

Assured Guaranty Corp.

Consolidated Balance Sheets (Unaudited)
(in thousands of U.S. dollars, except share and per share amounts)

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Investment portfolio, available-for-sale:		
Fixed maturity securities, at fair value (amortized cost of \$1,672,461 and \$1,521,994)	\$ 1,746,828	\$ 1,511,329
Short-term investments, at fair value, which approximates cost	226,760	109,986
Total investment portfolio	<u>1,973,588</u>	<u>1,621,315</u>
Cash	4,937	7,823
Premiums receivable, net	402,755	12,445
Ceded unearned premium reserve	428,136	206,453
Deferred acquisition costs	44,884	78,989
Reinsurance recoverable on ceded losses	56,590	22,014
Credit derivative assets	229,327	139,494
Goodwill	-	85,417
Committed capital securities, at fair value	8,922	51,062
Deferred tax asset, net	150,361	110,336
Salvage recoverable	165,971	70,884
Other assets	107,773	48,238
TOTAL ASSETS	<u><u>\$ 3,573,244</u></u>	<u><u>\$ 2,454,470</u></u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Unearned premium reserves	\$ 1,420,201	\$ 707,957
Loss and loss adjustment expense reserve	182,248	133,710
Credit derivative liabilities	905,270	481,040
Funds held under reinsurance contracts	5,491	5,493
Reinsurance balances payable, net	204,646	23,725
Other liabilities	62,489	56,519
TOTAL LIABILITIES	<u>2,780,345</u>	<u>1,408,444</u>
COMMITMENTS AND CONTINGENCIES		
Preferred stock (\$1,000 liquidation preference, 200,004 shares authorized; none issued and outstanding in 2009 and 2008)	-	-
Common stock (\$720.00 par value, 500,000 shares authorized; 20,834 shares issued and outstanding in 2009 and 2008)	15,000	15,000
Additional paid-in capital	480,375	480,375
Retained earnings	254,832	561,598
Accumulated other comprehensive income (loss), net of deferred tax provision (benefit) of \$22,987 and \$(6,825)	42,692	(10,947)
TOTAL SHAREHOLDER'S EQUITY	<u>792,899</u>	<u>1,046,026</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u><u>\$ 3,573,244</u></u>	<u><u>\$ 2,454,470</u></u>

Assured Guaranty Corp.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
REVENUES				
Net earned premiums	\$ 13,396	\$ 27,743	\$ 107,787	\$ 62,798
Net investment income	19,241	19,895	58,255	53,441
Net realized investment gains (losses)				
Other-than-temporary impairment (OTTI) losses	(2,407)	(4,233)	(10,079)	(4,496)
Less: portion of OTTI loss recognized in other comprehensive income	(1,585)	-	(4,988)	-
Other net realized investment gains (losses)	1,390	(2,460)	11,253	27
Net realized investment gains (losses)	568	(6,693)	6,162	(4,469)
Net change in fair value of credit derivatives				
Realized gains and other settlements	21,924	22,395	66,897	67,260
Unrealized gains (losses)	(84,539)	(91,683)	(332,572)	302,486
Net change in fair value of credit derivatives	(62,615)	(69,288)	(265,675)	369,746
Fair value gain (loss) on committed capital securities	(1,236)	6,912	(42,140)	24,319
Other income	3,473	243	4,606	421
TOTAL REVENUES	(27,173)	(21,188)	(131,005)	506,256
EXPENSES				
Loss and loss adjustment expenses	77,836	45,262	145,645	92,282
Profit commission expense	-	-	827	407
Amortization of deferred acquisition costs	98	5,304	2,854	12,119
Other operating expenses	16,805	13,267	61,499	40,730
Goodwill impairment	85,417	-	85,417	-
Other expense	1,298	1,524	4,566	3,974
TOTAL EXPENSES	181,454	65,357	300,808	149,512
INCOME (LOSS) BEFORE INCOME TAXES	(208,627)	(86,545)	(431,813)	356,744
(Benefit) provision for income taxes				
Current	(61,313)	(11,758)	(48,169)	8,863
Deferred	22,878	(22,562)	(78,124)	104,629
Total (benefit) provision for income taxes	(38,435)	(34,320)	(126,293)	113,492
NET INCOME (LOSS)	\$ (170,192)	\$ (52,225)	\$ (305,520)	\$ 243,252