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Ambac Announces LTGO Settlement With the City of Detroit

NEW YORK, July 25, 2014 (GLOBE NEWSWIRE) -- Ambac Financial Group, Inc. (Nasdaq:AMBC) ("Ambac"), a holding company whose subsidiaries provide financial guarantees and other financial services to clients in both the public and private sectors globally, today announced that its principal financial guarantee subsidiary, Ambac Assurance Corporation ("Ambac Assurance"), has finalized a settlement with the City of Detroit regarding its insured limited tax general obligation ("LTGO") bonds.

The LTGO settlement is comprised of new LTGO notes equivalent to 34% of the LTGO allowed claim and a 20% share of any notes remaining in a litigation reserve related to the City's pension bond litigation, which may increase the recovery. The notes in the litigation reserve are a portion of the "B notes" referenced in the City's plan of adjustment. If the City eventually wins the litigation (which may extend past the bankruptcy plan confirmation), Ambac Assurance's share of the B notes may equate to a recovery of an additional 19% of its allowed claim with respect to the LTGO bonds. If the City loses the litigation, Ambac Assurance will not get any further recovery. If the litigation is settled, Ambac Assurance may get a partial incremental recovery.

As previously disclosed, the unlimited tax general obligation ("UTGO") settlement represented 74% of Ambac's allowed claim with respect to the UTGO bonds.

These settlements are related to Ambac Assurance's LTGO and UTGO gross par exposures of \$92 million and \$78 million, respectively, as of the date of the City's bankruptcy filing. The Company expects to continue to pay claims of scheduled principal and interest on the bonds insured by Ambac Assurance.

About Ambac

Ambac Financial Group, Inc., headquartered in New York City, is a holding company whose subsidiaries, including its principal operating subsidiary, Ambac Assurance Corporation ("Ambac Assurance"), Everspan Financial Guarantee Corp., and Ambac Assurance UK Limited, provide financial guarantees and other financial services to clients in both the public and private sectors globally. Ambac Assurance, including the Segregated Account of Ambac Assurance (in rehabilitation), is a guarantor of public finance and structured finance obligations. Ambac Financial Group, Inc. is also exploring opportunities involving the acquisition and/or development of new businesses. Ambac Financial Group, Inc.'s common stock trades on the NASDAQ Global Select Market. The Amended and Restated Certificate of Incorporation of Ambac Financial Group, Inc. contains substantial restrictions on the ability to transfer Ambac's common stock. Subject to limited exceptions, any attempted transfer of common stock shall be prohibited and void to the extent that, as a result of such transfer (or any series of transfers of which such transfer is a part), any person or group of persons shall become a holder of 5% or more of Ambac's common stock. For more information, please go to www.ambac.com.

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