



August 15, 2014

Ambac Announces Pricing of Trust Private Placement

NEW YORK, Aug. 15, 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 it expects to receive approximately \$231 million in gross proceeds in connection with a private placement of senior secured notes (the "Notes") by Corolla Trust, a Delaware statutory trust (the "Trust"). Ambac anticipates that closing on the Notes will occur on or about August 28, 2014, subject to customary closing conditions.

At closing, Ambac will deposit \$350 million face amount of junior surplus notes (the "Junior Surplus Notes") issued to it by the Segregated Account of Ambac Assurance Corporation (the "Segregated Account"), plus accrued but unpaid interest thereon, into the Trust in exchange for approximately \$231 million of cash and a subordinated owner trust certificate (the "Owner Trust Certificate") issued by the Trust. The Trust will fund the cash portion of its purchase of the Junior Surplus Notes with proceeds of the private placement of approximately \$299 million face amount of Notes to third party investors.

The Notes will mature in 2039. Interest on the Notes will accrue at 5.1% *per annum* and compound annually on June 7th of each year up to and including the maturity date. Payments on the Notes will be made when and to the extent that the Segregated Account makes payments on the Junior Surplus Notes. The Notes must be paid in full before any payments will be made on the Owner Trust Certificate. The Notes and Owner Trust Certificate will be non-recourse to Ambac, Ambac Assurance Corporation and the Segregated Account, but will be collateralized by the Junior Surplus Notes. Morgan Stanley & Co. LLC is acting as sole placement agent for the Notes.

Proceeds from the transaction are expected to be used to fund Ambac's growth and diversification initiatives, including potential acquisitions and development opportunities; select Ambac Assurance liability management activities; and for general corporate purposes.

The Notes offered in the private placement have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or applicable state securities laws. Accordingly, the Notes may not be offered or sold in the United States except pursuant to an effective registration statement or an applicable exemption from the registration requirements of the Securities Act and such applicable state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

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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