



# QUARTERLY STATEMENT

AS OF MARCH 31, 2011  
OF THE CONDITION AND AFFAIRS OF THE

## ASSURED GUARANTY MUNICIPAL CORP.

NAIC Group Code 0194, 0194 NAIC Company Code 18287 Employer's ID Number 13-3250292  
(Current Period) (Prior Period)

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

Incorporated/Organized 03/16/1984 Commenced Business 09/23/1985

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

Main Administrative Office 31 West 52nd St. New York, NY 10019 212-826-0100  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 31 West 52nd St., 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 West 52nd St. New York, NY 10019 212-339-3492  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.assuredguaranty.com

Statutory Statement Contact Luz Trinidad Vivas 212-339-3492  
(Name) (Area Code) (Telephone Number) (Extension)  
LVivas@assuredguaranty.com 212-857-0326  
(E-Mail Address) (Fax Number)

### OFFICERS

| Name                          | Title                                | Name                          | Title            |
|-------------------------------|--------------------------------------|-------------------------------|------------------|
| <u>Dominic John Frederico</u> | <u>President, Chairman &amp; CEO</u> | <u>James Michael Michener</u> | <u>Secretary</u> |
| <u>Robert Adam Bailenson</u>  | <u>Chief Accounting Officer</u>      |                               |                  |

### OTHER OFFICERS

|                               |  |                            |                           |
|-------------------------------|--|----------------------------|---------------------------|
| <u>Robert Bruce Mills</u>     | <u>Chief Financial Officer</u>         | <u>Donald Hal Paston</u>   | <u>Treasurer</u>          |
| <u>James Michael Michener</u> | <u>General Counsel &amp; Secretary</u> | <u>Howard Wayne Albert</u> | <u>Chief Risk Officer</u> |
| <u>Benjamin Gad Rosenblum</u> | <u>Chief Actuary</u>                   |                            |                           |

### DIRECTORS OR TRUSTEES

|                            |                                |                                |                                |
|----------------------------|--------------------------------|--------------------------------|--------------------------------|
| <u>Howard Wayne Albert</u> | <u>Robert Adam Bailenson</u>   | <u>Richard James Bauerfeld</u> | <u>Russell Brown Brewer II</u> |
| <u>Stephen Donnarumma</u>  | <u>Dominic James Frederico</u> | <u>James Michael Michener</u>  | <u>Robert Bruce Mills</u>      |
| <u>Donald Hal Paston</u>   | <u>Andrew Hoyt Pickering</u>   | <u>Sabra Rose Purtill</u>      | <u>Bruce Elliot Stern</u>      |

State of New York

ss

County of New York

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

PRESIDENT

SECRETARY

TREASURER

Subscribed and sworn to before me this  
13th day of May, 2011

Luz T. Vivas, Notary Public  
Oct. 16, 2013

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 \_\_\_\_\_

STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

ASSETS

|   | Current Statement Date |                         |   | 4<br>December 31<br>Prior Year Net<br>Admitted Assets |
|---|------------------------|-------------------------|---|---|
|   | 1<br>Assets            | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds .....  | 2,742,319,308          |                         | 2,742,319,308                             | 2,669,682,889   |
| 2. Stocks:  |                        |                         |   |   |
| 2.1 Preferred stocks .....  |                        |                         |   |   |
| 2.2 Common stocks .....   | 656,849,278            |                         | 656,849,278                               | 455,553,043   |
| 3. Mortgage loans on real estate:   |                        |                         |   |   |
| 3.1 First liens .....   |                        |                         |   |   |
| 3.2 Other than first liens .....  |                        |                         |   |   |
| 4. Real estate:   |                        |                         |   |   |
| 4.1 Properties occupied by the company (less<br>\$ ..... encumbrances) .....  |                        |                         |   |   |
| 4.2 Properties held for the production of income<br>(less \$ ..... encumbrances) .....  |                        |                         |   |   |
| 4.3 Properties held for sale (less<br>\$ ..... encumbrances) .....  |                        |                         |   |   |
| 5. Cash (\$ .....34,004,434 ),<br>cash equivalents (\$ .....253,679,811 )<br>and short-term investments (\$ .....10,294,458 ) .....                         | 297,978,703            |                         | 297,978,703                               | 553,733,365   |
| 6. Contract loans (including \$ ..... premium notes)  |                        |                         |   |   |
| 7. Derivatives .....  |                        |                         |   |   |
| 8. Other invested assets .....  | 337,082,440            |                         | 337,082,440                               | 318,028,257   |
| 9. Receivables for securities .....   | 3,646,917              |                         | 3,646,917                                 | 20  |
| 10. Securities lending reinvested collateral assets .....   |                        |                         |   |   |
| 11. Aggregate write-ins for invested assets .....   |                        |                         |   |   |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....   | 4,037,876,646          |                         | 4,037,876,646                             | 3,996,997,574   |
| 13. Title plants less \$ ..... charged off (for Title insurers<br>only)   |                        |                         |   |   |
| 14. Investment income due and accrued .....   | 32,476,551             |                         | 32,476,551                                | 32,587,539  |
| 15. Premiums and considerations:  |                        |                         |   |   |
| 15.1 Uncollected premiums and agents' balances in the course of<br>collection .....   | 41,819,330             | 15,148,952              | 26,670,378                                | 32,957,224  |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due (including \$ ..... earned<br>but unbilled premiums) ..... |                        |                         |   |   |
| 15.3 Accrued retrospective premiums .....   |                        |                         |   |   |
| 16. Reinsurance:  |                        |                         |   |   |
| 16.1 Amounts recoverable from reinsurers .....  | 78,581,575             |                         | 78,581,575                                | 71,120,698  |
| 16.2 Funds held by or deposited with reinsured companies .....  |                        |                         |   |   |
| 16.3 Other amounts receivable under reinsurance contracts .....   |                        |                         |   |   |
| 17. Amounts receivable relating to uninsured plans .....  |                        |                         |   |   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon  |                        |                         |   |   |
| 18.2 Net deferred tax asset .....   | 124,060,196            | 40,334,420              | 83,725,776                                | 89,781,433  |
| 19. Guaranty funds receivable or on deposit .....   |                        |                         |   |   |
| 20. Electronic data processing equipment and software .....   | 332,421                | 332,421                 |   | 80,375  |
| 21. Furniture and equipment, including health care delivery assets<br>(\$ .....)  | 17,852,365             | 17,852,365              |   |   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |                        |                         |   |   |
| 23. Receivables from parent, subsidiaries and affiliates .....  | 2,933,465              | 1,122,370               | 1,811,095                                 | 11,454,594  |
| 24. Health care (\$ ..... ) and other amounts receivable .....  |                        |                         |   |   |
| 25. Aggregate write-ins for other than invested assets .....  | 7,924,839              | 6,562,716               | 1,362,123                                 | 2,337,048   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 12 to 25)   | 4,343,857,388          | 81,353,244              | 4,262,504,144                             | 4,237,316,485   |
| 27. From Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts .....  |                        |                         |   |   |
| 28. Total (Lines 26 and 27)   | 4,343,857,388          | 81,353,244              | 4,262,504,144                             | 4,237,316,485   |
| <b>DETAILS OF WRITE-INS</b>   |                        |                         |   |   |
| 1101. ....  |                        |                         |   |   |
| 1102. ....  |                        |                         |   |   |
| 1103. ....  |                        |                         |   |   |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   |                        |                         |   |   |
| 1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)   |                        |                         |   |   |
| 2501. Miscellaneous Receivables .....   | 1,973,769              | 1,973,769               |   | 37,239  |
| 2502. Prepaid Expenses .....  | 3,928,296              | 3,928,296               |   |   |
| 2503. Other Assets .....  | 2,022,774              | 660,651                 | 1,362,123                                 | 2,299,809   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   |                        |                         |   |   |
| 2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)   | 7,924,839              | 6,562,716               | 1,362,123                                 | 2,337,048   |

## LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current<br>Statement Date | 2<br>December 31,<br>Prior Year |
|---|--------------------------------|---------------------------------|
| 1. Losses (current accident year \$ ..... 4,682,659 ) .....   | 20,774,376                     | 282,020,606                     |
| 2. Reinsurance payable on paid losses and loss adjustment expenses .....  |                                |                                 |
| 3. Loss adjustment expenses .....   | 5,439,837                      | 5,439,837                       |
| 4. Commissions payable, contingent commissions and other similar charges .....  |                                |                                 |
| 5. Other expenses (excluding taxes, licenses and fees) .....  | 18,404,053                     | 17,894,540                      |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....  | 439,537                        | 4,739,101                       |
| 7.1 Current federal and foreign income taxes (including \$ ..... 826,824 on realized capital gains (losses)) .....  | (69,354,530)                   | 113,324,490                     |
| 7.2 Net deferred tax liability .....  |                                |                                 |
| 8. Borrowed money \$ ..... and interest thereon \$ .....  |                                |                                 |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... 1,741,271,231 and including warranty reserves of \$ ..... ) ..... | 1,472,539,710                  | 1,482,036,901                   |
| 10. Advance premium .....   |                                |                                 |
| 11. Dividends declared and unpaid:  |                                |                                 |
| 11.1 Stockholders .....   |                                |                                 |
| 11.2 Policyholders .....  |                                |                                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) .....  | 28,736,715                     | 60,707,138                      |
| 13. Funds held by company under reinsurance treaties .....  | 112,171,866                    | 114,517,696                     |
| 14. Amounts withheld or retained by company for account of others .....   | 10,754                         | 13,169                          |
| 15. Remittances and items not allocated .....   |                                |                                 |
| 16. Provision for reinsurance .....   |                                |                                 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates .....   |                                |                                 |
| 18. Drafts outstanding .....  |                                |                                 |
| 19. Payable to parent, subsidiaries and affiliates .....  | 25,380,797                     | 53,412,067                      |
| 20. Derivatives .....   |                                |                                 |
| 21. Payable for securities .....  | 28,014,345                     |                                 |
| 22. Payable for securities lending .....  |                                |                                 |
| 23. Liability for amounts held under uninsured plans .....  |                                |                                 |
| 24. Capital notes \$ ..... and interest thereon \$ .....  |                                |                                 |
| 25. Aggregate write-ins for liabilities .....   | 1,230,778,994                  | 1,176,171,782                   |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....   | 2,873,336,454                  | 3,310,277,327                   |
| 27. Protected cell liabilities .....  |                                |                                 |
| 28. Total liabilities (Lines 26 and 27) .....   | 2,873,336,454                  | 3,310,277,327                   |
| 29. Aggregate write-ins for special surplus funds .....   |                                |                                 |
| 30. Common capital stock .....  | 15,000,000                     | 15,000,000                      |
| 31. Preferred capital stock .....   |                                |                                 |
| 32. Aggregate write-ins for other than special surplus funds .....  |                                |                                 |
| 33. Surplus notes .....   | 225,000,000                    | 225,000,000                     |
| 34. Gross paid in and contributed surplus .....   | 776,884,430                    | 776,884,430                     |
| 35. Unassigned funds (surplus) .....  | 372,283,260                    | (89,845,272)                    |
| 36. Less treasury stock, at cost:   |                                |                                 |
| 36.1 ..... shares common (value included in Line 30 \$ ..... ) .....  |                                |                                 |
| 36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....   |                                |                                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) .....  | 1,389,167,690                  | 927,039,158                     |
| 38. Totals (Page 2, Line 28, Col. 3)  | 4,262,504,144                  | 4,237,316,485                   |
| <b>DETAILS OF WRITE-INS</b>   |                                |                                 |
| 2501. Contingency Reserve.....  | 1,089,702,036                  | 1,034,236,675                   |
| 2502. Miscellaneous Liability.....  | 141,076,958                    | 141,935,107                     |
| 2503. ....  |                                |                                 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   |                                |                                 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)  | 1,230,778,994                  | 1,176,171,782                   |
| 2901. ....  |                                |                                 |
| 2902. ....  |                                |                                 |
| 2903. ....  |                                |                                 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page .....   |                                |                                 |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)  |                                |                                 |
| 3201. ....  |                                |                                 |
| 3202. ....  |                                |                                 |
| 3203. ....  |                                |                                 |
| 3298. Summary of remaining write-ins for Line 32 from overflow page .....   |                                |                                 |
| 3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)  |                                |                                 |

## STATEMENT OF INCOME

|   | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| <b>UNDERWRITING INCOME</b>  |                              |                            |                                      |
| 1. Premiums earned:   |                              |                            |                                      |
| 1.1 Direct (written \$ 78,361,172 )   | 109,267,036                  | 93,498,594                 | 433,552,441                          |
| 1.2 Assumed (written \$ 7,416,793 )   | 12,262,396                   | 10,955,553                 | 38,180,677                           |
| 1.3 Ceded (written \$ 43,706,928 )  | 63,450,008                   | 50,075,536                 | 244,857,218                          |
| 1.4 Net (written \$ 42,071,037 )  | 58,079,424                   | 54,378,611                 | 226,875,900                          |
| <b>DEDUCTIONS:</b>  |                              |                            |                                      |
| 2. Losses incurred (current accident year \$ 13,313,993 ):  |                              |                            |                                      |
| 2.1 Direct  | (233,101,172)                | 250,004,350                | 197,621,482                          |
| 2.2 Assumed   |                              |                            |                                      |
| 2.3 Ceded   | (79,036,188)                 | 144,178,666                | 98,667,343                           |
| 2.4 Net   | (154,064,984)                | 105,825,684                | 98,954,139                           |
| 3. Loss adjustment expenses incurred  | 5,352,639                    | 545,664                    | 8,640,005                            |
| 4. Other underwriting expenses incurred   | 14,456,452                   | 23,859,560                 | 48,828,968                           |
| 5. Aggregate write-ins for underwriting deductions  |                              |                            |                                      |
| 6. Total underwriting deductions (Lines 2 through 5)  | (134,255,893)                | 130,230,908                | 156,423,112                          |
| 7. Net income of protected cells  |                              |                            |                                      |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)  | 192,335,317                  | (75,852,297)               | 70,452,788                           |
| <b>INVESTMENT INCOME</b>  |                              |                            |                                      |
| 9. Net investment income earned   | 31,397,500                   | 32,289,702                 | 140,774,585                          |
| 10. Net realized capital gains (losses) less capital gains tax of \$ 826,824  | (1,333,680)                  | 3,198,323                  | (19,328,205)                         |
| 11. Net investment gain (loss) (Lines 9 + 10)   | 30,063,820                   | 35,488,025                 | 121,446,380                          |
| <b>OTHER INCOME</b>   |                              |                            |                                      |
| 12. Net gain or (loss) from agents' or premium balances charged off<br>(amount recovered \$ amount charged off \$ )                                     |                              |                            |                                      |
| 13. Finance and service charges not included in premiums  |                              |                            |                                      |
| 14. Aggregate write-ins for miscellaneous income  | (19,723,237)                 | 28,039,544                 | 72,673,501                           |
| 15. Total other income (Lines 12 through 14)  | (19,723,237)                 | 28,039,544                 | 72,673,501                           |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)     | 202,675,900                  | (12,324,728)               | 264,572,669                          |
| 17. Dividends to policyholders  |                              |                            |                                      |
| 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) | 202,675,900                  | (12,324,728)               | 264,572,669                          |
| 19. Federal and foreign income taxes incurred   | (129,702,760)                | (7,350,979)                | 14,269,215                           |
| 20. Net income (Line 18 minus Line 19)(to Line 22)  | 332,378,660                  | (4,973,749)                | 250,303,454                          |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                              |                            |                                      |
| 21. Surplus as regards policyholders, December 31 prior year  | 927,039,157                  | 854,201,579                | 854,201,578                          |
| 22. Net income (from Line 20)   | 332,378,660                  | (4,973,749)                | 250,303,454                          |
| 23. Net transfers (to) from Protected Cell accounts   |                              |                            |                                      |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$   | 181,814,397                  | (16,261,884)               | 53,366,805                           |
| 25. Change in net unrealized foreign exchange capital gain (loss)   | (6,843,551)                  | 8,394,934                  | 5,027,193                            |
| 26. Change in net deferred income tax   | (204,125,558)                | (33,023,573)               | (11,076,201)                         |
| 27. Change in nonadmitted assets  | 195,315,763                  | 4,622,604                  | (13,222,830)                         |
| 28. Change in provision for reinsurance   |                              |                            |                                      |
| 29. Change in surplus notes   |                              |                            | (50,000,000)                         |
| 30. Surplus (contributed to) withdrawn from protected cells   |                              |                            |                                      |
| 31. Cumulative effect of changes in accounting principles   |                              |                            |                                      |
| 32. Capital changes:  |                              |                            |                                      |
| 32.1 Paid in  |                              |                            |                                      |
| 32.2 Transferred from surplus (Stock Dividend)  |                              |                            |                                      |
| 32.3 Transferred to surplus   |                              |                            |                                      |
| 33. Surplus adjustments:  |                              |                            |                                      |
| 33.1 Paid in  |                              |                            |                                      |
| 33.2 Transferred to capital (Stock Dividend)  |                              |                            |                                      |
| 33.3 Transferred from capital   |                              |                            |                                      |
| 34. Net remittances from or (to) Home Office  |                              |                            |                                      |
| 35. Dividends to stockholders   |                              |                            |                                      |
| 36. Change in treasury stock  |                              |                            |                                      |
| 37. Aggregate write-ins for gains and losses in surplus   | (36,411,178)                 | (3,137,341)                | (161,560,842)                        |
| 38. Change in surplus as regards policyholders (Lines 22 through 37)  | 462,128,533                  | (44,379,009)               | 72,837,579                           |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)   | 1,389,167,690                | 809,822,570                | 927,039,157                          |
| <b>DETAILS OF WRITE-INS</b>   |                              |                            |                                      |
| 0501.   |                              |                            |                                      |
| 0502.   |                              |                            |                                      |
| 0503.   |                              |                            |                                      |
| 0598. Summary of remaining write-ins for Line 5 from overflow page  |                              |                            |                                      |
| 0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)   |                              |                            |                                      |
| 1401. Miscellaneous Income  | (19,723,237)                 | 28,039,544                 | 72,673,501                           |
| 1402.   |                              |                            |                                      |
| 1403.   |                              |                            |                                      |
| 1498. Summary of remaining write-ins for Line 14 from overflow page   |                              |                            |                                      |
| 1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)  | (19,723,237)                 | 28,039,544                 | 72,673,501                           |
| 3701. Change in Contingency Reserve   | (55,465,361)                 | (21,165,598)               | (179,067,047)                        |
| 3702. Tax and Loss Bonds  | 19,054,183                   | 18,028,257                 | 18,028,257                           |
| 3703. Change in net unrealized on other assets  |                              |                            | (522,052)                            |
| 3798. Summary of remaining write-ins for Line 37 from overflow page   |                              |                            |                                      |
| 3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)  | (36,411,178)                 | (3,137,341)                | (161,560,842)                        |

## CASH FLOW

|   | 1<br>Current Year<br>To Date | 2<br>Prior Year To Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|-------------------------|--------------------------------------|
| <b>Cash from Operations</b>   |                              |                         |                                      |
| 1. Premiums collected net of reinsurance.....   | 20,144,510                   | 77,639,275              | 174,301,732                          |
| 2. Net investment income .....  | 30,603,363                   | 36,778,164              | 150,549,382                          |
| 3. Miscellaneous income .....   | (19,723,237)                 | 28,039,544              | 72,673,501                           |
| 4. Total (Lines 1 to 3) .....   | 31,024,636                   | 142,456,983             | 397,524,615                          |
| 5. Benefit and loss related payments .....  | 114,642,123                  | 100,451,812             | 415,091,779                          |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                 |                              |                         |                                      |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....  | 24,013,143                   | (13,410,542)            | 70,598,450                           |
| 8. Dividends paid to policyholders .....  |                              |                         |                                      |
| 9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital<br>gains (losses).....                  | 53,803,077                   | 158,375,437             | 55,451,297                           |
| 10. Total (Lines 5 through 9) .....   | 192,458,343                  | 245,416,707             | 541,141,526                          |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | (161,433,707)                | (102,959,724)           | (143,616,911)                        |
| <b>Cash from Investments</b>  |                              |                         |                                      |
| 12. Proceeds from investments sold, matured or repaid:  |                              |                         |                                      |
| 12.1 Bonds .....  | 155,452,621                  | 231,249,356             | 718,058,214                          |
| 12.2 Stocks .....   |                              |                         | 1,731,397                            |
| 12.3 Mortgage loans .....   |                              |                         |                                      |
| 12.4 Real estate .....  |                              |                         |                                      |
| 12.5 Other invested assets .....  |                              |                         |                                      |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....                                       | 20,776                       | (102,696)               | 1,111,089                            |
| 12.7 Miscellaneous proceeds .....   | 24,367,448                   |                         | 4,856,078                            |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) .....   | 179,840,845                  | 231,146,660             | 725,756,778                          |
| 13. Cost of investments acquired (long-term only):  |                              |                         |                                      |
| 13.1 Bonds .....  | 227,640,153                  | 82,417,026              | 293,262,923                          |
| 13.2 Stocks .....   | 272,465                      | 945,901                 | 1,145,309                            |
| 13.3 Mortgage loans .....   |                              |                         |                                      |
| 13.4 Real estate .....  |                              |                         |                                      |
| 13.5 Other invested assets .....  | 19,054,183                   | 18,028,257              | 18,028,257                           |
| 13.6 Miscellaneous applications .....   | 25,710,317                   | 10,891,472              | 22                                   |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) .....  | 272,677,118                  | 112,282,656             | 312,436,511                          |
| 14. Net increase (or decrease) in contract loans and premium notes .....  |                              |                         |                                      |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....   | (92,836,273)                 | 118,864,004             | 413,320,267                          |
| <b>Cash from Financing and Miscellaneous Sources</b>  |                              |                         |                                      |
| 16. Cash provided (applied):  |                              |                         |                                      |
| 16.1 Surplus notes, capital notes .....   |                              |                         | (50,000,000)                         |
| 16.2 Capital and paid in surplus, less treasury stock .....   |                              |                         |                                      |
| 16.3 Borrowed funds .....   |                              |                         |                                      |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....   |                              |                         |                                      |
| 16.5 Dividends to stockholders .....  |                              |                         |                                      |
| 16.6 Other cash provided (applied).....   | (1,484,682)                  | 22,193,319              | 72,852,907                           |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus<br>Line 16.6) ..... | (1,484,682)                  | 22,193,319              | 22,852,907                           |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>  |                              |                         |                                      |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....                   | (255,754,662)                | 38,097,599              | 292,556,263                          |
| 19. Cash, cash equivalents and short-term investments:  |                              |                         |                                      |
| 19.1 Beginning of year.....   | 553,733,365                  | 261,177,102             | 261,177,102                          |
| 19.2 End of period (Line 18 plus Line 19.1) .....   | 297,978,703                  | 299,274,701             | 553,733,365                          |

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Practices

#### A. Accounting Practices

The financial statements of Assured Guaranty Municipal Corp., (the "Company" or "AGM") are presented on the basis of accounting practices prescribed or permitted by the New York Insurance Department ("NYID"). The New York Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the New York Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures* manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of New York. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

A reconciliation of the Company's net income and capital and surplus between practices prescribed and permitted by the New York Insurance Commissioner and NAIC SAP is shown below:

|   | March<br>2011   | December<br>2010 |
|---|-----------------|------------------|
| Net Income (Loss), New York Basis                           | \$ 332,378,660  | \$ 250,303,455   |
| Net Income (Loss), NAIC SAP                                 | \$ 332,378,660  | \$ 250,303,455   |
| Statutory Surplus, New York Basis                           | \$1,203,952,456 | \$ 927,039,158   |
| Effect of New York prescribed practices:                    |                 |                  |
| NYSID 1408 limit, reduction of carrying value of subsidiary | ----            | ----             |
| NYSID 1408 non admit asset of subsidiaries                  | ----            | ----             |
| Statutory Surplus, NAIC SAP                                 | \$1,203,952,456 | \$ 927,039,158   |

### 2. Accounting Changes and Corrections of Errors

There has been no change from the 2010 annual statement.

### 3. Business Combinations and Goodwill

There has been no change from the 2010 annual statement.

### 4. Discontinued Operations

There has been no change from the 2010 annual statement.

### 5. Investments

#### D. Loan-Backed Securities

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

| Description                                   | Amortized Cost Before Other-Than-Temporary-Impairment | Other-Than-Temporary-Impairment | Fair Value  |
|---|---|---------------------------------|-------------|
| <b>OTTI Recognized 1<sup>st</sup> Quarter</b> |   |                                 |             |
| a. Intent To Sell                             | -   | -                               | -           |
| b. Lack of Intent to retain security          | \$7,180,105   | \$1,447,613                     | \$5,732,491 |
| <b>c. Total 1<sup>st</sup> Quarter</b>        | \$7,180,105   | \$1,447,613                     | \$5,732,491 |
| <b>OTTI Recognized 2<sup>nd</sup> Quarter</b> |   |                                 |             |
| d. Intent To Sell                             | -   | -                               | -           |
| e. Lack of Intent to retain security          | -   | -                               | -           |
| <b>f. Total 2<sup>nd</sup> Quarter</b>        | -   | -                               | -           |
| <b>OTTI Recognized 3<sup>rd</sup> Quarter</b> |   |                                 |             |
| g. Intent To Sell                             | -   | -                               | -           |
| h. Lack of Intent to retain security          | -   | -                               | -           |
| <b>i. Total 3<sup>rd</sup> Quarter</b>        | -   | -                               | -           |
| <b>OTTI Recognized 4<sup>th</sup> Quarter</b> |   |                                 |             |
| j. Intent To Sell                             | -   | -                               | -           |
| k. Lack of Intent to retain security          | -   | -                               | -           |
| <b>l. Total 4<sup>th</sup> Quarter</b>        | -   | -                               | -           |
| <b>m. ANNUAL AGGREGATE TOTAL</b>              | \$7,180,105   | \$1,447,613                     | \$5,732,491 |

3. The following table summarizes other-than-temporary-impairments recorded for loan-backed securities which the Company still owns at the end of the year recorded based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities:

| Cusip        | Amortized Cost Before OTTI | Present Value of Projected Cash Flow | OTTI        | Amortized Cost After OTTI | Fair Value of OTTI | Date of Financial Statement Where Reported |
|--------------|----------------------------|--------------------------------------|-------------|---------------------------|--------------------|--|
| 576431-AC-4  | \$ 949,727                 | \$ 632,523                           | \$ 317,204  | \$ 632,523                | \$ 325,803         | 3/31/2011                                  |
| 88157D-AB-3  | 1,544,545                  | 1,331,842                            | 212,703     | 1,331,842                 | 722,170            | 3/31/2011                                  |
| 88157G-AA-8  | 2,583,430                  | 1,958,839                            | 624,591     | 1,958,839                 | 1,075,843          | 3/31/2011                                  |
| 88157G-AB-6  | 2,102,403                  | 1,809,288                            | 293,115     | 1,809,288                 | 865,405            | 3/31/2011                                  |
| <b>TOTAL</b> | \$7,180,105                | \$5,732,491                          | \$1,447,613 | \$5,732,491               | \$2,989,221        |  |

## NOTES TO FINANCIAL STATEMENTS

4. The following summarizes gross unrealized investment losses on loan-backed 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 |
| Defined Multi-Class Residential Mortgage Backed Securities | \$120,107,158       | \$(72,279,520)    | \$25,062,116      | \$6,756,675       | \$145,169,274 | \$(79,036,195)    |
| Other Multi-Class Residential Mortgage Backed Securities   | 852,225             | (286,893)         | -                 | -                 | 852,225       | (286,893)         |
| Single Class Mortgage/Asset-Backed Securities              | 18,328,876          | (74,617)          | -                 | -                 | 18,328,876    | (74,617)          |
| Total  | \$139,288,259       | \$(72,641,030)    | \$25,062,116      | \$6,756,675       | \$164,350,375 | \$(79,397,706)    |

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

### **6. Joint Ventures, Partnerships and Limited Liability Companies**

There has been no change from the 2010 annual statement.

### **7. Investment Income**

There has been no significant change from the 2010 annual statement.

### **8. Derivative Instruments**

There has been no change from the 2010 annual statement.

### **9. Income Taxes**

There has been no significant change from the 2010 annual statement.

### **10. Information Concerning Parent, Subsidiaries and Affiliates**

The Company did not make a dividend payment in the first quarter of 2011

### **11. Debt**

There has been no change from the 2010 annual statement.

### **12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.**

There has been no change from the 2010 annual statement.

### **13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

There has been no significant change from the 2010 annual statement.

### **14. Contingencies**

There has been no significant change from the 2010 annual statement.

### **15. Leases**

There has been no change from the 2010 annual statement.

### **16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

There has been no significant change from the 2010 annual statement.

### **17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

C. The Company did not engage in any wash sale transactions during the first quarter of 2011.

### **18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

There has been no change from the 2010 annual statement.

### **19. Direct Premium Written or Produced by Managing General Agents or Third Party Administrators**

There has been no change from the 2010 annual statement.

### **20. Fair Value**

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards ("FAS") 157, "Fair Value Measurements." FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

#### *Fair Value Hierarchy*

FAS 157 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 an independent source, while unobservable inputs reflect Company estimates of market assumptions. In accordance with FAS 157, the fair value hierarchy model inputs into three broad levels as follows:

## NOTES TO FINANCIAL STATEMENTS

- Level 1 – Quoted prices for identical instruments in active markets
- Level 2 – Quoted process 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 observable. This hierarchy requires the use of observable market data when available.

An asset or liability's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

The following table presents information about financial instruments carried at fair value and indicates the level of the fair value measurement on the levels of the inputs used. Bonds are generally recorded at amortized cost. However, as of March 31, 2011, certain bonds were other-than-temporarily-impaired and written down to their values based on NAIC designation, which are reflected on the table below. Stocks, excluding those for investments in subsidiaries, are reported at fair value on a recurring basis.

| As of<br>03/31/11 | Level 1 | Level 2      | Level 3 | Total        |
|-------------------|---------|--------------|---------|--------------|
| Bonds             | -       | \$20,310,790 | -       | \$20,310,790 |
| Stocks            | -       | 444,912      | -       | 444,912      |
| Total             | -       | \$20,755,702 | -       | \$20,755,702 |

### 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

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

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

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

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

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

The Company is provided with a pricing chart, which for each asset class provides the pricing source, pricing methodology and recommended fair value level in accordance with the fair value framework. The Company reviews the pricing source of each security each reporting period to determine the method of pricing and appropriateness of fair value level. The Company considers securities prices from pricing services, index providers or broker-dealers to be Level 2 in the fair value hierarchy. Prices determined based upon model processes are considered to be Level 3 in the fair value hierarchy.

After analyzing Level 3 prices provided by a third party pricing service, the Company determined it was necessary to reduce the price of one security based on the Company's own cash flow analysis.

### Stocks

The Company's stocks are comprised primarily of investments in subsidiaries. As discussed within our significant accounting policies, investments in subsidiaries are recorded in compliance with SSAP97.

## 21. Other Items

A. – F. There has been no change from the 2010 annual statement.

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

In accordance with the Company's standard practices the Company evaluated the most current available information as part of its loss estimation process, including trends in delinquencies and charge-offs on the underlying loans and its experience in requiring providers of representations and warranties to purchase ineligible loans out of these transactions. Most of the Company's expected loss and loss adjustment expense reserves and paid losses relate to U.S. Residential Mortgage Backed Securities ("RMBS"). As has been widely reported in the press, unprecedented levels of delinquencies, and defaults have negatively impacted the mortgage market, especially U.S. RMBS issued in the period from 2005 through 2007. Based on information during the quarter, the Company increased probabilities that a recovery in the housing and mortgage markets was beginning. The Company also formed a view that the recovery in the second-lien loan markets may be more gradual than it had assumed in its prior projection scenarios for second liens. As a result, the Company adjusted from prior quarters the assumptions and probability weightings of its loss projection scenarios to reflect those views. These changes were made with respect to how scenarios were run in the first quarter of 2011.

#### U.S. Second Lien RMBS: HELOCs and Closed end second lien

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

The delinquency performance of HELOC and closed end second lien exposures included in transactions insured by the Company began to deteriorate in 2007, and such transactions, particularly those originated in the period from 2005 through 2007, continue to perform below the Company's original underwriting expectations. While insured securities benefit from structural protections within the transactions designed to absorb collateral losses in excess of previous 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 transactions and the amount of loans repurchased for breaches of R&W. Expected losses are also a function of the structure of the transaction, the voluntary prepayment rate, typically also referred to as

## NOTES TO FINANCIAL STATEMENTS

conditional prepayment rate of the collateral; the interest rate environment; and assumptions about the draw rate and loss severity. These variables are: interrelated, difficult to predict and subject to considerable volatility. If actual experience differs from the Company's assumptions, the losses incurred could be materially different from the estimate. The Company continues to update its evaluation of these exposures as new information becomes available.

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

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

| <u>HELOC Key Variables</u>                                | <u>As of<br/>March 31, 2011</u> | <u>As of<br/>December 31, 2010</u> |
|---|---------------------------------|------------------------------------|
| Plateau conditional default rate.....                     | 4.7 – 21.4%                     | 4.2 – 22.1%                        |
| Final conditional default rate trended down to.....       | .4 – 3.2%                       | .4 – 3.2%                          |
| Expected period until final conditional default rate..... | 36 months                       | 24 months                          |
| Initial conditional prepayment rate.....                  | .9 – 16.3%                      | 3.3 – 17.1%                        |
| Final conditional prepayment rate.....                    | 10.0%                           | 10.0%                              |
| Loss severity.....  | 98%                             | 98%                                |
| Initial draw rate.....                                    | 0.0 – 5.3%                      | 0.0 – 6.8%                         |

| <u>Closed end second line Key Variables</u>                           | <u>As of<br/>March 31, 2011</u> | <u>As of<br/>December 31, 2010</u> |
|---|---------------------------------|------------------------------------|
| Plateau conditional default rate.....                                 | 18.6 – 35.9%                    | 17.7 – 38.8%                       |
| Final conditional default rate trended down to.....                   | 3.3 – 8.6%                      | 3.3 – 8.6%                         |
| Expected period until final conditional default rate<br>achieved..... | 36 months                       | 24 months                          |
| Initial conditional prepayment rate.....                              | .9 – 7.7%                       | 1.4 – 5.8%                         |
| Final conditional prepayment rate.....                                | 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 first through fifth months are then expressed as conditional default rate, and the average of those conditional default rates is then used as the basis for calculating defaults after the fifth month. As was the case last quarter, in the base scenario, this conditional default rate (the "plateau conditional default rate") is held constant for one month. Once the plateau period has ended, the conditional default rate is assumed to gradually trend down in uniform increments to its final long-term steady state conditional default rate. In the base scenario, the time over which the conditional default rate trends down to its final conditional default rate 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 conditional default rate is reached) is 24 months. The long-term steady state conditional default rates are calculated as the constant conditional default rates that would have yielded the amount of losses originally expected at underwriting. When a second lien loan defaults, there is generally very low recovery. Based on current expectations of future performance, the Company reduced its loss recovery assumption to 2% from 5% (thus increasing its severity from 95% to 98%) as of December 31, 2010.

The rate at which the principal amount of a loan is prepaid may impact both the amount of losses projected (which is a function of the conditional default rate and the loan balance over time) as well as the amount of excess spread (which is the excess of the interest paid by the borrowers on the underlying loan over the amount of interest and expenses owed on the insured obligations). In the base case, the current conditional prepayment rate is assumed to continue until the end of the plateau before gradually increasing to the final conditional prepayment rate over the same period the conditional default rate decreases. For transactions where the initial conditional prepayment rate is higher than the final conditional prepayment rate, the initial conditional prepayment rate is held constant. The final conditional prepayment rate is assumed to be 10% for both HELOC and closed end second lien transactions. This level is much higher than current rates, 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 conditional prepayment rate in both the first three quarters of 2010 and fourth quarter of 2009.

The Company uses a number of other variables in its second lien loss projections, including the spread between relevant interest rate indices, and HELOC draw rates (the amount of new advances provided on existing HELOCs expressed as a 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 range from 0.0% to 4.0%.

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

As in the case of third quarter of 2010, the Company's base case assumed a one month conditional default rate plateau and an 30 month ramp down. Increasing the conditional default rate plateau to 4 months and keeping the ramp down at 30 months would increase the expected loss by approximately \$63.7 million for HELOC transactions and \$10.7 million for closed end second lien transactions. On the other hand, keeping the conditional default rate plateau at one month but decreasing the length of the conditional default rate ramp down back to the 24 month assumption for third quarter of 2010 would decrease the expected loss from those taken by approximately \$50.1 million for HELOC transactions and \$4.4 million for closed end second lien 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 who lack certain ancillary characteristics that would make them prime. When more than 66% of the loans originally included in the pool are mortgage loans with an option to make a minimum payment that has the potential to negatively amortize the loan (*i.e.*, increase the amount of

## NOTES TO FINANCIAL STATEMENTS

principal owed), the transaction is referred to as an "Option ARM." Finally, transactions may be primarily composed of loans made to prime borrowers.

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

The majority of projected losses in first lien RMBS transactions are expected to come from mortgage loans that are delinquent or in foreclosure. An increase in delinquent and foreclosed loans beyond those delinquent and foreclosed last quarter is one of the primary drivers of loss development in this portfolio. In order to determine the number of defaults resulting from these delinquent and foreclosed loans, the Company applies a liquidation rate assumption to loans in each of various delinquency categories. The following table shows the Company's liquidation assumptions for various delinquency categories as of March 31, 2011 and December 31, 2010, respectively. The liquidation rate is a standard industry measure that is used to estimate the number of loans in a given aging category that will default within a specified time period. The Company projects these liquidations to occur over two years.

|                         | <u>March 31,<br/>2011</u> | <u>December 31,<br/>2010</u> |
|-------------------------|---------------------------|------------------------------|
| 30 - 59 Days Delinquent |                           |                              |
| Alt-A first lien.....   | 50                        | 45                           |
|                         | %                         | %                            |
| 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 conditional default rate trend. The start of that conditional default rate 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 conditional default rate (*i.e.*, the conditional default rate plateau), which, if applied for each of the next 24 months, would be sufficient to produce approximately the amount of losses that were calculated to emerge from the various delinquency categories. In the base case, each transaction's conditional default rate is projected to improve over 12 months to an intermediate conditional default rate (calculated as 15% of its conditional default rate plateau); that intermediate conditional default rate is held constant for 36 months and then trails off in steps to a final conditional default rate of 5% of the conditional default rate plateau. Under the Company's methodology, defaults projected to occur in the first 24 months represent defaults that can be attributed to loans that are currently delinquent or in foreclosure, while the defaults projected to occur using the projected conditional default rate trend after the first 24 month period represent defaults attributable to borrowers that are currently performing.

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

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

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

|                                       | <u>As of<br/>March 31, 2011</u> | <u>As of<br/>December 31, 2010</u> |
|---------------------------------------|---------------------------------|------------------------------------|
| Alt-A First Lien                      |                                 |                                    |
| Plateau conditional default rate      | 7.0% - 40.2%                    | 7.6% - 42.0%                       |
| Intermediate conditional default rate | 1.1% - 6.0%                     | 1.1% - 6.0%                        |
| Final conditional default rate.....   | .4% - 2.0%                      | .4% - 2.1%                         |
| Initial loss severity.....            | 65%                             | 60%                                |
| Initial conditional prepayment rate   | 0.0% - 19.5%                    | 0.0% - 20.0%                       |
| Final conditional prepayment rate     | 10%                             | 10%                                |
| Alt-A option ARM                      |                                 |                                    |
| Plateau conditional default rate      | 13.5% - 30.3%                   | 14.4% - 32.0%                      |
| Intermediate conditional default rate | 2.0% - 4.5%                     | 2.2% - 4.5%                        |
| Final conditional default rate.....   | .7% - 1.5%                      | .7% - 1.6%                         |
| Initial loss severity.....            | 65%                             | 60%                                |
| Initial conditional prepayment rate   | 0.0% - 5.6%                     | 0.0% - 6.0%                        |
| Final conditional prepayment rate     | 10%                             | 10%                                |
| Subprime                              |                                 |                                    |
| Plateau conditional default rate      | 12.1% - 34.3%                   | 12.4% - 34.0%                      |
| Intermediate conditional default rate | 1.8% - 5.1%                     | 1.9% - 5.2%                        |
| Final conditional default rate.....   | .6% - 1.7%                      | .6% - 1.7%                         |
| Initial loss severity.....            | 80%                             | 80%                                |
| Initial conditional prepayment rate   | 0.0% - 6.4%                     | 0.0% - 4.7%                        |
| Final conditional prepayment rate     | 10%                             | 10%                                |

The rate at which the principal amount of a loan is prepaid may impact both the amount of losses projected (since that amount is a function of the conditional default rate and the loan balance over time) as well as the amount of excess spread (the amount by which

## NOTES TO FINANCIAL STATEMENTS

the interest paid by the borrowers on the underlying loan exceeds the amount of interest owed on the insured obligations). The assumption for the conditional prepayment rate follows a similar pattern to that of the conditional default rate. The current level of voluntary prepayments is assumed to continue for the plateau period before gradually increasing over 12 months to the final conditional prepayment rate, which is assumed to be either 10% or 15% depending on the scenario run. For transactions where the initial conditional prepayment rate is higher than the final conditional prepayment rate, the initial conditional prepayment rate is held constant.

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

In estimating expected losses, 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 when modeling sensitivities was how quickly the conditional default rate returned to its modeled equilibrium, which was defined as 5% of the current conditional default rate. The Company also stressed conditional prepayment rates and the speed of recovery of loss severity rates. In a somewhat more stressful environment than that of the base case, where the conditional default rate recovery was more gradual and the final conditional prepayment rate was 15% rather than 10%, the Company's expected losses would increase by approximately \$6.7 million for Alt-A first liens, \$47.0 million for Option ARMs and \$19.9 million for subprime transactions. In an even more stressful scenario where the conditional default rate plateau was extended 3 months (to be 27 months long) before the same more gradual conditional default rate 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 \$31.0 million for Alt-A first liens, \$115.2 million for Option ARMs and \$138.0 million for subprime transactions. The Company also considered a scenario where the recovery was faster than in its base case. In this scenario, where the conditional default rate plateau was 3 months shorter (21 months, effectively assuming that liquidation rates would improve) and the conditional default rate recovery was more pronounced, the Company's expected losses would decrease by approximately \$17.1 million for Alt-A first liens, \$61.5 million for Option ARMs and \$22.9 million for subprime transactions.

### *Bank of America Settlement*

On April 14, 2011, Assured Guaranty reached a comprehensive agreement with Bank of America Corporation and its subsidiaries, including Countrywide Financial Corporation and its subsidiaries (collectively, "Bank of America"), regarding their liabilities with respect to 29 RMBS transactions insured by Assured Guaranty, including claims relating to reimbursement for breaches of representations and warranties ("R&W") and historical loan servicing issues ("Bank of America Agreement"). Of the 29 RMBS transactions (of which 18 are insured by AGM), eight are second lien transactions and 21 are first lien transactions. The Bank of America Agreement covers Bank of America sponsored securitizations that AGM or Assured Guaranty Corp. ("AGC") has insured, as well as certain other securitizations containing concentrations of Countrywide originated loans that AGM or AGC has insured. The transactions covered by the Bank of America Agreement have a gross par outstanding of \$5.2 billion (\$4.8 billion net par outstanding) as of March 31, 2011, or 29% of Assured Guaranty's total below investment grade ("BIG") RMBS net par outstanding.

Bank of America paid Assured Guaranty \$850 million (approximately \$673 million of which was to AGM) on April 14, 2011 and is obligated to pay another \$250 million by March 2012. In addition, Bank of America will reimburse Assured Guaranty 80% of claims Assured Guaranty pays on the 21 first lien transactions, up to collateral losses of \$6.6 billion. On April 14, 2011, Bank of America placed \$1 billion of eligible assets into trust in order to collateralize the reimbursement obligation relating to the first lien transactions. The amount of assets required to be posted may increase or decrease from time to time, as determined by rating agency requirements. As of March 31, 2011, cumulative collateral losses on these first lien RMBS transactions were approximately \$1.5 billion, AGM had paid \$2.0 million in claims and its estimated gross economic loss before considering R&W benefit on these transactions was \$416.5 million, which assumes cumulative projected collateral losses of \$4.4 billion.

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

The following summarizes U.S. subprime loss activity:

- The aggregate amount of U.S. subprime related net losses paid in the current year were \$(5,439,574);
- The aggregate amount of U.S. subprime related net losses incurred in the current year was of \$(23,330,018);
- The aggregate amount of U.S. subprime related net case reserves at the end of the current reporting period were \$56,498,665;
- The Company does not establish IBNR reserves.

### **22. Events Subsequent**

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

### **23. Reinsurance**

- The Company has no unsecured reinsurance recoverable at March 31, 2011.
- The Company has no reinsurance recoverable in dispute at March 31, 2011.
- Reinsurance Assumed and Ceded

|                   | Assumed Reinsurance |                   | Ceded Reinsurance |                   | Assumed less Ceded |                   |
|-------------------|---------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
|                   | Unearned Premiums   | Commission Equity | Unearned Premiums | Commission Equity | Unearned Premiums  | Commission Equity |
| <b>AFFILIATES</b> | \$ 380,341,262      | \$ 114,102,379    | \$ 1,287,982,187  | \$ 386,394,656    | \$ (907,640,925)   | \$ (272,292,277)  |
| <b>ALL OTHER</b>  | 3,545,577           | 1,063,673         | 453,289,044       | 135,986,713       | (449,743,467)      | (134,923,040)     |
|                   | \$ 383,886,839      | \$ 115,166,052    | \$ 1,741,271,231  | \$ 522,381,369    | \$ (1,357,384,392) | \$ (407,215,317)  |

## NOTES TO FINANCIAL STATEMENTS

Direct Unearned Premium Reserve: \$2,829,924,098.

D. The Company has no uncollectible reinsurance at March 31, 2011.

E. The effect of the Company's commutation and resumption of ceded and assumed business is summarized in the table below:

|                                 | XL Insurance<br>Company Ltd. |
|---------------------------------|------------------------------|
| Ceded (Assumed) Written Premium | 642,478                      |
| Change in UPR                   | (642,478)                    |
| Premiums Earned                 | -                            |
| Return of Ceding Commission     | -                            |
| Other Income (Expense)          | 20,263,509                   |
| Pre-Tax Gain/(Loss)             | 20,263,509                   |

F. The Company has no retroactive reinsurance in effect at March 31, 2011.

G. The Company does not utilize the deposit method to account for any of its reinsurance transactions.

### **24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

There has been no change from the 2010 annual statement.

### **25. Changes in Incurred Losses and Loss Adjustment Expenses**

Incurred losses and loss expenses attributable to insured events of prior years is \$(162,041,673) for the first quarter of 2011. The first quarter 2011 decrease is a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

### **26. Intercompany Pooling Arrangements**

There has been no significant change from the 2010 annual statement.

### **27. Structured Settlements**

There has been no change from the 2010 annual statement.

### **28. Health Care Receivables**

There has been no change from the 2010 annual statement.

### **29. Participating Policies**

There has been no change from the 2010 annual statement.

### **30. Premium Deficiency Reserves**

There has been no change from the 2010 annual statement.

### **31. High Deductibles**

There has been no change from the 2010 annual statement.

### **32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

The Company discounts the liability for unpaid losses for financial guaranty claims on a non-tabular at a rate of 5.0%, the approximate taxable equivalent yield on the Company's investment portfolio. The amount of discounted loss and loss adjustment reserves at March 31, 2011 and December 31, 2010 is \$26,214,213 and \$287,460,460, respectively. The amount of the discount as of March 31, 2011 and December 31, 2010 is \$131,342,648 and \$211,913,269, respectively.

### **33. Asbestos / Environmental Reserves**

There has been no change from the 2010 annual statement.

### **34. Subscriber Savings Accounts**

There has been no change from the 2010 annual statement.

### **35. Multiple Peril Crop Insurance**

There has been no change from the 2010 annual statement.

### **36. Financial Guaranty Insurance**

A. There has been no significant change from the 2010 annual statement.

B. Schedule of insured financial obligations as of March 31, 2011:

| <i>(Dollars in Thousands)</i>                       | Surveillance Categories |                    |                    | Total               |
|---|-------------------------|--------------------|--------------------|---------------------|
|   | BIG1                    | BIG2               | BIG3               |                     |
| Number of Policies                                  | 47                      | 45                 | 50                 | 142                 |
| Remaining weighted-average contract period (in yrs) | 9.5                     | 7.1                | 5.4                | 6.9                 |
| Insured contractual payments outstanding:           |                         |                    |                    |                     |
| Principal   | \$3,459,175             | \$4,113,884        | \$6,282,467        | \$13,855,527        |
| Interest  | 1,402,200               | 1,626,317          | 1,498,103          | 4,526,620           |
| Total   | <u>\$4,861,376</u>      | <u>\$5,740,201</u> | <u>\$7,780,570</u> | <u>\$18,382,147</u> |

**NOTES TO FINANCIAL STATEMENTS**

|  |                   |                  |                    |                 |
|--|-------------------|------------------|--------------------|-----------------|
| Gross claim liability                          | \$110,659         | \$1,133,676      | \$1,994,253        | \$3,238,588     |
| Less: Gross potential recoveries - subrogation | 152,656           | 559,164          | 2,213,815          | 2,925,635       |
| Ceded claim liability                          | (28,196)          | 241,604          | (58,012)           | 155,396         |
| Discount, net                                  | 26,308            | 165,948          | (60,913)           | 131,343         |
| Net liability reported in the balance sheet    | <u>\$(40,109)</u> | <u>\$166,960</u> | <u>\$(100,637)</u> | <u>\$26,214</u> |
| <br>   |                   |                  |                    |                 |
| Reinsurance recoverables                       | <u>\$11,517</u>   | <u>\$ 293</u>    | <u>\$ 9,269</u>    | <u>\$21,079</u> |
| <br>   |                   |                  |                    |                 |
| Unearned premium reserve                       | <u>\$ 7,932</u>   | <u>\$5,932</u>   | <u>\$66,904</u>    | <u>\$80,768</u> |

# 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 [X]
- 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              | 2                 | 3                 |
|----------------|-------------------|-------------------|
| Name of Entity | NAIC Company Code | 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 [X] NA [ ]  
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. .... 12/31/2007
- 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. .... 12/31/2007
- 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). .... 03/13/2009
- 6.4 By what department or departments?  
NEW YORK INSURANCE DEPARTMENT.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [X] No [ ] NA [ ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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              | 2                         | 3   | 4   | 5   | 6    | 7   |
|----------------|---------------------------|-----|-----|-----|------|-----|
| Affiliate Name | Location<br>(City, State) | FRB | OCC | OTS | FDIC | SEC |
|                |                           |     |     |     |      |     |

## GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes  No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

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

9.2 Has the code of ethics for senior managers been amended?..... Yes  No

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

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

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

### FINANCIAL

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

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

### INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

|   | 1   |  | 2  |  |
|---|---|--|--|--|
|   | Prior Year-End<br>Book/Adjusted<br>Carrying Value |  | Current Quarter<br>Book/Adjusted<br>Carrying Value |  |
| 14.21 Bonds .....   | \$ .....  |  | \$ .....   |  |
| 14.22 Preferred Stock .....   | \$ .....  |  | \$ .....   |  |
| 14.23 Common Stock .....  | \$ ..... 455,321,842                              |  | \$ ..... 656,404,365                               |  |
| 14.24 Short-Term Investments .....  | \$ .....  |  | \$ .....   |  |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....  |  | \$ .....   |  |
| 14.26 All Other .....   | \$ ..... 300,000,000                              |  | \$ ..... 300,000,000                               |  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal<br>Lines 14.21 to 14.26)..... | \$ ..... 755,321,842                              |  | \$ ..... 956,404,365                               |  |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above ..                            | \$ .....  |  | \$ .....   |  |

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

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

## GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes  No

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

| 1<br>Name of Custodian(s)    | 2<br>Custodian Address                              |
|------------------------------|---|
| Bank of New York Mellon..... | One Wall Street, 14th Flr., New York, NY 10286..... |

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<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Central Registration Depository | 2<br>Name(s)                                | 3<br>Address                                     |
|--------------------------------------|---|--|
| 105900.....                          | General Re-New England Asset Mgmt. Inc..... | 76 Batterson Park Rd., Farmington, CT 06032..... |
| 104518.....                          | Deutsche Inv. Mgmt. Americas Inc.....       | 345 Park Ave., New York, NY 10022.....           |
| 106595.....                          | Wellington Management 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<br>NAIC<br>Company Code | 2<br>Federal<br>ID Number | 3<br>Name of Reinsurer | 4<br>Domiciliary Jurisdiction | 5<br>Is Insurer<br>Authorized?<br>(Yes or No) |
|---------------------------|---------------------------|------------------------|-------------------------------|---|
|                           |                           | AFFILIATES             |                               |   |
|                           |                           | US INSURERS            |                               |   |
|                           |                           | POOLS AND ASSOCIATIONS |                               |   |
|                           |                           | ALL OTHER INSURERS     |                               |   |
| <b>NONE</b>               |                           |                        |                               |   |

STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

| States, etc.  | 1<br>Active Status | Direct Premiums Written   |                         | Direct Losses Paid (Deducting Salvage) |                         | Direct Losses Unpaid      |                         |               |
|---|--------------------|---------------------------|-------------------------|--|-------------------------|---------------------------|-------------------------|---------------|
|   |                    | 2<br>Current Year To Date | 3<br>Prior Year To Date | 4<br>Current Year To Date              | 5<br>Prior Year To Date | 6<br>Current Year To Date | 7<br>Prior Year To Date |               |
| 1. Alabama  | AL                 | L                         | 1,034,912               | 92,910                                 |                         |                           | 1,715,242               |               |
| 2. Alaska   | AK                 | L                         |                         |  |                         |                           |                         |               |
| 3. Arizona  | AZ                 | L                         | 432,046                 | 4,109,377                              |                         |                           |                         |               |
| 4. Arkansas   | AR                 | L                         |                         |  |                         |                           |                         |               |
| 5. California   | CA                 | L                         | 4,621,510               | 7,066,586                              | 5,604,718               | 181,919                   | 40,893,080              | 48,347,676    |
| 6. Colorado   | CO                 | L                         | 9,458                   | 98,849                                 |                         |                           |                         |               |
| 7. Connecticut  | CT                 | L                         |                         | 205,576                                | 2,871,090               | 3,547,608                 | (35,834,032)            | 5,132,168     |
| 8. Delaware   | DE                 | L                         | 8,108,494               | 9,904,989                              | 44,077,021              | 118,233,012               | (485,043,121)           | 175,670,242   |
| 9. District of Columbia   | DC                 | L                         | 45,349                  | 46,824                                 |                         |                           |                         |               |
| 10. Florida   | FL                 | L                         | 924,234                 | 4,065,618                              |                         |                           |                         |               |
| 11. Georgia   | GA                 | L                         | 237,899                 | 187,525                                | 2,244,829               | 2,014,293                 | 35,581,950              | 40,717,438    |
| 12. Hawaii  | HI                 | L                         | 58,084                  | 59,588                                 |                         |                           |                         |               |
| 13. Idaho   | ID                 | L                         | 180,649                 |  |                         |                           |                         |               |
| 14. Illinois  | IL                 | L                         | 1,624,246               | 5,552,010                              |                         |                           |                         |               |
| 15. Indiana   | IN                 | L                         | 232,901                 | 590,317                                |                         |                           |                         |               |
| 16. Iowa  | IA                 | L                         |                         | 100,000                                |                         |                           |                         |               |
| 17. Kansas  | KS                 | L                         | 90,915                  | 386,050                                |                         |                           |                         |               |
| 18. Kentucky  | KY                 | L                         |                         |  |                         |                           |                         |               |
| 19. Louisiana   | LA                 | L                         | 427,139                 |  |                         |                           |                         |               |
| 20. Maine   | ME                 | L                         | 18,000                  |  |                         |                           |                         |               |
| 21. Maryland  | MD                 | L                         | 724,422                 | 771,369                                | 55,562,142              | 16,205,218                | 324,096,871             | 293,143,960   |
| 22. Massachusetts   | MA                 | L                         | 833,140                 | 264,728                                | 8,460,576               | 11,692,658                | (23,224,263)            |               |
| 23. Michigan  | MI                 | L                         | 114,426                 | 36,000                                 |                         |                           |                         |               |
| 24. Minnesota   | MN                 | L                         | 109,511                 | 238,517                                | 22,942,812              |                           | (64,276,037)            |               |
| 25. Mississippi   | MS                 | L                         | 253,198                 | 123,679                                |                         |                           |                         |               |
| 26. Missouri  | MO                 | L                         | 27,040                  | 1,178,501                              |                         |                           |                         |               |
| 27. Montana   | MT                 | L                         |                         |  |                         |                           |                         |               |
| 28. Nebraska  | NE                 | L                         |                         |  |                         |                           |                         |               |
| 29. Nevada  | NV                 | L                         | (705)                   | 1,745,596                              |                         |                           |                         |               |
| 30. New Hampshire   | NH                 | L                         |                         | 1,167,764                              |                         |                           |                         |               |
| 31. New Jersey  | NJ                 | L                         | 992,683                 |  | 684,406                 |                           | 25,261,800              | 21,788,000    |
| 32. New Mexico  | NM                 | L                         | 18,098                  |  |                         |                           |                         |               |
| 33. New York  | NY                 | L                         | 39,290,474              | 31,514,229                             | 46,153,888              | 92,940,959                | 247,025,774             | 634,731,074   |
| 34. No. Carolina  | NC                 | L                         | 8,185                   | 40,607                                 |                         |                           |                         |               |
| 35. No. Dakota  | ND                 | L                         |                         |  |                         |                           |                         |               |
| 36. Ohio  | OH                 | L                         | 129,453                 | 187,887                                |                         |                           |                         |               |
| 37. Oklahoma  | OK                 | L                         | 135,153                 | 649,225                                |                         |                           |                         |               |
| 38. Oregon  | OR                 | L                         |                         | 2,796,561                              |                         |                           |                         |               |
| 39. Pennsylvania  | PA                 | L                         | 2,838,132               | 2,483,559                              |                         | (643,063)                 | (3,396,824)             |               |
| 40. Rhode Island  | RI                 | L                         |                         | 244,306                                |                         |                           |                         |               |
| 41. So. Carolina  | SC                 | L                         | 320,706                 | 60,385                                 |                         |                           |                         |               |
| 42. So. Dakota  | SD                 | L                         |                         | 25,517                                 |                         |                           |                         |               |
| 43. Tennessee   | TN                 | L                         | 153,934                 | 2,269,946                              |                         |                           |                         |               |
| 44. Texas   | TX                 | L                         | 1,966,168               | 5,958,846                              |                         |                           |                         |               |
| 45. Utah  | UT                 | L                         | 69,549                  | 1,414,250                              |                         |                           |                         |               |
| 46. Vermont   | VT                 | L                         | 6,569                   | 510,650                                |                         |                           |                         |               |
| 47. Virginia  | VA                 | L                         | 102                     | 128                                    |                         |                           |                         |               |
| 48. Washington  | WA                 | L                         |                         |  |                         |                           |                         |               |
| 49. West Virginia   | WV                 | L                         |                         | 863,965                                |                         |                           |                         |               |
| 50. Wisconsin   | WI                 | L                         | 61,828                  | 169,912                                |                         |                           |                         |               |
| 51. Wyoming   | WY                 | L                         |                         |  |                         |                           |                         |               |
| 52. American Samoa  | AS                 | N                         |                         |  |                         |                           |                         |               |
| 53. Guam  | GU                 | N                         |                         |  |                         |                           |                         |               |
| 54. Puerto Rico   | PR                 | L                         | 9,268,970               | 3,408,408                              |                         |                           |                         |               |
| 55. U.S. Virgin Islands   | VI                 | N                         |                         | 2,168,078                              |                         |                           |                         |               |
| 56. Northern Mariana Islands  | MP                 | N                         |                         |  |                         |                           |                         |               |
| 57. Canada  | CN                 | N                         |                         |  |                         |                           |                         |               |
| 58. Aggregate Other Alien   | OT                 | XXX                       | 2,994,300               | 3,551,419                              | 1,061,833               |                           | 7,909,244               | 8,408,290     |
| 59. Totals  | (a) 52             |                           | 78,361,172              | 96,310,251                             | 189,663,315             | 244,172,604               | 70,709,684              | 1,227,938,848 |
| <b>DETAILS OF WRITE-INS</b>   |                    |                           |                         |  |                         |                           |                         |               |
| 5801. Australia   |                    | XXX                       | 588,431                 | 553,515                                |                         |                           |                         |               |
| 5802. Bermuda   |                    | XXX                       | 178                     | 27,653                                 |                         |                           |                         |               |
| 5803. Chile   |                    | XXX                       | 37,646                  | (48,109)                               |                         |                           |                         |               |
| 5898. Summary of remaining write-ins for Line 58 from overflow page |                    | XXX                       | 2,368,045               | 3,018,360                              | 1,061,833               |                           | 7,909,244               | 8,408,290     |
| 5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)    |                    | XXX                       | 2,994,300               | 3,551,419                              | 1,061,833               |                           | 7,909,244               | 8,408,290     |

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

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

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

There are no material changes on the Company's Organizational Chart since the prior quarter.

**PART 1 - LOSS EXPERIENCE**

| Line of Business   | Current Year to Date        |                             |                             | 4<br>Prior Year to Date Direct Loss Percentage |
|--|-----------------------------|-----------------------------|-----------------------------|--|
|  | 1<br>Direct Premiums Earned | 2<br>Direct Losses Incurred | 3<br>Direct Loss Percentage |  |
| 1. Fire .....  |                             |                             |                             |  |
| 2. Allied lines .....  |                             |                             |                             |  |
| 3. Farmowners multiple peril .....                                     |                             |                             |                             |  |
| 4. Homeowners multiple peril .....                                     |                             |                             |                             |  |
| 5. Commercial multiple peril .....                                     |                             |                             |                             |  |
| 6. Mortgage guaranty .....   |                             |                             |                             |  |
| 8. Ocean marine .....  |                             |                             |                             |  |
| 9. Inland marine .....   |                             |                             |                             |  |
| 10. Financial guaranty .....   | 109,267,036                 | (233,101,172)               | (213.3)                     | 267.4  |
| 11.1 Medical professional liability - occurrence .....                 |                             |                             |                             |  |
| 11.2 Medical professional liability – claims made .....                |                             |                             |                             |  |
| 12. Earthquake .....   |                             |                             |                             |  |
| 13. Group accident and health .....                                    |                             |                             |                             |  |
| 14. Credit accident and health .....                                   |                             |                             |                             |  |
| 15. Other accident and health .....                                    |                             |                             |                             |  |
| 16. Workers' compensation .....  |                             |                             |                             |  |
| 17.1 Other liability occurrence .....                                  |                             |                             |                             |  |
| 17.2 Other liability – claims made .....                               |                             |                             |                             |  |
| 17.3 Excess Workers' Compensation .....                                |                             |                             |                             |  |
| 18.1 Products liability - occurrence .....                             |                             |                             |                             |  |
| 18.2 Products liability – claims made .....                            |                             |                             |                             |  |
| 19.1,19.2 Private passenger auto liability .....                       |                             |                             |                             |  |
| 19.3,19.4 Commercial auto liability .....                              |                             |                             |                             |  |
| 21. Auto physical damage .....   |                             |                             |                             |  |
| 22. Aircraft (all perils) .....  |                             |                             |                             |  |
| 23. Fidelity .....   |                             |                             |                             |  |
| 24. Surety .....   |                             |                             |                             |  |
| 26. Burglary and theft .....   |                             |                             |                             |  |
| 27. Boiler and machinery .....   |                             |                             |                             |  |
| 28. Credit .....   |                             |                             |                             |  |
| 29. International .....  |                             |                             |                             |  |
| 30. Warranty .....   |                             |                             |                             |  |
| 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 .....              |                             |                             |                             |  |
| 35. TOTALS .....   | 109,267,036                 | (233,101,172)               | (213.3)                     | 267.4  |
| <b>DETAILS OF WRITE-INS</b>  |                             |                             |                             |  |
| 3401. ....   |                             |                             |                             |  |
| 3402. ....   |                             |                             |                             |  |
| 3403. ....   |                             |                             |                             |  |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page ..... |                             |                             |                             |  |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34) .....       |                             |                             |                             |  |

**PART 2 - DIRECT PREMIUMS WRITTEN**

| Line of Business   | 1               | 2                    | 3                       |
|--|-----------------|----------------------|-------------------------|
|  | Current Quarter | Current Year to Date | Prior Year Year to Date |
| 1. Fire .....  |                 |                      |                         |
| 2. Allied lines .....  |                 |                      |                         |
| 3. Farmowners multiple peril .....                                     |                 |                      |                         |
| 4. Homeowners multiple peril .....                                     |                 |                      |                         |
| 5. Commercial multiple peril .....                                     |                 |                      |                         |
| 6. Mortgage guaranty .....   |                 |                      |                         |
| 8. Ocean marine .....  |                 |                      |                         |
| 9. Inland marine .....   |                 |                      |                         |
| 10. Financial guaranty .....   |                 | 78,361,172           | 96,310,251              |
| 11.1 Medical professional liability - occurrence .....                 |                 |                      |                         |
| 11.2 Medical professional liability – claims made .....                |                 |                      |                         |
| 12. Earthquake .....   |                 |                      |                         |
| 13. Group accident and health .....                                    |                 |                      |                         |
| 14. Credit accident and health .....                                   |                 |                      |                         |
| 15. Other accident and health .....                                    |                 |                      |                         |
| 16. Workers' compensation .....  |                 |                      |                         |
| 17.1 Other liability-occurrence .....                                  |                 |                      |                         |
| 17.2 Other liability – claims made .....                               |                 |                      |                         |
| 17.3 Excess Workers' Compensation .....                                |                 |                      |                         |
| 18.1 Products liability - occurrence .....                             |                 |                      |                         |
| 18.2 Products liability – claims made .....                            |                 |                      |                         |
| 19.1,19.2 Private passenger auto liability .....                       |                 |                      |                         |
| 19.3,19.4 Commercial auto liability .....                              |                 |                      |                         |
| 21. Auto physical damage .....   |                 |                      |                         |
| 22. Aircraft (all perils) .....  |                 |                      |                         |
| 23. Fidelity .....   |                 |                      |                         |
| 24. Surety .....   |                 |                      |                         |
| 26. Burglary and theft .....   |                 |                      |                         |
| 27. Boiler and machinery .....   |                 |                      |                         |
| 28. Credit .....   |                 |                      |                         |
| 29. International .....  |                 |                      |                         |
| 30. Warranty .....   |                 |                      |                         |
| 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 .....              |                 |                      |                         |
| 35. TOTALS .....   | 78,361,172      | 78,361,172           | 96,310,251              |
| <b>DETAILS OF WRITE-INS</b>  |                 |                      |                         |
| 3401. ....   |                 |                      |                         |
| 3402. ....   |                 |                      |                         |
| 3403. ....   |                 |                      |                         |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page ..... |                 |                      |                         |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34) .....       |                 |                      |                         |

STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL 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 .....                               | 121,938   |   | 121,938  | 52,489   |  | 52,489   | (22,789)  |  |                                      | (22,789)  | (92,238)   |  | (92,238)  |
| 2. 2009 .....                                       | 151,405   |   | 151,405  | 46,629   |  | 46,629   | 45,246  |  |                                      | 45,246  | (59,530)   |  | (59,530)  |
| 3. Subtotals 2009 + prior .....                     | 273,343   |   | 273,343  | 99,118   |  | 99,118   | 22,457  |  |                                      | 22,457  | (151,768)  |  | (151,768)   |
| 4. 2010 .....                                       | 14,118  |   | 14,118   | 4,769  |  | 4,769  | (925)   |  |                                      | (925)   | (10,274)   |  | (10,274)  |
| 5. Subtotals 2010 + prior .....                     | 287,461   |   | 287,461  | 103,887  |  | 103,887  | 21,532  |  |                                      | 21,532  | (162,042)  |  | (162,042)   |
| 6. 2011 .....                                       | XXX   | XXX                                       | XXX  | XXX  | 8,647  | 8,647  | XXX   | 4,683  |                                      | 4,683   | XXX  | XXX  | XXX   |
| 7. Totals .....                                     | 287,461   |   | 287,461  | 103,887  | 8,647  | 112,534  | 21,532  | 4,683  |                                      | 26,215  | (162,042)  |  | (162,042)   |
| 8. Prior Year-End Surplus As Regards Policy-holders | 927,039   |   |  |  |  |  |   |  |                                      |   | 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. (56.4)  | 2.   | 3. (56.4)   |
|   |   |   |  |  |  |  |   |  |                                      |   |  |  | Col. 13, Line 7 As a % of Col. 1 Line 8   |
|   |   |   |  |  |  |  |   |  |                                      |   |  |  | 4. (17.5)   |

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES





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

|   | <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. | <br>1 8 2 8 7 2 0 1 1 4 9 0 0 0 0 0 1 |
| 2. | <br>1 8 2 8 7 2 0 1 1 4 5 5 0 0 0 0 1 |
| 3. | <br>1 8 2 8 7 2 0 1 1 3 6 5 0 0 0 0 1 |
| 4. | <br>1 8 2 8 7 2 0 1 1 5 0 5 0 0 0 0 1 |

**OVERFLOW PAGE FOR WRITE-INS**

PQ010 Additional Aggregate Lines for Page 10 Line 58.

\*SCT

|   | 1<br>Active<br>Status | 2<br>Current Year<br>To Date | 3<br>Prior Year<br>To Date | 4<br>Current Year<br>To Date | 5<br>Prior Year<br>To Date | 6<br>Current Year<br>To Date | 7<br>Prior Year<br>To Date |
|---|-----------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| 5804. United Kingdom.....   | .XXX.                 | 161,045                      | 152,087                    |                              |                            |                              |                            |
| 5805. Jersey Island.....  | .XXX.                 | 274,432                      | 274,432                    |                              |                            |                              |                            |
| 5806. Japan.....  | .XXX.                 | 19,208                       | 96,498                     |                              |                            |                              |                            |
| 5807. Cayman Island.....  | .XXX.                 | 1,890,720                    | 2,445,637                  | 1,061,833                    |                            | 7,909,244                    | 8,408,290                  |
| 5808. Mexico.....   | .XXX.                 | 7,189                        | 35,606                     |                              |                            |                              |                            |
| 5809. New Zealand.....  | .XXX.                 | 15,451                       | 14,100                     |                              |                            |                              |                            |
| 5897. Summary of remaining write-<br>ins for Line 58 from Page 10 | XXX                   | 2,368,045                    | 3,018,360                  | 1,061,833                    |                            | 7,909,244                    | 8,408,290                  |

**SCHEDULE A - VERIFICATION**

**Real Estate**

|  | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| <b>NONE</b>  |                   |                                      |
| 1. Book/adjusted carrying value, December 31 of prior year                           |                   |                                      |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisition   |                   |                                      |
| 2.2 Additional investment made after acquisition                                     |                   |                                      |
| 3. Current year change in encumbrances   |                   |                                      |
| 4. Total gain (loss) on disposals  |                   |                                      |
| 5. Deduct amounts received on disposals  |                   |                                      |
| 6. Total foreign exchange change in book/adjusted carrying value                     |                   |                                      |
| 7. Deduct current year's other than temporary impairment recognized                  |                   |                                      |
| 8. Deduct current year's depreciation  |                   |                                      |
| 9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) |                   |                                      |
| 10. Deduct total nonadmitted amounts   |                   |                                      |
| 11. Statement value at end of current period (Line 9 minus Line 10)                  |                   |                                      |

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

|   | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| <b>NONE</b>   |                   |                                      |
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year                             |                   |                                      |
| 2. Cost of acquired:  |                   |                                      |
| 2.1 Actual cost at time of acquisition  |                   |                                      |
| 2.2 Additional investment made after acquisition  |                   |                                      |
| 3. Capitalized deferred interest and other  |                   |                                      |
| 4. Accrual of discount  |                   |                                      |
| 5. Unrealized valuation increase (decrease)   |                   |                                      |
| 6. Total gain (loss) on disposals   |                   |                                      |
| 7. Deduct amounts received on disposals   |                   |                                      |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees                                  |                   |                                      |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest                       |                   |                                      |
| 10. Deduct current year's other than temporary impairment recognized  |                   |                                      |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) |                   |                                      |
| 12. Total valuation allowance   |                   |                                      |
| 13. Subtotal (Line 11 plus Line 12)   |                   |                                      |
| 14. Deduct total nonadmitted amounts  |                   |                                      |
| 15. Statement value at end of current period (Line 13 minus Line 14)  |                   |                                      |

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

|  | 1<br>Year To Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year                             | 318,028,257       | 300,000,000                          |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisition   | 19,054,183        | 18,028,257                           |
| 2.2 Additional investment made after acquisition                                       |                   |                                      |
| 3. Capitalized deferred interest and other   |                   |                                      |
| 4. Accrual of discount   |                   |                                      |
| 5. Unrealized valuation increase (decrease)  |                   |                                      |
| 6. Total gain (loss) on disposals  |                   |                                      |
| 7. Deduct amounts received on disposals  |                   |                                      |
| 8. Deduct amortization of premium and depreciation                                     |                   |                                      |
| 9. Total foreign exchange change in book/adjusted carrying value                       |                   |                                      |
| 10. Deduct current year's other than temporary impairment recognized                   |                   |                                      |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 337,082,440       | 318,028,257                          |
| 12. Deduct total nonadmitted amounts   |                   |                                      |
| 13. Statement value at end of current period (Line 11 minus Line 12)                   | 337,082,440       | 318,028,257                          |

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

|   | 1<br>Year To Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year      | 3,125,235,931     | 3,515,595,784                        |
| 2. Cost of bonds and stocks acquired  | 227,912,618       | 294,408,232                          |
| 3. Accrual of discount  | 4,643,142         | 15,506,784                           |
| 4. Unrealized valuation increase (decrease)   | 201,082,523       | 53,275,113                           |
| 5. Total gain (loss) on disposals   | 1,998,972         | 14,060,785                           |
| 6. Deduct consideration for bonds and stocks disposed of                            | 155,452,621       | 719,789,607                          |
| 7. Deduct amortization of premium   | 3,324,017         | 18,171,682                           |
| 8. Total foreign exchange change in book/adjusted carrying value                    | (58,754)          | (462,673)                            |
| 9. Deduct current year's other than temporary impairment recognized                 | 2,869,211         | 29,186,805                           |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 3,399,168,583     | 3,125,235,931                        |
| 11. Deduct total nonadmitted amounts  |                   |                                      |
| 12. Statement value at end of current period (Line 10 minus Line 11)                | 3,399,168,583     | 3,125,235,931                        |

STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL 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<br>Book/Adjusted<br>Carrying Value<br>Beginning of<br>Current Quarter | 2<br>Acquisitions<br>During<br>Current Quarter | 3<br>Dispositions<br>During<br>Current Quarter | 4<br>Non-Trading<br>Activity<br>During<br>Current Quarter | 5<br>Book/Adjusted<br>Carrying Value<br>End of<br>First Quarter | 6<br>Book/Adjusted<br>Carrying Value<br>End of<br>Second Quarter | 7<br>Book/Adjusted<br>Carrying Value<br>End of<br>Third Quarter | 8<br>Book/Adjusted<br>Carrying Value<br>December 31<br>Prior Year |
|-----------------------------------|---|--|--|---|---|--|---|---|
| <b>BONDS</b>                      |   |  |  |   |   |  |   |   |
| 1. Class 1 (a) .....              | 2,868,222,418   | 479,260,014                                    | 653,606,690                                    | (25,293,156)  | 2,668,582,586   |  |   | 2,868,222,418   |
| 2. Class 2 (a) .....              | 148,989,817   |  | 8,069,794                                      | 12,462,976  | 153,382,999   |  |   | 148,989,817   |
| 3. Class 3 (a) .....              |   |  |  |   |   |  |   |   |
| 4. Class 4 (a) .....              |   |  |  |   |   |  |   |   |
| 5. Class 5 (a) .....              |   |  |  |   |   |  |   |   |
| 6. Class 6 (a) .....              | 173,362,708   |  |  | 10,965,288  | 184,327,996   |  |   | 173,362,708   |
| 7. Total Bonds                    | 3,190,574,943   | 479,260,014                                    | 661,676,484                                    | (1,864,892)   | 3,006,293,581   |  |   | 3,190,574,943   |
| <b>PREFERRED STOCK</b>            |   |  |  |   |   |  |   |   |
| 8. Class 1 .....                  |   |  |  |   |   |  |   |   |
| 9. Class 2 .....                  |   |  |  |   |   |  |   |   |
| 10. Class 3 .....                 |   |  |  |   |   |  |   |   |
| 11. Class 4 .....                 |   |  |  |   |   |  |   |   |
| 12. Class 5 .....                 |   |  |  |   |   |  |   |   |
| 13. Class 6 .....                 |   |  |  |   |   |  |   |   |
| 14. Total Preferred Stock         |   |  |  |   |   |  |   |   |
| 15. Total Bonds & Preferred Stock | 3,190,574,943   | 479,260,014                                    | 661,676,484                                    | (1,864,892)   | 3,006,293,581   |  |   | 3,190,574,943   |

(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 \$.....210,191,539 ; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

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**SCHEDULE DA - PART 1**

**Short-Term Investments**

|         | 1                               | 2         | 3           | 4                                  | 5  |
|---------|---------------------------------|-----------|-------------|------------------------------------|--|
|         | Book/Adjusted<br>Carrying Value | Par Value | Actual Cost | Interest Collected<br>Year To Date | Paid for Accrued<br>Interest<br>Year To Date |
| 9199999 | 10,294,458                      | XXX       | 10,291,208  | 1,082                              |  |

**SCHEDULE DA - VERIFICATION**

**Short-Term Investments**

|  | 1            | 2                               |
|--|--------------|---------------------------------|
|  | Year To Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year.....                          | 80,543,081   | 11,602,513                      |
| 2. Cost of short-term investments acquired .....   | 25,990,142   | 169,973,529                     |
| 3. Accrual of discount .....   | 16,762       | 54,843                          |
| 4. Unrealized valuation increase (decrease).....   |              |                                 |
| 5. Total gain (loss) on disposals.....   | 352,579      | 384,359                         |
| 6. Deduct consideration received on disposals.....                                       | 96,275,751   | 102,192,645                     |
| 7. Deduct amortization of premium.....   |              | 4,998                           |
| 8. Total foreign exchange change in book/adjusted carrying value.....                    | (332,355)    | 725,480                         |
| 9. Deduct current year's other than temporary impairment recognized.....                 |              |                                 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 10,294,458   | 80,543,081                      |
| 11. Deduct total nonadmitted amounts.....  |              |                                 |
| 12. Statement value at end of current period (Line 10 minus Line 11)                     | 10,294,458   | 80,543,081                      |

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<br>Year To Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                          | 440,348,970       | 231,544,522                          |
| 2. Cost of cash equivalents acquired.....  | 225,629,720       | 1,035,679,340                        |
| 3. Accrual of discount.....  | 25,112            | 78,879                               |
| 4. Unrealized valuation increase (decrease).....   |                   |                                      |
| 5. Total gain (loss) on disposals.....   | 552               | 1,250                                |
| 6. Deduct consideration received on disposals.....                                       | 412,324,543       | 826,955,021                          |
| 7. Deduct amortization of premium.....   |                   |                                      |
| 8. Total foreign exchange change in book/adjusted carrying value.....                    |                   |                                      |
| 9. Deduct current year's other than temporary impairment recognized.....                 |                   |                                      |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 253,679,811       | 440,348,970                          |
| 11. Deduct total nonadmitted amounts.....  |                   |                                      |
| 12. Statement value at end of current period (Line 10 minus Line 11)                     | 253,679,811       | 440,348,970                          |

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL CORP.

**SCHEDULE BA - PART 2**

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

| 1<br>CUSIP<br>Identification                       | 2<br>Name or Description        | 3 Location |            | 5<br>Name of<br>Vendor or<br>General<br>Partner | 6<br>NAIC<br>Designation | 7<br>Date<br>Originally<br>Acquired | 8<br>Type<br>and<br>Strategy | 9<br>Actual<br>Cost at Time of<br>Acquisition | 10<br>Additional Investment<br>Made After Acquisition | 11<br>Amount of<br>Encumbrances | 12<br>Commitment<br>for Additional<br>Investment | 13<br>Percentage<br>of<br>Ownership |
|--|---------------------------------|------------|------------|---|--------------------------|-------------------------------------|------------------------------|---|---|---------------------------------|--|-------------------------------------|
|  |                                 | 3<br>City  | 4<br>State |   |                          |                                     |                              |   |   |                                 |  |                                     |
| 000000-00-0  | US Mtg. Ins Co Tax & Loss Bonds | New York   | NY         | Direct  |                          | 03/15/2011                          |                              | 19,054,183                                    |   |                                 |  | 100.000                             |
| 3799999 - Any Other Class of Assets - Unaffiliated |                                 |            |            |   |                          |                                     |                              | 19,054,183                                    |   |                                 |  | XXX                                 |
| 3999999 - Subtotals Unaffiliated                   |                                 |            |            |   |                          |                                     |                              | 19,054,183                                    |   |                                 |  | XXX                                 |
| 4099999 - Subtotals Affiliated                     |                                 |            |            |   |                          |                                     |                              |   |   |                                 |  | XXX                                 |
| 4199999 TOTALS                                     |                                 |            |            |   |                          |                                     |                              | 19,054,183                                    |   |                                 |  | XXX                                 |

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STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL 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) |
| 0599999 - Total      | Bonds - U.S. Governments  |         |               |                           |                           |             |             |   | XXX                                      |
| 544644-L8-8          | LOS ANGELES CALIF UNI SCH DIST  |         | 01/04/2011    | Added by SunGard          |                           | 4,199,480   | 4,000,000   | 3,333                                   | 1FE                                      |
| 686053-AN-9          | ORSEDU 0% 6/30/15   |         | 01/26/2011    | Morgan Stanley Co         |                           | 4,231,687   | 5,075,000   |   | 1FE                                      |
| 2499999 - Total      | Bonds - U.S. Political Subdivisions of States, Territories and Possessions                    |         |               |                           |                           | 8,431,167   | 9,075,000   | 3,333                                   | XXX                                      |
| 307479-CF-0          | Fargo ND HlthSanford  |         | 01/21/2011    | CAIN BROTHERS             |                           | 7,216,041   | 6,970,000   |   | 1FE                                      |
| 307479-CG-8          | Fargo ND HlthSanford  |         | 01/21/2011    | CAIN BROTHERS             |                           | 2,076,120   | 2,000,000   |   | 1FE                                      |
| 3128PU-EW-8          | FG J14649   |         | 02/22/2011    | JEFFRIES                  |                           | 9,951,563   | 10,000,000  | 14,583                                  | 1FE                                      |
| 01F032-44-3          | FNCI 3.5 4/11   |         | 03/17/2011    | BARCLAYS CAPITAL          |                           | 10,081,250  | 10,000,000  | 16,528                                  | 1FE                                      |
| 57583R-6J-9          | MA H&E- Partners  |         | 01/07/2011    | JP Morgan Securities      |                           | 8,059,280   | 8,000,000   |   | 1FE                                      |
| 57583R-6K-6          | MA H&E- Partners  |         | 01/07/2011    | JP Morgan Securities      |                           | 3,300,210   | 3,000,000   |   | 1FE                                      |
| 60636X-XM-0          | MO HSG SF PAC   |         | 01/19/2011    | RBC                       |                           | 3,606,975   | 3,450,000   | 82,910                                  | 1FE                                      |
| 649902-JH-7          | NY Dorm PIT   |         | 01/19/2011    | RBC                       |                           | 10,900,400  | 10,000,000  | 179,167                                 | 1FE                                      |
| 3199999 - Total      | Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of ... |         |               |                           |                           | 55,191,839  | 53,420,000  | 293,188                                 | XXX                                      |
| 02005A-BC-1          | AMOT 2011-1 A2  |         | 01/13/2011    | CREDIT SWISSE FIRST BOSTN |                           | 4,649,955   | 4,650,000   |   | 1FE                                      |
| 233050-AN-3          | DBUBS 11-LC1AA1 144A  |         | 02/08/2011    | Drexel Burnham Lambert    |                           | 7,803,024   | 7,726,000   | 19,274                                  | 1FE                                      |
| 126682-AA-1          | CWHEL 2007-A A  |         | 03/30/2011    | Goldman Sachs             |                           | 14,419,447  | 21,748,919  | 5,009                                   | 1Z*                                      |
| 44328M-AB-0          | HSBC BANK PLC   |         | 03/02/2011    | UBS Securities            |                           | 1,023,290   | 1,000,000   | 6,708                                   | 1FE                                      |
| 75971F-AX-1          | RENAISSANCE HOME EQUITY LOAN TRUST  |         | 01/31/2011    | Goldman Sachs             |                           | 41,587,105  | 52,631,654  | 19,497                                  | 1FE                                      |
| 88156V-AB-4          | TMTS 2006-10SL A2   |         | 02/10/2011    | RBS GREENWICH CAPITAL MKT |                           | 2,329,914   | 3,112,147   | 22,978                                  | 1Z*                                      |
| 88157D-AA-5          | TMTS 2006-12SL A1 .35125%   |         | 02/10/2011    | INTERCOMPANY TRANSFER FSA |                           | 37,687,822  | 47,429,108  | 7,096                                   | 1Z*                                      |
| 88157D-AB-3          | TMTS 2006-12SL A2   |         | 02/10/2011    | Goldman Sachs             |                           | 3,935,349   | 5,838,688   | 18,481                                  | 1Z*                                      |
| 88157G-AB-6          | TMTS 2007 1SL A2  |         | 02/10/2011    | RBS GREENWICH CAPITAL MKT |                           | 707,106     | 1,032,654   | 4,296                                   | 1Z*                                      |
| 88156V-AA-6          | TMTS.06-10SL A1   |         | 03/09/2011    | BANK OF NEW YORK          |                           | 13,525,978  | 17,091,506  | 34,028                                  | 1Z*                                      |
| 88157G-AA-8          | TMTS2007-1SLA1  |         | 02/10/2011    | Goldman Sachs             |                           | 36,348,158  | 47,137,990  | 15,198                                  | 1Z*                                      |
| 3899999 - Total      | Bonds - Industrial, Misc.   |         |               |                           |                           | 164,017,147 | 209,398,666 | 152,564                                 | XXX                                      |
| 8399997 - Total      | Bonds - Part 3  |         |               |                           |                           | 227,640,153 | 271,893,666 | 449,086                                 | XXX                                      |
| 8399999 - Total      | Bonds   |         |               |                           |                           | 227,640,153 | 271,893,666 | 449,086                                 | XXX                                      |
| 8999999 - Total      | Preferred Stocks  |         |               |                           |                           |             | XXX         |   | XXX                                      |
| DEXB07-05-0          | DEXIA RESTRICTED STOCK  | 0       | 02/27/2011    | BANK OF NEW YORK          | 47,916,000                | 272,465     |             |   | XXX                                      |
| 9199999 - Total      | Common Stocks - Parent, Subsidiaries, Affiliates  |         |               |                           |                           | 272,465     | XXX         |   | XXX                                      |
| 9799997 - Total      | Common Stocks - Part 3  |         |               |                           |                           | 272,465     | XXX         |   | XXX                                      |
| 9799999 - Total      | Common Stocks   |         |               |                           |                           | 272,465     | XXX         |   | XXX                                      |
| 9899999 - Total      | Preferred and Common Stocks   |         |               |                           |                           | 272,465     | XXX         |   | XXX                                      |
| 9999999 Totals       |   |         |               |                           |                           | 227,912,618 | XXX         | 449,086                                 | XXX                                      |

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

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STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL 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) |
| 31359M-NJ-3          | FEDERAL NATIONAL MORTGAGE ASSOCIAT.  |         | 03/18/2011    | Morgan Stanley Co.      |                           | 10,641,260    | 10,000,000 | 10,844,800  | 10,528,700                              |  | (70,470)                                |   | (70,470)                                 |  | 10,458,230                                    |  | 183,030                          | 183,030                       | 335,417  | 08/01/2012    | 1FE                                      |
| 31359M-Z3-0          | FINMA BENCHMARK NOTES  |         | 03/24/2011    | UBS Securities          |                           | 3,080,160     | 3,000,000  | 3,026,364   | 3,004,943                               |  | (1,428)                                 |   | (1,428)                                  |  | 3,003,515                                     |  | 76,645                           | 76,645                        | 66,667   | 10/15/2011    | 1FE                                      |
| 0599999              | Bonds - U.S. Governments   |         |               |                         |                           | 13,721,420    | 13,000,000 | 13,871,164  | 13,533,643                              |  | (71,898)                                |   | (71,898)                                 |  | 13,461,745                                    |  | 259,675                          | 259,675                       | 402,084  | XXX           | XXX                                      |
| 419780-6H-9          | HAWAII ST  |         | 03/03/2011    | MORGAN KEEGAN           |                           | 6,754,800     | 6,500,000  | 6,840,080   | 6,782,787                               |  | (6,871)                                 |   | (6,871)                                  |  | 6,775,916                                     |  | (21,116)                         | (21,116)                      | 141,736  | 04/01/2027    | 1FE                                      |
| 452151-M5-9          | ILLINOIS ST  |         | 03/02/2011    | Merrill Lynch           |                           | 5,545,260     | 6,000,000  | 5,994,000   | 5,994,523                               |  | 34                                      |   | 34                                       |  | 5,994,557                                     |  | (449,297)                        | (449,297)                     | 130,000  | 04/01/2028    | 1FE                                      |
| 709141-ZJ-7          | PENNSYLVANIA ST  |         | 03/18/2011    | INTERFUND TRANSFER      |                           | 5,391,600     | 5,000,000  | 5,297,600   | 5,070,051                               |  | (7,169)                                 |   | (7,169)                                  |  | 5,062,882                                     |  | 328,718                          | 328,718                       | 181,944  | 01/01/2016    | 1FE                                      |
| 93974B-FH-0          | WASHINGTON ST FOR ISSUES DTD P   |         | 03/03/2011    | Added by SunGard        |                           | 19,503,709    | 17,730,000 | 18,386,897  | 18,090,917                              |  | (12,434)                                |   | (12,434)                                 |  | 18,078,483                                    |  | 1,425,226                        | 1,425,226                     | 608,238  | 07/01/2019    | 1FE                                      |
| 1799999              | Bonds - U.S. States, Territories and Possessions                           |         |               |                         |                           | 37,195,369    | 35,230,000 | 36,518,577  | 35,938,278                              |  | (26,440)                                |   | (26,440)                                 |  | 35,911,838                                    |  | 1,283,531                        | 1,283,531                     | 1,061,918  | XXX           | XXX                                      |
| 167485-2N-0          | CHICAGO ILL  |         | 03/15/2011    | Morgan Stanley Co.      |                           | 2,173,095     | 2,495,000  | 2,467,805   | 2,469,809                               |  | 134                                     |   | 134                                      |  | 2,469,943                                     |  | (296,848)                        | (296,848)                     | 89,058   | 01/01/2034    | 1FE                                      |
| 569475-HT-6          | MARION ILLINOIS G.O.   |         | 03/03/2011    | UBS Securities          |                           | 3,727,476     | 3,595,000  | 3,719,279   | 3,637,879                               |  | (1,627)                                 |   | (1,627)                                  |  | 3,636,052                                     |  | 91,424                           | 91,424                        | 95,018   | 09/15/2018    | 1FE                                      |
| 2499999              | Bonds - U.S. Political Subdivisions of States, Territories and Possessions |         |               |                         |                           | 5,900,571     | 6,090,000  | 6,187,084   | 6,107,488                               |  | (1,493)                                 |   | (1,493)                                  |  | 6,105,995                                     |  | (205,424)                        | (205,424)                     | 184,076  | XXX           | XXX                                      |
| 01170P-EW-2          | AK HFC SER C   |         | 03/01/2011    | Sink PMT @ 100.0000000  |                           | 35,000        | 35,000     | 34,902      | 34,902                                  |  | 98                                      |   | 98                                       |  | 35,000  |  |                                  |                               |  | 12/01/2034    | 1FE                                      |
| 010653-MK-6          | ALABAMA WTR POLLUTION CTL  |         | 02/15/2011    | CALLED @ 100.0000000    |                           | 7,830,000     | 7,830,000  | 7,925,448   | 7,831,505                               |  | (1,505)                                 |   | (1,505)                                  |  | 7,830,000                                     |  |                                  |                               | 225,113  | 08/15/2020    | 1FE                                      |
| 011855-CD-3          | ALASKA STUDENT LN CORP ED LN REV   |         | 03/02/2011    | JANNEY                  |                           | 4,235,440     | 4,000,000  | 4,208,760   | 4,090,350                               |  | (6,034)                                 |   | (6,034)                                  |  | 4,084,315                                     |  | 151,125                          | 151,125                       | 53,333   | 06/01/2013    | 1FE                                      |
| 04780M-GR-4          | ATLANTA GA ARPT REV  |         | 03/02/2011    | WACHOVIA SECURITIES INC |                           | 2,931,240     | 3,000,000  | 3,003,750   | 3,001,531                               |  | (82)                                    |   | (82)                                     |  | 3,001,449                                     |  | (70,209)                         | (70,209)                      | 112,438  | 01/01/2033    | 1FE                                      |
| 13066Y-RF-8          | CALIFORNIA ST DEPT WTR RES   |         | 03/03/2011    | UBS Securities          |                           | 6,376,800     | 6,000,000  | 6,566,760   | 6,555,150                               |  | (10,241)                                |   | (10,241)                                 |  | 6,544,910                                     |  | (168,110)                        | (168,110)                     | 92,000   | 05/01/2019    | 1FE                                      |
| 246395-TY-3          | DE HSG-SR-SFM-B  |         | 03/01/2011    | CALLED @ 100.0000000    |                           | 205,000       | 205,000    | 205,000     | 205,000                                 |  |   |   |  |  | 205,000                                       |  |                                  |                               | 5,597  | 07/01/2039    | 1FE                                      |
| 31398P-4B-2          | FANNIE MAE 1039 TG   |         | 02/25/2011    | VARIOUS                 |                           | 7,645,027     | 7,419,159  | 7,585,800   | 7,612,522                               |  | (13,934)                                |   | (13,934)                                 |  | 7,598,589                                     |  | 46,438                           | 46,438                        | 68,775   | 10/25/2037    | 1FE                                      |
| 31412T-AO-6          | FANNIE MAE POOL 933915   |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 790,191       | 790,191    | 823,836     | 829,845                                 |  | (39,654)                                |   | (39,654)                                 |  | 790,191                                       |  |                                  |                               | 4,315  | 06/01/2023    | 1FE                                      |
| 31414D-DG-8          | FANNIE MAE POOL 962803   |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 272,503       | 272,503    | 284,106     | 285,838                                 |  | (13,335)                                |   | (13,335)                                 |  | 272,503                                       |  |                                  |                               | 1,553  | 05/01/2023    | 1FE                                      |
| 3128L0-DE-9          | FGOLD 30YR   |         | 03/15/2011    | PRINCIPAL RECEIPT       |                           | 62,452        | 62,452     | 63,145      | 63,053                                  |  | (601)                                   |   | (601)                                    |  | 62,452  |  |                                  |                               | 590  | 11/01/2037    | 1FE                                      |
| 3128M5-HJ-2          | FGOLD 30YR GIANT   |         | 03/15/2011    | PRINCIPAL RECEIPT       |                           | 60,402        | 60,402     | 60,987      | 61,053                                  |  | (651)                                   |   | (651)                                    |  | 60,402  |  |                                  |                               | 482  | 06/01/2036    | 1FE                                      |
| 3128M6-EF-1          | FGOLD 30YR GIANT   |         | 03/15/2011    | PRINCIPAL RECEIPT       |                           | 78,500        | 78,500     | 74,379      | 73,989                                  |  | 4,511                                   |   | 4,511                                    |  | 78,500  |  |                                  |                               | 606  | 04/01/2038    | 1FE                                      |
| 3128M5-ME-7          | GO3657   |         | 03/15/2011    | PRINCIPAL RECEIPT       |                           | 226,860       | 226,860    | 234,907     | 233,852                                 |  | (6,992)                                 |   | (6,992)                                  |  | 226,860                                       |  |                                  |                               | 2,374  | 12/01/2037    | 1FE                                      |
| 3128M5-JK-2          | FHLIC POOL G13666  |         | 03/15/2011    | PRINCIPAL RECEIPT       |                           | 729,553       | 729,553    | 757,937     | 760,583                                 |  | (31,030)                                |   | (31,030)                                 |  | 729,553                                       |  |                                  |                               | 4,434  | 09/01/2024    | 1FE                                      |
| 31398J-AX-1          | FHR 3558 JA  |         | 03/15/2011    | PRINCIPAL RECEIPT       |                           | 810,605       | 810,605    | 830,870     | 832,023                                 |  | (21,418)                                |   | (21,418)                                 |  | 810,605                                       |  |                                  |                               | 4,029  | 12/15/2023    | 1FE                                      |
| 34073N-7G-9          | FL HSG FIN-HOMEOWNER-3   |         | 01/03/2011    | CALLED @ 100.0000000    |                           | 260,000       | 260,000    | 260,000     | 260,000                                 |  |   |   |  |  | 260,000                                       |  |                                  |                               | 6,500  | 07/01/2023    | 1FE                                      |
| 34073N-8N-3          | FL HSG-4-HOMEOWNER   |         | 03/01/2011    | CALLED @ 100.0000000    |                           | 595,000       | 595,000    | 595,000     | 595,000                                 |  |   |   |  |  | 595,000                                       |  |                                  |                               | 18,966   | 07/01/2038    | 1FE                                      |
| 31403D-T8-2          | FNMA 30YR POOL # 745875  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 70,038        | 70,038     | 71,832      | 71,941                                  |  | (1,904)                                 |   | (1,904)                                  |  | 70,038  |  |                                  |                               | 619  | 09/01/2036    | 1FE                                      |
| 31414U-6M-5          | FNMA 30YR POOL # 977076  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 165,540       | 165,540    | 159,280     | 157,021                                 |  | 8,519                                   |   | 8,519                                    |  | 165,540                                       |  |                                  |                               | 1,232  | 01/01/2038    | 1FE                                      |
| 31405R-AK-2          | FNMA 30YR POOL #796610   |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 551,555       | 551,555    | 545,005     | 545,198                                 |  | 6,357                                   |   | 6,357                                    |  | 551,555                                       |  |                                  |                               | 4,001  | 10/01/2034    | 1FE                                      |
| 31406M-4A-1          | FNMA 30YR POOL #814517   |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 16,508        | 16,508     | 16,312      | 16,328                                  |  | 180                                     |   | 180                                      |  | 16,508  |  |                                  |                               | 151  | 03/01/2035    | 1FE                                      |
| 31385X-09-1          | FNMA 30YR POOL#555880  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 81,596        | 81,596     | 81,093      | 81,037                                  |  | 559                                     |   | 559                                      |  | 81,596  |  |                                  |                               | 595  | 11/01/2033    | 1FE                                      |
| 31402D-P7-9          | FNMA 30YR POOL#725946  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 413,939       | 413,939    | 409,024     | 408,411                                 |  | 5,228                                   |   | 5,228                                    |  | 413,939                                       |  |                                  |                               | 3,593  | 11/01/2034    | 1FE                                      |
| 314020-SZ-5          | FNMA 30YR POOL#735036  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 410,732       | 410,732    | 405,854     | 405,406                                 |  | 5,326                                   |   | 5,326                                    |  | 410,732                                       |  |                                  |                               | 3,040  | 12/01/2034    | 1FE                                      |
| 31407N-ZJ-5          | FNMA 15 YR MBS/POOL  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 32,347        | 32,347     | 32,322      | 32,325                                  |  | 22                                      |   | 22                                       |  | 32,347  |  |                                  |                               | 247  | 10/01/2020    | 1FE                                      |
| 31409G-MP-8          | FNMA 30 YR POOL  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 103,997       | 103,997    | 104,034     | 104,037                                 |  | (39)                                    |   | (39)                                     |  | 103,997                                       |  |                                  |                               | 936  | 07/01/2036    | 1FE                                      |
| 31402C-VP-4          | FNMA 30YR  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 11,153        | 11,153     | 11,122      | 11,121                                  |  | 32                                      |   | 32                                       |  | 11,153  |  |                                  |                               | 95   | 02/01/2034    | 1FE                                      |
| 314020-WA-5          | FNMA 30YR  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 15,421        | 15,421     | 14,918      | 14,904                                  |  | 517                                     |   | 517                                      |  | 15,421  |  |                                  |                               | 132  | 01/01/2035    | 1FE                                      |
| 31410F-T6-2          | FNMA 30YR MBS/POOL   |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 48,651        | 48,651     | 48,020      | 47,975                                  |  | 676                                     |   | 676                                      |  | 48,651  |  |                                  |                               | 334  | 02/01/2035    | 1FE                                      |
| 31403D-DX-4          | FNMA 30YR MBS/POOL# 13442  |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 37,883        | 37,883     | 36,468      | 36,285                                  |  | 1,598                                   |   | 1,598                                    |  | 37,883  |  |                                  |                               | 290  | 04/01/2036    | 1FE                                      |
| 31410G-AE-3          | FNMA 30YR POOL   |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 104,585       | 104,585    | 97,926      | 96,902                                  |  | 7,684                                   |   | 7,684                                    |  | 104,585                                       |  |                                  |                               | 684  | 12/01/2036    | 1FE                                      |
| 31390Y-2V-9          | FNMA POOL 660588   |         | 03/25/2011    | PRINCIPAL RECEIPT       |                           | 4,676         | 4,676      | 4,708       | 4,700                                   |  | (24)                                    |   | (24)                                     |  | 4,676   |  |                                  |                               | 51   | 09/01/2017    | 1FE                                      |
| 451296-HP-5          | SINGLE   |         | 01/03/2011    | Sink PMT @ 100.0000000  |                           | 10,000        | 10,000     | 10,550      | 10,066                                  |  | (66)                                    |   | (66)                                     |  | 10,000  |  |                                  |                               | 338  | 07/01/2012    | 1FE                                      |
| 45129Y-UN-4          | IDAHO HSG & FIN ASSN   |         | 01/03/2011    | CALLED @ 100.0000000    |                           | 55,000        | 55,000     | 55,000      | 55,000                                  |  |   |   |  |  | 55,000  |  |                                  |                               | 1,547  | 07/01/2028    | 1FE                                      |
| 45129Y-UQ-7          | FORMERLY IDAH  |         | 01/03/2011    | CALLED @ 100.0000000    |                           | 95,000        | 95,000     | 95,000      | 95,000                                  |  |   |   |  |  | 95,000  |  |                                  |                               | 2,731  | 07/01/2039    | 1FE                                      |
| 468714-CQ-1          | JACKSON ST UNIV EDL BLDG   |         | 03/01/2011    | CALLED @ 100.0000000    |                           | 4,745,000     | 4,745,000  | 4,811,905   | 4,745,000                               |  |   |   |  |  | 4,745,000                                     |  |                                  |                               | 118,625  | 03/01/2034    | 1FE                                      |
| 49130T-FD-3          | KENTUCKY HSG CORP HSG REV  |         | 01/03/2011    | CALLED @ 100.0000000    |                           | 185,000       | 185,000    | 185,000     | 185,000                                 |  |   |   |  |  | 185,000                                       |  |                                  |                               | 5,041  | 07/01/2038    | 1FE                                      |
| 544435-XE-5          | LOS ANGELES CALIF DEPT ARPTS ARPT  |         | 03/02/2011    | Merrill Lynch           |                           | 4,543,050     | 4,450,000  | 4,705,831   | 4,606,235                               |  | (4,398)                                 |   | (4,398)                                  |  | 4,601,837                                     |  | (58,787)                         | (58,787)                      | 69,222   | 05/15/2019    | 1FE                                      |
| 544435-XF-2          | LOS ANGELES CALIF DEPT ARPTS ARPT  |         | 03/02/2011    | Merrill Lynch           |                           | 4,735,411     | 4,685,000  | 4,943,050   | 4,842,679                               |  | (4,435)                                 |   | (4,435)                                  |  | 4,838,244                                     |  | (102,833)                        | (102,833)                     | 72,878   | 05/15/2020    |  |

STATEMENT AS OF MARCH 31, 2011 OF THE ASSURED GUARANTY MUNICIPAL 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) |
| 647200-YP-3          | NM MTG-SFM-DZ   |         | 01/03/2011    | CALLED @ 100.000000      |                           | 85,000        | 85,000      | 85,000      | 85,000                                  |  |   |   |  |  | 85,000  |  |                                  |                               | 2,338  | 07/01/2039    | 1FE                                      |
| 64985M-N6-9          | NY ST ENVIR NYC WATER   |         | 03/15/2011    | CITIGROUP GLOBAL MARKETS |                           | 1,893,375     | 1,875,000   | 1,931,052   | 1,903,512                               |  | (3,909)                                 |   | (3,909)                                  |  | 1,899,603                                     |  | (6,228)                          | (6,228)                       | 24,824   | 06/15/2031    | 1FE                                      |
| 677560-LD-7          | RESIDENTIAL MT  |         | 03/01/2011    | CALLED @ 100.000000      |                           | 60,000        | 60,000      | 60,000      | 60,000                                  |  |   |   |  |  | 60,000  |  |                                  |                               | 1,650  | 03/01/2040    | 1FE                                      |
| 67760H-HX-2          | OHIO ST TPK COMMN TPK REV   |         | 02/15/2011    | CALLED @ 100.000000      |                           | 1,220,000     | 1,220,000   | 1,249,085   | 1,220,473                               |  | (473)                                   |   | (473)                                    |  | 1,220,000                                     |  |                                  |                               | 33,550   | 02/15/2026    | 1FE                                      |
| 67886M-JG-5          | OKLAHOMA HSG FIN AGY  |         | 03/01/2011    | CALLED @ 100.000000      |                           | 70,000        | 70,000      | 70,000      | 70,000                                  |  |   |   |  |  | 70,000  |  |                                  |                               | 1,873  | 09/01/2034    | 1FE                                      |
| 67886M-JJ-9          | OKLAHOMA HSG FIN AGY  |         | 03/01/2011    | CALLED @ 100.000000      |                           | 385,000       | 385,000     | 385,000     | 385,000                                 |  |   |   |  |  | 385,000                                       |  |                                  |                               | 10,491   | 03/01/2039    | 1FE                                      |
| 709235-PJ-8          | PENNSYLVANIA ST UNIV  |         | 03/15/2011    | Added by SunGard         |                           | 4,965,000     | 5,000,000   | 5,170,450   | 5,085,035                               |  | (3,392)                                 |   | (3,392)                                  |  | 5,081,643                                     |  | (116,643)                        | (116,643)                     | 136,806  | 09/01/2035    | 1FE                                      |
| 735352-DX-1          | PORT ST LUCIE FLA UTIL  |         | 03/30/2011    | CITIGROUP GLOBAL MARKETS |                           | 575,207       | 1,150,000   | 314,318     | 554,403                                 |  | 8,181                                   |   | 8,181                                    |  | 562,584                                       |  | 12,623                           | 12,623                        |  | 09/01/2023    | 1FE                                      |
| 745291-RN-6          | PUERTO RICO PUB FIN CORP  |         | 03/02/2011    | JANNEY                   |                           | 5,083,050     | 5,000,000   | 5,371,650   | 5,060,227                               |  | (9,239)                                 |   | (9,239)                                  |  | 5,050,987                                     |  | 32,063                           | 32,063                        | 157,500  | 02/01/2012    | 2FE                                      |
| 833119-UB-4          | DIST NO 00  |         | 03/03/2011    | Added by SunGard         |                           | 5,635,550     | 5,000,000   | 5,264,050   | 5,189,114                               |  | (4,042)                                 |   | (4,042)                                  |  | 5,185,072                                     |  | 450,478                          | 450,478                       | 67,361   | 12/01/2019    | 1FE                                      |
| 880459-6V-9          | TENNESSEE HSG DEV AGY   |         | 01/03/2011    | CALLED @ 100.000000      |                           | 20,000        | 20,000      | 20,000      | 20,000                                  |  |   |   |  |  | 20,000  |  |                                  |                               | 515  | 01/01/2037    | 1FE                                      |
| 88045H-HR-6          | TENNESSEE HSG DEV AGY   |         | 01/03/2011    | CALLED @ 100.000000      |                           | 270,000       | 270,000     | 270,000     | 270,000                                 |  |   |   |  |  | 270,000                                       |  |                                  |                               | 7,290  | 07/01/2035    | 1FE                                      |
| 91755N-LU-7          | UT ST HSG FIN AGENCY  |         | 01/03/2011    | Sink PMT @ 100.000000    |                           | 10,000        | 10,000      | 9,825       | 9,910                                   |  | 90                                      |   | 90                                       |  | 10,000  |  |                                  |                               | 273  | 07/01/2020    | 1FE                                      |
| 967338-LH-5          | UTIL REV  |         | 03/30/2011    | Morgan Stanley Co        |                           | 3,070,440     | 3,000,000   | 3,066,810   | 3,020,558                               |  | (1,751)                                 |   | (1,751)                                  |  | 3,018,807                                     |  | 51,633                           | 51,633                        | 1,250  | 10/01/2022    | 2FE                                      |
| 3199999              | Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of |         |               |                          |                           | 76,509,277    | 75,398,847  | 77,230,640  | 76,079,314                              |  | (141,829)                               |   | (141,829)                                |  | 76,287,727                                    |  | 221,550                          | 221,550                       | 1,447,014  | XXX           | XXX                                      |
| 225460-AA-5          | CREDIT SUISSE NEW YORK  | R       | 02/18/2011    | Bank Of America NT & SA  |                           | 3,293,010     | 3,000,000   | 3,283,740   | 3,220,471                               |  | (8,201)                                 |   | (8,201)                                  |  | 3,212,270                                     |  | 80,740                           | 80,740                        | 51,792   | 05/01/2014    | 1FE                                      |
| 233050-AN-3          | DBUBS 11-LC1AA1 144A  |         | 03/23/2011    | PRINCIPAL RECEIPT        |                           | 17,084        | 17,084      | 17,254      |   |  | (170)                                   |   | (170)                                    |  | 17,084  |  |                                  |                               | 53   | 11/10/2046    | 12*                                      |
| 65538P-AD-0          | NOMURA ASSET ACCEPTANCE CORP  | R       | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 12,990        | 12,990      | 11,386      | 11,374                                  |  | 1,616                                   |   | 1,616                                    |  | 12,990  |  |                                  |                               | 142  | 03/25/2047    | 12*                                      |
| 06051G-DY-2          | BANK OF AMERICA CORP  |         | 02/18/2011    | Bank Of America NT & SA  |                           | 5,679,700     | 5,000,000   | 5,703,900   | 5,548,750                               |  | (19,927)                                |   | (19,927)                                 |  | 5,528,823                                     |  | 150,877                          | 150,877                       | 101,406  | 05/15/2014    | 1FE                                      |
| 19035R-AL-3          | COAST 2002-1A1 A  |         | 02/01/2011    | PRINCIPAL RECEIPT        |                           | 62,062        | 62,062      | 23,847      | 23,847                                  |  |   |   |  |  | 23,847  |  | 38,215                           | 38,215                        | 363  | 07/30/2017    | 12*                                      |
| 12627H-AF-7          | CSAB 2006-2 A3A   |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 379,485       | 379,485     | 312,628     | 320,835                                 |  | 58,650                                  |   | 58,650                                   |  | 379,485                                       |  |                                  |                               | 4,790  | 09/25/2036    | 12*                                      |
| 12628H-AG-5          | CSAB 2006-4 A4  |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 486,312       | 486,312     | 499,449     | 467,548                                 |  | 18,764                                  |   | 18,764                                   |  | 486,312                                       |  |                                  |                               | 6,420  | 12/25/2036    | 12*                                      |
| 23242L-AB-9          | CWHEL 2006-F 2A1A   |         | 03/15/2011    | PRINCIPAL RECEIPT        |                           | 663,804       | 663,804     | 534,182     | 506,531                                 |  | 157,273                                 |   | 157,273                                  |  | 663,804                                       |  |                                  |                               | 433  | 07/15/2036    | 12*                                      |
| 126886-AH-7          | CWHEL 2006-HW 2A11B   |         | 03/15/2011    | PRINCIPAL RECEIPT        |                           | 281,307       | 281,307     | 244,766     | 244,766                                 |  | 36,542                                  |   | 36,542                                   |  | 281,307                                       |  |                                  |                               | 271  | 11/15/2036    | 12*                                      |
| 38141E-A3-3          | GOLDMAN SACHS GROUP INC   |         | 02/18/2011    | CITIGROUP GLOBAL MARKETS |                           | 5,511,550     | 5,000,000   | 5,530,450   | 5,410,663                               |  | (15,223)                                |   | (15,223)                                 |  | 5,395,440                                     |  | 116,110                          | 116,110                       | 94,167   | 05/01/2014    | 1FE                                      |
| 576431-AC-4          | MARN 2007-1 12A2  |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 10,753        | 10,753      | 9,265       | 13,913                                  |  | 1,487                                   | 4,647   | (3,160)                                  |  | 10,753  |  |                                  |                               | 8  | 01/25/2047    | 12*                                      |
| 771196-A0-5          | ROCHE HLDGS INC   |         | 03/24/2011    | Sink PMT @ 109.9310000   |                           | 1,134,488     | 1,032,000   | 1,133,745   | 1,108,839                               |  | 25,649                                  |   | 25,649                                   |  | 1,134,488                                     |  |                                  |                               | 25,800   | 03/01/2014    | 1FE                                      |
| 88156V-AB-4          | TMTS 2006-10SL A2   |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 50,018        | 50,018      | 37,446      |   |  | 12,572                                  |   | 12,572                                   |  | 50,018  |  |                                  |                               |  | 10/25/2037    | 12*                                      |
| 88157D-AA-5          | TMTS 2006-12SL A1 35125%  |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 920,694       | 920,694     | 708,902     | 178,001                                 |  | 211,791                                 |   | 211,791                                  |  | 920,694                                       |  |                                  |                               | 554  | 11/25/2037    | 12*                                      |
| 88157D-AB-3          | TMTS 2006-12SL A2   |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 71,943        | 71,943      | 52,282      | 13,926                                  |  | 19,660                                  | 995   | 18,666                                   |  | 71,943  |  |                                  |                               |  | 11/25/2037    | 12*                                      |
| 88157G-AB-6          | TMTS 2007-1SL A2  |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 48,144        | 48,144      | 40,249      | 37,060                                  |  | 7,894                                   | 5,120   | 2,775                                    |  | 48,144  |  |                                  |                               |  | 01/25/2038    | 12*                                      |
| 88157V-AC-1          | TMTS 2007-6 ALT A3  |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 9,760         | 9,760       | 8,442       |   |  | 1,318                                   |   | 1,318                                    |  | 9,760   |  |                                  |                               |  | 08/25/2038    | 12*                                      |
| 88156V-AA-6          | TMTS.06-10SL A1   |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 686,892       | 686,892     | 334,050     | 251,342                                 |  | 336,342                                 |   | 336,342                                  |  | 686,892                                       |  |                                  |                               | 4,769  | 10/25/2037    | 12*                                      |
| 88157G-AA-8          | TMTS2007-1SLA1  |         | 03/25/2011    | PRINCIPAL RECEIPT        |                           | 667,526       | 667,526     | 483,771     | 113,471                                 |  | 183,266                                 | 13,565  | 169,702                                  |  | 667,526                                       |  |                                  |                               | 894  | 01/25/2038    | 12*                                      |
| 94974B-ET-3          | WELLS FARGO & COMPANY   |         | 03/08/2011    | HSBC SECURITIES INC      |                           | 2,096,140     | 2,000,000   | 2,023,860   | 2,019,004                               |  | (889)                                   |   | (889)                                    |  | 2,018,115                                     |  | 78,025                           | 78,025                        | 33,333   | 10/01/2014    | 1FE                                      |
|                      | ADVANTAGE CAPITAL II  |         |               | USE OF TAX CREDIT        |                           | 42,321        |             |             |   |  |   |   |  |  | 42,321  |  |                                  |                               |  | 12/01/2020    | 1FE                                      |
| 3899999              | Total - Bonds - Industrial and Miscellaneous  |         |               |                          |                           | 22,125,983    | 20,400,775  | 20,993,614  | 19,498,783                              |  | 1,028,414                               | 24,327  | 1,004,090                                |  | 21,662,016                                    |  | 463,967                          | 463,967                       | 325,194  | XXX           | XXX                                      |
| 8399997              | Total - Bonds - Part 4  |         |               |                          |                           | 155,452,620   | 150,119,622 | 154,801,079 | 151,157,506                             |  | 786,754                                 | 24,327  | 762,430                                  |  | 153,429,321                                   |  | 2,023,299                        | 2,023,299                     | 3,420,286  | XXX           | XXX                                      |
| 8399999              | Total - Bonds   |         |               |                          |                           | 155,452,620   | 150,119,622 | 154,801,079 | 151,157,506                             |  | 786,754                                 | 24,327  | 762,430                                  |  | 153,429,321                                   |  | 2,023,299                        | 2,023,299                     | 3,420,286  | XXX           | XXX                                      |
| 8999999              | Total - Preferred Stocks  |         |               |                          |                           | XXX           |             |             |   |  |   |   |  |  |   |  |                                  |                               |  | XXX           | XXX                                      |
| 9799999              | Total - Common Stocks   |         |               |                          |                           | XXX           |             |             |   |  |   |   |  |  |   |  |                                  |                               |  | XXX           | XXX                                      |
| 9899999              | Total - Preferred and Common Stocks   |         |               |                          |                           | XXX           |             |             |   |  |   |   |  |  |   |  |                                  |                               |  | XXX           | XXX                                      |
| 9999999              | Totals  |         |               |                          |                           | 155,452,620   | 150,119,622 | 154,801,079 | 151,157,506                             |  | 786,754                                 | 24,327  | 762,430                                  |  | 153,429,321                                   |  | 2,023,299                        | 2,023,299                     | 3,420,286  | 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**



