



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

**BlueMountain Acquisition**

August 7, 2019

**ASSURED  
GUARANTY®**

# Forward-Looking Statements and Safe Harbor Disclosure



- This presentation contains information that includes or is based upon forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements give the expectations or forecasts of future events of Assured Guaranty Ltd. (AGL) and its subsidiaries (collectively with AGL, Assured Guaranty or the Company). These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance.
- Any or all of Assured Guaranty's forward looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Assured Guaranty's actual results may vary materially. Among factors that could cause actual results to differ adversely are: (1) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (2) 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; (3) developments in the world's financial and capital markets that adversely affect obligors' payment rates or Assured Guaranty's loss experience; (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) increased competition, including from new entrants into the financial guaranty industry; (7) 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; (8) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (9) changes in the world's credit markets, segments thereof, interest rates or general economic conditions; (10) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap form and variable interest entities; (11) changes in applicable accounting policies or practices; (12) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (13) 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; (14) the possibility that Assured Guaranty's planned acquisition ("BlueMountain Acquisition") of all of the outstanding equity interests in BlueMountain Capital Management LLC ("BlueMountain") and its associated entities fails to close or is delayed due to the failure to fulfill or waive closing conditions, including the receipt of necessary regulatory approvals and client consents, or fails to close or is delayed for other reasons; (15) the impact of the announcement of Assured Guaranty's planned BlueMountain Acquisition on Assured Guaranty and its relationships with its investors, regulators, rating agencies, employees and the obligors it insures and on the business of BlueMountain and its relationships with its clients and employees; (16) the possibility that regulators, clients of BlueMountain or others will impose conditions on their approvals or consents of the planned BlueMountain Acquisition or not provide approvals or consents Assured Guaranty anticipated receiving and receipt of which is not a condition to closing; (17) the failure of Assured Guaranty to successfully integrate the business of BlueMountain after closing; (18) the possibility that acquisitions or alternative investments made by Assured Guaranty, including its anticipated BlueMountain Acquisition, do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (19) difficulties with the execution of Assured Guaranty's business strategy; (20) loss of key personnel; (21) the effects of mergers, acquisitions and divestitures; (22) natural or man-made catastrophes; (23) other risk factors identified in AGL's filings with the U.S. Securities and Exchange Commission (the SEC); (24) other risks and uncertainties that have not been identified at this time; and (25) management's response to these factors.
- The foregoing review of important factors should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements that are included in Assured Guaranty's Form 10-K. The Company undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law. Investors are advised, however, to consult any further disclosures the Company makes on related subjects in the Company's reports filed with the SEC.
- If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may vary materially from what the Company projected. Any forward looking statements in this presentation reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity.
- For these statements, the Company claims the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act).
- This presentation contains certain "forward-looking statements," which may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated," "potential," "outlook," "forecast," "plan," and other similar terms. Examples of forward-looking statements include, without limitation, estimates with respect to financial condition, results of operations, and success or lack of success of BlueMountain's investment strategy or the investment strategy of the portfolio companies described herein. All are subject to various factors, including, without limitation, general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory, and technological factors affecting BlueMountain's operations, each Fund's operations, and the operations of the portfolio companies identified herein, any or all of which could cause actual results to differ materially from projected results.

- This presentation does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any funds managed by BlueMountain (each, a “Fund” and, collectively, the “Funds”). Any such offer or solicitation may be made only by means of the delivery of a confidential offering memorandum, which will contain material information not included herein and shall supersede, amend, and supplement this presentation in its entirety. Information contained in this presentation is accurate only as of its date, regardless of the time of delivery or of any investment, and does not purport to be complete, nor does BlueMountain undertake any duty to update the information set forth herein.
- This presentation should not be used as the sole basis for making a decision as to whether or not to invest in the Funds or any other fund or account managed by BlueMountain. In making an investment decision, you must rely on your own examination of the Funds and the terms of the offering. You should not construe the contents of these materials as legal, tax, investment, or other advice, or a recommendation to purchase or sell any particular security.
- Past results are not necessarily indicative of future results and no representation is made that results similar to those shown can be achieved. Investments in funds and accounts managed by BlueMountain may lose value. Investment results will fluctuate. Certain market and economic events having a positive impact on performance may not repeat themselves. CLO performance in this presentation is presented net of all CLO vehicle fees (including, without limitation, management fees and incentive fees/allocations) and expenses (including, without limitation, prime broker, transaction, and trading fees), but gross of all fund-level fees (including, without limitation, management fees and incentive fees/allocations) and expenses (including, without limitation, administrator, audit, legal, data, operating, and organizational costs), which fund-level fees and expenses, when deducted, will materially lower performance. Returns reflect the reinvestment of dividends and other earnings. Performance results may be based on unaudited, preliminary information and are subject to change. The valuations of unrealized investments are determined on a fair value basis in accordance with BlueMountain’s valuation policies and procedures. There can be no assurance that unrealized investments will be realized at the valuations used to calculate the information contained herein, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used to calculate the information contained herein are based.
- The investment performance as it relates to the CLOs summarized herein is historic and reflects an investment for a limited period of time. The actual performance results experienced by an investor may vary significantly from the results shown for a number of reasons, including, without limitation, the composition of the CLO portfolio, investment performance, redemptions, and refinancings, and changed economic and market conditions.
- The information contained herein does not purport to present a complete picture of the financial position, activities, results, actions, and/or plans of the Funds, BlueMountain, or any other fund or account managed by BlueMountain, and is for informational purposes only. A copy of BlueMountain’s current written disclosure statement regarding its advisory services and fees is available upon request.
- No assurance can be given that investment objectives or targeted/projected returns will be achieved. Certain strategies employed by BlueMountain may involve leverage and other speculative investment practices that involve a substantial degree of risk. Claims and collateral in respect of debt obligations may be difficult to enforce in bankruptcy or default. No assurance can be made that full or significant recovery of principal and/or interest will be received or that any collateral recovered will be marketable or sufficient.
- Notwithstanding the information presented in this presentation, investors should understand that BlueMountain is not limited with respect to the types of investment strategies it may employ or the markets or instruments in which it may invest, subject to the terms of the offering and governance documents of any given Fund. Over time, markets change and BlueMountain seeks to capitalize on attractive opportunities wherever they might exist. Depending on conditions and trends in the capital markets and the economy, BlueMountain may pursue objectives or employ techniques it considers appropriate and in the best interest of the Funds, which may differ from the objectives, techniques, or investments presented in this presentation.
- This presentation presents certain information of the Funds in various categories and classifications. The various categories and classifications represent the opinion of BlueMountain. The categories and classifications presented could be materially different from other third-party classification systems.
- The information included in this presentation is based upon information reasonably available to BlueMountain as of the date noted herein. Furthermore, the information included in this presentation has been obtained from sources that BlueMountain believes to be reliable; however, these sources cannot be guaranteed as to their accuracy or completeness. No representation, warranty, or undertaking, express or implied, is given as to the accuracy or completeness of the information contained herein, by BlueMountain, its members, partners, or employees, and no liability is accepted by such persons for the accuracy or completeness of any such information.

# Asset Management as a Strategic Priority

Diversifying into asset management has been a strategic priority. BlueMountain allows Assured Guaranty to achieve several business and financial goals.

## Strategic Goals



- ① Diversify core financial guaranty franchise with new growth platform ✓

---

- ② Grow revenues, net income and free cash flow from a capital light and fee based business ✓

---

- ③ Identify a platform that is a logical extension of institutional core competencies in credit and structured finance ✓

---

- ④ Leverage client and market relationships across new financial platform ✓

---

- ⑤ Deploy insurance company excess capital at attractive returns ✓

---

- ⑥ Improve risk-adjusted returns on a portion of the investment portfolio ✓

---

# Transaction Overview

Acquire scaled (\$19.3 billion AUM<sup>1</sup>) alternative asset management platform at attractive valuation with a strong core competency in fixed income and credit<sup>2</sup>

<b>Consideration</b>	<ul style="list-style-type: none"><li>Assured Guaranty US Holdings will purchase all of the outstanding equity interests in BlueMountain Capital Management, LLC (BlueMountain) and its associated entities</li><li>Approximately \$160 million to selling shareholders</li></ul>
<b>Form of Consideration</b>	<ul style="list-style-type: none"><li>Not less than \$114.8 million in cash<sup>3</sup></li><li>Remaining \$45 million payable in cash, common shares of Assured Guaranty Ltd. and/or a promissory note, at Assured Guaranty's option; expectation is to pay \$22.5 million of this amount to Andrew Feldstein in AGL common shares</li></ul>
<b>Structure</b>	<ul style="list-style-type: none"><li>Assured Guaranty intends to provide stability and enhance BlueMountain's growth trajectory through an expected \$500 million investment in BlueMountain funds, CLOs and/or separately managed accounts (SMAs) over three years and a \$90 million<sup>4</sup> capital contribution to BlueMountain to fund working capital and growth</li></ul>
<b>Alignment of Interest</b>	<ul style="list-style-type: none"><li>BlueMountain Co-Founder Andrew Feldstein to match 20% of Assured Guaranty's investment, up to \$150 million, in BlueMountain funds and CLOs</li><li>Five year lock-up on consideration paid to Andrew Feldstein in AGL common shares, rolling off by 20% per year</li></ul>
<b>Timing and Approvals</b>	<ul style="list-style-type: none"><li>Transaction is subject to client consents, regulatory approvals (Hart-Scott-Rodino and Financial Conduct Authority) and customary closing conditions</li><li>Expected to close in Q4 2019</li></ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"><li>Attractive valuation</li><li>Strong fee income generation</li><li>Expected to be accretive to EPS and ROE beginning in 2020</li><li>Expected yield pickup in Assured Guaranty's investment portfolio</li><li>No anticipated impact to financial strength ratings or outlook on Assured Guaranty</li><li>Assured Guaranty plans to continue its current capital management program, including share repurchases</li></ul>

<sup>1</sup> Assets under management (AUM) <sup>2</sup> Approximately \$8.4 billion of denoted assets are CLO assets managed by BlueMountain and BlueMountain CLO Management, LLC and approximately \$3.5 billion of denoted assets are CLO assets managed by BlueMountain Fuji Management, LLC ("BM Fuji"). BlueMountain is not the investment manager of BM Fuji CLOs, but rather has entered into a services agreement and a secondment agreement with BM Fuji pursuant to which BlueMountain provides certain services associated with the management of BlueMountain-advised and BM Fuji-advised CLOs and acts in the capacity of service provider. <sup>3</sup> Cash expected to be funded through internal resources. <sup>4</sup> \$60 million will be funded at closing with the remaining expected to be funded within one year from closing.

# Key Investment Highlights



<sup>1</sup> Employee headcount excludes those on garden leave. <sup>2</sup> BlueMountain ranked as #16 largest CLO manager by AUM per CreditFlux Q1 CLO Manager table as of Q1 2019.

# Significant Overlap in Credit Experience

- ✓ Assured Guaranty has provided financial guarantees in many of the same sectors that BlueMountain invests, including:

## Asset Backed Finance / Securitization

- ✓ Collateralized Loan Obligations
- ✓ Auto Loans
- ✓ Credit Card Receivables
- ✓ Student Loans

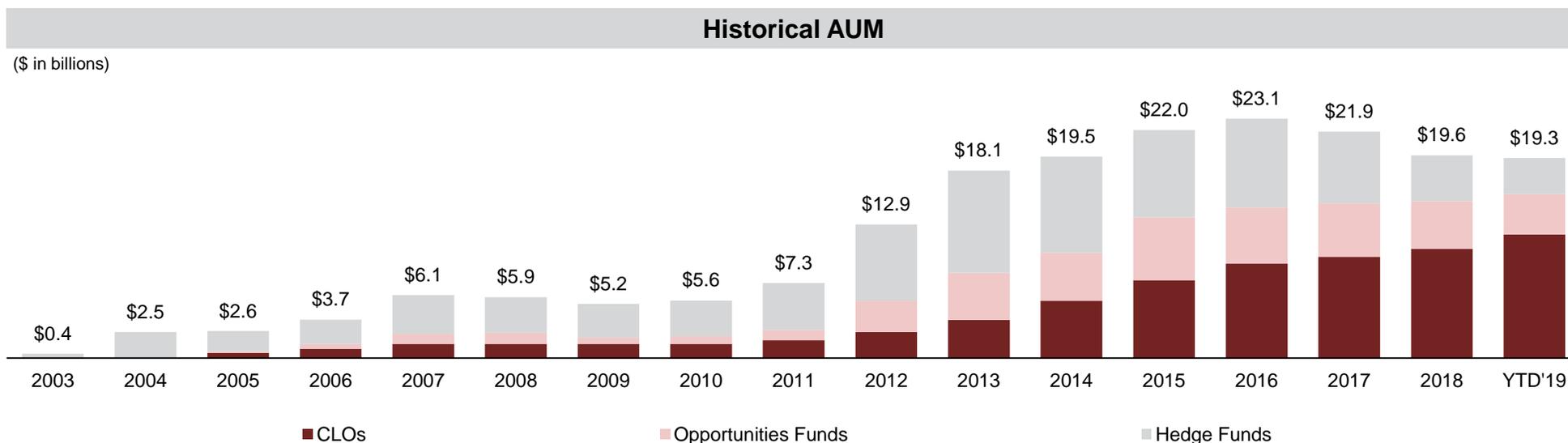
## Public Finance

- ✓ Electric Power
- ✓ Natural Gas Distribution
- ✓ State, City, and County General Obligations
- ✓ Hospitals and Hospital Systems

**Assured Guaranty expects to invest at least \$500 million in BlueMountain funds, CLOs and/or SMAs over 3 years. Transaction will be mutually beneficial due to BlueMountain's experience in Assured Guaranty's core competencies, and Assured Guaranty's deep credit experience that BlueMountain will be able to leverage.**

# Overview of BlueMountain

Long duration and flexible capital base with the ability to allocate across strategies, asset classes, capital structures and liquidity spectrums to maximize risk-adjusted returns.



### Investment Products & Capabilities

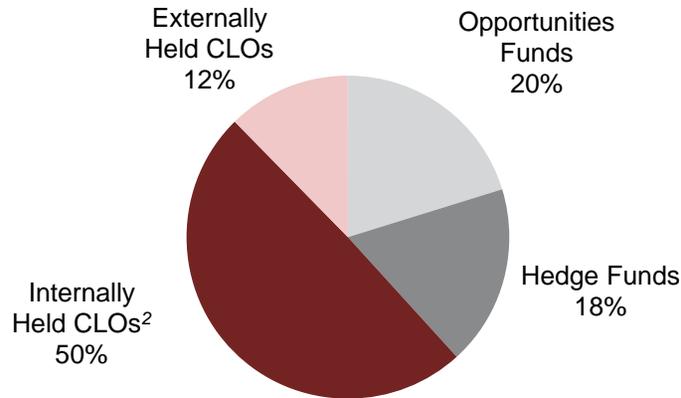
CLOs	Opportunities Funds	Hedge Funds
Securitizations focused on corporate loans; US and European CLO Manager	Concentrated, long-dated mandates primarily in draw-down structures or single investor funds	Relative value absolute return funds
<b>\$11.9 billion AUM</b>	<b>\$3.9 billion AUM</b>	<b>\$3.5 billion AUM</b>

Note: YTD figures are as of July 1, 2019; assets include unfunded capital commitments.

# Overview of BlueMountain (cont'd)

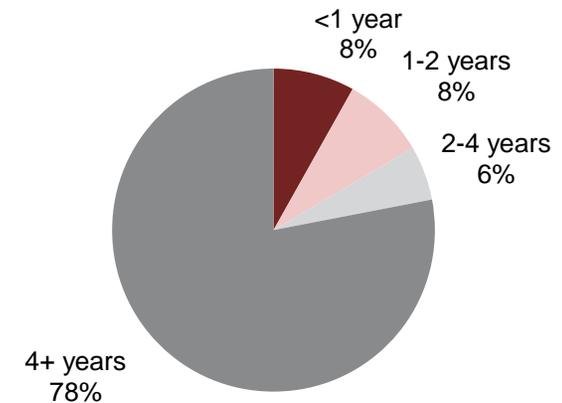
BlueMountain's asset management platform is diversified by fund type, asset duration, client type and client domicile.

**AUM by Fund Type**



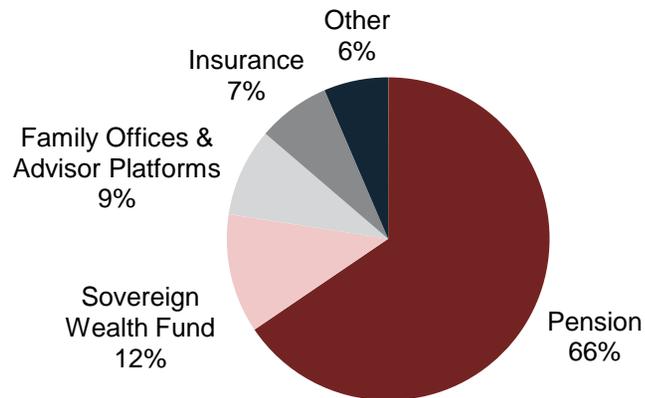
**Total AUM = \$19.3 billion<sup>1</sup>**

**AUM by Initial Asset Duration**



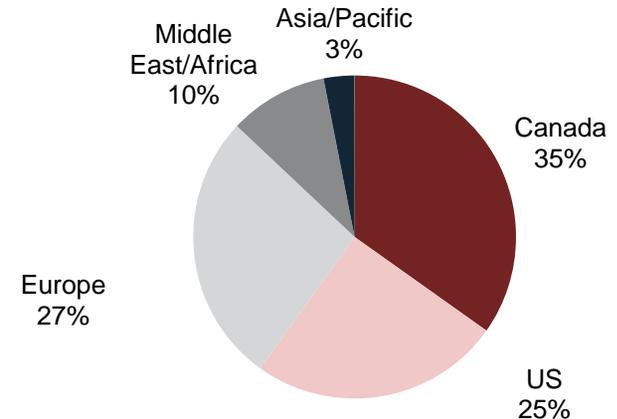
**Total AUM = \$19.3 billion<sup>1</sup>**

**Fund AUM by Client Type**



**Total AUM excluding CLOs = \$7.4 billion**

**Fund AUM by Client Domicile**



**Total AUM excluding CLOs = \$7.4 billion**

<sup>1</sup> AUM as of July 1, 2019; assets include unfunded capital commitments. <sup>2</sup> Subject to fee rebates to BlueMountain funds.

- ✓ **Provide clients with an array of investment products**
  - CLOs: highly-regarded CLO issuer; experienced internal CLO structuring and investment team
  - Opportunities Funds: longer-dated funds building on the firm's core competencies including corporate credit, asset backed finance, infrastructure and healthcare
  - Hedge Funds: commingled, evergreen funds investing in demonstrated areas of core competencies for BlueMountain and its portfolio managers – alternative credit, global volatility, and fixed income
- ✓ **Leverage capital to support new products and other growth opportunities**
- ✓ **Maintain scalable infrastructure and technology**
- ✓ **Continue to provide diverse, flexible investment solutions to a sophisticated investor base**

A large, light red arrow pointing downwards, indicating a flow or conclusion.

**Assured Guaranty's asset management strategy is to drive value for all stakeholders by integrating BlueMountain's team and further developing its leading capabilities through organic growth and acquisitions**

# Long Standing, Experienced CLO Manager With Well-Established Track Record



## Leading Franchise

- **Ranked 16th largest CLO manager** globally,<sup>1</sup> with \$11.9 billion in assets across 28 transactions (24 US CLOs and 4 European CLOs)
- **Launched CLO business in 2005**; has issued 34 CLOs since inception
- **Experienced CLO and loan research team**; the senior CLO portfolio managers have both been with BlueMountain for over 14 years
- **Established risk retention vehicle** facilitating CLO issuance in Europe

## Deep Investor Base & Access to Capital

- **Broad distribution**: leverage strong CLO debt investor relationships with over **100 unique AAA investors**
- **Coveted access to Japanese market** through top pre-approved list
  - BlueMountain is **one of 16 pre-approved CLO issuers** in Europe<sup>2</sup>
- Consistent and stable access to **bank warehouse facilities enables a prudent and opportunistic portfolio build period**

## Performance

- Diversified portfolios with a focus on **free cash flow generation and downside protection**
- Strong equity IRRs: **14% average IRR** for redeemed BlueMountain CLO equity deals since 2005<sup>3</sup>
- **Lower loan default rates than the broader market** (0.79% average annual default rate compared to 2.38% for S&P/LSTA Leveraged Loan Index)<sup>4</sup>

## Go-Forward Focus

- Continue to issue multiple CLOs per year in both the US and Europe
- Affiliation with Assured Guaranty expected to **enhance the growth of the CLO business**
- BlueMountain is shifting the CLO business model to **increase 3<sup>rd</sup> party distribution of CLO equity**

<sup>1</sup> BlueMountain ranked as #16 largest CLO manager by AUM per CreditFlux Q1 CLO Manager table as of Q1 2019<sup>2</sup> Per Bloomberg <sup>3</sup> Performance is presented net of all CLO vehicle fees (including, without limitation, management fees and incentive fees/allocations) and expenses (including, without limitation, prime broker, transaction, and trading fees), but gross of all fund-level fees (including, without limitation, management fees and incentive fees/allocations) and expenses (including, without limitation, administrator, audit, legal, data, operating, and organizational costs), which fund-level fees and expenses, when deducted, will materially lower performance. <sup>4</sup> BlueMountain and BM Fuji, as of December 31, 2018. S&P/LSTA as of December 31, 2018. BlueMountain CLO default rate is based on par value of leveraged loans that have defaulted in US BlueMountain CLOs annually, expressed as a percentage of par balance of US BlueMountain CLOs. (Par balance of US BlueMountain CLOs is expressed as an average of beginning of the year and end of the year balances.) Does not include distressed exchanges. BlueMountain CLO default data includes US CLOs managed by BlueMountain and BM Fuji. The S&P/LSTA Loan Index comprises all loans, including those not tracked in the LSTA/LPC mark-to-market service; vast majority are institutional tranches. Index default rate is calculated as the par amount defaulted over the last 12 months divided by the amount outstanding at the beginning of the 12-month period. Past results are not necessarily indicative of future results and no representation is made that results similar to those shown can be achieved. Investments in funds and accounts managed by BlueMountain may lose value. Please see important disclosures/notes at the front of this presentation.

# Opportunities Funds Built on the Firm's Experience Across Asset Classes

## Fund Structure

- Long duration capital (4-8 year duration funds)
- Offered in commingled or highly customized single investor funds

## Investment Strategy

- Opportunities Funds include both single sector strategies and multi-sector strategies
- Single investor funds offer bespoke, flexible mandates designed to best meet the investor's goals, risk tolerance, and time horizon
- Builds on the firm's experience in corporate credit, asset backed finance, infrastructure and healthcare

## Key Statistics

- \$3.9 billion total AUM (\$1.0 billion in active mandates; \$2.9 billion in harvest)<sup>1</sup>
- 10 existing funds (2 in active mandates; 8 in harvest)
  - Most funds in harvest have multi-year remaining durations, providing meaningful revenue tail
- Management fee rates ranging from ~0.7-1.5%; performance fee rates ranging from ~15-20%

<sup>1</sup> AUM as of July 1, 2019; includes unfunded capital commitments.

<b>Fund Structure</b>	<ul style="list-style-type: none"><li>▪ Evergreen fund structures</li><li>▪ Quarterly duration with investor level gates, extending up to three years</li><li>▪ Commingled or single investor funds</li></ul>
<b>Investment Strategy</b>	<ul style="list-style-type: none"><li>▪ Absolute return, relative value approach</li><li>▪ Refocused on core strengths in credit, global volatility, and fixed income<ul style="list-style-type: none"><li>— Flexible mandates within these asset classes allow BlueMountain to take advantage of perceived mis-pricings across global markets</li><li>— Long track records in credit relative value (2003), global volatility (2006) and fixed income (2011)<sup>1</sup></li></ul></li></ul>
<b>Key Statistics</b>	<ul style="list-style-type: none"><li>▪ \$3.5 billion total AUM (\$1.6 billion in active mandates; \$1.9 billion in redemptions that will occur over the next 3 years)<sup>2</sup></li><li>▪ 4 existing funds</li><li>▪ Management fee rates ranging from ~1-2%; performance fee rates ranging from ~15-30%<sup>3</sup></li></ul>

<sup>1</sup> Fixed income includes track record at the portfolio manager's predecessor firm. <sup>2</sup> Redemptions are pro forma as of August 1, 2019. Assets as of July 1, 2019; assets include unfunded capital commitments. <sup>3</sup> Ranges include share class that offers 1% management fee or 30% incentive fee structure.

- 1 Acquisition of **scaled alternative asset management platform** with established CLO and funds management business
- 2 Transaction supported by **strong cultural compatibility and structure** that **aligns incentives** with BlueMountain management
- 3 Synergistic relationship with Assured Guaranty as an **investor** in BlueMountain CLOs and funds and expected **yield pickup** in Assured Guaranty's investment portfolio
- 4 **Attractive valuation** with no anticipated impact on financial strength ratings or outlook
- 5 Positive financial impact with **expected accretion to EPS beginning in 2020**
- 6 Assured Guaranty plans to **continue its current capital management program**, including **share repurchases**



## Andrew Feldstein

**Co-Founder, Chief Executive Officer  
and Chief Investment Officer**

- BlueMountain's Co-Founder, CEO and CIO
- Prior to co-founding BlueMountain in 2003, spent over a decade at J.P. Morgan, where he was a Managing Director and served as Head of Structured Credit, Head of High Yield Sales, Trading and Research, and Head of Global Credit Portfolio
- Member of the Board of Directors of PNC Financial Services Group, Inc.; Trustee of Third Way, a public policy think tank; Trustee of the Santa Fe Institute, an independent research and education center; member of the Harvard Law School Leadership Council
- J.D. from Harvard Law School and a B.A. from Georgetown University