

In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

**REHABILITATOR'S WITNESS LIST
FOR HEARING ON CONFIRMATION OF PLAN OF REHABILITATION**

**Wisconsin Office of the Commissioner of Insurance and
Sean Dilweg, Commissioner of Insurance of the State of Wisconsin,
as Rehabilitator of the Segregated Account of Ambac Assurance Corporation**

The Wisconsin Office of the Commissioner of Insurance ("OCI") and the Commissioner, as the court-appointed Rehabilitator (the "Rehabilitator") of the Segregated Account (the "Segregated Account") of Ambac Assurance Corporation ("Ambac"), submit the following list of the witnesses they presently expect to call at the hearing pertaining to confirmation of the Plan of Rehabilitation. Consistent with the Court's direction at the scheduling conference, the witnesses are listed in the order in which the undersigned presently expects to call them as witnesses (subject to possible change due to scheduling complications), with an identification of their employment positions and relationship to Ambac and this proceeding and a brief outline of the subject areas as to which the undersigned reserves the right to elicit direct testimony from them.

Note that, although these witnesses may offer a mix of lay and expert testimony, each is primarily a fact witness with personal knowledge who was not engaged to be an expert witness and is not being paid for his or her testimony as an expert witness. If they were expert witnesses, any written reports or other written or electronic materials they intended to offer at the

hearing in regard to their expert opinion testimony would be attached to this witness list in accordance with standard practice.

1. Sean Dilweg, the Wisconsin Commissioner of Insurance and the Court-appointed Rehabilitator in this proceeding.

The undersigned reserves the right to elicit direct testimony from Mr. Dilweg on the following subjects pertaining to Ambac and this proceeding:

- A. OCI's increasing regulatory involvement regarding Ambac 2008 to March 2010;
- B. Fall 2009 to March 2010—OCI's concerns and actions;
- C. OCI's regulatory options and restructuring decisions, and related public policy considerations;
- D. The bank group settlement—challenges, process and benefits;
- E. OCI's preference for a voluntary restructuring process;
- F. The Segregated Account approach;
- G. Working with Ambac's board of directors to avoid a contested proceeding;
- H. The commitment of OCI resources to the Rehabilitation process;
- I. The Plan and its structure;
- J. Working with Ambac in furtherance of OCI's rehabilitation goals and the development and implementation of the Plan; and
- K. Any other subjects or issues raised by an objecting party (in their submissions due November 8, 2010) which this witness is competent to address.

2. Roger A. Peterson, the Director of the Wisconsin Office of the Commissioner of Insurance Bureau of Financial Analysis and Examinations (the "Bureau"). Mr. Peterson has worked in the Bureau for more than 20 years. Over the tenure of his employment in the Bureau, Mr. Peterson has had extensive, increasing regulatory responsibilities in regard to Ambac. Mr. Peterson's involvement with Ambac, the restructuring and the Segregated Account

rehabilitation is detailed in the beginning paragraphs of his four affidavits filed in this matter to date.

The undersigned reserves the right to elicit direct testimony from Mr. Peterson on the following subjects pertaining to Ambac and this proceeding:

- A. The topics covered in his prior four affidavits on file in this proceeding;
- B. Investigation, analysis and oversight of Ambac and the Segregated Account—pre-rehabilitation to present;
- C. Any of the topics identified above as to Commissioner Dilweg as to which the undersigned deems additional testimony from Mr. Peterson to be appropriate;
- D. The Segregated Account allocation process;
- E. The recently completed student loan policy assessment process;
- F. The Disclosure Statement and exhibits;
- G. Financial terms and aspects of the Plan, including the cash/note split;
- H. The capital support for the Segregated Account and Plan;
- I. The annual reporting and adjustment process under the Plan;
- J. OCI's efforts to develop a fair and equitable Plan;
- K. OCI's informed judgment regarding the advantages of the Segregated Account rehabilitation and Plan over the regulatory alternatives;
- L. OCI's work with Ambac as to the rehabilitation and Plan; and
- M. Any other issues raised by an objecting party (in their submissions due November 8, 2010) which this witness is competent to address.

3. Cathleen J. Matanle, an Ambac Managing Director in Risk Management, a position she has held since 2003. She joined Ambac in 2001 as a First Vice President in the portfolio risk management department. She was hired to run the surveillance effort for a large portion of Ambac's insured portfolio. In 2004, her responsibilities were increased to also include public finance surveillance. Her current responsibilities for Ambac include serving as Head of

the Portfolio and Credit Risk Management Department. Prior to joining Ambac, she worked for more than 20 years at JPMorgan in banking and capital markets, and has extensive experience in investment grade and high yield lending, underwriting and in structured, municipal and project finance.

The undersigned reserves the right to elicit direct testimony from Ms. Matanle on the following subjects pertaining to Ambac and this proceeding:

- A. Ambac's corporate organization, personnel, infrastructure and systems to deliver necessary services to the Segregated Account;
 - B. The extensive information provided to OCI over the past two-plus years, including the complexity, confidentiality and sensitivity of that information and the effort to assist OCI's analysis of it;
 - C. Management of investment portfolio;
 - D. Evaluation and payment of claims. Description of systems and processes;
 - E. Capability and commitment to assisting the Rehabilitator in carrying out the Plan;
 - F. Each topic covered in her prior two affidavits on file in this proceeding; and
 - G. Any other subjects or issues raised by an objecting party (in their submissions due November 8, 2010) which this witness is competent to address.
4. David Barranco, a Managing Director in the Ambac Restructuring and

Commutations Group, where he has worked for more than eleven years. He currently serves as the head of Ambac's restructuring and commutations group. He is one of three Ambac managing directors who has been meeting weekly with OCI's Deputy Commissioner, Kimberly Shaul, and OCI's Director of the Bureau of Financial Analysis and Examinations, Roger Peterson, to report on Ambac's provision of management services for the Segregated Account, pursuant to the Management Services and Cooperation Agreement between the Segregated

Account and Ambac. He also worked with the Rehabilitator and OCI in regard to the recently concluded student loan policy assessment/allocation process called for by the Plan of Operations. Prior to his current role, David has worked in a number of different capacities at Ambac, both in New York and London, in portfolio risk management, including responsibility for managing Ambac's surveillance of Asset Backed CDOs and residential mortgage-backed securities, and the underwriting of structured finance transactions.

The undersigned reserves the right to elicit direct testimony from Mr. Barranco on the following subjects pertaining to Ambac and this proceeding:

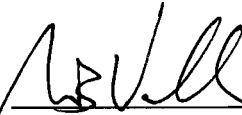
- A. Student loan assessment process;
- B. Resources and ability to achieve recoveries and mediation. Steps to be taken and methods for decision-making;
- C. Approach to negotiation of future commutations, amendments or other compromises or restructuring of policy exposures;
- D. Capability and commitment to assisting the Rehabilitator in carrying out the Plan;
- E. Ambac's role as Management Services Provider, including OCI Rehabilitator oversight and interaction; and
- F. Any other issues raised by an objecting party (in their submissions due November 8, 2010) which this witness is competent to address.

OCI and the Rehabilitator reserve the right to call these or other witnesses at the hearing to offer such rebuttal testimony as OCI and the Rehabilitator may deem appropriate.

Dated this 21st day of October, 2010.

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