Equity Investor Presentation

March 31, 2017

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, 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) 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 contracts written in credit default swap form; (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 acquisitions or alternative investments made by Assured Guaranty do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (15) 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; (16) difficulties with the execution of Assured Guaranty's business strategy; (17) loss of key personnel; (18) the effects of mergers, acquisitions and divestitures; (19) natural or man-made catastrophes; (20) other risk factors identified in AGL's filings with the U.S. Securities and Exchange Commission (the SEC); (21) other risks and uncertainties that have not been identified at this time; (22) 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-Q, as well as the risk factors included in AGL's 2016 Annual Report on 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).

Conventions and Non-GAAP Financial Measures

- Unless otherwise noted, the following conventions are used in this presentation:
  - Ratings on Assured Guaranty's insured portfolio and on bonds purchased pursuant to our loss mitigation or risk management strategies are our internal credit ratings. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and are generally reflective of an approach similar to that employed by the rating agencies, except that the Company's credit ratings focus on future performance, rather than lifetime performance. Exposures rated below investment grade are designated "BIG".
  - The Company reclassifies those portions of risks benefitting from collateralized reimbursement arrangements as the higher of AA or their current internal rating.
  - The Company excludes Company-insured securities that it has purchased for loss mitigation purposes from its disclosure of par and debt service outstanding (unless otherwise indicated) because it manages such securities as investments and not insurance exposure.
  - Ratings on the investment portfolios are the lower of the ratings from Moody's Investors Service, Inc. ("Moody's") or S&P Global Ratings Services ("S&P").
  - Percentages and totals in tables or graphs may not add due to rounding.
- This presentation references financial measures that are not in accordance with U.S. generally accepted accounting principles ("GAAP"), which management uses in order to assist analysts and investors in evaluating Assured Guaranty's financial results. These financial measures are determined on the basis of methodologies other than in accordance with GAAP ("non-GAAP financial measures") are defined in the Appendix. Prior to fourth quarter 2016 the Company had previously excluded the effect of consolidating FG VIEs in its calculation of its non-GAAP financial measures of Operating Income, Operating ROE, Non-GAAP Operating Shareholders' Equity and Non-GAAP Adjusted Book Value. Starting in fourth quarter 2016, based on the SEC's May 2016 Compliance and Disclosure Interpretations ("C&DIs") on Non-GAAP measures issued in 2016, the Company will no longer adjust for the effect of consolidating FG VIEs. However, wherever possible, the Company has separately disclosed the effect of consolidating FG VIEs ("FG VIE consolidation") that is included in its non-GAAP financial measures. The relevant non-GAAP financial measures for quarterly prior periods have been updated to reflect the revised calculation consistently for all periods presented. See the Appendix for a more comprehensive description of non-GAAP financial measures.
- When a financial measure is described as "operating," it is a non-GAAP measure.

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First Quarter 2017 Accomplishments

- **Earned $273 million of operating income[1](non-GAAP), or $2.14 per share, which includes $5 million, or $0.03 per share, attributable to the effect of consolidating financial guaranty variable interest entities (FG VIEs)**

- **Increased shareholders' equity per share, non-GAAP operating shareholders' equity[1] per share and non-GAAP adjusted book value[1] per share, reaching new records of $53.95, $52.51 and $71.51, respectively**

- **Generated $99 million of new business production[1] in 1Q-17, a 161% increase over 1Q-16 and a 16% increase over 4Q-16**

- **Repurchased an additional 6.8 million common shares ($269 million) at an average price of $39.49 per share as of May 4, 2017**

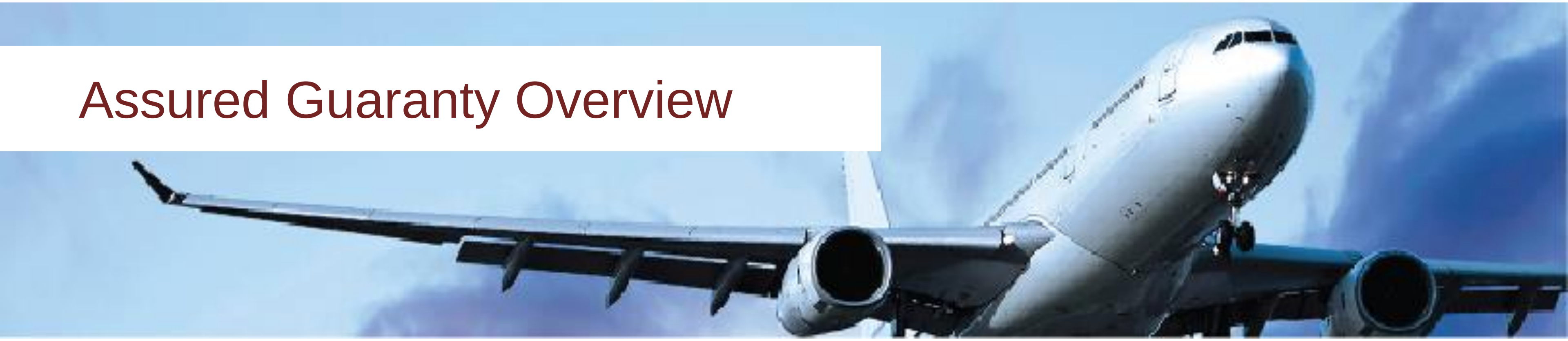
- **Terminated $351 million of insured net par outstanding, increasing excess capital and reducing potential future losses**

- **Purchased approximately $85 million par of insured securities, at a cost of $60 million, for loss mitigation purposes**

- **Completed the acquisition of MBIA UK Insurance Limited ("MBIA UK") on January 10, which resulted in a benefit to net income and operating income (non-GAAP) of $57 million or $0.45 per share, at the acquisition date**

1. For an explanation of non-GAAP financial measures, please refer to the Appendix.

Assured Guaranty Overview



Assured Guaranty Overview

Assured Guaranty Ltd.

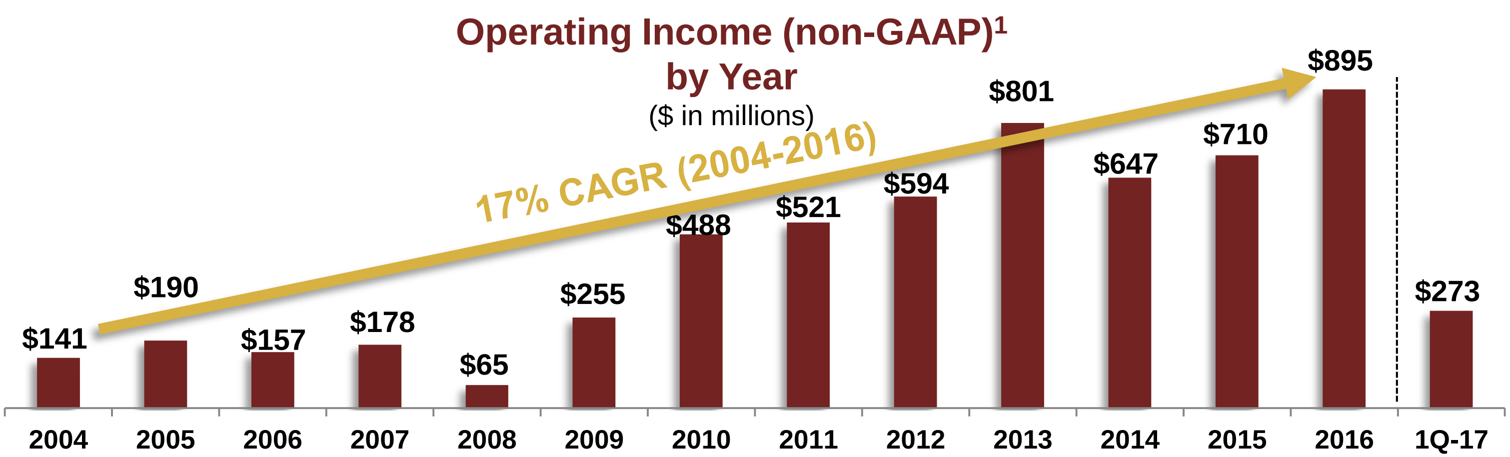
($ in billions)	March 31, 2017	September 30, 2009
Net par outstanding	$298.2	$646.6
U.S. public finance	$238.1	$424.9
U.S. structured finance	$18.4	$142.2
Non-U.S.	$41.7	$79.5
Total investment portfolio + cash	$11.5	$10.2
Net unearned premium reserve[1]	$3.6	$7.5
Claims-paying resources[2]	$12.1	$12.6
Ratio of net par outstanding / claims-paying resources[2]	**25:1**	**51:1**

- **We are the leading financial guaranty franchise, with over three decades of experience in the municipal and structured finance markets**
- **In the U.S., we serve the bond insurance market through three platforms:**
  - Assured Guaranty Municipal Corp. (AGM), rated AA+ (stable) by KBRA, AA (stable) by S&P and A2 (stable) by Moody's, focuses on public finance and infrastructure transactions
  - Municipal Assurance Corp. (MAC), rated AA+ (stable) by KBRA and AA (stable) by S&P, focuses on smaller public finance transactions
  - Assured Guaranty Corp. (AGC), rated AA (stable) by KBRA, AA (stable) by S&P and A3 (stable)[3] by Moody's, guarantees public finance, global infrastructure and structured finance transactions
- **Our insured portfolio has an average internal rating of A-**

1. Unearned premium reserve net of ceded unearned premium reserve.
2. Based upon statutory accounting.
3. On January 13, 2017, AGC requested that Moody's withdraw AGC's financial strength rating. Moody's has declined that initial request, but AGC is renewed its request

Assured Guaranty Overview

- **Since our initial public offering in 2004, we have grown our annual operating income[1] from $141 million in 2004 to $895 million in 2016, a 17% compounded annual growth rate (CAGR).**
- **Operating income (non-GAAP)[1] has grown through acquisitions, new business production and other strategic activities**
  - Recapture of previously ceded business
  - Acceleration of premium through termination of insured exposure
- **Opportunistic repurchase of our shares improves operating income (non-GAAP) per share[1]**



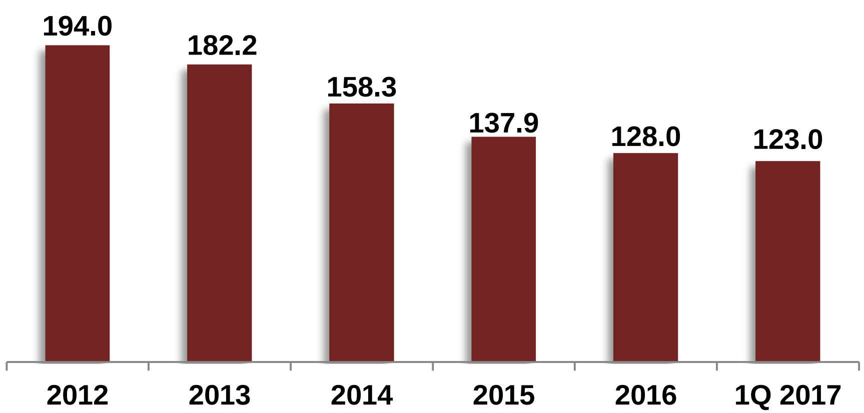
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income:	N/A	N/A	N/A	N/A	N/A	N/A	$(167)	$(80)	59	$192	$156	$11	$12	$5

1. For explanations and reconciliations of operating income and operating income per share, which are non-GAAP financial measures, please refer to the Appendix. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in “Explanation of Non-GAAP Financial Measures.”

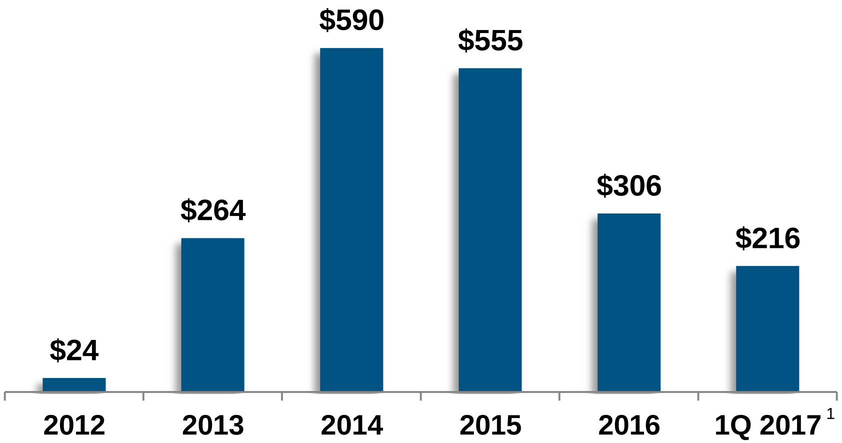
Assured Guaranty Overview
Track Record of Creating Shareholder Value

- **We have returned excess capital to shareholders by distributing dividends and repurchasing our common shares**
  - Since 2013, when we started our capital management strategy of repurchasing our common shares, through May 4, 2017, we have repurchased 75 million shares, or roughly 39% of our shares outstanding, for approximately $2.0 billion.
  - Through May 4, we repurchased 6.8 million common shares for $269 million at an average price per share of $39.49. As of May 4, the Company's remaining share repurchase authorization was $280 million.
  - Since our 2004 IPO, we have more than tripled our quarterly dividend per share. In February 2017, our Board of Directors authorized an increase in the quarterly dividend to $0.1425 per share. We have raised our quarterly dividends for six consecutive years.

Ending Share Count by Year and YTD
(in millions)



Total Share Repurchase Amounts by Year and YTD
($ in millions)



1. Between April 1, 2017 and May 4, 2017, the Company repurchased an additional 1.4 million common shares at a cost of $53 million.

Dividend Limitation Calculations

Assured Guaranty Municipal Corp. (Domiciled in New York)

- Based on most recently filed quarterly or annual statement
- Only out of "earned surplus"[1]
- Cannot exceed the lesser of:
  - (i) 10% of policyholders' surplus, and
  - (ii) 100% of adjusted net investment income
    - – Prior 12 months' net investment income (excluding realized gains) increased by the excess, if any, of net investment income over dividends paid for the 24 months preceding the prior 12 months.

Assured Guaranty Corp. (Domiciled in Maryland)

- Based on most recently filed annual statement
- Cannot exceed the lesser of:
  - (i) 10% of policyholders' surplus, and
  - (ii) 100% of adjusted net investment income
    - – Prior year net investment income (excluding realized gains) increased by the excess, if any, of net investment income for the three years preceding the prior year over dividends paid for the three prior years.

Assured Guaranty Re Ltd. (AG Re) (Domiciled in Bermuda)

- Cannot exceed 25% of prior year total statutory capital and surplus without certification to the regulator
- Cannot exceed current outstanding statutory surplus
- Must be paid from current unencumbered assets
- Additionally, AG Re can make capital distributions which cannot exceed 15% of its total prior year statutory capital (total stat capital of $857 million, 15% of which is $128 million)

($ in millions)

Assured Guaranty Municipal Corp.

Policyholders' surplus	$2,221
10% of policyholders' surplus	**$222**
2Q-16 through 1Q-17 investment income	**$192**
Net investment income	
2Q-14 through 1Q-15	222
2Q-15 through 1Q-16	236
Total	**$458**
Dividends paid	
2Q-14 through 1Q-15	(226)
2Q-15 through 1Q-16	(244)
Total	**($470)**
Excess of investment income over dividends	**$0**
Adjusted net investment income ($192 + $0 = $192)	**$192**
2017 Dividend Limitation	**$192**
2017 Remaining Capacity	**$113**

Assured Guaranty Corp.

Policyholders' surplus	$1,895
10% of policyholders' surplus	**$190**
2016 investment income	**$107**
Net investment income	
2013	66
2014	54
2015	79
Total	**$198**
Dividends paid	
2014	(69)
2015	(90)
2016	(78)
Total	**($237)**
Excess of investment income over dividends	**$0**
Adjusted net investment income ($107 + 0 = $107)	**$107**
2017 Dividend Limitation	**$107**
2017 Remaining Capacity	**$79**

Assured Guaranty Re Ltd.

Total stat capital and surplus	$1,256
25% of stat capital and surplus	**$314**
Outstanding statutory surplus	**$492**
Unencumbered assets	**$543**
2017 Dividend Limitation	**$314**
2017 Remaining Capacity	**$274**

1. Earned surplus is currently approximately $1.7 billion. Earned surplus is the portion of the company's surplus that represents the net earnings, gains or profits (after deduction of all losses) that have not been distributed to shareholders as dividends or transferred to stated capital or capital surplus, or applied to other purposes permitted by law, but does not include unrealized appreciation of assets.

Assured Guaranty Overview

Simplified Corporate Structure[1]

Shareholders

Assured Guaranty Ltd.
(Head Office – Bermuda; Tax Residence – U.K.)

- Total investment portfolio and cash is $12 million[2]
- 1Q 2017 annualized expenses of $40 million
- 1Q 2017 annualized dividend distribution of $76 million

Assured Guaranty Re Ltd.
(Bermuda)

In 2017, AG Re has the capacity to (i) make capital distributions in an aggregate amount up to $128 million without prior regulatory approval and (ii) declare and pay dividends in an aggregate amount up to the limit of its outstanding statutory surplus, which is $314 million as of March 31, 2017. As of March 31, 2017, AG Re had unencumbered assets of approximately $543 million.

Assured Guaranty US Holdings Inc.
(U.S.)

- Combined investment portfolio and cash of $332 million[2]
- Annual debt service of $96 million in 2017

Assured Guaranty Municipal Holdings Inc.
(U.S.)

Assured Guaranty Corp.
(U.S.)

The maximum amount available during 2017 for AGC to distribute as ordinary dividends is approximately $107 million, of which approximately $24 million is available for distribution in the second quarter of 2017.

Municipal Assurance Corp.
(U.S.)

The maximum amount available during 2017 for MAC to distribute as dividends without regulatory approval is estimated to be approximately $49 million of which approximately $37 million is available for distribution in the second quarter 2017. MAC currently intends to allocate the distribution of such $37 million over the remaining three quarters in 2017.[3]

Assured Guaranty Municipal Corp.
(U.S.)

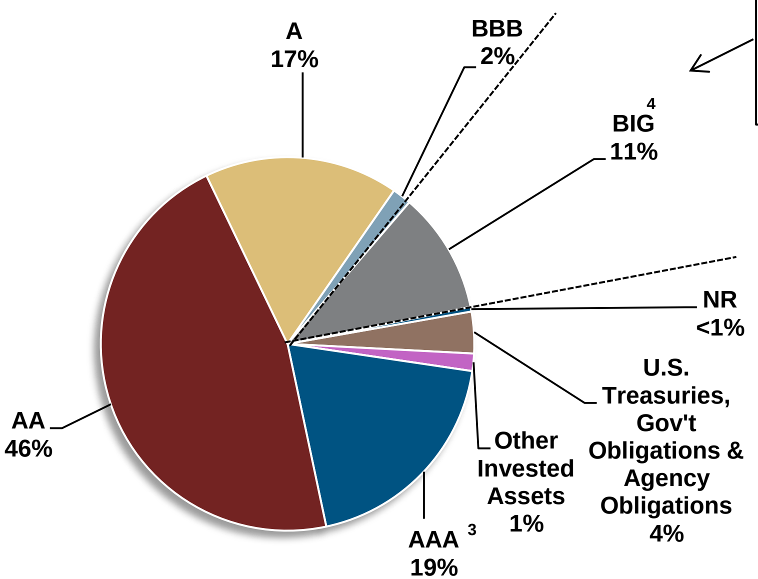
The maximum amount available during 2017 for AGM to distribute as dividends without regulatory approval is estimated to be approximately $192 million, none of which is available for distribution in the second quarter of 2017.

1. Represents dividend capacity as of March 31, 2017. Please see our Form 10-Q for the quarter ended March 31, 2017 for a discussion of the dividend limitations to which we are subject under applicable U.S. and Bermuda law, including the New York Insurance Law and the Maryland Insurance Code.
2. As of March 31, 2017.
3. Dividends from MAC are distributed to AGM and AGC, which may affect AGM's and AGC's dividend capacity in future periods.

Underlying Value

Underlying Value
High-Quality Investment Portfolio

Total Invested Assets and Cash[1,2]
As of March 31, 2017



$11.5 billion, A+ average rating

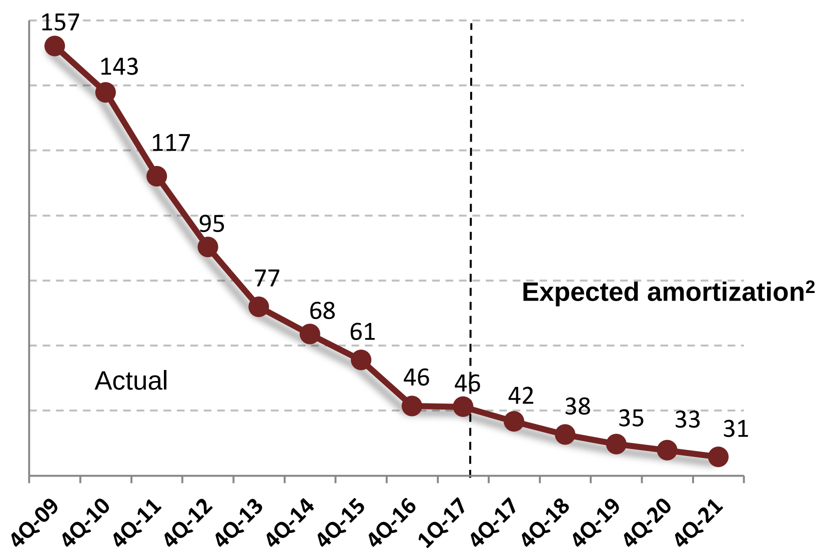
- **Highly rated fixed maturity and short-term investments, 69% rated AA or higher, and cash**
- **Approximately $836 million invested in liquid, short-term investments and cash**
- **Overall duration of portfolio is 5.4 years**

1. Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the AAA category are short-term securities and cash.
4. Includes long-term BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of $1,840 million in par with carrying value of $1,206 million.

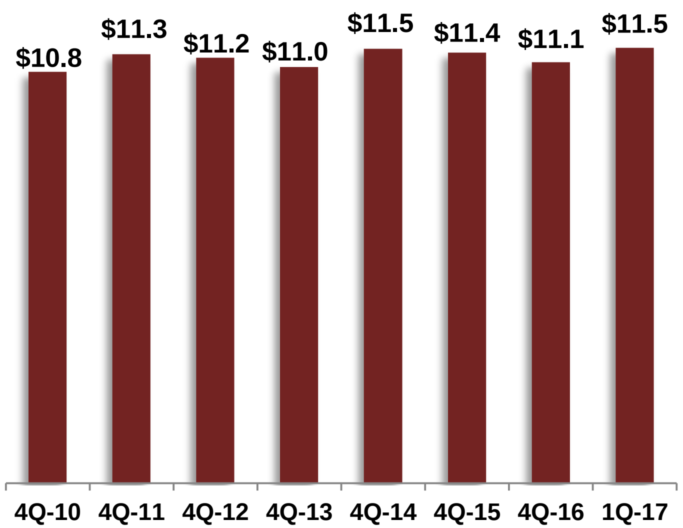
Underlying Value
Deleveraging While Maintaining Total Invested Assets

- **Our insured net par outstanding to non-GAAP operating shareholders' equity[1] has declined from 157:1 in 4Q-09 to 46:1 as of 1Q-17**
  - Deleveraging should continue in the near term as new business is not expected to fully replace the amortization of the portfolio
- **Meanwhile, total invested assets and cash remains comparable to prior amounts**

Non-GAAP Operating Portfolio Leverage
Insured Net Par Outstanding / non-GAAP Operating Shareholders' Equity[1]



Total Invested Assets and Cash
($ in billions)

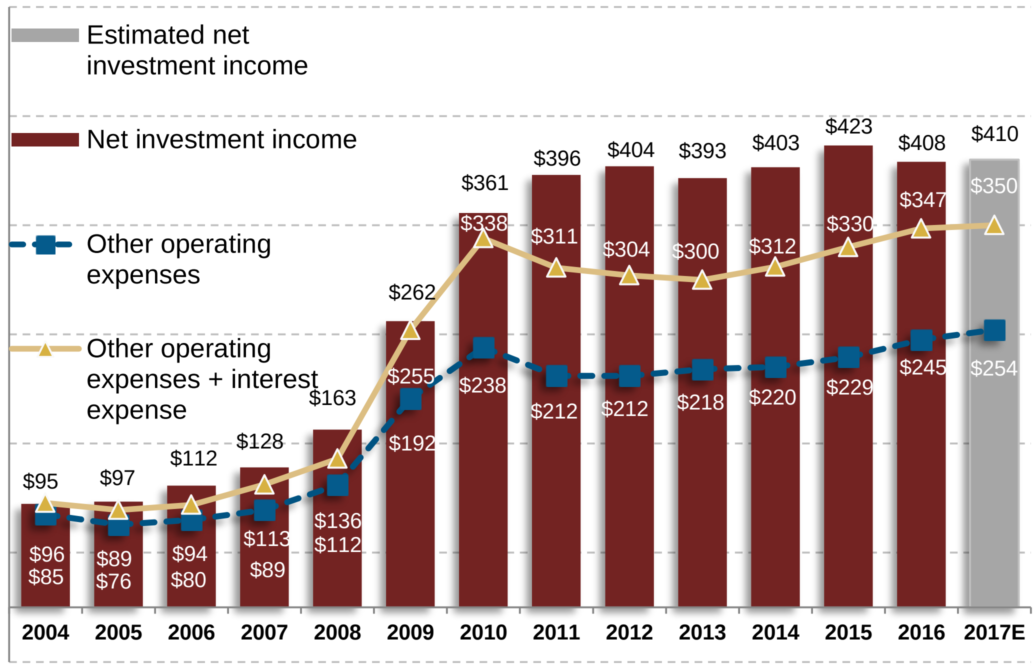


1. For an explanation of non-GAAP operating shareholders' equity, please refer to the Appendix.
2. Assumes no new business production and calculates estimated amortization divided by current non-GAAP operating shareholders' equity. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in "Explanation of Non-GAAP Financial Measures."

Underlying Value
Net Investment Income Generates Capital

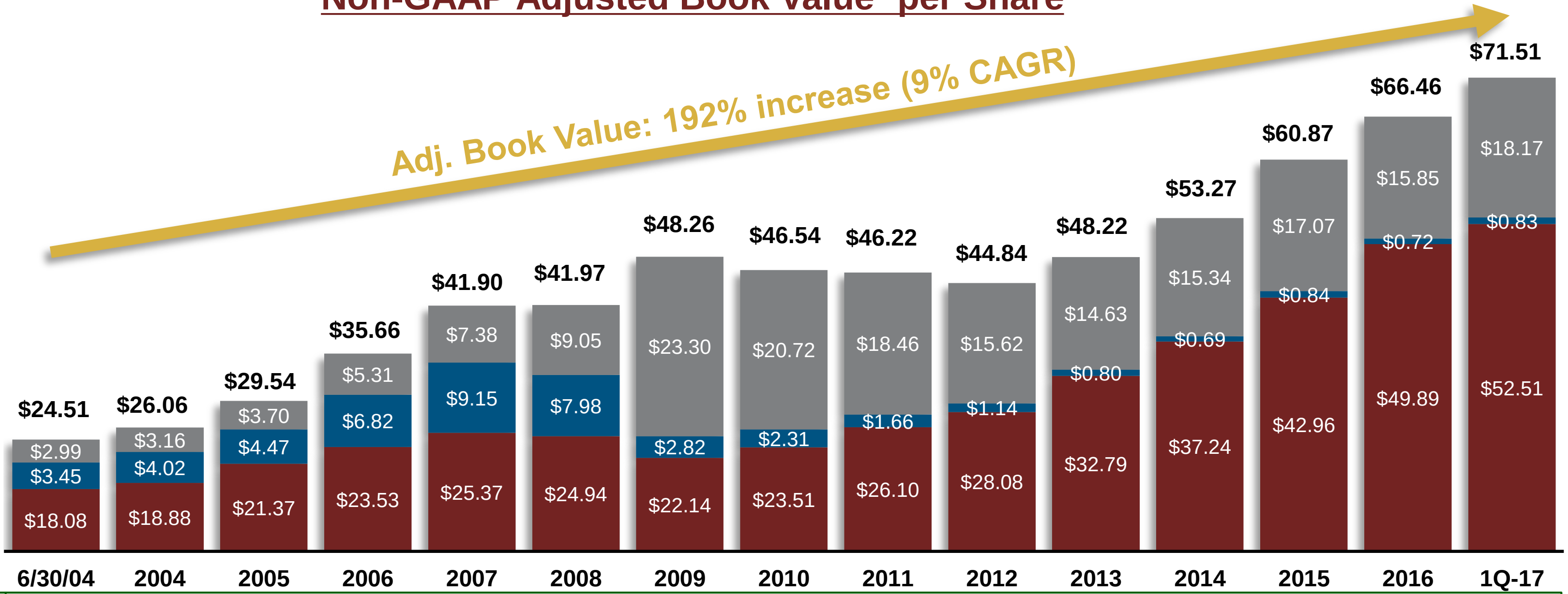
- **Net investment income is higher than the combination of operating and interest expenses, a spread that fosters capital growth**

Net Investment Income
($ in millions)



Underlying Value
Historical Growth

Non-GAAP Adjusted Book Value[1] per Share



	6/30/04	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	1Q-17
Shareholders' Equity per share (GAAP):	$18.73	$20.19	$22.22	$24.44	$20.33	$20.62	$18.76	$19.97	$25.52	$25.74	$28.07	$36.37	$43.96	$50.82	$53.95
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity per share[1]:								$(2.02)	$(2.44)	$(1.97)	$(1.04)	$(0.24)	$(0.15)	$(0.06)	$(0.03)
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value per share[1]:								$(2.38)	$(3.10)	$(2.33)	$(1.36)	$(0.39)	$(0.31)	$(0.18)	$(0.16)

■ Net unearned premium reserve on financial guaranty contracts in excess of net expected loss to be expensed less deferred acquisition costs, after tax
■ Net present value of estimated net future revenue in force and net unearned revenue, after tax
■ Non-GAAP operating shareholders' equity[1]

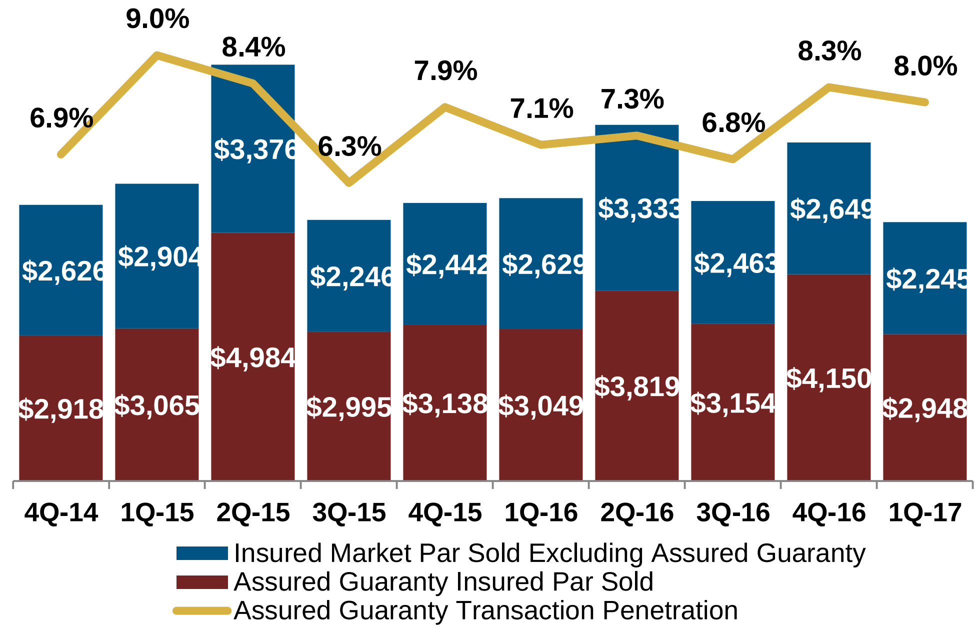
1. For explanations of non-GAAP adjusted book value and net present value of estimated net future revenue and non-GAAP operating shareholders' equity, please refer to the Appendix

Creating Value

Creating Value
New Business Production (Par Insured)
Penetration in the U.S. Public Finance Market

- **We are focused on building demand for our guaranties, both in the primary and the secondary markets for U.S. public finance**
  - Primary market policies sold in 1Q 2017 totaled 181 or $2.9 billion
  - Secondary market policies sold in 1Q 2017 totaled 139 or $711 million
- **Total market issuance decreased 10% in 1Q 2017 compared with 1Q 2016, while insured volume decreased by 8% in that same period**
  - Industry par penetration for all transactions with underlying A ratings was unchanged at 28% in 1Q 2017 compared to 1Q 2016, but up from 21% in 4Q 2016
  - Industry penetration based on the number of transactions with underlying A ratings also increased to 62% in 1Q 2017 compared with 59% in 1Q 2016 and 58% in 4Q 2016
- **Industry penetration for smaller deals (transactions under $25 million) based on the number of transactions increased to 20% in 1Q 2017compared with 18% in 1Q 2016**

New Issue U.S. Public Finance
Insured Par Sold and Transaction Penetration[1]
($ in millions)



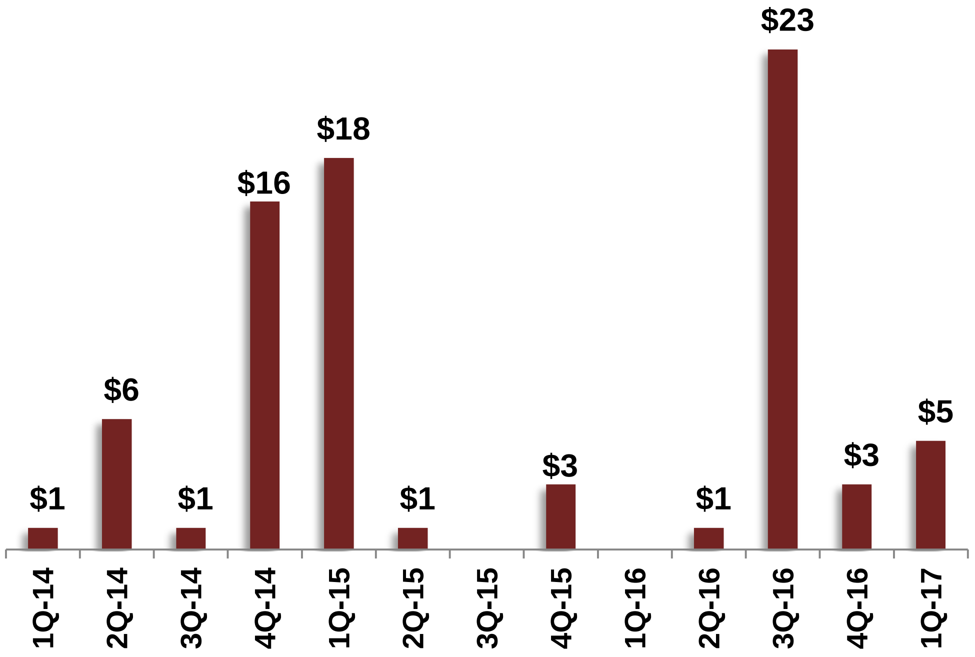
Total U.S. Public Finance New Issuance	**3Q-14**	**4Q-14**	**1Q-15**	**2Q-15**	**3Q-15**	**4Q-15**	**1Q-16**	**2Q-16**	**3Q-16**	**4Q-16**	**1Q-17**
Par Issued ($ in billions)	$72.3	$99.3	$104.0	$111.0	$86.0	$76.4	$96.5	$119.4	$108.4	$100.2	$86.6
Transactions Issued	2,376	2,871	3,059	3,783	2,665	2,558	2,787	3,635	3,048	2,775	2,271

1. Source: SDC database. As of March 31, 2017. Transaction penetration shown is Assured Guaranty's transaction count as a percentage of all transactions issued.

Creating Value
New Business Production
U.S. Structured Finance Business Activity

- **Focus has been on bilateral transactions to improve policy beneficiaries' capital management efficiency**
- **During 1Q 2017, we increased our reinsurance exposure on an existing capital relief triple-X excess-of-loss life insurance transaction**
- **New structured finance business production tends to fluctuate, as large, complex transactions require a long time frame to close**
- **We expect that capital market structured finance opportunities will increase in the future as the global economy recovers, interest rates rise, more issuers return to the capital markets for financings and institutional investors again utilize financial guaranties**

U.S. Structured PVP[1]
($ in millions)



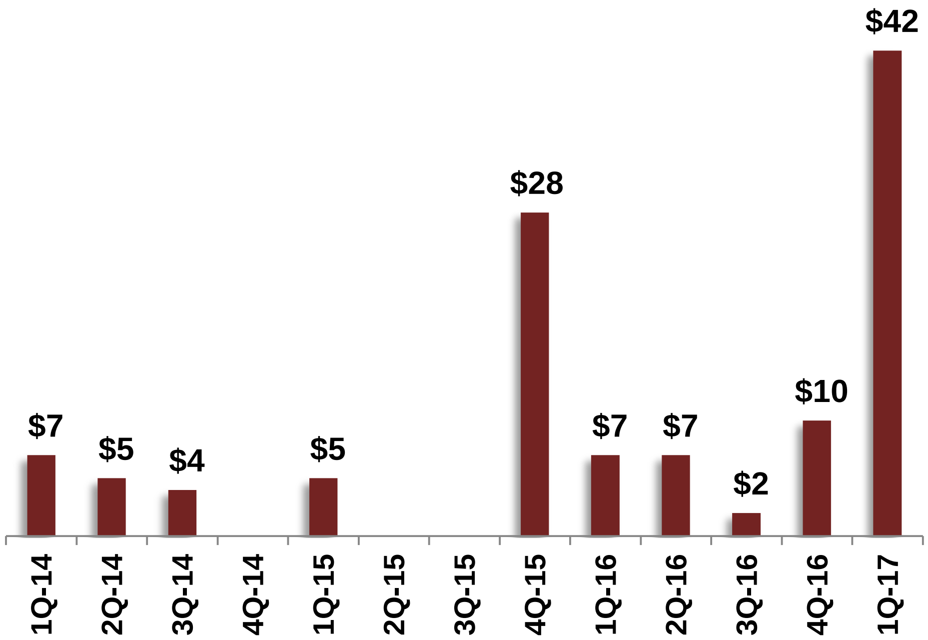
1. For an explanation of new business production, or "PVP", which is a non-GAAP financial measure, please refer to the Appendix.

Creating Value
New Business Production
Non-U.S. Business Activity

- **During 1Q-17, we guaranteed two U.K. university housing transactions, one U.K. hospital transaction, and a transaction in the aviation finance sector, as well as several U.K. secondary market utility transactions**

- **We are optimistic about the pipeline of infrastructure transactions. However, this international business typically comprises a small number of high-value transactions that have longer development periods and multiple counterparties, so the timing of closing transactions is often uncertain**

Non-U.S. PVP[1] by Quarter
($ in millions)



1. For an explanation of new business production, or "PVP," which is a non-GAAP financial measure, please refer to the Appendix.

Creating Value
New Business Production
Underwriting and Pricing Discipline

- **Continued focus on underwriting and pricing principals**
- **Gross par of new business written increased for the 1st quarter year-over-year. PVP increased from $38 million in the 1st quarter 2016 to $99 million in the 1st quarter 2017, an increase of 161% and the largest quarterly PVP since the 4th quarter 2010.**

Gross Par Written

	Quarter Ended March 31,			
	2017		2016	
Sector:	Gross Par Written	Avg. Rating[1]	Gross Par Written	Avg. Rating[1]
U.S. public finance	$3,430	A-	$2,749	A-
Non-U.S. public finance	990	BBB+	-	-
Total public finance	**$4,420**	**A-**	**$2,749**	**A-**
U.S. structured finance	$243	AA	$-	-
Non-U.S. structured finance	28	BBB+	-	-
Total structured finance	**$271**	**AA**	**$-**	**-**
Total gross par written	**$4,691**	**A-**	**$2,749**	**A-**
Total PVP	**$99**		**$38**	
PVP to gross par written	**2.11%**		**1.38%**	

1. Average internal rating.

Creating Value
Alternative Strategies
MBIA UK Acquisition

- **On January 10, 2017, AGC completed its acquisition of MBIA UK Insurance Limited ("MBIA UK"). AGC exchanged all its holdings of the Zohar II 2005-1 notes (which had an outstanding par of $347 million and fair value of $334 million as of the date of acquisition) in exchange for the outstanding shares of MBIA UK plus $23 million in cash.**

- **The acquisition resulted in a benefit to net income and operating income (non-GAAP) of $57 million or $0.45 per share, at the acquisition date. This excludes an after tax realized gain on the disposition of the Zohar II notes.**

- **This acquisition fits within the Company's strategy of acquiring high-quality portfolios, including from inactive financial guaranty insurance companies:**
  - Radian Asset Assurance acquisition closed on April 1, 2015
  - CIFG acquisition closed on July 1, 2016

1. For explanations of non-GAAP financial measures, please refer to the Appendix.

Creating Value
Commutations

- **Reassumption of previously ceded business has increased the unearned premium reserve and non-GAAP adjusted book value[1]**

Year	Reassumed Par ($ in billions)	Reassumed UPR ($ in millions)	Commutation Gain / (Loss) ($ in millions)
2009	$2.9	$65	$(11)
2010	15.5	104	50
2011	0.3	2	24
2012	19.2	109	82
2013	0.2	11	2
2014	1.2	20	23
2015	0.9	23	28
2016	0.0	-	8
2017	1.0	18	73
Total	**$41.2**	**$352**	**$279**

Ceded Par Outstanding by Reinsurer
As of March 31, 2017

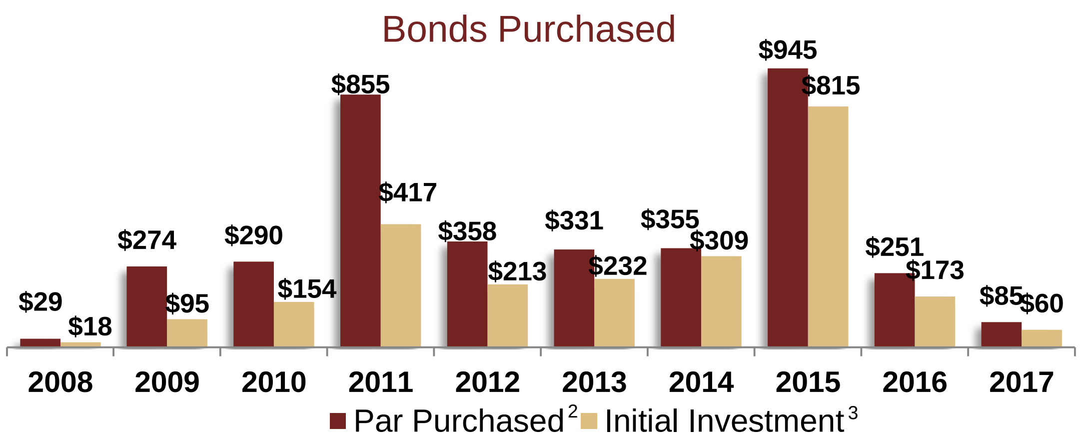
($ in millions)	Net Par Outstanding
American Overseas Re	$3,307
Tokio Marine	$3,269
Syncora	$1,950
Others	$807
Total	$9,333

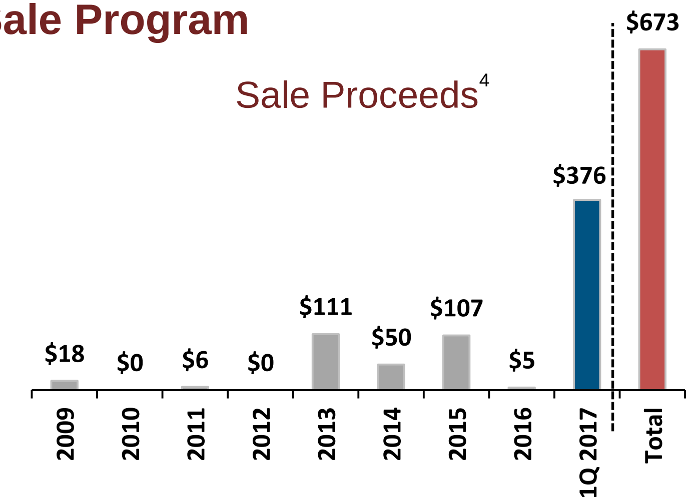
1. For an explanation of non-GAAP adjusted book value, which is a non-GAAP financial measure, please refer to the Appendix.

Creating Value
Loss Mitigation
Bond Purchases

- **Since 2008, for loss mitigation purposes, we have strategically purchased bonds we had previously insured. Besides reducing our losses, these purchases can potentially relieve rating agency capital charges, increase future investment income and increase non-GAAP adjusted book value[1]**
  - The amount of reserves released and the ongoing principal and interest from the bonds are expected to be greater than the purchase price
  - We have purchased approximately $3.8 billion of par on insured securities through March 31, 2017 with an initial purchase price of approximately $2.4 billion
- **Targeted purchases are BIG securities on which claims are expected to be paid**
- **Subsequent to purchasing some of our insured bonds for loss mitigation purposes, we removed our insurance and sold the bonds uninsured. This typically creates rating agency capital and an economic benefit**

Loss Mitigation Bond Purchase and Sale Program
($ in millions)



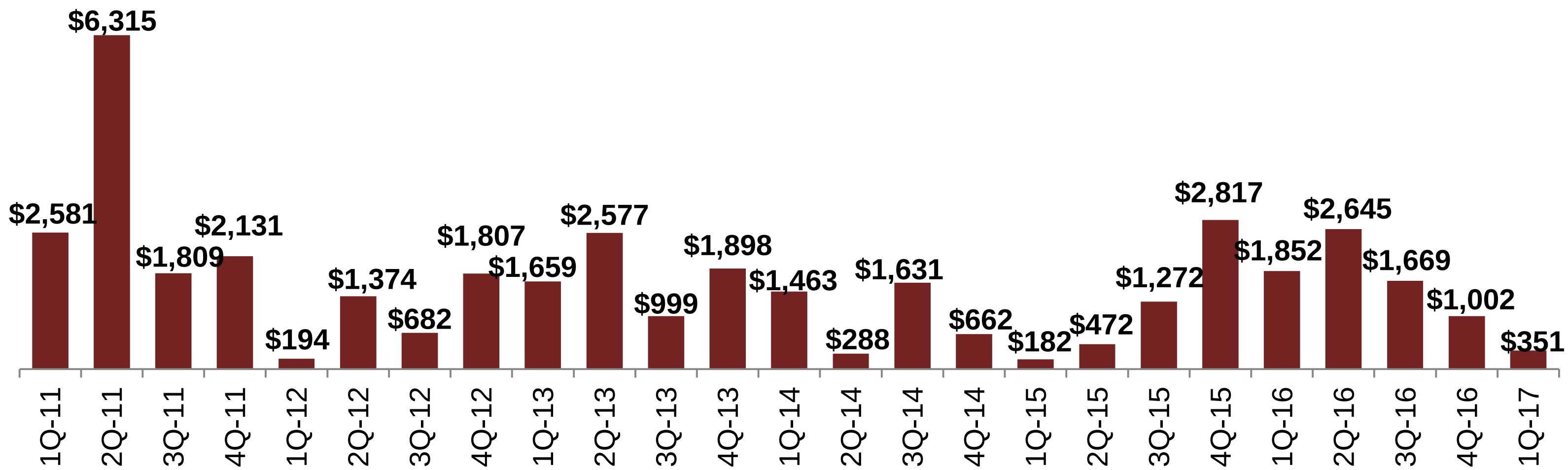


1. For an explanation of non-GAAP adjusted book value, please refer to the Appendix.
2. Par at the time of purchase.
3. Cost of purchase.
4. This includes $334 million of Zohar II notes related to the MBIA UK acquisition in Q1 2017.

Creating Value
Loss Mitigation
Agreements to Terminate Contracts

- **Actively pursue termination of insurance contracts**
  - At beneficiary's request: may keep all economics, possibly more
  - At our request: share economics with beneficiary
  - To eliminate high capital charges: share or possibly give up some economics
- **Since January 1, 2011, approximately $40 billion of net insured par outstanding has been terminated, which reduces our leverage and, in some cases, relieves rating agency capital charges**

Completed Terminations Since January 1, 2011
($ in millions)



Financial Results

March 31, 2017

First Quarter 2017 Results
Select Financial Items

Select GAAP Results ($ in millions, except per share data and percentages)	**Quarter Ended March 31,**		**% Change vs. 1Q-16**
	2017	**2016**	
Net income (loss)	**$317**	**$59**	**437%**
Net income (loss) per diluted share	**$2.49**	**$0.43**	**479%**
Net earned premiums	**$164**	**$183**	**(10)%**
Net investment income	**$122**	**$99**	**23%**
Loss and LAE	**$59**	**$90**	**(34)%**
GAAP ROE[1]	**19.3%**	**1.0%**	**18.3pp**

Select Non-GAAP Results ($ in millions, except per share data and percentages)	**Quarter Ended March 31,**				**% Change vs. 1Q-16**
	2017		**2016**		
	Amount	Effect of FG VIE Consolidation[2]	Amount	Effect of FG VIE Consolidation[2]	
Operating income (non-GAAP)	$273	$5	$123	$10	122%
Operating income (non-GAAP) per diluted share	$2.14	$0.03	$0.89	$0.07	140%
Non-GAAP Operating loss and LAE	$41	$(2)	$84	$(7)	(51)%
Non-GAAP Operating ROE[1]	17.0%	0.3%	8.3%	0.7%	8.7pp

NM = Not meaningful pp = percentage points

1. ROE calculations represent annualized returns.
2. The "Effect of FG VIE Consolidation" column represents amounts included in the consolidation statements of operations and operating income (non-GAAP) that the Company removes to arrive at the core financial measures that management uses in certain of its compensation calculations and its decision-making process. Please refer to the explanation of Non-GAAP Financial Measures set forth in the Appendix.

First Quarter Loss Measures

Economic loss development (all contracts):

- Represents the expected change in future losses due to changes in transaction performance, discount rates, loss mitigation and other factors that affect the ultimate loss experience. Economic loss development excludes the effects of deferred premium revenue. The effect of changes in discount rates that is included in total economic loss development is not indicative of credit impairment or improvement.

Loss and LAE reported on the Consolidated Statement of Operations:

- Represents loss and loss adjustment expenses (LAE) for contracts accounted for as financial guaranty insurance ONLY
  - GAAP accounting model generally recognizes loss and LAE in income only to the extent and for the amount that such losses exceed deferred premium revenue on a transaction by transaction basis.

Non-GAAP operating loss and LAE:

- Comprises:
  - Loss and LAE described above, and
  - Losses attributable to credit derivatives

($ in millions, except per share amounts)	1Q-17		1Q-16	
Financial Guaranty	Amount	Per Diluted Share	Amount	Per Diluted Share
Loss and LAE	$59	$0.05	$90	$0.45
Non-GAAP operating loss and LAE for credit derivatives	$18	$0.10	$6	$0.03
Losses attributed to FG VIEs included above	$(2)		$(7)	

Portfolio Overview

March 31, 2017

Capital Base
(U.S. Statutory Basis)

Claims-Paying Resources

($ in millions)	AGUS Consolidated	AG Re[1]	AGL Consolidated
	As of March 31, 2017		
Claims-paying resources			
Policyholders' surplus	$3,852	$1,147	$4,999
Contingency reserve	2,039	-	2,039
Qualified statutory capital	**5,891**	**1,147**	**7,038**
Unearned premium reserve	2,196	682	2,878
Loss and loss adjustment expense reserves	652	247	899
Total policyholders' surplus and reserves	**8,739**	**2,076**	**10,815**
Present value of installment premium	364	153	517
Committed Capital Securities	400	-	400
Excess of loss reinsurance facility[2]	360	-	360
Total claims-paying resources	**$9,863**	**$2,229**	**$12,092**
Statutory net par outstanding[3]	$193,729	$71,472	$265,201
Net debt service outstanding[3]	$298,275	$112,453	$410,728
Ratios:			
Net par outstanding to qualified statutory capital	33:1	62:1	38:1
Capital ratio[4]	51:1	98:1	58:1
Financial resources ratio[5]	30:1	50:1	34:1

Contribution by Company to AGUS

($ in millions)	Policyholder's Surplus	Qualified Statutory Capital	Claims-Paying Resources
	As of March 31, 2017		
AGM, excluding investment in MAC	$1,926	$3,027	$5,397
AGC, excluding investment in MAC	1,684	2,355	$4,006
MAC	486	753	$1,424
Eliminations	(244)	(244)	($964)
AGUS Consolidated	**$3,852**	**$5,891**	**$9,863**
AG Re	$1,147	1,147	$2,229
AGL Consolidated	**$4,999**	**$7,038**	**$12,092**

1. Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimates based on U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.
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. Net par outstanding and net debt service outstanding are presented on a statutory basis.
4. The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.
5. The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.

Four Discrete Operating Companies with Separate Capital Bases

ASSURED GUARANTY®

Consolidated Statutory-Basis Claims-Paying Resources and Exposures

	As of March 31, 2017					
($ in millions)	AGM	AGC	MAC	AG Re[8]	Eliminations[3]	Consolidated
Claims-paying resources						
Policyholders' surplus	$2,221	$1,875	$486	$1,147	($730)	$4,999
Contingency reserve	1,263	776	267	-	(267)	2,039
Qualified statutory capital	**3,484**	**2,651**	**753**	**1,147**	**(997)**	**7,038**
Unearned premium reserve[1]	1,349	847	310	682	(310)	2,878
Loss and loss adjustment expense reserves[1]	431	221	-	247	-	899
Total policyholders' surplus and reserves	**5,264**	**3,719**	**1,063**	**2,076**	**(1,307)**	**10,815**
Present value of installment premium	219	145	1	153	(1)	517
Committed Capital Securities	200	200	-	-	-	400
Excess of loss reinsurance facility[2]	360	360	360	-	(720)	360
Total claims-paying resources (including MAC adjustment for AGM and AGC)	**$6,043**	**$4,424**	**$1,424**	**$2,229**	**($2,028)**	**$12,092**
Adjustment for MAC[4]	646	418	-	-	(1,064)	-
Total claims-paying resources (excluding MAC adjustment for AGM and AGC)	**$5,397**	**$4,006**	**$1,424**	**$2,229**	**($964)**	**$12,092**
Statutory net par outstanding[5]	$113,327	$42,936	$38,767	$71,472	($1,301)	$265,201
Equity method adjustment[4]	23,531	15,236	-	-	(38,767)	-
Adjusted statutory net par outstanding[1]	$136,858	$58,172	$38,767	$71,472	($40,068)	$265,201
Net debt service outstanding[5]	$175,586	$68,450	$57,154	$112,453	($2,916)	$410,727
Equity method adjustment[4]	34,693	22,461	-	-	(57,154)	-
Adjusted net debt service outstanding[1]	$210,279	$90,911	$57,154	$112,453	($60,070)	$410,727
Ratios:						
Adjusted net par outstanding to qualified statutory capital	39:1	22:1	51:1	62:1		38:1
Capital ratio[6]	60:1	34:1	76:1	98:1		58:1
Financial resources ratio[7]	35:1	21:1	40:1	50:1		34:1

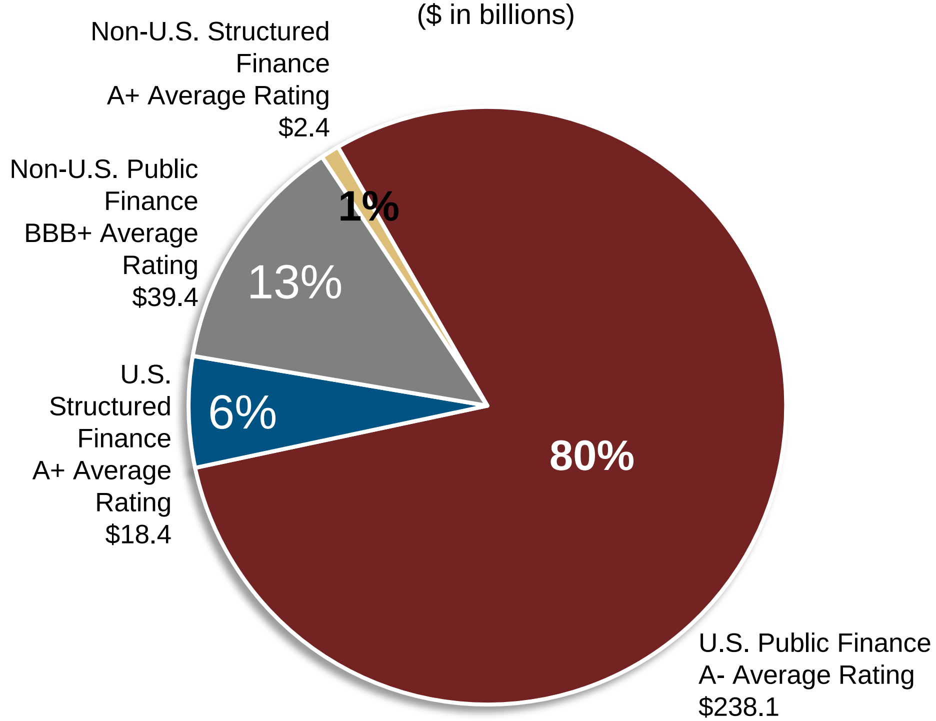
1. The numbers shown for Assured Guaranty Municipal Corp. (AGM) and Assured Guaranty Corp. (AGC) have been adjusted to include (i) their 100% share of their respective United Kingdom insurance subsidiaries and (ii) their indirect share of Municipal Assurance Corp. (MAC). AGM and AGC own 60.7% and 39.3%, 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. Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, and (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages. Net par and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net par related to intercompany cessions from AGM and AGC to MAC.
4. Represents adjustments for AGM's and AGC's interest and indirect ownership of MAC.
5. Net par outstanding and net debt service outstanding are presented on a statutory basis.
6. The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
7. The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM and AGC).
8. Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.

Net Par Outstanding By Sector

- **Assured Guaranty's insured portfolio is largely concentrated in U.S. public finance**
  - 80% U.S. public finance
  - 13% Non-U.S. public finance
  - 6% U.S. structured finance
  - 1% Non-U.S. structured finance
- **Our insured portfolio has an A- average internal credit rating**
  - 4.4% below investment grade
- **U.S. public finance is the sector with the largest BIG exposure**
  - $7.2 billion of par exposure (54% of our total BIG)
  - Out of this $7.2 billion, $4.9 billion of net par exposure relates to Puerto Rico

Consolidated Net Par Outstanding

As of March 31, 2017
($ in billions)



$298.2 billion, A- average rating

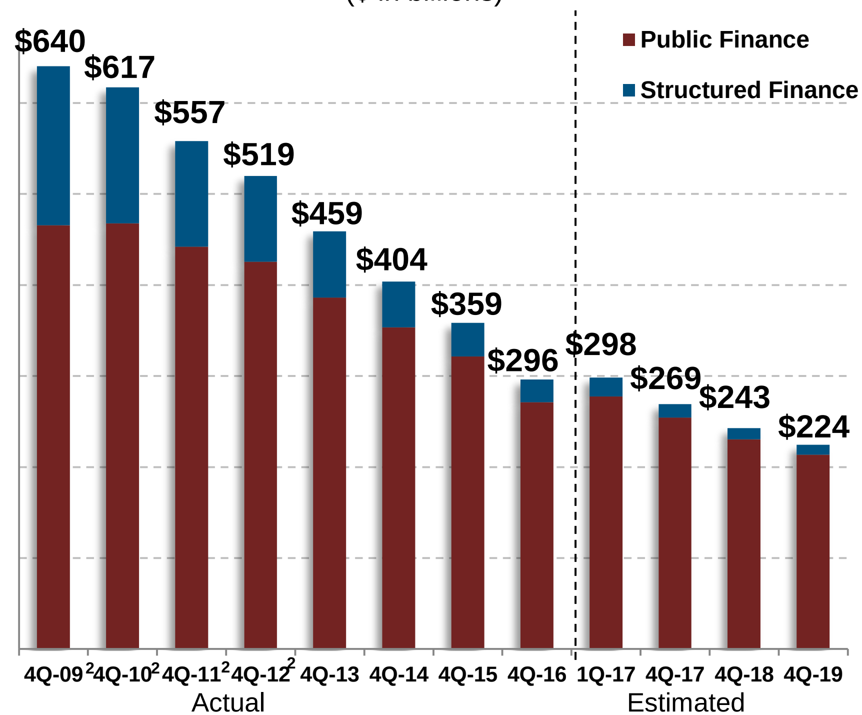
Net Par Outstanding Amortization

- **Amortization of the existing portfolio reduces rating agency capital charges, but also embedded future earned premiums**
- **New direct or assumed business originations, reassumptions and acquisitions will increase future premiums**
- **Public finance existing exposure amortizes at a steady rate**
  - $277 billion outstanding
  - 8% expected to amortize by the end of 2017; 17% by the end of 2018; 23% by the end of 2019
- **Structured finance existing exposure amortizes quickly**
  - $21 billion outstanding
  - 30% expected to amortize by the end of 2017; 40% by the end of 2018; 48% by the end of 2019

Consolidated Net Par Outstanding Amortization[1]

As of March 31, 2017

($ in billions)



1. Represents the future expected amortization of existing net par outstanding as of March 31, 2017. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (1) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of U.S. public finance refundings), and (2) the expected amortization of structured finance transactions is based in part on management's assumptions regarding the performance of the underlying assets while the actual performance of those assets may differ from management's assumptions. Actual amortization of the U.S. public and global infrastructure finance portfolio and the structured finance portfolio may be faster or slower than expected by management, both portfolios may differ in the same direction and one portfolio may amortize more quickly while the other may amortize more slowly.
2. Gross of wrapped bond purchases made primarily for loss mitigation.

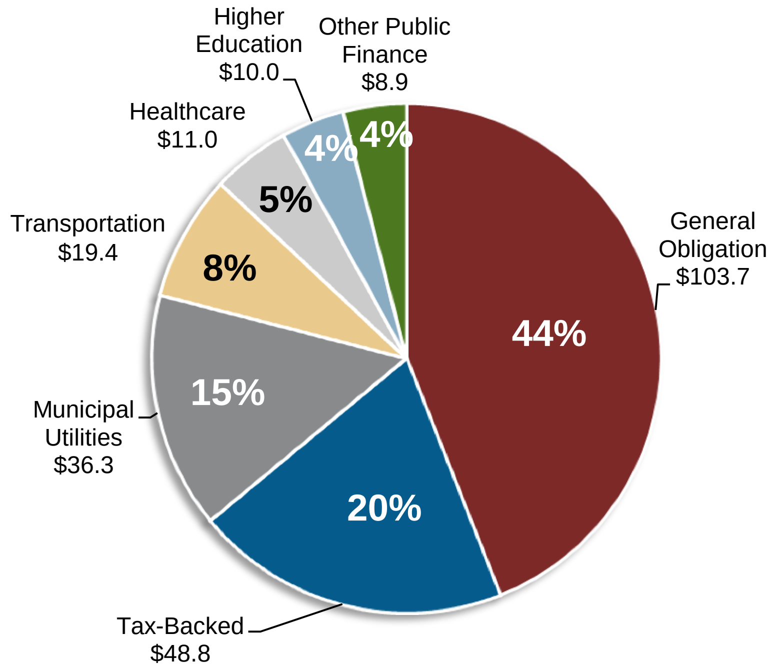
U.S. Public Finance

Net Par Outstanding

U.S. Public Finance

As of March 31, 2017

($ in billions)



$238.1 billion, A- average rating

- **U.S. public finance net par outstanding is $238.1 billion and makes up 80% of our total insured portfolio as of March 31, 2017**
- **U.S. public finance portfolio generally performed well during the recession and in subsequent years, despite persistent financial pressures on municipal obligors**
  - Our portfolio is well-diversified with approximately 8,700 direct U.S. public finance obligors. We expect future losses to be paid, net of recoveries, on less than a dozen exposures[1].
  - We have proactively managed those exposures that have experienced credit deterioration and payment default, like Detroit, Harrisburg and Stockton, with ultimately minimal losses.
  - Our Puerto Rico exposure represents our largest below investment grade U.S. public finance exposure.
- **General obligation, tax-backed and municipal utilities represent 79% of U.S. public finance net par outstanding**
  - 63% of total net par outstanding

1. Includes exposure to Puerto Rico credits discussed on the following pages.

Public Finance
Puerto Rico Exposure

Par Exposure to the Commonwealth and its Agencies
As of March 31, 2017

	($ in millions)	Net Par Outstanding[2,4]	Gross Par Outstanding
Commonwealth Constitutionally Guaranteed	Commonwealth of Puerto Rico - General Obligation Bonds[3]	$1,495	$1,577
	Puerto Rico Public Buildings Authority (PBA)[3]	169	174
	Subtotal	**$1,664**	**$1,751**
Public Corporations – Certain Revenues Potentially Subject to Clawback	Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation Revenue Bonds)[4]	$918	$949
	Puerto Rico Highways and Transportation Authority (PRHTA) (Highways Revenue Bonds)	409	556
	Puerto Rico Convention Center District Authority (PRCCDA)	152	152
	Puerto Rico Infrastructure Financing Agency (PRIFA)[3]	18	18
	Subtotal	**$1,497**	**$1,675**
Other Public Corporations	Puerto Rico Electric Power Authority (PREPA)	777	876
	Puerto Rico Aqueduct and Sewer Authority (PRASA)	373	373
	Puerto Rico Municipal Finance Agency (MFA)	354	488
	Puerto Rico Sales Tax Finance Corp. (COFINA)	271	271
	University of Puerto Rico (U of PR)	1	1
	Subtotal	**$1,776**	**$2,009**
	Total[1]	**$4,937**	**$5,435**

1. AGL's consolidated net par outstanding is divided between its subsidiaries as follows: $2.2 billion at AGM, $1.7 billion at AGC, $1.1 billion at AG Re, and $0 at MAC. A portion of the subsidiary level exposure is eliminated upon consolidation due to instances where one subsidiary's insured bonds were previously insured by another subsidiary.
2. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $31 million and a fully accreted net par at maturity of $63 million. Of these amounts, current net par of $19 million and fully accreted net par at maturity of $50 million relate to COFINA, 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. As of the date of the Company's 2017 1st quarter 10-Q filing, the Company has paid claims on these credits.
4. The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated triple-C or below.

Public Finance
Puerto Rico Exposure

ASSURED GUARANTY

Scheduled Net Par Amortization of Exposure to the Commonwealth and its Agencies[1]
As of March 31, 2017

($ in millions)	2Q 2017	3Q 2017	4Q 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027-2031	2032-2036	2037-2041	2042-2047	Total
[redacted]																	
Commonwealth – GO	$0	$93	$0	$75	$82	$136	$16	$37	$15	$73	$68	$34	$272	$489	$105	$-	**$1,495**
PBA	-	28	-	-	3	5	13	0	6	0	7	11	42	54	-	-	**169**
Subtotal	**$0**	**$121**	**$0**	**$75**	**$85**	**$141**	**$29**	**$37**	**$21**	**$73**	**$75**	**$45**	**$314**	**$543**	**$105**	**$-**	**$1,664**
[redacted]																	
PRHTA (Transportation Revenue)	$0	$36	$0	$38	$32	$25	$18	$28	$34	$4	$29	$24	$156	$295	$194	$5	**$918**
PRHTA (Highways Revenue)	-	10	-	10	21	22	26	6	8	8	8	0	73	217	-	-	**409**
PRCCDA	-	-	-	-	-	-	-	-	-	-	-	-	19	133	-	-	**152**
PRIFA	-	-	-	2	-	-	-	-	2	-	-	-	-	-	14	-	**18**
Subtotal	**$0**	**$46**	**$0**	**$50**	**$53**	**$47**	**$44**	**$34**	**$44**	**$12**	**$37**	**$24**	**$248**	**$645**	**$208**	**$5**	**$1,497**
[redacted]																	
PREPA	$0	$5	$-	$4	$25	$44	$24	$24	$87	$84	$59	$96	$299	$26	$0	$-	**$777**
PRASA	-	-	-	-	-	-	-	-	-	2	25	26	57	-	2	261	**373**
MFA	-	52	-	50	48	39	34	34	16	12	12	26	31	-	-	-	**354**
COFINA	0	0	0	(1)	(1)	(1)	(2)	(2)	1	0	(2)	(2)	(7)	34	102	152	**271**
U of PR	-	0	-	0	0	0	0	0	0	0	0	0	0	1	-	-	**1**
Subtotal	**$0**	**$57**	**$0**	**$53**	**$72**	**$82**	**$56**	**$56**	**$104**	**$98**	**$94**	**$146**	**$380**	**$61**	**$104**	**$413**	**$1,776**
Total	**$0**	**$224**	**$0**	**$178**	**$210**	**$270**	**$129**	**$129**	**$169**	**$183**	**$206**	**$215**	**$942**	**$1,249**	**$417**	**$418**	**$4,937**

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $31 million and a fully accreted net par at maturity of $63 million. Of these amounts, current net par of $19 million and fully accreted net par at maturity of $50 million relate to COFINA, 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.

Scheduled Net Debt Service Amortization of Exposure to the Commonwealth and its Agencies[1]

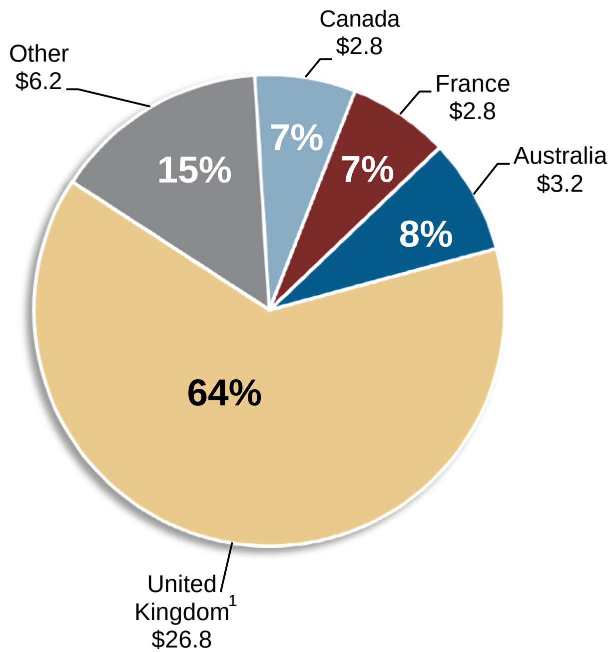
As of March 31, 2017

($ in millions)	2Q 2017	3Q 2017	4Q 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027-2031	2032-2036	2037-2041	2042-2047	Total
Commonwealth – GO	$0	$132	$0	$147	$151	$201	$74	$94	$70	$128	$119	$82	$469	$595	$111	$-	**$2,373**
PBA	-	32	-	7	10	12	20	6	13	6	13	17	58	62	-	-	**256**
Subtotal	**$0**	**$164**	**$0**	**$154**	**$161**	**$213**	**$94**	**$100**	**$83**	**$134**	**$132**	**$99**	**$527**	**$657**	**$111**	**$-**	**$2,629**
PRHTA (Transportation Revenue)	$0	$60	$0	$84	$76	$67	$59	$68	$72	$41	$65	$59	$308	$404	$229	$5	**$1,597**
PRHTA (Highways Revenue)	-	21	-	32	42	42	45	23	24	24	24	16	145	252	-	-	**690**
PRCCDA	-	3	-	7	7	7	7	7	7	7	7	7	50	152	-	-	**268**
PRIFA	-	0	-	3	1	1	1	1	2	1	1	1	4	3	16	-	**35**
Subtotal	**$0**	**$84**	**$0**	**$126**	**$126**	**$117**	**$112**	**$99**	**$105**	**$73**	**$97**	**$83**	**$507**	**$811**	**$245**	**$5**	**$2,590**
PREPA	$2	$21	$2	$40	$61	$79	56	55	117	110	80	115	344	29	0	-	**1,111**
PRASA	-	10	-	20	19	19	19	19	19	21	44	44	129	68	70	327	**828**
MFA	-	61	-	66	60	49	42	41	21	16	15	29	34	-	-	-	**434**
COFINA	0	6	0	13	13	13	13	12	16	15	13	12	68	103	162	160	**619**
U of PR	-	0	-	0	0	0	0	0	0	0	0	0	0	1	-	-	**1**
Subtotal	**$2**	**$98**	**$2**	**$139**	**$153**	**$160**	**$130**	**$127**	**$173**	**$162**	**$152**	**$200**	**$575**	**$201**	**$232**	**$487**	**$2,993**
Total	**$2**	**$346**	**$2**	**$419**	**$440**	**$490**	**$336**	**$326**	**$361**	**$369**	**$381**	**$382**	**$1,609**	**$1,669**	**$588**	**$492**	**$8,212**

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $31 million and a fully accreted net par at maturity of $63 million. Of these amounts, current net par of $19 million and fully accreted net par at maturity of $50 million relate to COFINA, 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.

Consolidated Non-U.S. Exposure
Non-U.S. Public and Structured Finance

Non-U.S. Exposure
As of March 31, 2017
($ in billions)



$41.7 billion, BBB+ average rating

- **94% of non-U.S. exposure is Public Finance**
  - Direct sovereign debt is limited to Poland ($219 million outstanding)
- **6% of non-U.S. exposure is Structured Finance**
  - Approximately 37% of that is to Pooled Corporates
  - 78% of non-U.S. Pooled Corporates are rated A or higher

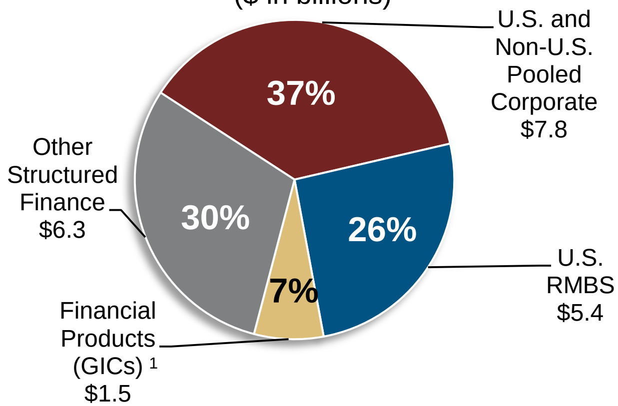
1. The increase in United Kingdom exposure was due primarily to the inclusion of the MBIA UK portfolio.

Structured Finance Exposures
Net Par Outstanding

By Type

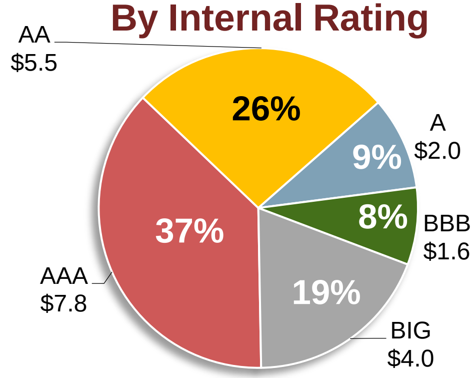
As of March 31, 2017

($ in billions)



$20.9 billion, A+ average rating

By Internal Rating



- **We expect Assured Guaranty's current global structured finance insured portfolio ($20.9 billion as of March 31, 2017) to amortize rapidly – 30% expected to amortize by the end of 2017 and 40% by the end of 2018**
  - $7.8 billion in global pooled corporate obligations expected to be reduced by 67% by year-end 2017 and by 76% by year-end 2018
  - $5.4 billion in U.S. RMBS expected to be reduced by 13% by year-end 2017 and by 28% by year-end 2018
- **Assured Guaranty's total structured finance exposure of $240.9 billion at December 31, 2007 has declined by $220.0 billion to $20.9 billion through March 31, 2017, a 91% reduction**

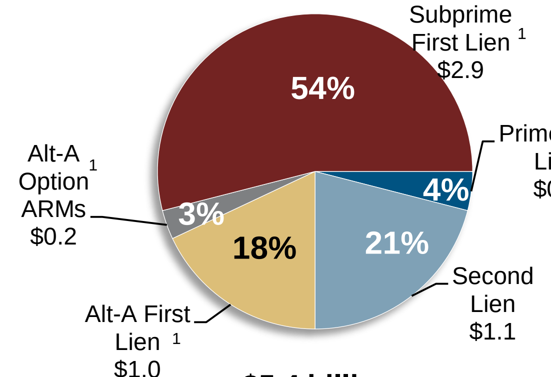
1. Assured Guaranty did not acquire Financial Security Assurance Holdings Ltd.'s financial products segment. Assured Guaranty and its subsidiaries are indemnified against exposure to such segment by Dexia. As of March 31, 2017, the aggregate fair market value of the assets supporting the GIC business (disregarding the agreed upon reductions) plus cash and positive derivative value exceeded by nearly $0.8 billion the aggregate principal amount of all outstanding GICs and certain other business and hedging costs of the GIC business. Even after applying the agreed upon reductions to the fair market value of the assets, the aggregate value of the assets supporting the GIC business plus cash and positive derivative value exceeded the aggregate principal amount of all outstanding GICs and certain other business and hedging costs of the GIC business.

Consolidated U.S. RMBS

- **Our $5.4 billion U.S. RMBS portfolio is amortizing both on a dollar basis and as a percentage of the portfolio**
  - Total U.S. RMBS has declined from $29.2 billion at December 31, 2009 to $5.4 billion at March 31, 2017, a $23.8 billion or 82% reduction
  - As of March 31, 2017, U.S. RMBS exposure excludes $1.2 billion of net par as a result of loss mitigation strategies, including loss mitigation securities held in the investment portfolio
- **Our loss reserving methodology is driven by our assumptions on several factors:**
  - Liquidation rates
  - Conditional default rates
  - Conditional prepayment rates
  - Loss severity
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Termination of insurance on BIG credits

U.S. RMBS by Exposure Type

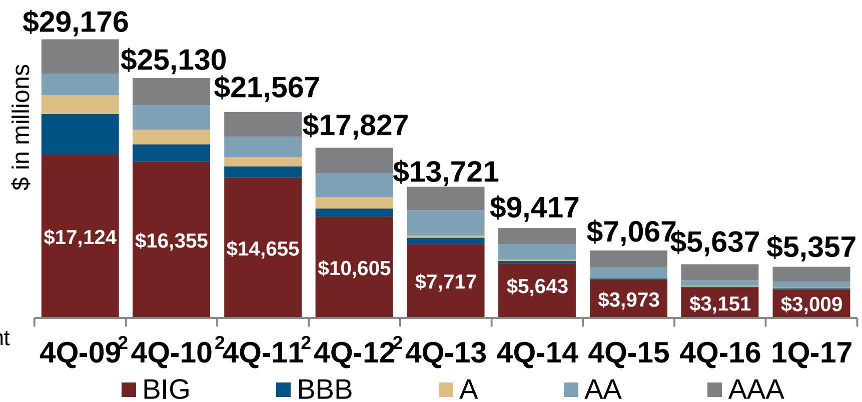
As of March 31, 2017
($ in billions)



$5.4 billion
(1.8% of total net par outstanding)

U.S. RMBS by Rating

Net Par Outstanding from December 31, 2009 to March 31, 2017



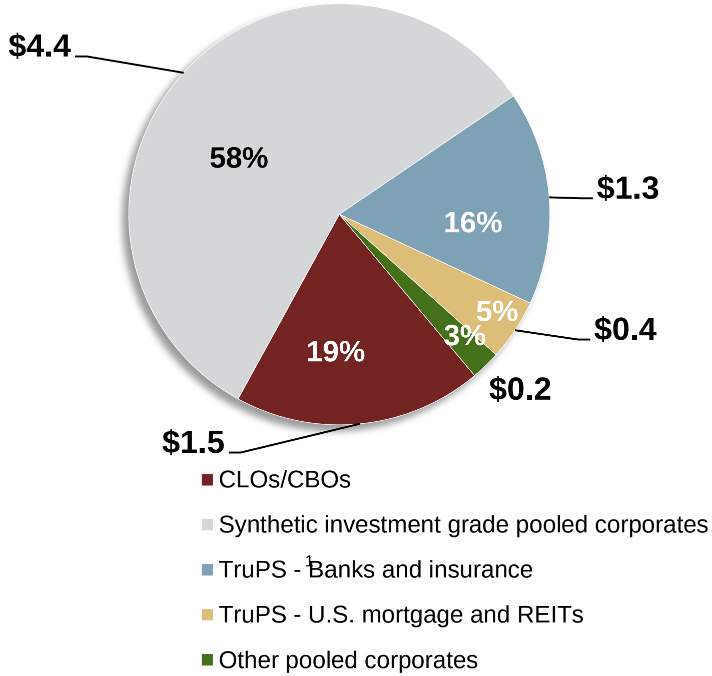
1. The Company has reclassified certain net par outstanding from below investment grade to investment grade due to collateralized reinsurance arrangements.
2. Gross of wrapped bond purchases made primarily for loss mitigation until 4Q-13

Direct Pooled Corporate Obligations Exposures

- **Most of our direct pooled corporate exposure is highly rated and well protected**
  - 72% rated AAA
  - Average credit enhancement of 30%

- **Within direct pooled corporate exposures, our $1.9 billion of Trust Preferred Securities (TruPS) CDO exposure is diversified by region and collateral type**
  - Includes more than 1,000 underlying issuers
  - All our exposure at the CDO level is to the most senior debt tranche
  - Weighted average rating of A, weighted average adjusted current credit enhancement[2] of 49.9%

Direct Pooled Corporate Obligations By Asset Class[1]
As of March 31, 2017



$7.7 billion, AAA average rating

1. CLOs are collateralized loan obligations. CBOs are collateralized bond obligations.
2. Adjusted current CE is the amount of collateral par above senior liabilities (and shown as a percentage of total collateral) with adjustments made for restructured collateral (to reflect expected reduced cashflow) and for non-performing collateral; U.S. Mortgage & Real Estate TruPS CDOs also include an adjustment to reflect overhedging and outstanding hedge termination payments obligations. Some asset classes may not have subordinated tranches so they are excluded from the weighted averages.

Below Investment Grade Exposures

Net Par Outstanding by BIG Category[1]

- **As of March 31, 2017, approximately $4.9 billion (37%) of the aggregate BIG exposure was Category 1, which are transactions that show sufficient deterioration to make future losses possible but for which none are currently expected**

Financial Guaranty Insurance and Credit Derivatives Surveillance Categories

($ millions)	March 31, 2017	December 31, 2016
Category 1		
U.S. public finance	$2,423	$2,403
Non-U.S. public finance	1,810	1,288
U.S. structured finance	473	594
Non-U.S. structured finance	207	210
Total Category 1	$4,913	$4,495
Category 2		
U.S. public finance	$2,902	$3,122
Non-U.S. public finance	263	54
U.S. structured finance	625	800
Non-U.S. structured finance	42	83
Total Category 2	$3,832	$4,059
Category 3		
U.S. public finance	$1,874	$1,855
Non-U.S. public finance	-	-
U.S. structured finance	2,609	2,665
Non-U.S. structured finance	-	-
Total Category 3	$4,483	$4,520
BIG Total	**$13,228**	**$13,074**

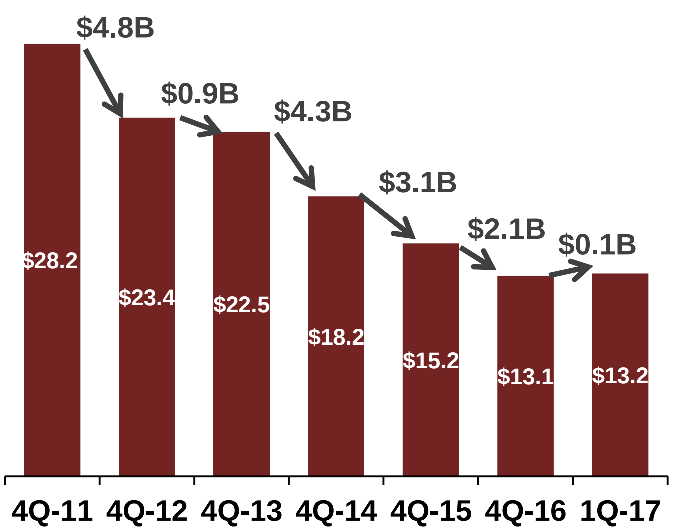
1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG Category 2: Below-investment-grade transactions for which future losses are expected but for which no claims (other than liquidity claims, which are claims 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.

BIG Exposure Decline

- **Since 4Q-11, BIG net par outstanding has declined by $15.0 billion[1]**
  - **The increase in BIG net par outstanding in Q1 2017 was due primarily to the purchase of MBIA UK**
- **The largest components of our BIG exposure are Puerto Rico at 37% and U.S. RMBS at 23%**

BIG Net Par Outstanding

($ in billions)



Changes in BIG Net Par Outstanding

($ in millions)	Full Year 2012	Full Year 2013	Full Year 2014	Full Year 2015	Full Year 2016	Q1 2017
Beginning BIG par	**$28,214**	**$23,392**	**$22,537**	**$18,247**	**$15,183**	**$13,074**
Amortization / Claim Payments	(4,049)	(2,660)	(2,126)	(1,801)	(1,901)	(212)
R&W RMBS Settlement Reclassifications	(1,782)	(531)	-	-	-	-
FX Change	48	(98)	(185)	(153)	(42)	52
Terminations	-	(452)	(922)	(1,951)	(600)	(184)
Removals / Upgrades	(711)	(1,346)	(1,003)	(2,983)	(505)	(480)
Additions / Downgrades	1,672	5,746	261	4,234	1,182	1,036
Adjustments[1]	-	(1,513)	(315)	(411)	(242)	(58)
Total Decrease / Increase	**(4,822)**	**(854)**	**(4,290)**	**(3,065)**	**(2,108)**	**154**
Ending BIG par	**$23,392**	**$22,537**	**$18,247**	**$15,183**	**$13,074**	**$13,228**

1. Adjustments include movement due to reclassification of internal ratings due to reinsurance agreements or arrangements, benefits from the loss mitigation bond purchase program or representations and warranty settlements as well as legal defeasance.

BIG Exposures > $250 Million

(dollars in millions)

BIG Exposures Greater Than $250 Million as of March 31, 2017

Type[1]	Name or Description	Net Par Outstanding	Internal Rating
PF	Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	$ 1,682	CCC-
PF	Puerto Rico Highways and Transportation Authority	1,327	CC-
PF	Puerto Rico Electric Power Authority	777	CC
PF	Coventry & Rugby Hospital Company	535	BB+
PF	Reliance Rail Finance Pty. Limited	528	BB
PF	Puerto Rico Aqueduct & Sewer Authority	373	CCC
PF	Puerto Rico Municipal Finance Agency	354	CCC-
PF	Oyster Bay, New York	349	BB+
PF	Puerto Rico Sales Tax Financing Corporation	271	CCC+
	Total	**$6,196**	

1. "PF" signifies a public finance transaction and "SF" signifies a structured finance transaction, if applicable.

Appendix

To reflect the key financial measures that management analyzes in evaluating the Company's operations and progress towards long-term goals, the Company discloses both financial measures determined in accordance with 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, whose definitions of non-GAAP financial measures may differ from those of Assured Guaranty. Beginning in fourth quarter 2016, the Company's publicly disclosed non-GAAP financial measures are different from the financial measures used by management in its decision making process and in its calculation of certain components of management compensation (core financial measures). The Company had previously excluded the effect of consolidating FG VIEs (FG VIE consolidation) in its calculation of its non-GAAP financial measures of operating income, non-GAAP operating shareholders' equity and non-GAAP adjusted book value. Starting in fourth quarter 2016, based on the May 2016 C&DIs, the Company will no longer adjust for FG VIE consolidation. However, wherever possible, the Company has separately disclosed the effect of FG VIE consolidation that is included in its non-GAAP financial measures. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation.

Management and the Board of Directors use core financial measures, which are based on non-GAAP financial measures adjusted to remove FG VIE consolidation, as well as GAAP financial measures and other factors, to evaluate the Company's results of operations, financial condition and progress towards long-term goals. The Company removes FG VIE consolidation in its core financial measures because, although GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company, the Company does not own such VIEs and its exposure is limited to its obligation under its financial guaranty insurance contract. By disclosing non-GAAP financial measures, along with FG VIE consolidation, the Company gives investors, analysts and financial news reporters access to information that management and the Board of Directors review internally. Assured Guaranty believes its presentation of non-GAAP financial measures and FG VIE consolidation provides information that is necessary for analysts to calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and for investors, analysts and the financial news media to evaluate Assured Guaranty's financial results.

Many investors, analysts and financial news reporters use non-GAAP operating shareholders' equity, adjusted for FG VIE consolidation, as the principal financial measure for valuing AGL's current share price or projected share price and also as the basis of their decision to recommend, buy or sell AGL's common shares. Many of the Company's fixed income investors also use this measure to evaluate the Company's capital adequacy.

Many investors, analysts and financial news reporters also use non-GAAP adjusted book value, adjusted for FG VIE consolidation, to evaluate AGL's share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Operating income (non-GAAP) adjusted for the effect of FG VIE consolidation enables investors and analysts to evaluate the Company's financial results as compared with the consensus analyst estimates distributed publicly by financial databases.

The core financial measures that are used to help determine compensation are: (1) operating income (non-GAAP), adjusted for FG VIE consolidation, (2) non-GAAP operating shareholders' equity, adjusted for FG VIE consolidation, (3) growth in non-GAAP adjusted book value per share, adjusted for FG VIE consolidation, and (4) PVP.

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 on the following pages.

Appendix
Explanation of Non-GAAP Financial Measures

Operating Income (non-GAAP): Management believes that operating income (non-GAAP) is a useful measure because it clarifies the understanding of the underwriting results and financial condition of the Company and presents the results of operations of the Company excluding the fair value adjustments on credit derivatives and CCS that are not expected to result in economic gain or loss, as well as other adjustments described below. Management adjusts operating income (non-GAAP) further by removing FG VIE consolidation to arrive at its core operating income measure. Operating income is defined as net income (loss) attributable to AGL, 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 of unrealized fair value gains (losses) 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, the Company's 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 affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, 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 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.

Non-GAAP Operating Shareholders' Equity: Management believes that non-GAAP operating shareholders' equity is a useful measure because it presents the equity of the Company excluding the fair value adjustments on investments, credit derivatives and CCS, that are not expected to result in economic gain or loss, along with other adjustments described below. Management adjusts non-GAAP operating shareholders' equity further by removing FG VIE consolidation to arrive at its core operating shareholders' equity and core adjusted book value.

Non-GAAP operating shareholders' equity is the basis of the calculation of non-GAAP adjusted book value (see below). Non-GAAP operating shareholders' equity is defined as shareholders' equity attributable to AGL, as reported under GAAP, adjusted for the following:

1) Elimination of non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount of unrealized fair value gains (losses) 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.

2) Elimination of fair value gains (losses) on the Company's CCS. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

3) 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.

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.

Appendix
Explanation of Non-GAAP Financial Measures (Cont'd)

Non-GAAP Adjusted Book Value: Management uses non-GAAP adjusted book value, adjusted for FG VIE consolidation, to measure the intrinsic value of the Company, excluding franchise value. Growth in non-GAAP adjusted book value per share adjusted for FG VIE consolidation (core adjusted book value) is one of the key financial measures used in determining the amount of certain long-term compensation elements to management and employees and used by rating agencies and investors. Management believes that this is a useful measure because it enables an evaluation of the net present value of the Company's in-force premiums and revenues net of expected losses. Non-GAAP adjusted book value is non-GAAP 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 revenue on non financial guaranty contracts. 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 unearned premiums and revenues included in non-GAAP adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current non-GAAP 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 (non-GAAP) for a specified period divided by the average of operating shareholders' equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate the Company's return on invested capital. Many investors, analysts and members of the financial news media use operating ROE, adjusted for FG VIE consolidation, 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, adjusted for FG VIE consolidation, is one of the key management financial measures used in determining the amount of certain long-term compensation to management and employees and used by rating agencies and investors.

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

PVP or Present Value of New Business Production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for the Company by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, whether in insurance or credit derivative contract form, which management believes 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 Realized Gains (Losses)) do not adequately measure. PVP in respect of 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, discounted, in each case, at 6%. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%. Under GAAP, financial guaranty installment premiums 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 Realized Gains (Losses) may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

Appendix
Reconciliation of Gross Written Premiums (GWP) to PVP[1]

Reconciliation of GWP to PVP (dollars in millions)	**Three Months Ended March 31, 2017**	**Year Ended December 31, 2016**	**2015**	**2014**	**2013**	**2012**
Total GWP	$111	$154	$181	$104	$123	$253
Less: Installment GWP and other GAAP adjustments [1]	57	(10)	55	(22)	8	88
Plus: Financial guaranty intallment premium PVP	38	27	46	42	26	45
Plus: PVP of non-financial guaranty insurance	7	23	7	0	-	-
Total PVP	$99	$214	$179	$168	$141	$210

PVP:	**March 31, 2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Public Finance - U.S.	$52	$161	$124	$128	$116	$166
Public Finance - non-U.S.	40	25	27	7	18	1
Structured Finance - U.S.	5	27	22	24	7	43
Structured Finance - non-U.S.	2	1	6	9	-	-
Total PVP	$99	$214	$179	$168	$141	$210

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.

Appendix
Reconciliation of Net Income (Loss) to Operating Income (non-GAAP)[1]

Operating Income Reconciliation (dollars in millions, except per share amounts)	Three Months Ended March 31, 2017 Total	2017 Per Diluted Share	2016 Total	2016 Per Diluted Share
Net income (loss)	**$317**	**$2.49**	**$59**	**$0.43**
Less pre-tax adjustments:				
Realized gains (losses) on investments	32	0.25	(14)	(0.10)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	25	0.20	(60)	(0.43)
Fair value gains (losses) on CCS	(2)	(0.01)	(16)	(0.11)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	10	0.08	(2)	(0.02)
Total pre-tax adjustments	65	0.52	(92)	(0.66)
Less tax effect on pre-tax adjustments	(21)	(0.17)	28	0.20
Operating income (non-GAAP)	$273	$2.14	$123	$0.89
Gain (loss) related to FG VIE consolidation included in operating income (non-GAAP)	$5	$0.03	$10	$0.07

1. For an explanation of operating income, a non-GAAP financial measure, please refer to the preceding pages of the Appendix. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in "Explanation of Non-GAAP Financial Measures."

Appendix

Reconciliation of Net Income (Loss) to Operating Income (non-GAAP)[1] (2004-2016)

Non-GAAP Operating income reconciliation (dollars in millions, except per share amounts)	Year Ended December 31,													
	2016		2015		2014		2013		2012		2011		2010	
			Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Net income (loss) attributable to AGL	**$881**	**$6.56**	**$1,056**	**$7.08**	**$1,088**	**$6.26**	**$808**	**$4.30**	**$110**	**$0.57**	**$773**	**$4.16**	**$484**	**$2.56**
Less pre-tax adjustments:														
Realized gains (losses) on investments	(30)	(0.23)	(27)	(0.18)	(56)	(0.32)	56	0.30	(3)	(0.02)	(18)	(0.10)	(1)	(0.01)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	36	0.27	505	3.39	687	3.95	(49)	(0.26)	(672)	(3.53)	344	1.85	6	0.03
Fair value gains (losses) on committed capital securities (CCS)	0	0.00	27	0.18	(11)	(0.06)	10	0.05	(18)	(0.09)	35	0.19	9	0.05
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	(33)	(0.25)	(15)	(0.10)	(21)	(0.12)	(1)	(0.01)	21	0.11	(5)	(0.03)	(29)	(0.15)
Total pre-tax adjustments	(27)	(0.21)	490	3.29	599	3.45	16	0.08	(672)	(3.53)	356	1.91	(15)	(0.08)
Less tax effect on pre-tax adjustments	13	0.09	(144)	(0.97)	(158)	(0.92)	(9)	(0.06)	188	1.00	(104)	(0.56)	11	0.06
Operating income (non-GAAP)	**$895**	**$6.68**	**$710**	**$4.76**	**$647**	**$3.73**	**$801**	**$4.28**	**$594**	**$3.10**	**$521**	**$2.81**	**$488**	**$2.58**
Gain (loss) related to FG VIE consolidation included in operating income (non-GAAP)	$12	$0.10	$11	$0.07	$156	$0.90	$192	$1.03	$59	$0.29	($80)	($0.43)	($167)	($0.88)

	Year Ended December 31,											
	2009		2008		2007		2006		2005		2004	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Net income (loss) attributable to AGL	**$82**	**$0.63**	**$60**	**$0.67**	**($303)**	**($4.46)**	**$160**	**$2.15**	**$188**	**$2.53**	**$183**	**$2.44**
Less pre-tax adjustments:												
Realized gains (losses) on investments	(33)	(0.26)	(70)	(0.79)	(1)	(0.01)	(2)	(0.03)	2	0.03	8	0.11
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(106)	(0.82)	82	0.92	(667)	(9.63)	6	0.08	(4)	(0.05)	51	0.68
Fair value gains (losses) on committed capital securities (CCS)	(123)	(0.95)	43	0.48	8	0.12	-	-		-		-
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	27	0.21	-	-	-	-	-	-		-		-
Total pre-tax adjustments	(235)	(1.82)	55	0.61	(660)	(9.52)	4	0.05	(2)	(0.02)	59	0.79
Less tax effect on pre-tax adjustments	62	0.48	(60)	(0.67)	179	2.58	(1)	(0.02)	0	0.00	(17)	(0.23)
Operating income (non-GAAP)	**$255**	**$1.97**	**$65**	**$0.73**	**$178**	**$2.57**	**$157**	**$2.12**	**$190**	**$2.55**	**$141**	**$1.88**

1. For an explanation of operating income, a non-GAAP financial measure, please refer to the preceding pages of the Appendix. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in "Explanation of Non-GAAP Financial Measures."

Appendix

Reconciliation of Shareholders' Equity to Non-GAAP Adjusted Book Value[1] (2004-2009)

Non-GAAP Adjusted book value reconciliation (dollars in millions, except per share amounts)	2Q 2004		2004		2005		2006		2007		2008		2009	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Reconciliation of shareholders' equity to adjusted book value:														
Shareholders' equity	**$1,422**	**$18.73**	**$1,528**	**$20.19**	**$1,662**	**$22.22**	**$1,651**	**$24.44**	**$1,625**	**$20.33**	**$1,876**	**$20.62**	**$3,455**	**$18.76**
Less pre-tax adjustments:														
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	13	0.17	44	0.58	40	0.54	46	0.68	(621)	(7.76)	(539)	(5.93)	(1,049)	(5.70)
Fair value gains (losses) on CCS	0	0.00	0	0.00	0	0.00	0	0.00	8	0.10	51	0.56	10	0.05
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	56	0.73	93	1.23	53	0.71	46	0.68	61	0.76	(7)	(0.08)	202	1.10
Less Taxes	(19)	(0.25)	(38)	(0.50)	(29)	(0.40)	(30)	(0.45)	148	1.86	102	1.13	216	1.17
Non-GAAP operating shareholders' equity	1,372	18.08	1,429	18.88	1,598	21.37	1,589	23.53	2,029	25.37	2,269	24.94	4,076	22.14
Pre-tax adjustments:														
Less: Deferred acquisition costs	183	2.41	186	2.46	193	2.58	217	3.21	201	2.51	216	2.37	162	0.88
Plus: Net present value of estimated net future revenue	403	5.31	468	6.18	426	5.70	589	8.72	930	11.63	929	10.21	755	4.10
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	501	6.60	496	6.55	516	6.90	626	9.27	875	10.95	1,215	13.36	6195	33.64
Plus Taxes	(232)	(3.07)	(234)	(3.09)	(138)	(1.85)	(179)	(2.65)	(283)	(3.54)	(379)	(4.17)	(1,977)	(10.74)
Non-GAAP Adjusted book value	$1,861	$24.51	$1,973	$26.06	$2,209	$29.54	$2,408	$35.66	$3,350	$41.90	$3,818	$41.97	$8,887	$48.26

1. For an explanation of adjusted book value, a non-GAAP financial measure, please refer to the preceding pages of the Appendix. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in "Explanation of Non-GAAP Financial Measures."

Appendix

Reconciliation of Shareholders' Equity to Non-GAAP Adjusted Book Value[1] (2010-2016)

Non-GAAP Adjusted book value reconciliation

(dollars in millions, except per share amounts)	2010		2011		2012		2013		2014		2015		2016	
	Total	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**
Reconciliation of shareholders' equity to adjusted book value:														
Shareholders' equity	**$3,670**	**$19.97**	**$4,652**	**$25.52**	**$4,994**	**$25.74**	**$5,115**	**$28.07**	**$5,758**	**$36.37**	**$6,063**	**$43.96**	**$6,504**	**$50.82**
Less pre-tax adjustments:														
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(1,044)	(5.68)	(668)	(3.67)	(1,346)	(6.94)	(1,447)	(7.94)	(741)	(4.68)	(241)	(1.75)	(189)	(1.48)
Fair value gains (losses) on CCS	19	0.10	54	0.30	35	0.18	46	0.25	35	0.22	62	0.45	62	0.48
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	114	0.62	488	2.68	708	3.65	236	1.29	523	3.30	373	2.71	316	2.47
Less Taxes	262	1.42	21	0.11	150	0.77	306	1.68	45	0.29	(56)	(0.41)	(71)	(0.54)
Non-GAAP operating shareholders' equity	4,319	23.51	4,757	26.10	5,447	28.08	5,974	32.79	5,896	37.24	5,925	42.96	6,386	49.89
Pre-tax adjustments:														
Less: Deferred acquisition costs	145	0.79	132	0.73	116	0.60	124	0.68	121	0.76	114	0.83	106	0.83
Plus: Net present value of estimated net future revenue	614	3.34	434	2.38	317	1.63	214	1.17	159	1.00	169	1.23	136	1.07
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	5,439	29.60	4,790	26.28	4,301	22.17	3,791	20.81	3,461	21.86	3,384	24.53	2,922	22.83
Plus Taxes	(1,677)	(9.12)	(1,426)	(7.81)	(1,250)	(6.44)	(1,070)	(5.87)	(960)	(6.07)	(968)	(7.02)	(832)	(6.5)
Non-GAAP Adjusted book value	$8,550	$46.54	$8,423	$46.22	$8,699	$44.84	$8,785	$48.22	$8,435	$53.27	$8,396	$60.87	$8,506	$66.46
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	($372)	($2.02)	($444)	($2.44)	($383)	($1.97)	($190)	($1.04)	($37)	($0.24)	($21)	($0.15)	($7)	($0.06)
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	($439)	($2.38)	($564)	($3.10)	($452)	($2.33)	($248)	($1.36)	($60)	($0.39)	($43)	($0.31)	($24)	($0.18)

1. For an explanation of adjusted book value, a non-GAAP financial measure, please refer to the preceding pages of the Appendix. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in “Explanation of Non-GAAP Financial Measures.”

Appendix

Reconciliation of Shareholders' Equity to non-GAAP Adjusted Book Value[1]

Non-GAAP Adjusted book value reconciliation (dollars in millions, except per share amounts)	As of							
	March 31, 2017		December 31, 2016		March 31, 2016		December 31, 2015	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Reconciliation of shareholders' equity to non-GAAP adjusted book value:								
Shareholders' equity	**$6,637**	**$53.95**	**$6,504**	**$50.82**	**$6,113**	**$45.26**	**$6,063**	**$43.96**
Less pre-tax adjustments:								
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(164)	(1.33)	(189)	(1.48)	(300)	(2.22)	(241)	(1.75)
Fair value gains (losses) on CCS	60	0.49	62	0.48	46	0.34	62	0.45
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	380	3.08	316	2.47	482	3.57	373	2.71
Less Taxes	(99)	(0.80)	(71)	(0.54)	(59)	(0.43)	(56)	(0.41)
Non-GAAP operating shareholders' equity	6,460	52.51	6,386	49.89	5,944	44.00	5,925	42.96
Pre-tax adjustments:								
Less: Deferred acquisition costs	106	0.86	106	0.83	113	0.84	114	0.83
Plus: Net present value of estimated net future revenue	153	1.24	136	1.07	133	0.99	169	1.23
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,236	26.30	2,922	22.83	3,199	23.68	3,384	24.53
Plus Taxes	(945)	(7.68)	(832)	(6.50)	(899)	(6.66)	(968)	(7.02)
Non-GAAP Adjusted book value	$8,798	$71.51	$8,506	$66.46	$8,264	$61.17	$8,396	$60.87
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	$(3)	$(0.03)	$(7)	$(0.06)	$(10)	$(0.08)	$(21)	$(0.15)
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	$(20)	$(0.16)	$(24)	$(0.18)	$(30)	$(0.23)	$(43)	$(0.31)

1. For an explanation of adjusted book value, a non-GAAP financial measure, please refer to the preceding pages of the Appendix. The prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in "Explanation of Non-GAAP Financial Measures."

Appendix

Calculation of Non-GAAP Operating Portfolio Leverage

Non-GAAP Operating Leverage (dollars in millions, except leverage)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**1Q-2017**	**2017**	**2018**	**2019**	**2020**	**2021**
Insured Net Par Outstanding	$640,194	$616,686	$556,830	$518,772	$459,107	$403,729	$358,571	$296,318	$298,243	$268,878	$242,700	$224,201	$211,805	$198,661
Operating Shareholders' Equity	4,076	4,319	4,757	5,447	5,974	5,896	5,925	6,386	6,460	6,460	6,460	6,460	6,460	6,460
Non-GAAP Operating Portfolio Leverage	157	143	117	95	77	68	61	46	46	42	38	35	33	31

1. See pages 51-53 for a reconciliation of GAAP shareholders' equity to non-GAAP operating shareholders' equity.

Appendix

Reconciliation of GAAP ROE to Non-GAAP Operating ROE

ROE Reconciliation
(dollars in millions)

	Three Months Ended March 31,	
	2017	**2016**
Net income (loss)	**$317**	**$59**
Operating income (non-GAAP)	273	123
Gain (loss) related to FG VIE consolidation included in operating income (non-GAAP)	5	10
Average shareholders' equity	**$6,571**	**$6,088**
Average non-GAAP operating shareholders' equity	6,423	5,935
Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity	(5)	(16)
GAAP ROE[1]	**19.3%**	**1.0%**
Operating ROE (non-GAAP)[1]	17.0%	8.3%
Effect of FG VIE consolidation included in operating ROE	0.3%	0.7%

1. Quarterly ROE calculations represent annualized returns.

Assured Guaranty Contacts:
Robert Tucker
Senior Managing Director, Investor Relations and Corporate Communications
Direct: 212.339.0861
rtucker@agltd.com

Andre Thomas
Managing Director, Equity Investor Relations
Direct: 212.339.3551
athomas@agltd.com

Equity Investor Presentation

March 31, 2017