

ARTICLE OF AMENDMENT  
AMBAC ASSURANCE CORPORATION



Pursuant to the authority and provisions of Chapters 611 and 180 of the Wisconsin Statutes, the following Article of Amendment to the Restated Articles of Incorporation (as previously amended) of Ambac Assurance Corporation, a Wisconsin stock insurance corporation (the "Corporation"), was duly approved by the Board of Directors of the Corporation at a meeting held on June 1, 2010:

1. Paragraph 1 of the SEVENTH Article is hereby amended by deleting the existing text in its entirety and substituting therefor the following:

SEVENTH: (1) The business and affairs of the Corporation shall be managed by a Board of Directors. The number of directors constituting the Board of Directors is five. Thereafter, the number of directors shall be such number as is fixed from time-to-time by the Bylaws. Directors need not be either stockholders of the Corporation nor residents of Wisconsin.

2. The Articles of Incorporation are hereby amended by adding the following Paragraph 10 in the SEVENTH Article:

(10)(a) Unaffiliated Qualified Directors: Definitions.

For the purposes of this Paragraph 10 of the SEVENTH Article, the following terms shall have the following meanings:

"AAC Surplus Notes" shall have the meaning ascribed to such term in the Settlement Agreement.

"Affiliate" means, with respect to any specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the specified Person. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

"Controlling" and "controlled" have meanings correlative thereto. For the avoidance of doubt, no Person will be deemed to control another Person by virtue of acting in an agency, advisory, asset management, investment management, fiduciary or similar capacity.

"Amendment" means any amendment, alteration, replacement, rescission or repeal, howsoever effected, including (without limitation) (x) any amendment, alteration, replacement, rescission or repeal of the terms of this Paragraph 10 in connection with (including any restatement or replacement of these Articles of Incorporation in connection with (including without limitation the adoption of a governing document for any entity surviving or resulting from)) any merger or consolidation involving the Corporation, (y) any conversion of the Corporation into another form of entity and/or (z) the filing of any certificate or agreement of merger or consolidation, plan of reorganization or other instrument, in each case howsoever designated, pursuant to any section of the Wisconsin Statutes which would have the effect of amending, altering, replacing, rescinding

or repealing this Paragraph 10 and (ii) the terms "Amend" and "Amended" shall have correlative meanings.

"OCT" means the Office of the Commissioner of Insurance of the State of Wisconsin.

"Person" means an individual, corporation, partnership, limited partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Policy Beneficiaries" means those Persons listed on Schedule A to the Settlement Agreement.

"Qualified" means a person, as reasonably determined by the Corporation, who has the personal characteristics of independence, integrity, high personal and professional ethics, sound business judgment, and the relevant experience and ability and willingness to commit sufficient time to serving on the board of directors of the Corporation.

"Regulation S-K" means 17 CFR Part 229, as amended.

"Settlement Agreement" means that certain settlement agreement by and among the Corporation, Ambac Credit Products, LLC, Ambac Financial Group, Inc. and the Policy Beneficiaries.

"Unaffiliated" means a person, as reasonably determined by the Corporation, who (i) qualifies as an independent director on the board of directors of the Corporation under the listing standards of the New York Stock Exchange, (ii) is not an officer or employee of the Corporation, or a director, officer or employee of any Affiliate of the Corporation and (iii) immediately prior to his appointment is not a director of the Corporation.

"Unaffiliated Qualified Director" means a director of the Corporation who is Unaffiliated and Qualified. Unaffiliated Qualified Directors for this purpose shall not include any director appointed solely by the vote of the Corporation's Holders (as defined in Section 3 of Division A of the FIFTH Article).

(10)(b) Unaffiliated Qualified Directors: Appointment Process.

- (i) At all times after September 30, 2010, at least two members of the board of directors of the Corporation shall be Unaffiliated Qualified Directors. If at any time after September 30, 2010 but prior to November 29, 2010 fewer than two members of the board of directors of the Corporation are Unaffiliated Qualified Directors, the Corporation shall use its commercially reasonable efforts to find additional Unaffiliated Qualified Directors, including as set forth in the Settlement Agreement.
- (ii) At all times after November 29, 2010, at least one-third (and, in any event not less than three members) of the board of directors of the Corporation shall be Unaffiliated Qualified Directors. If at any time after November 29, 2010 fewer than one-third (and, in any event, fewer than three members) of the board of directors of the Corporation are Unaffiliated Qualified Directors, the Corporation shall use its commercially reasonable efforts to find additional Unaffiliated Qualified Directors, including as set forth in the Settlement Agreement.



- (iii) Nominees for election as Unaffiliated Qualified Directors shall be approved by a vote of (i) not less than 75% in number of the members of the board of directors of the Corporation and (ii) at least a majority of the Unaffiliated Qualified Directors then serving (if any).
- (iv) At least 30 days prior to an Unaffiliated Qualified Director being elected, the name of such Unaffiliated Qualified Director and a detailed statement of such Unaffiliated Qualified Director's background and qualifications shall be delivered to the OCI or its successor agency. Such detailed statement of qualifications shall include at least the information required by items 401(e)(1) and (2) of Regulation S-K.

(10)(c) Unaffiliated Qualified Directors: Amendments.

The terms of this Paragraph 10 shall not be Amended in a manner adverse to the Policy Beneficiaries until the AAC Surplus Notes have been paid in full, redeemed or repurchased (whether as scheduled or pursuant to a call or other early redemption).

(10)(d) Unaffiliated Qualified Directors: Conflicting Language.

The terms of this Paragraph 10 shall apply notwithstanding anything to the contrary elsewhere in these Articles of Incorporation. In the event of any inconsistency between any of the terms of this Paragraph 10 and any other term of these Articles of Incorporation, the terms of this Paragraph 10 shall prevail.

3. The TENTH Article is hereby amended by deleting the existing text in its entirety and substituting therefor the following:

Subject to Paragraph 10(c) of Article SEVENTH of these Articles of Incorporation, amendments to these Articles of Incorporation may be made at any special meeting of stockholders duly called for that purpose, or at any annual meeting of stockholders; provided that a statement of the nature of the proposed amendment is included in the Notice of Meeting, upon receiving the affirmative vote of the holders of at least two-thirds of the shares entitled to vote thereon.

The undersigned officer of Ambac Assurance Corporation (the "Corporation") certifies:

The foregoing Article of Amendment of said Corporation were approved at a special meeting of the Board of Directors held in accordance with Sections 611.29 and 180.1003 of the Wisconsin Statutes on June 1, 2010.

Executed by the undersigned in duplicate and seal affixed as of this 7<sup>th</sup> day of June 2010.

AMBAC ASSURANCE CORPORATION

By: Anne Gill Kelly  
Name: Anne Gill Kelly  
Title: Managing Director, Secretary and  
Assistant General Counsel