

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE AMBAC FINANCIAL GROUP,
INC. SECURITIES LITIGATION

Case No. 08-cv-00411-NRB

STANLEY TOLIN and EDWARD
WALTON, Individually and On Behalf of
All Others Similarly Situated,

Case No. 08-cv-11241-CM

Plaintiffs,

v.

AMBAC FINANCIAL GROUP, INC.,
ROBERT J. GENADER and SEAN T.
LEONARD,

Defendants.

**FIRST AMENDMENT TO THE STIPULATION OF SETTLEMENT
WITH AMBAC AND THE INDIVIDUAL DEFENDANTS**

This First Amendment to the Stipulation of Settlement with Ambac and the Individual Defendants dated May 4, 2011 (the "Stipulation"), is entered into between and among the undersigned Settling Parties (as defined in paragraph 1 of the Stipulation) by and through their respective counsel.

A. The Settling Parties hereby agree that Paragraph 1(vv) of the Stipulation is amended to read as follows:

1(vv) "Settled Claims Against Ambac and Individual Defendants" or "Settled Claims" means any and all manner of claims, actions, causes of actions, suits, controversies, costs, damages, judgments, and demands whatsoever, known or Unknown, suspected or unsuspected, accrued or unaccrued, arising under the laws, regulations or common law of the United States of America, any state or political subdivision thereof, or any foreign country or jurisdiction, in law, contract, or in equity, that were, could have been, or might have been asserted in any of the Securities Actions or the Derivative Actions, in connection with, arising out of, related to, or based upon, in whole or in part, directly or indirectly, any action or omission or failure to act, including but not limited to any action or omission or failure to act within the Class Period or relevant periods specified in any of the Derivative Actions. Notwithstanding the foregoing, "Settled Claims" does not include any claims to enforce obligations under the Settlement that survive the Effective Date, if any. Excluded from this paragraph and from the release are the claims arising under the Employee Retirement Income Security Act of 1974 at issue in the ERISA action entitled *Veera v. Ambac Administrative Committee et al.*, No. 10-cv-4191 (HB) ("*Veera*") that is pending before Judge Harold Baer, Jr. in the Southern District of New York relating to the Ambac Financial Group, Inc. Savings Incentive Plan, provided, however, that nothing herein shall be deemed a waiver by the defendants in *Veera* of their rights to maintain that any recovery by the Ambac Financial Group, Inc. Savings Incentive Plan pursuant to this Settlement shall offset any recovery by the plaintiffs in *Veera*.

B. The Settling Parties further agree that conforming changes will be made to the Proof of Claim Form (*see* Exhibit A-2 to Exhibit A to the Stipulation) and the Notice of Pendency of Class Action and Proposed Settlement, Final Approval Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses (*see* Exhibit A-1 to Exhibit A to the Stipulation) prior to distribution.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to the Stipulation to be executed, by their duly authorized attorneys as of May 25, 2011.

On behalf of *Lead Plaintiffs in In re Ambac Securities Litigation*

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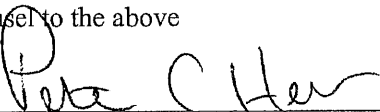
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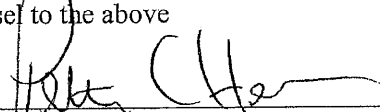
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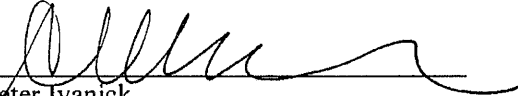
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