

ANNUAL STATEMENT

OF THE

Ambac Assurance Corporation

Of

Madison

in the state of WI

to the Insurance Department

of the State of

For the Year Ended

December 31, 2009

2009

PROPERTY AND CASUALTY



ANNUAL STATEMENT

For the Year Ended December 31, 2009
of the Condition and Affairs of the

Ambac Assurance Corporation

NAIC Group Code 1248, 1248 NAIC Company Code 18708 Employer's ID Number 39-1135174
(Current Period) (Prior Period)
Organized under the Laws of Wisconsin State of Domicile or Port of Entry Wisconsin Country of Domicile United States of America
Incorporated/Organized February 25, 1970 Commenced Business March 16, 1970

Statutory Home Office c/o Dewitt Ross & Stevens S.C., 2 East Mifflin Street, Suite 600 Madison, WI 53703
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office One State Street Plaza New York, NY 10004 212-668-0340
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address One State Street Plaza New York, NY 10004
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records One State Street Plaza New York, NY 10004 212-668-0340
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address http://www.ambac.com

Statutory Statement Contact Kevin John Doyle 212-668-0340
(Name) (Area Code) (Telephone Number) (Extension)
KDoyle@ambac.com 212-208-3558
(E-Mail Address) (Fax Number)

Policyowner Relations Contact Kevin John Doyle One State Street Plaza
(Name) (Street and Number)
New York, NY 10004 212-668-0340
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
1. David William Wallis	President & Chief Executive Officer	2. Michael Anthony Callen	Executive Chairman
3. Kevin John Doyle	Senior Vice President & General Counsel Senior Managing Director and Chief	4. David Trick #	Senior Managing Director & Chief Financial Officer
5. Robert Bryan Eisman #	Accounting Officer	6. Gregory Raab	Senior Managing Director and Chief Risk Officer
7. Diana Adams	Senior Managing Director	8. Gregg Lloyd Bienstock	Senior Vice President
9. Timothy Stevens	Senior Managing Director		

DIRECTORS OR TRUSTEES

Michael Anthony Callen	Jill Marie Considine	Philip Nicholas Duff	Thomas Charles Theobald
Laura Simone Unger	Henry Daniel George Wallace	Paul DeRosa	David William Wallis

State of New York
County of New York

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) David William Wallis	_____ (Signature) Kevin John Doyle	_____ (Signature) Robert Bryan Eisman #
1. (Printed Name) President (President & Chief Executive Officer)	2. (Printed Name) Secretary (Senior Vice President & General Counsel)	3. (Printed Name) Senior Managing Director & Chief Accounting Officer
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____

a. Is this an original filing? Yes [X] No []
b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	6,195,482,761		6,195,482,761	7,792,664,814
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	341,474,654	156,458	341,318,196	238,539,879
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....6,255,555, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....619,100,527, Sch. DA).....	625,356,082		625,356,082	1,178,831,322
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets (Schedule BA).....	11,052,550	2,121,232	8,931,318	
8. Receivables for securities.....	2,249,882		2,249,882	13,575,255
9. Aggregate write-ins for invested assets.....	835,917,909	0	835,917,909	1,173,000,000
10. Subtotals, cash and invested assets (Lines 1 to 9).....	8,011,533,838	2,277,690	8,009,256,148	10,396,611,270
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	58,539,489		58,539,489	71,156,608
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	426,766	26,126	400,640	290,141
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	29,981,644	149	29,981,495	27,350,865
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	2,663,451		2,663,451	22,678,582
14.2 Funds held by or deposited with reinsured companies.....			0	
14.3 Other amounts receivable under reinsurance contracts.....	20,723		20,723	67,080
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....	425,820,805		425,820,805	217,395,373
16.2 Net deferred tax asset.....			0	
17. Guaranty funds receivable or on deposit.....			0	
18. Electronic data processing equipment and software.....	1,800,618	1,800,618	0	900,046
19. Furniture and equipment, including health care delivery assets (\$.....0).....	11,263,113	11,263,113	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	6,734,056		6,734,056	19,008,843
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	4,135,481	4,040,858	94,623	25,596,713
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	8,552,919,984	19,408,554	8,533,511,430	10,781,055,521
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	8,552,919,984	19,408,554	8,533,511,430	10,781,055,521

DETAILS OF WRITE-INS

0901. Inter-company loans with affiliates.....	654,237,909		654,237,909	1,173,000,000
0902. Secured Inter-company loans with affiliates.....	181,680,000		181,680,000	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	835,917,909	0	835,917,909	1,173,000,000
2301. Other assets.....	4,135,481	4,040,858	94,623	82,175
2302. Taxes, licenses and fees receivable.....			0	2,304,054
2303. Amounts receivable under cancelled reinsurance contracts.....			0	23,210,484
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	4,135,481	4,040,858	94,623	25,596,713

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	1,104,542,208	1,126,726,586
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	32,441,773	33,576,452
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	32,451,009	61,817,872
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	2,044,931	
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....153,755,638 and including warranty reserves of \$.....0).....	2,364,518,832	2,699,491,644
10. Advance premium.....	1,393,654	3,229,093
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	1,462,356	15,301,645
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	1,540,025	7,138,017
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....	4,364,000	
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	6,500,235	1,708,682
20. Payable for securities.....	2,070,174	9,446,930
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	4,178,313,548	5,268,170,189
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	7,731,642,745	9,226,607,110
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	7,731,642,745	9,226,607,110
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	82,000,000	82,000,000
29. Preferred capital stock.....	26,411,000	28,000,000
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	3,526,088,310	3,424,426,877
33. Unassigned funds (surplus).....	(2,832,630,625)	(1,979,978,466)
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39).....	801,868,685	1,554,448,411
36. TOTALS (Page 2, Line 26, Col. 3).....	8,533,511,430	10,781,055,521

DETAILS OF WRITE-INS

2301. Mandatory contingency reserve for adverse losses.....	336,056,097	1,914,597,284
2302. Estimated impairment losses on subsidiary guarantees and commitments.....	3,841,324,296	3,352,128,804
2303. Deferred gain on purchase of securities from subsidiary.....	730,387	1,302,305
2398. Summary of remaining write-ins for Line 23 from overflow page.....	202,768	141,796
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	4,178,313,548	5,268,170,189
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	796,371,903	1,078,222,342
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	1,398,111,118	1,584,280,296
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	110,587,255	39,141,902
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	113,274,449	144,288,218
5. Aggregate write-ins for underwriting deductions.....	(348,390,963)	0
6. Total underwriting deductions (Lines 2 through 5).....	1,273,581,859	1,767,710,416
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(477,209,956)	(689,488,074)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	467,509,271	460,961,520
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	(3,026,926,294)	(4,400,907,400)
11. Net investment gain (loss) (Lines 9 + 10).....	(2,559,417,023)	(3,939,945,880)
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	73,494,090	(295,331,033)
15. Total other income (Lines 12 through 14).....	73,494,090	(295,331,033)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(2,963,132,889)	(4,924,764,987)
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(2,963,132,889)	(4,924,764,987)
19. Federal and foreign income taxes incurred.....	(483,521,179)	(890,099,393)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(2,479,611,710)	(4,034,665,594)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	1,554,448,411	3,316,142,651
22. Net income (from Line 20).....	(2,479,611,710)	(4,034,665,594)
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	(2,695,389)	(269,428,086)
25. Change in net unrealized foreign exchange capital gain (loss).....	23,735,605	(49,004,070)
26. Change in net deferred income tax.....	(1,395,276,863)	979,208,776
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	1,474,628,315	(998,048,183)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(4,364,000)	
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....	(1,589,000)	28,000,000
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....	101,661,433	2,007,087,910
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(12,509,301)	(218,539,800)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	1,543,441,184	793,694,807
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(752,579,726)	(1,761,694,240)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	801,868,685	1,554,448,411
DETAILS OF WRITE-INS		
0501. Gains on reinsurance commutations.....	(348,390,963)	
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	(348,390,963)	0
1401. Other miscellaneous income.....	31,894,090	4,668,967
1402. Estimated provision for uncollectible intercompany loan with affiliate.....	41,600,000	(300,000,000)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	73,494,090	(295,331,033)
3701. Mandatory contingency reserve for adverse losses, net of tax.....	1,578,541,184	1,178,604,065
3702. Tax (Cost) Benefit on Stock Compensation.....		(13,538,258)
3703. Tax and Loss Bonds Benefit Reversal.....		(371,371,000)
3798. Summary of remaining write-ins for Line 37 from overflow page.....	(35,100,000)	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	1,543,441,184	793,694,807

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	443,070,312	493,807,420
2. Net investment income.....	295,112,153	533,586,102
3. Miscellaneous income.....	31,894,090	4,668,967
4. Total (Lines 1 through 3).....	770,076,555	1,032,062,489
5. Benefit and loss related payments.....	1,377,023,524	589,186,453
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,274,639,004	2,013,253,154
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(275,095,747)	(146,453,044)
10. Total (Lines 5 through 9).....	2,376,566,781	2,455,986,563
11. Net cash from operations (Line 4 minus Line 10).....	(1,606,490,226)	(1,423,924,074)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,384,771,722	7,600,484,296
12.2 Stocks.....	486,572	3,432,628
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	156,701,487	834,712
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	2,891,731	(1,985,023)
12.7 Miscellaneous proceeds.....	348,407,464	9,446,930
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,893,258,976	7,612,213,543
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,794,596,803	5,345,005,940
13.2 Stocks.....	486,572	1,804,731
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	165,974,850	216,548,793
13.6 Miscellaneous applications.....	7,376,756	1,184,999,613
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,968,434,981	6,748,359,077
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	924,823,995	863,854,466
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....	90,403,915	2,033,554,025
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	12,509,301	218,539,800
16.6 Other cash provided (applied).....	50,296,377	(345,202,045)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	128,190,991	1,469,812,180
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(553,475,240)	909,742,572
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	1,178,831,322	269,088,750
19.2 End of year (Line 18 plus Line 19.1).....	625,356,082	1,178,831,322

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
---------------	--	--

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				.0
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....				.0
10. Financial guaranty.....	461,319,971	2,668,560,289	2,338,418,551	791,461,709
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....				.0
12. Earthquake.....				.0
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....				.0
17.1 Other liability - occurrence.....				.0
17.2 Other liability - claims-made.....				.0
17.3 Excess workers' compensation.....				.0
18.1 Products liability - occurrence.....				.0
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....				.0
19.3, 19.4 Commercial auto liability.....				.0
21. Auto physical damage.....				.0
22. Aircraft (all perils).....				.0
23. Fidelity.....				.0
24. Surety.....	79,120	30,931,355	26,100,281	4,910,194
26. Burglary and theft.....				.0
27. Boiler and machinery.....				.0
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....				.0
32. Reinsurance - nonproportional assumed liability.....				.0
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	461,399,091	2,699,491,644	2,364,518,832	796,371,903

DETAILS OF WRITE-INS

3401. ....				.0
3402. ....				.0
3403. ....				.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Uneamed (Running One Year or Less from Date of Policy) (a)	Amount Uneamed (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Uneamed Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					0
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....					0
9. Inland marine.....					0
10. Financial guaranty.....		2,338,418,551			2,338,418,551
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....					0
17.1 Other liability - occurrence.....					0
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....					0
19.3, 19.4 Commercial auto liability.....					0
21. Auto physical damage.....					0
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....		26,100,281			26,100,281
26. Burglary and theft.....					0
27. Boiler and machinery.....					0
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	0	2,364,518,832	0	0	2,364,518,832
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					2,364,518,832

DETAILS OF WRITE-INS

3401.					0
3402.					0
3403.					0
3498. Summary of remaining write-ins for Line 34 from overflow page....	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

(a) State here basis of computation used in each case: pro-rata, based on expiration of risk.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....	325,118,609	90,316,967	(58,489,515)	7,971,493	(112,345,403)	461,319,971
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....	79,120					79,120
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX					.0
32. Reinsurance - nonproportional assumed liability.....	XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	325,197,729	90,316,967	(58,489,515)	7,971,493	(112,345,403)	461,399,091

DETAILS OF WRITE-INS

3401. ....						.0
3402. ....						.0
3403. ....						.0
3498. Summary of remaining write-ins for Line 34 from overflow page..	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [X] No []

If yes: 1. The amount of such installment premiums \$....325,197,729.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				.0			.0	
2. Allied lines.....				.0			.0	
3. Farmowners multiple peril.....				.0			.0	
4. Homeowners multiple peril.....				.0			.0	
5. Commercial multiple peril.....				.0			.0	
6. Mortgage guaranty.....				.0			.0	
8. Ocean marine.....				.0			.0	
9. Inland marine.....				.0			.0	
10. Financial guaranty.....	1,561,713,658	(2,143)	141,416,144	1,420,295,371	1,104,542,208	1,126,726,461	1,398,111,118	176.6
11.1 Medical professional liability - occurrence.....				.0			.0	
11.2 Medical professional liability - claims-made.....				.0			.0	
12. Earthquake.....				.0			.0	
13. Group accident and health.....				.0			.0	
14. Credit accident and health (group and individual).....				.0			.0	
15. Other accident and health.....				.0			.0	
16. Workers' compensation.....				.0			.0	
17.1 Other liability - occurrence.....				.0			.0	
17.2 Other liability - claims-made.....				.0			.0	
17.3 Excess workers' compensation.....				.0			.0	
18.1 Products liability - occurrence.....				.0			.0	
18.2 Products liability - claims-made.....				.0			.0	
19.1, 19.2 Private passenger auto liability.....				.0			.0	
19.3, 19.4 Commercial auto liability.....				.0			.0	
21. Auto physical damage.....				.0			.0	
22. Aircraft (all perils).....				.0			.0	
23. Fidelity.....				.0			.0	
24. Surety.....				.0			.0	
26. Burglary and theft.....				.0			.0	
27. Boiler and machinery.....				.0			.0	
28. Credit.....				.0			.0	
29. International.....				.0			.0	
30. Warranty.....				.0			.0	
31. Reinsurance - nonproportional assumed property.....	XXX			.0			.0	
32. Reinsurance - nonproportional assumed liability.....	XXX			.0			.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			.0			.0	
34. Aggregate write-ins for other lines of business.....	0	0	0	.0	.0	.0	.0	
35. TOTALS.....	1,561,713,658	(2,143)	141,416,144	1,420,295,371	1,104,542,208	1,126,726,461	1,398,111,118	175.6

DETAILS OF WRITE-INS

3401. ....				.0			.0	
3402. ....				.0			.0	
3403. ....				.0			.0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	.0	.0	.0	.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	.0	.0	.0	.0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....				0				0	
10. Financial guaranty.....	864,890,979	255,611,801	15,960,572	1,104,542,208				1,104,542,208	32,441,773
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				(a) 0	
15. Other accident and health.....				0				0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....				0				0	
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	864,890,979	255,611,801	15,960,572	1,104,542,208	0	0	0	1,104,542,208	32,441,773
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

(a) Including \$.....0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	111,099,339			111,099,339
1.2 Reinsurance assumed.....	809,335			809,335
1.3 Reinsurance ceded.....	1,681,419			1,681,419
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	110,227,255	0	0	110,227,255
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....				0
2.2 Reinsurance assumed, excluding contingent.....		(3,514,847)		(3,514,847)
2.3 Reinsurance ceded, excluding contingent.....		13,631,691		13,631,691
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....		20,723		20,723
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(17,167,261)	0	(17,167,261)
3. Allowances to manager and agents.....				0
4. Advertising.....		740,312		740,312
5. Boards, bureaus and associations.....		7,203		7,203
6. Surveys and underwriting reports.....		3,017,708		3,017,708
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	184,250	58,691,486	2,820,807	61,696,543
8.2 Payroll taxes.....	6,362	2,026,174	96,385	2,128,921
9. Employee relations and welfare.....	23,947	7,628,165	389,794	8,041,906
10. Insurance.....	12,142	3,867,881	137,195	4,017,218
11. Directors' fees.....				0
12. Travel and travel items.....	3,551	1,370,980		1,374,531
13. Rent and rent items.....	26,647	8,488,249	301,082	8,815,978
14. Equipment.....	12,300	3,918,037	276,493	4,206,830
15. Cost or depreciation of EDP equipment and software.....	3,915	1,247,039	55,206	1,306,160
16. Printing and stationery.....	1,360	433,365	15,372	450,097
17. Postage, telephone and telegraph, exchange and express.....	3,836	1,221,871	43,340	1,269,047
18. Legal and auditing.....	81,690	26,973,703	146,334	27,201,727
19. Totals (Lines 3 to 18).....	360,000	119,632,173	4,282,008	124,274,181
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		4,720,000		4,720,000
20.2 Insurance department licenses and fees.....		493,213		493,213
20.3 Gross guaranty association assessments.....		384,313		384,313
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	5,597,526	0	5,597,526
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	5,212,011	10,155	5,222,166
25. Total expenses incurred.....	110,587,255	113,274,449	4,292,163	(a) 228,153,867
26. Less unpaid expenses - current year.....	32,441,774	34,487,959		66,929,733
27. Add unpaid expenses - prior year.....	33,576,452	59,513,817		93,090,269
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	111,721,933	138,300,307	4,292,163	254,314,403

DETAILS OF WRITE-INS

2401. Outside Services Hired.....		4,795,128	10,155	4,805,283
2402. Stock Option Costs.....		297,273		297,273
2403. Contributions.....		119,610		119,610
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	5,212,011	10,155	5,222,166

(a) Includes management fees of \$.....18,315,084 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....7,824,250	7,430,498
1.1 Bonds exempt from U.S. tax.....	(a).....169,859,972	154,168,838
1.2 Other bonds (unaffiliated).....	(a).....283,396,894	289,309,453
1.3 Bonds of affiliates.....	(a).....	
2.1 Preferred stocks (unaffiliated).....	(b).....	
2.11 Preferred stocks of affiliates.....	(b).....	
2.2 Common stocks (unaffiliated).....		
2.21 Common stocks of affiliates.....		
3. Mortgage loans.....	(c).....	
4. Real estate.....	(d).....	
5. Contract loans.....		
6. Cash, cash equivalents and short-term investments.....	(e).....4,548,118	4,620,631
7. Derivative instruments.....	(f).....	
8. Other invested assets.....	121,551	122,703
9. Aggregate write-ins for investment income.....	18,667,486	16,149,311
10. Total gross investment income.....	484,418,271	471,801,434
11. Investment expenses.....		(g).....4,292,163
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		0
16. Total deductions (Lines 11 through 15).....		4,292,163
17. Net investment income (Line 10 minus Line 16).....		467,509,271

DETAILS OF WRITE-INS

0901. Inter-company loans with affiliates.....	18,667,486	16,149,311
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	18,667,486	16,149,311
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		0

- (a) Includes \$.....218,817,390 accrual of discount less \$.....33,803,153 amortization of premium and less \$.....7,853,322 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....980,781 accrual of discount less \$.....111,663 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	1,401,820		1,401,820		
1.1 Bonds exempt from U.S. tax.....	44,219,205	(49,874,515)	(5,655,310)		
1.2 Other bonds (unaffiliated).....	42,531,050	(1,233,213,572)	(1,190,682,522)	(1,390,085)	4,304,727
1.3 Bonds of affiliates.....			0		
2.1 Preferred stocks (unaffiliated).....			0		
2.11 Preferred stocks of affiliates.....			0		
2.2 Common stocks (unaffiliated).....			0		
2.21 Common stocks of affiliates.....			0	83,807,646	18,474,509
3. Mortgage loans.....			0		
4. Real estate.....			0		
5. Contract loans.....			0		
6. Cash, cash equivalents and short-term investments.....	464,570	1,470,791	1,935,361		956,370
7. Derivative instruments.....			0		
8. Other invested assets.....		97,848	97,848	(85,684,869)	
9. Aggregate write-ins for capital gains (losses).....	0	(1,834,023,491)	(1,834,023,491)	571,918	0
10. Total capital gains (losses).....	88,616,645	(3,115,542,939)	(3,026,926,294)	(2,695,390)	23,735,606

DETAILS OF WRITE-INS

0901. Est. impairment loss on subsidiary guarantees & commitments.....		(1,834,023,491)	(1,834,023,491)		
0902. Deferred gain on purchase of securities from subsidiary.....			0	571,918	
0903.			0		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	(1,834,023,491)	(1,834,023,491)	571,918	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....	156,458	220,369	63,911
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Other invested assets (Schedule BA).....	2,121,232	87,346,288	85,225,056
8. Receivables for securities.....			.0
9. Aggregate write-ins for invested assets.....	0	0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	2,277,690	87,566,657	85,288,967
11. Title plants (for Title insurers only).....			.0
12. Investment income due and accrued.....			.0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	26,126	98,875	72,749
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	149	14,478	14,329
13.3 Accrued retrospective premiums.....			.0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....			.0
14.2 Funds held by or deposited with reinsured companies.....			.0
14.3 Other amounts receivable under reinsurance contracts.....			.0
15. Amounts receivable relating to uninsured plans.....			.0
16.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
16.2 Net deferred tax asset.....		1,395,276,863	1,395,276,863
17. Guaranty funds receivable or on deposit.....			.0
18. Electronic data processing equipment and software.....	1,800,618		(1,800,618)
19. Furniture and equipment, including health care delivery assets.....	11,263,113	7,875,714	(3,387,399)
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
21. Receivables from parent, subsidiaries and affiliates.....			.0
22. Health care and other amounts receivable.....			.0
23. Aggregate write-ins for other than invested assets.....	4,040,858	3,204,282	(836,576)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	19,408,554	1,494,036,869	1,474,628,315
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
26. TOTALS (Lines 24 and 25).....	19,408,554	1,494,036,869	1,474,628,315

DETAILS OF WRITE-INS

0901. Other assets.....			.0
0902.....			.0
0903.....			.0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.0	.0	.0
2301. Other assets.....	4,040,858	3,204,282	(836,576)
2302.....			.0
2303.....			.0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	4,040,858	3,204,282	(836,576)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Practices

a. Accounting Practices

The accompanying financial statements of Ambac Assurance Corporation (the "Company" or "Ambac") have been prepared on the basis of accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance ("Wisconsin Insurance Commissioner").

The Wisconsin Insurance Commissioner recognizes only statutory accounting practices prescribed or permitted by the State of Wisconsin for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under Wisconsin Insurance Law. The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP") has been adopted as a component of prescribed practices by the State of Wisconsin.

The Wisconsin Insurance Commissioner has prescribed an accounting practice that differs from NAIC SAP. Paragraph 7 of Statement of Statutory Accounting Principles No. 60 "Financial Guaranty Insurance" ("SSAP 60") allows for a deduction from loss reserves for the time value of money by application of a discount rate equal to the average rate of return on the admitted assets of the financial guaranty insurer as of the date of the computation of the reserve. Additionally, in accordance with paragraph 7 of Statutory Accounting Principles No. 5 "Liabilities, Contingencies and Impairments of Assets", Ambac records probable losses on its subsidiaries credit derivative contracts, using a discount rate equal to the average rate of return on its admitted assets as of the date of the computation of the contingent liability. The Company's average rate of return on its admitted assets for the year ended December 31, 2009 was 6.74%. The Wisconsin Insurance Commissioner has directed the Company to utilize a prescribed discount rate of 5.10% for the purpose of discounting both its loss reserves and its estimated impairment losses on subsidiary guarantees. Net income for 2009 and statutory surplus at December 31, 2009 was lower by \$1,515,691,199 than if the Company had reported such amounts in accordance with NAIC SAP.

Wisconsin accounting practices for changes to contingency reserves differ from NAIC SAP. Under NAIC SAP, contributions to and releases from the contingency reserve are recorded via a direct charge or credit to surplus. Under section 3.08(7)(b) of the Wisconsin Administrative Code, contributions to and releases from the contingency reserve are to be recorded through underwriting income. The Company received permission of the Wisconsin Insurance Commissioner to record contributions to and releases from the contingency reserve and the related tax and loss bond impact, in accordance with NAIC SAP. Statutory surplus is the same using each of these accounting practices. Net income for 2009 and 2008 are lower by \$1,578,541,184 and \$807,233,065, respectively than if the Company had reported the contributions to the contingency reserve in accordance with the Wisconsin Administrative Code.

A reconciliation of the Company's net income and capital and statutory surplus between practices prescribed and permitted by the Wisconsin Insurance Commissioner and NAIC SAP is shown below:

	<u>2009</u>	<u>2008</u>
Net Loss, Wisconsin Basis	\$ (901,070,526)	\$ (3,227,432,529)
Effect of Wisconsin Prescribed Practice:	1,515,691,199	-
Effect of Wisconsin Permitted Practice	<u>(1,578,541,184)</u>	<u>(807,233,065)</u>
Net Loss, NAIC SAP	<u>\$ (963,920,511)</u>	<u>\$ (4,034,665,594)</u>
Statutory Surplus, Wisconsin Basis	\$ 801,868,685	\$ 1,554,448,411
Effect of Wisconsin Prescribed Practice:	1,515,691,199	-
Effect of Wisconsin Permitted Practice:	<u>-</u>	<u>-</u>
Statutory Surplus, NAIC SAP	<u>\$ 2,317,559,884</u>	<u>\$ 1,554,448,411</u>

b. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with statutory accounting practices prescribed or permitted by the State of Wisconsin requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements, and the reported revenues and expenses during the reporting period. Such estimates are used in connection with certain fair value measurements, the evaluation of other than temporary impairments on investments and case basis loss reserves. Current market conditions increase the risk and complexity of the judgments in estimates. Actual results could differ from those estimates.

c. Accounting Policies

Up-front written premiums are earned on a basis proportionate to the remaining scheduled periodic maturity of principal and payment of interest (debt service) to the original total principal and interest insured. Installment premiums are reflected in income pro rata over the installment period covered. Unearned premiums represent the portion of premiums written that relate to unexpired risk. When an issue insured by Ambac has been refunded or called, the remaining unrecognized premium (net of refunding credits, if any) is earned at that time.

Expenses incurred in connection with the acquisition of new insurance business are charged to operations as incurred. Expenses incurred are reduced for ceding commissions received.

In addition, the Company utilizes the following accounting policies:

- i. Short-term investments and cash equivalents are stated at amortized cost, net of any unrealized foreign exchange gains or losses, which approximate fair value.
- ii. Investments in long-term bonds with an NAIC designation of 1 or 2 that are not backed by other loans are reported at amortized cost; amortized cost is computed via the effective interest method. For bonds purchased at a price below par value, discounts are accreted over the remaining term of the bond. For bonds purchased at a price above par value, which have call features, premiums are amortized to the call date that produces the lowest yield. For premium bonds that do not have call features, such premiums are amortized over the remaining term of the bond.

Investments in long-term bonds that have an NAIC designation of 3 to 6 that are not backed by other loans are reported at the lower of amortized cost (as described above) or fair value as determined by the NAIC's Securities Valuation Office ("SVO"). In the event the SVO has not determined the fair value of a security, fair value amounts are determined by using independent market sources, when available, and appropriate valuation methodologies when market quotes were not available. In cases where specific market quotes are unavailable, interpreting market data and estimating market values require considerable judgment by management. Accordingly, the estimates presented are not necessarily indicative of the amount Ambac could realize in the market.

NOTES TO FINANCIAL STATEMENTS

Ambac has a formal review process for all securities in its investment portfolio, including a review for impairment losses. Ambac conducts a review each quarter to identify and evaluate investments that have indications of possible other than temporary impairment. If we believe a decline is “other than temporary”, we write-down the carrying value of the investment and record a realized loss. In addition, for securities that management has the intent to sell, the amortized cost of the securities is written down to fair value and the other than temporary impairment charge is recognized in earnings. An investment in a debt security is impaired if its fair value falls below its amortized cost and the decline is considered “other than temporary.” Factors considered when assessing impairment include: (i) securities whose fair values have declined by 20% or more below amortized cost; (ii) securities whose market values have declined by 5% or more but less than 20% below amortized cost for a continuous period of at least six months; (iii) recent downgrades by rating agencies; (iv) the financial condition of the issuer; (v) whether scheduled interest payments are past due; and (vi) whether Ambac has the ability and intent to hold the security for a sufficient period of time to allow for anticipated recoveries in fair value. If we believe the decline is “other than temporary”, we write-down the carrying value of the investment and record a realized loss in the statement of income (regardless of the NAIC designation). Ambac’s assessment of a decline in value includes management’s current judgment of the factors noted above. If that judgment changes in the future, Ambac may ultimately record a loss after having originally concluded that the decline in value was temporary.

- iii. The Company did not hold investments in unaffiliated common stocks at December 31, 2009.
- iv. The Company did not hold investments in preferred stock at December 31, 2009.
- v. The Company did not hold investments in mortgage loans at December 31, 2009.
- vi. Changes in currently estimated cash flows, including the effect of prepayment assumptions, on loan-backed securities are reviewed periodically. Prepayment assumptions are applied consistently across portfolios to all securities backed by similar collateral. Loan-backed securities are revalued using the currently estimated cash flows, including new prepayment assumptions using the retrospective adjustment method.

For loan-backed and structured securities where the collection of all contractual cash flows is not probable, the Company shall recognize the excess of all cash flows expected at acquisition over the initial investment in the loan-backed or structured security as the accretable yield. Any excess of contractually required cash flows over the cash flows expected to be collected is the non-accretable difference. Expected prepayments are treated consistently for determining cash flows expected to be collected and projections of contractual cash flows such that the non-accretable difference is not affected.

If upon subsequent evaluation the fair value of the loan-backed or structured security has declined below its amortized cost basis, the Company will determine whether the decline is other than temporary. If there is a decrease in cash flows expected to be collected, an other than temporary impairment will have occurred. If there is a significant increase in cash flows previously expected to be collected, the Company will recalculate the amount of accretable yield.

Loan-backed and structured securities, including beneficial interests in securitizations (“loan-backed securities”) with an NAIC designation of 1 or 2 are reported at amortized cost. Loan-backed securities with an NAIC designation of 3 to 6 are reported at the lower of amortized cost of fair value. For loan-backed securities subject to multiple designations by the SVO, a two-step process is used to determine the carrying value method. In the first step, the current amortized cost is compared to the range of values assigned to the six NAIC designations for each CUSIP to determine the initial NAIC designation. If based on the first step, the initial NAIC designation is 3 or above, the final NAIC designation is determined by comparing the fair value of a security to the range of values assigned to the six NAIC designations. This final NAIC designation is applicable for all statutory and reporting purposes.

For beneficial interests, if it is probable that there is a favorable change in estimated cash flows from the cash flows previously projected, the Company will recalculate the accretable yield. If the fair value of the beneficial interest has declined below its amortized cost basis the Company shall determine whether the decline is other than temporary. If it is probable that there has been an adverse change in estimated cash flows then an other than temporary impairment will be considered to have occurred and the beneficial interest will be written down to the current estimate of cash flows discounted at a rate equal to the current book yield with the resulting change being recognized as a realized loss. Determining whether there has been a favorable or adverse change in estimated cash flows from the cash flows previously projected involves comparing the present value of the remaining flows as estimated at the previous reporting date against the present value of the cash flows estimated at the current reporting date.

- vii. Investments in United States (“US”) insurance subsidiaries are reported at their audited statutory book values, adjusted for unamortized goodwill, in accordance with the statutory equity method. Investments in foreign insurance subsidiaries are reported at their audited US Generally Accepted Accounting Principles (“GAAP”) equity value adjusted to a statutory basis of accounting as provided for in paragraph 9 of SSAP 97.

Investments in non-insurance limited liability companies (“LLCs”) and non-insurance subsidiaries are recorded based on the audited GAAP equity of the investee. Investments in unaudited companies are non-admitted.

Ambac is party to Insurance and Indemnity agreements whereby it guarantees timely payment by certain non-insurance subsidiaries. For non-insurance subsidiaries where the Company’s share of losses exceeds the carrying amount of the investment, the Company discontinues applying the equity method when the investment is reduced to zero. For those non-insurance subsidiaries that have insufficient claims paying resources, the Company records an estimated impairment loss for probable losses which are in excess of the subsidiaries’ claims paying resources. As a result of significant losses from Ambac Credit Product’s credit derivative portfolio, Ambac Assurance has established such a liability. At December 31, 2009, such payments are discounted using a discount rate of 5.10%, as prescribed by the Wisconsin Insurance Commissioner. At December 31, 2008 the rate utilized for the purpose of discounting the estimated impairment losses was 4.50%, which represents the approximate the average rate of return on admitted assets for the year ended December 31, 2008.

- viii. The Company did not hold derivative instruments at December 31, 2009.
- ix. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53 – Property Casualty Contracts – Premiums.
- x. Case basis loss reserves are established for losses on guaranteed obligations that have already defaulted in an amount that is sufficient to cover the present value of the anticipated defaulted debt service payments over the expected period of default and estimated expenses associated with settling the claims, less estimated recoveries under subrogation rights.

At December 31, 2009, case basis loss reserves are discounted using a discount rate of 5.10%, as prescribed by the Wisconsin Insurance Commissioner. At December 31, 2008 the rate utilized for the purpose of discounting loss reserves was 4.50%, which represents the approximate the average rate of return on admitted assets for the year ended December 31, 2008.

NOTES TO FINANCIAL STATEMENTS

Management of the Company believes that the reserves for losses and loss expenses are adequate to cover the ultimate net cost of claims arising from issues currently in default, but the reserves are necessarily based on estimates and there can be no assurance that the ultimate liability will not exceed such estimates. The Company has not written any policies which have been identified as having the potential for the existence of a liability due to asbestos or environmental losses.

- xi. Ambac is required to establish a mandatory contingency reserve in accordance with the NAIC Accounting Practices and Procedures manual ("NAIC SAP") and the Wisconsin Administrative Code. The mandatory contingency reserve is an additional liability established to protect policyholders against the effect of adverse economic developments or cycles or other unforeseen circumstances. Under NAIC SAP, financial guarantors are required to establish a contingency reserve equal to the greater of 50% of premiums written or a stated percentage of the principal guaranteed depending on the category of obligation insured. NAIC SAP contributions are required to be made in equal quarterly installments over a period of 20 years for municipal bonds and 15 years for all other obligations. Such contributions may be discontinued if the total reserve established for all categories exceeds the sum of the stated percentages contained therein multiplied by the unpaid principal balance. This reserve must be maintained for the periods specified above, except that the guarantor may be permitted to release reserves under specified circumstances in the event that actual loss experience exceeds certain thresholds or if the reserve accumulated is deemed excessive in relation to the guarantor's outstanding guaranteed obligations, with notice to or approval by the insurance commissioner. Under the Wisconsin Administrative Code, a municipal bond insurer is required to establish a contingency reserve consisting of 50% of earned premiums on policies of municipal bond insurance. The only exemption is when another jurisdiction in which the insurer is licensed requires a larger contingency reserve than required by the Wisconsin Administrative Code. Accordingly, Ambac will calculate contingency reserves based on the above noted rules as well as other jurisdictions that have contingency reserve regulations, such as California, and record the highest contribution amount.

The NAIC SAP mandatory contingency reserve may be released on a first-in, first-out basis through unassigned surplus in the following circumstances:

For contingency reserves required to be maintained for 20 years:

- In any year in which actual incurred losses exceed 35% of the corresponding earned premiums, with commissioner approval;
- If the reserve has been in existence less than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, with commissioner approval;
- If the reserve has been in existence more than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, upon 30 days prior written notice to the commissioner.

For contingency reserves required to be maintained for 15 years:

- In any year in which actual incurred losses exceed 65% of the corresponding earned premiums, with commissioner approval;
- If the reserve has been in existence less than 30 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, with commissioner approval;
- If the reserve has been in existence more than 30 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, upon 30 days prior written notice to the commissioner.

Ambac requested and received approvals from OCI to release contingency reserves in both 2008 and 2009. The 2008 approval allowed for Ambac to (a) release its non-municipal contingency reserves (including contingency reserves for credit default swap contracts issued by Ambac's subsidiary, Ambac Credit Products, LLC) in consideration of incurred losses in excess of 65% of earned premiums (\$1.2 billion); and (b) cease making further contributions to the contingency reserves with respect to such insurance policies. The 2009 approval allowed for Ambac to (a) release contingency reserves for municipal financial guarantee insurance policies to reduce such reserves to equal to our estimate of expected losses (\$336.1 million); and (b) cease making further contributions to the contingency reserves with respect to expired or defaulted municipal financial guarantee insurance policies. Ambac will continue to compute expected losses on non-defaulted municipal financial guarantee insurance policies and is required to ensure that contingency reserves will not be less than expected losses.

2. Accounting Changes and Corrections of Errors

a. Accounting Changes Other than Codification and Correction of Errors

Ambac is party to Insurance and Indemnity agreements with the swap counterparties of Ambac Credit Products, LLC ("ACP"), a wholly owned subsidiary, whereby the Company guarantees timely payment of ACP's obligations under credit default swaps primarily on collateralized debt obligations ("CDOs").

During the quarter ended September 30, 2009, management discovered errors relating to the data entered into models utilized to calculate the Company's estimated impairment liability relating to these credit default swaps. The periods affected and the impacts to Policyholder's Surplus and Net Income are detailed in the table below:

	Cumulative understatement (overstatement) of Policyholder's Surplus (in millions)	Year-to-date understatement (overstatement) of Net Income (in millions)
June 30, 2008	\$15.6	\$15.6
September 30, 2008	\$40.9	\$40.9
December 31, 2008	\$(35.1)	\$(35.1)
March 31, 2009	\$(227.3)	\$(192.2)
June 30, 2009	\$(278.4)	\$(243.3)
September 30, 2009	-	-
December 31, 2009	-	-

In the Annual Statement for the year ended December 31, 2009, the correction of this error was reported (i) within net income for the 2009 overstatement of \$243.3 million and (ii) as a reduction to surplus of \$35.1 million for the prior period overstatement.

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations and Goodwill

- a. The Company has not been a party to any business combinations taking the form of a statutory merger.
- b. The Company has not recognized an impairment loss on Connie Lee Holdings Inc. ("CLIC"), a financial guaranty insurance holding company which was 100% purchased on December 18, 1997.

4. Discontinued Operations

The Company does not have any discontinued operations.

5. Investments

- a. Mortgage Loans - The Company did not hold mortgage loans as investments during 2009.
- b. Restructured Debt - The Company did not restructure any investments in debt securities during 2009.
- c. Reverse Mortgages - The Company did not hold reverse mortgages as investments during 2009.
- d. Loan-Backed Securities
 - i. Prepayment assumptions for single class and multi-class loan-backed securities were obtained from publicly available sources.
 - ii. During 2009, the Company recognized other-than-temporary impairment losses ("OTTI losses") on certain loan-backed securities for which it had the intent to sell. For the loan-backed securities still held at December 31, 2009, the total amortized cost immediately prior to the recognition of OTTI losses, the OTTI losses recognized during the twelve months ended December 31, 2009, and the fair value of these securities at the time OTTI losses were recognized are as follows:

	Amortized Cost Basis – Immediately Prior to Recognition of OTTI Losses	OTTI Losses Recognized during twelve months ended December 31, 2009	Fair Value at the time OTTI Losses were recognized (1)
Aggregate of all loan-backed securities for which OTTI losses were recognized during 2009 that were classified as "Intent to Sell"	\$1,342,452,251	\$880,922,517	\$461,529,734
Aggregate of all loan-backed securities for which OTTI losses were recognized during 2009 that were classified as "Intent & Ability to Hold to Maturity"	-	-	-

(1) Fair value of these loan backed securities at December 31, 2009 was \$601,961,423.

- iii. The Company did not recognize any other-than-temporary impairments on loan-backed securities due to the present value of cash flows expected to be collected being less than the amortized cost basis of the security during 2009.
- iv. The following table summarizes gross unrealized investment losses that have not been recognized in either earnings or surplus as of December 31, 2009 and fair values on loan-backed and structured securities, aggregated by investment category and length of time that the securities have been in a continuous unrealized loss position, at December 31, 2009:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Single class mortgage-backed securities	\$6,471,875	\$26,707	\$-	\$-	\$6,471,875	\$26,707
Multi-class residential mortgage-backed securities	229,548,528	74,724,372	1,853,357	11,468,597	231,401,885	86,192,969
Multi-class commercial mortgage-backed/asset backed securities	273,269,781	36,923,231	544,621,848	148,957,585	817,891,629	185,880,816
TOTAL	\$509,290,184	\$111,674,310	\$546,475,205	\$160,426,182	\$1,055,765,389	\$272,100,492

- v. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. Other than the securities noted above, for the remaining securities in an unrealized loss position as of December 31, 2009, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2009, the Company can attest that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows on each security and the cash flow needs of the Company as a whole. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities held at December 31, 2009 if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

NOTES TO FINANCIAL STATEMENTS

- e. Security Lending Transactions - The Company loaned securities to Ambac Financial Services, LLC pursuant to a revolving credit facility approved by the Wisconsin Insurance Commissioner. At December 31, 2009, securities loaned by the Company to Ambac Financial Services, LLC, which were classified as investments, had an admitted carrying value of \$194,890,339. There is no collateral for the loan.
- f. Real Estate Impairment and Land Sales - The Company did not hold investments in real estate, recognize any real estate impairments, or engage in any retail land sales during 2009.
- g. Low Income Housing Tax Credits - The Company did not hold low income housing tax credits as investments during 2009.
6. Joint Ventures, Partnerships and Limited Liability Companies
- a. The Company has no investments in Joint Ventures, Limited Partnerships, or Limited Liability Companies that exceed 10% of admitted assets.
- b. Other than items mentioned in Note 10(b), there were no write-downs of investments in Joint Ventures, Limited Partnerships, or Limited Liability Companies due to impairments during 2009.

7. Investment Income

All investment income due and accrued was admitted at December 31, 2009.

8. Derivative Instruments

During the year ended December 31, 2009, the Company did not enter into any derivative contracts and there were no derivative contracts outstanding as of December 31, 2009.

9. Income Taxes

The Company adopted SSAP 10R effective December 31, 2009. The December 31, 2009 balances and related disclosure are calculated and presented pursuant to SSAP 10R. The December 31, 2008 balances and related disclosures are calculated and presented pursuant to SSAP 10 prior to its modification by SSAP 10R.

A. The net deferred tax asset/(liability) at December 31 and the change from the prior year are comprised of the following components:

	12/31/2009			12/31/2008	Change
	Ordinary	Capital	Total	Total	
(1) Total gross deferred tax assets	\$ 1,782,365,884	\$ 296,697,025	\$ 2,079,062,909	\$ 1,404,147,360	\$ 674,915,549
Valuation Allowance Adjustment <i>(a)</i>	(1,748,557,323)	(296,697,025)	(2,045,254,348)	-	(2,045,254,348)
Adjusted Gross deferred tax assets	33,808,561	-	33,808,561	1,404,147,360	(1,370,338,799)
(2) Total gross deferred tax liabilities	(33,808,561)	-	(33,808,561)	(8,870,497)	(24,938,064)
(3) Net deferred tax assets/(liabilities)	-	-	-	1,395,276,863	(1,395,276,863)
(4) Total deferred tax assets nonadmitted	-	-	-	(1,395,276,863)	1,395,276,863
(5) Net admitted deferred tax assets/(liabilities)	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Net change in total DTAs nonadmitted	\$ 1,395,276,863				

a. Statutory valuation allowance was implemented as part of the adoption of SSAP 10R effective as of 12/31/09.

- (7) The admitted deferred tax assets provisions of paragraph 10.e. do not apply to the Company because it is a Financial Guarantee Monoline insurer and is not required to prepare a Risk Based Capital calculation.
- (8) The Company has no net admitted adjusted gross deferred tax assets under SSAP 10R
- (9) The Company has no admitted adjusted gross deferred tax assets as a result of the application of paragraph 10e.
- (10) The risk based capital calculation does not apply to the Company.
- (11) The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is of the following components:

	12/31/2009	12/31/2008	Change
Net adjusted deferred tax asset	\$ -	\$ 1,395,276,863	\$ (1,395,276,863)
Tax-effect of unrealized gains and losses	-	-	-
Net tax effect without unrealized gains and losses	\$ -	\$ 1,395,276,863	\$ (1,395,276,863)
Change in deferred income tax			\$ 1,395,276,863

B. Unrecognized deferred tax liabilities

- (1) There are no temporary differences for which deferred tax liabilities are not recognized.
- (2) The Company has a \$0 unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration (or a statement that a determination is not practicable).

C. Current income taxes incurred consist of the following major components:

	12/31/2009	12/31/2008
Current year tax expense (benefit)	\$ (483,521,179)	\$ (862,271,411)
Investment tax credits	-	-
Benefits of operating loss carry forwards	-	-
Prior year adjustments	-	-
Current income taxes incurred	\$ (483,521,179)	\$ (862,271,411)

NOTES TO FINANCIAL STATEMENTS

Deferred income tax assets and liabilities consist of the following major components:

	12/31/2009			12/31/2008	Change
	Ordinary	Capital	Total	Total	
Deferred tax assets:					
Unearned Premium Reserve	\$ 92,629,613	\$ -	\$ 92,629,613	\$ 103,973,262	\$ (11,343,649)
Net Operating Loss Carryforward	1,607,764,440	-	1,607,764,440	1,209,457,342	398,307,098
Loss Reserve Discounting	38,118,380	-	38,118,380	42,136,573	(4,018,193)
Alternative Minimum Tax	24,075,814	-	24,075,814	24,075,814	-
Unrealized (Gains) Losses	-	296,697,025	296,697,025	-	296,697,025
Other	19,777,637	-	19,777,637	24,504,369	(4,726,732)
Total gross deferred tax assets	1,782,365,884	296,697,025	2,079,062,909	1,404,147,360	674,915,732
Valuation Allowance Adjustment	(1,748,557,323)	(296,697,025)	(2,045,254,348)	-	(2,045,254,348)
Total adjusted gross deferred tax assets	33,808,561	-	33,808,561	1,404,147,360	(1,370,338,799)
Nonadmitted deferred tax assets	-	-	-	(1,395,276,863)	1,395,276,863
Admitted deferred tax assets	33,808,561	-	33,808,561	8,870,497	24,938,064
Deferred tax liabilities:					
Other	(33,808,561)	-	(33,808,561)	(8,870,497)	(24,938,064)
Total deferred tax liabilities	(33,808,561)	-	(33,808,561)	(8,870,497)	(24,938,064)
Net admitted deferred tax asset (liability)	\$ -	\$ -	\$ -	\$ -	\$ -

The valuation allowance adjustment to gross deferred tax assets as of December 31, 2009 was \$2,048,254,348. The Company established a valuation allowance because the Company will not generate sufficient future taxable income as a result of development of additional losses on its insurance and the related impact on projected cash flows.

- D. The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before taxes as follows:

	12/31/2009	12/31/2008
Current income tax incurred	\$ (483,521,179)	\$ (862,271,411)
Change in deferred income tax (without tax on unrealized gains & losses)	1,395,276,863	-
Total income tax reported	\$ 911,755,684	\$ (862,271,411)
Income before taxes	\$ (2,963,132,889)	\$ (4,952,592,969)
	35%	35%
Expected income tax expense at 35% statutory rate	\$ (1,037,096,511)	\$ (1,733,407,539)
Increase (decrease) in actual tax reported resulting from:		
a. Dividends received decution	-	-
b. Nondeductible expenses for meals, penalties & lobbying	140,000	175,000
c. Tax-exempt income	(46,670,248)	(94,301,312)
d. Change in deferred taxes on nonadmitted assets	-	1,012,712,772
e. Change in valuation allowance adjustment	2,045,254,348	-
f. Other	(49,871,905)	(47,450,332)
Total income tax reported	\$ 911,755,684	\$ (862,271,411)

- E. Operating loss carryforward

- (1) At December 31, 2009, the Company had \$4,593,612,686 of unused operating loss carryforwards available to offset against future taxable income. An unused tax basis loss in the amount of \$4,593,612,686 was generated during 2005, and will begin expiring in 2028 and fully expire in 2029.
- (2) At December 31, 2009 there are no amounts available for recoupment in the event of future net losses.
- (3) The Company has no deposits admitted under Section 6603 of the Internal Revenue Code.

- F. Consolidated federal income tax return

- (1) The Company will be included in Ambac Financial Group, Inc.'s ("Ambac Financial") consolidated federal income tax return, which includes the following taxable entities: Ambac Financial, Ambac Assurance Corporation ("Ambac"), Ambac (Bermuda) Limited, Ambac Capital Corporation, Ambac Investments Inc., Ambac Capital Funding, Inc., RangeMark Financial Services Inc., Ambac Asset Funding Corporation, Ambac All Corporation, Connie Lee Holdings, Inc. ("Connie Lee Holdings") and Everspan.
- (2) The method of allocation between the Companies is subject to a written Tax Sharing Agreement approved by both the Wisconsin Insurance Department and the Company's Board of Directors. Amounts assessed/reimbursed are based upon separate return calculations made as if the Company had filed its own federal income tax return for each taxable period. Pursuant to an agreement with Ambac Financial, the Company will be paid for losses to the extent they could be utilized by the Company on a standalone basis under the rules of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

- a. All outstanding shares of the Company's stock are owned by Ambac Financial, a publicly traded company whose common stock is listed on the New York Stock Exchange. The organization chart is included in Schedule Y.
- b. Transactions with Affiliates

The Company engaged in the following non-insurance transactions (representing greater than 0.5% of admitted assets) with affiliates.

<u>Date</u>	<u>Explanation</u>	<u>Reporting Entity</u>	<u>Affiliate</u>	<u>Description</u>	<u>Statement Value</u>
Quarterly 2009	US Federal Income Tax Receipt	Ambac	Ambac Financial	Cash	(\$275,200,000)

During 2009, the Company purchased securities from Ambac Investments, Inc. with an economic value of \$422,928,987. The Company sold securities to Ambac Investments, Inc. with a value of \$27,016,838.

In 2009, The Company purchased securities from Ambac Capital Services, LLC with a fair value of \$43,492,015.

The Company loaned cash and securities to Ambac Capital Funding, Inc., Ambac Financial Services, LLC and Ambac Credit Products, LLC pursuant to a revolving credit facility approved by the Wisconsin Insurance Commissioner. At December 31, 2009, securities loaned by the Company to Ambac Financial Services, LLC, which were classified as investments, had an admitted carrying value of \$194,890,339. During 2009 the loans to Ambac Capital Funding, Inc and Ambac Financial Services, LLC were paid down by \$358,013,000 and \$107,936,000, respectively. At December 31, 2009, there were outstanding cash loans of \$641,987,000, \$365,064,000 and \$87,266,909 to Ambac Capital Funding, Inc., Ambac Financial Services, LLC, and Ambac Credit Products, LLC, respectively. These loans are included in aggregated write-ins for invested assets. A portion of the loans (\$258,400,000) was deemed uncollectible at December 31, 2009.

Ambac's estimated impairment losses have increased from \$3,352.1 million at December 31, 2008 to \$3,841.3 million at December 31, 2009. The increase was driven by: i.) continued deterioration in the credit derivative portfolio, offset by, ii.) the commutation of 8 "CDO of ABS exposures with multiple counterparties in which these transactions resulted in the reduction of exposure by approximately \$8,619.8 million and combined cash payments by Ambac of approximately \$1,380.6 million.

- c. There have been no changes in the methods used to establish the terms of the transactions with affiliates from the prior period.
- d. Amounts due from / (to) related parties as of December 31, 2009 and 2008:

<u>Related Party</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
	<u>Due from / (Due to)</u>	<u>Due from / (Due to)</u>
Ambac Financial Group, Inc.	\$4,019,226	\$15,981,259
RangeMark	1,556,465	-
Ambac Japan Co. Ltd.	374,931	(58,488)
Everspan Financial Guarantee Corp.	752,551	21,499
SP Aircrafts Holding, LLC	26,781	-
Ambac Bermuda Limited	3,319	100,307
Contingent Capital Company, LLC	387	190
SP Note Investor, LLC	387	729,805
Aleutian Investment, LLC	9	-
Ambac Capital Services	-	167,625
RangeMark Capital Markets, Inc.	-	6,757
Ambac Investments, Inc.	(110,579)	55,034
Ambac Financial Services, LLC	(284,038)	47,207
Ambac Asset Funding Corporation	(324,078)	(324,078)
Ambac Capital Corporation	(1,089,877)	1,364,995
Ambac Assurance UK Limited	(1,595,398)	(1,326,116)
Ambac Credit Products	(3,096,265)	534,165
Total	<u>\$233,821</u>	<u>\$17,300,161</u>

Net amounts due to / from related parties are settled net in cash where the right of offset exists.

- e. The Company is party to a reinsurance agreement with Ambac Assurance UK Limited ("Ambac UK") whereby the Company provides quota share reinsurance of 90% of all financial guarantee insurance policies written by Ambac UK in each calendar year. In addition to the quota share provision, the Company provides excess of loss protection and commitments to provide financial guaranty policies for the aggregate of all incurred losses in excess of an attachment point of £500,000. Premiums assumed under the quota share provision were \$89,269,471 and \$99,204,735, respectively during 2009 and 2008. Premiums assumed under the excess of loss reinsurance provision were \$919,497 and \$547,663, respectively, during 2009 and 2008. Losses incurred under the quota share reinsurance agreement during 2009 and 2008 were \$26,247,471 and \$206,900,000, respectively. Losses incurred under the excess of loss agreement during 2009 and 2008 were \$(535,670) and \$23,000,000, respectively.

The Company is party to a reinsurance agreement with Everspan whereby the Company provided excess of loss reinsurance for the aggregate of all incurred losses of Everspan in excess of an attachment point. The attachment point is defined as an amount which would provide for the surplus of Everspan to not fall below \$75,000,000. Premiums assumed under this agreement were \$128,000 and \$139,200, respectively, in 2009 and 2008. No losses were incurred under this agreement during 2009 and 2008.

The Company is party to a reinsurance agreement with Ambac (Bermuda) Limited ("Ambac Bermuda") whereby the Company cedes facultative reinsurance of financial guarantee insurance policies on a pro-rata or excess of loss basis to Ambac Bermuda. Premiums ceded under the facultative agreement were \$7,971,493, and \$146,329 respectively, during 2009 and 2008. There were no losses incurred under the agreement during 2009 and 2008.

During 2009 and 2008, Ambac guaranteed the timely payment of principal and interest on obligations under investment agreements and repurchase agreements issued by its affiliates. As of December 31, 2009 and 2008, the principal amount of investment agreements and investment repurchase

NOTES TO FINANCIAL STATEMENTS

agreements insured was \$1,220,443,000 and \$2,657,131,000, respectively, including accrued interest. The insurance policies are collateralized by investment securities, accrued interest receivable, securities purchased under agreements to resell, cash and cash equivalents, and other financial assets which as of December 31, 2009 and 2008 had an aggregate fair value of \$1,463,723,000 and \$2,735,200,000 respectively. Certain investment agreements may be terminated at fair value. During 2009 and 2008, Ambac recorded gross premiums written of \$1,755,829 and \$6,218,484 and gross premiums earned of \$2,706,881 and \$14,699,371 respectively, related to these agreements. There were no losses incurred under the agreement during 2009 and 2008.

During 2009 and 2008, Ambac guaranteed an affiliates' obligation under a capital note purchase agreement. The Company's exposure under this guarantee was \$360,000,000 as of December 31, 2009 and 2008. The Company recorded gross premiums written and earned of \$2,915,358 and \$2,904,207 for the years ended December 31, 2009 and 2008, respectively. There were no losses incurred under the agreement during 2009 and 2008.

Pursuant to Insurance and Indemnity agreements between Ambac Financial Services, LLC ("AFS") and Ambac, AFS' swap agreements are guaranteed by Ambac. During 2009 and 2008, Ambac recorded gross premiums written of \$1,066,077 and \$1,692,936 and gross premiums earned of \$1,066,077 and \$1,692,936 respectively, related to these agreements. The total notional amount under these agreements was \$9,726,620,437 and \$25,881,524,971 at December 31, 2009 and 2008, respectively. There were no losses incurred under the agreement during 2009 and 2008. There were no losses incurred under the agreement during 2009 and 2008.

Ambac is party to Insurance and Indemnity agreements with the swap counterparties of Ambac Credit Products, LLC ("ACP"), whereby the Company guarantees timely payment of ACP's obligations under credit default swaps primarily on collateralized debt obligations ("CDOs"). The total notional amount of these structured credit default swaps was approximately \$43.3 billion and \$53.9 billion at December 31, 2009 and 2008, respectively. During 2009 and 2008, Ambac recorded gross premiums written of \$16,087,155 and \$19,377,326 and gross premiums earned of \$17,249,938 and \$19,989,934 respectively, related to these agreements.

Ambac was party to Insurance and Indemnity agreements with Ambac Capital Services, LLC ("ACS"), whereby the Company guarantees ACS's total return swaps. Ambac recorded gross premiums written and gross premiums earned of \$115,754 and \$419,590 during 2009 and 2008, respectively related to these agreements. During the third quarter of 2009, Ambac terminated the remaining total return swaps; no losses were incurred under the agreements in 2009 or 2008.

Ambac UK has a lease for the rental of office space in London, England; the lease agreement expires in 2013. Ambac has guaranteed Ambac UK's performance under the lease agreement. An estimate of the future net minimum lease payments in each of the next five years ending December 31 is as follows:

<u>Year</u>	<u>Amount</u>
2010	1,393,921
2011	1,393,921
2012	1,393,921
2013	1,045,440
Total	\$ <u>5,227,202</u>

- f. Ambac Financial and its affiliates are party to an Expense Sharing and Cost Allocation Agreement whereby all shared expenses are charged to affiliated companies. Amounts due under this agreement are settled net in cash on a quarterly basis. The Company charged affiliates \$18,315,084 under this agreement during 2009.
- g. All outstanding shares of the Company's stock are owned by Ambac Financial, a publicly traded company whose common stock is listed on the New York Stock Exchange.
- h. The Company owns no shares in an upstream intermediate or ultimate parent.
- i. None of the Company's investments in SCA entities exceeds 10% of the admitted assets of the Company at December 31, 2009.
- j. Other than those previously disclosed, there were no write-downs of SCA entities due to impairments during the year ended December 31, 2009.
- k. The Company does not have any foreign insurance subsidiaries valued using CARVM.
- l. The Company does not admit any downstream holding companies.

11. Debt

- a. The Company has no capital note obligations or any other debt outstanding.
- b. The Company has no funding agreements with Federal Home Loan Banks (FHLB).

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- a. The Company does not sponsor a defined benefit pension plan.
- b. The Company does not sponsor a defined contribution pension plan.
- c. The Company does not participate in a multiemployer pension plan.
- d. Consolidated/Holding Company Plans

Employees of the Company are eligible to participate in a defined contribution plan sponsored by Ambac Financial. Ambac Financial makes an employer matching contribution subject to limits set by the Internal Revenue Code, of 100% of the employees' contribution up to 6%. Effective January 1, 2010, matching contributions will now equal 100% of the employees' contributions, up to 3% of such participants' base, plus 50% of contributions up to an additional 2% of base compensations. Ambac Financial made a basic profit sharing contribution of 3% of base compensation and a supplemental profit sharing contribution of an additional 3% of base compensation to eligible employees in 2009. The expense is allocated to the subsidiaries based upon salary expense. The total cost to the Company was \$4,238,000 and \$4,156,000 in 2009 and 2008, respectively. No Basic Profit-Sharing contributions or Supplemental Profit-Sharing contributions will be made to the Plan in 2010.

NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2007, the Compensation Committee of the Board of Directors approved an increase to the matching contribution from 50% to 100% of the employee's contribution up to 6%. Ambac Financial may also make a basic profit sharing contribution of 3% of base compensation and a supplemental profit sharing contribution of an additional 3% of base compensation to eligible employees. The expense is allocated to the subsidiaries based upon salary expense. The total cost to the Company was \$4,156,000 and \$4,445,000 in 2008 and 2007, respectively

In addition, Ambac Financial provides various postretirement benefits, principally health and life benefits, covering substantially all employees of the Company who meet certain age and service requirements. Effective August 1, 2005, new employees were not eligible for postretirement benefits. All plans are contributory. None of the plans are currently funded. The Company recorded \$556,000 and \$1,047,000 of postretirement benefits expense during 2009 and 2008, respectively. The postretirement benefit expense is allocated to the subsidiaries based upon salary expense.

Employees of the Company participate in Ambac Financial's 1997 Equity Plan which provides for the granting of stock options, stock appreciation rights, RSUs, performance units and other awards that are valued or determined by reference to Common Stock. During 2009, neither options nor RSUs were granted to Ambac Financial's employees. Stock options and RSU expenses are allocated to each of Ambac Financial's subsidiaries based on the actual number of stock options and restricted stock units granted to each subsidiary's employees. In accordance with SSAP No. 13, "Stock Options and Stock Purchase Plan", paragraph 13, stock options, purchase and award programs of the principal stockholder shall be treated as contributed surplus by the principal stockholder. As the consideration received for the options is equal to the quoted market price at the measurement date, no expense is reflected in the financial statements. Paid in surplus in the amount of \$10,116,265 was recognized in 2009 relating to the expensing of RSUs granted to employees of Ambac and its subsidiaries. Of that amount, \$9,664,095 relates to Ambac's employees and has been expensed in the Statement of Income. The remaining amounts were contributed to Ambac's subsidiaries as a capital contribution (\$432,251 to Ambac UK and \$19,919 to AFS).

The Company has no legal obligations for benefits under the defined benefit pension plan, the defined contribution plan, the equity plan, or for other postretirement benefit plans.

e. **Postemployment Benefits and Compensated Absences**

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation.

f. **Impact of Medicare Modernization Act on Post Retirement Benefits**

Ambac Financial provides a postretirement health care benefit plan that provides prescription drug coverage for substantially all employees of the Company. See Note 12D.

13. **Capital and Surplus and Shareholders' and Policyholders' Dividend Restrictions**

- a. The Company is authorized to issue of 40,000,000 shares of common stock, par value \$2.50 per share and 285,000 shares of serial preferred stock, par value \$1,000 per share. Issued and outstanding common stock shares were 32,800,000 at December 31, 2009 and 2008. Issued and outstanding preferred shares were 26,411 and 28,000 at December 31, 2009 and 2008, respectively.
- b. In December 2008 the Company exercised a series of perpetual put options on its own preferred stock ("the preferred stock"). The counterparty to these put options were trusts established by a major investment bank. The trusts were created as a vehicle for providing capital support to the Company by allowing it to obtain immediate access to new capital at its sole discretion at any time through the exercise of the put option. The Company received \$800 million in return for the issuance of the preferred stock, \$700 million of which was received by December 31, 2008. The remaining \$100 million was received January 2, 2009. The auction for these securities occurs every 28 days. Due to the dislocation in the auction rate markets and the Company's downgrade below triple-A by Moody's and S&P, the dividend rate on the auction market preferred has continuously been reset at the maximum rate of one-month LIBOR plus 200 bps. Dividend payments on the preferred stock are cumulative, only if the Company pays dividends on its common stock. In July 2009, Ambac's board suspended dividends on the preferred stock. Subsequently, Ambac's board declared a dividend for the period December 23, 2009 through January 2010. Total dividend payments on the preferred stock were \$12,509,301 in 2009.
- c. The Company's ability to pay dividends is restricted by the Wisconsin Insurance Commissioner. Wisconsin insurance law restricts the payment of dividends in any 12 month period without regulatory approval to the lesser of (a) 10% of policyholders' surplus as of the preceding December 31 and (b) the greater of (i) statutory net loss for the calendar year preceding the date of dividend, minus realized capital gains for that calendar year and (ii) the aggregate of statutory net income or loss for three calendar years preceding the date of the dividend, minus realized capital gains for those calendar years and minus dividends paid or credited within the first two of the three preceding calendar years. In connection with the termination of reinsurance contracts, OCI requires adjustments to the dividend calculation for any surplus or net income gains recognized. Additionally, no quarterly dividend may exceed the dividend paid in the corresponding quarter of the preceding year by more than 15% without notification to the Wisconsin Insurance Commissioner in writing 30 days prior to payment of such dividend. Based on the above calculations, Ambac cannot pay dividends in 2010 without approval from the Wisconsin Insurance Commissioner.
- d. Section 3.08 of the Wisconsin Administrative Code prohibits the Company from having total net liability in respect to any one issue of municipal bonds in excess of an amount representing 10% of its policyholders' surplus. Total net liability, as defined by the Wisconsin Administrative Code, means the average annual amount due, net of reinsurance, for principal and interest on the insured amount of any one issue of municipal bonds. Additionally, Section 3.08 of the Wisconsin Administrative Code prohibits the Company from having outstanding cumulative net liability, under inforce policies of municipal bond insurance in an amount which exceeds the sum of the Company's: i.) capital and surplus, plus ii.) contingency reserves. Cumulative net liability, as defined by the Wisconsin Administrative Code, means one-third of one percent of the insured unpaid principal and insured unpaid interest covered by inforce policies of municipal bond insurance.

New York's comprehensive financial guarantee insurance law defines the scope of permitted financial guarantee insurance and governs the conduct of business of all financial guarantors licensed to do business in New York, including Ambac. Financial guarantors are also required to maintain case basis credit loss and loss expense reserves and unearned premium reserves on a basis established by the statute. The New York financial guarantee insurance law establishes single risk limits with respect to obligations insured by financial guarantee insurers. Such limits are specific to the type of insured obligation (for example, municipal or asset-backed). The limits generally compare the insured principal amount outstanding and/or average annual debt service on the insured obligations, net of reinsurance and collateral, for a single risk to the insurer's qualified statutory capital, which is defined as the sum of the insurer's policyholders' surplus and contingency reserves. As a result of (i) decreased statutory capital resulting from the significant losses experienced by Ambac during 2008 and 2009 and (ii) terminations of reinsurance arrangements and related buy-backs of previously reinsured exposures, Ambac's net insured exposure under certain individual policies exceeded the applicable single risk limits prescribed by New York State Insurance Law. As required by New York State Insurance Law, Ambac submitted a plan to the Superintendent of the NYSID detailing the steps that Ambac has taken and will seek to take to reduce its exposure to no more than the permitted amounts. Following the submission of such plan, after notice and hearing, the Superintendent could require Ambac to cease transacting any new financial guaranty business until its exposure to loss no longer exceeds said limits.

NOTES TO FINANCIAL STATEMENTS

“Aggregate net liability” is defined in the New York financial guarantee insurance law as the aggregate of the outstanding insured principal, interest and other payments of guaranteed obligations, net of reinsurance and collateral. Under these limits, policyholders’ surplus and contingency reserves must at least equal a percentage of aggregate net liability that is equal to the sum of various percentages of aggregate net liability for various categories of specified obligations. The percentage varies from 0.33% for municipal bonds to 4.00% for certain non-investment grade obligations. As of December 31, 2009, Ambac was not in compliance with this regulatory requirement.

- e. The Company is not a mutual company; as such, there were no mutual surplus advances during 2009.
- f. The Company holds no stock for special purposes.
- g. There were no special surplus funds as of December 31, 2009 and 2008, respectively.
- h. Unassigned funds (surplus) includes the following at December 31, 2008:

Net unrealized gain (losses)	\$ (178,766,002)
Non-admitted assets	\$ (19,408,554)
- i. The Company has not issued surplus notes.
- j. The Company has not undergone a reorganization or a quasi-reorganization.
- k. The Company made no dividend payments to Ambac Financial.

14. Contingencies

- a. The Company has no commitments or contingent commitments to any subsidiaries or affiliates other than those noted in item 10.e above.
- b. The Company does not issue life insurance policies and therefore is not subject to guaranty fund assessments.
- c. The Company has not recognized any gain contingencies subsequent to the balance sheet date.
- d. The Company did not have any claims related to extra contractual obligations or bad faith losses stemming from lawsuits
- e. Ambac has been named in lawsuits filed by the Cities of Los Angeles, California (“Los Angeles”), Stockton, California (“Stockton”), Oakland, California, Sacramento, California and Riverside, California, the City and County of San Francisco, the Counties of San Mateo, Alameda and Contra Costa, California, the City of Los Angeles Department of Water and Power and Sacramento Municipal Utility District. The complaints make similar allegations, including (1) Ambac and the other defendants colluded with Moody’s Investors Service, Standard & Poor’s Corporation and Fitch, Inc. (the “Rating Agencies”) to perpetuate a “dual rating system” pursuant to which the Rating Agencies rated the debt obligations of municipal issuers differently from corporate debt obligations, thereby keeping municipal ratings artificially low relative to corporate ratings; (2) Ambac issued false and misleading financial statements which failed to disclose the extent of its exposures to mortgage backed securities and collateralized debt obligations; and (3) as a result of these actions, the plaintiffs incurred higher interest costs and bond insurance premiums in respect of their bond issues.

Ambac was originally named as a defendant in lawsuits filed by Los Angeles, Stockton and the Counties of San Diego, San Mateo and Contra Costa, California against a number of financial institutions which provide guaranteed investment contracts (“GICs”) and interest rate swaps, swaptions and options (“Derivative Products”) in the municipal market. Los Angeles and Stockton allege that the defendants violated state antitrust law and common law by engaging in illegal bid-rigging and market allocation, thereby depriving the cities of competition in the awarding of GICs and Derivative Products and ultimately resulting in the cities paying higher fees for these products. Ambac is not named as a defendant in the plaintiff’s amended complaints and is, therefore, dismissed without prejudice from the lawsuits, although the amended complaints still allege that Ambac is a co-conspirator.

Ambac and Ambac Financial Services, LLC have been named in a lawsuit initially filed on July 17, 2008 by the City of New Orleans (“New Orleans”) in connection with its participation in a New Orleans bond issue. New Orleans issued variable rate demand obligations (“VRDOs”), which were insured by Ambac, and entered into an interest rate swap agreement with PaineWebber, Inc. in order to “synthetically fix” its interest rate on the VRDOs. PaineWebber in turn entered into an interest rate swap agreement with Ambac Financial Services, LLC with terms that mirrored those of the New Orleans/Paine Webber swap. On December 23, 2009, the City filed an Amended Complaint in which it seeks damages against Ambac and Ambac Financial Services, LLC alleging the following causes of action: (1) breach of written agreement for credit enhancement; (2) breach of financial guarantee policy; (3) error in the principal cause; (4) fraud in the inducement of contract; (5) negligent misrepresentation; (7) breach of policy/third-party beneficiary to policy agreement; (8) breach of the swap; (9) tortious interference with the swap; (10) tortious interference with remarketing agreement; and (11) detrimental reliance.

Ambac has been named in a lawsuit filed by the administrator of certain pooled loan programs involving health care institutions. Ambac insured bonds which financed the pooled loan programs. The administrator claims that Ambac breached a contractual obligation to pay certain fees to the administrator.

Ambac and certain of its subsidiaries have been named in or threatened with lawsuits by issuers and other counterparties in transactions insured by Ambac. Generally, these lawsuits and threatened lawsuits involve claims by the counterparties that they incurred losses as a result of Ambac’s deteriorated financial position and alleged failures by Ambac to disclose its exposure to CDOs and RMBS and its financial condition.

Ambac has also received various regulatory inquiries and requests for information. These include a subpoena duces tecum and interrogatories from the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts, dated January 18, 2008, that seeks certain information and documents concerning “Massachusetts Public Issuer Bonds.” Ambac has also received subpoenas from the Office of the Attorney General, State of Connecticut (the “Connecticut Attorney General”) with respect to the Connecticut Attorney General’s investigation into municipal bond rating practices employed by the credit rating agencies. The focus of the investigation appears to be the disparity in ratings with respect to municipal and corporate credits, respectively. Insofar as Ambac is concerned, the Connecticut Attorney General has sought information with respect to communications between the credit rating agencies and the financial guarantee insurance industry (acting through the Association of Financial Guaranty Insurers, the industry trade association) in relation to proposals by the Rating Agencies to implement a corporate equivalency rating system with respect to municipal credits. Ambac has also received a subpoena duces tecum and interrogatories from the Attorney General of California (the “California Attorney General”) dated December 15, 2008 related to the California Attorney General’s investigation of credit rating agencies in the rating of municipal bonds issued by the State of California and its related issuers. The subpoena requests that Ambac produce a wide range of documents and information. Ambac Financial has also received a subpoena and interrogatories from the Attorney General of West Virginia (the “WVAG”), dated June 17, 2009, with respect to the WVAG’s investigation of possible antitrust violations in connection with the use of swaps, guaranteed investment contracts and other derivatives and investment vehicles related to municipal bonds issued by West Virginia governmental entities. The WVAG has sought, among other things, information and documents relating to any

NOTES TO FINANCIAL STATEMENTS

such swaps, guaranteed investment contracts and other derivatives and investment vehicles sold by Ambac to a West Virginia governmental entity or for which Ambac submitted a bid or offer that was not the winning bid.

Ambac is involved from time to time in various routine legal proceedings, including proceedings related to litigation with present or former employees. Although Ambac's litigation with present or former employees is routine and incidental to the conduct of its business, such litigation can result in large monetary awards when a civil jury is allowed to determine compensatory and/or punitive damages for, among other things, termination of employment that is wrongful or in violation of implied contracts.

In the ordinary course of their businesses, Ambac and certain of Ambac's subsidiaries assert claims in legal proceedings against third parties to recover losses already paid and/or mitigate future losses. The amounts recovered and/or losses avoided which may be result from these proceedings is uncertain, although recoveries and/or losses avoided in any one or more of these proceedings during any quarter or fiscal year could be material to Ambac's results of operations in that quarter or fiscal year.

It is not possible to predict whether additional suits will be filed or whether additional inquiries or requests for information will be made, and it is also not possible to predict the outcome of litigation, inquiries or requests for information. It is possible that there could be unfavorable outcomes in these or other proceedings. Management is unable to make a meaningful estimate of the amount or range of loss that could result from unfavorable outcomes but, under some circumstances, adverse results in any such proceedings could be material to our business, operations, financial position, profitability or cash flows. The Company believes that it has substantial defenses to the claims raised in these lawsuits and intends to defend itself vigorously; however, the Company is not able to predict the outcome of this action.

15. Leases

- a. The Company is responsible for leases on the rental of office space at One State Street Plaza, New York, New York. The lease agreement, which expires in 2019, contains provisions for scheduled periodic rent increases and are accounted for as operating leases. Rental expense for the years ended December 31, 2009 and 2008 was \$8,130,692 and \$7,923,507, respectively. An estimate of future net minimum lease payments in each of the next five years ending December 31, and the periods thereafter, is as follows:

<u>Year</u>	<u>Amount</u>
2010	8,755,393
2011	8,774,000
2012	8,793,538
2013	9,040,424
All later years	<u>55,487,008</u>
Total	\$ <u>90,850,364</u>

- b. The Company has no other lease obligations which could have a material financial effect.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Ambac provides financial guarantee insurance for public finance and structured finance obligations. Financial guarantee insurance policies guarantee payment, when due, of principal and interest on the guaranteed obligation. Total non-affiliated principal and interest exposures, net of reinsurance, at December 31, 2009 were \$609.9 billion (\$438.2 billion for municipal exposures and \$171.7 billion for non-municipal exposures.)

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- a. The Company has not sold or transferred any receivables during 2009.
- b. The Company has not transferred or serviced any financial assets during 2009.
- c. The Company did not engage in any wash sale transactions during 2009.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- a. The Company does not serve as an Administrative Services Only ("ASO") provider.
- b. The Company does not serve as an Administrative Services Contract ("ASC") provider.
- c. The Company is not a party to any Medicare or similarly structured cost based reimbursement contracts.

19. Direct Premium Written or Produced by Managing General Agents or Third Party Administrators

The Company did not write direct premiums through managing general agents or third party administrators.

20. Other Items

- a. The Company had no extraordinary items during 2009.
- b. The Company has no debt outstanding.
- c. Other disclosures
- i. In 2009, the Company received regulatory approval from the Wisconsin Insurance Commissioner in accordance with Section 3.08(9)(c) of the Wisconsin Administrative Code to (a) release contingency reserves for municipal financial guarantee insurance policies to reduce such reserves to equal to our estimate of expected losses (\$336.1 million); and (b) cease making further contributions to the contingency reserves with respect to expired or defaulted municipal financial guarantee insurance policies.
 - ii. The Company is required to place securities on deposit with various state insurance departments, in accordance with applicable state's insurance regulations. The securities are primarily in the form of US Treasury notes. As of December 31, 2009 and 2008, the Company had securities on deposit with the various insurance departments with a carrying value of \$3,554,769 and \$3,175,665.
- d. As of December 31, 2009 and 2008, the Company had uncollected premiums of \$426,766 and \$389,016, respectively, of which, \$26,126 and \$98,875 were more than 90 days past due as of December 31, 2009 and 2008, respectively. All amounts more than 90 days past due were non-admitted as of December 31, 2009 and 2008. In addition, as of December 31, 2009 the Company non-admitted \$149 of premiums recorded

NOTES TO FINANCIAL STATEMENTS

and not yet due that relate to the same policyholders with uncollected premiums more than 90 days past due.

- e. The Company had no business interruption insurance recoveries during 2009.
- f. The Company does not have any state transferable tax credits.
- g. Ambac has exposure to the U.S. sub-prime mortgage market through direct guarantees in the residential mortgage-backed security (“RMBS”) portfolio and guarantees of the timely payment of ACP’s obligations under credit default swaps on CDOs.

Ambac is exposed to credit risk as an issuer of financial guarantees. Ambac’s Enterprise Risk Management Committee (“ERMC”) employs various procedures and controls to monitor and manage credit risk. The ERMC is comprised of senior risk professionals and senior management of Ambac. Its purview is enterprise-wide and its focus is on risk limits and measurement, concentration and correlation of risk, and the attribution of economic and regulatory capital in a portfolio context.

During 2008 and 2009, Ambac Financial made several changes to its risk management function to adapt to the economic crisis and the diminished prospects for new business production. The worsening of the economic crisis throughout 2008 and 2009 caused us to heighten our surveillance efforts on the insured portfolio, focusing on the identification of vulnerable credits and asset types across the portfolio. We increased staff in all surveillance areas to maintain an intensified emphasis on the oversight of vulnerable credits. The 2009 changes reorganized Ambac Financial’s risk management function with the primary focus on firm-wide risk reduction, risk-adjusted returns in the existing portfolio and improved liquidity profile. All risk management responsibilities are consolidated under the Chief Risk Officer who reports to the Board of Directors on a dotted-line basis and will update the Audit and Risk Management Committee of the Board of Directors with respect to risk-related topics.

The risk management changes included making structural and process-related changes and resulted in an organization structure designed around five major areas of focus: 1) Portfolio Risk Management and Analysis; 2) Credit Risk Management; 3) Workouts 4) Capital Management and 5) Operations and Data Information Management:

- 1) In Portfolio Risk Management and Analysis, the primary focus is on surveillance, remediation and loss mitigation, where surveillance personnel perform periodic reviews of exposures according to a schedule based on the risk profile of the guaranteed obligations or as necessitated by specific credit events or other macro-economic variables. Proactive credit remediation can help secure rights and remedies which mitigate losses in the event of default. The emphasis on reducing risk is centered on the following metrics: 1) reducing exposure across the portfolio on a prioritized basis; 2) improving return on capital through opportunistic activities and 3) improving Ambac Financial’s liquidity profile.
- 2) With the increased emphasis on risk reduction and the lack of new business production (underwriting), the Credit Risk Management group focuses on managing all material decisions affecting existing credit exposures for our insured portfolio (e.g., internal rating changes, amendments, waivers and consents, execution of loss mitigation and de-risking initiatives, including workouts) and adversely classified credit reviews.
- 3) The Workout group draws on internal and external specialists to concentrate on severely distressed transactions that require more complex remediation, workout involvement and expertise. Activities may involve exercise of control rights, litigation and other strategies.
- 4) The Capital Management group centralizes the analysis of potential remediation and risk reduction strategies in the insured portfolio.
- 5) The Operations and Data Information Management group is responsible for establishing loss and loss expense reserves for non-derivative insurance policies and estimated impairments on credit derivative contracts. The team manages all transaction level data including exposure, ratings, classification and financial information; managing all document management needs, administration of amendment waiver and consent requests and surveillance review process.

Direct Insured RMBS:

Ambac insured RMBS transactions that contain first-lien mortgages. Ambac classifies first-lien mortgage borrowers into three broad credit risk classes: prime, mid-prime (including Alt-A) and sub-prime. The most common statistical metric that is used to determine the credit risk of a mortgage borrower is the FICO score (Fair Isaac Credit Organization). FICO credit scores are calculated by using information, which in Fair Isaacs’ view, best predicts future credit performance. Predictive factors in the data have been considered by most market participants to be a reasonable indication of future credit performance. Credit scores analyze a borrower’s credit history considering numerous factors such as late payments, the amount of time credit has been established, the amount of credit used versus the amount of credit available, length of time at present residence and negative credit information such as bankruptcies, charge-offs, collections, etc. FICO scores range from 300 to 850. Though there are no industry standard definitions, generally FICO scores are as follows: prime (FICO score over 710), mid-prime (FICO score between 640 and 710) and sub-prime (FICO score below 640).

Prime loans are typically made to borrowers who have a strong credit history and can demonstrate a capacity to repay their loans, sub-prime loans are typically made to borrowers who are perceived as deficient on either or both of these grounds. Compared with prime loans, sub-prime loans typically have higher loan-to-value ratios, reflecting the greater difficulty that sub-prime borrowers have in making down payments and the propensity of these borrowers to extract equity during refinancing. The mid-prime category includes “Alt-A” loans, which typically do not meet standard agency guidelines for documentation requirement, property type or loan-to-value ratio. These are typically higher-balance loans made to borrowers who might have past credit problems that are not severe enough to warrant “sub-prime” classification, or borrowers who chose not to obtain a prime mortgage due to documentation requirements. Additionally, this category includes loans with nontraditional amortization schedules such as interest only or option adjustable rate features.

NOTES TO FINANCIAL STATEMENTS

The following tables provide current net par outstanding by vintage and type, and underlying credit rating of Ambac's affected U.S. sub-prime RMBS book of business:

Year of Issue (\$ in millions)	Total Net Par Outstanding At December 31, 2009
	Sub-prime
1998-2001	\$ 779.3
2002	734.7
2003	1,124.4
2004	575.6
2005	1,225.1
2006	913.7
2007	586.6
Total	\$5,939.4

The Company had \$17,015,774 and \$125,293,808 of paid and incurred sub prime related losses during 2009. At December 31, 2009 the Company recorded \$141,319,352 of subprime related loss reserves.

RMBS exposure in Collateralized Debt Obligations:

Ambac is a party to Insurance and Indemnity agreements with the swap counterparties of ACP, whereby the Company guarantees timely payment of ACP's obligations under credit default swaps ("CDS"). Until the third quarter of 2007, ACP provided credit protection in connection with CDOs through credit default swaps that are similar to the protection provided by other financial guarantees. Ambac generally structured its contracts to mitigate liquidity risk that is inherent in standard credit derivative contracts.

The key liquidity risk mitigation terms are as follows:

- Where standard credit derivative contracts require termination payments based on mark-to-market value of the transaction, Ambac has typically limited termination events to its own payment default or bankruptcy events, including insolvency and the appointment of a liquidator, receiver or custodian with respect to Ambac Assurance.
- The majority of our credit derivatives are written on a "pay-as-you-go" basis. Similar to an insurance policy execution, pay-as-you-go provides that Ambac pays interest shortfalls on the referenced transaction as they are incurred on each scheduled payment date, but only pays principal shortfalls upon the earlier of (i) the date on which the assets designated to fund the referenced obligation have been disposed of and (ii) the legal final maturity date of the referenced obligation.

There are less than 25 transactions which are not "pay-as-you-go" with a combined notional of approximately \$2.6 billion and a net liability fair value of \$53 million as of December 31, 2009. All except one deal carry an internal rating of A or better. These transactions are primarily in the form of CLOs written between 2002 and 2005.

- None of our outstanding credit derivative transactions includes ratings based collateral-posting triggers or otherwise require Ambac to post collateral regardless of Ambac's ratings or the size of the mark to market exposure to Ambac.

Ambac's RMBS exposure to CDOs via their guarantees of ACP's obligations relates primarily to CDOs of asset-backed securities ("CDO of ABS"). ACP participated in both the "High-grade CDO of ABS" and the "Mezzanine CDO of ABS" asset classes.

High-grade CDO of ABS were transactions that are typically comprised of underlying RMBS collateral generally rated single-A through triple-A by one or more of the major rating agencies at the inception of the CDO. High-grade transactions contain a mix of sub-prime, mid-prime and prime mortgages. High-grade deals may also contain components of other high-grade and mezzanine CDO exposure.

Mezzanine CDO of ABS were transactions structured similarly to high-grade transactions except the underlying collateral exposure in a mezzanine transaction is comprised primarily of triple-B rated tranches of sub-prime and mid-prime mortgages at deal inception. CDO of CDO (or "CDO squared") transactions are collateralized primarily with other CDO of ABS securities. Collateral of these inner CDOs consists primarily of triple-B rated tranches of sub-prime mortgage securitizations at inception. Mezzanine and CDO squared transactions are considered higher risk and required a more significant level of subordination at inception to achieve equivalent credit ratings (as compared to high-grade transactions) because of the lower credit quality of the underlying collateral pool.

ACP established a minimum rating requirement for participation in these transactions to be a triple-A rating from one or more of the major rating agencies. The existing transactions were executed at subordination levels that were in excess of an initial rating agency triple-A attachment point (i.e. the level of subordination that was initially required to achieve such rating). All 28 of ACP's CDO of ABS transactions guaranteed by Ambac as of the beginning of 2008 were originally rated triple-A by Ambac and by at least one major rating agency.

The severe distress in the United States residential mortgage market which began in 2007 has continued and intensified in 2008. The credit deterioration in the housing market has had a significant adverse impact on the credit quality of ACP's CDO of ABS exposures. As of December 31, 2007, Ambac had downgraded four of ACP's mezzanine CDO of ABS transactions to below investment grade. Throughout 2008, the major rating agencies have downgraded a nearly all CDO of ABS transactions, including all of the securities guaranteed by Ambac. Ambac also downgraded all of ACP's CDO of ABS exposures over the course of 2008, including an additional 20 transactions to below investment grade. During 2009, ACP commuted eight CDO of ABS transactions, with a combined par exposure of approximately \$8,619.8 million, for payments totaling approximately \$1,380.6 million. During 2008, ACP commuted five CDO of ABS transactions, with a combined par exposure of \$4.9 billion, for payments totaling \$1.85 billion.

Investments in RMBS Securities

Ambac's investment portfolio does not contain any investments in sub-prime mortgage loans or securities with underlying sub-prime exposures (including CDOs).

21. Events Subsequent

There have been no material Type I or Type II events that have occurred subsequent to December 31, 2009 that require disclosure in accordance with SSAP No. 9, Subsequent Events.

NOTES TO FINANCIAL STATEMENTS

22. Reinsurance

a. Unsecured Reinsurance Recoverables

The Company does not have any unsecured reinsurance balances in excess of 3% of policyholders' surplus with any one reinsurer in 2009.

b. The Company has no reinsurance recoverables in dispute.

c. Reinsurance Assumed and Ceded

The following tables summarize assumed and ceded unearned premiums and the related commission equity at December 31, 2009.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Affiliated	\$ 177,106,576	\$ 17,710,658	\$ 6,713,491	\$ 671,349	\$ 170,393,085	\$ 17,039,309
All Other	2,796,371	214,663	147,042,147	35,019,278	(144,245,776)	(34,804,615)
Total	\$ 179,902,947	\$ 17,925,321	\$ 153,755,638	\$ 35,690,627	\$ 26,147,309	\$ (17,765,306)

Direct Unearned Premium Reserve \$2,338,371,523

Contingent commission assumed and ceded was \$0 and \$20,723, respectively, as of December 31, 2009.

The Company has no protected cells at December 31, 2009.

d. The Company has no uncollectible reinsurance.

e. During 2009, Ambac terminated all reinsurance agreements with Financial Guarantee Insurance Company ("FGIC"), RAM Reinsurance Company Ltd. ("Ram Re"), Swiss Reinsurance Company ("Swiss Re"), Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc., "AGMC"), and all but one reinsurance contracts with Radian Asset Assurance Inc ("Radian") and MBIA Insurance Corporation ("MBIA"). The terminations reflect a net recapture of approximately \$22.3 billion of par outstanding. The economic result was net settlement payments to Ambac of \$541 million. In connection with the terminations Ambac recorded pre-tax income of approximately \$316.7 million in the Statement of Income during the year ended December 31, 2009. The components of the impact on the Statement of Income are shown below:

Amounts in \$ millions	FGIC	Ram Re	MBIA	Radian	Swiss Re	AGMC	Total
Ceded Written Premium	\$ 0.3	\$ 35.8	\$ 27.8	\$ 54.3	\$ 34.0	\$ 11.2	\$ 163.4
Change in UPR	(0.3)	(35.8)	(27.8)	(54.3)	(34.0)	(11.2)	(163.4)
Premiums Earned	-	-	-	-	-	-	-
Ceded Paid Losses	45.9	32.6	-	45.8	11.1	-	135.4
Change in Loss Reserves	(45.9)	(32.6)	-	(45.8)	(11.1)	-	(135.4)
Losses Incurred	-	-	-	-	-	-	-
Return of Ceding Commission	(0.1)	-	(1.2)	-	-	(2.4)	(3.7)
Other Income	-	24.6	-	(2.0)	315.0	(17.2)	320.4
Total Pre-Tax Income	(0.1)	\$ 24.6	\$ (1.2)	\$ (2.0)	\$ 315.0	\$ (19.6)	\$ 316.7

f. The Company has no retroactive reinsurance in effect at year-end.

g. The Company does not utilize the deposit method to account for any of its reinsurance transactions.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not issue retrospectively rated contracts or contracts subject to redetermination; none of the company's reinsurance contracts are retrospectively rated or subject to redetermination.

24. Changes in Incurred Losses and Loss Adjustment Expenses

Loss incurred of \$1,398.0 million in 2009 is primarily due to \$1,394.3 million of incurred losses on residential mortgage backed credits that defaulted during 2009. Additionally, there was adverse development of \$530.2 million (prior to the effect of subrogation) relating to residential mortgage backed credits that defaulted in 2008. This was partially offset by the recognition of \$965.4 million of additional subrogation on RMBS credits that defaulted prior to 2009. Case basis loss reserves at December 31, 2009 and December 31, 2008 were as follows:

Amounts in \$ millions	December 31, 2009	December 31, 2008	Change
Mortgage-Backed & Home Equity - First Lien	\$ 543.7	\$ 894.7	\$ 510.7
Mortgage-Backed & Home Equity - Second Lien	235.7	33.0	(659)
Other Mortgage-Backed	87.1	27.5	59.68
Total Mortgage-Backed & Home Equity	866.5	1,087.0	(88.7)
Public Finance	4.2	39.8	(35.6)
Other	233.8	131.8	102.0
Total Loss Reserves	\$1,104.5	\$1,126.8	\$ (22.3)
Total Losses Paid for the twelve months ended December 31, 2009			\$ 1,420.3
Total Losses Incurred for the twelve months ended December 31, 2009			\$ 1,398.0

NOTES TO FINANCIAL STATEMENTS

In an effort to better understand the unprecedented levels of delinquencies, Ambac engaged consultants with significant mortgage lending experience to review the underwriting documentation for mortgage loans underlying certain RMBS insured transactions. These transactions which have exhibited exceptionally poor performance were chosen for further examination of the underwriting documentation supporting the underlying loans. Factors Ambac believes to be indicative of this poor performance include (i) increased levels of early payment defaults, (ii) the significant number of loan charge-offs and resulting high level of losses and (iii) the rapid elimination of credit protections inherent in the transactions' structures. Generally, the sponsor of the transaction provides representations and warranties with respect to the securitized loans including the loan characteristics, the absence of fraud or other misconduct in the origination process, including those attesting to the compliance of home loans with the prevailing underwriting policies. Per the transaction documents, the sponsor of the transaction is obligated to repurchase, cure or substitute any loan that breaches the representations and warranties. Substitution is generally limited to two years from the closing of the transaction and the cure remedy is permitted only to the extent cure is possible.

Subsequent to the forensic exercise of examining loan files to ascertain whether the loans conformed to the representations and warranties, we submit nonconforming loans to the sponsor for repurchase. For all of the transactions reviewed by Ambac, the substitution remedy is no longer available. To effect a repurchase, depending on the transaction the sponsor is required to repurchase the loan at (i) the current unpaid principal balance of the loan, (ii) the current unpaid principal balance plus accrued unpaid interest, (iii) the current unpaid principal balance plus accrued interest plus unreimbursed servicer advances/expenses and/or trustee expenses resulting from the breach of representations and warranties that trigger the repurchase, or (iv) for a loan that has already been charged-off, the amount of the realized loss. Notwithstanding the material breaches of representations and warranties, Ambac has continued to pay claims submitted under the financial guarantee insurance policies related to these securitizations. In cases where loans are repurchased by a sponsor, the effect is typically to offset current period losses and then to increase the over-collateralization of the securitization, depending on the extent of loan repurchases and the structure of the securitization. Specifically, the repurchase price is paid by the sponsor to the securitization trust which holds the loan. The cash becomes an asset of the trust, replacing the loan that was repurchased by the sponsor. On a monthly basis the cash received from loan repurchases by the sponsor is aggregated with cash collections from the underlying mortgages and applied in accordance with the trust indenture payment waterfall. This payment waterfall typically includes principal and interest payments to the note holders, various expenses of the trust and reimbursements to Ambac, as financial guarantor, for claim payments made in previous months. Notwithstanding the reimbursement of previous monthly claim payments, to the extent there continues to be insufficient cash in the waterfall in the current month to make scheduled principal and interest payments to the note holders, Ambac is required to make additional claim payments to cover this shortfall.

Ambac's estimate of subrogation recoveries includes two components: (1) estimated dollar amounts of loans with material breaches of representations and warranties based on an extrapolation of the breach rate identified in a random sample of loans ("random samples") taken from the entire population of loans in a securitization, and (2) the dollar amount of actual loans with identified material breaches of representations and warranties discovered from samples of poorly performing loans ("adverse samples") in a securitization. The amount the sponsors believe to be their liability for these breaches is not known.

The random sample approach to estimate subrogation recoveries was based on obtaining a statistically valid random sample for all the original loans in the pool. A "breach rate" was computed by dividing (i) the loans identified in sample as having not met the underwriting criteria or otherwise breached representations and warranties by (ii) the total sample size. An extrapolation to the entire loan pool was performed by multiplying the breach rate by the sum of the current unpaid loan pool balance plus realized losses resulting from loan liquidations or charge-offs, to compute a gross buyback obligation. The loan pool in this extrapolation incorporates all the components of the sponsor's gross buyback obligation (unpaid principal, accrued interest, etc.) as this information is readily available on the loan pool level. A realization factor was then applied to the gross buyback obligation to estimate the subrogation recovery (undiscounted), which incorporates our views about the uncertainties surrounding the settlement negotiation and litigation processes. The realization factor was developed from a range of realization factors using our own assumptions about the likelihood of outcomes based on all the information available to us including (i) discussions with external legal counsel and their views on ultimate settlement, (ii) recent experience with loan put back negotiations where the existence of a material breach was debated and negotiated at the loan level and (iii) the pervasiveness of the breach rates which indicates a pattern of behavior that we believe will work in Ambac's favor during negotiations and/or litigation.

The adverse sample approach to estimate subrogation recoveries was based on a sample taken from those loans in the pool that were impaired, meaning loans greater than 90 days past due, in foreclosure, REO or bankruptcy. The estimated subrogation recovery (undiscounted) represents only those loans identified as having not met the underwriting criteria or otherwise breached representations and warranties (i.e. the adverse loans). There is no extrapolation to the larger loan pool under this approach. Unlike the random sample approach discussed above, we did not apply a realization factor to the gross buyback obligation for the adverse loans related to uncertainties surrounding settlement negotiation or litigation processes given that the adverse loans represent only 40% of the impaired population of loans, only 4% of the original number of loans in the pool and the breach rate in the sample was pervasive. In other words, we believe any adverse loans we identified that are challenged in negotiations or litigation would be replaceable from the unsampled loan population.

During 2009, Ambac expanded its use of the random sample approach to estimating the amount of subrogation recoveries to all transactions where a statistically valid random sample of loan files was available. Given the scale of the losses in the RMBS portfolio, and the evidence of pervasive breaches, Ambac believes limiting remediation credit to the loan amounts where actual breaches have been discovered (i.e. the adverse sample approach) is inconsistent with its gross claim projection methodology and understates the amount Ambac is expected to recover from sponsors. As a result, the number of transactions where random samples were extrapolated to estimate the amount of the subrogation recovery increased from one as of December 31, 2008 to nine as of December 31, 2009. The adverse sample approach continues to be used only on transactions insured for one sponsor who has limited our access to the underlying loan files and therefore a statistically valid random sample from the entire loan pool cannot be selected. Ambac has updated its estimated subrogation recoveries from \$859.5 million at December 31, 2008 to \$1,882.1 million at December 31, 2009.

While the obligation by sponsors to repurchase loans with material breaches is clear, generally the sponsors have not honored those obligations. Ambac's approach to resolving these disputes has included negotiating with individual sponsors at the transaction level and in some cases at the individual loan level and has resulted in the repurchase of some loans. Ambac has utilized the results of the above described loan file examinations to make demands for loan repurchases from sponsors or their successors and, in certain instances, as a part of the basis for litigation filings. Ambac has initiated and will continue to initiate lawsuits seeking compliance with the repurchase obligations in the securitization documents. Ambac's past experience with similar mortgage loan disputes is that it takes approximately three years from the identification of loans with material breaches to resolution with the sponsor. Using this experience as a basis for projecting the future subrogation cash flows, we assumed recovery in 2011 for eleven transactions and 2012 for those added in 2009, discounted at a rate of 5.10%. Estimated recoveries will continue to be revised and supplemented as the scrutiny of the mortgage loan pools progresses.

We have performed the above-mentioned, detailed examinations on a variety of second-lien transactions and two first-lien transactions that have experienced exceptionally poor performance. However, the loan file examinations and related estimated recoveries we have reviewed and recorded to date have been limited to only those transactions whose sponsors (or their successors) are subsidiaries of global financial institutions, all of which carry an investment grade rating from a nationally recognized rating agency. A total of six sponsors represent the nineteen transactions which have been reviewed as of December 31, 2009. Each of these financial institutions has significant financial resources and an ongoing interest in mortgage finance. Additionally, in the case of successor institutions, we are not aware of any provisions that explicitly preclude or limit the successors' obligations to honor the obligations of the original sponsor. As a result, we did not make any significant adjustments to our estimated subrogation recoveries with respect to the credit risk of these sponsors (or their successors). We believe that focusing our loan remediation efforts on global financial institutions first will provide the greatest economic benefit to Ambac. Ambac retains the right to review all RMBS transactions for representations and warranties breaches. Since a significant number of other second-lien and first-lien transactions are also experiencing poor performance, management is considering expanding the scope of this effort.

NOTES TO FINANCIAL STATEMENTS

25. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

26. Structured Settlements

The Company has not purchased any annuities in 2009.

27. Health Care Receivables

The Company does not have any healthcare receivables at December 31, 2009.

28. Participating Accident and Health Policies

The Company had no participating accident or health contracts during 2009.

29. Premium Deficiency Reserves

The Company had no premium deficiency reserves during 2009.

30. High Deductibles

The Company has not recorded any reserve credits during 2009.

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company generally discounts the liabilities for unpaid losses for financial guaranty claims on a non-tabular basis by application of a discount rate which approximates the average rate of return on admitted assets, in accordance with SSAP 60. The Company does not discount unpaid loss expenses. The Company's average rate of return on its admitted assets for the year ended December 31, 2009 was 6.74%. The Wisconsin Insurance Commissioner has directed the Company to utilize a prescribed discount rate of 5.10% for the purpose of discounting its December 31, 2009 loss reserves. At December 31, 2008 the rate utilized for the purpose of discounting loss reserves was 4.50%, which represents the approximate the average rate of return on admitted assets for the year ended December 31, 2008.

The amount of the discount as of December 31, 2009 and 2008 was \$879,395,761 and \$389,630,266, respectively. The net increase in the amount of discount is primarily due to the increase in the number and size of case reserves.

32. Asbestos / Environmental Reserves

The Company has not written any policies which have been identified as having the potential for the existence of a liability due to asbestos or environmental losses.

33. Subscriber Savings Accounts

The Company is not a reciprocal exchange and, therefore, does not have subscriber savings accounts.

34. Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

35. Financial Guaranty Insurance

a. For financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract rather than at inception, if the installment premiums had all been recorded at inception in accordance with ASC Topic 944 and amortized in proportion to the amount and period of coverage, the unearned premium revenue (net of reinsurance) would have been \$3,412,684,872 at December 31, 2009.

b. The table below summarizes the expected future premiums at December 31, 2009:

	<u>Future premiums expected to be collected</u>
<u>Three months ended:</u>	
March 31, 2010.....	\$81,728,888
June 30, 2010.....	86,828,663
September 30, 2010.....	78,518,808
December 31, 2010.....	86,422,678
<u>Twelve months ended:</u>	
December 31, 2011.....	316,546,139
December 31, 2012.....	293,814,295
December 31, 2013.....	273,321,871
December 31, 2014.....	262,998,760
<u>Five years ended:</u>	
December 31, 2019.....	1,084,413,768
December 31, 2024.....	894,027,186
December 31, 2029.....	721,031,359
December 31, 2034.....	449,537,575
December 31, 2039.....	165,008,937
December 31, 2044.....	46,289,855
December 31, 2049.....	11,153,209
December 31, 2054.....	1,175,503
December 31, 2059.....	4,674
Total.....	<u>\$4,852,822,168</u>

NOTES TO FINANCIAL STATEMENTS

- c. Below are the expected future premiums roll-forward for the period ended December 31, 2009:

Expected future premiums at January 1, 2009.....	\$5,912,956,567
Premium payments received.....	(410,734,163)
Adjustments to expected future premium payments*	(649,400,236)
Expected future premiums at December 31, 2009.....	\$4,852,822,168

* Adjustments to expected future premium payments represent policies that have terminated early as a result of rate step-ups or other retirement provision incentives for the issuer as well as principal repayments on contractual policies that were not legally mandated and as a result not factored into the original expected future premium payments.

- d. Total accelerated revenue recognition for non-installment contracts during 2009 was \$274,538,763. Accelerations of upfront paying transactions resulting from the legal defeasance of Ambac insured obligations during 2009 were \$4,677,470. Accelerations during 2009 due to Ambac insured obligations being either called or terminated were \$269,861,293.
- e. The table below summarizes the expected future expected premiums earned, net of reinsurance on non-installment contracts at December 31, 2009:

	Future expected premiums earned, net of reinsurance
<u>Three months ended:</u>	
March 31, 2010	\$28,898,678
June 30, 2010	26,224,205
September 30, 2010	34,833,450
December 31, 2010	30,060,354
<u>Twelve months ended:</u>	
December 31, 2011	123,211,111
December 31, 2012	124,996,498
December 31, 2013	123,166,996
December 31, 2014	117,896,843
<u>Five years ended:</u>	
December 31, 2019	522,471,473
December 31, 2024	424,040,434
December 31, 2029	340,589,627
December 31, 2034	226,159,880
December 31, 2039	118,128,572
December 31, 2044	36,023,485
December 31, 2049	22,244,928
December 31, 2054	26,798,370
Total	\$2,325,744,903

In addition, net unearned premium reserves at December 31, 2009 includes \$38,773,929 of future expected premiums earned on installment paying contracts.

- f. Ambac's loss reserves are based on management's on-going review of the non-derivative financial guarantee credit portfolio. Active surveillance of the insured portfolio enables Ambac's surveillance group to track credit migration of insured obligations from period to period and update internal classifications and credit ratings for each transaction. Non-adversely classified credits are assigned a Class I or Survey List ("SL") rating while adversely classified credits are assigned a rating of Class IA through Class V. The criteria for an exposure to be assigned an adversely classified credit rating includes the deterioration of an issuer's financial condition, underperformance of the underlying collateral (for collateral dependent transactions such as mortgage-backed securitizations), poor performance by the servicer of the underlying collateral and other adverse economic events or trends. The servicer of the underlying collateral of an insured securitization transaction is a consideration in assessing credit quality because the servicer's performance can directly impact the performance of the related issue. For example, a servicer of a mortgage-backed securitization that does not remain current in its collection loss mitigation efforts could cause an increase in the delinquency and potential default of the underlying obligation. Similarly, loss severities increase when a servicer does not effectively handle loss mitigation activities such as (i) the advancing of delinquent principal and interest and of default related expenses which are deemed to be recoverable by the servicer, (ii) pursuit of loan charge-offs which maximize cash flows from the mortgage loan pool, and (iii) foreclosure and real estate owned disposition strategies and timelines.

One of two approaches is utilized to estimate expected losses to ultimately determine if a loss reserve should be established. The first approach is a statistical expected loss approach, which considers the likelihood of all possible outcomes. The statistical expected loss is the product of: (i) the net par outstanding on the credit; (ii) internally developed historical default information (taking into consideration internal ratings and average life of an obligation); (iii) internally developed loss severities; and (iv) a discount factor. The loss severities and default information are based on rating agency information, are specific to each bond type and are established and approved by Ambac's Enterprise Risk Management Committee ("ERMC"), which is comprised of Ambac's senior risk management professionals and other senior management. For certain credit exposures, Ambac's additional monitoring and loss remediation efforts may provide information relevant to adjust this estimate of statistical expected losses. As such, ERMC-approved loss severities used in estimating the statistical expected losses may be adjusted based on the professional judgment of the surveillance analyst monitoring the credit with the approval of senior management. Analysts may accept the "base case" statistical expected loss as the best estimate of expected loss or determine an adjusted statistical expected loss that better reflects a given transaction's potential severity.

The second approach entails the use of more precise estimates of expected net cash outflows (future claim payments, net of potential recoveries, expected to be paid to the holder of the insured financial obligation). This approach can include the utilization of market accepted software tools to develop net claim payment estimates. We have utilized such tools for residential mortgage-backed exposures as well as certain other types of exposures. These tools, in conjunction with detailed data of the historical performance of the collateral pools, assist Ambac in the determination of certain assumptions, such as default and voluntary prepayment rates, which are needed in order to estimate expected future net claim payments. For certain policies, estimated potential recoveries exceed estimated future claim payments because all or a portion of such recoveries relate to claims previously paid.

Additional remediation activities applied to adversely classified credits can include various actions by Ambac. The most common actions include obtaining detailed appraisal information on collateral, more frequent meetings with the issuer's or servicer's management to review operations, financial condition and financial forecasts and more frequent analysis of the issuer's financial statements. Senior management meets at least

NOTES TO FINANCIAL STATEMENTS

quarterly with the surveillance group to review the status of their work to determine the adequacy of Ambac's loss reserves and make any necessary adjustments.

Case basis loss reserves are established for losses on guaranteed obligations that have already defaulted. All credits are assigned risk classifications by the Surveillance Group using the following guidelines:

CLASS I – “Fully Performing – Meets Ambac Criteria with Remote Probability of Claim”

Credits that demonstrate adequate security and structural protection with a strong capacity to pay interest, repay principal and perform as underwritten. Factors supporting debt service payment and performance are considered unlikely to change and any such change would not have a negative impact upon the fundamental credit quality.

SURVEY LIST (SL) – “Investigation of Specific Condition or Weakness Underway”

Credits that require additional analysis to determine if adverse classification is warranted. These credits may lack information or demonstrate a weakness but further deterioration is not expected.

CLASS IA – “Potential Problem with Risks to be Dimensioned”

Credits that are fully current and monetary default or claims-payment are not anticipated. The payor's or issuer's financial condition may be deteriorating or the credits may lack adequate collateral. A structured financing may also evidence weakness in its fundamental credit quality as evidenced by its under-performance relative to its modeled projections at underwriting, issues related to the servicer's ability to perform, or questions about the structural integrity of the transaction. While these credits may still retain an investment grade rating, they usually have experienced or are vulnerable to a ratings downgrade. Further investigation is required to dimension and correct any deficiencies. A complete legal review of documents may be required. An action plan should be developed with triggers for future classification changes upward or downward.

CLASS II – “Substandard Requiring Intervention”

Credits whose fundamental credit quality has deteriorated to the point that timely payment of debt service may be jeopardized by adversely developing trends of a financial, economic, structural, managerial or political nature. No claim payment is currently foreseen but the probability of loss or claim payment over the life of the transaction is now existent (10% or greater probability). Class II credits may be borderline or below investment grade (BBB- to B). Prompt and sustained action must be taken to execute a comprehensive loss mitigation plan and correct deficiencies.

CLASS III – “Doubtful with Clear Potential for Loss”

Credits whose fundamental credit quality has deteriorated to the point that timely payment of debt service has been or will be jeopardized by adverse trends of a financial, economic, structural, managerial or political nature which, in the absence of positive change or corrective action, are likely to result in a loss. The probability of monetary default or claims paying over the life of the transaction is 50% or greater. Full exercise of all available remedial actions is required to avert or minimize losses. Class III credits will generally be rated below investment grade (B to CCC).

CLASS IV – “Imminent Default or Defaulted”

Monetary default or claims payment has occurred or is expected imminently. Class IV credits are generally rated D.

CLASS V – “Fully Reserved”

The credit has defaulted and payments have occurred. The claim payments are scheduled and known, and reserves have been established to fully cover such claims.

Below is the losses and loss adjustment expense roll-forward, net of subrogation recoverable and reinsurance for the period ended December 31, 2009:

(\$ in Thousands)		Year Ended December 31, 2009
Losses and Loss Adjustment Expenses at December 31, 2008, net of subrogation recoverable and net of reinsurance (1)		\$ 1,160.3
Change in loss reserves due to:		
Credits added (1)	1,926.9	
Credits removed (1)	(0.4)	
Change in existing credits (1)	710.2	
Change in subrogation recoveries (1)	(1,073.6)	
Change in discount rate	(54.5)	
Claim payments, net of subrogation received and reinsurance	(1,532.0)	
Net change in loss reserve		(23.4)
Loss and Loss Adjustment Expenses at December 31, 2009 (2)		\$ 1,136.9

(1) Discounted @ 4.5%.

(2) Discounted @ 5.1%.

NOTES TO FINANCIAL STATEMENTS

	<u>IV</u>	<u>V</u>	<u>Total</u>
Number of Policies	84	1	85
Remaining weighted-average contract period (in years)	6	8	6
Gross insured contractual payments outstanding:			
Principal	11,398,611	747	11,399,358
Interest	2,739,666	164	2,739,830
Total	<u>14,138,277</u>	<u>911</u>	<u>14,139,188</u>
Gross claim liability	5,488,321	911	5,489,232
Less:			
Gross potential recoveries	(3,471,831)	-	(3,471,831)
Discount	<u>(896,838)</u>	<u>(61)</u>	<u>(896,898)</u>
Claim liability reported in the balance sheet (excluding reinsurance)	1,119,652	851	1,120,503
Gross unearned premium revenue	33,917	-	33,917
Reinsurance recoverables reported in the balance sheet	(15,961)	-	(15,961)

* Excludes \$32,839 gross of reinsurance and \$32,441 net of reinsurance, of loss adjustment expense reserves

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Wisconsin

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____

- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/31/2007

- 3.4 By what department or departments? Wisconsin
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]

- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information: _____

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

- 7.2 If yes,
- 7.21 State the percentage of foreign control%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. _____

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No []

- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
Rangemark Capital Markets, Inc.	New York, NY	NO	NO	NO	NO	YES
RangeMark Investment Management, Inc	New York, NY	NO	NO	NO	NO	YES

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, 757 Third Avenue, New York, NY 10017

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Aaron Halpert, FIA, NAAA, KPMG LLP, 757 Third Avenue, New York, NY 10017

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company _____

- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

- 11.2 If yes, provide explanation. _____

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
-
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
-
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - c. Compliance with applicable governmental laws, rules and regulations;
 - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
-
- 13.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
-
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).
-

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
16. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers \$.....0
 - 18.12 To stockholders not officers \$.....0
 - 18.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers \$.....0
 - 18.22 To stockholders not officers \$.....0
 - 18.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others
 - 19.22 Borrowed from others
 - 19.23 Leased from others
 - 19.24 Other
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment
 - 20.22 Amount paid as expenses
 - 20.23 Other amounts paid
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....4,019,226

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes [X] No []
- 22.2 If no, give full and complete information relating thereto.
-
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).
The Company loaned securities with a carrying value of \$194,890,339 to Ambac Financial Services, LLC pursuant to a revolving credit facility approved by the Wisconsin Insurance Commissioner. There is no collateral for the loan.
- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [X] N/A []
- 22.5 If answer to 22.4 is yes, report amount of collateral.
- 22.6 If answer to 22.4 is no, report amount of collateral. \$.....0
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) Yes [X] No []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|-------|--|------------------|
| 23.21 | Subject to repurchase agreements | \$.....0 |
| 23.22 | Subject to reverse repurchase agreements | \$.....0 |
| 23.23 | Subject to dollar repurchase agreements | \$.....0 |
| 23.24 | Subject to reverse dollar repurchase agreements | \$.....0 |
| 23.25 | Pledged as collateral | \$.....0 |
| 23.26 | Placed under option agreements | \$.....0 |
| 23.27 | Letter stock or securities restricted as to sale | \$.....0 |
| 23.28 | On deposit with state or other regulatory body | \$.....3,554,769 |
| 23.29 | Other | \$.....0 |

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year:

26. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Citibank, N.A.	333 West 34th Street, 3rd Floor, Securities Vault, NY, NY 10001
Bank of New York	One Wall Street, 14th Floor, NY, NY 10001

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No [X]

26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] No [X]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
27.2999. TOTAL		0

27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds.....	6,814,583,288	6,768,498,862	(46,084,426)
28.2 Preferred stocks.....			0
28.3 Totals.....	6,814,583,288	6,768,498,862	(46,084,426)

- 28.4 Describe the sources or methods utilized in determining the fair values:
The Company utilizes fair value as determined by the NAIC's Securities Valuation Office (SVO). In the event the SVO has not determined the fair value of a security, fair value is determined by using independent market sources, when available, and appropriate valuation methodologies when market quotes are not available.

- 29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

- 29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.
The reporting entity may rely on a quote from a single broker where prices are not available from independent pricing vendors. Generally, the broker utilized by the reporting entity are active market participants for the instrument being valued. Broker valuations are reviewed monthly for reasonableness by the valuation oversight team and challenged where applicable.

- 30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 30.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....7,203

31.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Association of Financial Guaranty Insurers	5,000

32.1 Amount of payments for legal expenses, if any? \$.....14,512,830

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Dewey & LeBoeuf LLP	4,392,319

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only.
- 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?
- 1.31 Reason for excluding:

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.
- 1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned
 1.62 Total incurred claims
 1.63 Number of covered lives
 All years prior to most current three years:
 1.64 Total premium earned
 1.65 Total incurred claims
 1.66 Number of covered lives
- 1.7 Group policies:
 Most current three years:
 1.71 Total premium earned
 1.72 Total incurred claims
 1.73 Number of covered lives
 All years prior to most current three years:
 1.74 Total premium earned
 1.75 Total incurred claims
 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....0	\$.....0
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....0	\$.....0
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies
 3.22 Non-participating policies

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [] No []
- 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 5.22 As a direct expense of the exchange Yes [] No [] N/A []
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 5.5 If yes, give full information:

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
Not applicable

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company's maximum amount of loss is equal to its net insured exposure, consisting of both principal and interest on insured obligations, net of reinsurance and collateral. At December 31, 2009, the Company's had net non-affiliated insured exposure of \$609.9 billion, of which 72% related to municipal exposures and 28% related to non-municipal exposures. Please refer to footnote 10.e for detailed disclosure of affiliated exposures.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company does not insure loss to property. The Company employs categorical per risk dollar limits to potential claims or losses resulting from all forms of risk that could impair an insured obligors' ability to make timely payment on their insured debt obligation. In addition, reinsurance agreements mitigate residual risks resulting from concentrations by bond type or geographic location.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:
The Company does not insure loss to property. The Company employs categorical per risk dollar limits to potential claims or losses resulting from all forms of risk that could impair an insured obligors' ability to make timely payment on their insured debt obligation.

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [X] No []
- 8.2 If yes, give full information:
During 2009, Ambac terminated all reinsurance agreements with Financial Guarantee Insurance Company ("FGIC"), RAM Reinsurance Company Ltd. ("Ram Re"), Swiss Reinsurance Company ("Swiss Re"), Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc., "AGMC"), and all but one reinsurance contracts with Radian Asset Assurance Inc ("Radian") and MBIA Insurance Corporation ("MBIA"). The terminations reflect a net recapture of approximately \$22.3 billion of par outstanding. The economic result was net settlement payments to Ambac of \$541 million. In connection with the terminations Ambac recorded pre-tax income of approximately \$316.7 million in the Statement of Income during the year ended December 31, 2009.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses \$.....0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From%
 12.42 To%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of credit
 12.62 Collateral and other funds

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....2,406,235,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.3

- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
-

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No []
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []
- 14.5 If the answer to 14.4 is no, please explain:
-

- 15.1 Has the reporting entity guaranteed any financial premium accounts? Yes [] No [X]
- 15.2 If yes, give full information:
-

- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....					
16.12 Products.....					
16.13 Automobile.....					
16.14 Other*.....					

* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [X]
- Included but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
- 17.12 Unfunded portion of Interrogatory 17.11
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11
- 17.14 Case reserves portion of Interrogatory 17.11
- 17.15 Incurred but not reported portion of Interrogatory 17.11
- 17.16 Unearned premium portion of Interrogatory 17.11
- 17.17 Contingent commission portion of Interrogatory 17.11

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

- 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
- 17.19 Unfunded portion of Interrogatory 17.18
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18
- 17.21 Case reserves portion of Interrogatory 17.18
- 17.22 Incurred but not reported portion of Interrogatory 17.18
- 17.23 Unearned premium portion of Interrogatory 17.18
- 17.24 Contingent commission portion of Interrogatory 17.18

- 18.1 Do you act as a custodian for health savings account? Yes [] No [X]
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date.
- 18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	357,025,181	558,160,054	1,057,315,247	1,017,917,119	1,110,400,629
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	357,025,181	558,160,054	1,057,315,247	1,017,917,119	1,110,400,629
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	461,399,091	502,331,970	778,282,215	913,016,783	1,009,370,029
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	461,399,091	502,331,970	778,282,215	913,016,783	1,009,370,029
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(477,209,956)	(689,488,074)	650,543,746	572,837,394	594,424,751
14. Net investment gain (loss) (Line 11).....	(2,559,417,023)	(3,939,945,880)	(279,681,602)	537,365,448	376,692,104
15. Total other income (Line 15).....	73,494,090	(295,331,033)	5,637,657	8,534,458	6,196,039
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	(483,521,179)	(890,099,393)	322,535,819	329,748,339	269,911,371
18. Net income (Line 20).....	(2,479,611,710)	(4,034,665,594)	53,963,982	788,988,961	707,401,523
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	8,533,511,430	10,781,055,521	10,791,563,779	10,014,555,633	8,994,397,899
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	400,640	290,141	533,433	1,019,620	11,494,836
20.2 Deferred and not yet due (Line 13.2).....	29,981,495	27,350,865	38,861,574	34,589,191	30,883,207
20.3 Accrued retrospective premiums (Line 13.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	7,731,642,745	9,226,607,110	7,475,421,128	6,317,679,209	5,666,913,598
22. Losses (Page 3, Line 1).....	1,104,542,208	1,126,726,586	109,692,688	41,387,378	41,422,524
23. Loss adjustment expenses (Page 3, Line 3).....	32,441,773	33,576,452	111,896	6,740,054	533,332
24. Unearned premiums (Page 3, Line 9).....	2,364,518,832	2,699,491,644	3,275,382,016	3,327,604,343	3,164,660,614
25. Capital paid up (Page 3, Lines 28 & 29).....	108,411,000	110,000,000	82,000,000	82,000,000	82,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	801,868,685	1,554,448,411	3,316,142,651	3,696,876,424	3,327,484,301
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	(1,606,490,225)	(1,423,924,074)	960,977,645	1,058,584,804	952,761,716
Risk-Based Capital Analysis					
28. Total adjusted capital.....					
29. Authorized control level risk-based capital.....					
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1).....	77.4	75.0	94.9	96.2	93.8
31. Stocks (Lines 2.1 & 2.2).....	4.3	2.3	2.5	1.5	1.2
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	7.8	11.3	2.5	2.3	3.8
35. Contract loans (Line 6).....					
36. Other invested assets (Line 7).....	0.1		0.0	0.0	1.2
37. Receivable for securities (Line 8).....	0.0	0.1	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9).....	10.4	11.3			
39. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	341,474,654	238,760,248	263,908,520	141,565,486	100,374,364
43. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
44. Affiliated mortgage loans on real estate.....					
45. All other affiliated.....	242,965		61,966	108,430	103,337,383
46. Total of above lines 40 to 45.....	341,717,619	238,760,248	263,970,486	141,673,916	203,711,747
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0).....	42.6	15.4	8.0	3.8	6.1

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2009	2008	2007	2006	2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24).....	(2,695,389)	(269,428,086)	(63,894,234)	25,013,463	9,095,783
49. Dividends to stockholders (Line 35).....	(12,509,301)	(218,539,800)	(190,200,000)	(136,000,000)	(353,400,000)
50. Change in surplus as regards policyholders for the year (Line 38).....	(752,579,726)	(1,761,694,240)	(380,733,773)	369,392,123	128,785,569
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
52. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,561,711,515	620,156,498	6,310,176	27,368,334	96,151,767
55. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
56. Total (Line 35).....	1,561,711,515	620,156,498	6,310,176	27,368,334	96,151,767
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
58. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,420,295,371	567,246,523	5,980,689	24,955,634	73,918,939
61. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
62. Total (Line 35).....	1,420,295,371	567,246,523	5,980,689	24,955,634	73,918,939
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2).....	175.6	146.9	8.9	3.3	5.1
65. Loss expenses incurred (Line 3).....	13.9	3.6	(0.8)	2.0	0.7
66. Other underwriting expenses incurred (Line 4).....	14.2	13.4	13.5	18.3	16.3
67. Net underwriting gain (loss) (Line 8).....	(59.9)	(63.9)	78.3	76.4	78.0
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	(66.9)	87.5	13.7	14.1	11.7
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	189.4	150.6	8.1	5.3	5.8
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 35, Col. 1 x 100.0).....	57.5	32.3	23.5	24.7	30.3
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	93,689	113,243	(6,866)	(10,725)	9,923
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100).....	6.0	3.4	(0.2)	(0.3)	0.3
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	80,489	(9,328)	(15,883)	(1,412)	(15,135)
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0).....	2.4	(0.3)	(0.5)	(0.0)	(0.6)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14 Data)



NAIC Group Code.....1248 NAIC Company Code....18708

BUSINESS IN GRAND TOTAL DURING THE YEAR

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire.....												
2.1 Allied lines.....												
2.2 Multiple peril crop.....												
2.3 Federal flood.....												
3. Farmowners multiple peril.....												
4. Homeowners multiple peril.....												
5.1 Commercial multiple peril (non-liability portion).....												
5.2 Commercial multiple peril (liability portion).....												
6. Mortgage guaranty.....												
8. Ocean marine.....												
9. Inland marine.....												
10. Financial guaranty.....	325,118,609	713,368,712		2,312,271,243	1,561,713,593	1,393,916,991	864,890,979	112,161,898	111,098,354	32,747,610		5,596,258
11. Medical professional liability.....												
12. Earthquake.....												
13. Group accident and health (b).....												
14. Credit A & H (group and individual).....												
15.1 Collectively renewable A&H (b).....												
15.2 Non-cancelable A & H (b).....												
15.3 Guaranteed renewable A & H (b).....												
15.4 Non-renewable for stated reasons only (b).....												
15.5 Other accident only.....												
15.6 Medicare Title XVIII exempt from state taxes or fees.....												
15.7 All other A & H (b).....												
15.8 Federal employees health benefits program premium (b).....												
16. Workers' compensation.....												
17.1 Other liability-occurrence.....												
17.2 Other liability-claims-made.....												
17.3 Excess workers' compensation.....												
18. Products liability.....												
19.1 Private passenger auto no-fault (personal injury protection).....												
19.2 Other private passenger auto liability.....												
19.3 Commercial auto no-fault (personal injury protection).....												
19.4 Other commercial auto liability.....												
21.1 Private passenger auto physical damage.....												
21.2 Commercial auto physical damage.....												
22. Aircraft (all perils).....												
23. Fidelity.....												
24. Surety.....	79,120	4,910,194		26,100,281								1,269
26. Burglary and theft.....												
27. Boiler and machinery.....												
28. Credit.....												
30. Warranty.....												
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0	0	0	0
35. TOTALS (a).....	325,197,729	718,278,906	0	2,338,371,524	1,561,713,593	1,393,916,991	864,890,979	112,161,898	111,098,354	32,747,610	0	5,597,527

DETAILS OF WRITE-INS

3401.....												
3402.....												
3403.....												
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
3499. TOTALS (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0	0	0	0

(a) Finance and service charges not included in Lines 1 to 35 \$.....0.

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products.....0 and number of persons insured under indemnity only products.....0.

SCHEDULE F - PART 1

Assumed Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsured	4 Domiciliary Jurisdiction	5 Assumed Premium	Reinsurance On			9 Contingent Commissions Payable	10 Assumed Premiums Receivable	11 Unearned Premium	12 Funds Held by or Deposited With Reinsured Companies	13 Letters of Credit Posted	14 Amount of Assets Pledged or Compensating Balances to Secure Letters of Credit	15 Amount of Assets Pledged or Collateral Held in Trust
					6 Paid Losses and Loss Adjustment Expenses	7 Known Case Losses and LAE	8 Cols. 6 + 7							
Affiliated - U.S. Non-Pool:														
39-1092844..	24961.....	Everspan Financial Guarantee Corp.....	WI.....	128	0	0	0	0	0	0	0	0	0	0
0299999.	Affiliated - U.S. Non-Pool.....			128	0	0	0	0	0	0	0	0	0	0
Affiliated - Other (Non-U. S.):														
AA-1124103..		Ambac Assurance UK Ltd.....	GB.....	90,189	0	255,704	255,704	0	11,820	177,107	0	0	0	0
0399999.	Affiliated - Other (Non-U. S.).....			90,189	0	255,704	255,704	0	11,820	177,107	0	0	0	0
0499999.	Total Affiliates.....			90,317	0	255,704	255,704	0	11,820	177,107	0	0	0	0
Other U. S. Unaffiliated Insurers:														
52-1533088..	30180.....	Assured Guaranty Corp.....	MD.....	0	0	0	0	0	0	1,633	0	0	0	0
13-3250292..	18287.....	Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.).....	NY.....	(28,729)	0	0	0	0	0	0	0	0	0	0
13-2710717..	12815.....	Financial Guaranty Insurance Company.....	NY.....	409	0	0	0	0	0	342	0	0	0	0
43-0899449..	12041.....	MBIA Insurance Corporation.....	NY.....	(21,662)	0	0	0	0	0	724	0	0	0	0
22-2712977..	36250.....	Radian Asset Assurance Inc.....	NY.....	(2)	0	0	0	0	0	97	0	0	0	0
0599999.	Other U. S. Unaffiliated Insurers.....			(49,984)	0	0	0	0	0	2,796	0	0	0	0
Other Non-U. S. Insurers:														
AA-1320009..		MBIA Assurance S A.....	FR.....	(8,506)	0	0	0	0	0	0	0	0	0	0
0999999.	Other Non-U. S. Insurers.....			(8,506)	0	0	0	0	0	0	0	0	0	0
9999999.	Totals.....			31,827	0	255,704	255,704	0	11,820	179,903	0	0	0	0

SCHEDULE F - PART 2

Premium Portfolio Reinsurance Effected or (Canceled) during Current Year

1 Federal ID Number	2 NAIC Company Code	3 Name of Company	4 Date of Contract	5 Original Premium	6 Reinsurance Premium
Reinsurance Ceded:					
13-3250292.....	18287.....	Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.).....	10/22/1984.....	37,399,313	11,211,167
13-2710717.....	12815.....	Financial Guaranty Insurance Company.....	04/28/2006.....	2,996,596	263,650
43-0899449.....	12041.....	MBIA Insurance Corporation.....	11/01/1995.....	211,530,874	27,794,509
22-2712977.....	36250.....	Radian Asset Assurance Inc.....	10/01/1984.....	287,114,401	54,288,105
AA-3610026.....		Ram Reinsurance Limited.....	01/15/1997.....	122,740,668	35,766,897
AA-1460146.....		Swiss Reinsurance Company.....	09/01/1999.....	88,626,587	33,973,366
0199999:		Total Reinsurance Ceded by Portfolio.....		750,408,439	163,297,694
Reinsurance Assumed:					
13-3250292.....	18287.....	Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.).....	10/22/1984.....	38,649,546	30,987,325
43-0899449.....	12041.....	MBIA Insurance Corporation.....	11/01/1995.....	93,248,330	32,867,302
0299999:		Total Reinsurance Assumed by Portfolio.....		131,897,876	63,854,627

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable on										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Col. 15-[16+17]	19 Funds Held By Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
Authorized																			
Other U.S. Unaffiliated Insurers																			
52-1533088	30180	Assured Guaranty Corp.	MD		2,696	14	134	921					22,147	21	23,237	429		22,808	
13-2710717	12815	Financial Guaranty Insurance Company	NY		(86)			5,400							5,400			5,400	
13-3250292	18287	Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.)	NY		(10,089)										0			0	
43-0899449	12041	MBIA Insurance Corporation	NY		(23,290)								246		246			246	
22-2712977	36250	Radian Asset Assurance Inc.	NY		(49,698)								55		55			55	
0599999		Total Authorized Other U.S. Unaffiliated Insurers			(80,467)	14	134	6,321	0	0	0	0	22,448	21	28,938	429	0	28,509	0
0999999		Total Authorized			(80,467)	14	134	6,321	0	0	0	0	22,448	21	28,938	429	0	28,509	0
Unauthorized																			
Affiliates-Other (Non-U.S.)																			
98-0550554		Ambac (Bermuda) Limited	BM		7,971								6,713		6,713	128		6,585	
1299999		Total Unauthorized Affiliates - Other (Non-U.S.)			7,971	0	0	0	0	0	0	0	6,713	0	6,713	128	0	6,585	0
1399999		Total Unauthorized Affiliates			7,971	0	0	0	0	0	0	0	6,713	0	6,713	128	0	6,585	0
Other Non-U.S. Insurers																			
AA-3190809		Assured Guaranty Reinsurance International, Ltd.	BM		25,788	1,187	118	2,602	254				106,913		111,074	177		110,897	
AA-3190686		Partner Reinsurance Co. Ltd.	BM		221								197		197	16		181	
AA-3610026		Ram Reinsurance Limited	BM		(34,092)										0			0	
AA-1580110		Sompo Japan Insurance, Inc.	JP		5,445	1,203	7	7,038	144				17,485		25,877	712		25,165	
AA-1460146		Swiss Reinsurance Company	CH		(29,240)										0			0	
1799999		Total Unauthorized Other Non-U.S. Insurers			(31,878)	2,390	125	9,640	398	0	0	0	124,595	0	137,148	905	0	136,243	0
1899999		Total Unauthorized			(23,907)	2,390	125	9,640	398	0	0	0	131,308	0	143,861	1,033	0	142,828	0
1999999		Total Authorized and Unauthorized			(104,374)	2,404	259	15,961	398	0	0	0	153,756	21	172,799	1,462	0	171,337	0
9999999		Totals			(104,374)	2,404	259	15,961	398	0	0	0	153,756	21	172,799	1,462	0	171,337	0

Note A: Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000.

1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
(1)		
(2)		
(3)		
(4)		
(5)		

Note B: Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15), the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated	
(1) Assured Guaranty Reinsurance International, Ltd.	111,074	25,788	Yes	<input type="checkbox"/> No <input checked="" type="checkbox"/>
(2) Sompo Japan Insurance, Inc.	25,877	5,445	Yes	<input type="checkbox"/> No <input checked="" type="checkbox"/>
(3) Assured Guaranty Corp.	23,237	2,696	Yes	<input type="checkbox"/> No <input checked="" type="checkbox"/>
(4) Ambac (Bermuda) Limited	6,713	7,971	Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/>
(5) Financial Guaranty Insurance Company	5,400	(86)	Yes	<input type="checkbox"/> No <input checked="" type="checkbox"/>

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses						11 Total Due Cols. 5 + 10	12 Percentage Overdue Col. 10 / Col. 11	13 Percentage More Than 120 Days Overdue Col. 9 / Col. 11
				5 Current	Overdue				10 Total Overdue Cols. 6 + 7 + 8 + 9			
					6 1 to 29 Days	7 30 to 90 Days	8 91 to 120 Days	9 Over 120 Days				
Authorized												
Other U.S. Unaffiliated Insurers												
52-1533088	30180	Assured Guaranty Corp.	MD	148					0	148	.00	.00
0599999		Total Authorized - Other U.S. Unaffiliated Insurers		148	0	0	0	0	0	148	.00	.00
0999999		Total Authorized		148	0	0	0	0	0	148	.00	.00
Unauthorized												
Other U.S. Unaffiliated Insurers												
AA-3190809		Assured Guaranty Reinsurance International, Ltd.	BM	1,305					0	1,305	.00	.00
AA-1580110		Sompo Japan Insurance, Inc.	JP	1,210					0	1,210	.00	.00
1499999		Total Unauthorized - Other U.S. Unaffiliated Insurers		2,515	0	0	0	0	0	2,515	.00	.00
1899999		Total Unauthorized		2,515	0	0	0	0	0	2,515	.00	.00
1999999		Total Authorized and Unauthorized		2,663	0	0	0	0	0	2,663	.00	.00
9999999		Totals		2,663	0	0	0	0	0	2,663	.00	.00

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable all Items Schedule F, Part 3, Col. 15	Funds Held By Company Under Reinsurance Treaties	Letters of Credit	Ceded Balances Payable	Miscellaneous Balances	Other Allowed Offset Items	Sum of Cols. 6 through 10 but not in Excess of Col. 5	Subtotal Col. 5 minus Col. 11	Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	20% of Amount in Col. 13	Smaller of Col. 11 or Col. 14	Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5	Total Provision for Unauthorized Reinsurance Smaller of Col. 5 or Cols. 12 + 15 + 16
Affiliates-Other Non-U.S. Insurers																
98-0550554		Ambac (Bermuda) Limited	.....BM.....	.....6,713			.....128		.....2,221	.....2,349	.....4,364		.....0	.....0		.....4,364
0399999		Total Affiliates - Other Non-U.S. Insurers		.....6,713	.....0	.....0	.....128	.....0	.....2,221	.....2,349	.....4,364	.....0	.....0	.....0	.....0	.....4,364
0499999		Total Affiliates		.....6,713	.....0	.....0	.....128	.....0	.....2,221	.....2,349	.....4,364	.....0	.....0	.....0	.....0	.....4,364
Other Non-U.S. Insurers																
AA-3190809		Assured Guaranty Reinsurance International, Ltd.	.....BM.....	.....111,074			.....177		.....224,284	.....111,074	.....0		.....0	.....0		.....0
AA-3190686		Partner Reinsurance Co. Ltd.	.....BM.....	.....197		.....703	.....16			.....197	.....0		.....0	.....0		.....0
AA-1580110		Sompo Japan Insurance, Inc.	.....JP.....	.....25,877		.....141,836	.....712			.....25,877	.....0		.....0	.....0		.....0
0899999		Total Other Non-U.S. Insurers		.....137,148	.....0	.....142,539	.....905	.....0	.....224,284	.....137,148	.....0	.....0	.....0	.....0	.....0	.....0
0999999		Total Affiliates and Others		.....143,861	.....0	.....142,539	.....1,033	.....0	.....226,505	.....139,497	.....4,364	.....0	.....0	.....0	.....0	.....4,364
9999999		Totals		.....143,861	.....0	.....142,539	.....1,033	.....0	.....226,505	.....139,497	.....4,364	.....0	.....0	.....0	.....0	.....4,364

1. Amounts in dispute totaling \$.....0 are included in Column 5.
2. Amounts in dispute totaling \$.....0 are excluded from Column 13.

SCHEDULE F - PART 6

Provision for Overdue Authorized Reinsurance as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11
Federal ID Number	NAIC Company Code	Name of Reinsurer	Reinsurance Recoverable on Paid Losses and LAE More Than 90 Days Overdue (a)	Total Reinsurance Recoverable on Paid Losses and Paid LAE (b)	Amounts Received Prior 90 Days	Col. 4 divided by (Cols. 5 + 6)	Amounts in Col. 4 for Companies Reporting less than 20% in Col. 7	Amounts in Dispute Excluded from Col. 4 for Companies Reporting less than 20% in Col. 7	20% of Amount in Col. 9	Amount Reported in Col. 8 x 20% + Col. 10

(a) From Schedule F-Part 4 Columns 8 + 9, total authorized, less \$.....0 in dispute.
 (b) From Schedule F-Part 3 Columns 7 + 8, total authorized, less \$.....0 in dispute.

NONE

SCHEDULE F - PART 7

Provision for Overdue Reinsurance as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
Federal ID Number	NAIC Company Code	Name of Reinsurer	Reinsurance Recoverable All Items	Funds Held by Company Under Reinsurance Treaties	Letters of Credit	Ceded Balances Payable	Other Miscellaneous Balances	Other Allowed Offset Items	Sum of Cols. 5 through 9 but not in Excess of Col. 4	Col. 4 Minus Col. 10	Greater of Col. 11 or Schedule F - Part 4 Cols. 8 + 9
											1. Total.....0
											2. Line 1 x .20.....0
											3. Schedule F - Part 6 Col. 11.....
											4. Provision for Overdue Authorized Reinsurance (Lines 2 + 3).....0
											5. Provision for Unauthorized Reinsurance (Schedule F- Part 5 Col. 17 x 1000).....4,364,000
											6. Provision for Reinsurance (sum Lines 4 + 5) (Enter this amount on Page 3, Line 16).....4,364,000

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10).....	8,009,256,148		8,009,256,148
2. Premiums and considerations (Line 13).....	30,382,135		30,382,135
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 14.1).....	2,663,451	(2,663,451)	0
4. Funds held by or deposited with reinsured companies (Line 14.2).....			0
5. Other assets.....	491,209,696	(20,723)	491,188,973
6. Net amount recoverable from reinsurers.....		168,697,189	168,697,189
7. Protected cell assets (Line 25).....			0
8. Totals (Line 26).....	8,533,511,430	166,013,015	8,699,524,445
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3).....	1,136,983,981	16,358,209	1,153,342,190
10. Taxes, expenses, and other obligations (Lines 4 through 8).....	34,495,940		34,495,940
11. Unearned premiums (Line 9).....	2,364,518,832	153,755,638	2,518,274,470
12. Advance premiums (Line 10).....	1,393,654		1,393,654
13. Dividends declared and unpaid (Line 11.1 and 11.2).....			0
14. Ceded reinsurance premiums payable (net of ceding commissions) (Line 12).....	1,462,356	(1,462,356)	0
15. Funds held by company under reinsurance treaties (Line 13).....			0
16. Amounts withheld or retained by company for account of others (Line 14).....	1,540,025		1,540,025
17. Provision for reinsurance (Line 16).....	4,364,000	(4,364,000)	0
18. Other liabilities.....	4,186,883,957	1,725,524	4,188,609,481
19. Total liabilities excluding protected cell business (Line 24).....	7,731,642,745	166,013,015	7,897,655,760
20. Protected cell liabilities (Line 25).....			0
21. Surplus as regards policyholders (Line 35).....	801,868,685	XXX	801,868,685
22. Totals (Line 36).....	8,533,511,430	166,013,015	8,699,524,445

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements?..Yes [] No [X]

If yes, give full explanation:

Sch. H-Pt. 1
NONE

Sch. H-Pt. 2
NONE

Sch. H-Pt. 3
NONE

Sch. H-Pt. 4
NONE

Sch. H-Pt. 5
NONE

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....	41.....	.....	.....	.....	.....	13.....	.....	54.....	XXX.....
2. 2000.....	318,396.....	44,913.....	273,483.....	.....	.....	33.....	.....	.....	.....	.....	33.....	XXX.....
3. 2001.....	414,927.....	64,959.....	349,968.....	32.....	135.....	2,977.....	679.....	73.....	.....	840.....	2,268.....	XXX.....
4. 2002.....	525,782.....	75,055.....	450,727.....	32,115.....	3,749.....	1,843.....	282.....	388.....	.....	16,542.....	30,315.....	XXX.....
5. 2003.....	702,565.....	108,095.....	594,470.....	11,971.....	.....	2,125.....	25.....	321.....	.....	35,953.....	14,392.....	XXX.....
6. 2004.....	758,578.....	100,930.....	657,648.....	78,833.....	21,566.....	1,982.....	463.....	72.....	.....	454.....	58,858.....	XXX.....
7. 2005.....	855,810.....	93,527.....	762,283.....	.....	1,312.....	2,923.....	148.....	170.....	.....	5,271.....	1,633.....	XXX.....
8. 2006.....	840,131.....	90,058.....	750,073.....	22,219.....	1,635.....	7,137.....	18.....	214.....	.....	15,756.....	27,917.....	XXX.....
9. 2007.....	930,137.....	99,632.....	830,505.....	250,472.....	18,993.....	3,961.....	289.....	323.....	.....	13,328.....	235,474.....	XXX.....
10. 2008.....	1,334,201.....	255,979.....	1,078,222.....	1,401,723.....	154,944.....	17,335.....	1,224.....	335.....	.....	46,730.....	1,263,225.....	XXX.....
11. 2009.....	899,153.....	97,871.....	801,282.....	539,446.....	19,786.....	98,231.....	510.....	206.....	.....	16,834.....	617,587.....	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	2,336,853.....	222,120.....	138,547.....	3,638.....	2,115.....	0.....	151,707.....	2,251,757.....	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	911.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	911.....	XXX.....
2. 2000.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.....	XXX.....
3. 2001.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.....	XXX.....
4. 2002.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.....	XXX.....
5. 2003.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.....	XXX.....
6. 2004.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.....	XXX.....
7. 2005.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	204,487.....	0.....	XXX.....
8. 2006.....	154.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	154.....	XXX.....
9. 2007.....	(93,223).....	(2,705).....	.....	.....	2,240.....	69.....	.....	.....	.....	269,332.....	(88,347).....	XXX.....
10. 2008.....	828,767.....	25,492.....	.....	.....	13,490.....	137.....	.....	.....	.....	1,552,355.....	816,628.....	XXX.....
11. 2009.....	1,280,791.....	10,676.....	.....	.....	17,109.....	192.....	.....	.....	.....	546,317.....	1,287,032.....	XXX.....
12. Totals.....	2,017,400.....	33,463.....	0.....	0.....	32,839.....	398.....	0.....	0.....	0.....	0.....	2,572,491.....	2,016,378.....	XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	60.....	.....	XXX.....	851.....	0.....
2. 2000.	33.....	0.....	33.....	0.0.....	0.0.....	0.0.....	.....	.....	.....	0.....	0.....
3. 2001.	3,082.....	814.....	2,268.....	0.7.....	1.3.....	0.6.....	.....	.....	.....	0.....	0.....
4. 2002.	34,346.....	4,031.....	30,315.....	6.5.....	5.4.....	6.7.....	.....	.....	.....	0.....	0.....
5. 2003.	14,417.....	25.....	14,392.....	2.1.....	0.0.....	2.4.....	.....	.....	.....	0.....	0.....
6. 2004.	80,887.....	22,029.....	58,858.....	10.7.....	21.8.....	8.9.....	.....	.....	.....	0.....	0.....
7. 2005.	3,093.....	1,460.....	1,633.....	0.4.....	1.6.....	0.2.....	(15,244).....	.....	.....	15,244.....	0.....
8. 2006.	29,724.....	1,653.....	28,071.....	3.5.....	1.8.....	3.7.....	10.....	.....	.....	144.....	0.....
9. 2007.	163,773.....	16,646.....	147,127.....	17.6.....	16.7.....	17.7.....	1,564.....	.....	.....	(92,082).....	2,171.....
10. 2008.	2,261,650.....	181,797.....	2,079,853.....	169.5.....	71.0.....	192.9.....	684,224.....	.....	.....	119,051.....	13,353.....
11. 2009.	1,935,783.....	31,164.....	1,904,619.....	215.3.....	31.8.....	237.7.....	208,783.....	.....	.....	1,061,332.....	16,917.....
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	879,397.....	0.....	XXX.....	1,104,540.....	32,441.....

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 One Year	12 Two Year
1. Prior....	25,387	25,562	26,085	36,235	33,257	33,131	32,884	33,135	31,576	31,524	(52)	(1,611)
2. 2000....		28	33	33	33	33	33	33	33	33	0	0
3. 2001....	XXX	3,188	3,528	2,183	2,201	2,195	2,195	2,195	2,195	2,195	0	0
4. 2002....	XXX	XXX	43,054	41,853	38,716	33,926	29,927	29,927	29,927	29,927	0	0
5. 2003....	XXX	XXX	XXX	24,951	24,995	20,835	14,171	14,071	14,071	14,071	0	0
6. 2004....	XXX	XXX	XXX	XXX	40,210	59,215	58,788	58,786	58,786	58,786	0	0
7. 2005....	XXX	XXX	XXX	XXX	XXX	7,466	8,077	2,770	2,774	1,463	(1,311)	(1,307)
8. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	33,564	31,856	30,949	27,857	(3,092)	(3,999)
9. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	59,398	175,103	146,804	(28,299)	87,406
10. 2008....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,953,075	2,079,518	126,443	XXX
11. 2009....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,904,413	XXX	XXX
12. Totals....											93,689	80,489

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior....	000	677	3,431	6,904	23,911	26,948	27,063	27,361	30,572	30,613	XXX	XXX
2. 2000....		28	33	33	33	33	33	33	33	33	XXX	XXX
3. 2001....	XXX	38	460	2,183	2,201	2,195	2,195	2,195	2,195	2,195	XXX	XXX
4. 2002....	XXX	XXX	5,359	23,950	21,297	29,500	29,927	29,927	29,927	29,927	XXX	XXX
5. 2003....	XXX	XXX	XXX	9,416	10,946	16,438	14,071	14,071	14,071	14,071	XXX	XXX
6. 2004....	XXX	XXX	XXX	XXX	210	59,215	58,788	58,786	58,786	58,786	XXX	XXX
7. 2005....	XXX	XXX	XXX	XXX	XXX	2,667	6,879	2,770	2,774	1,463	XXX	XXX
8. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	31,636	27,751	27,705	27,703	XXX	XXX
9. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,095	142,946	235,151	XXX	XXX
10. 2008....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	439,545	1,262,890	XXX	XXX
11. 2009....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	617,381	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior....										
2. 2000....										
3. 2001....	XXX									
4. 2002....	XXX	XXX								
5. 2003....	XXX	XXX	XXX							
6. 2004....	XXX	XXX	XXX	XXX						
7. 2005....	XXX	XXX	XXX	XXX	XXX					
8. 2006....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

**Sch. P-Pt. 1A
NONE**

**Sch. P-Pt. 1B
NONE**

**Sch. P-Pt. 1C
NONE**

**Sch. P-Pt. 1D
NONE**

**Sch. P-Pt. 1E
NONE**

**Sch. P-Pt. 1F-Sn. 1
NONE**

**Sch. P-Pt. 1F-Sn. 2
NONE**

**Sch. P-Pt. 1G
NONE**

**Sch. P-Pt. 1H-Sn. 1
NONE**

**Sch. P-Pt. 1H-Sn. 2
NONE**

**Sch. P-Pt. 1I
NONE**

**Sch. P-Pt. 1J
NONE**

SCHEDULE P - PART 1K - FIDELITY/SURETY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....								0	XXX.....
2. 2008.....	4,650.....		4,650.....								0	XXX.....
3. 2009.....	4,910.....		4,910.....								0	XXX.....
4. Totals....	XXX.....	XXX.....	XXX.....	0	0	0	0	0	0	0	0	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding- Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior....												0	
2. 2008...												0	
3. 2009...												0	
4. Totals...	0	0	0	0	0	0	0	0	0	0	0	0	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			XXX.....	0	0
2. 2008	0	0	0	0.0	0.0	0.0				0	0
3. 2009	0	0	0	0.0	0.0	0.0				0	0
4. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	0	0

**Sch. P-Pt. 1L
NONE**

**Sch. P-Pt. 1M
NONE**

**Sch. P-Pt. 1N
NONE**

**Sch. P-Pt. 1O
NONE**

**Sch. P-Pt. 1P
NONE**

**Sch. P-Pt. 1R-Sn. 1
NONE**

**Sch. P-Pt. 1R-Sn. 2
NONE**

SCHEDULE P - PART 1S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....	94,154	5,496	2,477	202	51	3,614	90,984	XXX.....	
2. 2008.....	1,334,201	255,979	1,078,222	1,401,723	154,944	17,335	1,224	335	46,730	1,263,225	XXX.....	
3. 2009.....	899,153	97,871	801,282	539,446	19,786	98,231	510	206	16,834	617,587	XXX.....	
4. Totals....	XXX.....	XXX.....	XXX.....	2,035,323	180,226	118,043	1,936	592	67,178	1,971,796	XXX.....	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding- Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	(92,158)	(2,705)			2,240	69					473,819	(87,282)	
2. 2008.....	828,767	25,492			13,490	137					1,552,355	816,628	
3. 2009.....	1,280,791	10,676			17,109	192					546,317	1,287,032	
4. Totals....	2,017,400	33,463	0	0	32,839	398	0	0	0	0	2,572,491	2,016,378	0

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	(13,610)		XXX.....	(75,843)	2,171
2. 2008	2,261,650	181,797	2,079,853	169.5	71.0	192.9	684,224			119,051	13,353
3. 2009	1,935,783	31,164	1,904,619	215.3	31.8	237.7	208,783			1,061,332	16,917
4. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	879,397	0	XXX.....	1,104,540	32,441

**Sch. P-Pt. 1T
NONE**

**Sch. P-Pt. 2A
NONE**

**Sch. P-Pt. 2B
NONE**

**Sch. P-Pt. 2C
NONE**

**Sch. P-Pt. 2D
NONE**

**Sch. P-Pt. 2E
NONE**

**Sch. P-Pt. 2F-Sn. 1
NONE**

**Sch. P-Pt. 2F-Sn. 2
NONE**

**Sch. P-Pt. 2G
NONE**

**Sch. P-Pt. 2H-Sn. 1
NONE**

**Sch. P-Pt. 2H-Sn. 2
NONE**

**Sch. P-Pt. 2I
NONE**

**Sch. P-Pt. 2J
NONE**

**Sch. P-Pt. 2K
NONE**

**Sch. P-Pt. 2L
NONE**

**Sch. P-Pt. 2M
NONE**

**Sch. P-Pt. 2N
NONE**

**Sch. P-Pt. 2O
NONE**

**Sch. P-Pt. 2P
NONE**

SCHEDULE P - PART 2R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										Development		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year	
1. Prior....											.....0	.....0
2. 2000....											.....0	.....0
3. 2001....	XXX										.....0	.....0
4. 2002....	XXX	XXX									.....0	.....0
5. 2003....	XXX	XXX	XXX								.....0	.....0
6. 2004....	XXX	XXX	XXX	XXX							.....0	.....0
7. 2005....	XXX	XXX	XXX	XXX	XXX						.....0	.....0
8. 2006....	XXX	XXX	XXX	XXX	XXX	XXX					.....0	.....0
9. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX				.....0	.....0
10. 2008....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			.....0	XXX
11. 2009....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX	
											12. Totals00

NONE

SCHEDULE P - PART 2R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior....											.....0	.....0
2. 2000....											.....0	.....0
3. 2001....	XXX										.....0	.....0
4. 2002....	XXX	XXX									.....0	.....0
5. 2003....	XXX	XXX	XXX								.....0	.....0
6. 2004....	XXX	XXX	XXX	XXX							.....0	.....0
7. 2005....	XXX	XXX	XXX	XXX	XXX						.....0	.....0
8. 2006....	XXX	XXX	XXX	XXX	XXX	XXX					.....0	.....0
9. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX				.....0	.....0
10. 2008....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			.....0	XXX
11. 2009....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX	
											12. Totals00

NONE

SCHEDULE P - PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	56,182	169,425	136,671	(32,754)	80,489	
2. 2008....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,953,075	2,079,518	126,443	XXX	
3. 2009....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,904,413	XXX	XXX	
											4. Totals93,68980,489

SCHEDULE P - PART 2T - WARRANTY

1. Prior....	XXX	XXX	XXX	XXX	XXX	XXX	XXX				.....0	.....0
2. 2008....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			.....0	XXX
3. 2009....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX	
											4. Totals00

NONE

**Sch. P-Pt. 3A
NONE**

**Sch. P-Pt. 3B
NONE**

**Sch. P-Pt. 3C
NONE**

**Sch. P-Pt. 3D
NONE**

**Sch. P-Pt. 3E
NONE**

**Sch. P-Pt. 3F-Sn. 1
NONE**

**Sch. P-Pt. 3F-Sn. 2
NONE**

**Sch. P-Pt. 3G
NONE**

**Sch. P-Pt. 3H-Sn. 1
NONE**

**Sch. P-Pt. 3H-Sn. 2
NONE**

**Sch. P-Pt. 3I
NONE**

**Sch. P-Pt. 3J
NONE**

**Sch. P-Pt. 3K
NONE**

**Sch. P-Pt. 3L
NONE**

**Sch. P-Pt. 3M
NONE**

**Sch. P-Pt. 3N
NONE**

**Sch. P-Pt. 3O
NONE**

**Sch. P-Pt. 3P
NONE**

SCHEDULE P - PART 3R-SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment	
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009			
1. Prior.....	.000.....												
2. 2000.....													
3. 2001.....	XXX.....												
4. 2002.....	XXX.....	XXX.....											
5. 2003.....	XXX.....	XXX.....	XXX.....										
6. 2004.....	XXX.....	XXX.....	XXX.....	XXX.....									
7. 2005.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....								
8. 2006.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....							
9. 2007.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....						
10. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....					
11. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....				

NONE

SCHEDULE P - PART 3R-SECTION 2 - PRODUCTS LIABILITY- CLAIMS-MADE

1. Prior.....	.000.....												
2. 2000.....													
3. 2001.....	XXX.....												
4. 2002.....	XXX.....	XXX.....											
5. 2003.....	XXX.....	XXX.....	XXX.....										
6. 2004.....	XXX.....	XXX.....	XXX.....	XXX.....									
7. 2005.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....								
8. 2006.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....							
9. 2007.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....						
10. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....					
11. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....				

NONE

SCHEDULE P - PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	.000.....	133,020.....	223,953.....	XXX.....	XXX.....
2. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	439,545.....	1,262,890.....	XXX.....	XXX.....
3. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	617,381.....	XXX.....	XXX.....

SCHEDULE P - PART 3T - WARRANTY

1. Prior.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	.000.....				
2. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....				
3. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			

NONE

**Sch. P-Pt. 4A
NONE**

**Sch. P-Pt. 4B
NONE**

**Sch. P-Pt. 4C
NONE**

**Sch. P-Pt. 4D
NONE**

**Sch. P-Pt. 4E
NONE**

**Sch. P-Pt. 4F-Sn. 1
NONE**

**Sch. P-Pt. 4F-Sn. 2
NONE**

**Sch. P-Pt. 4G
NONE**

**Sch. P-Pt. 4H-Sn. 1
NONE**

**Sch. P-Pt. 4H-Sn. 2
NONE**

**Sch. P-Pt. 4I
NONE**

**Sch. P-Pt. 4J
NONE**

**Sch. P-Pt. 4K
NONE**

**Sch. P-Pt. 4L
NONE**

**Sch. P-Pt. 4M
NONE**

**Sch. P-Pt. 4N
NONE**

**Sch. P-Pt. 4O
NONE**

**Sch. P-Pt. 4P
NONE**

Sch. P-Pt. 4R-Sn. 1

NONE

Sch. P-Pt. 4R-Sn. 2

NONE

Sch. P-Pt. 4S

NONE

Sch. P-Pt. 4T

NONE

Sch. P-Pt. 5A-Sn. 1

NONE

Sch. P-Pt. 5A-Sn. 2

NONE

Sch. P-Pt. 5A-Sn. 3

NONE

Sch. P-Pt. 5B-Sn. 1

NONE

Sch. P-Pt. 5B-Sn. 2

NONE

Sch. P-Pt. 5B-Sn. 3

NONE

Sch. P-Pt. 5C-Sn. 1

NONE

Sch. P-Pt. 5C-Sn. 2

NONE

Sch. P-Pt. 5C-Sn. 3

NONE

Sch. P-Pt. 5D-Sn. 1

NONE

Sch. P-Pt. 5D-Sn. 2

NONE

Sch. P-Pt. 5D-Sn. 3

NONE

Sch. P-Pt. 5E-Sn. 1

NONE

Sch. P-Pt. 5E-Sn. 2

NONE

Sch. P-Pt. 5E-Sn. 3

NONE

**Sch. P-Pt. 5F-Sn. 1A
NONE**

**Sch. P-Pt. 5F-Sn. 2A
NONE**

**Sch. P-Pt. 5F-Sn. 3A
NONE**

**Sch. P-Pt. 5F-Sn. 1B
NONE**

**Sch. P-Pt. 5F-Sn. 2B
NONE**

**Sch. P-Pt. 5F-Sn. 3B
NONE**

**Sch. P-Pt. 5H-Sn. 1A
NONE**

**Sch. P-Pt. 5H-Sn. 2A
NONE**

**Sch. P-Pt. 5H-Sn. 3A
NONE**

**Sch. P-Pt. 5H-Sn. 1B
NONE**

**Sch. P-Pt. 5H-Sn. 2B
NONE**

**Sch. P-Pt. 5H-Sn. 3B
NONE**

**Sch. P-Pt. 5R-Sn. 1A
NONE**

**Sch. P-Pt. 5R-Sn. 2A
NONE**

**Sch. P-Pt. 5R-Sn. 3A
NONE**

**Sch. P-Pt. 5R-Sn. 1B
NONE**

**Sch. P-Pt. 5R-Sn. 2B
NONE**

**Sch. P-Pt. 5R-Sn. 3B
NONE**

**Sch. P-Pt. 5T-Sn. 1
NONE**

**Sch. P-Pt. 5T-Sn. 2
NONE**

**Sch. P-Pt. 5T-Sn. 3
NONE**

**Sch. P-Pt. 6C-Sn. 1
NONE**

**Sch. P-Pt. 6C-Sn. 2
NONE**

**Sch. P-Pt. 6D-Sn. 1
NONE**

**Sch. P-Pt. 6D-Sn. 2
NONE**

**Sch. P-Pt. 6E-Sn. 1
NONE**

**Sch. P-Pt. 6E-Sn. 2
NONE**

**Sch. P-Pt. 6H-Sn. 1A
NONE**

**Sch. P-Pt. 6H-Sn. 2A
NONE**

**Sch. P-Pt. 6H-Sn. 1B
NONE**

**Sch. P-Pt. 6H-Sn. 2B
NONE**

**Sch. P-Pt. 6M-Sn. 1
NONE**

**Sch. P-Pt. 6M-Sn. 2
NONE**

**Sch. P-Pt. 6N-Sn. 1
NONE**

**Sch. P-Pt. 6N-Sn. 2
NONE**

**Sch. P-Pt. 6O-Sn. 1
NONE**

**Sch. P-Pt. 6O-Sn. 2
NONE**

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Direct and Assumed at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	
1. Prior.....											0
2. 2000.....											0
3. 2001.....	.XXX										0
4. 2002.....	.XXX	.XXX									0
5. 2003.....	.XXX	.XXX	.XXX								0
6. 2004.....	.XXX	.XXX	.XXX	.XXX							0
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX						0
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					0
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				0
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			0
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	0
13. Earned Prems.(P-Pt 1).....											.XXX

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Ceded at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	
1. Prior.....											0
2. 2000.....											0
3. 2001.....	.XXX										0
4. 2002.....	.XXX	.XXX									0
5. 2003.....	.XXX	.XXX	.XXX								0
6. 2004.....	.XXX	.XXX	.XXX	.XXX							0
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX						0
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					0
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				0
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			0
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	0
13. Earned Prems.(P-Pt 1).....											.XXX

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Direct and Assumed at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	
1. Prior.....											0
2. 2000.....											0
3. 2001.....	.XXX										0
4. 2002.....	.XXX	.XXX									0
5. 2003.....	.XXX	.XXX	.XXX								0
6. 2004.....	.XXX	.XXX	.XXX	.XXX							0
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX						0
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					0
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				0
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			0
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	0
13. Earned Prems.(P-Pt 1).....											.XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Ceded at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	
1. Prior.....											0
2. 2000.....											0
3. 2001.....	.XXX										0
4. 2002.....	.XXX	.XXX									0
5. 2003.....	.XXX	.XXX	.XXX								0
6. 2004.....	.XXX	.XXX	.XXX	.XXX							0
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX						0
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					0
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				0
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			0
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		0
12. Total.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	0
13. Earned Prems.(P-Pt 1).....											.XXX

SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS

(\$000 Omitted)

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners.....			.00			0.0
2. Private passenger auto liability/medical.....			.00			0.0
3. Commercial auto/truck liability/medical.....			.00			0.0
4. Workers' compensation.....			.00			0.0
5. Commercial multiple peril.....			.00			0.0
6. Medical professional liability - occurrence.....			.00			0.0
7. Medical professional liability - claims-made.....			.00			0.0
8. Special liability.....			.00			0.0
9. Other liability - occurrence.....			.00			0.0
10. Other liability - claims-made.....			.00			0.0
11. Special property.....			.00			0.0
12. Auto physical damage.....			.00			0.0
13. Fidelity/surety.....			.00	79		0.0
14. Other.....			.00			0.0
15. International.....			.00			0.0
16. Reinsurance - nonproportional assumed property.....	XXX	XXX	XXX	XXX	XXX	XXX
17. Reinsurance - nonproportional assumed liability.....	XXX	XXX	XXX	XXX	XXX	XXX
18. Reinsurance - nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX	XXX	XXX
19. Products liability - occurrence.....			.00			0.0
20. Products liability - claims-made.....			.00			0.0
21. Financial guaranty/mortgage guaranty.....	2,016,378		.00	461,320		0.0
22. Warranty.....			.00			0.0
23. Totals.....	2,016,378	0	.00	461,399	0	0.0

SECTION 2

Years in Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	XXX									
4. 2002.....	XXX	XXX								
5. 2003.....	XXX	XXX	XXX							
6. 2004.....	XXX	XXX	XXX	XXX						
7. 2005.....	XXX	XXX	XXX	XXX	XXX					
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End (\$000 omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	XXX									
4. 2002.....	XXX	XXX								
5. 2003.....	XXX	XXX	XXX							
6. 2004.....	XXX	XXX	XXX	XXX						
7. 2005.....	XXX	XXX	XXX	XXX	XXX					
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS (continued)

SECTION 4

Years in Which Policies Were Issued	Net Earned Premiums Reported at Year End (\$000 omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	XXX									
4. 2002.....	XXX	XXX								
5. 2003.....	XXX	XXX	XXX							
6. 2004.....	XXX	XXX	XXX	XXX						
7. 2005.....	XXX	XXX	XXX	XXX	XXX					
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SECTION 5

Years in Which Policies Were Issued	Net Reserve for Premium Adjustments and Accrued Retrospective Premiums at Year End (\$000 omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	XXX									
4. 2002.....	XXX	XXX								
5. 2003.....	XXX	XXX	XXX							
6. 2004.....	XXX	XXX	XXX	XXX						
7. 2005.....	XXX	XXX	XXX	XXX	XXX					
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS

(\$000 Omitted)

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners.....			0.0			0.0
2. Private passenger auto liability/medical.....			0.0			0.0
3. Commercial auto/truck liability/medical.....			0.0			0.0
4. Workers' compensation.....			0.0			0.0
5. Commercial multiple peril.....			0.0			0.0
6. Medical professional liability - occurrence.....			0.0			0.0
7. Medical professional liability - claims-made.....			0.0			0.0
8. Special liability.....			0.0			0.0
9. Other liability - occurrence.....			0.0			0.0
10. Other liability - claims-made.....			0.0			0.0
11. Special property.....			0.0			0.0
12. Auto physical damage.....			0.0			0.0
13. Fidelity/surety.....			0.0	79		0.0
14. Other.....			0.0			0.0
15. International.....			0.0			0.0
16. Reinsurance - nonproportional assumed property.....			0.0			0.0
17. Reinsurance - nonproportional assumed liability.....			0.0			0.0
18. Reinsurance - nonproportional assumed financial lines.....			0.0			0.0
19. Products liability - occurrence.....			0.0			0.0
20. Products liability - claims-made.....			0.0			0.0
21. Financial guaranty/mortgage guaranty.....	2,016,378		0.0	461,320		0.0
22. Warranty.....			0.0			0.0
23. Totals	2,016,378	0	0.0	461,399	0	0.0

SECTION 2

Years in Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	XXX									
4. 2002.....	XXX	XXX								
5. 2003.....	XXX	XXX	XXX							
6. 2004.....	XXX	XXX	XXX	XXX						
7. 2005.....	XXX	XXX	XXX	XXX	XXX					
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End (\$000 omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	XXX									
4. 2002.....	XXX	XXX								
5. 2003.....	XXX	XXX	XXX							
6. 2004.....	XXX	XXX	XXX	XXX						
7. 2005.....	XXX	XXX	XXX	XXX	XXX					
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS (continued)

SECTION 4

Years in Which Policies Were Issued	Net Earned Premiums Reported At Year End (\$000 Omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	.XXX									
4. 2002.....	.XXX	.XXX								
5. 2003.....	.XXX	.XXX	.XXX							
6. 2004.....	.XXX	.XXX	.XXX	.XXX						
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SECTION 5

Years in Which Policies Were Issued	Net Reserve For Premium Adjustments And Accrued Retrospective Premiums At Year End (\$000 Omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	.XXX									
4. 2002.....	.XXX	.XXX								
5. 2003.....	.XXX	.XXX	.XXX							
6. 2004.....	.XXX	.XXX	.XXX	.XXX						
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SECTION 6

Years in Which Policies Were Issued	Incurred Adjustable Commissions Reported At Year End (\$000 Omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	.XXX									
4. 2002.....	.XXX	.XXX								
5. 2003.....	.XXX	.XXX	.XXX							
6. 2004.....	.XXX	.XXX	.XXX	.XXX						
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SECTION 7

Years in Which Policies Were Issued	Reserves For Commission Adjustments At Year End (\$000 Omitted)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....										
2. 2000.....										
3. 2001.....	.XXX									
4. 2002.....	.XXX	.XXX								
5. 2003.....	.XXX	.XXX	.XXX							
6. 2004.....	.XXX	.XXX	.XXX	.XXX						
7. 2005.....	.XXX	.XXX	.XXX	.XXX	.XXX					
8. 2006.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
9. 2007.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			
10. 2008.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		
11. 2009.....	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	

SCHEDULE P INTERROGATORIES

1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims-Made insurance policies. EREs provided for reasons other than DDR are not be included.
- 1.1 Does the company issue Medical Professional Liability Claims-Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes [] No [X]
If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions.
- 1.2 What is the total amount of the reserve for that provision (DDR reserve) as reported, explicitly or not, elsewhere in this statement (in dollars)?
- 1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes [] No []
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes [] No []
- 1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A - Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes [] No [] N/A []
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred	DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
	1	2
	Section 1: Occurrence	Section 2: Claims-Made
1.601 Prior.....
1.602 2000.....
1.603 2001.....
1.603 2002.....
1.605 2003.....
1.606 2004.....
1.607 2005.....
1.608 2006.....
1.609 2007.....
1.610 2008.....
1.611 2009.....
1.612 Totals.....	0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No []
3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this statement? Yes [X] No []
4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [X] No []

If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for: (in thousands of dollars)
 - 5.1 Fidelity
 - 5.2 Surety \$.....79
6. Claim count information is reported per claim or per claimant. (Indicate which). PER CLAIM
If not the same in all years, explain in Interrogatory 7.

- 7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [X] No []

- 7.2 An extended statement may be attached.

Paragraph 7 of Statement of Statutory Accounting Principles No. 60 "Financial Guaranty Insurance" ("SSAP 60") allows for a deduction from loss reserves for the time value of money by application of a discount rate equal to the average rate of return on the admitted assets of the financial guaranty insurer as of the date of the computation of the reserve. At December 31, 2009, Ambac's average rate of return on its admitted assets was 6.74%. The Wisconsin Insurance Commissioner directed the Company to utilize a prescribed discount rate of 5.10% for the purpose of discounting its loss reserves. At December 31, 2008 the rate utilized for the purpose of discounting loss reserves was 4.50%, which represents the approximate the average rate of return on admitted assets for the year ended December 31, 2009

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	267,763	4,669,239						
2. Alaska.....AK	L		359,639						
3. Arizona.....AZ	L	1,204,868	9,178,021						
4. Arkansas.....AR	L	3,337,352	6,031,002						
5. California.....CA	L	17,267,629	67,811,933		268,100,083	295,347,139	334,328,863		
6. Colorado.....CO	L	3,480,828	11,797,639						
7. Connecticut.....CT	L	7,933,261	16,061,633						
8. Delaware.....DE	L	9,203,086	22,283,559		89,796,179	108,969,170	19,172,991		
9. District of Columbia.....DC	L		3,619,125						
10. Florida.....FL	L	1,082,169	21,107,138		6,106,754	(602,686)	(6,709,440)		
11. Georgia.....GA	L	475,768	8,227,075						
12. Hawaii.....HI	L	2,048,103	4,183,743						
13. Idaho.....ID	L	376	2,059,706						
14. Illinois.....IL	L	16,906,316	25,376,695		261,909,888	323,306,898	17,091,271		
15. Indiana.....IN	L	1,872,937	12,278,551						
16. Iowa.....IA	L	2,511,405	7,481,482						
17. Kansas.....KS	L	511,406	2,685,368						
18. Kentucky.....KY	L	705,187	2,137,696		(385)	(385)			
19. Louisiana.....LA	L	992,826	7,648,908						
20. Maine.....ME	L	310,544	986,953						
21. Maryland.....MD	L	1,775,991	3,345,171		9,089,688	60,794,581	84,790,686		
22. Massachusetts.....MA	L	12,192,647	16,901,455		20,965,809	(26,243,103)	78,386,864		
23. Michigan.....MI	L	2,176,710	8,707,840		3,925	3,925			
24. Minnesota.....MN	L	14,262,818	17,047,716		56,754,469	146,498,702	165,725,643		
25. Mississippi.....MS	L	402,251	2,426,628						
26. Missouri.....MO	L	1,988,122	6,162,011						
27. Montana.....MT	L	464,235	1,420,677						
28. Nebraska.....NE	L		611,195						
29. Nevada.....NV	L	511,497	6,872,343		20,532,771	20,980,532	447,760		
30. New Hampshire.....NH	L	267,452	1,117,200						
31. New Jersey.....NJ	L	730,137	10,902,684						
32. New Mexico.....NM	L	464,319	1,498,307						
33. New York.....NY	L	173,727,917	233,139,966		787,291,246	447,962,040	195,919,329		
34. North Carolina.....NC	L	2,758,471	7,169,430						
35. North Dakota.....ND	L	7,201	1,241,262						
36. Ohio.....OH	L	1,703,844	10,178,632						
37. Oklahoma.....OK	L	1,400,000	9,487,193						
38. Oregon.....OR	L	22,673	7,310,034						
39. Pennsylvania.....PA	L	2,261,562	24,868,449		41,163,166	16,900,178	(24,262,988)		
40. Rhode Island.....RI	L	1,004,294	1,845,076						
41. South Carolina.....SC	L	673,846	9,407,098						
42. South Dakota.....SD	L		250,283						
43. Tennessee.....TN	L	13,976	4,017,535						
44. Texas.....TX	L	3,337,725	22,222,662						
45. Utah.....UT	L	476,704	1,973,606						
46. Vermont.....VT	L	2,053,505	2,685,238						
47. Virginia.....VA	L	611,217	3,166,715						
48. Washington.....WA	L	776,514	8,552,058						
49. West Virginia.....WV	L	234,845	6,304,847						
50. Wisconsin.....WI	L	20,573	6,264,844						
51. Wyoming.....WY	L	141,960	801,067						
52. American Samoa.....AS	N								
53. Guam.....GU	L		240,771						
54. Puerto Rico.....PR	L	10,450	2,165,117						
55. US Virgin Islands.....VI	L		175,022						
56. Northern Mariana Islands.....MP	N								
57. Canada.....CN	N								
58. Aggregate Other Alien.....OT	XXX	28,612,449	41,813,669	0	0	0	0	0	0
59. Totals.....(a).....54		325,197,729	718,278,906	0	1,561,713,593	1,393,916,991	864,890,979	0	0

DETAILS OF WRITE-INS

5801. Australia.....XXX		3,737,004	13,746,290						
5802. Bermuda.....XXX		822,970	822,970						
5803. Cayman Islands.....XXX		20,977,387	24,007,199						
5898. Summary of remaining write-ins for Line 58 from overflow page.....XXX		3,075,088	3,237,210	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above).....XXX		28,612,449	41,813,669	0	0	0	0	0	0

(a) Insert the number of "L" responses except for Canada and Other Alien.
 Explanation of Basis of Allocation of Premiums by States, etc.
 Ambac Assurance Corporation allocates premiums based on the location of risk or policyholder.

SCHEDULE T - PART 2

INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

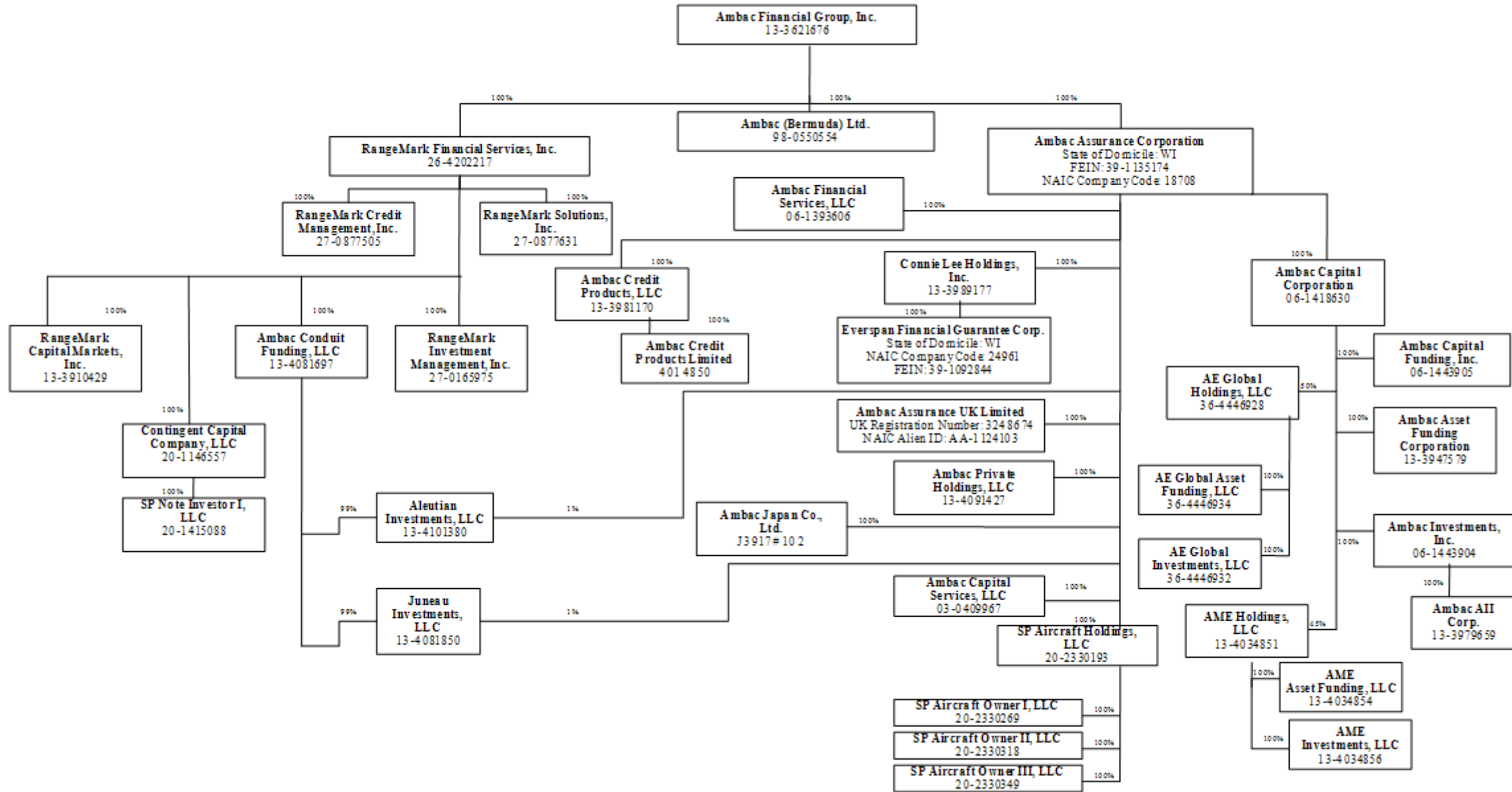
States, Etc.		Direct Business Only					6 Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1.	Alabama.....AL						0
2.	Alaska.....AK						0
3.	Arizona.....AZ						0
4.	Arkansas.....AR						0
5.	California.....CA						0
6.	Colorado.....CO						0
7.	Connecticut.....CT						0
8.	Delaware.....DE						0
9.	District of Columbia.....DC						0
10.	Florida.....FL						0
11.	Georgia.....GA						0
12.	Hawaii.....HI						0
13.	Idaho.....ID						0
14.	Illinois.....IL						0
15.	Indiana.....IN						0
16.	Iowa.....IA						0
17.	Kansas.....KS						0
18.	Kentucky.....KY						0
19.	Louisiana.....LA						0
20.	Maine.....ME						0
21.	Maryland.....MD						0
22.	Massachusetts.....MA						0
23.	Michigan.....MI						0
24.	Minnesota.....MN						0
25.	Mississippi.....MS						0
26.	Missouri.....MO						0
27.	Montana.....MT						0
28.	Nebraska.....NE						0
29.	Nevada.....NV						0
30.	New Hampshire.....NH						0
31.	New Jersey.....NJ						0
32.	New Mexico.....NM						0
33.	New York.....NY						0
34.	North Carolina.....NC						0
35.	North Dakota.....ND						0
36.	Ohio.....OH						0
37.	Oklahoma.....OK						0
38.	Oregon.....OR						0
39.	Pennsylvania.....PA						0
40.	Rhode Island.....RI						0
41.	South Carolina.....SC						0
42.	South Dakota.....SD						0
43.	Tennessee.....TN						0
44.	Texas.....TX						0
45.	Utah.....UT						0
46.	Vermont.....VT						0
47.	Virginia.....VA						0
48.	Washington.....WA						0
49.	West Virginia.....WV						0
50.	Wisconsin.....WI						0
51.	Wyoming.....WY						0
52.	American Samoa.....AS						0
53.	Guam.....GU						0
54.	Puerto Rico.....PR						0
55.	US Virgin Islands.....VI						0
56.	Northern Mariana Islands.....MP						0
57.	Canada.....CN						0
58.	Aggregate Other Alien.....OT						0
59.	Totals.....	0	0	0	0	0	0

NONE

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

94



SCHEDULE Y

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
Affiliated Transactions												
18708.....	39-1135174.....	Ambac Assurance Corporation.....		10,115,405	(439,404,164)	(2,845,988,012)	483,521,180	(630,277,658)		378,682,091	(3,043,351,158)	(426,096,686)
	AA-1124103.....	Ambac Assurance UK Limited.....		432,251				629,826,242			630,258,493	432,810,177
	03-0409967.....	Ambac Capital Services, LLC.....		10,184,171	43,492,015	(700,000)					52,976,186	
	13-3981170.....	Ambac Credit Products, LLC.....				2,846,688,012				87,266,909	2,933,954,921	
	13-3621676.....	Ambac Financial Group, Inc.....		(11,250,433)			(483,242,200)				(494,492,633)	
	06-1393606.....	Ambac Financial Services, LLC.....		19,919						(107,936,000)	(107,916,081)	
	06-1443904.....	Ambac Investments, Inc.....			395,912,149					(358,013,000)	37,899,149	
	13-4091427.....	Ambac Private Holdings, LLC.....		(9,501,313)							(9,501,313)	
24961.....	39-1092844.....	Everspan Financial Guarantee Corp.....					(278,980)	(128,000)			(406,980)	
	98-0550554.....	Ambac (Bermuda) Limited.....						579,416			579,416	(6,713,491)
9999999.....	Control Totals.....		0	0	0	0	0	0	XXX	0	0	0

Annual Statement for the year 2009 of the **Ambac Assurance Corporation**
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

1. Will an actuarial opinion be filed by March 1?
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?
3. Will the confidential Risk-Based Capital Report be filed with the NAIC by March 1?
4. Will the confidential Risk-Based Capital Report be filed with the state of domicile, if required, by March 1?

APRIL FILING

5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?
6. Will the Management's Discussion and Analysis be filed by April 1?
7. Will the Supplemental Investment Risks Interrogatories be filed by April 1?

MAY FILING

8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?

JUNE FILING

9. Will an audited financial report be filed by June 1?
10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?
12. Will the Financial Guaranty Insurance Exhibit be filed by March 1?
13. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?
14. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed by March 1?
15. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?
16. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?
17. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?
18. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?
19. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)?
20. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?
21. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?
22. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1?

APRIL FILING

23. Will the Credit Insurance Experience Exhibit be filed with state of domicile and the NAIC by April 1?
24. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?
25. Will the Accident and Health Policy Experience Exhibit be filed by April 1?

Responses

YES
 YES
 NO
 NO

YES
 YES
 YES

YES

YES
 YES

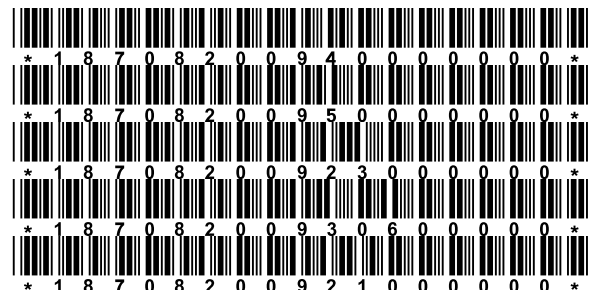
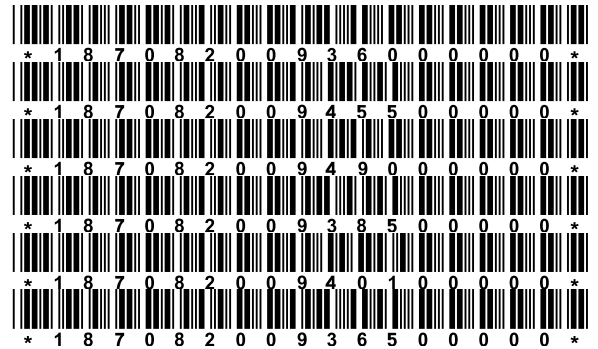
NO
 YES
 NO
 NO
 NO
 NO
 NO
 NO
 YES
 YES
 NO
 NO

NO
 NO
 NO

EXPLANATIONS:

BAR CODE:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.
- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.



Annual Statement for the year 2009 of the **Ambac Assurance Corporation**
Overflow Page for Write-Ins

Additional Write-ins for Liabilities:

	1 Current Year	2 Prior Year
2304. Unapplied premium liability.....	202,768	141,796
2397. Summary of remaining write-ins for Line 23.....	202,768	141,796

Additional Write-ins for Statement of Income:

	1 Current Year	2 Prior Year
3704. Cumulative effect of prior period error in correction of the liability for estimated losses in subsidiary guarantees.....	(35,100,000)	.....
3797. Summary of remaining write-ins for Line 37.....	(35,100,000)	0

Additional Write-ins for Schedule T:

	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
States, Etc.									
5804. Chile	XXX	2,990,539	2,982,748						
5805. New Zealand	XXX	84,549	254,462						
5897. Summary of remaining write-ins for Line 58.....	XXX	3,075,088	3,237,210	0	0	0	0	0	0

Overflow Page for Write-Ins

NONE

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	155,703,612	1.9	155,703,612	1.9
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....	75,560,023	0.9	75,560,023	0.9
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities).....	51,653,183	0.6	51,653,183	0.6
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	217,322,021	2.7	217,322,021	2.7
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	746,892,976	9.3	746,892,976	9.3
1.43 Revenue and assessment obligations.....	1,995,547,625	24.9	1,995,547,625	24.9
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	4,927,544	0.1	4,927,544	0.1
1.512 Issued or guaranteed by FNMA and FHLMC.....	146,279,926	1.8	146,279,926	1.8
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	3,809,729	0.0	3,809,729	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....		0.0		0.0
1.523 All other.....	932,119,021	11.6	932,119,021	11.6
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities).....	1,565,167,719	19.5	1,565,167,719	19.5
2.2 Unaffiliated non-U.S. securities (including Canada).....	300,499,382	3.8	300,499,382	3.8
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	341,474,654	4.3	341,318,196	4.3
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....		0.0		0.0
6. Contract loans.....		0.0		0.0
7. Receivables for securities.....	2,249,882	0.0	2,249,882	0.0
8. Cash, cash equivalents and short-term investments.....	625,356,082	7.8	625,356,082	7.8
9. Other invested assets.....	846,970,459	10.6	844,849,227	10.5
10. Total invested assets.....	8,011,533,838	100.0	8,009,256,148	100.0

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1.	Book/adjusted carrying value, December 31 of prior year.....		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 6).....		
2.2	Additional investment made after acquisition (Part 2, Column 9).....		0
3.	Current year change in encumbrances:		
3.1	Totals, Part 1, Column 13.....		
3.2	Totals, Part 3, Column 11.....		0
4.	Total gain (loss) on disposals, Part 3, Column 18.....		
5.	Deduct amounts received on disposals, Part 3, Column 15.....	NONE	
6.	Total foreign exchange change in book/adjusted carrying value:		
6.1	Totals, Part 1, Column 15.....		
6.2	Totals, Part 3, Column 13.....		0
7.	Deduct current year's other than temporary impairment recognized:		
7.1	Totals, Part 1, Column 12.....		
7.2	Totals, Part 3, Column 10.....		0
8.	Deduct current year's depreciation:		
8.1	Totals, Part 1, Column 11.....		
8.2	Totals, Part 3, Column 9.....		0
9.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....		0
10.	Deduct total nonadmitted amounts.....		
11.	Statement value at end of current period (Line 9 minus Line 10).....		0

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1.	Book value/recorded investment excluding accrued interest, December 31 of prior year.....		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 7).....		
2.2	Additional investment made after acquisition (Part 2, Column 8).....		0
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 12.....		
3.2	Totals, Part 3, Column 11.....		0
4.	Accrual of discount.....		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 9.....		
5.2	Totals, Part 3, Column 8.....		0
6.	Total gain (loss) on disposals, Part 3, Column 18.....		
7.	Deduct amounts received on disposals, Part 3, Column 15.....	NONE	
8.	Deduct amortization of premium and mortgage interest points and commitment fees.....		
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest:		
9.1	Totals, Part 1, Column 13.....		
9.2	Totals, Part 3, Column 13.....		0
10.	Deduct current year's other than temporary impairment recognized:		
10.1	Totals, Part 1, Column 11.....		
10.2	Totals, Part 3, Column 10.....		0
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....		0
12.	Total valuation allowance.....		
13.	Subtotal (Line 11 plus Line 12).....		0
14.	Deduct total nonadmitted amounts.....		
15.	Statement value at end of current period (Line 13 minus Line 14).....		0

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1.	Book/adjusted carrying value, December 31 of prior year.....		87,346,288
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 8).....	8,707,902	
2.2	Additional investment made after acquisition (Part 2, Column 9).....	157,286,867	165,994,769
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 16.....		
3.2	Totals, Part 3, Column 12.....		0
4.	Accrual of discount.....		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 13.....	(85,684,869)	
5.2	Totals, Part 3, Column 9.....		(85,684,869)
6.	Total gain (loss) on disposals, Part 3, Column 19.....		97,849
7.	Deduct amounts received on disposals, Part 3, Column 16.....		156,701,487
8.	Deduct amortization of premium and depreciation.....		
9.	Total foreign exchange change in book/adjusted carrying value:		
9.1	Totals, Part 1, Column 17.....		
9.2	Totals, Part 3, Column 14.....		0
10.	Deduct current year's other than temporary impairment recognized:		
10.1	Totals, Part 1, Column 15.....		
10.2	Totals, Part 3, Column 11.....		0
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....		11,052,550
12.	Deduct total nonadmitted amounts.....		2,121,232
13.	Statement value at end of current period (Line 11 minus Line 12).....		8,931,318

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1.	Book/adjusted carrying value, December 31 of prior year.....		8,031,425,062
2.	Cost of bonds and stocks acquired, Part 3, Column 7.....		1,795,515,626
3.	Accrual of discount.....		218,817,390
4.	Unrealized valuation increase (decrease):		
4.1	Part 1, Column 12.....	(9,535,589)	
4.2	Part 2, Section 1, Column 15.....		
4.3	Part 2, Section 2, Column 13.....	83,807,646	
4.4	Part 4, Column 11.....	8,145,504	82,417,561
5.	Total gain (loss) on disposals, Part 4, Column 19.....		88,262,547
6.	Deduct consideration for bonds and stocks disposed of, Part 4, Column 7.....		2,385,258,294
7.	Deduct amortization of premium.....		33,803,153
8.	Total foreign exchange change in book/adjusted carrying value:		
8.1	Part 1, Column 15.....	4,665,090	
8.2	Part 2, Section 1, Column 19.....		
8.3	Part 2, Section 2, Column 16.....	18,474,509	
8.4	Part 4, Column 15.....	(360,363)	22,779,236
9.	Deduct current year's other than temporary impairment recognized:		
9.1	Part 1, Column 14.....	914,812,690	
9.2	Part 2, Section 1, Column 17.....		
9.3	Part 2, Section 2, Column 14.....		
9.4	Part 4, Column 13.....	368,385,870	1,283,198,560
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....		6,536,957,415
11.	Deduct total nonadmitted amounts.....		156,458
12.	Statement value at end of current period (Line 10 minus Line 11).....		6,536,800,957

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	236,191,179	241,648,646	240,198,434	232,159,030
	2. Canada.....				
	3. Other Countries.....	51,653,183	52,628,022	48,682,976	50,982,863
	4. Totals.....	287,844,362	294,276,668	288,881,410	283,141,893
U.S. States, Territories and Possessions (Direct and guaranteed)					
	5. Totals.....	217,322,021	226,006,265	219,931,528	213,690,000
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)					
	6. Totals.....	746,892,976	780,716,229	749,680,896	757,795,000
U.S. Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					
	7. Totals.....	2,145,637,280	2,201,144,233	2,121,985,400	2,311,459,503
Industrial and Miscellaneous, Credit Tenant Loans and Hybrid Securities (Unaffiliated)					
	8. United States.....	2,496,109,132	2,376,782,224	2,491,947,074	4,223,004,053
	9. Canada.....	7,775,219	8,029,425	7,784,250	7,500,000
	10. Other Countries.....	293,901,771	262,443,291	294,901,482	419,208,143
	11. Totals.....	2,797,786,122	2,647,254,940	2,794,632,806	4,649,712,196
Parent, Subsidiaries and Affiliates	12. Totals.....				
	13. Total Bonds.....	6,195,482,761	6,149,398,335	6,175,112,040	8,215,798,592
PREFERRED STOCKS					
Industrial and Miscellaneous (Unaffiliated)	14. United States.....				
	15. Canada.....				
	16. Other Countries.....				
	17. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	18. Totals.....				
	19. Total Preferred Stocks.....	0	0	0	0
COMMON STOCKS					
Industrial and Miscellaneous (Unaffiliated)	20. United States.....				
	21. Canada.....				
	22. Other Countries.....				
	23. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	24. Totals.....	341,474,654	341,474,654	198,502,055	
	25. Total Common Stocks.....	341,474,654	341,474,654	198,502,055	
	26. Total Stocks.....	341,474,654	341,474,654	198,502,055	
	27. Total Bonds and Stocks....	6,536,957,415	6,490,872,989	6,373,614,095	

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1.....	63,241,209	169,062,680	59,788,420	1,158,283	1,646,450	294,897,042	4.3	1,071,431,207	12.0	294,897,042	
1.2 Class 2.....						0	0.0		0.0		
1.3 Class 3.....						0	0.0		0.0		
1.4 Class 4.....						0	0.0		0.0		
1.5 Class 5.....						0	0.0		0.0		
1.6 Class 6.....						0	0.0		0.0		
1.7 Totals.....	63,241,209	169,062,680	59,788,420	1,158,283	1,646,450	294,897,042	4.3	1,071,431,207	12.0	294,897,042	0
2. All Other Governments											
2.1 Class 1.....	20,711,701	16,384,410	14,557,072			51,653,183	0.8	36,396,698	0.4	51,653,183	
2.2 Class 2.....						0	0.0		0.0		
2.3 Class 3.....						0	0.0		0.0		
2.4 Class 4.....						0	0.0		0.0		
2.5 Class 5.....						0	0.0		0.0		
2.6 Class 6.....						0	0.0		0.0		
2.7 Totals.....	20,711,701	16,384,410	14,557,072	0	0	51,653,183	0.8	36,396,698	0.4	51,653,183	0
3. U.S. States, Territories and Possessions, etc., Guaranteed											
3.1 Class 1.....	280,000	93,596,657	98,052,577	10,079,114		202,008,348	3.0	301,761,085	3.4	202,008,348	
3.2 Class 2.....			1,497,914	13,815,759		15,313,673	0.2	1,497,703	0.0	15,313,673	
3.3 Class 3.....						0	0.0		0.0		
3.4 Class 4.....						0	0.0		0.0		
3.5 Class 5.....						0	0.0		0.0		
3.6 Class 6.....						0	0.0		0.0		
3.7 Totals.....	280,000	93,596,657	99,550,491	23,894,873	0	217,322,021	3.2	303,258,788	3.4	217,322,021	0
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Class 1.....		173,605,908	339,070,577	215,505,369	9,904,123	738,085,977	10.8	1,225,486,199	13.7	738,085,977	
4.2 Class 2.....					8,806,999	8,806,999	0.1	9,295,680	0.1	8,806,999	
4.3 Class 3.....						0	0.0		0.0		
4.4 Class 4.....						0	0.0		0.0		
4.5 Class 5.....						0	0.0		0.0		
4.6 Class 6.....						0	0.0		0.0		
4.7 Totals.....	0	173,605,908	339,070,577	215,505,369	18,711,122	746,892,976	11.0	1,234,781,879	13.8	746,892,976	0
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Class 1.....	56,810,076	546,119,013	682,211,407	485,584,212	170,165,242	1,940,889,950	28.5	2,707,208,562	30.2	1,940,889,950	
5.2 Class 2.....	30,257,149	7,516,899	61,041,218	103,847,273		202,662,539	3.0	155,122,144	1.7	202,662,539	
5.3 Class 3.....						0	0.0		0.0		
5.4 Class 4.....						0	0.0		0.0		
5.5 Class 5.....			645,836			645,836	0.0	1,133,770	0.0	645,836	
5.6 Class 6.....				753,180	685,775	1,438,955	0.0		0.0	1,438,955	
5.7 Totals.....	87,067,225	553,635,912	743,898,461	590,184,665	170,851,017	2,145,637,280	31.5	2,863,464,476	31.9	2,145,637,280	0

SIOIS

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1.....	759,602,547	654,791,332	612,070,318	518,869,354	269,371,560	2,814,705,111	41.3	2,906,283,869	32.4	2,064,974,897	749,730,214
6.2 Class 2.....	18,937	75,955,293	126,278,916	184,853,725	76,669,731	463,776,602	6.8	397,026,108	4.4	162,126,748	301,649,854
6.3 Class 3.....	224,160	28,969,215	9,335,597	9,976,291		48,505,263	0.7	97,486,196	1.1		48,505,263
6.4 Class 4.....						0	0.0	51,121,557	0.6		
6.5 Class 5.....	1,260,034	649,781	1,719,353			3,629,168	0.1	3,059,400	0.0	2,451,560	1,177,608
6.6 Class 6.....		6,682,337	2,088,230	3,341,169	15,452,906	27,564,642	0.4		0.0		27,564,642
6.7 Totals.....	761,105,678	767,047,958	751,492,414	717,040,539	361,494,197	3,358,180,786	49.3	3,454,977,130	38.5	2,229,553,205	1,128,627,581
7. Credit Tenant Loans											
7.1 Class 1.....						0	0.0		0.0		
7.2 Class 2.....						0	0.0		0.0		
7.3 Class 3.....						0	0.0		0.0		
7.4 Class 4.....						0	0.0		0.0		
7.5 Class 5.....						0	0.0		0.0		
7.6 Class 6.....						0	0.0		0.0		
7.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Hybrid Securities											
8.1 Class 1.....						0	0.0		0.0		
8.2 Class 2.....						0	0.0		0.0		
8.3 Class 3.....						0	0.0		0.0		
8.4 Class 4.....						0	0.0		0.0		
8.5 Class 5.....						0	0.0		0.0		
8.6 Class 6.....						0	0.0		0.0		
8.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates											
9.1 Class 1.....						0	0.0		0.0		
9.2 Class 2.....						0	0.0		0.0		
9.3 Class 3.....						0	0.0		0.0		
9.4 Class 4.....						0	0.0		0.0		
9.5 Class 5.....						0	0.0		0.0		
9.6 Class 6.....						0	0.0		0.0		
9.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0

901S

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1.....	(d).....900,645,533	.....1,653,560,000	.....1,805,750,371	.....1,231,196,332	.....451,087,375	.....6,042,239,611	.....88.7	.....XXX	.....XXX	.....5,292,509,397	.....749,730,214
10.2 Class 2.....	(d).....30,276,086	.....83,472,192	.....188,818,048	.....302,516,757	.....85,476,730	.....690,559,813	.....10.1	.....XXX	.....XXX	.....388,909,959	.....301,649,854
10.3 Class 3.....	(d).....224,160	.....28,969,215	.....9,335,597	.....9,976,291	.....0	.....48,505,263	.....0.7	.....XXX	.....XXX	.....0	.....48,505,263
10.4 Class 4.....	(d).....0	.....0	.....0	.....0	.....0	.....0	.....0.0	.....XXX	.....XXX	.....0	.....0
10.5 Class 5.....	(d).....1,260,034	.....649,781	.....2,365,189	.....0	.....0	(c).....4,275,004	.....0.1	.....XXX	.....XXX	.....3,097,396	.....1,177,608
10.6 Class 6.....	(d).....0	.....6,682,337	.....2,088,230	.....4,094,349	.....16,138,681	(c).....29,003,597	.....0.4	.....XXX	.....XXX	.....1,438,955	.....27,564,642
10.7 Totals.....	.....932,405,813	.....1,773,333,525	.....2,008,357,435	.....1,547,783,729	.....552,702,786	(b).....6,814,583,288	.....100.0	.....XXX	.....XXX	.....5,685,955,707	.....1,128,627,581
10.8 Line 10.7 as a % of Col. 6.....	.....13.7	.....26.0	.....29.5	.....22.7	.....8.1	.....100.0	.....XXX	.....XXX	.....XXX	.....83.4	.....16.6
11. Total Bonds Prior Year											
11.1 Class 1.....	.....1,291,265,384	.....1,830,856,935	.....2,703,380,897	.....1,620,901,756	.....802,162,648	.....XXX	.....XXX	.....8,248,567,620	.....92.0	.....7,574,383,002	.....674,184,618
11.2 Class 2.....	.....24,914,909	.....149,418,283	.....60,579,021	.....92,257,243	.....235,772,179	.....XXX	.....XXX	.....562,941,635	.....6.3	.....428,580,345	.....134,361,290
11.3 Class 3.....	.....13,779,660	.....32,824,475	.....9,857,849	.....22,156,612	.....18,867,600	.....XXX	.....XXX	.....97,486,196	.....1.1	.....97,486,196	.....0
11.4 Class 4.....	.....0	.....2,055,167	.....9,904,561	.....13,560,119	.....25,601,710	.....XXX	.....XXX	.....51,121,557	.....0.6	.....51,121,557	.....0
11.5 Class 5.....	.....1,574,430	.....1,185,610	.....816,082	.....587,462	.....29,586	.....XXX	.....XXX	(c).....4,193,170	.....0.0	.....4,193,170	.....0
11.6 Class 6.....	.....0	.....0	.....0	.....0	.....0	.....XXX	.....XXX	(c).....0	.....0.0	.....0	.....0
11.7 Totals.....	.....1,331,534,383	.....2,016,340,470	.....2,784,538,410	.....1,749,463,192	.....1,082,433,723	.....XXX	.....XXX	(b).....8,964,310,178	.....100.0	.....8,155,764,270	.....808,545,908
11.8 Line 11.7 as a % of Col. 8.....	.....14.9	.....22.5	.....31.1	.....19.5	.....12.1	.....XXX	.....XXX	.....100.0	.....XXX	.....91.0	.....9.0
12. Total Publicly Traded Bonds											
12.1 Class 1.....	.....865,840,899	.....1,397,901,303	.....1,685,527,211	.....1,074,996,942	.....268,243,042	.....5,292,509,397	.....77.7	.....7,574,383,002	.....84.5	.....5,292,509,397	.....XXX
12.2 Class 2.....	.....30,257,149	.....62,248,786	.....169,933,995	.....117,663,031	.....8,806,998	.....388,909,959	.....5.7	.....428,580,345	.....4.8	.....388,909,959	.....XXX
12.3 Class 3.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0.0	.....97,486,196	.....1.1	.....0	.....XXX
12.4 Class 4.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0.0	.....51,121,557	.....0.6	.....0	.....XXX
12.5 Class 5.....	.....82,426	.....649,781	.....2,365,189	.....0	.....0	.....3,097,396	.....0.0	.....4,193,170	.....0.0	.....3,097,396	.....XXX
12.6 Class 6.....	.....0	.....0	.....753,180	.....685,775	.....1,438,955	.....0	.....0.0	.....0	.....0.0	.....1,438,955	.....XXX
12.7 Totals.....	.....896,180,474	.....1,460,799,870	.....1,857,826,395	.....1,193,413,153	.....277,735,815	.....5,685,955,707	.....83.4	.....8,155,764,270	.....91.0	.....5,685,955,707	.....XXX
12.8 Line 12.7 as a % of Col. 6.....	.....15.8	.....25.7	.....32.7	.....21.0	.....4.9	.....100.0	.....XXX	.....XXX	.....XXX	.....100.0	.....XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10.....	.....13.2	.....21.4	.....27.3	.....17.5	.....4.1	.....83.4	.....XXX	.....XXX	.....XXX	.....83.4	.....XXX
13. Total Privately Placed Bonds											
13.1 Class 1.....	.....34,804,634	.....255,658,697	.....120,223,160	.....156,199,390	.....182,844,333	.....749,730,214	.....11.0	.....674,184,618	.....7.5	.....XXX	.....749,730,214
13.2 Class 2.....	.....18,937	.....21,223,406	.....18,884,053	.....184,853,726	.....76,669,732	.....301,649,854	.....4.4	.....134,361,290	.....1.5	.....XXX	.....301,649,854
13.3 Class 3.....	.....224,160	.....28,969,215	.....9,335,597	.....9,976,291	.....0	.....48,505,263	.....0.7	.....0	.....0.0	.....XXX	.....48,505,263
13.4 Class 4.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0.0	.....0	.....0.0	.....XXX	.....0
13.5 Class 5.....	.....1,177,608	.....0	.....0	.....0	.....0	.....1,177,608	.....0.0	.....0	.....0.0	.....XXX	.....1,177,608
13.6 Class 6.....	.....0	.....6,682,337	.....2,088,230	.....3,341,169	.....15,452,906	.....27,564,642	.....0.4	.....0	.....0.0	.....XXX	.....27,564,642
13.7 Totals.....	.....36,225,339	.....312,533,655	.....150,531,040	.....354,370,576	.....274,966,971	.....1,128,627,581	.....16.6	.....808,545,908	.....9.0	.....XXX	.....1,128,627,581
13.8 Line 13.7 as a % of Col. 6.....	.....3.2	.....27.7	.....13.3	.....31.4	.....24.4	.....100.0	.....XXX	.....XXX	.....XXX	.....XXX	.....100.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10.....	.....0.5	.....4.6	.....2.2	.....5.2	.....4.0	.....16.6	.....XXX	.....XXX	.....XXX	.....XXX	.....16.6

S107

- (a) Includes \$.....1,033,315,305 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
- (b) Includes \$.....240,965,287 current year, \$.....0 prior year of bonds with Z designations and \$.....913,367,659 current year, \$.....0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class are under regulatory review.
- (c) Includes \$.....0 current year, \$.....0 prior year of bonds with 5* designations and \$.....0 current year, \$.....0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
- (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....619,085,445; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments											
1.1 Issuer Obligations.....	61,735,882	168,825,362	59,408,254			289,969,498	4.3	1,071,431,207	12.0	289,969,498	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities.....	1,505,327	237,318	380,166	1,158,283	1,646,450	4,927,544	0.1		0.0	4,927,544	
1.7 Totals.....	63,241,209	169,062,680	59,788,420	1,158,283	1,646,450	294,897,042	4.3	1,071,431,207	12.0	294,897,042	0
2. All Other Governments											
2.1 Issuer Obligations.....	20,711,701	16,384,410	14,557,072			51,653,183	0.8	36,396,698	0.4	51,653,183	
2.2 Single Class Mortgage-Backed/Asset-Backed Securities.....						0	0.0		0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined.....						0	0.0		0.0		
2.4 Other.....						0	0.0		0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
2.5 Defined.....						0	0.0		0.0		
2.6 Other.....						0	0.0		0.0		
2.7 Totals.....	20,711,701	16,384,410	14,557,072	0	0	51,653,183	0.8	36,396,698	0.4	51,653,183	0
3. U.S. States, Territories and Possessions, Guaranteed											
3.1 Issuer Obligations.....	280,000	93,596,657	99,550,491	23,894,873		217,322,021	3.2	303,258,788	3.4	217,322,021	
3.2 Single Class Mortgage-Backed/Asset-Backed Securities.....						0	0.0		0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined.....						0	0.0		0.0		
3.4 Other.....						0	0.0		0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
3.5 Defined.....						0	0.0		0.0		
3.6 Other.....						0	0.0		0.0		
3.7 Totals.....	280,000	93,596,657	99,550,491	23,894,873	0	217,322,021	3.2	303,258,788	3.4	217,322,021	0
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Issuer Obligations.....		173,605,908	339,070,577	215,505,369	18,711,122	746,892,976	11.0	1,234,781,879	13.8	746,892,976	
4.2 Single Class Mortgage-Backed/Asset-Backed Securities.....						0	0.0		0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined.....						0	0.0		0.0		
4.4 Other.....						0	0.0		0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
4.5 Defined.....						0	0.0		0.0		
4.6 Other.....						0	0.0		0.0		
4.7 Totals.....	0	173,605,908	339,070,577	215,505,369	18,711,122	746,892,976	11.0	1,234,781,879	13.8	746,892,976	0
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Issuer Obligations.....	55,152,075	490,189,073	701,372,769	580,268,449	168,565,259	1,995,547,625	29.3	2,724,162,825	30.4	1,995,547,625	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities.....	29,469,691	62,840,379	42,159,006	9,560,422	2,250,428	146,279,926	2.1	134,438,264	1.5	146,279,926	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined.....	2,445,459	606,460	366,686	355,794	35,330	3,809,729	0.1	4,863,387	0.1	3,809,729	
5.4 Other.....						0	0.0		0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
5.5 Defined.....						0	0.0		0.0		
5.6 Other.....						0	0.0		0.0		
5.7 Totals.....	87,067,225	553,635,912	743,898,461	590,184,665	170,851,017	2,145,637,280	31.5	2,863,464,476	31.9	2,145,637,280	0

801S

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Issuer Obligations.....	576,495,725	191,652,917	413,195,108	138,920,093	8,443,262	1,328,707,105	19.5	492,088,277	5.5	1,046,916,499	281,790,606
6.2 Single Class Mortgage-Backed/Asset-Backed Securities.....						0	0.0		0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined.....	3,858,153	3,100,486	3,118,930	1,126,490	13,792,767	24,996,826	0.4	1,136,862,802	12.7	16,430,971	8,565,855
6.4 Other.....	153,053,197	301,807,483	204,653,641	182,360,250	65,247,624	907,122,195	13.3	972,216,401	10.8	843,152,767	63,969,428
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
6.5 Defined.....						0	0.0		0.0		
6.6 Other.....	27,698,603	270,487,072	130,524,730	394,633,709	274,010,546	1,097,354,660	16.1	853,809,650	9.5	323,052,968	774,301,692
6.7 Totals.....	761,105,678	767,047,958	751,492,409	717,040,542	361,494,199	3,358,180,786	49.3	3,454,977,130	38.5	2,229,553,205	1,128,627,581
7. Credit Tenant Loans											
7.1 Issuer Obligations.....						0	0.0		0.0		
7.2 Single Class Mortgage-Backed Securities.....						0	0.0		0.0		
7.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Hybrid Securities											
8.1 Issuer Obligations.....						0	0.0		0.0		
8.2 Single Class Mortgage-Backed/Asset-Backed Securities.....						0	0.0		0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
8.3 Defined.....						0	0.0		0.0		
8.4 Other.....						0	0.0		0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
8.5 Defined.....						0	0.0		0.0		
8.6 Other.....						0	0.0		0.0		
8.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates											
9.1 Issuer Obligations.....						0	0.0		0.0		
9.2 Single Class Mortgage-Backed/Asset-Backed Securities.....						0	0.0		0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined.....						0	0.0		0.0		
9.4 Other.....						0	0.0		0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
9.5 Defined.....						0	0.0		0.0		
9.6 Other.....						0	0.0		0.0		
9.7 Totals.....	0	0	0	0	0	0	0.0	0	0.0	0	0

601S

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations.....	714,375,383	1,134,254,327	1,627,154,271	958,588,784	195,719,643	4,630,092,408	67.9	XXX	XXX	4,348,301,802	281,790,606
10.2 Single Class Mortgage-Backed/Asset-Backed Securities.....	30,975,018	63,077,697	42,539,172	10,718,705	3,896,878	151,207,470	2.2	XXX	XXX	151,207,470	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined.....	6,303,612	3,706,946	3,485,616	1,482,284	13,828,097	28,806,555	0.4	XXX	XXX	20,240,700	8,565,855
10.4 Other.....	153,053,197	301,807,483	204,653,641	182,360,250	65,247,624	907,122,195	13.3	XXX	XXX	843,152,767	63,969,428
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
10.5 Defined.....	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other.....	27,698,603	270,487,072	130,524,730	394,633,709	274,010,546	1,097,354,660	16.1	XXX	XXX	323,052,968	774,301,692
10.7 Totals.....	932,405,813	1,773,333,525	2,008,357,430	1,547,783,732	552,702,788	6,814,583,288	100.0	XXX	XXX	5,685,955,707	1,128,627,581
10.8 Line 10.7 as a % of Col. 6.....	13.7	26.0	29.5	22.7	8.1	100.0	XXX	XXX	XXX	83.4	16.6
11. Total Bonds Prior Year											
11.1 Issuer Obligations.....	1,217,183,418	1,542,931,496	1,713,076,396	1,040,027,863	348,900,501	XXX	XXX	5,862,119,674	65.4	5,822,813,375	39,306,299
11.2 Single Class Mortgage-Backed/Asset-Backed Securities.....	21,138,025	45,165,608	49,926,599	14,498,685	3,709,347	XXX	XXX	134,438,264	1.5	134,438,264	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined.....	26,175,508	78,178,911	770,276,660	180,024,147	87,070,963	XXX	XXX	1,141,726,189	12.7	1,141,726,189	0
11.4 Other.....	53,242,233	181,666,272	102,555,026	170,445,083	464,307,787	XXX	XXX	972,216,401	10.8	666,492,520	305,723,881
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
11.5 Defined.....	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.6 Other.....	13,795,199	168,398,183	148,703,729	344,467,414	178,445,125	XXX	XXX	853,809,650	9.5	390,293,922	463,515,728
11.7 Totals.....	1,331,534,383	2,016,340,470	2,784,538,410	1,749,463,192	1,082,433,723	XXX	XXX	8,964,310,178	100.0	8,155,764,270	808,545,908
11.8 Line 11.7 as a % of Col. 8.....	14.9	22.5	31.1	19.5	12.1	XXX	XXX	100.0	XXX	91.0	9.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations.....	703,063,108	1,059,525,500	1,527,720,942	870,257,540	187,734,712	4,348,301,802	63.8	5,822,813,375	65.0	4,348,301,802	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities.....	30,975,018	63,077,697	42,539,172	10,718,705	3,896,878	151,207,470	2.2	134,438,264	1.5	151,207,470	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined.....	6,303,612	3,706,946	3,485,616	1,482,284	5,262,242	20,240,700	0.3	1,141,726,189	12.7	20,240,700	XXX
12.4 Other.....	145,278,678	268,440,361	198,963,119	177,459,841	53,010,768	843,152,767	12.4	666,492,520	7.4	843,152,767	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
12.5 Defined.....	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.6 Other.....	10,560,063	66,049,366	85,117,541	133,494,783	27,831,215	323,052,968	4.7	390,293,922	4.4	323,052,968	XXX
12.7 Totals.....	896,180,479	1,460,799,870	1,857,826,390	1,193,413,153	277,735,815	5,685,955,707	83.4	8,155,764,270	91.0	5,685,955,707	XXX
12.8 Line 12.7 as a % of Col. 6.....	15.8	25.7	32.7	21.0	4.9	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10.....	13.2	21.4	27.3	17.5	4.1	83.4	XXX	XXX	XXX	83.4	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations.....	11,312,275	74,728,827	99,433,329	88,331,244	7,984,931	281,790,606	4.1	39,306,299	0.4	XXX	281,790,606
13.2 Single Class Mortgage-Backed/Asset-Backed Securities.....	0	0	0	0	0	0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined.....	0	0	0	0	8,565,855	8,565,855	0.1	0	0.0	XXX	8,565,855
13.4 Other.....	7,774,519	33,367,122	5,690,522	4,900,409	12,236,856	63,969,428	0.9	305,723,881	3.4	XXX	63,969,428
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
13.5 Defined.....	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.6 Other.....	17,138,540	204,437,706	45,407,189	261,138,926	246,179,331	774,301,692	11.4	463,515,728	5.2	XXX	774,301,692
13.7 Totals.....	36,225,334	312,533,655	150,531,040	354,370,579	274,966,973	1,128,627,581	16.6	808,545,908	9.0	XXX	1,128,627,581
13.8 Line 13.7 as a % of Col. 6.....	3.2	27.7	13.3	31.4	24.4	100.0	XXX	XXX	XXX	XXX	100.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10.....	0.5	4.6	2.2	5.2	4.0	16.6	XXX	XXX	XXX	XXX	16.6

S110

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value December 31 of prior year.....	1,163,645,364	1,163,645,364			
2. Cost of short-term investments acquired.....	10,404,435,600	10,404,435,600			
3. Accrual of discount.....	254,138	254,138			
4. Unrealized valuation increase (decrease).....	0				
5. Total gain (loss) on disposals.....	1,501,908	1,501,908			
6. Deduct consideration received on disposals.....	10,951,581,190	10,951,581,190			
7. Deduct amortization of premium.....	111,663	111,663			
8. Total foreign exchange change in book/adjusted carrying value.....	956,370	956,370			
9. Deduct current year's other than temporary impairment recognized.....	0				
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	619,100,527	619,100,527	0	0	0
11. Deduct total nonadmitted amounts.....	0				
12. Statement value at end of current period (Line 10 minus Line 11).....	619,100,527	619,100,527	0	0	0

S111

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:.....

Sch. DB-Pt. A-Verification
NONE

Sch. DB-Pt. B-Verification
NONE

Sch. DB-Pt. C-Verification
NONE

Sch. DB-Pt. D-Verification
NONE

Sch. DB-Pt. E-Verification
NONE

Sch. DB-Pt. F-Sn. 1
NONE

Sch. DB-Pt. F-Sn. 2
NONE

SCHEDULE E- VERIFICATION BETWEEN YEARS

Cash Equivalents

	1 Total	2 Bonds	3 Other (a)
1. Book/adjusted carrying value, December 31 of prior year.....	8,000,000	8,000,000	
2. Cost of cash equivalents acquired.....	40,001,003	40,001,003	
3. Accrual of discount.....	726,643	726,643	
4. Unrealized valuation increase (decrease).....	0		
5. Total gain (loss) on disposals.....	466,684	466,684	
6. Deduct consideration received on disposals.....	49,194,330	49,194,330	
7. Deduct amortization of premium.....	0		
8. Total foreign exchange change in book/adjusted carrying value.....	0		
9. Deduct current year's other than temporary impairment recognized.....	0		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0	0
11. Deduct total nonadmitted amounts.....	0		
12. Statement value at end of current period (Line 10 minus Line 11).....	0	0	0

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment:.....

Sch. A-Pt. 1
NONE

Sch. A-Pt. 2
NONE

Sch. A-Pt. 3
NONE

Sch. B-Pt. 1
NONE

Sch. B-Pt. 2
NONE

Sch. B-Pt. 3
NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Code	4 Location		6 Name of Vendor or General Partner	7 NAIC Design- nation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost	11 Fair Value	12 Book/Adjusted Carrying Value Less Encumbrances	Change in Book/Adjusted Carrying Value					18 Investment Income	19 Commitment for Additional Investment	20 Percentage of Ownership	
			City	State								13 Unrealized Valuation Increase (Decrease)	14 Current Year's (Depreciation) or (Amortization) /Accretion	15 Current Year's Other Than Temporary Impairment Recognized	16 Capitalized Deferred Interest and Other	17 Total Foreign Exchange Change in B./A.C.V.				
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated																				
	Aleutian Investments, LLC.....		New York.....	NY..	Direct.....		03/16/2000		10	81,869	81,869	81,869							1.0	
	Ambac Capital Services, LLC.....		New York.....	NY..	Direct.....		03/05/2002		114,732,965			(10,184,172)							100.0	
	Ambac Credit Products, LLC.....		New York.....	NY..	Direct.....		12/22/1997		5,000,000										100.0	
	Ambac Financial Services, LLC.....		New York.....	NY..	Direct.....		04/06/1994		143,063,501			(66,093,281)							100.0	
	Ambac Private Holdings, LLC.....		New York.....	NY..	Direct.....		12/14/1999		15,591,106	516,607	516,607	(9,632,964)							100.0	
	Juneau Investments, LLC.....		New York.....	NY..	Direct.....		06/14/1999		10	161,095	161,095	161,095							1.0	
	SP Aircraft Holdings, LLC.....		New York.....	NY..	Direct.....		02/11/2005		1,876,911	1,604,626	1,604,626	(17,416)							100.0	
2099999.	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated.....								280,264,503	2,364,197	2,364,197	(85,684,869)	0	0	0	0	0	0	0	XXX
Non-Collateral Loans - Unaffiliated																				
	Exchequer Partnership Finance.....		London.....	UK..	Direct.....		09/30/2009		8,591,810	8,688,354	8,688,354							121,551	0	100.0
2599999.	Total - Non-Collateral Loans - Unaffiliated.....								8,591,810	8,688,354	8,688,354	0	0	0	0	0	121,551	0	XXX	
3999999.	Subtotal - Unaffiliated.....								8,591,810	8,688,354	8,688,354	0	0	0	0	0	121,551	0	XXX	
4099999.	Subtotal - Affiliated.....								280,264,503	2,364,197	2,364,197	(85,684,869)	0	0	0	0	0	0	XXX	
4199999.	Totals.....								288,856,313	11,052,551	11,052,551	(85,684,869)	0	0	0	0	121,551	0	XXX	

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE December 31 of Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 Date Originally Acquired	7 Type and Strategy	8 Actual Cost at Time of Acquisition	9 Additional Investment Made After Acquisition	10 Amount of Encumbrances	11 Percentage of Ownership	
		3 City	4 State								
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated											
	Ambac Financial Services, LLC.....	New York.....	NY.....	Direct.....	04/06/1994			33,182		100.0	
	Ambac Private Holdings, LLC.....	New York.....	NY.....	Direct.....	12/14/1999			66,586		100.0	
	Ambac Capital Services, LLC.....	New York.....	NY.....	Direct.....	03/05/2002			157,187,099		100.0	
2099999.	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated.....							0	157,286,867	0	XXX
Non-Collateral Loans - Unaffiliated											
	Exchequer Partnership Finance.....	London.....	UK.....	Ambac Private Holdings, LLC.....	09/30/2009		8,707,902			100.0	
2599999.	Total - Non-Collateral Loans - Unaffiliated.....							8,707,902	0	0	XXX
3999999.	Subtotal - Unaffiliated.....							8,707,902	0	0	XXX
4099999.	Subtotal - Affiliated.....							0	157,286,867	0	XXX
4199999.	Totals.....							8,707,902	157,286,867	0	XXX

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value					15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income		
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization) Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)							14 Total Foreign Exchange Change in B./A.C.V.	
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated																				
	Ambac Private Holdings, LLC.....	New York.....	NY..	Direct.....	12/14/1999	01/27/2009	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	Ambac Private Holdings, LLC.....	New York.....	NY..	Direct.....	12/14/1999	08/12/2009	.....	.....	.....	.....	.....	.....	.....	.....	400,000	.....	.....	.....	.....
	Ambac Private Holdings, LLC.....	New York.....	NY..	Direct.....	12/14/1999	09/30/2009	.....	.....	.....	.....	.....	.....	.....	.....	297,117	.....	.....	.....	.....
	Ambac Capital Services, LLC.....	New York.....	NY..	Direct.....	03/05/2002	08/12/2009	.....	.....	.....	.....	.....	.....	.....	.....	8,870,782	.....	.....	.....	.....
	Ambac Capital Services, LLC.....	New York.....	NY..	Direct.....	03/05/2002	09/14/2009	.....	.....	.....	.....	.....	.....	.....	.....	8,881,523	.....	.....	.....	.....
	Ambac Capital Services, LLC.....	New York.....	NY..	Direct.....	03/05/2002	12/30/2009	.....	.....	.....	.....	.....	.....	.....	.....	138,046,533	.....	.....	.....	.....
	Ambac Capital Services, LLC.....	New York.....	NY..	Direct.....	03/05/2002	12/30/2009	.....	.....	.....	.....	.....	.....	.....	.....	74,872	.....	.....	.....	.....
	Ambac Financial Services, LLC.....	New York.....	NY..	Direct.....	04/06/1994	12/31/2009	.....	.....	.....	.....	.....	.....	.....	.....	13,263	.....	.....	.....	.....
2099999	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Affiliated																			
Non-Collateral Loans - Unaffiliated																				
	Exchequer Partnership Finance.....	London.....	UK..	Direct.....	09/30/2009	12/31/2009	117,397	97,849	97,849
2599999	Total - Non-Collateral Loans - Unaffiliated																			
3999999	Subtotal - Unaffiliated																			
4099999	Subtotal - Affiliated																			
4199999	Totals																			

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

E10.7

Table with columns: 1, 2, Codes (3, 4, 5), 6, 7, Fair Value (8, 9), 10, 11, Change in Book/Adjusted Carrying Value (12, 13, 14, 15), Interest (16, 17, 18, 19), 20, Dates (21, 22). Rows include various bond entries like 31371J, 31371K, 31371L, etc., and sections for U.S. Special Revenue & Special Assessment Obligations, and Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations.

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	F o r e i g n	Bond CHAR	NAIC Desig- nation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity
3799999	Industrial & Miscellaneous - Other Multi-Class Comm. Mortgage-Backed/Asset Backed Sec.....					1,112,793,877	XXX	921,371,946	1,262,518,422	1,097,354,660	(17,699,011)	2,499,973	0	0	XXX	XXX	XXX	3,245,756	36,513,133	XXX	XXX
3899999	Total - Industrial & Miscellaneous (Unaffiliated).....					2,794,632,806	XXX	2,647,254,940	4,649,712,196	2,797,786,122	(9,372,010)	69,859,353	869,990,106	0	XXX	XXX	XXX	13,646,077	75,462,617	XXX	XXX
Totals																					
7799999	Total - Issuer Obligations.....					3,994,514,533	XXX	4,099,685,785	4,272,007,214	4,010,991,881	(163,579)	5,553,123	44,822,584	4,665,090	XXX	XXX	XXX	52,098,096	159,501,309	XXX	XXX
7899999	Total - Single Class Mortgage-Backed/Asset-Backed Securities.....					151,566,457	XXX	156,216,433	149,443,134	151,207,470	0	(238,000)	0	0	XXX	XXX	XXX	628,173	6,263,009	XXX	XXX
7999999	Total - Defined Multi-Class Residential Mortgage-Backed Securities.....					32,644,441	XXX	28,626,315	33,522,220	28,806,555	(3,822,340)	(4,219)	0	0	XXX	XXX	XXX	99,879	470,998	XXX	XXX
8099999	Total - Other Multi-Class Residential Mortgage-Backed Securities.....					883,592,732	XXX	943,497,856	2,498,307,602	907,122,195	12,149,341	68,141,278	869,990,106	0	XXX	XXX	XXX	1,600,295	19,252,805	XXX	XXX
8299999	Total - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities.....					1,112,793,877	XXX	921,371,946	1,262,518,422	1,097,354,660	(17,699,011)	2,499,973	0	0	XXX	XXX	XXX	3,245,756	36,513,133	XXX	XXX
8399999	Grand Total - Bonds.....					6,175,112,040	XXX	6,149,398,335	8,215,798,592	6,195,482,761	(9,535,589)	75,952,155	914,812,690	4,665,090	XXX	XXX	XXX	57,672,199	222,001,254	XXX	XXX

SCHEDULE D - PART 2 - SECTION 1

Showing all PREFERRED STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Par Value Per Share	7 Rate Per Share	8 Book/ Adjusted Carrying Value	Fair Value		11 Actual Cost	Dividends			Change in Book/Adjusted Carrying Value					20 NAIC Desig- nation	21 Date Acquired
		3 Code	4 n					9 Rate Per Share Used to Obtain Fair Value	10 Fair Value		12 Declared but Unpaid	13 Amount Received During Year	14 Nonadmitted Declared but Unpaid	15 Unrealized Valuation Increase/ (Decrease)	16 Current Year's (Amortization)/ Accretion	17 Current Year's Other Than Temporary Impairment Recognized	18 Total Change in B./A.C.V. (15+16-17)	19 Total Foreign Exchange Change in B./A.C.V.		

NONE

SCHEDULE D - PART 2 - SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description		Codes		5 Number of Shares	6 Book/ Adjusted Carrying Value	Fair Value		9 Actual Cost	Dividends			Change in Book/Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
			3 Code	4 n			7 Rate Per Share Used to Obtain Fair Value	8 Fair Value		10 Declared but Unpaid	11 Amount Received During Year	12 Nonadmitted Declared but Unpaid	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13-14)	16 Total Foreign Exchange Change in B./A.C.V.		
Common Stocks - Parent, Subsidiaries and Affiliates																		
12566@	10	9			1,000,000	168,862,954	168,862,954	168,862,954	127,688,811				13,046,082		13,046,082		12/18/1997	
G0231#	10	0	D.		36,000,000,000	172,455,242	172,455,242	172,455,242	70,701,607				70,825,475		70,825,475	18,474,509	02/26/1997	
J3917#	10	2	D.		200,000	156,458	156,458	156,458	111,637				(63,911)		(63,911)		08/26/1999	
000000	00	0			10,000,000								0		0		11/12/2008	
9199999	Total - Common Stocks - Parent, Subsidiaries and Affiliates					341,474,654	XXX	341,474,654	198,502,055	0	0	0	83,807,646	0	83,807,646	18,474,509	XXX	
9799999	Total - Common Stock					341,474,654	XXX	341,474,654	198,502,055	0	0	0	83,807,646	0	83,807,646	18,474,509	XXX	
9899999	Total - Preferred and Common Stock					341,474,654	XXX	341,474,654	198,502,055	0	0	0	83,807,646	0	83,807,646	18,474,509	XXX	

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues.....0, the total \$ value (included in Column 8) of all such issues \$.....0.

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U.S. Government								
31331V FM 3	Federal Farm Credit Bank Agy Debentures 4.9% 12/03/12		04/03/2009	RAM Reinsurance Company Ltd		655,384	600,000	
31331V PY 6	Federal Farm Credit Bank Agy Debentures 4.875% 04/02/14		04/03/2009	RAM Reinsurance Company Ltd		1,426,394	1,300,000	
3134AA SA 3	Freddie Mac Agency Debentures 4.5% 01/15/13		04/03/2009	RAM Reinsurance Company Ltd		1,087,860	1,000,000	
31359M 7X 5	Fannie Mae Agency Debentures 5% 05/11/17		04/03/2009	RAM Reinsurance Company Ltd		4,502,400	4,000,000	
36213C YP 9	GNMA #550718 5.000% 11/15/35		04/03/2009	RAM Reinsurance Company Ltd		384,667	371,042	
36241K VV 7	GNMA #782428 5.000% 10/15/38		04/03/2009	RAM Reinsurance Company Ltd		1,703,311	1,643,980	
36241K YZ 5	GNMA #782528 5.000% 01/15/39		04/03/2009	RAM Reinsurance Company Ltd		1,388,441	1,340,077	
36297A 3U 5	GNMA #706511 5.000% 02/15/39		04/03/2009	RAM Reinsurance Company Ltd		1,454,824	1,403,931	
912828 KQ 2	US Treasury Note Notes 3.125% 05/15/19		09/17/2009	Goldman Sachs		29,545,313	30,000,000	106,997
0399999	Total - Bonds - U.S. Government					42,148,594	41,659,030	106,997
Bonds - All Other Government								
EC5752 49 7	Australian Government 6.250% 04/15/15	D	08/11/2009	Dain Rauscher Pierce		4,706,777	4,554,211	94,090
EF2962 77 9	TSY 4% 2016 Government Agencies 4% 09/07/16	D	08/11/2009	Dain Rauscher Pierce		9,832,857	9,424,765	161,860
1099999	Total - Bonds - All Other Government					14,539,634	13,978,976	255,950
Bonds - U.S. States, Territories and Possessions								
13063A HW 7	California St Various P 5.000% 11/01/23		06/23/2009	Ambac Bermuda Ltd		4,772,520	5,045,000	37,137
68607L XL 6	Oregon St Taxable-Pensi 4.755% 06/01/12		04/03/2009	RAM Reinsurance Company Ltd		1,698,202	1,605,000	
1799999	Total - Bonds - U.S. States, Territories & Possessions					6,470,722	6,650,000	37,137
Bonds - U.S. Special Revenue and Special Assessment								
25457V AB 2	Director NV Bus--Las Vegas monorail 5.625% 01/01/34		10/23/2009	Financial Security Assurance Inc		708,575	2,500,000	43,750
25457V AU 0	Director NV Bus--Las V NV cap Appr LV 0.0% 01/01/22		10/23/2009	Financial Security Assurance Inc		866,160	6,000,000	
31283H 5A 9	Freddie Mac Pool # G017 6.500% 10/01/34		04/03/2009	RAM Reinsurance Company Ltd		357,572	339,683	
31283H N2 7	Freddie Mac Pool # G013 7.000% 08/01/31		04/03/2009	RAM Reinsurance Company Ltd		5,238	4,945	
3128H7 H3 9	Freddie Mac FGCI # E992 6.000% 09/01/18		04/03/2009	RAM Reinsurance Company Ltd		114,205	108,724	
3128KF BD 1	Freddie Mac Pool # A527 6.000% 09/01/36		04/03/2009	RAM Reinsurance Company Ltd		584,582	561,171	
312962 5K 5	Freddie Mac FG #B10850 4.500% 11/01/18		04/03/2009	RAM Reinsurance Company Ltd		1,283,641	1,246,253	
31296P EM 0	Freddie Mac FG #A14640 5.000% 10/01/33		04/03/2009	RAM Reinsurance Company Ltd		491,636	476,738	
312971 H9 8	Freddie Mac FG #B18356 5.000% 05/01/20		04/03/2009	RAM Reinsurance Company Ltd		382,900	369,338	
31297M H2 7	Freddie Mac Pool #A3204 5.500% 04/01/35		08/10/2009	Ambac Credit Products, LLC		25,725,659	24,855,709	37,974
31297T 6K 4	FGLMC FGA38074 5.000% 10/01/35		04/03/2009	RAM Reinsurance Company Ltd		311,389	302,366	
3133TG U4 9	FHLMC Series 2091 Class 6.000% 11/15/28		04/03/2009	RAM Reinsurance Company Ltd		338,968	327,890	
31392J AD 1	Fannie Mae Series 2003-W2 Class 1A3 7.5% 07/25/42		04/03/2009	RAM Reinsurance Company Ltd		27,147	25,508	
31392J YH 6	Fannie Mae Series 2003-W3 Class 1A3 7.5% 08/25/42		04/03/2009	RAM Reinsurance Company Ltd		22,936	21,541	
31401H PU 0	Fannie Mae FN #708835 5.000% 06/01/18		04/03/2009	RAM Reinsurance Company Ltd		318,210	306,154	
31403N UF 2	Fannie Mae 753982 5.500% 12/01/33		08/10/2009	Ambac Credit Products, LLC		5,604,331	5,413,178	8,270
31403U MG 3	Fannie Mae FN #758259 6.000% 12/01/33		04/03/2009	RAM Reinsurance Company Ltd		86,472	82,761	
31404K SG 8	Fannie Mae FN #771019 5.000% 04/01/34		04/03/2009	RAM Reinsurance Company Ltd		769,296	745,867	
31405A KB 8	Fannie Mae FN #783390 6.500% 09/01/34		04/03/2009	RAM Reinsurance Company Ltd		32,703	31,081	
31407M MT 9	FNCL FN #834770 6.500% 07/01/35		04/03/2009	RAM Reinsurance Company Ltd		244,782	232,883	
31409W W8 0	Fannie Mae FN #880971 5.500% 10/01/21		04/03/2009	RAM Reinsurance Company Ltd		129,314	124,303	
594653 2F 3	Michigan State Hsng Dev Var Amt Ser E 0.4% 12/01/38		12/11/2009	Barclay's Bank		15,000,000	15,000,000	2,100
649716 HA 8	New York NY City Trans Fin Adj Fut Tax Secd 0.3% 11/15/28		12/07/2009	Barclay's Bank		25,000,000	25,000,000	6,555
708793 EF 7	Pennsylvania Hsg Fin Agy Var Amt Sing Fam 0.25% 04/01/18		12/01/2009	Goldman Sachs		12,225,000	12,225,000	
708793 EG 5	Pennsylvania Hsg Fin Agy Var Amt Sing Fam 0.25% 10/01/34		12/01/2009	Goldman Sachs		7,775,000	7,775,000	
724795 AB 5	Pittsburgh & Allegheny Cnty PA Facs 7.92% 07/01/30		09/13/2009	Ambac Capital Services, LLC		13,042,539	13,730,000	220,504
736679 KX 8	Portland Ore Taxable-Pension Oblig-Ser C 7.701% 06/01/22		04/03/2009	RAM Reinsurance Company Ltd		138,247	120,000	
3199999	Total - Bonds - U.S. Special Revenue and Special Assessments					111,586,502	117,926,093	319,153
Bonds - Industrial and Miscellaneous								
000759 CF 5	ABFS Mortgage Loan Trust Ser 2002-1 A5 7.01% 12/15/32		06/11/2009	Guggenheim Capital Markets		2,451,084	4,806,046	14,038
00206R AR 3	AT & T Inc Telephone-Integrated 5.8% 02/15/19		07/10/2009	Bank of America, N.A.		5,235,000	5,000,000	130,500
007036 SE 7	Adjustable Rate Mortgage Tr Ser 2005-9 0.501% 11/25/35		02/09/2009	Ambac Investments, Inc		3,385,410	6,932,134	1,905
007036 TM 8	Adjustable Rate Mortgage Tr Ser 2005-9 0.491% 01/25/36		02/09/2009	Ambac Investments, Inc		8,916,111	17,928,220	4,851
007036 UQ 7	Adjustable Rate Mtg Tr Ser 2005-11 0.501% 02/25/36		02/09/2009	Ambac Investments, Inc		4,375,532	9,682,763	2,660
02209S AG 8	Altria Group Inc Tobacco 7.750% 02/06/14		11/23/2009	BNP Paribas		2,282,720	2,000,000	47,792
02209S AJ 2	Altria Group Inc Tobacc 9.250% 08/06/19		08/07/2009	BNP Paribas		9,345,544	8,050,000	207,688
025816 AX 7	American Express Credit Card 6.15% 08/28/17		11/23/2009	Bank of America		1,587,480	1,500,000	22,806
02581F YH 6	American Express Centurion Commer Bnk East US 5.55% 10/17/12		10/27/2009	Jefferies Fixed Income		3,205,680	3,000,000	6,013
0258M0 CY 3	Amer Express Credit Co Fin 7.3% 08/20/13		07/13/2009	Citiigroup Global Markets, Inc		1,597,455	1,500,000	44,408
02660T FV 0	American Home Htg InvSr 2005-3C 0.491% 09/25/35		02/09/2009	Ambac Investments, Inc		3,380,617	3,380,617	915

E13

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
032511 AX	5 Anadarko Petr Corp Oil Co-Exp&Prod 5.950%09/15/16.....		11/17/2009	Deutsche Morg Grenfell.....		3,251,130	3,000,000	32,229
03523T AD	0 Anheuser-Busch Brewery 5.375% 11/15/14.....		07/09/2009	BNP Paribas.....		5,117,600	5,000,000	44,792
053332 AK	8 Autozone Inc Auto Parts 5.750% 01/15/15.....		07/17/2009	Bank of America, N.A.....		1,530,930	1,500,000	4,792
05522N AA	5 BA Covered Bond Issuer SpPurp Entity 5.500% 06/14/12.....		09/10/2009	Stifel, Nicolaus & Co, Inc.....		3,140,910	3,000,000	41,708
05522R CG	1 Bank of America Cr CdTr Sr 2008-A9 Cl 4.070% 07/16/12.....		10/06/2009	Bank of America.....		10,118,750	10,000,000	27,133
05531F AC	7 BB&T Corp Comm Bks-SouthernUS 3.850%07/27/12.....		07/22/2009	Morgan Stanley Capital Services Inc.....		4,998,050	5,000,000	
05531Y AC	6 BCAP LLC Tr Sr 2009-RR6 Class 2A15.361% 08/26/35.....		10/05/2009	Barclay's Bank.....		8,564,329	9,015,083	9,851
060505 AQ	7 Bank Of America Corp Senior Debt 6.250% 04/15/12.....		04/03/2009	RAM Reinsurance Company Ltd.....		825,722	880,000	
06051G EA	3 Bank of America Corp Div Banking Ins 6.500%08/01/16.....		07/23/2009	Various.....		8,977,410	9,000,000	
07386H XN	6 Bear Sterns Alt-A Tr Sr 2005-9 Cl 1A1 0.491% 11/25/35.....		02/12/2009	Ambac Investments, Inc.....		13,414,461	13,414,461	4,356
07401W AA	7 Bear Sterns Second LienTr Sr 2007-1Cla 0.421% 01/25/37.....		12/15/2009	Various.....		935,711	2,242,828	616
07401W BA	6 Bear Sterns Second LienTr Sr 20071Cl 0.451% 08/25/37.....		12/09/2009	Various.....		243,954	510,132	94
09247X AD	3 Blackrock Inc Invest Mgmt Adv Serv 3.500% 12/10/14.....		12/07/2009	Barclays Capital Securities Inc. Fixed.....		1,672,571	1,675,000	
09247X AE	1 Blackrock Inc Invest Mgmt Adv Serv 5.000% 12/10/19.....		12/07/2009	Barclays Capital Securities Inc. Fixed.....		1,321,396	1,325,000	
097014 AK	0 Boeing Capital Corp 3.250% 10/27/14.....		12/15/2009	RBC Capital Markets.....		2,010,400	2,000,000	9,208
097023 AY	1 Boeing Co Aerospace/Def 3.500% 02/15/15.....		07/23/2009	Morgan Stanley Capital Services Inc.....		4,957,850	5,000,000	
097023 AZ	8 Boeing Co Aerospace/Def 4.875% 02/15/20.....		07/23/2009	Morgan Stanley Capital Services Inc.....		1,979,160	2,000,000	
126650 BH	2 CVS Caremark Corp Retail-Drug Store 5.750% 06/01/17.....		07/09/2009	Libertas Partners.....		5,100,150	5,000,000	34,340
12666T AC	0 Countrywide Asset-Bkd Cert Sr 2006-11 Cl 6.050% 09/25/46.....		08/27/2009	Various.....		7,631,530	16,042,973	29,035
12666T AD	8 Countrywide Asset-Bkd Cert Sr 2006-11 Cl 6.300% 09/25/46.....		11/23/2009	Cantor Fitzgerald.....		3,243,640	9,421,827	46,280
12666T AF	3 Countrywide Asset-Bkd Cert Sr 2006-11 Cl 6.150% 09/25/46.....		12/03/2009	Various.....		4,251,972	9,573,558	10,666
126670 NY	0 Countrywide Asset-Bkd Cert Sr 2005-16 Cl 5.669% 05/25/36.....		07/02/2009	Cantor Fitzgerald.....		3,079,163	7,845,000	8,648
126673 TP	7 Countrywide HE Loan T Series 2004-T Cl 0.473% 01/15/30.....		08/18/2009	Guggenheim Capital Markets.....		312,580	762,390	43
126684 AB	5 Countrywide Asset-Bkd Cert Sr 2006-S6 Cl 5.519% 03/25/34.....		12/08/2009	Various.....		9,281,609	12,999,637	50,675
126684 AC	3 Countrywide Asset-Bkd Cert Sr 2006-S6 Cl 5.658% 03/25/34.....		12/07/2009	Various.....		6,184,632	14,475,867	37,784
126684 AD	1 Countrywide Asset-Bkd Cert Sr 2006-S6 Cl 5.799% 03/25/34.....		11/19/2009	Cantor Fitzgerald.....		760,148	2,203,328	8,163
126684 AE	9 Countrywide Asset-Bkd Cert Sr 2006-S6 Cl 5.962% 03/25/34.....		07/02/2009	Midsouth Capital Inc.....		8,923,480	22,033,283	25,543
126684 AF	6 Countrywide Asset-Bkd Cert Sr 2006-S6 Cl 5.657% 03/25/34.....		12/08/2009	Various.....		9,377,282	17,207,663	10,391
126685 AK	2 Countrywide HE Loan T Sr 2005-F Cl 0.473% 12/15/35.....		12/15/2009	Various.....		802,246	2,060,838	380
126685 CS	3 Countrywide HE Loan T Sr 2006-B Cl 0.403% 05/15/36.....		12/17/2009	Guggenheim Capital Markets.....		1,357,741	3,559,417	23
126685 CZ	7 Countrywide Asset-BkdCert Sr 2006-S1 Cl 5.549% 08/25/21.....		12/04/2009	Various.....		17,654,276	21,320,170	40,500
126685 DA	1 Countrywide Asset-Bkd Cert Sr 2006-S1 Cl 5.597% 08/25/21.....		11/30/2009	Barclays Bank.....		563,899	1,427,592	444
126685 DC	7 Countrywide Asset-Bkd Cert Sr 2006-S1 Cl 5.597% 08/25/21.....		12/07/2009	Cantor Fitzgerald.....		5,355,371	9,197,415	24,230
126685 DJ	2 Countrywide HE Loan T Sr 2006-C Cl 0.413% 05/15/36.....		12/09/2009	Guggenheim Capital Markets.....		4,776,414	9,732,966	9,247
12668R AC	2 Countrywide Alt Loan T Sr 2006-OA19 0.423% 02/20/47.....		08/21/2009	Midsouth Capital Inc.....		2,470,056	5,399,029	416
14040H AM	7 Capital One Fin Super-Reg Bks-US 5.500% 06/01/15.....		11/18/2009	Morgan Stanley/Dean Witter.....		3,158,070	3,000,000	78,833
140420 MV	9 Capital One Bank USA NA Fin-Cr Cd 8.800% 07/15/19.....		07/23/2009	Bank of America, N.A.....		5,217,350	5,000,000	40,333
14069E AB	4 Capmark Military Housing Trust Series 2007-ACC C 6.235% 07/10/10.....		06/23/2009	Ambac Bermuda Ltd.....		9,000,000	9,000,000	22,131
14069E AC	2 Capmark Military HousingTrust Series 2007-ACC C 6.235% 06/10/14.....		07/29/2009	Capmark Securities.....		25,000,000	25,000,000	
14170T AA	9 Carefusion Corp Medical Products 6.375% 08/01/19.....		07/27/2009	HSBC Bank USA Inc.....		3,041,603	3,000,000	3,243
14170T AE	1 Carefusion Corp Medical Products 5.125% 08/01/14.....		07/29/2009	Credit Suisse International.....		2,542,500	2,500,000	4,271
14912L 4E	8 Caterpillar Financial SE Finance-Commercial 7.150% 02/15/19.....		07/13/2009	Various.....		2,196,836	2,000,000	61,093
161571 BU	7 Chase Issuance Trust Series 2007-A4 Class A4 0.233% 04/16/12.....		12/09/2009	Bank of America.....		31,926,791	31,968,000	5,936
172967 EZ	0 Citigroup Inc. Diversified Banking Inst 5.500% 10/15/14.....		09/17/2009	Citigroup Global Markets, Inc.....		1,790,910	1,800,000	
20030N AJ	0 Comcast Corp Cable/Satellite TV 5.850% 11/15/15.....		11/23/2009	Barclays.....		2,740,100	2,500,000	4,875
20030N AL	5 Comcast Corp Cable/Satellite TV 5.900% 11/15/16.....		07/13/2009	Deutsche Bank Securities, Inc.....		5,224,600	5,000,000	99,153
202795 HH	6 Commonwealth Edis EXC Electric Integrated 4.700% 04/15/15.....		09/14/2009	JP Morgan Chase Bank N.A.....		5,217,000	5,000,000	99,222
205887 BD	3 Conagra Inc Food-Misc/Diversified 5.819% 06/15/17.....		10/27/2009	Cantor Fitzgerald & Co.....		2,598,024	2,425,000	52,917
209615 BN	2 Consolidated Natural Gas Dominion Resources Inc 6.625% 12/01/13.....		07/21/2009	Bank of America N.A.....		5,381,650	5,000,000	48,767
23242E AC	3 Countrywide Asset-Backed Certi Series 2006-13 Cl 5.944% 01/25/37.....		11/30/2009	Various.....		8,233,295	16,667,000	707
23242Y AH	8 Countrywide Home Equity Loan T Series 2006-RES 0.533% 02/15/34.....		12/01/2009	Midsouth Capital Inc.....		7,854,576	17,168,473	4,625
23243N AD	0 Countrywide Asset-Backed Certif Series CW2006S4 0.341% 07/25/34.....		06/26/2009	Midsouth Capital Inc.....		6,488,016	7,544,205	444
23243N AF	5 Countrywide Asset-Backed Certif Series 2006-S4 C 5.804% 07/25/34.....		01/13/2009	Cantor Fitzgerald.....		20,218	67,392	163
23243N AG	3 Countrywide Asset-Backed Certif Series 2006-S4 C 5.932% 07/25/34.....		12/15/2009	Various.....		12,094,852	33,389,511	92,782
233048 AC	1 DBS bank Ltd Money Center Bank 1.741% 07/15/21.....		01/15/2009	Ambac Investments, Inc.....				39,436
233835 AP	2 Daimlerchrysler Auto-Cars/Light Trucks 7.750% 01/18/11.....		07/23/2009	Jefferies & Co. - Bond Direct.....		2,080,737	1,985,000	4,273
24422E QV	4 John Deere Capital Corp Finance-Consumer Loans 5.750% 09/10/18.....		07/13/2009	Knights Libertas, LLC.....		2,130,240	2,000,000	40,889
250847 EE	6 Detroit Edison Company Electric Distribution 6.400% 10/01/13.....		09/11/2009	Jefferies Fixed Income - Bonds Direct.....		2,232,120	2,000,000	58,667
25466K EQ	8 Discover Card Master Trust Series 2003-3 Class A 0.433% 09/15/12.....		10/19/2009	Bank of America.....		19,974,219	20,000,000	1,731

E13.1

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
260543	BW 2 Dow Chemical Chemicals-Diversified 7.600% 05/15/14.....		11/17/2009	Deutsche Morg Grenfell.....		3,399,450	3,000,000	3,167
263534	BZ 1 Dupont E I De Nemours & Co Chemicals-Diversified 4.625% 01/15/20.....		11/04/2009	Credit Suisse International.....		5,248,130	5,270,000	
29379V	AA 1 Enterprise Products Oper Pipelines 6.300% 09/15/17.....		12/03/2009	Cantor Fitzgerald & Co.....		3,285,240	3,000,000	43,575
29379V	AD 5 Enterprise Products Oper Pipelines 9.750% 01/31/14.....		07/23/2009	Wachovia Securities.....		3,569,850	3,000,000	144,625
302182	AD 2 Express Scripts Pharmacy Services 6.250% 06/15/14.....		07/23/2009	Credit Suisse Sec (USA), LLC.....		2,164,400	2,000,000	17,014
316773	CJ 7 Fifth Third Bankcorp Super-Regional Banks-US 6.250% 05/01/13.....		11/25/2009	Keybank Capital Markets Inc.....		2,095,540	2,000,000	10,417
32029H	AB 8 First Franklin Mtg Loan Asset Series 2007-FFC C 0.381% 06/25/27.....		11/23/2009	Various.....		2,752,678	6,387,718	178
33766J	AB 9 Firstenergy Solutions C 4.800% 02/15/15.....		12/23/2009	Deutsche Morg Grenfell.....		3,000,000	3,000,000	54,400
361856	EH 6 GMAC Mortgage Corp Loan Series 2005-HE3 Cl 0.381% 02/25/36.....		01/20/2009	Guggenheim Capital Markets.....		896,542	2,361,761	(4,891)
361856	EK 9 GMAC Mortgage Corp Loan Series 2005-HE3 Cl 0.491% 02/25/36.....		07/01/2009	Cantor Fitzgerald.....		30,158,520	64,510,203	12,338
36185T	AA 5 Fort Lewis Comm 7.120% 04/10/37.....		11/18/2008	Ambac Investments, Inc.....		(279,907)		
362381	AC 9 GSAA Home Equity Trust Series 2006-12 Class A3 0.481% 08/25/36.....		01/07/2009	Ambac Investments, Inc.....		62,705,500	65,000,000	16,929
36962G	W7 5 General Electric Capital Corp Diversified Finan 0.658% 05/05/26.....		07/07/2009	Ambac Investments, Inc.....		25,000,000	25,000,000	62,056
36962G	XZ 2 General Electric Capital Corp Series A 6.750% 03/15/32.....		04/03/2009	RAM Reinsurance Company Ltd.....		154,065	190,000	
38011W	AA 4 Fort Meade - GMAC 2002-Mead A 6.845% 05/10/37.....		02/18/2009	Ambac Capital Services, LLC.....		43,091,881	48,683,195	74,053
38011W	AA 4 Fort Meade - GMAC 2002-Mead A 6.845% 05/10/37.....		11/18/2008	Ambac Investments, Inc.....		392,481	392,481	
38141G	FM 1 Goldman Sachs Group IncDiversified Banking Ins 6.150% 04/01/18.....		07/14/2009	Goldman Sachs & Co.....		7,539,225	7,500,000	135,813
39538W	CZ 9 Greenpoint Mortgage FundingTr Series 2005-HE3 Clas 0.413% 09/15/30.....		06/26/2009	Cantor Fitzgerald.....		2,320,935	5,802,338	1,207
39538W	EF 1 Greenpoint Mortgage FundingTr Series 2005-AR5 Clas 0.501% 11/25/46.....		08/17/2009	First Tennessee.....		1,298,325	2,609,699	966
40428E	JQ 3 HSBC Bank USA Commer Banks-Eastern US 4.625% 04/01/14.....		08/05/2009	Various.....		3,036,300	3,000,000	49,333
40429C	FN 7 HSBC Finance Corp Finance-Consumer Loans 5.500% 01/19/16.....		07/23/2009	Cohen & Company LLC.....		3,671,738	3,750,000	5,156
437076	AR 3 Home Depot Inc Retail-Building Products 5.250% 12/16/13.....		07/23/2009	Deutsche Bank Securities, Inc.....		2,088,060	2,000,000	12,250
45254N	PU 5 Impac CMB Trust Series 2005-5 Class A1 0.551% 08/25/35.....		03/10/2009	Ambac Investments, Inc.....		26,836,858	26,836,858	8,284
45254N	QG 5 Impac CMB Trust Series 2005-6 Class 1A1 0.481% 10/25/35.....		08/17/2009	Guggenheim Capital Markets.....		11,340,192	24,552,514	8,757
45254T	TF 1 Impac Secured Assets Corp.Series 2005-2 Class A1W 0.481% 03/25/36.....		09/03/2009	Morgan Stanley.....		7,864,544	18,289,435	2,779
45661A	AC 6 Indymac Home Equity LoanAsset Series 2004-2 Cla 0.200% 09/28/36.....		12/02/2009	Cantor Fitzgerald.....		3,470,202	4,993,096	344
464125	AC 7 Irwin Home Equity Series 2006-3 Class 2A2 5.830% 09/25/37.....		06/08/2009	Broadpoint Capital Inc.....		8,280,000	18,000,000	29,150
464126	CG 4 Irwin Home Equity Series 2004-1 Class 1A1 0.551% 12/25/24.....		07/02/2009	First Boston Corp.....		1,387,441	2,952,002	676
46412A	AE 2 Irwin Home Equity Series 2006-P1 Class 2A4 5.800% 06/25/37.....		01/05/2009	JPM Chase.....		2,745,949	6,102,108	6,882
46412R	AB 1 Irwin Home Equity Series 2007-1 Class 2A1 0.381% 08/25/37.....		12/31/2009	Various.....		9,154,639	14,312,718	2,564
466247	QH 9 JP Morgan Series 2005-A3 Class 6A1 4.862% 06/25/35.....		10/15/2009	ICP Securities LLC.....		9,047,427	9,586,678	24,773
46625H	AX 8 JP Morgan Chase & Co 5.250% 05/01/15.....		04/03/2009	RAM Reinsurance Company Ltd.....		3,148,250	3,500,000	
466275	AA 2 JP Morgan Alternative LoanTr Series 2007-S1 Class 0.511% 04/25/47.....		02/04/2009	Ambac Investments, Inc.....		40,233,004	58,268,589	11,720
48121C	VZ 6 JP Morgan Chase Bank NA Regional Bank 6.000% 07/05/17.....		12/17/2009	RBC Dain Rauscher Inc.....		6,090,196	5,630,000	156,702
49326E	EB 5 Keycorp Super-Regional Banks-US 6.500% 05/14/13.....		11/25/2009	Keybank Capital Markets Inc.....		2,099,300	2,000,000	6,139
494550	AY 2 Kinder Morgan Ener Part Pipelines 5.950% 02/15/18.....		07/22/2009	Jefferies & Co - Bond Direct.....		2,534,300	2,500,000	66,938
501044	CL 3 Kroger Co/The Food-Reta 7.500% 01/15/14.....		08/04/2009	Credit Suisse Sec (USA), LLC.....		1,197,840	1,050,000	4,813
501044	CM 1 Kroger Co/The Food-Reta 3.900% 10/01/15.....		09/24/2009	Bank of America, N.A.....		6,243,063	6,250,000	
52524P	AG 7 Lehman XS Trust Series 2007-6 Class 3A1 0.391% 05/25/37.....		08/21/2009	Morgan Stanley.....		4,465,397	6,869,841	81
52524P	AH 5 Lehman XS Trust Series 2007-6 Class 3A2 5.780% 05/25/37.....		06/23/2009	Greenwich Capital Markets.....		3,900,750	11,145,000	44,735
52525L	AS 9 Lehman XS Trust Series 2007-14H Class A22 0.631% 07/25/47.....		06/23/2009	Cantor Fitzgerald.....		4,060,881	9,904,589	195
565849	AG 1 Marathon Oil Corp Oil Comp-Integrated 6.500% 02/15/14.....		07/10/2009	Citigroup Global Markets, Inc.....		2,186,040	2,000,000	53,444
574754	AB 3 Mashantucket Pequot Tribe 98 A 6.570% 09/01/13.....		08/11/2009	Ambac Capital Services, LLC.....		8,608,266	9,300,000	273,257
59018Y	N5 6 Merrill Lynch & Co Finance-Invest Bnkr/Bkr 6.150% 04/25/13.....		07/09/2009	Bank of America, N.A.....		5,053,550	5,000,000	67,479
59018Y	VV 0 Merrill Lynch & Co Seri 4.790% 08/04/10.....		04/03/2009	RAM Reinsurance Company Ltd.....		4,543,900	5,000,000	
59156R	AT 5 Metlife Inc Multi-line Insurance 7.717% 02/15/19.....		07/21/2009	Barclays Capital High Yield.....		2,757,200	2,500,000	85,209
59156R	AU 2 Metlife Inc Multi-line Insurance 6.750% 06/01/16.....		07/10/2009	Wachovia Capital Markets.....		5,278,550	5,000,000	43,125
59217E	BZ 6 Met Life Glob Funding I Multi-line Insurance 2.875% 09/17/12.....		09/10/2009	Bank of America, N.A.....		5,165,237	5,180,000	
61747Y	CE 3 Morgan Stanley Diversified Banking Inst 6.000% 04/28/15.....		11/19/2009	Morgan Stanley/Dean Witter.....		3,241,260	3,000,000	13,000
61747Y	CF 0 Morgan Stanley Diversified Banking Inst 6.000% 05/13/14.....		07/10/2009	Morgan Stanley & Co Inc.....		5,214,750	5,000,000	51,667
61747Y	CJ 2 Morgan Stanley Diversified Banking Inst 5.625% 09/23/19.....		09/16/2009	Morgan Stanley Capital Services Inc.....		2,987,550	3,000,000	
61747Y	CK 9 Morgan Stanley Diversified Banking Inst 4.200% 11/20/14.....		11/17/2009	Morgan Stanley Capital Services Inc.....		2,369,052	2,370,000	
61915R	AK 2 Mortgageit Trust Series 2005-3 Class A1 0.531% 08/25/35.....		02/09/2009	Ambac Investments, Inc.....		21,172,486	21,172,486	6,082
63534P	AG 2 National City Cleveland Commer Banks-Central US 5.800% 06/07/17.....		10/22/2009	Barclays Capital Securities Inc. Fixed.....		6,064,620	6,000,000	135,333
637432	LT 0 National Rural Util Coop Finance-Other Services 2.625% 09/16/12.....		09/09/2009	Royal Bank of Scotland Plc.....		1,447,840	1,450,000	
641423	BY 3 Nevada Power Co Electric-Integrated 7.125% 03/15/19.....		07/21/2009	Bank of America, N.A.....		3,294,930	3,000,000	84,313
651639	AL 0 Newmont Mining Corp Gold Mining 5.125% 10/01/19.....		09/15/2009	UBS AG.....		1,741,285	1,750,000	
65535V	PV 4 Nomura Asset Acceptance Corp Series 2005-AR C 0.501% 10/25/35.....		02/09/2009	Ambac Investments, Inc.....		17,860,219	17,860,219	4,907
68402V	AE 2 Option One Mortgage Loan Trust Series 2007-FXD1 5.611% 01/25/37.....		08/18/2009	First Boston Corp.....		2,606,985	6,642,000	20,705

E13.2

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
693476 BG 7	PNC FUNDING CORP 4.250% 09/21/15		12/10/2009	Morgan Stanley/Dean Witter		3,110,550	3,000,000	29,750
705322 AJ 4	Pedernales Electric Corp Elec Dist 5.952% 11/15/22		09/13/2009	Ambac Capital Services, LLC		25,532,000	25,000,000	491,867
72650R AJ 1	Plains All Amer Pipeline Pipelines 5.250% 06/15/15		12/07/2009	Salomon Brothers		1,051,247	1,000,000	25,521
72650R AV 4	Plains All Amer Pipeline Pipelines 4.250% 09/01/12		07/20/2009	Various		3,797,466	3,805,000	
74251V AB 8	Principal Financial Gr Life Health Insurance 7.875% 05/15/14		12/07/2009	Deutsche Morg Grenfell		3,376,440	3,000,000	16,406
74254P VP 4	Principal Life Inc Fdg Life/Health Insurance 5.300% 12/14/12		07/22/2009	Deutsche Asset Management		5,121,500	5,000,000	31,653
742718 CB 3	Procter & Gamble Co 5.500% 02/01/34		04/03/2009	RAM Reinsurance Company Ltd		53,401	55,000	
74438G AA 9	Prudential Holdings 12/ 1.129% 12/18/17		09/13/2009	Various		39,855,329	43,319,000	92,023
74438G AC 5	Prudential Holdings Series FSA 7.245% 12/18/23		09/13/2009	Ambac Capital Services, LLC		35,593,381	34,230,000	592,436
760761 AA 4	Republic Services Inc Non-Hazardous Waste Dis 5.500% 09/15/19		08/31/2009	Bank of America, N.A.		2,978,550	3,000,000	
76110W XW 1	Residential Asset Series 2004-KS4 Class A2B3 0.991% 05/25/34		08/11/2009	Cantor Fitzgerald		1,654,831	3,520,917	1,840
761713 AU 0	Reynolds American INC Tobacco 6.750% 06/15/17		11/30/2009	Various		5,201,036	5,000,000	156,679
775371 AV 9	Rohm & Haas Co 6.000% 09/15/17		12/17/2009	Morgan Stanley Capital Services Inc		3,124,920	3,000,000	48,500
785813 AA 4	Saco I Trust Series 2006-8 Class A 0.371% 06/25/36		08/25/2009	First Tennessee		1,398,793	2,622,308	.61
790849 AE 3	St Jude Medical Inc Medical Instruments 3.750% 07/15/14		07/23/2009	Bank of America, N.A.		1,996,980	2,000,000	
841238 AB 4	Southbridge Assoc MA 02/022 @ 7.59% 02/01/22		09/13/2009	Ambac Capital Services, LLC		33,671,700	30,000,000	271,975
855030 AJ 1	Staples Inc Retail-Office Supplies 9.750% 01/15/14		07/23/2009	RBS Securities Inc		2,320,000	2,000,000	7,042
86679E AA 6	Sun Life Financial GLBLife/Health Insurance 0.509% 10/06/13		07/07/2009	Ambac Investments, Inc		25,000,000	25,000,000	1,149
86787G AG 7	Suntrust Bank 5.000% 09/01/15		12/18/2009	Wachovia Capital Markets		3,156,487	3,215,000	50,011
870836 AC 7	Swiss Bank Corp 07/25 @ 7.500% 07/15/25		04/03/2009	RAM Reinsurance Company Ltd		133,224	175,000	
872540 AN 9	TJX Cos Inc. 4.200% 08/15/15		12/21/2009	Bank of America		2,116,060	2,000,000	35,233
881561 ZU 7	Terwin Mortgage Trust Series 2006-6 Class 1A2 4.750% 07/25/37		06/26/2009	Greenwich Capital Markets		2,485,000	14,200,000	
881561 W9 1	Terwin Mortgage Trust Series 2006-4SL Class A 4.500% 05/25/37		05/15/2009	Cantor Fitzgerald		290,924	1,454,618	3,455
881685 BB 6	Texaco Capital Inc 8.000% 08/01/32		04/03/2009	RAM Reinsurance Company Ltd		250,800	225,000	
887317 AC 9	Time Warner Inc 5.875% 11/15/16		12/01/2009	Salomon Brothers		5,239,930	5,000,000	36,066
88732J AK 4	Time Warner Cable Inc Cable/Satellite TV 6.200% 07/01/13		07/13/2009	Various		8,758,208	8,200,000	19,461
907818 DC 9	Union Pacific Corp Transport-Rail 5.125% 02/15/14		08/05/2009	Citigroup Global Markets, Inc		3,136,440	3,000,000	72,604
911312 AG 1	United Parcel Service Transport-Services 4.500% 01/15/13		08/26/2009	Goldman Sachs & Co		3,198,420	3,000,000	17,250
92343V AG 9	Verizon Communications Telephone-Integrated 5.500% 04/01/17		11/20/2009	Bank of America, N.A.		7,843,950	7,500,000	101,597
92344G AQ 9	Verizon Communications 6.875% 06/15/12		04/03/2009	RAM Reinsurance Company Ltd		136,973	130,000	
92344S AL 4	Cellco Part/Veri WirelessCellular Telecom 5.550% 02/01/14		10/22/2009	BNP Paribas		4,344,680	4,000,000	53,033
92553P AD 4	Viacom Inc Multimedia 5.625% 09/15/19		08/19/2009	Citigroup Global Markets, Inc		2,381,928	2,400,000	
92553P AE 2	Viacom Inc Multimedia 4.375% 09/15/14		08/19/2009	Citigroup Global Markets, Inc		2,263,835	2,280,000	
92976Y AA 0	Wachovia Asset Securitization Series 2 0.371% 07/25/37		07/01/2009	Guggenheim Capital Markets		3,538,661	8,526,895	1,290
92978L AA 6	Wachovia Asset Securitization Series 2 0.361% 07/25/37		07/02/2009	Various		11,328,163	27,517,805	4,296
970648 AD 3	Willis North America Inc Insurance Brokers 6.200% 03/28/17		11/19/2009	JP Morgan		2,957,378	3,000,000	28,822
984121 BP 7	Xerox Corporation Office Automation & Equipment 6.400% 03/15/16		12/01/2009	Morgan Stanley Capital Services Inc		2,682,125	2,500,000	35,111
984121 BY 8	Xerox Corporation OfficeAutomation & Equipment 8.250% 05/15/14		11/18/2009	Deutsche Morg Grenfell		3,471,720	3,000,000	5,500
00254E JE 3	Swedish Export Credit Export/Import Bank 3.250% 09/16/14	F	09/09/2009	Bank of America, N.A.		7,992,640	8,000,000	
00279V CA 1	Abbey Natl Treasury Serv Mortgage Banks 3.875% 11/10/14	F	11/04/2009	Credit Suisse International		5,523,729	5,525,000	
007924 AH 6	Aegon NV Multi-line Insurance 4.625% 12/01/15	F	11/24/2009	Goldman Sachs & Co		4,947,600	5,000,000	1,927
058521 AB 1	Ballantyne Re Plc Series 2006-1A Class A2A 0.545% 05/02/36	F	06/16/2009	Guggenheim Capital Markets		16,063,250	88,100,000	14,086
058521 AC 9	Ballantyne Re Plc Series 2006-1A Class A2B 0.595% 05/02/36	F	07/07/2009	Ambac Investments, Inc		25,000,000	25,000,000	2,786
058521 AF 2	Ballantyne Re Plc Series 2006-1A Class A3A 2.293% 05/02/36	F	06/09/2009	Guggenheim Capital Markets		735,000	4,900,000	8,082
058521 AG 0	Ballantyne Re Plc Series 2006-1A Class A3B 2.286% 05/02/36	F	06/09/2009	Guggenheim Capital Markets		5,160,000	34,400,000	39,604
058521 AH 8	Ballantyne Re Plc Series 2006-1A Class A3C 2.309% 05/02/36	F	06/09/2009	Guggenheim Capital Markets		1,620,000	10,800,000	7,341
058521 AJ 4	Ballantyne Re Plc Series 2006-1A Class A3D 2.302% 05/02/36	F	06/09/2009	Guggenheim Capital Markets		2,055,000	13,700,000	2,810
06739F FS 5	Barclays Bank PLC Commer Banks Non-US 6.750% 05/22/19	F	08/04/2009	Barclays Capital High Yield		3,275,309	3,030,000	42,609
06739F GF 2	Barclays Bank PLC Commer Banks Non-US 5.000% 09/22/16	F	09/17/2009	Barclays Capital Securities Inc		1,962,465	1,965,000	
136385 AK 7	Canadian Natl Resources OilComp-Explor & Prodn 5.700% 05/15/17	F	09/15/2009	JP Morgan Chase Bank N.A.		5,242,100	5,000,000	97,375
26835P AC 4	EDP Finance BV Electric-Integrated 4.900% 10/01/19	F	09/22/2009	Citigroup Global Markets, Inc		1,242,000	1,250,000	
29268B AB 7	Enel Finance Internation Electric-Integrated 6.250% 09/15/17	F	07/14/2009	Citigroup Global Markets, Inc		3,151,710	3,000,000	63,542
29268B AD 3	Enel Finance Internation Electric-Integrated 3.875% 10/07/14	F	12/14/2009	RBC Capital Markets		1,024,340	1,000,000	7,535
40411E AA 6	Bank Of Scotland Series 0019/06 5.000% 11/21/11	F	04/03/2009	RAM Reinsurance Company Ltd		1,383,577	1,410,000	
44841A AA 6	Hutchinson Wham Int Diversified Operations 4.625% 09/11/15	F	12/14/2009	RBC Capital Markets		1,024,880	1,000,000	12,333
55265D AH 8	Mastr ABS Nim Trust Series2005-OPT1 Class NOTE 0.331% 05/26/10	F	01/12/2009	Guggenheim Capital Markets		425,047	1,250,137	397
71644E AH 5	Petro-Canada Oil Comp-Integrated 6.050% 05/15/18	F	07/22/2009	Citigroup Global Markets, Inc		2,542,150	2,500,000	30,250
767201 AH 9	Rio Tinto Fin USA LtdDiversified Minerals 9.000% 05/01/19	F	07/21/2009	Citigroup Global Markets, Inc		2,925,000	2,500,000	60,625
81013T AB 7	Scottish Power Electric-Integrated 5.375% 03/15/15	F	07/23/2009	JP Morgan Chase Bank N.A.		6,205,440	6,000,000	119,146
822582 AJ 1	Shell International Fin Oil Comp-Integrated 4.300% 09/22/19	F	09/15/2009	Morgan Stanley Capital Services Inc		6,975,780	7,000,000	

E13.3

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
86722T AA 0	Suncor Energy Inc Oil Comp-Integrated 6.100% 06/01/18.....	F.....	07/27/2009	Morgan Stanley Capital Services Inc.....		3,040,350	3,000,000	29,992
87927V AL 2	Telecom Italia CapitalTelephone-Integrated 4.950% 09/30/14.....	F.....	07/16/2009	Deutsche Bank Securities, Inc.....		1,973,780	2,000,000	30,525
87927V AU 2	Telecom Italia CapitalTelephone-Intergrated 6.999% 06/04/18.....	F.....	11/24/2009	Royal Bank of Scotland Plc.....		5,556,000	5,000,000	171,087
902118 AY 4	Tyco Intl. Group Diversified Manufact Op 6.750% 02/15/11.....	F.....	07/10/2009	Bank of America, N.A.....		1,051,430	1,000,000	28,125
902118 BM 9	Tyco Intl. Group Diversified Manufact Op 4.125% 10/15/14.....	F.....	09/30/2009	Bank of America, N.A.....		1,689,118	1,695,000	
902133 AF 4	Tyco Electronics Group SDiversified Manufact Op 6.550% 10/01/17.....	F.....	11/18/2009	Credit Suisse International.....		5,279,900	5,000,000	47,306
92857W AT 7	Vodafone Group PLC Cellular Telecom 4.150% 06/10/14.....	F.....	07/09/2009	Credit Suisse International.....		5,006,650	5,000,000	19,597
961214 BK 8	Wespack Banking Corp Commer Banks Non-US 4.875% 11/19/19.....	F.....	11/16/2009	Bank of America, N.A.....		4,996,450	5,000,000	
3899999.	Total - Bonds - Industrial and Miscellaneous.....					1,238,998,994	1,664,667,119	6,680,004
8399997.	Total - Bonds - Part 3.....					1,413,744,446	1,844,881,218	7,399,241
8399998.	Total - Bonds - Summary Item from Part 5.....					380,852,357	445,256,116	454,081
8399999.	Total - Bonds.....					1,794,596,803	2,290,137,334	7,853,322
Common Stocks - Parent, Subsidiaries and Affiliates								
G0231# 10 0	Ambac Assurance UK Limited.....	D.....	03/31/2009	Direct.....		322,237	XXX	
G0231# 10 0	Ambac Assurance UK Limited.....	D.....	06/30/2009	Direct.....		277,883	XXX	
G0231# 10 0	Ambac Assurance UK Limited.....	D.....	09/30/2009	Direct.....		318,703	XXX	
9199999.	Total - Common Stocks - Parent, Subsidiaries and Affiliates.....					918,823	XXX	0
9799997.	Total - Common Stocks - Part 3.....					918,823	XXX	0
9799999.	Total - Common Stocks.....					918,823	XXX	0
9899999.	Total - Preferred and Common Stocks.....					918,823	XXX	0
9999999.	Total - Bonds, Preferred and Common Stocks.....					1,795,515,626	XXX	7,853,322

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	
										11	12	13	14	15							
CUSIP Identification	Description	For re ign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	
785778 PG 0	Saco I Tr Ser 2006-2 Cl 2A 0.431% 07/25/36.....		12/28/2009	Paydown.....		1,680,889	1,680,889	882,467	899,666		781,223		781,223		1,680,889			0	4,950	07/25/2036	
86837W AA 5	Superior Wholesale Inv F Ser2005 0.393% 02/15/14.....		09/15/2009	Paydown.....		16,000,000	16,000,000	15,890,998	15,893,579		106,421		106,421		16,000,000			0	63,833	02/15/2014	
881561 W9 1	Terwin Mtg Tr Sr 2006-4SL Cl A 4.500% 05/25/37.....		12/01/2009	Paydown.....		61,587	61,587	19,362	19,375		42,213		42,213		61,587			0	1,348	05/25/2037	
88522X AC 5	Thornburg Mtg Sec Sr 2007 0.486% 06/25/47.....		08/26/2009	Broadpoint Capital Inc.....		11,087,921	13,358,941	11,069,049	13,358,935		111,039	2,289,892	(2,178,853)		11,180,087		(92,166)	(92,166)	56,845	06/25/2047	
88522X AC 5	Thornburg Mtg Sec Sr 2007 0.486% 06/25/47.....		08/25/2009	Paydown.....		2,719,368	2,719,368	2,587,129	2,719,368		132,238		132,238		2,719,368			0	7,024	06/25/2047	
93936A AD 3	WAMU Mtg Pas Sr 2007-HY1 Cl 0.466%02/25/37.....		12/15/2009	Morgan Stanley.....		21,210,000	42,000,000	8,603,965	5,609,205	1,308,404	3,747,089	1,165,733	3,889,760		9,498,960		11,711,040	11,711,040	242,683	02/25/2037	
051156 AA 5	Augusta Fndg VII Other Serv 0.623% 08/15/13.....	F	11/16/2009	Paydown.....		2,201,765	2,201,765	2,201,765	2,201,755		10		10		2,201,765			0	25,039	08/15/2013	
05330A AA 5	Autopista Maipo 7.373% 06/15/22.....	F	12/15/2009	Various.....		378,916	378,916	399,595	395,328		(705)		(705)		394,623		(15,708)	(15,708)	27,381	06/15/2022	
19035R AL 3	Coast InvGrade Sr2002-1AI Cl A 1.386% 07/30/17.....	F	10/23/2009	Financial Security Assurance Inc.....		369,491	710,560	712,168	712,139		(359)		(359)		711,780		(342,286)	(342,286)	22,779	07/30/2017	
19035R AL 3	Coast InvGrade Sr2002-1AI Cl A 1.386% 07/30/17.....	F	07/30/2009	Paydown.....		2,556,150	2,556,150	2,561,935	2,561,829		(5,679)		(5,679)		2,556,153			0	48,798	07/30/2017	
3899999.	Total - Bonds - Industrial and Miscellaneous.....					594,413,272	931,622,724	471,854,044	758,511,066	8,145,504	84,787,679	296,820,928	(203,887,745)	0	554,623,321	0	39,789,958	39,789,958	7,084,505	XXX.....	
8399997.	Total - Bonds - Part 4.....					2,038,087,153	2,342,283,415	1,889,784,255	2,167,195,467	8,145,504	82,557,346	301,714,504	(211,011,654)	(360,363)	1,955,933,923	110,473	82,153,230	82,263,703	59,859,307	XXX.....	
8399998.	Total - Bonds - Summary Item from Part 5.....					346,684,569	445,256,116	380,852,357			26,504,736	66,671,366	(40,166,630)		340,685,725	5,998,844	5,998,844	2,053,073	XXX.....		
8399999.	Total - Bonds.....					2,384,771,722	2,787,539,531	2,270,636,612	2,167,195,467	8,145,504	109,062,082	368,385,870	(251,178,284)	(360,363)	2,296,619,648	110,473	88,152,074	88,262,547	61,912,380	XXX.....	
Common Stocks - Parent, Subsidiaries and Affiliates																					
G0231# 10 0	Ambac Assurance UK Limited.....	D	12/31/2009	Direct.....		486,572	XXX	486,572	486,572				0		486,572			0	XXX	XXX.....	
9199999.	Total - Common Stocks - Parent, Subsidiaries and Affiliates.....					486,572	XXX	486,572	486,572	0	0	0	0	0	486,572	0	0	0	0	XXX	XXX.....
9799997.	Total - Common Stocks - Part 4.....					486,572	XXX	486,572	486,572	0	0	0	0	0	486,572	0	0	0	0	XXX	XXX.....
9799999.	Total - Common Stocks.....					486,572	XXX	486,572	486,572	0	0	0	0	0	486,572	0	0	0	0	XXX	XXX.....
9899999.	Total - Preferred and Common Stocks.....					486,572	XXX	486,572	486,572	0	0	0	0	0	486,572	0	0	0	0	XXX	XXX.....
9999999.	Total - Bonds, Preferred and Common Stocks.....					2,385,258,294	XXX	2,271,123,184	2,167,682,039	8,145,504	109,062,082	368,385,870	(251,178,284)	(360,363)	2,297,106,220	110,473	88,152,074	88,262,547	61,912,380	XXX.....	

E14.5

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21	
											12	13	14	15	16						
CUSIP Identification	Description	For e i g n	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Actual Cost	Consideration	Book/ Adjusted Carrying Value at Disposal	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (12+13-14)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends	
45661A AC 6	Indymac HE Ln Asset Sr 2004 0.200% 09/28/36...		12/02/2009	Cantor Fitzgerald	12/28/2009	Paydown	108,945	75,717	108,945	108,945			33,228	33,228					.0	.30	.8
464126 CG 4	Inwin HR Sr 2004-1 CI 1A1 0.551% 12/25/24.....		07/02/2009	First Boston Corp	12/28/2009	Various	262,338	123,299	262,338	262,338			139,039	139,039					.0	.467	.60
46412A AE 2	Inwin HE Sr 2006-P1 CI 2A 5.800% 06/25/37.....		01/05/2009	Broadpoint Capital Inc	12/01/2009	Various	297,892	134,051	297,892	297,892			163,840	163,840					.0	11,731	336
46412R AB 1	Inwin HE Sr 2007-1 CI 2A1 0.381% 08/25/37.....		12/09/2009	Various	12/28/2009	Various	441,824	270,102	441,824	441,824			171,722	171,722					.0	.280	.83
466247 QH 9	JP Morgan Sr 2005-A3 CI 6A1 4.862% 06/25/35....		10/15/2009	ICP Securities LLC	12/01/2009	Paydown	604,761	570,743	604,761	604,761			34,018	34,018					.0	3,989	1,563
466275 AA 2	JP Morgan Alt Ln Tr Sr2007-S1 0.511% 04/25/47..		02/04/2009	Ambac Investments, Inc.	12/25/2009	Various	7,823,203	5,401,726	7,823,203	7,823,203			3,131,106	2,421,479					.0	27,642	1,574
476556 CX 1	Jersey Central Pwr & LT 6.150% 06/01/37.....		01/09/2009	Tax Free Exchange	01/09/2009	JPM Chase	1,400,000	1,181,735	1,177,316	1,181,755			20	20			(4,439)	(4,439)	.0	10,284	9,088
52524P AG 7	Lehman XS Tr Sr 2007-6 CI 3A1 0.391% 05/25/37..		08/21/2009	Morgan Stanley	12/28/2009	Paydown	546,578	355,276	546,578	546,578			191,302	191,302					.0	.450	.6
52525L AS 9	LehmanXSTRSr2007-14H CI A22 0.631%07/25/47..		06/23/2009	Cantor Fitzgerald	12/28/2009	Paydown	95,411	39,119	95,411	95,411			56,293	56,293					.0	.328	.2
61757U AB 6	Morgan Stanley PRPL 3.250% 12/01/11.....		04/03/2009	RAM Reinsurance Company Ltd...	06/19/2009	Morgan Stanley	1,250,000	1,293,725	1,291,875	1,290,121			(3,604)	(3,604)			1,754	1,754	.0	22,795	
61915R AK 2	Mortgageit Tr Sr 2005-3 CI A1 0.531% 08/25/35....		02/09/2009	Ambac Investments, Inc.	12/25/2009	Various	3,703,198	3,703,198	3,703,198	3,703,198				.0					.0	13,024	1,064
652482 BV 1	News Amer Inc Multimedia 5.650% 08/15/20.....		08/20/2009	JPMorgan Chase Bank N.A.	09/16/2009	Wachovia Capital Markets	870,000	867,416	897,301	867,390			(26)	(26)			29,911	29,911	.0	3,004	
65535V PV 4	Nomura Asset Accept Corp Sr 0.501% 10/25/35....		02/09/2009	Ambac Investments, Inc.	12/28/2009	Various	3,581,148	3,581,148	3,581,148	3,581,148			303,246	303,247					.0	11,212	984
665772 BN 8	Northern State Pwr-Minn Elec Int 7.125%07/01/25..		09/16/2009	Tax Free Exchange	11/09/2009	Goldman Sachs	10,000,000	12,092,212	12,367,100	12,078,718			(13,496)	(13,496)			288,385	288,385	.0	261,250	148,433
665772 BU 2	Northern State Pwr-Minn Elec Int 7.125%07/01/25..		09/13/2009	Ambac Capital Services, LLC	09/16/2009	Tax Free Exchange	10,000,000	12,092,212	12,092,212	12,092,212			(488)	(488)					.0	148,438	144,479
742718 DQ 9	P&G Corp Cosmet&Toiletries 3.150% 09/01/15....		08/25/2009	Goldman Sachs & Co.	09/17/2009	RBC Dain Rauscher Inc	1,835,000	1,830,816	1,849,955	1,830,832			16	16			19,123	19,123	.0	3,854	
74436J FB 8	Prud Sec SecrdFin Sr1999-C2 7.193%06/16/31.....		04/03/2009	RAM Reinsurance Company Ltd...	04/15/2009	Paydown	35,272	35,272	35,272	35,272				.0					.0	.211	
760761 AA 4	RepublicSrvInc Non-Haz Wst Dis5.500%09/15/19...		08/31/2009	Bank of America, N.A.	09/16/2009	Credit Suisse International	360,000	357,426	366,134	357,424			(2)	(2)			8,710	8,710	.0	.495	
76110W XW 1	Res Asset Sr 2004-KS4 CI A 0.991%05/25/34.....		08/11/2009	Cantor Fitzgerald	12/28/2009	Paydown	173,547	81,567	173,547	173,547			91,980	91,980					.0	.431	.91
785813 AA 4	Saco I Tr Sr 2006-8 Class A 0.371% 06/25/36.....		08/25/2009	First Tennessee	12/28/2009	Paydown	380,444	202,937	380,444	380,444			177,507	177,507					.0	.312	.9
828807 AH 0	SimonPropGpLP REITS-RegMalls7.750%01/20/11...		04/03/2009	RAM Reinsurance Company Ltd...	05/06/2009	Citigroup Global Markets	5,000,000	4,819,394	5,037,900	4,829,107			9,713	9,713			208,793	208,793	.0	119,479	
881561 W9 1	Terwin Mtg Tr Sr 2006-4SL CI A 4.500%05/25/37..		05/15/2009	Cantor Fitzgerald	12/01/2009	Various	79,530	15,906	79,530	79,530			63,624	63,624					.0	1,133	189
91160H AA 5	US BanCorp Super Reg Banks 2.250% 03/13/12....		04/03/2009	RAM Reinsurance Company Ltd...	06/19/2009	Morgan Stanley	10,000,000	10,083,386	10,039,300	10,077,097			(6,289)	(6,289)			(37,797)	(37,797)	.0	63,125	
92976V AB 4	Wachovia Bank Comm Mtg Sr 5.684% 05/15/43....		04/03/2009	RAM Reinsurance Company Ltd...	04/08/2009	Jefferies Group Inc	5,140,000	4,660,695	4,677,400	4,666,823			6,128	6,128			10,577	10,577	.0	10,550	
3899999	Total - Bonds - Industrial and Miscellaneous						250,851,045	224,058,294	189,699,452	184,205,054	0		26,659,776	66,513,012			5,494,400	5,494,400	.0	1,581,621	418,402
8399998	Total - Bonds						445,256,116	380,852,357	346,684,569	340,685,725	0		26,504,736	66,671,366			5,998,844	5,998,844	.0	2,053,073	454,081
9999999	Total - Bonds, Preferred and Common Stocks						380,852,357	346,684,569	340,685,725	340,685,725	0		26,504,736	66,671,366			5,998,844	5,998,844	.0	2,053,073	454,081

E15.2

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identifi- cation	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
Common Stocks									
Alien Insurer									
G0231# 10 0	Ambac Assurance UK Ltd.....	D.....	AA-1124103	4ciB4.....	NO.....		172,455,242	36,000,000.000	100.0
1499999.	Total - Common Stocks - Alien Insurer.....					0	172,455,242	XXX.....	XXX.....
Non-Insurer Which Controls Insurer									
12566@ 10 9	Connie Lee Holdings.....		None.....	4ciB1.....	NO.....		168,862,954	1,000.000	100.0
1599999.	Total - Common Stocks - Non-Insurer Which Controls Insurer.....					0	168,862,954	XXX.....	XXX.....
Other Affiliates									
J3917# 10 2	Ambac Japan Co., Ltd.....	D.....	None.....	4ciB5.....	NO.....		156,458	200.000	100.0
000000 00 0	Ambac Capital Corporation.....		None.....	4ciB3.....	NO.....			10,000.000	100.0
1799999.	Total - Common Stocks - Other Affiliates.....					0	156,458	XXX.....	XXX.....
1899999.	Total - Common Stocks.....					0	341,474,654	XXX.....	XXX.....
1999999.	Total - Preferred and Common Stock.....					0	341,474,654	XXX.....	XXX.....

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....855,610,362.
2. Total amount of intangible assets nonadmitted \$.....0.

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identifi- cation	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
Common Stocks					
20822# 10 0	Everspan Financial Guarantee Corp.....	Connie Lee Holdings.....		60,000.000	100.0
000000 00 0	Ambac Capital Funding, Inc.....	Ambac Capital Corporation.....		10,000.000	100.0
000000 00 0	AE Global Holdings, LLC.....	Ambac Capital Corporation.....		500.000	50.0
000000 00 0	Ambac Asset Funding Corporation.....	Ambac Capital Corporation.....		10,000.000	100.0
000000 00 0	Ambac Investments, Inc.....	Ambac Capital Corporation.....		10,000.000	100.0
000000 00 0	AME Holdings, LLC.....	Ambac Capital Corporation.....		450.000	45.0
0299999.	Total - Common Stock.....		0	XXX.....	XXX.....
0399999.	Total - Preferred and Common Stock.....		0	XXX.....	XXX.....

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes		5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value				13 Par Value	14 Actual Cost	Interest						21 Paid for Accrued Interest
		3	4					9 Unrealized Valuation Increase/ (Decrease)	10 Current Year's (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A.C.V.			15 Amount Due and Accrued December 31 of Current Year on Bond Not in Default	16 Non- Admitted Due and Accrued	17 Rate of	18 Effective Rate of	19 When Paid	20 Amount Received During Year	
Bonds - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																				
	NSTAR INDUSTRIAL			04/03/2009	RAM Reinsurance Company Ltd	02/15/2010	15,082		(499)			15,000	15,581	453		8.000	3.418	FA	600	
	BNSTime Deposit CD			06/10/2009	Bank of Nova Scotia	06/10/2010	500,000					500,000	500,000	7,161		2.550	2.550	MAT		
	Citibank Time Deposit CD			11/10/2008	Citigroup Global Markets	05/10/2010	50,000					50,000	50,000	1,000		1.750	1.750	MAT		
3299999	Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations						565,082	0	(499)	0	0	565,000	565,581	8,614	0	XXX	XXX	XXX	600	0
3899999	Total - Industrial & Miscellaneous (Unaffiliated)						565,082	0	(499)	0	0	565,000	565,581	8,614	0	XXX	XXX	XXX	600	0
Total Bonds																				
7799999	Subtotals - Issuer Obligations						565,082	0	(499)	0	0	565,000	565,581	8,614	0	XXX	XXX	XXX	600	0
8399999	Subtotals - Bonds						565,082	0	(499)	0	0	565,000	565,581	8,614	0	XXX	XXX	XXX	600	0
Exempt Money Market Mutual Funds																				
316175	10 8 Fidelity Government Port-I Taxable			12/17/2009	Bank of New York	XXX	21,723,078					21,723,078	21,723,078	4,037				MON	85,962	
38141W	27 3 Goldman Sach Fin Sq Govt-FS Taxable			12/02/2009	Bank of New York	XXX	24,464,528					24,464,528	24,464,528	5,440				MON	103,252	
4812C0	67 0 JP Morgan US Government MM-CP			12/01/2009	Bank of New York	XXX	12,518,257					12,518,257	12,518,257	2,585				MON	11,173	
8899999	Total - Exempt Money Market Mutual Funds						58,705,863	0	0	0	0	58,705,863	58,705,863	12,062	0	XXX	XXX	XXX	200,387	0
Class One Money Market Mutual Funds																				
09248U	61 9 BlackRock Liq TempFund Temporary			12/31/2009	Bank of New York	XXX	142,679,616					142,679,616	142,679,616	14,742				MON	29,978	
23337T	20 1 DWS Money Market Series-INST Taxable			12/31/2009	Bank of New York	XXX	50,577,314					50,577,314	50,577,314	16,426				MON	16,756	
38141W	36 4 Goldman Sachs FS Prime 462 FST Prime			12/18/2009	Bank of New York	XXX	112,495,626					112,495,626	112,495,626	16,658				MON	22,896	
4812A0	36 7 JP Morgan Taxable			12/28/2009	Bank of New York	XXX	107,000,175					107,000,175	107,000,175	15,952				MON	97,779	
60934N	20 3 Federated Taxable			12/31/2009	Bank of New York	XXX	116,155,753					116,155,753	116,155,753	4,194				MON	4,194	
8999999	Total - Class One Money Market Mutual Funds						528,908,484	0	0	0	0	528,908,484	528,908,484	67,972	0	XXX	XXX	XXX	171,603	0
Other Short-Term Invested Assets																				
	Citi Institutional Liquidity F GBP		D	12/31/2009	Legg Mason		30,921,098				(339,644)	31,260,742	31,260,742					MON	25,170	
9099999	Total - Other Short-Term Invested Assets						30,921,098	0	0	0	(339,644)	31,260,742	31,260,742	0	0	XXX	XXX	XXX	25,170	0
9199999	Total - Short-Term Investments						619,100,527	0	(499)	0	(339,644)	619,440,670	619,440,670	88,647	0	XXX	XXX	XXX	397,760	0

E17

**Sch. DB-Pt. A-Sn. 1
NONE**

**Sch. DB-Pt. A-Sn. 2
NONE**

**Sch. DB-Pt. A-Sn. 3
NONE**

**Sch. DB-Pt. B-Sn. 1
NONE**

**Sch. DB-Pt. B-Sn. 2
NONE**

**Sch. DB-Pt. B-Sn. 3
NONE**

**Sch. DB-Pt. C-Sn. 1
NONE**

**Sch. DB-Pt. C-Sn. 2
NONE**

**Sch. DB-Pt. C-Sn. 3
NONE**

**Sch. DB-Pt. D-Sn. 1
NONE**

**Sch. DB-Pt. D-Sn. 2
NONE**

**Sch. DB-Pt. D-Sn. 3
NONE**

**Sch. DB-Pt. E-Sn. 1
NONE**

SCHEDULE E - PART 1 - CASH

1	2	3	4	5	6	7
Depository	Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
Open Depositories						
Citibank, N.A..... London, England.....			6,334		1,836,721	XXX
Citibank, N.A..... New York, New York.....			734		1,609,209	XXX
Bank of New York..... New York, New York.....			407		2,809,625	XXX
0199999. Total - Open Depositories.....	.XXX.	.XXX.	7,475	0	6,255,555	XXX
0399999. Total Cash on Deposit.....	.XXX.	.XXX.	7,475	0	6,255,555	XXX
0599999. Total Cash.....	.XXX.	.XXX.	7,475	0	6,255,555	XXX

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January.....	3,638,092	4. April.....	15,263,070	7. July.....	10,959,331	10. October.....	5,153,958
2. February.....	4,535,494	5. May.....	8,480,205	8. August.....	6,520,952	11. November.....	2,676,409
3. March.....	6,211,074	6. June.....	9,714,051	9. September.....	5,187,649	12. December.....	6,255,555

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
------------------	-----------	-----------------------	--------------------------	---------------	--------------------------------------	--	-------------------------------------

NONE

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits for the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama.....AL						
2. Alaska.....AK						
3. Arizona.....AZ						
4. Arkansas.....AR	B...	Property & Casualty.....			111,101	113,665
5. California.....CA						
6. Colorado.....CO						
7. Connecticut.....CT						
8. Delaware.....DE						
9. District of Columbia.....DC						
10. Florida.....FL						
11. Georgia.....GA	B...	Property & Casualty.....			35,350	36,166
12. Hawaii.....HI						
13. Idaho.....ID						
14. Illinois.....IL						
15. Indiana.....IN						
16. Iowa.....IA						
17. Kansas.....KS						
18. Kentucky.....KY						
19. Louisiana.....LA						
20. Maine.....ME						
21. Maryland.....MD						
22. Massachusetts.....MA	B...	Property & Casualty.....			156,551	160,165
23. Michigan.....MI						
24. Minnesota.....MN						
25. Mississippi.....MS						
26. Missouri.....MO						
27. Montana.....MT						
28. Nebraska.....NE						
29. Nevada.....NV						
30. New Hampshire.....NH						
31. New Jersey.....NJ						
32. New Mexico.....NM	B...	Property & Casualty.....			106,051	108,499
33. New York.....NY						
34. North Carolina.....NC	B...	Property & Casualty.....			313,102	320,329
35. North Dakota.....ND						
36. Ohio.....OH						
37. Oklahoma.....OK						
38. Oregon.....OR	B...	Property & Casualty.....			262,602	268,663
39. Pennsylvania.....PA						
40. Rhode Island.....RI						
41. South Carolina.....SC						
42. South Dakota.....SD						
43. Tennessee.....TN						
44. Texas.....TX						
45. Utah.....UT						
46. Vermont.....VT						
47. Virginia.....VA	B...	Property & Casualty.....			505,003	516,660
48. Washington.....WA						
49. West Virginia.....WV						
50. Wisconsin.....WI	B...	Property & Casualty.....	1,515,009	1,549,980		
51. Wyoming.....WY						
52. American Samoa.....AS						
53. Guam.....GU	C...	Property & Casualty.....			50,000	50,000
54. Puerto Rico.....PR						
55. US Virgin Islands.....VI	C...	Property & Casualty.....			500,000	500,000
56. Northern Mariana Islands.....MP						
57. Canada.....CN						
58. Aggregate Alien and Other.....OT	XXX	XXX	0	0	0	0
59. Total.....	XXX	XXX	1,515,009	1,549,980	2,039,760	2,074,147

DETAILS OF WRITE-INS

5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for line 58 from overflow page.....	XXX	XXX	0	0	0	0
5899. Total (Lines 5801 thru 5803+5898) (Line 58 above).....	XXX	XXX	0	0	0	0