

# Assured Guaranty Re Ltd.

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

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
<b>Assets</b>		
Fixed maturity securities, at fair value	\$ 1,706,736	\$ 1,642,808
Short-term investments, at cost which approximates fair value	396,545	346,791
<b>Total investments</b>	<b><u>2,103,281</u></b>	<b><u>1,989,599</u></b>
Cash and cash equivalents	787	942
Accrued investment income	11,797	12,641
Deferred acquisition costs	317,202	209,630
Prepaid reinsurance premiums	447	594
Funds held under reinsurance contracts	5,121	5,121
Reinsurance recoverable on ceded losses	1,054	3,474
Premiums receivable	492,587	23,559
Credit derivative assets	33,710	21,877
Deferred tax asset	12,415	19,553
Salvage recoverable	83,825	23,988
Other assets	23,138	6,690
<b>Total assets</b>	<b><u>\$ 3,085,364</u></b>	<b><u>\$ 2,317,668</u></b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Unearned premium reserves	\$ 1,288,414	\$ 713,947
Reserves for losses and loss adjustment expenses	89,826	90,752
Profit commissions payable	5,472	4,614
Reinsurance balances payable	25,816	16,602
Funds held by Company under reinsurance contracts	29,563	30,244
Credit derivative liabilities	243,236	252,513
Other liabilities	110,669	15,822
<b>Total liabilities</b>	<b><u>1,792,996</u></b>	<b><u>1,124,494</u></b>
<b>Shareholder's equity</b>		
Preferred stock	-	-
Common stock	1,378	1,378
Additional paid-in capital	856,604	856,604
Retained earnings	445,395	331,804
Accumulated other comprehensive (loss) income	(11,009)	3,388
<b>Total shareholder's equity</b>	<b><u>1,292,368</u></b>	<b><u>1,193,174</u></b>
<b>Total liabilities and shareholder's equity</b>	<b><u>\$ 3,085,364</u></b>	<b><u>\$ 2,317,668</u></b>

## Assured Guaranty Re Ltd.

Consolidated Statements of Operations  
(in thousands of U.S. dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
<b>Revenues</b>				
Net premiums earned	\$ 51,969	\$ 32,664	\$ 132,689	\$ 63,463
Net investment income	23,560	22,148	47,927	42,442
Net realized investment losses (includes impairment losses of \$13,073, consisting of \$31,304 of total other-than temporary impairment losses, net of \$18,231 recognized in other comprehensive income, for the quarter ended June 30, 2009)	(10,244)	(113)	(27,592)	(152)
Change in fair value of credit derivatives				
Realized gains and other settlements on credit derivatives	4,411	6,111	647	11,847
Unrealized (losses) gains on credit derivatives	(28,934)	97,951	21,173	54,717
Net change in fair value of credit derivatives	(24,523)	104,062	21,820	66,564
Other income	11	-	11	-
<b>Total revenues</b>	<u>40,773</u>	<u>158,761</u>	<u>174,855</u>	<u>172,317</u>
<b>Expenses</b>				
Loss and loss adjustment expenses	(8,397)	14,629	49,975	46,243
Profit commission expense	1,244	1,047	1,499	1,795
Acquisition costs	13,449	8,556	37,213	16,894
Other operating expenses	4,759	3,056	9,289	7,413
FSAH acquisition-related expenses	428	-	428	-
<b>Total expenses</b>	<u>11,483</u>	<u>27,288</u>	<u>98,404</u>	<u>72,345</u>
<b>Income before provision (benefit) for income taxes</b>	29,290	131,473	76,451	99,972
<b>Provision (benefit) for income taxes</b>				
Current	(191)	(3)	(4,757)	54
Deferred	2,167	848	2,546	1,480
Total provision (benefit) for income taxes	<u>1,976</u>	<u>845</u>	<u>(2,211)</u>	<u>1,534</u>
<b>Net income</b>	<u>\$ 27,314</u>	<u>\$ 130,628</u>	<u>\$ 78,662</u>	<u>\$ 98,438</u>