



MARCH 31, 2011 (amended)

**ASSURED  
GUARANTY**<sup>®</sup>  
FAMILY OF COMPANIES

# Financial Supplement

Assured Guaranty Corp.





**Assured Guaranty Corp.  
March 31, 2011  
Financial Supplement  
(amended)**

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This supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (together with its subsidiaries, "Assured Guaranty") with the Securities and Exchange Commission ("SEC"), including Assured Guaranty's Annual Report on Form 10-K for the year ended December 31, 2010, as amended, and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, as amended. For the purposes of this financial supplement, all references to the "Company" shall mean Assured Guaranty Corp. ("AGC") and its consolidated entities.

The financial results under accounting principles generally accepted in the United States of America ("GAAP") and non-GAAP financial measures contained in this Financial Supplement reflect the Company's restatement of its previously issued 2010 and 2009 financial statements to correct the elimination of intercompany activity between AGC and its consolidated financial guaranty variable interest entities and other immaterial errors.

Some amounts in this Financial Supplement may not add due to rounding.

**Cautionary Statement Regarding Forward-Looking Statements:**

Any forward-looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of Assured Guaranty or any of its subsidiaries and/or of transactions that Assured Guaranty's subsidiaries have insured, all of which have occurred in the past; (2) developments in the world's financial and capital markets that adversely affect issuers' payment rates, Assured Guaranty's loss experience, its ability to cede exposure to reinsurers, its access to capital, its unrealized (losses) gains on derivative financial instruments or its investment returns; (3) changes in the world's credit markets, segments thereof or general economic conditions; (4) more severe or frequent losses implicating the adequacy of Assured Guaranty's expected loss estimates; (5) the impact of market volatility on the mark-to-market of Assured Guaranty's contracts written in credit default swap form; (6) reduction in the amount of insurance and reinsurance opportunities available to Assured Guaranty; (7) deterioration in the financial condition of our reinsurers, the amount and timing of reinsurance recoverables actually received and the risk that reinsurers may dispute amounts owed to us under our reinsurance agreements; (8) the possibility that Assured Guaranty will not realize insurance loss recoveries or damages expected from originators, sellers, sponsors, underwriters or servicers of residential mortgage-backed securities transactions; (9) increased competition; (10) changes in applicable accounting policies or practices; (11) changes in applicable laws or regulations, including insurance and tax laws; (12) other governmental actions; (13) difficulties with the execution of Assured Guaranty's business strategy; (14) contract cancellations; (15) Assured Guaranty's dependence on customers; (16) loss of key personnel; (17) adverse technological developments; (18) the effects of mergers, acquisitions and divestitures; (19) natural or man-made catastrophes; (20) other risks and uncertainties that have not been identified at this time; (21) management's response to these factors; and (22) other risk factors identified in Assured Guaranty's filings with the SEC. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made. Assured Guaranty undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.



# Assured Guaranty Corp.

Consolidated Statements of Operations (unaudited)

(dollars in millions)

|  | Three Months Ended<br>March 31, |                  |
|--|---------------------------------|------------------|
|  | 2011                            | 2010             |
| <b>Revenues:</b>   |                                 |                  |
| Net earned premiums  | \$ 28.7                         | \$ 29.1          |
| Net investment income  | 24.5                            | 19.6             |
| Net realized investment gains (losses)   | -                               | 2.8              |
| Net change in fair value of credit derivatives:                                  |                                 |                  |
| Realized gains and other settlements   | 10.4                            | (6.7)            |
| Net unrealized gains (losses)  | (235.3)                         | 209.5            |
| Net change in fair value of credit derivatives                                   | (224.9)                         | 202.8            |
| Fair value gains (losses) on committed capital securities                        | 0.3                             | 1.4              |
| Net change in financial guaranty VIEs  | 9.5                             | 11.9             |
| Other income   | 1.3                             | (2.2)            |
| <b>Total revenues</b>  | <b>(160.6)</b>                  | <b>265.4</b>     |
| <b>Expenses:</b>   |                                 |                  |
| Loss and loss adjustment expenses  | (18.4)                          | 31.9             |
| Amortization of deferred acquisition costs                                       | 3.8                             | 4.1              |
| Interest expense   | 3.8                             | 3.8              |
| Other operating expenses   | 17.6                            | 27.6             |
| <b>Total expenses</b>  | <b>6.8</b>                      | <b>67.4</b>      |
| <b>Income (loss) before income taxes</b>   | <b>(167.4)</b>                  | <b>198.0</b>     |
| Provision (benefit) for income taxes   | (62.0)                          | 66.3             |
| <b>Net income (loss)</b>   | <b>\$ (105.4)</b>               | <b>\$ 131.7</b>  |
| Less after-tax adjustments:  |                                 |                  |
| Realized gains (losses) on investments   | -                               | 1.9              |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (145.4)                         | 160.3            |
| Fair value gains (losses) on committed capital securities                        | 0.2                             | 0.9              |
| Foreign exchange gains (losses) on revaluation of premiums receivable            | 0.5                             | (1.7)            |
| Effect of consolidating financial guaranty VIEs                                  | 7.4                             | 7.4              |
| <b>Operating income (loss)</b>   | <b>\$ 31.9</b>                  | <b>\$ (37.1)</b> |
| <b>Effect of refundings and accelerations, net</b>                               |                                 |                  |
| Earned premiums from refundings and accelerations, net                           | \$ 6.8                          | \$ 2.1           |
| Operating income effect  | 4.2                             | 1.2              |

Note: Please refer to the explanation within the Non-GAAP Financial Measures.

## Assured Guaranty Corp.

Net Income (Loss) Reconciliation to Operating Income  
(in millions)

|  | Three Months Ended<br>March 31, 2011    |   |   | Three Months Ended<br>March 31, 2010    |   |   |
|--|---|---|---|---|---|---|
|  | GAAP Income<br>Statement As<br>Reported | Less:<br>Operating<br>Income<br>Adjustments | Non-GAAP<br>Operating<br>Income Results | GAAP Income<br>Statement As<br>Reported | Less:<br>Operating<br>Income<br>Adjustments | Non-GAAP<br>Operating<br>Income Results |
| <b>Revenues:</b>                                       |   |   |   |   |   |   |
| Net earned premiums                                    | \$ 28.7                                 | \$ 0.1 (1)                                  | \$ 28.6                                 | \$ 29.1                                 | \$ (0.4) (1)                                | \$ 29.5                                 |
| Net investment income                                  | 24.5                                    | (0.3)                                       | 24.8                                    | 19.6                                    | -   | 19.6                                    |
| Net realized investment gains (losses)                 | -                                       | -   | -                                       | 2.8                                     | 2.8 (2)                                     | -                                       |
| Net change in fair value of credit derivatives:        |   |   |   |   |   |   |
| Realized gains and other settlements                   | 10.4                                    | 10.4  | -                                       | (6.7)                                   | (6.7)                                       | -                                       |
| Net unrealized gains (losses)                          | (235.3)                                 | (235.3)                                     | -                                       | 209.5                                   | 209.5                                       | -                                       |
| Credit derivative revenues                             | -                                       | (23.3)                                      | 23.3                                    | -                                       | (20.7)                                      | 20.7                                    |
| Net change in fair value of credit derivatives         | (224.9)                                 | (248.2) (3)                                 | 23.3                                    | 202.8                                   | 182.1 (3)                                   | 20.7                                    |
| Fair value gain (loss) on committed capital securities | 0.3                                     | 0.3 (4)                                     | -                                       | 1.4                                     | 1.4 (4)                                     | -                                       |
| Net change in financial guaranty VIEs                  | 9.5                                     | 9.5 (1)                                     | -                                       | 11.9                                    | 11.9 (1)                                    | -                                       |
| Other income   | 1.3                                     | 0.7 (5)                                     | 0.6                                     | (2.2)                                   | (2.6) (5)                                   | 0.4                                     |
| <b>Total revenues</b>                                  | <b>(160.6)</b>                          | <b>(237.9)</b>                              | <b>77.3</b>                             | <b>265.4</b>                            | <b>195.2</b>                                | <b>70.2</b>                             |
| <b>Expenses:</b>                                       |   |   |   |   |   |   |
| Loss expense:  |   |   |   |   |   |   |
| Financial guaranty insurance                           | (18.4)                                  | (2.2) (1)                                   | (16.2)                                  | 31.9                                    | 0.1 (1)                                     | 31.8                                    |
| Credit derivatives                                     | -                                       | (24.5) (3)                                  | 24.5                                    | -                                       | (64.6) (3)                                  | 64.6                                    |
| Amortization of deferred acquisition costs             | 3.8                                     | -   | 3.8                                     | 4.1                                     | -   | 4.1                                     |
| Interest expense                                       | 3.8                                     | -   | 3.8                                     | 3.8                                     | -   | 3.8                                     |
| Other operating expenses                               | 17.6                                    | -   | 17.6                                    | 27.6                                    | -   | 27.6                                    |
| <b>Total expenses</b>                                  | <b>6.8</b>                              | <b>(26.7)</b>                               | <b>33.5</b>                             | <b>67.4</b>                             | <b>(64.5)</b>                               | <b>131.9</b>                            |
| <b>Income (loss) before income taxes</b>               | <b>(167.4)</b>                          | <b>(211.2)</b>                              | <b>43.8</b>                             | <b>198.0</b>                            | <b>259.7</b>                                | <b>(61.7)</b>                           |
| Provision (benefit) for income taxes                   | (62.0)                                  | (73.9) (6)                                  | 11.9                                    | 66.3                                    | 90.9 (6)                                    | (24.6)                                  |
| <b>Net income (loss)</b>                               | <b>\$ (105.4)</b>                       | <b>\$ (137.3)</b>                           | <b>\$ 31.9</b>                          | <b>\$ 131.7</b>                         | <b>\$ 168.8</b>                             | <b>\$ (37.1)</b>                        |

1. Adjustments to eliminate the effects of consolidating financial guaranty VIEs.
2. Adjustments to eliminate realized gains (losses) on investments.
3. Adjustments to eliminate non-economic fair value gains (losses) on credit derivatives and reclassification to revenues and losses incurred.
4. Adjustments to eliminate fair value gain (loss) on committed capital securities.
5. Adjustments to eliminate foreign exchange gains (losses) on revaluation of net premium receivables.
6. Tax effect of the above adjustments.

Note: Please refer to the explanation within the Non-GAAP Financial Measures.

# Assured Guaranty Corp.

Consolidated Balance Sheets (unaudited)

(in millions)

|  | As of             |                      |
|--|-------------------|----------------------|
|  | March 31,<br>2011 | December 31,<br>2010 |
| <b>Assets:</b>   |                   |                      |
| Investment portfolio:  |                   |                      |
| Fixed maturity securities, available-for-sale, at fair value       | \$ 2,514.2        | \$ 2,476.2           |
| Short-term investments, at fair value                              | 172.0             | 235.7                |
| Other invested assets  | 12.5              | 12.5                 |
| <b>Total investment portfolio</b>                                  | <b>2,698.7</b>    | <b>2,724.4</b>       |
| Cash   | 18.7              | 17.8                 |
| Premiums receivable, net of ceding commissions payable             | 243.6             | 269.6                |
| Ceded unearned premium reserve                                     | 371.5             | 388.6                |
| Deferred acquisition costs   | 61.2              | 57.9                 |
| Reinsurance recoverable on unpaid losses                           | 66.1              | 68.1                 |
| Salvage and subrogation recoverable                                | 199.1             | 184.0                |
| Credit derivative assets   | 425.8             | 399.5                |
| Deferred tax asset, net  | 395.5             | 344.4                |
| Current income tax receivable                                      | 58.6              | 38.3                 |
| Financial guaranty VIE assets, at fair value                       | 1,000.7           | 966.0                |
| Other assets   | 90.1              | 74.6                 |
| <b>Total assets</b>  | <b>\$ 5,629.6</b> | <b>\$ 5,533.2</b>    |
| <b>Liabilities and shareholder's equity:</b>                       |                   |                      |
| <b>Liabilities:</b>  |                   |                      |
| Unearned premium reserve   | \$ 1,269.2        | \$ 1,323.1           |
| Loss and loss adjustment expense reserve                           | 206.4             | 231.1                |
| Reinsurance balances payable, net                                  | 120.9             | 121.6                |
| Note payable to affiliate  | 300.0             | 300.0                |
| Credit derivative liabilities                                      | 1,629.4           | 1,357.7              |
| Financial guaranty VIE liabilities with recourse, at fair value    | 529.1             | 519.9                |
| Financial guaranty VIE liabilities without recourse, at fair value | 511.3             | 495.7                |
| Other liabilities  | 105.9             | 113.4                |
| <b>Total liabilities</b>   | <b>4,672.2</b>    | <b>4,462.5</b>       |
| <b>Shareholder's equity:</b>                                       |                   |                      |
| Preferred stock  | -                 | -                    |
| Common stock   | 15.0              | 15.0                 |
| Additional paid-in capital   | 1,037.1           | 1,037.1              |
| Retained earnings (deficit)  | (103.6)           | 11.8                 |
| Accumulated other comprehensive income                             | 8.9               | 6.8                  |
| <b>Total shareholder's equity</b>                                  | <b>957.4</b>      | <b>1,070.7</b>       |
| <b>Total liabilities and shareholder's equity</b>                  | <b>\$ 5,629.6</b> | <b>\$ 5,533.2</b>    |

# Assured Guaranty Corp.

## Claims Paying Resources

(dollars in millions)

|  | As of             |                      |
|--|-------------------|----------------------|
|  | March 31,<br>2011 | December 31,<br>2010 |
| <b>Claims paying resources</b>                           |                   |                      |
| Policyholders' surplus                                   | \$ 866            | \$ 854               |
| Contingency reserve                                      | 739               | 703                  |
| <b>Qualified statutory capital</b>                       | <b>1,605</b>      | <b>1,557</b>         |
| Unearned premium reserve                                 | 860               | 877                  |
| Loss and loss adjustment expense reserve <sup>1, 2</sup> | 402               | 448                  |
| <b>Total policyholders' surplus and reserves</b>         | <b>2,867</b>      | <b>2,882</b>         |
| Present value of installment premium <sup>2</sup>        | 495               | 539                  |
| Standby line of credit/stop loss                         | 200               | 200                  |
| <b>Total claims paying resources</b>                     | <b>\$ 3,562</b>   | <b>\$ 3,621</b>      |
| Net par outstanding <sup>3</sup>                         | \$ 115,145        | \$ 118,898           |
| Net debt service outstanding <sup>3</sup>                | 166,459           | 171,037              |
| <b>Ratios:</b>   |                   |                      |
| Net par outstanding to qualified statutory capital       | 72:1              | 76:1                 |
| Capital ratio <sup>4</sup>                               | 104:1             | 110:1                |
| Financial resources ratio <sup>5</sup>                   | 47:1              | 47:1                 |

1. Reserves as of March 31, 2011 and December 31, 2010 are reduced by approximately \$0.5 billion and \$0.3 billion, respectively, for the benefit related to representation and warranty recoverables.

2. Includes financial guaranty insurance and credit derivatives.

3. Net par outstanding and net debt service outstanding are presented on a statutory basis. Under statutory accounting, such amounts would be reduced both when an outstanding issue is legally defeased (i.e., an issuer has legally discharged its obligations with respect to a municipal security by satisfying conditions set forth in defeasance provisions contained in transaction documents and is no longer responsible for the payment of debt service with respect to such obligations) and when such issue is economically defeased (i.e., transaction documents for a municipal security do not contain defeasance provisions but the issuer establishes an escrow account with U.S. government securities in amounts sufficient to pay the refunded bonds when due; the refunded bonds are not considered paid and continue to be outstanding under the transaction documents and the issuer remains responsible to pay debt service when due to the extent monies on deposit in the escrow account are insufficient for such purpose).

4. The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.

5. The financial resources ratio is calculated by dividing net debt service outstanding by total claims paying resources.

# Assured Guaranty Corp.

## New Business Production

(in millions)

|  | Three Months Ended |                 |
|--|--------------------|-----------------|
|  | March 31,          |                 |
|  | 2011               | 2010            |
| <b>Consolidated new business production analysis:</b>                    |                    |                 |
| PVP  |                    |                 |
| Public finance - U.S.  |                    |                 |
| Primary markets  | \$ 0.6             | \$ 12.1         |
| Secondary markets  | 0.5                | 8.7             |
| Public finance - non-U.S.  |                    |                 |
| Primary markets  | -                  | -               |
| Secondary markets  | -                  | -               |
| Structured finance - U.S.  | -                  | 4.0             |
| Structured finance - non-U.S.  | -                  | -               |
| Total PVP  | 1.1                | 24.8            |
| Less: PVP of credit derivatives  | -                  | -               |
| PVP of financial guaranty insurance                                      | 1.1                | 24.8            |
| Less: financial guaranty installment premium PVP                         | 0.1                | 4.0             |
| Total: financial guaranty upfront gross written premiums                 | 1.0                | 20.8            |
| Plus: financial guaranty installment gross written premiums <sup>1</sup> | (19.8)             | 6.3             |
| <b>Total gross written premiums</b>                                      | <b>\$ (18.8)</b>   | <b>\$ 27.1</b>  |
| <b>Consolidated financial guaranty gross par written:</b>                |                    |                 |
| Public finance - U.S.  |                    |                 |
| Primary markets  | \$ 77              | \$ 1,031        |
| Secondary markets  | 21                 | 228             |
| Public finance - non-U.S.  |                    |                 |
| Primary markets  | -                  | -               |
| Secondary markets  | -                  | -               |
| Structured finance - U.S.  | -                  | 1,000           |
| Structured finance - non-U.S.  | -                  | -               |
| <b>Total</b>   | <b>\$ 98</b>       | <b>\$ 2,259</b> |

1. Represents present value of new business on installment policies plus gross written premiums adjustment on existing installment deals due to changes in assumptions and any cancellations of assumed reinsurance contracts.

Note: Please refer to the explanation within the Non-GAAP Financial Measures.

# Assured Guaranty Corp.

Financial Guaranty Gross Par Written

(in millions)

## Financial Guaranty Gross Par Written by Asset Type

|                                     | Three Months Ended<br>March 31, 2011 |                         |
|-------------------------------------|--------------------------------------|-------------------------|
|                                     | Gross Par<br>Written                 | Avg. Internal<br>Rating |
| <b>Sector:</b>                      |                                      |                         |
| <b>U.S. public finance</b>          |                                      |                         |
| General obligation                  | \$ 61                                | A                       |
| Municipal utilities                 | 15                                   | A-                      |
| Transportation                      | 12                                   | A                       |
| Tax backed                          | 10                                   | A                       |
| Total U.S. public finance           | <u>98</u>                            | A                       |
| <b>Non-U.S. public finance:</b>     |                                      |                         |
| Total non-U.S. public finance       | -                                    | -                       |
| <b>Total public finance</b>         | <u><b>\$ 98</b></u>                  | <b>A</b>                |
| <b>U.S. structured finance</b>      |                                      |                         |
| Total U.S. structured finance       | \$ -                                 | -                       |
| <b>Non-U.S. structured finance:</b> |                                      |                         |
| Total non-U.S. structured finance   | -                                    | -                       |
| <b>Total structured finance</b>     | <u><b>\$ -</b></u>                   | <b>-</b>                |
| <b>Total gross par written</b>      | <u><u><b>\$ 98</b></u></u>           | <b>A</b>                |

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

## Assured Guaranty Corp.

Available-for-Sale Investment Portfolio and Cash

As of March 31, 2011

(dollars in millions)

|  | Amortized<br>Cost | Pre-Tax<br>Book<br>Yield | After-Tax<br>Book<br>Yield | Fair Value        | Annualized<br>Investment<br>Income <sup>1</sup> |
|--|-------------------|--------------------------|----------------------------|-------------------|---|
| <b>Investment portfolio, available-for-sale:</b>                     |                   |                          |                            |                   |   |
| Fixed maturity securities:   |                   |                          |                            |                   |   |
| U.S. Treasury securities and obligations                             |                   |                          |                            |                   |   |
| of U.S. government agencies  | \$ 317.2          | 2.54%                    | 1.65%                      | \$ 327.3          | \$ 8.1  |
| Agency obligations   | 150.7             | 2.91%                    | 1.89%                      | 156.3             | 4.4   |
| Obligations of states and political subdivisions                     | 1,144.3           | 4.20%                    | 3.95%                      | 1,135.2           | 48.1  |
| Insured obligations of state and political subdivisions <sup>2</sup> | 351.4             | 4.76%                    | 4.51%                      | 347.0             | 16.7  |
| Corporate securities   | 192.1             | 3.63%                    | 2.36%                      | 198.9             | 7.0   |
| Mortgage-backed securities ("MBS"):                                  |                   |                          |                            |                   |   |
| Residential MBS ("RMBS") <sup>3</sup>                                | 141.1             | 4.79%                    | 3.11%                      | 145.8             | 6.8   |
| Commercial MBS ("CMBS")  | 81.1              | 5.19%                    | 3.37%                      | 85.3              | 4.2   |
| Asset-backed securities <sup>4</sup>                                 | 40.5              | 2.62%                    | 1.70%                      | 41.8              | 1.1   |
| Foreign government securities  | 85.2              | 3.83%                    | 2.49%                      | 88.9              | 3.3   |
| Total fixed maturity securities                                      | 2,503.6           | 3.98%                    | 3.34%                      | 2,526.5           | 99.7  |
| Short-term investments   | 172.0             | 0.15%                    | 0.10%                      | 172.0             | 0.3   |
| Cash <sup>5</sup>  | 18.7              | -                        | -                          | 18.7              | -   |
| <b>Total</b>   | <b>\$ 2,694.3</b> | <b>3.73%</b>             | <b>3.13%</b>               | <b>\$ 2,717.2</b> | <b>\$ 100.0</b>                                 |
| Less: financial guaranty VIEs  | 13.5              | 10.61%                   | 6.89%                      | 12.3              | 1.4   |
| <b>Total</b>   | <b>\$ 2,680.8</b> | <b>3.70%</b>             | <b>3.11%</b>               | <b>\$ 2,704.9</b> | <b>\$ 98.6</b>                                  |

### Ratings <sup>6</sup>:

|  | Fair Value        | % of Total |
|--|-------------------|------------|
| Treasury and government obligations                |                   |            |
| of U.S. government agencies                        | \$ 327.3          | 12.9%      |
| Agency obligations                                 | 156.3             | 6.2%       |
| AAA/Aaa  | 639.3             | 25.3%      |
| AA/Aa  | 1,030.6           | 40.8%      |
| A/A  | 315.7             | 12.5%      |
| BBB  | 10.3              | 0.4%       |
| Below investment grade ("BIG") <sup>7</sup>        | 47.0              | 1.9%       |
| Total fixed maturity securities available for sale | \$ 2,526.5        | 100.0%     |
| Less: financial guaranty VIEs                      | 12.3              |            |
| Total fixed maturity securities available for sale | <b>\$ 2,514.2</b> |            |

**Duration of available-for-sale investment portfolio (in years):**

**5.8**

**Average ratings of available-for-sale investment portfolio**

**AA**

1. Represents annualized investment income based on amortized cost and pre-tax book yields.
2. Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by Standard & Poor's Rating Services ("S&P") or Moody's Investors Service, Inc. ("Moody's") average A+.
3. Includes investments purchased for loss mitigation purposes.
4. Contains no collateralized debt obligations ("CDOs") of asset-backed securities ("ABS").
5. Represents operating cash and is not included in yield calculations.
6. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or risk management strategies which use internal ratings classifications.
7. Included in the investment portfolio are securities purchased or obtained as part of loss mitigation or other risk management strategies of \$111.1 million in par with carrying value of \$47.0 million.

## Assured Guaranty Corp.

Estimated Net Exposure Amortization <sup>1</sup> and Estimated Future Net Earned Premiums and Credit Derivative Revenues  
(in millions)

|                              | Estimated Net<br>Debt Service<br>Amortization | Estimated<br>Ending Net<br>Debt Service<br>Outstanding | Financial Guaranty Insurance <sup>2</sup> |                          |                                  | Future<br>Credit<br>Derivative<br>Revenues <sup>3</sup> | Total             |
|------------------------------|---|--|---|--------------------------|----------------------------------|---|-------------------|
|                              |   |  | Expected PV<br>Net Earned<br>Premiums     | Accretion of<br>Discount | Future Net<br>Earned<br>Premiums |   |                   |
| 2011 (as of March 31)        |   | \$ 166,526   |   |                          |                                  |   |                   |
| 2011 (April 1 - December 31) | \$ 7,485                                      | 159,041  | \$ 54.3                                   | \$ 4.3                   | \$ 58.6                          | \$ 45.5   | \$ 104.1          |
| 2012                         | 11,261  | 147,780  | 70.6                                      | 5.2                      | 75.8                             | 55.3  | 131.1             |
| 2013                         | 11,393  | 136,387  | 65.4                                      | 4.6                      | 70.0                             | 45.8  | 115.8             |
| 2014                         | 13,861  | 122,526  | 59.8                                      | 4.2                      | 64.0                             | 33.6  | 97.6              |
| 2015                         | 12,508  | 110,018  | 56.0                                      | 3.8                      | 59.8                             | 24.7  | 84.5              |
| 2011-2015                    | 56,508  | 110,018  | 306.1                                     | 22.1                     | 328.2                            | 204.9   | 533.1             |
| 2016-2020                    | 34,898  | 75,120   | 224.6                                     | 14.2                     | 238.8                            | 72.8  | 311.6             |
| 2021-2025                    | 27,302  | 47,818   | 156.9                                     | 8.6                      | 165.5                            | 46.3  | 211.8             |
| 2026-2030                    | 18,168  | 29,650   | 103.7                                     | 5.0                      | 108.7                            | 35.8  | 144.5             |
| After 2030                   | 29,650  | -  | 106.4                                     | 2.7                      | 109.1                            | 54.9  | 164.0             |
| <b>Total</b>                 | <b>\$ 166,526</b>                             |  | <b>\$ 897.7</b>                           | <b>\$ 52.6</b>           | <b>\$ 950.3</b>                  | <b>\$ 414.7</b>   | <b>\$ 1,365.0</b> |

1. Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2011. Actual amortization may differ from expected maturities because borrowers may have the right to call or prepay guaranteed obligations and because of management's assumptions on structured finance amortization.

2. See page 10 for "Present Value of Financial Guaranty Insurance Net Expected Loss to be Expensed."

3. Excludes contracts with credit impairment.

## Assured Guaranty Corp.

Present Value ("PV") of Financial Guaranty Insurance Net Expected Loss to be Expensed  
As of March 31, 2011  
(in millions)

|  | <b>Net Expected Loss to be Expensed <sup>1</sup></b> |                 |
|--|--|-----------------|
|  | <b>Operating <sup>2</sup></b>                        | <b>GAAP</b>     |
| 2011 (April 1 - June 30)                                     | \$ 0.6   | \$ 0.6          |
| 2011 (July 1 - September 30)                                 | 0.6  | 0.6             |
| 2011 (October 1 - December 31)                               | 0.6  | 0.5             |
| 2012   | 2.2  | 2.1             |
| 2013   | 1.7  | 1.6             |
| 2014   | 1.3  | 1.3             |
| 2015   | 1.1  | 1.1             |
| 2011-2015  | 8.1  | 7.8             |
| 2016-2020  | 3.8  | 3.6             |
| 2021-2025  | 1.7  | 1.6             |
| 2026-2030  | 1.2  | 1.1             |
| After 2030   | 1.2  | 1.1             |
| <b>Total expected PV of net expected loss to be expensed</b> | <b>16.0</b>  | <b>15.2</b>     |
| Discount   | 104.5  | 86.2            |
| <b>Total future value</b>                                    | <b>\$ 120.5</b>                                      | <b>\$ 101.4</b> |

1. The expected present value of net loss to be expensed is discounted using weighted-average risk free rates ranging from 0.0% to 5.29%.

2. Operating income includes net expected loss to be expensed on consolidated VIEs.

# Assured Guaranty Corp.

Financial Guaranty Profile (1 of 3)

(in millions)

## Net Par Outstanding and Average Rating by Asset Type

|   | March 31, 2011      |                      | December 31, 2010   |                      |
|---|---------------------|----------------------|---------------------|----------------------|
|   | Net Par Outstanding | Avg. Internal Rating | Net Par Outstanding | Avg. Internal Rating |
| <b>U.S. public finance:</b>                             |                     |                      |                     |                      |
| General obligation                                      | \$ 24,696           | A                    | \$ 25,281           | A                    |
| Tax backed  | 11,380              | A                    | 11,791              | A                    |
| Municipal utilities                                     | 8,852               | A                    | 9,002               | A                    |
| Transportation  | 6,399               | A                    | 6,538               | A                    |
| Healthcare  | 4,955               | A                    | 5,035               | A                    |
| Higher education  | 3,412               | A                    | 3,447               | A                    |
| Infrastructure finance                                  | 986                 | BBB                  | 962                 | BBB                  |
| Investor-owned utilities                                | 529                 | A-                   | 577                 | A-                   |
| Housing   | 219                 | AA-                  | 246                 | AA-                  |
| Other public finance                                    | 1,680               | A                    | 1,701               | A                    |
| Total U.S. public finance                               | 63,108              | A                    | 64,580              | A                    |
| <b>Non-U.S. public finance:</b>                         |                     |                      |                     |                      |
| Pooled infrastructure                                   | 1,920               | AA                   | 1,849               | AA                   |
| Infrastructure finance                                  | 1,235               | BBB                  | 1,192               | BBB                  |
| Regulated utilities                                     | 1,055               | BBB+                 | 1,070               | A-                   |
| Other public finance                                    | 92                  | AA-                  | 92                  | AA-                  |
| Total non-U.S. public finance                           | 4,302               | A                    | 4,203               | A                    |
| <b>Total public finance</b>                             | <b>\$ 67,410</b>    | <b>A</b>             | <b>\$ 68,783</b>    | <b>A</b>             |
| <b>U.S. structured finance:</b>                         |                     |                      |                     |                      |
| Pooled corporate obligations                            | \$ 19,739           | AA+                  | \$ 20,871           | AA+                  |
| RMBS  | 9,366               | BB+                  | 9,710               | BB+                  |
| CMBS and other commercial real estate related exposures | 5,302               | AAA                  | 5,467               | AAA                  |
| Consumer receivables                                    | 2,256               | AA                   | 2,283               | AAA                  |
| Commercial receivables                                  | 1,040               | BBB+                 | 1,054               | BBB+                 |
| Structured credit                                       | 480                 | BB                   | 916                 | BBB                  |
| Insurance securitizations                               | 243                 | A                    | 243                 | A                    |
| Other structured finance                                | 389                 | A-                   | 117                 | A-                   |
| Total U.S. structured finance                           | 38,815              | A+                   | 40,661              | AA-                  |
| <b>Non-U.S. structured finance:</b>                     |                     |                      |                     |                      |
| Pooled corporate obligations                            | 7,109               | AAA                  | 6,830               | AAA                  |
| Commercial receivables                                  | 567                 | A-                   | 560                 | A-                   |
| RMBS  | 541                 | AAA                  | 1,240               | AAA                  |
| Structured credit                                       | 339                 | BBB                  | 364                 | BBB                  |
| Insurance securitizations                               | 279                 | CCC-                 | 279                 | CCC-                 |
| CMBS and other commercial real estate related exposures | 141                 | AAA                  | 188                 | AAA                  |
| Other structured finance                                | 3                   | A                    | 3                   | A                    |
| Total non-U.S. structured finance                       | 8,979               | AA+                  | 9,464               | AA+                  |
| <b>Total structured finance</b>                         | <b>\$ 47,794</b>    | <b>AA-</b>           | <b>\$ 50,125</b>    | <b>AA-</b>           |
| <b>Total net par outstanding</b>                        | <b>\$ 115,204</b>   | <b>A+</b>            | <b>\$ 118,908</b>   | <b>A+</b>            |

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

## Assured Guaranty Corp.

Financial Guaranty Profile (2 of 3)

As of March 31, 2011

*(dollars in millions)*

### Distribution by Ratings of Financial Guaranty Portfolio

| Ratings:                         | Public Finance -<br>U.S. |               | Public Finance -<br>non-U.S. |               | Structured Finance -<br>U.S. |               | Structured Finance -<br>non-U.S. |               | Consolidated      |               |
|----------------------------------|--------------------------|---------------|------------------------------|---------------|------------------------------|---------------|----------------------------------|---------------|-------------------|---------------|
|                                  | Net Par                  |               | Net Par                      |               | Net Par                      |               | Net Par                          |               | Net Par           |               |
|                                  | Outstanding              | %             | Outstanding                  | %             | Outstanding                  | %             | Outstanding                      | %             | Outstanding       | %             |
| Super senior                     | \$ -                     | 0.0%          | \$ 1,002                     | 23.3%         | \$ 6,839                     | 17.6%         | \$ 2,373                         | 26.4%         | \$ 10,214         | 8.9%          |
| AAA                              | 102                      | 0.2%          | 13                           | 0.3%          | 14,529                       | 37.4%         | 4,113                            | 45.8%         | 18,757            | 16.3%         |
| AA                               | 10,654                   | 16.9%         | 266                          | 6.2%          | 3,091                        | 8.0%          | 432                              | 4.8%          | 14,443            | 12.5%         |
| A                                | 41,427                   | 65.6%         | 1,359                        | 31.6%         | 2,569                        | 6.6%          | 271                              | 3.0%          | 45,626            | 39.6%         |
| BBB                              | 10,143                   | 16.1%         | 1,442                        | 33.5%         | 3,730                        | 9.6%          | 1,236                            | 13.8%         | 16,551            | 14.4%         |
| BIG                              | 782                      | 1.2%          | 220                          | 5.1%          | 8,057                        | 20.8%         | 554                              | 6.2%          | 9,613             | 8.3%          |
| <b>Total net par outstanding</b> | <b>\$ 63,108</b>         | <b>100.0%</b> | <b>\$ 4,302</b>              | <b>100.0%</b> | <b>\$ 38,815</b>             | <b>100.0%</b> | <b>\$ 8,979</b>                  | <b>100.0%</b> | <b>\$ 115,204</b> | <b>100.0%</b> |

### Ceded Par Outstanding by Reinsurer and Insurer Financial Strength Rating

| Reinsurer                   | Moody's<br>Rating <sup>1</sup> | S&P<br>Rating <sup>1</sup> | Ceded Par<br>Outstanding | % of Total    |
|-----------------------------|--------------------------------|----------------------------|--------------------------|---------------|
| Affiliated companies        | A1                             | AA                         | \$ 42,077                | 93.0%         |
| Non-affiliated companies:   |                                |                            |                          |               |
| RAM Reinsurance Co. Ltd.    | WR                             | WR                         | 2,781                    | 6.1%          |
| Radian Asset Assurance Inc. | Ba1                            | BB-                        | 184                      | 0.4%          |
| MBIA Insurance Corporation  | B3                             | B                          | 100                      | 0.2%          |
| Ambac Assurance Corporation | WR                             | WR                         | 94                       | 0.2%          |
| Other                       | Various                        | Various                    | 34                       | 0.1%          |
| Non-affiliated companies    |                                |                            | 3,193                    | 7.0%          |
| <b>Total</b>                |                                |                            | <b>\$ 45,270</b>         | <b>100.0%</b> |

1. Ratings are as of May 10, 2011.

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

# Assured Guaranty Corp.

Financial Guaranty Profile (3 of 3)

As of March 31, 2011

(dollars in millions)

## Geographic Distribution of Financial Guaranty Portfolio

|                                      | <u>Net Par<br/>Outstanding</u> | <u>% of Total</u>    |
|--------------------------------------|--------------------------------|----------------------|
| <b>U.S.:</b>                         |                                |                      |
| Public finance:                      |                                |                      |
| California                           | \$ 7,603                       | 6.6%                 |
| Texas                                | 6,458                          | 5.6%                 |
| New York                             | 4,804                          | 4.2%                 |
| Pennsylvania                         | 4,583                          | 4.0%                 |
| Florida                              | 4,565                          | 4.0%                 |
| Illinois                             | 3,515                          | 3.0%                 |
| New Jersey                           | 2,544                          | 2.2%                 |
| Alabama                              | 1,909                          | 1.7%                 |
| Puerto Rico                          | 1,812                          | 1.5%                 |
| Other states                         | <u>25,315</u>                  | <u>22.0%</u>         |
| Total U.S. public finance            | 63,108                         | 54.8%                |
| Structured finance (multiple states) | <u>38,815</u>                  | <u>33.7%</u>         |
| <b>Total U.S.</b>                    | <b><u>101,923</u></b>          | <b><u>88.5%</u></b>  |
| <b>Non-U.S.:</b>                     |                                |                      |
| United Kingdom                       | 5,606                          | 4.9%                 |
| Australia                            | 1,082                          | 0.9%                 |
| Cayman Islands                       | 801                            | 0.7%                 |
| Turkey                               | 201                            | 0.2%                 |
| Other                                | <u>5,591</u>                   | <u>4.8%</u>          |
| <b>Total non-U.S.</b>                | <b><u>13,281</u></b>           | <b><u>11.5%</u></b>  |
| <b>Total net par outstanding</b>     | <b><u>\$ 115,204</u></b>       | <b><u>100.0%</u></b> |

## Assured Guaranty Corp.

Direct Pooled Corporate Obligations Profile

As of March 31, 2011

(dollars in millions)

### Distribution of Direct Pooled Corporate Obligations by Ratings

| Ratings:               | <u>Net Par<br/>Outstanding</u> | <u>% of Total</u> | <u>Avg. Initial Credit<br/>Enhancement</u> | <u>Avg. Current Credit<br/>Enhancement</u> |
|------------------------|--------------------------------|-------------------|--|--|
| Super Senior           | \$ 4,969                       | 18.7%             | 41.2%                                      | 38.5%                                      |
| AAA                    | 15,951                         | 60.2%             | 34.7%                                      | 32.1%                                      |
| AA                     | 1,129                          | 4.3%              | 44.7%                                      | 43.3%                                      |
| A                      | 413                            | 1.6%              | 52.8%                                      | 45.1%                                      |
| BBB                    | 1,690                          | 6.4%              | 44.8%                                      | 35.2%                                      |
| BIG                    | 2,359                          | 8.8%              | 46.0%                                      | 23.4%                                      |
| <b>Total exposures</b> | <b>\$ 26,511</b>               | <b>100.0%</b>     | <b>38.3%</b>                               | <b>33.4%</b>                               |

### Distribution of Direct Pooled Corporate Obligations by Asset Class

| Asset class:   | <u>Net Par<br/>Outstanding</u> | <u>% of Total</u> | <u>Avg. Initial Credit<br/>Enhancement</u> | <u>Avg. Current Credit<br/>Enhancement</u> | <u>Avg.<br/>Rating</u> |
|--|--------------------------------|-------------------|--|--|------------------------|
| CBOs/CLOs  | \$ 17,803                      | 67.2%             | 35.5%                                      | 33.4%                                      | AAA                    |
| Market value CDOs of corporate                             | 2,986                          | 11.3%             | 42.2%                                      | 36.6%                                      | AAA                    |
| Trust preferred - banks and insurance <sup>1</sup>         | 2,607                          | 9.8%              | 46.7%                                      | 31.1%                                      | BBB-                   |
| Trust preferred - U.S. mortgage and REITs <sup>1</sup>     | 1,820                          | 6.9%              | 50.1%                                      | 33.0%                                      | BB                     |
| Synthetic investment grade pooled corporate                | 702                            | 2.6%              | 30.0%                                      | 30.1%                                      | Super Senior           |
| Trust preferred - European Mortgage and REITs <sup>1</sup> | 593                            | 2.2%              | 37.3%                                      | 34.2%                                      | BBB-                   |
| <b>Total exposures</b>                                     | <b>\$ 26,511</b>               | <b>100.0%</b>     | <b>38.3%</b>                               | <b>33.4%</b>                               | <b>AA+</b>             |

1. Prior to fourth quarter 2010, the ratio of average current credit enhancement for Trust Preferred Pooled Corporate Obligations was based on the value of the collateral as reported by the trustees, which for non-performing or low-rated collateral varied by transaction in accordance with the individual transaction documents. Beginning fourth quarter 2010, Assured Guaranty has made the measure consistent across transactions, assigning a value of 100% of the par to all performing securities, applying a standard haircut for restructured performing collateral, assigning recovery assumptions for defaulted collateral by collateral type, and making additional negative adjustments for transactions where the notional amount of interest rate hedges materially exceeds the amount of performing collateral requiring hedges.

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

## Assured Guaranty Corp.

Consolidated U.S. RMBS Profile

As of March 31, 2011

(dollars in millions)

### Distribution of U.S. RMBS by Rating and Type of Exposure

| Ratings:        | Prime First<br>Lien | Closed End<br>Seconds | HELOC         | Alt-A First<br>Lien | Option<br>ARMs | Subprime<br>First Lien | Total Net Par<br>Outstanding |
|-----------------|---------------------|-----------------------|---------------|---------------------|----------------|------------------------|------------------------------|
| AAA             | \$ 2                | \$ 0                  | \$ 11         | \$ 12               | \$ -           | \$ 686                 | \$ 711                       |
| AA              | 22                  | 25                    | 5             | 203                 | 20             | 1,262                  | 1,538                        |
| A               | 12                  | 0                     | -             | -                   | 93             | 597                    | 702                          |
| BBB             | 19                  | -                     | 8             | 452                 | 85             | 575                    | 1,139                        |
| BIG             | 468                 | 180                   | 464           | 2,804               | 714            | 647                    | 5,276                        |
| Total exposures | <u>\$ 522</u>       | <u>\$ 206</u>         | <u>\$ 487</u> | <u>\$ 3,471</u>     | <u>\$ 912</u>  | <u>\$ 3,768</u>        | <u>\$ 9,366</u>              |

### Distribution of U.S. RMBS by Year Insured<sup>1</sup> and Type of Exposure

| Year insured:   | Prime First<br>Lien | Closed End<br>Seconds | HELOC         | Alt-A First<br>Lien | Option<br>ARMs | Subprime<br>First Lien | Total Net Par<br>Outstanding |
|-----------------|---------------------|-----------------------|---------------|---------------------|----------------|------------------------|------------------------------|
| 2004 and prior  | \$ 36               | \$ 0                  | \$ 27         | \$ 37               | \$ 37          | \$ 230                 | \$ 367                       |
| 2005            | 115                 | -                     | 185           | 257                 | 23             | 24                     | 604                          |
| 2006            | -                   | -                     | -             | -                   | 31             | 2,790                  | 2,821                        |
| 2007            | 372                 | 206                   | 275           | 1,931               | 741            | 724                    | 4,248                        |
| 2008            | -                   | -                     | -             | 1,246               | 80             | -                      | 1,326                        |
| Total exposures | <u>\$ 522</u>       | <u>\$ 206</u>         | <u>\$ 487</u> | <u>\$ 3,471</u>     | <u>\$ 912</u>  | <u>\$ 3,768</u>        | <u>\$ 9,366</u>              |

### Distribution of U.S. RMBS by Rating and Year Insured

| Year insured:   | AAA<br>Rated  | AA<br>Rated     | A<br>Rated    | BBB<br>Rated    | BIG<br>Rated    | Total           |
|-----------------|---------------|-----------------|---------------|-----------------|-----------------|-----------------|
| 2004 and prior  | \$ 113        | \$ 55           | \$ 24         | \$ 130          | \$ 46           | \$ 367          |
| 2005            | 24            | 75              | -             | 54              | 451             | 604             |
| 2006            | 567           | 1,262           | 561           | 331             | 99              | 2,821           |
| 2007            | 6             | 26              | 37            | 452             | 3,726           | 4,248           |
| 2008            | -             | 120             | 80            | 173             | 954             | 1,326           |
| Total exposures | <u>\$ 711</u> | <u>\$ 1,538</u> | <u>\$ 702</u> | <u>\$ 1,139</u> | <u>\$ 5,276</u> | <u>\$ 9,366</u> |
| % of total      | 7.6%          | 16.4%           | 7.5%          | 12.2%           | 56.3%           | 100.0%          |

1. AGC has not insured any U.S. RMBS transactions since 2008

Note: Please refer to the Glossary for a description of performance indicators and sectors

## Assured Guaranty Corp.

Direct U.S. RMBS Profile (1 of 2)

As of March 31, 2011

*(dollars in millions)*

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

#### U.S. Prime First Lien

| Year insured: | Net Par<br>Outstanding | Pool Factor  | Subordination | Cumulative<br>Losses | 60+ Day<br>Delinquencies | Number of<br>Transactions |
|---------------|------------------------|--------------|---------------|----------------------|--------------------------|---------------------------|
| 2005          | \$ 115                 | 46.7%        | 5.1%          | 0.9%                 | 8.6%                     | 6                         |
| 2006          | -                      | -            | -             | -                    | -                        | -                         |
| 2007          | 372                    | 59.8%        | 10.1%         | 2.7%                 | 15.0%                    | 1                         |
| 2008          | -                      | -            | -             | -                    | -                        | -                         |
|               | <u>\$ 486</u>          | <u>56.7%</u> | <u>8.9%</u>   | <u>2.3%</u>          | <u>13.5%</u>             | <u>7</u>                  |

#### U.S. Closed End Seconds

| Year insured: | Net Par<br>Outstanding | Pool Factor  | Subordination | Cumulative<br>Losses | 60+ Day<br>Delinquencies | Number of<br>Transactions |
|---------------|------------------------|--------------|---------------|----------------------|--------------------------|---------------------------|
| 2005          | \$ -                   | -            | -             | -                    | -                        | -                         |
| 2006          | -                      | -            | -             | -                    | -                        | -                         |
| 2007          | 206                    | 28.8%        | 0.0%          | 58.8%                | 9.1%                     | 5                         |
| 2008          | -                      | -            | -             | -                    | -                        | -                         |
|               | <u>\$ 206</u>          | <u>28.8%</u> | <u>0.0%</u>   | <u>58.8%</u>         | <u>9.1%</u>              | <u>5</u>                  |

#### U.S. HELOC

| Year insured: | Net Par<br>Outstanding | Pool Factor  | Subordination | Cumulative<br>Losses | 60+ Day<br>Delinquencies | Number of<br>Transactions |
|---------------|------------------------|--------------|---------------|----------------------|--------------------------|---------------------------|
| 2005          | \$ 185                 | 19.4%        | 0.0%          | 19.8%                | 16.0%                    | 2                         |
| 2006          | -                      | -            | -             | -                    | -                        | -                         |
| 2007          | 275                    | 36.5%        | 0.0%          | 38.2%                | 8.6%                     | 2                         |
| 2008          | -                      | -            | -             | -                    | -                        | -                         |
|               | <u>\$ 460</u>          | <u>29.6%</u> | <u>0.0%</u>   | <u>30.8%</u>         | <u>11.5%</u>             | <u>4</u>                  |

#### U.S. Alt-A First Lien

| Year insured: | Net Par<br>Outstanding | Pool Factor  | Subordination | Cumulative<br>Losses | 60+ Day<br>Delinquencies | Number of<br>Transactions |
|---------------|------------------------|--------------|---------------|----------------------|--------------------------|---------------------------|
| 2005          | \$ 257                 | 41.7%        | 11.0%         | 3.2%                 | 15.8%                    | 13                        |
| 2006          | -                      | -            | -             | -                    | -                        | -                         |
| 2007          | 1,931                  | 57.4%        | 8.4%          | 8.9%                 | 33.1%                    | 8                         |
| 2008          | 1,246                  | 53.7%        | 25.3%         | 10.2%                | 31.5%                    | 5                         |
|               | <u>\$ 3,434</u>        | <u>54.9%</u> | <u>14.7%</u>  | <u>9.0%</u>          | <u>31.2%</u>             | <u>26</u>                 |

Note: Please refer to the Glossary for a description of performance indicators and sectors.

## Assured Guaranty Corp.

Direct U.S. RMBS Profile (2 of 2)

As of March 31, 2011

*(dollars in millions)*

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

#### U.S. Option ARMs

| Year insured: | Net Par<br>Outstanding | Pool Factor  | Subordination | Cumulative<br>Losses | 60+ Day<br>Delinquencies | Number of<br>Transactions |
|---------------|------------------------|--------------|---------------|----------------------|--------------------------|---------------------------|
| 2005          | \$ 23                  | 23.0%        | 24.1%         | 4.1%                 | 21.7%                    | 1                         |
| 2006          | 31                     | 36.5%        | 7.6%          | 8.7%                 | 23.6%                    | 1                         |
| 2007          | 741                    | 58.3%        | 7.7%          | 10.0%                | 33.2%                    | 5                         |
| 2008          | 80                     | 60.2%        | 49.5%         | 8.9%                 | 28.2%                    | 1                         |
|               | <u>\$ 875</u>          | <u>56.7%</u> | <u>12.0%</u>  | <u>9.7%</u>          | <u>32.1%</u>             | <u>8</u>                  |

#### U.S. Subprime First Lien

| Year insured: | Net Par<br>Outstanding | Pool Factor  | Subordination | Cumulative<br>Losses | 60+ Day<br>Delinquencies | Number of<br>Transactions |
|---------------|------------------------|--------------|---------------|----------------------|--------------------------|---------------------------|
| 2005          | \$ 24                  | 19.7%        | 85.2%         | 11.3%                | 62.4%                    | 1                         |
| 2006          | 2,790                  | 24.1%        | 61.9%         | 14.5%                | 40.5%                    | 2                         |
| 2007          | 724                    | 35.3%        | 26.4%         | 21.0%                | 46.2%                    | 4                         |
| 2008          | -                      | -            | -             | -                    | -                        | -                         |
|               | <u>\$ 3,538</u>        | <u>26.4%</u> | <u>54.8%</u>  | <u>15.8%</u>         | <u>41.8%</u>             | <u>7</u>                  |

Note: Please refer to the Glossary for a description of performance indicators and sectors.

## Assured Guaranty Corp.

Direct U.S. Commercial Real Estate Profile

As of March 31, 2011

*(dollars in millions)*

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

#### U.S. CMBS

| Rating:                | Net Par<br>Outstanding | Pool Factor  | Subordination | Cumulative<br>Losses | 60+ Day<br>Delinquencies | Number of<br>Transactions |
|------------------------|------------------------|--------------|---------------|----------------------|--------------------------|---------------------------|
| Super senior           | \$ 3,341               | 87.0%        | 34.6%         | 0.9%                 | 8.5%                     | 182                       |
| AAA                    | 201                    | 80.6%        | 27.9%         | 0.8%                 | 12.7%                    | 10                        |
| AA                     | 563                    | 83.7%        | 19.0%         | 1.2%                 | 7.1%                     | 29                        |
| A                      | 324                    | 73.8%        | 15.9%         | 0.8%                 | 11.5%                    | 11                        |
| BBB                    | -                      | -            | -             | -                    | -                        | -                         |
| BIG                    | -                      | -            | -             | -                    | -                        | -                         |
| <b>Total exposures</b> | <b>\$ 4,429</b>        | <b>85.3%</b> | <b>31.0%</b>  | <b>0.9%</b>          | <b>8.8%</b>              | <b>232</b>                |

#### CDOs of U.S. Commercial Real Estate and CMBS<sup>1</sup>

|                                | Net Par<br>Outstanding | % of Total    | Avg. Initial Credit<br>Enhancement | Avg. Current<br>Credit<br>Enhancement |
|--------------------------------|------------------------|---------------|------------------------------------|---------------------------------------|
| CDOs of commercial real estate | \$ 557                 | 65.7%         | 49.7%                              | 51.6%                                 |
| CDO of CMBS <sup>2</sup>       | 291                    | 34.3%         | 30.8%                              | 46.8%                                 |
| <b>Total exposures</b>         | <b>\$ 848</b>          | <b>100.0%</b> | <b>43.2%</b>                       | <b>50.0%</b>                          |

1. Represents U.S. other CMBS not included in the table above.

2. Relates to vintages 2003 and prior.

Note: Please refer to the Glossary for a description of performance indicators and sectors.

# Assured Guaranty Corp.

Direct U.S. Consumer Receivables Profile

As of March 31, 2011

(dollars in millions)

## Distribution of Direct U.S. Consumer Receivables by Rating

| <b>Rating:</b>                  | <b>Credit Cards</b> | <b>Student Loans</b> | <b>Auto</b>   | <b>Total Net Par Outstanding</b> |
|---------------------------------|---------------------|----------------------|---------------|----------------------------------|
| Super senior                    | \$ 863              | \$ -                 | \$ -          | \$ 863                           |
| AAA                             | -                   | 333                  | -             | 333                              |
| AA                              | -                   | -                    | -             | -                                |
| A                               | -                   | -                    | 224           | 224                              |
| BBB                             | -                   | 695                  | 37            | 732                              |
| BIG                             | -                   | -                    | -             | -                                |
| <b>Total exposures</b>          | <b>\$ 863</b>       | <b>\$ 1,028</b>      | <b>\$ 261</b> | <b>\$ 2,152</b>                  |
| Average rating                  | Super Senior        | A                    | A             | AA                               |
| Avg. initial credit enhancement | 53.7%               | 7.1%                 | 19.8%         | 27.3%                            |
| Avg. current credit enhancement | 56.8%               | 8.6%                 | 32.5%         | 30.8%                            |

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

# Assured Guaranty Corp.

## Credit Derivative Net Par Outstanding Profile

As of March 31, 2011

(dollars in millions)

### Distribution of Credit Derivative Net Par Outstanding by Rating

| Ratings:   | Net Par<br>Outstanding | % of Total    |
|--|------------------------|---------------|
| Super senior                                       | \$ 9,352               | 23.0%         |
| AAA  | 16,213                 | 39.9%         |
| AA   | 3,014                  | 7.4%          |
| A  | 2,665                  | 6.6%          |
| BBB  | 3,169                  | 7.8%          |
| BIG  | 6,269                  | 15.3%         |
| <b>Total credit derivative net par outstanding</b> | <b>\$ 40,682</b>       | <b>100.0%</b> |

### Distribution of Credit Derivative Net Par Outstanding by Sector and Average Rating

|  | Net Par<br>Outstanding | Average Internal<br>Rating |
|--|------------------------|----------------------------|
| <b>Public finance</b>                              |                        |                            |
| U.S. public finance                                | \$ 1                   | A+                         |
| Non-U.S. public finance                            | 2,929                  | A+                         |
| <b>Total public finance</b>                        | <b>\$ 2,930</b>        | <b>A+</b>                  |
| <b>U.S. structured finance:</b>                    |                        |                            |
| Pooled corporate obligations                       | \$ 17,147              | AA+                        |
| RMBS   | 7,214                  | BBB-                       |
| CMBS   | 5,119                  | AAA                        |
| Commercial receivables                             | 570                    | BBB+                       |
| Consumer receivables                               | 462                    | AA+                        |
| Structured credit                                  | 181                    | CCC                        |
| Insurance securitizations                          | 75                     | BBB                        |
| Other structured finance                           | 95                     | AA-                        |
| Total U.S. structured finance                      | 30,863                 | AA-                        |
| <b>Non-U.S. structured finance:</b>                |                        |                            |
| Pooled corporate obligations                       | 6,467                  | AAA                        |
| RMBS   | 190                    | AAA                        |
| CMBS   | 141                    | AAA                        |
| Structured credit                                  | 60                     | BBB                        |
| Insurance securitizations                          | 31                     | CCC                        |
| Total non-U.S. structured finance                  | 6,889                  | AAA                        |
| <b>Total structured finance</b>                    | <b>\$ 37,752</b>       | <b>AA</b>                  |
| <b>Total credit derivative net par outstanding</b> | <b>\$ 40,682</b>       | <b>AA</b>                  |

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

# Assured Guaranty Corp.

Below Investment Grade Exposures (1 of 3)

(in millions)

## BIG Exposures by Asset Type

|                                      | BIG Net Par Outstanding |                        |
|--------------------------------------|-------------------------|------------------------|
|                                      | March 31, 2011          | December 31, 2010      |
| <b>U.S. public finance:</b>          |                         |                        |
| Municipal utilities                  | \$ 188                  | \$ 193                 |
| Transportation                       | 160                     | 162                    |
| Tax backed                           | 113                     | 113                    |
| General obligation                   | 111                     | 111                    |
| Healthcare                           | 89                      | 98                     |
| Infrastructure finance               | 26                      | 26                     |
| Higher education                     | 12                      | 12                     |
| Housing                              | 1                       | 1                      |
| Other public finance                 | 82                      | 84                     |
| Total U.S. public finance            | <u>782</u>              | <u>800</u>             |
| <b>Non-U.S. public finance:</b>      |                         |                        |
| Infrastructure finance               | 215                     | 201                    |
| Regulated utilities                  | 5                       | -                      |
| Total non-U.S. public finance        | <u>220</u>              | <u>201</u>             |
| <b>Total public finance</b>          | <u>\$ 1,002</u>         | <u>\$ 1,001</u>        |
| <b>U.S. structured finance:</b>      |                         |                        |
| RMBS                                 | \$ 5,276                | \$ 5,111               |
| Pooled corporate obligations         | 2,365                   | 2,224                  |
| Structured credit                    | 235                     | 245                    |
| Consumer receivables                 | 94                      | 13                     |
| Commercial receivables               | 67                      | 67                     |
| Other structured finance             | 20                      | 20                     |
| Total U.S. structured finance        | <u>8,057</u>            | <u>7,680</u>           |
| <b>Non-U.S. structured finance:</b>  |                         |                        |
| Insurance securitizations            | 279                     | 279                    |
| Pooled corporate obligations         | 275                     | 276                    |
| Total non-U.S. structured finance    | <u>554</u>              | <u>555</u>             |
| <b>Total structured finance</b>      | <u>\$ 8,611</u>         | <u>\$ 8,235</u>        |
| <b>Total BIG net par outstanding</b> | <u><u>\$ 9,613</u></u>  | <u><u>\$ 9,236</u></u> |

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

# Assured Guaranty Corp.

Below Investment Grade Exposures (2 of 3)

(in millions)

## Net Par Outstanding by BIG Category <sup>1</sup>

|                             | Financial Guaranty Insurance and Credit Derivatives |                   |
|-----------------------------|---|-------------------|
|                             | Surveillance Categories                             |                   |
|                             | March 31, 2011                                      | December 31, 2010 |
| <b>Category 1</b>           |   |                   |
| U.S. public finance         | \$ 491  | \$ 502            |
| Non-U.S. public finance     | 219   | 200               |
| U.S. structured finance     | 2,683   | 2,434             |
| Non-U.S. structured finance | 275   | 276               |
| Total Category 1            | 3,668   | 3,412             |
| <b>Category 2</b>           |   |                   |
| U.S. public finance         | 47  | 47                |
| Non-U.S. public finance     | 1   | 1                 |
| U.S. structured finance     | 3,869   | 3,641             |
| Non-U.S. structured finance | -   | -                 |
| Total Category 2            | 3,917   | 3,689             |
| <b>Category 3</b>           |   |                   |
| U.S. public finance         | 244   | 251               |
| Non-U.S. public finance     | -   | -                 |
| U.S. structured finance     | 1,505   | 1,605             |
| Non-U.S. structured finance | 279   | 279               |
| Total Category 3            | 2,028   | 2,135             |
| <b>BIG Total</b>            | <b>\$ 9,613</b>                                     | <b>\$ 9,236</b>   |

1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. During the fourth quarter of 2010 the Company revised the definitions of the three BIG surveillance categories to more closely track Risk Management personnel's view of whether a transaction is expected to experience a loss, without regard to whether the probability weighted expected loss exceeded the unearned premium reserve. While the revisions resulted in a number of transactions moving between BIG categories, the Company estimates that the revisions had a relatively small impact on the totals in each category. BIG Category 1: Below investment grade transactions showing sufficient deterioration to make lifetime losses possible, but for which none are currently expected. Transactions on which claims have been paid but are expected to be fully reimbursed (other than investment grade transactions on which only liquidity claims have been paid) are in this category. BIG Category 2: Below investment grade transactions for which lifetime losses are expected but for which no claims (other than liquidity claims) have yet been paid. BIG Category 3: Below investment grade transactions for which lifetime losses are expected and on which claims (other than liquidity claims) have been paid. Transactions remain in this category when claims have been paid and only a recoverable remains.

## Assured Guaranty Corp.

Below Investment Grade Exposures (3 of 3)

As of March 31, 2011

(dollars in millions)

### BIG Exposures Greater Than \$50 Million

| Name or description                               | Net Par<br>Outstanding | Internal<br>Rating | Current Credit<br>Enhancement | 60+ Day<br>Delinquencies |
|---|------------------------|--------------------|-------------------------------|--------------------------|
| <b>U.S. public finance:</b>                       |                        |                    |                               |                          |
| Jefferson County Alabama Sewer                    | \$ 188                 | D                  |                               |                          |
| San Joaquin Hills California Transportation       | 159                    | BB                 |                               |                          |
| Detroit (City of) Michigan                        | 87                     | BB+                |                               |                          |
| Orlando Tourist Development Tax - Florida         | 57                     | BB+                |                               |                          |
| <b>Total</b>                                      | <b>\$ 491</b>          |                    |                               |                          |
| <b>Non-U.S. public finance:</b>                   |                        |                    |                               |                          |
| Reliance Rail Finance Pty. Limited                | \$ 132                 | BB                 |                               |                          |
| Alte Liebe I Limited (Wind Farm)                  | 58                     | BB                 |                               |                          |
| <b>Total</b>                                      | <b>\$ 190</b>          |                    |                               |                          |
| <b>U.S. structured finance:</b>                   |                        |                    |                               |                          |
| <b>U.S. RMBS:</b>                                 |                        |                    |                               |                          |
| Deutsche ALT-A Securities Mortgage Loan 2007-2    | \$ 567                 | CCC                | 0.6%                          | 31.3%                    |
| Mortgage IT Securities Corp. Mortgage Loan 2007-2 | 372                    | B                  | 10.1%                         | 15.0%                    |
| Private Residential Mortgage Transaction          | 336                    | CCC                | 23.2%                         | 33.0%                    |
| Deutsche ALT-A Securities Mortgage Loan 2007-3    | 335                    | B                  | 5.5%                          | 23.3%                    |
| Private Residential Mortgage Transaction          | 330                    | B                  | 20.3%                         | 31.5%                    |
| Private Residential Mortgage Transaction          | 328                    | B                  | 21.1%                         | 30.2%                    |
| CWALT Alternative Loan Trust 2007-HY9             | 308                    | CCC                | 6.2%                          | 47.9%                    |
| Private Residential Mortgage Transaction          | 302                    | CCC                | 13.0%                         | 35.8%                    |
| Private Residential Mortgage Transaction          | 296                    | B                  | 20.8%                         | 28.7%                    |
| AAA Trust 2007-2                                  | 268                    | CCC                | 32.1%                         | 46.0%                    |
| Countrywide Home Equity Loan Trust 2007-D         | 262                    | CCC                | 0.0%                          | 8.6%                     |
| Countrywide Home Equity Loan Trust 2005-J         | 155                    | CCC                | 0.0%                          | 16.2%                    |
| CWALT 2007-OA10                                   | 110                    | CCC                | 11.4%                         | 51.5%                    |
| Lehman Excess Trust 2007-16N                      | 102                    | CCC                | 7.5%                          | 43.6%                    |
| Taylor Bean & Whitaker 2007-2                     | 89                     | CCC                | 0.0%                          | 28.3%                    |
| ACE Home Equity Loan Trust 2007-SL3               | 84                     | B                  | 0.0%                          | 9.6%                     |
| MASTR Asset Backed Securities Trust 2005-NC2      | 68                     | CCC                | 12.9%                         | 39.1%                    |
| CSAB Mortgage-Backed Trust 2007-1                 | 50                     | CCC                | 0.0%                          | 35.2%                    |
| <b>Total U.S. RMBS</b>                            | <b>\$ 4,362</b>        |                    |                               |                          |
| <b>Other:</b>                                     |                        |                    |                               |                          |
| Taberna Preferred Funding IV, LTD.                | \$ 219                 | CCC                | 26.8%                         | N/A                      |
| Taberna Preferred Funding III, LTD.               | 216                    | CCC                | 16.6%                         | N/A                      |
| Alesco Preferred Funding XVI, LTD.                | 215                    | B                  | 7.1%                          | N/A                      |
| Trapeza CDO XI                                    | 185                    | BB-                | 28.2%                         | N/A                      |
| Weinstein Film Securitization                     | 181                    | CCC                | N/A                           | N/A                      |
| Taberna Preferred Funding II, LTD.                | 176                    | CCC                | 22.2%                         | N/A                      |
| Attentus CDO I Limited                            | 171                    | BB                 | 29.7%                         | N/A                      |
| Alesco Preferred Funding XVII, LTD.               | 171                    | B                  | 16.0%                         | N/A                      |
| Attentus CDO II Limited                           | 142                    | BB                 | 26.1%                         | N/A                      |
| Preferred Term Securities XIX, LTD.               | 124                    | BB+                | 34.4%                         | N/A                      |
| Trapeza CDO X, LTD.                               | 124                    | BB-                | 31.2%                         | N/A                      |
| Taberna Preferred Funding VI, LTD.                | 114                    | CCC                | 26.5%                         | N/A                      |
| US Capital Funding IV, LTD.                       | 111                    | B-                 | 13.5%                         | N/A                      |
| Preferred Term Securities XVI, LTD.               | 100                    | B                  | 21.5%                         | N/A                      |
| Capco - Excess SIPC Excess of Loss Reinsurance    | 54                     | BB                 | N/A                           | N/A                      |
| Preferred Term Securities XVII, LTD.              | 53                     | BB+                | 28.9%                         | N/A                      |
| Preferred Term Securities XVIII, LTD.             | 52                     | BB                 | 33.7%                         | N/A                      |
| <b>Total other</b>                                | <b>\$ 2,408</b>        |                    |                               |                          |
| <b>Total</b>                                      | <b>\$ 6,770</b>        |                    |                               |                          |
| <b>Non-U.S. structured finance:</b>               |                        |                    |                               |                          |
| Orkney Re II, Plc Series A-1 Floating Rate Notes  | \$ 149                 | CCC                | N/A                           | N/A                      |
| Ballantyne Re PLC                                 | 130                    | CC                 | N/A                           | N/A                      |
| Private Pooled Corporate Transaction              | 82                     | BB                 | N/A                           | N/A                      |
| Private Pooled Corporate Transaction              | 77                     | BB                 | N/A                           | N/A                      |
| <b>Total</b>                                      | <b>\$ 438</b>          |                    |                               |                          |
| <b>Total</b>                                      | <b>\$ 7,889</b>        |                    |                               |                          |

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

## Assured Guaranty Corp.

Largest Exposures by Sector (1 of 4)

As of March 31, 2011

*(in millions)*

### 50 Largest U.S Public Finance Exposures

| <b>Credit name:</b>  | <b>Net Par<br/>Outstanding</b> | <b>Internal<br/>Rating</b> |
|--|--------------------------------|----------------------------|
| California (State of)  | \$ 1,017                       | A-                         |
| Puerto Rico (Commonwealth of)  | 737                            | BBB-                       |
| North Texas Tollway Authority  | 703                            | A                          |
| Miami-Dade County Florida Aviation Authority - Miami International Airport | 683                            | A+                         |
| Miami-Dade County Florida School Board                                     | 643                            | A-                         |
| Pennsylvania Turnpike Commission   | 590                            | A+                         |
| Georgia Board of Regents Revenue Stream                                    | 590                            | A                          |
| Philadelphia (City of) Pennsylvania  | 505                            | BBB+                       |
| Puerto Rico Highway and Transportation Authority                           | 497                            | BBB                        |
| New Jersey (State of)  | 491                            | AA-                        |
| Houston Texas Water and Sewer Authority                                    | 482                            | A+                         |
| New York (City of) New York  | 466                            | AA                         |
| Dade County, Florida General Obligation                                    | 411                            | AA-                        |
| San Francisco Airports Commission  | 362                            | A                          |
| Denver (City and County of) Colorado Airport Revenue Bonds                 | 354                            | A+                         |
| Chicago-O'Hare International Airport                                       | 353                            | A                          |
| New York (State of)  | 327                            | AA                         |
| Dormitory Authority of the State of New York School District               | 315                            | A                          |
| The Indianapolis Local Public Improvement Bond Bank, Indiana               | 305                            | AA-                        |
| Michigan (State of)  | 296                            | A+                         |
| Puerto Rico Aqueduct & Sewer Authority                                     | 288                            | BBB-                       |
| New York MTA Transportation Authority                                      | 287                            | A                          |
| Chicago Illinois Public Schools  | 271                            | A+                         |
| American Municipal Power-Ohio, Inc. - Prairie State                        | 269                            | A                          |
| Kentucky (Commonwealth of)   | 263                            | AA-                        |
| Massachusetts Turnpike Authority Revenue Stream                            | 258                            | A                          |
| Chicago Transit Authority Capital Grant Receipts                           | 252                            | A                          |
| New Jersey Higher Education Student Assistance 2008-A                      | 248                            | A                          |
| Louisville Arena Authority Inc.  | 247                            | BBB-                       |
| Dallas (City of) Texas Civic Center Convention Complex                     | 243                            | A                          |
| Long Island Power Authority  | 241                            | A-                         |
| North Carolina Eastern Municipal Power Agency                              | 236                            | BBB                        |
| Yankee Stadium LLC (New York City Industrial Development Authority)        | 229                            | BBB-                       |
| Florida (State of) Department of Environmental Protection                  | 222                            | A+                         |
| Virtua Health - New Jersey   | 221                            | A                          |
| Louisiana (State of)   | 219                            | AA-                        |
| Orange County Schools, Florida   | 218                            | A+                         |
| Piedmont Municipal Power Authority - South Carolina                        | 210                            | A-                         |
| Nassau County, New York  | 209                            | A                          |
| Massachusetts (Commonwealth of)  | 206                            | AA                         |
| North Carolina Turnpike Authority - Triangle Expressway                    | 206                            | BBB-                       |
| District of Columbia Water and Sewer Authority Public Utility Bonds        | 205                            | A+                         |
| Orlando Tourist Development Tax - Florida                                  | 194                            | A                          |
| Iowa Health System   | 192                            | A+                         |
| Port Authority of New York and New Jersey                                  | 190                            | AA-                        |
| Jefferson County Alabama Sewer   | 187                            | D                          |
| Metro Wash Airports Authority Dulles Toll Road                             | 184                            | BBB+                       |
| Matanuska-Sustina Borough, AK  | 180                            | A+                         |
| Oakland (City of) California General Obligation                            | 177                            | A                          |
| Indianapolis Gas Utility Revenue Stream                                    | 169                            | A                          |
| <b>Total top 50 U.S. public finance exposures</b>                          | <b>\$ 16,848</b>               |                            |

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

## Assured Guaranty Corp.

Largest Exposures by Sector (2 of 4)

As of March 31, 2011

(dollars in millions)

### 50 Largest U.S Structured Finance Exposures

| Credit name:  | Net Par<br>Outstanding | Internal<br>Rating | Current Credit<br>Enhancement |
|---|------------------------|--------------------|-------------------------------|
| Deutsche ALT-A Securities Mortgage Loan 2007-2        | \$ 567                 | CCC                | 0.6%                          |
| ARES Enhanced Credit Opportunities Fund               | 506                    | AAA                | 43.9%                         |
| 280 Funding I   | 495                    | AAA                | 39.8%                         |
| Private Consumer Receivable Transaction               | 488                    | Super Senior       | 49.4%                         |
| SLM Private Credit Student Trust 2007-A               | 375                    | BBB                | 11.5%                         |
| MortgageIT Securities Corp. Mortgage Loan 2007-2      | 372                    | B                  | 10.1%                         |
| KKR Financial CLO 2007-1                              | 341                    | AAA                | 51.3%                         |
| Sandelman Finance 2006-1 Limited                      | 338                    | AAA                | 41.1%                         |
| Private Residential Mortgage Transaction              | 336                    | CCC                | 23.2%                         |
| Deutsche ALT-A Securities Mortgage Loan 2007-3        | 335                    | B                  | 5.5%                          |
| SLM Student Loan Trust 2007 -6                        | 333                    | AAA                | 3.5%                          |
| Private Residential Mortgage Transaction              | 330                    | B                  | 20.3%                         |
| Private Residential Mortgage Transaction              | 328                    | B                  | 21.1%                         |
| Liberty CLO LTD Series                                | 315                    | Super Senior       | 36.3%                         |
| Symphony Credit Opportunities Fund                    | 309                    | AAA                | 43.9%                         |
| CWALT Alternative Loan Trust 2007-HY9                 | 308                    | CCC                | 6.2%                          |
| ARES Enhanced Credit Opportunities Fund               | 308                    | AAA                | 43.9%                         |
| Private Residential Mortgage Transaction              | 302                    | CCC                | 13.0%                         |
| Private Consumer Receivable Transaction               | 300                    | Super Senior       | 62.2%                         |
| Private Residential Mortgage Transaction              | 296                    | B                  | 20.8%                         |
| Wasatch CLO, LTD.                                     | 273                    | AAA                | 23.0%                         |
| CDX.NA.IG.8 5-YR 30-100%                              | 272                    | Super Senior       | 30.3%                         |
| Geer Mountain Financing, LTD.                         | 270                    | AAA                | 33.2%                         |
| Cent CDO XI Limited                                   | 270                    | AAA                | 22.0%                         |
| AAA Trust 2007-2                                      | 268                    | CCC                | 32.1%                         |
| SLM Private Credit Student Loan Trust 2006-C          | 267                    | BBB                | 10.6%                         |
| Southfork CLO LTD. Series 2005-A1                     | 265                    | AAA                | 30.2%                         |
| Private Other Structured Finance Transaction          | 262                    | A-                 | N/A                           |
| Countrywide Home Equity Loan Trust 2007-D             | 262                    | CCC                | 0.0%                          |
| Alesco Preferred Funding XIV                          | 254                    | BBB-               | 29.0%                         |
| Fortress Credit Funding III                           | 251                    | AAA                | 50.6%                         |
| Private Structured Credit Transaction                 | 245                    | BBB+               | N/A                           |
| Babcock & Brown Air Funding I LTD. Series 2007-1      | 244                    | A-                 | N/A                           |
| Newstar Credit Opportunities Funding II LTD           | 231                    | AAA                | 33.4%                         |
| Kodiak CDO II   | 231                    | AA                 | 48.3%                         |
| Blue Mountain CLO LTD. 2005-1                         | 227                    | Super Senior       | 34.6%                         |
| CDX.NA.IG.4 7-YR 30-100%                              | 225                    | Super Senior       | 29.7%                         |
| Kingsland IV  | 224                    | AAA                | 21.3%                         |
| Baker Street CLO II                                   | 224                    | AAA                | 22.2%                         |
| RAIT Preferred Funding II, LTD.                       | 223                    | AAA                | 48.5%                         |
| Taberna Preferred Funding IV, LTD.                    | 219                    | CCC                | 26.8%                         |
| Kingsland V   | 219                    | AAA                | 25.2%                         |
| Franklin CLO V Limited                                | 219                    | AAA                | 26.0%                         |
| Foothill CLO I, LTD.                                  | 217                    | AAA                | 28.0%                         |
| Taberna Preferred Funding III, LTD.                   | 215                    | CCC                | 16.6%                         |
| Alesco Preferred Funding XVI, LTD.                    | 215                    | B                  | 7.1%                          |
| US CLO  | 213                    | Super Senior       | 34.1%                         |
| Goldentree Credit Opportunities Second Financing      | 208                    | AAA                | 41.5%                         |
| HSAM Long/Short 2007-3                                | 206                    | AAA                | 27.2%                         |
| CDX.NA.IG.8 7-YR 30-100%                              | 205                    | Super Senior       | 30.3%                         |
| <b>Total top 50 U.S. structured finance exposures</b> | <b>\$ 14,406</b>       |                    |                               |

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

## Assured Guaranty Corp.

Largest Exposures by Sector (3 of 4)

As of March 31, 2011

*(in millions)*

### 25 Largest Non-U.S. Exposures

| <b>Credit name:</b>                             | <b>Net Par<br/>Outstanding</b> | <b>Internal<br/>Rating</b> |
|---|--------------------------------|----------------------------|
| Fortress Credit Investments I                   | \$ 801                         | AAA                        |
| Essential Public Infrastructure Capital II      | 777                            | Super Senior               |
| Global Senior Loan Index Fund 1 B.V.            | 464                            | Super Senior               |
| Windmill CLO I PLC                              | 436                            | Super Senior               |
| Harvest CLO III                                 | 360                            | AAA                        |
| Broadcast Australia Finance                     | 351                            | BBB                        |
| Paragon Mortgages (No.13) PLC                   | 346                            | AAA                        |
| RMF Euro CDO V PLC                              | 336                            | AAA                        |
| Taberna Europe CDO I PLC                        | 313                            | BBB-                       |
| International Infrastructure Pool               | 306                            | A-                         |
| International Infrastructure Pool               | 306                            | A-                         |
| International Infrastructure Pool               | 306                            | A-                         |
| Neptuno CLO I B.V.                              | 298                            | AAA                        |
| Halcyon Structured Management Europe CLO 2007-I | 288                            | Super Senior               |
| Wood Street CLO V B.V.                          | 284                            | Super Senior               |
| Taberna Europe DO II PLC                        | 279                            | BBB-                       |
| Alpstar CLO 2 PLC                               | 274                            | Super Senior               |
| Airspeed Limited Series 2007-1                  | 272                            | BBB+                       |
| Highlander Euro CDO                             | 271                            | Super Senior               |
| North Westerly CLO III B.V.                     | 241                            | AAA                        |
| Dalradian European CLO IV B.V.                  | 240                            | AAA                        |
| Stichting Profile Securitisation I              | 225                            | Super Senior               |
| RMF Euro CDO IV PLC                             | 213                            | AAA                        |
| Dalradian European CLO II B.V.                  | 205                            | AA                         |
| Harbourmaster CLO 10 B.V.                       | 198                            | AAA                        |
| <b>Total top 25 largest non-U.S. exposures</b>  | <b>\$ 8,390</b>                |                            |

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

# Assured Guaranty Corp.

Largest Exposures by Sector (4 of 4)

As of March 31, 2011

(in millions)

## 10 Largest U.S. Residential Mortgage Servicers Exposures

### Servicer:

|   | <b>Net Par<br/>Outstanding</b> |
|---|--------------------------------|
| Bank of America, N.A. <sup>1</sup>                                | \$ 2,275                       |
| Wells Fargo Bank, N.A.  | 1,484                          |
| GMAC Mortgage, LLC  | 1,228                          |
| JPMorgan Chase Bank   | 1,036                          |
| American Home Mortgage Servicing, Inc.                            | 762                            |
| Ocwen Loan Servicing, LLC.  | 319                            |
| Carrington Mortgage Services                                      | 256                            |
| National City Home Loan Services                                  | 236                            |
| Wilshire Credit Corporation                                       | 229                            |
| OneWest Bank Group LLC  | 207                            |
| <b>Total top 10 U.S. residential mortgage servicers exposures</b> | <b><u>\$ 8,032</u></b>         |

## 10 Largest U.S. Healthcare Exposures

### Credit name:

|  | <b>Net Par<br/>Outstanding</b> | <b>Internal<br/>Rating</b> | <b>State</b> |
|--|--------------------------------|----------------------------|--------------|
| Virtua Health - New Jersey   | \$ 221                         | A                          | NJ           |
| Iowa Health System   | 192                            | A+                         | IA           |
| CHRISTUS Health  | 167                            | A+                         | TX           |
| Children's Hospital - Alabama  | 162                            | A+                         | AL           |
| Integris Health, Inc.  | 162                            | AA-                        | OK           |
| Fairview Health Services   | 157                            | A                          | MN           |
| Spartanburg Regional Medical Center  | 141                            | A                          | SC           |
| Meridian Health System   | 136                            | A-                         | NJ           |
| Methodist Healthcare, TN   | 135                            | A                          | TN           |
| LifeBridge Health, Inc. Maryland Health and Higher Educational<br>Facilities Authority | 129                            | A                          | MD           |
| <b>Total top 10 U.S. healthcare exposures</b>  | <b><u>\$ 1,602</u></b>         |                            |              |

1. Includes Countrywide Home Loans Servicing LP.

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

## Assured Guaranty Corp.

Rollforward of Net Expected Loss and Loss Adjustment Expenses ("LAE") to be Paid  
(in millions)

### Rollforward of Net Expected Loss and LAE to be Paid for the Three Months Ended March 31, 2011

| Financial Guaranty Insurance Contracts<br>and Credit Derivatives | Expected Loss to<br>be Paid as of<br>December 31, 2010 | Loss Development<br>and Accretion of<br>Discount for 1Q-11 <sup>1</sup> | Paid Losses<br>1Q-11 | Expected Loss to<br>be Paid as of<br>March 31, 2011 |
|--|--|---|----------------------|---|
| U.S. RMBS  |  |   |                      |   |
| First lien:  |  |   |                      |   |
| Prime first lien   | \$ 0.8   | \$ (0.5)  | \$ -                 | \$ 0.3  |
| Alt-A first lien   | 195.3  | 2.3   | (0.4)                | 197.2   |
| Option ARMs  | 139.0  | (30.6)  | (11.0)               | 97.4  |
| Subprime first lien  | 99.9   | 33.4  | (1.1)                | 132.2   |
| Total first lien   | 435.0  | 4.6   | (12.5)               | 427.1   |
| Second lien:   |  |   |                      |   |
| Closed end seconds   | (6.3)  | (10.1)  | (16.6)               | (33.0)  |
| HELOC  | (118.3)  | 19.6  | (13.4)               | (112.1)   |
| Total second lien  | (124.6)  | 9.5   | (30.0)               | (145.1)   |
| Total U.S. RMBS  | 310.4  | 14.1  | (42.5)               | 282.0   |
| TruPS  | 67.8   | 0.1   | (1.1)                | 66.8  |
| Other structured finance   | 67.1   | 5.2   | (0.3)                | 72.0  |
| Public finance   | 47.3   | (8.7)   | (0.1)                | 38.5  |
| <b>Total</b>   | <b>\$ 492.6</b>  | <b>\$ 10.7</b>  | <b>\$ (44.0)</b>     | <b>\$ 459.3</b>                                     |

1. Includes the effect of changes in the Company's estimate of future recovery on representations and warranties ("R&W").

## Assured Guaranty Corp.

Financial Guaranty Insurance and Credit Derivatives U.S. RMBS R&W Benefit Development  
(dollars in millions)

### Financial Guaranty Insurance and Credit Derivatives U.S. RMBS R&W Benefit Development for the Three Months Ended March 31, 2011

|                                      | Future Net R&W<br>Benefit at<br>December 31, 2010 | R&W<br>Economic<br>Loss Development<br>During 1Q-11 | R&W<br>Recovered<br>During 1Q-11 | Future Net R&W<br>Benefit at<br>March 31, 2011 |
|--------------------------------------|---|---|----------------------------------|--|
| <b>Financial guaranty insurance:</b> |   |   |                                  |  |
| Prime first lien                     | \$ 0.6  | \$ 0.6  | \$ -                             | \$ 1.2   |
| Alt-A first lien                     | 10.1  | 3.9   | -                                | 14.0   |
| Option ARMs                          | 14.3  | 58.0  | (20.0)                           | 52.3   |
| Subprime first lien                  | -   | -   | -                                | -  |
| Closed end seconds                   | 67.0  | 36.7  | -                                | 103.7  |
| HELOC                                | 162.5   | 11.3  | (5.4)                            | 168.4  |
| <b>Total</b>                         | <b>\$ 254.5</b>                                   | <b>\$ 110.5</b>                                     | <b>\$ (25.4)</b>                 | <b>\$ 339.6</b>                                |
| <b>Credit derivatives</b>            | <b>\$ 48.8</b>                                    | <b>\$ 82.5</b>                                      | <b>\$ -</b>                      | <b>\$ 131.3</b>                                |

### Financial Guaranty Insurance and Credit Derivatives U.S. RMBS Debt Services on Policies With R&W Benefit

|                                      | Number of Risks as of |                   | Outstanding Principal and Interest as of |                   |
|--------------------------------------|-----------------------|-------------------|--|-------------------|
|                                      | March 31, 2011        | December 31, 2010 | March 31, 2011                           | December 31, 2010 |
| <b>Financial guaranty insurance:</b> |                       |                   |  |                   |
| Prime first lien                     | 1                     | 1                 | \$ 27.8                                  | \$ 28.6           |
| Alt-A first lien                     | 10                    | 6                 | 416.1                                    | 353.3             |
| Option ARMs                          | 2                     | 1                 | 218.0                                    | 67.9              |
| Subprime first lien                  | -                     | -                 | -  | -                 |
| Closed end seconds                   | 2                     | 2                 | 138.1                                    | 156.5             |
| HELOC                                | 4                     | 3                 | 556.0                                    | 492.3             |
| <b>Total</b>                         | <b>19</b>             | <b>13</b>         | <b>\$ 1,356.0</b>                        | <b>\$ 1,098.6</b> |
| <b>Credit derivatives</b>            | <b>7</b>              | <b>6</b>          | <b>\$ 2,950.8</b>                        | <b>\$ 2,626.4</b> |

## Assured Guaranty Corp.

Losses Incurred  
As of March 31, 2011  
(in millions)

| Financial Guaranty Insurance Contracts and Credit Derivatives | Total Net Par<br>Outstanding for<br>BIG<br>Transactions | 1Q-11 Losses<br>Incurred | Net Reserve<br>and Credit<br>Impairment | Net Salvage<br>and<br>Subrogation<br>Assets | Expected Loss<br>to be<br>Expensed |
|---|---|--------------------------|---|---|------------------------------------|
| First lien:   |   |                          |   |   |                                    |
| Prime first lien  | \$ 467.7  | \$ 0.1                   | \$ 0.7                                  | \$ -  | \$ 0.2                             |
| Alt-A first lien  | 2,803.9   | (1.1)                    | 169.8                                   | -   | 1.5                                |
| Option ARMs   | 713.7   | (31.7)                   | 95.1                                    | -   | 1.0                                |
| Subprime first lien   | 646.8   | 33.5                     | 124.0                                   | -   | 1.4                                |
| Total first lien  | <u>4,632.1</u>  | <u>0.8</u>               | <u>389.6</u>                            | <u>-</u>                                    | <u>4.1</u>                         |
| Second lien:  |   |                          |   |   |                                    |
| Closed end seconds  | 180.4   | (7.9)                    | 7.0                                     | 41.7  | 1.7                                |
| HELOC   | 463.6   | 12.9                     | 3.4                                     | 122.2                                       | 0.1                                |
| Total second lien   | <u>644.0</u>  | <u>5.0</u>               | <u>10.4</u>                             | <u>163.9</u>                                | <u>1.8</u>                         |
| Total U.S. RMBS   | 5,276.1   | 5.8                      | 400.0                                   | 163.9                                       | 5.9                                |
| Other structured finance                                      | 3,335.1   | 8.6                      | 120.6                                   | 1.6   | 6.5                                |
| Public finance  | 1,002.2   | (6.1)                    | 38.7                                    | 1.3   | 3.6                                |
| <b>Subtotal</b>   | <u>\$ 9,613.4</u>                                       | <u>\$ 8.3</u>            | <u>\$ 559.3</u>                         | <u>\$ 166.8</u>                             | <u>\$ 16.0</u>                     |
| Effect of consolidating financial guaranty VIEs               | -   | (2.2)                    | (20.5)                                  | (25.5)                                      | (0.8)                              |
| <b>Total</b>  | <u>\$ 9,613.4</u>                                       | <u>\$ 6.1</u>            | <u>\$ 538.8</u>                         | <u>\$ 141.3</u>                             | <u>\$ 15.2</u>                     |

### Total Loss and Loss Adjustment Expense Insurance Reserves

|                        |                 |
|------------------------|-----------------|
| Gross                  | \$ 206.4        |
| Ceded                  | 66.1            |
| Net insurance reserves | <u>\$ 140.3</u> |

### Credit impairment on credit derivative contracts <sup>1</sup>

|   |                 |
|---|-----------------|
| Gross                                   | \$ 497.5        |
| Ceded                                   | 99.0            |
| Net credit derivative credit impairment | <u>\$ 398.5</u> |

### Loss and LAE reserve on financial guaranty insurance and credit impairment on credit derivative contracts, net of reinsurance <sup>2</sup>

|  |                 |
|--|-----------------|
| Net loss and LAE reserves on financial guaranty contracts net of ceded reinsurance | \$ 140.3        |
| Credit impairment on credit derivative contracts                                   | 398.5           |
| Net loss and LAE reserves and credit impairment                                    | <u>\$ 538.8</u> |

### Salvage and subrogation recoverable

|   |                 |
|---|-----------------|
| Gross                                   | \$ 199.1        |
| Ceded <sup>3</sup>                      | 57.8            |
| Net salvage and subrogation recoverable | <u>\$ 141.3</u> |

1. Credit derivative assets and liabilities recorded on the balance sheet incorporate estimates of expected losses.

2. Gross of salvage and subrogation assets.

3. Recorded in "reinsurance balances payable, net" on the consolidated balance sheets.

**Assured Guaranty Corp.**  
Summary of Statutory Financial and Statistical Data  
*(dollars in millions)*

|  | As of and for<br>the Three<br>Months Ended<br>March 31, 2011 | Year Ended December 31, |                  |                  |                  |
|--|--|-------------------------|------------------|------------------|------------------|
|  |  | 2010                    | 2009             | 2008             | 2007             |
| <b>Statutory Data</b>                                |  |                         |                  |                  |                  |
| Net income (loss)                                    | \$ 70.2  | \$ (182.1)              | \$ (243.1)       | \$ 27.7          | \$ 71.6          |
| Policyholders' surplus                               | \$ 866   | \$ 854                  | \$ 1,224         | \$ 378           | \$ 400           |
| Contingency reserve                                  | 739  | 703                     | 556              | 712              | 582              |
| Qualified statutory capital                          | 1,605  | 1,557                   | 1,780            | 1,090            | 982              |
| Unearned premium reserve                             | 860  | 877                     | 887              | 570              | 302              |
| Loss and LAE reserves                                | 402  | 448                     | 280              | 15               | 12               |
| Total policyholders' surplus and reserves            | 2,867  | 2,882                   | 2,947            | 1,675            | 1,296            |
| Present value of installment premium                 | 495  | 539                     | 612              | 566              | 554              |
| Standby line of credit / stop loss                   | 200  | 200                     | 200              | 200              | 280              |
| Total claims-paying resources                        | <u>\$ 3,562</u>  | <u>\$ 3,621</u>         | <u>\$ 3,759</u>  | <u>\$ 2,441</u>  | <u>\$ 2,130</u>  |
| <b>Statutory Financial Ratios</b>                    |  |                         |                  |                  |                  |
| Loss and LAE ratio                                   | (8.5)%   | 181.8%                  | 243.9%           | 90.3%            | (13.5)%          |
| Expense ratio  | 72.6%  | 66.0%                   | 15.4%            | 11.5%            | 49.9%            |
| Combined ratio                                       | <u>64.1%</u>   | <u>247.8%</u>           | <u>259.3%</u>    | <u>101.8%</u>    | <u>36.4%</u>     |
| <b>Other Financial Information (Statutory Basis)</b> |  |                         |                  |                  |                  |
| Net debt service outstanding (end of period)         | \$ 166,459   | \$ 171,037              | \$ 186,606       | \$ 164,283       | \$ 128,351       |
| Gross debt service outstanding (end of period)       | 233,458  | 238,455                 | 259,867          | 225,152          | 172,046          |
| Net par outstanding (end of period)                  | 115,145  | 118,898                 | 130,468          | 111,025          | 94,127           |
| Gross par outstanding (end of period)                | 160,394  | 165,227                 | 180,765          | 152,801          | 127,743          |
| Ceded par to all Assured Guaranty companies          | 42,056   | 42,989                  | 46,411           | 37,372           | 29,087           |
| Ratios:  |  |                         |                  |                  |                  |
| Par insured to statutory capital                     | 72:1   | 76:1                    | 73:1             | 102:1            | 75:1             |
| Capital ratio <sup>1</sup>                           | 104:1  | 110:1                   | 105:1            | 151:1            | 93:1             |
| Financial resources ratio <sup>2</sup>               | 47:1   | 47:1                    | 50:1             | 67:1             | 43:1             |
| Gross debt service written:                          |  |                         |                  |                  |                  |
| Public finance - U.S.                                | \$ 160   | \$ 5,876                | \$ 78,012        | \$ 56,864        | \$ 8,142         |
| Public finance - non-U.S.                            | -  | 51                      | 522              | 771              | 5,202            |
| Structured finance - U.S.                            | -  | 2,962                   | 2,480            | 13,228           | 35,396           |
| Structured finance - non-U.S.                        | -  | -                       | -                | 5,265            | 10,061           |
| Total gross debt service written                     | <u>\$ 160</u>  | <u>\$ 8,889</u>         | <u>\$ 81,014</u> | <u>\$ 76,128</u> | <u>\$ 58,801</u> |

1. The capital ratio is calculated by dividing net par and interest insured divided by qualified statutory capita
2. The financial resources ratio is calculated by dividing net par and interest insured by total claims paying resources

## Glossary

### **Net Par Outstanding and Internal Ratings**

Internal Rating for the Company's ratings scale is similar to that used by the nationally recognized statistical rating organizations; however, the ratings in the tables may not be the same as ratings assigned by any such rating agency. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured Guaranty's AAA-rated exposure on its internal rating scale has additional credit enhancement due to either (a) the existence of another security rated AAA that is subordinated to Assured Guaranty's exposure or (b) Assured Guaranty's exposure benefiting from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss, and such credit enhancement, in management's opinion, causes Assured Guaranty's attachment point to be materially above the AAA attachment point.

Net par outstanding is insured par exposure net of reinsurance cessions.

### **Performance Indicators**

The performance information described below is obtained from sources such as Intex, Bloomberg and/or provided by the trustee and may be subject to restatement or correction:

60+ Day Delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned and any non-performing loans divided by current collateral balance.

Average Credit Enhancement is intended to provide a measure of the amount of equity and/or subordinated tranches that are junior in the capital structure to Assured Guaranty's exposure, expressed as a percentage of the total transaction size, and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes.

Cumulative Losses are defined as net charge-offs on the underlying loan collateral divided by the original collateral balance.

Pool Factor is the percentage of the current collateral balance divided by the original collateral balance of the transactions at inception.

Subordination represents the sum of subordinate tranches and overcollateralization, expressed as a percentage of total transaction size, and does not include any benefit from excess spread collections that may be used to absorb losses. Many of the closed-end second lien RMBS transactions insured by the Company have unique structures whereby the collateral may be written down for losses without a corresponding write-down of the obligations insured by the Company. Many of these transactions are currently undercollateralized, with the principal amount of collateral being less than the principal amount of the obligation insured by the Company. The Company is not required to pay principal shortfalls until legal maturity (rather than making timely principal payments), and takes the undercollateralization into account when estimating expected losses for these transactions.

### **Sectors**

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for December 31, 2010.

#### Public Finance:

General Obligation Bonds are full faith and credit bonds that are issued by states, their political subdivisions and other municipal issuers, and are supported by the general obligation of the issuer to pay from available funds and by a pledge of the issuer to levy ad valorem taxes in an amount sufficient to provide for the full payment of the bonds.

Tax-Backed Bonds are obligations that are supported by the issuer from specific and discrete sources of taxation. They include tax-backed revenue bonds, general fund obligations and lease revenue bonds. Tax-backed obligations may be secured by a lien on specific pledged tax revenues, such as a gasoline or excise tax, or incrementally from growth in property tax revenue associated with growth in property values. These obligations also include obligations secured by special assessments levied against property owners and often benefit from issuer covenants to enforce collections of such assessments and to foreclose on delinquent properties. Lease revenue bonds typically are general fund obligations of a municipality or other governmental authority that are subject to annual appropriation or abatement; projects financed and subject to such lease payments ordinarily include real estate or equipment serving an essential public purpose. Bonds in this category also include moral obligations of municipalities or governmental authorities.

Municipal Utility Bonds are obligations of all forms of municipal utilities, including electric, water and sewer utilities and resource recovery revenue bonds. These utilities may be organized in various forms, including municipal enterprise systems, authorities or joint action agencies.

Transportation Bonds include a wide variety of revenue-supported bonds, such as bonds for airports, ports, tunnels, municipal parking facilities, toll roads and toll bridges.

Healthcare Bonds are obligations of healthcare facilities, including community-based hospitals and systems, as well as of health maintenance organizations and long-term care facilities.

Higher Education Bonds are obligations secured by revenue collected by either public or private secondary schools, colleges and universities. Such revenue can encompass all of an institution's revenue, including tuition and fees, or in other cases, can be specifically restricted to certain auxiliary sources of revenue.

## Glossary (continued)

### Sectors (continued)

Infrastructure Bonds include obligations issued by a variety of entities engaged in the financing of infrastructure projects, such as roads, airports, ports, social infrastructure and other physical assets delivering essential services supported by long-term concession arrangements with a public sector entity.

Investor-Owned Utility Bonds are obligations primarily backed by investor-owned utilities, first mortgage bond obligations of for-profit electric or water utilities providing retail, industrial and commercial service, and also include sale-leaseback obligation bonds supported by such entities.

Housing Revenue Bonds are obligations relating to both single and multi-family housing, issued by states and localities, supported by cash flow and, in some cases, insurance from entities such as the Federal Housing Administration.

Regulated Utilities Obligations are issued by government-regulated providers of essential services and commodities, including electric, water and gas utilities. The majority of the Company's international regulated utility business is conducted in the United Kingdom.

Pooled Infrastructure Obligations are synthetic asset-backed obligations that take the form of CDS obligations or credit-linked notes that reference either infrastructure finance obligations or a pool of such obligations, with a defined deductible to cover credit risks associated with the referenced obligations.

Other Public Finance primarily includes government insured student loans, government-sponsored project finance and structured municipal transactions, which includes excess of loss reinsurance on portfolios of municipal credits.

#### Structured Finance:

Pooled Corporate Obligations are securities primarily backed by various types of corporate debt obligations, such as secured or unsecured bonds, bank loans or loan participations and trust preferred securities. These securities are often issued in "tranches," with subordinated tranches providing credit support to the more senior tranches. The Company's financial guaranty exposures generally are to the more senior tranches of these issues.

Residential Mortgage-Backed Securities ("RMBS") and Home Equity Securities are obligations backed by closed-end first mortgage loans and closed- and open-end second mortgage loans or home equity loans on one-to-four family residential properties, including condominiums and cooperative apartments. First mortgage loan products in these transactions include fixed rate, adjustable rate ("ARM") and option adjustable-rate ("Option ARM") mortgages. The credit quality of borrowers covers a broad range, including "prime", "subprime" and "Alt-A". A prime borrower is generally defined as one with strong risk characteristics as measured by factors such as payment history, credit score, and debt-to-income ratio. A subprime borrower is a borrower with higher risk characteristics, usually as determined by credit score and/or credit history. An Alt-A borrower is generally defined as a prime quality borrower that lacks certain ancillary characteristics, such as fully documented income.

Additional insured obligations within RMBS include Home Equity Lines of Credit ("HELOCs"), which refers to a type of residential mortgage-backed transaction backed by second-lien loan collateral consisting of home equity lines of credit. U.S. Prime First Lien is a type of residential mortgage-backed securities transaction backed primarily by prime first-lien loan collateral plus an insignificant amount of other miscellaneous RMBS transactions.

CBOs/CLOs (collateralized bond obligations and collateralized loan obligations) are asset-backed securities largely backed by non-investment grade/high yield collateral.

Commercial Mortgage-Backed Securities ("CMBS") are obligations backed by pools of commercial mortgages. The collateral supporting CMBS include office, multifamily, retail, hotel, industrial and other specialized or mixed-use properties.

Consumer Receivables Securities are obligations backed by non-mortgage consumer receivables, such as automobile loans and leases, credit card receivables and other consumer receivables.

Commercial Receivables Securities are obligations backed by equipment loans or leases, fleet auto financings, business loans and trade receivables. Credit support is derived from the cash flows generated by the underlying obligations, as well as property or equipment values as applicable.

Insurance Securitization Securities are obligations secured by the future earnings from pools of various types of insurance/reinsurance policies and income produced by invested assets.

Structured Credit Securities include program-wide credit enhancement for commercial paper conduits in the U.S., and securities issued in whole business securitizations and intellectual property securitizations. Program-wide credit enhancement generally involves insuring against the default of ABS in a bank-sponsored commercial paper conduit. Securities issued in whole business and intellectual property securitizations are backed by revenue-producing assets sold to a limited-purpose company by an operating company, including franchise agreements, lease agreements, intellectual property and real property.

Other Structured Finance Securities are obligations backed by assets not generally described in any of the other described categories. One such type of asset is a tax benefit to be realized by an investor in one of the Federal or state programs that permit such investor to receive a credit against taxes (such as Federal corporate income tax or state insurance premium tax) for making qualified investments in specified enterprises, typically located in designated low-income areas.

## Non-GAAP Financial Measures

The Company references financial measures that are not in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Assured Guaranty's management and board of directors utilize non-GAAP measures in evaluating the Company's financial performance and as a basis for determining senior management incentive compensation. By providing these non-GAAP financial measures, investors, analysts and financial news reporters have access to the same information that management reviews internally. In addition, Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

The following paragraphs define each non-GAAP financial measure and describe why it is useful. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure, if available, is presented within this financial supplement. Non-GAAP financial measures should not be viewed as substitutes for their most directly comparable GAAP measures.

**Operating Income:** Management believes that operating income is a useful measure because it clarifies the understanding of the underwriting results of the Company's financial guaranty insurance business, and also includes financing costs and net investment income, and enables investors and analysts to evaluate the Company's financial results as compared with the consensus analyst estimates distributed publicly by financial databases. Operating income is defined as net income (loss) attributable to the Company, as reported under GAAP, adjusted for the following:

- 1) Elimination of the after-tax realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile. Trends in the underlying profitability of the Company's business can be more clearly identified without the fluctuating effects of these transactions.
- 2) Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss. Additionally, such adjustments present all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.
- 3) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 4) Elimination of the after-tax foreign exchange gains (losses) on revaluation of net premium receivables. Long-dated receivables constitute a significant portion of the net premium receivable balance and represent the present value of future contractual or expected collections. Therefore, the current period's foreign exchange revaluation gains (losses) are not necessarily indicative of the total foreign exchange gains (losses) that the Company will ultimately recognize.
- 5) Elimination of the effects of consolidating certain financial guaranty VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.

**Operating Shareholder's Equity:** Management believes that operating shareholders' equity is a useful measure because it presents the equity of Assured Guaranty Ltd. with all financial guaranty contracts accounted for on a more consistent basis and excludes fair value adjustments that are not expected to result in economic loss. Many investors, analysts and financial news reporters use operating shareholders' equity as the principal financial measure for valuing Assured Guaranty Ltd.'s current share price or projected share price and also as the basis of their decision to recommend, buy or sell Assured Guaranty Ltd.'s common shares. Many of the Company's fixed income investors also use operating shareholders' equity to evaluate the Company's capital adequacy. Operating shareholders' equity is the basis of the calculation of adjusted book value (see below). Operating shareholders' equity is defined as shareholder's equity attributable to the Company, as reported under GAAP, adjusted for the following:

- 1) Elimination of the effects of consolidating certain VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.
- 2) Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount in excess of the present value of the expected estimated economic credit losses and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of the after-tax fair value gains (losses) on the Company's committed capital securities. Such amounts are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.
- 4) Elimination of the after-tax unrealized gains (losses) on the Company's investments, that are recorded as a component of accumulated other comprehensive income (AOCI) (excluding foreign exchange revaluation). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore will not recognize an economic loss.

**Operating return on equity ("Operating ROE"):** Operating ROE represents operating income for a specified period divided by the average of operating shareholders' equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate the Company's return on invested capital. Many investors, analysts and members of the financial news media use operating ROE to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Quarterly and year-to-date operating ROE are calculated on an annualized basis.

## Non-GAAP Financial Measures (continued)

**Adjusted Book Value:** Management believes that adjusted book value is a useful measure because it enables an evaluation of the net present value of the Company's in-force premiums and revenues in addition to operating shareholders' equity. The premiums and revenues included in adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in, foreign exchange rates, refinancing or refunding activity, prepayment speeds, terminations, credit defaults and other factors. Many investors, analysts and financial news reporters use adjusted book value to evaluate Assured Guaranty Ltd.'s share price and as the basis of their decision to recommend, buy or sell the Assured Guaranty Ltd. common shares. Adjusted book value is operating shareholders' equity, as defined above, further adjusted for the following:

- 1) Elimination of after-tax deferred acquisition costs. These amounts represent net deferred expenses that have already been paid or accrued and will be expensed in future accounting periods.
- 2) Addition of the after-tax net present value of estimated net future credit derivative revenue. See below.
- 3) Addition of the after-tax value of the unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed. Net expected losses to be expensed are not reflected in GAAP equity.

**Net present value of estimated net future credit derivative revenue:** Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated credit derivative revenue. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes for contracts without expected economic losses, and is discounted at 6% (which represents the Company's tax-equivalent pre-tax investment yield on its investment portfolio). Estimated net future credit derivative revenue may change from period to period due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults or other factors that affect par outstanding or the ultimate maturity of an obligation.

**PVP or present value of new business production:** Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for Assured Guaranty by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, whether in insurance or credit derivative contract form, which GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlement on credit derivatives ("Credit Derivative Revenues") do not adequately measure. PVP in respect of insurance and credit derivative contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, in each case, discounted at 6% (the Company's tax-equivalent pre-tax investment yield on its investment portfolio). For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under GAAP, these amounts are discounted at a risk-free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future net earned or written premiums and Credit Derivative Revenues may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, refinancing or refunding activity, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.



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