



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

Fixed Income Investor Presentation

September 30, 2018

**ASSURED  
GUARANTY<sup>®</sup>**  
MUNICIPAL

**MUNICIPAL  
ASSURANCE  
CORP.<sup>®</sup>**  
AN ASSURED GUARANTY COMPANY

**ASSURED  
GUARANTY<sup>®</sup>**  
CORP.

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1. Please see page 3 for a definition of this convention.

# Forward-Looking Statements and Safe Harbor Disclosure



- This presentation contains information that includes or is based upon forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements give the expectations or forecasts of future events of Assured Guaranty Ltd. (AGL) and its subsidiaries (collectively with AGL, Assured Guaranty or the Company). These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance.
- Any or all of Assured Guaranty's forward looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Assured Guaranty's actual results may vary materially. Among factors that could cause actual results to differ adversely are: (1) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (2) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's subsidiaries have insured; (3) developments in the world's financial and capital markets that adversely affect obligors' payment rates or Assured Guaranty's loss experience; (4) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates; (6) increased competition, including from new entrants into the financial guaranty industry; (7) rating agency action on obligors, including sovereign debtors, resulting in a reduction in the value of securities in Assured Guaranty's investment portfolio and in collateral posted by and to Assured Guaranty; (8) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (9) changes in the world's credit markets, segments thereof, interest rates or general economic conditions; (10) the impact of market volatility on the mark-to-market of Assured Guaranty's 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 most recent Form 10-Q or 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, Non-GAAP Financial Measures and Certain Statutory Data

- Unless otherwise noted, the following conventions are used in this presentation:
  - “AGM Consolidated” means Assured Guaranty Municipal Corp. and its consolidated entities (consisting primarily of Assured Guaranty (Europe) plc (AGE), Municipal Assurance Holdings Inc. (MAC Holdings), a company formed to own 100% of the common stock of Municipal Assurance Corp. (MAC), and variable interest entities Assured Guaranty Municipal Corp. is required to consolidate under accounting principles generally accepted in the United States).
    - “AGM” means AGM Consolidated excluding MAC Holdings and MAC.
    - “Assured Guaranty Municipal” means AGM Consolidated excluding MAC Holdings, MAC and AGE.
  - 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.

## Corporate Overview



- **Assured Guaranty Ltd. (“AGL” and, together with its subsidiaries, “Assured Guaranty” or the “Company”) is the leading financial guaranty franchise**
  - We are the only long-standing financial guaranty company to have written new business throughout the financial crisis and recession, and continue to do so today, leading the industry in new business production
  - We maintain strong financial strength ratings from S&P, KBRA and A.M. Best
- **Assured Guaranty’s focus is financial guaranty**
  - Over three decades of experience in the financial guaranty market
  - Publicly traded holding company (NYSE: AGO) with extensive quarterly financial disclosures at holding company and subsidiaries, providing transparency to all investors
  - Three principal U.S. financial guaranty direct subsidiaries and one principal Bermuda financial guaranty reinsurance subsidiary
- **Strong capital base**
  - Consolidated investment portfolio and cash of \$11.1 billion as of September 30, 2018<sup>1</sup>
  - Consolidated claims-paying resources of \$11.8 billion as of September 30, 2018<sup>2</sup>
- **The Company combined the portfolios and operations of its European subsidiaries, Assured Guaranty (Europe) plc (AGE), Assured Guaranty (UK) plc (AGUK), Assured Guaranty (London) plc (AGLN) and CIFG Europe S.A. (CIFGE), in a transaction that was completed on November 7, 2018.**
  - As a result of this combination, the obligations and bonds previously guaranteed by AGUK, AGLN and CIFGE are now guaranteed by AGE.

(\$ in billions)	AGL Consolidated (9/30/18)
Net par outstanding	\$246.9
Total investment portfolio and cash <sup>1</sup>	\$11.1
Claims-paying resources <sup>2</sup>	\$11.8

1. See page 28 for a breakdown of the available-for-sale portfolio (\$11.1 billion), which includes \$95 million of other invested assets.

2. Aggregate data for the Company’s operating subsidiaries, based primarily on statutory measures. Claims on each insurer’s guaranties are paid from that insurer’s separate claims-paying resources. See page 9 for components of claims-paying resources.

# Operating Principles and Investor and Issuer Benefits

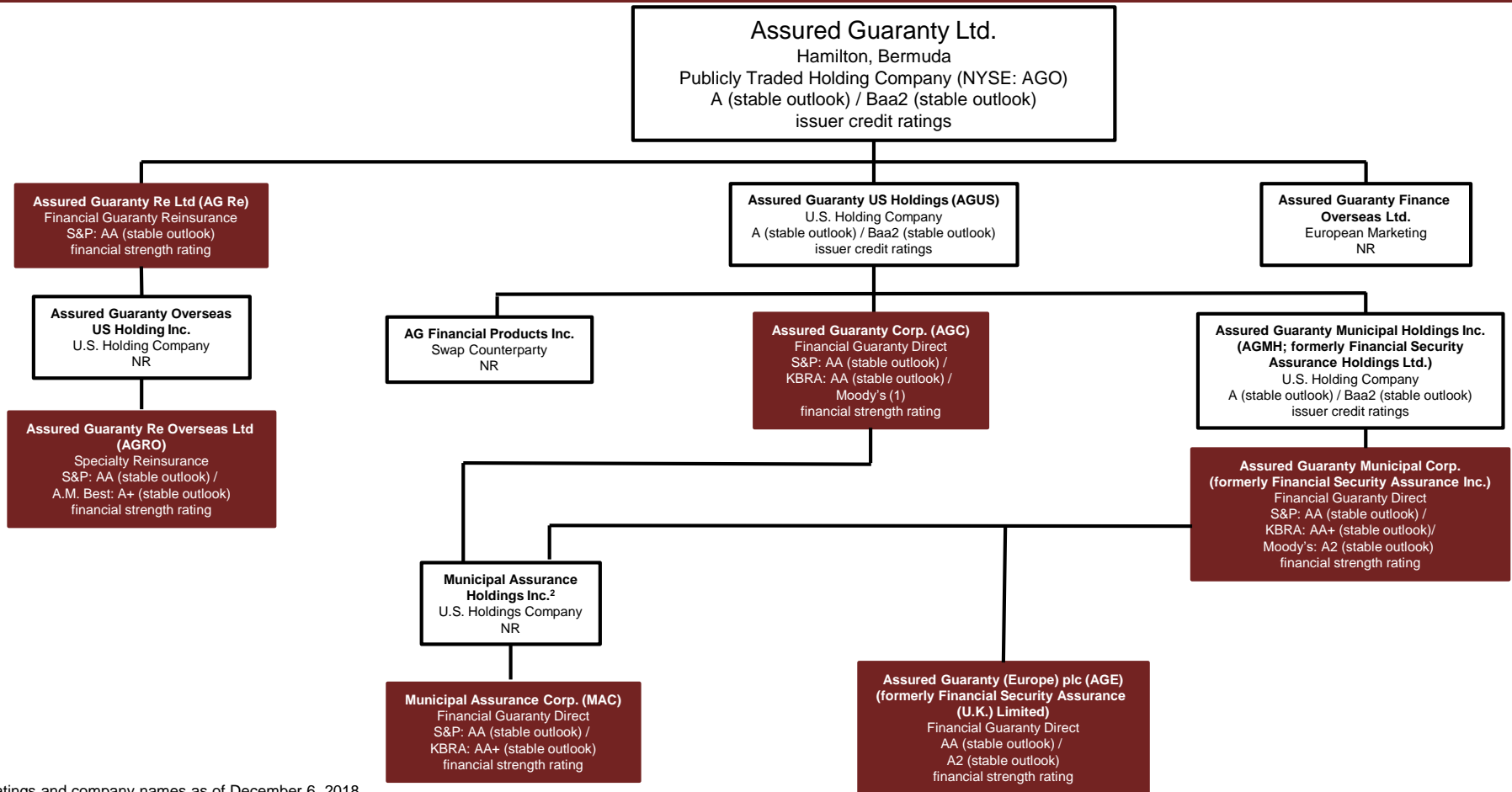


- **Underwriting principles and a strong risk management culture designed to protect our franchise**
- **Experienced and disciplined management**
- **Commitment to disclosure and transparency**
- **Our guaranty benefits investors and issuers because we provide credit selection, underwriting, surveillance and remediation, in addition to timely payment of scheduled principal and interest if an underlying transaction defaults**
  - Bond insurance helps homogenize the market's view of insured credits, which typically increases market liquidity; the municipal market trades an average of more than \$2 billion weekly in bonds insured by Assured Guaranty companies
  - Credit enhancement provides protection in an uncertain credit environment

- **Generate current and future revenue through new business production**
- **Manage capital efficiently**
- **Execute alternative strategies to create value, including acquisitions, investments and commutations**
- **Mitigate losses**



# Assured Guaranty Ltd. Corporate Structure



Ratings and company names as of December 6, 2018.  
S&P / Moody's (unless otherwise specified)

NR = Not rated

1. Assured Guaranty requested in January 2017 that Moody's drop its rating of AGC; Moody's declined, and continues to rate AGC.
2. 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.

# Four Discrete Operating Companies with Separate Capital Bases



## Consolidated Statutory-Basis Claims-Paying Resources and Exposures

(\$ in millions)	As of September 30, 2018					
	AGM	AGC	MAC	AG Re <sup>8</sup>	Eliminations <sup>3</sup>	Consolidated
<b>Claims-paying resources</b>						
Policyholders' surplus	\$2,203	\$1,806	\$269	\$967	(\$319)	\$4,926
Contingency reserve <sup>1</sup>	1,187	655	240	-	(240)	1,842
<b>Qualified statutory capital</b>	<b>3,390</b>	<b>2,461</b>	<b>509</b>	<b>967</b>	<b>(559)</b>	<b>6,768</b>
UPR and net deferred ceding commission income <sup>1</sup>	1,863	504	207	698	(316)	2,956
Loss and loss adjustment expense reserves <sup>1</sup>	544	224	0	262	0	1,030
<b>Total policyholders' surplus and reserves</b>	<b>5,797</b>	<b>3,189</b>	<b>716</b>	<b>1,927</b>	<b>(875)</b>	<b>10,754</b>
Present value of installment premium <sup>1</sup>	173	143	(1)	139	1	455
Committed Capital Securities	200	200	-	-	-	400
Excess of loss reinsurance facility <sup>2</sup>	180	180	180	-	(360)	180
<b>Total claims-paying resources</b>						
<b>(including MAC adjustment for AGM and AGC)</b>	<b>\$6,350</b>	<b>\$3,712</b>	<b>\$895</b>	<b>\$2,066</b>	<b>(\$1,234)</b>	<b>\$11,789</b>
Adjustment for MAC <sup>4</sup>	434	281	-	-	(715)	-
<b>Total claims-paying resources</b>						
<b>(excluding MAC adjustment for AGM and AGC)</b>	<b>\$5,916</b>	<b>\$3,431</b>	<b>\$895</b>	<b>\$2,066</b>	<b>(\$519)</b>	<b>\$11,789</b>
Statutory net par outstanding <sup>5</sup>	\$114,974	\$27,757	\$24,881	\$65,662	(\$333)	\$232,941
Equity method adjustment <sup>4</sup>	15,103	9,778	-	-	(24,881)	-
Adjusted statutory net par outstanding <sup>1</sup>	\$130,077	\$37,535	\$24,881	\$65,662	(\$25,214)	\$232,941
Net debt service outstanding <sup>5</sup>	\$182,480	\$42,079	\$36,708	\$102,683	(\$460)	\$363,490
Equity method adjustment <sup>4</sup>	22,282	14,426	-	-	(36,708)	-
Adjusted net debt service outstanding <sup>1</sup>	\$204,762	\$56,505	\$36,708	\$102,683	(\$37,168)	\$363,490
<b>Ratios:</b>						
Adjusted net par outstanding to qualified statutory capital	38:1	15:1	49:1	68:1		34:1
Capital ratio <sup>6</sup>	60:1	23:1	72:1	106:1		54:1
Financial resources ratio <sup>7</sup>	32:1	15:1	41:1	50:1		31:1
Admitted Assets (statutory basis)	\$5,348	\$3,086	\$800			
Total Liabilities (statutory basis)	3,145	1,280	531			
Contingency Reserves (statutory basis)	1,042	561	240			
Surplus to Policyholders (statutory basis)	2,203	1,806	269			

- The numbers shown for Assured Guaranty Municipal Corp. (AGM) and Assured Guaranty Corp. (AGC) have been adjusted to include, as applicable, (i) their 100% share of their respective European 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. Beginning in second quarter 2018, the Company incorporates deferred ceding commission income in claims-paying resources.
- 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.
- Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages, and (iii) eliminations related to the sale of European Subsidiaries from AGC to AGM. 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.
- Represents adjustments for AGM's and AGC's interest and indirect ownership of MAC.
- Net par outstanding and net debt service outstanding are presented on a statutory basis.
- The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
- 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).
- 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.

- **Assured Guaranty Municipal<sup>1</sup>, MAC, AGC and AGE operate as four separate direct financial guaranty platforms, with AG Re operating as a reinsurer**
  - Assured Guaranty Municipal<sup>1</sup> focuses exclusively on public finance and global infrastructure finance
  - MAC insures only U.S. municipal bonds, primarily small and medium-size issues in select categories, such as G.O. and tax-backed bonds and public electric, water, sewer and transportation revenue bonds – a subset of Assured Guaranty Municipal’s<sup>1</sup> focus
  - AGC, as the most diversified platform, insures the same categories as Assured Guaranty Municipal<sup>1</sup>, as well as selected sectors within the U.S. and international structured finance market
  - AG Re, as a reinsurer, provides additional capital and flexibility to Assured Guaranty Municipal<sup>1</sup> and AGC; its subsidiary AGRO is a specialty reinsurance company that provides financial guaranty and certain non-financial guaranty reinsurance
  - AGE serves the European market
- **AGM<sup>1</sup>, MAC, AGC and AG Re share Assured Guaranty’s experience, culture of prudent risk management and business infrastructure**
- **Assured Guaranty’s financial position and market standing, along with the franchise value of Assured Guaranty Municipal<sup>1</sup>, AGE, MAC, AGC and AG Re are strengthened through this structure**
  - Greater capacity to write business
  - More flexibility in balancing portfolio exposures
  - Enhanced operating efficiencies through common infrastructure

1. Please see page 3 for a definition of this convention.

# Assured Guaranty

## Principal Operating Platforms (Continued)



- **Companies distinct for legal and regulatory purposes**
  - Separate capital bases – claims-paying resources<sup>3</sup> as of September 30, 2018 – AGM<sup>1</sup> \$5.9 billion, MAC \$0.9 billion, AGC \$3.4 billion, AG Re \$2.1 billion
  - Separate insurance licenses
  - Separate regulators – Assured Guaranty Municipal<sup>1</sup> and MAC are domiciled in New York; AGC is domiciled in Maryland ; AGE is domiciled in the United Kingdom; AG Re is domiciled in Bermuda
  - Dividend restrictions – New York, Maryland, the United Kingdom and Bermuda insurance law restrictions apply
- **Under GAAP, Assured Guaranty Municipal Corp. is required to consolidate several entities, including MAC, when reporting financial data**
  - Because of the legal and regulatory distinction between Assured Guaranty Municipal Corp. and its consolidated entities, it can be useful to look at Assured Guaranty Municipal Corp. not only on a consolidated basis but also after excluding one or more of its consolidated entities
  - Please see page 3 for a list of conventions used to indicate which consolidated entities are included when we refer to “AGM Consolidated,” “AGM” or “Assured Guaranty Municipal”

1. Please see page 3 for a definition of this convention.

2. Includes GICs (see the footnote on page 37).

3. Please see page 9 for additional details about the components of claims-paying resources as well as other statutory financial information.

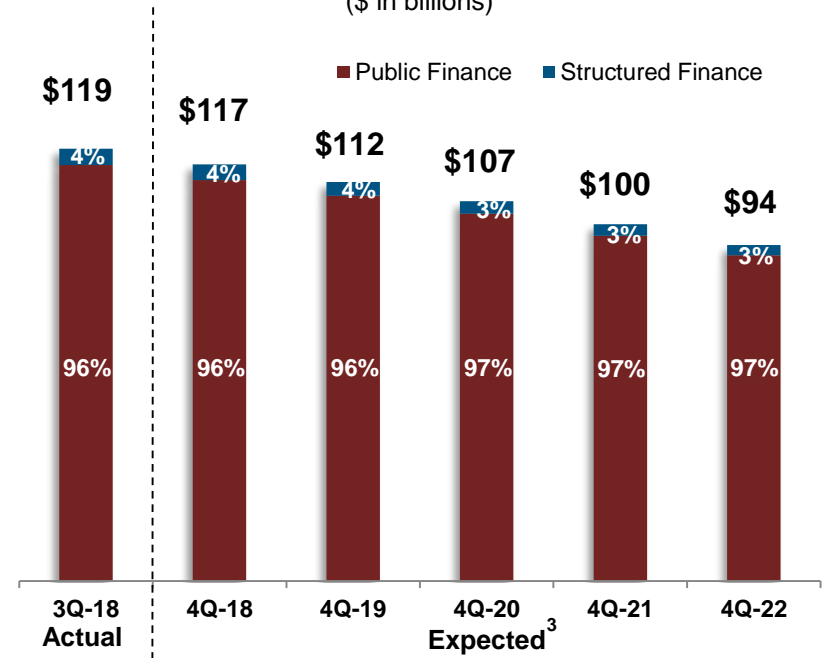
# Assured Guaranty Municipal's<sup>1</sup> Commitment to the Public Finance Market



- **Assured Guaranty Municipal<sup>1</sup> is committed to insuring only U.S. public finance and global infrastructure transactions now and in the future<sup>2</sup>**
- **Assured Guaranty Municipal's<sup>1</sup> legacy global structured finance insured portfolio (\$5 billion as of September 30, 2018) represents only 4% of its net par outstanding.**
  - The share of Assured Guaranty Municipal<sup>1</sup> net insured portfolio represented by its legacy structured finance portfolio is expected to continue to shrink as it is projected to amortize slightly more rapidly than the public finance portfolio

## AGM<sup>1</sup> Insured Portfolio Amortization<sup>3</sup>

Current and Projected Year-End Net Par Outstanding  
As of September 30, 2018  
(\$ in billions)



1. Please see page 3 for a definition of this convention.

2. Assured Guaranty Municipal<sup>1</sup> stopped writing structured finance transactions in August 2008.

3. Represents the future expected amortization of current net par outstanding as of September 30, 2018. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (a) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of U.S. public finance refundings), and (b) 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 from expectations in the same direction or one portfolio may amortize more quickly while the other may amortize more slowly.

- **MAC was launched in July of 2013 as a municipal-only bond insurer having positive attributes it takes most start-up companies years to establish.**

**As of September 30, 2018, Municipal Assurance Corp. (MAC) has:**

- \$895 million in claims-paying resources, consisting of \$509 million in statutory capital, \$207 million in unearned premium reserves<sup>1</sup> (UPR), and \$180 million in excess-of-loss reinsurance<sup>2</sup>;
- A \$30 billion insured U.S. municipal-only portfolio that is geographically diversified;
- A \$796 million investment portfolio;
- Strong financial strength ratings: AA+ (stable outlook) from Kroll Bond Rating Agency (KBRA) and AA (stable outlook) from S&P;
- Conservative and well-defined underwriting standards; and
- A high level of transparency, including quarterly financial supplements and the publication of Credit Summaries for primary-market insured transactions.

1. Statutory basis.

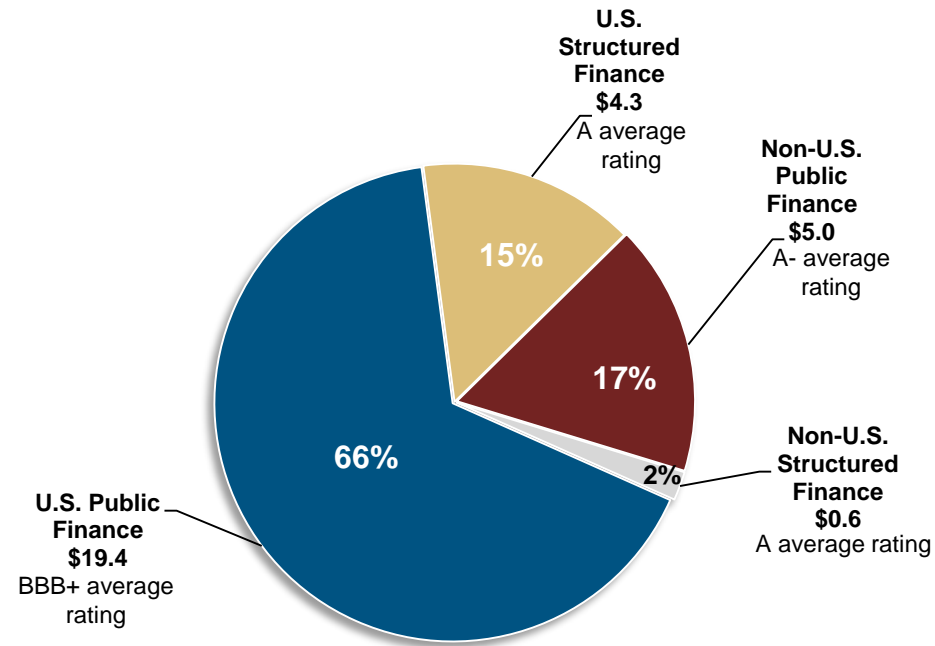
2. Represents the \$180 million portion placed with an unaffiliated reinsurer of a \$400 million aggregate excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2018. The facility terminates on January 1, 2020, unless AGC, AGM and MAC choose to extend it. Please see page 9 for additional details about the components of claims-paying resources as well as other statutory financial information.

# AGC is Our Most Diversified Platform

- **AGC, a diversified insurer, may write all classes of financial guaranty business, including structured finance, U.S. public finance and global infrastructure**
- **Structured finance eligible for new business originations:**
  - Traditional ABS (e.g., auto loans and leases, credit card receivables, consumer loans, equipment loans and leases, trade receivables)
  - Capital management solutions for financial institutions
  - Actively managed risk tolerance
  - Investment grade underlying credit quality

## Net Par Outstanding

As of September 30, 2018  
(\$ in billions)



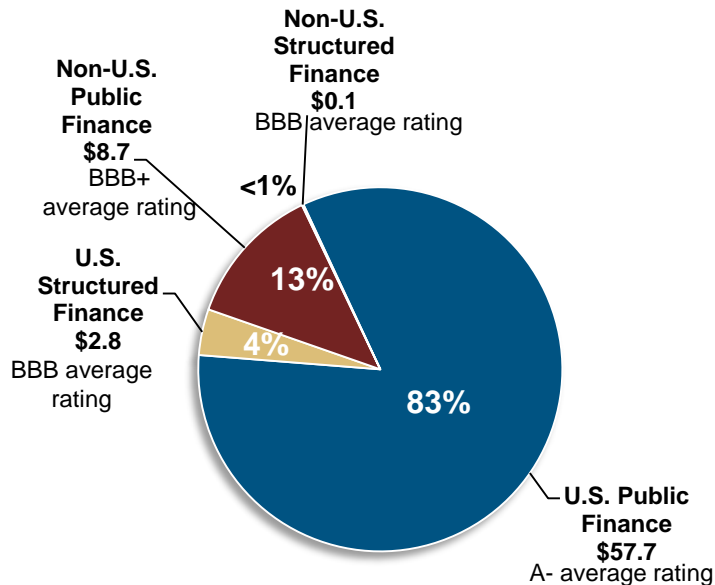
**\$29.3 billion, BBB+ average rating**

- **AG Re is an insurance company primarily engaged in providing reinsurance to financial guarantors**

- Rated AA (stable outlook) by S&P
- Licensed as a Class 3B Insurer in Bermuda
- Provides financial guaranty reinsurance for Assured Guaranty Municipal<sup>1</sup> and AGC

## AG Re Net Par Outstanding

As of September 30, 2018 (\$ in billions)



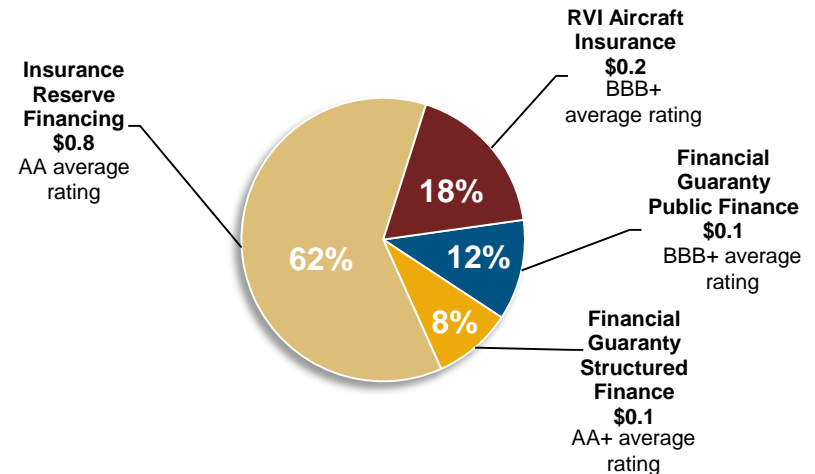
**\$69.3 billion, A- average rating**

- **AG Re's subsidiary AGRO is a specialty reinsurance company**

- Rated AA (stable outlook) by S&P and A+ (stable outlook) by A.M. Best
- Licensed as a Class 3A Insurer and Class C Long-Term Insurer in Bermuda
- Provides non-financial guaranty reinsurance, including aircraft residual value insurance and life financial reinsurance programs
- Also has a financial guaranty reinsurance portfolio

## AGRO Outstanding Net Exposure<sup>2</sup>

As of September 30, 2018 (\$ in billions)



**\$1.2 billion, AA- average rating**

1. Please see page 3 for a definition of this convention.

2. Includes non-financial guaranty reinsurance not included in the net par of the other operating companies.



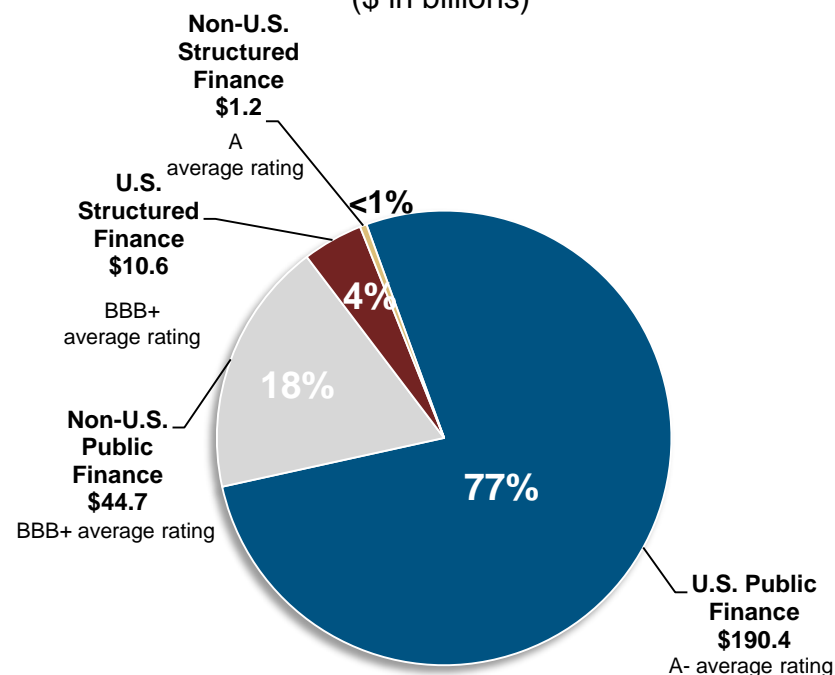
- **Our U.S. public finance portfolio, our largest exposure category, generally performed well during the recession and in subsequent years, despite persistent financial pressures on municipal obligors**

- Our portfolio is well-diversified with approximately 7,100 direct U.S. public finance obligors. We expect future losses to be paid, net of recoveries, on ten exposures.<sup>2</sup>
- We have proactively managed those exposures that have experienced credit deterioration and payment default, like Detroit, Harrisburg and Stockton, with relatively small expected losses.
- Our Puerto Rico exposure<sup>3</sup> represents our largest below investment grade U.S. public finance exposure.

- **Neither AGM<sup>1</sup> nor AGC underwrote collateralized debt obligations (CDOs) backed by RMBS, which has protected us from losses on the scale experienced by our former competitors**

## Consolidated Net Par Outstanding

As of September 30, 2018  
(\$ in billions)



**\$246.9 billion, A- average rating<sup>4</sup>**

1. Please see page 3 for a definition of this convention.

2. Includes exposure to Puerto Rico.

3. See pages 33-35 for a more detailed analysis of the Company's Puerto Rico exposure.

4. Excludes non-financial guaranty net exposure of \$1 billion

# Creating Value

## New Business Production (Par Insured) Penetration in the U.S. Public Finance Market (excluding SGI portfolio)



- **We are focused on building demand for our guaranties, both in the primary and the secondary markets for U.S. public finance**

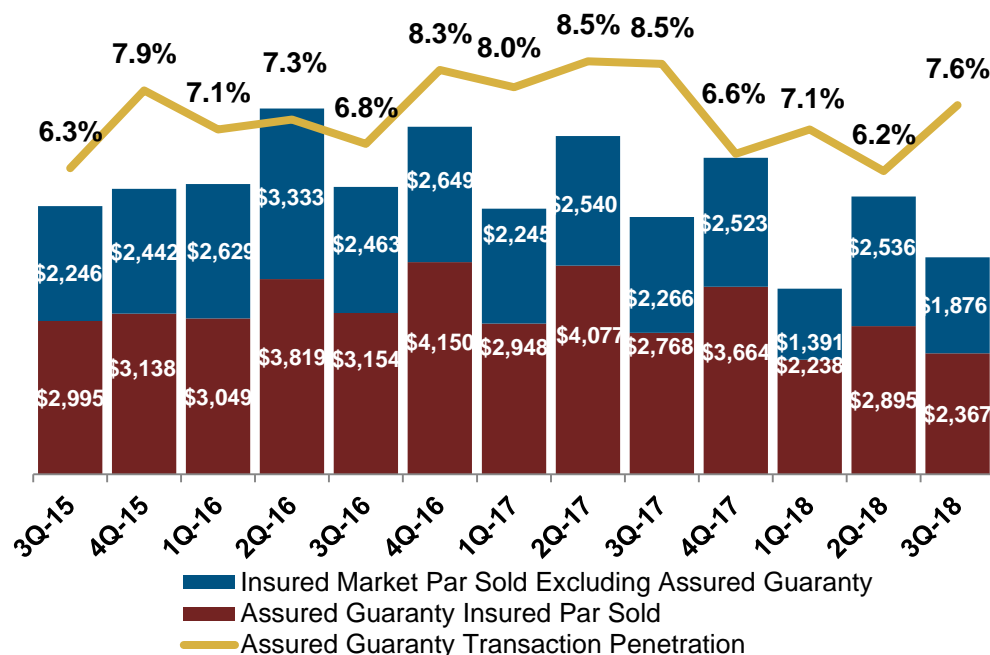
- Primary market policies sold during 3Q 2018 totaled 160 or \$2.4 billion
- Secondary market policies sold during 3Q 2018 totaled 55 or \$181.6 million

- **Insured volume decreased by 17% in 3Q 2018 relative to 2Q 2018, in line with the overall market.**

- Insured penetration was 5.1% in 3Q 2018 – down from 2Q 2018
- Industry par penetration for all transactions with underlying A ratings was 14.0% in 3Q 2018
- Industry penetration based on the number of transactions with underlying A ratings was 52.7% as more than half of all A rated transactions utilized insurance.

- **The SGI transaction created \$185 million of U.S. public finance PVP on \$7.6 billion of gross written par in 2Q 2018**

**New Issue U.S. Public Finance  
Insured Par Sold and Transaction Penetration<sup>1,2</sup>**  
(\$ in millions)



Total U.S. Public Finance New Issuance	3Q-15	4Q-15	1Q-16	2Q-16	3Q-16	4Q-16	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18	2Q-18	3Q-18
Par Issued (\$ in billions)	\$86.0	\$76.4	\$96.5	\$119.4	\$108.4	\$100.2	\$86.6	\$100.7	\$84.4	\$137.5	\$61.8	\$94.1	\$83.1
Transactions Issued	2,665	2,558	2,787	3,635	3,048	2,775	2,271	3,013	2,307	3,007	1,674	2,627	2,093

1. Source: SDC database. As of September 30, 2018. Transaction penetration shown is Assured Guaranty's transaction count as a percentage of all transactions issued.

# Broadening Market Awareness Advertising Campaigns



**You don't prove your stability by weathering a few storms. But by weathering decades.**

Every bond has consist to guarant claims-pay Insurance G  
 • Approxim  
 • \$3.6 billion  
 • \$400 mill  
 • Over \$2 bi  
 Learn more

**A municipal bond can never be too liquid. And an insurer can never be too solid.**

- Assured Guaranty is everything a municipal bond insurer should be.
- Trades in municipal bonds we insure average more than \$2 billion per week.
  - Claims-paying resources total approximately \$12 billion\* across the Assured Guaranty group.
  - More than \$3.6 billion in group net unearned premium reserves.
  - Municipal issuers achieve significant cost reductions when they issue bonds with our guaranty.
  - Stronger, safer investments from the proven leader in municipal bond insurance.

Learn more at [AssuredGuaranty.com](http://AssuredGuaranty.com).

\*Aggregate data for operating subsidiaries within the Assured Guaranty Ltd. (NYSE:AGI) group. Claims on each insurer's guaranties are paid from that insurer's separate claims-paying resources. Details in the latest Assured Guaranty Ltd. Financial Supplement at [assuredguaranty.com](http://assuredguaranty.com).

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A STRONGER BOND

AGO LISTED NYSE ASSURED GUARANTY MUNICIPAL CORP. - MUNICIPAL ASSURANCE CORP. - ASSURED GUARANTY CORP.



**Just because a muni isn't insured doesn't mean it can't be.**



A STRONGER BOND

# Market Update

## Select Assured Guaranty Transactions in 2018



<p><b>\$524,915,000</b></p> <p>Series A&amp;B</p> <p><b>ProMedica Healthcare</b> Toledo Hospital/Lucas Co OH</p> <p>October 2018</p>	<p><b>\$418,660,000</b></p> <p>Tobacco Master Settlement Payment Rev Bonds</p> <p><b>Commonwealth Financing Auth, PA</b></p> <p>February 2018</p>	<p><b>\$311,985,000</b></p> <p>Unltd Tax General Obligation Refunding Bonds, 2018A</p> <p><b>Board of Education of Chicago, IL</b></p> <p>May 2018</p>	<p><b>\$311,530,000</b></p> <p>Tax Increment Rev Ref Bonds Ser A &amp; Sub Ser B</p> <p><b>Detroit (Arena) Downtown Devl Auth</b></p> <p>November 2018</p>	<p><b>\$301,185,000</b></p> <p>Revenue Bonds, 2018B</p> <p>Dorm Auth of the State of NY <b>Montefiore Obligated Group</b></p> <p>January 2018</p>	<p><b>\$266,080,000</b></p> <p>Senior Lien Special Tax Revenue Bonds, Series A</p> <p><b>Arlington City, TX</b></p> <p>March 2018</p>
<p><b>\$241,080,000</b></p> <p>General Obligation Bonds, First Series of 2018</p> <p><b>Commonwealth of Pennsylvania</b></p> <p>May 2018</p>	<p><b>\$218,990,000</b></p> <p>Senior Lien Revenue Refunding Bonds Ser 2018</p> <p><b>NC Turnpike Auth Triangle Expressway</b></p> <p>November 2018</p>	<p><b>\$190,685,000</b></p> <p>Limited Obligation Revenue Bonds, Series 2018</p> <p><b>MI Strategic Fund (I-75 Project)</b></p> <p>November 2018</p>	<p><b>\$162,140,000</b></p> <p>Auxiliary Facilities System Rev Bonds, Series A&amp;B</p> <p><b>University of Illinois</b></p> <p>October 2018</p>	<p><b>\$152,000,000</b></p> <p>Rev Refunding and Imprv Bonds, Taxable Series 2018</p> <p><b>Atlanta &amp; Fulton Ctys Recreation Auth, GA</b></p> <p>January 2018</p>	<p><b>\$135,000,000</b></p> <p>Health System Rev Bonds, Tax-Exempt Series B &amp; C</p> <p><b>OU Medicine OK Devl Fin Auth</b></p> <p>April 2018</p>
<p><b>\$112,000,055</b></p> <p>Tax Allocation Ref Bonds, Ser A and B</p> <p><b>Hesperia Community Redevel Agcy, CA</b></p> <p>September 2018</p>	<p><b>\$109,035,000</b></p> <p>Parking Facilities, Ser A&amp;B</p> <p><b>New Orleans Aviation Board, LA</b></p> <p>October 2018</p>	<p><b>\$102,060,000</b></p> <p>Sr Lien Rev Bonds, Series A</p> <p><b>CA Muni Fin Auth LAX LINXS Auto People Mover (APM)</b></p> <p>June 2018</p>	<p><b>\$90,840,000</b></p> <p>General Improvement Bonds, Series A</p> <p><b>Nassau County, NY</b></p> <p>May 2018</p>	<p><b>\$85,885,000</b></p> <p>1<sup>st</sup> and 2<sup>nd</sup> Liens, Sales Tax Rev Ref Bonds</p> <p><b>City of Reno, NV ReTRAC-RENO Trans Rail Access Cor Proj</b></p> <p>June 2018</p>	<p><b>\$71,530,000</b></p> <p>New Hope Cultural Edu Facs Capital Improv Rev, Ser A-1&amp;2</p> <p><b>Texas Woman's Univ Housing Proj</b></p> <p>March 2018</p>

Source: SDC database. Sales from January 1 through October 31, 2018. Amounts are on a sale-date basis and reflect only those series insured by AGM or MAC.

# Creating Value

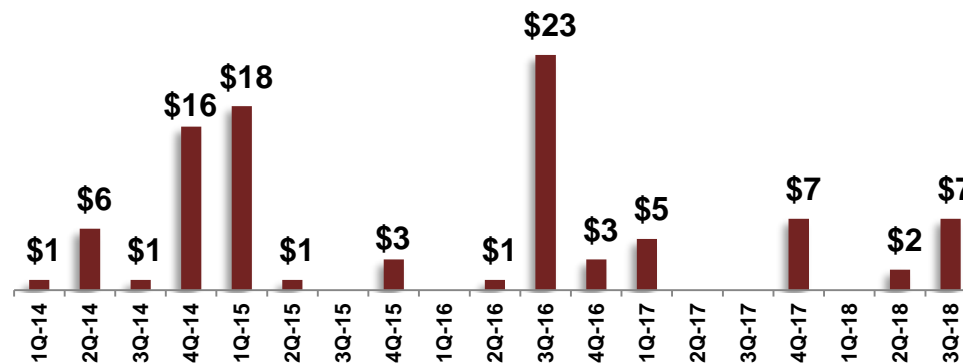
## New Business Production

### U.S. Structured Finance Business Activity

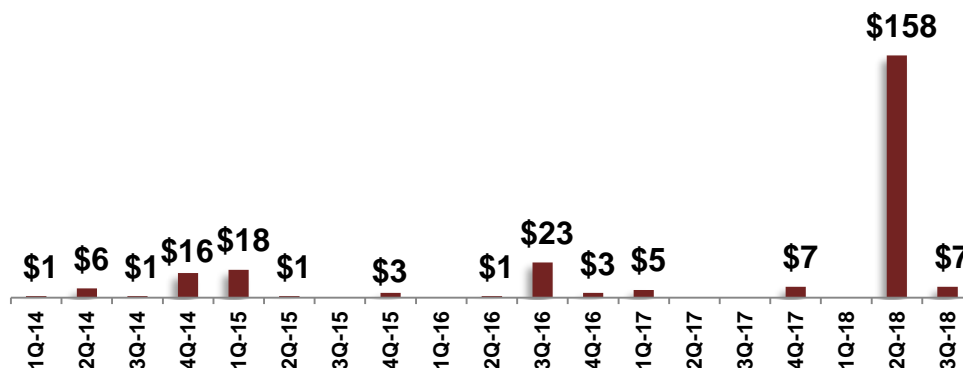


- During 3Q-18 we continued to execute transactions in aviation and commercial real estate markets, and guaranteed a collateralized loan obligation (CLO) for the first time since 2008
- Focus has been on bilateral transactions to improve policy beneficiaries' capital management efficiency
- New structured 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 may increase in the future as interest rates rise, more issuers return to the capital markets for financings and institutional investors again utilize financial guarantees

**U.S. Structured PVP<sup>1</sup>**  
(excluding SGI reinsurance portfolio)<sup>2</sup>  
(\$ in millions)



**U.S. Structured PVP<sup>1</sup>**  
(including SGI reinsurance portfolio)<sup>2</sup>  
(\$ 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

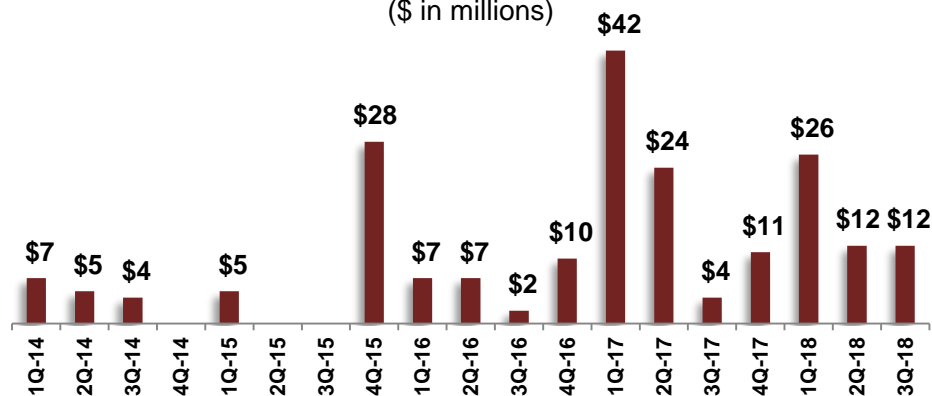
## New Business Production

### Non-U.S. Business Activity

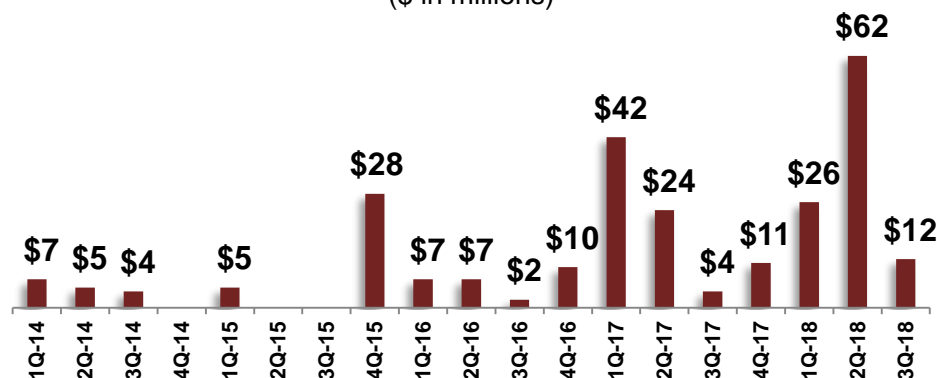


- During 3Q-18 we closed three new transactions: a guarantee of accommodation project for Durham University; a restructuring of an existing guarantee with a bank; and the Company's first post-financial crisis transaction in Australia, a guarantee of a bond issue for the Port of Brisbane
- Excluding the assumed business from SGI, during 2Q-18 we closed United Kingdom regulated utility transactions in the secondary market as well as insurance of aircraft RVI policies
- During 1Q-18, we closed United Kingdom public-private-partnership and utility transactions in both the primary and secondary market
- We are optimistic about the pipeline of infrastructure transactions. However, 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<sup>1</sup>**  
(excluding SGI reinsurance portfolio)<sup>2</sup>  
(\$ in millions)



**Non-U.S. PVP<sup>1</sup>**  
(including SGI reinsurance portfolio)<sup>2</sup>  
(\$ 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

- **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

- **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

- **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

- **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

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

- **In February 2018, the Company acquired a minority interest in Rubicon Infrastructure Advisors**
  - Rubicon is a full-service investment banking firm active in the global infrastructure sector, that has advised on over 70 merger and acquisition and capital raising assignments worth in excess of \$30 billion since 2013.
  - Rubicon operates on a global basis and has advised on transactions in Europe, the U.K., North America and Latin America providing investors, operating managers and construction companies with independent advice
- **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 \$8 billion under management
  - Capitalizes on core competencies of both companies, such as municipal credit analysis and strong industry relationships
- **In February 2017, the Company came to an agreement on its first major investment**
  - The Company will purchase up to \$100 million of limited partnership interests in a fund that invests in the equity of private equity managers
- **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 in line with its risk profile, including, among others, both controlling and non-controlling investments in investment managers
- **The Company continues to investigate additional opportunities**



- Reassumption of previously ceded business has increased the unearned premium reserve and non-GAAP adjusted book value<sup>1</sup>

### Commutations Since 2009

As of September 30, 2018

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
YTD 18	1.5	64	(16)
<b>Total</b>	<b>\$46.8</b>	<b>\$480</b>	<b>\$518</b>

### Ceded Par Outstanding by Reinsurer

As of September 30, 2018

(\$ in millions)	Net Par Outstanding
<b>American Overseas Re</b>	\$1,536
<b>Others</b>	\$927
<b>Total</b>	<b>\$2,463</b>

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

## Financial Strength Ratings

As of September 30, 2018

	S&P	Moody's	KBRA
<b>AGM</b>	AA stable outlook	A2 stable outlook	AA+ stable outlook
<b>MAC</b>	AA stable outlook	Not Rated	AA+ stable outlook
<b>AGC</b>	AA stable outlook	(1)	AA stable outlook

(1) Assured Guaranty requested in January 2017 that Moody's drop its rating of AGC; Moody's declined, and continues to rate AGC

- In June 2018, S&P affirmed the AA (stable outlook) financial strength ratings of AGM, MAC and AGC**

- S&P found the Assured Guaranty group's capital adequacy to be above their AAA requirement; although S&P did not disclose the size of the group's capital adequacy cushion (the amount of capital remaining after S&P's simulated AAA depression test), we estimate it to be more than \$2.8 billion at year-end 2017, \$1.3 billion higher than S&P reported for year-end 2013
- Importantly, S&P re-ran an analysis assuming each of Assured Guaranty's insured Puerto Rico obligations would default, and that Assured Guaranty would pay claims totaling 100% of that debt service over the next five years. S&P also looked at scenarios in which Assured Guaranty would pay claims totaling up to 45% of its total insured Puerto Rico debt service over the life of the transactions. S&P found that under any of these scenarios, the losses would not change Assured Guaranty's S&P capital adequacy score

- KBRA has affirmed all of its Assured Guaranty ratings in the past year: AGC at AA (stable outlook) in November 2018; MAC at AA+ (stable outlook) in July 2018; and AGM at AA+ (stable outlook) in January 2018**

- KBRA noted each Company's ability to withstand their conservative stress case loss assumptions, a mature and high-functioning operating platform and a strong management team

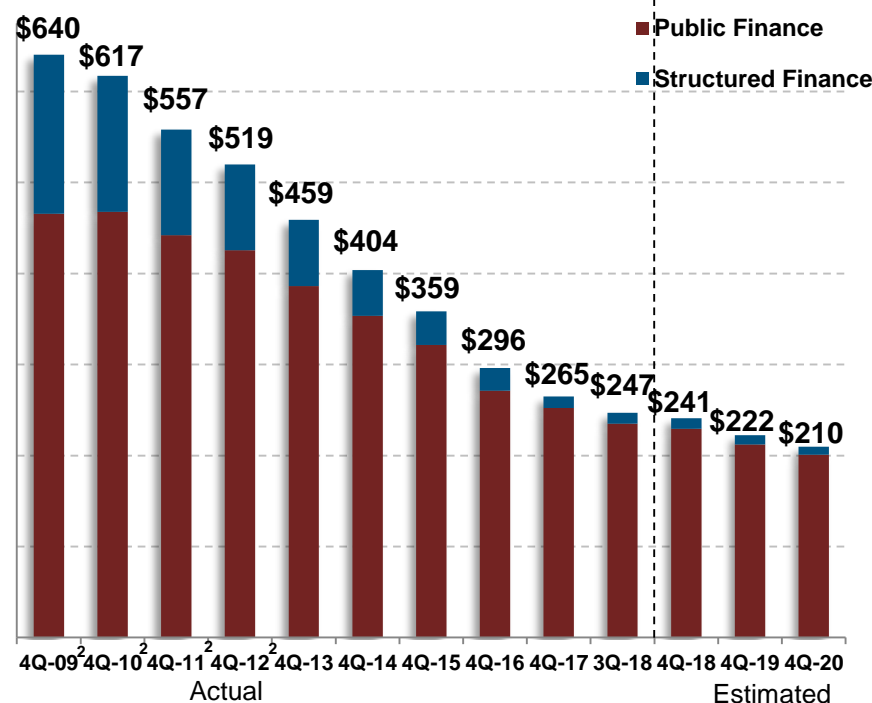
- In May 2018, Moody's affirmed the A2 (stable outlook) insurance financial strength rating on AGM**

# 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 \$235 billion of public finance and \$12 billion of structured finance
  - The existing portfolio will amortize by 10% by the end of 2019; 15% by the end of 2020; 26% by the end of 2022
- **New direct or assumed business originations, reassumptions and acquisitions will increase future premiums**

## Consolidated Net Par Outstanding Amortization<sup>1</sup>

As of September 30, 2018  
(\$ in billions)



1. Represents the future expected amortization of existing net par outstanding as of September 30, 2018. 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.

# Assured Guaranty Today

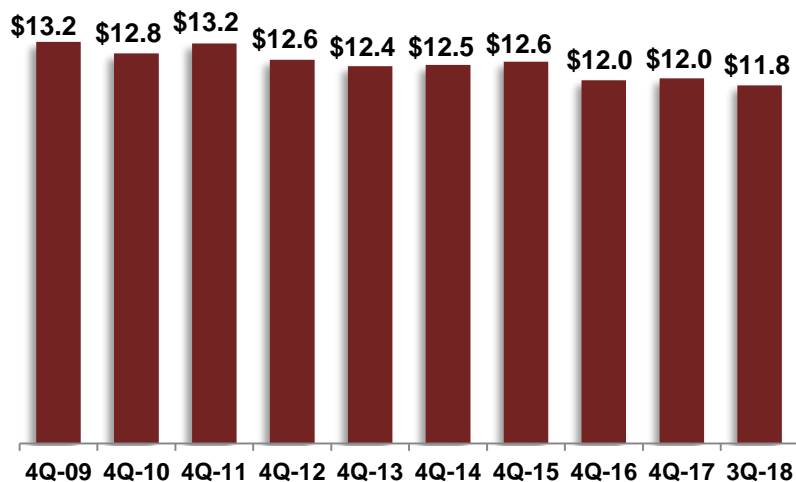
## Insured Portfolio and Capital Changes

### Since the Global Financial Crisis

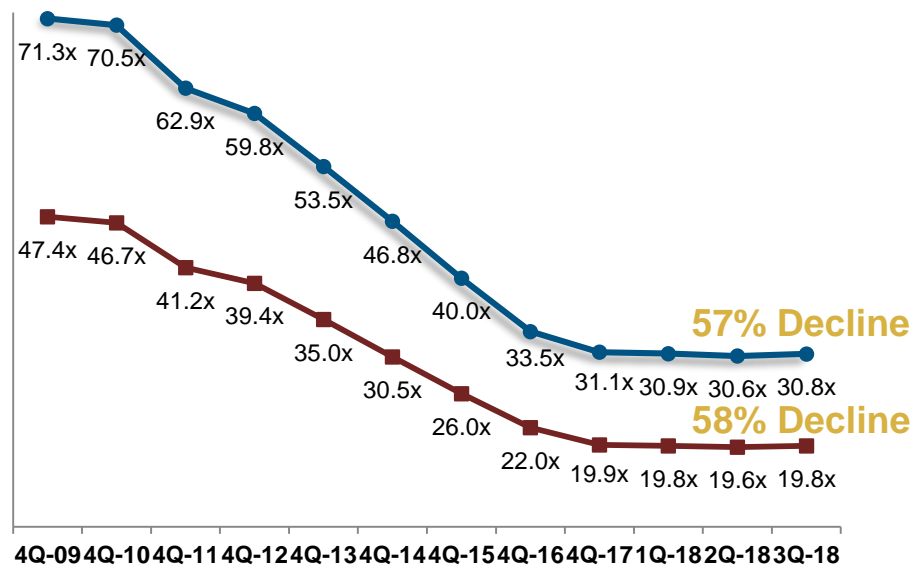


### Claims-Paying Resources

\$ in billions



### Insured Leverage



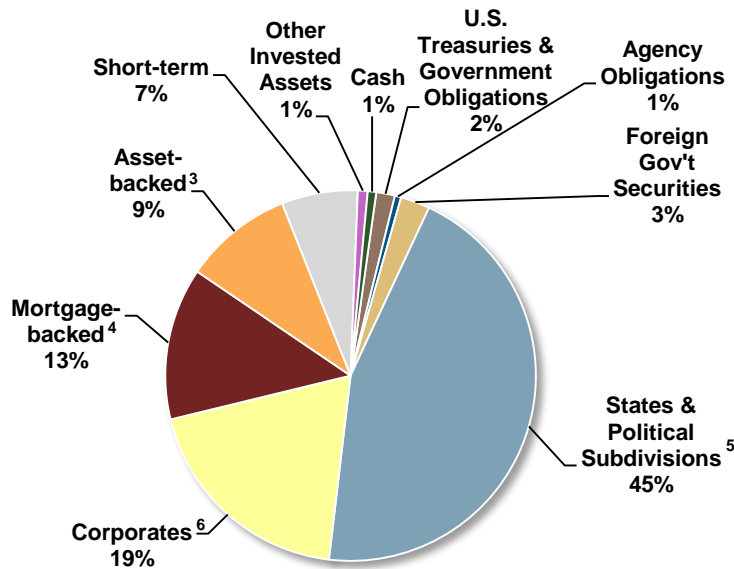
- Assured Guaranty's robust business model and successful surveillance, loss mitigation and acquisition strategies, along with our access to capital in debt and equity markets, enabled us to maintain a strong financial position during and since the Great Recession
- Since our acquisition of AGM in July 2009, group claims-paying resources declined modestly relative to the more than \$9 billion paid out in gross policyholder claims.
- Of those claims, approximately 80% were RMBS, 15% public finance and the rest other asset classes.

- Since our acquisition of AGM in July 2009, group insured leverage as a multiple of claims-paying resources has declined by more than 50%

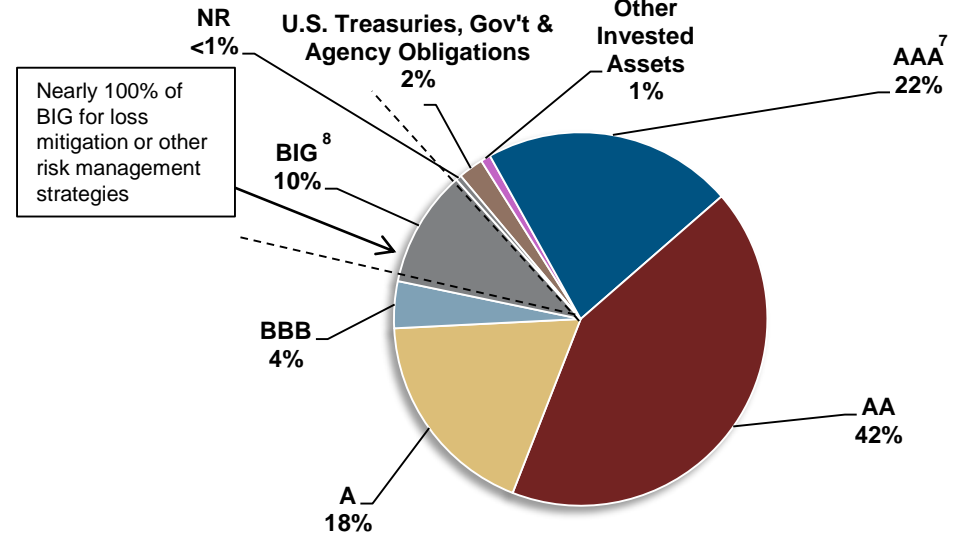
# AGL Consolidated Investment Portfolio Fair Value as of September 30, 2018



## Total Invested Assets and Cash<sup>1</sup> By Category



## Total Invested Assets and Cash<sup>1</sup> By Rating<sup>2</sup>



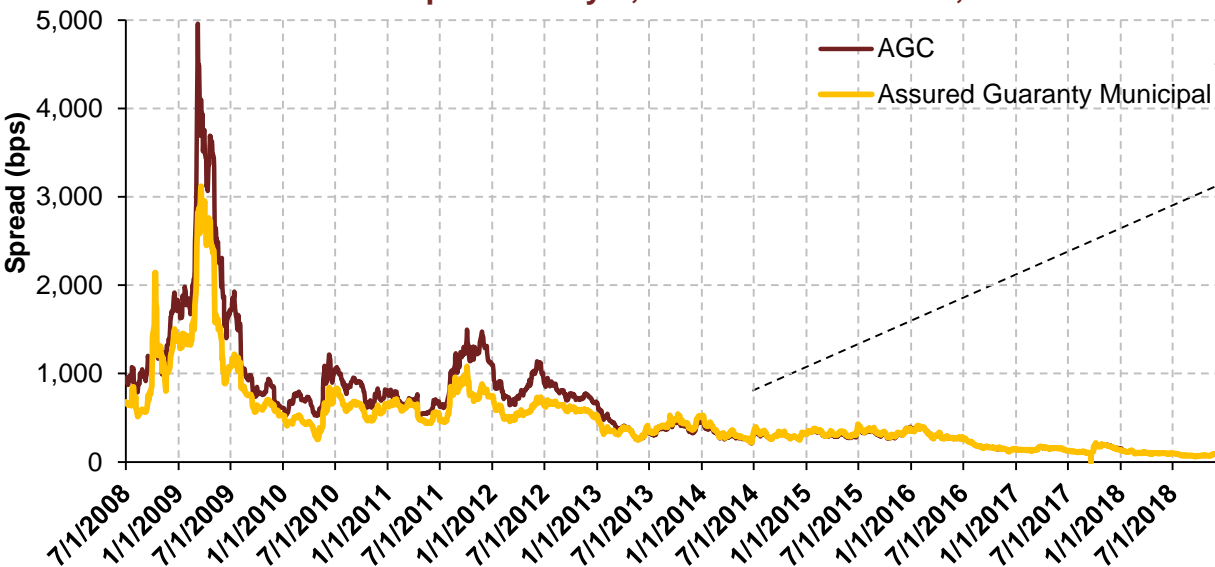
**Total = \$11.1 billion**

1. Includes fixed maturity securities, short-term investments, cash and Other Invested Assets.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$701 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of \$354 million and an average rating of AAA.
4. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$302 million and agency-backed securities with a fair value of \$698 million. The remaining securities have a fair value of \$476 million and an average rating of AAA.
5. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$99 million.
6. Included in the corporates category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$60 million.
7. Included in the AAA category are short-term securities and cash.
8. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$1,104 million.

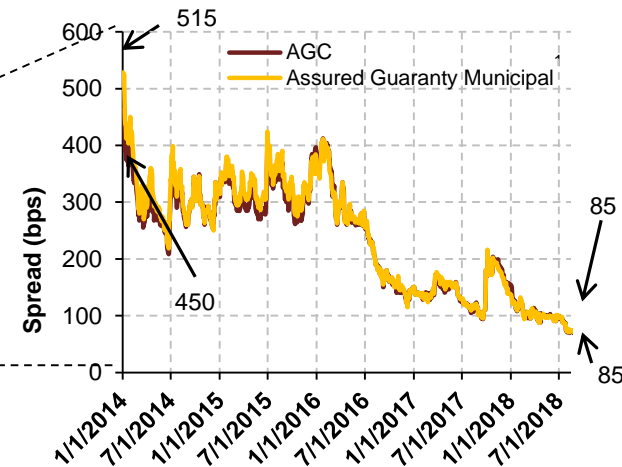
# Credit Default Swap Spreads

- Movements in credit default swap (CDS) levels for Assured Guaranty Municipal<sup>1</sup> and AGC continue to be significantly affected by technical factors such as supply/demand imbalance and light trading volume
- The deterioration in the asset-backed securities market's pricing through first quarter 2009 expanded demand for CDS protection on Assured Guaranty Municipal<sup>1</sup> and AGC by fixed income holders of Assured Guaranty Municipal<sup>1</sup> and AGC insured paper as they sought to hedge exposure, thereby exacerbating the supply/demand imbalance
- Assured Guaranty Municipal<sup>1</sup> and AGC's 5-year CDS bid prices peaked in mid-March 2009 at 3,120 bps and 4,961 bps, respectively
- 5-year CDS levels for Assured Guaranty Municipal<sup>1</sup> and AGC have rallied considerably since March 2009 as a result of the improvement in general market fundamentals, the market's positive reaction to the July 2009 AGMH acquisition, our successes in loss mitigation, the deleveraging of our insured portfolio, and our record of positive operating results
- On November 30, 2018, the 5-year CDS levels for Assured Guaranty Municipal<sup>1</sup> and AGC were at 3 and 2 percent, respectively, of their mid-March 2009 levels
- Between January 1, 2014 and November 30, 2018, CDS levels for Assured Guaranty Municipal<sup>1</sup> and AGC came in by 81 and 83 percent, respectively, from their highs during this period. As of November 30, Assured Guaranty Municipal's<sup>1</sup> and AGC's CDS were at approximately 85.

**CDS Spreads July 1, 2008 – November 30, 2018**



**CDS Spreads Jan 1, 2014 – Nov 30, 2018**



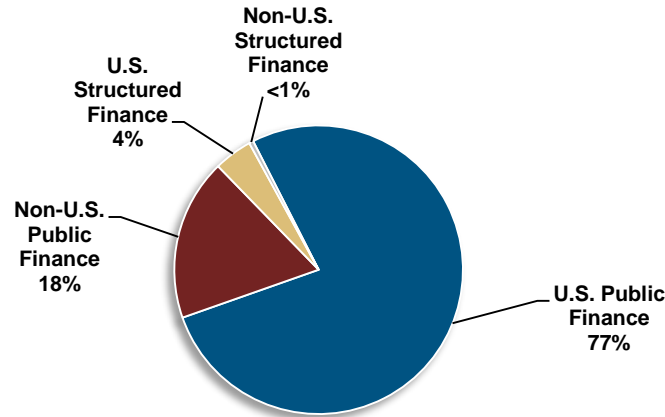
Source: CMA – Represents end-of-day bid price for 5-year protection, modified restructuring credit event spreads at New York close.

1. Please see page 3 for a definition of this convention.

Assured Guaranty Ltd. Consolidated  
Insured Portfolio Overview

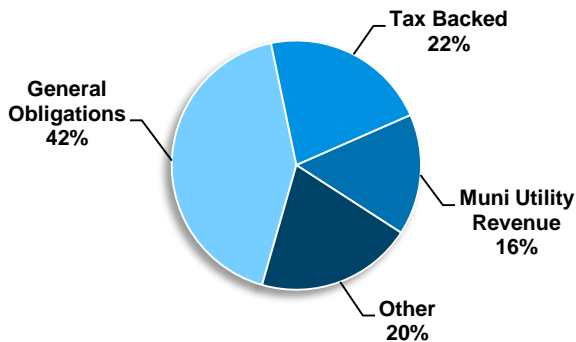


### Portfolio Diversification by Sector



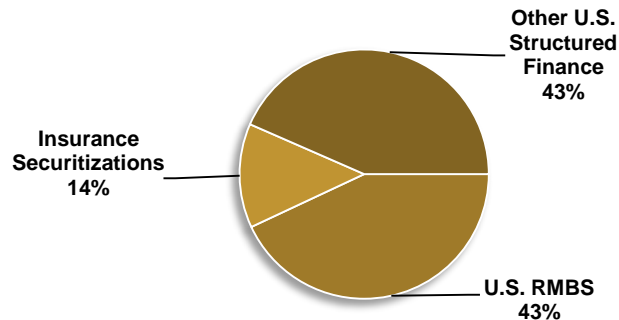
**\$246.9 billion<sup>1,2</sup>**

### U.S. Public Finance Portfolio



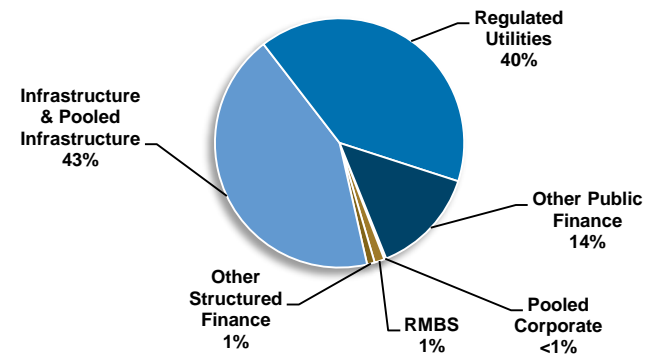
**\$190.4 billion<sup>2</sup>**

### U.S. Structured Finance Portfolio



**\$10.6 billion<sup>1,2</sup>**

### Non-U.S. Portfolios Public & Structured Finance



**\$45.9 billion<sup>2</sup>**

1. Includes GICs. Please see the footnote on page 37.

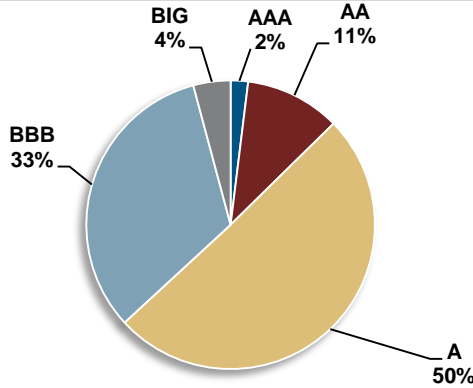
2. Consolidated amounts include those of AG Re except AG Re's non-financial guaranty net exposure of \$1 billion.



# AGL Consolidated Insured Portfolio Ratings Net Par Outstanding as of September 30, 2018

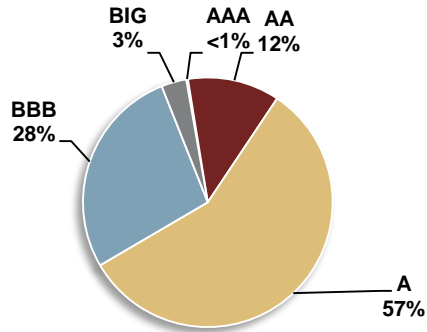


## Portfolio Diversification by Rating



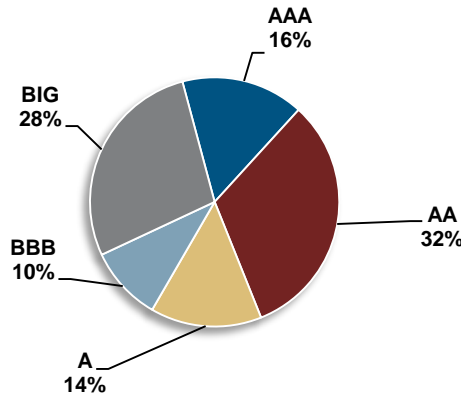
**\$246.9 billion<sup>1,2</sup>**

### U.S. Public Finance Portfolio



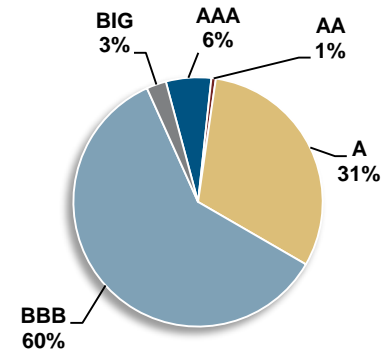
**\$190.4 billion<sup>2</sup>**

### U.S. Structured Finance Portfolio



**\$10.6 billion<sup>1,2</sup>**

### Non-U.S. Portfolios Public & Structured Finance



**\$45.9 billion<sup>2</sup>**

1. Includes GICs. Please see the footnote on page 37.

2. Consolidated amounts include those of AG Re except AG Re's non-financial guaranty net exposure of \$1 billion.

### Par Exposure to the Commonwealth and its Agencies<sup>1</sup> As of September 30, 2018

(\$ in millions)	Net Par Outstanding <sup>2</sup>	Gross Par Outstanding	
Commonwealth Constitutionally Guaranteed	Commonwealth of Puerto Rico - General Obligation Bonds <sup>3</sup>	\$1,341	\$1,385
	Puerto Rico Public Buildings Authority (PBA)	141	146
	<b>Subtotal</b>	<b>\$1,482</b>	<b>\$1,531</b>
Public Corporations – Certain Revenues Potentially Subject to Clawback	Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation Revenue Bonds) <sup>3</sup>	\$844	\$874
	Puerto Rico Highways and Transportation Authority (PRHTA) (Highways Revenue Bonds) <sup>3</sup>	475	536
	Puerto Rico Convention Center District Authority (PRCCDA)	152	152
	Puerto Rico Infrastructure Financing Agency (PRIFA)	16	16
	<b>Subtotal</b>	<b>\$1,487</b>	<b>\$1,578</b>
Other Public Corporations	Puerto Rico Electric Power Authority (PREPA) <sup>3</sup>	848	866
	Puerto Rico Aqueduct and Sewer Authority (PRASA) <sup>4</sup>	373	373
	Puerto Rico Municipal Finance Agency (MFA) <sup>4</sup>	303	349
	Puerto Rico Sales Tax Finance Corp. (COFINA) <sup>3</sup>	273	273
	University of Puerto Rico (U of PR) <sup>4</sup>	1	1
<b>Subtotal</b>	<b>\$1,798</b>	<b>\$1,862</b>	
<b>Total</b>	<b>\$4,767</b>	<b>\$4,971</b>	

1. The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated BIG.
2. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of \$23 million and a fully accreted net par at maturity of \$53 million. Of these amounts, current net par of \$21 million and fully accreted net par at maturity of \$50 million relate to COFINA, and current net par of \$2 million and fully accreted net par at maturity of \$3 million relate to the Commonwealth General Obligation Bonds.
3. As of the date of the Company's 2018 3<sup>rd</sup> 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.
4. As of the date of the Company's 2018 3<sup>rd</sup> 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<sup>1</sup>

As of September 30, 2018

(\$ in millions)	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028- 2032	2033- 2037	2038- 2042	2043- 2047	Total
Commonwealth – GO	\$0	\$0	\$0	\$87	\$-	\$141	\$15	\$37	\$14	\$73	\$68	\$34	\$90	\$215	\$567	\$-	\$-	\$1,341
PBA	-	-	-	3	-	5	13	0	6	0	7	11	40	16	40	-	-	141
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$90</b>	<b>\$-</b>	<b>\$146</b>	<b>\$28</b>	<b>\$37</b>	<b>\$20</b>	<b>\$73</b>	<b>\$75</b>	<b>\$45</b>	<b>\$130</b>	<b>\$231</b>	<b>\$607</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,482</b>
PRHTA																		
(Transportation Revenue)	\$-	\$-	\$-	\$32	\$-	\$25	\$18	\$28	\$34	\$4	\$29	\$24	\$29	\$157	\$279	\$185	\$-	844
PRHTA																		
(Highways Revenue)	-	-	-	21	-	22	35	6	32	33	34	1	-	112	179	-	-	475
PRCCDA	-	-	-	-	-	-	-	-	-	-	-	-	19	24	109	-	-	152
PRIFA	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	14	-	16
<b>Subtotal</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$53</b>	<b>\$-</b>	<b>\$47</b>	<b>\$53</b>	<b>\$34</b>	<b>\$68</b>	<b>\$37</b>	<b>\$63</b>	<b>\$25</b>	<b>\$48</b>	<b>\$293</b>	<b>\$567</b>	<b>\$199</b>	<b>\$-</b>	<b>\$1,487</b>
PREPA	\$-	\$-	\$-	\$26	\$-	\$48	\$28	\$28	\$95	\$93	\$68	\$106	\$105	\$238	\$13	\$-	\$-	\$848
PRASA	-	-	-	-	-	-	-	-	-	2	25	26	28	29	-	2	261	373
MFA	-	-	-	55	-	45	40	40	22	17	17	34	12	21	-	-	-	303
COFINA	0	0	0	0	0	(1)	(2)	(2)	1	0	(2)	(2)	(2)	(1)	30	252	2	273
U of PR	-	-	-	0	-	0	0	0	0	0	0	0	0	1	0	-	-	1
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81</b>	<b>\$0</b>	<b>\$92</b>	<b>\$66</b>	<b>\$66</b>	<b>\$118</b>	<b>\$112</b>	<b>\$108</b>	<b>\$164</b>	<b>\$143</b>	<b>\$288</b>	<b>\$43</b>	<b>\$254</b>	<b>\$263</b>	<b>\$1,798</b>
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$224</b>	<b>\$0</b>	<b>\$285</b>	<b>\$147</b>	<b>\$137</b>	<b>\$206</b>	<b>\$222</b>	<b>\$246</b>	<b>\$234</b>	<b>\$321</b>	<b>\$812</b>	<b>\$1,217</b>	<b>\$453</b>	<b>\$263</b>	<b>\$4,767</b>

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of \$23 million and a fully accreted net par at maturity of \$53 million. Of these amounts, current net par of \$21 million and fully accreted net par at maturity of \$50 million relate to COFINA, and current net par of \$2 million and fully accreted net par at maturity of \$3 million relate to the Commonwealth General Obligation Bonds.

### Scheduled Net Debt Service Amortization of Exposure to the Commonwealth and its Agencies<sup>1</sup>

As of September 30, 2018

(\$ in millions)	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028- 2032	2033- 2037	2038- 2042	2043- 2047	Total
Commonwealth – GO	\$0	\$35	\$0	\$121	\$-	\$206	\$74	\$94	\$71	\$128	\$119	\$82	\$136	\$396	\$649	\$-	\$-	<b>\$2,111</b>
PBA	-	3	-	7	-	12	20	6	13	6	12	17	44	31	45	-	-	<b>216</b>
<b>Subtotal</b>	<b>\$0</b>	<b>\$38</b>	<b>\$0</b>	<b>\$128</b>	<b>\$-</b>	<b>\$218</b>	<b>\$94</b>	<b>\$100</b>	<b>\$84</b>	<b>\$134</b>	<b>\$131</b>	<b>\$99</b>	<b>\$180</b>	<b>\$427</b>	<b>\$694</b>	<b>\$-</b>	<b>\$-</b>	<b>\$2,327</b>
PRHTA (Transportation Revenue)	\$-	\$22	\$-	\$54	\$-	\$67	\$59	\$68	\$72	\$41	\$66	\$59	\$63	\$300	\$372	\$210	\$-	<b>\$1,453</b>
PRHTA (Highways Revenue)	-	13	-	34	-	46	58	27	52	51	51	17	15	182	203	-	-	<b>749</b>
PRCCDA	-	3	-	4	-	7	7	7	7	7	7	7	26	54	121	-	-	<b>257</b>
PRIFA	-	0	-	0	-	1	1	1	2	1	1	1	1	4	3	16	-	<b>32</b>
<b>Subtotal</b>	<b>\$-</b>	<b>\$38</b>	<b>\$-</b>	<b>\$92</b>	<b>\$-</b>	<b>\$121</b>	<b>\$125</b>	<b>\$103</b>	<b>\$133</b>	<b>\$100</b>	<b>\$125</b>	<b>\$84</b>	<b>\$105</b>	<b>\$540</b>	<b>\$699</b>	<b>\$226</b>	<b>\$-</b>	<b>\$2,491</b>
PREPA	\$3	\$17	\$3	\$43	\$3	\$87	\$63	\$62	\$128	\$121	\$91	\$126	\$122	\$273	\$15	\$-	\$-	<b>\$1,157</b>
PRASA	-	10	-	10	-	19	19	19	19	21	44	44	44	99	68	69	314	<b>799</b>
MFA	-	8	-	62	-	58	50	48	28	23	21	37	14	22	-	-	-	<b>371</b>
COFINA	0	6	0	6	0	13	13	13	16	15	13	13	13	74	96	307	2	<b>600</b>
U of PR	-	0	-	0	-	0	0	0	0	0	0	0	0	1	0	-	-	<b>1</b>
<b>Subtotal</b>	<b>\$3</b>	<b>\$41</b>	<b>\$3</b>	<b>\$121</b>	<b>\$3</b>	<b>\$177</b>	<b>\$145</b>	<b>\$142</b>	<b>\$191</b>	<b>\$180</b>	<b>\$169</b>	<b>\$220</b>	<b>\$193</b>	<b>\$469</b>	<b>\$179</b>	<b>\$376</b>	<b>\$316</b>	<b>\$2,928</b>
<b>Total</b>	<b>\$3</b>	<b>\$117</b>	<b>\$3</b>	<b>\$341</b>	<b>\$3</b>	<b>\$516</b>	<b>\$364</b>	<b>\$345</b>	<b>\$408</b>	<b>\$414</b>	<b>\$425</b>	<b>\$403</b>	<b>\$478</b>	<b>\$1,436</b>	<b>\$1,572</b>	<b>\$602</b>	<b>\$316</b>	<b>\$7,746</b>

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of \$23 million and a fully accreted net par at maturity of \$53 million. Of these amounts, current net par of \$21 million and fully accreted net par at maturity of \$50 million relate to COFINA, and current net par of \$2 million and fully accreted net par at maturity of \$3 million relate to the Commonwealth General Obligation Bonds.

### Details of Assured Guaranty's Exposure to Detroit

- **Municipal utilities exposure is \$429 million of water revenue bonds and \$1 billion of sewer revenue bonds. Both the water and sewer systems provide services to areas that extend significantly beyond the City of Detroit boundaries.**
- **General obligation unlimited tax exposure has been resolved**
  - In 3Q-14, the settlement between the Company and City of Detroit regarding unlimited tax general obligation bonds was finalized. In December 2014, the City's plan of adjustment, which includes the terms of such settlement, became effective. At that time, investors exchanged 84.5% of the original general obligation bonds for newly issued bonds that are basically identical to the original bonds except that they have the benefit of additional pledged security and are issued by the Michigan Finance Authority. The remaining 15.5% of the general obligation bonds will be repaid solely by Assured Guaranty. After giving effect to post-petition payments made by Assured Guaranty on the general obligation bonds, the settlement results in an ultimate recovery to Assured Guaranty of approximately 74%.

### Details of Assured Guaranty's Exposure to Stockton

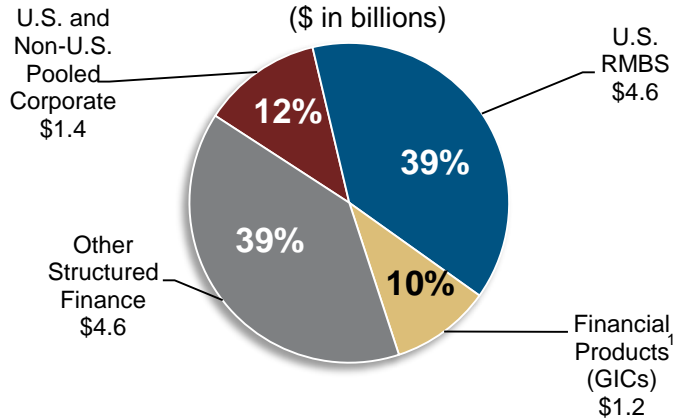
- **Net par exposure to Stockton is \$110 million of pension obligation bonds**
- **The City of Stockton's plan of adjustment, which became effective on February 25, 2015, includes the terms of the Company's settlement with Stockton, under which the Company receives net revenues from an office building and has the irrevocable option to take title to that building, and is entitled to certain fixed payments and certain variable payments contingent on Stockton's revenue growth.**

# Structured Finance Exposures

## Net Par Outstanding

### By Type

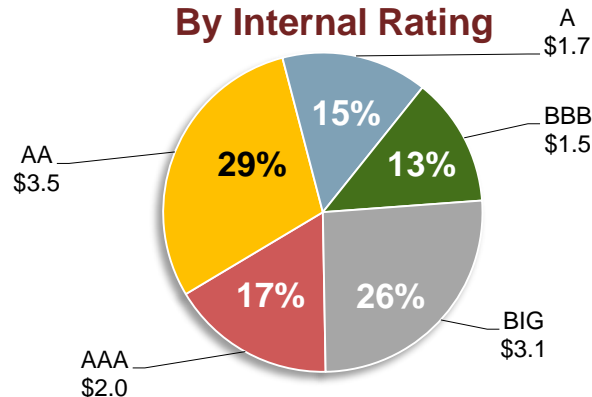
As of September 30, 2018  
(\$ in billions)



- Assured Guaranty's total structured finance exposure of \$240.9 billion at December 31, 2007 has declined by \$229.1 billion to \$11.8 billion through September 30, 2018, a 95% reduction**
  - The portfolio will amortize by 16% by the end of 2019; 26% by the end of 2020; 45% by the end of 2022

**\$11.8 billion, A- average rating**

### By Internal Rating



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 September 30, 2018, 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 \$0.6 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.

- **Our \$4.6 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 \$4.6 billion at September 30, 2018, a \$24.6 billion or 84% reduction
- U.S. RMBS expected to be reduced by 22% by year-end 2019 and by 55% by year-end 2022
- As of September 30, 2018, 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:**

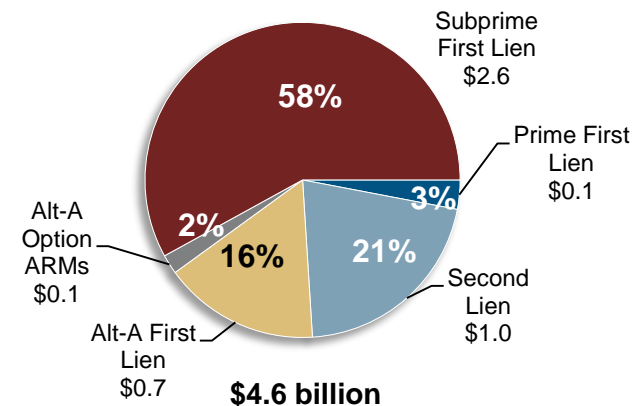
- Liquidation rates
- Conditional default rates
- Conditional prepayment rates
- Loss severity

- **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<sup>1</sup>

As of September 30, 2018  
(\$ in billions)

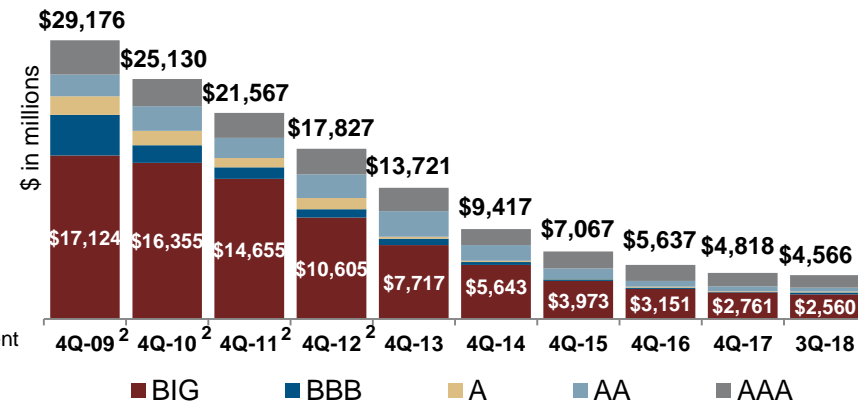


**\$4.6 billion**

**(1.8% of total net par outstanding)**

## U.S. RMBS by Rating

Net Par Outstanding from December 31, 2009 to September 30, 2018

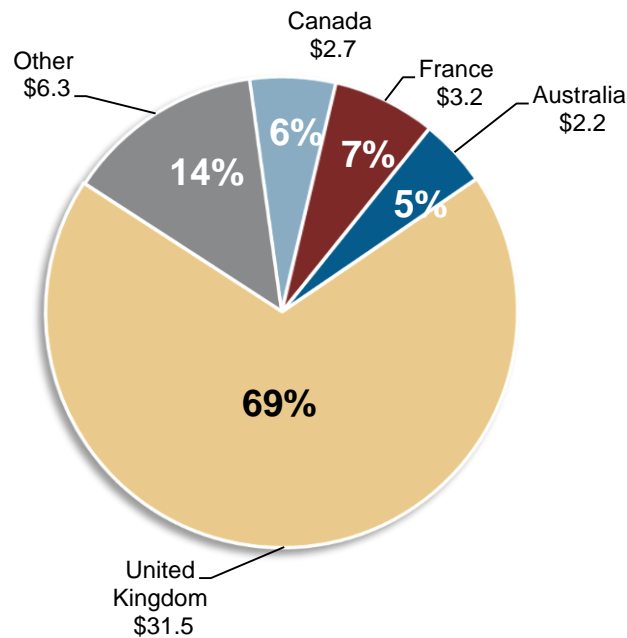


1. The Company has reclassified certain net par outstanding from below investment grade to investment grade due to collateralized reinsurance arrangements.

2. Gross of wrapped bond purchases made primarily for loss mitigation

### Non-U.S. Exposure

As of September 30, 2018  
(\$ in billions)



**\$45.9 billion, BBB+ average rating**

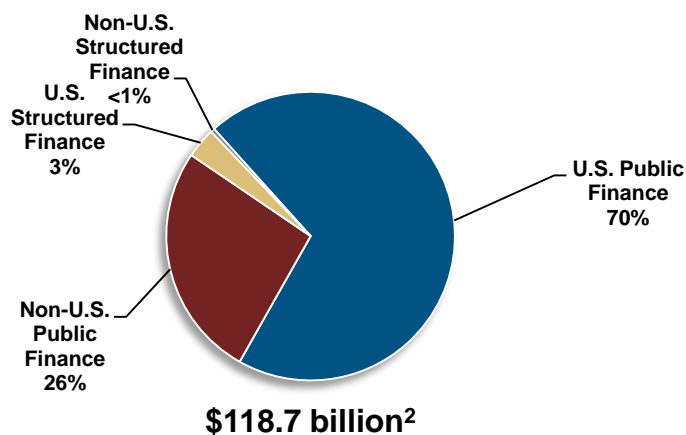
- **97% of non-U.S. exposure is Public Finance**
  - Direct sovereign debt is limited to Poland (\$272 million outstanding)
- **3% of non-U.S. exposure is Structured Finance**



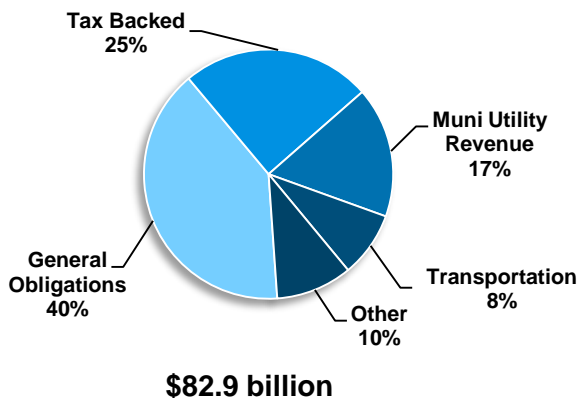
# AGM Portfolio Review

Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

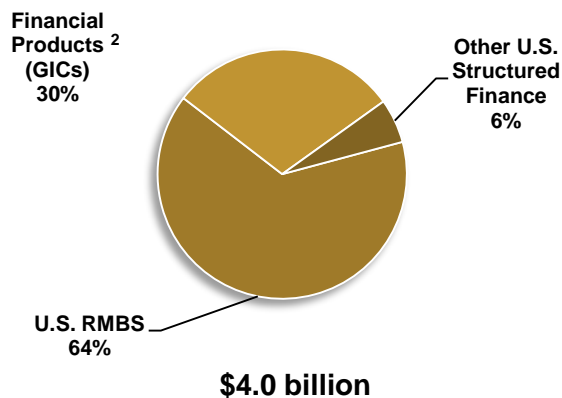
### Portfolio Diversification by Sector



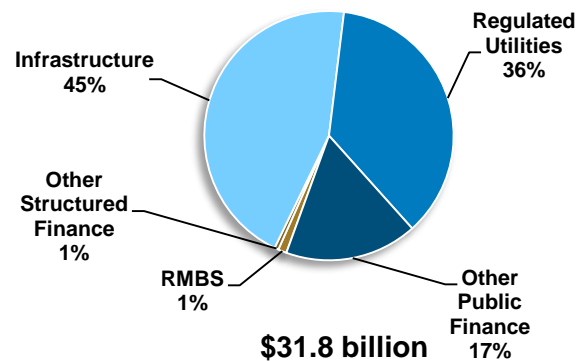
### U.S. Public Finance Portfolio



### U.S. Structured Finance Portfolio



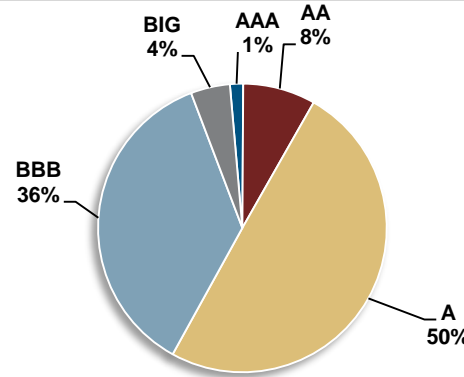
### Non-U.S. Portfolios Public & Structured Finance



1. Please see page 3 for a definition of this convention.

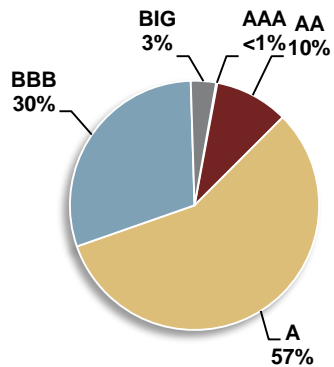
2. Please see the footnote on page 37.

### Portfolio Diversification by Rating



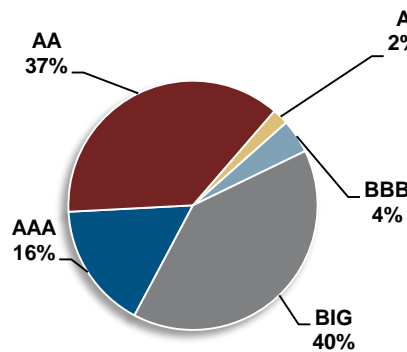
\$118.7 billion<sup>2</sup>

### U.S. Public Finance Portfolio



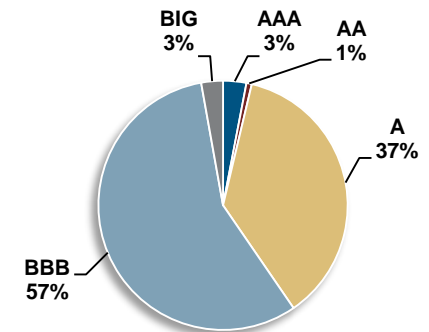
\$82.9 billion

### U.S. Structured Finance Portfolio



\$4.0 billion<sup>2</sup>

### Non-U.S. Portfolios Public & Structured Finance



\$31.8 billion

1. Please see page 3 for a definition of this convention.

2. Includes GICs. Please see the footnote on page 37.

### Net Par Outstanding By Asset Type

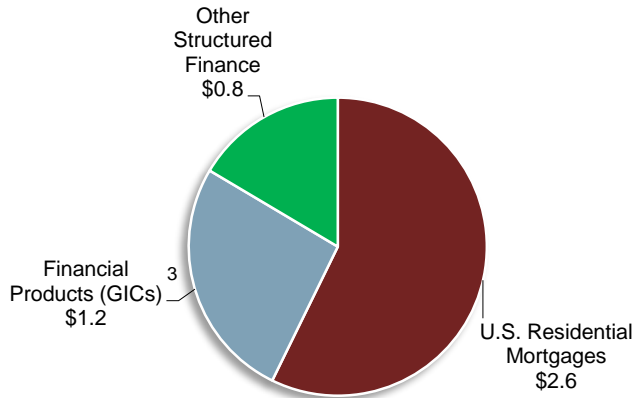
(\$ in millions)

	<u>Net Par Outstanding</u>	<u>Avg. Internal Rating</u>		<u>Net Par Outstanding</u>	<u>Avg. Internal Rating</u>
<b>U.S. public finance:</b>			<b>U.S. structured finance:</b>		
General obligation	\$ 33,190	A-	RMBS	\$ 2,612	BB+
Tax backed	20,431	A-	Financial products <sup>2</sup>	1,199	AA-
Municipal utilities	14,070	A-	Other structured finance	232	BBB+
Transportation	7,035	A-	Total U.S. structured finance	4,043	BBB
Healthcare	3,156	A-	<b>Non-U.S. structured finance:</b>		
Higher education	2,800	A-	RMBS	352	BBB
Infrastructure finance	1,118	BBB	Other structured finance	167	AA
Housing revenue	757	BBB+	Total non-U.S. structured finance	519	A-
Other public finance	380	A-	<b>Total structured finance</b>	<b>\$ 4,562</b>	<b>BBB</b>
Total U.S. public finance	82,937	A-	<b>Total net par outstanding</b>	<b>\$ 118,732</b>	<b>A-</b>
<b>Non-U.S. public finance:</b>					
Infrastructure finance	14,207	BBB			
Regulated utilities	11,567	BBB+			
Other public finance	5,459	A			
Total non-U.S. public finance	31,233	BBB+			
<b>Total public finance</b>	<b>\$ 114,170</b>	<b>A-</b>			

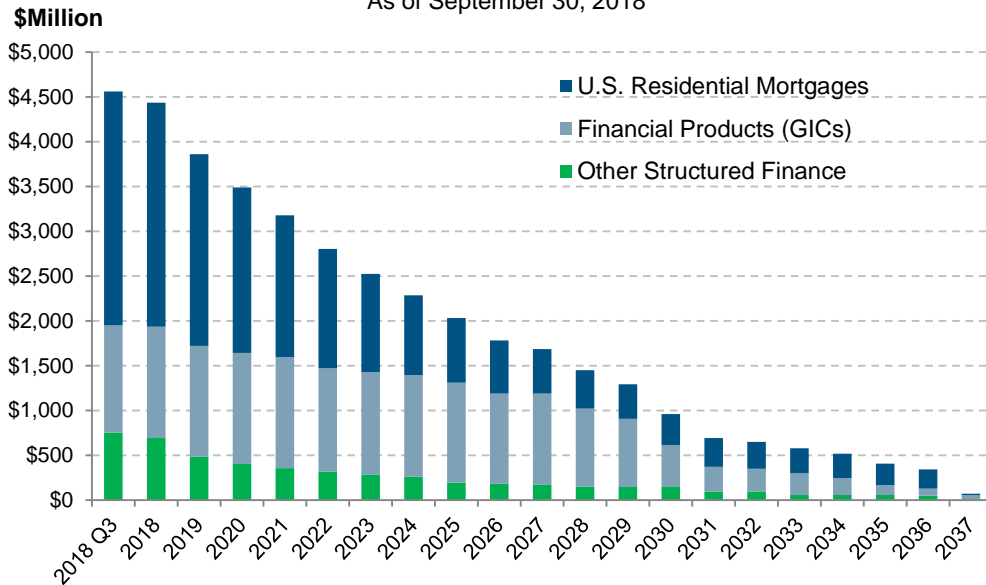
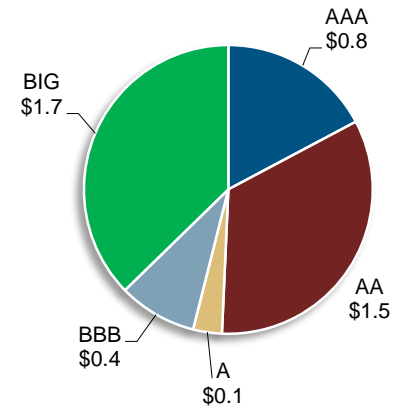
1. Please see page 3 for a definition of this convention.

2. Financial Products (GICs). Please see the footnote on page 37.

# AGM<sup>1</sup> Projected Amortization of Global Insured Structured Finance Portfolio



**\$4.6 Billion Net Par Outstanding<sup>2</sup>**  
As of September 30, 2018



- We expect AGM's<sup>1</sup> legacy global structured finance insured portfolio (\$4.6 billion as of September 30, 2018 versus \$127.3 billion as of September 30, 2008) to run off rapidly – 23% by year-end 2020.
  - \$2.6 billion in U.S. RMBS expected to be reduced by 4% by year-end 2018 and by 29% by year-end 2020
  - \$0.8 billion in other structured finance (excluding FP) expected to be reduced by 8% by year-end 2018 and by 47% by year-end 2020
- Former FP business not part of Assured Guaranty's purchase; we are indemnified against exposure to the FP business by Dexia.

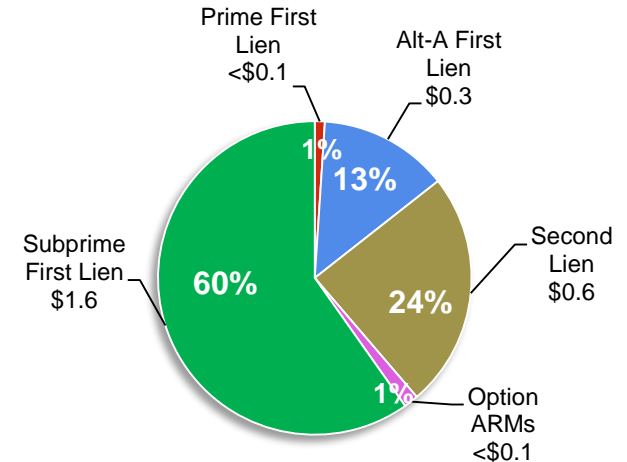
1. Please see page 3 for a definition of this convention.  
 2. Please see footnote 3 on page 12.  
 3. Please see the footnote on page 37.

- **AGM's<sup>1</sup> U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - \$2.6 billion net par outstanding versus \$17.1 billion at year-end 2008, a decrease of 85%
  - 2.2% of total net par outstanding versus 4.0% at year-end 2008
  - No U.S. RMBS underwritten since January 2008
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Terminations of below investment grade credits

1. Please see page 3 for a definition of this convention.  
 2. Please see footnote 1 on page 37.

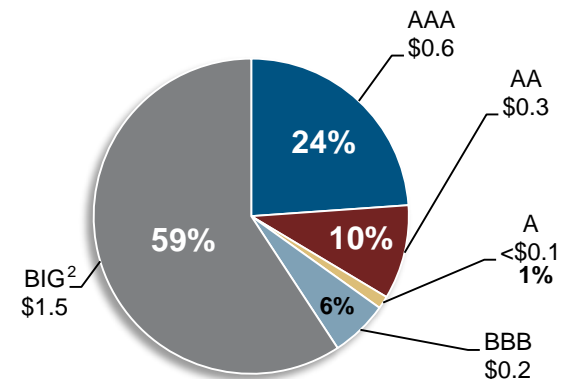
## By Type

As of September 30, 2018  
 (\$ in billions)

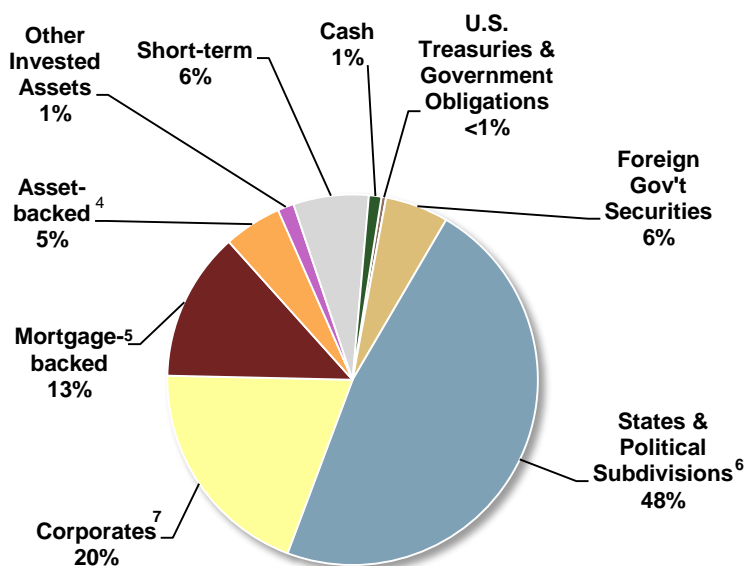


**\$2.6 billion, 2.2% of net par outstanding**

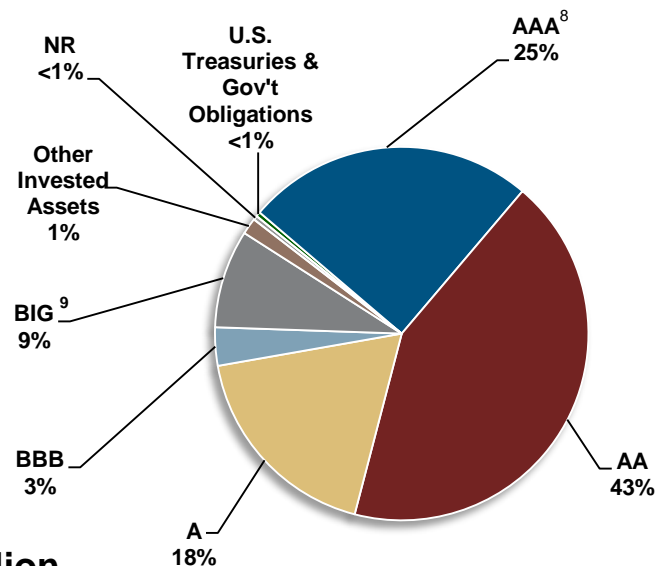
## By Rating



### Total Invested Assets and Cash<sup>2</sup> By Category



### Total Invested Assets and Cash<sup>2</sup> By Rating<sup>3</sup>



**Total = \$5.1 billion**

1. Please see page 3 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.

2. Includes fixed maturity securities, short-term investments, cash and Other Invested Assets.

3. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.

4. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$61 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of \$199 million and an average rating of AAA.

5. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$276 million and agency-backed securities with a fair value of \$170 million. The remaining securities have a fair value of approximately \$223 million and an average rating of AAA.

6. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$39 million.

7. Included in the corporates category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$60 million.

8. Included in the AAA category are short-term securities and cash.

9. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$436 million.

# AGM Expected Loss and LAE to Be Paid Three Months Ended September 30, 2018



(\$ in millions)

## Rollforward of Net Expected Loss and LAE to be Paid<sup>1</sup> for the Three Months Ended September 30, 2018

	<u>Net Expected Loss to be Paid (Recovered) as of June 30, 2018</u>	<u>Economic Loss Development During 3Q-18</u>	<u>(Paid) Recovered Losses During 3Q-18</u>	<u>Net Expected Loss to be Paid (Recovered) as of Sept 30, 2018</u>
Public Finance:				
U.S. public finance	\$449	\$15	\$(96)	\$368
Non-U.S. public finance	32	(3)	-	29
Public Finance:	<u>481</u>	<u>12</u>	<u>\$(96)</u>	<u>397</u>
Structured Finance				
U.S. RMBS <sup>2</sup>	175	(26)	11	160
Other structure finance	11	0	(1)	10
Structured Finance:	<u>186</u>	<u>(26)</u>	<u>10</u>	<u>170</u>
<b>Total</b>	<b><u>\$667</u></b>	<b><u>\$(14)</u></b>	<b><u>\$(86)</u></b>	<b><u>\$567</u></b>

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2017 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).
2. Includes future net R&W recoverable (payable) of \$(16) million as of September 30, 2018 and \$(15) million as of June 30, 2018 .



# AGM Expected Loss and LAE to Be Paid Nine Months Ended September 30, 2018



(\$ in millions)

## Rollforward of Net Expected Loss and LAE to be Paid<sup>1</sup> for the Nine Months Ended September 30, 2018

	<u>Net Expected Loss to be Paid (Recovered) as of December 31, 2017</u>	<u>Economic Loss Development During 2018</u>	<u>(Paid) Recovered Losses During 2018</u>	<u>Net Expected Loss to be Paid (Recovered) as of Sept 30, 2018</u>
Public Finance:				
U.S. public finance	\$482	\$42	\$(156)	\$368
Non-U.S. public finance	36	(7)	0	29
Public Finance:	<u>518</u>	<u>35</u>	<u>(156)</u>	<u>397</u>
Structured Finance				
U.S. RMBS <sup>2</sup>	163	(28)	25	160
Other structure finance	15	(4)	(1)	10
Structured Finance:	<u>178</u>	<u>(32)</u>	<u>24</u>	<u>170</u>
<b>Total</b>	<b><u>\$696</u></b>	<b><u>\$3</u></b>	<b><u>\$(132)</u></b>	<b><u>\$567</u></b>

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2017 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).
2. Includes future net R&W recoverable (payable) of \$(16) million as of September 30, 2018 and \$(25) million as of December 31, 2017.



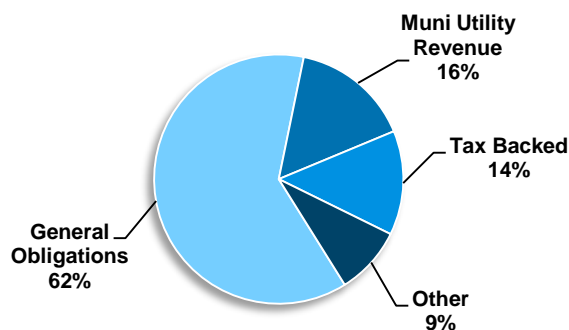
Municipal Assurance Corp.  
Portfolio Review

# MAC

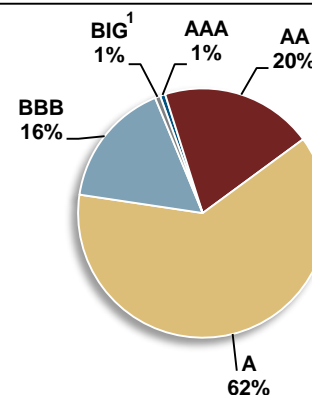
Insured Portfolio (100% U.S. Public Finance)  
Net Par Outstanding as of September 30, 2018



## Portfolio Diversification by Sector



## Portfolio Diversification by Rating



**\$30.5 billion**

## Net Par Outstanding By Asset Type (\$ in millions)

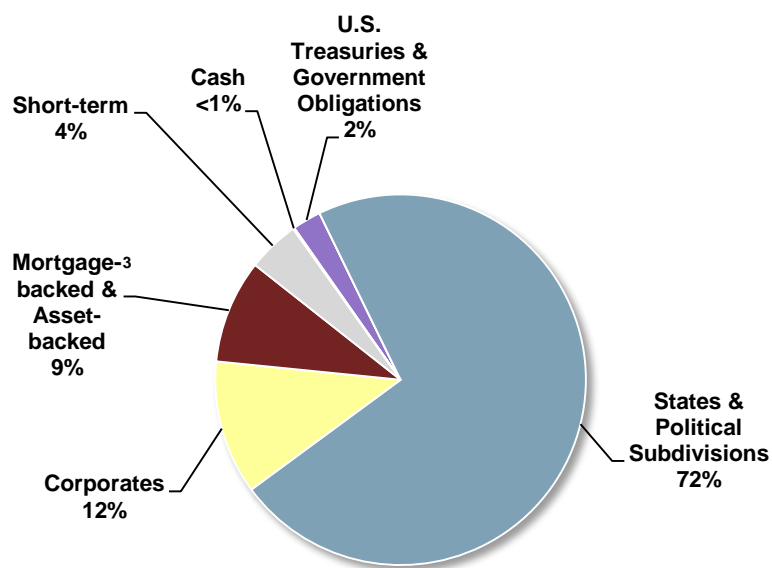
	Net Par Outstanding	Avg. Internal Rating
<b>U.S. public finance:</b>		
General obligation	\$ 18,919	A
Municipal utilities	4,723	A
Tax backed	4,125	A
Transportation	1,507	A-
Higher Education	970	A-
Housing revenue	106	A+
Other public finance	107	A+
<b>Total U.S. public finance</b>	<b>\$ 30,457</b>	<b>A</b>

## Net Par Outstanding By State (\$ in millions)

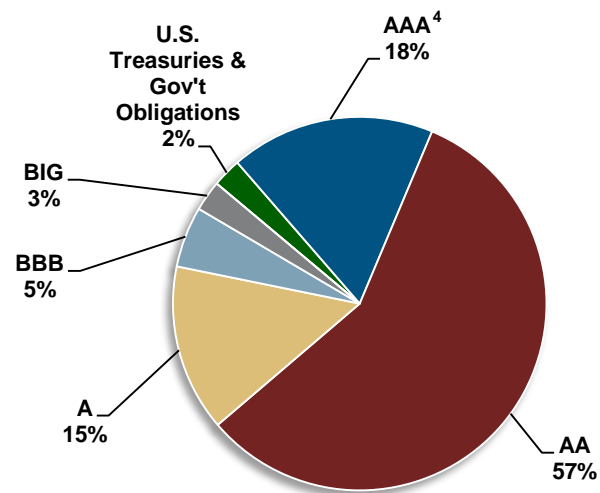
	Net Par Outstanding	% of Total
California	\$ 6,082	20.0%
Texas	3,493	11.5
Pennsylvania	2,753	9.0
Illinois	2,560	8.4
New York	2,151	7.1
Florida	1,345	4.4
New Jersey	1,322	4.3
Ohio	858	2.8
Michigan	748	2.5
Alabama	724	2.4
Other	8,421	27.6
<b>Total U.S. public finance</b>	<b>\$ 30,457</b>	<b>100.0%</b>

1. A total of \$208 million net par outstanding; consists of 16 revenue sources rated in the BB and B categories.

### Total Invested Assets and Cash<sup>1</sup> By Category



### Total Invested Assets and Cash<sup>1</sup> By Rating<sup>2</sup>



**Total = \$0.8 billion**

1. Includes fixed maturity securities, short-term investments and cash.

2. Ratings are represented by the lower of the Moody's and S&P classifications.

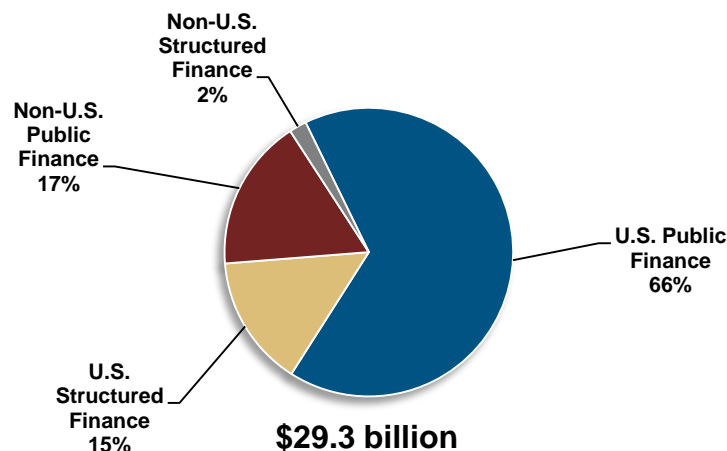
3. Included in the mortgage-backed and asset-backed category are agency-backed securities with a fair value of \$23 million. Mortgage-backed and asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of \$49 million and an average rating of AAA.

4. Included in the AAA category are short-term securities and cash.

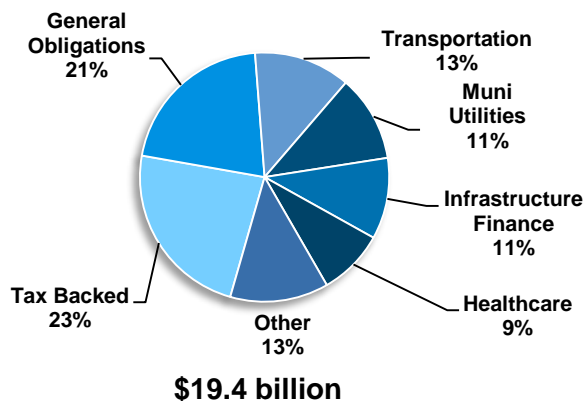
# Assured Guaranty Corp. Portfolio Review

Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

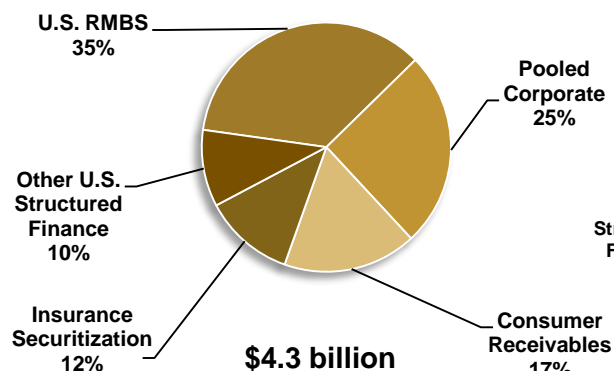
### Portfolio Diversification by Sector



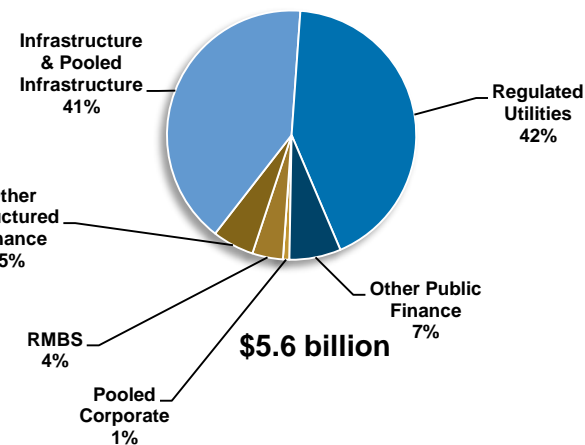
### U.S. Public Finance Portfolio



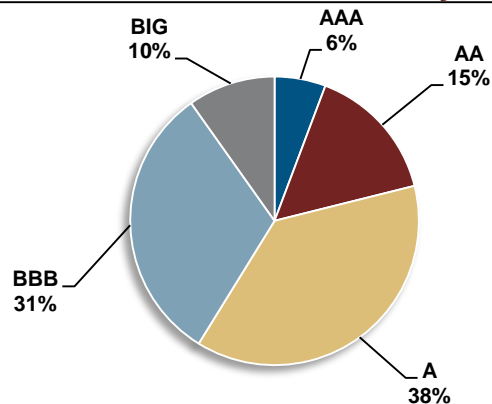
### U.S. Structured Finance Portfolio



### Non-U.S. Portfolios Public & Structured Finance

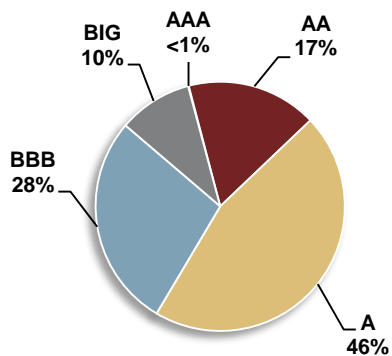


### Portfolio Diversification by Rating



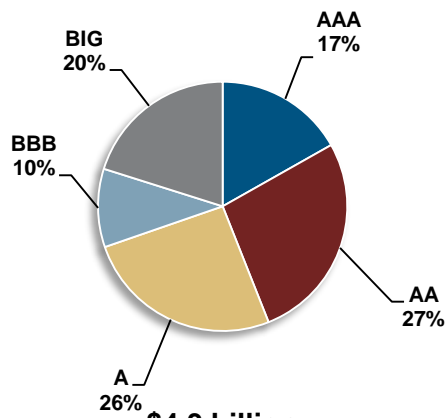
**\$29.3 billion**

### U.S. Public Finance Portfolio



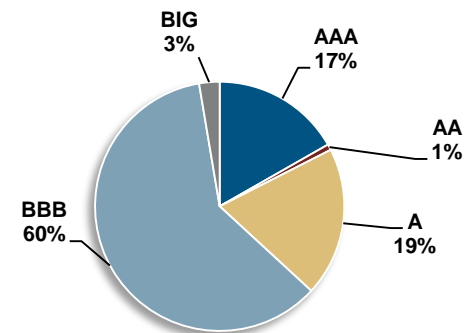
**\$19.4 billion**

### U.S. Structured Finance Portfolio



**\$4.3 billion**

### Non-U.S. Portfolios Public & Structured Finance



**\$5.6 billion**

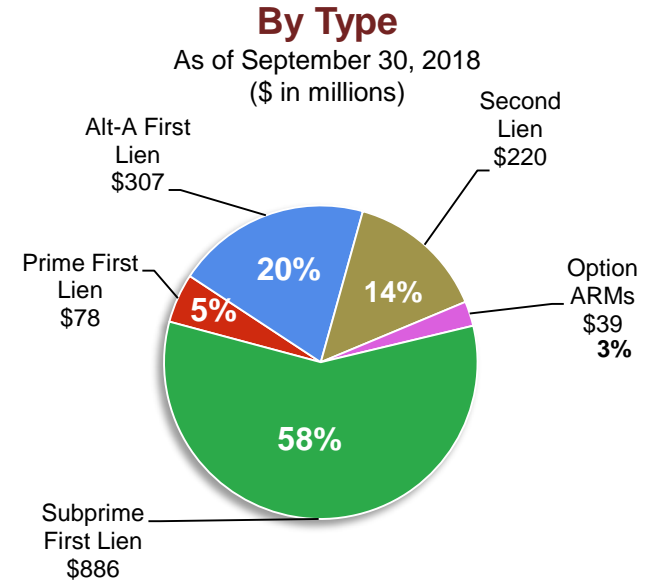
## Net Par Outstanding By Asset Type

(\$ in millions)

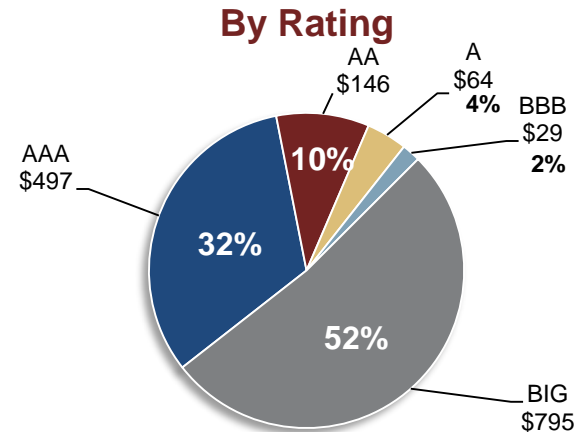
	<u>Net Par Outstanding</u>	<u>Avg. Internal Rating</u>		<u>Net Par Outstanding</u>	<u>Avg. Internal Rating</u>
<b>U.S. public finance:</b>			<b>U.S. structured finance:</b>		
Tax backed	\$ 4,530	BBB-	RMBS	\$ 1,530	BBB
General obligation	4,079	BBB+	Pooled corporate obligations	1,098	A+
Transportation	2,435	A-	Consumer receivables	749	A+
Municipal utilities	2,178	BBB+	Insurance securitization	510	AA
Infrastructure finance	2,051	A	Other structured finance	430	BBB+
Healthcare	1,668	A	Total U.S. structured finance	4,317	A
Higher education	666	A-	<b>Non-U.S. structured finance:</b>		
Investor-owned utilities	659	A-	RMBS	222	A+
Housing revenue	149	BBB	Pooled corporate obligations	47	AA
Other public finance	1,006	A-	Other structured finance	302	A
Total U.S. public finance	19,421	BBB+	Total non-U.S. structured finance	571	A
<b>Non-U.S. public finance:</b>			<b>Total structured finance</b>	<b>\$ 4,888</b>	<b>A</b>
Regulated utilities	2,370	BBB+			
Infrastructure finance	1,563	BBB-	<b>Total net par outstanding</b>	<b>\$ 29,319</b>	<b>BBB+</b>
Pooled infrastructure	704	AAA			
Other public finance	373	A-			
Total non-U.S. public finance	5,010	A-			
<b>Total public finance</b>	<b>\$ 24,431</b>	<b>BBB+</b>			



- AGC's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - \$1.5 billion versus \$13.4 billion at year-end 2007, a decrease of 89%
  - 5.2% of total net par outstanding versus 14.3% at year-end 2007
- We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Terminations



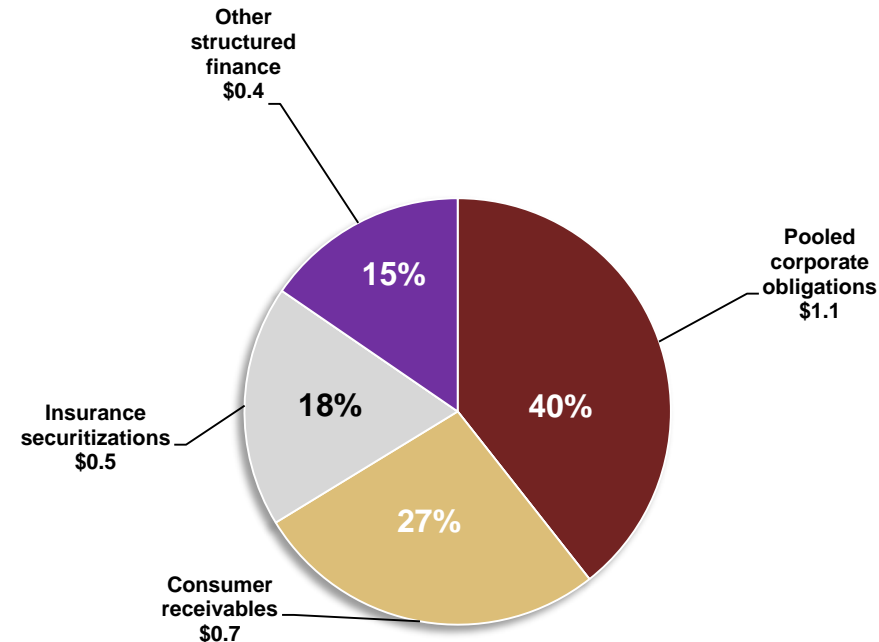
**\$1.5 billion, 5.2% of net par outstanding**



- **AGC's non-RMBS U.S. structured finance exposures consist principally of:**
  - Pooled corporate obligations
  - Consumer receivables
  - Insurance securitizations
- **Non-RMBS U.S. structured finance credit experience has been generally strong despite the economic stress caused by the financial crisis**
  - 8% rated AAA
  - 3% rated BIG

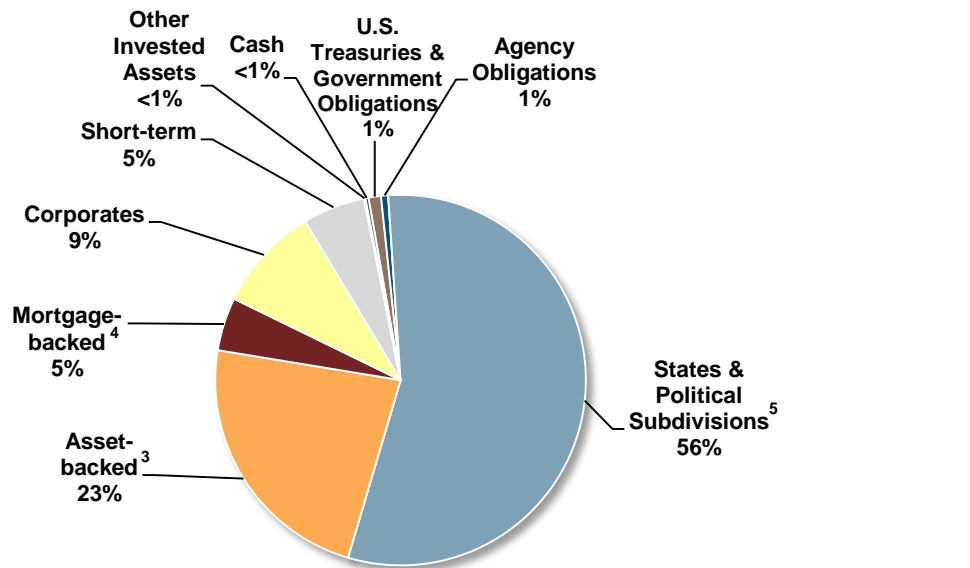
### U.S. Non-RMBS Structured Finance

As of September 30, 2018  
(\$ in billions)

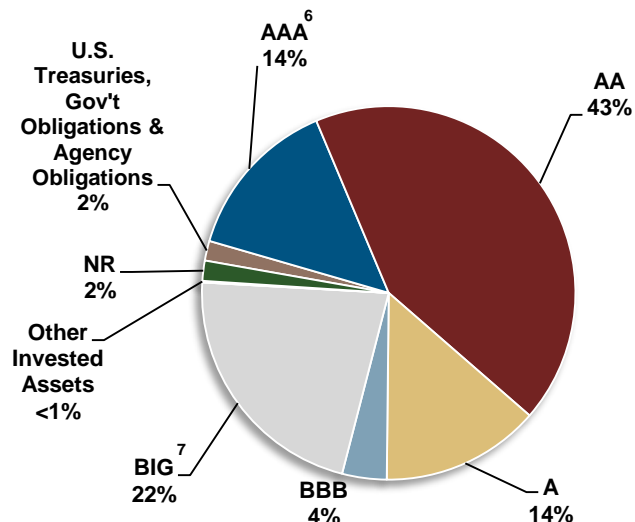


**\$2.8 billion net par outstanding**

### Total Invested Assets and Cash<sup>1</sup> By Category



### Total Invested Assets and Cash<sup>1</sup> By Rating<sup>2</sup>



**Total = \$3.0 billion**

1. Includes fixed maturity securities, short-term investments, cash and Other Invested Assets.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$640 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of \$58 million and an average rating of AAA.
4. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$21 million and agency-backed securities with a fair value of \$84 million. The remaining securities have a fair value of \$36 million and an average rating of AAA.
5. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$60 million.
6. Included in the AAA category are short-term securities and cash.
7. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$663 million.

# AGC Expected Loss and LAE to Be Paid Three Months Ended September 30, 2018



(\$ in millions)

## Rollforward of Net Expected Loss and LAE to be Paid<sup>1</sup> for the Three Months Ended September 30, 2018

	Net Expected Loss to be Paid (Recovered) as of June 30, 2018	Economic Loss Development During 3Q-18	(Paid) Recovered Losses During 3Q-18	Net Expected Loss to be Paid (Recovered) as of Sept 30, 2018
Public Finance:				
U.S. public finance	\$403	\$12	\$(103)	\$312
Non-U.S. public finance	5	0	0	5
Public Finance:	<u>408</u>	<u>12</u>	<u>(103)</u>	<u>317</u>
Structured Finance				
U.S. RMBS <sup>2</sup>	131	(9)	5	127
Other structure finance	(115)	2	0	(113)
Structured Finance:	<u>16</u>	<u>(7)</u>	<u>5</u>	<u>14</u>
<b>Total</b>	<b><u>\$424</u></b>	<b><u>\$5</u></b>	<b><u>\$(98)</u></b>	<b><u>\$331</u></b>

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2017 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).
2. Includes future net R&W receivable of \$27 million as of September 30, 2018 and \$29 million as of June 30, 2018 .

# AGC Expected Loss and LAE to Be Paid Nine Months Ended September 30, 2018



(\$ in millions)

## Rollforward of Net Expected Loss and LAE to be Paid<sup>1</sup> for the Nine Months Ended September 30, 2018

	Net Expected Loss to be Paid (Recovered) as of December 31, 2017	Net Expected Loss to be Paid on SGI Portfolio as of June 1, 2018	Economic Loss Development During 2018	(Paid) Recovered Losses During 2018	Net Expected Loss to be Paid (Recovered) as of Sept 30, 2018
Public Finance:					
U.S. public finance	\$444	\$0	\$15	\$(147)	\$312
Non-U.S. public finance	5	1	(1)	0	5
Public Finance:	<u>449</u>	<u>1</u>	<u>14</u>	<u>(147)</u>	<u>317</u>
Structured Finance					
U.S. RMBS <sup>2</sup>	(111)	130	(16)	124	127
Other structure finance	(114)	-	(6)	7	(113)
Structured Finance:	<u>(225)</u>	<u>130</u>	<u>(22)</u>	<u>131</u>	<u>14</u>
<b>Total</b>	<b><u>\$224</u></b>	<b><u>\$131</u></b>	<b><u>\$(8)</u></b>	<b><u>\$(16)</u></b>	<b><u>\$331</u></b>

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2017 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).
2. Includes future net R&W receivable of \$27 million as of September 30, 2018 and \$140 million as of December 31, 2017.

# Appendix

99 million as of June 30, 2018

# 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 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 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 non-financial guaranty insurance contracts. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's non-financial guaranty insurance 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

(dollars in millions)	Three Months Ended		Year Ended December 31,				
	Sept 30, 2018	Sept 30, 2017	2017	2016	2015	2014	2013
Total GWP	\$50	\$45	\$307	\$154	\$181	\$104	\$123
Less: Installment GWP and other GAAP adjustments	12	10	99	(10)	55	(22)	8
Upfront GWP	38	35	208	164	126	126	115
Plus: Installment premium PVP	14	8	81	50	53	42	26
Total PVP	\$52	\$43	\$289	\$214	\$179	\$168	\$141

PVP:	Sept 30,		Sept 30,				
	2018	2017	2017	2016	2015	2014	2013
Public Finance - U.S.	\$33	\$39	\$196	\$161	\$124	\$128	\$116
Public Finance - non-U.S.	12	4	66	25	27	7	18
Structured Finance - U.S.	7	0	12	27	22	24	7
Structured Finance - non-U.S.	0	-	15	1	6	9	0
Total PVP	\$52	\$43	\$289	\$214	\$179	\$168	\$141

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<sup>1</sup>



Non-GAAP Operating Income Reconciliation (dollars in millions, except per share amounts)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018		2017		2018		2017	
	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share
<b>Net income (loss)</b>	<b>\$161</b>	<b>\$1.47</b>	<b>\$208</b>	<b>\$1.72</b>	<b>\$433</b>	<b>\$3.83</b>	<b>\$678</b>	<b>\$5.48</b>
Less pre-tax adjustments:								
Realized gains (losses) on investments	(7)	(0.07)	7	0.06	(14)	(0.13)	54	0.43
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	17	0.16	55	0.46	91	0.81	60	0.49
Fair value gains (losses) on CCS	(1)	(0.01)	(4)	(0.03)	(3)	(0.02)	(4)	(0.03)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(8)	(0.07)	18	0.14	(20)	(0.18)	49	0.39
Total pre-tax adjustments	1	0.01	76	0.63	54	0.48	159	1.28
Less tax effect on pre-tax adjustments	(1)	(0.01)	(24)	(0.20)	(11)	(0.10)	(51)	(0.42)
Non-GAAP Operating income	<u>\$161</u>	<u>\$1.47</u>	<u>\$156</u>	<u>\$1.29</u>	<u>\$390</u>	<u>\$3.45</u>	<u>\$570</u>	<u>\$4.62</u>
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	<u>(\$2)</u>	<u>(\$0.02)</u>	<u>\$(1)</u>	<u>\$(0.01)</u>	<u>\$(1)</u>	<u>\$(0.01)</u>	<u>\$9</u>	<u>\$0.08</u>

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<sup>1</sup>



### Non-GAAP Adjusted book value reconciliation

(dollars in millions, except per share amounts)

	September 30, 2018		June 30, 2018		December 31, 2017		As of September 30, 2017		June 30, 2017		December 31, 2016	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<b>Reconciliation of shareholders' equity to non-GAAP adjusted book value:</b>												
<b>Shareholders' equity</b>	<b>\$6,583</b>	<b>\$61.73</b>	<b>\$6,634</b>	<b>\$60.52</b>	<b>\$6,839</b>	<b>\$58.95</b>	<b>\$6,878</b>	<b>\$58.32</b>	<b>\$6,750</b>	<b>\$56.40</b>	<b>\$6,504</b>	<b>\$50.82</b>
Less pre-tax adjustments:												
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(55)	(0.51)	(72)	(0.65)	(146)	(1.26)	(129)	(1.09)	(185)	(1.55)	(189)	(1.48)
Fair value gains (losses) on CCS	57	0.53	58	0.53	60	0.52	58	0.49	62	0.52	62	0.48
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	215	2.02	290	2.64	487	4.20	506	4.29	504	4.20	316	2.47
Less Taxes	(54)	(0.51)	(65)	(0.60)	(83)	(0.71)	(147)	(1.24)	(133)	(1.11)	(71)	(0.54)
Non-GAAP operating shareholders' equity	6,420	60.20	6,423	58.60	6,521	56.20	6,590	55.87	6,502	54.34	6,386	49.89
Pre-tax adjustments:												
Less: Deferred acquisition costs	103	0.97	102	0.93	101	0.87	106	0.89	106	0.89	106	0.83
Plus: Net present value of estimated net future revenue	211	1.99	217	1.98	146	1.26	144	1.22	148	1.23	136	1.07
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,012	28.24	3,083	28.13	2,966	25.56	3,091	26.21	3,173	26.51	2,922	22.83
Plus Taxes	(528)	(4.95)	(542)	(4.95)	(512)	(4.41)	(899)	(7.63)	(924)	(7.71)	(832)	(6.50)
Non-GAAP Adjusted book value	<u>\$9,012</u>	<u>\$84.51</u>	<u>\$9,079</u>	<u>\$82.83</u>	<u>\$9,020</u>	<u>\$77.74</u>	<u>\$8,820</u>	<u>\$74.78</u>	<u>\$8,793</u>	<u>\$73.48</u>	<u>\$8,506</u>	<u>\$66.46</u>
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	<u>\$3</u>	<u>\$0.03</u>	<u>\$7</u>	<u>\$0.07</u>	<u>\$5</u>	<u>\$0.03</u>	<u>3</u>	<u>0.01</u>	<u>\$3</u>	<u>\$0.03</u>	<u>(\$7)</u>	<u>(\$0.06)</u>
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	<u>(\$14)</u>	<u>(\$0.14)</u>	<u>(\$12)</u>	<u>(\$0.11)</u>	<u>(\$14)</u>	<u>(\$0.12)</u>	<u>(13)</u>	<u>(0.11)</u>	<u>(\$13)</u>	<u>(\$0.10)</u>	<u>(\$24)</u>	<u>(\$0.18)</u>

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 GAAP ROE to Non-GAAP Operating ROE



### ROE Reconciliation

(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Net income (loss)</b>	<b>\$161</b>	<b>\$208</b>	<b>\$433</b>	<b>\$678</b>
Non-GAAP operating income	161	156	390	570
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	(2)	(1)	(1)	9
<b>Average shareholders' equity</b>	<b>\$6,609</b>	<b>\$6,814</b>	<b>\$6,711</b>	<b>\$6,691</b>
Average non-GAAP operating shareholders' equity	6,422	6,546	6,471	6,488
Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity	5	3	4	(2)
<b>GAAP ROE<sup>1</sup></b>	<b>9.7%</b>	<b>12.2%</b>	<b>8.6%</b>	<b>13.5%</b>
Non-GAAP operating ROE <sup>1</sup>	10.0%	9.5%	8.0%	11.7%
Effect of Consolidating FG VIEs included in non-GAAP operating ROE	(0.2)%	(0.1)%	(0.1)%	0.2%

1. Quarterly ROE calculations represent annualized returns.

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# Fixed Income Investor Presentation

## September 30, 2018

