



RAM Holdings Ltd.
Quarterly Operating Supplement ⁽¹⁾
September 30, 2009

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⁽¹⁾ Information included in this report is unaudited

⁽²⁾ Schedules revised for restatement of loss reserves due to correction of an error, see Financial Statements for the period ended September 30, 2009 (as restated) for details of this restatement

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

	<u>As restated</u> <u>September 30, 2009</u>	<u>December 31, 2008</u>
Assets		
Investments:		
Fixed-maturity securities held as available for sale, at fair value (Amortized Cost: \$354,073 and \$415,559)	\$ 362,556	\$ 421,890
Cash and cash equivalents	9,847	8,763
Restricted cash	4,969	8,285
Accrued investment income	2,470	4,438
Reinsurance balances receivable, net	14,066	1,115
Recoverable on paid losses	7,542	1,797
Deferred policy acquisition costs	63,551	74,795
Prepaid reinsurance premiums	1,004	1,599
Deferred expenses	1,448	1,588
Prepaid expenses	1,213	377
Other financial instruments (at fair value)	-	43,083
Other assets	502	6,552
Total Assets	\$ 469,168	\$ 574,282
 Liabilities and Equity		
Liabilities:		
Loss and loss expense reserve	\$ 55,423	\$ 95,794
Unearned premiums	157,310	158,594
Reinsurance balances payable	6,046	24,621
Accounts payable and accrued liabilities	2,812	2,494
Long-term debt	35,000	40,000
Redeemable preference shares: \$1,000 par value; authorized shares - 75,000; issued and outstanding shares - 75,000	75,000	75,000
Accrued interest payable	-	693
Derivative liabilities	58,662	85,354
Other liabilities	-	2,375
Total Liabilities	390,253	484,925
 Shareholders' Equity:		
Common stock: \$0.10 par value; authorized shares - 90,000,000; Issued and outstanding shares - 26,340,174 shares at September 30, 2009 and 27,251,595 at December 31, 2008	2,634	2,725
Additional paid-in capital	230,845	230,438
Accumulated other comprehensive income	8,483	6,331
Retained (deficit) earnings	(171,161)	(150,137)
Total Shareholders' Equity	70,801	89,357
Noncontrolling interest - Class B preference shares of subsidiary	8,114	-
Total Equity	78,915	89,357
Total Liabilities and Equity	\$ 469,168	\$ 574,282

RAM Holdings Ltd.
Consolidated Statements of Operations
(unaudited)

For the three and nine months ended September 30, 2009 and 2008
(dollars in thousands except share and per share amounts)

	<u>Three Months Ended September 30,</u>		<u>Year-to-date September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	As restated		As restated	
Revenues				
Net premiums earned	\$ 7,654	\$ 20,727	\$ 23,371	\$ 53,396
Change in fair value of credit derivatives				
Realized gains (losses) and other settlements	1,124	(67,548)	3,119	(62,222)
Unrealized gains (losses)	25,165	66,299	26,671	51,450
Net change in fair value of credit derivatives	26,289	(1,249)	29,790	(10,772)
Net investment income	3,354	7,137	11,338	23,671
Net realized gains on investments	222	3,564	8,274	4,642
Total other-than-temporary impairment losses	-	(8,561)	(4,938)	(9,886)
Portion of impairment losses recognized in other comprehensive income (loss)	(66)	-	266	-
Net other-than-temporary impairment losses (recognized in earnings)	(66)	(8,561)	(4,672)	(9,886)
Net unrealized (losses) gains on other financial instruments	-	1,500	(1,197)	6,420
Foreign currency gains (losses)	245	(39)	416	(41)
Net gains on extinguishment of debt	-	-	3,403	-
Total revenues	37,698	23,079	70,723	67,430
Expenses				
Losses and loss adjustment expenses	3,649	50,011	16,858	133,291
Acquisition expenses	3,536	8,277	17,524	19,664
Operating expenses	3,139	4,540	13,246	13,246
Interest expense	584	682	1,885	4,869
Total expenses	10,908	63,510	49,513	171,070
Net income (loss) before noncontrolling interest	\$ 26,790	\$ (40,431)	\$ 21,210	\$ (103,640)
Noncontrolling interest - dividends on preference shares of subsidiary	-	-	(922)	-
Net income (loss) available to common shareholders	\$ 26,790	\$ (40,431)	\$ 20,288	\$ (103,640)
Net income (loss) per common share:				
Basic	\$ 1.02	\$ (1.48)	\$ 0.76	\$ (3.80)
Diluted	1.02	(1.48)	0.76	(3.80)
Weighted-average number of common shares outstanding:				
Basic	26,340,327	27,251,466	26,848,610	27,248,423
Diluted	26,340,327	27,251,466	26,848,610	27,248,423
Operating Income (Loss)				
Net income (loss)	\$ 26,790	\$ (40,431)	\$ 20,288	\$ (103,640)
Less: Realized gains on investments and other-than-temporary impairment losses	(156)	4,997	(3,602)	5,244
Less: Unrealized (gains) losses on credit derivatives	(25,165)	(66,299)	(26,671)	(51,450)
Add back: credit impairment on derivatives	1,222	116,211	(6,874)	17,162
Less: Foreign currency (gains) losses	(245)	39	(416)	41
Less: Other losses (gains) on debt and other financial instruments	-	(1,500)	(2,206)	(6,420)
Operating Income (Loss)	\$ 2,446	\$ 13,017	\$ (19,481)	\$ (139,063)
Net income (loss) per diluted share	\$ 1.02	\$ (1.48)	\$ 0.76	\$ (3.80)
Less: Realized gains on investments and other-than-temporary impairment losses	(0.01)	0.18	(0.13)	0.19
Less: Unrealized (gains) losses on credit derivatives	(0.96)	(2.43)	(1.00)	(1.89)
Add back: credit impairment on derivatives	0.05	4.26	(0.26)	0.63
Less: Foreign currency (gains) losses	(0.01)	0.00	(0.02)	0.00
Less: Other losses (gains) on debt and other financial instruments	0.00	(0.06)	(0.09)	(0.24)
Operating income (loss) per diluted share	\$ 0.09	\$ 0.48	\$ (0.74)	\$ (5.11)

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

	3rd Quarter		Year-to-date	
	2009	2008	2009	2008
Financial Ratios				
<u>GAAP Basis ⁽¹⁾</u>				
Loss and LAE Ratio	As restated 47.7%	241.3%	As restated 72.1%	249.6%
Underwriting Expense Ratio	87.2%	61.8%	131.7%	61.6%
Combined Ratio	134.9%	303.1%	203.8%	311.2%
Per Share Data				
<u>Shareholders' Equity (Book Value)</u>	\$2.69	\$4.81	\$2.69	\$4.81
Noncontrolling interest	0.31	-	0.31	-
Unearned premiums ⁽²⁾	6.04	7.63	6.04	7.63
Prepaid Reinsurance Premiums	(0.04)	(0.09)	(0.04)	(0.09)
Deferred Acquisition Costs	(2.41)	(3.60)	(2.41)	(3.60)
Present Value of Installment Premiums ⁽³⁾	0.86	5.89	0.86	5.89
Unrealized Gains (Losses) on Investments	(0.32)	0.28	(0.32)	0.28
<u>Adjusted Book Value</u>	\$7.13	\$14.92	\$7.13	\$14.92
Shares outstanding	26,340,174	27,251,595		

	3rd Quarter		Year-to-date	
	2009	2008	2009	2008
U.S. Statutory Basis (estimated)				
<u>Financial Ratios</u>				
Loss and LAE Ratio	107.9%	(3.1)%	209.6%	303.7%
Underwriting Expense Ratio	131.0%	456.3%	(92.5)%	162.3%
Combined Ratio	238.9%	453.2%	117.1%	466.0%
<u>Balance Sheet</u>				
	9/30/2009	12/31/2008		
	As restated			
Capital and Surplus	\$61,087	\$65,389		
Contingency Reserve	58,172	71,698		
Capital Base	\$119,259	\$137,087		
Unearned Premium Reserve ⁽⁴⁾	141,634	189,927		
Present Value of Installment Premiums ⁽⁵⁾	48,270	78,697		
Premium Resources	189,904	268,624		
Loss and LAE Reserves (incl.credit impairment)	57,331	86,005		
Soft Capital Credit Facilities ⁽⁶⁾	-	180,000		
Total Claims-Paying Resources	\$366,494	\$671,716		
Debt Service Outstanding	\$33,509,288	\$50,737,076		
Capital Ratio ⁽⁷⁾	281:1	370:1		
Claims-Paying Ratio ⁽⁸⁾	91:1	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 September 30, 2009 and December 31, 2008, the discount rate was 2.51% 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.

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

	Year-to-date		As Reclassified ⁽¹⁾		
	2009	2008	2007	2006	2005
GAAP Summary Income Statement Data					
	As restated				
Insurance					
Net Premiums Earned	23,371	68,577	51,005	44,292	39,036
Net change in fair value of credit derivatives	29,790	7,968	(171,806)	3,190	(157)
Net Investment Income	11,338	29,307	33,148	24,236	18,201
Realized Gains (Losses) on Investments & OTTI ⁽⁷⁾	3,602	(2,356)	(3,604)	(1,002)	(1,583)
Other Gains (Losses)	2,622	7,754	35,330	-	-
Loss and Loss Adjustment Expenses	16,858	214,828	48,026	(2,781)	7,204
Acquisition Expenses	17,524	30,576	18,418	16,315	14,424
Operating Expenses	13,246	16,930	13,373	13,379	11,531
Interest Expense	1,885	8,375	8,375	2,750	2,750
Net (Loss)/Income before non controlling interest	21,210	(159,459)	(144,119)	41,053	19,588
ROE ⁽³⁾ *	18.91%	-93.34%	-45.64%	11.70%	6.18%
Operating ROE ⁽⁴⁾ *	-19.04%	-136.07%	-13.57%	11.82%	7.45%
GAAP Summary Balance Sheet Data					
Investments	\$ 362,556	\$ 421,890	\$ 696,533	\$ 578,589	\$ 469,908
Deferred Acquisition Costs	63,551	74,795	87,304	73,838	66,220
Total Assets	469,168	574,282	860,265	711,843	553,498
Unearned Premiums	157,310	158,594	239,957	192,641	163,769
Loss and Loss Expense Reserves	55,423	95,794	63,798	14,506	16,595
Derivative Liability	58,662	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	390,253	484,925	607,952	332,576	230,842
Shares outstanding	26,340	27,252	27,239	27,235	25,885
Equity	78,915	89,357	252,313	379,267	322,656
Financial Ratios					
<u>GAAP</u>					
Loss and LAE Ratio	72.1%	313.3%	94.2%	-6.3%	18.5%
Underwriting Expense Ratio	131.7%	69.3%	62.3%	67.0%	66.5%
Combined Ratio	203.8%	382.5%	156.5%	60.8%	84.9%
Other Financial Information					
Net Par Amount Outstanding	\$ 20,896,559	\$ 29,956,953	\$ 45,393,803	\$ 31,118,714	\$ 27,054,260
Book Value Per Share	\$ 2.69	\$ 3.28	\$ 9.26	\$ 13.93	\$ 12.47
Adjusted Book Value Per Share	\$ 7.13	\$ 9.02	\$ 20.56	\$ 22.49	\$ 19.76
<u>Operating Book Value</u>					
Shareholders' Equity (Book Value)	70,801	89,357	252,313	379,267	322,656
Derivative Liability (Asset) ⁽⁵⁾	56,830	83,429	177,717	(60)	(74)
Add back credit impairments on derivatives	12,888	6,014	44,413	-	-
Fair value of other financial instruments	-	43,083	35,330	-	-
Operating book value per share	4.36	4.54	12.86	13.92	12.46
Noncontrolling interest	8,114	-	-	-	-
Unearned premiums ⁽⁶⁾	159,187	160,519	242,829	194,322	165,580
Prepaid reinsurance premiums	1,004	1,599	2,663	2,091	-
Deferred Acquisition Costs	63,551	74,795	87,304	73,838	66,220
Present Value of Installment Premiums ⁽²⁾	22,712	78,697	165,644	109,303	84,839
Unrealized Gains (Losses) on Investments	8,483	6,331	10,888	(5,497)	(4,540)
Adjusted Operating Book Value Per Share	\$ 8.80	\$ 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 September 30, 2009 and December 31, 2008, the discount rate was 2.51% 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 ^{(1) (2)}

(dollars in thousands)

	Scheduled Net Debt Service Amortization	Ending Net Debt Service Outstanding
2nd Quarter 2009		33,509,288
3rd Quarter 2009	588,391	32,920,897
4th Quarter 2009	402,050	32,518,847
2010	1,866,303	30,652,544
2011	1,889,500	28,763,044
2012	2,153,237	26,609,807
2013	1,566,940	25,042,867
2014-2018	6,814,653	18,228,214
2019-2023	5,718,761	12,509,454
2024-2028	4,634,586	7,874,868
2029 and thereafter	<u>7,874,868</u>	-
Total	<u><u>33,509,288</u></u>	

(1) Represents the amortization from June 30, 2009 based on exiting insured issues as of June 30, 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
Public Finance	\$ 6,962	\$ 5,893	\$ 6,622	\$ -	\$ 19,477
Structured Finance	2,243	619	1,032	-	3,894
Total	\$ 9,205	\$ 6,512	\$ 7,654	\$ -	\$ 23,371
Refundings included in total	\$ 2,351	\$ 3,546	\$ 4,479	\$ -	\$ 10,376

2008	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Public Finance	\$ 6,399	\$ 12,815	\$ 14,537	\$ 10,792	\$ 44,543
Structured Finance	6,799	6,656	6,190	4,389	24,034
Total	\$ 13,198	\$ 19,471	\$ 20,727	\$ 15,181	\$ 68,577
Refundings included in total	\$ 534	\$ 9,056	\$ 8,172	\$ 5,983	\$ 23,745

RAM Holdings Ltd
Investment Portfolio
As of September 30, 2009
(dollars in thousands)

Fixed Income Securities

	<u>Market Value</u>	<u>% of Market Value</u>	<u>Amortized Cost</u>	<u>Book Yield</u>	<u>Annualized Income</u>
U.S.Treasuries	\$ 137,378	37.9%	\$ 134,689	2.2%	\$ 2,909
Agencies	27,446	7.6%	25,534	4.4%	1,113
Corporate	49,177	13.6%	48,712	4.9%	2,366
Municipal	19,779	5.5%	18,820	5.6%	1,059
Mortgage and Asset Backed	128,776	35.5%	126,318	4.8%	6,055
Total Investments	<u>\$ 362,556</u>	<u>100.0%</u>	<u>\$ 354,073</u>	3.7%	<u>\$ 13,502</u>

Maturity

	<u>Market Value</u>	<u>% of Market Value</u>
Within 1 Year	\$ 25,448	7.0%
1 to 5 Years	155,140	42.8%
5 to 10 Years	29,256	8.1%
More than 10 Years	23,936	6.6%
Mortgage and asset-backed securities	128,776	35.5%
Total Investments	<u>\$ 362,556</u>	<u>100.0%</u>

Average life: 4.26 years

Duration: 3.37 years

**Quality Distribution
of Fixed
Income Investments**

<u>Rating</u>	<u>% of Market Value</u>
Aaa	84.0%
Aa	6.4%
A	7.1%
BBB	1.9%
BIG	0.5%
	<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.
	As restated			
2009				
Loss and loss expense Reserves	\$ 129,259	\$ 56,649	\$ 55,423	\$ -
Total Reserves	<u>\$ 129,259</u>	<u>\$ 56,649</u>	<u>\$ 55,423</u>	<u>\$ -</u>
Credit Impairments ⁽¹⁾	9,409	14,110	12,888	-
Total Portfolio Losses	<u>\$ 138,668</u>	<u>\$ 70,759</u>	<u>\$ 68,311</u>	<u>\$ -</u>
2008				
Case Reserves	\$ 51,049	\$ 91,451	\$ 99,666	\$ 81,787
Unallocated Reserves ⁽²⁾	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 ⁽¹⁾	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
Acquisition and Operating Expenses:					
Operating expenses	5,217	4,891	3,139		13,247
Gross acquisition expenses	948	(49,103)	93		(48,062)
Gross acquisition and operating expenses	\$ 6,165	\$ (44,212)	\$ 3,232	\$ -	\$ (34,815)
Deferred Expenses:					
Acquisition expenses	(642)	49,378	12		48,748
Operating expenses	-	-			-
Total deferred expenses	(642)	49,378	12	-	48,748
Change in deferred acquisition expenses	3,655	9,752	3,431	-	16,838
Total acquisition and operating expense, net of deferred expenses	\$ 9,178	\$ 14,918	\$ 6,675	\$ -	\$ 30,771

2008	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Acquisition and Operating Expenses:					
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
Deferred Expenses:					
Acquisition expenses	(6,034)	(894)	1,189	11,568	5,829
Operating expenses	(468)	(409)	(179)	(228)	(1,284)
Total deferred expenses	(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
Total acquisition and operating expense, net of deferred expenses	\$ 9,328	\$ 10,765	\$ 12,817	\$ 14,596	\$ 47,506

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	\$ 63,551	\$ -
Unearned Premiums	239,957	158,594	327,383	165,205	157,310	-
Present Value of Future Installment Premiums, net of ceding commissions ⁽¹⁾	165,644	78,697	-	-	-	-
Adjusted Deferred Premiums	\$ 405,601	\$ 237,291	\$ 327,383	\$ 165,205	\$ 157,310	\$ -
Ratio	21.5%	31.5%	38.5%	40.6%	40.4%	

(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
2009					
Credit derivative premiums received and receivable	\$ 2,067	\$ 1,940	\$ 1,948	\$ -	\$ 5,955
Expenses on credit derivative policies	1,124	801	824	-	2,749
Losses and Loss Adjustment Expenses	51	36	-	-	87
Net Realized Gains (Losses) on Credit Derivatives	<u>892</u>	<u>1,103</u>	<u>1,124</u>	<u>-</u>	<u>3,119</u>
Net Unrealized Gains (Losses) on Credit Derivatives ⁽¹⁾	<u>12,012</u>	<u>(10,506)</u>	<u>25,165</u>	<u>-</u>	<u>26,671</u>
Net Change in Fair Value of Credit Derivatives	<u>\$ 12,904</u>	<u>\$ (9,403)</u>	<u>\$ 26,289</u>	<u>\$ -</u>	<u>\$ 29,790</u>
2008					
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 ⁽¹⁾	<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
2009					
Opening Net Derivative Asset/(Liability)	\$ (85,354)	\$ (73,135)	\$ (83,755)	\$ -	\$ (85,354)
Unrealized Loss	8,617	(15,207)	26,387	-	19,797
Credit impairments ⁽²⁾	3,395	4,701	(1,222)	-	6,874
Other changes in derivative asset/liability	207	(114)	(72)	-	21
Net movement in Asset (Liability)	<u>12,219</u>	<u>(10,620)</u>	<u>25,093</u>	<u>-</u>	<u>26,692</u>
Closing Net Derivative Asset/(Liability)	<u>\$ (73,135)</u>	<u>\$ (83,755)</u>	<u>\$ (58,662)</u>	<u>\$ -</u>	<u>\$ (58,662)</u>
2008					
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 ⁽²⁾	(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)

	Insured YTD, September 30, 2009			Outstanding as of September 30, 2009	
	Before Commutations	%	After Commutations Net	Net Amount	%
	Net Amount		Amount		
US Public Finance					
General Obligation and Lease	\$ 117	64.4%	\$ (556)	\$ 6,157	29.5%
Tax backed	-	0.0%	(862)	1,188	5.7%
Transportation	10	5.3%	(536)	2,216	10.6%
Healthcare	5	2.8%	(390)	963	4.6%
Utility	6	3.3%	(670)	2,292	11.0%
Investor Owned Utilities	-	0.0%	(467)	82	0.4%
Higher Education	3	1.9%	(164)	462	2.2%
Housing	-	0.0%	(91)	77	0.4%
Other	-	0.0%	(39)	225	1.1%
Total US Public Finance	\$ 141	77.6%	\$ (3,773)	\$ 13,663	65.4%
US Structured Finance					
Commercial ABS	\$ 30	16.5%	\$ (806)	\$ 3,037	14.5%
Home Equity	-	0.0%	(401)	254	1.2%
Autos	-	0.0%	(94)	157	0.7%
Mortgage Backed Securities	-	0.0%	(80)	467	2.2%
Banks and Other Corporate	-	0.0%	-	15	0.1%
Other Consumer ABS	-	0.0%	(550)	93	0.4%
Total US Structured Finance	\$ 30	16.5%	\$ (1,932)	\$ 4,022	19.2%
International					
Asset Backed					
Commercial ABS	\$ 11	5.9%	\$ (499)	\$ 1,251	6.0%
Autos	-	0.0%	-	-	0.0%
Mortgage Backed Securities	-	0.0%	(32)	335	1.6%
Other Consumer ABS	-	0.0%	-	40	0.2%
Tax-Backed	-	0.0%	-	-	0.0%
Housing	-	0.0%	-	-	0.0%
Public Finance	-	0.0%	(464)	870	4.2%
Investor Owned Utilities and Other	-	0.0%	(278)	715	3.4%
Total International	\$ 11	5.9%	\$ (1,273)	\$ 3,212	15.4%
Total	\$ 182	100.0%	\$ (6,978)	\$ 20,897	100.0%

* 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)

	Insured YTD, September 30, 2009			Outstanding as of September 30, 2009	
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%
Geographic Distribution					
United States					
CALIFORNIA	\$ 6	3.5%	\$ (638)	\$ 2,391	11.4%
NEW YORK	8	4.4%	(654)	1,402	6.7%
ILLINOIS	12	6.6%	(232)	971	4.6%
FLORIDA	-	0.0%	(231)	931	4.5%
TEXAS	19	10.7%	(211)	711	3.4%
MASSACHUSETTS	2	1.2%	(200)	602	2.9%
MICHIGAN	0	0.1%	(123)	564	2.7%
WASHINGTON	-	0.0%	(130)	539	2.6%
PENNSYLVANIA	38	20.9%	(131)	505	2.4%
NEW JERSEY	14	7.8%	(38)	493	2.4%
OTHER STATES	71	39.0%	(1,784)	4,592	22.0%
MULTI_STATE	-	0.0%	(1,334)	3,982	19.1%
US Sub-total	\$ 171	94.1%	\$ (5,705)	\$ 17,685	84.6%
International					
United Kingdom	\$ 11	5.9%	\$ (500)	\$ 1,487	7.1%
Australia	-	0.0%	(110)	343	1.6%
Canada	-	0.0%	(66)	93	0.4%
Italy	-	0.0%	(224)	91	0.4%
France	-	0.0%	(5)	91	0.4%
Japan	-	0.0%	(88)	76	0.4%
Turkey	-	0.0%	(13)	60	0.3%
Germany	-	0.0%	-	49	0.2%
Brazil	-	0.0%	(1)	32	0.2%
Austria	-	0.0%	(63)	30	0.1%
Other Countries	-	0.0%	(119)	84	0.4%
Multinational	-	0.0%	(84)	775	3.7%
Int. Sub-total	\$ 11	5.9%	\$ (1,273)	\$ 3,212	15.4%
Total Par	\$ 182	100.0%	\$ (6,978)	\$ 20,897	100.0%

* All net par outstanding reported herein is based on a one-quarter lag.

RAM Holdings Ltd.
Largest Exposures
Net Par Outstanding
as of September 30, 2009
(dollars in millions)

Top 10 Largest Public Finance Exposures:	Country	NPO	RAM Re Rating ¹
1 Massachusetts (State of) - GO Appropriation	US	\$ 236	AA
2 Clark County SD, NV - GO	US	223	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	186	AA-
9 Detroit (City of), MI GO	US	172	BIG
10 New York, NY Muni Water Finance Authority	US	170	AA
Total		\$ 2,035	

Top 10 Largest Structured Finance Exposures:	Country	NPO	RAM Re Rating ¹
1 Market Value CLO	US	\$ 163	AAA
2 Market Value CLO	US	130	AAA
3 Private Residential Mortgage-Backed Securities	GBR	112	AAA
4 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	US	107	BIG
5 Super Senior Static Emerging Market Sovereign CDO	MULTI	103	AAA
6 High Yield CLO	US	99	AAA
7 High Yield CLO	US	99	AAA
8 Synthetic High Yield CDO	US	86	AA+
9 High Yield Trust Preferred CDO	MULTI	81	BIG
10 High Yield Cash Flow CLO	US	80	AAA
Total		\$ 1,060	

1. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies. Ratings are assigned as of November 30, 2009.

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

	Insured YTD, September 30, 2009 ¹				Outstanding as of September 30, 2009 ²	
	Before Commutations		After Commutations		Net Amount	%
	Net Amount	%	Net Amount	Net Amount		
Public Finance						
AAA	\$ -	0.0%	\$ (14)	\$ 94	0.6%	
AA	35	24.8%	(1,528)	6,649	43.6%	
A	85	60.6%	(2,098)	5,888	38.6%	
BBB	24	17.3%	(824)	2,296	15.1%	
Below Investment Grade	(4)	-2.8%	(52)	321	2.1%	
Total	\$ 141	100.0%	\$ (4,515)	\$ 15,248	100.0%	

	Insured YTD, September 30, 2009 ¹				Outstanding as of September 30, 2009 ²	
	Before Commutations		After Commutations		Net Amount	%
	Net Amount	%	Net Amount	Net Amount		
Structured Finance						
AAA	\$ 42	102.1%	\$ (240)	\$ 3,328	58.9%	
AA	(1)	-2.1%	(242)	311	5.5%	
A	-	0.0%	(623)	339	6.0%	
BBB	-	0.0%	(581)	695	12.3%	
Below Investment Grade	-	0.0%	(778)	975	17.3%	
Total	\$ 41	100.0%	\$ (2,463)	\$ 5,649	100.0%	

	Insured YTD, September 30, 2009 ¹				Outstanding as of September 30, 2009 ²	
	Before Commutations		After Commutations		Net Amount	%
	Net Amount	%	Net Amount	Net Amount		
Total						
AAA	\$ 42	22.9%	\$ (253)	\$ 3,422	16.4%	
AA	34	18.8%	(1,769)	6,960	33.3%	
A	85	47.0%	(2,721)	6,227	29.8%	
BBB	24	13.4%	(1,405)	2,990	14.3%	
Below Investment Grade	(4)	-2.2%	(830)	1,297	6.2%	
Total	\$ 182	100.0%	\$ (6,978)	\$ 20,897	100.0%	

1. Original ratings assigned at initial underwriting.

2. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies.

RAM Holdings Ltd.
Non-Investment Grade Exposures
Net Par Outstanding
as of September 30, 2009
(dollars in millions)

	<u>Net Par Outstanding</u>	<u>Average RAM Re Rating ^{1*}</u>
Non-Investment Grade Exposures by:		
<u>Asset Type</u>		
US Public Finance		
General Obligation and Lease	\$ 183	BB-
Tax backed	6	BB
Transportation	-	
Healthcare	4	BB
Utility	84	CCC
Investor Owned Utilities	5	BB
Higher Education	-	
Housing	-	
Other	-	
Total US Public Finance	\$ 282	
US Structured Finance		
Commercial ABS	\$ 206	BB-
Home Equity	227	CC-
Autos	27	BB
Mortgage Backed Securities	384	B-
Banks and Other Corporate	-	
Other Consumer ABS	-	
Total US Structured Finance	\$ 844	
International		
Asset Backed	\$ 131	BB
Public Finance	39	B+
Investor Owned Utilities and Other	-	
Total International	\$ 171	
Total	\$ 1,297	

Top Ten Non-Investment Grade Exposures as of	September 30, 2009	<u>Net Par Outstanding</u>
<u>Name or Description</u>		<u>Net Par Outstanding</u>
1 Detroit (City of), MI GO		\$ 172
2 First Lien Adjustable-Rate Residential Mortgage-Backed Securities		\$ 107
3 Jefferson County, AL Sewer		\$ 84
4 High Yield Trust Preferred CDO		\$ 81
5 Rental Car Finance Corp. Series 2007-1		\$ 75
6 First Lien Adjustable-Rate Residential Mortgage-Backed Securities		\$ 68
7 Second Lien Residential Mortgage-Backed Securities		\$ 52
8 High Yield Trust Preferred CDO		\$ 50
9 First Lien Adjustable-Rate Residential Mortgage-Backed Securities		\$ 42
10 Subprime Residential Mortgage-Backed Securities		\$ 38
Total Top Ten Non-Investment Grade Exposures		\$ 769

* Average RAM Re rating is the weighted average RAM Re rating within each asset type.

¹ Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies. Ratings are assigned as of November 30, 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. ("RAM Re") 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. 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 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 2.51% at September 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 the Company 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 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 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.

Accounting for Financial Guarantee Insurance Contracts:

On May 23, 2008, the Financial Accounting Standards Board ("FASB") issued a new standard addressing how to account for financial guarantee insurance contracts (ASC 944-20) ("the Standard"). The Standard clarifies how previous accounting literature applies to financial guaranty insurance contracts. The Standard is focused on the recognition and measurement of premium revenue and claims liabilities, along with additional disclosure requirements for financial guaranty contracts. The Standard 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 the Standard.
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.

The Standard was 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. The Standard does not apply to policies which are accounted for as credit derivatives. The cumulative effect of adopting the Standard is recognized as an adjustment to opening retained earnings as of January 1, 2009.

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

	December 31, 2008 As reported	Transition Adjustment	January 1, 2009 As adjusted
ASSETS:			
Reinsurance balances receivable, net ⁽¹⁾	\$ 1,115,413	\$ 86,268,741	\$ 87,384,154
Recoverable on paid losses ⁽³⁾	1,796,842	372,737	2,169,579
Deferred policy acquisition costs ⁽²⁾	74,795,257	54,708,661	129,503,918
Prepaid reinsurance premiums ⁽²⁾	1,599,174	281,642	1,880,816
Total assets	\$ 574,281,925	\$ 141,631,781	\$ 715,913,706
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Loss and loss expense reserve ⁽³⁾	95,794,254	26,238,858	122,033,112
Unearned premiums ⁽²⁾	158,593,738	176,029,942	334,623,680
Reinsurance balances payable ⁽¹⁾	24,621,111	(16,796,051)	7,825,060
Total liabilities	\$ 484,924,036	\$ 185,472,749	\$ 670,396,785
Retained deficit ⁽⁴⁾	(150,136,895)	(43,840,968)	(193,977,863)
Total shareholders' equity	89,357,889	(43,840,968)	45,516,921
Total liabilities and shareholders' equity	\$ 574,281,925	\$ 141,631,781	\$ 715,913,706

- (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 the Standard 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 the Standard. This was offset by a decrease in reserves for the release of the unallocated loss reserves which are not allowed under the Standard.
- (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, 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.