



April 21, 2014

Ambac Announces Proposed Amendments to the Plan of Rehabilitation of the Segregated Account

NEW YORK, April 21, 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, announced today that the Wisconsin Commissioner of Insurance, acting in his capacity as the rehabilitator (the "Rehabilitator") of the Segregated Account (the "Segregated Account") of Ambac Assurance Corporation ("Ambac Assurance") has filed a motion with the Rehabilitation Court (Circuit Court for Dane County, Wisconsin) seeking approval to amend the confirmed Plan of Rehabilitation of the Segregated Account (the "Plan"). The Rehabilitation Court is currently scheduled to hear the motion on June 11, 2014.

If the amendments to the Plan are approved, holders of Permitted Policy Claims of the Segregated Account would receive a combination of cash payments ("Interim Payments") and the right to deferred amounts equal to the remaining balance of such claims ("Deferred Amounts"). The Deferred Amounts would replace the surplus notes, previously contemplated to be received by holders under the confirmed Plan, and would generally accrue at 5.1% annually.

If the motion is approved, the Rehabilitator has confirmed that he intends to increase the percentage of the initial cash Interim Payment for permitted policy claims from 25% to 45% with effect from July 20, 2014 or, if the Plan, as amended, is not effective as of such date, the first payment date (the 20th of the month) specified by the Rehabilitator following the amended Plan effective date. Holders of Permitted Policy Claims who have received a 25% Interim Payment would also receive catch-up payments equal to 26.67% of their Deferred Amounts (including interest thereon) outstanding on the date on which the Interim Payment percentage was increased. There would also be a proportionate redemption of surplus notes, excluding junior surplus notes. Using unpaid policy claim balances as of December 31, 2013, total catch-up payments of Deferred Amounts, together with accrued interest thereon, would be approximately \$1.1 billion. Using balances as of December 31, 2013, total proportionate payments on the Surplus Notes (excluding Junior Surplus Notes) would be approximately \$415 million.

Commenting on today's announcement, Diana N. Adams, President and Chief Executive Officer said, "We will continue to focus on executing our value creation strategies, which have improved our financial position, as well as preserved claims paying resources, a factor cited by the Rehabilitator in support of increasing the payout ratio."

As of today's date and pending its hearing on the motion, there can be no assurances that the motion will be approved by the Rehabilitation Court, nor that any increase in the Interim Payments or any payment of any Deferred Amounts or redemption of surplus notes will occur.

Copies of the Court filings, including the Plan, as amended, the Payment Guidelines and other supporting documents, as well as information regarding the hearing to be scheduled by the Rehabilitation Court are available at the website maintained by the Rehabilitator in connection with the Segregated Account rehabilitation proceedings at www.ambacpolicyholders.com.

Further details relating to the rehabilitation proceedings of the Segregated Account generally can be found at www.ambac.com in Ambac Financial Group Inc.'s Form 10-K for the year ended December 31, 2013, filed on March 3, 2014.

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 Corporation, 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 financial services businesses. Ambac Financial Group Inc.'s common stock trades on the NASDAQ Global Select Market. For more information, please go to www.ambac.com.

Forward-Looking Statements

Certain statements in this document are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ, possibly materially, from those included in these statements due to a variety of factors. 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 Part I, Item 1A of Ambac's 2013 Annual Report on Form 10-K.

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