



# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011  
OF THE CONDITION AND AFFAIRS OF THE

## ASSURED GUARANTY MUNICIPAL CORP.

NAIC Group Code 0194, 0194 NAIC Company Code 18287 Employer's ID Number 13-3250292  
(Current Period) (Prior Period)

Organized under the Laws of New York, State of Domicile or Port of Entry New York  
Country of Domicile United States

Incorporated/Organized 03/16/1984 Commenced Business 09/23/1985

Statutory Home Office 31 West 52nd St., New York, NY 10019  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 31 West 52nd St. New York, NY 10019 212-826-0100  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 31 West 52nd St., New York, NY 10019  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 31 West 52nd St. New York, NY 10019 212-339-3492  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.Assuredguaranty.com

Statutory Statement Contact Luz Trinidad Vivas 212-339-3492  
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### OFFICERS

Name	Title	Name	Title
<u>Dominic John Frederico</u>	<u>President, Chairman &amp; CEO</u>	<u>James Michael Michener</u>	<u>Secretary</u>
<u>Robert Adam Bailenson</u>	<u>Chief Financial Officer</u>		

### OTHER OFFICERS

<u>Robert Bruce Mills</u>	<u>Chief Operating Officer</u>	<u>Donald Hal Paston</u>	<u>Treasurer</u>
<u>James Michael Michener</u>	<u>General Counsel &amp; Secretary</u>	<u>Howard Wayne Albert</u>	<u>Chief Risk Officer</u>
<u>Benjamin Gud Rosenblum</u>	<u>Chief Actuary</u>	<u>William John Findlay</u>	<u>Managing Director</u>
<u>John Mahlon Ringler</u>	<u>Assistant Vice President Statutory Accounting</u>		

### DIRECTORS OR TRUSTEES

<u>Howard Wayne Albert</u>	<u>Robert Adam Bailenson</u>	<u>Richard James Bauerfeld</u>	<u>Russell Brown Brewer II</u>
<u>Gon Ling Chow #</u>	<u>Stephen Donnarumma</u>	<u>Dominic John Frederico</u>	<u>Philip Richard Kastlelec #</u>
<u>James Michael Michener</u>	<u>Robert Bruce Mills</u>	<u>Donald Hal Paston</u>	<u>Andrew Hoyt Pickering</u>
<u>Bruce Elliot Stern</u>			

State of New York

County of New York

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The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

DOMINIC JOHN FREDERICO  
President

JAMES MICHAEL MICHENER  
Secretary

DONALD HAL PASTON  
Treasurer

Subscribed and sworn to before me this  
12th day of November, 2011

Luz T. Vivas, Notary Public  
October 16, 2013

- a. Is this an original filing? Yes [ X ] No [ ]
- b. If no,  
1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	2,920,676,410		2,920,676,410	2,669,682,889
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....	644,466,393		644,466,393	455,553,043
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ .....43,725,979 ), cash equivalents (\$ .....162,461,057 ) and short-term investments (\$ .....117,639,988 ) .....	323,827,024		323,827,024	553,733,365
6. Contract loans (including \$ ..... premium notes)				
7. Derivatives .....				
8. Other invested assets .....	337,082,440		337,082,440	318,028,257
9. Receivables for securities .....	32,774,859		32,774,859	20
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	4,258,827,126		4,258,827,126	3,996,997,574
13. Title plants less \$ ..... charged off (for Title insurers only)				
14. Investment income due and accrued .....	32,148,385		32,148,385	32,587,539
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	38,408,479	12,077,382	26,331,097	32,957,224
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	61,097,195		61,097,195	71,120,698
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	142,602,581		142,602,581	
18.2 Net deferred tax asset .....	131,655,699	83,050,160	48,605,539	89,781,433
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	70,616	65,472	5,144	80,375
21. Furniture and equipment, including health care delivery assets (\$ .....)	16,928,403	16,928,403		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	2,932,825	1,268,507	1,664,318	11,454,594
24. Health care (\$ .....) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	7,232,984	3,969,591	3,263,393	2,337,048
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,691,904,293	117,359,515	4,574,544,778	4,237,316,485
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27)	4,691,904,293	117,359,515	4,574,544,778	4,237,316,485
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)				
2501. Miscellaneous Receivables .....	2,830,991	662,374	2,168,617	37,239
2502. Prepaid Expenses .....	2,646,566	2,646,566		
2503. Other Assets .....	1,755,427	660,651	1,094,776	2,299,809
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	7,232,984	3,969,591	3,263,393	2,337,048

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....13,416,341 ) .....	286,142,059	282,020,606
2. Reinsurance payable on paid losses and loss adjustment expenses .....		
3. Loss adjustment expenses .....	5,203,501	5,439,837
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....	19,156,511	17,894,540
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	1,746,530	4,739,101
7.1 Current federal and foreign income taxes (including \$ .....(1,055,285) on realized capital gains (losses)) .....		113,324,490
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....1,692,949,370 and including warranty reserves of \$ ..... ) .....	1,421,523,943	1,482,036,901
10. Advance premium .....		
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	23,777,103	60,707,138
13. Funds held by company under reinsurance treaties .....	110,897,578	114,517,696
14. Amounts withheld or retained by company for account of others .....	12,148	13,169
15. Remittances and items not allocated .....		
16. Provision for reinsurance .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	9,774,016	53,412,067
20. Derivatives .....		
21. Payable for securities .....	72,657,090	
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	1,328,948,087	1,176,171,782
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	3,279,838,566	3,310,277,327
27. Protected cell liabilities .....		
28. Total liabilities (Lines 26 and 27) .....	3,279,838,566	3,310,277,327
29. Aggregate write-ins for special surplus funds .....		
30. Common capital stock .....	15,000,000	15,000,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....	200,000,000	225,000,000
34. Gross paid in and contributed surplus .....	776,884,430	776,884,430
35. Unassigned funds (surplus) .....	302,821,782	(89,845,272)
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... ) .....		
36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) .....	1,294,706,212	927,039,158
38. Totals (Page 2, Line 28, Col. 3)	4,574,544,778	4,237,316,485
<b>DETAILS OF WRITE-INS</b>		
2501. Contingency Reserve.....	1,185,271,321	1,034,236,675
2502. Miscellaneous Liability.....	143,676,766	141,935,107
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,328,948,087	1,176,171,782
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 229,670,464 )	340,610,829	311,481,836	433,552,441
1.2 Assumed (written \$ 21,532,539 )	31,538,044	28,810,150	38,180,677
1.3 Ceded (written \$ 134,379,557 )	195,424,691	174,140,788	244,857,218
1.4 Net (written \$ 116,823,446 )	176,724,182	166,151,198	226,875,900
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ 13,472,985 ):			
2.1 Direct	(113,483,488)	286,425,225	197,621,482
2.2 Assumed			
2.3 Ceded	(26,213,034)	145,653,441	98,667,343
2.4 Net	(87,270,454)	140,771,784	98,954,139
3. Loss adjustment expenses incurred	15,073,203	3,088,407	8,640,005
4. Other underwriting expenses incurred	41,745,792	40,625,064	48,828,968
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	(30,451,459)	184,485,255	156,423,112
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	207,175,641	(18,334,057)	70,452,788
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	101,829,599	94,839,301	140,774,585
10. Net realized capital gains (losses) less capital gains tax of \$ (1,055,285)	(32,258,328)	(12,790,713)	(19,328,205)
11. Net investment gain (loss) (Lines 9 + 10)	69,571,271	82,048,588	121,446,380
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ )			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income	(32,151,795)	42,676,465	72,673,501
15. Total other income (Lines 12 through 14)	(32,151,795)	42,676,465	72,673,501
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	244,595,117	106,390,996	264,572,669
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	244,595,117	106,390,996	264,572,669
19. Federal and foreign income taxes incurred	(147,753,386)	(102,232,851)	14,269,215
20. Net income (Line 18 minus Line 19)(to Line 22)	392,348,503	208,623,847	250,303,454
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	927,039,157	854,201,578	854,201,578
22. Net income (from Line 20)	392,348,503	208,623,847	250,303,454
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	188,270,055	80,295,894	53,366,805
25. Change in net unrealized foreign exchange capital gain (loss)	279,867	3,228,002	5,027,193
26. Change in net deferred income tax	(196,530,063)	(226,705,237)	(11,076,201)
27. Change in nonadmitted assets	159,309,492	179,995,849	(13,222,830)
28. Change in provision for reinsurance			
29. Change in surplus notes	(25,000,000)	(25,000,000)	(50,000,000)
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	(151,010,799)	(105,338,407)	(161,560,842)
38. Change in surplus as regards policyholders (Lines 22 through 37)	367,667,055	115,099,948	72,837,579
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	1,294,706,212	969,301,526	927,039,157
<b>DETAILS OF WRITE-INS</b>			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)			
1401. Miscellaneous Income	(32,151,795)	7,856,965	72,673,501
1402. Commutation Fees		34,819,500	
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(32,151,795)	42,676,465	72,673,501
3701. Change in Contingency Reserve	(151,034,646)	(123,366,664)	(179,067,047)
3702. Adj to Beginning Retained Earnings	23,847		
3703. Tax and Loss Bonds		18,028,257	18,028,257
3798. Summary of remaining write-ins for Line 37 from overflow page			(522,052)
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	(151,010,799)	(105,338,407)	(161,560,842)

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	86,224,740	95,163,046	174,301,732
2. Net investment income .....	87,060,958	104,826,476	150,549,382
3. Miscellaneous income .....	(32,151,795)	42,676,465	72,673,501
4. Total (Lines 1 to 3) .....	141,133,903	242,665,987	397,524,615
5. Benefit and loss related payments .....	(101,415,410)	338,170,823	415,091,779
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	59,230,222	12,084,891	70,598,450
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	107,118,400	158,375,337	55,451,297
10. Total (Lines 5 through 9) .....	64,933,212	508,631,051	541,141,526
11. Net cash from operations (Line 4 minus Line 10) .....	76,200,691	(265,965,064)	(143,616,911)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	653,572,830	618,508,120	718,058,214
12.2 Stocks .....		1,731,398	1,731,397
12.3 Mortgage loans .....			
12.4 Real estate .....			
12.5 Other invested assets .....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	21,895	755,208	1,111,089
12.7 Miscellaneous proceeds .....	72,314,882		4,856,078
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	725,909,607	620,994,726	725,756,778
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	922,614,487	179,413,936	293,262,923
13.2 Stocks .....	198,654	1,010,363	1,145,309
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....	19,054,183	18,028,257	18,028,257
13.6 Miscellaneous applications .....	32,232,691		22
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	974,100,015	198,452,556	312,436,511
14. Net increase (or decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(248,190,408)	422,542,170	413,320,267
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	(25,000,000)	(25,000,000)	(50,000,000)
16.2 Capital and paid in surplus, less treasury stock .....			
16.3 Borrowed funds .....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5 Dividends to stockholders .....			
16.6 Other cash provided (applied).....	(32,916,624)	22,921,018	72,852,907
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(57,916,624)	(2,078,982)	22,852,907
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(229,906,341)	154,498,124	292,556,263
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	553,733,365	261,177,102	261,177,102
19.2 End of period (Line 18 plus Line 19.1) .....	323,827,024	415,675,226	553,733,365

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Practices

#### A. Accounting Practices

The financial statements of Assured Guaranty Municipal Corp., (the "Company" or "AGM") are presented on the basis of accounting practices prescribed or permitted by the New York Insurance Department ("NYID"). The New York Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the New York Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures* manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of New York. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

A reconciliation of the Company's net income and capital and surplus between practices prescribed and permitted by the New York Insurance Commissioner and NAIC SAP is shown below:

	September 2011	December 2010
Net Income (Loss), New York Basis	\$ 392,348,503	\$ 250,303,455
Net Income (Loss), NAIC SAP	\$ 392,348,503	\$ 250,303,455
Statutory Surplus, New York Basis	\$1,294,706,212	\$ 927,039,158
Effect of New York prescribed practices:		
NYSID 1408 limit, reduction of carrying value of subsidiary	----	----
NYSID 1408 non admit asset of subsidiaries	----	----
Statutory Surplus, NAIC SAP	\$1,294,706,212	\$ 927,039,158

### 2. Accounting Changes and Corrections of Errors

There has been no change from the 2010 annual statement.

### 3. Business Combinations and Goodwill

There has been no change from the 2010 annual statement.

### 4. Discontinued Operations

There has been no change from the 2010 annual statement.

### 5. Investments

A, B, C, E, F, G. Not Applicable

#### D. Loan-Backed Securities

- Prepayment assumptions for single class and multi-class residential/commercial asset backed securities were obtained from publicly available sources and internal models.
- The Company had no loan-backed securities that were other-than-temporary-impaired due to either the intent to sell the securities or the inability or lack of intent to retain the securities.
- The following table summarizes other-than-temporary-impairments recorded for loan-backed securities which the Company still owns at the end of September 30, 2011 recorded based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities:

Cusip	Amortized Cost Before OTTI	Present Value of Projected Cash Flow	OTTI	Amortized Cost After OTTI	Fair Value of OTTI	Date of Financial Statement Where Reported
576431-AC-4	\$ 949,727	\$ 632,523	\$ 317,204	\$ 632,523	\$ 325,803	3/31/2011
88157d-AB-3	1,544,545	1,331,842	212,703	1,331,842	722,170	3/31/2011
88157G-AA-8	2,583,430	1,958,839	624,591	1,958,839	1,075,843	3/31/2011
88157G-AB-6	2,102,403	1,809,288	293,115	1,809,288	865,405	3/31/2011
07401W-AP-4	8,593,991	7,641,096	952,895	7,641,096	1,075,988	6/30/2011
126682-AA-1	14,422,500	13,828,580	593,940	13,828,580	4,328,844	6/30/2011
126686-AH-7	9,504,109	9,396,451	107,658	9,396,451	2,808,174	6/30/2011
23242L-AB-9	17,661,236	16,154,125	1,507,111	16,154,125	5,537,130	6/30/2011
576431-AC-4	628,595	544,547	81,048	544,547	283,108	6/30/2011
88156V-AA-6	13,451,558	12,337,770	1,113,789	12,337,770	5,688,249	6/30/2011
88156V-AB-4	2,306,393	2,086,152	220,241	2,086,152	1,594,740	6/30/2011
88157D-AA-5	37,225,028	35,577,304	1,647,722	35,577,304	14,848,529	6/30/2011
88157G-AA-8	36,063,980	31,561,425	4,502,555	31,561,425	9,808,591	6/30/2011
88157G-AB-6	2,486,813	2,289,743	197,071	2,289,743	737,021	6/30/2011
07401W-AP-4	7,465,394	6,691,385	774,009	6,691,385	973,036	9/30/2011
126682-AA-1	12,983,539	12,802,704	180,835	12,802,704	3,640,380	9/30/2011
53957D-AC-7	59,938,003	47,204,394	12,733,609	47,204,394	35,080,752	9/30/2011
88157D-AB-3	5,135,040	4,194,205	940,835	4,194,205	1,974,576	9/30/2011
88157G-AA-8	31,195,466	30,623,039	572,427	30,623,039	9,248,168	9/30/2011
88157V-AC-1	929,092	795,531	133,561	795,531	701,139	9/30/2011
88157D-AA-5	35,744,109	33,063,579	2,680,530	33,063,579	12,797,425	9/30/2011
88157G-AB-6	2,235,604	2,225,413	10,191	2,225,413	743,190	9/30/2011
<b>TOTAL</b>	<b>\$305,147,553</b>	<b>\$ 274,749,915</b>	<b>\$ 30,397,640</b>	<b>\$ 274,749,915</b>	<b>\$ 114,858,261</b>	

## NOTES TO FINANCIAL STATEMENTS

4. The following summarizes gross unrealized investment losses on loan-backed securities by the length of time that securities have continuously been in an unrealized loss position.

	Less than 12 months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial mortgage-backed securities	\$-	\$-	\$-	\$-	\$-	\$-
Residential mortgage-backed securities	108,936,299	(109,851,933)	17,203,924	(38,930,716)	126,140,223	(148,782,649)
Total	\$108,936,299	\$(109,851,933)	\$17,203,924	\$(38,930,716)	\$126,140,223	\$(148,782,649)

5. All loan-backed securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of September 30, 2011, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. This unrealized loss is primarily attributable to the market illiquidity and volatility in the U.S. economy and not specific to individual issuer credit.

### **6. Joint Ventures, Partnerships and Limited Liability Companies**

There has been no change from the 2010 annual statement.

### **7. Investment Income**

There has been no significant change from the 2010 annual statement.

### **8. Derivative Instruments**

There has been no change from the 2010 annual statement.

### **9. Income Taxes**

There has been no significant change from the 2010 annual statement.

### **10. Information Concerning Parent, Subsidiaries and Affiliates**

The Company did not make a dividend payment in the second quarter of 2011

### **11. Debt**

There has been no change from the 2010 annual statement.

### **12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.**

There has been no change from the 2010 annual statement.

### **13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

There has been no significant change from the 2010 annual statement.

### **14. Contingencies**

A, B, C, D. There has been no significant change from the 2010 annual statement.

#### **E. Legal Proceedings**

##### ***Litigation***

Lawsuits arise in the ordinary course of the Company's business. It is the opinion of the Company's management, based upon the information available, that the expected outcome of litigation against the Company, individually or in the aggregate, will not have a material adverse effect on the Company's financial position or liquidity, although an adverse resolution of litigation against the Company in a quarter or fiscal year could have a material adverse effect on the Company's results of operations in a particular quarter or fiscal year. In addition, in the ordinary course of their respective businesses, certain of the Company's subsidiaries assert claims in legal proceedings against third parties to recover losses paid in prior periods. For example, as described in "Recovery Litigation", as of the date of this filing, the Company have filed complaints against certain sponsors and underwriters of Residential Mortgage-Backed Securities, (RMBS) that the Company had insured, alleging, among other claims, that such persons had breached representations and warranties in the transaction documents, failed to cure or repurchase defective loans and/or violated state securities laws. The amounts, if any, the Company will recover in proceedings to recover losses are uncertain, and recoveries, or failure to obtain recoveries, in any one or more of these proceedings during any quarter or fiscal year could be material to the Company's results of operations in that particular quarter or fiscal year.

##### ***Proceedings Relating to the Company's Financial Guaranty Business***

The Company receives subpoenas *duces tecum* and interrogatories from regulators from time to time. The Company has satisfied the requests it has received. It may receive additional inquiries from these or other regulators and expects to provide additional information to such regulators regarding their inquiries in the future.

## NOTES TO FINANCIAL STATEMENTS

Beginning in December 2008, the Company and various other financial guarantors were named in complaints filed in the Superior Court, San Francisco County, California. Since that time, plaintiffs' counsel has filed amended complaints against AGC and AGM and added additional plaintiffs. As of the date of this filing, the plaintiffs with complaints against AGM and AGC, among other financial guaranty insurers, are: (a) *City of Los Angeles, acting by and through the Department of Water and Power*; (b) *City of Sacramento*; (c) *City of Los Angeles*; (d) *City of Oakland*; (e) *City of Riverside*; (f) *City of Stockton*; (g) *County of Alameda*; (h) *County of Contra Costa*; (i) *County of San Mateo*; (j) *Los Angeles World Airports*; (k) *City of Richmond*; (l) *Redwood City*; (m) *East Bay Municipal Utility District*; (n) *Sacramento Suburban Water District*; (o) *City of San Jose*; (p) *County of Tulare*; (q) *The Regents of the University of California*; (r) *The Redevelopment Agency of the City of Riverside*; (s) *The Public Financing Authority of the City of Riverside*; (t) *The Jewish Community Center of San Francisco*; (u) *The San Jose Redevelopment Agency*; (v) *The Redevelopment Agency of the City of Stockton*; (w) *The Public Financing Authority of the City of Stockton*; and (x) *The Olympic Club*. Complaints filed by the *City and County of San Francisco* and the *Sacramento Municipal Utility District* were subsequently dismissed against the Company.

These complaints allege that the financial guaranty insurer defendants (i) participated in a conspiracy in violation of California's antitrust laws to maintain a dual credit rating scale that misstated the credit default risk of municipal bond issuers and created market demand for municipal bond insurance, (ii) participated in risky financial transactions in other lines of business that damaged each insurer's financial condition (thereby undermining the value of each of their guaranties), and (iii) failed to adequately disclose the impact of those transactions on their financial condition. In addition to their antitrust claims, various plaintiffs in these actions assert claims for breach of the covenant of good faith and fair dealing, fraud, unjust enrichment, negligence, and negligent misrepresentation.

At hearings held in July and October 2011 relating to the Company and the other defendants' motion to dismiss, the court overruled the motion to dismiss on the following claims: breach of contract, violation of California's antitrust statute and of its unfair business practices law, and fraud. The remaining claims were dismissed. The complaints in these lawsuits generally seek unspecified monetary damages, interest, attorneys' fees, costs and other expenses. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits.

In August 2008, a number of financial institutions and other parties, including AGM and other bond insurers, were named as defendants in a civil action brought in the circuit court of Jefferson County, Alabama relating to the County's problems meeting its debt obligations on its \$3.2 billion sewer debt: *Charles E. Wilson vs. JPMorgan Chase & Co et al* (filed the Circuit Court of Jefferson County, Alabama), Case No. 01-CV-2008-901907.00, a putative class action. The action was brought on behalf of rate payers, tax payers and citizens residing in Jefferson County, and alleges conspiracy and fraud in connection with the issuance of the County's debt. On January, 13, 2011, the circuit court issued an order denying a motion by the bond insurers and other defendants to dismiss the action. Defendants, including the bond insurers, have petitioned the Alabama Supreme Court for a writ of mandamus to the circuit court vacating such order and directing the dismissal with prejudice of plaintiffs' claims for lack of standing. The complaint in this lawsuit seeks equitable relief, unspecified monetary damages, interest, attorneys' fees and other costs. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this lawsuit.

In September 2010, AGM, among others, was named as a defendant in an interpleader complaint filed by Wells Fargo Bank, N.A., as trust administrator, in the United States District Court, Southern District of New York. The interpleader complaint relates to the MASTR Adjustable Rate Mortgages Trust 2006-OA2, Mortgage Pass-Through Certificates, Series 2006-OA2 RMBS transaction, in which AGM had insured certain classes of certificates. Certain holders of uninsured certificates have disputed payments made by the trust administrator to reimburse AGM for claims it had paid under its financial guaranty policy, and the trust administrator sought adjudication of the priority of AGM's reimbursements. On March 29, 2011, the court granted a motion for judgment on the pleadings and ruled that, pursuant to the waterfall, AGM is only entitled to receive funds that would otherwise have been distributed to the holders of the classes that AGM insures, and that AGM receive such funds at the respective steps in the waterfall that immediately follow the steps at which such certificate holders would otherwise have received such funds. The court further ordered AGM to repay to the MARM 2006-OA2 trust the approximately \$7.2 million that had been credited to it by Wells Fargo. AGM intends to appeal this ruling. AGM estimates that as a result of this adverse decision (if and to the extent that the adverse decision is not modified), total unreimbursed claims paid by AGM could be up to approximately \$144 million (on a gross discounted basis, without taking into account the benefit of representation and warranty recoveries, and exclusive of the repayment of the \$7.2 million), over the life of the transaction.

### ***Proceedings Related to AGMH's Former Financial Products Business***

The following is a description of legal proceedings involving Assured Guaranty Municipal Holdings' ("AGMH") former Financial Products Business. Although the Company did not acquire AGMH's former Financial Products Business, which included AGMH's former guaranteed investment contract ("GIC") business, medium term notes business and portions of the leveraged lease businesses, certain legal proceedings relating to those businesses are against entities that the Company did acquire. While Dexia SA and DCL, jointly and severally, have agreed to indemnify the Company against liability arising out of the proceedings described below in this "—Proceedings Related to AGMH's Former Financial Products Business" section, such indemnification might not be sufficient to fully hold the Company harmless against any injunctive relief or criminal sanction that is imposed against AGMH or its subsidiaries.

### ***Governmental Investigations into Former Financial Products Business***

AGMH and/or AGM have received subpoenas *duces tecum* and interrogatories or civil investigative demands from the Attorney General of the States of Connecticut, Florida, Illinois, Massachusetts, Missouri, New York, Texas and West Virginia relating to their investigations of alleged bid rigging of municipal GICs. AGMH is responding to such requests. AGMH may receive additional inquiries from these or other regulators and expects to provide additional information to such regulators regarding their inquiries in the future. In addition,

- AGMH received a subpoena from the Antitrust Division of the Department of Justice in November 2006 issued in connection with an ongoing criminal investigation of bid rigging of awards of municipal GICs and other municipal derivatives;
- AGM received a subpoena from the SEC in November 2006 related to an ongoing industry-wide investigation concerning the bidding of municipal GICs and other municipal derivatives; and
- AGMH received a "Wells Notice" from the staff of the Philadelphia Regional Office of the SEC in February 2008 relating to the investigation concerning the bidding of municipal GICs and other municipal derivatives. The Wells Notice indicates that the SEC staff is considering recommending that the SEC authorize the staff to bring a civil injunctive action and/or institute administrative proceedings against AGMH, alleging violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act.

Pursuant to the subpoenas, AGMH has furnished to the Department of Justice and SEC records and other information with respect to AGMH's municipal GIC business. The ultimate loss that may arise from these investigations remains uncertain.

## NOTES TO FINANCIAL STATEMENTS

### *Lawsuits Relating to Former Financial Products Business*

During 2008, nine putative class action lawsuits were filed in federal court alleging federal antitrust violations in the municipal derivatives industry, seeking damages and alleging, among other things, a conspiracy to fix the pricing of, and manipulate bids for, municipal derivatives, including GICs. These cases have been coordinated and consolidated for pretrial proceedings in the U.S. District Court for the Southern District of New York as *MDL 1950, In re Municipal Derivatives Antitrust Litigation*, Case No. 1:08-cv-2516 ("MDL 1950").

Five of these cases named both AGMH and AGM: (a) *Hinds County, Mississippi v. Wachovia Bank, N.A.*; (b) *Fairfax County, Virginia v. Wachovia Bank, N.A.*; (c) *Central Bucks School District, Pennsylvania v. Wachovia Bank, N.A.*; (d) *Mayor and City Council of Baltimore, Maryland v. Wachovia Bank, N.A.*; and (e) *Washington County, Tennessee v. Wachovia Bank, N.A.* In April 2009, the MDL 1950 court granted the defendants' motion to dismiss on the federal claims, but granted leave for the plaintiffs to file a second amended complaint. In June 2009, interim lead plaintiffs' counsel filed a Second Consolidated Amended Class Action Complaint; although the Second Consolidated Amended Class Action Complaint currently describes some of AGMH's and AGM's activities, it does not name those entities as defendants. In March 2010, the MDL 1950 court denied the named defendants' motions to dismiss the Second Consolidated Amended Class Action Complaint. The complaints in these lawsuits generally seek unspecified monetary damages, interest, attorneys' fees and other costs. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits.

Four of the cases named AGMH (but not AGM) and also alleged that the defendants violated California state antitrust law and common law by engaging in illegal bid-rigging and market allocation, thereby depriving the cities or municipalities of competition in the awarding of GICs and ultimately resulting in the cities paying higher fees for these products: (f) *City of Oakland, California v. AIG Financial Products Corp.*; (g) *County of Alameda, California v. AIG Financial Products Corp.*; (h) *City of Fresno, California v. AIG Financial Products Corp.*; and (i) *Fresno County Financing Authority v. AIG Financial Products Corp.* When the four plaintiffs filed a consolidated complaint in September 2009, the plaintiffs did not name AGMH as a defendant. However, the complaint does describe some of AGMH's and AGM's activities. The consolidated complaint generally seeks unspecified monetary damages, interest, attorneys' fees and other costs. In April 2010, the MDL 1950 court granted in part and denied in part the named defendants' motions to dismiss this consolidated complaint.

In 2008, AGMH and AGM also were named in five non-class action lawsuits originally filed in the California Superior Courts alleging violations of California law related to the municipal derivatives industry: (a) *City of Los Angeles, California v. Bank of America, N.A.*; (b) *City of Stockton, California v. Bank of America, N.A.*; (c) *County of San Diego, California v. Bank of America, N.A.*; (d) *County of San Mateo, California v. Bank of America, N.A.*; and (e) *County of Contra Costa, California v. Bank of America, N.A.* Amended complaints in these actions were filed in September 2009, adding a federal antitrust claim and naming AGM (but not AGMH) and AGUS, among other defendants. These cases have been transferred to the Southern District of New York and consolidated with MDL 1950 for pretrial proceedings.

In late 2009, AGM and Assured Guaranty US Holdings Ltd ("AGUS") and other defendants, were named in six additional non-class action cases filed in federal court, which also have been coordinated and consolidated for pretrial proceedings with MDL 1950: (f) *City of Riverside, California v. Bank of America, N.A.*; (g) *Sacramento Municipal Utility District v. Bank of America, N.A.*; (h) *Los Angeles World Airports v. Bank of America, N.A.*; (i) *Redevelopment Agency of the City of Stockton v. Bank of America, N.A.*; (j) *Sacramento Suburban Water District v. Bank of America, N.A.*; and (k) *County of Tulare, California v. Bank of America, N.A.*

The MDL 1950 court denied AGM's motions to dismiss these eleven complaints in April 2010. Amended complaints were filed in May 2010. On October 29, 2010, AGM and AGUS were voluntarily dismissed with prejudice from the *Sacramento Municipal Utility District* case only. The complaints in these lawsuits generally seek or sought unspecified monetary damages, interest, attorneys' fees, costs and other expenses. The Company cannot reasonably estimate the possible loss or range of loss that may arise from the remaining lawsuits.

In May 2010, AGM and other defendants, were named in five additional non-class action cases filed in federal court in California: (a) *City of Richmond, California v. Bank of America, N.A.* (filed on May 18, 2010, N.D. California); (b) *City of Redwood City, California v. Bank of America, N.A.* (filed on May 18, 2010, N.D. California); (c) *Redevelopment Agency of the City and County of San Francisco, California v. Bank of America, N.A.* (filed on May 21, 2010, N.D. California); (d) *East Bay Municipal Utility District, California v. Bank of America, N.A.* (filed on May 18, 2010, N.D. California); and (e) *City of San Jose and the San Jose Redevelopment Agency, California v. Bank of America, N.A.* (filed on May 18, 2010, N.D. California). These cases have also been transferred to the Southern District of New York and consolidated with MDL 1950 for pretrial proceedings. In September 2010, AGM and AGUS, among other defendants, were named in a sixth additional non-class action filed in federal court in New York, but which alleges violation of New York's Donnelly Act in addition to federal antitrust law: *Active Retirement Community, Inc. d/b/a Jefferson's Ferry v. Bank of America, N.A.* (filed on September 21, 2010, E.D. New York), which has also been transferred to the Southern District of New York and consolidated with MDL 1950 for pretrial proceedings. In December 2010, AGM and AGUS, among other defendants, were named in a seventh additional non-class action filed in federal court in the Central District of California, *Los Angeles Unified School District v. Bank of America, N.A.*, and in an eighth additional non-class action filed in federal court in the Southern District of New York, *Kendal on Hudson, Inc. v. Bank of America, N.A.* These cases also have been consolidated with MDL 1950 for pretrial proceedings. The complaints in these lawsuits generally seek unspecified monetary damages, interest, attorneys' fees, costs and other expenses. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits.

In January 2011, AGM and AGUS, among other defendants, were named in an additional non-class action case filed in federal court in New York, which alleges violation of New York's Donnelly Act in addition to federal antitrust law: *Peconic Landing at Southold, Inc. v. Bank of America, N.A.* This case has been consolidated with MDL 1950 for pretrial proceedings. The complaint in this lawsuit generally seeks unspecified monetary damages, interest, attorneys' fees, costs and other expenses. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this lawsuit.

In September 2009, the Attorney General of the State of West Virginia filed a lawsuit (Circuit Ct. Mason County, W. Va.) against Bank of America, N.A. alleging West Virginia state antitrust violations in the municipal derivatives industry, seeking damages and alleging, among other things, a conspiracy to fix the pricing of, and manipulate bids for, municipal derivatives, including GICs. An amended complaint in this action was filed in June 2010, adding a federal antitrust claim and naming AGM (but not AGMH) and AGUS, among other defendants. This case has been removed to federal court as well as transferred to the S.D.N.Y. and consolidated with MDL 1950 for pretrial proceedings. The complaint in this lawsuit generally seeks civil penalties, unspecified monetary damages, interest, attorneys' fees, costs and other expenses. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this lawsuit.

### **Recovery Litigation**

#### *RMBS Transactions*

As of the date of this filing, AGM and Assured Guaranty Corp. ("AGC") have filed lawsuits with regard to six second lien U.S. RMBS transactions insured by them, alleging breaches of R&W both in respect of the underlying loans in the transactions and the accuracy of the information provided to AGM and AGC, and failure to cure or repurchase defective loans identified by AGM and AGC to such persons. These transactions consist of the ACE Securities Corp. Home Equity Loan Trust, Series 2006-GP1,

## NOTES TO FINANCIAL STATEMENTS

the ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL2 and the ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL3 transactions (in each of which AGC or AGM has sued Deutsche Bank AG affiliates DB Structured Products, Inc. and ACE Securities Corp.), the SACO I Trust 2005-GP1 transaction (in which AGC has sued JPMorgan Chase & Co.'s affiliate EMC Mortgage Corporation) and the Flagstar Home Equity Loan Trust, Series 2005-1 and Series 2006-2 transactions (in which AGM has sued Flagstar Bank, FSB, Flagstar Capital Markets Corporation and Flagstar ABS, LLC). In these lawsuits, AGM and AGC seek damages, including indemnity or reimbursement for losses.

In October 2011, AGM and AGC brought an action against DLJ Mortgage Capital, Inc. ("DLJ") and Credit Suisse Securities (USA) LLC ("Credit Suisse") with regard to six first lien U.S. RMBS transactions insured by them: CSAB Mortgage-Backed Pass Through Certificates, Series 2006-2; CSAB Mortgage-Backed Pass Through Certificates, Series 2006-3; CSAB Mortgage-Backed Pass Through Certificates, Series 2006-4; CMSC Mortgage-Backed Pass Through Certificates, Series 2007-3; CSAB Mortgage-Backed Pass Through Certificates, Series 2007-1; and TBW Mortgage-Backed Pass Through Certificates, Series 2007-2. The complaint alleges breaches of R&W against DLJ in respect of the underlying loans in the transactions, breaches of R&W against DLJ and Credit Suisse in respect of the accuracy of the information provided to the rating agencies, and failure by DLJ to cure or repurchase defective loans identified by AGM or AGM. In this lawsuit, AGM and AGC seek damages.

AGM has also filed a lawsuit against UBS Securities LLC and Deutsche Bank Securities, Inc., as underwriters, as well as several named and unnamed control persons of IndyMac Bank, FSB and related IndyMac entities, with regard to two U.S. RMBS transactions that AGM had insured, seeking damages for alleged violations of state securities laws and breach of contract, among other claims. One of these transactions (referred to as IndyMac Home Equity Loan Trust 2007-H1) is a second lien transaction and the other (referred to as IndyMac IMSC Mortgage Loan Trust 2007-HOA-1) is a first lien transaction.

### *Public Finance Transactions*

In June 2010, AGM sued JPMorgan Chase Bank, N.A. and JPMorgan Securities, Inc. (together, "JPMorgan"), the underwriter of debt issued by Jefferson County, in New York Supreme Court alleging that JPMorgan induced AGM to issue its insurance policies in respect of such debt through material and fraudulent misrepresentations and omissions, including concealing that it had secured its position as underwriter and swap provider through bribes to Jefferson County commissioners and others. In December 2010, the court denied JPMorgan's motion to dismiss. AGM is continuing its risk remediation efforts for this exposure.

In September 2010, AGM, together with TD Bank, National Association and Manufacturers and Traders Trust Company, filed a complaint in the Court of Common Pleas in the Supreme Court of Pennsylvania against The Harrisburg Authority, The City of Harrisburg, Pennsylvania, and the Treasurer of the City in connection with certain Resource Recovery Facility bonds and notes issued by the Harrisburg Authority, alleging, among other claims, breach of contract by both the Harrisburg Authority and the City, and seeking remedies including an order of mandamus compelling the City to satisfy its obligations on the defaulted bonds and notes and the appointment of a receiver for the Authority. Acting on its own, the City Council of Harrisburg filed a purported bankruptcy petition for the City of Harrisburg on October 11, 2011. AGM plans to challenge the bankruptcy petition filed by City Council.

### **15. Leases**

There has been no change from the 2010 annual statement.

### **16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

There has been no significant change from the 2010 annual statement.

### **17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

C. The Company did not engage in any wash sale transactions during the third quarter of 2011.

### **18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

There has been no change from the 2010 annual statement.

### **19. Direct Premium Written or Produced by Managing General Agents or Third Party Administrators**

There has been no change from the 2010 annual statement.

### **20. Fair Value**

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards ("FAS") 157, "Fair Value Measurements." FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

#### *Fair Value Hierarchy*

FAS 157 specifies a fair value hierarchy based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable. Observable inputs reflect market data obtained from an independent source, while unobservable inputs reflect Company estimates of market assumptions. In accordance with FAS 157, the fair value hierarchy model inputs into three broad levels as follows:

- Level 1 – Quoted prices for identical instruments in active markets
- Level 2 – Quoted process for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and observable inputs other than quoted prices, such as interest rates or yield curves and other inputs derived from or corroborated by observable market inputs
- Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are not observable. This hierarchy requires the use of observable market data when available.

An asset or liability's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

The following table presents information about financial instruments carried at fair value and indicates the level of the fair value measurement on the levels of the inputs used. Bonds are generally recorded at amortized cost. The following fair value hierarchy table presents information about the Company's asset measured at fair value as of September 30, 2011.

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As of 09/30/2011	Level 1	Level 2	Level 3	Total
Bonds	-	-	-	-
Stocks	\$ 241,801	-	-	\$ 241,801
Total	\$ 241,801	-	-	\$ 241,801

### **Cash and Short Term Investments**

The carrying amounts reported in the statement of admitted assets, liabilities and surplus for these instruments approximate fair value.

### **Bonds**

Bonds with an NAIC designation of 1 and 2 are carried at amortized cost while bonds with an NAIC designation of 3 through 6 are carried at the lower of cost or fair value.

The fair value of bonds in the investment portfolio is generally based on quoted market prices received from third party pricing services or alternative pricing sources with reasonable levels of price transparency. Such quotes generally consider a variety of factors, including recent trades of the same and similar securities. If quoted market prices are not available, the valuation is based on pricing models that use dealer price quotations, price activity for traded securities with similar attributes and other relevant market factors as inputs, including security type, rating, vintage, tenor and its position in the capital structure of the issuer. The Company considers security prices from pricing services, index providers or broker-dealers to be Level 2 in the fair value hierarchy. Prices determined based upon model processes where at least one significant model assumption or input is unobservable, are considered to be Level 3 in the fair value hierarchy.

Broker-dealer quotations obtained to price securities are generally considered to be indicative and are non-actionable (i.e. non-binding).

The Company did not make any internal adjustments to prices provided by its third party pricing service.

### **Stocks**

The Company's stocks comprised primarily of unaffiliated common stocks and investments in subsidiaries. Unaffiliated common stocks are carried at fair value. As discussed within our significant accounting policies, investments in subsidiaries are recorded in compliance with SSAP97.

### **21. Other Items**

- A. – F. There has been no change from the 2010 annual statement.
- G. U.S. Subprime Mortgage-Backed and Home Equity ("HELOC") Exposures

In both Third Quarter 2011 and Second Quarter 2011, the Company chose to use loss projection curves with the same shape as that used in the fourth quarter of 2010, including retaining the initial plateau period it had used in the fourth quarter of 2010. The Company's U.S. Residential Mortgage Backed Securities ("RMBS") projection methodology assumes that the housing and mortgage markets will eventually recover but are doing so at a slower than previously expected pace.

The scenarios used to project RMBS collateral losses in Third Quarter 2011 were essentially the same as those used in the Second Quarter 2011, except that (i) based on its observation of the continued elevated levels of early stage delinquencies, the Company adjusted its loss projection curves by retaining the initial plateau periods to reflect its view that the recovery would be longer than it had anticipated in the Second Quarter 2011; and (ii) the Company introduced a higher loss severity assumption in two scenarios for subprime first lien RMBS transactions. The scenarios used in Third Quarter 2011 were also the same as those employed at year-end 2010, with the following exceptions: (i) the retention of the initial plateau and higher stress subprime loss severity assumption just described; (ii) an increase in the expected period for reaching the final conditional default rate for second lien transactions from that used in the fourth quarter of 2010 was established for the First Quarter 2011 and retained in the Second and Third Quarter 2011; (iii) the initial Alt-A first lien and Option ARM loss severities were increased from 60% at year-end 2010 to 65% in the First Quarter 2011 and retained in the Second and Third Quarter 2011; and (iv) the Company's probability weightings from the fourth quarter of 2010 were adjusted in First Quarter 2011 to reflect changes to each of its second lien scenarios and such adjustments were retained in the Second and Third Quarter 2011.

#### *U.S. Second Lien RMBS: HELOCs and CES*

The Company insures two types of second-lien RMBS, those secured by HELOCs and those secured by closed-end second lien ("CES") mortgages. HELOCs are revolving lines of credit generally secured by a second lien on a one-to-four family home. A mortgage for a fixed amount secured by a second lien on a one-to-four family home is generally referred to as a CES. Both first lien RMBS and second lien RMBS sometimes include a portion of loan collateral with a different priority than the majority of the collateral. The Company has material exposure to second-lien mortgage loans originated and serviced by a number of parties, but the Company's most significant second-lien exposure is to HELOCs originated and serviced by Countrywide, a subsidiary of Bank of America.

The delinquency performance of HELOC and closed-end second lien exposures included in transactions insured by the Company began to deteriorate in 2007, and such transactions, particularly those originated in the period from 2005 through 2007, continue to perform below the Company's original underwriting expectations. While insured securities benefit from structural protections within the transactions designed to absorb collateral losses in excess of previous historically high levels, in many second lien RMBS projected losses now exceed those structural protections.

The Company believes the primary variables affecting its expected losses in second lien RMBS transactions are the amount and timing of future losses in the collateral pool supporting the transactions and the amount of loans repurchased for breaches of representations and warranties ("R&W"). Expected losses are also a function of the structure of the transaction; the voluntary prepayment rate (typically also referred to as conditional prepayment rate of the collateral); the interest rate environment; and assumptions about the draw rate and loss severity. These variables are interrelated, difficult to predict and subject to considerable volatility. If actual experience differs from the Company's assumptions, the losses incurred could be materially different from the estimate. The Company continues to update its evaluation of these exposures as new information becomes available.

The following table shows the Company's key assumptions used in its calculation of estimated expected losses for these types of policies as of September 30, 2011 and December 31, 2010:

#### **Key Assumptions in Base Case Expected Loss Estimates Second Lien RMBS(1)**

<b>HELOC Key Variables</b>	<b>As of September 30, 2011</b>	<b>As of December 31, 2010</b>
Plateau conditional default rate.....	3.8 – 35.3%	4.2 – 22.1%
Final conditional default rate trended down to.....	.4 – 3.2%	.4 – 3.2%

## NOTES TO FINANCIAL STATEMENTS

Expected period until final conditional default rate.....	36 months	24 months
Initial conditional prepayment rate.....	3.2 – 16.4%	3.3 – 17.1%
Final conditional prepayment rate.....	10.0%	10.0%
Loss severity	98%	98%
Initial draw rate	0.0 – 5.4%	0.0 – 6.8%
	<b>As of</b>	<b>As of</b>
<b>Closed end second line Key Variables</b>	<b>September 30, 2011</b>	<b>December 31, 2010</b>
Plateau conditional default rate.....	15.9 – 28.3%	17.7 – 38.8%
Final conditional default rate trended down to.....	3.3 – 8.6%	3.3 – 8.6%
Expected period until final conditional default rate achieved.....	36 months	24 months
Initial conditional prepayment rate.....	1.6 – 6.9%	1.4 – 5.8%
Final conditional prepayment rate.....	10%	10%
Loss severity.....	98%	98%

(1) Represents assumptions for most heavily weighted scenario (the “base case”).

In second lien transactions the projection of near-term defaults from currently delinquent loans is relatively straightforward because loans in second lien transactions are generally “charged off” (treated as defaulted) by the securitization’s servicer once the loan is 180 days past due. Most second lien transactions report the amount of loans in five monthly delinquency categories (i.e., 30-59 days past due, 60-89 days past due, 90-119 days past due, 120-149 days past due and 150-179 days past due). The Company estimates the amount of loans that will default over the next five months by calculating current representative liquidation rates (the percent of loans in a given delinquency status that are assumed to ultimately default) from selected representative transactions and then applying an average of the preceding 12 months’ liquidation rates to the amount of loans in the delinquency categories. The amount of loans projected to default in the first through fifth months is expressed as a conditional default rate. The first four months’ conditional default rate is calculated by applying the liquidation rates to the current-period past-due balances (i.e., the 150-179 day balance is liquidated in the first projected month, the 120-149 day balance is liquidated in the second projected month, the 90-119 day balance is liquidated in the third projected month and the 60-89 day balance is liquidated in the fourth projected month). For the fifth month the conditional default rate is calculated using the average 30-59 day past due balances for the prior three months. An average of the third, fourth and fifth month conditional default rates is then used as the basis for the plateau period that follows the embedded five months of losses.

In Third Quarter 2011 base scenario, the conditional default rate (the “plateau conditional default rate”) was held constant for one month. Once the plateau period has ended, the conditional default rate is assumed to gradually trend down in uniform increments to its final long-term steady state conditional default rate. In the base scenario, the time over which the conditional default rate trends down to its final conditional default rate is 30 months (the same as Second Quarter 2011 but compared with 18 months at year-end 2010). Therefore, the total stress period for second lien transactions is 36 months, comprising five months of delinquent data, a one-month plateau period and 30 months of decrease to the steady state conditional default rate. This is the same as the Second Quarter 2011 but 12 months longer than the 24 months of total stress period used at year-end 2010. The long-term steady state conditional default rates are calculated as the constant conditional default rates that would have yielded the amount of losses originally expected at underwriting. When a second lien loan defaults, there is generally very low recovery. Based on current expectations of future performance, the Company assumes that it will only recover 2% of the collateral.

The rate at which the principal amount of loans is prepaid may impact both the amount of losses projected (which is a function of the conditional default rate and the loan balance over time) as well as the amount of excess spread (which is the excess of the interest paid by the borrowers on the underlying loan over the amount of interest and expenses owed on the insured obligations). In the base case, the current conditional prepayment rate is assumed to continue until the end of the plateau before gradually increasing to the final conditional prepayment rate over the same period the conditional default rate decreases. For transactions where the initial conditional prepayment rate is higher than the final conditional prepayment rate, the initial conditional prepayment rate is held constant. The final conditional prepayment rate is assumed to be 10% for both HELOC and closed-end second lien transactions. This level is much higher than current rates, but lower than the historical average, which reflects the Company’s continued uncertainty about performance of the borrowers in these transactions. This pattern is consistent with how the Company modeled the conditional prepayment rate at year-end 2010 and in the Second Quarter 2011. To the extent that prepayments differ from projected levels it could materially change the Company’s projected excess spread and losses.

The Company uses a number of other variables in its second lien loss projections, including the spread between relevant interest rate indices, and HELOC draw rates (the amount of new advances provided on existing HELOCs expressed as a percentage of current outstanding advances). For HELOC transactions, the draw rate is assumed to decline from the current level to a final draw rate over a period of three months. The final draw rates were assumed to range from 0.0% to 2.7%.

In estimating expected losses, the Company modeled and probability-weighted three possible conditional default rate curves applicable to the period preceding the return to the long-term steady state conditional default rate. Given that draw rates have been reduced to levels below the historical average and that loss severities in these products have been higher than anticipated at inception, the Company believes that the level of the elevated conditional default rate and the length of time it will persist is the primary driver behind the likely amount of losses the collateral will suffer (before considering the effects of repurchases of ineligible loans). The Company continues to evaluate the assumptions affecting its modeling results.

At September 30, 2011, the Company’s base case assumed a one-month conditional default rate plateau and a 30-month ramp-down (for a total stress period of 36 months). Increasing the conditional default rate plateau to four months and keeping the ramp-down at 30 months (for a total stress period of 39 months) would increase the expected loss by approximately \$46.6 million for HELOC transactions and \$9.6 million for CES transactions. On the other hand, keeping the conditional default rate plateau at one month but decreasing the length of the conditional default rate ramp-down to a 24-month assumption (for a total stress period of 30 months) would decrease the expected loss by approximately \$38.1 million for HELOC transactions and \$2.5 million for CES transactions.

#### **U.S. First Lien RMBS Loss Projections: Alt-A First Lien, Option ARM, Subprime and Prime**

First lien RMBS are generally categorized in accordance with the characteristics of the first lien mortgage loans on one-to-four family homes supporting the transactions. The collateral supporting “subprime” RMBS transactions consists of first lien residential mortgage loans made to subprime borrowers. A “subprime borrower” is one considered to be a higher-risk credit based on credit scores or other risk characteristics. Another type of RMBS transaction is generally referred to as “Alt-A first lien.” The collateral supporting such transactions consists of first lien residential mortgage loans made to “prime” quality borrowers who lack certain ancillary characteristics that would make them prime. When more than 66% of the loans originally included in the pool are mortgage loans with an option to make a minimum payment that has the potential to amortize the loan negatively (i.e., increase the amount of principal owed), the transaction is referred to as an “Option ARM.” Finally, transactions may be composed primarily of loans made to prime borrowers. Both first lien RMBS and second lien RMBS sometimes include a portion of loan collateral that differs in priority from the majority of the collateral.

The performance of the Company’s first lien RMBS exposures began to deteriorate in 2007, and such transactions, particularly those originated in the period from 2005 through 2007, continue to perform below the Company’s original underwriting expectations. The Company currently projects first lien collateral losses many times those expected at the time of underwriting. While insured

## NOTES TO FINANCIAL STATEMENTS

securities benefited from structural protections within the transactions designed to absorb some of the collateral losses, in many first lien RMBS transactions, projected losses exceed those structural protections.

The majority of projected losses in first lien RMBS transactions are expected to come from non-performing mortgage loans (those that are delinquent or in foreclosure or where the loan has been foreclosed and the RMBS issuer owns the underlying real estate). An increase in non-performing loans beyond that projected in the previous period is one of the primary drivers of loss development in this portfolio. In order to determine the number of defaults resulting from these delinquent and foreclosed loans, the Company applies a liquidation rate assumption to loans in each of various delinquency categories. The Company arrived at its liquidation rates based on data in loan performance and assumptions about how delays in the foreclosure process may ultimately affect the rate at which loans are liquidated. The liquidation rate is a standard industry measure that is used to estimate the number of loans in a given aging category that will default within a specified time period. The Company projects these liquidations to occur over two years.

The following table shows the Company's liquidation assumptions for various delinquency categories as of September 30, 2011 and December 31, 2010.

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
30 - 59 Days Delinquent		
Alt-A first lien	50%	50%
Alt-A option ARM	50	50
Subprime	45	45
60 - 89 Days Delinquent		
Alt-A first lien	65	65
Alt-A option ARM	65	65
Subprime	65	65
90 - Bankruptcy		
Alt-A first lien	75	75
Alt-A option ARM	75	75
Subprime	70	70
Foreclosure		
Alt-A first lien	85	85
Alt-A option ARM	85	85
Subprime	85	85
Real Estate Owned		
Alt-A first lien	100	100
Alt-A option ARM	100	100
Subprime	100	100

While the Company uses liquidation rates as described above to project defaults of non-performing loans, it projects defaults on presently current loans by applying a conditional default rate trend. The start of that conditional default rate trend is based on the defaults the Company projects will emerge from currently nonperforming loans. The total amount of expected defaults from the non-performing loans is translated into a constant conditional default rate (*i.e.*, the conditional default rate plateau), which, if applied for each of the next 24 months, would be sufficient to produce approximately the amount of defaults that were calculated to emerge from the various delinquency categories. The conditional default rate thus calculated individually on the collateral pool for each RMBS is then used as the starting point for the conditional default rate curve used to project defaults of the presently performing loans.

In the base case, each transaction's conditional default rate is projected to improve over 12 months to an intermediate conditional default rate (calculated as 15% of its conditional default rate plateau); that intermediate conditional default rate is held constant for 36 months and then trails off in steps to a final conditional default rate of 5% of the conditional default rate plateau. Under the Company's methodology, defaults projected to occur in the first 24 months represent defaults that can be attributed to loans that are currently delinquent or in foreclosure, while the defaults projected to occur using the projected conditional default rate trend after the first 24 month period represent defaults attributable to borrowers that are currently performing.

Another important driver of loss projections is loss severity, which is the amount of loss the transaction incurs on a loan after the application of net proceeds from the disposal of the underlying property. Loss severities experienced in first lien transactions have reached historic high levels, and the Company is assuming that these historic high levels will continue for another year. The Company determines its initial loss severity based on actual recent experience. The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning in September 2012 and, in the base scenario, decline over two years to 40%.

The following table shows the Company's key assumptions used in its calculation of expected losses for these types of policies as of September 30, 2011 and December 31, 2010:

### Key Assumptions in Base Case Expected Loss Estimates of First Lien RMBS Transactions

	<u>As of September 30, 2011</u>	<u>As of December 31, 2010</u>
Alt-A First Lien		
Plateau conditional default rate.....	5.4% - 40.5%	7.6% - 42.0%
Intermediate conditional default rate	.8% - 6.1%	1.1% - 6.0%
Final conditional default rate.....	.3% - 2.0%	.4% - 2.1%
Initial loss severity.....	65%	60%
Initial conditional prepayment rate.....	0.0% - 17.0%	0.0% - 20.0%
Final conditional prepayment rate.....	10%	10%
Alt-A option ARM		
Plateau conditional default rate.....	12.9% - 32.2%	14.4% - 32.0%
Intermediate conditional default rate	1.9% - 4.8%	2.2% - 4.5%
Final conditional default rate.....	.6% - 1.6%	.7% - 1.6%
Initial loss severity.....	65%	60%
Initial conditional prepayment rate.....	0.0% - 4.2%	0.0% - 6.0%
Final conditional prepayment rate.....	10%	10%
Subprime		
Plateau conditional default rate.....	12.1% - 33.4%	12.4% - 34.0%
Intermediate conditional default rate	1.8% - 5.0%	1.9% - 5.2%
Final conditional default rate.....	.6% - 1.7%	.6% - 1.7%
Initial loss severity.....	80%	80%
Initial conditional prepayment rate.....	0.0% - 6.8%	0.0% - 4.7%
Final conditional prepayment rate.....	10%	10%

## NOTES TO FINANCIAL STATEMENTS

The rate at which the principal amount of loans is prepaid may impact both the amount of losses projected (since that amount is a function of the conditional default rate and the loan balance over time) as well as the amount of excess spread (the amount by which the interest paid by the borrowers on the underlying loan exceeds the amount of interest owed on the insured obligations). The assumption for the conditional prepayment rate follows a similar pattern to that of the conditional default rate. The current level of voluntary prepayments is assumed to continue for the plateau period before gradually increasing over 12 months to the final conditional prepayment rate, which is assumed to be either 10% or 15% depending on the scenario run. For transactions where the initial conditional prepayment rate is higher than the final conditional prepayment rate, the initial conditional prepayment rate is held constant.

The ultimate performance of the Company's first lien RMBS transactions remains highly uncertain and may be subject to considerable volatility due to the influence of many factors, including the level and timing of loan defaults, changes in housing prices and other variables. The Company will continue to monitor the performance of its RMBS exposures and will adjust the loss projections for those transactions based on actual performance and management's estimates of future performance.

In estimating expected losses, the Company modeled and probability-weighted sensitivities for first lien transactions by varying its assumptions of how fast recovery is expected to occur. The primary variable when modeling sensitivities was how quickly the conditional default rate returned to its modeled equilibrium, which was defined as 5% of the current conditional default rate. The Company also stressed conditional prepayment rates and the speed of recovery of loss severity rates. Beginning in the Third Quarter 2011, the Company also stressed the initial loss severity rates in subprime transactions. In a somewhat more stressful environment than that of the base case, where the conditional default rate recovery was more gradual, the loss severity begins at a higher rate than in the base case, and the final conditional prepayment rate was 15% rather than 10% and subprime loss severity rates were assumed to start higher, expected loss to be paid would increase by approximately \$4.8 million for Alt-A first lien, \$39.2 million for Option ARM, \$33.3 million for subprime and \$0.1 million for prime transactions. In an even more stressful scenario where the conditional default rate plateau was extended three months (to be 27 months long) before the same more gradual conditional default rate recovery and loss severities were assumed to recover over four rather than two years (and subprime loss severities were assumed to start higher and recover only to 60%), expected loss to be paid would increase by approximately \$23.3 million for Alt-A first lien, \$101.9 million for Option ARM, \$141.9 million for subprime and \$0.5 million for prime transactions. The Company also considered a scenario where the recovery was faster than in its base case. In this scenario, where the conditional default rate plateau was three months shorter (21 months, effectively assuming that liquidation rates would improve) and the conditional default rate recovery was more pronounced, expected loss to be paid would decrease by approximately \$13.5 million for Alt-A first lien, \$50.0 million for Option ARM, \$23.8 million for subprime and \$0.3 million for prime transactions.

### *Bank of America Settlement*

On April 14, 2011, the Company's ultimate parent, Assured Guaranty Ltd. ("Assured Guaranty") reached a comprehensive agreement with Bank of America Corporation and its subsidiaries, including Countrywide Financial Corporation and its subsidiaries (collectively, "Bank of America"), regarding their liabilities with respect to 29 RMBS transactions insured by Assured Guaranty, including claims relating to reimbursement for breaches of representations and warranties ("R&W") and historical loan servicing issues ("Bank of America Agreement"). Of the 29 RMBS transactions (of which 11 are insured by AGC), eight are second lien transactions and 21 are first lien transactions. The Bank of America Agreement covers Bank of America-sponsored securitizations that Assured Guaranty Municipal Corp. ("AGM") or AGC has insured, as well as certain other securitizations containing concentrations of Countrywide originated loans that AGM or AGC has insured. The transactions insured by AGC and covered by the Bank of America Agreement have a gross par outstanding of \$1.2 billion (\$0.9 billion net par outstanding) as of June 30, 2011, or 17% of AGC's total below investment grade ("BIG") RMBS net par outstanding.

Bank of America paid \$57.3 million (approximately \$45.3 million of which was to AGM) in Third Quarter 2011 in respect of covered second lien transactions and is obligated to pay another \$114.6 million (approximately 90.7 million of which is AGM) by March 2012. In consideration of the \$1.1 billion, (approximately \$870.4 million of which was to AGM), Assured Guaranty has agreed to release its claim for the repurchase of mortgage loans underlying the eight second lien transactions (i.e., Assured Guaranty will retain the risk of future insured losses without further offset for R&W claims against Bank of America). In addition, Bank of America will reimburse Assured Guaranty 80% of claims Assured Guaranty pays on the 21 first lien transactions, (12 of which are insured by AGM), until aggregate collateral losses on such RMBS transactions reaches \$6.6 billion. The Company accounts for the 80% loss sharing agreement with Bank of America as subrogation. As the Company calculates expected losses for these 21 first lien transactions, it will include an R&W benefit from Bank of America for 80% of these amounts. As of September 30, 2011, Bank of America had placed \$1.0 billion of eligible assets in trust in order to collateralize the reimbursement obligation relating to the first lien transactions. The amount of assets required to be posted may increase or decrease from time to time, as determined by rating agency requirements.

As of September 30, 2011, estimated gross expected losses to the Company for these 9 first lien transactions, before considering R&W recoveries from Bank of America, are projected to be \$85.7 million and \$17.1 million after considering R&W recoveries. As of September 30, 2011, the Company had not paid any claims on these first lien transactions.

The benefit for R&W in 2011 reflects higher expected recoveries across all transactions as a result of the Bank of America Agreement. For transactions covered under the agreement, the R&W benefit has been updated to reflect amounts collected and expected to be collected under the terms of the Bank of America Agreement. For transactions with other sponsors of U.S. RMBS, against which the Company is pursuing R&W claims, the Company has increased the benefit for R&W in 2011 to reflect the probability that actual recovery rates may be higher than originally expected in the three-month period ended March 31, 2011. For transactions involving R&W providers other than Bank of America, the Company has continued to review additional loan files and has found breach rates consistent with those in the Bank of America transactions.

The following summarizes U.S. subprime loss activity:

- a. The aggregate amount of U.S. subprime related net losses paid in the current year were \$ 8,810,224;
- b. The aggregate amount of U.S. subprime related net losses incurred in the current year was of \$10,189,137;
- c. The aggregate amount of U.S. subprime related net case reserves at the end of the current reporting period were \$75,768,023;
- d. The Company does not establish IBNR reserves.

### **22. Events Subsequent**

There were no events occurring subsequent to September 30, 2011 that materially affect the Company's financial condition.

### **23. Reinsurance**

- A. The Company has no unsecured reinsurance recoverable at September 30, 2011.

## NOTES TO FINANCIAL STATEMENTS

B. The Company has no reinsurance recoverable in dispute at September 30, 2011.

C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Assumed less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
<b>AFFILIATES</b>	\$ 367,466,645	\$ 110,239,993	\$ 1,267,112,438	\$ 380,133,731	\$ (899,645,793)	\$ (269,893,738)
<b>ALL OTHER</b>	1,736,743	521,023	425,836,932	127,751,080	(424,100,189)	(127,230,057)
	\$ 369,203,388	\$ 110,761,016	\$1,692,949,370	\$ 507,884,811	\$ (1,323,745,982)	\$ (397,123,795)

Direct Unearned Premium Reserve: \$2,745,269,925.

D. The Company has no uncollectible reinsurance at September 30, 2011.

E. In February of 2011, the Company terminated all reinsurance agreements with X.L. Insurance Company Ltd. In April of 2011, the Company terminated all reinsurance agreements with Financial Guaranty Insurance Company. The effect of the Company's resumption of ceded business is summarized in the table below:

	XL Insurance Company Ltd.	Financial Guaranty Insurance Co.	TOTAL
Ceded (Assumed) Written Premium	642,478	(1,057,005)	(414,527)
Change in UPR	(642,478)	1,057,005	414,527
Premiums Earned	-	-	-
Return of (Ceding) Assumed Commission	-	320,165	320,165
Other Income (Expense)	20,263,509	-	20,263,509
Pre-Tax Gain/(Loss)	20,263,509	320,165	20,583,674

F. The Company has no retroactive reinsurance in effect at September 30, 2011.

G. The Company does not utilize the deposit method to account for any of its reinsurance transactions.

### **24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

There has been no change from the 2010 annual statement.

### **25. Changes in Incurred Losses and Loss Adjustment Expenses**

Incurred losses and loss expenses attributable to insured events of prior years is \$(85,893,329) as of the 3<sup>rd</sup> quarter of 2011. The current year decrease is a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

### **26. Intercompany Pooling Arrangements**

There has been no significant change from the 2010 annual statement.

### **27. Structured Settlements**

There has been no change from the 2010 annual statement.

### **28. Health Care Receivables**

There has been no change from the 2010 annual statement.

### **29. Participating Policies**

There has been no change from the 2010 annual statement.

### **30. Premium Deficiency Reserves**

There has been no change from the 2010 annual statement.

### **31. High Deductibles**

There has been no change from the 2010 annual statement.

### **32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

The Company discounts the liability for unpaid losses for financial guaranty claims on a non-tabular at a rate of 5.0%, the approximate taxable equivalent yield on the Company's investment portfolio. The amount of discounted loss and loss adjustment reserves at September 30, 2011 and December 31, 2010 is \$291,345,560 and \$287,460,443, respectively. The amount of the discount as of September 30, 2011 and December 31, 2010 is \$130,270,470 and \$211,913,269, respectively.

### **33. Asbestos / Environmental Reserves**

## NOTES TO FINANCIAL STATEMENTS

There has been no change from the 2010 annual statement.

### 34. Subscriber Savings Accounts

There has been no change from the 2010 annual statement.

### 35. Multiple Peril Crop Insurance

There has been no change from the 2010 annual statement.

### 36. Financial Guaranty Insurance

A. There has been no significant change from the 2010 annual statement.

B. Schedule of insured financial obligations as of September 30, 2011:

<i>(Dollars in Thousands)</i>	Surveillance Categories			
	BIG1	BIG2	BIG3	Total
Number of Policies	73	28	60	161
Remaining weighted-ave contract period (in yrs)	8.0	7.3	5.5	6.8
Insured contractual payments outstanding:				
Principal	\$4,422,303	\$3,978,616	\$5,805,770	\$14,206,689
Interest	1,538,111	1,612,477	1,402,183	4,552,771
Total	<u>\$5,960,414</u>	<u>\$5,591,093</u>	<u>\$7,207,953</u>	<u>\$18,759,460</u>
Gross claim liability	\$320,782	\$1,328,534	\$1,664,912	\$3,314,228
Less: Gross potential recoveries - subrogation	518,530	658,262	1,279,165	2,455,957
Ceded claim liability	(97,106)	299,658	234,103	436,655
Discount, net	13,064	169,418	(52,212)	130,270
Net liability reported in the balance sheet	<u>\$(113,706)</u>	<u>\$ 201,196</u>	<u>\$203,856</u>	<u>\$291,346</u>
Reinsurance recoverables	<u>\$17,549</u>	<u>\$1,066</u>	<u>\$36,316</u>	<u>\$54,931</u>
Unearned premium reserve	<u>\$38,059</u>	<u>\$207</u>	<u>\$8,231</u>	<u>\$46,497</u>

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: .....
3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2007
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2007
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 03/13/2009
- 6.4 By what department or departments?  
NEW YORK INSURANCE DEPARTMENT.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [X] No [ ] NA [ ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

## GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes  No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
.....

9.2 Has the code of ethics for senior managers been amended?..... Yes  No

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes  No

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
.....

### FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes  No

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:..... \$ .....

### INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes  No

11.2 If yes, give full and complete information relating thereto:  
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....

13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes  No

14.2 If yes, please complete the following:

	1		2	
	Prior Year-End Book/Adjusted Carrying Value		Current Quarter Book/Adjusted Carrying Value	
14.21 Bonds .....	\$ .....		\$ .....	
14.22 Preferred Stock .....	\$ .....		\$ .....	
14.23 Common Stock .....	\$ ..... 455,321,842		\$ ..... 644,224,592	
14.24 Short-Term Investments .....	\$ .....		\$ .....	
14.25 Mortgage Loans on Real Estate .....	\$ .....		\$ .....	
14.26 All Other .....	\$ ..... 300,000,000		\$ ..... 300,000,000	
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ ..... 755,321,842		\$ ..... 944,224,592	
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above ..	\$ .....		\$ .....	

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes  No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No   
If no, attach a description with this statement.

## GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes  No

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
The Bank of New York Mellon.....	One Wall Street, 14th St., New York, NY 10286.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes  No

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
104518.....	Deutsche Investment Americas Inc.....	345 Park Ave., New York, NY 10154.....
105900.....	General Re-New England Asset Mgmt. Inc.....	76 Batterson Park Road, Farmington, CT 06032.....
106595.....	Wellington Management LLP.....	75 State Street, Boston, MA 02109.....
107105.....	Blackrock Financial Management Inc.....	40 East 52nd St., New York, NY 10022.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? .....

Yes  No

17.2 If no, list exceptions:

.....



## SCHEDULE F—CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
		AFFILIATES		
		US INSURERS		
		POOLS AND ASSOCIATIONS		
		ALL OTHER INSURERS		
<b>NONE</b>				

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, etc.	1		Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
	Active Status		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	L	4,850,388	3,033,031			13,871,641	
2. Alaska	AK	L	39,378	39,677				
3. Arizona	AZ	L	1,033,359	11,208,678				
4. Arkansas	AR	L	1,189,634	662,591				
5. California	CA	L	18,582,729	32,849,248	14,408,928	6,715,663	31,390,240	33,648,361
6. Colorado	CO	L	2,020,876	1,826,730				
7. Connecticut	CT	L	593,418	1,353,766	33,042,180	32,962,943	(66,020,436)	(32,962,942)
8. Delaware	DE	L	20,351,253	27,238,885	(492,759,925)	381,201,860	99,671,270	(127,410,488)
9. District of Columbia	DC	L	138,806	145,163				
10. Florida	FL	L	8,948,482	21,582,913				
11. Georgia	GA	L	2,780,853	5,612,780	1,938,429	2,208,768	35,639,650	39,948,525
12. Hawaii	HI	L	115,234	118,276				
13. Idaho	ID	L	180,649					
14. Illinois	IL	L	3,082,379	10,701,871				
15. Indiana	IN	L	334,902	2,296,619				
16. Iowa	IA	L	68,000	325,413				
17. Kansas	KS	L	90,915	922,348				
18. Kentucky	KY	L	81,534	1,890,869				
19. Louisiana	LA	L	2,004,351	767,588				
20. Maine	ME	L	76,200	1,477,243				
21. Maryland	MD	L	2,106,748	2,315,891	150,388,972	70,022,611	282,431,248	326,547,794
22. Massachusetts	MA	L	1,339,082	861,688	(4,340,567)	9,214,972	(36,691,921)	
23. Michigan	MI	L	1,273,099	1,499,268				
24. Minnesota	MN	L	310,405	714,584	61,181,147	30,265,290	(101,508,278)	(30,265,290)
25. Mississippi	MS	L	1,042,875	123,679				
26. Missouri	MO	L	236,000	1,446,711				
27. Montana	MT	L	580,350					
28. Nebraska	NE	L						
29. Nevada	NV	L	(618)	2,283,039				
30. New Hampshire	NH	L		235,000				
31. New Jersey	NJ	L	7,144,123	10,574,823	3,613,813	(2,264,436)	25,109,291	25,320,305
32. New Mexico	NM	L	71,171					
33. New York	NY	L	99,073,182	103,138,748	13,026,217	192,956,775	310,509,880	541,385,283
34. No. Carolina	NC	L	583,412	161,200				
35. No. Dakota	ND	L		44,000				
36. Ohio	OH	L	402,465	7,925,691				
37. Oklahoma	OK	L	135,154	1,085,566				
38. Oregon	OR	L	227,619	3,269,453				
39. Pennsylvania	PA	L	12,243,669	16,777,614	1,414,979	96,872	(5,454,866)	(314,742)
40. Rhode Island	RI	L	755,595	978,970				
41. So. Carolina	SC	L	2,363,636	579,659				
42. So. Dakota	SD	L	141,741	258,906				
43. Tennessee	TN	L	1,208,436	3,672,745				
44. Texas	TX	L	10,265,121	14,809,308				
45. Utah	UT	L	797,966	2,697,710				
46. Vermont	VT	L	174,548	711,076				
47. Virginia	VA	L	125,297	277,371	360			
48. Washington	WA	L	177,398	594,848				
49. West Virginia	WV	L		904,661				
50. Wisconsin	WI	L	250,694	233,792				
51. Wyoming	WY	L						
52. American Samoa	AS	N						
53. Guam	GU	N		2,146,309				
54. Puerto Rico	PR	L	9,626,677	8,615,073				
55. U.S. Virgin Islands	VI	N		2,168,078				
56. Northern Mariana Islands	MP	N						
57. Canada	CN	N	731,542					
58. Aggregate Other Alien	OT	XXX	9,719,737	10,661,003	1,075,692	16,098	8,052,739	9,237,557
59. Totals	(a) 52		229,670,464	325,820,153	(217,009,775)	723,397,416	597,000,458	785,134,363
<b>DETAILS OF WRITE-INS</b>								
5801. Australia		XXX	2,283,213	1,588,924				
5802. Bermuda		XXX	178	56,444				
5803. Cayman Island		XXX	4,787,869	6,392,633	1,075,692	16,098	8,052,739	9,237,557
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	2,648,477	2,623,002				
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	9,719,737	10,661,003	1,075,692	16,098	8,052,739	9,237,557

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

There are no material changes to the Organizational Chart since the prior quarter.

**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire .....				
2. Allied lines .....				
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....				
5. Commercial multiple peril .....				
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....				
10. Financial guaranty .....	340,610,829	(113,483,488)	(33.3)	92.0
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability – claims made .....				
12. Earthquake .....				
13. Group accident and health .....				
14. Credit accident and health .....				
15. Other accident and health .....				
16. Workers' compensation .....				
17.1 Other liability occurrence .....				
17.2 Other liability – claims made .....				
17.3 Excess Workers' Compensation .....				
18.1 Products liability - occurrence .....				
18.2 Products liability – claims made .....				
19.1,19.2 Private passenger auto liability .....				
19.3,19.4 Commercial auto liability .....				
21. Auto physical damage .....				
22. Aircraft (all perils) .....				
23. Fidelity .....				
24. Surety .....				
26. Burglary and theft .....				
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance - Nonproportional Assumed Property .....	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability .....	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business .....				
35. TOTALS .....	340,610,829	(113,483,488)	(33.3)	92.0
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Sum. of remaining write-ins for Line 34 from overflow page .....				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34) .....				

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire .....			
2. Allied lines .....			
3. Farmowners multiple peril .....			
4. Homeowners multiple peril .....			
5. Commercial multiple peril .....			
6. Mortgage guaranty .....			
8. Ocean marine .....			
9. Inland marine .....			
10. Financial guaranty .....		69,818,831	229,670,464
11.1 Medical professional liability - occurrence .....			325,820,153
11.2 Medical professional liability – claims made .....			
12. Earthquake .....			
13. Group accident and health .....			
14. Credit accident and health .....			
15. Other accident and health .....			
16. Workers' compensation .....			
17.1 Other liability-occurrence .....			
17.2 Other liability – claims made .....			
17.3 Excess Workers' Compensation .....			
18.1 Products liability - occurrence .....			
18.2 Products liability – claims made .....			
19.1,19.2 Private passenger auto liability .....			
19.3,19.4 Commercial auto liability .....			
21. Auto physical damage .....			
22. Aircraft (all perils) .....			
23. Fidelity .....			
24. Surety .....			
26. Burglary and theft .....			
27. Boiler and machinery .....			
28. Credit .....			
29. International .....			
30. Warranty .....			
31. Reinsurance - Nonproportional Assumed Property .....	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability .....	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business .....			
35. TOTALS .....	69,818,831	229,670,464	325,820,153
<b>DETAILS OF WRITE-INS</b>			
3401. ....			
3402. ....			
3403. ....			
3498. Sum. of remaining write-ins for Line 34 from overflow page .....			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34) .....			

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2011 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2008 + Prior	121,938		121,938	(201,586)		(201,586)	295,100			295,100	(28,424)		(28,424)
2. 2009	151,405		151,405	104,204		104,204	(4,493)			(4,493)	(51,694)		(51,694)
3. Subtotals 2009 + prior	273,343		273,343	(97,382)		(97,382)	290,607			290,607	(80,118)		(80,118)
4. 2010	14,118		14,118	21,020		21,020	(12,677)			(12,677)	(5,775)		(5,775)
5. Subtotals 2010 + prior	287,461		287,461	(76,362)		(76,362)	277,930			277,930	(85,893)		(85,893)
6. 2011	XXX	XXX	XXX	XXX	280	280	XXX	13,416		13,416	XXX	XXX	XXX
7. Totals	287,461		287,461	(76,362)	280	(76,082)	277,930	13,416		291,346	(85,893)		(85,893)
8. Prior Year-End Surplus As Regards Policy-holders	927,039										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
											1. (29.9)	2.	3. (29.9)
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. (9.3)

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES





The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	<u>RESPONSE</u>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	.....NO.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**

1.	 1 8 2 8 7 2 0 1 1 4 9 0 0 0 0 0 3
2.	 1 8 2 8 7 2 0 1 1 4 5 5 0 0 0 0 3
3.	 1 8 2 8 7 2 0 1 1 3 6 5 0 0 0 0 3
4.	 1 8 2 8 7 2 0 1 1 5 0 5 0 0 0 0 3

**OVERFLOW PAGE FOR WRITE-INS**

PQ004 Additional Aggregate Lines for Page 04 Line 37.

\*STMTINCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
3704. Change in net unrealized on other assets.....			(522,052)
3797. Summary of remaining write-ins for Line 37 from Page 04			(522,052)

PQ010 Additional Aggregate Lines for Page 10 Line 58.

\*SCT

	1 Active Status	2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
5804. Chile.....	.XXX	1,390,603	1,126,608				
5805. France.....	.XXX	14,398	12,660				
5806. Japan.....	.XXX	19,038	208,978				
5807. Jersey Island.....	.XXX	820,313	820,313				
5808. Mexico.....	.XXX	7,189	38,190				
5809. New Zealand.....	.XXX	48,952	44,028				
5810. United Kingdom.....	.XXX	347,984	372,225				
5897. Summary of remaining write-ins for Line 58 from Page 10	.XXX	2,648,477	2,623,002				

**SCHEDULE A - VERIFICATION**

**Real Estate**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	318,028,257	300,000,000
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	19,054,183	18,028,257
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	337,082,440	318,028,257
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	337,082,440	318,028,257

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	3,125,235,931	3,515,595,784
2. Cost of bonds and stocks acquired	902,397,541	294,408,232
3. Accrual of discount	21,021,863	15,506,784
4. Unrealized valuation increase (decrease)	188,902,750	53,275,113
5. Total gain (loss) on disposals	(1,435,172)	14,060,785
6. Deduct consideration for bonds and stocks disposed of	633,157,230	719,789,607
7. Deduct amortization of premium	5,369,777	18,171,682
8. Total foreign exchange change in book/adjusted carrying value	(188,054)	(462,673)
9. Deduct current year's other than temporary impairment recognized	32,265,050	29,186,805
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	3,565,142,802	3,125,235,931
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	3,565,142,802	3,125,235,931

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	3,099,360,208	604,804,481	690,482,039	(15,795,388)	2,668,582,586	3,099,360,208	2,997,887,262	2,868,222,418
2. Class 2 (a).....	30,634,151		5,236,212	6,934,905	153,382,999	30,634,151	32,332,844	148,989,817
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....	168,369,291			2,188,060	184,327,996	168,369,291	170,557,351	173,362,708
7. Total Bonds	3,298,363,650	604,804,481	695,718,251	(6,672,423)	3,006,293,581	3,298,363,650	3,200,777,457	3,190,574,943
<b>PREFERRED STOCK</b>								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	3,298,363,650	604,804,481	695,718,251	(6,672,423)	3,006,293,581	3,298,363,650	3,200,777,457	3,190,574,943

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....118,333,097 ; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

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**SCHEDULE DA - PART 1****Short-Term Investments**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	117,639,988	XXX	117,702,189	7,519	

**SCHEDULE DA - VERIFICATION****Short-Term Investments**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	80,543,081	11,602,513
2. Cost of short-term investments acquired .....	154,615,222	169,973,529
3. Accrual of discount .....	24,322	54,843
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	354,167	384,359
6. Deduct consideration received on disposals.....	117,495,849	102,192,645
7. Deduct amortization of premium.....	68,600	4,998
8. Total foreign exchange change in book/adjusted carrying value.....	(332,355)	725,480
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	117,639,988	80,543,081
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11)	117,639,988	80,543,081

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B- Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

**SCHEDULE E-VERIFICATION**

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	440,348,970	231,544,522
2. Cost of cash equivalents acquired.....	1,141,020,041	1,035,679,340
3. Accrual of discount.....	48,485	78,879
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	83	1,250
6. Deduct consideration received on disposals.....	1,418,956,523	826,955,021
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	162,461,056	440,348,970
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11)	162,461,056	440,348,970

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
.882721-S4-6	TEXAS ST		.07/12/2011	Added by SunGard		7,213,127	6,750,000	97,500	1FE
.677521-LW-4	OH GO		.07/20/2011	Morgan Stanley Co		4,805,576	4,110,000		1FE
.677521-NA-0	OH GO		.07/20/2011	Morgan Stanley Co		6,679,093	5,690,000		1FE
.646039-AW-7	NEW JERSEY ST		.09/09/2011	Goldman Sachs		8,456,682	7,270,000	77,395	1FE
.646039-CU-9	NEW JERSEY ST		.09/09/2011	Goldman Sachs		8,486,416	7,270,000	77,395	1FE
1799999 - Total	Bonds - U.S. States, Territories and Possessions					35,640,894	31,090,000	252,290	XXX
.199491-3H-2	COLUMBUS OHIO		.07/28/2011	STIFEL NICOLAUS & CO INC		8,459,846	7,485,000		1FE
.796237-WZ-4	SAN ANTONIO TEX		.07/13/2011	MURIEL SIEBURT & CO		1,624,935	1,500,000		1FE
.796237-WZ-4	SAN ANTONIO TEX		.07/13/2011	MURIEL SIEBURT & CO		1,440,776	1,330,000		1FE
.796237-XW-0	SAN ANTONIO TEX		.07/13/2011	MURIEL SIEBURT & CO		1,076,460	1,000,000		1FE
.406792-R7-8	HAMDEN CONN		.08/17/2011	Added by SunGard		1,690,815	1,750,000		1FE
.406792-R8-6	HAMDEN CONN		.08/17/2011	Added by SunGard		1,461,735	1,500,000		1FE
.406792-S2-8	HAMDEN CONN		.08/17/2011	Added by SunGard		1,934,540	2,000,000		1FE
.64763T-CD-9	NEW ORLEANS LA AUDUBON		.08/18/2011	PERSHING & CO		3,483,748	3,105,000		1FE
.64763T-CE-7	new orleans la audubon		.08/18/2011	PERSHING & CO		3,872,624	3,470,000		1FE
.64763T-CF-4	NEW ORLEANS LA AUDUBON		.08/18/2011	PERSHING & CO		2,995,735	2,695,000		1FE
.786056-AZ-4	SACRAMENTO CA PENSN OBLG		.09/23/2011	Goldman Sachs		15,000,000	15,000,000		1FE
.786056-BB-6	SACRAMENTO CA PENSN OBLG		.09/23/2011	Goldman Sachs		15,000,000	15,000,000		1FE
.940774-HS-4	WASHOE CNTY NEV		.09/15/2011	Goldman Sachs		3,838,989	3,455,000		1FE
.940774-HV-7	WASHOE CNTY NEV		.09/15/2011	Goldman Sachs		3,216,630	3,000,000		1FE
.940774-JC-7	WASHOE CNTY NEV		.09/15/2011	Goldman Sachs		1,054,340	1,000,000		1FE
2499999 - Total	Bonds - U.S. Political Subdivisions of States, Territories and Possessions					66,151,173	63,290,000		XXX
.235416-3C-6	DALLAS TEX WTRWKS & SWR SYS RE		.07/20/2011	PIPEN JOFFERY		1,355,800	1,250,000		1FE
.235416-3E-2	DALLAS TEX WTRWKS & SWR SYS RE		.07/28/2011	Added by SunGard		4,949,595	4,750,000	3,958	1FE
.442435-YV-9	HOUSTON TEX UTIL SYS REV		.07/19/2011	RBC		1,157,834	1,120,000	10,422	1FE
.60636A-AT-0	MISSOURI ST HEALTH & EDL FACS		.07/07/2011	Added by SunGard		2,167,920	2,000,000	3,611	1FE
.64972F-4U-7	NEW YORK NY CITY MUNI WTR		.09/13/2011	CITIGROUP GLOBAL MARKETS		6,697,188	6,250,000		1FE
.756872-FJ-1	RED RIVER TEX ED FIN REV		.07/20/2011	UBS Securities		1,022,100	1,000,000	18,056	1FE
.924166-DH-1	VERMONT EDL & HEALTH BLDGS		.07/13/2011	Added by SunGard		2,590,000	2,500,000	26,736	1FE
.235416-3C-6	DALLAS TEX WTRWKS & SWR SYS RE		.07/20/2011	PIPEN JOFFERY		1,355,800	1,250,000		1FE
.3128PV-BS-8	FEDERAL HOME LN MTG CORP #J15449		.07/18/2011	Added by SunGard		5,097,836	4,873,211	8,122	1FE
.45129W-KU-3	IDAHO HSG & FIN ASSN		.07/13/2011	Added by SunGard		2,319,413	2,250,000		1FE
.60636A-AT-0	MISSOURI ST HEALTH & EDL FACS		.07/07/2011	Added by SunGard		2,980,890	2,750,000	4,965	1FE
.312810-DN-1	FAYETTEVILLE N C ST UNIV REV		.08/11/2011	WELLS FARGO BROK SER LLC		698,324	705,000		1FE
.312810-DR-2	FAYETTEVILLE N C ST UNIV REV		.08/11/2011	WACHOVIA SECURITIES INC		1,000,000	1,000,000		1FE
.649905-S2-3	NEW YORK ST DORM AUTH REV		.07/14/2011	Added by SunGard		3,467,198	3,250,000	8,125	1FE
.756872-FJ-1	RED RIVER TEX ED FIN REV		.07/20/2011	UBS Securities		1,277,625	1,250,000	22,569	1FE
.924166-DH-1	VERMONT EDL & HEALTH BLDGS		.07/13/2011	Added by SunGard		2,590,000	2,500,000	26,736	1FE
.04780M-PD-5	Atlanta GA Air AMT		.07/21/2011	VENDOR CODE MUR NOT IN TA		5,105,150	5,000,000		1FE
.04780M-PE-3	Atlanta GA Air AMT		.07/21/2011	MURIEL SIEBURT & CO		5,515,019	5,450,000		1FE
.130795-SC-2	CA Stwide St Joseph		.07/27/2011	R.W.BAIRD		7,236,250	7,000,000	29,896	1FE
.546589-QS-4	Louisville KY Swr		.07/19/2011	FIRST SOUTHWEST		5,672,100	5,000,000	45,139	1FE
.549208-EE-2	Lubbock TX St. Joes		.07/07/2011	Morgan Stanley Co		5,434,205	4,865,000		1FE
.649902-5J-8	NY Dorm PIT		.07/14/2011	WACHOVIA CAPITAL MARKETS		5,609,450	5,000,000		1FE
.875124-CP-2	Tampa Bay Water		.07/19/2011	RAYMOND JAMES & ASSOC		5,024,980	4,300,000		1FE
.88880T-MS-2	TOBACCO SETTLEMENT FUND CORP NY		.07/19/2011	SCOTT & STRINGFELLOW		1,146,570	1,000,000	2,083	1FE
.95648M-KF-5	WV ST EDA		.07/14/2011	Merrill Lynch		3,427,050	3,000,000		1FE
.985900-CS-6	Yavapi IDA N AZ Hith		.09/29/2011	Merrill Lynch		5,777,930	5,155,000		1FE
.176553-FW-0	CITIZENS PPTY INS CORP FLA SR SECD		.07/12/2011	Morgan Stanley Co		464,851	440,000	61	1FE
.59259Y-HW-2	METROPOLITAN TRANSN AUTH N Y		.07/20/2011	Added by SunGard		709,371	645,000		1FE
.59259Y-HX-0	METROPOLITAN TRANSN AUTH N Y		.07/20/2011	Added by SunGard		1,059,490	1,000,000		1FE
.594614-7X-1	MICHIGAN ST BLDG AUTH REV		.07/13/2011	JP Morgan Securities		1,472,385	1,500,000		1FE
.594614-7Y-9	MICHIGAN ST BLDG AUTH REV		.07/13/2011	JP Morgan Securities		989,690	1,000,000		1FE
.646136-EG-2	NEW JERSEY ST TRANSN		.07/27/2011	Added by SunGard		7,586,345	6,780,000	47,648	1FE
.646136-LU-3	NEW JERSEY ST TRANSN		.07/27/2011	Added by SunGard		7,701,605	6,780,000	47,648	1FE
.798136-SD-0	SAN JOSE CALIF ARPT REV		.07/14/2011	CITIGROUP GLOBAL MARKETS		1,950,520	2,000,000		1FE
.798136-SH-1	SAN JOSE CALIF ARPT REV		.07/14/2011	CITIGROUP GLOBAL MARKETS		3,913,240	4,000,000		1FE
.798136-TB-3	SAN JOSE CALIF ARPT REV		.07/28/2011	Added by SunGard		978,310	1,000,000		1FE
.167560-OV-6	CHICAGO ILL MET WTR RECLAMATIO		.07/21/2011	Added by SunGard		1,326,663	1,250,000		1FE
.139372-PD-2	CAPE CORAL FL WTR & SWR REVENU		.09/08/2011	Goldman Sachs		2,513,675	2,500,000		1FE

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STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
167560-QV-6	CHICAGO ILL MET WTR RECLAMATIO		.07/26/2011	Added by SunGard		2,857,756	2,695,000	401	1FE
45505M-BJ-4	INDIANA ST FIN AUTH WASTEWATER		.08/18/2011	Morgan Stanley Co.		5,933,953	6,045,000		1FE
45505M-BL-9	INDIANA ST FIN AUTH WASTEWATER		.08/26/2011	MUNICENTER		6,575,940	6,000,000		1FE
45505M-BM-7	INDIANA ST FIN AUTH WASTEWATER		.08/26/2011	MUNICENTER		7,984,969	7,390,000		1FE
45505M-BN-5	INDIANA ST FIN AUTH WASTEWATER		.08/26/2011	MUNICENTER		2,132,260	2,000,000		1FE
45528U-DG-3	INDIANAPOLIS IND LOC PUB IMPTB		.09/08/2011	Goldman Sachs		10,475,658	9,265,000		1FE
45528U-DL-2	INDIANAPOLIS IND LOC PUB IMPTB		.09/08/2011	Goldman Sachs		21,025,099	19,675,000		1FE
474682-ET-4	JEFFERSON PARISH LA HOSP SVC D		.09/23/2011	Goldman Sachs		4,671,605	4,750,000		1FE
474682-EU-1	JEFFERSON PARISH LA HOSP SVC D		.09/23/2011	Goldman Sachs		5,105,850	5,000,000		1FE
523470-FW-7	LEE CNTY FLA ARPT REV		.08/08/2011	VARIOUS		5,872,720	6,000,000		1FE
542690-Y3-0	LONG ISLAND PWR AUTH N Y ELEC		.09/16/2011	Goldman Sachs		3,080,370	3,000,000		1FE
542690-Y4-8	LONG ISLAND PWR AUTH N Y ELEC		.09/16/2011	Goldman Sachs		1,523,925	1,500,000		1FE
542690-Y5-5	LONG ISLAND PWR AUTH N Y ELECS		.09/19/2011	Goldman Sachs		1,523,925	1,500,000		1FE
58607E-BL-7	MEMPHIS TN CTR CITY REVENUE FI		.09/23/2011	Goldman Sachs		7,495,287	7,095,000		1FE
58607E-BN-3	MEMPHIS TN CTR CITY REVENUE FI		.09/22/2011	Goldman Sachs		982,360	1,000,000		1FE
59334C-FA-9	MIAMI-DADE CNTY FLA PUB SVC		.09/22/2011	Goldman Sachs		3,483,361	3,230,000		1FE
59334C-FB-7	MIAMI-DADE CNTY FLA PUB SVC		.09/22/2011	Goldman Sachs		3,644,460	3,400,000		1FE
60534R-4N-6	MISSISSIPPI DEV BK SPL OBLIG		.08/12/2011	Goldman Sachs		1,397,656	1,300,000		1FE
60534R-4P-1	MISSISSIPPI DEV BK SPL OBLIG		.08/12/2011	Goldman Sachs		2,882,196	2,700,000		1FE
60534R-4S-5	MISSISSIPPI DEV BK SPL OBLIG		.08/12/2011	Goldman Sachs		7,732,400	8,000,000		1FE
798136-TC-1	SAN JOSE CALIF ARPT REV		.07/28/2011	Added by SunGard		975,260	1,000,000		1FE
3199999 - Total	Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of ...					228,699,382	215,908,211	306,176	XXX
23242L-AB-9	CWHEL 2006-F 2A1A		.09/28/2011	FSA		36,784,721	56,013,768	14,857	1Z*
126686-AH-7	CWHEL 2006-HW 2A1B		.08/09/2011	FSA		4,822,121	7,244,625	2,477	1Z*
65538B-AH-2	NOMURA ASSET ACCEPTANCE 2007-S2W A		.09/30/2011	FSA		1,186,663	1,824,664	650	1FE
88156V-AA-6	TMTS .06-10SL A1		.07/06/2011	FSA		52,865	84,247	87	1Z*
176553-GA-7	CITIZENS PPTY INS CORP FLA		.07/14/2011	Added by SunGard		1,017,880	1,000,000		1FE
3899999 - Total	Bonds - Industrial, Misc.					43,864,250	66,167,304	18,071	XXX
8399997 - Total	Bonds - Part 3					374,355,699	376,455,515	576,537	XXX
8399999 - Total	Bonds					374,355,699	376,455,515	576,537	XXX
8999999 - Total	Preferred Stocks						XXX		XXX
DEXB07-05-0	DEXIA RESTRICTED STOCK	0	.09/01/2011	BANK OF NEW YORK	14,965,000	46,431			U
DEXB07-05-0	DEXIA RESTRICTED STOCK	0	.09/01/2011	ADJUSTMENT FOR Q2-2011	(5,355,000)	(124,596)			U
9099999 - Total	Common Stocks - Industrial, Misc.					(78,165)	XXX		XXX
9199999 - Total	Common Stocks - Parent, Subsidiaries, Affiliates						XXX		XXX
9799997 - Total	Common Stocks - Part 3					(78,165)	XXX		XXX
9799999 - Total	Common Stocks					(78,165)	XXX		XXX
9899999 - Total	Preferred and Common Stocks					(78,165)	XXX		XXX
9999999 Totals						374,277,534	XXX	576,537	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....1

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STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
313461-SZ-8	FREDDIE MAC		09/23/2011	Sink PMT @ 100.0000000		3,500,000	3,500,000	3,500,000	3,500,000						3,500,000				38,500	09/23/2015	1FE	
912826-HY-9	TREASURY NOTE		07/18/2011	BARCLAYS CAPITAL		2,624,308	2,500,000	2,476,465	2,487,617			6,280	6,280		2,493,897		130,411	130,411	56,046	04/30/2013	1FE	
0599999 - Bonds - U.S. Governments						6,124,308	6,000,000	5,976,465	5,987,617			6,280	6,280		5,993,897		130,411	130,411	94,546		XXX	XXX
207726-FP-8	CONNECTICUT ST		09/01/2011	JANNEY		2,800,307	2,510,000	2,744,032			(24,268)		(24,268)		2,719,764		80,543	80,543	95,868	06/01/2017	1FE	
373383-K9-8	GEORGIA ST		09/13/2011	WELLS FARGO BROK SER LLC		7,038,840	6,000,000	6,372,480	6,226,735		(31,361)		(31,361)		6,195,373		843,467	843,467	312,500	09/01/2015	1FE	
939744-SV-7	WASHINGTON ST		08/16/2011	WELLS FARGO BROK SER LLC		5,301,550	5,000,000	5,480,950	5,108,911		(34,613)		(34,613)		5,074,299		227,251	227,251	179,167	12/01/2012	1FE	
207726-FP-8	CONNECTICUT ST		09/01/2011	JANNEY		2,789,150	2,500,000	2,733,100			(24,172)		(24,172)		2,708,928		80,222	80,222	95,486	06/01/2017	1FE	
646039-AW-7	NEW JERSEY ST		09/09/2011	Goldman Sachs		8,456,682	7,270,000	8,456,682							8,456,682				77,395	07/01/2015	1FE	
646039-CU-9	NEW JERSEY ST		09/09/2011	Goldman Sachs		8,456,682	7,270,000	8,486,416							8,486,416		(29,734)	(29,734)	77,395	07/01/2015	1FE	
1799999 - Bonds - U.S. States, Territories and Possessions						34,843,211	30,550,000	34,273,660	11,335,646		(114,414)		(114,414)		33,641,462		1,201,749	1,201,749	837,811		XXX	XXX
010033-TP-3	AKRON OHIO		08/11/2011	Added by SunGard		2,054,152	1,965,000	2,043,698	1,983,120		(5,594)		(5,594)		1,977,526		76,626	76,626	73,073	12/01/2021	1FE	
010033-VW-7	AKRON OHIO		08/11/2011	CITIGROUP GLOBAL MARKETS		2,798,375	2,500,000	2,658,675	2,585,665		(9,705)		(9,705)		2,575,960		222,415	222,415	88,542	12/01/2018	1FE	
235219-CR-1	DALLAS TEX		08/25/2011	TORONTO DOMINION		1,471,250	1,250,000	1,466,950	1,462,194		(26,766)		(26,766)		1,435,428		35,822	35,822	48,958	02/15/2016	1FE	
240505-PX-9	DE KALB CNTY GA SCH DIST		07/28/2011	Merrill Lynch		10,655,000	10,000,000	10,632,500	10,246,797		(66,260)		(66,260)		10,180,537		474,463	474,463	501,389	02/01/2013	1FE	
406792-R7-8	HAMDEN CONN		09/13/2011	VARIOUS		1,716,792	1,750,000	1,690,815			129		129		1,690,944		25,847	25,847	1,374	08/15/2023	1FE	
406792-R8-6	HAMDEN CONN		09/21/2011	VARIOUS		1,451,515	1,460,000	1,422,755			140		140		1,422,895		28,620	28,620	2,782	08/15/2024	1FE	
406792-S2-8	HAMDEN CONN		08/29/2011	VARIOUS		1,946,738	2,000,000	1,934,540			60		60		1,934,600		12,137	12,137	1,505	08/15/2031	1FE	
416414-3K-4	HARTFORD CONN		08/11/2011	JEFFRIES		1,121,290	1,000,000	1,067,620	1,040,660		(4,112)		(4,112)		1,036,548		84,742	84,742	54,306	07/15/2018	1FE	
235219-CP-5	DALLAS TEX		07/25/2011	TD SECURITIES		1,175,130	1,000,000	1,185,490	1,182,132		(16,017)		(16,017)		1,166,115		9,015	9,015	34,722	02/15/2017	1FE	
786056-AZ-4	SACRAMENTO CA PENSN OBLG		09/30/2011	VARIOUS		4,272,271	4,240,000	4,240,000							4,240,000		32,271	32,271	4,914	08/01/2020	1FE	
786056-BB-6	SACRAMENTO CA PENSN OBLG		09/30/2011	VARIOUS		5,426,534	5,360,000	5,360,000							5,360,000		66,534	66,534	5,621	08/01/2023	1FE	
940774-JC-7	WASHOE CNTY NEV		09/22/2011	Goldman Sachs		1,068,730	1,000,000	1,054,340			(74)		(74)		1,054,266		14,464	14,464		07/01/2032	1FE	
647637-CD-9	NEW ORLEANS LA AUDUBON		09/21/2011	PERSHING & CO		28,153	25,000	28,050			(30)		(30)		28,020		133	133	14	10/01/2019	1FE	
647637-CE-7	new orleans la audubon		09/27/2011	PERSHING & CO		604,437	535,000	597,076			(410)		(410)		596,666		7,770	7,770	133	10/01/2020	1FE	
647637-CF-4	NEW ORLEANS LA AUDUBON		09/29/2011	VARIOUS		682,580	610,000	678,070			(378)		(378)		677,692		4,888	4,888	318	10/01/2021	1FE	
235219-CR-1	DALLAS TEX		08/25/2011	TORONTO DOMINION		1,177,000	1,000,000	1,173,560	1,169,755		(21,413)		(21,413)		1,148,342		28,658	28,658	39,167	02/15/2016	1FE	
717880-7C-6	PHILADELPHIA PA SCH DIST GO		08/16/2011	SEATTLE NORTHWEST SECURIT		3,071,970	3,000,000	3,055,410	3,007,457		(4,250)		(4,250)		3,003,207		68,763	68,763	173,250	02/01/2012	1FE	
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						40,721,917	38,695,000	40,289,549	22,677,780		(154,680)		(154,680)		39,528,746		1,193,168	1,193,168	1,030,068		XXX	XXX
139372-PD-2	CAPE CORAL FL WTR & SWR REVENUE		09/13/2011	Goldman Sachs		2,547,350	2,500,000	2,513,675			(14)		(14)		2,513,661		33,689	33,689		10/01/2041	1FE	
13066Y-RK-7	CALIFORNIA ST DEPT WTR RES		07/25/2011	Morgan Stanley Co		1,143,580	1,000,000	1,142,360	1,136,409		(17,264)		(17,264)		1,119,144		24,436	24,436	38,611	05/01/2015	1FE	
18085P-EA-8	CLARK CNTY NEV ARPT REV		08/10/2011	RAMIREZ		4,139,360	4,000,000	4,030,920	4,018,663		(2,996)		(2,996)		4,015,667		123,693	123,693	246,889	07/01/2021	1FE	
312810-DN-1	FAYETTEVILLE N C ST UNIV REV		09/28/2011	VARIOUS		651,593	640,000	633,939			6		6		633,945		17,648	17,648	1,215	04/01/2043	1FE	
312810-DR-2	FAYETTEVILLE N C ST UNIV REV		08/18/2011	VARIOUS		1,010,250	1,000,000	1,000,000							1,000,000		10,250	10,250		04/01/2037	1FE	
181006-DZ-7	CLARK CNTY NEV PASSENGER FAC REV		09/02/2011	JEFFRIES		4,249,574	4,120,000	4,108,958	4,109,299		469		469		4,109,768		139,806	139,806	244,339	07/01/2022	1FE	
31412T-A0-6	FANNIE MAE POOL 933915		09/26/2011	PRINCIPAL RECEIPT		308,047	308,047	321,163	323,506		(15,459)		(15,459)		308,047				9,539	06/01/2023	1FE	
3128PU-EW-8	FG J14649		09/15/2011	PRINCIPAL RECEIPT		255,523	255,523	254,285			1,238		1,238		255,523				3,737	04/01/2026	1FE	
3128MC-JK-2	FHLMC POOL G13666		09/15/2011	PRINCIPAL RECEIPT		477,442	477,442	496,018	497,749		(20,307)		(20,307)		477,442				14,217	09/01/2024	1FE	
31398J-AX-2	FHR 3558 JA		09/15/2011	PRINCIPAL RECEIPT		538,503	538,503	551,966	552,732		(14,228)		(14,228)		538,503				13,735	12/15/2023	1FE	
3138AB-SL-1	FN AH6822		09/26/2011	PRINCIPAL RECEIPT		209,918	209,918	211,624			(1,706)		(1,706)		209,918				2,485	03/01/2026	1FE	
45505M-BJ-4	INDIANA ST FIN AUTH WASTEWATER		08/23/2011	MESIROW FINANCIAL INC		6,026,019	6,045,000	5,933,953			30		30		5,933,983		92,036	92,036		10/01/2041	1FE	
45505M-BL-9	INDIANA ST FIN AUTH WASTEWATER		09/06/2011	VARIOUS		6,623,501	6,000,000	6,575,940			(1,249)		(1,249)		6,574,691		48,810	48,810	11,298	10/01/2024	1FE	
45505M-BM-7	INDIANA ST FIN AUTH WASTEWATER		09/06/2011	VARIOUS		8,062,579	7,390,000	7,984,969			(1,225)		(1,225)		7,983,744		78,835	78,835	13,354	10/01/2025	1FE	
45505M-BN-5	INDIANA ST FIN AUTH WASTEWATER		09/06/2011	VARIOUS		2,161,797	2,000,000	2,132,260			(278)		(278)		2,131,982		29,815	29,815	3,733	10/01/2026	1FE	
45528U-DL-2	INDIANAPOLIS IND LOC PUB INPTB		09/15/2011	Goldman Sachs		21,125,441	19,675,000	21,025,099			(1,406)		(1,406)		21,023,692		101,749	101,749		06/01/2025	1FE	
474682-ET-4	JEFFERSON PARISH LA HOSP SVC D		09/30/2011	Merrill Lynch		20,250	20,000	19,611			79		79		19,611		639	639		01/01/2031	1FE	
523470-FW-7	LEE CNTY FLA ARPT REV		08/12/2011	VARIOUS		5,880,260	6,000,000	5,872,720							5,872,799		7,461	7,461		10/01/2028	1FE	
542690-Y3-0	LONG ISLAND PWR AUTH N Y ELEC		09/19/2011	Goldman Sachs		3,115,680	3,000,000	3,080,370			(54)		(54)		3,080,316		35,364	35,364		05/01/2036	1FE	
542690-Y4-8	LONG ISLAND PWR AUTH N Y ELEC		09/19/2011	Goldman Sachs		1,523,925	1,500,000	1,523,925			(16)		(16)		1,523,909		16	16		05/01/2038	1FE	
542690-Y5-5	LONG ISLAND PWR AUTH N Y ELECS		09/19/2011	Goldman Sachs		1,543,245	1,500,000	1,523,925							1,523,925		19,320	19,320		05/01/2038	1FE	

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STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
58607E-BN-3	MEMPHIS TN CTR CITY REVENUE FI		09/29/2011	Goldman Sachs		497,200	500,000	491,180			.5		.5		491,185		6,015	6,015	213	11/01/2030	1FE
59334C-FB-7	MIAMI-DADE CNTY FLA PUB SVC		09/28/2011	Goldman Sachs		268,225	250,000	267,975			(26)		(26)		267,949		276	276	69	04/01/2026	1FE
60534R-4P-1	MISSISSIPPI DEV BK SPL OBLIG		09/21/2011	VARIOUS		2,897,040	2,700,000	2,882,196			(1,557)		(1,557)		2,880,639		16,401	16,401	14,111	09/01/2027	1FE
60534R-4S-5	MISSISSIPPI DEV BK SPL OBLIG		08/31/2011	VARIOUS		7,853,969	8,000,000	7,732,400			193		193		7,732,593		121,376	121,376	6,503	09/01/2034	1FE
451296-HP-5	IDAHO HOUSING FINANCE AGY SINGLE		07/01/2011	Sink PMT @ 100.0000000		5,000	5,000	5,275	5,033		(33)		(33)		5,000				338	07/01/2012	1FE
45129Y-UN-4	IDAHO HSG & FIN ASSN FORMERLY IDAH		07/01/2011	CALLED @ 100.0000000		345,000	345,000	345,000	345,000						345,000				9,703	07/01/2028	1FE
45129Y-UQ-7	IDAHO HSG & FIN ASSN FORMERLY IDAH		07/01/2011	CALLED @ 100.0000000		545,000	545,000	545,000	545,000						545,000				15,669	07/01/2039	1FE
45200P-MU-8	ILLINOIS HEALTH FACS AUTH REV		08/01/2011	CALLED @ 100.0000000		25,000	25,000	25,000	25,000						25,000				1,375	08/01/2020	1FE
452143-BX-7	ILLINOIS SPORTS FACS AUTH CITIGROUP GLOBAL MARKETS		09/07/2011			8,321,600	8,000,000	7,795,760	8,000,000		2,997	204,240	(201,243)		7,798,757		522,843	522,843	326,333	06/15/2030	1FE
454798-QF-9	INDIANA HEALTH FAC FING AUTH REV		07/01/2011	CALLED @ 100.0000000		2,000,000	2,000,000	2,070,860	2,011,803		(11,803)		(11,803)		2,000,000				66,389	11/01/2027	1FE
455066-DP-2	INDIANA ST OFFICE BLDG COMMN FACS		09/01/2011	Added by SunGard		4,216,993	4,045,000	4,268,608	4,085,482		(17,631)		(17,631)		4,067,852		149,142	149,142	262,644	07/01/2017	1FE
455066-DQ-0	INDIANA ST OFFICE BLDG COMMN FACS		08/16/2011	SEATTLE NORTHWEST SECURIT		3,136,650	3,000,000	3,148,740	3,027,002		(11,014)		(11,014)		3,015,988		120,662	120,662	187,000	07/01/2018	1FE
49130T-FD-3	KENTUCKY HSG CORP HSG REV		07/01/2011	CALLED @ 100.0000000		225,000	225,000	225,000	225,000						225,000				6,131	07/01/2038	1FE
491501-AT-9	KENTUCKY ST MUN PWR AGY PWR SYS		09/08/2011	Merrill Lynch		9,950,490	9,900,000	9,778,428	9,784,654		1,529		1,529		9,786,183		164,307	164,307	511,500	09/01/2037	1FE
586111-FM-3	MEMPHIS-SHELBY CNTY TENN ARPT		07/08/2011	CALLED @ 100.0000000		520,000	520,000	511,779	514,143		5,857		5,857		520,000				29,835	03/01/2024	1FE
67886M-JG-5	OKLAHOMA HSG FIN AGY SINGLE FAMILY		08/01/2011	Sink PMT @ 100.0000000		10,000	10,000	10,000	10,000						10,000				273	09/01/2034	1FE
67886M-JJ-9	OKLAHOMA HSG FIN AGY SINGLE FAMILY		09/01/2011	VARIOUS		75,000	75,000	75,000	75,000						75,000				2,516	03/01/2039	1FE
83703F-BF-8	SOUTH CAROLINA JOBS-ECONOMIC DEV A		08/15/2011	MATURITY		5,550,000	5,550,000	5,843,651	5,610,032		(60,032)		(60,032)		5,550,000				277,500	08/15/2011	1FE
880459-BV-9	TENNESSEE HSG DEV AGY		07/01/2011	CALLED @ 100.0000000		55,000	55,000	55,000	55,000						55,000				1,416	01/01/2037	1FE
88045R-HR-6	TENNESSEE HSG DEV AGY		07/01/2011	CALLED @ 100.0000000		100,000	100,000	100,000	100,000						100,000				2,767	07/01/2035	1FE
88880T-FX-9	TOBACCO SETTLEMENT FING CORP NY		07/22/2011	CALLED @ 100.0000000		760,000	760,000	800,022	760,000						760,000				25,603	06/01/2013	1FE
91755N-LU-7	UT ST HSG FIN AGENCY		07/01/2011	Sink PMT @ 100.0000000		5,000	5,000	4,913	4,955		.45		.45		5,000				136	07/01/2020	1FE
01170P-EW-2	AK HFC SER C		08/01/2011	CALLED @ 100.0000000		10,000	10,000	9,971	9,971						9,972		28	28	265	12/01/2034	1FE
229694-EV-2	CUCAMONGA CO CAL WTR DIST		09/01/2011	CALLED @ 101.0000000		5,050,000	5,000,000	4,980,750	4,983,919		66,081		66,081		5,050,000				256,250	09/01/2031	2FE
246395-TY-3	DE HSG-SR-SFM-B		09/01/2011	VARIOUS		125,000	125,000	125,000	125,000						125,000				5,936	07/01/2039	1FE
31412T-AQ-6	FANNIE MAE POOL 933915		09/26/2011	PRINCIPAL RECEIPT		154,024	154,024	160,582	161,753		(7,729)		(7,729)		154,024				4,786	06/01/2023	1FE
31414D-DG-8	FANNIE MAE POOL 962803		09/26/2011	PRINCIPAL RECEIPT		115,126	115,126	120,028	120,760		(5,634)		(5,634)		115,126				3,455	05/01/2023	1FE
3128PY-BB-8	FEDERAL HOME LN MTG CORP #J15449		09/15/2011	PRINCIPAL RECEIPT		93,060	93,060	97,349	97,349		(4,289)		(4,289)		93,060				310	05/01/2026	1FE
34073N-7G-9	FL HSG FIN-HOMOWNER-3		07/01/2011	CALLED @ 100.0000000		295,000	295,000	295,000	295,000						295,000				7,375	07/01/2023	1FE
34073N-8N-3	FL HSG-4-HOMOWNER		07/01/2011	CALLED @ 100.0000000		155,000	155,000	155,000	155,000						155,000				5,151	07/01/2038	1FE
646135-WQ-2	NJ ST TRANS TR FD AUTH		07/08/2011	Added by SunGard		1,024,620	1,000,000	1,070,250	1,008,382		(4,503)		(4,503)		1,003,880		20,740	20,740	34,667	12/15/2011	1FE
647200-YP-3	NMI MTG-SFM-D2		07/01/2011	Sink PMT @ 100.0000000		390,000	390,000	390,000	390,000						390,000				21,635	07/01/2039	1FE
67756Q-LD-7	OHIO ST HSG FIN AGY RESIDENTIAL MT		09/01/2011	Sink PMT @ 100.0000000		5,000	5,000	5,000	5,000						5,000				277	03/01/2040	1FE
68454S-RR-9	ORANGE CNTY L TOURIST DEV TAX REV		07/08/2011	Added by SunGard		3,105,600	3,000,000	2,897,580	2,983,911		6,543		6,543		2,990,454		115,146	115,146	120,438	10/01/2030	1FE
79765A-UU-8	SAN FRANCISCO CITY & CNTY ARPT COM		08/01/2011	CALLED @ 100.0000000		3,000,000	3,000,000	2,935,890	2,951,377		48,623		48,623		3,000,000				115,313	05/01/2026	1FE
914059-JX-9	UNIVERSIT ARIZONA CTFS PARTN		08/16/2011	MURIEL SIEBURT & CO		949,322	915,000	903,068	912,063		1,266		1,266		913,329		35,992	35,992	33,607	06/01/2022	1FE
914059-JW-1	UNIVERSITY ARIZONA CTFS PARTN		08/16/2011	MURIEL SIEBURT & CO		954,509	920,000	911,637	917,976		873		873		918,849		35,660	35,660	33,791	06/01/2021	1FE
3128LO-DE-9	FGOLD 30YR		09/15/2011	PRINCIPAL RECEIPT		39,035	39,035	39,410	39,410		(376)		(376)		39,035				1,596	11/01/2037	1FE
3128MS-HJ-2	FGOLD 30YR GIANT		09/15/2011	PRINCIPAL RECEIPT		40,157	40,157	40,546	40,590		(433)		(433)		40,157				1,589	06/01/2036	1FE
3128MG-EF-1	FGOLD 30YR GIANT		09/15/2011	PRINCIPAL RECEIPT		52,694	52,694	49,928	49,666		3,028		3,028		52,694				1,768	04/01/2038	1FE
3128M5-ME-7	FGOLD 30YR GIANT POOL # G03657		09/15/2011	PRINCIPAL RECEIPT		156,044	156,044	161,579	160,853		(4,809)		(4,809)		156,044				6,878	12/01/2037	1FE
31403D-T8-2	FNMA 30YR POOL # 745875		09/26/2011	PRINCIPAL RECEIPT		53,658	53,658	55,033	55,117		(1,458)		(1,458)		53,658				2,326	09/01/2036	1FE
31414U-6M-5	FNMA 30YR POOL # 977076		09/26/2011	PRINCIPAL RECEIPT		66,175	66,175	63,673	62,770		3,405		3,405		66,175				2,196	01/01/2038	1FE

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STATEMENT AS OF SEPTEMBER 30, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31405R-AK-2	FNMA 30YR POOL #914517		09/26/2011	PRINCIPAL RECEIPT		271,818	271,818	268,590	268,685		3,133		3,133		271,818				9,543	10/01/2034	1FE
31406M-4A-1	FNMA 30YR POOL #814517		09/26/2011	PRINCIPAL RECEIPT		70,440	70,440	69,603	69,671		768		768		70,440				2,339	03/01/2035	1FE
31385X-09-1	FNMA 30YR POOL#555880		09/26/2011	PRINCIPAL RECEIPT		52,282	52,282	51,960	51,924		358		358		52,282				1,931	11/01/2033	1FE
31402D-P7-9	FNMA 30YR POOL#725946		09/26/2011	PRINCIPAL RECEIPT		282,753	282,753	279,395	278,977		3,776		3,776		282,753				10,435	11/01/2034	1FE
314020-SZ-5	FNMA 30YR POOL#735036		09/26/2011	PRINCIPAL RECEIPT		274,512	274,512	271,252	270,952		3,560		3,560		274,512				10,158	12/01/2034	1FE
31407N-ZJ-5	FNMA 15 YR MBS/POOL		09/26/2011	PRINCIPAL RECEIPT		31,685	31,685	31,661	31,664		22		22		31,685				1,176	10/01/2020	1FE
31409G-MP-8	FNMA 30 YR POOL		09/26/2011	PRINCIPAL RECEIPT		81,614	81,614	81,643	81,645		(31)		(31)		81,614				3,368	07/01/2036	1FE
31402C-VP-4	FNMA 30YR		09/26/2011	PRINCIPAL RECEIPT		7,190	7,190	7,171	7,170		21		21		7,190				267	02/01/2034	1FE
314020-WA-5	FNMA 30YR		09/26/2011	PRINCIPAL RECEIPT		10,720	10,720	10,370	10,360		360		360		10,720				397	01/01/2035	1FE
31410F-T6-2	FNMA 30YR MBS/POOL		09/26/2011	PRINCIPAL RECEIPT		36,261	36,261	35,791	35,757		504		504		36,261				1,377	02/01/2035	1FE
31403D-DX-4	FNMA 30YR MBS/POOL# 13442		09/26/2011	PRINCIPAL RECEIPT		26,502	26,502	25,513	25,385		1,118		1,118		26,502				1,017	04/01/2036	1FE
31410G-AE-3	FNMA 30YR POOL		09/26/2011	PRINCIPAL RECEIPT		71,347	71,347	66,804	66,105		5,242		5,242		71,347				2,433	12/01/2036	1FE
31390Y-2V-9	FNMA POOL 660588		09/26/2011	PRINCIPAL RECEIPT		2,597	2,597	2,615	2,611		(13)		(13)		2,597				100	09/01/2017	1FE
60636X-XM-0	MO HSG SF PAC		09/01/2011	Sink PMT @ 100.000000		395,000	395,000	412,973			(17,973)		(17,973)		395,000				23,898	03/01/2037	1FE
176553-FX-8	FLA CITIZENS PPTY INS CORP		07/18/2011	CITIGROUP GLOBAL MARKETS		1,047,580	1,000,000	1,032,140			(168)		(168)		1,031,972		15,608	15,608	972	06/01/2019	1FE
176553-FY-6	FLA CITIZENS PPTY INS CORP		07/06/2011	CITIGROUP GLOBAL MARKETS		1,017,880	1,000,000	1,017,880			(27)		(27)		1,017,853		27	27		06/01/2020	1FE
176553-FW-0	FLA SR SECD		07/14/2011	CITIGROUP GLOBAL MARKETS		2,585,107	2,440,000	2,559,511			(474)		(474)		2,559,037		26,069	26,069	1,694	06/01/2018	1FE
59259Y-HW-2	N Y METROPOLITAN TRANSN AUTH		08/15/2011	VARIOUS		724,403	645,000	709,371			(212)		(212)		709,159		15,243	15,243	1,788	11/15/2022	1FE
59259Y-HX-0	N Y METROPOLITAN TRANSN AUTH		07/27/2011	VARIOUS		1,065,995	1,000,000	1,059,490			(55)		(55)		1,059,435		6,559	6,559	1,465	11/15/2025	1FE
594614-7X-1	MICHIGAN ST BLDG AUTH REV		07/14/2011	JP Morgan Securities		1,507,155	1,500,000	1,472,385			1		1		1,472,386		34,769	34,769		10/15/2041	1FE
594614-7Y-9	MICHIGAN ST BLDG AUTH REV		07/14/2011	JP Morgan Securities		1,009,700	1,000,000	989,690			1		1		989,691		20,009	20,009		10/15/2036	1FE
646136-EG-2	NEW JERSEY ST TRANSN		07/27/2011	Added by SunGard		7,586,345	6,780,000	7,586,345							7,586,345				47,648	12/15/2022	1FE
646136-LU-3	NEW JERSEY ST TRANSN		07/27/2011	Added by SunGard		7,586,345	6,780,000	7,701,605							7,701,605		(115,260)	(115,260)	47,648	12/15/2022	1FE
798136-SD-0	SAN JOSE CALIF ARPT REV		07/29/2011	VARIOUS		1,986,380	2,000,000	1,950,520			49		49		1,950,569		35,811	35,811	1,597	03/01/2034	1FE
798136-SH-1	SAN JOSE CALIF ARPT REV		08/03/2011	VARIOUS		4,016,000	4,000,000	3,913,240			143		143		3,913,383		102,617	102,617	6,111	03/01/2030	1FE
798136-TB-3	SAN JOSE CALIF ARPT REV		08/16/2011	Merrill Lynch		1,011,790	1,000,000	978,310			33		33		978,343		33,447	33,447	3,208	03/01/2030	1FE
798136-TC-1	SAN JOSE CALIF ARPT REV		08/15/2011	Added by SunGard		1,013,980	1,000,000	975,260			28		28		975,288		38,692	38,692	3,194	03/01/2034	1FE
3199999	Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					168,583,409	162,139,129	166,947,887	62,450,887		(65,098)	204,240	(269,338)		166,297,660		2,285,746	2,285,746	3,194,549	XXX	XXX
98153Y-AD-6	WORLD OMNI AUTO RECEIVABLES TR 10-		07/18/2011	Added by SunGard		5,106,250	5,000,000	4,999,880	4,999,914		19		19		4,999,933		106,319	106,319	66,300	09/15/2013	1FE
19035R-AL-3	COAST 2002-1A1 A		08/01/2011	PRINCIPAL RECEIPT		87,238	87,238	33,520	33,520						87,238		53,718	53,718	903	07/30/2017	1FE
12627H-AF-7	CSAB 2006-2 A3A		09/25/2011	PRINCIPAL RECEIPT		802,358	802,358	390,276	400,376		401,982		401,982		802,358				1,234	09/25/2036	12*
12628L-AG-5	CSAB 2006-4 A4		09/25/2011	PRINCIPAL RECEIPT		1,046,985	1,046,985	266,568	349,917		697,068		697,068		1,046,985				2,407	12/25/2036	12*
23242L-AB-9	CWHEL 2006-F 2A1A		09/15/2011	PRINCIPAL RECEIPT		1,376,488	1,376,488	1,124,140	739,628		24,964		24,964		1,376,488				21	07/15/2036	12*
126686-AH-7	CWHEL 2006-HW 2A11B		09/15/2011	PRINCIPAL RECEIPT		434,396	434,396	375,291	277,993		58,142	(13,591)	44,551		434,396				81	11/15/2036	12*
126682-AA-1	CWHEL 2007-A A		09/15/2011	PRINCIPAL RECEIPT		560,662	560,662	403,312	277,993		157,052	(4,590)	152,462		560,662				131	04/15/2037	12*
53957D-AC-7	LIMAA 2007-1W A2-1		07/23/2011	PRINCIPAL RECEIPT		443,187	443,187	186,218	256,969		256,969		256,969		443,187				1	10/23/2037	1FE
576431-AC-4	MARM 2007-1 12A2		09/25/2011	PRINCIPAL RECEIPT		15,454	15,454	32,029	38,057		(17,094)	5,510	(22,604)		15,454				2	01/25/2047	12*
65538P-AD-0	NOMURA ASSET ACCEPTANCE CORP		09/25/2011	PRINCIPAL RECEIPT		36,995	36,995	21,503	21,479		15,517		15,517		36,995				161	03/25/2047	12*
75971F-AX-1	RENAISSANCE HOME EQUITY LOAN TRUST		09/25/2011	PRINCIPAL RECEIPT		1,910,031	1,910,031	888,374	1,021,657		1,021,657		1,021,657		1,910,031				176	09/25/2037	12*
88156V-AB-4	TWTS 2006-10SL A2		09/25/2011	PRINCIPAL RECEIPT		106,054	106,054	14,874	105,064		(4,496)		(4,496)		106,054				247	10/25/2037	12*
88157D-AA-5	TWTS 2006-12SL A1 35125%		09/25/2011	PRINCIPAL RECEIPT		1,607,820	1,607,820	1,064,389	401,263		522,336	3,343	518,993		1,607,820				161	11/25/2037	12*
88157D-AB-3	TWTS 2006-12SL A2		09/25/2011	PRINCIPAL RECEIPT		69,771	69,771	78,365	63,220		(8,743)	14,402	(23,145)		69,771				177	11/25/2037	12*
88157G-AB-6	TWTS 2007-1SL A2		09/25/2011	PRINCIPAL RECEIPT		44,380	44,380	50,297	43,311		(6,031)	7,011	(13,042)		44,380				81	01/25/2038	12*
88157V-AB-3	TWTS 2007-6 ALT A2		09/25/2011	PRINCIPAL RECEIPT		84,289	84,289	45,817	47,327		34,831		34,831		84,289				2	08/25/2038	12*
88157Y-AC-1	TWTS 2007-6 ALT A3		09/25/2011	PRINCIPAL RECEIPT		8,877	8,877	5,946	5,946		2,931		2,931		8,877				1	08/25/2038	12*
88156V-AA-6	TWTS.06-10SL A1		09/25/2011	PRINCIPAL RECEIPT		1,825,802	1,825,802	935,887	235,900		876,462	(16,949)	893,411		1,825,802				1,932	10/25/2037	1FE
88157G-AA-8	TWTS2007-1SLA1		09/25/2011	PRINCIPAL RECEIPT		1,163,276	1,163,276	869,388	113,811		291,110	(3,526)	294,636		1,163,276				267	01/25/2038	12*
07401W-AP-4	2007-1 2A		09/25/2011	PRINCIPAL RECEIPT		186,212	186,212	177,871	190,613		7,886		(4,402)		186,212				11	08/25/2037	22*
233050-AN-3	DBUBS 11-LC1A1 144A		09/12/2011	PRINCIPAL RECEIPT		38,434	38,434	38,817			(383)		(383)		38,434				714	11/10/2046	12*
176553-GA-7	FLA CITIZENS PPTY INS CORP ADVANTAGE CAPITAL II		09/30/2011	VARIOUS USE OF TAX CREDIT		393,495	375,000	381,705			(99)		(99)		381,606		11,889	11,889	2,479	06/01/2018	1FE
3899999	Total - Bonds - Industrial and Miscellaneous					17,390,775	17,223,709	12,384,467	7,962,275		4,68										



Schedule DB - Part A - Section 1

**NONE**

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Sch. DB - Pt. B - Sn. 1 - Footnotes

**NONE**

Schedule DB - Part D

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



