

Largest Structured Finance Exposures As of March 31, 2010

(\$ Millions)	Ambac Rating ⁽¹⁾	Net Par Outstanding	% of Total Net Par Outstanding
CDO of ABS < 25% MBS	A +	\$2,195	0.6%
Private Commercial Asset-Backed Transaction	BBB +	2,159	0.6%
Ridgeway Court Funding II, Ltd. ⁽²⁾	BIG	1,914	0.5%
Wachovia Asset Securitization Issuance II, LLC 2007-HE2 ⁽³⁾	BIG	1,828	0.5%
Diversey Harbor ABS CDO, Ltd. ⁽²⁾	BIG	1,752	0.5%
Iowa Student Loan Liquidity Corporation Revenue Bonds	A	1,634	0.4%
Michigan Higher Education Student Loan Authority	BBB	1,561	0.4%
Vermont Student Assistance Corporation Revenue Bonds	A	1,533	0.4%
Ridgeway Court Funding I, Ltd. ⁽²⁾	BIG	1,490	0.4%
Duke Funding High Grade III, Ltd. ⁽²⁾	BIG	1,411	0.4%
Belle Haven ABS CDO 2006-1, Ltd. ⁽²⁾	BIG	1,383	0.4%
Private Consumer Asset-Backed Transaction	AA	1,302	0.3%
Wachovia Asset Securitization Issuance II, LLC 2007-HE1 ⁽³⁾	BIG	1,272	0.3%
Hertz Vehicle Financing, LLC ⁽³⁾	BIG	1,243	0.3%
Cendant Rental Car Funding	BIG	1,232	0.3%
Private Commercial Asset-Backed Transaction	BBB -	1,206	0.3%
The National Collegiate Student Loan Trust 2007-4	BIG	1,138	0.3%
The National Collegiate Student Loan Trust 2007-3	BIG	1,114	0.3%
Millerton II High Grade ABS CDO, Ltd. ⁽²⁾	BIG	1,032	0.3%
Ballantyne Re Plc ⁽²⁾⁽⁴⁾	BIG	982	0.3%
Hereford Street ABS CDO I, Ltd. ⁽²⁾	BIG	964	0.2%
Palmer Square PLC ⁽²⁾	BIG	886	0.2%
Lancer Funding, Ltd. ⁽²⁾	BIG	874	0.2%
Spirit Master Funding	BBB	812	0.2%
Tremonia CDO 2005-1 Plc ⁽²⁾	BIG	730	0.2%
		<u>\$33,647</u>	<u>8.9%</u>

- (1) Internal Ambac credit ratings contained in this Supplement are provided solely to indicate the underlying credit quality of guaranteed obligations based on the view of Ambac Assurance. 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 credit ratings are subject to revision at anytime and do not constitute investment advice. Ambac Assurance, 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.
- (2) Ambac has entered into a non binding proposed settlement with respect to certain CDO-related obligations. This transaction is currently included in the proposed settlement agreement. Please see discussion in Ambac's March 31, 2010 Form 10-Q.
- (3) 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 this transaction 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.
- (4) All or a portion of transaction guaranteed by Ambac Assurance UK, Ltd as supported by a reinsurance agreement with Ambac Assurance. The obligations of Ambac Assurance under this reinsurance agreement have been allocated to the Segregated Account (see Ambac's March 31, 2010 Form 10-Q for discussion of the Segregated Account and a purported termination of this reinsurance agreement).