



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

Equity Investor Presentation

March 31, 2016

**ASSURED
GUARANTY®**

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- If one or more of these or other risks or uncertainties materialize, or if the Company’s underlying assumptions prove to be incorrect, actual results may vary materially from what the Company projected. Any forward looking statements in this presentation reflect the Company’s current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity.
- For these statements, the Company claims the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Conventions and Non-GAAP Financial Measures



- Unless otherwise noted, the following conventions are used in this presentation:
 - Ratings on Assured Guaranty's insured portfolio and on bonds purchased pursuant to our loss mitigation or risk management strategies are our internal credit ratings. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and are generally reflective of an approach similar to that employed by the rating agencies, except that the Company's credit ratings focus on future performance, rather than lifetime performance. Exposures rated below investment grade are designated "BIG".
 - The Company reclassifies those portions of risks benefitting from collateralized reimbursement arrangements as the higher of AA or their current internal rating.
 - The Company excludes Company-insured securities that it has purchased for loss mitigation purposes from its disclosure of par and debt service outstanding (unless otherwise indicated) because it manages such securities as investments and not insurance exposure.
 - Ratings on the investment portfolios are the lower of the ratings from Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's 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 determined on the basis of methodologies other than in accordance with GAAP ("non-GAAP financial measures") are defined in the Appendix. In each case, the most directly comparable GAAP financial measure, if available, is presented, and a reconciliation of the non-GAAP financial measure and GAAP financial measure is provided. This presentation is consistent with how Assured Guaranty's management, analysts and investors evaluate Assured Guaranty's financial results and is comparable to estimates published by analysts in their research reports on Assured Guaranty.

- **First quarter 2016 accomplishments**
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First Quarter 2016 Accomplishments



- **Earned \$113 million of operating income¹, or \$0.82 per share**
- **Increased shareholders' equity per share, operating shareholders' equity¹ per share and adjusted book value¹ per share, reaching new records of \$45.26, \$44.08 and \$61.40, respectively**
- **Generated \$38 million of new business production¹ in 1Q-16, a 6% increase over prior-year period and the most first quarter PVP in four years**
- **Entered into an agreement to acquire CIFG Holding Inc. (CIFG), the parent of financial guaranty insurer CIFG Assurance North America, Inc. CIFG has a \$5.6 billion consolidated insured portfolio, which will increase consolidated qualified statutory capital in 2016 by approximately \$300 million to \$325 million**
- **Repurchased 3.0 million common shares (\$75 million) and increased our dividend to \$0.13 per share**
- **Terminated \$1.9 billion of insured net par outstanding, increasing excess capital and reducing potential future losses**
- **Purchased approximately \$60 million par of insured securities at a cost of \$46 million for loss mitigation purposes**

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

Assured Guaranty Overview



Assured Guaranty Ltd.

(\$ in billions)	March 31, 2016	January 1, 2008 (pro forma) ¹
Net par outstanding	\$347.0	\$626.6
U.S. public finance	\$282.1	\$337.3
U.S. structured finance	\$30.4	\$185.8
Non-U.S.	\$34.5	\$103.5
Total investment portfolio + cash	\$11.3	\$8.7
Net unearned premium reserve ²	\$3.6	\$6.5
Claims-paying resources ³	\$12.1	\$11.2
Ratio of net par outstanding / claims-paying resources³	29:1	56:1

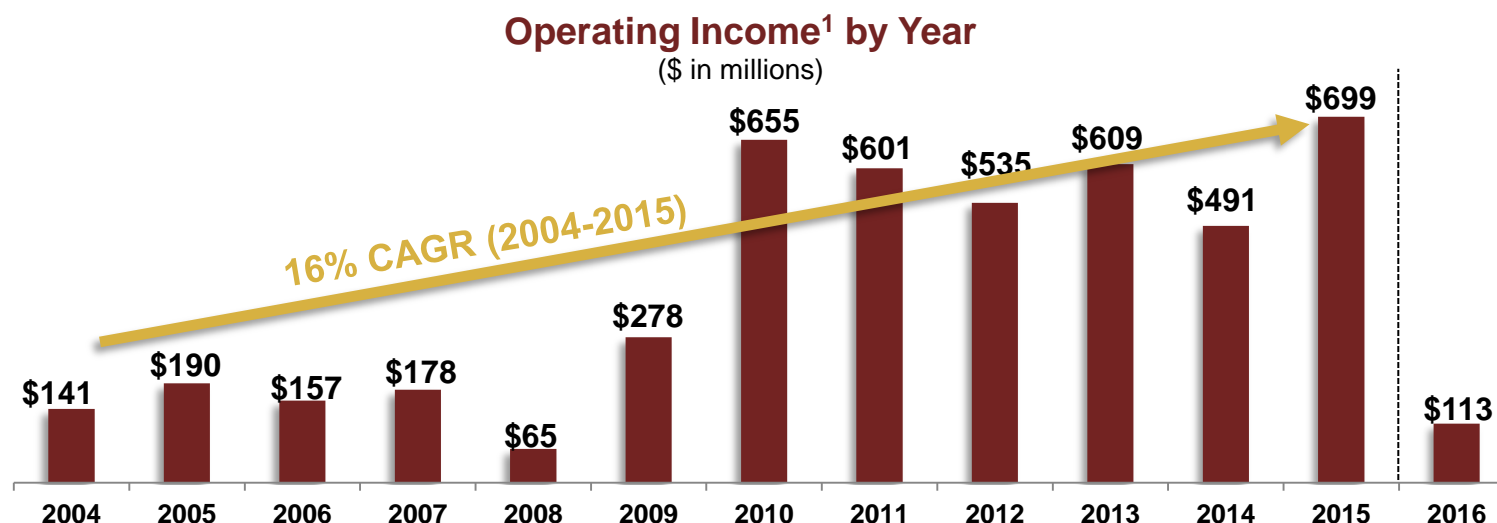
- **We are the leading financial guaranty franchise, with over three decades of experience in the municipal and structured finance markets**
- **In the U.S., we serve the bond insurance market through three platforms:**
 - Assured Guaranty Municipal Corp. (AGM), rated AA+ (stable) by KBRA, AA (stable)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

1. 1/1/08 pro-forma includes Financial Security Assurance Holdings Ltd. fair values as of 7/1/09.

2. Unearned premium reserve net of ceded unearned premium reserve.

3. Based upon statutory accounting.

- Since our initial public offering in 2004, we have grown our annual operating income¹ from \$141 million in 2004 to \$699 million in 2015, a 16% compounded annual growth rate (CAGR)
- Operating income¹ has grown through acquisitions, new business production and other strategic activities
 - Recapture of previously ceded business
 - Acceleration of premium through termination of insured exposure
- Opportunistic repurchase of our shares improves operating income per share¹



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

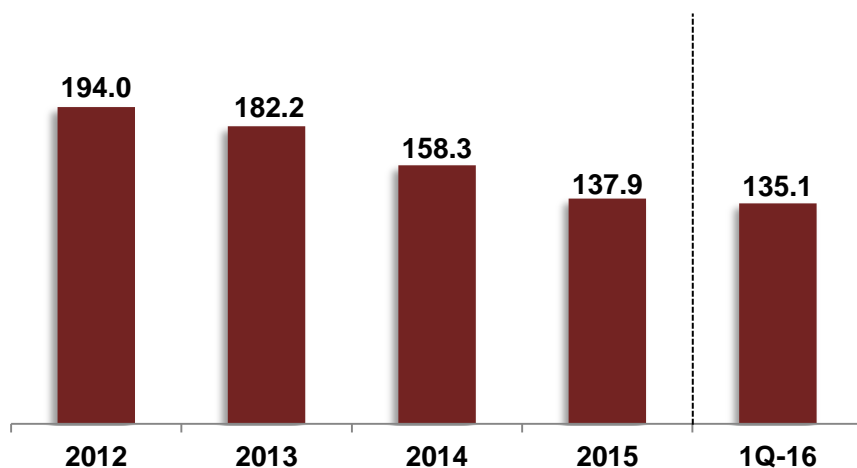
Assured Guaranty Overview

Track Record of Creating Shareholder Value

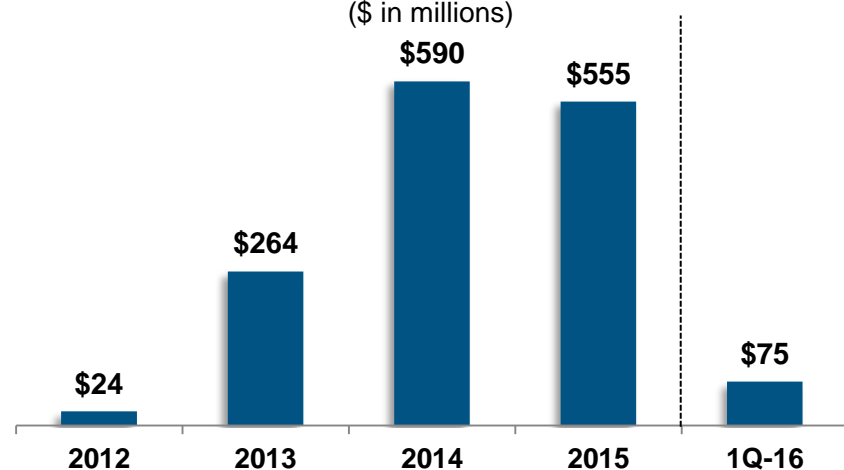


- **We have returned excess capital to shareholders by distributing dividends and repurchasing our common shares**
 - Since 2013, when we started our capital management strategy of repurchasing our common shares, through May 4, 2016, we have repurchased 61.7 million shares, or roughly 32% of our shares outstanding, for approximately \$1.5 billion.
 - During the first quarter of 2016, we repurchased 3.0 million common shares for \$75 million at an average price per share of \$24.69. On February 24, 2016, our Board of Directors authorized the repurchase of an additional \$250 million of common shares. As of May 4, 2016, the Company's remaining share repurchase authorization was \$210 million.
 - Since our 2004 IPO, we have more than tripled our quarterly dividend per share. On February 24, 2016, our Board of Directors authorized an increase in the quarterly dividend to \$0.13 per share in 2016. We have raised our quarterly dividends for five consecutive years.

Ending Share Count by Year and Quarter
(in millions)



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



Assured Guaranty Overview

Dividend Limitation Calculations



Assured Guaranty Municipal Corp. (Domiciled in New York)	Assured Guaranty Corp. (Domiciled in Maryland)	Assured Guaranty Re Ltd. (AG Re) (Domiciled in Bermuda)
<ul style="list-style-type: none"> Based on most recently filed quarterly or annual statement Only out of "earned surplus"¹ Cannot exceed the lesser of: <ul style="list-style-type: none"> (i) 10% of policyholders' surplus, and (ii) 100% of adjusted net investment income <ul style="list-style-type: none"> Prior 12 months' net investment income (excluding realized gains) increased by the excess, if any, of net investment income over dividends paid for the 24 months preceding the prior 12 months. 	<ul style="list-style-type: none"> Based on most recently filed annual statement Cannot exceed the lesser of: <ul style="list-style-type: none"> (i) 10% of policyholders' surplus, and (ii) 100% of adjusted net investment income <ul style="list-style-type: none"> Prior year net investment income (excluding realized gains) increased by the excess, if any, of net investment income for the three years preceding the prior year over dividends paid for the three prior years. 	<ul style="list-style-type: none"> Cannot exceed 25% of total statutory capital and surplus without certification to the regulator Cannot exceed outstanding statutory surplus Must be paid from unencumbered assets Additionally, AG Re can make capital distributions which cannot exceed 15% of its total prior year statutory capital (total stat capital of \$843 million, 15% of which is \$127 million)

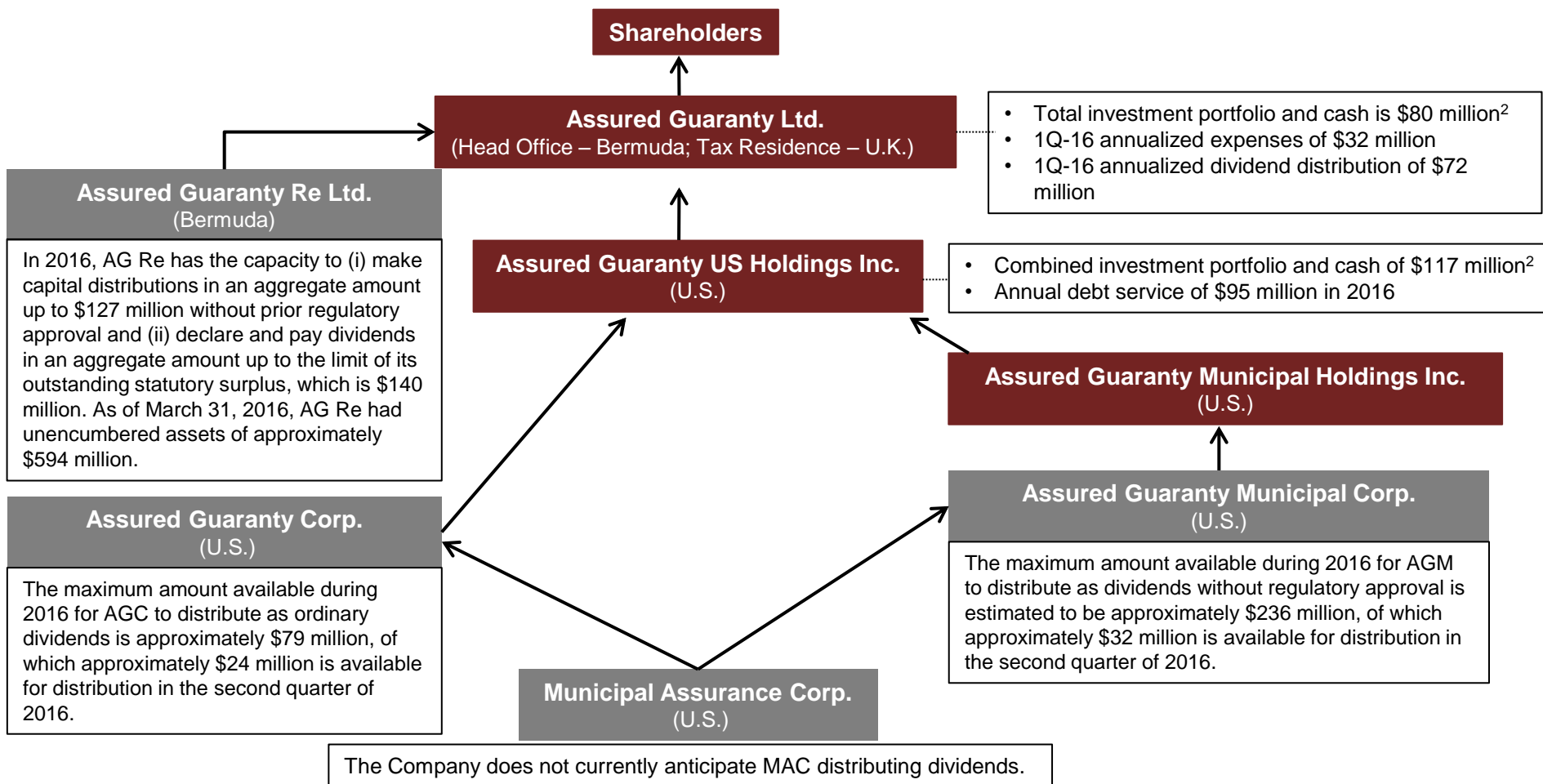
(\$ in millions)

Policyholders' surplus	\$2,362	Policyholders' surplus	\$1,365	Total stat capital and surplus	\$983
10% of policyholders' surplus	\$236	10% of policyholders' surplus	\$137	25% of stat capital and surplus	\$246
2Q-15 through 1Q-16 investment income	\$236	2015 investment income	\$79	Outstanding statutory surplus	\$140
Net investment income		Net investment income		Unencumbered assets	\$594
2Q-13 through 1Q-14	235	2012	81		
2Q-14 through 1Q-15	222	2013	66		
Total	\$457	2014	54		
		Total	\$201		
Dividends paid		Dividends paid		2016 Dividend Limitation	\$140
2Q-13 through 1Q-14	(163)	2013	(67)	2016 Remaining Dividend Capacity	\$115
2Q-14 through 1Q-15	(226)	2014	(69)		
Total	(\$389)	2015	(90)		
		Total	(\$226)		
Excess of investment income over dividends	\$68	Excess of investment income over dividends	\$0		
Adjusted net investment income		Adjusted net investment income			
(\$236 + \$68 = \$304)	\$304	(\$79 + 0 = \$79)	\$79		
2016 Dividend Limitation	\$236	2016 Dividend Limitation	\$79		
2016 Remaining Dividend Capacity	\$141	2016 Remaining Dividend Capacity	\$79		

1. Earned surplus is currently approximately \$1.4 billion. Earned surplus is the portion of the company's surplus that represents the net earnings, gains or profits (after deduction of all losses) that have not been distributed to shareholders as dividends or transferred to stated capital or capital surplus, or applied to other purposes permitted by law, but does not include unrealized appreciation of assets.

Assured Guaranty Overview

Simplified Corporate Structure¹



1. Represents dividend capacity as of March 31, 2016. Please see our Form 10-K for the year ended December 31, 2015 for a discussion of the dividend limitations to which we are subject under applicable U.S. and Bermuda law, including the New York Insurance Law and the Maryland Insurance Code.

2. As of March 31, 2016

A photograph of three construction workers wearing white hard hats and safety gear, working on a large-scale construction project. They are standing on a dense grid of steel reinforcement bars (rebar) that has been laid out on a wooden formwork structure. The workers are focused on their task, with one worker in the foreground pointing towards the rebar. The background shows more of the construction site, including additional rebar and wooden forms, suggesting a large concrete foundation or floor slab is being prepared. The scene is well-lit, indicating it is daytime.

Underlying Value

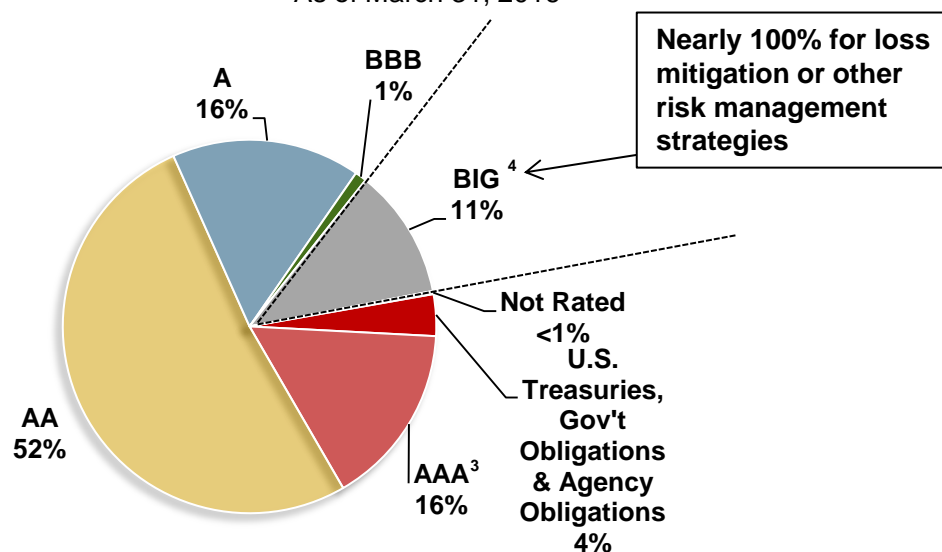
Underlying Value

High-Quality Investment Portfolio

Investments Available for Sale and Cash by

Rating^{1,2}

As of March 31, 2016



\$11.2 billion, A+ average rating

- **Highly rated fixed maturity and short-term investments, 71% rated AA or higher, and cash**
- **Approximately \$566 million invested in liquid, short-term investments and cash**
- **Overall duration of portfolio is 5.3 years**

1. Includes fixed maturity securities, short-term investments and cash and excludes other invested assets. Also includes securities purchased or obtained as part of loss mitigation or other risk management strategies, some of which were issued by entities that are consolidated as variable interest entities (VIEs) and which are therefore eliminated in consolidation on the balance sheet without the benefit of the Company's insurance.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the AAA category are short-term securities and cash.
4. Includes long-term BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$2,290 million in par with carrying value of \$1,266 million

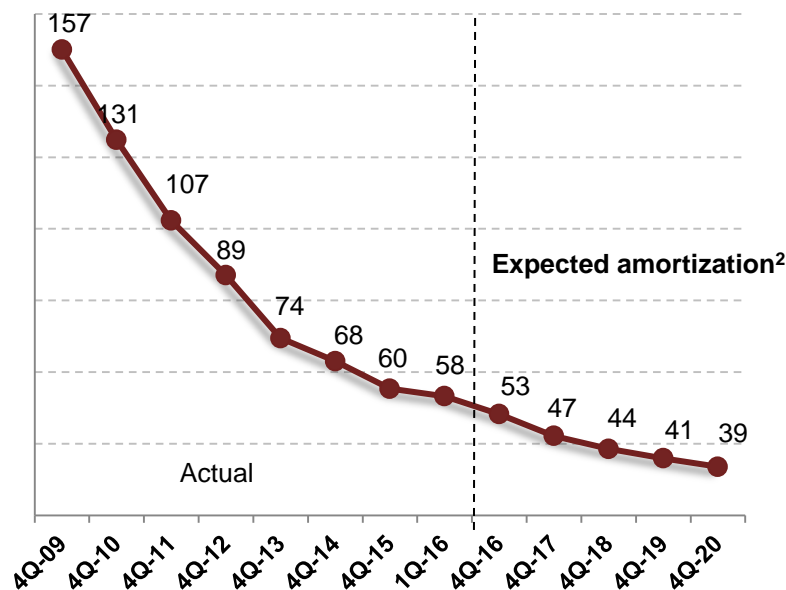
Underlying Value

Deleveraging While Maintaining Total Invested Assets

- Our insured net par outstanding to operating shareholders' equity¹ has declined from 157:1 in 4Q-09 to 58:1 as of 1Q-16
 - Deleveraging should continue in the near term as new business is not expected to fully replace the amortization of the portfolio
- Meanwhile, total invested assets and cash remains comparable to prior amounts

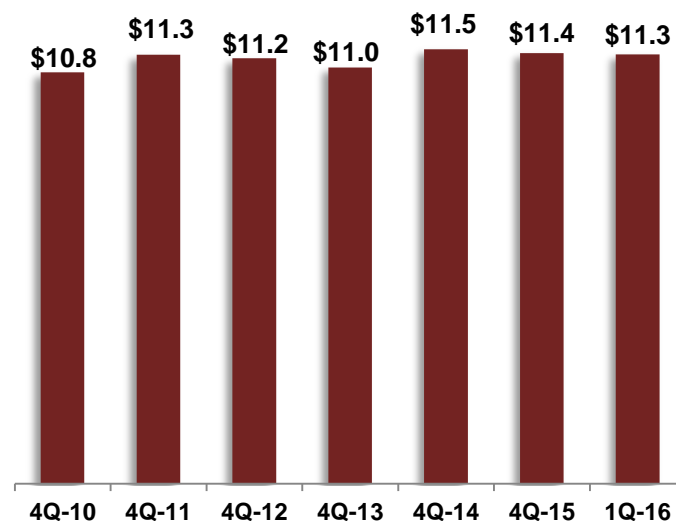
Operating Portfolio Leverage

Insured Net Par Outstanding / Operating Shareholders' Equity¹



Total Invested Assets and Cash³

(\$ in billions)



1. For an explanation of operating shareholders' equity, a non-GAAP financial measure, please refer to the Appendix.

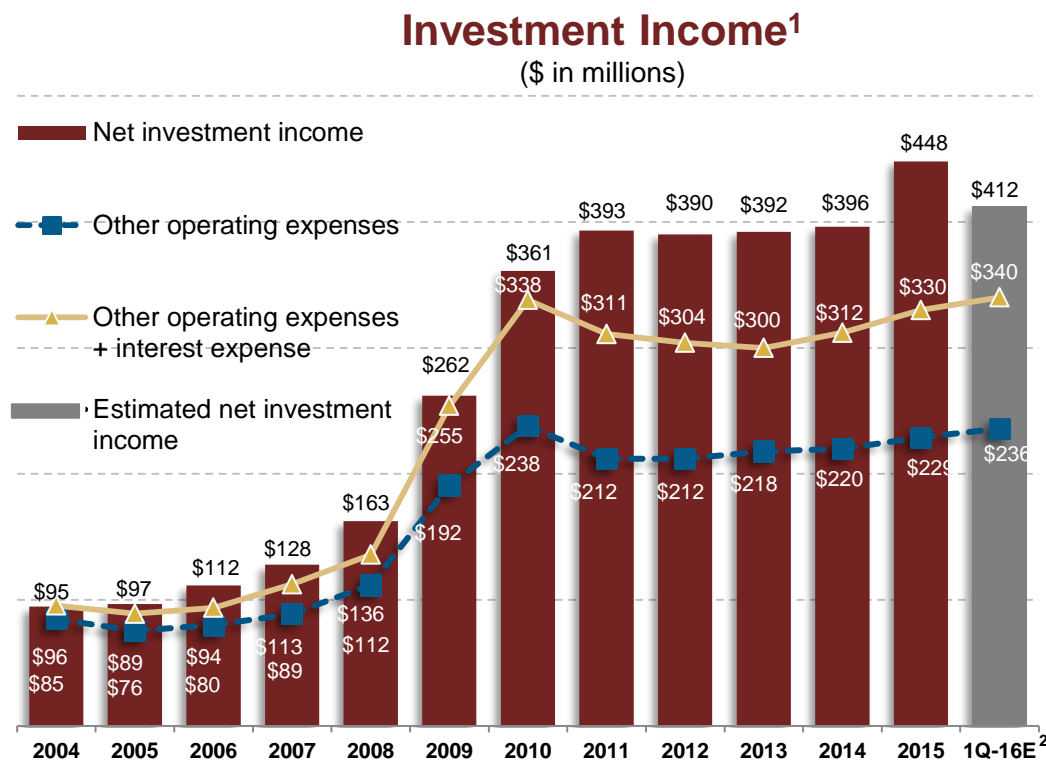
2. Assumes no new business production and calculates estimated amortization divided by current operating shareholders' equity.

3. As reported on the balance sheet.

Underlying Value

Investment Income Generates Capital

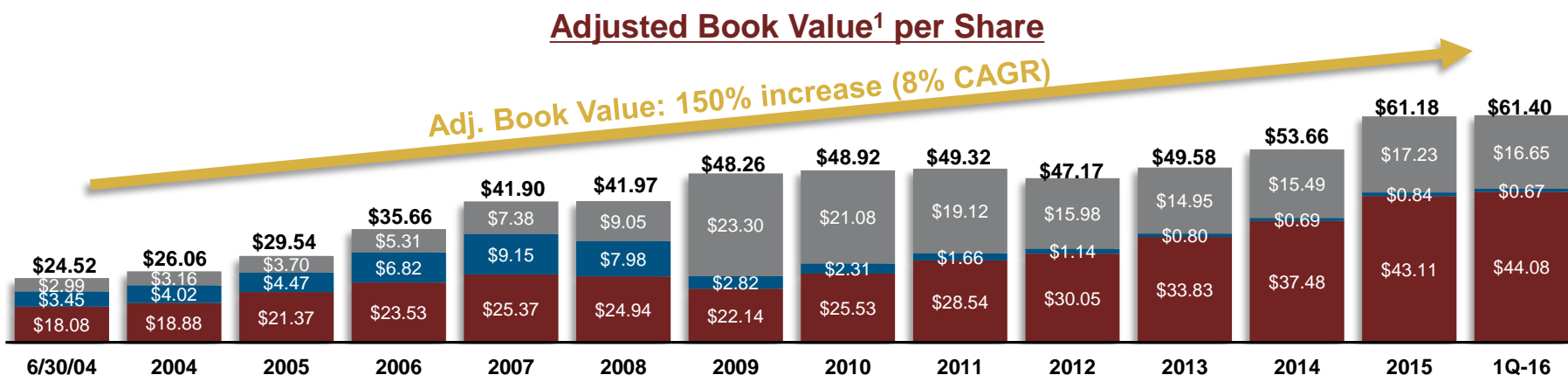
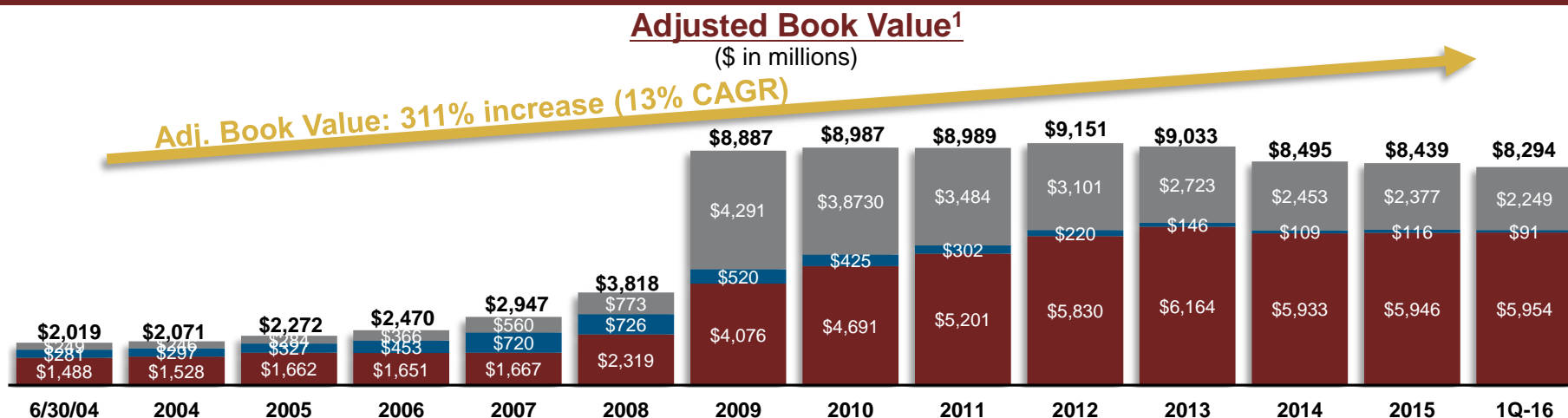
- Investment income¹ is higher than the combination of operating and interest expenses, a spread that fosters capital growth
- Investment income has grown since 2010 while expenses have been relatively flat
- Includes impact of the Radian Asset acquisition completed on 4/1/2015
- Excludes impact of the CIFG acquisition to be completed mid-2016



1. Investment income includes adjustments related to elimination of the effects of consolidating FG VIEs.

2. Estimated 2016 values based on annualized 1Q-16 net investment income of \$103 million, other operating expenses of \$59 million annualized and interest expense of \$26 million.

Underlying Value Historical Growth



■ Net unearned premium reserve on financial guaranty contracts in excess of net expected loss to be expensed less deferred acquisition costs, after tax
■ Net present value of estimated net future credit derivative revenue in force and net unearned revenue on credit derivatives, after tax
■ Operating shareholders' equity¹

1. For explanations of adjusted book value and net present value of estimated net future credit derivative revenue and operating shareholders' equity, which are non-GAAP financial measures, please refer to the Appendix. Effective January 1, 2012, the Company adopted new guidance on acquisition costs with retroactive application. This affected operating shareholders' equity per share and deferred acquisition cost per share, but had no effect on adjusted book value per share. Effective January 1, 2010, GAAP accounting required the consolidation of financial guaranty VIEs where the Company is determined to be the control party through rights under our financial guaranty insurance contracts. For those FG VIEs that the Company consolidates, it records all of the activities of the VIEs and eliminates the related insurance accounting. Operating shareholders' equity reverses the financial effect of consolidating these entities and accounts for them as financial guaranty insurance contracts in order to present the Company's insured obligations on a consistent basis.

Creating Value



Creating Value

New Business Production

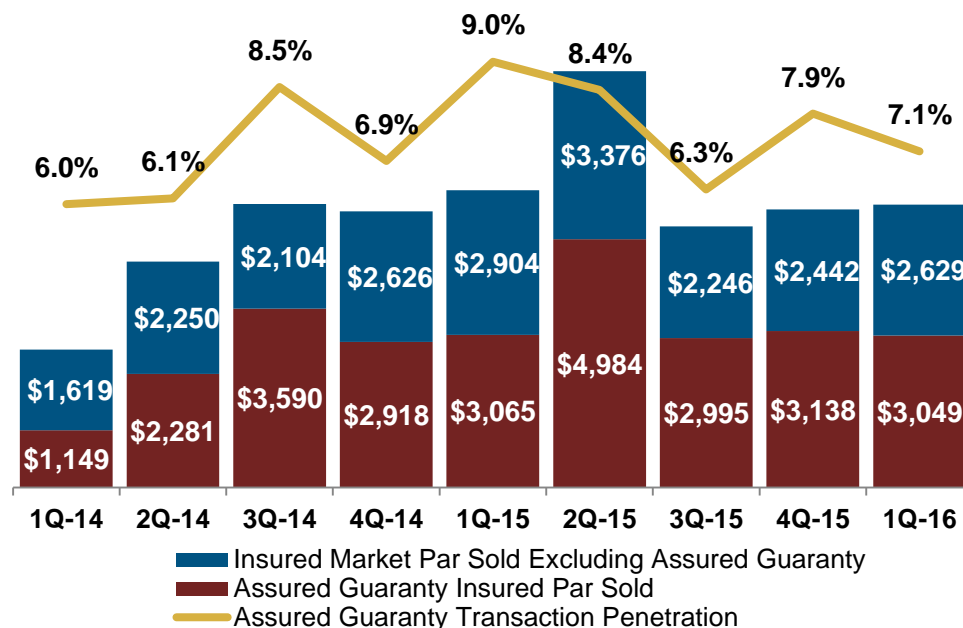
Penetration in the U.S. Public Finance Market



- **We are focused on building demand for our guaranties, both in the primary and the secondary markets for U.S. public finance**
 - Primary market policies sold in 1Q-16 totaled 198 or \$3,049 million
 - Secondary market policies sold in 1Q-16 totaled 111 or \$387 million
- **Total market issuance declined 7.1% from prior-year period while insured volume decreased 4.9% from prior-year period**
 - Industry par penetration for all transactions with underlying A ratings increased to 28.0% in 1Q-16, up from 21.6% in 1Q-15
 - Industry penetration based on the number of transactions with underlying A ratings increased to 58.7% in 1Q-16, up from 55.2% in 1Q-15
- **Industry penetration for smaller deals remains strong in 1Q-16 at 17.7% of all transactions \$25 million and under compared with 19.8% in 1Q-15**

New Issue U.S. Public Finance Insured Par Sold and Transaction Penetration¹

(\$ in millions)



Total U.S. Public Finance New Issuance	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Par Issued (\$ in billions)	\$60.4	\$83.1	\$72.3	\$99.3	\$104.0	\$111.0	\$86.0	\$76.4	\$96.5
Transactions Issued	1,955	2,964	2,376	2,871	3,059	3,783	2,665	2,558	2,787

1. Source: SDC database. As of March 31, 2016. Transaction penetration shown is Assured Guaranty's transaction count as a percentage of all transactions issued.

Creating Value

New Business Production

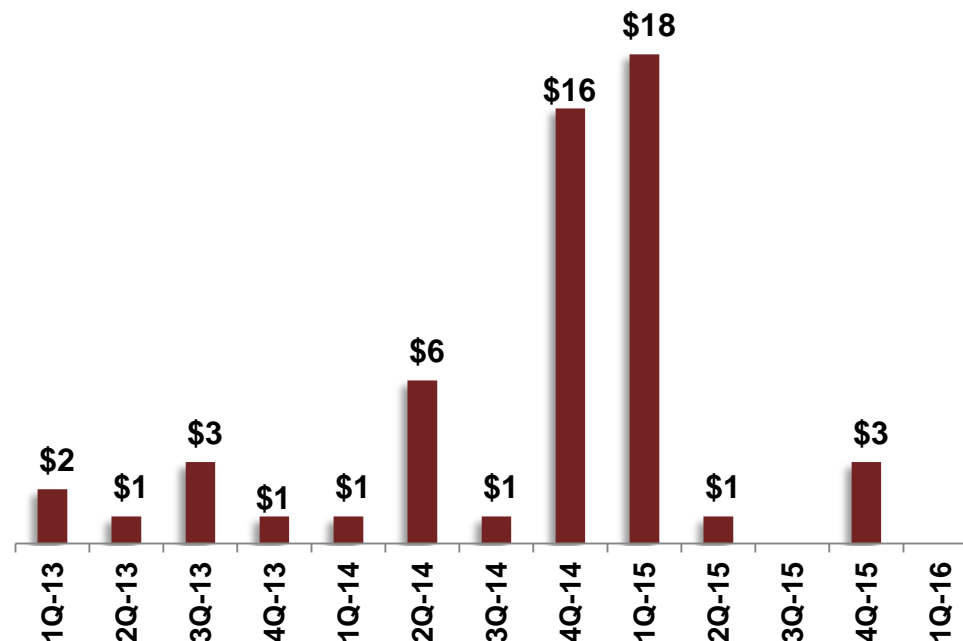
U.S. Structured Finance Business Activity



- New structured finance business production tends to fluctuate, as large, complex transactions require a long time frame to close
- We expect that structured finance opportunities will increase in the future as the global economy recovers, interest rates rise, more issuers return to the capital markets for financings and institutional investors again utilize financial guaranties

U.S. Structured PVP¹

(\$ in millions)



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

Creating Value

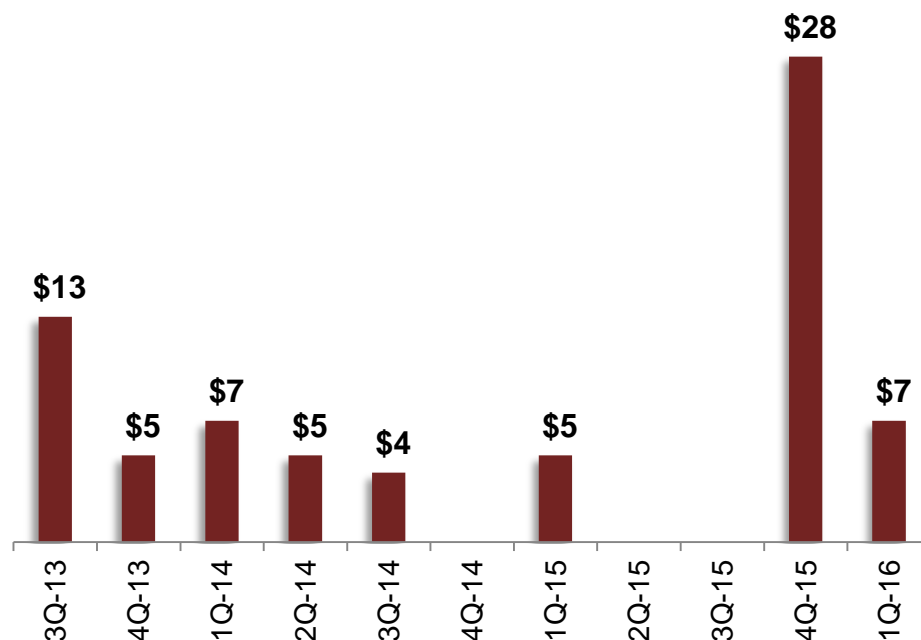
New Business Production

Non-U.S. Business Activity



- During 1Q-16, we insured a restructuring of an existing transaction
- We are optimistic about the pipeline of infrastructure transactions we could close in 2016. However, this international business typically comprises a small number of high-value transactions that have longer development periods and multiple counterparties, so the timing of closing transactions is often uncertain

Non-U.S. PVP¹ by Quarter
(\$ in millions)



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

Creating Value

New Business Production

Underwriting and Pricing Discipline



- Continued focus on underwriting and pricing discipline
- New business written is in-line with production for the prior-year period, despite a lower interest rate environment
 - 1Q-16 insured par volume increased slightly from the same period in 2015
 - Benchmark municipal bond average interest rates decreased approximately 25 basis points from 2015 yearly average

Gross Par Written

Sector:	Quarter Ended March 31, 2016		Quarter Ended March 31, 2015	
	Gross Par Written	Avg. Rating ¹	Gross Par Written	Avg. Rating ¹
U.S. public finance	\$2,749	A-	\$2,441	A-
Non-U.S. public finance	-	-	-	-
Total public finance	\$2,749	A-	\$2,441	A-
U.S. structured finance	-	-	261	AA
Non-U.S. structured finance	-	-	6	AA-
Total structured finance	\$-	-	\$267	AA
Total gross par written	\$2,749	A-	\$2,708	A

1. Average internal rating.

Creating Value

Commutations & Reinsurance Platform



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

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
Total	\$40.2	\$334	\$198

- Reinsurance or acquisition of high-quality portfolios from inactive companies are a primary interest
 - Public finance as well as high-quality structured finance business, such as performing pooled corporate and commercial receivables
 - CIFG acquisition expected to close mid-2016

Ceded Par Outstanding by Reinsurer²

As of March 31, 2016

(\$ in millions)	Net Par Outstanding
American Overseas Re	\$4,960
Tokio Marine	\$4,171
Syncora	\$2,411
Mitsui	\$1,718
Others	\$893
Total	\$14,153

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

2. Includes par related to insured credit derivatives.

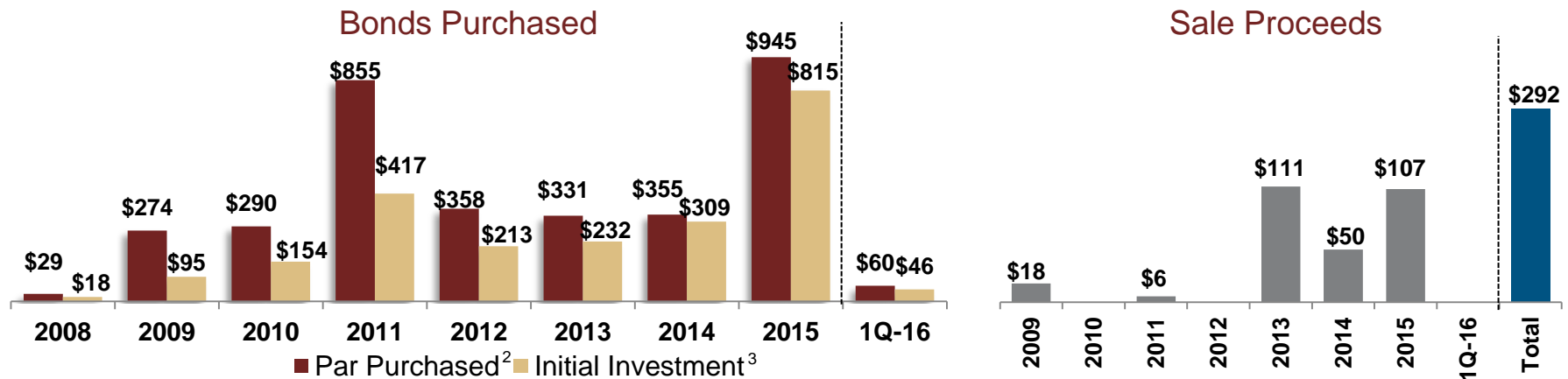
Creating Value

Loss Mitigation Bond Purchases

- Since 2008, for loss mitigation purposes, we have strategically purchased bonds we had previously insured. Besides reducing our losses, these purchases can potentially relieve rating agency capital charges, increase future investment income and increase adjusted book value¹
 - The amount of reserves released and the ongoing principal and interest from the bonds are expected to be greater than the purchase price
 - We have purchased approximately \$3.5 billion of par on insured securities through March 31, 2016 with an initial purchase price of approximately \$2.3 billion
- Targeted purchases are BIG securities on which claims are expected to be paid
- We have removed our insurance subsequent to purchasing some of our insured bonds for loss mitigation purposes and sold the bonds uninsured. This typically creates rating agency capital and an economic benefit

Loss Mitigation Bond Purchase and Sale Program

(\$ in millions)



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

2. Par at the time of purchase.

3. Cost of purchase.

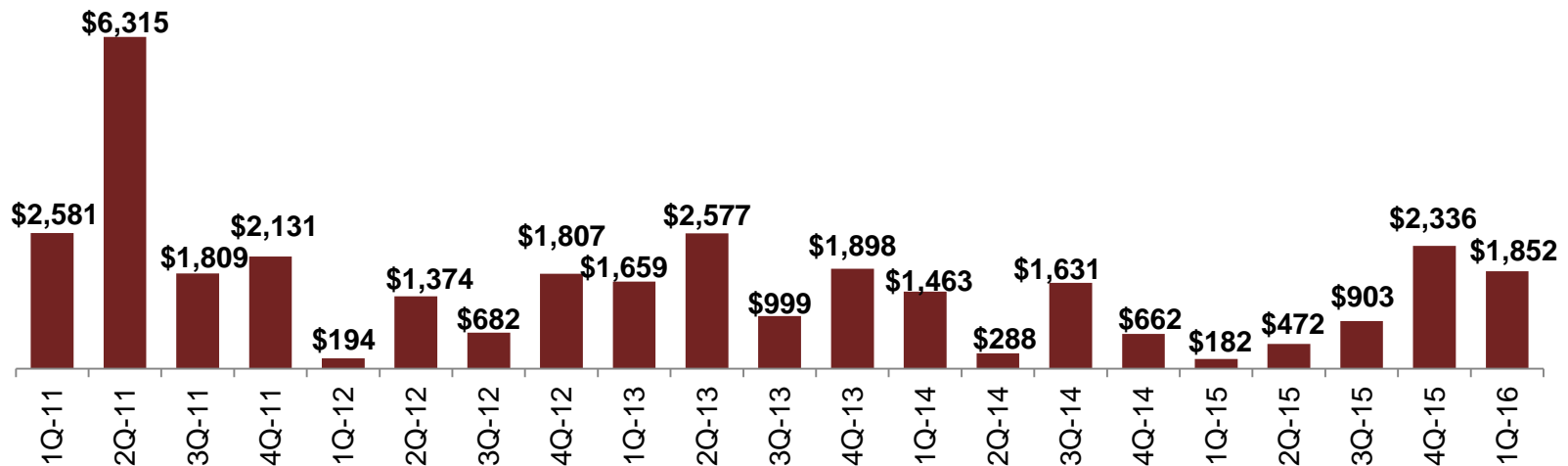
Creating Value

Agreements to Terminate Contracts

- **Actively pursue termination of contracts**
 - At beneficiary's request: may keep all economics, possibly more
 - At our request: share economics with beneficiary
 - To eliminate high capital charges: share or possibly give up some economics
- **Since January 1, 2011, approximately \$34 billion of net insured par outstanding has been terminated, which reduces our leverage and potentially relieves rating agency capital charges**

Completed Terminations Since January 1, 2011

(\$ in millions)



Financial Results

March 31, 2016



First Quarter 2016 Operating Results

(Excluding Consolidation of VIEs)



(\$ in millions, except per share data)	Quarter Ended March 31,		% Change vs. 1Q-15
	2016	2015	
Financial guaranty insurance premiums and credit derivative revenues¹	\$198	\$171	16%
Investment income²	103	102	1%
Total revenues included in operating income	322	277	16%
Loss expense included in operating income³	91	12	658%
Total expenses included in operating income	180	97	86%
Operating income	113	140	(19)%
Operating income per diluted share	\$0.82	\$0.89	(8)%
Operating ROE⁴	7.6%	9.5%	(1.9) pp
After-tax gain (loss) on derivatives	\$(43)	\$66	(165)%
Net income (loss)	59	201	(71)%
Net income (loss) per diluted share	\$0.43	\$1.28	(66)%

NM = Not meaningful pp = percentage points

1. Included \$5 million and \$5 million of adjustments to GAAP reported amounts that were eliminated during the quarters ended March 31, 2016 and 2015, respectively.

2. Included \$4 million and \$1 million of adjustments to GAAP reported amounts that were eliminated during the quarter ended March 31, 2016 and 2015, respectively.

3. Included \$(1) million and \$6 million of adjustments to GAAP reported amounts that were eliminated during the quarters ended March 31, 2016 and 2015, respectively.

4. ROE calculations represent annualized returns.

Loss Expense Accounting and Economic Loss Development

- **Loss expense included in operating income¹ does not necessarily represent the Company's economic loss development in a period**
 - Loss expense included in operating income is calculated on a transaction by transaction basis. Losses are reported in operating income only to the extent and for the amount that such losses exceed deferred premium revenue on a given transaction.
 - Loss expense may include current economic development, as well as prior-period economic development that is recognized as deferred premium revenue amortizes.
- **Management uses economic loss development to evaluate credit impairments or improvements**
 - Economic loss development calculates the expected change in future losses due to changes in transaction performance, discount rates, loss mitigation and other factors that affect ultimate loss experience, excluding the effects of deferred premium revenue. The effect of changes in discount rates that is included in total economic loss development is not indicative of credit impairment or improvement.

	1Q-16	1Q-15
Loss expense (benefit) on FG and CDS included in operating income:		
Before tax	\$91	\$12
After tax	62	9
Per diluted share	0.45	0.06
Economic loss development unfavorable (favorable)		
Before tax	\$59	\$(3)
After tax	41	(3)
Per diluted share	0.30	(0.02)

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

Portfolio Overview

March 31, 2016



Claims-Paying Resources (as of March 31, 2016)

(\$ in millions)	AGUS Consolidated	AG Re ¹	AGL Consolidated
Policyholders' surplus	\$3,538	\$1,030	\$4,568
Contingency reserve	2,290	-	2,290
Qualified statutory capital	5,828	1,030	6,858
Unearned premium reserve	2,152	776	2,928
Loss and loss adjustment expense reserves	588	354	942
Total policyholders' surplus and reserves	8,568	2,160	10,728
Present value of installment premium	436	145	581
Committed Capital Securities	400	-	400
Excess of loss reinsurance facility ²	360	-	360
Total claims-paying resources	\$9,764	\$2,305	\$12,069
Statutory net par outstanding ³	\$229,205	\$85,497	\$314,702
Net debt service outstanding ³	\$346,930	\$134,451	\$481,381
Net par outstanding to qualified statutory capital	39:1	83:1	46:1
Capital ratio ⁴	60:1	131:1	70:1
Financial resources ratio ⁵	36:1	58:1	40:1

Contribution by Company to AGUS (as of March 31, 2016)

(\$ in millions)	Policyholders' Surplus	Qualified Statutory Capital	Claims-Paying Resources
AGM, excluding investment in MAC	\$1,873	\$3,077	\$5,572
AGC, excluding investment in MAC	1,164	1,960	3,319
MAC	741	1,031	1,833
Eliminations	(240)	(240)	(960)
AGUS Consolidated	3,538	5,828	9,764
AG Re	1,030	1,030	2,305
AGL Consolidated	\$4,568	\$6,858	\$12,069

1. Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.
2. Represents an aggregate \$360 million excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2016. The facility terminates on January 1, 2018, unless AGC, AGM and MAC choose to extend it.
3. Net par outstanding and net debt service outstanding are presented on a statutory basis.
4. The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.
5. The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.

Four Discrete Operating Companies with Separate Capital Bases



Consolidated Claims-Paying Resources and Statutory-Basis Exposures

(\$ in millions)	As of March 31, 2016					
	AGM	AGC	MAC	AG Re ⁸	Eliminations ³	Consolidated
Claims-paying resources						
Policyholders' surplus	\$ 2,362	\$ 1,416	\$ 741	\$ 1,030	\$ (981)	\$ 4,568
Contingency reserve ¹	1,380	910	290	-	(290)	2,290
Qualified statutory capital	3,742	2,326	1,031	1,030	(1,271)	6,858
Unearned premium reserve ¹	1,530	622	440	776	(440)	2,928
Loss and loss adjustment expense reserves ¹	417	171	-	354	-	942
Total policyholders' surplus and reserves	5,689	3,119	1,471	2,160	(1,711)	10,728
Present value of installment premium ¹	256	180	2	145	(2)	581
Committed Capital Securities	200	200	-	-	-	400
Excess of loss reinsurance facility ²	360	360	360	-	(720)	360
Total claims-paying resources						
(including MAC adjustment for AGM and AGC)	\$ 6,505	\$ 3,859	\$ 1,833	\$ 2,305	\$ (2,433)	\$ 12,069
Adjustment for MAC ⁴	933	540	-	-	(1,473)	-
Total claims-paying resources						
(excluding MAC adjustment for AGM and AGC)	\$ 5,572	\$ 3,319	\$ 1,833	\$ 2,305	\$ (960)	\$ 12,069
Statutory net par outstanding ⁵	\$129,405	\$43,453	\$57,608	\$85,497	\$ (1,261)	\$314,702
Equity method adjustment ⁴	34,968	22,640	-	-	(57,608)	-
Adjusted statutory net par outstanding ¹	\$164,373	\$66,093	\$57,608	\$85,497	\$ (58,869)	\$314,702
Net debt service outstanding ⁵	\$199,950	\$64,502	\$85,491	\$134,451	\$ (3,013)	\$481,381
Equity method adjustment ⁴	51,893	33,598	-	-	(85,491)	-
Adjusted net debt service outstanding ¹	\$251,843	\$98,100	\$85,491	\$134,451	\$ (88,504)	\$481,381
Ratios:						
Adjusted net par outstanding to qualified statutory capital	44:1	28:1	56:1	83:1		46:1
Capital ratio ⁶	67:1	42:1	83:1	131:1		70:1
Financial resources ratio ⁷	39:1	25:1	47:1	58:1		40:1

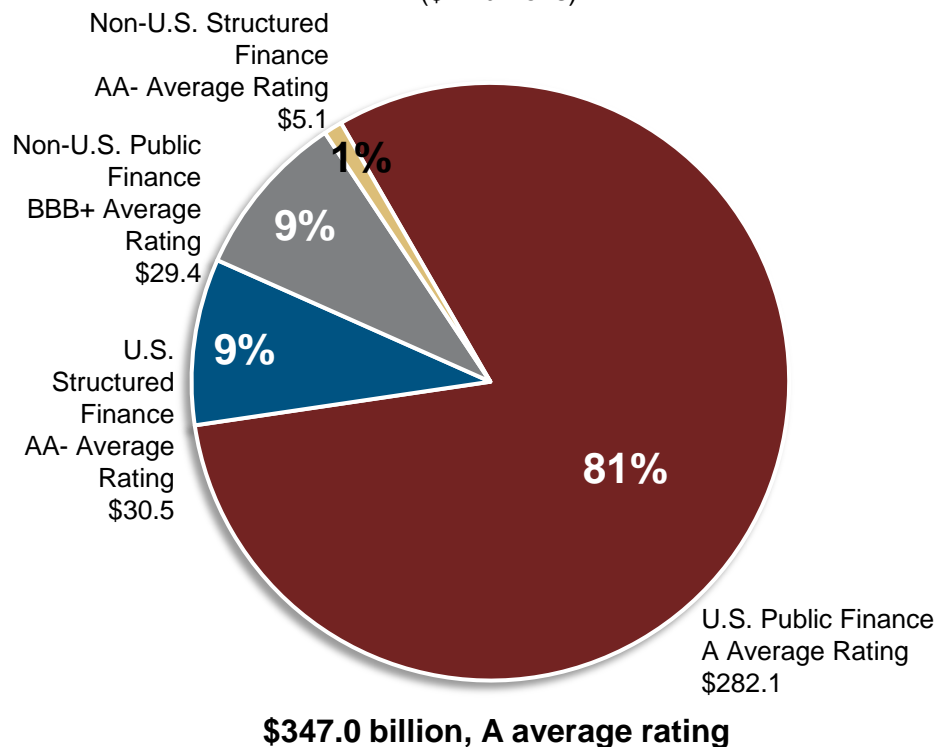
- The numbers shown for Assured Guaranty Municipal Corp. (AGM) and Assured Guaranty Corp. (AGC) have been adjusted to include (i) their 100% share of their respective U.K. insurance subsidiaries and (ii) their indirect share of Municipal Assurance Corp. (MAC). AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. Amounts include financial guaranty insurance and credit derivatives.
- Represents an aggregate \$360 million excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2016. The facility terminates on January 1, 2018, unless AGC, AGM and MAC choose to extend it.
- Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, and between AGM and MAC, and (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages. Net par and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net par related to intercompany cessions from AGM and AGC to MAC.
- Represents adjustments for AGM's and AGC's interest and indirect ownership of MAC.
- Net par outstanding and net debt service outstanding are presented on a statutory basis.
- The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
- The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM and AGC).
- Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.

Net Par Outstanding By Sector

- **Assured Guaranty's portfolio is largely concentrated in U.S. public finance¹**
 - 81% U.S. public finance
 - 9% U.S. structured finance
 - 9% Non-U.S. public finance
 - 1% Non-U.S. structured finance
- **Our portfolio has an A average internal credit rating**
 - 4.4% below investment grade
- **U.S. public finance is the sector with the largest BIG exposure**
 - \$8.0 billion of par exposure (53% of our total BIG)
 - Out of this \$8.0 billion, \$5.1 billion of net par exposure relates to Puerto Rico

Consolidated Net Par Outstanding¹

As of March 31, 2016
(\$ in billions)



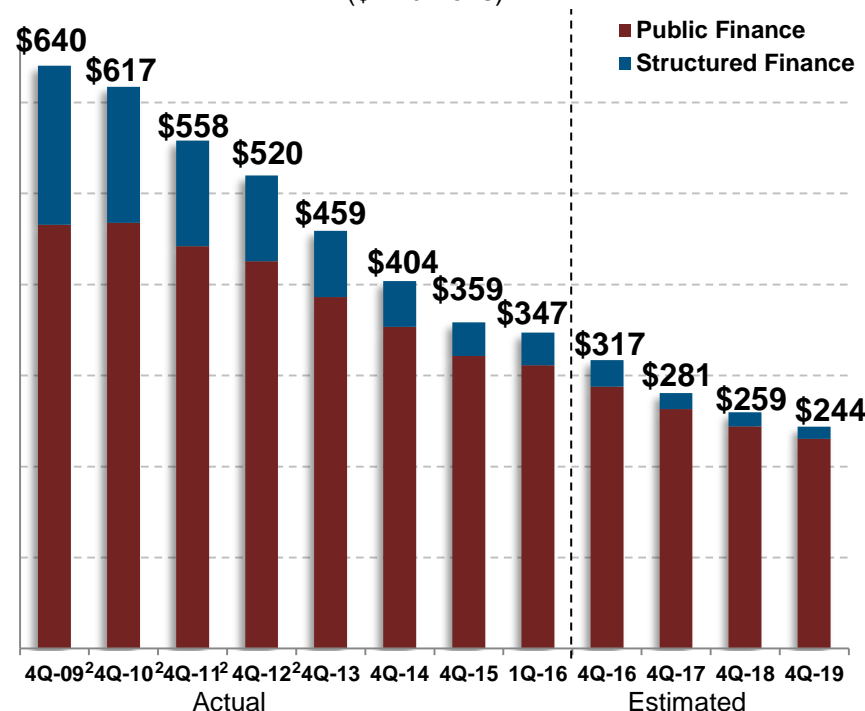
1. Numbers may not add up to 100% due to rounding.

Net Par Outstanding Amortization

- **Amortization of the existing portfolio reduces rating agency capital charges, but also embedded future earned premiums**
- **New direct or assumed business originations, and reassumptions, will increase future premiums**
- **Public finance existing exposure amortizes at a steady rate**
 - \$311 billion outstanding
 - 8% expected to amortize by the end of 2016; 16% by the end of 2017; 22% by the end of 2018
- **Structured finance existing exposure amortizes quickly**
 - \$36 billion outstanding
 - 18% expected to amortize by the end of 2016; 50% by the end of 2017; 57% by the end of 2018

Consolidated Net Par Outstanding Amortization¹

As of March 31, 2016
(\$ in billions)



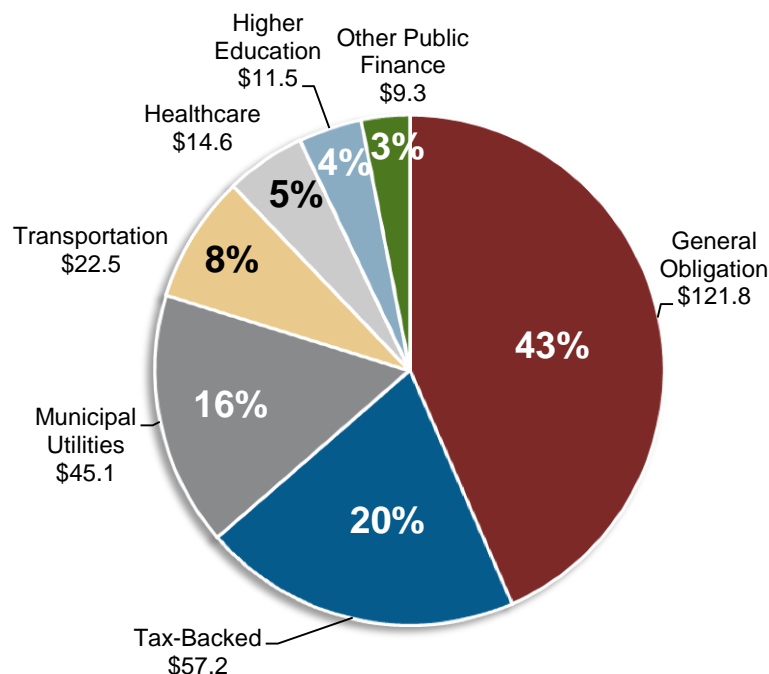
1. Represents the future expected amortization of existing net par outstanding as of March 31, 2016. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (1) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of U.S. public finance refundings), and (2) the expected amortization of structured finance transactions is based in part on management's assumptions regarding the performance of the underlying assets while the actual performance of those assets may differ from management's assumptions. Actual amortization of the U.S. public and global infrastructure finance portfolio and the structured finance portfolio may be faster or slower than expected by management, both portfolios may differ in the same direction and one portfolio may amortize more quickly while the other may amortize more slowly.
2. Gross of wrapped bond purchases made primarily for loss mitigation.

U.S. Public Finance

Net Par Outstanding

U.S. Public Finance

As of March 31, 2016
(\$ in billions)



\$282.1 billion, A average rating

- **U.S. public finance net par outstanding is \$282.1 billion and makes up 81% of our total insured portfolio as of March 31, 2016**
- **U.S. public finance portfolio generally performed well during the recession and in subsequent years, despite persistent financial pressures on municipal obligors**
 - Out of approximately 9,100 direct U.S. public finance obligors, we expect future losses to be paid, net of recoveries, on less than a dozen
- **General obligation, tax-backed and municipal utilities represent 79% of U.S. public finance net par outstanding**
 - 65% of total net par outstanding

Par Exposure to the Commonwealth and its Agencies

As of March 31, 2016

(\$ in millions)		Net Par Outstanding ²	Gross Par Outstanding	Internal Rating
Previously Subject to the Voided Recovery Act	Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation Revenue Bonds) ³	\$910	\$937	CCC-
	Puerto Rico Electric Power Authority (PREPA)	744	902	CC
	Puerto Rico Aqueduct and Sewer Authority	388	388	CCC
	Puerto Rico Highways and Transportation Authority (PRHTA) (Highway Revenue Bonds) ³	369	574	CCC
	Puerto Rico Convention Center District Authority (PRCCDA) ³	164	164	CCC-
	Subtotal	\$2,575	\$2,965	
Not Previously Subject to the Voided Recovery Act	Commonwealth - General Obligation Bonds	\$1,615	\$1,738	CCC
	Puerto Rico Municipal Finance Agency (MFA)	387	570	CCC-
	Puerto Rico Sales Tax Finance Corp. (COFINA)	270	270	CCC+
	Puerto Rico Public Buildings Authority	188	194	CCC
	Puerto Rico Infrastructure Financing Agency (PRIFA) ^{3,4}	18	18	C
	University of Puerto Rico	1	1	CCC-
	Subtotal	\$2,479	\$2,791	
	Total¹	\$5,054	\$5,756	

1. AGL's consolidated net par outstanding is divided between its subsidiaries as follows: \$2.1 billion at AGM, \$1.7 billion at AGC, \$1.3 billion at AG Re, and \$0 at MAC. A portion of the subsidiary level exposure is eliminated upon consolidation due to instances where one subsidiary insured bonds that were previously insured by another subsidiary.
2. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of \$34 million and a fully accreted net par at maturity of \$67 million. Of these amounts, current net par of \$18 million and fully accreted net par at maturity of \$50 million relate to Puerto Rico Sales Tax Financing Corporation, current net par of \$10 million and fully accreted net par at maturity of \$11 million relate to the PRHTA, and current net par of \$5 million and fully accreted net par at maturity of \$5 million relate to the Commonwealth General Obligation Bonds.
3. The Governor of Puerto Rico issued executive orders on November 30, 2015, and December 8, 2015, directing the Puerto Rico Department of Treasury and the Puerto Rico Tourism Company to retain or transfer certain taxes and revenues pledged to secure the payment of bonds issued by PRHTA, PRIFA and PRCCDA. On January 7, 2016, the Company sued various Puerto Rico governmental officials in the United States District Court, District of Puerto Rico asserting that this attempt to "claw back" pledged taxes and revenues is unconstitutional, and demanding declaratory and injunctive relief.
4. On January 1, 2016, PRIFA defaulted on the full payment of interest due on its bonds on that date. For those PRIFA bonds it had insured, and pursuant to its insurance policies, the Company paid approximately \$451 thousand of claims for the interest payments on which PRIFA had defaulted.

Public Finance

Puerto Rico Exposure



Scheduled Net Par Amortization of Exposure to the Commonwealth and its Agencies¹

As of March 31, 2016

(\$ in millions)		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026- 2030	2031- 2035	2036- 2040	2041- 2045	2046- 2047	Total
Previously Subject to the Voided Recovery Act	PRHTA (Transportation Revenue Bonds)	\$33	\$36	\$42	\$28	\$23	\$18	\$19	\$21	\$1	\$26	\$151	\$227	\$240	\$45	\$-	\$910
	PREPA	20	5	4	25	42	22	22	81	78	52	309	84	0	-	-	744
	Aqueduct and Sewer Authority	15	-	-	-	-	-	-	-	2	25	84	-	2	92	168	388
	PRHTA (Highway Revenue Bonds)	19	10	10	21	22	26	6	8	8	8	27	167	37	-	-	369
	PRCCDA	11	-	-	-	-	-	-	-	-	-	19	105	29	-	-	164
	Subtotal	\$98	\$51	\$56	\$74	\$87	\$66	\$47	\$110	\$89	\$111	\$590	\$583	\$308	\$137	\$168	\$2,575
Not Previously Subject to the Voided Recovery Act	Commonwealth – GO	\$142	\$95	\$75	\$82	\$137	\$16	\$37	\$14	\$73	\$68	\$255	\$475	\$146	\$-	\$-	\$1,615
	MFA	55	47	47	44	37	33	33	16	12	11	52	-	-	-	-	387
	COFINA	(1)	(1)	(1)	(1)	(1)	(2)	(2)	1	0	(2)	(6)	32	99	155	-	270
	Public Buildings Authority	8	30	-	5	10	12	0	7	0	8	52	40	16	-	-	188
	PRIFA	-	-	2	-	-	-	-	2	-	-	-	-	10	4	-	18
	University of Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	1	-	-	-	1
	Subtotal	\$204	\$171	\$123	\$130	\$183	\$59	\$68	\$40	\$85	\$85	\$353	\$548	\$271	\$159	\$-	\$2,479
	Total	\$302	\$222	\$179	\$204	\$270	\$125	\$115	\$150	\$174	\$196	\$943	\$1,131	\$579	\$296	\$168	\$5,054

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of \$34 million and a fully accreted net par at maturity of \$67 million. Of these amounts, current net par of \$18 million and fully accreted net par at maturity of \$50 million relate to Puerto Rico Sales Tax Financing Corporation, current net par of \$10 million and fully accreted net par at maturity of \$11 million relate to the PRHTA, and current net par of \$5 million and fully accreted net par at maturity of \$5 million relate to the Commonwealth General Obligation Bonds.

Public Finance

Puerto Rico Exposure



Scheduled Net Debt Service Amortization of Exposure to the Commonwealth and its Agencies¹

As of March 31, 2016

(\$ in millions)		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2047	Total
Previously Subject to the Voided Recovery Act	PRHTA (Transportation Revenue Bonds)	\$57	\$82	\$86	\$69	\$63	\$57	\$57	\$58	\$37	\$61	\$309	\$348	\$288	\$47	\$-	\$1,619
	PREPA	39	38	37	58	74	52	50	109	102	72	366	92	0	-	-	1,089
	Aqueduct and Sewer Authority	25	19	19	19	19	19	19	19	21	45	160	68	70	159	181	862
	PRHTA (Highway Revenue Bonds)	29	29	29	39	39	42	20	21	21	21	88	203	39	-	-	620
	PRCCDA	15	7	7	7	7	7	7	7	7	7	51	127	30	-	-	286
	Subtotal	\$165	\$175	\$178	\$192	\$202	\$177	\$153	\$214	\$188	\$206	\$974	\$838	\$427	\$206	\$181	\$4,476
Not Previously Subject to the Voided Recovery Act	Commonwealth – GO	\$184	\$171	\$146	\$150	\$201	\$72	\$93	\$69	\$127	\$117	\$459	\$605	\$161	\$-	\$-	\$2,555
	MFA	64	64	62	56	47	40	39	21	16	15	57	-	-	-	-	481
	COFINA	6	13	13	13	13	13	13	16	15	12	68	103	164	170	-	632
	Public Buildings Authority	13	39	8	12	18	20	6	14	6	14	72	49	17	-	-	288
	PRIFA	0	1	3	1	1	1	1	3	0	1	4	3	13	4	-	36
	University of Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	1	-	-	-	1
	Subtotal	\$267	\$288	\$232	\$232	\$280	\$146	\$152	\$123	\$164	\$159	\$660	\$761	\$355	\$174	\$-	\$3,993
	Total	\$432	\$463	\$410	\$424	\$482	\$323	\$305	\$337	\$352	\$365	\$1,634	\$1,599	\$782	\$380	\$181	\$8,469

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of \$34 million and a fully accreted net par at maturity of \$67 million. Of these amounts, current net par of \$18 million and fully accreted net par at maturity of \$50 million relate to Puerto Rico Sales Tax Financing Corporation, current net par of \$10 million and fully accreted net par at maturity of \$11 million relate to the PRHTA, and current net par of \$5 million and fully accreted net par at maturity of \$5 million relate to the Commonwealth General Obligation Bonds.

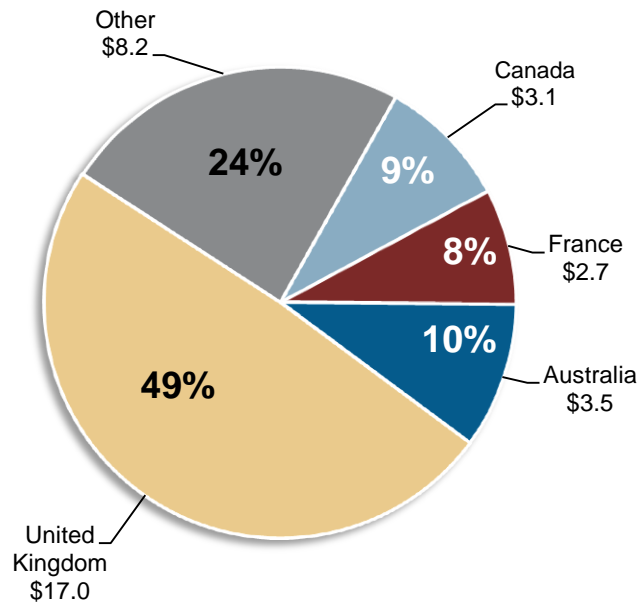
Consolidated Non-U.S. Exposure

Non-U.S. Public and Structured Finance



Non-U.S. Exposure

As of March 31, 2016
(\$ in billions)



\$34.5 billion, A- average rating

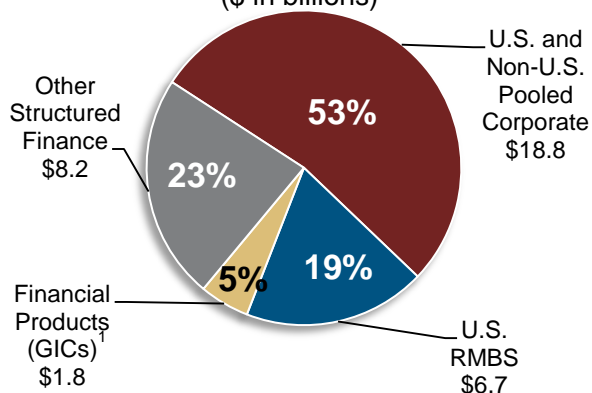
- **85% of non-U.S. exposure is public finance**
 - Direct sovereign debt is limited to Poland (\$216 million outstanding)
- **15% of non-U.S. exposure is structured finance**
 - Approximately 68% of that is to pooled corporates
 - 76% of non-U.S. pooled corporates are rated A or higher

Structured Finance Exposures

Net Par Outstanding

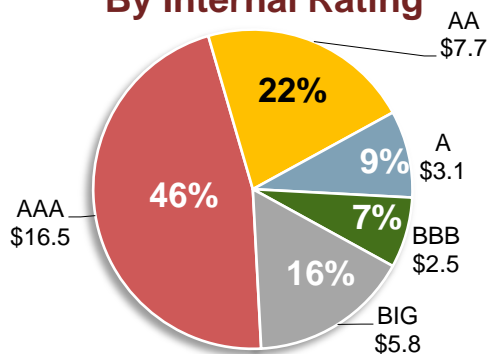
By Type

As of March 31, 2016
(\$ in billions)



\$35.6 billion, AA- average rating

By Internal Rating



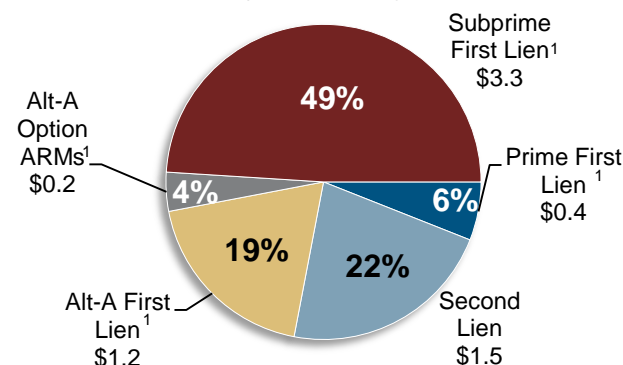
- **We expect Assured Guaranty's global structured finance insured portfolio (\$35.6 billion as of March 31, 2016) to amortize rapidly — 18% expected to amortize by the end of 2016 and 57% by the end of 2018**
 - \$18.8 billion in global pooled corporate obligations expected to be reduced by 25% by year-end 2016, 77% by year-end 2017 and by 83% by year-end 2018
 - \$6.7 billion in U.S. RMBS expected to be reduced by 13% by year-end 2016, 26% by year-end 2017 and by 39% by year-end 2018
- **Assured Guaranty's total structured finance exposure of \$240.9 billion at December 31, 2007 has declined by \$205.3 billion to \$35.6 billion through March 31, 2016, an 85% reduction, or an average of approximately \$25 billion per year**

1. Assured Guaranty did not acquire Financial Security Assurance Holdings Ltd.'s financial products segment. Assured Guaranty and its subsidiaries are indemnified against exposure to such segment by Dexia. As of March 31, 2016, the aggregate accreted balance of the guaranteed investment contracts (GICs) was approximately \$1.7 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately \$2.5 billion, the aggregate market value was approximately \$2.3 billion and the aggregate market value after agreed reductions was approximately \$1.6 billion. Cash and positive derivative value roughly offset the negative derivative values and other projected costs.

- **Our \$6.7 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 \$6.7 billion at March 31, 2016, a \$22.5 billion or 77%
 - U.S. RMBS exposure excludes \$763 million outstanding par of loss mitigation RMBS securities held in investments at March 31, 2016
- **Our loss reserving methodology is driven by our assumptions on several factors:**
 - Liquidation rates
 - Conditional default rates
 - Conditional prepayment rates
 - Loss severity
- **We have significantly mitigated ultimate losses**
 - R&W putbacks, litigation and agreements
 - Wrapped bond purchases
 - Terminations of BIG credits

U.S. RMBS by Exposure Type

As of March 31, 2016
(\$ in billions)

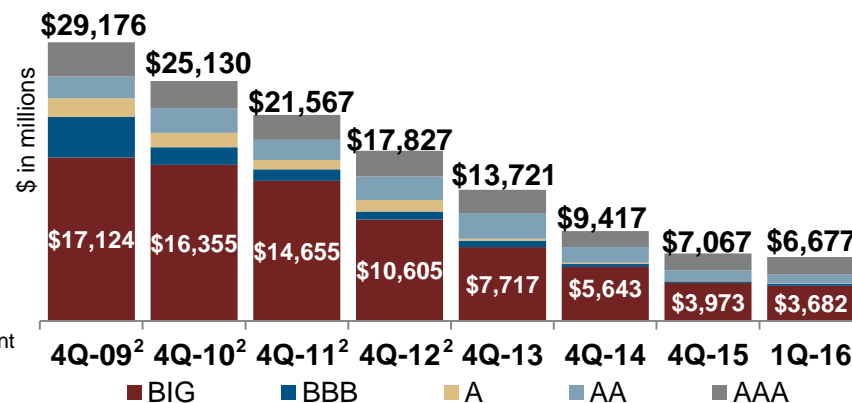


\$6.7 billion

(1.9% of total net par outstanding)

U.S. RMBS by Rating

Net Par Outstanding from December 31, 2009 to March 31, 2016



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

2. Gross of wrapped bond purchases made primarily for loss mitigation until 4Q-13

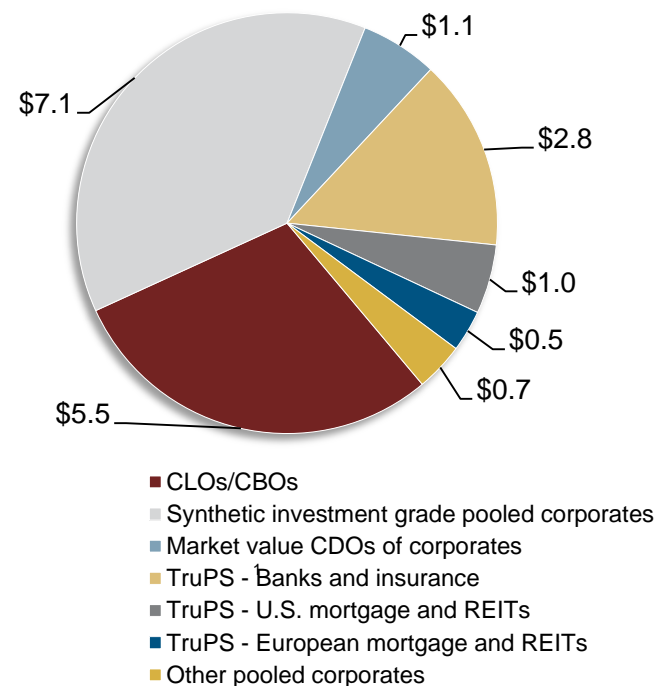
Direct Pooled Corporate Obligations Exposures



- **Within direct pooled corporate exposures, our \$4.3 billion of Trust Preferred Securities (TruPS) CDO exposure is diversified by region and collateral type**
 - Includes more than 1,800 underlying issuers
 - All our exposure at the CDO level is to the most senior debt tranche
 - Weighted average rating of A-, weighted average adjusted current credit enhancement (CE)² of 45.0%
- **Most of our direct pooled corporate exposure is highly rated and well protected**
 - 70% rated AAA
 - Average CE of 33.2%

Direct Pooled Corporate Obligations By Asset Class

As of March 31, 2016



\$18.7 billion, AAA average rating

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

Below Investment Grade Exposures

Net Par Outstanding by BIG Category¹



- As of March 31, 2016, approximately \$7.6 billion (50%) of the aggregate BIG exposure was Category 1, which are transactions that show sufficient deterioration to make future losses possible but for which none are currently expected

Financial Guaranty Insurance and Credit Derivatives Surveillance Categories

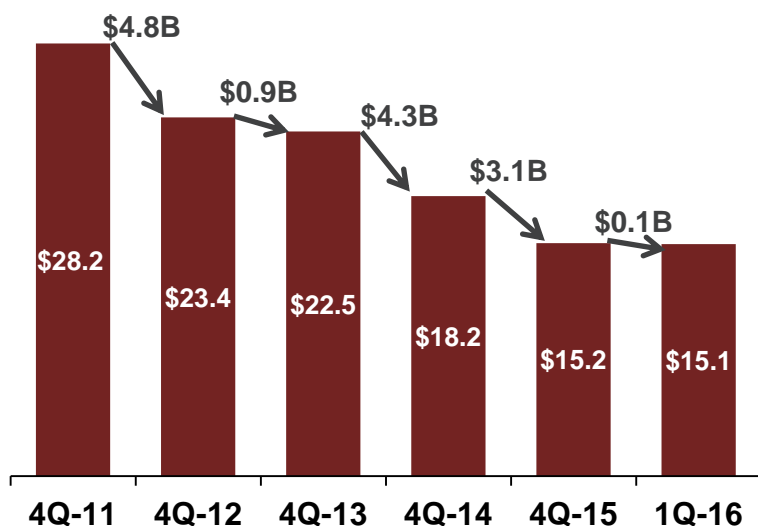
(\$ in millions)	March 31, 2016	December 31, 2015
Category 1		
U.S. public finance	\$4,608	\$4,765
Non-U.S. public finance	882	875
U.S. structured finance	1,488	1,874
Non-U.S. structured finance	579	509
Total Category 1	\$7,557	\$8,023
Category 2		
U.S. public finance	\$3,191	\$2,883
Non-U.S. public finance	529	503
U.S. structured finance	732	700
Non-U.S. structured finance	43	43
Total Category 2	\$4,495	\$4,129
Category 3		
U.S. public finance	\$154	\$136
Non-U.S. public finance	-	-
U.S. structured finance	2,911	2,895
Non-U.S. structured finance	-	-
Total Category 3	\$3,065	\$3,031
BIG Total	\$15,117	\$15,183

1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG Category 2: Below-investment-grade transactions for which future losses are expected but for which no claims (other than liquidity claims, which are claims that the Company expects to be reimbursed within one year) have yet been paid. BIG Category 3: Below-investment-grade transactions for which future losses are expected and on which claims (other than liquidity claims) have been paid.

BIG Exposure Decline

- Since 4Q-11, BIG net par outstanding has declined by \$13.1 billion¹
- The largest components of our BIG exposure are Puerto Rico at 33% and U.S. RMBS at 24%

BIG Net Par Outstanding
(\$ in billions)



Changes in BIG Net Par Outstanding

(\$ in millions)	Full Year 2012	Full Year 2013	Full Year 2014	Full Year 2015	1Q-16
Beginning BIG par	\$28,214	\$23,392	\$22,537	\$18,247	\$15,183
Amortization / Claim Payments	(4,049)	(2,660)	(2,126)	(1,801)	(367)
R&W RMBS Settlement Reclassifications	(1,782)	(531)	-	-	-
FX Change	48	(98)	(185)	(153)	59
Terminations	-	(452)	(922)	(1,951)	-
Removals / Upgrades	(711)	(1,346)	(1,003)	(2,983)	(58)
Additions / Downgrades	1,672	5,746	261	4,234	399
Adjustments ¹	-	(1,513)	(315)	(411)	(99)
Total Decrease / Increase	(4,822)	(854)	(4,290)	(3,065)	(66)
Ending BIG par	\$23,392	\$22,537	\$18,247	\$15,183	\$15,117

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

BIG Exposures > \$250 Million

(\$ in millions)

BIG Exposures Greater Than \$250 Million as of March 31, 2016

<u>Type¹</u>	<u>Name or Description</u>	<u>Net Par Outstanding</u>	<u>Internal Rating</u>
PF	Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	\$ 1,821	CCC
PF	Puerto Rico Highways and Transportation Authority	1,279	CCC-
PF	Puerto Rico Electric Power Authority	744	CC
PF	Reliance Rail Finance Pty. Limited	527	BB
PF	Puerto Rico Aqueduct & Sewer Authority	388	CCC
PF	Puerto Rico Municipal Finance Agency	387	CCC-
PF	Louisville Arena Authority Inc.	336	BB
PF	M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	271	BB-
PF	Puerto Rico Sales Tax Financing Corporation	270	CCC+
SF	Option One 2007-FXD2	261	CCC
	Total	\$6,284	

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

A photograph showing three construction workers wearing white hard hats and safety gear, working on a large, complex grid of steel reinforcement bars (rebar) for a concrete structure. The workers are positioned on a wooden formwork or scaffolding. The background shows more of the construction site with various materials and equipment.

Appendix

Appendix

Explanation of Non-GAAP Financial Measures



Endnotes related to non-GAAP financial measures discussed in the presentation:

To reflect the key financial measures management analyzes in evaluating the Company's operations and progress towards long-term goals, the Company discusses both measures determined in accordance with GAAP and measures not promulgated in accordance with GAAP ("non-GAAP financial measures"). Although the financial measures identified as non-GAAP should not be considered substitutes for GAAP measures, management considers them key performance indicators and employs them as well as other factors in determining compensation. Non-GAAP financial measures, therefore, provide investors with important information about the key financial measures management utilizes in measuring its business. The primary limitation of non-GAAP financial measures is the potential lack of comparability to those of other companies, which may define non-GAAP measures differently because there is limited literature with respect to such measures. Three of the primary non-GAAP financial measures analyzed by the Company's senior management are: operating income, adjusted book value and PVP.

Management and the board of directors utilize non-GAAP financial measures in evaluating the Company's financial performance. By providing these non-GAAP financial measures, the Company gives investors, analysts and financial news reporters access to the same information that management reviews internally. In addition, Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

The following paragraphs define each non-GAAP financial measure and describe why it is useful. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure, if available, is presented within this presentation.

Operating Income: Management believes that operating income is a useful measure because it clarifies the understanding of the underwriting results of the Company's financial guaranty business, and also includes financing costs and net investment income, and enables investors and analysts to evaluate the Company's financial results as compared with the consensus analyst estimates distributed publicly by financial databases. Operating income is defined as net income (loss) attributable to AGL, as reported under GAAP, adjusted for the following:

1. Elimination of the after-tax 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. Trends in the underlying profitability of the Company's business can be more clearly identified without the fluctuating effects of these transactions.
2. Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives, which is the amount 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. Additionally, such adjustments present all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.
3. Elimination of the after-tax fair value gains (losses) on the Company's CCS. Such amounts 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.
4. Elimination of the after-tax foreign exchange gains (losses) on remeasurement of net premium receivables and loss and LAE reserves. Long-dated receivables constitute a significant portion of the net premium receivable balance and represent the present value of future contractual or expected collections. 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 effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.

Appendix

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



Adjusted Book Value and Operating Shareholders' Equity: Management also uses adjusted book value to measure the intrinsic value of the Company, excluding franchise value. Growth in adjusted book value per share is one of the key financial measures used in determining the amount of certain long-term compensation to management and employees and used by rating agencies and investors.

Management believes that operating shareholders' equity is a useful measure because it presents the equity of the Company with all financial guaranty contracts accounted for on a more consistent basis and excludes fair value adjustments that are not expected to result in economic gain or loss. Many investors, analysts and financial news reporters use operating shareholders' equity 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 operating shareholders' equity to evaluate the Company's capital adequacy. Operating shareholders' equity is the basis of the calculation of adjusted book value (see below). Operating shareholders' equity is defined as shareholders' equity attributable to Assured Guaranty Ltd., as reported under GAAP, adjusted for the following:

1. Elimination of the effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs
2. Elimination of the after-tax non-credit impairment unrealized fair value gains (losses) on credit derivatives, which is the amount 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.
3. Elimination of the after-tax fair value gains (losses) on the Company's CCS. Such amounts 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.
4. Elimination of the after-tax 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.

Management believes that adjusted book value is a useful measure because it enables an evaluation of the net present value of the Company's in-force premiums and revenues in addition to operating shareholders' equity. The premiums and revenues included in adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors. Many investors, analysts and financial news reporters use adjusted book value to evaluate AGL's share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Adjusted book value is operating shareholders' equity, as defined above, further adjusted for the following:

1. Elimination of after-tax 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 after-tax net present value of estimated net future credit derivative revenue. See below.
3. Addition of the after-tax value of the unearned premium reserve 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.

Appendix

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



Operating Return on Equity (“Operating ROE”): Operating ROE represents operating income for a specified period divided by the average of operating shareholders’ equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate the Company’s return on invested capital. Many investors, analysts and members of the financial news media use operating ROE to evaluate Assured Guaranty Ltd.’s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Quarterly and year-to-date operating ROE are calculated on an annualized basis.

Net Present Value of Estimated Net Future Credit Derivative Revenue: Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated credit derivative revenue. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company’s credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes, for contracts without expected economic losses, and is discounted at 6%. Estimated net future credit derivative 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 GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlements on credit derivatives (“Credit Derivative Revenues”) do not adequately measure. PVP in respect of financial guaranty 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, in each case, discounted at 6%. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under GAAP, these amounts are discounted at a risk free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future net earned or written premiums and Credit Derivative Revenues 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.

Statutory Net Par and Net Debt Service Outstanding: Under statutory accounting, net par and net debt service outstanding is reduced both when an outstanding issue is legally defeased (i.e., an issuer has legally discharged its obligations with respect to a municipal security by satisfying conditions set forth in defeasance provisions contained in transaction documents and is no longer responsible for the payment of debt service with respect to such obligations) and when such issue is economically defeased (i.e., transaction documents for a municipal security do not contain defeasance provisions but the issuer establishes an escrow account with United States (U.S.) government securities in amounts sufficient to pay the refunded bonds when due; the refunded bonds are not considered paid and continue to be outstanding under the transaction documents and the issuer remains responsible to pay debt service when due to the extent monies on deposit in the escrow account are insufficient for such purpose).

Consolidated New Business Production Analysis

	Three Months Ended March 31,		% Change versus 1Q-15
	2016	2015	
Present value of new business production (PVP):			
Public finance - U.S.	\$31	\$13	138%
Public finance - non-U.S.	7	-	NM
Structured finance - U.S.	-	18	NM
Structured finance - non-U.S.	-	5	NM
Total PVP	\$38	\$36	6%
Total PVP	\$38	\$36	6%
Less: PVP of non-financial guaranty insurance	0	6	NM
PVP of financial guaranty insurance	38	30	27%
Less: Financial guaranty installment premium PVP	7	17	(59)%
Total: Financial guaranty upfront gross written premiums (GWP)	31	13	138%
Plus: Financial guaranty installment GWP and other GAAP adjustments ²	(12)	19	NM
Total GWP	\$19	\$32	(41)%

NM = Not meaningful

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

2. Represents present value of new business on installment policies, GWP adjustments on existing installment policies due to changes in assumptions, any cancellations of assumed reinsurance contracts, and other GAAP adjustments.

Appendix

Reconciliation of Operating Income¹ to Net Income (Loss)



(\$ in millions, except per share data)

		Three Months Ended	
		March 31,	
		2016	2015
Operating income		\$113	\$140
Plus after-tax adjustments:			
Realized gains (losses) on investments		(9)	9
Non-credit impairment unrealized fair value gains (losses) on credit derivatives		(43)	66
Fair value gains (losses) on committed capital securities		(10)	1
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves		(2)	(9)
Effect of consolidating FG VIEs		10	(6)
Net income (loss)		\$59	\$201
		Per Diluted Share	
Operating income		\$0.82	\$0.89
Plus after-tax adjustments:			
Realized gains (losses) on investments		(0.07)	0.06
Non-credit impairment unrealized fair value gains (losses) on credit derivatives		(0.31)	0.42
Fair value gains (losses) on committed capital securities		(0.07)	0.01
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves		(0.01)	(0.06)
Effect of consolidating FG VIEs		0.07	(0.04)
Net income (loss)		\$0.43	\$1.28

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

Appendix

Reconciliation of GAAP Book Value to Adjusted Book Value¹



Reconciliation of Shareholders' Equity (GAAP Book Value) to Adjusted Book Value¹

(\$ in millions, except per share amounts)

	As of :			
	March 31, 2016		December 31, 2015	
	Total	Per share	Total	Per share
Shareholders' equity	\$ 6,113	\$ 45.26	\$ 6,063	\$ 43.96
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(12)	(0.09)	(23)	(0.16)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(203)	(1.50)	(160)	(1.16)
Fair value gains (losses) on committed capital securities	30	0.22	40	0.29
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	344	2.55	260	1.88
Operating shareholders' equity	5,954	44.08	5,946	43.11
After-tax adjustments:				
Less: Deferred acquisition costs	145	1.07	147	1.06
Plus: Net present value of estimated net future credit derivative revenue	91	0.67	116	0.84
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	2,394	17.72	2,524	18.29
Adjusted book value¹	\$ 8,294	\$ 61.40	\$ 8,439	\$ 61.18

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

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Equity Investor Presentation

March 31, 2016

