

ASSURED GUARANTY LTD

Form DEF 14A

March 21, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Assured Guaranty Ltd.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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March 21, 2014
London, United Kingdom

Dear Shareholders:

It is with great pleasure that we invite you to our 2014 Annual General Meeting of shareholders. The meeting will be held on Wednesday, May 7, 2014, at our offices at 1 Finsbury Square, London, EC2A 1AE, United Kingdom at 8:00 a.m. London Time.

Our formal agenda for this year's meeting is to vote on the election of directors, to vote on an advisory basis on executive compensation, to vote on an amendment to our long-term incentive plan, to ratify the selection of independent auditors for 2014, and to direct us to vote on directors and independent auditors for one of our subsidiaries. In addition, we will report to you the highlights of 2013 and discuss the development of our business in 2014. We will also answer any questions you may have. Representatives of our independent accountants will be in attendance at the meeting and will be available to answer questions as well.

We are taking advantage of the Securities and Exchange Commission rules that allow companies to furnish proxy materials to shareholders via the Internet again this year. This electronic process gives you fast, convenient access to the materials, reduces the impact on the environment and reduces our printing and mailing costs. If you received a Notice Regarding the Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials, unless you specifically request one. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials which are included in such notice and in the proxy statement.

Whether or not you plan to attend the meeting, your vote on these matters is important to us. Shareholders of record can vote their shares via the Internet or by using a toll-free telephone number or by requesting and completing a proxy card and mailing it in the return envelope provided. Instructions for accessing the proxy materials appear in the Notice Regarding the Availability of Proxy Materials mailed to you on or around March 28, 2014. If you hold shares through your broker or other intermediary, that person or institution will provide you with instructions on how to vote your shares.

If you are a beneficial owner of our shares, we urge you to give voting instructions to your broker so that your vote can be counted. This is especially important since the New York Stock Exchange does not allow brokers to cast votes with respect to many matters, such as the election of directors, executive compensation and equity incentive plans, unless they have received instructions from the beneficial owner of shares.

We look forward to seeing you at the meeting.

Sincerely,

Robin Monro-Davies Chairman of the Board

Dominic J. Frederico
President and Chief Executive Officer

NOTICE OF ANNUAL GENERAL MEETING

March 21, 2014

London, United Kingdom

TO THE SHAREHOLDERS OF ASSURED GUARANTY LTD.:

The Annual General Meeting of Assured Guaranty Ltd., which we refer to as AGL, will be held on Wednesday, May 7, 2014, at 8:00 a.m. London Time at the offices of AGL at 1 Finsbury Square, London, EC2A 1AE, United Kingdom, for the following purposes:

1. To elect our board of directors;
2. To vote, on an advisory basis, on executive compensation;
3. To approve an amendment to our long-term incentive plan, including to increase the maximum number of AGL common shares that may be delivered to plan participants and their beneficiaries under the plan;
4. To ratify the appointment of PricewaterhouseCoopers LLP as AGL's independent auditors for the fiscal year ending December 31, 2014;
5. To direct AGL to vote for directors of, and the ratification of the appointment of independent auditors for, its subsidiary Assured Guaranty Re Ltd.; and
6. To transact such other business, if any, as lawfully may be brought before the meeting.

Shareholders of record are being mailed a Notice Regarding the Availability of Proxy Materials on or around March 28, 2014, which provides shareholders with instructions on how to access the proxy materials and our 2013 annual report on the Internet, and if they prefer, how to request paper copies of these materials.

Only shareholders of record, as shown by the transfer books of AGL, at the close of business on March 10, 2014, are entitled to notice of, and to vote at, the Annual General Meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL GENERAL MEETING IN PERSON AND REGARDLESS OF THE NUMBER OF SHARES YOU OWN, PLEASE VOTE AS PROMPTLY AS POSSIBLE VIA THE INTERNET OR BY TELEPHONE. ALTERNATIVELY, IF YOU HAVE REQUESTED WRITTEN PROXY MATERIALS, PLEASE SIGN, DATE AND RETURN THE PROXY CARD IN THE RETURN ENVELOPE PROVIDED AS PROMPTLY AS POSSIBLE. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT. FOR FURTHER INFORMATION CONCERNING THE INDIVIDUALS NOMINATED AS DIRECTORS, THE PROPOSALS BEING VOTED UPON, USE OF THE PROXY AND OTHER RELATED MATTERS, YOU ARE URGED TO READ THE ATTACHED PROXY STATEMENT.

By Order of the Board of Directors,

James M. Michener
Secretary

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ASSURED GUARANTY LTD.

1 Finsbury Square
 London, EC2A 1AE
 United Kingdom

March 21, 2014

PROXY STATEMENT

SUMMARY

This summary highlights information contained elsewhere in this proxy statement and does not contain all of the information that you should consider before voting. For more complete information about the following topics, please review the complete proxy statement and AGL's Annual Report on Form 10-K. We intend to begin distribution of the Notice Regarding the Availability of Proxy Materials to shareholders on or about March 28, 2014.

Annual General Meeting

Time and Date 8:00 a.m. London time, May 7, 2014

Place 1 Finsbury Square
 London, EC2A 1AE
 United Kingdom

Record Date March 10, 2014

Voting Shareholders as of the record date are entitled to vote. Each Common Share is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

Meeting Agenda and Voting Matters

Agenda Item	Board Vote Recommendation	Page Reference (for more detail)
Election of directors	For each director nominee	Page 21
Advisory vote on executive compensation	For	Page 70
Amendment of long-term incentive plan, including to increase the maximum number of Common Shares that may be delivered to plan participants and their beneficiaries under the plan	For	Page 71
Ratification of PricewaterhouseCoopers as AGL's independent auditor for 2014	For	Page 81
Direction of AGL to vote for directors of, and the ratification of independent auditor of, AGL's subsidiary, Assured Guaranty Re Ltd.	For	Page 83

We will also transact any other business that may properly come before the meeting.

Summary Director Information

The following table provides summary information about each director nominee. Each director nominee will be elected for a one-year term by a majority of votes cast.

Nominee	Age	Director Since	Principal Occupation	Committees
Francisco L. Borges	62	2007	Chairman, Landmark Partners, LLC	Compensation (Chairman); Executive; Nominating and Governance; Risk Oversight
G. Lawrence Buhl	67	2004	Former Regional Director for Insurance Services, Ernst & Young LLP	Risk Oversight (Chairman); Compensation
Stephen A. Cozen	74	2004	Chairman, Cozen O'Connor	Nominating and Governance (Chairman); Compensation
Dominic J. Frederico	61	2004	President and Chief Executive Officer, Assured Guaranty Ltd.	Executive
Bonnie L. Howard	60	2012	Former Chief Auditor and Global Head of Control and Emerging Risk, Citigroup	Audit; Finance
Patrick W. Kenny	71	2004	Former President and Chief Executive Officer, International Insurance Society	Audit (Chairman); Executive; Nominating and Governance
Simon W. Leathes	66	2013	Non-executive director of HSB-Engineering Insurance Ltd., a UK subsidiary of Munich Re	Audit; Executive; Finance
Robin Monro-Davies	73	2005	Former Chief Executive Officer, Fitch Ratings	Executive (Chairman)
Michael T. O'Kane	68	2005	Former Senior Managing Director, Securities Division, TIAA-CREF	Finance (Chairman); Audit
Yukiko Omura	58	-	Former Vice President, International Fund for Agricultural Development	
Wilbur L. Ross, Jr.	76	2008	Chairman and Chief Executive Officer, WL Ross & Co. LLC	

INFORMATION ABOUT THE ANNUAL GENERAL MEETING AND VOTING

WHY DID I RECEIVE A NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS IN THE MAIL INSTEAD OF A FULL SET OF PROXY MATERIALS?

In accordance with the rules of the Securities and Exchange Commission (SEC), instead of mailing a printed copy of the proxy statement, annual report and other materials (which we refer to as proxy materials) for the Annual General Meeting of Shareholders (which we refer to as the Annual General Meeting) of Assured Guaranty Ltd. (which we refer to as AGL, we, us or our; we use Assured Guaranty, our Company or the Company to refer to AGL and its subsidiaries), we are furnishing proxy materials to shareholders on the Internet by providing a Notice Regarding the Availability of Proxy Materials (which we refer to as a Notice) to inform shareholders when the materials are available on the Internet.

If you receive the Notice by mail, you will not receive a printed copy of the proxy materials unless you specifically request one. Instead, the Notice instructs you on how you may access and review all of our proxy materials, as well as how to submit your proxy, over the Internet.

We will first make available the proxy statement, form of proxy card and 2013 annual report to shareholders at www.assuredguaranty.com/annualmeeting. The proxy materials will also be available at www.proxyvote.com on or about March 28, 2014 to all shareholders entitled to vote at the Annual General Meeting. You may also request a printed copy of the proxy solicitation materials by any of the following methods: via Internet at www.proxyvote.com; by telephone at 1-800-579-1639; or by sending an e-mail to sendmaterial@proxyvote.com. Our 2013 annual report to shareholders will be made available at the same time and by the same methods.

We elected to use electronic notice and access for our proxy materials because we believe it will reduce our printing and mailing costs related to our Annual General Meeting.

WHY HAS THIS PROXY STATEMENT BEEN MADE AVAILABLE?

Our Board of Directors is soliciting proxies for use at our Annual General Meeting to be held on May 7, 2014, and any adjournments or postponements of the meeting. The meeting will be held at 8:00 a.m. London Time at our offices at 1 Finsbury Square, London, EC2A 1AE, United Kingdom.

This proxy statement summarizes the information you need to vote at the Annual General Meeting. You do not need to attend the Annual General Meeting to vote your shares.

WHAT PROPOSALS WILL BE VOTED ON AT THE ANNUAL GENERAL MEETING?

The following proposals are scheduled to be voted on at the Annual General Meeting:

• The election of directors

• An advisory vote to approve executive compensation

• The approval of an amendment to our long-term incentive plan, including to increase the maximum number of Common Shares that may be delivered to plan participants and their beneficiaries under the plan

• The ratification of the appointment of PricewaterhouseCoopers LLP, an independent registered public accounting firm, which we refer to as PwC, as our independent auditors for 2014

• The direction of AGL to vote for the election of the directors of, and the ratification of the appointment of the independent auditors for, our subsidiary Assured Guaranty Re Ltd. (which we refer to as AG Re)

Our Board of Directors recommends that you vote your shares "FOR" each of the nominees and each of the foregoing proposals.

ARE PROXY MATERIALS AVAILABLE ON THE INTERNET?

Important Notice Regarding the Availability of Proxy Materials for the Annual General Meeting to be Held on Wednesday, May 7, 2014

Yes. Our proxy statement for the 2014 Annual General Meeting, form of proxy card and 2013 annual report to shareholders are available at www.assuredguaranty.com/annualmeeting. The proxy materials will also be available at www.proxyvote.com on or about March 28, 2014 to all shareholders entitled to vote at the Annual General Meeting. You can obtain directions to attend the 2014 Annual General Meeting by contacting Virginia Reynolds at + 44 020 7562 1920 or at vreynolds@assuredguaranty.com.

WHO IS ENTITLED TO VOTE?

March 10, 2014 is the record date for the Annual General Meeting. If you owned our Common Shares at the close of business on March 10, 2014, you are entitled to vote. On that date, 182,436,254 of our Common Shares were outstanding and entitled to vote at the Annual General Meeting, including 48,273 unvested restricted Common Shares. Our Common Shares are our only class of voting stock. The closing price of our Common Shares on March 10, 2014 was \$26.02.

HOW MANY VOTES DO I HAVE?

You have one vote for each of our Common Shares that you owned at the close of business on March 10, 2014. However, if your shares are considered "controlled shares," which our Bye-Laws define generally to include all of our Common Shares directly, indirectly or constructively owned or beneficially owned by any person or group of persons, owned by any "United States person," as defined in the U.S. Internal Revenue Code of 1986, as amended, which we refer to in this proxy statement as the Internal Revenue Code or the IRC, and such shares constitute 9.5% or more of our issued Common Shares, the voting rights with respect to your controlled shares will be limited, in the aggregate, to a voting power of approximately 9.5%, pursuant to a formula specified in our Bye-Laws.

The Notice indicates the number of Common Shares you are entitled to vote, without giving effect to the controlled share rule described above.

WHAT IS THE DIFFERENCE BETWEEN HOLDING SHARES AS A SHAREHOLDER OF RECORD AND AS A BENEFICIAL OWNER?

Many of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those owned beneficially.

Shareholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare, you are the shareholder of record of those shares and these proxy materials are being sent to you directly. As the shareholder of record, you have the right to grant your voting proxy directly to AGL or to vote in person at the Annual General Meeting. You may vote by telephone or via the Internet as described below under the heading "Information About the Annual General Meeting and Voting—May I Vote by Telephone or via the Internet?" or you may request a paper copy of the proxy materials and vote your proxy card by mail.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name" and our proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker or nominee on how to vote your shares and are also invited to attend the Annual General Meeting. However, since you are not the shareholder of record, you may only vote these shares in person at the Annual General Meeting if you follow the instructions described below under the heading "Information About the Annual General Meeting and Voting—How do I Vote in Person at the Annual General Meeting?" Your broker or nominee has provided a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares. You may also vote by telephone or on the Internet as described below under the heading "Information About the Annual General Meeting and Voting—May I Vote by Telephone or via the Internet?"

HOW DO I VOTE BY PROXY IF I AM A SHAREHOLDER OF RECORD?

If you are a shareholder of record and you properly submit your proxy card (by telephone, via the Internet or by mail) so that it is received by us in time to vote, your "proxy" (one of the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card (including electronic signatures in the case of Internet or telephonic voting) but do not make specific choices, your proxy will vote your shares as recommended by our Board of Directors (also referred to as our Board or the Board):

FOR each nominee for election of directors

FOR approval of our executive compensation

FOR approval of an amendment to our long-term incentive plan

FOR the ratification of the appointment of PwC as our independent auditors for 2014

- FOR directing AGL to vote for each nominee for election of directors of, and the ratification of the appointment of independent auditors for, our subsidiary, AG Re

If any other matter is presented, your proxy will vote in accordance with the best judgment of the individuals named on the proxy card. As of the date of printing this proxy statement, we knew of no matters that needed to be acted on at the Annual General Meeting, other than those discussed in this proxy statement.

HOW DO I GIVE VOTING INSTRUCTIONS IF I AM A BENEFICIAL OWNER?

If you are a beneficial owner of shares, the broker will ask you how you want your shares to be voted. If you give the broker instructions, the broker will vote your shares as you direct. If your broker does not receive instructions from you about how your shares are to be voted, one of two things can happen, depending on the type of proposal.

According to rules of the New York Stock Exchange, which we refer to as the NYSE:

Brokers have discretionary power to vote your shares with respect to "routine" matters

Brokers do not have discretionary power to vote your shares on "non-routine" matters (such as the elections of directors, the advisory vote on executive compensation or the vote on our incentive plan) unless they have received instructions from the beneficial owner of the shares

It is therefore important that you provide instructions to your broker if your shares are held by a broker so that your vote with respect to directors and executive compensation, and any other matters treated as non-routine by the NYSE, is counted.

MAY I VOTE BY TELEPHONE OR VIA THE INTERNET?

Yes. If you are a shareholder of record, you have a choice of voting over the Internet, voting by telephone using a toll-free telephone number or voting by requesting and completing a proxy card and mailing it in the return envelope provided. We encourage you to vote by telephone or over the Internet because your vote is then tabulated faster than if you mailed it. There are separate telephone and Internet arrangements depending on whether you are a shareholder of record (that is, if you hold your stock in your own name), or whether you are a beneficial owner and hold your shares in "street name" (that is, if your stock is held in the name of your broker or bank).

If you are a shareholder of record, you may vote by telephone using the telephone number on the proxy card, or electronically through the Internet, by following the instructions provided on the Notice

If you are a beneficial owner and hold your shares in "street name," you may need to contact your bank or broker to determine whether you will be able to vote by telephone or electronically through the Internet

The telephone and Internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions and to confirm that shareholders' instructions have been recorded properly. If you vote via the Internet, you may incur costs, such as usage charges from Internet access providers and telephone companies. You will be responsible for those costs.

Whether or not you plan to attend the Annual General Meeting, we urge you to vote. Voting by telephone or over the Internet or by returning your proxy card by mail will not affect your right to attend the Annual General Meeting and vote.

MAY I REVOKE MY PROXY?

Yes. If you change your mind after you vote, you may revoke your proxy by following any of the procedures described below. If you are a shareholder of record, to revoke your proxy:

• Send in another signed proxy with a later date or resubmit your vote by telephone or the Internet,

• Send a letter revoking your proxy to our Secretary at 30 Woodbourne Avenue, Hamilton HM 08, Bermuda, or

• Attend the Annual General Meeting and vote in person.

Beneficial owners who wish to change the votes submitted on their voting instruction cards should contact their respective broker, bank or other nominee to determine how and when changes must be submitted so that the nominee can revoke and change their votes on their behalf.

If you wish to revoke your proxy or make changes to your voting instruction card, as applicable, you must do so in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken.

HOW DO I VOTE IN PERSON AT THE ANNUAL GENERAL MEETING?

You may vote shares held directly in your name as the shareholder of record in person at the Annual General Meeting. If you choose to vote your shares in person at the Annual General Meeting, please bring the Notice Regarding the Availability of Proxy Materials containing your control number or proof of identification. Shares held in "street name" through your broker, bank or other nominee, may be voted in person by you only if you obtain a signed proxy from the shareholder of record giving you the right to vote the shares. You must bring such signed proxy to the Annual General Meeting, along with an account statement or letter from the broker, bank or other nominee indicating that you are the beneficial owner of the shares and that you were the beneficial owner of the shares on March 10, 2014.

Even if you plan to attend the Annual General Meeting, we recommend that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the Annual General Meeting.

WHAT VOTES NEED TO BE PRESENT TO HOLD THE ANNUAL GENERAL MEETING?

To have a quorum for our Annual General Meeting, two or more persons must be present, in person or by proxy, representing more than 50% of the Common Shares that were outstanding on March 10, 2014.

WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL?

The affirmative vote of a majority of the votes cast on such proposal at the Annual General Meeting is required for each of:

• The election of each nominee for director

• The ratification of the appointment of PwC as our independent auditors for 2014

Directing AGL to vote for the election of directors of, and the ratification of the appointment of independent auditors for, our subsidiary, AG Re

Under NYSE rules, the approval of the amendment of our long-term incentive plan requires approval by a majority of votes cast (such that the number of votes cast in favor of the proposal exceeds the aggregate of votes cast against the proposal plus abstentions).

The vote on executive compensation is advisory in nature so there is no specified requirement for approval. It will be up to the Compensation Committee and the Board to determine how such vote will impact compensation decisions.

HOW ARE VOTES COUNTED?

In the election of AGL directors, your vote may be cast "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees

Your vote may be cast "FOR" or "AGAINST" or you may "ABSTAIN" with respect to the proposals relating to (i) the advisory vote on executive compensation, (ii) the ratification of the appointment of AGL's independent auditors, (iii) the amendment to the long-term incentive plan, and (iv) directing AGL to vote for the ratification of the appointment of AG Re's independent auditors

With respect to directing AGL to vote for the election of directors of our subsidiary, AG Re, your vote may be cast "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees

If you sign (including electronic signatures in the case of Internet or telephonic voting) your proxy card with no further instructions, your shares will be voted in accordance with the recommendations of the Board. If you sign (including electronic signatures in the case of Internet or telephonic voting) your broker voting instruction card with no further instructions, your shares will be voted in the broker's discretion with respect to routine matters but will not be voted with respect to non-routine matters. As described in "How do I Give Voting Instructions if I am a Beneficial Owner?", elections of directors, the advisory vote on executive compensation and the vote on our long-term incentive plan are considered non-routine matters. We will appoint one or more inspectors of election to count votes cast in person or by proxy.

WHAT IS THE EFFECT OF BROKER NON-VOTES AND ABSTENTIONS?

A broker "non-vote" occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

Common Shares that are beneficially owned and are voted by the beneficiary through a broker will be counted towards the presence of a quorum, even if there are broker non-votes with respect to some proposals, as long as the broker votes on at least one proposal. Common Shares owned by shareholders electing to abstain from voting with respect to any proposal will be counted towards the presence of a quorum.

Although broker non-votes will be counted towards the presence of a quorum, broker non-votes will not be included in the tabulation of the shares voting with respect to elections of directors or other matters to be voted upon at the Annual General Meeting. Therefore, "broker non-votes" will have no direct effect on the outcome of any proposal to be voted upon at the Annual General Meeting.

While abstentions will be counted towards the presence of a quorum, abstentions will not be included in the tabulation of the shares voting with respect to elections of directors or, except in the case of the amendment of the long-term incentive plan, other matters to be voted upon at the Annual General Meeting. Therefore, abstentions will have no direct effect on the outcome of the proposal to elect directors, the advisory vote on executive compensation, or the proposals to ratify the appointment of AGL's independent auditors or to approve the subsidiary matters. However, because of NYSE rules, abstentions will have the same effect as a vote against the amendment of the long-term incentive plan.

ARE THERE ANY VOTING AGREEMENTS WITH RESPECT TO OUR COMMON SHARES?

The funds affiliated with Wilbur L. Ross, Jr., one of our directors, have each agreed that they will vote all of our Common Shares that they own solely in proportion with the votes cast by holders of our Common Shares on any matter put before them.

In addition, the funds affiliated with Mr. Ross have each agreed to be subject to the 9.5% voting limitation described in "How many votes do I have?" In the past, the voting rights of the funds were limited by this voting agreement. Currently, the funds own less than 9.5% of our issued Common Shares and the voting agreement will not have any impact on the funds' voting power at the Annual General Meeting.

WHAT ARE THE COSTS OF SOLICITING THESE PROXIES AND WHO WILL PAY THEM?

We will pay all the costs of soliciting these proxies. Our directors and employees may also solicit proxies by telephone, by fax or other electronic means of communication, or in person. We will reimburse banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy materials to you. Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902, is assisting us with the solicitation of proxies for a fee of \$10,000 plus out-of-pocket expenses.

WHERE CAN I FIND THE VOTING RESULTS?

We will publish the voting results in a Form 8-K that we will file with the SEC by May 13, 2014. You can find the Form 8 K on our website at assuredguaranty.com/sec-filings.

WILL AGL'S INDEPENDENT ACCOUNTANTS ATTEND THE ANNUAL GENERAL MEETING?

PwC will attend the Annual General Meeting and will have an opportunity to make a statement if they wish. They will also be available to answer questions at the meeting.

DO DIRECTORS ATTEND THE ANNUAL GENERAL MEETING?

Our Corporate Governance Guidelines provide that directors are expected to attend our Annual General Meeting and any special meeting of shareholders we call to consider extraordinary business transactions, unless they are unable to do so as a result of special circumstances. All but one of our directors then in office attended the Annual General Meeting that was held on May 8, 2013.

CAN A SHAREHOLDER, EMPLOYEE OR OTHER INTERESTED PARTY COMMUNICATE DIRECTLY WITH OUR BOARD? IF SO, HOW?

Our Board provides a process for shareholders, employees or other interested parties to send communications to our Board.

Shareholders, employees or other interested parties wanting to contact the Board concerning accounting or auditing matters may send an e-mail to the Chairman of the Audit Committee at chmaudit@assuredguaranty.com

Shareholders, employees or other interested parties wanting to contact the Board, the independent directors, the Chairman of the Board, the chairman of any Board committee or any other director, as to other matters may send an e-mail to corpsecy@assuredguaranty.com. The Secretary has access to both of these e-mail addresses

Shareholders, employees or other interested parties may send written communications to the Board c/o Secretary, 30 Woodbourne Avenue, Hamilton HM 08, Bermuda. Mail to Bermuda is not as prompt as e-mail
Communication with the Board may be anonymous. The Secretary will forward all communications to the Board to the Chairman of the Audit Committee or the Chairman of the Nominating and Governance Committee, who will determine when it is appropriate to distribute such communications to other members of the Board or to management.

WHOM SHOULD I CALL IF I HAVE ANY QUESTIONS?

If you have any questions about the Annual General Meeting or voting, please contact James M. Michener, our Secretary, at (441) 279-5702 or at jmichener@assuredguaranty.com. If you have any questions about your ownership of our Common Shares, please contact Robert Tucker, our Managing Director, Investor Relations and Corporate Communications, at (212) 339-0861 or at rtucker@assuredguaranty.com.

HOW DOES "HOUSEHOLDING" WORK?

Please note we may deliver a single copy of the Notice and, if applicable, a single set of our 2013 annual report to shareholders and our proxy statement, to households at which two or more shareholders reside, unless an affected shareholder has provided contrary instructions. Individual proxy cards or voting instruction forms (or electronic voting facilities), as applicable, will, however, continue to be provided for each shareholder account. This procedure, referred to as "householding," reduces the volume of duplicate information received by shareholders, as well as our expenses. Upon written or oral request, we will promptly deliver, or arrange for delivery, of a separate copy of the Notice and, if applicable, a separate set of our annual report and other proxy materials to any shareholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice and, if applicable, a separate set of our annual report and proxy materials, you may write or call Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717, Attention: Householding Department, telephone (800) 542-1061. Shareholders currently sharing an address with another shareholder who wish to have only one copy of our Notice or annual report and other proxy materials delivered to the household in the future should also contact Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717, Attention: Householding Department, telephone (800) 542-1061.

CORPORATE GOVERNANCE

OVERVIEW

In General

Our Board of Directors has maintained corporate governance policies since becoming a public company following our 2004 initial public offering, which we refer to as our IPO.

- We have reviewed internally and with the Board the rules of the SEC and the NYSE's listing standards regarding corporate governance policies and processes and are in compliance with the rules and listing standards.

- We have adopted Corporate Governance Guidelines covering issues such as executive sessions of the Board of Directors, director qualification standards (including independence), director responsibilities and Board self-evaluations.

- Our Corporate Governance Guidelines contain our Categorical Standards for Director Independence.

- We have adopted a Code of Conduct for our employees and directors and charters for each Board committee.

The full text of our Corporate Governance Guidelines (which contain our Categorical Standards for Director Independence), our Code of Conduct and each committee charter, are available on our website at assuredguaranty.com/governance. In addition, you may request copies of the Corporate Governance Guidelines, the Code of Conduct and the committee charters by contacting our Secretary via:

Telephone	(441) 279-5702
Facsimile	(441) 279-5701
e-mail	jmichener@assuredguaranty.com

Director Executive Sessions

The independent directors meet at regularly scheduled executive sessions without the participation of management or any director who is not independent and our non-management directors meet periodically at executive sessions without the participation of management. The Chairman of the Board is the presiding director for executive sessions of independent directors and non-management directors.

Other Corporate Governance Highlights

- Our Board has a substantial majority of independent, non-management directors.

- All members of the Audit, Compensation, Nominating and Governance, Finance and Risk Oversight Committees are independent, non-management directors.

- Our Audit Committee hires, determines the compensation of and decides the scope of services performed by our independent auditors. It also has the authority to retain outside advisors.

- No member of our Audit Committee simultaneously serves on the audit committee of more than one other public company.

- Our Compensation Committee has engaged compensation consultant, Frederic W. Cook & Co., Inc., which we refer to as Cook, to assist it in evaluating the performance of our Chief Executive Officer based on corporate goals and objectives and, with the other independent directors, setting his compensation based on this evaluation. Cook has also assisted us in designing our executive compensation program. The Compensation Committee has conducted an assessment of Cook's independence and has determined that it does not have any conflict of interest.

- We established an Executive Committee to exercise the authority of the Board in the management of Company affairs between regularly scheduled meetings of the Board when it is determined that a specified matter should not be postponed to the next scheduled meeting of the Board.

- We have adopted a Code of Conduct applicable to all directors, officers and employees that sets forth basic principles to guide their day-to-day activities. The Code of Conduct addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws and regulations, including insider trading laws, and reporting illegal or unethical behavior.

- In addition to AGL's quarterly Board meetings that last approximately two days each, our Board has an annual business review meeting to assess specific areas of our Company's operations and to learn about general trends affecting the financial guaranty industry. We also provide our directors with the opportunity to attend continuing education programs.

- We refreshed the composition of our Board to add two independent directors by electing Mr. Leathes to the Board in 2013 and nominating Ms. Omura to the Board for election at the 2014 Annual General Meeting.

THE BOARD OF DIRECTORS

Our Board oversees our business and monitors the performance of management. The directors keep themselves up-to-date on our Company by discussing matters with our Chief Executive Officer, whom we refer to as the CEO, other key executives and our principal external advisors, such as outside legal counsel, outside auditors, investment bankers and other consultants, by reading the reports and other materials that we send them regularly and by participating in Board and committee meetings.

The Board usually meets four times per year in regularly scheduled meetings, but will meet more often if necessary. The Board met four times during 2013 in addition to our annual business review meeting. All of our directors attended at least 75% of the aggregate number of meetings of the Board of Directors and committees of the Board of which they were a member held while they were in office during the year ended December 31, 2013.

DIRECTOR INDEPENDENCE

In February 2014, our Board determined that 9 out of 11 of our directors, as well as our new nominee, are independent under the listing standards of the NYSE:

Neil Baron

Bonnie L. Howard

Michael T. O'Kane

Francisco L. Borges
G. Lawrence Buhl
Stephen A. Cozen

Patrick W. Kenny
Simon W. Leathes
Robin Monro-Davies

Yukiko Omura

These independent directors constitute substantially more than a majority of our Board of Directors. In making its determination of independence, the Board applied its Categorical Standards for Director Independence and determined that no other material relationships existed between our Company and these directors. A copy of our Categorical

Standards for Director Independence is available as part of our Corporate Governance Guidelines, which are available on our website at assuredguaranty.com/governance.

As part of its independence determinations, the Board considered the other directorships held by the independent directors and determined that none of these directorships constituted a material relationship with our Company.

THE COMMITTEES OF THE BOARD

The Board of Directors has established an Audit Committee, a Compensation Committee, a Nominating and Governance Committee, a Finance Committee, a Risk Oversight Committee and an Executive Committee.

The Audit Committee

The Audit Committee provides oversight of the integrity of our Company's financial statements and financial reporting process, our compliance with legal and regulatory requirements, the system of internal controls, the audit process, the performance of our internal audit program and the performance, qualification and independence of the independent accountants.

The Audit Committee is composed entirely of directors who are independent of our Company and management, as defined by the NYSE listing standards. The Audit Committee members are:

Patrick W. Kenny (Chairman)
Bonnie L. Howard

Simon W. Leathes
Michael T. O'Kane

The Board has determined that each member of the Audit Committee satisfies the financial literacy requirements of the NYSE and is an audit committee financial expert, as that term is defined under Item 407(d) of the SEC's Regulation S-K. For additional information about the qualifications of the Audit Committee members, see their respective biographies set forth in "Proposal No. 1: Election of Directors."

The Audit Committee held five meetings during 2013.

The Compensation Committee

The Compensation Committee has responsibility for evaluating the performance of the CEO and senior management and determining executive compensation in conjunction with the independent directors. The Compensation Committee also works with the Nominating and Governance Committee and the CEO on succession planning.

The Compensation Committee is composed entirely of directors who are independent of our Company and management, as defined by the NYSE listing standards. The Compensation Committee members are:

Francisco L. Borges (Chairman)
G. Lawrence Buhl Stephen A. Cozen

The Compensation Committee held four meetings during 2013. The Compensation Committee also met with Cook in January 2014 to review executive compensation trends and peer group compensation data.

The Nominating and Governance Committee

The responsibilities of the Nominating and Governance Committee include identifying individuals qualified to become Board members, recommending director nominees to the Board and developing and recommending corporate governance guidelines. The Nominating and Governance Committee also has responsibility to review and make recommendations to the full Board regarding director compensation. In addition to

general corporate governance matters, the Nominating and Governance Committee assists the Board and the Board committees in their self-evaluations.

The Nominating and Governance Committee is composed entirely of directors who are independent of our Company and management, as defined by the NYSE listing standards. The Nominating and Governance Committee members are:

Stephen A. Cozen (Chairman)
Francisco L. Borges Patrick W. Kenny

The Nominating and Governance Committee held four meetings during 2013. At the February 2014 meeting of the Nominating and Governance Committee, the committee recommended the nomination of Yukiko Omura to the Board of Directors and at the February 2014 meeting of the Board of Directors, the Board approved the recommendation, nominated, and recommended that shareholders vote for the election of, Ms. Omura as a director of AGL.

The Finance Committee

The Finance Committee of the Board of Directors oversees management's investment of our Company's investment portfolio. The Finance Committee also oversees, and makes recommendations to the Board with respect to, our capital structure, financing arrangements, investment guidelines and any corporate development activities.

The Finance Committee members are:

Michael T. O'Kane (Chairman)	Bonnie L. Howard
Neil Baron	Simon W. Leathes

The Finance Committee held four meetings during 2013. Mr. Baron will be retiring from the Board in May 2014.

The Risk Oversight Committee

The Risk Oversight Committee oversees management's establishment and implementation of standards, controls, limits, guidelines and policies relating to risk assessment and risk management. The Risk Oversight Committee focuses on both the underwriting and surveillance of credit risks and the assessment and management of other risks, including, but not limited to, financial, legal, operational and other risks concerning our Company's reputation and ethical standards.

The Risk Oversight Committee members are:

G. Lawrence Buhl (Chairman)
Neil Baron Francisco L. Borges

The Risk Oversight Committee held four meetings during 2013. As noted above, Mr. Baron will be retiring from the Board in May 2014.

The Executive Committee

The Executive Committee was established in 2013 to have, and to exercise, all of the powers and authority of the Board in the management of the business and affairs of our Company between regularly scheduled meetings of the Board when, in the opinion of a quorum of the Executive Committee, a matter should not be postponed to the next scheduled meeting of the Board. The Executive Committee's authority to act is limited by our Company's Bye-Laws, rules of the NYSE or applicable law or regulation and the Committee's charter.

The Executive Committee members are:

Robin Monro-Davies (Chairman)

Dominic J. Frederico

Francisco L. Borges Patrick W.

Simon W. Leathes

Kenny

The Executive Committee did not meet during 2013.

HOW ARE DIRECTORS COMPENSATED?

We currently pay our non-management directors an annual retainer of \$215,000 per year. We pay \$115,000 of the retainer in cash and \$100,000 of the retainer in restricted stock. A director may elect to receive his or her entire annual retainer in restricted stock.

Restricted stock and options vest (and, in the case of stock options, are exercisable) on the day immediately prior to the first Annual General Meeting at which directors are elected following the grant of the stock or options. However, if, prior to such vesting date, either (i) a change in control (as defined in the Assured Guaranty Ltd. 2004 Long-Term Incentive Plan, as amended) of Assured Guaranty Ltd. occurs before the director terminates service on the Board or (ii) the director terminates service on the Board as a result of such director's death or disability, then the restricted stock and options will vest (and, in the case of stock options, be exercisable) on the date of such change in control or the date of the director's termination of service, whichever is applicable. Grants of restricted stock receive cash dividends and have voting rights; the cash dividends accrue during the vesting period and are paid upon vesting. Grants of stock options may not be sold or otherwise transferred.

Our share ownership guidelines require that each director own the greater of (i) at least 25,000 Common Shares or (ii) Common Shares with a market value of at least three times the maximum cash portion of the annual director retainer, before being permitted to dispose of any shares acquired as compensation from our Company. Once a director has reached the share ownership guideline, for so long as he or she serves on the Board, such director may not dispose of any Common Shares if such disposition would cause the director to be below the share ownership guideline. Vested restricted stock, vested restricted share units, which we refer to as RSUs (i.e., units for which Common Shares generally will be received by a director six months after termination of such director's service on the Board), and purchased shares will all count toward the share ownership guideline. All of our directors, other than Ms. Howard and Mr. Leathes, who joined the Board in August 2012 and May 2013, respectively, meet these share ownership guidelines.

In addition to the annual retainer described above, in general:

• The Chairman of the Board receives an additional \$100,000 annual retainer

• The Chairman of the Audit Committee receives an additional \$30,000 annual retainer

• The Chairman of each of the Compensation Committee, the Nominating and Governance Committee, the Finance Committee and the Risk Oversight Committee receives an additional \$15,000 annual retainer

• Members of the Audit Committee, other than the chairman, receive an additional \$15,000 annual retainer

• Members, other than the chairmen, of each of the Compensation Committee, the Nominating and Governance Committee, the Finance Committee and the Risk Oversight Committee receive an additional \$10,000 annual retainer.

The Company generally will not pay a fee for attendance at board or committee meetings, although the Chairman of the Board has the discretion to pay attendance fees of \$2,000 for extraordinary or special meetings; no such meetings took place in 2013. We do not pay a fee for being a member, or attending meetings, of the Executive Committee.

The following table sets forth our 2013 non-management director compensation, which was paid in May 2013 for the directors' committee assignments as of such date plus an additional \$15,000 increase to the annual retainer for each director to cover expenses related to attending meetings in the United Kingdom.

Name	Fees Earned or Paid in Cash	Stock Awards	All Other Compensation(1)	Total
Neil Baron	\$135,000	\$100,000	—	\$235,000
Francisco L. Borges (2)	\$140,000	\$100,000	\$10,000	\$250,000
G. Lawrence Buhl	\$140,000	\$100,000	\$11,500	\$251,500
Stephen A. Cozen	\$140,000	\$100,000	—	\$240,000
Bonnie L. Howard	\$140,000	\$100,000	—	\$240,000
Patrick W. Kenny (3)	\$155,000	\$100,000	\$5,000	\$260,000
Simon W. Leathes (4)	\$222,353	\$100,000	—	\$322,353
Robin Monro-Davies (5)	\$268,157	\$100,000	\$9,897	\$378,054
Michael T. O'Kane	\$145,000	\$100,000	\$5,000	\$250,000
Wilbur L. Ross, Jr.	\$115,000	\$100,000	—	\$215,000
Walter A. Scott (6)	—	—	\$10,000	\$10,000

(1) Other compensation consists of matching gift donations which were paid to eligible charities in 2013. In the case of Mr. Buhl, \$1,500 of the compensation consists of personal use of our corporate apartment.

(2) The cash component of Mr. Borges' compensation was \$140,000, of which he elected to receive \$100,000 in additional restricted stock and the remainder in cash.

(3) The cash component of Mr. Kenny's compensation was \$155,000, of which he elected to receive \$20,000 in additional restricted stock and the remainder in cash.

The fees for Mr. Leathes include £49,926 (which is approximately \$82,353 as of December 31, 2013) for serving as an independent director of our UK insurance subsidiaries, Assured Guaranty (UK) Ltd. and Assured Guaranty (Europe) Ltd.

(5) The fees for Mr. Monro-Davies include £32,226 (which is approximately \$53,157 as of December 31, 2013) for serving as an independent director of Assured Guaranty (UK) Ltd. and Assured Guaranty (Europe) Ltd.

(6) Mr. Scott retired from our Board in May 2013 and did not receive any fees or stock awards for 2013.

The following table shows information related to director awards outstanding on December 31, 2013:

Name	Unvested Restricted Stock(1)	Vested Restricted Share Units	Vested Stock Options
Neil Baron	4,310	18,908	8,768
Francisco L. Borges	8,621	6,621	7,658
G. Lawrence Buhl	4,310	14,997	7,026
Stephen A. Cozen	4,310	14,997	—
Bonnie L. Howard	4,310	—	—
Patrick W. Kenny	5,172	25,670	13,561
Simon W. Leathes	4,310	—	—
Robin Monro-Davies	4,310	15,787	7,026
Michael T. O'Kane	4,310	15,787	7,026
Wilbur L. Ross, Jr.	4,310	—	—

(1) Vests one day prior to the 2014 Annual General Meeting.

WHAT IS OUR BOARD LEADERSHIP STRUCTURE?

Our current Chairman is Robin Monro-Davies. The position of CEO is held by Dominic Frederico. While the Board has no fixed policy with respect to combining or separating the offices of Chairman of the Board and CEO, those two positions have been held by separate individuals since our IPO. We believe this is the appropriate leadership structure for us at this time. Mr. Monro-Davies and Mr. Frederico have had an excellent working relationship, which has continued to permit Mr. Frederico to focus on running our business and Mr. Monro-Davies to focus on Board matters, including oversight of our management. Mr. Monro-Davies and Mr. Frederico collaborate on setting agendas for Board meetings to be sure that the Board discusses the topics necessary for its oversight of the management and

affairs of our Company. As Chairman of the Board, Mr. Monro-Davies sets the final Board agenda and chairs Board meetings, including

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executive sessions at which neither the CEO nor any other member of management is present. The Chairman of the Board also chairs shareholder meetings.

HOW DOES THE BOARD OVERSEE RISK?

The Board's role in risk oversight is consistent with our leadership structure, with the CEO and other members of senior management having responsibility for assessing and managing risk exposure and the Board and its committees providing oversight in connection with these activities. Our Company's policies and procedures relating to risk assessment and risk management are overseen by our Board of Directors. The Board takes an enterprise-wide approach to risk management that is designed to support our business plans at a reasonable level of risk. A fundamental part of risk assessment and risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us. The Board of Directors annually approves our business plan, factoring risk management into account. The involvement of the Board in setting our business strategy is a key part of its assessment of management's risk tolerance and also a determination of what constitutes an appropriate level of risk for us.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk assessment and risk management. As discussed under "Committees of the Board," the Board has created a Risk Oversight Committee that oversees the standards, controls, limits, guidelines and policies that our Company establishes and implements in respect of credit underwriting and risk management. It focuses on management's assessment and management of both (i) credit risks and (ii) other risks, including, but not limited to, financial, legal and operational risks, and risks relating to our reputation and ethical standards. Our Risk Oversight Committee and Board pay particular attention to credit risks we assume when we issue financial guaranties. In addition, the Audit Committee of the Board of Directors is responsible for reviewing policies and processes related to the evaluation of risk assessment and risk management, including our major financial risk exposures and the steps management has taken to monitor and control such exposures. It also reviews compliance with legal and regulatory requirements. The Finance Committee of the Board of Directors oversees the investment of the Company's investment portfolio and the Company's capital structure, financing arrangements and any corporate development activities in support of the Company's financial plan. The Nominating and Governance Committee of the Board of Directors oversees risk at the Company by developing appropriate corporate governance guidelines and identifying qualified individuals to become board members.

As part of its oversight of executive compensation, the Compensation Committee reviews compensation risk. The Compensation Committee, the Chairman of which is a member of our Risk Oversight Committee, oversaw the performance of a risk assessment of our employee compensation programs to determine whether any of the risks arising from our compensation programs are reasonably likely to have a material adverse effect on us.

In January 2011, the Compensation Committee retained Cook to review each of our compensation plans and identify areas of risk and, the extent of such risk. The Compensation Committee directed that our Chief Risk Officer work with Cook to perform such risk assessment and to be sure that compensation risk is included in our enterprise risk management system. In conducting this assessment, Cook and our Chief Risk Officer focused on our incentive compensation programs in order to identify any general areas of risk or potential for unintended consequences that exist in the design of our compensation programs and to evaluate our incentive plans relative to our enterprise risks to identify potential areas of concern, if any.

The Compensation Committee considered the findings of this assessment of compensation policies and practices and concluded that our compensation programs are designed and administered with the appropriate balance of risk and reward in relation to our overall business strategy and do not encourage executives to take unnecessary or excessive risks that could have a material adverse effect on us. In reaching this conclusion, the Compensation Committee considered the following attributes of our compensation program:

- the balance between short-term and long-term incentives

- consideration of qualitative non-financial performance goals, including enterprise risk, as well as quantitative financial performance goals, in determining compensation payouts, with a discretionary approach to annual bonus award allocations

incentive compensation components that are paid, vested or measured over an extended period, thus encouraging a long-term outlook

incentive compensation with a significant equity component where value is best realized through long-term appreciation of shareholder value

the performance retention plan focus on adjusted book value and operating return on equity over a multi-year performance period, which reduces the incentive to concentrate on short-term gain, and like equity awards granted under the long-term incentive plan, which fosters a long-term view that minimizes unnecessary or excessive risk taking

stock ownership guidelines that tie executives to our Company's future business performance and align executives' interests with those of shareholders (e.g., 7x base salary for the CEO)

a prohibition against short-selling, buying Company shares on margin or using owned shares as collateral for margin accounts, which ensures that employees maintain appropriate exposure to changes in our Company's stock price and mitigates the risk of employees engaging in transactions that could have an adverse impact on our stock price

a recoupment policy that allows our Company to recover compensation paid in situations of misconduct requiring a restatement of financial results

The Compensation Committee also reviewed our awards for 2011 and 2012 compensation and determined our compensation program continued to be low risk for the following additional reasons:

the program did not emphasize stock options; instead, it balanced stock options and full-value awards

the program did not provide for highly leveraged performance-vested awards; instead, the leverage was reasonable and was capped at 200% of target on the upside for the performance-vested RSUs and limited to 100% of target for the performance-vested stock options

the program set specific stock price hurdles which were measured as the 40-day average stock price at any point over the 3-year performance period

there was no immediate payment; instead, the various equity awards vest in or over a 3-year period

In connection with our 2013 compensation, our Chief Risk Officer and Cook reviewed the enterprise risks that we faced as well as our compensation programs and determined that our incentive plans continue to be aligned with sound compensation design principles and do not encourage behaviors that would create material risk for us. Based on this update, and the performance-based nature of a large portion of the equity awards that were granted to our senior executives for 2013 compensation, the Compensation Committee continued to find that there is an appropriate balance between the risks inherent in our business and our compensation program.

HOW ARE DIRECTORS NOMINATED?

In accordance with its charter, the Nominating and Governance Committee identifies potential nominees for directors from various sources. The Nominating and Governance Committee:

Reviews the qualifications of potential nominees to determine whether they might be a good candidate for membership on the Board of Directors

Reviews the potential nominee's judgment, experience, independence, understanding of our business or other related industries and such other factors as it determines are relevant in light of the needs of the Board of Directors and our Company

Selects qualified candidates and reviews its recommendations with the Board of Directors, which will decide whether to nominate the person for election to the Board of Directors at an Annual General Meeting. Between Annual General Meetings, the Board, upon the recommendation of the Nominating and Governance Committee, can approve additions to the Board

Although we do not have a formal Board diversity policy, we do believe that diversity among members of the Board is an important consideration and is critical to the Board's ability to perform its duties and various roles. Accordingly, in recommending nominees, the Board considers a wide range of individual perspectives and backgrounds in addition to diversity in professional experience and training. Our Board is currently composed of individuals from different

disciplines, including lawyers, accountants and individuals who have industry, finance, executive and international experience. Our Corporate Governance Guidelines address diversity of experience, requiring the Nominating and Governance Committee to review annually the skills and attributes of Board members within the context of the current make-up of the full Board. Our Corporate Governance Guidelines also provide that Board members should have individual backgrounds that when combined provide a portfolio of experience and knowledge that will serve our governance and strategic needs. The Nominating and Governance Committee will consider Board candidates on the basis of a range of criteria including broad-based business knowledge and contacts, prominence and sound reputation in their fields as well as having a global business perspective and commitment to good corporate citizenship. Our Corporate Governance Guidelines specify that directors should represent all shareholders and not any special interest group or constituency. The Nominating and Governance Committee annually reviews its own performance. In connection with such evaluation, the Nominating and Governance Committee assesses whether it effectively nominates candidates for director in accordance with the above described standards specified by the Corporate Governance Guidelines. See each nominee's biography appearing later in this proxy statement for a description of the specific experience that each such individual brings to our Board.

Our Corporate Governance Guidelines additionally specify that directors should be able and prepared to provide wise and thoughtful counsel to top management on the full range of potential issues facing us. Directors must possess the highest personal and professional integrity. Directors must have the time necessary to fully meet their duty of due care to the shareholders and be willing to commit to service over the long term, if called upon.

The Nominating and Governance Committee will consider a shareholder's recommendation for director but has no obligation to recommend such candidates for nomination by the Board of Directors. Assuming that appropriate biographical and background material is provided for candidates recommended by shareholders, the Nominating and Governance Committee will evaluate those candidates by following substantially the same process and applying substantially the same criteria as for candidates recommended by other sources. If a shareholder has a suggestion for candidates for election, the shareholder should send it to: Secretary, Assured Guaranty Ltd., 30 Woodbourne Avenue, Hamilton HM 08, Bermuda. No person recommended by a shareholder will become a nominee for director and be included in a proxy statement unless the Nominating and Governance Committee recommends, and the Board approves, such person.

If a shareholder desires to nominate a person for election as director at a shareholders meeting, that shareholder must comply with Article 14 of AGL's Bye-Laws, which requires notice no later than 90 days prior to the anniversary date of the immediately preceding Annual General Meeting. This time period has passed with respect to the 2014 Annual General Meeting. With respect to the 2015 Annual General Meeting, AGL must receive such written notice on or prior to February 6, 2015. Such notice must describe the nomination in sufficient detail to be summarized on the agenda for the meeting and must set forth:

• the shareholder's name as it appears in AGL's books

• a representation that the shareholder is a record holder of AGL's shares and intends to appear in person or by proxy at the meeting to present such proposal

• the class and number of shares beneficially owned by the shareholder

• the name and address of any person to be nominated

• a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons, naming such other person or persons, pursuant to which the nomination or nominations are to be made by the shareholder

• such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the SEC's proxy regulations

the consent of each nominee to serve as a director of AGL, if so elected

Pursuant to its investment agreement with our Company, WLR Recovery Fund IV, L.P. has Board representation rights during the term of the investment by funds affiliated with Wilbur L. Ross, Jr. Mr. Ross is currently a director of AGL and is a nominee for re-election as a director at the 2014 Annual General Meeting.

COMPENSATION COMMITTEE INTERLOCKING AND INSIDER PARTICIPATION

The Compensation Committee of our Board of Directors has responsibility for determining the compensation of our executive officers. None of the members of the Compensation Committee is a current or former officer or employee of our Company. No executive officer of our Company serves on the compensation committee of any company that employs any member of the Compensation Committee.

WHAT IS OUR RELATED PERSON TRANSACTIONS APPROVAL POLICY AND WHAT PROCEDURES DO WE USE TO IMPLEMENT IT?

Through our committee charters, we have established review and approval policies for transactions involving our Company and related persons, with the Nominating and Governance Committee taking the primary approval responsibility for transactions with our executive officers and directors and the Audit Committee taking the primary approval responsibility for transactions with 5% shareholders. No member of these committees who has an interest in a transaction being reviewed is allowed to participate in any decision regarding any such transaction.

Our Nominating and Governance Committee charter requires the Nominating and Governance Committee to review and approve or disapprove of all proposed transactions with executive officers and directors that, if entered into, would be required to be disclosed pursuant to Item 404 of Regulation S-K, the SEC provision which requires disclosure of any related person transaction with our Company that exceeds \$120,000 per fiscal year. The Nominating and Governance Committee must also review reports, which our General Counsel provides periodically, and not less often than annually, regarding transactions with executive officers and directors (other than compensation) that have resulted, or could result, in expenditures that are not required to be disclosed pursuant to Item 404 of Regulation S-K. Our Audit Committee charter requires our Audit Committee to review and approve or disapprove all proposed transactions with any person owning more than 5% of any class of our voting securities that, if entered into, would be required to be disclosed pursuant to Item 404 of Regulation S-K. In addition, our Audit Committee charter requires the Audit Committee to review reports regarding such transactions, which our General Counsel provides to the Audit Committee periodically, and not less often than annually, regarding transactions with any persons owning more than 5% of any class of the voting securities of AGL that have resulted, or could result, in expenditures that are not required to be disclosed pursuant to Item 404 of Regulation S-K. Our Audit Committee charter also requires the Audit Committee to review other reports and disclosures of insider and affiliated party transactions which our General Counsel provides periodically, and not less often than annually.

Our General Counsel identifies related party transactions requiring committee review pursuant to our committee charters from transactions that are:

- disclosed in director and officer questionnaires (which must also be completed by nominees for director) or in certifications of Code of Conduct compliance

• reported directly by the related person or by another employee of our Company

• reported by our Chief Financial Officer based on a list of directors, executive officers and known 5% shareholders

If we have a related person transaction that requires committee approval in accordance with the policies set forth in our committee charters, we either seek that approval before we enter into the transaction or, if that timing is not practical, we ask the appropriate committee to ratify the transaction.

WHAT RELATED PERSON TRANSACTIONS DO WE HAVE?

Relationships with WLR Funds

Investment Agreement

Pursuant to an investment agreement dated as of February 28, 2008, which we refer to as the Investment Agreement, with funds that are affiliated with Wilbur L. Ross, Jr., a director of AGL, which we refer to as the WLR Funds, the WLR Funds purchased 10,651,896 Common Shares at \$23.47 per share on April 8, 2008. As required pursuant to the terms of the Investment Agreement, AGL maintains a shelf registration statement under the Securities Act of 1933 covering the resale of the Common Shares sold to the WLR Funds pursuant to the Investment Agreement.

The Investment Agreement contains a standstill provision limiting the ability of the WLR Funds to purchase Common Shares. On September 16, 2008, we waived the standstill provisions of the Investment Agreement to permit the WLR Funds to purchase up to 5,000,000 Common Shares of our Company in open market transactions from time to time. The WLR Funds have acknowledged and agreed that all of such shares purchased by them will be "Controlled Shares" within the meaning of our Company's Bye-Laws and that all such shares will be subject to the voting agreements and transfer restrictions contained in the Investment Agreement. The WLR Funds have purchased our Common Shares in open market transactions from time to time.

On June 24, 2009, the WLR Funds purchased 3,850,000 Common Shares at \$11.00 per share in our Common Shares offering. These shares are also "Controlled Shares" and shares that are subject to the voting agreements and transfer restrictions contained in the Investment Agreement.

Repurchase of Common Shares

In June 2013, we purchased from the WLR Funds and Mr. Ross 5,000,000 Common Shares for \$109.7 million. The purchase price of \$21.94 per share represented a 3% discount from the closing price of our Common Shares on the New York Stock Exchange on May 31, 2013. The share purchase reduced the WLR Funds' and Mr. Ross' ownership of our Common Shares to approximately 14.9 million Common Shares, or to approximately 8% of our total Common Shares outstanding at such time, from approximately 10.5% of such outstanding Common Shares.

Consulting Agreement

In October 2009, AG Analytics Inc., one of our subsidiaries, entered into a consulting agreement with Invesco Advisors, Inc. (Invesco). Invesco's affiliate, Invesco Private Capital, Inc., is the sole member of WL Ross & Co. LLC; each of Invesco, Invesco Private Capital, Inc. and WL Ross & Co. LLC are ultimately owned by the public company Invesco Ltd. (NYSE: IVZ). Invesco and WL Ross & Co. LLC are sponsors of the Invesco Mortgage Recovery Master Fund, L.P. and its associated investment entities (the PPIP Fund), which was established to invest in residential and commercial mortgage backed securities, residential whole loans, commercial real estate loans and other mortgage related assets. Under the agreement, we provided certain consulting services to Invesco in return for a consulting services fee. Since inception, we have received approximately \$500,000 under the agreement. We did not provide any services under the agreement in 2013 and did not receive any payment in 2013. Our consulting services are no longer required and in March 2014, we and Invesco mutually agreed to end the consulting arrangement.

Relationship with Wellington Management Company

Wellington Management Company, LLP owns approximately 6.55% of AGL's Common Shares, according to a Schedule 13G/A filed on February 14, 2014. In December 2009, we appointed Wellington Management Company as investment manager to manage certain of our investment accounts. As of December 31, 2013, Wellington Management Company managed approximately \$2.4 billion of our investment assets, which is approximately 22% of our total fixed maturity and short-term investment portfolio. In 2013, we incurred expenses of approximately \$1.9 million related to investment management agreements with Wellington Management Company.

DID OUR INSIDERS COMPLY WITH SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING IN 2013?

Our executive officers and directors are subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. We believe that all of our executive officers and directors complied with all filing requirements imposed by Section 16(a) of the Exchange Act on a timely basis during fiscal year 2013. Due to an administrative error, Mr. Albert was late in reporting the sale in 2012 of a fraction of one share, which has subsequently been reported.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

GENERAL

Our Bye-Laws provide for a maximum of 21 directors and empower our Board of Directors to fix the exact number of directors and appoint persons to fill any vacancies on the Board until the next Annual General Meeting. The Board may appoint any person as a director to fill a vacancy on the Board occurring as the result of any existing director being removed from office pursuant to the Bye-Laws or prohibited from being director by law; being or becoming bankrupt or making any arrangement or composition with his or her creditors generally; being or becoming disqualified, of unsound mind, or dying; or resigning. The Board may also appoint a person as a director to fill a vacancy resulting from an increase in the size of the Board or a vacancy left unfilled at an Annual General Meeting.

Our Board currently consists of 11 members. Mr. Baron is retiring from the Board in May 2014.

Assuming election of the nominees listed in Proposal No. 1 below, there will be 11 members of the Board of Directors following this Annual General Meeting. Following the recommendation of the Nominating and Governance Committee, our Board of Directors has nominated Francisco L. Borges, G. Lawrence Buhl, Stephen A. Cozen, Dominic J. Frederico, Bonnie L. Howard, Patrick W. Kenny, Simon W. Leathes, Robin Monro-Davies, Michael T. O'Kane, Yukiko Omura and Wilbur L. Ross, Jr. as directors of AGL. Other than Yukiko Omura, each nominee is currently serving as a director of AGL. Proposal No. 1 is Item 1A on the proxy card.

Our directors are elected annually to serve until their respective successors shall have been elected and shall have qualified.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THESE NOMINEES AS DIRECTORS OF AGL.

It is the intention of the persons named as proxies, subject to any direction to the contrary, to vote in favor of the candidates nominated by the Board of Directors. We know of no reason why any nominee may be unable to serve as a director. If any nominee is unable to serve, your proxy may vote for another nominee proposed by the Board, or the Board may reduce the number of directors to be elected. If any director resigns, dies or is otherwise unable to serve out his or her term, or the Board increases the number of directors, the Board may fill the vacancy until the next Annual General Meeting.

We have set forth below information with respect to the nominees for election as directors. Except as otherwise described with respect to Mr. Ross in "How are directors nominated?", there are no arrangements or understandings between any director and any other person pursuant to which any director was or is selected as a director or nominee.

NOMINEES FOR DIRECTOR

Francisco L. Borges

Mr. Borges, age 62, became a director of AGL in August 2007. He is Chairman of Landmark Partners, LLC, an alternative investment management firm where he has been employed since 1999. Prior to joining Landmark, Mr. Borges was managing director of GE Capital's Financial Guaranty Insurance Company and capital markets subsidiaries. Mr. Borges is a former Treasurer for the State of Connecticut and a former Deputy Mayor of the City of Hartford, Connecticut. Mr. Borges serves on the board of directors for Connecticut Public Broadcasting Network, the University of Connecticut Health Center, the Knight Foundation, and Millbrook School. He is also a member of the board of directors of Davis Selected Funds, where he serves on the Pricing Committee and Leucadia National Corporation, where he serves on the Nominating & Governance Committee.

Mr. Borges has expertise in finance arising from his experience structuring and marketing financial guaranty insurance. In addition, his public service background has given him insight on public finance. His current position gives Mr. Borges insights into the financial markets in which the Company operates. Each of these areas is important to our business.

G. Lawrence Buhl

Mr. Buhl, age 67, became a director of AGL upon completion of our IPO. Through 2003, Mr. Buhl served as the Regional Director for Insurance Services in Ernst & Young LLP's Philadelphia, New York and Baltimore offices and as audit engagement partner for insurance companies, including those in the financial guaranty industry. Mr. Buhl served as a director for Harleysville Group, Inc. (NASDAQ: HGIC) and its majority shareholder, Harleysville Mutual Insurance Company, through their 2012 merger/combination with Nationwide Mutual Insurance Company and continues to serve on an Advisory Board to Nationwide. Mr. Buhl is also a member of the Board of Sponsors of the Sellinger School of Business and Management of Loyola University Maryland.

Mr. Buhl's insurance and Board experience and his knowledge of specific financial reporting requirements applicable to financial guaranty companies and familiarity with compliance, finance, governance, control environment and risk management requirements and processes for public companies and the financial guaranty industry benefit the Board in its deliberations and oversight.

Stephen A. Cozen

Mr. Cozen, age 74, became a director of AGL upon completion of our IPO. Mr. Cozen is the founder and Chairman of Cozen O'Connor, an internationally recognized law firm with its home office in Philadelphia, Pennsylvania. Mr. Cozen is a fellow in the American College of Trial Lawyers and the International Academy of Trial Lawyers. Mr. Cozen is a director of Franklin Square Capital Partners and also serves on numerous educational and philanthropic boards, including the University of Pennsylvania's Law School Board of Overseers and the Board of Councilors of the University of Southern California (Shoah Foundation Institute). Mr. Cozen was a director of Global Indemnity Ltd. from 2004 until 2010 and reassumed that position in 2012.

Mr. Cozen's decades of legal experience is an important resource for the Board. As the founder and chairman of a large law firm, he has executive experience with respect to a growing organization. Mr. Cozen provides valuable insights to the Board and our Company on public policy issues facing us.

Dominic J. Frederico

Mr. Frederico, age 61, has been a director, and the President and Chief Executive Officer, of AGL since our IPO. Mr. Frederico served as Vice Chairman of ACE Ltd. from 2003 until 2004 and served as President and Chief Operating Officer of ACE Ltd. and Chairman of ACE INA Holdings, Inc. from 1999 to 2003. Mr. Frederico was a director of ACE Ltd. from 2001 through May 2005. From 1995 to 1999 Mr. Frederico served in a number of executive positions with ACE Ltd. Prior to joining ACE, Mr. Frederico spent 13 years working for various subsidiaries of the American International Group.

Mr. Frederico has the most comprehensive knowledge of all aspects of our operations as well as executive experience. He also has extensive industry experience, which makes him valuable both as an officer and as a director of AGL.

Bonnie L. Howard

Bonnie L. Howard, age 60, became a director of AGL in August 2012. Ms. Howard has more than 30 years of experience in auditing and risk management. She worked at Citigroup, Inc. from 2003 to 2011, serving as Chief Auditor from 2004 to 2011 and Global Head of Control and Emerging Risk from 2010 to 2011, leading a team of over 1,500 professionals covering \$1.9 trillion of assets in over 100 countries, until her retirement in 2011. She was previously Managing Director of Capital Markets Audit at Fleet Boston Financial and a Managing Director at JPMorgan in the roles of Deputy Auditor and head of Global Markets Operational Risk Management. Ms. Howard is a certified public accountant in the United States and has over a decade of experience with KPMG and Ernst and Young. Ms. Howard currently serves on the board of directors of BMO Financial Corp., where she is a member of the risk oversight and audit committees.

Ms. Howard's background in finance and enterprise risk management is valuable to the Board in its oversight of our financial reporting and credit and risk management policies.
Patrick W. Kenny

Mr. Kenny, age 71, became a director of AGL upon completion of our IPO. He served as the President and Chief Executive Officer of the International Insurance Society in New York, an organization dedicated to fostering the exchange of ideas through a program of international seminars and sponsored research, from 2001 to 2009. From 1998 to 2001, Mr. Kenny served as executive vice president of Frontier Insurance Group, Inc. From 1995 to 1998, Mr. Kenny served as senior vice president of SS&C Technologies. From 1988 to 1994, Mr. Kenny served as Group Executive, Finance & Administration and Chief Financial Officer of Aetna Life & Casualty. Mr. Kenny serves on the board of directors of several ING mutual funds. Until December 2009, Mr. Kenny was a director and member of the audit and the compensation committees of Odyssey Re Holdings Corp. Mr. Kenny was also a director of the Independent Order of Foresters from 1997 to 2009.

Mr. Kenny has extensive insurance industry experience, including executive experience within the industry. In addition, the Board benefits from Mr. Kenny's experience as an accountant.

Simon W. Leathes

Mr. Leathes, age 66, was appointed as an independent, non-executive director of the Company's U.K. affiliates, Assured Guaranty (Europe) Ltd. and Assured Guaranty (UK) Ltd., in December 2011. Since 1996, he has served as a non-executive director of HSB-Engineering Insurance Ltd., a UK subsidiary of Munich Re, where he is the chairman of the audit and finance committee. Mr. Leathes is a director of HSBC Bank plc and is a member of its audit and finance committees; he is also a member of the audit and risk committee of the Global Banking and Markets division of HSBC and the risk committee of the Commercial Banking division of HSBC. In addition, since 2008 he has served on the board and the audit and finance committees of the Royal Hospital For Neuro Disability, where he is also the chairman of the pension fund trustees. He also serves as chairman of the trustees of the Kier Group Pension Scheme.

Mr. Leathes served as Vice Chairman and Managing Director of Barclays Capital, the investment banking subsidiary of Barclays plc, from January 2001 until his retirement in December 2006. In addition, he served from 2001 to 2010 as a non-executive director of Kier Group plc, a company listed on the London Stock Exchange, where he also served as chairman of the audit committee and a member of the remuneration and nominations committees.

Mr. Leathes' considerable experience in investment and risk management, as well the institutional knowledge gained through his directorships of the Company's U.K. affiliates, is valuable to the Board and its committees.

Robin Monro-Davies

Mr. Monro Davies, age 73, became a director of AGL in August 2005 and Chairman of our Board in 2013. From 1997 until his retirement in 2001, Mr. Monro Davies was Chief Executive Officer of Fitch Ratings. He is the chairman of NB Distressed Debt Investment Fund Limited and The Ukraine Opportunity Trust PLC. He is a director of HSBC Bank Middle East Limited. Mr. Monro Davies previously held directorships with HSBC Bank plc (2004-2013), AXA UK PLC (2002 to 2011), and AXA Asia Pacific Holdings Ltd. (2004 to 2008). Mr. Monro Davies is also an independent director of our UK insurance subsidiaries.

The Board benefits from Mr. Monro Davies' rating agency expertise, which is important because ratings of the Company's operating subsidiaries directly impact their ability to successfully sell financial guarantees. As a former chief executive officer, Mr. Monro Davies has leadership experience and an understanding of financial and operational issues of a business organization. He also brings a European perspective to the Board, which is useful for our international business.

Michael T. O'Kane

Mr. O'Kane, age 68, became a director of AGL in August 2005. Until his retirement in August 2004, Mr. O'Kane was employed at TIAA-CREF (financial products) in a number of different capacities since 1986, most recently as Senior Managing Director, Securities Division. Since 2006, Mr. O'Kane served as a director of Jefferies Group, Inc., where he was a member of the audit, compensation and governance committees. In March 2013, Jefferies merged into Leucadia National Corporation and Mr. O'Kane became a director of Leucadia, where he also serves on the audit and compensation committees.

Mr. O'Kane's background has given him considerable experience in investment and risk management, both of which are key aspects of our business and are important to the Board and Board committee deliberation.

Yukiko Omura

Yukiko Omura, age 58, is a non-executive member of the Board of Directors of GuarantCo (part of the Private Infrastructure Development Group organization), an Advisory Board Member of Amatheon Agri Holding N.V., and an informal advisor to CG/LA Infrastructure and Frontier Markets. She served as Vice President of the International Fund for Agricultural Development (IFAD) and, prior to that, as Executive Vice President of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group.

She began her career as a project economist with the Inter-American Development Bank, working in the infrastructure sector. She then worked at several major investment banks in Tokyo, New York and London. At JP Morgan, she worked in M&A, derivatives, launched the emerging markets operations in Tokyo and led EMSTAR (Emerging Markets Sales, Trade and Research) Marketing for Northern Europe, out of London. Subsequently, Ms. Omura served as Senior Vice President and Head of Emerging Markets Asia, and later as Head of Credit Business, Asia, at Lehman Brothers. She then became Managing Director and Head of the Global Fixed Income and Derivatives Department for UBS Japan. Following a merger with SBC, Ms. Omura became the new head of the merged bank's Global Fixed Income and Derivatives Department, after which she joined Dresdner Bank as Managing Director and Head of Global Markets and Debt Office, Japan.

In 2002, Ms. Omura created the HIV/AIDS Prevention Fund, a charitable company based in London.

Ms. Omura brings more than 30 years of international professional experience in the financial sector working in all major financial centers of the world. Her global experience will add considerable value to the Board.

Wilbur L. Ross, Jr.

Wilbur L. Ross, Jr., age 76, became a director of AGL in 2008. Mr. Ross is the Chairman and Chief Executive Officer of WL Ross & Co. LLC, a private equity firm. Mr. Ross is also currently a member of the board of directors of International Textile Group, Inc., a global, diversified textile provider; EXCO Resources, Inc., an oil and natural gas exploration and development company; ArcelorMittal N.V., a steel company; The Governor and Company of the Bank of Ireland, a commercial bank operation in Ireland, BankUnited, Inc., a savings and loan holding company; Navigator Holdings Ltd., a provider of international seaborne transportation services; NBNK Investments PLC, a financial services SPAC; Ocwen Financial Corporation, a residential and commercial loan servicing company; Sun Bancorp, a bank holding company; Talmer Bancorp, a bank holding company and Plaspar Participacoes SA, a manufacturer of automotive interiors. Mr. Ross formerly served as a member of the board of directors of Air Lease Corporation, an aircraft leasing company from 2010 to December 2013; International Coal Group from April 2005 to June 2011, Montpelier Re Holdings Ltd., a reinsurance company, from 2006 to March 2010; The Greenbrier Companies, a supplier of transportation equipment and services to the railroad industry from June 2009 until January 2013; and Syms Corp., a retail store operator, from 2000 through 2007. Mr. Ross was Executive Managing Director of Rothschild Inc. for 24 years before acquiring that firm's private equity partnerships in 2000.

Mr. Ross is a graduate of Yale University and of Harvard Business School. Through the course of Mr. Ross' career, he has served as a principal financial adviser to, investor in, and director of various companies across the globe operating in diverse industries, and he has assisted in restructuring more than \$300 billion of corporate liabilities.

Mr. Ross possesses unique skills, qualities and experience, as evidenced by his background, which we believe adds significant value to Board discussions and to our success.

INFORMATION ABOUT OUR COMMON SHARE OWNERSHIP

HOW MUCH STOCK IS OWNED BY DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS?

The following table sets forth information, as of March 10, 2014, except as otherwise expressly provided, regarding the beneficial ownership of our Common Shares by our directors, nominees and executive officers whose compensation is reported in the compensation tables that appear later in this proxy statement, to whom we refer as our named executive officers, and by our directors, nominees and executive officers as a group. Unless otherwise indicated, the named individual has sole voting and investment power over the Common Shares under the column "Common Shares Beneficially Owned." The Common Shares listed for each director, nominee and executive officer constitute less than 1% of our outstanding Common Shares, except for Mr. Ross, who together with affiliates, owns approximately 8.15% of our Common Shares. Mr. Frederico owns approximately 0.94% of our Common Shares. The Common Shares beneficially owned by all directors, nominees and executive officers as a group constitute approximately 10.02% of our outstanding Common Shares.

Name of Beneficial Owner	Common Shares Beneficially Owned	Unvested Restricted Common Shares (1)	Restricted Share Units (2)	Common Shares Subject to Option (3)
Robert A. Bailenson	67,519	—	96,185	78,000
Neil Baron	16,813	4,310	18,988	8,768
Francisco L. Borges	163,466	8,621	6,649	7,658
Russell B. Brewer II	46,820	—	69,133	10,000
G. Lawrence Buhl	28,503	4,310	15,060	7,026
Stephen A. Cozen	61,938	(4) 4,310	15,060	—
Dominic J. Frederico	826,252	(5) —	693,312	900,001
Bonnie L. Howard	8,347	4,310	—	—
Patrick W. Kenny	29,059	5,172	25,778	13,561
Simon W. Leathes	—	4,310	—	—
James M. Michener	190,991	—	92,195	240,000
Robert B. Mills	209,504	(6) —	49,078	340,000
Robin Monro-Davies	44,953	4,310	15,853	7,026
Michael T. O'Kane	27,953	4,310	15,853	7,026
Yukiko Omura	—	—	—	—
Wilbur L. Ross, Jr.	14,859,339	(7) 4,310	—	—
All directors, nominees and executive officers as a group (18 individuals)	16,700,824	48,273	1,225,011	1,707,066

(1) The reporting person has the right to vote (but not dispose of) the Common Shares listed under "Unvested Restricted Common Shares."

The Common Shares associated with restricted share units are not deliverable as of March 10, 2014 or within 60 days of March 10, 2014 and therefore cannot be voted or disposed of within such time period. As a result, these shares are not considered beneficially owned under SEC rules. We include them in the table above, however,

(2) because we view them as an integral part of share ownership by our directors and executive officers. Each current non-management director, other than Mr. Ross, Ms. Howard and Mr. Leathes, holds share units, including dividend accruals, which have vested and will be generally deferred at least six months after the termination of such director's service on the Board. Our executive officers have restricted share units that vest on specified anniversaries of the date of the award, with Common Shares delivered upon vesting.

This column includes 297,131, 23,062 and 37,907 share units allocated to Mr. Frederico, Mr. Michener and Mr. Bailenson, respectively, and 28,872 share units allocated to another executive officer, due to their elections to invest a portion of their respective AGL Supplemental Executive Retirement Plan or AGC Supplemental Executive

Retirement Plan accounts in an employer stock fund.

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- (3) Represents Common Shares which the reporting person has the right to acquire as of March 10, 2014 or within 60 days of March 10, 2014 pursuant to options.
- (4) Includes shares owned by Mr. Cozen's spouse over which Mr. Cozen has the power to direct the voting and disposition.
- (5) Includes shares owned by Mr. Frederico's spouse and daughter, and shares owned by a family trust, over which Mr. Frederico has the power to direct the voting and disposition.
- (6) Includes shares owned jointly with Mr. Mills' spouse over which Mr. Mills has the power to direct the voting and disposition.
- (7) Includes shares held by funds affiliated with Mr. Ross. On March 19, 2014, funds affiliated with Mr. Ross and Mr. Ross sold an aggregate of 4,000,000 shares. Because that sale occurred after the date of this table, the number of shares represented in this table does not reflect such sale. After giving effect to such sale, the number of Common Shares beneficially owned would be 10,859,339.

WHICH SHAREHOLDERS OWN MORE THAN 5% OF OUR COMMON SHARES?

The following table shows all persons we know to be direct or indirect owners of more than 5% of our Common Shares as of the close of business on March 10, 2014, the record date for the Annual General Meeting, unless otherwise indicated. On March 10, 2014, 182,436,254 Common Shares were outstanding, including 48,273 unvested restricted Common Shares. Our information is based on reports filed with the SEC by each of the firms listed in the table below. You may obtain these reports from the SEC.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class	
WL Ross Group, L.P.(1) 1166 Avenue of the Americas New York, NY 10036	14,863,649	8.15	%
Wellington Management Company, LLP(2) 280 Congress Street Boston, MA 02210	11,955,248	6.55	%

Based on a Schedule 13D/A filed by WL Ross Group, L.P. on June 4, 2013 reporting the amount of securities beneficially owned as of May 31, 2013. WL Ross Group, L.P., as the managing member of the general partner of each of WLR Recovery Fund IV, L.P., WLR Recovery Fund III, L.P., WLR/GS Master Co-Investment, L.P. and WLR AGO Co-Invest, L.P. (collectively, the Principal Funds), and the entity party to that certain Parallel Investment Agreement with the general partner of WLR IV Parallel ESC, L.P. (the ESC and together with the Principal Funds, the Funds), may be deemed to have shared voting and shared dispositive power over 14,842,488 (1) shares held directly by the Funds. Wilbur L. Ross, Jr. has sole voting and sole dispositive power of 21,161 shares and, in his capacity as managing member of the general partner of WL Ross Group, L.P., may be deemed to have shared voting and shared dispositive power over the 14,842,488 shares held directly by the Funds. On March 19, 2014, the Funds and Mr. Ross sold an aggregate of 4,000,000 shares. Because that sale occurred after the date of this table, the number of shares represented in this table does not reflect such sale. After giving effect to such sale, the number of shares beneficially owned would be 10,863,649 and the percent of the class, based on the number of Common Shares outstanding as of March 10, 2014, would be 5.95%.

Based on a Schedule 13G/A filed by Wellington Management Company, LLP on February 14, 2014, reporting the (2) amount of securities beneficially owned as of December 31, 2013. Wellington Management Company, LLP has shared voting power over 10,307,774 shares and shared dispositive power over 11,955,248 shares.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

2013 Highlights

In 2013, Assured Guaranty achieved significant progress in key business and financial areas. These accomplishments were important considerations in determining our executive officers' compensation for the year.

• We achieved strong financial performance, earning \$609 million of operating income, resulting in \$2.4 billion of operating income generated over the past four years.

• We increased operating shareholders' equity to a record \$33.83 per share and adjusted book value per share to \$49.58 at year end.

• Our operating return on equity was strong at 10.2%.

• After taking into account our growing capital in our U.S. subsidiaries, we developed a plan to manage our group capital efficiently and became tax resident in the United Kingdom.

• We reduced our insured leverage by 15% during the year (and 45% over the last four years) to increase our financial strength.

We terminated or agreed to terminate \$7 billion of net par outstanding on policies across which we accelerated the earning of 100% of the expected premium. Total terminations including certain other accelerations contributed \$144 million to pre-tax operating earnings for the year.

The price of our Common Shares improved significantly in 2013, closing at \$23.59 on December 31, 2013, compared to \$14.23 on December 31, 2012. On March 10, 2014, the record date, the price of one of our Common Shares closed at \$26.02. The table below compares the total shareholder return (TSR) on our Common Shares against the S&P 500 Financial Index on a one, three and five year basis, and from January 1, 2014 through March 10, 2014.

Total Shareholder Return

	1/1/2014 – 3/10/14	1 year (2013)	3 years (2011-2013)	5 years (2009-2013)
S&P 500 Financial Index	2.5%	35.6%	44.8%	90.2%
Assured Guaranty Ltd. TSR	10.8%	68.8%	41.2%	124.7%

• We returned \$264 million to our shareholders through share repurchases.

• We raised our quarterly dividend in both 2013 and 2014, increasing it by 22% over the past two years, from \$0.09 per Common Share to \$0.11 per Common Share.

• We established Municipal Assurance Corp. (MAC), a company that only insures U.S. public finance obligations, in response to market needs. MAC began issuing policies in August.

During a year in which U.S. public finance issuance and interest rates remained generally low, and in which Moody's downgraded our financial strength rating, we issued financial guaranties on \$9.4 billion of obligations in the primary and secondary markets, with a present value of new business production (PVP) of \$141 million. These included large, medium and small sized U.S. municipal general obligations and revenue bonds well diversified by geography and bond sector, as well as approximately £240 million of U.K. infrastructure bonds across three transactions that produced \$18 million of PVP.

We continued to pursue alternative strategies for creating value, including mitigating our losses by actively participating in restructuring efforts, entering into settlements, pursuing litigation and purchasing obligations we have insured.

In 2013, we resolved several troubled U.S. public finance exposures, including our exposure to Jefferson County, Alabama, which had filed for bankruptcy protection under Chapter 9 of the U.S. Bankruptcy Code; Harrisburg, Pennsylvania, which was in receivership; and the Foxwoods Casino run by the Mashantucket Pequot Tribe in Connecticut. We also reached a tentative settlement with Stockton, California, which had filed for bankruptcy protection under Chapter 9.

In addition, with respect to our exposure to U.S. residential mortgage-backed securities (RMBS), in 2013 we entered into a number of settlement agreements with providers of representations and warranties (R&W) in transactions we insured that, in the aggregate, resulted in those providers paying or agreeing to pay over \$700 million (gross of reinsurance) in respect of their R&W liabilities. As of December 31, 2013, after taking into account earlier U.S. RMBS settlement agreements that we have entered into and loan repurchases made pursuant to our demands, we have caused such providers to pay or agree to pay approximately \$3.6 billion (gross of reinsurance) in respect of their R&W liabilities.

We purchased \$331 million of bonds that we insure, at 70% of their par value, which mitigated expected losses on those securities and contributed to adjusted book value.

Although we were not able to maintain the Moody's financial strength ratings that had been assigned to our insurance subsidiaries, we did maintain our financial strength ratings from S&P and we maintained financial strength ratings with stable outlooks from all rating agencies through the end of 2013. We obtained financial strength ratings for MAC of AA- from S&P and AA+ from Kroll Bond Rating Agency.

The Compensation Committee, in making its decisions on 2013 compensation for our executive officers, determined that, despite the difficult economic environment and financial strength rating challenges we faced in 2013, the executive officers had succeeded in taking advantage of other opportunities in the market to create shareholder value. The Compensation Committee also sought to reward the executive officers for their continued efforts despite economic headwinds at a critical juncture in our Company's history.

Compensation Highlights

We align pay with performance.

Assured Guaranty's compensation program has been designed to reward performance by having more variable and performance-based compensation at the more senior levels of our Company. We use a mix of variable incentive compensation with different time horizons and payout forms to provide an incentive for annual and sustained performance over the longer term. The performance of our executive officers is assessed from both a financial and a non-financial perspective.

Most of the pay of our executive officers consists of variable incentive compensation, in the form of an annual cash incentive as well as long-term equity incentives and deferred cash incentives. The long-term equity incentive compensation has a performance-based component in that the vesting is based on the achievement of an average share price target, and a time-based component, in that the vesting occurs at the end of a three-year period. For the deferred cash incentives, the amount distributable is contingent on future financial performance.

We adopted a long-term equity incentive strategy to cover awards for 2011 and 2012 compensation; our CEO received a two-year award and the other executive officers received annual awards with the same terms and conditions as the CEO's awards. For 2013 compensation, we enhanced the performance orientation of the long-term equity incentive strategy, simplified the elements of our executive compensation package, and created a program that is expected to remain in place for several years.

For 2013 performance, approximately 55% of the long-term incentive compensation for the CEO is performance-based, meaning that the vesting or the amount distributable depends on the achievement of specified goals or on our financial performance; the comparable percentage for the other named executive officers is approximately 65%.

We have engaged with our investors and improved our executive compensation program based on their feedback. Our shareholders in 2013 approved the compensation of our executive officers with an approval vote of 68%. We believe our shareholders recognize the improvements we made to our executive compensation program for 2011 and 2012 compensation. However, despite the strong support on our say-on-pay resolution, we understand that some shareholders were not satisfied with our executive compensation changes. In 2013, we reached out proactively to the holders of approximately 64% of our outstanding shares, and had meaningful discussions with 17 shareholders who held approximately 59% of such shares, to better understand their concerns. We did not specifically engage with WL Ross Group, L.P., which together with our director Mr. Ross, owned approximately 10.26% of our Common Shares at the time, due to the fact that we have an ongoing dialog with Mr. Ross and because under the voting agreement with WL Ross Group, L.P., the funds affiliated with Mr. Ross vote all of the Common Shares they own in proportion with the votes cast by the other holders of our Common Shares on any matter put before them.

We have adjusted our executive compensation program in consideration of our shareholder interactions, including modifications to our long-term incentive awards for 2013 performance to: focus more on equity awards and less on cash; simplify the array of incentive compensation; and award the CEO a one-year equity incentive compensation grant rather than a two-year grant.

Over the past few years, we have eliminated pay practices from our executive compensation program that some of our shareholders may have deemed objectionable, resulting in a more shareholder-focused program.

• None of our executive officers have employment agreements. Employment agreements that had been in place that provided for certain severance benefits and perquisites have been eliminated.

• We reduced a number of perquisites that had been provided under employment agreements and have adopted a perquisite policy.

• We reduced the severance benefit that had been provided under employment agreements and have adopted a severance policy.

• We do not provide any tax gross-ups.

• There are no "single trigger" accelerated vesting of stock-based awards granted on or after April 2011 upon a change in control.

We more closely tied our executive compensation program to our Company's long-term performance.

The Compensation Committee of our Board of Directors and management made significant changes to our executive compensation program for 2011 and 2012 compensation in order to strengthen the linkage between pay and long-term Company performance.

The compensation program was structured with upside potential for superior executive achievements as well as the possibility of reduced compensation if executives were unable to execute our Company's strategies. The structure was intended to increase management motivation for longer term increase in shareholder value and thereby align more closely executive officer and shareholder interests. The revised compensation program was also structured with a view to retain management.

The performance equity awards that were developed only vest if the highest 40-day average price of our Common Shares reaches certain thresholds during a three-year performance period, as described in more detail below, which further aligned executive pay and Company performance. The changes reflected input from our shareholders, proxy advisor groups and Cook.

For 2013 compensation, the Compensation Committee determined to continue many of the changes initiated for 2011 and 2012 compensation, with additional enhancements recommended by Cook and our shareholders, as described in the table below.

Principal Elements of
Executive Compensation
Package

Long-Term Equity
Incentives

2011 and 2012 Compensation

Grant Allocation:
Delivered in a combination of:

- Performance-vesting awards (performance share units and performance stock options)
- Time-vesting restricted stock units (RSUs).

Awards were granted based on prior year performance.

Target amounts:
50% performance share units
25% performance stock options
25% RSUs

Earn out of performance-vesting awards: Tied to achievement of pre-established share price targets, as follows:

Performance share units: 0-200% of target performance shares vest at the end of a 3-year performance period based on the highest 40-day average price of our Common Shares reached during such period:

35% earned at \$18
100% earned at \$24
200% earned at \$30

Straight line interpolation is used to calculate percentages between prices.

2013 Compensation

Grant Allocation:
Did not award any performance stock options in an effort to simplify program and due to their limited use by our comparison group, which is described in “Executive Compensation Comparison Group” under Compensation Governance below.

Continued to grant performance share units, which represent a contingent right to receive Common Shares of our Company. The performance share units do not have voting rights but will receive dividends upon and to the extent of vesting.

Up-weighted equity (50% performance share units, 50% RSUs) and significantly down-weighted Performance Retention Plan (deferred cash incentive plan discussed below) as a percentage of long-term incentive awards, to be more consistent with our comparison group.

Earn out of performance-vesting awards: Revised the 40-day average share price targets that must be achieved for 0-200% of new target performance shares to vest at the end of the 3-year performance period to reflect current price of Common Shares and future expectations:

35% earned at \$28
100% earned at \$32
200% earned at \$36

Straight line interpolation is used to calculate percentages between prices.

Principal Elements of
Executive Compensation
Package

2011 and 2012 Compensation

2013 Compensation

Performance stock options: 0-100% of target performance shares vest at the end of a 3-year performance period based on the highest 40-day average price of our Common Shares reached during such period: 35% earned at \$18; 50% at \$24; 100% at \$30. Straight line interpolation is used to calculate percentages between prices. Exercise price equal to grant date fair market value; 7-year maximum term.

Did not award any performance stock options.

As of March 10, 2014, the \$18 price target has been achieved; the \$24 and \$30 targets have not been achieved.

Based on the highest 40-day average price of our Common Shares being \$23.34 during the applicable performance period, at this time approximately 93% of the performance share units and approximately 48% of the performance options will vest, subject to the other conditions of the performance equity, but not before the end of the relevant three-year performance period.

Time-vesting RSUs: Vest 100% on 3-year anniversary of grant.

Time-vesting RSUs: Continued to grant time-vesting RSUs that vest 100% on 3-year anniversary of grant.

Grant frequency: Two-year for CEO; annual for other executive officers.

Grant frequency: Changed grant frequency to annual for all executive officers.

Retirement provision: CEO must be employed at end of performance period for any of performance share units, performance stock options or RSUs to vest. For other executive officers, for performance share units, performance stock options and RSUs granted in February 2013, if the executive were to retire after attaining age 65, perform 10 years of service for our Company and obtain the consent of our Compensation Committee, such grants would not be forfeitable.

Retirement provision: Changed retirement to include attaining minimum age of 60 and having a combination of age and service equal to 70 and obtaining Compensation Committee consent. Upon retirement, payment of performance share units and RSUs at end of performance period with pro rata vesting based on service and actual performance at end of performance period.

Principal Elements of Executive Compensation Package	2011 and 2012 Compensation	2013 Compensation
Deferred Cash Incentive Performance-vested cash awards under our Performance Retention Plan (PRP)	<p>Primary goal is retention, which is reflected in degree of difficulty of the performance goals.</p> <p>Amounts distributable are contingent on future financial performance and distributed over 2, 3 and 4 year performance periods.</p>	<p>Granted awards under the same program, but significantly down-weighted PRP as a component of long-term incentive compensation.</p>
	<p>Value of award may be higher or lower than the grant date value, depending upon changes in adjusted book value per share and operating return on equity.</p>	<p>CEO's PRP award reduced from 37.5% of 2012 long-term incentive compensation to 11% of 2013 long-term incentive compensation.</p>
	<p>Executive officer payments are forfeited if adjusted book value per share declines during a performance period and operating return on equity is less than 3% on average.</p>	<p>Other named executive officers' PRP awards reduced from 64% of 2012 long-term incentive compensation to 30% of 2013 long-term incentive compensation.</p>
Annual Cash Incentive	<p>Annual cash reward for performance against annual financial goals as well as for progress against strategic initiatives that we expect to drive our growth over the moderate to long term.</p>	<p>Strategy unchanged given state of financial guaranty industry and evolving business strategy.</p>
Base Salary	<p>Competitive fixed pay based on responsibilities, skill set and experience.</p>	<p>Strategy unchanged given state of financial guaranty industry and evolving business strategy.</p>

We strive to engage in best practice governance practices with respect to executive compensation.

Anti-Hedging Policy. We adopted an anti-hedging policy in 2013 that explicitly prohibits employees and directors from hedging our Common Shares.

Anti-Pledging Policy. Our stock trading policy continues to prohibit employees and directors from pledging our Common Shares without express approval from our Nominating and Governance Committee.

Stock Ownership Guidelines. To demonstrate our commitment to build shareholder value, the Board of Directors adopted management stock ownership guidelines. Our guidelines do not mandate a time frame by which this ownership must be attained, but each executive officer must retain 100% of his after-tax receipt of Company stock until he reaches his ownership goal. Please see "Information About Our Common Share Ownership — How Much Stock is Owned by Directors and Executive Officers?" for detailed information on the executive officers' stock ownership.

Executive Officer Recoupment Policy. Our Board of Directors adopted a recoupment policy in February 2009 pursuant to which the Compensation Committee may rescind or recoup certain of the compensation of an executive officer if such person engages in misconduct related to a restatement of our financial results or if objectively quantifiable performance goals are later determined to have been overstated.

Annual Risk Analysis. We conduct an annual risk analysis of our executive compensation program with our independent compensation consultants to ensure that our program does not encourage inappropriate risk-taking. Our Compensation Philosophy and Objectives

Assured Guaranty's compensation philosophy is grounded in the concept of attracting and retaining talented and experienced business leaders who can drive financial and strategic growth objectives intended to build long-term shareholder value.

Our executive compensation program is designed with the guiding principles of pay for performance by providing an incentive for exceptional performance and the possibility of reduced compensation for underperformance

• accountability for short and long-term performance

• alignment to shareholder interests

• retention of highly qualified and successful employees

We assess performance from both a financial and a non-financial perspective, with a wide range of performance measures. We encourage balanced performance and discourage excessive risk taking or undue leverage by avoiding too much emphasis on any one metric or short-term performance.

We use judgment and discretion when making pay decisions to avoid relying on formulaic designs, taking into account both what was accomplished and how it was accomplished.

The Compensation Process

The Compensation Committee works very closely with its independent consultant Cook, the Chairman of the Board and management to examine pay and performance matters throughout the year. In order to determine the compensation for 2013 performance, the Compensation Committee and the Chairman of the Board met with Cook with and without management present.

The Compensation Committee conducts in-depth reviews of performance and then applies judgment to make compensation decisions, rather than relying solely on rigid calculations to determine incentive award payouts. The Compensation Committee believes its process, described below, is an effective way to assess the quality of performance, risk management and leadership demonstrated by Mr. Frederico and his senior management team. Each year, the Compensation Committee undertakes its reviews and decision-making according to the following timeframe:

• In August and November, reviews our corporate performance during the then current year, as well as progress against the executive officer performance goals

• In November, reviews and approves the metrics and goals in our performance framework and the executive officer performance goals for the next upcoming year

• In January, begins to formulate its executive compensation decisions with respect to the previous year's performance

• In February, makes final executive compensation decisions with respect to the previous year's performance

In making its compensation decisions, the Compensation Committee:

• Discusses with the full Board the full-year financial and strategic performance at length, seeking to understand what was accomplished relative to established objectives, how it was accomplished, the quality of the financial results, and strategic positioning for future competitive advantage, and the CEO's and other executive officers' individual performance

In conjunction with our independent directors, determines the total compensation amount for the CEO and each of the other executive officers, starting with the prior years' compensation, and making adjustments based on:

Performance assessments

Market pay levels and trends

Input from Cook

For the other executive officers: the CEO's recommendations, succession planning, and retention considerations

The strength of the executive team in this unique segment of the insurance industry

Approves any design changes to the executive compensation program for the upcoming year

The CEO is the principal executive involved with the Compensation Committee in establishing compensation policy and setting the compensation for other executive officers. He generally attends Compensation Committee meetings except when his compensation is being determined, and between meetings, the chairman of the Compensation Committee will often speak with the CEO, the General Counsel or the Managing Director, Human Resources regarding committee and compensation matters.

The Board of Directors has delegated to the CEO the power to approve:

Routine changes to benefit plans

New-hire packages for non-executive officers with expected annual compensation below a specified amount

New-hire equity grants for non-executive officers up to a specified amount of stock options and restricted stock for each new hire. All equity grants authorized by the CEO must be reported to the Compensation Committee at its next meeting

Routine salary and employment termination arrangements for employees below the top three levels of our Company

The Compensation Committee allocates each pay component based on our results for the relevant performance year, including the achievement of the specific financial performance goals contained in the business plan that our Board of Directors approves each year and the individual performance of each executive officer.

The Compensation Committee also considers other factors in evaluating the performance of the executive officers, including total shareholder return data and how the management team responds to unanticipated opportunities or challenges. The difficulty of achieving each component of the financial performance goals and other individual performance goals varies, and no individual financial or qualitative goal has more weight than other goals. In the aggregate, the Compensation Committee viewed the financial performance goals and other individual performance goals as significant challenges for the CEO and the other executive officers.

Decisions on 2013 Compensation

Overview of Changes for 2013 Compensation

Compensation Mix of Equity versus Cash. In 2013, some of our shareholders responded to our outreach on our say-on-pay resolution by indicating that they would prefer the long-term incentive awards granted by the Compensation Committee to focus more on equity awards and less on cash and to be more heavily weighted towards equity grants the vesting of which is more performance-based and less time-based.

At the request of the Compensation Committee, Cook analyzed the executive compensation data of a comparison group of companies and recommended that it would be more consistent with the comparison group to weight the compensation mix more heavily toward equity and less heavily towards our PRP program. Due to the shift toward

equity from cash, Cook recommended that the nominal value of the performance share unit grants and the RSU grants be divided evenly.

As a result, after taking into account the financial measures and the individual qualitative measures for each executive officer, all of which we discuss in detail below, the Compensation Committee determined, for 2013 compensation as compared to 2012 compensation, to grant more equity and less PRP to the CEO and the other named executive officers as follows:

Long-Term Incentive Compensation Grant Mix

• Equity-based compensation for 2012 consists of performance share units, performance stock options and RSUs.

• Equity-based compensation for 2013 consists of performance share units and RSUs.

• Cash-based compensation for both 2012 and 2013 consists of grants under our Performance Retention Program.

• For our CEO, equity-based compensation for 2012 represents one-half of the two-year equity grant he received for both 2011 and 2012 compensation.

Performance Share Unit Price Hurdles. The Compensation Committee also discussed with Cook the appropriate share price hurdles for the performance share units to be granted for 2013 compensation, in light of the increase in the price of the Common Shares since February 2012, which is when the Compensation Committee began awarding performance-based equity the vesting of which is based on the highest 40-day average price of our Common Shares reaching certain specified thresholds during a three-year performance period.

Use of the highest 40-day average share price is intended to mitigate the impact of share price volatility on the number of shares granted. Specifically, the use of an average ensures that the executive officer does not receive more compensation potential due to a larger number of shares being granted as a result of a sharp decline in our share price on the date of grant. Conversely, the executive officer is not negatively impacted by a sharp increase in our share price on the date of grant, which would result in a smaller number of shares being granted and a reduction in the value of the potential compensation earned.

The Compensation Committee determined with Cook that performance-based equity with thresholds based on the highest 40-day average share price continues to be effective in aligning executive pay and Company performance,

and that the thresholds should be updated for the performance share units to be granted for 2013 compensation to reflect the price of our Common Shares.

The Compensation Committee reviewed with Cook the current share price and our Company's book value, operating shareholders' equity and adjusted book value. The Compensation Committee determined to establish thresholds that would motivate the executive officers to close the gap between the price of the Common Shares at the time of grant and these performance measures.

Accordingly, the performance share units granted to the executive officers generally vest at the end of a 3-year performance period based on our Common Share price using the highest 40-day average share price during the 2014-2016 performance period as follows:

0% if the 40-day average share price does not reach \$28

35% if the 40-day average share price reaches \$28

100% if the 40-day average share price reaches \$32

200% if the 40-day average share price reaches \$36

If the average share price is between the specified levels, the vesting level will be interpolated accordingly. The share price hurdles were intended to constitute meaningful performance requirements.

Utilization of Price Hurdles to Determine Equity Grants

For the awards for 2013 performance to the executive officers, the Compensation Committee determined specific grants to the executive officers based on a calculation using a methodology recommended by Cook.

For the performance share units, the Compensation Committee divided a target nominal value of performance share unit grants by \$26.21, which represents a Monte Carlo simulation model value for the performance share units that has been adjusted by \$22.69 (the 40-day average share price of our Common Shares) and by \$21.15 (the closing price of our Common Shares), in each case, as of January 31, 2014. January 31, 2014 is a date in close proximity to the February 5, 2014 grant date. For example, the Compensation Committee determined to grant Mr. Frederico \$1,875,000 of performance share units; based on \$26.21, he received 71,541 performance share units.

For the RSUs, the Compensation Committee divided a target nominal value of RSU grants by \$22.69 (the 40-day average share price of our Common Shares as of January 31, 2014). For example, the Compensation Committee determined to grant Mr. Frederico \$1,875,000 of RSUs; based on \$22.69, he received 82,635 RSUs.

Our use of an average share price to determine the number of shares to grant differs from the approach to value shares under accounting principles generally accepted in the United States (U.S. GAAP) of solely using the share price or unit value on the date of grant. Under U.S. GAAP:

The performance share units are valued at \$25.17, which is based on a Monte-Carlo simulation model value as of February 5, 2014, the grant date.

The RSUs are valued at \$21.86, which is based on our Common Share closing price of \$21.88 on February 5, 2014, adjusted for the delay in the payment of dividends until vesting.

When we prepare the Summary Compensation Table, we report the value of the grants using U.S. GAAP, in accordance with the SEC's rules. In the "Individual Compensation Analysis" later in this proxy statement, we present the difference in the value of the equity incentive compensation under the methodology recommended by Cook and under U.S. GAAP.

Retirement Provisions. The Compensation Committee determined to change the definition of retirement for grants for 2013 compensation and thereafter. For such grants, if an executive officer were to retire after attaining a minimum age of 60 years, having a combination of age and years of service with our Company equal to at least 70 years, and obtaining consent of our Compensation Committee, the grants of performance share units and RSUs would vest pro rata based on the amount of time worked during the relevant performance period and, in the case of the performance

share units, the highest 40-day average share price during such performance period. The executive officer would receive payment on the performance share unit and RSU grants at the end of the performance period. This is in contrast to the grants for 2012 compensation, which became non-forfeitable if the executive officer were to retire after attaining a minimum age of 65 years, performing at least 10 years of service for our Company and obtaining the consent of our Compensation Committee. Cook advised the changes were appropriate to properly motivate management nearing retirement age and were consistent with the provisions in the plans among companies in general. Other Changes. Cook also recommended, and the Compensation Committee agreed, to simplify the compensation package by not awarding any performance stock options due to their limited use by our comparison group, and by resuming an annual long-term incentive grant for the CEO.

Key Measures Considered for 2013 Compensation

For 2013 compensation, our Compensation Committee reviewed our progress on the financial performance goals that the Compensation Committee had established in November 2012 for the executive officers. Such goals are an important tool in measuring the annual performance of the CEO and senior management.

At the time the goals were established, the Compensation Committee noted that the 2013 goal for PVP exceeded the 2012 PVP results, and that the goal will be difficult to achieve in light of the continuing low interest rate environment, the uncertainty with Moody's over our financial strength ratings and the negative perception of financial guarantors in the marketplace after many of our competitors suffered large claims and ceased paying claims in full during the financial crisis. The PVP goal assumed that Moody's would not downgrade our financial strength ratings.

The key measures on which compensation decisions for 2013 were based and a comparison to our results in the last two years, are set out in the table below. The key measures constitute financial measures not in accordance with U.S. GAAP. Please see the "Non-GAAP Financial Measures" section of this Compensation Discussion and Analysis for additional detail about these financial measures.

Performance Measures	2011	2012	2013
Operating income	\$604.4 million	\$535.5 million	\$609 million
Operating income per diluted share	\$3.26	\$2.81	\$3.25
Operating shareholders' equity per share	\$28.91	\$30.05	\$33.83
Adjusted book value per share	\$49.32	\$47.17	\$49.58
Operating return on equity	12.1%	9.7%	10.2%
PVP	\$242.7 million	\$210.0 million	\$141 million
Operating expenses(1)	\$231.4 million	\$230.6 million	\$235.3 million

(1) Amounts exclude income and expenses from ceding commissions, deferred costs and certain other charges.

In 2013, we achieved or exceeded all but one of the financial aspects of our executive officer performance goals, as set out in the following table.

Performance Measures	2013 Goals	2013 Results	Performance vs. Goal
Operating income	\$522.8 million	\$609 million	Exceeds
Operating income per diluted share	\$2.70	\$3.25	Exceeds
Operating shareholders' equity per share	\$32.27	\$33.83	Exceeds
Adjusted book value per share	\$47.62	\$49.58	Exceeds
Operating return on equity	8.7%	10.2%	Exceeds
PVP	\$228.7 million	\$141 million	Below Target
Operating expenses(1)	\$239.0 million	\$235.3 million	Exceeds

(1) Amounts exclude income and expenses from ceding commissions, deferred costs and certain other charges.

In reviewing our performance on key measures, the Compensation Committee noted the following:

Operating Income. We generated strong operating income during 2013. The 2013 amount was higher than the 2012 amount primarily due to lower loss expense from our insured exposures, which offset a decline in premiums. Our lower loss expense was primarily due to our achieving more significant R&W recoveries in 2013, which helped reduce loss expense in total, and lower non-U.S. public finance loss expense in 2013. This was offset in part by increases in U.S. public finance losses.

Operating Shareholders' Equity and Adjusted Book Value. During 2013, we repurchased 12.5 million Common Shares for approximately \$264 million, which helped bring operating shareholders' equity to a record \$33.83 per share and added \$1.84 to adjusted book value per share; adjusted book value per share ended the year at \$49.58.

Operating Return on Equity. During 2013, operating return on equity exceeded the target amount due to our strong operating income and operating shareholders' equity results. operating return on equity is an important component in our calculations of the amounts payable to participants in our PRP program.

PVP. PVP was below target primarily due to the continued low interest rate environment, narrow credit spreads and low volume of issuance in the U.S. public finance market.

In addition, as the Compensation Committee had noted when the goal was set in November 2012, the goal for 2013 assumed that Moody's would not downgrade our financial strength ratings. Moody's in fact did downgrade the ratings in January 2013, which had a negative impact on the new business we were able to write during the year.

Furthermore, in 2013 we faced increased competition from an insurance company that commenced operations in 2012. The continued presence in the market of the competitor and potential other new entrants may affect our insured volume and the amount of premium we are able to charge. We also continue to face uncertainty over our financial strength ratings.

Despite these challenges, we did increase U.S. public finance PVP in fourth quarter 2013 compared with fourth quarter 2012 by facilitating the debt restructurings in the Jefferson County, Alabama bankruptcy and the Harrisburg, Pennsylvania receivership by insuring certain new revenue warrants and bonds issued in connection with those restructurings. We also increased non-U.S. public finance PVP in 2013 compared with 2012 by guaranteeing three U.K. infrastructure transactions, the first wrapped U.K. infrastructure bonds issued in the United Kingdom since 2008. In addition, our new business written in 2013 remained in the single-A rating category, consistent with the business we wrote in 2012.

Operating Expenses. Operating expenses were better than the 2013 goal by approximately \$3.7 million.

The Compensation Committee agreed that despite the difficult environment prevailing in 2013, the executive officers had done an excellent job of taking advantage of other opportunities in the market, including mitigating our losses by actively participating in restructuring efforts, entering into settlements, pursuing litigation and purchasing obligations we have insured.

In 2013, we resolved several troubled U.S. public finance exposures, including our exposure to Jefferson County, Alabama, which had filed for bankruptcy protection under Chapter 9 of the U.S. Bankruptcy Code; Harrisburg, Pennsylvania, which was in receivership; and the Foxwoods Casino run by the Mashantucket Pequot Tribe in Connecticut. We also reached a tentative settlement with Stockton, California, which had filed for bankruptcy protection under Chapter 9.

In addition, with respect to our exposure to U.S. RMBS, in 2013 we entered into a number of settlement agreements with R&W providers in transactions we insured that, in the aggregate, resulted in those providers paying or agreeing to pay over \$700 million (gross of reinsurance) in respect of their R&W liabilities. As of December 31, 2013, after taking into account earlier U.S. RMBS settlement agreements that we have entered into and loan repurchases made pursuant to our demands, we have caused such providers to pay or agree to pay approximately \$3.6 billion (gross of reinsurance) in respect of their R&W liabilities.

We purchased \$331 million of bonds that we insure, at 70% of their par value, which mitigated expected losses on those securities and contributed to adjusted book value.

We also deleveraged our insured portfolio. We terminated or agreed to terminate \$7 billion of net par outstanding on policies across which we accelerated the earning of 100% of the total expected premium. Total terminations including certain other accelerations contributed \$144 million to pre-tax operating earnings for the year.

Total Shareholder Return Considered for 2013 Compensation

For 2013 compensation, our Compensation Committee also reviewed the total shareholder return (TSR) on our Common Shares.

The TSR on our Common Shares on a 1, 3 and 5-year basis, and from January 1, 2014 through March 10, 2014 are 68.8%, 41.2%, 124.7% and 10.8%, respectively. The table below compares the TSR on our Common Shares against the S&P 500 Financial Index for the relevant period.

	1/1/2014 – 3/10/14	1 year (2013)	3 years (2011-2013)	5 years (2009-2013)
S&P 500 Financial Index	2.5%	35.6%	44.8%	90.2%
Assured Guaranty Ltd.	10.8%	68.8%	41.2%	124.7%

The following compares the dollar change in the cumulative TSR on our Common Shares from December 31, 2008 through March 10, 2014, as compared to the cumulative total return of the Standard & Poor's 500 Stock Index and the cumulative total return of the Standard & Poor's 500 Financial Index. The graph and table depict the value on December 31, 2008, 2009, 2010, 2011, 2012 and 2013, as well as on March 10, 2014, of a \$100 investment made on December 31, 2008, with all dividends reinvested:

	Assured Guaranty	S&P 500 Index	S&P 500 Financial Index
December 31, 2008	100.00	100.00	100.00
December 31, 2009	193.65	126.44	117.15
December 31, 2010	159.13	145.47	131.36
December 31, 2011	119.69	148.52	108.95
December 31, 2012	133.07	172.26	140.26
December 31, 2013	224.67	228.03	190.18
March 10, 2014	248.98	232.54	194.93

Source: Bloomberg

Individual Compensation Analysis

Below is a discussion and analysis of the compensation received by each of our named executive officers for 2013 performance and the basis for the determination of such amounts. In determining the compensation for each named executive officer, the main factors taken into account by the Compensation Committee were:

• The performance of our Company

• Achievement of identified objectives in the executive officer's areas of responsibility that are intended to achieve our Company's goals

• Quick and effective responses to unanticipated opportunities or challenges

• Cooperation as a team to achieve our Company's goals

• Demonstration of ethical behavior in compliance with current legal and regulatory standards

Dominic J. Frederico, President and Chief Executive Officer

The Compensation Committee credited Mr. Frederico for having achieved all but one of the financial performance goals under difficult market conditions and all but one of his qualitative goals, which are listed below. In particular, they noted that Mr. Frederico continued to demonstrate strong strategic vision and leadership with the following achievements:

• Articulated a clear strategy and led effective implementation of business plan to grow direct business and take advantage of reinsurance opportunities.

Underwrote new business. Mr. Frederico was credited with continuing to write new business in an unfavorable business environment, achieving \$141 million of PVP in 2013. Despite a 15% decline in U.S. public finance issuance, generally low interest rates, and narrow credit spreads, under Mr. Frederico's leadership, we succeeded in issuing financial guaranties on \$9.4 billion of obligations in the primary and secondary markets. These included large, medium and small size U.S. municipal general obligations and revenue bonds well diversified by geography and bond sector, as well as approximately £240 million of U.K. infrastructure bonds across three transactions that produced \$18 million of PVP.

Launched Municipal Assurance Corp. Mr. Frederico oversaw our Company establishing MAC, a new financial guaranty insurer that we launched in the third quarter of 2013 to insure exclusively debt obligations in the U.S. public finance market, in order to increase our insurance penetration in such market. MAC is currently licensed to write business in 46 U.S. states and the District of Columbia, with license applications pending in the remaining four states. Executed on alternate strategies to create shareholder value. Under Mr. Frederico, we mitigated our losses by participating in restructuring efforts, entering into settlements, pursuing litigation and purchasing obligations we have insured. We also deleveraged our insured portfolio. We terminated or agreed to terminate \$7 billion of net par outstanding on policies across which we accelerated the earning of 100% of the total expected premium. Total terminations including certain other accelerations contributed \$144 million to pre-tax operating earnings for the year. Developed plan to manage capital effectively. Mr. Frederico oversaw the development of a plan to improve our capital flexibility. To that end, we became a tax resident of the United

Kingdom in 2013. We also returned \$264 million to shareholders through the repurchase of 12.5 million Common Shares.

Actively managed all potential loss transactions; aggressively pursued RMBS R&W collections and servicing transfers; completed at least one new settlement with a major R&W counterparty.

Settlements with providers of representations and warranties (R&W). In 2013, we entered into a number of settlements relating to our exposure to RMBS transactions. In addition to entering into an agreement with UBS Real Estate Securities Inc. and affiliates in which UBS made an upfront cash payment of \$358 million and agreed to reimburse us for 85% of our future losses on three first lien RMBS transactions, we also settled with Flagstar following precedent-setting court judgments in our favor. The settlement agreements we reached in 2013 with R&W providers (including UBS and Flagstar) resulted in those providers paying or agreeing to pay over \$700 million in respect of their R&W liabilities. As of December 31, 2013, after taking into account earlier U.S. RMBS settlement agreements that we have entered into and loan repurchases made pursuant to our demands, we have caused R&W providers to pay or agree to pay a total of approximately \$3.6 billion (gross of reinsurance) in respect of their R&W liabilities.

Active participation in municipal restructurings. In 2013, we resolved a number of troubled U.S. public finance exposures. We negotiated Jefferson County's exit from Chapter 9 protection under the U.S. Bankruptcy Code and facilitated the restructuring of its debt by insuring approximately \$600 million out of approximately \$1,785 million of new sewer warrants issued. We were also active in Harrisburg, Pennsylvania's receivership proceeding and enabled the city to repay some of its defaulted debt by insuring \$189 million of parking facility revenue bonds. In addition, we resolved our exposure to the Foxwoods Casino run by the Mashantucket Pequot Tribe in Connecticut. We also reached a tentative settlement with Stockton, California, which had filed for bankruptcy protection under Chapter 9 as well.

Purchases of insured obligations. We purchased \$331 million of bonds that we insure, at 70% of their par value, which mitigated expected losses on those securities and contributed to adjusted book value.

Maintained strong financial strength ratings. Although we were not able to maintain the Moody's financial strength ratings that had been assigned to our U.S. subsidiaries, Assured Guaranty Municipal Corp. (AGM) and Assured Guaranty Corp. (AGC), and AG Re at the time the qualitative goals were established, the Compensation Committee recognized that Mr. Frederico, together with his management team, had expended much time and effort in refuting the rationale behind Moody's qualitative rating factors. As a result of Mr. Frederico's efforts, we did maintain our financial strength ratings from S&P and we maintained financial strength ratings with stable outlooks from all rating agencies through the end of 2013. Mr. Frederico oversaw us obtaining a AA+ financial strength rating from Kroll Bond Rating Agency for MAC, our new subsidiary that only insures certain U.S. public finance bonds.

Ensured Assured Guaranty had comprehensive, best-practice risk management with respect to all our activities, particularly the credit quality of risks insured, enterprise risk management and compliance. Under Mr. Frederico's leadership, despite the obstacles we faced in writing new business, we continue to maintain our underwriting discipline. All new business written was and continues to be within the applicable risk limits and our risk appetite statement, and the average rating of our new business written in 2013 remained in the single-A category. In 2013, we faced no anticipated risk issues or any significant compliance issues. The Maryland Insurance Administration (MIA) and the New York State Department of Financial Services (NYDFS) issued examination reports on the periodic examinations they had conducted of us and no significant regulatory issues were noted in such reports.

Attracted and retained top quality senior management. Under Mr. Frederico's leadership, there has been no senior management turnover and we have hired additional staff in order to pursue opportunities in the U.S. public finance market. Mr. Frederico also assisted the Board in further development of a CEO succession plan.

2013 Compensation Decisions — CEO. In light of Mr. Frederico's achievements in 2013, the Compensation Committee determined to increase Mr. Frederico's 2013 compensation by approximately 5% from his 2012 compensation, as detailed in the table below. In response to comments from our shareholders and Cook's recommendation, the Compensation Committee decided the compensation mix would be comprised of a significant shift from PRP to equity grants; whereas the PRP award constituted 37.5% of Mr. Frederico's 2012 long-term incentive compensation, it only comprises 11% of his 2013 long-term incentive compensation. The Compensation Committee decided to allocate the equity grants by awarding 50% of the target nominal value as time-vesting RSUs and the remaining 50% as performance-vesting performance share units, due to the significant decrease in the PRP award.

The compensation package presented in the table below is different from the SEC-required disclosure in the Summary Compensation Table and is not a substitute for the information in that table (shown on page 56). Rather, it is intended to show how the Compensation Committee linked the CEO's compensation and its components to our performance results for the prior year.

	2013 Compensation		2012 Compensation		% Change	
Fixed Compensation - Base Salary	\$950,000		\$900,000		6	%
Incentive Compensation						
Annual Cash Incentive	\$3,500,000		\$3,300,000		6	%
Deferred Cash Incentive (PRP)	\$450,000		\$1,500,000		-70	%
Performance-Based Equity	\$1,875,000	(1)	\$1,875,000	(2)	0	%
Time-Based Equity	\$1,875,000	(1)	\$625,000	(2)	200	%
Total Incentive Compensation	\$7,700,000	(1)	\$7,300,000	(2)	5	%
Total Direct Compensation	\$8,650,000		\$8,200,000		5	%

(1) Represents Compensation Committee target nominal value.

(2) Represents one-half of the target nominal value of the 2-year grant awarded to Mr. Frederico for 2011 and 2012 compensation.

Valuation of the Equity Grants

As discussed in the section entitled "Performance Share Unit Price Hurdles — Utilization of Price Hurdles to Determine Equity Grants" under "Overview of Changes for 2013 Compensation" in this "Decisions on 2013 Compensation" section of this Compensation Discussion and Analysis, for Mr. Frederico's 2013 compensation, the Compensation Committee determined the number of performance share units and RSUs to award him by dividing a price calculated according to a methodology recommended by Cook into a target nominal value. Under U.S. GAAP, the value of the equity is determined by multiplying the number of performance share units by a Monte-Carlo simulation model value as of the grant date and multiplying the number of RSUs by our Common Share closing price on the grant date, adjusted for the delay in the payment of dividends until vesting.

The following sets forth the February 5, 2014 grant day value of Mr. Frederico's equity under U.S. GAAP compared against the Compensation Committee's target nominal value. When we prepare the Summary Compensation Table, we report the value of the grants using U.S. GAAP, in accordance with the SEC's rules.

	Equity Granted (Shares)	U.S. GAAP Value per Share	U.S. GAAP Value	Compensation Committee Target Nominal Value	% Difference	
Performance share units	71,541	\$25.17	\$1,800,687	\$1,875,000	-4	%
RSUs	82,635	\$21.86	\$1,806,401	\$1,875,000	-4	%
Total			\$3,607,088	\$3,750,000	-4	%

CEO Reported Pay versus Realized Pay

To supplement the disclosure in the Summary Compensation Table on page 56, which is determined under SEC rules, we have included the additional tables below, which show the difference between our CEO's compensation as reported in the Summary Compensation Table versus the compensation he actually received over the relevant period.

The primary difference between the Summary Compensation Table Reported Value and the Actual Realized Value is due to Mr. Frederico's equity grants. Under the SEC's rules, the Summary Compensation Table for a given year must disclose the grant date value of an executive officer's equity long-term incentive compensation granted in that year, even though such equity grants constitute an incentive for future performance, not current cash compensation, and will not actually be received by the executive officer until a future year, if at all, and the value of this pay when realized may differ significantly from the grant date value shown in the Summary Compensation Table.

CEO Total Compensation

Year	Summary Compensation Table Reported Value(1)	Actual Realized Value(2)	Variation Between Actual Realized Value versus Summary Compensation Table Reported Value		
				% Difference	
2013	\$7,493,037	\$12,819,959	\$5,326,922	71	%
2012	\$13,363,715	\$9,351,059	-\$4,012,656	-30	%
2011	\$9,583,509	\$8,694,101	-\$889,408	-9	%

Summary Compensation Table Reported Value includes the total of all elements of compensation as reported in the Summary Compensation Table pursuant to SEC rules, including the grant date value of equity awards granted in (1) February 2011 for 2010 performance and in February 2012 (which constituted a two-year grant for 2011 and 2012 performance. No equity award was granted to our CEO in February 2013 due to the two-year nature of the February 2012 grant.

Actual Realized Value represents compensation actually received by our CEO relating to the particular year shown. (2) We begin with the compensation shown in the Total column of the Summary Compensation Table on page 56 and made the following adjustments:

• Deducted the aggregate grant date fair value of equity awards (reflected in the Stock Awards and Option Awards columns of the Summary Compensation Table); and

• Added the value realized from the vesting of RSUs and the net gain from the exercise of stock options, before payment of applicable withholding taxes (reflected in the 2013 Option Exercises and Stock Vested table on page 62). The tables below illustrate further the difference between the reported value of Mr. Frederico's equity in a given year, and his actual realized value in that time.

CEO Restricted Stock Units

Year	Summary Compensation Table Reported Value(1)	Vesting Shares(2)	Variation Between Actual Realized Value of Vesting Shares(2) versus Summary Compensation Table Reported Value	
2013	—	108,294	\$2,001,922	\$2,001,922
2012	\$4,600,440	118,699	\$2,037,478	-\$2,562,962
2011	\$2,364,800	97,881	\$1,475,392	-\$889,408

Summary Compensation Table Reported Value represents the grant date value of restricted stock awards and restricted share unit awards granted in February 2011 for 2010 performance and in February 2012 (which constituted a two-year grant for 2011 and 2012 performance). No equity award was granted to our CEO in February 2013 due to the two-year nature of the February 2012 grant.

Represents compensation actually received by our CEO during the applicable year, as reported on his Form W-2 for each of the years shown. Consists of the market value at vesting of previously granted shares that vested during the applicable year. Excludes the value of new/unvested restricted stock and restricted share unit awards that will not actually be received until a later date.

CEO Stock Options

Year	Summary Compensation Table Reported Value(1)	Actual Realized Value of Vested Options (2)	Variation Between Actual Realized Value versus Summary Compensation Table Reported Value
2013	—	\$3,325,000	\$3,325,000
2012	\$1,449,694	—	-\$1,449,694
2011	—	—	—

Summary Compensation Table Reported Value represents the grant date value of stock option awards granted in February 2012 (which constituted a two-year grant for 2011 and 2012 performance). No stock options were granted in 2011 to any of the executive officers. No stock options were granted to our CEO in February 2013 due to the two-year nature of the February 2012 grant.

Represents compensation actually received by our CEO during the applicable year, as reported on his Form W-2 for each of the years shown. Consists of the net gain from the exercise of stock options, before payment of applicable withholding taxes. In December 2013, Mr. Frederico exercised stock options scheduled to expire in April 2014. Excludes the value of new/unvested/unexercised stock options.

Other Named Executive Officers

The CEO's recommendations for the other named executive officers are based on his review of performance and our pay mix principles. The following highlights the specific individual and business achievements considered by the CEO when making his pay recommendations to the Compensation Committee.

James M. Michener, General Counsel

All legal, corporate governance and human resources functions performed well under Mr. Michener in 2013: Mr. Michener developed a plan, together with our Chief Financial Officer, to improve our capital flexibility. He secured the necessary regulatory and tax approvals in the United Kingdom to enable us to become a tax resident of the United Kingdom and also obtained the agreement of the NYDFS to become our group regulator.

Mr. Michener, together with our Chief Financial Officer, was instrumental in developing and executing a plan to launch MAC as a new financial guaranty insurer that provides insurance only on debt obligations in the U.S. public finance markets, including the completion of several related transactions such as the cessions of an aggregate of \$111 billion of par of U.S. public finance business from AGM and AGC to MAC.

Mr. Michener, together with our Chief Financial Officer, obtained the approval of the NYDFS for AGM, and of the MIA for AGC, to reassume all outstanding contingency reserves ceded to AG Re and to cease ceding further contingency reserves to AG Re. When the first of three annual installments of the contingency reserve reassumption was implemented, AG Re was able to release approximately \$130 million of assets from its trust accounts securing AG Re's reinsurance of AGM and AGC, after adjusting for increases in the amounts required to be held in such accounts due to changes in asset values and potential claim payments, thereby increasing our liquidity.

Mr. Michener oversaw the completion of the NYDFS' and MIA's examinations of AGC, AGM, MAC and other affiliates. The NYDFS and MIA did not identify any material issues in their examination reports, which reflects well on his regulatory compliance leadership.

Mr. Michener oversaw our litigation efforts and the documentation of our RMBS and public finance settlement agreements.

Robert B. Mills, Chief Operating Officer

All corporate administration and internal audit functions performed well under Mr. Mills in 2013:

Mr. Mills negotiated a number of the settlements we were able to reach with providers of R&W and finalized the negotiations in the remainder. He was instrumental in causing R&W providers to pay or agree to pay over \$700 million (gross of reinsurance) in respect of their R&W liabilities in 2013. As of December 31, 2013, after taking into account earlier U.S. RMBS settlement agreements that Mr. Mills was also involved in, and loan repurchases made pursuant to demands we made under his supervision, we have succeeded in causing R&W providers to pay or agree to pay approximately \$3.6 billion (gross of reinsurance) in respect of their R&W liabilities

Mr. Mills has direct responsibility for our RMBS servicing efforts, in which we seek to mitigate RMBS losses by influencing mortgage servicing, including, if possible, causing the transfer of servicing or establishing special servicing arrangements. As a result of Mr. Mills' efforts, as of December 31, 2013, \$2.3 billion net insured par of our transactions had mortgage loans that had been transferred to another servicer and \$843 million net insured par of our transactions was subject to special servicing arrangements.

Mr. Mills is overseeing the development several potential new lines of business for our Company, including a business through AG & Company, our management consulting arm, which we established under Mr. Mills' direction in 2013 to fill a need for better servicing of RMBS. In 2013, we entered into an agreement with a significant investor in RMBS to advise the investor on its rights with respect to the loans backing the RMBS transactions to which they have significant exposure. Mr. Mills is leading us in discussions with other potential investors.

Russell B. Brewer, Chief Surveillance Officer

All surveillance functions performed well under Mr. Brewer in 2013:

Mr. Brewer played a critical role in our discussions with the rating agencies over our financial strength ratings. He was instrumental in refuting the rationale behind Moody's qualitative rating factors when that rating agency had placed us on Credit Watch in 2012. He was also key to our being able to obtain financial strength ratings of AA+ from Kroll Bond Rating Agency and AA- from S&P prior to the launch of our subsidiary MAC in 2013. Mr. Brewer continues to engage with the rating agencies over the financial strength ratings they assign us and over their review of the transactions we insure.

Mr. Brewer chaired our management's U.S. Risk Management Committee and led the surveillance of our insured portfolio. Our risk management skills is one of the primary reasons investors purchase our financial guaranty insurance and under Mr. Brewer's direction, we monitor our insured portfolio for deterioration in credit quality and work with obligors to remediate potential issues.

Mr. Brewer was instrumental in developing and implementing strategies on transactions that are experiencing loss or could possibly experience loss. He was active in our negotiations with various U.S. public finance obligors, including Jefferson County, Alabama, Harrisburg, Pennsylvania, Stockton, California, and Detroit, Michigan. He also participated in the negotiations of settlements with R&W providers in our U.S. RMBS transactions.

Mr. Brewer was responsible for providing all credit performance data for our reserve committees.

Robert A. Bailenson, Chief Financial Officer

All finance and accounting functions performed well under Mr. Bailenson in 2013:

Mr. Bailenson developed a plan, together with our General Counsel, to improve our ability to manage our capital efficiently throughout our group. Through his efforts, we were able to become a tax resident of the United Kingdom in 2013.

Under Mr. Bailenson's leadership, during 2013, we repurchased a total of 12.5 million Common Shares for approximately \$264 million under a \$315 million share repurchase authorization. In connection with our share repurchase program, Mr. Bailenson negotiated the purchase of 5 million

Common Shares in 2013 from funds associated with WL Ross & Co. LLC and its affiliates and our director Mr. Ross. Also under Mr. Bailenson's leadership, we established in November 2013 a new share repurchase authorization of \$400 million, from we expect to repurchase Common Shares from time to time in the open market or in privately negotiated transactions, at our discretion.

Mr. Bailenson, together with our General Counsel, was instrumental in developing and executing a plan to launch MAC as a new financial guaranty insurer that provides insurance only on debt obligations in the U.S. public finance markets.

Mr. Bailenson, together with our General Counsel, obtained the approval of the NYDFS for AGM, and of the MIA for AGC, to reassume all outstanding contingency reserves ceded to AG Re and to cease ceding further contingency reserves to AG Re.

Mr. Bailenson renegotiated our excess of loss reinsurance facility, thereby providing us with capital relief. The new facility covers covers certain U.S. public finance credits insured or reinsured by AGC, AGM and MAC as of September 30, 2013, excluding credits that were rated non-investment grade as of December 31, 2013 and subject to certain per credit limits. The facility attaches when AGC's, AGM's and MAC's net losses (net of AGC's and AGM's reinsurance (including from affiliates) and net of recoveries) exceed \$1.5 billion in the aggregate. The facility covers a portion of the next \$500 million of losses, with the reinsurers assuming pro rata in the aggregate \$450 million of the \$500 million of losses and AGC, AGM and MAC jointly retaining the remaining \$50 million of losses.

2013 Compensation Decisions — Other Executive Officers. In addition to reviewing the individual achievements of the named executive officers, Mr. Frederico looked at the management team as a group, and determined that the executive officers worked well together to achieve our Company's goals. In making his compensation recommendations, Mr. Frederico also determined to respond to comments from our shareholders and Cook's recommendation by weighting the long-term incentive compensation mix of the group more towards equity grants from PRP grants. For the named executive officers reporting to Mr. Frederico as a group, whereas the PRP award constituted 64% of their 2012 long-term incentive compensation, it only comprises 30% of their 2013 long-term incentive compensation. The Compensation Committee considered Mr. Frederico's recommendations and also the overall performance of our Company when approving the compensation recommendations.

The Compensation Committee's decisions for 2013 performance for the named executive officers other than Mr. Frederico are reflected in the following table:

	James M. Michener	Robert B. Mills	Russell B. Brewer II	Robert A. Bailenson
Fixed Compensation - Base Salary(1)	\$475,000	\$520,000	\$370,000	\$450,000
Incentive Compensation				
Annual Cash Compensation	\$1,100,000	\$750,000	\$800,000	\$800,000
Deferred Cash Compensation (PRP)	\$315,000			