



QUARTERLY STATEMENT

AS OF MARCH 31, 2013 OF THE CONDITION AND AFFAIRS OF THE ASSURED GUARANTY CORP.

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

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 31 W 52nd Street , New York, NY, US 10019
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 31 W 52nd Street New York, NY, US 10019 212-974-0100
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

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

Primary Location of Books and Records 31 W 52nd Street New York, NY, US 10019 212-974-0100
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.assuredguaranty.com

Statutory Statement Contact John Mahlon Ringler 212-974-0100
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OFFICERS

Name	Title	Name	Title
<u>Dominic John Frederico</u>	<u>President and Chief Executive Officer</u>	<u>James Michael Michener</u>	<u>Secretary and General Counsel</u>
<u>Donald Hal Paston</u>	<u>Treasurer</u>		

OTHER OFFICERS

<u>Howard Wayne Albert</u>	<u>Chief Risk Officer</u>	<u>Robert Adam Bailenson</u>	<u>Chief Financial Officer</u>
<u>Laura Ann Bieling</u>	<u>Controller</u>	<u>Russell Brown Brewer II</u>	<u>Chief Surveillance Officer</u>
<u>Stephen Donnarumma</u>	<u>Chief Credit Officer</u>	<u>Robert Bruce Mills</u>	<u>Chief Operating Officer</u>
<u>John Mahlon Ringler</u>	<u>Assistant Vice President Regulatory Reporting</u>	<u>Benjamin Gad Rosenblum</u>	<u>Chief Actuary</u>

DIRECTORS OR TRUSTEES

<u>Howard Wayne Albert</u>	<u>Robert Adam Bailenson</u>	<u>Russell Brown Brewer II</u>	<u>Stephen Donnarumma #</u>
<u>Dominic John Frederico</u>	<u>James Michael Michener</u>	<u>Robert Bruce Mills</u>	<u>Donald Hal Paston</u>
<u>Bruce Elliot Stern</u>			

State ofNew York.....

County ofNew 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.

<u>Dominic John Frederico</u> President and Chief Executive Officer	<u>James Michael Michener</u> Secretary and General Counsel	<u>Donald Hal Paston</u> Treasurer
a. Is this an original filing? Yes [X] No []		
b. If no: <ol style="list-style-type: none"> 1. State the amendment number _____ 2. Date filed _____ 3. Number of pages attached _____ 		
Subscribed and sworn to before me this _____ day of _____, _____		

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,415,498,613		2,415,498,613	2,438,198,776
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	124,281,972	1,741,093	122,540,879	128,764,138
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).....	2,586,759	2,586,759	0	0
4.2 Properties held for the production of income (less \$ encumbrances).....			0	0
4.3 Properties held for sale (less \$ encumbrances).....			0	0
5. Cash (\$8,720,514), cash equivalents (\$99,196,501) and short-term investments (\$38,591,730).....	146,508,745		146,508,745	129,251,009
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives			0	0
8. Other invested assets	9,288,340		9,288,340	9,288,340
9. Receivables for securities			0	0
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)	2,698,164,429	4,327,852	2,693,836,577	2,705,502,263
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	28,344,650		28,344,650	28,250,139
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	28,048,479	1,665,593	26,382,886	29,639,778
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	8,738,600		8,738,600	16,508,097
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	5,582		5,582	5,582
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.....	113,069,793	37,508,824	75,560,969	80,297,064
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....	213,161	44,681	168,480	219,988
21. Furniture and equipment, including health care delivery assets (\$)	2,041,667	2,041,667	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	206,502
23. Receivables from parent, subsidiaries and affiliates	35,079,556	236,390	34,843,166	49,473,363
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets	50,078,708	933,726	49,144,982	52,852,499
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,963,784,625	46,758,733	2,917,025,892	2,962,955,275
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	2,963,784,625	46,758,733	2,917,025,892	2,962,955,275
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. Supplemental Executive Retirement Plan.....	17,019,327		17,019,327	14,095,238
2502. Miscellaneous Receivables.....	5,229,163	139,355	5,089,808	9,040,106
2503. Prepaid expense.....	652,041	652,041	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	27,178,177	142,330	27,035,847	29,717,155
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	50,078,708	933,726	49,144,982	52,852,499

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$)	298,239,633	302,697,607
2. Reinsurance payable on paid losses and loss adjustment expenses	491,725	1,988,027
3. Loss adjustment expenses	8,160,707	10,372,381
4. Commissions payable, contingent commissions and other similar charges	4,620,238	4,679,220
5. Other expenses (excluding taxes, licenses and fees)	29,302,688	55,812,551
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	(3,787,484)	(2,228,559)
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	10,059,189	50,930,596
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 \$281,127,902 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)	735,118,606	752,544,024
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)	6,430,833	7,771,155
13. Funds held by company under reinsurance treaties	7,773,790	8,180,553
14. Amounts withheld or retained by company for account of others	(285,004)	(545,848)
15. Remittances and items not allocated		0
16. Provision for reinsurance (including \$ certified)	3,262,500	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	181,925	0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	18,522,766	16,739,478
20. Derivatives		0
21. Payable for securities	3,550,740	0
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	882,731,617	848,599,405
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,004,374,469	2,057,540,590
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	2,004,374,469	2,057,540,590
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	924,175,830	924,175,830
35. Unassigned funds (surplus)	(326,524,887)	(333,761,625)
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)	912,651,423	905,414,685
38. Totals (Page 2, Line 28, Col. 3)	2,917,025,892	2,962,955,275
DETAILS OF WRITE-INS		
2501. Supplemental Executive Retirement Plan	22,465,650	19,290,305
2502. Contingency Reserve	857,018,984	824,459,899
2503. Liability for Lease	1,414,638	2,020,911
2598. Summary of remaining write-ins for Line 25 from overflow page	1,832,345	2,828,290
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	882,731,617	848,599,405
2901.		
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.		
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 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 22,467,708)	34,155,755	43,989,607	163,581,699
1.2 Assumed (written \$ 1,313,076)	10,927,003	7,172,873	0
1.3 Ceded (written \$ 11,285,773)	15,462,215	16,360,859	5,260,771
1.4 Net (written \$ 12,495,011)	29,620,543	34,801,621	158,320,928
DEDUCTIONS:			
2. Losses incurred (current accident year \$.55):			
2.1 Direct	32,711,399	9,402,711	86,530,169
2.2 Assumed	(12,447,540)	21,584,932	0
2.3 Ceded	3,788,210	14,626,201	23,088,879
2.4 Net	16,475,649	16,361,442	63,441,290
3. Loss adjustment expenses incurred	507,831	570,123	9,693,782
4. Other underwriting expenses incurred	18,489,446	17,762,755	64,411,646
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	35,472,926	34,694,320	137,546,718
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(5,852,383)	107,301	20,774,210
INVESTMENT INCOME			
9. Net investment income earned	21,209,094	24,301,034	81,493,616
10. Net realized capital gains (losses) less capital gains tax of \$ 3,609,594	6,703,532	(29,034,163)	(17,931,832)
11. Net investment gain (loss) (Lines 9 + 10)	27,912,626	(4,733,129)	63,561,784
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	3,326,940	191,462	(7,878,184)
15. Total other income (Lines 12 through 14)	3,326,940	191,462	(7,878,184)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	25,387,183	(4,434,366)	76,457,810
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)	25,387,183	(4,434,366)	76,457,810
19. Federal and foreign income taxes incurred	(16,294,501)	(2,494,717)	45,141,929
20. Net income (Line 18 minus Line 19)(to Line 22)	41,681,684	(1,939,649)	31,315,881
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	905,414,685	1,021,499,196	1,021,499,196
22. Net income (from Line 20)	41,681,684	(1,939,649)	31,315,881
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(6,304,886)	8,608,235	7,911,548
25. Change in net unrealized foreign exchange capital gain (loss)	(88,541)	3,794,340	4,037,800
26. Change in net deferred income tax	(10,867,675)	(3,328,035)	7,811,410
27. Change in nonadmitted assets	18,637,741	(6,924,370)	(6,518,877)
28. Change in provision for reinsurance	(3,262,500)	0	0
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		326,435	326,435
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		(15,000,480)	(55,001,760)
36. Change in treasury stock		0	0
37. Aggregate write-ins for gains and losses in surplus	(32,559,085)	(15,417,175)	(105,966,948)
38. Change in surplus as regards policyholders (Lines 22 through 37)	7,236,738	(29,880,699)	(116,084,511)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	912,651,423	991,618,497	905,414,685
DETAILS OF WRITE-INS			
0501. Termination Fee		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	3,326,940	191,462	(7,878,184)
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)	3,326,940	191,462	(7,878,184)
3701. Change in Contingency Reserve	(32,559,085)	(43,333,465)	(133,883,237)
3702. Change in Accounting SAP 101(Taxes)		27,916,290	27,916,289
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	(32,559,085)	(15,417,175)	(105,966,948)

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	14,022,394	31,324,436	87,471,839
2. Net investment income	24,027,846	24,892,694	87,826,924
3. Miscellaneous income	3,326,940	186,982	(7,393,651)
4. Total (Lines 1 to 3)	41,377,180	56,404,112	167,905,112
5. Benefit and loss related payments	14,660,428	37,978,204	101,681,442
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	49,291,204	48,448,552	69,522,578
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	28,186,500	(5,367,049)	(3,134,395)
10. Total (Lines 5 through 9)	92,138,132	81,059,707	168,069,625
11. Net cash from operations (Line 4 minus Line 10)	(50,760,952)	(24,655,595)	(164,513)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	194,249,632	65,860,269	372,770,870
12.2 Stocks	0	19,518,445	16,386,189
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	31,700,000	903	16,534,187
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	(44)	2,828
12.7 Miscellaneous proceeds	3,550,740	18,716,991	5,659,227
12.8 Total investment proceeds (Lines 12.1 to 12.7)	229,500,372	104,096,564	411,353,301
13. Cost of investments acquired (long-term only):			
13.1 Bonds	183,006,699	38,805,692	322,186,446
13.2 Stocks	0	23,306,294	12,709,340
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	58,184	1	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	183,064,883	62,111,987	334,895,786
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)	46,435,489	41,984,577	76,457,515
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	326,435	326,435
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	15,000,480	55,001,760
16.6 Other cash provided (applied).....	21,583,195	(14,026,207)	(56,994,120)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	21,583,195	(28,700,252)	(111,669,445)
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)	17,257,732	(11,371,270)	(35,376,443)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	129,251,013	164,627,456	164,627,456
19.2 End of period (Line 18 plus Line 19.1)	146,508,745	153,256,186	129,251,013

STATEMENT AS OF MARCH 31, 2013 OF ASSURED GUARANTY CORP.

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, 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 MIA and NAIC SAP is shown below:

	Three Months Ended March 31, 2013	Year Ended December 31, 2012
Net Income (Loss), Maryland Basis	\$ 41,681,684	\$ 31,315,881
Net Income (Loss), NAIC SAP	\$ 41,681,684	\$ 31,315,881
Statutory Surplus, Maryland Basis	\$ 912,651,423	\$ 905,414,685
Statutory Surplus, NAIC SAP	\$ 912,651,423	\$ 905,414,685

B. Use of Estimates in the Preparation of Financial Statements
There has been no change since the 2012 Annual Statement.

C. Accounting Policies
There has been no change since the 2012 Annual Statement.

2. Accounting Changes and Corrections of Errors
There has been no change since the 2012 Annual Statement.

3. Business Combinations and Goodwill
There has been no change since the 2012 Annual Statement.

4. Discontinued Operations
There has been no change since the 2012 Annual Statement.

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans - The Company did not hold investments in mortgage loans at March 31, 2013.
- B. Debt Restructuring - The Company has no investments in restructured debt in which the Company is a creditor at March 31, 2013.
- C. Reverse Mortgages - The Company did not hold reverse mortgages as investments at March 31, 2013.
- D. Loan-Backed Securities
 - 1. Prepayment assumptions for loan backed and structured securities were obtained from publicly available sources and internal models.
 - 2. The Company had no loan backed securities with other-than-temporary-impairments (“OTTI”) due to either the intent to sell the securities or lack of intent and ability to retain for the time sufficient to recover the amortized cost basis.
 - 3. The following table summarizes other-than-temporary-impairments recorded in the current year for loan-backed securities which the Company still owns at the end of the quarter 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
058521-AC-9	14,391,461	14,017,570	373,891	14,017,570	15,694,434	03/31/2013
88158A-AJ-1	863,087	853,244	9,843	853,244	324,407	03/31/2013
Total	\$ 15,254,548	\$ 14,870,814	\$ 383,734	\$ 14,870,814	\$ 16,018,841	

STATEMENT AS OF MARCH 31, 2013 OF ASSURED GUARANTY CORP.

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

	Less than 12 months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Residential Mortgage Backed Securities	\$ 10,491,511	\$ (1,163,399)	\$ 13,064,231	\$ (5,409,636)	\$ 23,555,742	\$ (6,573,035)
Commercial Mortgage Backed Securities	\$ 623,554	\$ (5,002)	—	—	623,554	(5,002)
Total	\$ 11,115,065	\$ (1,168,401)	\$ 13,064,231	\$ (5,409,636)	\$ 24,179,296	\$ (6,578,037)

5. All loan-backed securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of March 31, 2013, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. This unrealized loss is primarily attributable to the market illiquidity and volatility in the U.S. economy and not specific to individual issuer credit.

- E. Repurchase Agreements - The Company did not enter into repurchase agreements at March 31, 2013
 F. Real Estate Impairment and Land Sales - The Company did not hold investments in real estate, recognize any real estate impairments, or engage in any retail land sales at March 31, 2013.
 G. Low-income Housing Tax Credits (LIHTC) - The Company did not hold investments in LIHTC at March 31, 2013.

6. Joint Ventures, Partnerships and Limited Liability Companies

There has been no change since the 2012 Annual Statement.

7. Investment Income

Accrued investment income was \$28,344,650 and \$28,250,145 as of March 31, 2013 and December 31, 2012, respectively. There were no amounts due and accrued over 90 days included in these balances.

8. Derivative Instruments

There has been no change since the 2012 Annual Statement.

9. Federal Income Taxes

There has been no significant change since the 2012 Annual Statement.

10. Information Concerning Parent, Subsidiaries and Affiliates

There has been no significant change since the 2012 Annual Statement.

11. Debt

There has been no change since the 2012 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 2012 Annual Statement.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

There has been no significant change since the 2012 Annual Statement.

14. Contingencies

A through E. There has been no significant change since the 2012 Annual Statement.

F: 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. For example, as described below in "Recovery Litigation—RMBS Transactions," as of the date of this filing, AGC has filed complaints against certain sponsors and underwriters of residential mortgage backed securities ("RMBS") that AGC had insured, alleging, among other claims, that such persons had breached representations and warranties ("R&W") in the transaction documents, failed to cure or repurchase defective loans and/or violated state securities laws. The amounts, if any, the Company will recover in proceedings to recover losses are uncertain, and recoveries, or failure to obtain recoveries, in any one or more of these proceedings during any quarter or fiscal year could be material to the Company's results of operations in that particular quarter or year.

There have been no changes since the 2012 Annual Statement, except for the following:

Proceedings Relating to the Company's Financial Guaranty Business

Beginning in July 2008, AGC's affiliate Assured Guaranty Municipal Corp. ("AGM") and various other financial guarantors were named in complaints filed in the Superior Court for the State of California, City and County of San Francisco. Since that time, plaintiffs' counsel has filed amended complaints against AGM, AGC and added additional plaintiffs. On December 2, 2011, AGC, AGM and the other bond insurer defendants filed an anti-SLAPP ("Strategic Lawsuit Against Public Participation") motion to strike the complaints under California's Code of Civil Procedure. On May 1, 2012, the court ruled in favor of the bond

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insurer defendants on the first stage of the anti-SLAPP motion as to the causes of action arising from the alleged conspiracy, but denied the motion as to those causes of action based on transaction specific representations and omissions about the bond insurer defendants' credit ratings and financial health. The court held hearings on the second prong of the anti-SLAPP motion on March 21, 2013 and April 22, 2013. At the March 21, 2013 hearing, the court issued an oral ruling that, under the second prong of the anti-SLAPP motion, there has been no showing of an antitrust act claim against the defendants. At the April 22, 2013 hearing, the court issued another oral ruling that, under the second prong of the anti-SLAPP motion, plaintiffs had offered sufficient evidence of a claim under California's Unfair Competition Law and denied defendants' motion to strike. The complaints in these lawsuits generally seek unspecified monetary damages, interest, attorneys' fees, costs and other expenses. The Company cannot reasonably estimate the possible loss or range of loss, if any, that may arise from these lawsuits.

On November 28, 2011, Lehman Brothers International (Europe) (in administration) ("LBIE") sued AG Financial Products Inc. ("AG Financial Products"), 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 AG Financial Products under these credit default swaps. LBIE's complaint, which was filed in the Supreme Court of the State of New York, alleged that AG Financial Products improperly terminated nine credit derivative transactions between LBIE and AG Financial Products and improperly calculated the termination payment in connection with the termination of 28 other credit derivative transactions between LBIE and AG Financial Products. With respect to the 28 credit derivative transactions, AG Financial Products calculated that LBIE owes AG Financial Products approximately \$25 million, whereas LBIE asserted in the complaint that AG Financial Products owes LBIE a termination payment of approximately \$1.4 billion. LBIE is seeking unspecified damages. On February 3, 2012, AG Financial Products filed a motion to dismiss certain of the counts in the complaint, and on March 15, 2013, the court granted AG Financial Product's motion to dismiss the count relating to improper termination of the nine credit derivative transactions and denied AG Financial Product's motion to dismiss the count relating to the remaining transactions. The decision is subject to appeal. The Company cannot reasonably estimate the possible loss, if any, that may arise from this lawsuit.

Recovery Litigation

RMBS Transactions

As of the date of this filing, AGC has lawsuits pending against a number of providers of representations and warranties in U.S. RMBS transactions it insured, seeking damages. In all the lawsuits, AGC has alleged breaches of R&W in respect of the underlying loans in the transactions, and failure to cure or repurchase defective loans identified by AGC to such persons. In certain of these lawsuits, AGC has also alleged breaches of contract in procuring falsely inflated shadow ratings (a condition to the issuance by AGC of its policies) by providing false and misleading information to the rating agencies.

In this regard, AGC has sued JPMorgan Chase & Co.'s affiliate EMC Mortgage LLC ("EMC"), J.P. Morgan Securities Inc. (formerly known as Bear, Stearns & Co. Inc.) and JPMorgan Chase Bank, N.A. on the SACO I Trust 2005-GP1 second lien transaction and EMC Mortgage LLC on the Bear Stearns Asset Backed Securities I Trust 2005-AC5 and Bear Stearns Asset Backed Securities I Trust 2005-AC6 first lien transactions. On April 4, 2013, the Supreme Court of the State of New York ruled that AGC's sole remedy on its breach of contract claims is to compel EMC to repurchase defective loans, but allowed AGC to maintain its contractual reimbursement claim against EMC for its reasonable attorneys' fees and costs incurred in enforcing EMC's obligation to repurchase such loans. The Court also allowed AGC to pursue its repurchase claim against JP Morgan Securities, as an alter ego of EMC and successor to Bear Stearns & Co. As to the remaining claims, the Court (i) permitted AGC to bring a tortious-interference claim against JPMorgan Securities for instructing its subsidiary EMC to not repurchase defective loans, (ii) dismissed as premature AGC's breach of contract claim against EMC in respect of EMC's transfer of assets to JPMorgan without AGC's consent because AGC has not yet demonstrated actual damage from the breach, (iii) did not address or dismiss AGC's successor liability claim against JPMorgan Chase Bank, and (iv) stated that it would postpone ruling on EMC's motion to dismiss AGC's fraud claim until after the New York appellate court rules on a similar motion in a separate litigation to which AGC is not a party.

15. Leases

There has been no significant change since the 2012 Annual Statement.

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

There has been no significant change since the 2012 Annual Statement.

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

- A. The Company has not sold or transferred any receivables at March 31, 2013.
- B. The Company has not transferred or serviced any financial assets at March 31, 2013.
- C. The Company did not engage in any wash sale transactions at March 31, 2013.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

There has been no change since the 2012 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 has categorized its assets and liabilities that are reported on the balance sheet at fair value into the three-level hierarchy as reflected in the table below. 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.

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- 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 Company has no assets or liabilities measured at fair value in this category.

The following table presents information about the financial instruments carried at fair value and indicates the level of the fair value measurement on the levels of the inputs used. Bonds are generally recorded at amortized cost. 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 March 31, 2013.

As of March 31, 2013	Level 1	Level 2	Level 3	TOTAL
Bonds	\$ —	\$ —	\$ 23,619,783	\$ 23,619,783
Stocks	—	—	—	—
TOTAL	\$ —	\$ —	\$ 23,619,783	\$ 23,619,783

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 quoted market 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 applications, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. 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, listed in the approximate order of priority include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data and industry and economic events. 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. The vast majority of fixed maturities are classified as Level 2.

Stocks

The Company’s Stocks are comprised primarily of investments in subsidiaries. Investments in subsidiaries are carried on the equity basis, to the extent admissible.

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 during the current quarter:

Description:	Beginning Balance at January 1, 2013	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 March 31, 2013
Municipals		\$ 23,619,783								\$ 23,619,783
TOTAL	\$ —	\$ 23,619,783	\$ —	\$ —	\$ —	\$ 0	\$ —	\$ —	\$ —	\$ 23,619,783

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.

- Two Level 3 securities with NAIC Rating of NAIC 6 that were carried at amortized cost at December 31, 2012 are now carried at Fair Value at March 31, 2013.

4. Inputs and Techniques Used for Level 3 Fair Values

Level 3 securities were priced with the assistance of an independent third party. The pricing is based on a discounted cash flow approach using third party sources and proprietary pricing models. The models use 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 date on comparable securities. Significant changes to any of these inputs could materially

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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
The Company does not own derivatives at March 31, 2013.

B. Other Fair Value Disclosures

The fair value of the Company’s financial guaranty contracts accounted for as insurance was approximately \$3.9 billion at March 31, 2013 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 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.

(in thousands of dollars)

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3
Bonds	\$ 2,597,251	\$ 2,415,499	\$ —	\$ 2,505,485	\$ 91,765
Common stocks	—	—	—	—	—
Cash equivalents and short-term investments	146,509	146,509	111,651	34,858	—
Other invested assets	9,288	9,288	9,288	—	—
Total assets	\$ 2,753,048	\$ 2,571,296	\$ 120,939	\$ 2,540,343	\$ 91,765

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

21. Other Items

- A, B, C, E, F. There has been no change since the 2012 Annual Statement.
The Company had no extraordinary items during 2012.

- D. As of March 31, 2013, the Company had uncollected premiums of \$26,382,886. Uncollected premiums more than 90 days past due were \$1,665,593.

- G. Subprime Mortgage-Related Exposure
(1) through (3)

The Company purchased securities with subprime mortgage related exposures that it has insured, and for which it has expected losses to be paid, 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 March 31, 2013	Actual Cost	Book Value	Fair Value	OTTI Recognized
RMBS	\$ 11,029,023	\$ 13,679,126	\$ 11,424,833	\$ 26,856,002
Total	\$ 11,029,023	\$ 13,679,126	\$ 11,424,833	\$ 26,856,002

- (4) Underwriting Exposure

First Quarter 2013 U.S. RMBS Loss Projections

The Company's RMBS loss projection methodology assumes that the housing and mortgage markets will eventually improve. Each quarter the Company makes a judgment as to whether to change the assumptions it uses to make RMBS loss projections based on its observation during the quarter of the performance of its insured transactions (including early stage delinquencies, late stage delinquencies and, for first liens, loss severity) as well as the residential property market and economy in general, and, to the extent it observes changes, it makes a judgment as to whether those changes are normal fluctuations or part of a trend. Based on such observations, the Company chose to use essentially the same assumptions and scenarios to project RMBS loss as of March 31, 2013 as it used as of December 31, 2012:

The Company's use of essentially the same assumptions and scenarios to project RMBS losses as of March 31, 2013 as it did as of December 31, 2012 was consistent with its view at March 31, 2013 that the housing and mortgage market recovery is occurring at a slower pace than it anticipated at December 31, 2012. Since the Company's projections for each RMBS transaction are based on the delinquency performance of the loans in that individual RMBS transaction, improvement or deterioration in that aspect of a transaction's performance impacts the projections for that transaction. The methodology and assumptions the Company uses to project RMBS losses and the scenarios it employs are described in more detail below under "- U.S. Second Lien RMBS Loss Projections: Home Equity Lines of Credit ("HELOCs") and Closed-End Second Lien" and "- U.S. First Lien RMBS Loss Projections: Alt A First Lien, Option ARM, Subprime and Prime".

U.S. Second Lien RMBS Loss Projections: Home Equity Lines of Credit ("HELOCs") and Closed-End Second Lien

The Company insures two types of second lien RMBS: those secured by HELOCs and those secured by closed end second lien mortgages. HELOCs are revolving lines of credit generally secured by a second lien on a one to four family home. A mortgage

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for a fixed amount secured by a second lien on a one to four family home is generally referred to as a closed end second lien. Second lien RMBS sometimes include a portion of loan collateral with a different priority than the majority of the collateral.

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

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

The following table shows the range of key assumptions for the calculation of loss reserves for individual transactions for direct vintage 2004 - 2008 second lien U.S. RMBS.

Key Assumptions in Base Case Loss Reserve Estimates Second-Lien RMBS ⁽¹⁾

HELOC key assumptions	As of March 31, 2013	As of December 31, 2012
Plateau conditional default rate ("CDR")	6.9 - 9.0 %	6.9 - 12.6 %
Final CDR trended down to	0.5 - 2.2 %	0.5 - 2.2 %
Expected period until final CDR	36 months	36 months
Initial conditional prepayment rate ("CPR")	5.5 - 18.9 %	4.9 - 15.4 %
Final CPR	10%	10%
Loss Severity	98%	98%
Initial Draw Rate	0.0 - 0.1%	0.0 - 0.2%

Closed-end second lien key assumptions	As of March 31, 2013	As of December 31, 2012
Plateau CDR	6.7 - 14.0 %	7.3 - 14.3 %
Final CDR Rate trended down to	3.5 - 9.1 %	3.5 - 9.1 %
Expected period until final CDR achieved	36 months	36 months
Initial CPR	2.9 - 13.4%	1.9 - 12.5%
Final CPR	10%	10%
Loss Severity	98%	98%

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

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

As of March 31, 2013, for the base case scenario, the CDR (the "plateau CDR") was held constant for one month. 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. In the base case scenario, the time over which the CDR trends down to its final CDR is 30 months. Therefore, the total stress period for second lien transactions is 36 months, comprising five months of delinquent data, a one month plateau period and 30 months of decrease to the steady state CDR. This is the same as used for December 31, 2012. The long-term steady state CDR is calculated as the constant CDR that would have yielded the amount of losses originally expected at underwriting. When a second lien loan defaults, there is generally a very low recovery. Based on current expectations of future performance, the Company assumes that it will only recover 2% of the collateral, the same as December 31, 2012.

The rate at which the principal amount of loans is prepaid may impact both the amount of losses projected (which is a function of the CDR and the loan balance over time) as well as the amount of excess spread (which is the excess of the interest paid by the borrowers on the underlying loan over the amount of interest and expenses owed on the insured obligations). In the base case, the current CPR (based on experience of the most recent three quarters) is assumed to continue until the end of the plateau before gradually increasing to the final CPR over the same period the CDR decreases. For transactions where the initial CPR is higher than the final CPR, the initial CPR is held constant. The final CPR is assumed to be 10% for both HELOC and closed-end second lien transactions. This level is much higher than current rates for most transactions, but lower than the historical average, which reflects the Company's continued uncertainty about the projected performance of the borrowers in these transactions. This pattern

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is consistent with how the Company modeled the CPR at December 31, 2012. To the extent that prepayments differ from projected levels it could materially change the Company's projected excess spread and losses.

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

In estimating expected losses, the Company modeled and probability weighted three possible CDR curves applicable to the period preceding the return to the long-term steady state CDR. The Company believes that the level of the elevated CDR and the length of time it will persist is the primary driver behind the likely amount of losses the collateral will suffer (before considering the effects of repurchases of ineligible loans). The Company continues to evaluate the assumptions affecting its modeling results.

As of March 31, 2013, the Company's base case assumed a one month CDR plateau and a 30 month ramp-down (for a total stress period of 36 months). The Company also modeled a scenario with a longer period of elevated defaults and another with a shorter period of elevated defaults and weighted them the same as of December 31, 2012. Increasing the CDR plateau to four months and increasing the ramp-down by three months to 33 months (for a total stress period of 42 months) would increase the loss reserve by approximately \$5.4 million for HELOC transactions and \$0.1 million for closed-end second lien transactions. On the other hand, keeping the CDR plateau at one month but decreasing the length of the CDR ramp-down to 21 months (for a total stress period of 27 months) would decrease the loss reserve by approximately \$5.0 million for HELOC transactions and \$0.1 million for closed-end second lien transactions. The length of the total stress period the Company used in its pessimistic scenario at March 31, 2013 was the same that it used at December 31, 2012. Also, the total stress period the Company used in its optimistic scenario at March 31, 2013 was the same as it used at December 31, 2012.

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

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

The performance of the Company's first lien RMBS exposures began to deteriorate in 2007 and such transactions continue to perform below the Company's original underwriting expectations. The Company currently projects first lien collateral losses many times those expected at the time of underwriting. While insured securities benefited from structural protections within the transactions designed to absorb some of the collateral losses, in many first lien RMBS transactions, projected losses exceed those structural protections.

The majority of projected losses in first lien RMBS transactions are expected to come from non-performing mortgage loans (those that are delinquent or in foreclosure or where the loan has been foreclosed and the RMBS issuer owns the underlying real estate). 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 delinquency categories. The liquidation rate is a standard industry measure that is used to estimate the number of loans in a given aging category that will default within a specified time period. The Company arrived at its liquidation rates based on data purchased from a third party and assumptions about how delays in the foreclosure process may ultimately affect the rate at which loans are liquidated. The Company projects these liquidations to occur over two years. For year-end 2012, the Company reviewed the data supplied by the third-party provider. Based on its review of that data, the Company maintained the same liquidation assumptions at March 31, 2013 as it had used at December 31, 2012. The following table shows liquidation assumptions for various delinquency categories.

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First Lien Liquidation Rates

	March 31, 2013	December 31, 2012
<i>30 - 59 Days Delinquent</i>		
Alt-A and Prime	35%	35%
Option ARM	50	50
Subprime	30	30
<i>60 - 89 Days Delinquent</i>		
Alt-A and Prime	55	55
Option ARM	65	65
Subprime	45	45
<i>90+ Days Delinquent</i>		
Alt-A and Prime	65	65
Option ARM	75	75
Subprime	60	60
<i>Bankruptcy</i>		
Alt-A and Prime	55	55
Option ARM	70	70
Subprime	50	50
<i>Foreclosure</i>		
Alt-A and Prime	85	85
Option ARM	85	85
Subprime	80	80
<i>Real Estate Owned ("REO")</i>		
All	100%	100%

While the Company uses liquidation rates as described above to project defaults of non-performing loans, it projects defaults on presently current loans by applying a CDR trend. The start of that CDR trend is based on the defaults the Company projects will emerge from currently nonperforming loans. The total amount of expected defaults from the non-performing loans is translated into a constant CDR (*i.e.*, the CDR plateau), which, if applied for each of the next 24 months, would be sufficient to produce approximately the amount of defaults that were calculated to emerge from the various delinquency categories. The 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 24-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. Under the Company's methodology, defaults projected to occur in the first 24 months represent defaults that can be attributed to loans that are currently delinquent or in foreclosure, while the defaults projected to occur using the projected CDR trend after the first 24 month period represent defaults attributable to borrowers that are currently performing. The CDR trend the Company used in its base case for March 31, 2013 was the same as it used for December 31, 2012.

Another important driver of loss projections is loss severity, which is the amount of loss the transaction incurs on a loan after the application of net proceeds from the disposal of the underlying property. Loss severities experienced in first lien transactions have reached historic high levels, and the Company is assuming that these high levels generally will continue for another year (in the case of subprime loans, the Company assumes the unprecedented 90% loss severity rate will continue for six months then drop to 80% for six months before following the ramp described below). The Company determines its initial loss severity based on actual recent experience. The Company's loss severity assumptions for March 31, 2013 were the same as it used for December 31, 2012. The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning in March 2014, and in the base case scenario, decline over two years to 40%.

The following table shows the range of key assumptions used in the calculation of loss reserves for individual transactions for direct vintage 2004 - 2008 first lien U.S. RMBS.

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

	As of March 31, 2013	As of December 31, 2012
Alt-A First Lien		
Plateau CDR	3.7% - 18.4%	3.8% - 20.1%
Intermediate CDR	0.7% - 3.7%	0.8% - 4.0%
Final CDR	0.2% - 0.9%	0.2% - 1.0%
Initial loss severity	65%	65%
Initial CPR	1.6% - 39.6%	1.7% - 39.4%
Final CPR	15%	15%
Option ARM		
Plateau CDR	8.2% - 24.9%	7.6% - 26.0%
Intermediate CDR	1.6% - 5.0%	1.5% - 5.2%
Final CDR	0.4% - 1.2%	0.4% - 1.3%
Initial loss severity	65%	65%
Initial CPR	0.3% - 10.6%	0.0% - 10.7%
Final CPR	15%	15%
Subprime		
Plateau CDR	7.8% - 20.3%	7.3% - 21.2%
Intermediate CDR	1.6% - 4.3%	1.5% - 4.2%
Final CDR	0.4% - 1.1%	0.4% - 1.1%
Initial loss severity	90%	90%
Initial CPR	0.0% - 14.7%	0.0% - 17.6%
Final CPR	15%	15%

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

The rate at which the principal amount of loans is prepaid may impact both the amount of losses projected (since that amount is a function of the conditional default rate, 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 CPR follows a similar pattern to that of the conditional default rate. The current level of voluntary prepayments is assumed to continue for the plateau period before gradually increasing over 12 months to the final CPR, which is assumed to be either 10% or 15% depending on the scenario run. For transactions where the initial CPR is higher than the final CPR, the initial CPR is held constant. These assumptions are the same as those it used for December 31, 2012.

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 conditional default rate returned to its modeled equilibrium, which was defined as 5% of the current conditional default rate. The Company also stressed CPR and the speed of recovery of loss severity rates. The Company probability weighted a total of five scenarios (including its base case) as of March 31, 2013. For March 31, 2013 the Company used the same five scenarios and weightings as it used for December 31, 2012. In a somewhat more stressful environment than that of the base case, where the conditional default rate plateau was extended three months (to be 27 months long) before the same more gradual conditional default rate recovery and loss severities were assumed to recover over four rather than two years (and subprime loss severities were assumed to recover only to 60%), expected loss to be paid would increase from current projections by approximately \$39.7 million for Alt-A first liens, \$5.5 million for Option ARM, \$16.4 million for subprime and \$4.6 million for prime transactions. In an even more stressful scenario where loss severities were assumed to rise and then recover over eight years and the initial ramp-down of the conditional default rate 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 \$107.4 million for Alt-A first liens, \$21.1 million for Option ARM, \$26.4 million for subprime and \$13.1 million for prime transactions. The Company also considered two scenarios where the recovery was faster than in its base case. In a scenario with a somewhat less stressful environment than the base case, where conditional default rate recovery was somewhat less gradual and the initial subprime loss severity rate was assumed to be 80% for 12 months and was assumed to recover to 40% over two years, loss reserves would decrease from current projections by approximately \$3.5 million for Alt-A first lien, \$1.7 million for Option ARM, \$3.7 million for subprime and \$1.9 million for prime transactions. In an even less stressful scenario where the conditional default rate plateau was three months shorter (21 months, effectively assuming that liquidation rates would improve) and the conditional default rate recovery was more pronounced, (including an initial ramp-down of the conditional default rate over nine months), loss reserves would decrease from current projections by approximately \$31.8 million for Alt-A first lien, \$7.2 million for Option ARM, \$11.9 million for subprime and \$4.7 million for prime transactions.

Breaches of Representations and Warranties

Generally, when mortgage loans are transferred into a securitization, the loan originator(s) and/or sponsor(s) provide R&W, that the loans meet certain characteristics, and a breach of such R&W often requires that the loan be repurchased from the securitization. In many of the transactions the Company insures, it is in a position to enforce these requirements. The Company uses internal resources as well as third party forensic underwriting firms and legal firms to pursue breaches of R&W. If a provider of R&W refuses to honor its repurchase obligations, the Company may choose to initiate litigation. See Note 14, Contingencies, "Recovery Litigation."

The Company's success in pursuing R&W claims against a number of counterparties that provided R&W on a loan by loan basis has permitted the Company to pursue reimbursement agreements with R&W providers. Such agreements provide the Company with many of the benefits of pursuing the R&W claims but without the expense and uncertainty of pursuing the R&W claims on a loan by loan basis.

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The Company has reached agreements with a number of R&W providers regarding their liabilities to the Company relating to reimbursement for breaches of R&W and other matters. Through March 31, 2013 the Company has received \$332 million (gross of reinsurance) pursuant to these agreements.

In consideration of payments, repurchases of mortgage loans and / or agreements to reimburse the Company in the future, the Company agreed to (among other things) release its claims for the repurchase of mortgage loans underlying the relevant transactions, so, except to the extent of future reimbursements pursuant to the relevant agreement, the Company retains at least a portion of the risk of future losses in the covered transactions. Importantly, a number of the agreements provide for future loss sharing payments, which are generally dependent on the future performance of the relevant transactions.

On April 14, 2011, Assured Guaranty Ltd., AGC and AGM (collectively, "Assured Guaranty") reached an agreement ("Bank of America Agreement") with Bank of America Corporation and certain of its subsidiaries (collectively, "Bank of America") regarding their liabilities relating to first lien and second lien transactions. As of March 31, 2013, an aggregate of \$3.3 billion gross par (\$920 million related to AGC) was outstanding under those transactions. Under the Bank of America Agreement, Bank of America agreed (in addition to making payments since received by the Company and other consideration) to reimburse Assured Guaranty for 80% of claims on the first lien transactions Assured Guaranty pays in the future until the aggregate lifetime collateral losses (not insurance losses or claims) on those transactions reach \$445 million. As of March 31, 2013 aggregate lifetime collateral losses on those transactions was \$257 million, and Assured Guaranty was projecting in its base case that such collateral losses would eventually reach \$5.1 billion. Bank of America was required to place eligible assets in trust to collateralize its reimbursement obligation under the Bank of America Agreement, and the amount it is required to post may be increased or decreased from time to time as determined by rating agency requirements. As of March 31, 2013, Bank of America had placed \$749 million of eligible assets in this trust account which, based on the Company's projections, is sufficient to collateralize Bank of America's obligations under the Bank of America Agreement. Reimbursement payments are made monthly and have been made timely. Bank of America is not required to make any future reimbursements with respect to the second lien transactions covered by the Bank of America Agreement.

On May 8, 2012, Assured Guaranty reached an agreement ("Deutsche Bank Agreement") with Deutsche Bank AG and certain of its affiliates (collectively, "Deutsche Bank"), regarding their liabilities relating to first and second lien transactions ("DB Covered Transactions"). AG Financial Products Inc. is also a party to the Deutsche Bank Agreement. As of March 31, 2013, the DB Covered Transactions have a gross par outstanding of \$516 million (\$89 million related to AGC).

- Under the Deutsche Bank Agreement, Deutsche Bank agreed (in addition to making payments since received by Assured Guaranty and other consideration) to reimburse Assured Guaranty for 80% of claims Assured Guaranty pays in the future on the DB Covered Transactions until the aggregate lifetime claims (before reimbursement) reach \$319 million. As of March 31, 2013, Assured Guaranty was projecting in its base case that such aggregate lifetime claims would remain below \$319 million. As of March 31, 2013, the projected base case aggregate lifetime claims are estimated to be \$133 million for the AGC-insured covered transactions and \$179.1 for the AGM-insured covered transactions. The Deutsche Agreement further requires Deutsche Bank to reimburse Assured Guaranty for 85% of the claims Assured Guaranty pays in the future on DB Covered Transactions to the extent aggregate lifetime claims (before reimbursement) are between \$389 million and \$600 million. Deutsche Bank is not required to reimburse Assured Guaranty for claims Assured Guaranty pays between the lifetime aggregates of \$319 million and \$389 million or to the extent they exceed \$600 million.
- The Deutsche Bank Agreement also requires Deutsche Bank to reimburse Assured Guaranty for future claims it pays on certain RMBS re-securitizations that include uninsured tranches ("Uninsured Tranches") of the three DB Covered Transactions. Deutsche Bank is obligated to reimburse Assured Guaranty under the re-securitization transactions in an amount calculated as a percent of the losses in the Uninsured Tranches. That percent is 60% of losses up to \$141 million and then from \$161 million to \$185 million, and 100% from \$185 million to \$248 million. There is no reimbursement from \$141 million to \$161 million and above \$248 million. As of March 31, 2013, Assured Guaranty was projecting in its base case that such losses would be \$146 million (\$146 million for the AGC-insured covered transactions).
- Deutsche Bank was required to place eligible assets in trust to collateralize its reimbursement obligation, and the amount it is required to post may be increased or decreased from time to time as determined by rating agency requirements. As of March 31, 2013 Deutsche Bank had placed \$274 million of eligible assets in this trust account which, based on Assured Guaranty's projections, is sufficient to collateralize Deutsche Bank's obligations under the Deutsche Bank Agreement. Reimbursement payments are made quarterly and have been made timely.

The Company uses the same RMBS projection scenarios and weightings to project the future benefit from the Bank of America Agreement and Deutsche Bank Agreement as it uses to project RMBS losses on its portfolio. The Company accounts for the remaining loss sharing obligations under the Bank of America and Deutsche Bank Agreements as subrogation, offsetting the losses it projects by an R&W benefit from the relevant party for the applicable portion of the projected loss amount. To the extent the Company increases its loss projections, the R&W benefit under the Bank of America and Deutsche Bank Agreements will (subject to the limits described) also increase.

Finally, based on its experience to date, the Company calculated an expected recovery from breaches of R&W in transactions not covered by agreements or judgments. The Company did not incorporate any gain contingencies or damages paid from potential litigation in its estimated repurchases. The amount the Company will ultimately recover related to such contractual R&W is uncertain and subject to a number of factors including the counterparty's ability to pay, the number and loss amount of loans determined to have breached R&W and, potentially, negotiated settlements or litigation recoveries. As such, the Company's estimate of recoveries is uncertain and actual amounts realized may differ significantly from these estimates. In arriving at the expected recovery from breaches of R&W, the Company considered the creditworthiness of the provider of the R&W, the number of breaches found on defaulted loans, the success rate in resolving these breaches across those transactions where material repurchases have been made and the potential amount of time until the recovery is realized. The calculation of expected recovery from breaches of such contractual R&W involved a variety of scenarios which ranged from the Company recovering substantially all of the losses it incurred due to violations of R&W to the Company realizing limited recoveries. These scenarios were probability weighted in order to determine the recovery incorporated into the Company's estimate of expected losses. This approach was used for both loans that had already defaulted and those assumed to default in the future.

The Company has included in its gross loss reserves as of March 31, 2013, an estimated benefit from loan repurchases related to breaches of R&W of \$361 million, which includes \$175 million from agreements with R&W providers and \$185 million in transactions where the Company does not yet have such an agreement. Proceeds projected to be reimbursed to the Company on

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transactions where the Company has already paid claims are viewed as a recovery on paid losses. For transactions where the Company has not already paid claims, projected recoveries reduce projected loss estimates. In either case, projected recoveries have no effect on the amount of the Company's exposure. See "Recovery Litigation" in Note 14 for a description of the related legal proceedings the Company has commenced.

The Company's success in pursuing breaches of R&W is based upon a detailed review of loan files. The Company reviewed approximately 13,100 second lien and 800 first lien loan files (representing approximately \$967 million and \$313 million, respectively, of loans) in transactions as to which it eventually reached agreements. For the RMBS transactions as to which the Company had not settled its claims for breaches of R&W as of March 31, 2013, the Company had performed a detailed review of approximately 900 second lien and 9300 first lien loan files, representing approximately \$62 million in second lien and \$3.2 billion in first lien outstanding par of loans underlying insured transactions. In the majority of its loan file reviews, the Company identified breaches of one or more R&W regarding the characteristics of the loans, such as misrepresentation of income or employment of the borrower, occupancy, undisclosed debt and non-compliance with underwriting guidelines at loan origination.

Through March 31, 2013, the Company has caused entities providing R&Ws to pay or agree to pay approximately \$689 million (gross of reinsurance) in respect of their R&W liabilities for transactions in which the Company has provided a financial guaranty. Of this, \$507 million are payments made or to be made pursuant to agreements with or judgments against R&W providers and approximately \$182 million are amounts paid into the relevant RMBS financial guaranty transactions pursuant to the transaction documents in the regular course.

The \$507 million of payments made by R&W providers under agreements with the Company includes \$332 million that has already been received by the Company, as well as \$176 million the Company projects receiving in the future pursuant to such currently existing agreements. Because much of that \$176 million is projected to be received through loss-sharing arrangements, the exact amount the Company will receive will depend on actual losses experienced by the covered transactions. This amount is included in the Company's calculated credit for R&W recoveries, described below.

The \$182 million paid by R&W providers were paid in the regular course into the relevant RMBS transactions in accordance with the priority of payments set out in the relevant transaction documents. Because the Company may insure only a portion of the capital structure of a transaction, such payments will not necessarily directly benefit the Company dollar-for-dollar, especially in first lien transactions. However, such payments do reduce collateral pool losses and so usually reduce the Company's loss reserves.

The Company assumes that recoveries on second lien transactions that were not subject to the settlement agreements will occur in two to four years from the balance sheet date depending on the scenarios, and that recoveries on transactions backed by Alt-A first lien, Option ARM and Subprime loans will occur as claims are paid over the life of the transactions.

"XXX" Life Insurance Transactions

The Company's \$676 million net par of XXX life insurance transactions as of March 31, 2013 includes \$208 million rated below investment grade ("BIG"). The BIG "XXX" life insurance reserve securitizations are based on discrete blocks of individual life insurance business. In each such transaction the monies 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 monies are invested at inception in accounts managed by third-party investment managers.

The BIG "XXX" life insurance transactions consist of two transactions: Ballantyne Re p.l.c and Orkney Re II p.l.c. These transactions had material amounts of their assets invested in U.S. RMBS transactions. 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 March 31, 2013, the Company's loss reserves are \$9.3 million.

Trust Preferred Securities Collateralized Debt Obligations

The Company has insured or reinsured \$4.1 billion of net par of collateralized debt obligations ("CDOs") backed by TruPS and similar debt instruments, or "TruPS CDOs." Of that amount, \$2.2 billion is rated BIG. The underlying collateral in the TruPS CDOs consists of subordinated debt instruments such as TruPS issued by bank holding companies and similar instruments issued by insurance companies, real estate investment trusts ("REITs") and other real estate related issuers.

The Company projects losses for TruPS CDOs by projecting the performance of the asset pools across several scenarios (which it weights) and applying the CDO structures to the resulting cash flows. At March 31, 2013, the Company has loss reserve for its TruPS CDOs of \$3.8 million. The increase in the net loss reserves of approximately \$5.1 million at March 31, 2013 was driven primarily by an increase in the London Interbank Offered Rate ("Libor") that raised the floating coupon rate payable to bondholders of the insured securities.

Selected U.S. Public Finance Transactions

U.S. municipalities and related entities have been under increasing pressure over the last few quarters, and a few have filed for protection under the U.S. Bankruptcy Code, entered into state processes designed to help municipalities in fiscal distress or otherwise indicated they may consider not meeting their obligations to make timely payments on their debts. The Company expects that bondholder rights will be enforced. However, given some of these developments, and the circumstances surrounding each instance, the ultimate outcome cannot be certain. The Company will continue to analyze developments in each of these matters closely. The municipalities whose obligations the Company has insured or reinsured that have filed for protection under Chapter 9 of the U.S. Bankruptcy Code are: Jefferson County, Alabama and Stockton, California. The City Council of Harrisburg, Pennsylvania had also filed a purported bankruptcy petition, which was later dismissed by the bankruptcy court; a receiver for the City of Harrisburg was appointed by the Commonwealth Court of Pennsylvania on December 2, 2011.

The Company has net assumed exposure to Jefferson County, Alabama of \$183 million as of March 31, 2013. On November 9, 2011, Jefferson County filed for bankruptcy under Chapter 9 of the U.S. Bankruptcy Code. Most of the Company's net Jefferson County exposure relates to \$182 million in sewer revenue exposure. The sewer revenue warrants are secured by a pledge of the net revenues of the sewer system. The bankruptcy court has affirmed that the net revenues constitute a "special revenue" under Chapter 9. Therefore, the lien on net revenues of the sewer system survives the bankruptcy filing and such net revenues are not subject to the automatic stay during the pendency of Jefferson County's bankruptcy case. BNY Mellon, as trustee, had brought a lawsuit regarding the amount of net revenues to which it is entitled. Since its bankruptcy filing, Jefferson County had been withholding estimated bankruptcy-related legal expenses and an amount representing a monthly reserve for future expenditures and depreciation and amortization from the monthly payments it had been making to the trustee from sewer revenues for Debt

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Service. On June 29, 2012, the Bankruptcy Court ruled that "Operating Expenses" as determined under the bond indenture do not include (1) a reserve for depreciation, amortization, or future expenditures, or (2) an estimate for professional fees and expenses, such that, after payment of Operating Expenses (as defined in the indenture), monies remaining in the Revenue Account created under the bond indenture must be distributed in accordance with the waterfall set forth in the indenture without withholding any monies for depreciation, amortization, reserves, or estimated expenditures that are the subject of this litigation. Whether sufficient net revenues will be available for the payment of regularly scheduled debt service ultimately depends on the bankruptcy court's valuation of the sewer revenue stream. The Company also has assumed exposure of \$1 million to warrants that are payable from Jefferson County's general fund on a "subject to appropriation" basis. In 2012 Jefferson County chose not to make payment under its General Obligation bonds, so the Company has established a loss reserve for these warrants as well.

On June 28, 2012, the City of Stockton, California filed for bankruptcy under Chapter 9 of the U.S. Bankruptcy Code. As of March 31, 2013, the Company's net exposure to Stockton's general fund is \$32 million, consisting of lease revenue bonds. As of March 31, 2013, the Company had paid \$0.8 million in net claims.

The Company has \$8 million of net par exposure to The City of Harrisburg, Pennsylvania, all of which is BIG. The Company has paid \$1.1 million in net claims as of March 31, 2013.

The Company has \$249 million of net par exposure to the Louisville Arena Authority. The bond proceeds were used to construct the KFC Yum Center, home to the University of Louisville men's and women's basketball teams. Actual revenues available for Debt Service are well below original projections, and under the Company's internal rating scale, the transaction is below investment grade. At March 31, 2013, the Company has loss reserves of \$5.0 million on this transaction.

The Company has no remaining net par exposure to bonds secured by the excess free cash flow of the Foxwoods Casino, run by the Mashantucket Pequot Tribe. The Company had paid \$4.2 million in net claims as of March 31, 2013, and expects full recovery of such amount.

The Company projects full or partial recovery on the claims it has already paid on its troubled U.S. public finance credits and that its total future expected net recovery across its troubled U.S. public finance credits (after projected recoveries of claims already paid) will be \$4.2 million as of March 31, 2013. This amount was a net loss of \$12.5 million as of December 31, 2012. The higher expected recoveries this quarter are primarily attributable to the large claims paid during February 2013 on the Jefferson County Sewer transaction, which are expected to be recovered with high probability as a result of recent developments in the bankruptcy workout in Jefferson County.

Manufactured Housing

The Company reinsures a total of \$75 million net par of securities backed by manufactured housing loans, a total of \$72 million rated BIG. The Company has loss reserves of \$9.1 million as of March 31, 2013 compared to \$8.7 million as of December 31, 2012.

The following summarizes U.S. subprime loss activity:

- a. The aggregate amount of U.S. subprime related net losses paid in March 31, 2013 were \$2,202,943;
- b. The aggregate amount of U.S. subprime related net losses incurred in March 31, 2013 was \$7,950,063;
- c. The aggregate amount of U.S. subprime related net case reserves at the end of the current reporting period were \$61,599,531, and
- d. The Company does not establish IBNR reserves.

22. Events Subsequent

Subsequent events have been considered through May 15, 2013.

On May 6, 2013, Assured Guaranty entered into an agreement with UBS Real Estate Securities Inc. and affiliates ("UBS") and a third party resolving their claims related to specified RMBS transactions that were issued, underwritten or sponsored by UBS and its affiliates and insured by AGC or AGM under financial guaranty insurance policies. As of March 31, 2013, there was no financial statement impact to the Company as a result of the UBS Agreement. There were no other material events occurring subsequent to March 31, 2013 that have not already been disclosed in these notes to the financial statements.

23. Reinsurance

- A. The Company has no unsecured reinsurance recoverable at March 31, 2013.
- B. The Company has no reinsurance recoverable in dispute at March 31, 2013.
- C. Reinsurance Assumed and Ceded

The following table summarizes ceded and assumed unearned premiums and the related commission equity at March 31, 2013.

	Assumed Reinsurance		Ceded Reinsurance		Assumed less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
AFFILIATES	\$ 6,322,306	\$ 2,528,922	\$ 269,246,533	\$ 73,001,575	\$ (262,924,227)	\$ (70,472,653)
ALL OTHER	94,941,807	21,625,382	11,881,369	3,043,297	83,060,438	18,582,085
	<u>\$ 101,264,113</u>	<u>\$ 24,154,304</u>	<u>\$ 281,127,902</u>	<u>\$ 76,044,872</u>	<u>\$ (179,863,789)</u>	<u>\$ (51,890,568)</u>

Direct Unearned Premium Reserve: \$914,982,395.

The Company is not bound by any contractual arrangements that required the accrual of return commissions based upon loss experience or any other form of profit sharing. The Company has no protected cells at March 31, 2013.

- D. The Company has no uncollectible reinsurance at March 31, 2013.
- E. The Company has not had any commutations or reassumptions of ceded and assumed business for the three months ended March 31, 2013.
- F. The Company has no retroactive reinsurance in effect at March 31, 2013.
- G. The Company does not utilize the deposit method to account for any of its reinsurance transactions at March 31, 2013.

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24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

There has been no change since the 2012 Annual Statement.

25. Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and loss expenses attributable to insured events of prior years were \$16,983,425 for the first three months of 2013. The current year increase 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 2012 Annual Statement.

27. Structured Settlements

There has been no change since the 2012 Annual Statement.

28. Health Care Receivables

There has been no change since the 2012 Annual Statement.

29. Participating Policies

There has been no change since the 2012 Annual Statement.

30. Premium Deficiency Reserves

There has been no change since the 2012 Annual Statement.

31. High Deductibles

There has been no change since the 2012 Annual Statement.

32. Discounting of Liabilities for Unpaid Losses and Loss Adjustment Expense ("LAE")

The net loss and LAE reserves of \$306,400,340 are discounted at a rate of 5.0%, the approximate taxable equivalent yield on the Company's investment portfolio, amounting to a total discount of \$118,908,222.

33. Asbestos/Environmental Reserves

There has been no change since the 2012 Annual Statement.

34. Subscriber Savings Accounts

There has been no significant change since the 2012 Annual Statement.

35. Multiple Peril Crop Insurance

There has been no significant change since the 2012 Annual Statement.

36. Financial Guaranty Insurance

A. There has been no significant change since the 2012 Annual Statement.

B. Schedule of insured financial obligations as of March 31, 2013:

	Surveillance Categories			
	BIG 1	BIG 2	BIG 3	Total
	(Dollars in Thousands)			
Number of risks	98	77	80	255
Remaining weighted-average contract period (in yrs)	13.9	6.8	10.8	10.5
Insured contractual payments outstanding:				
Principal	\$ 3,509,883	\$ 3,444,263	\$ 4,214,788	\$ 11,168,934
Interest	1,117,050	697,379	885,903	2,700,332
Total	<u>\$ 4,626,933</u>	<u>\$ 4,141,642</u>	<u>\$ 5,100,691</u>	<u>\$ 13,869,266</u>
Gross claim liability	\$5,493	\$457,546	\$1,209,794	\$1,672,833
Less: gross potential recoveries - subrogation	13,685	150,040	787,379	951,104
Ceded claim liability	9,079	53,197	234,145	296,421
Discount, net	(1,845)	71,289	49,464	118,908
Net liability reported in the balance sheet	<u>\$ (15,426)</u>	<u>\$ 183,020</u>	<u>\$ 138,806</u>	<u>\$ 306,400</u>
Reinsurance recoverables	<u>\$ 0</u>	<u>\$ 68</u>	<u>\$ 6,818</u>	<u>\$ 6,886</u>
Unearned premium reserve	<u>\$ 18,763</u>	<u>\$ 8,719</u>	<u>\$ 7,012</u>	<u>\$ 34,494</u>

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 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
- 2.2 If yes, date of change:
- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No
- 3.2 If the response to 3.1 is yes, provide a brief description of those changes.
.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes 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 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes No NA
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 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. 12/31/2006
- 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). 04/30/2008
- 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
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes 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
- 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
- 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
- 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

GENERAL INTERROGATORIES

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

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

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

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

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

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

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$339,630

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$130,586,859	\$124,281,972
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).....	\$130,586,859	\$124,281,972
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

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

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

If no, attach a description with this statement.

GENERAL INTERROGATORIES

- 16 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 No

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

1 Name of Custodian(s)	2 Custodian Address
The Bank of New York Mellon.....	One Wall Street, New York, NY 10286.....
M&T Trust.....	25 South Charles Street, Baltimore, MD 21201.....
State Street Bank.....	One Lincoln Street, Boston, MA 02111.....

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 Name(s)	2 Location(s)	3 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 No

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

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

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 Central Registration Depository	2 Name(s)	3 Address
801-48433.....	Blackrock Financial Management, Inc.....	40 East 52nd St., New York, NY 10022.....
104-518.....	Deutsche Investment Management Americas, Inc.....	345 Park Ave., New York, NY 10154.....
105-900.....	General Re-New England Asset Mgmt, Inc.....	76 Batterson Ave., Farmington, CT 06032.....
106-595.....	Wellington Management Company, LLP.....	75 State Street, Boston, MA 02109.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes No

18.2 If no, list exceptions:
.....

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
NONE				

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	L	38,999	52,818		.0	.0
2. Alaska	AK	L		.0		.0	.0
3. Arizona	AZ	L		.0		.0	.0
4. Arkansas	AR	L	133,956	155,199	211,143	1,264,926	1,858,693
5. California	CA	L	35,987	86,366	0	.0	3,364,828
6. Colorado	CO	L		.0		.0	.0
7. Connecticut	CT	L		.0		.0	.0
8. Delaware	DE	L	1,503,873	815,222	(303,495)	3,111,755	3,906,505
9. Dist. Columbia	DC	L		.0		.0	.0
10. Florida	FL	L		.0		.0	.0
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	502,553	527,852	0	.0	908,931
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		.0		.0	6,929,550
19. Louisiana	LA	L		.0		.0	.0
20. Maine	ME	L		.0		.0	.0
21. Maryland	MD	L	556,949	1,016,010	57,192	.0	1,657,933
22. Massachusetts	MA	L	104,869	113,980	797,360	.0	7,041,214
23. Michigan	MI	L		.0		.0	.0
24. Minnesota	MN	L	1,133,265	1,286,192		.0	.0
25. Mississippi	MS	L		.0		.0	.0
26. Missouri	MO	L	17,778	.0		.0	.0
27. Montana	MT	L		.0		.0	.0
28. Nebraska	NE	L		.0		.0	.0
29. Nevada	NV	L		.0		.0	.0
30. New Hampshire	NH	L		.0		.0	.0
31. New Jersey	NJ	L	88,165	101,383		.0	.0
32. New Mexico	NM	L		.0		.0	.0
33. New York	NY	L	17,964,644	22,000,560	27,187,673	39,689,334	312,711,141
34. No. Carolina	NC	L	45,800	46,309		.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		11,491		.0	.0
39. Pennsylvania	PA	L		.0		.0	.0
40. Rhode Island	RI	L		.0		.0	.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	85,953	87,239		.0	.0
45. Utah	UT	L		.0		.0	.0
46. Vermont	VT	L	254,917	254,917		.0	.0
47. Virginia	VA	L		.0		.0	.0
48. Washington	WA	L		.0		.0	.0
49. West Virginia	WV	L		.0		.0	.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		.0	.0
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	0	0	0	0	0
59. Totals	(a) 52		22,467,708	26,555,538	27,949,873	44,066,015	338,378,795
DETAILS OF WRITE-INS							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	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.

All premiums were allocated by location of risk and/or policyholders.

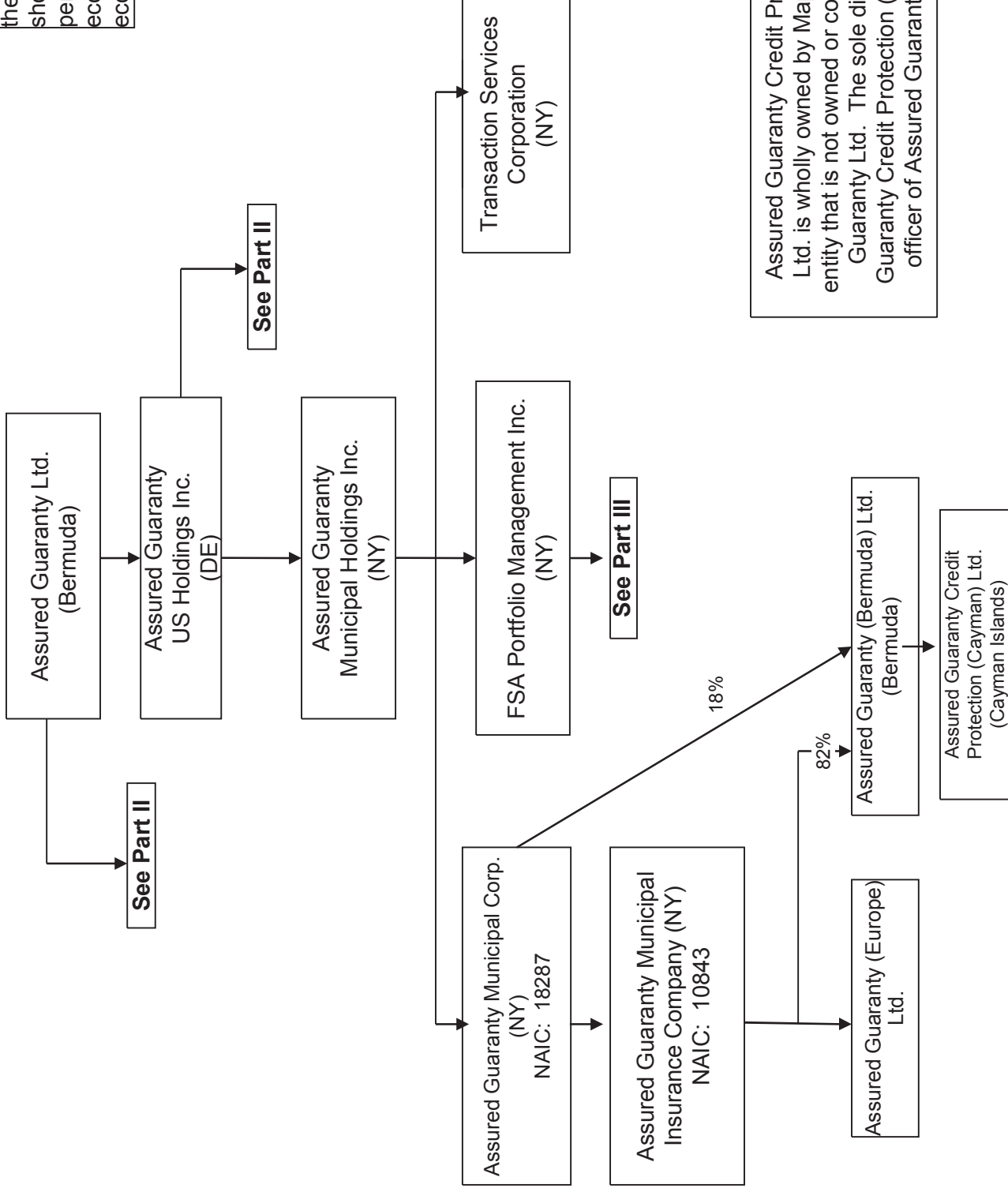
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

Amended
03/31/2013

ORGANIZATIONAL CHART OF ASSURED GUARANTY LTD.

Part I

Notes: 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.

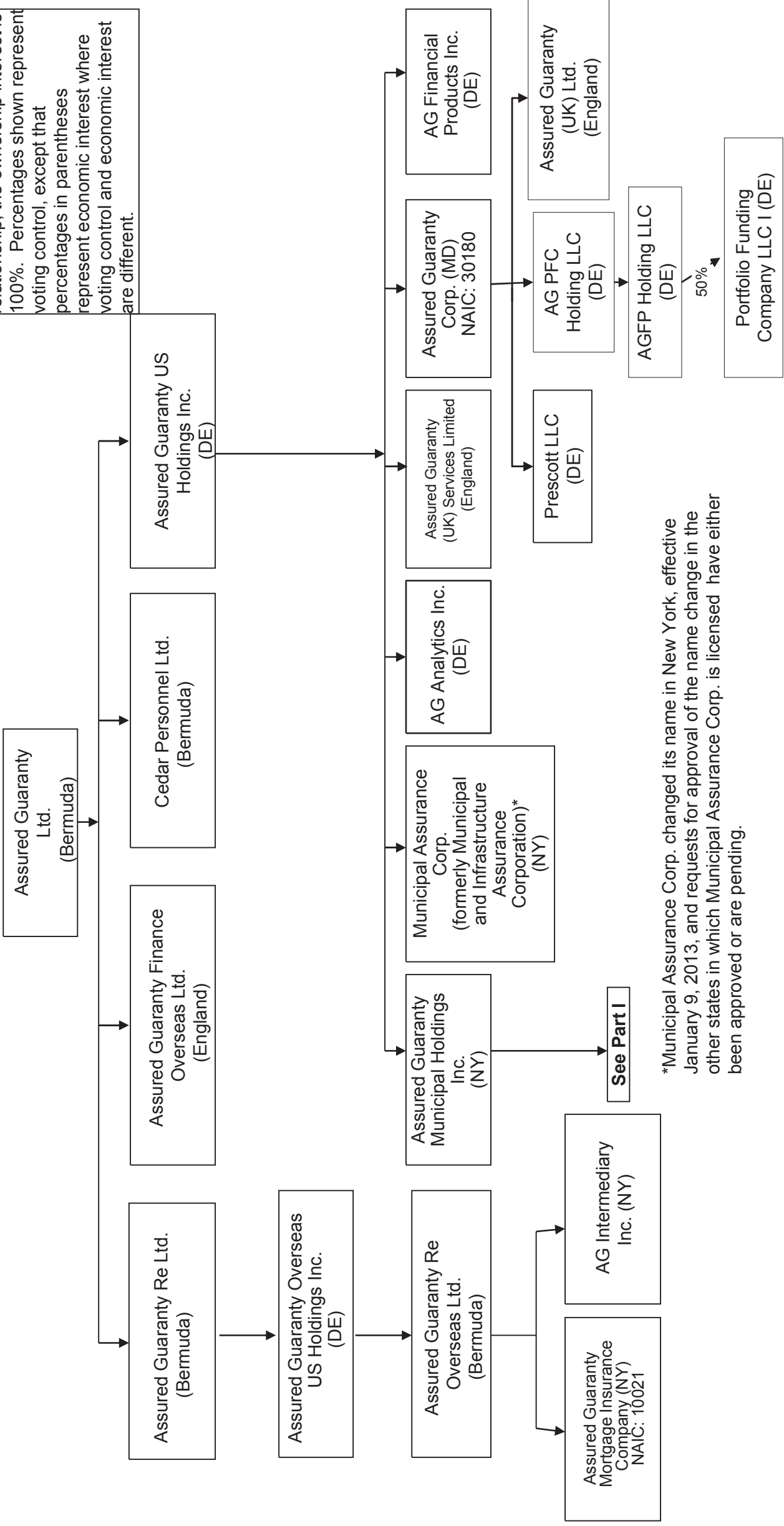


Assured Guaranty Credit Protection (Cayman) Ltd. is wholly owned by MaplesFS Limited, an entity that is not owned or controlled by Assured Guaranty Ltd. The sole director of Assured Guaranty Credit Protection (Cayman) Ltd. is an officer of Assured Guaranty (Bermuda) Ltd.

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

ORGANIZATIONAL CHART OF ASSURED GUARANTY LTD.
Part II

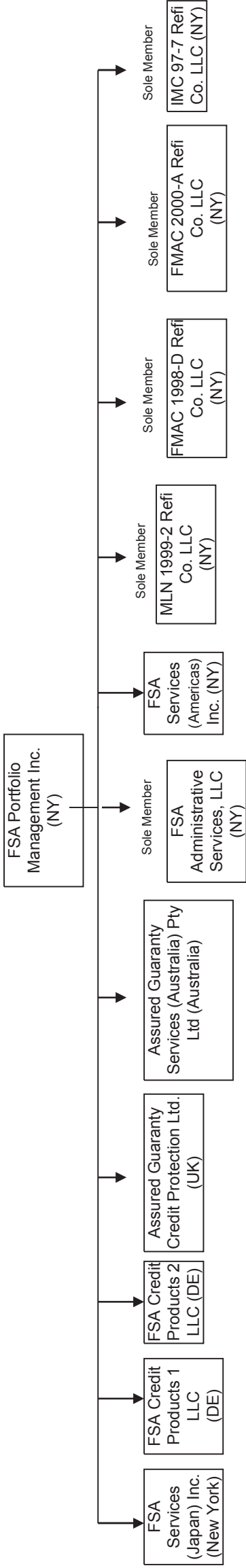
Notes: Unless otherwise indicated by percentage ownership or other relationship, the ownership interest is 100%. Percentages shown represent voting control, except that percentages in parentheses represent economic interest where voting control and economic interest are different.



*Municipal Assurance Corp. changed its name in New York, effective January 9, 2013, and requests for approval of the name change in the other states in which Municipal Assurance Corp. is licensed have either been approved or are pending.

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

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



Trustee

Credit Protection Trusts
 21, 35, 39, 44, 62, 63, 93, 94, 100, 105, 114, 118, 119, 129, 130, 131, 133,
 135, 139, 142, 143, 144, 156, 158, 161, 162, 163, 164, 166, 167, 172, 176, 177, 180, 182, 188, 189,
 202, 205, 209, 210, 213, 214, 215, 216,
 225, 228, 229, 230, 231, 232, 235, 236, 238, 240, 242, 243, 246, 247, 248, 249, 251, 252, 253, 254, 255, 258, 259, 261,
 262, 264, 266, 267, 270, 273, 274, 275, 276, 277, 281, 282
 (NY)

Notes: Unless otherwise indicated by percentage ownership or other relationships, the ownership interest is 100%. Percentages shown represent voting control. All companies listed are corporations, except for limited liability companies (designated as LLCs) and the Credit Protection Trusts (which are New York grantor trusts).

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/ Person(s)	*
00194	Assured Guaranty Ltd				0001573813	NYSE	Assured Guaranty Ltd	BMU	UDP			0.0		0
00194	Assured Guaranty Ltd		20-1082002		0001289244		Assured Guaranty US Holdings Inc	DE	DS	AG Corporate Holdings LLC	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	01945	13-3261323		1111913357		Assured Guaranty Municipal Holdings Inc	NY	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	18287	13-3250292				Assured Guaranty Municipal Corp	NY	DS	Assured Guaranty Municipal Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd						FSA Portfolio Management Inc	NY	DS	Assured Guaranty Municipal Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd						Transaction Services Corp	NY	DS	Assured Guaranty Municipal Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	10843	13-3954813				Assured Guaranty Municipal Insurance Co	NY	DS	Assured Guaranty Municipal Corp	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd		AA-2510099				Assured Guaranty (Europe) Ltd	GBR	DS	Assured Guaranty Municipal Insurance Corp	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd		98-0223300				Assured Guaranty (Bermuda) Ltd	BMU	DS	Assured Guaranty Municipal Insurance Co	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd		AA-2510099				Assured Guaranty Credit Protection (Cayman) Ltd	CYM	DS	Assured Guaranty Municipal Insurance Co	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd		AA-3190809				Assured Guaranty Re. Ltd	BMU	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd						Assured Guaranty Finance Overseas Ltd	GBR	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd		52-2221232				Cedar Personnel Ltd	BMU	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	10021	52-2221232				Assured Guaranty Overseas US Holdings Inc	DE	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	30180	AA-3190538				Assured Guaranty Re Overseas Ltd	BMU	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	01021	06-1384770				Assured Guaranty Mortgage Insurance Company	NY	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd		AA-1120078				AG Intermediary	NY	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	13559	26-2999764				Municipal Assurance Corp. (formerly Municipal and Infrastructure Assurance Corporation)	NY	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd						AG Analytics Inc	DE	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd						Assured Guaranty (UK) Services Limited	GBR	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd	30180	52-1533088				Assured Guaranty Corp	MD	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd		13-4031196				AG Financial Products Inc	DE	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0
00194	Assured Guaranty Ltd						Prescott LLC	DE	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	0

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire			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	34,155,755	32,711,399	95.8	21.4
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	34,155,755	32,711,399	95.8	21.4
DETAILS OF WRITE-INS				
3401.				
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	2	3
	Current Quarter	Current Year to Date	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	22,467,708	22,467,708	26,555,538
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		0
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	22,467,708	22,467,708	26,555,538
DETAILS OF WRITE-INS			
3401.			
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

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 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. 2010 + Prior	278,613		278,613	22,597		22,597	272,471			272,471	16,455	0	16,455
2. 2011	28,432		28,432	440		440	28,437			28,437	445	0	445
3. Subtotals 2011 + prior	307,045	0	307,045	23,037	0	23,037	300,908	0	0	300,908	16,900	0	16,900
4. 2012	6,025		6,025	615		615	5,493			5,493	83	0	83
5. Subtotals 2012 + prior	313,070	0	313,070	23,652	0	23,652	306,401	0	0	306,401	16,983	0	16,983
6. 2013	XXX	XXX	XXX	XXX	0	0	XXX			0	XXX	XXX	XXX
7. Totals	313,070	0	313,070	23,652	0	23,652	306,401	0	0	306,401	16,983	0	16,983
8. Prior Year-End Surplus As Regards Policy-holders	905,415										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. 5.4	2. 0.0	3. 5.4
													Col. 13, Line 7 Line 8
													4. 1.9

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.

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

Explanation:

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

Bar Code:

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

OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 25.

*ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
2504. Other Assets.....	27,178,177	142,330	27,035,847	29,717,155
2505. Accounting SAP101 (Taxes).....			0	0
2597. Summary of remaining write-ins for Line 25 from Page 02	27,178,177	142,330	27,035,847	29,717,155

PQ003 Additional Aggregate Lines for Page 03 Line 25.

*LIAB

	1	2
	Current Statement Date	December 31, Prior Year
2504. Miscellaneous liability.....	1,832,345	2,828,290
2597. Summary of remaining write-ins for Line 25 from Page 03	1,832,345	2,828,290

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	2,617,115	2,738,541
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		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	30,356	121,426
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	2,586,759	2,617,115
10. Deduct total nonadmitted amounts	2,586,759	2,617,115
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year To Date	2 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

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	21,788,340	38,322,527
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	19,200,000	0
7. Deduct amounts received on disposals	31,700,000	16,534,187
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)	9,288,340	21,788,340
12. Deduct total nonadmitted amounts	0	12,500,000
13. Statement value at end of current period (Line 11 minus Line 12)	9,288,340	9,288,340

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	2,568,785,635	2,649,063,159
2. Cost of bonds and stocks acquired	183,006,699	334,895,786
3. Accrual of discount	2,921,533	10,823,906
4. Unrealized valuation increase (decrease)	(6,304,887)	7,911,549
5. Total gain (loss) on disposals	2,200,475	4,803,818
6. Deduct consideration for bonds and stocks disposed of	194,249,633	389,157,059
7. Deduct amortization of premium	5,491,885	17,161,446
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized	11,087,352	32,394,078
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	2,539,780,585	2,568,785,635
11. Deduct total nonadmitted amounts	1,741,093	1,822,721
12. Statement value at end of current period (Line 10 minus Line 11)	2,538,039,492	2,566,962,914

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	2,539,838,727	263,121,034	255,725,876	(37,293,581)	2,509,940,304	0	0	2,539,838,727
2. Class 2 (a).....	756,608			(330)	756,278	0	0	756,608
3. Class 3 (a).....	0				0	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	19,035,513		87,543	23,642,289	42,590,259	0	0	19,035,513
7. Total Bonds	2,559,630,848	263,121,034	255,813,419	(13,651,622)	2,553,286,841	0	0	2,559,630,848
PREFERRED STOCK								
8. Class 1.....	0				0	0	0	0
9. Class 2.....	0				0	0	0	0
10. Class 3.....	0				0	0	0	0
11. Class 4.....	0				0	0	0	0
12. Class 5.....	0				0	0	0	0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	2,559,630,848	263,121,034	255,813,419	(13,651,622)	2,553,286,841	0	0	2,559,630,848

(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 \$137,788,230 ; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

S102

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	38,591,730	XXX	38,591,730	1,170	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	58,121,945	94,638,061
2. Cost of short-term investments acquired	30,728,084	188,081,826
3. Accrual of discount	5,962	69,572
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		1,653
6. Deduct consideration received on disposals	50,264,261	224,669,167
7. Deduct amortization of premium.....		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).....	38,591,730	58,121,945
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	38,591,730	58,121,945

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	63,310,129	47,481,441
2. Cost of cash equivalents acquired	49,386,250	54,703,756
3. Accrual of discount	122	4,181
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals.....		1,175
6. Deduct consideration received on disposals	13,500,000	38,880,424
7. Deduct amortization of premium		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)	99,196,501	63,310,129
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	99,196,501	63,310,129

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828-JE-8	UNITED STATES TREASURY NOTE		02/26/2013	VARIOUS		50,136,957	50,150,000	24,805	1
912828-UJ-7	UNITED STATES TREASURY NOTE		02/26/2013	RBS GREENWICH CAPITAL MKT		58,482,533	58,300,000	35,227	1
912828-SV-3	US Treasury N/B		01/22/2013	Added by SunGard		15,272,041	15,250,000	50,868	1
0599999 - Bonds - U.S. Governments						123,891,531	123,700,000	110,900	XXX
Bonds - All Other Governments									
912828-TW-0	US Treasury N/B		02/19/2013	Goldman Sachs		24,915,039	25,000,000	58,529	1
1099999 - Bonds - All Other Governments						24,915,039	25,000,000	58,529	XXX
Bonds - U.S. States, Territories and Possessions									
20772J-AP-7	CT GO C20 S10D		01/25/2013	JEFFRIES		1,159,678	1,000,000	15,833	1FE
93974C-EC-0	WA GO C19 S09C		03/26/2013	VARIOUS		9,531,962	8,870,000	67,757	1FE
1799999 - Bonds - U.S. States, Territories and Possessions						10,691,640	9,870,000	83,590	XXX
Bonds - U.S. Special Revenue									
04048R-JT-4	ARIZONA BRD OF RGTS ST UNIV SY		01/10/2013	WELLS FARGO BROK SER LLC		1,179,580	1,000,000		1FE
199144-US-3	COLUMBUS GA WTR & SWR REVENUE		03/07/2013	VENDOR CODE MERC NOT IN T		2,627,856	2,200,000		1FE
31417E-S4-4	FNMA 30YR		01/10/2013	Added by SunGard		6,199,797	5,940,593	6,436	1
360066-NN-0	FULTON CNTY GA WTR & SWR REVEN		03/06/2013	Added by SunGard		3,550,740	3,000,000		1FE
45203H-PS-5	IL Northwestern Hlth		02/15/2013	BANK OF NEW YORK		3,724,281	3,300,000		1FE
46613C-S8-9	JEA FL ELEC SYS REVENUE		03/21/2013	Added by SunGard		1,131,620	1,000,000	24,306	1FE
47770V-AZ-3	JOBSOHIO BEVERAGE SYS STWD LIQ		01/29/2013	Added by SunGard		1,000,000	1,000,000		1FE
546486-AN-1	LOUISIANA ST HIGHWAY IMPT REVE		03/14/2013	Added by SunGard		1,191,270	1,000,000		1FE
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Government and Their Political Subdivisions						20,605,144	18,440,593	30,742	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
89233P-7E-0	Toyota Mtr Cred Sr Unsec		01/07/2013	DIRECT		1,412,750	1,415,000		1FE
89233P-7F-7	Toyota Mtr Cred Sr Unsec		01/07/2013	DIRECT		1,490,595	1,500,000		1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						2,903,345	2,915,000	0	XXX
8399997 - Subtotals- Bonds - Part 3						183,006,699	179,925,593	283,761	XXX
8399999 - Subtotals - Bonds						183,006,699	179,925,593	283,761	XXX
9999999 Totals						183,006,699	XXX	283,761	XXX

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

E04

STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

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)
Bonds - U.S. Governments																					
383766-DM-9	Government National Mortgage Assoc.		03/18/2013	PRINCIPAL RECEIPT		103,254	103,254	102,706	102,731		523		523		103,254			0	1,149	03/16/2051	1
912828-HT-0	UNITED STATES TREAS NTS		02/28/2013	MATURITY		35,000,000	35,000,000	36,457,539	35,063,078		(63,078)		(63,078)		35,000,000			0	481,250	02/28/2013	1
912828-PR-5	UNITED STATES TREASURY NOTE		01/31/2013	MATURITY		1,050,000	1,050,000	1,048,753	1,049,946		54		54		1,050,000			0	3,281	01/31/2013	1
912828-UE-8	UNITED STATES TREASURY NOTE		02/28/2013	RBS GREENWICH CAPITAL MKT		8,704,090	8,700,000	8,704,107			(18)		(18)		8,704,090			0	5,559	12/31/2017	1
0599999 - Bonds - U.S. Governments						44,857,344	44,853,254	46,313,105	36,215,755	0	(62,519)	0	(62,519)	0	44,857,344	0	0	0	491,239	XXX	XXX
Bonds - U.S. States, Territories and Possessions																					
20772J-AP-7	CT GO C20 S10D		01/25/2013	JEFFRIES		1,159,678	1,000,000	1,190,880	1,160,622		(945)		(945)		1,159,678			0	15,833	10/01/2022	1FE
419791-YH-5	HAWAII ST		03/26/2013	Added by SunGard		2,792,140	2,600,000	2,613,624	2,607,362		(537)		(537)		2,606,825		185,315	185,315	57,854	02/01/2016	1FE
594610-F6-9	MICHIGAN ST		02/28/2013	Goldman Sachs		1,007,870	1,000,000	1,081,680	1,000,000		0		0		1,000,000		7,870	7,870	18,083	05/01/2021	1FE
93974C-EC-0	WA GO C19 S09C		03/26/2013	VARIOUS		9,531,962	8,870,000	9,793,347	9,555,882		(23,920)		(23,920)		9,531,962			0	289,507	02/01/2025	1FE
1799999 - Bonds - U.S. States, Territories and Possessions						14,491,650	13,470,000	14,679,531	14,323,866	0	(25,402)	0	(25,402)	0	14,298,465	0	193,185	193,185	381,277	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
167505-PA-8	CHICAGO IL BRD OF EDU		01/23/2013	RBC		1,097,300	1,000,000	971,180	971,705		27		27		971,732		125,568	125,568	7,500	12/01/2041	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						1,097,300	1,000,000	971,180	971,705	0	27	0	27	0	971,732	0	125,568	125,568	7,500	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		03/01/2013	Sink PMT @ 100.0000000		205,000	205,000	215,045	213,253		(8,253)		(8,253)		205,000			0	2,131	03/01/2041	1FE
052476-GH-5	AUSTIN TEX WTR & WASTEWATER SY REF		02/28/2013	Undefined		10,121,350	10,000,000	10,219,200	10,015,717		(4,524)		(4,524)		10,011,192		110,158	110,158	123,611	11/15/2026	1FE
16756K-BF-3	CHICAGO ILL MOTOR FUEL TAX REV MOT		01/01/2013	Sink PMT @ 100.0000000		1,195,000	1,195,000	1,183,062	1,193,437		1,563		1,563		1,195,000			0		01/01/2014	1FE
196558-MS-6	COLORADO RIVER TEX MUN WTR DIS REV		01/01/2013	Called @ 100.0000000		5,000,000	5,000,000	5,537,350	5,000,000		0		0		5,000,000			0	134,375	01/01/2016	1FE
3128MU-OG-8	FEDERAL HOME LN MTG CORP #G08454		01/18/2013	VARIOUS		1,150,483	1,081,443	1,122,673	1,125,636		(2,062)		(2,062)		1,123,576		26,908	26,908	6,791	07/01/2041	1FE
3128PU-EW-8	FG J14649		01/18/2013	VARIOUS		12,901,797	12,283,875	12,224,684	12,232,098		2,046		2,046		12,234,142		667,655	667,655	60,444	04/01/2026	1FE
3128PU-H6-0	FG J14731		03/15/2013	VARIOUS		7,986,481	7,629,188	7,592,270	7,598,110		5,499		5,499		7,603,609		382,872	382,872	52,135	03/01/2026	1FE
3128PU-H6-0	FHLMC PC GOLD 15 YR		03/15/2013	PRINCIPAL RECEIPT		570,457	570,457	597,553	590,041		(19,584)		(19,584)		570,457			0	4,207	12/01/2024	1FE
3132CE-3X-6	FHLMC POOL 001714		03/26/2013	VARIOUS		1,914,231	1,813,453	1,826,062	1,826,197		(1,321)		(1,321)		1,824,876		89,355	89,355	22,589	07/01/2041	1FE
31398W-SD-7	FHLMC 3632-PK CMO/AGENCY		03/15/2013	PRINCIPAL RECEIPT		98,452	98,452	109,489	110,884		(12,432)		(12,432)		98,452			0	818	02/15/2040	1FE
31398A-SL-1	FN AH6822		03/25/2013	VARIOUS		3,702,907	3,512,956	3,541,498	3,536,157		(2,577)		(2,577)		3,533,580		169,328	169,328	35,376	03/01/2026	1FE
31359M-OV-8	FNMA		02/21/2013	MATURITY		50,000,000	50,000,000	54,766,150	50,181,821		(181,821)		(181,821)		50,000,000			0	1,187,500	02/21/2013	1FE
3138MS-W3-9	FNMA 30 YR MBS/POOL		01/25/2013	VARIOUS		6,487,898	6,223,783	6,398,827	6,395,298		(4,155)		(4,155)		6,391,143		96,756	96,756	22,123	08/01/2042	1FE
31417E-S4-4	FNMA 30YR		03/25/2013	PRINCIPAL RECEIPT		33,605	33,605	35,072	33,605		(1,466)		(1,466)		33,605			0	120	01/01/2043	1
3138AX-RK-9	FNMA 30YR MBS/POOL		03/25/2013	PRINCIPAL RECEIPT		863,100	863,100	886,566	887,802		(24,702)		(24,702)		863,100			0	4,615	11/01/2041	1FE
31417V-PW-7	FNMA PASS-THRU INT 15 YEAR		03/25/2013	PRINCIPAL RECEIPT		646,741	646,741	672,873	668,822		(22,080)		(22,080)		646,741			0	4,922	12/01/2024	1FE
373541-A7-6	GEORGIA MUN ELEC AUTH PWR REV REV		01/01/2013	Sink PMT @ 100.0000000		1,480,000	1,480,000	1,475,502	1,480,000		0		0		1,480,000			0	47,360	01/01/2013	1FE
451296-K9-7	IDAHO HSG AGY		01/02/2013	Sink PMT @ 100.0000000		10,000	10,000	9,975	9,988		12		12		10,000			0	313	07/01/2027	1FE
60636X-8E-6	MO HSG SF PAC		03/01/2013	Sink PMT @ 100.0000000		115,000	115,000	123,861	122,234		(7,234)		(7,234)		115,000			0	17	11/01/2027	1FE
605356-AX-0	MS HSG PAC		03/01/2013	Sink PMT @ 100.0000000		75,000	75,000	80,778	79,619		(4,619)		(4,619)		75,000			0	4	12/01/2031	1FE
658203-PH-1	NORTH CAROLINA MUN PWR AGY NO CAT		01/01/2013	Sink PMT @ 100.0000000		1,965,000	1,965,000	1,965,000	1,965,000		0		0		1,965,000			0	54,038	01/01/2013	1
837147-BL-4	SOUTH CAROLINA ST PUB SVC AUTH		03/26/2013	RBC		1,185,040	1,000,000	1,185,650	1,132,858		(5,938)		(5,938)		1,126,920		58,120	58,120	37,083	01/01/2018	1FE
914468-AW-3	UNIVERSITY MINN SPL PURP REV		03/11/2013	Added by SunGard		1,714,710	1,500,000	1,733,565	1,649,575		(7,828)		(7,828)		1,641,746		72,964	72,964	46,458	08/01/2017	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						109,422,252	107,302,052	113,502,705	108,014,547	0	(301,476)	0	(301,476)	0	107,748,139	0	1,674,116	1,674,116	1,847,030	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
058521-AC-9	BALLANTYNE RE PLC 2006-1A A2B		03/25/2013	PRINCIPAL RECEIPT		87,543	87,543	32,499	33,230		54,313		54,313		87,543			0		05/02/2036	6FE
000292-AB-8	AAA 2007-2 A2		03/27/2013	PRINCIPAL RECEIPT		57,239	57,239	8,856	10,396		46,843		46,843		57,239			0		01/27/2046	1FM
05531F-AG-8	BB&T CORPORATION		03/26/2013	WELLS FARGO BROK SER LLC		1,328,700	1,250,000	1,248,263	1,248,864		80		80		1,248,944		79,756	79,756	21,444	03/15/2016	1FE
07383F-XN-3	BEAR STEARNS CMBS 2003-TOPI2		02/13/2013	VARIOUS		3,177,686	3,134,930	2,930,547	3,117,672		3,507		3,507		3,121,178		56,508	56,508	25,719	08/13/2039	1FM

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STATEMENT AS OF MARCH 31, 2013 OF THE ASSURED GUARANTY CORP.

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)
173067-AC-3	CGCMT 2004-C1 A3		03/15/2013	PRINCIPAL RECEIPT		2,521,692	2,521,692	2,608,474	2,545,686		(23,995)		(23,995)		2,521,692			.0	30,015	04/15/2040	1FM
12629E-AF-2	CSAB MTG-BCKKD TR 2007-1		03/25/2013	PRINCIPAL RECEIPT		307,866	307,866	208,767	192,647		115,219		115,219		307,866			.0		05/25/2037	1FM
02149Q-AE-0	CWALT INC 2007 OA10		03/25/2013	PRINCIPAL RECEIPT		944,724	944,724	751,583	731,970		212,754		212,754		944,724			.0		09/25/2047	1FM
52177D-AB-5	LEAF RECEIVABLES FDG 8		02/28/2013	GUGGENHEIM CAPITAL MARKET		15,000,000	15,000,000	14,917,500	14,924,676		3,980		3,980		14,928,656		71,344	71,344	26,663	12/15/2015	1FE
872227-AH-6	LLC RATE: 0		03/25/2013	PRINCIPAL RECEIPT		621,569	621,569	318,096	321,350		300,220		300,220		621,569			.0		07/25/2037	1FM
88158A-AJ-1	TERWIN MORTGAGE TRUST 07-9 SL		03/25/2013	PRINCIPAL RECEIPT		158,903	158,903	104,646	105,868		53,035		53,035		158,903			.0		06/25/2038	1FM
88158A-AA-0	TERWIN MTG TR 2007-SL9		03/25/2013	PRINCIPAL RECEIPT		110,020	110,020	69,386	75,664		34,356		34,356		110,020			.0		06/25/2038	1FM
929766-7G-2	WACHOVIA CMBS 2005-C21		03/15/2013	PRINCIPAL RECEIPT		65,144	65,144	65,347	65,160		(16)		(16)		65,144			.0	592	10/15/2044	1FM
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						24,381,086	24,259,631	23,263,964	23,373,185	0	800,296	0	800,296	0	24,173,478	0	207,608	207,608	104,433	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						194,249,632	190,884,937	198,730,485	182,899,058	0	410,926	0	410,926	0	192,049,158	0	2,200,477	2,200,477	2,831,479	XXX	XXX
8399999 - Subtotals - Bonds						194,249,632	190,884,937	198,730,485	182,899,058	0	410,926	0	410,926	0	192,049,158	0	2,200,477	2,200,477	2,831,479	XXX	XXX
9999999 Totals						194,249,632	XXX	198,730,485	182,899,058	0	410,926	0	410,926	0	192,049,158	0	2,200,477	2,200,477	2,831,479	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

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

