

CORPORATE GOVERNANCE GUIDELINES OF AMBAC FINANCIAL GROUP, INC.

(As of May 1, 2013)

The following corporate governance principles and practices (the "Corporate Governance Guidelines") have been adopted by the Board of Directors (the "Board") of Ambac Financial Group, Inc. ("Ambac") to assist the Board in the exercise of its responsibilities. The Corporate Governance Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term stockholder value. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the General Corporation Law of the State of Delaware, or the Certificate of Incorporation or By-laws of Ambac.

A. THE BOARD

1. Role of Directors

Ambac's business is managed under the direction of the Board. The Board selects the senior management team and delegates the conduct of Ambac's business to senior management. The Board acts as an advisor and counselor to senior management and monitors its performance. The Board is also responsible for reviewing the steps taken to assure that Ambac's management and employees operate in a legal and ethically responsible manner. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select his or her successor.

2. The Board's Goals and Participation in Developing Ambac's Long-Range Strategy

The Board's goal is to build long-term value for Ambac's stockholders and to assure the vitality of Ambac for its policyholders, customers, employees and the other individuals and entities who depend on Ambac.

To achieve these goals the Board will monitor both the performance of Ambac (in relation to its goals and strategy) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. The Board reviews and approves yearly goals and an annual operating plan for Ambac. During the year, the Board monitors Ambac's performance against its annual operating plan and against the performance of its peers. The Board also stays abreast of political, regulatory and economic trends and developments that may impact Ambac's strategic direction.

3. Selection of Chairman and CEO

The Board does not have a policy on whether or not the roles of Chief Executive Officer and Chairman should be separate and, if they are to be separate, whether the Chairman should be selected from the non-employee Directors, an employee or an outsider. The Board believes that it should be free to make this choice any way that it deems best for Ambac at any given point in time.

4. Size of the Board

While Ambac's Bylaws only require it to have 5 Directors, the authorized number of directors will be determined from time to time by resolution of the Board. Ambac's Governance and Nominating considers and makes recommendations to the Board concerning the appropriate size and needs of the Board.

5. Mix of Inside and Outside Directors

A majority of directors on the Board will be independent as required by NASDAQ. Consistent with maintaining a majority of independent Directors, the Board recognizes that there may be benefits to having members of management, in addition to the Chief Executive Officer, serve as Directors.

Any Director who experiences a material change in his/her job responsibilities or the position he/she held when he/she came on the Board should deliver a notice of such change in status to the Chairman of the Board. The Governance and Nominating Committee will then evaluate whether the individual continues to satisfy the Board's membership criteria in light of his/her new occupational status and shall recommend to the Board the action, if any, to be taken with respect to such individual.

6. Other Public Company Board Memberships

Directors must inform the Chairman of the Board, the Chair of the Governance and Nominating Committee, Ambac's Compliance Officer and the Corporate Secretary, and receive the approval of the Governance and Nominating Committee in advance of accepting an invitation to serve on another public company's board of directors.

The CEO must obtain the approval of the Governance and Nominating Committee prior to accepting an invitation to serve on the board of another public company.

No Executive Officer or inside Director of Ambac may serve as a Director of a company where an Ambac independent Director is an officer.

7. Board Membership Criteria

The Governance and Nominating Committee is responsible for reviewing with the Board, from time to time, the appropriate skills and characteristics required of Directors in the context of the current make-up of the Board. This assessment includes issues of diversity, skills such as understanding financial services businesses, the international community and finance and management operating experience – all to be considered in the context of an assessment of the perceived needs of the Board at that point in time. Directors are expected to prepare for, attend, and participate in all Board and applicable committee meetings. Each Director is expected to ensure that other existing and planned future commitments do not materially interfere with a Board member's service as a Director. In addition, Directors are expected to use reasonable efforts to attend annual meetings of Ambac's stockholders.

As a general rule, it is the Board's expectation that when Officer Directors leave their Ambac employee positions, they will no longer serve on the Board.

8. Selection of New Director Candidates

The Board is responsible for selecting its own members. The Governance and Nominating Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. Candidates are selected for their character, judgment, business experience, diversity and acumen. Expertise in the financial services industry and senior management operating experience are among the relevant criteria.

The Governance and Nominating Committee will review all candidates for nomination to the Board submitted by stockholders and shall periodically review Ambac's procedures for stockholder nominations of directors. In furtherance of such stockholder action, Ambac shall designate in its proxy statement and on its website a means for stockholders to recommend director nominees to the Governance and Nominating Committee.

9. Directors Who Change Their Present Job Responsibility

Any Director who experiences a material change in his/her job responsibilities or the position he/she held when he/she came on the Board should deliver a notice of such change in status to the Chairman of the Board and the Corporate Secretary. The Governance and Nominating Committee will then evaluate whether the individual continues to satisfy the Board's membership criteria in light of his/her new occupational status and shall recommend to the Board the action, if any, to be taken with respect to such individual.

10. Term Limits

Each Director is elected annually by stockholders for a one-year term. The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the

contribution of directors who over time have developed increasing insight into Ambac and its operations and, therefore, provide an increasing contribution to the Board as a whole. An individual Director's re-nomination is dependent upon such Director's performance, as well as suitability, each to be reviewed by the Governance and Nominating in connection with each Director nomination recommendation.

11. Retirement Policy

The Board has adopted a mandatory retirement policy for directors. Under the policy, a Director generally may not stand for re-election to the Board if he or she will have attained the age of 74 as of the Annual Meeting of Stockholders for which he or she would be standing for re-election.

12. Board Compensation Review

The Governance and Nominating Committee reviews, sets and administers the policies that govern the level and form of Directors' compensation. The amount and form of Ambac's Directors' compensation are benchmarked against companies in Ambac's performance peer group as well as others in the financial services industry. The review of compensation to Ambac's Directors includes (i) any material charitable contributions made by Ambac to organizations with which a Director is affiliated and (ii) any consulting or other similar arrangements between Ambac and a Director. A Director who is also an officer of Ambac does not receive additional compensation for service as a director.

13. Performance Evaluations by the Board

The Governance and Nominating Committee sponsors an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, the results of which are discussed with the full Board and each committee. This assessment includes a review of all areas within the responsibility of the Committee or the Board as well as any areas in which the Board or management believes the Board can make a better contribution to Ambac. The Governance and Nominating Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Directors to various committees.

14. Board Orientation and Continuing Education

New Directors are expected to participate in an orientation process that includes (i) reviewing materials regarding Ambac's business, compliance programs, and code of business conduct and ethics and (ii) meeting with key personnel to discuss Ambac's business and operations, strategic plans and significant financial, accounting and risk management issues. Additionally, all Directors are encouraged to attend continuing education programs provided by independent third

parties. Ambac will reimburse Directors for reasonable costs incurred for attending these programs.

15. Code of Business Conduct

Ambac makes integrity the foundation of its professional relationships – with clients, shareholders, business partners and employees. The Board expects that all Directors, as well as officers and employees preserve that integrity and provides both a statement of ethical principles as well as a set of guidelines for handling business situations appropriately and ethically. These are located in the Code of Business Conduct, which is evaluated and distributed annually. The Board expects Directors, officers and employees to acknowledge their adherence to this Code. The Board's Audit and Risk Assessment Committee also periodically reviews compliance with this Code.

16. Conflicts of Interest

As discussed in Section 15 above, Directors are subject to Ambac's Code of Business Conduct. Among other things, directors are expected to avoid any action or position that conflicts with an interest of Ambac, or gives the appearance of a conflict. All members of the Board must inform the Governance and Nominating Committee of all types of transactions between them (directly or indirectly) and Ambac as soon as reasonably practicable even if these transactions are in the ordinary course of business. When faced with a situation involving a potential conflict of interest, Directors are encouraged to seek advice from the Corporate Secretary. Directors shall recuse themselves and not participate in the discussion and voting on any matter presented at a Board or committee meeting if they believe that they have a personal interest or any other conflict of interest. If a significant conflict of interest with a Director exists and cannot be resolved, the Director is expected to tender his or her resignation to the Chairman of the Board.

17. Confidentiality of Information

In order to facilitate open discussion, the Board believes that maintaining confidentiality of information and deliberations is an indispensable part of good governance.

B. BOARD MEETINGS

1. Scheduling and Selection of Agenda Items for Board Meetings

Ambac's Board usually meets five times per year in regularly scheduled meetings but will meet more often if necessary. Typically, the meetings are held at Ambac's headquarters in New York, New York; however, meeting (or participating in meetings) by telephone conference is permitted.

Directors are expected to attend meetings of the Board and committees on which such Director sits, and to review prior to meetings, materials distributed in advance for such meetings. A Director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board, the CEO or the Chair of the appropriate committee in advance of such meeting.

The Chairman of the Board, the CEO, and the Corporate Secretary of Ambac draft the agenda for each Board meeting and distribute it in advance to the Board. Each Director is free to suggest the inclusion of items on the agenda.

At Board and Committee meetings, ample time is scheduled to assure full discussion of important matters. Agendas, in addition to including financial and operating reports, also include other reports, such as current issues that could affect Ambac's short-term and/or long-term strategy and business, critical measures and comparisons, and other types of presentations that could enhance a director's perspective on various matters. Management presentations are scheduled to permit a substantial proportion of Board meeting time to be available for discussion and comments.

2. Board Material Distributed in Advance

Information and data that is important to the Board's understanding of the business should be, to the extent practicable, distributed in writing to the Board before the Board meets.

As a general rule, materials on specific subjects should be sent to the Directors in advance so that the Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

3. Board Presentations and Access to Employees

The Board has complete access to any Ambac employee as well as any of Ambac Management's outside advisors.

The Board encourages senior management to invite managers to present at Board and Committee Meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, or (b) have future potential that management believes should be given exposure to the Board.

4. Reporting of Employee Concerns

The Ambac Code of Business Conduct directs any employee having information or knowledge of any violation of the Code to promptly report it to Ambac's Compliance Officer. Ambac's Governance and Nominating Committee has also established a Corporate Governance Hotline that provides employees a way to report anonymously any concern they may have regarding

Ambac's accounting, internal accounting controls or audit matters. The Corporate Governance Hotline is administered by an outside firm and is available 24 hours a day, seven days a week, 365 days a year. The Corporate Governance Department oversees the Hotline. Information from the Hotline is brought to the attention of the Corporate Secretary and any concerns regarding Ambac's accounting, internal accounting controls or audit matters will be brought to the attention of the Chair of the Audit Committee by the Corporate Secretary.

5. Access to Independent Advisors

The Chairman of the Board and Chair of each committee have the power to hire independent legal, financial or other advisors, as they may deem necessary, without consulting or obtaining the approval of any officer of Ambac in advance. Ambac will provide sufficient funding to the Board and to each committee, as determined by the Board and each of its committees, to exercise their functions and provide compensation for the services of their advisors.

6. Executive Sessions

The Board's policy is to have executive sessions for the independent Directors scheduled after regularly scheduled Board Meeting, at least twice a year. The Chairman of the Board shall chair all executive sessions of the independent Directors.

7. Communications with Stockholders and Other Interested Parties

Stockholders and other interested parties who wish to communicate with the Board may do so by writing the Chairman of the Board, Board of Directors of Ambac Financial Group, Inc. c/oRonit Fischer, First Vice President, Secretary and Assistant General Counsel, Ambac Financial Group, Inc., One State Street Plaza, New York, New York 10004 or e-mailing PresidingDirector@ambac.com. The non-employee directors have procedures for handling the communications from stockholders and other interested parties and have directed the Corporate Secretary to act as their agent in processing any communications received. All communications that relate to matters that are within the scope of responsibilities of the Board and its Committees will be forwarded to the Chairman of the Board. Communications that relate to matters that are within the responsibility of one of the Board Committees are also to be forwarded to the Chair of the appropriate committee. The Ambac Board of Directors has requested that certain items which are unrelated to the duties and responsibilities of the Board be excluded, such as spam, junk mail, product inquiries, resumes and other forms of job inquiries, surveys and business solicitations or advertisements. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any non-employee Director upon request.

8. Confidential Voting Policy

Ambac has a confidential voting policy to protect stockholders' voting privacy. Under this policy, ballots, proxy forms and voting instructions returned to brokerage firms, banks and other holders of record are kept confidential. Only the proxy solicitor, proxy tabulator and the

Inspectors of Elections have access to the ballots, proxy forms and voting instructions. The proxy solicitor and the proxy tabulator will disclose information taken from the ballots, proxy forms and voting instructions only in the event of a proxy contest or as otherwise required by law. However, all comments directed to management from stockholders, whether written on the proxy card or elsewhere, will be forwarded to management.

C. BOARD COMMITTEES

1. Number of Committees and Committee Agendas

The present standing Board Committees are the Audit Committee, Risk Management Committee, the Compensation Committee and the Governance and Nominating Committee. All members of all committees shall be independent directors and meet the independence requirements applicable to membership on each committee of applicable law, applicable rules and regulations of the Securities and Exchange Commission (including, with respect to audit committee membership, Section 10A(m)(3) of the Securities Exchange Act of 1934), and the listing rules of the national securities exchange upon which the securities of Ambac are listed, in each case as may be in effect from time to time. The Board considers its current committee structure to be appropriate but the number and scope of committees may be revised as appropriate to meet changing conditions and needs.

The Committee Chair, working with the Corporate Secretary, will determine the frequency and length of the Committee meetings and develop the Committee's agenda. The agendas and meeting minutes of the Committees will be shared with the full Board.

2. Assignment and Term of Service of Committee Members

The Governance and Nominating Committee is responsible for making recommendations to the Board regarding the appointment of Committee Members and Committee Chairs. The Committee annually reviews the Committee assignments and considers the rotation of the Chair and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. It is expected that each Committee Chair will have had previous service on the applicable Committee.

After reviewing the Governance and Nominating's recommendations, the Board is responsible for appointing the Chair and members to the committees on an annual basis. It is the view of the Board that consideration should be given to rotating Committee Chairs periodically, but the Board believes that such rotation should occur every 3 to 5 years as there are significant benefits attributable to the continuity and experience gained in service as a Chair on a specific Committee over time.

D. OTHER

1. Succession Planning and Management Development

The Board shall plan for the succession to the position of the Chief Executive Officer as well as certain other senior management positions. To assist the Board, the Chief Executive Officer annually provides the Compensation Committee with an assessment of senior managers and their potential to succeed him or her. He also provides the Compensation Committee with an assessment of persons considered potential successors to certain other senior management positions. The results of these reviews are reported to and discussed with all the Board during their independent Directors' executive session.

2. Repricing of Stock Options

The Board opposes repricing of incentive-based options by a reduction in the option's exercise prices. The Board favors equitable adjustment of an option's exercise price in connection with a reclassification of Ambac's stock; a change in Ambac's capitalization; a stock split; a restructuring, merger, or combination of Ambac; or other similar events in connection with which it is customary to adjust the exercise price of an option and/or the number and kind of shares subject thereto.

3. Board Interaction with Institutional Investors, Press, Customers, Etc.

The Board believes that Management speaks for Ambac. We have encouraged our Directors to refer any inquiries from institutional investors, analysts, the press or customers to Ambac's Chief Executive Officer, Chief Financial Officer or the Managing Director, Investor Relations. This policy does not preclude independent Directors from meeting with stockholders, but is suggested that any such meetings be held with Management present or without Management if approved by the Chief Executive Officer or the Board.

The Governance and Nominating of the Board of Directors shall review this statement of policy on at least an annual basis and report to the Board with any recommendations it may have in connection therewith.

4. Amendment and Waiver

In the exercise of its business judgment, the Board may amend these Corporate Governance Guidelines, or waive the requirements thereof at any time, provided that any such modification or waiver may not be in violation of any law, rule or regulation.