



QUARTERLY STATEMENT

AS OF MARCH 31, 2012 OF THE CONDITION AND AFFAIRS OF THE ASSURED GUARANTY CORP.

NAIC Group Code 0194 (Current Period) , 00194 (Prior Period) NAIC Company Code 30180 Employer's ID Number 52-1533088

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

Country of Domicile United States

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

Statutory Home Office 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 212-408-6029
(Name) (Area Code) (Telephone Number) (Extension)

jringler@assuredguaranty.com 212-339-3589
(E-mail Address) (Fax Number)

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.

Subscribed and sworn to before me this _____ day of _____,

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 _____

Luz Vivas, Notary Public, State of New York
 Oct. 16, 2013

STATEMENT AS OF MARCH 31, 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	2,465,349,978		2,465,349,978	2,522,711,000
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	139,075,677	5,489,478	133,586,199	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)	2,708,184	2,708,184	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 (\$23,810,755), cash equivalents (\$58,227,482) and short-term investments (\$71,217,951)	153,256,189		153,256,189	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)	2,798,711,652	20,697,662	2,778,013,990	2,841,013,142
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	29,124,864		29,124,864	28,522,028
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	36,329,374	83,023	36,246,351	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	12,978,404		12,978,404	11,340,630
16.2 Funds held by or deposited with reinsured companies	483,321		483,321	484,077
16.3 Other amounts receivable under reinsurance contracts	11,274		11,274	6,038
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	39,263,412		39,263,412	0
18.2 Net deferred tax asset	112,798,023	42,488,683	70,309,340	42,824,922
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	275,997	691	275,306	319,727
21. Furniture and equipment, including health care delivery assets (\$)	2,089,801	2,089,801	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	88,661		88,661	0
23. Receivables from parent, subsidiaries and affiliates	33,055,111	23,857	33,031,254	23,948,397
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	28,947,484	418,248	28,529,236	26,337,094
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,094,157,378	65,801,965	3,028,355,413	3,010,407,924
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	3,094,157,378	65,801,965	3,028,355,413	3,010,407,924
DETAILS OF WRITE-INS				
1101.			0	0
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Supplemental Executive Retirement Plan	17,026,683		17,026,683	14,430,538
2502. Other assets	11,644,883	142,330	11,502,553	11,899,693
2503. Prepaid expense	19,846	19,846	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	256,072	256,072	0	6,863
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	28,947,484	418,248	28,529,236	26,337,094

STATEMENT AS OF MARCH 31, 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 \$1,631)	317,124,447	336,062,030
2. Reinsurance payable on paid losses and loss adjustment expenses	654,884	1,696,289
3. Loss adjustment expenses	8,406,572	8,695,476
4. Commissions payable, contingent commissions and other similar charges	4,457,592	4,853,087
5. Other expenses (excluding taxes, licenses and fees)	25,502,048	53,701,426
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	(4,588,312)	(3,254,547)
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	54,685,239	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 \$309,101,106 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)	820,453,799	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)	12,346,588	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	(292,400)	(425,122)
15. Remittances and items not allocated		0
16. Provision for reinsurance		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		126,920
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	17,497,907	17,603,723
20. Derivatives		0
21. Payable for securities	13,719,728	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	757,571,550	712,722,823
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,036,736,916	1,988,908,728
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	2,036,736,916	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)	(247,557,813)	(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)	991,618,497	1,021,499,197
38. Totals (Page 2, Line 28, Col. 3)	3,028,355,413	3,010,407,925
DETAILS OF WRITE-INS		
2501. Supplemental Executive Retirement Plan.....	17,026,683	14,430,538
2502. Contingency Reserve.....	733,910,125	690,576,660
2503. Liability for Lease.....	3,783,331	4,370,804
2598. Summary of remaining write-ins for Line 25 from overflow page	2,851,411	3,344,821
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	757,571,550	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 \$ 26,555,538)	43,989,607	54,206,236	177,176,085
1.2 Assumed (written \$ 23,889,553)	7,172,873	8,142,201	31,770,779
1.3 Ceded (written \$ 18,057,421)	16,360,859	17,493,752	65,998,327
1.4 Net (written \$ 32,387,670)	34,801,621	44,854,685	142,948,537
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 2,058):			
2.1 Direct	9,402,711	7,172,519	(109,462,971)
2.2 Assumed	21,584,932	(13,287,357)	7,216,244
2.3 Ceded	14,626,201	(840,792)	(3,550,563)
2.4 Net	16,361,442	(5,274,046)	(98,696,164)
3. Loss adjustment expenses incurred	570,123	1,453,330	12,715,923
4. Other underwriting expenses incurred	17,762,755	20,636,449	67,914,438
5. Aggregate write-ins for underwriting deductions	0	0	17,392,500
6. Total underwriting deductions (Lines 2 through 5)	34,694,320	16,815,733	(673,303)
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	107,301	28,038,952	143,621,840
INVESTMENT INCOME			
9. Net investment income earned	24,301,034	23,634,317	80,046,743
10. Net realized capital gains (losses) less capital gains tax of \$ 239,621	(29,034,163)	9,511	(1,162,862)
11. Net investment gain (loss) (Lines 9 + 10)	(4,733,129)	23,643,828	78,883,881
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)			0
13. Finance and service charges not included in premiums			0
14. Aggregate write-ins for miscellaneous income	191,462	592,735	10,916,980
15. Total other income (Lines 12 through 14)	191,462	592,735	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)	(4,434,366)	52,275,515	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)	(4,434,366)	52,275,515	233,422,701
19. Federal and foreign income taxes incurred	(2,494,717)	(17,900,395)	3,485,016
20. Net income (Line 18 minus Line 19)(to Line 22)	(1,939,649)	70,175,910	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)	(1,939,649)	70,175,910	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 \$	8,608,235	2,305,487	405,477
25. Change in net unrealized foreign exchange capital gain (loss)	3,794,340	149,592	(156,234)
26. Change in net deferred income tax	(3,328,035)	(29,628,745)	(60,459,741)
27. Change in nonadmitted assets	(6,924,370)	14,824,509	15,608,484
28. Change in provision for reinsurance		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	(15,000,480)	(10,000,320)	(30,000,960)
36. Change in treasury stock		0	0
37. Aggregate write-ins for gains and losses in surplus	(15,417,175)	(36,356,382)	12,044,527
38. Change in surplus as regards policyholders (Lines 22 through 37)	(29,880,699)	11,470,051	167,379,238
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	991,618,497	865,590,009	1,021,499,196
DETAILS OF WRITE-INS			
0501. Termination Fee		0	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	0	17,392,500
1401. Other Income	191,462	592,735	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)	191,462	592,735	10,916,980
3701. Change in Contingency Reserve	(43,333,465)	(36,356,382)	12,044,527
3702. Change in Accounting SAP 101 (Taxes)	27,916,290		
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)	(15,417,175)	(36,356,382)	12,044,527

STATEMENT AS OF MARCH 31, 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.....	31,324,436	40,075,285	112,774,138
2. Net investment income	24,892,694	24,192,056	84,938,535
3. Miscellaneous income	186,982	585,687	10,912,441
4. Total (Lines 1 to 3)	56,404,112	64,853,028	208,625,114
5. Benefit and loss related payments	37,978,204	48,818,649	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	48,448,552	62,608,843	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)	0	(38,818,933)
10. Total (Lines 5 through 9)	81,059,707	111,427,492	84,488,378
11. Net cash from operations (Line 4 minus Line 10)	(24,655,595)	(46,574,464)	124,136,736
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	65,860,269	192,662,418	715,434,371
12.2 Stocks	19,518,445	27,679,981	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	(44)	194	1,609
12.7 Miscellaneous proceeds	18,716,991	24,534,301	6
12.8 Total investment proceeds (Lines 12.1 to 12.7)	104,096,564	244,876,894	791,996,552
13. Cost of investments acquired (long-term only):			
13.1 Bonds	38,805,692	228,753,892	886,626,367
13.2 Stocks	23,306,294	29,788,186	64,254,847
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	7,654,995	7,655,898
13.6 Miscellaneous applications	1	2,077,204	1,534,808
13.7 Total investments acquired (Lines 13.1 to 13.6)	62,111,987	268,274,277	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)	41,984,577	(23,397,383)	(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	15,000,480	10,000,320	30,000,960
16.6 Other cash provided (applied).....	(14,026,207)	(1,139,417)	(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).....	(28,700,252)	(11,139,737)	(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)	(11,371,270)	(81,111,584)	(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)	153,256,186	157,664,851	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 investment grade financial guaranty exposures. 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:

	Three Months Ended March 31, 2012
Net Income, Maryland Basis.....	\$ (1,939,650)
Net Income, NAIC SAP.....	<u>\$ (1,939,650)</u>
Statutory Surplus, Maryland Basis.....	\$991,618,496
Statutory Surplus, NAIC SAP.....	<u>\$991,618,496</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 change since the 2011 Annual Statement.

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 three 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 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

1. 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.

2. 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 Other-Than- Temporary- Impairment	Other-Than- Temporary- Impairment	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	<u>\$44,951,827</u>	<u>\$29,401,437</u>	<u>\$15,550,390</u>

3. 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
TOTAL	<u>\$2,111,838</u>	<u>\$2,034,102</u>	<u>\$77,736</u>	<u>\$2,034,102</u>	<u>\$664,084</u>	

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

	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	\$10,686,874	\$(959,747)	\$8,818,238	\$(3,891,896)	\$19,505,112	\$(4,851,643)
Other loan-backed securities	-	-	-	-	-	-
Total	<u>\$10,686,874</u>	<u>\$(959,747)</u>	<u>\$8,818,238</u>	<u>\$(3,891,896)</u>	<u>\$19,505,112</u>	<u>\$(4,851,643)</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 March 31, 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.

NOTES TO FINANCIAL STATEMENTS

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 three 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 Company estimates that the impact of adopting SSAP No. 101 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, the Company wholly owns AG PFC Holdings LLC. The carrying value for this subsidiary is zero at March 31, 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 change since the 2011 Annual Statement.

14. Contingencies

Lawsuits arise in the ordinary course of the Company's business. It is the opinion of the Company's management, based upon the information available, that the expected outcome of litigation against the Company, individually or in the aggregate, will not have a material adverse effect on the Company's financial position or liquidity, although an adverse resolution of litigation against the Company in a fiscal quarter or year could have a material adverse effect on the Company's results of operations in a particular quarter or fiscal year. In addition, in the ordinary course of their respective businesses, certain of the Company's subsidiaries assert claims in legal proceedings against third parties to recover losses paid in prior periods. For example, as described below in "Recovery Litigation – RMBS Transactions," as of the date of this filing, AGC have filed complaints against certain sponsors and underwriters of RMBS securities that AGC had insured, alleging, among other claims, that such persons had breached representations and warranties ("R&W") in the transaction documents, failed to cure or repurchase defective loans and/or violated state securities laws. The amounts, if any, the Company will recover in proceedings to recover losses are uncertain, and recoveries, or failure to obtain recoveries, in any one or more of these proceedings during any quarter or fiscal year could be material to the Company's results of operations in that particular quarter or fiscal year.

Proceedings Relating to the Company's Financial Guaranty Business

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

Beginning in December 2008, AGC's affiliate, Assured Guaranty Municipal Corp. ("AGM"), and various other financial guarantors were named in complaints filed in the Superior Court, San Francisco County, California. Since that time, plaintiffs' counsel has filed amended complaints against AGM and AGC and added additional plaintiffs. As of the date of this filing, the plaintiffs with complaints against AGM and AGC, among other financial guaranty insurers, are: (a) *City of Los Angeles, acting by and through the Department of Water and Power*; (b) *City of Sacramento*; (c) *City of Los Angeles*; (d) *City of Oakland*; (e) *City of Riverside*; (f) *City of Stockton*; (g) *County of Alameda*; (h) *County of Contra Costa*; (i) *County of San Mateo*; (j) *Los Angeles World Airports*; (k) *City of Richmond*; (l) *Redwood City*; (m) *East Bay Municipal Utility District*; (n) *Sacramento Suburban Water District*; (o) *City of San Jose*; (p) *County of Tulare*; (q) *The Regents of the University of California*; (r) *The Redevelopment Agency of the City of Riverside*; (s) *The Public Financing Authority of the City of Riverside*; (t) *The Jewish Community Center of San Francisco*; (u) *The San Jose Redevelopment Agency*; (v) *The Redevelopment Agency of the City of Stockton*; (w) *The Public Financing Authority of the City of Stockton*; and (x) *The Olympic Club*. Complaints filed by the City and County of San Francisco and the Sacramento Municipal Utility District were subsequently dismissed against AGM and AGC. These complaints allege that the financial guaranty insurer defendants (i) participated in a conspiracy in violation of California's antitrust laws to maintain a dual credit rating scale that misstated the credit default risk of municipal bond issuers and created market demand for municipal bond insurance, (ii) participated in risky financial transactions in other lines of business that damaged each insurer's financial condition (thereby undermining the value of each of their guaranties), and (iii) failed to adequately disclose the impact of those transactions on their financial condition. In addition to their antitrust claims, various plaintiffs in these actions assert claims for breach of the covenant of good faith and fair dealing, fraud, unjust enrichment, negligence, and negligent misrepresentation. At hearings held in July and October 2011 relating to AGM, AGC and the other defendants' motion to dismiss, the court denied the motion to dismiss on the following claims: breach of contract, violation of California's antitrust statute and of its unfair business practices law, and fraud. The remaining claims were dismissed. On December 2, 2011, AGM, AGC and the other bond insurer defendants filed an Anti-SLAPP ("Strategic Lawsuit Against Public Participation") motion to strike the complaints under California's Code of Civil Procedure. On May 1, 2012, the court ruled in favor of the bond insurer defendants on the Anti-SLAPP motion as to the causes of action arising from the alleged conspiracy, but denied the bond insurer defendants' Anti-SLAPP motion for those causes of action based on transaction specific representations and omissions about the bond insurer defendants' credit ratings and financial health. The complaints in these lawsuits generally seek unspecified monetary damages, interest, attorneys' fees, costs and other expenses. The Company cannot reasonably estimate the possible loss or range of loss that may arise from these lawsuits.

On April 8, 2011, AGC and its affiliate, Assured Guaranty Re Ltd. ("AG Re"), filed a Petition to Compel Arbitration with the Supreme Court of the State of New York, requesting an order compelling Ambac to arbitrate Ambac's disputes with AGC and AG Re concerning their obligations under reinsurance agreements with Ambac. In March 2010, Ambac placed a number of insurance policies that it had issued, including policies reinsured by AGC and AG Re pursuant to the reinsurance agreements, into a segregated account. The Wisconsin state court has approved a rehabilitation plan whereby permitted claims under the policies in the segregated account will be paid 25% in cash and 75% in surplus notes issued by the segregated account. Ambac has advised AGC and AG Re that it has and intends to continue to enter into commutation agreements with holders of policies issued by Ambac, and reinsured by AGC and AG Re, pursuant to which Ambac will pay a combination of cash and surplus notes to the policyholder. AGC and AG Re have informed Ambac that they believe their only current payment obligation with respect to the commutations arises from the cash payment, and that there is no obligation to pay any amounts in respect of the surplus notes until payments of principal or interest are made on such notes. Ambac has disputed this position on one commutation and may take a similar position on subsequent commutations. On April 15, 2011, attorneys for the Wisconsin Insurance Commissioner, as Rehabilitator of Ambac's segregated account, and for Ambac filed a motion with Lafayette County, Wis., Circuit Court Judge William Johnston, asking him to find AGC and AG Re to be in violation of an injunction protecting the interests of the segregated account by their seeking to compel arbitration on this matter and failing to pay in full all amounts with respect to Ambac's payments in the form of surplus notes. On June 14, 2011, Judge Johnston issued an order granting the Rehabilitator's and Ambac's motion to enforce the injunction against AGC and AG Re and the parties filed a stipulation dismissing the Petition to Compel Arbitration without prejudice. AGC and AG Re have appealed Judge Johnston's order to the Wisconsin Court of Appeals.

On November 28, 2011, Lehman Brothers International (Europe) (in administration) ("LBIE") sued AG Financial Products Inc. ("AG Financial Products"), an affiliate of AGC which in the past had provided credit protection to counterparties under credit default swaps. AGC acts as the credit support provider of AG Financial Products under these credit default swaps. LBIE's complaint, which was filed in the Supreme Court of the

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State of New York, alleged that AG Financial Products improperly terminated nine credit derivative transactions between LBIE and AG Financial Products and improperly calculated the termination payment in connection with the termination of 28 other credit derivative transactions between LBIE and AG Financial Products. With respect to the 28 credit derivative transactions, AG Financial Products calculated that LBIE owes AG Financial Products approximately \$24.8 million, whereas LBIE asserted in the complaint that AG Financial Products owes LBIE a termination payment of approximately \$1.4 billion. LBIE is seeking unspecified damages. Following defaults by LBIE, AG Financial Products properly terminated the transactions in question in compliance with the requirements of the agreement between AG Financial Products and LBIE, and calculated the termination payment properly. On February 3, 2012, AG Financial Products filed a motion to dismiss certain of the counts in the complaint. The Company cannot reasonably estimate the possible loss that may arise from this lawsuit.

Recovery Litigation

RMBS Transactions

As of the date of this filing, AGC has filed lawsuits with regard to the following U.S. RMBS transactions insured by it, alleging breaches of R&W both in respect of the underlying loans in the transactions and the accuracy of the information provided to AGC, and failure to cure or repurchase defective loans identified by AGC to such persons:

- ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL2 and the ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL3 (both second lien transactions in which AGC has sued Deutsche Bank AG affiliates DB Structured Products, Inc. and ACE Securities Corp.);
- SACO I Trust 2005-GP1 (a second lien transaction in which AGC has sued JPMorgan Chase & Co.'s affiliate EMC Mortgage LLC (formerly known as EMC Mortgage Corporation), J.P. Morgan Securities Inc. (formerly known as Bear, Stearns & Co. Inc.) and JPMorgan Chase Bank, N.A.); and
- Bear Stearns Asset Backed Securities I Trust 2005-AC5 and Bear Stearns Asset Backed Securities I Trust 2005-AC6 (both first lien transactions in which AGC has sued EMC Mortgage LLC).

In these lawsuits, AGC seeks damages, including indemnity or reimbursement for losses.

In October 2011, AGC and its affiliate AGM brought an action in the Supreme Court of the State of New York against DLJ Mortgage Capital, Inc. ("DLJ") and Credit Suisse Securities (USA) LLC ("Credit Suisse") with regard to six first lien U.S. RMBS transactions insured by them. The two insured by AGC are:

- CSAB Mortgage-Backed Pass Through Certificates, Series 2007-1; and
- TBW Mortgage-Backed Pass Through Certificates, Series 2007-2.

The complaint alleges breaches of R&W by DLJ in respect of the underlying loans in the transactions, breaches of contract by DLJ and Credit Suisse in procuring falsely inflated shadow ratings (a condition to the issuance by AGC and AGM of its policies) by providing false and misleading information to the rating agencies, and failure by DLJ to cure or repurchase defective loans identified by AGM and AGC.

On May 8, 2012, Assured Guaranty reached a settlement with Deutsche Bank AG and certain of its affiliates (collectively "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. As part of the settlement agreement (the "Deutsche Bank Agreement"), AGC will dismiss lawsuits it has filed against Deutsche Bank involving the following RMBS transactions:

- ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL2; and
- ACE Securities Corp. Home Equity Loan Trust, Series 2007-SL3

"XXX" Life Insurance Transactions

In December 2008, Assured Guaranty (UK) Ltd. ("AGUK"), a subsidiary of AGC that AGC reinsures, filed an action against J.P. Morgan Investment Management Inc. ("JPMIM"), the investment manager in the Orkney Re II transaction, in the Supreme Court of the State of New York alleging that JPMIM engaged in breaches of fiduciary duty, gross negligence and breaches of contract based upon its handling of the investments of Orkney Re II. After AGUK's claims were dismissed with prejudice in January 2010, AGUK was successful in its subsequent motions and appeals and, as of December 2011, all of AGUK's claims for breaches of fiduciary duty, gross negligence and contract were reinstated in full. Separately, at the trial court level, discovery is ongoing.

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 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.

NOTES TO FINANCIAL STATEMENTS

- 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. The following table presents information about financial instruments carried at fair value and indicates the level of the fair value measurement on the levels of the inputs used. Bonds are generally recorded at amortized cost. Stocks, excluding those for investments in subsidiaries, are reported at fair value on a recurring basis.

(in thousands of dollars)

As of March 31, 2012	Level 1	Level 2	Level 3	Total
Bonds				
Other loan-backed and structured securities	\$ -	\$ -	\$15,550	\$15,550
Stocks				
Mutual funds	<u>7,792</u>	<u>-</u>	<u>-</u>	<u>7,792</u>
Total	<u>\$7,792</u>	<u>\$ -</u>	<u>\$15,550</u>	<u>\$23,242</u>

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. Such quotes generally 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, dollar basis, and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements, and sector news. The overwhelming majority of fixed maturities are classified as Level 2 because the most significant inputs used in the pricing techniques are observable. Prices determined based upon model processes where at least one significant model assumption or input is unobservable, are considered to be Level 3 in the fair value hierarchy.

Stocks

The Company's Stocks are comprised primarily of investments in subsidiaries. As discussed within our significant accounting policies, investments in subsidiaries are recorded in compliance with SSAP 97.

- 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	Transfers Into Level 3	Transfers Out of Level 3	Total Gains & Losses incl in Net Income	Total Gains & Loss incl in Surplus	Purchase	Issuance	Sales	Settlements	Ending Balance for Current Quarter
Other loan-backed and structured securities	-	\$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 transfers between Level 1 and Level 2 during the three months ended March 31, 2012.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

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

5. Derivative Fair Values

The Company does not own derivatives at March 31, 2012.

B. Other Fair Value Disclosures

Not applicable

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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	\$2,617,790	\$2,465,350	\$ -	\$2,575,948	\$41,842
Common stocks	7,792	7,792	7,792	-	-
Cash equivalents and short-term investments	129,445	129,445	63,466	65,979	-
Other invested assets	<u>25,822</u>	<u>25,822</u>	<u>25,822</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$2,780,849</u>	<u>\$2,628,409</u>	<u>\$97,080</u>	<u>\$2,641,927</u>	<u>\$41,842</u>

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

Not applicable

21. Other Items

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

G. U.S. Subprime Mortgage-Backed and Home Equity ("HELOC") Exposures

First Quarter-End 2012 U.S. Residential Mortgage-Backed Securities ("RMBS") Loss Projections

The shape of the RMBS loss projection curves used by the Company assume that the housing and mortgage markets will eventually improve. The Company retained the same general shape of the RMBS loss projection curves at March 31, 2012 as December 31, 2011, reflecting the Company's view, based on its observation of continued elevated levels of early stage delinquencies, that the housing and mortgage market recovery is occurring at a slower than previously expected pace.

The scenarios the Company used to project RMBS collateral losses for second lien RMBS transactions at March 31, 2012 were essentially the same as those it used at December 31, 2011, except that based on its observation of the continued elevated levels of early stage delinquencies, as noted above, the Company retained the same general shape of its RMBS loss projection curves. This had the effect of reflecting a slower recovery in the housing market than had been assumed at December 31, 2011.

The Company used the same general approach to project RMBS collateral losses for first lien RMBS transactions at March 31, 2012 as it did at December 31, 2011, except that, as noted above, based on its observation of the continued elevated levels of early stage delinquencies, the Company retained the same general shape of its RMBS loss projection curves. This had the effect of reflecting a slower recovery in the housing market than had been assumed at December 31, 2011.

The Company also used generally the same methodology to project the credit received for recoveries in R&W at March 31, 2012 as December 31, 2011. The primary differences relate to the refinement of the calculation of benefits due to potential agreements with R&W providers with which it is having discussions.

U.S. Second Lien RMBS Loss Projections: 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. Both first lien RMBS and 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, particularly those originated in the period from 2005 through 2007, 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 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.

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The following table shows the key assumptions used in the calculation of estimated expected loss to be paid for direct vintage 2004 - 2008 second lien U.S. RMBS.

**Key Assumptions in Base Case Expected Loss Estimates
Second Lien RMBS⁽¹⁾**

HELOC Key Variables	As of March 31, 2012	As of December 31, 2011
Plateau conditional default rate	7.8 – 22.2%	6.3 – 17.9%
Final conditional default rate trended down to	0.5 – 2.2%	0.5 – 2.2%
Expected period until final conditional default rate	36 months	36 months
Initial conditional prepayment rate	3.9 – 9.8%	3.5 – 24.6%
Final conditional prepayment rate	10%	10%
Loss severity	98%	98%
Initial draw rate	0.0 – 0.5%	0.0 – 0.4%
Closed end second lien Key Variables	As of March 31, 2012	As of December 31, 2011
Plateau conditional default rate	5.4 – 24.9%	6.9 – 24.8%
Final conditional default rate trended down to	3.5 – 9.2%	3.5 – 9.2%
Expected period until final conditional default rate	36 months	36 months
Initial conditional prepayment rate	1.2 – 8.6%	0.9 – 14.7%
Final conditional prepayment rate	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 12 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 conditional default rate. The first four months’ conditional default rate 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 conditional default rate 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 conditional default rates is then used as the basis for the plateau period that follows the embedded five months of losses.

As of March 31, 2012, for the base case scenario, the conditional default rate (the “plateau conditional default rate”) was held constant for one month. Once the plateau period has ended, the conditional default rate is assumed to gradually trend down in uniform increments to its final long-term steady state conditional default rate. In the base case scenario, the time over which the conditional default rate trends down to its final conditional default rate 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 conditional default rate. This is the same as December 31, 2011. The long-term steady state conditional default rates are calculated as the constant conditional default rates that would have yielded the amount of losses originally expected at underwriting. When a second lien loan defaults, there is generally a very low recovery. Based on current expectations of future performance, the Company assumes that it will only recover 2% of the collateral, the same as December 31, 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 conditional default rate 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 conditional prepayment rate is assumed to continue until the end of the plateau before gradually increasing to the final conditional prepayment rate over the same period the conditional default rate decreases. For transactions where the initial conditional prepayment rate is higher than the final conditional prepayment rate, the initial conditional prepayment rate is held constant. The final conditional prepayment rate 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 conditional prepayment rate at 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 0.5%.

In estimating loss reserves, the Company modeled and probability weighted three possible conditional default rate curves applicable to the period preceding the return to the long-term steady state conditional default rate, the same three scenarios and weightings as December 31, 2011. Given that draw rates have been reduced to levels below the historical average and that loss severities in these products have been higher than anticipated at inception, the Company believes that the level of the elevated conditional default rate 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 March 31, 2012, the Company’s base case assumed a one month conditional default rate plateau and a 30 month ramp-down (for a total stress period of 36 months), the same as December 31, 2011. Increasing the conditional default rate plateau to four months and keeping the ramp-down at 30-months (for a total stress period of 39 months) would increase the expected loss by approximately \$8.1 million for HELOC transactions and \$0.8 million for closed end second lien transactions. On the other hand, keeping the conditional default rate plateau at one month but decreasing the length of the conditional default rate ramp-down to a 24 month assumption (for a total stress period of 30 months) would decrease the expected loss by approximately \$6.3 million for HELOC transactions and \$0.7 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

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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, particularly those originated in the period from 2005 through 2007 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). An increase in non-performing loans beyond that 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 in Loan Performance and assumptions about how delays in the foreclosure process may ultimately affect the rate at which loans are liquidated. The Loan Performance securities databases, provided by CoreLogic, Inc., are said to be the industry's largest and most comprehensive and include loan-level data on more than \$2.2 trillion in mortgage-backed and asset-backed securities (more than 90% of the market) as well as analytical tools designed to help evaluate that data. 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 March 31, 2012 as it did for December 31, 2011. The following table shows liquidation assumptions for various delinquency categories.

First Lien Liquidation Rates

	As of March 31, 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 conditional default rate trend. The start of that conditional default rate 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 conditional default rate (*i.e.*, the conditional default rate 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 conditional default rate thus calculated individually on the delinquent collateral pool for each RMBS is then used as the starting point for the conditional default rate curve used to project defaults of the presently performing loans.

In the base case, each transaction's conditional default rate is projected to improve over 12 months to an intermediate conditional default rate (calculated as 20% of its conditional default rate plateau); that intermediate conditional default rate is held constant for 36 months and then trails off in steps to a final conditional default rate of 5% of the conditional default rate 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 conditional default rate 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 March 31, 2012 were the same as it used for December 31, 2011.) The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning in March 2013, and in the base case scenario, decline over two years to 40%.

NOTES TO FINANCIAL STATEMENTS

The following table shows the key assumptions used in the calculation of expected loss to be paid for direct vintage 2004 - 2008 first lien U.S. RMBS.

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

	As of March 31, 2012	As of December 31, 2011
Alt-A First Lien		
Plateau conditional default rate.....	2.5% - 21.3%	2.8% - 21.7%
Intermediate conditional default rate.....	0.5% - 4.3%	0.6% - 9.3%
Final conditional default rate.....	0.1% - 1.1%	0.1% - 1.1%
Initial loss severity.....	65%	65%
Initial conditional prepayment rate.....	0.0% - 34.1%	1.1% - 37.5%
Final conditional prepayment rate.....	15%	15%
Option ARM		
Plateau conditional default rate.....	7.1% - 25.82%	9.6% - 26.4%
Intermediate conditional default rate.....	1.4% - 5.2%	1.9% - 5.3%
Final conditional default rate.....	0.4% - 1.3%	0.5% - 1.3%
Initial loss severity.....	65%	65%
Initial conditional prepayment rate.....	0.0% - 10.6%	0.0% - 29.1%
Final conditional prepayment rate.....	15%	15%
Subprime		
Plateau conditional default rate.....	8.1% - 24.8%	8.4% - 25.4%
Intermediate conditional default rate.....	1.6% - 5.0%	1.7% - 5.1%
Final conditional default rate.....	0.4% - 1.2%	0.4% - 1.3%
Initial loss severity.....	90%	90%
Initial conditional prepayment rate.....	0.0% - 10.1%	0.0% - 16.3%
Final conditional prepayment rate.....	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 conditional default rate 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 conditional prepayment rate follows a similar pattern to that of the conditional default rate. The current level of voluntary prepayments is assumed to continue for the plateau period before gradually increasing over 12 months to the final conditional prepayment rate, which is assumed to be either 10% or 15% depending on the scenario run. For transactions where the initial conditional prepayment rate is higher than the final conditional prepayment rate, the initial conditional prepayment rate 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.

In estimating loss reserves, the Company modeled and probability weighted sensitivities for first lien transactions by varying its assumptions of how fast a recovery is expected to occur. One of the variables used to model sensitivities was how quickly the conditional default rate returned to its modeled equilibrium, which was defined as 5% of the current conditional default rate. The Company also stressed conditional prepayment rates and the speed of recovery of loss severity rates. The Company probability weighted a total of five scenarios (including its base case) at March 31, 2012, the same as December 31, 2011. In a somewhat more stressful environment than that of the base case, where the conditional default rate plateau was extended three months (to be 27 months long) before the same more gradual conditional default rate recovery and loss severities were assumed to recover over four rather than two years (and subprime loss severities were assumed to recover only to 60%), expected loss to be paid would increase from current projections by approximately \$47.3 million for Alt-A first liens, \$6.6 million for Option ARM, \$17.5 million for subprime and \$0.5 million for prime transactions. In an even more stressful scenario where other loss severities were assumed to recover over eight years (and subprime severities were assumed to recover only to 60% and other assumptions were the same as the other stress scenario), loss reserves would increase from current projections by approximately \$130.1 million for Alt-A first liens, \$20.0 million for Option ARM, \$26.1 million for subprime and \$1.4 million for prime transactions. The Company also considered two scenarios where the recovery was faster than in its base case. In a scenario with a somewhat less stressful environment than the base case, where conditional default rate recovery was somewhat less gradual and the initial subprime loss severity rate was assumed to be 80% for 12 months and was assumed to recover to 40% over two years (the same scenario used for the base case at December 31, 2010), expected loss to be paid would decrease from current projections by approximately \$5.1 million for Alt-A first lien, \$2.0 million for Option ARM, \$4.6 million for subprime and \$0.1 million for prime transactions. In an even less stressful scenario where the conditional default rate plateau was three months shorter (21 months, effectively assuming that liquidation rates would improve) and the conditional default rate recovery was more pronounced, loss reserves would decrease from current projections by approximately \$29.2 million for Alt-A first lien, \$7.4 million for Option ARM, \$12.3 million for subprime and \$0.4 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 resulted in two 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 March 31, 2012 an estimated benefit from loan repurchases related to breaches of R&W of \$362.4 million, which includes amounts from Bank of America. Where the Company has an agreement with an R&W provider (e.g., the Bank of America Agreement) or, where potential recoveries may be higher due to settlements, that benefit is based on the agreement or probability of a potential agreement. For other transactions, the amount of benefit recorded as a reduction of loss reserves was calculated by extrapolating each transaction's breach rate on defaulted loans to projected defaults and applying a percentage of the recoveries the Company believes it will receive. 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 reserves. 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 Contingencies for a description of the related legal proceedings the Company has commenced.

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 loss reserves. This approach was used for both loans that had already defaulted and those assumed to default in the future. As noted above, in circumstances where potential recoveries may be higher due to settlements, the recovery assumption is based on the probability of the potential agreement.

NOTES TO FINANCIAL STATEMENTS

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 projected settlements 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 March 31, 2012, cumulative collateral losses on the 9 first lien RMBS transactions 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 \$91.8 million. The Company estimates that cumulative projected collateral losses for these first lien transactions will be \$0.4 billion, which will result in estimated gross loss reserves to the Company of \$105.3 million before considering R&W recoveries from Bank of America, and \$21.1 million after considering such R&W recoveries, all on a discounted basis. The Bank of America Agreement covers cumulative collateral losses up to \$6.6 billion for these transactions. As of March 31, 2012, and before cessions to reinsurers, Assured Guaranty had collected \$76.3 million, sent invoices for an additional \$13.9 million in claims paid in March 2012 and expected to collect an additional \$84.2 million, on a discounted basis, for covered first lien transactions under the Bank of America Agreement. Bank of America had placed approximately \$1.0 billion of eligible assets in trust in order to collateralize the reimbursement obligation. The amount of assets required to be posted may increase or decrease from time to time as determined by rating agency requirements.

On May 8, 2012, Assured Guaranty reached a settlement with Deutsche Bank AG and certain of its affiliates (collectively "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. As part of the settlement agreement (the "Deutsche Bank Agreement"), Assured Guaranty has settled its litigation against Deutsche Bank on three RMBS transactions, two of which were insured by AGC. See note 14, Recovery Litigation – RMBS Transactions, for information about the RMBS transactions subject to the settlement.

The Deutsche Bank Agreement provides for Assured Guaranty to receive a cash payment of \$165.6 million from Deutsche Bank upon signing, a portion of which will partially reimburse Assured Guaranty for past losses on certain transactions. Assured Guaranty and Deutsche Bank have also entered into loss sharing arrangements covering future RMBS related losses, which are described below. Under the Deutsche Bank Agreement, Deutsche Bank AG will place 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.

Included in the settlement are eight RMBS transactions ("Covered Transactions") that Assured Guaranty has insured through financial guaranty insurance policies. 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 reinsurance affiliate is required to resume reimbursement as 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 \$581 million of gross par outstanding as of April 25, 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 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 \$337 million of gross par outstanding as of April 25, 2012.

The terms of the Deutsche Bank settlement were largely reflected in the Company's 2011 loss reserves.

Trust Preferred Securities Collateralized Debt Obligations

The Company has insured or reinsured \$4.6 billion of net par of collateralized debt obligations ("CDOs") backed by TruPS and similar debt instruments, or "TruPS CDOs." Of that amount, \$2.4 billion is rated BIG. The underlying collateral in the TruPS CDOs consists of subordinated debt instruments such as TruPS issued by bank holding companies and similar instruments issued by insurance companies, real estate investment trusts ("REITs") and other real estate related issuers.

The Company projects losses for TruPS CDOs by projecting the performance of the asset pools across several scenarios (which it weights) and applying the CDO structures to the resulting cash flows. At March 31, 2012, the Company has loss reserves for TruPS CDOs of \$19.1 million.

"XXX" Life Insurance Transactions

The Company's \$525.9 million net par of XXX life insurance transactions include, as of March 31, 2012, \$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 provided by the investment manager, and projected credit impairments on the invested assets and performance of the blocks of life insurance business at March 31, 2012, the Company's net loss reserve is \$16.1 million. The incurred of \$2.3 million during First Quarter 2012 was due primarily to updated mortality experience.

Other Notable Loss or Claim Transactions

The Company projects losses on, or is monitoring particularly closely, a number of other individual transactions, the most significant of which are described in the following paragraphs.

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).

The Company has net exposure to Jefferson County, Alabama of \$183.6 million, of which \$183.0 is derived from reinsurance provided by the Company relating to warrants issued by Jefferson County in respect of its sewer system. Jefferson County's sewer revenue warrants are secured by a pledge of the net revenues of the sewer system, and the bankruptcy court has affirmed that the net revenues constitute "special revenue" under Chapter 9. Therefore, the net revenues of the sewer system are not subject to an automatic stay during the pendency of the County's bankruptcy case. However, whether sufficient net revenues will be made available for the payment of regularly scheduled debt service will be a function of the bankruptcy court's determination of "necessary operating expenses" under the bankruptcy code and the valuation of the sewer revenue stream which the bankruptcy court ultimately approves. The Company has loss reserves of \$25.1 million as of March 31, 2012 and \$18.1 million as of December 31, 2011 on the sewer revenue warrants, which is an estimate based on a number of probability-weighted scenarios. The incurred of \$10.3 million during First Quarter 2012 was due primarily to the increase in the forward London Interbank Offered Rate ("LIBOR") curve.

NOTES TO FINANCIAL STATEMENTS

The Company expects that bondholder rights will be enforced. However, due to the early stage of the bankruptcy proceeding, and the circumstances surrounding Jefferson County's debt, the nature of the action is uncertain. The Company will continue to analyze developments in the matter closely.

The following summarizes U.S. subprime loss activity:

- The aggregate amount of U.S. subprime related net losses paid in the first three months of 2012 were \$1,102,125;
- The aggregate amount of U.S. subprime related net losses incurred in the first three months of 2012 was \$5,777,709;
- The aggregate amount of U.S. subprime related net case reserves at the end of the current reporting period were \$61,563,454, and
- The Company does not establish IBNR reserves.

22. Events Subsequent

Subsequent events have been considered through May 15, 2012 for these statutory financial statements which are to be issued May 15, 2012. There were no material events occurring subsequent to March 31, 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 March 31, 2012.

	Assumed		Ceded		Net	
	Unearned	Commission	Unearned	Commission	Unearned	Commission
	Premium	Equity	Premium	Equity	Premium	Equity
Affiliates	\$ 25,069,612	\$10,027,845	\$297,117,488	\$80,292,818	\$(272,047,876)	\$(70,264,973)
Non Affiliates	133,427,867	30,603,878	11,983,618	2,373,394	121,444,249	28,230,484
Total	\$158,497,479	\$40,631,723	\$309,101,106	\$82,666,212	\$(150,603,627)	\$(42,034,489)

Direct Unearned Premium Reserve \$971,057,426

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

Incurred losses and loss expenses attributable to insured events of prior years were \$16,928,861 for the first quarter 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 \$325,531,019 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 \$155,722,630.

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 March 31, 2012:

<i>Dollars in thousands</i>	Surveillance Categories			Total
	BIG 1	BIG 2	BIG 3	
Number of risks	115	76	67	258
Remaining weighted-average contract period (in years)	12.6	6.8	12.4	11.2
Insured contractual payments outstanding:				
Principal	\$5,033	\$2,812	\$4,273	\$12,118
Interest	<u>1,492</u>	<u>263</u>	<u>1,006</u>	<u>2,761</u>
Total	<u>\$6,525</u>	<u>\$3,075</u>	<u>\$5,279</u>	<u>\$14,879</u>
Gross claim liability	\$ 1,258	\$637,632	\$1,470,019	\$2,108,909
Less: Gross potential recoveries - subrogation	11,330	340,047	969,858	1,321,235
Ceded claim liability	(838)	50,796	256,462	306,420
Discount, net	<u>(780)</u>	<u>69,691</u>	<u>86,812</u>	<u>155,723</u>
Net liability reported in the balance sheet	<u>\$(8,454)</u>	<u>\$177,098</u>	<u>\$ 156,887</u>	<u>\$ 325,531</u>
Reinsurance recoverables	\$226	\$28	\$12,724	\$12,978
Unearned premium reserve	\$7,311	\$5,046	\$15,502	\$27,859

NOTES TO FINANCIAL STATEMENTS

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
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 [X]
- 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 [X]
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006
- 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 [X] No [] NA []
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 7.2 If yes, give full information:
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 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: \$

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 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$ 122,347,875	\$ 125,794,066
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	\$ 125,794,066
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 MARCH 31, 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	52,818	57,510		855,447	70,210,118
2. Alaska	AK	L		0		0	0
3. Arizona	AZ	L		0		0	0
4. Arkansas	AR	L	155,199	230,987	1,264,926	3,502,013	(55,872,850)
5. California	CA	L	86,366	121,305		0	2,843,476
6. Colorado	CO	L		0		0	0
7. Connecticut	CT	L		0		0	0
8. Delaware	DE	L	815,222	244,333	3,111,755	13,053,389	(24,506,970)
9. District of Columbia	DC	L		0		0	0
10. Florida	FL	L		0		0	0
11. Georgia	GA	L		0		0	0
12. Hawaii	HI	L		0		0	0
13. Idaho	ID	L		0		0	0
14. Illinois	IL	L	527,852	1,347,933		0	781,220
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		0		0	0
21. Maryland	MD	L	1,016,010	1,780,862		250,362	949,799
22. Massachusetts	MA	L	113,980	131,702		0	4,655,312
23. Michigan	MI	L		0		0	0
24. Minnesota	MN	L	1,286,192	589,608		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	101,383	101,447		0	0
32. New Mexico	NM	L		0		0	0
33. New York	NY	L	22,000,560	31,591,879	39,689,334	33,923,497	413,299,303
34. North Carolina	NC	L	46,309	136,690		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	87,239	116,472		0	0
45. Utah	UT	L		0		0	0
46. Vermont	VT	L	254,917	254,917		0	0
47. Virginia	VA	L		0		0	0
48. Washington	WA	L		0		0	0
49. West Virginia	WV	L		0		0	0
50. Wisconsin	WI	L		0		0	0
51. Wyoming	WY	L		0		0	0
52. American Samoa	AS	N		0		0	0
53. Guam	GU	N		0		0	0
54. Puerto Rico	PR	L		0		0	0
55. U.S. Virgin Islands	VI	N		0		0	0
56. Northern Mariana Islands	MP	N		0		0	0
57. Canada	CN	N		0		0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	(a) 52		26,555,538	36,880,293	44,066,015	51,584,708	342,149,290
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.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

No significant change since prior year end.

STATEMENT AS OF MARCH 31, 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		20-1082002		0001289244		Assured Guaranty US Holdings Inc	DE	DS	AG Corporate Holdings LLC	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd	01945	13-3261323		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		98-0223300				Assured Guaranty (Bermuda) Ltd	BM	DS	Assured Guaranty Municipal Insurance Co	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		AA-2510099				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 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		52-2221232				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		52-1533088				Assured Guaranty Corp	MD	DS	Assured Guaranty US Holdings Inc	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd		13-4031196				AG Financial Products Inc	DE	DS	Assured Guaranty US Holdings Inc	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	Assured Guaranty Corp	Ownership	100.0	Assured Guaranty Ltd	
00194	Assured Guaranty Ltd						AGFP Holdings LLC	DE	DS	AG PFC Holding LLC	Ownership	100.0	Assured Guaranty Ltd	

12

Asterisk	Explanation
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STATEMENT AS OF MARCH 31, 2012 OF THE ASSURED GUARANTY CORP.

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	43,989,607	9,402,711	21.4	13.2
11.1 Medical professional liability -occurrence			0.0	0.0
11.2 Medical professional liability -claims made			0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence			0.0	0.0
17.2 Other liability-claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability			0.0	0.0
19.3,19.4 Commercial auto liability			0.0	0.0
21. Auto physical damage			0.0	0.0
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery			0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	43,989,607	9,402,711	21.4	13.2
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	26,555,538	26,555,538	36,880,293
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	26,555,538	26,555,538	36,880,293
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF MARCH 31, 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	331,386		331,386	35,460		35,460	309,150			309,150	13,223	0	13,223
2. 2010	5,515		5,515	77		77	12,293			12,293	6,855	0	6,855
3. Subtotals 2010 + prior	336,901	0	336,901	35,537	0	35,537	321,443	0	0	321,443	20,078	0	20,078
4. 2011	7,856		7,856	620		620	4,087			4,087	(3,149)	0	(3,149)
5. Subtotals 2011 + prior	344,758	0	344,758	36,157	0	36,157	325,529	0	0	325,529	16,929	0	16,929
6. 2012	XXX	XXX	XXX	XXX	1	1	XXX	2		2	XXX	XXX	XXX
7. Totals	344,758	0	344,758	36,157	1	36,158	325,529	2	0	325,531	16,929	0	16,929
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. 4.9	2. 0.0	3. 4.9
													Col. 13, Line 7 Line 8
													4. 1.7

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

OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 25.

*ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
2504. Security deposit.....	97,800	97,800	0	0
2505. Other receivables.....	34,917	34,917	0	0
2506. Rent receivable.....	123,355	123,355	0	6,863
2597. Summary of remaining write-ins for Line 25 from Page 02	256,072	256,072	0	6,863

PQ003 Additional Aggregate Lines for Page 03 Line 25.

*LIAB

	1	2
	Current Statement Date	December 31, Prior Year
2504. Miscellaneous liability.....	2,851,411	3,344,821
2597. Summary of remaining write-ins for Line 25 from Page 03	2,851,411	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	30,357	121,426
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	2,708,184	2,738,541
10. Deduct total nonadmitted amounts	2,708,184	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

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	7,655,898	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	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	62,111,984	950,881,214
3. Accrual of discount	2,019,168	9,030,380
4. Unrealized valuation increase (decrease)	8,935,669	405,477
5. Total gain (loss) on disposals	684,675	4,280,049
6. Deduct consideration for bonds and stocks disposed of	85,378,715	779,248,038
7. Deduct amortization of premium	3,531,113	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	29,479,173	3,945,945
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	2,604,425,654	2,649,063,159
11. Deduct total nonadmitted amounts	5,489,478	0
12. Statement value at end of current period (Line 10 minus Line 11)	2,598,936,176	2,649,063,159

STATEMENT AS OF MARCH 31, 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).....	2,633,906,210	82,915,954	121,660,247	(30,928,678)	2,564,233,239	0	0	2,633,906,210
2. Class 2 (a).....	30,924,293		315,213	(19,743,476)	10,865,604	0	0	30,924,293
3. Class 3 (a).....	0			19,696,567	19,696,567	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	2,664,830,503	82,915,954	121,975,460	(30,975,587)	2,594,795,410	0	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	2,664,830,503	82,915,954	121,975,460	(30,975,587)	2,594,795,410	0	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 \$63,466,445 ; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

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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	71,217,952	XXX	71,197,746	7,500	

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	33,364,223	137,956,098
3. Accrual of discount	15,532	37,546
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals	(44)	1,014
6. Deduct consideration received on disposals	56,799,821	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).....	71,217,951	94,638,061
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	71,217,951	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		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)	58,227,482	47,481,441
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	58,227,482	47,481,441

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

STATEMENT AS OF MARCH 31, 2012 OF THE ASSURED GUARANTY CORP.

SCHEDULE BA - PART 2

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

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		City	State									
NONE												
3999999 – Subtotals Unaffiliated								0	0	0	0	XXX
4099999 – Subtotals Affiliated								0	0	0	0	XXX
4199999 Totals								0	0	0	0	XXX

SCHEDULE BA - PART 3

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

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/ Adjusted Carrying Value Less Encumbrances Prior Year	9-14 Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income	
		City	State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.							
Any Other Class of Assets - Unaffiliated																				
000000-00-0	ADVANTAGE CAPITAL CONNECTICUT PARTNERS	NEW YORK	NY	DIRECT	06/29/2011	03/30/2012	903	0	0	0	0	0	0	0	903	903	0	0	0	0
3799999 - Any Other Class of Assets - Unaffiliated																				
3999999 – Subtotals Unaffiliated																				
4099999 – Subtotals Affiliated																				
4199999 Totals																				

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STATEMENT AS OF MARCH 31, 2012 OF THE ASSURED GUARANTY CORP.

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Special Revenue									
040484-F0-5	ARIZONA ST BRD OF RGTS UNIV SY		03/28/2012	WELLS FARGO BROK SER LLC		2,543,003	2,230,000		1FE
040484-FR-3	ARIZONA ST BRD OF RGTS UNIV SY		03/28/2012	WELLS FARGO BROK SER LLC		1,519,480	1,340,000		1FE
040484-FS-1	ARIZONA ST BRD OF RGTS UNIV SY		03/28/2012	WELLS FARGO BROK SER LLC		1,128,470	1,000,000		1FE
040484-FT-9	ARIZONA ST BRD OF RGTS UNIV SY		03/28/2012	WELLS FARGO BROK SER LLC		1,448,709	1,290,000		1FE
040484-FY-8	ARIZONA ST BRD OF RGTS UNIV SY		03/28/2012	WELLS FARGO BROK SER LLC		2,203,200	2,000,000		1FE
13033L-VX-2	CALIFORNIA HEALTH FACs FING AU		01/10/2012	WELLS FARGO BROK SER LLC		4,492,480	4,000,000	11,667	1FE
196707-KG-7	COLORADO ST BRD OF GOVERNORS U		02/23/2012	RBC		1,112,250	1,000,000		1FE
198504-UC-4	COLUMBIA SC WTRWKS & SWR SYS		02/16/2012	BARCLAYS CAPITAL		1,259,989	1,125,000	3,281	1FE
359900-3C-9	FULTON CNTY GA DEV AUTH		03/30/2012	BARCLAYS CAPITAL		1,378,872	1,200,000		1FE
359900-3M-7	FULTON CNTY GA DEV AUTH		03/30/2012	BARCLAYS CAPITAL		2,625,255	2,270,000		1FE
45203H-FF-4	ILLINOIS FIN AUTH REV		01/27/2012	Merrill Lynch		2,175,620	2,000,000		1FE
560551-MY-6	MAINE ST TURNPIKE AUTH		03/12/2012	Added by SunGard		1,742,295	1,500,000	1,458	1FE
576000-LP-6	MASSACHUSETTS ST SCH BLDG AUTH		02/15/2012	BARCLAYS CAPITAL		2,240,320	2,000,000	30,000	1FE
591745-H9-8	MET ATLANTA GA RAPID TRANSIT A		03/28/2012	VARIOUS		2,964,370	2,750,000	33,819	1FE
649710-RM-7	NEW YORK CITY NY TRANSITIONALF		01/30/2012	PIPEN JOFFERY		1,129,970	1,000,000	10,417	1FE
914716-XA-8	UNIV OF NORTH CAROLINA NC AT C		02/10/2012	BARCLAYS CAPITAL		1,862,436	1,665,000		1FE
914716-XB-6	UNIV OF NORTH CAROLINA NC AT C		02/10/2012	BARCLAYS CAPITAL		1,123,990	1,000,000		1FE
91523N-KF-2	UNIV OF WASHINGTON WA UNIV REV		02/09/2012	BARCLAYS CAPITAL		2,257,800	2,000,000		1FE
91476P-CG-1	UNIV OK REVENUES		01/26/2012	BARCLAYS CAPITAL		1,105,780	1,000,000		1FE
91476P-CH-9	UNIV OK REVENUES		01/26/2012	BARCLAYS CAPITAL		1,374,963	1,250,000		1FE
940093-3K-1	WASHINGTON ST UNIV		02/08/2012	Added by SunGard		1,116,240	1,000,000		1FE
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Government and Their Political Subdivisions						38,805,692	34,620,000	90,642	XXX
8399997 - Subtotals - Bonds - Part 3						38,805,692	34,620,000	90,642	XXX
8399999 - Subtotals - Bonds						38,805,692	34,620,000	90,642	XXX
Common Stocks - Money Market Mutual Funds									
55376T-42-9	MTB MONEY MARKET FUND		01/04/2012	AGC TRANSFERS		1,771,748.600	1,771,749		
55376T-46-0	MTB MONEY MARKET FUND-A VSMXX		03/01/2012	VARIOUS		10,610,156.240	10,610,156		
97181C-30-8	WILMINGTON PRIME MMKT FUND		03/27/2012	Undef ined		10,924,389.060	10,924,389		
9399999 - Common Stocks - Money Market Mutual Funds						23,306,294	XXX	0	XXX
9799997 - Subtotals - Common Stocks - Part 3						23,306,294	XXX	0	XXX
9799999 - Subtotals - Common Stocks						23,306,294	XXX	0	XXX
9899999 - Subtotals- Preferred and Common Stocks						23,306,294	XXX	0	XXX
9999999 Totals						62,111,986	XXX	90,642	XXX

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

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STATEMENT AS OF MARCH 31, 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. States, Territories and Possessions																					
419780-X6-3	HAWAII ST G.O.		02/01/2012	CALLED @ 100.000000		2,100,000	2,100,000	2,102,168	2,101,387		(1,387)		(1,387)		2,100,000				57,750	02/01/2016	1FE
419780-Y5-4	HAWAII ST G.O.		02/01/2012	CALLED @ 100.000000		2,900,000	2,900,000	3,027,949	2,901,916		(1,916)		(1,916)		2,900,000				79,750	02/01/2016	1FE
917542-SR-4	UTAH ST		01/10/2012	Morgan Stanley Co.		4,972,560	4,000,000	4,778,760	4,722,711		(2,590)		(2,590)		4,720,121		252,439	252,439	103,889	07/01/2018	1FE
939744-H0-0	WASHINGTON ST MOT		01/03/2012	CALLED @ 100.000000		5,000,000	5,000,000	4,881,500	5,000,000				0		5,000,000				125,000	01/01/2027	1FE
1799999 - Bonds - U.S. States, Territories and Possessions						14,972,560	14,000,000	14,808,377	14,726,014	0	(5,893)	0	(5,893)	0	14,720,121	0	252,439	252,439	366,389	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
232760-PC-6	CYPRESS-FAIRBANKS TEX INDPT SC G.O.		02/15/2012	VARIOUS		5,000,000	5,000,000	5,020,611	5,004,544		(4,544)		(4,544)		5,000,000				143,750	02/15/2021	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						5,000,000	5,000,000	5,020,611	5,004,544	0	(4,544)	0	(4,544)	0	5,000,000	0	0	0	143,750	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		01/03/2012	Sink PMT @ 100.000000		60,000	60,000	62,940	63,133		(3,133)		(3,133)		60,000					03/01/2041	1FE
16756K-BF-3	CHICAGO ILL MOTOR FUEL TAX REV MOT		01/03/2012	Sink PMT @ 100.000000		1,155,000	1,155,000	1,143,462	1,152,755		2,245		2,245		1,155,000					01/01/2014	1FE
3128MJ-QG-8	FEDERAL HOME LN MTG CORP #508454		03/15/2012	PRINCIPAL RECEIPT		192,486	192,486	199,824	200,373		(7,887)		(7,887)		192,486				1,398	07/01/2041	1FE
3128PV-BS-8	FEDERAL HOME LN MTG CORP #J15449		03/15/2012	VARIOUS		9,082,210	8,622,739	9,020,193	9,042,783		(82,441)		(82,441)		8,960,342		121,868	121,868	89,350	05/01/2026	1FE
3128PU-EW-8	FG J14649		03/15/2012	PRINCIPAL RECEIPT		1,011,303	1,011,303	1,006,430	1,006,411		4,892		4,892		1,011,303				6,294	04/01/2026	1FE
3128PU-HG-0	FG J14731		03/15/2012	PRINCIPAL RECEIPT		977,328	977,328	972,619	972,699		4,630		4,630		977,328				6,016	03/01/2026	1FE
3128PQ-O8-7	FHLMC PC GOLD 15		03/15/2012	PRINCIPAL RECEIPT		717,506	717,506	751,588	743,327		(25,821)		(25,821)		717,506				5,105	12/01/2024	1FE
3132GE-3X-6	FHLMC POOL Q01714		03/15/2012	PRINCIPAL RECEIPT		137,522	137,522	138,478	138,591		(1,069)		(1,069)		137,522				971	07/01/2041	1FE
31396A-AV-6	FHLMC REMIC SERIES 3031		03/15/2012	PRINCIPAL RECEIPT		128,785	128,785	134,178	134,960		(6,174)		(6,174)		128,785				999	08/15/2033	1FE
31398W-SD-7	FHLMC 3632-PK CMO/AGENCY		03/15/2012	PRINCIPAL RECEIPT		109,162	109,162	121,400	123,328		(14,167)		(14,167)		109,162				907	02/15/2040	1FE
3138A8-SL-7	FN AH6822		03/26/2012	PRINCIPAL RECEIPT		234,260	234,260	236,164	236,113		(1,852)		(1,852)		234,260				1,397	03/01/2026	1FE
3138AX-RK-9	FNMA 30YR MBS/POOL		03/26/2012	PRINCIPAL RECEIPT		226,080	226,080	232,226	232,226		(6,161)		(6,161)		226,080				1,779	11/01/2041	1FE
31417V-PW-7	FNMA PASS-THRU INT 15 YEAR		03/26/2012	PRINCIPAL RECEIPT		571,490	571,490	594,582	593,034		(21,544)		(21,544)		571,490				4,122	12/01/2024	1FE
373541-A7-6	GEORGIA MUN ELEC AUTH PWR REV REV		01/03/2012	Sink PMT @ 100.000000		1,860,000	1,860,000	1,854,347	1,858,737		1,263		1,263		1,860,000					01/01/2013	1FE
373541-Q0-7	GEORGIA MUN ELEC AUTH PWR REV REV		01/03/2012	Sink PMT @ 100.000000		120,000	120,000	119,504	119,997		3		3		120,000					01/01/2013	1FE
451296-K9-7	IDAHO HSG AGY		01/03/2012	Sink PMT @ 100.000000		40,000	40,000	39,900	39,946		54		54		40,000					07/01/2027	1FE
60636X-8E-6	MO HSG SF PAC		03/01/2012	Sink PMT @ 100.000000		70,000	70,000	75,394	74,886		(4,886)		(4,886)		70,000				4	11/01/2027	1FE
60535G-AX-0	MS HSG PAC		03/01/2012	Sink PMT @ 100.000000		20,000	20,000	21,541	21,363		(1,363)		(1,363)		20,000					12/01/2031	1FE
644614-AC-3	NEW HAMPSHIRE HEALTH & ED FACS REV		03/01/2012	CALLED @ 100.000000		5,765,000	5,765,000	6,057,689	5,765,000				0		5,765,000				86,475	06/01/2039	1FE
658203-PH-1	NORTH CAROLINA MUN PWR AGY NO CAT		01/03/2012	CALLED @ 100.000000		1,950,000	1,950,000	1,950,000	1,950,000				0		1,950,000					01/01/2013	1
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						24,428,132	23,968,661	24,732,459	24,469,677	0	(163,411)	0	(163,411)	0	24,306,264	0	121,868	121,868	204,817	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
225460-AA-5	CREDIT SUISSE NEW YORK		02/02/2012	Added by SunGard		3,745,805	3,500,000	3,831,030	3,683,409		(6,522)		(6,522)		3,676,886		68,919	68,919	51,333	05/01/2014	1FE
000292-AB-8	AAA 2007-2 A2		03/27/2012	PRINCIPAL RECEIPT		88,434	88,434	39,278	39,786		48,649		48,649		88,434					01/27/2046	1AM
026660-ZH-9	AMER HONDA FIN CORP MTN BE144A		03/27/2012	MATURITY		1,150,000	1,150,000	1,148,850	1,149,938		62		62		1,150,000				29,325	03/27/2012	1FE
058521-AC-9	BALLANTYNE RE PLC 2006-1A A2B		03/02/2012	PRINCIPAL RECEIPT		27,419	27,419	10,034	10,887		16,532		16,532		27,419					05/02/2036	1AM
173067-AC-3	CGOMT 2004-C1 A3		03/15/2012	PRINCIPAL RECEIPT		315,213	315,213	326,061	322,348		(7,139)		(7,139)		315,213				2,139	04/15/2040	2AM
172967-EC-1	CITIGROUP INC		02/16/2012	VARIOUS		1,640,992	1,600,000	1,578,896	1,580,248		42		42		1,580,290		60,702	60,702	21,672	05/29/2037	1FE
12629E-AF-2	CSAB MTG-BOKD TR 2007-1		03/25/2012	PRINCIPAL RECEIPT		324,058	324,058	211,691	212,949		111,110		111,110		324,058					05/25/2037	1FM
22541N-AP-4	CSFB COML MTG PTC 2002-CPS		03/16/2012	PRINCIPAL RECEIPT		4,653,716	4,653,716	4,608,997	4,650,712		3,005		3,005		4,653,716				48,269	07/15/2035	1FM
021490-AE-0	CWALT INC 2007 0A10		03/25/2012	PRINCIPAL RECEIPT		357,694	357,694	167,585	139,468		218,227		218,227		357,694					09/25/2047	1FE
369604-AV-9	GENERAL ELECTRIC COMPANY		03/08/2012	WELLS FARGO BROK SER LLC		2,598,500	2,500,000	2,672,450	2,561,475		(10,426)		(10,426)		2,551,048		47,452	47,452	77,083	02/01/2013	1FE
46625M-NP-0	JP MORGAN CHASE CMBS		03/12/2012	PRINCIPAL RECEIPT		253,730	253,730	251,817	253,542		188		188		253,730				2,245	10/12/2037	1FM
872227-AH-6	2002-C1C5		03/26/2012	PRINCIPAL RECEIPT		712,251	712,251	342,918	335,480		376,772		376,772		712,251					07/25/2037	1FM

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STATEMENT AS OF MARCH 31, 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	For eign	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)	
88158A-AJ-1	TERWIN MORTGAGE TRUST 07-9 SL		03/25/2012	PRINCIPAL RECEIPT		99,736	99,736	72,520	72,605		27,132		27,132		99,736			0		06/25/2038	1FE	
88158A-AA-0	TERWIN MTG TR 2007-SL9		03/25/2012	PRINCIPAL RECEIPT		128,229	128,229	80,855	83,530		44,698		44,698		128,229			0		06/25/2038	1FM	
055650-BF-4	BP CAPITAL MARKETS PLC	R	03/08/2012	JEFFRIES		5,363,800	5,000,000	5,524,950	5,255,706		(25,202)		(25,202)		5,230,504		133,296	133,296	91,875	11/07/2013	1FE	
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						21,459,577	20,710,482	20,867,932	20,352,083	0	797,132	0	797,132	0	21,149,208	0	310,369	310,369	323,941		XXX	
8399997 - Subtotals - Bonds - Part 4						65,860,269	63,679,143	65,429,379	64,552,318	0	623,284	0	623,284	0	65,175,593	0	684,676	684,676	1,038,897		XXX	XXX
8399999 - Subtotals - Bonds						65,860,269	63,679,143	65,429,379	64,552,318	0	623,284	0	623,284	0	65,175,593	0	684,676	684,676	1,038,897		XXX	XXX
Common Stocks - Money Market Mutual Funds																						
55376T-42-9	MTB MONEY MARKET FUND		01/23/2012	AGC TRANSFERS	5,776,032.090	5,776,032	XXX	5,776,032	4,004,283				0		5,776,032			0	218	XXX		
55376T-46-0	MTB MONEY MARKET FUND-A VSMXX		03/12/2012	VARIOUS	10,610,156.240	10,610,156	XXX	10,610,156					0		10,610,156			0	266	XXX		
97181C-30-8	WILMINGTON PRIME MMKT FUND		03/27/2012	Undefined	3,132,257.030	3,132,257	XXX	3,132,257					0		3,132,257			0		XXX		
9399999 - Common Stocks - Money Market Mutual Funds						19,518,445	XXX	19,518,445	4,004,283	0	0	0	0	0	19,518,445	0	0	0	484	XXX	XXX	
9799997 - Subtotals - Common Stocks - Part 4						19,518,445	XXX	19,518,445	4,004,283	0	0	0	0	0	19,518,445	0	0	0	484	XXX	XXX	
9799999 - Subtotals - Common Stocks						19,518,445	XXX	19,518,445	4,004,283	0	0	0	0	0	19,518,445	0	0	0	484	XXX	XXX	
9899999 - Subtotals - Preferred and Common Stocks						19,518,445	XXX	19,518,445	4,004,283	0	0	0	0	0	19,518,445	0	0	0	484	XXX	XXX	
9999999 Totals						85,378,714	XXX	84,947,824	68,556,601	0	623,284	0	623,284	0	84,694,038	0	684,676	684,676	1,039,381	XXX	XXX	

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

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

