

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Municipal Corp.

March 31, 2012

ASSURED GUARANTY[®]

MUNICIPAL

Assured Guaranty Municipal Corp. March 31, 2012 Financial Supplement

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

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

Cautionary Statement Regarding Forward Looking Statements:

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

Assured Guaranty Municipal Corp.

Selected Financial Highlights

(dollars in millions)

	Three Months Ended	
	March 31,	
	2012	2011 ¹
Operating income reconciliation:		
Operating income	\$ 56.7	\$ 194.6
Plus after-tax adjustments:		
Realized gains (losses) on investments	(1.4)	1.1
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(31.4)	(1.6)
Fair value gains (losses) on committed capital securities	(3.5)	0.1
Foreign exchange gains (losses) on revaluation of premiums receivable and loss and loss adjustment expense ("LAE") reserves	4.9	6.3
Effect of consolidating financial guaranty variable interest entities ("FG VIEs")	(27.1)	90.8
Net income (loss)	\$ (1.8)	\$ 291.3
Return on equity ("ROE") calculations ²:		
ROE, excluding unrealized gain (loss) on investment portfolio	(0.3)%	47.5%
Operating ROE	7.3%	27.1%
New Business:		
Gross par written	\$ 3,044	\$ 2,122
Present value of new business production ("PVP") ³	\$ 31.9	\$ 43.0
	As of:	
	March 31,	December 31,
	2012	2011¹
Reconciliation of shareholder's equity to adjusted book value:		
Shareholder's equity	\$ 2,789.7	\$ 2,804.3
Less after-tax adjustments:		
Effect of consolidating FG VIEs	(351.8)	(325.4)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(129.9)	(97.9)
Fair value gains (losses) on committed capital securities	11.2	14.7
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	132.8	109.6
Operating shareholder's equity	\$ 3,127.4	\$ 3,103.3
After-tax adjustments:		
Less: Deferred acquisition costs	(65.9)	(64.1)
Plus: Net present value of estimated net future credit derivative revenue	90.7	97.9
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	1,893.2	1,892.5
Adjusted book value	\$ 5,177.2	\$ 5,157.8
Other information		
Net debt service outstanding	\$ 496,500	\$ 479,218
Net par outstanding	331,779	320,398
Claims-paying resources ⁴	6,983	6,756

1. Effective January 1, 2012, the Company adopted new guidance related to acquisition costs with retrospective application. The effect of adoption was a decrease in net income of \$1.7 million for the three months ended March 31, 2011 and a decrease to shareholder's equity and operating shareholder's equity of \$12.8 million as of December 31, 2011.

2. Quarterly ROE calculations represent annualized returns.

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

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

Assured Guaranty Municipal Corp.

Consolidated Statements of Operations (unaudited)

(in millions)

	Three Months Ended	
	March 31,	
	2012	2011 ¹
Revenues:		
Net earned premiums	\$ 134.4	\$ 189.1
Net investment income	54.3	52.5
Net realized investment gains (losses)	1.1	2.0
Net change in fair value of credit derivatives:		
Realized gains and other settlements	(1.1)	31.9
Net unrealized gains (losses)	(28.7)	29.7
Net change in fair value of credit derivatives	(29.8)	61.6
Fair value gains (losses) on committed capital securities	(5.4)	0.2
Fair value gains (losses) on FG VIEs	(30.7)	110.1
Other income	82.4	37.2
Total revenues	206.3	452.7
Expenses:		
Loss and loss adjustment expenses	194.4	(3.8)
Amortization of deferred acquisition costs	(0.7)	(2.8)
Interest expense	1.4	1.5
Other operating expenses	29.4	26.1
Total expenses	224.5	21.0
Income (loss) before income taxes	(18.2)	431.7
Provision (benefit) for income taxes	(16.4)	140.4
Net income (loss)	\$ (1.8)	\$ 291.3
Less after-tax adjustments:		
Realized gains (losses) on investments	(1.4)	1.1
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(31.4)	(1.6)
Fair value gains (losses) on committed capital securities	(3.5)	0.1
Foreign exchange gains (losses) on revaluation of premiums receivable and loss and LAE reserves	4.9	6.3
Effect of consolidating FG VIEs	(27.1)	90.8
Operating income	\$ 56.7	\$ 194.6
Effect of refundings and accelerations, net		
Earned premiums from refundings and accelerations, net	\$ 24.7	\$ 18.4
Operating income effect	16.0	12.0

1. Effective January 1, 2012, the Company adopted new guidance on acquisition costs with retrospective application. The effect of adoption was a decrease in net income of \$1.7 million for the three months ended March 31, 2011.

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

Assured Guaranty Municipal Corp.

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

(in millions)

	Three Months Ended March 31, 2012			Three Months Ended March 31, 2011		
	GAAP Income Statement As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Results	GAAP Income Statement As Reported (1)	Less: Operating Income Adjustments	Non-GAAP Operating Income Results (1)
Revenues:						
Net earned premiums	\$ 134.4	\$ (16.2) ⁽²⁾	\$ 150.6	\$ 189.1	\$ (19.3) ⁽²⁾	\$ 208.4
Net investment income	54.3	2.7 ⁽²⁾	51.6	52.5	-	52.5
Net realized investment gains (losses)	1.1	(0.7) ⁽³⁾	1.8	2.0	2.0 ⁽³⁾	-
Net change in fair value of credit derivatives:						
Realized gains and other settlements	(1.1)	(1.1)	-	31.9	31.9	-
Net unrealized gains (losses)	(28.7)	(28.7)	-	29.7	29.7	-
Credit derivative revenues	-	(8.9)	8.9	-	(30.4)	30.4
Net change in fair value of credit derivatives	(29.8)	(38.7) ⁽⁴⁾	8.9	61.6	31.2 ⁽⁴⁾	30.4
Fair value gain (loss) on committed capital securities	(5.4)	(5.4) ⁽⁵⁾	-	0.2	0.2 ⁽⁵⁾	-
Fair value of gains (losses) on FG VIEs	(30.7)	(30.7) ⁽²⁾	-	110.1	110.1 ⁽²⁾	-
Other income	82.4	(1.8) ⁽⁶⁾	84.2	37.2	9.7 ⁽⁶⁾	27.5
Total revenues	206.3	(90.8)	297.1	452.7	133.9	318.8
Expenses:						
Loss expense:						
Financial guaranty insurance	194.4	(5.4) ⁽²⁾	199.8	(3.8)	(48.5) ⁽²⁾	44.7
Credit derivatives	-	4.6 ⁽⁴⁾	(4.6)	-	33.7 ⁽⁴⁾	(33.7)
Amortization of deferred acquisition costs	(0.7)	-	(0.7)	(2.8)	-	(2.8)
Interest expense	1.4	-	1.4	1.5	-	1.5
Other operating expenses	29.4	-	29.4	26.1	-	26.1
Total expenses	224.5	(0.8)	225.3	21.0	(14.8)	35.8
Income (loss) before income taxes	(18.2)	(90.0)	71.8	431.7	148.7	283.0
Provision (benefit) for income taxes	(16.4)	(31.5) ⁽⁷⁾	15.1	140.4	52.0 ⁽⁷⁾	88.4
Net income (loss)	\$ (1.8)	\$ (58.5)	\$ 56.7	\$ 291.3	\$ 96.7	\$ 194.6

1. Effective January 1, 2012, the Company adopted new guidance related to acquisition costs with retrospective application. The effect of adoption was a decrease in net income and operating income of \$1.7 million for the three months ended March 31, 2011.

2. Adjustments primarily related to elimination of the effects of consolidating FG VIEs.

3. Adjustments to eliminate realized gains (losses) on available-for-sale investments.

4. Adjustments to eliminate non-economic fair value gains (losses) on credit derivatives and reclassification to revenues and loss expense.

5. Adjustments to eliminate fair value gain (loss) on committed capital securities.

6. Adjustments primarily related to elimination of foreign exchange gains (losses) on revaluation of net premiums receivable.

7. Tax effect of the above adjustments.

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

Assured Guaranty Municipal Corp.

Consolidated Balance Sheets (unaudited)

(in millions)

	As of	
	March 31, 2012	December 31, 2011 ¹
Assets:		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 4,990.9	\$ 4,916.4
Short-term investments, at fair value	608.1	412.2
Other invested assets	143.3	121.9
Total investment portfolio	<u>5,742.3</u>	<u>5,450.5</u>
Note receivable from affiliate	300.0	300.0
Cash	74.0	58.6
Premiums receivable	656.8	645.1
Ceded unearned premium reserve	1,281.1	1,373.5
Reinsurance recoverable on unpaid losses	204.7	79.2
Salvage and subrogation recoverable	318.9	316.1
Credit derivative assets	132.6	140.3
Deferred tax asset, net	671.9	630.7
Current income tax receivable	2.6	131.4
FG VIE assets, at fair value	2,049.8	2,056.6
Other assets	221.0	148.2
Total assets	<u><u>\$ 11,655.7</u></u>	<u><u>\$ 11,330.2</u></u>
Liabilities and shareholder's equity:		
Liabilities:		
Unearned premium reserve	\$ 4,387.3	\$ 4,514.8
Loss and loss adjustment expense reserve	577.6	296.9
Reinsurance balances payable, net	265.5	247.9
Notes payable	97.9	103.7
Credit derivative liabilities	485.3	455.7
FG VIE liabilities with recourse, at fair value	1,881.1	1,926.2
FG VIE liabilities without recourse, at fair value	724.4	703.5
Other liabilities	446.9	277.2
Total liabilities	<u>8,866.0</u>	<u>8,525.9</u>
Shareholder's equity:		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,141.8	1,141.8
Retained earnings	1,459.6	1,491.3
Accumulated other comprehensive income	173.3	156.2
Total shareholder's equity	<u>2,789.7</u>	<u>2,804.3</u>
Total liabilities and shareholder's equity	<u><u>\$ 11,655.7</u></u>	<u><u>\$ 11,330.2</u></u>

1. Effective January 1, 2012, the Company adopted new guidance related to acquisition costs with retrospective application. The effect of this adoption was a decrease to deferred acquisition costs of \$19.7 million and a decrease to shareholder's equity of \$12.8 million as of December 31, 2011.

Assured Guaranty Municipal Corp.

Claims Paying Resources

(dollars in millions)

	As of:	
	March 31, 2012	December 31, 2011
Claims paying resources		
Policyholders' surplus	\$ 1,058	\$ 1,227
Contingency reserve	2,066	1,881
Qualified statutory capital	3,124	3,108
Unearned premium reserve	2,276	2,172
Loss and LAE reserves ^{1,2}	431	318
Total policyholders' surplus and reserves	5,831	5,598
Present value of installment premiums ²	517	523
Standby line of credit/stop loss	200	200
Excess of loss reinsurance facility ³	435	435
Total claims paying resources	\$ 6,983	\$ 6,756
Net par outstanding ⁴	\$ 318,247	\$ 308,538
Net debt service outstanding ⁴	\$ 481,836	\$ 466,415
Ratios:		
Net par outstanding to qualified statutory capital	102:1	99:1
Capital ratio ⁵	154:1	150:1
Financial resources ratio ⁶	69:1	69:1

1. Reserves as of March 31, 2012 and December 31, 2011 are reduced by approximately \$1.1 billion and \$1.1 billion, respectively, for the benefit related to representation and warranty recoverables.

2. Includes financial guaranty insurance and credit derivatives.

3. On December 23, 2011, AGM terminated its \$298 million non-recourse credit facility. This credit facility has been replaced, effective as of January 1, 2012, with a new \$435 million excess of loss reinsurance facility for the benefit of AGM and Assured Guaranty Corp. ("AGC"), and has been included in claims paying resources as of December 31, 2011.

4. Net par outstanding and net debt service outstanding are presented on a statutory basis. Under statutory accounting, such amounts would be reduced both when an outstanding issue is legally defeased (i.e., an issuer has legally discharged its obligations with respect to a municipal security by satisfying conditions set forth in defeasance provisions contained in transaction documents and is no longer responsible for the payment of debt service with respect to such obligations) and when such issue is economically defeased (i.e., transaction documents for a municipal security do not contain defeasance provisions but the issuer establishes an escrow account with U.S. government securities in amounts sufficient to pay the refunded bonds when due; the refunded bonds are not considered paid and continue to be outstanding under the transaction documents and the issuer remains responsible to pay debt service when due to the extent monies on deposit in the escrow account are insufficient for such purpose).

5. The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.

6. The financial resources ratio is calculated by dividing net debt service outstanding by total claims paying resources.

Assured Guaranty Municipal Corp.

New Business Production

(in millions)

	Three Months Ended	
	March 31,	
	2012	2011
Consolidated new business production analysis:		
PVP		
Public finance - U.S.:		
Primary markets	\$ 27.1	\$ 26.1
Secondary markets	3.3	6.8
Public finance - non-U.S.:		
Primary markets	-	-
Secondary markets	-	-
Structured finance - U.S.	1.5	2.9
Structured finance - non-U.S.	-	7.2
Total PVP	\$ 31.9	\$ 43.0
Total PVP	\$ 31.9	\$ 43.0
Less: PVP of credit derivatives	-	-
PVP of financial guaranty insurance	31.9	43.0
Less: Financial guaranty installment premium PVP	1.6	10.2
Total: Financial guaranty upfront gross written premiums	30.3	32.8
Plus: Financial guaranty installment gross written premiums ¹	17.3	5.5
Total gross written premiums	\$ 47.6	\$ 38.3
Consolidated financial guaranty gross par written:		
Public finance - U.S.:		
Primary markets	\$ 2,900	\$ 1,810
Secondary markets	144	312
Public finance - non-U.S.:		
Primary markets	-	-
Secondary markets	-	-
Structured finance - U.S.	-	-
Structured finance - non-U.S.	-	-
Total	\$ 3,044	\$ 2,122

1. Represents present value of new business on installment policies plus gross written premiums adjustment on existing installment deals due to changes in assumptions.

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

Assured Guaranty Municipal Corp.

Financial Guaranty Gross Par Written

(dollars in millions)

Financial Guaranty Gross Par Written by Asset Type

	Three Months Ended	
	March 31, 2012	
	Gross Par Written	Avg. Internal Rating
Sector:		
U.S. public finance:		
General obligation	\$ 2,036	A
Tax backed	277	A
Municipal utilities	240	A
Higher education	218	A
Healthcare	123	A-
Transportation	114	A-
Other public finance	36	A-
Total U.S. public finance	3,044	A
Non-U.S. public finance:		
Total non-U.S. public finance	-	-
Total public finance	\$ 3,044	A
U.S. structured finance:		
Total U.S. structured finance	\$ -	-
Non-U.S. structured finance:		
Total non-U.S. structured finance	-	-
Total structured finance	\$ -	-
Total gross par written	\$ 3,044	A

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

Assured Guaranty Municipal Corp.

Available-for-Sale Investment Portfolio and Cash

As of March 31, 2012

(dollars in millions)

	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income ¹
Investment portfolio, available-for-sale:					
Fixed maturity securities:					
U.S. Treasury securities and obligations of U.S. government agencies	\$ 36.5	3.01%	1.96%	\$ 40.3	\$ 1.1
Agency obligations	36.7	3.17%	2.06%	39.9	1.2
Obligations of states and political subdivisions	2,148.2	3.92%	3.70%	2,299.6	84.3
Insured obligations of state and political subdivisions ²	1,243.3	4.80%	4.55%	1,345.2	59.7
Corporate securities	195.9	3.11%	2.02%	204.8	6.1
Mortgage-backed securities ("MBS")					
Residential MBS ("RMBS") ^{3,4}	497.6	6.64%	4.31%	401.0	33.0
Commercial MBS ("CMBS")	102.9	3.15%	2.04%	107.4	3.2
Asset-backed securities ⁵	328.1	11.13%	7.24%	357.9	36.5
Foreign government securities	264.0	2.62%	1.70%	266.6	6.9
Total fixed maturity securities	4,853.2	4.78%	3.98%	5,062.7	232.0
Short-term investments	577.7	0.06%	0.04%	578.3	0.3
Cash ⁶	74.0	-	-	74.0	-
Total	\$ 5,504.9	4.28%	3.56%	\$ 5,715.0	\$ 232.3
Less: FG VIEs	100.4	8.01%	5.21%	42.0	8.0
Total	\$ 5,404.5	4.16%	3.50%	\$ 5,673.0	\$ 224.3

Ratings ⁷:

	Fair Value	% of Portfolio
U.S. Treasury securities and obligations of U.S. government agencies	\$ 40.3	0.8%
Agency obligations	39.9	0.8%
AAA/Aaa	998.8	19.7%
AA/Aa	2,756.1	54.5%
A/A	786.5	15.5%
BBB	0.2	0.0%
Below investment grade ("BIG") ⁸	437.0	8.6%
Not rated ⁸	3.9	0.1%
Total fixed maturity securities available-for-sale	\$ 5,062.7	100.0%
Less: FG VIEs	71.8	
Total fixed maturity securities available-for-sale	\$ 4,990.9	

Duration of available-for-sale investment portfolio (in years): 4.6

Average ratings of available-for-sale investment portfolio AA-

1. Represents annualized investment income based on amortized cost and pre-tax book yields.
2. Reflects obligations of state and local political subdivisions that have been insured by financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by Standard & Poor's Ratings Services ("S&P") or Moody's Investors Service, Inc. ("Moody's"), average AA-.
3. Includes \$26.8 million in U.S. subprime RMBS, which has an average rating of BIG.
4. Includes investments purchased for loss mitigation purposes.
5. Contains no collateralized debt obligations ("CDOs") of asset-backed securities ("ABS").
6. Represents operating cash and is not included in yield calculations.
7. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or other risk management strategies which use internal ratings classifications.
8. Included in the investment portfolio are securities purchased or obtained as part of loss mitigation or other risk management strategies of \$1,559.1 million in par with carrying value of \$482.3 million.

Assured Guaranty Municipal Corp.

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

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance ²			Future Credit Derivative Revenues ⁴	Total
			Expected PV Net Earned Premiums ³	Accretion of Discount	Future Net Earned Premiums		
2012 (as of March 31)		\$ 496,500					
2012 Q2	11,869	484,631	\$ 99.4	\$ 3.3	\$ 102.7	\$ 14.6	\$ 117.3
2012 Q3	12,733	471,898	93.2	3.3	96.5	13.8	110.3
2012 Q4	10,532	461,366	87.9	3.2	91.1	11.5	102.6
2013	41,756	419,610	306.9	12.2	319.1	38.8	357.9
2014	38,993	380,617	278.1	11.4	289.5	26.5	316.0
2015	30,789	349,828	244.2	10.6	254.8	16.1	270.9
2016	25,209	324,619	219.2	9.9	229.1	12.9	242.0
2012-2016	171,881	324,619	1,328.9	53.9	1,382.8	134.2	1,517.0
2017-2021	113,621	210,998	802.0	39.7	841.7	15.8	857.5
2022-2026	86,319	124,679	479.3	26.5	505.8	4.9	510.7
2027-2031	58,487	66,192	273.5	16.5	290.0	4.1	294.1
After 2031	66,192	-	286.2	15.3	301.5	7.1	308.6
Total	\$ 496,500		\$ 3,169.9	\$ 151.9	\$ 3,321.8	\$ 166.1	\$ 3,487.9

1. Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2012. Actual amortization may differ from expected maturities because borrowers may have the right to call or prepay guaranteed and because of management's assumptions on structured finance amortization.
2. See page 11 for "Present Value of Financial Guaranty Insurance Net Expected Loss to be Expensed."
3. Excludes \$387.2 million in expected present value of net earned premiums related to FG VIEs.
4. Excludes contracts with credit impairment.

Assured Guaranty Municipal Corp.

Expected Amortization of Net Par Outstanding

(in millions)

Structured Finance

	Estimated Net Par Amortization					Estimated Ending Net Par Outstanding
	U.S. and Non-U.S. Pooled Corporate	U.S. RMBS	Financial Products ¹	Other Structured Finance	Total	
2012 (as of March 31)						\$ 56,479
2012 Q2	\$ 2,429	\$ 703	\$ 266	\$ 478	\$ 3,876	52,603
2012 Q3	3,149	549	251	178	4,127	48,476
2012 Q4	1,334	497	107	167	2,105	46,371
2013	9,657	1,383	657	611	12,308	34,063
2014	10,511	964	503	253	12,231	21,832
2015	4,514	933	273	126	5,846	15,986
2016	811	687	159	172	1,829	14,157
2017	5,447	560	78	80	6,165	7,992
2012-2017	37,852	6,276	2,294	2,065	48,487	7,992
2018-2022	675	1,942	369	619	3,605	4,387
2023-2027	40	773	322	240	1,375	3,012
2028-2032	81	244	673	424	1,422	1,590
After 2032	15	671	710	194	1,590	-
Total structured finance	\$ 38,663	\$ 9,906	\$ 4,368	\$ 3,542	\$ 56,479	

Public Finance

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2012 (as of March 31)		\$ 275,300
2012 Q2	\$ 4,280	271,020
2012 Q3	5,064	265,956
2012 Q4	4,885	261,071
2013	16,108	244,963
2014	14,497	230,466
2015	13,551	216,915
2016	12,689	204,226
2017	13,164	191,062
2012-2017	84,238	191,062
2018-2022	59,253	131,809
2023-2027	53,355	78,454
2028-2032	37,835	40,619
After 2032	40,619	-
Total public finance	\$ 275,300	

1. See Glossary for description of financial products.

Assured Guaranty Municipal Corp.

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

As of March 31, 2012

(in millions)

	Net Expected Loss to be Expensed ¹	
	Operating ²	GAAP ²
2012 Q2	\$ 17.8	\$ 16.4
2012 Q3	18.0	15.7
2012 Q4	17.6	14.2
2013	71.4	53.1
2014	61.0	42.0
2015	53.3	36.9
2016	43.8	29.1
2012-2016	282.9	207.4
2017-2021	168.0	120.1
2022-2026	86.5	61.9
2027-2031	56.5	28.0
After 2031	50.6	18.8
Total expected PV of net expected loss to be expensed	644.5	436.2
Discount	149.4	97.7
Total future value	\$ 793.9	\$ 533.9

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

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (1 of 4)

(dollars in millions)

Net Par Outstanding and Average Rating by Asset Type

	March 31, 2012		December 31, 2011	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	\$ 110,955	A+	\$ 105,129	A+
Tax backed	48,294	A+	46,004	A+
Municipal utilities	43,416	A+	42,053	A+
Transportation	21,958	A	19,403	A
Healthcare	10,068	A	8,781	A
Higher education	7,684	A+	7,353	A+
Housing	4,886	AA-	4,691	AA-
Infrastructure finance	1,213	BB+	1,212	BB+
Investor-owned utilities	44	A-	44	A-
Other public finance	1,800	A+	1,739	A+
Total U.S. public finance	250,318	A+	236,409	A+
Non-U.S. public finance:				
Infrastructure finance	11,448	BBB	11,223	BBB
Regulated utilities	7,020	BBB+	6,843	BBB+
Other public finance	6,514	A+	6,334	A+
Total non-U.S. public finance	24,982	BBB+	24,400	BBB+
Total public finance	\$ 275,300	A+	\$ 260,809	A+
U.S. structured finance:				
Pooled corporate obligations	\$ 29,587	AAA	\$ 30,413	AAA
RMBS	9,906	BB	10,303	BB-
Financial products	4,368	AA-	5,217	AA-
Consumer receivables	517	A	807	AA-
Insurance securitization	306	AA	369	AA
Structured credit	79	CCC	79	CCC
Commercial receivables	58	BB	58	BB
Other structured finance	424	BBB+	490	A-
Total U.S. structured finance	45,245	AA	47,736	AA
Non-U.S. structured finance:				
Pooled corporate obligations	9,076	AAA	9,634	AAA
RMBS	1,398	AA-	1,395	AA-
Structured credit	387	BBB	413	BBB
Insurance securitizations	-	-	38	A+
Other structured finance	373	Super Senior	373	Super Senior
Total non-U.S. structured finance	11,234	AA+	11,853	AAA
Total structured finance	\$ 56,479	AA	\$ 59,589	AA
Total net par outstanding	\$ 331,779	A+	\$ 320,398	A+

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

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (2 of 4)

As of March 31, 2012

(dollars in millions)

Distribution by Ratings of Financial Guaranty Portfolio

Ratings:	Public Finance - U.S.		Public Finance - non-U.S.		Structured Finance - U.S.		Structured Finance - non-U.S.		Consolidated	
	Net Par		Net Par		Net Par		Net Par		Net Par	
	Outstanding	%	Outstanding	%	Outstanding ¹	%	Outstanding	%	Outstanding	%
Super senior	\$ -	0.0%	\$ -	0.0%	\$ 9,100	20.1%	\$ 2,788	24.8%	\$ 11,888	3.6%
AAA	3,834	1.5%	1,319	5.3%	19,543	43.2%	5,675	50.5%	30,371	9.2%
AA	97,532	39.0%	882	3.5%	7,805	17.3%	672	6.0%	106,891	32.2%
A	125,768	50.2%	6,765	27.1%	1,215	2.7%	429	3.8%	134,177	40.4%
BBB	21,306	8.5%	14,388	57.6%	321	0.7%	961	8.6%	36,976	11.1%
BIG	1,878	0.8%	1,628	6.5%	7,261	16.0%	709	6.3%	11,476	3.5%
Total net par outstanding	\$ 250,318	100.0%	\$ 24,982	100.0%	\$ 45,245	100.0%	\$ 11,234	100.0%	\$ 331,779	100.0%

Ceded Par Outstanding by Reinsurer and Insurer Financial Strength Rating

Reinsurer	Moody's Rating	S&P Rating	Ceded Par Outstanding	% of Total
Affiliated companies ²			\$ 66,558	67.0%
Non-affiliated companies:				
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Aa3	AA-	9,478	9.5%
American Overseas Reinsurance Company Limited ³	WR	WR	8,845	8.9%
Radian Asset Assurance Inc.	Ba1	B+	5,443	5.5%
Syncora Guarantee Inc.	Ca	WR	4,304	4.3%
Mitsui Sumitomo Insurance Co. Ltd.	A1	A+	2,398	2.4%
ACA Financial Guaranty Corporation	NR	WR	823	0.8%
Swiss Reinsurance Company	A1	AA-	506	0.5%
Other	Various	Various	1,045	1.1%
Total non-affiliated companies			32,842	33.0%
Total			\$ 99,400	100.0%

- As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. Without this change, Structured Finance – U.S. net par outstanding rated BIG as of March 31, 2012 would have been \$936 million higher.
- As of the date of this document, the affiliates of AGM are Assured Guaranty Re Ltd. and its subsidiaries rated A1 by Moody's and AA- by S&P and AGC and its subsidiaries rated Aa3 by Moody's and AA- by S&P.
- Formerly RAM Reinsurance Company Ltd.

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

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (3 of 4)

As of March 31, 2012

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

U.S.:	Net Par	
	Outstanding	% of Total
Public finance:		
California	\$ 36,892	11.1%
New York	21,479	6.5%
Pennsylvania	20,270	6.1%
Illinois	16,967	5.1%
Texas	16,507	5.0%
Florida	15,063	4.6%
Michigan	11,320	3.4%
New Jersey	10,984	3.3%
Massachusetts	7,444	2.2%
Washington	7,016	2.1%
Other states	86,376	26.1%
Total public finance	250,318	75.5%
Structured finance (multiple states)	45,245	13.6%
Total U.S.	295,563	89.1%
Non-U.S.:		
United Kingdom	12,561	3.8%
Australia	5,123	1.5%
Canada	3,883	1.2%
France	1,975	0.6%
Italy	1,790	0.5%
Other	10,884	3.3%
Total non-U.S.	36,216	10.9%
Total net par outstanding	\$ 331,779	100.0%

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (4 of 4)

As of March 31, 2012

(dollars in millions)

Net Economic Exposure to Selected European Countries

	Greece	Hungary	Ireland	Italy	Portugal	Spain	Total
Sovereign and sub-sovereign exposure:							
Public finance	\$ 195	\$ -	\$ -	\$ 854	\$ 102	\$ 222	\$ 1,373
Infrastructure finance	-	339	-	221	-	145	705
Total sovereign and sub-sovereign exposure	195	339	-	1,075	102	367	2,078
Non-sovereign exposure:							
Regulated utilities	-	-	-	133	-	14	147
RMBS	-	238	-	503	-	-	741
Pooled corporate obligations	-	-	121	80	12	151	364
Total non-sovereign exposure	-	238	121	716	12	165	1,252
Total	\$ 195	\$ 577	\$ 121	\$ 1,791	\$ 114	\$ 532	\$ 3,330
Total BIG	\$ 195	\$ 463	\$ 15	\$ 210	\$ 102	\$ 145	\$ 1,130

Note: While the Company's exposures are shown in U.S. dollars, the obligations the Company insures are in various currencies, including U.S. dollars, Euros and British pounds sterling. One of the residential mortgage-backed securities included in the table above includes residential mortgages in both Italy and Germany, and only the portion of the transaction equal to the portion of the original mortgage pool in Italian mortgages is shown in the table.

Assured Guaranty Municipal Corp.

Pooled Corporate Obligations Profile

As of March 31, 2012

(dollars in millions)

Distribution of Pooled Corporate Obligations by Ratings

Ratings:	Net Par		Avg. Initial	Avg. Current
	Outstanding	% of Total	Credit Enhancement	Credit Enhancement
Super senior	\$ 11,307	29.2%	28.9%	28.0%
AAA	23,667	61.2%	25.7%	26.9%
AA	1,411	3.7%	36.5%	31.7%
A	992	2.6%	0.0%	0.1%
BBB	542	1.4%	12.9%	9.1%
BIG	744	1.9%	11.3%	1.0%
Total exposures	\$ 38,663	100.0%	26.0%	25.9%

Distribution of Pooled Corporate Obligations by Asset Class

Asset class:	Net Par		Avg. Initial	Avg. Current	Avg. Rating
	Outstanding	% of Total	Credit Enhancement	Credit Enhancement	
CBOs/CLOs	\$ 20,760	53.7%	28.0%	29.3%	AAA
Synthetic investment grade pooled corporates	10,628	27.5%	20.1%	18.2%	AAA
Synthetic high yield pooled corporates	4,930	12.7%	35.7%	29.8%	AA+
Market value CDOs of corporates	1,492	3.9%	17.0%	33.1%	AAA
Trust preferred - banks and insurance	116	0.3%	49.6%	53.8%	A+
CDO of CDOs (corporate)	12	0.0%	25.5%	17.0%	BBB
Other pooled corporates	725	1.9%	-	-	BBB-
Total exposures	\$ 38,663	100.0%	26.0%	25.9%	AAA

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

Assured Guaranty Municipal Corp.

U.S. RMBS Profile (1 of 3)

As of March 31, 2012

(dollars in millions)

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

Ratings:	Prime First Lien ¹	Closed End Seconds	HELOC	Alt-A First Lien ¹	Option ARMs ¹	Subprime First Lien ¹	Net Interest Margin	Total Net Par Outstanding
AAA	\$ 3	\$ -	\$ 84	\$ 49	\$ -	\$ 1,054	\$ -	\$ 1,190
AA	2	142	180	101	474	646	-	1,545
A	1	-	244	-	-	1	-	245
BBB	81	-	-	8	-	110	-	199
BIG	-	808	2,351	1,047	831	1,671	18	6,726
Total exposures	<u>\$ 86</u>	<u>\$ 950</u>	<u>\$ 2,859</u>	<u>\$ 1,205</u>	<u>\$ 1,305</u>	<u>\$ 3,482</u>	<u>\$ 18</u>	<u>\$ 9,906</u>

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

Year insured:	Prime First Lien	Closed End Seconds	HELOC	Alt-A First Lien	Option ARMs	Subprime First Lien	Net Interest Margin	Total Net Par Outstanding
2004 and prior	\$ 5	\$ -	\$ 187	\$ 61	\$ -	\$ 1,145	\$ 0	\$ 1,397
2005	-	-	469	283	70	201	0	1,023
2006	81	432	1,038	408	453	126	0	2,537
2007	-	518	1,165	454	783	1,945	18	4,883
2008	-	-	-	-	-	66	-	66
Total exposures	<u>\$ 86</u>	<u>\$ 950</u>	<u>\$ 2,859</u>	<u>\$ 1,205</u>	<u>\$ 1,305</u>	<u>\$ 3,482</u>	<u>\$ 18</u>	<u>\$ 9,906</u>

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

Year insured:	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	\$ 1,100	\$ 19	\$ 2	\$ 43	\$ 233	\$ 1,397
2005	49	126	-	42	805	1,023
2006	41	430	-	81	1,985	2,537
2007	-	969	244	33	3,637	4,883
2008	-	-	-	-	66	66
Total exposures	<u>\$ 1,190</u>	<u>\$ 1,545</u>	<u>\$ 245</u>	<u>\$ 199</u>	<u>\$ 6,726</u>	<u>\$ 9,906</u>

% of total	12.0%	15.6%	2.5%	2.0%	67.9%	100.0%
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- As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions.
- AGM has not insured any U.S. RMBS transactions since 2008.

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

Assured Guaranty Municipal Corp.

U.S. RMBS Profile (2 of 3)

As of March 31, 2012

(dollars in millions)

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

U.S. Prime First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	81	56.7%	8.6%	0.1%	18.2%	1
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
	<u>\$ 81</u>	<u>56.7%</u>	<u>8.6%</u>	<u>0.1%</u>	<u>18.2%</u>	<u>1</u>

U.S. Closed End Seconds

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	432	14.4%	-	61.3%	10.0%	2
2007	518	17.1%	-	67.1%	9.8%	9
2008	-	-	-	-	-	-
	<u>\$ 950</u>	<u>15.9%</u>	<u>-</u>	<u>64.5%</u>	<u>9.9%</u>	<u>11</u>

U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 469	17.1%	4.6%	11.8%	9.2%	4
2006	1,038	27.0%	2.7%	34.2%	9.1%	7
2007	1,165	44.8%	4.4%	26.9%	6.5%	7
2008	-	-	-	-	-	-
	<u>\$ 2,673</u>	<u>33.0%</u>	<u>3.8%</u>	<u>27.1%</u>	<u>8.0%</u>	<u>18</u>

U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 283	30.8%	7.5%	8.7%	25.4%	8
2006	408	38.8%	0.0%	17.9%	38.6%	7
2007	454	50.7%	0.2%	19.4%	40.5%	4
2008	-	-	-	-	-	-
	<u>\$ 1,145</u>	<u>41.5%</u>	<u>1.9%</u>	<u>16.2%</u>	<u>36.1%</u>	<u>19</u>

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

Assured Guaranty Municipal Corp.

U.S. RMBS Profile (3 of 3)

As of March 31, 2012

(dollars in millions)

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

U.S. Option ARMs

Year insured:	Net Par	Pool Factor	Subordination	Cumulative	60+ Day	Number of
	Outstanding			Losses	Delinquencies	
2005	\$ 70	25.0%	0.0%	12.0%	40.7%	2
2006	453	47.3%	0.8%	16.3%	55.5%	6
2007	783	47.6%	0.9%	20.5%	48.2%	6
2008	-	-	-	-	-	-
	<u>\$ 1,305</u>	<u>46.3%</u>	<u>0.8%</u>	<u>18.6%</u>	<u>50.3%</u>	<u>14</u>

U.S. Subprime First Lien

Year insured:	Net Par	Pool Factor	Subordination	Cumulative	60+ Day	Number of
	Outstanding			Losses	Delinquencies	
2005	\$ 201	41.6%	22.2%	5.2%	33.3%	3
2006	126	34.5%	41.1%	15.3%	36.2%	2
2007	1,945	58.9%	20.7%	17.7%	47.5%	9
2008	66	63.1%	26.6%	13.8%	31.7%	1
	<u>\$ 2,338</u>	<u>56.2%</u>	<u>22.1%</u>	<u>16.4%</u>	<u>45.2%</u>	<u>15</u>

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

Assured Guaranty Municipal Corp.

U.S. Consumer Receivables Profile

As of March 31, 2012

(dollars in millions)

Distribution of U.S. Consumer Receivables by Rating

Rating:	Manufactured Housing	Auto	Total Net Par Outstanding
AAA	\$ -	\$ 190	\$ 190
AA	62	57	119
A	-	30	30
BBB	39	-	39
BIG	139	-	139
Total exposures	\$ 240	\$ 277	\$ 517

Average rating	BB	AAA	A
Avg. initial credit enhancement	27.5%	14.8%	20.7%
Avg. current credit enhancement	25.4%	51.2%	39.2%

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

Assured Guaranty Municipal Corp.

Credit Derivative Net Par Outstanding Profile

As of March 31, 2012

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Ratings:	Net Par Outstanding	% of Total
Super senior	\$ 11,239	28.2%
AAA	22,693	57.0%
AA	1,969	5.0%
A	1,784	4.5%
BBB	1,448	3.6%
BIG	673	1.7%
Total credit derivative net par outstanding	\$ 39,806	100.0%

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

	Net Par Outstanding	Average Rating
Public finance		
U.S. public finance	\$ 846	A-
Non-U.S. public finance	2,524	A
Total public finance	\$ 3,370	A
U.S. structured finance:		
Pooled corporate obligations	\$ 27,615	AAA
Insurance securitizations	306	AA
RMBS	216	A-
Commercial receivables	58	BB
Other structured finance	99	CCC
Total U.S. structured finance	28,294	AAA
Non-U.S. structured finance:		
Pooled corporate obligations	7,736	AAA
RMBS	406	AA
Total non-U.S. structured finance	8,142	AAA
Total structured finance	\$ 36,436	AAA
Total credit derivative net par outstanding	\$ 39,806	AAA

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

Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (1 of 5)

(in millions)

BIG Exposures by Asset Type:

	BIG Net Par Outstanding	
	March 31, 2012	December 31, 2011 ¹
U.S. public finance:		
Infrastructure finance	\$ 860	\$ 860
General obligation	551	493
Tax backed	202	202
Municipal utilities	160	164
Healthcare	56	122
Higher education	4	5
Other public finance	45	45
Total U.S. public finance	1,878	1,891
Non-U.S. public finance:		
Infrastructure finance	1,332	1,313
Other public finance	296	291
Total non-U.S. public finance	1,628	1,604
Total public finance	\$ 3,506	\$ 3,495
U.S. structured finance:		
RMBS	\$ 6,726	\$ 7,012
Pooled corporate obligations	160	171
Consumer receivables	139	143
Structured credit	79	79
Commercial receivables	58	58
Other structured finance	99	99
Total U.S. structured finance	7,261	7,562
Non-U.S. structured finance:		
Pooled corporate obligations	584	584
RMBS	125	-
Total non-U.S. structured finance	709	584
Total structured finance	\$ 7,970	\$ 8,146
Total BIG net par outstanding	\$ 11,476	\$ 11,641

- As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. This reclassification resulted in a decrease of its RMBS net outstanding par rated BIG as of December 31, 2011 by \$980 million from that previously reported and, without this change, RMBS net outstanding par rated BIG as of March 31, 2012 would have been \$936 million higher. Prior periods have been revised to conform to this presentation.

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

Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (2 of 5)

(in millions)

Net Par Outstanding by BIG Category ¹

	Financial Guaranty Insurance and Credit Derivatives Surveillance Categories	
	March 31, 2012	December 31, 2011 ²
Category 1		
U.S. public finance	\$ 1,736	\$ 1,739
Non-U.S. public finance	1,434	1,415
U.S. structured finance	598	1,187
Non-U.S. structured finance	682	557
Total Category 1	4,450	4,898
Category 2		
U.S. public finance	-	-
Non-U.S. public finance	194	189
U.S. structured finance	2,630	2,123
Non-U.S. structured finance	-	-
Total Category 2	2,824	2,312
Category 3		
U.S. public finance	142	152
Non-U.S. public finance	-	-
U.S. structured finance	4,033	4,252
Non-U.S. structured finance	27	27
Total Category 3	4,202	4,431
BIG Total	\$ 11,476	\$ 11,641

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

2. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. This reclassification resulted in a decrease of its RMBS net outstanding par rated BIG as of December 31, 2011 by \$980 million from that previously reported and, without this change, RMBS net outstanding par rated BIG as of March 31, 2012 would have been \$936 million higher. Prior periods have been revised to conform to this presentation.

Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (3 of 5)

As of March 31, 2012

(dollars in millions)

Public Finance BIG Exposures Greater Than \$50 Million

Name or description	<u>Net Par Outstanding</u>	<u>Internal Rating</u>
U.S. public finance:		
Skyway Concession Company LLC	\$ 860	BB
Detroit (City of) School District Michigan	150	BB
Jefferson County Alabama School Sales Tax Limited Obligation	144	BB
Jefferson County Alabama Sewer	125	D
Lackawanna County, Pennsylvania	95	BB-
Detroit (City of) Michigan	93	BB+
Harrisburg (City of) Pennsylvania General Obligation	71	B-
Stockton City, California	65	BB
Total	\$ 1,603	
Non-U.S. public finance:		
Reliance Rail Finance Pty. Limited	\$ 453	BB
M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	339	BB
Aeroporti Di Roma (ADR) Romulus Finance S.R.L. (Rome Airport)	209	BB
Hellenic Republic	195	B
Cross City Tunnel Motorway Finance Limited	186	BB
Autovia de la Mancha, S.A.	145	BB+
Metropolitano de Porto Lease and Sublease of Railroad Equipment	55	B+
Total	\$ 1,582	
Total	\$ 3,185	

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

Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (4 of 5)

As of March 31, 2012

(dollars in millions)

Structured Finance BIG Exposures Greater Than \$50 Million

Name or description	Net Par	Internal	Current Credit	60+ Day
U.S. structured finance:	<u>Outstanding</u>	<u>Rating</u>	<u>Enhancement</u>	<u>Delinquencies</u>
U.S. RMBS:				
MABS 2007-NCW	\$ 538	BB	27.3%	62.9%
Countrywide HELOC 2006-I	384	CCC	0.0%	6.6%
Option One 2007-FXD2	365	CCC	13.6%	29.5%
MASTR 2007-3 (NEGAM)	333	CCC	0.0%	53.4%
Countrywide HELOC 2006-F	326	CCC	0.0%	17.0%
Nomura Asset Accept. Corp. 2007-1	311	CCC	0.0%	41.5%
Terwin Mortgage Trust 2006-12SL	244	B	-	10.8%
Countrywide HELOC 2005-D	227	CCC	0.0%	11.8%
Countrywide HELOC 2007-A	204	CCC	0.0%	7.4%
Terwin Mortgage Trust 2007-1SL	200	B	-	9.2%
Terwin Mortgage Trust 2006-10SL	188	CCC	-	8.9%
GMACM 2004-HE3	187	B	0.0%	2.9%
Countrywide HELOC 2007-B	183	CCC	0.0%	5.4%
Soundview 2007-WMC1	182	CCC	0.4%	68.2%
FHABS 2007-HE1 HELOC	163	BB	0.0%	1.5%
MARM 2007-1 (FKA MASTR 2007-OA1)	156	CCC	0.0%	36.9%
New Century 2005-A	155	CCC	19.4%	33.2%
IndyMac 2007-H1 HELOC	147	CCC	0.0%	8.5%
Renaissance (DELTA) 2007-3	145	CCC	13.7%	32.0%
FHABS 2006-HE2 HELOC	142	BB	0.0%	4.1%
CSAB 2006-3	123	CCC	0.0%	46.0%
Countrywide HELOC 2005-C	114	CCC	0.0%	10.5%
FlagStar HELOC 2005-1	85	BB	22.9%	3.8%
FlagStar HELOC 2006-2	83	CCC	25.1%	3.3%
CSAB 2006-2	80	CCC	0.0%	40.8%
Deutsche Alt-B 2006-AB1	79	B	0.0%	27.7%
American Home Mortgage Assets Trust 2007-4	78	CCC	0.0%	37.4%
ACE 2007-D1	71	B	18.6%	37.5%
NAAC 2007-S2	68	CCC	0.0%	11.4%
Soundview Home Loan Trust 2008-1	66	B	26.6%	31.7%
Terwin Mortgage Trust 2005-16HE	63	CCC	2.2%	24.6%
CSMC 2007-3	62	CCC	0.0%	33.3%
ACE 2007-SL1	60	CCC	-	9.9%
Harborview 2006-12 (NEGAM)	56	CCC	2.0%	58.4%
IndyMac IMSC Mortgage Loan Trust 2007-HOA1	55	CCC	-	44.3%
Terwin Mortgage Trust 2007-6ALT	51	CCC	0.0%	50.2%
Harborview 2006-10 (NEGAM)	50	CCC	0.0%	27.4%
Total U.S. RMBS	<u>\$ 6,024</u>			

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

Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (5 of 5)

As of March 31, 2012

(dollars in millions)

Structured Finance BIG Exposures Greater Than \$50 Million (continued)

Name or description	Net Par Outstanding	Internal Rating	Current Credit Enhancement
U.S. structured finance:			
Other:			
Synthetic High Yield Pooled Corporate CDO	\$ 160	CCC	3.9%
NRG Peaker	99	CCC	N/A
Private Other Non-Municipal Transaction	79	CCC	N/A
Conseco Finance Manufactured Housing Series 2001-2	78	B	15.6%
GreenPoint 2000-4	61	CCC	8.9%
America West Airlines Series 2000-1 G-1	58	BB	N/A
Total other	\$ 535		
Total	\$ 6,559		
Non-U.S. structured finance:			
Gleneagles Funding LTD (1st Issue)	\$ 369	BB	N/A
FHB 8.95% 2016	125	BB+	N/A
Private Pooled Corporate Transaction	80	BB	N/A
Total	\$ 574		
Total	\$ 7,133		

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (1 of 4)

As of March 31, 2012

(dollars in millions)

50 Largest U.S. Public Finance Exposures

Credit name:	<u>Net Par Outstanding</u>	<u>Internal Rating</u>
New Jersey (State of)	\$ 2,613	A+
Chicago (City of) Illinois	2,024	AA-
Massachusetts (Commonwealth of)	1,905	AA
New York (City of) New York	1,833	AA
Massachusetts (Commonwealth of) State Sales Tax	1,711	AA
Pennsylvania (Commonwealth of)	1,628	AA-
New York (State of)	1,620	AA-
Port Authority of New York and New Jersey	1,553	A+
Illinois (State of)	1,504	A
Wisconsin (State of)	1,504	A+
Los Angeles California Unified School District	1,471	AA-
University of California Board of Regents	1,453	AA
New York MTA Transportation Authority	1,446	A
Arizona (State of)	1,371	A+
Houston Texas Water and Sewer Authority	1,367	AA+
New York City Municipal Water Finance Authority	1,299	AA+
California (State of)	1,299	BBB+
Atlanta Georgia Water & Sewer System	1,298	BBB+
Illinois Toll Highway Authority	1,268	AA
New Jersey Turnpike Authority	1,206	A-
Miami-Dade County Florida Aviation Authority - Miami International Airport	1,177	A
Massachusetts (Commonwealth of) Water Resources	1,153	AA
Los Angeles California Department of Water & Power - Electric Revenue Bonds	1,111	A+
Puerto Rico Public Finance Corporation - Commonwealth Appropriation	1,074	BBB-
Washington (State of)	1,071	AA
Broward County Florida School Board	1,018	A+
Orlando-Orange County Expressway Authority, Florida	1,002	A+
Long Island Power Authority	972	A-
Metro Washington Airport Authority	962	A+
Chicago-O'Hare International Airport	957	A
San Diego County, California Water	943	AA
Louisiana (State of) Gas and Fuel Tax	886	AA-
San Diego California Unified School District	870	AA
California State University System Trustee	861	A+
Skyway Concession Company LLC	860	BB
Connecticut (State of)	829	AA-
Detroit Michigan Sewer	812	BBB+
Hartfield Atlanta International Airport	806	A+
Philadelphia Pennsylvania School District	803	A
Michigan (State of)	787	A+
Chicago Illinois Public Schools	781	A+
New York State Thruway Authority	771	A+
Garden State Preservation Trust, NJ, Open Space & Farmland Preservation Bonds	759	AA
New York State Thruway - Highway Trust Fund	748	AA-
Detroit Michigan Water Supply System	748	A-
Miami-Dade County, Florida Water & Sewer	743	A+
Los Angeles Community College District County of Los Angeles, California	739	AA
Philadelphia (City of) Pennsylvania	729	BBB-
Puerto Rico Electric Power Authority	704	A-
Oregon (State of)	704	AA-
Total top 50 U.S. public finance exposures	\$ 57,753	

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (2 of 4)

As of March 31, 2012

(dollars in millions)

50 Largest U.S. Structured Finance Exposures

Credit name:	Net Par <u>Outstanding</u>	Internal <u>Rating</u>	Current Credit <u>Enhancement</u>
Fortress Credit Opportunities I, LP.	\$ 1,294	AA	31.1%
Synthetic Investment Grade Pooled Corporate CDO	1,158	AAA	13.3%
Stone Tower Credit Funding	1,119	AAA	33.1%
Synthetic High Yield Pooled Corporate CDO	976	AAA	40.9%
Synthetic Investment Grade Pooled Corporate CDO	766	Super Senior	14.8%
Synthetic Investment Grade Pooled Corporate CDO	763	Super Senior	29.0%
Synthetic Investment Grade Pooled Corporate CDO	743	Super Senior	28.6%
Synthetic Investment Grade Pooled Corporate CDO	734	Super Senior	22.5%
Synthetic High Yield Pooled Corporate CDO	732	AAA	38.3%
Mizuho II Synthetic CDO	715	A	N/A
Synthetic Investment Grade Pooled Corporate CDO	654	AAA	16.5%
MABS 2007-NCW	538	BB	27.3%
Eastland CLO, LTD	531	Super Senior	39.6%
Synthetic Investment Grade Pooled Corporate CDO	515	Super Senior	14.3%
Denali CLO VII, LTD.	495	AAA	19.7%
Synthetic High Yield Pooled Corporate CDO	495	AAA	46.7%
Churchill Financial Cayman	466	AAA	35.4%
Phoenix CLO II	450	AAA	21.5%
Synthetic High Yield Pooled Corporate CDO	393	Super Senior	34.6%
Countrywide HELOC 2006-I	384	CCC	0.0%
Synthetic Investment Grade Pooled Corporate CDO	380	Super Senior	29.2%
Grayson CLO	378	Super Senior	30.1%
Synthetic Investment Grade Pooled Corporate CDO	372	Super Senior	14.2%
Synthetic High Yield Pooled Corporate CDO	365	AAA	28.9%
Option One 2007-FXD2	365	CCC	13.6%
Stone Tower CLO V	360	Super Senior	28.8%
MUIR GROVE CLO	343	AAA	21.7%
Synthetic Investment Grade Pooled Corporate CDO	342	AAA	17.0%
MASTR 2007-3 (NEGAM)	333	CCC	0.0%
Countrywide HELOC 2006-F	326	CCC	0.0%
CIFC Funding 2006-1	324	AAA	23.8%
Synthetic High Yield Pooled Corporate CDO	324	AAA	29.3%
Nomura Asset Accept. Corp. 2007-1	311	CCC	0.0%
Credit Protection Trust 188	306	AA	N/A
Cent CDO 15 Limited	305	Super Senior	18.2%
Cent CDO 12 Limited	291	AAA	23.8%
COLUMBUSNOVA CLO LTD 2006-II	286	AAA	18.2%
Symphony CLO IV, LTD.	283	AAA	26.6%
Synthetic Investment Grade Pooled Corporate CDO	282	AAA	11.0%
Synthetic Investment Grade Pooled Corporate CDO	281	Super Senior	30.3%
Harborview 2006-12 (NEGAM) ¹	280	AA / CCC	2.0%
KKR Financial CLO 2005-1	277	AAA	26.7%
Lime Street CLO, LTD.	275	AAA	24.4%
Synthetic Investment Grade Pooled Corporate CDO	271	AAA	10.8%
CIFC FUNDING 2006-II	265	Super Senior	32.1%
CIFC FUNDING 2007-II	263	Super Senior	43.1%
HARBOURVIEW CLO 2006-1	261	AAA	17.6%
LCM VI LTD.	261	AAA	21.5%
Stone Tower III	258	AAA	25.7%
OFSI FUND III LTD.	253	AAA	32.0%
Total top 50 U.S. structured finance exposures	<u>\$ 23,142</u>		

1. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to 12 first lien transactions.

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (3 of 4)

As of March 31, 2012

(dollars in millions)

25 Largest Non-U.S. Exposures

Credit name:	Net Par Outstanding	Internal Rating
Quebec Province	\$ 2,097	A
Sydney Airport Finance Company	1,453	BBB
Thames Water Utility Finance PLC	1,360	A-
Channel Link Enterprises Finance PLC	936	BBB
International AAA Sovereign Debt Synthetic CDO	821	AAA
Japan Expressway Holding and Debt Repayment Agency	611	AA
Campania Region - Healthcare receivable	596	BBB+
Synthetic Investment Grade Pooled Corporate CDO	548	Super Senior
Southern Water Services Limited	526	A-
Capital Hospitals (Issuer) PLC	507	BBB-
Central Nottinghamshire Hospitals PLC	505	BBB
Reliance Rail Finance Pty. Limited	453	BB
ETSA Utility Finance Pty. Limited	439	A-
Verbund - Lease and Sublease of Hydro-Electric equipment	411	AAA
The Hospital Company (QAH Portsmouth) Limited	408	BBB
Duchess I CDO	407	BBB-
Integrated Accommodation Services PLC	392	BBB+
NewHospitals (St Helens & Knowsley) Finance PLC	388	BBB
Synthetic Investment Grade Pooled Corporate CDO	386	AAA
MPC Funding Limited	378	BBB
Brisbane Airport	377	BBB
Stone Tower Credit Funding	373	AAA
Private Other Structured Finance Transaction	373	Super Senior
Gleneagles Funding LTD (1st Issue)	369	BB
Plenary Health North Bay Finco Inc.	349	BBB+
Total top 25 non-U.S. exposures	\$ 15,463	

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (4 of 4)

As of March 31, 2012

(dollars in millions)

10 Largest U.S. Residential Mortgage Servicers Exposures

Servicer:	Net Par Outstanding
Bank of America, N.A. ¹	\$ 3,578
Specialized Loan Servicing LLC	1,491
American Home Mortgage Servicing, Inc.	1,223
Select Portfolio Servicing, Inc.	774
Ocwen Loan Servicing, LLC	701
Wells Fargo Bank, N.A.	609
Ally Financial, Inc. ²	408
OneWest Bank Group LLC	378
First Horizon National Corporation	305
JPMorgan Chase Bank	122
Total top 10 U.S. residential mortgage servicers exposures	\$ 9,589

10 Largest U.S. Healthcare Exposures

Credit name:	Net Par Outstanding	Internal Rating	State
Hospital Sisters Health Services Inc Obligated Group	\$ 272	AA-	IL
Asante Health System	243	A	OR
Carolina HealthCare System	241	AA-	NC
Catholic Healthcare West Healthcare Revenue Bonds	232	A	CA
Catholic Health Initiatives	231	AA	CO
MultiCare Health System	228	A+	WA
Palmetto Health Alliance	222	A-	SC
Medlantic/Helix Parent Inc., Maryland Revenue Bonds	203	BBB+	MD
CHRISTUS Health	181	A+	TX
Carilion Health System	179	BBB+	VA
Total top 10 U.S. healthcare exposures	\$ 2,232		

1. Includes Countrywide Home Loans Servicing LP.

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

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

Assured Guaranty Municipal Corp.

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

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

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of December 31, 2011	Economic Loss Development During 1Q-12 ¹	(Paid) Recovered Losses During 1Q-12	Expected Loss to be Paid as of March 31, 2012
U.S. RMBS				
First lien:				
Alt-A first lien	\$ 93.0	\$ (2.9)	\$ (7.5)	\$ 82.6
Option ARMs	135.4	(7.3)	(75.5)	52.6
Subprime first lien	154.4	10.9	(7.2)	158.1
Total first lien	<u>382.8</u>	<u>0.7</u>	<u>(90.2)</u>	<u>293.3</u>
Second lien:				
Closed end seconds	(31.9)	(3.2)	(5.3)	(40.4)
HELOC	(75.3)	2.4	(10.8)	(83.7)
Total second lien	<u>(107.2)</u>	<u>(0.8)</u>	<u>(16.1)</u>	<u>(124.1)</u>
Total U.S. RMBS	275.6	(0.1)	(106.3)	169.2
Other structured finance	61.6	(27.8)	(0.6)	33.2
Public finance	4.2	157.8	43.0	205.0
Total	<u>\$ 341.4</u>	<u>\$ 129.9</u>	<u>\$ (63.9)</u>	<u>\$ 407.4</u>

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

Assured Guaranty Municipal Corp.

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

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

	Future Net R&W Benefit at December 31, 2011	R&W Economic Loss Development During 1Q-12	R&W Recovered During 1Q-12	Future Net R&W Benefit at March 31, 2012
Financial Guaranty Insurance:				
Alt-A first lien	\$ 180.9	\$ 6.0	\$ (0.8)	\$ 186.1
Option ARMs	619.1	28.1	(17.4)	629.8
Subprime first lien ¹	100.6	(5.2)	-	95.4
Closed end seconds	117.5	(0.7)	-	116.8
HELOC	151.5	0.2	(37.3)	114.4
Total	\$ 1,169.6	\$ 28.4	\$ (55.5)	\$ 1,142.5
Credit derivatives	\$ -	\$ -	\$ -	\$ -

Financial Guaranty Insurance and Credit Derivatives U.S. RMBS Policies With R&W Benefit

	Number of Risks as of		Debt Service as of	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Financial Guaranty Insurance:				
Alt-A first lien	11	11	\$ 1,228.0	\$ 1,260.7
Option ARMs	9	10	1,122.3	1,239.6
Subprime first lien ¹	5	5	817.6	892.3
Closed end seconds	2	2	212.2	218.5
HELOC	6	12	690.7	2,171.5
Total	33	40	\$ 4,070.8	\$ 5,782.6
Credit derivatives	-	-	\$ -	\$ -

1. Includes net interest margin.

Assured Guaranty Municipal Corp.

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

Financial Guaranty Insurance Contracts and Credit Derivatives	Total Net Par Outstanding for BIG Transactions	1Q-12 Losses Incurred	Net Reserve and Credit Impairment	Net Salvage and Subrogation Assets	Net Expected Loss to be Expensed
U.S. RMBS					
First lien:					
Alt-A first lien	\$ 1,047.3	\$ 5.9	\$ 28.7	\$ 56.5	\$ 131.7
Option ARMs	830.9	46.7	102.0	131.5	140.1
Subprime first lien ¹	1,688.8	7.4	68.9	-	85.3
Total first lien	3,567.0	60.0	199.6	188.0	357.1
Second lien:					
Closed end seconds	807.9	(2.0)	(11.6)	67.1	95.5
HELOC	2,351.4	9.0	-	168.0	146.2
Total second lien	3,159.3	7.0	(11.6)	235.1	241.7
Total U.S. RMBS	6,726.3	67.0	188.0	423.1	598.8
Other structured finance	1,243.4	(22.6)	20.8	-	15.3
Public finance	3,506.5	150.8	235.3	58.8	30.4
Subtotal	11,476.2	195.2	444.1	481.9	644.5
Effect of consolidating FG VIEs	-	(5.4)	(48.8)	(220.1)	(208.3)
Total	\$ 11,476.2	\$ 189.8	\$ 395.3	\$ 261.8	\$ 436.2

	Insurance reserves	Credit Impairment on Credit Derivative Contracts ²	Reserve and Credit Impairment	Salvage and Subrogation Recoverable	Net
Gross	\$ 577.6	\$ 36.7	\$ 614.3	\$ 318.9	\$ 295.4
Less: Ceded	204.7	14.3	219.0	57.1 ³	161.9
Net	\$ 372.9	\$ 22.4	\$ 395.3	\$ 261.8	\$ 133.5

1. Includes net interest margin.

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

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

Assured Guaranty Municipal Corp.

Summary of Statutory Financial and Statistical Data

(dollars in millions)

	As of and for Three Months Ended March 31, 2012	Year Ended December 31,			
		2011	2010	2009	2008
Statutory Data					
Net income (loss)	\$ (104.2)	\$ 632.2	\$ 401.8	\$ 228.2	\$ (1,376.7)
Policyholders' surplus	\$ 1,058	\$ 1,227	\$ 993	\$ 909	\$ 711
Contingency reserve	2,066	1,881	1,585	1,323	1,282
Qualified statutory capital	3,124	3,108	2,578	2,232	1,993
Unearned premium reserve	2,276	2,172	2,298	2,392	2,520
Loss and LAE reserves	431	318	436	1,022	1,688
Total policyholders' surplus and reserves	5,831	5,598	5,312	5,646	6,201
Present value of installment premiums	517	523	691	783	963
Standby line of credit/stop loss	200	200	498	498	550
Excess of loss reinsurance facility	435	435	-	-	-
Total claims-paying resources	<u>\$ 6,983</u>	<u>\$ 6,756</u>	<u>\$ 6,501</u>	<u>\$ 6,927</u>	<u>\$ 7,714</u>
Financial Ratios Calculated Using Statutory Information					
Loss and LAE ratio ¹	297.0%	(26.7)%	47.0%	17.4%	480.2%
Expense ratio ²	43.2%	36.9%	32.5%	48.1%	9.1%
Combined ratio	<u>340.2%</u>	<u>10.2%</u>	<u>79.5%</u>	<u>65.5%</u>	<u>489.3%</u>
Other Financial Information (Statutory Basis)					
Net debt service outstanding (end of period)	\$ 481,836	\$ 466,415	\$ 516,080	\$ 568,594	\$ 631,886
Gross debt service outstanding (end of period)	640,181	656,435	715,938	755,360	834,426
Net par outstanding (end of period)	318,247	308,538	343,619	381,148	424,393
Gross par outstanding (end of period)	413,381	423,936	464,904	493,798	545,568
Ceded par to all Assured Guaranty companies	63,401	63,842	63,602	32,501	32,927
Ceded par to other companies	31,733	51,555	57,682	79,433	88,248
Ratios:					
Par insured to statutory capital	102:1	99:1	133:1	171:1	213:1
Capital ratio ³	154:1	150:1	200:1	255:1	317:1
Financial resources ratio ⁴	69:1	69:1	79:1	82:1	82:1
Gross debt service written:					
Public finance	\$ 4,581	\$ 26,302	\$ 43,115	\$ 4,202	\$ 85,666
Structured finance	-	-	-	-	5,193
Total gross debt service written	<u>\$ 4,581</u>	<u>\$ 26,302</u>	<u>\$ 43,115</u>	<u>\$ 4,202</u>	<u>\$ 90,859</u>

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

Glossary

Net Par Outstanding and Internal Ratings

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

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

Performance Indicators

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

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

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

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

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

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

Sectors

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

Public Finance:

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

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

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

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

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

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

Glossary (continued)

Sectors (continued)

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

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

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

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

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

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

Structured Finance:

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

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

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

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

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

Financial Products is the guaranteed investment contracts ("GICs") portion of the former Financial Products Business of AGMH. AGM has issued financial guaranty insurance policies on the GICs and in respect of the GICs business that cannot be revoked or cancelled. Assured Guaranty is indemnified against exposure to the former financial products business by Dexia SA and certain of its affiliates. In addition, the French and Belgian governments have issued guaranties in respect of the GICs portion of the financial products business. The financial products business is currently being run off.

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

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

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

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

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

Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

Non-GAAP Financial Measures (continued)

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

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

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

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

ASSURED GUARANTY[®]

MUNICIPAL

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
(212) 974-0100
www.assuredguaranty.com

Contacts:

Equity and Fixed Income Investors:

Robert Tucker
Managing Director, Investor Relations and Corporate Communications
(212) 339-0861
rtucker@assuredguaranty.com

Michael Walker
Managing Director, Fixed Income Investor Relations
(212) 261-5575
mwalker@assuredguaranty.com

Ross Aron
Vice President, Equity Investor Relations
(212) 261-5509
raron@assuredguaranty.com

Media:

Ashweeta Durani
Vice President, Corporate Communications
(212) 408-6042
adurani@assuredguaranty.com