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Honorable Judge Shelley C. Chapman  
United States Bankruptcy Court  
One Bowling Green, Courtroom 610  
New York, N.Y. 10004

February 28, 2012

Re: Objection to the Third Amended Plan of Reorganization (POR) filed by Ambac Financial Group, Inc. (Case No 10-15973)

Dear Judge Chapman,

I am a stockholder of Ambac Financial Group, Inc. (AFGI or Debtor) and I hereby strongly object to the Third Amended Plan of Reorganization dated 02/24/2012 filed by the Debtor.

I object on the basis that the Debtor has proposed this Amended Plan of Reorganization without any accompanying disclosure as to the current and true value of the assets to be reorganized. As in previous PORs, the Debtor appears to be purposely giving away any remaining value of the estate, in order to expedite this case.

It is clear that neither the Debtor nor the OCI have demonstrated willingness with the court, creditors or shareholders to disclose the full and true value of the underlying assets.

The Debtor Stopped Presenting Adjusted Book Value in Their Financial Reports

Up until the end of 2009, the Debtor always included the value of unearned premiums in the equity valuation they presented to Shareholders. This practice suddenly stopped in early 2010. Since the inclusion of this value was used to present a greater equity value prior to 2010, it would appear that the sole motive to no longer include these premiums in the Adjusted Book Value was to reduce the *apparent* value in Ambac Assurance Corp. (AAC).

The Debtor Has Steadily Increased Their Loss Reserves to Huge Amounts

The Loss Reserve figure is one of the largest items on the balance sheet, and it is also the most uncertain item. It can be manipulated to either increase or decrease earnings or shareholders equity. The Debtor has increased their Loss Reserves since the beginning of 2010 by approximately 1.6 Billion. The reason given for the huge increases in Loss Reserves was that the Debtor expected, in early 2010, for the housing market to further dramatically collapse. Again, in 2011, the Debtor predicted a further collapse and raised Loss Reserves even more. Instead, we experienced some recovery at the end of 2011 with further recoveries being currently predicted by economists for 2012. Should the Debtors not be



required to reduce their Loss Reserves to now reflect the market recovery? This move would directly impact Shareholder's Equity.

The Debtor Has Been Evading the Question of the Asset Value of AAC

Since the beginning of this case, AFGI has attempted to evade the question of the true value of AAC. The Debtor listed no value for AAC on their Schedule of Assets. The original Disclosure Statement gave no valuation information. Although the Debtor later provided *some* valuation information, they have never obtained an independent valuation or a formal and complete valuation of the intrinsic value of AAC. Despite millions of dollars paid to Blackstone, there is still no formal valuation from them, and any valuation used has not been independently verified (as admitted in the Amended Disclosure Statement).

An independent valuation would ascertain the real asset value of AAC and would also include additional intangible assets which are potentially significant.

OCI Has a Motive to Reduce the Apparent Value of AAC and to Wipe Out AFGI's Shareholders: OCI's Sole Interest is Policyholders

From the time that the Wisconsin Office of the Commissioner of Insurance (OCI) took control of AAC and its cash, they have refused to give the Debtor the funds it would need to continue making the payments on their debt. As stated in the Rehabilitator's Report, OCI's interest is not, nor can it be, the Debtor or its shareholders. OCI's sole interest is to protect policyholders and ensure that they receive as much value as possible. One way to do this is to force the Debtor into bankruptcy; this is most effectively done if AAC is seen as not valuable.

Your Honor, there is abundant evidence in this case that the value of this estate has been misrepresented at best, and at worst that the Debtor has purposely concealed the value in order to wipe out the shareholders. This Plan has not been proposed in good faith. For this reason, I request that the Court refuse to confirm the Third Amended Plan of Reorganization, and pursuant to U.S.C. 1104, I request the Appointment of a Chapter 11 Trustee, in order to ascertain and protect the true value of this estate. This would clearly be in the best interest of all interested parties.

Sincerely,



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