

# Assured Guaranty Corp.

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

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
Fixed maturity securities, at fair value	\$ 1,706,521	\$ 1,511,329
Short-term investments, at cost which approximates fair value	119,181	109,986
<b>Total investments</b>	<b>1,825,702</b>	<b>1,621,315</b>
Cash and cash equivalents	2,821	7,823
Accrued investment income	19,680	20,205
Deferred acquisition costs	56,887	78,989
Prepaid reinsurance premiums	397,013	206,453
Reinsurance recoverable on ceded losses	45,690	22,014
Premiums receivable	419,496	12,445
Goodwill	85,417	85,417
Credit derivative assets	134,260	139,494
Deferred tax asset	197,431	110,336
Current income taxes receivable	10,837	17,382
Salvage recoverable	167,147	70,884
Committed capital securities, at fair value	10,158	51,062
Other assets	11,900	10,651
<b>Total assets</b>	<b>\$ 3,384,439</b>	<b>\$ 2,454,470</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Unearned premium reserves	\$ 1,308,643	\$ 707,957
Reserves for losses and loss adjustment expenses	146,073	133,710
Profit commissions payable	4,749	3,971
Reinsurance balances payable	221,150	23,725
Funds held by Company under reinsurance contracts	5,491	5,493
Credit derivative liabilities	714,303	481,040
Other liabilities	59,781	52,548
<b>Total liabilities</b>	<b>2,460,190</b>	<b>1,408,444</b>
<b>Shareholder's equity</b>		
Preferred stock	-	-
Common stock	15,000	15,000
Additional paid-in capital	480,375	480,375
Retained earnings	431,128	561,598
Accumulated other comprehensive loss	(2,254)	(10,947)
<b>Total shareholder's equity</b>	<b>924,249</b>	<b>1,046,026</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 3,384,439</b>	<b>\$ 2,454,470</b>

## Assured Guaranty Corp.

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	\$ 26,666	\$ 19,021	\$ 94,391	\$ 35,055
Net investment income	19,713	17,442	39,014	33,546
Net realized investment gains (includes impairment losses of \$1,760, consisting of \$5,162 of total other-than temporary impairment losses, net of \$3,402 recognized in other comprehensive income, for the quarter ended June 30, 2009)	5,356	1,557	5,594	2,224
Change in fair value of credit derivatives				
Realized gains and other settlements on credit derivatives	22,004	24,042	44,973	44,865
Unrealized (losses) gains on credit derivatives	(225,010)	610,556	(248,033)	394,169
Net change in fair value of credit derivatives	(203,006)	634,598	(203,060)	439,034
Fair value (loss) gain on committed capital securities	(60,570)	8,896	(40,904)	17,407
Other income	481	153	1,133	178
<b>Total revenues</b>	<u>(211,360)</u>	<u>681,667</u>	<u>(103,832)</u>	<u>527,444</u>
<b>Expenses</b>				
Loss and loss adjustment expenses	46,427	23,495	67,809	47,020
Profit commission expense	827	(24)	827	407
Acquisition costs	3,099	3,271	2,756	6,815
Other operating expenses	13,426	12,920	28,617	27,463
FSAH acquisition-related expenses	16,077	-	16,077	-
Other expense	1,868	1,715	3,268	2,450
<b>Total expenses</b>	<u>81,724</u>	<u>41,377</u>	<u>119,354</u>	<u>84,155</u>
<b>(Loss) income before provision for income taxes</b>	(293,084)	640,290	(223,186)	443,289
<b>(Benefit) provision for income taxes</b>				
Current	(4,851)	8,595	13,144	20,621
Deferred	(103,532)	211,566	(101,002)	127,191
Total (benefit) provision for income taxes	<u>(108,383)</u>	<u>220,161</u>	<u>(87,858)</u>	<u>147,812</u>
<b>Net (loss) income</b>	<u>\$ (184,701)</u>	<u>\$ 420,129</u>	<u>\$ (135,328)</u>	<u>\$ 295,477</u>