



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

Equity Investor Presentation

December 31, 2014

**ASSURED
GUARANTY®**

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, together with its subsidiaries, “Assured Guaranty” or the “Company”). These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance. Any or all of Assured Guaranty’s forward looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Assured Guaranty’s actual results may vary materially. Among factors that could cause actual results to differ adversely are: (1) 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; (2) reduction in the amount of available insurance opportunities and/ or in the demand for Assured Guaranty’s insurance; (3) developments in the world’s financial and capital markets that adversely affect obligors’ payment rates, Assured Guaranty’s loss experience, or its exposure to refinancing risk in transactions (which could result in substantial liquidity claims on its guarantees); (4) the possibility that budget shortfalls or other factors will result in credit losses or impairments on obligations of state and local governments 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) deterioration in the financial condition of Assured Guaranty’s reinsurers, the amount and timing of reinsurance recoverables actually received and the risk that reinsurers may dispute amounts owed to Assured Guaranty under its reinsurance agreements; (7) increased competition, including from new entrants into the financial guaranty industry; (8) 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; (9) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (10) changes in the world’s credit markets, segments thereof, interest rates or general economic conditions; (11) the impact of market volatility on the mark-to-market of Assured Guaranty’s contracts written in credit default swap form; (12) changes in applicable accounting policies or practices; (13) changes in applicable laws or regulations, including insurance and tax laws, or other governmental actions; (14) difficulties with the execution of Assured Guaranty’s business strategy; (15) loss of key personnel; (16) the effects of mergers, acquisitions and divestitures; (17) natural or man-made catastrophes; (18) other risks and uncertainties that have not been identified at this time; (19) management’s response to these factors; and (20) other risk factors identified in AGL’s filings with the SEC. 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 the Company’s Form 10-K or Form 10-Q filings. 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 and the Company’s Form 10-K or Form 10-Q filings 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.

- **2014 accomplishments**
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 - Track record of creating shareholder value
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 - Simplified corporate structure
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 - High-quality investment portfolio
 - Deleveraging while maintaining total invested assets
 - Investment income generates capital
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- **Creating value**
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 - Reinsurance platform
 - R&W activity
 - Loss mitigation bond purchases
 - Agreements to terminate guaranties
- **Financial results**
- **Portfolio overview**

2014 Accomplishments



- Financial strength ratings for Assured Guaranty Municipal Corp. (AGM), Assured Guaranty Corp. (AGC) and Municipal Assurance Corp. (MAC) upgraded by S&P from 'AA-' (stable) to 'AA' (stable). Kroll ("KBRA") initiated its coverage of AGM with a rating of 'AA+' (stable) and affirmed MAC's rating at 'AA+' (stable). Moody's affirmed the ratings of Assured Guaranty, but changed the outlook of AGC to negative.
- Repurchased 24.4 million common shares (\$590 million), at an average price of \$24.17 per share. As of December 31, 2014, the remaining amount in our share repurchase authorization was \$210 million.
- Agreed to acquire Radian Asset Assurance Inc., the financial guaranty business of Radian Group Inc., for \$810 million (subject to adjustment for dividends and expenses prior to closing). Immediately following the acquisition, Radian Asset Assurance Inc. will merge with AGC, with AGC as the surviving company. The acquisition and merger are expected to be completed in the first half of 2015. Both the acquisition and merger are subject to regulatory approval.
- Assured Guaranty US Holdings Inc. sold in a public offering \$500 million of 5% Senior Notes due 2024. Proceeds were used for general corporate purposes, including the purchase of our common shares.
- Reached nine agreements on RMBS exposure
- Terminated \$4.0 billion of net par outstanding
- Purchased approximately \$355 million of insured securities for loss mitigation purposes
- Generated \$168 million of new business production¹ in 2014, a 19% year-over-year increase
- Obtained license for MAC to write financial guaranty insurance in all 50 states plus the District of Columbia.

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

Assured Guaranty Overview



Assured Guaranty Ltd.

(\$ in billions)	December 31, 2014	January 1, 2008 (pro-forma) ¹
Net par outstanding	\$403.7	\$626.6
U.S. public finance	\$322.1	\$337.3
U.S. structured finance	\$41.2	\$185.8
Non-U.S.	\$40.4	\$103.5
Total investment portfolio + cash	\$11.5	\$8.7
Net unearned premium reserve ²	\$3.9	\$6.5
Claims-paying resources ³	\$12.2	\$11.2
Ratio of Net Par Outstanding / Claims-paying resources³	33.1	55.9

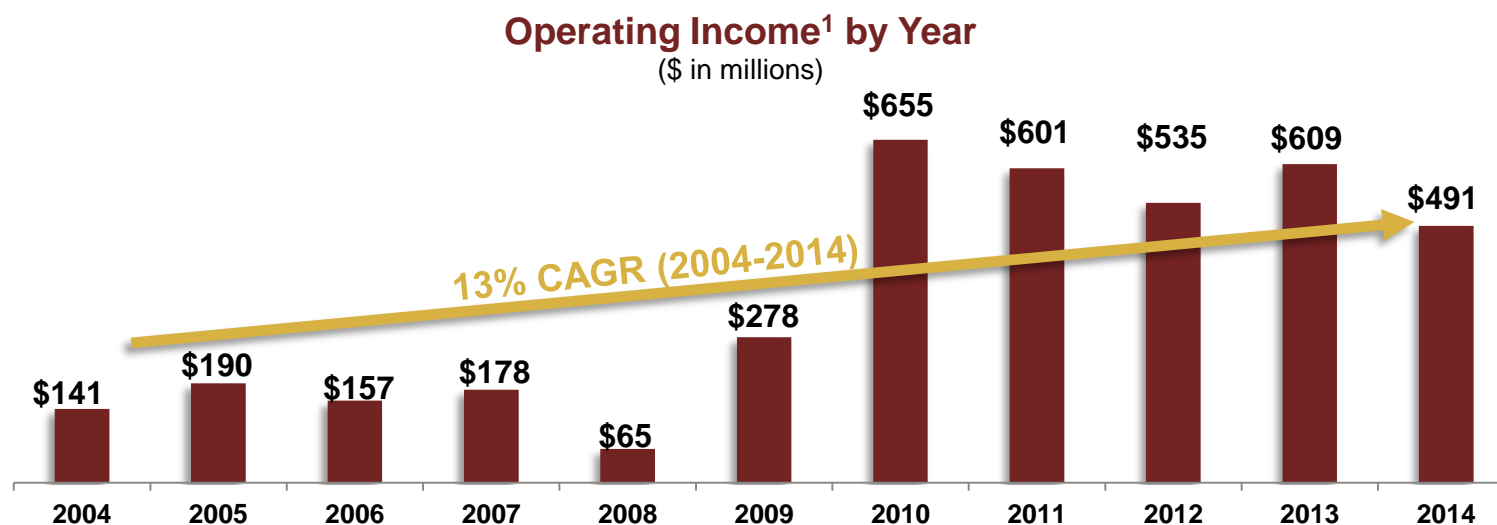
- **We are the leading financial guaranty franchise, with three decades of experience in the municipal and structured finance markets**
- **In the U.S., we serve the bond insurance market through three platforms:**
 - Assured Guaranty Municipal Corp. (AGM), rated AA+ (stable) by KBRA, AA (stable) by S&P and A2 (stable) by Moody's, focuses on larger 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 operating income¹ from \$141 million in 2004 to \$491 million in 2014, a 13% 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 premiums through terminations



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

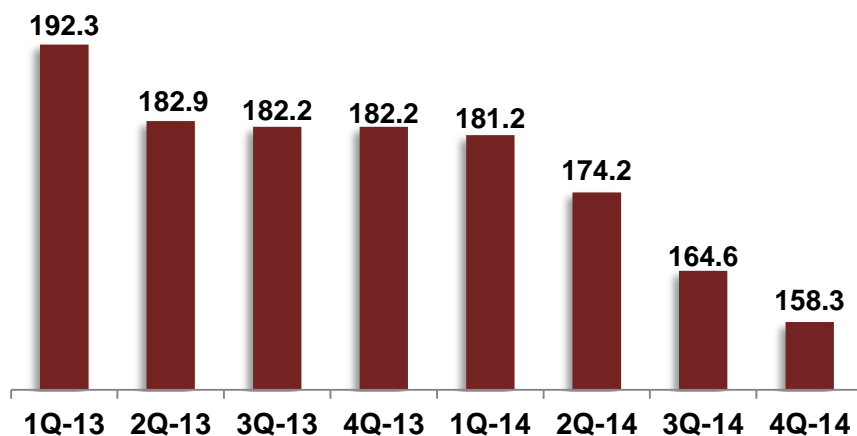
Assured Guaranty Overview

Track Record of Creating Shareholder Value

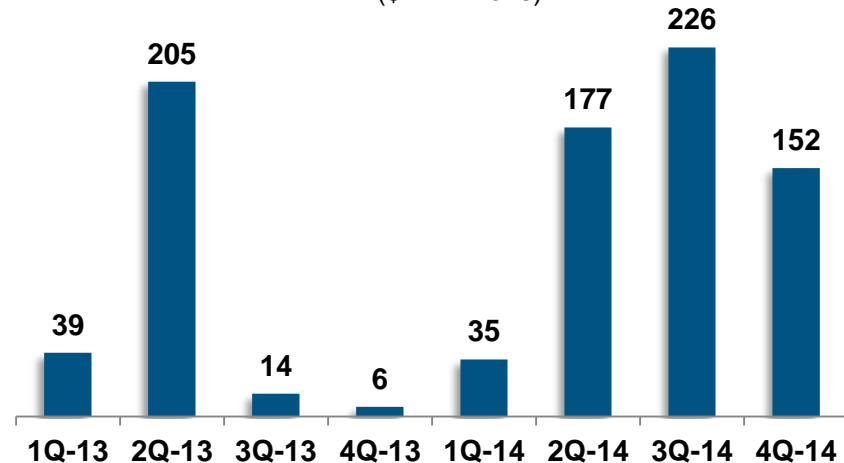


- **We have returned excess capital to shareholders by distributing dividends and repurchasing our common shares**
 - In 2014, we repurchased a total of 24.4 million common shares for approximately \$590 million at an average price of \$24.17 per share, the largest annual share repurchase in our history. As of December 31, 2014, the amount remaining in our share repurchase authorization was \$210 million.
 - From December 31, 2014 through February 26, 2015, we repurchased another 3.6 million shares for approximately \$92 million. \$118 million remains in our current share authorization.
 - Since the 2004 IPO, we have more than tripled our quarterly dividend, reaching \$0.11 per share in 2014. On February 4, 2015, the Board approved a \$0.12 per share quarterly dividend. We have raised our quarterly dividend for four consecutive years, bringing the total increase to 167% since our November 2011 dividend payment.

Ending Share Count by Quarter
(in millions)



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



Dividend Limitation Calculations

Assured Guaranty Municipal Corp. (Domiciled in New York)	Assured Guaranty Corp. (Domiciled in Maryland)	Assured Guaranty Re Ltd. (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 10% of policyholders’ surplus <p>Or</p> <ul style="list-style-type: none">• 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 10% of policyholders’ surplus <p>Or</p> <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• 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)																																																		
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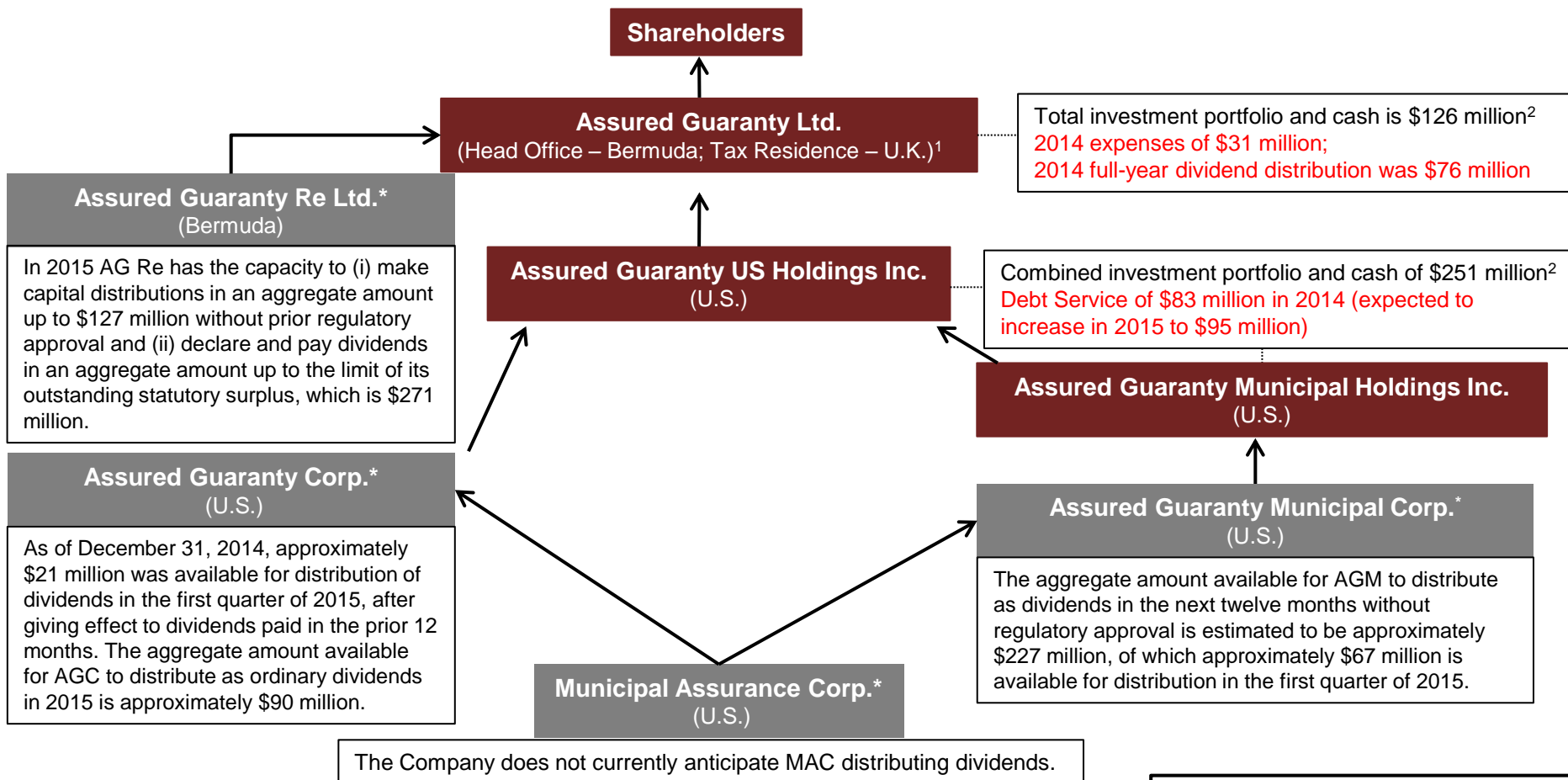
1. Earned surplus is currently approximately \$1.5 billion. Portion of the company's surplus that represents the net earnings, gains or profits (after deduction of all losses) that have not been distributed to shareholders as dividends or transferred to stated capital or capital surplus, or applied to other purposes permitted by law, but does not include unrealized appreciation of assets

Assured Guaranty Overview

Simplified Corporate Structure¹



Current Corporate Structure



1. In November 2013, AGL became tax resident in the United Kingdom. As a U.K. tax resident, AGL does not expect any material change in the Assured Guaranty group's overall tax charge. Dividends from Assured Guaranty US Holdings Inc. to AGL will be subject to a reduced withholding tax of 0% to 5% under the U.S.-U.K. double tax treaty.
2. As of December 31, 2014

*** Please see the Appendix for more information on the operating subsidiaries' insurance regulatory dividend limitations**

A photograph of three construction workers wearing white hard hats and safety gear, working on a large, rusted metal rebar grid. They are positioned on a wooden platform, and the background shows more of the grid and some construction materials. The scene is brightly lit, suggesting an outdoor or well-lit indoor environment.

Underlying Value

Underlying Value

Selected Company Assets and Liabilities



Selected Company Assets and Liabilities

As of December 31, 2014
(\$ in millions, except per share)

Total investment portfolio	\$11,384
Cash	\$75
Premiums receivable, net of commissions on assumed business ¹	\$729
Net unearned premium reserve	\$4,261
Expected loss to be paid, net of expected recoveries to be collected	\$1,169
Debt	\$1,303
Total investment portfolio and cash, per share	\$72.39
Expected loss to be paid, net of expected recoveries, per share	\$7.38
Debt, per share	\$8.23

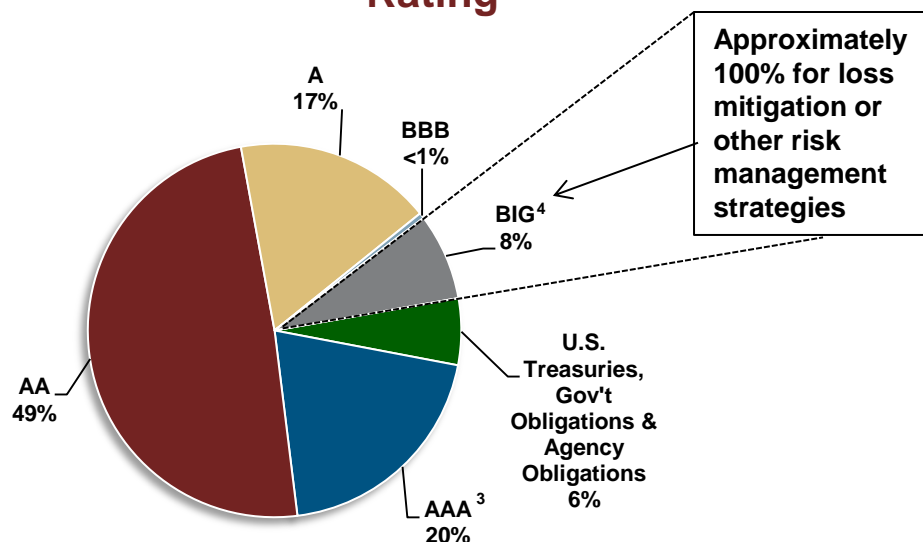
- Our investment portfolio is 92% invested in fixed income securities
- Gross premiums receivable of \$729 million consisting of financial guaranty insurance payments to be received in installments, discounted at the risk free rate
- Deferred revenue is our largest liability
 - Liability diminishes over time as the portfolio amortizes and may be recognized as income

1. Net of assumed commissions payable of \$20 million

Underlying Value

High-Quality Investment Portfolio

Investments and Cash Available for Sale by Rating^{1,2}



\$11.5 billion, AA- average rating

- **Highly rated, with 74% of fixed maturity and short-term investments rated AA or higher**
- **Very liquid, with approximately \$1 billion invested in short-term investments and cash**
- **Overall duration of portfolio is 5.0 years**
- **Approximately 100% of BIG investments are part of loss-mitigation strategy**

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 were subsequently consolidated as VIEs and which are therefore eliminated in consolidation on the balance sheet.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or risk management strategies, which use internal ratings classifications.
3. Included in the AAA category are short-term securities and cash.
4. Includes BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$1,766 million in par with carrying value of \$867 million

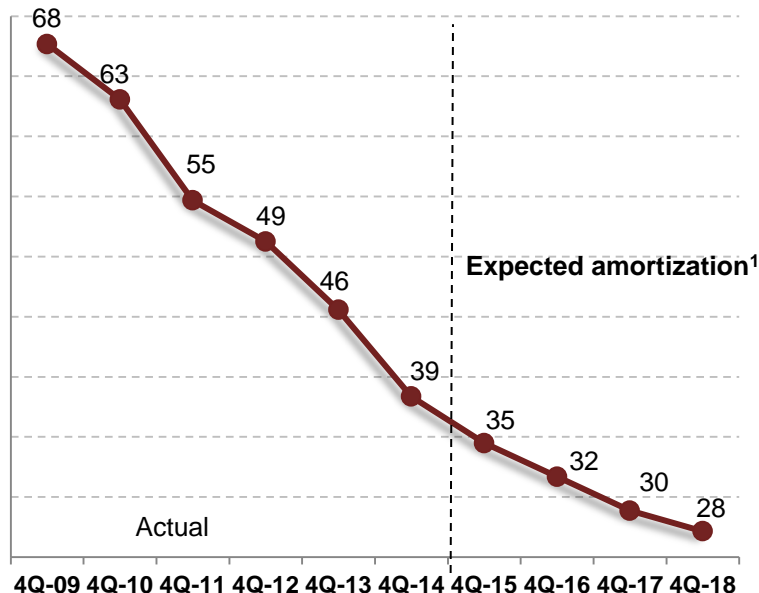
Underlying Value

Deleveraging While Maintaining Total Invested Assets

- Our net par outstanding to total invested assets and cash net of losses expected to be paid has declined from 68:1 in 4Q-09 to 39:1 as of 4Q-14, putting us in a stronger capital position
 - Deleveraging should continue in the near term as new business is not expected to replace the amortization of the structured finance portfolio
- Deleveraging has occurred while year-end total invested assets and cash has remained comparable to those of prior years

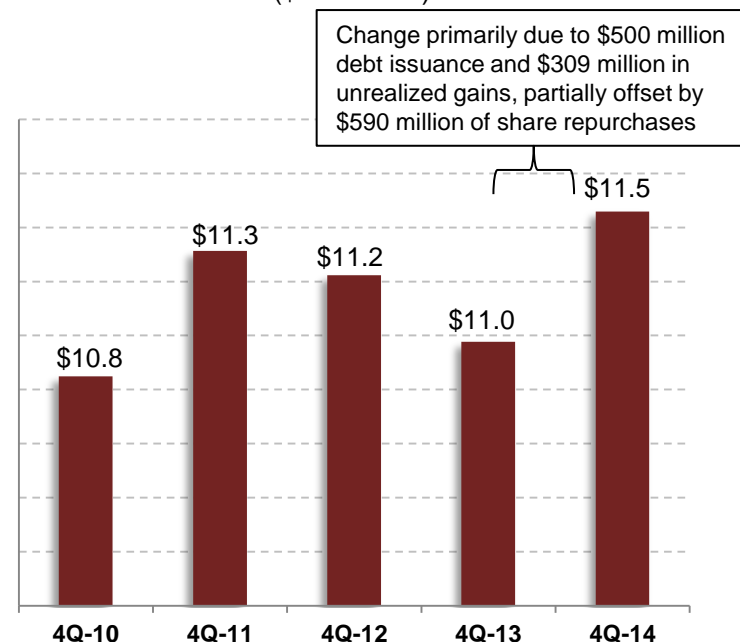
Portfolio Leverage

Net Par Outstanding / Total Invested Assets + Cash
– Losses to be paid



Total Invested Assets and Cash²

(\$ in billions)

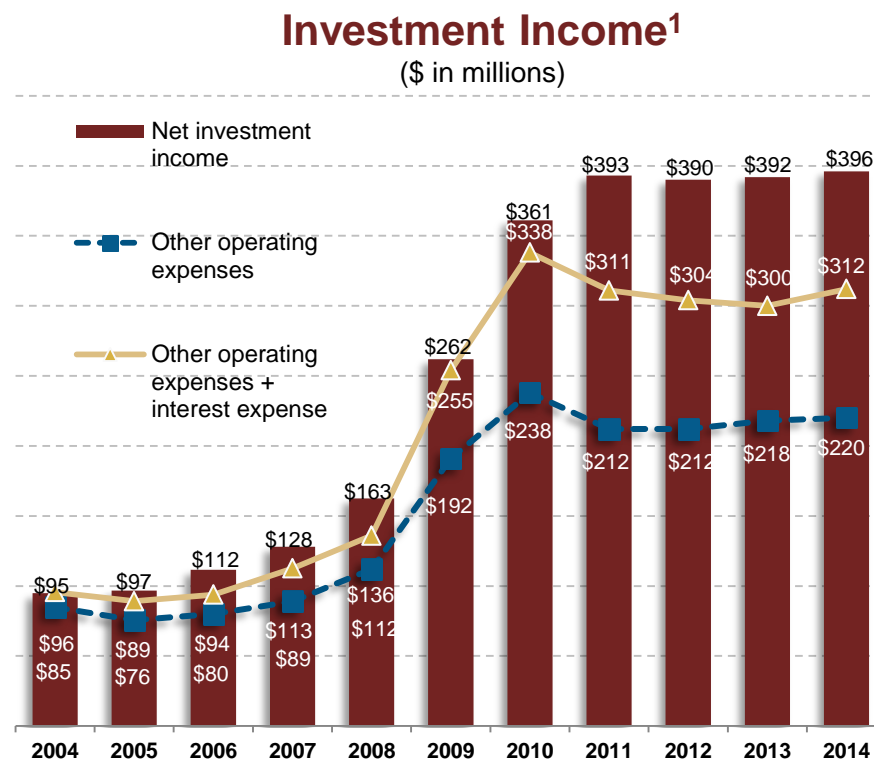


1. Assumes no new business production and calculates estimated amortization divided by current total invested assets and cash, less current losses to be paid.
2. As reported on the balance sheet.

Underlying Value

Investment Income Generates Capital

- Investment income¹ is higher than the combination of operating and interest expenses, a spread that fosters capital growth
- Other operating expenses plus interest expenses have consistently been lower than in 2010

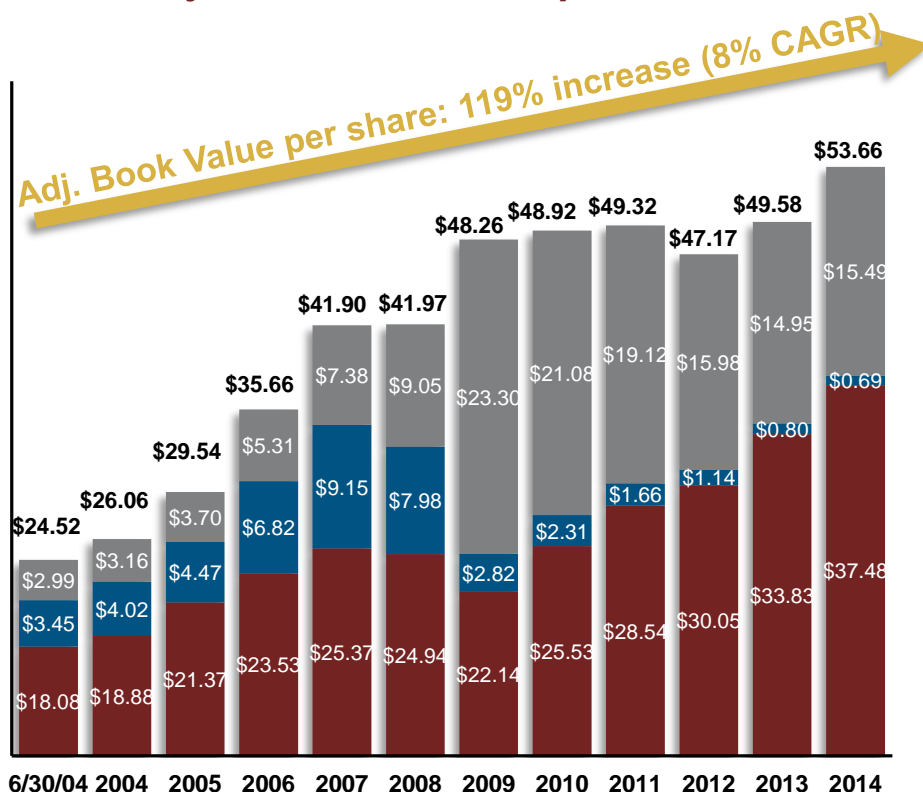


1. Investment income is used in calculating operating income, a non-GAAP financial measure. For an explanation of operating income, please refer to the Appendix.

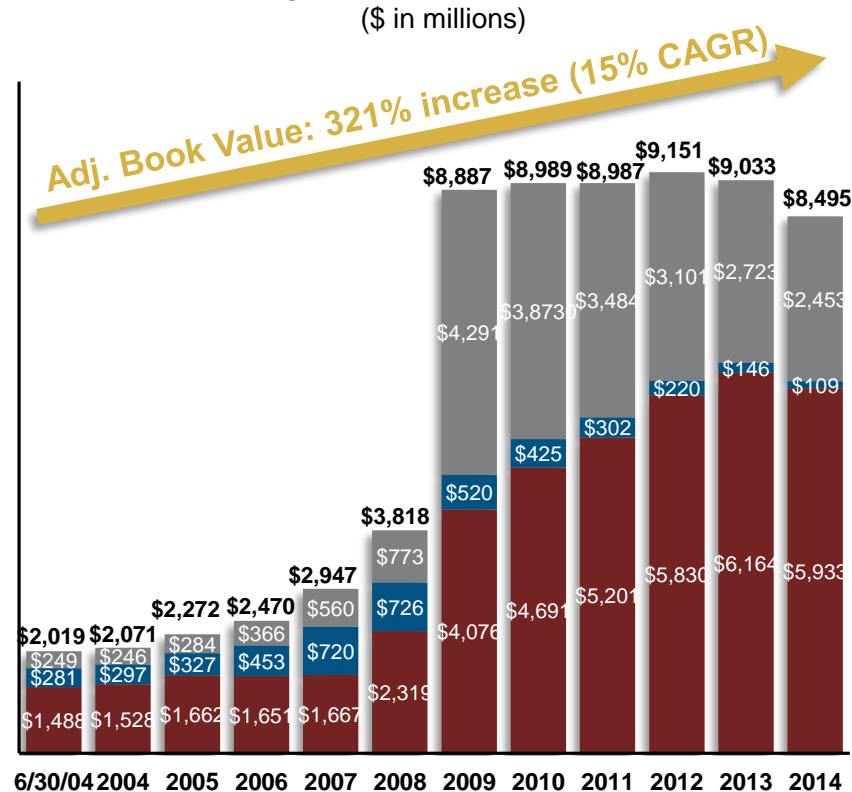
Underlying Value Historical Growth



Adjusted Book Value¹ per Share



Adjusted Book Value¹ (\$ in millions)



■ 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 per share

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 variable interest entities (FG 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

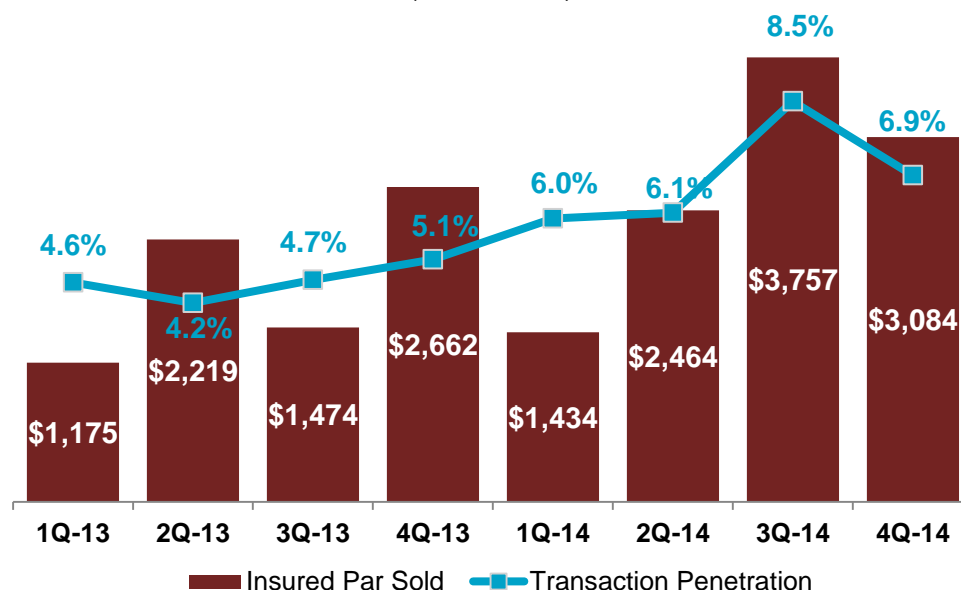
New Business Production

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**
 - Secondary market policies totaled \$904 million in net par in 2014, compared to \$1,062 million in net par in 2013
- **Despite headwinds, both par insured and market penetration were higher in 2014**
 - Industry penetration of the number of transactions with underlying A ratings increased to 52.5% in 4Q-14, up from 31.1% in 4Q-13
 - Industry par penetration for all transactions with underlying A ratings increased to 19.2% in 4Q-14, up from 12.3% in 4Q-13
- **Industry penetration for smaller deals remains strong at 16.3% of all transactions under \$25 million in 4Q-14**

**Assured Guaranty
New Issue U.S. Public Finance
Insured Par Sold and Transaction Penetration¹**
(\$ in millions)



U.S. Public Finance New Issuance	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Total Par Issued (\$ in billions)	\$81.3	\$88.7	\$67.9	\$73.4	\$60.4	\$83.1	\$72.3	\$99.2
Total Transactions Issued	2,785	3,357	2,155	2,285	1,955	2,964	2,376	2,866

1. Source: SDC database. As of December 31, 2014.

Creating Value

New Business Production

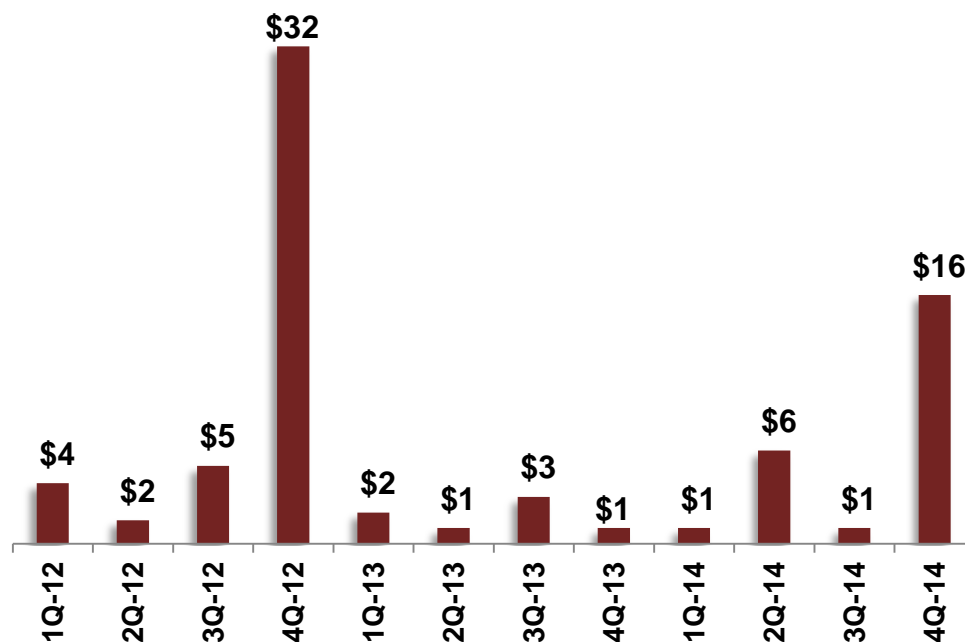
U.S. Structured Finance Business Activity



- In 4Q-14, we closed two new market tax credit transactions and a reserve financing transaction, generating \$16 million of PVP¹
- 2014 U.S. structured finance PVP¹ was \$24 million
- New business production tends to fluctuate as large, complex transactions require a long time frame to close

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

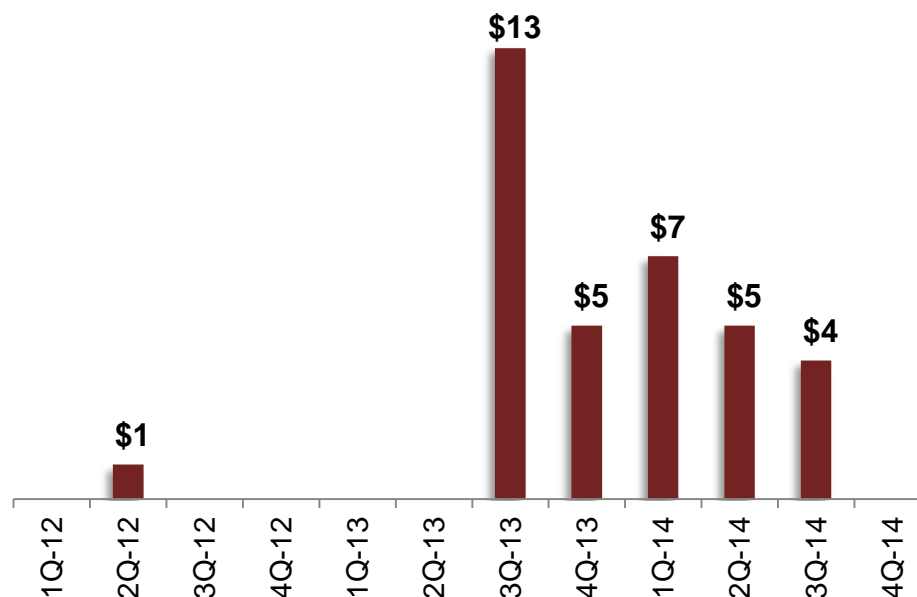
Non-U.S. Business Activity



- During 3Q-14, we insured a non-U.S. diversified payment rights transaction
- During 2Q-14, we closed a non-U.S. diversified payment rights structured finance transaction
 - \$200 million notes backed by future dollar, euro and pound-denominated remittances due to Türkiye Garanti Bankası A.Ş. (Garanti) from various U.S. and European correspondent banks
- During 1Q-14, we guaranteed a U.K. infrastructure bond
 - £77 million bond issued by Solutions 4 North Tyneside (Finance) PLC, to finance the development and refurbishment of social housing in the U.K.

Non-U.S. Finance 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 Discipline



- Continued focus on underwriting discipline
- New business written reflects the current economic environment
 - Tighter credit spreads in the bond market
 - Declining interest rates in 2014; municipal bond yields at near record lows in the fourth quarter of 2014

Gross Par Written

Sector:	Quarter Ended December 31, 2014		Quarter Ended December 31, 2013		Year Ended December 31, 2014		Year Ended December 31, 2013	
	Gross Par Written	Avg. Rating ¹	Gross Par Written	Avg. Rating ^{1,2}	Gross Par Written	Avg. Rating ¹	Gross Par Written	Avg. Rating ¹
U.S. public finance	\$4,067	A	\$2,743	BBB+	\$12,275	A-	\$8,672	A-
Non-U.S. public finance	-	-	122	BBB-	128	BBB-	391	BBB-
Total public finance	\$4,067	A	\$2,865	BBB+	\$12,403	A-	\$9,063	A-
U.S. structured finance	400	AA	-	-	\$418	AA	\$273	AA
Non-U.S. structured finance	-	-	-	-	350	A-	14	A-
Total structured finance	\$400	AA	\$-	-	\$768	AA	\$287	AA
Total gross par written	\$4,467	A	\$2,865	BBB+	\$13,171	A-	\$9,350	A-

1. Average internal rating.

2. Excluding newly issued Jefferson County debt, average internal rating of total public finance gross par written during 4Q-13 is A-

- 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
Total	\$39.3	\$311	\$170

- High-quality portfolios from inactive companies are of interest
 - Public finance as well as high-quality structured finance business, such as performing pooled corporate and commercial receivables

Ceded Par Outstanding by Reinsurer²

As of December 31, 2014

(\$ in millions)	Net Par Outstanding
American Overseas Re (formerly RAM Re)	\$6,727
Tokio Marine	\$5,276
Radian³	\$4,104
Syncora	\$3,715
Mitsui	\$2,033
Others	\$1,120
Total	\$22,975

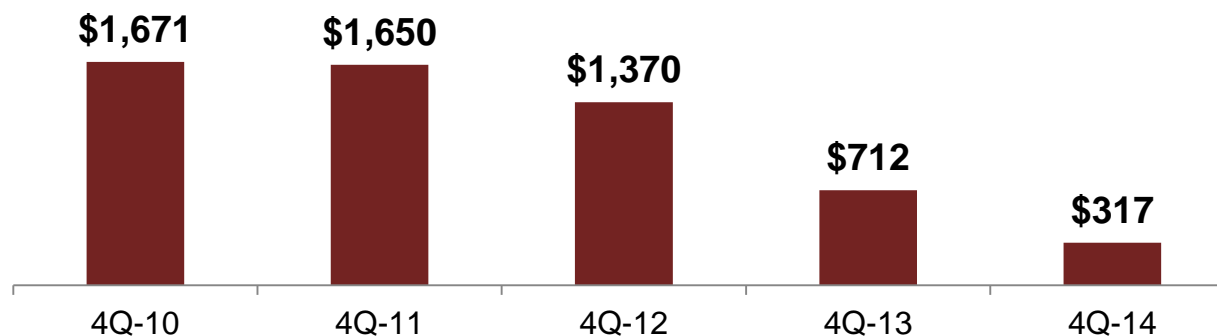
1. For an explanation of adjusted book value, which is a non-GAAP financial measure, please refer to the Appendix.

2. Includes par related to insured credit derivatives.

3. Agreed to acquire Radian Asset Assurance Inc. for \$810 million, subject to certain closing adjustments. Expected close in 1H-15.

- The cumulative total (gross of reinsurance) of settlement receipts and commitments and R&W putback receipts was approximately \$4.2 billion.^{1,2}
- Favorable 2013 ruling in Flagstar trial was a positive development for ongoing and future R&W litigation
- Our largest agreement was with Bank of America / Countrywide, which was signed in April 2011. We have also signed agreements with Deutsche Bank in May 2012, UBS in May 2013, Flagstar in June 2013, and Credit Suisse in 2014, as well as parties to other confidential agreements.

Future Net R&W Benefit



1. As of December 31, 2014. Includes future benefits covered under our agreements with Bank of America/Countrywide, Deutsche Bank, UBS and agreements with certain other parties. Bank of America, Deutsche Bank AG and UBS have collateralized their future reimbursement obligations with eligible assets placed in trust. The amount of assets required to be posted may increase or decrease from time to time, as determined by rating agency requirements.
2. The R&W putbacks flow through the transaction waterfalls and do not necessarily benefit us dollar-for-dollar.

Creating Value

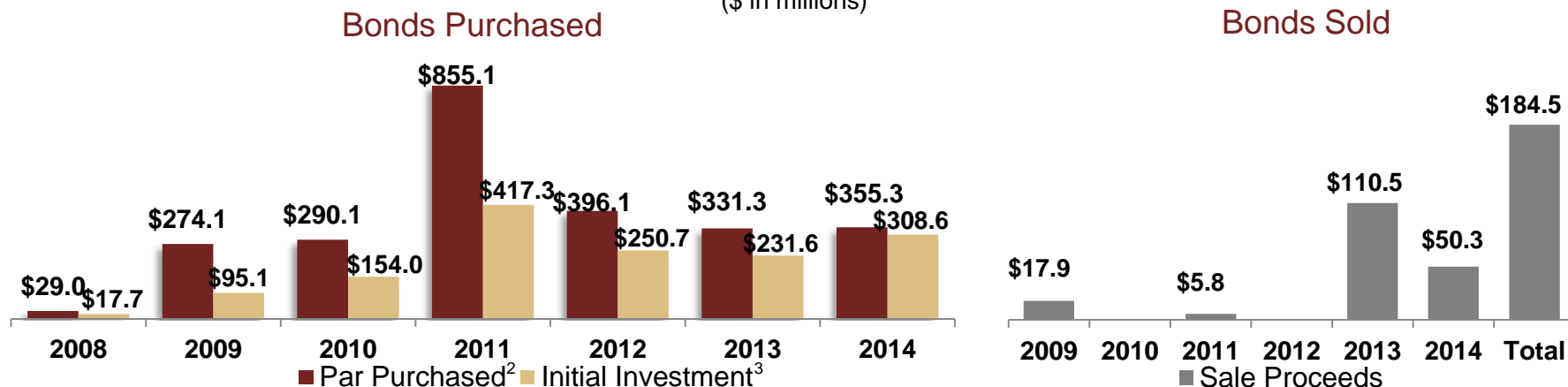
Loss Mitigation Bond Purchases



- **We have a program to purchase securities we have insured in order to reduce our losses and 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 \$2.5 billion of par on insured securities through December 31, 2014 with an initial purchase price of approximately \$1.5 billion; of this \$2.5 billion purchased, \$1.6 billion of par remains outstanding
- **Targeted purchases are BIG securities on which claims are expected to be paid**
- **In addition to purchasing our insured bonds, we have removed our insurance on previously purchased bonds and sold the bonds uninsured. Selling the uninsured bonds that were previously purchased for loss mitigation purposes typically creates rating agency capital and an economic benefit**

Loss Mitigation Bond Purchase 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.

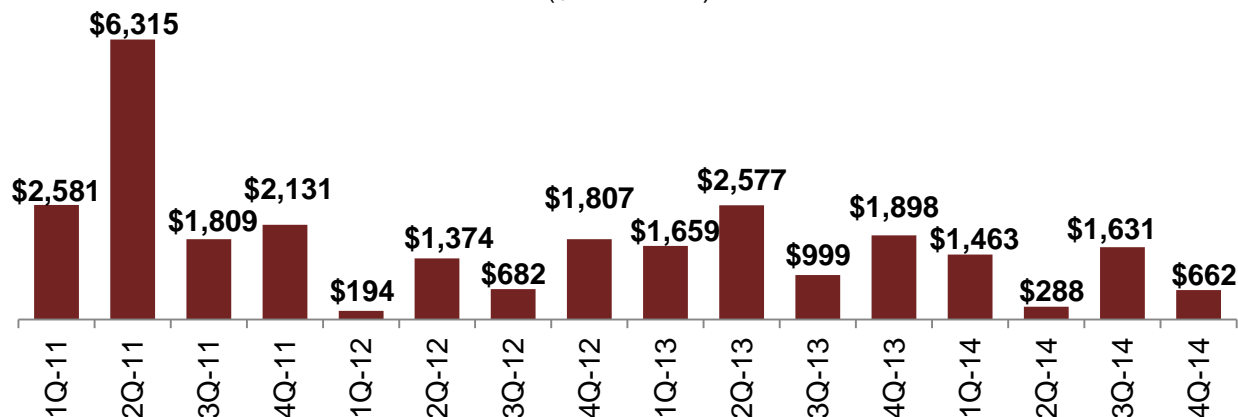
Creating Value

Agreements to Terminate Guaranties

- **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, over \$28 billion of net par outstanding has been terminated, which reduces our leverage and potentially relieves rating agency capital charges**
- **In addition, AGC and a CDS counterparty agreed to terminate \$622 million of U.S. RMBS net par outstanding in 4Q-14**

Completed Terminations Since January 1, 2011

(\$ in millions)



Financial Results

December 31, 2014



Fourth Quarter 2014 Operating Results

(Excluding Consolidation of VIEs)



(\$ in millions, except per share data)	Quarter Ended December 31,		% Change vs. 4Q-13	Year Ended December 31,		% Change vs. 2013
	2014	2013		2014	2013	
Net earned premiums and credit derivative revenues¹	\$178	\$222	(20)%	\$675	\$932	(28)%
Net investment income²	98	107	(8)%	396	392	1%
Total revenues included in operating income	278	321	(13)%	1,109	1,317	(16)%
Loss & LAE and incurred losses on credit derivatives³	52	67	(22)%	79	174	(55)%
Total expenses included in operating income	145	142	2%	416	486	(14)%
Operating income	81	134	(40)%	491	609	(19)%
Operating income per diluted share	\$0.50	\$0.73	(32)%	\$2.83	\$3.25	(13)%
Operating ROE⁴	5.4%	8.8%	(3.4) pp	8.1%	10.2%	(2.1) pp
After-tax gain (loss) on derivatives	\$463	\$133	248%	\$500	\$(40)	NM
Net income (loss)	532	349	52%	1,088	808	35%
Net income (loss) per diluted share	\$3.28	\$1.90	73%	\$6.26	\$4.30	46%

NM = Not meaningful pp = percentage points

1. Included \$5 million and \$12 million of adjustments to GAAP reported amounts that were eliminated during the quarters ended December 31, 2014 and 2013, respectively, and \$32 million and \$59 million of adjustments to GAAP reported amounts that were eliminated during the years ended December 31, 2014 and 2013, respectively.
2. Included \$(4) million and \$0 million of adjustments to GAAP reported amounts during the quarters ended December 31, 2014 and 2013, respectively, and \$(7) million and \$(1) million of adjustments to GAAP reported amounts that were eliminated during the years ended December 31, 2014 and 2013, respectively.
3. Included \$9 million and \$(4) million of adjustments to GAAP reported amounts during the quarters ended December 31, 2014 and 2013, respectively, and \$30 million and \$21 million of adjustments to GAAP reported amounts that were eliminated during the years ended December 31, 2014 and 2013, 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**
 - All losses must be calculated on a transaction by transaction basis, and each transaction's expected loss estimate plus contra-pays, net of estimated recoveries ("total losses"), is compared with the deferred premium reserve of that transaction. When the total losses exceed the deferred premium revenue, a loss is recognized in operating income for the amount of such excess
 - A portion of loss expense is the recognition of previous economic loss development that had not previously breached unearned premium reserve
- **Management uses economic loss development to evaluate credit impairments or improvements**
 - Economic loss development calculates the expected change in future losses due to change in delinquencies, interest rates, changes in discount rates, loss severities and 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

	4Q-14	4Q-13	2014	2013
Loss expense (benefit) on FG and CDS included in operating income:				
Before tax	\$52	\$67	\$79	\$174
Per diluted share	0.40	0.28	0.61	0.83
Economic loss development unfavorable (favorable)				
Before tax	\$(2)	\$89	\$(30)	\$56
Per diluted share	0.17	0.37	0.18	0.45

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

Portfolio Overview

December 31, 2014



Claims-Paying Resources (as of December 31, 2014)

(\$ in millions)	AGUS Consolidated	AG Re ¹	AGL Consolidated
Policyholders' surplus	\$3,088	\$1,054	\$4,142
Contingency reserve ²	2,330	-	2,330
Qualified statutory capital	5,418	1,054	6,472
Unearned premium reserve ²	2,419	880	3,299
Loss and loss adjustment expense reserves ^{2,3}	580	272	852
Total policyholders' surplus and reserves	8,417	2,206	10,623
Present value of installment premium ²	539	177	716
Committed Capital Securities	400	-	400
Excess of loss reinsurance facility ⁴	450	-	450
Total claims-paying resources	\$9,806	\$2,383	\$12,189
Statutory net par outstanding ⁵	\$277,731	\$101,983	\$379,714
Net debt service outstanding ⁵	\$422,153	\$161,445	\$583,598
Adjusted net par outstanding to qualified statutory capital	51:1	97:1	59:1
Capital ratio ⁶	78:1	153:1	90:1
Financial resources ratio ⁷	43:1	68:1	48:1

Contribution by Company to AGUS (as of December 31, 2014)

(\$ in millions)	Qualified Statutory Capital	Policyholders' Surplus	Claims-Paying Resources
AGM, excluding investment in MAC	\$3,170	\$1,856	\$6,030
AGC, excluding investment in MAC	1,601	885	2,984
MAC	912	612	1,957
Eliminations	(265)	(265)	(1,165)
AGUS Consolidated	5,418	3,088	9,806
AG Re	1,054	1,054	2,383
AGL Consolidated	\$6,472	\$4,142	\$12,189

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.
2. 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.
3. Reserves are reduced by approximately \$0.3 billion for benefit related to representation and warranty recoverables.
4. Represents an aggregate \$450 million excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2014. The facility terminates on January 1, 2016, unless AGC, AGM and MAC choose to extend it.
5. Net par outstanding and net debt service outstanding are presented on a separate company statutory basis. Under statutory accounting, such amounts would be 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 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).
6. The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
7. The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM and AGC).

Four Discrete Operating Companies with Separate Capital Bases



Consolidated Claims-Paying Resources and Statutory-Basis Exposures

(\$ in millions)	As of December 31, 2014					
	AGM	AGC	MAC	AG Re ¹⁰	Eliminations ⁴	Consolidated
Claims-paying resources						
Policyholders' surplus	\$ 2,267	\$ 1,086	\$ 612	\$ 1,054	\$ (877)	\$ 4,142
Contingency reserve ¹	1,496	834	300	-	(300)	2,330
Qualified statutory capital	3,763	1,920	912	1,054	(1,177)	6,472
Unearned premium reserve ¹	1,769	650	591	880	(591)	3,299
Loss and loss adjustment expense reserves ^{1, 2}	487	93	-	272	-	852
Total policyholders' surplus and reserves	6,019	2,663	1,503	2,206	(1,768)	10,623
Present value of installment premium ¹	315	224	4	177	(4)	716
Committed Capital Securities	200	200	-	-	-	400
Excess of loss reinsurance facility ³	450	450	450	-	(900)	450
Total claims-paying resources (including MAC adjustment for AGM and AGC)	\$ 6,984	\$ 3,537	\$ 1,957	\$ 2,383	\$ (2,672)	\$ 12,189
Adjustment for MAC ⁵	954	553	-	-	(1,507)	-
Total claims-paying resources (excluding MAC adjustment for AGM and AGC)	\$ 6,030	\$ 2,984	\$ 1,957	\$ 2,383	\$ (1,165)	\$ 12,189
Statutory net par outstanding ⁶	\$151,320	\$45,724	\$82,322	\$101,983	\$(1,635)	\$379,714
Equity method adjustment ⁷	49,970	32,353	-	-	(82,323)	-
Adjusted statutory net par outstanding	\$201,290	\$78,077	\$82,322	\$101,983	\$(83,958)	\$379,714
Net debt service outstanding ⁶	\$234,490	\$67,794	\$123,198	\$161,445	\$(3,329)	\$583,598
Equity method adjustment ⁷	74,782	48,417	-	-	(123,199)	-
Adjusted net debt service outstanding	\$309,272	\$116,211	\$123,198	\$161,445	\$(126,528)	\$583,598
Ratios:						
Adjusted net par outstanding to qualified statutory capital	53:1	41:1	90:1	97:1		59:1
Capital ratio ⁸	82:1	61:1	135:1	153:1		90:1
Financial resources ratio ⁹	44:1	33:1	63:1	68:1		48:1

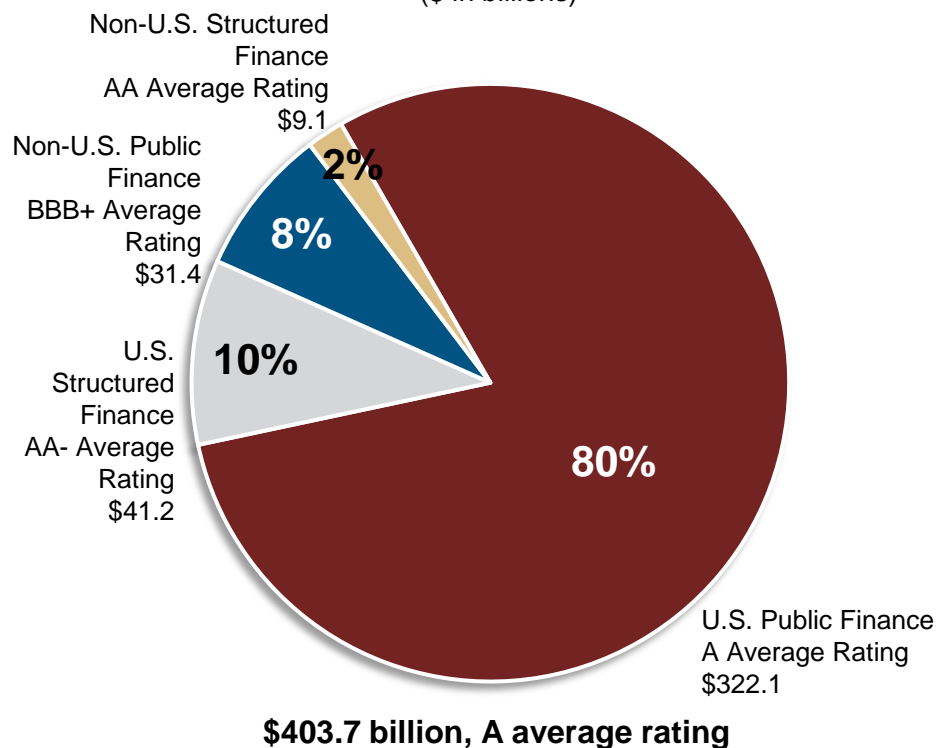
- The numbers shown for Assured Guaranty Municipal Corp. (AGM) and Assured Guaranty Corp. (AGC) have been adjusted to include (i) their 100% share of their respective U.K. insurance subsidiaries and (ii) their indirect share of Municipal Assurance Corp. (MAC). AGM and AGC own 60.7% and 39.3%, respectively, 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.
- Reserves are reduced by approximately \$0.3 billion for benefit related to representation and warranty recoverables.
- Represents an aggregate \$450 million excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2014. The facility terminates on January 1, 2016, 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, (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 adjustment for AGM's and AGC's interest and indirect ownership of MAC's total policyholders' surplus and loss reserves and present value of installment premium.
- Net par outstanding and net debt service outstanding are presented on a separate company statutory basis. Under statutory accounting, such amounts would be 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 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).
- Equity method adjustment is an adjustment made to reflect AGM's and AGC's net exposure to MAC, as determined by their indirect equity ownership, and 100% ownership of their U.K. subsidiaries.
- 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.

Net Par Outstanding By Sector

- **Assured Guaranty's portfolio is largely concentrated in U.S. public finance**
 - 80% U.S. public finance
 - 10% U.S. structured finance
 - 10% Non-U.S. public and structured finance
- **Our portfolio has an A average internal credit rating**
 - 4.5% below investment grade
- **U.S. RMBS is our largest BIG exposure**
 - \$5.6 billion (31% of total BIG) is U.S. RMBS (excludes \$874 million purchased for loss mitigation)
 - \$598 million comprises triple-X life securitization transactions with assets invested in RMBS (excludes \$325 million purchased for loss mitigation)

Consolidated Net Par Outstanding

As of December 31, 2014
(\$ in billions)

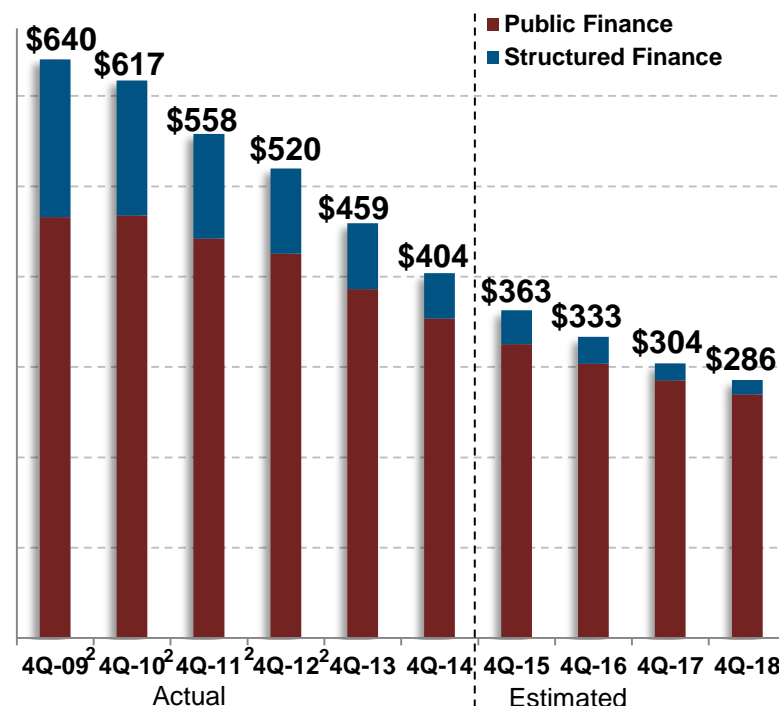


Net Par Outstanding Amortization

- **Amortization of the portfolio reduces rating agency capital charges, but also embedded future earned premiums**
- **Public finance exposure amortizes at a steady rate**
 - \$353 billion outstanding
 - 8% expected to amortize by the end of 2015; 14% by the end of 2016; 19% by the end of 2017
- **Structured finance exposure amortizes quickly**
 - \$50 billion outstanding
 - 25% expected to amortize by the end of 2015; 41% by the end of 2016; 63% by the end of 2017
- **New direct or assumed business originations, and reassumptions, will increase future premiums**

Consolidated Net Par Outstanding Amortization¹

As of December 31, 2014
(\$ in billions)



1. Represents the future expected amortization of current net par outstanding as of December 31, 2014. 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.

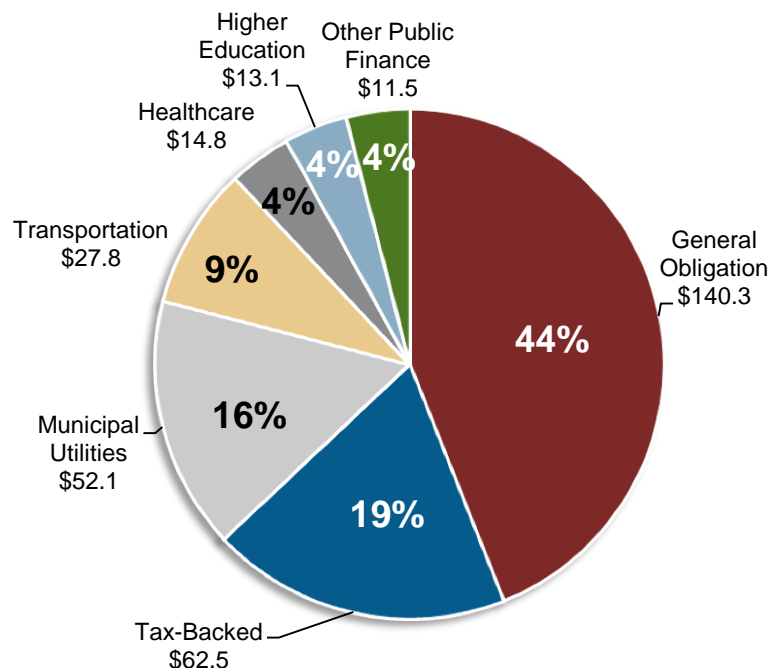
U.S. Public Finance

Net Par Outstanding



U.S. Public Finance

As of December 31, 2014
(\$ in billions)



\$322.1 billion, A average rating

- **U.S. public finance net par outstanding is \$322.1 billion, which is 80% of our total as of December 31, 2014**
- **Our U.S. public finance portfolio has performed well despite increased financial pressure on municipal obligors caused by the recession**
 - Out of approximately 9,500 direct U.S. public finance obligors, we expect future losses to be paid, net of recoveries, on less than a dozen. In 4Q-14, we made payments on only three.
- **General obligation, tax-backed and municipal utilities represent 79% of U.S. public finance net par outstanding**
 - 63% of total net par outstanding

Public Finance

Puerto Rico Exposure



- In June 2014, the Puerto Rico legislature passed the Recovery Act in order to provide a legislative framework for certain public corporations experiencing severe financial stress to restructure their debt, including PRHTA and PREPA. On February 6, 2015, the U.S. District Court for the District of Puerto Rico ruled the Recovery Act is preempted by the U.S. Bankruptcy Code and is therefore void; the Commonwealth has appealed the ruling. The Commonwealth's Resident Commissioner has introduced a bill to the U.S. Congress that, if passed, would enable the Commonwealth to authorize one or more of its public corporations to restructure their debts under chapter 9 of the U.S Bankruptcy Code if they were to become insolvent. These recent events have resulted in uncertainty among investors about the rights of creditors of the Commonwealth and its related authorities and public corporations.
- In August 2014, creditors, including AGM and AGC, agreed not to exercise rights and remedies until March 31, 2015, and the bank lenders agreed to extend the maturity of two revolving lines of credit to the same date. PREPA agreed it would continue to make principal and interest payments on its outstanding bonds, and interest payments in its lines of credit. It also agreed it would develop a five year business plan and a recovery program in respect of its operations.
- Legislation was signed by the governor on January 15, 2015, that provides for certain tax revenues that would support PRHTA and require the transfer of certain liabilities and revenues from PHRTA to another authority, as well as requiring the transfer of the operations of poorly performing transit facilities to a new authority.

Par Exposure to the Commonwealth and its Agencies As of December 31, 2014

(\$ in millions)	Net Par Outstanding	Gross Par Outstanding	Internal Rating
Puerto Rico Highways and Transportation Authority (Transportation Revenue Bonds)	\$844	\$912	BB-
Puerto Rico Electric Power Authority	772	1,006	B-
Puerto Rico Aqueduct and Sewer Authority	384	384	BB-
Puerto Rico Highways and Transportation Authority (Highway Revenue Bonds)	273	582	BB
Puerto Rico Convention Center District Authority	174	174	BB-
Subtotal	\$2,447	\$3,058	B+
Commonwealth - General Obligation Bonds	\$1,672	\$1,844	BB
Puerto Rico Municipal Finance Agency	400	656	BB-
Puerto Rico Sales Tax Finance Corp. (COFINA)	268	269	BBB
Puerto Rico Public Buildings Authority	101	156	BB
Government Development Bank for Puerto Rico	33	33	BB
Puerto Rico Infrastructure Financing Agency	18	18	BB-
University of Puerto Rico	1	1	BB-
Subtotal	\$2,493	\$2,977	BB
Total¹	\$4,940	\$6,035	BB-

Subject to the
Now Voided
Recovery Act

Not Subject
to the
Now Voided
Recovery Act

1. AGL's consolidated net par outstanding is divided between its subsidiaries as follows: \$2.2 billion at AGM, \$1.4 billion at AGC, \$1.4 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.

Public Finance

Puerto Rico Exposure



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

As of December 31, 2014

(\$ in millions)		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025- 2029	2030- 2034	2035- 2039	2040- 2044	2045- 2047	Total
Subject to the Now Voided Recovery Act	Highways and Transportation Authority (Transportation Revenue Bonds)	\$22	\$29	\$32	\$39	\$26	\$21	\$16	\$17	\$17	\$1	\$128	\$137	\$281	\$78	\$-	\$844
	Electric Power Authority	73	19	4	4	24	40	20	19	78	74	300	113	4	-	-	772
	Aqueduct and Sewer Authority	14	15	-	-	-	-	-	-	-	-	109	-	-	-	246	384
	Highways and Transportation Authority (Highway Revenue Bonds)	6	10	5	5	11	12	15	6	7	7	20	114	55	-	-	273
	Convention Center District Authority	11	11	-	-	-	-	-	-	-	-	19	76	57	-	-	174
	Subtotal	\$126	\$84	\$41	\$48	\$61	\$73	\$51	\$42	\$102	\$82	\$576	\$440	\$397	\$78	\$246	\$2,447
Not Subject to the Now Voided Recovery Act	Commonwealth - GO	\$109	\$127	\$95	\$64	\$82	\$137	\$16	\$37	\$14	\$66	\$278	\$381	\$266	\$-	\$-	\$1,672
	Municipal Finance Agency	51	48	41	43	39	35	30	30	16	12	52	2	-	-	-	399
	Sales Tax Finance Corp. (COFINA)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	1	-	(10)	34	(1)	254	-	268
	Public Buildings Authority	12	8	30	-	5	10	12	-	8	-	10	3	2	-	-	100
	Government Development Bank	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33
	Infrastructure Financing Agency	-	-	-	2	-	-	-	-	2	-	-	-	2	12	-	18
	University of Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	1	-	-	-	1
	Subtotal	\$204	\$182	\$165	\$108	\$125	\$181	\$56	\$65	\$41	\$78	\$330	\$421	\$269	\$266	\$-	\$2,493
Total		\$329	\$266	\$206	\$156	\$186	\$254	\$107	\$108	\$143	\$160	\$906	\$861	\$666	\$344	\$246	\$4,940

Public Finance

Puerto Rico Exposure



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

As of December 31, 2014

(\$ in millions)		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025- 2029	2030- 2034	2035- 2039	2040- 2044	2045- 2047	Total
Subject to the Now Voided Recovery Act	Highways and Transportation Authority (Transportation Revenue Bonds)	\$66	\$72	\$73	\$79	\$64	\$57	\$51	\$51	\$51	\$34	\$280	\$257	\$338	\$84	\$-	\$1,557
	Electric Power Authority	109	51	36	35	55	70	48	47	104	97	365	125	5	-	-	1,147
	Aqueduct and Sewer Authority	34	34	18	18	18	18	18	18	18	18	186	63	63	63	271	858
	Highways and Transportation Authority (Highway Revenue Bonds)	21	24	19	19	24	24	27	17	18	18	68	148	59	-	-	486
	Convention Center District Authority	19	18	7	7	7	7	7	7	7	7	52	103	61	-	-	309
	Subtotal	\$249	\$199	\$153	\$158	\$168	\$176	\$151	\$140	\$198	\$174	\$951	\$696	\$526	\$147	\$271	\$4,358
Not Subject to the Now Voided Recovery Act	Commonwealth - GO	\$195	\$208	\$170	\$133	\$149	\$200	\$71	\$91	\$67	\$119	\$492	\$529	\$295	\$-	\$-	\$2,719
	Municipal Finance Agency	70	66	57	56	50	44	38	36	20	15	59	3	-	-	-	514
	Sales Tax Finance Corp. (COFINA)	13	13	13	13	13	13	13	13	16	15	63	106	63	283	-	650
	Public Buildings Authority	17	12	34	3	7	13	14	1	9	1	12	5	4	-	-	132
	Government Development Bank	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36
	Infrastructure Financing Agency	1	1	1	3	1	1	1	1	3	1	3	3	5	13	-	38
	University of Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	1	-	-	-	1
	Subtotal	\$331	\$300	\$275	\$208	\$220	\$271	\$137	\$142	\$115	\$151	\$629	\$647	\$367	\$296	\$-	\$4,092
	Total	\$580	\$499	\$428	\$366	\$388	\$447	\$288	\$282	\$313	\$325	\$1,580	\$1,343	\$893	\$442	\$271	\$8,448

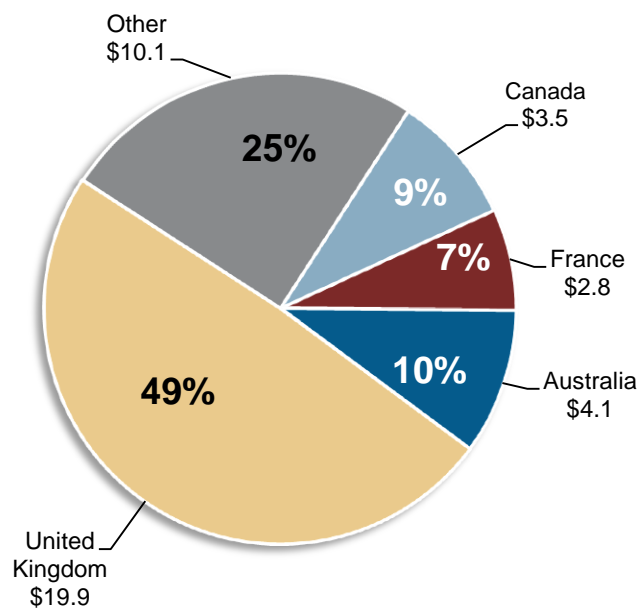
Consolidated Non-U.S. Exposure

Non-U.S. Public and Structured Finance



Non-U.S. Exposure

As of December 31, 2014
(\$ in billions)



\$40.4 billion, A average rating

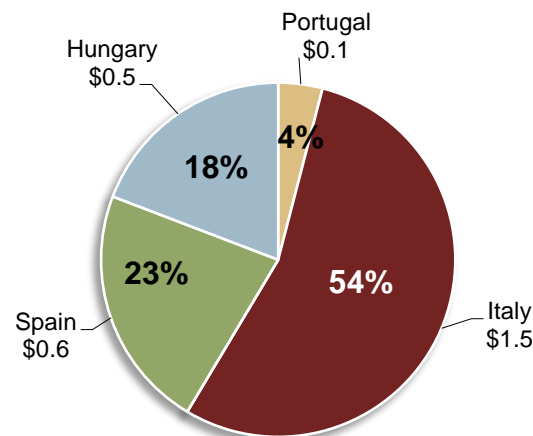
- **Non-U.S. exposure is 78% public finance and 22% structured finance**
- **Approximately 73% of non-U.S. structured exposure is to pooled corporates**
 - 80% are rated A or higher
- **Direct sovereign debt is limited to:**
 - Poland \$201 million

Insured Obligations Within Troubled Eurozone Countries¹

- Approximately 31%, or \$0.9 billion, of net par outstanding of exposure to troubled Eurozone countries is to structured finance transactions
- M6 Toll Road is a 58km dual carriage motorway from Budapest south towards the Croatian border
 - 100% availability paid by the Minister of Economy and Transport, representing the Hungarian government
- Spanish exposures are linked to the regional governments of Valencia, Castile La Mancha, Catalunya and Barcelona

Insured Obligations Within Troubled Eurozone Countries¹

As of December 31, 2014
(\$ in billions)



\$2.8 billion, BBB average rating

BIG Exposures to Troubled Eurozone Countries

(\$ in millions)				
<u>Name or Description</u>	<u>Country</u>	<u>Internal Rating</u>	<u>Expected Maturity</u>	<u>Net Par Outstanding</u>
M6 (Hungary) - Refinancing – Senior	Hungary	BB-	2025	\$313
Valencia Fair	Spain	BB-	2026, 2027	229
Autovia de la Mancha, S.A.	Spain	BB-	2031, 2033	128
FHB 8.95% 2016	Hungary	BB-	2016	61
Metro de Porto, Portugal	Portugal	B+	2028, 2030	56
FHB 9.75% 2019	Hungary	BB	2019	46
Metro Lisboa Rail Equip Lease	Portugal	B+	2025	23
Metropolitano De Lisboa	Portugal	B+	2016	12
Caminhos de Ferro Portugueses, EP	Portugal	B+	2015 ²	11
Catalunya, Generalitat De (Spain)	Spain	BB-	2015 ³	10
OTP Mortgage Bank Ltd.	Hungary	BB	2019	5
Universidades De Generalidad De Valencia	Spain	BB-	2017, 2020, 2022	4
CACSA	Spain	BB-	2019, 2021, 2025	3
Ayuntamiento De Barcelona	Spain	BB-	2016	≤1
Total				\$900

1. Exposure to insured obligations in troubled Eurozone countries refers to the economies of Portugal, Italy, Spain and Hungary. The Company has \$12 million of indirect net par exposure to Greece.

2. Exposure matures on July 29, 2015

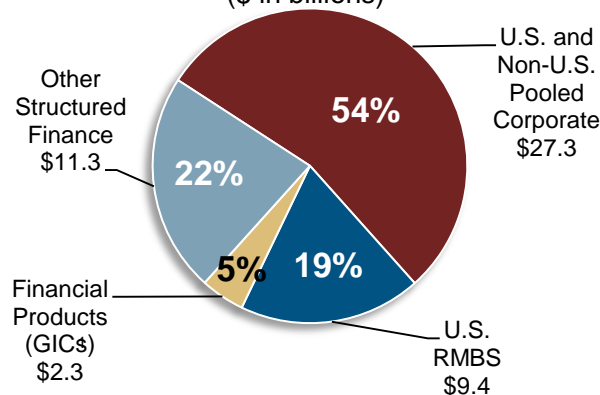
3. Exposure matures on November 16, 2015

Structured Finance Exposures

Net Par Outstanding

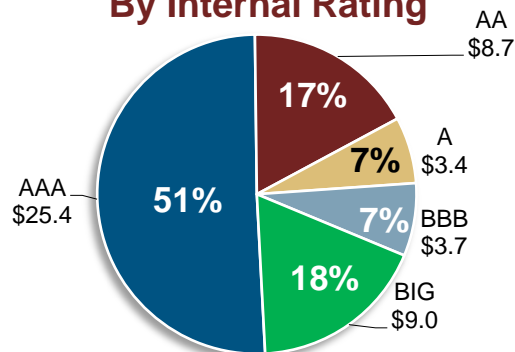
By Type

As of December 31, 2014
(\$ in billions)



\$50.2 billion, AA- average rating

By Internal Rating



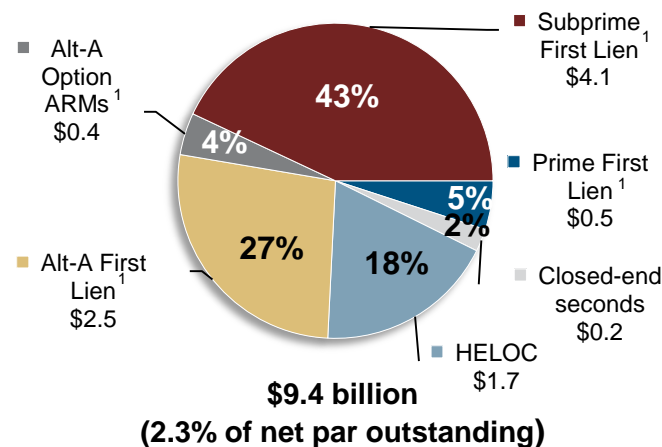
- **We expect Assured Guaranty's global structured finance insured portfolio (\$50.2 billion as of December 31, 2014) to amortize rapidly — 25% by year-end 2015 and 63% by year-end 2017**
 - \$27.3 billion in global pooled corporate obligations expected to be reduced by 34% by year-end 2015 and by 84% by year-end 2017
 - \$9.4 billion in U.S. RMBS expected to be reduced by 16% by year-end 2015 and by 42% by year-end 2017
- **Assured Guaranty and AGM's total structured finance exposures of \$240.9 billion at December 31, 2007 have declined by \$190.7 billion to \$50.2 billion through December 31, 2014, a 79% reduction, or approximately \$27 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 December 31, 2014, the aggregate accreted balance of the guaranteed investment contracts (GICs) was approximately \$2.3 billion. As of the same date, with respect to the assets supporting the GIC business, the aggregate accreted principal balance was approximately \$3.4 billion, the aggregate market value was approximately \$3.1 billion and the aggregate market value after agreed reductions was approximately \$2.3 billion. Cash and positive derivative value roughly offset the negative derivative values and other projected costs.

- **Our \$9.4 billion U.S. RMBS portfolio is amortizing 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 \$9.4 billion at December 31, 2014, a \$19.8 billion or 68% reduction
- **Our loss reserving methodology is driven by our assumptions on several factors with a key variable on new delinquencies:**
 - Conditional default rate
 - Conditional prepayment rate
 - Loss severity
- **We have significantly mitigated ultimate losses**
 - R&W putbacks, litigation and agreements
 - Wrapped bond purchases
 - Terminations of below investment grade credits

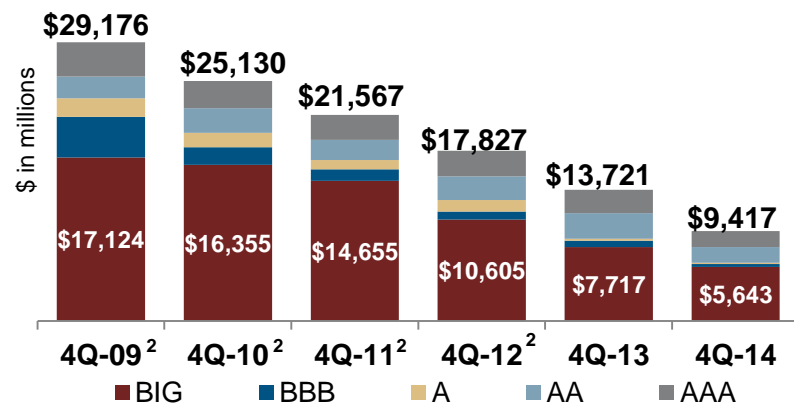
U.S. RMBS by Exposure Type

As of December 31, 2014
(\$ in billions)



U.S. RMBS by Internal Rating

Net Par Outstanding from December 31, 2009 to December 31, 2014



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

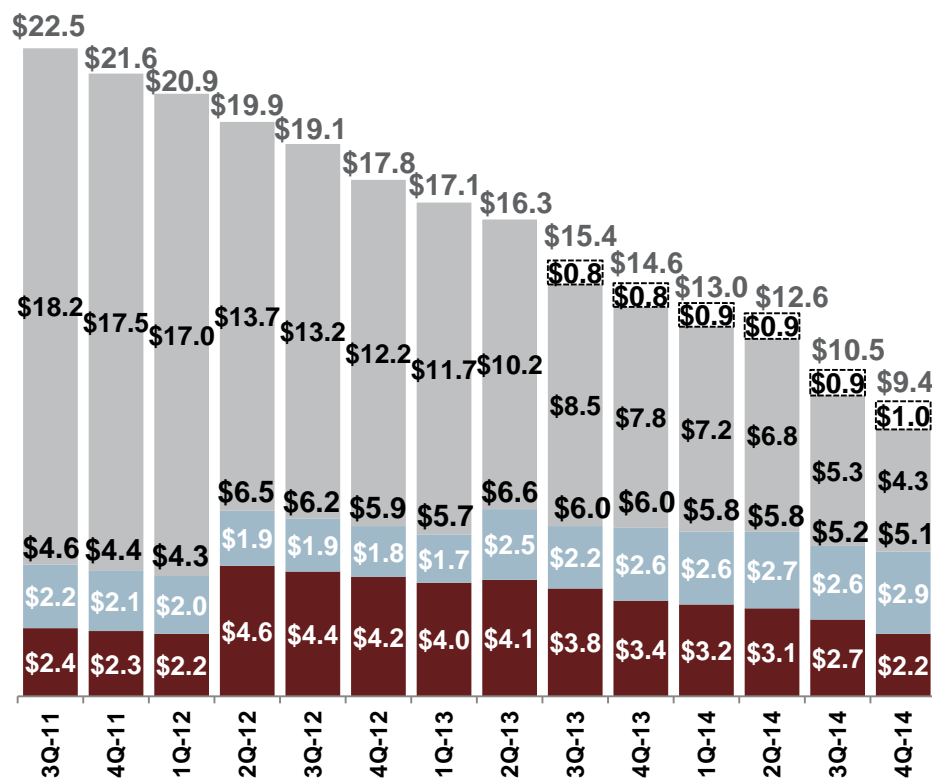
2. Gross of wrapped bond purchases made primarily for loss mitigation

U.S. RMBS Exposure

Loss-Sharing Arrangements

Net Par Outstanding by Quarter

(\$ in billions)



□ Repurchase adjustments

■ Total U.S. RMBS not included in R&W agreements

■ Settled net par outstanding without a loss-sharing component

■ Settled net par outstanding with a loss-sharing component

- **54% of total U.S. RMBS is included in R&W agreements**
 - 72% of our exposure to troubled U.S. RMBS transactions (below investment grade plus reclassified par due to loss-sharing arrangements) is included in R&W agreements
- **24% of total U.S. RMBS is included in loss-sharing arrangements**
 - 31% of our exposure to troubled U.S. RMBS transactions (below investment grade plus reclassified par due to loss-sharing arrangements) is covered by ongoing loss-sharing agreements
- **Counterparties include Bank of America, Deutsche Bank, UBS, Flagstar, as well as parties to other confidential agreements**
 - UBS agreed to reimburse 85% of future claims with no ceiling
 - Flagstar agreed to reimburse 100% of future losses

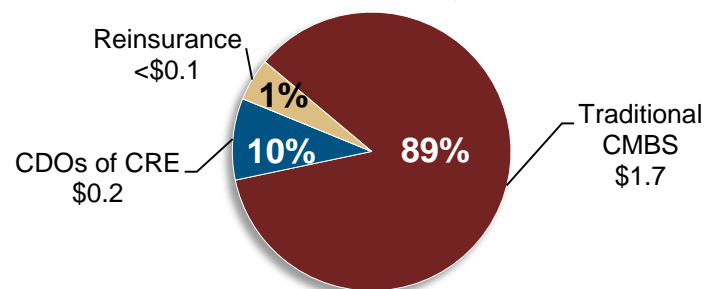
U.S. CMBS & Direct Pooled Corporate Obligations Exposures

- **We have maintained a conservative underwriting stance on CMBS**
 - Focus on senior exposures and whole loans
- **Our CMBS portfolio was largely triple-A at underwriting and remains highly rated as of December 31, 2014**
 - 100% of traditional direct U.S. CMBS exposure had internal rating of AAA as of December 31, 2014
- **Our direct pooled corporate exposure is highly rated and well protected**
 - 76.4% rated AAA
 - Average credit enhancement (CE) of 31.6%
- **Within our direct pooled corporate exposure, our \$4.3 billion of Trust Preferred Securities (TruPS) CDO is diversified by region and collateral type**
 - Includes more than 1,400 underlying issuers
 - All our exposure at the CDO level is to the most senior debt tranche
 - Weighted average rating of BBB, weighted average adjusted current CE² of 39.4%

1. CLOs are collateralized loan obligations. CBOs are collateralized bond obligations.
 2. Adjusted current CE (Credit Enhancement) 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.

U.S. CMBS by Exposure Type

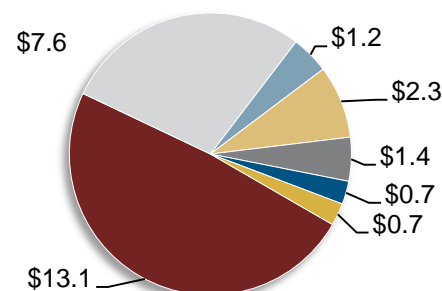
As of December 31, 2014



\$2.0 billion, AAA average rating

Direct Pooled Corporate Obligations By Asset Class

As of December 31, 2014



\$27.0 billion, AAA average rating

- CLOs/CBOs¹
- Synthetic investment grade pooled corporates
- Market value CDOs of corporates
- TruPS - Banks and insurance
- TruPS - U.S. mortgage and REITs
- TruPS - European mortgage and REITs
- Other pooled corporates

Below Investment Grade Exposures

Net Par Outstanding by BIG Category¹



- The majority of our BIG exposures in categories 2 and 3 are in structured finance – specifically RMBS
- Category 1 BIG, which are transactions that show sufficient deterioration to make future losses possible but for which none are currently expected, totaled \$11.9 billion at December 31, 2014

Financial Guaranty Insurance and Credit Derivatives Surveillance Categories

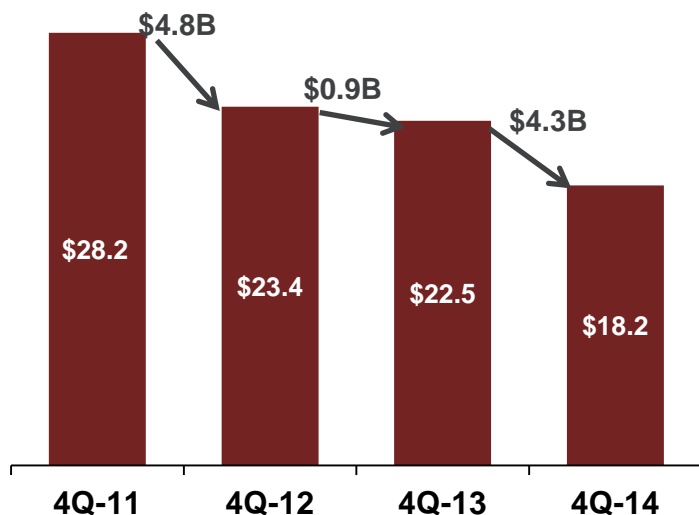
(\$ in millions)	December 31, 2014	December 31, 2013
Category 1		
U.S. public finance	\$6,577	\$8,205
Non-U.S. public finance	1,402	1,009
U.S. structured finance	3,124	4,513
Non-U.S. structured finance	762	1,024
Total Category 1	\$11,865	\$14,751
Category 2		
U.S. public finance	\$1,156	\$440
Non-U.S. public finance	2	599
U.S. structured finance	1,486	2,862
Non-U.S. structured finance	45	48
Total Category 2	\$2,689	\$3,949
Category 3		
U.S. public finance	\$117	\$449
Non-U.S. public finance	-	-
U.S. structured finance	3,576	3,389
Non-U.S. structured finance	-	-
Total Category 3	\$3,693	\$3,838
BIG Total	\$18,247	\$22,538

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. Transactions on which claims have been paid but are expected to be fully reimbursed (other than investment grade transactions on which only liquidity claims have been paid) are in this category. BIG Category 2: Below investment grade transactions for which future losses are expected but for which no claims (other than liquidity claims) 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. Transactions remain in this category when claims have been paid and only a recoverable remains.

BIG Exposure Decline

- Since 4Q-11, BIG net par outstanding has declined by \$10.0 billion^{1,2}
- U.S. RMBS remains the largest component of our BIG exposure at 31%; Puerto Rico is 26%
- In 2014, our activity (primarily terminations and bond purchases) reduced our below investment grade exposure by over \$1.2 billion, or 5% from prior year

BIG Net Par Outstanding
(\$ in billions)



Changes in BIG Net Par Outstanding

(\$ in millions)	Full Year 2012	Full Year 2013	Full Year 2014
Beginning BIG par	\$28,214	\$23,392	\$22,537
Amortization / Paid	(4,049)	(2,660)	(2,126)
R&W RMBS Settlement Reclassifications	(1,782)	(531)	-
FX Change	48	(98)	(185)
Terminations	-	(452)	(922)
Removals / Upgrades	(711)	(1,346)	(1,003)
Additions / Downgrades	1,672	5,746	261
Adjustments ²	-	(1,513)	(315)
Total Decrease	(4,822)	(854)	(4,290)
Ending BIG par	\$23,392	\$22,537	\$18,247

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

2. Adjustments includes movement due to reclassification of internal ratings as well as benefits from the loss mitigation bond purchase program.

BIG Exposures > \$250 Million

(\$ in millions)

BIG Exposures Greater Than \$250 Million as of December 31, 2014

<u>Type¹</u>	<u>Name or Description</u>	<u>Net Par Outstanding</u>	<u>Internal Rating</u>	<u>Current Credit Enhancement³</u>	<u>60+ Day Delinquencies²</u>
PF	Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	\$ 1,823	BB	-	-
PF	Skyway Concession Company LLC	1,177	BB	-	-
PF	Puerto Rico Highways and Transportation Authority	1,117	BB-	-	-
PF	Puerto Rico Electric Power Authority	772	B-	-	-
PF	Reliance Rail Finance Pty. Limited	547	BB	-	-
SF	Orkney Re II, Plc	423	CCC	N/A	-
PF	Puerto Rico Municipal Finance Agency	399	BB-	-	-
PF	Puerto Rico Aqueduct & Sewer Authority	384	BB-	-	-
PF	Louisville Arena Authority Inc.	336	BB	-	-
PF	M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	313	BB-	-	-
SF	Option One 2007-FXD2	303	CCC	0.0%	23.0%
SF	Deutsche Alt-A Securities Mortgage Loan 2007-2	289	BB	0.0%	23.3%
SF	MABS 2007-NCW	272	CCC	8.4%	46.7%
SF	Countrywide HELOC 2006-I	265	BB	0.0%	2.9%
SF	Taberna Preferred Funding III, LTD	250	CCC	23.8%	-
	Total	\$8,669			

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

2. 60+ day delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or REO divided by net par outstanding.

3. N/A stands for not applicable.

A photograph of three construction workers wearing white hard hats and safety glasses, 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 slab or foundation is being prepared.

Appendix

Assured Guaranty Overview

Dividend Limitations¹



Assured Guaranty Re Ltd. (Bermuda)

Dividend Limitations¹

Any distribution (including repurchase of shares) of any share capital, contributed surplus or other statutory capital that would reduce AG Re's total statutory capital by 15% or more of its total statutory capital as set out in its previous year's financial statements requires the prior approval of the Bermuda Monetary Authority. Separately, dividends are paid out of an insurer's statutory surplus and cannot exceed that surplus. Further, annual dividends cannot exceed 25% of total statutory capital and surplus, which is \$279 million, without AG Re certifying to the regulator that it will continue to meet required margins. Based on the foregoing limitations, in 2015 AG Re has the capacity to (i) make capital distributions in an aggregate amount up to \$127 million without the prior regulatory approval and (ii) declare and pay dividends in an aggregate amount up to the limit of its outstanding statutory surplus, which is \$271 million. Such dividend capacity may be further limited by the actual amount of AG Re's unencumbered assets, which amount changes from time to time due in part to collateral posting requirements. As of December 31, 2014, AG Re had unencumbered assets of approximately \$651 million.

Municipal Assurance Corp. (U.S.)

Dividend Limitations¹

MAC is a New York domiciled insurance company subject to the same dividend limitations described for AGM. The Company does not currently anticipate that MAC will distribute any dividends.

Assured Guaranty Corp. (U.S.)

Dividend Limitations¹

Under Maryland insurance law, AGC may, with prior notice to the Maryland Insurance Commissioner, pay an ordinary dividend that, together with all dividends paid in the prior 12 months, does not exceed 10% of its policyholders' surplus (as of the prior December 31) or 100% of its adjusted net investment income during that period. **As of December 31, 2014, approximately \$21 million was available for distribution of dividends in the first quarter of 2015, after giving effect to dividends paid in the prior 12 months. The aggregate amount available for AGC to distribute as ordinary dividends in 2015 is approximately \$90 million.**

Assured Guaranty Municipal Corp. (U.S.)

Dividend Limitations¹

Under New York insurance law, AGM may pay dividends only out of "earned surplus"². AGM may pay a dividend that, together with all dividends paid in the prior 12 months, does not exceed the lesser of 10% of its policyholders' surplus (as of the last annual or quarterly statement filed) or 100% of its adjusted net investment income during that period. **The aggregate amount available for AGM to distribute as dividends in the next twelve months without regulatory approval is estimated to be approximately \$227 million, of which approximately \$67 million is available for distribution in the first quarter of 2015.**

Other Considerations:

- **Standard & Poor's: Assured Guaranty is \$1,450-\$1,550 million above the AAA capital level³ as of December 31, 2013**
- **Moody's: Has not provided the Company a capital adequacy model, but believes AGM has a strong capital profile and ability to organically generate capital⁴**
- **Dividend distribution of \$76 million in 2014**
- **Debt service expected to be \$95 million in 2015**

1. Represents dividend capacity as of December 31, 2014. Please see our Form 10-K for the year ended December 31, 2014 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 Code of Maryland Regulations.

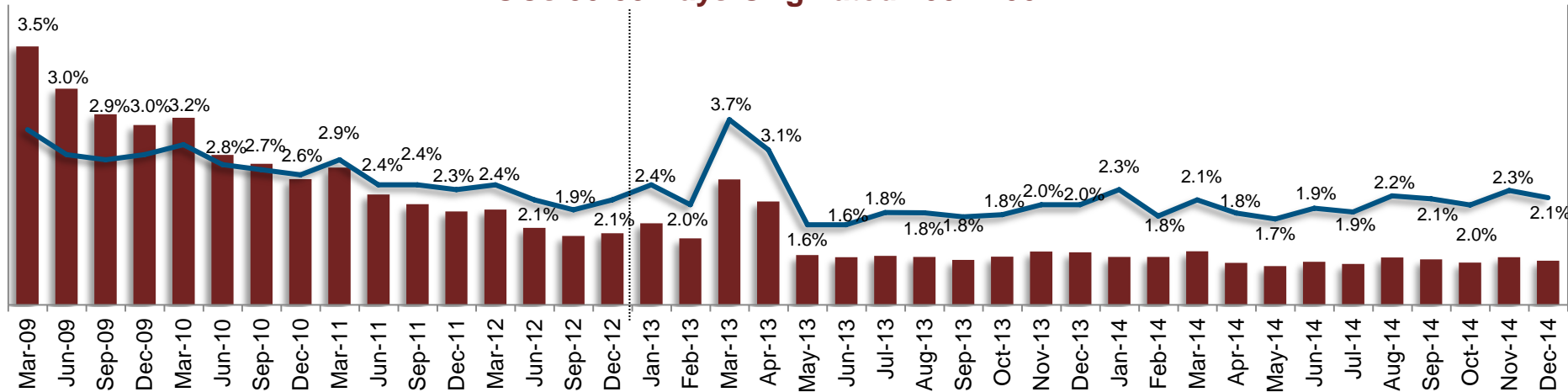
2. Please see our Form 10-K for the year ended December 31, 2014 for the definition of earned surplus.

3. S&P's "Assured Guaranty Ltd. And Its Insurance Operating Companies" released July 2, 2014.

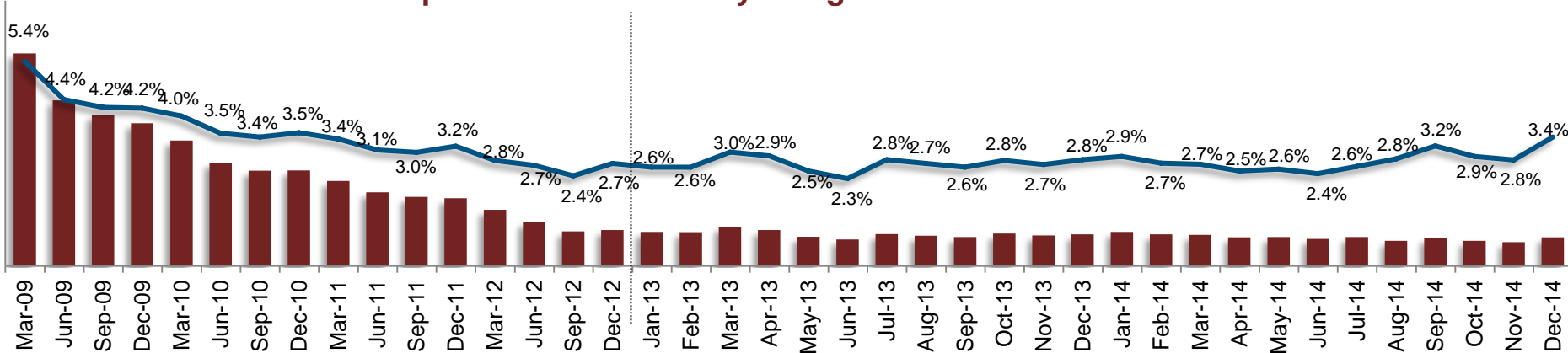
4. Moody's "Moody's affirms Assured Guaranty's ratings; outlook remains stable for AGM; AGC's outlook changed to negative" released July 2, 2014.

HELOC and Option-ARM Delinquencies For Financial Guaranty Direct Transactions^{1,2}

HELOCs 30-59 Days Originated 2004-2007



Option-ARMs 30-59 Days Originated 2003-2007

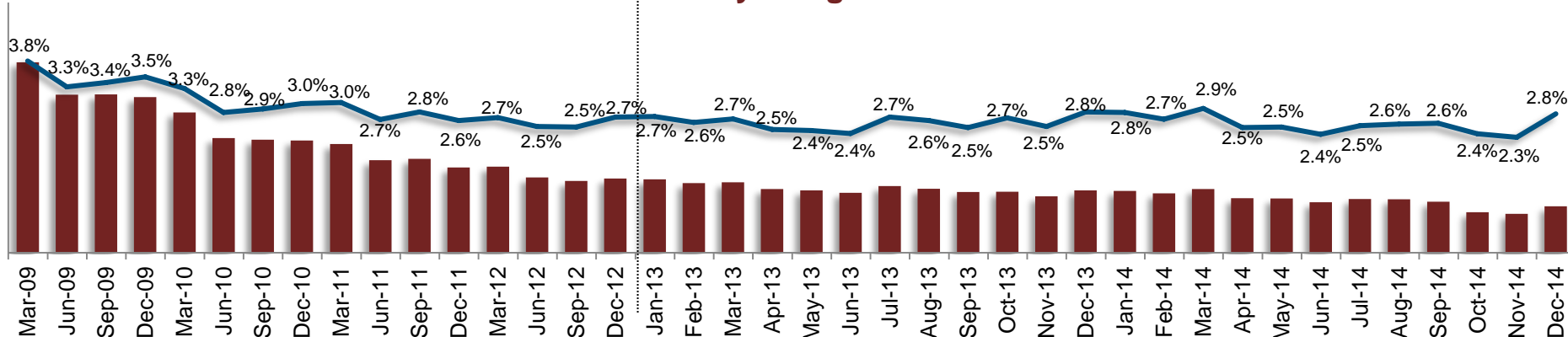


1. Assured Guaranty has not insured any U.S. RMBS since 2008.

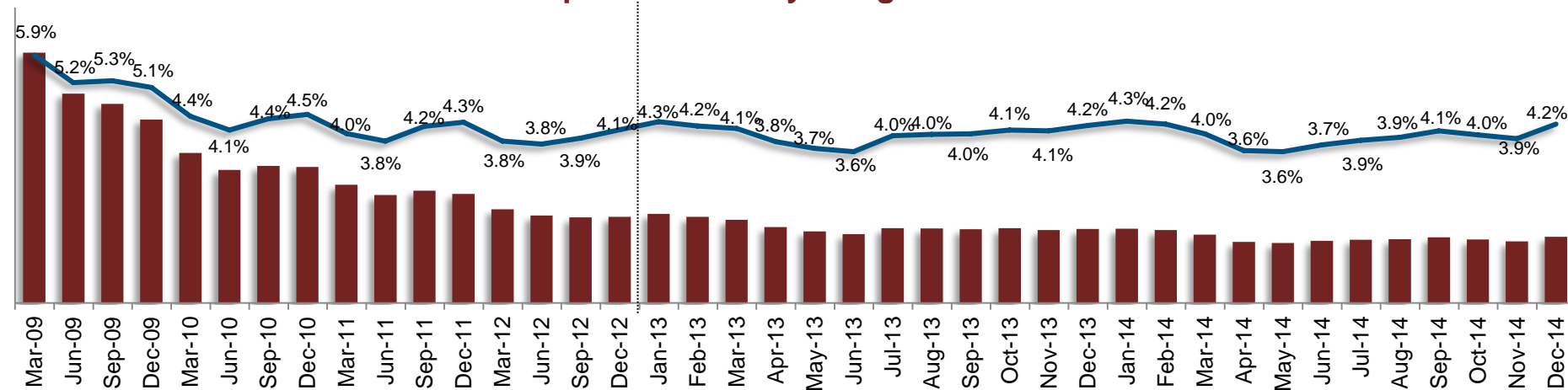
2. Reflects actual AGC and AGM direct data.

Alt-A and Subprime 30-59 Day Delinquencies For Financial Guaranty Direct Transactions¹

Alt-A 30-59 Days Originated 2004-2007



Subprime 30-59 Days Originated 2005-2008



1. Reflects actual AGC and AGM direct data.

Appendix

Explanation of Non-GAAP Financial Measures



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

The Company references financial measures that are not in accordance with GAAP. Assured Guaranty's management and the board of directors utilize non-GAAP financial measures in evaluating the Company's financial performance and as a basis for determining senior management incentive compensation. By providing these non-GAAP financial measures, investors, analysts and financial news reporters have 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. Non-GAAP financial measures should not be viewed as substitutes for their most directly comparable GAAP measures.

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 Assured Guaranty Ltd., 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 committed capital securities. 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)



Operating Shareholders' Equity: Management believes that operating shareholders' equity is a useful measure because it presents the equity of Assured Guaranty Ltd. 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 loss. Many investors, analysts and financial news reporters use operating shareholders' equity as the principal financial measure for valuing Assured Guaranty Ltd.'s current share price or projected share price and also as the basis of their decision to recommend, buy or sell Assured Guaranty Ltd.'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 committed capital securities. 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.

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.

Appendix

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



Adjusted Book Value: 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 Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. 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.

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 Assured Guaranty 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.

Appendix

Reconciliation of PVP¹ to Gross Written Premiums (GWP) & Operating Income¹ to Net Income (Loss)



(\$ in millions, except per share data)

Consolidated New Business Production Analysis:

Reconciliation of Consolidated Operating Income to Net Income (Loss)

	4Q-14	4Q-13	Δ%		4Q-14	4Q-13
Present value of new business production (PVP)				Operating income	\$81	\$134
Public finance - U.S.:	\$38	\$61	(38)%	Plus after-tax adjustments:		
Public finance - non-U.S.	-	5	NM	Realized gains (losses) on investments	(21)	22
Structured finance - U.S.	16	1	NM	Non-credit impairment unrealized fair value gains (losses) on credit derivatives	463	133
Structured finance - non-U.S.	-	-	NM	Fair value gains (losses) on committed capital securities	0	10
Total PVP	\$54	\$67	(19)%	Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(7)	3
PVP of financial guaranty insurance	\$54	67	(19)%	Effect of consolidating FG VIEs	16	47
Less: Financial guaranty installment premium PVP	17	7	143%	Net income (loss)	\$532	\$349
Total: Financial guaranty upfront gross written premiums (GWP)	37	60	(38)%			
Plus: Financial guaranty installment GWP and other GAAP adjustments ²	(27)	(2)	NM	Per Diluted Share		
Total GWP	\$10	\$58	(83)%	Operating income	\$0.50	\$0.73
				Plus after-tax adjustments:		
				Realized gains (losses) on investments	(0.13)	0.12
				Non-credit impairment unrealized fair value gains (losses) on credit derivatives	2.85	0.73
				Fair value gains (losses) on committed capital securities	0.00	0.05
				Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(0.04)	0.01
				Effect of consolidating FG VIEs	0.10	0.26
				Net income (loss)	\$3.28	\$1.90

NM = Not meaningful

- For an explanation of PVP and operating income, non-GAAP financial measures, please refer to the preceding pages of the Appendix.
- Represents present value of new business on installment policies plus GWP adjustment on existing installment policies due to changes in assumptions and any cancellations of assumed reinsurance contracts.

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 :			
	December 31, 2014		December 31, 2013	
	Total	Per share	Total	Per share
Shareholders' equity	\$ 5,758	\$ 36.37	\$ 5,115	\$ 28.07
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(44)	(0.28)	(172)	(0.95)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(527)	(3.33)	(1,052)	(5.77)
Fair value gains (losses) on committed capital securities	23	0.14	30	0.16
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	373	2.36	145	0.80
Operating shareholders' equity	\$ 5,933	\$ 37.48	\$ 6,164	\$ 33.83
After-tax adjustments:				
Less: Deferred acquisition costs	156	0.99	161	0.88
Plus: Net present value of estimated net future credit derivative revenue	109	0.69	146	0.80
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	2,609	16.48	2,884	15.83
Adjusted book value¹	\$ 8,495	\$ 53.66	\$ 9,033	\$ 49.58

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 Presentation

December 31, 2014

