



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

BlueMountain Acquisition

August 7, 2019

**ASSURED
GUARANTY[®]**

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Asset Management as a Strategic Priority

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

Strategic Goals



- ① Diversify core financial guaranty franchise with new growth platform ✓
- ② Grow revenues, net income and free cash flow from a capital light and fee based business ✓
- ③ Identify a platform that is a logical extension of institutional core competencies in credit and structured finance ✓
- ④ Leverage client and market relationships across new financial platform ✓
- ⑤ Deploy insurance company excess capital at attractive returns ✓
- ⑥ Improve risk-adjusted returns on a portion of the investment portfolio ✓

Transaction Overview



Acquire scaled (\$19.3 billion AUM¹) alternative asset management platform at attractive valuation with a strong core competency in fixed income and credit²

Consideration	<ul style="list-style-type: none">Assured Guaranty US Holdings will purchase all of the outstanding equity interests in BlueMountain Capital Management, LLC (BlueMountain) and its associated entitiesApproximately \$160 million to selling shareholders
Form of Consideration	<ul style="list-style-type: none">Not less than \$114.8 million in cash³Remaining \$45 million payable in cash, common shares of Assured Guaranty Ltd. and/or a promissory note, at Assured Guaranty's option; expectation is to pay \$22.5 million of this amount to Andrew Feldstein in AGL common shares
Structure	<ul style="list-style-type: none">Assured Guaranty intends to provide stability and enhance BlueMountain's growth trajectory through an expected \$500 million investment in BlueMountain funds, CLOs and/or separately managed accounts (SMAs) over three years and a \$90 million⁴ capital contribution to BlueMountain to fund working capital and growth
Alignment of Interest	<ul style="list-style-type: none">BlueMountain Co-Founder Andrew Feldstein to match 20% of Assured Guaranty's investment, up to \$150 million, in BlueMountain funds and CLOsFive year lock-up on consideration paid to Andrew Feldstein in AGL common shares, rolling off by 20% per year
Timing and Approvals	<ul style="list-style-type: none">Transaction is subject to client consents, regulatory approvals (Hart-Scott-Rodino and Financial Conduct Authority) and customary closing conditionsExpected to close in Q4 2019
Financial Impact	<ul style="list-style-type: none">Attractive valuationStrong fee income generationExpected to be accretive to EPS and ROE beginning in 2020Expected yield pickup in Assured Guaranty's investment portfolioNo anticipated impact to financial strength ratings or outlook on Assured GuarantyAssured Guaranty plans to continue its current capital management program, including share repurchases

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

Key Investment Highlights



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

Significant Overlap in Credit Experience

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

Asset Backed Finance / Securitization

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

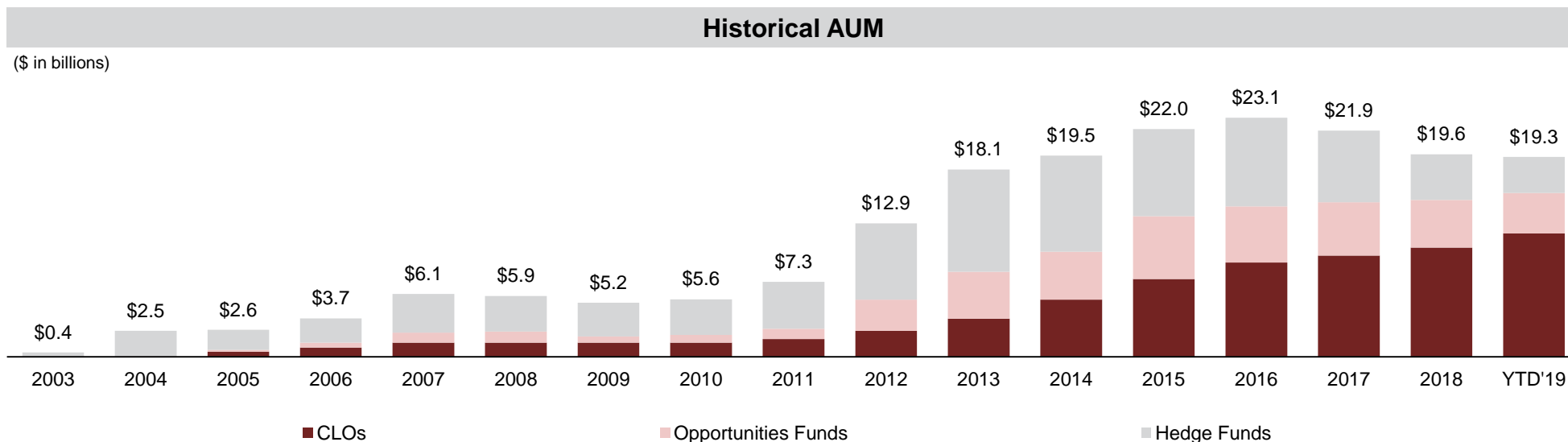
Public Finance

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

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

Overview of BlueMountain

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



Investment Products & Capabilities

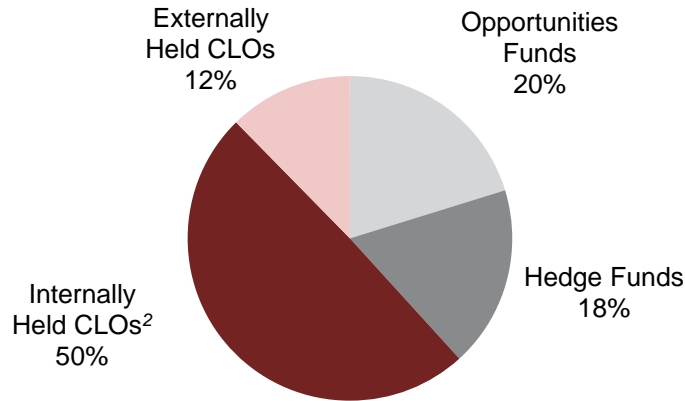
CLOs	Opportunities Funds	Hedge Funds
Securitizations focused on corporate loans; US and European CLO Manager	Concentrated, long-dated mandates primarily in draw-down structures or single investor funds	Relative value absolute return funds
\$11.9 billion AUM	\$3.9 billion AUM	\$3.5 billion AUM

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

Overview of BlueMountain (cont'd)

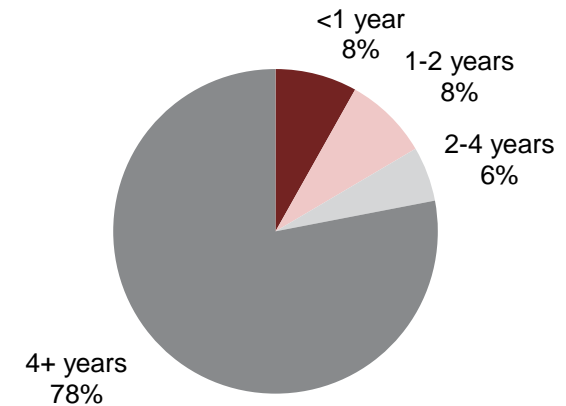
BlueMountain's asset management platform is diversified by fund type, asset duration, client type and client domicile.

AUM by Fund Type



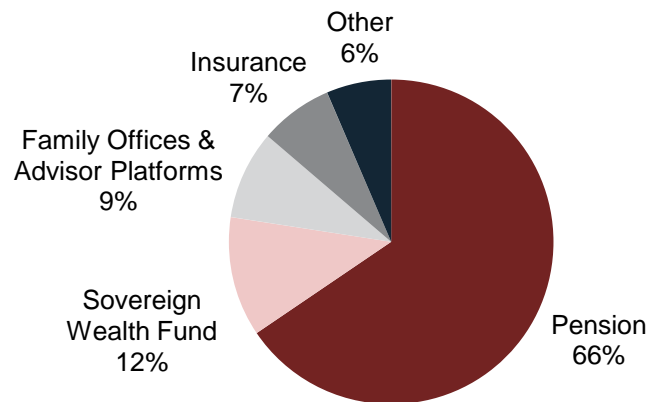
Total AUM = \$19.3 billion¹

AUM by Initial Asset Duration



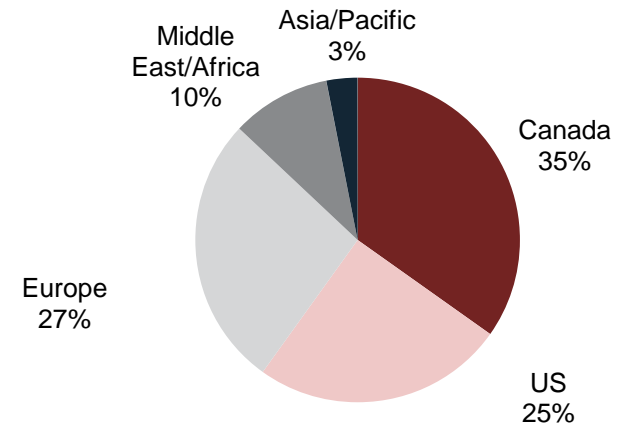
Total AUM = \$19.3 billion¹

Fund AUM by Client Type



Total AUM excluding CLOs = \$7.4 billion

Fund AUM by Client Domicile



Total AUM excluding CLOs = \$7.4 billion

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

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

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

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



Leading Franchise

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

Deep Investor Base & Access to Capital

- **Broad distribution**: leverage strong CLO debt investor relationships with over **100 unique AAA investors**
- **Coveted access to Japanese market** through top pre-approved list
 - BlueMountain is **one of 16 pre-approved CLO issuers** in Europe²
- Consistent and stable access to **bank warehouse facilities enables a prudent and opportunistic portfolio build period**

Performance

- Diversified portfolios with a focus on **free cash flow generation and downside protection**
- Strong equity IRRs: **14% average IRR** for redeemed BlueMountain CLO equity deals since 2005³
- **Lower loan default rates than the broader market** (0.79% average annual default rate compared to 2.38% for S&P/LSTA Leveraged Loan Index)⁴

Go-Forward Focus

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

¹ BlueMountain ranked as #16 largest CLO manager by AUM per CreditFlux Q1 CLO Manager table as of Q1 2019² Per Bloomberg ³ Performance is presented net of all CLO vehicle fees (including, without limitation, management fees and incentive fees/allocations) and expenses (including, without limitation, prime broker, transaction, and trading fees), but gross of all fund-level fees (including, without limitation, management fees and incentive fees/allocations) and expenses (including, without limitation, administrator, audit, legal, data, operating, and organizational costs), which fund-level fees and expenses, when deducted, will materially lower performance. ⁴ BlueMountain and BM Fuji, as of December 31, 2018. S&P/LSTA as of December 31, 2018. BlueMountain CLO default rate is based on par value of leveraged loans that have defaulted in US BlueMountain CLOs annually, expressed as a percentage of par balance of US BlueMountain CLOs. (Par balance of US BlueMountain CLOs is expressed as an average of beginning of the year and end of the year balances.) Does not include distressed exchanges. BlueMountain CLO default data includes US CLOs managed by BlueMountain and BM Fuji. The S&P/LSTA Loan Index comprises all loans, including those not tracked in the LSTA/LPC mark-to-market service; vast majority are institutional tranches. Index default rate is calculated as the par amount defaulted over the last 12 months divided by the amount outstanding at the beginning of the 12-month period. Past results are not necessarily indicative of future results and no representation is made that results similar to those shown can be achieved. Investments in funds and accounts managed by BlueMountain may lose value. Please see important disclosures/notes at the front of this presentation.

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

Fund Structure

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

Investment Strategy

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

Key Statistics

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

¹ AUM as of July 1, 2019; includes unfunded capital commitments.

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

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

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



Andrew Feldstein

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

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