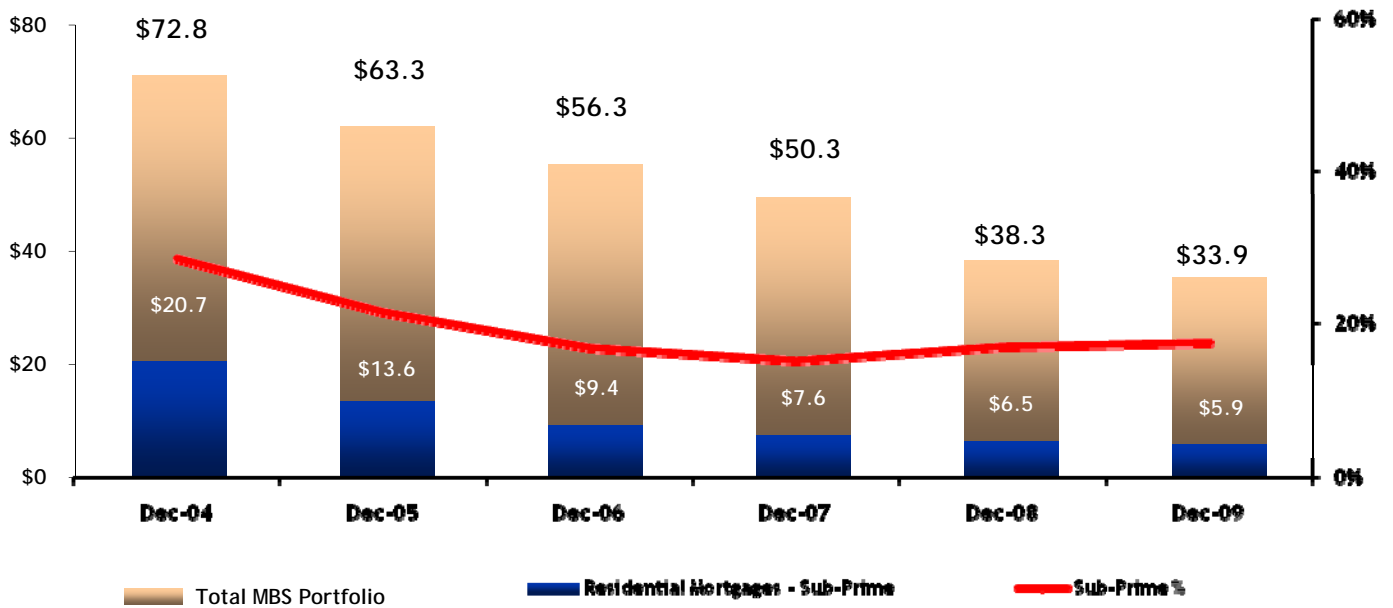


Exposure to Sub-Prime RMBS Bonds (Updated as of December 31, 2009) ⁽¹⁾

Ambac MBS Portfolio - Net Par Outstanding 2004 - 2009

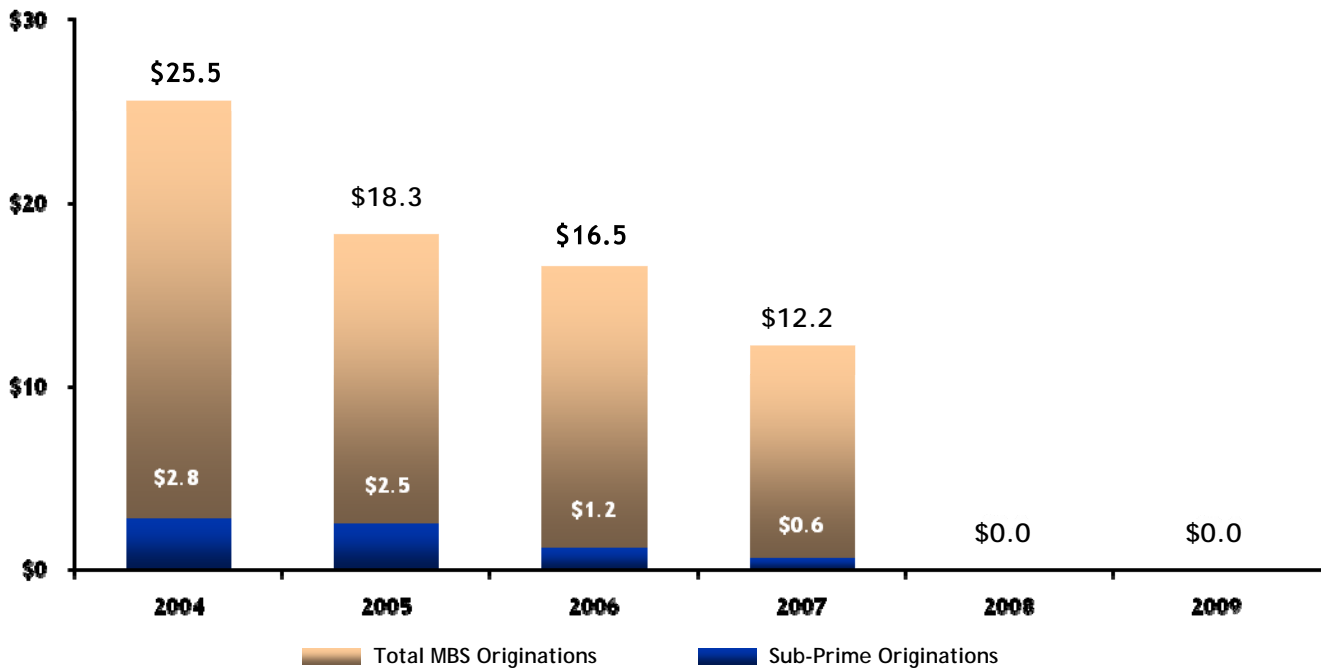
(\$ Billions)



Excludes Manufactured Housing exposure.

Ambac MBS Originations - Net Par Insured 2004-2009

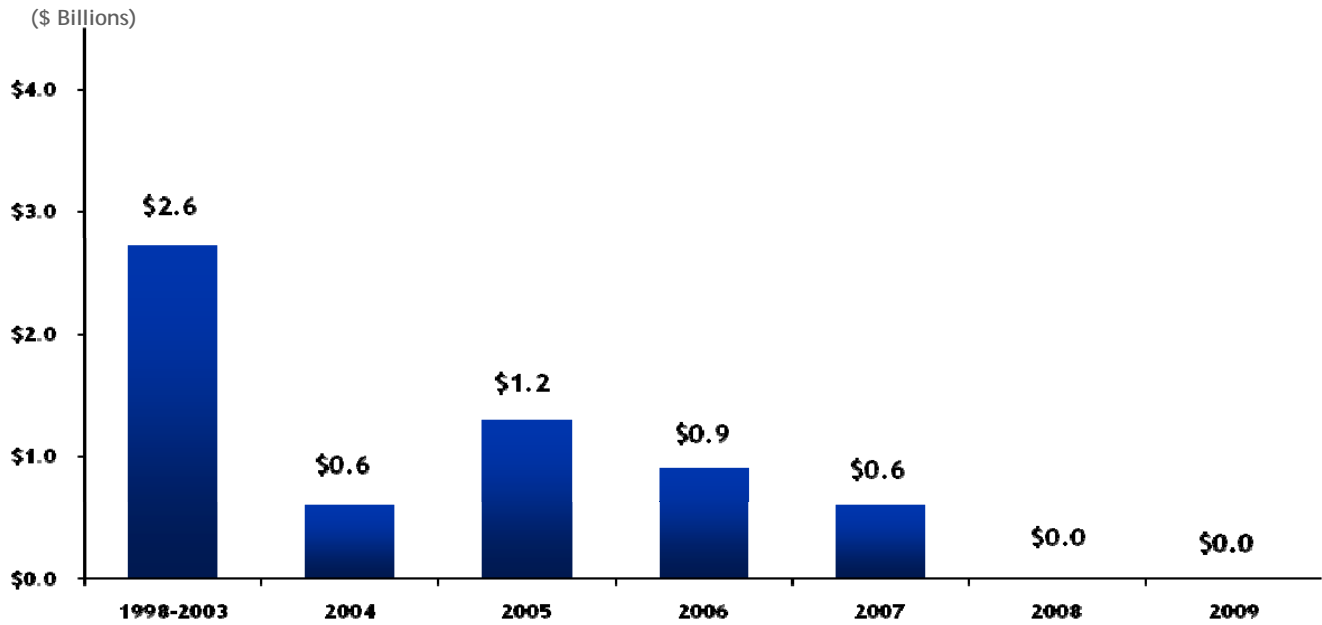
(\$ Billions)



Excludes Manufactured Housing originations.

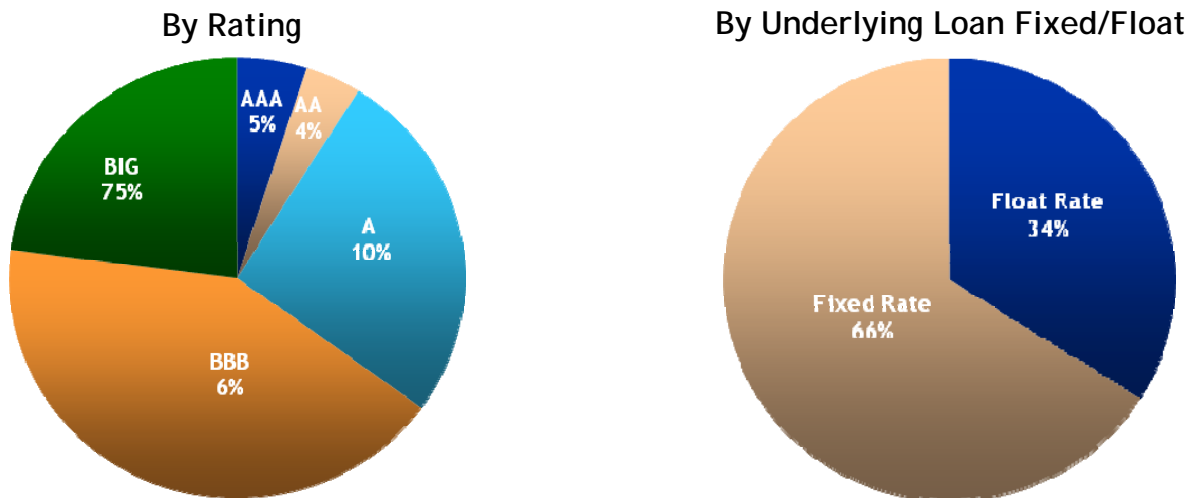
Ambac Sub-Prime Exposure by Issue Year
December 31, 2009

Total = \$5.9 billion



Ambac Sub-Prime Exposure by Rating⁽²⁾
December 31, 2009

Total = \$5.9 billion



- (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 2009 Form 10-K.
- (2) Internal Ambac credit rating. Ambac insures the senior-most tranches issued in residential mortgage-backed securities (RMBS) -- this means that we insure the RMBS from a given loss attachment point to the top of the structure. Thus, the insured RMBS in the BBB portion of the pie chart above are all relatively large senior tranches that reside at the top of the capital structure. Because of their size and position in the capital structure these tranches will produce significantly lower levels of loss severity, upon collateral default, than BBB-rated mezzanine tranches with similar collateral.