Special Report

Financial Guarantors — 2006 Midyear Update and Statistical Supplement

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Rated Financial Guarantors

	Ratings
Primary Insurers	
Ambac Assurance Corp. (Ambac)	'AAA'
Assured Guaranty Corp. (AGC)	'AAA'
CIFG Guaranty (CIFG)	'AAA'
Financial Guaranty Insurance Co. (FGIC)	'AAA'
Financial Security Assurance Inc. (FSA)	'AAA'
MBIA Insurance Corp. (MBIA)	'AAA'
Radian Asset Assurance Inc. (Radian Asset)	'AA'
XL Capital Assurance Inc. (XLCA)	'AAA'
Reinsurers	
Assured Guaranty Re Ltd. (AG Re)	'AA'
XL Financial Assurance Ltd. (XLFA)	'AAA'

■ Summary

With continued tight credit spreads and intensifying competition battling for a reduced amount of new business opportunities in the industry's primary markets, the operating environment for the financial guaranty industry in 2006 remains very challenged. This continues the overall trend of recent years, and has added pressure on the industry in terms of both underwriting and capital management as the financial guarantors strive to maintain acceptable returns on equity in the face of difficult competitive and market conditions. Despite these challenges, the financial profile of the industry continues to remain sound, as the industry remains well capitalized, and the economic factors associated with the difficult new business climate have had a mostly positive impact on the performance of exposures previously insured by the financial guarantors.

On top of the tight credit spread environment, other market factors that contributed to the industry's challenges and adversely affected new production and premiums include competition from alternative forms of credit enhancement and a reduction in overall issuance of municipal finance. The persistent tight credit spread environment has allowed issuers to go to market unwrapped in the municipal market, leading to a decline in insured penetration compared to a year ago. This, coupled with the decline in overall municipal issuance after several years of relatively high volume, attributable in part to an interest-rate driven fall off in municipal refundings, has compounded the decline in guarantors' insured municipal volume and pressured premiums. However, the decline in insured municipal volume has had a more unfavorable impact on the larger financial guarantors because of their established position in the market and the higher percentage of municipal finance in the composition of their business mix. Furthermore, tight credit spreads have continued to promulgate senior/subordinate securitization structures as an alternative to financial guaranty in the asset-backed markets.

In addition, competition among the financial guarantors has intensified. Newer entrants have increased market share as they have been relatively successful in achieving greater market acceptance. For the smaller players, greater market penetration and improved name recognition are also important elements in their efforts to narrow their trading differentials in relation to the established financial guarantors, and there are indications that the smaller players have made progress narrowing their trading spreads, although harmonization of trading disparities can take several years to achieve.

Claims-Paying Resources
($ Mil., As of Mar. 31, 2006)

	AGC	AG Re	Ambac	CIFG*	FGIC	FSA	MBIA	Radian Asset	XLCA	XLFA	Rated Universe
Capital and Surplus	260	715	3,452	550	1,149	1,449	3,788	970	186	699	13,218
Contingency Reserve	618	0	2,472	50	1,093	1,011	2,721	283	15	0	8,263
Qualified Statutory Capital	878	715	5,924	600	2,242	2,460	6,510	1,253	200	699	21,481
Loss and LAE Reserves	23	21	121	0	33	49	334	64	4	71	719
Unearned Premium Reserves	234	360	3,250	191	1,275	1,858	3,460	743	60	396	11,827
Policyholders' Reserves	1,135	1,096	9,296	790	3,550	4,367	10,304	2,060	264	1,166	34,028
Present Value of Installment Premiums	247	192	2,153	186	446	795	2,102	292	156	263	6,832
Soft Capital Facility	455	0	800	102	300	550	850	150	0	200	3,407
Total Claims-Paying Resources	1,837	1,288	12,249	1,078	4,296	5,711	13,255	2,502	420	1,629	44,266
Net Par In Force	54,596	52,321	491,715	42,655	281,188	353,049	577,433	83,251	8,999	81,176	2,026,383
Net Par/QSC (:1)	62.2	73.2	83.0	71.1	125.4	143.5	88.7	66.4	44.9	116.1	94.3
Net Par/CPR (:1)	29.7	40.6	40.1	39.6	65.4	61.8	43.6	33.3	21.4	49.8	45.8

*As of Dec. 31, 2005. QSC – Qualified statutory capital. CPR – Claims-paying resources. LAE – Loss adjustment expenses. AGC – Assured Guaranty Corp. AG Re – Assured Guaranty Re Ltd. Ambac – Ambac Assurance Corp. CIFG – CIFG Guaranty. FGIC – Financial Guaranty Insurance Co. FSA – Financial Security Assurance Inc. MBIA – MBIA Insurance Corp. Radian Asset – Radian Asset Assurance Inc. XLCA – XL Capital Assurance Inc. XLFA – XL Financial Assurance Ltd. Note: Numbers may not add due to rounding. Source: Company Financial Statements.

Financial guarantors have benefited substantially from the evolution of the credit derivative markets in the past several years. With the growth in this market, many credit derivative participants were looking for well-established and highly rated counterparties to provide credit protection, particularly at more senior risk attachment points, and the financial guarantors effectively filled that role. As of year-end 2005, financial guarantors maintained over $300 billion in gross credit protection sold in credit derivative form, generally rated 'AAA'. Growth in this form of execution helped fuel higher profitability for the industry in the first half of this decade. The earnings growth has subsided and it is expected to continue to do so in the future as Fitch expects a lot of attractively priced business underwritten in the early part of the decade will begin to mature, only to be replaced with lower priced transactions. Additionally, reduced demand for senior-level protection in the face of alternative hedging strategies as well as newer providers of credit derivative protection, such as credit derivative product companies (Credit DPCs), are likely to have a greater impact on the industry in the years ahead. Fitch is aware of a pipeline of potential start-up Credit DPCs that may come to market at some point in the next year. While these Credit DPCs are by definition more niche-oriented players, their emergence could potentially have an impact on the financial guaranty industry in the years ahead, particularly in certain market segments such as structured finance—especially CDOs. To counter some of these challenges, the financial guarantors have undertaken to underwriting new business with less traditional financing structures or in less-established asset classes.

While some of the challenges the industry faces reflect structural changes, such as competition within the industry and competition from alternative products, others, such as the tight credit spread environment and declining municipal issuance, reflect cyclical swings in business conditions. Fitch's current ratings and outlooks continue to reflect the industry's ability to weather these changing environments. While financial returns are expected to be marginally constrained compared with levels achieved in the past, Fitch anticipates that slower business production growth will likely result in lower capital requirements for the financial guarantors over the near term, as amortization of previously insured business, particularly in structured finance, outstrips growth in new par insured. This has allowed several of the more established financial guarantors to aggressively repurchase company stock in 2005, which has helped offset slowing earnings growth and maintain acceptable returns on equity.

Insured Portfolio Trends and Performance

The relatively benign credit conditions that prevailed over the past few years and into the first half of 2006 had a positive effect on the performance of exposures in the insured portfolios of the financial guarantors—apart from the limited adverse impact of Hurricane Katrina and some fallout from ongoing turbulence in the airline industry. More noteworthy, however, were

Insured Portfolio Credit Quality*
(%, As of Mar. 31, 2006)

	Ambac	AGC	AG Re	CIFG*	FGIC	FSA	MBIA	Radian Asset	XLCA	XLFA	Average
'AAA'	8.0	45.5	24.4	1.1	8.2	24.7	17.4	34.1	26.2	27.2	21.7
'AA'	26.0	15.9	23.2	11.7	24.3	30.5	28.7	19.3	14.1	13.1	20.7
'A'	45.0	24.4	33.5	87.1	49.0	33.1	34.9	23.9	35.3	33.4	40.0
'BBB'	20.0	12.7	18.0	0.1	18.0	11.2	16.9	19.2	23.8	25.9	16.6
NIG/NR	1.0	1.6	0.9	0.0	0.5	0.5	2.1	3.5	0.6	0.5	1.1
Weighted Average Rating	'A'	'AA–'	'A+'	'A'	'A'	'A+'	'A+'	'A+'	'A'	'A'	—

*As of Dec. 31, 2005. Note: Based on the ratings provided by the companies. NIG/NR – Not investment grade/not rated. Ambac – Ambac Assurance Corp. AGC – Assured Guaranty Corp. AG Re – Assured Guaranty Re Ltd. CIFG – CIFG Guaranty. FGIC – Financial Guaranty Insurance Co. FSA – Financial Security Assurance Inc. MBIA – MBIA Insurance Corp. Radian Asset – Radian Asset Assurance Inc. XLCA – XL Capital Assurance Inc. XLFA – XL Financial Assurance Ltd. Source: Company Financial Statements.

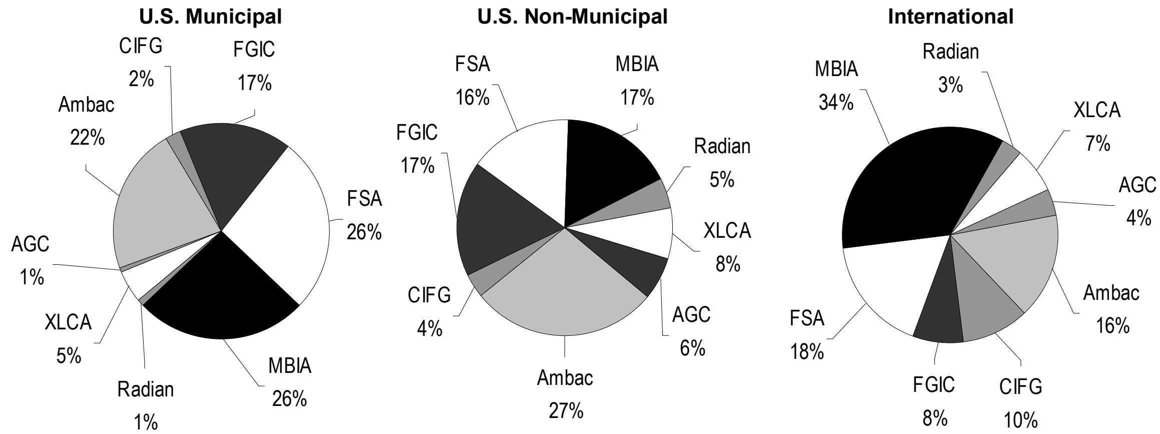
increasing challenges for new business origination, as demand for insurance wraps in traditional sectors has diminished in the face of declining issuance, tight credit spreads and competing forms of credit enhancement. In response to difficult competitive conditions, the financial guarantors as a group have generally broadened their underwriting focus to give greater attention to newer and less well-established asset classes, and have developed ways to generate acceptable risk-adjusted returns in traditional sectors via newer structures or means of execution. These trends have implications for capital adequacy modeling, as well as for internal systems and surveillance procedures within the financial guarantors.

With the increasing involvement of private equity in global infrastructure financing, Fitch has noted some changes in financial guarantors' underwriting in order to accommodate new financing structures, and these may potentially impact the nature of insured exposures. In several recent privatizations, such as in the toll road sector, the involvement of private equity in some instances is leading toward greater use of financing structures that are designed to permit front-ended distributions to equity while debt remains constant or increases in amount over an extended period, leaving a sizeable balloon or bullet payment at maturity. The refinancing risks in these structures can be significant, and the potential also exists for risks arising from a divergence of interests between owner/operators and debt holders. There are structural mitigants for the various risks in these complex transactions; however, Fitch notes that the insured exposures may include qualitatively different risks than those historically taken by the financial guarantors.

It is also worth mentioning in this context a broader trend toward the use of interest rate derivatives within structured single risk transactions to tailor project cash flows to achieve desired distributions across a transaction's capital structure. Interest rate derivatives embedded within financing structures add a layer of complexity to transaction exposures, in terms of counterparty credit considerations, potential ratings downgrade triggers, as well as exposure reporting and surveillance requirements. Fitch has been monitoring the activities of the financial guarantors with respect to these issues, in order to ensure that pertinent aspects of the exposures are appropriately considered in evaluation of capital adequacy and liquidity of the financial guarantors. Fitch is comfortable thus far with the financial guarantors' management of the additional complexities involved with these structures, but notes that if their volume increases as expected, then related exposure reporting and risk management processes in the guarantors will need to continue to develop to keep pace.

In the domestic non-agency RMBS sector, where rapid growth in securitization issuance in recent years has been largely characterized by use of senior/subordinate structures for credit enhancement rather than financial guaranty insurance, Fitch has noted an increase in transactions whereby a financial guarantor has insured only one or two tranches of the senior classes of an RMBS securitization. These transactions generally have either subprime or Alt-A mortgage loan collateral and utilize senior/subordinate credit enhancement structures. The insured tranches already carry a 'AAA' rating on an uninsured basis, but are either "last cash flow" tranches—which pay down after other 'AAA'-rated classes—or "support" tranches—which absorb collateral losses before other 'AAA'-rated classes. Compared to the types of RMBS exposures historically taken by the financial guarantors, "last cash flow" tranches have relatively little or no

Gross Par Insured
(For the Year Ending Dec. 31, 2005)



Total = $245.3 Bil. **Total = $210.4 Bil.** **Total = $80.3 Bil.**

Note: Reported by companies on a closing date basis. Numbers may not add due to rounding.

amortization in early years as principal amortization is first directed to other tranches. The lack of amortization in early years extends the weighted average lives of these tranches, and subjects them to an increased risk of ratings downgrade during the course of their longer tenors. “Support” tranches, on the other hand, are structurally subordinate to other senior classes, and therefore are considered mezzanine exposures—notwithstanding their ‘AAA’ underlying rating. Under Fitch’s capital-adequacy assessment for mezzanine exposures, modeled losses in the event of default, no matter how remote the possibility, are based not only upon the size of the insured mezzanine tranche, but also the amount of all par senior to the insured obligation, with total losses allocated back to the insured mezzanine obligation up to the limit of that exposure.

Apart from insurance of “last cash flow” and “support” senior tranches, at lower rating attachment points the financial guarantors have remained active in niche subsectors of the RMBS market, the most notable being securitizations of home equity lines of credit and closed-end second mortgages. In these subsectors, the financial guarantors have concentrated exposure to a limited number of established issuers—including Countrywide Home Loans, Inc.; GMAC Mortgage Corporation; and GMAC-Residential Funding Corporation. Fitch monitors these product and seller/servicer concentrations to assess their potential impact on the portfolio quality and capital adequacy of individual financial guarantors.

Competitive pressures have prompted an increased focus on new and less established asset classes by most of the financial guarantors. Insurance securitizations in particular are a visible area of recent growth—an increasing number of “Triple-X” transactions have been wrapped in recent years, and “embedded value” and catastrophic mortality transactions have also been insured. “Triple-X” transactions refer to life insurance securitizations undertaken to fund the excess of required statutory reserves over economic reserves for term life insurance policies. It is expected that wrapped issuance in the insurance sector will continue to expand, particularly for Triple-X and possibly AXXX transactions (which would fund excess statutory reserve requirements for certain universal life insurance policies). These insurance securitizations are relatively long-term transactions for which insured exposures may actually increase, rather than amortize, over a substantial portion of their tenors. While they represent an attractive long term source of premium revenue and add diversification to the insured portfolios, these transactions may also entail mortality, modeling and regulatory risks that are different from risks historically underwritten by the financial guarantors. Apart from insurance securitizations, there has also been an increased focus on commercial asset-backed securities (ABS)—such as leases of aircraft, containers and equipment, and a marked increase in the number of insured future flow transactions for financial institutions in developing markets.

Within an underlying trend of improvement in the credit quality of the financial guarantors' insured portfolios, there have been relatively few adverse developments in recent quarters. As mentioned above, Hurricane Katrina-related exposures are a noteworthy area of unresolved weakness in the financial guarantors' portfolios. Thus far the incidence of claims has been very limited, and almost all claims paid to date have been reimbursed. (Outstanding unreimbursed claims include MBIA's payment of $6 million for debt service of New Orleans Regional Transit Authority, which MBIA expects will ultimately be repaid, and FGIC's payment of $3 million on behalf of Entergy New Orleans). The limited incidence of claims to date can be partially attributed to the presence of debt service reserve funds within the structure of insured financings, as well as access to interim financial resources on the part of various obligors. Looking forward, it would not be surprising if the incidence of claim payments increases as temporary debt service support mechanisms are exhausted in some cases. Concerning the ultimate impact of Katrina, additional time is needed for there to be greater clarity as to how quickly and to what extent Katrina-related obligors will recover their financial capacity. However, Fitch does not currently expect credit deterioration and/or future incurred losses related specifically to Katrina to affect the insurer financial strength (IFS) ratings of any of the Fitch-rated financial guarantors.

Eurotunnel is another unresolved problem exposure worth mentioning briefly. Fitch-rated financial guarantors have in the aggregate about $2.5 billion of gross par exposure related to Eurotunnel, with MBIA accounting for more than $1.9 billion of the total. The public profile of longstanding financial difficulties at Eurotunnel was elevated in July when the company filed for protection under French insolvency laws, following a failed round of efforts to reach a consensual restructuring. Although an insolvency filing was not unanticipated, its timing highlighted the uncertainties inherent in the restructuring process. At this point, it is difficult to predict the specific course that events will follow toward an inevitable restructuring of Eurotunnel's debts. Nevertheless, Fitch does not expect Eurotunnel to have a material adverse impact on either the liquidity or the capital adequacy of the affected Fitch-rated financial guarantors (refer to Fitch's press release "Eurotunnel Has No Rating Implications For Financial Guarantors," dated July 14, 2006, and available on Fitch's Web site at www.fitchratings.com).

Credit Derivatives

The credit profile of the industry-wide credit default swap (CDS) and funded collateralized debt obligation (CDO) exposure has remained stable since Fitch's last credit derivative survey was published for data as of year-end 2004, remaining at a weighted average rating of 'AA+' at Dec. 31, 2005, unchanged from the previous year based on the financial guarantors' internal ratings. Fitch recently conducted its annual survey of the eight primary financial guarantors in its ratings universe. These eight financial guaranty companies surveyed by Fitch had an aggregate of $365 billion of credit protection outstanding as of year-end 2005, sold either in credit derivative form ($303 billion outstanding as of year-end 2005) or financial guaranty form on funded collateralized debt obligations ($62 billion). The $365 billion of credit protection outstanding represents a growth rate of 6% year-over-year, coming in slightly below last year's growth rate of 7% on an annualized basis based on prior survey results, and is representative of the persistent lower spread environment that has curtailed new business opportunities.

Fitch's annual credit derivative survey also provides an opportunity to assess the monitoring and surveillance capabilities of the financial guarantors with respect to these types of exposures. Through this year's and past credit derivative surveys, industry participants have demonstrated sufficient internal risk monitoring capabilities for aggregation of CDS and funded CDO exposure by vintage, transaction type, ratings and a variety of other criteria. That said, Fitch notices that reporting and surveillance capabilities among financial guarantors differ from company to company. Fitch does not believe that any deficiencies witnessed in the financial guarantors' reporting systems will have any immediate credit implications for any of the companies that are rated. However, as the size of the CDS portfolios grows and credit derivatives become an increasingly pervasive means of structuring insured exposures as noted above, Fitch believes financial guarantors will need to build more robust data management systems to help maintain and track their CDS exposures—particularly as the level of complexity in CDS markets accelerates.

Industry Capitalization — Capital Model Development

As mentioned previously, Fitch believes the capital position of the financial guarantors rated by Fitch is more than adequate to support the given rating for each company. Fitch's ability to assess capital adequacy in the financial guaranty industry is being significantly enhanced by the expected fourth quarter of 2006 roll-out of our new capital model for the industry. Fitch's new financial guaranty capital model will be a thorough, stochastic-based simulation and assessment of the risk profile of each financial guarantor's insured portfolio, balance sheet and reinsurance counterparty risk. Notwithstanding our overall view of individual companies' capital position, Fitch recognizes that capital model results will differ between companies. That variability will depend on various factors including: the aggregate level of capital and claims-paying resources, portfolio quality and composition, and the type and quality of reinsurance protection purchased by each company. Fitch will provide greater detail on the new capital model, including individual company-modeled results, upon the formal roll-out to the public in the fourth quarter of 2006.

Industry Comparison

($ Mil., As of March 31, 2006)

	AGC	Ambac	CIFG*	FGIC	FSA	MBIA	Radian	XLCA
Financial Data (SAP)								
Gross Par Insured	5,523	28,461	21,282	15,296	17,834	13,892	8,225	10,249
Domestic Municipal	429	9,985	5,494	6,232	7,349	8,031	2,143	3,907
Domestic Nonmunicipal	4,446	17,188	7,755	7,764	5,267	1,522	4,740	5,419
International	648	1,288	8,033	1,299	5,218	4,339	1,342	923
% Nonmunicipal and International	92.2	64.9	74.2	59.3	58.8	42.2	73.9	61.9
Adjusted Gross Premiums Written (1)	41.7	233.5	163.4	139.9	126.5	116.0	80.4	96.9
Net Income/(Loss)	12.5	214.7	N.A.	44.0	78.9	171.0	(23.6)	(0.3)
Net Expense Ratio (%) (8)	66.6	19.5	N.A.	26.9	50.0	33.5	49.5	88.4
Loss Ratio (%) (9)	11.8	13.8	N.A.	1.8	(4.7)	13.2	182.3	19.1
Combined Ratio (%) (10)	78.4	33.3	N.A.	28.7	45.3	46.8	231.8	107.5
Qualified Statutory Capital (12)	877.7	5,924.1	599.8	2,242.2	2,459.8	6,509.6	1,253.2	200.2
Insured Portfolio								
Gross Par Outstanding (17)	70,599	533,968	43,106	304,549	473,849	655,392	84,912	89,690
Net Par Outstanding	54,596	491,715	42,655	281,188	353,049	577,433	83,251	8,999
Gross P&I Outstanding (17)	90,793	824,798	63,420	475,365	688,142	991,178	119,592	132,931
Net P&I Outstanding	72,319	753,748	62,672	436,583	499,248	877,067	117,863	13,429
Leverage Ratios								
Net Par/Qual. Stat. Cap. (:1)	62.2	83.0	71.1	125.4	143.5	88.7	66.4	45.0
Net P&I/Qual. Stat. Cap. (:1)	80.6	127.2	104.5	194.7	203.0	134.7	94.1	67.1

	AGL	Ambac	CIFG*	FGIC	FSA	MBIA	Radian†	XLCA†
Financial Data (GAAP)**								
Summary Income Statement (GAAP)								
Insurance Revenues	48.1	239.8	44.5	59.8	167.6	213.7	58.2	3.8
Other Revenues	25.2	139.2	18.5	32.6	110.4	193.0	21.8	3.2
Total Revenues	73.3	379.0	63.0	92.4	278.0	406.7	80.0	7.0
Total Insurance Expense	28.9	50.6	35.1	14.8	87.3	86.0	39.5	7.7
Other Expense	4.0	26.7	4.0	4.9	6.7	45.1	0.0	0.0
Nonrecurring Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Expense	32.9	77.3	39.1	19.7	94.0	131.2	39.5	7.7
Net Income	34.9	221.1	11.0	55.5	130.2	200.0	30.6	(0.7)
Adjusted Net Income (19)	34.9	219.7	11.1	55.5	92.4	195.7	25.0	(0.5)
Summary Balance Sheet (GAAP)								
Total Investments and Cash	2,252.8	16,468.8	786.4	4,303.3	18,948.0	33,505.6	2,087.5	337.5
Deferred Acquisition Costs	195.9	215.4	48.8	72.8	342.8	429.8	140.4	0.0
Other Assets	229.3	3,052.2	42.2	217.2	2,664.9	1,780.8	213.0	651.4
Total Assets	2,678.0	19,736.4	877.4	4,593.2	21,955.6	35,716.2	2,440.9	989.0
Unearned Premiums	540.7	2,967.0	180.6	1,226.6	2,372.1	3,116.5	639.6	523.1
Loss and Loss Adjustment Expense Reserves	117.2	298.2	3.9	50.2	206.4	730.4	186.2	135.4
Long-Term Debt	197.4	1,191.8	98.5	323.4	430.0	1,211.4	0.0	0.0
Other Liabilities	149.3	9,804.6	38.3	877.1	16,090.2	24,056.5	128.0	108.9
Total Liabilities	1,004.6	14,261.5	321.4	2,477.2	19,098.6	29,114.7	953.9	767.5
Total Shareholders' Equity	1,673.4	5,474.9	556.0	2,115.9	2,857.0	6,601.5	1,487.1	221.5
Total Liabilities and Shareholders' Equity	2,678.0	19,736.4	877.4	4,593.2	21,955.6	35,716.2	2,440.9	989.0
% of Total Revenue								
Net Premiums Earned	65.5	51.2	71.1	64.3	34.0	50.6	62.4	55.5
Net Investment Income	34.4	30.0	32.5	35.3	18.8	34.4	27.2	53.0
Net Realized Gains (Losses) on Investments	(1.4)	(0.1)	4.7	0.1	(0.3)	(0.2)	(0.3)	(6.8)
Net Realized and Unrealized Gains (Losses) on Derivatives	0.0	0.5	(0.4)	(0.2)	20.9	0.5	10.6	(3.5)
Financial Services	0.0	6.0	0.0	0.0	7.4	10.8	0.0	0.0
Other Revenues	0.0	12.3	(3.3)	0.6	18.9	4.4	0.0	1.8
Return on Equity (21)	8.4	16.3	1.9	10.6	18.3	12.1	8.3	(1.2)
Financial Leverage (22)	10.5	17.9	15.0	14.5	13.1	15.5	0.0	0.0

*Data for CIFG as of 12/31/05. **Consolidated Holding Company unless otherwise noted. †Operating Company. See Notes and Definitions on page 34. Continued on next page.

Industry Comparison (Continued)

($ Mil., As of March 31, 2006)

	AGC	Ambac	CIFG*	FGIC	FSA	MBIA	Radian†	XLCA†
Premium Comparison								
Adjusted Gross Premiums (AGP)/Gross Per Insured (GPI)	0.8	0.8	0.8	0.9	0.7	0.8	1.0	0.9
Domestic Municipal AGP/Domestic Municipal GPI	2.0	1.0	1.1	1.0	0.7	0.6	1.7	1.1
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.6	0.5	0.5	0.6	0.8	1.0	0.6	0.5
International AGP/International GPI	0.9	3.4	0.8	2.0	0.6	1.2	1.1	2.8

*Data for CIFG as of 12/31/05. **Consolidated Holding Company unless otherwise noted. †Operating Company. See Notes and Definitions on page 34.

Key Financial Indicators — Ambac Assurance Corp.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (SAP)							
Gross Par Insured	28,461	125,278	118,106	115,340	116,377	51.6	C
Domestic Municipal	9,985	53,780	44,610	44,687	43,731	(8.9)	C
Domestic Nonmunicipal	17,188	58,821	53,398	48,542	47,445	190.9	C
International	1,288	12,676	20,099	22,110	25,201	(32.1)	C
% Nonmunicipal and International	64.9	57.1	62.2	61.3	62.4	56.0	C
Gross Premiums Written	223.2	1,110.4	1,058.5	1,158.3	919.6	(4.5)	C
Adjusted Gross Premiums Written (1)	233.5	1,249.4	1,287.8	1,488.9	1,299.5	17.3	C
Net Premiums Written	231.4	1,009.0	986.1	1,018.7	806.0	(10.9)	C
Premiums Earned	189.0	771.1	665.3	600.9	456.6	4.1	C
Net Investment Income (2)	167.7	385.1	411.0	326.9	296.0	64.8	C
Realized Capital Gains/(Losses)	(0.6)	2.7	24.9	40.2	41.0	(140.1)	C
Total Underwriting Expenses (3)	41.8	150.1	127.9	124.5	108.9	11.1	C
Net Operating Expenses (4)	45.2	124.1	109.4	83.7	77.8	(3.8)	C
Losses Incurred (5)	26.0	73.1	81.0	36.7	33.5	(24.2)	C
Net Income/(Loss)	214.7	697.0	676.7	598.0	502.1	48.0	C
Adjusted Net Income/(Loss) (6)	107.9	427.5	437.0	372.5	322.3	64.4	C
Dividends to Stockholders	34.0	353.4	103.0	89.6	78.0	14.9	C
Gross Par Expense Ratio (%) (7)	0.1	0.1	0.1	0.1	0.1	—	—
Net Expense Ratio (%) (8)	19.5	12.3	11.1	8.2	9.7	—	—
Loss Ratio (%) (9)	13.8	9.5	12.2	6.1	7.3	—	—
Combined Ratio (%) (10)	33.3	21.8	23.3	14.3	17.0	—	—
Dividend Payout Ratio (%) (11)	31.5	82.7	23.6	24.1	24.2	—	—
Policyholders' Surplus	3,451.8	3,327.5	3,198.7	2,739.7	2,227.4	13.8	G
Contingency Reserve	2,472.3	2,365.5	2,066.0	1,786.3	1,508.9	17.1	G
Qualified Statutory Capital (12)	5,924.1	5,693.0	5,264.7	4,526.0	3,736.3	15.1	G
Unearned Premium Reserve	3,228.9	3,187.0	2,948.1	2,627.4	2,209.5	13.9	G
Loss and LAE Reserves	121.3	103.1	116.8	54.7	52.1	41.4	G
Cash and Invested Assets	9,397.2	8,948.4	8,307.3	7,234.7	6,101.2	14.5	G
Net Investment Yield (%) (13)	7.3	4.5	5.3	4.9	5.2	—	—
Adjusted Investment Yield (%) (14)	N.A.	6.2	7.1	6.8	7.0	—	—
Return on Surplus (%) (15)	12.7	13.1	14.7	15.0	15.3	—	—
Return on Capital (%) (16)	14.8	12.7	13.8	14.5	14.3	—	—
Dividends/Surplus (%)	1.0	10.6	3.2	3.3	3.5	—	—
Insured Portfolio							
Gross Par Outstanding (17)	533,968	523,247	502,657	475,422	423,454	9.9	G
Net Par Outstanding	491,715	479,085	459,432	425,854	379,211	10.8	G
Gross P&I Outstanding (17)	824,798	801,085	757,037	707,131	632,194	10.4	G
Net P&I Outstanding	753,748	726,612	685,234	625,564	557,422	11.4	G
Leverage Ratios							
Net Par/Qual. Stat. Cap. (:1)	83.0	84.2	87.3	94.1	101.5	(3.7)	G
Net P&I/Qual. Stat. Cap. (:1)	127.2	127.6	130.2	138.2	149.2	(3.2)	G
Investment Portfolio Credit Quality (%)							
'AAA'	87.0	88.0	85.0	83.0	73.0	—	—
'AA'	9.0	9.0	10.0	9.0	16.0	—	—
'A'	3.0	2.0	4.0	5.0	7.0	—	—
'BBB'	1.0	1.0	1.0	2.0	1.0	—	—
Not Investment Grade/Not Rated	1.0	1.0	1.0	1.0	3.0	—	—

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — Ambac Financial Group, Inc.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Summary Income Statement (GAAP)							
Insurance Revenues	239.8	892.0	777.6	672.3	478.0	9.3	C
Financial Services Revenue (18)	22.6	94.6	67.4	35.1	(80.7)	39.2	C
Net Investment Income	114.0	426.1	361.1	321.1	297.3	11.7	C
Other Revenues	2.6	9.7	31.7	47.4	45.9	7.9	C
Total Revenues	379.0	1,422.5	1,237.8	1,075.9	740.5	11.5	C
Loss and LAE	0.1	149.9	69.6	53.4	26.7	(99.5)	C
Operating Expense	37.9	117.8	106.6	92.0	76.5	13.5	C
Total Insurance Expense	50.6	315.1	181.3	145.4	103.2	(26.0)	C
Interest Expense	19.5	55.9	54.3	54.2	43.7	44.1	C
Other Expense	7.2	28.7	25.4	26.7	29.4	18.3	C
Nonrecurring Items	0.0	0.0	1.3	7.0	0.0	0.0	C
Total Expense	77.3	399.7	262.3	233.3	176.3	(12.2)	C
Income Before Taxes	301.6	1,022.8	975.4	842.6	564.2	19.7	C
Net Income	221.1	751.0	724.6	618.9	432.6	19.2	C
Adjusted Net Income (19)	219.7	713.4	715.2	618.4	451.3	20.9	C
Summary Balance Sheet (GAAP)							
Total Investments and Cash	16,468.8	16,009.7	14,788.4	13,800.7	12,565.1	11.5	G
Reinsurance Assets or Recoverables	287.2	307.1	314.1	328.5	301.0	1.6	G
Derivative Assets	862.7	1,101.9	1,298.0	1,146.4	1,010.1	21.0	G
Deferred Acquisition Costs	215.4	202.2	184.8	175.3	174.1	6.7	G
Accrued Investment Income	150.4	178.8	162.5	159.4	142.4	(1.1)	G
Other Assets	1,752.0	1,925.4	1,837.5	1,136.9	1,162.9	14.1	G
Total Assets	19,736.4	19,725.1	18,585.3	16,747.3	15,355.5	11.7	G
Unearned Premiums	2,967.0	2,954.7	2,778.9	2,545.5	2,128.8	12.8	G
Loss and Loss Adjustment Expense Reserves	298.2	304.1	254.1	189.4	172.1	17.3	G
Guaranteed Investment Contract Obligations	7,026.6	7,056.2	6,813.9	6,545.8	6,434.5	13.6	G
Long-Term Debt	1,191.8	1,191.7	791.8	791.8	616.7	16.7	G
Derivative Liabilities	700.0	935.4	1,049.1	946.2	836.1	20.7	G
Accrued Interest Payable	88.6	108.2	71.1	73.9	81.3	1.2	G
Other Liabilities	1,989.5	1,802.5	1,801.9	1,400.2	1,460.8	(3.5)	G
Total Liabilities	14,261.5	14,352.9	13,560.8	12,492.8	11,730.4	10.4	G
Shareholders' Equity							
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	5,474.9	5,372.2	5,024.5	4,254.6	3,625.2	15.4	G
Total Liabilities and Shareholders' Equity	19,736.4	19,725.1	18,585.3	16,747.3	15,355.5	11.7	G
Cash Flow Information (GAAP)							
Cash Flow from Operations	306.2	1,007.5	949.7	1,003.6	805.5	6.6	C
Cash Flow from Investing	(315.9)	(1,464.2)	(1,609.6)	(1,074.1)	(2,213.8)	N.M.	C
Cash Flow from Financing	7.8	465.0	655.3	69.1	1,357.5	N.M.	C
Net Change in Cash	(1.8)	8.3	(4.6)	(1.4)	(50.8)	(108.3)	C
% of Total Revenue							
Net Premiums Earned	51.2	57.4	57.9	57.7	63.7	—	—
Net Investment Income	30.1	30.0	29.2	29.8	40.1	—	—
Net Realized Gains (Losses) on Investments	(0.1)	0.4	2.4	3.7	5.5	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	0.5	1.0	1.4	0.0	(3.8)	—	—
Financial Services	6.0	6.7	5.4	3.3	(10.9)	—	—
Other Revenues	12.3	4.6	3.6	5.5	5.3	—	—
Ratios (GAAP) (%)							
GAAP Loss and LAE Ratio (20)	0.1	18.4	9.7	8.6	5.7	—	—
Return on Equity (21)	16.3	14.4	15.6	15.7	13.1	—	—
Financial Leverage (22)	17.9	18.2	13.6	15.7	14.5	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.8	1.0	1.1	1.3	1.1	—	—
Domestic Municipal AGP/Domestic Municipal GPI	1.0	1.0	1.2	1.6	1.3	—	—
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.5	0.8	0.7	0.9	0.9	—	—
International AGP/International GPI	3.4	1.7	1.8	1.6	1.2	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — Assured Guaranty Corp.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (SAP)							
Gross Par Insured	5,523	17,117	17,807	14,612	17,896	123.8	C
Domestic Municipal	429	1,077	3,022	4,572	7,187	(8.8)	C
Domestic Nonmunicipal	4,446	12,740	12,948	7,526	9,416	174.1	C
International	648	3,300	1,837	2,513	1,292	72.8	C
% Nonmunicipal and International	92.2	93.7	83.0	68.7	59.8	14.0	C
Gross Premiums Written	31.3	(83.5)	168.5	219.2	154.6	(29.4)	C
Adjusted Gross Premiums Written (1)	41.7	136.3	172.4	200.9	186.1	46.8	C
Net Premiums Written	24.8	(83.0)	59.8	255.8	123.3	(33.8)	C
Premiums Earned	24.4	88.9	120.6	159.0	104.9	(8.2)	C
Net Investment Income (2)	12.4	50.0	51.2	47.3	46.9	(4.9)	C
Realized Capital Gains/(Losses)	(1.1)	0.7	1.2	2.1	4.2	(809.4)	C
Total Underwriting Expenses (3)	16.5	(15.8)	80.0	132.7	58.0	13.9	C
Net Operating Expenses (4)	16.5	(17.3)	64.0	82.0	56.5	13.9	C
Losses Incurred (5)	2.9	16.2	(10.1)	41.2	37.1	N.M.	C
Net Income/(Loss)	12.5	100.9	103.2	66.6	46.2	(41.2)	C
Adjusted Net Income/(Loss) (6)	(0.6)	20.4	(15.2)	(26.4)	(37.6)	(106.5)	C
Dividends to Stockholders	0.0	4.3	0.0	10.0	8.0	0.0	C
Gross Par Expense Ratio (%) (7)	0.3	(0.1)	0.4	0.9	0.3	—	—
Net Expense Ratio (%) (8)	66.6	20.8	107.1	32.0	45.9	—	—
Loss Ratio (%) (9)	11.8	18.2	(8.4)	25.9	35.4	—	—
Combined Ratio (%) (10)	78.4	39.0	98.7	57.9	81.2	—	—
Dividend Payout Ratio (%) (11)	0.0	21.1	0.0	(37.9)	(21.3)	—	—
Policyholders' Surplus	259.8	256.5	236.7	255.6	287.0	(3.0)	G
Contingency Reserve	617.9	598.3	518.4	400.0	307.0	24.0	G
Qualified Statutory Capital (12)	877.7	854.8	755.1	655.6	594.0	12.8	G
Unearned Premium Reserve	234.3	233.8	405.8	466.7	369.9	(13.1)	G
Loss and LAE Reserves	22.9	20.9	31.8	55.0	40.8	(16.3)	G
Cash and Invested Assets	1,101.1	1,086.3	1,200.8	1,155.4	978.8	3.7	G
Net Investment Yield (%) (13)	4.5	4.4	4.3	4.4	5.0	—	—
Adjusted Investment Yield (%) (14)	N.A.	6.0	5.9	5.9	6.5	—	—
Return on Surplus (%) (15)	(0.9)	8.3	(6.2)	(9.7)	(12.1)	—	—
Return on Capital (%) (16)	5.8	12.5	14.6	10.7	8.0	—	—
Dividends/Surplus (%)	0.0	1.7	0.0	3.9	2.8	—	—
Insured Portfolio							
Gross Par Outstanding (17)	70,599	68,880	87,583	83,490	78,565	(3.2)	G
Net Par Outstanding	54,596	52,659	74,001	78,399	72,259	(8.3)	G
Gross P&I Outstanding (17)	90,793	89,317	122,602	124,117	121,255	(8.5)	G
Net P&I Outstanding	72,319	70,769	105,831	117,406	113,074	(12.8)	G
Leverage Ratios							
Net Par/Qual. Stat. Cap. (:1)	62.2	61.6	98.0	119.6	121.7	(18.6)	G
Net P&I/Qual. Stat. Cap. (:1)	82.4	82.8	140.2	179.1	190.4	(22.7)	G
Investment Portfolio Credit Quality (%)							
'AAA'	77.7	78.8	75.0	75.3	79.9	—	—
'AA'	16.7	15.3	17.3	16.6	13.2	—	—
'A'	5.6	5.9	6.9	8.0	6.9	—	—
'BBB'	0.0	0.0	0.0	0.0	0.0	—	—
Not Investment Grade/Not Rated	0.0	0.0	0.0	0.0	0.0	—	—

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — Assured Guaranty Ltd.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Summary Income Statement (GAAP)							
Insurance Revenues	48.1	195.5	241.1	410.5	196.9	(6.5)	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	26.2	98.6	94.8	96.3	97.2	13.4	C
Other Revenues	-1.0	2.2	12.0	5.5	7.9	(156.2)	C
Total Revenues	73.3	294.5	347.9	512.3	302.0	(4.0)	C
Insurance Revenues	48.1	195.5	241.1	410.5	196.9	(6.5)	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	25.2	99.1	106.8	101.8	105.1	13.4	C
Other Revenues	0.0	0.0	0.0	0.0	0.0	(156.2)	C
Total Revenues	73.3	294.5	347.9	512.3	302.0	(4.0)	C
Loss and LAE	(0.4)	(69.6)	(32.0)	144.6	120.3	N.M.	C
Operating Expense	17.2	59.0	67.8	41.0	31.0	18.2	C
Total Insurance Expense	28.9	47.7	102.2	260.4	208.2	76.9	C
Interest Expense	3.4	13.5	10.7	5.7	10.6	2.4	C
Other Expense	0.6	3.7	0.0	0.0	0.0	N.M.	C
Nonrecurring Items	0.0	0.0	1.6	0.0	0.0	0.0	C
Total Expense	32.9	64.9	114.6	266.1	218.8	67.5	C
Income Before Taxes	40.5	229.6	233.3	246.2	83.2	(28.7)	C
Net Income	34.9	188.4	182.8	214.5	72.6	(21.3)	C
Adjusted Net Income (19)	34.9	190.7	148.7	131.1	107.8	(17.7)	C
Summary Balance Sheet (GAAP)							
Total Investments and Cash	2,252.8	2,256.0	2,157.9	2,222.1	2,061.9	2.8	G
Reinsurance Assets or Recoverables	25.5	24.8	135.4	133.1	280.3	(52.2)	G
Derivative Assets	52.2	40.4	43.9	0.0	0.0	N.M.	G
Deferred Acquisition Costs	195.9	193.4	186.4	178.7	157.3	7.0	G
Accrued Investment Income	21.8	22.7	21.9	23.8	22.0	(0.4)	G
Other Assets	129.8	139.1	148.5	300.2	198.4	(12.2)	G
Total Assets	2,678.0	2,676.5	2,694.0	2,857.9	2,719.9	(0.5)	G
Unearned Premiums	540.7	537.1	521.3	625.4	613.3	(3.8)	G
Loss and Loss Adjustment Expense Reserves	117.2	121.2	226.5	522.6	458.8	(34.3)	G
Guaranteed Investment Contract Obligations	0.0	0.0	0.0	0.0	0.0	0.0	G
Long-Term Debt	197.4	197.3	197.4	75.0	75.0	34.7	G
Derivative Liabilities	11.8	0.0	0.0	8.6	107.0	(49.3)	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	137.5	159.2	221.3	188.7	208.5	(12.0)	G
Total Liabilities	1,004.6	1,015.0	1,166.4	1,420.2	1,462.6	(10.9)	G
Shareholders' Equity							
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	1,673.4	1,661.5	1,527.6	1,437.6	1,257.2	9.2	G
Total Liabilities and Shareholders' Equity	2,678.0	2,676.5	2,694.0	2,857.9	2,719.9	(0.5)	G
Cash Flow Information (GAAP)							
Cash Flow from Operations	20.4	175.8	(44.6)	200.0	277.7	(64.3)	C
Cash Flow from Investing	(19.8)	(153.6)	22.3	(145.3)	(267.0)	N.M.	C
Cash Flow from Financing	(3.0)	(33.0)	6.9	(31.8)	(5.5)	N.M.	C
Net Change in Cash	(2.4)	(10.8)	(15.4)	22.9	5.3	(151.5)	C
% of Total Revenue							
Net Premiums Earned	65.5	67.5	54.0	60.7	81.9	—	—
Net Investment Income	35.8	32.9	27.2	18.8	32.2	—	—
Net Realized Gains (Losses) on Investments	(1.4)	0.8	3.4	1.1	2.6	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	0.0	(1.2)	15.1	19.2	(17.9)	—	—
Financial Services	0.0	0.0	0.0	0.0	0.0	—	—
Other Revenues	0.0	0.1	0.2	0.2	1.2	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — Assured Guaranty Ltd. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Ratios (GAAP) (%)							
GAAP Loss and LAE Ratio (20)	(0.8)	(35.0)	(17.0)	46.5	48.6	—	—
Return on Equity (21)	8.4	11.8	12.3	15.9	11.5	—	—
Financial Leverage (22)	10.5	10.6	11.4	5.0	5.6	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.8	0.8	1.0	1.4	1.0	—	—
Domestic Municipal AGP/Domestic Municipal GPI	2.0	2.2	1.9	1.7	1.0	—	—
Domestic Nonmunicipal AGP/GPI	0.6	0.6	0.6	1.2	1.1	—	—
International AGP/International GPI	0.9	1.1	2.3	1.2	1.0	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — Assured Guaranty Re Ltd.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	%	C,G
Financial Data (GAAP)						
Gross Par Insured	4,221	15,260	16,363	2,701	18.5	C
Domestic Municipal	1,604	5,734	7,922	1,534	(3.8)	C
Domestic Nonmunicipal	1,743	6,809	6,363	731	4.1	C
International	874	2,717	2,077	436	295.5	C
% Nonmunicipal and International	62.0	62.4	51.6	43.2	16.5	C
Summary Income Statement (GAAP)						
Gross Premiums Written	30.7	143.8	82.9	139.5	(41.8)	C
Adjusted Gross Premiums Written (1)	32.9	174.6	118.4	65.0	(37.1)	C
Net Premiums Written	25.7	122.8	17.8	232.9	(49.2)	C
Net Premiums Earned	21.3	92.6	64.0	133.5	25.4	C
Net Realized Gains (Losses) on Investments	0.1	1.6	10.9	3.4	(91.4)	C
Net Realized and Unrealized Gains (Losses) on Derivatives	(0.7)	(2.5)	4.3	55.6	N.M.	C
Other	0.0	0.2	0.6	1.7	(100.0)	C
Insurance Revenues	20.6	90.4	68.9	190.8	33.7	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	13.4	45.4	42.4	49.0	36.3	C
Other Revenues	0.1	1.6	10.9	3.4	(91.4)	C
Total Revenues	34.2	137.4	122.2	243.2	27.1	C
Total Underwriting Expense	10.5	30.6	27.7	15.9	99.3	C
Loss and LAE	(2.4)	(68.2)	(32.4)	89.6	N.M.	C
Operating Expense	10.5	30.6	12.5	29.4	99.3	C
Total Insurance Expense	8.1	(29.1)	7.8	134.8	N.M.	C
Interest Expense	0.0	0.0	0.0	0.0	0.0	C
Other Expense	0.0	0.0	0.0	0.0	0.0	C
Nonrecurring Items	0.0	0.0	0.0	0.0	0.0	C
Total Expense	8.1	(29.1)	7.8	134.8	N.M.	C
Income Before Taxes	26.1	166.5	114.4	108.4	(10.6)	C
Dividends to Preferred Stockholders	0.0	0.0	0.0	0.0	0.0	C
Net Income	24.0	136.6	101.6	115.7	(3.6)	C
Adjusted Net Income (19)	24.7	139.0	97.3	60.1	(7.7)	C
Summary Balance Sheet (GAAP)						
Total Investments and Cash	1,120.1	1,138.7	892.4	1,015.9	4.4	G
Reinsurance Assets or Recoverables	18.4	16.3	103.2	136.7	(59.0)	G
Derivative Assets	14.0	11.8	14.3	12.1	6.7	G
Deferred Acquisitions Costs	120.2	119.6	46.0	28.3	90.2	G
Accrued Investment Income	8.1	9.0	7.4	9.7	(7.7)	G
Other Assets	35.7	35.7	83.9	173.3	(50.5)	G
Total Assets	1,316.6	1,331.2	1,147.3	1,376.1	(1.9)	G
Unearned Premiums	368.7	362.3	195.5	240.4	20.9	G
Loss and Adjustment Expense Reserve	55.8	60.9	112.3	416.3	(59.1)	G
Guaranteed Investment Contract Obligations	0.0	0.0	0.0	0.0	0.0	G
Long-Term Debt	0.0	0.0	0.0	0.0	0.0	G
Derivative Liabilities	0.0	0.0	0.0	0.0	0.0	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	80.0	101.7	146.5	87.1	(3.7)	G
Total Liabilities	504.5	524.9	454.3	743.8	(15.8)	G

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — Assured Guaranty Re Ltd. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	%	C,G
Shareholders' Equity						
Preferred Stock	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	812.1	806.3	693.0	632.3	11.8	G
Total Liabilities and Shareholders' Equity	1,316.6	1,331.2	1,147.3	1,376.1	(1.9)	G
Cash Flow Information (GAAP)						
Cash Flow from Operations	(6.8)	206.4	(95.1)	12.3	(109.7)	C
Cash Flow from Investing	8.1	(168.7)	101.6	15.5	N.M.	C
Cash Flow from Financing	(2.7)	(38.6)	(12.7)	(24.0)	N.M.	C
Net Change in Cash	(1.3)	(0.9)	(6.2)	3.8	(197.0)	C
Insured Portfolio						
Gross Par Outstanding	55,995	53,639	28,266	16,017	75.3	G
Net Par Outstanding	52,321	49,806	21,590	9,125	117.3	G
Gross P&I Outstanding	81,986	78,758	36,964	19,533	90.0	G
Net P&I Outstanding	78,312	74,925	30,288	12,830	124.9	G
Leverage Ratios						
Net Par/Shareholders' Equity (:1)	64.4	61.8	31.2	14.4	94.4	G
Net P&I/Shareholders' Equity (:1)	96.4	92.9	43.7	20.3	101.2	G
% of Total Revenue						
Net Premiums Earned	62.4	67.4	52.4	54.9	—	—
Net Investment Income	39.7	34.2	34.7	21.6	—	—
Net Realized Gains (Losses) on Investments	0.4	1.2	8.9	1.4	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	(2.0)	(1.8)	3.5	22.8	—	—
Financial Services	0.0	0.0	0.0	0.0	—	—
Other Revenues	0.0	0.2	0.5	0.7	—	—
Ratios (GAAP) (%)						
GAAP Loss and LAE Ratio (20)	(11.4)	(73.6)	(50.6)	67.1	—	—
					—	—
Net Investment Yield (14)	4.8	4.6	4.4	4.8	—	—
Return on Equity (21)	11.9	18.2	15.3	19.5	—	—
Financial Leverage (22)	0.0	0.0	0.0	0.0	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — CIFG Holding and Subsidiaries

($ Mil., Years Ended Dec. 31)

	2005	2004	2003	2002	%	C,G
Financial Data (Pro Forma SAP)						
Gross Par Insured	21,282	12,742	10,086	2,352	67.0	C
Domestic Municipal	5,494	3,074	2,332	694	78.7	C
Domestic Nomunicipal	7,755	4,085	4,899	986	89.8	C
International	8,033	5,582	2,855	672	43.9	C
% Nonmunicipal and International	74.2	75.9	76.9	70.5	(2.2)	C
Adjusted Gross Premiums Written (1)	163.4	120.6	132.2	33.3	35.4	C
Total Underwriting Expenses (3)	44.4	44.4	44.7	24.8	0.0	C
Gross Par Expense Ratio (%) (7)	0.2	0.3	0.4	1.1	—	—
Policyholders' Surplus	550.2	626.3	515.3	270.0	26.8	G
Contingency Reserve	49.6	27.1	9.6	0.6	347.1	G
Qualified Statutory Capital (12)	599.8	653.4	524.8	270.6	30.4	G
Unearned Premium Reserve	190.7	122.4	80.0	16.0	128.4	G
Loss and LAE Reserves	0.0	0.0	0.0	0.0	0.0	G
Insured Portfolio						
Gross Par Outstanding (17)	43,106	24,986	12,450	2,375	162.8	G
Net Par Outstanding	42,655	24,698	12,345	2,280	165.5	G
Gross P&I Outstanding (17)	63,420	35,204	17,141	2,983	177.0	G
Net P&I Outstanding	62,672	34,763	17,013	2,872	179.4	G
Leverage Ratios						
Net Par/Qual. Stat. Cap. (:1)	71.1	37.8	23.5	8.4	103.6	G
Net P&I/Qual. Stat. Cap. (:1)	104.5	53.2	32.4	10.6	114.3	G
Investment Portfolio Credit Quality (%)						
'AAA'	87.1	35.5	26.0	N.A.	—	—
'AA'	11.7	7.4	0.0	N.A.	—	—
'A'	1.1	0.6	0.6	N.A.	—	—
'BBB'	0.1	0.0	0.0	N.A.	—	—
Not Investment Grade/Not Rated	0.0	56.5	73.5	N.A.	—	—

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — CIFG Holding and Subsidiaries (Continued)

($ Mil., Years Ended Dec. 31)

	2005	2004	2003	2002	%	C,G
Summary Income Statement (GAAP)						
Insurance Revenues	44.5	36.0	17.2	1.3	23.8	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	17.5	4.0	3.9	1.9	337.9	C
Other Revenues	0.9	9.3	8.3	7.4	(90.3)	C
Total Revenues	63.0	49.3	29.4	10.6	27.7	C
Loss and LAE	1.9	3.6	1.7	0.1	(48.4)	C
Operating Expense	27.2	20.9	18.9	16.1	30.0	C
Total Insurance Expense	35.1	31.4	23.6	16.6	11.5	C
Interest Expense	4.0	0.1	0.6	0.6	3,930.0	C
Other Expense	0.0	0.0	0.0	0.0	0.0	C
Nonrecurring Items	0.0	0.0	0.0	0.0	0.0	C
Total Expense	39.1	31.5	24.2	17.2	24.0	C
Income Before Taxes	23.9	17.8	5.2	(6.6)	34.3	C
Net Income	11.0	11.6	1.8	(8.0)	(5.7)	C
Adjusted Net Income (19)	11.1	11.6	1.8	(8.0)	(4.3)	C
Summary Balance Sheet (GAAP)						
Total Investments and Cash	786.4	777.3	617.0	296.9	38.4	G
Reinsurance Assets or Recoverables	3.0	2.0	0.3	0.4	100.8	G
Derivative Assets	0.0	0.0	0.0	0.0	0.0	G
Deferred Acquisition Costs	48.8	45.9	29.9	8.4	79.8	G
Accrued Investment Income	13.4	1.9	0.7	0.4	215.2	G
Other Assets	25.8	22.6	15.9	8.1	47.1	G
Total Assets	877.4	849.7	663.9	314.2	40.8	G
Unearned Premiums	180.6	113.8	76.9	15.9	124.7	G
Loss and Loss Adjustment Expense Reserves	3.9	5.7	1.9	0.1	206.3	G
Guaranteed Investment Contract Obligations	0.0	0.0	0.0	0.0	0.0	G
Derivative Liabilities	0.3	0.1	0.1	0.0	(100.0)	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	38.1	27.7	19.9	16.7	101.6	G
Total Liabilities	321.4	237.3	98.8	32.8	114.1	G
Shareholders' Equity						
Preferred Stock	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	556.0	612.4	565.0	281.4	25.5	G
Total Liabilities and Shareholders' Equity	877.4	849.7	663.9	314.2	40.8	G
Cash Flow Information (GAAP)*						
Cash Flow from Operations	63.5	24.2	32.7	(4.8)	191.6	C
Cash Flow from Investing	(88.2)	(110.4)	(255.4)	6.6	N.M.	C
Cash Flow from Financing	26.7	93.9	223.5	0.0	(94.3)	C
Net Change in Cash	2.0	7.7	0.7	1.8	(63.1)	C
% of Total Revenue						
Net Premiums Earned	71.1	72.9	58.5	12.7	—	—
Net Investment Income	27.9	8.1	13.3	18.2	—	—
Net Realized Gains (Losses) on Investments	4.7	17.1	28.1	69.2	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	(0.4)	0.0	(0.3)	(0.0)	—	—
Financial Services	0.0	0.0	0.0	0.0	—	—
Other Revenues	(3.3)	1.8	0.4	0.0	—	—
Ratios (GAAP) (%)						
GAAP Loss and LAE Ratio (20)	4.1	10.0	10.0	9.9	—	—
Return on Equity (21)	1.9	2.0	0.4	N.A.	—	—
Financial Leverage (22)	15.0	12.8	0.0	0.0	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.8	0.9	1.3	1.4	—	—
Domestic Municipal AGP/Domestic Municipal GPI	1.1	1.0	1.8	1.7	—	—
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.5	0.5	0.8	1.5	—	—
International AGP/International GPI	0.8	1.2	1.7	0.9	—	—

*For CDC IXIS Financial Guaranty and Subsidiaries. See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — CIFG Holding and Subsidiaries (Continued)

($ Mil., Years Ended Dec. 31)

	2005	2004	2003	2002	%	C,G
Shareholders' Equity						
Preferred Stock	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	556.0	612.4	565.0	281.4	25.5	G
Total Liabilities and Shareholders' Equity	877.4	849.7	663.9	314.2	40.8	G
Cash Flow Information (GAAP)*						
Cash Flow from Operations	63.5	24.2	32.7	(4.8)	191.6	C
Cash Flow from Investing	(88.2)	(110.4)	(255.4)	6.6	N.M.	C
Cash Flow from Financing	26.7	93.9	223.5	0.0	(94.3)	C
Net Change in Cash	2.0	7.7	0.7	1.8	(63.1)	C
% of Total Revenue						
Net Premiums Earned	71.1	72.9	58.5	12.7	—	—
Net Investment Income	27.9	8.1	13.3	18.2	—	—
Net Realized Gains (Losses) on Investments	4.7	17.1	28.1	69.2	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	(0.4)	0.0	(0.3)	(0.0)	—	—
Financial Services	0.0	0.0	0.0	0.0	—	—
Other Revenues	(3.3)	1.8	0.4	0.0	—	—
Ratios (GAAP) (%)						
GAAP Loss and LAE Ratio (20)	4.1	10.0	10.0	9.9	—	—
Return on Equity (21)	1.9	2.0	0.4	N.A.	—	—
Financial Leverage (22)	15.0	12.8	0.0	0.0	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.8	0.9	1.3	1.4	—	—
Domestic Municipal AGP/Domestic Municipal GPI	1.1	1.0	1.8	1.7	—	—
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.5	0.5	0.8	1.5	—	—
International AGP/International GPI	0.8	1.2	1.7	0.9	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — Financial Guaranty Insurance Co.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (SAP)							
Gross Par Insured	15,296	84,031	59,513	42,355	47,947	3.4	C
Domestic Municipal	6,232	41,752	33,129	33,461	38,918	(38.6)	C
Domestic Nonmunicipal	7,764	36,223	26,229	8,894	9,007	94.2	C
International	1,299	6,057	155	0	22	104.5	C
% Nonmunicipal and International	59.3	50.3	44.3	21.0	18.8	89.1	C
Gross Premiums Written	88.6	404.0	323.6	260.3	232.6	5.0	C
Adjusted Gross Premiums Written (1)	139.9	637.9	427.6	273.6	228.6	32.2	C
Net Premiums Written	82.2	374.9	313.9	266.0	206.0	(0.5)	C
Premiums Earned	46.5	183.3	146.2	146.1	139.9	12.0	C
Net Investment Income (2)	34.7	126.0	110.9	116.8	119.6	16.6	C
Realized Capital Gains/(Losses)	0.0	0.0	1.3	31.5	68.5	(99.9)	C
Total Underwriting Expenses (3)	23.8	75.3	71.0	58.9	37.3	20.7	C
Net Operating Expenses (4)	22.1	66.4	68.8	59.3	28.2	14.8	C
Losses Incurred (5)	0.8	22.2	2.1	(2.6)	7.2	N.M.	C
Net Income/(Loss)	44.0	192.0	144.1	178.4	205.5	11.3	C
Adjusted Net Income/(Loss) (6)	(13.4)	(4.8)	(2.4)	455.1	77.9	N.M.	C
Dividends to Stockholders	0.0	0.0	0.0	284.3	100.0	0.0	C
Gross Par Expense Ratio (%) (7)	0.2	0.1	0.1	0.1	0.1	—	—
Net Expense Ratio (%) (8)	26.9	17.7	21.9	22.3	13.7	—	—
Loss Ratio (%) (9)	1.8	12.1	1.4	(1.8)	5.1	—	—
Combined Ratio (%) (10)	28.7	29.8	23.3	20.5	18.8	—	—
Dividend Payout Ratio (%) (11)	0.0	0.0	0.0	62.5	128.4	—	—
Policyholders' Surplus	1,149.4	1,162.9	1,172.6	1,153.5	977.6	3.3	G
Contingency Reserve	1,092.8	1,035.4	838.6	681.2	1,072.8	3.7	G
Qualified Statutory Capital (12)	2,242.2	2,198.3	2,011.2	1,834.7	2,050.4	3.5	G
Unearned Premium Reserve	1,274.9	1,239.1	1,047.6	879.9	760.0	15.4	G
Loss and LAE Reserves	33.2	33.9	14.8	14.9	18.1	29.4	G
Cash and Invested Assets	3,534.4	3,437.5	3,076.5	2,700.6	2,898.0	6.4	G
Net Investment Yield (%) (13)	4.0	3.9	3.8	4.2	4.3	—	—
Adjusted Investment Yield (%) (14)	N.A.	5.4	5.4	5.8	6.0	—	—
Return on Surplus (%) (15)	(4.6)	(0.4)	(0.2)	42.7	7.9	—	—
Return on Capital (%) (16)	7.9	9.1	7.5	9.2	10.3	—	—
Dividends/Surplus (%)	0.0	0.0	0.0	24.6	10.2	—	—
Insured Portfolio							
Gross Par Outstanding (17)	304,549	298,447	261,170	234,104	225,391	8.7	G
Net Par Outstanding	281,188	275,327	236,777	206,745	187,957	12.0	G
Gross P&I Outstanding (17)	475,365	472,161	425,567	392,180	384,632	6.0	G
Net P&I Outstanding	436,583	433,587	382,783	343,395	316,988	9.4	G
Leverage Ratios							
Net Par/Qual. Stat. Cap. (:1)	125.4	125.2	117.7	112.7	91.7	8.2	G
Net P&I/Qual. Stat. Cap. (:1)	194.7	197.2	190.3	187.2	154.6	5.8	G
Investment Portfolio Credit Quality (%)							
'AAA'	76.6	74.0	71.0	69.2	60.1	—	—
'AA'	20.1	23.0	25.0	28.1	29.0	—	—
'A'	3.3	3.0	4.0	2.7	4.1	—	—
'BBB'	0.0	0.0	0.0	0.0	0.8	—	—
Not Investment Grade/Not Rated	0.0	0.0	0.0	0.0	6.0	—	—

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — Financial Guaranty Insurance Co. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Summary Income Statement (GAAP)							
Insurance Revenues	59.8	225.2	175.7	151.0	140.2	12.7	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	32.6	118.8	98.0	116.9	119.6	16.9	C
Other Revenues	0.1	0.1	0.6	31.5	68.5	(49.2)	C
Total Revenues	92.4	344.1	274.3	299.3	328.3	14.0	C
Loss and LAE	(1.9)	18.5	5.9	(6.5)	0.5	N.M.	C
Operating Expense	24.4	88.7	80.3	59.3	34.1	19.1	C
Total Insurance Expense	14.8	77.5	55.3	43.1	34.9	33.6	C
Interest Expense	4.9	19.5	14.9	0.0	0.0	0.0	C
Other Expense	0.0	0.0	0.0	0.0	0.0	0.0	C
Nonrecurring Items	0.0	0.0	0.0	5.4	0.0	0.0	C
Total Expense	19.7	97.0	70.2	48.5	34.9	23.4	C
Income Before Taxes	72.7	247.1	204.0	250.9	293.4	11.7	C
Dividends to Preferred Stockholders	4.5	17.3	16.3	0.6	0.0	6.8	C
Net Income	55.5	190.5	140.5	194.5	217.6	12.5	C
Adjusted Net Income (19)	55.5	190.6	140.5	194.5	217.6	12.5	C
Summary Balance Sheet (GAAP)							
Total Investments and Cash	4,303.3	3,509.7	3,223.8	2,791.9	2,875.9	12.6	G
Reinsurance Assets or Recoverables	114.9	113.9	112.3	137.1	138.3	(4.5)	G
Derivative Assets	0.0	0.0	0.0	0.0	0.0	0.0	G
Deferred Acquisition Costs	72.8	63.3	33.8	2.9	71.4	0.3	G
Accrued Investment Income	46.7	42.9	36.9	32.8	33.1	7.5	G
Other Assets	55.6	18.1	15.0	16.4	9.2	50.4	G
Total Assets	4,593.2	3,747.9	3,421.9	2,981.2	3,127.8	11.8	G
Unearned Premiums	1,226.6	1,201.2	1,043.3	918.9	683.5	17.7	G
Loss and Loss Adjustment Expense Reserves	50.2	54.8	39.2	40.5	47.9	0.7	G
Guaranteed Investment Contract Obligations	0.0	0.0	0.0	0.0	0.0	0.0	G
Long-Term Debt	323.4	323.4	323.3	227.3	0.0	N.M.	G
Derivative Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	G
Accrued Interest Payable	1.2	0.0	0.0	0.0	0.0	N.M.	G
Other Liabilities	875.9	89.5	98.1	51.4	207.5	43.3	G
Total Liabilities	2,477.2	1,668.8	1,503.9	1,238.1	938.9	28.6	G
Shareholders' Equity							
Redeemable Preferred Stock	273.4	268.9	251.6	235.2	0.0	N.M.	G
Total Shareholders' Equity	2,115.9	2,079.2	1,918.0	1,743.1	2,188.9	1.3	G
Total Liabilities and Shareholders' Equity	4,593.2	3,747.9	3,421.9	2,981.2	3,127.8	11.8	G
Cash Flow Information (GAAP)							
Cash Flow from Operations	66.0	338.4	311.8	274.5	228.2	9.2	C
Cash Flow from Investing	(44.6)	(362.7)	(414.0)	198.6	(121.2)	N.M.	C
Cash Flow from Financing	0.2	1.5	91.2	(394.7)	(100.0)	N.M.	C
Net Change in Cash	21.6	(22.7)	(11.1)	78.4	7.0	N.M.	C
% of Total Revenue							
Net Premiums Earned	64.3	65.3	63.8	50.2	41.1	—	—
Net Investment Income	35.8	34.5	35.7	39.0	36.4	—	—
Net Realized Gains (Losses) on Investments	0.1	0.0	0.2	10.5	20.9	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	(0.2)	(0.0)	0.0	0.0	0.0	—	—
Financial Services	0.0	0.0	0.0	0.0	0.0	—	—
Other Revenues	0.6	0.2	0.3	0.2	1.6	—	—
Ratios (GAAP) (%)							
GAAP Loss and LAE Ratio (20)	(3.3)	8.2	3.4	(4.3)	0.4	—	—
Return on Equity (21)	10.6	9.5	7.8	10.0	10.4	—	—
Financial Leverage (22)	14.5	14.7	15.7	12.9	0.0	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.9	0.8	0.7	0.6	0.5	—	—
Domestic Municipal AGP/Domestic Municipal GPI	1.0	0.9	0.9	0.7	0.5	—	—
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.6	0.5	0.5	0.6	0.3	—	—
International AGP/International GPI	2.0	1.2	0.6	N.A.	0.0	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — Financial Security Assurance Inc.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (SAP)							
Gross Par Insured	17,834	111,891	113,901	84,333	109,728	(22.9)	C
Domestic Municipal	7,349	64,806	48,983	54,863	51,622	(40.3)	C
Domestic Nonmunicipal	5,267	33,028	54,726	19,206	38,352	(16.5)	C
International	5,218	14,057	10,192	10,264	19,754	15.5	C
% Nonmunicipal and International	58.8	42.1	57.0	34.9	53.0	25.7	C
Gross Premiums Written	134.9	864.4	832.0	906.1	806.9	(21.0)	C
Adjusted Gross Premiums Written (1)	126.5	1,014.0	927.2	894.6	881.8	(34.4)	C
Net Premiums Written	88.7	577.7	615.8	624.5	536.0	(19.0)	C
Premiums Earned	91.2	386.7	335.7	338.7	298.5	2.7	C
Net Investment Income (2)	52.4	199.2	174.7	172.1	146.8	6.6	C
Realized Capital Gains/(Losses)	(0.9)	4.9	(1.0)	5.2	28.4	N.M.	C
Total Underwriting Expenses (3)	54.8	200.5	230.9	216.3	188.3	(2.3)	C
Net Operating Expenses (4)	44.4	174.4	165.1	142.3	119.4	(3.4)	C
Losses Incurred (5)	(4.3)	8.1	16.7	12.7	45.0	N.M.	C
Net Income/(Loss)	78.9	293.0	242.1	262.9	195.1	10.0	C
Adjusted Net Income/(Loss) (6)	183.0	208.1	96.1	39.7	312.0	N.M.	C
Dividends to Stockholders	32.5	71.1	37.0	3.3	8.7	35.5	C
Gross Par Expense Ratio (%) (7)	0.3	0.2	0.2	0.3	0.2	—	—
Net Expense Ratio (%) (8)	50.0	30.2	26.8	22.8	22.3	—	—
Loss Ratio (%) (9)	(4.7)	2.1	5.0	3.7	15.1	—	—
Combined Ratio (%) (10)	45.3	32.3	31.8	26.5	37.4	—	—
Dividend Payout Ratio (%) (11)	17.8	34.1	38.5	8.3	2.8	—	—
Policyholders' Surplus	1,448.8	1,510.7	1,181.4	1,167.5	1,184.2	14.7	G
Contingency Reserve	1,011.0	906.8	1,099.5	936.8	692.0	6.1	G
Qualified Statutory Capital (12)	2,459.8	2,417.5	2,280.9	2,104.3	1,876.1	10.8	G
Unearned Premium Reserve	1,858.2	1,850.4	1,649.2	1,356.4	1,055.3	21.5	G
Loss and LAE Reserves	48.7	54.2	48.1	64.9	58.0	29.0	G
Cash and Invested Assets	4,423.2	4,499.0	4,134.0	3,634.1	3,104.7	13.9	G
Net Investment Yield (%) (13)	4.7	4.6	4.5	5.1	5.2	—	—
Adjusted Investment Yield (%) (14)	N.A.	6.4	5.9	6.9	7.0	—	—
Return on Surplus (%) (15)	49.5	15.5	8.2	3.4	31.3	—	—
Return on Capital (%) (16)	12.9	12.5	11.0	13.2	11.2	—	—
Dividends/Surplus (%)	2.2	4.7	3.1	0.3	0.7	—	—
Insured Portfolio							
Gross Par Outstanding (17)	473,849	472,375	442,931	391,432	357,842	12.0	G
Net Par Outstanding	353,049	351,398	325,808	294,390	265,700	12.1	G
Gross P&I Outstanding (17)	688,142	686,134	633,037	565,371	512,233	12.2	G
Net P&I Outstanding	499,248	497,625	454,359	409,476	365,256	12.7	G
Leverage Ratios							
Net Par/Qual. Stat. Cap. (:1)	143.5	145.4	142.8	139.9	141.6	1.2	G
Net P&I/Qual. Stat. Cap. (:1)	203.0	205.8	199.2	194.6	194.7	1.7	G
Investment Portfolio Asset Credit Quality (%)							
'AAA'	85.6	76.1	77.8	77.1	75.8	—	—
'AA'	10.8	19.5	19.7	20.0	20.0	—	—
'A'	3.3	4.3	2.5	2.9	4.5	—	—
'BBB'	0.0	0.0	0.0	0.0	0.0	—	—
Not Investment Grade/Not Rated	0.3	0.1	0.0	0.0	0.0	—	—

*Total Insurance Expense includes Financial products and variable interest entities' foreign exchange (gain)/loss. See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — Financial Security Assurance Inc. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Summary Income Statement (GAAP)							
Insurance Revenues	167.6	293.6	470.1	396.7	223.5	51.8	C
Financial Services Net Interest Margin (18)	20.7	(11.2)	16.8	17.4	7.8	1,206.4	C
Net Investment Income	52.1	207.2	172.1	154.0	139.1	7.8	C
Other Revenues	37.5	(12.1)	(11.0)	1.0	51.8	N.M.	C
Total Revenues	278.0	477.5	647.9	569.1	422.2	75.2	C
Loss and LAE	3.3	25.4	20.6	34.5	65.6	(17.5)	C
Operating Expense	47.5	162.0	134.8	125.3	112.4	12.8	C
Total Insurance Expense*	87.3	(2.5)	155.4	159.8	178.0	89.3	C
Interest Expense	6.7	27.0	27.0	33.0	28.1	(0.6)	C
Other Expense	0.0	0.0	0.0	0.0	0.0	0.0	C
Nonrecurring Items	0.0	0.0	0.0	(4.8)	0.0	0.0	C
Total Expense	94.0	24.5	182.4	188.0	206.1	77.8	C
Income Before Taxes	184.0	453.0	465.4	381.2	216.2	74.0	C
Net Income	130.2	326.1	363.8	290.6	181.1	62.5	C
Adjusted Net Income (19)	92.4	438.2	328.3	264.9	242.4	13.5	C
Summary Balance Sheet (GAAP)							
Total Investments and Cash	18,948.0	18,650.3	13,851.1	9,600.7	5,068.8	51.7	G
Reinsurance Assets or Recoverables	903.0	901.5	794.6	754.6	633.6	17.8	G
Derivative Assets	0.0	0.0	0.0	0.0	0.0	0.0	G
Deferred Acquisition Costs	342.8	335.1	308.0	273.6	253.8	8.7	G
Accrued Investment Income	0.0	0.0	0.0	0.0	0.0	0.0	G
Other Assets	1,761.9	2,114.7	2,127.0	1,675.5	1,071.3	42.0	G
Total Assets	21,955.6	22,001.6	17,080.8	12,304.5	7,027.5	46.7	G
Unearned Premiums	2,372.1	2,375.1	2,095.4	1,862.0	1,450.2	20.1	G
Loss and Loss Adjustment Expense Reserves	206.4	205.7	179.9	233.4	223.6	14.9	G
Guaranteed Investment Contract Obligations and VIE Debt	14,534.2	14,947.1	10,734.4	4,198.9	2,449.0	111.7	G
Long-Term Debt	430.0	430.0	430.0	430.0	430.0	6.4	G
Derivative Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	1,556.0	1,220.8	1,091.1	3,411.8	606.3	28.4	G
Total Liabilities	19,098.6	19,178.7	14,530.9	10,136.1	5,159.1	58.8	G
Shareholders' Equity							
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	2,857.0	2,822.9	2,550.0	2,168.4	1,868.4	14.0	G
Total Liabilities and Shareholders' Equity	21,955.6	22,001.6	17,080.8	12,304.5	7,027.5	46.7	G
Cash Flow Information (GAAP)							
Cash Flow from Operations	(4.6)	653.0	552.8	589.6	448.6	(164.0)	C
Cash Flow from Investing	387.4	(5,069.2)	(4,117.2)	(2,945.8)	(2,329.6)	N.M.	C
Cash Flow from Financing	(347.6)	4,421.9	3,559.2	2,344.2	1,904.6	(122.4)	C
Net Change in Cash	35.2	5.8	(5.1)	(11.9)	23.6	32.9	C
% of Total Revenue							
Net Premiums Earned	34.0	84.6	61.0	62.6	74.6	—	—
Net Investment Income	19.1	42.1	26.6	27.1	32.9	—	—
Net Realized Gains (Losses) on Investments	(0.3)	1.3	(0.1)	0.9	6.9	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	20.9	(36.1)	8.4	6.9	(22.4)	—	—
Financial Services	7.4	(2.3)	2.6	3.1	1.8	—	—
Other Revenues	18.9	10.4	1.5	(0.6)	6.1	—	—

*Total Insurance Expense includes Financial products and variable interest entities' foreign exchange (gain)/loss. See Notes and Definitions on page 34.

Key Financial Indicators — Financial Security Assurance Inc. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Ratios (GAAP) (%)							
GAAP Loss and LAE Ratio (20)	3.5	6.3	5.2	9.7	20.8	—	—
Return on Equity (21)	18.3	12.1	15.4	14.4	10.3	—	—
Financial Leverage (22)	13.1	13.2	14.4	16.5	18.7	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.7	0.9	0.8	1.1	0.8	—	—
Domestic Municipal AGP/Domestic Municipal GPI	0.7	0.7	0.9	0.9	0.8	—	—
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.8	0.9	0.6	1.2	0.7	—	—
International AGP/International GPI	0.6	1.7	1.8	1.8	1.0	—	—

*Total Insurance Expense includes Financial products and variable interest entities' foreign exchange (gain)/loss. See Notes and Definitions on page 34.

Key Financial Indicators — MBIA Insurance Corp.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (SAP)							
Gross Par Insured	13,892	126,649	112,311	122,309	139,729	(57.4)	C
Domestic Municipal	8,031	63,337	57,285	63,927	55,085	(48.3)	C
Domestic Nonmunicipal	1,522	35,227	32,758	26,462	56,259	(86.3)	C
International	4,339	28,085	22,268	31,920	28,385	(26.6)	C
% Nonmunicipal and International	42.2	50.0	49.0	47.7	60.6	(19.4)	C
Gross Premiums Written	158.7	947.3	1,073.9	1,180.8	884.2	(38.9)	C
Adjusted Gross Premiums Written (1)	116.0	1,107.9	1,143.2	1,662.8	1,210.3	(63.5)	C
Net Premiums Written	137.3	812.5	924.8	971.9	706.8	(40.2)	C
Premiums Earned	179.5	735.3	730.2	677.6	548.5	41.2	C
Net Investment Income (2)	116.6	457.8	426.6	407.6	428.2	7.8	C
Realized Capital Gains/(Losses)	6.0	16.6	74.7	51.1	17.4	N.M.	C
Total Underwriting Expenses (3)	55.9	228.4	199.7	183.1	167.8	8.4	C
Net Operating Expenses (4)	46.1	180.4	176.7	124.7	118.8	(4.4)	C
Losses Incurred (5)	23.8	188.8	127.7	62.3	51.6	19.3	C
Net Income/(Loss)	171.0	633.0	700.7	669.2	617.9	7.3	C
Adjusted Net Income/(Loss) (6)	218.6	630.1	442.2	629.0	473.2	28.9	C
Dividends to Stockholders	280.0	95.0	747.3	240.0	230.6	N.M.	C
Gross Par Expense Ratio (%) (7)	0.4	0.2	0.2	0.1	0.1	——	
Net Expense Ratio (%) (8)	33.5	22.2	19.1	12.8	16.8	——	
Loss Ratio (%) (9)	13.2	25.7	17.5	9.2	9.4	——	
Combined Ratio (%) (10)	46.8	47.9	36.6	22.0	26.2	——	
Dividend Payout Ratio (%) (11)	128.1	15.1	48.7	38.2	48.7	——	
Policyholders' Surplus	3,788.2	3,800.4	3,394.7	3,715.0	3,158.0	6.9	G
Contingency Reserve	2,721.4	2,769.0	2,665.5	2,368.2	2,276.8	6.5	G
Qualified Statutory Capital (12)	6,509.6	6,569.4	6,060.2	6,083.2	5,434.8	6.7	G
Unearned Premium Reserve	3,460.4	3,508.1	3,346.0	3,066.6	2,774.1	6.9	G
Loss and LAE Reserves	333.7	317.8	272.5	200.7	244.9	11.4	G
Cash and Invested Assets	11,030.3	10,782.8	10,150.8	9,802.9	9,016.3	6.7	G
Net Investment Yield (%) (13)	4.3	4.4	4.3	4.3	4.9	——	
Adjusted Investment Yield (%) (14)	N.A.	5.9	5.7	5.6	6.5	——	
Return on Surplus (%) (15)	23.0	17.5	12.4	18.3	15.7	——	
Return on Capital (%) (16)	10.5	10.0	11.5	11.6	11.9	——	
Dividends/Surplus (%)	7.4	2.5	22.0	6.5	7.3	——	
Insured Portfolio							
Gross Par Outstanding (17)	655,392	665,694	671,100	651,233	606,446	4.3	G
Net Par Outstanding	577,433	585,003	585,575	541,026	497,343	5.9	G
Gross P&I Outstanding (17)	991,178	1,006,920	1,017,212	1,005,173	952,594	2.9	G
Net P&I Outstanding	877,067	889,019	890,222	835,774	781,589	4.7	G
Leverage Ratios							
Net Par/Qual. Stat. Cap. (:1)	88.7	89.0	96.6	88.9	91.5	(0.8)	G
Net P&I/Qual. Stat. Cap. (:1)	134.7	135.3	146.9	137.4	143.8	(1.9)	G
Investment Portfolio Credit Quality (%)							
'AAA'	68.0	70.0	68.0	62.0	65.0	——	
'AA'	21.0	19.0	17.0	21.0	22.0	——	
'A'	10.0	10.0	14.0	16.0	12.0	——	
'BBB'	1.0	1.0	1.0	1.0	1.0	——	
Not Investment Grade/Not Rated	0.0	0.0	0.0	0.0	0.0	——	

*Not Restated. See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — MBIA Inc.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Summary Income Statement (GAAP)							
Insurance Revenues	213.7	909.3	871.4	899.6	569.9	3.4	C
Financial Services Net Interest Margin (18)	44.0	160.8	128.7	118.5	71.2	(14.0)	C
Net Investment Income	140.0	491.9	474.4	437.7	432.9	17.5	C
Other Revenues	9.0	33.2	112.8	99.3	45.4	(25.9)	C
Total Revenues	406.7	1,595.2	1,587.3	1,555.2	1,119.5	4.5	C
Loss and LAE	20.1	84.3	81.9	73.6	62.2	(1.3)	C
Operating Expense	36.7	143.4	116.4	110.8	91.8	25.9	C
Total Insurance Expense	86.0	294.2	262.6	242.2	201.7	30.7	C
Interest Expense	20.1	91.0	74.7	68.4	58.5	(8.6)	C
Other Expense	25.0	194.0	120.1	95.7	79.6	6.6	C
Nonrecurring Items	0.0	1.1	(4.0)	(3.2)	(4.6)	0.0	C
Total Expense	131.2	580.3	453.4	403.1	335.1	17.8	C
Income Before Taxes	275.5	1,014.9	1,133.9	1,152.1	784.4	(0.8)	C
Net Income	200.0	711.0	815.3	815.9	579.1	(0.3)	C
Adjusted Net Income (19)	195.7	686.1	810.5	750.9	627.4	(4.3)	C
Summary Balance Sheet (GAAP)							
Total Investments and Cash	33,505.6	32,387.7	30,984.3	28,478.9	17,163.5	21.5	G
Reinsurance Assets or Recoverables	453.9	466.6	505.1	527.8	506.5	(4.1)	G
Derivative Assets	429.6	326.9	288.8	256.7	191.8	43.6	G
Deferred Acquisition Costs	429.8	427.1	360.5	319.7	302.2	10.8	G
Accrued Investment Income	418.6	396.0	312.2	269.9	215.3	21.7	G
Other Assets	478.6	557.1	576.5	471.1	456.1	0.2	G
Total Assets	35,716.2	34,561.4	33,027.4	30,324.3	18,835.4	20.4	G
Unearned Premiums	3,116.5	3,185.2	3,211.2	3,079.9	2,755.0	4.7	G
Loss and Loss Adjustment Expense Reserves	730.4	721.5	726.6	691.5	621.3	8.4	G
Guaranteed Investment Contract Obligations	11,149.7	10,806.3	8,678.0	6,956.7	6,388.9	19.9	G
Long-Term Debt	1,211.4	1,210.4	1,332.5	1,021.8	1,033.1	10.1	G
Derivative Liabilities	420.7	384.6	528.6	437.7	309.7	37.0	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	12,486.1	11,661.8	11,971.4	11,934.6	2,293.2	49.4	G
Total Liabilities	29,114.7	27,969.8	26,448.3	24,122.1	13,401.2	24.6	G
Shareholders' Equity							
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	6,601.5	6,591.6	6,579.1	6,202.2	5,434.2	7.9	G
Total Liabilities and Shareholders' Equity	35,716.2	34,561.4	33,027.4	30,324.3	18,835.4	20.4	G
Cash Flow Information (GAAP)							
Cash Flow from Operations	195.5	781.1	917.2	1,012.6	871.1	(28.9)	C
Cash Flow from Investing	(903.2)	(2,188.9)	(2,332.4)	(3,831.8)	(1,918.7)	N.M.	C
Cash Flow from Financing	697.6	1,276.3	1,553.9	2,978.4	1,001.1	11.5	C
Net Change in Cash	(10.1)	(131.5)	138.7	159.2	(46.5)	(105.7)	C
% of Total Revenue							
Net Premiums Earned	50.6	52.8	51.8	47.6	53.0	——	
Net Investment Income	34.4	30.8	29.9	28.1	38.7	——	
Net Realized Gains (Losses) on Investments	(0.2)	(0.5)	4.9	3.1	0.8	——	
Net Realized and Unrealized Gains (Losses) on Derivatives	0.5	2.4	0.5	6.4	(6.6)	——	
Financial Services	10.8	10.1	8.1	7.6	6.4	——	
Other Revenues	4.4	4.3	4.8	7.1	7.8	——	
Ratios (GAAP) (%)							
GAAP Loss and LAE Ratio (20)	9.8	10.0	10.0	9.9	10.5	——	
Return on Equity (21)	12.1	10.8	12.8	14.0	11.3	——	
Financial Leverage (22)	15.5	15.5	16.8	14.1	16.0	——	
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.8	0.9	1.0	1.4	0.9	——	
Domestic Municipal AGP/Domestic Municipal GPI	0.6	0.8	0.8	1.0	0.8	——	
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	1.0	0.9	0.9	1.3	0.7	——	
International AGP/International GPI	1.2	1.1	1.8	2.2	1.3	——	

*Not Restated. See Notes and Definitions on page 34.

Key Financial Indicators — Radian Asset Assurance Inc.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (SAP)							
Gross Par Insured	8,225	24,715	14,285	19,672	16,664	114.4	C
Domestic Municipal	2,143	9,227	7,010	8,107	5,431	31.6	C
Domestic Nonmunicipal	4,740	12,113	6,153	9,099	9,528	135.9	C
International	1,342	3,375	1,122	2,466	1,705	578.3	C
% Nonmunicipal and International	73.9	62.7	50.9	58.8	67.4	28.5	C
Gross Premiums Written	53.1	188.7	157.6	361.9	291.0	4,145.5	C
Adjusted Gross Premiums Written (1)	80.4	292.7	212.8	320.6	N.A.	55.8	C
Net Premiums Written	52.9	187.6	153.6	353.4	281.1	5,035.1	C
Premiums Earned	41.8	150.1	169.5	246.0	174.9	25.1	C
Net Investment Income (2)	21.3	85.9	83.2	78.0	72.9	1.3	C
Realized Capital Gains/(Losses)	(0.2)	7.8	9.1	11.1	8.3	(111.1)	C
Total Underwriting Expenses (3)	28.6	90.2	69.8	110.4	82.9	97.5	C
Net Operating Expenses (4)	26.2	89.9	69.0	116.3	87.6	202.3	C
Losses Incurred (5)	76.2	(1.5)	125.6	62.3	46.5	5,439.4	C
Net Income/(Loss)	(23.6)	117.0	42.4	139.4	111.7	(161.5)	C
Adjusted Net Income/(Loss) (6)	(34.8)	96.8	112.1	137.7	107.3	(192.9)	C
Dividends to Stockholders	0.0	100.0	0.0	0.0	0.0	0.0	C
Gross Par Expense Ratio (%) (7)	0.3	0.4	0.5	0.6	0.5	—	—
Net Expense Ratio (%) (8)	49.5	47.9	44.9	32.9	31.2	—	—
Loss Ratio (%) (9)	182.3	(1.0)	74.1	25.3	26.6	—	—
Combined Ratio (%) (10)	231.8	46.9	119.0	58.2	57.7	—	—
Dividend Payout Ratio (%) (11)	0.0	103.4	0.0	0.0	0.0	—	—
Policyholders' Surplus	970.0	994.5	1,003.7	823.1	581.6	29.7	G
Contingency Reserve	283.2	271.9	251.7	321.3	319.6	(4.6)	G
Qualified Statutory Capital (12)	1,253.2	1,266.4	1,255.4	1,144.4	901.2	16.0	G
Unearned Premium Reserve	743.2	732.1	694.6	710.5	603.0	9.9	G
Loss and LAE Reserves	63.8	58.6	87.3	62.8	79.7	(0.7)	G
Cash and Invested Assets	2,014.3	2,025.0	2,012.5	1,913.3	1,564.0	12.5	G
Net Investment Yield (%) (13)	4.2	4.3	4.2	4.5	5.2	—	—
Adjusted Investment Yield (%) (14)	N.A.	6.1	6.1	6.2	6.8	—	—
Return on Surplus (%) (15)	(14.2)	9.7	12.3	19.6	23.8	—	—
Return on Capital (%) (16)	(7.5)	9.3	3.5	13.6	14.2	—	—
Dividends/Surplus (%)	0.0	10.1	0.0	0.0	0.0	—	—
Insured Portfolio							
Gross Par Outstanding (17)	84,912	78,253	68,664	79,452	67,550	8.5	G
Net Par Outstanding	83,251	76,574	66,720	77,395	66,042	8.2	G
Gross P&I Outstanding (17)	119,592	112,015	103,542	120,875	106,013	4.6	G
Net P&I Outstanding	117,863	110,266	101,500	118,744	104,417	4.5	G
Leverage Ratios							
Net Par/Qual. Stat. Cap. (:1)	66.4	60.5	53.1	67.6	73.3	(6.7)	G
Net P&I/Qual. Stat. Cap. (:1)	94.1	87.1	80.8	103.8	115.9	(9.9)	G
Investment Portfolio Credit Quality (%)							
'AAA'	65.7	67.3	58.4	61.8	59.2	—	—
'AA'	18.6	18.8	19.8	19.6	25.8	—	—
'A'	8.4	8.0	6.6	4.3	4.6	—	—
'BBB'	7.0	5.5	5.9	5.7	5.4	—	—
Not Investment Grade/Not Rated	0.3	0.4	9.3	8.6	5.1	—	—

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — Radian Asset Assurance Inc. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	%	C,G
Summary Income Statement (GAAP)						
Insurance Revenues	58.2	224.5	247.1	255.8	38.3	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	21.8	87.5	83.9	76.5	0.7	C
Other Revenues	0.0	0.0	0.0	0.0	0.0	C
Total Revenues	80.0	312.0	331.0	332.3	25.6	C
Loss and LAE	7.2	31.4	51.6	165.4	(35.5)	C
Operating Expense	14.8	65.9	50.1	35.6	5.6	C
Total Insurance Expense	39.5	149.7	144.9	258.5	(0.5)	C
Interest Expense	0.0	14.0	9.9	5.6	0.0	C
Other Expense	0.0	0.0	0.0	0.0	0.0	C
Nonrecurring Items	0.0	0.0	0.0	0.0	0.0	C
Total Expense	39.5	163.8	154.8	264.0	(0.5)	C
Income Before Taxes	40.5	148.3	176.2	68.3	68.6	C
Net Income	30.6	115.7	132.5	62.3	40.0	C
Adjusted Net Income (19)	25.0	111.8	110.2	62.1	(13.9)	C
Summary Balance Sheet (GAAP)						
Total Investments and Cash	2,087.5	2,119.6	2,158.4	2,016.9	1.5	G
Reinsurance Assets or Recoverables	5.7	4.2	4.1	5.2	4.1	G
Derivative Assets	94.9	23.4	25.3	0.0	N.M.	G
Deferred Acquisition Costs	140.4	140.7	141.9	137.8	0.8	G
Accrued Investment Income	24.4	26.4	28.2	24.4	0.1	G
Other Assets	88.0	68.9	73.0	54.6	23.6	G
Total Assets	2,440.9	2,383.2	2,430.9	2,238.9	3.9	G
Unearned Premiums	639.6	634.4	623.7	618.9	1.5	G
Loss and Loss Adjustment Expense Reserves	186.2	186.4	216.2	260.3	(13.8)	G
Guaranteed Investment Contract Obligations	0.0	0.0	0.0	0.0	0.0	G
Long-Term Debt	0.0	0.0	0.0	0.0	0.0	G
Derivative Liabilities	0.0	0.0	0.0	16.1	(100.0)	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	128.0	101.9	118.7	80.3	23.0	G
Total Liabilities	953.9	922.7	958.5	975.7	(1.0)	G
Shareholders' Equity						
Preferred Stock	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	1,487.1	1,460.5	1,472.4	1,263.3	7.5	G
Total Liabilities and Shareholders' Equity	2,440.9	2,383.2	2,430.9	2,238.9	3.9	G
Cash Flow Information (GAAP)						
Cash Flow from Operations	N.A.	0.0	51.1	247.9	N.M.	C
Cash Flow from Investing	N.A.	0.0	(129.6)	(329.2)	N.M.	C
Cash Flow from Financing	N.A.	0.0	65.0	97.6	N.M.	C
Net Change in Cash	N.A.	0.0	(13.5)	16.3	N.M.	C
% of Total Revenue						
Net Premiums Earned	62.4	66.1	61.8	73.7	—	—
Net Investment Income	27.2	28.0	25.3	23.0	—	—
Net Realized Gains (Losses) on Investments	(0.3)	4.0	2.5	3.2	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	10.6	1.9	10.3	0.1	—	—
Financial Services	0.0	0.0	0.0	0.0	—	—
Other Revenues	0.0	0.0	0.0	0.0	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — Radian Asset Assurance Inc. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	%	C,G
Ratios (GAAP) (%)						
GAAP Loss and LAE Ratio (20)	14.4	15.3	25.2	67.6	—	—
Return on Equity (21)	8.3	7.9	9.7	9.9	—	—
Financial Leverage (22)	0.0	0.0	0.0	0.0	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	1.0	1.2	1.5	1.6	—	—
Domestic Municipal AGP/Domestic Municipal GPI	1.7	1.6	1.6	N.A.	—	—
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.6	0.8	1.3	N.A.	—	—
International AGP/International GPI	1.1	1.4	2.1	N.A.	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — Radian Group Inc. Financial Guaranty Subsidiaries

($ Mil., Pro Forma*, Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (GAAP)							
Net premiums written	55.8	223.1	216.4	368.6	286.3	9.9	C
Net Premiums Earned	51.0	211.8	214.9	248.6	186.6	7.1	C
Net Investment Income	22.5	90.0	85.6	78.4	71.5	3.9	C
Other Income	0.2	0.9	2.1	3.6	1.5	(31.7)	C
Total revenues	73.7	302.7	302.5	330.6	259.7	5.9	C
Provision for Losses	7.5	31.5	55.9	166.8	48.8	(52.8)	C
Policy Acquisition Costs	14.0	53.0	46.3	58.3	34.0	36.6	C
Other Operating Expenses	14.8	65.0	52.3	38.1	27.6	29.1	C
Interest Expense	4.0	15.1	12.0	12.9	9.6	4.4	C
Total Expenses	40.3	164.6	166.6	276.1	120.0	(3.6)	C
Net Realized and Unrealized Gains (Losses)	15.7	15.6	39.0	12.3	(11.1)	0.0	C
Pretax Income	49.1	153.7	174.9	66.9	128.6	18.2	C
Income Tax Provision	12.2	35.7	41.8	11.5	35.5	33.7	C
Net Income	36.9	118.1	133.1	55.3	93.2	15.1	C
Total Assets	2,456.9	2,405.2	2,420.2	2,281.9	1,884.5	15.8	G
Deferred Policy Acquisition Costs	140.9	141.1	142.8	139.2	107.9	18.2	G
Reserve for Losses and Loss Adjustment Expenses	204.6	204.8	241.4	276.9	139.9	17.4	G
Unearned Premiums	641.4	636.5	627.4	625.2	505.5	11.7	G
Equity	1,278.4	1,251.4	1,307.4	1,114.1	912.8	19.4	G
Return on Equity (%)	11.7	9.2	11.0	5.5	11.5	—	—

*Less equity in net income of affiliates. See Notes and Definitions on page 34.

Key Financial Indicators — XL Capital Assurance Inc.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (SAP)							
Gross Par Insured	10,249	33,108	33,655	23,261	16,614	57.2	C
Domestic Municipal	3,907	12,004	9,816	9,734	4,516	41.4	C
Domestic Nonmunicipal	5,419	15,800	22,389	11,800	9,636	56.4	C
International	923	5,304	1,450	1,726	2,462	218.3	C
% Nonmunicipal and International	61.9	63.7	70.8	58.2	72.8	7.4	C
Gross Premiums Written	70.4	231.5	232.4	260.1	164.3	88.2	C
Adjusted Gross Premiums Written (1)	96.9	342.0	266.7	307.2	261.1	153.0	C
Net Premiums Written	7.0	21.9	29.5	24.0	11.6	88.7	C
Premiums Earned	3.3	13.2	10.6	7.0	3.5	25.3	C
Net Investment Income (2)	3.4	12.0	10.3	5.5	5.6	15.1	C
Realized Capital Gains/(Losses)	0.0	0.1	(0.6)	0.1	2.0	N.M.	C
Total Underwriting Expenses (3)	22.8	61.7	49.9	73.3	47.3	102.8	C
Net Operating Expenses (4)	6.2	21.6	21.1	18.4	19.0	118.1	C
Losses Incurred (5)	0.6	3.7	0.6	0.0	0.0	N.M.	C
Net Income/(Loss)	(0.3)	(0.4)	(6.5)	(11.0)	(7.8)	(110.2)	C
Adjusted Net Income/(Loss) (6)	(1.9)	(6.1)	(10.4)	(13.3)	(8.8)	(195.0)	C
Dividends to Stockholders	0.0	0.0	0.0	0.0	0.0	0.0	C
Gross Par Expense Ratio (%) (7)	0.2	0.2	0.1	0.3	0.3	—	—
Net Expense Ratio (%) (8)	88.4	98.6	71.4	76.7	163.0	—	—
Loss Ratio (%) (9)	19.1	27.9	6.1	0.0	0.0	—	—
Combined Ratio (%) (10)	107.5	126.6	77.5	76.7	163.0	—	—
Dividend Payout Ratio (%) (11)	0.0	0.0	0.0	0.0	0.0	—	—
Policyholders' Surplus	185.6	188.8	197.7	208.1	122.3	13.2	G
Contingency Reserve	14.6	13.0	7.3	3.4	1.1	189.0	G
Qualified Statutory Capital (12)	200.2	201.9	205.0	211.5	123.4	15.2	G
Unearned Premium Reserve	59.5	55.9	47.2	28.3	11.4	98.7	G
Loss and LAE Reserves	4.0	3.9	0.4	0.0	0.0	N.M.	G
Cash and Invested Assets	318.1	308.4	328.6	322.2	175.9	18.5	G
Net Investment Yield (%) (13)	4.3	3.8	3.2	2.2	3.4	—	—
Adjusted Investment Yield (%) (14)	N.A.	4.0	3.3	2.3	3.4	—	—
Return on Surplus (%) (15)	(4.1)	(3.2)	(5.1)	(8.0)	(7.6)	—	—
Return on Capital (%) (16)	(0.7)	(0.2)	(3.1)	(6.6)	(6.7)	—	—
Dividends/Surplus (%)	0.0	0.0	0.0	0.0	0.0	—	—
Insured Portfolio							
Gross Par Outstanding (17)	89,690	83,271	66,023	41,159	22,960	74.4	G
Net Par Outstanding	8,999	8,348	6,707	4,292	2,052	85.2	G
Gross P&I Outstanding (17)	132,931	122,249	95,616	60,403	31,785	75.3	G
Net P&I Outstanding	13,429	12,434	9,768	6,306	2,883	83.2	G
Leverage Ratios							
Net Par/Qual. Stat. Cap. (:1)	45.0	41.4	32.7	20.3	16.6	60.8	G
Net P&I/Qual. Stat. Cap. (:1)	67.1	61.6	47.6	29.8	23.4	59.0	G
Investment Portfolio Credit Quality (%)							
'AAA'	64.9	62.8	67.0	69.0	83.6	—	—
'AA'	16.3	17.3	15.0	7.0	7.0	—	—
'A'	18.8	18.4	18.0	24.0	9.4	—	—
'BBB'	0.0	0.0	0.0	0.0	0.0	—	—
Not Investment Grade/Not Rated	0.0	1.6	0.0	0.0	0.0	—	—

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — XL Capital Assurance Inc. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Summary Income Statement (GAAP)							
Summary Income Statement (GAAP)							
Insurance Revenues	3.8	14.2	13.8	10.5	3.1	8.5	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	3.7	13.0	10.9	5.9	5.8	22.5	C
Other Revenues	(0.5)	0.0	(0.7)	0.1	2.0	N.M.	C
Total Revenues	7.0	27.2	24.0	16.5	10.9	8.7	C
Loss and LAE	0.5	5.3	2.3	1.2	0.8	43.9	C
Total Insurance Expense	7.7	30.6	26.5	21.2	18.6	95.1	C
Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	C
Other Expense	0.0	0.0	0.0	0.0	0.0	0.0	C
Nonrecurring Items	0.0	0.0	0.0	0.0	0.0	0.0	C
Total Expense	7.7	30.6	26.5	21.2	18.6	95.1	C
Income Before Taxes	(0.6)	(3.4)	(2.5)	(4.7)	(7.7)	(125.2)	C
Net Income	(0.7)	(3.1)	(3.5)	(3.8)	(5.2)	(142.0)	C
Adjusted Net Income (19)	(0.5)	(2.9)	(5.1)	(5.2)	(5.2)	(134.9)	C
Summary Balance Sheet (GAAP)							
Total Investments and Cash	337.5	336.6	334.6	325.3	180.2	19.8	G
Reinsurance Assets or Recoverables	593.4	562.3	445.6	314.5	161.5	85.2	G
Derivative Assets	0.0	0.0	0.0	0.0	0.0	0.0	G
Deferred Acquisition Costs	0.0	0.0	0.0	0.0	0.0	0.0	G
Accrued Investment Income	1.9	2.7	2.6	2.3	1.4	18.9	G
Other Assets	56.1	52.1	45.0	40.5	20.0	29.6	G
Total Assets	989.0	953.7	827.8	682.7	363.1	42.5	G
Unearned Premiums	523.1	492.4	406.3	318.5	163.1	78.2	G
Loss and Loss Adjustment Expense Reserves	135.4	131.6	86.4	25.0	10.4	184.8	G
Guaranteed Investment Contract Obligations	0.0	0.0	0.0	0.0	0.0	0.0	G
Long-Term Debt	0.0	0.0	0.0	0.0	0.0	0.0	G
Derivative Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	108.9	102.8	101.1	101.9	47.1	22.0	G
Total Liabilities	767.5	726.8	593.8	445.4	220.7	64.2	G
Shareholders' Equity							
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	G
Total Shareholders' Equity	221.5	226.9	234.0	237.2	142.5	14.2	G
Total Liabilities and Shareholders' Equity	989.0	953.7	827.8	682.7	363.1	42.5	G
Cash Flow Information (GAAP)							
Cash Flow from Operations	11.3	7.5	10.8	48.5	12.9	N.M.	C
Cash Flow from Investing	(13.6)	(33.2)	(29.6)	(116.4)	(27.4)	N.M.	C
Cash Flow from Financing	0.0	0.0	0.0	100.0	20.0	0.0	C
Net Change in Cash	(2.3)	(25.7)	(18.8)	32.1	5.5	N.M.	C
% of Total Revenue							
Net Premiums Earned	55.5	52.9	46.8	41.6	27.5	—	—
Net Investment Income	53.0	47.9	45.4	35.6	53.2	—	—
Net Realized Gains (Losses) on Investments	(6.8)	0.0	(2.8)	0.4	18.1	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	(3.5)	(1.1)	10.2	13.8	(0.2)	—	—
Financial Services	0.0	0.0	0.0	0.0	0.0	—	—
Other Revenues	1.8	0.3	0.4	8.6	1.4	—	—
Ratios (GAAP) (%)							
GAAP Loss and LAE Ratio (20)	13.4	36.8	20.2	17.9	25.1	—	—
Return on Equity (21)	(1.2)	(1.3)	(1.5)	(2.0)	(3.9)	—	—
Financial Leverage (22)	0.0	0.0	0.0	0.0	0.0	—	—
Adjusted Gross Premiums (AGP)/Gross Par Insured (GPI)	0.9	0.3	0.8	1.3	1.6	—	—
Domestic Municipal AGP/Domestic Municipal GPI	1.1	0.1	0.9	1.5	1.2	—	—
Domestic Nonmunicipal AGP/Domestic Nonmunicipal GPI	0.5	0.2	0.5	0.9	1.4	—	—
International AGP/International GPI	2.8	1.1	4.3	3.3	3.0	—	—

See Notes and Definitions on page 34.

Key Financial Indicators — XL Financial Assurance Ltd.

($ Mil., Years Ended Dec. 31)

	3/31/06	2005	2004	2003	2002	%	C,G
Financial Data (GAAP)							
Gross Par Insured	12,832	30,945	26,682	22,586	17,245	118.6	C
Domestic Municipal	6,263	14,872	9,246	11,734	4,782	134.4	C
Domestic Nonmunicipal	4,940	11,298	15,991	9,081	9,849	87.6	C
International	1,629	4,774	1,445	1,770	2,615	188.3	C
% Nonmunicipal and International	51.2	51.9	65.3	48.0	72.3	(6.0)	C
Summary Income Statement (GAAP)							
Gross Premiums Written	73.8	255.9	228.1	264.8	158.5	71.5	C
Adjusted Gross Premiums Written (1)	100.6	361.6	243.7	314.4	212.7	120.1	C
Net Premiums Written	67.2	221.8	218.4	210.9	85.4	100.9	C
Net Premiums Earned	35.5	134.9	83.9	77.6	40.8	24.6	C
Net Realized Gains (Losses) on Investments	(5.2)	(3.2)	0.5	1.2	8.6	N.M.	C
Net Realized and Unrealized Gains (Losses) on Derivatives	(3.2)	(6.4)	7.9	9.2	6.6	(245.2)	C
Other	0.0	0.0	0.0	0.0	0.0	0.0	C
Insurance Revenues	33.3	129.2	111.4	112.6	63.7	6.9	C
Financial Services Revenue (18)	0.0	0.0	0.0	0.0	0.0	0.0	C
Net Investment Income	11.3	38.1	24.9	16.9	20.2	37.1	C
Other Revenues	(5.2)	(3.2)	0.5	1.2	8.6	N.M.	C
Total Revenues	39.5	164.1	136.7	130.8	92.4	3.6	C
Total Underwriting Expenses	11.7	48.8	43.4	43.7	23.2	13.6	C
Loss and LAE	3.7	16.9	17.1	17.8	4.4	550.9	C
Operating Expense	11.7	48.8	43.4	36.8	18.6	13.6	C
Total Insurance Expense	15.4	65.7	60.5	54.6	22.9	41.5	C
Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	C
Other Expense	0.0	0.0	0.0	0.0	0.0	0.0	C
Nonrecurring Items	0.0	0.0	0.0	0.0	0.0	0.0	C
Total Expense	15.4	65.7	60.5	54.6	22.9	41.5	C
Income Before Taxes	24.1	98.4	76.3	76.2	69.5	(11.5)	C
Dividends to Preferred Stockholders	1.1	7.0	14.1	6.6	6.7	(63.9)	C
Net Income	24.1	98.4	62.1	69.5	62.8	(11.5)	C
Adjusted Net Income (19)	27.3	104.8	54.2	60.3	56.2	9.4	C
Summary Balance Sheet (GAAP)							
Total Investments and Cash	1,098.4	1,082.4	893.8	610.4	480.8	20.9	G
Reinsurance Assets or Recoverables	146.8	132.2	148.8	139.2	95.9	41.4	G
Derivative Assets	11.6	13.5	7.4	4.8	0.0	N.M.	G
Deferred Acquisition Costs	108.2	100.8	83.9	51.5	19.3	58.7	G
Accrued Investment Income	8.9	9.2	6.8	7.4	1.9	28.4	G
Other Assets	50.2	56.0	32.8	18.4	13.8	124.6	G
Total Assets	1,424.1	1,394.1	1,173.5	831.8	611.8	25.4	G
Unearned Premiums	566.2	535.1	437.7	348.7	188.5	56.8	G
Loss and Loss Adjustment Expense Reserves	137.7	134.0	99.1	35.9	14.1	78.2	G
Guaranteed Investment Contract Obligations	0.0	0.0	0.0	0.0	0.0	0.0	G
Long-Term Debt	0.0	0.0	0.0	0.0	0.0	0.0	G
Derivative Liabilities	2.6	1.9	1.7	7.0	16.3	(36.4)	G
Accrued Interest Payable	0.0	0.0	0.0	0.0	0.0	0.0	G
Other Liabilities	18.2	33.0	20.2	9.5	27.0	(37.1)	G
Total Liabilities	724.7	704.0	558.7	401.1	245.8	29.1	G
Shareholders' Equity							
Redeemable Preferred Stock	39.0	39.0	39.0	39.0	39.0	0.0	G
Total Shareholders' Equity	699.4	690.1	614.8	430.6	366.0	22.1	G
Total Liabilities and Shareholders' Equity	1,424.1	1,394.1	1,173.5	831.8	611.8	25.4	G

See Notes and Definitions on page 34. Continued on next page.

Key Financial Indicators — XL Financial Assurance Ltd. (Continued)

($ Mil., Years Ended Dec. 31)

	3/31/06	12/31/05	2004	2003	2002	%	C,G
Cash Flow Information (GAAP)							
Cash Flow from Operations	38.4	219.1	179.5	139.2	105.9	(31.9)	C
Cash Flow from Investing	(42.5)	(202.5)	(179.4)	(231.3)	(24.4)	N.M.	C
Cash Flow from Financing	(2.6)	(7.5)	(13.2)	(6.6)	(6.7)	N.M.	C
Net Change in Cash	(6.7)	9.0	(13.1)	(98.7)	74.8	(415.3)	C
Insured Portfolio							
Gross Par Outstanding	88,588	81,047	65,967	45,422	29,687	46.6	G
Net Par Outstanding	81,176	73,650	60,207	38,582	24,451	47.2	G
Gross P&I Outstanding	132,268	120,768	96,516	66,516	38,090	48.5	G
Net P&I Outstanding	121,251	109,538	87,490	56,252	32,746	50.5	G
Leverage Ratios							
Net Par/Shareholders' Equity (:1)	116.1	106.7	97.9	89.6	66.8	20.6	G
Net P&I/Shareholders' Equity (:1)	173.4	158.7	142.3	130.6	89.5	23.2	G
% of Total Revenue							
Net Premiums Earned	89.8	82.2	61.4	59.3	44.2	—	—
Net Investment Income	28.7	23.2	18.2	12.9	21.8	—	—
Net Realized Gains (Losses) on Investments	(13.2)	(2.0)	0.3	1.0	9.3	—	—
Net Realized and Unrealized Gains (Losses) on Derivatives	(8.2)	(3.9)	5.8	7.0	7.1	—	—
Financial Services	0.0	0.0	0.0	0.0	0.0	—	—
Other Revenues	2.9	0.4	14.3	19.8	17.6	—	—
Ratios (GAAP) (%)							
GAAP Loss and LAE Ratio (20)	10.4	12.5	20.3	22.9	10.7	—	—
Net Investment Yield (14)	4.2	3.9	3.3	3.1	4.2	—	—
Return on Equity (21)	14.1	15.1	12.8	19.3	21.4	—	—
Financial Leverage (22)	0.6	0.6	0.6	0.9	1.1	—	—

See Notes and Definitions on page 34.

Notes and Definitions for Key Financial Indicators, Pages 7–33

(1) Upfront premiums plus the estimated present value of future installment premiums for policies issued during the period. (2) After investment expenses, before realized capital gains or losses. (3) Before ceding commission income. (4) Net of ceding commission income. (5) Includes LAE incurred. (6) Net of allocations to the contingency reserve and effect of tax and loss bonds. (7) Total underwriting expenses divided by gross par insured. (8) Net operating expenses divided by net premiums written. (9) Losses incurred divided by premiums earned. (10) Net expense ratio plus loss ratio. (11) Dividends to stockholders divided by adjusted net income. (12) Policyholders' surplus plus contingency reserve. (13) Net investment income divided by average invested assets. (14) Net investment yield using the taxable equivalent of tax-exempt income and excluding certain non-income-producing assets. (15) Adjusted net income divided by average policyholders' surplus. (16) Net income divided by average qualified statutory capital. (17) Before reinsurance. (18) Includes interest from investment and payment agreements less interest expenses from investment and payment agreements. (19) GAAP net income excluding change in fair value of derivatives, assuming a 35% tax rate. (20) GAAP loss and LAE divided by GAAP net premiums earned. (21) GAAP net income divided by average stockholders' equity. (22) Debt outstanding divided by total capitalization. For FGIC and XLFA, preferred shares are given 90% equity credit.

C – Percentage change between March 31, 2006, and March 31, 2005. G – Compound annual growth rate over the period shown. SAP – Statutory accounting practices. LAE – Loss-adjustment expenses. P&I – Principal and interest. GAAP – Generally accepted accounting principles. N.R. – Not reported. N.M. – Not meaningful. N.A. – Not available. AGL – Assured Guaranty Ltd. AGC – Assured Guaranty Corp. AG Re – Assured Guaranty Re Ltd. Ambac – Ambac Assurance Corp. CIFG – CIFG Guaranty. FGIC – Financial Guaranty Insurance Co. FSA – Financial Security Assurance Inc. MBIA – MBIA Insurance Corp. Radian – Radian Asset Assurance Inc. XCLA – XL Capital Assurance Inc. XLFA – XL Financial Assurance Ltd. Note: Net par outstanding and net principal and interest are net of intercompany cessions. Numbers may not add due to rounding. Source: Company Financial Statements, Company Reports to Fitch.