



December 28, 2012

Ambac Announces Information about Congressional Joint Committee Review

NEW YORK--(BUSINESS WIRE)--Dec. 28, 2012-- **Ambac Financial Group, Inc.** ("Ambac") has been informed that the Congressional Joint Committee on Taxation (the "Joint Committee") has completed its review of the offer (the "Offer") made by Ambac, the Official Committee of Unsecured Creditors of Ambac, Ambac Assurance Corporation ("Ambac Assurance"), the Segregated Account of Ambac Assurance Corporation (the "Segregated Account"), the court-appointed Rehabilitator of the Segregated Account and the Wisconsin Office of the Commissioner of Insurance to the United States to resolve and settle (i) the claims filed by the Internal Revenue Service of the Department of Treasury of the United States against Ambac's estate in its Chapter 11 proceeding, (ii) Ambac's related adversary proceeding against the United States, and (iii) other related litigation brought by the United States against or involving Ambac Assurance and/or the Segregated Account (the "IRS Settlement"). Ambac has also been informed that the Joint Committee has no objection to the Offer and will issue a response of "no adverse criticism" subject to the satisfaction of certain conditions, including (a) execution of closing documentation acceptable to the United States, Ambac and the other parties to the IRS Settlement, (b) approval of the IRS Settlement by the United States Bankruptcy Court for the Southern District of New York that is overseeing Ambac's Chapter 11 proceeding and © the payment by Ambac of \$1.9 million and the payment by Ambac Assurance and/or the Segregated Account of \$100 million to the United States. The satisfaction of such conditions and the receipt of a "no adverse criticism" response from the Joint Committee with respect to the Offer would, in turn, satisfy certain outstanding conditions precedent to the effectiveness of Ambac's Fifth Amended Plan of Reorganization.

About Ambac

On November 8, 2010, Ambac Financial Group, Inc. ("Ambac") filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court"). The Bankruptcy Court entered an order confirming Ambac's plan of reorganization on March 14, 2012 however, Ambac is not currently able to estimate when it will be able to consummate such reorganization. Until the plan of reorganization is consummated and Ambac emerges from bankruptcy, it will continue to operate in the ordinary course of business as "debtor-in-possession" in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. Currently, Ambac's common stock trades in the over-the-counter market under ticker symbol ABKFQ. Upon consummation of the plan of reorganization, Ambac's existing common stock will be cancelled and extinguished and the holders thereof will not be entitled to receive, and will not retain, any property or interest on account of such common stock.

Ambac's principal operating subsidiary, Ambac Assurance Corporation, is a guarantor of public finance and structured finance obligations.

Source: Ambac Financial Group, Inc.

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