

Collateralized Debt Obligations

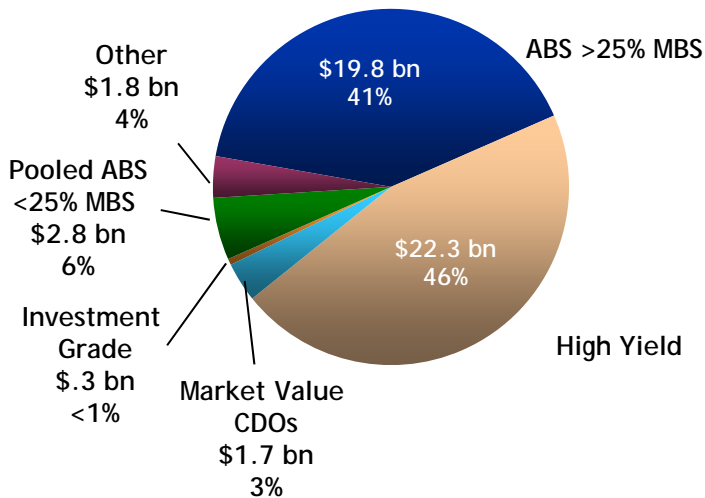
Overview of Ambac's participation

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:

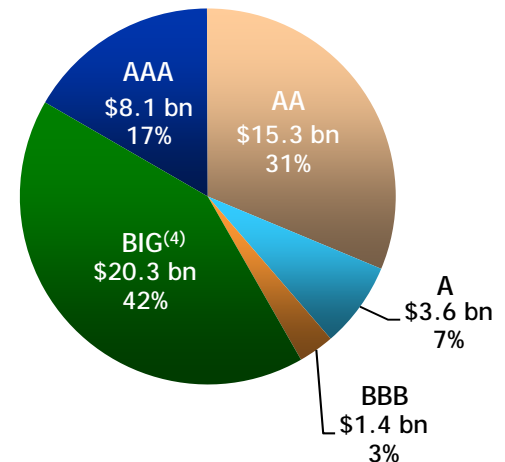
Ambac Collateralized Debt Obligations Exposure

Total = \$48.7 billion⁽¹⁾

Business Mix by Net Par
As of September 30, 2009⁽²⁾



Ambac Ratings by Net Par
As of September 30, 2009⁽³⁾⁽⁴⁾



- (1) Amounts exclude an outstanding commitment with respect to approximately \$2.9 billion of ABS CDOs. This commitment is disclosed in further detail in Ambac's September 30, 2009 Form 10-Q filed with the Securities and Exchange Commission.
- (2) For additional information on Ambac CDOs of ABS >25% MBS Exposure, please refer to Ambac's September 30, 2009 Form 10-Q filed with the Securities and Exchange Commission.
- (3) 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 September 30, 2009, 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.
- (4) "BIG" represents Ambac ratings below BBB-.