

# Assured Guaranty Corp.

Consolidated Balance Sheets  
(in thousands of U.S. dollars)

	<b>June 30, 2008</b>	<b>December 31, 2007 (1)</b>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Fixed maturity securities, at fair value	\$ 1,474,737	\$ 1,311,278
Short-term investments, at cost which approximates fair value	215,429	44,040
<b>Total investments</b>	<b>1,690,166</b>	<b>1,355,318</b>
Cash and cash equivalents	2,767	1,785
Accrued investment income	19,503	16,586
Deferred acquisition costs	74,004	78,910
Prepaid reinsurance premiums	186,755	97,311
Reinsurance recoverable on ceded losses	28,195	20,478
Premiums receivable	17,173	14,977
Goodwill	85,417	85,417
Credit derivative assets	156,279	4,552
Deferred tax asset	16,504	132,622
Salvage recoverable	70,562	6,243
Other assets	35,742	17,812
<b>Total assets</b>	<b>\$ 2,383,067</b>	<b>\$ 1,832,011</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Unearned premium reserves	\$ 641,936	\$ 346,756
Reserves for losses and loss adjustment expenses	133,077	70,411
Profit commissions payable	3,971	3,628
Reinsurance balances payable	77,693	12,902
Current income taxes payable	-	2,134
Funds held by Company under reinsurance contracts	5,298	5,300
Credit derivative liabilities	230,232	473,862
Other liabilities	56,159	49,823
<b>Total liabilities</b>	<b>1,148,366</b>	<b>964,816</b>
<b>Shareholder's equity</b>		
Preferred stock	-	-
Common stock	15,000	15,000
Additional paid-in capital	480,369	380,359
Retained earnings	731,456	443,292
Accumulated other comprehensive income	7,876	28,544
<b>Total shareholder's equity</b>	<b>1,234,701</b>	<b>867,195</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 2,383,067</b>	<b>\$ 1,832,011</b>

(1) Certain prior balances related to credit derivatives have been reclassified for comparative purposes. See Assured Guaranty Ltd.'s June 30, 2008 10-Q Exhibit 99.1, Note 2 for further information.

## Assured Guaranty Corp.

Consolidated Statements of Operations

(in thousands of U.S. dollars)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007 (1)	2008	2007 (1)
<b>Revenues</b>				
Gross written premiums	\$ 199,520	\$ 47,153	\$ 343,801	\$ 82,518
Ceded premiums	(63,863)	(7,476)	(104,347)	(22,569)
Net written premiums	135,657	39,677	239,454	59,949
Increase in unearned premium reserves	(116,636)	(25,559)	(204,399)	(29,301)
Net earned premiums	19,021	14,118	35,055	30,648
Net investment income	17,442	15,133	33,546	30,789
Net realized investment gains (losses)	1,557	(558)	2,224	(670)
Change in fair value of credit derivatives				
Realized gains and other settlements on credit derivatives	24,042	12,109	44,865	23,914
Unrealized gains (losses) on credit derivatives	610,556	(11,856)	394,169	(18,194)
Net change in fair value of credit derivatives	634,598	253	439,034	5,720
Other income	9,049	-	17,585	-
<b>Total revenues</b>	<b>681,667</b>	<b>28,946</b>	<b>527,444</b>	<b>66,487</b>
<b>Expenses</b>				
Loss and loss adjustment expenses (recoveries)	23,495	(15,131)	47,020	(22,416)
Profit commission expense	(24)	(401)	407	(401)
Acquisition costs	3,271	3,422	6,815	8,055
Other operating expenses	12,920	11,404	27,463	23,037
Interest expense	-	-	-	111
Other expense	1,715	651	2,450	1,252
<b>Total expenses</b>	<b>41,377</b>	<b>(55)</b>	<b>84,155</b>	<b>9,638</b>
<b>Income before provision for income taxes</b>	<b>640,290</b>	<b>29,001</b>	<b>443,289</b>	<b>56,849</b>
<b>Provision for income taxes</b>				
Current	8,595	3,254	20,621	12,958
Deferred	211,566	3,792	127,191	537
Total provision for income taxes	220,161	7,046	147,812	13,495
<b>Net income</b>	<b>\$ 420,129</b>	<b>\$ 21,955</b>	<b>\$ 295,477</b>	<b>\$ 43,354</b>

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