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**ADDITIONAL (VOLUNTARY) DISCLOSURE
RATING AFFIRMED**

Dated: July 23, 2018

NOTICE IS HEREBY GIVEN that on June 25, 2018, Standard and Poor's Global Ratings ("**S&P**") affirmed its "AA" rating of Assured Guaranty Ltd.'s main subsidiaries, including Assured Guaranty Municipal Corp. ("**AGM**"), with a stable outlook.

AGM is the bond-insurance provider for the following issue:

- 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park)

The rating report from S&P is attached.

City of Sacramento



Brian Wong
Dept Manager

Attachments: S&P Press Release – Affirms AG "AA" Rating

RatingsDirect®

Research Update:

Assured Guaranty Ltd.'s Main Subsidiaries 'AA' Rating Affirmed; AG London 'BB' Rating Affirmed, Removed From CreditWatch

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Overview

- We completed our periodic review of AGL and its subsidiaries.
- We are affirming our ratings on AGL and its subsidiaries, and removing AG London from CreditWatch Positive.
- The outlook on AGL is stable, and on AG London is positive.

Rating Action

On June 25, 2018, S&P Global Ratings affirmed its 'A' long-term issuer credit rating on Assured Guaranty Ltd. (AGL) and its 'AA' financial strength ratings on AGL's bond insurance subsidiaries (collectively Assured). With the exception of Assured Guaranty (London) plc (AG London), the outlook is stable.

We affirmed our 'BB' financial strength rating on AG London and removed the rating from CreditWatch Positive where we placed it on Jan. 12, 2017. The outlook is positive.

Rationale

The affirmation reflects our view of Assured's strong competitive position built on a proven track record of credit discipline and market leadership in terms of par insured and premiums written. Although much of the company's business has been in the U.S. public finance market, it has a diverse underwriting strategy that includes the global structured finance and international markets. Management's approach to writing business in these markets is well-thought-out and measured. We believe this strategy provides flexibility to capitalize on growth trends and pricing opportunities in one sector while others see less-favorable trends. Assured's capital adequacy is very strong with a capital adequacy ratio in excess of 1.0x.

The capital adequacy analysis assumes normal amortization of Assured's insured portfolio and limited new business production to replace the greater run-off of insured risk. This dynamic has led to accelerated growth of its capital and generally stronger capital adequacy. The analysis also includes dividends paid to the holding company in all seven years of the model and the effect of the quota-share reinsurance agreement with Syncora Guarantee Inc. in June 2018.

Regarding Assured's exposure to issuers in Puerto Rico, based on our analysis, Assured's capital position could absorb losses on its entire exposure to issuers in Puerto Rico of roughly \$3 billion and, without accounting for any other factors, there would be no change in Assured's capital adequacy score or financial risk profile. One scenario in our analysis assumed that all issuers defaulted on 100% of their debt service through 2022 and that Assured is required to make claim payments equal to 100% of debt service. This scenario makes no assumptions for claim payments beyond 2022.

The analysis also included scenarios on the effect of loss payment equal to 15%, 25%, 35%, and 45% of remaining debt service coming due beginning in 2018. All claims in all scenarios are on a present value pre-tax basis. A loss severity of approximately 55% on all issuers would pressure Assured's capital adequacy score and possibly our financial strength rating.

The removal of AG London from CreditWatch positive is due to our expectation that regulatory and court approval of AGL's planned combination of AG London with AGL's other European subsidiaries will continue to be delayed. AG London (formerly MBIA UK) was purchased from MBIA Inc. in January 2017. AGL currently maintains AG London as an indirect subsidiary of Assured Guaranty Municipal Corp. (AGM). There are no reinsurance or support agreements between AG London and AGM. AG London will remain in run-off as a subsidiary of AGM, and we view it as nonstrategically important to AGM. AGM management is working to combine AG London with its other affiliated European insurance companies (all of which are rated 'AA'), at which time the insured obligations of AG London will become the obligations of the entity surviving the business combination.

Outlook

Assured

The stable outlook on Assured reflects our view of the company's strong competitive profile and very strong capital adequacy, as well as its leadership position in the U.S public finance market. The outlook also considers Assured's measured approach to insure international infrastructure and global structured finance transactions to capitalize on positive trends in those markets. The maintenance of a capital adequacy ratio of more than 1.0x is essential for rating stability.

Downside scenario.

We may lower our ratings if Assured exhibits significant volatility in earnings, its non-U.S. public finance business meaningfully alters the risk profile of the insured portfolio, or its capital adequacy falls below 1x and we believe the company will not be able to improve its capital position.

Upside scenario.

Based on our view of the insurable new-issue U.S. public finance and global markets, we don't believe the company's competitive position or earnings will

Research Update: Assured Guaranty Ltd.'s Main Subsidiaries 'AA' Rating Affirmed; AG London 'BB' Rating Affirmed, Removed From CreditWatch

Assured Guaranty Corp		
Assured Guaranty (UK) plc		
Issuer Credit Rating		
Local Currency	AA/Stable/--	
Assured Guaranty (Europe) plc		
Municipal Assurance Corp.		
Assured Guaranty Re Overseas Ltd.		
Assured Guaranty Re Ltd.		
Assured Guaranty Municipal Corp.		
Assured Guaranty Corp		
Assured Guaranty (UK) plc		
Financial Strength Rating		
Financial Enhancement Rating		
Local Currency	AA/Stable/--	
Assured Guaranty US Holdings Inc		
Assured Guaranty Municipal Holdings Inc.		
Senior Unsecured	A	
Junior Subordinated	BBB+	
Sutton Capital Trust I		
Sutton Capital Trust II		
Sutton Capital Trust III		
Sutton Capital Trust IV		
Woodbourne Capital Trust I		
Woodbourne Capital Trust II		
Woodbourne Capital Trust III		
Woodbourne Capital Trust IV		
Preferred Stock	A+	
Sutton Capital Trust II		
Preference Stock	A+	
Ratings Affirmed; CreditWatch/Outlook Action		
	To	From
Assured Guaranty (London) plc		
Financial Strength Rating		
Financial Enhancement Rating		
Local Currency	BB/Positive/--	BB/Watch Pos/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at

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