Fair Robert
Form 4
March 03, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Fair Robert
(Last) (First) (Middle)
2835 MIAMI VILLAGE DR
(Street)
MIAMISBURG, OH 45342
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
TERADATA CORP /DE/ [TDC]

3. Date of Earliest Transaction (Month/Day/Year)
02/27/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP, Global Field Operations

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/27/2009		A		1,863 (1)	A	$ 0	42,394	D	
Common Stock	03/02/2009		F		170 (2)	D	$ 14.66	42,224	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Fair Robert 2835 MIAMI VILLAGE DR MIAMISBURG, OH 45342			EVP, Global Field Operations	

Signatures

Margaret A. Treese, Attorney-in-fact for Robert Fair	03/03/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Acquisition of performance-based restricted stock unit award that vested on February 27, 2009.

(2) Shares withheld by the company to satisfy tax obligation upon vesting of a restricted stock award that was granted on March 1, 2005.

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Category 4

20

14

20

CMC total(1)

6,643

3.0

%

140

133

Other below investment grade risk

92

89

Total(1)

Explanation of Responses:

$

222,722

100.0

%

$

133

(1) Total does not add due to rounding.

(2) Includes case reserves on credit derivatives of $12.7 million at December 31, 2008, which balances are included in credit derivative liabilities in the Company s consolidated balance sheets.

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Salvage Recoverable

When the Company becomes entitled to the underlying collateral (generally a future stream of cash flows or pool assets) of an insured credit under salvage and subrogation rights as a result of a claim payment or estimates recoveries from disputed claim payments on contractual grounds, it reduces the corresponding loss reserve for a particular financial guaranty insurance policy for the estimated salvage and subrogation, in accordance with FAS 60, Accounting and Reporting by Insurance Enterprises. If the expected salvage and subrogation exceeds the estimated loss reserve for a policy, such amounts are recorded as a salvage recoverable asset in the Company s balances sheets.

Fair Value of Credit Derivatives

The Company follows FAS 133, , FAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities (FAS 149) and FAS No. 155, Accounting for Certain Hybrid Financial Instruments (FAS 155), which establishes accounting and reporting standards for derivative instruments and FAS No. 157 Fair Value Measurements (FAS 157), which establishes a comprehensive framework for measuring fair value. FAS 133 and FAS 149 require recognition of all derivatives on the balance sheet at fair value. FAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FAS 157 also requires an entity maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. The price represents that available in the principal market for the asset or liability. If there is no principal market, then the price is based on the market that maximizes the value received for an asset or minimizes the amount paid for a liability (i.e. the most advantageous market).

FAS 157 specifies a fair value hierarchy based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Company-based market assumptions. In accordance with FAS 157, the fair value hierarchy prioritizes model inputs into three broad levels as follows:

- Level 1 Quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and observable inputs other than quoted prices, such as interest rates or yield curves and other inputs derived from or corroborated by observable market inputs.
- Level 3 Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. This hierarchy requires the use of observable market data when available.

An asset or liability s categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

We issue credit derivatives that we view as an extension of our financial guaranty business but that do not qualify for the financial guaranty insurance scope exception under FAS 133 and FAS 149 and therefore are reported at fair value, with changes in fair value included in our

earnings.

Our realized gains and other settlements on credit derivatives include credit derivative premiums received and receivable, credit derivative losses paid and payable and realized gains or losses due to early terminations and ceding commissions (expense) income. Credit derivative premiums and ceding commissions (expense) income are earned over the life of the transaction. Claim payments or recoveries are related to credit events requiring payment by or to us under the credit derivative contract. Realized gains or losses are recorded related to the early termination of credit derivative contracts.

Our unrealized gains and losses on credit derivatives represent changes in fair value of these instruments that are required to be recorded under FAS 133. The unrealized gains and losses on credit derivatives will reduce to zero as the exposure approaches its maturity date, unless there is a payment default on the exposure or early

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termination. However, in the event that we terminate a credit derivative contract prior to maturity the unrealized gain or loss will be realized through realized gains or losses and other settlements on credit derivatives. Changes in the fair value of our derivative contracts do not generally reflect actual claims or credit losses, and have no impact on the Company s claims paying resources, rating agency capital or regulatory capital positions or debt covenants.

We do not typically exit our credit derivative contracts and there are not quoted prices for our instruments or similar instruments. Observable inputs other than quoted market prices exist; however, these inputs reflect contracts that do not contain terms and conditions similar to the credit derivatives issued by us. Therefore, the valuation of our credit derivative contracts requires the use of models that contain significant, unobservable inputs. Thus, we believe that our credit derivative contract valuations are in Level 3 in the fair value hierarchy of FAS 157.

The fair value of these instruments represents the difference between the present value of remaining contractual premiums charged for the credit protection and the estimated present value of premiums that a comparable financial guarantor would hypothetically charge for the same protection at the balance sheet date. The fair value of these contracts depends on a number of factors including notional amount of the contract, expected term, credit spreads, changes in interest rates, the credit ratings of the referenced entities, our own credit risk and remaining contractual flows.

Remaining contractual cash flows, which are included in the realized gains and other settlements on credit derivatives component of credit derivatives, are the most readily observable variables since they are based on the CDS contractual terms. These variables include i) net premiums received and receivable on written credit derivative contracts, ii) net premiums paid and payable on purchased contracts, iii) losses paid and payable to credit derivative contract counterparties and iv) losses recovered and recoverable on purchased contracts. The remaining key variables described above impact unrealized gains (losses) on credit derivatives.

Market conditions at June 30, 2009 were such that market prices for our CDS contracts were generally not available. Where market prices were not available, we used a combination of observable market data and valuation models, including various market indices, credit spreads, our own credit risk and estimated contractual payments to estimate the fair value of the Company s credit derivatives. These models are primarily developed internally based on market conventions for similar transactions. Management considers the non-standard terms of its credit derivative contracts in determining the fair value of these contracts. These terms differ from credit derivatives sold by companies outside of the financial guaranty industry. The non-standard terms include the absence of collateral support agreements or immediate settlement provisions, relatively high attachment points and the fact that the Company does not exit derivatives it sells for credit protection purposes, except under specific circumstances such as exiting a line of business. Because of these terms and conditions, the fair value of the Company s credit derivatives may not reflect the same prices observed in an actively traded market of credit default swaps that do not contain terms and conditions similar to those observed in the financial guaranty market. These models and the related assumptions are continuously reevaluated by management and enhanced, as appropriate, based upon improvements in modeling techniques and availability of more timely market information.

Valuation models include the use of management estimates and current market information. Management is also required to make assumptions on how the fair value of credit derivative instruments is affected by current market conditions. Management considers factors such as current prices charged for similar agreements, performance of underlying assets, life of the instrument, and the extent of credit default swaps exposure the Company ceded under reinsurance agreements, and the nature and extent of activity in the financial guaranty credit derivative marketplace. The assumptions that management uses to determine its fair value may change in the future due to market conditions. Due to the inherent uncertainties of the assumptions used in the valuation models to determine the fair value of these credit derivative products, actual experience may differ from the estimates reflected in the Company s consolidated financial statements and the differences may be material.

The fair value adjustment recognized in our statements of operations for the three months ended June 30, 2009 (Second Quarter 2009) was a $(254.3) million loss compared with a $708.5 million gain for the three months ended June 30, 2008 (Second Quarter 2008). The fair value adjustment recognized in our statements of operations for the six months ended June 30, 2009 (Six Months 2009) was a $(227.3) million loss compared with a $448.9 million gain for the six months ended June 30, 2008 (Six Months 2008). The change in fair value for Second Quarter 2009 and Six Months 2009 was attributable to spreads widening and includes no credit losses, partially offset by the higher credit risk of the Company as indicated by the cost of credit protection on us, which decreased

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from 1,775 basis points at December 31, 2008 to 1,544 basis points at June 30, 2009.The change in fair value for Second Quarter 2008 and Six Months 2008 is mainly due to an increase in the market measure of the Company s credit risk as indicated by the cost of CDS credit protection on us, which increased from 180 basis points at December 31, 2007 to 900 basis points at June 30, 2008, which was only partially offset by widening spreads of the underlying obligations. For Second Quarter 2008 and Six Months 2008, approximately 55% and 65%, respectively, of our unrealized gain on credit derivative financial instruments is attributable to the fair value of high yield and investment grade corporate collateralized loan obligation transactions, with the balance of the change in fair values principally in the residential and commercial mortgage backed securities markets. With considerable volatility continuing in the market, the fair value adjustment amount will fluctuate significantly in future periods.

Fair Value of Committed Capital Securities (CCS)

The fair value of CCS Securities represents the present value of remaining expected put option premium payments under the CCS Securities agreements and the value of such estimated payments based upon the quoted price for such premium payments as of June 30, 2009 and December 31, 2008. The $10.2 million and $51.1 million fair value asset for CCS Securities as of June 30, 2009 and December 31, 2008, respectively, is included in the consolidated balance sheets. Changes in fair value of this asset are included in fair value gain (loss) on committed capital securities in the consolidated statements of operations and comprehensive income. The Second Quarter 2009 and Six Months 2009 amounts also included a fair value loss of $(60.6) million and $(40.9) million, pre-tax, respectively, related to Assured Guaranty Corp. s CCS Securities as resulting of the widening of the Company s credit spreads. The Second Quarter 2008 and Six Months 2008 amounts also included a fair value gain of $8.9 million and $17.4 million, pre-tax, respectively, related to Assured Guaranty Corp. s CCS Securities as resulting of the widening of the Company s credit spreads.

Valuation of Investments

As of June 30, 2009 and December 31, 2008, we had total investments of $4.6 billion and $3.6 billion, respectively. The fair values of all of our investments are calculated from independent market valuations. The fair values of the Company s U.S. Treasury securities are primarily determined based upon broker dealer quotes obtained from several independent active market makers. The fair values of the Company s portfolio other than U.S. Treasury securities are determined primarily using matrix pricing models. The matrix pricing models incorporate factors such as tranche type, collateral coupons, average life, payment speeds, and spreads, in order to calculate the fair values of specific securities owned by the Company. As of June 30, 2009, under FAS 157, all of our fixed maturity securities were classified as Level 2 and our short-term investments were classified as either Level 1 or Level 2.

As of June 30, 2009, approximately 74% of our investments were long-term fixed maturity securities, and our portfolio had an average duration of 3.3 years, compared with 87% and 4.1 years as of December 31, 2008. Changes in interest rates affect the value of our fixed maturity portfolio. As interest rates fall, the fair value of fixed maturity securities increases and as interest rates rise, the fair value of fixed maturity securities decreases. The Company s portfolio is comprised primarily of high-quality, liquid instruments. We continue to receive sufficient information to value our investments and have not had to modify our approach due to the current market conditions.

Other Than Temporary Impairment (OTTI) Methodology

We have a formal review process for all securities in our investment portfolio, including a review for impairment losses. Factors considered when assessing impairment include:

- a decline in the market value of a security by 20% or more below amortized cost for a continuous period of at least six months;
- a decline in the market value of a security for a continuous period of 12 months;
- recent credit downgrades of the applicable security or the issuer by rating agencies;
- the financial condition of the applicable issuer;
- whether loss of investment principal is anticipated;
- whether scheduled interest payments are past due; and

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- whether the Company has the intent to sell a security prior to its recovery in fair value.

If we believe a decline in the value of a particular investment is temporary, we record the decline as an unrealized loss on our balance sheet in accumulated other comprehensive income in shareholders equity.

As discussed in more detail below, prior to April 1, 2009, the reviews for impairment of investments were conducted pursuant to FSP No. 115-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments (FSP 115-1). And accordingly, any unrealized loss identified as other than temporary was recorded directly in the consolidated statement of income. As of April 1, 2009, we adopted FSP 115-2. Accordingly, any credit-related impairment related to debt securities the Company does not plan to sell and is more-likely-than-not not to be required to sell is recognized in the consolidated statement of income, with the non-credit-related impairment recognized in other comprehensive income (OCI). For other impaired debt securities, the entire impairment is recognized in the consolidated statement of income.

We adopted FSP No. FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments (FSP 115-2) on April 1, 2009. Effective with the adoption of FSP 115-2 we recognize an OTTI loss in earnings for a debt security in an unrealized loss position when either (a) we have the intent to sell the debt security or (b) it is more likely than not we will be required to sell the debt security before its anticipated recovery. For all debt securities in unrealized loss positions that do not meet either of these two criteria, we analyze the ability to recover the amortized cost by comparing the net present value of projected future cash flows with the amortized cost of the security. If the net present value is less than the amortized cost of the investment, an OTTI loss is recorded. The net present value is calculated by discounting our best estimate of projected future cash flows at the effective interest rate implicit in the debt security prior to impairment. Our estimates of projected future cash flows are driven by assumptions regarding probability of default and estimates regarding timing and amount of recoveries associated with a default. We develop these estimates using information based on historical experience, credit analysis of an investment, as mentioned above, and market observable data, such as industry analyst reports and forecast, sector credit ratings and other data relevant to the collectability of the security. For mortgage-backed and asset-backed securities, cash flow estimates also include prepayment assumptions and other assumptions regarding the underlying collateral including default rates, recoveries and changes in value. The determination of the assumptions used in these projections requires the use of significant management judgment.

Prior to adoption of FSP 115-2 on April 1, 2009, if we believed the decline was other than temporary, we wrote down the carrying value of the investment and recorded a realized loss in our statement of operations equal to the total difference between amortized cost and fair value at the impairment measurement date.

In periods subsequent to the recognition of an OTTI loss, the impaired debt security is accounted for as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis is accreted into net investment income in future periods based upon the amount and timing of expected future cash flows of the security, if the recoverable value of the investment based upon those cash flows is greater than the carrying value of the investment after the impairment.

Our assessment of a decline in value includes management s current assessment of the factors noted above. If that assessment changes in the future, we may ultimately record a loss after having originally concluded that the decline in value was temporary.

As part of our OTTI review process, we consider the nature of the investment, the cause for the impairment (interest or credit related), the severity (both as a percentage of book value and absolute dollars) and duration of the impairment and any other available evidence, such as discussions with investment advisors, volatility of the securities fair value, recent news reports, etc., when performing our assessment.

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As of June 30, 2009, excluding the securities described above, the Company s gross unrealized loss position stood at $100.7 million compared to $122.5 million at December 31, 2008. The $21.8 million decrease in gross unrealized losses was primarily attributable to municipal securities, $30.1 million, and partially offset by an increase in gross unrealized losses in mortgage- and asset backed securities, $6.9 million. The decrease in gross unrealized losses during the six months ended June 30, 2009 was related to the recovery of liquidity in the financial markets offset in part by a $62.2 million transition adjustment for adoption of FSP 115-2.

As of June 30, 2009, the Company had 95 securities in an unrealized loss position for greater than 12 months, representing a gross unrealized loss of $48.8 million. Of these securities, 27 securities had unrealized losses greater than 10% of book value. The total unrealized loss for these securities as of June 30, 2009 was $31.1 million. This unrealized loss is primarily attributable to the market illiquidity and volatility in the U.S. economy mentioned above and not specific to individual issuer credit. Except as noted below, the Company has recognized no other than temporary impairment losses.

The Company recognized $14.8 million and $33.3 million of other than temporary impairment losses substantially related to mortgage backed and corporate securities for the three and six months ended June 30, 2009, respectively. The 2009 OTTI represents the credit component of the changes in unrealized losses for impaired securities. The Company intends to hold these securities until there is a recovery in their value. The Company continues to monitor the value of these investments. Future events may result in further impairment of the Company s investments. The Company wrote down $0.3 million of investments for other than temporary impairment losses for the three- and six-month periods ended June 30, 2008.

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The following table summarizes the unrealized losses in our investment portfolio by type of security and the length of time such securities have been in a continuous unrealized loss position as of the dates indicated:

	As of June 30, 2009		As of December 31, 2008(1)	
Length of Time in Continuous Unrealized Loss Position	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**
		($ in millions)		
U.S. Government and agencies				
0-6 months	$ 277.6	$ (2.5)	$	$
7-12 months			8.0	
Greater than 12 months				
	277.6	(2.5)	8.0	
Obligations of state and political subdivisions				
0-6 months	81.1	(0.9)	168.8	(5.8)
7-12 months	13.8	(0.3)	310.6	(22.9)
Greater than 12 months	332.3	(20.1)	137.9	(22.7)
	427.2	(21.3)	617.3	(51.4)
Corporate and foreign government securities				
0-6 months	59.7	(3.1)	23.7	(1.7)
7-12 months	9.9	(1.8)	81.9	(8.5)
Greater than 12 months	84.4	(6.1)	14.2	(1.6)
	154.0	(11.0)	119.8	(11.8)
Residential mortgage-backed securities				
0-6 months	131.6	(25.7)	8.0	(2.0)
7-12 months	8.6	(4.1)	38.4	(15.7)
Greater than 12 months	17.2	(5.0)	38.2	(2.8)
	157.4	(34.8)	84.6	(20.5)
Commercial mortgage-backed securities				
0-6 months	47.9	(11.5)	62.3	(6.3)
7-12 months	26.4	(1.6)	72.7	(20.5)
Greater than 12 months	104.6	(17.6)	36.2	(4.5)
	178.9	(30.7)	171.2	(31.3)
Asset-backed securities				
0-6 months	24.8	(0.1)	73.2	(7.2)
7-12 months	1.6	(0.3)		
Greater than 12 months				
	26.4	(0.4)	73.2	(7.2)
Preferred stock				
0-6 months			12.4	(0.3)
7-12 months				
Greater than 12 months				
			12.4	(0.3)
Total	$ 1,221.5	$ (100.7)	$ 1,086.5	$ (122.5)

(1) December 31, 2008 amounts are not comparable to June 30, 2009 due to adoption of FSP 115-2 effective April 1, 2009.

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The following table summarizes the unrealized losses in our investment portfolio by type of security and remaining time to maturity as of the dates indicated:

Remaining Time to Maturity	As of June 30, 2009 Estimated Fair Value	As of June 30, 2009 Gross Unrealized Losses	As of December 31, 2008 (1) Estimated Fair Value	As of December 31, 2008 (1) Gross Unrealized Losses
	($ in millions)			
U.S. Government and agencies				
Due in one year or less	$ 8.0	$	$ 8.0	$
Due after one year through five years	236.4	(2.3)		
Due after five years through ten years	33.2	(0.2)		
Due after ten years				
	277.6	(2.5)	8.0	
Obligations of state and political subdivisions				
Due in one year or less				
Due after one year through five years			5.4	
Due after five years through ten years	30.4	(0.9)	42.4	(2.6)
Due after ten years	396.8	(20.4)	569.5	(48.8)
	427.2	(21.3)	617.3	(51.4)
Corporate and foreign government securities				
Due in one year or less	1.0		0.8	
Due after one year through five years	29.5	(0.8)	23.9	(1.2)
Due after five years through ten years	105.4	(5.0)	72.6	(6.6)
Due after ten years	18.1	(5.2)	22.5	(4.0)
	154.0	(11.0)	119.8	(11.8)
Residential mortgage-backed securities	157.4	(34.8)	84.6	(20.5)
Commercial mortgage-backed securities	178.9	(30.7)	171.2	(31.3)
Asset-backed securities	26.4	(0.4)	73.2	(7.2)
Preferred stock			12.4	(0.3)
Total	$ 1,221.5	$ (100.7)	$ 1,086.5	$ (122.5)

(1) December 31, 2008 amounts are not comparable to June 30, 2009 due to adoption of FSP 115-2 effective April 1, 2009.

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The following table summarizes, for all securities sold at a loss through June 30, 2009 and 2008, the fair value and realized loss by length of time such securities were in a continuous unrealized loss position prior to the date of sale:

	Three Months Ended June 30,			
	2009		2008	
Length of Time in Continuous Unrealized Loss Prior to Sale	**Estimated Fair Value**	**Gross Realized Losses**	**Estimated Fair Value**	**Gross Realized Losses**
	($ in millions)			
U.S. Government and agencies				
0-6 months	$	$	$	$
7-12 months				
Greater than 12 months				
Obligations of state and political subdivisions				
0-6 months	24.5	(0.3)		
7-12 months				
Greater than 12 months	4.2	(0.1)		
	28.7	(0.4)		
Corporate and foreign government securities				
0-6 months	0.4		1.1	
7-12 months				
Greater than 12 months				
	0.4		1.1	
Residential mortgage-backed securities				
0-6 months	57.8	(2.8)	38.1	(0.3)
7-12 months				
Greater than 12 months	2.5	(12.0)	4.2	(0.1)
	60.3	(14.8)	42.3	(0.4)
Commercial mortgage-backed securities				
0-6 months			8.7	(0.1)
7-12 months				
Greater than 12 months				
			8.7	(0.1)
Asset-backed securities				
0-6 months				
7-12 months				
Greater than 12 months				
Preferred stock(1)				
0-6 months			4.6	(0.3)
7-12 months				
Greater than 12 months				
			4.6	(0.3)
Total	$ 89.4	$ (15.2)	$ 56.7	$ (0.8)

(1) 2008 amount relates to other than temporary impairment losses.

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Length of Time in Continuous Unrealized Loss Prior to Sale	Six Months Ended June 30, 2009 Estimated Fair Value	2009 Gross Realized Losses	2008 Estimated Fair Value	2008 Gross Realized Losses
	($ in millions)			
U.S. Government and agencies				
0-6 months	$	$	$	$
7-12 months				
Greater than 12 months				
Obligations of state and political subdivisions				
0-6 months	24.6	(0.3)	2.5	(0.3)
7-12 months				
Greater than 12 months	7.8	(1.8)		
	32.4	(2.1)	2.5	(0.3)
Corporate and foreign government securities				
0-6 months	1.5	(0.4)	1.5	
7-12 months	7.3	(6.9)	2.1	
Greater than 12 months	0.8	(0.2)		
	9.6	(7.5)	3.6	
Residential mortgage-backed securities				
0-6 months	57.8	(2.9)	42.9	(0.4)
7-12 months	10.2	(15.4)		
Greater than 12 months	23.3	(12.2)	4.2	(0.1)
	91.3	(30.5)	47.1	(0.5)
Commercial mortgage-backed securities				
0-6 months			8.8	(0.1)
7-12 months			1.2	
Greater than 12 months			1.2	
			11.2	(0.1)
Asset-backed securities				
0-6 months				
7-12 months				
Greater than 12 months				
Preferred stock(1)				
0-6 months	11.2	(1.5)	4.6	(0.3)
7-12 months				
Greater than 12 months				
	11.2	(1.5)	4.6	(0.3)
Total	$ 144.5	$ (41.6)	$ 69.0	$ (1.2)

(1) 2008 amount relates to other than temporary impairment losses.

Explanation of Responses:

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Premium Revenue Recognition

Premiums are received either upfront or in installments.

Upon Adoption of FAS 163

The Company recognizes a liability for the unearned premium revenue at the inception of a financial guarantee contract equal to the present value of the premiums due or expected to be collected over the period of the contract. If the premium is a single premium received at the inception of the financial guarantee contract, the Company measures the unearned premium revenue as the amount received. The period of the contract is the expected period of risk that generally equates to the contract period. However, in some instances, the expected period of risk is significantly shorter than the full contract period due to expected prepayments. In those instances where the financial guarantee contract insures a homogeneous pool of assets that are contractually prepayable and where those prepayments are probable and the timing and amount of prepayments can be reasonably estimated the Company uses the expected period of risk to recognize premium revenues. The Company adjusts prepayment assumptions when those assumptions change and recognizes a prospective change in premium revenues as a result. The adjustment to the unearned premium revenue is equal the adjustment to the premium receivable with no effect on earnings at the time of the adjustment.

The Company recognizes the premium from a financial guarantee insurance contract as revenue over the period of the contract in proportion to the amount of insurance protection provided. As premium revenue is recognized, a corresponding decrease in the unearned premium revenue occurs. The amount of insurance protection provided is a function of the insured principal amount outstanding. Therefore, the proportionate share of premium revenue to be recognized in a given reporting period is a constant rate calculated based on the relationship between the insured principal amount outstanding in a given reporting period compared with the sum of each of the insured principal amounts outstanding for all periods. When the issuer of an insured financial obligation retires the insured financial obligation before its maturity and replaces it with a new financial obligation, referred to as a refunding, the financial guarantee insurance contract on the retired financial obligation is extinguished. The Company immediately recognizes any nonrefundable unearned premium revenue related to that contract as premium revenue and any associated acquisition costs previously deferred as an expense.

In our reinsurance businesses, we estimate the ultimate written and earned premiums to be received from a ceding company at the end of each quarter and the end of each year because some of our ceding companies report premium data anywhere from 30 to 90 days after the end of the relevant period. Written premiums reported in our statement of operations are based upon reports received from ceding companies supplemented by our own estimates of premium for which ceding company reports have not yet been received. As of June 30, 2009 and December 31, 2008, the assumed premium estimate and related ceding commissions included in our unaudited interim consolidated financial statements were $1.0 million and $0.3 million and $5.4 million and $1.0 million, respectively. Key assumptions used to arrive at management s best estimate of assumed premiums are premium amounts reported historically and informal communications with ceding companies. Differences between such estimates and actual amounts are recorded in the period in which the actual amounts are determined. Historically, the differences have not been material. We do not record a provision for doubtful accounts related to our assumed premium estimate. Historically there have not been any material issues related to the collectibility of assumed premium. No provision for doubtful accounts related to our premium receivable was recorded for June 30, 2009 or December 31, 2008.

Prior to Adoption of FAS 163

Prior to January 1, 2009, upfront premiums were earned in proportion to the expiration of the amount at risk. Each installment premium was earned ratably over its installment period, generally one year or less. Premium earnings under both the upfront and installment revenue recognition methods were based upon and were in proportion to the principal amount guaranteed and therefore resulted in higher premium earnings during periods where guaranteed principal was higher. For insured bonds for which the par value outstanding was declining during the insurance period, upfront premium earnings were greater in the earlier periods thus matching revenue recognition with the underlying risk. The premiums were allocated in accordance with the principal amortization schedule of the related bond issue and were earned ratably over the amortization period. When an insured issue was retired early, was called by the issuer, or was in substance paid in advance through a refunding accomplished by placing U.S. Government securities in escrow, the remaining unearned premium reserves were earned at that time.

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Unearned premium reserves represented the portion of premiums written that was applicable to the unexpired amount at risk of insured bonds.

Deferred Acquisition Costs

Acquisition costs incurred, other than those associated with credit derivative products, that vary with and are directly related to the production of new business are deferred in proportion to written premium and amortized in relation to earned premiums. These costs include direct and indirect expenses such as ceding commissions, brokerage expenses and the cost of underwriting and marketing personnel. As of June 31, 2009 and December 31, 2008, we had deferred acquisition costs of $374.1 million and $288.6 million, respectively. Ceding commissions paid to primary insurers are the largest component of deferred acquisition costs, constituting 68% and 59% of total deferred acquisition costs as of June 30, 2009 and December 31, 2008, respectively. Management uses its judgment in determining what types of costs should be deferred, as well as what percentage of these costs should be deferred. We annually conduct a study to determine which operating costs vary with, and are directly related to, the acquisition of new business and qualify for deferral. Ceding commissions received on premiums we cede to other reinsurers reduce acquisition costs. Anticipated losses, LAE and the remaining costs of servicing the insured or reinsured business are considered in determining the recoverability of acquisition costs. Acquisition costs associated with credit derivative products are expensed as incurred. When an insured issue is retired early, as discussed above in the Premium Revenue Recognition section of these Critical Accounting Estimates, the remaining related deferred acquisition cost is expensed at that time. Upon the adoption of FAS 163, ceding commissions associated with future installment premiums on assumed and ceded reinsurance business were recorded in deferred acquisition costs.

Taxation of Subsidiaries

The Company s Bermuda subsidiaries are not subject to any income, withholding or capital gains taxes under current Bermuda law. The Company s U.S. and U.K. subsidiaries are subject to income taxes imposed by U.S. and U.K. authorities and file applicable tax returns. In addition, AGRO, a Bermuda domiciled company, has elected under Section 953(d) of the U.S. Internal Revenue Code to be taxed as a U.S. domestic corporation.

The U.S. Internal Revenue Service (IRS) has completed audits of all of the Company s U.S. subsidiaries federal income tax returns for taxable years through 2001. In September 2007, the IRS completed its audit of tax years 2002 through 2004 for Assured Guaranty Overseas US Holdings Inc. and subsidiaries, which includes Assured Guaranty Overseas US Holdings Inc., AGRO, Assured Guaranty Mortgage Insurance Company and AG Intermediary Inc. As a result of the audit there were no significant findings and no cash settlements with the IRS. In addition the IRS is reviewing Assured Guaranty US Holdings Inc. and subsidiaries for tax years 2002 through the date of the IPO. AGUS includes Assured Guaranty US Holdings Inc., AGC and AG Financial Products and were part of the consolidated tax return of a subsidiary of ACE Limited (ACE), our former parent, for years prior to the IPO. The Company is indemnified by ACE for any potential tax liability associated with the tax examination of AGUS as it relates to years prior to the IPO. In addition, tax years 2005 and subsequent remain open.

Deferred Income Taxes

As of June 30, 2009 and December 31, 2008, we had a net deferred income tax asset of $209.1 million and $129.1 million, respectively. Certain of our subsidiaries are subject to U.S. income tax. Deferred income tax assets and liabilities are established for the temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities using enacted rates in effect for the year in which the

differences are expected to reverse. Such temporary differences relate principally to unrealized gains and losses on investments and credit derivatives, deferred acquisition costs, reserves for losses and LAE, unearned premium reserves, net operating loss carryforwards (NOLs) and statutory contingency reserves. A valuation allowance is recorded to reduce a deferred tax asset to the amount that in management s opinion is more likely than not to be realized.

As of both June 30, 2009 and December 31, 2008, AGRO had a standalone NOL of $47.9 million, which is available to offset its future U.S. taxable income. The Company has $27.2 million of this NOL available through 2017 and $20.7 million available through 2023. AGRO s stand alone NOL is not permitted to offset the income of any other members of AGRO s consolidated group due to certain tax regulations. Assured Guaranty Mortgage

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Insurance Company (AGMIC) is a member of the same consolidated tax group as AGRO. In Six Months 2009 AGMIC had a projected NOL of $2.4 million which would be available through 2020.

Under applicable accounting rules, we are required to establish a valuation allowance for NOLs that we believe are more likely than not to expire before being utilized. Management has assessed the likelihood of realization of all of its deferred tax assets. Based on this analysis, management believes it is more likely than not that $20.0 million of AGRO s $47.9 million NOL will not be utilized before it expires and has established a $7.0 million valuation allowance related to the NOL deferred tax asset. In addition, for the three months ended June 30, 2009, management assessed that a valuation allowance of $3.4 million is no longer necessary for AGMIC due to the decrease in loss reserves in the same period. Management believes that all other deferred income taxes are more-likely-than-not to be realized. The valuation allowance is subject to considerable judgment, is reviewed quarterly and will be adjusted to the extent actual taxable income differs from estimates of future taxable income that may be used to realize NOLs or capital losses.

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109 (FIN 48), on January 1, 2007. The total liability for unrecognized tax benefits as of both June 30, 2009 and December 31, 2008 was $5.1 million and is included in other liabilities on the balance sheet. The Company does not believe it is reasonably possible that this amount will change significantly in the next twelve months. The Company s policy is to recognize interest and penalties related to uncertain tax positions in income tax expense.

Liability For Tax Basis Step-Up Adjustment

In connection with the IPO, the Company and ACE Financial Services Inc. (AFS), a subsidiary of ACE, entered into a tax allocation agreement, whereby the Company and AFS made a Section 338 (h)(10) election that has the effect of increasing the tax basis of certain affected subsidiaries tangible and intangible assets to fair value. Future tax benefits that the Company derives from the election will be payable to AFS when realized by the Company.

As a result of the election, the Company has adjusted its net deferred tax liability to reflect the new tax basis of the Company s affected assets. The additional basis is expected to result in increased future income tax deductions and, accordingly, may reduce income taxes otherwise payable by the Company. Any tax benefit realized by the Company will be paid to AFS. Such tax benefits will generally be calculated by comparing the Company s affected subsidiaries actual taxes to the taxes that would have been owed by those subsidiaries had the increase in basis not occurred. After a 15 year period, to the extent there remains an unrealized tax benefit, the Company and AFS will negotiate a settlement of the unrealized benefit based on the expected realization at that time.

The Company initially recorded a $49.0 million reduction of its existing deferred tax liability, based on an estimate of the ultimate resolution of the Section 338(h)(10) election. Under the tax allocation agreement, the Company estimated that, as of the IPO date, it was obligated to pay $20.9 million to AFS and accordingly established this amount as a liability. The initial difference, which is attributable to the change in the tax basis of certain liabilities for which there is no associated step-up in the tax basis of its assets and no amounts due to AFS, resulted in an increase to additional paid-in capital of $28.1 million. As of June 30, 2009 and December 31, 2008, the liability for tax basis step-up adjustment, which is included in the Company s balance sheets in Other liabilities, were $8.8 million and $9.1 million, respectively. The Company has paid ACE and correspondingly reduced its liability by $0.4 million and $0.4 million in Six Months 2009 and Six Months 2008, respectively.

Accounting for Share-Based Compensation

Effective January 1, 2006, we adopted the fair value recognition provisions of FAS No. 123 (revised), Share-Based Payment (FAS 123R) using the modified prospective transition method. Share-based compensation expense in Second Quarter 2009 and Second Quarter 2008 was $1.6 million ($1.2 million after tax) and $2.0 million ($1.5 million after tax), respectively. Share-based compensation expense in Six Months 2009 and Six Months 2008 was $5.3 million ($4.3 million after tax) and $8.4 million ($6.9 million after tax), respectively. The effect on basic and diluted earnings per share for Second Quarter 2009 and Six Months 2009 was $0.01 and $0.05, respectively. The effect on basic and diluted earnings per share for Second Quarter 2008 and Six Months 2008 was $0.02 and $0.08, respectively. Second Quarter 2009 and Second Quarter 2008 expense included $(0.1) million ($(0.1) million after tax) and $(0.2) million ($(0.2) million after tax), respectively, related to accelerated vesting for stock award grants to retirement-eligible employees. Six Months Quarter 2009 and Six Months 2008 expense

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included $2.0 million ($1.7 million after tax) and $3.7 million ($3.3 million after tax), respectively, related to accelerated vesting for stock award grants to retirement-eligible employees.

Accounting for Cash-Based Compensation

The Company recognized approximately $0.9 million ($0.6 million after tax) and $0.8 million ($0.6 million after tax) of expense for performance retention awards in Second Quarter 2009 and Second Quarter 2008, respectively. The Company recognized approximately $6.2 million ($5.1 million after tax) and $6.3 million ($5.2 million after tax) of expense for performance retention awards in Six Months 2009 and Six Months 2008, respectively. Included in Second Quarter 2009 and Six Months 2009 amounts were $0 million and $4.3 million, respectively, of accelerated expense related to retirement-eligible employees. Included in Second Quarter 2008 and Six Months 2008 amounts were $0 million and $4.6 million, respectively, of accelerated expense related to retirement-eligible employees.

Information on Residential Mortgage Backed Securities (RMBS), Subprime RMBS, Collateralized Debt Obligations of Asset Backed Securities (CDOs of ABS) and Prime RMBS Exposures

Our Risk Management and Surveillance personnel are responsible for monitoring and reporting on all transactions in the insured portfolio. The primary objective of the surveillance process is to monitor trends and changes in transaction credit quality, detect any deterioration in credit quality and take such remedial actions as may be necessary or appropriate. All transactions in the insured portfolio are risk rated, and surveillance personnel are responsible for adjusting these ratings to reflect changes in transaction credit quality. In assessing the credit quality of our insured portfolio, we take into consideration a variety of factors. For RMBS exposures such factors include the amount of credit support or subordination benefiting our exposure, delinquency and loss trends on the underlying collateral, the extent to which the exposure has amortized and the year in which it was insured.

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RMBS, subprime RMBS, CDOs of ABS and Prime exposures as of June 30, 2009 (dollars in millions):

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Distribution of U.S. RMBS by Rating (1) and by Segment as of June 30, 2009

Ratings(1):	Direct Net Par Outstanding	%	Reinsurance Net Par Outstanding	%	Total Net Par Outstanding	%
Super senior	$ 2,660	16.9%	$		$ 2,660	15.9%
AAA	2,615	16.6%	142	15.1%	2,758	16.5%
AA	830	5.3%	88	9.3%	918	5.5%
A	1,900	12.1%	110	11.7%	2,010	12.0%
BBB	1,909	12.1%	113	12.0%	2,022	12.1%
Below investment grade	5,841	37.1%	490	52.0%	6,331	37.9%
	$ 15,755	100.0%	$ 943	100.0%	$ 16,698	100.0%

Distribution of U.S. RMBS by Rating (1), December 31, 2006 to June 30, 2009

Ratings(1):	12/31/06	12/31/07	12/31/08	06/30/09
Super senior	41.4%	35.4%	34.7%	15.9%
AAA	23.1%	33.9%	9.1%	16.5%
AA	0.3%	5.0%	8.5%	5.5%
A	9.2%	6.4%	13.4%	12.0%
BBB	25.1%	9.1%	10.4%	12.1%
Below investment grade	0.9%	10.1%	24.0%	37.9%
	100.0%	100.0%	100.0%	100.0%

Distribution of U.S. RMBS by Rating (1) and Type of Exposure as of June 30, 2009

Year insured:	Prime First Lien	Prime Closed End Seconds	Prime HELOC	Alt-A First Lien	Alt-A Option ARMs	Subprime First Lien	Total Net Par Outstanding
Super senior	$	$	$	$	$	$ 2,660	$ 2,660
AAA	13	53	10	2,485	5	192	2,758
AA	72		7	697		142	918
A	31	3	8	501	200	1,267	2,010
BBB	138		93	436	86	1,269	2,022
Below investment grade	673	325	1,393	1,816	1,215	909	6,331
Total exposures	$ 927	$ 381	$ 1,510	$ 5,935	$ 1,505	$ 6,440	$ 16,698

Distribution of U.S. RMBS by Year Insured and Type of Exposure as of June 30, 2009

Year insured:

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RM

	Prime First Lien	Prime Closed End Seconds	Prime HELOC	Alt-A First Lien	Alt-A Option ARMs	Subprime First Lien	Total Net Par Outstanding
2004 and prior	$ 119	$ 3	$ 132	$ 82	$ 68	$ 467	$ 870
2005	194		655	377	49	85	1,361
2006	1	5	120	56	74	4,372	4,628
2007	614	373	603	3,043	1,170	1,491	7,294
2008				2,376	144	24	2,545
2009							
Total exposures	$ 927	$ 381	$ 1,510	$ 5,935	$ 1,505	$ 6,440	$ 16,698

(1) Assured s internal rating. Assured s scale is comparable to that of the nationally recognized rating agencies. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured s AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured s exposure or (2) Assured s exposure benefits from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss and such credit enhancement, in management s opinion, causes Assured s attachment point to be materially above the AAA attachment point.

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RM

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Distribution of U.S. RMBS by Rating (1) and Year Insured as of June 30, 2009

Year insured:	Super Senior	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	$	$ 172	$ 91	$ 149	$ 208	$ 250	$ 870
2005		51	155	102	191	862	1,361
2006	2,660	96	135	705	731	302	4,628
2007		62	537	896	893	4,905	7,294
2008		2,376		157		12	2,545
2009							
	$ 2,660	$ 2,758	$ 918	$ 2,010	$ 2,022	$ 6,331	$ 16,698
% of total	15.9%	16.5%	5.5%	12.0%	12.1%	37.9%	100.0%

Distribution of U.S. Prime HELOC RMBS by Rating (1) and Year Insured as of June 30, 2009

Year insured:	Super Senior	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	$	$ 0	$ 6	$ 5	$ 75	$ 45	$ 132
2005				2	14	639	655
2006					3	117	120
2007		10	1	0	1	591	603
2008							
2009							
	$	$ 10	$ 7	$ 8	$ 93	$ 1,393	$ 1,510
% of total	0.0%	0.6%	0.5%	0.5%	6.1%	92.2%	100.0%

Distribution of U.S. Closed End Seconds RMBS by Rating (1) and Year Insured as of June 30, 2009

Year insured:	Super Senior	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	$	$ 0	$	$ 2	$	$	$ 3
2005							
2006						5	5
2007		53		1		320	373
2008							
2009							
	$	$ 53	$	$ 3	$	$ 325	$ 381
% of total	0.0%	13.9%	0.0%	0.8%	0.0%	85.3%	100.0%

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(1) Assured s internal rating. Assured s scale is comparable to that of the nationally recognized rating agencies. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured s AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured s exposure or (2) Assured s exposure benefits from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss and such

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RM

credit enhancement, in management s opinion, causes Assured s attachment point to be materially above the AAA attachment point.

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RM

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Distribution of U.S. Alt-A RMBS by Rating (1) and Year Insured as of June 30, 2009

Year insured:	Super Senior	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	$	$ 12	$ 7	$ 41	$ 22	$	$ 82
2005		46	155	26	39	111	377
2006		50				6	56
2007			536	433	375	1,699	3,043
2008		2,376					2,376
2009							
	$	$ 2,485	$ 697	$ 501	$ 436	$ 1,816	$ 5,935
% of total	0.0%	41.9%	11.8%	8.4%	7.4%	30.6%	100.0%

Distribution of U.S. Alt-A Option ARM RMBS by Rating (1) and Year Insured as of June 30, 2009

Year insured:	Super Senior	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	$	$	$	$ 51	$ 16	$	$ 68
2005		3		2	1	43	49
2006		1			4	69	74
2007				2	65	1,104	1,170
2008				144			144
2009							
	$	$ 5	$	$ 200	$ 86	$ 1,215	$ 1,505
% of total	0.0%	0.3%	0.0%	13.3%	5.7%	80.7%	100.0%

Distribution of U.S. Subprime RMBS by Rating (1) and Year Insured as of June 30, 2009

Year insured:	Super Senior	AAA Rated	AA Rated	A Rated	BBB Rated	BIG Rated	Total
2004 and prior	$	$ 147	$ 6	$ 18	$ 91	$ 205	$ 467
2005		1		71	2	11	85
2006	2,660	44	135	705	724	104	4,372
2007			1	461	452	578	1,491
2008				13		12	24
2009							
	$ 2,660	$ 192	$ 142	$ 1,267	$ 1,269	$ 909	$ 6,440
% of total	41.3%	3.0%	2.2%	19.7%	19.7%	14.1%	100.0%

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(1) Assured s internal rating. Assured s scale is comparable to that of the nationally recognized rating agencies. The super senior category, which is not generally used by rating agencies, is used by the Company in instances where Assured s AAA-rated exposure has additional credit enhancement due to either (1) the existence of another security rated AAA that is subordinated to Assured s exposure or (2) Assured s exposure benefits from a different form of credit enhancement that would pay any claims first in the event that any of the exposures incurs a loss and such

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RM

credit enhancement, in management s opinion, causes Assured s attachment point to be materially above the AAA attachment point.

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RM

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Distribution of Financial Guaranty Direct U.S. RMBS by Rating(1) and Type of Exposure as of June 30, 2009

Ratings(1):	Prime First Lien	Prime Closed End Seconds	Prime HELOC	Alt-A First Lien	Alt-A Option ARMs	Subprime First Lien	Total Net Par Outstanding
Super senior	$	$	$	$	$	$ 2,660	$ 2,660
AAA		51		2,433		132	2,615
AA				695		135	830
A				473	196	1,230	1,900
BBB	134		20	433	81	1,240	1,909
Below investment grade	667	320	1,058	1,788	1,192	816	5,841
Total exposures	$ 801	$ 371	$ 1,078	$ 5,823	$ 1,469	$ 6,213	$ 15,755

Distribution of Financial Guaranty Direct U.S. RMBS by Year Insured as of June 30, 2009

Year insured:	Prime First Lien	Prime Closed End Seconds	Prime HELOC	Alt-A First Lien	Alt-A Option ARMs	Subprime First Lien	Total Net Par Outstanding
2004 and prior	$	$	$ 20	$ 48	$ 66	$ 322	$ 456
2005	187		536	371	39	71	1,204
2006					53	4,348	4,401
2007	614	371	522	3,027	1,167	1,473	7,173
2008				2,376	144		2,521
2009							
	$ 801	$ 371	$ 1,078	$ 5,823	$ 1,469	$ 6,213	$ 15,755

Distribution of Financial Guaranty Direct U.S. RMBS by Year Issued as of June 30, 2009

Year issued:	Prime First Lien	Prime Closed End Seconds	Prime HELOC	Alt-A First Lien	Alt-A Option ARMs	Subprime First Lien	Total Net Par Outstanding
2004 and prior	$	$	$ 20	$ 48	$ 66	$ 322	$ 456
2005	187		536	371	39	3,519	4,652
2006				345	53	1,899	2,298
2007	614	371	522	5,058	1,311	474	8,350
2008							

The tables below provide information on the risk ratings and certain other risk characteristics of the Company s RM