

Exhibit 1

Final draft Stock Purchase Agreement by and between AFG and AAC

## STOCK PURCHASE AGREEMENT

**THIS STOCK PURCHASE AGREEMENT** ("Agreement"), dated as of [•], is by and between **AMBAC FINANCIAL GROUP, INC.**, a Delaware corporation ("Buyer"), and **AMBAC ASSURANCE CORPORATION**, a Wisconsin stock insurance corporation ("Seller").

### RECITALS

WHEREAS, Seller desires to sell to Buyer its interest in its subsidiary, Everspan Insurance Company, a Wisconsin-domiciled insurance corporation ("Everspan"), pursuant to the terms and conditions of this Agreement, and

WHEREAS, Buyer wishes to purchase such interests as provided in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### AGREEMENT

1. **Transfer of Stock.** Seller hereby sells, transfers and conveys to Buyer all issued and outstanding shares of capital stock of Everspan (the "Shares") owned by Seller. This Agreement is accompanied by certificates representing the shares of Everspan, endorsed in blank or together with a stock power endorsed in blank, and such conveyancing instruments as may be necessary or appropriate for the conveyance of the Shares contemplated hereby. The transactions contemplated by this Agreement shall be effective as of 11:59 p.m. Central Time on [•] (the "Effective Time").

2. **Consideration.** In consideration thereof, Buyer is paying Seller [•] U.S. Dollars (US \$[•]), which shall be paid in cash at or before the Effective Time. Buyer and Seller agree that the amount of the consideration to be paid for the Shares was determined as the value of investment securities owned by Everspan at the Effective Time, which equals the estimated statutory surplus of Everspan at the Effective Time (which will be not less than \$10,500,000 after the proposed distribution), plus \$3,328,000 for Everspan's 52 licenses in U.S. jurisdictions, determined based on market research by Buyer, including discussions with advisors in the insurance company market. The nature and amount of the consideration were determined by Buyer and Seller to be reasonable and fair to the interest of Seller as required by Wis. Stat. Section 617.21(1).

3. **Warranties of the Parties.**

- (a) Buyer hereby warrants, in connection with the execution of this Agreement and the transfers contemplated hereunder, as follows:

- (i) that it is a duly organized and validly existing corporation under the laws of the State of Delaware;
  - (ii) that it has full power and right to enter into this Agreement and that this Agreement has been duly authorized by all necessary corporate action on the part of Buyer; and
  - (iii) that it is acquiring the Shares for investment purposes only and without an intention to resell them.
- (b) Seller hereby warrants, in connection with the execution of this Agreement and the transfers contemplated hereunder, as follows:
- (i) that it is a duly organized and validly existing corporation under the laws of the State of Wisconsin;
  - (ii) that it has full power and right to enter into this Agreement and that this Agreement has been duly authorized by all necessary corporate action on the part of Seller;
  - (iii) that it is the owner of, and has good and marketable title to, the Shares free and clear of all liens and encumbrances; and
  - (iv) that Seller owns all of the issued and outstanding equity interests in Everspan.

4. **Mutual Covenants.** Each party acknowledges:

- (a) This Agreement and all other agreements made in connection with this Agreement are each the result of direct negotiation and communication between the parties, and each such agreement represents a mutual and voluntary meeting of the minds.
- (b) Each party is fully capable of bearing any economic or financial risk which may be occasioned by the transactions contained in, connected with, or necessary to carry out the purposes of this Agreement.

5. **Additional Agreements.** Buyer and Seller shall execute, deliver and record, if applicable, all agreements, documents and instruments necessary or appropriate to effect the purchase and sale of the Shares and the assignment and assumption of other obligations contemplated hereby, including any stock powers, assignments, or instruments.

6. **Further Assurances.** Each of the parties hereto shall use its reasonable best efforts, on and after the date hereof, to take or cause to be taken all actions, and to do or cause to be done all things, necessary, proper or desirable under applicable laws and regulations to carry out the purposes of this Agreement and to vest Buyer with full title to the Shares, as of

effectiveness of the transaction contemplated by this Agreement. Without limiting the foregoing, Seller shall use its best efforts to obtain all consents and approvals, to enter into all amendatory agreements and to make all filings and applications and take all other actions which may be required for the consummation of the transactions contemplated by this Agreement, including, without limitation, all applicable regulatory filings.

7. **Assignment.** Except to the extent expressly provided herein, neither party has the right, directly or indirectly, in whole or in part, to assign, delegate, convey or otherwise transfer its rights and obligations under this Agreement, except with the prior written approval of the other party.

8. **Entire Agreement.** This Agreement and the relevant transfer documents, if any, referenced in this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all previous agreements by and between Buyer and Seller, as well as all proposals, oral or written, and all negotiations, conversations or discussions heretofore had between the parties, related to the subject matter of this Agreement.

9. **Survival of Provisions.** The rights, remedies, agreements, obligations and covenants of the parties contained in or made pursuant to this Agreement which by their terms extend beyond the termination of this Agreement will survive the termination of this Agreement and will remain in full force and effect.

10. **Counterparts.** This Agreement may be executed simultaneously in two (2) or more counterparts, and each such counterpart will be deemed an original hereof, but all such counterparts together will constitute one and the same instrument.

11. **Governing Law.** **This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the substantive internal laws of the State of Wisconsin (without regard to the laws of conflict of any jurisdiction) as to all matters, including, without limitation, matters of validity, interpretation, construction, effect, performance and remedies.**

12. **No Third-Party Beneficiaries.** The provisions of this Agreement are solely for the benefit of the parties hereto and their respective successors-in-interest and permitted assigns and do not, and should not, be deemed to, confer upon third parties any claim, liability, or other right in excess of those existing without reference to this Agreement.

**IN WITNESS WHEREOF**, the parties have caused this Stock Purchase Agreement to be duly executed as of the day and year first above written.

**SELLER:**

**AMBAC ASSURANCE CORPORATION**

By: \_\_\_\_\_

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

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

**BUYER:**

**AMBAC FINANCIAL GROUP, INC.**

By: \_\_\_\_\_

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

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