

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Corp.

June 30, 2012



**Assured Guaranty Corp.
June 30, 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 Reports on Form 10-Q for the quarterly periods ended March 31, 2012 and June 30, 2012. For the purposes of this financial supplement, all references to the "Company" shall mean Assured Guaranty Corp ("AGC") and its consolidated entities.

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

Cautionary Statement Regarding Forward Looking Statements:

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

Assured Guaranty Corp.

Selected Financial Highlights

(dollars in millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011 ¹	2012	2011 ¹
Operating income reconciliation:				
Operating income	\$ 29.3	\$ 9.2	\$ 48.9	\$ 41.1
Plus after-tax adjustments:				
Realized gains (losses) on investments	0.5	1.0	(0.4)	1.0
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	110.7	(46.8)	(241.1)	(192.2)
Fair value gains (losses) on committed capital securities	1.0	0.2	(4.5)	0.4
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense ("LAE") reserves	(0.7)	0.5	(0.8)	1.0
Effect of consolidating financial guaranty variable interest entities ("FG VIEs")	67.6	(46.2)	60.7	(38.8)
Net income (loss)	\$ 208.4	\$ (82.1)	\$ (137.2)	\$ (187.5)
Return on equity ("ROE") calculations ²:				
ROE, excluding unrealized gain (loss) on investment portfolio	84.7%	(36.7)%	(23.6)%	(39.3)%
Operating ROE	7.6%	2.3%	6.4%	5.4%
New Business:				
Gross par written	\$ 12	\$ 869	\$ 1,811	\$ 967
Present value of new business production ("PVP") ³	\$ 0.1	\$ 6.5	\$ 22.1	\$ 7.6
	As of:			
	June 30,	December 31,		
	2012	2011¹		
Reconciliation of shareholder's equity to adjusted book value:				
Shareholder's equity	\$ 1,163.5	\$ 1,340.1		
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(19.7)	(79.9)		
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(463.2)	(208.7)		
Fair value gains (losses) on committed capital securities	15.8	20.3		
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	96.0	80.9		
Operating shareholder's equity	\$ 1,534.6	\$ 1,527.5		
After-tax adjustments:				
Less: Deferred acquisition costs	(15.6)	(13.4)		
Plus: Net present value of estimated net future credit derivative revenue	128.3	146.7		
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	510.0	532.1		
Adjusted book value	\$ 2,188.5	\$ 2,219.7		
Other information				
Net debt service outstanding	\$ 148,486	\$ 154,314		
Net par outstanding	101,052	105,033		
Claims-paying resources ⁴	3,880	3,924		

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was a decrease in net loss of \$0.8 million and \$0.8 million for the three and six months ended June 30, 2011, respectively, and a decrease to shareholder's equity and operating shareholder's equity of \$47.7 million as of December 31, 2011.

2. Quarterly ROE calculations represent annualized returns.

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

4. See page 6 for additional detail on claims paying resources.

Assured Guaranty Corp.

Consolidated Statements of Operations (unaudited)

(in millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011 ¹	2012	2011 ¹
Revenues:				
Net earned premiums	\$ 26.2	\$ 24.6	\$ 46.5	\$ 53.3
Net investment income	24.6	24.6	49.2	49.1
Net realized investment gains (losses)	0.8	0.1	(0.6)	0.1
Net change in fair value of credit derivatives:				
Realized gains and other settlements	(12.4)	(18.7)	(64.5)	(8.3)
Net unrealized gains (losses)	195.1	(54.5)	(277.8)	(289.8)
Net change in fair value of credit derivatives	182.7	(73.2)	(342.3)	(298.1)
Fair value gains (losses) on committed capital securities	1.6	0.3	(6.9)	0.6
Fair value gains (losses) on FG VIEs	102.5	(68.8)	96.6	(59.3)
Other income	(1.5)	1.1	(1.4)	2.4
Total revenues	336.9	(91.3)	(158.9)	(251.9)
Expenses:				
Loss and loss adjustment expenses	-	18.2	15.8	(0.2)
Amortization of deferred acquisition costs	1.2	1.2	3.2	1.9
Interest expense	3.7	3.7	7.5	7.5
Other operating expenses	17.7	18.4	38.1	39.1
Total expenses	22.6	41.5	64.6	48.3
Income (loss) before income taxes	314.3	(132.8)	(223.5)	(300.2)
Provision (benefit) for income taxes	105.9	(50.7)	(86.3)	(112.7)
Net income (loss)	\$ 208.4	\$ (82.1)	\$ (137.2)	\$ (187.5)
Less after-tax adjustments:				
Realized gains (losses) on investments	0.5	1.0	(0.4)	1.0
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	110.7	(46.8)	(241.1)	(192.2)
Fair value gains (losses) on committed capital securities	1.0	0.2	(4.5)	0.4
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(0.7)	0.5	(0.8)	1.0
Effect of consolidating FG VIEs	67.6	(46.2)	60.7	(38.8)
Operating income	\$ 29.3	\$ 9.2	\$ 48.9	\$ 41.1
Effect of refundings and accelerations, net				
Earned premiums from refundings and accelerations, net	\$ 8.7	\$ 4.2	\$ 12.8	\$ 11.0
Operating income effect	4.7	2.2	7.3	6.4

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was a decrease in net loss of \$0.8 million and \$0.8 million for the three and six months ended June 30, 2011, respectively.

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

Assured Guaranty Corp.

Net Income (Loss) Reconciliation to Operating Income (1 of 2)

(in millions)

	Three Months Ended June 30, 2012			Three Months Ended June 30, 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	\$ 26.2	\$ (0.4) ⁽²⁾	\$ 26.6	\$ 24.6	\$ (0.4) ⁽²⁾	\$ 25.0
Net investment income	24.6	(0.2) ⁽²⁾	24.8	24.6	(0.4) ⁽²⁾	25.0
Net realized investment gains (losses)	0.8	0.8 ⁽³⁾	-	0.1	0.1 ⁽³⁾	-
Net change in fair value of credit derivatives:						
Realized gains and other settlements	(12.4)	(12.4)	-	(18.7)	(18.7)	-
Net unrealized gains (losses)	195.1	195.1	-	(54.5)	(54.5)	-
Credit derivative revenues	-	(14.7)	14.7	-	(18.8)	18.8
Net change in fair value of credit derivatives	182.7	168.0 ⁽⁴⁾	14.7	(73.2)	(92.0) ⁽⁴⁾	18.8
Fair value gain (loss) on committed capital securities	1.6	1.6 ⁽⁵⁾	-	0.3	0.3 ⁽⁵⁾	-
Fair value of gains (losses) on FG VIEs	102.5	102.5 ⁽²⁾	-	(68.8)	(68.8) ⁽²⁾	-
Other income	(1.5)	(1.0) ⁽⁶⁾	(0.5)	1.1	19.6 ⁽⁶⁾	(18.5)
Total revenues	336.9	271.3	65.6	(91.3)	(141.6)	50.3
Expenses:						
Loss expense:						
Financial guaranty insurance	-	(1.9) ⁽²⁾	1.9	18.2	1.5 ⁽²⁾	16.7
Credit derivatives	-	(2.3) ⁽⁴⁾	2.3	-	(2.6) ⁽⁴⁾	2.6
Amortization of deferred acquisition costs	1.2	-	1.2	1.2	-	1.2
Interest expense	3.7	-	3.7	3.7	-	3.7
Other operating expenses	17.7	-	17.7	18.4	-	18.4
Total expenses	22.6	(4.2)	26.8	41.5	(1.1)	42.6
Income (loss) before income taxes	314.3	275.5	38.8	(132.8)	(140.5)	7.7
Provision (benefit) for income taxes	105.9	96.4 ⁽⁷⁾	9.5	(50.7)	(49.2) ⁽⁷⁾	(1.5)
Net income (loss)	\$ 208.4	\$ 179.1	\$ 29.3	\$ (82.1)	\$ (91.3)	\$ 9.2

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was a decrease in net loss and an increase in operating income of \$0.8 million for the three months ended June 30, 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 remeasurement of net premiums receivable and reclassification of termination fees on credit derivative contracts.
7. Tax effect of the above adjustments.

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

Assured Guaranty Corp.

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

(in millions)

	Six Months Ended June 30, 2012			Six Months Ended June 30, 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	\$ 46.5	\$ (1.2) (2)	\$ 47.7	\$ 53.3	\$ (0.3) (2)	\$ 53.6
Net investment income	49.2	(1.0) (2)	50.2	49.1	(0.7) (2)	49.8
Net realized investment gains (losses)	(0.6)	(0.6) (3)	-	0.1	0.1 (3)	-
Net change in fair value of credit derivatives:						
Realized gains and other settlements	(64.5)	(64.5)	-	(8.3)	(8.3)	-
Net unrealized gains (losses)	(277.8)	(277.8)	-	(289.8)	(289.8)	-
Credit derivative revenues	-	(30.7)	30.7	-	(42.1)	42.1
Net change in fair value of credit derivatives	(342.3)	(373.0) (4)	30.7	(298.1)	(340.2) (4)	42.1
Fair value gain (loss) on committed capital securities	(6.9)	(6.9) (5)	-	0.6	0.6 (5)	-
Fair value of gains (losses) on FG VIEs	96.6	96.6 (2)	-	(59.3)	(59.3) (2)	-
Other income	(1.4)	(1.0) (6)	(0.4)	2.4	20.3 (6)	(17.9)
Total revenues	(158.9)	(287.1)	128.2	(251.9)	(379.5)	127.6
Expenses:						
Loss expense:						
Financial guaranty insurance	15.8	1.1 (2)	14.7	(0.2)	(0.7) (2)	0.5
Credit derivatives	-	(2.1) (4)	2.1	-	(27.1) (4)	27.1
Amortization of deferred acquisition costs	3.2	-	3.2	1.9	-	1.9
Interest expense	7.5	-	7.5	7.5	-	7.5
Other operating expenses	38.1	-	38.1	39.1	-	39.1
Total expenses	64.6	(1.0)	65.6	48.3	(27.8)	76.1
Income (loss) before income taxes	(223.5)	(286.1)	62.6	(300.2)	(351.7)	51.5
Provision (benefit) for income taxes	(86.3)	(100.0) (7)	13.7	(112.7)	(123.1) (7)	10.4
Net income (loss)	\$ (137.2)	\$ (186.1)	\$ 48.9	\$ (187.5)	\$ (228.6)	\$ 41.1

1. Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was a decrease in net loss and an increase in operating income of \$0.8 million for the six months ended June 30, 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 remeasurement of net premiums receivable and reclassification of termination fees on credit derivative contracts.
7. Tax effect of the above adjustments.

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

Assured Guaranty Corp.

Consolidated Balance Sheets (unaudited)

(in millions)

	As of	
	June 30, 2012	December 31, 2011 ¹
Assets:		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 2,734.7	\$ 2,748.8
Short-term investments, at fair value	160.4	151.9
Other invested assets	47.6	12.5
Total investment portfolio	<u>2,942.7</u>	<u>2,913.2</u>
Cash	33.2	30.6
Premiums receivable	225.1	231.9
Ceded unearned premium reserve	361.6	364.4
Reinsurance recoverable on unpaid losses	140.8	132.4
Salvage and subrogation recoverable	50.0	49.7
Credit derivative assets	277.7	305.9
Deferred tax asset, net	298.7	209.1
Current income tax receivable	8.9	-
FG VIE assets, at fair value	780.7	762.5
Other assets	107.6	105.2
Total assets	<u><u>\$ 5,227.0</u></u>	<u><u>\$ 5,104.9</u></u>
Liabilities and shareholder's equity:		
Liabilities:		
Unearned premium reserve	\$ 1,159.2	\$ 1,190.4
Loss and loss adjustment expense reserve	294.2	295.7
Reinsurance balances payable, net	81.9	92.7
Notes payable	300.0	300.0
Credit derivative liabilities	1,277.8	927.1
Current income tax payable	-	0.8
FG VIE liabilities with recourse, at fair value	468.6	470.8
FG VIE liabilities without recourse, at fair value	352.1	358.0
Other liabilities	129.7	129.3
Total liabilities	<u>4,063.5</u>	<u>3,764.8</u>
Shareholder's equity:		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,037.4	1,037.1
Retained earnings	21.8	213.9
Accumulated other comprehensive income	89.3	74.1
Total shareholder's equity	<u>1,163.5</u>	<u>1,340.1</u>
Total liabilities and shareholder's equity	<u><u>\$ 5,227.0</u></u>	<u><u>\$ 5,104.9</u></u>

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

Assured Guaranty Corp.

Claims Paying Resources

(dollars in millions)

	As of:	
	June 30, 2012	December 31, 2011
Claims paying resources		
Policyholders' surplus	\$ 947	\$ 1,021
Contingency reserve	766	691
Qualified statutory capital	1,713	1,712
Unearned premium reserve	804	826
Loss and loss adjustment expense reserve ^{1,2}	353	345
Total policyholders' surplus and reserves	2,870	2,883
Present value of installment premium ²	375	406
Standby line of credit/stop loss	200	200
Excess of loss reinsurance facility ³	435	435
Total claims paying resources	\$ 3,880	\$ 3,924
Net par outstanding ⁴	\$ 100,607	\$ 104,977
Net debt service outstanding ⁴	\$ 147,993	\$ 154,252
Ratios:		
Net par outstanding to qualified statutory capital	59:1	61:1
Capital ratio ⁵	86:1	90:1
Financial resources ratio ⁶	38:1	39:1

1. Reserves as of June 30, 2012 and December 31, 2011 are reduced by approximately \$0.3 billion and \$0.3 billion, respectively, for the benefit related to representation and warranty recoverables.

2. Includes financial guaranty insurance and credit derivatives.

3. Effective as of January 1, 2012, the Company entered into a new \$435 million excess of loss reinsurance facility for the benefit of AGM and AGC, and has been included in total claims paying resources as of December 31, 2011.

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

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

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

Assured Guaranty Corp.

New Business Production
(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Consolidated new business production analysis:				
PVP				
Public finance - U.S.:				
Assumed from Radian	\$ -	\$ -	\$ 21.9	\$ -
Primary markets	0.1	0.9	0.2	1.5
Secondary markets	-	0.3	-	0.8
Public finance - non-U.S.:				
Primary markets	-	-	-	-
Secondary markets	-	-	-	-
Structured finance - U.S.	-	5.3	-	5.3
Structured finance - non-U.S.	-	-	-	-
Total PVP	\$ 0.1	\$ 6.5	\$ 22.1	\$ 7.6
Total PVP	\$ 0.1	\$ 6.5	\$ 22.1	\$ 7.6
Less: PVP of credit derivatives	-	-	-	-
PVP of financial guaranty insurance	0.1	6.5	22.1	7.6
Less: Financial guaranty installment premium PVP	0.1	4.1	0.1	4.2
Total: Financial guaranty upfront gross written premiums	-	2.4	22.0	3.4
Plus: Financial guaranty installment gross written premiums ¹	1.3	(16.2)	11.4	(36.0)
Total gross written premiums	\$ 1.3	\$ (13.8)	\$ 33.4	\$ (32.6)
Consolidated financial guaranty gross par written:				
Public finance - U.S.:				
Assumed from Radian	\$ -	\$ -	\$ 1,797	\$ -
Primary markets	12	128	14	205
Secondary markets	-	16	-	37
Public finance - non-U.S.:				
Primary markets	-	-	-	-
Secondary markets	-	-	-	-
Structured finance - U.S.	-	725	-	725
Structured finance - non-U.S.	-	-	-	-
Total	\$ 12	\$ 869	\$ 1,811	\$ 967

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

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

Assured Guaranty Corp.

Financial Guaranty Gross Par Written

(dollars in millions)

Financial Guaranty Gross Par Written by Asset Type

	Three Months Ended June 30, 2012		Six Months Ended June 30, 2012	
	Gross Par Written	Avg. Internal Rating	Gross Par Written	Avg. Internal Rating
Sector:				
U.S. public finance:				
General obligation	\$ -	-	\$ 1,421	BBB
Municipal utilities	-	-	114	BBB+
Healthcare	-	-	109	A
Higher education	-	-	68	A-
Tax backed	-	-	56	BBB
Transportation	-	-	31	BBB+
Other public finance	12	A	12	A
Total U.S. public finance	12	A	1,811	BBB
Non-U.S. public finance:				
Total non-U.S. public finance	-	-	-	-
Total public finance	\$ 12	A	\$ 1,811	BBB
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	\$ 12	A	\$ 1,811	BBB

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

Assured Guaranty Corp.

Available-for-Sale Investment Portfolio and Cash

As of June 30, 2012

(dollars in millions)

Investment portfolio, available-for-sale:	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income ¹
Fixed maturity securities:					
U.S. Treasury securities and obligations of U.S. government agencies	\$ 272.9	2.18%	1.41%	\$ 286.3	\$ 5.9
Agency obligations	144.4	2.95%	1.92%	155.2	4.3
Obligations of states and political subdivisions	1,387.1	3.97%	3.74%	1,492.0	55.1
Insured obligations of state and political subdivisions ²	307.2	4.73%	4.48%	333.8	14.5
Corporate securities	156.8	4.02%	2.61%	167.2	6.3
Mortgage-backed securities ("MBS")					
Residential MBS ("RMBS") ^{3,4}	138.8	6.58%	4.28%	116.4	9.1
Commercial MBS ("CMBS")	73.0	5.04%	3.28%	79.3	3.7
Asset-backed securities ⁵	39.2	8.17%	5.31%	28.0	3.2
Foreign government securities	79.7	3.55%	2.31%	88.8	2.8
Total fixed maturity securities	2,599.1	4.04%	3.41%	2,747.0	104.9
Short-term investments	160.4	0.08%	0.05%	160.4	0.1
Cash ⁶	28.4	-	-	28.4	-
Total	\$ 2,787.9	3.81%	3.22%	\$ 2,935.8	\$ 105.0
Less: FG VIEs	9.4	14.81%	9.63%	7.5	1.4
Total	\$ 2,778.5	3.75%	3.18%	\$ 2,928.3	\$ 103.6

Ratings⁷:

	Fair Value	% of Portfolio
U.S. Treasury securities and obligations of U.S. government agencies	\$ 286.3	10.4%
Agency obligations	155.2	5.7%
AAA/Aaa	422.3	15.4%
AA/Aa	1,491.4	54.3%
A/A	326.3	11.9%
BBB	0.8	0.0%
Below investment grade ("BIG") ⁸	50.8	1.8%
Not rated ⁸	13.9	0.5%
Total fixed maturity securities available-for-sale	\$ 2,747.0	100.0%
Less: FG VIEs	12.3	
Total fixed maturity securities available-for-sale	\$ 2,734.7	

Duration of available-for-sale investment portfolio (in years): 5.5

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 \$10.9 million in U.S. subprime RMBS, which has an average rating of BIG.
4. Includes investments purchased for loss mitigation purposes.
5. Contains no collateralized debt obligations ("CDOs") of asset-backed securities ("ABS").
6. Represents operating cash and is not included in yield calculations.
7. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or risk management strategies which use internal ratings classifications.
8. Included in the investment portfolio are securities purchased or obtained as part of loss mitigation or other risk management strategies of \$255.1 million in par with carrying value of \$51.5 million.

Assured Guaranty Corp.

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

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance ²			Future Credit Derivative Revenues ⁴	Total
			Expected PV Net Earned Premiums ³	Accretion of Discount	Future Net Earned Premiums		
2012 (as of June 30)		\$ 148,486					
2012 Q3	2,445	146,041	\$ 16.4	\$ 1.1	\$ 17.5	\$ 11.8	\$ 29.3
2012 Q4	3,037	143,004	15.9	1.0	16.9	10.9	27.8
2013	10,321	132,683	60.7	3.9	64.6	38.8	103.4
2014	13,636	119,047	59.3	3.5	62.8	28.9	91.7
2015	12,265	106,782	55.2	3.2	58.4	21.0	79.4
2016	9,079	97,703	51.2	2.9	54.1	16.0	70.1
2012-2016	50,783	97,703	258.7	15.6	274.3	127.4	401.7
2017-2021	29,521	68,182	207.9	11.0	218.9	54.9	273.8
2022-2026	24,993	43,189	143.6	6.8	150.4	32.7	183.1
2027-2031	17,477	25,712	94.4	4.2	98.6	24.4	123.0
After 2031	25,712	-	93.0	2.0	95.0	21.0	116.0
Total	\$ 148,486		\$ 797.6	\$ 39.6	\$ 837.2	\$ 260.4	\$ 1,097.6

1. Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of June 30, 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 \$8.8 million in expected present value of net earned premiums related to FG VIEs.
4. Excludes contracts with credit impairment.

Assured Guaranty Corp.

Present Value ("PV") of Financial Guaranty Insurance Net Expected Loss to be Expensed
As of June 30, 2012
(in millions)

	Net Expected Loss to be Expensed ¹	
	Operating ²	GAAP ²
2012 Q3	\$ 0.6	\$ 0.4
2012 Q4	0.6	0.4
2013	2.0	1.4
2014	1.8	1.3
2015	1.6	1.2
2016	1.5	1.1
2012-2016	8.1	5.8
2017-2021	5.7	4.5
2022-2026	3.7	3.5
2027-2031	2.6	2.5
After 2031	1.8	1.7
Total expected PV of net expected loss to be expensed	21.9	18.0
Discount	30.5	17.8
Total future value	\$ 52.4	\$ 35.8

1. The expected present value of net loss to be expensed is discounted by weighted-average risk free rates ranging from 0.0% to 3.04% for U.S. dollar denominated obligations.
2. Operating income includes net expected loss to be expensed on consolidated FG VIEs. Losses on consolidated FG VIEs are eliminated for GAAP.

Assured Guaranty Corp.

Financial Guaranty Profile (1 of 4)

(dollars in millions)

Net Par Outstanding and Average Rating by Asset Type

	June 30, 2012		December 31, 2011	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	\$ 24,301	A	\$ 24,118	A
Tax backed	10,903	A	11,055	A
Municipal utilities	8,397	A	8,722	A-
Transportation	6,202	A	6,342	A
Healthcare	4,495	A	4,688	A
Higher education	3,361	A	3,340	A
Infrastructure finance	981	BBB	981	BBB
Investor-owned utilities	476	A-	491	A-
Housing	181	A+	184	A+
Other public finance	1,646	A	1,717	A
Total U.S. public finance	60,943	A	61,638	A
Non-U.S. public finance:				
Pooled infrastructure	1,618	AA	1,632	AA
Infrastructure finance	1,183	BBB	1,207	BBB
Regulated utilities	948	A-	996	A-
Other public finance	78	A+	77	A+
Total non-U.S. public finance	3,827	A	3,912	A
Total public finance	\$ 64,770	A	\$ 65,550	A
U.S. structured finance:				
Pooled corporate obligations	\$ 14,877	AA	\$ 16,392	AA
RMBS	7,903	BBB-	8,491	BBB-
CMBS and other commercial real estate related exposures	3,422	AAA	3,607	AAA
Consumer receivables	1,773	AA-	2,116	AA
Commercial receivables	351	BBB+	529	BBB+
Insurance securitization	318	A+	318	A+
Structured credit	174	B-	213	B-
Other structured finance	282	A-	291	A-
Total U.S. structured finance	29,100	A+	31,957	A+
Non-U.S. structured finance:				
Pooled corporate obligations	5,749	AAA	5,781	AAA
Commercial receivables	805	A-	913	BBB+
Insurance securitizations	279	CCC-	278	CCC-
Structured credit	197	BBB	270	BBB
CMBS and other commercial real estate related exposures	72	AAA	135	AAA
RMBS	78	AAA	147	AAA
Other structured finance	2	A	2	A
Total non-U.S. structured finance	7,182	AA	7,526	AA
Total structured finance	\$ 36,282	AA-	\$ 39,483	AA-
Total net par outstanding	\$ 101,052	A	\$ 105,033	A

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

Assured Guaranty Corp.

Financial Guaranty Profile (2 of 4)

As of June 30, 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 Outstanding	%	Net Par Outstanding	%	Net Par Outstanding ¹	%	Net Par Outstanding	%	Net Par Outstanding	%
Super senior	\$ -	0.0%	\$ 726	19.0%	\$ 4,883	16.8%	\$ 1,894	26.4%	\$ 7,503	7.4%
AAA	167	0.3%	-	0.0%	11,415	39.2%	3,139	43.7%	14,721	14.6%
AA	9,169	15.0%	266	6.9%	2,049	7.0%	142	2.0%	11,626	11.5%
A	39,163	64.3%	1,279	33.4%	1,477	5.1%	412	5.7%	42,331	41.9%
BBB	11,500	18.9%	1,374	35.9%	2,389	8.2%	1,048	14.6%	16,311	16.1%
BIG	944	1.5%	182	4.8%	6,887	23.7%	547	7.6%	8,560	8.5%
Total net par outstanding	\$ 60,943	100.0%	\$ 3,827	100.0%	\$ 29,100	100.0%	\$ 7,182	100.0%	\$ 101,052	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			\$ 37,595	93.7%
Non-affiliated companies:				
American Overseas Reinsurance Company Limited ³	WR	WR	2,251	5.6%
Radian Asset Assurance Inc.	Ba1	B+	187	0.4%
Ambac Assurance Corporation	WR	WR	85	0.2%
Other	Various	Various	21	0.1%
Total non-affiliated companies			2,544	6.3%
Total			\$ 40,139	100.0%

- As of March 31, 2012, the Company 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 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 such first lien transactions.
- The affiliates of AGC are Assured Guaranty Re Ltd. and its subsidiaries rated A1 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 Corp.

Financial Guaranty Profile (3 of 4)

As of June 30, 2012

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

U.S.:	Net Par	
	Outstanding	% of Total
Public finance:		
Texas	\$ 7,361	7.3%
California	7,194	7.1%
New York	4,631	4.6%
Pennsylvania	4,347	4.3%
Florida	4,313	4.3%
Illinois	3,359	3.3%
New Jersey	2,494	2.5%
Alabama	1,856	1.8%
Puerto Rico	1,690	1.7%
Louisiana	1,622	1.6%
Other states	22,076	21.8%
Total U.S. public finance	60,943	60.3%
Structured finance (multiple states)	29,100	28.8%
Total U.S.	90,043	89.1%
Non-U.S.:		
United Kingdom	4,138	4.1%
Australia	1,001	1.0%
France	864	0.8%
Cayman Islands	821	0.8%
Germany	776	0.8%
Other	3,409	3.4%
Total non-U.S.	11,009	10.9%
Total net par outstanding	\$ 101,052	100.0%

Assured Guaranty Corp.

Financial Guaranty Profile (4 of 4)

As of June 30, 2012

(dollars in millions)

Net Economic Exposure to Selected European Countries

	Greece	Hungary	Ireland	Italy	Portugal	Spain	Total
Sovereign and sub-sovereign exposure:							
Public finance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
Infrastructure finance	-	28	17	50	64	23	182
Total sovereign and sub-sovereign exposure	-	28	17	50	64	23	182
Non-sovereign exposure:							
RMBS	-	3	-	-	-	-	3
Commercial receivables	-	1	15	21	12	14	63
Pooled corporate obligations	22	-	83	126	1	269	501
Total non-sovereign exposure	22	4	98	147	13	283	567
Total	\$ 22	\$ 32	\$ 115	\$ 197	\$ 77	\$ 306	\$ 749
Total BIG	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 7	\$ 11

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

Assured Guaranty Corp.

Direct Pooled Corporate Obligations Profile

As of June 30, 2012

(dollars in millions)

Distribution of Direct Pooled Corporate Obligations by Ratings

Ratings:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
Super senior	\$ 3,695	18.2%	39.6%	38.9%
AAA	12,231	60.2%	36.7%	32.2%
AA	450	2.2%	49.8%	48.9%
A	359	1.8%	51.5%	50.1%
BBB	1,190	5.9%	44.0%	34.3%
BIG	2,386	11.7%	45.8%	25.2%
Total exposures	\$ 20,311	100.0%	39.2%	33.4%

Distribution of Direct Pooled Corporate Obligations by Asset Class

Asset class:	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
CBOs/CLOs	\$ 13,409	66.0%	36.4%	34.7%	AAA
Market value CDOs of corporate	2,019	9.9%	44.0%	26.5%	AAA
Trust preferred					
Banks and insurance	2,342	11.5%	46.4%	31.7%	BBB-
European mortgage and real estate investment trusts	507	2.5%	37.3%	34.2%	BBB-
U.S. mortgage and real estate investment trusts	1,604	7.9%	49.9%	34.6%	BB
Synthetic investment grade pooled corporate	430	2.2%	30.0%	29.1%	Super Senior
Total exposures	\$ 20,311	100.0%	39.2%	33.4%	AA+

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

Assured Guaranty Corp.

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

As of June 30, 2012

(dollars in millions)

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

Ratings:	Prime First Lien	Closed End Seconds	HELOC	Alt-A First Lien	Option ARMs	Subprime First Lien	Total Net Par Outstanding
AAA	\$ 1	\$ 0	\$ 7	\$ 169	\$ -	\$ 992	\$ 1,169
AA	33	75	3	263	77	724	1,175
A	1	0	-	8	28	659	696
BBB	5	-	4	235	86	368	698
BIG	403	81	360	2,187	537	596	4,165
Total exposures	<u>\$ 443</u>	<u>\$ 157</u>	<u>\$ 375</u>	<u>\$ 2,862</u>	<u>\$ 727</u>	<u>\$ 3,339</u>	<u>\$ 7,903</u>

Distribution of U.S. RMBS by Year Insured¹ and Type of Exposure

Year insured:	Prime First Lien	Closed End Seconds	HELOC	Alt-A First Lien	Option ARMs	Subprime First Lien	Total Net Par Outstanding
2004 and prior	\$ 26	\$ 0	\$ 17	\$ 32	\$ 31	\$ 202	\$ 309
2005	111	-	143	244	19	11	528
2006	-	-	-	-	28	2,445	2,473
2007	306	157	214	1,573	588	681	3,519
2008	-	-	-	1,013	61	-	1,074
Total exposures	<u>\$ 443</u>	<u>\$ 157</u>	<u>\$ 375</u>	<u>\$ 2,862</u>	<u>\$ 727</u>	<u>\$ 3,339</u>	<u>\$ 7,903</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	\$ 75	\$ 43	\$ 34	\$ 108	\$ 49	\$ 309
2005	86	75	-	21	346	528
2006	917	704	625	134	94	2,473
2007	5	353	37	374	2,750	3,519
2008	86	-	-	61	927	1,074
Total exposures	<u>\$ 1,169</u>	<u>\$ 1,175</u>	<u>\$ 696</u>	<u>\$ 698</u>	<u>\$ 4,165</u>	<u>\$ 7,903</u>
% of total	14.8%	14.9%	8.8%	8.8%	52.7%	100.0%

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

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

Assured Guaranty Corp.

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

As of June 30, 2012

(dollars in millions)

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

U.S. Prime First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 111	34.3%	5.1%	1.6%	11.8%	6
2006	-	-	-	-	-	-
2007	306	47.6%	7.1%	4.8%	19.5%	1
2008	-	-	-	-	-	-
	<u>\$ 416</u>	<u>44.1%</u>	<u>6.5%</u>	<u>3.9%</u>	<u>17.5%</u>	<u>7</u>

U.S. Closed End Seconds

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	-	-	-	-	-	-
2007	157	20.8%	-	65.6%	7.4%	5
2008	-	-	-	-	-	-
	<u>\$ 157</u>	<u>20.8%</u>	<u>0.0%</u>	<u>65.6%</u>	<u>7.4%</u>	<u>5</u>

U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 143	15.3%	0.0%	22.5%	13.9%	2
2006	-	-	-	-	-	-
2007	214	28.5%	0.0%	44.3%	6.9%	2
2008	-	-	-	-	-	-
	<u>\$ 357</u>	<u>23.2%</u>	<u>0.0%</u>	<u>35.6%</u>	<u>9.7%</u>	<u>4</u>

U.S. Alt-A First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 244	33.2%	11.3%	4.4%	14.4%	13
2006	-	-	-	-	-	-
2007	1,573	46.7%	4.7%	12.8%	31.9%	8
2008	1,013	44.1%	20.8%	14.1%	29.5%	5
	<u>\$ 2,830</u>	<u>44.6%</u>	<u>11.0%</u>	<u>12.5%</u>	<u>29.5%</u>	<u>26</u>

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

Assured Guaranty Corp.

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

As of June 30, 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	\$ 19	18.3%	22.0%	5.5%	21.0%	1
2006	28	30.6%	1.7%	10.9%	26.4%	1
2007	588	49.3%	3.8%	14.4%	33.8%	5
2008	61	48.7%	13.9%	13.7%	32.5%	1
	<u>\$ 696</u>	<u>47.7%</u>	<u>5.1%</u>	<u>14.0%</u>	<u>33.0%</u>	<u>8</u>

U.S. Subprime First Lien

Year insured:	Net Par	Pool Factor	Subordination	Cumulative	60+ Day	Number of
	Outstanding			Losses	Delinquencies	
2005	\$ 11	16.2%	92.2%	13.9%	57.3%	1
2006	2,445	20.4%	62.6%	17.5%	35.9%	2
2007	681	29.6%	18.8%	25.4%	42.4%	4
2008	-	-	-	-	-	-
	<u>\$ 3,137</u>	<u>22.4%</u>	<u>53.2%</u>	<u>19.2%</u>	<u>37.4%</u>	<u>7</u>

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

Assured Guaranty Corp.

Consolidated U.S. Commercial Real Estate Profile

As of June 30, 2012

(dollars in millions)

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

U.S. CMBS

Rating:	Net Par	Pool Factor	Subordination	Cumulative	60+ Day	Number of
	Outstanding					
Super Senior	\$ 2,557	75.7%	38.6%	2.0%	8.9%	145
AAA	179	73.9%	28.0%	2.6%	12.4%	14
AA	-	-	-	-	-	-
A	92	34.3%	21.5%	2.0%	15.9%	1
BBB	-	-	-	-	-	-
BIG	-	-	-	-	-	-
Total exposures	\$ 2,828	74.2%	37.4%	2.0%	9.4%	160

CDOs of U.S. Commercial Real Estate and CMBS¹

	Net Par	% of Total	Avg. Initial Credit	Avg. Current
	Outstanding		Enhancement	Enhancement
CDOs of commercial real estate	\$ 505	88.3%	49.9%	53.8%
CDO of CMBS ²	67	11.7%	32.7%	74.9%
	\$ 572	100.0%	47.9%	56.3%

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

2. Relates to vintages 2003 and prior.

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

Assured Guaranty Corp.

Direct U.S. Consumer Receivables Profile

As of June 30, 2012

(dollars in millions)

Distribution of U.S. Consumer Receivables by Rating

Rating:	<u>Credit Cards</u>	<u>Student Loans</u>	<u>Auto</u>	<u>Total Net Par Outstanding</u>
AAA	\$ 0	\$ -	\$ 525	\$ 525
AA	-	333	128	461
A	-	-	-	-
BBB	-	696	-	696
BIG	-	-	-	-
Total exposures	<u>\$ 0</u>	<u>\$ 1,029</u>	<u>\$ 653</u>	<u>\$ 1,682</u>
Average rating	Super Senior	A	AAA	AA
Avg. initial credit enhancement	N/A	7.1%	50.9%	24.1%
Avg. current credit enhancement	N/A	10.1%	49.4%	25.4%

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

Assured Guaranty Corp.

Credit Derivative Net Par Outstanding Profile

As of June 30, 2012

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Ratings:	Net Par Outstanding	% of Total
Super senior	\$ 6,978	22.6%
AAA	12,741	41.2%
AA	1,673	5.4%
A	2,235	7.2%
BBB	2,242	7.2%
BIG	5,075	16.4%
Total credit derivative net par outstanding	\$ 30,944	100.0%

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

	Net Par Outstanding	Average Internal Rating
Public finance		
U.S. public finance	\$ 2	AA-
Non-U.S. public finance	2,564	A+
Total public finance	\$ 2,566	A+
U.S. structured finance:		
Pooled corporate obligations	\$ 12,386	AA
RMBS	6,072	BBB
CMBS	3,322	AAA
Consumer receivables	462	AA+
Commercial receivables	160	BBB-
Structured credit	121	CCC
Insurance securitizations	75	BBB
Other structured finance	95	AA-
Total U.S. structured finance	22,693	AA-
Non-U.S. structured finance:		
Pooled corporate obligations	5,167	AAA
Commercial receivables	334	A-
RMBS	75	AAA
CMBS	72	AAA
Insurance securitizations	30	CCC
Structured credit	7	BBB
Total non-U.S. structured finance	5,685	AAA
Total structured finance	\$ 28,378	AA
Total credit derivative net par outstanding	\$ 30,944	AA

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

Assured Guaranty Corp.

Below Investment Grade Exposures (1 of 3)

(in millions)

BIG Exposures by Asset Type:

	BIG Net Par Outstanding	
	June 30, 2012	December 31, 2011 ¹
U.S. public finance:		
Municipal utilities	\$ 267	\$ 272
Transportation	241	246
General obligation	189	143
Tax backed	163	128
Infrastructure finance	26	26
Higher education	11	11
Healthcare	9	9
Housing	0	0
Other public finance	38	38
Total U.S. public finance	<u>944</u>	<u>873</u>
Non-U.S. public finance:		
Infrastructure finance	182	193
Regulated utilities	0	9
Total non-U.S. public finance	<u>182</u>	<u>202</u>
Total public finance	<u>\$ 1,126</u>	<u>\$ 1,075</u>
U.S. structured finance:		
RMBS	\$ 4,165	\$ 4,526
Pooled corporate obligations	2,389	2,734
Structured credit	174	213
Consumer receivables	85	91
Commercial receivables	57	58
Other structured finance	17	18
Total U.S. structured finance	<u>6,887</u>	<u>7,640</u>
Non-U.S. structured finance:		
Insurance securitizations	278	279
Pooled corporate obligations	269	270
Total non-U.S. structured finance	<u>547</u>	<u>549</u>
Total structured finance	<u>\$ 7,434</u>	<u>\$ 8,189</u>
Total BIG net par outstanding	<u>\$ 8,560</u>	<u>\$ 9,264</u>

- As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. This reclassification resulted in a decrease of its RMBS net outstanding par rated BIG as of December 31, 2011 by \$377 million from that previously reported.

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

Assured Guaranty Corp.

Below Investment Grade Exposures (2 of 3)

(in millions)

Net Par Outstanding by BIG Category ¹

	Financial Guaranty Insurance and Credit Derivatives Surveillance Categories	
	June 30, 2012	December 31, 2011 ²
Category 1		
U.S. public finance	\$ 661	\$ 619
Non-U.S. public finance	182	202
U.S. structured finance	2,339	3,634
Non-U.S. structured finance	227	228
Total Category 1	3,409	4,683
Category 2		
U.S. public finance	34	35
Non-U.S. public finance	-	-
U.S. structured finance	2,245	1,644
Non-U.S. structured finance	41	42
Total Category 2	2,320	1,721
Category 3		
U.S. public finance	249	219
Non-U.S. public finance	-	-
U.S. structured finance	2,303	2,362
Non-U.S. structured finance	279	279
Total Category 3	2,831	2,860
BIG Total	\$ 8,560	\$ 9,264

1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below investment grade transactions showing sufficient deterioration to make lifetime losses possible, but for which none are currently expected. Transactions on which claims have been paid but are expected to be fully reimbursed (other than investment grade transactions on which only liquidity claims have been paid) are in this category. BIG Category 2: Below investment grade transactions for which lifetime losses are expected but for which no claims (other than liquidity claims) have yet been paid. BIG Category 3: Below investment grade transactions for which lifetime losses are expected and on which claims (other than liquidity claims) have been paid. Transactions remain in this category when claims have been paid and only a recoverable remains.
2. As of March 31, 2012, the Company has reclassified as AA 80% of the net par outstanding of those first lien transactions that are covered by the Bank of America Agreement and that the Company otherwise would have internally rated below AA. The Company reclassified those amounts as AA exposure due to the eligible assets that Bank of America has placed in trust in order to collateralize its reimbursement obligation relating to the covered first lien transactions. This reclassification resulted in a decrease of its RMBS net outstanding par rated BIG as of December 31, 2011 by \$377 million from that previously reported.

Assured Guaranty Corp.

Below Investment Grade Exposures (3 of 3)

As of June 30, 2012

(dollars in millions)

BIG Exposures Greater Than \$50 Million

Name or description	Net Par	Internal	Current Credit
U.S. public finance:	<u>Outstanding</u>	<u>Rating</u>	<u>Enhancement</u>
San Joaquin Hills California Transportation	\$ 241	BB-	N/A
Jefferson County Alabama Sewer	183	D	N/A
Detroit (City of) Michigan	74	BB+	N/A
Orlando Tourist Development Tax - Florida	57	BB+	N/A
Woonsocket (City of), Rhode Island	54	BB	N/A
Total	\$ 609		
Non-U.S. public finance:			
Reliance Rail Finance Pty. Limited	117	BB	N/A
Total	\$ 117		
U.S. RMBS structured finance:			
U.S. RMBS:			
Deutsche Alt-A Securities Mortgage Loan 2007-2	\$ 463	CCC	0.0%
MortgageIT Securities Corp. Mortgage Loan 2007-2	306	B	7.1%
Deutsche Alt-A Securities Mortgage Loan 2007-3	294	B	2.6%
Private Residential Mortgage Transaction	293	CCC	10.3%
Private Residential Mortgage Transaction	287	B	12.1%
Private Residential Mortgage Transaction	282	BB	17.3%
Private Residential Mortgage Transaction	266	CCC	7.7%
AAA Trust 2007-2	245	CCC	18.6%
Private Residential Mortgage Transaction	226	BB	17.0%
Countrywide Home Equity Loan Trust 2007-D	205	CCC	0.0%
Private Residential Mortgage Transaction	132	BB	27.5%
Countrywide Home Equity Loan Trust 2005-J	123	CCC	0.0%
Lehman Excess Trust 2007-16N	88	CCC	0.0%
Taylor Bean & Whitaker 2007-2	75	CCC	0.0%
MASTR Asset-Backed Securities Trust 2005-NC2	65	CCC	-
CWALT Alternative Loan Trust 2007-HY9	50	B	2.5%
Total U.S. RMBS	\$ 3,400		
Other:			
Taberna Preferred Funding IV, LTD.	\$ 219	CCC	24.0%
Taberna Preferred Funding III, LTD.	215	CCC	16.0%
Alesco Preferred Funding XVI, LTD.	213	B+	5.6%
Alesco Preferred Funding XVII, LTD.	170	B+	15.3%
Taberna Preferred Funding II, LTD.	167	CCC	22.6%
Attentus CDO I Limited	148	BB	34.8%
Trapeza CDO XI	142	BB-	31.9%
Weinstein Film Securitization	121	CCC	N/A
Preferred Term Securities XIX, LTD.	120	BB+	30.8%
Taberna Preferred Funding VI, LTD.	114	CCC	18.3%
Alesco Preferred Funding VI	111	BB+	30.8%
US Capital Funding IV, LTD.	107	B-	15.0%
Trapeza CDO X, LTD.	100	BB-	34.1%
Alesco Preferred Funding VII	98	BB+	32.2%
Taberna Preferred Funding VIII, LTD.	97	BB	45.8%
Preferred Term Securities XVI, LTD.	97	B	23.3%
Taberna Preferred Funding VIII, LTD.	95	BB	45.8%
CAPCO - Excess SIPC Excess of Loss Reinsurance	54	BB	N/A
Total other	\$ 2,388		
Total	\$ 6,514		
Non-U.S. structured finance:			
Orkney Re II, Plc	\$ 149	CCC	N/A
Ballantyne Re Plc	130	CC	N/A
Augusta Funding Limited 07 Perpetual Note Issue	81	BB	N/A
Augusta Funding Limited 05 Perpetual Note Issue	80	BB	N/A
Total	\$ 440		
Total	\$ 6,954		

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

Assured Guaranty Corp.

Largest Exposures by Sector (1 of 4)

As of June 30, 2012

(dollars in millions)

50 Largest U.S. Public Finance Exposures

Credit name:	<u>Net Par Outstanding</u>	<u>Internal Rating</u>
California (State of)	\$ 965	A-
North Texas Tollway Authority	784	A
Miami-Dade County Florida Aviation Authority - Miami International Airport	680	A
Puerto Rico Public Finance Corporation - Commonwealth Appropriation	647	BBB-
Miami-Dade County Florida School Board	642	A-
Philadelphia (City of) Pennsylvania	639	BBB
Georgia Board of Regents	584	A
Pennsylvania Turnpike Commission	568	A
New Jersey (State of)	523	A+
Puerto Rico Highway and Transportation Authority	480	BBB
Houston Texas Water and Sewer Authority	476	AA-
New York (City of) New York	467	AA
Dade County, Florida General Obligation	389	A
New York MTA Transportation Authority	370	A
Michigan (State of)	367	A+
Chicago-O'Hare International Airport	350	A
Denver (City and County of) Colorado Airport Revenue Bonds	339	A+
Metro Wash Airports Authority Dulles Toll Road	311	BBB+
Dormitory Authority of the State of New York School District	309	A+
The Indianapolis Local Public Improvement Bond Bank, Indiana	304	A+
New York (State of)	303	AA
Puerto Rico Aqueduct & Sewer Authority	288	BBB-
Chicago Illinois Public Schools	277	A+
San Francisco Airports Commission	275	A+
American Municipal Power, Inc.	269	A
Kentucky (Commonwealth of)	261	A+
North Carolina Eastern Municipal Power Agency	257	BBB+
Louisville Arena Authority Inc.	249	BBB-
Dallas (City of) Texas Civic Center Convention Complex	242	A
San Joaquin Hills California Transportation	241	BB-
Chicago Transit Authority Capital Grant Receipts	240	A
Long Island Power Authority	225	A-
New Jersey Higher Education Student Assistance 2008-A	223	A
Virtua Health - New Jersey	221	A
Port Authority of New York and New Jersey	218	AA-
Orange County Schools, Florida	218	A+
Oakland (City of) California General Obligation	211	A
Yankee Stadium LLC (New York City Industrial Development Authority)	211	BBB-
Piedmont Municipal Power Authority - South Carolina	210	A-
North Carolina Turnpike Authority - Triangle Expressway	209	BBB-
Nassau County, New York	207	A
Florida (State of) Department of Environmental Protection	206	A+
District of Columbia Water and Sewer Authority Public Utility Bonds	202	A+
Louisiana (State of)	201	AA
Orlando Tourist Development Tax - Florida	190	A
Iowa Health System	188	A+
Jefferson County Alabama Sewer	183	D
Matanuska-Sustina Borough, AK	175	A+
Indianapolis Gas Utility Revenue Stream	165	A
CHRISTUS Health	164	A+
Total top 50 U.S. public finance exposures	\$ 16,923	

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

Assured Guaranty Corp.

Largest Exposures by Sector (2 of 4)

As of June 30, 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>
Private Consumer Receivable Transaction	\$ 525	Super Senior	53.4%
280 Funding I	495	AAA	38.1%
ARES Enhanced Credit Opportunities Fund	466	AAA	32.1%
Deutsche Alt-A Securities Mortgage Loan 2007-2	463	CCC	0.0%
SLM Private Credit Student Trust 2007-A	375	BBB	13.2%
KKR Financial CLO 2007-1	341	AAA	51.6%
SLM Private Credit Student Loan Trust 2007-6	333	AAA	3.9%
Symphony Credit Opportunities Fund	309	AAA	25.3%
ARES Enhanced Credit Opportunities Fund	308	AAA	32.1%
MortgageIT Securities Corp. Mortgage Loan 2007-2	306	B	7.1%
Deutsche Alt-A Securities Mortgage Loan 2007-3	294	B	2.6%
Private Residential Mortgage Transaction	293	CCC	10.3%
Private Residential Mortgage Transaction	287	B	12.1%
Private Residential Mortgage Transaction	282	BB	17.3%
SLM Private Credit Student Loan Trust 2006-C	267	BBB	12.2%
Private Residential Mortgage Transaction	266	CCC	7.7%
Southfork CLO LTD. Series 2005-A1	265	AAA	31.1%
Fortress Credit Funding III	257	AAA	58.8%
CWALT Alternative Loan Trust 2007-HY9	251	AA	2.5%
AAA Trust 2007-2	245	CCC	18.6%
Alesco Preferred Funding XIV	242	BBB-	30.6%
Newstar Credit Opportunities Funding II LTD.	231	AAA	28.9%
Private Residential Mortgage Transaction	226	BB	17.0%
CDX.NA.IG.4 7-YR 30-100%	225	Super Senior	29.1%
Kingsland IV	224	AAA	22.2%
RAIT Preferred Funding II, LTD.	223	AA	48.9%
Taberna Preferred Funding IV, LTD.	219	CCC	24.0%
Kingsland V	219	AAA	26.2%
Foothill CLO I, LTD.	217	AAA	29.0%
Taberna Preferred Funding III, LTD.	215	CCC	16.0%
Alesco Preferred Funding XVI, LTD.	213	B+	5.6%
US CLO	213	Super Senior	34.6%
Goldentree Credit Opportunities Second Financing	207	AAA	28.7%
HSAM LONG/SHORT 2007-3	206	AAA	26.6%
Countrywide Home Equity Loan Trust 2007-D	205	CCC	0.0%
CDX.NA.IG.8 7-YR 30-100%	205	Super Senior	29.2%
CENT CDO XI Limited	204	AAA	24.0%
CRATOS CLO I	200	AAA	33.0%
MAC Capital, LTD.	191	AAA	37.9%
Kodiak CDO II	187	AA	52.5%
Comstock Funding LTD.	181	AAA	33.0%
Fortress Credit Investments II	177	AAA	34.4%
ARES NF CLO XIV (FKA Navigare Funding II, CLO LTD.)	172	AAA	24.0%
Mountain View Funding CLO 2006-1, LTD.	171	AAA	22.6%
Alesco Preferred Funding XVII, LTD.	170	B+	15.3%
Baker Street Funding CLO 2005-1	169	AAA	23.0%
NACM CLO I	169	AAA	23.1%
ARES Enhanced Credit Opportunities Fund	169	AAA	32.1%
Mountain View CLO II	167	AAA	23.7%
Taberna Preferred Funding II, LTD.	167	CCC	22.6%
Total top 50 U.S. structured finance exposures	<u>\$ 12,612</u>		

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

Assured Guaranty Corp.

Largest Exposures by Sector (3 of 4)

As of June 30, 2012

(dollars in millions)

25 Largest Non-U.S. Exposures

Credit name:	Net Par Outstanding	Internal Rating
Fortress Credit Investments I	\$ 821	AAA
Essential Public Infrastructure Capital II	515	Super Senior
Windmill CLO I PLC	362	Super Senior
Broadcast Australia Finance	348	BBB
Global Senior Loan Index Fund 1 B.V.	325	Super Senior
Harvest CLO III	301	AAA
International Infrastructure Pool	297	A-
International Infrastructure Pool	297	A-
International Infrastructure Pool	297	A-
RMF Euro CDO V PLC	274	AAA
Wood Street CLO V B.V.	260	Super Senior
Neptuno CLO I B.V.	246	AAA
Halcyon Structured Management Europe CLO 2007-I	241	Super Senior
Taberna Europe CDO I PLC	235	BBB-
Taberna Europe CDO II PLC	217	BBB-
Alpstar CLO 2 PLC	217	Super Senior
North Westerly CLO III B.V.	215	AAA
Stichting Profile Securitisation I	211	Super Senior
Airspeed Limited Series 2007-1 Class G-2	207	BBB+
Highlander Euro CDO	202	Super Senior
Babcock & Brown Air Funding I Ltd. Series 2007-1 G-1	197	A-
Dalradian European CLO IV B.V.	188	AAA
Harbourmaster CLO 10 B.V.	177	AAA
RMF Euro CDO IV PLC	172	AAA
Contego CLO I B.V.	169	AAA
Total top 25 non-U.S. exposures	\$ 6,991	

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

Assured Guaranty Corp.

Largest Exposures by Sector (4 of 4)

As of June 30, 2012

(dollars in millions)

10 Largest U.S. Residential Mortgage Servicers Exposures

Servicer:	Net Par Outstanding
Bank of America, N.A. ¹	\$ 1,780
Wells Fargo Bank, N.A.	1,371
Ally Financial, Inc. ²	1,015
JPMorgan Chase Bank	837
Homeward Residential, Inc.	779
Ocwen Loan Servicing, LLC	440
Carrington Mortgage Services, LLC	256
Select Portfolio Servicing, Inc.	198
Wilshire Credit Corporation	187
National City Home Loan Services, Inc.	185
Total top 10 U.S. residential mortgage servicers exposures	<u>\$ 7,048</u>

10 Largest U.S. Healthcare Exposures

Credit name:	Net Par Outstanding	Internal Rating	State
Virtua Health - New Jersey	\$ 221	A	NJ
Iowa Health System	188	A+	IA
CHRISTUS Health	164	A+	TX
Children's Hospital - Alabama	162	A+	AL
Fairview Health Services	157	A	MN
Spartanburg Regional Medical Center	136	A	SC
Meridian Health System	135	A-	NJ
Methodist Healthcare, TN	135	A	TN
LifeBridge Health, Inc.	129	A	MD
Wake Medical Center - North Carolina	127	A+	NC
Total top 10 U.S. healthcare exposures	<u>\$ 1,554</u>		

1. Includes Countrywide Home Loans Servicing LP.

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

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

Assured Guaranty Corp.

Rollforward of Net Expected Loss and LAE to be Paid

(in millions)

Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended June 30, 2012

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of March 31, 2012	Economic Loss Development During 2Q-12 ¹	(Paid) Recovered Losses During 2Q-12	Expected Loss to be Paid as of June 30, 2012
U.S. RMBS				
First lien:				
Prime first lien	\$ 1.4	\$ 1.6	\$ -	\$ 3.0
Alt-A first lien	145.7	(3.1)	(9.5)	133.1
Option ARMs	55.5	12.5	(16.0)	52.0
Subprime first lien	70.0	(0.6)	(1.9)	67.5
Total first lien	<u>272.6</u>	<u>10.4</u>	<u>(27.4)</u>	<u>255.6</u>
Second lien:				
Closed end seconds	(53.5)	2.5	63.3	12.3
HELOC	18.3	(0.2)	(8.6)	9.5
Total second lien	<u>(35.2)</u>	<u>2.3</u>	<u>54.7</u>	<u>21.8</u>
Total U.S. RMBS	<u>237.4</u>	<u>12.7</u>	<u>27.3</u>	<u>277.4</u>
TruPS	43.7	(4.7)	(1.3)	37.7
Other structured finance	108.2	(2.5)	(1.3)	104.4
U.S. public finance	35.0	(2.1)	(0.8)	32.1
Non-U.S. public finance	3.4	0.1	-	3.5
Total	<u>\$ 427.7</u>	<u>\$ 3.5</u>	<u>\$ 23.9</u>	<u>\$ 455.1</u>

Rollforward of Net Expected Loss and LAE to be Paid for the Six Months Ended June 30, 2012

Financial Guaranty Insurance Contracts and Credit Derivatives	Expected Loss to be Paid as of December 31, 2011	Economic Loss Development During 2012 ¹	(Paid) Recovered Losses During 2012	Expected Loss to be Paid as of June 30, 2012
U.S. RMBS				
First lien:				
Prime first lien	\$ 1.1	\$ 1.9	\$ -	\$ 3.0
Alt-A first lien	159.3	(6.5)	(19.7)	133.1
Option ARMs	63.1	16.4	(27.5)	52.0
Subprime first lien	67.9	2.8	(3.2)	67.5
Total first lien	<u>291.4</u>	<u>14.6</u>	<u>(50.4)</u>	<u>255.6</u>
Second lien:				
Closed end seconds	(48.0)	1.9	58.4	12.3
HELOC	20.2	1.6	(12.3)	9.5
Total second lien	<u>(27.8)</u>	<u>3.5</u>	<u>46.1</u>	<u>21.8</u>
Total U.S. RMBS	<u>263.6</u>	<u>18.1</u>	<u>(4.3)</u>	<u>277.4</u>
TruPS	48.1	(7.9)	(2.5)	37.7
Other structured finance	110.5	(4.4)	(1.7)	104.4
U.S. public finance	20.6	15.4	(3.9)	32.1
Non-U.S. public finance	3.4	0.1	-	3.5
Total	<u>\$ 446.2</u>	<u>\$ 21.3</u>	<u>\$ (12.4)</u>	<u>\$ 455.1</u>

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

Assured Guaranty Corp.

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

Financial Guaranty Insurance and Credit Derivatives U.S. RMBS R&W Benefit Development for the Three Months Ended June 30, 2012

	Future Net R&W Benefit at March 31, 2012	R&W Economic Loss Development During 2Q-12	R&W Recovered During 2Q-12	Future Net R&W Benefit at June 30, 2012
Financial Guaranty Insurance:				
Prime first lien	\$ 1.8	\$ 0.2	\$ -	\$ 2.0
Alt-A first lien	19.1	0.9	-	20.0
Option ARMs	77.1	3.0	-	80.1
Subprime first lien	-	-	-	-
Closed end seconds	88.2	(0.1)	(67.4)	20.7
HELOC	18.9	(0.8)	-	18.1
Subtotal	\$ 205.1	\$ 3.2	\$ (67.4)	\$ 140.9
Credit derivatives	\$ 180.0	\$ 5.4	\$ -	\$ 185.4
Total	\$ 385.1	\$ 8.6	\$ (67.4)	\$ 326.3

Financial Guaranty Insurance and Credit Derivatives U.S. RMBS R&W Benefit Development for the Six Months Ended June 30, 2012

	Future Net R&W Benefit at December 31, 2011	R&W Economic Loss Development During 2012	R&W Recovered During 2012	Future Net R&W Benefit at June 30, 2012
Financial Guaranty Insurance:				
Prime first lien	\$ 1.5	\$ 0.5	\$ -	2.0
Alt-A first lien	16.5	3.7	(0.2)	20.0
Option ARMs	75.4	4.7	-	80.1
Subprime first lien	-	-	-	-
Closed end seconds	89.4	(1.3)	(67.4)	20.7
HELOC	25.7	0.7	(8.3)	18.1
Subtotal	\$ 208.5	\$ 8.3	\$ (75.9)	\$ 140.9
Credit derivatives	\$ 164.7	\$ 20.7	\$ -	\$ 185.4
Total	\$ 373.2	\$ 29.0	\$ (75.9)	\$ 326.3

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

	Number of Risks as of		Debt Service as of	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Financial Guaranty Insurance:				
Prime first lien	1	1	\$ 19.7	\$ 20.9
Alt-A first lien	9	11	319.0	374.1
Option ARMs	2	2	167.2	181.6
Subprime first lien	-	-	-	-
Closed end seconds	2	2	69.7	119.7
HELOC	1	3	20.3	480.9
Subtotal	15	19	\$ 595.9	\$ 1,177.2
Credit derivatives	8	8	\$ 2,506.9	\$ 2,477.2
Total	23	27	\$ 3,102.8	\$ 3,654.4

Assured Guaranty Corp.

Losses Incurred
As of June 30, 2012
(in millions)

Financial Guaranty Insurance Contracts and Credit Derivatives	Total Net Par Outstanding for BIG Transactions	2Q-12 Losses Incurred	2012 Losses Incurred	Net Reserve and Credit Impairment	Net Salvage and Subrogation Assets	Net Expected Loss to be Expensed ¹
U.S. RMBS						
First lien:						
Prime first lien	\$ 402.7	\$ 0.4	\$ 0.7	\$ 1.3	\$ -	\$ 0.5
Alt-A first lien	2,187.3	(4.5)	(13.5)	106.3	-	1.5
Option ARMs	536.8	11.8	15.4	61.3	11.1	0.3
Subprime first lien	596.4	0.6	5.9	64.3	0.2	0.2
Total first lien	3,723.2	8.3	8.5	233.2	11.3	2.5
Second lien:						
Closed end seconds	81.3	1.5	1.0	9.6	-	2.7
HELOC	360.5	(19.9)	(18.0)	26.0	17.9	1.3
Total second lien	441.8	(18.4)	(17.0)	35.6	17.9	4.0
Total U.S. RMBS	4,165.0	(10.1)	(8.5)	268.8	29.2	6.5
TruPS	2,385.7	(3.8)	(7.0)	28.4	-	1.5
Other structured finance	883.7	23.6	19.7	104.0	6.6	5.4
U.S. public finance	943.9	(3.3)	14.7	33.8	4.9	8.2
Non-U.S. public finance	181.6	(2.2)	(2.1)	-	-	0.3
Subtotal	8,559.9	4.2	16.8	435.0	40.7	21.9
Effect of consolidating FG VIEs	-	(1.9)	1.1	(18.7)	-	(3.9)
Total	\$ 8,559.9	\$ 2.3	\$ 17.9	\$ 416.3	\$ 40.7	\$ 18.0

	Insurance Reserves	Credit Impairment on Credit Derivative Contracts ²	Reserve and Credit Impairment	Salvage and Subrogation Recoverable	Net
Gross	\$ 294.2	\$ 318.3	\$ 612.5	\$ 50.0	\$ 562.5
Less: Ceded	140.8	55.4	196.2	9.3 ³	186.9
Net	\$ 153.4	\$ 262.9	\$ 416.3	\$ 40.7	\$ 375.6

1. Includes discount, see page 11.

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

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

Assured Guaranty Corp.

Summary of Statutory Financial and Statistical Data

(dollars in millions)

	As of and for Six Months Ended June 30, 2012	Year Ended December 31,			
		2011	2010	2009	2008
Statutory Data					
Net income (loss)	\$ 45.2	\$ 229.9	\$ (182.1)	\$ (243.1)	\$ 27.7
Policyholders' surplus	\$ 947	\$ 1,021	\$ 854	\$ 1,224	\$ 378
Contingency reserve	766	691	703	556	712
Qualified statutory capital	1,713	1,712	1,557	1,780	1,090
Unearned premium reserve	804	826	877	887	570
Loss and LAE reserves	353	345	448	280	15
Total policyholders' surplus and reserves	2,870	2,883	2,882	2,947	1,675
Present value of installment premium	375	406	539	612	566
Standby line of credit/stop loss	200	200	200	200	200
Excess of loss reinsurance facility	435	435	-	-	-
Total claims-paying resources	<u>\$ 3,880</u>	<u>\$ 3,924</u>	<u>\$ 3,621</u>	<u>\$ 3,759</u>	<u>\$ 2,441</u>
Financial Ratios Calculated Using Statutory Information					
Loss and LAE ratio ¹	29.6%	(60.1)%	181.8%	243.9%	90.3%
Expense ratio ²	67.2%	92.4%	66.0%	15.4%	11.5%
Combined ratio	<u>96.8%</u>	<u>32.3%</u>	<u>247.8%</u>	<u>259.3%</u>	<u>101.8%</u>
Other Financial Information (Statutory Basis)					
Net debt service outstanding (end of period)	\$ 147,993	\$ 154,252	\$ 171,037	\$ 186,606	\$ 164,283
Gross debt service outstanding (end of period)	207,754	216,695	238,455	259,867	225,152
Net par outstanding (end of period)	100,607	104,977	118,898	130,468	111,025
Gross par outstanding (end of period)	140,525	146,555	165,227	180,765	152,801
Ceded par to all Assured Guaranty companies	37,374	38,901	42,989	46,411	37,372
Ratios:					
Par insured to statutory capital	59:1	61:1	76:1	73:1	102:1
Capital ratio ³	86:1	90:1	110:1	105:1	151:1
Financial resources ratio ⁴	38:1	39:1	47:1	50:1	67:1
Gross debt service written:					
Public finance - U.S.	\$ 2,726	\$ 536	\$ 5,876	\$ 78,012	\$ 56,864
Public finance - non-U.S.	-	-	51	522	771
Structured finance - U.S.	-	1,322	2,962	2,480	13,228
Structured finance - non-U.S.	-	-	-	-	5,265
Total gross debt service written	<u>\$ 2,726</u>	<u>\$ 1,858</u>	<u>\$ 8,889</u>	<u>\$ 81,014</u>	<u>\$ 76,128</u>

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

Glossary

Net Par Outstanding and Internal Ratings

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

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

Performance Indicators

The performance information described below is obtained from third parties 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

Glossary (continued)

Sectors (continued)

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

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

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

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

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

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

Structured Finance:

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

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

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

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

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

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

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

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

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

Other Structured Finance Securities are obligations backed by assets not generally described in any of the other described categories. One

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 remeasurement of net premium receivables and loss and LAE 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 remeasurement 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 Shareholders' 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 shareholders' equity attributable to Assured Guaranty Ltd., 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 remeasurement). 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

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, net. 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%. 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 financial guaranty 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%. 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[®]

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