



July 2, 2015

Ambac Comments on Recent Puerto Rico Events

Hosting Conference Call on July 2, 2015 at 8:30am

NEW YORK, July 2, 2015 (GLOBE NEWSWIRE) -- Ambac Financial Group, Inc. (Nasdaq:AMBC) ("Ambac" or the "Company"), a holding company whose subsidiaries, including Ambac Assurance Corporation ("Ambac Assurance"), provide financial guarantees and other financial services, today commented on recent concerns and events in Puerto Rico.

Ambac Assurance confirms that all July 1, 2015 payments due on its insured Puerto Rico bonds have been paid in full by the relevant issuer. Ambac did not receive any claims from policyholders for non-payment of interest or principal on any outstanding debt issued by the Commonwealth.

In response to recent comments from Puerto Rico officials, Nader Tavakoli, Interim President and Chief Executive Officer, said, "We continue to believe the Commonwealth is far better served by meeting its obligations rather than considering any default scenarios. Our team of professionals in New York, Puerto Rico and Washington are actively engaged in the situation. We will not tolerate any actions that could impair our interests and Ambac Assurance is ready to fully exercise all of its rights and remedies, if needed. If it were to become necessary, we are confident in our ability to pay timely principal and interest."

As of March 31, 2015, Ambac had \$5.8 billion of Total Claims-Paying Resources (see below), including its wholly-owned subsidiary Ambac Assurance UK Limited ("Ambac UK"). Total Claims-Paying resources are net of Ambac's statutory subrogation recoveries including \$2.3 billion of estimated representation and warranty ("R&W") subrogation recoveries.

Ambac insures a total of \$2.4 billion net par of Puerto Rico bonds as follows: PR Commonwealth General Obligation (GO) bonds; PR Public Buildings Authority Revenue (GO Guaranty) bonds; PR Highways and Transportation Authority ("HTA") Highway Revenue bonds (1968 Resolution); HTA Transportation Revenue bonds (1998 Resolution); PR Infrastructure Financing Authority Special Tax Revenue (Rum Tax) bonds; PR Convention Center District Authority Revenue (Hotel Occupancy Tax) bonds; and PR Sales Tax Financing Corporation (COFINA) senior lien Sales Tax Revenue bonds. The Company does not have exposure to PR Electric Power Authority (PREPA) or the Government Development Bank (GDB). Net par includes capital appreciation bonds ("CABS") which are reported at the par amount at the time of issuance of the insurance policy. Ambac Assurance's policies do not allow for any acceleration of Ambac Assurance's obligations. Details on Ambac's Puerto Rico exposures can be found at <http://ir.ambac.com/events.cfm>.

Conference Call and Webcast

On July 2, 2015 at 8:30am (ET), Nader Tavakoli, Interim President and Chief Executive Officer, and David Trick, Chief Financial Officer and Treasurer, will address topics related to matters in this press release during a live conference call. Ambac's conference call will be accessible via telephone and webcast. The dial-in number for Ambac's conference call is (855) 427-4389 (Domestic) or (484) 756-4251 (International). Webcast participants may access the call through the Investor Relations section of Ambac's website, <http://ir.ambac.com/events.cfm>. A replay of the call will be available for one week at (855) 859-2056 (Domestic) or (404) 537-3406 (International); conference ID # 78994359. The webcast will be archived on Ambac's website for approximately 30 days.

About Ambac

Ambac Financial Group, Inc., ("Ambac"), 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 is also selectively exploring opportunities involving the acquisition and/or development of new businesses. Ambac's common stock trades on the NASDAQ Global Select Market under the symbol "AMBC". The Amended and Restated Certificate of Incorporation of Ambac 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. Ambac is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, we use our website to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information, and the posting of updates to the status of certain

primary residential mortgage backed securities litigations. For more information, please go to www.ambac.com.

Forward-Looking Statements

This press release contains 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," "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. We caution readers that these statements are not guarantees of future performance. Forward-looking statements are not historical facts but instead represent only our beliefs regarding future events, which, may by their nature be inherently uncertain and some of which may be outside our control. These statements may relate to plans and objectives with respect to the future, among other things which may change. We are alerting you to the possibility that our 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 our results to differ, possibly materially, from those indicated in the forward-looking statements include, among others, those discussed under "Risk Factors" in the most recently filed quarterly or annual report with the SEC.

Ambac Assurance

Claims-Paying Resources ⁽¹⁾ and Statutory Financial Ratios

(\$ Thousands, Except Ratios)	March 31, 2015	December 31, 2014
Contingency reserve	\$199,763	\$169,313
Policyholders' surplus ⁽²⁾ ⁽³⁾	<u>100,000</u>	<u>100,000</u>
Qualified statutory capital	299,763	269,313
Unearned premiums	846,248	902,693
Losses and loss adjustment expenses	2,331,673	2,459,952
Surplus notes classified as a liability	932,402	932,402
Estimated impairment losses on subsidiary guarantees	1,548	4,900
Segregated account liabilities ⁽²⁾	<u>(26,169)</u>	<u>(149,482)</u>
Policyholders' reserves	4,385,465	4,419,778
Present value of future installment premiums ⁽⁴⁾	<u>371,767</u>	<u>391,472</u>
Ambac Assurance claims-paying resources	4,757,232	4,811,250
Ambac UK claims-paying resources ⁽⁵⁾	<u>1,031,074</u>	<u>1,063,272</u>
Total claims-paying resources	<u>\$5,788,306</u>	<u>\$5,874,522</u>
Net financial guarantees in force ⁽⁶⁾		
Ambac Assurance	\$185,881,297	\$197,609,387
Ambac UK	<u>28,905,905</u>	<u>31,280,722</u>
Total net financial guarantees in force	\$214,787,202	\$228,890,109
Total claims-paying ratio ⁽⁷⁾	<u>37 : 1</u>	<u>39 : 1</u>

1) Total claims-paying resources quantifies total resources available to pay claims, including guarantees on subsidiary obligations.

2) Pursuant to a prescribed practice by the State of Wisconsin Office of the Commissioner of Insurance, Ambac Assurance is not obligated to

make payments to the Segregated Account if Ambac Assurance's surplus is less than \$100,000 (the "Minimum Surplus Amount"). Accordingly, \$26,169 and \$149,482 of liabilities in the Segregated Account did not reduce Ambac Assurance's surplus at March 31, 2015 and December 31, 2014, respectively. Refer to Ambac's filings with the Securities and Exchange Commission for further discussion of the Segregated Account of Ambac Assurance.

- 3) Junior surplus notes with a par value of \$378,039 is included in the capital and surplus for March 31, 2015 and December 31, 2014, respectively, subject to limitations due to the Minimum Surplus Amount.
- 4) Present value of future installment premiums includes premiums on installment financial guarantee insurance contracts (excluding Ambac UK) and credit derivatives. Present value calculations are discounted at 5.1%.
- 5) Ambac UK's claims paying resources will become available to Ambac Assurance only to the extent Ambac UK receives approval from its regulator to dividend monies to Ambac Assurance. Components of Ambac UK's claims paying resources are discounted at Ambac UK's projected investment rate of return. Ambac UK's claims-paying resources primarily consist of the present value of future installment premiums of approximately \$485,287 at March 31, 2015.
- 6) Financial guarantees in force represents the amount of principal and interest outstanding on a guaranteed obligation.
- 7) Claims-paying Ratio is net financial guarantees in force divided by total claims-paying resources.

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Source: Ambac Financial Group, Inc.

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