

**LETTER OF TRANSMITTAL**  
**AMBAC ASSURANCE CORPORATION**

**Offer to Purchase For Cash**

**Any and All of the Outstanding Las Vegas Monorail Project Revenue Bonds, 1st Tier Series 2000, consisting in the aggregate of \$352,705,000 principal amount of its current interest bonds (the “Current Interest Bonds” or “CIBs”) and \$273,760,000 accreted value at their respective final maturity dates of its capital appreciation bonds (the “Capital Appreciation Bonds” or “CABs” and, together with the Current Interest Bonds, the “LVM Insured Bonds”)**

**Pursuant to the Offer to Purchase dated November 21, 2011**

(as it may be supplemented from time to time, the “Offer to Purchase”)

THIS TENDER OFFER (AS DEFINED HEREIN) WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 19, 2011, WHICH IS REFERRED TO AS THE “EXPIRATION DATE,” UNLESS EARLIER TERMINATED OR EXTENDED BY AAC (AS DEFINED BELOW). TENDERS OF THE LVM INSURED BONDS MAY BE WITHDRAWN AT ANY TIME BEFORE 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 5, 2011, AS THE SAME MAY BE EXTENDED BY AAC (THE “WITHDRAWAL DEADLINE”). LVM INSURED BONDS THAT ARE NOT TENDERED OR THAT ARE WITHDRAWN BEFORE THE WITHDRAWAL DEADLINE WILL NOT BE PURCHASED AND WILL REMAIN OUTSTANDING.

<u>Type of LVM Insured Bond</u>	<u>CUSIP of the LVM Insured Bond</u>	<u>Aggregate Principal Amount of CIBs &amp; Aggregate Accreted Value At Final Maturity of CABs Outstanding as of November 1, 2011</u>	<u>Cash Amount per \$1,000 Principal Amount of CIBs or \$1,000 Accreted Value At Final Maturity of CABs</u>
5.625% Term Bond Due 2032	25457VAA4	\$68,890,000	\$247.34
5.625% Term Bond Due 2034	25457VAB2	\$55,930,000	\$247.34
5.375% Term Bond Due 2040	25457VAC0	\$227,885,000	\$246.31
CAB due 2011	25457VAH9	\$7,590,000	\$224.22
CAB due 2012	25457VAJ5	\$7,450,000	\$222.22
CAB due 2013	25457VAK2	\$10,085,000	\$210.51
CAB due 2014	25457VAL0	\$9,720,000	\$199.01
CAB due 2015	25457VAM8	\$9,870,000	\$187.95
CAB due 2016	25457VAN6	\$12,120,000	\$177.26
CAB due 2017	25457VAP1	\$12,165,000	\$167.20
CAB due 2018	25457VAQ9	\$12,020,000	\$157.60
CAB due 2019	25457VAR7	\$14,430,000	\$148.42
CAB due 2020	25457VAS5	\$14,480,000	\$139.79
CAB due 2021	25457VAT3	\$14,360,000	\$131.58
CAB due 2022	25457VAU0	\$17,065,000	\$123.90
CAB due 2023	25457VAV8	\$16,940,000	\$116.75
CAB due 2024	25457VAW6	\$16,805,000	\$109.99
CAB due 2025	25457VAX4	\$19,505,000	\$103.61
CAB due 2026	25457VAY2	\$18,760,000	\$97.57
CAB due 2027	25457VAZ9	\$18,490,000	\$91.87
CAB due 2028	25457VBA3	\$21,095,000	\$86.62
CAB due 2029	25457VBB1	\$20,810,000	\$81.68

*The Information Agent and Depositary for the Tender Offer is:*

**Wilmington Trust, National Association**

By facsimile:  
(For withdrawal purposes only):  
(212) 343-1079

Confirmation:  
(212) 941-4439

*By Mail, Overnight Courier or Hand:*

Wilmington Trust, National Association  
Rodney Square North  
1100 N. Market Street  
Wilmington, DE 19890-0001  
Attention: Sam Hamed

Capitalized terms used but not defined herein have the respective meanings ascribed to them in the Offer to Purchase.

**DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.**

The undersigned acknowledges that it has received the Offer to Purchase and this Letter of Transmittal (as it may be supplemented or amended from time to time, the "Letter of Transmittal"), of Ambac Assurance Corporation, a Wisconsin stock insurance corporation ("AAC"), which together, upon the terms and subject to the conditions described therein, constitute AAC's offer to purchase (the "Tender Offer"), at the election of each LVM Holder, any and all of the outstanding LVM Insured Bonds, having the CUSIP numbers and accreted amounts at their respective final maturity dates or principal amounts, as applicable, set forth on the front cover of this Letter of Transmittal, for a specified cash amount (the "Cash Amount"), in each case in the amounts with respect to each of tranche of LVM Insured Bonds as set forth on the front cover of this Letter of Transmittal for each \$1,000 accreted value at their respective final maturity dates or \$1,000 principal amount, as applicable, of LVM Insured Bonds tendered (the "Consideration"). No separate payment in respect of accrued interest will be paid. Any such calculations in respect of accrued interest are already included in the Cash Amounts listed on the front cover of this Letter of Transmittal.

**LVM HOLDERS, BY CAUSING THEIR LVM INSURED BONDS TO BE TENDERED ON THEIR BEHALF THROUGH THE DEPOSITORY TRUST COMPANY'S ("DTC") AUTOMATED TENDER OFFER PROGRAM ("ATOP"), THEREBY AGREE TO BE BOUND BY THE TERMS AND CONDITIONS OF THE TENDER OFFER AS DESCRIBED IN THE OFFER TO PURCHASE AND AS SET FORTH IN THIS LETTER OF TRANSMITTAL. EACH BENEFICIAL OWNER TENDERING ITS LVM INSURED BONDS, MUST PROPERLY COMPLETE, EXECUTE AND DELIVER AN ORIGINAL OF THIS LETTER OF TRANSMITTAL TO ITS BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE OR DTC PARTICIPANT FOR FURTHER DELIVERY TO THE INFORMATION AGENT AND DEPOSITARY IN ORDER TO VALIDLY TENDER ITS LVM INSURED BONDS. ALL DTC PARTICIPANTS OR OTHER NOMINEES TENDERING BONDS ON BEHALF OF A BENEFICIAL OWNER MUST SEND A SEPARATE ACCEPTANCE THROUGH ATOP FOR EACH BENEFICIAL OWNER WHICH IS TENDERING THROUGH SUCH NOMINEE OR DTC PARTICIPANT.**

Any valid tender of the LVM Insured Bonds that is not withdrawn prior to 5:00 p.m., New York City time, on the Withdrawal Deadline will constitute a binding agreement between the tendering LVM Holder and AAC upon the terms and subject to the conditions described in the Offer to Purchase and this Letter of Transmittal. See “The Tender Offer — Procedures for Tendering LVM Insured Bonds” in the Offer to Purchase. AAC may extend the Expiration Date, terminate the Tender Offer or amend the Tender Offer as described in the Offer to Purchase under “The Tender Offer — Expiration Date; Extensions; Amendments.”

No alternative, conditional or contingent tenders of LVM Insured Bonds will be accepted. The undersigned waives all rights to receive notice of acceptance of an LVM Holder’s LVM Insured Bonds.

If (i) you are an LVM Holder who holds, directly, beneficial interests in the LVM Insured Bonds, (ii) your LVM Insured Bonds are held on your behalf through a broker, dealer, commercial bank, trust company or other nominee or DTC participant (a “DTC Participant”, and such LVM Holder a “beneficial owner”) and (iii) you wish to participate in the Tender Offer, you must:

- (1) contact your DTC Participant promptly and instruct him, her or it to tender your LVM Insured Bonds on your behalf in accordance with the terms hereof; and
- (2) execute this Letter of Transmittal (together with a guarantee by a Medallion Signature Guarantor) and then deliver your Letter of Transmittal to such DTC Participant and instruct him, her or it to complete and submit this Letter of Transmittal on your behalf to the Information Agent and Depository in accordance with the terms hereof.

LVM Holders (including beneficial owners acting through a DTC Participant) tendering their LVM Insured Bonds by book-entry transfer to the Information Agent and Depository’s account at DTC can execute a tender through ATOP by electronically transmitting their acceptance to DTC through ATOP, which will verify the acceptance and execute a book-entry delivery to the Information Agent and Depository’s account at DTC. All DTC Participants tendering LVM Insured Bonds on behalf of a beneficial owner must send a separate acceptance through ATOP for each beneficial owner which is tendering through such DTC Participant.

Upon receipt of such acceptance, DTC will then send a message to the Information Agent and Depository, and forming part of the book-entry confirmation, which states that DTC has received an express acknowledgement from the DTC Participant identified in the message, stating (a) the aggregate principal amount or accreted value at their respective final maturity dates, as applicable, of LVM Insured Bonds tendered by such DTC Participant pursuant to the Tender Offer, (b) that such DTC Participant has received the Offer to Purchase and this Letter of Transmittal and agrees to be bound by the terms of the Tender Offer as described therein and herein, and (c) that AAC may enforce such agreement against such DTC Participant (the “Agent’s Message”). However, in addition to receipt of such Agent’s Message by the Information Agent and Depository, in order for a beneficial owner of LVM Insured Bonds to satisfy the terms of the Tender Offer, this Letter of Transmittal must be (i) signed by each beneficial owner tendering its LVM Insured Bonds, even those beneficial owners whose DTC Participant is tendering on their behalf through ATOP and (ii) completed and delivered by such DTC Participant to the Information Agent and Depository on behalf of such beneficial owner. The Agent’s Message and the executed Letter of Transmittal must be received by the Information Agent and Depository at or prior to the Expiration Date for the tendering LVM Holder to be eligible to receive the applicable Cash Amount. Book-entry delivery of the LVM Insured Bonds shall be effected, and risk of loss and title to such LVM Insured Bonds shall pass, only upon proper delivery thereof to the Information Agent and Depository’s account at DTC.

**PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE CHECKING ANY BOX BELOW. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE OFFER TO PURCHASE AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE INFORMATION AGENT AND DEPOSITARY.**

If an LVM Holder (including a beneficial owner thereof) wishes to tender its LVM Insured Bonds, it should execute this Letter of Transmittal (together with a guarantee by a Medallion Signature Guarantor) and then deliver this Letter of Transmittal to its DTC Participant who must complete each of the applicable sections of this Letter of Transmittal below. Such DTC Participant must then physically deliver the completed Letter of Transmittal to the Information Agent and Depository in accordance with the delivery instructions in this Letter of Transmittal.

TENDER OF LVM INSURED BONDS

CHECK HERE IF LVM INSURED BONDS ARE BEING TENDERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND COMPLETE THE FOLLOWING (ONLY PARTICIPANTS IN DTC MAY DELIVER LVM INSURED BONDS BY BOOK-ENTRY TRANSFER):

Name of Tendering DTC Participant \_\_\_\_\_

DTC Participant's Account Number in Which LVM Insured Bonds are Held \_\_\_\_\_

Date Tendered \_\_\_\_\_

**The undersigned authorizes the Information Agent and Depository to deliver this Letter of Transmittal to AAC as evidence of the undersigned's tender of LVM Insured Bonds.**

**DESCRIPTION OF LVM INSURED BONDS TENDERED**

The undersigned authorizes the Information Agent and Depository to deliver this Letter of Transmittal to AAC as evidence of the undersigned's tender of LVM Insured Bonds. Below is a list of the LVM Insured Bonds that are to be tendered pursuant to this Letter of Transmittal. If the space provided in the below form is inadequate, please list the information requested below on a separate signed schedule and attach that schedule to this Letter of Transmittal.

<b>TENDER OF 5.625% TERM BONDS DUE 2032 CUSIP No. 25457VAA4</b>
TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:
Name of Tendering Beneficial Owner: _____
Date Tendered: _____
Name(s) and Address(es) of DTC Participant: _____ _____
DTC Participant's DTC Account Number in Which the 5.625% Term Bonds Due 2032 Are Held: _____
Transaction Code Number (VOI): _____
Total Principal Amount of the 5.625% Term Bonds Due 2032 Tendered (1): _____
(1) LVM Holders must tender the entire aggregate principal amount of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

<b>TENDER OF 5.625% TERM BONDS DUE 2034 CUSIP No. 25457VAB2</b>
TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:
Name of Tendering Beneficial Owner: _____
Date Tendered: _____
Name(s) and Address(es) of DTC Participant: _____ _____
DTC Participant's DTC Account Number in Which the 5.625% Term Bonds Due 2034 Are Held: _____
Transaction Code Number (VOI): _____
Total Principal Amount of the 5.625% Term Bonds Due 2034 Tendered (1): _____
(1) LVM Holders must tender the entire aggregate principal amount of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF 5.375% TERM BONDS DUE 2040  
CUSIP No. 25457VAC0**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 5.375% Term Bonds Due 2040 Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Principal Amount of the 5.375% Term Bonds Due 2040 Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate principal amount of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2011  
CUSIP No. 25457VAH9 ("2011 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2011 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2011 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2012**  
**CUSIP No. 25457VAJ5 ("2012 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2012 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2012 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2013**  
**CUSIP No. 25457VAK2 ("2013 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2013 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2013 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2014**  
**CUSIP No. 25457VAL0 ("2014 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2014 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2014 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2015**  
**CUSIP No. 25457VAM8 ("2015 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2015 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2015 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2016**  
**CUSIP No. 25457VAN6 ("2016 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2016 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2016 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2017**  
**CUSIP No. 25457VAP1 ("2017 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2017 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2017 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2018**  
**CUSIP No. 25457VAQ9 (“2018 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2018 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2018 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2019**  
**CUSIP No. 25457VAR7 (“2019 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2019 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2019 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2020**  
**CUSIP No. 25457VASS ("2020 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2020 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2020 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2021**  
**CUSIP No. 25457VAT3 ("2021 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2021 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2021 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2022**  
**CUSIP No. 25457VAU0 ("2022 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2022 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_ \

Total Accreted Value at Their Respective Final Maturity Dates of the 2022 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2023**  
**CUSIP No. 25457VAV8 ("2023 CABs")**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant's DTC Account Number in Which the 2023 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2023 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2024**  
**CUSIP No. 25457VAW6 (“2024 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2024 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2024 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2025**  
**CUSIP No. 25457VAX4 (“2025 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2025 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2025 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2026**  
**CUSIP No. 25457VAY2 (“2026 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2026 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2026 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2027**  
**CUSIP No. 25457VAZ9 (“2027 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2027 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2027 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2028**  
**CUSIP No. 25457VBA3 (“2028 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2028 CABs Are Held: \_\_\_\_\_

Transaction Code Number (VOI): \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2028 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**TENDER OF CABs DUE 2029**  
**CUSIP No. 25457VBB1 (“2029 CABs”)**

TENDERED LVM INSURED BONDS SHALL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE INFORMATION AGENT AND DEPOSITARY WITH DTC AND ACCOMPANIED BY THE FOLLOWING INFORMATION:

Name of Tendering Beneficial Owner: \_\_\_\_\_

Date Tendered: \_\_\_\_\_

Name(s) and Address(es) of DTC Participant: \_\_\_\_\_  
\_\_\_\_\_

DTC Participant’s DTC Account Number in Which the 2029 CABs Are Held: \_\_\_\_\_

Transaction Code Number: \_\_\_\_\_

Total Accreted Value at Their Respective Final Maturity Dates of the 2029 CABs Tendered (1): \_\_\_\_\_

(1) LVM Holders must tender the entire aggregate accreted value at their respective final maturity dates of the LVM Insured Bonds held by the undersigned. AAC will not accept partial tenders of LVM Insured Bonds.

**NOTE: SIGNATURES MUST BE PROVIDED BELOW**

**PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

Ladies and Gentlemen:

Upon the terms and subject to the conditions described in the Offer to Purchase and set forth in this Letter of Transmittal, the undersigned hereby tenders to AAC the applicable tranche of LVM Insured Bonds indicated above. Subject to, and effective upon, AAC's acceptance of the LVM Insured Bonds tendered herewith in return for payment of the applicable Cash Amount pursuant to the Offer to Purchase, the undersigned hereby irrevocably assigns and transfers to, or upon the order of, AAC all right, title and interest in and to, and all claims in respect of, or arising or having arisen as a result of, the undersigned's status as a beneficial owner of the applicable tranche of LVM Insured Bonds tendered hereby, other than those claims related to the Retained Rights (as defined in the Offer to Purchase) which have been separated from the LVM Insured Bonds prior to the Tender Offer.

The undersigned hereby irrevocably constitutes and appoints the Information Agent and Depositary the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Information Agent and Depositary also acts as an agent of AAC) with respect to the LVM Insured Bonds, with full power of substitution and resubstitution (this power of attorney being deemed to be an irrevocable power coupled with an interest) to (a) transfer ownership of the LVM Insured Bonds on the account books maintained by DTC, together, in each case, with all accompanying evidences of transfer and authenticity to or upon the order of AAC, (b) present the LVM Insured Bonds for transfer on the relevant security register, and (c) receive all benefits or otherwise exercise all rights of beneficial ownership of the LVM Insured Bonds, all in accordance with the terms of the Offer to Purchase.

**The undersigned hereby represents and warrants that (a) the undersigned has full power and authority to execute and deliver this Letter of Transmittal and to tender, exchange, assign and transfer the LVM Insured Bonds tendered hereby without the necessity of obtaining the consent or permission of any other person or entity, (b) the undersigned is the legal beneficial owner of the LVM Insured Bonds and that when the LVM Insured Bonds are accepted for purchase by AAC, AAC will acquire good, marketable and unencumbered title thereto, free and clear of any and all security interests, liens, restrictions, claims, charges, encumbrances, conditional sales agreements or other obligations whatsoever relating to the transfer thereof (other than restrictions imposed by applicable securities laws) and will not be subject to any adverse claim or right, (c) this Letter of Transmittal constitutes (or will constitute) the undersigned's legal, valid and binding obligation, enforceable against the undersigned in accordance with its respective terms, (d) the undersigned will, upon request, execute and deliver any additional documents deemed by the Information Agent and Depositary to be necessary or desirable to complete the assignment and transfer of the LVM Insured Bonds tendered hereby, and (e) the undersigned has read and agrees to all of the terms and conditions described in the Offer to Purchase and this Letter of Transmittal.**

By executing this Letter of Transmittal, effective on the Settlement Date and subject to the payment of the undersigned's Cash Amount pursuant to the Offer to Purchase, the undersigned, on his, her or its behalf, does hereby now and forever absolutely, unconditionally and irrevocably release and discharge each of AAC and the Segregated Account, and their respective affiliates, stockholders, agents, directors, officers, employees, assigns, predecessors and successors from any and all past, present and future claims, demands, rights, actions, suits, proceedings, obligations, offsets, debts, sums of money, accounts, premium payments, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, damages, judgments, liens, rights, costs and expenses (including attorneys' fees and costs actually incurred), liabilities and causes of action and losses of any kind and nature whatsoever, fixed or contingent, known or unknown, liquidated or unliquidated, whether grounded in law or in equity, in contract or in tort, vested or contingent, that the undersigned or any person or entity claiming through or under the undersigned ever had or now has or hereafter can, shall or may have in the future arising out of or related to (1) the LVM Insured Bonds being tendered herewith and, with respect to the LVM Insured Bonds being tendered herewith, the LVM Indenture, including, without limitation, any claims that the undersigned is entitled to participate in any repurchase or redemption of the LVM Insured Bonds being tendered herewith, and (2) all obligations of AAC and the Segregated Account (and payment to AAC of proceeds of all payments arising from, based upon, or in any way related to any of the Ambac Policies) (as defined in the Offer to Purchase) in respect of such LVM Holder's LVM Insured Bonds tendered herewith, including without limitation, any claim arising from, based upon, or in any way related to any of the Ambac Policies, including, without limitation, any claim for return or refund of any portion

of unearned premium, and including, without limitation, any and all payments made to or for the benefit of the undersigned on or prior to the Settlement Date (other than the undersigned's Cash Amount pursuant to the Offer to Purchase) that may be avoided and recovered by a bankruptcy trustee in an applicable bankruptcy proceeding, it being the intention of the undersigned and ACC and the Segregated Account that, subject to the occurrence of the Settlement Date and payment of the undersigned's Cash Amount pursuant to the Offer to Purchase, this Letter of Transmittal operate as a full and final settlement of AAC's and the Segregated Account's current and future liabilities to the undersigned under and in connection with the Ambac Policies. The undersigned also agrees by executing this Letter of Transmittal, effective on the Settlement Date and subject to the payment of the undersigned's Cash Amount pursuant to the Offer to Purchase not to object to AAC's succeeding to the rights and interests of any LVM Holders that do not participate in the Tender Offer under any plan of reorganization or similar plan or program in the LVM Bankruptcy Proceeding. For the avoidance of doubt, the foregoing shall not apply to any insured bonds or other instruments (other than LVM Insured Bonds) that are insured by financial guaranty policies of the general account as of the date of the Amended and Restated Settlement Agreement but which policies are thereafter allocated to the Segregated Account.

The undersigned does not hereby transfer the right to receive for its own benefit all right, title and interest in and to the new securities, if any, to be issued by LVMC, as described in the LVM Plan, as it may be further revised, amended or restated, and any other consideration which may be payable generally to LVM Holders under the LVM Plan for their LVM Insured Bonds being tendered in the Tender Offer, in the same amounts as if the tendering LVM Holders continued to hold their LVM Insured Bonds. On November 18, 2011, confirmation of the LVM Plan was denied and whether any plan of reorganization or similar plan will ultimately be confirmed is uncertain. As a result, there can be no assurance that any distributions will be made or, if made, will be received by tendering LVM Holders.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy, and personal and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. LVM Insured Bonds properly tendered may be withdrawn at any time before the Withdrawal Deadline. Tenders of LVM Insured Bonds may not be withdrawn after the Withdrawal Deadline, except in certain limited circumstances where additional withdrawal rights are required by law (as determined by AAC in its sole discretion).

The Tender Offer is subject to a number of conditions, each of which may be waived or modified by AAC, in whole or in part, at any time prior to the Expiration Date and from time to time, as described in "The Tender Offer — Conditions to the Tender Offer" in the Offer to Purchase. The undersigned recognizes that as a result of the failure of any these conditions to be satisfied or waived, AAC may not be required to accept the LVM Insured Bonds properly tendered hereby. In such event, the tendered LVM Insured Bonds not accepted for purchase will be promptly credited to your account, or the account of your nominee in the case of beneficial owners, maintained with DTC.

**THE UNDERSIGNED, BY CAUSING ITS LVM INSURED BONDS TO BE TENDERED ON ITS BEHALF THROUGH THE DEPOSITORY TRUST COMPANY'S AUTOMATED TENDER OFFER PROGRAM, BY COMPLETING THE BOXES ENTITLED "DESCRIPTION OF THE LVM INSURED BONDS TENDERED", AND BY SIGNING AND DELIVERING THIS LETTER OF TRANSMITTAL, WILL HAVE TENDERED THE LVM INSURED BONDS AS SET FORTH IN SUCH BOXES.**

**BENEFICIAL OWNERS OF LVM INSURED BONDS SIGN HERE**

PLEASE SIGN HERE

PLEASE SIGN HERE

---

Authorized Signature of Beneficial Owner

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Authorized Signature of Beneficial Owner

Must be signed by beneficial owner(s) exactly as name(s) appear(s) on a security position listing as the owner of the LVM Insured Bonds on the books of DTC or as name(s) appear(s) on the books of such beneficial owner's DTC

Participant - see Instruction 4. If signature is by attorney-in-fact, trustee, executor, administrator, guardian, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information:

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone  
Number: \_\_\_\_\_

Telephone  
Number: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Taxpayer Identification or  
Social Security Number:

Taxpayer Identification or  
Social Security Number:

\_\_\_\_\_

\_\_\_\_\_

### **SIGNATURE GUARANTEE**

**(Place medallion guarantee in the space below)**

Signature(s) Guaranteed by an  
Eligible Institution:

\_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_

Name of Eligible Institution

Address: \_\_\_\_\_

Guaranteeing Signature: \_\_\_\_\_

\_\_\_\_\_

Capacity (full title): \_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

## INSTRUCTIONS

### Forming Part of the Terms and Conditions of the Tender Offer

**1. Holders Eligible to Tender.** Only beneficial owners, acting through DTC Participants whose names appear on a security position listing as the owner of the LVM Insured Bonds on the books of DTC, are entitled to tender their LVM Insured Bonds in the Tender Offer. Since the LVM Insured Bonds are outstanding in the form of a global note registered in the name of DTC, any beneficial owner who wishes to tender their LVM Insured Bonds should promptly instruct the DTC participant that is the registered holder to tender on such beneficial owner's behalf.

**2. Delivery of this Letter of Transmittal.** All confirmations of any book-entry transfers delivered to the Information Agent and Depository's account at DTC, as well as a properly completed and duly executed Letter of Transmittal (or a manually executed copy thereof) and an appropriate Agent's Message, must be received by the Information Agent and Depository at its address set forth herein on or prior to 11.59 p.m., New York City time, on the Expiration Date. Delivery to an address other than as set forth herein will not constitute a valid delivery.

Beneficial owners of LVM Insured Bonds acting through a DTC Participant must complete and execute a Letter of Transmittal in order to participate in the tender offer. However, a beneficial owner should not directly submit its Letter of Transmittal to the Information Agent and Depository and must first deliver the executed Letter of Transmittal to its DTC Participant for purposes of its DTC Participant completing and physically delivering this Letter of Transmittal to the Information Agent and Depository on behalf of such beneficial owner. All beneficial owners acting through a DTC Participant should submit their executed Letter of Transmittal to their DTC Participant so that the DTC Participant has sufficient time to complete and deliver it to the Information Agent and Depository prior to the Expiration Date.

The method of delivery of this Letter of Transmittal is at the election and risk of the beneficial owner and its DTC Participant. If such delivery is by mail, it is suggested that the DTC Participant use properly insured registered mail, return receipt requested, and that the mailing be sufficiently in advance of the Expiration Date to permit delivery to the Information Agent and Depository prior to such date. Except as otherwise provided below, the delivery will be deemed made only when actually received by the Information Agent and Depository. Delivery of the documents to AAC or DTC does not constitute delivery to the Information Agent and Depository.

AAC also reserves the right, in its sole discretion and subject to applicable law, to: (1) extend the Withdrawal Deadline; (2) extend the Expiration Date; (3) terminate the Tender Offer upon failure to satisfy certain of the conditions described in the Offer to Purchase; or (4) amend the Tender Offer, in each case by giving oral (promptly confirmed in writing) or written notice of the extension, termination or amendment to the Information Agent and Depository, and in each case, only to the extent the conditions set forth in the Offer to Purchaser are not satisfied on the Expiration Date. Any extension, termination or amendment will be followed promptly by a public announcement thereof through any appropriate news agency, including, but not limited to, Bloomberg News Service or the Dow Jones News Service which, in the case of an extension, will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

There are no guaranteed delivery procedures provided by AAC in conjunction with the Tender Offer under the terms of the Offer to Purchase or any other related materials.

**3. Certificated LVM Insured Bonds.** AAC believes that all of the LVM Insured Bonds are currently held in book-entry form only at DTC. LVM Holders that hold the LVM Insured Bonds in physical, certificated form must deposit those LVM Insured Bonds along with a properly completed and executed Letter of Transmittal with the Information Agent and Depository in order to participate in the Tender Offer. LVM Holders that require assistance in doing so should contact the Information Agent and Depository, whose address and telephone numbers are located on the back page of this Letter of Transmittal.

**4. Signatures on this Letter of Transmittal; Guarantee of Signatures.** If this Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or

others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Upon request by AAC, such persons shall also provide proper evidence satisfactory to AAC of that authority so to act.

Signatures on this Letter of Transmittal must be guaranteed by a Medallion Signature Guarantor in the case of all beneficial owners of LVM Insured Bonds who tender their bonds through a DTC Participant.

**5. Withdrawal of Tenders.** Tendering LVM Holders may withdraw their tender of LVM Insured Bonds at any time before the Withdrawal Deadline. Tenders of LVM Insured Bonds may not be withdrawn after the Withdrawal Deadline, except in certain limited circumstances where additional withdrawal rights are required by law (as determined by AAC in its sole discretion).

If the Tender Offer is terminated, LVM Insured Bonds tendered pursuant to the Tender Offer will be returned promptly to the tendering LVM Holders at no cost to such LVM Holders.

For a withdrawal of a tender of LVM Insured Bonds to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Information Agent and Depository at its address set forth on the front cover of this Letter of Transmittal on or before the Withdrawal Deadline by mail, fax or hand delivery or by a properly transmitted "Request Message" through ATOP. Any such notice of withdrawal must (a) specify the name of the beneficial owner who tendered the LVM Insured Bonds to be withdrawn and the name of the DTC Participant whose name appears on the security position listing as the owner of the LVM Insured Bonds, (b) contain the description of the LVM Insured Bonds to be withdrawn (including the principal amount and tranche of the LVM Insured Bonds to be withdrawn) and the relevant transaction code number, (c) be signed by the beneficial owner of such LVM Insured Bonds in the same manner as the original signature on this Letter of Transmittal, including any required signature guarantees, or be accompanied by evidence satisfactory to AAC that a person withdrawing the tender has succeeded to the beneficial ownership of such LVM Insured Bonds and (d) be delivered to the Information Agent and Depository by the DTC Participant which originally delivered the Letter of Transmittal to the Information Agent and Depository, or be accompanied by evidence satisfactory to AAC that the beneficial owner has a different DTC Participant than at the time of submission of the Letter of Transmittal. Withdrawal of tenders of LVM Insured Bonds may not be rescinded, and any LVM Insured Bonds properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer to Purchase. Withdrawal of LVM Insured Bonds may only be accomplished in accordance with the foregoing procedures. LVM Insured Bonds validly withdrawn may thereafter be retendered at any time on or before the Expiration Date by following the procedures described in the Offer to Purchase under "The Tender Offer — Procedures for Tendering LVM Insured Bonds."

AAC will determine all questions as to the form and validity (including time of receipt) of any notice of withdrawal of a tender, in its sole discretion, which determination shall be final and binding. None of AAC, the Information Agent and Depository or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal of a tender or incur any liability for failure to give any such notification.

If AAC is delayed in its acceptance for purchase of, or payment for, any LVM Insured Bonds or is unable to accept for purchase or pay for any LVM Insured Bonds pursuant to the Tender Offer for any reason then, without prejudice to AAC's rights hereunder, but subject to applicable law, tendered LVM Insured Bonds may be retained by the Information Agent and Depository on behalf of AAC and may not be validly withdrawn (subject to Rule 14e-1 under the Exchange Act, which requires that AAC pay the Consideration offered or return the LVM Insured Bonds deposited by or on behalf of the LVM Holders promptly after the termination or withdrawal of the Tender Offer).

**6. Transfer Taxes.** Each LVM Holder that participates in the Tender Offer will pay all transfer taxes, if any, applicable to the tender of its LVM Insured Bonds. In addition, if transfer taxes are imposed for any other reason, the amount of those transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering LVM Holder. If satisfactory evidence of payment of those taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to the tendering LVM Holder.

**7. Irregularities.** All questions as to the form of all documents and the validity of (including time of receipt) and acceptance of the tenders and withdrawals of the LVM Insured Bonds will be determined by AAC, in its sole discretion, which determination shall be final and binding. Alternative, conditional or contingent tenders of LVM Insured Bonds will not be considered valid. AAC reserves the absolute right to reject any or all tenders of

LVM Insured Bonds that are not in proper form or the acceptance of which would, in AAC's reasonable opinion, be unlawful. AAC also reserves the right to waive any defects, irregularities or conditions of tender as to particular LVM Insured Bonds. AAC's interpretations of the terms and conditions of the Offer to Purchase (including the instructions in this Letter of Transmittal) will be final and binding. Any defect or irregularity in connection with tenders of LVM Insured Bonds must be cured within such time as AAC determines, unless waived by AAC. Tendere of LVM Insured Bonds shall not be deemed to have been made until all defects or irregularities have been waived by AAC or cured. Neither AAC, the Information Agent and Depository, DTC, nor any other person will be under any duty to give notice of any defects or irregularities in tendere of the LVM Insured Bonds, or will incur any liability to LVM Holdere for failure to give such notice.

**8. Waiver of Conditions.** To the extent permitted by applicable law, AAC reserves the right, where possible, to waive, in its sole discretion, any and all conditions to the Tender Offer and accept for purchase any LVM Insured Bonds tendered.

**9. Requeste for Assistance or Additional Copiee.** Questione and requeste for assistance relating to the Offer to Purchase and this Letter of Transmittal and other related documente and relating to the procedure for tendering, may be directed to the Information Agent and Depository at the address and telephone number set forth on the front cover of this Letter of Transmittal.

**10. Important Tax Information. NOTICE: TO COMPLY WITH TREASURY DEPARTMENT CIRCULAR 230, LVM HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF TAX MATTERS SET FORTH IN THIS LETTER OF TRANSMITTAL IS NOT INTENDED OR WRITTEN BY US TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIEE THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONE OR MATTERE ADDRESSED HEREIN; AND (C) A TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCEE FROM AN INDEPENDENT TAX ADVISOR.**

Under current U.S. federal income tax law, a U.S. Holder who receivee cash pursuant to the Tender Offer is generally required to provide its correct taxpayer identification number ("TIN") and to certify that the TIN provided is correct by completing the enclosed Form W-9 and submitting the Form W-9 to his or her DTC Participant, or otherwise establishing an exemption from the backup withholding rulee. In general, for an individual, the TIN is such individual's social security number. If the correct TIN is not provided, the LVM Holder (or other payee) may be subject to a \$50 penalty imposed by the Internal Revenue Service (the "IRS"), and any reportable paymente made to such person by its DTC Participant may be subject to backup withholding at the applicable rate, currently 28%. Such reportable paymente generally will be subject to information reporting. For further information concerning backup withholding and instructione for completing Form W-9 (including how to obtain a TIN if you do not have one and how to complete the Form W-9 if LVM Insured Bonde are held in more than one name), consult the enclosed Form W-9.

Certain persone (including, among othere, certain foreign persone) are not subject to these backup withholding and information reporting requiremente. Exempt persone should indicate their exempt status on Form W-9. To satisfy the requirement that a foreign person qualifye as an exempt recipient, he or she must submit a Form W-8BEN (or other applicable form) to his or her DTC Participant, signed under penalty of perjury, attesting to his or her exempt status. These forme can be obtained from the Information Agent and Depository.

A person's failure to complete the Form W-9 (or Form W-8BEN or other form where applicable) will not, by itself, cause such person's LVM Insured Bonde to be deemed invalidly tendered, but may result in withholding by a DTC Participant on paymente made to such person with respect to the Tender Offer. Backup withholding is not an additional U.S. federal income tax. Rather, the U.S. federal income tax liability of a person subject to backup withholding will be reduced by the amount of U.S. federal income tax withheld. If backup withholding resulte in an overpayment of U.S. federal income tax, a refund may be obtained from the IRS provided that the required information is timely furnished to the IRS. **NOTE: FAILURE TO COMPLETE AND SUBMIT THE FORM W-9 (OR FORM W-8BEN OR OTHER FORM WHERE APPLICABLE) TO YOUR DTC PARTICIPANT MAY RESULT IN BACKUP WITHHOLDING OF A PORTION OF ANY REPORTABLE PAYMENTE**

**MADE TO YOU. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON FORM W-9 FOR ADDITIONAL DETAILS.**

**IMPORTANT: This Letter of Transmittal and an Agent's Message, together with a confirmation of book-entry transfer of tendered LVM Insured Bonds, with any required signature guarantees and all other required documents, must be received by the Information Agent and Depositary on or prior to the Expiration Date.**

*The Information Agent and Depositary for the Tender Offer is:*

Wilmington Trust, National Association  
Rodney Square North  
1100 N. Market Street  
Wilmington, DE 19890-0001  
Attn: Sam Hamed

Banks and Brokers call: 212-941-4439

Tax Withholding Form

1. Complete and sign this Substitute Form W-9 below. See “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” above for further instructions.

<p align="center"><b>SUBSTITUTE</b></p> <p align="center"><b>FORM W-9</b></p> <p><b>Department of the Treasury</b></p> <p><b>Internal Revenue Service</b></p>	<p><b>Part 1</b> — Please provide your Taxpayer Identification Number (TIN) in the box at right (if applicable) and certify by signing and dating below. Check the box in Part 3 if you have applied for but do not have a TIN.</p>	<hr/> <p align="center">Social Security Number</p> <p align="center">OR</p> <hr/> <p align="center">Employer Identification Number</p>
	<p><b>Part 2</b> — Certification. Under penalties of perjury, I certify that:</p> <p align="center">(1) The number shown on this form is my current taxpayer identification number (or I am waiting for a number to be issued to me) and</p> <p align="center">(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the “<u>IRS</u>”) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and</p> <p align="center">(3) I am a U.S. citizen or other U.S. person.</p>	<p align="center"><b>Part 3</b> — Awaiting TIN <input type="checkbox"/></p>
	<p>Certification instructions: You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return. However, if after being notified by the IRS that you are subject to backup withholding you receive another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).</p>	
	<p>NAME _____</p> <p>ADDRESS _____</p> <p>SIGNATURE _____ DATE _____</p>	

2. Sign the following certificate if (and only if) you check the box in Part 3 (“Awaiting TIN”) on the prior page. See “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” above for further instructions.

PAYOR'S NAME:

**CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify, under penalties of perjury, that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number before payment is made, a portion of such reportable payment will be withheld.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF A PORTION OF ANY PAYMENT MADE TO YOU PURSUANT TO THE TENDER OFFER. IN ADDITION, FAILURE TO PROVIDE SUCH INFORMATION MAY RESULT IN A PENALTY IMPOSED BY THE IRS. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9**

**Guidelines for Determining the Proper Identification Number to Give the Payor.** Social Security Numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification Numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

<b>For this type of account:</b>	<b>Give the name and SOCIAL SECURITY number of:</b>	<b>For this type of account:</b>	<b>Give the name and EMPLOYER IDENTIFICATION number of:</b>
1. Individual	The individual	6. Disregarded entity not owned by an individual	The owner
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	7. A valid trust, estate or pension trust	The legal entity(4)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	8. Corporate or LLC electing corporate status on Form 8832	The corporation or the LLC
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)	10. Partnership or multi-member LLC	The partnership or the LLC
5. Sole proprietorship or disregarded entity owned by an individual	The owner(3)	11. A broker or registered nominee	The broker or nominee
		12. Account with the Dept. of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name, but you may also enter your business or "doing business as" name on the second name line. You may use either your social security number or employer identification number (if you have one) but the IRS encourages you to use your SSN.
- (4) List first and circle the name of the legal trust, estate, or pension trust. Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.

**Note:** *If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.*

**Obtaining a Number.** If you do not have a taxpayer identification number or if you do not know your number, obtain Form SS 5, Application for Social Security Card (for individuals), from your local Social Security Administration office or get this form on line at [www.ssa.gov/online/ss5.html](http://www.ssa.gov/online/ss5.html). Use Form W-7, Application for IRS Individual Taxpayer Identification Number to apply for an ITIN, or Form SS-4, Application for Employer Identification Number to apply for an EIN, from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS web site at [www.irs.gov](http://www.irs.gov).

**Exempt Payees.** Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);
2. The United States or any of its agencies or instrumentalities;
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities;
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities;
5. An international organization or any of its agencies or instrumentalities;
6. Other payees that may be exempt from backup withholding include:
7. A corporation;
8. A foreign central bank of issue;
9. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;
10. A futures commission merchant registered with the Commodity Futures Trading Commission;
11. A real estate investment trust;
12. An entity registered at all times during the tax year under the Investment Company Act of 1940;
13. A common trust fund operated by a bank under section 584(a);
14. A financial institution;
15. A middleman known in the investment community as a nominee or custodian;
16. A trust exempt from tax under section 664 or described in section 4947; or
17. A trust exempt from tax under section 664 or described in section 4947.

Certain payments that are not subject to information reporting also are not subject to backup withholding. For details, see Sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N, and their regulations.

Exempt payees described above should file Substitute Form W-9 to avoid possible erroneous backup withholding. **FILE THIS FORM WITH THE PAYER. FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, MARK**

“I AM EXEMPT FROM BACKUP WITHHOLDING” IN PART 2, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

**Privacy Act Notice.** Section 6109 requires most recipients of dividend, interest, or other payments to provide their correct taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of tax returns. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, or to Federal or state agencies to enforce Federal non-tax criminal laws and to combat terrorism. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold up to 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

**Penalties.**

1. **Penalty for Failure to Furnish Taxpayer Identification Number.** If you fail to furnish your correct taxpayer identification number to a requestor, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

2. **Civil Penalty for False Information With Respect to Withholding.** If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

3. **Criminal Penalty for Falsifying Information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment. FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

4. **Misuse of Taxpayer Identification Number.** If the requester discloses or uses taxpayer identification numbers in violation of federal law, the requester may be subject to civil and criminal penalties.

## **Ambac Assurance Corporation**

### **Offer to Purchase For Cash**

**Any and All of the Outstanding Las Vegas Monorail Project Revenue Bonds, 1st Tier Series 2000, consisting in the aggregate of \$352,705,000 principal amount of its current interest bonds (the “Current Interest Bonds” or “CIBs”) and \$273,760,000 accreted value at their respective final maturity dates of its capital appreciation bonds (the “Capital Appreciation Bonds” or “CABs”) and, together with the Current Interest Bonds, the “LVM Insured Bonds”)**

**THE TENDER OFFER (AS DEFINED BELOW) WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 19, 2011, WHICH AAC (AS DEFINED BELOW) REFERS TO AS THE “EXPIRATION DATE,” UNLESS EARLIER TERMINATED OR EXTENDED BY AAC. TENDERS OF THE LVM INSURED BONDS MAY BE WITHDRAWN AT ANY TIME BEFORE 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 5, 2011, AS THE SAME MAY BE EXTENDED BY AAC (THE “WITHDRAWAL DEADLINE”). LVM INSURED BONDS THAT ARE NOT TENDERED PRIOR TO THE EXPIRATION DATE OR THAT ARE WITHDRAWN BEFORE THE WITHDRAWAL DEADLINE, WILL NOT BE PURCHASED AND WILL REMAIN OUTSTANDING.**

Upon the terms and subject to the conditions described in this offer to purchase (as it may be supplemented or amended from time to time, this “Offer to Purchase”), and the related letter of transmittal (as it may be supplemented or amended from time to time, the “Letter of Transmittal”), Ambac Assurance Corporation, a Wisconsin stock insurance corporation (“AAC”) is offering to purchase (the “Tender Offer”), at the election of each holder, any and all of the outstanding LVM Insured Bonds, having the CUSIP numbers and accreted values at their respective final maturity dates or principal amounts, as applicable, set forth on Schedule I hereto, for a specified cash amount (the “Cash Amount”), in each case in the amounts with respect to each tranche of LVM Insured Bonds as set forth in Schedule I hereto for each \$1,000 accreted value at their respective final maturity dates or \$1,000 principal amount, as applicable, of LVM Insured Bonds tendered (the “Consideration”). No separate payment in respect of accrued interest will be paid. Any such calculations in respect of accrued interest are already included in the Cash Amounts listed on Schedule I hereto as described in more detail herein. Tenders of LVM Insured Bonds will not be accepted in part. Each holder of LVM Insured Bonds (each, a “LVM Holder”) who tenders any LVM Insured Bonds in the Tender Offer must tender all LVM Insured Bonds held by such LVM Holder.

LVM Holders representing approximately 73.4% of the outstanding amount of the LVM Insured Bonds (the “Settling Bondholders”) have agreed to tender their LVM Insured Bonds in the Tender Offer pursuant to an amended and restated settlement agreement, dated as of November 21, 2011 (the “Amended and Restated Settlement Agreement”), among AAC, the Segregated Account of Ambac Assurance Corporation established on March 24, 2010, pursuant to Wisconsin Statute § 611.24 (the “Segregated Account”), the Special Deputy Commissioner for the Segregated Account on behalf of the Commissioner of Insurance of the State of Wisconsin (the “Commissioner”), as court appointed rehabilitator for the Segregated Account (the “Rehabilitator”), and the Settling Bondholders. Pursuant to the Amended and Restated Settlement Agreement, subject to certain terms and conditions, AAC has agreed to pay a fixed amount of cash, as described in this Offer to Purchase, to each LVM Holder based on the accreted value at their respective final maturity dates or principal amounts, as applicable, of each tranche of the LVM Insured Bonds tendered by such LVM Holder in the Tender Offer as the Consideration to be paid to the LVM Holders in the Tender Offer.

Each LVM Holder that participates in the Tender Offer will agree in the Letter of Transmittal to a full and complete termination and release of all obligations of AAC and the Segregated Account (and payment to AAC of proceeds of all payments) under the Ambac Policies (as defined below) in respect of the LVM Insured Bonds which participate in the Tender Offer, excluding any insured bonds or other instruments (other than LVM Insured Bonds) that are insured by financial guaranty policies of the general account as of the date of the Amended and Restated

Settlement Agreement but which policies are thereafter allocated to the Segregated Account (the “Ambac Release”). “Ambac Policies” means that certain financial guaranty insurance policy and that certain surety bond, each dated as of September 20, 2000, issued by AAC for the benefit of the LVM Holders.

Each LVM Holder that participates in the Tender Offer will also agree in the Letter of Transmittal not to object to AAC’s succeeding to the rights and interests of any LVM Holders that do not participate in the Tender Offer under any plan of reorganization or similar plan or program in the chapter 11 proceedings (the “LVM Bankruptcy Proceeding”) for Las Vegas Monorail Company (“LVMC”).

**See “Risk Factors” beginning on page 14 for a discussion of certain risks that you should consider before deciding whether to participate in the Tender Offer.**

**Neither AAC, its officers or its board of directors, the Segregated Account, the Rehabilitator, nor Wilmington Trust, National Association, as information agent and depository (the “Information Agent and Depository”), is making any recommendation as to whether you should choose to tender your LVM Insured Bonds pursuant to the Tender Offer.**

**The tender of LVM Insured Bonds will be via delivery of (i) the LVM Insured Bonds by book-entry transfer through The Depository Trust Company (“DTC”) Automated Tender Offers Program (“ATOP”) system and (ii) a properly completed original Letter of Transmittal executed by the beneficial owner of the LVM Insured Bonds along with any required signature guarantee and all other required documents referenced therein and attachments thereto to the Information Agent and Depository at its address set forth on the back cover of this Offer to Purchase on or before the Expiration Date. See “The Tender Offer—Procedures for Tendering LVM Insured Bonds.”**

**AAC has made no arrangements for and has no understanding with any dealer, salesperson or other person regarding the solicitation of tenders in connection with the Tender Offer, and no person has been authorized to give any information or to make any representation not contained in this Offer to Purchase in connection with the Tender Offer, and if given or made, any such information must not be relied upon as having been authorized by AAC or by any other person. Neither the delivery of this Offer to Purchase nor any purchase made in connection with the Tender Offer will, under any circumstances, create any implication that there has not been a change in the business of AAC since the date as of which information is given or incorporated by reference in this Offer to Purchase.**

**THE UNITED STATES FEDERAL TAX ADVICE CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PERSON, FOR THE PURPOSE OF AVOIDING U.S. TAX PENALTIES AND IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN. LVM HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN.**

Notwithstanding anything herein to the contrary, each offeree (and each employee, representative or other agent of such offeree) may disclose to any and all other persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the offeree relating to such tax treatment and tax structure. However, any such information relating to the tax treatment or tax structure is required to be kept confidential to the extent reasonably necessary to comply with applicable securities laws. For purposes of this paragraph, the terms “tax treatment” and “tax structure” have the meaning given to such terms under Treasury Regulation section 1.6011-4(c).

**The Tender Offer has not been approved, disapproved, endorsed or recommended by any federal or state securities commission or regulatory authority, and no state securities commission or regulatory authority has reviewed this Offer to Purchase or any of the other documents related to the Tender Offer, or confirmed the accuracy or truthfulness of the disclosure contained herein or therein, or whether such disclosures are complete. Any representation to the contrary is unlawful and may be a criminal offense.**

The date of this Offer to Purchase is November 21, 2011

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You should rely only on the information contained or incorporated by reference in this Offer to Purchase. AAC has not authorized anyone to provide you with information that is different. You should assume that the information contained or incorporated by reference in this Offer to Purchase is accurate only as of the date of this Offer to Purchase or the date of the document incorporated by reference, as applicable. AAC is not making an offer to purchase securities, including any LVM Insured Bonds, in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities of “blue sky” laws.

The Information Agent and Depositary will provide without charge to each person, including any beneficial holder, to whom an Offer to Purchase is delivered, upon written or oral request of that person, a copy of any document incorporated by reference. Requests should be directed to the Information Agent and Depositary at the address and telephone numbers set forth on the back cover page of this Offer to Purchase.

## **AMBAC ASSURANCE CORPORATION**

AAC is the principal operating subsidiary of Ambac Financial Group, Inc. (“AFG”). AFG is a holding company incorporated in the state of Delaware. AAC is a financial guaranty insurer whose financial strength was formerly rated triple-A by each of the major rating agencies and which provided financial guarantees and financial services to clients in both the public and private sectors around the world. The deterioration of AAC’s financial condition resulting from losses in its insured portfolio and resulting downgrades of AAC’s financial strength has resulted in AAC being unable to write new business since 2008.

For additional information about AAC, see the reports filed by AFG from time to time pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”). AAC is a Wisconsin stock insurance corporation. Its principal executive offices are located at One State Street Plaza, New York, NY 10004 and its telephone number is (212) 668-0340.

### **THE SEGREGATED ACCOUNT OF AMBAC ASSURANCE CORPORATION**

In March 2010, AAC established a segregated account pursuant to Wisconsin Statute §611.24(2) to segregate certain segments of AAC’s liabilities. The Office of the Commissioner of Insurance of the State of Wisconsin (“OCI”) commenced rehabilitation proceedings with respect to the Segregated Account (the “Segregated Account Rehabilitation Proceedings”) in order to permit the OCI to facilitate an orderly run-off and/or settlement of the liabilities allocated to the Segregated Account pursuant to the provisions of the Wisconsin Insurers Rehabilitation and Liquidation Act. Pursuant to the plan of operation for the Segregated Account, AAC has allocated to the Segregated Account: (1) certain policies insuring or relating to credit default swaps; (2) residential mortgage-backed securities policies; (3) certain student loan policies; and (4) other policies insuring obligations with substantial projected impairments or relating to transactions which have contractual triggers based upon AAC’s financial condition or the commencement of rehabilitation, which triggers are potentially damaging. The policies described in (4) above include the policies relating to LVMC. In addition, since March 2010, a claims moratorium on policies within the Segregated Account has been in effect.

For additional information about the Segregated Account, see the reports filed by AFG with the SEC, via the EDGAR online reporting system, from time to time pursuant to the Exchange Act. Copies of such material may be obtained from the website that the SEC maintains at <http://www.sec.gov>.

The principal executive offices of the Segregated Account are located at c/o Ambac Assurance Corporation, One State Street Plaza, New York, NY 10004 and its telephone number is (212) 668-0340.

LVM Holders should take note of the following dates in connection with the Tender Offer:

<u>Date</u>	<u>Calendar Date</u>	<u>Event</u>
Withdrawal Deadline	5:00 p.m., New York City time on December 5, 2011, except in certain limited circumstances where additional withdrawal rights are required by law (as determined by AAC in its sole discretion).	The last day and time for LVM Holders to validly withdraw tendered LVM Insured Bonds.
Expiration Date	11:59 p.m., New York City time, on December 19, 2011, unless extended or earlier terminated by AAC as described in this Offer to Purchase.	The last day and time for LVM Holders to tender LVM Insured Bonds pursuant to the Tender Offer.
Acceptance Date (as defined below)	AAC expects that this date will be the business day immediately following the Expiration Date.	Acceptance of all LVM Insured Bonds validly tendered on or prior to the Expiration Date, <i>provided</i> that the applicable conditions to the Tender Offer have been satisfied or waived and AAC notifies the Information Agent and Depositary that such LVM Insured Bonds are accepted for purchase and payment.
Settlement Date (as defined below)	On or promptly after the Acceptance Date; AAC expects that this date will be within 5 business days of the Expiration Date.	Payment of the Consideration, for all LVM Insured Bonds accepted for purchase on the Acceptance Date.

## **SUMMARY TERM SHEET AND QUESTIONS AND ANSWERS ABOUT THE TENDER OFFER**

*The following answers to questions that you may have as a LVM Holder highlight selected information included elsewhere or incorporated by reference in this Offer to Purchase. To fully understand the Tender Offer and the other considerations that may be important to your decision about whether to participate, you should carefully read this Offer to Purchase in its entirety, including “Risk Factors,” as well as the information incorporated by reference in this Offer to Purchase. See “Incorporation by Reference.” For further information about AAC, see “Where You Can Find More Information.”*

**Q: Why are we making the Tender Offer?**

**A:** The Tender Offer is being made pursuant to the Amended and Restated Settlement Agreement among AAC, the Segregated Account, the Commissioner and the Settling Bondholders. See “Background of the Tender Offer—Amended and Restated Settlement Agreement.”

**Q: What securities are being sought in the Tender Offer?**

**A:** AAC is offering to purchase any and all of the outstanding LVM Insured Bonds, as set forth on Schedule I hereto. See “Summary of the Tender Offer — Securities Subject to the Tender Offer” and “The Tender Offer — Securities Subject to the Tender Offer.”

**Q: Who may participate in the Exchange Offer?**

**A:** Any holder of outstanding LVM Insured Bonds may participate in the Tender Offer.

**Q: What will I receive in the Tender Offer if I tender my LVM Insured Bonds and they are accepted?**

**A:** For each \$1,000 accreted value at their respective final maturity dates or \$1,000 principal amount, as applicable, of LVM Insured Bonds that you validly tender as part of the Tender Offer and that is accepted for purchase, you will receive the applicable Cash Amount set forth on Schedule I hereto by CUSIP number of the respective tranche of LVM Insured Bonds being tendered, subject to the conditions described below, pursuant to the Tender Offer. Your right to receive the applicable Consideration in the Tender Offer is subject to all of the conditions described herein. Tenders of LVM Insured Bonds will not be accepted in part. Each LVM Holder who tenders any LVM Insured Bonds in the Tender Offer must tender all LVM Insured Bonds held by such LVM Holder. See “Summary of the Tender Offer — Terms of the Tender Offer” and “The Tender Offer — Terms of the Tender Offer.”

**Q. How is the amount of the cash payable in the Tender Offer to participating LVM Holders being determined?**

**A.** Pursuant to the terms of the Amended and Restated Settlement Agreement, the cash payable in respect of any LVM Insured Bond participating in the Tender Offer equals the following amount: (x) the Net Cash Consideration (as defined below) times, (y) in each case as of November 1, 2011, in the case of a Current Interest Bond, the aggregate principal amount of or, in the case of a Capital Appreciation Bond, the aggregate accreted value at its final maturity date of, each LVM Insured Bond owned by the LVM Holders participating in the Tender Offer, divided by (z) 1,000. No separate payment in respect of accrued interest will be paid. Any such calculations in respect of accrued interest are already included in the Cash Amounts listed on Schedule I hereto, as described in more detail herein.

**Q. Why does the amount of cash payable per principal or final accreted amount differ for each tranche of LVM Insured Bonds?**

**A.** The proportionate share of each of the LVM Insured Bonds in the total amount of cash available for distribution in the Tender Offer was based on the proportion that the principal and accrued but unpaid interest of the LVM Insured Bonds accrued through November 1, 2011, in the case of the Current Interest Bonds, or the accreted

value as of November 1, 2011, in the case of the Capital Appreciation Bonds, bears to the total amount of principal and accrued but unpaid interest through that date of all Current Interest Bonds and the accreted value of all Capital Appreciation Bonds through that date. The Settling Bondholder Expenses (as defined below) and the LVM Trustee Fees and Expenses (as defined below) were deducted from the total amount of cash available for distribution. Because each tranche of the LVM Insured Bonds accrues interest or accretes at its own rate, the amounts of cash payable per principal amount, in the case of the Current Interest Bonds, or payable per accreted amount, in the case of the Capital Appreciation Bonds, varies. However, when considered on the basis of the principal plus accrued interest at November 1, 2011, in the case of the Current Interest Bonds, and accreted value at November 1, 2011, in the case of the Capital Appreciation Bonds, the amounts of cash payable are the same for each tranche of the LVM Insured Bonds.

The total amount of the Settling Bondholder Expenses and the LVM Trustee Fees and Expenses is \$7,421,886.23 and \$1,863,501.19, respectively. No cash has been paid by the Segregated Account in respect of any currently outstanding LVM Insured Bonds since the date of the Amended and Restated Settlement Agreement.

“*LVM Trustee*” means Wells Fargo Bank, N.A., as trustee of that certain senior indenture, dated as of September 1, 2000 (the “LVM Indenture”), between the Director of the State of Nevada Department of Business and Industry and the LVM Trustee.

“*Settling Bondholder Expenses*” means the documented, reasonable out-of-pocket fees and expenses of the Settling Bondholders paid to their retained professional advisors and incurred in connection with enforcement of the rights of LVM Holders under the Ambac Policies, and any amounts paid by the Settling Bondholders by way of indemnification of the LVM Trustee to the extent the LVM Trustee is entitled to be reimbursed for any such amounts under the LVM Indenture, plus fifty (50%) percent of the fees and expenses incurred by the Depository and Information Agent.

“*LVM Trustee Fees and Expenses*” means the reasonable expenses of the LVM Trustee incurred necessary to protect the interests of the LVM Holders and reasonable charges and expenses of the LVM Trustee incurred in the performance of its powers and duties under the LVM Indenture, to the extent not previously paid or reimbursed and otherwise reimbursable or payable to the LVM Trustee under the LVM Indenture.

**Q: If I tender my LVM Insured Bonds, will I have the right to receive distributions, if any, in the LVM Bankruptcy Proceeding?**

**A:** The parties to the Amended and Restated Settlement Agreement intend that participating in the Tender Offer will not affect any claims that you may have against LVMC in the LVM Bankruptcy Proceeding. It is the intent of the parties that the LVM Insured Bonds will be separated from the claims of LVM Holders to distributions in the LVM Bankruptcy Proceeding. It is also intended that tendering LVM Holders are not transferring the right to receive for their own benefit all right, title and interest in and to the new securities, if any, to be issued by LVMC, as described in LVMC’s Third Amended Plan of Reorganization, as Revised (Case No.: BK-S-10-10464-BAM) (the “LVM Plan”), as it may be further revised, amended or restated, or any other consideration which may be payable generally to LVM Holders under the LVM Plan for their LVM Insured Bonds being tendered in the Tender Offer (the “Retained Rights”), in the same amounts as if the tendering LVM Holders continued to hold their LVM Insured Bonds. On November 14, 2011 a confirmation hearing was held in the United States Bankruptcy Court for the District of Nevada to confirm the LVM Plan. On November 18, 2011, confirmation of the LVM Plan was denied. and whether any plan of reorganization or similar plan will ultimately be confirmed is uncertain. If a plan of reorganization of LVMC is ultimately confirmed and despite the intent to separate the Retained Rights from the LVM Insured Bonds, AAC receives distributions as a result of the LVM Bankruptcy Proceeding, AAC intends to reject receipt of any such distributions. There can be no assurance, however, that any plan will be confirmed, or that any such distributions will be made, or, if made, will be received by tendering LVM Holders.

**Q: If I do not tender my LVM Insured Bonds, will I have the right to receive distributions, if any, in the LVM Bankruptcy Proceeding?**

**A:** It is the intent of the parties that LVM Holders who do not participate in the Tender Offer will have any distributions in respect of their LVM Insured Bonds placed into an escrow arrangement and the LVM Trustee will hold such distributions on behalf of such LVM Holders, subject to any subrogation rights of AAC, and that any such

distributions will only be made subject to and in accordance with the terms of the escrow arrangement and the LVM Indenture. However, there can be no assurance that any plan of reorganization of LVMC will ultimately be confirmed, and that an escrow arrangement will be put in place or that any such distributions will be made.

**Q: May I tender only a portion of the LVM Insured Bonds that I hold?**

**A:** No. You must tender all of your LVM Insured Bonds to participate in the Tender Offer. AAC will not accept partial tenders of the LVM Insured Bonds held by any LVM Holder. See “Summary of the Tender Offer — Terms of the Tender Offer” and “The Tender Offer — Terms of the Tender Offer.”

**Q: If the Tender Offer is consummated and I do not participate, how will my rights and obligations under the LVM Insured Bonds that remain owned by me be affected?**

**A:** If you do not participate in the Tender Offer, the terms of your LVM Insured Bonds that remain owned by you after the settlement date of the Tender Offer (“Settlement Date”) will not change as a result of the Tender Offer. See “Summary of the Tender Offer — Terms of the Tender Offer” and “The Tender Offer — Terms of the Tender Offer.”

**Q: If the Tender Offer is consummated and my LVM Insured Bonds are accepted for purchase, when will I receive my portion of the Consideration?**

**A:** If the conditions to the Tender Offer are satisfied or waived, AAC will be deemed to have accepted validly tendered LVM Insured Bonds when, as, and if AAC has given oral or written notice thereof to the Information Agent and Depositary following the Expiration Date (the “Acceptance Date”). AAC expects that the Acceptance Date will be the business day immediately following the Expiration Date. AAC will pay the Cash Amount on the LVM Insured Bonds tendered and accepted in the Tender Offer promptly after the Expiration Date, which AAC expects to be within five (5) business days after the Expiration Date. AAC refers to such date herein as the “Settlement Date”. See “Summary of the Tender Offer — Terms of the Tender Offer” and “The Tender Offer — Terms of the Tender Offer.”

**Q: How will the Tender Offer affect the trading market for the LVM Insured Bonds that are not purchased in the Tender Offer?**

**A:** As LVM Insured Bonds are tendered and accepted in the Tender Offer, the principal amount of publicly traded LVM Insured Bonds will decrease since the LVM Insured Bonds tendered in the Tender Offer will be held by AAC and no longer traded. This decrease could reduce the liquidity of the trading market for the LVM Insured Bonds. It is AAC’s intent to ultimately cancel the LVM Insured Bonds tendered and accepted in the Tender Offer. See “Risk Factors — The Tender Offer may have adverse effects on untendered LVM Insured Bonds.”

The Settling Bondholders have agreed to tender their LVM Insured Bonds in the Tender Offer pursuant to the Amended and Restated Settlement Agreement.

**Q: What do you intend to do with the LVM Insured Bonds that are purchased in the Tender Offer?**

**A:** LVM Insured Bonds tendered and accepted in the Tender Offer will be held by AAC. See “Summary of the Tender Offer — Use of Proceeds.” It is AAC’s intent to ultimately cancel the LVM Insured Bonds tendered and accepted in the Tender Offer.

**Q: Are you making a recommendation regarding whether I should participate in the Tender Offer?**

**A:** Neither AAC, its officers or its board of directors, the Segregated Account, the Rehabilitator, nor the Information Agent and Depositary is making any recommendation as to whether you should tender your LVM Insured Bonds for purchase. Further, AAC has not authorized anyone to make any recommendation. Accordingly, you must make your own determination as to whether to tender your LVM Insured Bonds. Before making your decision, AAC urges you to read this Offer to Purchase carefully in its entirety, including the information set forth under “Risk Factors” and the other documents incorporated by reference herein. See “Summary of the Tender Offer — Deciding Whether to Participate” and “The Tender Offer — Deciding Whether to Participate.”

**Q: What are the conditions to the Tender Offer?**

**A:** The Tender Offer is subject to certain conditions described below under “The Tender Offer — Conditions to the Tender Offer.” AAC may, in its sole discretion, waive certain conditions of the Tender Offer. If any of the applicable conditions are not satisfied or waived for the Tender Offer on or prior to the Expiration Date, AAC will not consummate the Tender Offer. See “The Tender Offer—Conditions to the Tender Offer.”

**Q: When does the Tender Offer expire?**

**A:** The Tender Offer will expire at 11:59 p.m., New York City time, on Monday, December 19, 2011 unless extended or earlier terminated by AAC. See “Summary of the Tender Offer — Expiration Date; Extension” and “The Tender Offer — Expiration Date; Extensions; Amendments.”

**Q: Under what circumstances can the Tender Offer be extended, amended or terminated?**

**A:** AAC reserves the right to extend, amend or terminate the Tender Offer if at any time before the Expiration Date, (1) AAC determines that the Tender Offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction or (2) any of the other events described in “The Tender Offer — Conditions to the Tender Offer” have occurred, by giving oral (promptly confirmed in writing) or written notice of the extension, termination or amendment to the Information Agent and Depositary.

If AAC amends the Tender Offer in a manner that AAC determines constitutes a material or significant change, AAC will extend the Expiration Date for a period of five to ten business days, depending upon the significance of the amendment, if the Tender Offer would otherwise have expired during such five to ten business day period. See “Summary of the Tender Offer — Expiration Date; Extension” and “The Tender Offer — Expiration Date; Extensions; Amendments.”

**Q: How will I be notified if the Tender Offer is extended, amended or terminated?**

**A:** Any extension, termination or amendment will be followed promptly by a public announcement thereof through any appropriate news agency, including, but not limited to, Bloomberg News Service or the Dow Jones News Service which, in the case of an extension, will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Any extension of the Expiration Date will not extend the Withdrawal Deadline. For more information regarding notification of extensions, amendments or the termination of the Tender Offer, see “The Tender Offer — Expiration Date; Extensions; Amendments.”

**Q: How do I tender my LVM Insured Bonds for purchase in the Tender Offer?**

**A:** The tender of LVM Insured Bonds will be via delivery of (i) the LVM Insured Bonds by book-entry transfer through the DTC ATOP system and (ii) a properly completed original Letter of Transmittal executed by the beneficial owner of the LVM Insured Bonds along with any required signature guarantee and all other required documents referenced therein and attachments thereto to the Information Agent and Depositary at its address set forth on the back cover of this Offer to Purchase on or before the Expiration Date. In order to validly tender LVM Insured Bonds, a beneficial owner must deliver its original, executed Letter of Transmittal to its Nominee (as defined below) (who will in turn deliver it to the Information Agent and Depositary). Such delivery by a beneficial owner should be made in sufficient time for such beneficial owner’s Nominee to further deliver the original, executed Letter of Transmittal to the Information Agent and Depositary on or before the Expiration Date.

**Q: How will I receive the Consideration if I tender my LVM Insured Bonds for purchase in the Tender Offer?**

**A:** The Consideration that each LVM Holder is entitled to receive under the terms of the Tender Offer will be wired by the Information Agent and Depositary on the Settlement Date to DTC for further distribution to the LVM Holders at the account designated by each LVM Holder. See “The Tender Offer — Procedures for Tendering LVM Insured Bonds.”

**Q: What happens if some or all of my LVM Insured Bonds are not accepted for purchase in the Tender Offer?**

**A:** Upon receipt of notice from AAC that either (i) a tender of LVM Insured Bonds has been rejected by AAC or (ii) the Tender Offer has been terminated, LVM Insured Bonds tendered pursuant to the Tender Offer will be returned promptly to the tendering LVM Holders at no cost to such holders. See “The Tender Offer — Procedures for Tendering LVM Insured Bonds.”

**Q: May I withdraw LVM Insured Bonds previously tendered?**

**A:** Yes, you may withdraw your tender of the LVM Insured Bonds at any time before the Withdrawal Deadline. You may not withdraw your LVM Insured Bonds after the Withdrawal Deadline, except in certain limited circumstances where withdrawal rights are required by law (as determined in AAC’s sole discretion). For more information, see “The Tender Offer — Withdrawal and Revocation Rights.”

**Q: How do I withdraw LVM Insured Bonds previously tendered?**

**A:** For a withdrawal of a tender of LVM Insured Bonds to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Information Agent and Depository at its address set forth on the back cover of this Offer to Purchase on or before the Withdrawal Deadline by mail, fax or hand delivery or by a properly transmitted “Request Message” through ATOP. Any such notice of withdrawal must (a) specify the name of the beneficial owner who tendered the LVM Insured Bonds to be withdrawn and the name of the Nominee whose name appears on the security position listing as the owner of the LVM Insured Bonds, (b) contain the description of the LVM Insured Bonds to be withdrawn (including the principal amount and tranche of the LVM Insured Bonds to be withdrawn), and the relevant transaction code number, (c) be signed by the beneficial owner of such LVM Insured Bonds in the same manner as the original signature on the Letter of Transmittal, including any required signature guarantees, or be accompanied by evidence satisfactory to AAC that a person withdrawing the tender has succeeded to the beneficial ownership of such LVM Insured Bonds, and (d) be delivered to the Information Agent and Depository by the Nominee which originally delivered the Letter of Transmittal to the Information Agent and Depository, or be accompanied by evidence satisfactory to AAC that the beneficial owner has a different Nominee than at the time of submission of the Letter of Transmittal. Withdrawal of tenders of LVM Insured Bonds may not be rescinded, and any LVM Insured Bonds properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer to Purchase. Withdrawal of LVM Insured Bonds may only be accomplished in accordance with the foregoing procedures. LVM Insured Bonds validly withdrawn may thereafter be retendered at any time on or before the Expiration Date by following the procedures described under “The Tender Offer — Procedures for Tendering LVM Insured Bonds.”

See “The Tender Offer — Withdrawal and Revocation Rights.”

**Q: Will I have to pay any fees or commissions if I participate in the Tender Offer?**

**A:** There are no fees or commissions payable to the Information Agent and Depository in connection with a purchase pursuant to the Tender Offer. However, if your LVM Insured Bonds are held through a Nominee who tenders the LVM Insured Bonds on your behalf, your Nominee may charge you a commission for doing so. You should consult with your Nominee to determine whether any charges will apply. See “The Tender Offer — Payment of Fees and Expenses.”

**Q: What risks should I consider in deciding whether or not to tender my LVM Insured Bonds?**

**A:** In deciding whether to participate in the Tender Offer, you should carefully consider the discussion of risks and uncertainties affecting the Tender Offer, LVMC and AAC that are described under “Risk Factors” and the documents incorporated by reference in this Offer to Purchase.

**Q: What are the material U.S. federal income tax considerations of my participating in the Tender Offer?**

**A:** There are certain U.S. federal income tax consequences relating to the tender of the LVM Insured Bonds for the Consideration pursuant to the Tender Offer. Please read the risk factors set forth under “Risk Factors” and “Certain Tax Considerations.” You should consult your own tax advisor for a full understanding of the tax considerations of participating in the Tender Offer.

**Q: With whom may I talk if I have questions about the Tender Offer?**

**A:** If you have questions about the terms of the Tender Offer, the procedures for tendering LVM Insured Bonds in the Tender Offer or require assistance regarding this process, please contact the Information Agent and Depository. The contact information for the Information Agent and Depository is set forth on the back cover page of this Offer to Purchase.

## SUMMARY OF THE TENDER OFFER

*This summary highlights information contained elsewhere in this Offer to Purchase. Because this is only a summary, it does not contain all of the information that may be important to you. You should read the following summary together with the more detailed description of the terms of the Tender Offer contained elsewhere in this Offer to Purchase. See "The Tender Offer."*

**Securities Subject to the Tender Offer** Any and all of the outstanding Las Vegas Monorail Project Revenue Bonds, 1st Tier Series 2000, consisting in the aggregate of \$352,705,000 principal amount of its Current Interest Bonds and \$273,760,000 accreted value at their respective final maturity dates of its Capital Appreciation Bonds, as set forth in Schedule I hereto.

**Terms of the Tender Offer** AAC is offering to purchase any and all of the LVM Insured Bonds for the applicable Consideration. Pursuant to the Tender Offer, LVM Holders may elect to receive the Consideration, in each case in the amounts with respect to each tranche of LVM Insured Bonds as set forth on Schedule I hereto for each \$1,000 accreted value at their respective final maturity dates or \$1,000 principal amount, as applicable, of the LVM Insured Bonds validly tendered and not withdrawn. No separate payment of accrued interest will be paid. Any such calculations in respect of accrued interest are already included in the Cash Amounts listed on Schedule I hereto. Tendering LVM Holders must tender all LVM Insured Bonds held by each of them. AAC will not accept partial tenders of LVM Insured Bonds.

Pursuant to the Amended and Restated Settlement Agreement, subject to certain terms and conditions, AAC has agreed to pay a fixed amount of cash, as described in this Offer to Purchase, to each LVM Holder based on the accreted value at its final maturity date or principal amount, as applicable, of each tranche of the LVM Insured Bonds tendered by such LVM Holder in the Tender Offer as the Consideration to be paid to such LVM Holders in the Tender Offer. Tenderees of LVM Insured Bonds will not be accepted in part. Each LVM Holder who tenders any LVM Insured Bonds in the Tender Offer must tender all LVM Insured Bonds held by such LVM Holder.

The parties to the Amended and Restated Settlement Agreement intend that participating in the Tender Offer will not affect any claims that you may have against LVMC in the LVM Bankruptcy Proceeding. It is the intent of the parties that the LVM Insured Bonds will be separated from the claims of LVM Holders to distributions in the LVM Bankruptcy Proceeding. On November 14, 2011 a confirmation hearing was held in the United States Bankruptcy Court for the District of Nevada to confirm the LVM Plan. On November 18, 2011 confirmation of the LVM Plan was denied and whether any plan of reorganization or similar plan will ultimately be confirmed is uncertain. If a plan of reorganization is ultimately confirmed and despite the intent to separate the Retained Rights from the LVM Insured Bonds, AAC receives distributions as a result of the LVM Bankruptcy Proceeding, AAC intends to reject receipt of any such distributions. There can be no assurance, however, that any plan will ultimately be confirmed, or that any such distributions will be made, or if made, will be received by tendering LVM Holders.

It is the intent of the parties that LVM Holders who do not participate in the Tender Offer will have any distributions in respect of their LVM

Insured Bonds placed into an escrow arrangement and the LVM Trustee will hold such distributions on behalf of such LVM Holders, subject to any subrogation rights of AAC, and that any such distributions will only be made subject to and in accordance with the terms of the escrow arrangement and the LVM Indenture. However, there can be no assurance that any plan of reorganization of LVMC will ultimately be confirmed, and that an escrow arrangement will be put into place or that any such distributions will be made.

Each LVM Holder that participates in the Tender Offer will agree in the Letter of Transmittal to a full and complete termination and release of all obligations of AAC and the Segregated Account (and payment to AAC of proceeds of all payments) under the Ambac Policies in respect of the LVM Insured Bonds which participate in the Tender Offer, excluding any insured bonds or other instruments (other than LVM Insured Bonds) that are insured by financial guaranty policies of the general account as of the date of the Amended and Restated Settlement Agreement but which policies are thereafter allocated to the Segregated Account.

Each LVM Holder that participates in the Tender Offer will also agree in the Letter of Transmittal not to object to AAC's succeeding to the rights and interests of any LVM Holders that do not participate in the Tender Offer under any plan of reorganization or similar plan or program in the LVM Bankruptcy Proceeding.

On the Settlement Date, AAC will deliver to the LVM Trustee irrevocable written instructions to cancel LVM Insured Bonds owned by AAC prior to the Settlement Date in the aggregate principal amount equal to the sum of (i) the product of the Tender Participation Ratio and \$2,500,000 in aggregate principal amount of Current Interest Bonds (rounded to the nearest minimum denomination of such bonds) and (ii) the product of the Tender Participation Ratio and \$6,000,000 in Capital Appreciation Bonds (rounded to the nearest minimum denomination of such bonds).

*“Tender Participation Ratio”* means a ratio the numerator of which is, in the case of the CIBs, the aggregate outstanding principal amount of LVM Insured Bonds participating in the Tender Offer and, in the case of CABs, the aggregate outstanding accreted value at their respective final maturity dates of such LVM Insured Bonds and the denominator of which is, in each case, the aggregate outstanding principal amount of (in the case of CIBs), and accreted value at their respective final maturity dates (in the case of CABs), on all LVM Insured Bonds as of November 1, 2011.

The terms of your LVM Insured Bonds that are not tendered in the Tender Offer will not change as a result of the Tender Offer.

#### **Conditions to the Tender Offer**

AAC will not be required to accept any tendered LVM Insured Bonds and may terminate or amend the Tender Offer if, at any time before the Expiration Date, (1) AAC determines that the Tender Offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction or (2) any of the other events described in “The Tender Offer — Conditions to the Tender Offer” have occurred.

**Expiration Date; Extension**

The Tender Offer will expire at 11:59 p.m., New York City time, on Monday, December 19, 2011, unless extended or earlier terminated by AAC. AAC may extend the Expiration Date if at any time before the Expiration Date, (1) AAC determines that the Tender Offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction or (2) any of the other events described in “The Tender Offer — Conditions to the Tender Offer” have occurred. If AAC determines to extend the Expiration Date, AAC will announce the extension by press release or other permitted means no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Any extension of the Expiration Date will not extend the Withdrawal Deadline.

**Settlement Date**

AAC will settle the Tender Offer on the Settlement Date. On the Settlement Date, AAC will pay the applicable Consideration with respect to all LVM Insured Bonds that have been properly tendered (and accepted) and not withdrawn prior to the Expiration Date. AAC expects that the Settlement Date will be within five (5) business days after the Expiration Date.

**Withdrawal of Tenders**

The LVM Insured Bonds tendered pursuant to the Tender Offer may be withdrawn at any time prior to the Withdrawal Deadline. See “The Tender Offer—Withdrawal and Revocation.”

**Procedures for Tender and Delivery**

The tender of LVM Insured Bonds will be via delivery of (i) the LVM Insured Bonds by book-entry transfer through the DTC ATOP system and (ii) a properly completed original Letter of Transmittal executed by the beneficial owner of the LVM Insured Bonds along with any required signature guarantee and all other required documents referenced therein and attachments thereto, to the Information Agent and Depositary at its address set forth on the back cover of this Offer to Purchase on or before the Expiration Date. In order to validly tender LVM Insured Bonds, a beneficial owner must deliver its original, executed Letter of Transmittal to its Nominee (who will in turn deliver it to the Information Agent and Depositary). Such delivery by a beneficial owner should be made in sufficient time for such beneficial owner’s Nominee to further deliver the original, executed Letter of Transmittal to the Information Agent and Depositary on or before the Expiration Date.

AAC intends to accept all LVM Insured Bonds validly tendered and not withdrawn or revoked as of the Expiration Date.

LVM Holders should carefully follow the instructions contained herein on how to tender your LVM Insured Bonds. See “The Tender Offer — Procedures for Tendering LVM Insured Bonds.”

**Amendment of the Tender Offer**

AAC reserves the right to modify the terms of the Tender Offer if at any time before the Expiration Date, (1) AAC determines that the Tender Offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction or (2) any of the other events described in “The Tender Offer — Conditions to the Tender Offer” have occurred, *provided*, that it complies with applicable laws that may require it to extend the period during which LVM Insured Bonds may be tendered or withdrawn, as a result of changes in the terms of, or information

relating to, the Tender Offer.

**Certain Tax Considerations**

For a summary of the U.S. federal income tax considerations relating to the Tender Offer, see “Certain Tax Considerations.”

**LVM Insured Bonds Not Tendered or Accepted**

AAC intends to accept all LVM Insured Bonds validly tendered prior to the Expiration Date and not withdrawn or revoked as of the Withdrawal Deadline. Any tendered LVM Insured Bonds that are not accepted for purchase by AAC for any reason as described in more detail in this Offer to Purchase will be credited to your DTC account without expense to you promptly after the expiration or termination of the Tender Offer. If you do not tender your LVM Insured Bonds, or if your LVM Insured Bonds are not accepted for purchase by AAC, you will continue to hold your LVM Insured Bonds and you will be entitled to all the rights, and subject to all the limitations, applicable to the LVM Insured Bonds.

**Consequences If You Do Not Tender Your LVM Insured Bonds**

To the extent that any LVM Insured Bonds are tendered and accepted pursuant to the Tender Offer, the amount of publicly traded LVM Insured Bonds will decrease since the LVM Insured Bonds tendered in the Tender Offer will be held by AAC and no longer traded. This decrease could reduce the liquidity of the trading market for the LVM Insured Bonds. The Settling Bondholders have agreed to tender their LVM Insured Bonds in the Tender Offer pursuant to the Amended and Restated Settlement Agreement. It is AAC’s intent to ultimately cancel the LVM Insured Bonds tendered and accepted in the Tender Offer.

It is the intent of the parties that LVM Holders who do not participate in the Tender Offer will have any distributions in respect of their LVM Insured Bonds placed into an escrow arrangement and the LVM Trustee will hold such distributions on behalf of such LVM Holders, subject to any subrogation rights of AAC, and that any such distributions will only be made subject to and in accordance with the terms of the escrow arrangement and the LVM Indenture. However, there can be no assurance that any plan of reorganization of LVMC will ultimately be confirmed, and that an escrow arrangement will be put in place or that any such distributions will be made.

**Deciding Whether to Participate**

Neither AAC, its officers or its board of directors, the Segregated Account, the Rehabilitator, nor the Information Agent and Depositary is making any recommendation as to whether you should tender your LVM Insured Bonds pursuant to the Tender Offer. Further, AAC has not authorized anyone to make any such recommendation.

You should make your own decision as to whether you should tender your LVM Insured Bonds after reading the information contained herein, under “Risk Factors” and the information incorporated by reference herein, and consulting with your advisors, if any, based on your own financial position and requirements.

**Information Agent and Depositary**

Wilmington Trust, National Association has been retained to serve as the Information Agent and Depositary. Its address and telephone number are provided on the back cover page of this Offer to Purchase. See “Information Agent and Depositary.”

**YOU SHOULD READ THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CAREFULLY BEFORE MAKING A DECISION TO TENDER YOUR LVM INSURED BONDS.**

## RISK FACTORS

*You should carefully consider the specific risk factors set forth below, as well as the other information contained or incorporated by reference in this Offer to Purchase and any accompanying supplement thereto, before deciding whether to tender your LVM Insured Bonds for purchase. This Offer to Purchase, any accompanying supplement and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. See "Statements Regarding Forward-Looking Information."*

### **Risks Related to AAC and the Segregated Account**

In addition to the below factors, you are urged to carefully review the risks and uncertainties contained in AFG's Annual Report on Form 10-K for the year ended December 31, 2010 and AFG's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011, as well as other reports filed from time to time by AFG with the SEC. In March 2010, OCI commenced rehabilitation proceedings with respect to the Segregated Account in order to permit OCI to facilitate an orderly run-off and/or settlement of the liabilities allocated to the Segregated Account (which includes AAC's liabilities relating to the LVM Insured Bonds). As a result, since March 2010, a claims moratorium on policies within the Segregated Account, including with respect to the LVM Insured Bonds, has been in effect.

### **Risks Related to the Tender Offer**

***LVM Holders that participate in the Tender Offer will be agreeing in the Letter of Transmittal to the terms of the Ambac Release.***

LVM Holders will not be entitled to receive payments made by the Segregated Account pursuant to the Ambac Policies ("Ambac Policy Claim Payments") in respect of LVM Insured Bonds that are tendered and accepted pursuant to the Tender Offer. LVM Holders who participate in the Tender Offer will be agreeing in the Letter of Transmittal to the terms of the Ambac Release. The Segregated Account may be able to meet the obligations of other creditors in the future, including other holders of LVM Insured Bonds insured by an Ambac Policy that decline to participate in the Tender Offer. If the Segregated Account is ultimately able to meet its obligations in full under the Ambac Policies covering the LVM Insured Bonds, then LVM Holders that participated in the Tender Offer will have tendered their LVM Insured Bonds at a substantial discount to the payments they may have received had they not participated in the Tender Offer. By participating in the Tender Offer, LVM Holders will forego any benefits associated with holding the Ambac Policies, whether the Segregated Account is successfully rehabilitated or otherwise. As a result, there is no guarantee that a LVM Holder will receive more in the Tender Offer than through a settlement of outstanding claims in the plan of rehabilitation for the Segregated Account (the "Rehabilitation Plan").

***The Tender Offer may have adverse effects on untendered LVM Insured Bonds.***

If the Tender Offer is completed, the LVM Insured Bonds tendered and accepted in the Tender Offer will be held by AAC as the owner of the LVM Insured Bonds and it is AAC's intent to ultimately cancel the LVM Insured Bonds tendered and accepted in the Tender Offer. As a result, trading in the remaining LVM Insured Bonds may be more limited, and the prices of those securities may be negatively affected. A security with a small outstanding principal amount available for trading (a smaller "float") may command a lower price than would a comparable security with a greater float. The smaller float may also make the trading price of the LVM Insured Bonds that are not tendered and accepted for payment more volatile. Consequently, the liquidity, market value and price volatility of LVM Insured Bonds that remain publicly traded may be adversely affected. There can be no assurance that any trading market will exist for the LVM Insured Bonds following the Settlement Date. The Settling Bondholders have agreed to tender their LVM Insured Bonds in the Tender Offer pursuant to the Amended and Restated Settlement Agreement.

LVMC is in serious financial distress and filed a chapter 11 bankruptcy petition in Nevada in January 2010, where it is proposing minimal recoveries for LVM Holders. On November 14, 2011 a confirmation hearing was held in the United States Bankruptcy Court for the District of Nevada to confirm the LVM Plan. On November 18, 2011 confirmation of the LVM Plan was denied and whether any plan of reorganization or similar plan will ultimately be confirmed is uncertain. If a plan of reorganization of LVMC is ultimately confirmed, it is the intent of the parties

that LVM Holders who do not participate in the Tender Offer will have any distributions in respect of their LVM Insured Bonds placed into an escrow arrangement and the LVM Trustee will hold such distributions on behalf of such LVM Holders, subject to any subrogation rights of AAC, and any such distributions will only be made subject to and in accordance with the terms of the escrow arrangement and the LVM Indenture. However, there can be no assurance that any plan of reorganization of LVMC will ultimately be confirmed, and that an escrow arrangement will be put into place or that any such distributions will be made.

***Following the Settlement Date or earlier termination of the Tender Offer, AAC or the Segregated Account may acquire LVM Insured Bonds that were not tendered in the Tender Offer upon terms and at prices as AAC or the Segregated Account, as applicable, may determine, which could be for cash or other consideration.***

AAC and the Segregated Account and each of their respective subsidiaries or affiliates reserve the absolute right, in each of their sole discretion and to the extent permitted by applicable law, at any time and from time to time after the Settlement Date or earlier termination of the Tender Offer, to acquire any LVM Insured Bonds that are not tendered and accepted pursuant to the Tender Offer through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon terms, at prices and for consideration as AAC or the Segregated Account or their respective subsidiaries or affiliates, if any, may determine. In each case, the consideration for the LVM Insured Bonds may be different from the consideration offered in the Tender Offer. There can be no assurance as to which, if any, of these alternatives or combinations thereof AAC, the Segregated Account or each of their respective subsidiaries or affiliates may choose to pursue in the future.

***AAC is not making a recommendation as to whether you should participate in the Tender Offer.***

Neither AAC, its officers or its board of directors, the Segregated Account, the Rehabilitator, nor the Information Agent and Depositary is making any recommendation as to whether you should tender or refrain from tendering your LVM Insured Bonds. Further, AAC has not authorized anyone to make any such recommendation.

#### **Risks Related to Taxation**

***The U.S. federal income tax consequences of the Tender Offer are uncertain.***

There are no relevant authorities that directly address the characterization of the Tender Offer, or similar transactions for U.S. federal income tax purposes and the matter is not free from doubt. As a result, significant aspects of the U.S. federal income tax consequences of the Tender Offer are not certain. Accordingly, there can be no assurance that the Internal Revenue Service (“IRS”) will not successfully challenge the intended U.S. federal income tax treatment of the Tender Offer, as described herein. Alternative tax treatment of the Tender Offer could affect the U.S. federal income tax treatment of any income or loss to a LVM Holder from its participation in the Tender Offer.

LVM Holders that participate in the Tender Offer are advised to consult their tax advisors concerning the U.S. federal, state, local, non-U.S. or other tax consequences to them of the Tender Offer.

#### **Risks Relating to LVMC**

LVMC was formed in May 2000 as a Nevada nonprofit public benefit corporation to acquire, design and construct a monorail in the city of Las Vegas, Nevada. The LVM Insured Bonds were issued by The Director of the State of Nevada Department of Business and Industry in September 2000. LVMC revenues are the sole source for repayment of the LVM Insured Bonds. LVMC is in serious financial distress and filed a chapter 11 bankruptcy petition in Nevada in January 2010, where it is proposing minimal recoveries for LVM Holders. On November 14, 2011 a confirmation hearing was held in the United States Bankruptcy Court for the District of Nevada to confirm the LVM Plan. On November 18, 2011, confirmation of the LVM Plan was denied and whether any plan of reorganization or similar plan will ultimately be confirmed is uncertain. Recoveries, if any, from LVMC on the LVM Insured Bonds may be very limited whether or not you decide to participate in the Tender Offer. In addition, while AAC intends that the Retained Rights be separated from the LVM Insured Bonds that are tendered, and intends to reject receipt of any distributions it receives relating to such LVM Insured Bonds arising from the LVM Bankruptcy Proceeding, there can be no assurance that any plan of reorganization of LVMC will ultimately be confirmed or that any distributions will be made or, if made, will be received by tendering LVM Holders. AAC does

not make any representation as to any information about the monorail or LVMC or the risks relating to the ownership of the LVM Insured Bonds, or make any representation as to the accuracy or completeness of any statements about the monorail or LVMC contained herein.

## STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Offer to Purchase includes statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “estimate,” “project,” “plan,” “believe,” “anticipate,” “intend,” “planned,” “potential” and similar expressions, or future or conditional verbs such as “will,” “should,” “would,” “could,” and “may”, or the negative of those expressions or verbs, identify forward-looking statements. AAC cautions readers that these statements are not guarantees of future performance. Forward-looking statements are not historical facts but instead represent only beliefs of AAC regarding future events, which, may by their nature be inherently uncertain and some of which may be outside the control of AAC. These statements may relate to plans and objectives with respect to the future, among other things which may change. AAC is alerting you to the possibility that its actual results may differ, possibly materially, from the expected objectives or anticipated results that may be suggested, expressed or implied by these forward-looking statements. Important factors that could cause such results to differ, possibly materially, from those indicated in the forward-looking statements include, among others, those discussed under “Risk Factors” in this Offer to Purchase, in Part I, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2010 of AFG and in Part II, Item 1A of the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011 of AFG.

Any or all forward-looking statements here or in other publications may turn out to be incorrect and are based on current beliefs or opinions.

## WHERE YOU CAN FIND MORE INFORMATION

AAC is the principal operating subsidiary of AFG. Therefore, the public filings of AFG are being incorporated by reference into this Offer to Purchase.

AFG is subject to the information requirements of the Exchange Act, and files annual, quarterly and special reports, proxy statements and other information with the SEC. These SEC filings are available to the public over the Internet at the SEC’s web site at <http://www.sec.gov>. You may also read and copy any document AAC files with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Office of Investor Education and Advocacy of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room.

Statements contained herein concerning the provisions of any document are not necessarily complete and, in each instance, reference is made to the copy of such document filed on behalf of AAC with the SEC and each such statement is qualified in its entirety by such reference.

You should rely only on the information provided or incorporated by reference in this Offer to Purchase or any supplement thereto. AAC has not authorized anyone else to provide you with different information. AAC may not make an offer to purchase the LVM Insured Bonds in exchange for the Consideration in any jurisdiction where the offer is not permitted. The delivery of this Offer to Purchase does not, under any circumstances, mean that there has not been a change in the affairs of AAC since the date of this Offer to Purchase. It also does not mean that the information in this Offer to Purchase is correct after the date of this Offer to Purchase. Our business, prospects and financial condition may have changed since that date.

## INCORPORATION BY REFERENCE

This Offer to Purchase incorporates by reference the documents listed below (except any portions of any such documents that are deemed “furnished” rather than “filed” under the Exchange Act in accordance with the Exchange Act and applicable SEC rules):

- Ambac Financial Group, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2010;
- Ambac Financial Group, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2011;

- Ambac Financial Group, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2011;
- Ambac Financial Group, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2011; and
- Ambac Financial Group, Inc. Current Reports on Form 8-K as filed with the SEC on January 28, 2011, March 7, 2011, June 14, 2011 September 7, 2011, September 27, 2011 and October 5, 2011.

In addition, we incorporate by reference any future reports that Ambac Financial Group, Inc. files with the Commission under sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Offer to Purchase and prior to the expiration or termination of the Tender Offer (other than any portions of such documents which are deemed furnished and not filed).

The Information Agent and Depositary will provide without charge to each person, including any beneficial holder, to whom an Offer to Purchase is delivered, upon written or oral request of that person, a copy of any document incorporated by reference. Requests should be directed to the Information Agent and Depositary at the address and telephone numbers set forth on the back cover page of this Offer to Purchase.

## **BACKGROUND OF THE TENDER OFFER**

In 2000, the Director of the State of Nevada Department of Business and Industry issued \$451,448,217.30 in initial principal amount of Las Vegas Monorail Project Revenue Bonds, 1st Series 2000. The Director issued the LVM Insured Bonds to finance the acquisition, design and construction of a monorail system operating in the City of Las Vegas, Nevada. The owner and operator of the monorail system is LVMC, which is obligated to pay principal and interest on the LVM Insured Bonds as they come due. The LVM Insured Bonds were issued in tranches of Current Interest Bonds and tranches of Capital Appreciation Bonds, and were scheduled to mature at various dates through the year 2040. To provide additional security for the benefit of the LVM Holders, AAC issued the Ambac Policies insuring the LVM Insured Bonds.

On January 13, 2010, LVMC filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada. Since January 1, 2010 no payments of principal or interest have been made on the LVM Insured Bonds by LVMC.

### **The Amended and Restated Settlement Agreement**

The Settling Bondholders entered into a settlement agreement, dated as of December 27, 2010 (the “Original Settlement Agreement”), with AAC, the Segregated Account and the Commissioner which provided, in the alternative, for a full mandatory commutation of the LVM Insured Bonds and an exchange offer. The Settlement Agreement provided that the parties would pursue the full commutation, unless one of the parties notified the other that it determined in good faith that the full commutation was not reasonably likely to be achieved prior to a prescribed outside date or at all. In accordance with the terms of the Original Settlement Agreement, on June 22, 2011, the Settling Bondholders provided notice to AAC and the Commissioner that they had in good faith determined that the full commutation was not reasonably likely to be achieved. On November 21, 2011, AAC, the Segregated Account, the Commissioner and the Settling Bondholders entered into the Amended and Restated Settlement Agreement pursuant to which AAC has agreed to pay a fixed amount of cash, as described in this Offer to Purchase, to each LVM Holder based on the accreted value at their respective final maturity dates or principal amounts, as applicable, of the LVM Insured Bonds tendered by such LVM Holder in a Tender Offer on substantially the terms set forth in this Offer to Purchase.

The Amended and Restated Settlement Agreement provides that the Consideration payable in the Tender Offer shall consist, in respect of each LVM Holder participating in the Tender Offer, of:

- Cash equal to (x) the Net Cash Consideration (as defined below) times, (y) in each case as of November 1, 2011, in the case of a Current Interest Bond, the aggregate principal amount of, or, in the case of a Capital Appreciation Bond, the aggregate accreted value at its final maturity date of, each LVM Insured Bond owned by LVM Holders participating in the Tender Offer divided by (z) 1,000.

“Net Cash Consideration” means, with respect to any Current Interest Bonds or Capital Appreciation Bonds, the amounts set forth on Schedule I hereto.

On the Settlement Date, AAC will deliver to the LVM Trustee irrevocable written instructions to cancel LVM Insured Bonds owned by AAC prior to the Settlement Date in the aggregate principal amount equal to the sum of (i) the product of the Tender Participation Ratio and \$2,500,000 in aggregate principal amount of Current Interest Bonds (rounded to the nearest minimum denomination of such bonds) and (ii) the product of the Tender Participation Ratio and \$6,000,000 in Capital Appreciation Bonds (rounded to the nearest minimum denomination of such bonds).

The Amended and Restated Settlement Agreement also provides for certain other agreements among AAC, the Segregated Account and the Settling Bondholders, including the following, among others:

- The parties agreed that they would take all reasonable and necessary steps to implement the provisions of the Amended and Restated Settlement Agreement as efficiently and expeditiously as possible.

- Promptly following entry of an order of the Circuit Court for Dane County Wisconsin approving the Amended and Restated Settlement Agreement (the “Settlement Approval Order”), the Settling Bondholders agreed to withdraw their objections to the Rehabilitation Plan without prejudice.
- Promptly following entry of the Settlement Approval Order, the Settling Bondholders agreed to withdraw or stay certain appeals related to the Rehabilitation Plan.
- The Settling Bondholders agreed to give certain directions to the LVM Trustee in support of the Amended and Restated Settlement Agreement and the matters contemplated thereby.
- Provided that AAC and the Segregated Account are not in material breach of their obligations under the Amended and Restated Settlement Agreement, the Settling Bondholders agreed that the failure to consummate the commutation or the Tender Offer would not constitute grounds for staying the confirmed Rehabilitation Plan.
- On the Settlement Date, the Settling Bondholders agreed to withdraw with prejudice all motions, objections, actions and claims they have asserted against the Segregated Account.
- In the event that the Settlement Date does not occur by reason other than a breach by the Settling Bondholders of their obligations under the Amended and Restated Settlement Agreement, the Settling Bondholders will be entitled to renew their objections to, and continue their appeals in respect of, the Rehabilitation Plan.
- Upon the occurrence of the Settlement Date, AAC and the Segregated Account agreed to withdraw with prejudice their claims (other than claims that AAC has or will have relating to the Ambac Policies on account of LVM Insured Bonds that did not participate in the Tender Offer), actions and appeals in the LVM Bankruptcy Proceeding.
- Effective as of the Settlement Date, AAC agreed to assign to the LVM Trustee, for the benefit of the LVM Holders, without representation, warranty or recourse, any claims that AAC or the Segregated Account have or will have against LVMC relating to the Ambac Policies including, but not limited to, any claims for subrogation, contribution and/or indemnification, other than claims that AAC or the Segregated Account have or will have against LVMC on account of LVM Insured Bonds that did not participate in the Tender Offer.
- AAC and the Segregated Account acknowledged that if the Tender Offer is consummated, the LVM Holders participating in the Tender Offer will be entitled to receive and/or retain for their own benefit all rights, titles and interests in any and all payments from LVMC after the date of the Settlement Agreement on account of the LVM Insured Bonds.
- For so long as the Tender Offer has neither been consummated, abandoned nor terminated and so long as the other party is not in breach of the Settlement Agreement, the Settling Bondholders, AAC and the Segregated Account agreed to cooperate in good faith with respect to the LVM Bankruptcy Proceeding and attempt in good faith to resolve any differences they may have in respect thereof.

Under the terms of the Amended and Restated Settlement Agreement, AAC and the Segregated Account are required to consummate the Tender Offer no earlier than 25 days and no later than 50 days following the date on which notice of the Tender Offer is first sent to the LVM Holders. In addition, the obligations of AAC and the Segregated Account to commence and to close the Tender Offer are subject to certain conditions, including:

- that AAC and the Segregated Account shall have received a certificate from the Settling Bondholders and/or their permitted transferees in form and substance reasonably satisfactory to it as to the accuracy of certain representations and warranties;

- that the LVM Holders accepting the Tender Offer constitute holders of at least the percentage in aggregate principal amount and/or accreted value, as applicable, of LVM Insured Bonds held by the Settling Bondholders as of the date of the Amended and Restated Settlement Agreement, subject to any changes in percentage resulting solely from the maturity of, or accretion of, any LVM Insured Bonds;
- no Settling Bondholder shall be in material breach of its obligations or representations and warranties under the Amended and Restated Settlement Agreement;
- no Illegality Event (as defined in the Amended and Restated Settlement Agreement) with respect to the Tender Offer shall have occurred and be continuing;
- the Segregated Account has not been invalidated by court order; and
- solely in respect of the consummation of the Tender Offer, the Settlement Approval Order shall have been entered.

## **THE TENDER OFFER**

### **Securities Subject to the Tender Offer**

AAC is offering to purchase any and all of the LVM Insured Bonds in exchange for the applicable Consideration.

### **Deciding Whether to Participate**

Neither AAC, its officers, or its board of directors, the Segregated Account, the Rehabilitator, nor the Information Agent and Depositary is making any recommendation as to whether you should tender your LVM Insured Bonds pursuant to the Tender Offer. Further, AAC has not authorized anyone to make any recommendation.

You should make your own decision after reading this Offer to Purchase, including “Risk Factors” and the information incorporated by reference herein, and consulting with your advisors, if any, based on your own financial position and requirements.

### **Terms of the Tender Offer**

Pursuant to the Tender Offer, LVM Holders may elect to receive the Consideration, in each case in the amounts with respect to each tranche of LVM Insured Bonds set forth on Schedule I hereto for each \$1,000 accreted value at their respective final maturity dates or \$1,000 principal amount, as applicable, of the LVM Insured Bonds validly tendered and not withdrawn. No separate payment of accrued interest will be paid. Any such calculations in respect of accrued interest are already included in the Cash Amounts listed on Schedule I hereto. Tendering LVM Holders must tender all LVM Insured Bonds held by them. AAC will not accept partial tenders of the LVM Insured Bonds held by any LVM Holder.

AAC will be deemed to have accepted validly tendered LVM Insured Bonds when, as, and if the applicable conditions have been satisfied or waived and AAC has given oral or written notice thereof to the Information Agent and Depositary following the Expiration Date. AAC refers to such date herein as the “Acceptance Date”. If any tendered LVM Insured Bonds are not accepted because of an invalid tender, or the occurrence of other events described under the heading “— Conditions to the Tender Offer” or otherwise, LVM Insured Bonds will be credited to the LVM Holder’s account maintained with DTC, without expense, promptly after the Expiration Date, unless the Tender Offer is extended.

Pursuant to the Amended and Restated Settlement Agreement, subject to certain terms and conditions, AAC has agreed to pay a fixed amount of cash, as described in this Offer to Purchase, to each LVM Holder based on the accreted value at its final maturity date or principal amount, as applicable, of each tranche of the LVM Insured Bonds tendered by such LVM Holder in the Tender Offer in respect of the Consideration to be paid to such LVM Holder in the Tender Offer.

The parties to the Amended and Restated Settlement Agreement intend that participating in the Tender Offer will not affect any claims that you may have against LVMC in the LVM Bankruptcy Proceeding. It is the intent of the parties that the LVM Insured Bonds will be separated from the claims of LVM Holders to distributions in the LVM Bankruptcy Proceeding. On November 14, 2011 a confirmation hearing was held in the United States Bankruptcy Court for the District of Nevada to confirm the LVM Plan. On November 18, 2011, confirmation of the LVM Plan was denied and whether any plan of reorganization or similar plan will ultimately be confirmed is uncertain. If a plan of reorganization of LVMC is ultimately confirmed and, despite the intent to separate the Retained Rights from the LVM Insured Bonds, AAC receives distributions as a result of the LVM Bankruptcy Proceeding, AAC intends to reject receipt of any such distributions. There can be no assurance, however, that any plan will ultimately be confirmed, or that any such distributions will be made, or, if made, will be received by tendering LVM Holders.

It is the intent of the parties that LVM Holders who do not participate in the Tender Offer will have any distributions in respect of their LVM Insured Bonds placed into an escrow arrangement and the LVM Trustee will hold such distributions on behalf of such LVM Holders, subject to any subrogation rights of AAC, and that any such

distributions will only be made subject to and in accordance with the terms of the escrow arrangement and the LVM Indenture. There can be no assurance, however, that any plan of reorganization of LVMC will ultimately be confirmed, and that an escrow arrangement will be put into place or that any such distributions will be made.

The Letter of Transmittal provides that AAC and the Settling Bondholders agree that, effective on the Settlement Date following consummation of the Tender Offer, that all tendering LVM Holders are not transferring their respective rights and claims to distributions of new debt securities of LVMC in connection with the LVM Bankruptcy Proceeding. There can be no assurance, however, that the LVM Plan will ultimately be confirmed, or that any such distributions will be made or, if made, will be received by tendering LVM Holders.

By tendering their LVM Insured Bonds and executing the Letter of Transmittal, each LVM Holder agrees, effective on the Settlement Date and subject to the payment of such LVM Holder's Cash Amount pursuant to this Offer to Purchase, to thereby forever absolutely, unconditionally and irrevocably release and discharge each of AAC and the Segregated Account, and their respective affiliates, stockholders, agents, directors, officers, employees, assigns, predecessors and successors from any and all past, present and future claims, demands, rights, actions, suits, proceedings, obligations, offsets, debts, sums of money, accounts, premium payments, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, damages, judgments, liens, rights, costs and expenses (including attorneys' fees and costs actually incurred), liabilities and causes of action and losses of any kind and nature whatsoever, fixed or contingent, known or unknown, liquidated or unliquidated, whether grounded in law or in equity, in contract or in tort, vested or contingent, that the LVM Holder or any person or entity claiming through or under such LVM Holder ever had or now has or hereafter can, shall or may have in the future arising out of or related to (1) the LVM Insured Bonds being tendered and, with respect to the LVM Insured Bonds being tendered, the LVM Indenture, including, without limitation, any claims that such LVM Holder is entitled to participate in any repurchase or redemption of the LVM Insured Bonds being tendered, and (2) all obligations of AAC and the Segregated Account (and payment to AAC of proceeds of all payments arising from, based upon, or in any way related to any of the Ambac Policies) in respect of the LVM Insured Bonds being tendered by such LVM Holder, including without limitation, any claim arising from, based upon, or in any way related to any of the Ambac Policies, including, without limitation, any claim for return or refund of any portion of unearned premium, and including, without limitation, any and all payments made to or for the benefit of such LVM Holder on or prior to the Settlement Date (other than such LVM Holder's Cash Amount pursuant to this Offer to Purchase) that may be avoided and recovered by a bankruptcy trustee in an applicable bankruptcy proceeding, it being the intention of such LVM Holder and ACC and the Segregated Account, subject to the occurrence of the Settlement Date and payment of such LVM Holder's Cash Amount pursuant to this Offer to Purchase, that the Letter of Transmittal operate as a full and final settlement of AAC's and the Segregated Account's current and future liabilities to such LVM Holder under and in connection with the Ambac Policies. Each LVM Holder that participates in the Tender Offer will also agree in the Letter of Transmittal, effective upon the Settlement Date and subject to the payment of such LVM Holder's Cash Amount pursuant to this Offer to Purchase, not to object to AAC's succeeding to the rights and interests of any LVM Holders that do not participate in the Tender Offer under any plan of reorganization or similar plan or program in the LVM Bankruptcy Proceeding. For the avoidance of doubt, the foregoing shall not apply to any insured bonds or other instruments (other than LVM Insured Bonds) that are insured by financial guaranty policies of the general account as of the date of the Amended and Restated Settlement Agreement but which policies are thereafter allocated to the Segregated Account.

On the Settlement Date, AAC will deliver to the LVM Trustee irrevocable written instructions to cancel LVM Insured Bonds owned by AAC prior to the Settlement Date in the aggregate principal amount equal to the sum of (i) the product of the Tender Participation Ratio and \$2,500,000 in aggregate principal amount of Current Interest Bonds (rounded to the nearest minimum denomination of such bonds) and (ii) the product of the Tender Participation Ratio and \$6,000,000 in Capital Appreciation Bonds (rounded to the nearest minimum denomination of such bonds).

The terms of your LVM Insured Bonds that are not purchased in the Tender Offer will not change as a result of the Tender Offer.

#### **Expiration Date; Extensions; Amendments**

For purposes of the Tender Offer, the term "Expiration Date" will mean 11:59 p.m., New York City time, on Monday, December 19, 2011, subject to AAC's right to extend that date and time as described in this Offer to

Purchase, in which case, the Expiration Date will mean the latest date and time to which the Tender Offer is extended.

AAC reserves the right, if at any time before the Expiration Date, (1) AAC determines that the Tender Offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction or (2) any of the other events described in “The Tender Offer — Conditions to the Tender Offer” have occurred, and subject to applicable law, to: (x) extend the Expiration Date, (y) terminate the Tender Offer upon failure to satisfy any of the conditions described under “— Conditions to the Tender Offer;” or (z) amend the Tender Offer, in each case by giving oral (promptly confirmed in writing) or written notice of the extension, termination or amendment to the Information Agent and Depository. Any extension, termination or amendment will be followed promptly by a public announcement thereof through any appropriate news agency, including, but not limited to, Bloomberg News Service or the Dow Jones News Service which, in the case of an extension, will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Any extension of the Expiration Date will not extend the Withdrawal Deadline. AAC will have no other obligation to publish, advertise or otherwise communicate any public announcement other than by making a timely release to any appropriate news agency, including, but not limited to, Bloomberg Business News and the Dow Jones News Service.

If AAC amends the Tender Offer in a manner that AAC determines constitutes a material or significant change, AAC will extend the Expiration Date, for a period of five to ten business days, depending upon the significance of the amendment, if the Expiration Date would otherwise have expired during the five to ten business day period.

#### **Procedures for Tendering LVM Insured Bonds**

**The tender of LVM Insured Bonds will be via delivery of (i) the LVM Insured Bonds by book-entry transfer through the DTC ATOP system and (ii) a properly completed original Letter of Transmittal executed by the beneficial owner of the LVM Insured Bonds along with any required signature guarantee and all other required documents referenced therein and attachments thereto, to the Information Agent and Depository at its address set forth on the back cover of this Offer to Purchase on or before the Expiration Date. In order to validly tender LVM Insured Bonds, a beneficial owner must deliver its original, executed Letter of Transmittal to its Nominee (who will in turn deliver it to the Information Agent and Depository). Such delivery by a beneficial owner should be made in sufficient time for such beneficial owner’s Nominee to further deliver the original, executed Letter of Transmittal to the Information Agent and Depository on or before the Expiration Date.**

Any LVM Holder whose LVM Insured Bonds are beneficially owned by such LVM Holder and held through a broker-dealer, commercial bank, trust company or other nominee or DTC participant (each a “Nominee”) and who wishes to tender LVM Insured Bonds should contact such Nominee promptly and instruct the Nominee to tender such LVM Insured Bonds on the LVM Holder’s behalf. In such cases, the Nominee shall request submission of instructions on the Nominee’s instruction form. LVM Holders who beneficially own their LVM Insured Bonds through a Nominee should check with their Nominee to determine the procedures for such form. The tender by a LVM Holder (or its Nominee) pursuant to the procedures set forth in this Offer to Purchase will constitute an agreement between such LVM Holder (or its Nominee) and the Information Agent and Depository in accordance with the terms and subject to the conditions set forth in this Offer to Purchase.

By tendering LVM Insured Bonds pursuant to the Tender Offer, the LVM Holder will be deemed to have represented and warranted that such LVM Holder has full power and authority to tender, sell, assign and transfer the LVM Insured Bonds tendered and that when the Information Agent and Depository accepts such LVM Insured Bonds for purchase, it will acquire good, marketable and unencumbered title to such LVM Insured Bonds, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right and will cause such LVM Insured Bonds to be delivered in accordance with the terms of the Tender Offer. The LVM Holder will also be deemed to have agreed, upon request, to execute and deliver any additional documents deemed by the Information Agent and Depository to be necessary or desirable to complete the assignment and transfer of the LVM Insured Bonds tendered.

LVM Holders tendering their LVM Insured Bonds pursuant to ATOP must allow sufficient time for completion of the ATOP procedures during normal business hours of DTC. Except as otherwise provided in this Tender Offer, delivery of LVM Insured Bonds will be deemed made only when (1) the Agent's Message and (2) the Letter of Transmittal for the tendered LVM Insured Bonds are actually received by the Information Agent and Depository. No documents should be sent to AAC. Delivery of LVM Insured Bonds and physical delivery of the Letter of Transmittal duly executed by the beneficial owner of the LVM Insured Bonds is the responsibility of, and at the election and risk of the person or entity tendering LVM Insured Bonds and will be deemed made only when actually received by the Information Agent and Depository. Questions regarding the procedures for tendering LVM Insured Bonds should be directed to the Information Agent and Depository at the address and telephone number set forth on the back cover of this Offer to Purchase.

### ***General Description of the Tender Process***

Any tender in the Tender Offer will need to be made by or on behalf of each LVM Holder (*i.e.*, on behalf of each beneficial owner) to the Information Agent and Depository (i) by means of book-entry transfer of the applicable LVM Insured Bonds to the Information Agent and Depository through the DTC ATOP system and (ii) via physical delivery of the Letter of Transmittal duly executed by the beneficial owner of the LVM Insured Bonds to the Information Agent and Depository, along with all required attachments thereto. DTC will then edit and verify the acceptance and send an Agent's Message to the Information Agent and Depository for its acceptance.

### ***Summary of the Process for Tendering LVM Insured Bonds***

To validly tender LVM Insured Bonds, each beneficial owner of LVM Insured Bonds tendering its LVM Insured Bonds will need to take the following actions:

- (1) Deliver, or have its Nominee deliver, the LVM Insured Bonds to be tendered by book-entry transfer to the Information Agent and Depository through the DTC ATOP System; and
- (2) Properly complete, execute and deliver the original Letter of Transmittal to the Information Agent and Depository, or to its Nominee for completion and further delivery to the Information Agent and Depository, as applicable, along with any required signature guarantee, and any other required documents referenced therein and attachments thereto, at its address set forth on the back cover of this Offer to Purchase.

Each of these actions must be completed prior to the Expiration Date.

Under current U.S. federal income tax law, a U.S. Holder who receives cash pursuant to the Tender Offer is generally required to provide to its Nominee its correct taxpayer identification number ("TIN") and to certify that the TIN provided is correct by completing an IRS Form W-9, IRS Form W-8BEN or other IRS W-8 Form, or otherwise establish an exemption from the backup withholding rules. Failure by an LVM Holder to complete an IRS Form W-9 (or IRS Form W-8BEN or other IRS W-8 Form) and to ensure its Nominee is in receipt of such form will not, by itself, cause such LVM Holder's LVM Insured Bonds to be deemed invalidly tendered, but may result in withholding by such Nominee on payments made to such person with respect to the Tender Offer.

### ***How to Tender LVM Insured Bonds***

The tender by a LVM Holder (and subsequent acceptance of such tender by the Information Agent and Depository) pursuant to procedures set forth below will constitute a binding agreement between such LVM Holder and AAC in accordance with the terms and subject to the conditions set forth in this Offer to Purchase and in the Letter of Transmittal.

The LVM Holder (or its Nominee if such LVM Holder beneficially holds its LVM Insured Bonds through a Nominee) must complete the following steps prior to the Expiration Date in order to validly tender LVM Insured Bonds:

- (1) Properly complete the Letter of Transmittal duly executed by the beneficial owner of the LVM Insured Bonds in accordance with its instructions;

- (2) Properly complete all required attachments to the Letter of Transmittal, which must be executed by the beneficial owner of the LVM Insured Bonds;
- (3) Deliver the original Letter of Transmittal to the Information Agent and Depository, or to its Nominee for completion and further delivery to the Information Agent and Depository, as applicable, along with any required signature guarantee, and any other required documents referenced therein and attachments thereto, at its address set forth on the back cover of this Offer to Purchase; and
- (4) Deliver, or instruct its Nominee to deliver, the applicable LVM Insured Bonds enumerated in the Letter of Transmittal into the Information Agent and Depository's account at DTC via the DTC ATOP system. Any transfer into the Information Agent and Depository's DTC account must be in accordance with DTC's procedures for transfers.

The Information Agent and Depository will accept delivery of LVM Insured Bonds by book-entry transfer through DTC upon receipt of the properly completed Letter of Transmittal duly executed by the beneficial owner of the LVM Insured Bonds and required attachments. The completion and submission by a beneficial owner to its Nominee of an IRS Form W-9 (or IRS Form W-8BEN or other IRS W-8 Form) certifying that the TIN provided is correct or otherwise establishing an exemption from the backup withholding rules is the responsibility of the LVM Holder tendering its LVM Insured Bonds in the Tender Offer. Such LVM Holders should ensure that their Nominees are in receipt of this information. LVM Holders considering tendering their LVM Insured Bonds in the Tender Offer should consult their own tax advisors concerning the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction prior to making such investment.

**Nominees of multiple LVM Holders must complete these steps separately for each LVM Holder.** A tender of LVM Insured Bonds will only be deemed complete after (i) receipt by the Information Agent and Depository of a completed and physically delivered Letter of Transmittal duly executed by the beneficial owner of the LVM Insured Bonds along with all required attachments, and (ii) receipt by the Information Agent and Depository of the applicable LVM Insured Bonds in its account at DTC. Unless the LVM Insured Bonds being tendered are deposited with the Information Agent and Depository on or prior to the Expiration Date (preceded by a properly completed and duly executed physically delivered Letter of Transmittal), AAC may, at its option, treat such tender as defective for purposes of the right to receive the applicable Consideration.

Delivery of the LVM Insured Bonds and Letters of Transmittal to the Information Agent and Depository prior to the Expiration Date is the responsibility of, and at the election and risk of the LVM Holder tendering LVM Insured Bonds.

**LVM Holders bear the risk of timely and validly tendering their LVM Insured Bonds and executed Letters of Transmittal in accordance with the terms of the Tender Offer. AAC has no obligation to extend the Tender Offer to permit LVM Holders to complete the procedures necessary to tender their LVM Insured Bonds.**

#### **No Guaranteed Delivery**

There are no guaranteed delivery provisions in connection with the Tender Offer. LVM Holders must tender their LVM Insured Bonds in accordance with the procedures set forth above under “— Procedures for Tendering LVM Insured Bonds.”

#### **Book-Entry Transfer**

The Information Agent and Depository will establish an account with respect to the LVM Insured Bonds at DTC for purposes of the Tender Offer, within two (2) business days of the date of this Offer to Purchase, and any financial institution that is a participant in DTC may make book-entry delivery of LVM Insured Bonds by causing DTC to transfer such LVM Insured Bonds into the Information Agent and Depository's account in accordance with DTC's procedures for such transfer. The Information Agent and Depository and DTC have confirmed that LVM Insured Bonds held in book-entry form through DTC that are to be tendered in the Tender Offer are eligible for

ATOP. To effectively tender LVM Insured Bonds, LVM Holders must instruct the LVM Holder's Nominee to (i) deliver the applicable LVM Insured Bonds via ATOP into the Information Agent and Depository's account at DTC and (ii) properly complete and deliver to the Information Agent and Depository the Letter of Transmittal duly executed by the beneficial owner of the LVM Insured Bonds along with all required attachments thereto.

DTC will then verify the acceptance, execute a book-entry delivery to the Information Agent and Depository's account at DTC and send an Agent's Message to the Information Agent and Depository for its acceptance. The confirmation of a book-entry transfer into the Information Agent and Depository's account at DTC as described above is referred to in this Offer to Purchase as a "Book-Entry Confirmation." The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Depository and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC described in such Agent's Message, stating (a) the aggregate principal amount or accreted value at their respective final maturity dates, as applicable, of LVM Insured Bonds that have been tendered by such participant pursuant to the Tender Offer, (b) that such participant has received this Offer to Purchase and the Letter of Transmittal and agrees to be bound by the terms of the Tender Offer as described in this Offer to Purchase and the Letter of Transmittal, and (c) that AAC may enforce such agreement against such participant.

Any acceptance of an Agent's Message transmitted through ATOP is at the election and risk of the person transmitting an Agent's Message and delivery will be deemed made only when actually received by the Information Agent and Depository.

#### **Signature Guarantee**

All signatures on a Letter of Transmittal must be guaranteed by a recognized participant in the Securities Transfer Agents' Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program (each, a "Medallion Signature Guarantor").

#### **Withdrawal and Revocation Rights**

Tenders of LVM Insured Bonds may be withdrawn at any time on or prior to the Withdrawal Deadline. **Tenders of LVM Insured Bonds may not be withdrawn after the Withdrawal Deadline, except in certain limited circumstances where additional withdrawal rights are required by law (as determined by AAC in its sole discretion).**

If the Tender Offer is terminated, LVM Insured Bonds tendered pursuant to the Tender Offer will be returned promptly to the tendering LVM Holders at no cost to such LVM Holders.

For a withdrawal of a tender of LVM Insured Bonds to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Information Agent and Depository at its address set forth on the back cover of this Offer to Purchase on or before the Withdrawal Deadline by mail, fax or hand delivery or by a properly transmitted "Request Message" through ATOP. Any such notice of withdrawal must (a) specify the name of the beneficial owner who tendered the LVM Insured Bonds to be withdrawn, and the name of the Nominee whose name appears on the security position listing as the owner of the LVM Insured Bonds, (b) contain the description of the LVM Insured Bonds to be withdrawn (including the principal amount and tranche of the LVM Insured Bonds to be withdrawn) and the relevant transaction code number, (c) be signed by the beneficial owner of such LVM Insured Bonds in the same manner as the original signature on the Letter of Transmittal, including any required signature guarantees, or be accompanied by evidence satisfactory to AAC that a person withdrawing the tender has succeeded to the beneficial ownership of such LVM Insured Bonds, and (d) be delivered to the Information Agent and Depository by the Nominee which originally delivered the Letter of Transmittal to the Information Agent and Depository, or be accompanied by evidence satisfactory to AAC that the beneficial owner has a different Nominee than at the time of submission of the Letter of Transmittal. Withdrawal of tenders of LVM Insured Bonds may not be rescinded, and any LVM Insured Bonds properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer to Purchase. Withdrawal of LVM Insured Bonds may only be accomplished in accordance with the foregoing procedures. LVM Insured Bonds validly withdrawn may thereafter be retendered at any time on or before the Expiration Date by following the procedures described under "The Tender Offer — Procedures for Tendering LVM Insured Bonds."

AAC will determine all questions as to the form and validity (including time of receipt) of any notice of withdrawal of a tender, in its sole discretion, which determination shall be final and binding. None of AAC, the Information Agent and Depositary or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal of a tender or incur any liability for failure to give any such notification.

If AAC is delayed in its acceptance for purchase of, or payment for, any LVM Insured Bonds or is unable to accept for purchase or pay for any LVM Insured Bonds pursuant to the Tender Offer for any reason then, without prejudice to AAC's rights hereunder, but subject to applicable law, tendered LVM Insured Bonds may be retained by the Information Agent and Depositary on behalf of AAC and may not be validly withdrawn (subject to Rule 14e-1 under the Exchange Act, which requires that AAC pay the Consideration offered or return the LVM Insured Bonds deposited by or on behalf of the holders promptly after the termination or withdrawal of the Tender Offer).

### **Transfer Taxes**

Each LVM Holder that participates in the Tender Offer will pay all transfer taxes, if any, applicable to the tender of its LVM Insured Bonds to AAC in the Tender Offer. In addition, if transfer taxes are imposed for any other reason, the amount of those transfer taxes, whether imposed on the registered holder or any other persons, will also be payable by the tendering LVM Holder.

### **Conditions to the Tender Offer**

Notwithstanding any other provision of the Tender Offer, AAC will not be required to accept any tendered LVM Insured Bonds and may extend, terminate or amend the Tender Offer, if, at any time before the Expiration Date, AAC determines that the Tender Offer violates applicable law, any applicable interpretation of the staff of the SEC, or any order of any governmental agency or court of competent jurisdiction. AAC will not be required to make any payment in respect of LVM Insured Bonds tendered prior to the Expiration Date unless AAC shall have accepted such LVM Insured Bonds for purchase pursuant to the Tender Offer.

AAC also may not accept LVM Insured Bonds that have been tendered and may take the actions listed below if any of the following events occur on or prior to the Acceptance Date:

- (i) the conditions to the consummation of the Tender Offer set forth in the Amended and Restated Settlement Agreement have not been satisfied or waived;
- (ii) any action, proceeding or litigation based on the Amended and Restated Settlement Agreement relating in any manner to the Tender Offer is instituted;
- (iii) any order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority and is in effect, or any statute, rule, regulation, governmental order or injunction is proposed, enacted, enforced or deemed applicable to the Tender Offer, any of which would or might in the reasonable judgment of AAC restrain, prohibit or delay completion of the Tender Offer or impair the contemplated benefits of the Tender Offer to AAC;
- (iv) any of the following occurs and the adverse effect of the occurrence will, in AAC's reasonable judgment, be continuing:
  - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States;
  - any major disruption of settlements of securities or clearance services in the United States; or
  - a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;

(in which case AAC shall extend the Expiration Date until such conditions have been satisfied or waived);

- (v) any event or events occur that have resulted or may result in AAC's sole judgment in the information included in this Offer to Purchase or the documents incorporated herein by reference containing any untrue statement of a material fact or omitting to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading (in which case AAC shall extend the Expiration Date until it has publicly disclosed information regarding such events or changes); or
- (vi) AAC and the Settling Bondholders agree to terminate, extend or amend the Tender Offer.

If any of the above events occur during the time period set forth above, AAC may (except as specified above):

- terminate the Tender Offer and promptly credit all tendered LVM Insured Bonds to the tendering holders' accounts maintained with DTC (to the extent that the failure of any such condition is not likely, in AAC's discretion, to be resolved within a reasonable period of time);
- extend the Expiration Date, subject to the withdrawal rights described in "— Withdrawal and Revocation Rights" herein, and retain all tendered LVM Insured Bonds until the extended Tender Offer expires;
- amend the terms of the Tender Offer, which may result in an extension of the period of time for which the Tender Offer is kept open; or
- waive the unsatisfied condition, subject to any requirement to extend the period of time during which the Tender Offer is open, and complete the Tender Offer.

The foregoing conditions are for AAC's sole benefit and may be asserted by AAC regardless of the circumstances giving rise to these conditions or may be waived by AAC in whole or in part at any time and from time to time in its sole discretion.

#### **Subsequent Purchases of the LVM Insured Bonds**

AAC, the Segregated Account and their respective subsidiaries or affiliates reserve the absolute right, in each of their sole discretion and to the extent permitted by applicable law, at any time and from time to time after a period of ten (10) business days after the Settlement Date or earlier termination of the Tender Offer, to acquire any LVM Insured Bonds that are not tendered pursuant to the Tender Offer through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon terms, at prices and for consideration as either AAC, the Segregated Account or their respective subsidiaries or affiliates may determine. In each case, the consideration for the LVM Insured Bonds may be different from the consideration offered in the Tender Offer. There can be no assurance as to which, if any, of these alternatives or combinations thereof AAC and their subsidiaries or affiliates, if any, may choose to pursue in the future.

#### **Payment of Fees and Expenses**

If your LVM Insured Bonds are held through a Nominee who tenders the LVM Insured Bonds on your behalf, your Nominee may charge you a commission for doing so. You should consult with your Nominee to determine whether any charges will apply to you.

#### **Amendment of the Tender Offer**

Subject to and consistent with the terms of the Amended and Restated Settlement Agreement, AAC reserves the right to interpret or modify the terms of the Tender Offer; *provided*, that AAC will comply with applicable laws that may require it to extend the period during which LVM Insured Bonds may be tendered or withdrawn as a result of changes in the terms of, or information relating to, the Tender Offer.

**Effect of Tender**

Any valid tender by a LVM Holder that is not validly withdrawn prior to the Withdrawal Deadline will constitute a binding agreement between that LVM Holder and AAC upon the terms and subject to the conditions of the Tender Offer described in this Offer to Purchase. The acceptance of the Tender Offer by a tendering LVM Holder will constitute the agreement by that LVM Holder to deliver good and marketable title to the tendered LVM Insured Bonds, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, and an agreement on the part of such LVM Holder to the terms set forth in the Letter of Transmittal, including, without limitation, the Ambac Release.

**Absence of Dissenters' Rights**

LVM Holders do not have any appraisal or dissenters' rights under applicable law in connection with the Tender Offer.

## **INFORMATION AGENT AND DEPOSITARY**

### **Information Agent and Depositary**

AAC has retained Wilmington Trust, National Association to act as Information Agent and Depositary. Questions concerning Tender Offer procedures may be directed to the Information Agent and Depositary at the address set forth on the back cover page of this Offer to Purchase. AAC will pay the Information Agent and Depositary a fee for its services, and AAC will also reimburse the Information Agent and Depositary for its reasonable out-of-pocket expenses. AAC has also agreed to indemnify the Information Agent and Depositary against certain liabilities in connection with its services.

## CERTAIN TAX CONSIDERATIONS

The following summary (including and subject to the matters and qualifications set forth in such summary) does not include any factual or accounting matters, determinations or conclusions or facts and relies upon and is premised on the accuracy of the assumptions contained herein. This discussion is based upon the Code, the Treasury Regulations promulgated thereunder and any relevant administrative rulings or pronouncements or judicial decisions, all as in effect on the date hereof and as currently interpreted, and does not take into account possible changes in such tax laws or interpretations thereof, which may apply retroactively. This discussion does not include any description of the tax laws of any state or local governments within the United States or of any non-U.S. government. Persons considering participating in the Tender Offer should consult their own tax advisors concerning the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction prior to making such investment. There can be no assurances that the IRS or other taxing authority will not challenge one or more of the consequences discussed herein. The tax treatment of a LVM Holder that participates in the Tender Offer for U.S. federal income, state, local or non-U.S. tax purposes, may vary depending on the LVM Holder's particular tax situation. Statements contained herein as to AAC's beliefs, expectations or the intended treatment, do not represent the opinions of counsel.

THE U.S. FEDERAL TAX ADVICE CONTAINED HEREIN IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TENDER OFFER, AND IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PERSON, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES. LVM HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PARTICIPATING IN THE TENDER OFFER.

LVM HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF LVM INSURED BONDS FOR THE CONSIDERATION IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT AND APPLICABILITY OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

The following summary sets forth the material U.S. federal income tax considerations related to the exchange of LVM Insured Bonds for the Consideration. Unless otherwise stated, this summary deals only with holders that are U.S. Holders (as defined below) who hold their LVM Insured Bonds as capital assets within the meaning of section 1221 of the Code. The following discussion is only a discussion of the material U.S. federal income tax matters as described herein and does not purport to address all of the U.S. federal income tax consequences that may be relevant to a particular holder in light of such holder's specific circumstances. In addition, the following summary does not address the U.S. federal income tax consequences that may be relevant to special classes of holders, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers or traders in securities, tax exempt organizations, expatriates, investors in pass through entities, U.S. persons whose functional currency is not the U.S. dollar, or persons who hold their LVM Insured Bonds as part of a hedging or conversion transaction or as part of a short-sale or straddle, who may be subject to special rules or treatment under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds LVM Insured Bonds, the tax treatment of the partners will generally depend on the status of the partner and the activities of the partnership. If an investor is a partner of a partnership holding LVM Insured Bonds, the investor should consult its tax advisor.

For purposes of this discussion, the term "U.S. Holder" means the beneficial owner of a LVM Insured Bond, that, for U.S. federal income tax purposes is: (i) a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States or organized under the laws of any political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; (iv) a trust if either (x) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust or (y) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes; or (v) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing.

A “non-U.S. Holder” is any beneficial owner of a LVM Insured Bond that is not a U.S. Holder and that is not a partnership or other entity treated as a partnership for U.S. federal income tax purposes.

### **Overview of the U.S. federal income tax treatment of the exchange of LVM Insured Bonds**

There are no relevant authorities that directly address the characterization of the Tender Offer or similar transactions for U.S. federal income tax purposes and the matter is not free from doubt. Consequently, the U.S. federal income tax consequences of the Tender Offer are not certain. The Tender Offer could be characterized by the IRS or the courts in a manner that differs from the Intended Tax Treatment (as defined below). Accordingly, there can be no assurance that the IRS will not successfully challenge the Intended Tax Treatment. Alternative tax treatment of the Tender Offer could affect the U.S. federal income tax treatment of any income or loss to a holder from the consummation of the Tender Offer.

LVM Holders should consult their tax advisors concerning the U.S. federal, state, local, non-U.S. or other tax consequences to them of the exchange of LVM Insured Bonds.

### **Intended U.S. federal income tax treatment (the “Intended Tax Treatment”) of the Tender Offer**

As indicated above, there are no relevant authorities that directly address the characterization of the Tender Offer, or similar transactions for U.S. federal income tax purposes. Although the matter is not free from doubt, it is intended that for U.S. federal income tax purposes (i) the exchange of LVM Insured bonds for the Consideration pursuant to the Tender Offer should be treated as a taxable sale by a LVM Holder of a partial beneficial interest in the applicable LVM Insured Bonds to AAC in exchange for cash. Under this treatment, the partial beneficial interests in the LVM Insured Bonds purchased by AAC represent the right to receive payments under the Ambac Policies after the Settlement Date and the partial beneficial interests retained by the LVM Holders that participate in the Tender Offer represent the Retained Rights.

### **Taxation of U.S. Holders**

*Exchange of LVM Insured Bonds for cash.* Under the Intended Tax Treatment described above, a U.S. Holder that participates in the Tender Offer should recognize U.S. source capital gain or loss equal to the difference between the amount realized (*i.e.*, the Consideration received) on the sale of its partial beneficial interest in the LVM Insured Bonds to AAC and the holder’s tax basis allocable to that interest. Any capital gain or loss recognized upon the exchange of the LVM Insured Bonds will be long-term capital gain or loss (subject to taxation at reduced rates for U.S. Holders that are non-corporate holders) if the LVM Insured Bonds were held for more than one year. The deductibility of capital losses is subject to limitations.

Under the Intended Tax Treatment, a holder’s adjusted tax basis in the LVM Insured Bonds held by such holder should be allocated between the partial beneficial interest sold to AAC and the Retained Rights. One method of allocating such basis is in proportion to such partial interests’ relative fair market values. It is possible that the entire value of the LVM Insured Bonds should be allocated to the partial beneficial interests sold to AAC, because it is not expected that any payments will be made with respect to the Retained Rights. For purposes of determining a holder’s amount realized and basis allocated between its beneficial interests, the partial beneficial interest in the LVM Insured Bonds disposed of should be characterized as a right to receive payment under the Ambac Policies.

By participating in the Tender Offer a LVM Holder will be obligated for U.S. federal income tax purposes to treat the exchange of LVM Insured Bonds for the Consideration pursuant to the Tender Offer in the manner described above, and to allocate basis among the LVM Holder’s respective beneficial interests in the LVM Insured Bonds consistent with the foregoing.

It is possible that a U.S. Holder’s basis in the LVM Insured Bonds would be allocated in a manner different from that described above, including by reference to the relative fair market value of the right to receive payments under the Ambac Policies compared to the right to other payments on the LVM Insured Bonds at the time of issuance of the bonds, or by allocating none of the U.S. Holder’s basis to the right to receive payments under the Ambac Policies. As a result of these alternatives, a U.S. Holder could be treated as realizing capital gain in an amount equal to the cash paid by AAC or as realizing a capital loss in an amount different from that described above.

*Information reporting and back-up withholding.* The payment of the Consideration and amounts withheld from such payments, if any, generally will be reported to the IRS and to the U.S. Holder, unless the U.S. Holder is an exempt recipient. U.S. federal backup withholding may apply if the recipient fails to provide an accurate taxpayer identification number and comply with certain certification procedures or otherwise fails to establish an exemption from backup withholding. Backup withholding does not represent an additional income tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund if the required information is timely furnished to the IRS.

### **Taxation of Non-U.S. Holders**

The tax treatment applicable to non-U.S. Holders who participate in the Tender Offer is complex and will vary depending upon the particular circumstances of such non-U.S. Holder. Each non-U.S. Holder is urged to consult with its tax counsel concerning the U.S. federal, state and local, and non-U.S. tax consequences of participating in the Tender Offer.

*Exchange of LVM Insured Bonds for the Cash Amount.* Subject to the discussion of backup withholding below, any gain realized by a non-U.S. Holder on the exchange of partial interests in the LVM Insured Bonds generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such non-U.S. Holder of a trade or business within the United States (or, if certain tax treaties apply, is attributable to a U.S. permanent establishment maintained by the non-U.S. Holder), in which case such gain will be taxed on a net income basis at the rate applicable to U.S. persons generally (and, with respect to a non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to a branch profits tax) or (ii) the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are satisfied, in which case the non-U.S. Holder will be subject to a tax, currently at a rate of 30%, on the excess, if any, of such gain plus all other U.S. source capital gains recognized during the same taxable year over the non-U.S. Holder's U.S. source capital losses recognized during such taxable year.

*Information reporting and back-up withholding.* Generally, the amount paid for the LVM Insured Bonds and the amount of tax, if any, withheld with respect to those payments may be reported to the IRS and to non-U.S. Holders. Copies of the information returns reporting such payments and any withholding may also be made available to the tax authorities in the country in which a non-U.S. Holder resides under the provisions of an applicable income tax treaty or tax sharing agreement. Backup withholding may apply if the LVM Insured Bonds are held by a non-U.S. Holder and the non-U.S. Holder fails to provide appropriate information.

Backup withholding will apply to the proceeds of a sale of the LVM Insured Bonds through a U.S. office of a U.S. or non-U.S. broker, a non-U.S. office of a U.S. broker, or a non-U.S. office of a non-U.S. broker with certain connections to the United States, unless the non-U.S. Holder certifies under penalty of perjury that such holder is not a U.S. person (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person) or another exemption is otherwise established.

Backup withholding does not represent an additional income tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a non-U.S. Holder's U.S. federal income tax liability and may entitle the non-U.S. Holder to a refund if the required information is furnished in a timely manner to the IRS. LVM Holders who are non-U.S. Holders should consult their own tax advisors concerning the application of the information reporting and backup withholding rules.

**The Information Agent and Depository for the Tender Offer is:**

**Wilmington Trust, National Association**

Rodney Square North  
1100 N. Market Street  
Wilmington, DE 19890-0001  
Attention: Sam Hamed

Questions, requests for assistance, and requests for additional copies of this Offer to Purchase may be directed to the Information Agent and Depository Attention: Joseph Clark, Telephone: 212-941-4439.

**SCHEDULE I**

<u>Type of LVM Insured Bond</u>	<u>CUSIP of the LVM Insured Bond</u>	<u>Aggregate Principal Amount of CIBs &amp; Aggregate Accreted Value At Final Maturity of CABs Outstanding as of November 1, 2011</u>	<u>Cash Amount per \$1,000 Principal Amount of CIBs or \$1,000 Accreted Value At Final Maturity of CABs</u>
5.625% Term Bond Due 2032	25457VAA4	\$68,890,000	\$247.34
5.625% Term Bond Due 2034	25457VAB2	\$55,930,000	\$247.34
5.375% Term Bond Due 2040	25457VAC0	\$227,885,000	\$246.31
CAB due 2011	25457VAH9	\$7,590,000	\$224.22
CAB due 2012	25457VAJ5	\$7,450,000	\$222.22
CAB due 2013	25457VAK2	\$10,085,000	\$210.51
CAB due 2014	25457VAL0	\$9,720,000	\$199.01
CAB due 2015	25457VAM8	\$9,870,000	\$187.95
CAB due 2016	25457VAN6	\$12,120,000	\$177.26
CAB due 2017	25457VAP1	\$12,165,000	\$167.20
CAB due 2018	25457VAQ9	\$12,020,000	\$157.60
CAB due 2019	25457VAR7	\$14,430,000	\$148.42
CAB due 2020	25457VAS5	\$14,480,000	\$139.79
CAB due 2021	25457VAT3	\$14,360,000	\$131.58
CAB due 2022	25457VAU0	\$17,065,000	\$123.90
CAB due 2023	25457VAV8	\$16,940,000	\$116.75
CAB due 2024	25457VAW6	\$16,805,000	\$109.99
CAB due 2025	25457VAX4	\$19,505,000	\$103.61
CAB due 2026	25457VAY2	\$18,760,000	\$97.57
CAB due 2027	25457VAZ9	\$18,490,000	\$91.87
CAB due 2028	25457VBA3	\$21,095,000	\$86.62
CAB due 2029	25457VBB1	\$20,810,000	\$81.68