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Assured Guaranty to Combine Its Two U.S. Financial Guaranty Insurers; Assured Guaranty Municipal Corp. to Merge into Assured Guaranty Inc.

HAMILTON, Bermuda, July 08, 2024–(BUSINESS WIRE)–Assured Guaranty Ltd. (NYSE: AGO) (together with its subsidiaries, Assured Guaranty) announced today that Assured Guaranty Municipal Corp. (AGM) will merge into Assured Guaranty Inc. (AG), which was named Assured Guaranty Corp. until May 24, 2024. The effective date of the merger is expected to be August 1, 2024.

“We see this merger as beneficial for all our stakeholders,” said Dominic Frederico, President and CEO. “It will result in more efficient utilization of the combined capital of the two companies, and it will simplify the administration and eliminate duplicative expenses of Assured Guaranty’s U.S. financial guaranty operations. Over its nearly 40 years in the financial guaranty business, Assured Guaranty has continually evolved, constantly looking for ways to better serve our customers and grow our business. This merger further positions us to achieve those goals.”

By aggregating AGM and AG into a single insurance company, the merger enlarges the pool of capital available to support each insurance policy and results in a further diversification of the insured portfolio’s credit profile. The merger is also expected to strengthen Assured Guaranty’s ability to continue successfully executing its strategies to achieve its business objectives. The new AG, compared with either AG or AGM before the merger, will have:

- a larger, more highly diversified insured portfolio
- a larger investment portfolio and a larger capital base, creating a more efficient capital structure, and
- greater claims-paying resources.

The merger combines two companies that have identical ratings from S&P Global Ratings, Kroll Bond Rating Agency and Moody’s Ratings and should have no impact on Assured Guaranty’s strong and stable financial strength ratings.

In recent years, AGM has served as Assured Guaranty’s flagship financial guaranty insurance company, offering guarantees on U.S. and non-U.S. public and infrastructure finance obligations, while AG has provided risk and capital management solutions for insurance, pension and banking institutions, offered guarantees on structured financings, and served as the acquirer or reinsurer of insured portfolios of non-affiliated financial guaranty insurers in runoff. Both companies’ insured portfolios contain public and infrastructure finance exposures and structured finance exposures.

“Assured Guaranty has been growing and broadening the financial guaranty products it provides and the markets it serves, extending a long tradition of innovation,” said Robert Bailenson, Chief Operating Officer. “This transaction will eliminate an unnecessary distinction between the companies and allow us to even more effectively lead the bond insurance industry.”

AG will continue to be domiciled in Maryland, and the Maryland Insurance Administration (MIA) will be its primary regulator, as it has been since December 31, 1987. Upon effectiveness of the merger, by operation of law, AGM-insured securities will become guaranteed obligations of AG, a larger combined company. AGM's subsidiaries Assured Guaranty UK Limited and Assured Guaranty (Europe) SA will become subsidiaries of AG and will continue to operate as they did previously.

In connection with the merger of AGM into AG, the MIA approved a $300 million stock redemption (sometimes described as a "special dividend") by the combined company, which is expected to be effectuated shortly following the merger.

Additional information on the merger can be found in a Presentation and a Q&A document on the Assured Guaranty website.

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