

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**Affidavit of Susan Lobel**

**In Support of The Rehabilitator’s Motion For Approval of the Process for Settling RMBS Remediation Claims**

STATE OF NEW YORK            )  
  )  
COUNTY OF NEW YORK        )        ss.

Susan Lobel, being duly sworn on oath, deposes and states as follows:

1. I am the Managing Director, General Counsel of Structured Finance of Ambac Assurance Corporation (“Ambac”) and am a member of the bar of the State of New York. I have worked at Ambac since 2003. Before that, I practiced law at Cadwalader, Wickersham & Taft LLP in New York. The statements in this affidavit are based on personal knowledge and information, and are offered in support of the Rehabilitator’s Motion for Approval of the Process for Settling RMBS Remediation Claims.

2. I am the senior attorney responsible for RMBS Litigation at Ambac, having responsibility for lawsuits and claims relating to policies insuring residential mortgage-backed securities (the “RMBS Remediation Claims” or “Claims”). The policies insuring residential mortgage-backed securities (the “RMBS Policies”) have been allocated to the Segregated Account. I am an active member of the “RMBS Litigation Team” that is described in the Motion.

3. Based on my regular involvement with the handling of the Claims and communications with the counterparties and their counsel with respect to the Claims, I believe that requiring public disclosure of settlement terms or Court approval of individual settlement agreements would make it more difficult to reach settlements and, as a result, in those cases where it is in the best interest of the Segregated Account to reach a settlement, will lead to increased litigation costs and lower settlement values being obtained for the benefit of the Segregated Account. Most, if not all, of the current or potential defendants in RMBS Remediation Claims are defendants in other similar lawsuits. Certain of those parties have expressed concern that publicly disclosing a settlement favorable to the Segregated Account would adversely affect their efforts to negotiate settlements in other cases. Conversely, depending on the circumstances, requiring public disclosure of a settlement amount might adversely affect Ambac's bargaining position in other settlement negotiations. Certain of those parties have also expressed the view that they would be materially less interested in settling these Claims with the Segregated Account and Ambac if settlements will require individualized approvals by this Court with public disclosure of terms, because such a process might escalate into a contentious, litigious process involving third parties, with potential demands for discovery, stays, lengthy appeals, and no certain date for a final resolution.

Dated this 17<sup>th</sup> day of August,  
2012.

  
\_\_\_\_\_  
Susan Lobel

Subscribed and sworn to before  
me this 17<sup>th</sup> day of August, 2012

**DWIGHT KWA**  
**NOTARY PUBLIC-STATE OF NEW YORK**  
**No. 02KW6251360**  
My Commission Expires November 14, 2016

\_\_\_\_\_  
Notary Public, State of New York,  
My Commission: 02KW6251360