



**RAM Holdings Ltd.**  
**Quarterly Operating Supplement <sup>(1)</sup>**  
**December 31, 2009**

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<sup>(1)</sup> Information included in this report is unaudited

**RAM Holdings Ltd.**  
**Consolidated Balance Sheets**  
**(unaudited)**  
**As at December 31, 2009 and 2008**  
**(dollars in thousands)**

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value (Amortized Cost: \$338,380 and \$415,559)	\$ 345,780	\$ 421,890
Cash and cash equivalents	9,311	8,763
Restricted cash	2,885	8,285
Accrued investment income	2,244	4,438
Reinsurance balances receivable, net	22,345	1,115
Recoverable on paid losses	11,353	1,797
Deferred policy acquisition costs	61,900	74,795
Prepaid reinsurance premiums	0	1,599
Deferred expenses	1,408	1,588
Prepaid expenses	455	377
Financial instruments (at fair value)	-	43,083
Other assets	145	6,552
<b>Total Assets</b>	<b>\$ 457,826</b>	<b>\$ 574,282</b>
 <b>Liabilities and Equity</b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 56,672	\$ 95,794
Unearned premiums	153,430	158,594
Reinsurance balances payable	-	24,621
Accounts payable and accrued liabilities	3,050	2,494
Long-term debt	35,000	40,000
Redeemable preference shares: \$0.10 par value and \$1,000 redemption value; authorized shares - 75,000; issued and outstanding shares - 75,000	75,000	75,000
Accrued interest payable	619	693
Derivative liabilities	50,135	85,354
Other liabilities	-	2,375
<b>Total Liabilities</b>	<b>373,906</b>	<b>484,925</b>
 <b>Shareholders' Equity:</b>		
Common stock: \$0.10 par value; authorized shares - 90,000,000; Issued and outstanding shares - 26,340,174 shares at December 31, 2009 and 27,251,595 at December 31, 2008	2,634	2,725
Additional paid-in capital	230,962	230,438
Accumulated other comprehensive income	7,400	6,331
Retained deficit	(165,190)	(150,137)
<b>Total Shareholders' Equity</b>	<b>75,806</b>	<b>89,357</b>
Noncontrolling interest - Class B preference shares of subsidiary	8,114	-
<b>Total Equity</b>	<b>83,920</b>	<b>89,357</b>
<b>Total Liabilities and Equity</b>	<b>\$ 457,826</b>	<b>\$ 574,282</b>

**RAM Holdings Ltd.**  
**Consolidated Statements of Operations**  
(unaudited)

**For the three months and year ended December 31, 2009 and 2008**  
(dollars in thousands except share and per share amounts)

	Three Months Ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
<b>Revenues</b>				
Net premiums earned	\$ 3,364	\$ 15,181	\$ 26,735	\$ 68,577
Change in fair value of credit derivatives				
Realized gains (losses) and other settlements	1,170	(24,098)	4,290	(86,320)
Unrealized gains	7,820	42,838	34,490	94,288
Net change in fair value of credit derivatives	8,990	18,740	38,780	7,968
Net investment income	3,093	5,687	14,431	29,358
Net realized gains on sale of investments	593	3,470	8,867	8,112
Total other-than-temporary impairment losses	(1)	(582)	(4,939)	(10,468)
Portion of impairment losses recognized in other comprehensive income (loss)	(384)	-	(118)	-
Net other-than-temporary impairment losses (recognized in earnings)	(385)	(582)	(5,057)	(10,468)
Net unrealized (loss) gain on other financial instruments	-	1,333	(1,197)	7,754
Foreign currency gains (losses)	56	(10)	473	(51)
Net gains on extinguishment of debt	-	-	3,403	-
<b>Total revenues</b>	<b>15,711</b>	<b>43,819</b>	<b>86,435</b>	<b>111,250</b>
<b>Expenses</b>				
Losses and loss adjustment expenses	3,826	81,537	20,684	214,828
Acquisition expenses	1,016	10,912	18,540	30,576
Operating expenses	4,280	3,684	17,526	16,930
Interest expense	618	3,506	2,504	8,375
<b>Total expenses</b>	<b>9,740</b>	<b>99,639</b>	<b>59,254</b>	<b>270,709</b>
<b>Net income (loss)</b>	<b>\$ 5,971</b>	<b>\$ (55,820)</b>	<b>\$ 27,181</b>	<b>\$ (159,459)</b>
Noncontrolling interest - dividends on preference shares of subsidiary	-	-	(922)	-
<b>Net income (loss) available to common shareholders</b>	<b>\$ 5,971</b>	<b>\$ (55,820)</b>	<b>\$ 26,259</b>	<b>\$ (159,459)</b>
Net income (loss) per common share:				
<b>Basic</b>	\$ 0.23	\$ (2.05)	\$ 0.98	\$ (5.85)
<b>Diluted</b>	0.23	(2.05)	0.98	(5.85)
Weighted-average number of common shares outstanding:				
Basic	26,340,174	27,251,595	26,720,456	27,249,220
Diluted	26,340,174	27,251,595	26,720,456	27,249,220
<b>Operating Income (Loss)</b>				
Net income (loss) available to common shareholders	\$ 5,971	\$ (55,820)	\$ 26,259	\$ (159,459)
Less: Realized gains on sale of investments and other-than-temporary impairment losses	(208)	(2,888)	(3,810)	2,356
Less: Unrealized (gains) losses on credit derivatives	(7,820)	(42,838)	(34,490)	(94,288)
Add back: credit impairment on derivatives	(1,489)	21,237	(8,363)	38,399
Less: Foreign currency (gains) losses	(56)	10	(473)	51
Less: Other losses (gains) on debt and other financial instruments	-	(1,333)	(2,206)	(7,754)
Operating Income (Loss)	\$ (3,602)	\$ (81,632)	\$ (23,083)	\$ (220,695)
Net income (loss) per diluted share	\$ 0.23	\$ (2.05)	\$ 0.98	\$ (5.85)
Less: Realized gains on sale of investments and other-than-temporary impairment losses	(0.01)	(0.11)	(0.14)	0.09
Less: Unrealized (gains) losses on credit derivatives	(0.30)	(1.57)	(1.29)	(3.46)
Add back: credit impairment on derivatives	(0.06)	0.78	(0.31)	1.41
Less: Foreign currency (gains) losses	(0.00)	0.00	(0.02)	0.00
Less: Other losses (gains) on debt and other financial instruments	0.00	(0.05)	(0.08)	(0.28)
Operating income (loss) per diluted share	\$ (0.14)	\$ (3.00)	\$ (0.86)	\$ (8.10)

**RAM Holdings Ltd.**  
**Summary Financial Information**  
(dollars in thousands except share and per share amounts)

	4th Quarter		Full Year	
	2009	2008	2009	2008
<b>Financial Ratios</b>				
<u>GAAP Basis <sup>(1)</sup></u>				
Loss and LAE Ratio	113.7%	537.1%	77.4%	313.3%
Underwriting Expense Ratio	157.4%	96.1%	134.9%	69.3%
Combined Ratio	271.1%	633.2%	212.3%	382.6%
<b>Per Share Data</b>				
<u>Shareholders' Equity (Book Value)</u>	\$2.88	\$3.28	\$2.88	\$3.28
Noncontrolling interest	0.31	-	0.31	-
Unearned premiums <sup>(2)</sup>	5.89	5.89	5.89	5.89
Prepaid Reinsurance Premiums	0.00	(0.06)	0.00	(0.06)
Deferred Acquisition Costs	(2.35)	(2.74)	(2.35)	(2.74)
Present Value of Installment Premiums <sup>(3)</sup>	0.80	2.89	0.80	2.89
Unrealized Gains (Losses) on Investments	(0.28)	(0.23)	(0.28)	(0.23)
<u>Adjusted Book Value</u>	\$7.25	\$9.03	\$7.25	\$9.03
Shares outstanding	26,340,174	27,251,595		

	4th Quarter		Full Year	
	2009	2008	2009	2008
<b>U.S. Statutory Basis (estimated)</b>				
<u>Financial Ratios</u>				
Loss and LAE Ratio	43.6%	447.2%	159.4%	337.4%
Underwriting Expense Ratio	77.2%	(10.8)%	(147.1)%	(453.3)%
Combined Ratio	120.8%	436.4%	12.3%	(115.9)%
<u>Balance Sheet</u>				
	<b>12/31/2009</b>	<b>12/31/2008</b>		
Capital and Surplus	\$65,333	\$65,389		
Contingency Reserve	59,733	71,698		
Capital Base	\$125,066	\$137,087		
Unearned Premium Reserve <sup>(4)</sup>	135,099	189,927		
Present Value of Installment Premiums <sup>(5)</sup>	45,409	78,697		
Premium Resources	180,508	268,624		
Loss and LAE Reserves (incl.credit impairment)	56,052	86,005		
Soft Capital Credit Facilities <sup>(6)</sup>	-	180,000		
Total Claims-Paying Resources	\$361,626	\$671,716		
Debt Service Outstanding	\$32,600,599	\$50,737,076		
Capital Ratio <sup>(7)</sup>	261:1	370:1		
Claims-Paying Ratio <sup>(8)</sup>	90:1	76:1		

(1) Based on U.S. GAAP Income Statement Data

(2) Including unearned premium amounts relating to credit derivative policies. In 2009 including the present value of future installments for policies classified as financial guaranty in accordance with FAS 163.

(3) Estimated present value of future installments, net of ceding commissions, on policies written in credit derivative form only in 2009 and on all policies (whether written in credit derivative or financial guarantee form) prior to 2009. At December 31, 2009 and December 31, 2008, the discount rate was 2.2% and 3.00%, respectively.

(4) Including unearned premium amounts relating to credit derivative policies.

(5) Estimated present value of future installments, net of ceding commissions on policies written in credit derivative form plus premiums receivable on future installments net of ceding commissions on policies written in financial guarantee form as calculated for GAAP under FAS 163 in 2009.

(6) Soft Capital facilities were cancelled during the second quarter of 2009

(7) Net Debt service outstanding divided by the capital base.

(8) Net Debt service outstanding divided by total claims-paying resources.

**RAM Holdings Ltd.**  
**Annual Financial and Statistical Data**  
(dollars in thousands except per share amounts)

	2009	2008	As Reclassified <sup>(1)</sup>		
			2007	2006	2005
<b>GAAP Summary Income Statement Data</b>					
Insurance					
Net Premiums Earned	26,735	68,577	51,005	44,292	39,036
Net change in fair value of credit derivatives	38,780	7,968	(171,806)	3,190	(157)
Net Investment Income	14,431	29,307	33,148	24,236	18,201
Realized Gains (Losses) on Investments & OTTI <sup>(7)</sup>	3,810	(2,356)	(3,604)	(1,002)	(1,583)
Other Gains (Losses)	2,679	7,754	35,330	-	-
Loss and Loss Adjustment Expenses	20,684	214,828	48,026	(2,781)	7,204
Acquisition Expenses	18,540	30,576	18,418	16,315	14,424
Operating Expenses	17,526	16,930	13,373	13,379	11,531
Interest Expense	2,504	8,375	8,375	2,750	2,750
Net (Loss)/Income before non controlling interest	27,181	(159,459)	(144,119)	41,053	19,588
ROE <sup>(3)</sup> *	31.37%	-93.34%	-45.64%	11.70%	6.18%
Operating ROE <sup>(4)</sup> *	-28.94%	-136.07%	-13.57%	11.82%	7.45%
<b>GAAP Summary Balance Sheet Data</b>					
Investments	\$ 345,780	\$ 421,890	\$ 696,533	\$ 578,589	\$ 469,908
Deferred Acquisition Costs	61,900	74,795	87,304	73,838	66,220
Total Assets	457,826	574,282	860,265	711,843	553,498
Unearned Premiums	153,430	158,594	239,957	192,641	163,769
Loss and Loss Expense Reserves	56,672	95,794	63,798	14,506	16,595
Derivative Liability	50,135	85,354	180,589	1,621	1,737
Long-term Debt	35,000	40,000	40,000	40,000	40,000
Preferred Shares	75,000	75,000	75,000	75,000	-
Total Liabilities	373,906	484,925	607,952	332,576	230,842
Shares outstanding	26,340	27,252	27,239	27,235	25,885
Equity	83,920	89,357	252,313	379,267	322,656
<b>Financial Ratios</b>					
<u>GAAP</u>					
Loss and LAE Ratio	77.4%	313.3%	94.2%	-6.3%	18.5%
Underwriting Expense Ratio	134.9%	69.3%	62.3%	67.0%	66.5%
Combined Ratio	212.3%	382.5%	156.5%	60.8%	84.9%
<b>Other Financial Information</b>					
Net Par Amount Outstanding	\$ 20,361,028	\$ 29,956,953	\$ 45,393,803	\$ 31,118,714	\$ 27,054,260
Book Value Per Share	\$ 2.88	\$ 3.28	\$ 9.26	\$ 13.93	\$ 12.47
Adjusted Book Value Per Share	\$ 7.25	\$ 9.02	\$ 20.56	\$ 22.49	\$ 19.76
<u>Operating Book Value</u>					
Shareholders' Equity (Book Value)	75,806	89,357	252,313	379,267	322,656
Derivative Liability (Asset) <sup>(5)</sup>	48,938	83,429	177,717	(60)	(74)
Add back credit impairments on derivatives	14,377	6,014	44,413	-	-
Fair value of other financial instruments	-	43,083	35,330	-	-
Operating book value per share	4.19	4.54	12.86	13.92	12.46
Noncontrolling interest	8,114	-	-	-	-
Unearned premiums <sup>(6)</sup>	155,262	160,519	242,829	194,322	165,580
Prepaid reinsurance premiums	-	1,599	2,663	2,091	-
Deferred Acquisition Costs	61,900	74,795	87,304	73,838	66,220
Present Value of Installment Premiums <sup>(2)</sup>	21,028	78,697	165,644	109,303	84,839
Unrealized Gains (Losses) on Investments	7,400	6,331	10,888	(5,497)	(4,540)
Adjusted Operating Book Value Per Share	\$ 8.56	\$ 10.28	\$ 24.15	\$ 22.49	\$ 19.75

(1) Includes reclassification of balance sheet, income and expense items related to credit derivative contracts reinsured by the Company to conform with 2008 presentation.

(2) Estimated present value of future installments, net of ceding commissions, on policies written in credit derivative form only in 2009 and on all policies (written in credit derivative or financial guarantee form) prior to 2009. At December 31, 2009 and December 31, 2008, the discount rate was 2.2% and 3.00%, respectively.

(3) Net income divided by average equity.

(4) Operating earnings divided by average equity, excluding accumulated other comprehensive income.

(5) Represents only the unrealized gains/losses portion of the Derivative liability.

(6) Includes unearned premium balances on credit derivative policies. In 2009 includes the present value of future installment premiums on policies written in financial guarantee form as calculated for GAAP under FAS 163.

(7) Other-than-temporary impairment losses

\* ROE and Operating ROE is annualized if period is less than 12 months

**RAM Holdings Ltd.**  
**Estimated Net Debt Service Amortization** <sup>(1) (2)</sup>

(dollars in thousands)

	Scheduled Net Debt Service Amortization	Ending Net Debt Service Outstanding
3rd Quarter 2009		32,600,599
4th Quarter 2009	355,154	32,245,445
2010	1,861,716	30,383,729
2011	1,846,132	28,537,597
2012	2,085,452	26,452,145
2013	1,541,118	24,911,027
2014-2018	6,789,035	18,121,993
2019-2023	5,698,541	12,423,451
2024-2028	4,691,595	7,731,856
2029 and thereafter	<u>7,731,856</u>	-
Total	<u><u>32,600,599</u></u>	

(1) Represents the amortization from September 30, 2009 based on existing insured issues as of September 30, 2009.

(2) Includes exposures relating to credit derivative policies

**RAM Holdings Ltd.**  
**Net Premiums Earned Analysis**  
(dollars in thousands)

2009	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
<b>Public Finance</b>	\$ 6,962	\$ 5,893	\$ 6,622	\$ 2,554	\$ 22,031
<b>Structured Finance</b>	2,243	619	1,032	810	4,704
Total	\$ 9,205	\$ 6,512	\$ 7,654	\$ 3,364	\$ 26,735
<b>Refundings included in total</b>	\$ 2,351	\$ 3,546	\$ 4,479	\$ 266	\$ 10,642

2008	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
<b>Public Finance</b>	\$ 6,399	\$ 12,815	\$ 14,537	\$ 10,792	\$ 44,543
<b>Structured Finance</b>	6,799	6,656	6,190	4,389	24,034
Total	\$ 13,198	\$ 19,471	\$ 20,727	\$ 15,181	\$ 68,577
<b>Refundings included in total</b>	\$ 534	\$ 9,056	\$ 8,172	\$ 5,983	\$ 23,745

**RAM Holdings Ltd**  
**Investment Portfolio**  
As of December 31, 2009  
(dollars in thousands)

**Fixed Income Securities**

	<b><u>Market Value</u></b>	<b><u>% of Market Value</u></b>	<b><u>Amortized Cost</u></b>	<b><u>Book Yield</u></b>	<b><u>Annualized Income</u></b>
U.S.Treasuries	\$ 124,651	36.0%	\$ 122,626	2.1%	\$ 2,538
Agencies	26,176	7.6%	24,544	4.4%	1,077
Corporate	48,562	14.0%	48,038	4.9%	2,334
Municipal	15,140	4.4%	14,768	5.6%	824
Mortgage and Asset Backed	131,251	38.0%	128,404	4.7%	6,020
Total Investments	<u>\$ 345,780</u>	<u>100.0%</u>	<u>\$ 338,380</u>	3.7%	<u>\$ 12,793</u>

**Maturity**

	<b><u>Market Value</u></b>	<b><u>% of Market Value</u></b>
Within 1 Year	\$ 29,031	8.4%
1 to 5 Years	137,300	39.7%
5 to 10 Years	26,997	7.8%
More than 10 Years	21,201	6.1%
Mortgage and asset-backed securities	131,251	38.0%
Total Investments	<u>\$ 345,780</u>	<u>100.0%</u>

*Average life: 3.92 years*

*Duration: 3.04 years*

**Quality Distribution  
of Fixed  
Income Investments**

<b><u>Rating</u></b>	<b><u>% of Market Value</u></b>
Aaa	84.2%
Aa	6.4%
A	6.8%
BBB	2.0%
BIG	0.6%
	<u>100.0%</u>

**RAM Holdings Ltd.**  
**Loss and Loss Adjustment Expense (LAE) Reserves**  
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
	As restated			
<b>2009</b>				
Loss and loss expense Reserves	\$ 129,259	\$ 56,649	\$ 55,423	\$ 56,672
Unallocated Reserves <sup>(2)</sup>	-	-	-	-
Total Reserves	<u>\$ 129,259</u>	<u>\$ 56,649</u>	<u>\$ 55,423</u>	<u>\$ 56,672</u>
Credit Impairments <sup>(1)</sup>	9,409	14,110	12,888	14,377
Total Portfolio Losses	<u>\$ 138,668</u>	<u>\$ 70,759</u>	<u>\$ 68,311</u>	<u>\$ 71,049</u>
<b>2008</b>				
Case Reserves	\$ 51,049	\$ 91,451	\$ 99,666	\$ 81,787
Unallocated Reserves <sup>(2)</sup>	43,281	31,551	35,745	14,007
Total Reserves	<u>\$ 94,330</u>	<u>\$ 123,002</u>	<u>\$ 135,411</u>	<u>\$ 95,794</u>
Credit Impairments <sup>(1)</sup>	56,804	143,463	27,251	6,014
Total Portfolio Losses	<u>\$ 151,134</u>	<u>\$ 266,465</u>	<u>\$ 162,662</u>	<u>\$ 101,808</u>

(1) Represents estimated impairments of reinsured credit derivative contracts.

(2) Under FAS 163, implemented 1/1/09, all reserves are allocated to specific policies and therefore there are no unallocated reserves subsequent to December 31, 2008.

**RAM Holdings Ltd.**  
**Insurance Expense Analysis**  
(dollars in thousands)

2009	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
<b>Acquisition and Operating Expenses:</b>					
Operating expenses	5,217	4,891	3,139	4,280	17,527
Gross acquisition expenses	948	(49,103)	93	(635)	(48,697)
Gross acquisition and operating expenses	\$ 6,165	\$ (44,212)	\$ 3,232	\$ 3,645	\$ (31,170)
<b>Deferred Expenses:</b>					
Acquisition expenses	(642)	49,378	12	664	49,412
Operating expenses	-	-	-	-	-
<b>Total deferred expenses</b>	(642)	49,378	12	664	49,412
Change in deferred acquisition expenses	3,655	9,752	3,431	987	17,825
<b>Total acquisition and operating expense, net of deferred expenses</b>	\$ 9,178	\$ 14,918	\$ 6,675	\$ 5,296	\$ 36,067

2008	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
<b>Acquisition and Operating Expenses:</b>					
Operating expenses	5,177	4,405	4,720	3,912	18,214
Gross acquisition expenses	5,042	(98)	1,116	(11,521)	(5,461)
Gross acquisition and operating expenses	\$ 10,219	\$ 4,307	\$ 5,836	\$ (7,609)	\$ 12,753
<b>Deferred Expenses:</b>					
Acquisition expenses	(6,034)	(894)	1,189	11,568	5,829
Operating expenses	(468)	(409)	(179)	(228)	(1,284)
<b>Total deferred expenses</b>	(6,502)	(1,303)	1,010	11,340	4,545
Change in deferred acquisition expenses	5,611	7,761	5,971	10,865	30,208
<b>Total acquisition and operating expense, net of deferred expenses</b>	\$ 9,328	\$ 10,765	\$ 12,817	\$ 14,596	\$ 47,506

**Deferred Expenses to Deferred Premiums Ratio**  
(dollars in thousands)

	2007	2008	1st Qtr. 2009	2nd Qtr. 2009	3rd Qtr. 2009	4th Qtr. 2009
Deferred Acquisition Costs	\$ 87,304	\$ 74,795	\$ 126,125	\$ 66,994	\$ 63,551	\$ 61,900
Unearned Premiums	239,957	158,594	327,383	165,205	157,310	153,430
Present Value of Future Installment Premiums, net of ceding commissions <sup>(1)</sup>	165,644	78,697	-	-	-	-
Adjusted Deferred Premiums	\$ 405,601	\$ 237,291	\$ 327,383	\$ 165,205	\$ 157,310	\$ 153,430
Ratio	21.5%	31.5%	38.5%	40.6%	40.4%	40.3%

(1) From January 1, 2009 the present value of future installment premiums is included within unearned premiums in accordance with FAS 163. The corresponding present value of future ceding commissions are included within Deferred Acquisition costs.

**RAM Holdings Ltd.**  
**Change in Fair Value of Credit Derivatives**  
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
<b>2009</b>					
Credit derivative premiums received and receivable	\$ 2,068	\$ 1,940	\$ 1,948	\$ 1,764	\$ 7,720
Expenses on credit derivative policies	1,124	801	824	594	3,343
Losses and Loss Adjustment Expenses	51	36	-	-	87
Net Realized Gains (Losses) on Credit Derivatives	<u>893</u>	<u>1,103</u>	<u>1,124</u>	<u>1,170</u>	<u>4,290</u>
Net Unrealized Gains (Losses) on Credit Derivatives <sup>(1)</sup>	<u>12,011</u>	<u>(10,506)</u>	<u>25,165</u>	<u>7,820</u>	<u>34,490</u>
Net Change in Fair Value of Credit Derivatives	<u>\$ 12,904</u>	<u>\$ (9,403)</u>	<u>\$ 26,289</u>	<u>\$ 8,990</u>	<u>\$ 38,780</u>
<b>2008</b>					
Credit derivative premiums received and receivable	\$ 3,795	\$ 3,814	\$ 2,895	\$ 1,914	\$ 12,418
Expenses on credit derivative policies	1,181	1,102	742	531	3,556
Losses and Loss Adjustment Expenses	-	-	69,701	25,481	95,182
Net Realized Gains (Losses) on Credit Derivatives	<u>2,614</u>	<u>2,712</u>	<u>(67,548)</u>	<u>(24,098)</u>	<u>(86,320)</u>
Net Unrealized Gains (Losses) on Credit Derivatives <sup>(1)</sup>	<u>(166,384)</u>	<u>151,535</u>	<u>66,299</u>	<u>42,838</u>	<u>94,288</u>
Net Change in Fair Value of Credit Derivatives	<u>\$ (163,770)</u>	<u>\$ 154,247</u>	<u>\$ (1,249)</u>	<u>\$ 18,740</u>	<u>\$ 7,968</u>

**Credit Derivative Liability**  
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
<b>2009</b>					
Opening Net Derivative Asset/(Liability)	\$ (85,354)	\$ (73,135)	\$ (83,755)	\$ (58,662)	\$ (85,354)
Unrealized Loss	8,617	(15,207)	26,387	6,331	26,128
Credit impairments <sup>(2)</sup>	3,395	4,701	(1,222)	1,489	8,363
Other changes in derivative asset/liability	207	(114)	(72)	707	728
Net movement in Asset (Liability)	<u>12,219</u>	<u>(10,620)</u>	<u>25,093</u>	<u>8,527</u>	<u>35,219</u>
Closing Net Derivative Asset/(Liability)	<u>\$ (73,135)</u>	<u>\$ (83,755)</u>	<u>\$ (58,662)</u>	<u>\$ (50,135)</u>	<u>\$ (50,135)</u>
<b>2008</b>					
Opening Net Derivative Asset/(Liability)	\$ (180,589)	\$ (347,099)	\$ (195,510)	\$ (128,738)	\$ (180,589)
Unrealized Loss	(153,994)	238,194	(49,911)	21,600	55,889
Credit impairments <sup>(2)</sup>	(12,390)	(86,659)	116,211	21,237	38,399
Other changes in derivative asset/liability	(126)	54	472	547	947
Net movement in Asset (Liability)	<u>(166,510)</u>	<u>151,589</u>	<u>66,772</u>	<u>43,384</u>	<u>95,235</u>
Closing Net Derivative Asset/(Liability)	<u>\$ (347,099)</u>	<u>\$ (195,510)</u>	<u>\$ (128,738)</u>	<u>\$ (85,354)</u>	<u>\$ (85,354)</u>

(1) Incorporates the change in estimated impairments of reinsured credit derivative contracts

(2) Represents the change in estimated impairments of reinsured credit derivative contracts

**RAM Holdings Ltd.**  
**Insured Portfolio Profile by Bond Type**  
**Net Par Outstanding\***  
*(dollars in millions)*

	<u>Insured YTD, December 31, 2009</u>			<u>Outstanding as of December 31, 2009</u>	
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%
<b>US Public Finance</b>					
General Obligation and Lease	\$ 117	64.4%	\$ (472)	\$ 6,155	30.2%
Tax backed	-	0.0%	(862)	1,163	5.7%
Transportation	10	5.3%	(532)	2,207	10.8%
Healthcare	5	2.8%	(353)	969	4.8%
Utility	6	3.3%	(657)	2,289	11.2%
Investor Owned Utilities	-	0.0%	(467)	77	0.4%
Higher Education	3	1.9%	(164)	461	2.3%
Housing	-	0.0%	(91)	66	0.3%
Other	-	0.0%	(39)	222	1.1%
<b>Total US Public Finance</b>	<b>\$ 141</b>	<b>77.6%</b>	<b>\$ (3,636)</b>	<b>\$ 13,610</b>	<b>66.8%</b>
<b>US Structured Finance</b>					
Commercial ABS	\$ 30	16.5%	\$ (806)	\$ 2,794	13.7%
Home Equity	-	0.0%	(401)	233	1.1%
Autos	-	0.0%	(94)	137	0.7%
Mortgage Backed Securities	-	0.0%	(80)	451	2.2%
Banks and Other Corporate	-	0.0%	-	15	0.1%
Other Consumer ABS	-	0.0%	(550)	91	0.4%
<b>Total US Structured Finance</b>	<b>\$ 30</b>	<b>16.5%</b>	<b>\$ (1,932)</b>	<b>\$ 3,721</b>	<b>18.3%</b>
<b>International</b>					
<b>Asset Backed</b>					
Commercial ABS	\$ 11	5.9%	\$ (499)	\$ 1,282	6.3%
Autos	-	0.0%	-	-	0.0%
Mortgage Backed Securities	-	0.0%	(32)	218	1.1%
Other Consumer ABS	-	0.0%	-	38	0.2%
Tax-Backed	-	0.0%	-	-	0.0%
Housing	-	0.0%	-	-	0.0%
<b>Public Finance</b>	-	0.0%	(520)	808	4.0%
<b>Investor Owned Utilities and Other</b>	-	0.0%	(278)	685	3.4%
<b>Total International</b>	<b>\$ 11</b>	<b>5.9%</b>	<b>\$ (1,329)</b>	<b>\$ 3,030</b>	<b>14.9%</b>
<b>Total</b>	<b>\$ 182</b>	<b>100.0%</b>	<b>\$ (6,897)</b>	<b>\$ 20,361</b>	<b>100.0%</b>

\* All net par outstanding reported herein is based on a one-quarter lag.

**RAM Holdings Ltd.**  
**Insured Portfolio Profile by Geographic Distribution**  
**Net Par Outstanding**  
*(dollars in millions)*

	Insured YTD, December 31, 2009			Outstanding as of December 31, 2009		
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%	
<b>Geographic Distribution</b>						
<b>United States</b>						
CALIFORNIA	\$ 6	3.5%	\$ (625)	\$ 2,378	11.7%	
NEW YORK	8	4.5%	(654)	1,401	6.9%	
ILLINOIS	12	6.6%	(228)	970	4.8%	
FLORIDA	-	0.0%	(218)	905	4.4%	
TEXAS	19	10.7%	(178)	727	3.6%	
MASSACHUSETTS	2	1.2%	(197)	602	3.0%	
MICHIGAN	0	0.1%	(119)	563	2.8%	
WASHINGTON	-	0.0%	(130)	537	2.6%	
PENNSYLVANIA	-	0.0%	(131)	498	2.4%	
NEW JERSEY	14	7.8%	(38)	490	2.4%	
OTHER STATES	78	43.1%	(1,717)	4,578	22.5%	
MULTI_STATE	30	16.5%	(1,334)	3,683	18.1%	
<b>US Sub-total</b>	<b>\$ 171</b>	<b>94.1%</b>	<b>\$ (5,568)</b>	<b>\$ 17,331</b>	<b>85.1%</b>	
<b>International</b>						
United Kingdom	\$ 11	5.9%	\$ (500)	\$ 1,263	6.2%	
Australia	-	0.0%	(110)	390	1.9%	
Canada	-	0.0%	(66)	111	0.5%	
France	-	0.0%	(5)	97	0.5%	
Italy	-	0.0%	(224)	94	0.5%	
Japan	-	0.0%	(88)	75	0.4%	
Germany	-	0.0%	-	50	0.2%	
Turkey	-	0.0%	(13)	49	0.2%	
Brazil	-	0.0%	(1)	32	0.2%	
Austria	-	0.0%	(63)	30	0.1%	
Other Countries	-	0.0%	(119)	77	0.4%	
Multinational	-	0.0%	(140)	762	3.7%	
<b>Int. Sub-total</b>	<b>\$ 11</b>	<b>5.9%</b>	<b>\$ (1,329)</b>	<b>\$ 3,030</b>	<b>14.9%</b>	
<b>Total Par</b>	<b>\$ 182</b>	<b>100.0%</b>	<b>\$ (6,897)</b>	<b>\$ 20,361</b>	<b>100.0%</b>	

\* All net par outstanding reported herein is based on a one-quarter lag.

**RAM Holdings Ltd.**  
**Largest Exposures**  
**Net Par Outstanding**  
**as of December 31, 2009**  
*(dollars in millions)*

<b>Top 10 Largest Public Finance Exposures:</b>	Country	NPO	RAM Re Rating <sup>1</sup>
1 Massachusetts (State of) - GO Appropriation	US	\$ 236	AA
2 Clark County SD, NV - GO	US	222	AA
3 Chicago, IL	US	219	A
4 Port Authority of New York and New Jersey	US	214	A+
5 Washington (State of) - GO/Appropriation	US	207	AA
6 Kentucky (State of) - GO/Appropriation	US	206	AA-
7 Los Angeles, CA - SD	US	195	AA
8 New York City, NY	US	186	AA-
9 Detroit (City of), MI GO	US	176	BIG
10 New York, NY Muni Water Finance Authority	US	<u>170</u>	AA
<b>Total</b>		<b><u>\$ 2,032</u></b>	

<b>Top 10 Largest Structured Finance Exposures:</b>	Country	NPO	RAM Re Rating <sup>1</sup>
1 Market Value CLO	US	\$ 163	AAA
2 Market Value CLO	US	130	AAA
3 Private Residential Mortgage-Backed Securities	GBR	111	AAA
4 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	US	104	BIG
5 Super Senior Static Emerging Market Sovereign CDO	MULTI	103	AAA
6 High Yield CLO	US	99	AAA
7 High Yield CLO	US	98	AAA
8 Synthetic High Yield CDO	US	86	AAA
9 High Yield CLO	US	84	AAA
10 High Yield TruPS CDO	MULTI	<u>81</u>	BIG
<b>Total</b>		<b><u>\$ 1,058</u></b>	

1. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies. Ratings are assigned as of February 28, 2010.

RAM Holdings Ltd.  
 Insured Portfolio Profile by Credit Quality Distribution  
 Net Par Outstanding  
 (dollars in millions)

	Insured YTD, December 31, 2009 <sup>1</sup>			Outstanding as of December 31, 2009 <sup>2</sup>	
	Before Commutations		After Commutations Net Amount	Net Amount	
	Net Amount	%			%
<b>Public Finance</b>					
AAA	\$ -	0.0%	\$ (14)	\$ 96	0.6%
AA	35	24.8%	(1,428)	6,486	42.9%
A	85	60.6%	(2,065)	5,956	39.4%
BBB	24	17.3%	(880)	2,249	14.9%
Below Investment Grade	(4)	-2.8%	(48)	316	2.1%
<b>Total</b>	<u>\$ 141</u>	<u>100.0%</u>	<u>\$ (4,434)</u>	<u>\$ 15,102</u>	<u>100.0%</u>

	Insured YTD, December 31, 2009 <sup>1</sup>			Outstanding as of December 31, 2009 <sup>2</sup>	
	Before Commutations		After Commutations Net Amount	Net Amount	
	Net Amount	%			%
<b>Structured Finance</b>					
AAA	\$ 42	102.1%	\$ (240)	\$ 3,012	57.3%
AA	(1)	-2.1%	(242)	321	6.1%
A	-	0.0%	(623)	342	6.5%
BBB	-	0.0%	(581)	666	12.7%
Below Investment Grade	-	0.0%	(778)	918	17.5%
<b>Total</b>	<u>\$ 41</u>	<u>100.0%</u>	<u>\$ (2,463)</u>	<u>\$ 5,259</u>	<u>100.0%</u>

	Insured YTD, December 31, 2009 <sup>1</sup>			Outstanding as of December 31, 2009 <sup>2</sup>	
	Before Commutations		After Commutations Net Amount	Net Amount	
	Net Amount	%			%
<b>Total</b>					
AAA	\$ 42	22.9%	\$ (253)	\$ 3,108	15.3%
AA	34	18.8%	(1,670)	6,807	33.4%
A	85	47.0%	(2,688)	6,298	30.9%
BBB	24	13.4%	(1,461)	2,914	14.3%
Below Investment Grade	(4)	-2.2%	(826)	1,234	6.1%
<b>Total</b>	<u>\$ 182</u>	<u>100.0%</u>	<u>\$ (6,897)</u>	<u>\$ 20,361</u>	<u>100.0%</u>

1. Original ratings assigned at initial underwriting.

2. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies.

**RAM Holdings Ltd.**  
**Non-Investment Grade Exposures**  
**Net Par Outstanding**  
**as of December 31, 2009**  
*(dollars in millions)*

<b>Non-Investment Grade Exposures by:</b>	<u>Net Par Outstanding</u>	<u>Average RAM Re Rating <sup>1*</sup></u>
<u>Asset Type</u>		
<b>US Public Finance</b>		
General Obligation and Lease	\$ 187	BB-
Tax backed	6	BB
Transportation	-	
Healthcare	4	BB
Utility	84	CCC
Investor Owned Utilities	-	
Higher Education	-	
Housing	-	
Other	-	
<b>Total US Public Finance</b>	<u>\$ 280</u>	
<b>US Structured Finance</b>		
Commercial ABS	\$ 205	BB-
Home Equity	207	C
Autos	1	BB
Mortgage Backed Securities	372	CCC+
Banks and Other Corporate	-	
Other Consumer ABS	-	
<b>Total US Structured Finance</b>	<u>\$ 785</u>	
<b>International</b>		
Asset Backed	\$ 133	BB
Public Finance	36	BB
Investor Owned Utilities and Other	-	
<b>Total International</b>	<u>\$ 169</u>	
<b>Total</b>	<u>\$ 1,234</u>	

<b>Top Ten Non-Investment Grade Exposures as of</b>	<b>December 31, 2009</b>
<u>Name or Description</u>	<u>Net Par Outstanding</u>
1 Detroit (City of), MI GO	\$ 176
2 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	\$ 104
3 Jefferson County, AL Sewer	\$ 84
4 High Yield Trust Preferred CDO	\$ 81
5 Rental Car Finance Corp. Series 2007-1	\$ 75
6 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	\$ 65
7 High Yield Trust Preferred CDO	\$ 52
8 Second Lien Residential Mortgage-Backed Securities	\$ 49
9 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	\$ 40
10 Subprime Residential Mortgage-Backed Securities	\$ 36
<b>Total Top Ten Non-Investment Grade Exposures</b>	<u>\$ 762</u>

\* Average RAM Re rating is the weighted average RAM Re rating within each asset type.

1. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies. Ratings are assigned as of February 28, 2010.

## **RAM Holdings Ltd. Quarterly Operating Supplement**

### Introductory Notes

This operating supplement presents financial information for RAM Holdings Ltd. and its consolidated subsidiary, RAM Reinsurance Company Ltd. (together the "Company") on a U.S. GAAP basis unless otherwise indicated and includes selected information for RAM Reinsurance Company Ltd. ("RAM Re") as estimated by management to approximate a U.S. statutory accounting basis. RAM Re files Bermuda statutory financial statements in accordance with the Bermuda Insurance Act 1978, and amendments thereto and related regulations, and does not file or prepare U.S. statutory financial statements.

This Supplement should be read in conjunction with the financial statements of RAM Holdings Ltd., which prior to 2009 were filed with the Securities and Exchange Commission and included within our 10Q's and 10K's, and financial information posted on our website at [www.ramre.com](http://www.ramre.com). The financial statements included herein do not include all of the information and disclosures required by generally accepted accounting principles.

This Supplement should also be read in conjunction with various footnotes and explanatory notes contained herein, including notes regarding non-GAAP measures. Certain measures reported in this Supplement are not in conformity with U.S. GAAP and should not be considered as a substitute for GAAP measures. They are provided with the intent of enhancing information available to analysts and investors. In particular:

1. Adjusted book value ("ABV") and ABV per share is reported because it is used by management, analysts and investors as a measure of the estimated net present value of the Company's in-force premium and capital base or the intrinsic value of the Company assuming no new business production. We derive adjusted book value by beginning with shareholders' equity (book value) and then adding or subtracting the value of:
  - a. GAAP unearned premium reserves (on policies classified as financial guarantee);
  - b. Deferred acquisition costs;
  - c. Unearned premiums reserves and the present value of estimated future installment premiums net of ceding commissions on credit derivative policies (discounted at 2.2% at December 31, 2009 and 3.00% at December 31, 2008);
  - d. Unrealized appreciation or depreciation of investments; and
  - e. Noncontrolling interest in subsidiary.

The definition of ABV used by the Company may differ from definitions of ABV used by other financial guaranty companies. The adjustments described above will be realized in future periods and may differ materially from amounts used in determining estimated ABV.

2. Operating book value and adjusted operating book value per share is reported because they give a measure of the value of the Company, excluding non-operating items of unrealized gains and losses on (a) other financial instruments and (b) credit derivatives. We derive operating book value by beginning with GAAP book value and adding back (i) the fair value of other financial instruments and (ii) the derivative asset or liability excluding the impact of credit impairments and unearned premiums on credit derivatives. Adjusted operating book value begins with adjusted book value and subtracts items (i) and (ii) as for operating book value above.

3. Operating income is reported because it is used by management, analysts and investors as a measure to highlight insurance results. We define operating income as net income excluding (a) net realized gains (losses) on investments including other-than-temporary impairment losses, (b) unrealized gains (losses) on derivatives, excluding the effect of credit impairments, (c) foreign currency gains (losses), and (d) other gains (losses) (e.g. gains on extinguishment of debt and losses on other financial instruments). Operating income provides a view of insurance results because realized gains (losses) on investments and unrealized gains (losses) on derivatives are substantially influenced by and fluctuate with factors that generally cannot be controlled or reasonably predicted by management, including interest rates and spreads. Operating return on equity is a useful measure of financial performance because it excludes the impact of unrealized gains or losses on investments from earnings as well as from shareholders' equity.
4. Credit impairments on our credit derivatives are a non GAAP metric which management believes is useful to analysts and investors to review the results of our entire portfolio of policies. Management considers our credit derivative policies as a normal extension of our financial guarantee business and reinsurance in substance. The Company measures and monitors credit impairments which are expected to be paid out over the term of the credit derivative policies.
5. Due to the timing of receipt of reports prepared by our ceding companies, par outstanding and associated exposure data, and present value of future installment premiums and estimated future installment premiums on credit derivative policies are reported on a one quarter lag.

#### **Accounting for Financial Guarantee Insurance Contracts:**

On May 23, 2008, the Financial Accounting Standards Board ("FASB") issued a new standard addressing how to account for financial guarantee insurance contracts (ASC 944-20) ("the Standard"). The Standard clarifies how previous accounting literature applies to financial guaranty insurance contracts. The Standard is focused on the recognition and measurement of premium revenue and claims liabilities, along with additional disclosure requirements for financial guaranty contracts. The Standard requires the following:

1. Premium revenue will be recognized as a function of the amount of insurance protection provided over the contract term.
2. Present value of installment premiums due pursuant to the terms of a financial guaranty insurance contract will be recognized at inception of the contract as unearned premiums and premiums receivable.
3. A claim liability will be established on a financial guaranty contract when the probability weighted net present value of an expected claim loss is estimated to exceed the related unearned premium revenue. Provision of unallocated reserves is not permitted under the Standard.
4. Additional disclosures will be required on financial guaranty contracts, including the accounting and risk management activities used to evaluate credit deterioration in the Company's insured obligations and surveillance lists.

The Standard was effective for fiscal years beginning after December 15, 2008, and all interim periods within those fiscal years, with the exception of certain risk management disclosures which were effective for the interim financial statements prepared as of September 30, 2008. The Standard does not apply to policies which are accounted for as

credit derivatives. The cumulative effect of adopting the Standard is recognized as an adjustment to opening retained earnings as of January 1, 2009.

The impact of adopting the Standard on the Company's balance sheet was as follows:

	December 31, 2008 As reported	Transition Adjustment	January 1, 2009 As adjusted
<b>ASSETS:</b>			
Reinsurance balances receivable, net <sup>(1)</sup>	\$ 1,115,413	\$ 86,268,741	\$ 87,384,154
Recoverable on paid losses <sup>(3)</sup>	1,796,842	372,737	2,169,579
Deferred policy acquisition costs <sup>(2)</sup>	74,795,257	54,708,661	129,503,918
Prepaid reinsurance premiums <sup>(2)</sup>	1,599,174	281,642	1,880,816
<b>Total assets</b>	<b>\$ 574,281,925</b>	<b>\$ 141,631,781</b>	<b>\$ 715,913,706</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>			
Loss and loss expense reserve <sup>(3)</sup>	95,794,254	26,238,858	122,033,112
Unearned premiums <sup>(2)</sup>	158,593,738	176,029,942	334,623,680
Reinsurance balances payable <sup>(1)</sup>	24,621,111	(16,796,051)	7,825,060
<b>Total liabilities</b>	<b>\$ 484,924,036</b>	<b>\$ 185,472,749</b>	<b>\$ 670,396,785</b>
Retained deficit <sup>(4)</sup>	(150,136,895)	(43,840,968)	(193,977,863)
<b>Total shareholders' equity</b>	<b>89,357,889</b>	<b>(43,840,968)</b>	<b>45,516,921</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 574,281,925</b>	<b>\$ 141,631,781</b>	<b>\$ 715,913,706</b>

<sup>(1)</sup> Reinsurance balances receivable and reinsurance balances payable were increased and decreased, respectively, to reflect the net present value of future installment premiums, net of ceding commissions (including the accrual for additional ceding commissions), discounted at a risk free rate.

<sup>(2)</sup> Unearned premiums and prepaid reinsurance premiums were increased to reflect the change in premium earning methodology under the Standard along with the net present value of installment premiums, on assumed and retroceded policies respectively. Deferred policy acquisition costs increased to reflect the associated acquisition costs on the increased unearned premium balances.

<sup>(3)</sup> Loss and loss expense reserves were increased for the new reserving methodology under the Standard. This was offset by a decrease in reserves for the release of the unallocated loss reserves which are not allowed under the Standard.

<sup>(4)</sup> Retained deficit was increased for the net effect of the transition adjustments as at January 1, 2009.

#### Safe Harbor Statement

Any forward-looking statements made in this supplement reflect the Company's current views and assumptions with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward-looking statements regarding future installment premiums and present value of future installment premiums could be affected by a significant reduction in the amount of reinsurance ceded by ceding companies, general economic conditions, losses in excess of amounts anticipated in the Company's loss reserving, changes in accounting policies or practices, developments in the financial guaranty industry, as well as management's responses to these factors, and other risk factors identified in the Company's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made or on which estimates were prepared. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise.