



**RAM Holdings Ltd.**  
**Quarterly Operating Supplement <sup>(1)</sup>**  
**June 30, 2009**

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

**RAM Holdings Ltd.**  
**Consolidated Balance Sheets**  
**(unaudited)**  
**As at June 30, 2009 and December 31, 2008**  
**(dollars in thousands)**

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value (Amortized Cost: \$366,330 and \$415,559)	\$ 365,170	\$ 421,890
Cash and cash equivalents	2,639	8,763
Restricted cash	5,556	8,285
Accrued investment income	2,563	4,438
Reinsurance balances receivable, net	14,886	1,115
Recoverable on paid losses	4,381	1,797
Deferred policy acquisition costs	66,994	74,795
Prepaid reinsurance premiums	1,024	1,599
Deferred expenses	1,486	1,588
Prepaid expenses	1,880	377
Other financial instruments (at fair value)	-	43,083
Other assets	1,157	6,552
<b>Total Assets</b>	<b>\$ 467,736</b>	<b>\$ 574,282</b>
 <b>Liabilities and Equity</b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 56,649	\$ 95,794
Unearned premiums	165,205	158,594
Reinsurance balances payable	6,345	24,621
Accounts payable and accrued liabilities	2,809	2,494
Long-term debt	35,000	40,000
Redeemable preferred shares: \$1,000 par value; authorized shares - 75,000; issued and outstanding shares - 75,000	75,000	75,000
Accrued interest payable	619	693
Derivative liabilities	83,755	85,354
Other liabilities	-	2,375
<b>Total Liabilities</b>	<b>425,382</b>	<b>484,925</b>
 <b>Shareholders' Equity:</b>		
Common stock: \$0.10 par value; authorized shares - 90,000,000; Issued and outstanding shares - 26,352,982 shares at June 30, 2009 and 27,251,595 at December 31, 2008	2,635	2,725
Additional paid-in capital	230,715	230,438
Accumulated other comprehensive (loss) income	(1,160)	6,331
Retained (deficit) earnings	(197,950)	(150,137)
<b>Total Shareholders' Equity</b>	<b>34,240</b>	<b>89,357</b>
Noncontrolling interest - Series B preferred shares of subsidiary	8,114	-
<b>Total Equity</b>	<b>42,354</b>	<b>89,357</b>
<b>Total Liabilities and Equity</b>	<b>\$ 467,736</b>	<b>\$ 574,282</b>

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

**For the three and six months ended June 30, 2009 and 2008**  
(dollars in thousands except share and per share amounts)

	Three Months Ended June 30,		Year-to-date June 30,	
	2009	2008	2009	2008
<b>Revenues</b>				
Net premiums earned	\$ 6,512	\$ 19,471	\$ 15,717	\$ 32,669
Change in fair value of credit derivatives				
Realized gains and other settlements	1,103	2,712	1,995	5,326
Unrealized gains (losses)	(10,506)	151,535	1,506	(14,849)
Net change in fair value of credit derivatives	(9,403)	154,247	3,501	(9,523)
Net investment income	3,501	8,322	7,984	16,535
Net realized gains on investments	3,534	726	8,052	1,078
Total other-than-temporary impairment losses	(885)	(61)	(4,938)	(1,325)
Portion of impairment losses recognized in other comprehensive income (loss)	332	-	332	-
Net other-than-temporary impairment losses (recognized in earnings)	(553)	(61)	(4,606)	(1,325)
Net unrealized (losses) gains on other financial instruments	-	3,580	(1,197)	4,920
Foreign currency gains (losses)	1,227	(2)	172	(3)
Net gains on extinguishment of debt	3,403	-	3,403	-
<b>Total revenues</b>	<b>8,221</b>	<b>186,283</b>	<b>33,026</b>	<b>44,351</b>
<b>Expenses</b>				
Losses and loss adjustment expenses	(3,534)	45,752	13,210	83,280
Acquisition expenses	10,028	6,768	13,988	11,387
Operating expenses	4,891	3,997	10,107	8,705
Interest expense	619	3,506	1,301	4,188
<b>Total expenses</b>	<b>12,004</b>	<b>60,023</b>	<b>38,606</b>	<b>107,560</b>
<b>Net (loss) income before noncontrolling interest</b>	<b>\$ (3,783)</b>	<b>\$ 126,260</b>	<b>\$ (5,580)</b>	<b>\$ (63,209)</b>
Noncontrolling interest - dividends on preferred shares of subsidiary	(785)	-	(922)	-
<b>Net (loss) income available to common shareholders</b>	<b>\$ (4,568)</b>	<b>\$ 126,260</b>	<b>\$ (6,502)</b>	<b>\$ (63,209)</b>
Net (loss) income per common share:				
<b>Basic</b>	\$ (0.17)	\$ 4.63	\$ (0.24)	\$ (2.32)
<b>Diluted</b>	(0.17)	4.63	(0.24)	(2.32)
Weighted-average number of common shares outstanding:				
Basic	26,952,060	27,250,453	27,106,964	27,246,885
Diluted	26,952,060	27,250,453	27,106,964	27,246,885
<b>Operating Loss</b>				
Net (loss) income	\$ (4,568)	\$ 126,260	\$ (6,502)	\$ (63,209)
Less: Realized gains on investments and other-than-temporary impairment losses	(2,981)	(665)	(3,446)	247
Less: Unrealized (gains) losses on credit derivatives	10,506	(151,535)	(1,506)	14,849
Add back: credit impairment on derivatives	(4,701)	(86,659)	(8,096)	(99,049)
Less: Foreign currency (gains) losses	(1,227)	2	(172)	3
Less: Other losses (gains) on debt and other financial instruments	(3,403)	(3,580)	(2,206)	(4,920)
Operating Loss	\$ (6,374)	\$ (116,177)	\$ (21,928)	\$ (152,079)
Net (loss) income per diluted share	\$ (0.17)	\$ 4.63	\$ (0.24)	\$ (2.32)
Less: Realized gains on investments and other-than-temporary impairment losses	(0.11)	(0.02)	(0.13)	0.01
Less: Unrealized (gains) losses on credit derivatives	0.39	(5.56)	(0.06)	0.54
Add back: credit impairment on derivatives	(0.17)	(3.18)	(0.30)	(3.64)
Less: Foreign currency (gains) losses	(0.05)	0.00	(0.01)	0.00
Less: Other losses (gains) on debt and other financial instruments	(0.13)	(0.13)	(0.09)	(0.18)
Operating loss per diluted share	\$ (0.24)	\$ (4.26)	\$ (0.83)	\$ (5.59)

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

Financial Ratios	2nd Quarter		Year-to-date	
	2009	2008	2009	2008
<u>GAAP Basis</u> <sup>(1)</sup>				
Loss and LAE Ratio	-54.3%	235.0%	84.1%	254.9%
Underwriting Expense Ratio	229.1%	55.3%	153.3%	61.5%
Combined Ratio	174.8%	290.3%	237.4%	316.4%
<b>Per Share Data</b>				
<u>Shareholders' Equity (Book Value)</u>				
Noncontrolling interest	\$1.30	\$6.64	\$1.30	\$6.64
Unearned premiums <sup>(2)</sup>	0.31	-	0.31	-
Prepaid Reinsurance Premiums	6.35	8.35	6.35	8.35
Deferred Acquisition Costs	(0.04)	(0.12)	(0.04)	(0.12)
Present Value of Installment Premiums <sup>(3)</sup>	(2.54)	(3.21)	(2.54)	(3.21)
Unrealized Gains (Losses) on Investments	0.95	7.02	0.95	7.02
<u>Adjusted Book Value</u>	0.04	(0.08)	0.04	(0.08)
Shares outstanding	\$6.37	\$18.60	\$6.37	\$18.60
	26,352,982	27,251,404		

U.S. Statutory Basis (estimated)	2nd Quarter		Year-to-date	
	2009	2008	2009	2008
<u>Financial Ratios</u>				
Loss and LAE Ratio	133.1%	638.8%	223.5%	480.6%
Underwriting Expense Ratio	(15.7)%	284.5%	(66.6)%	100.2%
Combined Ratio	117.4%	923.3%	156.9%	580.8%
<u>Balance Sheet</u>				
	<b>6/30/2009</b>	<b>12/31/2008</b>		
Capital and Surplus	\$64,316	\$65,389		
Contingency Reserve	55,532	71,698		
Capital Base	\$119,848	\$137,087		
Unearned Premium Reserve <sup>(4)</sup>	142,099	189,927		
Present Value of Installment Premiums <sup>(5)</sup>	51,289	78,697		
Premium Resources	193,388	268,624		
Loss and LAE Reserves (incl.credit impairment)	61,865	86,005		
Soft Capital Credit Facilities <sup>(6)</sup>	-	180,000		
Total Claims-Paying Resources	\$375,101	\$671,716		
Debt Service Outstanding	\$34,385,912	\$50,737,076		
Capital Ratio <sup>(7)</sup>	287:1	370:1		
Claims-Paying Ratio <sup>(8)</sup>	92:1	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 June 30, 2009 and December 31, 2008, the discount rate was 1.65% 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.

(9) On April 7, 2009, RAM entered into a commutation agreement with Ambac Assurance Corporation ("Ambac") to commute all business assumed by RAM back to Ambac. The effects of this commutation have been recorded in the quarter ending June 30, 2009.

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

	Year-to-date		As Reclassified <sup>(1)</sup>		
	2009	2008	2007	2006	2005
<b>GAAP Summary Income Statement Data</b>					
Insurance					
Net Premiums Earned	15,717	68,577	51,005	44,292	39,036
Net change in fair value of credit derivatives	3,501	7,968	(171,806)	3,190	(157)
Net Investment Income	7,984	29,307	33,148	24,236	18,201
Realized Gains (Losses) on Investments & OTTI <sup>(7)</sup>	3,446	(2,356)	(3,604)	(1,002)	(1,583)
Other Gains (Losses)	2,378	7,754	35,330	-	-
Loss and Loss Adjustment Expenses	13,210	214,828	48,026	(2,781)	7,204
Acquisition Expenses	13,988	30,576	18,418	16,315	14,424
Operating Expenses	10,107	16,930	13,373	13,379	11,531
Interest Expense	1,301	8,375	8,375	2,750	2,750
Net (Loss)/Income before non controlling interest	(5,580)	(159,459)	(144,119)	41,053	19,588
ROE <sup>(3)</sup> *	-16.95%	-93.34%	-45.64%	11.70%	6.18%
Operating ROE <sup>(4)</sup> *	-69.32%	-136.07%	-13.57%	11.82%	7.45%
<b>GAAP Summary Balance Sheet Data</b>					
Investments	\$ 365,170	\$ 421,890	\$ 696,533	\$ 578,589	\$ 469,908
Deferred Acquisition Costs	66,994	74,795	87,304	73,838	66,220
Total Assets	467,736	574,282	860,265	711,843	553,498
Unearned Premiums	165,205	158,594	239,957	192,641	163,769
Loss and Loss Expense Reserves	56,649	95,794	63,798	14,506	16,595
Derivative Liability	83,755	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	425,382	484,925	607,952	332,576	230,842
Shares outstanding	26,353	27,252	27,239	27,235	25,885
Equity	42,354	89,357	252,313	379,267	322,656
<b>Financial Ratios</b>					
<u>GAAP</u>					
Loss and LAE Ratio	84.1%	313.3%	94.2%	-6.3%	18.5%
Underwriting Expense Ratio	153.3%	69.3%	62.3%	67.0%	66.5%
Combined Ratio	237.4%	382.5%	156.5%	60.8%	84.9%
<b>Other Financial Information</b>					
Net Par Amount Outstanding	\$ 21,477,886	\$ 29,956,953	\$ 45,393,803	\$ 31,118,714	\$ 27,054,260
Book Value Per Share	\$ 1.30	\$ 3.28	\$ 9.26	\$ 13.93	\$ 12.47
Adjusted Book Value Per Share	\$ 6.37	\$ 9.02	\$ 20.56	\$ 22.49	\$ 19.76
<u>Operating Book Value</u>					
Shareholders' Equity (Book Value)	34,240	89,357	252,313	379,267	322,656
Derivative Liability (Asset) <sup>(5)</sup>	81,923	83,429	177,717	(60)	(74)
Add back credit impairments on derivatives	14,110	6,014	44,413	-	-
Fair value of other financial instruments	-	43,083	35,330	-	-
Operating book value per share	3.87	4.54	12.86	13.92	12.46
Noncontrolling interest	8,114	-	-	-	-
Unearned premiums <sup>(6)</sup>	167,209	160,519	242,829	194,322	165,580
Prepaid reinsurance premiums	1,024	1,599	2,663	2,091	-
Deferred Acquisition Costs	66,994	74,795	87,304	73,838	66,220
Present Value of Installment Premiums <sup>(2)</sup>	25,095	78,697	165,644	109,303	84,839
Unrealized Gains (Losses) on Investments	(1,160)	6,331	10,888	(5,497)	(4,540)
Adjusted Operating Book Value Per Share	\$ 8.94	\$ 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 June 30, 2009 and December 31, 2008, the discount rate was 1.65% 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
1st Quarter 2009		34,385,912
2nd Quarter 2009	473,480	33,912,432
3rd Quarter 2009	781,124	33,131,308
4th Quarter 2009	405,639	32,725,670
2010	1,911,282	30,814,388
2011	1,896,250	28,918,137
2012	2,189,107	26,729,031
2013	1,511,654	25,217,376
2014-2018	6,729,732	18,487,644
2019-2023	5,725,494	12,762,149
2024-2028	4,950,188	7,811,961
2029 and thereafter	<u>7,811,961</u>	-
Total	<u><u>34,385,912</u></u>	

(1) Represents the amortization from March 31, 2009 based on exiting insured issues as of March 31, 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	\$ -	\$ -	\$ 12,855
<b>Structured Finance</b>	2,243	619	-	-	2,862
Total	\$ 9,205	\$ 6,512	\$ -	\$ -	\$ 15,717
<b>Refundings included in total</b>	\$ 2,351	\$ 3,546	\$ -	\$ -	\$ 5,897

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 June 30, 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	\$ 144,901	39.7%	\$ 143,775	2.2%	\$ 3,106
Agencies	27,205	7.4%	25,524	4.4%	1,113
Corporate	48,851	13.4%	51,019	4.9%	2,491
Municipal	18,618	5.1%	18,086	5.6%	1,021
Mortgage and Asset Backed	125,595	34.4%	127,926	4.8%	6,142
Total Investments	<u>\$ 365,170</u>	<u>100.0%</u>	<u>\$ 366,330</u>	3.7%	<u>\$ 13,872</u>

**Maturity**

	<b><u>Market Value</u></b>	<b><u>% of Market Value</u></b>
Within 1 Year	\$ 13,658	3.7%
1 to 5 Years	168,385	46.1%
5 to 10 Years	36,645	10.0%
More than 10 Years	20,887	5.7%
Mortgage and asset-backed securities	125,595	34.4%
Total Investments	<u>\$ 365,170</u>	<u>100.0%</u>

*Average life: 4.46 years*

*Duration: 3.5 years*

**Quality Distribution  
of Fixed  
Income Investments**

<b><u>Rating</u></b>	<b><u>% of Market Value</u></b>
Aaa	84.0%
Aa	7.0%
A	6.9%
BBB	1.8%
BIG	0.4%
	<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.
<b>2009</b>				
Loss and loss expense Reserves	\$ 129,259	\$ 56,649	\$ -	\$ -
Total Reserves	<u>\$ 129,259</u>	<u>\$ 56,649</u>	<u>\$ -</u>	<u>\$ -</u>
Credit Impairments <sup>(1)</sup>	9,409	14,110	-	-
Total Portfolio Losses	<u>\$ 138,668</u>	<u>\$ 70,759</u>	<u>\$ -</u>	<u>\$ -</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			10,108
Gross acquisition expenses	948	(49,103)			(48,155)
Gross acquisition and operating expenses	\$ 6,165	\$ (44,212)	\$ -	\$ -	\$ (38,047)
<b>Deferred Expenses:</b>					
Acquisition expenses	(642)	49,378			48,736
Operating expenses	-	-			-
<b>Total deferred expenses</b>	(642)	49,378	-	-	48,736
Change in deferred acquisition expenses	3,655	9,752	-	-	13,407
<b>Total acquisition and operating expense, net of deferred expenses</b>	<u>\$ 9,178</u>	<u>\$ 14,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,096</u>

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>	<u>\$ 9,328</u>	<u>\$ 10,765</u>	<u>\$ 12,817</u>	<u>\$ 14,596</u>	<u>\$ 47,506</u>

**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	\$ -	\$ -
Unearned Premiums	239,957	158,594	327,383	165,205	-	-
Present Value of Future Installment Premiums, net of ceding commissions <sup>(1)</sup>	165,644	78,697	-	-	-	-
Adjusted Deferred Premiums	<u>\$ 405,601</u>	<u>\$ 237,291</u>	<u>\$ 327,383</u>	<u>\$ 165,205</u>	<u>\$ -</u>	<u>\$ -</u>
Ratio	21.5%	31.5%	38.5%	40.6%		

(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	\$ 2,067	\$ 1,940	\$ -	\$ -	\$ 4,007
Expenses on credit derivative policies	1,124	801	-	-	1,925
Losses and Loss Adjustment Expenses	51	36	-	-	87
Net Realized Gains (Losses) on Credit Derivatives	<u>892</u>	<u>1,103</u>	<u>-</u>	<u>-</u>	<u>1,995</u>
Net Unrealized Gains (Losses) on Credit Derivatives <sup>(1)</sup>	<u>12,012</u>	<u>(10,506)</u>	<u>-</u>	<u>-</u>	<u>1,506</u>
Net Change in Fair Value of Credit Derivatives	<u>\$ 12,904</u>	<u>\$ (9,403)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,501</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)	\$ -	\$ -	\$ (85,354)
Unrealized Loss	8,617	(15,207)	-	-	(6,590)
Credit impairments <sup>(2)</sup>	3,395	4,701	-	-	8,096
Other changes in derivative asset/liability	207	(114)	-	-	93
Net movement in Asset (Liability)	<u>12,219</u>	<u>(10,620)</u>	<u>-</u>	<u>-</u>	<u>1,599</u>
Closing Net Derivative Asset/(Liability)	<u>\$ (73,135)</u>	<u>\$ (83,755)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,755)</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)*

	<b>Insured YTD, June 30, 2009</b>				<b>Outstanding as of June 30, 2009</b>	
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%	
<b>US Public Finance</b>						
General Obligation and Lease	\$ 117	65.0%	\$ (556)	\$ 6,234	29.0%	
Tax backed	-	0.0%	(862)	1,205	5.6%	
Transportation	10	5.3%	(536)	2,216	10.3%	
Healthcare	3	1.8%	(391)	1,020	4.8%	
Utility	6	3.3%	(670)	2,304	10.7%	
Investor Owned Utilities	-	0.0%	(467)	78	0.4%	
Higher Education	3	1.9%	(164)	465	2.2%	
Housing	-	0.0%	(91)	78	0.4%	
Other	-	0.0%	(39)	228	1.1%	
<b>Total US Public Finance</b>	<b>\$ 139</b>	<b>77.3%</b>	<b>\$ (3,775)</b>	<b>\$ 13,827</b>	<b>64.4%</b>	
<b>US Structured Finance</b>						
Commercial ABS	\$ 30	16.7%	\$ (731)	\$ 3,327	15.5%	
Home Equity	-	0.0%	(401)	275	1.3%	
Autos	-	0.0%	(94)	182	0.8%	
Mortgage Backed Securities	-	0.0%	(80)	484	2.3%	
Banks and Other Corporate	-	0.0%	-	15	0.1%	
Other Consumer ABS	-	0.0%	(454)	192	0.9%	
<b>Total US Structured Finance</b>	<b>\$ 30</b>	<b>16.7%</b>	<b>\$ (1,761)</b>	<b>\$ 4,476</b>	<b>20.8%</b>	
<b>International</b>						
<b>Asset Backed</b>						
Commercial ABS	\$ 11	6.0%	\$ (499)	\$ 1,174	5.5%	
Autos	-	0.0%	-	-	0.0%	
Mortgage Backed Securities	-	0.0%	(32)	304	1.4%	
Other Consumer ABS	-	0.0%	-	45	0.2%	
Tax-Backed	-	0.0%	-	-	0.0%	
Housing	-	0.0%	-	-	0.0%	
<b>Public Finance</b>	-	0.0%	(260)	1,029	4.8%	
<b>Investor Owned Utilities and Other</b>	-	0.0%	(278)	622	2.9%	
<b>Total International</b>	<b>\$ 11</b>	<b>6.0%</b>	<b>\$ (1,069)</b>	<b>\$ 3,174</b>	<b>14.8%</b>	
<b>Total</b>	<b>\$ 180</b>	<b>100.0%</b>	<b>\$ (6,605)</b>	<b>\$ 21,478</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)*

	<u>Insured YTD, June 30, 2009</u>		<u>Outstanding as of June 30, 2009</u>		
	<u>Before Commutations Net Amount</u>	<u>%</u>	<u>After Commutations Net Amount</u>	<u>Net Amount</u>	<u>%</u>
<b>Geographic Distribution</b>					
<b>United States</b>					
CALIFORNIA	\$ 6	3.6%	\$ (638)	\$ 2,398	11.2%
NEW YORK	8	4.5%	(654)	1,430	6.7%
ILLINOIS	12	6.6%	(232)	985	4.6%
FLORIDA	-	0.0%	(231)	932	4.3%
TEXAS	19	10.8%	(211)	755	3.5%
MASSACHUSETTS	2	1.2%	(200)	603	2.8%
MICHIGAN	0	0.1%	(123)	573	2.7%
WASHINGTON	-	0.0%	(130)	540	2.5%
PENNSYLVANIA	-	0.0%	(131)	517	2.4%
NEW JERSEY	14	7.9%	(38)	510	2.4%
OTHER STATES	77	42.7%	(1,785)	4,625	21.5%
MULTI-STATE	30	16.7%	(1,162)	4,436	20.7%
<b>US Sub-total</b>	<b>\$ 169</b>	<b>94.0%</b>	<b>\$ (5,536)</b>	<b>\$ 18,303</b>	<b>85.2%</b>
<b>International</b>					
United Kingdom	\$ 11	6.0%	\$ (500)	\$ 1,310	6.1%
Australia	-	0.0%	(110)	283	1.3%
Italy	-	0.0%	(114)	235	1.1%
Canada	-	0.0%	(7)	131	0.6%
France	-	0.0%	(5)	86	0.4%
Japan	-	0.0%	(88)	80	0.4%
Turkey	-	0.0%	(13)	63	0.3%
Germany	-	0.0%	-	43	0.2%
Brazil	-	0.0%	(1)	33	0.2%
Austria	-	0.0%	(63)	31	0.1%
Other Countries	-	0.0%	(119)	89	0.4%
Multinational	-	0.0%	(49)	791	3.7%
<b>Int. Sub-total</b>	<b>\$ 11</b>	<b>6.0%</b>	<b>\$ (1,069)</b>	<b>\$ 3,174</b>	<b>14.8%</b>
<b>Total Par</b>	<b>\$ 180</b>	<b>100.0%</b>	<b>\$ (6,605)</b>	<b>\$ 21,478</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 June 30, 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	226	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	208	AA
6 Kentucky (State of) - GO/Appropriation	US	208	AA-
7 Los Angeles, CA - SD	US	200	AA
8 New York City, NY	US	195	AA-
9 Detroit (City of), MI GO	US	174	BB
10 New York, NY Muni Water Finance Authority	US	<u>170</u>	AA
<b>Total</b>		<b><u>\$ 2,049</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	129	AAA
3 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	US	111	BIG
4 Super Senior Static Emerging Market Sovereign CDO	MULTI	103	AAA
5 High Yield CLO	US	100	AAA
6 High Yield CLO	US	100	AAA
7 Private Residential Mortgage-Backed Securities	GBR	98	AAA
8 Access Group Inc Student Loans 2007A	US	96	AAA
9 High Yield CLO	US	93	AAA
10 Synthetic High Yield CDO	US	<u>86</u>	AAA
<b>Total</b>		<b><u>\$ 1,079</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 August 27, 2009. BIG stands for "below investment grade."

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

	Insured YTD, June 30, 2009 <sup>1</sup>			Outstanding as of June 30, 2009 <sup>2</sup>	
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%
<b>Public Finance</b>					
AAA	\$ -	0.0%	\$ (14)	\$ 93	0.6%
AA	35	25.1%	(1,443)	6,990	45.2%
A	84	60.1%	(2,039)	6,002	38.8%
BBB	24	17.5%	(765)	2,081	13.4%
Below Investment Grade	(4)	-2.8%	(52)	312	2.0%
<b>Total</b>	<b>\$ 139</b>	<b>100.0%</b>	<b>\$ (4,313)</b>	<b>\$ 15,479</b>	<b>100.0%</b>

	Insured YTD, June 30, 2009 <sup>1</sup>			Outstanding as of June 30, 2009 <sup>2</sup>	
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%
<b>Structured Finance</b>					
AAA	\$ 41	100.0%	\$ (70)	\$ 3,875	64.6%
AA	-	0.0%	(241)	277	4.6%
A	-	0.0%	(623)	181	3.0%
BBB	-	0.0%	(581)	673	11.2%
Below Investment Grade	-	0.0%	(778)	993	16.6%
<b>Total</b>	<b>\$ 41</b>	<b>100.0%</b>	<b>\$ (2,292)</b>	<b>\$ 5,999</b>	<b>100.0%</b>

	Insured YTD, June 30, 2009 <sup>1</sup>			Outstanding as of June 30, 2009 <sup>2</sup>	
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%
<b>Total</b>					
AAA	\$ 41	22.7%	\$ (83)	\$ 3,968	18.5%
AA	35	19.4%	(1,684)	7,267	33.8%
A	84	46.5%	(2,662)	6,183	28.8%
BBB	24	13.6%	(1,345)	2,754	12.8%
Below Investment Grade	(4)	-2.2%	(830)	1,305	6.1%
<b>Total</b>	<b>\$ 180</b>	<b>100.0%</b>	<b>\$ (6,605)</b>	<b>\$ 21,478</b>	<b>100.0%</b>

1. Original ratings assigned at initial underwriting for new insurance written, or rating at time of commutation for commuted business.

2. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies. Ratings are assigned as of August 27, 2009.

RAM Holdings Ltd.  
**Non-Investment Grade Exposures**  
**Net Par Outstanding**  
**as of June 30, 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>
<b><u>Asset Type</u></b>		
<b>US Public Finance</b>		
General Obligation and Lease	\$ 185	BB
Tax backed	4	BB
Transportation	-	
Healthcare	4	BB
Utility	84	CCC-
Investor Owned Utilities	-	
Higher Education	-	
Housing	-	
Other	-	
<b>Total US Public Finance</b>	<b>\$ 277</b>	
<b>US Structured Finance</b>		
Commercial ABS	\$ 208	BB-
Home Equity	229	C+
Autos	33	BB
Mortgage Backed Securities	403	CCC+
Banks and Other Corporate	-	
Other Consumer ABS	-	
<b>Total US Structured Finance</b>	<b>\$ 872</b>	
<b>International</b>		
Asset Backed	\$ 122	BB
Public Finance	35	B+
Investor Owned Utilities and Other	-	
<b>Total International</b>	<b>\$ 156</b>	
<b>Total</b>	<b>\$ 1,305</b>	

**Top Ten Non-Investment Grade Exposures as of June 30, 2009**

<b><u>Name or Description</u></b>	<b><u>Net Par Outstanding</u></b>
1 Detroit (City of), MI GO	\$ 174
2 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	111
3 Jefferson County, AL Sewer	84
4 Rental Car Finance Corp. Series 2007-1	75
5 High Yield Trust Preferred CDO	75
6 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	72
7 Second Lien Residential Mortgage-Backed Securities	55
8 High Yield Trust Preferred CDO	47
9 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	43
10 Subprime Residential Mortgage-Backed Securities	39
<b>Total Top Ten Non-Investment Grade Exposures</b>	<b>\$ 775</b>

\* Average RAM Re rating is the weighted average RAM Re rating within each asset type. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies. Ratings are assigned as of August 27, 2009.

**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. as estimated by management to approximate a U.S. statutory accounting basis. RAM Reinsurance Company Ltd. files Bermuda statutory financial statements 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. as previously 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, rating agencies 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 1.65% at June 30, 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 RAM Re 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, rating agencies 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, rating agencies 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 are reported on a one quarter lag.

### **Adoption of FAS 163**

On May 23, 2008, the Financial Accounting Standards Board ("FASB") issued FASB Statement No.163 "Accounting for Financial Guarantee Insurance Contracts" ("FAS 163"). FAS 163 clarifies how FASB Statement No.60 "Accounting and Reporting by Insurance Enterprises" applies to financial guaranty insurance contracts. FAS 163 is focused on the recognition and measurement of premium revenue and claims liabilities, along with additional disclosure requirements for financial guaranty contracts. FAS 163 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 FAS 163.
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.

FAS 163 is 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. FAS 163 does not apply to policies which are credit derivatives under the scope of FAS 133 "Accounting for Derivative Instruments and Hedging Activities". The cumulative effect of adopting FAS 163 is recognized as an adjustment to opening retained earnings as of January 1, 2009.

The impact of adopting FAS 163 on the Company's balance sheet was as follows:

	December 31, 2008 As reported	Transition Adjustment	January 1, 2009 As adjusted for FAS 163
<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>

- (1) 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.
- (2) Unearned premiums and prepaid reinsurance premiums were increased to reflect the change in premium earning methodology under FAS 163 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.
- (3) Loss and loss expense reserves were increased for the new reserving methodology under FAS 163. This was offset by a decrease in reserves for the release of the unallocated loss reserves which are not allowed under FAS 163.
- (4) 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, rating agency action such as a ratings downgrade, 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.