

**GUIDELINES
UNDER PLAN OF REHABILITATION
(Claims Processing for Policy Claims)**

Dated as of February 18, 2011

The Commissioner of Insurance of the State of Wisconsin,
as the Court-appointed Rehabilitator of the
Segregated Account of Ambac Assurance Corporation

To provide greater clarity concerning the submission of Policy Claims and to foster the efficient processing of Policy Claims by the Management Services Provider, the Rehabilitator hereby issues the following guidelines pursuant to Sections 3.02 and 4.01 of the Plan to the Management Services Provider and each Holder of a Policy Claim¹:

1. Each Holder of a Policy Claim, whether acting on its own behalf or acting in its capacity as trustee and/or agent on behalf and for the benefit of the beneficial holder(s) of any underlying financial instrument insured by a Policy, shall submit to the Management Services Provider such Policy Claim in accordance with the provisions of the Plan by fully completing and submitting an executed Proof of Policy Claim Form, including the "Claim Schedule" referred to therein, an executed "Surplus Note Payment Schedule" in the form annexed to these Guidelines as Exhibit A, and such other documentation as shall be required by Section 4.04(a) of the Plan. No Policy Claim shall become a Permitted Claim unless such Holder fully complies with such requirements with respect to such Claim.
2. Subject to paragraph 6 below, Holders should submit one Surplus Note Payment Schedule per Policy. Once submitted, such Surplus Note Payment Schedule shall apply with respect to the delivery of Surplus Notes on each Payment Date applicable to a given Policy unless replaced by a new Surplus Note Payment Schedule in accordance with the provisions of the Proof of Policy Claim Form and paragraph 4 below. Therefore, a Holder need not submit a Surplus Note Payment Schedule more than once with respect to any Policy.
3. With respect to any Payment Date (including the first Payment Date to occur after the Effective Date), no Pending Policy Claim shall be eligible to be considered a Permitted Policy Claim unless (a) the Management Services Provider has received from the relevant Holder a duly completed Surplus Note Payment Schedule with respect to the Policy to which such Claim relates at least 30 days prior to such Payment Date, and (b) the Proof of Policy Claim Form and other required documentation was received by the Management Services Provider on or prior to 5:00 p.m. (ET) on the last Business Day of the month preceding the month in

¹ Capitalized terms used herein shall have the meanings ascribed thereto in the Plan of Rehabilitation for the Segregated Account of Ambac Assurance Corporation, as approved by the Circuit Court of Dane County, Wisconsin on January 24, 2011.

which such Payment Date occurs, unless the Rehabilitator determines otherwise in the Rehabilitator's sole discretion.

4. A Holder who selects OPTION 1 or OPTION 2 in a Surplus Note Payment Schedule with respect to a Policy shall be bound by such selection unless it selects a different OPTION by submission of a duly completed Surplus Note Payment Schedule with respect to such Policy and not less than 30 days shall have elapsed after receipt by the Management Services Provider of such Surplus Note Payment Schedule.
5. Each Holder shall also take the actions described in OPTION 1 or OPTION 2 (as applicable) of the Surplus Note Payment Schedule to facilitate the delivery of Surplus Notes.
6. Any Holder acting in its capacity as trustee and/or agent on behalf and for the benefit of the beneficial holder(s) of any underlying financial instrument insured by a Policy that also acts in such capacity with respect to other Policies is encouraged to provide uniform delivery instructions in the Surplus Note Payment Schedules relating to all such Policies unless doing so would contravene any legally binding obligation or duty of such Holder. Uniform delivery instructions will foster administrative efficiencies in the processing and payment of Policy Claims by (i) permitting one delivery, rather than multiple deliveries, of Surplus Notes on a given Payment Date, and (ii) permitting the initiation of one DWAC instruction, rather than multiple DWAC instructions, by such Holder or the Segregated Account. If a Holder provides such uniform delivery instructions, then the Management Services Provider shall send to such Holder a summary report that identifies the aggregate amount of Surplus Notes to be issued to such Holder on a given Payment Date as well as the principal amount of Surplus Notes allocable to each Policy as to which a Claim was paid on such Payment Date. To provide such uniform delivery instructions, a Holder may, and is encouraged to, submit one Surplus Note Payment Schedule referencing all of the Policies to which such delivery instructions apply, marked to indicate that uniform delivery instructions apply by checking the applicable box beneath OPTION 1 or OPTION 2, as applicable.
7. If a Claim made in accordance with the requirements of the related Policy is submitted for payment in a currency other than U.S. dollars and such Claim is determined to be Permitted Claim, then the cash distributed in respect of such Claim shall be denominated in such currency and the Surplus Notes distributed in respect of such Claim (if any) shall be denominated in U.S. dollars in an amount equal to the Surplus Note Percentage multiplied by the U.S. dollar equivalent of such Claim, such U.S. dollar equivalent to be determined based on the spot exchange rate published by a recognized source (as determined by the Management Services Provider in its sole discretion) on the Determination Date immediately preceding the Payment Date applicable to such Claim.

8. These Guidelines are intended to supplement the Plan, are in addition to and not in lieu of the requirements of the Plan, and shall be binding upon the Management Services Provider and Holders of Policy Claims to the same extent as the Plan itself. In the event of any conflict between the terms of these Guidelines and the terms of the Plan, the terms of the Plan shall govern. These Guidelines may be supplemented, modified or withdrawn by the Rehabilitator at any time or from time to time in the Rehabilitator's sole discretion.

By:

A handwritten signature in black ink, appearing to read 'Theodore K. Nickel', written over a horizontal line.

Theodore K. Nickel, Rehabilitator