



February 11, 2016

Ambac Continues Significant Reduction of Insured Net Par Exposure in the Fourth Quarter of 2015

Reduced Net Par Outstanding in the Insured Portfolio by \$10.7 Billion in the Quarter

Adversely Classified Net Par Exposures Reduced by 9% in the Quarter

NEW YORK--(BUSINESS WIRE)-- Ambac Financial Group, Inc. (Nasdaq:AMBC) ("Ambac"), today announced that its principal operating subsidiaries, including Ambac Assurance Corporation ("AAC"), collectively reduced the net par exposure of their insured portfolios by 9% during the quarter ended December 31, 2015 to approximately \$108.3 billion from \$119.0 billion at September 30, 2015. Adversely Classified Credits also were reduced by approximately 9%, or \$2.0 billion, in the fourth quarter.

The \$10.7 billion reduction in net par was accelerated by several company-led initiatives, including the following notable transactions: \$882 million of net par exposure to Eurotunnel; \$111 million of net par exposure to pooled aircraft lease securitizations; \$603 million of student loan net par exposure, including \$182 million to South Carolina Student Loan Corp. and \$399 million to National Collegiate Student Loan Trust; and \$229 million of net par exposure to the Puerto Rico Highways and Transportation Authority.

Commenting on today's announcement, Nader Tavakoli President and Chief Executive Officer said, "One of our highest priorities has been and remains the reduction of our insured portfolio, especially our distressed exposures. The hard work and dedication of our team has resulted in successful liability management throughout 2015, during which our insured portfolio net par has been reduced by a full 25%, or \$36.4 billion. While this rate of reduction may be hard to sustain going forward, we are very pleased with our risk reduction accomplishments during 2015."

As of December 31, 2015, public finance was 60% of the total net par outstanding, structured finance was 20% and international was 20%. The General Account represented 69% of the total net par outstanding, Ambac UK was 17% and the Segregated Account was 14%.

Along with other policy accelerations, the aforementioned net par reductions contributed to accelerated premiums earned in the fourth quarter of 2015 which are currently estimated to be \$73 million, an increase of \$44 million, or 156%, from the third quarter of 2015. The amounts of accelerated premium income and reductions in net par outstanding noted above are not indicative of our consolidated operating results or financial condition for the quarter ended December 31, 2015.

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

Certain statements in this press release 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 2014 Annual Report on Form 10-K and in Part II, Item 1A of each of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015, and September 30, 2015.

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