

From: Eldar
To: OCI Company Licensing
Subject: Re: Did Ambac satisfy its fiduciary duty in trying to sell Ambac Assurance Corp (AAC)?
Date: Saturday, March 1, 2025 10:11:24 AM
Attachments: image.png

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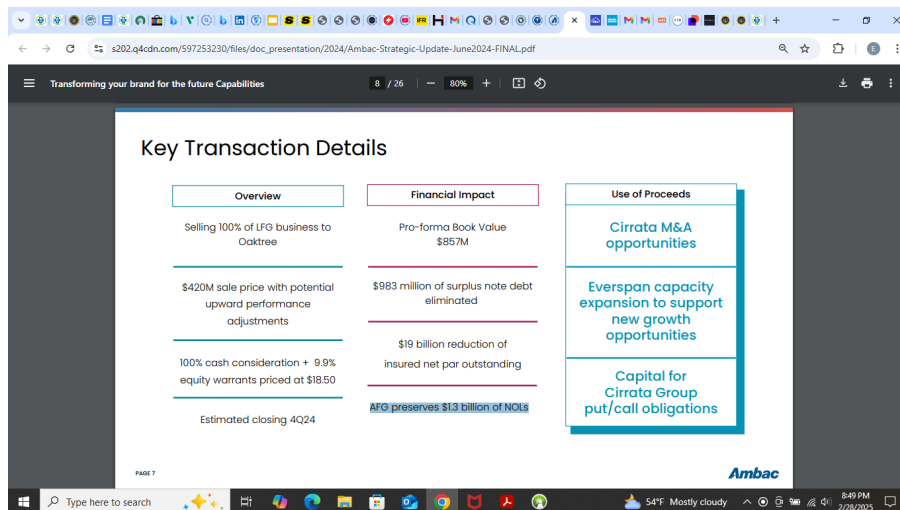
In my last email, I forgot to point out the following contradiction:

AMBC, in the presentation slide pasted in my last email, states "AFG preserves \$1.3 billion of NOLs", suggesting NOLs have value, but does not explain why they could not have preserved another \$1.8 billion in NOLs at AAC (by structuring the transaction to avoid a change of control), suggesting NOLs lack value.

AMBC recognizing the value of its \$1.3 billion NOLs implies a fiduciary obligation (to explain why the \$1.8 billion NOLs could not be preserved) that AMBC has not satisfied.

On Fri, Feb 28, 2025 at 9:28 PM Eldar <clarityasanobligation@gmail.com> wrote:

In detailing the sale of AAC to AMBC shareholders, AMBC presented the following slide, stating "AFG preserves \$1.3 billion of NOLs":



source: https://s202.q4cdn.com/597253230/files/doc_presentation/2024/Ambac-Strategic-Update-June2024-FINAL.pdf

In reality, however, the sale of AAC would destroy most of the value of AAC's NOLs* because of a change of control of AAC, perhaps explaining why AMBC shares fell from \$18/share to \$13/share upon disclosure of this sale.

As AMBC has not explained why the transaction could not be structured to avoid a

change of control (to preserve the value of its \$1.8 billion in NOLs), has AMBC satisfied its fiduciary duty to AMBC shareholders?

I, an AMBC shareholder, do not believe it has. Though shareholders approved the sale, perhaps they would not have if they understood that the transaction could have been structured to avoid the change of control, preserving the value of the \$1.8 billion in NOLs.

*AMBC's 2003 annual report states, AAC had \$1.8 billion of NOLs (out of \$3.4 billion) as of the end of 2023, not expiring until 2030:

"AFG, on a standalone basis, had \$211 million in net assets (excluding its investment in subsidiaries) and net operating loss carry-forwards of \$3,400 million (\$1,760 million of which is allocated to AAC) at December 31, 2023." source: 10k, p.2, highlight added

As of December 31, 2023, the Company has (i) \$3,400 of NOLs, which if not utilized will begin expiring in 2030, and will fully expire in 2042 (2023 10k, note 16, p.112)

source: https://s202.q4cdn.com/597253230/files/doc_financials/2023/ar/2023-ambac-annual-report-final.pdf