

Ambac Financial Group, Inc.
Charter of the Governance and
Nominating Committee of the Board of Directors

(Adopted by the Board on May 18, 2016)

I. Purpose.

This Charter specifies the scope and responsibilities of the Governance and Nominating Committee (the “Committee”) of the Board of Directors of Ambac Financial Group, Inc. (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, process and membership requirements. The Committee is established by the Board of Directors (the “Board”) for the primary purpose of assisting the Board in:

- identifying individuals qualified to become directors, consistent with the criteria approved by the Board, and recommending candidates for all directorships to be filled by the Board or by the stockholders;
- overseeing the evaluation of the Board and its committees;
- developing, maintaining and recommending a set of corporate governance principles applicable to the Company and its subsidiaries;
- overseeing, reviewing, and periodically updating the Company’s Code of Business Conduct and Related Party Transactions Policy and the Company’s compliance with and enforcing such policies; and
- overseeing compliance by the Company and its subsidiaries with the ethical standards adopted by the Company.

The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in this Charter. In addition, the Committee will also undertake such other actions and duties as the Board may from time to time prescribe.

II. Resources and Authority.

- A. ***Investigations.*** The Committee has the authority to conduct investigations into any matters within its scope of responsibility.
- B. ***Engagement of Advisers.*** The Committee has the authority, at the Company’s expense, to retain and terminate any independent counsel, experts, consultants, accounting and other advisors as the Committee may deem appropriate, at its sole

discretion, and the Committee shall have the sole authority to approve any such advisor's fees and other retention terms. Such engagement shall not require approval of the Board.

- C. ***Delegation to Subcommittees.*** In fulfilling its responsibilities, the Committee shall be entitled to delegate, in compliance with applicable listing rules and law and under circumstances in which the Committee deems it necessary, any or all of its responsibilities to a subcommittee of the Committee which shall be comprised of one or more Committee members.
- D. ***Employees.*** In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from employees, officers and directors of the Company or any of its subsidiaries or external parties.

III. Structure and Process.

- A. ***Composition and Qualifications.*** The Committee will be comprised of two or more directors as determined by the Board. Each Committee member will satisfy the requirements of qualifying as an "independent director" as defined under the rules of NASDAQ or such other securities exchange(s) on which the Company's securities are listed, and the determination of independence will be made by the Board.
- B. ***Appointment and Removal.*** Each member of the Committee will be appointed by the Board to serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee serve at the discretion of the Board and may be removed, with or without cause, by a majority vote of the Board.
- C. ***Chairperson.*** Unless a Chairperson is elected by the full Board, the members of the committee may designate a Chairperson by majority vote.
- D. ***Compensation.*** Members and the Chairperson of the Committee shall receive such fees, if any, for their service as Committee members and Chairperson as may be determined by the Board, upon the recommendation of the Committee.

IV. Meetings.

- A. ***Frequency and Notice.*** The Committee shall meet at least two times per year in conjunction with the Company's regular board meetings and at such other times as it deems necessary to fulfill its responsibilities or more frequently as circumstances require. The Committee may establish its own meeting schedule.

- B. ***Agenda and Board Materials.*** The Committee Chairperson will approve the agenda for the Committee's meetings and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practicable. The Committee Chairperson shall preside at each meeting. In the event the Committee Chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.
- C. ***Attendance.*** The Committee may request any Board member, officer or employee of or consultant to the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee may also exclude from its meetings any persons it deems appropriate.
- D. ***Reports and Minutes.*** The Committee will report its activities and actions to the Board on a regular basis and maintain minutes or other records of meetings and activity of the Committee, including actions taken by unanimous written consent, which will be filed with the minutes of the meetings of the Board.

V. **Duties and Responsibilities.**

To fulfill its responsibilities and duties, the Committee will take the following actions:

A. ***Board Member Nominations and Qualifications.***

1. Consider and make recommendations to the Board and the Board of Directors of the Company's primary subsidiary ("AAC Board"), Ambac Assurance Corporation ("AAC"), concerning the appropriate size, function and needs of each Board, respectively.
2. Determine the criteria for Board membership for the Company and AAC, including desired skills and attributes, conduct searches for prospective directors based on such criteria, and evaluate and recommend to the Board (or the AAC Board, as the case may be), for the Board's (or the AAC Board, as the case may be) approval of the candidates for election to the Board (or the AAC Board, as the case may be), by the stockholders or the Board to fill vacancies.
3. Review periodically, as it deems appropriate, the standards to be applied by the Board in making determinations as to whether a director should be deemed an Independent Director; recommend to the Board any modifications to such standards that the Committee deems desirable; and provide to the Board the Committee's assessment of which directors should be deemed Independent Directors under the then-current standards and under any recommended modifications to the standards.

4. Administer a procedure to consider stockholder recommendations for director nominees and ensure disclosure of such procedures in the Company's annual proxy statement.
5. Evaluate whether an incumbent director should be nominated for re-election to the Board or the AAC Board upon expiration of such director's term, based upon factors established for new director candidates as well as the incumbent director's qualifications, performance as a Board or AAC Board member, (as the case may be) and such other factors as the Committee deems appropriate.
6. Evaluate any material changes in the employment status of any director of the Company or of AAC from when such director was elected to the Board or the AAC Board (as the case may be) and review and make recommendations to the Board or the AAC Board (as the case may be) regarding the appropriateness of the director's continued service on the Board or the AAC Board (as the case may be) under the new circumstances.
7. Review Board and AAC Board compensation, including cash, stock-based compensation and other compensation, annually in relation to peer group and competitors in accordance with the Company's Corporate Governance Guidelines. Recommend compensation changes to the Board and the AAC Board, as the case may be, if appropriate.
8. Review and, as it deems appropriate, approve any request by directors and the CEO for permission to accept an invitation to serve on another public company's board of directors.
9. Evaluate the participation of members of the Board in continuing education activities in accordance with NASDAQ rules.

B. *Board Committees.*

1. Evaluate and recommend to the Board and the AAC Board, as the case may be, the responsibilities of the committees of the Board and the AAC Board, respectively, including the size, structure, operations and the authority to delegate to subcommittees.
2. Evaluate and make recommendations to the Board and the AAC Board, as the case may be, concerning the identification of individuals qualified to serve as members of a committee and the selection of board committee chairs for each of the Company and AAC.
3. Monitor the functioning of the committees of the Board and the AAC Board and make recommendations for any changes, including the creation and elimination

of committees and the policy with respect to the rotation of committee memberships and/or chairpersonships.

4. Recommend to the Board (and the AAC Board, as the case may be), from time to time, the advisability of establishing any new committees of the Board (or the AAC Board, as the case may be) that the Committee believes to be necessary or desirable.

C. *Governance Matters.*

1. Review periodically and assess the adequacy of the Company's Corporate Governance Guidelines, committee charters and other corporate governance documents and practices and recommend any changes to the Board for its approval and adoption.
2. Consider, at such times as the Committee deems appropriate, the adequacy of the Company's Certificate of Incorporation and Bylaws and recommend to the Board as conditions dictate, proposed amendments to the Certificate of Incorporation and/or Bylaws.
3. Review periodically and recommend to the Board and the AAC Board, as the case may be, succession plans for the Chief Executive Officer and other Executive Officers of the Company and AAC, respectively.
4. Review periodically the Company's Code of Business Conduct and compliance therewith, and review any interim updates to the Code as they arise.
5. Review and, as it deems appropriate, approve any requested waiver of the Code of Business Conduct for directors and executive officers.
6. Review periodically the Related Party Transaction Policy and recommend to the Board any modifications that the Committee deems necessary or desirable and review the material facts of all transactions with a Related Party and shall approve, disapprove or ratify the potential Related Party Transaction in accordance with the Related Party Transaction Policy; and any approval of related party transactions may be made only by the disinterested members of the Committee.
7. Review and make recommendations to the Board regarding the Company's response to stockholder proposals for inclusion in the Company's annual proxy statement. For non-governance related stockholder proposals, the Committee may delegate these responsibilities to the most appropriate committee and oversee its discharge of such responsibilities.

8. Sponsor 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.
9. Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation, Bylaws and governing law, as the Committee deems necessary or appropriate.
10. Consider questions of actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers of the Company and AAC.

VI. Annual Performance Evaluation.

The Committee shall periodically perform a review and self-evaluation of the performance of the Committee and its members, including a review of the compliance by the Committee with this Charter. In addition, the Committee shall also periodically review and reassess the adequacy of this Charter and recommend to the Board any revisions to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.