

ASSURED GUARANTY LTD

Form 424B2

June 18, 2014

Use these links to rapidly review the document

[TABLE OF CONTENTS Prospectus Supplement](#)

[TABLE OF CONTENTS](#)

**Filed Pursuant to Rule 424(b)(2)**

**Registration No. 333-196822**

**and 333-196822-02**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Amount of Registration Fee</b>
5.000% Senior Notes due 2024	\$500,000,000	\$64,400(1)

(1)

The filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended (the "Act"). The total registration fee due for this offering is \$64,400, with \$15,018 of such registration fee being offset, pursuant to Rule 457(p) under the Act from filing fees previously paid in connection with prior registration statements that remain available because they were not applied to any offering under such prior registration statements.

---

Table of Contents

**PROSPECTUS SUPPLEMENT**

**June 17, 2014**

**(To Prospectus dated June 17, 2014)**

**\$500,000,000**

**Assured Guaranty US Holdings Inc.**

**5.000% Senior Notes due 2024**

**Fully and Unconditionally Guaranteed by**

**Assured Guaranty Ltd.**

Assured Guaranty US Holdings Inc. ("AGUS") is offering \$500,000,000 principal amount of its 5.000% Senior Notes due 2024 (the "Notes"). The Notes will bear interest at the rate of 5.000% per year. Interest on the Notes is payable on January 1 and July 1 of each year, beginning January 1, 2015. The Notes will mature on July 1, 2024. AGUS may redeem some or all of the Notes at any time and from time to time at the applicable redemption price discussed under the caption "Description of Notes and Guarantee Optional Redemption." In addition, AGUS may redeem all of the Notes under the circumstances described under "Description of Notes and Guarantee Redemption for Changes in Withholding Taxes." The Notes will be issued only in registered form in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The Notes will be fully and unconditionally guaranteed on a senior unsecured basis by Assured Guaranty Ltd. ("AGL"), the parent corporation of AGUS.

The Notes will be senior unsecured obligations of AGUS and will rank equally in right of payment with all of AGUS's other unsecured and unsubordinated indebtedness from time to time outstanding. The guarantee will be a senior unsecured obligation of AGL and will rank equally in right of payment with all of AGL's other unsecured and unsubordinated indebtedness from time to time outstanding.

Currently there is no public market for the Notes. AGUS intends to apply to list the Notes on the New York Stock Exchange. The listing application will be subject to approval by the New York Stock Exchange. If such listing is obtained, AGUS will have no obligation to maintain such listing and may delist the Notes at any time.

**Investing in the Notes involves risks. See the "Risk Factors" sections beginning on page S-9 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2013 for important factors you should consider before buying the Notes.**

	Per Note	Total
Public offering price <sup>(1)</sup>	99.795% \$	498,975,000

## Edgar Filing: ASSURED GUARANTY LTD - Form 424B2

Underwriting discount	0.650%	\$	3,250,000
Proceeds, before expenses, to AGUS(1)	99.145%	\$	495,725,000

(1)

Plus accrued interest, if any, from June 20, 2014 to date of delivery.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Notes to purchasers through the book-entry delivery system of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., on or about June 20, 2014, against payment in immediately available funds.

---

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**Wells Fargo Securities**

---

Table of Contents

**TABLE OF CONTENTS**

**Prospectus Supplement**

	<b>Page</b>
<u>Forward-Looking Statements</u>	<u>S-i</u>
<u>Prospectus Supplement Summary</u>	<u>S-1</u>
<u>Risk Factors</u>	<u>S-9</u>
<u>Use of Proceeds</u>	<u>S-11</u>
<u>Capitalization of Assured Guaranty</u>	<u>S-12</u>
<u>Description of Notes and Guarantee</u>	<u>S-13</u>
<u>Certain Tax Consequences</u>	<u>S-21</u>
<u>Underwriting (Conflicts of Interest)</u>	<u>S-27</u>
<u>Legal Matters</u>	<u>S-30</u>

**Prospectus**

<u>About this Prospectus</u>	<u>1</u>
<u>Forward-Looking Statements</u>	<u>1</u>
<u>Assured Guaranty Ltd., Assured Guaranty US Holdings Inc. and Assured Guaranty Municipal Holdings Inc.</u>	<u>3</u>
<u>Use of Proceeds</u>	<u>4</u>
<u>Ratio of Earnings to Fixed Charges of the Company</u>	<u>4</u>
<u>General Description of the Offered Securities</u>	<u>5</u>
<u>Description of AGL Share Capital</u>	<u>5</u>
<u>Description of the Depositary Shares</u>	<u>15</u>
<u>Description of the AGL Debt Securities</u>	<u>17</u>
<u>Description of the Assured Guaranty US Holdings Debt Securities and AGL Guarantee</u>	<u>29</u>
<u>Description of the Assured Guaranty Municipal Holdings Debt Securities and AGL Guarantee</u>	<u>45</u>
<u>Description of the Warrants to Purchase AGL Common Shares or Preferred Shares</u>	<u>61</u>
<u>Description of the Warrants to Purchase Debt Securities</u>	<u>63</u>
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	<u>64</u>
<u>Plan of Distribution</u>	<u>64</u>
<u>Legal Matters</u>	<u>67</u>
<u>Experts</u>	<u>67</u>
<u>Enforceability of Civil Liabilities under United States Federal Securities Laws and Other Matters</u>	<u>67</u>
<u>Where You Can Find More Information</u>	<u>68</u>

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement, the accompanying prospectus and any free writing prospectus do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or a solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement, the accompanying prospectus or any free writing prospectus, nor any sale made hereunder and thereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the AGUS or AGL since the date of this prospectus supplement, the accompanying prospectus or any free writing prospectus or that the information contained or incorporated by reference herein or therein is accurate as of any time subsequent to the date of such information. Our business, financial condition, results of operations and prospects may have changed since these dates.

Unless otherwise specified or the context otherwise requires, the terms the "Company," "Assured Guaranty," "we," "our" and "us" and other similar terms mean Assured Guaranty Ltd. and its subsidiaries, the term "AGL" means Assured Guaranty Ltd. only and the term the "Issuer" and "AGUS" means Assured Guaranty US Holdings Inc.

Table of Contents

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, including the documents we incorporate by reference, contain information that includes or is based upon forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements give the expectations or forecasts of future events of the Company. These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance.

Any or all of our forward looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Our actual results may vary materially. Among factors that could cause actual results to differ materially are:

rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of Assured Guaranty or any of its subsidiaries and/or of transactions that Assured Guaranty's subsidiaries have insured;

reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance;

developments in the world's financial and capital markets that adversely affect obligors' payment rates, Assured Guaranty's loss experience, or its exposure to refinancing risk in transactions (which could result in substantial liquidity claims on its guarantees);

the possibility that budget shortfalls or other factors will result in credit losses or impairments on obligations of state and local governments that Assured Guaranty insures or reinsures;

the failure of Assured Guaranty to realize insurance loss recoveries or damages through loan putbacks, settlement negotiations or litigation;

deterioration in the financial condition of Assured Guaranty's reinsurers, the amount and timing of reinsurance recoverables actually received and the risk that reinsurers may dispute amounts owed to Assured Guaranty under its reinsurance agreements;

increased competition, including from new entrants into the financial guaranty industry;

rating agency action on obligors, including sovereign debtors, resulting in a reduction in the value of securities in Assured Guaranty's investment portfolio and in collateral posted by and to the Company;

the inability of Assured Guaranty to access external sources of capital on acceptable terms;

changes in the world's credit markets, segments thereof or general economic conditions;

the impact of market volatility on the mark-to-market of Assured Guaranty's contracts written in credit default swap form;

changes in applicable accounting policies or practices;

changes in applicable laws or regulations, including insurance and tax laws;

other governmental actions;

difficulties with the execution of Assured Guaranty's business strategy;

contract cancellations;

loss of key personnel;

adverse technological developments;

S-i

---

Table of Contents

the effects of mergers, acquisitions and divestitures;

natural or man-made catastrophes;

other risks and uncertainties that have not been identified at this time;

management's response to these factors; and

other risk factors identified in Assured Guaranty's filings with the SEC.

The foregoing review of important factors should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements that are included in this prospectus and the documents incorporated by reference herein. We undertake no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law. Investors are advised, however, to consult any further disclosures we make on related subjects in our reports filed with the SEC.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward looking statements in this prospectus or in the documents incorporated by reference reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity.

For these statements, we claim the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Table of Contents

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information about Assured Guaranty and this offering. It does not contain all of the information that may be important to you in deciding whether to purchase Notes. We encourage you to read the entire prospectus supplement, the accompanying prospectus and the documents that we have filed with the SEC that are incorporated by reference prior to deciding whether to purchase Notes.*

**Assured Guaranty Ltd.**

Assured Guaranty Ltd. is a Bermuda-based holding company incorporated in 2003 that provides, through its operating subsidiaries, credit protection products to the United States ("U.S.") and international public finance (including infrastructure) and structured finance markets. The Company applies its credit underwriting judgment, risk management skills and capital markets experience to offer financial guaranty insurance that protects holders of debt instruments and other monetary obligations from defaults in scheduled payments. If an obligor defaults on a scheduled payment due on an obligation, including a scheduled principal or interest payment, the Company is required under its unconditional and irrevocable financial guaranty to pay the amount of the shortfall to the holder of the obligation. Obligations insured by the Company include bonds issued by U.S. state or municipal governmental authorities; notes issued to finance international infrastructure projects; and asset-backed securities issued by special purpose entities. The Company markets its financial guaranty insurance directly to issuers and underwriters of public finance and structured finance securities as well as to investors in such obligations. The Company guarantees obligations issued principally in the U.S. and the United Kingdom ("U.K."). The Company also guarantees obligations issued in other countries and regions, including Australia and Western Europe.

The Company conducts its financial guaranty business on a direct basis from the following companies: Assured Guaranty Municipal Corp. ("AGM"), Assured Guaranty Corp. ("AGC"), Municipal Assurance Corp. ("MAC") and Assured Guaranty (Europe) Ltd. ("AGE"). It also conducts business through Assured Guaranty Re Ltd. ("AG Re"), a Bermuda-based reinsurer. The following is a description of AGL's principal operating subsidiaries:

**Assured Guaranty Municipal Corp.** AGM is located and domiciled in New York, was organized in 1984 and commenced operations in 1985. Since mid-2008, AGM has provided financial guaranty insurance on debt obligations issued in the U.S. public finance and global infrastructure markets. Previously, AGM also offered insurance and reinsurance in the global structured finance market. AGM formerly was named Financial Security Assurance Inc. It was acquired, together with its holding company Financial Security Assurance Holdings Ltd. (renamed Assured Guaranty Municipal Holdings Inc. ("AGMH")) and the subsidiaries owned by that holding company, by Assured Guaranty on July 1, 2009.

**Municipal Assurance Corp.** MAC is located and domiciled in New York and was organized in 2008. Assured Guaranty acquired MAC (formerly named Municipal and Infrastructure Assurance Corporation) on May 31, 2012. On July 16, 2013, Assured Guaranty completed a series of transactions that increased the capitalization of MAC and resulted in MAC assuming a portfolio of geographically diversified U.S. public finance exposure from AGM and AGC. Management believes MAC enhances the Company's overall competitive position because:

MAC only has exposure to U.S. public finance risk and no exposure to structured finance risk;

MAC insures only U.S. public finance risk, focusing on investment grade obligations in select sectors of the municipal market;



Table of Contents

MAC had approximately \$1.5 billion of claims-paying resources as of December 31, 2013, consisting of \$834 million of statutory capital and \$671 million of statutory unearned premium reserve; and

MAC has strong financial strength ratings from two rating agencies: AA+ (stable outlook) from Kroll Bond Rating Agency and AA (stable outlook) from Standard & Poor's Rating Services.

MAC issued its first financial guaranty insurance policy in August 2013.

***Assured Guaranty (Europe) Ltd.*** AGE is a U.K. incorporated company licensed as a U.K. insurance company and authorized to operate in various countries throughout the European Economic Area (the "EEA"). It was organized in 1990 and issued its first financial guarantee in 1994. AGE issues financial guarantees in both the international public finance and structured finance markets and is the primary entity from which the Company writes business in the EEA. AGE has agreed with its regulator that new business it writes would be guaranteed using a co-insurance structure pursuant to which AGE would co-insure municipal and infrastructure transactions with AGM, and structured finance transactions with AGC. AGE must obtain the approval of the U.K. Prudential Regulation Authority before it can guarantee any new structured finance transaction.

***Assured Guaranty Corp.*** AGC is located in New York and domiciled in Maryland, was organized in 1985 and commenced operations in 1988. It is the only financial guaranty insurer providing insurance on debt obligations in the global structured finance market. It also guarantees obligations in the U.S. public finance and international infrastructure markets.

***Assured Guaranty Re Ltd.*** AG Re was incorporated under the laws of Bermuda in 1996 and is licensed as a Class 3B insurer under the Insurance Act 1978 and related regulations of Bermuda. AG Re owns, indirectly, Assured Guaranty Re Overseas Ltd. ("AGRO"), which is a Bermuda Class 3A and Class C insurer. AG Re and AGRO underwrite financial guaranty reinsurance. They write business as reinsurers of third-party primary insurers and of certain affiliated companies.

AGL's principal executive offices are at 30 Woodbourne Avenue, Hamilton HM 08 Bermuda, and its telephone number is (441) 279-5700.

**Assured Guaranty US Holdings Inc.**

Assured Guaranty US Holdings Inc. ("AGUS"), the issuer of the Notes, is a 100%-owned subsidiary of AGL formed under the laws of the State of Delaware in February 2004. AGUS is a U.S. holding company and has no direct operations. AGUS's principal asset is the capital stock of its insurance subsidiaries, which includes AGC, AGM and MAC. Its principal executive offices are at 31 West 52nd Street, New York, New York, and its telephone number is (212) 974-0100.

Table of Contents

**The Offering**

*The summary below describes the principal terms of the Notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See "Description of Notes and Guarantee" for a more detailed description of the terms and conditions of the Notes.*

Issuer	Assured Guaranty US Holdings Inc.
Guarantor	Assured Guaranty Ltd.
Securities Offered	\$500,000,000 aggregate principal amount of 5.000% Senior Notes due 2024.
Maturity	The Notes will mature on July 1, 2024.
Interest	Interest on the Notes is payable semi-annually on January 1 and July 1 of each year, beginning January 1, 2015, at the rate of 5.000% per year.
Ranking	The Notes will be senior unsecured obligations of AGUS and will rank equally in right of payment with all of the Issuer's other unsecured and unsubordinated indebtedness from time to time outstanding. The guarantee will be a senior unsecured obligation of AGL and will rank equally in right of payment with all of AGL's other unsecured and unsubordinated indebtedness from time to time outstanding. The Notes will be structurally subordinated to all obligations of AGUS's subsidiaries, including claims with respect to trade payables. The guarantee will be structurally subordinated to all obligations of AGL's subsidiaries, including claims with respect to trade payables. As of March 31, 2014, AGUS had a total of approximately \$440 million of indebtedness outstanding (other than trade payables).
Optional Redemption	AGUS may redeem all or part of the Notes at any time or from time to time, at its option, at a redemption price equal to the greater of  100% of the principal amount of the Notes being redeemed; and  the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed (excluding interest accrued to the redemption date) from the redemption date to the maturity date discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the Treasury Rate plus 40 basis points; plus, in each case, accrued and unpaid interest on the Notes to be redeemed to, but excluding, the redemption date. In addition, AGUS may redeem all of the Notes under the circumstances described under "Description of Notes and Guarantee Redemption for Changes in Withholding Taxes."
Sinking Fund	None.

Table of Contents

Covenants	The indenture under which AGUS will issue the Notes contains covenants that, among other things, limit the ability of AGL and AGUS to (1) dispose of, or incur indebtedness secured by, the capital stock of designated subsidiaries and (2) engage in mergers, consolidations, amalgamations and sales of all or substantially all of their assets. See "Description of the Assured Guaranty US Holdings Debt Securities and AGL Guarantee Covenants Applicable to Assured Guaranty US Holdings Senior Debt Securities" in the accompanying prospectus.
Use of Proceeds	AGUS intends to use the net proceeds from this offering for general corporate purposes, including the purchase of common shares of AGL. See "Use of Proceeds."
Conflicts of Interest	As described in "Use of Proceeds," AGUS intends to use a portion of the net proceeds of this offering for the repurchase of common shares of AGL. Certain of the underwriters (or their affiliates) may be holders of the common shares of AGL and would receive a portion of the proceeds from this offering as a result of the purchase of AGL common shares. If any one underwriter, together with its affiliates, were to receive 5% or more of the net proceeds as a result of the purchase of common shares, such underwriter would be deemed to have a "conflict of interest" with us in regard to this offering under Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Accordingly, this offering will be conducted in accordance with FINRA Rule 5121. No underwriter with a "conflict of interest" under FINRA Rule 5121 will confirm sales to any discretionary accounts without receiving specific written approval from the account holder. A qualified independent underwriter ("QIU") is not necessary for this offering pursuant to FINRA Rule 5121(a)(1)(C). See "Use of Proceeds" and "Underwriting (Conflicts of Interest)."
Denominations and Form	AGUS will issue the of Notes in the form of one or more fully registered global securities registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, <i>société anonyme</i> and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive Notes in definitive form and will not be considered holders of Notes under the indenture. The Notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

## Edgar Filing: ASSURED GUARANTY LTD - Form 424B2

### Table of Contents

Listing	AGUS intends to apply to list the Notes on the New York Stock Exchange. The listing application will be subject to approval by the New York Stock Exchange. If such a listing is obtained, AGUS will have no obligation to maintain such listing, and may delist the Notes at any time.
Governing Law	New York
Trustee	The Bank of New York Mellon

Table of Contents

**Summary Consolidated Financial and Other Data of Assured Guaranty**

The following table sets forth summary consolidated financial and other data of Assured Guaranty. The financial data have been derived from our audited financial statements except for the quarterly financial data which is derived from our unaudited financial statements. Results of operations of AGMH are included for periods beginning July 1, 2009 (the "Acquisition Date"). In the opinion of management, the unaudited quarterly financial statements reflect all adjustments necessary for a fair statement of the results and financial position of such periods. The quarterly results are not necessarily indicative of the results for the full year. You should read the following information in conjunction with

S-6

---

# Edgar Filing: ASSURED GUARANTY LTD - Form 424B2

## Table of Contents

our financial statements and notes thereto and the other financial and statistical information that we include or incorporate by reference in this prospectus supplement and the accompanying prospectus.

	For the three months ended March 31,		For the year ended December 31				
	2014	2013	2013	2012	2011	2010	2009
	(in millions of U.S. dollars, except selected data)						
<b>Statement of operations data:</b>							
Revenues:							
Net earned premiums(1)	\$ 132	\$ 248	\$ 752	\$ 853	\$ 920	\$ 1,187	\$ 930
Net investment income(1)	103	94	393	404	396	361	262
Net realized investment gains (losses)(1)	2	28	52	1	(18)	(2)	(33)
Realized gains and other settlements on credit derivatives	19	18	(42)	(108)	6	153	164
Net unrealized gains (losses) on credit derivatives	(230)	(610)	107	(477)	554	(155)	(338)
Fair value gains (losses) on committed capital securities	(9)	(10)	10	(18)	35	9	(123)
Fair value gains (losses) on financial guaranty variable interest entities(1)	157	70	346	191	(146)	(274)	(1)
Other income (loss)	21	(14)	(10)	108	58	34	56
<b>Total revenues</b>	<b>195</b>	<b>(176)</b>	<b>1,608</b>	<b>954</b>	<b>1,805</b>	<b>1,313</b>	<b>917</b>
Expenses:							
Loss and loss adjustment expenses(1)	41	(48)	154	504	448	412	394
Amortization of deferred acquisition costs	5	3	12	14	17	22	44
Assured Guaranty Municipal Holdings Inc. acquisition-related expenses						7	92
Interest expense	20	21	82	92	99	100	63
Goodwill and settlement of pre-existing relationship							23
Other operating expenses	60	60	218	212	212	238	192
<b>Total expenses</b>	<b>126</b>	<b>36</b>	<b>466</b>	<b>822</b>	<b>776</b>	<b>779</b>	<b>808</b>