

## Collateralized Debt Obligations

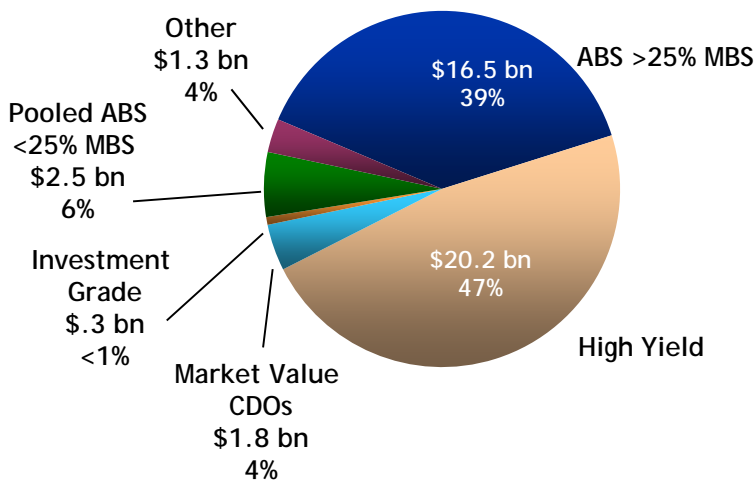
### Overview of Ambac's participation

Ambac underwrote Collateralized Debt Obligation ("CDO") from 1998 - mid 2007. In March 2008 Ambac announced that it has discontinued underwriting CDO exposures. The majority of CDO exposure has been executed through credit default swap agreements. Ambac's current outstanding CDO exposures are comprised of the following asset types and credit ratings:

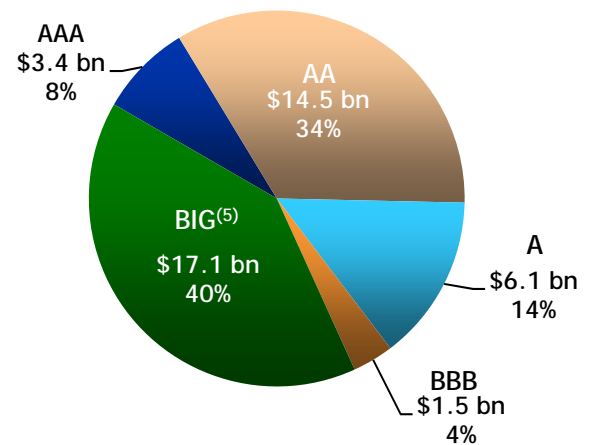
### Ambac Collateralized Debt Obligations Exposure<sup>(1)(2)</sup>

Total = \$42.6 billion

**Business Mix by Net Par  
As of March 31, 2010<sup>(3)</sup>**



**Ambac Ratings by Net Par  
As of March 31, 2010<sup>(4)(5)</sup>**



- (1) On March 24, 2010, Ambac Assurance established a segregated account. The purpose of the Segregated Account is to segregate certain segments of Ambac Assurance's liabilities, and in connection with such segregation Ambac Assurance has allocated all or a portion of certain transactions to the Segregated Account. The Wisconsin Office of the Commissioner of Insurance (OCI) commenced rehabilitation proceedings with respect to the Segregated Account in order to permit the OCI to facilitate an orderly run-off and/or settlement of the liabilities allocated to the Segregated Account pursuant to the provisions of the Wisconsin Insurers Rehabilitation and Liquidation Act. Until the Segregated Account Rehabilitation Plan is approved, which OCI has indicated will be in approximately six months, it is anticipated that no claims will be paid on Segregated Account Policies. Please see discussion in Ambac's March 31, 2010 form 10-Q filed with the Securities and Exchange Commission.
- (2) Ambac has entered into a non binding proposed settlement with respect to certain CDO-related obligations. Please see discussion in Ambac's March 31, 2010 form 10-Q filed with the Securities and Exchange Commission.
- (3) For additional information on Ambac CDOs of ABS >25% MBS Exposure, please refer to Ambac's March 31, 2010 form 10-Q filed with the Securities and Exchange Commission.
- (4) Internal Ambac credit ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the view of Ambac. In cases where Ambac has insured multiple tranches of an issue with varying internal ratings, or more than one obligation of an issuer with varying internal ratings, a weighted average rating is used. Ambac ratings set forth above reflect the internal Ambac ratings as of March 31, 2010, and may be changed at any time based on our internal credit review. Ambac undertakes no obligation to update such ratings more frequently than as of the end of each quarter. This does not constitute investment advice. Ambac or one of its affiliates, has insured the obligations listed and may also provide other products or services to the issuers of these obligations for which Ambac may have received premiums or fees.
- (5) "BIG" represents Ambac ratings below BBB-.