

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Corp.

September 30, 2012



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Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. ("AGL" and, 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, June 30, 2012 and September 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 September 30,		Nine Months Ended September 30,	
	2012	2011 ⁽¹⁾	2012	2011 ⁽¹⁾
Operating income reconciliation:				
Operating income	\$ 12	\$ 36	\$ 61	\$ 77
Plus after-tax adjustments:				
Realized gains (losses) on investments	(2)	0	(2)	1
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(51)	550	(292)	358
Fair value gains (losses) on committed capital securities	0	0	(5)	0
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense ("LAE") reserves	(1)	(1)	(2)	0
Effect of consolidating financial guaranty variable interest entities ("FG VIEs")	(2)	(1)	59	(40)
Net income (loss)	\$ (44)	\$ 584	\$ (181)	\$ 396
Return on equity ("ROE") calculations ⁽²⁾:				
ROE, excluding unrealized gain (loss) on investment portfolio	(16.7)%	212.5%	(21.1)%	44.1%
Operating ROE	3.1 %	9.8%	5.3 %	7.1%
New Business:				
Gross par written	\$ 222	\$ 89	\$ 2,034	\$ 1,056
Present value of new business production ("PVP") ⁽³⁾	\$ 2	\$ 1	\$ 24	\$ 8
	As of:			
	September 30,	December 31,		
	2012	2011 ⁽¹⁾		
Reconciliation of shareholder's equity to adjusted book value:				
Shareholder's equity	\$ 1,151	\$ 1,340		
Less after-tax adjustments:				
Effect of consolidating FG VIEs	(22)	(80)		
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(513)	(209)		
Fair value gains (losses) on committed capital securities	15	20		
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	126	81		
Operating shareholder's equity	1,545	1,528		
After-tax adjustments:				
Less: Deferred acquisition costs	(15)	(13)		
Plus: Net present value of estimated net future credit derivative revenue	122	147		
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	493	532		
Adjusted book value	\$ 2,175	\$ 2,220		
Other information				
Net debt service outstanding	\$ 144,363	\$ 154,314		
Net par outstanding	98,330	105,033		
Claims-paying resources ⁽⁴⁾	3,840	3,924		

1) Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was an increase in net income of \$2 million and \$2 million for the three and nine months ended September 30, 2011, respectively, and a decrease to shareholder's equity and operating shareholder's equity of \$48 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)
(dollars in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011 ⁽¹⁾	2012	2011 ⁽¹⁾
Revenues:				
Net earned premiums	\$ 22	\$ 25	\$ 69	\$ 78
Net investment income	25	23	74	72
Net realized investment gains (losses)	(3)	(1)	(4)	(1)
Net change in fair value of credit derivatives:				
Realized gains (losses) and other settlements	(13)	(4)	(77)	(12)
Net unrealized gains (losses)	(54)	868	(332)	578
Net change in fair value of credit derivatives	(67)	864	(409)	566
Fair value gains (losses) on committed capital securities	(1)	1	(8)	1
Fair value gains (losses) on FG VIEs	(1)	(15)	96	(74)
Other income	—	8	(1)	11
Total revenues	(25)	905	(183)	653
Expenses:				
Loss and loss adjustment expenses	29	(4)	45	(4)
Amortization of deferred acquisition costs	0	1	3	3
Interest expense	3	3	11	11
Other operating expenses	17	15	55	54
Total expenses	49	15	114	64
Income (loss) before income taxes	(74)	890	(297)	589
Provision (benefit) for income taxes	(30)	306	(116)	193
Net income (loss)	\$ (44)	\$ 584	\$ (181)	\$ 396
Less after-tax adjustments:				
Realized gains (losses) on investments	\$ (2)	\$ 0	\$ (2)	\$ 1
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(51)	550	(292)	358
Fair value gains (losses) on committed capital securities	0	0	(5)	0
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(1)	(1)	(2)	0
Effect of consolidating FG VIEs	(2)	(1)	59	(40)
Operating income	\$ 12	\$ 36	\$ 61	\$ 77
Effect of refundings and accelerations, net				
Net earned premiums from refundings and accelerations	\$ 4	\$ 4	\$ 17	\$ 15
Operating income effect	2	2	10	9

1) Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was an increase in net income of \$2 million and \$2 million for the three and nine months ended September 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)
(dollars in millions)

	Three Months Ended September 30, 2012			Three Months Ended September 30, 2011		
	GAAP Income As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Results	GAAP Income As Reported ⁽¹⁾	Less: Operating Income Adjustments	Non-GAAP Operating Income Results ⁽¹⁾
Revenues:						
Net earned premiums	\$ 22	\$ (1)	(2) \$ 23	\$ 25	\$ 0	(2) \$ 25
Net investment income	25	—	(2) 25	23	(1)	(2) 24
Net realized investment gains (losses)	(3)	(3)	(3) —	(1)	(1)	(3) —
Net change in fair value of credit derivatives:						
Realized gains (losses) and other settlements	(13)	(13)	—	(4)	(4)	—
Net unrealized gains (losses)	(54)	(54)	—	868	868	—
Credit derivative revenues	—	(15)	15	—	(17)	17
Net change in fair value of credit derivatives	(67)	(82)	(4) 15	864	847	(4) 17
Fair value gains (losses) on committed capital securities	(1)	(1)	(5) —	1	1	(5) —
Fair value gains (losses) on FG VIEs	(1)	(1)	(2) —	(15)	(15)	(2) —
Other income	—	(1)	(6) 1	8	(2)	(6) 10
Total revenues	(25)	(89)	64	905	829	(4) 76
Expenses:						
Loss and loss adjustment expenses						
Financial guaranty insurance	29	1	(2) 28	(4)	(15)	(2) 11
Credit derivatives	—	(4)	(4) 4	—	1	(4) (1)
Amortization of deferred acquisition costs	0	—	0	1	—	1
Interest expense	3	—	3	3	—	3
Other operating expenses	17	—	17	15	—	15
Total expenses	49	(3)	52	15	(14)	29
Income (loss) before income taxes	(74)	(86)	12	890	843	47
Provision (benefit) for income taxes	(30)	(30)	(7) —	306	295	(7) 11
Net income (loss)	\$ (44)	\$ (56)	\$ 12	\$ 584	\$ 548	\$ 36

- 1) Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was an increase in net income and operating income of \$2 million for the three months ended September 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 revaluation of net premiums receivable.
- 7) Tax effect of the above adjustments.

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

Assured Guaranty Corp.
Net Income (Loss) Reconciliation to Operating Income (2 of 2)
(dollars in millions)

	Nine Months Ended September 30, 2012			Nine Months Ended September 30, 2011		
	GAAP Income As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Results	GAAP Income As Reported ⁽¹⁾	Less: Operating Income Adjustments	Non-GAAP Operating Income Results ⁽¹⁾
Revenues:						
Net earned premiums	\$ 69	\$ (2)	(2) \$ 71	\$ 78	\$ (1)	(2) \$ 79
Net investment income	74	(1)	(2) 75	72	(2)	(2) 74
Net realized investment gains (losses)	(4)	(4)	(3) —	(1)	0	(3) (1)
Net change in fair value of credit derivatives:						
Realized gains (losses) and other settlements	(77)	(77)	—	(12)	(12)	—
Net unrealized gains (losses)	(332)	(332)	—	578	578	—
Credit derivative revenues	—	(46)	46	—	(59)	59
Net change in fair value of credit derivatives	(409)	(455)	(4) 46	566	507	(4) 59
Fair value gains (losses) on committed capital securities	(8)	(8)	(5) —	1	1	(5) —
Fair value gains (losses) on FG VIEs	96	96	(2) —	(74)	(74)	(2) —
Other income	(1)	(2)	(6) 1	11	18	(6) (7)
Total revenues	(183)	(376)	193	653	449	204
Expenses:						
Loss and loss adjustment expenses						
Financial guaranty insurance	45	2	(2) 43	(4)	(16)	(2) 12
Credit derivatives	—	(6)	(4) 6	—	(26)	(4) 26
Amortization of deferred acquisition	3	—	3	3	—	3
Interest expense	11	—	11	11	—	11
Other operating expenses	55	—	55	54	—	54
Total expenses	114	(4)	118	64	(42)	106
Income (loss) before income taxes	(297)	(372)	75	589	491	98
Provision (benefit) for income taxes	(116)	(130)	(7) 14	193	172	(7) 21
Net income (loss)	\$ (181)	\$ (242)	\$ 61	\$ 396	\$ 319	\$ 77

- 1) Effective January 1, 2012, the Company adopted, and applied retroactively, new guidance on acquisition costs. The effect of adoption was an increase in net income and operating income of \$2 million for the nine months ended September 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 revaluation 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)
(dollars in millions)

	As of:	
	September 30, 2012	December 31, 2011 ⁽¹⁾
Assets:		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 2,770	\$ 2,749
Short-term investments, at fair value	139	152
Other invested assets	67	12
Total investment portfolio	2,976	2,913
Cash	13	31
Premiums receivable, net of ceding commissions payable	215	232
Ceded unearned premium reserve	351	364
Reinsurance recoverable on unpaid losses	142	132
Salvage and subrogation recoverable	37	50
Credit derivative assets	286	306
Deferred tax asset, net	328	209
FG VIE assets, at fair value	801	763
Other assets	131	105
Total assets	\$ 5,280	\$ 5,105
Liabilities and shareholder's equity:		
Liabilities:		
Unearned premium reserve	\$ 1,127	\$ 1,190
Loss and loss adjustment expense reserve	298	296
Reinsurance balances payable, net	75	93
Note payable	300	300
Credit derivative liabilities	1,340	927
Current income tax payable	6	1
FG VIE liabilities with recourse, at fair value	485	471
FG VIE liabilities without recourse, at fair value	355	358
Other liabilities	143	129
Total liabilities	4,129	3,765
Shareholder's equity:		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	1,037	1,037
Retained earnings (deficit)	(22)	214
Accumulated other comprehensive income	121	74
Total shareholder's equity	1,151	1,340
Total liabilities and shareholder's equity	\$ 5,280	\$ 5,105

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 million and a decrease to shareholder's equity of \$48 million as of December 31, 2011.

Assured Guaranty Corp.
Claims Paying Resources
(dollars in millions)

	As of:	
	September 30, 2012	December 31, 2011
Claims paying resources		
Policyholders' surplus	\$ 916	\$ 1,021
Contingency reserve	800	691
	1,716	1,712
Qualified statutory capital		
Unearned premium reserve	790	826
Loss and loss adjustment expense reserves ^{(1) (2)}	352	345
	2,858	2,883
Total policyholders' surplus and reserves		
Present value of installment premium ⁽²⁾	347	406
Standby line of credit/stop loss	200	200
Excess of loss reinsurance facility ⁽³⁾	435	435
	\$ 3,840	\$ 3,924
	\$ 3,840	\$ 3,924
Net par outstanding ⁽⁴⁾	\$ 97,661	\$ 104,977
Net debt service outstanding ⁽⁴⁾	143,616	154,252
Ratios:		
Net par outstanding to qualified statutory capital	57:1	61:1
Capital ratio ⁽⁵⁾	84:1	90:1
Financial resources ratio ⁽⁶⁾	37:1	39:1

- 1) Reserves as of September 30, 2012 and December 31, 2011 are reduced by approximately \$0.3 billion and \$0.3 billion, respectively, for 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

(dollars in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Consolidated new business production analysis:				
PVP				
Public finance - U.S.:				
Assumed from Radian	\$ —	\$ —	\$ 22	\$ —
Primary markets	—	—	—	2
Secondary markets	1	1	1	1
Public finance - non-U.S.:				
Primary markets	—	—	—	—
Secondary markets	—	—	—	—
Structured finance - U.S.	1	—	1	5
Structured finance - non-U.S.	—	—	—	—
Total PVP	\$ 2	\$ 1	\$ 24	\$ 8
Total PVP	\$ 2	\$ 1	\$ 24	\$ 8
Less: PVP of credit derivatives	—	—	—	—
PVP of financial guaranty insurance	2	1	24	8
Less: financial guaranty installment premium PVP	1	—	1	4
Total: financial guaranty upfront gross written premiums	1	1	23	4
Plus: financial guaranty installment gross written premiums ⁽¹⁾	(3)	(5)	8	(41)
Total gross written premiums	\$ (2)	\$ (4)	\$ 31	\$ (37)
Consolidated financial guaranty gross par written:				
Public finance - U.S.:				
Assumed from Radian	\$ —	\$ —	\$ 1,797	\$ —
Primary markets	—	82	15	287
Secondary markets	41	7	41	44
Public finance - non-U.S.:				
Primary markets	—	—	—	—
Secondary markets	—	—	—	—
Structured finance - U.S.	181	—	181	725
Structured finance - non-U.S.	—	—	—	—
Total	\$ 222	\$ 89	\$ 2,034	\$ 1,056

1) Represents present value of new business on installment policies plus GWP 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

Sector	Three Months Ended September 30, 2012		Nine Months Ended September 30, 2012	
	Gross Par Written	Avg. Internal Rating	Gross Par Written	Avg. Internal Rating
U.S. public finance				
General obligation	\$ 31	BBB	\$ 1,453	BBB
Municipal utilities	—	—	114	BBB+
Healthcare	—	—	109	A
Higher education	—	—	68	A-
Tax backed	10	BBB+	65	BBB
Transportation	—	—	31	BBB+
Other public finance	—	—	13	A
Total U.S. public finance	<u>41</u>	BBB	<u>1,853</u>	BBB
Non-U.S. public finance:				
Total non-U.S. public finance	<u>—</u>	—	<u>—</u>	—
Total public finance	<u>\$ 41</u>	BBB	<u>\$ 1,853</u>	BBB
U.S. structured finance:				
Total U.S. structured finance	\$ 181	AA	\$ 181	AA
Non-U.S. structured finance:				
Total non-U.S. structured finance	<u>—</u>	—	<u>—</u>	—
Total structured finance	<u>\$ 181</u>	AA	<u>\$ 181</u>	AA
Total gross par written	<u><u>\$ 222</u></u>	AA-	<u><u>\$ 2,034</u></u>	BBB+

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

Assured Guaranty Corp.
Available-for-Sale Investment Portfolio and Cash
As of September 30, 2012
(dollars in millions)

	<u>Amortized Cost</u>	<u>Pre-Tax Book Yield</u>	<u>After-Tax Book Yield</u>	<u>Fair Value</u>	<u>Annualized Investment Income ⁽¹⁾</u>
Investment portfolio, available-for-sale:					
Fixed maturity securities:					
U.S. Treasury securities and obligations of U.S. government agencies	\$ 273	2.18 %	1.41 %	\$ 286	\$ 6
Agency obligations	134	3.04 %	1.97 %	145	4
Obligations of states and political subdivisions	1,408	3.96 %	3.73 %	1,537	56
Insured obligations of state and political subdivisions ⁽²⁾	293	4.73 %	4.48 %	325	14
Corporate securities	146	4.18 %	2.72 %	160	6
Mortgage-backed securities ("MBS") ⁽³⁾ :					
Residential MBS ("RMBS") ⁽⁴⁾	145	8.39 %	5.45 %	125	12
Commercial MBS ("CMBS")	70	4.99 %	3.25 %	78	4
Asset-backed securities ⁽⁵⁾	39	8.25 %	5.36 %	36	3
Foreign government securities ⁽⁴⁾⁽⁵⁾	82	3.55 %	2.31 %	91	3
Total fixed maturity securities	2,590	4.15 %	3.49 %	2,783	108
Short-term investments	139	0.07 %	0.04 %	139	0
Cash ⁽⁶⁾	10	— %	— %	10	—
Total	\$ 2,739	3.94 %	3.31 %	\$ 2,932	\$ 108
Less: FG VIEs	10	19.81 %	12.88 %	9	2
Total	\$ 2,729	3.89 %	3.28 %	\$ 2,923	\$ 106

Ratings ⁽⁷⁾:	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasury securities and obligations of U.S. government agencies	\$ 286	10.3 %
Agency obligations	145	5.2 %
AAA/Aaa	429	15.4 %
AA/Aa	1,499	53.9 %
A/A	354	12.7 %
BBB	1	0.0 %
Below investment grade ("BIG") ⁽⁸⁾	69	2.5 %
Total fixed maturity securities, available-for-sale	2,783	100.0 %
Less: FG VIEs	13	
Total fixed maturity securities, available-for-sale	\$ 2,770	

Duration of fixed maturity securities and short-term investments (in years):

5.2

Average ratings of fixed maturity securities and short-term investments

AA

- 1) Represents annualized investment income based on amortized cost and pre-tax book yields.
- 2) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by Standard & Poor's Ratings Services ("S&P") or Moody's Investors Service, Inc. ("Moody's"), average AA-.
- 3) Includes \$11 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 \$284 million in par with carrying value of \$69 million.

Assured Guaranty Corp.
Estimated Net Exposure Amortization⁽¹⁾ and Estimated Future Net Premium
and Credit Derivative Revenues
(dollars 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 Premiums Earned		
2012 (as of September 30)		\$ 144,364					
2012 Q4	\$ 2,927	141,437	\$ 16	\$ 1	\$ 17	\$ 11	\$ 28
2013	10,052	131,385	61	3	64	39	103
2014	13,739	117,646	59	3	62	29	91
2015	12,325	105,321	55	3	58	21	79
2016	9,108	96,213	50	3	53	16	69
2012-2016	48,151	96,213	241	13	254	116	370
2017-2021	29,270	66,943	206	10	216	54	270
2022-2026	24,626	42,317	142	7	149	31	180
2027-2031	17,170	25,147	94	4	98	24	122
After 2031	25,147	—	93	2	95	19	114
Total	\$ 144,364		\$ 776	\$ 36	\$ 812	\$ 244	\$ 1,056

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of September 30, 2012. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations and because of management's assumptions on structured finance amortization.

2) See page 11 for "Present Value of Financial Guaranty Insurance Net Expected Loss to be Expensed."

3) GAAP basis. Excludes \$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 September 30, 2012
(dollars in millions)

	Net Expected Loss to be Expensed ⁽¹⁾	
	Operating ⁽²⁾	GAAP ⁽²⁾
2012 Q4	\$ 1	\$ 1
2013	2	2
2014	2	2
2015	2	1
2016	2	1
2012-2016	9	7
2017-2021	7	6
2022-2026	4	4
2027-2031	3	3
After 2031	2	2
Total expected PV of net expected loss to be expensed	25	22
Discount	36	24
Total future value	\$ 61	\$ 46

1) The expected present value of net loss to be expensed is discounted by weighted-average risk free rates ranging from 0.0% to 3.19% 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

	September 30, 2012		December 31, 2011	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	\$ 23,756	A	\$ 24,118	A
Tax backed	10,697	A	11,055	A
Municipal utilities	8,280	A	8,722	A-
Transportation	6,094	A-	6,342	A
Healthcare	4,381	A	4,688	A
Higher education	3,326	A	3,340	A
Infrastructure finance	973	BBB	981	BBB
Investor-owned utilities	464	A-	491	A-
Housing	168	A	184	A+
Other public finance	1,611	A	1,717	A
Total U.S. public finance	59,750	A	61,638	A
Non-U.S. public finance:				
Pooled infrastructure	1,649	AA	1,632	AA
Infrastructure finance	1,182	BBB	1,207	BBB
Regulated utilities	972	A-	996	A-
Other public finance	79	A+	77	A+
Total non-U.S. public finance	3,882	A	3,912	A
Total public finance	\$ 63,632	A	\$ 65,550	A
U.S. structured finance:				
Pooled corporate obligations	\$ 14,271	AA	\$ 16,392	AA
RMBS	7,592	BBB-	8,491	BBB-
CMBS and other commercial real estate related exposures	3,318	AAA	3,607	AAA
Consumer receivables	1,230	A-	2,116	AA
Commercial receivables	471	A-	529	BBB+
Insurance securitization	318	A+	318	A+
Structured credit	171	B-	213	B-
Other structured finance	276	A-	291	A-
Total U.S. structured finance	27,647	A+	31,957	A+
Non-U.S. structured finance:				
Pooled corporate obligations	5,680	AAA	5,781	AAA
Commercial receivables	779	A-	913	BBB+
Insurance securitization	279	CCC-	278	AAA
Structured credit	163	BBB	270	CCC-
CMBS and other commercial real estate related exposures	74	AAA	135	BBB
RMBS	74	AAA	147	AAA
Other structured finance	2	A	2	A
Total non-U.S. structured finance	7,051	AA	7,526	AA
Total structured finance	\$ 34,698	AA-	\$ 39,483	AA-
Total net par outstanding	\$ 98,330	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 September 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	\$ —	—%	\$ 732	18.9%	\$ 4,060	14.7%	\$ 1,924	27.3%	\$ 6,716	6.8%
AAA	152	0.3%	—	—%	11,142	40.3%	3,047	43.2%	14,341	14.6%
AA	8,923	14.9%	272	7.0%	2,083	7.5%	141	2.0%	11,419	11.6%
A	38,667	64.7%	1,313	33.8%	1,338	4.9%	389	5.5%	41,707	42.4%
BBB	10,805	18.1%	1,379	35.5%	2,355	8.5%	1,003	14.2%	15,542	15.8%
BIG	1,203	2.0%	186	4.8%	6,669	24.1%	547	7.8%	8,605	8.8%
Total net par outstanding	\$ 59,750	100.0%	\$ 3,882	100.0%	\$ 27,647	100.0%	\$ 7,051	100.0%	\$ 98,330	100.0%

Reinsurer	Moody's Rating	S&P Rating	Ceded Par Outstanding	% of Total
Affiliated companies ⁽²⁾			\$ 36,807	93.6%
Non-affiliated companies:				
American Overseas reinsurance Company Limited ⁽³⁾	WR	WR	2,212	5.6%
Radian Asset Assurance Inc.	Ba1	B+	192	0.5%
Ambac Assurance Corporation	WR	WR	85	0.2%
Other	Various	Various	20	0.1%
Total non-affiliated companies			2,509	6.4%
Total			\$ 39,316	100.0%

1) 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.

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

3) Formerly RAM Reinsurance Company Ltd.

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

Assured Guaranty Corp.
Financial Guaranty Profile (3 of 4)
As of September 30, 2012
(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	<u>Net Par Outstanding</u>	<u>% of Total</u>
U.S.:		
Public finance		
California	\$ 7,073	7.2 %
Texas	7,052	7.2 %
New York	4,571	4.6 %
Florida	4,271	4.3 %
Pennsylvania	4,250	4.3 %
Illinois	3,320	3.4 %
New Jersey	2,437	2.5 %
Alabama	1,842	1.9 %
Puerto Rico	1,659	1.7 %
Ohio	1,615	1.7 %
Other states	21,660	22.0 %
Total U.S. public finance	<u>59,750</u>	<u>60.8 %</u>
Structured finance (multiple states)	<u>27,647</u>	<u>28.1 %</u>
Total U.S.	<u>87,397</u>	<u>88.9%</u>
Non-U.S.:		
United Kingdom	3,969	4.0 %
Australia	1,007	1.0 %
France	967	1.0 %
Germany	885	0.9 %
Cayman Islands	723	0.7 %
Other	3,382	3.5 %
Total non-U.S.	<u>10,933</u>	<u>11.1%</u>
Total net par outstanding	<u>\$ 98,330</u>	<u>100.0%</u>

Assured Guaranty Corp.
Financial Guaranty Profile (4 of 4)
As of September 30, 2012
(dollars in millions)

Net Economic Exposure to Selected European Countries

	<u>Greece</u>	<u>Hungary</u>	<u>Ireland</u>	<u>Italy</u>	<u>Portugal</u>	<u>Spain</u>	<u>Total</u>
Sovereign and sub-sovereign exposure:							
Public finance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0	\$ 0
Infrastructure finance	—	28	18	50	64	23	183
Total sovereign and sub-sovereign exposure	—	28	18	50	64	23	183
Non-sovereign exposure:							
RMBS	—	3	—	—	—	—	3
Commercial receivables	—	1	14	21	12	13	61
Pooled corporate obligations	17	—	82	128	1	310	538
Total non-sovereign exposure	17	4	96	149	13	323	602
Total	\$ 17	\$ 32	\$ 114	\$ 199	\$ 77	\$ 346	\$ 785
Total BIG	\$ —	\$ —	\$ —	\$ 2	\$ 2	\$ 11	\$ 15

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 September 30, 2012
(dollars in millions)

Distribution of Direct Pooled Corporate Obligations by Ratings

	<u>Net Par Outstanding</u>	<u>% of Total</u>	<u>Avg. Initial Credit Enhancement</u>	<u>Avg. Current Credit Enhancement</u>
Ratings:				
Super Senior	\$ 3,435	17.5 %	39.0 %	39.1 %
AAA	11,975	61.0 %	36.7 %	33.5 %
AA	426	2.1 %	49.2 %	47.7 %
A	291	1.5 %	52.3 %	51.0 %
BBB	1,160	5.9 %	44.0 %	35.1 %
BIG	2,349	12.0 %	45.8 %	26.4 %
Total exposures	\$ 19,636	100.0%	39.1%	34.3%

Distribution of Direct Pooled Corporate Obligations by Asset Class

	<u>Net Par Outstanding</u>	<u>% of Total</u>	<u>Avg. Initial Credit Enhancement</u>	<u>Avg. Current Credit Enhancement</u>	<u>Avg. Rating</u>
Asset class:					
CBOs/CLOs	\$ 12,803	65.2 %	36.0 %	35.1 %	AAA
Market value CDOs of corporates	2,045	10.4 %	43.9 %	30.1 %	AAA
Trust preferred					
Banks and insurance	2,274	11.6 %	46.3 %	33.3 %	BBB-
European mortgage and real estate investment trusts	499	2.5 %	37.3 %	34.3 %	BBB-
U.S. mortgage and real estate investment trusts	1,585	8.1 %	50.6 %	35.7 %	BB
Synthetic investment grade pooled corporate	430	2.2 %	30.0 %	29.1 %	Super Senior
Total exposures	\$ 19,636	100.0%	39.1%	34.3%	AA+

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

Assured Guaranty Corp.
Consolidated U.S. RMBS Profile (1 of 3)
As of September 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	\$ 6	\$ 164	\$ —	\$ 970	\$ 1,141
AA	31	70	3	254	75	670	1,103
A	1	0	—	8	26	633	668
BBB	4	—	4	228	82	361	679
BIG	387	78	345	2,101	505	584	4,001
Total exposures	\$ 425	\$ 149	\$ 357	\$ 2,754	\$ 688	\$ 3,218	\$ 7,592

Distribution of U.S. RMBS by Year Insured⁽¹⁾ 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	\$ 25	\$ 0	\$ 15	\$ 31	\$ 29	\$ 196	\$ 296
2005	110	—	138	242	18	9	518
2006	—	—	—	—	27	2,339	2,367
2007	290	149	204	1,516	555	673	3,386
2008	—	—	—	966	59	—	1,025
Total exposures	\$ 425	\$ 149	\$ 357	\$ 2,754	\$ 688	\$ 3,218	\$ 7,592

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	\$ 72	\$ 42	\$ 32	\$ 101	\$ 49	\$ 296
2005	84	74	—	21	339	518
2006	898	629	620	131	89	2,367
2007	5	358	16	367	2,640	3,386
2008	81	—	—	59	884	1,025
Total exposures	\$ 1,141	\$ 1,103	\$ 668	\$ 679	\$ 4,001	\$ 7,592
% of Total	15.0%	14.5%	8.8%	9.0%	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 September 30, 2012
(dollars in millions)

Distribution of Direct 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	\$ 110	32.4 %	5.0 %	1.7 %	11.7 %	6
2006	—	— %	— %	— %	— %	—
2007	290	44.7 %	6.1 %	5.3 %	20.3 %	1
2008	—	— %	— %	— %	— %	—
Total	\$ 400	41.3 %	5.8 %	4.3 %	18.0 %	7

U.S. Closed End Seconds

Year insured	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ —	— %	— %	— %	— %	—
2006	—	— %	— %	— %	— %	—
2007	149	19.5 %	— %	66.8 %	7.2 %	5
2008	—	— %	— %	— %	— %	—
Total	\$ 149	19.5 %	— %	66.8 %	7.2 %	5

U.S. HELOC

Year insured	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 138	14.9 %	0.0 %	22.8 %	16.3 %	2
2006	—	— %	— %	— %	— %	—
2007	204	27.1 %	0.0 %	45.0 %	6.6 %	2
2008	—	— %	— %	— %	— %	—
Total	\$ 342	22.2 %	0.0 %	36.0 %	10.5 %	4

U.S. Alt-A First Lien

Year insured	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 242	31.4 %	11.3 %	4.6 %	14.8 %	13
2006	—	— %	— %	— %	— %	—
2007	1,516	44.3 %	2.7 %	13.7 %	30.9 %	8
2008	966	42.2 %	18.9 %	14.7 %	27.3 %	5
Total	\$ 2,724	42.5 %	9.2 %	13.2 %	28.2 %	26

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 September 30, 2012
(dollars in millions)

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

U.S. Option ARMs

Year insured	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 18	17.9%	21.6%	5.7%	19.2%	1
2006	27	29.4%	0.2%	11.3%	26.4%	1
2007	555	46.7%	2.8%	15.5%	32.7%	5
2008	59	47.0%	48.2%	14.4%	32.6%	1
Total	\$ 659	45.2%	7.3%	14.9%	32.0%	8

U.S. Subprime First Lien

Year insured	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 9	15.0%	92.9%	15.0%	55.3%	1
2006	2,339	19.7%	62.3%	18.1%	35.6%	2
2007	673	28.4%	17.0%	26.2%	41.2%	4
2008	—	—%	—%	—%	—%	—
Total	\$ 3,022	21.6%	52.3%	19.9%	36.9%	7

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 September 30, 2012
(dollars in millions)

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

U.S. CMBS

Rating:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
Super senior	\$ 2,550	72.8 %	39.5 %	2.3 %	8.3 %	145
AAA	176	69.7 %	28.5 %	3.0 %	12.3 %	14
AA	—	— %	— %	— %	— %	—
A	60	24.4 %	29.8 %	2.0 %	15.9 %	1
BBB	—	— %	— %	— %	— %	—
BIG	—	— %	— %	— %	— %	—
Total exposures	\$ 2,786	71.5%	38.6%	2.3%	8.7%	160

CDOs of U.S. Commercial Real Estate and CMBS⁽¹⁾

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
CDOs of commercial real estate	\$ 489	95.3 %	50.0 %	54.6 %
CDOs of CMBS ⁽²⁾	24	4.7 %	31.3 %	84.5 %
Total exposures	\$ 513	100.0%	49.2%	55.9%

1) Represents other U.S. Commercial Real Estate 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 September 30, 2012
(dollars in millions)

Distribution of U.S. Consumer Receivables by Rating

Rating:	Credit Cards	Student Loans	Auto	Total Net Par Outstanding
Super senior	\$ 0	\$ —	\$ —	\$ 0
AAA	—	333	113	446
AA	—	—	—	—
A	—	—	—	—
BBB	—	696	—	696
BIG	—	—	—	—
Total exposures	\$ 0	\$ 1,029	\$ 113	\$ 1,142

Average rating	Super Senior	A-	AAA	A
Average initial credit enhancement	N/A	7.1%	19.3%	8.3%
Average current credit enhancement	N/A	10.0%	32.8%	12.2%

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

Assured Guaranty Corp.
Credit Derivative Net Par Outstanding Profile
As of September 30, 2012
(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating	Net Par Outstanding	% of Total
Super senior	\$ 6,717	22.3 %
AAA	12,433	41.4 %
AA	1,616	5.4 %
A	2,145	7.1 %
BBB	2,220	7.4 %
BIG	4,925	16.4 %
Total credit derivative net par outstanding	\$ 30,056	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	2,612	A+
Total public finance	\$ 2,614	A+
U.S. structured finance:		
Pooled corporate obligations	\$ 11,875	AA
RMBS	5,824	BBB
CMBS	3,250	AAA
Consumer receivables	462	AA
Commercial receivables	154	BBB-
Structured credit	117	CCC
Insurance securitizations	75	BBB
Other structured finance	95	AA-
Total U.S. structured finance	\$ 21,852	AA-
Non-U.S. structured finance:		
Pooled corporate obligations	\$ 5,096	AAA
Commercial receivables	313	A-
CMBS	74	AAA
RMBS	72	AAA
Insurance securitizations	30	CCC
Structured credit	5	BBB
Total non-U.S. structured finance	\$ 5,590	AAA
Total structured finance	\$ 27,442	AA
Total credit derivative net par outstanding	\$ 30,056	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)
(dollars in millions)

BIG Exposures by Asset Exposure Type

	BIG Net Par Outstanding	
	September 30, 2012	December 31, 2011⁽¹⁾
U.S. public finance:		
Infrastructure finance	\$ 275	\$ 26
Municipal utilities	267	272
Transportation	243	246
General obligation	199	143
Tax backed	161	128
Higher education	11	11
Healthcare	9	9
Housing	2	0
Other public finance	36	38
Total U.S. public finance	1,203	873
Non-U.S. public finance:		
Infrastructure finance	186	193
Regulated utilities	—	9
Total non-U.S. public finance	186	202
Total public finance	\$ 1,389	\$ 1,075
U.S. structured finance:		
RMBS	\$ 4,001	\$ 4,526
Pooled corporate obligations	2,352	2,734
Structured credit	171	213
Consumer receivables	76	91
Commercial receivables	52	58
Other structured finance	17	18
Total U.S. structured finance	6,669	7,640
Non-U.S. structured finance:		
Insurance securitizations	279	279
Pooled corporate obligations	268	270
Total non-U.S. structured finance	547	549
Total structured finance	\$ 7,216	\$ 8,189
Total BIG net par outstanding	\$ 8,605	\$ 9,264

1) Beginning in the first quarter 2012, the Company decided to classify those portions of risks benefiting from reimbursement obligations collateralized by eligible assets held in trust in acceptable reimbursement structures as the higher of 'AA' or their current internal rating. As of Third Quarter 2012, the Company applied this policy to the Bank of America Agreement and the Deutsche Bank Agreement. The Bank of America Agreement was entered into in April 2011 and the reclassification in the first quarter 2012 resulted in a decrease in BIG net par outstanding as of December 31, 2011 of \$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)
(dollars in millions)

Net Par Outstanding by BIG Category⁽¹⁾

	Financial Guaranty Insurance and Credit Derivatives Surveillance Categories	
	September 30, 2012	December 31, 2011⁽²⁾
Category 1		
U.S. public finance	\$ 671	\$ 619
Non-U.S. public finance	186	202
U.S. structured finance	1,931	3,634
Non-U.S. structured finance	228	228
Total Category 1	3,016	4,683
Category 2		
U.S. public finance	283	35
Non-U.S. public finance	—	—
U.S. structured finance	2,476	1,644
Non-U.S. structured finance	41	42
Total Category 2	2,800	1,721
Category 3		
U.S. public finance	249	219
Non-U.S. public finance	—	—
U.S. structured finance	2,262	2,362
Non-U.S. structured finance	278	279
Total Category 3	2,789	2,860
BIG Total	\$ 8,605	\$ 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) Beginning in the first quarter 2012, the Company decided to classify those portions of risks benefiting from reimbursement obligations collateralized by eligible assets held in trust in acceptable reimbursement structures as the higher of 'AA' or their current internal rating. As of Third Quarter 2012, the Company applied this policy to the Bank of America Agreement and the Deutsche Bank Agreement. The Bank of America Agreement was entered into in April 2011 and the reclassification in the first quarter 2012 resulted in a decrease in BIG net par outstanding as of December 31, 2011 of \$377 million from that previously reported.

Assured Guaranty Corp.
Below Investment Grade Exposures (3 of 3)
As of September 30, 2012
(dollars in millions)

BIG Exposures Greater Than \$50 Million

Name or description	Net Par Outstanding	Internal Rating	Current Credit Enhancement
U.S. public finance:			
Louisville Arena Authority Inc.	\$ 249	BB	N/A
San Joaquin Hills California Transportation	243	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	B+	N/A
Woonsocket (City of), Rhode Island	54	BB	N/A
Total	\$ 860		
Non-U.S. public finance:			
Reliance Rail Finance Pty. Limited	\$ 119	BB	N/A
Total	\$ 119		
U.S. RMBS structured finance			
U.S. RMBS:			
Deutsche Alt-A Securities Mortgage Loan 2007-2	\$ 441	CCC	0.0%
MortgageIT Securities Corp. Mortgage Loan 2007-2	290	B	6.1%
Private Residential Mortgage Transaction	286	CCC	5.8%
Deutsche Alt-A Securities Mortgage Loan 2007-3	282	B	1.9%
Private Residential Mortgage Transaction	278	B	9.9%
Private Residential Mortgage Transaction	269	B	17.3%
Private Residential Mortgage Transaction	261	CCC	2.3%
AAA Trust 2007-2	241	CCC	15.5%
Private Residential Mortgage Transaction	212	BB	14.0%
Countrywide Home Equity Loan Trust 2007-D	195	CCC	0.0%
Private Residential Mortgage Transaction	126	BB	22.9%
Countrywide Home Equity Loan Trust 2005-J	119	CCC	0.0%
Lehman Excess Trust 2007-16N	78	CCC	0.0%
Taylor Bean & Whitaker 2007-2	73	CCC	0.0%
MASTR Asset-Backed Securities Trust 2005-NC2	62	CCC	—
	\$ 3,213		
Other:			
Taberna Preferred Funding IV, LTD	\$ 219	CCC	24.3%
Taberna Preferred Funding III, LTD	216	CCC	16.0%
Alesco Preferred Funding XVI, LTD.	201	B+	10.7%
Alesco Preferred Funding XVII, LTD.	170	B+	17.7%
Taberna Preferred Funding II, LTD.	167	CCC	22.7%
Attentus CDO I Limited	146	BB	35.5%
Trapeza CDO XI	134	BB-	35.3%
Preferred Term Securities XIX, LTD.	118	BB+	31.2%
Weinstein Film Securitization	117	CCC	N/A
Taberna Preferred Funding VI, LTD	114	CCC	17.8%
Alesco Preferred Funding VI	110	BB+	31.4%
US Capital Funding IV, LTD	106	B-	15.2%
Alesco Preferred Funding VII	97	BB+	32.5%
Taberna Preferred Funding VIII, LTD	97	BB	46.3%
Preferred Term Securities XVI, LTD.	97	B	23.7%
Taberna Preferred Funding VIII, LTD	95	BB	46.3%
Trapeza CDO X, LTD.	93	BB-	37.4%
CAPCO - Excess SIPC Excess of Loss Reinsurance	54	BB	N/A
Total other	\$ 2,351		
Total	\$ 6,543		
Non-U.S. structured finance:			
Orkney Re II, Plc	\$ 148	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	\$ 439		
Total	\$ 6,982		

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 September 30, 2012
(dollars in millions)

50 Largest U.S. Public Finance Exposures

Credit Name	Net Par Outstanding	Internal Rating
California (State of)	\$ 962	A-
North Texas Tollway Authority	789	A
Miami-Dade County Florida Aviation Authority - Miami International Airport	680	A
Philadelphia (City of) Pennsylvania	655	BBB
Miami-Dade County Florida School Board	642	A-
Puerto Rico (Commonwealth of)	636	BBB-
Georgia Board of Regents	581	A
Pennsylvania Turnpike Commission	568	A
New Jersey (State of)	510	A+
Houston Texas Water and Sewer Authority	476	AA-
Puerto Rico Highway and Transportation Authority	475	BBB
New York (City of) New York	453	AA
Dade County, Florida General Obligation	402	A-
New York MTA Transportation Authority	370	A
Michigan (State of)	369	A+
Chicago-O'Hare International Airport	350	A
Denver (City and County of) Colorado Airport Revenue Bonds	322	A+
Metro Wash Airports Authority Dulles Toll Road	316	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)	292	AA
Puerto Rico Aqueduct & Sewer Authority	288	BBB-
Chicago Illinois Public Schools	278	A+
American Municipal Power, Inc.	269	A
San Francisco Airports Commission	260	A+
Kentucky (Commonwealth of)	260	A+
North Carolina Eastern Municipal Power Agency	257	BBB+
Louisville Arena Authority Inc.	249	BB
San Joaquin Hills California Transportation	243	BB-
Dallas (City of) Texas Civic Center Convention Complex	240	A
Chicago Transit Authority Capital Grant Receipts	240	A
Long Island Power Authority	225	A-
Virtua Health - New Jersey	221	A+
Port Authority of New York and New Jersey	216	AA-
Orange County Schools, Florida	216	A+
New Jersey Higher Education Student Assistance 2008-A	216	A
Yankee Stadium LLC (New York City Industrial Development Authority)	213	BBB-
Piedmont Municipal Power Authority - South Carolina	211	A-
Oakland (City of) California General Obligation	209	A
North Carolina Turnpike Authority - Triangle Expressway	209	BBB-
Nassau County, New York	207	A
District of Columbia Water and Sewer Authority Public Utility Bonds	202	A+
Florida (State of) Department of Environmental Protection	195	A+
Orlando Tourist Development Tax - Florida	190	A
Louisiana (State of)	189	AA
Iowa Health System	187	A+
Jefferson County Alabama Sewer	183	D
Matanuska-Sustina Borough, AK	171	A+
Indianapolis Gas Utility Revenue Stream	165	A
Children's Hospital - Alabama	162	A+
Total top 50 U.S. public finance exposures	\$ 16,832	

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 September 30, 2012
(dollars in millions)

50 Largest U.S. Structured Finance Exposures

Credit Name	Net Par Outstanding	Internal Rating	Credit Enhancement
280 Funding I	\$ 495	AAA	38.3%
ARES Enhanced Credit Opportunities Fund	495	AAA	33.9%
Deutsche Alt-A Securities Mortgage Loan 2007-2	441	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	3.7%
Symphony Credit Opportunities Fund	309	AAA	26.5%
ARES Enhanced Credit Opportunities Fund	308	AAA	33.9%
MortgageIT Securities Corp. Mortgage Loan 2007-2	290	B	6.1%
Private Residential Mortgage Transaction	286	CCC	5.8%
Deutsche Alt-A Securities Mortgage Loan 2007-3	282	B	1.9%
Private Residential Mortgage Transaction	278	B	9.9%
Private Residential Mortgage Transaction	269	B	17.3%
SLM Private Credit Student Loan Trust 2006-C	267	BBB-	12.2%
Private Residential Mortgage Transaction	261	CCC	2.3%
Southfork CLO LTD. Series 2005-A1	254	AAA	31.3%
Fortress Credit Funding III	245	AAA	61.8%
AAA Trust 2007-2	241	CCC	15.5%
CWALT Alternative Loan Trust 2007-HY9	240	AA	0.2%
Alesco Preferred Funding XIV	239	BBB-	33.1%
Newstar Credit Opportunities Funding II LTD	231	AAA	31.0%
CDX.NA.IG.4 7-YR 30-100%	225	Super Senior	29.1%
Kingsland IV	224	AAA	22.3%
RAIT Preferred Funding II, LTD.	223	AA	49.7%
Taberna Preferred Funding IV, LTD	219	CCC	24.3%
Kingsland V	219	AAA	26.2%
Foothill CLO I, LTD.	217	AAA	29.1%
Taberna Preferred Funding III, LTD	215	CCC	16.0%
Private Residential Mortgage Transaction	212	BB	14.0%
Goldentree Credit Opportunities Second Financing	208	AAA	31.5%
HSAM LONG/SHORT 2007-3	206	AAA	26.8%
CDX.NA.IG.8 7-YR 30-100%	205	Super Senior	29.2%
Alesco Preferred Funding XVI, LTD.	201	B+	10.7%
CRATOS CLO I	201	AAA	33.0%
Countrywide Home Equity Loan Trust 2007-D	195	CCC	0.0%
US CLO	195	Super Senior	35.9%
MAC Capital, LTD	191	AAA	38.8%
Kodiak CDO II	186	AA	53.2%
Comstock Funding LTD	181	AAA	33.1%
ARES NF CLO XIV (FKA Navigare Funding II, CLO LTD.)	172	AAA	24.1%
Mountain View Funding CLO 2006-1, LTD	170	AAA	22.7%
CENT CDO XI Limited	170	AAA	25.1%
Alesco Preferred Funding XVII, LTD.	170	B+	17.7%
NACM CLO I	169	AAA	23.7%
Baker Street Funding CLO 2005-1	169	AAA	22.9%
ARES Enhanced Credit Opportunities Fund	169	AAA	33.9%
Mountain View CLO II	167	AAA	23.8%
Taberna Preferred Funding II, LTD.	167	CCC	22.7%
GOLUB Capital Funding CLO-8 LTD.	155	AAA	29.3%
Kingsland II LTD	153	AAA	24.2%
Total top 50 U.S. structured finance exposures	\$ 12,034		

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 September 30, 2012
(dollars in millions)

25 Largest Non-U.S. Exposures

Credit Name	Net Par Outstanding	Internal Rating
Fortress Credit Investments I	\$ 723	AAA
Essential Public Infrastructure Capital II	516	Super Senior
Windmill CLO I PLC	379	Super Senior
Broadcast Australia Finance	350	BBB
Global Senior Loan Index Fund 1 B.V.	337	Super Senior
Harvest CLO III	310	AAA
International Infrastructure Pool	306	A-
International Infrastructure Pool	306	A-
International Infrastructure Pool	306	A-
RMF Euro CDO V PLC	278	AAA
Wood Street CLO V B.V.	252	Super Senior
Halcyon Structured Management Europe CLO 2007-I	252	Super Senior
Neptuno CLO I B.V.	249	AAA
Taberna Europe CDO I PLC	238	BBB-
North Westerly CLO III B.V.	216	AAA
Stichting Profile Securitisation I	216	Super Senior
Alpstar CLO 2 PLC	214	Super Senior
Taberna Europe CDO II PLC	207	BBB-
Airspeed Limited Series 2007-1 Class G-2	203	BBB+
Highlander Euro CDO	198	Super Senior
Babcock & Brown Air Funding I Ltd. Series 2007-1 G-1	186	A-
Dalradian European CLO IV B.V.	179	AAA
Contego CLO I B.V.	175	AAA
RMF Euro CDO IV PLC	172	AAA
Harbourmaster CLO 10 B.V.	171	AAA
Total top 25 non-U.S. exposures	\$ 6,939	

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 September 30, 2012
(dollars in millions)

10 Largest U.S. Residential Mortgage Servicer Exposures

Servicer:	Net Par Outstanding
Bank of America, N.A. ⁽¹⁾	\$ 2,060
Wells Fargo Bank, N.A.	1,315
Ally Financial, Inc. ⁽²⁾	943
JPMorgan Chase Bank	806
Homeward Residential Inc.	797
Ocwen Loan Servicing, LLC	498
Carrington Mortgage Services, LLC	256
Select Portfolio Servicing, Inc.	191
OneWest Bank Group LLC	141
Specialized Loan Servicing LLC	140
Total top 10 U.S. residential mortgage servicer exposures	<u>\$ 7,147</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	187	A+	IA
Children's Hospital - Alabama	162	A+	AL
CHRISTUS Health	160	A+	TX
Fairview Health Services	157	A	MN
Spartanburg Regional Medical Center	137	A	SC
Methodist Healthcare, TN	135	A	TN
Meridian Health System	133	A-	NJ
LifeBridge Health, Inc.	129	A	MD
Wake Medical Center - North Carolina	127	A+	NC
Total top 10 U.S. healthcare exposures	<u>\$ 1,548</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
(dollars in millions)

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

Financial Guaranty Insurance Contracts and Credit Derivatives	Net Expected Loss to be Paid as of June 30, 2012	Economic Loss development During 3Q-12 ⁽¹⁾	(Paid) Recovered Losses During 3Q-12	Net Expected Loss to be Paid as of September 30, 2012
U.S. RMBS				
First lien:				
Prime first lien	\$ 3	\$ 1	\$ —	\$ 4
Alt-A first lien	133	9	(11)	131
Option ARMs	52	1	(31)	22
Subprime first lien	68	—	(4)	64
Total first lien	<u>256</u>	<u>11</u>	<u>(46)</u>	<u>221</u>
Second lien:				
Closed end seconds	12	(1)	(1)	10
HELOC	9	1	(5)	5
Total second lien	<u>21</u>	<u>—</u>	<u>(6)</u>	<u>15</u>
Total U.S. RMBS	277	11	(52)	236
Trust preferred securities ("TruPS")	38	3	(1)	40
Other structured finance	104	3	(1)	106
U.S. public finance	32	9	(4)	37
Non-U.S. public finance	4	—	—	4
Total	<u>\$ 455</u>	<u>\$ 26</u>	<u>\$ (58)</u>	<u>\$ 423</u>

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

Financial Guaranty Insurance Contracts and Credit Derivatives	Net Expected Loss to be Paid as of December 31, 2011	Economic Loss development During 2012 ⁽¹⁾	(Paid) Recovered Losses During 2012	Net Expected Loss to be Paid as of September 30, 2012
U.S. RMBS				
First lien:				
Prime first lien	\$ 1	\$ 3	\$ —	\$ 4
Alt-A first lien	159	3	(31)	131
Option ARMs	63	17	(58)	22
Subprime first lien	68	3	(7)	64
Total first lien	<u>291</u>	<u>26</u>	<u>(96)</u>	<u>221</u>
Second lien:				
Closed end seconds	(48)	1	57	10
HELOC	20	2	(17)	5
Total second lien	<u>(28)</u>	<u>3</u>	<u>40</u>	<u>15</u>
Total U.S. RMBS	263	29	(56)	236
TruPS	48	(5)	(3)	40
Other structured finance	111	(2)	(3)	106
U.S. public finance	21	24	(8)	37
Non-U.S. public finance	3	1	—	4
Total	<u>\$ 446</u>	<u>\$ 47</u>	<u>\$ (70)</u>	<u>\$ 423</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 Benefit Development for the Three Months Ended September 30, 2012

	Future Net R&W Benefit at June 30, 2012	R&W Economic Loss Development During 3Q-12	R&W Recovered During 3Q-12	Future Net R&W Benefit at September 30, 2012
Financial guaranty insurance:				
Prime first lien	\$ 2	\$ —	\$ —	\$ 2
Alt-A first lien	20	—	—	20
Option ARMs	80	6	—	86
Closed end seconds	21	1	(2)	20
HELOC	18	1	(1)	18
Subtotal	\$ 141	\$ 8	\$ (3)	\$ 146
Credit derivatives				
Alt-A first lien	\$ 174	\$ (2)	\$ —	\$ 172
Option ARMs	11	3	—	14
Subtotal	\$ 185	\$ 1	\$ —	\$ 186
Total	\$ 326	\$ 9	\$ (3)	\$ 332

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

	Future Net R&W Benefit at December 31, 2011	R&W Economic Loss Development During 3Q-12	R&W Recovered During 3Q-12	Future Net R&W Benefit at September 30, 2012
Financial guaranty insurance:				
Prime first lien	\$ 2	\$ —	\$ —	\$ 2
Alt-A first lien	16	4	—	20
Option ARMs	75	11	—	86
Closed end seconds	89	—	(69)	20
HELOC	26	1	(9)	18
Subtotal	\$ 208	\$ 16	\$ (78)	\$ 146
Credit derivatives				
Alt-A first lien	\$ 156	\$ 16	\$ —	\$ 172
Option ARMs	9	5	—	14
Subtotal	\$ 165	\$ 21	\$ —	\$ 186
Total	\$ 373	\$ 37	\$ (78)	\$ 332

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

	Number of Risks as of		Debt Service as of	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Financial guaranty insurance:				
Prime first lien	1	1	\$ 18	\$ 21
Alt-A first lien	9	11	287	374
Option ARMs	2	2	154	182
Closed end seconds	2	2	66	120
HELOC	1	3	19	480
Subtotal	15	19	\$ 544	\$ 1,177
Credit derivatives				
Alt-A first lien	7	7	\$ 2,076	\$ 2,155
Option ARMs	1	1	293	322
Subtotal	8	8	\$ 2,369	\$ 2,477
Total	23	27	\$ 2,913	\$ 3,654

Assured Guaranty Corp.

Losses Incurred

As of September 30, 2012

(dollars in millions)

Financial Guaranty Insurance Contracts and Credit Derivatives	Total Net Par Outstanding for BIG Transactions ⁽¹⁾	3Q-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	\$ 387	\$ 1	\$ 1	\$ 2	\$ —	\$ 0
Alt-A first lien	2,101	11	(2)	107	—	1
Option ARMs	505	14	29	50	2	0
Subprime first lien	584	1	7	61	0	0
Total first lien	<u>3,577</u>	<u>27</u>	<u>35</u>	<u>220</u>	<u>2</u>	<u>1</u>
Second lien:						
Closed end seconds	79	(1)	0	7	—	3
HELOC	345	—	(18)	21	18	1
Total second lien	<u>424</u>	<u>(1)</u>	<u>(18)</u>	<u>28</u>	<u>18</u>	<u>4</u>
Total U.S. RMBS	4,001	26	17	248	20	5
TruPS	2,349	0	(7)	27	—	2
Other structured finance	866	1	21	106	5	6
U.S. public finance	1,203	5	20	31	5	12
Non-U.S. public finance	186	0	(2)	4	—	0
Subtotal	<u>8,605</u>	<u>32</u>	<u>49</u>	<u>416</u>	<u>30</u>	<u>25</u>
Effect of consolidating FG VIEs	—	1	2	(16)	—	(3)
Total	<u>\$ 8,605</u>	<u>\$ 33</u>	<u>\$ 51</u>	<u>\$ 400</u>	<u>\$ 30</u>	<u>\$ 22</u>

	Insurance Reserves	Credit Impairment on Credit Derivative Contracts ⁽²⁾	Reserve and Credit Impairment	Salvage and Subrogation Recoverable	Net
Gross	\$ 298	\$ 293	\$ 591	\$ 37	\$ 554
Ceded	142	49	191	7 ⁽³⁾	184
Net	<u>\$ 156</u>	<u>\$ 244</u>	<u>\$ 400</u>	<u>\$ 30</u>	<u>\$ 370</u>

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)

	Year Ended December 31,				
	As of and for Nine Months Ended September 30, 2012	2011	2010	2009	2008
Statutory Data					
Net income (loss)	\$ 36	\$ 230	\$ (182)	\$ (243)	\$ 28
Policyholders' surplus	916	1,021	854	1,224	378
Contingency reserve	800	691	703	556	712
Qualified statutory capital	1,716	1,712	1,557	1,780	1,090
Unearned premium reserve	790	826	877	887	570
Loss and LAE reserves	352	345	448	280	15
Total policyholders' surplus and reserves	2,858	2,883	2,882	2,947	1,675
Present value of installment premium	347	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>\$ 3,840</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⁾	57.0%	(60.1)%	181.8%	243.9%	90.3%
Expense ratio ⁽²⁾	71.4%	92.4 %	66.0%	15.4%	11.5%
Combined ratio	<u>128.4%</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)	\$ 143,616	\$ 154,252	\$ 171,037	\$ 186,606	\$ 164,283
Gross debt service outstanding (end of period)	201,875	216,695	238,455	259,867	225,152
Net par outstanding (end of period)	97,662	104,977	118,898	130,468	111,025
Gross par outstanding (end of period)	136,601	146,555	165,227	180,765	152,801
Ceded par to all Assured Guaranty companies	36,430	38,901	42,989	46,411	37,372
Ratios:					
Par insured to statutory capital	57:1	61:1	76:1	73:1	102:1
Capital ratio ⁽³⁾	84:1	90:1	110:1	105:1	151:1
Financial resources ratio ⁽⁴⁾	37:1	39:1	47:1	50:1	67:1
Gross debt service written:					
Public finance - U.S.	\$ 2,670	\$ 536	\$ 5,876	\$ 78,012	\$ 58,864
Public finance - non-U.S.	—	—	51	522	771
Structured finance - U.S.	185	1,322	2,962	2,480	13,228
Structured finance - non-U.S.	—	—	—	—	5,265
Total gross debt service written	<u>\$ 2,855</u>	<u>\$ 1,858</u>	<u>\$ 8,889</u>	<u>\$ 81,014</u>	<u>\$ 78,128</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 debt service outstanding by qualified statutory capital.
- 4) The financial resources ratio is calculated by dividing net debt service outstanding by total claims paying resources.

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

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.

Glossary (continued)

Sectors (continued)

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.

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.

Glossary (continued)

Sectors (continued)

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 Assured Guaranty Ltd., 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.

Non-GAAP Financial Measures (continued)

Operating Shareholders' Equity (continued):

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 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.

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.



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