

STATE OF WISCONSIN

CIRCUIT COURT
 BRANCH 9

DANE COUNTY

In the Matter of the Rehabilitation of:

Case No. 10-CV-1576
 Hon. Richard G. Niess

Segregated Account of Ambac Assurance Corporation

AFFIDAVIT OF JOHN F. FINNEGAN IN SUPPORT OF GENERAL ACCOUNT STAKEHOLDERS' MOTION TO ADJOURN PROCEEDINGS ON THE REHABILITATOR'S SEPTEMBER 25, 2017 MOTION TO FURTHER AMEND THE PLAN OF REHABILITATION CONFIRMED ON JANUARY 24, 2011 TO FACILITATE AN EXIT FROM REHABILITATION

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

I, John F. Finnegan, being duly sworn, depose and say:

1. I am a member of the Bar of the State of New York and a member of Norton Rose Fulbright US LLP, attorneys for Cyrus Capital Partners, L.P., Polygon Global Partners LLP and Taconic Capital Advisors (the "General Account Stakeholders"). I will be seeking *pro hac vice* admission in this Court. I submit this affidavit in support of the General Account Stakeholders' motion to adjourn proceedings on the Rehabilitator's September 25, 2017 motion to further amend the plan of rehabilitation and, as amended, to facilitate the Segregated Account's exit from rehabilitation.

2. Unless otherwise indicated, whether expressly or by context, I have personal knowledge of the facts set forth in this affidavit. The sole purpose of this affidavit is to place before the Court documents and information that the Court might find germane when evaluating the General Account Stakeholders' motion to adjourn.

3. Attached hereto as Exhibit 1 is a true and correct copy of a September 11, 2017 letter from Lawrence A. Larose, Esq., to The Honorable Theodore K. Nickel, Wisconsin Commissioner of Insurance and Rehabilitator of the Segregated Account of Ambac Assurance Corporation.

4. Attached hereto as Exhibit 2 is a true and correct copy of a November 6, 2017 letter from Lawrence A. Larose, Esq., to The Honorable Theodore K. Nickel, Wisconsin Commissioner of Insurance and Rehabilitator of the Segregated Account of Ambac Assurance Corporation, without attachments.

5. Attached hereto as Exhibit 3 is a true and correct copy of a July 19, 2017 press release by Ambac Financial Group, Inc. (“AFG”) titled “Ambac Assurance Reaches Definitive Agreement On and Receives Confirmation of OCI Support for a Transformational Plan to Conclude the Segregated Account Rehabilitation,” available at <http://ir.ambac.com/releasedetail.cfm?ReleaseID=1033744>.

6. Attached hereto as Exhibit 4 is a true and correct copy of a June 28, 2015 New York Times article titled “Puerto Rico’s Governor Says Island’s Debts Are ‘Not Payable,’” available at <https://nyti.ms/1NrDXsQ>.

7. Attached hereto as Exhibit 5 is a true and correct copy of Ambac Financial Group, Inc.’s Form 10-Q for the Quarterly Period ended September 30, 2017.

8. Attached hereto as Exhibit 6 is a true and correct copy of the Puerto Rico Restructuring Proposal dated February 1, 2016.

9. Attached hereto as Exhibit 7 is a true and correct copy of the Summary for H.R. 4900 – 114th Congress (2015-2016).

10. Attached hereto as Exhibit 8 is a true and correct copy of the Fiscal Plan for Puerto Rico dated March 13, 2017.

11. Attached hereto as Exhibit 9 is a true and correct copy of the Complaint filed at DE 1 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-ap-00257-LTS (D.P.R.), without exhibits.

12. Attached hereto as Exhibit 10 is a true and correct copy of Intervenor-Defendant and Counterclaimant Ambac Assurance Corporation's Answer and Affirmative Defenses to the Unsecured Creditor Committee's Amended Complaint and Counterclaims Against the Commonwealth, filed at DE 94 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-ap-00257-LTS (D.P.R.), without exhibits.

13. Attached hereto as Exhibit 11 is a true and correct copy of a Stipulation and Order Approving Procedure to Resolve Commonwealth-COFINA Dispute, filed at DE 996 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-bk-3283-LTS (D.P.R.).

14. Attached hereto as Exhibit 12 is a true and correct copy of an Order Amending Scheduling Order for Commonwealth-COFINA Dispute, filed at DE 77 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-ap-00257-LTS (D.P.R.).

15. Attached hereto as Exhibit 13 is a true and correct copy of an Order regarding September 27, 2017 Oral Argument and October Omnibus Hearing filed at DE 1365 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-bk-3283-LTS (D.P.R.).

16. Attached hereto as Exhibit 14 is a true and correct copy of Notice No. 17-12 from the Clerk of the United States District Court for the District of Puerto Rico, dated September 29, 2017.

17. Attached hereto as Exhibit 15 is a true and correct copy of an October 3, 2017 letter from the Financial Oversight and Management Board for Puerto Rico to Congress.

18. Attached hereto as Exhibit 16 is a true and correct copy of the Debtors' Urgent Motion Seeking Extension of Deadlines (I) Under the Lift Stay Protocol and (II) to Respond to Motions to Lift the Automatic Stay, filed at DE 223 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-bk-3284-LTS (D.P.R.).

19. Attached hereto as Exhibit 17 is a true and correct copy of an October 11, 2017 press release from Moody's Investors Service titled "Rating Action: Moody's Downgrades Puerto Rico GOs, COFINA and Other Debt After Hurricane Maria; Outlook Negative," available at https://www.moody.com/research/Moodys-Downgrades-Puerto-Rico-GOs-COFINA-and-Other-Debt-After--PR_904269952.

20. Attached hereto as Exhibit 18 is a true and correct copy of the Written Testimony of Natalie Jaresko, Executive Director, Financial Oversight and Management Board for Puerto Rico, before the House Committee on Natural Resources, dated November 7, 2017, available at <https://juntasupervision.pr.gov/index.php/en/documents/>.

21. Attached hereto as Exhibit 19 is a true and correct copy of a chart illustrating "Resident Population Growth in Orleans Parish, LA," available at <https://fred.stlouisfed.org/series/LAORLE0POP>.

22. Attached hereto as Exhibit 20 is a true and correct copy of an October 17, 2017 article titled "Legislature Expected to Fast-Track Governor's Emergency Bills," Reorg Research.

23. Attached hereto as Exhibit 21 is a true and correct copy of the Spanish language version of Puerto Rico Executive Order OE-2017-068, dated November 8, 2017, available at <https://estado.pr.gov/es/ordenes-ejecutivas/>. The General Account Stakeholders will provide a certified translation of this document prior to any hearing on their motion to adjourn.

24. Attached hereto as Exhibit 22 is a true and correct copy of a page, as at November 9, 2017, from the website of the Government of Puerto Rico, Government Development Bank for Puerto Rico, available at http://www.gdb-pur.com/investors_resources/puerto-rico-transportation-highway.html.

25. Attached hereto as Exhibit 23 is a true and correct copy of excerpts of Plaintiff Ambac Assurance Corporation's Opposition to Motion to Dismiss Plaintiff's Complaint Pursuant to Fed. R. Civ.

P. 12(b)(1) and (b)(6), filed at DE 74 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-ap-00159-LTS (D.P.R.).

26. Attached hereto as Exhibit 24 is a true and correct copy of an Opinion and Order Denying Motion for Preliminary Injunction and Motion for Relief from the Automatic Stay, filed at DE 260 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-bk-3567-LTS (D.P.R.).

27. Attached hereto as Exhibit 25 is a true and correct copy of an Order Granting Urgent Joint Motion of the Commonwealth of Puerto Rico, Puerto Rico Highways and Transportation Authority, Puerto Rico Electric Power Authority, and the Puerto Rico Fiscal Agency and Financial Advisory Authority for Order Concerning Receipt and Use of Anticipated Federal Disaster Relief Funds and Preserving Rights of Parties, filed at DE 1547 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-bk-3283-LTS (D.P.R.).

28. Attached hereto as Exhibit 26 is a true and correct copy of H.R. 2266, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017.

29. Attached hereto as Exhibit 27 is a true and correct copy of the Prepared Remarks of the Second Listening Session Related to the Segregated Account of Ambac Assurance Corporation Held by Special Deputy Commissioner Daniel Schwartz on August 24, 2017.

30. Attached hereto as Exhibit 28 are a series of charts showing the market prices for certain Puerto Rico bonds, which are identified therein by CUSIP, over time. The charts were created using bond pricing information publicly available from Bloomberg and are current as of close of trading on November 9, 2017.

31. Attached hereto as Exhibit 29 is a true and correct copy of a spreadsheet showing Ambac Single Risk Exposure by CUSIP, which is publicly available from Ambac.

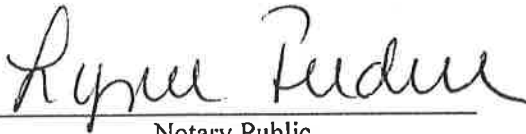
32. Attached hereto as Exhibit 30 is chart illustrating the divergence between a hypothetical \$3 billion investment portfolio growing at a compounded 2.93% risk-free rate and the same hypothetical investment portfolio growing at a compounded 5.1% rate, in each case running through 2054.

33. Attached hereto as Exhibit 31 is a true and correct copy of Ambac Assurance Corporation's Reply in Further Support of its Motion for Entry of an Order Authorizing Discovery Under Bankruptcy Rule 2004, filed at DE 1668 in *In re The Financial Oversight and Management Board for Puerto Rico*, Case No. 17-bk-3283-LTS (D.P.R.).



John F. Finnegan

Sworn to before me on
November 13, 2017



Notary Public

LYNN PERDUE
Notary Public, State of New York
No. 01PE4853404
Qualified in Queens County
Certificate Filed in New York County
Commission Expires Feb. 17, 2018