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PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

# QUARTERLY STATEMENT

## AS OF SEPTEMBER 30, 2016

OF THE CONDITION AND AFFAIRS OF THE

## ASSURED GUARANTY CORP.

NAIC Group Code 0194 (Current Period), 0194 (Prior Period) NAIC Company Code 30180 Employer's ID Number 52-1533088

Organized under the Laws of Maryland, State of Domicile or Port of Entry Maryland

Country of Domicile United States

Incorporated/Organized 10/25/1985 Commenced Business 01/28/1988

Statutory Home Office 1633 Broadway (Street and Number), New York, NY, US 10019 (City or Town, State, Country and Zip Code)

Main Administrative Office 1633 Broadway (Street and Number) New York, NY, US 10019 (City or Town, State, Country and Zip Code) 212-974-0100 (Area Code) (Telephone Number)

Mail Address 1633 Broadway (Street and Number or P.O. Box), New York, NY, US 10019 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1633 Broadway (Street and Number) New York, NY, US 10019 (City or Town, State, Country and Zip Code) 212-974-0100 (Area Code) (Telephone Number)

Internet Web Site Address www.assuredguaranty.com

Statutory Statement Contact John Mahlon Ringler (Name) 212-974-0100 (Area Code) (Telephone Number) (Extension)

jringler@agltd.com (E-Mail Address) 212-339-3589 (Fax Number)

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| Dominic John Frederico | President & Chief Executive Officer | James Michael Michener | Executive Vice President & Secretary |
| Donald Hal Paston | Treasurer | | |

## OTHER OFFICERS

| | | | |
|---|---|---|---|
| Howard Wayne Albert | Chief Risk Officer | Robert Adam Bailenson | Chief Financial Officer |
| Laura Ann Bieling | Controller | Russell Brown Brewer II | Chief Surveillance Officer |
| Gon Ling Chow | U.S. General Counsel & Asst. Secretary | Stephen Donnaruma | Chief Credit Officer |
| John Mahlon Ringler | Vice President Regulatory Reporting | Benjamin Gad Rosenblum | Chief Actuary |
| Bruce Elliot Stern | Executive Officer | | |

## DIRECTORS OR TRUSTEES

| | | | |
|---|---|---|---|
| Howard Wayne Albert | Robert Adam Bailenson | Russell Brown Brewer II | Gon Ling Chow |
| Stephen Donnarumma | Dominic John Frederico | James Michael Michener | Donald Hal Paston |
| Benjamin Gad Rosenblum | Bruce Elliot Stern | | |

State of New York

County of New York ss

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

| | | |
|---|---|---|
| Dominic John Frederico | James Michael Michener | Donald Hal Paston |
| President & Chief Executive Officer | Executive Vice President & Secretary | Treasurer |

Subscribed and sworn to before me this 11th day of November, 2016

EILEEN M. LANZISERA
Notary Public, State of New York
No. 01LA4728044
Qualified in Nassau County
Commission Expires Jan. 31, 2019

a. Is this an original filing? Yes [X] No [ ]

b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

# ASSETS

| | Current Statement Date 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 December 31 Prior Year Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds | 2,524,621,816 | | 2,524,621,816 | 2,981,881,729 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | 0 | 0 |
| 2.2 Common stocks | 329,887,927 | (4,660,756) | 334,548,683 | 435,880,862 |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less $ encumbrances) | 2,161,771 | 2,161,771 | 0 | 0 |
| 4.2 Properties held for the production of income (less $ encumbrances) | 28,535,739 | | 28,535,739 | 29,776,415 |
| 4.3 Properties held for sale (less $ encumbrances) | | | 0 | 0 |
| 5. Cash ($ 28,351,598 ), cash equivalents ($ 37,180,509 ) and short-term investments ($ 12,965,051 ) | 78,497,158 | | 78,497,158 | 114,837,051 |
| 6. Contract loans (including $ premium notes) | | | 0 | 0 |
| 7. Derivatives | 15,761,391 | | 15,761,391 | 31,773,073 |
| 8. Other invested assets | 4,525,527 | | 4,525,527 | 2,837,677 |
| 9. Receivables for securities | 26,236,279 | | 26,236,279 | 1,153,071 |
| 10. Securities lending reinvested collateral assets | | | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 3,010,227,608 | (2,498,985) | 3,012,726,593 | 3,598,139,877 |
| 13. Title plants less $ charged off (for Title insurers only) | | | 0 | 0 |
| 14. Investment income due and accrued | 23,369,450 | | 23,369,450 | 25,097,015 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 13,740,468 | 3,167,574 | 10,572,894 | 9,154,582 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premiums) | | | 0 | 874,228 |
| 15.3 Accrued retrospective premiums ($ ) and contracts subject to redetermination ($ ) | | | 0 | 0 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 45,331,975 | | 45,331,975 | (19,957,779) |
| 16.2 Funds held by or deposited with reinsured companies | 12,261,392 | | 12,261,392 | 24,957,389 |
| 16.3 Other amounts receivable under reinsurance contracts | (2,345) | | (2,345) | 4,289 |
| 17. Amounts receivable relating to uninsured plans | | | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 0 |
| 18.2 Net deferred tax asset | 301,756,047 | 195,493,688 | 106,262,359 | 66,263,568 |
| 19. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 20. Electronic data processing equipment and software | 1,237,210 | 342,898 | 894,312 | 333,184 |
| 21. Furniture and equipment, including health care delivery assets ($ ) | | | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 49,221,264 | 1,326,031 | 47,895,233 | 48,497,896 |
| 24. Health care ($ ) and other amounts receivable | | | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 52,607,375 | 3,408,136 | 49,199,239 | 37,770,368 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 3,509,750,444 | 201,239,342 | 3,308,511,102 | 3,791,134,617 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 28. Total (Lines 26 and 27) | 3,509,750,444 | 201,239,342 | 3,308,511,102 | 3,791,134,617 |
| **DETAILS OF WRITE-INS** | | | | |
| 1101. | | | 0 | 0 |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 | 0 |
| 2501. Salvage recoverable on insured bonds | | | 0 | 377,182 |
| 2502. Other Assets | 6,802,574 | 1,672,310 | 5,130,264 | 2,591,343 |
| 2503. Miscellaneous Receivable | 4,866,244 | 88,100 | 4,778,144 | 699,357 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 40,938,557 | 1,647,726 | 39,290,831 | 34,102,486 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 52,607,375 | 3,408,136 | 49,199,239 | 37,770,368 |

# LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1<br>Current<br>Statement Date | 2<br>December 31,<br>Prior Year |
|---|---|---|
| 1. Losses (current accident year $ 2,817,054 ) | 118,318,267 | 337,586,244 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses | 1,992,414 | 1,597,977 |
| 3. Loss adjustment expenses | 5,563,460 | 6,597,632 |
| 4. Commissions payable, contingent commissions and other similar charges | 3,867 | 11,822 |
| 5. Other expenses (excluding taxes, licenses and fees) | 53,940,385 | 64,629,099 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | (312,160) | (21,399) |
| 7.1 Current federal and foreign income taxes (including $ on realized capital gains (losses)) | 61,663,078 | 20,385,274 |
| 7.2 Net deferred tax liability | | 0 |
| 8. Borrowed money $ and interest thereon $ | | 0 |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of $ 279,775,026 and including warranty reserves of $ and accrued accident and health experience rating refunds including $ for medical loss ratio rebate per the Public Health Service Act) | 390,390,209 | 483,300,399 |
| 10. Advance premium | | 0 |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders | | 0 |
| 11.2 Policyholders | | 0 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | 209,738 | 6,688,440 |
| 13. Funds held by company under reinsurance treaties | 7,066,559 | 8,905,338 |
| 14. Amounts withheld or retained by company for account of others | 151,108 | (53,364) |
| 15. Remittances and items not allocated | | 117,467 |
| 16. Provision for reinsurance (including $ certified) | 306,925 | 23,690,199 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | | 0 |
| 18. Drafts outstanding | | 0 |
| 19. Payable to parent, subsidiaries and affiliates | 33,173,806 | 28,773,340 |
| 20. Derivatives | 0 | 0 |
| 21. Payable for securities | 14,131,543 | 17,998 |
| 22. Payable for securities lending | | 0 |
| 23. Liability for amounts held under uninsured plans | | 0 |
| 24. Capital notes $ and interest thereon $ | | 0 |
| 25. Aggregate write-ins for liabilities | 912,372,002 | 1,354,825,601 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 1,598,971,201 | 2,337,052,067 |
| 27. Protected cell liabilities | | 0 |
| 28. Total liabilities (Lines 26 and 27) | 1,598,971,201 | 2,337,052,067 |
| 29. Aggregate write-ins for special surplus funds | 0 | 0 |
| 30. Common capital stock | 15,000,480 | 15,000,480 |
| 31. Preferred capital stock | | 0 |
| 32. Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 33. Surplus notes | 300,000,000 | 300,000,000 |
| 34. Gross paid in and contributed surplus | 923,166,218 | 924,198,345 |
| 35. Unassigned funds (surplus) | 471,373,203 | 214,883,725 |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 30 $ ) | | 0 |
| 36.2 shares preferred (value included in Line 31 $ ) | | 0 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) | 1,709,539,901 | 1,454,082,550 |
| 38. Totals (Page 2, Line 28, Col. 3) | 3,308,511,102 | 3,791,134,617 |
| **DETAILS OF WRITE-INS** | | |
| 2501. Deferred ceding commission | | 1,935,357 |
| 2502. Contingency reserves | 819,314,933 | 835,325,594 |
| 2503. Payable for Purchase of CIFG NA | | 438,900,043 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 93,057,069 | 78,664,607 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 912,372,002 | 1,354,825,601 |
| 2901. | | 0 |
| 2902. | | |
| 2903. | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 0 | 0 |
| 3201. | | 0 |
| 3202. | | |
| 3203. | | |
| 3298. Summary of remaining write-ins for Line 32 from overflow page | 0 | 0 |
| 3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above) | 0 | 0 |

# STATEMENT OF INCOME

| | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year Ended<br>December 31 |
|---|---|---|---|
| **UNDERWRITING INCOME** | | | |
| 1. Premiums earned: | | | |
| 1.1 Direct (written $ 45,878,922 ) | 218,147,815 | 182,705,066 | 253,225,974 |
| 1.2 Assumed (written $ 5,019,033 ) | 14,957,098 | 21,080,792 | 26,547,108 |
| 1.3 Ceded (written $ 8,686,599 ) | 102,259,479 | 77,246,402 | 104,224,337 |
| 1.4 Net (written $ 42,211,356 ) | 130,845,434 | 126,539,457 | 175,548,745 |
| DEDUCTIONS: | | | |
| 2. Losses incurred (current accident year $ 2,817,054 ): | | | |
| 2.1 Direct | 71,285,968 | 47,829,785 | 176,684,469 |
| 2.2 Assumed | (28,749,499) | 28,740,637 | 50,780,539 |
| 2.3 Ceded | 1,319,119 | 50,797,507 | 100,823,947 |
| 2.4 Net | 41,217,350 | 25,772,915 | 126,641,061 |
| 3. Loss adjustment expenses incurred | 23,114,983 | 2,641,483 | 4,179,612 |
| 4. Other underwriting expenses incurred | 73,631,388 | 69,149,048 | 87,000,510 |
| 5. Aggregate write-ins for underwriting deductions | 0 | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5) | 137,963,721 | 97,563,446 | 217,821,183 |
| 7. Net income of protected cells | | 0 | 0 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7) | (7,118,287) | 28,976,010 | (42,272,438) |
| **INVESTMENT INCOME** | | | |
| 9. Net investment income earned | 72,814,683 | 74,608,877 | 94,495,868 |
| 10. Net realized capital gains (losses) less capital gains tax of $ 8,485,337 | 8,205,356 | 10,742,574 | 13,993,671 |
| 11. Net investment gain (loss) (Lines 9 + 10) | 81,020,039 | 85,351,451 | 108,489,539 |
| **OTHER INCOME** | | | |
| 12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ amount charged off $ ) | | 0 | 0 |
| 13. Finance and service charges not included in premiums | | 0 | 0 |
| 14. Aggregate write-ins for miscellaneous income | 4,946,915 | 6,257,173 | (106,428,226) |
| 15. Total other income (Lines 12 through 14) | 4,946,915 | 6,257,173 | (106,428,226) |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 78,848,667 | 120,584,634 | (40,211,125) |
| 17. Dividends to policyholders | | 0 | 0 |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) | 78,848,667 | 120,584,634 | (40,211,125) |
| 19. Federal and foreign income taxes incurred | 32,326,840 | 28,963,399 | 12,504,132 |
| 20. Net income (Line 18 minus Line 19)(to Line 22) | 46,521,827 | 91,621,235 | (52,715,257) |
| **CAPITAL AND SURPLUS ACCOUNT** | | | |
| 21. Surplus as regards policyholders, December 31 prior year | 1,454,082,550 | 1,421,933,749 | 1,421,933,749 |
| 22. Net income (from Line 20) | 46,521,827 | 91,621,235 | (52,715,257) |
| 23. Net transfers (to) from Protected Cell accounts | | 0 | 0 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of $ | 10,459,608 | 15,731,931 | 46,484,506 |
| 25. Change in net unrealized foreign exchange capital gain (loss) | 2,443,955 | (230,043) | 261,262 |
| 26. Change in net deferred income tax | 7,518,388 | 13,652,775 | 52,464,110 |
| 27. Change in nonadmitted assets | (15,619,638) | (4,724,181) | (27,833,750) |
| 28. Change in provision for reinsurance | 23,383,274 | (557,020) | (23,686,703) |
| 29. Change in surplus notes | | 0 | 0 |
| 30. Surplus (contributed to) withdrawn from protected cells | | 0 | 0 |
| 31. Cumulative effect of changes in accounting principles | | 0 | 0 |
| 32. Capital changes: | | | |
| 32.1 Paid in | | 0 | 0 |
| 32.2 Transferred from surplus (Stock Dividend) | | 0 | 0 |
| 32.3 Transferred to surplus | | 0 | 0 |
| 33. Surplus adjustments: | | | |
| 33.1 Paid in | (1,032,127) | 54,277 | 34,203 |
| 33.2 Transferred to capital (Stock Dividend) | | 0 | 0 |
| 33.3 Transferred from capital | | 0 | 0 |
| 34. Net remittances from or (to) Home Office | | 0 | 0 |
| 35. Dividends to stockholders | (38,000,000) | (50,000,000) | (89,800,000) |
| 36. Change in treasury stock | | 0 | 0 |
| 37. Aggregate write-ins for gains and losses in surplus | 219,782,064 | 54,589,090 | 126,940,429 |
| 38. Change in surplus as regards policyholders (Lines 22 through 37) | 255,457,351 | 120,138,065 | 32,148,801 |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) | 1,709,539,901 | 1,542,071,814 | 1,454,082,550 |
| **DETAILS OF WRITE-INS** | | | |
| 0501. | | 0 | 0 |
| 0502. | | | |
| 0503. | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 | 0 |
| 0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) | 0 | 0 | 0 |
| 1401. Other Income | 4,946,915 | 6,257,173 | (106,428,226) |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 |
| 1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) | 4,946,915 | 6,257,173 | (106,428,226) |
| 3701. Change in contingency reserve | 4,922,041 | (53,428,645) | 88,238,465 |
| 3702. Change in accounting | 214,858,829 | | 674,041 |
| 3703. Merger with CIFG NA | | 116,562,381 | 116,562,381 |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | 1,194 | (8,544,646) | (78,534,458) |
| 3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above) | 219,782,064 | 54,589,090 | 126,940,429 |

# CASH FLOW

| | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|---|---|---|
| **Cash from Operations** | | | |
| 1. Premiums collected net of reinsurance | 32,281,080 | 40,798,899 | 54,891,988 |
| 2. Net investment income | 71,143,950 | 79,656,419 | 95,544,321 |
| 3. Miscellaneous income | 14,831,647 | 7,079,773 | (101,228,723) |
| 4. Total (Lines 1 to 3) | 118,256,677 | 127,535,091 | 49,207,586 |
| 5. Benefit and loss related payments | 172,125,239 | 26,915,867 | (45,476,921) |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 92,976,907 | 77,610,529 | 89,419,740 |
| 8. Dividends paid to policyholders | 0 | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of $ ........ tax on capital gains (losses) | 566,500 | (2,011,906) | 59,733,011 |
| 10. Total (Lines 5 through 9) | 265,668,646 | 102,514,490 | 103,675,830 |
| 11. Net cash from operations (Line 4 minus Line 10) | (147,411,969) | 25,020,601 | (54,468,244) |
| **Cash from Investments** | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | 781,706,374 | 1,188,297,545 | 1,655,562,280 |
| 12.2 Stocks | 117,900,000 | 20,015,456 | 20,015,456 |
| 12.3 Mortgage loans | 0 | 0 | 0 |
| 12.4 Real estate | 0 | 0 | 0 |
| 12.5 Other invested assets | 354,380 | 15,838,688 | 24,404,138 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 3,525 | 1,104 | 1,166 |
| 12.7 Miscellaneous proceeds | 0 | (146,371) | 362,147 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 899,964,279 | 1,224,006,422 | 1,700,345,187 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | 298,258,840 | 817,877,195 | 1,178,527,140 |
| 13.2 Stocks | 0 | 54,538 | 192,088 |
| 13.3 Mortgage loans | 0 | 0 | 0 |
| 13.4 Real estate | 15,276 | 0 | 0 |
| 13.5 Other invested assets | 2,000,000 | 614,776 | 614,784 |
| 13.6 Miscellaneous applications | 450,618,089 | 804,454,971 | 804,454,971 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 750,892,205 | 1,623,001,480 | 1,983,788,983 |
| 14. Net increase (or decrease) in contract loans and premium notes | 0 | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | 149,072,074 | (398,995,058) | (283,443,796) |
| **Cash from Financing and Miscellaneous Sources** | | | |
| 16. Cash provided (applied): | | | |
| 16.1 Surplus notes, capital notes | 0 | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 0 | 0 | 34,203 |
| 16.3 Borrowed funds | 0 | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | 0 | 0 |
| 16.5 Dividends to stockholders | 38,000,000 | 50,000,000 | 89,800,000 |
| 16.6 Other cash provided (applied) | 0 | 0 | (69,994,997) |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | (38,000,000) | (50,000,000) | (159,760,794) |
| **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | (36,339,895) | (423,974,457) | (497,672,834) |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | 114,837,051 | 612,509,886 | 612,509,885 |
| 19.2 End of period (Line 18 plus Line 19.1) | 78,497,156 | 188,535,429 | 114,837,051 |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

| | | | |
|---|---|---|---|
| 20.0001. Real estate received as settlement of bond | | 0 | 29,776,415 |
| 20.0002. Transfer of asset from other invested assets to real estate | | 30,000,008 | 0 |
| 20.0003. | | | 0 |
| 20.0004. | | 0 | |
| 20.0005. | | 0 | |

The Other cash provided (applied) amount, line 16.6, for the Prior Year Ended December 31 column includes a stock redemption by CIFG totaling $69,989,812.

1. **Summary of Significant Accounting Policies**

A. Accounting Practices

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

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

| | | Nine Months Ended September 30, 2016 |
|---|---|---|
| Net Income (Loss), Maryland Basis | $ | 46,521,827 |
| Net Income (Loss), NAIC SAP | | 46,521,827 |
| | | |
| Statutory Surplus, Maryland Basis | | 1,709,539,901 |
| Statutory Surplus, NAIC SAP | | 1,709,539,901 |

*Permitted or Prescribed Practices*

In accordance with the guidance for a statutory merger, all periods presented in this statement represent the combination of results reported by CIFG Assurance North America, Inc. ("CIFG") and AGC, with adjustments to eliminate intercompany balances between CIFG and AGC, and an adjustment to record a payable for the portion of the purchase price paid on July 1, 2016 (the Acquisition Date) that related to CIFG specifically. These historical financial statements prior to the acquisition (i.e., January 1, 2015 through June 30, 2016) were presented under Maryland Insurance Law for AGC and under New York State Insurance Law for CIFG. On July 1, 2016, the Company conformed all accounting policies and methodologies under Maryland Insurance Law. For further explanation of the primary differences between CIFG and AGC accounting policies and methodologies, see Note 3, Business Combinations and Goodwill.

CIFG had certain accounting practices which were permitted, rather than prescribed, by the New York State Department of Financial Services ("NYSDFS"). CIFG had purchased or remediated asset backed bonds which it insured in prior years ("loss mitigation bonds") as part of CIFG's loss mitigation strategy.

When CIFG made a claim payment with respect to a loss mitigation bond, it in turn received a share of the financial guaranty claim payment due to its ownership of the loss mitigation. The SSAPs do not provide direct guidance on how to treat case basis reserves for losses when a loss mitigation bond is owned due to the fact that CIFG no longer suffers any economic loss as the result of its receiving the shortfall payments due to its status as a beneficial owner (other than the initial cost of purchasing or commuting the bond, less when applicable any residual cash flow payments made on the bond other than claim payments). The NYSDFS did not object to CIFG's proposed accounting for loss mitigation bonds whereby 1) the consideration paid to acquire the loss mitigation bonds were accounted for as a current claim payment, 2) the anticipated cash flows received on the loss mitigation bonds in excess of all anticipated future insured claim payments ("residuals") were treated as salvage and 3) paid losses and loss adjustment expense ("LAE") for the applicable loss mitigation bond could have been offset, in whole or in part, by both the treatment of refunded claim payments and residuals received as salvage. The NYSDFS did not object to the treatment of residuals and the present value of future refunded claim payments as salvage. As a result, for each loss mitigation bonds, CIFG had reduced its corresponding unpaid loss and LAE reserves by salvage offset for both the present value of future refunded claim payments and residuals as of December 31, 2015. See Note 3, Business Combinations and Goodwill, for the Company's accounting policy regarding loss mitigation bonds.

*State Permitted Practices that Decreased NAIC Statutory Surplus (NAIC SAP)*

If CIFG had treated the loss mitigation bonds as investments, rather than as paid claims, the impact to surplus as regards policyholder and the statutory-basis statement of income would have been different. However, this difference would have been eliminated when the bond reached maturity. The variation in results arises from salvage receipts, salvage assets (i.e., present value of future refunded claim payments and residuals), and different discount rates on unpaid loss reserves. The discount rate under NAIC SAP would have been higher due to the inclusion of loss mitigation bonds as investments. As a result, the loss reserves under NAIC SAP would have been lower.

A reconciliation of the Company's net income and capital and surplus between practices prescribed and permitted by the Superintendent of the NYSDFS and NAIC SAP is shown below:

| | | Year Ended December 31, 2015 |
|---|---|---|
| Net Income (Loss), as reported | $ | (52,715,256) |
| Effect of permitted practice | | 4,416,563 |
| Net Income (Loss), NAIC SAP | $ | (48,298,693) |
| | | |
| Statutory Surplus, as reported | $ | 1,454,082,550 |
| Effect of permitted practice | | (2,264,351) |
| Statutory Surplus, NAIC SAP | $ | 1,451,818,199 |

B. Use of Estimates in the Preparation of the Financial Statements

There has been no significant change since the 2015 Annual Statement in the estimates inherent in the preparation of the financial statements, except for those of CIFG, which has been merged with AGC under the statutory merger method of accounting. See Note 3, Business Combinations and Goodwill.

C. Accounting Policies

There has been no significant change since the 2015 Annual Statement, except as noted in Note 3, Business Combinations and Goodwill.

2. **Accounting Changes and Corrections of Errors**
There was no change since the 2015 Annual Statement, except as noted in Note 3, Business Combinations and Goodwill.

3. **Business Combinations and Goodwill**
A. Statutory Purchase Method. There has been no change since the 2015 Annual Statement, except as noted in 3B below.

B. Statutory Merger.

On July 1, 2016, AGC acquired all of the issued and outstanding capital stock of CIFG Holding Inc. (together with its subsidiaries "CIFGH"), the parent of financial guaranty insurer CIFG Assurance North America, Inc. ("CIFG"), (the "CIFG Acquisition"), for $450.6 million in cash. AGC merged CIFG with and into AGC, with AGC as the surviving company, on July 5, 2016. The CIFG Acquisition added $4.4 billion of net par insured on July 1, 2016. The acquisition of CIFG generated a negative goodwill of $287,340,625.

The merger was accounted for as a statutory merger pursuant to SSAP No. 68, "Business Combinations and Goodwill." As a result of the merger, the negative goodwill was written off to policyholders' surplus. Furthermore, in accordance with the NAIC Annual Statement instructions, the prior year columns of Pages 2, 3 and 4, as well as historical schedules, have been restated to reflect the merger of CIFG into the Company as if the transaction had occurred as of January 1, 2015.

After the merger, the Company's total admitted assets, liabilities and policyholders' surplus at December 31, 2015 increased by $724,212,158, $635,417,234 and $88,794,925 respectively.

The pre-merger separate company balances for the year ended December 31, 2015 were as follows:

| | AGC | CIFG | Purchase price adjustments and Eliminations | Restated Balance |
|---|---|---|---|---|
| Revenue | $ 146,201,960 | $ 33,529,120 | $ (2,121,022) | $ 177,610,058 |
| Net income | (91,643,425) | 29,667,378 | 9,260,790 | (52,715,257) |
| Other surplus adjustments | 34,997,302 | (69,687,265) | 119,554,021 | 84,864,058 |
| Admitted assets | $ 3,066,922,460 | $ 724,212,158 | $ — | $ 3,791,134,618 |
| Liabilities | 1,701,634,835 | 147,036,328 | 488,380,905 | 2,337,052,068 |
| Policyholders' surplus | 1,365,287,625 | 577,175,830 | (488,380,905) | 1,454,082,550 |

The pre-merger separate company balances for the six months ended June 30, 2016 were as follows:

| | AGC | CIFG | Eliminations | Restated Balance |
|---|---|---|---|---|
| Revenue | $ 131,810,832 | $ 15,010,226 | $ 825,325 | $ 147,646,383 |
| Net income | 67,077,876 | 8,946,957 | (33,017,368) | 43,007,465 |
| Other surplus adjustments | 2,694,581 | 6,526,024 | 1,292,324 | 10,512,929 |

The pre-merger separate company balances for the nine months ended September 30, 2015 were as follows:

| | AGC | CIFG | Eliminations | Restated Balance |
|---|---|---|---|---|
| Revenue | $ 200,821,969 | $ 18,780,103 | $ (1,453,991) | $ 218,148,081 |
| Net income | 39,037,962 | 19,183,621 | 33,399,652 | 91,621,235 |
| Other surplus adjustments | (83,667,831) | (5,575,468) | 117,760,128 | 28,516,829 |

**Acquisition Date Adjustments (July 1, 2016):**

The primary differences recorded on the Acquisition Date to conform accounting policies were as follows:

*Adjustment for investments:*

Prior to the acquisition, CIFG had certain accounting practices which were permitted by their regulator, NYDFS, as mentioned in Note 1, Summary of Significant Accounting Policies. CIFG had purchased or remediated asset backed bonds which it insured in prior years as part of its loss mitigation strategy. Per the permitted practice, (i) CIFG accounted for the consideration paid to acquire the loss mitigation bonds as a current claim payment, (ii) the anticipated cash flows received on the loss mitigation bonds in excess of all anticipated future insured claim payments (i.e. residuals) were treated as salvage and (iii) paid losses and loss adjustment expense ("LAE") for the applicable loss mitigation bonds might be partially or completely offset by both the treatment of refunded claim payments and residuals received as salvage. As a result, for each loss mitigation bond, CIFG reduced its corresponding unpaid loss and LAE reserves by a salvage offset for both the present value of refunded claims and residuals.

Upon acquisition, all of these bonds will be recorded in accordance with AGC's existing accounting policy for loss mitigation bonds (i.e., for acquired bonds for which the Company provides insurance protection and for which the Company has an expected insurance loss, it records the investments at their fair value, excluding the value of the insurance wrap, and takes a proportionate benefit in the Company's loss reserve calculations for the proportionate share of the investment acquired).

*Adjustment for loss and LAE reserves:*

Prior to the acquisition, CIFG discounted its loss reserves at 1.9% as of June 30, 2016 and 2.2% as of December 31, 2015.

At the Acquisition Date, the Company conformed the assumptions used in calculating loss reserves to its models, methodologies and accounting policies, including discounting the loss reserves at 4% and adjusting the loss recovery amount based on its history of representation and warranty (R&W) pursuit.

*Adjustment for contingency reserve:*

Prior to the acquisition, CIFG was a New York domiciled insurer. Upon acquisition, CIFG was merged with and into AGC, a Maryland domiciled insurer, at which time the Company conformed the calculation of contingency reserves.

The following table reconciles the surplus adjustment related to the CIFG acquisition on January 1, 2015 to the July 1, 2016 impact on surplus upon closing of the acquisition.

Impact of CIFG on Acquisition Date:

| | Increase (decrease) to surplus |
|---|---|
| Impact of CIFG acquisition as of January 1, 2015 | $ 116,562,381 |
| Redemption of stock by CIFG | (69,989,812) |
| Other activity of CIFG: | |
| 2015 activity | 42,222,357 |
| January 1 2016 - June 30 2016 | (16,313,130) |
| | |
| Conforming adjustments on July 1, 2016 (see table below) | 214,858,829 |
| | 287,340,625 |
| Other | (726,696) |
| Total impact of CIFG acquisition on July 1, 2016 | $ 286,613,929 |

The following table itemizes the components of the conforming adjustments recorded on July 1, 2016 upon closing of the acquisition.

Summary of adjustments to conform accounting policies on Acquisition Date:

| | Increase (decrease) to surplus |
|---|---|
| Investments | $ 14,091,016 |
| Loss and LAE reserves | 145,729,725 |
| Contingency reserves | 11,088,620 |
| Other | 4,109,964 |
| Total adjustments gross of deferred tax | 175,019,325 |
| Deferred tax assets | 39,839,504 |
| Total conforming adjustments including deferred tax/ Change in Accounting | $ 214,858,829 |

C. Impairment Loss. There has been no change since the 2015 Annual Statement.

D. Agreement to Purchase MBIA UK Insurance Limited

On September 29, 2016, Assured Guaranty Ltd. announced that its subsidiary AGC entered into an agreement to acquire MBIA UK Insurance Limited ("MBIA UK"), the European operating subsidiary of MBIA Insurance Corporation (together with its subsidiaries, "MBIA"). The parties expect the transaction to close in early January 2017, subject to receipt of regulatory approvals and the satisfaction of other customary closing conditions. There can be no assurance that regulatory approvals will be obtained.

Under the agreement, AGC will deliver to MBIA all of the notes issued in the Zohar II 2005-1 transaction that AGC holds, and the seller, MBIA UK (Holdings) Limited, will transfer to AGC all of the outstanding shares of MBIA UK plus $23 million in cash. The Zohar notes to be transferred had, as of September 30, 2016, a total outstanding principal of approximately $347 million. MBIA Insurance Corporation insures all of the notes issued in the Zohar II 2005-1 transaction.

As of June 30, 2016, MBIA UK had an insured portfolio of approximately $13.0 billion of net par. Assured Guaranty Ltd. currently plans to maintain MBIA UK as a stand-alone entity but could combine it with other European affiliates in the future.

4. **Discontinued Operations**
There have been no discontinued operations since the 2015 Annual Statement.

5. **Investments**
A. Mortgage Loans, including Mezzanine Real Estate Loans - The Company did not hold investments in mortgage loans at September 30, 2016.
B. Debt Restructuring - The Company has no investments in restructured debt in which the Company is a creditor at September 30, 2016.
C. Reverse Mortgages - The Company did not hold reverse mortgages as investments at September 30, 2016.
D. Loan-Backed Securities
1. Prepayment assumptions for loan backed and structured securities were obtained from publicly available sources and internal models.
2. The following table summarizes by quarter other-than-temporary-impairments ("OTTI") for loan-backed securities recorded during the year because the Company had either the intent to sell the securities or the inability or lack of intent to retain for the time sufficient to recover the amortized cost as cited in the table:

| Description | (1) Amortized cost Before OTTI | (2) OTTI Recognized | (3) Fair Value 1 - 2 |
|---|---|---|---|
| OTTI Recognized 1st Quarter | | | |
| a. Intent To Sell | $ — | $ — | $ — |
| b. Inability or Lack of Intent to Retain the investment in the security for a period of time sufficient to recover the amortized cost basis | 97,018 | 41,014 | 56,004 |
| c. Total 1st Quarter | $ 97,018 | $ 41,014 | $ 56,004 |
| | | | |
| OTTI Recognized 2nd Quarter | | | |
| d. Intent To Sell | $ — | $ — | $ — |
| e. Inability or Lack of Intent to Retain the investment in the security for a period of time sufficient to recover the amortized cost basis | — | — | — |
| f. Total 2nd Quarter | $ — | $ — | $ — |
| | | | |
| OTTI Recognized 3rd Quarter | | | |
| g. Intent To Sell | $ 9,663,859 | $ 44,450 | $ 9,619,409 |
| h. Inability or Lack of Intent to Retain the investment in the security for a period of time sufficient to recover the amortized cost basis | — | — | — |
| i. Total 3rd Quarter | $ 9,663,859 | $ 44,450 | $ 9,619,409 |
| | | | |
| OTTI Recognized 4th Quarter | | | |
| j. Intent To Sell | $ — | $ — | $ — |
| k. Inability or Lack of Intent to Retain the investment in the security for a period of time sufficient to recover the amortized cost basis | — | — | — |
| l. Total 4th Quarter | $ — | $ — | $ — |
| | | | |
| m. Annual Aggregate Total | | $ 85,464 | |

3. The following table summarizes other-than-temporary-impairments recorded for loan-backed securities which the Company still owns at the end of the respective quarters recorded based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities:

| CUSIP | Amortized Cost Before Other-Than-Temporary Impairment | Present Value of Projected Cash Flows | Other-Than-Temporary Impairment | Amortized Cost After Other-Than-Temporary Impairment | Fair Value @ Time of OTTI | Date of Financial Statement Where Reported |
|---|---|---|---|---|---|---|
| 000759DG2 | $ 1,365,634 | $ 1,285,456 | $ 11,095 | $ 1,354,540 | $ 1,354,540 | 03/31/2016 |
| 872227AH6 | 1,690,385 | 1,551,138 | 30,647 | 1,659,738 | 1,659,738 | 03/31/2016 |
| 68401NAE1 | 3,867,882 | 3,772,353 | 95,529 | 3,772,353 | 3,755,948 | 03/31/2016 |
| 000292AB8 | 51,345 | 48,538 | 508 | 50,837 | 50,837 | 06/30/2016 |
| 68401NAE1 | 3,687,650 | 3,657,397 | 7,015 | 3,680,635 | 3,680,635 | 06/30/2016 |
| 000292AB8 | 52,370 | 50,376 | 1,994 | 50,376 | 48,854 | 09/30/2016 |
| 31393X4A2 | 95,929 | 32,092 | 7,872 | 88,057 | 88,057 | 09/30/2016 |
| | | | | | | |
| | | | $ 154,660 | | | |

The Company also had loan-backed and structured securities whose carrying value was written to market value as they had an NAIC designation of 3 through 6. The year-to-date amount that was written down was approximately $6.4 million.

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

a. The aggregate amount of unrealized losses:

| | | Less than 12 months | | 12 Months or More |
|---|---|---|---|---|
| Residential mortgage-backed securities | | $ (964,843) | | $ (3,175,636) |
| Commercial mortgage-backed securities | | (163,155) | | (54,985) |
| Other loan backed & structured securities | | (21,452) | | (21,015) |
| Total | 1. | $ (1,149,450) | 2. | $ (3,251,636) |

b. The aggregate related fair value of securities with unrealized losses:

| | | Less than 12 months | | 12 Months or More |
|---|---|---|---|---|
| Residential mortgage-backed securities | | $ 8,374,796 | | $ 13,857,957 |
| Commercial mortgage-backed securities | | 16,805,000 | | 15,651,423 |
| Other loan backed & structured securities | | 5,464,703 | | 45,890 |
| Total | 1. | $ 30,644,499 | 2. | $ 29,555,270 |

5. All loan-backed securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position at September 30, 2016, the Company has not made a decision to sell any such securities and does not intend to sell such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities

before recovery of their cost basis. This unrealized loss is primarily attributable to an increase in interest rates since acquisition, market illiquidity and volatility in the U.S. economy and not specific to individual issuer credit.

E. Repurchase Agreements - The Company did not enter into repurchase agreements at September 30, 2016.

F. Real Estate - At September 30, 2016, the Company did not have any real estate held for sale. The Company has one investment in real estate, which is an office building at 400 Main Street in Stockton, California. During the nine months ended September 30, 2016, the Company did not purchase investments in real estate, recognize any real estate impairments, or engage in any retail land sales.

G. Low Income Housing Tax Credits (LIHTC) - The Company did not hold investments in LIHTC at September 30, 2016.

H. Restricted Assets

(1) Restricted assets (including pledged) summarized by restricted asset category

| | | Gross Restricted | | | | | | | | Percentage | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Current Year | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Restricted Asset Category | | Total General Account (G/A) | G/A Supporting Protected Cell Acct Activity (a) | Total Protected Cell Acct. Restricte d Assets | Protected Cell Acct. Assets Support G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total Current Year Admitted Restricted | Gross Restric-ted to Total Assets | Admitted Restric-ted to Total Admitted Assets |
| (a) | Subj to contractual oblig by which liability is not shown | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | —% | —% |
| (b) | Collateral held under sec. lending arrangements | | | | | — | | — | | —% | —% |
| (c) | Subject to repurchase agreements | | | | | — | | — | | —% | —% |
| (d) | Subject to reverse repurchase agreements | | | | | — | | — | | —% | —% |
| (e) | Subject to dollar repurchase agreement | | | | | — | | — | | —% | —% |
| (f) | Subject to dollar reverse repurchase agreement | | | | | — | | — | | —% | —% |
| (g) | Placed under option contracts | | | | | — | | — | | —% | —% |
| (h) | Letter stock or securities restricted as to sale - excl. FHLB capital stock | | | | | — | | — | | —% | —% |
| (i) | FHLB capital stock | | | | | — | | — | | —% | —% |
| (j) | On deposit with state | 16,381,545 | | | | 16,381,545 | 17,046,516 | (664,971) | 16,381,545 | 0.5% | 0.5% |
| (k) | On deposit with other regulatory bodies | | | | | — | | — | | —% | —% |
| (l) | Pledged as collateral to FHLB (incl. assets backing funding agreement) | | | | | — | | — | | —% | —% |
| (m) | Pledged as collateral not captured in other categories | 266,316,052 | | | | 266,316,052 | 428,041,107 | (161,725,055) | 266,316,052 | 7.6% | 8.0% |
| (n) | Other restricted assets | | | | | — | — | — | | | |
| (o) | Total restricted assets | $282,697,597 | $ — | $ — | $ — | $ 282,697,597 | $ 445,087,623 | $(162,390,026) | $ 282,697,597 | 8.1% | 8.5% |

(a) Subset of Column 1
(b) Subset of Column 3

On July 13, 2016, in order to comply with a requirement of the Prudential Regulation Authority of the Bank of England, AGC secured its reinsurance obligations to its wholly owned subsidiary, AG (UK) Ltd., by depositing in trust assets with a total market value of approximately $148.6 million at September 30, 2016.

(2) Detail of assets pledged as collateral not captured in other categories (reported on line m above)

| | Gross Restricted | | | | | | | | Percentage | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | | | 8 | 9 | 10 |
| Collateral Agreement | Total General Account (G/A) | G/A Supporting Protected Cell Acct Activity (a) | Total Protected Cell Acct. Restricted Assets | Protected Cell Acct. Assets Support G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total Current Year Admitted Restricted | Gross Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| Collateral Pledged Under Certain Derivative Contracts | $ 121,396,054 | $ — | $ — | $ — | $ 121,396,054 | $ 291,174,670 | $ (169,778,616) | $ 121,396,054 | 3.5% | 3.6% |
| Collateral Pledged for Reinsurance | 144,919,998 | | | | 144,919,998 | 136,866,437 | 8,053,561 | 144,919,998 | 4.1% | 4.4% |
| Total | $ 266,316,052 | $ — | $ — | $ — | $ 266,316,052 | $ 428,041,107 | $ (161,725,055) | $ 266,316,052 | 7.6% | 8.0% |

(a) Subset of Column 1
(b) Subset of Column 3

Under certain derivative contracts, the Company is required to post eligible securities as collateral. The need to post collateral under these transactions is generally based on fair value assessments in excess of contractual thresholds. The fair value of the Company's pledged securities totaled $130 million as of September 30, 2016, with corresponding book/adjusted carrying value of $121 million. The portfolio also includes securities held in trust for the benefit of AGC's subsidiaries and other third party reinsurers as well as potential future claims payment. The fair value of the Company's pledged securities totaled $167 million as of September 30, 2016, with corresponding book/adjusted carrying value of $145 million.

(3) Detail of other restricted assets (reported on line n above)

| | Gross Restricted | | | | | | | | Percentage | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Other Restricted Assets | Total General Account (G/A) | G/A Supporting Protected Cell Acct Activity (a) | Total Protected Cell Acct. Restricted Assets | Protected Cell Acct. Assets Support G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total Current Year Admitted Restricted | Gross Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| | | | | | — | | — | | —% | —% |
| | | | | | — | | — | | —% | —% |
| Total | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | —% | —% |

(a) Subset of Column 1
(b) Subset of Column 3

I. Working Capital Finance Investments ("WCFI")– The Company did not hold investments for WCFI at September 30, 2016.

J. Offsetting and Netting of Assets and Liabilities - The Company has no derivative, repurchase and reverse repurchase, and securities borrowing and securities lending assets and liabilities that are offset and reported net in accordance to SSAP No. 64 at September 30, 2016.

K. Structured Notes - The following table separately identifies structured notes on a cusip basis, with information by cusip for actual cost, fair value, book/adjusted carrying value, and whether the structured note is a mortgage referenced security:

| CUSIP Identification | Actual Cost | Fair Value | Book/Adjusted Carrying Value | Mortgage Referenced Security (YES/NO) |
|---|---|---|---|---|
| 064058AA8 | $ 678,121 | $ 678,387 | $ 675,461 | NO |
| | — | — | — | |
| Total | $ 678,121 | $ 678,387 | $ 675,461 | |

**6. Joint Ventures, Partnerships and Limited Liability Companies**
There has been no change since the 2015 Annual Statement.

**7. Investment Income**
A. Accrued Investment Income
Accrued investment income was $23,369,450 and $25,097,015 as of September 30, 2016 and December 31, 2015, respectively. There are no amounts due and accrued over 90 days included in these balances.
B. The Company does not admit investment income due and accrued if amounts are over 90 days past due.

**8. Derivative Instruments**
The derivatives held by the Company are recorded at their aggregate fair value of $15,761,391 as of September 30, 2016. There were unrealized losses of $16,011,682 recognized in surplus during the nine months ended September 30, 2016.

**9. Income Taxes**
There has been no significant change since the 2015 Annual Statement, except as noted in Note 3, Business Combinations and Goodwill.

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

A, C through H, J through L. There has been no significant change since the 2015 Annual Statement, except as noted in Note 3, Business Combinations and Goodwill.

B. Transactions with Affiliates

The Company engaged in the following non-insurance transactions (generally representing greater than 0.5% of admitted assets) with affiliates:

1. The Company made dividend payments of $38 million in the first nine months of 2016 to Assured Guaranty US Holdings Inc. (the "Parent" or "AGUS").
2. On December 18, 2009, the Company sold a surplus note of $300 million to an affiliate, Assured Guaranty Municipal Corp. ("AGM"), a New York domiciled insurance company, which surplus note was outstanding at September 30, 2016. This note was interest bearing at a rate of 5% per annum through December 31, 2015. In April 2016, the Company executed an amendment to change the interest rate to 3.5% per annum, effective January 1, 2016. The amendment was approved by the MIA and received non-disapproval by the NYSDFS.
3. On June 30, 2016, Municipal Assurance Corp. ("MAC") obtained approval from the NYSDFS to repay its $300 million surplus note to Municipal Assurance Holdings Inc. ("MAC Holdings") and its $100 million surplus note (plus accrued interest) to AGM. Accordingly, on June 30, 2016, MAC transferred cash and marketable securities to (i) MAC Holdings in an aggregate amount equal to $300 million, and (ii) AGM in an aggregate amount equal to $102.5 million. MAC Holdings, upon receipt of such $300 million from MAC, distributed cash and marketable securities in an aggregate amount of $300 million to its shareholders, AGM and AGC, in proportion to their respective 60.7% and 39.3% ownership interests such that AGM received $182.1 million and AGC received $117.9 million.

I. Detail of Investments in Affiliates greater than 10% of Admitted Assets
The Company's investment in its subsidiary MAC Holdings, recorded at its statutory equity value of $156,809,088, represents 4.7% of the Company's admitted assets as of September 30, 2016.

**11. Debt**
There has been no change since the 2015 Annual Statement.

**12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans**
There has been no change since the 2015 Annual Statement.

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

1 through 4, 6 through 9, 12 and 13. There has been no significant change since the 2015 Annual Statement.

4. The Company paid dividends to AGUS of $23 million on June 22, 2016 and $15 million on September 28, 2016.

5. Under Maryland's insurance law, AGC may, with prior notice to the Maryland Insurance Commissioner, pay an ordinary dividend that, together with all dividends paid in the prior 12 months, does not exceed the lesser of 10% of its policyholders' surplus (as of the prior December 31) or 100% of its adjusted net investment income during that period. The maximum amount available during 2016 for AGC to distribute as ordinary dividends is approximately $79 million, of which approximately $41 million is available for distribution in the fourth quarter of 2016.

10. The portion of unassigned funds (surplus) represented by cumulative unrealized losses is $35,102,900.

11. On December 18, 2009, the Company borrowed $300 million from an affiliate, AGM, a New York domiciled insurance company, in exchange for $300 million of surplus notes, all of which were outstanding at September 30, 2016. These notes were interest bearing at a rate of 5% per annum through December 31, 2015. In April 2016, the Company executed an amendment to change the interest rate to 3.5% per annum, effective January 1, 2016. The amendment was approved by the MIA and received non-disapproval by the NYSDFS.

**14. Liabilities, Contingencies and Assessments**

A through F. There has been no change since the 2015 Annual Statement.

G. All Other Contingencies:

*Uncollected Premiums*
As of September 30, 2016, the Company had uncollected premiums of $13,740,468. Uncollected premiums more than 90 days past due were $3,167,574.

*Legal Proceedings*

Lawsuits arise in the ordinary course of the Company's business. It is the opinion of the Company's management, based upon the information available, that the expected outcome of litigation against the Company, individually or in the aggregate, will not have a material adverse effect on the Company's financial position or liquidity, although an adverse resolution of litigation against the Company in a fiscal quarter or year could have a material adverse effect on the Company's results of operations in a particular quarter or year.

In addition, in the ordinary course of its business, the Company asserts claims in legal proceedings against third parties to recover losses paid in prior periods or prevent losses in the future, as described in the "Recovery Litigation" section below. For example, in January 2016, the Company commenced an action for declaratory judgment and injunctive relief in the U.S. District Court for the District of Puerto Rico to invalidate executive orders issued by the Governor of Puerto Rico directing the retention or transfer of certain taxes and revenues pledged to secure the payment of certain bonds insured by the Company, and in July 2016, the Company filed a motion and form of complaint in the U.S. District Court for the District of Puerto Rico seeking relief from the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") stay in order to file a complaint to protect its interest in certain pledged Puerto Rico Highways and Transportation Authority ("PRHTA") toll revenues. The amounts, if any, the Company will recover in these and other proceedings to recover losses are uncertain, and recoveries, or failure to obtain recoveries, in any one or more of these proceedings during any quarter or year could be material to the Company's results of operations in that particular quarter or year.

The Company receives subpoenas *duces tecum* and interrogatories from regulators from time to time.

There have been no significant changes since the 2015 Annual Statement, except for the following:

On November 28, 2011, Lehman Brothers International (Europe) (in administration) ("LBIE") sued AGFP, an affiliate of AGC which in the past had provided credit protection to counterparties under credit default swaps. AGC acts as the credit support provider of AGFP under these credit default swaps. LBIE's complaint, which was filed in the Supreme Court of the State of New York, alleged that AGFP improperly terminated nine credit derivative transactions between LBIE and AGFP and improperly calculated the termination payment in connection with the termination of 28 other credit derivative transactions between LBIE and AGFP. Following defaults by LBIE, AGFP properly terminated the transactions in question in compliance with the agreement between AGFP and LBIE, and calculated the termination payment properly. AGFP calculated that LBIE owes AGFP approximately $29 million in connection with the termination of the credit derivative transactions, whereas LBIE asserted in the complaint that AGFP owes LBIE a termination payment of approximately $1.4 billion. On February 3, 2012, AGFP filed a motion to dismiss certain of the counts in the complaint, and on March 15, 2013, the court granted AGFP's motion to dismiss the count relating to improper termination of the nine credit derivative transactions and denied AGFP's motion to dismiss the counts relating to the remaining transactions. On February 22, 2016, AGFP filed a motion for summary judgment on the remaining causes of action asserted by LBIE and on AGFP's counterclaims. Oral argument on AGFP's motion took place on July 21, 2016. LBIE's administrators disclosed in an April 10, 2015 report to LBIE's unsecured creditors that LBIE's valuation expert has calculated LBIE's claim for damages in aggregate for the 28 transactions to range between a minimum of approximately $200 million and a maximum of approximately $500 million, depending on what adjustment, if any, is made for AGFP's credit risk and excluding any applicable interest.

On December 22, 2014, Deutsche Bank National Trust Company, as indenture trustee for the AAA Trust 2007-2 Re-REMIC (the Trustee), filed a "trust instructional proceeding" petition in the State of California Superior Court (Probate Division, Orange County), seeking the court's instruction as to how it should allocate the losses resulting from its December 2014 sale of four RMBS owned by the AAA Trust 2007-2 Re-REMIC. This sale of approximately $70 million principal balance of RMBS was made pursuant to AGC's liquidation direction in November 2014, and resulted in approximately $27 million of gross proceeds to the Re-REMIC. On December 22, 2014, AGC directed the indenture trustee to allocate to the uninsured Class A-3 Notes the losses realized from the sale. On May 4, 2015, the Superior Court rejected AGC's allocation direction, and ordered the Trustee to allocate to the Class A-3 noteholders a pro rata share of the $27 million of gross proceeds. AGC is appealing the Superior Court's decision to the California Court of Appeal.

**Recovery Litigation**

***Public Finance Transactions***

On January 7, 2016, AGM, AGC and Ambac Assurance Corporation ("Ambac") commenced an action for declaratory judgment and injunctive relief in the U.S. District Court for the District of Puerto Rico to invalidate the executive orders issued by the Governor on November 30, 2015 and December 8, 2015 directing that the Secretary of the Treasury of the Commonwealth of Puerto Rico and the Puerto Rico Tourism Company retain or transfer (in other words, "claw back") certain taxes and revenues pledged to secure the payment of bonds issued by the PRHTA, the PRCCDA and the PRIFA. The Commonwealth defendants filed a motion to dismiss the action for lack of subject matter jurisdiction, which the Court denied on October 4, 2016. On October 14, 2016, the Commonwealth defendants filed a notice of PROMESA automatic stay.

On July 21, 2016, AGC and AGM filed a motion and form of complaint in the U.S. District Court for the District of Puerto Rico seeking relief from the stay provided by PROMESA. Upon a grant of relief from the PROMESA stay, the lawsuit further seeks a declaration that the Moratorium Act is preempted by Federal bankruptcy law and that certain gubernatorial executive orders diverting PRHTA pledged toll revenues (which are not subject to the Clawback) are preempted by PROMESA and violate the U.S. Constitution. Additionally, it seeks damages for the value of the PRHTA toll revenues diverted and injunctive relief prohibiting the defendants from taking any further action under these executive orders. On October 28, 2016, the Oversight Board filed a motion seeking leave to intervene in the action, which motion was denied on November 1, 2016, without prejudice, on procedural grounds. On November 2, 2016, the Court denied AGC's and AGM's motion for relief from the PROMESA stay on procedural grounds. The PROMESA stay expires on February 15, 2017.

On November 1, 2013, Radian Asset commenced a declaratory judgment action in the U.S. District Court for the Southern District of Mississippi against Madison County, Mississippi (the "County") and the Parkway East Public Improvement District (the "District") to establish its rights under a contribution agreement from the County supporting the District's Special Assessment Bonds, Series 2005, insured by Radian Asset (now AGC). As of September 30, 2016, $20 million of such bonds were outstanding. The County maintained that its payment obligation is limited to two years of annual debt service, while AGC contended the County's obligations under the contribution agreement continue so long as the bonds remain outstanding. On April 27, 2016, the Court granted AGC's motion for summary judgment, agreeing with AGC's interpretation of the County's obligations. On May 11, 2016, the County filed a notice of appeal of that ruling to the United States Court of Appeals for the Fifth Circuit.

***RMBS Transactions***

As a result of the CIFG acquisition as discussed in Note 3, Business Combinations and Goodwill, AGC has acquired the following actions:

On February 5, 2009, U.S. Bank National Association, as indenture trustee ("U.S. Bank"), CIFG, as insurer of the Class Ac Notes, and Syncora Guarantee Inc. ("Syncora"), as insurer of the Class Ax Notes, filed a complaint in the Supreme Court of the State of New York against GreenPoint Mortgage Funding, Inc. ("GreenPoint") alleging GreenPoint breached its representations and warranties with respect to the underlying mortgage loans in the GreenPoint Mortgage Funding Trust 2006-HE1 transaction. On March 3, 2010, the court dismissed CIFG's and Syncora's causes of action on standing grounds. On December 16, 2013, GreenPoint moved to dismiss the remaining claims of U.S. Bank on the grounds that it too lacked standing. U.S. Bank cross-moved for partial summary judgment striking GreenPoint's defense that U.S. Bank lacked standing to directly pursue claims against GreenPoint. On January 28, 2016, the court denied GreenPoint's motion for summary judgment and granted U.S. Bank's cross-motion for partial summary judgment, finding that as a matter of law U.S. Bank has standing to directly assert claims against GreenPoint. On February 26, 2016, GreenPoint filed a notice of appeal of that decision but to date has not perfected its appeal.

On November 26, 2012, CIFG filed a complaint in the Supreme Court of the State of New York against JP Morgan Securities LLC ("JP Morgan") for material misrepresentation in the inducement of insurance and common law fraud, alleging that JP Morgan fraudulently induced CIFG to insure $400 million of securities issued by ACA ABS CDO 2006-2 Ltd. and $325 million of securities issued by Libertas Preferred Funding II, Ltd. On June 26, 2015, the Court dismissed with prejudice CIFG's material misrepresentation in the inducement of insurance claim and dismissed without prejudice CIFG's common law fraud claim. On September 24, 2015, the court denied CIFG's motion to amend but allowed CIFG to re-plead a cause of action for common law fraud. On November 20, 2015, CIFG filed a motion for leave to amend its complaint to re-plead common law fraud. On April 29, 2016, CIFG filed an appeal to reverse the Court's decision dismissing CIFG's material misrepresentation in the inducement of insurance claim, and on October 4, 2016, the Appellate Division of the Supreme Court of the State of New York heard oral arguments on such appeal.

On January 15, 2013, CIFG filed a complaint in the Supreme Court of the State of New York against Goldman, Sachs & Co. ("Goldman") for material misrepresentation in the inducement of insurance and common law fraud, alleging that Goldman fraudulently induced CIFG to insure $325 million of Class A-1 Notes (the "Class A-1 Notes") and to purchase $10 million of Class A-2 Notes (the "Class A-2 Notes") issued by Fortius II Funding, Ltd. CDO. CIFG and Goldman agreed to separately arbitrate the issue of liability with respect to CIFG's purchase of the Class A-2 Notes, and on February 4, 2015, an arbitration panel awarded CIFG $2.5 million in damages. On September 11, 2015, CIFG filed an amended complaint to allege that the arbitration award collaterally estopped Goldman from disputing its liability for fraudulent inducement in respect of the Class A-1 Notes. On July 7, 2016, the Court heard oral argument on (i) the motion of AGC (as successor to CIFG) for partial summary judgment on the issue of Goldman's liability for material misrepresentation in the inducement of insurance and fraud with respect to the Class A-1 Notes policy and (ii) Goldman's motion to dismiss AGC's amended complaint. On October 20, 2016, AGC (as successor to CIFG) and Goldman reached a settlement of the action.

**15. Leases**
There has been no change since the 2015 Annual Statement.

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

The Company provides insurance for public finance and structured finance obligations. Total net principal and interest exposure at September 30, 2016 was $57.1 billion ($45.0 billion for public finance and $12.1 billion for structured finance exposures).

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

A. The Company has not sold or transferred any receivables during the first nine months of 2016.
B. The Company has not transferred or serviced any financial assets during the first nine months of 2016.
C. The Company did not engage in any wash sale transactions during the first nine months of 2016.

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**
There has been no change since the 2015 Annual Statement.

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**
There has been no change since the 2015 Annual Statement.

**20. Fair Value**
A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value
1. Items Measured and Reported at Fair Value by Levels 1, 2 and 3
The Company categorizes its assets and liabilities that are reported on the balance sheet at fair value into the three-level hierarchy. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows.

- Level 1 – Quoted prices for identical instruments in active markets. The Company generally defines an active market as a market in which trading occurs at significant volumes. Active markets generally are more liquid and have a lower bid-ask spread than an inactive market.

- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and observable inputs other than quoted prices, such as interest rates or yield curves and other inputs derived from or corroborated by observable market inputs.

- Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

An asset or liability's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Bonds are generally recorded at amortized cost. Stocks, excluding those for investments in subsidiaries, are reported at fair value on a recurring basis. The following fair value hierarchy table presents information about the Company's assets measured at fair value as of September 30, 2016.

| Description for each class of asset or liability | Level 1 | Level 2 | Level 3 | TOTAL |
|---|---|---|---|---|
| a. Assets at fair value | | | | |
| Bonds | | | | |
| US Governments | $ — | $ — | $ — | $ — |
| Industrial & Miscellaneous | — | — | 383,672 | 383,672 |
| Total Bonds | — | — | 383,672 | 383,672 |
| Derivative instruments | | | | |
| Credit default swap | — | — | 15,761,391 | 15,761,391 |
| Total Derivative Instruments | — | — | 15,761,391 | 15,761,391 |
| Total Assets at Fair Value | $ — | $ — | $ 16,145,063 | $ 16,145,063 |

***Cash and Short-Term Investments***
The carrying amounts reported in the statement of admitted assets, liabilities and surplus for these instruments are at amortized cost.

***Bonds***
Bonds with an NAIC designation of 1 and 2 are carried at amortized cost while bonds with an NAIC designation of 3 through 6 are carried at the lower of cost or fair value.The fair value of bonds in the investment portfolio is generally based on prices received from third party pricing services or alternative pricing sources with reasonable levels of price transparency. The pricing services prepare estimates of fair value measurements using their pricing models, which include available relevant market information,

benchmark curves, benchmarking of like securities, and sector groupings. Additional valuation factors that can be taken into account are nominal spreads and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements, and sector news. The market inputs used in the pricing evaluation include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data and industry and economic events. Benchmark yields have in many cases taken priority over reported trades for securities that trade less frequently or those that are distressed trades, and therefore may not be indicative of the market. The extent of the use of each input is dependent on the asset class and the market conditions. Given the asset class, the priority of the use of inputs may change or some market inputs may not be relevant. Additionally, the valuation of fixed-maturity investments is more subjective when markets are less liquid due to the lack of market based inputs, which may increase the potential that the estimated fair value of an investment is not reflective of the price at which an actual transaction would occur.

***Stocks***

The Company's stocks are comprised of investments in subsidiaries. Investments in subsidiaries are carried on the equity basis, to the extent admissable.

2. Rollforward of Level 3 Items

For fair value measurements categorized within Level 3 of the fair value hierarchy, the following table is a reconciliation from the opening balance to the closing balance disclosing changes year-to-date:

| Description: | Beg. Balance at January 1, 2016 | Transfers Into Level 3 | Transfers Out of Level 3 | Total Gains & Losses incl in Net Income | Total Gains & Loss incl in Surplus | Purchase | Issuance | Sales | Settle-ment | Ending Balance at September 30, 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Municipal bonds | $ — | $ 383,672 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ 383,672 |
| Residential mortgage backed securities | 44,518,074 | — | 41,622,010 | (2,239,993) | — | — | — | — | 656,071 | — |
| Cash equivalents and short-term investments | 149,995 | — | 212 | — | — | — | — | — | 149,783 | — |
| Derivatives | 31,773,073 | — | — | — | (16,011,682) | — | — | — | — | 15,761,391 |
| TOTAL | $ 76,441,142 | $ 383,672 | $41,622,222 | $(2,239,993) | $ (16,011,682) | $ — | $ — | $ — | $ 805,854 | $ 16,145,063 |

3. Policy on Transfers Into and Out of Level 3

Transfers in and out of Level 3 are recognized at the end of the quarter when the Company evaluates whether securities with unobservable inputs need to be carried at fair value.

- During the first nine months of 2016, the Company transferred Puerto Rico municipal bonds into the fair value hierarchy and transfered out RMBS securities which were in an unrealized gain position at September 30, 2016.

4. Inputs and Techniques Used for Level 3 Fair Values

The level 3 securities were priced with the assistance of an independent third party. The pricing is based on a discounted cash flow approach using the third party's proprietary pricing models. The models use, as applicable, inputs such as projected prepayment speeds; severity assumptions; recovery lag assumptions; estimated default rates (determined on the basis of an analysis of collateral attributes, historical collateral performance, borrower profiles and other features relevant to the evaluation of collateral credit quality); house price depreciation/appreciation rates based on macroeconomic forecasts and recent trading activity. The yield used to discount the projected cash flows is determined by reviewing various attributes of the bond, including collateral type, weighted average life, sensitivity to losses, vintage and convexity, in conjunction with market data on comparable securities. Significant changes to any of these inputs could materially change the expected timing of cash flows within these securities which is a significant factor in determining the fair value of the securities.

5. Derivative Fair Values

Derivatives were fair valued using Bloomberg L.P.'s CDSW pricing model at September 30, 2016.

B. Other Fair Value Disclosures

The fair value of the Company's financial guaranty contracts accounted for as insurance was approximately $3.4 billion at September 30, 2016 and was based on management's estimate of what a similarly rated financial guaranty insurance company would demand to acquire the Company's in-force book of financial guaranty insurance business. This amount was based on the pricing assumptions management has observed for portfolio transfers and acquisitions that have occurred in the financial guaranty market and included adjustments to the carrying value of unearned premium reserve for stressed losses, ceding commissions and return on capital. The significant inputs were not readily observable. The Company accordingly classified this fair value measurement as Level 3.

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method. The fair values are also categorized into the three-level fair value hierarchy as described in Note 20A.

| Type of Financial Instrument | Fair Value | Admitted Value | Level 1 | Level 2 | Level 3 | Not Practicable (Carrying Value) |
|---|---|---|---|---|---|---|
| Bonds | $ 2,697,497,733 | $ 2,524,621,817 | $ — | $ 2,210,763,302 | $ 486,734,431 | $ — |
| Cash, cash equivalents and short-term investments | 78,497,891 | 78,497,158 | 67,646,426 | 10,851,465 | — | — |
| Derivative instruments | 15,761,391 | 15,761,391 | — | — | 15,761,391 | — |
| Total assets | $ 2,791,757,015 | $ 2,618,880,366 | $ 67,646,426 | $ 2,221,614,767 | $ 502,495,822 | $ — |

D. Financial Instruments for Which it is Not Practical to Estimate Fair Values

Not applicable

**21. <u>Other Items</u>**

A, B, C, D, E. There has been no change since the 2015 Annual Statement.

F. Subprime Mortgage-Related Risk Exposure

(1) through (3)

The Company purchased securities with subprime mortgage related exposures that it has insured, and for which it has loss reserves, in order to mitigate the economic effect of insured losses ("loss mitigation bonds"). These securities were purchased at a discount and are accounted for excluding the effects of the Company's insurance on the securities. Securities rated lower than A-/A3 by S&P or Moody's are not eligible to be purchased for the Company's portfolio unless acquired for loss mitigation or risk management strategies.

| As of September 30, 2016 | Actual Cost | Book Value | Fair Value | OTTI Losses Recognized |
|---|---|---|---|---|
| Residential Mortgage Backed Securities | $ 8,309,937 | $ 8,418,875 | $ 8,971,509 | $ 171,437 |
| Total | $ 8,309,937 | $ 8,418,875 | $ 8,971,509 | $ 171,437 |

(4) Underwriting Exposure

***Selected U.S. Public Finance Transactions***

The Company has insured exposure to general obligation bonds of the Commonwealth of Puerto Rico ("Puerto Rico" or the "Commonwealth") and various obligations of its related authorities and public corporations aggregating $1.7 billion net par as of September 30, 2016, all of which is rated below investment grade ("BIG").

Puerto Rico has experienced significant general fund budget deficits in recent years. In addition to high debt levels, Puerto Rico faces a challenging economic environment; the economy has declined nearly every year since 2007, while the population has shrunk every year since 2006 as residents have emigrated.

On June 28, 2015, Governor García Padilla of Puerto Rico (the "Governor") publicly stated that the Commonwealth's public debt, considering the current level of economic activity, was unpayable and that a comprehensive debt restructuring might be necessary.

On November 30, 2015, and December 8, 2015, the Governor issued executive orders ("Clawback Orders") directing the Puerto Rico Department of Treasury and the Puerto Rico Tourism Company to retain or transfer certain taxes pledged to secure the payment of bonds issued by PRHTA, Puerto Rico Infrastructure Financing Authority ("PRIFA"), and Puerto Rico Convention Center District Authority ("PRCCDA"). On January 7, 2016, the Company sued various Puerto Rico governmental officials in the United States District Court, District of Puerto Rico asserting that this attempt to "claw back" pledged taxes is unconstitutional, and demanding declaratory and injunctive relief.

On January 1, 2016, PRIFA defaulted on payment of a portion of the interest due on its bonds on that date, resulting in a claim on the Company for those PRIFA bonds the Company insures. There have been additional payment defaults on this and other Puerto Rico credits since then, including, on July 1, 2016, a default on the payment of the Commonwealth's general obligation bonds. The Company has now paid claims on several Puerto Rico credits.

On April 6, 2016, the Governor signed into law the Puerto Rico Emergency Moratorium & Financial Rehabilitation Act (the "Moratorium Act"). The Moratorium Act purportedly empowers the Governor to declare, entity by entity, states of emergencies and moratoriums on debt service payments on obligations of the Commonwealth and its related authorities and public corporations, as well as instituting a stay against related litigation, among other things. The Governor has used the authority of the Moratorium Act to take a number of actions related to issuers of obligations the Company insures. National Public Finance Guarantee Corporation ("National") (another financial guarantor), holders of the Commonwealth general obligation bonds and certain Puerto Rico residents have filed suits to invalidate the Moratorium Act, and on July 21, 2016, the Company filed a motion and form of complaint in the U.S. District Court for the District of Puerto Rico seeking relief from the PROMESA stay to seek a declaration that the Moratorium Act is preempted by Federal bankruptcy law; that motion was denied on November 2, 2016, on procedural grounds. The PROMESA stay expires on February 15, 2017.

On June 13, 2016, the Supreme Court of the United States affirmed rulings of lower courts finding that the Puerto Rico Public Corporation Debt Enforcement and Recovery Act, which was enacted by Puerto Rico in June 2014 in order to provide a legislative framework for certain public corporations experiencing severe financial stress to restructure their debt, was preempted by the U.S. Bankruptcy Code and therefore void.

On June 30, 2016, the PROMESA was signed into law by the President of the United States. PROMESA establishes a seven-member federal financial oversight board ("Oversight Board") with authority to require that balanced budgets and fiscal plans be adopted and implemented by Puerto Rico. PROMESA provides a legal framework under which the debt of the Commonwealth and its related authorities and public corporations may be voluntarily restructured, and grants the Oversight Board the sole authority to file restructuring petitions in a federal court to restructure the debt of the Commonwealth and its related authorities and public corporations if voluntary negotiations fail, provided that any such restructuring must be in accordance with an Oversight Board approved fiscal plan that respects the liens and priorities provided under Puerto Rico law. PROMESA also appears to preempt at least portions of the Moratorium Act and appears to stay debt-related litigation, possibly including the Company's litigation regarding the Clawback Orders. On August 31, 2016, the President of the United States appointed the seven members of the Oversight Board.

The Oversight Board has begun meeting. Press reports indicate that the Oversight Board has set a target of mid-January 2017 for hiring an executive director and is considering intervening in certain litigation relating to the Moratorium Act or otherwise related to Puerto Rico's debt problems. On October 28, 2016, the Oversight Board filed a motion to intervene in the litigation noted above initiated by the Company on July 21, 2016, and seeking relief from the PROMESA stay. That motion was denied on November 1, 2016, without prejudice, on procedural grounds. The Oversight Board also may seek in the future to intervene in litigation initiated by the Company.

The final shape, timing and validity of responses to Puerto Rico's distress eventually enacted or implemented under the auspices of PROMESA and the Oversight Board or otherwise, and the impact of any such responses on obligations insured by the Company, is uncertain.

The Company groups its Puerto Rico exposure into three categories:

- *Constitutionally Guaranteed.* The Company includes in this category public debt benefiting from Article VI of the Constitution of the Commonwealth, which expressly provides that interest and principal payments on the public debt are to be paid before other disbursements are made.

- *Public Corporations - Certain Revenues Potentially Subject to Clawback.* The Company includes in this category the debt of public corporations for which applicable law permits the Commonwealth to claw back, subject to certain conditions and for the payment of public debt, at least a portion of the revenues supporting the bonds the Company insures. As a Constitutional condition to clawback, available Commonwealth revenues for any fiscal year must be insufficient to pay Commonwealth debt service before the payment of any appropriations for that year. The Company believes that this condition has not been satisfied to date, and accordingly that the Commonwealth has not to date been entitled to clawback revenues supporting debt insured by the Company. As noted above, the Company sued various Puerto Rico governmental officials in the United States District Court, District of Puerto Rico asserting that Puerto Rico's recent attempt to “claw back” pledged taxes is unconstitutional, and demanding declaratory and injunctive relief.

- *Other Public Corporations.* The Company includes in this category the debt of public corporations that are supported by revenues it does not believe are subject to clawback.

**Constitutionally Guaranteed**

*General Obligation.* As of September 30, 2016, the Company had $377 million insured net par outstanding of the general obligations of Puerto Rico, which are supported by the good faith, credit and taxing power of the Commonwealth. On July 1, 2016, despite the requirements of Article VI of its Constitution but pursuant to an executive order issued by the Governor under the Moratorium Act, the Commonwealth defaulted on most of the debt service payment due that day, and the Company made its first claim payments on these bonds.

*Puerto Rico Public Buildings Authority (“PBA”).* As of September 30, 2016, the Company had $169 million insured net par outstanding of PBA bonds, which are supported by a pledge of the rents due under leases of government facilities to departments, agencies , instrumentalities and municipalities of the Commonwealth, and that benefit from a Commonwealth guaranty supported by a pledge of the Commonwealth’s good faith, credit and taxing power. On July 1, 2016, despite the requirements of Article VI of its Constitution but pursuant to an executive order issued by the Governor under the Moratorium Act, the PBA defaulted on most of the debt service payment due that day, and the Company made its first claim payments on these bonds.

**Public Corporations - Certain Revenues Potentially Subject to Clawback**

*PRHTA.* As of September 30, 2016, the Company had $521 million insured net par outstanding of PRHTA (Transportation revenue) bonds and $93 million insured net par of PRHTA (Highways revenue) bonds. The transportation revenue bonds are secured by a subordinate gross pledge of gasoline and gas oil and diesel oil taxes, motor vehicle license fees and certain tolls, plus a first lien on up to $120 million annually of taxes on crude oil, unfinished oil and derivative products. The highways revenue bonds are secured by a gross pledge of gasoline and gas oil and diesel oil taxes, motor vehicle license fees and certain tolls. The Clawback Orders cover Commonwealth-derived taxes that are allocated to PRHTA. The Company believes that such sources represented a substantial majority of PRHTA’s revenues in 2015. The PRHTA bonds are subject to executive orders issued pursuant to the Moratorium Act. As noted above, the Company filed a motion and form of complaint in the U.S. District Court for the District of Puerto Rico seeking relief from the PROMESA stay to seek a declaration that the Moratorium Act is preempted by Federal bankruptcy law and that certain gubernatorial executive orders diverting PRHTA pledged toll revenues (which are not subject to the Clawback Orders) are preempted by PROMESA and violate the U.S. Constitution, and also seeking damages and injunctive relief. That motion was denied on November 2, 2016, on procedural grounds. The PROMESA stay expires on February 15, 2017. There were sufficient funds in the PRHTA bond accounts to make the July 1, 2016, PRHTA debt service payments guaranteed by the Company, and those payments were made in full.

*PRCCDA.* As of September 30, 2016, the Company had $152 million insured net par outstanding of PRCCDA bonds, which are secured by certain hotel tax revenues. These revenues are sensitive to the level of economic activity in the area and are subject to the Clawback Orders, and the bonds are subject to an executive order issued pursuant to the Moratorium Act. There were sufficient funds in the PRCCDA bond accounts to make the July 1, 2016 PRCCDA bond payments guaranteed by the Company, and those payments were made in full.

*PRIFA.* As of September 30, 2016, the Company had $17 million insured net par outstanding of PRIFA bonds, which are secured primarily by the return to Puerto Rico of federal excise taxes paid on rum. These revenues are subject to the Clawback Orders and the bonds are subject to an executive order issued pursuant to the Moratorium Act. The Company made its first claim payment on PRIFA bonds in January 2016, and has continued to make claim payments on PRIFA bonds.

**Other Public Corporations**

*Puerto Rico Electric Power Authority ("PREPA").* As of September 30, 2016, the Company had $73 million insured net par outstanding of PREPA obligations, which are payable from a pledge of net revenues of the electric system.

On December 24, 2015, AGM and AGC entered into a Restructuring Support Agreement (“RSA”) with PREPA, an ad hoc group of uninsured bondholders and a group of fuel-line lenders that would, subject to certain conditions, result in, among other things, modernization of the utility and a restructuring of current debt. Upon finalization of the contemplated restructuring transaction, insured PREPA revenue bonds (with no reduction to par or stated interest rate or extension of maturity) will be supported by securitization bonds issued by a special purpose corporation and secured by a transition charge assessed on ratepayers. To facilitate the securitization transaction and in exchange for a market premium, Assured Guaranty will issue surety insurance policies in an aggregate amount not expected to exceed $113 million ($14 million for AGC and $99 million for AGM) to support a portion of the reserve fund for the securitization bonds. Certain of the creditors also agreed, subject to certain conditions, to participate in a bridge financing, which was closed in two tranches on May 19, 2016, and June 22, 2016. AGM's and AGC's share of the bridge financing was approximately $15 million ($2 million for AGC and $13 million for AGM). Legislation meeting the requirements of the RSA was enacted on February 16, 2016, and a transition charge to be paid by PREPA rate payers for debt service on the securitization bonds as contemplated by the RSA was approved by the Puerto Rico

Energy Commission on June 20, 2016. The closing of the restructuring transaction and the issuance of the surety bonds are subject to certain conditions, including execution of acceptable documentation and legal opinions.

On July 1, 2016, PREPA made full payment of the $41 million of principal and interest due on PREPA revenue bonds insured by AGM and AGC. That payment was funded in part by AGM's purchase of $26 million of PREPA bonds maturing in 2020. Upon finalization of the RSA, these new PREPA revenue bonds will be supported by securitization bonds contemplated by the RSA. In early 2016, PREPA repaid in full the $74 million in aggregate principal amount of PREPA revenue bonds purchased by AGM and AGC in July 2015 to replenish some of the operating funds PREPA used to make the July 2015 payments on the PREPA revenue bonds insured by AGM and AGC.

There can be no assurance that the conditions in the RSA will be met or that, if the conditions are met, the RSA's other provisions, including those related to the insured PREPA revenue bonds, will be implemented. In addition, the impact of PROMESA and the Moratorium Act or any attempt to exercise the power purportedly granted by the Moratorium Act on the implementation of the RSA is uncertain. PREPA, during the pendency of the agreements, has suspended deposits into its debt service fund.

*Puerto Rico Aqueduct and Sewer Authority ("PRASA").* As of September 30, 2016, the Company had $285 million of insured net par outstanding to PRASA bonds, which are secured by the gross revenues of the water and sewer system. On September 15, 2015, PRASA entered into a settlement with the U.S. Department of Justice and the U.S. Environmental Protection Agency that requires it to spend $1.6 billion to upgrade and improve its sewer system island-wide. According to a material event notice PRASA filed on March 4, 2016, PRASA owed its contractors $140 million. The PRASA Revitalization Act, which establishes a securitization mechanism that could facilitate debt issuance, was signed into law on July 13, 2016. While certain bonds benefiting from a guarantee by the Commonwealth are subject to an executive order issued under the Moratorium Act, bonds insured by the Company are not subject to that order. There were sufficient funds in the PRASA bond accounts to make the July 1, 2016, PRASA bond payments guaranteed by the Company, and those payments were made in full.

*Municipal Finance Agency ("MFA").* As of September 30, 2016, the Company had $61 million net par outstanding of bonds issued by MFA secured by a pledge of local property tax revenues. There were sufficient funds in the MFA bond accounts to make the July 1, 2016 MFA bond payments guaranteed by the Company, and those payments were made in full.

***U.S. Public Finance Loss and LAE***

The Company has loss and LAE reserves across its troubled Puerto Rico and other U.S. public finance credits which incorporated the likelihood of the various outcomes as of September 30, 2016, of $258.1 million compared to $328.2 million as of December 31, 2015. On July 1, 2016, the CIFG Acquisition added $46.8 million in net loss reserves for U.S. public finance credits. The higher loss reserves are primarily attributable to Puerto Rico exposures.

***Third Quarter and Nine Months 2016 U.S. RMBS Loss Projections***

Based on its observation during the period of the performance of its insured transactions (including early stage delinquencies, late stage delinquencies and loss severity) as well as the residential property market and economy in general, the Company chose to use the same general assumptions to project RMBS losses as of September 30, 2016 as it used as of December 31, 2015, except it (1) increased severities for specific vintages of Alt-A first lien, Option ARM and subprime transactions, (2) decreased liquidation rates for certain vintages of subprime and (3) increased liquidation rates for second lien transactions based on observed data.

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

The majority of projected losses in first lien RMBS transactions are expected to come from non-performing mortgage loans (those that are or in the past twelve months have been two or more payments behind, have been modified, are in foreclosure, or have been foreclosed upon). Changes in the amount of non-performing loans from the amount projected in the previous period are one of the primary drivers of loss development in this portfolio. In order to determine the number of defaults resulting from these delinquent and foreclosed loans, the Company applies a liquidation rate assumption to loans in each of various non-performing categories. The Company arrived at its liquidation rates based on data purchased from a third party provider and assumptions about how delays in the foreclosure process and loan modifications may ultimately affect the rate at which loans are liquidated. Each quarter the Company reviews the most recent twelve months of this data and (if necessary) adjusts its liquidation rates based on its observations. The following table shows liquidation assumptions for various non-performing categories.

**First Lien Liquidation Rates**

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| **Current Loans Modified in the Previous 12 Months** | 25% | 25% |
| **Current Loans Delinquent in the Previous 12 Months** | 25 | 25 |
| **30 - 59 Days Delinquent** | | |
| Alt-A and Prime | 35 | 35 |
| Option ARM | 40 | 40 |
| Subprime | 45 | 45 |
| **60 - 89 Days Delinquent** | | |
| Alt-A and Prime | 45 | 45 |
| Option ARM | 50 | 50 |
| Subprime | 50 | 55 |
| **90+ Days Delinquent** | | |
| Alt-A and Prime | 55 | 55 |
| Option ARM | 60 | 60 |
| Subprime | 55 | 60 |
| **Bankruptcy** | | |
| Alt-A and Prime | 45 | 45 |
| Option ARM | 50 | 50 |
| Subprime | 40 | 40 |
| **Foreclosure** | | |
| Alt-A and Prime | 65 | 65 |
| Option ARM | 70 | 70 |
| Subprime | 65 | 70 |
| **Real Estate Owned** | | |
| All | 100 | 100 |

While the Company uses liquidation rates as described above to project defaults of non-performing loans (including current loans modified or delinquent within the last 12 months), it projects defaults on presently current loans by applying a conditional default rate ("CDR") trend. The start of that CDR trend is based on the defaults the Company projects will emerge from currently nonperforming, recently nonperforming and modified loans. The total amount of expected defaults from the non-performing loans is translated into a constant CDR (i.e., the CDR plateau), which, if applied for each of the next 36 months, would be sufficient to produce approximately the amount of defaults that were calculated to emerge from the various delinquency categories. The CDR thus calculated individually on the delinquent collateral pool for each RMBS is then used as the starting point for the CDR curve used to project defaults of the presently performing loans.

In the base case, after the initial 36-month CDR plateau period, each transaction's CDR is projected to improve over 12 months to an intermediate CDR (calculated as 20% of its CDR plateau); that intermediate CDR is held constant for 36 months and then trails off in steps to a final CDR of 5% of the CDR plateau. In the base case, the Company assumes the final CDR will be reached 7 years after the initial 36-month CDR plateau period. Under the Company's methodology, defaults projected to occur in the first 36 months represent defaults that can be attributed to loans that were modified or delinquent in the last 12 months or that are currently delinquent or in foreclosure, while the defaults projected to occur using the projected CDR trend after the first 36-month period represent defaults attributable to borrowers that are currently performing or are projected to re-perform.

Another important driver of loss projections is loss severity, which is the amount of loss the transaction incurs on a loan after the application of net proceeds from the disposal of the underlying property. Loss severities experienced in first lien transactions have reached historically high levels, and the Company is assuming in the base case that these high levels generally will continue for another 18 months. The Company determines its initial loss severity based on actual recent experience. As a result, as of September 30, 2016, the Company updated severities for certain vintages of Alt-A first lien and subprime transactions, as well as Option ARM. The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning after the initial 18 month period, declining to 40% in the base case over 2.5 years.

The following table shows the range as well as the average, weighted by outstanding net insured par, for key assumptions used in the calculation of loss reserves for individual transactions for direct vintage 2004 - 2008 first lien U.S. RMBS.

**Key Assumptions in Base Case Loss Reserve Estimates**
**First Lien RMBS (1)**

| | As of September 30, 2016 | | As of December 31, 2015 | |
|---|---|---|---|---|
| | Range | Weighted Average | Range | Weighted Average |
| **Alt-A First Lien** | | | | |
| Plateau CDR | 0.1% - 20.8% | 5.9% | 1.7% - 26.4% | 5.8% |
| Intermediate CDR | 0.0% - 4.2% | 1.2% | 0.3% - 5.3% | 1.2% |
| Period until intermediate CDR | 48 months | | 48 months | |
| Final CDR | 0.0% - 1.0% | 0.3% | 0.1% - 1.3% | 0.3% |
| Initial loss severity: | | | | |
| 2005 and prior | 60.0% | | 60.0% | |
| 2006 | 80.0% | | 70.0% | |
| 2007 | 70.0% | | 65.0% | |
| Initial conditional prepayment rate ("CPR") | 6.1% - 26.6% | 10.7% | 4.6% - 32.5% | 11.5% |
| Final CPR (2) | 15.0% | | 15.0% | |
| **Option ARM** | | | | |
| Plateau CDR | 3.7% - 8.0% | 6.8% | 4.8% - 9.3% | 7.5% |
| Intermediate CDR | 0.7% - 1.6% | 1.4% | 1.0% - 1.9% | 1.5% |
| Period until intermediate CDR | 48 months | | 48 months | |
| Final CDR | 0.2% - 0.4% | 0.3% | 0.2% - 0.5% | 0.4% |
| Initial loss severity: | | | | |
| 2005 and prior | 60.0% | | 60.0% | |
| 2006 | 70.0% | | 70.0% | |
| 2007 | 75.0% | | 65.0% | |
| Initial CPR | 4.2% - 14.4% | 6.8% | 3.0% - 10.9% | 5.1% |
| Final CPR (2) | 15.0% | | 15.0% | |
| **Subprime** | | | | |
| Plateau CDR | 4.5% - 12.8% | 7.7% | 4.7% - 12.7% | 8.2% |
| Intermediate CDR | 0.9% - 2.6% | 1.5% | 0.9% - 2.5% | 1.6% |
| Period until intermediate CDR | 48 months | | 48 months | |
| Final CDR | 0.2% - 0.6% | 0.4% | 0.2% - 0.6% | 0.4% |
| Initial loss severity: | | | | |
| 2005 and prior | 80.0% | | 75.0% | |
| 2006 | 90.0% | | 90.0% | |
| 2007 | 90.0% | | 90.0% | |
| Initial CPR | 1.8% - 12.1% | 5.2% | 0.0% - 10.1% | 3.6% |
| Final CPR (2) | 15.0% | | 15.0% | |

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

(2) For transactions where the initial CPR is higher than the final CPR, the initial CPR is held constant and the final CPR is not used.

The rate at which the principal amount of loans is voluntarily prepaid may impact both the amount of losses projected (since that amount is a function of the CDR, the loss severity and the loan balance over time) as well as the amount of excess spread (the amount by which the interest paid by the borrowers on the underlying loan exceeds the amount of interest owed on the insured obligations). The assumption for the voluntary CPR follows a similar pattern to that of the CDR. The current level of voluntary prepayments is assumed to continue for the plateau period before gradually increasing over 12 months to the final CPR, which is assumed to be 15% in the base case. For transactions where the initial CPR is higher than the final CPR, the initial CPR is held constant and the final CPR is not used. These CPR assumptions are the same as those the Company used for December 31, 2015.

In estimating loss reserves, the Company modeled and probability weighted sensitivities for first lien transactions by varying its assumptions of how fast a recovery is expected to occur. One of the variables used to model sensitivities was how quickly the CDR returned to its modeled equilibrium, which was defined as 5% of the initial CDR. The Company also stressed CPR and the speed of recovery of loss severity rates. The Company probability weighted a total of five scenarios as of September 30, 2016. The Company used a similar approach to establish its pessimistic and optimistic scenarios as of September 30, 2016 as it used as of December 31, 2015, increasing and decreasing the periods of stress from those used in the base case.

In a somewhat more stressful environment than that of the base case, where the CDR plateau was extended six months (to be 42 months long) before the same more gradual CDR recovery and loss severities were assumed to recover over 4.5 rather than 2.5 years (and subprime loss severities were assumed to recover only to 60% and Option ARM and Alt A loss severities to only 45%), expected loss to be paid would increase from current projections by approximately $1.8 million for Alt-A first liens, $24.0 thousand for Option ARM, $4.7 million for subprime and $0.1 million for prime transactions.

In an even more stressful scenario where loss severities were assumed to rise and then recover over nine years and the initial ramp-down of the CDR was assumed to occur over 15 months and other assumptions were the same as the other stress scenario, loss reserves would increase from current projections by approximately $4.7 million for Alt-A first liens, would decrease $0.3 million for Option ARM, and would increase $6.3 million for subprime and $0.2 million for prime transactions.

In a scenario with a somewhat less stressful environment than the base case, where CDR recovery was somewhat less gradual, loss reserves would decrease from current projections by approximately $0.5 million for Alt-A first lien, $2.4 million for Option ARM, would increase by $0.2 million for subprime and would decrease $9.0 thousand for prime transactions.

In an even less stressful scenario where the CDR plateau was six months shorter (30 months, effectively assuming that liquidation rates would improve) and the CDR recovery was more pronounced, (including an initial ramp-down of the CDR over nine months), loss reserves would decrease from current projections by approximately $2.2 million for Alt-A first liens, $3.3 million for Option ARM, $2.0 million for subprime and $0.1 million for prime transactions.

***U.S. Second Lien RMBS Loss Projections***

Second lien RMBS transactions include both home equity lines of credit ("HELOC") and closed end second lien transactions. The Company believes the primary variable affecting its loss reserves in second lien RMBS transactions is the amount and timing of future losses in the collateral pool supporting the transactions. Loss reserves are also a function of the structure of the transaction; the voluntary prepayment rate (typically also referred to as CPR of the collateral); the interest rate environment; and assumptions about the draw rate and loss severity.

In second lien transactions the projection of near-term defaults from currently delinquent loans is relatively straightforward because loans in second lien transactions are generally “charged off” (treated as defaulted) by the securitization’s servicer once the loan is 180 days past due. The Company estimates the amount of loans that will default over the next six months by calculating current representative liquidation rates. A liquidation rate is the percent of loans in a given cohort (in this instance, delinquency category) that ultimately default. Similar to first liens, the Company then calculates a CDR for six months, which is the period over which the currently delinquent collateral is expected to be liquidated. That CDR is then used as the basis for the plateau CDR period that follows the embedded five months of losses. Liquidation rates assumed as of September 30, 2016, were from 25% to 100%, which were the same as December 31, 2015.

For the base case scenario, the CDR (the “plateau CDR”) was held constant for six months. Once the plateau period has ended, the CDR is assumed to gradually trend down in uniform increments to its final long-term steady state CDR. (The long-term steady state CDR is calculated as the constant CDR that would have yielded the amount of losses originally expected at underwriting.) In the base case scenario, the time over which the CDR trends down to its final CDR is 28 months. Therefore, the total stress period for second lien transactions is 34 months, comprising five months of delinquent data, a one month plateau period and 28 months of decrease to the steady state CDR the same as of December 31, 2015.

HELOC loans generally permit the borrower to pay only interest for an initial period (often ten years) and, after that period, require the borrower to make both the monthly interest payment and a monthly principal payment, and so increase the borrower's aggregate monthly payment. Some of the HELOC loans underlying the Company's insured HELOC transactions have reached their principal amortization period. The Company has observed that the increase in monthly payments occurring when a loan reaches its principal amortization period, even if mitigated by borrower relief offered by the servicer, is associated with increased borrower defaults. Thus, most of the Company's HELOC projections incorporate an assumption that a percentage of loans reaching their amortization periods will default around the time of the payment increase. These projected defaults are in addition to those generated using the CDR curve as described above. This assumption is similar to the one used at December 31, 2015. For September 30, 2016, the Company used the same general approach it used as of December 31, 2015.

When a second lien loan defaults, there is generally a very low recovery. The Company had assumed as of September 30, 2016 that it will generally recover only 2% of the collateral defaulting in the future and declining additional amounts of post-default receipts on previously defaulted collateral. This is the same assumption used as of December 31, 2015.

The rate at which the principal amount of loans is prepaid may impact both the amount of losses projected as well as the amount of excess spread. In the base case, an average CPR (based on experience of the past year) is assumed to continue until the end of the plateau before gradually increasing to the final CPR over the same period the CDR decreases. The final CPR is assumed to be 15% for second lien transactions, which is lower than the historical average but reflects the Company’s continued uncertainty about the projected performance of the borrowers in these transactions. For transactions where the initial CPR is higher than the final CPR, the initial CPR is held constant and the final CPR is not used. This pattern is generally consistent with how the Company modeled the CPR as of December 31, 2015. To the extent that prepayments differ from projected levels it could materially change the Company’s projected excess spread and losses.

The Company uses a number of other variables in its second lien loss projections, including the spread between relevant interest rate indices. These variables have been relatively stable and in the relevant ranges have less impact on the projection results than the variables discussed above. However, in a number of HELOC transactions the servicers have been modifying poorly performing loans from floating to fixed rates, and, as a result, rising interest rates would negatively impact the excess spread available from these modified loans to support the transactions. The Company incorporated these modifications in its assumptions.

In estimating loss reserves, the Company modeled and probability weighted five possible CDR curves applicable to the period preceding the return to the long-term steady state CDR. The Company used five scenarios at September 30, 2016 and December 31, 2015. The Company believes that the level of the elevated CDR and the length of time it will persist, the ultimate prepayment rate, and the amount of additional defaults because of the expiry of the interest only period, are the primary drivers behind the likely amount of losses the collateral will suffer. The Company continues to evaluate the assumptions affecting its modeling results.

Most of the Company's projected second lien RMBS losses are from HELOC transactions. The following table shows the range as well as the average, weighted by outstanding net insured par, for key assumptions for the calculation of expected loss to be paid for individual transactions for direct vintage 2004 - 2008 HELOCs.

**Key Assumptions in Base Case Loss Reserve Estimates**
**HELOCs (1)**

| | As of September 30, 2016 | | As of December 31, 2015 | |
|---|---|---|---|---|
| | Range | Weighted Average | Range | Weighted Average |
| Plateau CDR | 7.1% - 17.5% | 13.5% | 7.0% - 13.0% | 7.6% |
| Final CDR trended down to | 0.5% - 2.5% | 1.4% | 0.5% - 2.2% | 1.3% |
| Period until final CDR | 34 months | | 34 months | |
| Initial CPR | 11.6% - 15.1% | 13.6% | 10.9% | |
| Final CPR (2) | 15.0% - 15.1% | 15.0% | 10.0% - 15.0% | 13.3% |
| Loss severity | 98.0% | | 98.0% | |

(1) Represents variables for most heavily weighted scenario (the "base case").

(2) For transactions where the initial CPR is higher than the final CPR, the initial CPR is held constant and the final CPR is not used.

The Company's base case assumed a six month CDR plateau and a 28 month ramp-down (for a total stress period of 34 months). The Company also modeled a scenario with a longer period of elevated defaults and another with a shorter period of elevated defaults. Increasing the CDR plateau to eight months and increasing the ramp-down by three months to 31 months (for a total stress period of 39 months), and doubling the defaults relating to the end of the interest only period would increase the loss reserves by approximately $8.6 million for HELOC transactions. On the other hand, reducing the CDR plateau to four months and decreasing the length of the CDR ramp-down to 25 months (for a total stress period of 29 months), and lowering the ultimate prepayment rate to 10% would decrease the loss reserves by approximately $3.1 million for HELOC transactions.

***Breaches of Representations and Warranties***

The Company entered into agreements with R&W providers under which those providers made payments to the Company, agreed to make payments to the Company in the future, and / or repurchased loans from the transactions, all in return for releases of related liability by the Company.

As of September 30, 2016, the Company had a net R&W recoverable of $11.1 million to R&W counterparties, compared to an R&W recoverable of $11.8 million as of December 31, 2015. The decrease represents improvements in underlying collateral performance and the termination of the Deutsche Bank agreement described below, partially offset by the addition of R&W recoverable related to a RMBS insured by CIFG and still being pursued by the Company. The Company's agreements with providers of R&W generally provide for reimbursement to the Company as claim payments are made and, to the extent the Company later receives reimbursements of such claims from excess spread or other sources, for the Company to provide reimbursement to the R&W providers. When the Company projects receiving more reimbursements in the future than it projects to pay in claims on transactions covered by R&W settlement agreements, the Company will have a net R&W payable. Most of the amount projected to be received pursuant to agreements with R&W providers benefits from eligible assets placed in trusts to collateralize the R&W provider's future reimbursement obligation, with the amount of such collateral subject to increase or decrease from time to time as determined by rating agency requirements. Currently the Company has an agreement with one counterparty where a future reimbursement obligation is collateralized by eligible assets held in trust:

- **Bank of America**. Under Assured Guaranty's agreement with Bank of America Corporation and certain of its subsidiaries ("Bank of America"), Bank of America agreed to reimburse Assured Guaranty for 80% of claims on the first lien transactions covered by the agreement that Assured Guaranty pays in the future, until the aggregate lifetime collateral losses (not insurance losses or claims) on those transactions reach $6.6 billion. As of September 30, 2016, aggregate lifetime collateral losses on those transactions was $4.5 billion ($4.2 billion for AGM and $0.3 billion for AGC), and Assured Guaranty was projecting in its base case that such collateral losses would eventually reach $5.2 billion ($4.8 billion for AGM and $0.4 billion for AGC). Bank of America's reimbursement obligation is secured by $80 million of collateral held in trust for the Company's benefit and $370 million of collateral held in trust that is available for either AGC or AGM.

Under the Company's previous agreement with Deutsche Bank AG and certain of its affiliates (collectively, "Deutsche Bank"), Deutsche Bank agreed to reimburse the Company for certain claims it pays in the future on eight first and second lien transactions, including 80% of claims it pays on those transactions until the aggregate lifetime claims (before reimbursement) reach $319 million. In May 2016, Deutsche Bank's reimbursement obligations under the May 2012 agreement were terminated in return for a cash payment to the Company.

The Company uses the same RMBS projection scenarios and weightings to project its future R&W benefit as it uses to project RMBS losses on its portfolio. To the extent the Company increases its loss projections, the R&W benefit generally will also increase, subject to the agreement limits and thresholds described above. Similarly, to the extent the Company decreases its loss projections, the R&W benefit generally will also decrease, subject to the agreement limits and thresholds described above.

***Triple-X Life Insurance Transactions***

The Company had $616 million of net par exposure to financial guaranty Triple-X life insurance transactions as of September 30, 2016. Two of these transactions, with $208 million of net par outstanding, are rated BIG. The Triple-X life insurance transactions are based on discrete blocks of individual life insurance business. In older vintage Triple-X life insurance transactions, which include the two BIG-rated transactions, the amounts raised by the sale of the bonds insured by the Company were used to capitalize a special purpose vehicle that provides reinsurance to a life insurer or reinsurer. The amounts are invested at inception in accounts managed by third-party investment managers. In the case of the two BIG-rated transactions, material amounts of their assets were invested in U.S. RMBS. Based on its analysis of the information currently available, including estimates of future investment performance, and projected credit impairments on the invested assets and performance of the blocks of life insurance business at September 30, 2016, the Company's loss and LAE recoveries are $51.1 million.

**TruPS and other structured finance**

The Company insures $7.6 billion net par of TruPS and other structured finance transactions, of which $0.6 billion is rated BIG. As of September 30, 2016, the Company has loss and LAE recoveries of $(99.8) million or TruPS and other structured finance transactions, including transactions backed by manufactured housing loans, compared to recoveries of $(91.7) million as of December 31, 2015.

**Underwriting exposure to subprime mortgage risk through Financial Guaranty insurance coverage**

The following table summarizes U.S. subprime loss (benefit) activity at September 30, 2016:

| | Losses Paid in the Current Year | Losses Incurred (Recovered) in the Current Year | Case Reserves at the End of Current Period | IBNR Reserves at the End of Current Period |
|---|---|---|---|---|
| a. Mortgage Guaranty coverage | $ — | | $ — | $ — |
| b. Financial Guaranty coverage | 2,161,352 | (45,681,000) | 22,157,510 | — |
| c. Other lines (specify): | — | — | — | — |
| d. Total | $ 2,161,352 | $ (45,681,000) | $ 22,157,510 | $ — |

22. **Events Subsequent**
Subsequent events have been considered through November 14, 2016 for these statutory financial statements which are to be issued on November 14, 2016. There were no material events occurring subsequent to September 30, 2016 that have not already been disclosed in these financial statements.

23. **Reinsurance**
A. The Company has no unsecured reinsurance recoverable at September 30, 2016.
B. The Company has no reinsurance recoverable in dispute at September 30, 2016.
C. Reinsurance Assumed and Ceded
The following table summarizes ceded and assumed unearned premiums and the related commission equity at September 30, 2016:

| | Assumed Reinsurance | | Ceded Reinsurance | | NET | |
|---|---|---|---|---|---|---|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| a. AFFILIATES | $ 36,791,394 | $ 10,162,574 | $ 275,407,152 | $ 40,638,495 | $ (238,615,758) | $ (30,475,921) |
| b. ALL OTHER | 26,112,874 | 8,240,398 | 4,367,874 | 999,683 | 21,745,000 | 7,240,715 |
| c. TOTAL | $ 62,904,268 | $ 18,402,972 | $ 279,775,026 | $ 41,638,178 | $ (216,870,758) | $ (23,235,206) |
| d. Direct Unearned Premium Reserve | | | $ 607,260,967 | | | |

D. The Company has no uncollectible reinsurance at September 30, 2016.
E. Commutation of Ceded Reinsurance. The Company has reported in its results of operations on September 30, 2016 as a result of commutations of reinsurance with companies listed below, amounts that are reflected as:

| | AGM | Assured Guaranty Re | Amount |
|---|---|---|---|
| Paid losses | $ (7,495,846) | $ 23,266,089 | $ 15,770,243 |
| Change in reserves | 7,495,846 | (23,266,089) | (15,770,243) |
| (1) Losses incurred | — | — | — |
| Paid LAE | — | 138,714 | 138,714 |
| Change in LAE reserves | — | (138,714) | (138,714) |
| (2) Loss adjustment expenses incurred | — | — | — |
| Ceded (assumed) written premium | (5,264) | 6,055,810 | 6,050,546 |
| Change in unearned premium reserve | 5,264 | (6,055,810) | (6,050,546) |
| (3) Premiums earned | — | — | — |
| Return of ceding commission | 1,737 | (726,695) | (724,958) |
| Other income (expense) | (1,533,591) | — | (1,533,591) |
| (4) Other | (1,531,854) | (726,695) | (2,258,549) |
| Total | $ (1,531,854) | $ (726,695) | $ (2,258,549) |

| | |
|---|---|
| (5) Companies: | |
| Assured Guaranty Municipal Corp. | $ (1,531,854) |
| Assured Guaranty Re Ltd. | (726,695) |
| | $ (2,258,549) |

F. The Company has no retroactive reinsurance in effect at September 30, 2016.
G. The Company does not utilize the deposit method to account for any of its reinsurance transactions.
H. The Company has no run-off agreements at September 30, 2016.
I. The Company has no certified reinsurance downgraded or status subject to revocation at September 30, 2016.

**24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**
There has been no change since the 2015 Annual Statement.

**25. Changes in Incurred Losses and Loss Adjustment Expenses**
Incurred losses and loss expenses attributable to insured events of prior years were $60,520,999 for the first nine months of 2016. The current year adjustment is a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

**26. Intercompany Pooling Arrangements**
There has been no change since the 2015 Annual Statement.

**27. Structured Settlements**
There has been no change since the 2015Annual Statement.

**28. Health Care Receivables**
There has been no change since the 2015 Annual Statement.

**29. Participating Policies**
There has been no change since the 2015 Annual Statement.

**30. Premium Deficiency Reserves**
There has been no change since the 2015 Annual Statement.

**31. High Deductibles**
There has been no change since the 2015 Annual Statement.

**32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**
The net loss and LAE reserves of $123,881,727 are discounted at a rate of 4.0%, the approximate taxable equivalent yield on the Company's investment portfolio, amounting to a total discount of $107,020,051.

| Nontabular Discount: | Case | IBNR | Defense & Cost Containment Expense | Adjusting & Other Expense |
|---|---|---|---|---|
| Financial Guaranty | $ 107,020,051 | $ — | $ — | $ — |

**33. Asbestos and Environmental Reserves**
There has been no change since the 2015 Annual Statement.

**34. Subscriber Savings Accounts**
There has been no change since the 2015 Annual Statement.

**35. Multiple Peril Crop Insurance**
There has been no change since the 2015 Annual Statement.

**36. Financial Guaranty Insurance**
A. (1) Installment Contracts
a. The gross unearned premium reserve on an undiscounted basis for the entire book of business that would have been reported had all installment premiums been received at inception would have been $1,021,084,747 as of September 30, 2016.
b. Schedule of gross premiums (undiscounted) expected to be collected under all installment contracts:

| | | Period | (in thousands) |
|---|---|---|---|
| 1. | (a) | 1st Quarter 2016 | $ 0 |
| | (b) | 2nd Quarter 2016 | 0 |
| | (c) | 3rd Quarter 2016 | 0 |
| | (d) | 4th Quarter 2016 | 10,070 |
| | (e) | 2017 | 34,672 |
| | (f) | 2018 | 29,606 |
| | (g) | 2019 | 27,013 |
| | (h) | 2020 | 26,099 |
| 2. | (a) | 2021 – 2025 | 97,081 |
| | (b) | 2026 – 2030 | 57,219 |
| | (c) | 2031 – 2035 | 40,567 |
| | (d) | 2036 thereafter | 28,593 |
| | | TOTAL | $ 350,920 |

c. Roll forward of the expected gross future premiums (undiscounted), (in thousands):

| | |
|---|---|
| Expected future premiums – beginning of year | $ 506,029 |
| Less: premium payments received for existing installment contracts | 56,567 |
| Add: expected premium payments for new installment contracts | 671 |
| Add: adjustments to the expected future premium payments | (99,213) |
| Expected future premiums – end of year | $ 350,920 |

(2) Non-installment Contracts

a. The net unearned premium reserve on non-installment contracts that was recognized as earned premium on an accelerated basis was $74,911,957 for the first nine months ended September 30, 2016. Such accelerations are recognized when an insured issue is retired early, is called by the issuer, or is in substance paid in advance through a refunding accomplished by placing U.S. Government securities in escrow.

b. Schedule of expected gross future earned premium revenue on non-installment contracts as of September 30, 2016:

| | | Period | | (in thousands) |
|---|---|---|---|---|
| 1. | (a) | 1st Quarter 2016 | $ | 0 |
| | (b) | 2nd Quarter 2016 | | 0 |
| | (c) | 3rd Quarter 2016 | | 0 |
| | (d) | 4th Quarter 2016 | | 8,984 |
| | (e) | 2017 | | 38,006 |
| | (f) | 2018 | | 34,318 |
| | (g) | 2019 | | 32,333 |
| | (h) | 2020 | | 31,056 |
| 2. | (a) | 2021 – 2025 | | 144,034 |
| | (b) | 2026 – 2030 | | 127,328 |
| | (c) | 2031 – 2035 | | 110,808 |
| | (d) | 2036 thereafter | | 124,969 |
| | | TOTAL | $ | 651,836 |

(3) Claim Liability

a. The Company used a rate of 4.0% to discount the claim liability. This rate approximates the taxable equivalent yield on the Company's investment portfolio.

b. Significant components of the change in the claim liability for the period (in thousands):

| Components | | Amount |
|---|---|---|
| (1) Accretion of discount | $ | 9,681 |
| (2) Changes of timing estimates | | (94,751) |
| (3) New reserves for defaults of insured contracts | | 2,817 |
| (4) Claim payments/(recoveries) on prior year reserves | | (123,385) |
| (5) Development in prior year reserves | | 0 |
| (6) TOTAL | $ | (205,638) |

(4) Risk Management Activities

c. During its activities to avoid and mitigate claim liabilities, the Company incurred loss adjustment expenses of $2,187,791 for the nine months ended September, 2016 on its direct portfolio. The reserve for unpaid loss adjustment expenses on the direct portfolio was $4,831,220 at September 30, 2016.

B. Schedule of BIG insured financial obligations as of September 30, 2016:

| | Surveillance Categories | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | BIG 1 | | BIG 2 | | BIG 3 | | Total |
| | (Dollars in Thousands) | | | | | | | |
| 1. Number of risks | | 161 | | 67 | | 114 | | 342 |
| 2. Remaining weighted-average contract period (in yrs) | | 9.8 | | 15.2 | | 10.1 | | 11.6 |
| Insured contractual payments outstanding: | | | | | | | | |
| 3a. Principal | $ | 2,749,001 | $ | 2,301,987 | $ | 2,301,046 | $ | 7,352,034 |
| 3b. Interest | | 816,019 | | 1,685,940 | | 486,787 | | 2,988,746 |
| 3c. Total | $ | 3,565,020 | $ | 3,987,927 | $ | 2,787,833 | $ | 10,340,780 |
| 4. Gross claim liability | $ | 38,430 | $ | 645,264 | $ | 429,779 | $ | 1,113,473 |
| Less: | | | | | | | | |
| 5a1. Gross potential recoveries - subrogation | | 316,746 | | 33,494 | | 103,029 | | 453,269 |
| 5a2. Ceded claim liability | | (31,040) | | 127,100 | | 334,159 | | 430,219 |
| 5a. Total gross potential recoveries | $ | 285,706 | $ | 160,594 | $ | 437,188 | $ | 883,488 |
| 5b. Discount, net | | (49,398) | | 189,100 | | (32,682) | | 107,020 |
| 6. Net claim liability | $ | (197,878) | $ | 295,570 | $ | 25,273 | $ | 122,965 |
| 7. Unearned premium revenue | $ | 25,529 | $ | 36,800 | $ | 11,454 | $ | 73,783 |
| 8. Reinsurance recoverables | $ | 17,707 | $ | 21,358 | $ | 6,074 | $ | 45,139 |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES
## GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

If yes, complete Schedule Y, Parts 1 and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No [ ]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

See footnote 1.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [X] No [ ]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---|---|---|
| CIFG Assurance North America, Inc. | 25771 | NY |
| | | |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] NA [X]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2011

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/21/2013

6.4 By what department or departments?

Maryland Insurance Administration

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] NA [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information:

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

| 1<br>Affiliate Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| | | | | | |

# GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

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

9.2 Has the code of ethics for senior managers been amended? Yes [X] No [ ]

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

The Code of Conduct was updated to make ordinary course updates

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

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

## FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 334,659

## INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

| | 1<br>Prior Year-End Book/Adjusted Carrying Value | 2<br>Current Quarter Book/Adjusted Carrying Value |
|---|---|---|
| 14.21 Bonds | $ | $ |
| 14.22 Preferred Stock | $ | $ |
| 14.23 Common Stock | $ 421,316,774 | $ 328,116,108 |
| 14.24 Short-Term Investments | $ | $ |
| 14.25 Mortgage Loans on Real Estate | $ | $ |
| 14.26 All Other | $ | $ |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | $ 421,316,774 | $ 328,116,108 |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | $ | $ |

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

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [X] No [ ]

If no, attach a description with this statement.

# GENERAL INTERROGATORIES

16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $

16.3 Total payable for securities lending reported on the liability page $

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No [ ]

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

| 1<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| Brown Brothers Harriman & Company | 140 Broadway, New York, NY 10005-1101 |
| The Bank of New York Mellon | One Wall Street, New York, NY 10286 |
| Wilmington Trust | 1800 Washington Blvd. Baltimore, Md 21230 |
| The Northern Trust Company | 50 South Lasalle Street, Chicago, IL 60675 |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [X] No [ ]

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|---|---|---|---|
| | Brown Brothers Harriman & Company | 07/01/2016 | Acquisition of CIFGNA (see footnote 1 below) |

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

| 1<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|---|---|---|
| 107-105 | Blackrock Financial Management Inc. | 40 East 52nd St., New York, NY 10022 |
| 105-900 | New England Asset Managment Inc. | Pond View Corporate Center, 74 Batterson Park Road, Farmington, Ct. 06032 |
| 106-595 | Wellington Management Company LLP | 280 Congress Street, Boston, MA 02210 |
| 107-738 | Goldman Sachs Asset Management, L.P. | 200 West Street, 37th Floor, New York, NY 10282 |

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [ ] No [X]

18.2 If no, list exceptions:

See Footnote 2.

1. (for question 3.3) On July 1, 2016, the reporting entity acquired CIFG Holding Inc. ("CIFG Holding"), and its subsidiaries, CIFG Assurance North America, Inc. ("CIFGNA"), CIFG Services, LLC and CIFG Europe S.A. Following the acquisition, CIFG Holding was converted to a limited liability company and, effective July 5, 2016, CIFG NA merged with and into the reporting entity, with the reporting entity being the surviving entity of the merger. Following completion of the merger, each of CIFG Holding, CIFG Services, LLC and CIFG Europe S.A. is a direct, wholly-owned subsidiary of the reporting entity.

2. (for question 18.2) During the reporting period, the NAIC notified the reporting entity that following a review of the reporting entity's Schedule D, Part 6, Section 1 for the year ended December 31, 2015, filings in respect of certain SCAs were required to be submitted. The reporting entity (i) filed the required SUB-1 forms in respect of the relevant SCAs on November 7 and November 9, 2016, and, (ii) following the NAIC's review of such forms, intends to file the required SUB-2 forms in respect of such SCAs promptly upon instruction from the NAIC.

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [ ] NA [X]

   If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]

   If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [X] No [ ]

4.2 If yes, complete the following schedule:

| | | | TOTAL DISCOUNT | | | | DISCOUNT TAKEN DURING PERIOD | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1<br>Line of Business | 2<br>Maximum Interest | 3<br>Discount Rate | 4<br>Unpaid Losses | 5<br>Unpaid LAE | 6<br>IBNR | 7<br>TOTAL | 8<br>Unpaid Losses | 9<br>Unpaid LAE | 10<br>IBNR | 11<br>TOTAL |
| Financial Guaranty | | 4.000 | 107,020,051 | | | 107,020,051 | (87,912,771) | | | (87,912,771) |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| TOTAL | | | 107,020,051 | 0 | 0 | 107,020,051 | (87,912,771) | 0 | 0 | (87,912,771) |

5. Operating Percentages:

   5.1 A&H loss percent %

   5.2 A&H cost containment percent %

   5.3 A&H expense percent excluding cost containment expenses %

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. $

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. $

# SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

| 1<br>NAIC Company Code | 2<br>ID Number | 3<br>Name of Reinsurer | 4<br>Domiciliary Jurisdiction | 5<br>Type of Reinsurer | 6<br>Certified Reinsurer Rating (1 through 6) | 7<br>Effective Date of Certified Reinsurer Rating |
|---|---|---|---|---|---|---|

NONE

# SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

**Current Year to Date - Allocated by States and Territories**

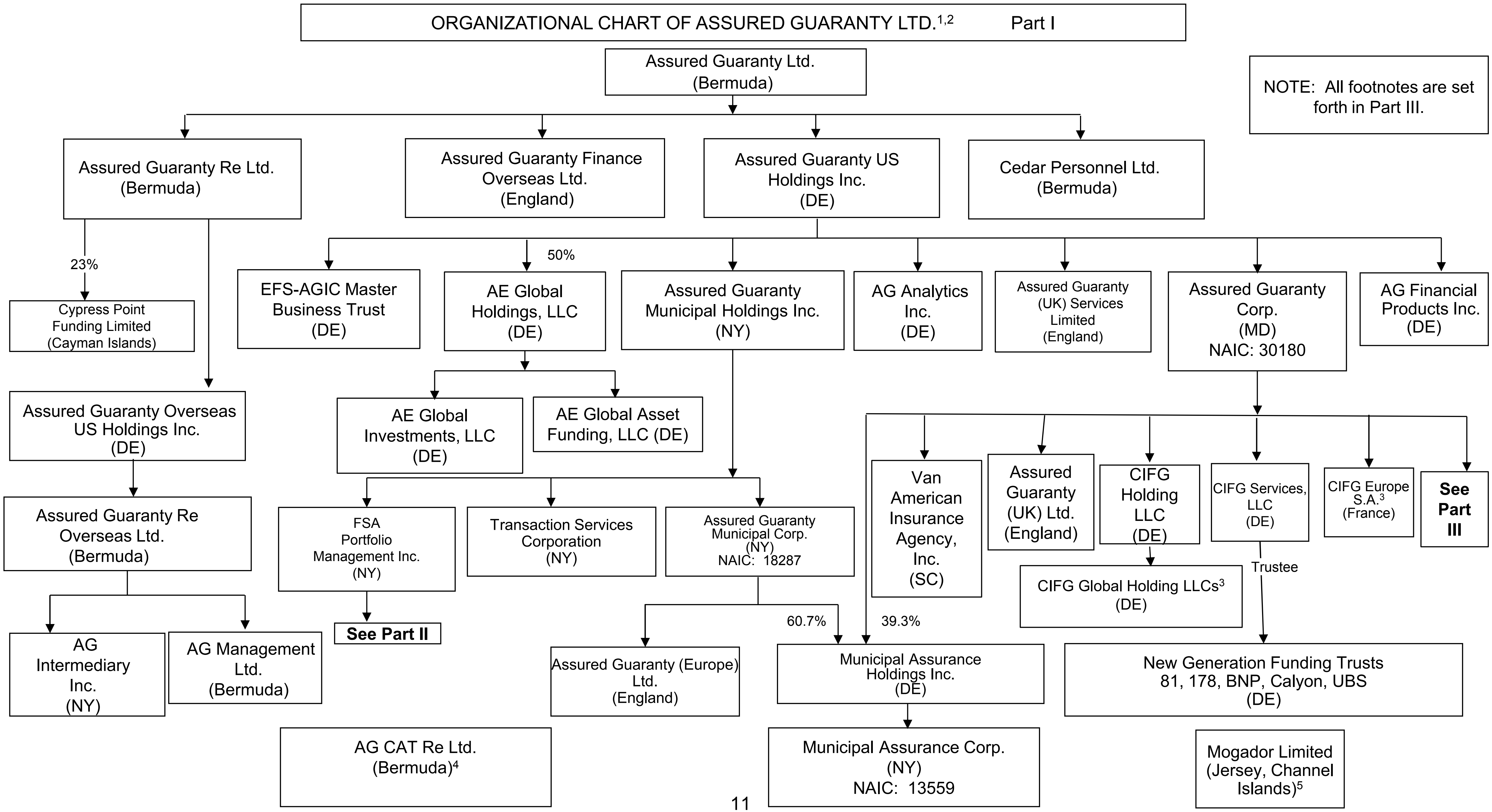
| | 1 | Direct Premiums Written | | Direct Losses Paid (Deducting Salvage) | | Direct Losses Unpaid | |
|---|---|---|---|---|---|---|---|
| | | 2 | 3 | 4 | 5 | 6 | 7 |
| States, etc. | Active Status | Current Year To Date | Prior Year To Date | Current Year To Date | Prior Year To Date | Current Year To Date | Prior Year To Date |
| 1. Alabama AL | L | | 0 | | 0 | | 0 |
| 2. Alaska AK | L | | 0 | | 0 | | 0 |
| 3. Arizona AZ | L | | 0 | | 0 | | 0 |
| 4. Arkansas AR | L | 205,764 | 394,924 | (2,217,563) | (186,982) | 6,108,688 | 2,035,177 |
| 5. California CA | L | 275,657 | 282,122 | 223,977 | 63,764 | 4,521,175 | 2,665,808 |
| 6. Colorado CO | L | | 0 | | 0 | | 0 |
| 7. Connecticut CT | L | 106,225 | 109,025 | | 162,960 | | 0 |
| 8. Delaware DE | L | 5,478,449 | 5,216,056 | (4,881,303) | 109,463 | 8,149,513 | 4,307,091 |
| 9. Dist. Columbia DC | L | | 0 | | 0 | | 0 |
| 10. Florida FL | L | | 0 | 237,500 | 0 | 1,233,705 | 735,426 |
| 11. Georgia GA | L | | 0 | | 0 | | 0 |
| 12. Hawaii HI | L | | 0 | | 0 | | 0 |
| 13. Idaho ID | L | | 0 | | 0 | | 0 |
| 14. Illinois IL | L | 318,097 | 1,048,608 | 120,041 | 124,369 | 3,662,584 | 760,489 |
| 15. Indiana IN | L | | 0 | | 0 | | 0 |
| 16. Iowa IA | L | | 0 | | 0 | | 0 |
| 17. Kansas KS | L | | 0 | | 0 | | 0 |
| 18. Kentucky KY | L | | 250 | | 0 | 6,404,150 | 5,590,000 |
| 19. Louisiana LA | L | | 0 | | 0 | | 0 |
| 20. Maine ME | L | 142,624 | 149,997 | | 0 | | 0 |
| 21. Maryland MD | L | 891,747 | 972,795 | 4,289 | (47,591) | 452,523 | 177,149 |
| 22. Massachusetts MA | L | 98,938 | 188,649 | 84,604 | (354,921) | 6,734,796 | 5,586,743 |
| 23. Michigan MI | L | | 0 | 1,245,289 | 1,939,340 | 9,228,212 | 10,402,927 |
| 24. Minnesota MN | L | 646,125 | 762,862 | | 0 | | 0 |
| 25. Mississippi MS | L | | 0 | 1,028,426 | 690,000 | 2,728,004 | 10,352,209 |
| 26. Missouri MO | L | 3,750,000 | 3,300,000 | | 0 | | 0 |
| 27. Montana MT | L | | 0 | | 0 | | 0 |
| 28. Nebraska NE | L | 809,740 | 109,734 | | 0 | | 0 |
| 29. Nevada NV | L | | 0 | | 0 | | 0 |
| 30. New Hampshire NH | L | | 0 | | 0 | | 0 |
| 31. New Jersey NJ | L | 165,317 | 718,723 | 12,500 | 0 | | 0 |
| 32. New Mexico NM | L | | 0 | | 0 | | 0 |
| 33. New York NY | L | 30,175,206 | 33,859,035 | 45,865,768 | 33,121,059 | 92,268,158 | 102,340,834 |
| 34. No. Carolina NC | L | | 51,920 | | 0 | | 0 |
| 35. No. Dakota ND | L | | 0 | | 0 | | 0 |
| 36. Ohio OH | L | | 0 | | 0 | | 0 |
| 37. Oklahoma OK | L | | 0 | | 0 | | 0 |
| 38. Oregon OR | L | | 0 | | 0 | | 0 |
| 39. Pennsylvania PA | L | | 0 | 4,387 | 0 | 2,499,836 | 1,514,953 |
| 40. Rhode Island RI | L | | 0 | | (183,261) | | 0 |
| 41. So. Carolina SC | L | | 0 | | 0 | | 0 |
| 42. So. Dakota SD | L | | 0 | | 0 | | 0 |
| 43. Tennessee TN | L | | 0 | | 0 | | 0 |
| 44. Texas TX | L | 136,412 | 194,420 | | 0 | | 0 |
| 45. Utah UT | L | 55,003 | 55,563 | | 0 | | 0 |
| 46. Vermont VT | L | 761,979 | 761,979 | | 0 | | 0 |
| 47. Virginia VA | L | | 0 | | 0 | | 0 |
| 48. Washington WA | L | | 0 | | 0 | | 0 |
| 49. West Virginia WV | L | | 0 | | 0 | 150,000 | 0 |
| 50. Wisconsin WI | L | | 0 | | 0 | | 0 |
| 51. Wyoming WY | L | | 0 | | 0 | | 0 |
| 52. American Samoa AS | N | | 0 | | 0 | | 0 |
| 53. Guam GU | N | | 0 | | 0 | | 0 |
| 54. Puerto Rico PR | L | | 0 | 73,414,580 | 0 | 86,917,527 | 62,872,646 |
| 55. U.S. Virgin Islands VI | N | | 0 | | 0 | | 0 |
| 56. Northern Mariana Islands MP | N | | 0 | | 0 | | 0 |
| 57. Canada CAN | N | | 0 | | 0 | | 0 |
| 58. Aggregate Other Alien OT | XXX | 1,861,639 | 2,071,356 | 0 | 0 | 0 | 0 |
| 59. Totals | (a) 52 | 45,878,922 | 50,248,016 | 115,142,495 | 35,438,200 | 231,058,871 | 209,341,452 |
| **DETAILS OF WRITE-INS** | | | | | | | |
| 58001. | XXX | | 0 | | 0 | | 0 |
| 58002. CYM Cayman Islands | XXX | 1,861,639 | 2,071,356 | | 0 | | 0 |
| 58003. | XXX | | | | | | |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above) | XXX | 1,861,639 | 2,071,356 | 0 | 0 | 0 | 0 |

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

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

# STATEMENT as of SEPTEMBER 30, 2016 of the ASSURED GUARANTY CORP.

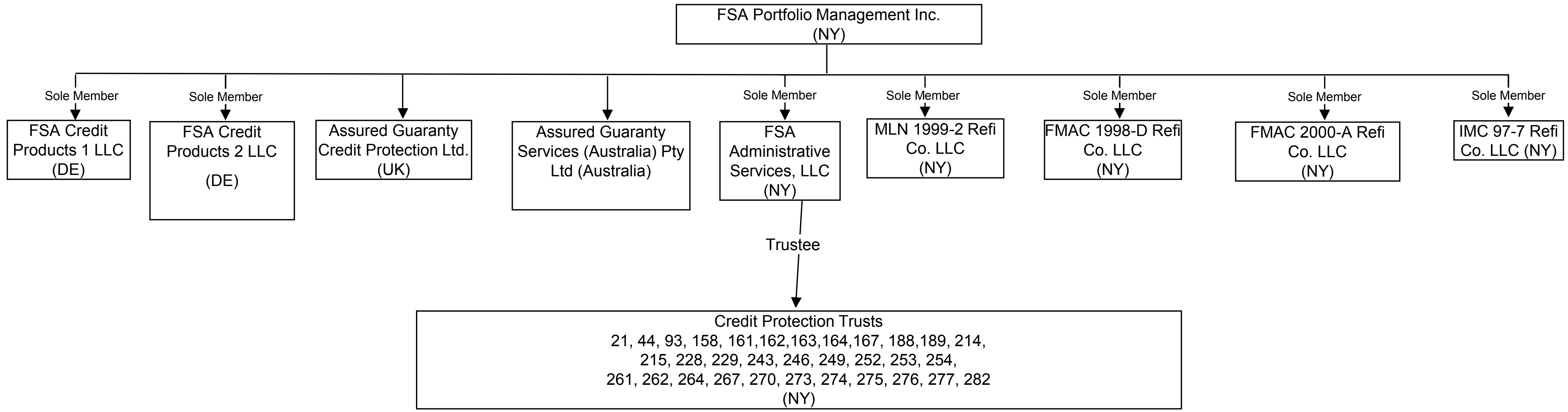
## SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP



# STATEMENT as of SEPTEMBER 30, 2016 of the ASSURED GUARANTY CORP.

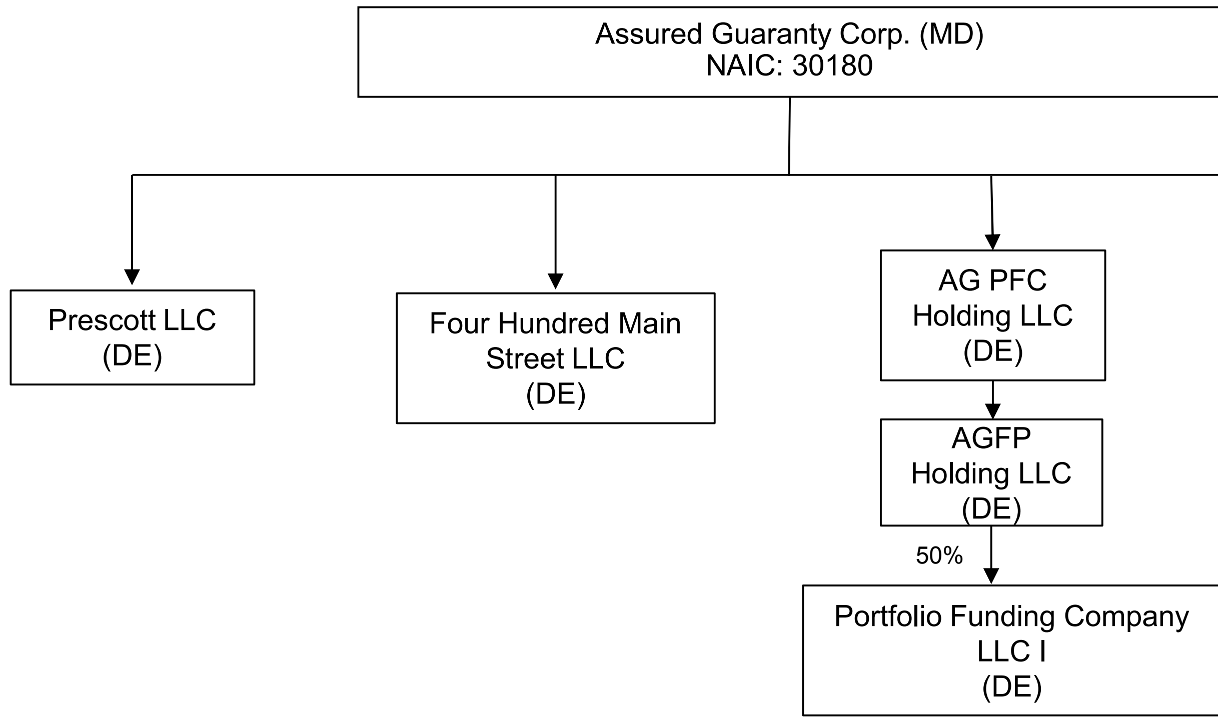
## SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

ORGANIZATIONAL CHART OF ASSURED GUARANTY LTD.
Part II: FSA Portfolio Management Inc.



## SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

ORGANIZATIONAL CHART OF ASSURED GUARANTY LTD.
Part III: Assured Guaranty Corp.




Footnotes:

1. Unless otherwise indicated by percentage ownership or other relationship, the ownership interest is 100%. Percentages shown represent voting control, except that percentages in parentheses represent economic interest where voting control and economic interest are different..
2. All companies listed are corporations, except for (i) limited liability companies (designated as LLCs) , (ii) EFS-AGIC Master Business Trust and the New Generation Funding Trusts (which are Delaware trusts;) and (iii) the Credit Protection Trusts (which are New York trusts).
3. In order to comply with a French law mandating that corporations have at least seven (7) shareholders, AGC has loaned one share of CIFG Europe S.A. to each of the following six Delaware limited liability companies, each of which is wholly owned by CIFG Holding LLC, a direct, wholly owned subsidiary of AGC: CIFG Global Holdings I, LLC, CIFG Global Holdings II, LLC, CIFG Global Holdings III, LLC, CIFG Global Holdings IV, LLC, CIFG Global Holdings V, LLC, and CIFG Global Holdings VI, LLC.
4. AG CAT Re Ltd. is wholly owned by Codan Trust Company Limited, an entity that is not owned or controlled by Assured Guaranty Ltd. The insurance manager of AG CAT Re Ltd. is AG Management Ltd.
5. Mogador Limited is wholly owned by Sanne Nominees Limited and Sanne Nominees 2 Limited, which companies are organized under the laws of Jersey, Channel Islands and are not owned or controlled by Assured Guaranty Ltd. Mogador Limited is the depositor of the New Generation Funding Trusts and the seller of protection on derivatives guaranteed by CIFG Europe S.A.

# SCHEDULE Y
# PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Name of Parent Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/ Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00194 | Assured Guaranty Ltd. | 00000 | 98-0429991 | | 0001573813 | NYSE | Assured Guaranty Ltd. | BMU | UIP | | | 0.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 20-1082002 | | 0001289244 | | Assured Guaranty US Holdings Inc. | DE | UDP | Assured Guaranty Ltd. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-3261323 | | 1111913357 | | Assured Guaranty Municipal Holdings Inc. | NY | NIA | Assured Guaranty US Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 18287 | 13-3250292 | | | | Assured Guaranty Municipal Corp. | NY | IA | Assured Guaranty Municipal Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-3693815 | | | | FSA Portfolio Management Inc. | NY | NIA | Assured Guaranty Municipal Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-3866939 | | | | Transaction Services Corporation | NY | NIA | Assured Guaranty Municipal Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 46-3047895 | | | | Municipal Assurance Holdings Inc. | DE | DS | Assured Guaranty Municipal Corp. | Ownership | 60.7 | Assured Guaranty Ltd. | (1) |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-3896538 | | | | Assured Guaranty (Europe) Ltd. | GBR | IA | Assured Guaranty Municipal Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Cypress Point Funding Ltd. | CYM | NIA | Assured Guaranty Re Ltd. | Ownership | 23.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 98-0203985 | | | | Assured Guaranty Re Ltd. | BMU | IA | Assured Guaranty Ltd. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Assured Guaranty Finance Overseas Ltd. | GBR | NIA | Assured Guaranty Ltd. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Cedar Personnel Ltd. | BMU | NIA | Assured Guaranty Ltd. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 52-2221232 | | | | Assured Guaranty Overseas US Holdings Inc. | DE | NIA | Assured Guaranty Re Ltd. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 98-0319240 | | | | Assured Guaranty Re Overseas Ltd. | BMU | IA | Assured Guaranty Overseas US Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | AG Management Ltd. | BMU | NIA | Assured Guaranty Re Overseas Ltd. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-3339307 | | | | AG Intermediary Inc. | NY | NIA | Assured Guaranty Re Overseas Ltd. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 13559 | 26-2999764 | | | | Municipal Assurance Corp. | NY | DS | Municipal Assurance Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 27-1251323 | | | | AG Analytics Inc. | DE | NIA | Assured Guaranty US Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Assured Guaranty (UK) Services Limited | GBR | NIA | Assured Guaranty US Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 30180 | 52-1533088 | | | | Assured Guaranty Corp. | MD | RE | Assured Guaranty US Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-4031196 | | | | AG Financial Products Inc. | DE | NIA | Assured Guaranty US Holdings Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Prescott LLC | DE | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 52-1533088 | | | | AG PFC Holding LLC | DE | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Assured Guaranty (UK) Ltd. | GBR | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |

# SCHEDULE Y
## PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Name of Parent Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/ Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00194 | Assured Guaranty Ltd. | 00000 | 27-3047677 | | | | AGFP Holding LLC | DE | DS | AG PFC Holding LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Portfolio Funding Company LLC 1 | DE | DS | AGFP Holding LLC | Ownership | 50.0 | Assured Guaranty Ltd. | |
| 00000 | Codan Trust Company Ltd. | 00000 | | | | | AG CAT Re Ltd. | BMU | OTH | Codan Trust Company Limited | Other | 0.0 | Codan Trust Company Limited | (2) |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | FSA Credit Products 1 LLC | DE | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | FSA Credit Products 2 LLC | DE | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Assured Guaranty Credit Protection Ltd. | GBR | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Assured Guaranty Services (Australia) Pty Ltd. | AUS | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | FSA Administrative Services, LLC | NY | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | MLN 1992-2 Refi Co. LLC | NY | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | FMAC 1998-D Refi Co. LLC | NY | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | FMAC 2000-A Refi Co. LLC | NY | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | IMC 97-7 Refi Co. LLC | NY | NIA | FSA Portfolio Management Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Credit Protection Trusts | NY | NIA | FSA Portfolio Management Inc. | Other | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-3333448 | | | | EFS-AGIC Master Business Trust | DE | NIA | Assured Guaranty US Holdings, Inc. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 36-4446928 | | | | AE Global Holdings, LLC | DE | NIA | Assured Guaranty US Holdings Inc. | Ownership | 50.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | AE Global Investments, LLC | DE | NIA | AE Global Holdings, LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | AE Global Asset Funding, LLC | DE | NIA | AE Global Holdings, LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Four Hundred Main Street, LLC | DE | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 20-3759337 | | | | Van American Insurance Agency, Inc. | SC | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Hoboken I, LLC | DE | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 13-4173364 | | | | CIFG Services, LLC | DE | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | 98-0647426 | | | | CIFG Europe S.A. | FRA | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | (3) |
| 00194 | Assured Guaranty Ltd. | 00000 | 98-0609455 | | | | CIFG Holding LLC | DE | DS | Assured Guaranty Corp. | Ownership | 100.0 | Assured Guaranty Ltd. | |

# SCHEDULE Y
# PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1 Group Code | 2 Group Name | 3 NAIC Company Code | 4 ID Number | 5 Federal RSSD | 6 CIK | 7 Name of Securities Exchange if Publicly Traded (U.S. or International) | 8 Name of Parent Subsidiaries or Affiliates | 9 Domiciliary Location | 10 Relationship to Reporting Entity | 11 Directly Controlled by (Name of Entity/Person) | 12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13 If Control is Ownership Provide Percentage | 14 Ultimate Controlling Entity(ies)/ Person(s) | 15 * |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00194 | Assured Guaranty Ltd. | 00000 | 13-4173364 | | | | New Generation Funding Trusts | DE | NIA | CIFG Services, LLC | Other | 0.0 | New Generation Funding Trusts | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | Mogador Limited | JEY | OTH | Sanne Nominees Limited and Sanne Nominees 2 Limited | Depositor | 0.0 | Sanne Nominees Limited and Sanne Nominees 2 Limited | (4) |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | CIFG Global Holdings I, LLC | DE | DS | CIFG Holding LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | CIFG Global Holdings II, LLC | DE | DS | CIFG Holding LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | CIFG Global Holdings III, LLC | DE | DS | CIFG Holding LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | CIFG Global Holdings IV, LLC | DE | DS | CIFG Holding LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | CIFG Global Holdings V, LLC | DE | DS | CIFG Holding LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |
| 00194 | Assured Guaranty Ltd. | 00000 | | | | | CIFG Global Holdings VI, LLC | DE | DS | CIFG Holding LLC | Ownership | 100.0 | Assured Guaranty Ltd. | |

| Asterisk | Explanation |
|---|---|
| | (1) The remaining 39.3% of Municipal Assurance Holdings Inc. is directly owned by Assured Guaranty Corp. |
| | (2) AG CAT Re Ltd. is wholly owned by Codan Trust Company Limited, an entity that is not owned or controlled by Assured Guaranty Ltd. The insurance manager of AG CAT Re Ltd. is AG Management Ltd. |
| | (3) In order to comply with a French law mandating that corporations have at least seven (7) shareholders, AGC has loaned one share of CIFG Europe S.A. to each of the following six Delaware limited liability companies, each of which is wholly owned by CIFG Holding LLC, a direct, wholly owned subsidiary of AGC: CIFG Global Holdings I, LLC, CIFG Global Holdings II, LLC, CIFG Global Holdings III, LLC, CIFG Global Holdings IV, LLC, CIFG Global Holdings V, LLC, and CIFG Global Holdings VI, LLC. |
| | (4) Mogador Limited is wholly owned by Sanne Nominees Limited and Sanne Nominees 2 Limited, which companies are organized under the laws of Jersey, Channel Islands and are not owned or controlled by Assured Guaranty Ltd. Mogador Limited is the depositor of the New Generation Funding Trusts and the seller of protection on derivatives guaranteed by CIFG Europe S.A. |

# PART 1 - LOSS EXPERIENCE

| | Line of Business | Current Year to Date 1 Direct Premiums Earned | 2 Direct Losses Incurred | 3 Direct Loss Percentage | 4 Prior Year to Date Direct Loss Percentage |
|---|---|---|---|---|---|
| 1. | Fire | | | 0.0 | 0.0 |
| 2. | Allied lines | | | 0.0 | 0.0 |
| 3. | Farmowners multiple peril | | | 0.0 | 0.0 |
| 4. | Homeowners multiple peril | | | 0.0 | 0.0 |
| 5. | Commercial multiple peril | | | 0.0 | 0.0 |
| 6. | Mortgage guaranty | | | 0.0 | 0.0 |
| 8. | Ocean marine | | | 0.0 | 0.0 |
| 9. | Inland marine | | | 0.0 | 0.0 |
| 10. | Financial guaranty | 218,147,815 | 71,285,968 | 32.7 | 26.2 |
| 11.1 | Medical professional liability -occurrence | | | 0.0 | 0.0 |
| 11.2 | Medical professional liability -claims made | | | 0.0 | 0.0 |
| 12. | Earthquake | | | 0.0 | 0.0 |
| 13. | Group accident and health | | | 0.0 | 0.0 |
| 14. | Credit accident and health | | | 0.0 | 0.0 |
| 15. | Other accident and health | | | 0.0 | 0.0 |
| 16. | Workers' compensation | | | 0.0 | 0.0 |
| 17.1 | Other liability occurrence | | | 0.0 | 0.0 |
| 17.2 | Other liability-claims made | | | 0.0 | 0.0 |
| 17.3 | Excess Workers' Compensation | | | 0.0 | 0.0 |
| 18.1 | Products liability-occurrence | | | 0.0 | 0.0 |
| 18.2 | Products liability-claims made | | | 0.0 | 0.0 |
| 19.1,19.2 | Private passenger auto liability | | | 0.0 | 0.0 |
| 19.3,19.4 | Commercial auto liability | | | 0.0 | 0.0 |
| 21. | Auto physical damage | | | 0.0 | 0.0 |
| 22. | Aircraft (all perils) | | | 0.0 | 0.0 |
| 23. | Fidelity | | | 0.0 | 0.0 |
| 24. | Surety | | | 0.0 | 0.0 |
| 26. | Burglary and theft | | | 0.0 | 0.0 |
| 27. | Boiler and machinery | | | 0.0 | 0.0 |
| 28. | Credit | | | 0.0 | 0.0 |
| 29. | International | | | 0.0 | 0.0 |
| 30. | Warranty | | | 0.0 | 0.0 |
| 31. | Reinsurance - Nonproportional Assumed Property | XXX | XXX | XXX | XXX |
| 32. | Reinsurance - Nonproportional Assumed Liability | XXX | XXX | XXX | XXX |
| 33. | Reinsurance - Nonproportional Assumed Financial Lines | XXX | XXX | XXX | XXX |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0.0 | 0.0 |
| 35. | TOTALS | 218,147,815 | 71,285,968 | 32.7 | 26.2 |
| | **DETAILS OF WRITE-INS** | | | | |
| 3401. | | | | 0.0 | 0.0 |
| 3402. | | | | | |
| 3403. | | | | | |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0.0 | 0.0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34) | 0 | 0 | 0.0 | 0.0 |

# PART 2 - DIRECT PREMIUMS WRITTEN

| | Line of Business | 1 Current Quarter | 2 Current Year to Date | 3 Prior Year Year to Date |
|---|---|---|---|---|
| 1. | Fire | 0 | | 0 |
| 2. | Allied lines | 0 | | 0 |
| 3. | Farmowners multiple peril | 0 | | 0 |
| 4. | Homeowners multiple peril | 0 | | 0 |
| 5. | Commercial multiple peril | 0 | | 0 |
| 6. | Mortgage guaranty | 0 | | 0 |
| 8. | Ocean marine | 0 | | 0 |
| 9. | Inland marine | 0 | | 0 |
| 10. | Financial guaranty | 11,761,520 | 45,878,922 | 50,247,766 |
| 11.1 | Medical professional liability-occurrence | 0 | | 0 |
| 11.2 | Medical professional liability-claims made | 0 | | 0 |
| 12. | Earthquake | 0 | | 0 |
| 13. | Group accident and health | 0 | | 0 |
| 14. | Credit accident and health | 0 | | 0 |
| 15. | Other accident and health | 0 | | 0 |
| 16. | Workers' compensation | 0 | | 0 |
| 17.1 | Other liability occurrence | 0 | | 0 |
| 17.2 | Other liability-claims made | 0 | | 0 |
| 17.3 | Excess Workers' Compensation | 0 | | 0 |
| 18.1 | Products liability-occurrence | 0 | | 0 |
| 18.2 | Products liability-claims made | 0 | | 0 |
| 19.1,19.2 | Private passenger auto liability | 0 | | 0 |
| 19.3,19.4 | Commercial auto liability | 0 | | 0 |
| 21. | Auto physical damage | 0 | | 0 |
| 22. | Aircraft (all perils) | 0 | | 0 |
| 23. | Fidelity | 0 | | 0 |
| 24. | Surety | 0 | | 250 |
| 26. | Burglary and theft | 0 | | 0 |
| 27. | Boiler and machinery | 0 | | 0 |
| 28. | Credit | 0 | | 0 |
| 29. | International | 0 | | 0 |
| 30. | Warranty | 0 | | 0 |
| 31. | Reinsurance - Nonproportional Assumed Property | XXX | XXX | XXX |
| 32. | Reinsurance - Nonproportional Assumed Liability | XXX | XXX | XXX |
| 33. | Reinsurance - Nonproportional Assumed Financial Lines | XXX | XXX | XXX |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 |
| 35. | TOTALS | 11,761,520 | 45,878,922 | 50,248,016 |
| | **DETAILS OF WRITE-INS** | | | |
| 3401. | | 0 | | 0 |
| 3402. | | | | |
| 3403. | | | | |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34) | 0 | 0 | 0 |

# PART 3 (000 omitted)

## LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Years in Which Losses Occurred | Prior Year-End Known Case Loss and LAE Reserves | Prior Year-End IBNR Loss and LAE Reserves | Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2) | 2016 Loss and LAE Payments on Claims Reported as of Prior Year-End | 2016 Loss and LAE Payments on Claims Unreported as of Prior Year-End | Total 2016 Loss and LAE Payments (Cols. 4 + 5) | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End | Q.S. Date IBNR Loss and LAE Reserves | Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9) | Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1) | Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2) | Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12) |
| 1. 2013 + Prior | 194,214 | 300 | 194,514 | 134,061 | | 134,061 | 69,765 | | 300 | 70,065 | 9,612 | 0 | 9,612 |
| 2. 2014 | 129,260 | | 129,260 | (323) | | (323) | 29,166 | | | 29,166 | (100,417) | 0 | (100,417) |
| 3. Subtotals 2014 + prior | 323,474 | 300 | 323,774 | 133,738 | 0 | 133,738 | 98,931 | 0 | 300 | 99,231 | (90,805) | 0 | (90,805) |
| 4. 2015 | 20,410 | | 20,410 | 4,173 | | 4,173 | 21,834 | | | 21,834 | 5,597 | 0 | 5,597 |
| 5. Subtotals 2015 + prior | 343,884 | 300 | 344,184 | 137,910 | 0 | 137,910 | 120,765 | 0 | 300 | 121,065 | (85,209) | 0 | (85,209) |
| 6. 2016 | XXX | XXX | XXX | XXX | 994 | 994 | XXX | 2,817 | | 2,817 | XXX | XXX | XXX |
| 7. Totals | 343,884 | 300 | 344,184 | 137,910 | 994 | 138,905 | 120,765 | 2,817 | 300 | 123,882 | (85,209) | 0 | (85,209) |
| 8. Prior Year-End Surplus As Regards Policy-holders | 1,454,083 | | | | | | | | | | | | |

| Col. 11, Line 7 As % of Col. 1, Line 7 | Col. 12, Line 7 As % of Col. 2, Line 7 | Col. 13, Line 7 As % of Col. 3, Line 7 |
|---|---|---|
| 1. (24.8) | 2. 0.0 | 3. (24.8) |

| Col. 13, Line 7 Line 8 |
|---|
| 4. (5.9) |

The total of Line 7. Columns 6+10-3 do not equal Statement of Income Column 1, Lines 2.4+3 due to CIFG Acquisition in the amount of 145,729,723.

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

**Explanation:**

1.

2.

3.

4.

**Bar Code:**

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

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

3. 3 0 1 8 0 2 0 1 6 3 6 5 0 0 0 3

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

# OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 25.
*ASSETS

| | 1<br>Assets | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets (Cols. 1 - 2) | 4<br>December 31 Prior Year Net Admitted Assets |
|---|---|---|---|---|
| 2504. Prepaid expenses | 1,647,726 | 1,647,726 | 0 | 0 |
| 2505. Supplemental Executive Retirement Fund | 12,005,720 | | 12,005,720 | 12,753,623 |
| 2506. COLI Assets | 27,285,111 | | 27,285,111 | 21,348,863 |
| 2507. | | | 0 | 0 |
| 2508. | | | 0 | 0 |
| 2509. | | | 0 | 0 |
| 2510. | | | 0 | 0 |
| 2597. Summary of remaining write-ins for Line 25 from Page 02 | 40,938,557 | 1,647,726 | 39,290,831 | 34,102,486 |

PQ003 Additional Aggregate Lines for Page 03 Line 25.
*LIAB

| | 1<br>Current Statement Date | 2<br>December 31, Prior Year |
|---|---|---|
| 2504. Supplemental Executive Retirement Plan | 40,741,526 | 34,966,837 |
| 2505. Deferred Investment Gain | 33,958,050 | 37,014,835 |
| 2506. Miscellaneous Liability | 18,357,493 | 6,682,935 |
| 2507. | | 0 |
| 2597. Summary of remaining write-ins for Line 25 from Page 03 | 93,057,069 | 78,664,607 |

PQ004 Additional Aggregate Lines for Page 04 Line 37.
*STMTINCOME

| | 1<br>Current Year to Date | 2<br>Prior Year to Date | 3<br>Prior Year Ended December 31 |
|---|---|---|---|
| 3704. Stock redemption by CIFG NA | | 0 | (69,989,812) |
| 3705. Merger with Radian Asset Assurance | | (8,544,646) | (8,544,646) |
| 3706. Other | 1,194 | | |
| 3797. Summary of remaining write-ins for Line 37 from Page 04 | 1,194 | (8,544,646) | (78,534,458) |

# SCHEDULE A – VERIFICATION

**Real Estate**

| | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 32,029,255 | 2,374,265 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | 29,776,415 |
| 2.2 Additional investment made after acquisition | 15,276 | 0 |
| 3. Current year change in encumbrances | | 0 |
| 4. Total gain (loss) on disposals | | 0 |
| 5. Deduct amounts received on disposals | | 0 |
| 6. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 7. Deduct current year's other-than-temporary impairment recognized | | 0 |
| 8. Deduct current year's depreciation | 1,347,022 | 121,425 |
| 9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) | 30,697,509 | 32,029,255 |
| 10. Deduct total nonadmitted amounts | 2,161,771 | 2,252,840 |
| 11. Statement value at end of current period (Line 9 minus Line 10) | 28,535,738 | 29,776,415 |

# SCHEDULE B – VERIFICATION

**Mortgage Loans**

| | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | 0 | 0 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | 0 |
| 2.2 Additional investment made after acquisition | | 0 |
| 3. Capitalized deferred interest and other | | 0 |
| 4. Accrual of discount | | 0 |
| 5. Unrealized valuation increase (decrease) | | 0 |
| 6. Total gain (loss) on disposals | | 0 |
| 7. Deduct amounts received on disposals | | 0 |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | | 0 |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | | 0 |
| 10. Deduct current year's other-than-temporary impairment recognized | | 0 |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Total valuation allowance | | 0 |
| 13. Subtotal (Line 11 plus Line 12) | 0 | 0 |
| 14. Deduct total nonadmitted amounts | 0 | 0 |
| 15. Statement value at end of current period (Line 13 minus Line 14) | 0 | 0 |

# SCHEDULE BA – VERIFICATION

**Other Long-Term Invested Assets**

| | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 2,837,677 | 27,278,198 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | 2,000,000 | 30,000,008 |
| 2.2 Additional investment made after acquisition | | 614,776 |
| 3. Capitalized deferred interest and other | | 0 |
| 4. Accrual of discount | | 0 |
| 5. Unrealized valuation increase (decrease) | 42,230 | (3,163,158) |
| 6. Total gain (loss) on disposals | | 2,511,990 |
| 7. Deduct amounts received on disposals | 354,380 | 54,404,137 |
| 8. Deduct amortization of premium and depreciation | | 0 |
| 9. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 10. Deduct current year's other-than-temporary impairment recognized | | 0 |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 4,525,527 | 2,837,677 |
| 12. Deduct total nonadmitted amounts | 0 | 0 |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 4,525,527 | 2,837,677 |

# SCHEDULE D – VERIFICATION

**Bonds and Stocks**

| | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 3,404,969,401 | 3,804,437,279 |
| 2. Cost of bonds and stocks acquired | 326,463,396 | 1,247,393,429 |
| 3. Accrual of discount | 19,084,058 | 24,676,442 |
| 4. Unrealized valuation increase (decrease) | 25,110,763 | 34,505,093 |
| 5. Total gain (loss) on disposals | 24,240,298 | 27,892,213 |
| 6. Deduct consideration for bonds and stocks disposed of | 924,689,583 | 1,706,507,222 |
| 7. Deduct amortization of premium | 13,103,465 | 21,523,778 |
| 8. Total foreign exchange change in book/adjusted carrying value | 0 | 0 |
| 9. Deduct current year's other-than-temporary impairment recognized | 7,565,128 | 5,904,056 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 2,854,509,740 | 3,404,969,401 |
| 11. Deduct total nonadmitted amounts | (4,660,756) | (12,793,174) |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 2,859,170,496 | 3,417,762,575 |

# SCHEDULE D - PART 1B

**Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation**

| NAIC Designation | 1 Book/Adjusted Carrying Value Beginning of Current Quarter | 2 Acquisitions During Current Quarter | 3 Dispositions During Current Quarter | 4 Non-Trading Activity During Current Quarter | 5 Book/Adjusted Carrying Value End of First Quarter | 6 Book/Adjusted Carrying Value End of Second Quarter | 7 Book/Adjusted Carrying Value End of Third Quarter | 8 Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| **BONDS** | | | | | | | | |
| 1. NAIC 1 (a) | 2,193,910,137 | 306,095,665 | 210,844,591 | (9,104,350) | 2,654,820,111 | 2,193,910,137 | 2,280,056,861 | 2,743,150,282 |
| 2. NAIC 2 (a) | 132,661,567 | | 19,716,925 | 7,718,615 | 165,908,931 | 132,661,567 | 120,663,257 | 169,738,767 |
| 3. NAIC 3 (a) | 1,939,339 | | 81,897 | 24,024 | 1,560,898 | 1,939,339 | 1,881,466 | 2,543,368 |
| 4. NAIC 4 (a) | 0 | | | | 1,108,800 | 0 | 0 | 0 |
| 5. NAIC 5 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 6. NAIC 6 (a) | 137,839,245 | 32,626,800 | 658,388 | 2,358,136 | 142,856,314 | 137,839,245 | 172,165,793 | 145,725,033 |
| 7. Total Bonds | 2,466,350,288 | 338,722,465 | 231,301,801 | 996,425 | 2,966,255,054 | 2,466,350,288 | 2,574,767,377 | 3,061,157,450 |
| **PREFERRED STOCK** | | | | | | | | |
| 8. NAIC 1 | 0 | | | | 0 | 0 | 0 | 0 |
| 9. NAIC 2 | 0 | | | | 0 | 0 | 0 | 0 |
| 10. NAIC 3 | 0 | | | | 0 | 0 | 0 | 0 |
| 11. NAIC 4 | 0 | | | | 0 | 0 | 0 | 0 |
| 12. NAIC 5 | 0 | | | | 0 | 0 | 0 | 0 |
| 13. NAIC 6 | 0 | | | | 0 | 0 | 0 | 0 |
| 14. Total Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Total Bonds & Preferred Stock | 2,466,350,288 | 338,722,465 | 231,301,801 | 996,425 | 2,966,255,054 | 2,466,350,288 | 2,574,767,377 | 3,061,157,450 |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $ 37,180,509 ; NAIC 2 $ ;
NAIC 3 $ ; NAIC 4 $ ; NAIC 5 $ ; NAIC 6 $

# SCHEDULE DA - PART 1

**Short-Term Investments**

| | 1<br>Book/Adjusted<br>Carrying Value | 2<br>Par Value | 3<br>Actual Cost | 4<br>Interest Collected<br>Year To Date | 5<br>Paid for Accrued<br>Interest<br>Year To Date |
|---|---|---|---|---|---|
| 9199999 | 12,965,051 | XXX | 12,958,770 | | |

# SCHEDULE DA - VERIFICATION

**Short-Term Investments**

| | 1<br>Year To Date | 2<br>Prior Year<br>Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 13,879,241 | 209,936,700 |
| 2. Cost of short-term investments acquired | 117,938,950 | 458,342,345 |
| 3. Accrual of discount | 160,990 | 168,878 |
| 4. Unrealized valuation increase (decrease) | | 0 |
| 5. Total gain (loss) on disposals | 1,584 | 17 |
| 6. Deduct consideration received on disposals | 119,015,714 | 654,460,406 |
| 7. Deduct amortization of premium | | 96,650 |
| 8. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 9. Deduct current year's other-than-temporary impairment recognized | | 11,643 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 12,965,051 | 13,879,241 |
| 11. Deduct total nonadmitted amounts | | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 12,965,051 | 13,879,241 |

# SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

| | | |
|---|---|---|
| 1. | Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year) | 31,773,073 |
| 2. | Cost Paid/(Consideration Received) on additions | |
| 3. | Unrealized Valuation increase/(decrease) | (16,011,682) |
| 4. | Total gain (loss) on termination recognized | |
| 5. | Considerations received/(paid) on terminations | |
| 6. | Amortization | |
| 7. | Adjustment to the Book/Adjusted Carrying Value of hedged item | |
| 8. | Total foreign exchange change in Book/Adjusted Carrying Value | |
| 9. | Book/Adjusted Carrying Value at End of Current Period (Lines 1+2+3+4-5+6+7+8) | 15,761,391 |
| 10. | Deduct nonadmitted assets | |
| 11. | Statement value at end of current period (Line 9 minus Line 10) | 15,761,391 |

# SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

NONE

| | | | | | |
|---|---|---|---|---|---|
| 1. | Book/Adjusted carrying value, December 31 of prior year (Line 6, prior year) | | | | 0 |
| 2. | Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote – Cumulative Cash Change column) | | | | 0 |
| 3.1 | Add: | | | | |
| | Change in variation margin on open contracts – Highly Effective Hedges | | | | |
| 3.11 | Section 1, Column 15, current year to date minus | 0 | | | |
| 3.12 | Section 1, Column 15, prior year | 0 | 0 | | |
| | Change in variation margin on open contracts – All Other | | | | |
| 3.13 | Section 1, Column 18, current year to date minus | 0 | | | |
| 3.14 | Section 1, Column 18, prior year | 0 | 0 | 0 | |
| 3.2 | Add: | | | | |
| | Change in adjustment to basis of hedged item | | | | |
| 3.21 | Section 1, Column 17, current year to date minus | 0 | | | |
| 3.22 | Section 1, Column 17, prior year | 0 | 0 | | |
| | Change in amount recognized | | | | |
| 3.23 | Section 1, Column 19, current year to date minus | 0 | | | |
| 3.24 | Section 1, Column 19, prior year | 0 | 0 | 0 | |
| 3.3 | Subtotal (Line 3.1 minus Line 3.2) | | | | 0 |
| 4.1 | Cumulative variation margin on terminated contracts during the year | | | | |
| 4.2 | Less: | | | | |
| 4.21 | Amount used to adjust basis of hedged item | | | | |
| 4.22 | Amount recognized | | 0 | | |
| 4.3 | Subtotal (Line 4.1 minus Line 4.2) | | | | 0 |
| 5. | Dispositions gains (losses) on contracts terminated in prior year: | | | | |
| 5.1 | Total gain (loss) recognized for terminations in prior year | | | | |
| 5.2 | Total gain (loss) adjusted into the hedged item(s) for terminations in prior year | | | | |
| 6. | Book/Adjusted carrying value at end of current period (Lines 1+2+3.3-4.3-5.1-5.2) | | | | 0 |
| 7. | Deduct total nonadmitted amounts | | | | |
| 8. | Statement value at end of current period (Line 6 minus Line 7) | | | | 0 |

Schedule DB - Part C - Section 1

# NONE

Schedule DB - Part C - Section 2

# NONE

# SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

| | | | |
|---|---|---|---|
| | | Book/Adjusted Carrying Value Check | |
| 1. | Part A, Section 1, Column 14 | 15,761,391 | |
| 2. | Part B, Section 1, Column 15 plus Part B, Section 1 Footnote – Total Ending Cash Balance | 0 | |
| 3. | Total (Line 1 plus Line 2) | | 15,761,391 |
| 4. | Part D, Section 1, Column 5 | 15,761,391 | |
| 5. | Part D, Section 1, Column 6 | 0 | |
| 6. | Total (Line 3 minus Line 4 minus Line 5) | | 0 |
| | | Fair Value Check | |
| 7. | Part A, Section 1, Column 16 | 15,761,391 | |
| 8. | Part B, Section 1, Column 13 | 0 | |
| 9. | Total (Line 7 plus Line 8) | | 15,761,391 |
| 10. | Part D, Section 1, Column 8 | 15,761,391 | |
| 11. | Part D, Section 1, Column 9 | 0 | |
| 12. | Total (Line 9 minus Line 10 minus Line 11) | | 0 |
| | | Potential Exposure Check | |
| 13. | Part A, Section 1, Column 21 | 0 | |
| 14. | Part B, Section 1, Column 20 | 0 | |
| 15. | Part D, Section 1, Column 11 | 0 | |
| 16. | Total (Line 13 plus Line 14 minus Line 15) | | 0 |

# SCHEDULE E - VERIFICATION

(Cash Equivalents)

| | 1<br>Year To<br>Date | 2<br>Prior Year<br>Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 65,396,475 | 332,548,940 |
| 2. Cost of cash equivalents acquired | 307,785,004 | 1,111,810,389 |
| 3. Accrual of discount | 27,785 | 28,092 |
| 4. Unrealized valuation increase (decrease) | | 0 |
| 5. Total gain (loss) on disposals | 1,939 | 1,148 |
| 6. Deduct consideration received on disposals | 336,027,722 | 1,378,992,094 |
| 7. Deduct amortization of premium | 2,972 | 0 |
| 8. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 9. Deduct current year's other than temporary impairment recognized | | 0 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 37,180,509 | 65,396,475 |
| 11. Deduct total nonadmitted amounts | | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 37,180,509 | 65,396,475 |

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

# SCHEDULE BA - PART 2

**Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter**

| 1<br>CUSIP Identification | 2<br>Name or Description | Location<br>3<br>City | <br>4<br>State | 5<br>Name of Vendor or General Partner | 6<br>NAIC Designation | 7<br>Date Originally Acquired | 8<br>Type and Strategy | 9<br>Actual Cost at Time of Acquisition | 10<br>Additional Investment Made After Acquisition | 11<br>Amount of Encumbrances | 12<br>Commitment for Additional Investment | 13<br>Percentage of Ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Fixed Income Instruments - Affiliated | | | | | | | | | | | | |
| 000000-00-0 | | | | | | | | | | | | |
| 4499999 – Subtotals - Unaffiliated | | | | | | | | 0 | 0 | 0 | 0 | XXX |
| 4599999 – Subtotals - Affiliated | | | | | | | | 0 | 0 | 0 | 0 | XXX |
| 4699999 Totals | | | | | | | | 0 | 0 | 0 | 0 | XXX |

# SCHEDULE BA - PART 3

**Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter**

| 1<br>CUSIP Identification | 2<br>Name or Description | Location<br>3<br>City | <br>4<br>State | 5<br>Name of Purchaser or Nature of Disposal | 6<br>Date Originally Acquired | 7<br>Disposal Date | 8<br>Book/ Adjusted Carrying Value Less Encumbrances Prior Year | Change in Book/Adjusted Carrying Value<br>9<br>Unrealized Valuation Increase (Decrease) | <br>10<br>Current Year's (Depreciation) or (Amortization)/ Accretion | <br>11<br>Current Year's Other Than Temporary Impairment Recognized | <br>12<br>Capitalized Deferred Interest and Other | <br>13<br>Total Change in B./A.C.V. (9+10-11+12) | <br>14<br>Total Foreign Exchange Change in B./A.C.V. | 15<br>Book/Adjusted Carrying Value Less Encumbrances on Disposal | 16<br>Consideration | 17<br>Foreign Exchange Gain (Loss) on Disposal | 18<br>Realized Gain (Loss) on Disposal | 19<br>Total Gain (Loss) on Disposal | 20<br>Investment Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Fixed Income Instruments Affiliated | | | | | | | | | | | | | | | | | | | |
| 000000-00-0 | R3 (B) LP | Wilmington | DE | Redemptions | 03/01/2013 | 07/08/2016 | 347,064 | | | | | 0 | | 347,064 | 347,064 | | | 0 | |
| 1499999 - Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Fixed Income Instruments - Affiliated | | | | | | | 347,064 | 0 | 0 | 0 | 0 | 0 | 0 | 347,064 | 347,064 | 0 | 0 | 0 | 0 |
| 4499999 – Subtotals - Unaffiliated | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4599999 – Subtotals - Affiliated | | | | | | | 347,064 | 0 | 0 | 0 | 0 | 0 | 0 | 347,064 | 347,064 | 0 | 0 | 0 | 0 |
| 4699999 Totals | | | | | | | 347,064 | 0 | 0 | 0 | 0 | 0 | 0 | 347,064 | 347,064 | 0 | 0 | 0 | 0 |

# SCHEDULE D - PART 3

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

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designation or Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|
| Bonds - U.S. Governments | | | | | | | | | |
| 912828-XH-8 | US Treasury N/B | | 08/23/2016 | JP MORGAN SECURITIES | | 235,077 | 230,000 | 559 | 1 |
| 0599999 - Bonds - U.S. Governments | | | | | | 235,077 | 230,000 | 559 | XXX |
| Bonds - U.S. States, Territories and Possessions | | | | | | | | | |
| 419792-LS-3 | Hawaii GO | | 09/30/2016 | CITIGROUP GLOBAL MARKETS | | 3,088,663 | 2,750,000 | | 1FE |
| 419792-LT-1 | Hawaii GO | | 09/30/2016 | CITIGROUP GLOBAL MARKETS | | 2,518,695 | 2,250,000 | | 1FE |
| 93974D-A2-4 | WA GO | | 09/27/2016 | WELLS FARGO BROK SER LLC | | 2,258,908 | 1,855,000 | 2,576 | 1FE |
| 93974D-A3-2 | WA GO | | 09/27/2016 | CITIGROUP GLOBAL MARKETS | | 4,477,714 | 3,680,000 | 5,111 | 1FE |
| 93974D-ZY-7 | WA GO | | 09/27/2016 | CITIGROUP GLOBAL MARKETS | | 4,919,300 | 4,030,000 | 5,597 | 1FE |
| 93974D-XC-7 | WASHINGTON ST FOR ISSUES DTD | | 09/27/2016 | BARCLAYS CAPITAL | | 2,514,960 | 2,000,000 | 21,111 | 1FE |
| 93974D-YR-3 | Washington State GO | | 08/04/2016 | JP MORGAN SECURITIES | | 6,470,468 | 5,250,000 | 18,229 | 1FE |
| 1799999 - Bonds - U.S. States, Territories and Possessions | | | | | | 26,248,708 | 21,815,000 | 52,624 | XXX |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | | | | | | |
| 022447-G6-7 | ALVIN TX INDEPENDENT SCHOOL DIST | | 08/04/2016 | US BANCORP PIPER JAFFRAY | | 7,607,286 | 6,025,000 | 8,368 | 1FE |
| 181070-ET-6 | CLARK CNTY NV WTR RECLAMATION | | 08/04/2016 | MERRILL LYNCH | | 1,428,213 | 1,250,000 | | 1FE |
| 220147-2T-8 | CORPUS CHRISTI TEX INDPT SCH DIST | | 08/03/2016 | MORGAN STANLEY CO | | 3,140,275 | 2,500,000 | | 1FE |
| 478740-TC-7 | JOHNSON CNTY KS UNIF SCH DIST 512 | | 09/21/2016 | GEORGE K BAUM | | 1,157,390 | 1,000,000 | | 1FE |
| 478718-N4-7 | JOHNSON CNTY KS UNIF SCH DIST#233 | | 08/11/2016 | PIPER JAFFREY INC | | 1,246,443 | 1,100,000 | | 1FE |
| 478718-Q5-1 | JOHNSON CNTY KS UNIF SCH DIST#233 | | 08/11/2016 | PIPER JAFFREY INC | | 1,139,100 | 1,000,000 | | 1FE |
| 2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | | | 15,718,707 | 12,875,000 | 8,368 | XXX |
| Bonds - U.S. Special Revenue | | | | | | | | | |
| 02765U-MA-9 | AMERICAN MUNI PWR-OHIO INC REV | | 09/20/2016 | RBC CAPITAL MARKETS | | 1,941,555 | 1,750,000 | | 1FE |
| 050589-NK-2 | AUBURN UNIV ALA GEN FEE REV | | 08/03/2016 | STIFEL NICOLAUS & CO INC | | 1,830,524 | 1,450,000 | | 1FE |
| 051595-AY-2 | Aurora CO Water Sys Rev | | 07/22/2016 | MORGAN STANLEY CO | | 5,004,760 | 4,000,000 | | 1FE |
| 57584X-UR-0 | BERKLEE MA CLG MUSIC REV | | 08/03/2016 | CITIGROUP GLOBAL MARKETS | | 1,841,100 | 1,500,000 | | 1FE |
| 57584X-UV-1 | BERKLEE MA CLG MUSIC REV | | 08/03/2016 | CITIGROUP GLOBAL MARKETS | | 2,152,188 | 1,765,000 | | 1FE |
| 3138WH-SW-3 | FEDERAL NATIONAL MTG ASSOC #AS7732 | | 08/09/2016 | SUNTRUST CAPITAL MARKETS INC | | 15,612,408 | 14,973,313 | 12,478 | 1 |
| 3128MJ-YY-0 | FHLMG #G08726 | | 09/30/2016 | BANK OF AMERICA SECURITIES LLC | | 2,152,872 | 2,070,070 | 690 | 1 |
| 34160W-ZL-1 | FLORIDA ST DEPT ENVIRONMENTAL | | 09/15/2016 | WELLS FARGO BROK SER LLC | | 3,179,425 | 2,500,000 | | 1FE |
| 407287-MG-3 | Hamilton OH Sales | | 08/04/2016 | RBC CAPITAL MARKETS | | 2,310,268 | 2,050,000 | | 1FE |
| 59447T-MA-8 | MICHIGAN FIN AUTH REV | | 09/14/2016 | GOLDMAN SACHS | | 5,508,655 | 4,450,000 | | 1FE |
| 65821D-VA-6 | NORTH CAROLINA MED CARE COMMISSION | | 08/05/2016 | JP MORGAN SECURITIES | | 3,222,818 | 2,550,000 | | 1FE |
| 64990A-FE-0 | NY Dorm Sales Tax Rev | | 09/27/2016 | BANK OF AMERICA SECURITIES LLC | | 5,152,785 | 4,125,000 | 573 | 1FE |
| 682001-FA-5 | OMAHA PUB PWR DIST NEB ELEC REV | | 08/03/2016 | CITIGROUP GLOBAL MARKETS | | 5,058,600 | 4,000,000 | | 1FE |
| 709224-QD-4 | PA Tpk Sr | | 09/28/2016 | JANNEY MONTGOMERY SCOTT LLC | | 4,187,680 | 3,500,000 | 47,639 | 1FE |
| 709221-UF-0 | PENNSYLVANIA TURNPIKE COMMISSION | | 08/03/2016 | MURIEL SIEBURT & CO | | 1,272,100 | 1,000,000 | | 1FE |
| 735352-QF-6 | PORT SAINT LUCIE FL UTILITY REV | | 08/11/2016 | CITIGROUP GLOBAL MARKETS | | 1,122,610 | 1,000,000 | | 1FE |
| 735389-XG-8 | PORT SEATTLE WASH REV | | 07/20/2016 | MERRILL LYNCH, PIERCE, FENNER & SMITH | | 930,420 | 750,000 | | 1FE |
| 74265L-M9-6 | PRIV CLGS & UNIVS AUTH GA | | 09/21/2016 | BARCLAYS CAPITAL | | 1,122,640 | 1,000,000 | | 1FE |
| 79766D-GE-3 | San Fran Air CA Airports Amt Rev | | 09/16/2016 | GOLDMAN SACHS | | 7,688,063 | 6,550,000 | | 1FE |
| 3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | | | | | | 71,291,471 | 60,983,382 | 61,380 | XXX |
| Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | | | | | |
| 02660Y-AA-0 | AHM 2006-2 5A MTGE | | 07/01/2016 | CIFG | | 2,392,804 | 2,961,245 | 207 | 1AM |
| 058521-AC-9 | BALLANTYNE RE PLC 2006-1A A2B | | 08/10/2016 | CAPROK CAPITAL LLC | | 32,626,800 | 52,238,315 | 28,819 | 6FE |
| 05950C-AA-0 | BANC OF AMERICA FUNDING CORPORATIO | | 07/01/2016 | CIFG | | 115,840 | 126,107 | 2,235 | 1AM |
| 05950C-AB-8 | BANC OF AMERICA FUNDING CORPORATIO | | 07/01/2016 | CIFG | | 2,385,930 | 2,597,394 | 46,042 | 1AM |
| 092650-AD-2 | BLADE 2006-1AW A1 | | 07/20/2016 | GUGGENHEIM CAPITAL MARKETS | | 14,522,987 | 35,377,307 | 5,532 | 1AM |
| 092650-AF-7 | BLADE 2006-1AWA A1 | | 07/20/2016 | GUGGENHEIM CAPITAL MARKETS | | 1,933,507 | 4,727,780 | 650 | 1AM |
| 39539B-AB-9 | GREENPOINT MORTGAGE FUNDING TRUST | | 07/01/2016 | CIFG | | 8,572,715 | 9,286,369 | 3,084 | 1AM |
| 362246-AA-8 | GSAA HOME EQUITY TRUST | | 07/01/2016 | CIFG | | 3,936,077 | 4,671,766 | 1,931 | 1AM |
| 594918-BR-4 | MICROSOFT CORPORATION | | 08/01/2016 | MERRILL LYNCH, PIERCE, FENNER & SMITH | | 6,338,189 | 6,350,000 | | 1FE |
| 61746B-CY-0 | Morgan Stanley | | 09/30/2016 | FIRST TENNESSEE | | 3,246,595 | 2,580,000 | 25,083 | 1FE |
| 61690F-AM-5 | MSBAM 2015-C22 A4 | | 08/04/2016 | GOLDMAN SACHS | | 12,960,000 | 12,000,000 | 8,816 | 1FM |
| 89114Q-BL-1 | TORONTO-DOMINION BANK | | 07/06/2016 | TD SECURITIES | | 49,881 | 50,000 | | 1FE |
| 95000H-BF-8 | WFCM 2016-LC24 A4 | | 09/14/2016 | WELLS FARGO BROK SER LLC | | 12,359,124 | 12,000,000 | 27,459 | 1FE |
| 3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | | 101,440,449 | 144,966,283 | 149,858 | XXX |
| 8399997 - Subtotals - Bonds - Part 3 | | | | | | 214,934,412 | 240,869,665 | 272,789 | XXX |
| 8399999 - Subtotals - Bonds | | | | | | 214,934,412 | 240,869,665 | 272,789 | XXX |
| 9999999 Totals | | | | | | 214,934,412 | XXX | 272,789 | XXX |

# SCHEDULE D - PART 3

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

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designation or Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|

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

# SCHEDULE D - PART 4

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CUSIP Identification | Description | Foreign | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation or Market Indicator (a) |
| Bonds - U.S. Governments | | | | | | | | | | | | | | | | | | | | | |
| 36202F-SE-7 | G2 5017 | | 09/20/2016 | PRINCIPAL RECEIPT | | 354,094 | 354,094 | 393,487 | 395,085 | | (40,992) | | (40,992) | | 354,094 | | | 0 | 10,680 | 04/20/2041 | 1 |
| 3620AC-5Y-6 | GNMA 30 YR | | 08/15/2016 | PRINCIPAL RECEIPT | | 107,430 | 107,430 | 111,765 | 111,765 | | (4,335) | | (4,335) | | 111,765 | | (4,335) | (4,335) | 3,145 | 10/15/2039 | 1 |
| 36295N-NT-0 | GNMA PASST 675502 | | 09/16/2016 | VARIOUS | | 15,813 | 15,183 | 15,813 | 15,813 | | (1,159) | | (1,159) | | 15,813 | | | 0 | 2,820 | 06/15/2023 | 1 |
| 3620A5-MN-6 | GNMA PASST 719565 | | 09/16/2016 | VARIOUS | | 6,335 | 6,335 | 6,335 | 6,335 | | (601) | | (601) | | 6,335 | | | 0 | 3,124 | 09/15/2024 | 1 |
| 36202E-Q2-8 | GNMA PASSTHRU 004073 | | 09/20/2016 | PRINCIPAL RECEIPT | | 4,006 | 4,006 | 4,393 | 4,394 | | (388) | | (388) | | 4,006 | | | 0 | 160 | 01/20/2038 | 1 |
| 36202E-RE-1 | GNMA PASSTHRU 004085 | | 09/20/2016 | PRINCIPAL RECEIPT | | 6,607 | 6,607 | 7,245 | 7,256 | | (649) | | (649) | | 6,607 | | | 0 | 252 | 02/20/2038 | 1 |
| 36202E-TA-7 | GNMA PASSTHRU 004145 | | 09/20/2016 | PRINCIPAL RECEIPT | | 4,142 | 4,142 | 4,542 | 4,540 | | (398) | | (398) | | 4,142 | | | 0 | 162 | 05/20/2038 | 1 |
| 36202E-WE-5 | GNMA PASSTHRU 004245 | | 09/20/2016 | PRINCIPAL RECEIPT | | 2,970 | 2,970 | 3,255 | 3,265 | | (295) | | (295) | | 2,970 | | | 0 | 119 | 09/20/2038 | 1 |
| 36295B-5R-0 | GNMA PASSTHRU 666056 | | 09/16/2016 | VARIOUS | | 4,496 | 4,496 | 4,496 | 4,496 | | 2,090 | | 2,090 | | 4,496 | | | 0 | 4,998 | 03/15/2023 | 1 |
| 36296A-WC-4 | GNMA PASSTHRU 685643 | | 09/16/2016 | VARIOUS | | 62,780 | 62,780 | 62,780 | 62,780 | | (1,284) | | (1,284) | | 62,780 | | | 0 | 7,640 | 04/15/2023 | 1 |
| 36296F-JW-4 | GNMA PASSTHRU 689777 | | 09/16/2016 | VARIOUS | | 1,311 | 1,311 | 1,311 | 1,311 | | (306) | | (306) | | 1,311 | | | 0 | 1,553 | 07/15/2023 | 1 |
| 36296J-M3-6 | GNMA PASSTHRU 692578 | | 09/16/2016 | VARIOUS | | 22,269 | 22,269 | 22,269 | 22,269 | | (4,559) | | (4,559) | | 22,269 | | | 0 | 7,310 | 05/15/2039 | 1 |
| 36296K-P4-8 | GNMA PASSTHRU 693543 | | 09/16/2016 | VARIOUS | | 2,879 | 2,879 | 2,879 | 2,879 | | 11 | | 11 | | 2,879 | | | 0 | 2,953 | 07/15/2023 | 1 |
| 36296N-ZS-8 | GNMA PASSTHRU 696553 | | 09/16/2016 | VARIOUS | | 3,080 | 3,080 | 3,080 | 3,080 | | (127) | | (127) | | 3,080 | | | 0 | 292 | 08/15/2023 | 1 |
| 36296U-ZS-2 | GNMA PASSTHRU 701953 | | 09/16/2016 | VARIOUS | | 522 | 522 | 522 | 522 | | (32) | | (32) | | 522 | | | 0 | 440 | 06/15/2024 | 1 |
| 36296X-X9-0 | GNMA PASSTHRU 704604 | | 09/16/2016 | VARIOUS | | 4,850 | 4,850 | 4,850 | 4,850 | | 134 | | 134 | | 4,850 | | | 0 | 4,929 | 07/15/2024 | 1 |
| 3620A2-EJ-1 | GNMA PASSTHRU 716637 | | 09/16/2016 | VARIOUS | | 6,688 | 6,688 | 6,688 | 6,688 | | (1,145) | | (1,145) | | 6,688 | | | 0 | 8,957 | 08/15/2024 | 1 |
| 3620A3-SN-5 | GNMA PASSTHRU 717925 | | 09/16/2016 | VARIOUS | | 3,281 | 3,281 | 3,281 | 3,281 | | | | 0 | | 3,281 | | | 0 | 3,180 | 09/15/2024 | 1 |
| 3620A3-XL-3 | GNMA PASSTHRU 718083 | | 09/16/2016 | VARIOUS | | 34,092 | 34,092 | 34,092 | 34,092 | | (3,321) | | (3,321) | | 34,092 | | | 0 | 13,740 | 12/15/2024 | 1 |
| 3620A4-WJ-7 | GNMA PASSTHRU 718949 | | 09/16/2016 | VARIOUS | | 4,402 | 4,402 | 4,402 | 4,402 | | (1,003) | | (1,003) | | 4,402 | | | 0 | 6,195 | 10/15/2024 | 1 |
| 3620AA-R6-7 | GNMA PASSTHRU 724209 | | 09/16/2016 | VARIOUS | | 642 | 642 | 642 | 642 | | (17) | | (17) | | 642 | | | 0 | 754 | 08/15/2024 | 1 |
| 3620AC-U9-3 | GNMA PASSTHRU 726108 | | 09/16/2016 | VARIOUS | | 3,912 | 3,912 | 3,912 | 3,912 | | 242 | | 242 | | 3,912 | | | 0 | 4,874 | 12/15/2024 | 1 |
| 3620AC-2Q-6 | GNMA PASSTHRU 726283 | | 09/16/2016 | VARIOUS | | 1,620 | 1,620 | 1,620 | 1,620 | | 32 | | 32 | | 1,620 | | | 0 | 1,927 | 09/15/2024 | 1 |
| 3620AD-AL-6 | GNMA PASSTHRU 726411 | | 09/16/2016 | VARIOUS | | 10,017 | 10,017 | 10,017 | 10,017 | | (560) | | (560) | | 10,017 | | | 0 | 4,556 | 10/15/2024 | 1 |
| 3620AF-Y3-5 | GNMA PASSTHRU 728930 | | 09/16/2016 | VARIOUS | | 1,407 | 1,407 | 1,407 | 1,407 | | (37) | | (37) | | 1,407 | | | 0 | 1,877 | 12/15/2024 | 1 |
| 36179M-E4-8 | GNMA PASSTHRU MA0155 | | 09/20/2016 | PRINCIPAL RECEIPT | | 708,647 | 708,647 | 780,426 | 747,492 | | (38,845) | | (38,845) | | 708,647 | | | 0 | 18,977 | 06/20/2042 | 1 |
| 912828-FQ-8 | UNITED STATES TREAS NTS | | 08/15/2016 | MATURITY | | 125,000 | 125,000 | 125,838 | 125,085 | | (85) | | (85) | | 125,000 | | | 0 | 6,094 | 08/15/2016 | 1 |
| 0599999 - Bonds - U.S. Governments | | | | | | 1,503,292 | 1,502,662 | 1,621,347 | 1,589,278 | 0 | (97,629) | 0 | (97,629) | 0 | 1,507,627 | 0 | (4,335) | (4,335) | 121,708 | XXX | XXX |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | | | | | | | | | | | | | | | | | | |
| 74514L-QC-4 | PUERTO RICO COMWLTH | | 07/01/2016 | CALLED @ 100.0000000 | | 105,000 | 105,000 | 111,904 | 105,479 | | (479) | | (479) | | 105,000 | | | 0 | 5,513 | 07/01/2032 | 1FE |
| 2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | | | 105,000 | 105,000 | 111,904 | 105,479 | 0 | (479) | 0 | (479) | 0 | 105,000 | 0 | 0 | 0 | 5,513 | XXX | XXX |
| Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | | | | | | | | | | | | | | | | | | | | | |
| 047856-EX-3 | ATLANTA GA URBAN RESIDENTIAL | | 08/01/2016 | CALLED @ 100.0000000 | | 5,000 | 5,000 | 5,245 | 5,071 | | (23) | | (23) | | 5,000 | | | 0 | 161 | 03/01/2041 | 1FE |
| 3138WH-SW-3 | FEDERAL NATIONAL MTG ASSOC #AS7732 | | 09/25/2016 | PRINCIPAL RECEIPT | | 33,867 | 33,867 | 35,313 | | | (1,446) | | (1,446) | | 33,867 | | | 0 | 85 | 08/01/2041 | 1 |
| 3128MC-KA-2 | FGLMC 15 YR | | 08/15/2016 | PRINCIPAL RECEIPT | | 37,724 | 37,724 | 39,454 | 39,280 | | (1,556) | | (1,556) | | 37,724 | | | 0 | 1,177 | 10/01/2024 | 1 |
| 312964-B3-2 | FGLMC 15 YR | | 08/15/2016 | PRINCIPAL RECEIPT | | 15,734 | 15,734 | 16,826 | 16,215 | | (482) | | (482) | | 15,734 | | | 0 | 487 | 01/01/2019 | 1 |
| 31306X-QS-5 | FGLMC 15 YR | | 09/15/2016 | PRINCIPAL RECEIPT | | 166,444 | 166,444 | 174,662 | 173,345 | | (6,901) | | (6,901) | | 173,112 | | (6,668) | (6,668) | 2,798 | 09/01/2027 | 1 |
| 3132QP-X5-8 | FHLMC GOLD 30YR | | 09/16/2016 | VARIOUS | | 96,360 | 96,360 | 96,360 | 96,360 | | 292 | | 292 | | 96,360 | | | 0 | 68,870 | 05/01/2045 | 1 |
| 3132QP-X8-2 | FHLMC GOLD 30YR | | 09/16/2016 | VARIOUS | | 57,229 | 57,229 | 57,229 | 57,229 | | 520 | | 520 | | 57,229 | | | 0 | 65,327 | 05/01/2045 | 1 |
| 3132QP-Y5-7 | FHLMC GOLD 30YR | | 09/16/2016 | VARIOUS | | 323,785 | 323,785 | 323,785 | 323,785 | | (29,309) | | (29,309) | | 323,785 | | | 0 | 151,302 | 05/01/2045 | 1 |
| 3137B4-WA-0 | FHLMC REMIC SERIES K-033 | | 09/25/2016 | PRINCIPAL RECEIPT | | 143,845 | 143,845 | 146,720 | 145,873 | | (2,029) | | (2,029) | | 145,699 | | (1,854) | (1,854) | 2,751 | 02/25/2023 | 1 |
| 341507-TK-7 | FLORIDA ST BRD ED LOTTERY REV REV | | 07/01/2016 | MATURITY | | 5,000,000 | 5,000,000 | 5,310,254 | 5,030,181 | | (30,181) | | (30,181) | | 5,000,000 | | | 0 | 250,000 | 07/01/2016 | 1 |
| 3138EH-R6-1 | FNMA 15 YR | | 09/25/2016 | PRINCIPAL RECEIPT | | 196,138 | 196,138 | 205,899 | 205,899 | | (9,761) | | (9,761) | | 205,899 | | (9,761) | (9,761) | 4,456 | 01/01/2027 | 1 |
| 31410G-W6-6 | FNMA 15 YR | | 08/25/2016 | PRINCIPAL RECEIPT | | 15,589 | 15,589 | 16,791 | 16,008 | | (419) | | (419) | | 15,589 | | | 0 | 536 | 01/01/2021 | 1 |
| 31416W-H6-2 | FNMA 15 YR | | 08/25/2016 | PRINCIPAL RECEIPT | | 33,639 | 33,639 | 34,620 | 34,476 | | (837) | | (837) | | 33,639 | | | 0 | 834 | 06/01/2025 | 1 |
| 31417C-3A-1 | FNMA 15 YR | | 08/25/2016 | PRINCIPAL RECEIPT | | 88,686 | 88,686 | 93,176 | 92,380 | | (3,693) | | (3,693) | | 88,686 | | | 0 | 1,411 | 09/01/2027 | 1 |
| 31393X-4A-2 | FNMA REMIC TRUST 2004-W4 | | 09/25/2016 | PRINCIPAL RECEIPT | | 30,068 | 30,068 | 4,273 | 4,273 | | 25,796 | | 25,796 | | 30,068 | | | 0 | 991 | 06/25/2034 | 1AM |
| 576051-HZ-2 | MASSACHUSETTS ST WTR RES PRE-RE | | 08/01/2016 | CALLED @ 100.0000000 | | 2,005,000 | 2,005,000 | 2,007,446 | 2,005,240 | | (240) | | (240) | | 2,005,000 | | | 0 | 100,250 | 08/01/2036 | 1FE |
| 576051-JA-5 | MASSACHUSETTS ST WTR RESOURCES | | 08/01/2016 | CALLED @ 100.0000000 | | 2,995,000 | 2,995,000 | 2,998,654 | 2,995,359 | | (359) | | (359) | | 2,995,000 | | | 0 | 149,750 | 08/01/2036 | 1FE |
| 59334K-DQ-8 | MIAMI-DADE CNTY FLA EXPWY AUTH TOL | | 07/01/2016 | CALLED @ 100.0000000 | | 5,125,000 | 5,125,000 | 5,247,334 | 5,136,500 | | (11,500) | | (11,500) | | 5,125,000 | | | 0 | 256,250 | 07/01/2023 | 1FE |
| 59447P-2W-0 | MICHIGAN FIN AUTH REV 4.3 01APR17 | | 09/14/2016 | CALLED @ 100.0000000 | | 60,480 | 60,480 | 63,068 | 60,978 | | (498) | | (498) | | 60,480 | | | 0 | 2,478 | 04/01/2017 | 1FE |
| 59447P-3P-4 | MICHIGAN FIN AUTH REV 4.3 01APR17 | | 09/14/2016 | CALLED @ 100.0000000 | | 61,080 | 61,080 | 63,694 | 61,583 | | (503) | | (503) | | 61,080 | | | 0 | 2,502 | 04/01/2017 | 1FE |
| 59447P-W4-9 | MICHIGAN FIN AUTH REV 4.5 01APR20 | | 09/14/2016 | CALLED @ 100.0000000 | | 4,027 | 4,027 | 4,039 | 4,027 | | | | 0 | | 4,027 | | | 0 | 173 | 04/01/2020 | 1FE |
| 59447P-W7-2 | MICHIGAN FIN AUTH REV 4.625 01APR2 | | 09/14/2016 | CALLED @ 100.0000000 | | 4,027 | 4,027 | 4,039 | 4,027 | | | | 0 | | 4,027 | | | 0 | 177 | 04/01/2022 | 1FE |

# SCHEDULE D - PART 4

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value | | | | | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | |
| CUSIP Identification | Description | Foreign | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation or Market Indicator (a) |
| 59447P-W9-8 | MICHIGAN FIN AUTH REV 4.625 01APR2 | | 09/14/2016 | CALLED @ 100.0000000 | | 12,082 | 12,082 | 12,118 | 12,082 | | | | 0 | | 12,082 | | | 0 | 532 | 04/01/2023 | 1FE |
| 59447P-2X-8 | MICHIGAN FIN AUTH REV 5.0 01APR18 | | 09/14/2016 | CALLED @ 100.0000000 | | 63,240 | 63,240 | 66,459 | 63,859 | | (619) | | (619) | | 63,240 | | | 0 | 3,013 | 04/01/2018 | 1FE |
| 59447P-3Q-2 | MICHIGAN FIN AUTH REV 5.0 01APR18 | | 09/14/2016 | CALLED @ 100.0000000 | | 63,120 | 63,120 | 66,333 | 63,738 | | (618) | | (618) | | 63,120 | | | 0 | 3,007 | 04/01/2018 | 1FE |
| 59447P-2Y-6 | MICHIGAN FIN AUTH REV 5.0 01APR19 | | 09/14/2016 | CALLED @ 100.0000000 | | 66,360 | 66,360 | 69,922 | 67,044 | | (684) | | (684) | | 66,360 | | | 0 | 3,161 | 04/01/2019 | 1FE |
| 59447P-2Z-3 | MICHIGAN FIN AUTH REV 5.0 01APR20 | | 09/14/2016 | CALLED @ 100.0000000 | | 120,000 | 120,000 | 126,415 | 121,233 | | (1,233) | | (1,233) | | 120,000 | | | 0 | 5,717 | 04/01/2020 | 1FE |
| 59447P-3A-7 | MICHIGAN FIN AUTH REV 5.0 01APR21 | | 09/14/2016 | CALLED @ 100.0000000 | | 120,000 | 120,000 | 126,362 | 121,223 | | (1,223) | | (1,223) | | 120,000 | | | 0 | 5,717 | 04/01/2021 | 1FE |
| 59447P-3B-5 | MICHIGAN FIN AUTH REV 5.0 01APR22 | | 09/14/2016 | CALLED @ 100.0000000 | | 120,000 | 120,000 | 126,270 | 121,205 | | (1,205) | | (1,205) | | 120,000 | | | 0 | 5,717 | 04/01/2022 | 1FE |
| 59447P-3C-3 | MICHIGAN FIN AUTH REV 5.0 01APR23 | | 09/14/2016 | CALLED @ 100.0000000 | | 120,000 | 120,000 | 126,137 | 121,180 | | (1,180) | | (1,180) | | 120,000 | | | 0 | 5,717 | 04/01/2023 | 1FE |
| 59447P-3D-1 | MICHIGAN FIN AUTH REV 5.0 01APR24 | | 09/14/2016 | CALLED @ 100.0000000 | | 120,000 | 120,000 | 125,964 | 121,148 | | (1,148) | | (1,148) | | 120,000 | | | 0 | 5,717 | 04/01/2024 | 1FE |
| 59447P-3E-9 | MICHIGAN FIN AUTH REV 5.0 01APR25 | | 09/14/2016 | CALLED @ 100.0000000 | | 120,000 | 120,000 | 125,741 | 121,106 | | (1,106) | | (1,106) | | 120,000 | | | 0 | 5,717 | 04/01/2025 | 1FE |
| 59447P-V9-9 | MICHIGAN FIN AUTH REV 5.25 01APR17 | | 09/14/2016 | CALLED @ 100.0000000 | | 25,373 | 25,373 | 25,459 | 25,373 | | | | 0 | | 25,373 | | | 0 | 1,269 | 04/01/2017 | 1FE |
| 59447P-W2-3 | MICHIGAN FIN AUTH REV 5.25 01APR18 | | 09/14/2016 | CALLED @ 100.0000000 | | 26,701 | 26,701 | 26,794 | 26,701 | | | | 0 | | 26,701 | | | 0 | 1,336 | 04/01/2018 | 1FE |
| 59447P-3R-0 | MICHIGAN FIN AUTH REV 5.25 01APR19 | | 09/14/2016 | CALLED @ 100.0000000 | | 65,640 | 65,640 | 69,379 | 66,358 | | (718) | | (718) | | 65,640 | | | 0 | 3,283 | 04/01/2019 | 1FE |
| 59447P-W3-1 | MICHIGAN FIN AUTH REV 5.25 01APR19 | | 09/14/2016 | CALLED @ 100.0000000 | | 28,111 | 28,111 | 28,209 | 28,111 | | | | 0 | | 28,111 | | | 0 | 1,406 | 04/01/2019 | 1FE |
| 59447P-3S-8 | MICHIGAN FIN AUTH REV 5.25 01APR20 | | 09/14/2016 | CALLED @ 100.0000000 | | 69,240 | 69,240 | 73,171 | 69,995 | | (755) | | (755) | | 69,240 | | | 0 | 3,463 | 04/01/2020 | 1FE |
| 59447P-W5-6 | MICHIGAN FIN AUTH REV 5.25 01APR20 | | 09/14/2016 | CALLED @ 100.0000000 | | 25,573 | 25,573 | 25,662 | 25,573 | | | | 0 | | 25,573 | | | 0 | 1,279 | 04/01/2020 | 1FE |
| 59447P-W6-4 | MICHIGAN FIN AUTH REV 5.25 01APR21 | | 09/14/2016 | CALLED @ 100.0000000 | | 31,091 | 31,091 | 31,199 | 31,091 | | | | 0 | | 31,091 | | | 0 | 1,555 | 04/01/2021 | 1FE |
| 59447P-W8-0 | MICHIGAN FIN AUTH REV 5.25 01APR22 | | 09/14/2016 | CALLED @ 100.0000000 | | 28,715 | 28,715 | 28,815 | 28,715 | | | | 0 | | 28,715 | | | 0 | 1,436 | 04/01/2022 | 1FE |
| 59447P-X2-2 | MICHIGAN FIN AUTH REV 5.25 01APR23 | | 09/14/2016 | CALLED @ 100.0000000 | | 22,351 | 22,351 | 22,575 | 22,351 | | | | 0 | | 22,351 | | | 0 | 1,118 | 04/01/2023 | 1FE |
| 60636X-8E-6 | MO HSG SF PAC | | 09/01/2016 | CALLED @ 100.0000000 | | 105,000 | 105,000 | 113,090 | 105,000 | | | | 0 | | 105,000 | | | 0 | 2,521 | 11/01/2027 | 1FE |
| 60535G-AX-0 | MS HSG PAC | | 09/01/2016 | CALLED @ 100.0000000 | | 45,000 | 45,000 | 48,467 | 46,779 | | (206) | | (206) | | 46,573 | | (1,573) | (1,573) | 1,203 | 12/01/2031 | 1FE |
| 74526Q-C2-6 | PUERTO RICO ELEC PWR AUTH B SERIES | | 07/01/2016 | Sink PMT @ 100.0000000 | | 3,188 | 3,188 | 2,156 | | | 1,032 | | 1,032 | | 3,188 | | | 0 | | 07/01/2019 | 1FE |
| 74526Q-B6-8 | PUERTO RICO ELECTRIC POWER A2 | | 07/01/2016 | Sink PMT @ 100.0000000 | | 14,876 | 14,876 | 9,552 | | | 5,324 | | 5,324 | | 14,876 | | | 0 | | 07/01/2019 | 1FE |
| 3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | | | | | | 17,914,383 | 17,914,385 | 18,425,130 | 17,917,954 | 0 | (77,468) | 0 | (77,468) | 0 | 17,934,239 | 0 | (19,856) | (19,856) | 1,126,650 | XXX | XXX |
| Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | | | | | | | | | | | | | | | | | |
| 01449C-AB-6 | ALESCO PREF FDG VIII | F | 09/23/2016 | PRINCIPAL RECEIPT | | 666 | 666 | 374 | 370 | | 297 | | 297 | | 666 | | | 0 | 5 | 12/23/2035 | 2FE |
| 04963W-AB-2 | ATRIUM V 2006-5 | R | 08/20/2016 | PRINCIPAL RECEIPT | | 583,627 | 583,627 | 550,068 | 553,118 | | 30,508 | | 30,508 | | 563,745 | | 19,882 | 19,882 | 3,398 | 07/20/2020 | 1FE |
| 277345-AE-4 | EASTLAND CLO LTD 2007 | R | 09/28/2016 | MORGAN STANLEY CO | | 9,852,100 | 10,000,000 | 10,000,000 | 10,000,000 | | | | 0 | | 10,000,000 | | (147,900) | (147,900) | 84,005 | 05/01/2022 | 1FE |
| 389669-AB-8 | GRAYSON CLO LTD 2006-1 | R | 09/08/2016 | GUGGENHEIM CAPITAL MARKETS | | 9,795,000 | 10,000,000 | 3,919,000 | 3,919,000 | | | | 0 | | 3,919,000 | | 5,876,000 | 5,876,000 | 80,603 | 11/01/2021 | 1FE |
| 67073V-AB-8 | NYLIM FLATIRON CLO 2006-1 | R | 08/08/2016 | PRINCIPAL RECEIPT | | 149,623 | 149,623 | 141,842 | 148,929 | | 694 | | 694 | | 146,067 | | 3,556 | 3,556 | 853 | 08/08/2020 | 1FE |
| 806713-AB-9 | SCHILLER PARK CLO 2007-1 | R | 09/30/2016 | RBC CAPITAL MARKETS | | 9,975,000 | 10,000,000 | 10,000,000 | 10,000,000 | | | | 0 | | 10,000,000 | | (25,000) | (25,000) | 82,893 | 04/25/2021 | 1FE |
| 806854-AA-3 | SCHLUMBERGER INVESTMENT SA | R | 09/14/2016 | MATURITY | | 390,000 | 390,000 | 389,318 | 389,900 | | 100 | | 100 | | 390,000 | | | 0 | 7,605 | 09/14/2016 | 1FE |
| 89708B-AB-9 | TROPIC CDO CORP OTHE | | 07/15/2016 | PRINCIPAL RECEIPT | | 825 | 825 | 454 | 455 | | 370 | | 370 | | 825 | | | 0 | 3 | 07/15/2036 | 3FE |
| 96174T-AE-4 | WESTWOOD CDO II LTD 2007-2 | R | 09/28/2016 | GOLDMAN SACHS | | 5,904,600 | 6,000,000 | 2,100,000 | 2,100,000 | | | | 0 | | 2,100,000 | | 3,804,600 | 3,804,600 | 52,256 | 04/25/2022 | 1FE |
| 000292-AB-8 | AAA 2007-2 A2 | | 09/25/2016 | PRINCIPAL RECEIPT | | 629 | 629 | 601 | 412 | | 223 | 6 | 217 | | 629 | | | 0 | | 01/27/2046 | 1FM |
| 000759-DG-2 | ABFS 2003-1 M | | 09/15/2016 | PRINCIPAL RECEIPT | | 43,884 | 43,884 | 35,973 | 35,471 | | 8,912 | 498 | 8,414 | | 43,884 | | | 0 | | 08/15/2033 | 3FM |
| 000759-DM-9 | ABFS MORTGAGE LOAN TRUST 2003-2 | | 09/25/2016 | PRINCIPAL RECEIPT | | 212,311 | 212,311 | 176,971 | 178,892 | | 33,419 | | 33,419 | | 212,311 | | | 0 | | 04/25/2034 | 1FM |
| 02660Y-AA-0 | AHM 2006-2 5A MTGE | | 09/25/2016 | PRINCIPAL RECEIPT | | 258,852 | 258,852 | 209,163 | | | 49,689 | | 49,689 | | 258,852 | | | 0 | 18 | 05/25/2031 | 1AM |

# SCHEDULE D - PART 4

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value | | | | | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | |
| CUSIP Identi-fication | Description | Foreign | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Desig-nation or Market Indicator (a) |
| G0159X-AA-7 | ALESCO PREFERRED FUNDING LTD | | 09/23/2016 | PRINCIPAL RECEIPT | | 1,612 | 1,612 | 905 | 927 | | 685 | | 685 | | 1,612 | | | 0 | 11 | 12/23/2037 | 1AM |
| 015271-AF-6 | ALEXANDRIA REAL ESTATE EQUITIE | | 09/27/2016 | MARKETAXESS | | 2,349,132 | 2,311,000 | 2,306,216 | 2,307,409 | | 627 | | 627 | | 2,308,036 | | 41,096 | 41,096 | 76,793 | 01/15/2020 | 2FE |
| 05377R-BB-9 | AVIS BUDGET RENTAL FDG 2012-3 | | 09/09/2016 | DEUTSCH BANK | | 6,613,664 | 6,600,000 | 6,668,578 | 6,640,647 | | (10,431) | | (10,431) | | 6,630,676 | | (17,012) | (17,012) | 101,640 | 03/20/2019 | 1FE |
| 05377R-BF-0 | AVIS BUDGET RENTAL FDG 2013-2 | | 09/09/2016 | DEUTSCH BANK | | 6,216,281 | 6,100,000 | 6,258,457 | 6,208,740 | | (20,979) | | (20,979) | | 6,190,691 | | 25,590 | 25,590 | 132,858 | 02/20/2020 | 1FE |
| 058521-AC-9 | BALLANTYNE RE PLC 2006-1A A2B | | 09/02/2016 | PRINCIPAL RECEIPT | | 655,558 | 655,558 | 363,597 | 337,360 | | 287,228 | 19,422 | 267,806 | | 655,558 | | | 0 | | 05/02/2036 | 6AM |
| 05950C-AA-0 | BANC OF AMERICA FUNDING CORPORATIO | | 09/27/2016 | PRINCIPAL RECEIPT | | 7,578 | 7,578 | 6,961 | | | 617 | | 617 | | 7,578 | | | 0 | 134 | 02/27/2036 | 1AM |
| 05950C-AB-8 | BANC OF AMERICA FUNDING CORPORATIO | | 09/27/2016 | PRINCIPAL RECEIPT | | 156,078 | 156,078 | 143,371 | | | 12,707 | | 12,707 | | 156,078 | | | 0 | 2,767 | 02/27/2036 | 1AM |
| 092650-AD-2 | BLADE 2006-1AW A1 | | 09/15/2016 | PRINCIPAL RECEIPT | | 370,784 | 370,784 | 152,213 | | | 218,571 | | 218,571 | | 370,784 | | | 0 | 44 | 09/15/2041 | 1AM |
| 092650-AF-7 | BLADE 2006-1AWA A1 | | 09/15/2016 | PRINCIPAL RECEIPT | | 60,801 | 60,801 | 24,866 | | | 35,935 | | 35,935 | | 60,801 | | | 0 | 5 | 09/15/2041 | 1AM |
| 097014-AN-4 | BOEING CAPITAL CORP | | 08/15/2016 | MATURITY | | 875,000 | 875,000 | 874,493 | 874,935 | | 65 | | 65 | | 875,000 | | | 0 | 18,594 | 08/15/2016 | 1FE |
| 14986D-AF-7 | CD 2006-CD3 MTG TR | | 09/17/2016 | PRINCIPAL RECEIPT | | 596,546 | 596,546 | 564,389 | 592,259 | | 4,287 | | 4,287 | | 594,503 | | 2,043 | 2,043 | 21,575 | 10/15/2048 | 1FE |
| 191216-AU-4 | COCA COLA CO | | 09/01/2016 | MATURITY | | 800,000 | 800,000 | 799,840 | 799,978 | | 22 | | 22 | | 800,000 | | | 0 | 14,400 | 09/01/2016 | 1FE |
| 22541N-EP-0 | CSFB MTG PTC 2002-AR25 | | 09/25/2016 | PRINCIPAL RECEIPT | | 2,830 | 2,830 | 113 | 113 | | 2,717 | | 2,717 | | 2,830 | | | 0 | 36 | 09/25/2032 | 6FE |
| 02149Q-AE-0 | CWALT INC 2007 OA10 | | 09/25/2016 | PRINCIPAL RECEIPT | | 210,234 | 210,234 | 85,340 | 96,762 | | 113,472 | | 113,472 | | 210,234 | | | 0 | | 09/25/2047 | 1FM |
| 28176E-AC-2 | EDWARDS LIFESCIENCES CORP | | 09/07/2016 | U.S. BANCORP INVESTMENTS INC | | 4,675,793 | 4,565,000 | 4,542,084 | 4,551,869 | | 3,118 | | 3,118 | | 4,554,987 | | 120,806 | 120,806 | 119,213 | 10/15/2018 | 2FE |
| 36185H-EC-3 | GMACM MTG LN TR 2004-GH1 | | 09/25/2016 | PRINCIPAL RECEIPT | | 11,656 | 11,656 | 7,323 | 7,323 | | 4,333 | | 4,333 | | 11,656 | | | 0 | 321 | 07/25/2035 | 1AM |
| 39539B-AB-9 | GREENPOINT MORTGAGE FUNDING TRUST | | 09/12/2016 | PRINCIPAL RECEIPT | | 674,575 | 674,575 | 622,734 | | | 51,841 | | 51,841 | | 674,575 | | | 0 | 224 | 03/12/2037 | 1AM |
| 362246-AA-8 | GSAA HOME EQUITY TRUST | | 09/25/2016 | PRINCIPAL RECEIPT | | 261,630 | 261,630 | 220,430 | | | 41,200 | | 41,200 | | 261,630 | | | 0 | 67 | 02/25/2037 | 1AM |
| 42805R-BN-8 | HERTZ VEHICLE FIN 2013-1 | | 09/07/2016 | TD SECURITIES | | 5,982,422 | 6,000,000 | 5,997,254 | 5,998,720 | | 298 | | 298 | | 5,999,018 | | (16,596) | (16,596) | 78,385 | 08/25/2019 | 1FE |
| 46257@-AC-5 | IA AGENCY OBLIGATION | | 09/01/2016 | Sink PMT @ 100.0000000 | | 28,000 | 28,000 | 6,024 | 28,000 | | | | 0 | | 28,000 | | | 0 | | 06/25/2018 | 1 |
| 46631Q-AD-4 | JP MORGAN CHASE 2007-CIBC20 | | 09/29/2016 | WELLS FARGO BROK SER LLC | | 452,643 | 441,822 | 387,371 | 427,079 | | 2,132 | | 2,132 | | 431,391 | | 21,252 | 21,252 | 19,413 | 02/12/2051 | 1FE |
| 46630J-AC-3 | JP MORGAN CHASE 2007-LDP10 | | 09/15/2016 | VARIOUS | | 2,978,404 | 2,962,803 | 3,074,834 | 3,054,462 | | (10,070) | | (10,070) | | 3,008,456 | | (30,052) | (30,052) | 120,547 | 01/15/2049 | 1FM |
| 46641B-AB-9 | JP MORGAN CHASE CMBS 2013-C16 | | 09/17/2016 | PRINCIPAL RECEIPT | | 85,708 | 85,708 | 89,203 | 88,012 | | (2,305) | | (2,305) | | 87,853 | | (2,145) | (2,145) | 2,376 | 12/17/2046 | 1 |
| 46639N-AL-5 | JPMBB COML MTG SEC TR 2013-C12 | | 09/17/2016 | PRINCIPAL RECEIPT | | 1,164,121 | 1,164,121 | 1,164,119 | 1,164,119 | | 2 | | 2 | | 1,164,121 | | | 0 | 12,703 | 07/17/2045 | 1FE |
| 46640N-AB-4 | JPMBB COML MTG SEC TR 2013-C15 | | 09/18/2016 | PRINCIPAL RECEIPT | | 54,615 | 54,615 | 56,258 | 55,573 | | (957) | | (957) | | 55,477 | | (862) | (862) | 1,439 | 11/17/2045 | 1 |
| 494368-BU-6 | KIMBERLY-CLARK CORPORATION | | 08/19/2016 | WELLS FARGO BROK SER LLC | | 36,611 | 35,000 | 34,870 | | | 6 | | 6 | | 34,876 | | 1,735 | 1,735 | 487 | 02/15/2026 | 1FE |
| 482480-AC-4 | KLA-TENCOR CORP | | 09/08/2016 | MILLENNIUM ADVISORS LLC | | 1,211,996 | 1,169,000 | 1,168,895 | 1,168,914 | | 15 | | 15 | | 1,168,929 | | 43,067 | 43,067 | 34,193 | 11/01/2019 | 2FE |
| 50076Q-AY-2 | KRAFT FOODS GROUP INC | | 09/27/2016 | KEYBANK CAPITAL MARKETS INC | | 824,953 | 820,000 | 818,677 | 819,558 | | 227 | | 227 | | 819,785 | | 5,168 | 5,168 | 15,119 | 06/05/2017 | 2FE |
| 52108H-YK-4 | LB-UBS CMBS 2004-C1 | | 09/18/2016 | PRINCIPAL RECEIPT | | 7,907 | 7,907 | 8,347 | 8,037 | | (131) | | (131) | | 7,955 | | (48) | (48) | 241 | 01/15/2031 | 1FE |
| 539830-AX-7 | LOCKHEED MARTIN CORP | | 09/15/2016 | MATURITY | | 540,000 | 540,000 | 539,590 | 539,940 | | 60 | | 60 | | 540,000 | | | 0 | 11,475 | 09/15/2016 | 2FE |
| 59066R-AE-7 | MESA 2002-1 B1 | | 09/19/2016 | PRINCIPAL RECEIPT | | 45,016 | 45,016 | 37,189 | 37,189 | | | | 0 | | 37,188 | | 7,828 | 7,828 | 1,653 | 02/18/2033 | 3AM |
| 55274L-AD-8 | MESA 2002-3 M2 | | 09/18/2016 | PRINCIPAL RECEIPT | | 36,319 | 36,319 | 34,490 | 34,490 | | 1,829 | | 1,829 | | 36,319 | | | 0 | 1,052 | 10/18/2032 | 1FE |
| 55312V-AG-3 | ML-CFC COML MTG TR 2006-4 | | 08/12/2016 | PRINCIPAL RECEIPT | | 1,702,828 | 1,702,828 | 1,909,429 | 1,751,914 | | (49,086) | | (49,086) | | 1,721,151 | | (18,323) | (18,323) | 59,507 | 12/12/2049 | 1FM |
| 61690K-AB-8 | MS BOFAML TRUST 2013-C7 | | 09/15/2016 | PRINCIPAL RECEIPT | | 437,288 | 437,288 | 450,394 | 442,466 | | (5,178) | | (5,178) | | 440,858 | | (3,570) | (3,570) | 5,375 | 02/16/2046 | 1FE |
| 637432-NB-7 | NATIONAL RURAL UTIL COOP FIN | | 09/09/2016 | DEUTSCH BANK | | 3,481,192 | 3,400,000 | 3,395,376 | 3,396,382 | | 620 | | 620 | | 3,397,002 | | 84,190 | 84,190 | 64,949 | 11/15/2019 | 1FE |
| 68401N-AE-1 | OPTION ONE OOWLT 2004-1 M | | 09/25/2016 | PRINCIPAL RECEIPT | | 180,560 | 180,560 | 138,781 | 140,751 | | 43,579 | 3,770 | 39,809 | | 180,560 | | | 0 | | 02/25/2034 | 1FM |
| 863667-AC-5 | STRYKER CORP | | 09/30/2016 | MATURITY | | 355,000 | 355,000 | 354,340 | 354,898 | | 102 | | 102 | | 355,000 | | | 0 | 7,100 | 09/30/2016 | 1FE |
| 872227-AH-6 | TBW MTG BKD TR 2007-2 | | 09/25/2016 | PRINCIPAL RECEIPT | | 470,274 | 470,274 | 289,061 | 316,983 | | 154,276 | 985 | 153,291 | | 470,274 | | | 0 | | 07/25/2037 | 1FM |
| 88158A-AJ-1 | TERWIN MORTGAGE TRUST 07-09 SL | | 09/25/2016 | PRINCIPAL RECEIPT | | 211,362 | 211,362 | 125,165 | 134,068 | | 77,294 | | 77,294 | | 211,362 | | | 0 | | 06/25/2038 | 1FM |
| 88158A-AA-0 | TERWIN MTG TR 2007-SL9 | | 09/25/2016 | PRINCIPAL RECEIPT | | 118,164 | 118,164 | 92,681 | 104,975 | | 13,189 | | 13,189 | | 118,164 | | | 0 | | 06/25/2038 | 1FM |
| 89114Q-BL-1 | TORONTO-DOMINION BANK | | 08/19/2016 | GOLDMAN SACHS | | 49,842 | 50,000 | 49,881 | | | 3 | | 3 | | 49,884 | | (42) | (42) | 103 | 07/13/2021 | 1FE |
| 902494-AW-3 | TYSON FOODS INC | | 09/07/2016 | PIERPONT SECURITIES LLC | | 2,130,671 | 2,073,000 | 2,078,770 | 2,077,258 | | (797) | | (797) | | 2,076,460 | | 54,211 | 54,211 | 59,055 | 08/15/2019 | 2FE |
| 90269C-AB-6 | UBS-BARCLY COML MTG TR 2012-C2 | | 09/10/2016 | PRINCIPAL RECEIPT | | 92,470 | 92,470 | 93,593 | 92,897 | | (427) | | (427) | | 92,730 | | (260) | (260) | 1,239 | 05/11/2063 | 1FE |
| G9301N-AA-7 | US CAPITAL FUNDING LTD | | 07/10/2016 | PRINCIPAL RECEIPT | | 363 | 363 | 200 | 205 | | 158 | | 158 | | 363 | | | 0 | 2 | 10/10/2040 | 1AM |
| 92277G-AA-5 | VENTAS REALTY LP | | 07/07/2016 | CALLED @ 100.2370000 | | 6,014,220 | 6,000,000 | 5,994,600 | 5,998,652 | | 944 | | 944 | | 5,999,596 | | 14,624 | 14,624 | 72,592 | 09/26/2016 | 2FE |
| 92553P-AB-8 | VIACOM INC | | 09/27/2016 | BARCLAYS CAPITAL | | 1,564,335 | 1,500,000 | 1,801,065 | 1,601,202 | | (42,002) | | (42,002) | | 1,559,199 | | 5,136 | 5,136 | 90,599 | 10/05/2017 | 2FE |
| 92937E-AB-0 | WFRBS COML MTG TR 2013-C11 | | 09/15/2016 | PRINCIPAL RECEIPT | | 2,362,900 | 2,362,900 | 2,433,756 | 2,391,305 | | (28,405) | | (28,405) | | 2,383,778 | | (20,878) | (20,878) | 47,871 | 03/17/2045 | 1FE |

# SCHEDULE D - PART 4

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value | | | | | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | |
| CUSIP Identi-fication | Description | Foreign | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Desig-nation or Market Indicator (a) |
| 984121-CA-9 | XEROX CORP | | 09/07/2016 | SOUTHWEST | | 748,291 | 690,000 | 688,103 | 689,131 | | 136 | | 136 | | 689,267 | | 59,024 | 59,024 | 28,786 | 12/15/2019 | 2FE |
| 98977E-AB-8 | ZOHAR II 2005-1 A2 LT 0.00 20JAN17 | | 07/20/2016 | PRINCIPAL RECEIPT | | 1,007,731 | 1,007,731 | 998,647 | 1,000,940 | | 6,791 | | 6,791 | | 1,007,731 | | | 0 | 2,908 | 01/20/2017 | 1AM |
| 98977E-AC-6 | ZOHAR II 2005-1 A3 LT 0.00 20JAN17 | | 07/20/2016 | PRINCIPAL RECEIPT | | 806,184 | 806,184 | 798,917 | 800,751 | | 5,433 | | 5,433 | | 806,184 | | | 0 | 2,207 | 01/20/2017 | 1AM |
| 3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | | 96,889,259 | 96,749,735 | 86,275,554 | 84,463,740 | 0 | 1,037,963 | 24,681 | 1,013,282 | 0 | 86,982,139 | 0 | 9,907,120 | 9,907,120 | 1,541,697 | XXX | XXX |
| 8399997 - Subtotals - Bonds - Part 4 | | | | | | 116,411,934 | 116,271,782 | 106,433,935 | 104,076,451 | 0 | 862,387 | 24,681 | 837,706 | 0 | 106,529,005 | 0 | 9,882,929 | 9,882,929 | 2,795,568 | XXX | XXX |
| 8399999 - Subtotals - Bonds | | | | | | 116,411,934 | 116,271,782 | 106,433,935 | 104,076,451 | 0 | 862,387 | 24,681 | 837,706 | 0 | 106,529,005 | 0 | 9,882,929 | 9,882,929 | 2,795,568 | XXX | XXX |
| Common Stocks - Parent, Subsidiaries, and Affiliates | | | | | | | | | | | | | | | | | | | | | |
| 000000-00-0 | CIFG Holdings | | 07/01/2016 | Redemption | 221,217.000 | 0 | XXX | 599,986 | 166,068 | | | | 0 | | 166,068 | | (166,068) | (166,068) | | XXX | |
| 9199999 - Common Stocks - Parent, Subsidiaries and Affiliates | | | | | | 0 | XXX | 599,986 | 166,068 | 0 | 0 | 0 | 0 | 0 | 166,068 | 0 | (166,068) | (166,068) | 0 | XXX | XXX |
| 9799997 - Subtotals - Common Stocks - Part 4 | | | | | | 0 | XXX | 599,986 | 166,068 | 0 | 0 | 0 | 0 | 0 | 166,068 | 0 | (166,068) | (166,068) | 0 | XXX | XXX |
| 9799999 - Subtotals - Common Stocks | | | | | | 0 | XXX | 599,986 | 166,068 | 0 | 0 | 0 | 0 | 0 | 166,068 | 0 | (166,068) | (166,068) | 0 | XXX | XXX |
| 9899999 - Subtotals - Preferred and Common Stocks | | | | | | 0 | XXX | 599,986 | 166,068 | 0 | 0 | 0 | 0 | 0 | 166,068 | 0 | (166,068) | (166,068) | 0 | XXX | XXX |
| 9999999 Totals | | | | | | 116,411,934 | XXX | 107,033,921 | 104,242,519 | 0 | 862,387 | 24,681 | 837,706 | 0 | 106,695,073 | 0 | 9,716,861 | 9,716,861 | 2,795,568 | XXX | XXX |

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

# SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

| 1<br>Description | 2<br>Description of Item(s) Hedged, Used for Income Generation or Replicated | 3<br>Schedule/ Exhibit Identifier | 4<br>Type(s) of Risk(s) (a) | 5<br>Exchange, Counterparty or Central Clearinghouse | 6<br>Trade Date | 7<br>Date of Maturity or Expiration | 8<br>Number of Contracts | 9<br>Notional Amount | 10<br>Strike Price, Rate or Index Received (Paid) | 11<br>Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid | 12<br>Current Year Initial Cost of Premium (Received) Paid | 13<br>Current Year Income | 14<br>Book/ Adjusted Carrying Value | 15<br>Code | 16<br>Fair Value | 17<br>Unrealized Valuation Increase/ (Decrease) | 18<br>Total Foreign Exchange Change in B./A.C.V. | 19<br>Current Year's (Amortization)/ Accretion | 20<br>Adjustment To Carrying Value of Hedged Item | 21<br>Potential Exposure | 22<br>Credit Quality of Reference Entity | 23<br>Hedge Effectiveness at Inception and at Quarter-end (b) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Swaps - Swaps - Hedging Other - Credit Default | | | | | | | | | | | | | | | | | | | | | | |
| Hedge of Second to Pay Risk | | NA | Credit | Citibank N.A., NY-E570DZWZ7FF32TWEFA76 | 08/07/2013 | 03/20/2017 | 1 | 50,000,000 | Credit Event | 10,500,000 | | | 7,880,695 | | 7,880,695 | (8,005,842) | | | | | | |
| Hedge of Second to Pay Risk | | NA | Credit | JPMorgan Chase Bank-7H6GLXDRUGQFU57RNE97 | 06/25/2014 | 03/20/2017 | 1 | 25,000,000 | Credit Event | 4,125,000 | | | 3,940,348 | | 3,940,348 | (4,002,920) | | | | | | |
| Hedge of Second to Pay Risk | | NA | Credit | JPMorgan Chase Bank-7H6GLXDRUGQFU57RNE97 | 06/25/2014 | 03/20/2017 | 1 | 25,000,000 | Credit Event | 4,062,500 | | | 3,940,348 | | 3,940,348 | (4,002,920) | | | | | | |
| 0929999 - Swaps - Hedging Other - Credit Default | | | | | | | | | | 18,687,500 | 0 | 0 | 15,761,391 | XXX | 15,761,391 | (16,011,682) | 0 | 0 | 0 | 0 | XXX | XXX |
| 0969999 - Swaps - Subtotal - Hedging Other | | | | | | | | | | 18,687,500 | 0 | 0 | 15,761,391 | XXX | 15,761,391 | (16,011,682) | 0 | 0 | 0 | 0 | XXX | XXX |
| 1169999 - Swaps - Total Swaps - Subtotal - Credit Default | | | | | | | | | | 18,687,500 | 0 | 0 | 15,761,391 | XXX | 15,761,391 | (16,011,682) | 0 | 0 | 0 | 0 | XXX | XXX |
| 1209999 - Swaps - Subtotal - Total Swaps | | | | | | | | | | 18,687,500 | 0 | 0 | 15,761,391 | XXX | 15,761,391 | (16,011,682) | 0 | 0 | 0 | 0 | XXX | XXX |
| 1269999 Subtotal - Forwards | | | | | | | | | | 0 | 0 | 0 | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 1399999 Subtotal - Hedging Effective | | | | | | | | | | 0 | 0 | 0 | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 1409999 Subtotal - Hedging Other | | | | | | | | | | 18,687,500 | 0 | 0 | 15,761,391 | XXX | 15,761,391 | (16,011,682) | 0 | 0 | 0 | 0 | XXX | XXX |
| 1419999 Subtotal - Replication | | | | | | | | | | 0 | 0 | 0 | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 1429999 Subtotal - Income Generation | | | | | | | | | | 0 | 0 | 0 | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 1439999 Subtotal - Other | | | | | | | | | | 0 | 0 | 0 | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 1449999 Totals | | | | | | | | | | 18,687,500 | 0 | 0 | 15,761,391 | XXX | 15,761,391 | (16,011,682) | 0 | 0 | 0 | 0 | XXX | XXX |

| (a) | Code | Description of Hedged Risk(s) |
|---|---|---|
| | | |

| (b) | Code | Financial or Economic Impact of the Hedge at the End of the Reporting Period |
|---|---|---|
| | | |

# SCHEDULE DB - PART B - SECTION 1

Future Contracts Open as of the Current Statement Date

| 1<br>Ticker Symbol | 2<br>Number of Contracts | 3<br>Notional Amount | 4<br>Description | 5<br>Description of Hedged Items(s) Hedged, Used for Income Generation or Replicated | 6<br>Schedule/ Exhibit Identifier | 7<br>Type(s) of Risk(s) (a) | 8<br>Date of Maturity or Expiration | 9<br>Exchange | 10<br>Trade Date | 11<br>Transaction Price | 12<br>Reporting Date Price | 13<br>Fair Value | 14<br>Book/ Adjusted Carrying Value | Highly Effective Hedges<br>15<br>Cumulative Variation Margin | Highly Effective Hedges<br>16<br>Deferred Variation Margin | Highly Effective Hedges<br>17<br>Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item | 18<br>Cumulative Variation Margin for All Other Hedges | 19<br>Change in Variation Margin Gain (Loss) Recognized in Current Year | 20<br>Potential Exposure | 21<br>Hedge Effectiveness at Inception and at Quarter-end (b) | 22<br>Value of One (1) Point |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NONE | | | | | | | | | | | | | | | | | | | | | |
| 1449999 – Totals | | | | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |

| Broker Name | Beginning Cash Balance | Cumulative Cash Change | Ending Cash Balance |
|---|---|---|---|
| | | | |
| Total Net Cash Deposits | | | |

| (a) | Code | Description of Hedged Risk(s) |
|---|---|---|
| | | |

| (b) | Code | Financial or Economic Impact of the Hedge at the End of the Reporting Period |
|---|---|---|
| | | |

# SCHEDULE DB - PART D - SECTION 1

**Counterparty Exposure for Derivative Instruments Open as of Current Statement Date**

| 1 | 2 | 3 | 4 | Book/Adjusted Carrying Value | | | Fair Value | | | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 5 | 6 | 7 | 8 | 9 | 10 | | |
| Description of Exchange, Counterparty or Central Clearinghouse | Master Agreement (Y or N) | Credit Support Annex (Y or N) | Fair Value of Acceptable Collateral | Contracts With Book/Adjusted Carrying Value >0 | Contracts With Book/Adjusted Carrying Value <0 | Exposure Net of Collateral | Contracts With Fair Value >0 | Contracts With Fair Value <0 | Exposure Net of Collateral | Potential Exposure | Off-Balance Sheet Exposure |
| NAIC 1 Designation | | | | | | | | | | | |
| Citibank N.A., NY- E570DZWZ7FF32TWEFA76 | Y | N | | 7,880,696 | | 7,880,696 | 7,880,696 | | 7,880,696 | | |
| JPMorgan Chase Bank- 7H6GLXDRUGQFU57RNE97 | Y | N | | 7,880,695 | | 7,880,695 | 7,880,695 | | 7,880,695 | | |
| 0299999 - Total NAIC 1 Designation | | | 0 | 15,761,391 | 0 | 15,761,391 | 15,761,391 | 0 | 15,761,391 | 0 | 0 |
| 0999999 Gross Totals | | | 0 | 15,761,391 | 0 | 15,761,391 | 15,761,391 | 0 | 15,761,391 | 0 | 0 |

| | | |
|---|---|---|
| 1. Offset per SSAP No. 64 | | |
| 2. Net after right of offset per SSAP No. 64 | 15,761,391 | |

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

# SCHEDULE E - PART 1 - CASH

Month End Depository Balances

| 1 | 2 | 3 | 4 | 5 | Book Balance at End of Each Month During Current Quarter | | | 9 |
|---|---|---|---|---|---|---|---|---|
| Depository | Code | Rate of Interest | Amount of Interest Received During Current Quarter | Amount of Interest Accrued at Current Statement Date | 6<br>First Month | 7<br>Second Month | 8<br>Third Month | * |
| Open Depositories | | | | | | | | |
| JP MORGAN CHASE NEW YORK, NY | | | | | 7,809,967 | 7,430,983 | 19,886,319 | XXX |
| JP MORGAN CHASE LONDON, UK | | | | | 285,966 | 223,806 | 199,652 | XXX |
| NATIONAL AUSTRALIA BANK SYDNEY, AUSTRALIA | | | | | 6,124 | 11,745 | 113,491 | XXX |
| BNYMELLON NEW YORK, NY | | | | | 100 | 347,392 | 5,477,465 | XXX |
| WELLS FARGO BANK SAN FRANCISCO, CA | | | | | 3,642,585 | 2,036,896 | 2,265,774 | XXX |
| BROWN BROTHERS HARRIMAN NEW YORK, NY | | | | | 8,347 | 486 | 847 | XXX |
| BROWN BROTHERS HARRIMAN LONDON UK | | | | | (92) | (91) | (89) | XXX |
| CACEIS PARIS, FRANCE | | | | | 406,107 | 406,105 | 406,088 | XXX |
| 0199998 Deposits in ........ depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories | XXX | XXX | | | | | | XXX |
| 0199999 Total Open Depositories | XXX | XXX | 0 | 0 | 12,159,104 | 10,457,322 | 28,349,547 | XXX |
| 0399999 Total Cash on Deposit | XXX | XXX | 0 | 0 | 12,159,104 | 10,457,322 | 28,349,547 | XXX |
| 0499999 Cash in Company's Office | XXX | XXX | XXX | XXX | 2,091 | 2,091 | 2,051 | XXX |
| 0599999 Total | XXX | XXX | 0 | 0 | 12,161,195 | 10,459,413 | 28,351,598 | XXX |

# SCHEDULE E - PART 2 - CASH EQUIVALENTS

**Show Investments Owned End of Current Quarter**

| 1<br>Description | 2<br>Code | 3<br>Date Acquired | 4<br>Rate of Interest | 5<br>Maturity Date | 6<br>Book/Adjusted Carrying Value | 7<br>Amount of Interest Due & Accrued | 8<br>Amount Received During Year |
|---|---|---|---|---|---|---|---|
| Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations | | | | | | | |
| Cash Reserve Fund | | 09/30/2016 | 0.010 | 12/31/9999 | 37,180,509 | | 161,307 |
| 3299999 - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations | | | | | 37,180,509 | 0 | 161,307 |
| 3899999 - Industrial and Miscellaneous (Unaffiliated) - Subtotals | | | | | 37,180,509 | 0 | 161,307 |
| 7799999 - Total Bonds - Subtotals - Issuer Obligations | | | | | 37,180,509 | 0 | 161,307 |
| 8399999 - Total Bonds - Subtotals - Bonds | | | | | 37,180,509 | 0 | 161,307 |
| 8699999 Total Cash Equivalents | | | | | 37,180,509 | 0 | 161,307 |