

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <u>Ambac Financial Group, Inc.</u>		2 Issuer's employer identification number (EIN) <u>13-3621676</u>	
3 Name of contact for additional information <u>Michael Fitzgerald</u>	4 Telephone No. of contact <u>212-208-3222</u>	5 Email address of contact <u>mfitzgerald@ambac.com</u>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>One State Street Plaza</u>		7 City, town, or post office, state, and Zip code of contact <u>New York, NY 10004</u>	
8 Date of action <u>May 1, 2013</u>		9 Classification and description <u>Common Stock &amp; Warrants to Purchase Common Stock</u>	
10 CUSIP number <u>023139884 &amp; 023139116</u>	11 Serial number(s) <u>Various</u>	12 Ticker symbol <u>AMBC/AMBCW</u>	13 Account number(s) <u>Various</u>

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Ambac Financial Group, Inc. (the "Company") underwent a chapter 11 bankruptcy reorganization, as a result thereof, all of the equity of the Company was cancelled without consideration. Further, as part of the reorganization, the Company's creditors received all of the equity in the reorganized Company or a combination of equity and warrants to purchase common stock of the reorganized Company.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ To the extent the exchange of debt for stock, or stock and warrants to purchase common stock, is treated as a recapitalization, a holder's basis in the Company stock, or stock and warrants, will be equal to such holder's basis in the debt immediately prior to the reorganization. Holders who receive both stock and warrants to purchase common stock must further allocate their basis in the debt between the stock and warrants received as follows.

<u>General Unsecured Creditors:</u>	<u>Common Stock</u>	<u>- 94.43329%</u>	<u>Warrants</u>	<u>- 5.56671%</u>
<u>Subordinated Debt Holders:</u>	<u>Common Stock</u>	<u>- 20.42119%</u>	<u>Warrants</u>	<u>- 79.57881%</u>

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Calculation is based on the relative fair market values of the average trading price for the first day of trading (May 1, 2013) of the newly issued post-emergence Ambac Financial Group, Inc. (AMBC) common stock and the newly issued warrants to purchase common stock (AMBCW) in Ambac Financial Group, Inc. (AMBC) as follows:

<u>Ambac Financial Group, Inc. (AMBC)</u>	<u>\$19.74 per share</u>
<u>Warrants to purchase common stock (AMBCW)</u>	<u>\$10.38 per warrant to purchase one share of (AMBC)</u>

**Part II Organizational Action (continued)**

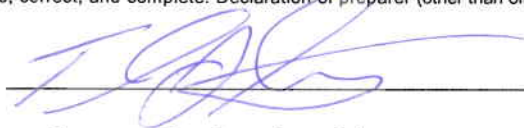
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC §354(a), No gain or loss is recognized on exchanges in stock and securities in certain reorganizations. IRC §358(b), Allocation of basis in exchanges of property subject to IRC §354.

18 Can any resulting loss be recognized? ▶ The reorganization is being treated as a recapitalization, in which no loss will be recognized on the exchange of debt. Holders of pre-emergence equity, ticker ABKFQ, recognized loss equal to their basis in those shares.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The transaction occurred on May 1, 2013

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 6-12-2013  
Print your name ▶ Thomas J. Staskowski Title ▶ First Vice President

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶			
Firm's address ▶	Phone no.			

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054