced obligations.

Other Public Finance primarily includes government insured student loans, government-sponsored project finance and structured municipal transactions, which includes excess of loss reinsurance on portfolios of municipal credits.

Structured Finance:
Pooled Corporate Obligations are securities primarily backed by various types of corporate debt obligations, such as secured or unsecured bonds, bank loans or loan participations and trust preferred securities (TruPS). These securities are often issued in "tranches," with subordinated tranches providing credit support to the more senior tranches. The Company's financial guaranty exposures generally are to the more senior tranches of these issues.

Residential Mortgage-Backed Securities (RMBS) are obligations backed by closed-end and open-end first and second lien mortgage loans on one-to-four family residential properties, including condominiums and cooperative apartments. First lien mortgage loan products in these transactions include fixed rate, adjustable rate (ARM) and option adjustable-rate (Option ARM) mortgages. The credit quality of borrowers covers a broad range, including "prime", "subprime" and "Alt-A". A prime borrower is generally defined as one with strong risk characteristics as measured by factors such as payment history, credit score, and debt-to-income ratio. A subprime borrower is a borrower with higher risk characteristics, usually as determined by credit score and/or credit history. An Alt-A borrower is generally defined as a prime quality borrower that lacks certain ancillary characteristics, such as fully documented income.

Additional insured obligations within RMBS include Home Equity Lines of Credit (HELOCs), which refers to a type of residential mortgage-backed transaction backed by second-lien loan collateral consisting of home equity lines of credit. U.S. Prime First Lien is a type of residential mortgage-backed securities transaction backed primarily by prime first-lien loan collateral plus an insignificant amount of other miscellaneous RMBS transactions.

CBOs/CLOs (collateralized bond obligations and collateralized loan obligations) are asset-backed securities largely backed by non-investment grade/high yield collateral.

Glossary (continued)

***Sectors* (continued)**

Commercial Mortgage-Backed Securities (CMBS) are obligations backed by pools of commercial mortgages. The collateral supporting CMBS include office, multifamily, retail, hotel, industrial and other specialized or mixed-use properties.

Consumer Receivables Securities are obligations backed by non-mortgage consumer receivables, such as student loans, automobile loans and leases, manufactured home loans and other consumer receivables.

Commercial Receivables Securities are obligations backed by equipment loans or leases, aircraft and aircraft engine financings, business loans and trade receivables. Credit support is derived from the cash flows generated by the underlying obligations, as well as property or equipment values as applicable.

Insurance Securitization Obligations are obligations secured by the future earnings from pools of various types of insurance/reinsurance policies and income produced by invested assets.

Other Structured Finance Obligations are obligations backed by assets not generally described in any of the other described categories. One such type of asset is a tax benefit to be realized by an investor in one of the Federal or state programs that permit such investor to receive a credit against taxes (such as Federal corporate income tax or state insurance premium tax) for making qualified investments in specified enterprises, typically located in designated low-income areas.

Non-GAAP Financial Measures

The Company references financial measures that are not in accordance with accounting principles generally accepted in the United States of America (GAAP). The Company discloses non-GAAP financial measures in a manner consistent with those calculated and disclosed by AGL in order to show the Company's contribution (before certain intercompany eliminations for transactions with affiliates) to the Assured Guaranty amounts.

Assured Guaranty's management and AGL's board of directors utilize non-GAAP financial measures in evaluating Assured Guaranty's financial performance and as a basis for determining incentive compensation for Assured Guaranty's senior management. By providing these non-GAAP financial measures, Assured Guaranty gives investors, analysts and financial news reporters 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 for Assured Guaranty. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement. 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 Assured Guaranty's financial guaranty business, and also includes financing costs and net investment income, and enables investors and analysts to evaluate Assured Guaranty'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 the Company, 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 CCS. 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 AGL 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 gain or loss. Many investors, analysts and financial news reporters use operating shareholders' equity as the principal financial measure for valuing AGL's current share price or projected share price and also as the basis of their decision to recommend, buy or sell AGL's common shares. Many of the Company's fixed income investors also use operating shareholders' equity to evaluate 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 the Company, 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.

Non-GAAP Financial Measures (continued)

3) Elimination of the after-tax fair value gains (losses) on the Company's CCS. 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 Assured Guaranty's return on invested capital. Many investors, analysts and members of the financial news media use operating ROE to evaluate AGL's share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Quarterly and year-to-date operating ROE are calculated on an annualized basis.

Adjusted Book Value: Management believes that adjusted book value is a useful measure because it enables an evaluation of the net present value of Assured Guaranty'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 AGL's share price and as the basis of their decision to recommend, buy or sell the AGL 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 and ceding commissions 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 the Company 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.

Contacts:

Assured Guaranty Corp.

31 West 52nd Street
New York, NY 10019
(212) 974-0100
www.assuredguaranty.com

Equity and Fixed Income Investors:
Robert Tucker
Senior Managing Director, Investor Relations and Corporate Communications
(212) 339-0861
rtucker@assuredguaranty.com

Michael Walker
Managing Director, Fixed Income Investor Relations
(212) 261-5575
mwalker@assuredguaranty.com

Andre Thomas
Managing Director, Equity Investor Relations
(212) 339-3551
athomas@assuredguaranty.com

Katie-May Gordon
Associate, Investor Relations
(212) 339-0898
kgordon@assuredguaranty.com

Media:
Ashweeta Durani
Vice President, Corporate Communications
(212) 408-6042
adurani@assuredguaranty.com