

**Bradley S. Freedberg, P.C.**

*Attorney and Counselor at Law\**

1660 Lincoln Street, Suite 1700

Denver, CO 80264

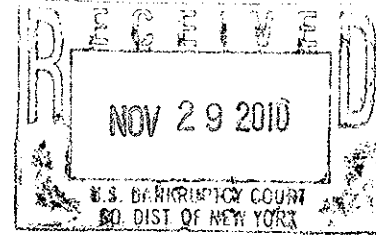
Phone (303) 892-0900; FAX (303) 446-0803

\*LICENSED IN COLO. AND TEXAS

November 23, 2010

VIA FACSIMILE TRANSMISSION

Mr. Brian S. Masumoto  
Office of the U.S. Bankruptcy Trustee  
22 Whitehall Street, 21<sup>st</sup> Floor  
New York, NY 10004



Re: Case No. 10-15973 / **AMBAC FINANCIAL GROUP**

Dear Mr. Masumoto:

I write on my own behalf, as an owner (between my individual accounts and IRAs) of several tens of thousands of shares of AMBAC Financial Group ("AFG") common shares. I am also an owner of AMBAC bonds.

I am aware of the duties of the United States Trustee under 11 U.S.C. §1104, which include the determination of appropriate committees for representation during the reorganization.

As you know, AFG is a holding company of the insurance operating subsidiary known as Ambac Assurance ("AAC"). AAC is the primary asset of AFG. The debts of AFG are immaterial other than the debentures and bonds issued to creditors of AFG, *income tax considerations notwithstanding*. Consequently, AFG is in a unique position in bankruptcy, the only debts that require administration within the estate (putting aside the income tax questions) relate to the bonds.

The appointment of an equity committee is absolutely required in this case, as the value of AFG's investment in AAC is, as admitted by AFG management in every quarterly filing, "difficult to quantify." Regulatory intervention affects AAC significantly, and the valuation of "difficult to value" derivative products etc., and in runoff of the municipal bond insurance book (with consideration given to the effect of the segregated account) could translate into a value well in excess of any debts of AFG.

**Simply, AAC may be worth a great deal more than the \$1.6-\$1.8B of debts listed by AFG. Such would make commons shares "in the money" and that is why an EC is required.**



101597310120200000000003

Commissioner Dilweg indicates that an approved segregation plan would result in statutory benefits to AAC of \$120M per month. Some analysts had assessed the value of AAC in a runoff at \$12 per AFG share. Even dividing the municipal book runoff over time in half for the segregated account note obligations, equity in AAC may be worth over \$7 Billion. In such a case, equity would be in the money by close to \$5 Billion or \$15 per common share. None of this takes into account the value of NOLs (if any, and estimated to be worth \$7 Billion), or of put-back actions, worth hundreds of millions if not billions of dollars.

This bankruptcy is going to be a whole lot more complex than anyone wanted or contemplated. Nonetheless/consequently, this case is the picture child for necessity of equity committees.

Please discharge your duties to equity interests by moving forward with the appointment of an equity committee to protect the interests of common shareholders of Ambac.

Do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Bradley S. Freedberg". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Bradley S. Freedberg

cc: Peter Ivanick, Esq. (Debtor's Counsel by facsimile)

Clerk – U.S. Bankruptcy Court  
Southern District of New York (via regular mail)