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Ambac Announces Approval of Plan Amendment for Segregated Account Rehabilitation Exit

NEW YORK, Jan. 22, 2018 (GLOBE NEWSWIRE) -- Ambac Financial Group, Inc. (Nasdaq:AMBC) ("Ambac"), a holding company whose subsidiaries, including Ambac Assurance Corporation ("AAC"), provide financial guarantees, announced today the Circuit Court of Dane County, Wisconsin (the "Rehabilitation Court") issued an order (the "Approval Order"), approving the Second Amended Plan of Rehabilitation for the Segregated Account of AAC (the "Segregated Account"), that will, subject to the successful conclusion of the outstanding exchange offer and consent solicitation and satisfaction of other conditions, facilitate exit from rehabilitation of the Segregated Account.

Claude LeBlanc, President and Chief Executive Officer of Ambac, commented: "The Rehabilitation Court's issuance of the Approval Order is a monumental step towards the Segregated Account's exit from rehabilitation and further advances one of Ambac's key strategic priorities. This approval allows us to proceed with additional steps necessary to ensure all conditions to effectiveness of the Segregated Account's exit from rehabilitation are satisfied."

The additional steps necessary for the Segregated Account to exit rehabilitation include:

- i. declaration of a Plan Amendment effective date (the "Effective Date") by the Commissioner of Insurance for the State of Wisconsin, as rehabilitator of the Segregated Account (the "Rehabilitator");
- ii. successful execution of the exchange offer transaction launched on January 11, 2018;
- iii. receipt of consents necessary to amend certain provisions of the Settlement Agreement dated as of June 10, 2010 between Ambac, AAC and certain other parties thereto;
- iv. receipt by AAC of proceeds in the amount of \$240 million for "Tier 2 Notes" expected to be issued pursuant to the terms of the Commitment Letter entered into among AAC and investors parties thereto on July 19, 2017;
- v. approval by the Wisconsin Office of the Commissioner of Insurance of a one-time current interest payment of at least \$12.5 million of interest on AAC's surplus notes outstanding immediately after the Effective Date; and
- vi. AAC having sufficient capital and claims-paying resources (as determined by the Rehabilitator) to effect rehabilitation exit transactions, along with satisfaction of other necessary closing conditions.

About Ambac

Ambac Financial Group, Inc. ("Ambac"), headquartered in New York City, is a holding company whose subsidiaries, including its principal operating subsidiaries, Ambac Assurance Corporation ("AAC"), Everspan Financial Guarantee Corp. and Ambac Assurance UK Limited ("Ambac UK"), provide financial guarantees to clients in both the public and private sectors globally. AAC, including the Segregated Account of AAC (in rehabilitation), is a guarantor of public finance and structured finance obligations. Ambac's primary goal is to maximize stockholder value by executing the following key strategies: (i) active runoff of Ambac Assurance and its subsidiaries through transaction terminations, policy commutations, settlements and restructurings, with a focus on known and potential future adversely classified credits, that we believe will improve our risk profile, and maximizing the risk-adjusted return on invested assets, (ii) rationalization of Ambac's and its subsidiaries' capital and liability structures, enabling simplification of corporate governance and facilitating the successful rehabilitation of the Segregated Account of Ambac Assurance, (iii) loss recovery through active litigation management and exercise of contractual and legal rights, (iv) ongoing review of organizational effectiveness and efficiency of the operating platform, and (v) evaluation of opportunities in certain business sectors that meet acceptable criteria that will generate long-term stockholder value with attractive risk-adjusted returns. 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 or a holder of 5% or more of Ambac's common stock increases its ownership interest. 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 residential mortgage backed securities litigations. For more information, please go to www.ambac.com.

Contact:

Lisa A. Kampf

Managing Director, Investor Relations
(212) 208-3177
lkampf@ambac.com

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