

# Assured Guaranty Re Ltd.

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

	September 30, 2008 (Unaudited)	December 31, 2007 (1)
<b>Assets</b>		
Fixed maturity securities, at fair value	\$ 1,667,892	\$ 1,275,676
Short-term investments, at cost which approximates fair value	259,738	498,553
<b>Total investments</b>	<b>1,927,630</b>	<b>1,774,229</b>
Cash and cash equivalents	314	397
Accrued investment income	14,458	9,917
Deferred acquisition costs	214,356	180,391
Prepaid reinsurance premiums	1,495	644
Funds held under reinsurance contracts	5,121	5,121
Reinsurance recoverable on ceded losses	2,075	3,526
Premiums receivable	55,953	26,973
Credit derivative assets	23,353	922
Deferred tax asset	21,081	16,115
Salvage recoverable	5,303	2,297
Receivables for securities sold	30,715	2,719
Other assets	6,929	6,614
<b>Total assets</b>	<b>\$ 2,308,783</b>	<b>\$ 2,029,865</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Unearned premium reserves	\$ 734,099	\$ 624,840
Reserves for losses and loss adjustment expenses	85,574	70,197
Profit commissions payable	5,014	18,704
Reinsurance balances payable	12,584	1,261
Funds held by Company under reinsurance contracts	29,246	25,109
Credit derivative liabilities	137,071	144,599
Payables for securities purchased	11,957	-
Other liabilities	16,486	22,259
<b>Total liabilities</b>	<b>1,032,031</b>	<b>906,969</b>
<b>Shareholder's equity</b>		
Preferred stock	-	-
Common stock	1,378	1,378
Additional paid-in capital	856,604	706,604
Retained earnings	476,354	398,328
Accumulated other comprehensive (loss) income	(57,584)	16,586
<b>Total shareholder's equity</b>	<b>1,276,752</b>	<b>1,122,896</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 2,308,783</b>	<b>\$ 2,029,865</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, Note 2 for further information.

## Assured Guaranty Re Ltd.

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	\$ 59,210	\$ 38,678	\$ 233,739	\$ 102,120
Ceded premiums	(387)	(362)	(4,009)	(3,898)
Net written premiums	58,823	38,316	229,730	98,222
Increase in unearned premium reserves	(1,051)	(13,246)	(108,495)	(28,765)
Net earned premiums	57,772	25,070	121,235	69,457
Net investment income	23,415	16,043	65,857	47,404
Net realized investment losses	(13,339)	(291)	(13,491)	(1,470)
Change in fair value of credit derivatives				
Realized gains and other settlements on credit derivatives	6,336	3,921	18,183	13,088
Unrealized (losses) gains on credit derivatives	(24,616)	(56,029)	30,101	(66,026)
Net change in fair value of credit derivatives	(18,280)	(52,108)	48,284	(52,938)
Other income	16	-	16	1
<b>Total revenues</b>	<u>49,584</u>	<u>(11,286)</u>	<u>221,901</u>	<u>62,454</u>
<b>Expenses</b>				
Loss and loss adjustment expenses	37,279	816	83,522	9,451
Profit commission expense	(1,444)	1,140	351	4,023
Acquisition costs	13,990	6,884	30,884	20,555
Other operating expenses	4,277	2,980	11,690	8,961
<b>Total expenses</b>	<u>54,102</u>	<u>11,820</u>	<u>126,447</u>	<u>42,990</u>
<b>(Loss) income before (benefit) provision for income taxes</b>	(4,518)	(23,106)	95,454	19,464
<b>(Benefit) provision for income taxes</b>				
Current	590	(3,436)	644	(7,368)
Deferred	(696)	(1,550)	784	(384)
Total (benefit) provision for income taxes	<u>(106)</u>	<u>(4,986)</u>	<u>1,428</u>	<u>(7,752)</u>
<b>Net (loss) income</b>	<u>\$ (4,412)</u>	<u>\$ (18,120)</u>	<u>\$ 94,026</u>	<u>\$ 27,216</u>

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