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PROPERTY AND CASUALTY COMPANIES —ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF MARCH 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

Assured Guaranty Corp.

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

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

Country of Domicile United States

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

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

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

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

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

Internet Web Site Address www.assuredguaranty.com

Statutory Statement Contact John Mahlon Ringler (Name) 212-974-0100 (Area Code) (Telephone Number) (Extension)

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

OFFICERS

Name	Title	Name	Title
Dominic John Frederico	President	James Michael Michener	Secretary
Donald Hal Paston	Treasurer		

OTHER OFFICERS

Howard Wayne Albert	Chief Risk Officer	Robert Adam Bailenson	Chief Accounting Officer
Russell Brown Brewer II	Chief Surveillance Officer	Stephen Donnarumma	Chief Credit Officer
William John Findlay	Director of Financial Reporting and Acctg Policy	Dominic John Frederico	Chief Executive Officer
James Michael Michener	General Counsel	Robert Bruce Mills	Chief Financial Officer
John Mahlon Ringler	Assistant Vice President Statutory Accounting	Benjamin Gad Rosenblum	Chief Actuary

DIRECTORS OR TRUSTEES

Howard Wayne Albert	Robert Adam Bailenson	Russell Brown Brewer II	Dominic John Frederico
James Michael Michener	Robert Bruce Mills	Donald Hal Paston	Bruce Elliot Stern

State of New York
ss
County of New York

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dominic John Frederico	James Michael Michener	Donald Hal Paston
President	Secretary	Treasurer

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

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

b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

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ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	2,392,345,286		2,392,345,286	2,357,649,867
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	129,919,195		129,919,195	125,505,502
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ encumbrances)	2,829,609	2,829,609	0	0
4.2 Properties held for the production of income (less $ encumbrances)			0	0
4.3 Properties held for sale (less $ encumbrances)			0	0
5. Cash ($ 992,494), cash equivalents ($ 141,229,864) and short-term investments ($ 15,442,492)	157,664,850		157,664,850	238,776,436
6. Contract loans (including $ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	51,068,523		51,068,523	43,413,528
9. Receivables for securities	400,759		400,759	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	2,734,228,222	2,829,609	2,731,398,613	2,765,345,333
13. Title plants less $ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	27,551,371		27,551,371	26,853,330
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	46,306,455	651,859	45,654,596	57,609,874
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	10,530,676		10,530,676	2,352,961
16.2 Funds held by or deposited with reinsured companies	485,576		485,576	485,576
16.3 Other amounts receivable under reinsurance contracts	7,048		7,048	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	49,393,051		49,393,051	31,492,656
18.2 Net deferred tax asset	146,957,054	85,500,626	61,456,428	75,956,937
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	534,889	30,184	504,705	224,778
21. Furniture and equipment, including health care delivery assets ($)	1,459,112	1,459,112	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	178,906		178,906	29,315
23. Receivables from parent, subsidiaries and affiliates	33,874,256	4,741	33,869,515	28,253,957
24. Health care ($) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	16,140,866	1,832,413	14,308,453	10,977,935
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,067,647,482	92,308,544	2,975,338,938	2,999,582,652
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	3,067,647,482	92,308,544	2,975,338,938	2,999,582,652
DETAILS OF WRITE-INS				
1101.			0	0
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Supplementary Executive Retirement Plan	13,765,851		13,765,851	10,259,518
2502. Prepaid expense	1,533,052	1,533,052	0	0
2503. Security deposit	92,436	92,436	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	749,527	206,925	542,602	718,417
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	16,140,866	1,832,413	14,308,453	10,977,935

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year $ 78,089)	396,265,467	442,538,782
2. Reinsurance payable on paid losses and loss adjustment expenses	880,437	522,102
3. Loss adjustment expenses	6,234,053	6,334,053
4. Commissions payable, contingent commissions and other similar charges	4,811,373	4,811,373
5. Other expenses (excluding taxes, licenses and fees)	28,999,392	65,883,381
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	(6,817,348)	(3,282,273)
7.1 Current federal and foreign income taxes (including $ on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money $ and interest thereon $		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of $ 328,959,915 and including warranty reserves of $)	860,249,654	876,684,636
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	11,399,998	11,699,694
13. Funds held by company under reinsurance treaties	7,413,818	7,413,818
14. Amounts withheld or retained by company for account of others	(311,344)	(398,839)
15. Remittances and items not allocated		0
16. Provision for reinsurance		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	13,582,586	11,535,831
20. Derivatives		0
21. Payable for securities	22,677,907	0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes $ and interest thereon $		0
25. Aggregate write-ins for liabilities	764,362,937	721,720,136
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,109,748,930	2,145,462,694
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	2,109,748,930	2,145,462,694
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	15,000,480	15,000,480
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	300,000,000	300,000,000
34. Gross paid in and contributed surplus	923,849,395	923,849,395
35. Unassigned funds (surplus)	(373,259,866)	(384,729,917)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 $)		0
36.2 shares preferred (value included in Line 31 $)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	865,590,009	854,119,958
38. Totals (Page 2, Line 28, Col. 3)	2,975,338,939	2,999,582,652
DETAILS OF WRITE-INS		
2501. Supplemental Executive Retirement Plan	13,765,851	10,259,518
2502. Contingency reserve	738,977,569	702,621,187
2503. Liability for sublease	6,073,824	6,641,497
2598. Summary of remaining write-ins for Line 25 from overflow page	5,545,693	2,197,934
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	764,362,937	721,720,136
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written $ 36,880,293)	54,206,236	46,358,084	183,231,115
1.2 Assumed (written $ 1,896,648)	8,142,201	7,628,633	31,683,590
1.3 Ceded (written $ 10,357,237)	17,493,752	14,472,694	58,393,569
1.4 Net (written $ 28,419,704)	44,854,685	39,514,023	156,521,136
DEDUCTIONS:			
2. Losses incurred (current accident year $ 78,089):			
2.1 Direct	7,172,519	165,320,749	348,694,827
2.2 Assumed	(13,287,357)	2,363,750	22,027,717
2.3 Ceded	(840,792)	37,186,432	94,271,473
2.4 Net	(5,274,046)	130,498,067	276,451,070
3. Loss adjustment expenses incurred	1,453,330	613,853	8,159,484
4. Other underwriting expenses incurred	20,636,449	29,342,614	111,821,376
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	16,815,733	160,454,534	396,431,930
7. Net income of protected cells		0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	28,038,952	(120,940,511)	(239,910,794)
INVESTMENT INCOME			
9. Net investment income earned	23,634,317	18,356,209	82,580,832
10. Net realized capital gains (losses) less capital gains tax of $	9,511	2,677,968	740,395
11. Net investment gain (loss) (Lines 9 + 10)	23,643,828	21,034,177	83,321,227
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ amount charged off $)		0	0
13. Finance and service charges not included in premiums		0	0
14. Aggregate write-ins for miscellaneous income	592,735	1,018,248	(773,472)
15. Total other income (Lines 12 through 14)	592,735	1,018,248	(773,472)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	52,275,515	(98,888,086)	(157,363,039)
17. Dividends to policyholders		0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	52,275,515	(98,888,086)	(157,363,039)
19. Federal and foreign income taxes incurred	(17,900,395)	(16,731,797)	24,723,889
20. Net income (Line 18 minus Line 19)(to Line 22)	70,175,910	(82,156,289)	(182,086,928)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	854,119,958	1,223,720,008	1,223,720,008
22. Net income (from Line 20)	70,175,910	(82,156,289)	(182,086,928)
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of $	2,305,487	(3,001,453)	1,346,645
25. Change in net unrealized foreign exchange capital gain (loss)	149,592	(46,684)	193,723
26. Change in net deferred income tax	(29,628,745)	37,006,503	78,918,297
27. Change in nonadmitted assets	14,824,509	(49,142,125)	(71,185,488)
28. Change in provision for reinsurance		0	0
29. Change in surplus notes		0	0
30. Surplus (contributed to) withdrawn from protected cells		0	0
31. Cumulative effect of changes in accounting principles		0	0
32. Capital changes:			
32.1 Paid in		0	0
32.2 Transferred from surplus (Stock Dividend)		0	0
32.3 Transferred to surplus		0	0
33. Surplus adjustments:			
33.1 Paid in		0	28,208
33.2 Transferred to capital (Stock Dividend)		0	0
33.3 Transferred from capital		0	0
34. Net remittances from or (to) Home Office		0	0
35. Dividends to stockholders	(10,000,320)	(15,000,480)	(50,001,600)
36. Change in treasury stock		0	0
37. Aggregate write-ins for gains and losses in surplus	(36,356,382)	(31,844,480)	(146,812,907)
38. Change in surplus as regards policyholders (Lines 22 through 37)	11,470,051	(144,185,008)	(369,600,050)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	865,590,009	1,079,535,000	854,119,958
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income	592,735	1,018,248	(773,472)
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	592,735	1,018,248	(773,472)
3701. Change in Contingency Reserve	(36,356,382)	(31,844,480)	(146,812,907)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	(36,356,382)	(31,844,480)	(146,812,907)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	40,075,285	30,024,585	121,528,178
2. Net investment income	24,192,056	18,958,403	83,473,415
3. Miscellaneous income	585,687	1,010,366	(772,462)
4. Total (Lines 1 to 3)	64,853,028	49,993,354	204,229,131
5. Benefit and loss related payments	48,818,649	71,488,787	108,562,125
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	62,608,843	39,936,432	93,036,804
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	0	1	(5,880,844)
10. Total (Lines 5 through 9)	111,427,492	111,425,220	195,718,085
11. Net cash from operations (Line 4 minus Line 10)	(46,574,464)	(61,431,866)	8,511,046
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	192,662,418	98,122,950	756,359,128
12.2 Stocks	27,679,981	50,429,056	95,098,349
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	194	82	213
12.7 Miscellaneous proceeds	24,534,301	0	1,254,171
12.8 Total investment proceeds (Lines 12.1 to 12.7)	244,876,894	148,552,088	852,711,861
13. Cost of investments acquired (long-term only):			
13.1 Bonds	228,753,892	186,637,261	1,215,881,080
13.2 Stocks	29,788,186	32,664,450	73,300,497
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	1,404,114
13.5 Other invested assets	7,654,995	0	12,500,000
13.6 Miscellaneous applications	2,077,204	10,523,234	941,640
13.7 Total investments acquired (Lines 13.1 to 13.6)	268,274,277	229,824,945	1,304,027,331
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(23,397,383)	(81,272,857)	(451,315,471)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	28,208
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders	10,000,320	15,000,480	50,001,600
16.6 Other cash provided (applied)	(1,139,417)	(14,108,939)	(22,026,550)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(11,139,737)	(29,109,419)	(71,999,942)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(81,111,584)	(171,814,142)	(514,804,366)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	238,776,435	753,580,802	753,580,802
19.2 End of period (Line 18 plus Line 19.1)	157,664,851	581,766,660	238,776,435

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements have been prepared in accordance with statutory accounting practices ("SAP") prescribed or permitted by the Maryland Insurance Administration and the National Association of Insurance Commissioners ("NAIC"). Assured Guaranty Corp. (the "Company" or "AGC") is a Maryland domiciled company which commenced operations in January 1988 and provides insurance and reinsurance on investment grade financial guaranty exposures, including municipal and nonmunicipal reinsurance and credit default swap ("CDS") transactions.

The Company has financial strength ratings of AA+ and Aa3 as of March 31, 2011 from Standard & Poor's Inc., a division of the McGraw Hill Companies, Inc. and Moody's Investor Services ("Moody's"), respectively, and is licensed in 52 jurisdictions. The Company owns 100% of Assured Guaranty (UK) Ltd. ("AG UK"), a company organized under the laws of the United Kingdom.

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

	Three Months Ended March 31, 2011
Net Income, Maryland Basis	$ 70,175,910
Net Income, NAIC SAP	$ 70,175,910
Statutory Surplus, Maryland Basis	$865,590,009
Statutory Surplus, NAIC SAP	$865,590,009

B, C. No change

2. Accounting Changes and Corrections of errors

No significant change

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

A, B, C, E - Not applicable

D. Loan-Backed Securities

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

Description	Amortized Cost Before Other-Than-Temporary-Impairment	Other-Than-Temporary-Impairment	Fair Value
OTTI Recognized 1st Quarter			
a. Intent to sell	$4,328,164	$737,915	$3,590,249
b. Lack of intent to retain security	-	-	-
c. Total 1st Quarter	$4,328,164	$737,915	$3,590,249

3. The following table summarizes other-than-temporary-impairments recorded for loan-backed securities which the Company still owns at the end of the year recorded based

NOTES TO FINANCIAL STATEMENTS

on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities:

Cusip	Amortized Cost Before OTTI	Present Value of Projected Cash Flow	OTTI	Amortized Cost After OTTI	Fair Value of OTTI	Date of Financial Statement Where Reported
02149Q-AE-0	$4,328,164	$3,590,249	$737,915	$3,590,249	$3,382,959	3/31/2011
TOTAL	$4,328,164	$3,590,249	$737,915	$3,590,249	$3,382,959	

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

	Less than 12 months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Single class mortgage/ asset-backed securities	$ 5,012,500	$ (28,125)	$ -	$ -	$ 5,012,500	$ (28,125)
Multi class commercial mortgage/asset-backed securities	25,131,720	(3,428,808)	1,390,661	(1,970,617)	26,522,381	(5,399,425)
Total	$30,144,220	$(3,456,933)	$1,390,661	$(1,970,617)	$31,534,881	$(5,427,550)

5. All loan-backed securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of March 31, 2011, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. This unrealized loss is primarily attributable to the market illiquidity and volatility in the U.S. economy and not specific to individual issuer credit.

6. Joint Ventures, Partnerships and Limited Liability Companies
Not applicable.

7. Investment Income
No change

8. Derivative Instruments
Not applicable

9. Income Taxes
No significant change

10. Information Concerning Parent, Subsidiaries and Affiliates
No change

11. Debt
Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
No change

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
No significant change

14. Contingencies
No significant change

NOTES TO FINANCIAL STATEMENTS

15. Leases
No change

16. Information about Financial Instruments with Off-Balance Sheet Risk, Financial Instruments with Concentrations of Credit
Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
Not applicable

20. Fair Value

Effective December 31, 2010, the Company adopted Statement of Statutory Accounting Principles ("SSAP") 100, "Fair Value Measurements." SSAP 100 defines fair value, establishes a framework for measuring fair value and establishes disclosure requirements about fair value.

Fair Value Hierarchy
SSAP 100 specifies a fair value hierarchy based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Company estimates of market assumptions. In accordance with SSAP 100, the fair value hierarchy prioritizes model inputs into three broad levels as follows:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and observable inputs other than quoted prices, such as interest rates or yield curves and other inputs derived from or corroborated by observable market inputs.
- Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. This hierarchy requires the use of observable market data when available.

An asset or liability's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following table presents information about financial instruments carried at fair value and indicates the level of the fair value measurement on the levels of the inputs used. Bonds are generally recorded at amortized cost. However, as of March 31, 2011, certain bonds were other-than-temporarily impaired and written down to their fair values, which are reflected in the table below. Stocks, excluding those for investments in subsidiaries, are reported at fair value on a recurring basis.

(in thousands of dollars)

As of March 31, 2011	Level 1	Level 2	Level 3	Total
Bonds	$ -	$45,123	$ -	$45,123
Stocks	5,672	-	-	5,672
Total	$5,672	$45,123	$ -	$50,795

Cash and Short-Term Investments
The carrying amounts reported in the statement of admitted assets, liabilities and surplus for these instruments approximate fair value.

NOTES TO FINANCIAL STATEMENTS

Bonds

The estimated fair values for investments in bonds is determined using one of three different pricing services: pricing vendors, index providers or broker-dealer quotations. Pricing services for each sector of the market are determined based upon the provider's expertise.

The Company's third-party accounting provider obtains prices from pricing services, index providers or broker-dealers. From time to time a pricing source may be updated to improve consistency of coverage and/or accuracy of prices. A pricing service is also used to obtain prices independent of the third party accounting provider. The price provided by the accounting provider is used to price any security priced by both the accounting provider and the pricing service.

Generally one price is obtained for each security. Where multiple prices are obtained, the accounting provider maintains a hierarchy by asset class to prioritize the pricing source to be used. The accounting provider performs daily and monthly controls to ensure completeness and accuracy of security prices, such as reviewing missing price or stale price data and day-over-day variance reports by asset class. The accounting provider maintains a valuation oversight committee that is required to approve all changes in pricing practices and policies.

Fixed maturity securities are valued by broker-dealers, pricing services or index providers using standard market conventions. The market conventions utilize market quotations, market transactions in comparable instruments, and various relationships between instruments such as yield to maturity, dollar prices and spread prices in determining value. Generally, all of the Company's fixed maturity securities are priced using matrix pricing.

Broker-dealer quotations obtained to price securities are generally considered to be indicative and are nonactionable (i.e. non-binding).

The Company is provided with a pricing chart, which for each asset class provides the pricing source, pricing methodology and recommended fair value level in accordance with the fair value framework. The Company reviews the pricing source of each security each reporting period to determine the method of pricing and appropriateness of fair value level. The Company considers securities prices from pricing services, index providers or broker dealers to be Level 2 in the fair value hierarchy. Prices determined based upon model processes are considered to be Level 3 in the fair value hierarchy. No investments were classified as Level 3 as of March 31, 2011.

The Company did not make any internal adjustments to prices provided by its third party pricing service.

Stocks

The Company's Stocks are comprised primarily of money market funds, preferred stocks and investments in subsidiaries. Money market funds are carried at cost which approximates their fair value and preferred stock fair values are estimated in a manner similar to that used for bonds. As discussed within our significant accounting policies, investments in subsidiaries are recorded in compliance with SSAP 97.

Unearned Premium Reserve

The fair value of the Company's unearned premium reserve is based on entering into a cession of the entire portfolio with third party reinsurers under market conditions. This figure was determined by using the statutory basis unearned premium reserve, net of acquisition costs. At March 31, 2011, the fair value of the Company's net unearned premium reserve was estimated to be $771.9 million.

21. Other Items

The Company has elected to use rounding in reporting amounts in the financial statements.

NOTES TO FINANCIAL STATEMENTS

A through F. Not applicable.

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

In accordance with the Company's standard practices, the Company evaluated the most current available information as part of its loss estimation process, including trends in delinquencies and charge-offs on the underlying loans and its experience in requiring providers of representations and warranties to purchase ineligible loans out of these transactions. Most of the Company's expected loss and loss adjustment expense reserves and paid losses relate to U.S. Residential Mortgage Backed Securities ("RMBS"). As has been widely reported in the press, unprecedented levels of delinquencies and defaults have negatively impacted the mortgage market, especially U.S. RMBS issued in the period 2005-2007. The scenarios used to project RMBS collateral losses in first quarter of 2010, with the exception of an increase to the subprime loss severity, were the same as those employed at year-end 2009. In the second quarter 2010, the Company changed how scenarios were run as compared to the first quarter 2010 to reflect the Company's view that it was observing the beginning of an improvement in the housing and mortgage markets. In the third and fourth quarters of 2010, early stage delinquencies did not trend down as much as the Company had anticipated in the second quarter, so the Company adjusted its curves to reflect the observed early stage delinquencies. Additionally in the fourth quarter 2010, due to the Company's concerns about the timing and strength of any recovery in the mortgage and housing markets the probability weightings were adjusted to reflect a somewhat more pessimistic view. Also in the fourth quarter 2010 the Company increased its initial subprime loss severity assumption to reflect recent experience. Taken together, the changes in the assumptions between year-end 2009 and 2010 had the effect of (a) reflecting a slower recovery in the housing market than had been assumed at the beginning of the year, and (b) increasing the assumed initial loss severities for subprime transactions from 70% to 80%.

U.S. Second Lien RMBS: HELOCs and CES

The Company insures two types of second-lien RMBS, those secured by HELOCs and those secured by CES mortgages. HELOCs are revolving lines of credit generally secured by a second lien on a one to four family home. A mortgage for a fixed amount secured by a second lien on a one-to-four family home is generally referred to as a CES. The Company has material exposure to second-lien mortgage loans originated and serviced by a number of parties, but the Company's most significant second-lien exposure is to HELOCs originated and serviced by Countrywide.

The performance of the Company's HELOC and CES exposures began to deteriorate in 2007, and transactions, particularly those originated in the period from 2005 through 2007, continue to perform below the Company's original underwriting expectations. While insured securities benefitted from structural protections within the transactions designed to absorb collateral losses in excess of previous historical high levels, in many second lien RMBS projected losses now exceed those structural protections.

The Company believes the primary variables impacting its expected losses in second-lien RMBS transactions are the amount and timing of future losses in the collateral pool supporting the transaction and the amount of loans repurchased for breaches of representations and warranties. Expected losses are also a function of the structure of the transaction, the voluntary prepayment rate ("CPR") of the collateral, the interest rate environment assumptions about the draw rate and loss severity. These variables are: interrelated, difficult to predict and subject to considerable volatility. If actual experience differs from the Company's assumptions, the losses incurred could be materially different from the estimate. The Company continues to update its evaluation of these exposures as new information becomes available.

The following table shows the Company's key assumptions used in its calculation of estimated expected losses for these types of policies as of March 31, 2011 and December 31, 2010:

NOTES TO FINANCIAL STATEMENTS

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

HELOC Key Variables	March 31, 2011	December 31, 2010
Plateau conditional default rate ("CDR")	10.2 – 16.3%	10.0 - 19.4%
Final CDR trended down to	0.5 - 2.2%	0.5 - 2.2%
Expected Period until Final CDR	36 months	24 months
Initial conditional prepayment rate ("CPR")	4.7 – 11.4%	3.9 - 17.5%
Final CPR	10%	10%
Loss Severity	98%	98%
Future Repurchase of Ineligible Loans	$174.0 million	$150.9 million
Initial Draw Rate	0.0 – 1.0%	0.0 - 0.5%

CES Key Variables	March 31, 2011	December 31, 2010
Plateau CDR	7.2 – 28.9%	7.3 – 27.1%
Final CDR Rate trended down to	2.9 - 8.1%	2.9 - 8.1%
Expected Period until Final CDR achieved	36 months	24 months
Initial CPR	1.3 – 12.6%	1.3 – 9.7%
Final CPR	10%	10%
Loss Severity	98%	98%
Future Repurchase of Ineligible Loans	$96 million	$62 million

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

For second-lien transactions the Company calculates expected losses in the following fashion. A loan is generally "charged off" by the securitization's servicer once the loan is 180 days past due and therefore the Company's projections assume that a loss is charged off once it is 180 days past due. Most second-lien transactions report the amount of loans in five monthly delinquency categories (*i.e.*, 30-59 days past due, 60-89 days past due, 90-119 days past due, 120-149 days past due and 150-179 days past due). The Company estimates the amount of loans that will default over the next five months by calculating current representative liquidation rates (the percent of loans in a given delinquency status that are assumed to ultimately default) from selected transactions and then applying those liquidation rates to the amount of loans in the delinquency categories. The amount of loans projected to default in the fifth month is then expressed as a conditional default rate ("CDR"), which is used as a basis for calculating defaults after the fifth month. In the base scenario, this CDR (the "plateau CDR") is held constant for one month. Once the plateau period has ended, the CDR is assumed to gradually trend down in uniform increments to its final long-term steady state CDR. In the base scenario, the time over which the CDR trends down to its final CDR is eighteen months. Therefore, in the base case scenario, the total time from the current period to the end of the ramp (when the long-term steady CDR is reached) is 24 months. The long-term steady state CDRs are calculated as the constant conditional default rates that would have yielded the amount of losses originally expected at underwriting.

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

NOTES TO FINANCIAL STATEMENTS

The Company uses a number of other variables in its second-lien loss projections, including the spread between relevant interest rate indices, loss severities and HELOC draw rates (the amount of new advances provided on existing HELOCs expressed as a percent of current outstanding advances). For HELOC transactions, the draw rate is assumed to decline from the current level to the final draw rate over a period of three months. The final draw rates were assumed to be between 0.0% and 0.5%.

In estimating the expected losses, the Company modeled and probability weighted three possible CDR curves applicable to the period prior the return to the long-term steady state CDR. Given that draw rates have been reduced to levels below the historical average and that loss severities in these products have been higher than anticipated at inception, the Company believes that the level of the elevated CDR and the length of time it will persist is the primary driver behind the likely amount of losses the collateral will suffer (before considering the effects of repurchases of ineligible loans). The Company continues to evaluate all of the assumptions affecting its modeling results.

Consistent with the Company's current belief that the recovery in the mortgage market may be beginning but that it may be more gradual than assumed in past quarters, this quarter's base case assumed a 1-month CDR plateau and an 30-month ramp down. Increasing the CDR plateau to 4 months and keeping the ramp down at 30 months would increase the expected loss by approximately $17.8 million for HELOC transactions and $4.0 million for CES transactions. On the other hand, keeping the CDR plateau at 1 month but decreasing the length of the CDR ramp down to 24 months would decrease the expected loss from those taken by approximately $14.8 million for HELOC transactions and $1.2 million for CES transactions.

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

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

The performance of the Company's first-lien RMBS exposures began to deteriorate in 2007 and transactions, particularly those originated in the period from 2005 through 2007, continue to perform below the Company's original underwriting expectations. The Company currently projects first-lien collateral losses many times that which it expected at the time of underwriting. While insured securities benefitted from structural protections within the transaction designed to absorb some of the collateral losses, in many first-lien RMBS projected losses exceed those structural protections.

The majority of the projected losses in the first-lien RMBS transactions are expected to come from mortgage loans that are delinquent or have been foreclosed on, therefore an increase in delinquent and foreclosed loans beyond those delinquent and foreclosed last quarter is one of the primary drivers of loss development in this portfolio. In order to determine the number of defaults resulting from these delinquent and foreclosed loans, the Company applies a liquidation rate assumption to loans in each of various delinquency categories. The following table shows the Company's liquidation assumptions for various delinquency categories as of March 31, 2011 and December 31, 2010. The liquidation rate is a standard industry measure that is used to estimate the number of loans in a given aging

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category that will default within a specified time period. The Company projects these liquidations over two years.

	March 31, 2011	December 31, 2010
30 - 59 Days Delinquent		
Alt-A First lien	50%	50%
Alt-A Option ARM	50	50
Subprime	45	45
60 - 89 Days Delinquent		
Alt-A First lien	65	65
Alt-A Option ARM	65	65
Subprime	65	65
90—Bankruptcy		
Alt-A First lien	75	75
Alt-A Option ARM	75	75
Subprime	70	70
Foreclosure		
Alt-A First lien	85	85
Alt-A Option ARM	85	85
Subprime	85	85
Real Estate Owned		
Alt-A First lien	100	100
Alt-A Option ARM	100	100
Subprime	100	100

Losses are also projected on first-lien RMBS that are presently current loans. The Company projects these losses by applying a CDR trend. The start of that CDR trend is based on the defaults the Company projected would emerge from currently delinquent and foreclosed loans. The total amount of expected defaults from these loans is then translated into a constant CDR (*i.e.*, the CDR plateau), which, if applied for each of the next 24 months, would be sufficient to produce approximately the amount of losses that were calculated to emerge from the various delinquency categories. In the base case, each transaction's CDR is projected to improve over 12 months to an intermediate CDR (calculated as 15% of its CDR plateau); that intermediate CDR is held constant for 36 months then trails off in steps to a final CDR of 5% of the CDR plateau. Under the Company's methodology, defaults projected to occur in the first 24 months represent defaults that can be attributed to loans that are currently delinquent or in foreclosure, while the defaults project to occur using the projected CDR trend after the first 24-month period represent the defaults that can be attributed to borrowers that are currently performing.

Another important driver of loss projections is the loss severity, which is the amount of loss the transaction incurs on a loan after the application of net proceeds from the disposal of the underlying property. Loss severities experienced in first-lien transactions have reached historical highs and the Company is assuming that these historical highs continue for another year. The Company determines its initial loss severity based on actual recent experience. The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning in September 2011, and in the base scenario decline over two years to 40%.

The following table shows the Company's key assumptions used in its calculation of expected losses for these types of policies as of March 31, 2011 and December 31, 2010:

NOTES TO FINANCIAL STATEMENTS

Key Assumptions in Base Case Expected Loss Estimates of First-Lien RMBS Transactions

	March 31, 2011	December 31, 2010
Alt-A First Lien		
Plateau CDR	2.2% - 24.1%	2.4% - 25.9%
Intermediate CDR	0.3% - 3.6%	0.4% - 3.9%
Final CDR	0.1% - 1.2%	0.1% - 1.3%
Initial Loss Severity	65%	60%
Future Repurchases of Ineligible Loans	$122.0 million	$51.2 million
Initial CPR	0.8% - 40.5%	0.0% - 37.2%
Final CPR	10%	10%
Alt-A Option ARM		
Plateau CDR	9.9% - 33.2%	9.8% - 32.3%
Intermediate CDR	1.5% - 5.0%	1.5% - 4.8%
Final CDR	0.5% - 1.7%	0.5% - 1.6%
Initial Loss Severity	65%	60%
Future Repurchases of Ineligible Loans	$55.7 million	$14.8 million
Initial CPR	0.0% - 37.6%	0.0% - 18.7%
Final CPR	10%	10%
Subprime		
Plateau CDR	8.8% - 29.2%	9.0% - 28.5%
Intermediate CDR	1.2% - 4.4%	1.3% - 4.3%
Final CDR	0.4% - 1.5%	0.4% - 1.4%
Initial Loss Severity	80%	80%
Future Repurchases of Ineligible Loans	$0 million	$0 million
Initial CPR	0.0% - 16.1%	0.0% - 17.0%
Final CPR	10%	10%

The rate at which the principal amount of loans is voluntarily prepaid (CPR) may impact both the amount of losses projected (since that amount is a function of the CDR and the loan balance over time) as well as the amount of excess spread (the amount by which the interest paid by the borrowers on the underlying loan exceeds the amount of interest owed on the insured obligations). The assumption for the CPR follows a similar pattern to that of the CDR. The current level of voluntary prepayments is assumed to continue for the plateau period before gradually increasing over 12 months to the final CPR, which is assumed to be either 10% or 15% depending on the scenario run. For transactions where the initial CPR is higher than the final CPR, the initial CPR is held constant.

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

In establishing its reserves, the Company modeled and probability weighted sensitivities for first-lien transactions by varying its assumptions of how fast an economic recovery is expected to occur. The primary variable that was varied when modeling sensitivities was how quickly the CDR returned to its modeled equilibrium, which was defined as 5% of the current CDR. The Company also stressed CPRs and the speed of recovery of loss severity rates. Given the methodology used by the Company, varying these assumptions primarily affected the amount of losses projected to develop from currently current loans, so those differences are shown in the table below. In a somewhat more stressful environment than that of the base case, where the CDR recovery was more gradual and the final CPR was 15% rather than 10%, the Company's expected losses would increase by approximately $6.2 million for Alt-A first liens, $5.5 million for Option ARMs, $0.1 million for subprime and $0.1 million for prime transactions. In an even more stressful scenario where the CDR plateau was extended 3 months (so was 27 months long) before the same more gradual CDR recovery and loss severities were assumed to recover over 4 rather than 2 years (and subprime loss severities were assumed to recover only to 60%), the Company's expected losses would increase by approximately $59.7 million for Alt-A first liens, $16.0 million for Option ARMs, $35.1 million for subprime and $0.3 million for prime transactions. The

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Company also considered a scenario where the recovery was faster than in its base case. In this scenario, where the CDR plateau was 3 months shorter (21 months, effectively assuming that liquidation rates would improve) and the CDR recovery was more pronounced, the Company's expected losses would decrease by approximately $26.8 million for Alt-A first liens, $9.9 million for Option ARMs, $14.6 million for subprime and $0.1 million for prime.

Bank of America Settlement

On April 14, 2011, Assured Guaranty reached a comprehensive agreement with Bank of America Corporation and its subsidiaries, including Countrywide Financial Corporation and its subsidiaries (collectively, "Bank of America"), regarding their liabilities with respect to 29 RMBS transactions insured by Assured Guaranty, including claims relating to reimbursement for breaches of representations and warranties ("R&W") and historical loan servicing issues ("Bank of America Agreement"). Of the 29 RMBS transactions (of which 11 are insured by AGC), eight are second lien transactions and 21 are first lien transactions. The Bank of America Agreement covers Bank of America sponsored securitizations that Assured Guaranty Municipal Corp. ("AGM") or AGC has insured, as well as certain other securitizations containing concentrations of Countrywide originated loans that AGM or AGC has insured. The transactions covered by the Bank of America Agreement have a gross par outstanding of $5.2 billion ($4.8 billion net par outstanding) as of March 31, 2011, or 29% of Assured Guaranty's total below investment grade ("BIG") RMBS net par outstanding.

Bank of America paid Assured Guaranty $850 million (approximately $177 million of which was to AGC) on April 14, 2011 and is obligated to pay another $250 million by March 2012. In addition, Bank of America will reimburse Assured Guaranty 80% of claims Assured Guaranty pays on the 21 first lien transactions, up to collateral losses of $6.6 billion. On April 14, 2011, Bank of America placed $1 billion of eligible assets into trust in order to collateralize the reimbursement obligation relating to the first lien transactions. The amount of assets required to be posted may increase or decrease from time to time, as determined by rating agency requirements. As of March 31, 2011, cumulative collateral losses on these first lien RMBS transactions were approximately $1.5 billion, AGM had paid $2.0 million in claims and AGC's estimated gross economic loss before considering R&W benefit on these transactions was $108.9 million, which assumes cumulative projected collateral losses of $0.4 billion.

The execution of the Bank of America Agreement is considered a Type 1 subsequent event, meaning that the terms of the Bank of America Agreement provide additional evidence about the estimates inherent in the loss estimation process at March 31, 2011. A Type 1 subsequent event requires that such additional information obtained subsequent to the reporting date be used when preparing the financial statements if financial statements have not yet been issued for the previous reporting period. Therefore, the March 31, 2011 loss estimates incorporate updated assumptions and estimates reflecting the terms of the Bank of America Agreement. The First Quarter 2011 benefit for R&W reflects higher expected recoveries across all transactions as a result of the Bank of America Agreement. For transactions covered under the Bank of America Agreement, the R&W benefit has been updated to reflect amounts collected and expected to be collected subsequent to March 31, 2011 under the terms of the Bank of America Agreement. For transactions with other sponsors of U.S. RMBS, against which the Company is pursuing R&W claims, the Company has increased the benefit for R&W to reflect the probability that actual recovery rates may be higher than originally expected. For transactions with counterparties other than Bank of America, the Company has continued to review additional loan files and has found breach rates consistent with those in the Bank of America and Countrywide transactions. Therefore, the Company assumed higher recovery rates in First Quarter 2011.

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"XXX" Life Insurance Transactions

The Company has insured and reinsured $450.9 million of net par in "XXX" life insurance reserve securitization transactions based on discrete blocks of individual life insurance business. In these transactions the monies raised by the sale of the bonds insured by the Company are used to capitalize a special purpose vehicle that provides reinsurance to a life insurer or reinsurer. The monies are invested at inception in accounts managed by third party investment managers. In order for the Company to incur an ultimate net loss on these transactions, adverse experience on the underlying block of life insurance policies and/or credit losses in the investment portfolio would need to exceed the level of credit enhancement built into the transaction structures.

The Company's $450.9 million in net par of XXX Life Insurance transactions include $208.1 million rated Below Investment Grade ("BIG") by the Company as of March 31, 2011, and corresponded to three transactions. These XXX transactions had material amounts of their assets invested in US RMBS transactions.

Based on its analysis of the information currently available, including estimates of future investment performance provided by the current investment manager, projected credit impairments on the invested assets and performance of the blocks of life insurance business at March 31, 2011, the Company's gross expected loss for its three BIG XXX insurance transactions was $58.1 million and its net reserve was $10.6 million.

On December 19, 2008, the Company's subsidiary AG UK, the insurer in respect to the transaction, sued J.P. Morgan Investment Management Inc. ("JPMIM"), the investment manager in one of the transactions, which relates to Orkney Re II p.l.c. ("Orkney Re II") in New York Supreme Court ("Court") alleging that JPMIM engaged in breaches of fiduciary duty, gross negligence and breaches of contract based upon its handling of the investments of Orkney Re II. On January 28, 2010 the Court ruled against the Company on a motion to dismiss filed by JPMIM. AG UK appealed the dismissal and on November 23, 2010, the Appellate Division (First Department) issued a ruling with respect to AG UK's appeal, ordering the trial judge's order to be modified to reinstate AG UK's claims for breach of fiduciary duty and gross negligence and certain of its claims for breach of contract, in each case which claims accrued on or after June 26, 2007. On December 24, 2010, JPMIM filed a motion for permission to appeal to the Court of Appeals on the blue sky law issue and permission to appeal was granted on February 7, 2011. Separately, at the trial court level, a preliminary conference order related to discovery was entered in February 2011 and discovery has commenced.

Public Finance Transactions

Within the public finance category, $1,037.9 million was rated BIG with the largest BIG exposure being a public finance transaction for sewer service in Jefferson County, Alabama. The Company's total exposure to this transaction is approximately $187.6 million of net par. The Company has reinsured debt service payments during the year and expects to make additional payments to the cedants in the near term. The Company is continuing its risk remediation efforts for this exposure.

Other Sectors and Transactions

The Company continues to closely monitor other sectors and individual transactions it feels warrant the additional attention, including, as of March 31, 2011, its commercial mortgage exposure of $5.4 billion of net par, its trust preferred securities ("TruPS") collateralized debt obligations ("CDOs") exposure of $5.0 billion, its student loan exposure of $1.6 billion net par and its U.S. health care exposure of $5.0 billion of net par. Certain TruPS transactions have continued to deteriorate, and the Company has recorded gross loss reserves of $72.3 million and net loss reserves of $54.2 million on these deals.

The following summarizes U.S. subprime loss activity:

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a. The aggregate amount of U.S. subprime related net losses paid in the first three months of 2011 were $1,217,529;
b. The aggregate amount of U.S. subprime related net losses incurred in the first three months of 2011 was $30,426,831;
c. The aggregate amount of U.S. subprime related net case reserves at the end of the current reporting period were $122,331,371, and
d. The Company does not establish IBNR reserves.

22. Events Subsequent

There were no events occurring subsequent to March 31, 2011 that materially affect the Company's financial condition other than that disclosed under "Bank of America Settlement" in Note 21.

23. Reinsurance

Reinsurance Assumed and Ceded

The following table summarizes ceded and assumed unearned premiums and the related commission equity at March 31, 2011.

	Assumed		Ceded		Net	
	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity
Affiliates	$ 36,555,836	$14,622,334	$316,457,950	$84,589,045	$(279,902,114)	$(69,966,711)
Non Affiliates	158,614,011	38,141,749	12,501,965	3,107,948	146,112,046	35,033,801
Total	$195,169,847	$52,764,083	$328,959,915	$87,696,993	$(133,790,068)	$(34,932,910)
Direct Unearned Premium Reserve $994,039,722						

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

The following table is a reconciliation of the beginning and ending reserve balances for losses and loss adjustment expenses ("LAE"), net of reinsurance recoverable, for the first three months of 2011:

	Three Months Ended March 31, 2011
Reserve for unpaid losses and LAE, net of related reinsurance recoverables, at the beginning of the year	$448,872,835
Add:	
Provision for unpaid losses and LAE for claims occurring in the current year, net of reinsurance	92,334
Provision for unpaid losses and LAE for claims occurring in prior years, net of reinsurance	(3,913,050)
Total incurred losses and LAE, net of reinsurance	(3,820,716)
Deduct:	
Losses and LAE payments (net of recoverables) for claims occurring in the current year	14,245
Losses and LAE payments (net of recoverables) for claims occurring in prior years	42,538,355
Total Losses and LAE payments (net of recoverables) for claims during the current year	42,552,600
Reserve for unpaid losses and LAE, net of related reinsurance recoverables, at the end of the year	$402,499,520

The incurred of negative $3.8 million is primarily due to five Alt-A transactions ($-17.9 million), two Option ARM transactions ($-13.7 million), four CES transactions ($-11.4 million), two municipal transactions (-$7.6 million) and two TruPS transactions (-$3.6 million) offset by one film

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securitization ($22.3 million) and three subprime RMBS transactions ($26.7 million). See Note 21.G.

26. Intercompany Pooling Arrangements
Not applicable

27. Structured Settlements
Not applicable

28. Health Care Receivables
Not applicable

29. Participating Policies
Not applicable

30. Premium Deficiency Reserves
Not applicable

31. High Deductibles
Not applicable

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses
The net loss and LAE reserves of $402,499,520 are discounted at a rate of 5.0%, the approximate taxable equivalent yield on the Company's investment portfolio, amounting to a total discount taken of $300,214,619.

33. Asbestos/Environmental Reserves
Not applicable

34. Subscriber savings Accounts
Not applicable

35. Multiple Peril Crop Insurance
Not applicable

36. Financial Guaranty Insurance
A. No change
B. Schedule of insured financial obligations as of March 31, 2011:

Dollars in thousands	Surveillance Categories			
	BIG 1	BIG 2	BIG 3	Total
Number of policies	107	83	61	251
Remaining weighted-average contract period (in years)	13.1	7.1	16.0	11.5
Insured contractual payments outstanding:				
Principal	$4,980	$5,007	$3,269	$13,256
Interest	1,522	1,123	582	3,227
Total	$6,502	$6,130	$3,851	$16,483
Gross claim liability	$ 2,122	$869,765	$832,293	$1,704,180
Less: Gross potential recoveries - subrogation	27,927	279,578	393,031	700,536
Ceded claim liability	(2,383)	111,886	191,426	300,929
Discount, net	(1,729)	148,942	153,002	300,215
Net liability reported in the balance sheet	$(21,693)	$329,359	$ 94,834	$ 402,500
Unearned premium reserve	$7,386	$10,554	$15,899	$33,839
Reinsurance recoverables	$2,121	$90	$8,320	$10,531

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] NA [X]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/30/2008

6.4 By what department or departments?

Maryland Insurance Administration

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] NA [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information:

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

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

9.2 Has the code of ethics for senior managers been amended? Yes [X] No [ ]

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

Routine updates for new laws and regulations

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

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

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 157,703

INVESTMENT

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

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $ 0

13. Amount of real estate and mortgages held in short-term investments: $ 0

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

14.2 If yes, please complete the following:

		1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21	Bonds	$	$
14.22	Preferred Stock	$	$
14.23	Common Stock	$ 121,941,398	$ 124,246,886
14.24	Short-Term Investments	$	$
14.25	Mortgage Loans on Real Estate	$	$
14.26	All Other	$	$
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 121,941,398	$ 124,246,886
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

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

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]
If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
The Bank of New York Mellon	Onew Wall Street, New York, NY 10286
M&T Trust	25 South Charles Street, Baltimore, MD 21201

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

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

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [ ] NA [X]

   If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]

   If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [X] No [ ]

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1 Line of Business	2 Maximum Interest	3 Discount Rate	4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
Financial Guaranty		5.000	300,214,619			300,214,619	11,339,477			11,339,477
		TOTAL	300,214,619	0	0	300,214,619	11,339,477	0	0	11,339,477

5. Operating Percentages:

   5.1 A&H loss percent %

   5.2 A&H cost containment percent %

   5.3 A&H expense percent excluding cost containment expenses %

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. $

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. $

SCHEDULE F—CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
		AFFILIATES		
		US INSURERS		
		POOLS AND ASSOCIATIONS		
		ALL OTHER INSURERS		

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
States, etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama AL	L	57,510	382,208	855,447	0	70,210,118	30,842,058
2. Alaska AK	L		0		25,924,682		0
3. Arizona AZ	L		60,000		0		0
4. Arkansas AR	L	230,987	213,471	3,502,013	4,760,404	117,068,598	122,287,157
5. California CA	L	121,305	1,951,097		0	2,317,060	1,246,116
6. Colorado CO	L		0		0		0
7. Connecticut CT	L		0		0		539,462
8. Delaware DE	L	244,333	2,684,965	13,053,389	0	(23,704,623)	4,985,410
9. District of Columbia DC	L		0		0		0
10. Florida FL	L		1,597,989		0		0
11. Georgia GA	L		30,573		0		0
12. Hawaii HI	L		0		0		0
13. Idaho ID	L		0		0		0
14. Illinois IL	L	1,347,933	1,685,387		0	727,761	365,705
15. Indiana IN	L		0		0		0
16. Iowa IA	L		0		0		0
17. Kansas KS	L		0		0		0
18. Kentucky KY	L		100,000		0		0
19. Louisiana LA	L		834,347		0		0
20. Maine ME	L		0		0		0
21. Maryland MD	L	1,780,862	2,388,875	250,362	95,667	(455,912)	324,070
22. Massachusetts MA	L	131,702	158,597		0	4,746,529	2,255,718
23. Michigan MI	L		23,226		0		0
24. Minnesota MN	L	589,608	307,899		0		0
25. Mississippi MS	L	27,495	0		0		0
26. Missouri MO	L		0		0		0
27. Montana MT	L		0		0		0
28. Nebraska NE	L		0		0		0
29. Nevada NV	L		0		0		0
30. New Hampshire NH	L		0		0		0
31. New Jersey NJ	L	101,447	452,673		0		0
32. New Mexico NM	L		0		0		0
33. New York NY	L	31,591,879	37,653,900	33,923,497	35,943,112	249,487,315	185,039,432
34. No. Carolina NC	L	136,690	493,055		0		0
35. No. Dakota ND	L		0		0		0
36. Ohio OH	L	69,298	0		0		0
37. Oklahoma OK	L		0		0		0
38. Oregon OR	L		0		0		0
39. Pennsylvania PA	L	77,855	947,356		0		0
40. Rhode Island RI	L		0		0		0
41. So. Carolina SC	L		357,736		0		0
42. So. Dakota SD	L		0		0		0
43. Tennessee TN	L		296,925		0		0
44. Texas TX	L	116,472	3,613,715		0		0
45. Utah UT	L		76,403		0		0
46. Vermont VT	L	254,917	295,167		0		0
47. Virginia VA	L		0		0		0
48. Washington WA	L		0		0		0
49. West Virginia WV	L		0		0		0
50. Wisconsin WI	L		0		0		0
51. Wyoming WY	L		0		0		0
52. American Samoa AS	N		0		0		0
53. Guam GU	N		0		0		0
54. Puerto Rico PR	L		0		0		0
55. U.S. Virgin Islands VI	N		0		0		0
56. Northern Mariana Islands MP	N		0		0		0
57. Canada CN	N		0		0		0
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59. Totals	(a) 52	36,880,293	56,605,562	51,584,708	66,723,866	420,396,847	347,885,129
DETAILS OF WRITE-INS							
5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0

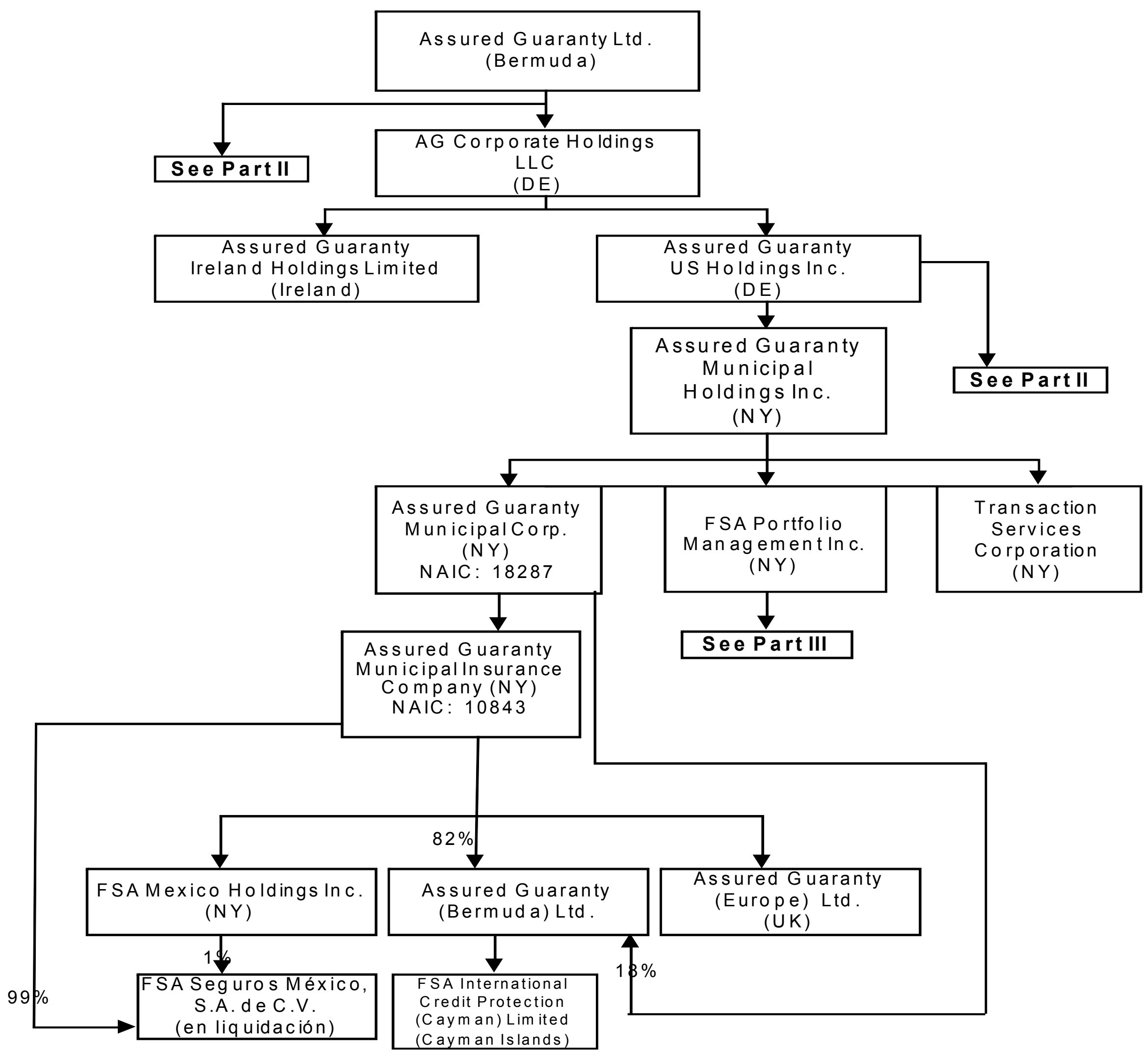
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

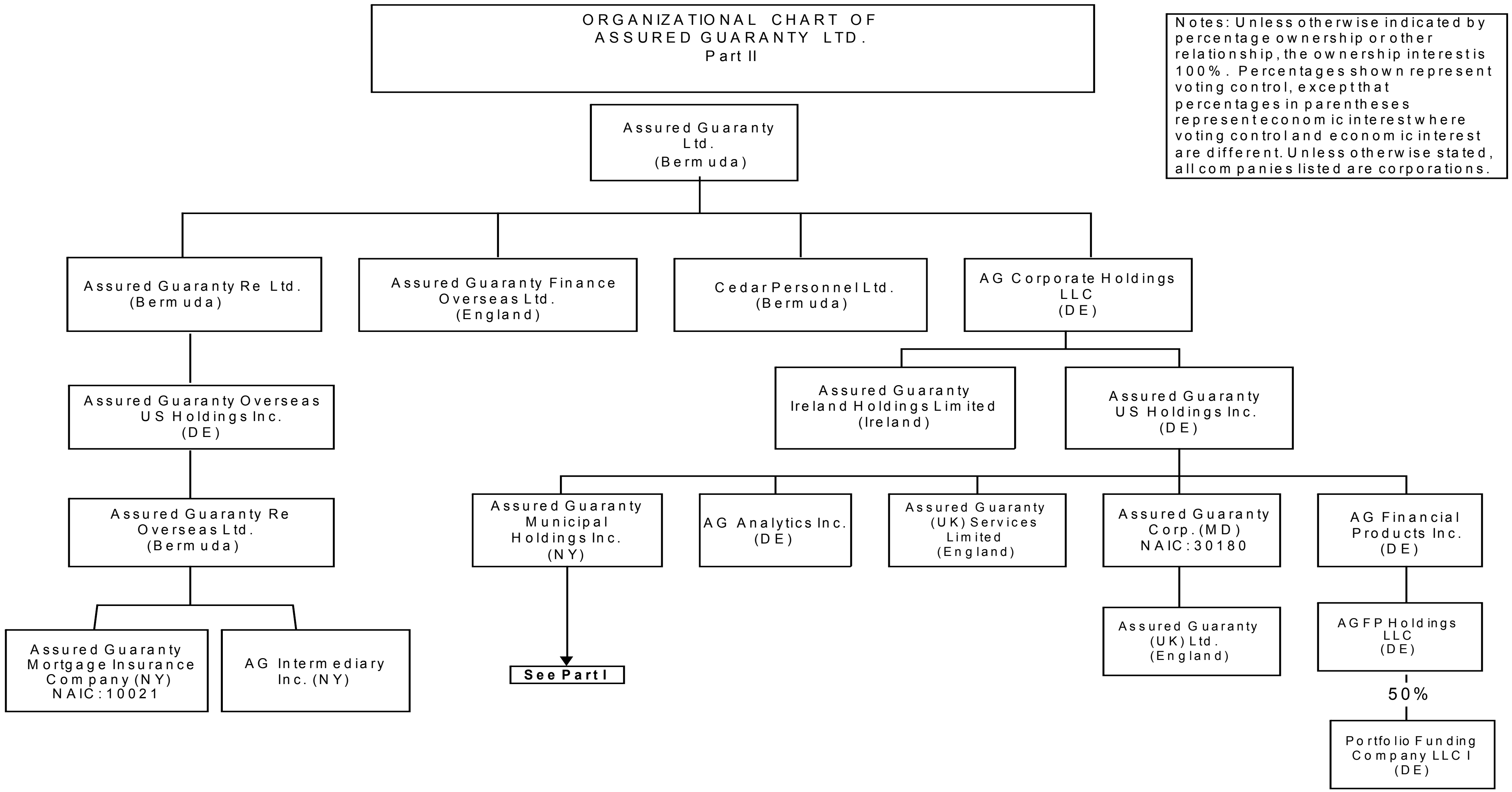
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

ORGANIZATIONAL CHART OF
ASSURED GUARANTY LTD.
Part I

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



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

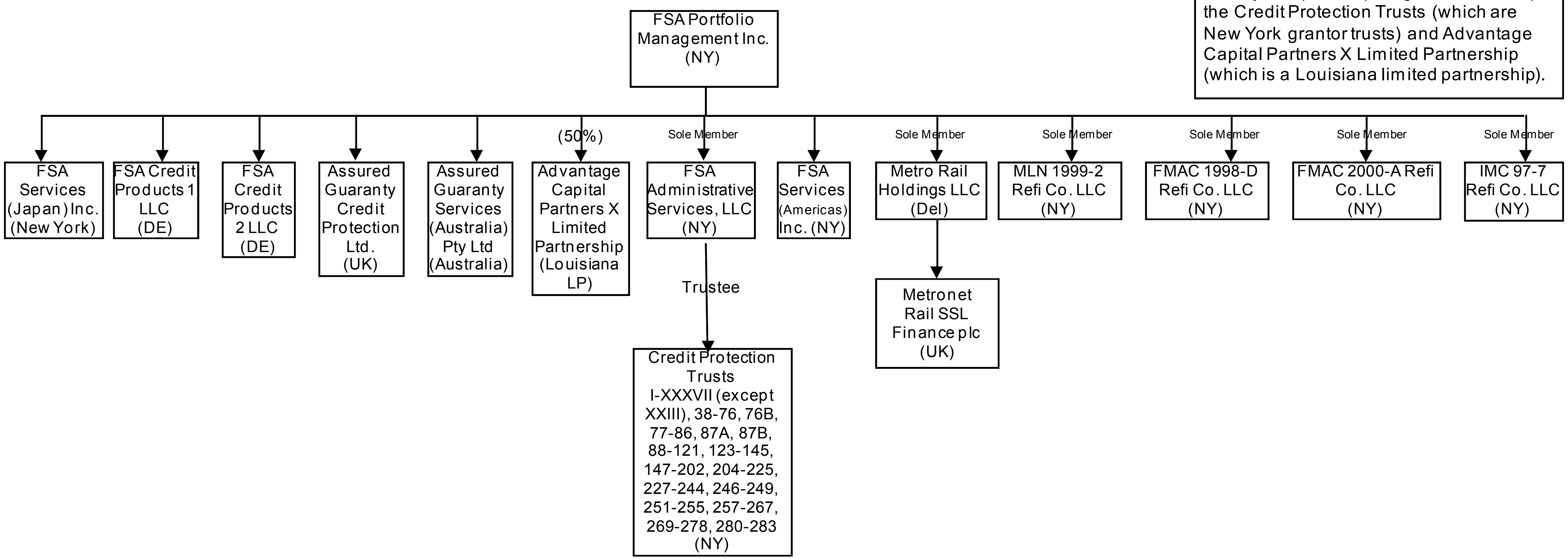


Notes: Unless otherwise indicated by percentage ownership or other relationship, the ownership interest is 100%. Percentages shown represent voting control, except that percentages in parentheses represent economic interest where voting control and economic interest are different. Unless otherwise stated,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

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

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

Notes: Unless otherwise indicated by percentage ownership or other relationship, the ownership interest is 100%. Percentages shown represent voting control, except that percentages in parentheses represent economic interest (Advantage Capital). All companies listed are corporations, except for limited liability companies (designated as LLCs), the Credit Protection Trusts (which are New York grantor trusts) and Advantage Capital Partners X Limited Partnership (which is a Louisiana limited partnership).



PART 1 - LOSS EXPERIENCE

	Line of Business	Current Year to Date 1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	4 Prior Year to Date Direct Loss Percentage
1.	Fire			0.0	0.0
2.	Allied lines			0.0	0.0
3.	Farmowners multiple peril			0.0	0.0
4.	Homeowners multiple peril			0.0	0.0
5.	Commercial multiple peril			0.0	0.0
6.	Mortgage guaranty			0.0	0.0
8.	Ocean marine			0.0	0.0
9.	Inland marine			0.0	0.0
10.	Financial guaranty	54,206,236	7,172,519	13.2	356.6
11.1	Medical professional liability - occurrence			0.0	0.0
11.2	Medical professional liability – claims made			0.0	0.0
12.	Earthquake			0.0	0.0
13.	Group accident and health			0.0	0.0
14.	Credit accident and health			0.0	0.0
15.	Other accident and health			0.0	0.0
16.	Workers' compensation			0.0	0.0
17.1	Other liability occurrence			0.0	0.0
17.2	Other liability – claims made			0.0	0.0
17.3	Excess Workers' Compensation			0.0	
18.1	Products liability - occurrence			0.0	0.0
18.2	Products liability – claims made			0.0	0.0
19.1,19.2	Private passenger auto liability			0.0	0.0
19.3,19.4	Commercial auto liability			0.0	0.0
21.	Auto physical damage			0.0	0.0
22.	Aircraft (all perils)			0.0	0.0
23.	Fidelity			0.0	0.0
24.	Surety			0.0	0.0
26.	Burglary and theft			0.0	0.0
27.	Boiler and machinery			0.0	0.0
28.	Credit			0.0	0.0
29.	International			0.0	0.0
30.	Warranty			0.0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0.0	0.0
35.	TOTALS	54,206,236	7,172,519	13.2	356.6
	DETAILS OF WRITE-INS				
3401.					
3402.					
3403.					
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

	Line of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire	0		0
2.	Allied lines	0		0
3.	Farmowners multiple peril	0		0
4.	Homeowners multiple peril	0		0
5.	Commercial multiple peril	0		0
6.	Mortgage guaranty	0		0
8.	Ocean marine	0		0
9.	Inland marine	0		0
10.	Financial guaranty	36,880,293	36,880,293	56,605,562
11.1	Medical professional liability - occurrence	0		0
11.2	Medical professional liability – claims made	0		0
12.	Earthquake	0		0
13.	Group accident and health	0		0
14.	Credit accident and health	0		0
15.	Other accident and health	0		0
16.	Workers' compensation	0		0
17.1	Other liability-occurrence	0		0
17.2	Other liability – claims made	0		0
17.3	Excess Workers' Compensation	0		
18.1	Products liability - occurrence	0		0
18.2	Products liability – claims made	0		0
19.1,19.2	Private passenger auto liability	0		0
19.3,19.4	Commercial auto liability	0		0
21.	Auto physical damage	0		0
22.	Aircraft (all perils)	0		0
23.	Fidelity	0		0
24.	Surety	0		0
26.	Burglary and theft	0		0
27.	Boiler and machinery	0		0
28.	Credit	0		0
29.	International	0		0
30.	Warranty	0		0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0
35.	TOTALS	36,880,293	36,880,293	56,605,562
	DETAILS OF WRITE-INS			
3401.				
3402.				
3403.				
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2011 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2008 + Prior	(53,120)		(53,120)	17,350		17,350	(84,661)			(84,661)	(14,191)	0	(14,191)
2. 2009	498,870		498,870	24,722		24,722	482,226			482,226	8,078	0	8,078
3. Subtotals 2009 + prior	445,750	0	445,750	42,072	0	42,072	397,565	0	0	397,565	(6,114)	0	(6,114)
4. 2010	3,122		3,122	466		466	4,857			4,857	2,201	0	2,201
5. Subtotals 2010 + prior	448,873	0	448,873	42,538	0	42,538	402,421	0	0	402,421	(3,913)	0	(3,913)
6. 2011	XXX	XXX	XXX	XXX	14	14	XXX	78		78	XXX	XXX	XXX
7. Totals	448,873	0	448,873	42,538	14	42,553	402,421	78	0	402,500	(3,913)	0	(3,913)
8. Prior Year-End Surplus As Regards Policy-holders	854,120												

Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
1. (0.9)	2. 0.0	3. (0.9)

Col. 13, Line 7 As a % of Col. 1 Line 8
4. (0.5)

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

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

Explanation:

1.

2.

3.

4.

Bar Code:

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

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

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

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

OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 25.
*ASSETS

	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
2504. Other assets	172,008	172,008	0	0
2505. Other receivables	34,917	34,917	0	0
2506. Rent receivable	542,602		542,602	718,417
2597. Summary of remaining write-ins for Line 25 from Page 02	749,527	206,925	542,602	718,417

PQ003 Additional Aggregate Lines for Page 03 Line 25.
*LIAB

	1 Current Statement Date	2 December 31, Prior Year
2504. Miscellaneous liability	5,545,693	1,772,671
2505. Direct losses payable		425,263
2597. Summary of remaining write-ins for Line 25 from Page 03	5,545,693	2,197,934

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	2,859,967	1,530,473
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		1,404,114
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		0
8. Deduct current year's depreciation	30,358	74,621
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	2,829,609	2,859,967
10. Deduct total nonadmitted amounts	2,829,609	2,859,967
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	43,413,528	30,913,528
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	7,654,995	12,500,000
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	51,068,523	43,413,528
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	51,068,523	43,413,528

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	2,483,155,371	2,050,295,103
2. Cost of bonds and stocks acquired	199,439,336	1,289,181,577
3. Accrual of discount	2,342,346	7,507,136
4. Unrealized valuation increase (decrease)	2,305,488	1,346,645
5. Total gain (loss) on disposals	2,086,521	2,587,531
6. Deduct consideration for bonds and stocks disposed of	161,239,659	851,457,477
7. Deduct amortization of premium	3,747,719	15,363,505
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized	2,077,204	941,639
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	2,522,264,480	2,483,155,371
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	2,522,264,480	2,483,155,371

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	2,566,499,842	384,669,715	403,976,144	(17,225,915)	2,529,967,498	0	0	2,566,499,842
2. Class 2 (a)	13,840,645		8,468,829	13,678,329	19,050,145	0	0	13,840,645
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	2,580,340,487	384,669,715	412,444,973	(3,547,586)	2,549,017,643	0	0	2,580,340,487
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	2,580,340,487	384,669,715	412,444,973	(3,547,586)	2,549,017,643	0	0	2,580,340,487

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $ 129,910,314 ; NAIC 2 $; NAIC 3 $; NAIC 4 $; NAIC 5 $; NAIC 6 $

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	15,442,492	XXX	15,414,931	0	3,926

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	97,257,706	550,933,461
2. Cost of short-term investments acquired	7,506,987	199,258,396
3. Accrual of discount	23,081	166,435
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		(8)
6. Deduct consideration received on disposals	89,343,793	653,100,578
7. Deduct amortization of premium	1,489	0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	15,442,492	97,257,706
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	15,442,492	97,257,706

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	125,432,915	157,093,314
2. Cost of cash equivalents acquired	207,511,573	1,230,333,167
3. Accrual of discount	14,963	129,930
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals	194	221
6. Deduct consideration received on disposals	191,729,781	1,262,123,717
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	141,229,864	125,432,915
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	141,229,864	125,432,915

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

SCHEDULE BA - PART 2

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

1	2	Location		5	6	7	8	9	10	11	12	13
		3	4									
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership
000000-00-0	US Mtg Ins Co Tax & Loss Bonds	New York	NY	Direct		03/16/2011		7,654,995				100.000
3799999 - Any Other Class of Assets - Unaffiliated								7,654,995				XXX
3999999 – Subtotals Unaffiliated								7,654,995	0	0	0	XXX
4099999 – Subtotals Affiliated								0	0	0	0	XXX
4199999 TOTALS								7,654,995	0	0	0	XXX

SCHEDULE BA - PART 3

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

1	2	Location		5	6	7	8	Change in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9+10-11+12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
3999999 – Subtotals Unaffiliated																			
4099999 – Subtotals Affiliated																			
4199999 TOTALS																			

NONE

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
3135G0-BA-0	FANNIE MAE		03/09/2011	VARIOUS		5,491,541	5,500,000	2,177	1FE
912828-PR-5	UNITED STATES TREASURY NOTE		03/11/2011	VARIOUS		2,496,981	2,500,000	1,209	1FE
912828-QJ-2	US Treas Note/Bond		03/23/2011	VARIOUS		17,154,842	17,000,000	20,615	1FE
0599999 - Total - Bonds - U.S. Governments						25,143,363	25,000,000	24,001	XXX
930863-Z5-7	NC Wake Co GO NC S11		03/15/2011	Goldman Sachs		7,248,821	6,150,000	0	1FE
64966J-EQ-5	NY NYC GO NC S11		03/14/2011	Merrill Lynch		6,807,819	6,045,000	0	1FE
70914P-KZ-4	PA GO NC S09		02/07/2011	Added by SunGard		5,696,000	5,000,000	27,083	1FE
83710D-4F-2	SC GO NC S11		02/17/2011	JP Morgan Securities		11,482,200	10,000,000	0	1FE
442331-TN-4	TX Houston GO NC S10A		02/08/2011	MORGAN GUANTRY		8,478,719	7,495,000	66,622	1FE
97705L-C9-6	WI GO C21 S11		01/12/2011	JP Morgan Securities		10,567,500	10,000,000	0	1FE
1799999 - Total - Bonds - U.S. States, Territories and Possessions						50,281,057	44,690,000	93,705	XXX
2499999 - Total - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						0	0	0	XXX
3128PU-EW-8	FG J14649		03/18/2011	VARIOUS		19,903,125	20,000,000	29,167	1FE
3128PU-HG-0	FG J14731		03/18/2011	VARIOUS		19,903,125	20,000,000	29,167	1FE
38376G-B6-6	GOVERNMENT NATIONAL MORTGAGE A 11-		01/04/2011	JEFFRIES		1,630,508	1,750,000	5,250	1FE
01F032-44-3	FNCI 3.5 4/11		03/17/2011	BARCLAYS CAPITAL		5,040,625	5,000,000	8,264	1FE
60535G-AX-0	MS HSG PAC		01/04/2011	George K Baum		789,375	750,000	2,625	1FE
64971M-6R-8	NY NYC TFA C20 S11C		01/13/2011	BARCLAYS CAPITAL		5,330,550	5,000,000	0	1FE
882756-R8-4	TX PFA Unemploy C16 S10A		02/07/2011	JEFFRIES		7,155,163	6,415,000	49,003	1FE
29270C-VZ-5	WA Egy NW NC S10A		02/08/2011	Added by SunGard		7,969,570	7,000,000	38,889	1FE
29270C-WA-9	WA Egy NW Wash Elec NC S10A		02/07/2011	LEBENTHAL & CO LLC		6,258,974	5,510,000	29,846	1FE
96634R-AM-4	WHITING IN BP RPDCTS 5.0000% 01-01		03/29/2011	BANK OF NEW YORK		10,821,200	10,000,000	0	1FE
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...						84,802,215	81,425,000	192,210	XXX
173067-AC-3	CGCMT 2004-C1 A3		03/28/2011	CITIGROUP GLOBAL MARKETS		5,106,385	4,936,500	21,603	1FE
05531F-AG-8	BB&T CORPORATION		02/28/2011	Added by SunGard		1,248,263	1,250,000	0	1FE
44328M-AB-0	HSBC BANK PLC		03/02/2011	UBS Securities		3,069,870	3,000,000	20,125	1FE
3899999 - Total - Bonds - Industrial, Misc.						9,424,517	9,186,500	41,728	XXX
8399997 - Total - Bonds - Part 3						169,651,153	160,301,500	351,643	XXX
8399999 - Total - Bonds						169,651,153	160,301,500	351,643	XXX
8999999 - Total - Preferred Stocks						0	XXX	0	XXX
55376T-42-9	MTB MONEY MARKET FUND		03/31/2011	AGC TRANSFERS	29,788,185.840	29,788,186		0	
9399999 - Total - Common Stocks - Money Market Mutual Funds						29,788,186	XXX	0	XXX
9799997 - Total - Common Stocks - Part 3						29,788,186	XXX	0	XXX
9799999 - Total - Common Stocks						29,788,186	XXX	0	XXX
9899999 - Total - Preferred and Common Stocks						29,788,186	XXX	0	XXX
9999999 Totals						199,439,339	XXX	351,643	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0 .

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value: 11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.	16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)
3136FM-FG-4	FANNIE MAE		03/31/2011	CALLED @ 100.0000000		1,000,000	1,000,000	999,547	999,715	0	285	0	285	0	1,000,000	0	0	0	10,000	03/30/2015	1FE
880591-DW-9	TENNESSEE VALLEY AUTH		03/28/2011	JP Morgan Securities		5,424,900	5,000,000	5,513,000	5,367,129	0	(33,589)	0	(33,589)	0	5,333,540	0	91,360	91,360	158,333	08/01/2013	1FE
912828-HT-0	UNITED STATES TREAS NTS		02/23/2011	Added by SunGard		15,609,325	15,000,000	15,624,660	15,357,754	0	(23,912)	0	(23,912)	0	15,333,842	0	275,483	275,483	201,692	02/28/2013	1FE
0599999 - Bonds - U.S. Governments						22,034,225	21,000,000	22,137,207	21,724,598	0	(57,216)	0	(57,216)	0	21,667,382	0	366,843	366,843	370,025	XXX	XXX
1799999 - Bonds - U.S. States, Territories and Possessions						0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
442330-T8-9	HOUSTON TEX REF		03/01/2011	CALLED @ 100.0000000		5,000,000	5,000,000	5,353,950	5,007,800	0	(7,800)	0	(7,800)	0	5,000,000	0	0	0	137,500	03/01/2016	1FE
614121-QB-0	MONTGOMERY TEX INDPT SCH DIST G.O.		02/15/2011	CALLED @ 100.0000000		1,845,000	1,845,000	1,775,628	1,837,761	0	7,239	0	7,239	0	1,845,000	0	0	0	46,125	02/15/2026	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						6,845,000	6,845,000	7,129,578	6,845,561	0	(561)	0	(561)	0	6,845,000	0	0	0	183,625	XXX	XXX
047856-EX-3	ATLANTA GA URBAN RESIDENTIAL		03/02/2011	CALLED @ 100.0000000		240,000	240,000	251,760	251,512	0	(11,512)	0	(11,512)	0	240,000	0	0	0	2,223	03/01/2041	1FE
130178-JD-9	CALIFORNIA EDL FACL AUTH REV		03/17/2011	BANK OF NEW YORK		6,218,073	5,700,000	6,650,260	6,639,609	0	(3,847)	0	(3,847)	0	6,635,762	0	(417,689)	(417,689)	148,042	03/15/2039	1FE
16756K-BF-3	CHICAGO ILL MOTOR FUEL TAX REV MOT		01/01/2011	Sink PMT @ 100.0000000		1,090,000	1,090,000	1,079,111	1,087,333	0	2,667	0	2,667	0	1,090,000	0	0	0	0	01/01/2014	1FE
31398P-4B-2	FANNIE MAE 1039 TG		02/25/2011	VARIOUS		1,911,257	1,854,790	1,896,450	1,903,131	0	(2,391)	0	(2,391)	0	1,900,739	0	10,518	10,518	17,194	10/25/2037	1FE
3128PQ-Q8-7	FHLMC PC GOLD 15 YR		03/15/2011	PRINCIPAL RECEIPT		465,412	465,412	487,519	483,919	0	(18,507)	0	(18,507)	0	465,412	0	0	0	2,903	12/01/2024	1FE
31394H-4Z-1	FHLMC REMIC SERIES 2664		03/15/2011	PRINCIPAL RECEIPT		582,197	582,197	606,394	613,418	0	(31,221)	0	(31,221)	0	582,197	0	0	0	4,256	04/15/2031	1FE
31395H-BX-7	FHLMC REMIC SERIES 2866		03/15/2011	PRINCIPAL RECEIPT		169,519	169,519	176,882	176,208	0	(6,689)	0	(6,689)	0	169,519	0	0	0	1,261	08/15/2034	1FE
31396A-AV-6	FHLMC REMIC SERIES 3031		03/15/2011	PRINCIPAL RECEIPT		160,522	160,522	167,244	167,052	0	(6,530)	0	(6,530)	0	160,522	0	0	0	872	08/15/2033	1FE
31398J-AX-1	FHR 3558 JA		03/15/2011	PRINCIPAL RECEIPT		204,413	204,413	209,524	209,814	0	(5,401)	0	(5,401)	0	204,413	0	0	0	1,016	12/15/2023	1FE
31417V-PV-9	FNMA PASS-THRU INT 15 YEAR		03/25/2011	PRINCIPAL RECEIPT		135,597	135,597	142,249	141,185	0	(5,588)	0	(5,588)	0	135,597	0	0	0	766	12/01/2024	1FE
31417V-PW-7	FNMA PASS-THRU INT 15 YEAR		03/25/2011	PRINCIPAL RECEIPT		1,069,908	1,069,908	1,118,369	1,112,768	0	(42,859)	0	(42,859)	0	1,069,908	0	0	0	6,371	12/01/2024	1FE
31394U-FQ-0	FNMA REMIC TRUST 2005-95		03/25/2011	PRINCIPAL RECEIPT		156,776	156,776	164,002	163,487	0	(6,711)	0	(6,711)	0	156,776	0	0	0	981	03/25/2033	1FE
31396Q-F5-3	FNMA REMIC TRUST 2009-75		03/25/2011	PRINCIPAL RECEIPT		221,986	221,986	227,189	227,216	0	(5,230)	0	(5,230)	0	221,986	0	0	0	1,209	09/25/2036	1FE
31398R-3Q-6	FNR 2010-53 DG		02/25/2011	VARIOUS		9,106,645	8,980,044	9,154,033	9,145,738	0	(9,554)	0	(9,554)	0	9,136,184	0	(29,539)	(29,539)	74,329	02/01/2028	1
373541-A2-7	GEORGIA MUN ELEC AUTH PWR REV REV		01/03/2011	CALLED @ 100.0000000		55,000	55,000	54,833	55,000	0	0	0	0	0	55,000	0	0	0	1,760	01/01/2013	1FE
373541-A7-6	GEORGIA MUN ELEC AUTH PWR REV REV		01/01/2011	Sink PMT @ 100.0000000		1,750,000	1,750,000	1,744,682	1,748,434	0	1,566	0	1,566	0	1,750,000	0	0	0	56,000	01/01/2013	1FE
373541-QQ-7	GEORGIA MUN ELEC AUTH PWR REV REV		01/01/2011	VARIOUS		85,000	85,000	84,649	84,930	0	70	0	70	0	85,000	0	0	0	2,720	01/01/2013	1FE
451296-K9-7	IDAHO HSG AGY SIN		01/03/2011	Sink PMT @ 100.0000000		25,000	25,000	24,938	24,963	0	37	0	37	0	25,000	0	0	0	781	07/01/2027	1FE
64985W-D2-7	NEW YORK ST ENVIRONMENTAL FACS REV		03/01/2011	CALLED @ 100.0000000		4,060,000	4,060,000	4,155,778	4,060,000	0	0	0	0	0	4,060,000	0	0	0	158,949	07/15/2016	1FE
64985W-D6-8	NEW YORK ST ENVIRONMENTAL FACS REV		03/18/2011	VARIOUS		5,059,999	5,059,999	5,059,999	5,060,000	0	0	0	0	0	5,059,999	0	0	0	200,660	07/15/2018	1FE
658203-PH-1	NORTH CAROLINA MUN PWR AGY NO CAT		01/03/2011	CALLED @ 100.0000000		1,815,000	1,815,000	1,845,479	1,839,641	0	(24,641)	0	(24,641)	0	1,815,000	0	0	0	49,913	01/01/2013	1FE
667027-C8-7	NORTHSIDE TEX INDPT SCH DIST ULT		02/15/2011	CALLED @ 100.0000000		1,910,000	1,910,000	1,956,967	1,914,694	0	(4,694)	0	(4,694)	0	1,910,000	0	0	0	47,750	02/15/2026	1FE
798147-K6-0	SAN JOSE CALIF REDEV AGY TAX A TAX		03/31/2011	RBC		396,808	450,000	478,733	469,467	0	(638)	0	(638)	0	468,829	0	(72,021)	(72,021)	15,201	08/01/2023	2FE
873519-HP-0	TACOMA WASH ELEC SYS REV REF		01/03/2011	CALLED @ 101.0000000		5,050,000	5,000,000	5,054,258	5,050,000	0	0	0	0	0	5,050,000	0	0	0	143,750	01/01/2016	1FE
944314-HE-6	WAYNE CHARTER CNTY MICH ARPT R ARP		01/03/2011	CALLED @ 100.0000000		4,000,000	4,000,000	4,094,800	4,000,000	0	0	0	0	0	4,000,000	0	0	0	27,417	12/01/2014	2FE
97710N-ZL-3	WISCONSIN ST HEALTH & EDL FACS REV		03/01/2011	CALLED @ 100.0000000		4,000,000	4,000,000	4,168,440	4,000,000	0	0	0	0	0	4,000,000	0	0	0	67,222	06/01/2018	2FE
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...						49,939,112	49,241,163	51,054,542	50,629,519	0	(181,673)	0	(181,673)	0	50,447,843	0	(508,731)	(508,731)	1,033,546	XXX	XXX
22546Q-AA-5	CREDIT SUISSE NEW YORK	R	03/04/2011	Added by SunGard		1,649,070	1,500,000	1,641,870	1,610,561	0	(5,521)	0	(5,521)	0	1,605,040	0	44,030	44,030	29,333	05/01/2014	1FE
06051G-DY-2	BANK OF AMERICA CORP		02/18/2011	Added by SunGard		5,679,700	5,000,000	5,707,650	5,551,308	0	(20,025)	0	(20,025)	0	5,531,283	0	148,417	148,417	101,406	05/15/2014	1FE
064149-A5-6	BANK OF NOVA SCOTIA		03/31/2011	BARCLAYS CAPITAL		1,021,120	1,000,000	998,900	999,237	0	91	0	91	0	999,328	0	21,792	21,792	15,563	01/22/2013	1FE
17305E-ER-2	CCCIT 2009-A5 A5		02/18/2011	NOMURA SECURITIES INT'L I		7,654,102	7,500,000	7,492,875	7,495,237	0	307	0	307	0	7,495,544	0	158,558	158,558	28,594	12/23/2014	1FE
12629E-AF-2	CSAB MTG-BCKD TR 2007-1		03/25/2011	PRINCIPAL RECEIPT		307,150	307,150	246,351	252,287	0	54,863	0	54,863	0	307,150	0	0	0	3,768	05/25/2037	1Z*
02149Q-AE-0	CWALT INC 2007 OA10		03/25/2011	PRINCIPAL RECEIPT		2,000,243	2,000,243	1,257,482	1,047,255	0	1,054,551	101,563	952,988	0	2,000,243	0	0	0	2,848	09/25/2047	1FE
34529H-AC-7	FORDO 2009-E A3		02/18/2011	VARIOUS		4,330,461	4,300,000	4,307,559	4,304,067	0	(336)	0	(336)	0	4,303,731	0	26,730	26,730	10,482	01/15/2014	1FE
742718-DR-7	PROCTER & GAMBLE SR NT		02/09/2011	VARIOUS		15,633,405	15,500,000	15,488,685	15,492,731	0	478	0	478	0	15,493,210	0	140,195	140,195	112,483	08/01/2012	1FE
872227-AH-6	TBW MTG BKD TR 2007-2		03/25/2011	PRINCIPAL RECEIPT		553,071	553,071	328,124	329,250	0	223,821	0	223,821	0	553,071	0	0	0	874	07/25/2037	1Z*

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
88158A-AJ-1	TERWIN MORTGAGE TRUST 07-9 SL		03/25/2011	PRINCIPAL RECEIPT		80,890	80,890	65,064	66,616	0	14,274	0	14,274	0	80,890	0	0	0	351	06/25/2038	1Z*
88158A-AA-0	TERWIN MTG TR 2007-SL9		03/25/2011	PRINCIPAL RECEIPT		112,336	112,336	76,939	75,646	0	36,690	0	36,690	0	112,336	0	0	0	670	06/25/2038	1Z*
93936R-AC-8	WASHINGTON MUTUAL MTG PASS THROUG		02/16/2011	VARIOUS		5,961,785	4,276,701	4,277,016	4,277,036	0	(46)	0	(46)	0	4,276,990	0	1,684,795	1,684,795	14,709	05/25/2047	1Z*
98153Y-AC-8	WOART 2010-A A3		02/08/2011	NOMURA SECURITIES INT'L I		4,680,008	4,656,000	4,655,371	4,655,660	0	32	0	32	0	4,655,692	0	24,315	24,315	9,705	12/16/2013	1FE
2515A0-T4-5	DEUTSCHE BANK AG LONDON	R	02/18/2011	Added by SunGard		5,078,000	5,000,000	4,995,100	4,996,649	0	210	0	210	0	4,996,860	0	81,140	81,140	73,559	01/11/2013	1FE
3899999 - Bonds - Industrial and Miscellaneous						54,741,341	51,786,392	51,538,986	51,153,540	0	1,359,389	101,563	1,257,826	0	52,411,368	0	2,329,972	2,329,972	404,345	XXX	XXX
8399997 - Bonds - Part 4						133,559,678	128,872,555	131,860,313	130,353,218	0	1,119,939	101,563	1,018,376	0	131,371,593	0	2,188,084	2,188,084	1,991,541	XXX	XXX
8399999 - Total - Bonds						133,559,678	128,872,555	131,860,313	130,353,218	0	1,119,939	101,563	1,018,376	0	131,371,593	0	2,188,084	2,188,084	1,991,541	XXX	XXX
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
55376T-42-9	MTB MONEY MARKET FUND		03/31/2011	VARIOUS	27,679,980.580	27,679,981		27,679,981	1,546,948	0	0	0	0	0	27,679,981	0	0	0	401		
9399999 - Common Stocks - Money Market Mutual Funds						27,679,981	XXX	27,679,981	1,546,948	0	0	0	0	0	27,679,981	0	0	0	401	XXX	XXX
9799997 - Common Stocks - Part 4						27,679,981	XXX	27,679,981	1,546,948	0	0	0	0	0	27,679,981	0	0	0	401	XXX	XXX
9799999 - Total - Common Stocks						27,679,981	XXX	27,679,981	1,546,948	0	0	0	0	0	27,679,981	0	0	0	401	XXX	XXX
9899999 - Total - Preferred and Common Stocks						27,679,981	XXX	27,679,981	1,546,948	0	0	0	0	0	27,679,981	0	0	0	401	XXX	XXX
9999999 Totals						161,239,659	XXX	159,540,294	131,900,166	0	1,119,939	101,563	1,018,376	0	159,051,574	0	2,188,084	2,188,084	1,991,942	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0 .

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
JPMORGAN CHASE NEW YORK, NY			3,926		23,769,743	6,423,413	397,108	XXX
JPMORGAN CHASE LONDON, UK					727,509	703,193	557,213	XXX
NATIONAL AUSTRALIA BANK SYDNEY, AUSTRALIA					183,510	150,070	105,816	XXX
BNY MELLON NEW YORK, NY					0	(68,314)	(68,313)	XXX
CASH IN COMPANY'S OFFICE NEW YORK, NY					722	722	670	XXX
0199998 Deposits in .... depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Totals - Open Depositories	XXX	XXX	3,926		24,681,484	7,209,084	992,494	XXX
0399999 Total Cash on Deposit	XXX	XXX	3,926		24,681,484	7,209,084	992,494	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total	XXX	XXX	3,926		24,681,484	7,209,084	992,494	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
TREASURY BILL		03/22/2011	0.000	04/21/2011	11,319,550		
0199999 - U.S. Governments - Issuer Obligations					11,319,550		
0599999 - Total - U.S. Government Bonds					11,319,550		
7799999 - Total - Issuer Obligations					11,319,550		
8399999 - Total - Bonds					11,319,550	0	0
CASH RESERVED FUND		03/31/2011	0.010	03/03/3000	129,910,314		46,170
8599999 - Other Cash Equivalents					129,910,314		46,170
8699999 Total Cash Equivalents					141,229,864	0	46,170