

# Assured Guaranty Corp.

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

	<b>September 30, 2008</b>	<b>December 31, 2007 (1)</b>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Fixed maturity securities, at fair value	\$ 1,492,714	\$ 1,311,278
Short-term investments, at cost which approximates fair value	94,065	44,040
<b>Total investments</b>	<b>1,586,779</b>	<b>1,355,318</b>
Cash and cash equivalents	2,213	1,785
Accrued investment income	21,935	16,586
Deferred acquisition costs	77,768	78,910
Prepaid reinsurance premiums	196,792	97,311
Reinsurance recoverable on ceded losses	22,966	20,478
Premiums receivable	19,670	14,977
Goodwill	85,417	85,417
Credit derivative assets	165,288	4,552
Deferred tax asset	62,069	132,622
Current income taxes receivable	15,245	-
Salvage recoverable	37,846	6,243
Committed capital securities, at fair value	32,635	8,316
Receivables for securities sold	7,371	145
Other assets	8,892	9,351
<b>Total assets</b>	<b>\$ 2,342,886</b>	<b>\$ 1,832,011</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Unearned premium reserves	\$ 676,097	\$ 346,756
Reserves for losses and loss adjustment expenses	96,957	70,411
Profit commissions payable	3,971	3,628
Reinsurance balances payable	23,614	12,902
Current income taxes payable	-	2,134
Funds held by Company under reinsurance contracts	5,298	5,300
Credit derivative liabilities	328,658	473,862
Payables for securities purchased	9,936	899
Other liabilities	56,106	48,924
<b>Total liabilities</b>	<b>1,200,637</b>	<b>964,816</b>
<b>Shareholder's equity</b>		
Preferred stock	-	-
Common stock	15,000	15,000
Additional paid-in capital	480,375	380,359
Retained earnings	679,231	443,292
Accumulated other comprehensive (loss) income	(32,357)	28,544
<b>Total shareholder's equity</b>	<b>1,142,249</b>	<b>867,195</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 2,342,886</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 September 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 September 30,		Nine Months Ended September 30,	
	2008	2007 (1)	2008	2007 (1)
<b>Revenues</b>				
Gross written premiums	\$ 72,708	\$ 45,228	\$ 416,509	\$ 127,746
Ceded premiums	(20,044)	(23,125)	(124,391)	(45,694)
Net written premiums	52,664	22,103	292,118	82,052
Increase in unearned premium reserves	(24,921)	(8,565)	(229,320)	(37,866)
Net earned premiums	27,743	13,538	62,798	44,186
Net investment income	19,895	15,675	53,441	46,464
Net realized investment (losses) gains	(6,693)	172	(4,469)	(498)
Change in fair value of credit derivatives				
Realized gains and other settlements on credit derivatives	22,395	12,928	67,260	36,842
Unrealized (losses) gains on credit derivatives	(91,683)	(166,710)	302,486	(184,904)
Net change in fair value of credit derivatives	(69,288)	(153,782)	369,746	(148,062)
Other income	7,155	369	24,740	369
<b>Total revenues</b>	<b>(21,188)</b>	<b>(124,028)</b>	<b>506,256</b>	<b>(57,541)</b>
<b>Expenses</b>				
Loss and loss adjustment expenses (recoveries)	45,262	1,174	92,282	(21,242)
Profit commission expense	-	-	407	(401)
Acquisition costs	5,304	3,504	12,119	11,559
Other operating expenses	13,267	11,724	40,730	34,761
Interest expense	-	-	-	111
Other expense	1,524	620	3,974	1,872
<b>Total expenses</b>	<b>65,357</b>	<b>17,022</b>	<b>149,512</b>	<b>26,660</b>
<b>(Loss) income before (benefit) provision for income taxes</b>	<b>(86,545)</b>	<b>(141,050)</b>	<b>356,744</b>	<b>(84,201)</b>
<b>(Benefit) provision for income taxes</b>				
Current	(11,758)	8,069	8,863	21,027
Deferred	(22,562)	(60,396)	104,629	(59,859)
Total (benefit) provision for income taxes	(34,320)	(52,327)	113,492	(38,832)
<b>Net (loss) income</b>	<b>\$ (52,225)</b>	<b>\$ (88,723)</b>	<b>\$ 243,252</b>	<b>\$ (45,369)</b>

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