

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Corp.

March 31, 2012



**Assured Guaranty Corp.
March 31, 2012
Financial Supplement**

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (together with its subsidiaries, "Assured Guaranty") with the Securities and Exchange Commission ("SEC"), including Assured Guaranty's Annual Report on Form 10-K for the year ended December 31, 2011 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012. For the purposes of this financial supplement, all references to the "Company" shall mean Assured Guaranty Corp. ("AGC") and its consolidated entities.

Some amounts in this Financial Supplement may not add due to rounding.

Cautionary Statement Regarding Forward Looking Statements:

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) 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, all of which have occurred in the past; (2) developments in the world's financial and capital markets that adversely affect issuers' payment rates, Assured Guaranty's loss experience, its access to capital, its unrealized (losses) gains on derivative financial instruments or its investment returns; (3) changes in the world's credit markets, segments thereof or general economic conditions; (4) the impact of ratings agency action with respect to sovereign debt and the resulting effect on the value of securities in the Company's investment portfolio and collateral posted by and to the Company; (5) more severe or frequent losses implicating the adequacy of Assured Guaranty's expected loss estimates; (6) the impact of market volatility on the mark-to-market of Assured Guaranty's contracts written in credit default swap form; (7) reduction in the amount of insurance opportunities available to Assured Guaranty; (8) 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; (9) the possibility that Assured Guaranty will not realize insurance loss recoveries or damages expected from originators, sellers, sponsors, underwriters or servicers of residential mortgage-backed securities transactions; (10) the possibility that budget shortfalls or other factors will result in credit losses or impairments on obligations of state and local governments that the Company insures or reinsures; (11) increased competition; (12) changes in applicable accounting policies or practices; (13) changes in applicable laws or regulations, including insurance and tax laws; (14) other governmental actions; (15) difficulties with the execution of Assured Guaranty's business strategy; (16) contract cancellations; (17) Assured Guaranty's dependence on customers; (18) loss of key personnel; (19) adverse technological developments; (20) the effects of mergers, acquisitions and divestitures; (21) natural or man-made catastrophes; (22) other risks and uncertainties that have not been identified at this time; (23) management's response to these factors; and (24) other risk factors identified in Assured Guaranty's filings with the SEC. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made. Assured Guaranty undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Assured Guaranty Corp.

Selected Financial Highlights

(dollars in millions)

	Three Months Ended	
	March 31,	
	2012	2011 ¹
Operating income reconciliation:		
Operating income (loss)	\$ 19.6	\$ 31.9
Plus after-tax adjustments:		
Realized gains (losses) on investments	(0.9)	-
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(351.8)	(145.4)
Fair value gains (losses) on committed capital securities	(5.5)	0.2
Foreign exchange gains (losses) on revaluation of premiums receivable and loss and loss adjustment ("LAE") expenses	(0.1)	0.5
Effect of consolidating financial guaranty variable interest entities ("FG VIEs")	(6.9)	7.4
Net income (loss)	\$ (345.6)	\$ (105.4)
Return on equity ("ROE") calculations²:		
ROE, excluding unrealized gain (loss) on investment portfolio	(128.0)%	(44.4)%
Operating ROE	5.1%	8.9%
New Business:		
Gross par written	\$ 1,799	\$ 98
Present value of new business production ("PVP") ³	\$ 22.0	\$ 1.1
	As of	
	March 31,	December 31,
	2012	2011¹
Reconciliation of shareholder's equity to adjusted book value:		
Shareholder's equity	\$ 988.1	\$ 1,340.1
Less after-tax adjustments:		
Effect of consolidating FG VIEs	(86.9)	(79.9)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(573.4)	(208.7)
Fair value gains (losses) on committed capital securities	14.8	20.3
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	87.5	80.9
Operating shareholder's equity	\$ 1,546.1	\$ 1,527.5
After-tax adjustments		
Less: Deferred acquisition costs	(16.0)	(13.4)
Plus: Net present value of estimated net future credit derivative revenue	133.0	146.7
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	530.5	532.1
Adjusted book value	\$ 2,225.6	\$ 2,219.7
Other Information		
Net debt service outstanding	\$ 152,353	\$ 154,314
Net par outstanding	103,792	105,033
Claims-paying resources ⁴	3,898	3,924

1. Effective January 1, 2012, the Company adopted new guidance related to acquisition costs with retrospective application. The effect of adoption was a decrease in net loss of \$13 thousand for the three months ended March 31, 2011 and a decrease to shareholder's equity and operating shareholder's equity of \$47.7 million as of December 31, 2011.

2. Quarterly ROE calculations represent annualized returns.

3. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

4. See page 5 for additional detail on claims paying resources.

Assured Guaranty Corp.

Consolidated Statements of Operations

(in millions)

Three Months Ended March 31,

	2012	2011 ¹
Revenues:		
Net earned premiums	\$ 20.3	\$ 28.7
Net investment income	24.6	24.5
Net realized investment gains (losses)	(1.4)	-
Net change in fair value of credit derivatives:		
Realized gains and other settlements	(52.1)	10.4
Net unrealized gains (losses)	(472.9)	(235.3)
Net change in fair value of credit derivatives	(525.0)	(224.9)
Fair value gains (losses) on committed capital securities	(8.5)	0.3
Fair value gains (losses) on FG VIEs	(5.9)	9.5
Other income	0.1	1.3
Total revenues	(495.8)	(160.6)
Expenses:		
Loss and loss adjustment expenses	15.8	(18.4)
Amortization of deferred acquisition costs	2.0	0.7
Interest expense	3.8	3.8
Other operating expenses	20.4	20.7
Total expenses	42.0	6.8
Income (loss) before income taxes	(537.8)	(167.4)
Provision (benefit) for income taxes	(192.2)	(62.0)
Net income (loss)	\$ (345.6)	\$ (105.4)
Less after-tax adjustments:		
Realized gains (losses) on investments	(0.9)	-
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(351.8)	(145.4)
Fair value gains (losses) on committed capital securities	(5.5)	0.2
Foreign exchange gains (losses) on revaluation of premiums receivable and loss and LAE reserves	(0.1)	0.5
Effect of consolidating FG VIEs	(6.9)	7.4
Operating income (loss)	\$ 19.6	\$ 31.9
Effect of refundings and accelerations, net		
Earned premiums from refundings and accelerations, net	\$ 4.1	\$ 6.8
Operating income effect	2.6	4.2

1. Effective January 1, 2012, the Company adopted new guidance related to acquisition costs with retrospective application. The effect of adoption was a decrease in net loss of \$13 thousand for the three months ended March 31, 2011.

Note: Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Net Income (Loss) Reconciliation to Operating Income (2 of 2)

(in millions)

	Three Months Ended March 31, 2012			Three Months Ended March 31, 2011		
	GAAP Income Statement As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Results	GAAP Income Statement As Reported (1)	Less: Operating Income Adjustments	Non-GAAP Operating Income Results (1)
Revenues:						
Net earned premiums	\$ 20.3	\$ (0.8) (2)	\$ 21.1	\$ 28.7	\$ 0.1 (2)	\$ 28.6
Net investment income	24.6	(0.8) (2)	25.4	24.5	(0.3)	24.8
Net realized investment gains (losses)	(1.4)	(1.4) (3)	-	-	- (3)	-
Net change in fair value of credit derivatives:						
Realized gains and other settlements	(52.1)	(52.1)	-	10.4	10.4	-
Net unrealized gains (losses)	(472.9)	(472.9)	-	(235.3)	(235.3)	-
Credit derivative revenues	-	(16.0)	16.0	-	(23.3)	23.3
Net change in fair value of credit derivatives	(525.0)	(541.0) (4)	16.0	(224.9)	(248.2) (4)	23.3
Fair value gain (loss) on committed capital securities	(8.5)	(8.5) (5)	-	0.3	0.3 (5)	-
Fair value gains (losses) on FG VIEs	(5.9)	(5.9) (2)	-	9.5	9.5 (2)	-
Other income	0.1	-	0.1	1.3	0.7 (6)	0.6
Total revenues	(495.8)	(558.4)	62.6	(160.6)	(237.9)	77.3
Expenses:						
Loss expense:						
Financial guaranty insurance	15.8	3.1 (2)	12.7	(18.4)	(2.2) (2)	(16.2)
Credit derivatives	-	0.2 (4)	(0.2)	-	(24.4) (4)	24.4
Amortization of deferred acquisition costs	2.0	-	2.0	0.7	-	0.7
Interest expense	3.8	-	3.8	3.8	-	3.8
Other operating expenses	20.4	-	20.4	20.7	-	20.7
Total expenses	42.0	3.3	38.7	6.8	(26.6)	33.4
Income (loss) before income taxes	(537.8)	(561.7)	23.9	(167.4)	(211.3)	43.9
Provision (benefit) for income taxes	(192.2)	(196.5) (7)	4.3	(62.0)	(74.0) (7)	12.0
Net income (loss)	\$ (345.6)	\$ (365.2)	\$ 19.6	\$ (105.4)	\$ (137.3)	\$ 31.9

1. Effective January 1, 2012, the Company adopted new guidance related to acquisition costs with retrospective application. The effect of adoption was a decrease in net loss and an increase in operation income of \$13 thousand for the three months ended March 31, 2011.
2. Adjustments primarily related to elimination of the effects of consolidating FG VIEs.
3. Adjustments to eliminate realized gains (losses) on available-for-sale investments.
4. Adjustments to eliminate non-economic fair value gains (losses) on credit derivatives and reclassification to revenues and loss expense.
5. Adjustments to eliminate fair value gain (loss) on committed capital securities.
6. Adjustments to eliminate foreign exchange gains (losses) on revaluation of net premiums receivable.
7. Tax effect of the above adjustments.

Note: Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Consolidated Balance Sheets

(in millions)

	As of	
	March 31, 2012	December 31, 2011 ¹
Assets:		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 2,732.7	\$ 2,748.8
Short-term investments, at fair value	143.9	151.9
Other invested assets	56.2	12.5
Total investment portfolio	2,932.8	2,913.2
Cash	30.3	30.6
Premiums receivable, net of ceding commissions payable	234.0	231.9
Ceded unearned premium reserve	372.1	364.4
Reinsurance recoverable on unpaid losses	128.6	132.4
Salvage and subrogation recoverable	46.5	49.7
Credit derivative assets	304.6	305.9
Deferred tax asset, net	418.5	209.1
FG VIE assets, at fair value	777.8	762.5
Other assets	111.3	105.2
Total assets	\$ 5,356.5	\$ 5,104.9
Liabilities and shareholder's equity:		
Liabilities:		
Unearned premium reserve	\$ 1,195.7	\$ 1,190.4
Loss and loss adjustment expense reserve	298.2	295.7
Reinsurance balances payable, net	97.5	92.7
Note payable to affiliate	300.0	300.0
Credit derivative liabilities	1,505.3	927.1
Current income tax payable	1.9	0.8
FG VIE liabilities with recourse, at fair value	484.1	470.8
FG VIE liabilities without recourse, at fair value	361.2	358.0
Other liabilities	124.5	129.3
Total liabilities	4,368.4	3,764.8
Shareholder's equity:		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,037.4	1,037.1
Retained earnings (deficit)	(146.7)	213.9
Accumulated other comprehensive income	82.4	74.1
Total shareholder's equity	988.1	1,340.1
Total liabilities and shareholder's equity	\$ 5,356.5	\$ 5,104.9

- Effective January 1, 2012, the Company adopted new guidance related to acquisition costs with retrospective application. The effect of adoption was a decrease to deferred acquisition costs of \$73.4 million and a decrease to shareholder's equity of \$47.7 million as of December 31, 2011.

Assured Guaranty Corp.

Claims Paying Resources

(dollars in millions)

	As of	
	March 31, 2012	December 31, 2011
Claims paying resources		
Policyholders' surplus	\$ 992	\$ 1,021
Contingency reserve	734	691
Qualified statutory capital	1,726	1,712
Unearned premium reserve	820	826
Loss and loss adjustment expense reserve ^{1, 2}	326	345
Total policyholders' surplus and reserves	2,872	2,883
Present value of installment premium ²	391	406
Standby line of credit/stop loss	200	200
Excess of loss reinsurance facility ³	435	435
Total claims paying resources	\$ 3,898	\$ 3,924
Net par outstanding ⁴	\$ 103,632	\$ 104,977
Net debt service outstanding ⁴	152,173	154,252
Ratios:		
Net par outstanding to qualified statutory capital	60:1	61:1
Capital ratio ⁵	88:1	90:1
Financial resources ratio ⁶	39:1	39:1

1. Reserves as of March 31, 2012 and December 31, 2011 are reduced by approximately \$0.4 billion and \$0.3 billion, respectively, for the benefit related to representation and warranty recoverables.
2. Includes financial guaranty insurance and credit derivatives.
3. Effective as of January 1, 2012, the Company entered into a new \$435 million excess of loss reinsurance facility for the benefit of AGM and AGC, and has been included in total claims paying resources as of December 31, 2011.
4. Net par outstanding and net debt service outstanding are presented on a statutory basis. Under statutory accounting, such amounts would be reduced both when an outstanding issue is legally defeased (i.e., an issuer has legally discharged its obligations with respect to a municipal security by satisfying conditions set forth in defeasance provisions contained in transaction documents and is no longer responsible for the payment of debt service with respect to such obligations) and when such issue is economically defeased (i.e., transaction documents for a municipal security do not contain defeasance provisions but the issuer establishes an escrow account with U.S. government securities in amounts sufficient to pay the refunded bonds when due; the refunded bonds are not considered paid and continue to be outstanding under the transaction documents and the issuer remains responsible to pay debt service when due to the extent monies on deposit in the escrow account are insufficient for such purpose).
5. The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.
6. The financial resources ratio is calculated by dividing net debt service outstanding by total claims paying resources.

Assured Guaranty Corp.

New Business Production

(in millions)

	Three Months Ended	
	March 31,	
	2012	2011
Consolidated new business production analysis:		
PVP		
Public finance - U.S.:		
Assumed from Radian	\$ 21.9	\$ -
Primary markets	0.1	0.6
Secondary markets	-	0.5
Public finance - non-U.S.:		
Primary markets	-	-
Secondary markets	-	-
Structured finance - U.S.	-	-
Structured finance - non-U.S.	-	-
Total PVP	\$ 22.0	\$ 1.1
Total PVP	\$ 22.0	\$ 1.1
Less: PVP of credit derivatives	-	-
PVP of financial guaranty insurance	22.0	1.1
Less: financial guaranty installment premium PVP	-	0.1
Total: financial guaranty upfront gross written premiums	22.0	1.0
Plus: financial guaranty installment gross written premiums ¹	10.1	(19.8)
Total gross written premiums	\$ 32.1	\$ (18.8)
Consolidated financial guaranty gross par written:		
Public finance - U.S.:		
Assumed from Radian	\$ 1,797	\$ -
Primary markets	2	77
Secondary markets	-	21
Public finance - non-U.S.:		
Primary markets	-	-
Secondary markets	-	-
Structured finance - U.S.	-	-
Structured finance - non-U.S.	-	-
Total	\$ 1,799	\$ 98

1. Represents present value of new business on installment policies plus gross written premiums adjustment on existing installment deals due to changes in assumptions and any cancellations of assumed reinsurance contracts.

Note: Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Financial Guaranty Gross Par Written

(in millions)

Financial Guaranty Gross Par Written by Asset Type

	Three Months Ended March 31, 2012	
	Gross Par Written	Avg. Internal Rating
Sector:		
U.S. public finance		
General obligation	\$ 1,421	BBB
Municipal utilities	114	BBB+
Healthcare	109	A
Higher education	68	A-
Tax backed	56	BBB
Transportation	31	BBB+
Total U.S. public finance	<u>1,799</u>	BBB
Non-U.S. public finance:		
Total non-U.S. public finance	-	
Total public finance	<u>\$ 1,799</u>	BBB
U.S. structured finance		
Total U.S. structured finance	-	-
Non-U.S. structured finance:		
Total non-U.S. structured finance	-	-
Total structured finance	<u>\$ -</u>	-
Total gross par written	<u>\$ 1,799</u>	BBB

Note: Please refer to the Glossary for a description of internal ratings and sectors.

Assured Guaranty Corp.

Available-for-Sale Investment Portfolio and Cash

As of March 31, 2012

(dollars in millions)

	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income ¹
Investment portfolio, available-for-sale:					
Fixed maturity securities:					
U.S. Treasury securities and obligations					
of U.S. government agencies	\$ 329.6	2.32%	1.51%	\$ 344.0	\$ 7.7
Agency obligations	148.7	2.90%	1.88%	159.1	4.3
Obligations of states and political subdivisions	1,323.5	4.04%	3.81%	1,411.0	53.5
Insured obligations of state and political subdivisions ²	307.5	4.73%	4.48%	331.1	14.5
Corporate securities	172.6	3.89%	2.53%	183.1	6.7
Mortgage-backed securities ("MBS"):					
Residential MBS ("RMBS") ^{3, 4}	145.7	6.16%	4.00%	122.9	9.0
Commercial MBS ("CMBS")	76.8	5.00%	3.25%	83.0	3.8
Asset-backed securities ⁵	22.1	6.47%	4.21%	18.9	1.4
Foreign government securities	83.5	3.50%	2.27%	92.0	2.9
Total fixed maturity securities	2,610.0	3.98%	3.35%	2,745.1	103.8
Short-term investments	143.9	0.06%	0.04%	143.9	0.1
Cash ⁶	24.8	-	-	24.8	-
Total	\$ 2,778.7	3.78%	3.18%	\$ 2,913.8	\$ 103.9
Less: FG VIEs	9.2	12.64%	8.21%	6.9	1.2
Total	\$ 2,769.5	3.73%	3.15%	\$ 2,906.9	\$ 102.7

Ratings ⁷ :	Fair Value	% of Portfolio
Treasury and government obligations		
of U.S. government agencies	\$ 344.0	12.5%
Agency obligations	159.1	5.8%
AAA/Aaa	399.5	14.6%
AA/Aa	1,462.9	53.3%
A/A	320.8	11.7%
BBB	0.8	0.0%
Below investment grade ("BIG") ⁸	43.9	1.6%
Not rates ⁸	14.1	0.5%
Total fixed maturity securities available-for-sale	\$ 2,745.1	100.0%
Less: FG VIEs	12.4	
Total fixed maturity securities available-for-sale	\$ 2,732.7	

Duration of available-for-sale investment portfolio (in years): 5.4

Average ratings of available-for-sale investment portfolio AA

1. Represents annualized investment income based on amortized cost and pre-tax book yields.
2. Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by Standard & Poor's Ratings Services ("S&P") or Moody's Investors Service, Inc. ("Moody's") average AA-.
3. Includes \$11.1 million in U.S. subprime RMBS, which has an average rating of BIG.
4. Includes investments purchased for loss mitigation purposes.
5. Contains no collateralized debt obligations ("CDOs") of asset-backed securities ("ABS").
6. Represents operating cash and is not included in yield calculations.
7. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or risk management strategies which use internal ratings classifications.
8. Included in the investment portfolio are securities purchased or obtained as part of loss mitigation or other risk management strategies of \$207.5 million in par with carrying value of \$44.7 million.

Assured Guaranty Corp.

Estimated Net Exposure Amortization ¹ and Estimated Future Net Earned Premiums and Credit Derivative Revenues
(in millions)

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance ²			Future Credit Derivative Revenues ⁴	Total
			Expected PV Net Earned Premiums ³	Accretion of Discount	Future Net Earned Premiums		
2012 (as of March 31)		\$ 152,353					
2012 Q2	\$ 2,678	149,675	\$ 16.2	\$ 1.1	\$ 17.3	\$ 12.0	\$ 29.3
2012 Q3	2,436	147,239	16.6	1.1	17.7	11.2	28.9
2012 Q4	3,069	144,170	16.1	1.1	17.2	10.8	28.0
2013	10,539	133,631	61.0	3.9	64.9	38.4	103.3
2014	13,719	119,912	59.7	3.6	63.3	28.4	91.7
2015	12,399	107,513	55.6	3.2	58.8	20.3	79.1
2016	9,105	98,408	51.6	2.9	54.5	15.5	70.0
2012-2016	53,945	98,408	276.8	16.9	293.7	136.6	430.3
2017-2021	29,733	68,675	209.8	11.1	220.9	53.3	274.2
2022-2026	25,194	43,481	144.8	6.9	151.7	32.2	183.9
2027-2031	17,607	25,874	95.3	4.3	99.6	24.4	124.0
After 2031	25,874	-	96.9	2.1	99.0	21.5	120.5
Total	\$ 152,353		\$ 823.6	\$ 41.3	\$ 864.9	\$ 268.0	\$ 1,132.9

1. Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of December 31, 2011. Actual amortization may differ from expected maturities because borrowers may have the right to call or prepay guaranteed obligations and because of management's assumptions on structured finance amortization.

2. See page 10 for "Present Value of Financial Guaranty Insurance Net Expected Loss to be Expensed."

3. Excludes \$9.1 million in expected present value of net earned premiums related to FG VIEs.

4. Excludes contracts with credit impairment.

Assured Guaranty Corp.

Present Value ("PV") of Financial Guaranty Insurance Net Expected Loss to be Expensed

As of March 31, 2012

(in millions)

	Net Expected Loss to be Expensed ¹	
	Operating ²	GAAP ²
2012 Q2	\$ 0.4	\$ 0.3
2012 Q3	0.4	0.3
2012 Q4	0.4	0.3
2013	1.6	1.3
2014	1.4	1.1
2015	1.3	1.0
2016	1.2	0.9
2012-2016	6.7	5.2
2017-2021	4.4	3.5
2022-2026	2.3	2.1
2027-2031	1.7	1.6
After 2031	1.3	1.2
Total expected PV of net expected loss to be expensed	16.4	13.6
Discount	35.2	18.8
Total future value	\$ 51.6	\$ 32.4

1. The expected present value of net loss to be expensed is discounted by weighted-average risk free rates ranging from 0.0% to 3.94% for U.S. dollar denominated obligations and 0.0% and 2.84% for Euro denominated obligations.
2. Operating income includes net expected loss to be expensed on consolidated FG VIEs. Losses on consolidated FG VIEs are eliminated for GAAP.

Assured Guaranty Corp.

Financial Guaranty Profile (1 of 4)

(dollars in millions)

Net Par Outstanding and Average Rating by Asset Type

	March 31, 2012		December 31, 2011	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	\$ 24,664	A	\$ 24,118	A
Tax backed	10,968	A	11,055	A
Municipal utilities	8,563	A-	8,722	A-
Transportation	6,271	A	6,342	A
Healthcare	4,590	A	4,688	A
Higher education	3,372	A	3,340	A
Infrastructure finance	977	BBB	981	BBB
Investor-owned utilities	486	A-	491	A-
Housing	187	A+	184	A+
Other public finance	1,658	A	1,717	A
Total U.S. public finance	61,736	A	61,638	A
Non-U.S. public finance:				
Pooled infrastructure	1,677	AA	1,632	AA
Infrastructure finance	1,199	BBB	1,207	BBB
Regulated utilities	1,019	A-	996	A-
Other public finance	78	A+	77	A+
Total non-U.S. public finance	3,973	A	3,912	A
Total public finance	\$ 65,709	A	\$ 65,550	A
U.S. structured finance:				
Pooled corporate obligations	\$ 15,766	AA	\$ 16,392	AA
RMBS	8,269	BBB-	8,491	BBB-
CMBS and other commercial real estate related exposures	3,557	AAA	3,607	AAA
Consumer receivables	1,795	AA-	2,116	AA
Commercial receivables	423	BBB+	529	BBB+
Insurance securitizations	318	A+	318	A+
Structured credit	175	B-	213	B-
Other structured finance	285	A-	291	A-
Total U.S. structured finance	30,588	A+	31,957	A+
Non-U.S. structured finance:				
Pooled corporate obligations	5,981	AAA	5,781	AAA
Commercial receivables	824	A-	913	BBB+
Insurance securitizations	279	CCC-	278	CCC-
Structured credit	234	BBB	270	BBB
CMBS and other commercial real estate related exposures	88	AAA	135	AAA
RMBS	87	AAA	147	AAA
Other structured finance	2	A	2	A
Total non-U.S. structured finance	7,495	AA	7,526	AA
Total structured finance	\$ 38,083	AA-	\$ 39,483	AA-
Total net par outstanding	\$ 103,792	A	\$ 105,033	A

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Financial Guaranty Profile (2 of 4)

As of March 31, 2012

(dollars in millions)

Distribution by Ratings of Financial Guaranty Portfolio

Ratings:	Public Finance - U.S.		Public Finance - non-U.S.		Structured Finance - U.S.		Structured Finance - non-U.S.		Consolidated	
	Net Par		Net Par		Net Par		Net Par		Net Par	
	Outstanding	%	Outstanding	%	Outstanding ¹	%	Outstanding	%	Outstanding	%
Super senior	\$ -	0.0%	\$ 765	19.2%	\$ 5,290	17.3%	\$ 1,989	26.5%	\$ 8,044	7.7%
AAA	169	0.3%	-	0.0%	11,886	38.9%	3,265	43.5%	15,320	14.8%
AA	9,516	15.4%	269	6.8%	2,129	7.0%	147	2.0%	12,061	11.6%
A	39,806	64.5%	1,320	33.2%	1,499	4.9%	417	5.6%	43,042	41.5%
BBB	11,349	18.4%	1,425	35.9%	2,612	8.5%	1,129	15.1%	16,515	15.9%
BIG	896	1.4%	194	4.9%	7,172	23.4%	548	7.3%	8,810	8.5%
Total net par outstanding	\$ 61,736	100.0%	\$ 3,973	100.0%	\$ 30,588	100.0%	\$ 7,495	100.0%	\$ 103,792	100.0%

Ceded Par Outstanding by Reinsurer and Insurer Financial Strength Rating

Reinsurer	Moody's Rating	S&P Rating	Ceded Par Outstanding	% of Total
Affiliated companies ²			\$ 38,488	93.6%
Non-affiliated companies:				
American Overseas Reinsurance Company Limited ³	WR	WR	2,309	5.6%
Radian Asset Assurance Inc.	Ba1	B+	189	0.5%
Ambac Assurance Corporation	WR	WR	87	0.2%
Other	Various	Various	63	0.1%
Total non-affiliated companies			2,648	6.4%
Total			\$ 41,136	100.0%

1. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. Without this change, Structured Finance – U.S. net par outstanding rated BIG as of March 31, 2012 would have been \$356 million higher.

2. The affiliates of AGC are Assured Guaranty Re Ltd. and its subsidiaries rated A1 by Moody's and AA- by S&P and AGM and its subsidiaries rated Aa3 by Moody's and AA- by S&P.

3. Formerly RAM Reinsurance Company Ltd.

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Financial Guaranty Profile (3 of 4)

As of March 31, 2012

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
Public finance:		
Texas	\$ 7,350	7.1%
California	7,320	7.1%
New York	4,725	4.5%
Pennsylvania	4,458	4.3%
Florida	4,369	4.2%
Illinois	3,397	3.3%
New Jersey	2,554	2.5%
Alabama	1,867	1.8%
Puerto Rico	1,673	1.6%
Louisiana	1,636	1.6%
Other states	<u>22,387</u>	<u>21.5%</u>
Total U.S. public finance	61,736	59.5%
Structured finance (multiple states)	<u>30,588</u>	<u>29.5%</u>
Total U.S.	<u>92,324</u>	<u>89.0%</u>
Non-U.S.:		
United Kingdom	4,299	4.1%
Australia	1,057	1.0%
France	910	0.9%
Germany	817	0.8%
Cayman Islands	799	0.8%
Other	<u>3,586</u>	<u>3.4%</u>
Total non-U.S.	<u>11,468</u>	<u>11.0%</u>
Total net par outstanding	<u>\$ 103,792</u>	<u>100.0%</u>

Assured Guaranty Corp.

Financial Guaranty Profile (4 of 4)

As of March 31, 2012

(dollars in millions)

Net Economic Exposure to Selected European Countries

	Greece	Hungary	Ireland	Italy	Portugal	Spain	Total
Sovereign and sub-sovereign exposure:							
Public finance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
Infrastructure finance	-	30	19	53	68	24	194
Total sovereign and sub-sovereign exposure	-	30	19	53	68	24	194
Non-sovereign exposure:							
RMBS	-	3	-	-	-	-	3
Commercial receivables	-	1	15	22	12	14	64
Pooled corporate obligations	24	-	87	132	1	285	529
Total non-sovereign exposure	24	4	102	154	13	299	596
Total	\$ 24	\$ 34	\$ 121	\$ 207	\$ 81	\$ 323	\$ 790
Total BIG	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ 4

Note: While the Company's exposures are shown in U.S. dollars, the obligations the Company insures are in various currencies, including U.S. dollars, Euros and British pounds sterling.

Assured Guaranty Corp.
 Direct Pooled Corporate Obligations Profile
 As of March 31, 2012
(dollars in millions)

Distribution of Direct Pooled Corporate Obligations by Ratings

Ratings:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
Super Senior	\$ 4,136	19.3%	39.5%	39.3%
AAA	12,672	59.1%	36.8%	31.3%
AA	537	2.5%	50.9%	51.7%
A	343	1.6%	51.8%	49.5%
BBB	1,299	6.1%	44.2%	33.5%
BIG	2,441	11.4%	45.8%	24.9%
Total exposures	\$ 21,428	100.0%	39.4%	33.0%

Distribution of Direct Pooled Corporate Obligations by Asset Class

Asset class:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
CBOs/CLOs	\$ 13,902	64.9%	36.4%	34.2%	AAA
Market value CDOs of corporate	2,178	10.2%	45.8%	27.7%	AAA
Trust preferred					
Banks and insurance	2,404	11.2%	46.4%	31.4%	BBB-
European mortgage and real estate investment trusts	1,701	7.9%	50.0%	33.6%	BB
U.S. mortgage and real estate investment trusts	541	2.5%	37.3%	33.9%	BBB-
Synthetic investment grade pooled corporate	702	3.3%	30.0%	30.0%	Super Senior
Total exposures	\$ 21,428	100.0%	39.4%	33.0%	AA+

Note: Please refer to the Glossary for an explanation of internal ratings, performance indicators and sectors.

Assured Guaranty Corp.

Consolidated U.S. RMBS Profile (1 of 3)

As of March 31, 2012

(dollars in millions)

Distribution of U.S. RMBS by Rating and Type of Exposure

Ratings:	Prime First Lien ¹	Closed End Seconds	HELOC	Alt-A First Lien ¹	Option ARMs ¹	Subprime First Lien	Total Net Par Outstanding
AAA	\$ 1	\$ 0	\$ 8	\$ 178	\$ -	\$ 1,047	\$ 1,234
AA	34	19	3	273	79	758	1,166
A	1	0	-	9	28	666	703
BBB	5	-	5	241	142	383	777
BIG	416	147	380	2,336	516	595	4,389
Total exposures	<u>\$ 457</u>	<u>\$ 166</u>	<u>\$ 396</u>	<u>\$ 3,036</u>	<u>\$ 766</u>	<u>\$ 3,448</u>	<u>\$ 8,269</u>

Distribution of U.S. RMBS by Year Insured² and Type of Exposure

Year insured:	Prime First Lien	Closed End Seconds	HELOC	Alt-A First Lien	Option ARMs	Subprime First Lien	Total Net Par Outstanding
2004 and prior	\$ 28	\$ 0	\$ 19	\$ 33	\$ 32	\$ 207	\$ 319
2005	111	-	150	246	19	15	542
2006	-	-	-	-	29	2,540	2,568
2007	318	165	227	1,698	620	687	3,715
2008	-	-	-	1,059	67	-	1,125
Total exposures	<u>\$ 457</u>	<u>\$ 166</u>	<u>\$ 396</u>	<u>\$ 3,036</u>	<u>\$ 766</u>	<u>\$ 3,448</u>	<u>\$ 8,269</u>

Distribution of U.S. RMBS by Rating and Year Insured

Year insured:	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	\$ 77	\$ 44	\$ 36	\$ 120	\$ 42	\$ 319
2005	90	75	-	22	355	542
2006	967	738	630	136	97	2,568
2007	5	308	37	432	2,932	3,715
2008	94	-	-	67	964	1,125
Total exposures	<u>\$ 1,234</u>	<u>\$ 1,166</u>	<u>\$ 703</u>	<u>\$ 777</u>	<u>\$ 4,389</u>	<u>\$ 8,269</u>
% of total	14.9%	14.1%	8.5%	9.4%	53.1%	100.0%

1. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions.

2. AGC has not insured any U.S. RMBS transactions since 2008.

Note: Please refer to the Glossary for a description of performance indicators and sectors.

Assured Guaranty Corp.

Consolidated U.S. RMBS Profile (2 of 3)

As of March 31, 2012

(dollars in millions)

Distribution of U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies

U.S. Prime First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 111	37.3%	5.1%	1.4%	10.7%	6
2006	-	-	-	-	-	-
2007	318	49.9%	7.9%	4.3%	18.8%	1
2008	-	-	-	-	-	-
	<u>\$ 429</u>	<u>46.6%</u>	<u>7.2%</u>	<u>3.6%</u>	<u>16.7%</u>	<u>7</u>

U.S. Closed End Seconds

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	-	-	-	-	-	-
2007	165	22.2%	-	64.3%	7.9%	5
2008	-	-	-	-	-	-
	<u>\$ 165</u>	<u>22.2%</u>	<u>-</u>	<u>64.3%</u>	<u>7.9%</u>	<u>5</u>

U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 150	16.0%	(0)	22.1%	14.5%	2
2006	-	-	-	-	-	-
2007	227	30.2%	0	43.2%	8.0%	2
2008	-	-	-	-	-	-
	<u>\$ 377</u>	<u>24.5%</u>	<u>0</u>	<u>34.8%</u>	<u>10.6%</u>	<u>4</u>

U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 246	35.0%	11.3%	4.1%	14.3%	13
2006	-	-	-	-	-	-
2007	1,698	49.1%	5.3%	12.0%	32.5%	8
2008	1,059	46.5%	21.1%	13.2%	29.7%	5
	<u>\$ 3,003</u>	<u>47.0%</u>	<u>11.4%</u>	<u>11.8%</u>	<u>30.0%</u>	<u>26</u>

Note: Please refer to the Glossary for a description of performance indicators and sectors.

Assured Guaranty Corp.

Consolidated U.S. RMBS Profile (3 of 3)

As of March 31, 2012

(dollars in millions)

Distribution of U.S. RMBS Insured January 1, 2005 or Later by Exposure Type, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies

U.S. Option ARMs

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 19	19.1%	22.9%	5.2%	22.2%	1
2006	29	31.5%	2.8%	10.5%	26.5%	1
2007	620	51.2%	4.7%	13.5%	32.6%	5
2008	67	52.2%	48.9%	12.0%	36.3%	1
	<u>\$ 735</u>	<u>49.7%</u>	<u>9.1%</u>	<u>13.0%</u>	<u>32.4%</u>	<u>8</u>

U.S. Subprime First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 15	17.3%	89.9%	13.1%	57.8%	1
2006	2,540	21.2%	62.6%	16.9%	37.6%	2
2007	687	30.9%	20.9%	24.4%	44.2%	4
2008	-	-	-	-	-	-
	<u>\$ 3,242</u>	<u>23.3%</u>	<u>53.9%</u>	<u>18.4%</u>	<u>39.0%</u>	<u>7</u>

Note: Please refer to the Glossary for a description of performance indicators and sectors.

Assured Guaranty Corp.

Consolidated U.S. Commercial Real Estate Profile

As of March 31, 2012

(dollars in millions)

Distribution of U.S. CMBS Insured January 1, 2005 or Later by Exposure Type, Internal Rating, Average Pool Factor, Subordination, Cumulative Losses and 60+ Day Delinquencies

U.S. CMBS

Rating:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
Super senior	\$ 2,587	78.1%	37.8%	1.7%	8.7%	148
AAA	151	73.4%	27.2%	2.0%	10.9%	11
AA	-	-	-	-	-	-
A	119	42.0%	17.4%	2.0%	8.6%	1
BBB	-	-	-	-	-	-
BIG	-	-	-	-	-	-
Total exposures	\$ 2,857	76.3%	36.4%	1.8%	8.8%	160

CDOs of U.S. Commercial Real Estate and CMBS¹

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
CDOs of commercial real estate	\$ 549	80.9%	49.8%	52.4%
CDO of CMBS ²	130	19.1%	31.2%	63.0%
Total exposures	\$ 679	100.0%	46.2%	54.5%

1. Represents U.S. other CMBS not included in the table above.

2. Relates to vintages 2003 and prior.

Note: Please refer to the Glossary for a description of performance indicators and sectors.

Assured Guaranty Corp.

Direct U.S. Consumer Receivables Profile

As of March 31, 2012

(dollars in millions)

Distribution of Direct U.S. Consumer Receivables by Rating

Rating:	Credit Cards	Student Loans	Auto	Total Net Par Outstanding
Super senior	\$ 0	\$ -	\$ 525	\$ 525
AAA	-	333	146	479
AA	-	-	-	-
A	-	-	-	-
BBB	-	695	-	695
BIG	-	-	-	-
Total exposures	\$ 0	\$ 1,028	\$ 671	\$ 1,699
Average rating	Super Senior	A	AAA	AA
Avg. initial credit enhancement	69.2%	7.1%	50.1%	24.1%
Avg. current credit enhancement	69.2%	9.7%	49.0%	25.2%

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Credit Derivative Net Par Outstanding Profile

As of March 31, 2012

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Ratings:	Net Par Outstanding	% of Total
Super senior	\$ 7,519	23.1%
AAA	13,315	41.0%
AA	1,740	5.4%
A	2,243	6.9%
BBB	2,449	7.5%
BIG	5,213	16.1%
Total credit derivative net par outstanding	\$ 32,479	100.0%

Distribution of Credit Derivative Net Par Outstanding by Sector and Average Rating

	Net Par Outstanding	Average Internal Rating
Public finance		
U.S. public finance	\$ 2	AA-
Non-U.S. public finance	2,673	A+
Total public finance	\$ 2,675	A+
U.S. structured finance:		
Pooled corporate obligations	\$ 13,146	AA+
RMBS	6,377	BBB
CMBS	3,431	AAA
Consumer receivables	462	AA+
Commercial receivables	162	BBB
Structured credit	122	CCC
Insurance securitizations	75	BBB
Other structured finance	96	AA-
Total U.S. structured finance	23,871	AA-
Non-U.S. structured finance:		
Pooled corporate obligations	5,383	AAA
Commercial receivables	338	A-
RMBS	84	AAA
CMBS	88	AAA
Insurance securitizations	30	CCC
Structured credit	10	BBB
Total non-U.S. structured finance	5,933	AAA
Total structured finance	\$ 29,804	AA
Total credit derivative net par outstanding	\$ 32,479	AA

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (1 of 3)

(in millions)

BIG Exposures by Asset Type

	BIG Net Par Outstanding	
	March 31, 2012	December 31, 2011 ¹
U.S. public finance:		
Municipal utilities	\$ 268	\$ 272
Transportation	239	246
Tax backed	163	128
General obligation	142	143
Infrastructure finance	25	26
Higher education	11	11
Healthcare	10	9
Housing	0	0
Other public finance	38	38
Total U.S. public finance	896	873
Non-U.S. public finance:		
Infrastructure finance	190	193
Regulated utilities	4	9
Total non-U.S. public finance	194	202
Total public finance	\$ 1,090	\$ 1,075
U.S. structured finance:		
RMBS	\$ 4,389	\$ 4,526
Pooled corporate obligations	2,445	2,734
Structured credit	175	213
Consumer receivables	88	91
Commercial receivables	57	58
Other structured finance	18	18
Total U.S. structured finance	7,172	7,640
Non-U.S. structured finance:		
Insurance securitizations	279	279
Pooled corporate obligations	269	270
Total non-U.S. structured finance	548	549
Total structured finance	\$ 7,720	\$ 8,189
Total BIG net par outstanding	\$ 8,810	\$ 9,264

1. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. This reclassification resulted in a decrease of its RMBS net outstanding par rated BIG as of December 31, 2011 by \$377 million from that previously reported and, without this change, RMBS net outstanding par rated BIG as of March 31, 2012 would have been \$356 million higher. Prior periods have been revised to conform to this presentation.

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (2 of 3)

(in millions)

Net Par Outstanding by BIG Category ¹

	Financial Guaranty Insurance and Credit Derivatives	
	Surveillance Categories	
	March 31, 2012	December 31, 2011 ²
Category 1		
U.S. public finance	\$ 647	\$ 619
Non-U.S. public finance	194	202
U.S. structured finance	2,726	3,634
Non-U.S. structured finance	228	228
Total Category 1	3,795	4,683
Category 2		
U.S. public finance	35	35
Non-U.S. public finance	-	-
U.S. structured finance	2,189	1,644
Non-U.S. structured finance	41	42
Total Category 2	2,265	1,721
Category 3		
U.S. public finance	214	219
Non-U.S. public finance	-	-
U.S. structured finance	2,257	2,362
Non-U.S. structured finance	279	279
Total Category 3	2,750	2,860
BIG Total	\$ 8,810	\$ 9,264

1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below investment grade transactions showing sufficient deterioration to make lifetime losses possible, but for which none are currently expected. Transactions on which claims have been paid but are expected to be fully reimbursed (other than investment grade transactions on which only liquidity claims have been paid) are in this category. BIG Category 2: Below investment grade transactions for which lifetime losses are expected but for which no claims (other than liquidity claims) have yet been paid. BIG Category 3: Below investment grade transactions for which lifetime losses are expected and on which claims (other than liquidity claims) have been paid. Transactions remain in this category when claims have been paid and only a recoverable remains.

2. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. This reclassification resulted in a decrease of its RMBS net outstanding par rated BIG as of December 31, 2011 by \$377 million from that previously reported and, without this change, RMBS net outstanding par rated BIG as of March 31, 2012 would have been \$356 million higher. Prior periods have been revised to conform to this presentation.

Assured Guaranty Corp.

Below Investment Grade Exposures (3 of 3)

As of March 31, 2012

(dollars in millions)

BIG Exposures Greater Than \$50 Million

Name or description	Net Par Outstanding	Internal Rating	Current Credit Enhancement	60+ Day Delinquencies
U.S. public finance:				
San Joaquin Hills California Transportation	\$ 239	BB-	N/A	N/A
Jefferson County Alabama Sewer	183	D	N/A	N/A
Detroit (City of) Michigan	80	BB+	N/A	N/A
Orlando Tourist Development Tax - Florida	57	BB+	N/A	N/A
Total	\$ 559			
Non-U.S. public finance:				
Reliance Rail Finance Pty. Limited	\$ 118	BB	N/A	N/A
Alte Liebe I Limited (Wind Farm)	50	BB	N/A	N/A
Total	\$ 168			
U.S. structured finance:				
U.S. RMBS:				
Deutsche Alt-A Securities Mortgage Loan 2007-2	\$ 489	CCC	0.0%	32.4%
MortgageIT Securities Corp. Mortgage Loan 2007-2	318	B	7.9%	18.8%
Deutsche Alt-A Securities Mortgage Loan 2007-3	301	B	3.1%	22.8%
Private Residential Mortgage Transaction	301	CCC	14.8%	30.9%
Private Residential Mortgage Transaction	295	BB	14.4%	29.0%
Private Residential Mortgage Transaction	292	BB	17.4%	29.7%
Private Residential Mortgage Transaction	273	BB	6.1%	34.8%
AAA Trust 2007-2	248	CCC	22.2%	44.1%
Private Residential Mortgage Transaction	238	BB	16.7%	28.0%
Countrywide Home Equity Loan Trust 2007-D	217	CCC	0.0%	7.9%
Private Residential Mortgage Transaction	140	BB	25.2%	34.8%
Countrywide Home Equity Loan Trust 2005-J	128	CCC	0.0%	15.8%
Lehman Excess Trust 2007-16N	93	CCC	0.8%	44.7%
Taylor Bean & Whitaker 2007-2	77	CCC	0.0%	23.3%
MASTR Asset-Backed Securities Trust 2005-NC2	68	CCC	1.1%	31.3%
ACE Home Equity Loan Trust 2007-SL3	65	CCC	0.0%	7.5%
CWALT Alternative Loan Trust 2007-HY9	53	B	3.4%	47.5%
Total U.S. RMBS	\$ 3,596			
Other:				
Taberna Preferred Funding IV, LTD	\$ 219	CCC	24.0%	N/A
Taberna Preferred Funding III, LTD	215	CCC	15.9%	N/A
Alesco Preferred Funding XVI, LTD.	213	B	5.5%	N/A
Alesco Preferred Funding XVII, LTD.	170	B	15.2%	N/A
Taberna Preferred Funding II, LTD.	167	CCC	22.6%	N/A
Trapeza CDO XI	165	BB-	31.0%	N/A
Attentus CDO I Limited	163	BB	32.1%	N/A
Weinstein Film Securitization	122	CCC	N/A	N/A
Preferred Term Securities XIX, LTD.	121	BB+	30.5%	N/A
Taberna Preferred Funding VI, LTD	114	CCC	18.3%	N/A
Alesco Preferred Funding VI	112	BB+	30.0%	N/A
Trapeza CDO X, LTD.	110	BB-	34.2%	N/A
US Capital Funding IV, LTD	108	B-	13.5%	N/A
Alesco Preferred Funding VII	98	BB+	31.6%	N/A
Taberna Preferred Funding VIII, LTD	98	BB	45.3%	N/A
Preferred Term Securities XVI, LTD.	98	B	23.5%	N/A
Taberna Preferred Funding VIII, LTD	96	BB	45.3%	N/A
CAPCO - Excess SIPC Excess of Loss Reinsurance	54	BB	N/A	N/A
Total other	\$ 2,443			
Total	\$ 6,039			
Non-U.S. structured finance:				
Orkney Re II, Plc	\$ 149			
Ballantyne Re Plc	130	CCC	N/A	N/A
Augusta Funding Limited 07 Perpetual Note Issue	81	CC	N/A	N/A
Augusta Funding Limited 05 Perpetual Note Issue	81	BB	N/A	N/A
Total	\$ 441	BB	N/A	N/A
Total	\$ 7,207			

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (1 of 4)

As of March 31, 2012

(dollars in millions)

50 Largest U.S Public Finance Exposures

Credit name:	<u>Net Par Outstanding</u>	<u>Internal Rating</u>
California (State of)	\$ 988	A-
North Texas Tollway Authority	779	A
Miami-Dade County Florida Aviation Authority - Miami International Airport	680	A
Puerto Rico Public Finance Corporation - Commonwealth Appropriation	647	BBB-
Miami-Dade County Florida School Board	642	A-
Philadelphia (City of) Pennsylvania	636	BBB
Georgia Board of Regents Revenue Stream	585	A
Pennsylvania Turnpike Commission	577	A+
New Jersey (State of)	525	A+
Puerto Rico Highway and Transportation Authority	480	BBB
Houston Texas Water and Sewer Authority	476	AA-
New York (City of) New York	467	AA
Dade County, Florida General Obligation	394	A+
New York MTA Transportation Authority	370	A
Michigan (State of)	365	A+
Chicago-O'Hare International Airport	350	A
Denver (City and County of) Colorado Airport Revenue Bonds	339	A+
San Francisco Airports Commission	319	A+
Dormitory Authority of the State of New York School District	310	A+
Metro Wash Airports Authority Dulles Toll Road	306	BBB+
New York (State of)	305	AA
The Indianapolis Local Public Improvement Bond Bank, Indiana	304	A+
Puerto Rico Aqueduct & Sewer Authority	288	BBB-
Chicago Illinois Public Schools	277	A+
American Municipal Power, Inc.	269	A
Kentucky (Commonwealth of)	261	A+
North Carolina Eastern Municipal Power Agency	257	BBB
Louisville Arena Authority Inc.	249	BBB-
New Jersey Higher Education Student Assistance 2008-A	248	A
Chicago Transit Authority Capital Grant Receipts	245	A
Dallas (City of) Texas Civic Center Convention Complex	242	A
San Joaquin Hills California Transportation	239	BB-
Long Island Power Authority	225	A-
Virtua Health - New Jersey	221	A
Port Authority of New York and New Jersey	218	AA-
Orange County Schools, Florida	218	A+
Oakland (City of) California General Obligation	210	A
Yankee Stadium LLC (New York City Industrial Development Authority)	210	BBB-
North Carolina Turnpike Authority - Triangle Expressway	208	BBB-
Piedmont Municipal Power Authority - South Carolina	208	A-
Nassau County, New York	208	A
Florida (State of) Department of Environmental Protection	206	A+
Louisiana (State of)	204	AA
District of Columbia Water and Sewer Authority Public Utility Bonds	202	A+
Orlando Tourist Development Tax - Florida	190	A
Iowa Health System	188	A+
Jefferson County Alabama Sewer	183	D
Matanuska-Sustina Borough, AK	175	A+
Indianapolis Gas Utility Revenue Stream	167	A
CHRISTUS Health	164	A+
Total top 50 U.S. public finance exposures	\$ 17,024	

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (2 of 4)

As of March 31, 2012

(dollars in millions)

50 Largest U.S Structured Finance Exposures

Credit name:	Net Par Outstanding	Internal Rating	Current Credit Enhancement
Private Consumer Receivable Transaction	\$ 525	Super Senior	53.4%
280 Funding I	495	AAA	38.2%
Deutsche Alt-A Securities Mortgage Loan 2007-2	489	CCC	0.0%
ARES Enhanced Credit Opportunities Fund	466	AAA	32.1%
SLM Private Credit Student Trust 2007-A	375	BBB	13.0%
KKR Financial CLO 2007-1	341	AAA	51.2%
SLM Private Credit Student Loan Trust 2007-6	333	AAA	3.9%
MortgageIT Securities Corp. Mortgage Loan 2007-2	318	B	7.9%
Symphony Credit Opportunities Fund	309	AAA	28.6%
ARES Enhanced Credit Opportunities Fund	308	AAA	32.1%
Deutsche Alt-A Securities Mortgage Loan 2007-3	301	B	3.1%
Private Residential Mortgage Transaction	301	CCC	14.8%
Private Residential Mortgage Transaction	295	BB	14.4%
Private Residential Mortgage Transaction	292	BB	17.4%
Private Residential Mortgage Transaction	273	BB	6.1%
CDX.NA.IG.8 5-YR 30-100%	272	Super Senior	30.0%
Fortress Credit Funding III	272	AAA	49.9%
SLM Private Credit Student Loan Trust 2006-C	267	BBB	11.7%
Southfork CLO LTD. Series 2005-A1	265	AAA	31.1%
CWALT Alternative Loan Trust 2007-HY9 ¹	263	AA / B	3.4%
AAA Trust 2007-2	248	CCC	22.2%
Alesco Preferred Funding XIV	243	BBB-	30.0%
Private Residential Mortgage Transaction	238	BB	16.7%
Newstar Credit Opportunities Funding II LTD	231	AAA	26.9%
CDX.NA.IG.4 7-YR 30-100%	225	Super Senior	29.7%
Kingsland IV	224	AAA	22.0%
RAIT Preferred Funding II, LTD.	223	AA	50.1%
Taberna Preferred Funding IV, LTD	219	CCC	24.0%
Kingsland V	219	AAA	25.8%
Kodiak CDO II	217	AA	48.6%
Foothill CLO I, LTD.	217	AAA	28.8%
Countrywide Home Equity Loan Trust 2007-D	217	CCC	0.0%
Taberna Preferred Funding III, LTD	215	CCC	15.9%
Alesco Preferred Funding XVI, LTD.	213	B	5.5%
US CLO	213	Super Senior	34.6%
Goldentree Credit Opportunities Second Financing	208	AAA	23.0%
HSAM LONG/SHORT 2007-3	206	AAA	26.6%
CDX.NA.IG.8 7-YR 30-100%	205	Super Senior	30.3%
CENT CDO XI Limited	204	AAA	22.5%
CRATOS CLO I	201	AAA	33.0%
Goldentree Credit Opportunities Financing I	196	AAA	24.4%
MAC Capital, LTD	191	AAA	38.2%
Comstock Funding LTD	181	AAA	33.0%
Resource Real Estate Funding CDO 2007-1	173	AAA	51.8%
ARES NF CLO XIV (FKA Navigare Funding II, CLO LTD.)	172	AAA	24.1%
Fortress Credit Investments II	171	AAA	27.3%
Mountain View Funding CLO 2006-1, LTD	171	AAA	22.7%
Baker Street Funding CLO 2005-1	170	AAA	22.7%
Alesco Preferred Funding XVII, LTD.	170	B	15.2%
NACM CLO I	169	AAA	23.1%
Total top 50 U.S. structured finance exposures	\$ 12,910		

1. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions.

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (3 of 4)

As of March 31, 2012

(dollars in millions)

25 Largest Non-U.S. Exposures

Credit name:	Net Par Outstanding	Internal Rating
Fortress Credit Investments I	\$ 799	AAA
Essential Public Infrastructure Capital II	548	Super Senior
Windmill CLO I PLC	381	Super Senior
Broadcast Australia Finance	351	BBB
Global Senior Loan Index Fund 1 B.V.	342	Super Senior
Harvest CLO III	317	AAA
International Infrastructure Pool	304	A-
International Infrastructure Pool	304	A-
International Infrastructure Pool	304	A-
RMF Euro CDO V PLC	288	AAA
Wood Street CLO V B.V.	270	Super Senior
Neptuno CLO I B.V.	260	AAA
Taberna Europe CDO I PLC	251	BBB-
Halcyon Structured Management Europe CLO 2007-I	250	Super Senior
Taberna Europe CDO II PLC	232	BBB-
North Westerly CLO III B.V.	227	AAA
Alpstar CLO 2 PLC	225	Super Senior
Stichting Profile Securitisation I	217	Super Senior
Highlander Euro CDO	213	Super Senior
Airspeed Limited Series 2007-1 Class G-2	210	BBB+
Babcock & Brown Air Funding I Ltd. Series 2007-1 G-1	198	A-
Dalradian European CLO IV B.V.	195	AAA
Harbourmaster CLO 10 B.V.	187	AAA
RMF Euro CDO IV PLC	181	AAA
Contego CLO I B.V.	176	AAA
Total top 25 non-U.S. exposures	\$ 7,230	

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (4 of 4)

As of March 31, 2012

(dollars in millions)

10 Largest U.S. Residential Mortgage Servicers Exposures

Servicer:	Net Par Outstanding
Bank of America, N.A. ¹	\$ 1,883
Wells Fargo Bank, N.A.	1,330
Ally Financial, Inc. ²	1,101
JPMorgan Chase Bank	882
American Home Mortgage Servicing, Inc.	804
Ocwen Loan Servicing, LLC	471
Carrington Mortgage Services	256
National City Home Loan Services	222
Select Portfolio Servicing, Inc.	202
Wilshire Credit Corporation	195
Total Top 10 U.S. Residential Mortgage Servicers Exposures	\$ 7,346

10 Largest U.S. Healthcare Exposures

Credit name:	Net Par Outstanding	Internal Rating	State
Virtua Health - New Jersey	\$ 221	A	NJ
Iowa Health System	188	A+	IA
CHRISTUS Health	164	A+	TX
Children's Hospital - Alabama	162	A+	AL
Fairview Health Services	157	A	MN
Spartanburg Regional Medical Center	140	A	SC
Meridian Health System	135	A-	NJ
Methodist Healthcare, TN	135	A	TN
LifeBridge Health, Inc.	129	A	MD
Wake Medical Center - North Carolina	127	A+	NC
Total top 10 U.S. healthcare exposures	\$ 1,558		

1. Includes Countrywide Home Loans Servicing LP.

2. Includes GMAC Mortgage LLC, Residential Funding Corp and Homecomings Financial Network, Inc.

Note: Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Rollforward of Net Expected Loss and LAE to be Paid
(in millions)

Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended March 31, 2012

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of December 31, 2011	Economic Loss Development During 1Q-12 ¹	(Paid) Recovered Losses During 1Q-12	Expected Loss to be Paid as of March 31, 2012
U.S. RMBS				
First lien:				
Prime first lien	\$ 1.1	\$ 0.3	\$ -	\$ 1.4
Alt-A first lien	159.3	(3.4)	(10.2)	145.7
Option ARMs	63.1	3.9	(11.5)	55.5
Subprime first lien	67.9	3.4	(1.3)	70.0
Total first lien	<u>291.4</u>	<u>4.2</u>	<u>(23.0)</u>	<u>272.6</u>
Second lien:				
Closed end seconds	(48.0)	(0.6)	(4.9)	(53.5)
HELOC	20.2	1.8	(3.7)	18.3
Total second lien	<u>(27.8)</u>	<u>1.2</u>	<u>(8.6)</u>	<u>(35.2)</u>
Total U.S. RMBS	263.6	5.4	(31.6)	237.4
TruPS	48.1	(3.2)	(1.2)	43.7
Other structured finance	110.5	(1.9)	(0.4)	108.2
Public finance	24.0	17.5	(3.1)	38.4
Total	<u><u>\$ 446.2</u></u>	<u><u>\$ 17.8</u></u>	<u><u>\$ (36.3)</u></u>	<u><u>\$ 427.7</u></u>

1. Includes the effect of changes in the Company's estimate of future recovery on representations and warranties ("R&W").

Assured Guaranty Corp.

Financial Guaranty Insurance and Credit Derivatives U.S. RMBS R&W Benefit Development
(dollars in millions)

Financial Guaranty Insurance and Credit Derivatives U.S. RMBS R&W Benefit Development for the Three Months Ended March 31, 2012

	Future Net R&W Benefit at December 31, 2011	R&W Economic Loss Development During 1Q-12	R&W Recovered During During 1Q-12	Future Net R&W Benefit at March 31, 2012
Financial guaranty insurance:				
Prime first lien	\$ 1.5	\$ 0.3	\$ -	\$ 1.8
Alt-A first lien	16.5	2.8	(0.2)	19.1
Option ARMs	75.4	1.7	-	77.1
Subprime first lien	-	-	-	-
Closed end seconds	89.4	(1.2)	-	88.2
HELOC	25.7	1.5	(8.3)	18.9
Total	\$ 208.5	\$ 5.1	\$ (8.5)	\$ 205.1
Credit derivatives	\$ 164.7	\$ 15.3	\$ -	\$ 180.0

Financial Guaranty Insurance and Credit Derivatives U.S. RMBS Policies with R&W benefit

	Number of Risks as of		Debt Service as of	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Financial guaranty insurance:				
Prime first lien	1	1	\$ 20.2	\$ 20.9
Alt-A first lien	10	11	351.3	374.1
Option ARMs	2	2	178.1	181.6
Subprime first lien	-	-	-	-
Closed end seconds	2	2	41.3	119.7
HELOC	1	3	21.5	480.9
Total	16	19	\$ 612.4	\$ 1,177.2
Credit derivatives	8	8	\$ 2,600.5	\$ 2,477.2

Assured Guaranty Corp.

Losses Incurred
As of March 31, 2012
(in millions)

Financial Guaranty Insurance Contracts and Credit Derivatives	Total Net Par Outstanding for BIG Transactions	1Q-12 Losses Incurred	Net Reserve and Credit Impairment	Net Salvage and Subrogation Assets	Net Expected Loss to be Expensed ¹
U.S. RMBS					
First lien:					
Prime first lien	\$ 415.6	\$ 0.3	\$ 1.0	\$ -	\$ 0.4
Alt-A first lien	2,336.1	(9.0)	118.1	-	1.5
Option ARMs	516.5	3.6	64.2	10.4	0.6
Subprime first lien	594.6	5.3	66.7	0.2	0.2
Total first lien	3,862.8	0.2	250.0	10.6	2.7
Second lien:					
Closed end seconds	146.7	(0.5)	6.0	61.3	1.8
HELOC	379.7	1.9	32.1	15.3	1.4
Total second lien	526.4	1.4	38.1	76.6	3.2
Total U.S. RMBS	4,389.2	1.6	288.1	87.2	5.9
TruPS	2,440.8	(3.2)	33.6	-	1.5
Other structured finance	889.8	(1.8)	107.5	5.7	5.3
Public finance	1,089.9	15.9	40.6	6.7	3.7
Subtotal	8,809.7	12.5	469.8	99.6	16.4
Effect of consolidating FG VIEs	-	3.1	(14.3)	(72.1)	(2.8)
Total	\$ 8,809.7	\$ 15.6	\$ 455.5	\$ 27.5	\$ 13.6
	Insurance Reserves	Credit Impairment on Credit Derivative Contracts ²	Reserve and Credit Impairment	Salvage and Subrogation Recoverable	Net
Gross	\$ 298.2	\$ 350.8	\$ 649.0	\$ 46.5	\$ 602.5
Ceded	128.6	64.9	193.5	19.0 ³	174.5
Net	\$ 169.6	\$ 285.9	\$ 455.5	\$ 27.5	\$ 428.0

1. Excludes discount, see page 10.

2. Credit derivative assets and liabilities recorded on the balance sheet incorporate estimates of expected losses.

3. Recorded in "reinsurance balances payable, net" on the consolidated balance sheets.

Assured Guaranty Corp.
Summary of Statutory Financial and Statistical Data
(dollars in millions)

	As of and for Three Months Ended March 31, 2012	Year Ended December 31,			
		2011	2010	2009	2008
Statutory Data					
Net income (loss)	\$ (1.9)	\$ 229.9	\$ (182.1)	\$ (243.1)	\$ 27.7
Policyholders' surplus	\$ 992	\$ 1,021	\$ 854	\$ 1,224	\$ 378
Contingency reserve	734	691	703	556	712
Qualified statutory capital	1,726	1,712	1,557	1,780	1,090
Unearned premium reserve	820	826	877	887	570
Loss and LAE reserves	326	345	448	280	15
Total policyholders' surplus and reserve	2,872	2,883	2,882	2,947	1,675
Present value of installment premium	391	406	539	612	566
Standby line of credit / stop loss	200	200	200	200	200
Excess of loss reinsurance facility	435	435	-	-	-
Total claims-paying resources	<u>\$ 3,898</u>	<u>\$ 3,924</u>	<u>\$ 3,621</u>	<u>\$ 3,759</u>	<u>\$ 2,441</u>
Financial Ratios Calculated Using Statutory Information					
Loss and LAE ratio ¹	48.7%	(60.1)%	181.8%	243.9%	90.3%
Expense ratio ²	54.8%	92.4%	66.0%	15.4%	11.5%
Combined ratio	<u>103.5%</u>	<u>32.3%</u>	<u>247.8%</u>	<u>259.3%</u>	<u>101.8%</u>
Other Financial Information (Statutory Basis)					
Net debt service outstanding (end of period)	\$ 152,173	\$ 154,252	\$ 171,037	\$ 186,606	\$ 164,283
Gross debt service outstanding (end of period)	213,786	216,695	238,455	259,867	225,152
Net par outstanding (end of period)	103,632	104,977	118,898	130,468	111,025
Gross par outstanding (end of period)	144,690	146,555	165,227	180,765	152,801
Ceded par to all Assured Guaranty companies	38,410	38,901	42,989	46,411	37,372
Ratios:					
Par insured to statutory capital	60:1	61:1	76:1	73:1	102:1
Capital ratio ³	88:1	90:1	110:1	105:1	151:1
Financial resources ratio ⁴	39:1	39:1	47:1	50:1	67:1
Gross debt service written:					
Public finance - U.S.	\$ 2,707	\$ 536	\$ 5,876	\$ 78,012	\$ 56,864
Public finance - non-U.S.	-	-	51	522	771
Structured finance - U.S.	-	1,322	2,962	2,480	13,228
Structured finance - non-U.S.	-	-	-	-	5,265
Total gross debt service written	<u>\$ 2,707</u>	<u>\$ 1,858</u>	<u>\$ 8,889</u>	<u>\$ 81,014</u>	<u>\$ 76,128</u>

1. The loss and LAE ratio is calculated by dividing loss and LAE expenses by statutory earned premiums.
2. The expense ratio is calculated by dividing statutory underwriting expenses by statutory written premiums. The expense ratio above excludes miscellaneous income which is included in the numerator in the NAIC Annual Statement.
3. The capital ratio is calculated by dividing net par and interest insured divided by qualified statutory capital.
4. The financial resources ratio is calculated by dividing net par and interest insured by total claims paying resources.

Glossary

Net Par Outstanding and Internal Ratings

Internal Rating for the Company's ratings scale is similar to that used by the nationally recognized statistical rating organizations; however, the ratings in the tables may not be the same as ratings assigned by any such rating agency. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured Guaranty's AAA-rated exposure on its internal rating scale has additional credit enhancement due to either (a) the existence of another security rated AAA that is subordinated to Assured Guaranty's exposure or (b) Assured Guaranty's exposure benefiting from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss, and such credit enhancement, in management's opinion, causes Assured Guaranty's attachment point to be materially above the AAA attachment point.

Net par outstanding is insured par exposure net of reinsurance cessions.

Performance Indicators

The performance information described below is obtained from sources such as Intex, Bloomberg and/or provided by the trustee and may be subject to restatement or correction:

60+ Day Delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned divided by current collateral balance.

Average Credit Enhancement is intended to provide a measure of the amount of equity and/or subordinated tranches that are junior in the capital structure to Assured Guaranty's exposure, expressed as a percentage of the total transaction size, and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes.

Cumulative Losses are defined as net charge-offs on the underlying loan collateral divided by the original collateral balance.

Pool Factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.

Subordination represents the sum of subordinate tranches and overcollateralization, expressed as a percentage of total transaction size, and does not include any benefit from excess spread collections that may be used to absorb losses. Many of the closed-end second lien RMBS transactions insured by the Company have unique structures whereby the collateral may be written down for losses without a corresponding write-down of the obligations insured by the Company. Many of these transactions are currently undercollateralized, with the principal amount of collateral being less than the principal amount of the obligation insured by the Company. The Company is not required to pay principal shortfalls until legal maturity (rather than making timely principal payments), and takes the undercollateralization into account when estimating expected losses for these transactions.

Sectors

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for December 31, 2011.

Public Finance:

General Obligation Bonds are full faith and credit bonds that are issued by states, their political subdivisions and other municipal issuers, and are supported by the general obligation of the issuer to pay from available funds and by a pledge of the issuer to levy ad valorem taxes in an amount sufficient to provide for the full payment of the bonds.

Tax-Backed Bonds are obligations that are supported by the issuer from specific and discrete sources of taxation. They include tax-backed revenue bonds, general fund obligations and lease revenue bonds. Tax-backed obligations may be secured by a lien on specific pledged tax revenues, such as a gasoline or excise tax, or incrementally from growth in property tax revenue associated with growth in property values. These obligations also include obligations secured by special assessments levied against property owners and often benefit from issuer covenants to enforce collections of such assessments and to foreclose on delinquent properties. Lease revenue bonds typically are general fund obligations of a municipality or other governmental authority that are subject to annual appropriation or abatement; projects financed and subject to such lease payments ordinarily include real estate or equipment serving an essential public purpose. Bonds in this category also include moral obligations of municipalities or governmental authorities.

Municipal Utility Bonds are obligations of all forms of municipal utilities, including electric, water and sewer utilities and resource recovery revenue bonds. These utilities may be organized in various forms, including municipal enterprise systems, authorities or joint action agencies.

Transportation Bonds include a wide variety of revenue-supported bonds, such as bonds for airports, ports, tunnels, municipal parking facilities, toll roads and toll bridges.

Healthcare Bonds are obligations of healthcare facilities, including community-based hospitals and systems, as well as of health maintenance organizations and long-term care facilities.

Higher Education Bonds are obligations secured by revenue collected by either public or private secondary schools, colleges and universities. Such revenue can encompass all of an institution's revenue, including tuition and fees, or in other cases, can be specifically restricted to certain auxiliary sources of revenue.

Glossary (continued)

Sectors (continued)

Infrastructure Bonds include obligations issued by a variety of entities engaged in the financing of infrastructure projects, such as roads, airports, ports, social infrastructure and other physical assets delivering essential services supported by long-term concession arrangements with a public sector entity.

Investor-Owned Utility Bonds are obligations primarily backed by investor-owned utilities, first mortgage bond obligations of for-profit electric or water utilities providing retail, industrial and commercial service, and also include sale-leaseback obligation bonds supported by such entities.

Housing Revenue Bonds are obligations relating to both single and multi-family housing, issued by states and localities, supported by cash flow and, in some cases, insurance from entities such as the Federal Housing Administration.

Regulated Utilities Obligations are issued by government-regulated providers of essential services and commodities, including electric, water and gas utilities. The majority of the Company's international regulated utility business is conducted in the United Kingdom.

Pooled Infrastructure Obligations are synthetic asset-backed obligations that take the form of CDS obligations or credit-linked notes that reference either infrastructure finance obligations or a pool of such obligations, with a defined deductible to cover credit risks associated with the referenced obligations.

Other Public Finance primarily includes government insured student loans, government-sponsored project finance and structured municipal transactions, which includes excess of loss reinsurance on portfolios of municipal credits.

Structured Finance:

Pooled Corporate Obligations are securities primarily backed by various types of corporate debt obligations, such as secured or unsecured bonds, bank loans or loan participations and trust preferred securities. These securities are often issued in "tranches," with subordinated tranches providing credit support to the more senior tranches. The Company's financial guaranty exposures generally are to the more senior tranches of these issues.

Residential Mortgage-Backed Securities ("RMBS") and Home Equity Securities are obligations backed by closed-end first mortgage loans and closed- and open-end second mortgage loans or home equity loans on one-to-four family residential properties, including condominiums and cooperative apartments. First mortgage loan products in these transactions include fixed rate, adjustable rate ("ARM") and option adjustable-rate ("Option ARM") mortgages. The credit quality of borrowers covers a broad range, including "prime", "subprime" and "Alt-A". A prime borrower is generally defined as one with strong risk characteristics as measured by factors such as payment history, credit score, and debt-to-income ratio. A subprime borrower is a borrower with higher risk characteristics, usually as determined by credit score and/or credit history. An Alt-A borrower is generally defined as a prime quality borrower that lacks certain ancillary characteristics, such as fully documented income.

Additional insured obligations within RMBS include Home Equity Lines of Credit ("HELOCs"), which refers to a type of residential mortgage-backed transaction backed by second-lien loan collateral consisting of home equity lines of credit. U.S. Prime First Lien is a type of residential mortgage-backed securities transaction backed primarily by prime first-lien loan collateral plus an insignificant amount of other miscellaneous RMBS transactions.

CBOs/CLOs (collateralized bond obligations and collateralized loan obligations) are asset-backed securities largely backed by non-investment grade/high yield collateral.

Commercial Mortgage-Backed Securities ("CMBS") are obligations backed by pools of commercial mortgages. The collateral supporting CMBS include office, multifamily, retail, hotel, industrial and other specialized or mixed-use properties.

Consumer Receivables Securities are obligations backed by non-mortgage consumer receivables, such as automobile loans and leases, credit card receivables and other consumer receivables.

Commercial Receivables Securities are obligations backed by equipment loans or leases, fleet auto financings, business loans and trade receivables. Credit support is derived from the cash flows generated by the underlying obligations, as well as property or equipment values as applicable.

Insurance Securitization Securities are obligations secured by the future earnings from pools of various types of insurance/reinsurance policies and income produced by invested assets.

Structured Credit Securities include program-wide credit enhancement for commercial paper conduits in the U.S., and securities issued in whole business securitizations and intellectual property securitizations. Program-wide credit enhancement generally involves insuring against the default of ABS in a bank-sponsored commercial paper conduit. Securities issued in whole business and intellectual property securitizations are backed by revenue-producing assets sold to a limited-purpose company by an operating company, including franchise agreements, lease agreements, intellectual property and real property.

Other Structured Finance Securities are obligations backed by assets not generally described in any of the other described categories. One such type of asset is a tax benefit to be realized by an investor in one of the Federal or state programs that permit such investor to receive a credit against taxes (such as Federal corporate income tax or state insurance premium tax) for making qualified investments in specified enterprises, typically located in designated low-income areas.

Non-GAAP Financial Measures

The Company references financial measures that are not in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Assured Guaranty's management and board of directors utilize non-GAAP measures in evaluating the Company's financial performance and as a basis for determining senior management incentive compensation. By providing these non-GAAP financial measures, investors, analysts and financial news reporters have access to the same information that management reviews internally. In addition, Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

The following paragraphs define each non-GAAP financial measure and describe why it is useful. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure, if available, is presented within this financial supplement. Non-GAAP financial measures should not be viewed as substitutes for their most directly comparable GAAP measures.

Operating Income: Management believes that operating income is a useful measure because it clarifies the understanding of the underwriting results of the Company's financial guaranty insurance business, and also includes financing costs and net investment income, and enables investors and analysts to evaluate the Company's financial results as compared with the consensus analyst estimates distributed publicly by financial databases. Operating income is defined as net income (loss) attributable to the Company, as reported under GAAP, adjusted for the following:

- 1) Elimination of the after-tax realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile. Trends in the underlying profitability of the Company's business can be more clearly identified without the fluctuating effects of these transactions.
- 2) Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss. Additionally, such adjustments present all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.
- 3) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 4) Elimination of the after-tax foreign exchange gains (losses) on revaluation of net premium receivables. Long-dated receivables constitute a significant portion of the net premium receivable balance and represent the present value of future contractual or expected collections. Therefore, the current period's foreign exchange revaluation gains (losses) are not necessarily indicative of the total foreign exchange gains (losses) that the Company will ultimately recognize.
- 5) Elimination of the effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.

Operating Shareholder's Equity: Management believes that operating shareholders' equity is a useful measure because it presents the equity of Assured Guaranty Ltd. with all financial guaranty contracts accounted for on a more consistent basis and excludes fair value adjustments that are not expected to result in economic loss. Many investors, analysts and financial news reporters use operating shareholders' equity as the principal financial measure for valuing Assured Guaranty Ltd.'s current share price or projected share price and also as the basis of their decision to recommend, buy or sell Assured Guaranty Ltd.'s common shares. Many of the Company's fixed income investors also use operating shareholders' equity to evaluate the Company's capital adequacy. Operating shareholders' equity is the basis of the calculation of adjusted book value (see below). Operating shareholders' equity is defined as shareholder's equity attributable to the Company, as reported under GAAP, adjusted for the following:

- 1) Elimination of the effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.
- 2) Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 4) Elimination of the after-tax unrealized gains (losses) on the Company's investments, that are recorded as a component of accumulated other comprehensive income (AOCI) (excluding foreign exchange revaluation). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore should not recognize an economic gains or loss.

Operating return on equity ("Operating ROE"): Operating ROE represents operating income for a specified period divided by the average of operating shareholders' equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate the Company's return on invested capital. Many investors, analysts and members of the financial news media use operating ROE to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Quarterly and year-to-date operating ROE are calculated on an annualized basis.

Non-GAAP Financial Measures (continued)

Adjusted Book Value: Management believes that adjusted book value is a useful measure because it enables an evaluation of the net present value of the Company's in-force premiums and revenues in addition to operating shareholders' equity. The premiums and revenues included in adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in, foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors. Many investors, analysts and financial news reporters use adjusted book value to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Adjusted book value is operating shareholders' equity, as defined above, further adjusted for the following:

- 1) Elimination of after-tax deferred acquisition costs. These amounts represent net deferred expenses that have already been paid or accrued and will be expensed in future accounting periods.
- 2) Addition of the after-tax net present value of estimated net future credit derivative revenue. See below.
- 3) Addition of the after-tax value of the unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed. Net expected losses to be expensed are not reflected in GAAP equity.

Net present value of estimated net future credit derivative revenue: Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated credit derivative revenue. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes for contracts without expected economic losses, and is discounted at 6% (which represents the Company's tax-equivalent pre-tax investment yield on its investment portfolio). Estimated net future credit derivative revenue may change from period to period due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults or other factors that affect par outstanding or the ultimate maturity of an obligation.

PVP or present value of new business production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for Assured Guaranty by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlement on credit derivatives ("Credit Derivative Revenues") do not adequately measure. PVP in respect of insurance and credit derivative contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, in each case, discounted at 6% (the Company's tax-equivalent pre-tax investment yield on its investment portfolio). For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under GAAP, these amounts are discounted at a risk-free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future net earned or written premiums and Credit Derivative Revenues may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

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