
In the Matter of the Rehabilitation of:

Case No. 10-CV-1576-B

Segregated Account of Ambac Assurance Corporation

**DEPFA BANK, PLC'S WITNESS LIST AND SUMMARY OF ANTICIPATED
GENERAL AREAS OF TESTIMONY AND FACTUAL QUESTIONS FOR
CONFIRMATION HEARING ON PROPOSED REHABILITATION PLAN**

Pursuant to this Court's October 18, 2010 Scheduling Order, Depfa Bank, Plc. ("Depfa") submits the following list of witnesses it intends to call and/or examine, as well as a summary of anticipated general areas of testimony and factual questions that Depfa will bring to the attention of the Court and the Rehabilitator relating to the November 15, 2010 confirmation hearing on the proposed rehabilitation Plan. Depfa notes that the precise order in which these witnesses will be called is dependent upon the order and hearing protocol to be established by the Court for the confirmation proceeding, as well as the witnesses called and questions asked by the other parties to this case.

Depfa reserves the right to supplement the areas of its questioning to include other issues raised by the submissions of other objecting parties or the responses of the Rehabilitator thereto.

1. Sean Dilweg

- A. OCI's increasing regulatory involvement regarding Ambac from 2008 to March 2010;
- B. Fall 2009 to March 2010—OCI's concerns and actions regarding Ambac;
- 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. OCI's work 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. OCI's work with Ambac in furtherance of rehabilitation goals and the development and implementation of the Plan;
- K. Anticipated timeline for implementation of proposed rehabilitation Plan if approved by the Court;
- L. Discussion of implementation of the rehabilitation Plan as a means to moot appellate challenges brought by various interested parties;
- M. Discussion of Rehabilitator's potential replacement by the newly-elected Wisconsin Governor and contingencies arising therefrom;
- N. Discussion of alternatives to the proposed rehabilitation Plan if the appeals of the creation of Segregated Account are successful;
- O. Discussion of alternatives to proposed rehabilitation Plan given that Ambac's parent company (Ambac Financial Group, Inc.) is likely entering bankruptcy and may attempt to seize/distribute assets of the General Account; *e.g.*, discussion of "secured note" in bankruptcy context;
- P. Discussion of the Segregated Account's creation;
- Q. Prior to 2008, OCI's opinion/stance regarding the appropriate use of Wisconsin's Segregated Account statute;
- R. The contemplation of creation and utilization of segregated accounts in past insurance rehabilitation efforts;
- S. Discussion of the "trigger" provisions in the Ambac policies that allegedly justify the lack of process afforded policies relegated to Segregated Account;
- T. Discussion of the "detrimental effects on the broader economy" that would be risked via a rehabilitation of the General Account;
- U. Discussion of "transactional control rights," the exercise of which was prevented by virtue of the rehabilitation of the Segregated Account but would have been implicated by a rehabilitation of the General Account;
- V. Discussion of "undue hardship" prevented by rehabilitation of Segregated Account rather than General Account;

- W. Discussion of the “troubled” nature of the policies allocated to the Segregated Account;
- X. Discussion of the “materially greater risk” posed by a rehabilitation of the General Account rather than the Segregated Account;
- Y. Discussion of the “collateral damage” avoided by the creation and rehabilitation of the Segregated Account rather than the General Account;
- Z. Discussion of the Bank Group settlement, including its dissolution upon rehabilitation of General Account and the protracted litigation anticipated to arise therefrom;
- AA. Discussion of “mark-to-market” damages under the CDS contracts;
- BB. Discussion of dividends and treatment of Ambac’s NOLs;
- CC. Discussion of the TWC Settlement;
- DD. Discussion of the Surplus Notes, including the maturing and payments thereof;
- EE. Discussion of SEC no-action letter requests relating to the issuance of the Surplus Notes;
- FF. Discussion of the Management Services Agreement and its drain of Segregated Account resources for services provided by General Account;
- GG. Discussion of Administrative Expenses, including Ambac's ability to approve its own requests for reimbursement of such expenses without oversight;
- HH. Discussion of the proposed rehabilitation Plan providing power to Ambac/OCI to restructure and/or commute policies without notice to or approval from interested parties or the Court;
- II. Discussion of Section 10.04 of the proposed rehabilitation Plan and whether it would allow for reduction in cash payment below the 25% margin if changes in financial circumstances so warranted;
- JJ. Discussion of the “Assignment of Rights” provision of the proposed rehabilitation Plan and its effects on policyholders;
- KK. Discussion of releases and indemnifications contained within the proposed rehabilitation Plan;
- LL. Discussion of Everspan Financial Guarantee Corporation;
- MM. Discussion of Ambac's financial statements, including its reserves, before and after the creation of the Segregated Account;

- NN. Implications of the Segregated Account approach;
- OO. Discussion of the public interests implicated by Rehabilitator's actions;
- PP. Discussion of penalties exacted against policyholders for making a policy claim;
- QQ. Authentication of certain documents for the record;
- RR. Any other subjects or issues raised by another objecting party or the responses of the Rehabilitator thereto;

2. Roger A. Peterson

- 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 topics identified above as to Commissioner Dilweg;
- 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 the 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 the Plan;
- M. Anticipated timeline for implementation of the proposed rehabilitation Plan if approved by the Court;
- N. Discussion of implementation of the Plan as a means to moot appellate challenges brought by various interested parties;
- O. Discussion of the Rehabilitator's potential replacement by the newly-elected Wisconsin Governor and contingencies arising therefrom;

- P. Discussion of alternatives to the proposed rehabilitation Plan if appeal of creation of the Segregated Account is successful;
- Q. Discussion of alternatives to the proposed rehabilitation Plan given that Ambac's parent company (Ambac Financial Group, Inc.) likely is entering bankruptcy and may attempt to seize/distribute assets of the General Account; e.g., discussion of "secured note" in bankruptcy context;
- R. Discussion of the Segregated Account's creation;
- S. Prior to 2008, the OCI's opinion/stance regarding the appropriate use of the segregated account statute;
- T. The contemplation of the creation and utilization of segregated accounts in past insurance rehabilitation efforts;
- U. Discussion of the "trigger" provisions in the Ambac policies that allegedly justify the lack of process afforded policies relegated to Segregated Account;
- V. Discussion of the "detrimental effects on the broader economy" that would have been risked via a rehabilitation of the General Account;
- W. Discussion of "transactional control rights," the exercise of which was prevented by virtue of the rehabilitation of the Segregated Account but would have been implicated by a rehabilitation of the General Account;
- X. Discussion of "undue hardship" prevented by rehabilitation of Segregated Account rather than General Account;
- Y. Discussion of the "troubled" nature of the policies allocated to the Segregated Account;
- Z. Discussion of the "materially greater risk" posed by a rehabilitation of General Account rather than Segregated Account;
- AA. Discussion of the "collateral damage" avoided by the creation and rehabilitation of the Segregated Account rather than the General Account;
- BB. Discussion of the Bank Group settlement, including its dissolution upon rehabilitation of General Account and the protracted litigation anticipated to arise therefrom;
- CC. Discussion of "mark-to-market" damages under the CDS contracts;
- DD. Discussion of dividends and treatment of Ambac's NOLs;
- EE. Discussion of the TWC Settlement;
- FF. Discussion of the Surplus Notes, including the maturing and payment thereof;

- GG. Discussion of SEC no-action letter requests relating to the issuance of the Surplus Notes;
- HH. Discussion of the Management Services Agreement and its drain of Segregated Account resources for services provided by General Account;
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- JJ. Discussion of the proposed rehabilitation Plan providing power to Ambac/OCI to restructure and/or commute policies without notice to or approval from interested parties or the court;
- KK. Discussion of Section 10.04 of the proposed rehabilitation Plan and whether it would allow for reduction in cash payment below the 25% margin if changes in financial circumstances so warranted;
- LL. Discussion of the "Assignment of Rights" provision of the proposed Plan and its effects on policyholders;
- MM. Discussion of releases and indemnifications contained within the proposed rehabilitation Plan;
- NN. Discussion of Everspan Financial Guarantee Corporation;
- OO. Discussion of Ambac's financial statements, including its reserves, before and after the creation of the Segregated Account;
- PP. Implications of the Segregated Account approach;
- QQ. Discussion of public interests implicated by Rehabilitator's actions;
- RR. Discussion of penalties exacted against policyholders for making a policy claim;
- SS. Authentication of certain documents for the record;
- TT. Any other subjects or issues raised by another objecting party or the responses of the Rehabilitator thereto;

3. Cathleen J. Mantanle

- A. Ambac's corporate organization, personnel, infrastructure and systems to deliver necessary services to the Segregated Account;
- B. The extensive information provided by Ambac 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 Ambac's 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;
- G. Anticipated timeline for implementation of proposed rehabilitation Plan if approved by the Court;
- H. Discussion of implementation of rehabilitation Plan as a means to moot appellate challenges brought by various interested parties;
- I. Discussion of Rehabilitator's potential replacement by the newly-elected Wisconsin Governor and contingencies arising therefrom;
- J. Discussion of alternatives to proposed rehabilitation Plan if any of the appeals of creation of Segregated Account are successful;
- K. Discussion of alternatives to proposed rehabilitation Plan given that Ambac's parent company (Ambac Financial Group, Inc.) likely is entering bankruptcy and may attempt to seize/distribute assets of the General Account; *e.g.*, discussion of "secured note" in bankruptcy context;
- L. Discussion of the Segregated Account's creation;
- M. Prior to 2008, the OCI's opinion/stance regarding the appropriate use of the segregated account statute;
- N. The contemplation of creation and utilization of segregated accounts in past insurance rehabilitation efforts;
- O. Discussion of the "trigger" provisions in the Ambac policies that allegedly justify the lack of process afforded policies relegated to Segregated Account;
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- GG. Discussion of releases and indemnifications contained within the proposed rehabilitation Plan;
- HH. Discussion of Everspan Financial Guarantee Corporation;
- II. Discussion of Ambac's financial statements, including its reserves, before and after the creation of the Segregated Account;
- JJ. Implications of the Segregated Account approach;
- KK. Discussion of public interests implicated by Rehabilitator's actions;

- LL. Discussion of penalties exacted against policyholders for making a policy claim;
- MM. Authentication of certain documents for the record, including but not limited to certain annual and quarterly financial statements of Ambac;
- NN. Any other subjects or issues raised by another objecting party or the responses of the Rehabilitator thereto;

4. David Barranco

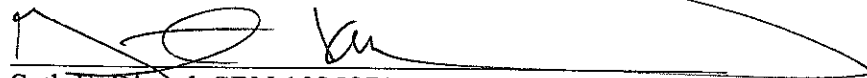
- A. The student loan assessment process;
- B. Resources and ability to achieve recoveries and mediation. Steps to be taken and methods for decision-making;
- C. Approach to negotiation of future commutations, amendments or other compromises or restructuring of policy exposures;
- D. Capability and commitment to assisting the Rehabilitator in carrying out the Plan;
- E. Ambac's role as Management Services Provider, including OCI oversight and interaction;
- F. Anticipated timeline for implementation of proposed rehabilitation Plan if approved by the Court;
- G. Discussion of implementation of rehabilitation Plan as a means to moot appellate challenges brought by various interested parties;
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Dated this 8th day of November, 2010.

O'NEIL, CANNON, HOLLMAN, DeJONG & LAING S.C.
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