



RAM Holdings Ltd.
Quarterly Operating Supplement ⁽¹⁾
December 31, 2008

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⁽¹⁾ Information included in this report is unaudited

RAM Holdings Ltd.
Consolidated Balance Sheets
(unaudited)
As at December 31, 2008 and 2007
(dollars in thousands)

	December 31, 2008	December 31, 2007
Assets		
Investments:		
Fixed-maturity securities held as available for sale, at fair value (Amortized Cost: \$415,559 and \$685,645)	\$ 421,890	\$ 696,533
Cash and cash equivalents	8,763	12,326
Restricted cash	8,285	8,178
Accrued investment income	4,438	6,465
Premiums receivable	1,115	3,645
Recoverable on paid losses	1,797	1,808
Deferred policy acquisition costs	74,795	87,304
Prepaid reinsurance premiums	1,599	2,663
Other receivables	4,000	-
Deferred expenses	1,588	1,753
Prepaid expenses	377	195
Other financial instruments (at fair value)	43,083	35,330
Other assets	2,552	4,065
Total Assets	\$ 574,282	\$ 860,265
 Liabilities and Shareholders' Equity		
Liabilities:		
Loss and loss expense reserve	\$ 95,794	\$ 63,798
Unearned premiums	158,594	239,957
Reinsurance balances payable	24,621	539
Accounts payable and accrued liabilities	2,494	3,463
Long-term debt	40,000	40,000
Redeemable preferred shares: \$1,000 par value; authorized shares - 75,000; issued and outstanding shares - 75,000	75,000	75,000
Accrued interest payable	693	693
Derivative liabilities	85,354	180,589
Other liabilities	2,375	3,913
Total Liabilities	484,925	607,952
Shareholders' Equity:		
Common stock: \$0.10 par value; authorized shares - 90,000,000; Issued and outstanding shares - 27,251,595 shares at December 31, 2008 and 27,238,976 at December 31, 2007	2,725	2,724
Additional paid-in capital	230,438	229,379
Accumulated other comprehensive income	6,331	10,888
Retained (deficit)/earnings	(150,137)	9,322
Total Shareholders' Equity	89,357	252,313
Total Liabilities and Shareholders' Equity	\$ 574,282	\$ 860,265

RAM Holdings Ltd.
Consolidated Statements of Operations

(unaudited)

For the three months and year ended December 31, 2008 and 2007

(dollars in thousands except share and per share amounts)

	Three Months Ended December 31		Year Ended December 31	
	2008	2007	2008	2007
Revenues				
Gross premiums written	\$ (31,372)	\$ 23,797	\$ (11,214)	\$ 98,501
Ceded premiums	512	(752)	(509)	(752)
Net premiums written	\$ (30,860)	\$ 23,045	\$ (11,723)	\$ 97,749
Change in unearned premiums	46,041	(10,372)	80,300	(46,744)
Premiums earned	15,181	12,673	68,577	51,005
Change in fair value of credit derivatives				
Realized (losses) gains and other settlements	(24,098)	1,919	(86,320)	5,971
Unrealized gains (losses)	42,838	(149,369)	94,288	(177,777)
Net change in fair value of credit derivatives	18,740	(147,450)	7,968	(171,806)
Net investment income	5,677	8,690	29,307	33,148
Net realized losses on investments	2,888	(3,596)	(2,356)	(3,604)
Net unrealized gains on other financial instruments	1,333	35,330	7,754	35,330
Total revenues	43,819	(94,353)	111,250	(55,927)
Expenses				
Losses and loss adjustment expenses	81,537	46,833	214,828	48,026
Acquisition expenses	10,912	4,296	30,576	18,418
Operating expenses	3,684	3,909	16,930	13,373
Interest expense	3,506	3,506	8,375	8,375
Total expenses	99,639	58,544	270,709	88,192
Net Income/(Loss)	\$ (55,820)	\$ (152,897)	\$ (159,459)	\$ (144,119)
Net income/(loss) per common share:				
Basic	\$ (2.05)	\$ (5.61)	\$ (5.85)	\$ (5.29)
Diluted	(2.05)	(5.61)	(5.85)	(5.29)
Weighted-average number of common shares outstanding:				
Basic	27,251,595	27,238,967	27,249,220	27,237,481
Diluted	27,251,595	27,238,967	27,249,220	27,237,481
Operating (Loss)/Earnings				
Net income (loss)	\$ (55,820)	\$ (152,897)	\$ (159,459)	\$ (144,119)
Less: Realized losses on investments	(2,888)	3,596	2,356	3,604
Less: Unrealized (gains) losses on credit derivatives	(42,838)	149,369	(94,288)	177,777
Add back: credit impairment on derivatives	21,237	(44,413)	38,399	(44,413)
Less: Unrealized gains on other financial instruments	(1,333)	(35,330)	(7,754)	(35,330)
Operating (Loss)/Earnings	\$ (81,642)	\$ (79,675)	\$ (220,746)	\$ (42,481)
Net income/(loss) per diluted share				
Less: Realized losses on investments	\$ (0.11)	\$ (0.13)	\$ (0.09)	\$ (0.13)
Less: Unrealized (gains) losses on credit derivatives	(1.57)	5.48	(3.46)	6.53
Add back: credit impairment on derivatives	0.78	(1.63)	1.41	(1.63)
Less: Unrealized gains on other financial instruments	(0.05)	(1.30)	(0.28)	(1.30)
Operating (loss)/earnings per diluted share	\$ (2.99)	\$ (2.93)	\$ (8.10)	\$ (1.56)

Summary Financial Information
(dollars in thousands except share and per share amounts)

Financial Ratios	4th Quarter		Full Year	
	2008	2007	2008	2007
GAAP Basis ⁽¹⁾				
Loss and LAE Ratio	537.1%	369.5%	313.3%	94.2%
Underwriting Expense Ratio	96.1%	64.7%	69.3%	62.3%
Combined Ratio	633.2%	434.2%	382.6%	156.5%
Non GAAP basis ⁽²⁾				
Loss and LAE Ratio ⁽³⁾	501.8%	577.5%	335.3%	153.9%
Underwriting Expense Ratio ⁽⁴⁾	88.5%	59.6%	63.0%	58.1%
Combined Ratio	590.3%	637.1%	398.3%	212.0%
Per Share Data				
<u>Shareholder's Equity (Book Value)</u>	\$3.28	\$9.26	\$3.28	\$9.26
Unearned premiums ⁽⁵⁾	5.89	8.91	5.89	\$8.91
Prepaid Reinsurance Premiums	(0.06)	(0.10)	(0.06)	(\$0.10)
Deferred Acquisition Costs	(2.74)	(3.20)	(2.74)	(\$3.20)
Present Value of Installment Premiums ⁽⁶⁾	2.89	6.08	2.89	6.08
Unrealized Gains (Losses) on Investments	(0.23)	(0.40)	(0.23)	(0.40)
<u>Adjusted Book Value</u>	\$9.02	\$20.55	\$9.02	\$20.55
Shares outstanding	27,251,595	27,238,976		

U.S. Statutory Basis (estimated)	4th Quarter		Full Year	
	2008	2007	2008	2007
Financial Ratios				
Loss and LAE Ratio	447.2%	625.6%	337.4%	140.6%
Underwriting Expense Ratio	(10.8)%	45.4%	(453.3)%	44.6%
Combined Ratio	436.4%	671.0%	(115.9)%	185.2%
Balance Sheet				
	12/31/2008	12/31/2007		
Capital and Surplus	\$65,389	\$266,707		
Contingency Reserve	71,698	90,096		
Capital Base	\$137,087	\$356,804		
Unearned Premium Reserve ⁽⁵⁾	189,927	280,345		
Present Value of Installment Premiums ⁽⁶⁾	78,697	165,644		
Premium Resources	268,624	445,989		
Loss and LAE Reserves (incl. credit impairment)	86,005	73,052		
Soft Capital Credit Facilities	180,000	180,000		
Total Claims-Paying Resources	\$671,715	\$1,055,845		
Debt Service Outstanding	\$50,737,076	\$71,911,109		
Capital Ratio ⁽⁷⁾	370:1	202:1		
Claims-Paying Ratio ⁽⁸⁾	76:1	68:1		

(1) Based on U.S. GAAP Income Statement Data

(2) Non GAAP ratios calculated including amounts relating to credit derivative policies.

(3) Calculated by dividing loss and loss adjustment expenses plus change in credit impairments by net earned premiums (including earned premiums on credit derivatives).

(4) Calculated by dividing acquisition expenses plus operating expenses plus acquisition costs on credit derivatives by net earned premiums (including earned premiums on credit derivative policies).

(5) Including unearned premium amounts relating to credit derivative policies

(6) Present value of future installments, net of ceding commissions, are current estimates and may differ from premium amounts ultimately written and earned.

At December 31, 2008 and December 31, 2007, the discount rate was 3.00% and 4.26%, respectively. Includes amounts relating to credit derivative policies.

(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 per share amounts)

	As Reclassified ⁽¹⁾				
	2008	2007	2006	2005	2004
GAAP Summary Income Statement Data					
Insurance					
Gross Premiums Written	\$ (11,214)	\$ 98,501	\$ 73,219	\$ 63,163	\$ 63,732
Net Premiums Written	(11,723)	97,749	71,073	63,163	63,732
Premiums Earned	68,577	51,005	44,292	39,036	32,375
Net change in fair value of credit derivatives	7,968	(171,806)	3,190	(157)	4,350
Net Investment Income	29,307	33,148	24,236	18,201	16,824
Realized Gains/(Losses) on Investments	(2,356)	(3,604)	(1,002)	(1,583)	536
Unrealized Gain on Other Financial Instruments	7,754	35,330	-	-	-
Loss and Loss Adjustment Expenses	214,828	48,026	(2,781)	7,204	3,579
Acquisition Expenses	30,576	18,418	16,315	14,424	12,634
Operating Expenses	16,930	13,373	13,379	11,531	11,032
Interest Expense	8,375	8,375	2,750	2,750	2,106
Net (Loss)/Income	(159,459)	(144,119)	41,053	19,588	24,734
ROE ⁽³⁾ *	-93.34%	-45.64%	11.70%	6.18%	8.23%
Operating ROE ⁽⁴⁾ *	-136.07%	-13.57%	11.82%	7.45%	7.23%
GAAP Summary Balance Sheet Data					
Investments	\$ 421,890	\$ 696,533	\$ 578,589	\$ 469,908	\$ 404,906
Deferred Acquisition Costs	74,795	87,304	73,838	66,220	58,653
Total Assets	574,282	860,265	711,843	553,498	511,413
Unearned Premiums	158,594	239,957	192,641	163,769	139,632
Loss and Loss Expense Reserves	95,794	63,798	14,506	16,595	15,493
Derivative Liability	85,354	180,589	1,621	1,737	-
Long-term Debt	40,000	40,000	40,000	40,000	40,000
Preferred Shares	75,000	75,000	75,000	-	-
Total Liabilities	484,925	607,952	332,576	230,842	199,908
Shares outstanding	27,252	27,239	27,235	25,885	25,917
Shareholders' Equity	89,357	252,313	379,267	322,656	311,505
Statutory Data					
Net (Loss)/Income	\$ (212,401)	\$ (39,014)	\$ 30,552	\$ 14,127	\$ 9,035
Capital and Surplus	\$65,389	266,707	332,788	221,192	171,742
Contingency Reserve	71,698	90,096	70,610	63,617	102,880
Capital Base	\$137,087	356,804	403,398	284,809	274,622
Unearned Premium Reserve	189,927	280,345	222,558	189,135	160,308
Present Value of Installment Premiums ⁽²⁾	78,697	165,644	109,303	84,839	59,546
Premium Resources	268,624	445,989	331,861	273,974	219,854
Loss and LAE Reserves	86,005	73,052	2,094	4,978	3,982
Soft Capital Credit Facilities	180,000	180,000	180,000	140,000	140,000
Total Claims-Paying Resources	671,715	1,055,845	917,353	703,761	638,458
Financial Ratios					
GAAP					
Loss and LAE Ratio	313.3%	94.2%	-6.3%	18.5%	11.1%
Underwriting Expense Ratio	69.3%	62.3%	67.0%	66.5%	73.1%
Combined Ratio	382.5%	156.5%	60.8%	84.9%	84.2%
Statutory					
Loss and LAE Ratio	337.4%	140.6%	-9.4%	18.3%	15.9%
Underwriting Expense Ratio	-453.3%	44.6%	50.7%	50.8%	45.3%
Combined Ratio	-115.9%	185.2%	41.3%	69.1%	61.2%
Other Financial Information					
Net Par Amount Outstanding	\$ 29,956,953	\$ 45,393,803	\$ 31,118,714	\$ 27,054,260	\$ 22,154,050
Book Value Per Share	\$ 3.28	\$ 9.26	\$ 13.93	\$ 12.47	\$ 12.02
Adjusted Book Value Per Share	\$ 9.02	\$ 20.56	\$ 22.49	\$ 19.76	\$ 17.35
Operating Book Value					
Shareholders' Equity (Book Value)	89,357	252,313	379,267	322,656	311,505
Derivative Liability (Asset) ⁽⁵⁾	83,429	177,717	(60)	(74)	(2,600)
Add back credit impairments on derivatives	6,014	44,413	-	-	-
Fair value of other financial instruments	43,083	35,330	-	-	-
Operating book value per share	4.54	12.86	13.92	12.46	11.92
Unearned premiums ⁽⁶⁾	160,519	242,829	194,322	165,580	140,043
Prepaid reinsurance premiums	1,599	2,663	2,091	-	-
Deferred Acquisition Costs	74,795	87,304	73,838	66,220	58,653
Present Value of Installment Premiums ⁽²⁾	78,697	165,644	109,303	84,839	59,546
Unrealized Gains (Losses) on Investments	6,331	10,888	(5,497)	(4,540)	2,787
Adjusted Operating Book Value Per Share	\$ 10.28	\$ 24.15	\$ 22.49	\$ 19.75	\$ 17.25

- (1) Includes reclassification of balance sheet, income and expense items related to credit derivative contracts reinsured by the Company.
(2) Present value of future installments, net of ceding commissions, are current estimates and may differ from ultimate actual premiums due to additions of new business, changes in prepayment speeds, early terminations or refundings. At December 31, 2008 and December 31, 2007, the discount rate was 3.00% and 4.26%, respectively. Includes amounts relating to credit derivative policies.
(3) Net income divided by average shareholders' equity.
(4) Operating earnings divided by average shareholders' equity, excluding accumulated other comprehensive income.
(5) Excludes unearned premium balances on credit derivative policies.
(6) Includes unearned premium balances on credit derivative policies.
* ROE and Operating ROE is annualized if period is less than 12 months

RAM Holdings Ltd.
Estimated Net Debt Service Amortization ^{(1) (5)}

(dollars in thousands)

	Scheduled Net Debt Service Amortization	Ending Net Debt Service Outstanding
3rd Quarter 2008		50,737,076
4th Quarter 2008	527,610	50,209,466
2009	2,790,763	47,418,703
2010	2,629,829	44,788,874
2011	2,685,689	42,103,185
2012	2,952,710	39,150,475
2013-2017	10,898,074	28,252,401
2018-2022	8,870,718	19,381,684
2023-2027	6,848,901	12,532,782
2028 and thereafter	<u>12,532,782</u>	-
Total	<u>50,737,076</u>	

**Estimated Net Unearned Premium Amortization and Estimated
Future Installment Premiums** ^{(1) (5)}

	Net Unearned Premiums ⁽²⁾	Net Unearned Premium Amortization		Total Premium Earnings ⁽⁴⁾
		Upfront	Installments ⁽³⁾	
4th Quarter 2008	\$ 154,571			
2009	\$ 143,509	\$ 11,061	\$ 20,556	\$ 31,618
2010	\$ 133,080	\$ 10,429	\$ 17,973	\$ 28,403
2011	\$ 123,131	\$ 9,949	\$ 15,733	\$ 25,682
2012	\$ 113,642	\$ 9,489	\$ 12,947	\$ 22,436
2013-2017	\$ 74,077	\$ 39,565	\$ 39,167	\$ 78,732
2018-2022	\$ 45,739	\$ 28,338	\$ 23,484	\$ 51,822
2023-2027	\$ 26,417	\$ 19,322	\$ 14,915	\$ 34,237
2028 and thereafter	\$ -	\$ 26,417	\$ 23,662	\$ 50,079
Total		<u>\$ 154,571</u>	<u>\$ 168,438</u>	<u>\$ 323,008</u>

(1) Represents the amortization and future installments from December 31, 2008 based on existing insured issues as of the September 30 2008.

(2) Equals deferred premium revenue for upfront policies only.

(3) Represents future installment premiums undiscounted.

(4) Actual future premium earnings will differ from the current projection due to the addition of new business, changes in prepayment speeds, early terminations and refundings.

(5) Includes exposures and earnings relating to credit derivative policies

RAM Holdings Ltd.
Net Premiums Earned Analysis ⁽¹⁾
(dollars in thousands)

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

2007	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Public Finance	\$ 6,924	\$ 6,885	\$ 6,821	\$ 6,885	\$ 27,515
Structured Finance	5,585	5,161	6,956	5,788	23,490
Total	\$ 12,509	\$ 12,046	\$ 13,777	\$ 12,673	\$ 51,005
Refundings included in total	\$ 1,914	\$ 1,607	\$ 1,061	\$ 1,119	\$ 5,701

Par Value and Adjusted Premiums ⁽²⁾
(dollars in thousands)

	4th Quarter		Full Year	
	2008	2007	2008	2007
Net Par Written	\$ 48,670	\$ 5,537,417	\$ 5,406,118	\$ 18,176,201
GAAP Net Premiums Written	\$ (30,860)	\$ 23,045	\$ (11,723)	\$ 97,749
Add: Commutation of premiums ⁽⁴⁾	36,423	-	58,073	-
Add: Net Premiums Written on CDS ⁽³⁾	1,367	4,028	11,471	10,249
Revised Net Premiums Written	\$ 6,930	\$ 27,073	\$ 57,821	\$ 107,998
Less: Net Installment Premiums Written	6,430	15,461	38,764	44,685
Net Upfront Premiums Written	500	11,612	19,057	63,313
Plus: PV of Installment Net Premiums Written	1,429	47,877	38,105	117,298
Net Adjusted Premiums Written	\$ 1,929	\$ 59,489	\$ 57,162	\$ 180,611
U.S. Public Finance	844	17,468	20,994	58,306
U.S. Structured Finance	680	21,189	22,328	56,042
U.S. Total	1,524	38,657	43,322	114,348
International Public Finance	405	16,084	5,641	45,222
International Structured Finance	-	4,748	8,199	21,041
International Total	405	20,832	13,840	66,263
Net Adjusted Premiums Written	\$ 1,929	\$ 59,489	\$ 57,162	\$ 180,611

(1) Excludes premiums relating to credit derivative policies.

(2) Adjusted premiums represent upfront premiums in the period and the estimated present value of installment premiums for new policies issued as reported at a quarter lag.

(3) Premiums Written relating to credit derivative policies.

(4) Relates to premiums on policies commuted back to our ceding companies during the fourth quarter and full year 2008.

RAM Holdings Ltd
Investment Portfolio
As of December 31, 2008
(dollars in thousands)

Fixed Income Securities

	Market Value	% of Market Value	Amortized Cost	Book Yield	Annualized Income
U.S. Treasuries	\$ 104,061	24.7%	\$ 89,930	4.0%	\$ 3,579
Agencies	37,395	8.9%	34,272	4.5%	1,549
Corporate	93,456	22.2%	97,243	4.6%	4,438
Municipal	47,863	11.3%	46,995	4.1%	1,905
Mortgage and Asset Backed	139,115	33.0%	147,119	5.0%	7,358
Total Investments	<u>\$ 421,890</u>	<u>100.0%</u>	<u>\$ 415,559</u>	4.5%	<u>\$ 18,830</u>

Maturity

	Market Value	% of Market Value
Within 1 Year	\$ 29,147	6.9%
1 to 5 Years	98,545	23.4%
5 to 10 Years	66,740	15.8%
More than 10 Years	88,343	20.9%
Mortgage and asset-backed securities	139,115	33.0%
Total Investments	<u>\$ 421,890</u>	<u>100.0%</u>

Average life: 6.63 years

Duration: 4.8 years

**Quality Distribution
of Fixed
Income Investments**

Rating	% of Market Value
Aaa	77.5%
Aa	5.3%
A	17.0%
BIG	0.2%
	<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.
2008				
Case Reserves	\$ 51,049	\$ 91,451	\$ 99,666	\$ 81,787
Unallocated Reserves	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>
2007				
Case Reserves	\$ 2,566	\$ 2,942	\$ 2,975	\$ 30,447
Unallocated Reserves	11,355	12,974	14,632	33,351
Total Reserves	<u>\$ 13,921</u>	<u>\$ 15,916</u>	<u>\$ 17,607</u>	<u>\$ 63,798</u>
Credit Impairments ⁽¹⁾	-	-	-	44,413
Total Portfolio Losses	<u>\$ 13,921</u>	<u>\$ 15,916</u>	<u>\$ 17,607</u>	<u>\$ 108,211</u>

(1) Represents estimated impairments of reinsured credit derivative contracts

RAM Holdings Ltd.
Insurance Expense Analysis
(dollars in thousands)

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

2007	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Acquisition and Operating Expenses:					
Operating expenses	3,327	4,302	3,713	4,551	15,893
Gross acquisition expenses	6,179	8,315	7,870	7,001	29,365
Gross acquisition and operating expenses	\$ 9,506	\$ 12,617	\$ 11,583	\$ 11,552	\$ 45,258
Deferred Expenses:					
Acquisition expenses	(6,495)	(8,695)	(8,470)	(7,972)	(31,632)
Operating expenses	(608)	(632)	(638)	(641)	(2,519)
Total deferred expenses	(7,103)	(9,327)	(9,108)	(8,613)	(34,151)
Change in deferred acquisition expenses	4,738	4,760	5,920	5,266	20,684
Total acquisition and operating expense, net of deferred expenses	\$ 7,141	\$ 8,050	\$ 8,395	\$ 8,205	\$ 31,791

Deferred Expenses to Deferred Premiums Ratio
(dollars in thousands)

	2006	2007	1st Qtr. 2008	2nd Qtr. 2008	3rd Qtr. 2008	4th Qtr. 2008
Deferred Acquisition Costs	\$ 73,838	\$ 87,304	\$ 88,196	\$ 87,381	\$ 97,978	\$ 74,795
Unearned Premiums	192,641	239,957	244,360	224,495	205,437	158,594
Present Value of Future Installment Premiums, net of ceding commissions	109,303	165,644	192,877	191,325	160,407	78,697
Adjusted Deferred Premiums	\$ 301,944	\$ 405,601	\$ 437,237	\$ 415,820	\$ 365,844	\$ 237,291
Ratio	24.5%	21.5%	20.2%	21.0%	26.8%	31.5%

RAM Holdings Ltd.
Change in Fair Value of Credit Derivatives
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
2008					
Gross Premiums Written	\$ 3,921	\$ 3,760	\$ 2,423	\$ 1,367	\$ 11,471
Change in Unearned Premiums	(126)	54	472	547	947
Premiums Earned	<u>\$ 3,795</u>	<u>\$ 3,814</u>	<u>\$ 2,895</u>	<u>\$ 1,914</u>	<u>\$ 12,418</u>
Acquisition Expenses	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>
2007					
Gross Premiums Written	\$ 1,444	\$ 2,042	\$ 2,735	\$ 4,028	\$ 10,249
Change in Unearned Premiums	1	(250)	(41)	(901)	(1,191)
Premiums Earned	<u>\$ 1,445</u>	<u>\$ 1,792</u>	<u>\$ 2,694</u>	<u>\$ 3,127</u>	<u>\$ 9,058</u>
Acquisition Expenses	436	620	823	1,208	3,087
Losses and Loss Adjustment Expenses	-	-	-	-	-
Net Realized Gains (Losses) on Credit Derivatives	<u>1,009</u>	<u>1,172</u>	<u>1,871</u>	<u>1,919</u>	<u>5,971</u>
Net Unrealized Gains (Losses) on Credit Derivatives ⁽¹⁾	<u>(31)</u>	<u>(8)</u>	<u>(28,369)</u>	<u>(149,369)</u>	<u>(177,777)</u>
Net Change in Fair Value of Credit Derivatives	<u>\$ 978</u>	<u>\$ 1,164</u>	<u>\$ (26,498)</u>	<u>\$ (147,450)</u>	<u>\$ (171,806)</u>

Credit Derivative Liability
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
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
Change in unearned premiums on credit derivatives	(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>
2007					
Opening Net Derivative Asset/(Liability)	\$ (1,621)	\$ (1,651)	\$ (1,909)	\$ (30,319)	\$ (1,621)
Unrealized Loss	(31)	(8)	(28,369)	(104,956)	(133,364)
Credit impairments ⁽²⁾	-	-	-	(44,413)	(44,413)
Change in unearned premiums on credit derivatives	1	(250)	(41)	(901)	(1,191)
Net movement in Asset (Liability)	<u>(30)</u>	<u>(258)</u>	<u>(28,410)</u>	<u>(150,270)</u>	<u>(178,968)</u>
Closing Net Derivative Asset/(Liability)	<u>\$ (1,651)</u>	<u>\$ (1,909)</u>	<u>\$ (30,319)</u>	<u>\$ (180,589)</u>	<u>\$ (180,589)</u>

(1) Includes 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, December 31, 2008			Outstanding as of December 31, 2008	
	Before Commutations Net Amount	%	After Commutations Net Amount	Net Amount	%
US Public Finance					
General Obligation and Lease	\$ 803	14.9%	\$ (439)	\$ 6,859	22.9%
Tax backed	89	1.6%	(326)	2,095	7.0%
Transportation	596	11.0%	(46)	2,803	9.4%
Healthcare	353	6.5%	(33)	1,672	5.6%
Utility	443	8.2%	(306)	3,032	10.1%
Investor Owned Utilities	142	2.6%	33	609	2.0%
Higher Education	98	1.8%	(119)	639	2.1%
Housing	64	1.2%	(115)	205	0.7%
Other	52	1.0%	22	274	0.9%
Total US Public Finance	\$ 2,640	48.8%	\$ (1,330)	\$ 18,190	60.7%
US Structured Finance					
Commercial ABS	\$ 671	12.4%	\$ (4,654)	\$ 4,147	13.8%
Home Equity	32	0.6%	(703)	527	1.8%
Autos	340	6.3%	(1)	326	1.1%
Mortgage Backed Securities	147	2.7%	(59)	797	2.7%
Banks and Other Corporate	-	0.0%	(63)	15	0.1%
Other Consumer ABS	338	6.2%	189	671	2.2%
Total US Structured Finance	\$ 1,529	28.3%	\$ (5,290)	\$ 6,483	21.6%
International					
Asset Backed					
Commercial ABS	\$ 568	10.5%	\$ (1,379)	\$ 2,048	6.8%
Autos	2	0.0%	2	2	0.0%
Mortgage Backed Securities	171	3.2%	(60)	432	1.4%
Other Consumer ABS	100	1.8%	100	47	0.2%
Total Asset Backed	\$ 841	15.6%	\$ (1,337)	\$ 2,529	8.4%
Public Finance	340	6.3%	(1,563)	1,575	5.3%
Investor Owned Utilities and Other	57	1.1%	(291)	1,180	3.9%
Total International	\$ 1,238	22.9%	\$ (3,191)	\$ 5,284	17.6%
Total	\$ 5,406	100.0%	\$ (9,810)	\$ 29,957	100.0%

¹ All net par outstanding reported herein is based on a one-quarter lag.

² On July 25, 2008, RAM entered into a commutation agreement with Syncora Guaranty Re (formerly XL Financial Assurance) ("XLFA") to commute all business assumed by RAM back to XLFA. Accordingly, the outstanding par in the table above excludes all exposures previously assumed by RAM from XLFA.

³ RAM entered into a commutation agreement with MBIA in early December 2008. This \$10.58 billion portfolio has been excluded herein.

⁴ Also excluded are portfolios commuted to three other primaries during the year totaling approximately \$1.1 billion.

⁵ In Q2 2008, RAM reclassified several credits between the bond types Home Equity and Mortgage Backed Securities.

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

	Insured YTD, December 31, 2008			Outstanding as of December 31, 2008		
	Before Commutations		After Commutations	Net Amount		%
	Net Amount	%	Net Amount			
Geographic Distribution						
United States						
CALIFORNIA	\$ 504	9.3%	\$ (152)	\$ 3,111		10.4%
NEW YORK	307	5.7%	(450)	2,161		7.2%
ILLINOIS	163	3.0%	6	1,247		4.2%
FLORIDA	131	2.4%	(119)	1,201		4.0%
TEXAS	148	2.7%	(111)	1,038		3.5%
MASSACHUSETTS	3	0.1%	(53)	815		2.7%
MICHIGAN	86	1.6%	8	731		2.4%
PENNSYLVANIA	289	5.3%	161	696		2.3%
WASHINGTON	56	1.0%	(18)	687		2.3%
NEW JERSEY	99	1.8%	(151)	561		1.9%
OTHER STATES	940	17.4%	(732)	6,620		22.1%
MULTI-STATE	1,444	26.7%	(5,008)	5,804		19.4%
US Sub-total	\$ 4,168	77.1%	\$ (6,620)	\$ 24,673		82.4%
International						
United Kingdom	\$ 311	5.8%	\$ (1,031)	\$ 2,345		7.8%
Australia	208	3.8%	(524)	543		1.8%
Italy	2	0.0%	(0)	457		1.5%
Canada	-	0.0%	(124)	180		0.6%
Japan	51	0.9%	48	172		0.6%
France	270	5.0%	61	95		0.3%
Turkey	-	0.0%	(74)	95		0.3%
Austria	1	0.0%	1	77		0.3%
Germany	181	3.3%	(83)	54		0.2%
Peru	-	0.0%	-	50		0.2%
Other Countries	27	0.5%	(366)	229		0.8%
Multinational	187	3.5%	(1,097)	988		3.3%
Int. Sub-total	\$ 1,238	22.9%	\$ (3,190)	\$ 5,284		17.6%
Total Par	\$ 5,406	100.0%	\$ (9,810)	\$ 29,957		100.0%

¹ All net par outstanding reported herein is based on a one-quarter lag.

² On July 25, 2008, RAM entered into a commutation agreement with Syncora Guaranty Re (formerly XL Financial Assurance) ("XLFA") to commute all business assumed by RAM back to XLFA. Accordingly, the outstanding par in the table above excludes all exposures previously assumed by RAM from XLFA.

³ RAM entered into a commutation agreement with MBIA in early December 2008. This \$10.58 billion portfolio has been excluded herein.

⁴ Also excluded are portfolios commuted to three other primaries during the year totaling approximately \$1.1 billion.

⁵ In Q2 2008, RAM reclassified several credits between the bond types Home Equity and Mortgage Backed Securities.

RAM Holdings Ltd.
Largest Exposures
Net Par Outstanding
as of December 31, 2008
(dollars in millions)

Top 10 Largest Public Finance Exposures:	Country	NPO	RAM Re Rating ¹
1 Chicago, IL	US	\$ 274	A+
2 Los Angeles, CA - SD	US	269	AA
3 Washington (State of) - GO/Appropriation	US	264	AA
4 Massachusetts (State of) - GO Appropriation	US	246	AA
5 Clark County SD, NV - GO	US	236	AA-
6 Port Authority of New York and New Jersey	US	224	AA-
7 Campania Region - Healthcare Receivable	ITA	224	A-
8 Kentucky (State of) - GO/Appropriation	US	211	AA-
9 Puerto Rico Highway & Transportation Authority	US	204	BBB
10 New York, NY Muni Water Finance Authority	US	<u>200</u>	AA
Total		\$ 2,354	

Top 10 Largest Structured Finance Exposures:	Country	NPO	RAM Re Rating ¹
1 Market Value CLO	US	\$ 163	AAA
2 Private Residential Mortgage-Backed Securities	GBR	143	AAA
3 National Collegiate Student Loan 2007-3	US	142	BBB-
4 National Collegiate Student Loan 2007-4	US	142	BBB-
5 Telereal Securitisation plc	GBR	122	AA-
6 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	US	117	BIG
7 Pooled Actuarial Insurance Policy Securitization - Reg XXX	US	108	BIG
8 Super Senior Static Emerging Market Sovereign CDO	MULTI	103	AAA
9 Market Value CLO	US	102	AAA
10 High Yield CLO	US	<u>100</u>	AAA
Total		\$ 1,242	

1. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies. Ratings are assigned as of February 27, 2009.

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

	Insured YTD, December 31, 2008 ¹			Outstanding as of December 31, 2008 ²	
	Before Commutations Net		After Commutations Net Amount	Net Amount	
	Amount	%			%
Public Finance					
AAA	\$ 194	6.4%	\$ (181)	\$ 165	0.8%
AA	934	30.8%	(700)	8,772	41.9%
A	1,355	44.6%	(920)	8,555	40.8%
BBB	555	18.3%	(1,135)	3,280	15.7%
Below Investment Grade	(1)	0.0%	(247)	173	0.8%
Total	\$ 3,037	100.0%	\$ (3,183)	\$ 20,945	100.0%

	Insured YTD, December 31, 2008 ¹			Outstanding as of December 31, 2008 ²	
	Before Commutations Net		After Commutations Net Amount	Net Amount	
	Amount	%			%
Structured Finance					
AAA	\$ 1,194	50.4%	\$ (3,936)	\$ 4,639	51.5%
AA	9	0.4%	(536)	793	8.8%
A	115	4.9%	(532)	1,010	11.2%
BBB	1,052	44.4%	(135)	1,494	16.6%
Below Investment Grade	-	0.0%	(1,488)	1,076	11.9%
Total	\$ 2,369	100.0%	\$ (6,627)	\$ 9,013	100.0%

	Insured YTD, December 31, 2008 ¹			Outstanding as of December 31, 2008 ²	
	Before Commutations Net		After Commutations Net Amount	Net Amount	
	Amount	%			%
Total					
AAA	\$ 1,387	25.7%	\$ (4,117)	\$ 4,804	16.0%
AA	943	17.4%	(1,236)	9,565	31.9%
A	1,470	27.2%	(1,452)	9,565	31.9%
BBB	1,606	29.7%	(1,270)	4,774	15.9%
Below Investment Grade	(1)	0.0%	(1,735)	1,249	4.2%
Total	\$ 5,406	100.0%	\$ (9,810)	\$ 29,957	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. Ratings are assigned as of February 27, 2009

RAM Holdings Ltd.
Non-Investment Grade Exposures
Net Par Outstanding
as of December 31, 2008
(dollars in millions)

Non-Investment Grade Exposures by:	<u>Net Par Outstanding</u>	<u>Average RAM Re Rating ^{1*}</u>
<u>Asset Type</u>		
US Public Finance		
General Obligation and Lease	\$ 13	B+
Tax backed	10	BB
Transportation	15	D
Healthcare	6	BB-
Utility	83	D
Investor Owned Utilities	-	
Higher Education		
Housing		
Other		
Total US Public Finance	<u>\$ 126</u>	
US Structured Finance		
Commercial ABS	\$ 235	CCC-
Home Equity	385	CC
Autos	5	BB
Mortgage Backed Securities	426	B-
Banks and Other Corporate	-	
Other Consumer ABS	10	CCC
Total US Structured Finance	<u>\$ 1,061</u>	
International		
Public Finance	\$ 47	CC
Asset Backed	15	BB
Total International	<u>\$ 62</u>	
Total	<u><u>\$ 1,250</u></u>	

Top Ten Non-Investment Grade Exposures as of	December 31, 2008
<u>Name or Description</u>	<u>Net Par Outstanding</u>
1 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	\$ 117
2 Pooled Actuarial Risk	108
3 Jefferson County, AL Sewer	82
4 First Lien Adjustable-Rate Residential Mortgage-Backed Securities	76
5 Rental Car Finance Corp. Series 2007-1	75
6 GMACM 2007-HE2	59
7 Metronet Rail SSL Finance plc	47
8 MSAC 2007-NC4	42
9 Countrywide Rev Home Equity Trust 2007-D	37
10 First Franklin Mtg 2007-FFC	35
Total Top Ten Non-Investment Grade Exposures	<u><u>\$ 678</u></u>

* 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 February 27, 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. 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 documents filed by RAM Holdings Ltd. with the Securities and Exchange Commission, including 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, rating agencies 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. Net unearned premium reserve;
 - b. Deferred acquisition costs; and
 - c. The present value of estimated future installment premiums net of ceding commissions (discounted at 3.00% at December 31, 2008 and 4.26% at December 31, 2007).

The definition of ABV used by RAM Re 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. Adjusted premiums written (APW) are reported because it is used by management, analysts, rating agencies and investors as a measure of new business production. APW is defined as the gross up-front premiums plus the present value of estimated installment premiums from business written during the current period (discounted at 3.45%). APW

as defined by RAM Re may differ from definitions used by other financial guaranty companies.

4. Operating income is reported because it is used by management, analysts, rating agencies and investors as a measure to highlight insurance results. We define operating income as net income excluding (a) realized gains (losses) on investments and (b) unrealized gains (losses) on derivatives. 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.
5. Non GAAP ratios are reported because management considers our credit derivative policies as a normal extension of our financial guarantee business and reinsurance in substance. Management considers these ratios to be useful to analysts, rating agencies and investors to review the results of our entire portfolio of policies. Non GAAP ratios are calculated by adding amounts relating to credit derivative policies into the GAAP balances of (i) net premiums earned, (ii) loss and loss adjustment expenses, and (iii) acquisition expenses when calculating loss and expense ratios.

Due to the timing of receipt of reports prepared by our ceding companies, par written, 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.

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, rating agency action such as a ratings downgrade, 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.