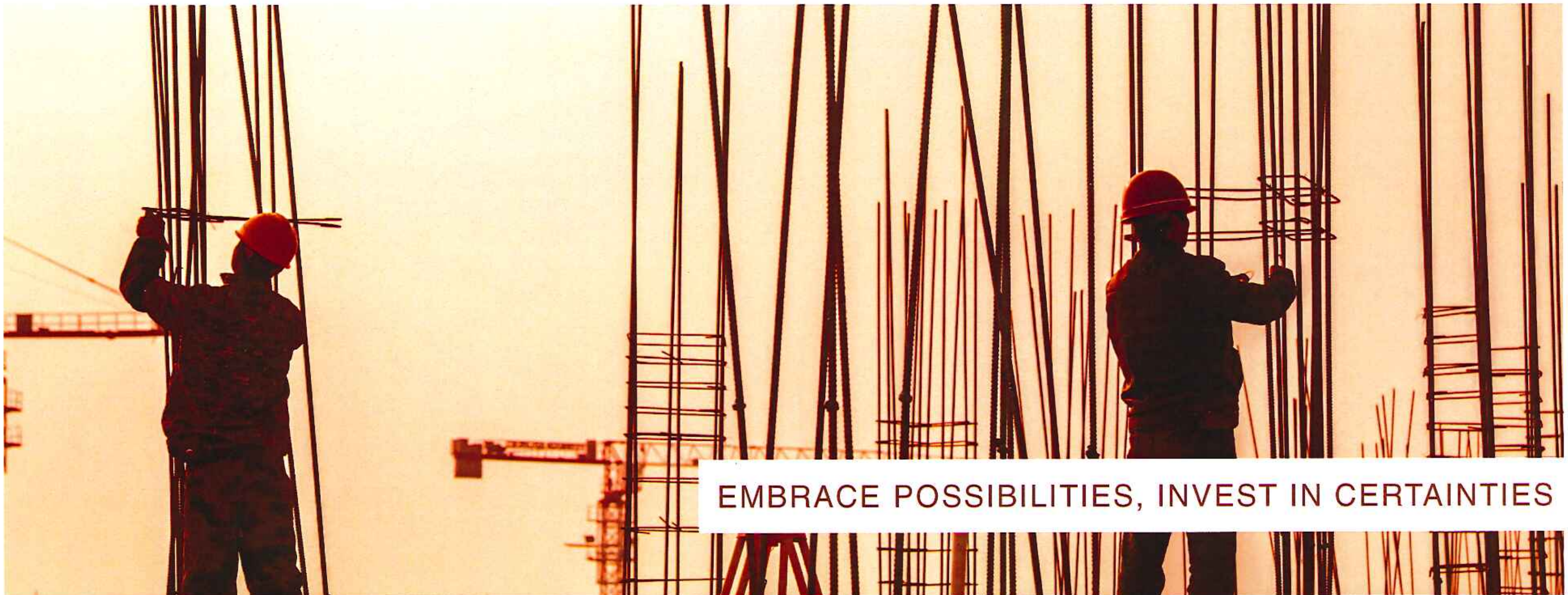
Meeting Between Staff of the Federal Reserve Board and the Association of Financial Guaranty Insurers
July 14, 2015

Participants: Adam Trost, Kevin Littler, SoRelle Peat, and Dafina Stewart (Federal Reserve Board)

Bruce Stern, Adam Bergonzi, and Carolyn Walsh (Association of Financial Guaranty Insurers)

Summary: Staff of the Federal Reserve Board met with representatives of the Association of Financial Guaranty Insurers to discuss the proposed rule to amend the Liquidity Coverage Ratio rule to include certain U.S. general obligation municipal securities as high-quality liquid assets (HQLA). Specifically, representatives of the Association of Financial Guaranty Insurers discussed the proposed exclusion of insured municipal securities from HQLA. A presentation provided by the Association of Financial Guaranty Insurers that describes these issues in greater detail is attached.

Attachment



Overview: Assured Guaranty

July 14, 2015

ASSURED GUARANTY® MUNICIPAL

MUNICIPAL ASSURANCE CORP.® AN ASSURED GUARANTY COMPANY

ASSURED GUARANTY® CORP.

Assured Guaranty Financial Guaranty Insurance

ASSURED GUARANTY®

- We guaranty payment of 100% of bond principal and interest when due
- Our guaranties are unconditional and irrevocable
- Investors also benefit from our credit selection, underwriting and surveillance
- Bonds we insure are highly liquid, with $400 million of daily trading volume
- Bond ratings reflect the insurer's financial strength rating (unless the issuer is more highly rated)
- The credit enhancement and other benefits we provide allows issuers to sell bonds at a lower all-in financing cost
- The presence of bond insurance directly affects the interest rate the market will require the issuer to pay
- The value of the insurance, and therefore the frequency of its use, tends to increase with higher interest rates and wider credit spreads

Assured Guaranty Today

Assured Guaranty Ltd.

As of March 31, 2015
($ in billions)

GAAP	
Total investment portfolio and cash[1]	$11.4
Net unearned premium reserve[2]	$3.8
Shareholders' equity	$5.8

Statutory Basis	
Qualified statutory capital	$6.5
Claims-paying resources[3]	$12.0
Net par outstanding	$362.3

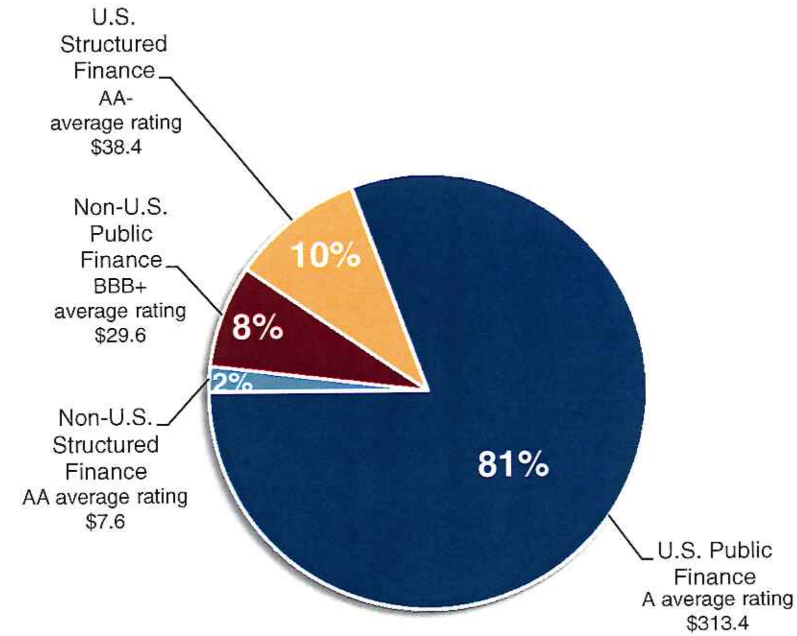
- **Assured Guaranty is the leading financial guaranty franchise**
  - We maintain strong financial strength ratings from S&P, Moody's, KBRA, and A.M. Best
  - Other industry members include a start-up that commenced business in 2012 and a legacy insurer that re-entered the market in 2014
- **Assured Guaranty serves the market primarily through three platforms**
  - Assured Guaranty Municipal Corp. (AGM) focuses exclusively on public finance and global infrastructure transactions
  - Municipal Assurance Corp. (MAC) insures only U.S. municipal bonds, primarily small and medium-size issues in select categories
  - Assured Guaranty Corp. (AGC) insures the same categories as AGM as well as selected sectors within the U.S. and international structured finance market
- **Assured also includes the largest financial guaranty reinsurer, Assured Guaranty Re Ltd. ("AG Re"), domiciled in Bermuda**

1. Includes $290 million of investments in securities purchased or obtained as part of loss mitigation or other risk management strategies whose issuers were subsequently consolidated as variable interest entities (VIEs). Excludes $132 million of other invested assets not available for sale.
2. Unearned premium reserve net of ceded unearned premium reserve.
3. Claims-paying resources are calculated as the sum of statutory policyholders' surplus, statutory contingency reserve, statutory unearned premium reserves, statutory loss and loss adjustment expense (LAE) reserves, present value of installment premium on financial guaranty and credit derivatives, discounted at 6%, committed capital securities, and excess of loss reinsurance. Total claims-paying resources are used by the Company to evaluate the adequacy of capital resources.

Assured Guaranty's Underwriting Discipline

- **Our U.S. public finance portfolio, our largest exposure category, performed well during the recession and in subsequent years, despite persistent financial pressures on municipal obligors**
  - We have tightened our public finance underwriting standards
  - Out of approximately 9,400 direct U.S. public finance obligors, we expect future losses to be paid, net of recoveries, on less than a dozen. In 1Q-15, we made payments on only two
- **Our principal losses in the last several years have been on U.S. RMBS due to the lack of adherence to underwriting standards by mortgage originators**
  - Neither AGM nor AGC underwrote collateralized debt obligations (CDOs) backed by RMBS, which has protected us from losses on the scale experienced by our former competitors

Assured Guaranty Consolidated Net Par Outstanding[1]
As of March 31, 2015
($ in billions)



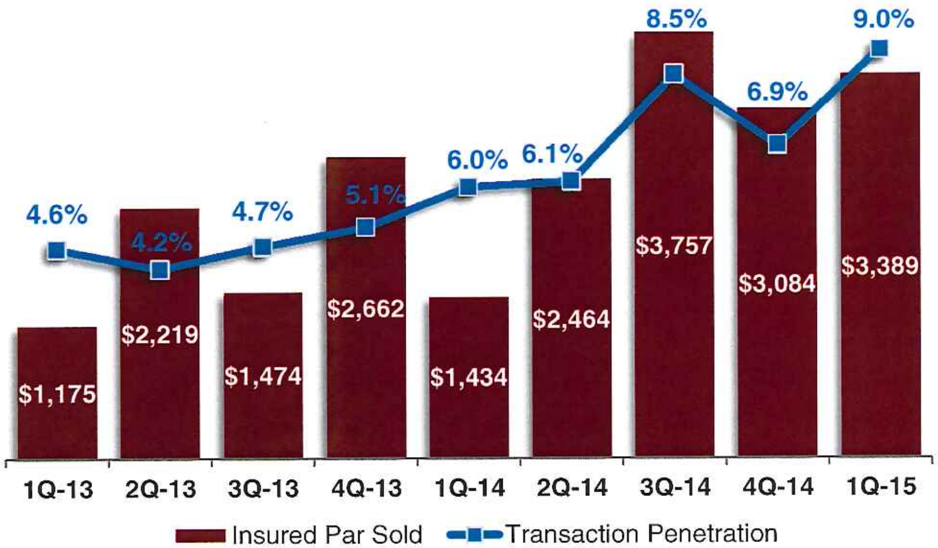
$389.1 billion, A average rating

1. Net par outstanding is presented on a GAAP basis.

Assured Guaranty's 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 in 1Q-15 totaled 92 or $142 million
- **Despite headwinds, both par insured and market penetration were higher in first quarter 2015**
  - Industry penetration of the number of transactions with underlying A ratings increased to 55.2% in 1Q-15, up from 39.8% in 1Q-14
  - Industry par penetration for all transactions with underlying A ratings increased to 21.6% in 1Q-15, up from 15.2% in 1Q-14
- **Industry penetration for smaller deals remains strong at 19.8% of all transactions under $25 million in 1Q-15**

Assured Guaranty
New Issue U.S. Public Finance
Insured Par Sold and Transaction Penetration[1]
($ in millions)



U.S. Public Finance New Issuance	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15
Total Par Issued ($ in billions)	$81.3	$88.7	$67.9	$73.4	$60.4	$83.1	$72.3	$99.3	$103.9
Total Transactions Issued	2,785	3,357	2,155	2,285	1,955	2,964	2,376	2,871	3,057

1. Source: SDC database. As of March 31, 2015.

Industry-Wide New Business Production
Penetration in the U.S. Public Finance Market

ASSURED GUARANTY®

	2012	2013	2014	1Q 2015
Market penetration par	3.6%	3.9%	5.9%	5.7%
Market penetration based on number of issues	9.2%	9.7%	13.8%	16.9%
% of single A par sold	11.9%	11.0%	19.7%	21.6%
% of single A transactions sold	29.5%	30.6%	49.3%	55.2%
% of under $25 million par sold	11.7%	10.9%	16.5%	19.8%
% of under $25 million transactions sold	10.3%	10.7%	15.4%	19.8%

Assured Guaranty's Four Discrete Operating Companies With Separate Capital Bases

ASSURED GUARANTY

Consolidated Claims-Paying Resources and Statutory-Basis Exposures

($ in millions)	As of March 31, 2015 AGM	AGC	MAC	AG Re[8]	Eliminations[4]	Consolidated
Claims-paying resources						
Policyholders' surplus	$ 2,211	$ 1,098	$ 618	$ 1,054	$ (878)	$ 4,103
Contingency reserve[1]	1,519	839	311	–	(311)	2,358
Qualified statutory capital	**3,730**	**1,937**	**929**	**1,054**	**(1,189)**	**6,461**
Unearned premium reserve[1]	1,702	624	558	857	(558)	3,183
Loss and loss adjustment expense reserves[1,2]	483	84	–	274	–	841
Total policyholders' surplus and reserves	**5,915**	**2,645**	**1,487**	**2,185**	**(1,747)**	**10,485**
Present value of installment premium[1]	289	218	3	170	(3)	677
Committed Capital Securities	200	200	–	–	–	400
Excess of loss reinsurance facility[3]	450	450	450	–	(900)	450
Total claims-paying resources (including proportionate MAC ownership for AGM and AGC)	**$ 6,854**	**$ 3,513**	**$ 1,940**	**$ 2,355**	**$ (2,650)**	**$ 12,012**
Adjustment for MAC[5]	944	546	–	–	(1,490)	–
Total claims-paying resources (excluding proportionate MAC ownership for AGM and AGC)	**$ 5,910**	**$ 2,967**	**$ 1,940**	**$ 2,355**	**$ (1,160)**	**$ 12,012**
Statutory net par outstanding[6]	$ 145,064	$ 43,536	$ 77,249	$ 97,896	$ (1,445)	$ 362,300
Equity method adjustment[7]	46,890	30,359	–	–	(77,249)	–
Adjusted statutory net par outstanding[1]	$ 191,954	$ 73,895	$ 77,249	$ 97,896	$ (78,694)	$ 362,300
Net debt service outstanding[6]	$ 224,249	$ 64,641	$ 115,083	$ 154,625	$ (3,053)	$ 555,545
Equity method adjustment[7]	69,855	45,228	–	–	(115,083)	–
Adjusted net debt service outstanding[1]	$ 294,104	$ 109,869	$ 115,083	$ 154,625	$ (118,136)	$ 555,545

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.
2. Reserves are reduced by approximately $0.2 billion for benefit related to representation and warranty recoverables.
3. Represents an aggregate $450 million excess-of-loss reinsurance facility for the benefit of AGM, AGC and MAC, which became effective January 1, 2014. The facility terminates on January 1, 2016, unless AGM, AGC and MAC choose to extend it.
4. 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.
5. Represents adjustment for AGM's and AGC's interest and indirect ownership of MAC's total policyholders' surplus, contingency reserve, unearned premium reserve, loss reserves and present value of installment premium.
6. 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).
7. 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.
8. 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.

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 and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates; (6) 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").

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