Financial Supplement

Assured Guaranty Corp.

September 30, 2016

Revised on December 21, 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 its Annual Report on Form 10-K for the year ended December 31, 2015 and its Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2016, June 30, 2016 and September 30, 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) the impact of changes in the world's economy and credit and currency markets and in applicable laws or regulations relating to the decision of the United Kingdom to exit the European Union; (15) difficulties with the execution of Assured Guaranty’s business strategy; (16) loss of key personnel; (17) the effects of mergers, acquisitions and divestitures; (18) natural or man-made catastrophes; (19) other risks and uncertainties that have not been identified at this time; (20) management’s response to these factors; and (21) 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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income (loss)	**$ 367**	**$ 15**	**$ 416**	**$ 226**
Operating income [2]	381	64	451	218
Effect of refundings and terminations, net on:				
Net earned premiums	**$ 54**	**$ 31**	**$ 102**	**$ 72**
Net change in fair value of credit derivatives	**11**	**0**	**72**	**1**
Net income effect	**50**	**25**	**139**	**61**
Operating net earned premiums	54	31	102	72
Credit derivative revenues	4	1	21	2
Operating income effect	45	25	105	61
Effective tax rate on net income	**(4.8)%**	**(53.0)%**	**(3.1)%**	**25.1%**
Effective tax rate on operating income[4]	(2.4)	31.5	2.2	18.7
Return on equity (ROE) calculations [1][5]:				
GAAP ROE	**68.7 %**	**3.5 %**	**26.3 %**	**18.3%**
ROE, excluding unrealized gain (loss) on investment portfolio	72.5	3.6	27.5	19.2
Operating ROE	70.9	13.4	28.3	15.7
New business:				
Gross written premiums (GWP)	**$ 2**	**$ 0**	**$ (1)**	**$ 20**
Present value of new business production (PVP) [2]	1	—	1	21
Gross par written	25	—	29	257

	As of:	
	September 30, 2016	December 31, 2015
Shareholder's equity	**$ 2,316**	**$ 1,898**
Operating shareholder's equity[2]	2,322	1,926
Adjusted book value[2]	2,978	2,605
Other Information		
Net debt service outstanding	$ 60,631	$ 69,998
Net par outstanding	41,871	47,647
Claims-paying resources (including MAC)[3]	4,045	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. Income statement items mentioned in this Financial Supplement that are described as operating (e.g. operating net earned premiums) are non-GAAP measures and represent components of operating income.
3) See page 8 for additional detail on claims-paying resources.
4) Represents the ratio of non-GAAP operating provision for income taxes to operating income before income taxes. See pages 4 and 5.
5) See page 6 for additional information on calculation.

Assured Guaranty Corp.

Consolidated Balance Sheets (unaudited)

(dollars in millions)

	As of:	
	September 30, 2016	December 31, 2015
Assets:		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	$ 2,791	$ 2,547
Short-term investments, at fair value	149	72
Other invested assets	90	88
Equity method investments in affiliates	303	390
Total investment portfolio	3,333	3,097
Cash	33	22
Premiums receivable, net of commissions payable	218	222
Ceded unearned premium reserve	334	420
Reinsurance recoverable on unpaid losses	295	313
Salvage and subrogation recoverable	147	18
Credit derivative assets	83	106
Deferred tax asset, net	475	255
Current income tax receivable	—	5
Financial guaranty variable interest entities (FG VIE) assets, at fair value	236	526
Other assets	255	227
Total assets	**$ 5,409**	**$ 5,211**
Liabilities and shareholders' equity:		
Liabilities:		
Unearned premium reserve	$ 1,320	$ 1,301
Loss and loss adjustment expense reserve	500	589
Reinsurance balances payable, net	82	78
Notes payable to affiliates	300	300
Credit derivative liabilities	378	332
Current income tax payable	33	—
FG VIE liabilities with recourse, at fair value	208	512
FG VIE liabilities without recourse, at fair value	46	3
Other liabilities	226	198
Total liabilities	**3,093**	**3,313**
Shareholders' equity:		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	1,041	1,042
Retained earnings	1,171	793
Accumulated other comprehensive income	89	48
Total shareholders' equity	**2,316**	**1,898**
Total liabilities and shareholders' equity	**$ 5,409**	**$ 5,211**

Assured Guaranty Corp.

Consolidated Statements of Operations (unaudited)

(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues:				
Net earned premiums	$ 90	$ 61	$ 192	$ 153
Net investment income	22	20	60	59
Net realized investment gains (losses)	0	(3)	7	10
Net change in fair value of credit derivatives:				
Realized gains (losses) and other settlements	11	0	25	6
Net unrealized gains (losses)	(7)	(4)	(40)	156
Net change in fair value of credit derivatives	4	(4)	(15)	162
Fair value gains (losses) on committed capital securities (CCS)	(12)	(7)	(27)	5
Fair value gains (losses) on FG VIEs	1	(1)	9	1
Bargain purchase gain and settlement of pre-existing relationship	257	—	257	54
Other income (loss)	(16)	3	5	7
Total revenues	**346**	**69**	**488**	**451**
Expenses:				
Loss and loss adjustment expenses (LAE)	(20)	48	48	120
Amortization of deferred ceding commissions	(1)	0	(2)	0
Interest expense	3	3	8	11
Other operating expenses	24	15	63	59
Total expenses	**6**	**66**	**117**	**190**
Income (loss) before income taxes and equity in net earnings of investee	**340**	**3**	**371**	**261**
Provision (benefit) for income taxes	(16)	(2)	(11)	65
Equity in net earnings of investee	11	10	34	30
Net income (loss)	**$ 367**	**$ 15**	**$ 416**	**$ 226**

Assured Guaranty Corp.

Net Income (Loss) Reconciliation to Operating Income (1 of 2)

(dollars in millions)

	Three Months Ended September 30, 2016			Three Months Ended September 30, 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	**$ 90**	$ (1) (1)	$ 91	**$ 61**	$ 0 (1)	$ 61
Net investment income	**22**	0 (1)	22	**20**	(1) (1)	21
Net realized investment gains (losses)	**0**	0 (2)	—	**(3)**	(3) (2)	0
Net change in fair value of credit derivatives:						
Realized gains (losses) and other settlements	**11**	11	—	**0**	0	—
Net unrealized gains (losses)	**(7)**	(11)	4	**(4)**	(2)	(2)
Credit derivative revenues	**—**	(10)	10	**—**	(27)	27
Net change in fair value of credit derivatives	**4**	(10) (3)	14	**(4)**	(29) (3)	25
Fair value gains (losses) on CCS	**(12)**	(12) (4)	—	**(7)**	(7) (4)	—
Fair value gains (losses) on FG VIEs	**1**	1 (1)	—	**(1)**	(1) (1)	—
Bargain purchase gain and settlement of pre-existing relationship	**257**	—	257	**—**	—	—
Other income (loss)	**(16)**	2 (5)	(18)	**3**	1 (5)	2
Total revenues	**346**	(20)	366	**69**	(40)	109
Expenses:						
Loss and LAE						
Financial guaranty insurance	**(20)**	1 (1)	(21)	**48**	0 (1)	48
Credit derivatives	**—**	0 (3)	0	**—**	36 (3)	(36)
Amortization of deferred ceding commissions	**(1)**	0	(1)	**0**	—	0
Interest expense	**3**	—	3	**3**	—	3
Other operating expenses	**24**	—	24	**15**	0	15
Total expenses	**6**	1	5	**66**	36	30
Income (loss) before income taxes and equity in net earnings of investee	**340**	(21)	361	**3**	(76)	79
Provision (benefit) for income taxes	**(16)**	(7) (6)	(9)	**(2)**	(27) (6)	25
Equity in net earnings of investee	**11**	0 (7)	11	**10**	0 (7)	10
Net income (loss)	**$ 367**	$ (14)	$ 381	**$ 15**	$ (49)	$ 64
Effective tax rate	**(4.8)%**		(2.4)%	**(53.0)%**		31.5%

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.

Net Income (Loss) Reconciliation to Operating Income (2 of 2)

(dollars in millions)

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 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	**$ 192**	$ (1) (1)	$ 193	**$ 153**	$ (1) (1)	$ 154
Net investment income	**60**	(4) (1)	64	**59**	(3) (1)	62
Net realized investment gains (losses)	**7**	7 (2)	—	**10**	10 (2)	0
Net change in fair value of credit derivatives:						
Realized gains (losses) and other settlements	**25**	25	—	**6**	6	—
Net unrealized gains (losses)	**(40)**	(24)	(16)	**156**	158	(2)
Credit derivative revenues	**—**	(37)	37	**—**	(61)	61
Net change in fair value of credit derivatives	**(15)**	(36) (3)	21	**162**	103 (3)	59
Fair value gains (losses) on CCS	**(27)**	(27) (4)	—	**5**	5 (4)	—
Fair value gains (losses) on FG VIEs	**9**	9 (1)	—	**1**	1 (1)	—
Bargain purchase gain and settlement of pre-existing relationship	**257**	—	257	**54**	(34)	88
Other income (loss)	**5**	4 (5)	1	**7**	2 (5)	5
Total revenues	**488**	(48)	536	**451**	83	368
Expenses:						
Loss and LAE						
Financial guaranty insurance	**48**	0 (1)	48	**120**	0 (1)	120
Credit derivatives	**—**	10 (3)	(10)	**—**	52 (3)	(52)
Amortization of deferred ceding commissions	**(2)**	0	(2)	**0**	—	0
Interest expense	**8**	—	8	**11**	—	11
Other operating expenses	**63**	1	62	**59**	1	58
Total expenses	**117**	11	106	**190**	53	137
Income (loss) before income taxes and equity in net earnings of investee	**371**	(59)	430	**261**	30	231
Provision (benefit) for income taxes	**(11)**	(21) (6)	10	**65**	22 (6)	43
Equity in net earnings of investee	**34**	3 (7)	31	**30**	0 (7)	30
Net income (loss)	**$ 416**	$ (35)	$ 451	**$ 226**	$ 8	$ 218
Effective tax rate	**(3.1)%**		2.2%	**25.1%**		18.7%

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.

Selected Financial Highlights Non-GAAP Reconciliations (1 of 2)

(dollars in millions)

Operating Income Reconciliation	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2016	**2015**	**2016**	**2015**
Net income (loss)	**$ 367**	**$ 15**	**$ 416**	**$ 226**
Less pre-tax adjustments:				
Realized gains (losses) on investments	0	(7)	11	1
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(10)	(63)	(43)	18
Fair value gains (losses) on CCS	(12)	(7)	(27)	5
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	1	0	1	0
Effect of consolidating FG VIEs	0	1	5	6
Total pre-tax adjustments	$ (21)	$ (76)	$ (53)	$ 30
Less tax effect on pre-tax adjustments	7	27	18	(22)
Operating income	$ 381	$ 64	$ 451	$ 218

ROE Reconciliation and Calculation	**As of**					
	September 30, 2016	**June 30, 2016**	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**December 31, 2014**
Shareholder's equity	**$ 2,316**	**$ 1,953**	**$ 1,898**	**$ 1,714**	**$ 1,708**	**$ 1,569**
Unrealized gain (loss) on investment portfolio, pre-tax	175	149	90	85	67	133
Less: tax effect	56	47	26	25	19	42
Unrealized gain (loss) on investment portfolio, after-tax	119	102	64	60	48	91
Shareholder's equity, excluding unrealized gain (loss) on investment portfolio	$ 2,197	$ 1,851	$ 1,834	$ 1,654	$ 1,660	$ 1,478
Operating shareholder's equity	$ 2,322	$ 1,975	$ 1,926	$ 1,933	$ 1,895	$ 1,766

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2016	**2015**	**2016**	**2015**
Net income (loss)	**$ 367**	**$ 15**	**$ 416**	**$ 226**
Operating income	381	64	451	218
Average shareholder's equity	**$ 2,135**	**$ 1,711**	**$ 2,107**	**$ 1,642**
Average shareholder's equity, excluding unrealized gain (loss) on investment portfolio	2,024	1,657	2,016	1,566
Average operating shareholder's equity	2,149	1,914	2,124	1,850
GAAP ROE (1)	**68.7%**	**3.5%**	**26.3%**	**18.3%**
ROE, excluding unrealized gain (loss) on investment portfolio(1)	72.5	3.6	27.5	19.2
Operating ROE(1)	70.9	13.4	28.3	15.7

1) Quarterly ROE calculations represent annualized returns.

Assured Guaranty Corp.
Selected Financial Highlights Non-GAAP Reconciliations (2 of 2)
(dollars in millions)

	As of					
Reconciliation of shareholder's equity to adjusted book value:	**September 30, 2016**	**June 30, 2016**	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**December 31, 2014**
Shareholder's equity	**$ 2,316**	**$ 1,953**	**$ 1,898**	**$ 1,714**	**$ 1,708**	**$ 1,569**
Less pre-tax adjustments:						
Effect of consolidating FG VIEs	(15)	(15)	(21)	(17)	(15)	(30)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(183)	(186)	(153)	(439)	(377)	(425)
Fair value gains (losses) on CCS	6	18	34	23	30	18
Unrealized gain (loss) on investment portfolio, pre-tax	175	149	90	85	67	133
Taxes	11	12	22	129	108	107
Operating shareholders' equity	2,322	1,975	1,926	1,933	1,895	1,766
Pre-tax adjustments:						
Less: Deferred acquisition costs	(9)	(10)	(14)	(17)	(17)	(25)
Plus: Net present value of estimated net future credit derivative revenue	128	61	120	161	171	88
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	872	778	911	1,000	1,082	586
Taxes	(353)	(297)	(366)	(412)	(445)	(245)
Adjusted book value	$ 2,978	$ 2,527	$ 2,605	$ 2,699	$ 2,720	$ 2,220

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:	
	September 30, 2016	December 31, 2015
Claims-paying resources		
Policyholders' surplus	$ 1,710	$ 1,365
Contingency reserve (1)	939	906
Qualified statutory capital	**2,649**	**2,271**
Unearned premium reserve (1)	533	654
Loss and LAE reserves (1)	134	224
Total policyholders' surplus and reserves	**3,316**	**3,149**
Present value of installment premium (1)	169	215
CCS	200	200
Excess of loss reinsurance facility (2)	360	360
Total claims-paying resources (including proportionate MAC ownership for AGC)	**4,045**	**3,924**
Adjustment for MAC (3)	429	544
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 3,616**	**$ 3,380**
Statutory net par outstanding (4)	$ 38,859	$ 45,477
Equity method adjustment (3)	18,374	24,289
Adjusted statutory net par outstanding (1)	$ 57,233	$ 69,766
Net debt service outstanding (4)	$ 57,369	$ 67,687
Equity method adjustment (3)	27,053	36,175
Adjusted net debt service outstanding (1)	$ 84,422	$ 103,862
Ratios:		
Adjusted net par outstanding to qualified statutory capital	22:1	31:1
Capital ratio (5)	32:1	46:1
Financial resources ratio (6)	21:1	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)

Reconciliation of PVP to GWP for the Three Months Ended September 30, 2016 and September 30, 2015

	Three Months Ended September 30, 2016					Three Months Ended September 30, 2015				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non-U.S.	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	U.S.	Non-U.S.	Total
PVP	$ —	$ —	$ 1	$ —	$ 1	$ —	$ —	$ —	$ —	$ —
Less: PVP of non-financial guaranty insurance	—	—	—	—	—	—	—	—	—	—
Less: Financial guaranty installment premium PVP	—	—	1	—	1	—	—	—	—	—
Plus: Installment GWP and other GAAP adjustments[1]	0	1	1	0	2	0	0	0	0	0
Total GWP	**$ 0**	**$ 1**	**$ 1**	**$ 0**	**$ 2**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Gross par written	**$ —**	**$ —**	**$ 25**	**$ —**	**$ 25**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

Reconciliation of PVP to GWP for the Nine Months Ended September 30, 2016 and September 30, 2015

	Nine Months Ended September 30, 2016					Nine Months Ended September 30, 2015				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
PVP	$ 0	$ —	$ 1	$ —	$ 1	$ 0	$ —	$ 17	$ 4	$ 21
Less: PVP of non-financial guaranty insurance	—	—	—	—	—	—	—	—	4	4
Less: Financial guaranty installment premium PVP	—	—	1	—	1	—	—	16	—	16
Plus: Installment GWP and other GAAP adjustments[1]	(1)	1	(2)	1	(1)	(1)	0	20	0	19
Total GWP	**$ (1)**	**$ 1**	**$ (2)**	**$ 1**	**$ (1)**	**$ (1)**	**$ 0**	**$ 21**	**$ 0**	**$ 20**
Gross par written	**$ 1**	**$ —**	**$ 28**	**$ —**	**$ 29**	**$ 1**	**$ —**	**$ 256**	**$ —**	**$ 257**

1) Includes present value of new business on installment policies discounted at the prescribed GAAP discount rates, gross written premium 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 September 30, 2016		Nine Months Ended September 30, 2016	
	Gross Par Written	Avg. Internal Rating	Gross Par Written	Avg. Internal Rating
Sector				
U.S. public finance				
General obligation	—	—	1	A
Total U.S. public finance	—	—	1	A
Non-U.S. public finance:				
Total non-U.S. public finance	—	—	—	—
Total public finance	**—**	**—**	**1**	**A**
U.S. structured finance:				
Commercial receivables	25	BBB	25	BBB
Other structured finance	—	—	3	A-
Total U.S. structured finance	25	BBB	28	BBB
Non-U.S. structured finance:	—	—		
Total non-U.S. structured finance	—	—	—	—
Total structured finance	**25**	**BBB**	**28**	**BBB**
Total gross par written	**$ 25**	**BBB**	**$ 29**	**BBB**

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 September 30, 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[4]	$ 1,321	3.85 %	3.44 %	$ 1,421	$ 51
Insured obligations of state and political subdivisions [2]	43	4.62	3.65	46	2
U.S. Treasury securities and obligations of U.S. government agencies	98	1.80	1.17	101	2
Agency obligations	49	3.69	2.40	53	2
Corporate securities	363	1.91	1.24	369	7
Mortgage-backed securities (MBS):					
Residential MBS (RMBS)[3][4]	101	4.53	2.95	98	4
Commercial MBS (CMBS)	113	2.38	1.55	115	3
Asset-backed securities[4]	458	2.51	1.63	498	11
Foreign government securities	85	1.98	1.29	90	2
Total fixed-maturity securities	2,631	3.19	2.55	2,791	84
Short-term investments	149	0.89	0.58	149	1
Cash [5]	33	—	—	33	—
Total	**$ 2,813**	**3.06%**	**2.45%**	**$ 2,973**	**$ 85**

Ratings [6]:	Fair Value	% of Portfolio
U.S. Treasury securities and obligations of U.S. government agencies	$ 101	3.6 %
Agency obligations	53	1.9
AAA/Aaa	301	10.8
AA/Aa	1,231	44.1
A/A	435	15.6
BBB	129	4.6
Below investment grade (BIG) [7]	499	17.9
Not rated	42	1.5
Total fixed-maturity securities, available-for-sale	**$ 2,791**	**100.0%**

Duration of fixed-maturity securities and short-term investments (in years): **5.2**

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 $5 million in subprime RMBS, which has an average rating of BB.
4) Includes securities purchased or obtained for loss mitigation purposes.
5) Cash is not included in the yield calculation.
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 $882 million in par with carrying value of $496 million.

Assured Guaranty Corp.

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

(dollars in millions)

	Estimated Net Debt Service Amortization[1]	Estimated Ending Net Debt Service Outstanding[1]	Financial Guaranty Insurance [2]: Expected PV Net Earned Premiums	Financial Guaranty Insurance [2]: Accretion of Discount	Financial Guaranty Insurance [2]: Future Operating Net Premiums Earned	Future Credit Derivative Revenues	Total
2016 (as of September 30)		$ 60,631					
2016 Q4	$ 2,256	58,375	$ 31	$ 1	$ 32	$ 4	$ 36
2017	7,614	50,761	111	3	114	12	126
2018	4,549	46,212	96	3	99	9	108
2019	4,160	42,052	86	3	89	8	97
2020	2,962	39,090	77	3	80	8	88
2016-2020	21,541	39,090	401	13	414	41	455
2021-2025	12,480	26,610	285	10	295	35	330
2026-2030	9,088	17,522	172	6	178	26	204
2031-2035	8,000	9,522	96	3	99	22	121
After 2035	9,522	—	49	1	50	25	75
Total	**$ 60,631**		**$ 1,003**	**$ 33**	**$ 1,036**	**$ 149**	**$ 1,185**

Reconciliation of future operating net premiums earned to future GAAP net premiums earned

	Future GAAP Net Premiums Earned	Future Operating Net Premiums Earned related to FG VIEs	Future Operating Net Premiums Earned
2016 Q4	$ 32	$ 0	$ 32
2017	113	1	114
2018	98	1	99
2019	88	1	89
2020	79	1	80
2016-2020	410	4	414
2021-2025	293	2	295
2026-2030	176	2	178
2031-2035	97	2	99
After 2035	50	0	50
Total	**$ 1,026**	**$ 10**	**$ 1,036**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of September 30, 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 13 for ‘‘Present Value of Net Expected Loss to be Expensed.’’

Assured Guaranty Corp.

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

As of September 30, 2016

(dollars in millions)

	Net Expected Loss to be Expensed [1]	
	GAAP[2]	**Operating[2]**
2016 Q4	**$ 2**	$ 2
2017	**12**	13
2018	**13**	14
2019	**16**	16
2020	**16**	17
2016-2020	**59**	62
2021-2025	**76**	77
2026-2030	**71**	71
2031-2035	**39**	40
After 2035	**14**	14
Total expected PV of net expected loss to be expensed	**259**	**264**
Future accretion	**56**	60
Total expected future loss and LAE	**$ 315**	**$ 324**

1) The present value of net expected loss to be paid is discounted using weighted-average risk-free rates ranging from 0.0% to 2.42% 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

	September 30, 2016		December 31, 2015	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	$ 7,078	BBB+	$ 8,057	A-
Tax backed	6,109	BBB	6,825	BBB+
Healthcare	3,671	A-	4,093	A-
Transportation	3,143	A-	3,706	A-
Municipal utilities	2,595	BBB+	3,329	A-
Higher education	1,492	BBB+	1,998	BBB+
Infrastructure finance	1,331	BBB+	1,164	BBB+
Investor-owned utilities	347	A-	388	A-
Housing	231	BBB	222	BBB
Other public finance	603	A-	724	A
Total U.S. public finance	26,600	BBB+	30,506	BBB+
Non-U.S. public finance:				
Infrastructure finance	1,833	BBB	1,459	BBB+
Regulated utilities	1,463	A-	1,188	A-
Pooled infrastructure	740	AA	872	AA
Other public finance	318	A	155	A+
Total non-U.S. public finance	4,354	A-	3,674	A
Total public finance	**30,954**	**BBB+**	**34,180**	**A-**
U.S. structured finance:				
Pooled corporate obligations	5,424	AA+	6,475	AA
RMBS	1,849	BBB+	2,227	BBB+
Consumer receivables	991	A	1,172	A+
Insurance securitization	736	A	901	A
Commercial receivables	187	BBB+	247	BBB+
CMBS and other commercial real estate related exposures	136	AAA	452	AAA
Other structured finance[1]	201	A	213	A
Total U.S. structured finance	9,524	AA-	11,687	AA-
Non-U.S. structured finance:				
Pooled corporate obligations	572	A	1,079	AA
Commercial receivables	293	BBB+	372	A-
RMBS	244	AA-	22	BBB
Other structured finance	284	BBB+	307	BBB+
Total non-U.S. structured finance	1,393	A	1,780	A+
Total structured finance	**10,917**	**AA-**	**13,467**	**AA-**
Total	**$ 41,871**	**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 September 30, 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	$ 71	0.3 %	$ 81	1.9 %	$ 4,566	47.9 %	$ 239	17.2 %	$ 4,957	11.8 %
AA	3,520	13.2	1,065	24.5	1,947	20.4	80	5.7	6,612	15.8
A	12,700	47.7	590	13.6	1,263	13.3	391	28.1	14,944	35.7
BBB	7,241	27.3	2,244	51.4	321	3.4	592	42.5	10,398	24.9
BIG	3,068	11.5	374	8.6	1,427	15.0	91	6.5	4,960	11.8
Net Par Outstanding(1)	**$ 26,600**	**100.0%**	**$ 4,354**	**100.0%**	**$ 9,524**	**100.0%**	**$ 1,393**	**100.0%**	**$ 41,871**	**100.0%**

1) Excludes $706 million of loss mitigation securities insured and held by the Company as of September 30, 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)	$ 35,811	97.9 %
Non-affiliated companies:				
American Overseas Reinsurance Company Limited	WR (3)	WR	637	1.7
Ambac Assurance Corporation	WR	WR	115	0.3
Other	Various	Various	41	0.1
Total non-affiliated companies			793	2.1
Total			**$ 36,604**	**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 MAC is rated AA by S&P. All of such financial strength ratings have a stable outlook. Ceded par outstanding includes $17,688 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 September 30, 2016
(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 3,647	8.7 %
Texas	2,297	5.5
New York	1,995	4.8
New Jersey	1,871	4.5
Puerto Rico	1,749	4.2
Florida	1,558	3.7
Illinois	1,435	3.4
Pennsylvania	1,408	3.4
Georgia	738	1.8
Colorado	685	1.6
Other states	9,217	22.0
Total public finance	26,600	63.6
U.S. structured finance:	9,524	22.7
Total U.S.	**36,124**	**86.3**
Non-U.S.:		
United Kingdom	2,973	7.1
Australia	816	1.9
France	347	0.8
Turkey	212	0.5
Italy	203	0.5
Other	1,196	2.9
Total non-U.S.	**5,747**	**13.7**
Total net par outstanding	**$ 41,871**	**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 September 30, 2016

(dollars in millions)

Net Direct Economic Exposure to Selected European Countries [1]

	Hungary	Italy	Portugal	Spain	Turkey [4]	Total
Sub-sovereign exposure [2]	$ 14	$ 165	$ 2	$ 45	$ —	$ 226
Non-sovereign exposure [3]	5	19	—	—	180	204
Total	**$ 19**	**$ 184**	**$ 2**	**$ 45**	**$ 180**	**$ 430**
Total BIG	**$ 18**	**$ —**	**$ 2**	**$ 45**	**$ —**	**$ 65**

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, RMBS and diversified payment rights (DPR) securitizations.

4) The $180 million net insured par exposure in Turkey is to DPR securitizations sponsored by a major Turkish bank. These DPR securitizations were established outside of Turkey and involve payment orders in U.S. dollars, pounds sterling and Euros from persons outside of Turkey to beneficiaries in Turkey who are customers of the sponsoring bank. The sponsoring bank's correspondent banks have agreed to remit all such payments to a trustee-controlled account outside Turkey, where debt service payments for the DPR securitization are given priority over payments to the sponsoring bank.

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 September 30, 2016
(dollars in millions)

Exposure to Puerto Rico

	Gross Par Outstanding	Net Par Outstanding	Gross Debt Service Outstanding	Net Debt Service Outstanding
Total	$ 2,128	1,748	$ 3,697	3,005

Net Exposure to Puerto Rico by Risk[1]

	Net Par Outstanding[2][5]	Gross Par Outstanding
Commonwealth Constitutionally Guaranteed		
Commonwealth of Puerto Rico - General Obligation Bonds[4]	$ 378	$ 443
Puerto Rico Public Buildings Authority (PBA)[4]	169	169
Public Corporations - Certain Revenues Potentially Subject to Clawback[3]		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)	519	660
PRHTA (Highways revenue)	93	97
Puerto Rico Convention Center District Authority (PRCCDA)	152	152
Puerto Rico Infrastructure Financing Authority (PRIFA)[4]	17	18
Other Public Corporations		
Puerto Rico Electric Power Authority (PREPA)	73	123
Puerto Rico Aqueduct and Sewer Authority	285	373
Puerto Rico Municipal Finance Agency (MFA)	61	92
University of Puerto Rico	1	1
Total net exposure to Puerto Rico	$ 1,748	$ 2,128

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated triple-C or below.

2) Includes exposure to capital appreciation bonds with a current aggregate net par outstanding of $12 million and a fully accreted net par at maturity of $13 million. Of these amounts, current net par of $7 million and fully accreted net par at maturity of $7 million relate to the PRHTA, and current net par of $5 million and fully accreted net par at maturity of $5 million relate to the Commonwealth General Obligation Bonds.

3) 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 "claw back" pledged taxes and revenues is unconstitutional, and demanding declaratory and injunctive relief.

4) As of the date of this filing, the Company has paid claims on these credits.

5) The September 30, 2016 amount includes net par related to the CIFG acquisition and reassumption.

Assured Guaranty Corp.

Exposure to Puerto Rico (2 of 3)

As of September 30, 2016

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico[(1)]

	2016 (4Q)	2017 (1Q)	2017 (2Q)	2017 (3Q)	2017 (4Q)	2018	2019	2020	2021	2022	2023	2024	2025	2026 -2030	2031 -2035	2036 -2040	2041 -2045	2046 -2047	Total
Commonwealth Constitutionally Guaranteed																			
Commonwealth of Puerto Rico - General Obligation Bonds	$ 0	$ 0	$ 0	$ 35	$ 0	$ 41	$ 33	$ 84	$ 15	$ 13	$ 8	$ 9	$ 8	$ 89	$ 42	$ 1	$ —	$ —	$ 378
PBA	—	—	—	28	—	—	3	5	13	0	6	0	7	52	39	16	—	—	169
Public Corporations - Certain Revenues Potentially Subject to Clawback																			
PRHTA (Transportation revenue)	0	0	0	9	0	16	14	8	5	14	19	4	21	62	178	144	25	—	519
PRHTA (Highways revenue)	—	—	—	5	—	5	10	11	12	—	0	0	1	4	41	4	—	—	93
PRCCDA	—	—	—	—	—	—	—	—	—	—	—	—	—	19	104	29	—	—	152
PRIFA	—	—	—	—	—	2	—	—	—	—	2	—	—	—	—	10	3	—	17
Other Public Corporations																			
PREPA	0	0	0	1	—	1	0	1	1	1	1	1	1	57	8	0	—	—	73
Puerto Rico Aqueduct and Sewer Authority	—	—	—	—	—	—	—	—	—	—	—	2	19	63	—	2	73	126	285
MFA	—	—	—	7	—	14	7	9	7	8	3	1	0	5	—	—	—	—	61
University of Puerto Rico	—	—	—	0	—	0	0	0	0	0	0	0	0	0	1	—	—	—	1
Total net par for Puerto Rico	$ 0	$ 0	$ 0	$ 85	$ 0	$ 79	$ 67	$118	$ 53	$ 36	$ 39	$ 17	$ 57	$ 351	$ 413	$ 206	$ 101	$ 126	$1,748

1) Includes exposure to capital appreciation bonds with a current aggregate net par outstanding of $12 million and a fully accreted net par at maturity of $13 million. Of these amounts, current net par of $7 million and fully accreted net par at maturity of $7 million relate to the PRHTA, and current net par of $5 million and fully accreted net par at maturity of $5 million relate to the Commonwealth General Obligation Bonds.

Assured Guaranty Corp.
Exposure to Puerto Rico (3 of 3)
As of September 30, 2016
(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico[(1)]

	2016 (4Q)	2017 (1Q)	2017 (2Q)	2017 (3Q)	2017 (4Q)	2018	2019	2020	2021	2022	2023	2024	2025	2026 -2030	2031 -2035	2036 -2040	2041 -2045	2046 -2047	Total
Commonwealth Constitutionally Guaranteed																			
Commonwealth of Puerto Rico - General Obligation Bonds	$ 0	$ 9	$ 0	$ 44	$ 0	$ 58	$ 48	$ 97	$ 25	$ 22	$ 16	$ 17	$ 16	$ 114	$ 50	$ 1	$ —	$ —	$ 517
PBA	—	5	—	32	—	7	10	12	20	6	13	6	13	71	49	17	—	—	261
Public Corporations - Certain Revenues Potentially Subject to Clawback																			
PRHTA (Transportation revenue)	0	13	0	22	0	43	40	33	30	38	43	27	44	161	260	169	26	—	949
PRHTA (Highways revenue)	—	3	—	7	—	10	15	15	15	3	3	3	3	17	47	5	—	—	146
PRCCDA	—	3	—	3	—	7	7	7	7	7	7	7	7	51	127	30	—	—	270
PRIFA	—	0	—	0	—	3	1	1	1	1	3	1	1	3	3	13	4	—	35
Other Public Corporations																			
PREPA	0	2	0	2	0	5	4	4	5	4	5	4	4	64	9	0	—	—	112
Puerto Rico Aqueduct and Sewer Authority	—	7	—	7	—	15	15	15	15	15	15	17	33	121	52	53	124	136	640
MFA	—	2	—	8	—	17	9	11	9	8	3	1	1	5	—	—	—	—	74
University of Puerto Rico	—	0	—	0	—	0	0	0	0	0	0	0	0	0	1	—	—	—	1
Total net debt service for Puerto Rico	$ 0	$ 44	$ 0	$125	$ 0	$165	$149	$195	$127	$104	$108	$ 83	$ 122	$ 607	$ 598	$ 288	$ 154	$ 136	$3,005

1) Includes exposure to capital appreciation bonds with a current aggregate net par outstanding of $12 million and a fully accreted net par at maturity of $13 million. Of these amounts, current net par of $7 million and fully accreted net par at maturity of $7 million relate to the PRHTA, and current net par of $5 million and fully accreted net par at maturity of $5 million relate to the Commonwealth General Obligation Bonds.

Assured Guaranty Corp.

Direct Pooled Corporate Obligations Profile

As of September 30, 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	$ 3,787	64.4 %	24.3 %	27.8 %
AA	839	14.3	46.4	56.2
A	548	9.3	42.9	49.3
BBB	271	4.6	40.8	41.6
BIG	435	7.4	39.4	24.6
Total exposures	**$ 5,880**	**100.0%**	**31.1%**	**34.2%**

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	$ 2,986	50.8 %	22.8 %	20.6 %	AAA
CBOs/CLOs	836	14.2	29.7	53.3	AAA
Trust preferred					
Banks and insurance	1,410	24.0	43.1	45.1	A
U.S. mortgage and real estate investment trusts	395	6.7	49.3	52.7	BBB-
European mortgage and real estate investment trusts	253	4.3	37.0	42.3	BBB+
Total exposures	**$ 5,880**	**100.0%**	**31.1%**	**34.2%**	**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 September 30, 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	$ 2	$ 126	$ 21	$ 567	$ 0	$ 716
AA	16	158	12	57	0	243
A	15	1	0	75	0	92
BBB	22	2	—	21	0	45
BIG	61	186	35	225	245	752
Total exposures	**$ 116**	**$ 473**	**$ 69**	**$ 945**	**$ 245**	**$ 1,849**

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	$ 31	$ 12	$ 11	$ 184	$ 2	$ 240
2005	72	177	12	3	61	325
2006	14	1	15	538	11	579
2007	—	283	31	220	171	705
Total exposures	**$ 116**	**$ 473**	**$ 69**	**$ 945**	**$ 245**	**$ 1,849**

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 September 30, 2016

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating	Net Par Outstanding	% of Total
AAA	$ 4,322	45.5 %
AA	2,395	25.2
A	896	9.5
BBB	1,071	11.3
BIG	808	8.5
Total credit derivative net par outstanding	**$ 9,492**	**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	$ 705	AA-
Non-U.S. public finance	1,987	A
Total public finance	**2,692**	**A**
U.S. structured finance:		
Pooled corporate obligations	4,855	AAA
RMBS	917	AA-
Consumer receivables	292	AA-
CMBS	134	AAA
Commercial receivables	73	A-
Insurance securitizations	30	CCC
Other structured finance	12	AA
Total U.S. structured finance	6,313	AA+
Non-U.S. structured finance:		
Pooled corporate obligations	307	A
RMBS	141	A
Commercial receivables	39	BBB-
Total non-U.S. structured finance	487	A
Total structured finance	**6,800**	**AA+**
Total credit derivative net par outstanding	**$ 9,492**	**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	
	September 30, 2016	**December 31, 2015**
U.S. public finance:		
Tax backed	$ 969	$ 909
General obligation	961	1,126
Municipal utilities	375	428
Infrastructure finance	284	251
Healthcare	225	287
Higher education	216	244
Housing	19	19
Transportation	11	10
Other public finance	8	7
Total U.S. public finance	3,068	3,281
Non-U.S. public finance:		
Infrastructure finance	335	264
Other public finance	39	39
Total non-U.S. public finance	374	303
Total public finance	**3,442**	**3,584**
U.S. structured finance:		
RMBS	752	1,011
Pooled corporate obligations	435	624
Insurance securitizations	149	149
Consumer receivables	48	59
Commercial receivables	31	31
Other structured finance	12	23
Total U.S. structured finance	1,427	1,897
Non-U.S. structured finance:		
Pooled corporate obligations	53	77
Commercial receivables	34	—
RMBS	4	4
Total non-U.S. structured finance	91	81
Total structured finance	**1,518**	**1,978**
Total BIG net par outstanding	**$ 4,960**	**$ 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	
	September 30, 2016	December 31, 2015
Category 1		
U.S. public finance	$ 1,077	$ 2,064
Non-U.S. public finance	314	92
U.S. structured finance	513	1,042
Non-U.S. structured finance	19	42
Total Category 1	1,923	3,240
Category 2		
U.S. public finance	1,354	1,196
Non-U.S. public finance	60	211
U.S. structured finance	321	274
Non-U.S. structured finance	72	39
Total Category 2	1,807	1,720
Category 3		
U.S. public finance	637	21
Non-U.S. public finance	—	—
U.S. structured finance	593	581
Non-U.S. structured finance	—	—
Total Category 3	1,230	602
BIG Total	**$ 4,960**	**$ 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 September 30, 2016

(dollars in millions)

BIG Exposures with Revenue Sources Greater Than $50 Million

Name or description	BIG Net Par Outstanding	Internal Rating
U.S. public finance:		
Puerto Rico Highways & Transportation Authority	$ 612	CC-
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	564	CCC-
Puerto Rico Aqueduct & Sewer Authority	285	CCC
Louisville Arena Authority Inc.	250	BB
Puerto Rico Convention Center District Authority	152	CC-
Puerto Rico Electric Power Authority	73	CC
Puerto Rico Municipal Finance Agency	61	CCC-
Robert Wood Johnson Health Care Corporation at Hamilton	54	B+
Southlands Metropolitan District No. 1, Colorado	52	BB
University of the Arts, Pennsylvania	51	BB
Subtotal U.S. public finance	**2,154**	
Non-U.S. public finance:		
Reliance Rail Finance Pty Limited	220	BB
Breeze Finance S.A.	58	B-
Subtotal non-U.S. public finance	**278**	
U.S. structured finance		
RMBS:		
Countrywide Home Equity Loan Trust 2007-D	105	CCC
Countrywide Home Equity Loan Trust 2005-J	54	CCC
Subtotal RMBS	**159**	
Non-RMBS:		
Alesco Preferred Funding XVI, Ltd.	176	BB
Orkney Re II, Plc	149	CCC
Taberna Preferred Funding II, Ltd.	109	B
US Capital Funding IV, LTD	95	CCC
Taberna Preferred Funding VI, Ltd.	55	BB-
Subtotal non-RMBS	**584**	
Subtotal U.S. structured finance	**743**	
Total	**$ 3,175**	

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 September 30, 2016

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating
New Jersey (State of)	$ 1,152	BBB+
North Texas Tollway Authority	773	A
California (State of)	732	A
Puerto Rico Highways & Transportation Authority	612	CC-
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	564	CCC-
Georgia Board of Regents	387	A
Metro Washington Airports Authority (Dulles Toll Road)	318	BBB+
Philadelphia (City of) Pennsylvania	313	BBB+
Miami-Dade County, Florida	308	A+
Puerto Rico Aqueduct & Sewer Authority (PRASA)	285	CCC
San Diego Family Housing, LLC Military Housing Revenue Bonds	274	AA
New York (State of)	263	A+
Louisville Arena Authority Inc.	250	BB
Michigan (State of)	244	A+
Miami-Dade County Aviation, Florida	238	A
New York (City of) New York	228	AA-
Dallas (City of) Texas Civic Center Convention Complex	228	A+
Yankee Stadium LLC New York City Industrial Development Authority	222	BBB-
Indianapolis Local Public Improvement Bond Bank, Indiana	209	A+
Kentucky (Commonwealth of)	185	A+
Orlando Tourist Development Tax - Florida	166	BBB
North Carolina Turnpike Authority - Triangle Expressway	164	BBB-
San Joaquin Hills Transportation, California	160	BBB-
LifeBridge Health, Inc.	159	A
Fairview Health Services	157	A+
Denver (City & County) Airport System, Colorado	156	A+
Nassau County, New York	153	A-
Puerto Rico Convention Center District Authority (Hotel Occupancy Tax)	152	CC-
Pennsylvania Turnpike Commission	152	A-
Massachusetts (Commonwealth of)	148	AA
CHRISTUS Health	147	A
San Francisco (City & County) Airports Commission	147	A+
MultiCare Health System	143	AA-
Chicago Transit Authority Capital Grant Receipts	139	A-
American Municipal Power, Inc.	137	A
UnityPoint Health System (f/k/a Iowa Health System)	133	AA-
Chicago Public Schools, Illinois	131	BBB
Navy Midwest Family Housing LLC	130	BBB+
Essentia Health	129	A
Bon Secours Health System Obligated Group	126	A-
New York Metropolitan Transportation Authority	124	A
Virtua Health	121	A+
Covenant Health	120	A
District of Columbia Water and Sewer Authority Public Utility Bonds	117	A+
San Jose Merged Area Redevelopment Agency, California	111	BBB
Pennsylvania (Commonwealth of)	108	A
Orange County Schools, Florida	107	A+
Austin Combined Utility System, Texas	101	AA-
Florida (State of) Department of Environmental Protection	100	AA-
Houston Texas Water and Sewer Authority	99	AA-
Total top 50 U.S. public finance exposures	**$ 11,822**	

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 September 30, 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	17.2
Synthetic Investment Grade Pooled Corporate CDO	440	AAA	21.2
Synthetic Investment Grade Pooled Corporate CDO	400	AAA	17.6
Synthetic Investment Grade Pooled Corporate CDO	400	AAA	32.6
SLM Private Credit Student Trust 2007-A	375	A-	18.2
SLM Private Credit Student Loan Trust 2006-C	267	A+	23.3
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
Private US Insurance Securitization	180	AA	N/A
Private US Insurance Securitization	180	AA	N/A
Alesco Preferred Funding XVI, Ltd.	176	BB	22.4
Access Group Private Student Loan Series 2007-A	173	AA	26.7
Private US Insurance Securitization	150	AA	N/A
Orkney Re II, Plc	149	CCC	N/A
CWALT Alternative Loan Trust 2007-HY9	139	A	0.2
ALESCO Preferred Funding XIII, Ltd.	137	AA	51.7
Trapeza CDO XI	114	A-	47.1
Taberna Preferred Funding II, Ltd.	109	B	31.6
Countrywide Home Equity Loan Trust 2007-D	105	CCC	0.0
Synthetic Investment Grade Pooled Corporate CDO	100	AAA	7.8
Stratford CLO	98	AAA	66.9
ALESCO Preferred Funding XII, Ltd.	96	A-	45.4
US Capital Funding IV, LTD	95	CCC	11.8
Mountain View CLO II	94	AAA	33.0
Preferred Term Securities XXIV, Ltd.	90	AA-	44.7
OwnIt Mortgage Loan ABS Certificates 2006-3	83	AAA	18.6
Structured Asset Investment Loan Trust 2006-1	83	AAA	10.5
First Franklin Mortgage Loan ABS 2005-FF12	83	AAA	71.7
Soundview Home Equity Loan Trust 2006-OPT1	83	AAA	45.9
New Century Home Equity Loan Trust 2006-1	83	AAA	9.9
Merrill Lynch Mortgage Investors 2006-HE1	83	AAA	73.0
Specialty Underwriting & Residential Fin 06-BC1	83	AAA	72.3
ALESCO Preferred Funding XI	83	AA	52.8
Battalion CLO 2007-1 Class A	82	AAA	59.3
Kingsland IV	81	AAA	44.1
LIICA Holdings, LLC	78	AA	N/A
IMPAC CMB Trust Series 2007-A	78	AAA	41.0
Trapeza CDO X, Ltd.	71	AA	54.0
ALESCO Preferred Funding X LTD	69	AA	56.7
First Franklin Mortgage Loan ABS 2005-FF12	68	AAA	71.7
Fortress Credit Opportunities I	67	AA	50.8
Cratos CLO I	66	AAA	59.5
Attentus CDO I Limited	64	BBB	55.1
Preferred Term Securities XXIII	61	AA	49.6
Kodiak CDO II	60	AA	79.7
Argent Securities Inc. 2005-W2	59	AAA	63.2
Kingsland II LTD	59	AAA	45.6
ALESCO Preferred Funding VII	58	AA	59.3
Total top 50 U.S. structured finance exposures	**$ 7,398**		

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 September 30, 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	$ 285	AA
International Infrastructure Pool	United Kingdom	228	AA
International Infrastructure Pool	United Kingdom	228	AA
Airspeed Limited	Refer to Note 1	220	A
Reliance Rail Finance Pty. Limited	Australia	220	BB
Thames Water Utility Finance PLC	United Kingdom	205	A-
Garanti DPR 2014-C	Turkey	180	BBB+
Sydney Airport Finance Company	Australia	156	BBB
Regione Lazio	Italy	152	BBB+
National Grid Gas PLC	United Kingdom	137	BBB+
Dali Capital PLC-Northumbrian Water	United Kingdom	133	BBB+
Equity Release Funding (No. 4) PLC	United Kingdom	130	A
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	128	AA-
William Osler Healthcare Center	Canada	125	BBB-
Catalyst Healthcare (Romford) PLC	United Kingdom	121	BBB
Taberna Europe CDO II PLC	Refer to Note 2	118	BBB-
Dekania Europe CDO III	Refer to Note 3	116	A
Channel Link Enterprises Finance PLC	France and United Kingdom	113	BBB
Taberna Europe CDO I PLC	Refer to Note 4	106	A
Anglian Water Services Financing	United Kingdom	100	A-
InspirED Education (South Lanarkshire) PLC	Scotland	99	BBB-
Ancora Orange Hospital	Australia	98	BBB
G&T Continental Guatemala DPR	Guatemala	96	BBB
Western Power Distribution (SW) PLC	United Kingdom	93	AA-
Southern Gas Networks PLC	United Kingdom	86	BBB
Total top 25 non-U.S. exposures		**$ 3,673**	

1) Primarily South Korea, Turkey, Mexico, Ireland and China.
2) Primarily United Kingdom, France, Spain, Denmark and Luxembourg.
3) Primarily France, Denmark, Czech Republic, Malaysia and Netherlands.
4) Primarily France, United Kingdom, Czech Republic, Spain and Austria.

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 September 30, 2016

(dollars in millions)

10 Largest U.S. Residential Mortgage Servicer Exposures

Servicer:		Net Par Outstanding
Ocwen Loan Servicing, LLC [(1)]	$	601
Bank of America, N.A. [(2)]		493
Specialized Loan Servicing, LLC		246
Wells Fargo Bank N.A.		199
JPMorgan Chase Bank		92
Select Portfolio Servicing, Inc.		42
Carrington Mortgage Services, LLC		33
Nationstar Mortgage LLC		27
Capital One Financial Corporation		21
Citicorp Mortgage Securities, Inc.		21
Total top 10 U.S. residential mortgage servicer exposures	**$**	**1,775**

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		147	A	TX
MultiCare Health System		142	AA-	WA
UnityPoint Health System (f/k/a Iowa Health System)		133	AA-	IA & WI
Essentia Health		129	A	MN
Bon Secours Health System Obligated Group		126	A-	MD
Virtua Health, New Jersey		121	A+	NJ
Covenant Health		120	A	TN
Group Health Cooperative, Washington		98	BBB	WA
Total top 10 U.S. healthcare exposures	**$**	**1,332**		

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[1] After Benefit for R&W for the Three Months Ended September 30, 2016

	Net Expected Loss to be Paid/ (Recovered) as of June 30, 2016	Net Expected Loss to be Paid (Recovered) on CIFG as of July 1, 2016	Economic Loss Development During 3Q-16	(Paid) Recovered Losses During 3Q-16	Net Expected Loss to be Paid/ (Recovered) as of September 30, 2016
Public Finance:					
U.S. public finance	$ 408	$ 40	$ 29	$ (88)	$ 389
Non-U.S. public finance	5	2	0	—	7
Public Finance	413	42	29	(88)	396
U.S. RMBS					
First lien:					
Prime first lien	2	—	0	0	2
Alt-A first lien	(16)	0	1	3	(12)
Option ARMs	(8)	—	(3)	1	(10)
Subprime first lien	26	—	0	2	28
Total first lien	4	0	(2)	6	8
Second lien	25	(22)	1	1	5
Total U.S. RMBS[2]	29	(22)	(1)	7	13
Triple-X life insurance transactions	(14)	—	(22)	(20)	(56)
Other structured finance	(15)	2	1	0	(12)
Structured Finance	**0**	**(20)**	**(22)**	**(13)**	**(55)**
Total	**$ 413**	**$ 22**	**$ 7**	**$ (101)**	**$ 341**

Rollforward of Net Expected Loss and LAE to be Paid[1] After Benefit for R&W for the Nine Months Ended September 30, 2016

	Net Expected Loss to be Paid/ (Recovered) as of December 31, 2015	Net Expected Loss to be Paid (Recovered) on CIFG as of July 1, 2016	Economic Loss Development During 2016	(Paid) Recovered Losses During 2016	Net Expected Loss to be Paid/ (Recovered) as of September 30, 2016
Public Finance:					
U.S. public finance	$ 353	$ 40	$ 87	$ (91)	$ 389
Non-U.S. public finance	6	2	(1)	—	7
Public Finance	359	42	86	(91)	396
U.S. RMBS					
First lien:					
Prime first lien	(2)	—	0	4	2
Alt-A first lien	31	0	(9)	(34)	(12)
Option ARMs	2	—	(14)	2	(10)
Subprime first lien	32	—	(3)	(1)	28
Total first lien	63	0	(26)	(29)	8
Second lien	13	(22)	3	11	5
Total U.S. RMBS[2]	76	(22)	(23)	(18)	13
Triple-X life insurance transactions	(14)	—	(21)	(21)	(56)
Other structured finance	(2)	2	3	(15)	(12)
Structured Finance	**60**	**(20)**	**(41)**	**(54)**	**(55)**
Total	**$ 419**	**$ 22**	**$ 45**	**$ (145)**	**$ 341**

1) Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).
2) Includes future net representations and warranties (R&W) recoverable (payable) of $13 million as of December 31, 2015, $(1) million as of June 30, 2016 and $32 million as of September 30, 2016.

Assured Guaranty Corp.

Loss Measures

As of September 30, 2016

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	3Q-16 Loss and LAE	3Q-16 Operating Loss and LAE	YTD 2016 Loss and LAE	YTD 2016 Operating Loss and LAE	Total Expected PV of Net Expected Loss to be Expensed	Total Expected PV of Operating Net Expected Loss to be Expensed
Public Finance:							
U.S. public finance	$ 3,068	$ (1)	$ (1)	$ 55	$ 55	$ 235	$ 235
Non-U.S. public finance	374	—	—	0	0	6	6
Public Finance	3,442	(1)	(1)	55	55	241	241
Structured Finance:							
U.S. RMBS							
First lien:							
Prime first lien	61	0	0	—	(1)	0	0
Alt-A first lien	186	0	0	10	9	6	6
Option ARMs	35	0	0	(3)	(6)	0	0
Subprime	225	1	1	2	(2)	2	3
Total first lien	507	1	1	9	0	8	9
Second lien	245	2	1	5	4	1	5
Total U.S. RMBS	752	3	2	14	4	9	14
Triple-X life insurance transactions	149	(21)	(21)	(20)	(19)	2	2
TruPS	435	—	(1)	—	(1)	—	—
Other structured finance	182	(1)	0	(1)	(1)	7	7
Structured Finance	1,518	(19)	(20)	(7)	(17)	18	23
Total	**4,960**	**(20)**	**(21)**	**48**	**38**	**259**	**264**

Reconciliation of GAAP to Non-GAAP operating loss measures

	3Q-16	2016
Loss and LAE	**$ (20)**	**$ 48**
Adjustments to add losses incurred related to:		
Credit derivatives	—	(10)
FG VIEs	(1)	—
Operating loss and LAE	$ (21)	$ 38

	As of September 30, 2016
GAAP net expected loss to be expensed	**$ 259**
Adjustments to add net expected loss to be expensed related to:	
Credit derivatives	0
FG VIEs	5
Operating net expected loss to be expensed	$ 264
GAAP future accretion	**$ 56**
Adjustments to add future accretion related to:	
Credit derivatives	0
FG VIEs	4
Operating future accretion	$ 60

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 Nine Months Ended September 30,	Year Ended December 31,			
	2016	2015	2014	2013	2012
Statutory Data					
Policyholders' surplus	$ 1,710	$ 1,365	$ 1,086	$ 693	$ 905
Contingency reserve	939	906	834	1,151	825
Qualified statutory capital	**2,649**	**2,271**	**1,920**	**1,844**	**1,730**
Unearned premium reserve	533	654	650	720	753
Loss and LAE reserves	134	224	93	153	313
Total policyholders' surplus and reserves	**3,316**	**3,149**	**2,663**	**2,717**	**2,796**
Present value of installment premium	169	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)	**4,045**	**3,924**	**3,537**	**3,614**	**3,762**
Adjustment for MAC	429	544	553	593	593
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 3,616**	**$ 3,380**	**$ 2,984**	**$ 3,021**	**$ 3,169**
Other Financial Information (Statutory Basis)					
Net debt service outstanding (end of period)(1)	84,442	103,862	$ 116,211	$ 139,334	$ 138,286
Gross debt service outstanding (end of period)(1)	108,412	137,292	159,140	188,486	194,569
Net par outstanding (end of period)(1)	57,233	69,766	78,077	95,010	94,194
Gross par outstanding (end of period)(1)	73,330	92,273	106,866	128,222	131,945
Ceded to Assured Guaranty affiliates	15,327	21,448	27,354	31,317	35,322
Ratios:					
Net par outstanding to qualified statutory capital	22:1	31:1	41:1	52:1	54:1
Capital ratio (1)	32:1	46:1	61:1	76:1	80:1
Financial resources ratio (1)	21:1	26:1	33:1	39:1	37:1
Gross debt service written:					
Public finance - U.S.	1	38	$ 15	$ 30	$ 2,821
Public finance - non-U.S.	—	—	—	—	—
Structured finance - U.S.	56	349	423	297	585
Structured finance - non-U.S.	—	63	387	—	—
Total gross debt service written	$ 57	$ 450	$ 825	$ 327	$ 3,406

1) See page 8 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 as a result of loss mitigation strategies, including securities the Company has purchased for loss mitigation purposes that are held in the investment portfolio.

Internal Rating utilizes the Company's ratings scale, which is similar to that used by the nationally recognized statistical rating organizations; however, the ratings in the tables may not be the same as ratings assigned by any such rating agency.

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.

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.

Glossary (continued)

Sectors **(continued)**

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.

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 discloses both financial measures determined in accordance with accounting principles generally accepted in the United States of America (GAAP) and financial measures not determined in accordance with GAAP (non-GAAP financial measures).

Financial measures identified as non-GAAP should not be considered substitutes for GAAP financial measures. The primary limitation of non-GAAP financial measures is the potential lack of comparability to financial measures of other companies, which may define non-GAAP financial measures differently than Assured Guaranty.

Assured Guaranty's management and AGL's Board of Directors use non-GAAP financial measures, as well as GAAP financial measures and other factors, to evaluate Assured Guaranty's results of operations, financial condition and progress towards long-term goals. By disclosing non-GAAP financial measures, Assured Guaranty gives investors, analysts and financial news reporters access to some of the same information that management and AGL's Board of Directors review internally. Assured Guaranty believes its 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.

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 Assured Guaranty's fixed income investors also use operating shareholders' equity to evaluate the Assured Guaranty's capital adequacy. Many investors, analysts and financial news reporters also 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. Operating income enables investors and analysts to evaluate Assured Guaranty's financial results as compared with the consensus analyst estimates distributed publicly by financial databases. Two non-GAAP financial measures, growth in adjusted book value per share and operating income, are key measures used to help determine compensation.

The following paragraphs define each non-GAAP financial measure disclosed by the Company and describe why it is useful. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement.

Operating Income: Management believes that operating income is a useful measure because it presents the results of operations of the Company with all financial guaranty contracts accounted for on a consistent basis and excludes fair value adjustments that are not expected to result in economic gain or loss, which clarifies the understanding of the underwriting results and financial condition of the Company. Operating income is defined as net income (loss) attributable to the Company, as reported under GAAP, adjusted for the following:

1) Elimination of 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.

2) Elimination of 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, this adjustment presents all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.

3) Elimination of 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 foreign exchange gains (losses) on remeasurement of net premium receivables and loss and LAE reserves. Long-dated receivables and loss and LAE reserves represent the present value of future contractual or expected cash flows. 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. 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. This adjustment presents all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation.

6) Elimination of the tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

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 consistent basis and excludes fair value adjustments that are not expected to result in economic gain or loss, which clarifies the understanding of the underwriting results and financial condition of Assured Guaranty. 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:

Non-GAAP Financial Measures (continued)

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 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 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 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.

5) Elimination of the tax asset or liability related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

Adjusted Book Value: Management uses adjusted book value to measure the intrinsic value of Assured Guaranty, excluding franchise value. Growth in adjusted book value per share is one of the key financial measures used in determining the amount of certain long term compensation to Assured Guaranty's management and employees and used by rating agencies and investors. 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 net of expected losses. Adjusted book value is operating shareholders' equity, as defined above, further adjusted for the following:

1) Elimination of 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 net present value of estimated net future credit derivative revenue. See below.

3) Addition of the deferred premium revenue 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.

4) Elimination of the tax asset or liability related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

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.

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. Operating ROE is one of the key financial measures used in determining the amount of certain long-term compensation to Assured Guaranty's management and employees and used by rating agencies and investors.

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.

Non-GAAP Financial Measures (continued)

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 written premiums 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.

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