



QUARTERLY STATEMENT

AS OF JUNE 30, 2011
OF THE CONDITION AND AFFAIRS OF THE

Assured Guaranty Corp.

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

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

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

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

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

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

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

Internet Web Site Address www.assuredguaranty.com

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

OFFICERS

Name	Title	Name	Title
<u>Dominic John Frederico</u> ,	<u>President</u>	<u>James Michael Michener</u> ,	<u>Secretary</u>
<u>Donald Hal Paston</u> ,	<u>Treasurer</u>		

OTHER OFFICERS

<u>Howard Wayne Albert</u> ,	<u>Chief Risk Officer</u>	<u>Robert Adam Bailenson</u> ,	<u>Chief Financial Officer</u>
<u>Laura Ann Bieling #</u> ,	<u>Controller</u>	<u>Russell Brown Brewer II</u> ,	<u>Chief Surveillance Officer</u>
<u>Stephen Donnarumma</u> ,	<u>Chief Credit Officer</u>	<u>William John Findlay</u> ,	<u>Managing Director</u>
<u>Dominic John Frederico</u> ,	<u>Chief Executive Officer</u>	<u>James Michael Michener</u> ,	<u>General Counsel</u>
			<u>Assistant Vice President Statutory Accounting</u>
<u>Robert Bruce Mills</u> ,	<u>Chief Operating Officer</u>	<u>John Mahlon Ringler</u> ,	
<u>Benjamin Gad Rosenblum</u> ,	<u>Chief Actuary</u>		

DIRECTORS OR TRUSTEES

<u>Howard Wayne Albert</u>	<u>Robert Adam Bailenson</u>	<u>Russell Brown Brewer II</u>	<u>Gon Ling Chow #</u>
<u>Dominic John Frederico</u>	<u>James Michael Michener</u>	<u>Robert Bruce Mills</u>	<u>Donald Hal Paston</u>
<u>Bruce Elliot Stern</u>			

State ofNew York.....

ss

County ofNew 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
President

James Michael Michener
Secretary

Donald Hal Paston
Treasurer

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

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

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

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,456,240,184		2,456,240,184	2,357,649,867
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	140,865,200		140,865,200	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)	2,799,253	2,799,253	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 (\$65,709,000), cash equivalents (\$174,437,048) and short-term investments (\$8,351,720)	248,497,768		248,497,768	238,776,436
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	51,069,426	12,500,000	38,569,426	43,413,528
9. Receivables for securities			0	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)	2,899,471,831	15,299,253	2,884,172,578	2,765,345,333
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	27,603,425		27,603,425	26,853,330
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	40,357,848	651,859	39,705,989	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	6,613,595		6,613,595	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	7,035		7,035	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	24,524,944		24,524,944	31,492,656
18.2 Net deferred tax asset	129,357,951	76,658,240	52,699,711	75,956,937
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	449,398	14,516	434,882	224,778
21. Furniture and equipment, including health care delivery assets (\$)	1,841,647	1,841,647	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	152,196		152,196	29,315
23. Receivables from parent, subsidiaries and affiliates	36,494,304	91,153	36,403,151	28,253,957
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	15,753,390	1,118,416	14,634,974	10,977,935
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,183,113,140	95,675,084	3,087,438,056	2,999,582,652
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	3,183,113,140	95,675,084	3,087,438,056	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	14,372,801		14,372,801	10,259,518
2502. Prepaid expense	780,518	780,518	0	0
2503. Security deposit	92,436	92,436	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	507,635	245,462	262,173	718,417
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	15,753,390	1,118,416	14,634,974	10,977,935

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 4,795,525)	476,140,204	442,538,782
2. Reinsurance payable on paid losses and loss adjustment expenses	1,264,464	522,102
3. Loss adjustment expenses	6,024,767	6,334,053
4. Commissions payable, contingent commissions and other similar charges	4,808,766	4,811,373
5. Other expenses (excluding taxes, licenses and fees)	39,650,000	65,883,381
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	(5,649,690)	(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 \$ 321,189,190 and including warranty reserves of \$)	847,983,093	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)	10,125,162	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	(356,320)	(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	14,048,782	11,535,831
20. Derivatives		0
21. Payable for securities	23,730,892	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	596,196,668	721,720,136
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,021,380,606	2,145,462,694
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	2,021,380,606	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)	(172,792,426)	(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)	1,066,057,449	854,119,958
38. Totals (Page 2, Line 28, Col. 3)	3,087,438,055	2,999,582,652
DETAILS OF WRITE-INS		
2501. Supplemental Executive Retirement Plan	14,372,801	10,259,518
2502. Contingency Reserve	574,033,372	702,621,187
2503. Liability for Sublease	5,506,151	6,641,497
2598. Summary of remaining write-ins for Line 25 from overflow page	2,284,344	2,197,934
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	596,196,668	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 \$ 67,991,382)	95,598,909	91,758,540	183,231,115
1.2 Assumed (written \$ 4,299,218)	20,300,473	16,371,135	31,683,590
1.3 Ceded (written \$ 19,541,577)	34,448,816	28,998,843	58,393,569
1.4 Net (written \$ 52,749,023)	81,450,566	79,130,832	156,521,136
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 4,796,666):			
2.1 Direct	(12,468,112)	167,204,796	348,694,827
2.2 Assumed	(16,626,191)	(3,169,004)	22,027,717
2.3 Ceded	(7,329,107)	43,455,052	94,271,473
2.4 Net	(21,765,196)	120,580,740	276,451,070
3. Loss adjustment expenses incurred	2,805,297	3,396,691	8,159,484
4. Other underwriting expenses incurred	56,010,323	51,662,315	111,821,376
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	37,050,424	175,639,746	396,431,930
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	44,400,142	(96,508,914)	(239,910,794)
INVESTMENT INCOME			
9. Net investment income earned	47,327,224	41,452,492	82,580,832
10. Net realized capital gains (losses) less capital gains tax of \$	50,614	2,050,207	740,395
11. Net investment gain (loss) (Lines 9 + 10)	47,377,838	43,502,699	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	995,161	209,496	(773,472)
15. Total other income (Lines 12 through 14)	995,161	209,496	(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)	92,773,141	(52,796,719)	(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)	92,773,141	(52,796,719)	(157,363,039)
19. Federal and foreign income taxes incurred	(31,851,222)	3,651,898	24,723,889
20. Net income (Line 18 minus Line 19)(to Line 22)	124,624,363	(56,448,617)	(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)	124,624,363	(56,448,617)	(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 \$	4,372,630	(3,938,442)	1,346,645
25. Change in net unrealized foreign exchange capital gain (loss)	122,883	(87,383)	193,723
26. Change in net deferred income tax	(47,227,849)	(43,488,824)	78,918,297
27. Change in nonadmitted assets	11,457,968	692,007	(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)	(30,000,960)	(50,001,600)
36. Change in treasury stock		0	0
37. Aggregate write-ins for gains and losses in surplus	128,587,815	(71,041,406)	(146,812,907)
38. Change in surplus as regards policyholders (Lines 22 through 37)	211,937,490	(204,313,625)	(369,600,050)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	1,066,057,448	1,019,406,383	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	995,161	209,496	(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)	995,161	209,496	(773,472)
3701. Change in Contingency Reserve	128,587,815	(71,041,406)	(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)	128,587,815	(71,041,406)	(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.....	69,078,376	58,640,855	121,528,178
2. Net investment income	50,074,095	40,126,976	83,473,415
3. Miscellaneous income	988,126	201,781	(772,462)
4. Total (Lines 1 to 3)	120,140,597	98,969,612	204,229,131
5. Benefit and loss related payments	(51,848,346)	111,313,301	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	87,980,044	65,559,096	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).....	(38,818,933)	(5,901,525)	(5,880,844)
10. Total (Lines 5 through 9)	(2,687,235)	170,970,872	195,718,085
11. Net cash from operations (Line 4 minus Line 10)	122,827,832	(72,001,260)	8,511,046
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	525,506,179	210,960,650	756,359,128
12.2 Stocks	28,968,772	71,636,877	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	444	285	213
12.7 Miscellaneous proceeds	26,624,532	28,632,749	1,254,171
12.8 Total investment proceeds (Lines 12.1 to 12.7)	581,099,927	311,230,561	852,711,861
13. Cost of investments acquired (long-term only):			
13.1 Bonds	627,414,440	498,833,492	1,215,881,080
13.2 Stocks	39,955,840	50,448,036	73,300,497
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	1,404,114
13.5 Other invested assets	7,655,898	0	12,500,000
13.6 Miscellaneous applications	2,710,043	400,085	941,640
13.7 Total investments acquired (Lines 13.1 to 13.6)	677,736,221	549,681,613	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)	(96,636,294)	(238,451,052)	(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	0
16.5 Dividends to stockholders	10,000,320	30,000,960	50,001,600
16.6 Other cash provided (applied).....	(6,469,885)	(11,858,967)	(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)	(16,470,205)	(41,859,927)	(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)	9,721,333	(352,312,239)	(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)	248,497,768	401,268,563	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 June 30, 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:

	Six Months Ended June 30, 2011
Net Income, Maryland Basis	<u>\$ 124,624,363</u>
Net Income, NAIC SAP	<u>\$ 124,624,363</u>
Statutory Surplus, Maryland Basis	<u>\$1,066,057,449</u>
Statutory Surplus, NAIC SAP	<u>\$1,066,057,449</u>

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, F, G - Not applicable

D. Loan-Backed Securities

1. Prepayment assumptions for single class/multi-class asset backed and residential mortgage backed/commercial mortgage backed securities were obtained from publicly available sources and internal models.

NOTES TO FINANCIAL STATEMENTS

2. The following table summarizes by quarter other-than-temporary-impairments for loan-backed securities recorded during the year because the Company had either the intent to sell the securities, the inability or lack of intent to retain the securities, or the present value of cash flows were less than the amortized cost of the securities as cited in the table:

Description	Amortized Cost Before Other- Than-Temporary- Impairment	Other-Than- Temporary- Impairment	Fair Value
OTTI Recognized 1st Quarter			
a. Intent to sell	\$ -	\$ -	\$ -
b. Lack of intent to retain security	-	-	-
c. PV of cash flows less than amortized cost	4,328,164	737,915	3,590,249
d. Total 1st Quarter	4,328,164	737,915	3,590,249
OTTI Recognized 2nd Quarter			
e. Intent to sell	-	-	-
f. Lack of intent to retain security	-	-	-
g. PV of cash flows less than amortized cost	-	-	-
h. Total 2nd Quarter	-	-	-
i. Six-Month Aggregate Total	\$4,328,164	\$737,915	\$3,590,249

3. At June 30, 2011, the Company does not own any securities where the present value of projected cash flows expected to be collected was less than the amortized cost of the securities.
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	\$ 7,634,722	\$ (76,488)	\$ -	\$ -	\$ 7,634,722	\$ (76,488)
Multi class commercial mortgage/asset-backed securities	40,314,498	(6,268,820)	-	-	40,314,498	(6,268,820)
Total	\$47,949,220	\$(6,345,308)	\$ -	\$ -	\$47,949,220	\$(6,345,308)

5. All loan-backed securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of June 30, 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

NOTES TO FINANCIAL STATEMENTS

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

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. Stocks, excluding those for investments in subsidiaries, are reported at fair value on a recurring basis.

NOTES TO FINANCIAL STATEMENTS

The following fair value hierarchy table presents information about the Company's assets measured at fair value as of June 30, 2011:

(in thousands of dollars)

	Level 1	Level 2	Level 3	Total
Bonds	\$ -	\$ -	\$ -	\$ -
Unaffiliated stocks	<u>14,551</u>	<u>-</u>	<u>-</u>	<u>14,551</u>
Total	<u>\$14,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$14,551</u>

As of June 30, 2011, the Company does not have any securities measured at fair value in Level 2 or Level 3 categories.

Cash and Short-Term Investments

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

Bonds

Bonds with an NAIC designation of 1 and 2 are carried at amortized cost while bonds with an NAIC designation of 3 through 6 are carried at the lower of cost or fair value.

The fair value of bonds in the investment portfolio is generally based on quoted market prices received from third party pricing services or alternative pricing sources with reasonable levels of price transparency. Such quotes generally consider a variety of factors, including recent trades of the same and similar securities. If quoted market prices are not available, the valuation is based on pricing models that use dealer price quotations, price activity for traded securities with similar attributes and other relevant market factors as inputs, including security type, rating, vintage, tenor and its position in the capital structure of the issuer. The Company considers security prices from pricing services, index providers or broker-dealers to be Level 2 in the fair value hierarchy. Prices determined based upon model processes where at least one significant model assumption or input is unobservable, are considered to be Level 3 in the fair value hierarchy.

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

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 and investments in subsidiaries. Money market funds are carried at cost which approximates their fair value. 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 June 30, 2011, the fair value of the Company's net unearned premium reserve was estimated to be \$761.3 million.

NOTES TO FINANCIAL STATEMENTS

21. Other Items

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

A through F. Not applicable.

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

In both Second Quarter 2011 and First Quarter 2011, the Company chose to use loss projection curves with the same shape as that used in the fourth quarter of 2010, including retaining the initial plateau period it had used in the fourth quarter of 2010. The Company’s U.S. Residential Mortgage Backed Securities (“RMBS”) projection methodology assumes that the housing and mortgage markets will eventually recover but are doing so at a slower than expected pace.

The scenarios used to project RMBS collateral losses in Second Quarter 2011 were essentially the same as those used in the First Quarter 2011, except that, based on its observation of the continued elevated levels of early stage delinquencies, the Company adjusted its loss projection curves to reflect its view that the recovery would be longer than it had anticipated in the First Quarter 2011. The scenarios used in Second Quarter 2011 were also the same as those employed at year-end 2010, with the following exceptions: (i) the initial plateau periods were again retained; (ii) an increase in the expected period for reaching the final conditional default rate for second lien transactions from that used in the fourth quarter of 2010 was established for the First Quarter 2011 and retained in the Second Quarter 2011; (iii) the initial Alt-A first lien and Option ARM loss severities were increased from 60% at year-end 2010 to 65% in both the First and Second Quarters 2011; and (iv) the Company’s probability weightings from the fourth quarter of 2010 were adjusted in First Quarter 2011 to reflect changes to each of its second lien scenarios and such adjustments were retained in the Second Quarter 2011.

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.

NOTES TO FINANCIAL STATEMENTS

The following table shows the Company's key assumptions used in its calculation of estimated expected losses for these types of policies as of June 30, 2011 and December 31, 2010:

Key Assumptions in Base Case Expected Loss Estimates

Second-Lien RMBS ⁽¹⁾

HELOC Key Variables	June 30, 2011	December 31, 2010
Plateau conditional default rate ("CDR").....	9.2 – 19.0%	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").....	2.6 – 9.0%	3.9 - 17.5%
Final CPR.....	10%	10%
Loss Severity.....	98%	98%
Initial Draw Rate.....	0.0 – 0.3%	0.0 - 0.5%

CES Key Variables	June 30, 2011	December 31, 2010
Plateau CDR.....	4.8 – 19.8%	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.....	1.4 – 12.0%	1.3 – 9.7%
Final CPR.....	10%	10%
Loss Severity.....	98%	98%

(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 0.3%.

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 \$10.3 million for HELOC transactions and \$3.5 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 \$9.2 million for HELOC transactions and \$0.6 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 June 30, 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

NOTES TO FINANCIAL STATEMENTS

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

	June 30, 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 June 30, 2011 and December 31, 2010:

NOTES TO FINANCIAL STATEMENTS

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

	June 30, 2011	December 31, 2010
Alt-A First Lien		
Plateau CDR.....	2.8% - 22.2%	2.4% - 25.9%
Intermediate CDR.....	0.4% - 3.3%	0.4% - 3.9%
Final CDR.....	0.1% - 1.1%	0.1% - 1.3%
Initial Loss Severity.....	65%	60%
Initial CPR.....	0.0% - 28.3%	0.0% - 37.2%
Final CPR.....	10%	10%
Alt-A Option ARM		
Plateau CDR.....	8.1% - 32.1%	9.8% - 32.3%
Intermediate CDR.....	1.2% - 4.8%	1.5% - 4.8%
Final CDR.....	0.4% - 1.6%	0.5% - 1.6%
Initial Loss Severity.....	65%	60%
Initial CPR.....	0.1% - 34.3%	0.0% - 18.7%
Final CPR.....	10%	10%
Subprime		
Plateau CDR.....	7.7% - 25.3%	9.0% - 28.5%
Intermediate CDR.....	1.2% - 3.8%	1.3% - 4.3%
Final CDR.....	0.4% - 1.3%	0.4% - 1.4%
Initial Loss Severity.....	80%	80%
Initial CPR.....	0.0% - 7.6%	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 \$6.3 million for Alt-A first liens, \$4.7 million for Option ARMs, \$0.4 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 \$55.9 million for Alt-A first liens, \$15.0 million for Option ARMs, \$33.9 million for subprime and \$1.0 million for prime transactions. The 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

NOTES TO FINANCIAL STATEMENTS

pronounced, the Company's expected losses would decrease by approximately \$26.1 million for Alt-A first liens, \$9.5 million for Option ARMs, \$13.1 million for subprime and \$0.6 million for prime.

Bank of America Settlement

On April 14, 2011, the Company's ultimate parent, Assured Guaranty Ltd. ("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 insured by AGC and covered by the Bank of America Agreement have a gross par outstanding of \$1.2 billion (\$0.9 billion net par outstanding) as of June 30, 2011, or 16% of AGC's total below investment grade ("BIG") RMBS net par outstanding.

Bank of America paid \$928.0 million (approximately \$193.7 million of which was to AGC) in Second Quarter 2011 in respect of covered second lien transactions and is obligated to pay another \$171.9 million by March 2012. In consideration of the \$1.1 billion, Assured Guaranty has agreed to release its claim for the repurchase of mortgage loans underlying the eight second lien transactions (i.e., Assured Guaranty will retain the risk of future insured losses without further offset for R&W claims against Bank of America).

In addition, Bank of America will reimburse Assured Guaranty 80% of claims Assured Guaranty pays on the 21 first lien transactions, until aggregate collateral losses on such RMBS transactions reaches \$6.6 billion. The Company accounts for the 80% loss sharing agreement with Bank of America as subrogation. As the Company calculates expected losses for these 21 first lien transactions, it will include an R&W benefit from Bank of America for 80% of these amounts. As of June 30, 2011, Bank of America had placed \$1.0 billion of eligible assets in 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 June 30, 2011, estimated gross expected losses to the Company for these 9 first lien transactions, before considering R&W recoveries from Bank of America, are projected to be \$96.8 million and \$19.4 million after considering R&W recoveries. As of June 30, 2011, the Company had not paid any claims on these first lien transactions.

The benefit for R&W in 2011 reflects higher expected recoveries across all transactions as a result of the Bank of America Agreement. For transactions covered under the agreement, the R&W benefit has been updated to reflect amounts collected and expected to be collected 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 in 2011 to reflect the probability that actual recovery rates may be higher than originally expected in the three-month period ended March 31, 2011. For transactions involving R&W providers 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 transactions.

"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

NOTES TO FINANCIAL STATEMENTS

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 June 30, 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 June 30, 2011, the Company's gross expected loss for its three BIG XXX insurance transactions was \$52.1 million, and its net reserve was \$9.3 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, JPMIM filed its answer to the AG UK complaint on December 22, 2010, and, on February 9, 2011, a preliminary conference order related to discovery was entered, and discovery has commenced.

Public Finance Transactions

Within the public finance category, \$972.7 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 \$187.0 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 June 30, 2011, its commercial mortgage exposure of \$3.9 billion of net par, its trust preferred securities ("TruPS") collateralized debt obligations ("CDOs") exposure of \$4.9 billion, its student loan exposure of \$1.6 billion net par and its U.S. health care exposure of \$4.8 billion of net par. Certain TruPS transactions have continued to deteriorate, and the Company has recorded gross loss reserves of \$55.8 million and net loss reserves of \$41.8 million on these deals.

The following summarizes U.S. subprime loss activity:

- a. The aggregate amount of U.S. subprime related net losses paid in the first six months of 2011 were \$3,753,076;
- b. The aggregate amount of U.S. subprime related net losses incurred in the first six months of 2011 was \$18,550,159;

NOTES TO FINANCIAL STATEMENTS

- c. The aggregate amount of U.S. subprime related net case reserves at the end of the current reporting period were \$107,919,152, and
 d. The Company does not establish IBNR reserves.

22. Events Subsequent

There were no events occurring subsequent to June 30, 2011 that materially affect the Company's financial condition.

23. Reinsurance

Reinsurance Assumed and Ceded

The following table summarizes ceded and assumed unearned premiums and the related commission equity at June 30, 2011.

	Assumed		Ceded		Net	
	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity
Affiliates	\$ 35,100,760	\$14,040,304	\$309,226,028	\$83,033,203	\$(274,125,268)	\$(68,992,899)
Non Affiliates	148,242,513	36,372,027	11,963,162	2,950,842	136,279,351	33,421,185
Total	\$183,343,273	\$50,412,331	\$321,189,190	\$85,984,045	\$(137,845,917)	\$(35,571,714)
Direct Unearned Premium Reserve \$985,829,010						

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 six months of 2011:

	Six Months Ended June 30, 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	4,823,440
Provision for unpaid losses and LAE for claims occurring in prior years, net of reinsurance	(23,783,339)
Total incurred losses and LAE, net of reinsurance	(18,959,899)
Deduct:	
Losses and LAE payments (net of recoverables) for claims occurring in the current year	26,915
Losses and LAE payments (net of recoverables) for claims occurring in prior years	(52,278,950)
Total Losses and LAE payments (net of recoverables) for claims during the current year	(52,252,035)
Reserve for unpaid losses and LAE, net of related reinsurance recoverables, at the end of the year	\$482,164,971

The incurred of negative \$19.0 million is primarily due to seven Alt-A transactions (-\$16.6 million), two CES transactions (-\$14.5 million), four TruPS transactions (-\$15.0 million) and two municipal transactions (-\$5.4 million) offset by three subprime RMBS transactions (\$15.4 million), four HELOC transactions (\$9.7 million) and one film securitization (\$8.1 million). See Note 21.G.

26. Intercompany Pooling Arrangements

Not applicable

NOTES TO FINANCIAL STATEMENTS

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 \$482,164,971 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 \$277,967,442.

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 June 30, 2011:

<i>Dollars in thousands</i>	Surveillance Categories			
	BIG 1	BIG 2	BIG 3	Total
Number of policies	106	82	65	253
Remaining weighted-average contract period (in years)	12.8	7.2	13.5	11.3
Insured contractual payments outstanding:				
Principal	\$5,298	\$4,026	\$4,097	\$13,421
Interest	<u>1,464</u>	<u>567</u>	<u>848</u>	<u>2,879</u>
Total	<u>\$6,762</u>	<u>\$4,593</u>	<u>\$4,945</u>	<u>\$16,300</u>
Gross claim liability	\$64,224	\$701,330	\$930,916	\$1,696,470
Less: Gross potential recoveries - subrogation	93,974	233,610	288,037	615,621
Ceded claim liability	(3,462)	73,764	250,413	320,715
Discount, net	957	136,904	140,106	277,967
Net liability reported in the balance sheet	\$(27,245)	\$257,052	\$252,360	\$ 482,167
Unearned premium reserve	\$7,017	\$15,849	\$22,553	\$45,419
Reinsurance recoverables	\$1,280	\$1,167	\$4,167	\$6,614

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 No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
.....
- 9.2 Has the code of ethics for senior managers been amended?..... Yes No
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
.....
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes No
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
.....

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes No
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$33,282

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No
- 11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$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 No
- 14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$ 121,941,398	\$ 126,314,028
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	\$ 126,314,028
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
If no, attach a description with this statement.

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

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 No

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

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

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

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 No

17.2 If no, list exceptions:

.....

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				

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	L	195,931	1,034,505		460,950	31,971,390
2. Alaska	AK	L		0		25,924,682	0
3. Arizona	AZ	L		60,000		0	0
4. Arkansas	AR	L	530,959	548,264	4,983,568	9,740,903	17,216,999
5. California	CA	L	237,148	3,065,644		0	2,514,453
6. Colorado	CO	L		0		0	0
7. Connecticut	CT	L	1,187,500	0		0	0
8. Delaware	DE	L	479,146	5,200,418	18,186,285	4,163,144	(28,664,631)
9. District of Columbia	DC	L		0		0	0
10. Florida	FL	L	185,845	2,320,498		0	0
11. Georgia	GA	L		70,483		0	0
12. Hawaii	HI	L		0		0	0
13. Idaho	ID	L		0		0	0
14. Illinois	IL	L	2,172,272	3,994,490		0	810,395
15. Indiana	IN	L		0		0	0
16. Iowa	IA	L		0		0	0
17. Kansas	KS	L		95,210		0	0
18. Kentucky	KY	L		144,702		0	0
19. Louisiana	LA	L		834,347		0	0
20. Maine	ME	L	272,054	325,500		0	0
21. Maryland	MD	L	3,453,461	4,730,277	510,239	0	341,268
22. Massachusetts	MA	L	247,385	294,289		0	6,144,858
23. Michigan	MI	L		79,921		0	0
24. Minnesota	MN	L	1,973,790	671,220		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		201,000		0	0
31. New Jersey	NJ	L	275,626	928,006		0	0
32. New Mexico	NM	L		0		0	0
33. New York	NY	L	55,331,929	67,892,779	(117,029,252)	65,828,838	547,326,741
34. No. Carolina	NC	L	182,999	539,364		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	2,821,088		0	0
40. Rhode Island	RI	L		0		0	0
41. So. Carolina	SC	L		628,529		0	0
42. So. Dakota	SD	L		0		0	0
43. Tennessee	TN	L		339,316		0	0
44. Texas	TX	L	580,858	4,476,246		0	0
45. Utah	UT	L		76,403		0	0
46. Vermont	VT	L	509,833	590,333		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		10,000		0	0
51. Wyoming	WY	L		0		0	0
52. American Samoa	AS	N		0		0	0
53. Guam	GU	N		0		0	0
54. Puerto Rico	PR	L		0		0	0
55. U.S. Virgin Islands	VI	N		0		0	0
56. Northern Mariana Islands	MP	N		0		0	0
57. Canada	CN	N		0		0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	(a) 52		67,991,382	101,972,833	(93,349,160)	106,118,517	545,690,083
DETAILS OF WRITE-INS							
5801.		XXX					
5802.		XXX					
5803.		XXX					
5898. Summary of remaining write-ins for Line 58 from overflow page.		XXX	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	0	0	0	0	0

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

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

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

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

No significant change since year end.

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire			0.0	0.0
2. Allied lines			0.0	0.0
3. Farmowners multiple peril			0.0	0.0
4. Homeowners multiple peril			0.0	0.0
5. Commercial multiple peril			0.0	0.0
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine			0.0	0.0
10. Financial guaranty	95,598,909	(12,468,112)	(13.0)	182.2
11.1 Medical professional liability - occurrence			0.0	0.0
11.2 Medical professional liability - claims made			0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence			0.0	0.0
17.2 Other liability - claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability - occurrence			0.0	0.0
18.2 Products liability - claims made			0.0	0.0
19.1,19.2 Private passenger auto liability			0.0	0.0
19.3,19.4 Commercial auto liability			0.0	0.0
21. Auto physical damage			0.0	0.0
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery			0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	95,598,909	(12,468,112)	(13.0)	182.2
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	0		0
2. Allied lines	0		0
3. Farmowners multiple peril	0		0
4. Homeowners multiple peril	0		0
5. Commercial multiple peril	0		0
6. Mortgage guaranty	0		0
8. Ocean marine	0		0
9. Inland marine	0		0
10. Financial guaranty	31,111,089	67,991,382	101,972,833
11.1 Medical professional liability - occurrence	0		0
11.2 Medical professional liability - claims made	0		0
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability-occurrence	0		0
17.2 Other liability - claims made	0		0
17.3 Excess Workers' Compensation	0		0
18.1 Products liability - occurrence	0		0
18.2 Products liability - claims made	0		0
19.1,19.2 Private passenger auto liability	0		0
19.3,19.4 Commercial auto liability	0		0
21. Auto physical damage	0		0
22. Aircraft (all perils)	0		0
23. Fidelity	0		0
24. Surety	0		0
26. Burglary and theft	0		0
27. Boiler and machinery	0		0
28. Credit	0		0
29. International	0		0
30. Warranty	0		0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	31,111,089	67,991,382	101,972,833
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	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)	(102,294)		(102,294)	44,783			44,783	(4,391)	0	(4,391)
2. 2009	498,870		498,870	49,291		49,291	426,806			426,806	(22,773)	0	(22,773)
3. Subtotals 2009 + prior	445,750	0	445,750	(53,003)	0	(53,003)	471,589	0	0	471,589	(27,164)	0	(27,164)
4. 2010	3,122		3,122	724		724	5,779			5,779	3,380	0	3,380
5. Subtotals 2010 + prior	448,873	0	448,873	(52,279)	0	(52,279)	477,368	0	0	477,368	(23,783)	0	(23,783)
6. 2011	XXX	XXX	XXX	XXX	27	27	XXX	4,797		4,797	XXX	XXX	XXX
7. Totals	448,873	0	448,873	(52,279)	27	(52,252)	477,368	4,797	0	482,165	(23,783)	0	(23,783)
8. Prior Year-End Surplus As Regards Policyholders	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. (5.3)	2. 0.0	3. (5.3)
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. (2.8)

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.

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

Explanation:

- 1.
- 2.
- 3.
- 4.

Bar Code:

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

OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 25.

*ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
2504. Other assets.....	172,008	172,008	0	0
2505. Other receivables.....	34,917	34,917	0	0
2506. Rent receivable.....	300,710	38,537	262,173	718,417
2597. Summary of remaining write-ins for Line 25 from Page 02	507,635	245,462	262,173	718,417

PQ003 Additional Aggregate Lines for Page 03 Line 25.

*LIAB

	1	2
	Current Statement Date	December 31, Prior Year
2504. Miscellaneous Liability.....	2,284,344	1,772,671
2505. Direct Losses Payable.....		425,263
2597. Summary of remaining write-ins for Line 25 from Page 03	2,284,344	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.....	60,714	74,621
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....	2,799,253	2,859,967
10. Deduct total nonadmitted amounts.....	2,799,253	2,859,967
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION**Mortgage Loans**

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		0
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.....	7,655,898	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).....	51,069,426	43,413,528
12. Deduct total nonadmitted amounts.....	12,500,000	0
13. Statement value at end of current period (Line 11 minus Line 12)	38,569,426	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.....	555,999,763	1,289,181,577
3. Accrual of discount.....	4,101,831	7,507,136
4. Unrealized valuation increase (decrease).....	4,372,630	1,346,645
5. Total gain (loss) on disposals.....	2,760,213	2,587,531
6. Deduct consideration for bonds and stocks disposed of.....	443,104,434	851,457,477
7. Deduct amortization of premium.....	7,469,945	15,363,505
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....	2,710,044	941,639
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	2,597,105,385	2,483,155,371
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	2,597,105,385	2,483,155,371

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	2,529,967,498	480,726,969	370,972,876	(2,497,231)	2,529,967,498	2,637,224,360	0	2,566,499,842
2. Class 2 (a).....	19,050,145		17,250,513	4,959	19,050,145	1,804,591	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	2,549,017,643	480,726,969	388,223,389	(2,492,272)	2,549,017,643	2,639,028,951	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	2,549,017,643	480,726,969	388,223,389	(2,492,272)	2,549,017,643	2,639,028,951	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 \$.....182,788,768 ; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

S102

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	8,351,720	XXX	8,355,761	12,804	3,315

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	97,257,706	550,933,461
2. Cost of short-term investments acquired	12,816,870	199,258,396
3. Accrual of discount.....	25,035	166,435
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	(8)
6. Deduct consideration received on disposals.....	101,743,793	653,100,578
7. Deduct amortization of premium.....	4,098	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	8,351,720	97,257,706
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	8,351,720	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	2
	Year To Date	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.....	336,535,890	1,230,333,167
3. Accrual of discount.....	17,361	129,930
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....	444	221
6. Deduct consideration received on disposals.....	287,549,562	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).....	174,437,048	125,432,915
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	174,437,048	125,432,915

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

SCHEDULE BA - PART 2

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

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
.000000-00-0...	ADVANTAGE CAPITAL CONNECTICUT PARTNERS I...	NEW YORK	NY	Direct		.06/29/2011		.903				.0.903
3799999 - Any Other Class of Assets - Unaffiliated								.903				.XXX
3999999 - Subtotals Unaffiliated								.903	0	0	0	.XXX
4099999 - Subtotals Affiliated								0	0	0	0	.XXX
4199999 TOTALS								.903	0	0	0	.XXX

E03

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

SCHEDULE BA - PART 3

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

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value				13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.	15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other								
3999999 – Subtotals Unaffiliated																			
4099999 – Subtotals Affiliated																			
NONE																			
4199999 TOTALS																			

E03.1

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
.912828-QF-0	UNITED STATES TREASURY NOTE		.05/19/2011	VARIOUS		20,103,973	20,000,000	21,739	1FE
0599999 - Total	- Bonds - U.S. Governments					20,103,973	20,000,000	21,738	XXX
.419791-YB-8	HI GO NC S10D		.04/06/2011	JEFFRIES		11,194,605	9,825,000	95,521	1FE
.574192-4U-1	MD GO NC S09C		.04/27/2011	CITIGROUP GLOBAL MARKETS		7,538,428	6,420,000	892	1FE
.604129-WU-6	MN GO NC S10D		.05/11/2011	JEFFRIES		5,601,969	4,740,000	69,125	1FE
.646135-5R-0	NEW JERSEY ST TRANSN TR FD AUTH		.05/18/2011	CITIGROUP GLOBAL MKTS		83,766,000	75,000,000	1,821,875	1FE
.646136-UQ-2	NEW JERSEY ST TRANSN TR FD AUTH		.05/18/2011	Goldman Sachs		85,173,750	75,000,000	1,821,875	1FE
.64966H-E3-0	NY GO NC S10B		.05/24/2011	WACHOVIA SECURITIES INC.		6,672,777	5,715,000	92,075	1FE
.68608K-6T-0	OR GO NC S11J		.05/19/2011	CITIGROUP GLOBAL MARKETS		2,152,914	1,820,000	0	1FE
.68608K-6U-7	OR GO NC S11J		.05/19/2011	CITIGROUP GLOBAL MARKETS		2,160,540	1,815,000	0	1FE
.917542-SR-4	UTAH ST		.06/16/2011	JP Morgan Securities		5,973,450	5,000,000	0	1FE
1799999 - Total	- Bonds - U.S. States, Territories and Possessions					210,234,433	185,335,000	3,901,363	XXX
2499999 - Total	- Bonds - U.S. Political Subdivisions of States, Territories and Possessions					0	0	0	XXX
.02R042-67-8	FGLMC 4.5 7/11		.06/17/2011	JEFFRIES		2,076,250	2,000,000	3,250	1FE
.02R040-67-2	FHLMC 30 YEAR 4 7/11		.06/13/2011	NOMURA SECURITIES INT'L I		3,020,859	3,000,000	4,333	1FE
.3137EA-CT-4	FREDDIE MAC		.06/30/2011	Morgan Stanley Co.		10,262,410	10,000,000	57,639	1FE
.490580-DU-8	Kent MI Hos Spectrum		.06/09/2011	JP Morgan Securities		1,355,724	1,200,000	0	1FE
.490580-DW-4	Kent MI Hos Spectrum		.06/09/2011	Added by SunGard		1,673,400	1,500,000	0	1FE
.544495-XA-7	LOS ANGELES CALIF DEPT WTR & PWR		.06/16/2011	Morgan Stanley Co.		11,632,700	10,000,000	0	1FE
.546850-BD-9	Louisville KY AirAMT		.04/08/2011	US BANCORP PIPER JAFFRAY		5,756,617	5,450,000	0	1FE
.546850-BE-7	Louisville KY AirAMT		.04/08/2011	US BANCORP PIPER JAFFRAY		5,902,924	5,670,000	0	1FE
.646136-ST-9	NEW JERSEY ST		.06/07/2011	BANK OF NEW YORK		3,938,865	3,495,000	93,443	1FE
.646135-5Q-2	NEW JERSEY ST TR		.06/07/2011	BANK OF NEW YORK		3,887,419	3,495,000	93,443	1FE
.646136-SD-4	NEW JERSEY ST TR		.06/07/2011	BANK OF NEW YORK		1,023,702	920,000	24,597	1FE
.646136-UW-9	NEW JERSEY ST TRANS		.06/07/2011	BANK OF NEW YORK		1,038,330	920,000	24,597	1FE
.64972F-2Z-8	New York City Municl		.04/26/2011	RBC		13,179,480	12,000,000	48,333	1FE
.686507-EM-2	ORLANDO FLA UTIL COMMSYS R		.06/07/2011	JP Morgan Securities		2,332,700	2,000,000	0	1FE
.927793-TJ-8	VA ComWith Trn Bd NC S11		.05/12/2011	WACHOVIA SECURITIES INC.		11,509,829	9,725,000	0	1FE
.29270C-XB-6	WA Egy NW El NC S11A		.06/01/2011	STONE & YOUNGBERG		1,894,096	1,600,000	13,556	1FE
.29270C-RB-3	WA Egy NW Elec NC S08A		.05/25/2011	JEFFRIES		4,819,261	4,065,000	88,922	1FE
3199999 - Total	- Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of ...					85,304,566	77,040,000	452,113	XXX
.141781-AY-0	CARGILL INC		.05/31/2011	DIRECT		7,227,217	7,515,000	0	1FE
.36962G-5C-4	Gen Elec Cap Corp Sr Unsec		.05/04/2011	Morgan Stanley Co.		5,389,524	5,400,000	0	1FE
.38143U-SC-6	GOLDMAN SACHS GROUP INC		.04/28/2011	Added by SunGard		2,441,324	2,430,000	21,043	1FE
.617459-AD-4	MORGAN STANLEY CAPITAL I 11-C2 A4		.06/10/2011	Added by SunGard		7,069,735	7,000,000	19,032	1FE
.674599-BZ-7	OCCIDENTAL PETROLEUM SR UNSEC		.04/25/2011	UBS Securities		2,493,100	2,500,000	22,917	1FE
.80282P-AC-9	SDART 2011-1 A3		.04/28/2011	DEUTSCH BANK		4,094,756	4,095,000	0	1FE
.904764-AL-1	UNILEVER CAPITAL CORP		.04/28/2011	Added by SunGard		2,034,140	2,000,000	12,681	1FE
3899999 - Total	- Bonds - Industrial, Misc.					30,749,795	30,940,000	75,673	XXX
8399997 - Total	- Bonds - Part 3					346,392,767	313,315,000	4,450,886	XXX
8399999 - Total	- Bonds					346,392,767	313,315,000	4,450,886	XXX
8999999 - Total	- Preferred Stocks					0	XXX	0	XXX
.55376T-42-9	MTB MONEY MARKET FUND		.06/30/2011	AGC TRANSFERS	10,167,653.770	10,167,654	0	0	XXX
9399999 - Total	- Common Stocks - Money Market Mutual Funds					10,167,654	XXX	0	XXX
9799997 - Total	- Common Stocks - Part 3					10,167,654	XXX	0	XXX
9799999 - Total	- Common Stocks					10,167,654	XXX	0	XXX
9899999 - Total	- Preferred and Common Stocks					10,167,654	XXX	0	XXX
9999999 Totals						356,560,421	XXX	4,450,886	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0

E04

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

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					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
912810-QL-5.	UNITED STATES TREASURY BOND		05/18/2011	VARIOUS		19,857,732	20,000,000	19,129,896	.0	.0	.76	.0	.76	.0	19,129,972	.0	727,760	727,760	9,240	11/15/2040	1FE	
912828-PR-5.	UNITED STATES TREASURY NOTE		06/20/2011	VARIOUS		1,457,075	1,450,000	1,448,471	.0	.0	.65	.0	.65	.0	1,448,535	.0	8,540	8,540	3,530	01/31/2013	1FE	
0599999	Bonds - U.S. Governments					21,314,807	21,450,000	20,578,367	0	0	142	0	142	0	20,578,507	0	736,299	736,299	12,770	XXX	XXX	
1799999	Bonds - U.S. States, Territories and Possessions					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
181054-UJ-4.	CLARK CNTY NEV SCH DIST G.O.		06/01/2011	MATURITY		3,000,000	3,000,000	2,983,560	2,999,437	.0	.563	.0	.563	.0	3,000,000	.0	.0	.0	105,000	06/01/2011	1FE	
213185-AA-9.	COOK CNTY ILL G.O.		05/16/2011	VARIOUS		5,120,000	5,120,000	5,114,432	5,098,428	.0	5,568	.0	5,568	.0	5,120,000	.0	.0	.0	131,200	11/15/2026	1FE	
213185-AB-7.	COOK CNTY ILL G.O.		05/16/2011	CALLED @ 100.0000000		1,880,000	1,880,000	1,869,033	1,872,079	.0	7,921	.0	7,921	.0	1,880,000	.0	.0	.0	48,175	11/15/2026	1FE	
258885-TL-6.	DOUGLAS CNTY COLO SCH DIST NO 6.G.O.		04/18/2011	VARIOUS		8,198,592	7,940,000	8,020,398	7,978,023	.0	(10,988)	.0	(10,988)	.0	7,967,036	.0	231,557	231,557	139,361	12/15/2015	2FE	
413450-FT-9.	HARPER CREEK MICH CMNTY SCH DI 6.G.O.		05/02/2011	Sink PMT @ 100.0000000		3,900,000	3,900,000	3,877,665	.0	.0	22,335	.0	22,335	.0	3,900,000	.0	.0	.0	99,938	05/01/2026	1FE	
413450-FU-6.	HARPER CREEK MICH CMNTY SCH DI 6.G.O.		05/02/2011	CALLED @ 100.0000000		2,600,000	2,600,000	2,576,014	2,594,692	.0	5,308	.0	5,308	.0	2,600,000	.0	.0	.0	66,625	05/01/2026	1FE	
2499999	Bonds - U.S. Political Subdivisions of States, Territories and Possessions					24,698,592	24,440,000	24,441,103	20,542,661	0	30,706	0	30,706	0	24,467,035	0	231,557	231,557	590,298	XXX	XXX	
047856-EX-3.	ATLANTA GA URBAN RESIDENTIAL CALIFORNIA ST DEPT WTR		06/01/2011	CALLED @ 100.0000000		85,000	85,000	89,165	89,077	.0	(4,077)	.0	(4,077)	.0	85,000	.0	.0	.0	2,223	03/01/2041	1FE	
13066K-UR-8.	RES CEN REF		04/12/2011	STIFEL NICOLAUS & CO INC.		58,722	55,000	57,063	56,270	.0	(180)	.0	(180)	.0	56,090	.0	2,632	2,632	1,049	12/01/2022	2FE	
3128PU-EW-8.	FG J14649		06/15/2011	PRINCIPAL RECEIPT		375,312	375,312	373,504	.0	.0	1,808	.0	1,808	.0	375,312	.0	.0	.0	.0	.0	1FE	
3128PU-HG-0.	FG J14731		06/15/2011	PRINCIPAL RECEIPT		320,544	320,544	319,000	.0	.0	1,544	.0	1,544	.0	320,544	.0	.0	.0	1,967	03/01/2026	1FE	
3128PU-08-7.	FHLMC PC GOLD 15 YR		06/15/2011	PRINCIPAL RECEIPT		543,714	543,714	569,541	565,335	.0	(21,620)	.0	(21,620)	.0	543,714	.0	.0	.0	10,505	12/01/2024	1FE	
31394H-AZ-1.	FHLMC REMIC SERIES 2664		06/15/2011	PRINCIPAL RECEIPT		297,634	297,634	310,005	313,596	.0	(15,961)	.0	(15,961)	.0	297,634	.0	.0	.0	5,516	04/15/2031	1FE	
31395H-BX-7.	FHLMC REMIC SERIES 2866		06/15/2011	PRINCIPAL RECEIPT		144,491	144,491	150,767	150,192	.0	(5,701)	.0	(5,701)	.0	144,491	.0	.0	.0	2,264	08/15/2034	1FE	
31396A-AV-6.	FHLMC REMIC SERIES 3031		06/15/2011	PRINCIPAL RECEIPT		49,068	49,068	51,123	51,064	.0	(1,996)	.0	(1,996)	.0	49,068	.0	.0	.0	905	08/15/2033	1FE	
31398J-AX-1.	FHR 3558 JA		06/15/2011	PRINCIPAL RECEIPT		126,439	126,439	129,599	129,779	.0	(3,341)	.0	(3,341)	.0	126,439	.0	.0	.0	1,883	12/15/2023	1FE	
3138A8-SL-1.	FN AH6822		06/27/2011	PRINCIPAL RECEIPT		60,554	60,554	61,046	.0	.0	(492)	.0	(492)	.0	60,554	.0	.0	.0	155	03/01/2026	1FE	
31417V-PV-9.	FNMA PASS-THRU INT 15 YEAR		06/27/2011	PRINCIPAL RECEIPT		133,533	133,533	140,085	139,036	.0	(5,503)	.0	(5,503)	.0	133,533	.0	.0	.0	2,044	12/01/2024	1FE	
31417V-PW-7.	FNMA PASS-THRU INT 15 YEAR		06/27/2011	PRINCIPAL RECEIPT		751,116	751,116	785,137	781,205	.0	(30,089)	.0	(30,089)	.0	751,116	.0	.0	.0	13,909	12/01/2024	1FE	
31394U-FQ-0.	FNMA REMIC TRUST 2005-95		06/27/2011	PRINCIPAL RECEIPT		158,925	158,925	166,250	165,728	.0	(6,803)	.0	(6,803)	.0	158,925	.0	.0	.0	2,404	03/25/2033	1FE	
313960-F5-3.	FNMA REMIC TRUST 2009-75		06/27/2011	PRINCIPAL RECEIPT		86,865	86,865	88,901	88,912	.0	(2,046)	.0	(2,046)	.0	86,865	.0	.0	.0	1,224	09/25/2036	1FE	
60636X-8E-6.	MO HSG SF PAC		06/01/2011	Sink PMT @ 100.0000000		20,000	20,000	21,541	21,528	.0	(1,528)	.0	(1,528)	.0	20,000	.0	.0	.0	398	11/01/2027	1FE	
646136-ST-9.	NEW JERSEY ST		06/10/2011	BANK OF NEW YORK		3,887,419	3,495,000	3,938,865	.0	.0	(324)	.0	(324)	.0	3,938,541	.0	(51,122)	(51,122)	93,443	12/15/2020	1FE	
646135-5R-0.	FD AUTH		05/18/2011	CITIGROUP GLOBAL MKTS		83,766,000	75,000,000	83,766,000	.0	.0	.0	.0	.0	83,766,000	.0	.0	.0	1,821,875	12/15/2021	1FE		
646135-5Q-2.	NEW JERSEY ST TR		06/10/2011	BANK OF NEW YORK		3,887,419	3,495,000	3,887,419	.0	.0	(284)	.0	(284)	.0	3,887,134	.0	284	284	93,443	12/15/2020	1FE	
646136-SD-4.	NEW JERSEY ST TR		06/10/2011	BANK OF NEW YORK		1,023,702	920,000	1,023,702	.0	.0	(66)	.0	(66)	.0	1,023,636	.0	66	66	24,597	12/15/2021	1FE	
646136-UQ-2.	FD AUTH		05/18/2011	Goldman Sachs		83,766,000	75,000,000	85,173,750	.0	.0	.0	.0	.0	85,173,750	.0	(1,407,750)	(1,407,750)	1,821,875	12/15/2021	1FE		
646136-UW-9.	NEW JERSEY ST TRANS.		06/10/2011	BANK OF NEW YORK		1,023,702	920,000	1,038,330	.0	.0	(76)	.0	(76)	.0	1,038,254	.0	(14,551)	(14,551)	24,597	12/15/2021	1FE	
798147-K6-0.	SAN JOSE CALIF REDEV AGY TAX A TAX		06/22/2011	VARIOUS		4,767,919	5,465,000	4,810,566	5,711,359	.0	(1,464)	892,633	(894,097)	.0	4,817,261	.0	(49,342)	(49,342)	237,374	08/01/2023	2FE	
812643-DW-1.	SEATTLE WASH MUN LT & PWR REV		06/22/2011	WELLS FARGO BROK SER LLC		8,203,930	7,000,000	8,123,430	8,063,527	.0	(48,609)	.0	(48,609)	.0	8,014,918	.0	189,012	189,012	380,139	02/01/2020	1FE	
3199999	Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					193,538,009	174,503,196	195,074,788	16,326,607	0	(146,810)	892,633	(1,039,443)	0	194,868,779	0	(1,330,771)	(1,330,771)	4,546,322	XXX	XXX	
173067-AC-3.	CCGMT 2004-C1 A3		06/16/2011	PRINCIPAL RECEIPT		196,720	196,720	203,490	.0	.0	(6,770)	.0	(6,770)	.0	196,720	.0	.0	.0	1,504	04/15/2040	1FE	
064149-A5-6.	BANK OF NOVA SCOTIA		05/26/2011	BARCLAYS CAPITAL		2,985,135	2,915,000	2,911,794	2,912,776	.0	427	.0	427	.0	2,913,203	.0	71,932	71,932	56,296	01/22/2013	1FE	
141781-AR-5.	CARGILL INC.		05/26/2011	DIRECT		7,227,217	7,000,000	7,385,700	7,273,092	.0	(45,875)	.0	(45,875)	.0	7,227,217	.0	.0	.0	141,195	06/01/2013	1FE	
17305E-ER-2.	CCOIT 2009-A5 A5		05/26/2011	VARIOUS		9,405,182	9,202,000	9,193,258	9,196,156	.0	888	.0	888	.0	9,197,044	.0	208,138	208,138	70,964	12/23/2014	1FE	
12629E-AF-2.	CSAB MTG-BCKD TR 2007-1		06/25/2011	PRINCIPAL RECEIPT		411,259	411,259	329,851	337,801	.0	73,458	.0	73,458	.0	411,259	.0	.0	.0	12,308	05/25/2037	12*	
021490-AE-0.	CWALT INC 2007 0A10		06/27/2011	PRINCIPAL RECEIPT		863,936	863,936	542,612	451,354	.0	456,226	43,643	412,583	.0	863,936	.0	.0	.0	2,682	09/25/2047	1FE	
369626-AH-4.	GEN ELEC CAP GE		05/04/2011	BANQUE NATIONAL DE PARIS		5,532,673	5,390,000	5,383,047	5,385,255	.0	782	.0	782	.0	5,386,037	.0	146,636	146,636	126,186	01/08/2013	1FE	
381416-EV-2.	GOLDMAN SACHS GROUP INC		04/28/2011	CITIGROUP GLOBAL MARKETS		4,666,455	4,500,000	4,820,805	4,667,770	.0	(48,298)	.0	(48,298)	.0	4,619,472	.0	46,983	46,983	171,588	02/14/2012	1FE	
61755Y-AF-1.	1Q15		04/07/2011	JP Morgan Securities		4,857,012	4,500,000	4,359,727	4,403,906	.0	6,219	.0	6,219	.0	4,410,126	.0	446,886	446,886	96,968	06/11/2049	22*	
80282P-AC-9.	SDART 2011-1 A3		06/09/2011	NOMURA SECURITIES INT'L		4,109,237	4,095,000	4,094,756	.0	.0	14	.0	14	.0	4,094,769	.0	14,467	14,467	5,970	01/15/2015	1FE	
872227-AH-6.	TBW MTG BKD TR 2007-2		06/27/2011	PRINCIPAL RECEIPT		575,236	575,236	341,275	342,445	.0	232,791	.0	232,791	.0	575,236	.0	.0	.0	1,962	07/25/2037	12*	

E05

STATEMENT AS OF JUNE 30, 2011 OF THE Assured Guaranty Corp.

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					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)	
										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.								
88158A-AJ-1	TERWIN MORTGAGE TRUST 07-9 SL		06/25/2011	PRINCIPAL RECEIPT		81,429	81,429	65,498	67,060	0	14,369	0	14,369	0	81,429	0	0	0	996	06/25/2038	12*	
88158A-AA-0	TERWIN MTG TR 2007-SL9		06/27/2011	PRINCIPAL RECEIPT		113,086	113,086	77,452	76,151	0	36,935	0	36,935	0	113,086	0	0	0	1,805	06/25/2038	12*	
3899999	- Bonds - Industrial and Miscellaneous					41,024,577	39,843,667	39,709,263	35,113,766	0	721,167	43,643	677,523	0	40,089,535	0	935,042	935,042	690,423	XXX	XXX	
8399997	- Bonds - Part 4					280,575,985	260,236,862	279,803,521	71,983,033	0	605,205	936,276	(331,071)	0	280,003,857	0	572,128	572,128	5,839,814	XXX	XXX	
8399999	- Total - Bonds					280,575,985	260,236,862	279,803,521	71,983,033	0	605,205	936,276	(331,071)	0	280,003,857	0	572,128	572,128	5,839,814	XXX	XXX	
8999999	- Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
55376T-42-9	MTB MONEY MARKET FUND		06/29/2011	Undefined	1,288,791.370	1,288,791	XXX	1,288,791	0	0	0	0	0	1,288,791	0	0	0	0	73	XXX	XXX	
9399999	- Common Stocks - Money Market Mutual Funds					1,288,791	XXX	1,288,791	0	0	0	0	0	1,288,791	0	0	0	0	73	XXX	XXX	
9799997	- Common Stocks - Part 4					1,288,791	XXX	1,288,791	0	0	0	0	0	1,288,791	0	0	0	0	73	XXX	XXX	
9799999	- Total - Common Stocks					1,288,791	XXX	1,288,791	0	0	0	0	0	1,288,791	0	0	0	0	73	XXX	XXX	
9899999	- Total - Preferred and Common Stocks					1,288,791	XXX	1,288,791	0	0	0	0	0	1,288,791	0	0	0	0	73	XXX	XXX	
9999999	Totals					281,864,776	XXX	281,092,312	71,983,033	0	605,205	936,276	(331,071)	0	281,292,648	0	572,128	572,128	5,839,887	XXX	XXX	

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

E05.1

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

