

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Case No. 10-15973
Chapter 11

AMBAC FINANCIAL GROUP, INC.

Monthly Operating Report for
the period from April 1, 2011 through April 30, 2011

Debtor's Address:
One State Street
New York, NY 10004

Dewey & LeBoeuf LLP

(Debtor's Attorneys)

Monthly Operating Income (Loss): \$ 25,359,359

Report Preparer:

The undersigned, having reviewed the attached report and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the information contained therein is complete, accurate and truthful to the best of my knowledge.

Date: May 31, 2011



David Trick
Chief Financial Officer



101597311053100000000002

AMBAC FINANCIAL GROUP, INC.
Case No. 10-15973
DEBTOR IN POSSESSION
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AMBAC FINANCIAL GROUP, INC.
(DEBTOR IN POSSESSION)
NOTES TO MONTHLY OPERATING REPORT

A. Global Notes.

1. Introduction.

On November 8, 2010 (the “Commencement Date”), Ambac Financial Group, Inc., as debtor and debtor in possession (the “Debtor”), filed a voluntary petition (the “Chapter 11 Case”) for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtor continues to operate its business and manage its property as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Additionally, on November 17, 2010, the United States Trustee for the Southern District of New York appointed a statutory committee of creditors pursuant to section 1102(a)(1) of the Bankruptcy Code. Information contained herein may differ from the Debtor’s filings on the Commencement Date due to more accurate information becoming available.

2. GAAP.

The financial statements and supplemental information contained herein are preliminary and unaudited, and may not comply with generally accepted accounting principles in the United States of America (“GAAP”) in all material respects. In addition, the financial statements and supplemental information contained herein represent information for the Debtor only and exclude all non-Debtor affiliates, except to the extent of equity income (loss) reflected on the Statement of Operations or as otherwise noted. The financial statements and supplemental information contained herein are periodically reviewed for appropriate adjustments.

The unaudited financial statements have been derived from the Debtor’s books and records. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with GAAP. Upon application of such procedures (such as tests for asset impairment), the Debtor believes that the financial information could be subject to changes, which could be material. The information furnished in this report includes normal recurring adjustments but does not include all adjustments that would typically be made for financial statements in accordance with GAAP.

3. General Methodology.

The Debtor prepared this Monthly Operating Report (“MOR”) relying primarily upon the information set forth in its books and records. Consequently, certain transactions that are not identified in the normal course of business in the Debtor’s books and records may not be included in this MOR. Nevertheless, in preparing this MOR, the Debtor made reasonable efforts to supplement the information set forth in its books and records with additional information concerning transactions that may not have been identified therein.

4. Past Performance.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial position of the Debtor in the future.

5. Prepetition vs. Postpetition Liabilities.

The Debtor allocated liabilities between prepetition and postpetition periods based upon the information available at the time of, and research conducted in connection with, the preparation of this MOR. As additional information becomes available and further research is conducted, the Debtor's allocation of liabilities between the prepetition and postpetition periods may change. The liability information, except as otherwise noted, is listed as of the close of business as of the end of the month. Accordingly, the Debtor reserves all rights to amend, supplement or otherwise modify this MOR as necessary and appropriate.

6. Accounts Payable and Accrued Expenses.

To the best of the Debtor's knowledge, all unaudited postpetition trade payables are current and all premiums for insurance policies have been fully paid as of the date of this filing.

7. Book Value of Assets.

Unless otherwise indicated, the values for assets contained in this MOR are book values as of the end of the month. Amounts ultimately realized from the disposition of the Debtor's assets may materially vary from the stated book value. Thus, unless otherwise noted, this MOR reflects the carrying values of the assets as recorded on the Debtor's books and records as of the end of the month and are not based upon any estimate of their current market value. The Debtor reserves its right to amend or adjust the value of each asset or liability set forth herein.

8. Liabilities Subject to Compromise.

As a result of commencing the Chapter 11 Case, the payment of prepetition indebtedness is subject to compromise or other treatment under a chapter 11 plan. Generally, actions to enforce or otherwise effect payment of prepetition liabilities are stayed.

The filing of the Chapter 11 Case constituted an event of default under, or otherwise triggered repayment obligations with respect to, a number of debt instruments and agreements relating to direct and indirect financial obligations of the Debtor (collectively, the "Prepetition Debt"). As a result, obligations under the Prepetition Debt became automatically and immediately due and payable. The Debtor believes that any

AMBAC FINANCIAL GROUP, INC.
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NOTES TO MONTHLY OPERATING REPORT

efforts to enforce the payment obligations under the Prepetition Debt have been stayed as a result of the filing of the Chapter 11 Case. While operating in chapter 11, the Debtor ceased recording interest on the Prepetition Debt subject to compromise.

9. Liabilities Not Subject to Compromise.

Although payment of prepetition claims generally is not permitted, the Bankruptcy Court has authorized the Debtor to pay certain prepetition claims in designated categories and subject to certain terms and conditions. This relief generally was designed to preserve the value of the Debtor's businesses and assets. To the extent such claims have been categorized as "Liabilities Not Subject to Compromise," the Debtor reserves its right to dispute its obligation to make such payments.

The Debtor has been paying and intends to continue to pay undisputed postpetition claims in the ordinary course of business.

10. Reservation of Rights.

Given the complexity of the Debtor's business, inadvertent errors or omissions may have occurred in the preparation of this MOR. Accordingly, the Debtor hereby reserves all of its rights to dispute the validity, status, enforceability or the executory nature of any claim amounts, representations or other statements in this MOR and reserves the right to amend or supplement this MOR, if necessary.

Nothing contained in this MOR shall constitute a waiver of the Debtor's rights or an admission with respect to the Chapter 11 Case, including with respect to any issues involving the Debtor's ownership interests, substantive consolidation, equitable subordination, defenses and/or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and any other relevant non-bankruptcy laws.

The Debtor is in continuing negotiations with various parties regarding a proposed plan of reorganization. In accordance with such negotiations, certain liabilities contained herein are subject to settlement.

B. Notes to Debtor's Schedule of Receipts and Disbursements.

1. In accordance with the *Final Order Pursuant to Sections 105(a), 345, 363, and 364 of The Bankruptcy Code and Bankruptcy Rule 6004 (I) Authorizing Debtor to Continue Using Existing Cash Management System and Bank Accounts and Honor Related Prepetition Obligations, and (II) Extending Debtor's Time to Comply with Section 345(b) Of The Bankruptcy Code* entered on December 21, 2010 [Docket No. 80] (the "Cash Management Order") and the related motion filed on November 8, 2010 [Docket No. 4] (the "Cash Management Motion"), the Debtor maintains an integrated cash management system (the "Cash Management System") for the purposes of collecting, concentrating, transferring, disbursing, and investing cash.

AMBAC FINANCIAL GROUP, INC.
(DEBTOR IN POSSESSION)
NOTES TO MONTHLY OPERATING REPORT

Pursuant to the Cash Management Order, the Debtor continues to operate in accordance with its traditional, customary practices. Such practices include, where applicable, reimbursement to AAC for the Debtor's allocable share of certain direct and shared expenses paid by AAC.

Before and after the Commencement Date, certain of the disbursements made through the Cash Management System on behalf of the Debtor were directly attributable to expenses associated with personnel, services and goods solely for the benefit of the Debtor (the "Direct Expenses"). In addition to the Direct Expenses, the Debtor also recognizes expenses associated with personnel, services and goods for which it is the partial beneficiary (the "Shared Expenses"), along with Ambac Assurance Corporation ("AAC"), and for which the Debtor reimburses or is allocated a portion of such expenses. These Shared Expenses include certain personnel, operating expenses, lease payments, and other services. The amount of the Shared Expenses allocated and/or settled between the Debtor and AAC is based on, and consistent with, past practice and the Debtor's management experience. The Shared Expenses are typically allocated between the Debtor and AAC on a monthly or quarterly basis. Per the Cash Management Order, the Debtor maintains accurate records of all transfers and transactions within the Cash Management System so that all postpetition transfers and transactions shall be adequately and promptly documented in, and readily ascertainable from, its books and records, in the same manner maintained by the Debtor prior to the Commencement Date.

Since the Commencement Date, the intercompany settlement process has remained the same, including the approach to allocation. The Debtor, in the ordinary course, accrues for any Shared Expenses at the time they are accrued by AAC. As described above, disbursements made by AAC with respect to Shared Expenses allocable to the Debtor are reflected in the Debtor's Schedule of Receipts and Disbursements as payments are made by the Debtor to AAC for its settled share, at the time of such settlement, and not at the time such expenses are paid by AAC. Disbursements made with respect to Direct Expenses are also reflected in the Debtor's Schedule of Receipts and Disbursements during the period in which they are released.

2. On April 1, 2011, the Debtor closed its Flex Spending Account (Citibank Account Number 38700213). Consequently, this account will no longer appear in the Debtor's MORs.

3. Total disbursements for calculating U.S. Trustee fees include amounts earned by certain professionals and satisfied through drawing down on prepetition retainers held by such professionals.

4. Total disbursements for calculating U.S. Trustee fees also include amounts due from the Debtor to AAC and reimbursed by the Debtor or otherwise settled. Such amounts are not independently reflected as cash disbursements because of netting of intercompany obligations in accordance with the Cash Management Order.

AMBAC FINANCIAL GROUP, INC.
(DEBTOR IN POSSESSION)
NOTES TO MONTHLY OPERATING REPORT

C. Notes to Statement of Operations (Income Statement).

1. The negative balance in the Cumulative Filing to Date column for Employee Benefits Programs results from a reversal during the month of December 2010 of the Debtor's accrual of post-employment expenses that the Debtor does not intend to pay without prior authorization of the Bankruptcy Court.

2. Reorganization Expenses include (i) adjustments to the carrying amount of liabilities based on estimated allowable claims, including the acceleration of deferred debt costs which were to be amortized over the life of the debt, and (ii) professional fees (as discussed in Notes to Balance Sheet below). Reorganization Expenses also reflects certain prepetition claims settled pursuant to Court order and may in the future reflect additional settlements.

3. Legal fees in the Cumulative Filing to Date column for Other Operating Expenses are negative due to reclassifications of certain legal fees now allocated to professional retainers.

4. Certain payments by Ambac Assurance Corporation on behalf of the Debtor are not reflected in this Statement of Operations due to the timing of the reconciling of intercompany balances. Such payments made to the Debtor's professionals are reflected in MOR-6, Payments to Insiders and Professionals, based upon date paid by Ambac Assurance Corporation, and may not reconcile with the Statement of Operations.

D. Notes to Balance Sheet.

1. Amounts included in "Book Value on Petition Date or Scheduled" reflect book value as of October 31, 2010, rather than the petition date.

2. The Restricted Cash of \$2.5 million is being held in escrow in connection with certain litigation. This cash was transferred into the escrow account prepetition.

3. Professional Fees include accruals with respect to monthly estimates for professional fees which may not yet have been billed or remain subject to Bankruptcy Court approval and certain contingent success fees for professionals, which have not yet been earned in accordance with the terms of the orders approving such professionals' retentions. The Debtor typically accrues such success fees as well as unbilled attorney fees on a quarterly basis.

4. The Balance Sheet reflects a negative Net Owner's Equity because, among other things, the Debtor's primary subsidiary is AAC which has a negative GAAP equity value which consequently reduces the Debtor's total assets to a negative amount on an equity basis of accounting.

E. Notes to Summary of Unpaid Postpetition Debts.

For Professional Fees, see Notes to Balance Sheet above.

F. Notes to Status of Postpetition Taxes.

Federal and state unemployment taxes are due and payable at the end of each quarter. In April, 2011, the Debtor remitted to Payroll Tax Services (“PTS”) an additional \$26.00 in state unemployment taxes due to a reassessment and change in the Debtor's state unemployment taxes, which were due and paid by PTS at the end of the first quarter of 2011.

G. Notes to Payments to Insiders and Professionals.

1. Gross Salary includes taxes and other benefits payable by the Debtor on behalf of such Insider. In accordance with the Cash Management Order, a portion of Gross Salary is reimbursed by AAC to the Debtor.

2. Reimbursement to AAC includes \$90,458 paid by AAC for postpetition Debtor director fees and expense reimbursements.

3. Intercompany Payments represent gross obligations to subsidiaries, not actual cash disbursements. Cash receipts or disbursements are made after netting obligations between and among the Debtor and its subsidiaries.

4. Total Incurred and Unpaid Professional Fees are not intended to correspond with the estimated accrued fees stated in the Income Statement.

5. Amounts included in “Amount Approved” reflect one hundred percent (100%) of amounts invoiced by professionals as approved by the Debtor. Amounts of professional fees held back (the “Holdback Amount”) in accordance with Court order are reflected in “Total Incurred & Unpaid.”

6. On April 27, 2011, the Bankruptcy Court entered the *Order Granting First Applications for Allowance of Interim Compensation for Services Rendered and Reimbursement of Expenses Incurred for the Period November 8, 2010, Through February 28, 2011* [Docket No. 258] (the “Order Approving Interim Compensation”), approving professional fees and expenses of certain professionals and authorizing the release of a portion of the Holdback Amount.

H. Notes to Debtor Questionnaire.

Question 6. Pursuant to the Order Approving Interim Compensation, Dewey & LeBoeuf LLP applied to its prepetition retainer the amount of \$129,983.55 for services rendered and expenses incurred prepetition in preparation for the commencement of the Debtor's chapter 11 case.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Ambac Financial Group, Inc.

Case No. 10-15973 (SCC)

Debtor

Reporting Period: April 1-30, 2011

Federal Tax I.D. # 13-3621676

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1		X
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	X	
Copies of bank statements		X	
Cash disbursements journals		n/a	
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Post-petition Taxes	MOR-4		X
Copies of IRS Form 6123 or payment receipt		n/a	
Copies of tax returns filed during reporting period		n/a	
Summary of Unpaid Post-petition Debts	MOR-4	X	
Listing of Aged Accounts Payable		n/a	
Accounts Receivable Reconciliation and Aging	MOR-5	n/a	
Taxes Reconciliation and Aging	MOR-5	n/a	
Payments to Insiders and Professional	MOR-6		X
Post Petition Status of Secured Notes, Leases Payable	MOR-6	n/a	
Debtor Questionnaire	MOR-7		X

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Authorized Individual*

David Trick

Date

5/31/11

Printed Name of Authorized Individual

David Trick

Date

5/31/11

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS						CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	OPER CITI9478	INVESTMENT BNY0982	MMF BNY0982	VANGUARD1369	PAYROLL CITI0248		
CASH BEGINNING OF MONTH	\$ 187,739	\$ -	\$ 35,792,294	\$ 59,703	\$ 67,151	\$ 36,106,886	
RECEIPTS							
CASH SALES						-	
ACCOUNTS RECEIVABLE - PREPETITION						-	
ACCOUNTS RECEIVABLE - POSTPETITION						-	
LOANS AND ADVANCES						-	
SUBORDINATED PROMISSORY NOTE (PFM)						-	
SALE OF ASSETS						-	
OTHER (ATTACH LIST)	-	6,970	-			6,970	
TRANSFERS (FROM DIP ACCTS)	1,721,000	11,566,017	9,825,673		48,578	23,161,268	
TOTAL RECEIPTS	\$ 1,721,000	\$ 11,572,987	\$ 9,825,673	\$ -	\$ 48,578	\$ 23,168,238	
DISBURSEMENTS							
GROSS PAYROLL					\$ 97,117	\$ 97,117	
SALES, USE, & OTHER TAXES						-	
INVENTORY PURCHASES						-	
SECURED/ RENTAL/ LEASES						-	
INSURANCE						-	
ADMINISTRATIVE						-	
SELLING						-	
OTHER (ATTACH LIST)	\$ 1,720,572	\$ 19,344	\$ -			1,739,916	
OWNER DRAW *						-	
TRANSFERS (TO DIP ACCTS)	48,578	11,553,643	11,559,047			23,161,268	
PROFESSIONAL FEES						-	
U.S. TRUSTEE QUARTERLY FEES						-	
COURT COSTS						-	
TOTAL DISBURSEMENTS	\$ 1,769,150	\$ 11,572,987	\$ 11,559,047	\$ -	\$ 97,117	\$ 24,998,301	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	\$ (48,150)	\$ -	\$ (1,733,374)	\$ -	\$ (48,539)	\$ (1,830,063)	
CASH - END OF MONTH	\$ 139,588	\$ -	\$ 34,058,920	\$ 59,703	\$ 18,611	\$ 34,276,823	

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	\$ 24,998,301
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	(23,161,268)
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-
PLUS: REDUCTION TO RETAINERS	206,919
PLUS: EXPENSE REIMBURSEMENTS FROM AMBAC ASSURANCE CORPORATION	37,000
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	\$ 2,080,952

MOR 1 Category - Other Receipts

	<u>Operating</u>	<u>Investments</u>
Dreyfus Gov't Interest		\$ 2
GS Fin Sq Gov't Interest		49
GS Fin Sq Prime Interest		795
JPMorgan Prime Interest		156
JPMorgan US Govt Int		457
Baltimore, MD		2,718
Baltimore, MD		2,793
Grand Total	\$ -	\$ 6,970

MOR 1 Category -- Other Disbursements

	<u>Operating</u>	<u>Investments</u>
Ambac Assurance Corporation ("AAC")		
Compensation & Benefits	\$ 25,962	
Directors' Fees & Travel	90,458	
Expense Allocations	169,000	
Outside Services	32,686	
Printing	1,726	
Reorg Costs - Professional Fees	1,408,047	
Storage	95	
Other	29,598	
Total Expense Reimbursement to Ambac Assurance	\$ 1,757,572	
Expense Allocations	\$ (37,000)	
Total Expense Due from Ambac Assurance	\$ (37,000)	
Return of interest overpayment to PFM Asset Management, LLC		19,344
Grand Total	\$ 1,720,572	\$ 19,344

In re Ambac Financial Group, Inc.
Debtor

Case No. 10-15973 (SCC)
Reporting Period: April 1-30, 2011

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE -FILING TO DATE
Gross Revenues		
Less: Returns and Allowances		
Net Revenue		
COST OF GOODS SOLD		
Beginning Inventory		
Add: Purchases		
Add: Cost of Labor		
Add: Other Costs (<i>attach schedule</i>)		
Less: Ending Inventory		
Cost of Goods Sold		
Gross Profit		
OPERATING EXPENSES		
Advertising		
Auto and Truck Expense		
Bad Debts		
Contributions		
Employee Benefits Programs	\$ 25,962	\$ (395,740)
Officer/Insider Compensation*	96,154	1,030,315
Insurance		
Management Fees/Bonuses		
Office Expense		9,572
Pension & Profit-Sharing Plans		
Repairs and Maintenance		
Rent and Lease Expense	95	474
Salaries/Commissions/Fees		
Supplies		625
Taxes - Payroll	1,738	32,676
Taxes - Real Estate		
Taxes - Other		(47,382)
Travel and Entertainment		
Utilities		
Other (<i>attach schedule</i>)	345,671	(719,676)
Total Operating Expenses Before Depreciation	\$ 469,620	\$ (89,136)
Depreciation/Depletion/Amortization		
Net Profit (Loss) Before Other Income & Expenses	\$ (469,620)	\$ 89,136
OTHER INCOME AND EXPENSES		
Other Income (<i>attach schedule</i>)	24,378	157,148
Interest Expense		
Other Expense (<i>attach schedule</i>)	(25,607,791)	882,441,516
Net Profit (Loss) Before Reorganization Items	25,162,549	(882,195,232)

REORGANIZATION ITEMS		
Professional Fees	(196,810)	15,836,759
U. S. Trustee Quarterly Fees		4,875
Interest Earned on Accumulated Cash from Chapter 11 (<i>see continuation sheet</i>)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (<i>attach schedule</i>)	-	40,746,606
Total Reorganization Expenses	(196,810)	56,588,240
Income Taxes		
Net Profit (Loss)	25,359,359	(938,783,472)

*"Insider" is defined in 11 U.S.C. Section 101(31).

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

OTHER OPERATIONAL EXPENSES

Audit and consulting	5,667	31,400
Outside services	14,287	88,259
Flex spending expense adjustment		(1,700)
Legal fees	712	(891,259)
Printing	1,726	27,742
Net expense allocations among affiliates	179,000	(129,560)
Other disbursements	144,140	153,778
Subscription and data access	139	1,664

OTHER INCOME

Investment and other income	24,378	157,148

OTHER EXPENSES

Net (gain) loss on wholly-owned subsidiaries for the period	(25,607,791)	882,441,516

OTHER REORGANIZATION EXPENSES

Adjustments to carrying amount of debt	-	26,444,239
Lease settlement	-	14,302,367

Debtor

Reporting Period: April 1-30, 2011**BALANCE SHEET**

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE OR SCHEDULED
CURRENT ASSETS			
Unrestricted Cash and Equivalents	\$ 34,276,821	\$ 36,083,820	\$ 51,664,858
Restricted Cash and Cash Equivalents (<i>see continuation sheet</i>)	2,500,000	2,500,000	-
Accounts Receivable (Net)			
Notes Receivable	862,112		646,584
Inventories			
Prepaid Expenses			
Professional Retainers	4,347,414	4,424,348	-
Other Current Assets (<i>attach schedule</i>)	22,582,156	23,430,581	22,595,996
TOTAL CURRENT ASSETS	64,568,503	66,438,749	74,907,438
PROPERTY & EQUIPMENT			
Real Property and Improvements			
Machinery and Equipment			
Furniture, Fixtures and Office Equipment			
Leasehold Improvements			
Vehicles			
Less: Accumulated Depreciation			
TOTAL PROPERTY & EQUIPMENT			
OTHER ASSETS			
Amounts due from Insiders*	426,514	426,514	2,031,707
Other Assets (<i>attach schedule</i>)	(977,054,415)	(1,090,163,561)	(189,319,094)
TOTAL OTHER ASSETS	(976,627,901)	(1,089,737,047)	(187,287,387)
TOTAL ASSETS	\$ (912,059,398)	\$ (1,023,298,298)	\$ (112,379,949)
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable			
Taxes Payable (<i>refer to FORM MOR-4</i>)	\$ -	\$ -	\$ 45,950
Wages Payable			
Notes Payable			
Rent / Leases - Building/Equipment			
Secured Debt / Adequate Protection Payments			
Professional Fees	12,780,667	14,486,676	4,000,000
Amounts Due to Insiders*	238,530	310,673	-
Other Post-petition Liabilities (<i>attach schedule</i>)	48,493	48,493	
TOTAL POST-PETITION LIABILITIES	13,067,690	14,845,842	4,045,950
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt			
Priority Debt			
Unsecured Debt	1,710,150,439	1,710,138,243	1,695,259,764
TOTAL PRE-PETITION LIABILITIES	1,710,150,439	1,710,138,243	1,695,259,764
TOTAL LIABILITIES	1,723,218,129	1,724,984,085	1,699,305,714
OWNERS' EQUITY			
Capital Stock	3,080,168	3,080,168	3,080,168
Additional Paid-In Capital	2,187,593,378	2,187,593,378	2,186,743,295
Partners' Capital Account			
Owner's Equity Account			
Retained Earnings - Pre-Petition	(3,896,443,043)	(3,896,443,043)	(3,889,596,442)
Retained Earnings - Post-petition	(976,968,638)	(1,002,327,997)	-
Adjustments to Owner Equity (<i>attach schedule</i>)	47,460,608	(40,184,889)	(111,912,684)
Post-petition Contributions (<i>attach schedule</i>)			
NET OWNERS' EQUITY	(2,635,277,527)	(2,748,282,383)	(1,811,685,663)
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ (912,059,398)	\$ (1,023,298,298)	\$ (112,379,949)

**"Insider" is defined in 11 U.S.C. Section 101(31).

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Bonds	22,500,000	22,500,000	22,500,000
Receivable for securities	46	3,766	43,839
Investment income due and accrued	43,598	26,191	52,157
State franchise tax receivable	38,512	38,512	
Loan receivable		862,112	
Other Assets			
Investment in subsidiaries	(979,783,121)	(1,093,036,406)	(213,670,849)
Other receivables	357,899	502,038	1,493,245
Deferred debt costs	-	-	19,625,591
Loan receivable	2,370,807	2,370,807	3,232,919
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Post-petition Liabilities			
Other	48,493	48,493	
Adjustments to Owner's Equity			
Treasury stock	(411,419,423)	(411,419,423)	(449,569,100)
Accumulated other comprehensive gain	458,880,031	371,234,534	337,656,416
Post-Petition Contributions			

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid		Ending Tax
Withholding	0	\$ 15,268	\$ 15,268	13-Apr	274150300834310	\$ -
FICA-Employee	0	693	693	13-Apr	274150300834310	-
FICA-Employer	0	693	693	13-Apr	274150300834310	-
Unemployment	0	-	-			-
Income						
Other: _____						
Total Federal Taxes		\$ 16,655	\$ 16,655			\$ -
State and Local						
Withholding	0	\$ 6,512	\$ 6,512	13-Apr	NY11WT0025942	\$ -
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other: NY Commuter	0	163	163	13-Apr	NY11MT0002396	-
Total State and Local		\$ 6,675	\$ 6,675			\$ -
Total Taxes	0	\$ 23,329	\$ 23,329			\$ -

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid		Ending Tax
Withholding	0	\$ 15,268	\$ 15,268	27-Apr	274151700735228	\$ -
FICA-Employee	0	693	693	27-Apr	274151700735228	-
FICA-Employer	0	693	693	27-Apr	274151700735228	-
Unemployment	0	-	-			-
Income						
Other: _____						
Total Federal Taxes		\$ 16,655	\$ 16,655			\$ -
State and Local						
Withholding	0	\$ 6,512	\$ 6,512	27-Apr	NY11WT0026180	\$ -
Sales						
Excise						
Unemployment		26	26	28-Apr	14920157402	-
Real Property						
Personal Property						
Other: NY Commuter	0	163	163	27-Apr	NY11MT0002470	-
Total State and Local		\$ 6,701	\$ 6,701			\$ -
Total Taxes	0	\$ 23,355	\$ 23,355			\$ -

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid		Ending Tax
Withholding	0					\$ -
FICA-Employee	0					-
FICA-Employer	0					-
Unemployment	0					-
Income						
Other: _____						
Total Federal Taxes						\$ -
State and Local						
Withholding	0					\$ -
Sales						
Excise						
Unemployment						-
Real Property						
Personal Property						
Other: NY Commuter	0					-
Total State and Local		\$ -	\$ -			\$ -
Total Taxes						
	0	\$ -	\$ -			\$ -

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
Accounts Payable						
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees	\$ 12,780,667					\$ 12,780,667
Amounts Due to Insiders	238,529					238,529
Other: _____	48,493					48,493
Other: _____						-
Total Post-petition Debts	\$ 13,067,689					\$ 13,067,689

Explain how and when the Debtor intends to pay any past due post-petition debts.

In re Ambac Financial Group, Inc.
Debtor

Case No. 10-15973 (SCC)
 Reporting Period: April 1-30, 2011

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	
Plus: Amounts billed during the period	
Less: Amounts collected during the period	
Total Accounts Receivable at the end of the reporting period	

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Accounts Receivable					
Less: Bad Debts (Amount considered uncollectible)					
Net Accounts Receivable					

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Taxes Payable					
Total Accounts Payable					

DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period? *		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?	X	
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X

* Pursuant to the Cash Management Order, the Debtor has retained the use of its prepetition accounts and processes and has not established new debtor-in-possession accounts.