



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

Fixed Income Investor Presentation

June 30, 2019

**ASSURED
GUARANTY[®]**
MUNICIPAL

**MUNICIPAL
ASSURANCE
CORP.[®]**
AN ASSURED GUARANTY COMPANY

**ASSURED
GUARANTY[®]**
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 forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (2) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's subsidiaries have insured; (3) developments in the world's financial and capital markets that adversely affect obligors' payment rates or Assured Guaranty's loss experience; (4) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates; (6) increased competition, including from new entrants into the financial guaranty industry; (7) rating agency action on obligors, including sovereign debtors, resulting in a reduction in the value of securities in Assured Guaranty's investment portfolio and in collateral posted by and to Assured Guaranty; (8) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (9) changes in the world's credit markets, segments thereof, interest rates or general economic conditions; (10) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap form, and variable interest entities; (11) changes in applicable accounting policies or practices; (12) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (13) the impact of changes in the world's economy and credit and currency markets and in applicable laws or regulations relating to the decision of the United Kingdom to exit the European Union; (14) the possibility that Assured Guaranty's planned acquisition (BlueMountain Acquisition) of all of the outstanding equity interests in BlueMountain Capital Management, LLC (BlueMountain) and its associated entities fails to close or is delayed due to the failure to fulfill or waive closing conditions, including the receipt of necessary regulatory approvals and client consents, or fails to close or is delayed for other reasons; (15) the impact of the announcement of Assured Guaranty's planned BlueMountain Acquisition on the Company and its relationships with its investors, regulators, rating agencies, employees and the obligors it insures and on the business of BlueMountain and its relationships with its clients and employees; (16) the possibility that regulators, clients of BlueMountain or others will impose conditions on their approvals or consents of the planned BlueMountain Acquisition or not provide approvals or consents Assured Guaranty anticipated receiving and receipt of which is not a condition to closing; (17) the failure of Assured Guaranty to successfully integrate the business of BlueMountain after closing; (18) the possibility that acquisitions or alternative investments made by Assured Guaranty, including its anticipated BlueMountain Acquisition, do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (19) difficulties with the execution of Assured Guaranty's business strategy; (20) loss of key personnel; (21) the effects of mergers, acquisitions and divestitures; (22) natural or man-made catastrophes; (23) other risk factors identified in AGL's filings with the SEC; (24) other risks and uncertainties that have not been identified at this time and; (25) management's response to these factors. The foregoing review of important factors should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements that are included in Assured Guaranty's 2019 second quarter Form 10-Q as well as risk factors included in Assured Guaranty's 2018 Annual Report on Form 10-K. The Company undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law. Investors are advised, however, to consult any further disclosures the Company makes on related subjects in the Company's reports filed with the SEC.
- If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may vary materially from what the Company projected. Any forward looking statements in this presentation reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity.
- For these statements, the Company claims the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Conventions, 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. **All financial and exposure data related to AGM presented in this presentation are on this basis unless otherwise stated.**
 - “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.
- All reconciliations in the Appendix of this presentation are on an AGL consolidated basis.

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 by holding company and subsidiaries, providing transparency to all investors
 - Three principal U.S. financial guaranty direct subsidiaries, two principal Bermuda financial guaranty reinsurance subsidiaries and one principal European financial guaranty subsidiary
- **Strong capital base**
 - Consolidated investment portfolio and cash of \$11.0 billion as of June 30, 2019¹
 - Consolidated claims-paying resources of \$11.5 billion as of June 30, 2019²

(\$ in billions)	AGL Consolidated (6/30/19)
Net par outstanding	\$235.4
Total investment portfolio and cash ¹	\$11.0
Claims-paying resources ²	\$11.5

1. See page 30 for a breakdown of the available-for-sale portfolio (\$11.0 billion), which includes \$60 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.

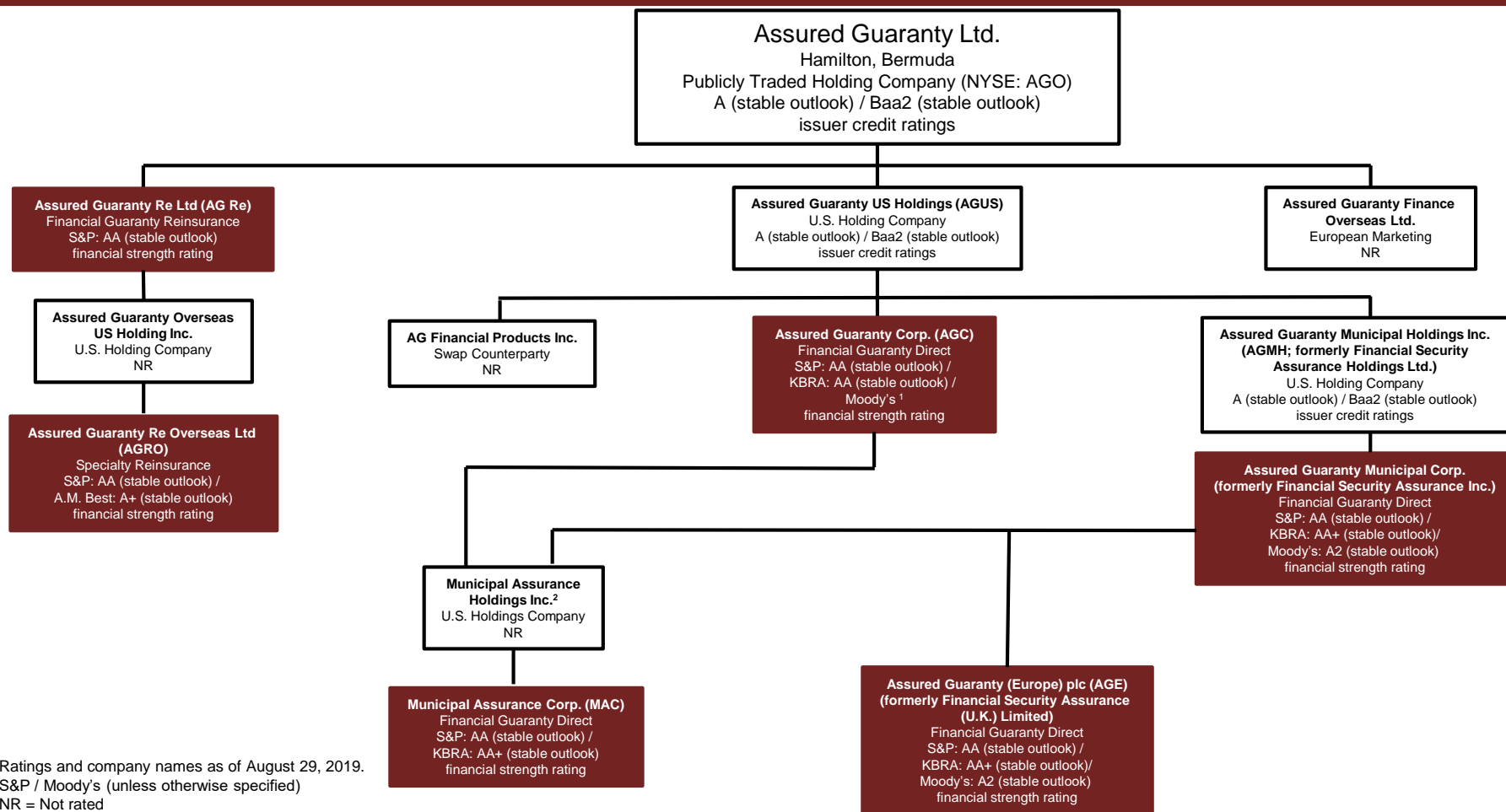
Operating Principles and Investor and Issuer Benefits



- **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 \$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 through acquisitions, investments and commutations**
- **Mitigate losses**

Assured Guaranty Ltd. Corporate Structure



Ratings and company names as of August 29, 2019.
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 MAC Holdings, 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 June 30, 2019					
	AGM ¹	AGC	MAC	AG Re ⁸	Eliminations ³	Consolidated
Claims-paying resources						
Policyholders' surplus	\$2,530	\$1,729	\$230	\$914	(\$406)	\$4,997
Contingency reserve ¹	1,082	633	209	-	(209)	1,715
Qualified statutory capital	3,612	2,362	439	914	(615)	6,712
UPR and net deferred ceding commission income ¹	1,853	452	173	709	(288)	2,899
Loss and loss adjustment expense reserves ¹	313	284	(1)	223	1	820
Total policyholders' surplus and reserves	5,778	3,098	611	1,846	(902)	10,431
Present value of installment premium ¹	186	128	-	132	-	446
Committed Capital Securities	200	200	-	-	-	400
Excess of loss reinsurance facility ²	180	180	180	-	(360)	180
Total claims-paying resources						
(including MAC adjustment for AGM and AGC)	\$6,344	\$3,606	\$791	\$1,978	(\$1,262)	\$11,457
Adjustment for MAC ⁴	371	240	-	-	(611)	-
Total claims-paying resources						
(excluding MAC adjustment for AGM and AGC)	\$5,973	\$3,366	\$791	\$1,978	(\$651)	\$11,457
Statutory net exposure ⁵	\$116,495	\$24,240	\$21,308	\$66,239	(\$343)	\$227,939
Equity method adjustment ⁴	12,934	8,374	-	-	(21,308)	-
Adjusted statutory net exposure ¹	\$129,429	\$32,614	\$21,308	\$66,239	(\$21,651)	\$227,939
Net debt service outstanding ⁵	\$183,518	\$36,553	\$31,440	\$102,823	(\$474)	\$353,860
Equity method adjustment ⁴	19,084	12,356	-	-	(31,440)	-
Adjusted net debt service outstanding ¹	\$202,602	\$48,909	\$31,440	\$102,823	(\$31,914)	\$353,860
Ratios:						
Adjusted net exposure to qualified statutory capital	36:1	14:1	49:1	72:1		34:1
Capital ratio ⁶	56:1	21:1	72:1	112:1		53:1
Financial resources ratio ⁷	32:1	14:1	40:1	52:1		31:1
Separate Company Statutory Basis:						
Admitted Assets	\$5,407	\$3,046	\$633			
Total Liabilities	2,877	1,317	403			
Contingency Reserves	955	550	209			
Surplus to Policyholders	2,530	1,729	230			

- For this page, the numbers shown for Assured Guaranty Municipal Corp. (AGM) and Assured Guaranty Corp. (AGC) have been adjusted to include their indirect share of Municipal Assurance Corp. (MAC). AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. AGM has been adjusted to include 100% share of its European insurance subsidiary. Amounts include financial guaranty insurance and credit derivatives.
- 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, and (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages, and (iii) eliminations of intercompany deferred ceding commissions. Net exposure and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net exposure related to intercompany cessions from AGM and AGC to MAC.
- Represents adjustments for AGM's and AGC's indirect ownership interest in MAC.
- Net exposure 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 Municipal¹, MAC, AGC and AGE operate as four separate direct financial guaranty platforms, with AG Re operating as a reinsurer**
 - Assured Guaranty Municipal¹ 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's¹ focus
 - AGC, as the most diversified platform, insures the same categories as Assured Guaranty Municipal¹, 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 Municipal¹ and AGC; its subsidiary AGRO is a specialty reinsurance company that primarily provides financial guaranty reinsurance and certain non-financial guaranty reinsurance
 - AGE serves the European market
- **Each of the operating companies and the other subsidiaries 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 each of the operating companies and the other subsidiaries 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 resources² as of June 30, 2019 – AGM¹ \$6.0 billion, MAC \$0.8 billion, AGC \$3.4 billion, AG Re \$2.0 billion
- Separate insurance licenses
- Separate regulators – Assured Guaranty Municipal¹ 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

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

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

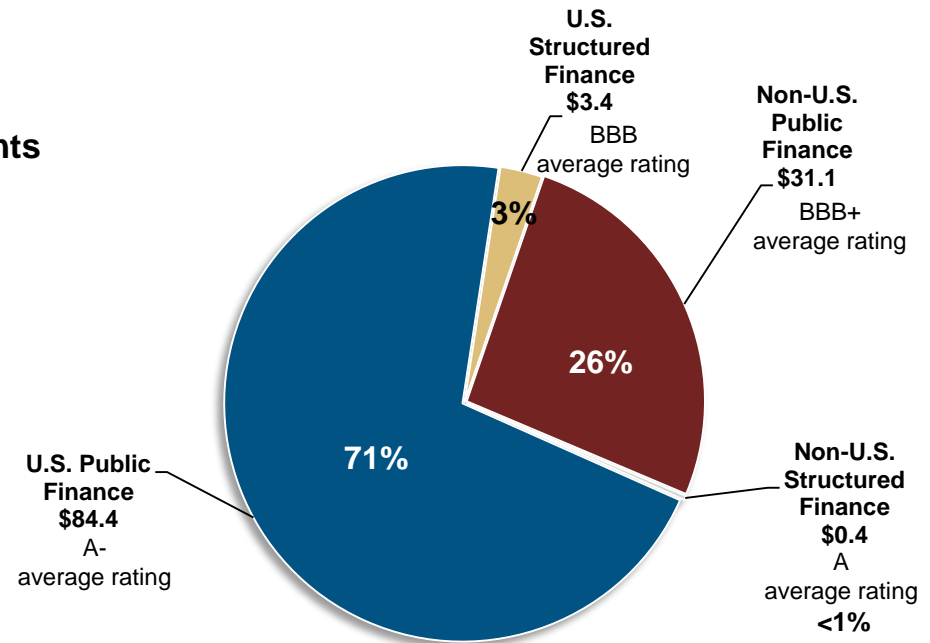
AGM's¹ Commitment to the Public Finance Market



- **AGM¹ is committed to insuring U.S. public finance and global infrastructure transactions². Through its subsidiary, AGE, AGM¹ may underwrite some structured finance transactions.**
- **AGM¹ legacy global structured finance insured portfolio (\$3.8 billion as of June 30, 2019) represents only 3% of its net par outstanding.**
 - The share of AGM¹ net insured portfolio represented by its legacy structured finance portfolio is expected to continue to shrink

Net Par Outstanding

As of June 30, 2019
(\$ in billions)



\$119.3 billion, A- average rating

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

2. AGM¹ has not written structured finance transactions since August 2008.

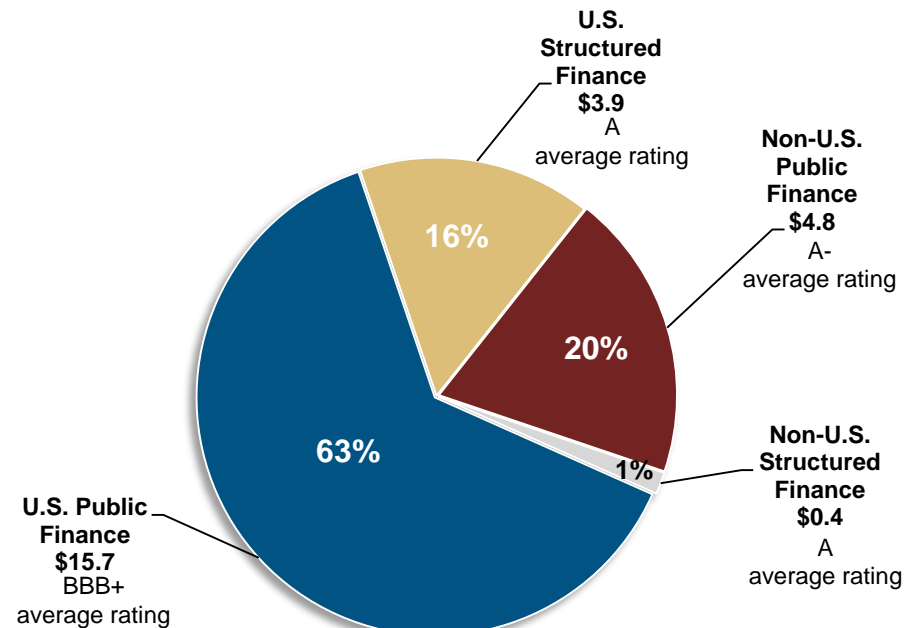
- **MAC is committed to insuring only U.S. public finance transactions;**
- **A \$24 billion insured U.S. municipal-only portfolio that is geographically diversified;**
- **Conservative and well-defined underwriting standards; and**
- **A high level of transparency, including quarterly financial supplements and the publication of Credit Summaries for primary-market insured transactions.**

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 June 30, 2019
(\$ in billions)



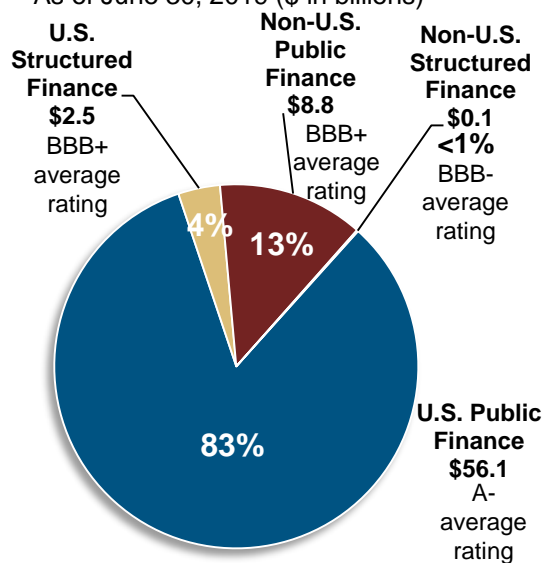
\$24.8 billion, BBB+ average rating

- **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 its affiliates

AG Re Financial Guaranty Net Par Outstanding

As of June 30, 2019 (\$ in billions)



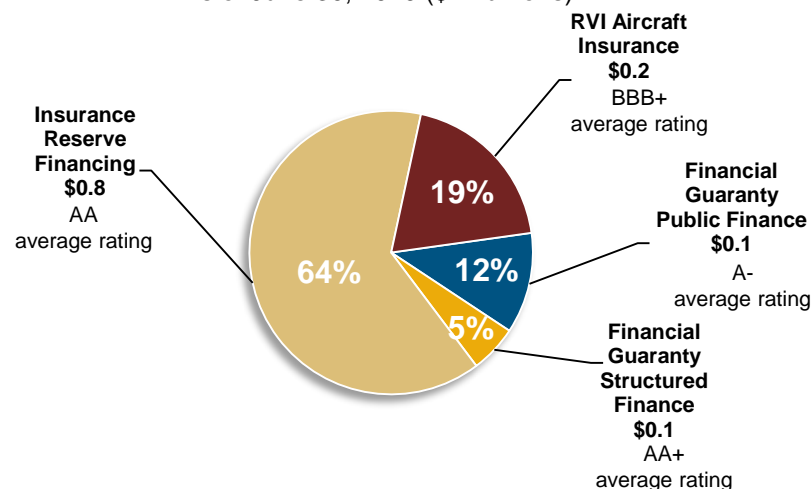
\$67.5 billion, A- average rating

- **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 insurance and reinsurance, including aircraft residual value insurance and life financial reinsurance programs
- Also has a financial guaranty reinsurance portfolio

AGRO Outstanding Net Exposure¹

As of June 30, 2019 (\$ in billions)



\$1.2 billion, AA- average rating

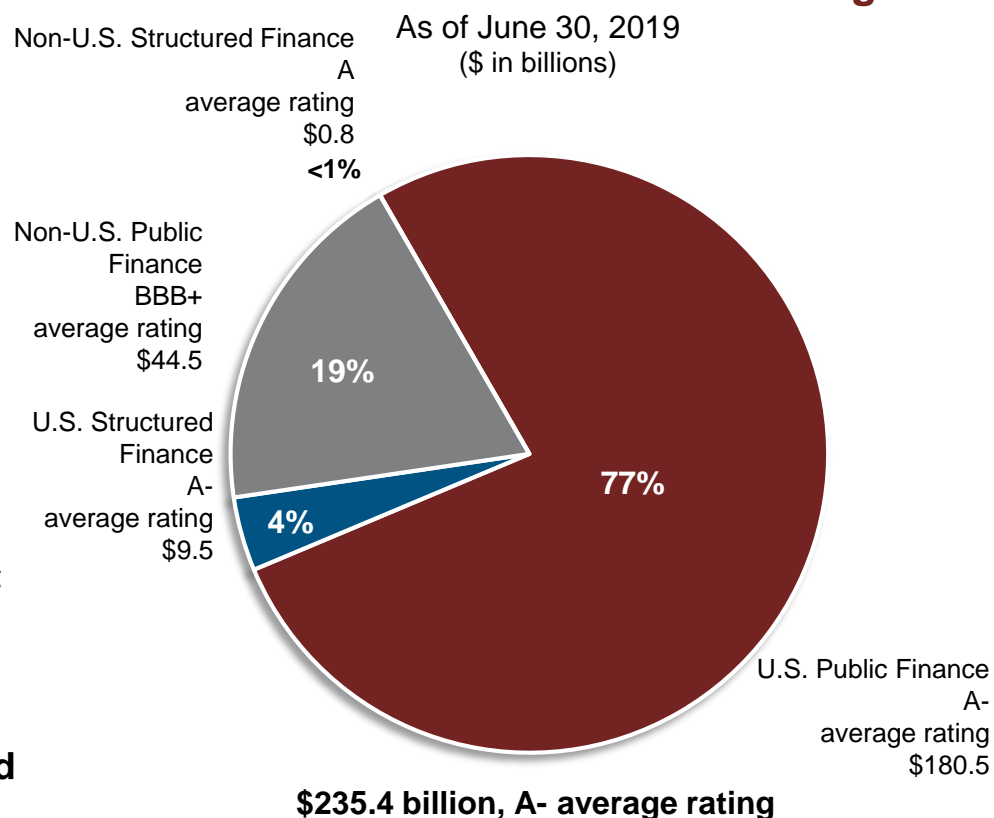
1. Includes non-financial guaranty reinsurance not included in the net par of the other operating companies

- **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 6,800 direct U.S. public finance obligors. We currently expect future losses to be paid, net of recoveries, on less than ten exposures.¹
- We have proactively managed those exposures that have experienced credit deterioration and payment default, like Detroit, Harrisburg and Stockton, with relatively small expected losses.
- Our Puerto Rico exposure² represents our largest below investment grade U.S. public finance exposure.

- **Assured Guaranty did not underwrite direct collateralized debt obligations (CDOs) backed by RMBS, which has protected us from losses on the scale experienced by our former competitors**

Consolidated Net Par Outstanding³



1. Includes exposure to Puerto Rico.

2. See pages 35-37 for a more detailed analysis of the Company's Puerto Rico exposure.

3. Excludes non-financial guaranty net exposure of \$1.0 billion

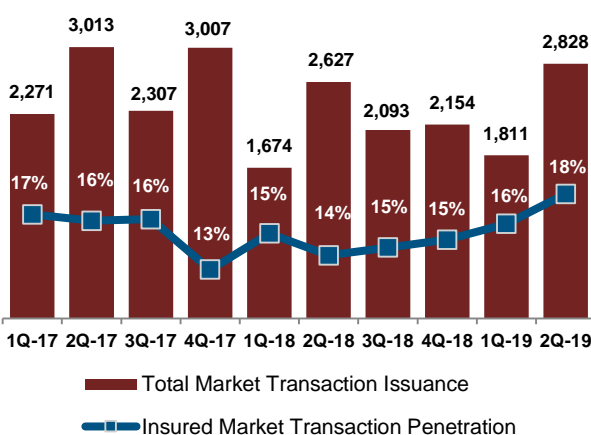
New Business Production

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

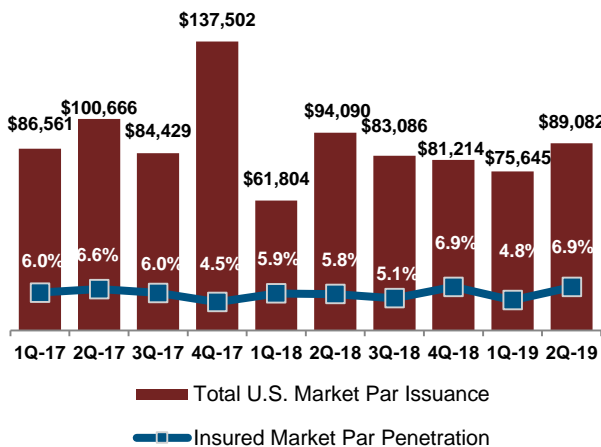


- **We are focused on building demand for our guarantees, both in the primary and the secondary markets for U.S. public finance**
 - In 2Q 2019, we insured 260 primary market transactions totaling \$3.7 billion, and issued 77 secondary market policies totaling \$0.3 billion.
- **Industry insured volume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

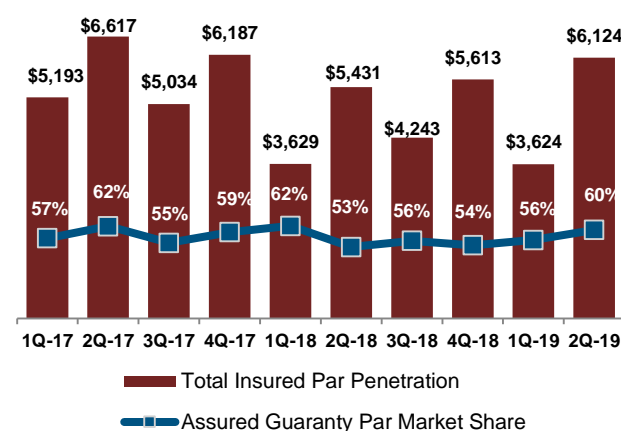
Insured Market Transaction Penetration Rate and Total U.S. Public Finance Transaction Volume¹



Insured Market Par Penetration Rate and Total U.S. Public Finance Market Volume¹
(\$ in millions)



Assured Guaranty's Insured Market Share and Insured Market Primary Par Insured¹
(\$ in millions)



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

ASSURED GUARANTY®

Market Update

Select Assured Guaranty Transactions in 2019



Our market leadership has continued into 2019:

\$204,230,000 Water and Sewer System First Lien & Subordinate Revenue Bonds Pittsburgh Water & Sewer, PA June 2019	\$200,000,000 IDA of Kansas City, MO Airport Special Obligation Bonds Kansas City International Airport June 2019	\$200,000,000 General Obligation (Limited Tax) Building Bonds Clark County School District, NV June 2019	\$179,415,000 Transportation Revenue Green Bonds Series, Series 2019A1-3 Metropolitan Transit Auth., NY January 2019	\$140,000,000 General Obligation Bonds 2016 Election, Series B East Side Union High School District, CA April 2019
\$131,115,000 Turnpike Subordinate Revenue Bonds Pennsylvania Turnpike Commission June 2019	\$102,060,000 Public Finance Authority, WI Student Housing Rev. Bonds Beyond Boone, LLC - Appalachian State University, NC February 2019	\$100,000,000 Water and Sewer Revenue Bonds, Junior Lien Series 2019B City of Shreveport, LA May 2019	\$85,950,000 General Obligation (Limited Tax) Bonds The School District of Erie, PA April 2019	\$85,165,000 Capital Improvement Revenue Refunding Bonds City of Reno, NV February 2019
\$81,030,000 Mass. Development Finance Agency Taxable Revenue Bonds Wellforce February 2019	\$75,630,000 2019 School Building and Site Bonds (Unlimited Tax General Obligation) Grand Rapids Public Schools, MI April 2019	\$66,905,000 Revenue Bonds (Federally Taxable), Series A of 2019 Commonwealth Financing Authority, Pennsylvania May 2019	\$59,130,000 Certificates of Participation Westminster Public Schools, CO January 2019	\$58,065,000 Utilities Revenue Bonds City of Lafayette, LA April 2019

Source: Refinitiv SDC Database. Amounts are on a sale-date basis and reflect only those series insured by AGM or MAC.

Creating Value

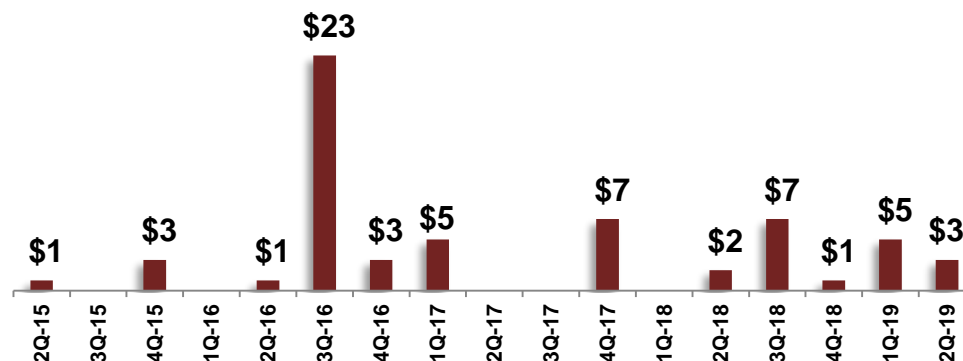
New Business Production

U.S. Structured Finance Business Activity



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

U.S. Structured PVP¹ (excluding SGI reinsurance portfolio)² (\$ in millions)



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

2. In 2Q 2018, the SGI transaction created \$156 million of U.S. structured finance PVP on \$349 million of gross written par

Creating Value

New Business Production

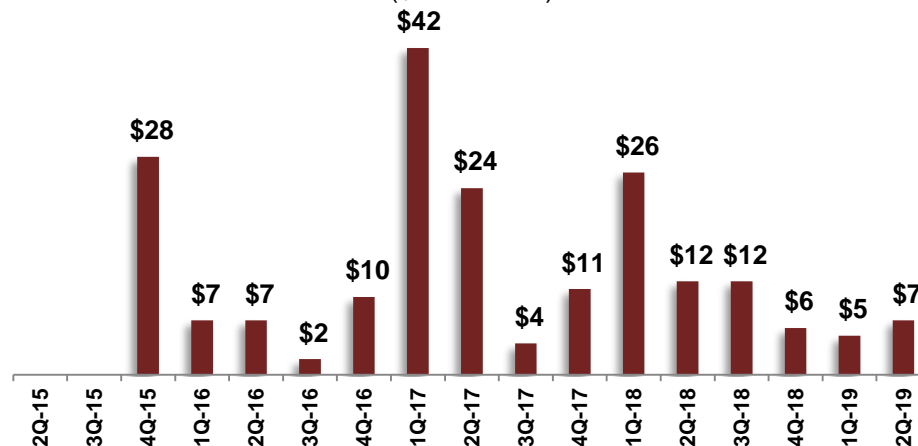
Non-U.S. Business Activity



- During 2Q-19, we closed a guarantee on a debt refinancing of Spanish solar plants and a Scottish housing association transaction
- During 1Q-19, we closed a debt service reserve guarantee on a water and sewerage company in the United Kingdom and provided reinsurance on an aircraft residual value insurance policy
- We are optimistic about the pipeline of infrastructure transactions. International business typically comprises a small number of high-value transactions that have longer development periods and multiple counterparties, so the timing of closing transactions is often uncertain

Non-U.S. PVP¹ (excluding SGI reinsurance portfolio)²

(\$ in millions)



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

2. In 2Q 2018, the SGI transaction created \$50 million of non-U.S. PVP on \$3.3 billion of gross written par

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

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

Creating Value

Alternative Strategies

Acquisitions and Reinsurance of Legacy Monolines



- **Radian Asset Assurance acquisition closed on April 1, 2015**

- Resulted in an increase of \$654 million to claims-paying resources, an increase of \$193 million to non-GAAP operating shareholder's equity and \$570 million to non-GAAP adjusted book value

- **CIFG acquisition closed on July 1, 2016**

- Resulted in a benefit of \$293 million in non-GAAP operating income and \$512 million to non-GAAP adjusted book value

- **MBIA UK Limited (MBIA UK) acquisition closed on January 10, 2017**

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

- **SGL reinsurance transaction closed on June 1, 2018**

- Resulted in \$11.3 billion of gross written par and \$391 million of PVP, which helped lead the Company to a 10-year record high for PVP
- Increased non-GAAP adjusted book value by \$2.25 per share

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

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

- **In August 2019, the Company entered into an agreement to purchase all of the outstanding equity interests of BlueMountain and its associated entities for a purchase price of approximately \$160 million, subject to certain pre- and post-closing adjustments**
 - **Not less than \$114.8 million of purchase price will be payable in cash, with the remainder payable, at the Company's election, in cash, common shares of Assured Guaranty Ltd., a one-year promissory note, or a combination of the above**
 - **Assured Guaranty will contribute \$60 million of cash to BlueMountain at closing and intends to contribute an additional \$30 million within a year of closing**
 - **In addition to the cash and common stock included in the acquisition, Assured Guaranty intends to invest \$500 million into BlueMountain funds, CLOs and/or separately managed accounts within three years of closing**
 - **BlueMountain manages approximately \$19.3 billion in assets under management (AUM) across CLOs, long duration opportunities funds and hedge funds**
 - CLOs make up \$11.9 billion of BlueMountain's total AUM, making them the 16th largest CLO manager globally¹. Assured Guaranty has a long positive history and strong understanding of CLOs, having insured over \$70 billion in original par of CLOs.
 - The opportunities funds build on the BlueMountain's corporate credit, asset-backed financing, infrastructure and healthcare experience.
 - The hedge funds employ a relative value approach.
 - Approximately \$9.4 billion of AUM is in fee paying assets.
 - **BlueMountain has brand recognition as a manager of credit, structure finance and special situations investments with a track record dating back to the founding of the company in 2003**
 - **The transaction is expected to be accretive to EPS and ROE beginning in 2020**
 - **Assured Guaranty plans to continue its current capital management strategy, including share repurchases**
 - **The transaction is subject to client consents, regulatory approvals and customary closing conditions, and is expected to close in Q4 2019**

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

- Reassumption of previously ceded business has increased the unearned premium reserve and non-GAAP adjusted book value¹

Commutations Since 2009

As of June 30, 2019

Year	Reassumed Par (\$ in billions)	Reassumed UPR (\$ in millions)	Commutation Gain / (Loss) (\$ in millions)
2009	\$2.9	\$65	\$(11)
2010	15.5	104	50
2011	0.3	2	24
2012	19.2	109	82
2013	0.2	11	2
2014	1.2	20	23
2015	0.9	23	28
2016	0.0	-	8
2017	5.1	82	328
2018	1.5	64	(16)
2Q-19	1.1	15	1
Total	\$47.9	\$495	\$519

Ceded Par Outstanding by Reinsurer

As of June 30, 2019

(\$ in millions)	Net Par Outstanding
American Overseas Re	\$362
Syncora	201
Others	809
Total	\$1,372

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

Financial Strength Ratings



Financial Strength Ratings

As of June 30, 2019

	S&P	Moody's	KBRA
Assured Guaranty Municipal¹	AA stable outlook	A2 stable outlook	AA+ stable outlook
MAC	AA stable outlook	Not Rated	AA+ stable outlook
AGC	AA stable outlook	(*)	AA stable outlook

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

- In June 2019, S&P affirmed the AA (stable outlook) financial strength ratings of Assured Guaranty Municipal¹, 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 \$3.2 billion at year-end 2018, \$1.7 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 55% 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 Assured Guaranty Municipal¹ at AA+ (stable outlook) in December 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 August 2019, Moody's affirmed the A2 (stable outlook) insurance financial strength rating of AGM¹**

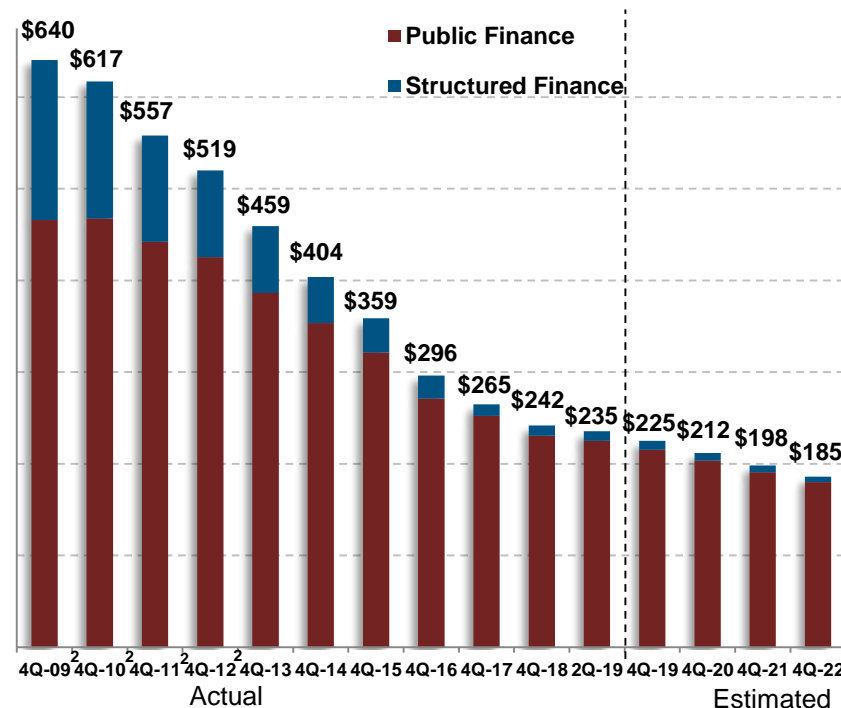
1. Please see page 3 for a definition of this convention.

Net Par Outstanding Amortization

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

Consolidated Net Par Outstanding Amortization¹

As of June 30, 2019
(\$ in billions)



1. Represents the future expected amortization of existing net par outstanding as of June 30, 2019. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (1) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of U.S. public finance refundings), and (2) the expected amortization of structured finance transactions is based in part on management's assumptions regarding the performance of the underlying assets while the actual performance of those assets may differ from management's assumptions. Actual amortization of the U.S. public and global infrastructure finance portfolio and the structured finance portfolio may be faster or slower than expected by management, both portfolios may differ in the same direction, and one portfolio may amortize more quickly while the other may amortize more slowly.
2. Gross of wrapped bond purchases made primarily for loss mitigation.

Assured Guaranty Today

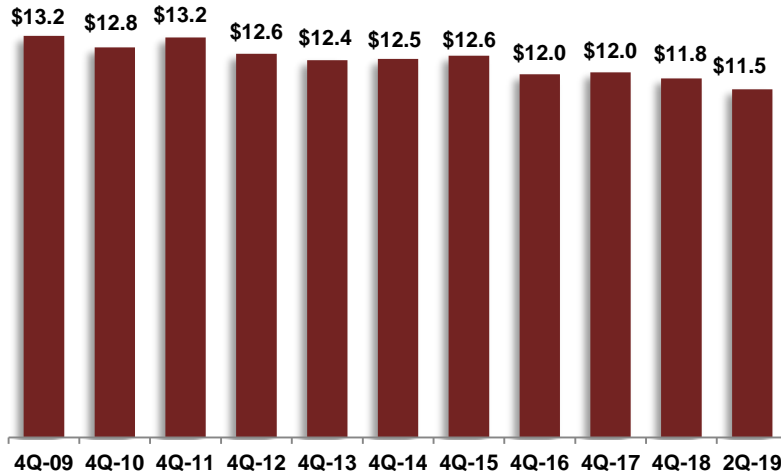
Insured Portfolio and Capital Changes

Since the Global Financial Crisis



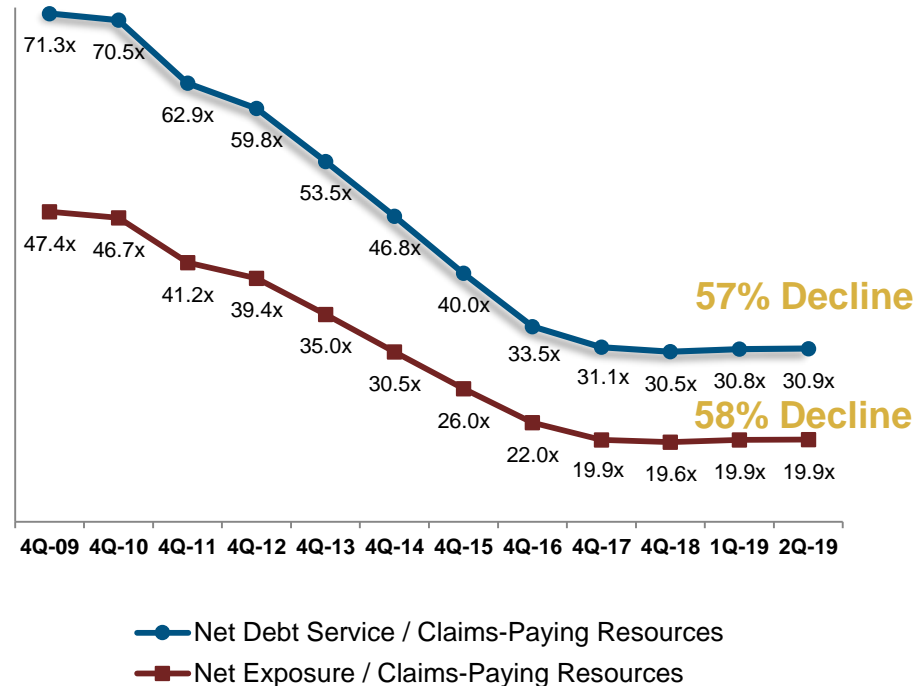
Claims-Paying Resources

\$ in billions



- 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 approximately than \$10 billion paid out in gross policyholder claims
- Of those claims, approximately 80% were RMBS, 15% public finance and the rest other asset classes

Insured Leverage



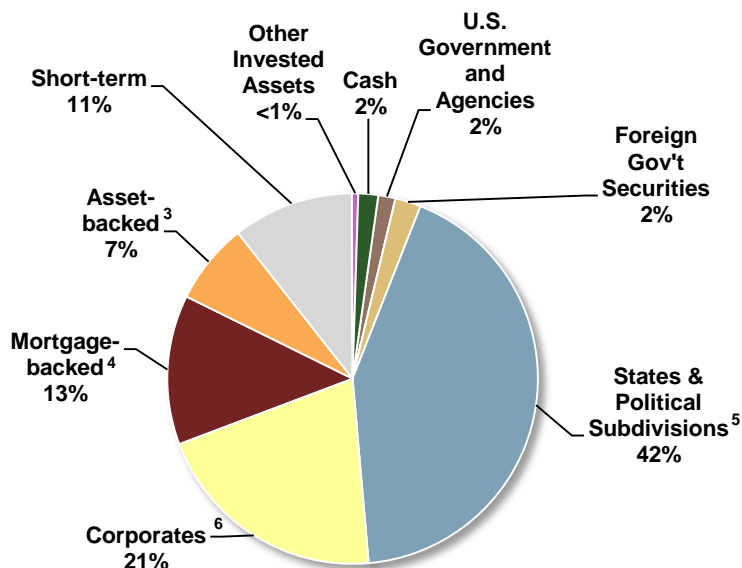
- Since our acquisition of AGM in July 2009, group insured leverage as a multiple of claims-paying resources has declined by more than 50%

AGL Consolidated Investment Portfolio

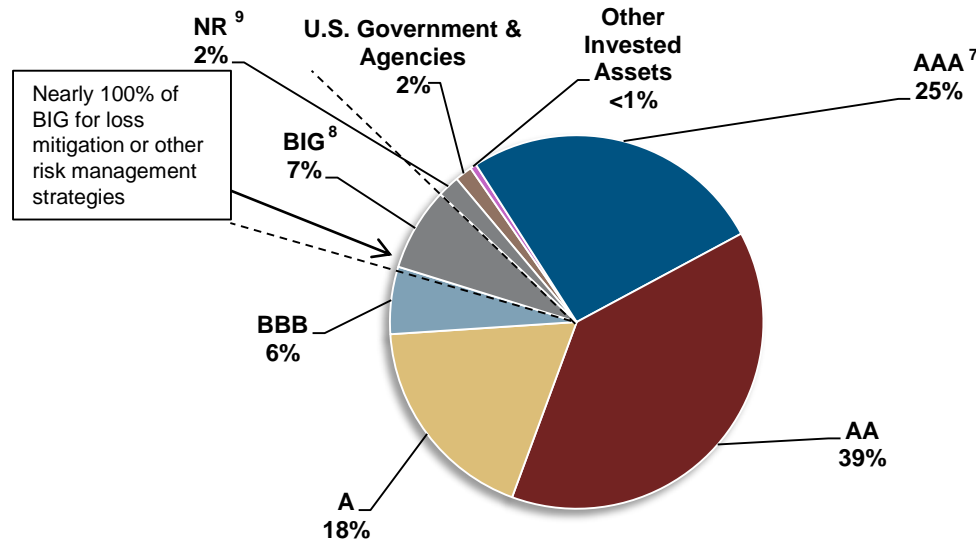
Fair Value as of June 30, 2019



Total Invested Assets and Cash¹ By Category



Total Invested Assets and Cash¹ By Rating²



Total = \$11.0 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 \$394 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of \$385 million and an average rating of AA+.

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 \$327 million and agency-backed securities with a fair value of \$638 million. The remaining securities have a fair value of \$468 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 \$257 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 \$48 million.

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

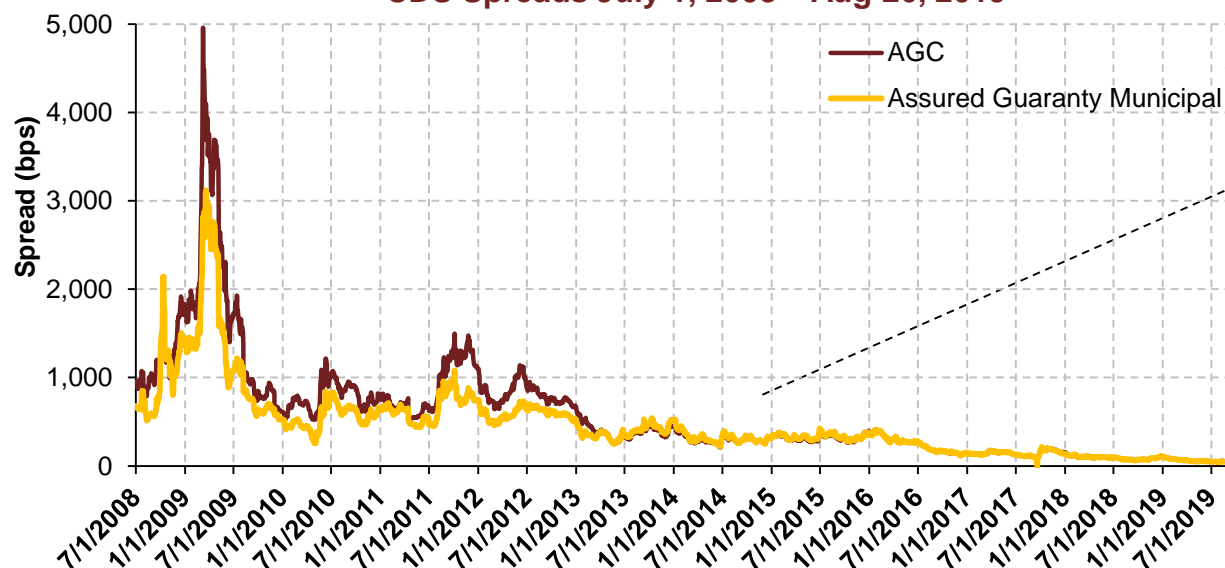
8. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of \$792 million.

9. Included in NR are closed lien senior bonds of Puerto Rico Sales Tax Financing Corporation (COFINA) validated by the PROMESA Title III Court (COFINA Exchange Senior Bonds) with \$152 million in initial par.

Credit Default Swap Spreads

- Movements in credit default swap (CDS) levels for Assured Guaranty Municipal¹ 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 Municipal¹ and AGC by fixed income holders of Assured Guaranty Municipal¹ and AGC insured paper as they sought to hedge exposure, thereby exacerbating the supply/demand imbalance
- AGM Consolidated¹ 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 Municipal¹ 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 August 26, 2019, the 5-year CDS levels for Assured Guaranty Municipal¹ and AGC came in by 98 and 99 percent, respectively, of their mid-March 2009 levels
- Between January 1, 2014 and August 26, 2019, CDS levels for Assured Guaranty Municipal¹ and AGC came in by 90 and 89 percent, respectively, from their highs during this period. As of August 26, 2019, Assured Guaranty Municipal¹ and AGC's CDS were at approximately 49 bps and 47 bps, respectively.

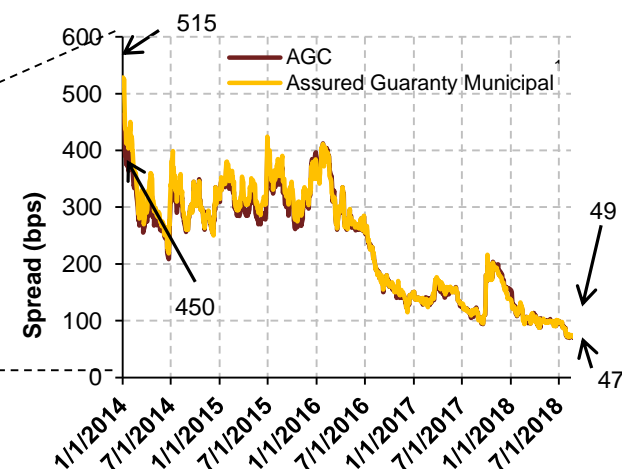
CDS Spreads July 1, 2008 – Aug 26, 2019



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.

**CDS Spreads
Jan 1, 2014 – Aug 26, 2019**



Assured Guaranty Ltd. Consolidated Insured Portfolio Overview



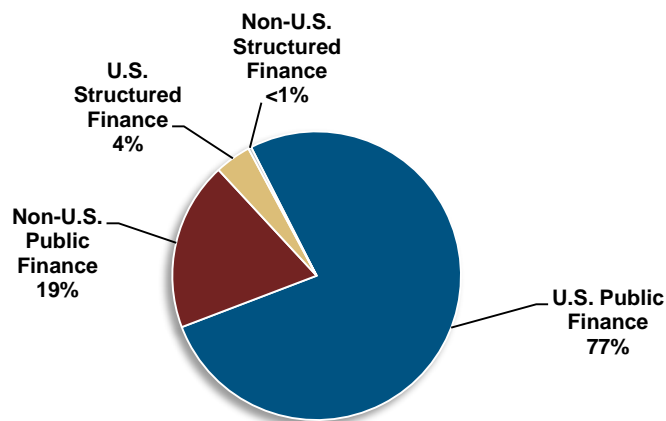
AGL Consolidated

Insured Portfolio

Net Par Outstanding as of June 30, 2019

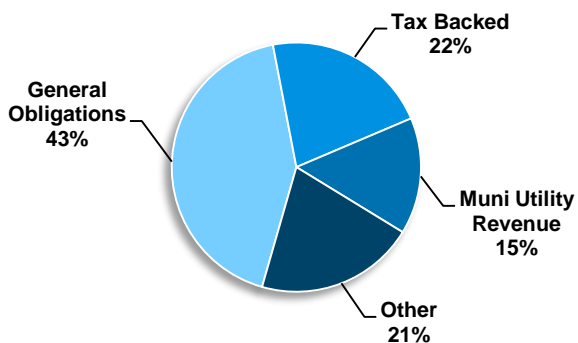
ASSURED
GUARANTY®

Portfolio Diversification by Sector



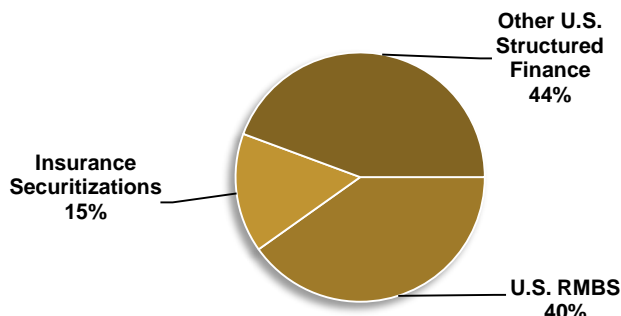
\$235.4 billion^{1,2}

U.S. Public Finance Portfolio



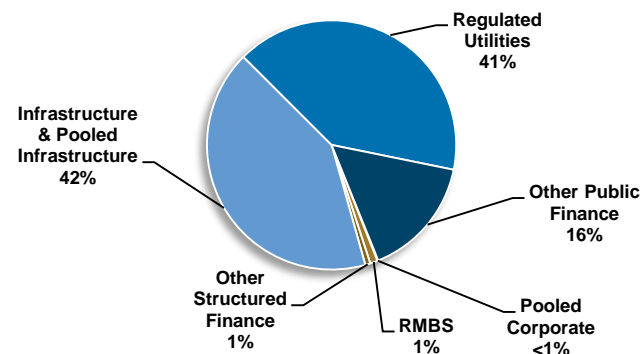
\$180.5 billion²

U.S. Structured Finance Portfolio



\$9.5 billion^{1,2}

Non-U.S. Portfolios Public & Structured Finance



\$45.3 billion²

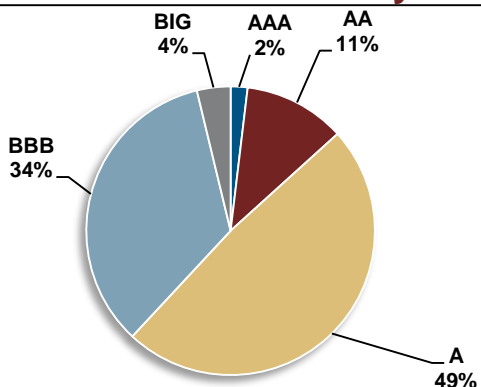
1. Includes GICs. Please see the footnote on page 39.

2. Consolidated amounts include those of AG Re except AG Re's non-financial guaranty net exposure of \$1.0 billion.

AGL Consolidated Insured Portfolio Ratings Net Par Outstanding as of June 30, 2019

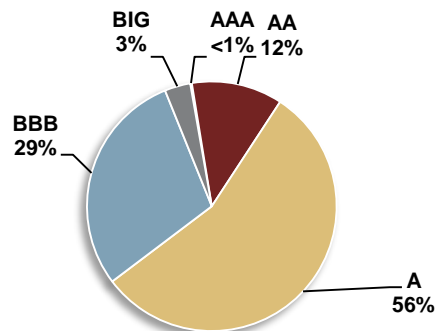


Portfolio Diversification by Rating



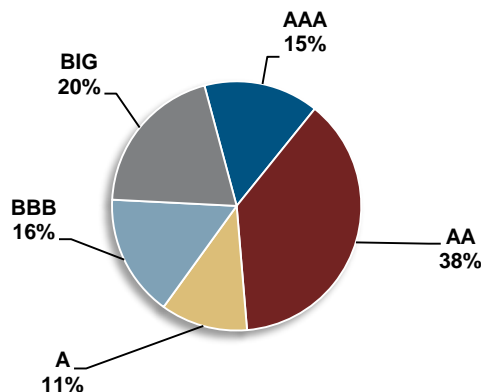
\$235.4 billion^{1,2}

U.S. Public Finance Portfolio



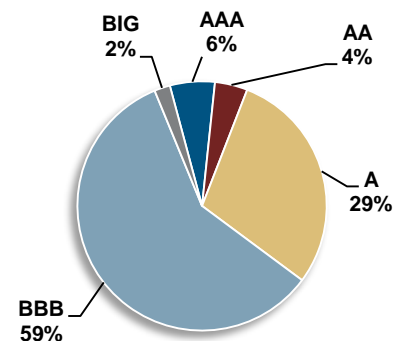
\$180.5 billion²

U.S. Structured Finance Portfolio



\$9.5 billion^{1,2}

Non-U.S. Portfolios Public & Structured Finance



\$45.3 billion²

1. Includes GICs. Please see the footnote on page 39.

2. Consolidated amounts include those of AG Re except AG Re's non-financial guaranty net exposure of \$1.0 billion.

Public Finance

Puerto Rico Exposure



Par Exposure to the Commonwealth and its Agencies^{1,2}

As of June 30, 2019

	(\$ in millions)	AGM	AGC	AG Re	Eliminations	Net Par O/S	Gross Par O/S
Commonwealth Constitutionally Guaranteed	Commonwealth of Puerto Rico - General Obligation Bonds ^{3,4}	\$647	\$301	\$393	\$(1)	\$1,340	\$1,383
	Puerto Rico Public Buildings Authority (PBA)	9	142	-	(9)	142	148
	Subtotal	\$656	\$443	\$393	\$(10)	\$1,482	\$1,531
Public Corporations – Certain Revenues Potentially Subject to Clawback	Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation Revenue Bonds) ⁴	\$233	\$495	\$195	\$(79)	\$844	\$874
	Puerto Rico Highways and Transportation Authority (PRHTA) (Highways Revenue Bonds) ⁴	351	84	40	-	475	536
	Puerto Rico Convention Center District Authority (PRCCDA)	-	152	-	-	152	152
	Puerto Rico Infrastructure Financing Agency (PRIFA)	-	15	1	-	16	16
	Subtotal	\$584	\$746	\$236	\$(79)	\$1,487	\$1,578
Other Public Corporations	Puerto Rico Electric Power Authority (PREPA) ^{4,5}	\$544	\$72	\$232	\$-	848	866
	Puerto Rico Aqueduct and Sewer Authority (PRASA) ⁶	-	284	89	-	373	373
	Puerto Rico Municipal Finance Agency (MFA) ⁶	189	40	74	-	303	349
	University of Puerto Rico (U of PR) ⁶	-	1	-	-	1	1
	Subtotal	\$733	\$397	\$395	\$-	\$1,525	\$1,589
	Total	\$1,973	\$1,586	\$1,024	\$(89)	\$4,494	\$4,698

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

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

As of June 30, 2019

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

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

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

As of June 30, 2019

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

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

Details of Assured Guaranty's Exposure to Detroit

- **Municipal utilities exposure is \$429 million of water revenue bonds and \$980 million 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

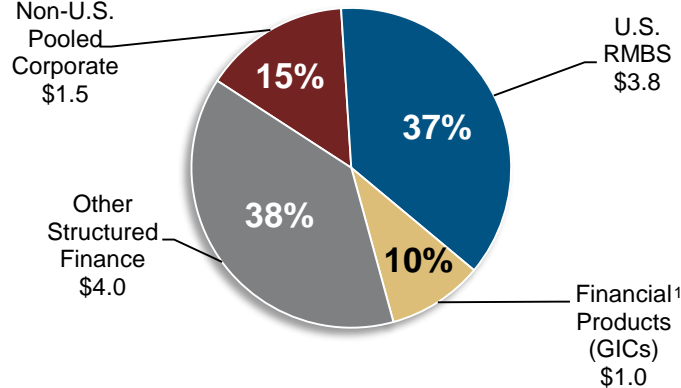
- **Net par exposure to Stockton is \$110 million of pension obligation bonds**
- **The City of Stockton's plan of adjustment, which became effective on February 25, 2015, includes the terms of the Company's settlement with Stockton, under which the Company receives net revenues from an office building 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

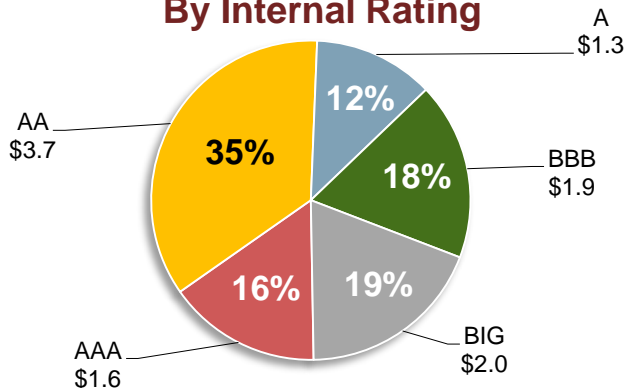
By Type

As of June 30, 2019
(\$ in billions)



\$10.3 billion, A- average rating

By Internal Rating



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

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

Consolidated U.S. RMBS



- **Our \$3.8 billion U.S. RMBS portfolio is amortizing both on a dollar basis and as a percentage of the portfolio**

- Total U.S. RMBS has declined from \$29.2 billion at December 31, 2009 to \$3.8 billion at June 30, 2019, a \$25.4 billion or 87% reduction
- U.S. RMBS expected to be reduced by 9% by year-end 2019 and by 48% by year-end 2022
- As of June 30, 2019, U.S. RMBS exposure excludes \$1.0 billion of net par related to loss mitigation strategies, including loss mitigation securities held in the investment portfolio

- **Our loss reserving methodology is driven by our assumptions on several factors:**

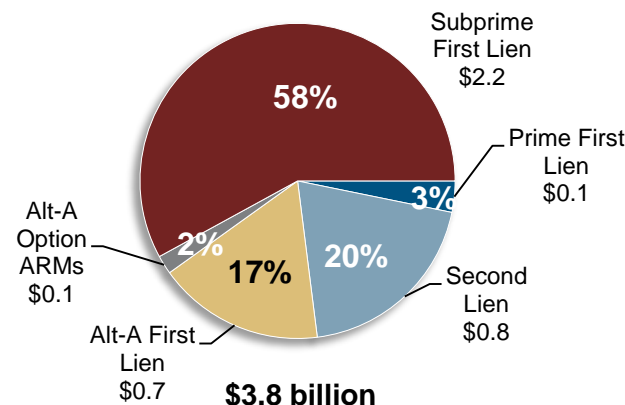
- Liquidation rates
- Conditional default rates
- Conditional prepayment rates
- Loss severity
- Interest Rates

- **We have significantly mitigated ultimate losses**

- R&W putbacks, litigation and agreements
- Wrapped bond purchases
- Termination of insurance on BIG credits
- Progress in loss mitigation related to certain second lien RMBS transactions resulted in an upgrade of \$437 million net par in 2Q 2019

U.S. RMBS by Exposure Type¹

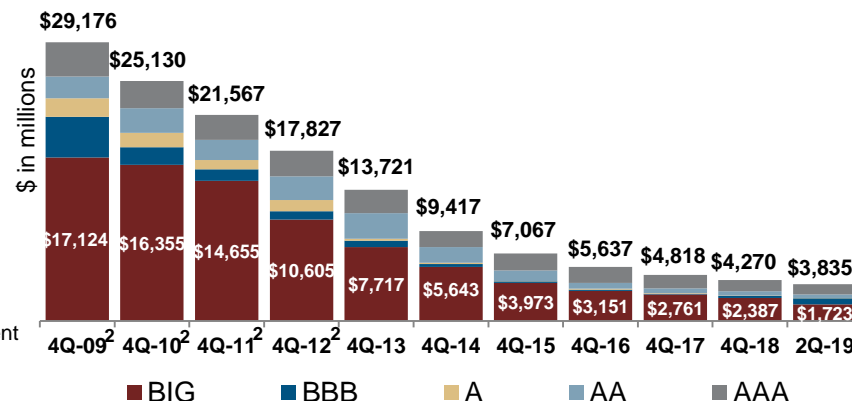
As of June 30, 2019
(\$ in billions)



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

U.S. RMBS by Rating

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



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

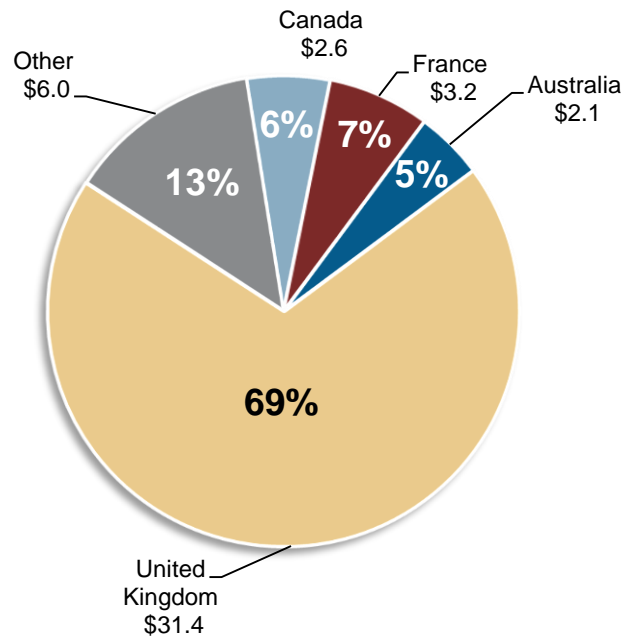
Consolidated Non-U.S. Exposure

Non-U.S. Public and Structured Finance



Non-U.S. Exposure

As of June 30, 2019
(\$ in billions)



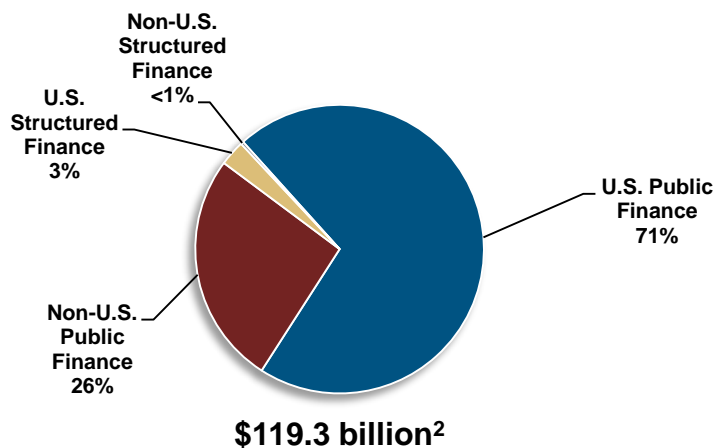
\$45.3 billion, BBB+ average rating

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

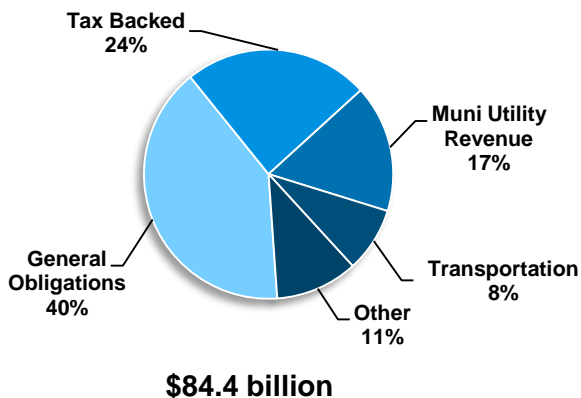
AGM Portfolio Review

Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

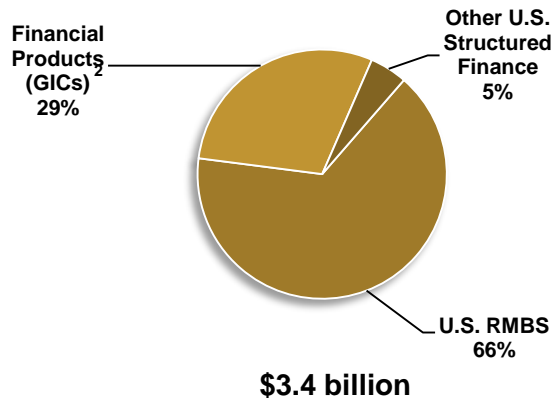
Portfolio Diversification by Sector



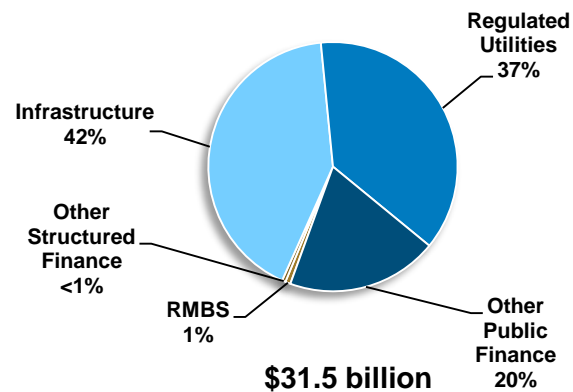
U.S. Public Finance Portfolio



U.S. Structured Finance Portfolio



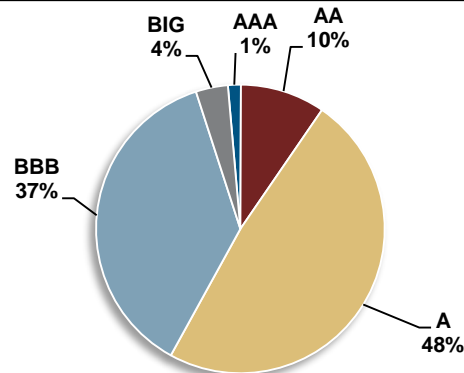
Non-U.S. Portfolios Public & Structured Finance



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

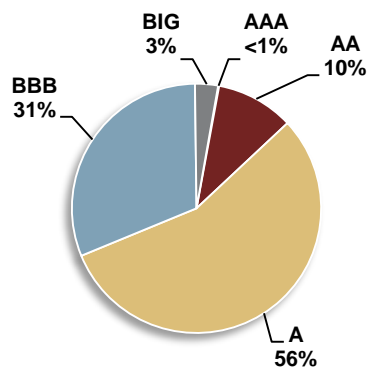
2. Please see the footnote on page 39.

Portfolio Diversification by Rating



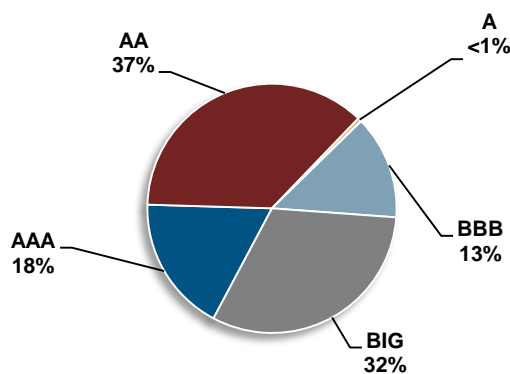
\$119.3 billion²

U.S. Public Finance Portfolio



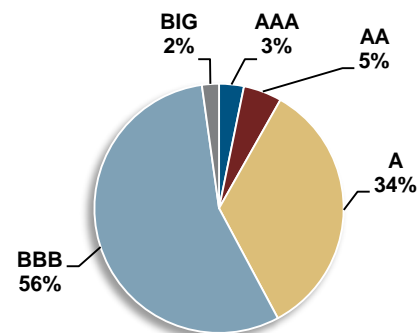
\$84.4 billion

U.S. Structured Finance Portfolio



\$3.4 billion²

Non-U.S. Portfolios Public & Structured Finance



\$31.5 billion

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

2. Includes GICs. Please see the footnote on page 39.

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>
U.S. public finance:			U.S. structured finance:		
General obligation	\$ 34,019	A-	RMBS	\$ 2,230	BBB-
Tax backed	20,299	A-	Financial products ²	1,002	AA-
Municipal utilities	13,958	A-	Other structured finance	165	A-
Transportation	7,096	A-	Total U.S. structured finance	3,397	BBB
Healthcare	3,710	A-	Non-U.S. structured finance:		
Higher education	2,913	A-	RMBS	215	BBB+
Infrastructure finance	1,242	BBB	Other structured finance	143	AA
Housing revenue	790	BBB+	Total non-U.S. structured finance	358	A
Other public finance	368	A-	Total structured finance	\$ 3,755	BBB+
Total U.S. public finance	84,395	A-			
Non-U.S. public finance:			Total net par outstanding	\$ 119,276	A-
Infrastructure finance	13,145	BBB			
Regulated utilities	11,803	BBB+			
Other public finance	6,178	A			
Total non-U.S. public finance	31,126	BBB+			
Total public finance	\$ 115,521	A-			

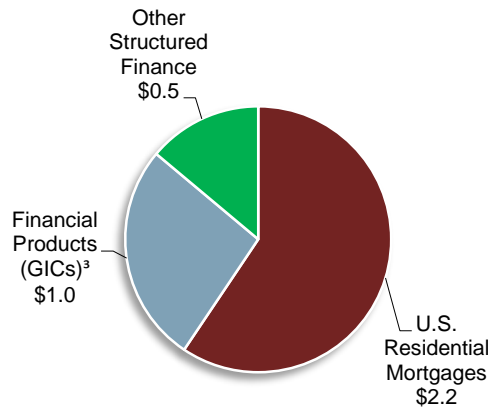
1. Please see page 3 for a definition of this convention.

2. Financial Products (GICs). Please see the footnote on page 39.

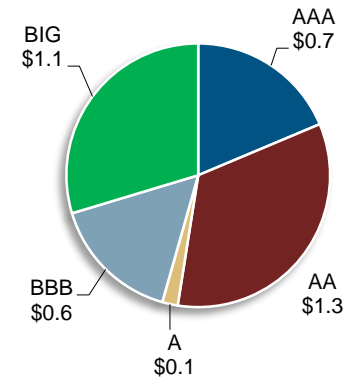
AGM¹ Projected Amortization of Global Insured Structured Finance Portfolio



Portfolio Diversification by Sector

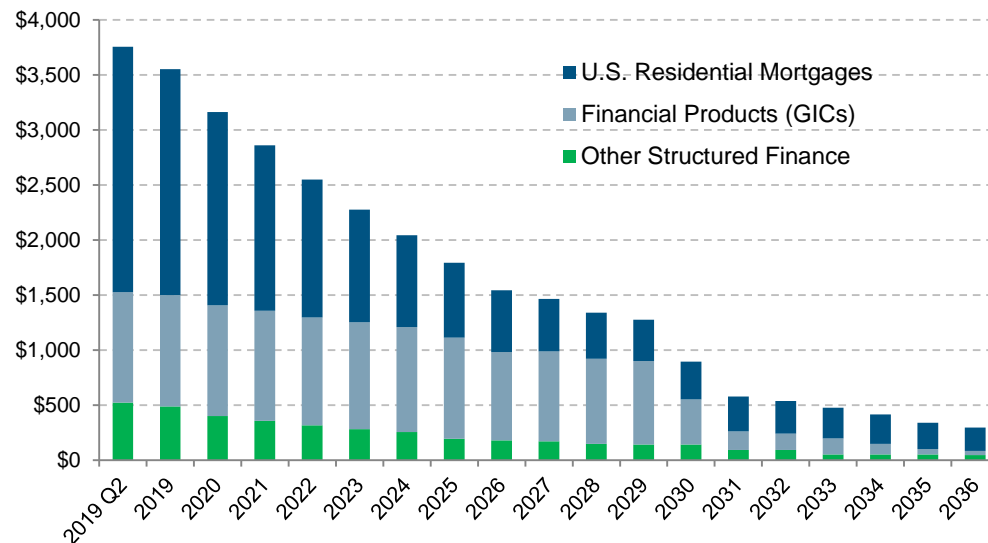


Portfolio Diversification by Rating



\$3.8 Billion Net Par Outstanding²
As of June 30, 2019

\$Million



- We expect AGM's legacy global structured finance insured portfolio (\$3.8 billion as of June 30, 2019 versus \$127.3 billion as of September 30, 2008) to run off rapidly — 5% by year-end 2019 and 24% by year-end 2021.¹
 - \$2.2 billion in U.S. RMBS expected to be reduced by 8% by year-end 2019 and by 33% by year-end 2021
 - \$0.5 billion in other structured finance (excluding FP) expected to be reduced by 7% by year-end 2019 and by 32% by year-end 2021
- Former FP business (\$1.0 billion of this \$3.8 billion) was not part of Assured Guaranty's purchase; Assured Guaranty is indemnified against exposure to the FP business by Dexia.

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

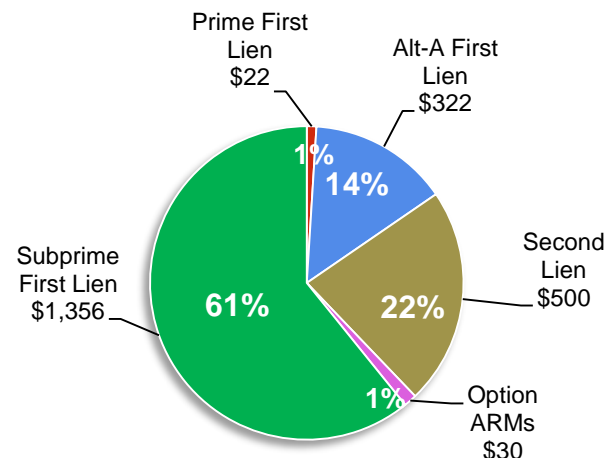
2. Please see footnote 1 on page 28.

3. Please see the footnote on page 39.

- **AGM's¹ U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
 - \$2.2 billion net par outstanding versus \$17.1 billion at year-end 2008, a decrease of 87%
 - 1.9% 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
 - Progress in loss mitigation related to certain second lien RMBS transactions resulted in an upgrade of \$290 million net par in 2Q 2019

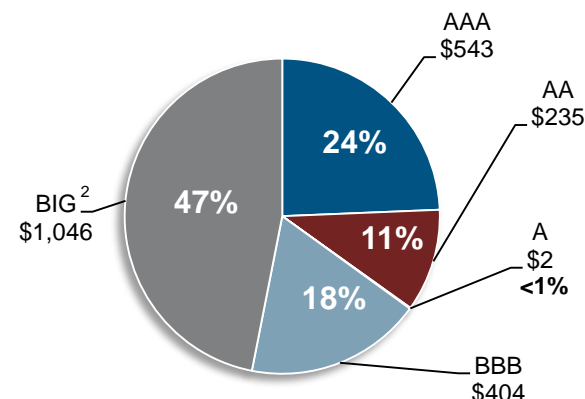
By Type

As of June 30, 2019
(\$ in millions)



\$2.2 billion, 1.9% of net par outstanding

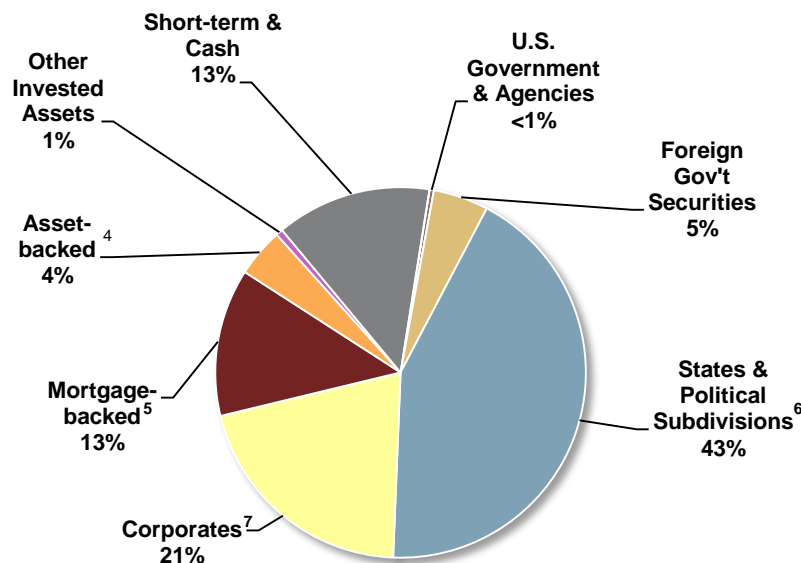
By Rating



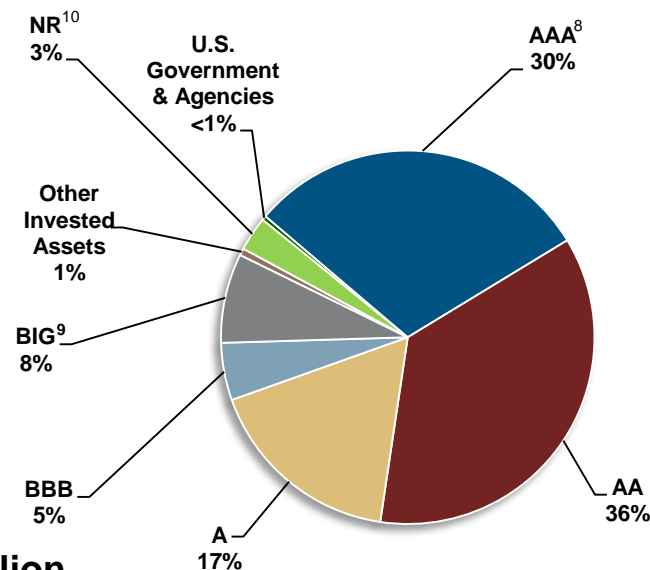
1. Please see page 3 for a definition of this convention.

2. Please see footnote 1 on page 40.

Total Invested Assets and Cash² By Category



Total Invested Assets and Cash² By Rating³



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 (excluding surplus note).

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 \$30 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of \$187 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 \$305 million and agency-backed securities with a fair value of \$140 million. The remaining securities have a fair value of approximately \$216 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 \$190 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 \$48 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 \$397 million.

10. Included in NR are closed lien senior bonds of Puerto Rico Sales Tax Financing Corporation (COFINA) validated by the PROMESA Title III Court (COFINA Exchange Senior Bonds) with \$152 million in initial par.

AGM Consolidated Expected Loss and LAE to Be Paid Three Months Ended June 30, 2019



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid¹ for the Three Months Ended June 30, 2019

	Net Expected Loss to be Paid (Recovered) as of Mar 31, 2019	Economic Loss Development During 2Q-19	(Paid) Recovered Losses During 2Q-19	Net Expected Loss to be Paid (Recovered) as of Jun 30, 2019
Public Finance:				
U.S. public finance	\$192	\$43	\$(4)	\$231
Non-U.S. public finance	25	(7)	-	18
Public Finance:	<u>217</u>	<u>36</u>	<u>(4)</u>	<u>249</u>
Structured Finance				
U.S. RMBS ²	115	(72)	21	64
Other structure finance	9	-	(1)	8
Structured Finance:	<u>124</u>	<u>(72)</u>	<u>20</u>	<u>72</u>
Total	<u>\$341</u>	<u>\$(36)</u>	<u>\$16</u>	<u>\$321</u>

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 2018 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 \$(53) million as of June 30, 2019 and \$(42) million as of March 31, 2019.

AGM Consolidated Expected Loss and LAE to Be Paid Six Months Ended June 30, 2019



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid¹ for the Six Months Ended June 30, 2019

	Net Expected Loss to be Paid (Recovered) as of Dec 31, 2018	Economic Loss Development During 2019	(Paid) Recovered Losses During 2019	Net Expected Loss to be Paid (Recovered) as of Jun 30, 2019
Public Finance:				
U.S. public finance	\$347	\$55	\$(171)	\$231
Non-U.S. public finance	26	(8)	-	18
Public Finance:	<u>373</u>	<u>47</u>	<u>(171)</u>	<u>249</u>
Structured Finance				
U.S. RMBS ²	155	(119)	28	64
Other structure finance	9	-	(1)	8
Structured Finance:	<u>164</u>	<u>(119)</u>	<u>27</u>	<u>72</u>
Total	<u>\$537</u>	<u>\$(72)</u>	<u>\$(144)</u>	<u>\$321</u>

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 2018 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 \$(53) million as of June 30, 2019 and \$(22) million as of December 31, 2018.



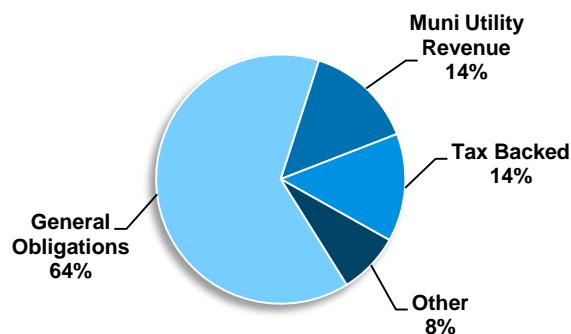
Municipal Assurance Corp. Portfolio Review

MAC

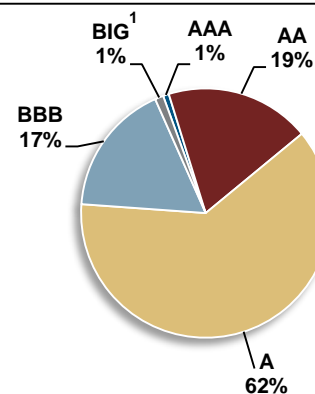
Insured Portfolio (100% U.S. Public Finance)
Net Par Outstanding as of June 30, 2019

ASSURED
GUARANTY®

Portfolio Diversification by Sector



Portfolio Diversification by Rating



\$24.5 billion

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

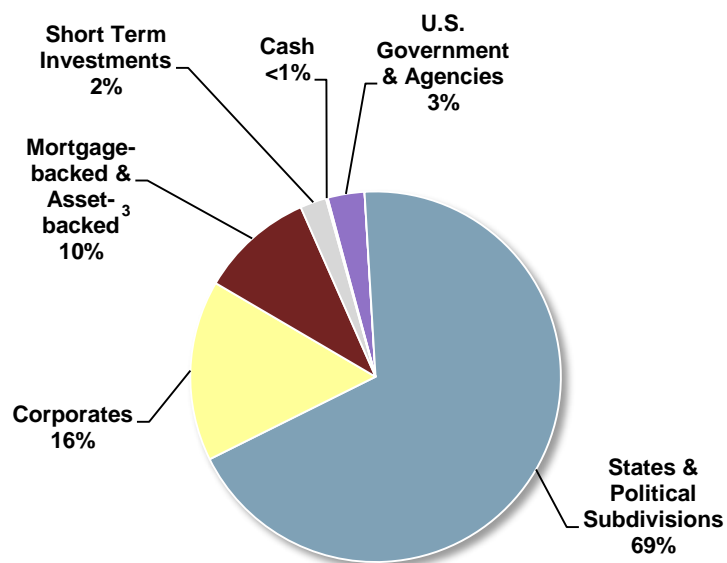
	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:		
General obligation	\$ 15,621	A
Municipal utilities	3,460	A
Tax backed	3,432	A+
Transportation	1,146	A-
Higher Education	705	A-
Housing revenue	83	A+
Other public finance	16	A+
Total U.S. public finance	\$ 24,463	A

Net Par Outstanding By State (\$ in millions)

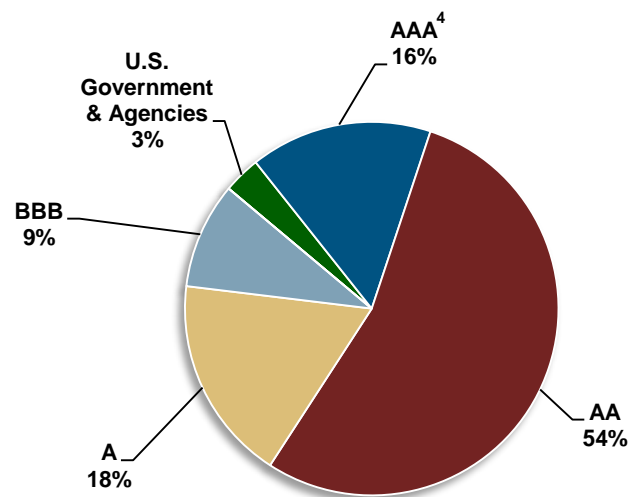
	Net Par Outstanding	% of Total
California	\$ 5,743	23.4%
Texas	2,541	10.4
Pennsylvania	2,379	9.7
Illinois	1,954	8.0
New York	1,762	7.2
New Jersey	1,116	4.6
Florida	968	4.0
Arizona	665	2.7
Ohio	573	2.3
Alabama	556	2.3
Other	6,206	25.4
Total U.S. public finance	\$ 24,463	100.0%

1. A total of \$266 million net par outstanding; includes 21 revenue sources rated in the BB and B categories.

**Total Invested Assets and Cash¹
By Category**



**Total Invested Assets and Cash¹
By Rating²**



Total = \$0.7 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 \$16 million. The remaining securities have a fair value of \$49 million and an average rating of AAA.

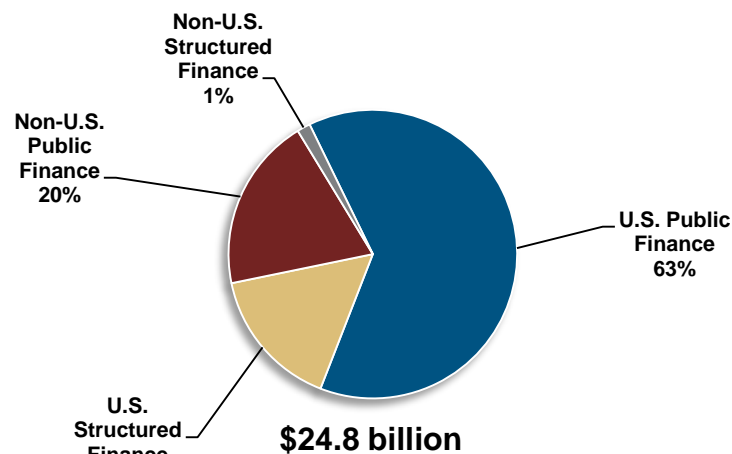
4. Included in the AAA category are short-term securities and cash.

The background of the slide is a photograph of a modern cable-stayed bridge. The bridge has a white deck and numerous white cables fanning out from a central pylon. The bridge is set against a clear blue sky and a body of water. The image is slightly blurred, giving it a sense of motion or depth.

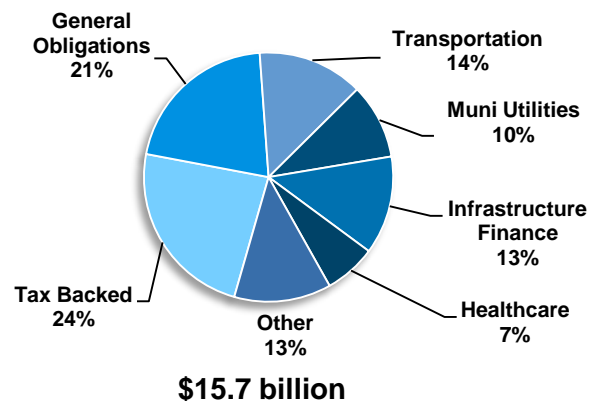
Assured Guaranty Corp. Portfolio Review

Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

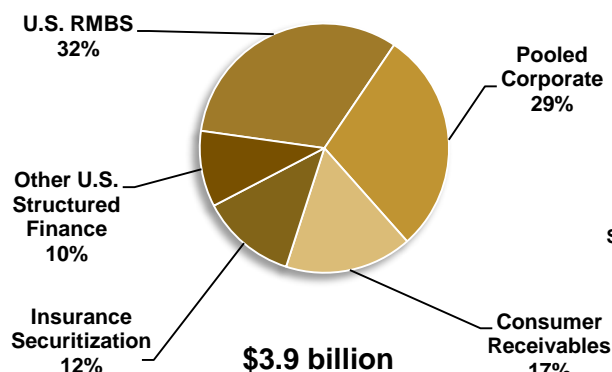
Portfolio Diversification by Sector



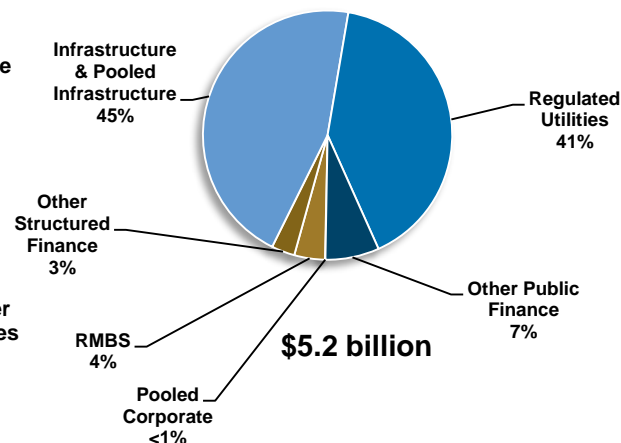
U.S. Public Finance Portfolio



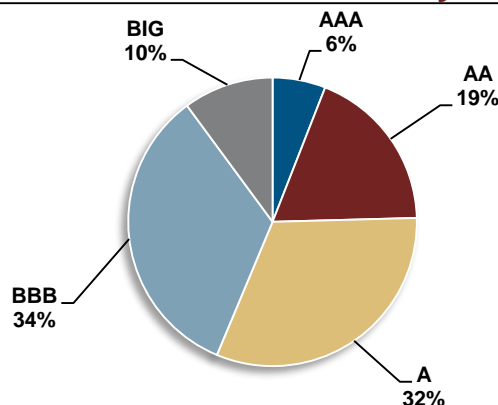
U.S. Structured Finance Portfolio



Non-U.S. Portfolios Public & Structured Finance

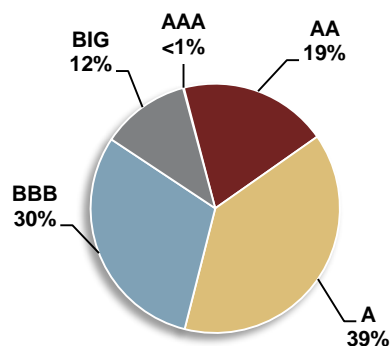


Portfolio Diversification by Rating



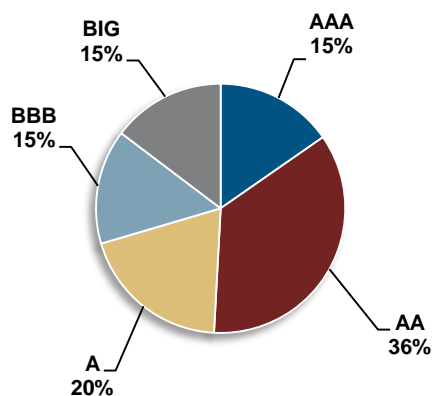
\$24.8 billion

U.S. Public Finance Portfolio



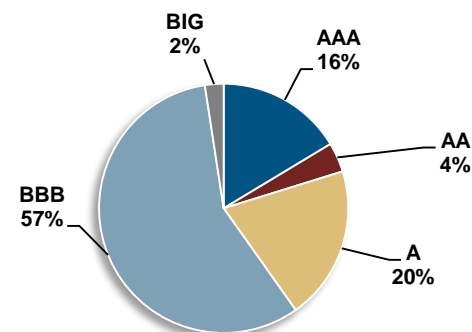
\$15.7 billion

U.S. Structured Finance Portfolio



\$3.9 billion

Non-U.S. Portfolios Public & Structured Finance



\$5.2 billion

Net Par Outstanding By Asset Type

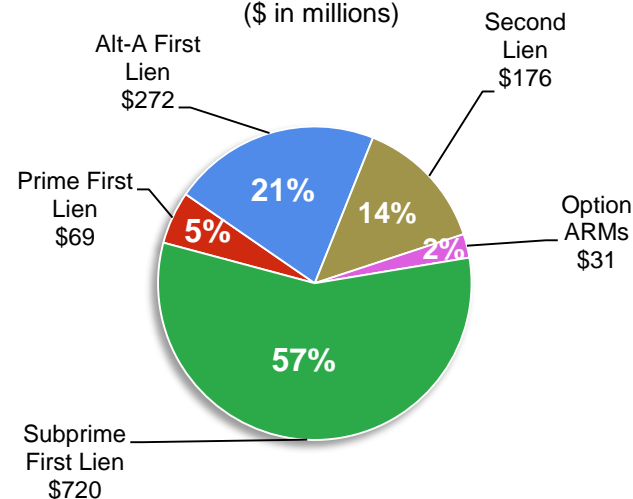
(\$ in millions)

	Net Par Outstanding	Avg. Internal Rating		Net Par Outstanding	Avg. Internal Rating
U.S. public finance:			U.S. structured finance:		
Tax backed	\$ 3,684	BB+	RMBS	\$ 1,268	BBB
General obligation	3,270	BBB+	Pooled corporate obligations	1,140	AA-
Transportation	2,148	A-	Consumer receivables	650	A+
Infrastructure finance	2,000	A	Life Insurance transactions	487	AA
Municipal utilities	1,530	BBB	Other structured finance	388	BBB+
Healthcare	1,054	A-	Total U.S. structured finance	3,933	A
Investor-owned utilities	456	A-	Non-U.S. structured finance:		
Higher education	444	A-	RMBS	207	AA-
Housing revenue	129	BBB-	Pooled corporate obligations	3	BBB
Other public finance	942	A-	Other structured finance	157	BBB
Total U.S. public finance	15,657	BBB+	Total non-U.S. structured finance	367	A
Non-U.S. public finance:			Total structured finance	\$ 4,300	A
Regulated utilities	2,122	BBB+			
Infrastructure finance	1,677	BBB			
Pooled infrastructure	681	AAA			
Other public finance	363	A			
Total non-U.S. public finance	4,843	A-			
Total public finance	\$ 20,500	BBB+	Total net par outstanding	\$ 24,800	BBB+

- **AGC's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
 - \$1.3 billion versus \$13.4 billion at year-end 2007, a decrease of 90%
 - 5.1% 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
 - Progress in loss mitigation related to certain second lien RMBS transactions resulted in an upgrade of \$147 million net par in 2Q 2019

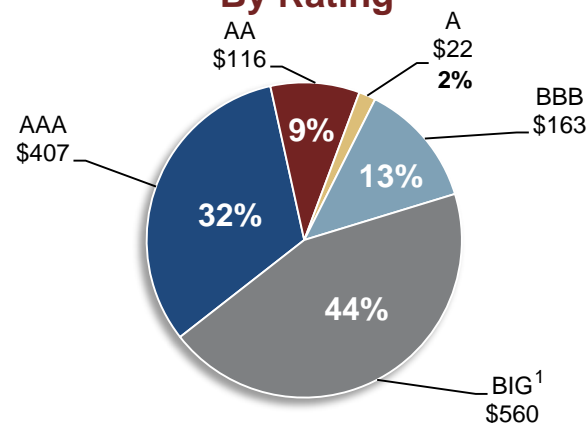
By Type

As of June 30, 2019
(\$ in millions)



\$1.3 billion, 5.1% of net par outstanding

By Rating



1. Please see footnote 1 on page 40.

AGC Non-RMBS Exposure

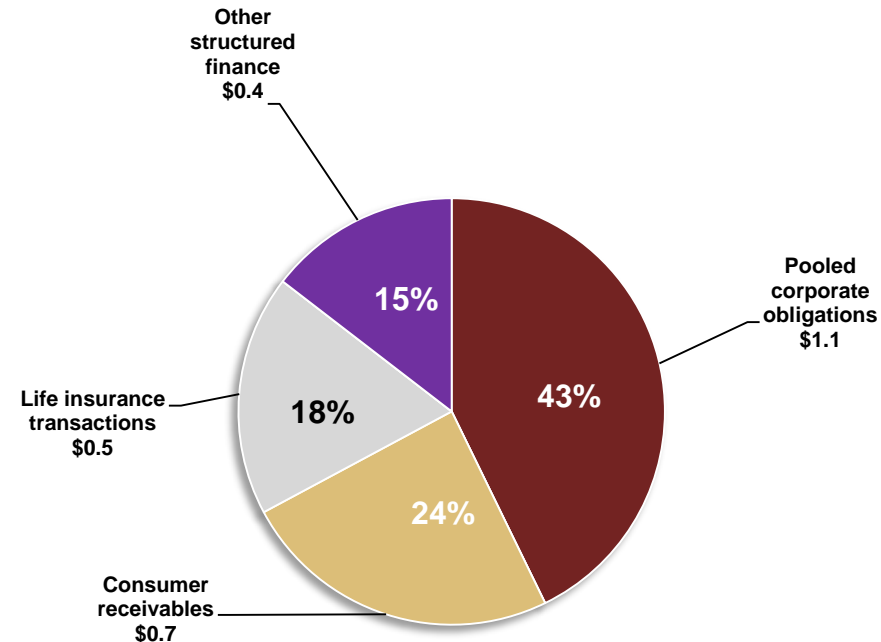
U.S. Structured Finance



- **AGC's non-RMBS U.S. structured finance exposures consist principally of:**
 - Pooled corporate obligations
 - Consumer receivables
 - Life insurance transactions
- **Non-RMBS U.S. structured finance credit experience has been generally strong despite the economic stress caused by the financial crisis**
 - 7% rated AAA
 - <1% rated BIG

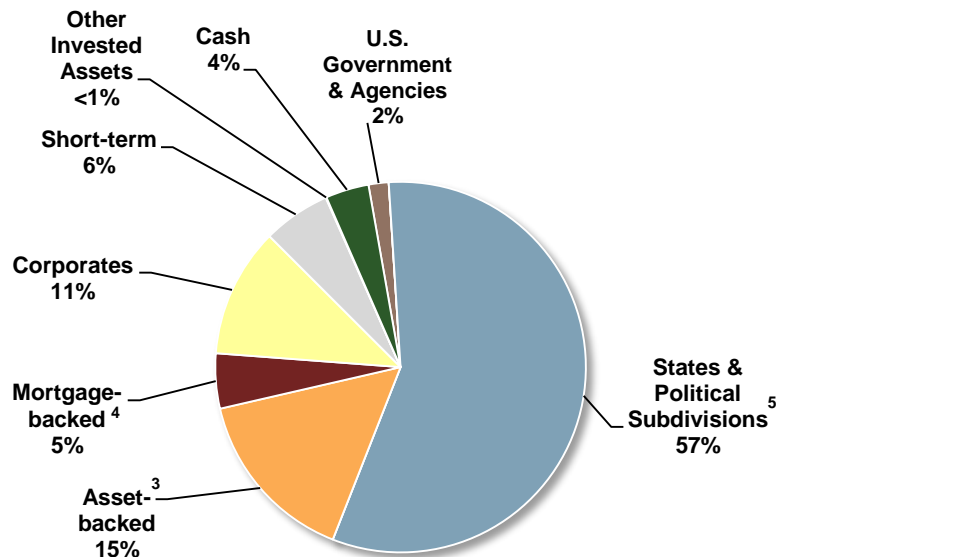
U.S. Non-RMBS Structured Finance

As of June 30, 2019
(\$ in billions)



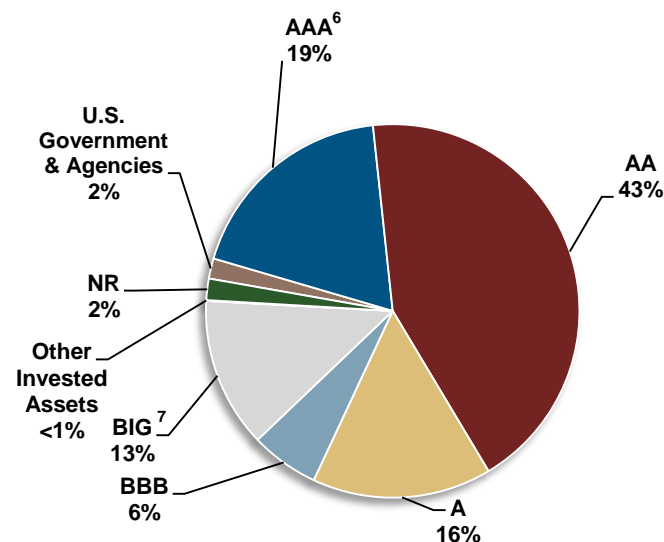
\$2.7 billion net par outstanding

Total Invested Assets and Cash¹ By Category



Total = \$3.0 billion

Total Invested Assets and Cash¹ By Rating²



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 \$364 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of \$102 million and an average rating of AA.

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 \$18 million and agency-backed securities with a fair value of \$77 million. The remaining securities have a fair value of \$50 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 \$67 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 \$391 million.

AGC Expected Loss and LAE to Be Paid

Three Months Ended June 30, 2019



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid¹ for the Three Months Ended June 30, 2019

	Net Expected Loss to be Paid (Recovered) as of Mar 31, 2019	Economic Loss Development During 2Q-19	(Paid) Recovered Losses During 2Q-19	Net Expected Loss to be Paid (Recovered) as of Jun 30, 2019
Public Finance:				
U.S. public finance	\$319	\$20	\$(2)	\$337
Non-U.S. public finance	4	(1)	-	3
Public Finance:	<u>323</u>	<u>19</u>	<u>(2)</u>	<u>340</u>
Structured Finance				
U.S. RMBS ²	110	(37)	19	92
Other structure finance	(81)	(6)	56	(31)
Structured Finance:	<u>29</u>	<u>(43)</u>	<u>75</u>	<u>61</u>
Total	<u>\$352</u>	<u>\$(24)</u>	<u>\$73</u>	<u>\$401</u>

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 2018 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 (payable) of \$18 million as of June 30, 2019 and \$21 million as of March 31, 2019.

AGC Expected Loss and LAE to Be Paid

Six Months Ended June 30, 2019



(\$ in millions)

Rollforward of Net Expected Loss and LAE to be Paid¹ for the Six Months Ended June 30, 2019

	Net Expected Loss to be Paid (Recovered) as of Dec 31, 2018	Economic Loss Development During 2019	(Paid) Recovered Losses During 2019	Net Expected Loss to be Paid (Recovered) as of Jun 30, 2019
Public Finance:				
U.S. public finance	\$314	\$59	\$(36)	\$337
Non-U.S. public finance	4	(1)	-	3
Public Finance:	<u>318</u>	<u>58</u>	<u>(36)</u>	<u>340</u>
Structured Finance				
U.S. RMBS ²	123	(52)	21	92
Other structure finance	(87)	(3)	59	(31)
Structured Finance:	<u>36</u>	<u>(55)</u>	<u>80</u>	<u>61</u>
Total	<u>\$354</u>	<u>\$3</u>	<u>\$44</u>	<u>\$401</u>

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 2018 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 (payable) of \$18 million as of June 30, 2019 and \$25 million as of December 31, 2018 .

Appendix



Appendix

Explanation of Non-GAAP Financial Measures



To reflect the key financial measures that management analyzes in evaluating the Company's operations and progress towards long-term goals, the Company discloses both financial measures determined in accordance with GAAP and financial measures not determined in accordance with GAAP (non-GAAP financial measures).

Financial measures identified as non-GAAP should not be considered substitutes for GAAP financial measures. The primary limitation of non-GAAP financial measures is the potential lack of comparability to financial measures of other companies, whose definitions of non-GAAP financial measures may differ from those of the Company.

By disclosing non-GAAP financial measures, the Company gives investors, analysts and financial news reporters access to information that management and the Board of Directors review internally. The Company believes its presentation of non-GAAP financial measures, along with the effect of FG VIE consolidation, provides information that is necessary for analysts to calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and for investors, analysts and the financial news media to evaluate Assured Guaranty's financial results.

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

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

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

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

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

Appendix

Explanation of Non-GAAP Financial Measures



Non-GAAP Operating Income: Management believes that non-GAAP operating income is a useful measure because it clarifies the understanding of the underwriting results and financial condition of the Company and presents the results of operations of the Company excluding the fair value adjustments on credit derivatives and CCS that are not expected to result in economic gain or loss, as well as other adjustments described below. Management adjusts non-GAAP operating income further by removing FG VIE consolidation to arrive at its core operating income measure. Non-GAAP operating income is defined as net income (loss) attributable to AGL, as reported under GAAP, adjusted for the following:

- 1) Elimination of realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.
- 2) Elimination of non-credit-impairment unrealized fair value gains (losses) on credit derivatives that are recognized in net income, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, the Company's credit spreads, and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of fair value gains (losses) on the Company's CCS that are recognized in net income. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.
- 4) Elimination of foreign exchange gains (losses) on remeasurement of net premium receivables and loss and LAE reserves that are recognized in net income. Long-dated receivables and loss and LAE reserves represent the present value of future contractual or expected cash flows. Therefore, the current period's foreign exchange remeasurement gains (losses) are not necessarily indicative of the total foreign exchange gains (losses) that the Company will ultimately recognize.
- 5) Elimination of the tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

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

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

- 1) Elimination of non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 2) Elimination of fair value gains (losses) on the Company's CCS. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of unrealized gains (losses) on the Company's investments that are recorded as a component of accumulated other comprehensive income (AOCI) (excluding foreign exchange remeasurement). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore should not recognize an economic gain or loss.
- 4) Elimination of the tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

Appendix

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



Management uses non-GAAP adjusted book value, adjusted for FG VIE consolidation, to measure the intrinsic value of the Company, excluding franchise value. Growth in non-GAAP adjusted book value per share, adjusted for FG VIE consolidation (core adjusted book value), is one of the key financial measures used in determining the amount of certain long-term compensation elements to management and employees and used by rating agencies and investors. Management believes that non-GAAP adjusted book value is a useful measure because it enables an evaluation of the Company's in-force premiums and revenues net of expected losses. Non-GAAP adjusted book value is non-GAAP operating shareholders' equity, as defined above, further adjusted for the following:

- 1) Elimination of deferred acquisition costs, net. These amounts represent net deferred expenses that have already been paid or accrued and will be expensed in future accounting periods.
- 2) Addition of the net present value of estimated net future revenue. See below.
- 3) Addition of the deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed, which are not reflected in GAAP equity.
- 4) Elimination of the tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

The unearned premiums and revenues included in non-GAAP adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current non-GAAP adjusted book value due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors.

Non-GAAP Operating Return on Equity (Non-GAAP Operating ROE): Non-GAAP Operating ROE represents non-GAAP operating income for a specified period divided by the average of non-GAAP operating shareholders' equity at the beginning and the end of that period. Management believes that non-GAAP operating ROE is a useful measure to evaluate the Company's return on invested capital. Many investors, analysts and members of the financial news media use non-GAAP operating ROE, adjusted for FG VIE consolidation, to evaluate AGL's share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Quarterly and year-to-date non-GAAP operating ROE are calculated on an annualized basis. Non-GAAP operating ROE, adjusted for FG VIE consolidation, is one of the key management financial measures used in determining the amount of certain long-term compensation to management and employees and used by rating agencies and investors.

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

PVP or Present Value of New Business Production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for the Company by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, whether in insurance or credit derivative contract form, which management believes GAAP gross written premiums and the net credit derivative premiums received and receivable portion of net realized gains and other settlements on credit derivatives (Credit Derivative Realized Gains (Losses)) do not adequately measure. PVP in respect of contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, discounted, in each case, at 6%. Under GAAP, financial guaranty installment premiums are discounted at a risk free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future earned or written premiums and Credit Derivative Realized Gains (Losses) may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

Appendix

Reconciliation of Gross Written Premiums (GWP) to PVP

Reconciliation of GWP to PVP

(dollars in millions)

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

PVP:

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

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 Income¹



Non-GAAP Operating Income Reconciliation

(dollars in millions, except per share amounts)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2019		2018		2019		2018	
	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share
Net income (loss)	\$142	\$1.39	\$75	\$0.67	\$196	\$1.90	\$272	\$2.37
Less pre-tax adjustments:								
Realized gains (losses) on investments	8	0.08	(2)	(0.01)	(4)	(0.04)	(7)	(0.06)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(12)	(0.12)	44	0.39	(40)	(0.39)	74	0.65
Fair value gains (losses) on CCS	19	0.19	(1)	(0.01)	10	0.09	(2)	(0.02)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(12)	(0.12)	(34)	(0.30)	(3)	(0.02)	(12)	(0.11)
Total pre-tax adjustments	3	0.03	7	0.07	(37)	(0.36)	53	0.46
Less tax effect on pre-tax adjustments	(2)	(0.02)	(6)	(0.06)	6	0.06	(10)	(0.08)
Non-GAAP Operating income	<u>\$141</u>	<u>\$1.38</u>	<u>\$74</u>	<u>\$0.66</u>	<u>\$227</u>	<u>\$2.20</u>	<u>\$229</u>	<u>\$1.99</u>
 Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	 <u>\$6</u>	 <u>\$0.05</u>	 <u>(\$4)</u>	 <u>(\$0.03)</u>	 <u>\$6</u>	 <u>\$0.06</u>	 <u>\$1</u>	 <u>\$0.01</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 Value¹



Non-GAAP Adjusted book value reconciliation

(dollars in millions, except per share amounts)

	June 30, 2019		March 31, 2019		December 31, 2018		As of June 30, 2018		March 31, 2018		December 31, 2017	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Reconciliation of shareholders' equity to non-GAAP adjusted book value:												
Shareholders' equity	\$6,722	\$67.35	\$6,669	\$65.21	\$6,555	\$63.23	\$6,634	\$60.52	\$6,784	\$59.67	\$6,839	\$58.95
Less pre-tax adjustments:												
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(85)	(0.85)	(73)	(0.71)	(45)	(0.44)	(72)	(0.65)	(116)	(1.02)	(146)	(1.26)
Fair value gains (losses) on CCS	84	0.84	65	0.63	74	0.72	58	0.53	58	0.52	60	0.52
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	478	4.79	419	4.09	247	2.39	290	2.64	307	2.71	487	4.20
Less Taxes	(90)	(0.91)	(83)	(0.80)	(63)	(0.61)	(65)	(0.60)	(57)	(0.51)	(83)	(0.71)
Non-GAAP operating shareholders' equity	6,335	63.48	6,341	62.00	6,342	61.17	6,423	58.60	6,592	57.97	6,521	56.20
Pre-tax adjustments:												
Less: Deferred acquisition costs	106	1.06	104	1.01	105	1.01	102	0.93	100	0.88	101	0.87
Plus: Net present value of estimated net future revenue	196	1.97	199	1.95	204	1.96	217	1.98	140	1.23	146	1.26
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	2,932	29.37	2,972	29.05	3,005	28.98	3,083	28.13	2,899	25.50	2,966	25.56
Plus Taxes	(508)	(5.09)	(515)	(5.04)	(524)	(5.04)	(542)	(4.95)	(497)	(4.37)	(512)	(4.41)
Non-GAAP Adjusted book value	<u>\$8,849</u>	<u>\$88.67</u>	<u>\$8,893</u>	<u>\$86.95</u>	<u>\$8,922</u>	<u>\$86.06</u>	<u>\$9,079</u>	<u>\$82.83</u>	<u>\$9,034</u>	<u>\$79.45</u>	<u>\$9,020</u>	<u>\$77.74</u>
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	<u>\$12</u>	<u>\$0.12</u>	<u>\$3</u>	<u>\$0.03</u>	<u>\$3</u>	<u>\$0.03</u>	<u>\$7</u>	<u>\$0.07</u>	<u>\$8</u>	<u>\$0.06</u>	<u>\$5</u>	<u>\$0.03</u>
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	<u>\$(2)</u>	<u>\$(0.02)</u>	<u>\$(20)</u>	<u>\$(0.20)</u>	<u>\$(15)</u>	<u>\$(0.15)</u>	<u>\$(12)</u>	<u>\$(0.11)</u>	<u>\$(12)</u>	<u>\$(0.10)</u>	<u>\$(14)</u>	<u>\$(0.12)</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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$142	\$75	\$196	\$272
Non-GAAP Operating income	141	74	227	229
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	6	(4)	6	1
Average shareholders' equity	\$6,696	\$6,709	\$6,639	\$6,737
Average non-GAAP operating shareholders' equity	6,338	6,508	6,339	6,472
Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity	8	8	8	6
GAAP ROE¹	8.5%	4.5%	5.9%	8.1%
Non-GAAP Operating ROE ¹	8.9%	4.6%	7.1%	7.1%
Effect of Consolidating FG VIEs included in non-GAAP operating ROE	0.3%	(0.2)%	0.1%	0.1%

1. Quarterly ROE calculations represent annualized returns.

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Fixed Income Investor Presentation

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