



MARCH 31, 2011 (amended)



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

# Financial Supplement

Assured Guaranty Municipal Corp.





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

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This financial 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 AGM 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 AGM 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 Municipal Corp.

Consolidated Statements of Operations (unaudited)

(in millions)

	Three Months Ended	
	March 31,	
	2011	2010
<b>Revenues:</b>		
Net earned premiums	\$ 189.1	\$ 245.5
Net investment income	51.1	47.8
Net realized investment gains (losses)	2.0	5.3
Net change in fair value of credit derivatives:		
Realized gains and other settlements	31.9	27.7
Net unrealized gains (losses)	29.7	(45.7)
Net change in fair value of credit derivatives	61.6	(18.0)
Fair value gains (losses) on committed capital securities	0.2	(2.7)
Net change in financial guaranty VIEs	110.1	(20.8)
Other income	38.6	(1.4)
<b>Total revenues</b>	<b>452.7</b>	<b>255.7</b>
<b>Expenses:</b>		
Loss and loss adjustment expenses	(3.8)	43.5
Amortization of deferred acquisition costs	(2.6)	(1.3)
Interest expense	1.5	1.9
Other operating expenses	23.3	20.1
<b>Total expenses</b>	<b>18.4</b>	<b>64.2</b>
<b>Income (loss) before income taxes</b>	<b>434.3</b>	<b>191.5</b>
Provision (benefit) for income taxes	141.3	57.1
<b>Net income (loss)</b>	<b>\$ 293.0</b>	<b>\$ 134.4</b>
Less after-tax adjustments:		
Realized gains (losses) on investments	1.1	3.5
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(1.6)	(31.8)
Fair value gains (losses) on committed capital securities	0.1	(1.8)
Foreign exchange gains (losses) on revaluation of premiums receivable	6.3	(13.4)
Effect of consolidating financial guaranty VIEs	90.8	(4.6)
<b>Operating income</b>	<b>\$ 196.3</b>	<b>\$ 182.5</b>
<b>Effect of refundings and accelerations, net</b>		
Earned premiums from refundings and accelerations, net	\$ 18.4	\$ 10.8
Operating income effect	12.0	7.0

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

## Assured Guaranty Municipal Corp.

Net Income (Loss) Reconciliation to Operating Income

(in millions)

	Three Months Ended March 31, 2011			Three Months Ended March 31, 2010		
	GAAP Income Statement As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Results	GAAP Income Statement As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Results
<b>Revenues:</b>						
Net earned premiums	\$ 189.1	\$ (19.3) (1)	\$ 208.4	\$ 245.5	\$ (10.5) (1)	\$ 256.0
Net investment income	51.1	-	51.1	47.8	-	47.8
Net realized investment gains (losses)	2.0	2.0 (2)	-	5.3	5.3 (2)	-
Net change in fair value of credit derivatives:						
Realized gains and other settlements	31.9	31.9	-	27.7	27.7	-
Net unrealized gains (losses)	29.7	29.7	-	(45.7)	(45.7)	-
Credit derivative revenues	-	(30.4)	30.4	-	(28.1)	28.1
Net change in fair value of credit derivatives	61.6	31.2 (3)	30.4	(18.0)	(46.1) (3)	28.1
Fair value gain (loss) on committed capital securities	0.2	0.2 (4)	-	(2.7)	(2.7) (4)	-
Net change in financial guaranty VIEs	110.1	110.1 (1)	-	(20.8)	(20.8) (1)	-
Other income	38.6	9.7 (5)	28.9	(1.4)	(20.7) (5)	19.3
<b>Total revenues</b>	<b>452.7</b>	<b>133.9</b>	<b>318.8</b>	<b>255.7</b>	<b>(95.5)</b>	<b>351.2</b>
<b>Expenses:</b>						
Loss expense:						
Financial guaranty insurance	(3.8)	(48.5) (1)	44.7	43.5	(24.3) (1)	67.8
Credit derivatives	-	33.7 (3)	(33.7)	-	2.8 (3)	(2.8)
Amortization of deferred acquisition costs	(2.6)	-	(2.6)	(1.3)	-	(1.3)
Interest expense	1.5	-	1.5	1.9	-	1.9
Other operating expenses	23.3	-	23.3	20.1	-	20.1
<b>Total expenses</b>	<b>18.4</b>	<b>(14.8)</b>	<b>33.2</b>	<b>64.2</b>	<b>(21.5)</b>	<b>85.7</b>
<b>Income (loss) before income taxes</b>	<b>434.3</b>	<b>148.7</b>	<b>285.6</b>	<b>191.5</b>	<b>(74.0)</b>	<b>265.5</b>
Provision (benefit) for income taxes	141.3	52.0 (6)	89.3	57.1	(25.9) (6)	83.0
<b>Net income (loss)</b>	<b>\$ 293.0</b>	<b>\$ 96.7</b>	<b>\$ 196.3</b>	<b>\$ 134.4</b>	<b>\$ (48.1)</b>	<b>\$ 182.5</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, reclassification of termination fees on credit derivative contracts and net realized investment gains (losses) on trading portfolio.

6 Tax effect of the above adjustments.

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

# Assured Guaranty Municipal Corp.

Consolidated Balance Sheets (unaudited)

(in millions)

	As of	
	March 31, 2011	December 31, 2010
<b>Assets:</b>		
Investment portfolio:		
Fixed maturity securities, available-for-sale, at fair value	\$ 4,684.9	\$ 4,678.4
Short-term investments, at fair value	390.9	612.7
Other invested assets	129.2	133.7
<b>Total investment portfolio</b>	<b>5,205.0</b>	<b>5,424.8</b>
Note receivable from affiliate	300.0	300.0
Cash	49.3	43.7
Premiums receivable	735.1	729.2
Ceded unearned premium reserve	1,462.0	1,494.4
Reinsurance recoverable on unpaid losses	21.7	24.6
Salvage and subrogation recoverable	856.0	846.1
Credit derivative assets	168.5	181.8
Deferred tax asset, net	717.1	989.7
Current income tax receivable	39.7	-
Financial guaranty VIE assets, at fair value	2,678.3	2,691.5
Other assets	120.4	107.6
<b>Total assets</b>	<b>\$ 12,353.1</b>	<b>\$ 12,833.4</b>
<b>Liabilities and shareholder's equity:</b>		
<b>Liabilities:</b>		
Unearned premium reserve	\$ 5,076.2	\$ 5,321.3
Loss and loss adjustment expense reserve	137.6	254.4
Reinsurance balances payable, net	369.1	410.2
Notes payable	121.6	127.0
Credit derivative liabilities	551.6	592.8
Current income tax payable	-	183.6
Financial guaranty VIE liabilities with recourse, at fair value	2,345.0	2,511.0
Financial guaranty VIE liabilities without recourse, at fair value	861.8	841.5
Other liabilities	296.8	271.2
<b>Total liabilities</b>	<b>9,759.7</b>	<b>10,513.0</b>
<b>Shareholder's equity:</b>		
Preferred stock	-	-
Common stock	15.0	15.0
Additional paid-in capital	1,191.8	1,191.8
Retained earnings	1,393.0	1,100.0
Accumulated other comprehensive income (loss)	(6.4)	13.6
<b>Total shareholder's equity</b>	<b>2,593.4</b>	<b>2,320.4</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 12,353.1</b>	<b>\$ 12,833.4</b>

# Assured Guaranty Municipal Corp.

## Claims Paying Resources

(dollars in millions)

	As of:	
	March 31, 2011	December 31, 2010
<b>Claims paying resources</b>		
Policyholders' surplus	\$ 1,393	\$ 993
Contingency reserve	1,666	1,585
<b>Qualified statutory capital</b>	<b>3,059</b>	<b>2,578</b>
Unearned premium reserve	2,286	2,298
Loss and loss adjustment expense reserves <sup>1,2</sup>	37	436
<b>Total policyholders' surplus and reserves</b>	<b>5,382</b>	<b>5,312</b>
Present value of installment premiums <sup>2</sup>	666	691
Standby line of credit/stop loss	498	498
<b>Total claims paying resources</b>	<b>\$ 6,546</b>	<b>\$ 6,501</b>
Net par outstanding <sup>3</sup>	\$ 337,264	\$ 343,619
Net debt service outstanding <sup>3</sup>	\$ 506,701	\$ 516,080
<b>Ratios:</b>		
Net par outstanding to qualified statutory capital	110:1	133:1
Capital ratio <sup>4</sup>	166:1	200:1
Financial resources ratio <sup>5</sup>	77:1	79:1

- Reserves as of March 31, 2011 and December 31, 2010 are reduced by approximately \$1.7 billion and \$1.1 billion, respectively, for the benefit related to representation and warranty recoverables.
- Includes financial guaranty insurance and credit derivatives.
- 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).
- The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.
- The financial resources ratio is calculated by dividing net debt service outstanding by total claims paying resources.

# Assured Guaranty Municipal 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	\$ 26.1	\$ 48.3
Secondary markets	6.8	5.3
Public finance - non-U.S.		
Primary markets	-	-
Secondary markets	-	-
Structured finance - U.S.	2.9	0.4
Structured finance - non-U.S.	7.2	-
<b>Total PVP</b>	<b>\$ 43.0</b>	<b>\$ 54.0</b>
Total PVP	\$ 43.0	\$ 54.0
Less: PVP of credit derivatives	-	-
PVP of financial guaranty insurance	43.0	54.0
Less: Financial guaranty installment premium PVP	10.2	0.6
Total: Financial guaranty upfront gross written premiums	32.8	53.4
Plus: Financial guaranty installment gross written premiums <sup>1</sup>	5.5	13.8
<b>Total gross written premiums</b>	<b>\$ 38.3</b>	<b>\$ 67.2</b>
<b>Consolidated financial guaranty gross par written:</b>		
Public finance - U.S.		
Primary markets	\$ 1,810	\$ 4,785
Secondary markets	312	144
Public finance - non-U.S.		
Primary markets	-	-
Secondary markets	-	-
Structured finance - U.S.	-	-
Structured finance - non-U.S.	-	-
<b>Total</b>	<b>\$ 2,122</b>	<b>\$ 4,929</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 cancellations of assumed contracts.

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

# Assured Guaranty Municipal Corp.

Financial Guaranty Gross Par Written  
(in millions)

## Financial Guaranty Gross Par Written by Asset Type

	Three Months Ended	
	March 31, 2011	
	Gross Par Written	Avg. Internal Rating
<b>Sector:</b>		
<b>U.S. public finance:</b>		
General obligation	\$ 1,329	A-
Tax backed	302	A
Higher education	175	A
Transportation	160	A
Municipal utilities	145	A-
Healthcare	5	BBB+
Other public finance	6	A-
Total U.S. public finance	2,122	A-
<b>Non-U.S. public finance:</b>		
Total non-U.S. public finance	-	-
<b>Total public finance</b>	<b>\$ 2,122</b>	<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>	<b>\$ -</b>	<b>-</b>
<b>Total gross par written</b>	<b>\$ 2,122</b>	<b>A-</b>

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

## Assured Guaranty Municipal Corp.

Available-for-Sale Investment Portfolio and Cash

As of March 31, 2011

(dollars in millions)

Investment portfolio, available-for-sale:	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income <sup>1</sup>
Fixed maturity securities:					
U.S. Treasury securities and obligations of U.S. government agencies	\$ 34.4	3.44%	2.23%	\$ 35.2	\$ 1.2
Agency obligations	72.6	2.48%	1.61%	74.5	1.8
Obligations of states and political subdivisions	1,774.6	3.97%	3.74%	1,797.2	70.4
Insured obligations of state and political subdivisions <sup>2</sup>	1,521.0	4.87%	4.61%	1,537.2	74.0
Corporate securities	184.0	2.93%	1.90%	182.8	5.4
Mortgage-backed securities ("MBS") <sup>3</sup> :					
Residential MBS ("RMBS") <sup>4</sup>	512.0	5.91%	3.84%	443.8	30.3
Commercial MBS ("CMBS")	25.8	3.54%	2.30%	26.1	0.9
Asset-backed securities <sup>5</sup>	311.1	4.15%	2.69%	330.8	12.9
Foreign government securities	259.0	2.82%	1.83%	257.6	7.3
Total fixed maturity securities	4,694.5	4.35%	3.73%	4,685.2	204.2
Short-term investments	346.0	0.14%	0.09%	346.0	0.5
Cash <sup>6</sup>	49.3	-	-	49.3	-
<b>Total</b>	<b>\$ 5,089.8</b>	<b>4.06%</b>	<b>3.48%</b>	<b>\$ 5,080.5</b>	<b>\$ 204.7</b>
Less: financial guaranty VIEs	(44.3)	3.44%	2.24%	(44.6)	(1.5)
<b>Total</b>	<b>\$ 5,134.1</b>	<b>4.02%</b>	<b>3.45%</b>	<b>\$ 5,125.1</b>	<b>\$ 206.2</b>
<b>Ratings <sup>7</sup>:</b>					
	<b>Fair Value</b>	<b>%</b>			
U.S. Treasury securities and obligations of U.S. government agencies	\$ 35.2	0.8%			
Agency obligations	74.5	1.6%			
AAA/Aaa	1,422.8	30.4%			
AA/Aa	1,900.7	40.6%			
A/A	784.1	16.7%			
BBB	90.1	1.9%			
Below investment grade ("BIG") <sup>8</sup>	178.5	3.8%			
Not rated <sup>8</sup>	199.3	4.2%			
Total fixed maturity securities available for sale	\$ 4,685.2	100.0%			
Less: financial guaranty VIEs	0.3				
Total fixed maturity securities available for sale	<b>\$ 4,684.9</b>				
<b>Duration of available-for-sale investment portfolio (in years):</b>	<b>5.3</b>				
<b>Average ratings of available-for-sale investment portfolio</b>	<b>AA-</b>				

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 financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by Standard & Poor's Ratings Services ("S&P") or Moody's Investors Service, Inc. ("Moody's"), average A+.

3. Contains no U.S. subprime RMBS.

4. Includes investments purchased for loss mitigation purposes.

5. Contains no collateralized debt obligations ("CDOs") of asset-backed securities ("ABS").

6. Represents operating cash and is not included in yield calculations.

7. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or other risk management strategies which use internal ratings classifications.

8. Included in the investment portfolio are securities purchased or obtained as part of loss mitigation or other risk management strategies of \$994.2 million in par with carrying value of \$368.1 million.

## Assured Guaranty Municipal Corp.

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

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance <sup>2</sup>			Future Net Earned Premiums	Future Credit Derivative Revenues <sup>3</sup>	Total
			Expected PV Net Earned Premiums	Accretion of Discount				
2011 (as of March 31)		\$ 520,073						
2011 (April 1 - December 31)	34,633	485,440	\$ 413.1	\$ 11.2	\$ 424.3	\$ 53.1	\$ 477.4	
2012	44,570	440,870	410.5	13.9	424.4	53.4	477.8	
2013	39,338	401,532	325.4	12.9	338.3	37.4	375.7	
2014	37,846	363,686	281.9	12.1	294.0	24.4	318.4	
2015	29,972	333,714	247.3	11.2	258.5	14.9	273.4	
2011-2015	186,359	333,714	1,678.2	61.3	1,739.5	183.2	1,922.7	
2016-2020	115,732	217,982	896.6	45.3	941.9	20.7	962.6	
2021-2025	86,818	131,164	535.9	30.6	566.5	2.4	568.9	
2026-2030	60,200	70,964	317.6	19.2	336.8	2.4	339.2	
After 2030	70,964	-	352.4	18.3	370.7	6.7	377.4	
<b>Total</b>	<b>\$ 520,073</b>		<b>\$ 3,780.7</b>	<b>\$ 174.7</b>	<b>\$ 3,955.4</b>	<b>\$ 215.4</b>	<b>\$ 4,170.8</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 and because of management's assumptions on structured finance amortization.

2. See page 11 for "Present Value of Financial Guaranty Insurance Net Expected Loss to be Expensed."

3. Excludes contracts with credit impairment.

## Assured Guaranty Municipal Corp.

Expected Amortization of Net Par Outstanding  
(in millions)

### Structured Finance

	Estimated Net Par Amortization					Estimated Ending Net Par Outstanding
	U.S. and Non-U.S. Pooled Corporate	U.S. RMBS	Financial Products <sup>1</sup>	Other Structured Finance	Total	
2011 (as of March 31)						\$ 75,368
2011 (April 1 - December 31)	\$ 7,499	\$ 2,186	\$ 281	\$ 1,472	\$ 11,438	63,930
2012	10,771	1,815	1,107	1,351	15,044	48,886
2013	10,340	1,184	860	449	12,833	36,053
2014	11,138	915	659	227	12,939	23,114
2015	4,895	898	357	430	6,580	16,534
2011-2015	44,643	6,998	3,264	3,929	58,834	16,534
2016-2020	7,045	2,510	488	709	10,752	5,782
2021-2025	142	1,094	630	282	2,148	3,634
2026-2030	2	389	596	188	1,175	2,459
After 2030	80	740	1,315	324	2,459	-
<b>Total structured finance</b>	<b>\$ 51,912</b>	<b>\$ 11,731</b>	<b>\$ 6,293</b>	<b>\$ 5,432</b>	<b>\$ 75,368</b>	

### Public Finance

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2011 (as of March 31, 2011)		\$ 274,096
2011 (April 1 - December 31)	\$ 11,993	262,103
2012	15,668	246,435
2013	13,696	232,739
2014	13,113	219,626
2015	12,430	207,196
2011-2015	66,900	207,196
2016-2020	60,214	146,982
2021-2025	54,652	92,330
2026-2030	41,130	51,200
After 2030	51,200	-
<b>Total public finance</b>	<b>\$ 274,096</b>	

1. See Glossary for description of financial products.

## Assured Guaranty Municipal Corp.

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

	Net Expected Loss to be Expensed <sup>1</sup>	
	Operating <sup>2</sup>	GAAP <sup>2</sup>
2011 (April 1 - June 30)	\$ 54.9	\$ 45.0
2011 (July 1 - September 30)	55.2	46.1
2011 (October 1 - December 31)	45.8	37.6
2012	129.7	102.5
2013	80.2	56.3
2014	62.4	41.7
2015	52.5	33.7
2011-2015	480.7	362.9
2016-2020	180.3	125.0
2021-2025	78.4	61.3
2026-2030	54.1	49.7
After 2030	48.9	47.7
<b>Total expected PV of net expected loss to be expensed</b>	<b>842.4</b>	<b>646.6</b>
Discount	224.7	257.1
<b>Total future value</b>	<b>\$ 1,067.1</b>	<b>\$ 903.7</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. Losses on consolidated VIEs are eliminated for GAAP.

# Assured Guaranty Municipal 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. Rating	Net Par Outstanding	Avg. Rating
<b>U.S. public finance:</b>				
General obligation	\$ 109,536	A+	\$ 112,213	A+
Tax backed	49,083	A+	50,097	A+
Municipal utilities	44,592	A+	46,164	A+
Transportation	19,958	A	20,665	A
Healthcare	9,637	A	10,057	A
Higher education	7,356	A+	7,353	A+
Housing	5,188	AA-	5,396	AA-
Infrastructure finance	1,197	BBB	1,197	BBB
Investor-owned utilities	46	A-	46	A-
Other public finance	1,639	A	1,687	A
Total U.S. public finance	248,232	A+	254,875	A+
<b>Non-U.S. public finance:</b>				
Infrastructure finance	11,759	BBB	11,533	BBB
Regulated utilities	7,369	BBB+	7,222	BBB+
Other public finance	6,736	AA-	6,396	AA-
Total non-U.S. public finance	25,864	A-	25,151	A-
<b>Total public finance</b>	<b>\$ 274,096</b>	<b>A+</b>	<b>\$ 280,026</b>	<b>A+</b>
<b>U.S. structured finance:</b>				
Pooled corporate obligations	\$ 38,818	AAA	\$ 40,273	AAA
RMBS	11,731	BB-	12,319	BB-
Financial products <sup>2</sup>	6,293	AA-	6,831	AA-
Consumer receivables	1,538	A+	1,981	A+
Insurance securitization	369	AA	368	AA
Commercial receivables	88	BBB-	90	BBB-
Structured credit	79	B	80	BB
Other structured finance	594	A-	609	A-
Total U.S. structured finance	59,510	AA	62,551	AA
<b>Non-U.S. structured finance:</b>				
Pooled corporate obligations	13,094	AAA	13,083	AAA
RMBS	1,635	AA-	1,574	AA
Structured credit	484	BBB+	498	BBB+
Commercial receivables	217	A	229	A
Insurance securitizations	38	A+	38	A+
Other structured finance	390	Super Senior	409	Super Senior
Total non-U.S. structured finance	15,858	AAA	15,831	AAA
<b>Total structured finance</b>	<b>\$ 75,368</b>	<b>AA</b>	<b>\$ 78,382</b>	<b>AA</b>
<b>Total net par outstanding</b>	<b>\$ 349,464</b>	<b>A+</b>	<b>\$ 358,408</b>	<b>A+</b>

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

## Assured Guaranty Municipal Corp.

Financial Guaranty Profile (2 of 3)

As of March 31, 2011

(dollars in millions)

### Distribution by Ratings of Financial Guaranty Portfolio

Ratings <sup>1</sup> :	Public Finance - U.S.		Public Finance - non-U.S.		Structured Finance - U.S.		Structured Finance - non-U.S.		Consolidated	
	Net Par		Net Par		Net Par		Net Par		Net Par	
	Outstanding	%	Outstanding	%	Outstanding	%	Outstanding	%	Outstanding	%
Super senior	\$ -	0.0%	\$ -	0.0%	\$ 13,441	22.6%	\$ 5,157	32.5%	\$ 18,598	5.3%
AAA	3,991	1.6%	1,307	5.1%	22,603	38.0%	6,871	43.3%	34,772	10.0%
AA	102,948	41.5%	1,224	4.7%	11,585	19.5%	1,323	8.3%	117,080	33.5%
A	119,109	48.0%	8,241	31.9%	1,675	2.8%	865	5.5%	129,890	37.2%
BBB	21,185	8.5%	14,031	54.2%	644	1.1%	1,565	9.9%	37,425	10.7%
BIG	999	0.4%	1,061	4.1%	9,562	16.0%	77	0.5%	11,699	3.3%
<b>Total net par outstanding</b>	<b>\$ 248,232</b>	<b>100.0%</b>	<b>\$ 25,864</b>	<b>100.0%</b>	<b>\$ 59,510</b>	<b>100.0%</b>	<b>\$ 15,858</b>	<b>100.0%</b>	<b>\$ 349,464</b>	<b>100.0%</b>

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

Reinsurer	Moody's Rating <sup>2</sup>	S&P Rating <sup>2</sup>	Ceded Par Outstanding	% of Total
Affiliated companies	A1	AA	\$ 66,350	53.0%
Non-affiliated companies:				
Radian Asset Assurance Inc.	Ba1	BB-	21,066	16.8%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Aa2	AA-	18,510	14.8%
RAM Reinsurance Co. Ltd.	WR	WR	10,171	8.1%
Syncora Guarantee Inc.	Ca	WR	4,303	3.4%
Mitsui Sumitomo Insurance Co. Ltd.	Aa3	AA-	2,459	2.0%
ACA Financial Guaranty Corporation	NR	WR	833	0.7%
Swiss Reinsurance Company	A1	A+	517	0.4%
CIFG Assurance North America Inc.	WR	WR	68	0.1%
Other	Various	Various	1,018	0.7%
Non-affiliated companies			58,945	47.0%
<b>Total</b>			<b>\$ 125,295</b>	<b>100.0%</b>

1. Assured Guaranty's internal rating. The Company's ratings scale is similar to that used by the NRSROs; however, the ratings in the above table 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 has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured Guaranty's exposure or (2) 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.

2. Ratings are as of May 10, 2011.

# Assured Guaranty Municipal Corp.

Financial Guaranty Profile (3 of 3)

As of March 31, 2011

(dollars in millions)

## Geographic Distribution of Financial Guaranty Portfolio

<b>U.S.:</b>	<b>Net Par</b>	
	<b>Outstanding</b>	<b>% of Total</b>
Public finance:		
California	\$ 36,013	10.3%
New York	20,648	5.9%
Pennsylvania	19,523	5.6%
Texas	16,466	4.7%
Illinois	16,018	4.6%
Florida	14,484	4.1%
Michigan	11,256	3.2%
New Jersey	11,037	3.2%
Washington	7,853	2.2%
Massachusetts	7,179	2.1%
Other states	87,755	25.1%
Total public finance	248,232	71.0%
Structured finance (multiple states)	59,510	17.0%
<b>Total U.S.</b>	<b>307,742</b>	<b>88.0%</b>
<b>Non-U.S.:</b>		
United Kingdom	12,455	3.6%
Australia	5,633	1.6%
Canada	4,058	1.2%
Italy	2,007	0.6%
France	1,794	0.5%
Other	15,775	4.5%
<b>Total non-U.S.</b>	<b>41,722</b>	<b>12.0%</b>
<b>Total net par outstanding</b>	<b>\$ 349,464</b>	<b>100.0%</b>

## Assured Guaranty Municipal Corp.

Pooled Corporate Obligations Profile

As of March 31, 2011

(dollars in millions)

### Distribution of Pooled Corporate Obligations by Ratings

Ratings <sup>1</sup> :	Net Par		Avg. Initial	Avg. Current
	Outstanding	% of Total	Credit Enhancement	Credit Enhancement
Super senior	\$ 17,980	34.6%	27.4%	26.2%
AAA	27,520	53.0%	23.9%	26.1%
AA	3,918	7.5%	39.8%	35.4%
A	993	1.9%	0.1%	0.1%
BBB	1,296	2.5%	7.7%	6.1%
BIG	205	0.5%	43.1%	7.1%
<b>Total exposures</b>	<b>\$ 51,912</b>	<b>100.0%</b>	<b>25.5%</b>	<b>25.7%</b>

### Distribution of Pooled Corporate Obligations by Asset Class

Asset class:	Net Par		Avg. Initial	Avg. Current	Avg. Rating
	Outstanding	% of Total	Credit Enhancement	Credit Enhancement	
CBOs/CLOs	\$ 27,880	53.7%	27.6%	28.1%	AAA
Synthetic investment grade pooled corporates	14,267	27.5%	18.6%	16.8%	AAA
Synthetic high yield pooled corporates	7,383	14.2%	34.7%	30.4%	AA+
Market value CDOs of corporates	1,492	2.9%	17.0%	53.6%	AAA
Trust preferred - banks and insurance <sup>1</sup>	151	0.3%	50.3%	47.7%	A+
CDO of CDOs (corporate)	27	0.1%	24.1%	26.3%	A
Other pooled corporates	712	1.3%	0.0%	0.0%	A-
<b>Total exposures</b>	<b>\$ 51,912</b>	<b>100.0%</b>	<b>25.5%</b>	<b>25.7%</b>	<b>AAA</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 the internal ratings, performance indicators and sectors.

## Assured Guaranty Municipal Corp.

Consolidated U.S. RMBS Profile (1 of 3)

As of March 31, 2011

(dollars in millions)

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

Ratings:	Prime First Lien	Closed End Seconds	HELOC	Alt-A First Lien	Option ARMs	Subprime First Lien	Net Interest Margin	Total Net Par Outstanding
AAA	\$ 3	\$ -	\$ 388	\$ 78	\$ -	\$ 1,185	\$ -	\$ 1,654
AA	2	179	228	-	-	222	0	631
A	93	-	-	39	-	120	-	252
BBB	-	-	-	-	-	165	0	165
BIG	-	854	2,881	1,240	1,890	2,103	60	9,029
Total exposures	<u>\$ 98</u>	<u>\$ 1,033</u>	<u>\$ 3,498</u>	<u>\$ 1,357</u>	<u>\$ 1,890</u>	<u>\$ 3,795</u>	<u>\$ 60</u>	<u>\$ 11,731</u>

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

Year insured:	Prime First Lien	Closed End Seconds	HELOC	Alt-A First Lien	Option ARMs	Subprime First Lien	Net Interest Margin	Total Net Par Outstanding
2004 and prior	\$ 6	\$ -	\$ 233	\$ 65	\$ -	\$ 1,222	\$ 0	\$ 1,527
2005	-	-	563	323	98	317	0	1,301
2006	92	440	1,307	467	705	126	14	3,150
2007	-	593	1,394	502	1,087	2,062	47	5,685
2008	-	-	-	-	-	68	-	68
Total exposures	<u>\$ 98</u>	<u>\$ 1,033</u>	<u>\$ 3,498</u>	<u>\$ 1,357</u>	<u>\$ 1,890</u>	<u>\$ 3,795</u>	<u>\$ 60</u>	<u>\$ 11,731</u>

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

Year insured:	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	\$ 1,207	\$ 2	\$ 44	\$ 14	\$ 261	\$ 1,527
2005	132	52	39	46	1,032	1,301
2006	49	-	169	-	2,932	3,150
2007	267	577	-	37	4,805	5,685
2008	-	-	-	68	-	68
Total exposures	<u>\$ 1,654</u>	<u>\$ 631</u>	<u>\$ 252</u>	<u>\$ 165</u>	<u>\$ 9,029</u>	<u>\$ 11,731</u>
% of total	14.1%	5.4%	2.1%	1.4%	77.0%	100.0%

1. AGM 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 Municipal Corp.

Consolidated U.S. RMBS Profile (2 of 3)

As of March 31, 2011

(dollars in millions)

## Distribution of 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 Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	92	63.0%	8.2%	0.0%	15.0%	1
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
	<u>\$ 92</u>	<u>63.0%</u>	<u>8.2%</u>	<u>0.0%</u>	<u>15.0%</u>	<u>1</u>

### U.S. Closed End Seconds

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ -	-	-	-	-	-
2006	440	18.8%	-	57.7%	13.4%	2
2007	593	13.6%	-	45.9%	8.6%	9
2008	-	-	-	-	-	-
	<u>\$ 1,033</u>	<u>15.9%</u>	<u>-</u>	<u>50.9%</u>	<u>10.7%</u>	<u>11</u>

### U.S. HELOC

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 563	20.1%	4.3%	10.2%	9.5%	4
2006	1,307	32.6%	1.9%	30.6%	11.1%	7
2007	1,394	50.4%	4.2%	24.3%	5.8%	7
2008	-	-	-	-	-	-
	<u>\$ 3,264</u>	<u>38.0%</u>	<u>3.3%</u>	<u>24.4%</u>	<u>8.6%</u>	<u>18</u>

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

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 323	35.3%	10.9%	7.0%	23.6%	8
2006	467	45.9%	0.1%	14.4%	37.7%	7
2007	502	57.9%	0.4%	15.3%	39.7%	4
2008	-	-	-	-	-	-
	<u>\$ 1,292</u>	<u>47.9%</u>	<u>2.9%</u>	<u>12.9%</u>	<u>34.9%</u>	<u>19</u>

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

# Assured Guaranty Municipal Corp.

Consolidated U.S. RMBS Profile (3 of 3)

As of March 31, 2011

(dollars in millions)

## Distribution of 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 Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 98	29.4%	4.0%	9.5%	44.0%	3
2006	705	53.9%	3.3%	12.1%	54.5%	6
2007	1,087	57.3%	1.9%	15.3%	47.0%	6
2008	-	-	-	-	-	-
	<u>\$ 1,890</u>	<u>54.6%</u>	<u>2.6%</u>	<u>13.8%</u>	<u>49.7%</u>	<u>15</u>

### U.S. Subprime First Lien

Year insured:	Net Par Outstanding	Pool Factor	Subordination	Cumulative Losses	60+ Day Delinquencies	Number of Transactions
2005	\$ 317	37.6%	42.9%	4.7%	39.2%	6
2006	126	39.0%	42.9%	12.5%	39.0%	2
2007	2,062	66.1%	25.4%	12.0%	49.8%	9
2008	68	70.1%	31.9%	8.4%	29.4%	1
	<u>\$ 2,573</u>	<u>61.4%</u>	<u>28.6%</u>	<u>11.0%</u>	<u>47.4%</u>	<u>18</u>

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

# Assured Guaranty Municipal Corp.

## U.S. Consumer Receivables Profile

As of March 31, 2011

(dollars in millions)

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

Rating:	Manufactured Housing	Auto	Total Net Par Outstanding
AAA	\$ 75	\$ 16	\$ 91
AA	44	763	807
A	-	352	352
BBB	-	133	133
BIG	155	-	155
<b>Total exposures</b>	<b>\$ 274</b>	<b>\$ 1,264</b>	<b>\$ 1,538</b>
Average rating	A-	AA-	A+
Avg. initial credit enhancement	27.5%	11.5%	14.4%
Avg. current credit enhancement	25.9%	34.4%	32.9%

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

# Assured Guaranty Municipal 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 Outstanding	% of Total
Super senior	\$ 17,977	34.6%
AAA	25,417	48.9%
AA	4,243	8.2%
A	2,143	4.1%
BBB	1,511	2.9%
BIG	687	1.3%
<b>Total credit derivative net par outstanding</b>	<b>\$ 51,978</b>	<b>100.0%</b>

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

	Net Par Outstanding	Average Rating
<b>Public finance</b>		
U.S. public finance	\$ 790	A
Non-U.S. public finance	2,776	A
<b>Total public finance</b>	<b>\$ 3,566</b>	<b>A</b>
<b>U.S. structured finance:</b>		
Pooled corporate obligations	\$ 35,440	AAA
Insurance securitizations	369	AA
RMBS	274	BBB
Commercial receivables	62	BB
Other structured finance	109	CCC
Total U.S. structured finance	36,254	AAA
<b>Non-U.S. structured finance:</b>		
Pooled corporate obligations	11,601	AAA
RMBS	519	AA-
Insurance securitizations	38	A+
Total non-U.S. structured finance	12,158	AAA
<b>Total structured finance</b>	<b>\$ 48,412</b>	<b>AAA</b>
<b>Total credit derivative net par outstanding</b>	<b>\$ 51,978</b>	<b>AAA</b>

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

# Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (1 of 5)

(in millions)

## BIG Exposures by Asset Type:

	BIG Net Par Outstanding	
	March 31, 2011	December 31, 2010
<b>U.S. public finance:</b>		
General obligation	\$ 413	\$ 514
Tax backed	189	189
Healthcare	177	187
Municipal utilities	150	161
Housing	-	6
Higher education	5	5
Other public finance	65	66
Total U.S. public finance	999	1,128
<b>Non-U.S. public finance:</b>		
Infrastructure finance	856	836
Other public finance	205	194
Total non-U.S. public finance	1,061	1,030
<b>Total public finance</b>	<b>\$ 2,060</b>	<b>\$ 2,158</b>
<b>U.S. structured finance:</b>		
RMBS	\$ 9,029	\$ 9,411
Consumer receivables	155	159
Pooled corporate obligations	128	143
Structured credit	79	80
Commercial receivables	62	63
Other structured finance	109	109
Total U.S. structured finance	9,562	9,965
<b>Non-U.S. structured finance:</b>		
Pooled corporate obligations	77	78
Total non-U.S. structured finance	77	78
<b>Total structured finance</b>	<b>\$ 9,639</b>	<b>\$ 10,043</b>
<b>Total BIG net par outstanding</b>	<b>\$ 11,699</b>	<b>\$ 12,201</b>

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

# Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (2 of 5)

(dollars 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	\$ 821	\$ 932
Non-U.S. public finance	1,061	1,030
U.S. structured finance	743	1,376
Non-U.S. structured finance	-	1
Total Category 1	2,625	3,339
<b>Category 2</b>		
U.S. public finance	11	12
Non-U.S. public finance	-	-
U.S. structured finance	3,871	4,023
Non-U.S. structured finance	2	2
Total Category 2	3,884	4,037
<b>Category 3</b>		
U.S. public finance	167	184
Non-U.S. public finance	-	-
U.S. structured finance	4,948	4,566
Non-U.S. structured finance	75	75
Total Category 3	5,190	4,825
<b>BIG Total</b>	<b>\$ 11,699</b>	<b>\$ 12,201</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 Municipal Corp.

Below Investment Grade Exposures (3 of 5)

As of March 31, 2011

(dollars in millions)

## Public Finance BIG Exposures Greater Than \$50 Million

Name or description	<u>Net Par Outstanding</u>	<u>Internal Rating</u>
<b>U.S. public finance:</b>		
Detroit (City of) School District Michigan	\$ 163	BB
Jefferson County Alabama School Sales Tax Limited Obligation	144	BB
Jefferson County Alabama Sewer	134	D
Detroit (City of) Michigan	113	BB+
Harrisburg (City of) Pennsylvania General Obligation	73	B-
Mashantucket Pequot Tribe, Connecticut	65	B
St. Barnabas Health System - New Jersey	57	BB
<b>Total</b>	<b>\$ 749</b>	
<b>Non-U.S. public finance:</b>		
Reliance Rail Finance Pty. Limited	453	BB
Aeroporti Di Roma (ADR) Romulus Finance S.R.L. (Rome Airport)	222	BB
Hellenic Republic	205	BB+
Cross City Tunnel Motorway Finance Limited	181	BB
<b>Total</b>	<b>\$ 1,061</b>	
<b>Total</b>	<b>\$ 1,810</b>	

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

# Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (4 of 5)

As of March 31, 2011

*(dollars in millions)*

## Structured Finance BIG Exposures Greater Than \$50 Million

Name or description	Net Par Outstanding	Internal Rating	Current Credit Enhancement	60+ Day Delinquencies
<b>U.S. structured finance:</b>				
<b>U.S. RMBS:</b>				
MABS 2007-NCW	\$ 577	B	32.6%	66.1%
MASTR 2007-3 (NEGAM)	487	CCC	0.0%	54.0%
Countrywide HELOC 2006-I	475	CCC	0.0%	7.5%
Countrywide HELOC 2006-F	410	CCC	0.0%	21.0%
Option One 2007-FXD2	383	CCC	17.0%	31.5%
Nomura Asset Accept. Corp. 2007-1	351	CCC	0.0%	39.6%
Harborview 2006-12	310	CCC	8.2%	59.4%
Countrywide 2007-13	266	B	31.3%	57.6%
Countrywide HELOC 2005-D	263	CCC	0.0%	11.8%
Terwin Mortgage Trust 2006-12SL	248	CCC	0.0%	14.7%
Countrywide HELOC 2007-A	246	CCC	0.0%	7.4%
MARM 2007-1 (FKA MASTR 2007-OA1 NEG	244	CCC	0.0%	34.2%
GMACM 2004-HE3	223	B	0.0%	0.0%
Countrywide HELOC 2007-B	220	CCC	0.0%	7.0%
CWABS 2007-4	218	CCC	21.5%	45.8%
Terwin Mortgage Trust 2007-1SL	203	CCC	0.0%	11.1%
FHABS 2007-HE1 HELOC	200	B	0.0%	3.2%
Terwin Mortgage Trust 2006-10SL	192	CCC	0.0%	11.7%
Soundview 2007-WMC1	192	CCC	8.9%	71.6%
Indymac 2007-H1 HELOC	181	CCC	0.0%	8.9%
Harborview 2006-1	180	CCC	0.0%	60.7%
FHABS 2006-HE2 HELOC	178	B	0.0%	4.3%
Harborview 2007-1	178	CCC	11.8%	60.1%
New Century 2005-A	161	B	20.7%	33.5%
Renaissance (DELTA) 2007-3	146	CCC	23.8%	34.9%
CSAB 2006-3	136	CCC	0.0%	43.7%
Countrywide HELOC 2005-C	133	B	0.0%	12.1%
Flagstar HELOC 2006-2	106	CCC	20.7%	8.2%
Flagstar HELOC 2005-1	105	BB	20.5%	5.7%
Harborview 2006-10	102	CCC	0.0%	28.1%
American Home Mortgage Assets Trust 2007-4	94	CCC	0.0%	31.4%
NAAC 2007-S2	91	CCC	0.0%	13.4%
Deutsche ALT-B 2006-AB1	90	CCC	0.5%	28.6%
CSAB 2006-2	89	CCC	0.0%	38.2%
IndyMac IMSC Mortgage Loan Trust 2007-HOA1	83	CCC	0.0%	33.8%
Countrywide ALTA 2005-22T	77	B	5.8%	26.5%
Private Residential Mortgage Transaction	75	B	26.0%	34.0%
Terwin Mortgage Trust 2005-16HE	66	B	9.2%	26.8%
CSMC 2007-3	66	CCC	0.0%	32.9%
MASTR 2006-OA2 (NEGAM)	65	BB	0.0%	52.0%
ACE 2007-SL1	62	BB	0.0%	10.8%
Terwin Mortgage Trust 2007-6ALT	56	CCC	0.0%	53.3%
Deutsche ALT-B 2006-AB4	55	CCC	0.0%	34.5%
ACE 2006-GP1	54	CCC	0.0%	7.2%
Terwin Mortgage Trust 2005-14HE	52	B	8.4%	24.0%
Countrywide HELOC 2006-H	51	CCC	0.0%	19.7%
<b>Total U.S. RMBS</b>	<b>\$ 8,440</b>			

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

## Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (5 of 5)

As of March 31, 2011

*(dollars in millions)*

### Structured Finance BIG Exposures Greater Than \$50 Million (continued)

Name or description	Net Par Outstanding	Internal Rating	Current Credit Enhancement
<b>U.S. structured finance:</b>			
<b>Other:</b>			
Synthetic High Yield Pooled Corporate CDO	\$ 113	CCC	7.7%
NRG Peaker	109	CCC	N/A
Conseco Finance Manufactured Housing Series 2001-2	87	BB	16.3%
Private Other Non-Municipal Transaction	79	B	N/A
Greenpoint 2000-4	68	BB	12.6%
America West Airlines EETC	63	BB	N/A
<b>Total other</b>	<b>\$ 519</b>		
<b>Total</b>	<b>\$ 8,959</b>		
<b>Non-U.S. structured finance:</b>			
Synthetic High Yield Pooled Corporate CDO	\$ 75	CCC	7.7%
<b>Total</b>	<b>\$ 75</b>		
<b>Total</b>	<b>\$ 9,034</b>		

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

## Assured Guaranty Municipal Corp.

Largest Exposures by Sector (1 of 4)

As of March 31, 2011

*(in millions)*

### 50 Largest U.S. Public Finance Exposures

Credit name:	<u>Net Par Outstanding</u>	<u>Internal Rating</u>
New Jersey (State of)	\$ 2,695	AA-
Massachusetts (Commonwealth of)	1,954	AA
Chicago (City of) Illinois	1,782	AA-
New York (State of)	1,718	AA-
Massachusetts (Commonwealth of) State Sales Tax	1,504	AA
University of California Board of Regents	1,483	AA
Houston Texas Water and Sewer Authority	1,461	A+
Illinois (State of)	1,458	A+
Pennsylvania (Commonwealth of)	1,428	AA-
New York (City of) New York	1,415	AA
Wisconsin (State of)	1,382	A+
Arizona (State of)	1,380	AA-
Washington (State of)	1,370	AA
Port Authority of New York and New Jersey	1,350	AA-
New York City Municipal Water Finance Authority	1,337	AA+
California (State of)	1,336	BBB+
Puerto Rico (Commonwealth of)	1,299	BBB-
Los Angeles California Unified School District	1,285	AA-
Atlanta Georgia Water & Sewer System	1,235	BBB+
New York MTA Dedicated Tax	1,110	AA-
New York MTA Transportation Authority	1,109	A
Broward County Florida School Board	1,095	AA-
Miami-Dade County Florida Aviation Authority - Miami International Airport	1,045	A+
Denver Colorado School District No.1	1,014	A+
Massachusetts (Commonwealth of) Water Resources	1,004	AA
Illinois Toll Highway Authority	997	AA
Los Angeles California Department of Water and Power - Electric Revenue Bonds	971	AA-
Chicago-O'Hare International Airport	938	A
New Jersey Turnpike Authority	924	A-
San Diego County, California Water	915	AA
Orlando-Orange County Expressway Authority, Florida	890	A+
Long Island Power Authority	877	A-
Louisiana (State of) Gas and Fuel Tax	866	AA-
Connecticut (State of)	856	AA-
Michigan (State of)	840	A+
Skyway Concession Company LLC	833	BBB-
Kentucky (Commonwealth of)	823	AA-
San Diego California Unified School District	821	AA
California State University System Trustee	815	AA-
Metro Washington Airport Authority	809	AA-
Michigan (State of) Gas & Motor Vehicle Tax	804	AA
Detroit Michigan Sewer	802	BBB+
Chicago Illinois Public Schools	795	A+
California (State of) Department of Water Resources - Electric Power Revenue	792	A+
Philadelphia, Pennsylvania Water and Wastewater System	786	A-
Oregon (State of)	751	AA-
Detroit, Michigan Water System	745	A-
New York State Thruway - Highway Trust Fund	731	AA-
Florida (State of)	724	AA+
Hawaii (State of) Department of Hawaiian Home Lands	712	AA
<b>Total top 50 U.S. public finance exposures</b>	<b>\$ 56,066</b>	

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

## Assured Guaranty Municipal 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 Outstanding	Internal Rating	Current Credit Enhancement
Fortress Credit Opportunities I, LP.	\$ 1,268	AA	31.4%
Synthetic Investment Grade Pooled Corporate CDO	1,126	AAA	13.3%
Stone Tower Credit Funding	1,119	AAA	53.6%
Synthetic High Yield Pooled Corporate CDO	973	AA-	41.1%
Synthetic High Yield Pooled Corporate CDO	841	Super Senior	31.4%
Synthetic High Yield Pooled Corporate CDO	813	Super Senior	30.3%
Synthetic Investment Grade Pooled Corporate CDO	781	Super Senior	23.6%
Synthetic Investment Grade Pooled Corporate CDO	762	Super Senior	14.8%
Synthetic Investment Grade Pooled Corporate CDO	754	Super Senior	24.2%
Mizuho II Synthetic CDO	744	A	0.0%
Synthetic Investment Grade Pooled Corporate CDO	737	Super Senior	29.2%
Synthetic High Yield Pooled Corporate CDO	730	AA-	40.0%
Synthetic Investment Grade Pooled Corporate CDO	652	AAA	17.2%
MABS 2007-NCW	577	B	32.6%
Synthetic Investment Grade Pooled Corporate CDO	512	Super Senior	14.3%
Synthetic High Yield Pooled Corporate CDO	492	AAA	46.7%
MASTR 2007-3	487	CCC	0.0%
Denali CLO VII, LTD.	480	AAA	20.2%
Countrywide HELOC 2006-I	475	CCC	0.0%
Eastland CLO, LTD	467	Super Senior	36.4%
Avenue CLO V	448	AAA	21.1%
Synthetic Investment Grade Pooled Corporate CDO	436	Super Senior	12.0%
Synthetic Investment Grade Pooled Corporate CDO	433	AAA	10.7%
Synthetic High Yield Pooled Corporate CDO	418	Super Senior	24.5%
Synthetic High Yield Pooled Corporate CDO	414	Super Senior	35.6%
Churchill Financial Cayman	412	AAA	35.2%
Countrywide Heloc 2006-F	410	CCC	0.0%
Synthetic Investment Grade Pooled Corporate CDO	399	Super Senior	14.0%
Synthetic Investment Grade Pooled Corporate CDO	393	Super Senior	14.2%
Option One 2007-FXD2	383	CCC	17.0%
Stone Tower III	380	AAA	21.9%
Synthetic Investment Grade Pooled Corporate CDO	380	Super Senior	29.2%
Grayson CLO	380	Super Senior	27.1%
Westchester CLO	376	AAA	36.4%
Synthetic Investment Grade Pooled Corporate CDO	368	Super Senior	10.3%
Synthetic High Yield Pooled Corporate CDO	368	AAA	29.5%
CENT CDO 15 LIMITED	360	Super Senior	17.3%
Stone Tower CLO V	357	Super Senior	28.5%
Nomura Asset Accept. Corp. 2007-1	351	CCC	0.0%
Synthetic Investment Grade Pooled Corporate CDO	342	AAA	17.5%
MUIR GROVE CLO	340	AAA	22.0%
KKR Financial CLO 2005-1	340	AAA	24.6%
Madison Park Funding	329	AAA	26.8%
Synthetic High Yield Pooled Corporate CDO	327	AAA	29.5%
LCM VI LTD.	316	AAA	21.3%
Harborview 2006-12	310	CCC	8.2%
CIFC FUNDING 2006-1	307	AAA	23.7%
Credit Protection Trust 188	306	AA	N/A
Synthetic Investment Grade Pooled Corporate CDO	297	AAA	10.9%
Venture VIII CDO Ltd.	292	AAA	29.2%
<b>Total top 50 U.S. structured finance exposures</b>	<b>\$ 25,762</b>		

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

# Assured Guaranty Municipal Corp.

Largest Exposures by Sector (3 of 4)

As of March 31, 2011

(in millions)

## 25 Largest Non-U.S. Exposures

Credit name:	Net Par	
	Outstanding	Rating
Quebec Province	\$ 1,931	A
Sydney Airport Finance Company	1,563	BBB
Thames Water Utility Finance PLC	1,316	A-
Channel Link Enterprises Finance PLC	924	BBB
International AAA Sovereign Debt Synthetic CDO	821	AAA
Synthetic Investment Grade Pooled Corporate CDO	711	Super Senior
Campania Region - Healthcare receivable	646	A-
Japan Expressway Holding and Debt Repayment Agency	609	AA
Synthetic Investment Grade Pooled Corporate CDO	583	Super Senior
Artesian Finance II Plc (Southern) - Swap Policy	517	A-
Central Nottinghamshire Hospitals PLC	497	BBB
Duchess I CDO	485	BBB-
Capital Hospitals (Issuer) PLC	484	BBB-
Reliance Rail Finance Pty. Limited	453	BB
Queen Street CLO I	444	Super Senior
ETSA Utility Finance Pty. Limited	438	A-
Synthetic Investment Grade Pooled Corporate CDO	416	AAA
Integrated Accommodation Services PLC	404	BBB+
The Hospital Company (QAH Portsmouth) Limited	400	BBB
Verbund - Lease and Sublease of Hydro-Electric equipment	391	AAA
Synthetic Investment Grade Pooled Corporate CDO	385	Super Senior
M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	381	BBB
Synthetic Investment Grade Pooled Corporate CDO	381	Super Senior
NewHospitals (St Helens & Knowsley) Finance PLC	376	BBB
Brisbane Airport	376	BBB
<b>Total top 25 non-U.S. exposures</b>	<b>\$ 15,932</b>	

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

# Assured Guaranty Municipal Corp.

Largest Exposures by Sector (4 of 4)

As of March 31, 2011

(dollars in millions)

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

<b>Servicer:</b>	<b>Net Par Outstanding</b>
Bank of America, N.A. <sup>1</sup>	\$ 4,876
American Home Mortgage Servicing, Inc.	1,548
Specialized Loan Servicing, LLC.	1,442
Ocwen Loan Servicing, LLC.	749
Wells Fargo Bank, N.A.	681
GMAC Mortgage, LLC.	508
OneWest Bank Group, LLC.	490
First Tennessee Bank N.A.	378
Select Portfolio Servicing, Inc.	243
Litton Loan Servicing LP	241
<b>Total top 10 U.S. residential mortgage servicers exposures</b>	<b>\$ 11,156</b>

<b>Credit name:</b>	<b>Net Par Outstanding</b>	<b>Rating</b>	<b>State</b>
Asante Health System	\$ 246	A	OR
MultiCare Health System	228	A+	WA
Hospital Sisters Health Services Inc Obligated Group	210	AA-	IL
CHRISTUS Health	202	A+	TX
Carolina HealthCare System	192	AA-	NC
Catholic Health Initiatives	188	AA	CO
Clarian Health Partners	174	A+	IN
Columbus Regional Healthcare System Inc.	171	A-	GA
Covenant Health Hospital Revenue Bonds	164	A-	TN
Carilion Health System, VA Revenue Stream	149	A	VA
<b>Total top 10 U.S. healthcare exposures</b>	<b>\$ 1,924</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 Municipal 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 and Credit Derivatives	Expected Loss to be Paid as of December 31, 2010	Loss Development and Accretion of Discount for 1Q-11 <sup>1</sup>	Paid Losses 1Q-11	Expected Loss to be Paid as of March 31, 2011
U.S. RMBS				
First lien:				
Alt-A first lien	\$ 145.0	\$ 8.3	\$ (19.0)	\$ 134.3
Option ARMs	459.9	(81.4)	(85.7)	292.8
Subprime first lien	180.0	(25.4)	(8.0)	146.6
Total first lien	784.9	(98.5)	(112.7)	573.7
Second lien:				
Closed end seconds	92.1	(120.3)	(12.2)	(40.4)
HELOC	(621.0)	54.2	(42.7)	(609.5)
Total second lien	(528.9)	(66.1)	(54.9)	(649.9)
Total U.S. RMBS	256.0	(164.6)	(167.6)	(76.2)
Other structured finance	71.6	(4.1)	(0.9)	66.6
Public finance	9.4	1.4	(6.3)	4.5
<b>Total</b>	<b>\$ 337.0</b>	<b>\$ (167.3)</b>	<b>\$ (174.8)</b>	<b>\$ (5.1)</b>

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

## Assured Guaranty Municipal 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,

	Future Net R&W Benefit at December 31, 2011	R&W Development and Accretion of Discount During 1Q-11	R&W Recovered During 1Q-11	Future Net R&W Benefit at March 31, 2011
<b>Financial Guaranty Insurance:</b>				
Alt-A first lien	\$ 68.2	\$ 34.4	\$ -	\$ 102.6
Option ARMs	291.2	264.5	(2.1)	553.6
Subprime first lien <sup>1</sup>	26.6	53.9	-	80.5
Closed end seconds	98.4	51.4	-	149.8
HELOC	738.4	125.4	(25.1)	838.7
<b>Total</b>	<b>\$ 1,222.8</b>	<b>\$ 529.6</b>	<b>\$ (27.2)</b>	<b>\$ 1,725.2</b>
<b>Credit derivatives</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

	Number of Risks as of		Debt Service as of	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
<b>Financial Guaranty Insurance:</b>				
Alt-A first lien	12	11	\$ 1,398.3	\$ 1,441.2
Option ARMs	10	10	1,833.1	1,818.8
Subprime first lien <sup>1</sup>	6	1	989.3	227.0
Closed end seconds	2	2	246.2	258.3
HELOC	12	10	2,960.2	2,190.5
<b>Total</b>	<b>42</b>	<b>34</b>	<b>\$ 7,427.1</b>	<b>\$ 5,935.8</b>
<b>Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>

1. Includes net interest margin.

## Assured Guaranty Municipal Corp.

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

Financial Guaranty Insurance Contracts and Credit Derivatives	Total Net Par Outstanding for BIG Transactions	1Q-11 Incurred	Losses Incurred	Net Reserve and Credit Impairment	Net Salvage and Subrogation Assets	Expected Loss to be Expensed
First lien:						
Alt-A first lien	\$ 1,240.5	\$	9.8	\$ 5.2	\$ 4.5	\$ 176.2
Option ARMs	1,889.6		3.0	82.0	73.5	295.7
Subprime first lien <sup>1</sup>	2,163.9		(15.3)	68.3	-	82.3
Total first lien	5,294.0		(2.5)	155.5	78.0	554.2
Second lien:						
Closed end seconds	853.6		(26.5)	(1.3)	63.6	78.2
HELOC	2,881.1		40.9	0.7	649.8	178.6
Total second lien	3,734.7		14.4	(0.6)	713.4	256.8
Total U.S. RMBS	9,028.7		11.9	154.9	791.4	811.0
Other structured finance	610.6		(2.1)	60.6	-	5.1
Public finance	2,060.2		1.2	9.6	30.0	26.3
<b>Subtotal</b>	<b>\$ 11,699.5</b>	<b>\$</b>	<b>11.0</b>	<b>\$ 225.1</b>	<b>\$ 821.4</b>	<b>\$ 842.4</b>
Effect of consolidating of VIEs	-		(48.5)	(42.0)	(127.9)	(195.8)
<b>Total</b>	<b>\$ 11,699.5</b>	<b>\$</b>	<b>(37.5)</b>	<b>\$ 183.1</b>	<b>\$ 693.5</b>	<b>\$ 646.6</b>

	Insurance Reserves	Credit Impairment on Credit Derivative Contracts <sup>2</sup>	Reserves and Credit Impairment	Salvage and Subrogation Recoverable	Net
Gross	\$ 137.6	\$ 96.5	\$ 234.1	\$ 856.0	\$ (621.9)
Ceded	21.7	29.3	51.0	162.5 <sup>3</sup>	(111.5)
Net insurance reserves	\$ 115.9	\$ 67.2	\$ 183.1	\$ 693.5	\$ (510.4)

1. Includes net interest margin.

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

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

# Assured Guaranty Municipal Corp.

## Summary of Statutory Financial and Statistical Data

(dollars in millions)

	As of and for Three Months Ended March 31, 2011	Year Ended December 31,			
		2010	2009	2008	2007
<b>Statutory Data</b>					
Net income (loss)	\$ 493.1	\$ 401.8	\$ 228.2	\$ (1,376.7)	\$ 312.9
Policyholders' surplus	\$ 1,393	\$ 993	\$ 909	\$ 711	\$ 1,609
Contingency reserve	1,666	1,585	1,323	1,282	1,094
Qualified statutory capital	3,059	2,578	2,232	1,993	2,703
Unearned premium reserve	2,286	2,298	2,392	2,520	2,275
Loss and LAE reserves	37	436	1,022	1,688	98
Total policyholders' surplus and reserves	5,382	5,312	5,646	6,201	5,076
Present value of installment premiums	666	691	783	963	1,113
Standby line of credit/stop loss	498	498	498	550	550
Total claims-paying resources	\$ 6,546	\$ 6,501	\$ 6,927	\$ 7,714	\$ 6,739
<b>Statutory Financial Ratios</b>					
Loss and LAE ratio	(271.9)%	47.0%	17.4%	480.2%	16.1%
Expense ratio	34.4%	32.5%	48.1%	9.1%	30.0%
Combined ratio	(237.5)%	79.5%	65.5%	489.3%	46.1%
<b>Other Financial Information (Statutory Basis)</b>					
Net debt service outstanding (end of period)	\$ 506,701	\$ 516,080	\$ 568,594	\$ 631,886	\$ 623,158
Gross debt service outstanding (end of period)	704,031	715,938	755,360	834,426	858,458
Net par outstanding (end of period)	337,264	343,619	381,148	424,393	426,512
Gross par outstanding (end of period)	456,931	464,904	493,798	545,568	564,515
Ceded par to all Assured Guaranty companies	63,321	63,602	32,501	32,927	30,872
Ceded par to other companies	56,346	57,682	79,433	88,248	107,131
Ratios:					
Par insured to statutory capital	110:1	133:1	171:1	213:1	158:1
Capital ratio <sup>1</sup>	166:1	200:1	255:1	317:1	231:1
Financial resources ratio <sup>2</sup>	77:1	79:1	82:1	82:1	92:1
Gross debt service written:					
Public finance	\$ 4,308	\$ 43,115	\$ 4,202	\$ 85,666	\$ 133,792
Structured finance	-	-	-	5,193	57,434
Total gross debt service written	\$ 4,308	\$ 43,115	\$ 4,202	\$ 90,859	\$ 191,226

1. The capital ratio is calculated by dividing net par and interest insured divided by qualified statutory capital.

2. The financial resources ratio is calculated by dividing net par and interest insured by total claims paying resources.

Note: Please refer to the endnotes for an explanation of the non-GAAP financial measures.

## 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 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.

Financial Products is the guaranteed investment contracts ("GICs") portion of the former Financial Products Business of AGMH. AGM has issued financial guaranty insurance policies on the GICs and in respect of the GICs business that cannot be revoked or cancelled. Assured Guaranty is indemnified against exposure to the former financial products business by Dexia SA and certain of its affiliates. In addition, the French and Belgian governments have issued guaranties in respect of the GICs portion of the financial products business. The financial products business is currently being run off.

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 FG 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.

# ASSURED GUARANTY<sup>®</sup>

MUNICIPAL

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