

# FACTS ABOUT **Assured Guaranty's Municipal Bond Insurance**

## **Assured Guaranty Increases Financial Stability**

- Approximately \$12 billion in claims-paying resources across the Assured Guaranty group.<sup>1</sup>
- Three decades of experience.
- The only longstanding municipal bond insurer to continue to write new business throughout the financial crisis and recession.
- Insured approximately 14,000 new municipal issues since beginning of the financial crisis in January 2008, with an aggregate par amount exceeding \$200 billion.
- Insurance in force on approximately 7,300 municipal credits through its operating subsidiaries, including Assured Guaranty Municipal (AGM), Municipal Assurance Corp. (MAC) and Assured Guaranty Corp. (AGC).

## **Assured Guaranty Protects Investors in Distress Situations**

- Unconditionally and irrevocably guarantees timely payment of principal and interest when due.
- Proven record of paying investors' claims as contractually obligated. Investors in Assured Guaranty-wrapped obligations of Harrisburg, Pennsylvania; Jefferson County, Alabama; Stockton, California; Detroit, Michigan; and Puerto Rico have all received timely debt service payments, despite issuer defaults and even a trustee's refusal to draw on insurance policies. (See case history at right.)

## **Assured Guaranty Manages Risk**

- Insures only transactions that meet its disciplined underwriting criteria and diversification requirements.
- Provides continuous surveillance of every credit in its insured portfolio, works with issuers to address financial problems before they become serious and takes remedial action when appropriate.

## **Assured Guaranty Provides Enhanced Market Liquidity for Investors' Bonds**

- On average, over \$2 billion of bonds insured by Assured Guaranty trade each week.
- Assured Guaranty-insured bonds have historically tended to demonstrate greater price stability than comparable uninsured bonds of the same issuer when that issuer was under financial stress.
- AGM is rated AA by S&P Global Ratings (S&P), AA+ by Kroll Bond Rating Agency (KBRA) and A2 by Moody's Investors Service (Moody's), and AGC is rated AA by S&P and AA by KBRA.<sup>2</sup> All the ratings have Stable Outlooks.

## **Assured Guaranty Provides Transparency**

- AGM and AGC are subsidiaries of a public company that is subject to New York Stock Exchange and SEC regulation and therefore held to higher legal standards of disclosure, oversight and transparency than non-public companies.
- Credit Summaries on its website provide financial and economic data on insured new-issue obligations.

<sup>1</sup>As of June 30, 2018. Consolidated claims-paying resources of the Assured Guaranty group include \$6.0 billion at AGM, \$3.6 billion at AGC, \$0.9 billion at MAC and \$2.2 billion at Assured Guaranty Re Ltd., less intercompany eliminations of \$0.5 billion. Claims on each subsidiary's insurance policies/financial guarantees are paid from that subsidiary's separate claims-paying resources. June 30, 2018 Statutory Financial Information - admitted assets: \$5.5B (Assured Guaranty Municipal Corp.), \$3.3B (AGC), \$0.8B (MAC); total liabilities \$3.3B (Assured Guaranty Municipal Corp.), \$1.4B (AGC), \$0.5B (MAC); contingency reserves: \$1.0B (Assured Guaranty Municipal Corp.), \$0.6B (AGC), \$0.2B (MAC); surplus to policyholders \$2.2B (Assured Guaranty Municipal Corp.), \$1.9B (AGC), \$0.3B (MAC).

<sup>2</sup>Assured Guaranty requested in January 2017 that Moody's discontinue its rating of AGC; Moody's declined and continues to rate AGC.

## **COMMITMENT TO INVESTORS A Case History**

On Friday, February 1, 2013, Bank of New York Mellon, the trustee for the sewer revenue warrants issued by Jefferson County, Alabama, suspended principal and interest payments to warrant holders, including draws on AGM's insurance policy. To protect its policyholders, AGM paid all the scheduled principal and interest payments due on the AGM-insured sewer warrants directly to The Depository Trust Company (DTC), where the ownership accounts were maintained. DTC credited holders' accounts on the following Monday.

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The table below provides an overview of AGM and AGC, two of our direct insurance operating companies currently licensed in all 50 states and certain other U.S. jurisdictions. Our third platform, MAC, is licensed in all 50 states and the District of Columbia. Launched in July 2013, MAC has ratings of AA+ stable from KBRA and AA stable from S&P.

<b>PROVEN STRENGTH. PROVEN STRATEGIES. PROVEN VALUE.</b>		
As of 6/30/2018 (except ratings)	<b>Assured Guaranty Municipal (AGM)</b>	<b>Assured Guaranty Corp. (AGC)</b>
Operating since	<b>1985</b>	<b>1988</b>
Markets served	<b>Public finance only*</b>	<b>Public finance, structured finance</b>
Insured net par outstanding	<b>\$122 billion</b>	<b>\$31 billion</b>
Insured portfolio by sector		
Insured portfolio by rating of underlying transactions**		
Claims-paying Resources <sup>§</sup>	<b>\$6.0 billion</b>	<b>\$3.6 billion</b>
S&P Ratings	<b>AA Stable</b>	<b>AA Stable</b>
Moody's Ratings <sup>†</sup>	<b>A2 Stable</b>	<b>---</b>
KBRA Ratings <sup>††</sup>	<b>AA+ Stable</b>	<b>AA Stable</b>
<p>*As of June 30, 2018, AGM's legacy global structured finance insured portfolio is expected to amortize 5% by year-end 2018 and 27% by year-end 2020.</p> <p>** Ratings are Assured Guaranty's internal ratings. Assured Guaranty's rating scale is similar to that used by the nationally recognized rating agencies; however, our internal ratings may be different from the ratings assigned by the nationally recognized rating agencies. Exposures rated below investment grade are designated BIG. Percentages in graphs may not add due to rounding.</p> <p>§ Excludes effect of respective ownership shares in MAC. See footnote 1 below.</p> <p>† Assured Guaranty requested in January 2017 that Moody's discontinue its rating of AGC; Moody's declined and continues to rate AGC.</p> <p>†† KBRA is Kroll Bond Rating Agency.</p>		

<sup>1</sup> As of June 30, 2018. Consolidated claims-paying resources of the Assured Guaranty group include \$6.0 billion at AGM, \$3.6 billion at AGC, \$0.9 billion at MAC and \$2.2 billion at Assured Guaranty Re Ltd., less intercompany eliminations of \$0.5 billion. Claims on each subsidiary's insurance policies/financial guarantees are paid from that subsidiary's separate claims-paying resources. June 30, 2018 Statutory Financial Information – admitted assets: \$5.5B (Assured Guaranty Municipal Corp.), \$3.3B (AGC), \$0.8B (MAC); total liabilities \$3.3B (Assured Guaranty Municipal Corp.), \$1.4B (AGC), \$0.5B (MAC); contingency reserves: \$1.0B (Assured Guaranty Municipal Corp.), \$0.6B (AGC), \$0.2B (MAC); surplus to policyholders \$2.2B (Assured Guaranty Municipal Corp.), \$1.9B (AGC), \$0.3B (MAC).

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Assured Guaranty Municipal Corp. and Assured Guaranty Corp., New York, New York | Subsidiaries of Assured Guaranty Ltd. (NYSE: AGO)

