EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

Equity Investor Presentation

June 30, 2019

ASSURED GUARANTY®

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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), and are defined in the Appendix. Wherever possible, the Company has separately disclosed the effect of consolidating FG VIEs on the non-GAAP financial measures. 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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Second Quarter 2019 Accomplishments

- **Earned $141 million of non-GAAP operating income[1], or $1.38 per share**
- **Increased shareholders' equity per share, non-GAAP operating shareholders' equity[1] per share and non-GAAP adjusted book value[1] per share, reaching new record highs of $67.35, $63.48 and $88.67, respectively**
- **Generated $54 million of new business production[1]**
- **Repurchased an additional 2.5 million common shares ($111 million) at an average price of $43.89 per share[2]. On August 7, 2019, the Board of Directors approved an incremental $300 million in share repurchases.**
- **In August 2019, reached an agreement to acquire all of the outstanding interests of BlueMountain Capital Management, LLC (BlueMountain) and its associated entities for $160 million[3]**
  - The transaction is expected to be accretive to EPS and ROE beginning in 2020
  - The transaction is subject to client consent, regulatory approvals and customary closing conditions, and expected to close in Q4 2019

1. For an explanation of non-GAAP financial measures, please refer to the Appendix.
2. Additionally, 1.3 million common shares were repurchased for approximately $58 million between July 1, 2019 and August 7, 2019.
3. See slide 25 for additional information.

YTD 2019 Accomplishments

- **Earned $227 million of non-GAAP operating income[1], or $2.20 per share**
- **Generated $96 million of new business production[1]**
- **Repurchased an additional 4.4 million common shares ($190 million) at an average price of $42.91 per share[2]**
- **In February 2019, consummated a resolution under a restructuring support agreement on the Company's Puerto Rico Sales Tax Financing Corporation (COFINA) exposure[3]**
- **In May 2019, executed a restructuring support agreement on the Company's Puerto Rico Electric Power Authority (PREPA) exposure[3]**
  - Closing of the restructuring transaction is subject to a number of conditions, including approval by the Title III Court and a minimum of 67% support for the Plan of Adjustment by voting bondholders

1. For an explanation of non-GAAP financial measures, please refer to the Appendix.
2. Additionally, 1.3 million common shares were repurchased for approximately $58 million between July 1, 2019 and August 7, 2019.
3. See slide 22 for additional information.

Assured Guaranty Overview

Assured Guaranty Overview

Assured Guaranty Ltd.

($ in billions)	June 30, 2019	September 30, 2009
Insured net par outstanding	**$235.4**	$646.6
U.S. public finance	**$180.5**	$424.9
U.S. structured finance	**$9.5**	$142.2
Non-U.S.	**$45.3**	$79.5
Total investment portfolio + cash	**$11.0**	$10.2
Net unearned premium reserve[1]	**$3.3**	$7.5
Claims-paying resources[2]	**$11.5**	$12.8
Ratio of net par outstanding / claims-paying resources[2]	**20:1**	**51:1**

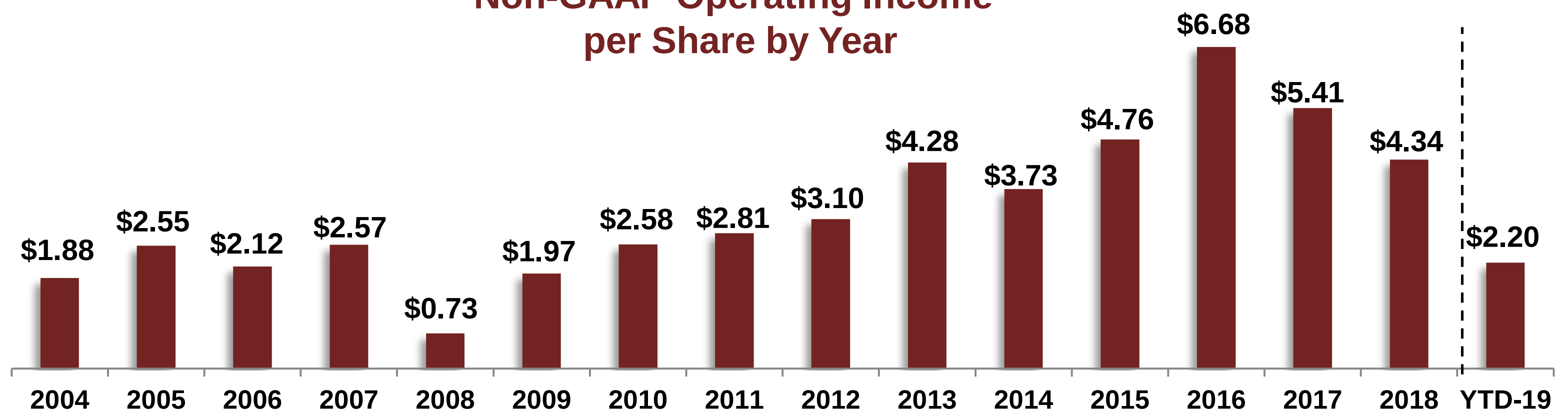
1. Unearned premium reserve net of ceded unearned premium reserve.
2. Based upon statutory accounting. Aggregate data for operating subsidiaries within the Assured Guaranty group. Claims on each subsidiary's insurance policies/financial guaranties are paid from the subsidiary's separate claims-paying resources. See page 32.
3. In January 2017, AGC requested that Moody's withdraw AGC's financial strength rating, but Moody's denied that request and continues to rate AGC.

- **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) focuses on global public finance and infrastructure transactions
    - Rated AA+ (stable) by KBRA, AA (stable) by S&P and A2 (stable) by Moody's
  - Municipal Assurance Corp. (MAC) focuses on smaller U.S. public finance transactions
    - Rated AA+ (stable) by KBRA and AA (stable) by S&P
  - Assured Guaranty Corp. (AGC) guarantees structured finance transactions, global infrastructure and U.S. public finance
    - Rated AA (stable) by KBRA and AA (stable) by S&P[3]
- **Our insured portfolio has an average internal rating of A-**

Assured Guaranty Overview

- **Since our initial public offering in 2004, we have grown our annual non-GAAP operating income[1] from $1.88 per share to $4.34 per share in 2018, a 6% compounded annual growth rate (CAGR)**
  - Our annual non-GAAP operating income grew from $141 million in 2004 to $482 million in 2018, a 9% CAGR
- **Repurchases of our shares improve non-GAAP operating income per share[1]**
- **Non-GAAP operating income[1] is generated from acquisitions, new business production and other strategic activities**
  - Recapture of previously ceded business
  - Acceleration of premium through termination of insured exposure

Non-GAAP Operating Income[1] per Share by Year



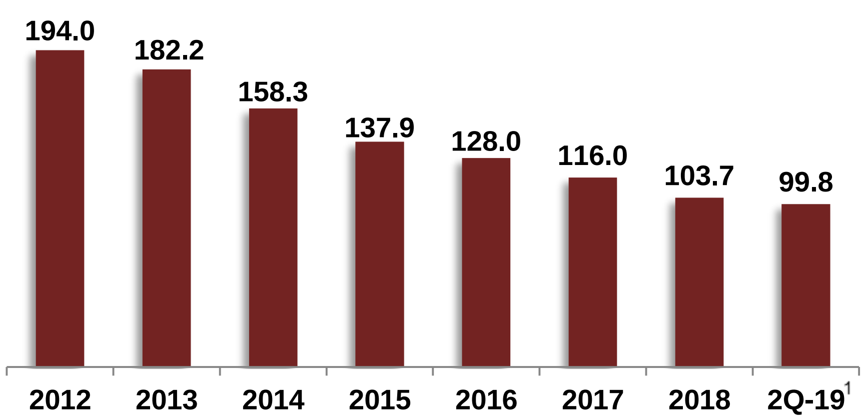
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income:	N/A	N/A	N/A	N/A	N/A	N/A	$(0.88)	$(0.43)	$0.29	$1.03	$0.90	$0.07	$0.10	$0.10	$(0.03)	$0.06

1. For explanations and reconciliations of non-GAAP operating income and non-GAAP operating income per share, which are non-GAAP financial measures, please refer to the Appendix.

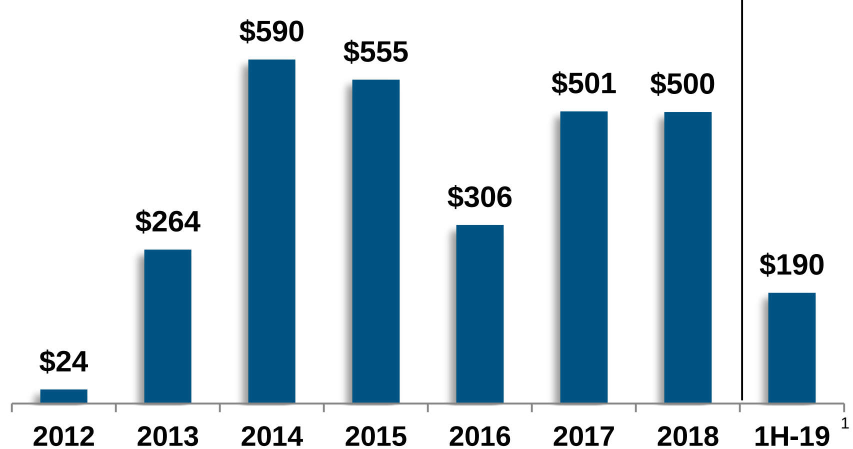
Assured Guaranty Overview
Track Record of Creating Shareholder Value

- **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 August 7, 2019, we have repurchased approximately 100.3 million shares, or roughly 52% of our shares outstanding at the beginning of the repurchase program in 2013, for approximately $3 billion.
  - In the second quarter of 2019, we repurchased 2.5 million common shares for $111 million at an average price per share of $43.89. Between July 1, 2019 and August 7, 2019, the Company repurchased an additional 1.3 million common shares for approximately $58 million at an average price per share of $43.59.
  - On August 7, 2019, the Board of Directors approved an incremental $300 million in share repurchases. As of August 7, 2019, the Company's remaining share repurchase authorization was $450 million.
  - Since our 2004 IPO, we have more than tripled our quarterly dividend per share. In February 2019, our Board of Directors authorized an increase in the quarterly dividend to $0.18 per share. We have raised our quarterly dividends for eight consecutive years.

End of Period Share Count
(in millions)



Share Repurchase Amounts
($ in millions)



1. Between July 1, 2019 and August 7, 2019, the Company repurchased an additional 1.3 million common shares for approximately $58 million at an average price per share of $43.59

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	$2,530
10% of policyholders' surplus	**$253**
3Q-18 through 2Q-19 investment income	**$227**
Net investment income	
3Q-16 through 2Q-17	193
3Q-17 through 2Q-18	169
Total	**$362**
Dividends paid	
3Q-16 through 2Q-17	(198)
3Q-17 through 2Q-18	(190)
Total	**($388)**
Excess of investment income over dividends	**$0**
Adjusted net investment income ($227 + $0 = $227)	**$227**
2019 Dividend Limitation	**$227**
2019 Remaining Capacity	**$149**

Assured Guaranty Corp.

Policyholders' surplus	$1,793
10% of policyholders' surplus	**$179**
2018 investment income	**$123**
Net investment income	
2015	79
2016	107
2017	133
Total	**$319**
Dividends paid	
2016	(78)
2017	(107)
2018	(133)
Total	**($319)**
Excess of investment income over dividends	**$0**
Adjusted net investment income ($123 + 0 = $123)	**$123**
2019 Dividend Limitation	**$123**
2019 Remaining Capacity	**$57**

Assured Guaranty Re Ltd. (AG Re)

Total stat capital and surplus	$1,249
25% of stat capital and surplus	**$312**
Outstanding statutory surplus	**$402**
Unencumbered assets	**$332**
2019 Dividend Limitation	**$312**
2019 Remaining Capacity	**$227**

1. Earned surplus is currently approximately $1.9 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 of $27 million[2]
- 2Q-19 net annualized expenses of $32 million
- 2Q-19 annualized dividend distribution of $76 million

Assured Guaranty Re Ltd.
(Bermuda)

In 2019, 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 $312 million as of June 30, 2019. As of June 30, 2019, AG Re had unencumbered assets of approximately $332 million.[4]

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

- Combined investment portfolio and cash of $270 million[2,3]
- 2Q-19 annualized net debt service of $84 million

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

Assured Guaranty Corp.
(U.S.)

The maximum amount available during 2019 for AGC to distribute as ordinary dividends is approximately $123 million, of which approximately $15 million is available for distribution in the third quarter of 2019.

Municipal Assurance Corp.
(U.S.)

MAC paid dividends of $105 million in the first half of 2019 including a special dividend of $100 million. No further dividends are available for MAC to distribute in 2019 without approval from the New York State Department of Financial Services.[5,6]

Assured Guaranty Municipal Corp.
(U.S.)

The maximum amount available during 2019 for AGM to distribute as dividends without regulatory approval is estimated to be approximately $227 million, of which $109 million is available for distribution in the third quarter of 2019

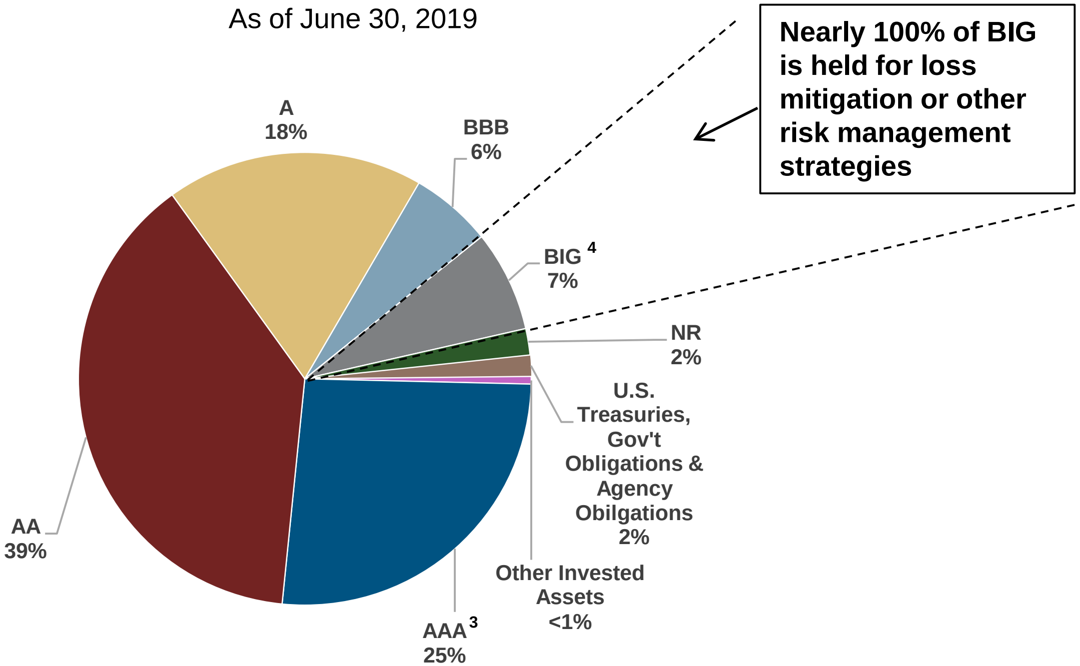
1. Represents dividend capacity as of June 30, 2019. Please see our Form 10-Q for the quarter ended June 30, 2019 for a discussion of the dividend limitations to which we are subject under applicable U.S. and Bermuda law, including the New York Insurance Law and the Maryland Insurance Code.
2. As of June 30, 2019. The investment portfolio includes fixed-maturity securities and short-term investments.
3. Excludes AGUS's investment in AGMH's debt and investments in affiliates.
4. On July 30, 2019, AG Re declared a $90 million dividend to be paid during the third quarter of 2019.
5. Dividends from MAC are distributed to AGM and AGC, which may affect AGM's and AGC's dividend capacity in future periods.
6. In March 2019, MAC received approval from its domiciling regulator to distribute a dividend to MAC Holdings of $100 million in 2019. MAC distributed a $100 million dividend to MAC Holdings during the second quarter of 2019.

Underlying Value

Underlying Value
High-Quality Investment Portfolio

Total Invested Assets and Cash[1,2]

As of June 30, 2019



$11.0 billion, A+ average rating[2]

- **Predominately consists of highly rated, fixed maturity and short-term investments, and cash; 66% rated AA or higher**
- **Approximately $1.3 billion invested in liquid, short-term investments and cash**
- **Overall duration of the fixed maturity securities and short-term investments is 4.4 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. Other invested assets are not rated.
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 $1,144 million in par with carrying value of $792 million.

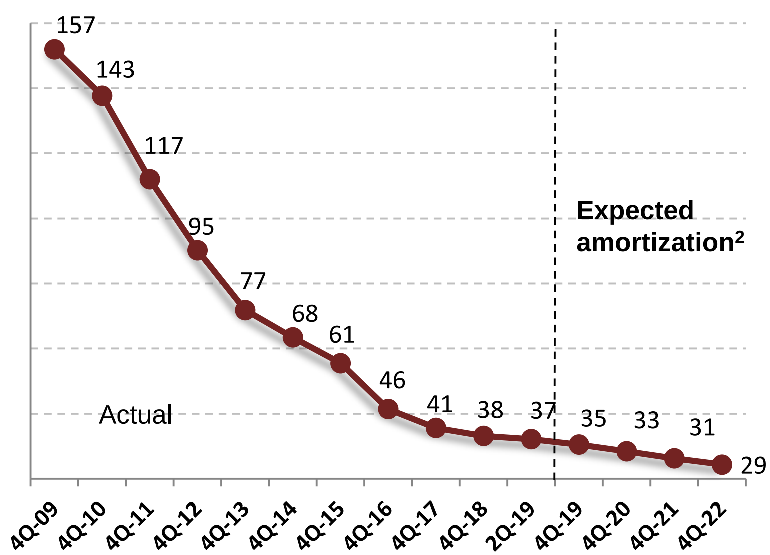
Underlying Value

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 37:1 as of 2Q-19**
  - Deleveraging is expected to 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**

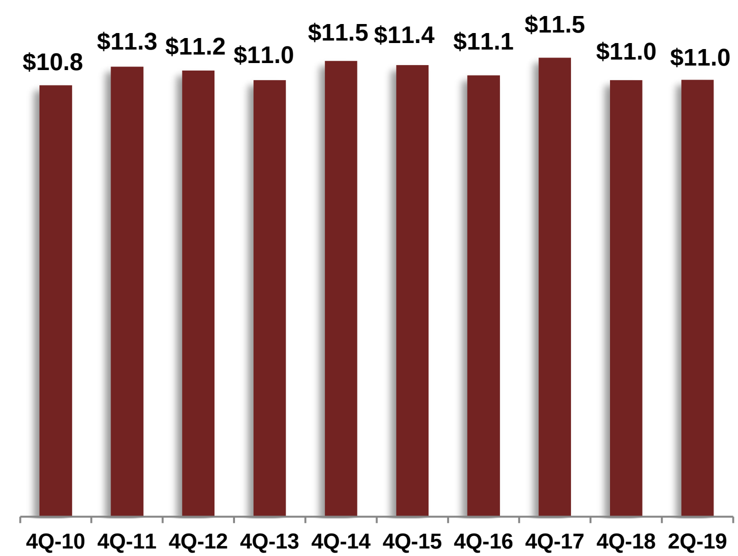
Non-GAAP Operating Portfolio Leverage

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.

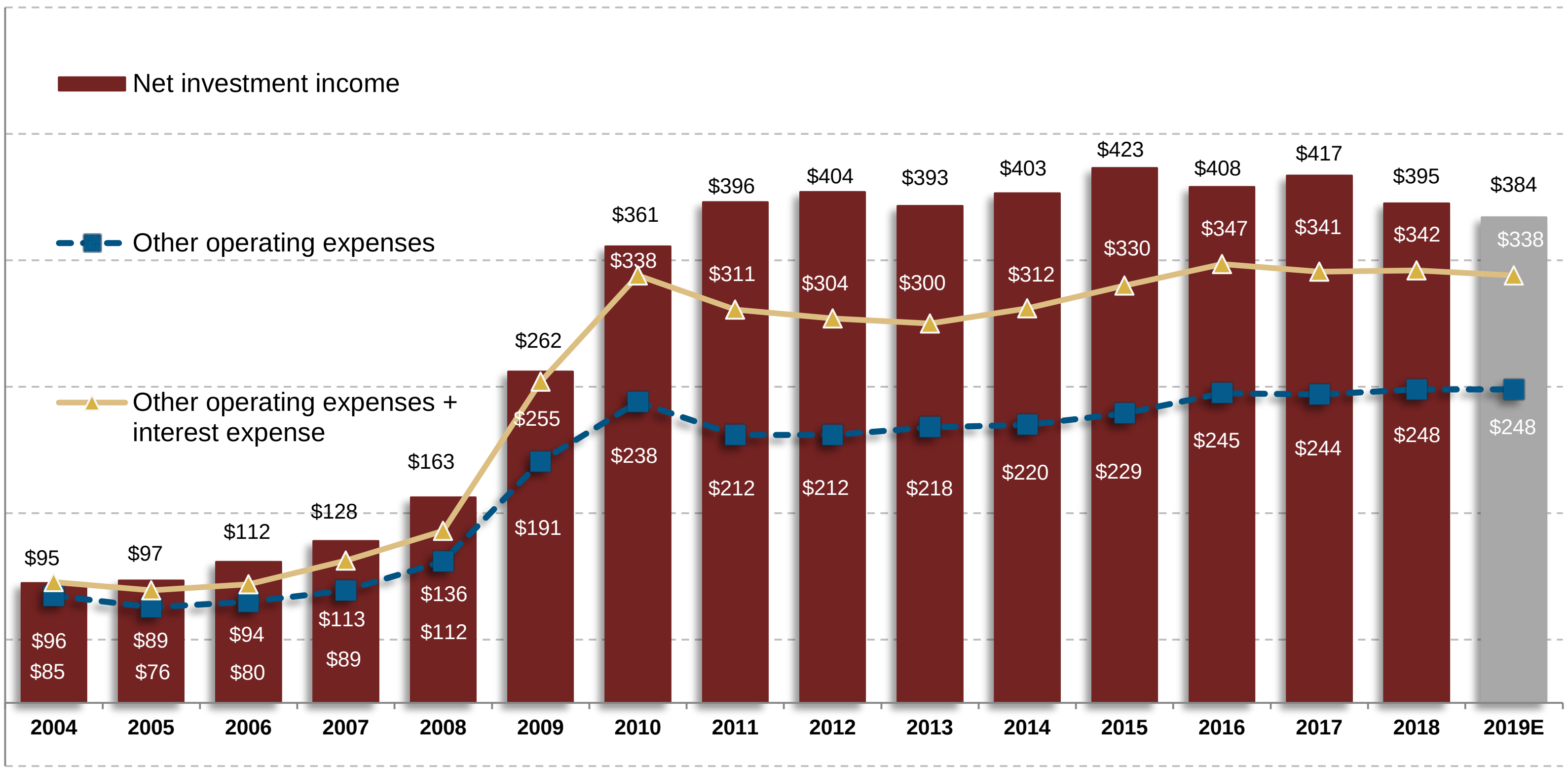
Underlying Value

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

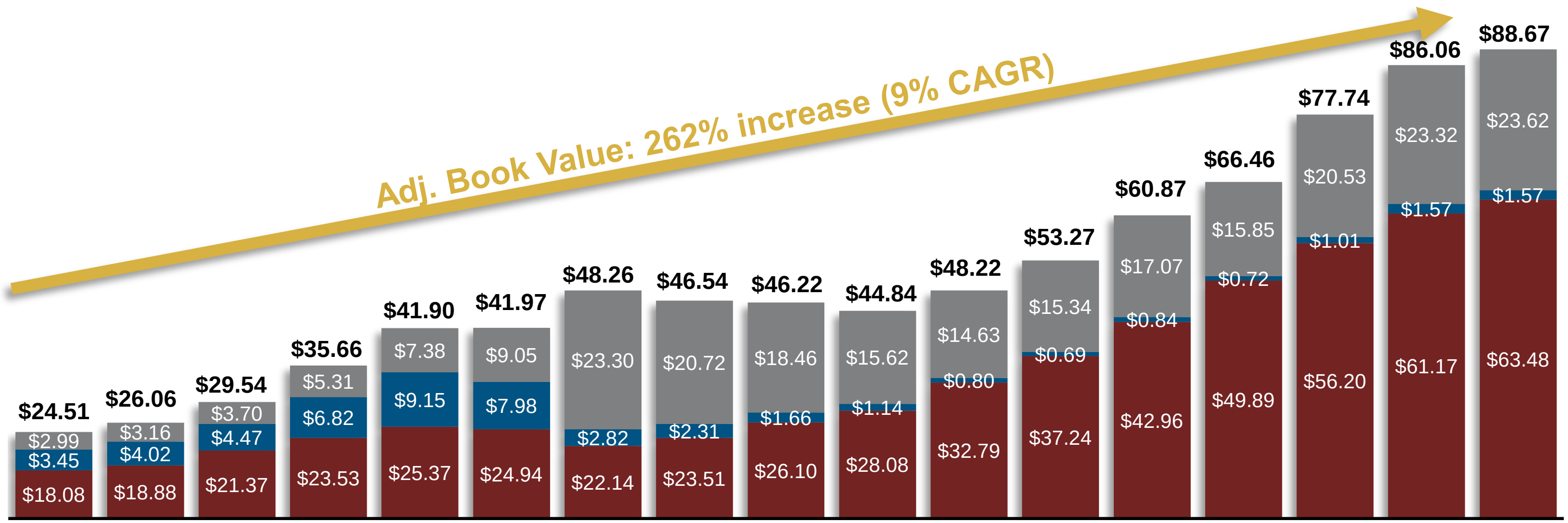
($ in millions)



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	2017	2018	2Q19
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	$58.95	$63.23	$67.35
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	$0.03	$0.12
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)	$(0.12)	$(0.15)	$(0.02)

■ Net deferred 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, 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

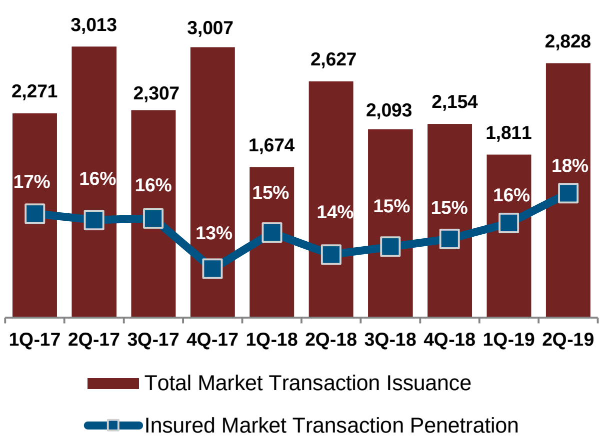
Creating Value

New Business Production

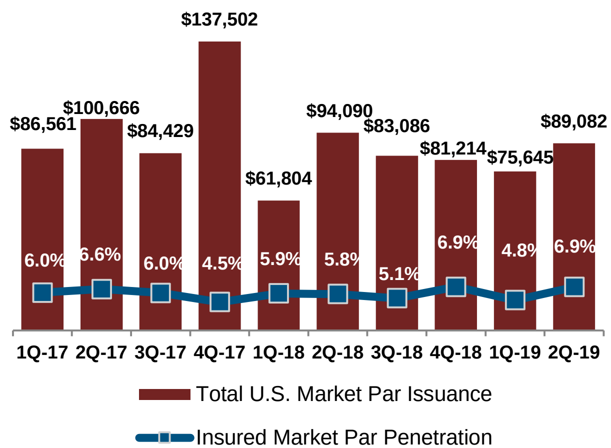
Penetration in the U.S. Public Finance Market
(excluding SGI portfolio)

- **We are focused on building demand for our guarantees, both in the primary and the secondary markets for U.S. public finance**
  - In 2Q 2019, we insured 260 primary market transactions totaling $3.7 billion, and 77 secondary market policies totaling $0.3 billion.
- **Industry insured volume was flat in 2Q 2019 relative to 2Q 2018**
  - Industry insured penetration for all transactions with underlying A ratings increased to 24% from 20%
  - Insurance was utilized on 60% of underlying A-rated transactions and 24% of their par issuance
- **Assured Guaranty wrote 60% of the total insured par and the total number of U.S. public finance insured new issues in 2Q 2019.**

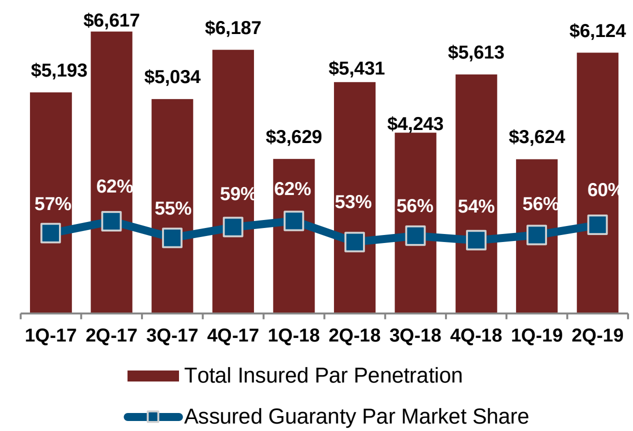
Insured Market Transaction Penetration Rate and Total U.S. Public Finance Transaction Volume[1]



Insured Market Par Penetration Rate and Total U.S. Public Finance Market Volume[1]
($ in millions)



Assured Guaranty's Insured Market Share and Insured Market Primary Par Insured[1]
($ in millions)



1. Source: SDC database as of June 30, 2019.

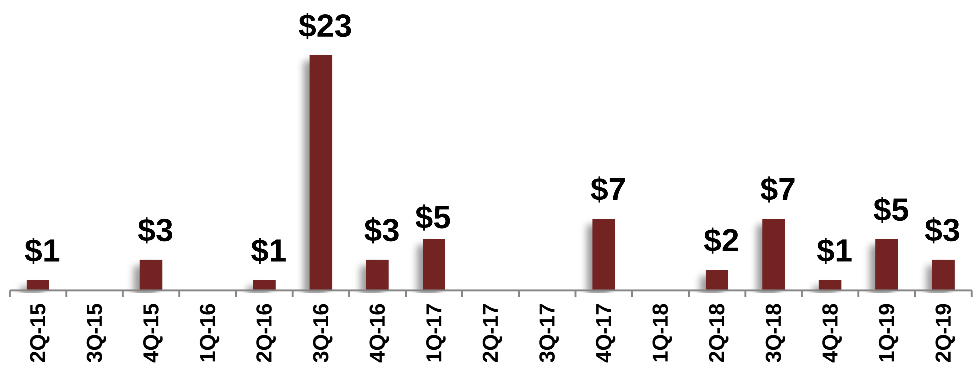
Creating Value

New Business Production

U.S. Structured Finance Business Activity

- **During 1Q-19, we insured a collateralized loan obligation**
- **Focus has been on bilateral transactions to improve policy beneficiaries' capital management efficiency**
- **New structured finance business production tends to have longer lead times, causing production levels to vary significantly from period to period.**

U.S. Structured PVP[1]
(excluding SGI reinsurance portfolio)[2]
($ in millions)

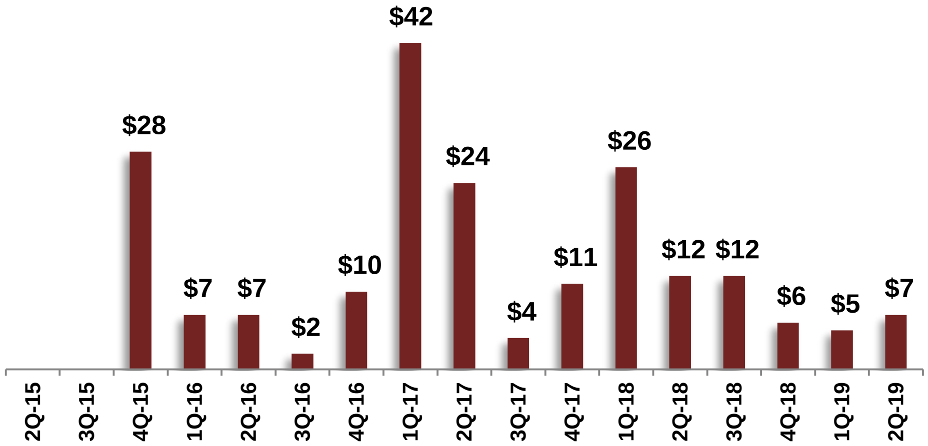


1. For an explanation of new business production, or PVP, which is a non-GAAP financial measure, please refer to the Appendix.
2. In 2Q 2018, the SGI transaction created $156 million of U.S. structured finance PVP on $349 million of gross written par

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

- **During 2Q-19, we closed a guarantee on a debt refinancing of Spanish solar plants and a Scottish housing association transaction**
- **During 1Q-19, we closed a debt service reserve guarantee on a water and sewerage company in the United Kingdom and provided reinsurance on an aircraft residual value insurance policy**
- **We are optimistic about the pipeline of infrastructure transactions. 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]
(excluding SGI reinsurance portfolio)[2]
($ in millions)



1. For an explanation of new business production, or PVP, which is a non-GAAP financial measure, please refer to the Appendix.
2. In 2Q 2018, the SGI transaction created $50 million of non-U.S. PVP on $3.3 billion of gross written par

Creating Value

New Business Production

Underwriting Principles and Pricing Discipline

Gross Par Written[1]

	Quarter Ended June 30,				Half-Year Ended June 30,			
	2019		2018		2019		2018	
Sector:	Gross Par Written	Avg. Rating[2]	Gross Par Written	Avg. Rating[2]	Gross Par Written	Avg. Rating[2]	Gross Par Written	Avg. Rating[1]
U.S. public finance	$3,657	A-	$10,675	A	$5,673	A-	$12,679	A
Non-U.S. public finance	299	BBB+	3,345	BBB+	475	BBB+	3,532	BBB
Total public finance	**$3,956**	**A-**	**$14,020**	**A-**	**$6,148**	**A-**	**$16,211**	**A-**
U.S. structured finance	$227	A	$393	B+	$721	A+	$404	B+
Non-U.S. structured finance	-	-	158	BBB+	21	BBB	158	BBB+
Total structured finance	**$227**	**A**	**$551**	**BB**	**$742**	**A+**	**$562**	**BB**
Total gross par written	**$4,183**	**A-**	**$14,571**	**A-**	**$6,890**	**A-**	**$16,773**	**A-**
Total PVP	**$54**		**$454**		**$96**		**$515**	
PVP to gross par written	**1.29%**		**3.12%**		**1.39%**		**3.07%**	

1. Includes $11.3 billion of gross written par and $391 million of PVP related to the SGI transaction in the second quarter of 2018.
2. Average internal rating.

Creating Value
Loss Mitigation
Puerto Rico Settlement Agreements

- **In February 2019, consummated a resolution under a restructuring support agreement of the Company's Puerto Rico Sales Tax Financing Corporation (COFINA) exposure**
  - Paid off the entire exposure of $273 million, plus accrued and unpaid interest
  - Received $152 million of COFINA Exchange Senior Bonds, along with cash
  - The total par recovery represents 60% of the Company's Title III claim

- **In May 2019, executed a restructuring support agreement on the Company's Puerto Rico Electric Power Authority (PREPA) exposure**
  - Closing of the restructuring transaction is subject to a number of conditions, including approval by the Title III Court and a minimum of 67% support for the Plan of Adjustment by voting bondholders
  - Upon consummation of the restructuring transaction, PREPA's revenue bonds will be exchanged into new securitization bonds issued by a special purpose corporation and secured by a segregated charge assessed on electricity bills
  - The basic terms of the restructuring support agreement calls for Assured Guaranty to receive:
    - Tranche A bonds with a par equal to 67.5% of the Company's outstanding par subject to the exchange. These bonds will be paid senior in the waterfall
    - Tranche B bonds with a par equal to 10.0% of the Company's outstanding par subject to the exchange. These bonds will be paid after the Tranche A bonds are paid off.
    - A waiver and support fee in the form of Tranche A bonds equal to 1.885% of the par amount of PREPA bonds held or insured by Assured Guaranty.
    - Insurance premiums if Assured Guaranty chooses to insure any portion of the Tranche A and/or Tranche B bonds

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

Creating Value
Alternative Strategies
Acquisitions and Reinsurance of Legacy Monolines

- **Radian Asset Assurance acquisition closed on April 1, 2015**
  - Resulted in an increase of $654 million to claims-paying resources, an increase of $193 million to non-GAAP operating shareholder's equity and $570 million to non-GAAP adjusted book value

- **CIFG acquisition closed on July 1, 2016**
  - Resulted in a benefit of $293 million in non-GAAP operating income and $512 million to non-GAAP adjusted book value

- **MBIA UK Limited (MBIA UK) acquisition closed on January 10, 2017**
  - Resulted in a benefit to non-GAAP operating income of $57 million or $0.45 per share, at the acquisition date
  - MBIA UK was subsequently renamed AGLN
  - AGLN transferred its insurance portfolio to and merged with and into AGE on November 7, 2018

- **SGI reinsurance transaction closed on June 1, 2018**
  - Resulted in $11.3 billion of gross written par and $391 million of PVP, which helped lead the Company to a 10-year record high for PVP
  - Increased non-GAAP adjusted book value by $2.25 per share

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

Creating Value
Alternative Strategies
Alternative Investments

- **In July 2016, the Company announced the formation of an Alternative Investments group**
  - The Alternative Investments group focuses on deploying a portion of Assured Guaranty's excess capital to pursue acquisitions and develop new business opportunities that benefit from the Company's core competencies and credit expertise and are consistent with its risk profile, including, among others, both controlling and non-controlling investments in investment managers
- **In February 2017, the Company agreed to its first major asset management investment**
  - The Company agreed to purchase up to $100 million of limited partnership interests in a fund that invests in the equity of private equity managers; as of June 30, 2019, $85 million had been invested.
- **In September 2017, the Company acquired a minority interest in Wasmer, Schroeder & Company LLC**
  - Independent investment advisory firm specializing in separately managed accounts (SMAs)
  - Approximately $9 billion of assets under management
- **In February 2018, the Company acquired a minority interest in Rubicon Infrastructure Advisors**
  - Rubicon is a firm based in Dublin, Ireland that provides investment banking services in the global infrastructure sector
- **In August 2019, the Company agreed to purchase all of the outstanding equity interests of BlueMountain and it associated entities**
  - See the following slide for additional details
- **The Company continues to investigate additional opportunities**

Creating Value
Alternative Strategies
BlueMountain

- **In August 2019, the Company entered into an agreement to purchase all of the outstanding equity interests of BlueMountain and its associated entities for a purchase price of approximately $160 million, subject to certain pre- and post-closing adjustments**
  - **Not less than $114.8 million of purchase price will be payable in cash, with the remainder payable, at the Company's election, in cash, common shares of Assured Guaranty Ltd., a one-year promissory note, or a combination of the above**
  - **Assured Guaranty will contribute $60 million of cash to BlueMountain at closing and intends to contribute an additional $30 million within a year of closing**
  - **In addition to the cash and common stock included in the acquisition, Assured Guaranty intends to invest $500 million into BlueMountain funds, CLOs and/or separately managed accounts within three years of closing**
  - **BlueMountain manages approximately $19.3 billion in assets under management (AUM) across CLOs, long duration opportunities funds and hedge funds**
    - CLOs make up $11.9 billion of BlueMountain's total AUM, making them the 16th largest CLO manager globally[1]. Assured Guaranty has a long positive history and strong understanding of CLOs, having insured over $70 billion in original par of CLOs.
    - The opportunities funds build on the BlueMountain's corporate credit, asset-backed financing, infrastructure and healthcare experience.
    - The hedge funds employ a relative value approach.
    - Approximately $9.4 billion of AUM is in fee paying assets.
  - **BlueMountain has brand recognition as a manager of credit, structure finance and special situations investments with a track record dating back to the founding of the company in 2003**
  - **The transaction is expected to be accretive to EPS and ROE beginning in 2020**
  - **Assured Guaranty plans to continue its current capital management strategy, including share repurchases**
  - **The transaction is subject to client consents, regulatory approvals and customary closing conditions, and is expected to close in Q4 2019**

1. BlueMountain ranked as 16th largest CLO manager by AUM per CrefitFlux CLO Manager as of Q1 2019.

Creating Value
Commutations

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

Commutations Since 2009
As of June 30, 2019

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	5.1	82	328
2018	1.5	64	(16)
2Q-19	1.1	15	1
Total	**$47.9**	**$495**	**$519**

Ceded Par Outstanding by Reinsurer
As of June 30, 2019

($ in millions)	Net Par Outstanding
American Overseas Re	$362
Others	$1,010
Total	$1,372

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

Financial Results

June 30, 2019

Second Quarter 2019 Results
Select Financial Items

Select GAAP Results ($ in millions, except per share data and percentages)	**Quarter Ended June 30,**		**% Change vs. 2Q-18**
	2019	**2018**	
Net income (loss)	**$142**	**$75**	**89%**
Net income (loss) per diluted share	**$1.39**	**$0.67**	**107%**
Net earned premiums	**$112**	**$136**	**(18)%**
Net investment income	**$110**	**$98**	**12%**
Loss and LAE	**$(1)**	**$44**	**NM**
GAAP ROE[1]	**8.5%**	**4.5%**	**4.0pp**

Select Non-GAAP Results ($ in millions, except per share data and percentages)	**Quarter Ended June 30,**				**% Change vs. 2Q-18**
	2019		**2018**		
	Amount	Effect of FG VIE Consolidation[3]	Amount	Effect of FG VIE Consolidation[3]	
Non-GAAP Operating income	$141	$6	$74	$(4)	90%
Non-GAAP Operating income per diluted share	$1.38	$0.05	$0.66	$(0.03)	109%
Non-GAAP Operating loss and LAE[1]	$(1)	$14	$45	$3	NM
Non-GAAP Operating ROE[2]	8.9%	(0.3)%	4.6%	(0.2)%	4.3pp

NM = Not meaningful pp = percentage points
1. Please see page 30 for a description of non-GAAP operating loss and LAE as well as a reconciliation of GAAP loss and LAE to non-GAAP operating loss and LAE
2. ROE calculations represent annualized returns.
3. The “Effect of FG VIE Consolidation” column represents amounts included in the consolidated statements of operations and non-GAAP operating income 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.

YTD 2019 Results
Select Financial Items

Select GAAP Results ($ in millions, except per share data and percentages)	**Half-Year Ended June 30,**		**% Change vs. 1H-18**
	2019	**2018**	
Net income (loss)	**$196**	**$272**	**(28)%**
Net income (loss) per diluted share	**$1.90**	**$2.37**	**(20)%**
Net earned premiums	**$230**	**$281**	**(18)%**
Net investment income	**$208**	**$198**	**5%**
Loss and LAE	**$45**	**$26**	**73%**
GAAP ROE[1]	**5.9%**	**8.1%**	**(2.2)pp**

Select Non-GAAP Results ($ in millions, except per share data and percentages)	**Half-Year Ended June 30,**				**% Change vs. 1H-18**
	2019		**2018**		
	Amount	Effect of FG VIE Consolidation[3]	Amount	Effect of FG VIE Consolidation[3]	
Non-GAAP Operating income	$227	$6	$229	$1	(1)%
Non-GAAP Operating income per diluted share	$2.20	$0.06	$1.99	$0.01	11%
Non-GAAP Operating loss and LAE[1]	$44	$15	$28	$(3)	57%
Non-GAAP Operating ROE[2]	7.1%	0.1%	7.1%	0.1%	(0.0)pp

NM = Not meaningful pp = percentage points
1. Please see page 30 for a description of non-GAAP operating loss and LAE as well as a reconciliation of GAAP loss and LAE to non-GAAP operating loss and LAE
2. ROE calculations represent annualized returns.
3. The "Effect of FG VIE Consolidation" column represents amounts included in the consolidated statements of operations and non-GAAP operating income 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.

Second Quarter Loss Measures

ASSURED GUARANTY

Economic loss development (all contracts):

- Represents the estimated change in expected losses due to changes in transaction performance, discount rates, loss mitigation and other factors. 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 the income statement 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) Loss/(Benefit)	2Q-19	2Q-18	1H-19	1H-18
Loss and LAE	**$(1)**	**$44**	**$45**	**$26**
Non-GAAP operating loss and LAE for credit derivatives	$-	$(1)	$1	$(2)
Loss attributed to FG VIEs included above	$14	$3	$15	$(3)

Portfolio Overview

June 30, 2019

Four Discrete Operating Companies with Separate Capital Bases

ASSURED GUARANTY

Consolidated Statutory-Basis Claims-Paying Resources and Exposures

($ in millions)	As of June 30, 2019					
	AGM	AGC	MAC	AG Re[8]	Eliminations[3]	Consolidated
Claims-paying resources						
Policyholders' surplus	$2,530	$1,729	$230	$914	($406)	$4,997
Contingency reserve[1]	1,082	633	209	-	(209)	1,715
Qualified statutory capital	**3,612**	**2,362**	**439**	**914**	**(615)**	**6,712**
UPR and net deferred ceding commission income[1]	1,853	452	173	709	(288)	2,899
Loss and loss adjustment expense reserves[1]	313	284	(1)	223	1	820
Total policyholders' surplus and reserves	**5,778**	**3,098**	**611**	**1,846**	**(902)**	**10,431**
Present value of installment premium[1]	186	128	-	132	-	446
Committed Capital Securities	200	200	-	-	-	400
Excess of loss reinsurance facility[2]	180	180	180	-	(360)	180
Total claims-paying resources (including MAC adjustment for AGM and AGC)	**$6,344**	**$3,606**	**$791**	**$1,978**	**($1,262)**	**$11,457**
Adjustment for MAC[4]	371	240	-	-	(611)	-
Total claims-paying resources (excluding MAC adjustment for AGM and AGC)	**$5,973**	**$3,366**	**$791**	**$1,978**	**($651)**	**$11,457**
Statutory net exposure[5]	$116,495	$24,240	$21,308	$66,239	($343)	$227,939
Equity method adjustment[4]	12,934	8,374	-	-	(21,308)	-
Adjusted statutory net exposure[1]	$129,429	$32,614	$21,308	$66,239	($21,651)	$227,939
Net debt service outstanding[5]	$183,518	$36,553	$31,440	$102,823	($474)	$353,860
Equity method adjustment[4]	19,084	12,356	-	-	(31,440)	-
Adjusted net debt service outstanding[1]	$202,602	$48,909	$31,440	$102,823	($31,914)	$353,860
Ratios:						
Adjusted net exposure to qualified statutory capital	36:1	14:1	49:1	72:1		34:1
Capital ratio[6]	56:1	21:1	72:1	112:1		53:1
Financial resources ratio[7]	32:1	14:1	40:1	52:1		31:1
Separate Company Statutory Basis:						
Admitted Assets	$5,407	$3,046	$633			
Total Liabilities	2,877	1,317	403			
Contingency Reserves	955	550	209			
Surplus to Policyholders	2,530	1,729	230			

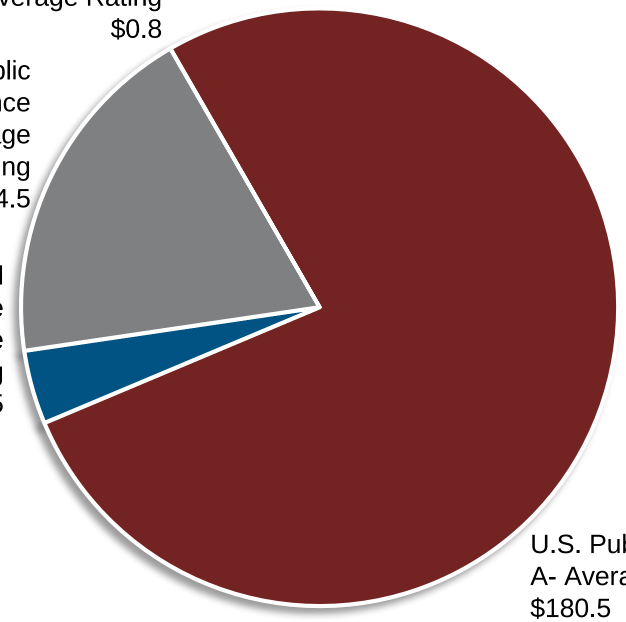
1. The numbers shown for Assured Guaranty Municipal Corp. (AGM) and Assured Guaranty Corp. (AGC) have been adjusted to include their indirect share of Municipal Assurance Corp. (MAC). AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. AGM has been adjusted to include 100% share of its European insurance subsidiary. Amounts include financial guaranty insurance and credit derivatives.
2. Represents the $180 million portion placed with an unaffiliated reinsurer of a $400 million aggregate excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2018. The facility terminates on January 1, 2020, 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, and (iii) eliminations of intercompany deferred ceding commissions. Net exposure 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 exposure related to intercompany cessions from AGM and AGC to MAC.
4. Represents adjustments for AGM's and AGC's indirect ownership interest in MAC.
5. Net exposure 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 United States (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**
  - 77% U.S. public finance
  - 19% Non-U.S. public finance
  - 4% U.S. structured finance
  - <1% Non-U.S. structured finance
- **Our insured portfolio has an A- average internal credit rating**
  - 3.8% below investment grade
- **U.S. public finance is the sector with the largest BIG exposure**
  - $6.0 billion of U.S. public finance par exposure is BIG (68% of our total BIG)
  - Out of this $6.0 billion, $4.5 billion of net par exposure relates to Puerto Rico

Consolidated Net Par Outstanding

As of June 30, 2019
($ in billions)



$235.4 billion, A- average rating

Net Par Outstanding Amortization

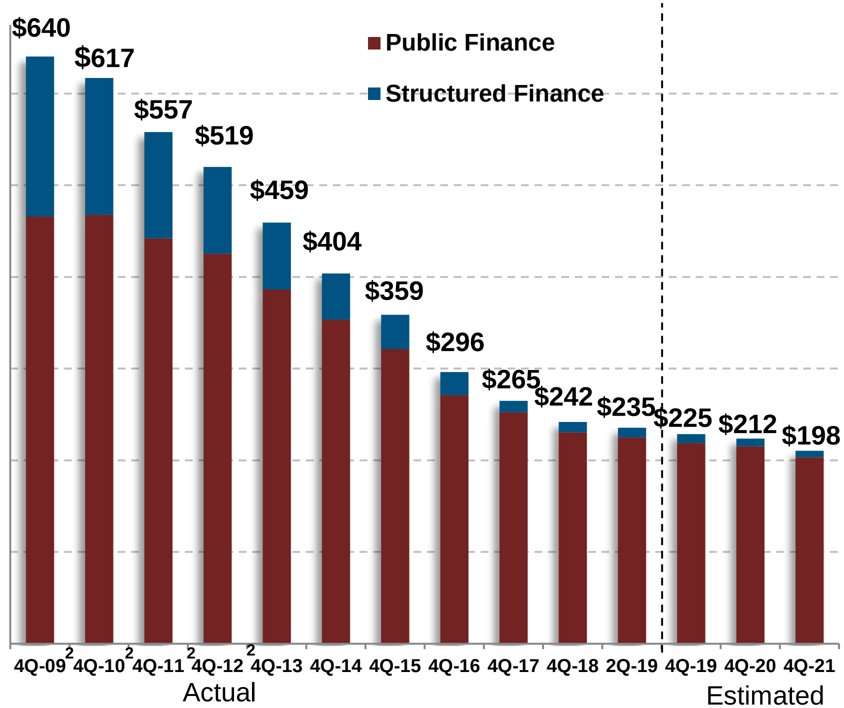
- **Amortization of the existing portfolio reduces rating agency capital charges, but also embedded future earned premiums**
  - Currently, the existing portfolio consists of $225 billion of public finance and $10 billion of structured finance
  - The existing portfolio will amortize by 4% by the end of 2019; 10% by the end of 2020; 21% by the end of 2022

- **New direct or assumed business originations, reassumptions and acquisitions will increase future premiums**

Consolidated Net Par Outstanding Amortization[1]

As of June 30, 2019

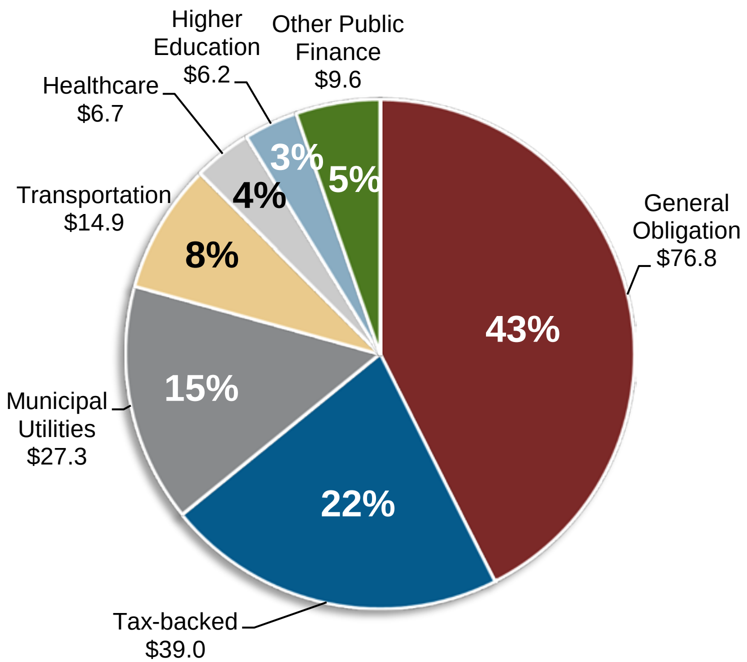
($ in billions)



1. Represents the future expected amortization of existing net par outstanding as of June 30, 2019. 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 June 30, 2019
($ in billions)



$180.5 billion, A- average rating

- **U.S. public finance net par outstanding is $180.5 billion and makes up 77% of our total insured portfolio as of June 30, 2019**
- **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 6,800 direct U.S. public finance obligors. We expect future losses to be paid, net of recoveries, on less than ten exposures[1].
  - We have proactively managed those exposures that have experienced credit deterioration and payment default, like Detroit, Harrisburg and Stockton, with relatively small expected losses in most cases.
  - 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**
  - 61% of total net par outstanding

1. Includes Puerto Rico exposures discussed on the following pages.

Public Finance
Puerto Rico Exposure

Par Exposure to the Commonwealth and its Agencies[1,2]
As of June 30, 2019

	($ in millions)	Net Par Outstanding	Gross Par Outstanding
Commonwealth Constitutionally Guaranteed	Commonwealth of Puerto Rico - General Obligation Bonds [3,4]	$1,340	$1,383
	Puerto Rico Public Buildings Authority (PBA)	142	148
	Subtotal	**$1,482**	**$1,531**
Public Corporations – Certain Revenues Potentially Subject to Clawback	Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation Revenue Bonds) [4]	$844	$874
	Puerto Rico Highways and Transportation Authority (PRHTA) (Highways Revenue Bonds) [4]	475	536
	Puerto Rico Convention Center District Authority (PRCCDA)	152	152
	Puerto Rico Infrastructure Financing Agency (PRIFA)	16	16
	Subtotal	**$1,487**	**$1,578**
Other Public Corporations	Puerto Rico Electric Power Authority (PREPA) [4,5]	848	866
	Puerto Rico Aqueduct and Sewer Authority (PRASA) [6]	373	373
	Puerto Rico Municipal Finance Agency (MFA) [6]	303	349
	University of Puerto Rico (U of PR)[6]	1	1
	Subtotal	**$1,525**	**$1,589**
	Total	**$4,494**	**$4,698**

1. The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated BIG.
2. While the Company no longer has any insured exposure to COFINA, it does have $152 million initial par of COFINA Exchange Senior Bonds in its investment portfolio.
3. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $2.5 million and fully accreted net par at maturity of $2.5 million.
4. As of the date of the Company's 2019 2nd quarter 10-Q filing, the seven-member financial oversight board established by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) has certified a filing under Title III of PROMESA for these exposures.
5. On May 3, 2019, the Company entered into a restructuring support agreement with PREPA and other stakeholders. See Assured Guaranty's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019.
6. As of the date of the Company's 2019 2nd quarter 10-Q filing, the Company has **not** paid claims on these credits.

Scheduled Net Par Amortization of Exposure to the Commonwealth and its Agencies

As of June 30, 2019

($ in millions)	3Q 2019	4Q 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	2044-2047	Total
Commonwealth – GO[1]	$87	$-	$141	$15	$37	$14	$73	$68	$34	$90	$33	$341	$407	$-	$-	**$1,340**
PBA	3	-	5	13	-	7	-	6	11	40	1	36	20	-	-	**142**
Subtotal	**$90**	**$-**	**$146**	**$28**	**$37**	**$21**	**$73**	**$74**	**$45**	**$130**	**$34**	**$377**	**$427**	**$-**	**$-**	**$1,482**
PRHTA (Transportation Revenue)	$32	$-	$25	$18	$28	$33	$4	$29	$24	$29	$34	$127	$296	$165	$-	**844**
PRHTA (Highways Revenue)	21	-	22	35	6	32	33	34	1	-	9	145	137	-	-	**475**
PRCCDA	-	-	-	-	-	-	-	-	-	19	-	50	83	-	-	**152**
PRIFA	-	-	-	-	-	2	-	-	-	-	-	-	3	11	-	**16**
Subtotal	**$53**	**$-**	**$47**	**$53**	**$34**	**$67**	**$37**	**$63**	**$25**	**$48**	**$43**	**$322**	**$519**	**$176**	**$-**	**$1,487**
PREPA	$26	$-	$48	$28	$28	$95	$93	$68	$106	$105	$68	$174	$9	$-	$-	**$848**
PRASA	-	-	-	-	-	-	1	25	27	28	29	-	2	-	261	**373**
MFA	55	-	45	40	40	22	18	17	34	12	10	10	-	-	-	**303**
U of PR	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	**1**
Subtotal	**$81**	**$-**	**$93**	**$68**	**$68**	**$117**	**$112**	**$110**	**$167**	**$145**	**$107**	**$185**	**$11**	**$-**	**$261**	**$1,525**
Total	**$224**	**$-**	**$286**	**$149**	**$139**	**$205**	**$222**	**$247**	**$237**	**$323**	**$184**	**$884**	**$957**	**$176**	**$261**	**$4,494**

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $2.5 million and fully accreted net par at maturity of $2.5 million.

Public Finance
Puerto Rico Exposure

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

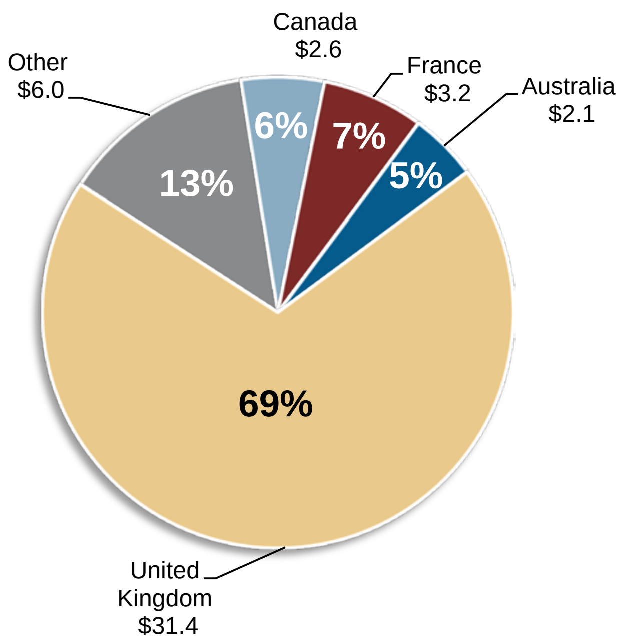
As of June 30, 2019

($ in millions)	3Q 2019	4Q 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	2044-2047	Total
Commonwealth – GO[1]	$122	$-	$206	$74	$94	$70	$128	$119	$82	$136	$74	$512	$457	$-	$-	**$2,074**
PBA	7	-	12	20	6	13	6	13	17	45	3	50	23	-	-	**215**
Subtotal	**$129**	**$-**	**$218**	**$94**	**$100**	**$83**	**$134**	**$132**	**$99**	**$181**	**$77**	**$562**	**$480**	**$-**	**$-**	**$2,289**
PRHTA (Transportation Revenue)	$54	$-	$67	$59	$68	$72	$41	$65	$59	$63	$66	$262	$375	$180	$-	**$1,431**
PRHTA (Highways Revenue)	34	-	46	58	27	52	51	51	17	15	25	208	152	-	-	**736**
PRCCDA	3	-	7	7	7	7	7	7	7	26	6	79	91	-	-	**254**
PRIFA	-	-	1	1	1	3	1	1	1	1	-	3	7	12	-	**32**
Subtotal	**$91**	**$-**	**$121**	**$125**	**$103**	**$134**	**$100**	**$124**	**$84**	**$105**	**$97**	**$552**	**$625**	**$192**	**$-**	**$2,453**
PREPA	$43	$3	$87	$63	$62	$128	$121	$91	$126	$122	$81	$198	$9	$-	$-	**$1,134**
PRASA	10	-	19	19	19	19	21	45	44	44	44	68	70	67	300	**789**
MFA	62	-	58	50	48	28	23	21	37	14	11	11	-	-	-	**363**
U of PR	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	**1**
Subtotal	**$115**	**$3**	**$164**	**$132**	**$129**	**$175**	**$165**	**$157**	**$207**	**$180**	**$136**	**$278**	**$79**	**$67**	**$300**	**$2,287**
Total	**$335**	**$3**	**$503**	**$351**	**$332**	**$392**	**$399**	**$413**	**$390**	**$466**	**$310**	**$1,392**	**$1,184**	**$259**	**$300**	**$7,029**

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $2.5 million and fully accreted net par at maturity of $2.5 million.

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

Non-U.S. Exposure
As of June 30, 2019
($ in billions)



$45.3 billion, BBB+ average rating

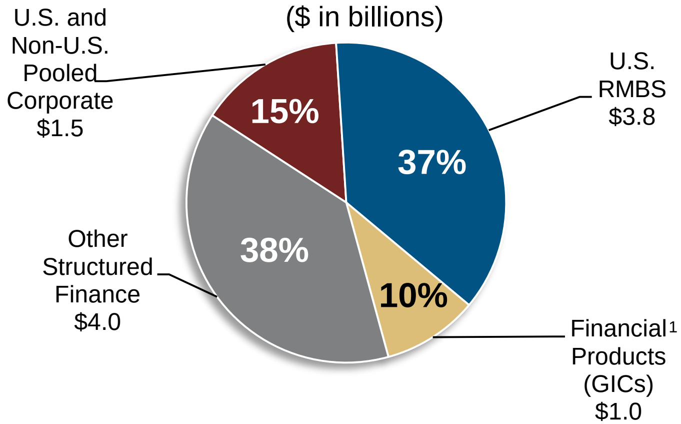
- **98% of non-U.S. exposure is Public Finance**
  - Direct sovereign debt is limited to Poland ($288 million outstanding)
- **2% of non-U.S. exposure is Structured Finance**

Structured Finance Exposures

Net Par Outstanding

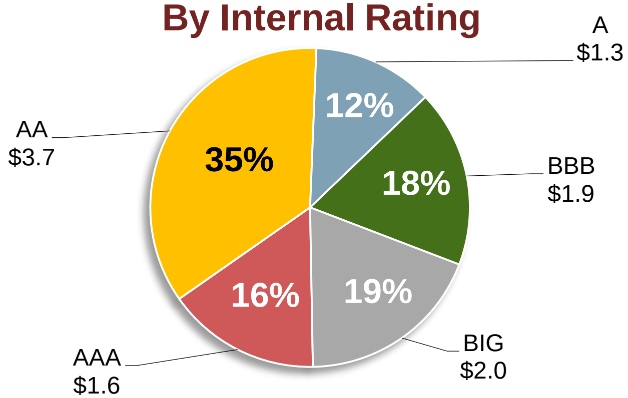
By Type

As of June 30, 2019
($ in billions)



$10.3 billion, A- average rating

By Internal Rating



- **Assured Guaranty's total structured finance exposure of $240.9 billion at December 31, 2007 has declined by $230.6 billion to $10.3 billion through June 30, 2019, a 96% reduction**
  - The portfolio will amortize by 6% by the end of 2019; 18% by the end of 2020; 42% by the end of 2022

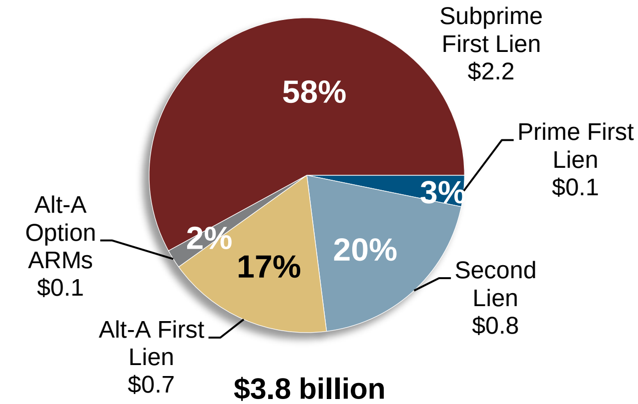
1. Assured Guaranty did not acquire Financial Security Assurance Holdings Ltd.'s financial products segment. Assured Guaranty and its subsidiaries are indemnified against exposure to such segment by Dexia.

Consolidated U.S. RMBS

- **Our $3.8 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 $3.8 billion at June 30, 2019, a $25.4 billion or 87% reduction
  - U.S. RMBS expected to be reduced by 9% by year-end 2019 and by 48% by year-end 2022
  - As of June 30, 2019, U.S. RMBS exposure excludes $1.0 billion of net par related to 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
  - Interest Rates
- **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[1]

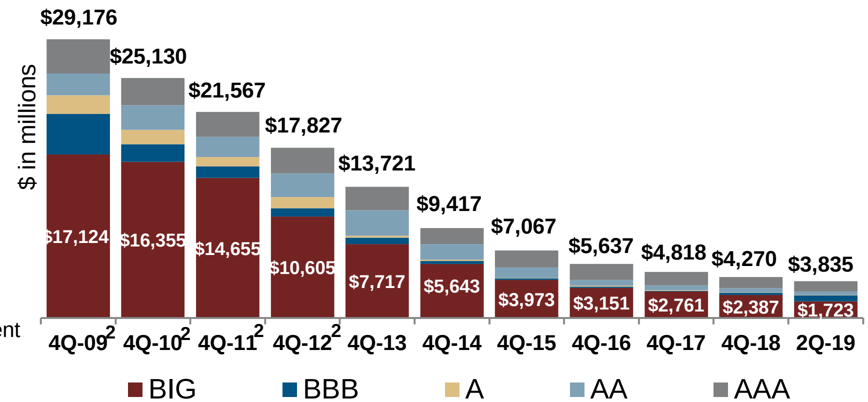
As of June 30, 2019
($ in billions)



$3.8 billion
(1.6% of total net par outstanding)

U.S. RMBS by Rating

Net Par Outstanding from December 31, 2009 to June 30, 2019



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

Below Investment Grade Exposures

Net Par Outstanding by BIG Category[1]

- **As of June 30, 2019, approximately $2.8 billion (31%) 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

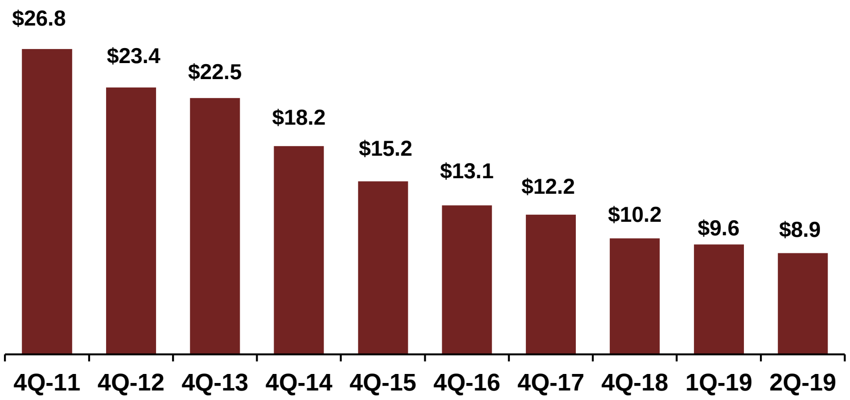
($ millions)	June 30, 2019	December 31, 2018
Category 1		
U.S. public finance	$1,679	$1,767
Non-U.S. public finance	884	796
U.S. structured finance	178	397
Non-U.S. structured finance	40	98
Total Category 1	$2,781	$3,058
Category 2		
U.S. public finance	$398	$399
Non-U.S. public finance	-	245
U.S. structured finance	130	293
Non-U.S. structured finance	-	-
Total Category 2	$528	$937
Category 3		
U.S. public finance	$3,948	$4,222
Non-U.S. public finance	-	-
U.S. structured finance	1,605	1,942
Non-U.S. structured finance	1	1
Total Category 3	$5,554	$6,165
BIG Total	**$8,863**	**$10,160**

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 $17.9 billion**
- **BIG credits account for only 3.8% of Assured Guaranty's total exposure, the lowest level in nearly 10 years.**
- **The largest components of our BIG exposure are Puerto Rico at 51% and U.S. RMBS at 19%**

BIG Net Par Outstanding
($ in billions)



Changes in BIG Net Par Outstanding

($ in millions)	Full Year 2016	Full Year 2017	Full Year 2018	Half Year 2019
Beginning BIG par	**$15,183**	**$13,074**	**$12,238**	**$10,160**
Amortization / Claim Payments	(1,901)	(1,986)	(968)	(546)
Acquisitions / Reinsurance Agreements	158	1,491	368	6
FX Change	(42)	217	(53)	(8)
Terminations	(600)	(326)	(88)	(45)
Removals / Upgrades	(505)	(809)	(1,791)	(689)
Additions / Downgrades	1,024	645	524	0
Bond Purchases	(242)	(68)	(70)	(15)
Total Decrease / Increase	**(2,108)**	**(836)**	**(2,078)**	**(1,297)**
Ending BIG par	**$13,074**	**$12,238**	**$10,160**	**8,863**

BIG Exposures > $250 Million
(dollars in millions)

BIG Exposures Greater Than $250 Million as of June 30, 2019

Type[1]	Name or Description	Net Par Outstanding	Internal Rating[2]
PF	Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	$1,498	CCC
PF	Puerto Rico Highways and Transportation Authority	1,319	CCC
PF	Puerto Rico Electric Power Authority	848	CCC
PF	Puerto Rico Aqueduct & Sewer Authority	373	CCC
PF	Valencia Fair	310	BB+
PF	Puerto Rico Municipal Finance Agency	303	CCC
	Total	**$4,651**	

1. "PF" signifies a public finance transaction and "SF" signifies a structured finance transaction, if applicable.
2. Transactions rated below B- are categorized as CCC

Appendix

Appendix
Explanation of Non-GAAP Financial Measures

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 the Company.

By disclosing non-GAAP financial measures, the Company gives investors, analysts and financial news reporters access to information that management and the Board of Directors review internally. The Company believes its presentation of non-GAAP financial measures, along with the effect of 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.

GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company. However, the Company does not own such VIEs and its exposure is limited to its obligation under its financial guaranty insurance contract. Management and the Board of Directors use non-GAAP financial measures adjusted to remove FG VIE consolidation (which the Company refers to as its core financial measures), 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 uses these core financial measures in its decision making process and in its calculation of certain components of management compensation. Wherever possible, the Company has separately disclosed the effect of FG VIE consolidation.

Many investors, analysts and financial news reporters use non-GAAP operating shareholders' equity, adjusted to remove the effect of 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 to remove the effect of 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. Non-GAAP operating income adjusted for the effect of FG VIE consolidation enables investors and analysts to evaluate the Company's financial results in comparison with the consensus analyst estimates distributed publicly by financial databases.

The core financial measures that the Company uses to help determine compensation are: (1) non-GAAP operating income, adjusted to remove the effect of FG VIE consolidation, (2) non-GAAP operating shareholders' equity, adjusted to remove the effect of FG VIE consolidation, (3) growth in non-GAAP adjusted book value per share, adjusted to remove the effect of 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. To the extent there is a directly comparable GAAP financial measure, a reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement.

Appendix

Explanation of Non-GAAP Financial Measures

Non-GAAP Operating Income: Management believes that non-GAAP operating income 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 non-GAAP operating income further by removing FG VIE consolidation to arrive at its core operating income measure. Non-GAAP 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 that are recognized in net income, 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 that are recognized in net income. 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 that are recognized in net income. 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 and Non-GAAP Adjusted Book Value: 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 effects 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)

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 non-GAAP adjusted book value is a useful measure because it enables an evaluation 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. 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 effects 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.

Non-GAAP Operating Return on Equity (Non-GAAP Operating ROE): Non-GAAP Operating ROE represents non-GAAP operating income for a specified period divided by the average of non-GAAP operating shareholders' equity at the beginning and the end of that period. Management believes that non-GAAP 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 non-GAAP 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 non-GAAP operating ROE are calculated on an annualized basis. Non-GAAP 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 for contracts other than financial guaranty insurance contracts (such as non-financial guaranty insurance contracts and credit derivatives). There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from these 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%. 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 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

Reconciliation of GWP to PVP	Three Months Ended June 30,		Year Ended December 31,				
(dollars in millions)	2019	2018	2018	2017	2016	2015	2014
Total GWP	$51	$393	$612	$307	$154	$181	$104
Less: Installment GWP and other GAAP adjustments[1]	7	58	119	99	(10)	55	(22)
Upfront GWP	44	335	493	208	164	126	126
Plus: Installment premium PVP	10	119	170	81	50	53	42
Total PVP	$54	$454	$663	$289	$214	$179	$168

PVP:	2019	2018	2018	2017	2016	2015	2014
Public Finance - U.S.	$44	$234	$391	$196	$161	$124	$128
Public Finance - non-U.S.	7	53	94	66	25	27	7
Structured Finance - U.S.	3	158	166	12	27	22	24
Structured Finance - non-U.S.	-	9	12	15	1	6	9
Total PVP	$54	$454	$663	$289	$214	$179	$168

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 Non-GAAP Operating Income[1]

Non-GAAP Operating Income Reconciliation (dollars in millions, except per share amounts)	Three Months Ended June 30, 2019 Total	Three Months Ended June 30, 2019 Per Diluted Share	Three Months Ended June 30, 2018 Total	Three Months Ended June 30, 2018 Per Diluted Share	Six Months Ended June 30, 2019 Total	Six Months Ended June 30, 2019 Per Diluted Share	Six Months Ended June 30, 2018 Total	Six Months Ended June 30, 2018 Per Diluted Share
Net income (loss)	**$142**	**$1.39**	**$75**	**$0.67**	**$196**	**$1.90**	**$272**	**$2.37**
Less pre-tax adjustments:								
Realized gains (losses) on investments	8	0.08	(2)	(0.01)	(4)	(0.04)	(7)	(0.06)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(12)	(0.12)	44	0.39	(40)	(0.39)	74	0.65
Fair value gains (losses) on CCS	19	0.19	(1)	(0.01)	10	0.09	(2)	(0.02)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(12)	(0.12)	(34)	(0.30)	(3)	(0.02)	(12)	(0.11)
Total pre-tax adjustments	3	0.03	7	0.07	(37)	(0.36)	53	0.46
Less tax effect on pre-tax adjustments	(2)	(0.02)	(6)	(0.06)	6	0.06	(10)	(0.08)
Non-GAAP Operating income	$141	$1.38	$74	$0.66	$227	$2.20	$229	$1.99
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	$6	$0.05	($4)	($0.03)	$6	$0.06	$1	$0.01

1. For an explanation of operating income, a non-GAAP financial measure, please refer to the preceding pages of the Appendix.

Appendix

Reconciliation of Net Income (Loss) to Non-GAAP Operating Income[1] (2009-2018)

Non-GAAP Operating income reconciliation (dollars in millions, except per share amounts)	Year Ended December 31, 2018 Total	2018 Per Share	2017 Total	2017 Per Share	2016 Total	2016 Per Share	2015 Total	2015 Per Share	2014 Total	2014 Per Share
Net income (loss) attributable to AGL	**$521**	**$4.68**	**$730**	**$5.96**	**$881**	**$6.56**	**$1,056**	**$7.08**	**$1,088**	**$6.26**
Less pre-tax adjustments:										
Realized gains (losses) on investments	(32.00)	(0.29)	40.00	0.33	(30.00)	(0.23)	(27.00)	(0.18)	(56.00)	(0.32)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	101.00	0.90	43.00	0.35	36.00	0.27	505.00	3.39	687.00	3.95
Fair value gains (losses) on committed capital securities (CCS)	14.00	0.13	(2.00)	(0.02)	0.00	0.00	27.00	0.18	(11.00)	(0.06)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	(32.00)	(0.29)	57.00	0.46	(33.00)	(0.25)	(15.00)	(0.10)	(21.00)	(0.12)
Total pre-tax adjustments	51.00	0.45	138.00	1.12	(27.00)	(0.21)	490.00	3.29	599.00	3.45
Less tax effect on pre-tax adjustments	(12.00)	(0.11)	(69.00)	(0.57)	13.00	0.09	(144.00)	(0.97)	(158.00)	(0.92)
Non-GAAP Operating income	$482	$4.34	$661	$5.41	$895	$6.68	$710	$4.76	$647	$3.73
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	($4)	($0.03)	$11	$0.10	$12	$0.10	$11	$0.07	$156	$0.90

	Year Ended December 31, 2013 Total	2013 Per Share	2012 Total	2012 Per Share	2011 Total	2011 Per Share	2010 Total	2010 Per Share	2009 Total	2009 Per Share
Net income (loss) attributable to AGL	**$808**	**$4.30**	**$110**	**$0.57**	**$773**	**$4.16**	**$484**	**$2.56**	**$82**	**$0.63**
Less pre-tax adjustments:										
Realized gains (losses) on investments	56.00	0.30	(3.00)	(0.02)	(18.00)	(0.10)	(1.00)	(0.01)	(33.00)	(0.26)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(49.00)	(0.26)	(672.00)	(3.53)	344.00	1.85	6.00	0.03	(106.00)	(0.82)
Fair value gains (losses) on committed capital securities (CCS)	10.00	0.05	(18.00)	(0.09)	35.00	0.19	9.00	0.05	(123.00)	(0.95)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	(1.00)	(0.01)	21.00	0.11	(5.00)	(0.03)	(29.00)	(0.15)	27.00	0.21
Total pre-tax adjustments	16.00	0.08	(672.00)	(3.53)	356.00	1.91	(15.00)	(0.08)	(235.00)	(1.82)
Less tax effect on pre-tax adjustments	(9.00)	(0.06)	188.00	1.00	(104.00)	(0.56)	11.00	0.06	62.00	0.48
Non-GAAP Operating income	$801	$4.28	$594	$3.10	$521	$2.81	$488	$2.58	$255	$1.97
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	$192	$1.03	$59	$0.29	($80)	($0.43)	($167)	($0.88)		

1. For an explanation of operating income, a non-GAAP financial measure, please refer to the preceding pages of the Appendix.

Appendix

Reconciliation of Net Income (Loss) to Non-GAAP Operating Income[1] (2004-2008)

Non-GAAP Operating income reconciliation	Year Ended December 31,									
(dollars in millions, except per share amounts)	2008		2007		2006		2005		2004	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Net income (loss) attributable to AGL	**$60**	**$0.67**	**($303)**	**($4.46)**	**$160**	**$2.15**	**$188**	**$2.53**	**$183**	**$2.44**
Less pre-tax adjustments:										
Realized gains (losses) on investments	(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	82	0.92	(667)	(9.63)	6	0.08	(4)	(0.05)	51	0.68
Fair value gains (losses) on committed capital securities (CCS)	43	0.48	8	0.12	-	-	-	-	-	-
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	-	-	-	-	-	-	-	-	-	-
Total pre-tax adjustments	55	0.61	(660)	(9.52)	4	0.05	(2)	(0.02)	59	0.79
Less tax effect on pre-tax adjustments	(60)	(0.67)	179	2.58	(1)	(0.02)	-	-	(17)	(0.23)
Non-GAAP Operating income	$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.

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

Non-GAAP Adjusted book value reconciliation	As of											
(dollars in millions, except per share amounts)	June 30, 2019		March 31, 2019		December 31, 2018		June 30, 2018		March 31, 2018		December 31, 2017	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Reconciliation of shareholders' equity to non-GAAP adjusted book value:												
Shareholders' equity	**$6,722**	**$67.35**	**$6,669**	**$65.21**	**$6,555**	**$63.23**	**$6,634**	**$60.52**	**$6,784**	**$59.67**	**$6,839**	**$58.95**
Less pre-tax adjustments:												
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(85)	(0.85)	(73)	(0.71)	(45)	(0.44)	(72)	(0.65)	(116)	(1.02)	(146)	(1.26)
Fair value gains (losses) on CCS	84	0.84	65	0.63	74	0.72	58	0.53	58	0.52	60	0.52
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	478	4.79	419	4.09	247	2.39	290	2.64	307	2.71	487	4.20
Less Taxes	(90)	(0.91)	(83)	(0.80)	(63)	(0.61)	(65)	(0.60)	(57)	(0.51)	(83)	(0.71)
Non-GAAP operating shareholders' equity	6,335	63.48	6,341	62.00	6,342	61.17	6,423	58.60	6,592	57.97	6,521	56.20
Pre-tax adjustments:												
Less: Deferred acquisition costs	106	1.06	104	1.01	105	1.01	102	0.93	100	0.88	101	0.87
Plus: Net present value of estimated net future revenue	196	1.97	199	1.95	204	1.96	217	1.98	140	1.23	146	1.26
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	2,932	29.37	2,972	29.05	3,005	28.98	3,083	28.13	2,899	25.50	2,966	25.56
Plus Taxes	(508)	(5.09)	(515)	(5.04)	(524)	(5.04)	(542)	(4.95)	(497)	(4.37)	(512)	(4.41)
Non-GAAP Adjusted book value	$8,849	$88.67	$8,893	$86.95	$8,922	$86.06	$9,079	$82.83	$9,034	$79.45	$9,020	$77.74
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	$12	$0.12	$3	$0.03	$3	$0.03	$7	$0.07	$8	$0.06	$5	$0.03
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	$(2)	($0.02)	$(20)	$(0.20)	$(15)	$(0.15)	($12)	($0.11)	($12)	($0.10)	($14)	($0.12)

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

Appendix

Reconciliation of Shareholders' Equity to Non-GAAP Adjusted Book Value[1] (2004-2010)

Non-GAAP Adjusted book value reconciliation

(dollars in millions, except per share amounts)

	2Q 2004		2004		2005		2006		2007		2008		2009		2010	
	Total	Per Share	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 non-GAAP 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**	**$3,670**	**$19.97**
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)	(1,044)	(5.68)
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	19	0.10
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	114	0.62
Less Taxes	(19)	(0.25)	(38)	(0.50)	(29)	(0.40)	(30)	(0.45)	148	1.86	102	1.13	216	1.17	262	1.42
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	4,319	23.51
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	145	0.79
Plus: Net present value of estimated net future credit derivative revenue	403	5.31	468	6.18	426	5.70	589	8.72	930	11.63	929	10.21	755	4.10	614	3.34
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	6,195	33.64	5,439	29.60
Plus Taxes	(232)	(3.07)	(234)	(3.09)	(138)	(1.85)	(179)	(2.65)	(283)	(3.54)	(379)	(4.17)	(1,977)	(10.74)	(1,677)	(9.12)
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	$8,550	$46.54
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity															($372)	($2.02)
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value															($439)	($2.38)

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

Appendix

Reconciliation of Shareholders' Equity to Non-GAAP Adjusted Book Value[1] (2011-2018)

Non-GAAP Adjusted book value reconciliation

(dollars in millions, except per share amounts)	2011		2012		2013		2014		2015		2016		2017		2018	
	Total	Per Share	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 non-GAAP adjusted book value:																
Shareholders' equity	**$4,652**	**$25.52**	**$4,994**	**$25.74**	**$5,115**	**$28.07**	**$5,758**	**$36.37**	**$6,063**	**$43.96**	**$6,504**	**$50.82**	**$6,839**	**$58.95**	**$6,555**	**$63.23**
Less pre-tax adjustments:																
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(668)	(3.67)	(1,346)	(6.94)	(1,447)	(7.94)	(741)	(4.68)	(241)	(1.75)	(189)	(1.48)	(146)	(1.26)	(45)	(0.44)
Fair value gains (losses) on CCS	54	0.30	35	0.18	46	0.25	35	0.22	62	0.45	62	0.48	60	0.52	74	0.72
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	488	2.68	708	3.65	236	1.29	523	3.30	373	2.71	316	2.47	487	4.20	247	2.39
Less Taxes	21	0.11	150	0.77	306	1.68	45	0.29	(56)	(0.41)	(71)	(0.54)	(83)	(0.71)	(63)	(0.61)
Non-GAAP operating shareholders' equity	4,757	26.10	5,447	28.08	5,974	32.79	5,896	37.24	5,925	42.96	6,386	49.89	6,521	56.20	6,342	61.17
Pre-tax adjustments:																
Less: Deferred acquisition costs	132	0.73	116	0.60	124	0.68	121	0.76	114	0.83	106	0.83	101	0.87	105	1.01
Plus: Net present value of estimated net future credit derivative revenue	434	2.38	317	1.63	214	1.17	159	1.00	169	1.23	136	1.07	146	1.26	204	1.96
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	4,790	26.28	4,301	22.17	3,791	20.81	3,461	21.86	3,384	24.53	2,922	22.83	2,966	25.56	3,005	28.98
Plus Taxes	(1,426)	(7.81)	(1,250)	(6.44)	(1,070)	(5.87)	(960)	(6.07)	(968)	(7.02)	(832)	(6.50)	(512)	(4.41)	(524)	(5.04)
Non-GAAP Adjusted book value	$8,423	$46.22	$8,699	$44.84	$8,785	$48.22	$8,435	$53.27	$8,396	$60.87	$8,506	$66.46	$9,020	$77.74	$8,922	$86.06
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	($444)	($2.44)	($383)	($1.97)	($190)	($1.04)	($37)	($0.24)	($21)	($0.15)	($7)	($0.06)	$5	$0.03	$3	$0.03
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	($564)	($3.10)	($452)	($2.33)	($248)	($1.36)	($60)	($0.39)	($43)	($0.31)	($24)	($0.18)	($14)	($0.12)	$(15)	$(0.15)

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

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**	**2017**	**2018**	**Q2 2019**	**2019**	**2020**	**2021**	**2022**
Insured Net Par Outstanding	$640,194	$616,686	$556,830	$518,772	$459,107	$403,729	$358,571	$296,318	$264,952	$241,802	$235,367	$224,861	$211,824	$197,986	$185,968
Non-GAAP Operating Shareholders' Equity	4,076	4,319	4,757	5,447	5,974	5,896	5,925	6,386	6,521	6,342	6,335	6,335	6,335	6,335	6,335
Non-GAAP Operating Portfolio Leverage	157	143	117	95	77	68	61	46	41	38	37	35	33	31	29

1. See prior pages 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 June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Net income (loss)	**$142**	**$75**	**$196**	**$272**
Non-GAAP Operating income	141	74	227	229
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	6	(4)	6	1
Average shareholders' equity	**$6,696**	**$6,709**	**$6,639**	**$6,737**
Average non-GAAP operating shareholders' equity	6,338	6,508	6,339	6,472
Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity	8	8	8	6
GAAP ROE[1]	**8.5%**	**4.5%**	**5.9%**	**8.1%**
Non-GAAP Operating ROE[1]	8.9%	4.6%	7.1%	7.1%
Effect of Consolidating FG VIEs included in non-GAAP operating ROE	0.3%	(0.2)%	0.1%	0.1%

1. Quarterly ROE calculations represent annualized returns.

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Equity Investor Presentation

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