



QUARTERLY STATEMENT

AS OF JUNE 30, 2012 OF THE CONDITION AND AFFAIRS OF THE ASSURED GUARANTY CORP.

NAIC Group Code 0194 , 00194 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 10019
(Street and Number) (City or Town, State and Zip Code)

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

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

Primary Location of Books and Records 31 W 52nd Street New York, NY 10019 212-974-0100
(Street and Number) (City or Town, State 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>Gon Ling Chow</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.

DOMINIC JOHN FREDERICO
President

JAMES MICHAEL MICHENER
Secretary

DONALD HAL PASTON
Treasurer

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

b. If no:

1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

Subscribed and sworn to before me this _____ day of _____

STATEMENT AS OF JUNE 30, 2012 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	2,458,535,467		2,458,535,467	2,522,711,000
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	123,935,617	1,546,312	122,389,305	126,352,159
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)	2,677,828	2,677,828	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 (\$22,251,740), cash equivalents (\$51,599,722) and short-term investments (\$101,453,787)	175,305,249		175,305,249	164,627,456
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	38,321,624	12,500,000	25,821,624	25,822,527
9. Receivables for securities			0	1,500,000
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)	2,798,775,785	16,724,140	2,782,051,645	2,841,013,142
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	28,616,573		28,616,573	28,522,028
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	34,115,674	90,650	34,025,024	35,611,869
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	14,279,522		14,279,522	11,340,630
16.2 Funds held by or deposited with reinsured companies	483,522		483,522	484,077
16.3 Other amounts receivable under reinsurance contracts	10,631		10,631	6,038
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	93,620,151	37,457,513	56,162,638	42,824,922
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	230,885		230,885	319,727
21. Furniture and equipment, including health care delivery assets (\$)	2,110,289	2,110,289	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	32,118,443	121,876	31,996,567	23,948,397
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	30,019,528	813,858	29,205,670	26,337,095
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,034,381,003	57,318,326	2,977,062,677	3,010,407,925
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	3,034,381,003	57,318,326	2,977,062,677	3,010,407,925
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	12,387,742		12,387,742	14,430,538
2502. Other assets	12,042,024	142,330	11,899,694	11,899,694
2503. Miscellaneous Receivables	5,050,951	132,717	4,918,234	6,863
2598. Summary of remaining write-ins for Line 25 from overflow page	538,811	538,811	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	30,019,528	813,858	29,205,670	26,337,095

STATEMENT AS OF JUNE 30, 2012 OF THE ASSURED GUARANTY CORP.

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$5,683,224)	343,202,466	336,062,030
2. Reinsurance payable on paid losses and loss adjustment expenses	312,259	1,696,289
3. Loss adjustment expenses	10,086,241	8,695,476
4. Commissions payable, contingent commissions and other similar charges	4,685,099	4,853,087
5. Other expenses (excluding taxes, licenses and fees)	38,145,399	53,701,426
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	(3,516,913)	(3,254,547)
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	4,847,614	12,309,875
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 \$302,606,379 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)	804,136,648	826,446,509
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)	8,858,028	9,172,965
13. Funds held by company under reinsurance treaties	9,197,274	9,197,274
14. Amounts withheld or retained by company for account of others	(585,127)	(425,122)
15. Remittances and items not allocated		0
16. Provision for reinsurance	2,175,000	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	133,505	126,920
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	19,257,385	17,603,723
20. Derivatives		0
21. Payable for securities	1,625,278	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	787,741,114	712,722,823
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,030,301,270	1,988,908,728
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	2,030,301,270	1,988,908,728
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	923,849,395
35. Unassigned funds (surplus)	(292,414,903)	(217,350,678)
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)	946,761,407	1,021,499,197
38. Totals (Page 2, Line 28, Col. 3)	2,977,062,677	3,010,407,925
DETAILS OF WRITE-INS		
2501. Supplemental Executive Retirement Plan.....	17,337,633	14,430,538
2502. Contingency Reserve.....	766,009,579	690,576,660
2503. Liability for Lease.....	3,195,857	4,370,804
2598. Summary of remaining write-ins for Line 25 from overflow page	1,198,045	3,344,821
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	787,741,114	712,722,823
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 \$ 50,726,692)	79,798,243	95,598,909	177,176,085
1.2 Assumed (written \$ 28,066,383)	21,960,176	20,300,473	31,770,779
1.3 Ceded (written \$ 26,104,961)	30,837,503	34,448,816	65,998,327
1.4 Net (written \$ 52,688,114)	70,920,916	81,450,566	142,948,537
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 6,626,721):			
2.1 Direct	28,577,205	(12,468,112)	(109,462,971)
2.2 Assumed	1,491,596	(16,626,191)	7,216,244
2.3 Ceded	13,469,500	(7,329,107)	(3,550,563)
2.4 Net	16,599,301	(21,765,196)	(98,696,164)
3. Loss adjustment expenses incurred	4,360,817	2,805,297	12,715,923
4. Other underwriting expenses incurred	35,425,547	38,617,823	67,914,438
5. Aggregate write-ins for underwriting deductions	0	17,392,500	17,392,500
6. Total underwriting deductions (Lines 2 through 5)	56,385,665	37,050,424	(673,303)
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	14,535,251	44,400,142	143,621,840
INVESTMENT INCOME			
9. Net investment income earned	48,187,170	47,327,224	80,046,743
10. Net realized capital gains (losses) less capital gains tax of \$ 989,159	(27,930,148)	50,614	(1,162,862)
11. Net investment gain (loss) (Lines 9 + 10)	20,257,022	47,377,838	78,883,881
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	(3,365,716)	995,161	10,916,980
15. Total other income (Lines 12 through 14)	(3,365,716)	995,161	10,916,980
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	31,426,557	92,773,141	233,422,701
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)	31,426,557	92,773,141	233,422,701
19. Federal and foreign income taxes incurred	(13,818,468)	(31,851,222)	3,485,016
20. Net income (Line 18 minus Line 19)(to Line 22)	45,245,025	124,624,363	229,937,685
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	1,021,499,196	854,119,958	854,119,958
22. Net income (from Line 20)	45,245,025	124,624,363	229,937,685
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	1,260,306	4,372,630	405,477
25. Change in net unrealized foreign exchange capital gain (loss)	4,070,472	122,883	(156,234)
26. Change in net deferred income tax	(22,505,907)	(47,227,849)	(60,459,741)
27. Change in nonadmitted assets	1,559,268	11,457,968	15,608,484
28. Change in provision for reinsurance	(2,175,000)	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	0	0
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	(55,001,760)	(10,000,320)	(30,000,960)
36. Change in treasury stock		0	0
37. Aggregate write-ins for gains and losses in surplus	(47,516,628)	128,587,815	12,044,527
38. Change in surplus as regards policyholders (Lines 22 through 37)	(74,737,789)	211,937,490	167,379,238
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	946,761,407	1,066,057,448	1,021,499,196
DETAILS OF WRITE-INS			
0501. Termination Fee		17,392,500	17,392,500
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	17,392,500	17,392,500
1401. Other Income	(3,365,716)	995,161	10,916,980
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)	(3,365,716)	995,161	10,916,980
3701. Change in Contingency Reserve	(75,432,917)	128,587,815	12,044,527
3702. Change in Accounting SAP 101 (Taxes)	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)	(47,516,628)	128,587,815	12,044,527

STATEMENT AS OF JUNE 30, 2012 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.....	49,851,720	69,078,376	112,774,138
2. Net investment income	51,303,690	50,074,095	84,938,535
3. Miscellaneous income	(3,369,754)	988,126	10,912,441
4. Total (Lines 1 to 3)	97,785,656	120,140,597	208,625,114
5. Benefit and loss related payments	13,781,787	(51,848,346)	15,594,070
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	54,159,957	87,980,044	107,713,241
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(5,367,049)	(38,818,933)	(38,818,933)
10. Total (Lines 5 through 9)	62,574,695	(2,687,235)	84,488,378
11. Net cash from operations (Line 4 minus Line 10)	35,210,961	122,827,832	124,136,736
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	225,394,453	525,506,179	715,434,371
12.2 Stocks	27,310,577	28,968,772	63,813,667
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	903	0	12,746,899
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	19	444	1,609
12.7 Miscellaneous proceeds	6,929,026	26,624,532	6
12.8 Total investment proceeds (Lines 12.1 to 12.7)	259,634,978	581,099,927	791,996,552
13. Cost of investments acquired (long-term only):			
13.1 Bonds	191,586,429	627,414,440	886,626,367
13.2 Stocks	23,306,294	39,955,840	64,254,847
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	7,655,898	7,655,898
13.6 Miscellaneous applications	0	2,710,043	1,534,808
13.7 Total investments acquired (Lines 13.1 to 13.6)	214,892,723	677,736,221	960,071,920
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)	44,742,255	(96,636,294)	(168,075,368)
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.....	326,435	0	0
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	55,001,760	10,000,320	30,000,960
16.6 Other cash provided (applied).....	(14,600,098)	(6,469,885)	(209,387)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(69,275,423)	(16,470,205)	(30,210,347)
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)	10,677,793	9,721,333	(74,148,979)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	164,627,456	238,776,435	238,776,435
19.2 End of period (Line 18 plus Line 19.1)	175,305,249	248,497,768	164,627,456

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements have been prepared in accordance with statutory accounting practices ("SAP") prescribed or permitted by the Maryland Insurance Administration and the National Association of Insurance Commissioners ("NAIC"). Assured Guaranty Corp. (the "Company" or "AGC") is a Maryland domiciled company which commenced operations in January 1988 and provides insurance and reinsurance on financial guaranty exposures that are investment grade at inception. The Company is an indirect wholly-owned subsidiary of Assured Guaranty Ltd. ("AGL" and, together with its subsidiaries, "Assured Guaranty").

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

	Six Months Ended
	June 30, 2012
Net Income, Maryland Basis.....	<u>\$ 45,245,025</u>
Net Income, NAIC SAP.....	<u>\$ 45,245,025</u>
Statutory Surplus, Maryland Basis.....	<u>\$946,761,407</u>
Statutory Surplus, NAIC SAP.....	<u>\$946,761,407</u>

B. Use of Estimates in the Preparation of the Financial Statements.
There has been no change since the 2011 Annual Statement.

C. Accounting Policies

There has been no significant change since the 2011 Annual Statement except for the adoption of SSAP No. 101. See Note 2.

2. Accounting Changes and Corrections of errors

On November 6, 2011, the NAIC adopted SSAP No. 101, Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10, effective for reporting periods beginning on or after January 1, 2012. SSAP No. 101 provides for a six year realization period for financial guaranty companies if certain adjusted surplus limits are met which expands the one year realization period under SSAP No. 10. SSAP No. 101 also modified the applicable guidance for contingent tax liabilities as per SSAP No. 5R by applying a more likely than not threshold. The impact of adopting SSAP No. 101 on January 1, 2012, was to increase admitted deferred tax assets by \$32.6 million, tax liabilities by \$4.7 million and surplus to policyholders by \$27.9 million.

3. Business Combinations and Goodwill

There has been no change since the 2011 Annual Statement.

4. Discontinued Operations

There has been no change since the 2011 Annual Statement.

5. Investments

A, B, C, E, F, G - Not applicable

D. Loan-Backed Securities

- Prepayment assumptions for single class/multi-class asset backed and residential mortgage backed/commercial mortgage backed securities were obtained from publicly available sources and internal models.
- The following table summarizes by quarter other-than-temporary-impairments ("OTTI") for loan-backed securities recording during the year because the Company had either the intent to sell the securities or the inability or lack of intent to retain as cited in the table:

Description	Amortized Cost Before OTTI	OTTI	Fair Value
OTTI Recognized 1st Quarter			
a. Intent to sell	\$ -	\$ -	\$ -
b. Lack of intent to retain security	44,951,827	29,401,437	15,550,390
c. Total 1st Quarter	\$44,951,827	\$29,401,437	\$15,550,390
OTTI Recognized 2nd Quarter			
d. Intent to sell	\$ -	\$ -	\$ -
e. Lack of intent to retain security	-	-	-
f. Total 2nd Quarter	\$ -	\$ -	\$ -
g. Total Year To Date	\$44,951,827	\$29,401,437	\$15,550,390

- The following table summarizes other-than-temporary impairments recorded 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 OTTI	Present Value of Projected Cash Flow	OTTI	Amortized Cost After OTTI	Fair Value @ Time of OTTI	Date of Financial Statement Where Reported
88158A-AJ-1	\$ 2,111,838	\$ 2,034,102	\$ 77,736	\$ 2,034,102	\$ 664,084	3/31/2012
058521-AC-9	15,163,487	14,843,573	319,914	14,843,573	9,291,169	6/30/2012
TOTAL	<u>\$17,275,325</u>	<u>\$16,877,675</u>	<u>\$397,650</u>	<u>\$16,877,675</u>	<u>\$9,955,253</u>	

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

	Less than 12 months		12 Months or More		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Residential mortgage-backed securities	\$10,326,579	\$(1,106,102)	\$1,516,621	\$(3,532,028)	\$11,843,200	\$(4,638,130)
Other loan-backed securities	23,765,909	(7,550,315)	-	-	23,765,909	(7,550,315)
Total	<u>\$34,092,489</u>	<u>\$(8,656,417)</u>	<u>\$1,516,621</u>	<u>\$(3,532,028)</u>	<u>\$35,609,109</u>	<u>\$(12,188,445)</u>

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 June 30, 2012, 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.

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6. Joint Ventures, Partnerships and Limited Liability Companies

There has been no change since the 2011 Annual Statement.

7. Investment Income

There has been no change since the 2011 Annual Statement.

8. Derivative Instruments

There has been no change since the 2011 Annual Statement.

9. Income Taxes

On November 6, 2011, the NAIC adopted SSAP No. 101, Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10, effective for reporting periods beginning on or after January 1, 2012. SSAP No. 101 provides for a six year realization period for financial guaranty companies if certain adjusted surplus limits are met which expands the one year realization period under SSAP No. 10. SSAP No. 101 also modified the applicable guidance for contingent tax liabilities as per SSAP No. 5R by applying a more likely than not threshold. The impact of adopting SSAP No. 101 on January 1, 2012, was to increase admitted deferred tax assets by \$32.6 million, tax liabilities by \$4.7 million and surplus to policyholders by \$27.9 million.

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective January 1, 2012, AGC formed a new wholly-owned subsidiary AG PFC Holding LLC ("AGPFC"), a Delaware limited liability company which, in turn, entered into an Assignment and Assumption Agreement with AG Financial Products, Inc. ("AGFP") pursuant to which AGFP transferred its ownership and other interests held in AGFP Holding LLC to AGPFC, assigned certain rights to AGPFC and caused AGPFC to assume certain obligations of AGFP. The transferred ownership and assumed obligations relate to a film library securitization that AGC guarantees. The carrying value for this subsidiary is zero at June 30, 2012.

11. Debt

There has been no change since the 2011 Annual Statement.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

There has been no change since the 2011 Annual Statement.

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

There has been no significant change since the 2011 Annual Statement.

14. Contingencies

There have been no changes since the 2011 Annual Statement except as follows:

Proceedings Relating to the Company's Financial Guaranty Business

The Company receives subpoenas duces tecum and interrogatories from regulators from time to time. It has received additional inquiries during the second quarter of 2012 and is in the process of satisfying the request.

Recovery Litigation

RMBS Transactions

As of the date of this filing, the Company has an outstanding lawsuit on a second lien U.S. RMBS transaction that it had insured (SACO I Trust 2005-GP1) and another lawsuit on two first lien U.S. RMBS transactions that it had insured (Bear Stearns Asset Backed Securities I Trust 2005-AC5 and Bear Stearns Asset Backed Securities I Trust 2005-AC6). Both lawsuits are against JPMorgan Chase & Co.'s affiliate EMC Mortgage LLC, J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. The Company alleges breaches of R&W both in respect of the underlying loans in the transactions and the accuracy of the information provided to the Company, and failure to cure or repurchase defective loans identified by the Company to such persons. The Company seeks damages, including indemnity or reimbursement, for losses.

The lawsuit that the Company had brought against the affiliates of Deutsche Bank AG that the Company had described in the 2011 Annual Statement was dismissed in May 2012.

15. Leases

There has been no change since the 2011 Annual Statement.

16. Information about Financial Instruments with Off-Balance Sheet Risk, Financial Instruments with Concentrations of Credit

There has been no significant change since the 2011 Annual Statement.

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

There has been no change since the 2011 Annual Statement.

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 2011 Annual Statement.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

There has been no change since the 2011 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.

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 nothing to report on its asset and liability categorization within the fair value hierarchy at June 30, 2012. Two securities totaling \$15.6 million were carried at fair value at March 31, 2012, because no NAIC rating was available. These securities were carried at amortized cost at June 30, 2012, because they carried an NAIC designation.

NOTES TO FINANCIAL STATEMENTS

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 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 period:

Description:	Ending Balance as of Prior Qtr End	Transfer Into Level 3	Transfers Out of Level 3	Total Gains & Losses incl in Net Income	Total Gains & Loss incl in Surplus	Purchase	Issuance	Sales	Settlements	Ending Balance for Current Quarter
Other loan-backed and struct sec.	\$15,550,390	-	\$15,550,390	-	-	-	-	-	-	-
TOTAL	\$15,550,390	-	\$15,550,390	-	-	-	-	-	-	-

3. Policy on Transfers Into and Out of Level 3

Transfers between Levels 1, 2 and 3 are recognized at the beginning of the period when the transfer occurs. The Company reviews the classification between Levels 1, 2 and 3 quarterly to determine, based on the definitions provided, whether a transfer is necessary. There were no securities carried at fair value at June 30, 2012.

4. Inputs and Techniques Used for Level 2 and 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 data on comparable securities. Significant changes to any of these inputs could materially change the expected timing of cash flows within these securities which is a significant factor in determining the fair value of the securities.

5. Derivative Fair Values

The Company does not own derivatives at June 30, 2012.

- B. Other Fair Value Disclosures

Not applicable

- 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	\$2,622,829	\$2,458,535	\$ -	\$2,574,870	\$47,959
Common stocks	-	-	-	-	-
Cash equivalents and short-term investments	153,054	153,054	80,211	72,843	-
Other invested assets	<u>25,822</u>	<u>25,822</u>	<u>25,822</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$2,801,705</u>	<u>\$2,637,411</u>	<u>\$106,033</u>	<u>\$2,647,713</u>	<u>\$47,959</u>

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

21. Other Items

A, B, C, E, F. There has been no change since the 2011 Annual Statement.

D. As of June 30, 2012, the Company had uncollected premiums of \$34,115,674. Uncollected premiums more than 90 days past due were \$90,650.

G. Subprime Mortgage-Related Exposure

(1) through (3) Not applicable.

(4) Underwriting Exposure

Second Quarter-End 2012 U.S. RMBS Loss Projections

The Company retained the same general approach and methodology to projecting RMBS performance at June 30, 2012 as it did at March 31, 2012 and December 31, 2011. The approach combines using each transaction's observed data with the Company's estimate of how the transaction will ultimately perform based on the Company's view of the magnitude and timing of a recovery in the mortgage market. During the quarter the Company observed both positive and negative developments in the market. These developments were reflected by moderately lowering the initial conditional default rates ("CDR") which are a function of the observed delinquency data, and by adjusting the scenarios used to project the amount of time until the RMBS market stabilizes.

The scenarios the Company used to project first and second lien RMBS collateral losses at June 30, 2012 were essentially the same as those it used at March 31, 2012 and December 31, 2011, except that (i) based on its observation of the continued elevated levels of early stage delinquencies, the Company updated its projections to reflect a slower recovery in its base cases and (ii) the Company reduced the time until the market stabilizes in its most optimistic case by three months, so it assumed that the recovery projected last quarter was occurring at the expected pace and (iii) the Company adjusted its most pessimistic case, where it assumed the recovery would happen six months more slowly than what was assumed last quarter.

The Company also used generally the same methodology and assumptions to project the credit received for recoveries in R&W at June 30, 2012 as March 31, 2012 and December 31, 2011. The primary differences relate to a change in assumption regarding the likelihood and amount of recovery from certain R&W providers.

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 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 Company has material exposure to second lien mortgage loans originated and serviced by a number of parties, but the Company's most significant second lien exposure is to HELOCs originated and serviced by Countrywide, a subsidiary of Bank of America. See "—Breaches of Representations and Warranties."

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 key assumptions used in the calculation of loss reserves for 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 June 30, 2012	As of December 31, 2011
Plateau CDR.....	7.7 – 13.4%	6.3 – 17.9%
Final CDR trended down to.....	0.5 – 2.2%	0.5 – 2.2%
Expected period until final CDR.....	36 months.	36 months
Initial CPR.....	3.2 – 13.5%	3.5 – 24.6%
Final CPR.....	10%.....	10%
Loss severity.....	98%.....	98%
Initial draw rate.....	0.0 – 0.1%.....	0.0 – 0.4%
Closed-end second lien key assumptions	As of June 30, 2012	As of December 31, 2011
Plateau CDR.....	4.3 – 20.7%	6.9 – 24.8%
Final CDR trended down to.....	3.5 – 9.1%	3.5 – 9.2%
Expected period until final CDR.....	36 months.	36 months
Initial CPR.....	1.1 – 11.0%	0.9 – 14.7%
Final CPR.....	10%.....	10%
Loss severity.....	98%.....	98%

(1) Represents assumptions 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. An average of the third, fourth and fifth month CDRs is then used as the basis for the plateau period that follows the embedded five months of losses.

As of June 30, 2012, 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,

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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 March 31, 2012 and December 31, 2011. The long-term steady state CDRs are calculated as the constant CDRs 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 March 31, 2012 and December 31, 2011.

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 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 is consistent with how the Company modeled the CPR at March 31, 2012 and December 31, 2011. 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 range from 0.0% to 0.1%.

In estimating loss reserves, 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.

At June 30, 2012, 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 same as March 31, 2012 and December 31, 2011. 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 March 31, 2012 and December 31, 2011, but in each case changed the length of the ramp-downs by three months (and so the length of elevated defaults) in order to reflect both positive and negative developments observed by the Company in the market. Increasing the CDR plateau to four months and increasing the ramp-down by three months to 33 months (rather than 30 months at March 31, 2012 and December 31, 2011, for a total stress period of 42 months rather than 39 months as at March 31, 2012 and December 31, 2011) would increase the loss reserves by approximately \$9.8 million for HELOC transactions and \$0.8 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 a 21 months (rather than 24 months as at March 31, 2012 and December 31, 2011, for a total stress period of 33 months rather than 30 months as at March 31, 2012 and December 31, 2011) would decrease the loss reserves by approximately \$8.6 million for HELOC transactions and \$0.9 million for closed-end second lien transactions.

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 is 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 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 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 projects these liquidations to occur over two years. The Company used the same liquidation rates for June 30, 2012 as it did for March 31, 2012 and December 31, 2011. The following table shows liquidation assumptions for various delinquency categories.

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First Lien Liquidation Rates

	As of June 30, 2012	As of December 31, 2011
30 – 59 Days Delinquent		
Alt A and Prime.....	35%	35%
Option ARM.....	50	50
Subprime.....	30	30
60 – 89 Days Delinquent		
Alt A and Prime.....	55	55
Option ARM.....	65	65
Subprime.....	45	45
90+ Days Delinquent		
Alt A and Prime.....	65	65
Option ARM.....	75	75
Subprime.....	60	60
Bankruptcy		
Alt A and Prime.....	55	55
Option ARM.....	70	70
Subprime.....	50	50
Foreclosure		
Alt A and Prime.....	85	85
Option ARM.....	85	85
Subprime.....	80	80
Real Estate Owned (REO)		
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, 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.

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 June 30, 2012 were the same as it used for March 31, 2012 and December 31, 2011. The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning in June 2013, and in the base case scenario, decline over two years to 40%.

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

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

	As of June 30, 2012	As of December 31, 2011
Alt-A First Lien		
Plateau CDR.....	3.3% – 22.1%	2.8% – 21.7%
Intermediate CDR.....	0.7% – 4.4%	0.6% – 9.3%
Final CDR.....	0.2% – 1.1%	0.1% – 1.1%
Initial loss severity.....	65%	65%
Initial CPR.....	0.4% – 27.1%	1.1% – 37.5%
Final CPR.....	15%	15%
Option ARM		
Plateau CDR.....	8.2% – 26.5%	9.6% – 26.4%
Intermediate CDR.....	1.6% – 5.3%	1.9% – 5.3%
Final CDR.....	0.4% – 1.3%	0.5% – 1.3%
Initial loss severity.....	65%	65%
Initial CPR.....	0.0% – 9.9%	0.0% – 29.1%
Final CPR.....	15%	15%
Subprime		
Plateau CDR.....	7.2% – 24.0%	8.4% – 25.4%
Intermediate CDR.....	1.4% – 4.8%	1.7% – 5.1%
Final CDR.....	0.4% – 1.2%	0.4% – 1.3%
Initial loss severity.....	90%	90%
Initial CPR.....	0.0% – 8.8%	0.0% – 16.3%
Final CPR.....	15%	15%

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 CDR, the loss severity and the loan balance over time) as well as the amount of excess spread (the amount by which the interest paid by the borrowers on the underlying loan exceeds the amount of interest owed on the insured obligations). The assumption for the CPR follows a similar pattern to that of the CDR. The current level of voluntary prepayments is assumed to continue for the plateau period before gradually increasing over 12 months to the final CPR, which is assumed to be 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.

The ultimate performance of the Company's first lien RMBS transactions remains highly uncertain and may be subject to considerable volatility due to the influence of many factors, including the level and timing of loan defaults, changes in housing prices and other variables. The Company will continue to monitor the performance of its RMBS exposures and will adjust the loss projections for those transactions based on actual performance and management's estimates of future performance.

NOTES TO FINANCIAL STATEMENTS

In estimating loss reserves, the Company modeled and probability weighted sensitivities for first lien transactions by varying its assumptions of how fast a recovery is expected to occur. One of the variables used to model sensitivities was how quickly the CDR returned to its modeled equilibrium, which was defined as 5% of the current CDR. The Company also stressed CPRs and the speed of recovery of loss severity rates. The Company probability weighted a total of five scenarios (including its base case) at June 30, 2012, the same number of scenarios as March 31, 2012 and December 31, 2011. For June 30, 2012 the Company assumed in the most stressful scenario that the recovery would occur three months more slowly and in the most optimistic scenario that it would occur three months more quickly than it had for March 31, 2012 and December 31, 2011, but otherwise used the same scenarios and weightings for June 30, 2012 as March 31, 2012 and December 31, 2011. In a somewhat more stressful environment than that of the base case, where the CDR plateau was extended three months (to be 27 months long) before the same more gradual CDR 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%), loss reserves would increase from current projections by approximately \$46.0 million for Alt-A first liens, \$5.9 million for Option ARM, \$16.9 million for subprime and \$1.8 million for prime transactions. In an even more stressful scenario where Alt-A and Option ARM loss severities were assumed to rise, the recovery in all first lien sectors occurs over eight years, the initial ramp-down of the CDR was assumed to occur over 15 months (rather than 12 months as at March 31, 2012 and December 31, 2011) and other assumptions were the same as the other stress scenario, loss reserves would increase from current projections by approximately \$130.4 million for Alt-A first liens, \$22.9 million for Option ARM, \$27.9 million for subprime and \$9.6 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 CDR 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 \$6.4 million for Alt-A first lien, \$1.3 million for Option ARM, \$5.7 million for subprime and \$.3 million for prime transactions. In an even less stressful scenario where the CDR plateau was three months shorter (21 months, effectively assuming that liquidation rates would improve) and the CDR recovery was more pronounced, (including an initial ramp-down of the CDR over nine months rather than 12 months as at March 31, 2012 and December 31, 2011), loss reserves would decrease from current projections by approximately \$34.0 million for Alt-A first lien, \$7.2 million for Option ARM, \$15.6 million for subprime and \$1.2 million for prime transactions.

Breaches of Representations and Warranties

The Company is pursuing reimbursements for breaches of R&W regarding loan characteristics. Performance of the collateral underlying certain first and second lien securitizations has substantially differed from the Company's original expectations. The Company has employed several loan file diligence firms and law firms as well as devoted internal resources to review the mortgage files surrounding many of the defaulted loans. The Company's success in these efforts has resulted in three negotiated agreements, in respect of the Company's R&W claims, including one on April 14, 2011 with Bank of America and one on May 8, 2012 with Deutsche Bank AG.

The Company has included in its net loss reserves as of June 30, 2012 an estimated benefit from loan repurchases related to breaches of R&W of \$303.9 million, which includes \$173.6 million from Bank of America and Deutsche Bank AG under their respective agreements and \$130.3 million in transactions where the Company does not yet have such an agreement. Proceeds projected to be reimbursed to the Company on 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. These amounts reflect payments made pursuant to the negotiated transaction agreements and not payments made pursuant to legal settlements. 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 13,136 second lien and 795 first lien loan files (representing approximately \$967 million and \$313 million, respectively, of loans) in financial guaranty transactions as to which it eventually reached agreements, including the agreements with Bank of America and Deutsche Bank. For the RMBS transactions as to which the Company had not settled its claims for breaches of R&W as of June 30, 2012, the Company had performed a detailed review of approximately 906 second lien and 3,340 first lien loan files, representing approximately \$62 million in second lien and \$770 million 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 June 30, 2012 the Company has caused entities providing R&Ws to pay or agree to pay approximately \$604.3 million in respect of their R&W liabilities for transactions in which the Company has provided a financial guaranty. Of this, \$465.4 million are payments made or to be made directly to the Company pursuant to agreements with R&W providers (e.g. the Bank of America Agreement and Deutsche Bank Agreement) and approximately \$138.9 million are amounts paid (or committed to be paid) into the relevant RMBS financial guaranty transactions pursuant to the transaction documents.

The \$465.4 million of payments made or to be made directly to the Company by R&W providers under agreements with the Company includes \$291.8 million that has already been received by the Company, as well as \$173.6 million the Company projects receiving in the future pursuant to such currently existing agreements. Because most of that \$173.6 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 \$138.9 million paid, or committed to be paid, by R&W providers into the relevant RMBS transactions pursuant to the transaction documents flow through the transaction "waterfalls." 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 calculation of expected recovery from breaches of 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. The Company did not include any recoveries related to breaches of R&W in amounts greater than the losses it paid or expected to pay under any given cash flow scenario. These scenarios were probability weighted in order to determine the recovery incorporated into the Company's estimate of loss reserves. This approach was used for both loans that had already defaulted and those assumed to default in the future.

The Company assumes that recoveries on transactions backed by HELOC and closed-end second lien loans that were not subject to the Bank of America Agreement or Deutsche Bank Agreement 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. Recoveries on second lien transactions subject to the Bank of America Agreement were paid in full by March 31, 2012.

As of June 30, 2012, cumulative collateral losses on Assured Guaranty's 21 first lien RMBS transactions (of which nine are insured by AGC) subject to a comprehensive agreement with Bank of America Corporation and its subsidiaries, including Countrywide Financial Corporation and its subsidiaries (collectively, "Bank of America") (the "Bank of America Agreement"), were approximately \$2.6 billion (\$0.2 billion related to AGC). Assured Guaranty estimates that cumulative projected collateral losses for these 21 first lien transactions will be \$5.2 billion (\$0.5 billion related to AGC). The Bank of America Agreement covers cumulative collateral losses up to \$6.6 billion for all these transactions. Bank of America had placed approximately \$1.0 billion of eligible assets in trust in order to collateralize the reimbursement obligation relating to these transactions. The amount of assets required to be posted may increase or decrease from time to time as determined by rating agency requirements. Based on Assured Guaranty's assumptions, Assured Guaranty projects a recovery of approximately \$442.4 million (\$88.5 million from AGC) from Bank of America under the Bank of America Agreement.

On May 8, 2012, Assured Guaranty reached a settlement with Deutsche Bank, resolving claims related to certain RMBS transactions issued, underwritten or sponsored by Deutsche Bank that were insured by Assured Guaranty under financial guaranty insurance policies.

Assured Guaranty received a cash payment of \$165.6 million from Deutsche Bank upon signing of the Deutsche Bank Agreement, a portion of which partially reimbursed Assured Guaranty for past losses on certain transactions. Assured Guaranty and Deutsche Bank also entered into loss sharing arrangements covering future RMBS related losses, which are described below. Under the Deutsche Bank Agreement, Deutsche

NOTES TO FINANCIAL STATEMENTS

Bank AG placed approximately \$282.7 million of eligible assets in trust in order to collateralize the obligations of a reinsurance affiliate under the loss-sharing arrangements, and the Deutsche Bank reinsurance affiliate may post additional collateral in the future to satisfy rating agency requirements.

The settlement includes eight RMBS transactions ("Covered Transactions") that Assured Guaranty has insured through financial guaranty insurance policies, of which two are insured by AGC. The Covered Transactions are backed by first lien and second lien mortgage loans. Under the Deutsche Bank Agreement, the Deutsche Bank reinsurance affiliate will reimburse 80% of Assured Guaranty's future losses on the Covered Transactions until Assured Guaranty's aggregate losses (including those to date that are partially reimbursed by the \$165.6 million cash payment) reach \$318.8 million. Assured Guaranty currently projects that the Covered Transactions will not generate aggregate losses in excess of \$318.8 million. In the event aggregate losses exceed \$388.8 million, the Deutsche Bank reinsurance affiliate is required to resume reimbursement at the rate of 85% of Assured Guaranty's losses in excess of \$388.8 million until such losses reach \$600.0 million. The Covered Transactions represented \$104.2 million of the Company's gross par outstanding as of June 30, 2012.

Certain uninsured tranches ("Uninsured Tranches") of three of the Covered Transactions are included as collateral in RMBS re-securitization transactions. Under the Deutsche Bank Agreement, the Deutsche Bank reinsurance affiliate will reimburse losses in an amount equal to 60% of losses in these Uninsured Tranches until the aggregate losses in the Uninsured Tranches reach \$141.1 million. Assured Guaranty currently projects that the Uninsured Tranches will not generate losses in excess of \$141.1 million. In the event aggregate losses exceed \$161.1 million, reimbursement resumes at the rate of 60% until the aggregate losses reach \$185.1 million. The Deutsche Bank reinsurance affiliate is required to reimburse any losses in excess of \$185.1 million at the rate of 100% until the aggregate losses reach \$247.8 million. The Uninsured Tranches represent \$329.3 million of gross par outstanding as of June 30, 2012.

Trust Preferred Securities Collateralized Debt Obligations

The Company has insured or reinsured \$4.4 billion of net par of collateralized debt obligations ("CDOs") backed by TruPS and similar debt instruments, or "TruPS CDOs." Of that amount, \$2.4 million is rated below investment grade ("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 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 June 30, 2012, the Company has loss reserves for TruPS CDOs \$17.0 million.

"XXX" Life Insurance Transactions

The Company's \$525.9 million net par of XXX life insurance transactions, as of June 1, 2012, include \$208.1 million rated 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 June 30, 2012, the Company's net loss reserves is \$9.5 million. The decrease in incurred of \$4.0 million during the first six months of 2012 is due to the Company's repurchase of some of its insured obligations offset by a small increase in the projected losses on the underlying assets.

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, due to the early stage 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 Company has net exposure to Jefferson County, Alabama of \$183.6 million. On November 9, 2011, Jefferson County filed for bankruptcy under Chapter 9 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of Alabama (Southern Division). Most of AGC's exposure relates to \$183.0 million in Jefferson County 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 net revenues of the sewer system are not subject to an 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 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. The court did not rule on whether actual incurred legal and professional fees constituted Operating Expenses that could be paid prior to debt service and Jefferson County filed a motion in July 2012 to clarify this point. Whether sufficient net revenues will be made 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 \$6 million to warrants that are payable from Jefferson County's general fund. During the past quarter, the 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 26, 2012, the City of Stockton filed for bankruptcy under Chapter 9 of the U.S. Bankruptcy Code due to drains on the general fund and projected deficits. The Company's net exposure to Stockton's general fund is \$34.3 million, consisting of a lease obligation bond. As of June 30, 2012 the Company has paid \$0.4 million in net claims.

The Company has \$8.4 million of net par exposure to The City of Harrisburg, Pennsylvania, all of which is BIG. The Company has paid \$0.6 million in net claims to date, and expects a full recovery.

The Company has net loss reserves from troubled U.S. public finance credits of \$21.3 million as of June 30, 2012, down from \$26.9 million as of March 31, 2012. This decrease was due primarily to a change in the London Interbank Offer Rate used to model the Company's troubled municipal exposure which was partially offset by the establishment of a loss reserve for the Company's exposure to Stockton and other credits. During the quarter, the City of Stockton filed for bankruptcy, causing the Company to establish a loss reserve for exposure it has in connection with a lease obligation of the city which it insured.

The following summarizes U.S. subprime loss activity:

- a. The aggregate amount of U.S. subprime related net losses paid in the first six months of 2012 were \$2,831,031;
- b. The aggregate amount of U.S. subprime related net losses incurred in the first six months of 2012 was \$3,790,527;
- c. The aggregate amount of U.S. subprime related net case reserves at the end of the current reporting period were \$57,847,366, and
- d. The Company does not establish IBNR reserves.

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

Subsequent events have been considered through August 14, 2012 for these statutory financial statements which are to be issued August 14, 2012. There were no material events occurring subsequent to June 30, 2012 that have not already been disclosed in these notes to the financial statements.

23. Reinsurance

Reinsurance Assumed and Ceded

The following table summarizes ceded and assumed unearned premiums and the related commission equity at June 30, 2012.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
Affiliates	\$ 20,570,117	\$8,228,047	\$287,491,104	\$79,182,824	\$(266,920,987)	\$(70,954,777)
Non Affiliates	126,199,070	29,394,217	15,115,275	2,337,594	111,083,795	27,056,623
Total	\$146,769,187	\$37,622,264	\$302,606,379	\$81,520,418	\$(155,837,192)	\$(43,898,154)

Direct Unearned Premium Reserve \$959,973,840

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

There has been no change since the 2011 Annual Statement.

25. Changes in Incurred Losses and Loss Adjustment Expenses ("LAE")

Incurred losses and LAE attributable to insured events of prior years were \$13,056,719 for the first six months of 2012. 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 2011 Annual Statement.

27. Structured Settlements

There has been no change since the 2011 Annual Statement.

28. Health Care Receivables

There has been no change since the 2011 Annual Statement.

29. Participating Policies

There has been no change since the 2011 Annual Statement.

30. Premium Deficiency Reserves

There has been no change since the 2011 Annual Statement.

31. High Deductibles

There has been no change since the 2011 Annual Statement.

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

The net loss and LAE reserves of \$353,288,707 are discounted at a rate of 5.0%, the approximate taxable equivalent yield on the Company's investment portfolio, amounting to a total discount taken of \$152,790,362.

33. Asbestos/Environmental Reserves

There has been no change since the 2011 Annual Statement.

34. Subscriber savings Accounts

There has been no change since the 2011 Annual Statement.

35. Multiple Peril Crop Insurance

There has been no change since the 2011 Annual Statement.

36. Financial Guaranty Insurance

A. There has been no significant change since the 2011 Annual Statement.

B. Schedule of insured financial obligations as of June 30, 2012:

Dollars in thousands

	Surveillance Categories			Total
	BIG 1	BIG 2	BIG 3	
Number of risks	117	78	68	263
Remaining weighted-average contract period (in years)	13.5	6.3	12.3	11.3
Insured contractual payments outstanding:				
Principal	\$4,505,994	\$2,925,147	\$4,357,659	\$11,788,800
Interest	1,431,790	258,551	1,025,144	2,715,486
Total	<u>\$5,937,784</u>	<u>\$3,183,698</u>	<u>\$5,382,803</u>	<u>\$14,504,286</u>
Gross claim liability	\$6,105	\$534,028	\$1,403,835	\$1,943,968
Less: Gross potential recoveries - subrogation	2,618	289,216	839,446	1,131,280
Ceded claim liability	(149)	40,882	265,876	306,609
Discount, net	<u>(2,866)</u>	<u>65,469</u>	<u>90,187</u>	<u>152,790</u>
Net liability reported in the balance sheet	<u>\$6,502</u>	<u>\$138,461</u>	<u>\$ 208,326</u>	<u>\$ 353,289</u>
Reinsurance recoverables	\$600	\$132	\$13,548	\$14,280
Unearned premium reserve	\$20,593	\$4,930	\$15,399	\$40,922

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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 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: \$1,040,600

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	\$122,347,875	\$123,935,616
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).....	\$122,347,875	\$123,935,616
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. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

16.1 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.....

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

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

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

16.5 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 Management, Inc.....	76 Batterson Park Road, Farmington, CT 06032.....
106-595.....	Wellington Management Company LLP.....	75 State Street, Boston, MA 02109.....

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

STATEMENT AS OF JUNE 30, 2012 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	105,636	195,931		.0	.0
2. Alaska	AK	L		.0		.0	.0
3. Arizona	AZ	L		.0		.0	.0
4. Arkansas	AR	L	436,847	530,959	(43,994,064)	4,983,568	(11,018,762)
5. California	CA	L	163,040	237,148	414,160	.0	8,494,217
6. Colorado	CO	L		.0		.0	.0
7. Connecticut	CT	L		1,187,500		.0	.0
8. Delaware	DE	L	1,620,039	479,146	(26,954,114)	18,186,285	6,278,213
9. District of Columbia	DC	L		.0		.0	.0
10. Florida	FL	L		185,845		.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	885,829	2,172,272		.0	820,848
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	.0
19. Louisiana	LA	L		.0		.0	.0
20. Maine	ME	L	256,373	272,054		.0	.0
21. Maryland	MD	L	1,843,362	3,453,461		.510,239	924,585
22. Massachusetts	MA	L	219,423	247,385	145,691	.0	4,693,643
23. Michigan	MI	L		.0		.0	.0
24. Minnesota	MN	L	2,516,862	1,973,790		.0	.0
25. Mississippi	MS	L		27,495		.0	.0
26. Missouri	MO	L		.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	191,744	275,626		.0	.0
32. New Mexico	NM	L		.0		.0	.0
33. New York	NY	L	41,698,334	55,331,929	88,901,596	(117,029,252)	376,683,786
34. North Carolina	NC	L	92,618	182,999		.0	.0
35. North Dakota	ND	L		.0		.0	.0
36. Ohio	OH	L		69,298		.0	.0
37. Oklahoma	OK	L		.0		.0	.0
38. Oregon	OR	L	11,491	.0		.0	.0
39. Pennsylvania	PA	L		77,855		.0	.0
40. Rhode Island	RI	L		.0		.0	.0
41. South Carolina	SC	L		.0		.0	.0
42. South Dakota	SD	L		.0		.0	.0
43. Tennessee	TN	L		.0		.0	.0
44. Texas	TX	L	175,261	580,858		.0	.0
45. Utah	UT	L		.0		.0	.0
46. Vermont	VT	L	509,833	509,833		.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	CN	N		.0		.0	.0
58. Aggregate Other Alien	OT	XXX	.0	.0	.0	.0	.0
59. Totals	(a) 52		50,726,692	67,991,384	18,513,269	(93,349,160)	386,876,530
DETAILS OF WRITE-INS							
5801.		XXX					
5802.		XXX					
5803.		XXX					
5898. Summary of remaining write-ins for Line 58 from overflow page.		XXX	.0	.0	.0	.0	.0
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	0	0	0	0	0

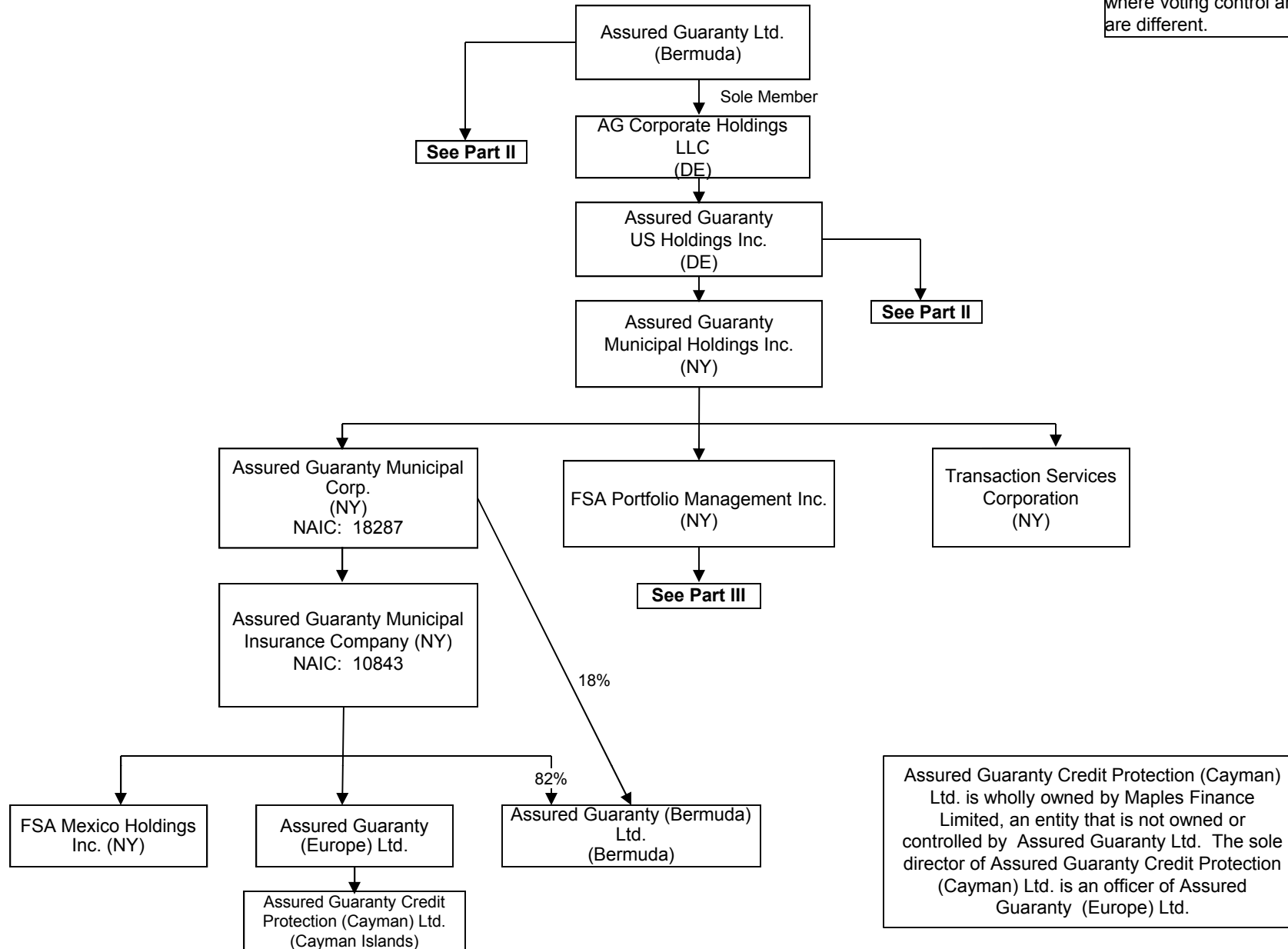
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

Amended
06/30/2012

ORGANIZATIONAL CHART OF
ASSURED GUARANTY LTD.
Part I

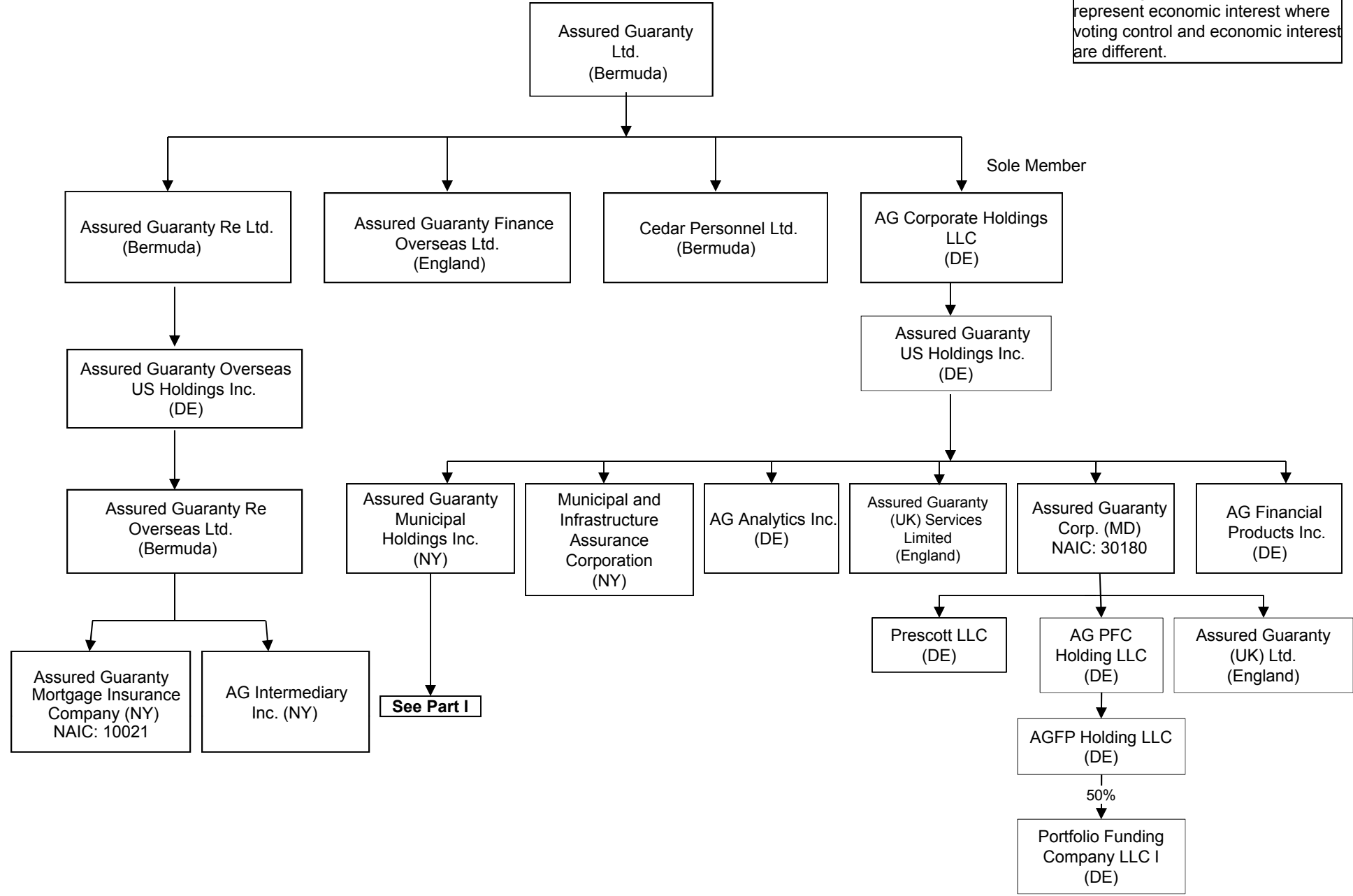
Notes: Unless otherwise indicated by percentage ownership or other relationship, the ownership interest is 100%. Percentages shown represent voting control, except that percentages in parentheses represent economic interest where voting control and economic interest are different.



Assured Guaranty Credit Protection (Cayman) Ltd. is wholly owned by Maples Finance 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 (Europe) Ltd.

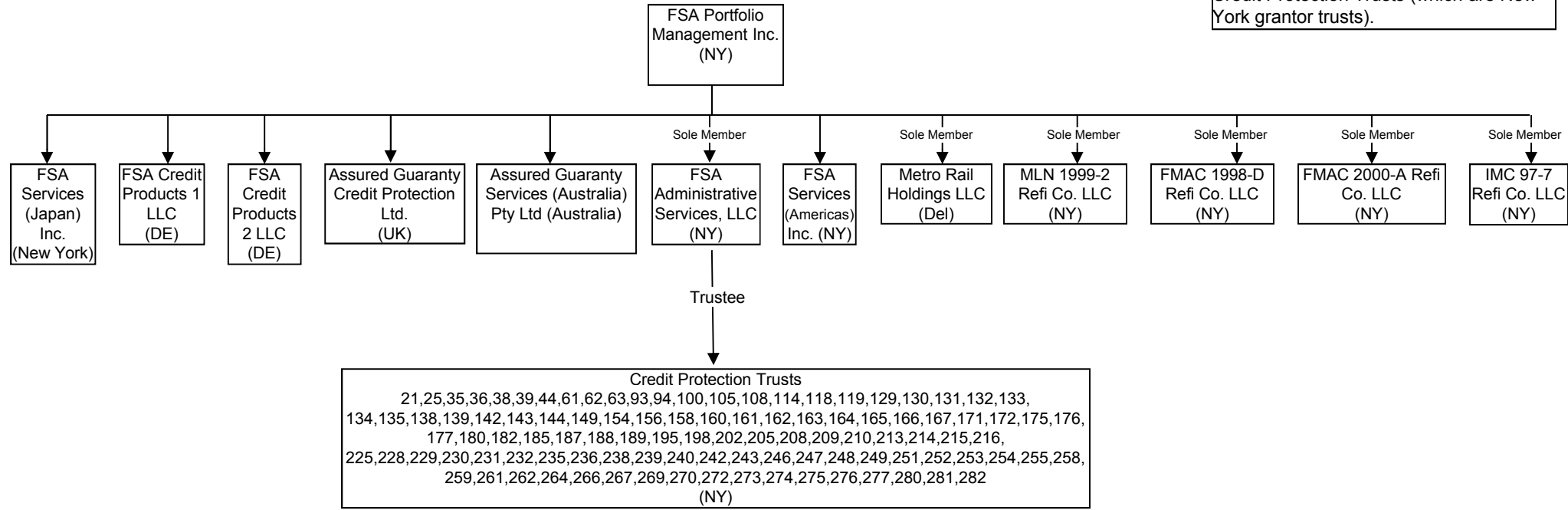
ORGANIZATIONAL CHART OF
ASSURED GUARANTY LTD.
Part II

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.



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

Notes: Unless otherwise indicated by percentage ownership or other relationship, 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 JUNE 30, 2012 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				0001273813	NYSE	Assured Guaranty Ltd	BM	UDP				Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						AG Corporate Holdings LLC	DE	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd				0001289244		Assured Guaranty US Holdings Inc	DE	DS	AG Corporate Holdings LLC	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd	01945			0000913357		Assured Guaranty Municipal Holdings Inc	NY	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd	18287	13-3250292				Assured Guaranty Municipal Corp	NY	DS	Assured Guaranty Municipal Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FSA Portfolio Management Inc	NY	DS	Assured Guaranty Municipal Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Transaction Services Corporation	NY	DS	Assured Guaranty Municipal Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd	10843	13-3954813				Assured Guaranty Municipal Insurance Co	NY	DS	Assured Guaranty Municipal Corp	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FSA Mexico Holdings Inc	NY	DS	Assured Guaranty Municipal Insurance Co	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Assured Guaranty (Bermuda) Ltd	BM	DS	Assured Guaranty Municipal Insurance Co	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Assured Guaranty (Europe) Ltd	GB	DS	Assured Guaranty Municipal Insurance Co	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		AA-3190809				Assured Guaranty Credit Protection (Cayman) Ltd (Cayman Islands)	CI	DS	Assured Guaranty (Europe) Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		AA-3190809				Assured Guaranty Re Ltd	BM	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Assured Guaranty Finance Overseas Ltd	GB	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		AA-3190538				Assured Guaranty Overseas US Holdings Inc	DE	DS	Assured Guaranty Re Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		AA-3190538				Assured Guaranty Re Overseas Ltd	BM	DS	Assured Guaranty Re Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		06-1384770				Assured Guaranty Mortgage Insurance Company	NY	DS	Assured Guaranty Re Overseas Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						AG Intermediary Inc	NY	DS	Assured Guaranty Re Overseas Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		AA-1120078				Cedar Personnel Ltd. (Bermuda)	BM	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						AG Corporate Holdings LLC (DE)	DE	DS	Assured Guaranty Ltd	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Assured Guaranty US Holdings Inc	DE	DS	AG Corporate Holdings LLC	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Assured Guaranty Municipal Holdings Inc	NY	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd	13559	26-2999764				Municipal and Infrastructure Assurance Corporation	NY	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						AG Analytics Inc	DE	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	

STATEMENT AS OF JUNE 30, 2012 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						Assured Guaranty (UK) Services Limited	GB	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd	30180	52-1533088				Assured Guaranty Corp	MD	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						AG Financial Products Inc	DE	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Prescott LLC	DE	DS	Assured Guranty Corp	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		AA-1120078				Assured Guaranty (UK) Ltd	GB	DS	Assured Guaranty Corp	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						AG PFC Holding LLC	DE	DS	AG PFC Holding LLC	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Portfolio Funding Company LLC	DE	DS	AG PFC Holding LLC	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FSA Services (Japan) Inc	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FSA Credit Products 1 LLC	DE	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FSA Credit Products 2 LLC	DE	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Assured Guaranty Credit Protection Ltd	GB	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FSA Administrative Services, LLC	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FSA Servies (Americas) Inc	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						Metro Rail HoldingsLLC	DE	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						MLN 1992-2 Refi Co. LLC	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FMAC 1998-D Refi Co. LLC	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FMAC 1998-D Refi Co. LLC	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						FMAC 2000-A Refi Co. LLC	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						IMC 97-7 Refi Co. LLC	NY	DS	FSA Portfolio Management Inc	Ownership	100.0	Assured Guaranty Ltd	

12.1

Asterisk	Explanation
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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	79,798,243	28,577,205	35.8	(13.0)
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	79,798,243	28,577,205	35.8	(13.0)
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	24,171,154	50,726,692	67,991,382
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	24,171,154	50,726,692	67,991,382
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 JUNE 30, 2012 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)	2012 Loss and LAE Payments on Claims Reported as of Prior Year-End	2012 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2012 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. 2009 + Prior	330,773		330,773	9,929		9,929	315,170			315,170	(5,674)	0	(5,674)
2. 2010	6,128		6,128	317		317	15,381			15,381	9,569	0	9,569
3. Subtotals 2010 + prior	336,901	0	336,901	10,246	0	10,246	330,551	0	0	330,551	3,896	0	3,896
4. 2011	7,856		7,856	1,238		1,238	15,780			15,780	9,161	0	9,161
5. Subtotals 2011 + prior	344,758	0	344,758	11,484	0	11,484	346,330	0	0	346,330	13,057	0	13,057
6. 2012	XXX	XXX	XXX	XXX	945	945	XXX	6,958		6,958	XXX	XXX	XXX
7. Totals	344,758	0	344,758	11,484	945	12,429	346,330	6,958	0	353,289	13,057	0	13,057
8. Prior Year-End Surplus As Regards Policy-holders	1,021,499										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. 3.8	2. 0.0	3. 3.8
													Col. 13, Line 7 Line 8
													4. 1.3

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

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. Prepaid Expenses.....	538,811	538,811	0	0
2505.			0	0
2506.			0	0
2507.			0	0
2597. Summary of remaining write-ins for Line 25 from Page 02	538,811	538,811	0	0

PQ003 Additional Aggregate Lines for Page 03 Line 25.

*LIAB

	1	2
	Current Statement Date	December 31, Prior Year
2504. Miscellaneous liability.....	1,198,045	3,344,821
2505.		
2597. Summary of remaining write-ins for Line 25 from Page 03	1,198,045	3,344,821

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	2,738,541	2,859,967
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	60,713	121,426
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	2,677,828	2,738,541
10. Deduct total nonadmitted amounts	2,677,828	2,738,541
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	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	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	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	38,322,527	43,413,528
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	7,655,898
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	903	12,746,899
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	38,321,624	38,322,527
12. Deduct total nonadmitted amounts	12,500,000	12,500,000
13. Statement value at end of current period (Line 11 minus Line 12)	25,821,624	25,822,527

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	2,649,063,159	2,483,155,371
2. Cost of bonds and stocks acquired	203,968,331	950,881,214
3. Accrual of discount	3,411,800	9,030,380
4. Unrealized valuation increase (decrease)	1,587,741	405,477
5. Total gain (loss) on disposals	2,858,080	4,280,049
6. Deduct consideration for bonds and stocks disposed of	241,780,637	779,248,038
7. Deduct amortization of premium	6,838,303	15,495,349
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	29,799,087	3,945,945
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	2,582,471,084	2,649,063,159
11. Deduct total nonadmitted amounts	1,546,312	0
12. Statement value at end of current period (Line 10 minus Line 11)	2,580,924,772	2,649,063,159

STATEMENT AS OF JUNE 30, 2012 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).....	2,564,233,239	245,271,390	226,132,300	(2,139,114)	2,564,233,239	2,581,233,215	0	2,633,906,210
2. Class 2 (a).....	10,865,604			(6,939)	10,865,604	10,858,665	0	30,924,293
3. Class 3 (a).....	19,696,567		163,417	(36,055)	19,696,567	19,497,095	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	2,594,795,410	245,271,390	226,295,717	(2,182,108)	2,594,795,410	2,611,588,975	0	2,664,830,503
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	2,594,795,410	245,271,390	226,295,717	(2,182,108)	2,594,795,410	2,611,588,975	0	2,664,830,503

(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 \$54,093,679 ; 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	101,453,787	XXX	101,420,843	845	

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.....	94,638,061	97,257,705
2. Cost of short-term investments acquired	125,854,877	137,956,098
3. Accrual of discount	35,969	37,546
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals	19	1,014
6. Deduct consideration received on disposals	119,075,139	140,605,039
7. Deduct amortization of premium.....		9,263
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).....	101,453,787	94,638,061
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	101,453,787	94,638,061

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.....	47,481,441	125,432,915
2. Cost of cash equivalents acquired	10,746,041	469,436,355
3. Accrual of discount		22,315
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals.....		595
6. Deduct consideration received on disposals	6,627,760	547,410,739
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)	51,599,722	47,481,441
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	51,599,722	47,481,441

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 JUNE 30, 2012 OF THE ASSURED GUARANTY CORP.

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828-KN-9	UNITED STATES TREAS NTS		04/20/2012	BARCLAYS CAPITAL		29,743,893	28,825,000	259,841	1
912828-SU-5	US TREASURY N/B		05/15/2012	JEFFRIES		6,677,253	6,700,000		1FE
912828-SV-3	US Treasury N/B		05/15/2012	Added by SunGard		13,275,582	13,300,000	632	1FE
0599999 - Bonds - U.S. Governments						49,696,728	48,825,000	260,473	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
797272-LU-3	CA San Diego CDD GO C22 S12		04/05/2012	WACHOVIA SECURITIES INC.		8,719,725	7,500,000	19,792	1FE
438670-YJ-4	HI Honolulu GO C21 S11A		04/11/2012	Goldman Sachs		6,786,455	5,735,000	200,725	1FE
704879-Z8-1	TX Pearland SD GO C21 S12		04/23/2012	Merrill Lynch		8,219,039	7,025,000	6,830	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						23,725,219	20,260,000	227,347	XXX
Bonds - U.S. Special Revenue									
04048R-GG-5	ARIZONA ST BRD OF RGTS UNIV SY		04/04/2012	Added by SunGard		1,403,663	1,250,000		1FE
04048R-GS-9	ARIZONA ST BRD OF RGTS UNIV SY		04/04/2012	Added by SunGard		1,396,863	1,250,000		1FE
130795-5E-3	CA Stwd CDA C22 S12A		04/05/2012	CITIGROUP GLOBAL MARKETS		1,356,953	1,300,000		1FE
162033-GW-8	GA Chatham Co Hosp C22 S12A		05/18/2012	WACHOVIA SECURITIES INC.		10,481,655	9,070,000		1FE
591745-L8-5	GA MARTA C22 S12A		06/05/2012	WACHOVIA SECURITIES INC.		7,727,590	6,500,000	12,639	1FE
167736-ZJ-9	IL Chicago Wtr C22 S12		05/11/2012	SIEBURT, BRANDFORD, SHANK		4,670,320	4,000,000		1FE
45203H-GJ-5	ILLINOIS ST FIN AUTH REVENUE		04/19/2012	Morgan Stanley Co.		3,378,184	2,985,000		1FE
544525-QE-1	LOS ANGELES CA DEPT OF WTR & P		05/24/2012	RBC		2,536,313	2,250,000		1FE
576000-ML-4	MA SBA C22 S12A		06/20/2012	CITIGROUP GLOBAL MARKETS		1,625,278	1,365,000		1FE
59447P-KG-5	MI Fin Auth C22 S12		04/18/2012	CITIGROUP GLOBAL MARKETS		4,731,520	4,000,000		1FE
59465H-QH-2	MI HFA C22 S12		04/25/2012	Merrill Lynch		7,186,518	6,280,000		1FE
160853-QQ-3	NC Charlotte Hsp HC C22 S12A		05/10/2012	Merrill Lynch		4,630,120	4,000,000		1FE
797400-GV-4	SAN DIEGO CNTY REGL		05/24/2012	BARCLAYS CAPITAL		4,514,676	3,590,000		1FE
79765R-XL-8	SAN FRANCISCO CITY & CNTY CA P		05/24/2012	WELLS FARGO BROK SER LLC		2,233,140	2,000,000		1FE
938823-AT-8	WASHINGTON FEDERAL HIGHWAY GRA		05/23/2012	Added by SunGard		1,453,716	1,200,000		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						59,326,509	51,040,000	12,639	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
058521-AC-9	BALLANTYNE RE PLC 2006-1A A2B		06/07/2012	FSA		15,046,035	40,774,049	5,850	TAM
09247X-AJ-0	Blackrock Inc Sr Unsec		05/24/2012	VARIOUS		4,986,246	5,000,000	1,709	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						20,032,281	45,774,049	7,559	XXX
8399997 - Subtotals- Bonds - Part 3						152,780,737	165,899,049	508,018	XXX
8399999 - Subtotals - Bonds						152,780,737	165,899,049	508,018	XXX
9999999 Totals						152,780,737	XXX	508,018	XXX

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

E04

STATEMENT AS OF JUNE 30, 2012 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																					
912828-KK-5	UNITED STATES TREAS NTS		04/16/2012	MATURITY		31,300,000	31,300,000	31,289,101	31,298,925		1,075		1,075		31,300,000			0	215,188	04/15/2012	1
912828-KN-9	UNITED STATES TREAS NTS		04/12/2012	Morgan Stanley Co.		4,642,719	4,500,000	4,446,803	4,465,840		4,021		4,021		4,469,862		172,858	172,858	38,942	04/30/2014	1
912828-KP-4	UNITED STATES TREAS NTS		05/15/2012	VARIOUS		40,011,472	40,000,000	39,432,947	39,926,375		68,419		68,419		39,994,794		16,678	16,678	262,799	05/15/2012	1
912828-KV-1	UNITED STATES TREAS NTS		06/22/2012	VARIOUS		31,936,385	30,700,000	30,264,970	30,483,286		29,322		29,322		30,512,607		1,423,778	1,423,778	302,096	05/31/2014	1
0599999 - Bonds - U.S. Governments						107,890,576	106,500,000	105,433,821	106,174,426	0	102,837	0	102,837	0	106,277,263	0	1,613,314	1,613,314	819,025	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
251129-ZQ-8	DETROIT WTC CITY SCH DIST		05/01/2012	CALLED @ 100.0000000		10,500,000	10,500,000	11,281,470	10,531,134		(31,134)		(31,134)		10,500,000			0	288,750	05/01/2015	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						10,500,000	10,500,000	11,281,470	10,531,134	0	(31,134)	0	(31,134)	0	10,500,000	0		0	288,750	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 FEDERAL HOME LN MTG CORP		06/01/2012	Sink PMT @ 100.0000000		140,000	140,000	146,860	147,310		(7,310)		(7,310)		140,000			0	3,403	03/01/2041	1FE
3128MU-OG-8	#G08454		06/15/2012	PRINCIPAL RECEIPT		161,541	161,541	167,700	168,160		(6,619)		(6,619)		161,541			0	2,981	07/01/2041	1FE
3128PU-EW-8	FG J14649		06/15/2012	PRINCIPAL RECEIPT		964,907	964,907	960,258	960,240		4,668		4,668		964,907			0	13,423	04/01/2026	1FE
3128PU-HG-0	FG J14731		06/15/2012	PRINCIPAL RECEIPT		1,104,290	1,104,290	1,098,970	1,099,059		5,231		5,231		1,104,290			0	16,454	03/01/2026	1FE
	FHLMC PC GOLD 15																				
3128PQ-08-7	YR		06/15/2012	PRINCIPAL RECEIPT		1,116,712	1,116,712	1,169,756	1,156,899		(40,187)		(40,187)		1,116,712			0	21,029	12/01/2024	1FE
31320E-3X-6	FHLMC POOL 001714		06/15/2012	PRINCIPAL RECEIPT		104,501	104,501	105,228	105,314		(812)		(812)		104,501			0	1,878	07/01/2041	1FE
31396A-AV-6	FHLMC REMIC SERIES 3031		06/15/2012	PRINCIPAL RECEIPT		93,108	93,108	97,007	97,007		(4,464)		(4,464)		93,108			0	1,729	08/15/2033	1FE
31398W-SD-7	FHLMC 3632 PK CMO/AGENCY		06/15/2012	PRINCIPAL RECEIPT		106,385	106,385	118,312	120,192		(13,807)		(13,807)		106,385			0	2,214	02/15/2040	1FE
3138AB-SL-1	FN AH6822		06/25/2012	PRINCIPAL RECEIPT		234,788	234,788	236,696	236,645		(1,857)		(1,857)		234,788			0	3,161	03/01/2026	1FE
3138AX-RK-9	FNMA 30YR MBS/POOL		06/25/2012	PRINCIPAL RECEIPT		387,480	387,480	398,015	398,040		(10,560)		(10,560)		387,480			0	5,502	11/01/2041	1FE
	FNMA PASS-THRU INT 15																				
31417V-PW-7	YEAR		06/25/2012	PRINCIPAL RECEIPT		471,813	471,813	490,876	489,599		(17,786)		(17,786)		471,813			0	8,775	12/01/2024	1FE
3137EA-CL-1	FREDDIE MAC NT		04/05/2012	Morgan Stanley Co.		3,829,944	3,800,000	3,787,173	3,792,576		1,055		1,055		3,793,630		36,314	36,314	15,055	10/28/2013	1FE
60636X-8E-6	MO HSG SF PAC		06/01/2012	Sink PMT @ 100.0000000		100,000	100,000	107,705	106,980		(6,980)		(6,980)		100,000			0	1,613	11/01/2027	1FE
60535G-AX-0	MS HSG PAC		06/01/2012	Sink PMT @ 100.0000000		75,000	75,000	80,368	79,764		(4,764)		(4,764)		75,000			0	1,361	12/01/2031	1FE
	WEST VIRGINIA ECONOMIC DEV AUTH LE		06/01/2012	CALLED @ 101.0000000		3,752,150	3,715,000	3,642,966	3,724,258		27,892		27,892		3,752,150			0	92,875	06/01/2026	1FE
	WEST VIRGINIA ECONOMIC DEV AUTH LE		06/01/2012	CALLED @ 101.0000000		2,307,850	2,285,000	2,240,694	2,253,064		54,786		54,786		2,307,850			0	57,125	06/01/2026	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						14,950,469	14,860,527	14,848,584	14,935,672	0	(21,514)	0	(21,514)	0	14,914,155	0	36,314	36,314	248,377	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
000292-AB-8	AAA 2007-2 A2		06/27/2012	PRINCIPAL RECEIPT		74,722	74,722	9,933	33,616		65,327	24,221	41,106		74,722			0		01/27/2046	1AM
	BALLANTYNE RE PLC 2006-1A																				
058521-AC-9	A2B		06/02/2012	PRINCIPAL RECEIPT		29,881	29,881	8,729	11,951		21,353	4,294	17,059		29,881			0		05/02/2036	1AM
173067-AC-3	CGCMT 2004-C1 A3		06/15/2012	PRINCIPAL RECEIPT		163,417	163,417	169,041	167,117		(3,699)		(3,699)		163,417			0	3,578	04/15/2040	3FM
166751-AH-0	CHEVRON CORP		05/21/2012	Added by SunGard		5,301,650	5,000,000	5,250,900	5,134,701		(23,537)		(23,537)		5,111,164		190,486	190,486	143,188	03/03/2014	1FE
20825C-AT-1	CONOCOPHILLIPS		05/22/2012	RBC		2,193,300	2,000,000	2,154,240	2,104,147		(12,917)		(12,917)		2,091,230		102,070	102,070	79,222	01/15/2015	1FE
12629E-AF-2	CSAB MTG-BCKD TR 2007-1		06/25/2012	PRINCIPAL RECEIPT		517,763	517,763	338,229	340,237		177,525		177,525		517,763			0		05/25/2037	1FM
	CSFB COML MTG PTC 2002-																				
22541N-AP-4	CP3		06/15/2012	PRINCIPAL RECEIPT		2,135,861	2,135,861	2,115,336	2,134,482		1,379		1,379		2,135,861			0	46,743	07/15/2035	1FM
021490-AE-0	CWALT INC 2007 OA10		06/25/2012	PRINCIPAL RECEIPT		766,449	766,449	359,093	298,844		467,605		467,605		766,449			0		09/25/2047	1FE
	JP MORGAN CHASE CMBS																				
46625M-NP-0	2002-C1C5		06/12/2012	PRINCIPAL RECEIPT		1,491,870	1,491,870	1,480,622	1,490,765		1,104		1,104		1,491,870			0	32,943	10/12/2037	1FM
	PRICOA GLBL FDG I MTN																				
74153W-AS-8	144A		06/25/2012	MATURITY		4,610,000	4,610,000	4,871,894	4,661,268		(51,268)		(51,268)		4,610,000			0	106,606	06/25/2012	1FE
872227-AH-6	TBW MTG BCKD TR 2007-2		06/25/2012	PRINCIPAL RECEIPT		608,434	608,434	311,374	304,620		303,814		303,814		608,434			0		07/25/2037	1FM
	TERWIN MORTGAGE TRUST 07-																				
88158A-AJ-1	9 SL		06/25/2012	PRINCIPAL RECEIPT		141,210	141,210	99,893	102,796		3,415		3,415		141,210			0		06/25/2038	1FE
88158A-AA-0	TERWIN MTG TR 2007-SL9		06/25/2012	PRINCIPAL RECEIPT		177,974	177,974	112,222	115,935		62,039		62,039		177,974			0		06/25/2038	1FM
35177F-AS-6	FRANCE TELECOM		04/26/2012	Merrill Lynch		7,980,600	7,500,000	8,000,100	7,784,244		(34,865)		(34,865)		7,749,379		231,221	231,221	267,057	07/08/2014	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						26,193,131	25,217,580	25,281,606	24,684,723	0	1,015,689	31,930	983,759	0	25,669,354	0	523,777	523,777	679,337	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						159,534,176	157,078,107	156,845,481	156,325,955	0	1,065,878	31,930	1,033,948	0	157,360,772	0	2,173,405	2,173,405	2,035,489	XXX	XXX
8399999 - Subtotals - Bonds						159,534,176	157,078,107	156,845,481	156,325,955	0	1,065,878	31,930	1,033,948	0	157,360,772	0	2,173,405	2,173,405	2,035,489	XXX	XXX
9999999 Totals						159,534,176	XXX	156,845,481	156,325,955	0	1,065,878	31,930	1,033,948	0	157,360,772	0	2,173,405	2,173,405	2,035,489	XXX	XXX

EO5

(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

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

